



# SAGAR CEMENTS LIMITED

SCL: SEC: NSE: BSE: 2024-25

29<sup>th</sup> January, 2025

The National Stock Exchange of India Ltd.,  
"Exchange Plaza", 5<sup>th</sup> Floor  
Bandra – Kurla Complex  
Bandra (East)  
Mumbai – 400 051

The Secretary  
BSE Limited  
P J Towers  
Dalal Street  
Mumbai -400 001

Scrip Code: 502090

**Symbol** SAGCEM  
**Series** EQ  
**ISIN** INE 229C01021

**Symbol** SAGCEM  
**Series** DEBT  
**ISIN** INE433R07016

Dear Sir,

**Sub: Submission of transcription of Conference Call under Regulation 30 read with Schedule III of SEBI (LODR) Regulations, 2015 on Q3 FY25 financial results**

..

Pursuant to the above said Regulation, we are forwarding herewith the transcription of the Conference Call held by on 27<sup>th</sup> January, 2025 in connection with the recently announced Un-audited Stand-alone and Consolidated financial results of the company for the third quarter and nine months period ended 31<sup>st</sup> December, 2024.

Thanking you

Yours faithfully  
For Sagar Cements Limited

J.Raja Reddy  
Company Secretary  
M.No:A31113

Encl: a/a



**Registered Office** : Plot No. 111, Road No.10, Jubilee Hills, Hyderabad - 500033, Telangana State, India.

Phone : +91-40-23351571, 23351572 Fax : +91-40-23356573 E-mail : info@sagarcements.in Website : www.sagarcements.in

CIN : L26942TG1981PLC002887 GSTIN : 36AACCS8680H2ZY

**Factories** : Mattampally Village & Mandal, Suryapet District, Telangana State - 508204. Phone : 08683 - 247039 GSTIN : 36AACCS8680H1ZZ

Bayyavaram Village, Kasimkota Mandal, Anakapally District, Andhra Pradesh State - 531031. Phone : 08924-244550 Fax : 08924-244570 GSTIN : 37AACCS8680H1ZX

Gudipadu Village, Yadiki Mandal, Ananthapur District, Andhra Pradesh State - 515408. Phone: 08558-200272 GSTIN : 37AACCS8680H1ZX

Kalinganagar, Industrial Complex, Tahsil-Dangadi, Dist - Jajpur, Odisha. Phone : 08340882288 GSTIN : 21AACCS8680H1ZA

**MANAGEMENT:** Sreekanth Reddy - Joint Managing Director

**ANALYSTS:** Shравan Shah  
Tanish Mehta  
Jyoti Gupta  
Amit Murarka  
Garvit Goyal  
Vibha Jain  
Eshwar Arumugam

### **Presentation**

**Manish Valecha:** Good morning, ladies and gentlemen. Welcome you all to the 3Q FY '25 Results Conference Call of Sagar Cements Limited. We have with us from the management Mr. Sreekanth Reddy, Joint Managing Director; Mr. K. Prasad, CFO; and Mr. Rajesh Singh, the Chief Marketing Officer.

We will start today's session with the opening remarks from the management and then will be followed by a Q&A session. I request all the participants to be on mute mode during the course of the call.

Now I would like to hand over to Mr. Sreekanth Reddy for his opening comments. Over to you.

**Sreekanth Reddy:** Thank you, Manish. Good morning, everyone, and welcome to Sagar Cements earnings call for the quarter and nine months ended December 31, 2024.

Let me begin the discussion with a brief overview of the market in terms of demand and pricing, post which I will move on to Sagar specific developments. Overall, the industry witnessed early signs of recovery as demand picked up after several months of lull. While the quarter started on a slow note owing to festive season and unavailability of labour, we did experience pickup in construction activities during the second half. Rural demand as well improved gradually, aided by better agricultural output and an increase in construction activity. Realisations as well were relatively steady, which in turn aided sales growth. Furthermore, profitability also benefited from benign input prices.

Let me now move on to our quarterly performance. As indicated earlier, Q3 in part benefited from the pickup in construction activities during the second half of the quarter. Our overall volumes for the

quarter stood at 1.4 million. For the full-year FY '25, we believe we will be able to achieve sales volume similar to FY '24 of around 5.5 million.

Moving to the headline numbers. Our revenues for the quarter stood at ₹564 crore as against ₹669 crore during Q3 FY '24, lower by almost 16%. EBITDA for the quarter stood at ₹38 crore as against ₹87 crore generated during Q3 FY '24. Margins for the quarter stood at 7% as against 13% in Q3 FY '24. EBITDA per ton stood at ₹273 during the quarter. Loss after tax for the quarter stood at ₹54 crore.

