

SATIA INDUSTRIES LIMITED



42nd ANNUAL REPORT 2022-23

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Dr. Ajay Satia – Chairman Cum Managing Director
Mr. R.K. Bhandari – Joint Managing Director
Mr. Chirag Satia – Executive Director
Mr. Hardev Singh – Director (Technical)
Mr. Avinash Chander Ahuja – Independent Director
Mr. Dinesh Chand Sharma – Independent Director
Mr. I.D. Singh – Independent Director
Mr. Ashok Kumar Gupta – Independent Director
Dr. Mrs. Priti Lal Shivhare – Independent Director
Mr. Vinod Kumar Kathuria – Independent Director
Mr. Ajay Vyas – Independent Director

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Rakesh Kumar Dhuria

CHIEF FINANCIAL OFFICER

Mr. Rachit Nagpal

STATUTORY AUDITORS

N. Kumar Chhabra & Co.

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Chandigarh-160019

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Phone No: +91 172 5088800

REGISTERED/ CORPORATE OFFICE

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Sri Muktsar Sahib - 152032

Tel. 01633-262001, 262215, 263585

Fax: 01633-263499

Website: www.satiagroup.com

E- mail ID: satiapaper@satiagroup.com

REGISTRAR AND TRANSFER AGENTS

Beetal Financial & Computer Services (P) Limited

Beetal House, 3rd Floor, 99 Madangir,

Behind Local Shopping Complex,

Near Dada Harsukhdas Mandir,

New Delhi-110062

Contact No: - 011-29961281-83,

FAX: 011-29961284

E-mail: beetal@beetalfinancial.com

Website: www.beetalfinancial.com

BANKERS

Punjab National Bank

Union Bank of India

UCO Bank

HDFC Bank Ltd.

AXIS Finance Ltd.

Bajaj Finance Ltd.

Indusind Bank Ltd.

COMPANY OVERVIEW

Overview

- Satia Industries Limited (SIL), located in the District of Muktsar, Punjab was incorporated by Dr. Ajay Satia and commenced its operations in 1984.
- SIL is one of the leading Wood and Agro-based paper manufacturers in India, with a completely integrated manufacturing setup with 4 paper machines, 100% in-house power generation, soda recovery plant and one of the best effluent treatment facilities in the nation.
- SIL has 540 acres of eucalyptus plantations, developed as per Karnal Technology which consumes total treated water discharge.
- Last year the company added a 4th state of the art paper machinery to its production facilities with a capacity of 100,000 MTPA. With a diverse Capex program to modernize and scale up its capacities, SIL now has total installed capacity of 2,05,000 MT in FY23.
- SIL supplies 40%-50% of its production to State textbook boards with the balance sold in the open market through pan-India network of 70+ dealers and 3 branch offices located in Delhi, Chandigarh & Jaipur with total Employee strength of 2,150+ head counts
- SIL is Carbon Credit Surplus and has a regular income accruing from renewable energy credits (REC)

Vision

‘To become a leader in its own segment with excellence in all-round performance creating value for all stakeholders of the company, society and the economy’

Mission

‘To sustain growth with technological upgradation and innovation on a continuous basis for achieving cost competitiveness with sustained profitability, excellence in quality and win customer satisfaction and loyalty’

OUR KMP'S

Visionary Team – Our KMP's

Dr. Ajay Satia

Chairman Cum Managing Director

Dr. Satia is an MBBS, he has been the pioneer for setting up this integrated paper mill. Dr. Satia has a passion for work, a flair for technology and possesses unparalleled enterprising spirit for expansion and modernization. His greatest strength lies in building and retaining a strong and trusted team which has turned his dreams into reality.



Mr. R.K. Bhandari

Joint Managing Director

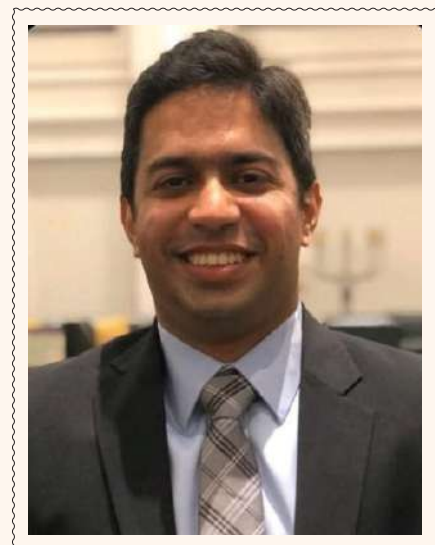
Mr. Bhandari is an MBA, he has been instrumental in marketing and other administrative responsibilities since the last 34 years. He has been instrumental in formulation & execution of SIL's core business strategies. He has also been instrumental in providing new direction to the marketing department and placing the company on domestic map.



Mr. Chirag Satia

Executive Director

He has been driving force behind new initiatives since he joined in 2015 and looks after Finance, Accounts and Commercial Operations. His enterprising spirit and visionary outlook have added new energy to the workforce. Mr. Chirag has huge expansion aspirations for the company.