Going ahead with the rising utilisation rate, we expect EBITDA per tonne to improve on account of lower power and fuel expenses and savings in employee expenses, which will enhance our operating leverages. In the coming years, we are optimistic that our efforts to optimise costs such as minimising the lead distances, lowering the clinker factor, upgrading Andhra plant and boosting the share of renewable energy to strengthen our cost efficiencies and overall profitability.

In terms of key operational activities during January '25, the company has successfully commissioned a 6-megawatt solar power plant at its Gudipadu unit. Further, the company also has received approvals for implementation of another 6-megawatt solar power plant at its Dachepalli unit. The new 6 stage pre-heater construction project at Dachepalli unit is progressing slightly ahead of schedule.

Power and fuel cost stood at ₹1,456 per tonne as against ₹1,701 per tonne reported during Q3 FY '24. Freight cost for the quarter stood at ₹835 per tonne as against ₹864 per tonne during Q3 FY '24. From an operational point of view, Mattampally plant operated at 51% utilisation, while Gudipadu, Bayyavaram, Jeerabad, Jajpur and Dachepalli plants operated at 93%, 68%, 78%, 22%, and 32% respectively during the quarter.

As far as the key balance sheet items are concerned, the gross debt as on 31st December 2024 stood at ₹1,462 crore, out of which ₹1,123 crore as a long-term debt and the remaining constitutes the working capital. The net worth of the company on a consolidated basis as on 31st of December 2024 stood at ₹1,866 crore. Debt equity ratio stands at 0.66:1. Cash and bank balances were at ₹159 crore as on 31st December 2024.

In summary, we believe our enhanced capacity positions us well to capture the growing infrastructure and real estate demand over the coming years. Furthermore, our efforts towards diversifying the revenue streams and increasing our regional footprint should help us improving the overall profitability profile of the company.

That concludes my opening remarks. We will now be glad to take any questions that you may have. Thank you.

### **Question-and-Answer Session**

**Manish Valecha:** Thank you. The first question is from Shravan Shah. Please go ahead.

**Shravan Shah:** Thank you. A couple of questions. So first, in terms of the volume, now do you think that the numbers that we have revised downward 5.5 million tonnes for this year, so that translates to close to 1.68 million tonnes in the fourth quarter. So that should not be a problem. And for next year FY '26, how much volume are we looking at?

**Sreekanth Reddy:** Yeah. Good morning, I think the guidance that we have given that we would be crossing last year number, I think, is very much doable because we have witnessed despite having almost more than a week of festivities in Andhra, even January month has been very, very robust. So given the situation, we don't see any risk to the number that we have given.

Going to the next year, I think we are looking at anywhere between 6.4 million to 6.5 million as a number, which we should be able to comfortably achieve, because the market situation is that demand has picked up well. Likely that price might take time or it might pick up gradually, but demand has been doing extremely well on the market.

**Shravan Shah:** Yeah. So now on the pricing and the profitability for us. So, if you can help us, so now the prices versus the exit of December entire South and if possible, the state-wise and maybe MP, Odisha also, if you can tell us just it will help us to get an idea how the prices are?

**Sreekanth Reddy:** Yeah, I think December exit all the way up to 10th and 20th prices fortunately remain very, very stable. They have been steady. There has not been an increase, nor there has been a decrease. We expect similar trend to continue with the hope that it further doesn't deteriorate. The hopes of it going up are limited. Probably it will take probably early part of Q1, only then on, we expect prices to move on, because I think

more or less most of the market players have set the raise for the yearly targets rather than taking the price up is what it looks like.

**Shravan Shah:** So currently, the prices versus if I have to compare with the third quarter average, how much it would be higher in South?

**Sreekanth Reddy:** I think it is safe to assume around ₹2 to ₹3 increase, not more, because in between, it went up, but it gradually slipped, barring ₹2 to ₹3 in some of the markets. I think the price situation has been very, very stable.

**Shravan Shah:** Okay. Similar in the Odisha and MP also?

**Sreekanth Reddy:** Yeah, I think it is very similar.

**Shravan Shah:** Okay. And now for us in terms of how we can increase the profitability. So, before that if you can also help for this quarter...?

**Sreekanth Reddy:** I think in our case; the bigger advantage is operational leverage. The EBITDA per tonne of what you're looking at ₹275 or ₹300 is with very, very limited operating leverage so far. So, I think the operating leverage itself should add another ₹200 to ₹300 EBITDA per tonne kind of a number, because as we have seen both Jajpur as well as Andhra Cements operating rates are subpar. The best part is Jeerabad is almost nearly close to 100% capacity utilisation. So, it's Gudipadu and even Mattampally has picked up and so is Andhra. The good news is even Jajpur is slowly picking up. So, we hope the operating leverage should help us improve the profitability rather than price alone helping us with the increased EBITDA.

**Shravan Shah:** Okay. So, in the next entire full-year FY '26, can we look at ₹500 plus kind of EBITDA per tonne is doable?

**Sreekanth Reddy:** Our internal pencilling also is very similar number.

**Shravan Shah:** Okay. Got it. And this quarter employee cost has gone up ₹7 crore-odd Q-o-Q.

**Sreekanth Reddy:** It's because the annual appraisal has kicked in.

**Shravan Shah:** Okay. Got it. And how much CapEx already we have done in nine months and for full-year, previously, we were looking at ₹200 odd crores and next year, ₹300 odd crore. So that remains the same?

- Sreekanth Reddy:** The amount spent so far for FY '25 is ₹88 crore is what we have spent. The balance to be spent is ₹241 crore over the next 1.5 years.
- Shravan Shah:** Okay, ₹241 crore in 1.5 years.
- Sreekanth Reddy:** Yes, bulk of it, as you know, will be in Andhra.
- Shravan Shah:** Okay. And anything on the sale of land, Vizag land?
- Sreekanth Reddy:** Yeah, we are very happy that out of three, we received two approvals. I think by middle of Q1 coming year, I think we should have got all the approvals. So, we are just waiting for cabinet approval to come, which is likely probably during end of Q4 to early part of Q1.
- Shravan Shah:** Okay. Got it. Thank you. And all the best.
- Sreekanth Reddy:** Thank you.
- Manish Valecha:** Thank you. We will take the next question from Tanish Mehta.
- Tanish Mehta:** Hi, I just had a few questions. So, the first one was what is our interest rate on the bank debt? Because if we go by the reported numbers, it looks like we're paying about 12% to 13% as cost of debt. So, if you can just speak on that?
- Sreekanth Reddy:** Yeah. The bank debt is around 10.5%, that includes the provisions and the other financial costs, but the bank debt is at around 10.5%.
- Tanish Mehta:** Okay. My second question was with regards to your subsidiary, so that makes about ₹1,500 EBITDA per tonne on a nine-month basis. So, what is driving such strong numbers for these entities? And why are the others struggling?
- Sreekanth Reddy:** I think it has to do with the markets. I think that is in a location where demand is healthy. At the same time, there is also incentive support from the state.
- Tanish Mehta:** Okay. Fine. Just a last question. What will take Andhra Cements to achieve breakeven? And when do you expect that to happen?
- Sreekanth Reddy:** Yeah. I think it is more to do with the higher capacity utilisation. We had a very good demand and higher capacity utilisation; I think it should have broken even by middle of coming year. But I think end of next financial year, we should be in a situation to break even as far as

Andhra is concerned. What you have to please remember is Andhra, the asset is old. So, there is an upgrade that is happening. Once the upgrade is done, I think the turnaround for that company could be a lot quicker.

**Tanish Mehta:** Okay. Thank you. And also, why don't we merge with Andhra Cement today, like any reason for that?

**Sreekanth Reddy:** Yeah, we did state before. We are also eager to merge, but there are certain constraints at this point of time, especially the land approval process and the conversion of land from earlier owners' names to Andhra itself has taken a lot of time. The idea is first to sell the land, monetise the land and then merge the company into Sagar. So we are in the process. So as soon as that part is done, we'd be more than happy to merge it at the earliest.

**Tanish Mehta:** Okay. Thank you so much.

**Manish Valecha:** Thank you. We'll take the next question from Jyoti Gupta. Please go ahead.

**Jyoti Gupta:** Good morning. My first question is, could you tell me how is the growth rate within the states in the South region? Where do you see it in quarter four. And while my estimates are in line with what you have just announced, I would like to understand how much despite the improvement in -- however, the South prices have not increased, but still what has been the gap in trade and non-trade prices? And where do you see this going forward in the fourth quarter?

**Sreekanth Reddy:** Yeah, I think among all the states, except for Telangana, all the other states there have been extremely good growth. Telangana slightly lagged post-election, it never picked up. There is a hope that the government initiatives where the government in the manifesto promised five minimum guarantees in that there is a low-cost housing. Yeah, we strongly believe that that should also help Telangana pick the demand.

But for now, I think Andhra is growing very strongly, followed by Tamil Nadu and Karnataka, then only Telangana because unfortunately, the real estate in Hyderabad also has taken a back seat. So, given this scenario, Telangana likely pickup is going to take some time. We believe that government push towards low-cost housing probably should be a trigger for even demand pickup in Telangana.