CHAIRMAN CUM MANAGING DIRECTOR'S MESSAGE



Dear Shareholders,

In line with our guidance given last year, your company achieved a production volume of over 2.0 lac tons and supported by the robust market demand and bullish prices, we were able to almost double the topline to 1897.80 crores and the PAT to 192.17 crores in the financial year 2022-23. We hope to maintain these levels of margin 4 with slight increase in production volume in the financial year 2023-24. Our focus in the current year shall remain on new product development and quality improvement of the existing product line supported by increase in wood pulp in total furnish. Your company shall make all out efforts to fulfil the high expectations of our customers for a quality product especially from PM 4.

We are well aware of the current challenges of global market with falling pulp and paper prices creating adverse pressure on domestic prices, exports and dampening of demand in the short term and your company is taking all steps to control cost

and increase productivity to meet both the domestic and international competition while trying to maintain the level of margins as achieved in the last financial year.

We are continuing with our Project Green with full thrust to meet the shortage of wood based raw material in future and also fulfil our responsibility to plant more trees than we use to make pulp and paper. Our focus is on sustainability by using maximum of agro waste, veneer waste and wood waste being generated in plywood industry. We plan to start a new steam boiler in this year which will use rice straw as fuel leading to fuel cost saving and solving environment pollution problem caused by burning of rice straw in the open fields.

Once again, I assure you that we shall come up to the expectations of all stakeholders and the society and express my thanks and gratitude for your continued support.

With Best Wishes

Dr. Ajay Satia



OVERVIEW OF COMPANY PRODUCTION CAPACITIES

Facility Type	Description	Competative Advantage
Pulping Capacity	Total Capacity-550 TPD – Mix of Agro ,Wood Pulp and Waste Paper	<ul style="list-style-type: none"> • Strategic Location in the Wheat belt area of Punjab makes procurement of RM easy and cost effective with no other paper mill in 100 Km radius. • Wood Pulp Digester automation will led to reduction in steam consumption resulting in savings of ~ 220 MN PA.
Paper Machines	4 Plants having capacity of 700 TPD	PM 4 gives SIL an opportunity to manufacture superior quality paper & allows it to add new products to its current product mix.
Chemical Recovery	Capacity- 650 TPD Recovery & re-use of Caustic Soda which is used for cooking of agro and Wood chips from Black Liquor, a polluting effluent generated in the process of pulp making	<ul style="list-style-type: none"> • Re-use of Caustic soda to the extent of 90%-95% • Steam Generated is used to generate power in-house.
Power generation	4 Turbines with total capacity of 41.95 MW	<ul style="list-style-type: none"> • 100% Self sufficiency of power requirements. • REC/carbon credits for clean power generation • Low cost of power vis-à-vis drawn from grid
Effluent Discharge	Eucalyptus plantations of 540 acres as per Karnal Technology All effluents are treated to the desired standards and no effluent is discharged into any water body of the state.	<ul style="list-style-type: none"> • The Plantations act as a future source of Raw Material • Open Market sale generates tax free Agricultural Income

Transforming a perceived cyclical business into a non cyclical business through consistent and sustainable financial performance

Focused raw material procurement – Satia is one of the largest wood and agro based (based on wheat straw) paper producer. It doesn't depend solely on waste paper. Satia's facility is located in the wheat belt, which gives easy access to procure desired raw material as there is no other facility in 200 KM vicinity.

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Thoroughly backward integrated manufacturing facility leading to sustainable margins – Satia has always followed a step ahead approach in terms backward integration at various levels power, caustic soda, wood plantation which gives prominent cost savings and helps in achieving better profit margins. Further, the captive power plant enables Satia to earn Renewable Energy Certificates (REC).

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Deeply rooted Customer relationship – Satia has developed substantial and long standing relationship with various state boards and publishers of text books. Some relations extend to beyond 10-15 years. The customers of Satia are spread across India.

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Due to above factors there is continuous growth in revenues, profitability, cash flows and return ratios.



REVENUE MIX

SIL's Strategic and Sustainable Revenue Model

A. Supplies to State boards: ~40-50% of Revenues

- SIL supplies High quality watermark paper to various state boards.
- Consolidated demand from all Text-books board is approximately 5,00,000 TPA of paper
- By supplying ~50-75k TPA to various state boards, SIL boasts of a major market share in this vertical.
- The State Text-book orders are tender driven business, these projects are State government funded under Sarva Shiksha Abhiyaan and do not rely upon school fees to pay the vendors, the average receivable days happen to be 45-60 days
- Sales to Textbook boards command higher (10%) operating margins as compared to open market, attributing to higher GSM and less finishing loss due to single size and more filler in the paper.

B. Open market supplies: ~50-60% of Revenues

- SIL supplies to retail traders through its strong Pan- India distribution network with 70+ dealers and 3 branch offices located in Delhi, Chandigarh & Jaipur.
- Out of total sales from Open Market Supplies, ~5-10% of sale comes from

Rajasthan and Delhi in a Direct sale, to end users, and facilitated by the SIL's employees.

- A variety of paper grades are manufactured for this vertical i.e. Exercise book paper,
- Snow white paper, SS Maplitho paper, Ledger paper, Copier paper, Colour printing paper etc.