- Jyoti Gupta:** My other question is, that what is the status of Telangana, Amaravati, the capital of state? What is the progress there?
- Sreekanth Reddy:** Yeah, I think at this point of time, the government is in a planning stage as well as getting the finances. Yes. Happy to share that some of the finances are getting tied up fairly quickly. But we believe it is a long-drawn process. So, we are very hopeful that over the next couple of years, I think Amaravati demand should actually spearhead the overall South demand in a big way.
- Jyoti Gupta:** Okay. Thank you.
- Manish Valecha:** Thank you. The next question is from Amit Murarka. Please go ahead.
- Amit Murarka:** Yeah, just on pricing, you mentioned that this quarter, it seems unlikely that there will be some hikes given the volume focus. But then in FY '26 also, I believe there is a state of supply. I mean, not just new supply, but also the ramp-up of existing capacities. I think even Deccan's capacity is not yet ramped up, and then there will be ramp-up in the acquired assets as well. So, I was just wondering like when does this volume focus go away actually?
- Sreekanth Reddy:** I wish I had an answer for that. The focus of the industry would move away from the volumes. But I think the reality is that today, people are chasing volume because they have targets to fulfil. But I think at this price point, I don't think it makes sense for any industry more so in our sector for us to continue to pursue the volumes vis-a-vis to, I would not say huge profits, but breakeven profits.
- It's true that there is some amount of supply that is likely to happen, and that is likely to continue. We don't see any stoppage to supply coming into the market. Fortunately, that supply is likely to be in a gradual kind of a thing, not in a single burst. But we strongly believe that industry cannot run the way it is with only volume focus. So that situation gives us comfort that at some point, all of us players would start focusing on margins also.
- Amit Murarka:** Right. Also, what is the current status on Deccan's clinker unit? I think they had commissioned, but is it.
- Sreekanth Reddy:** I think you will be better informed by them.
- Amit Murarka:** Okay, sure. I will come back. Thank you.



**Manish Valecha:**

Thank you. We'll take the next question from Garvit Goyal.

**Garvit Goyal:**

Good morning. My question is basically on the broader view. I want to understand from you like one of the key growth drivers for this industry is obviously the government CapEx. So firstly, can you help me to understand like how do you see government's focus? Like are you seeing any slowdown happening in the government CapEx in the upcoming months or upcoming budget?

And secondly, like we all know, Q3, we were expecting it to be the better in the terms of the recovery, we can say, at least on a Y-o-Y basis. But if we see overall industry-wise, Y-o-Y, the construction sector is not doing that much good that was the expectation. So, can you put some colour on that aspect as well, like what is the reasons like why this recovery, but slow recovery is happening? So, can you put some colour on it?

**Sreekanth Reddy:**

Yeah, see the cement industry typically follows the election calendar. Six months before election to six months to a year post election, typically, things tend to slow down. So even in this election cycle, it's no exception. In fact, unfortunately, the election cycle this time has been fairly long because some of the states where we have our assets, elections happened close to a year back, like Madhya Pradesh, Telangana, and these two states had an election almost more than a year back. Then it followed with the general elections, that is federal elections. So that did not help demand to pick up fairly quickly. So, it took time.

Now immediately after the election, we did expect the ramp-up to happen. Unfortunately, the weather did not permit. But as the weather improved, I think demand actually shot up. Just to give you, if you look at our Q1 and Q2 numbers, we are down by almost close to 30% lower. Today, we are talking of more than catching up by end of this Q4 itself. That means the pickup has been fairly sharp during the Q3, and we expect the same momentum to continue all the way up to end of Q4 similarly.

Now coming back to the question that you had regarding the CapEx spend from the government. I think government has a very ambitious kind of plan in terms of the infrastructure build-up, which is a very, very good news for our industry. Now how soon that will happen and how quickly, only time will tell, but we are more than hopeful that, that should help the demand pick up to sustain and also margins to improve going forward, Mr. Garvit.

- Garvit Goyal:** And how Q4 is going on, like in terms of, you mentioned demand is picking up, demand already picked up actually...
- Sreekanth Reddy:** I can only talk in general. See, January month in Andhra is almost, a week of it is usually a festivities because of Sankranti. The whole week would be lost. In spite of loss of week, I think it has been an extremely strong month. That only indicates that Q4 also is going very, very strong.
- Garvit Goyal:** Understood, thank you very much. All the best.
- Sreekanth Reddy:** Thank you.
- Manish Valecha:** Thank you. We will take the next question from Vibha Jain. Please go ahead.
- Vibha Jain:** Yeah. I wanted to understand about the fuel consumption cost, like what was the cost during the quarter? And what do we expect in the coming quarter?
- Sreekanth Reddy:** It is ₹1,466 per ton of cement in spite of having higher OPC, the fuel cost is slightly higher. That is only purely on account of blended cement being lower. We expect similar things to continue because power and fuel more or less is flattened out for us.
- Vibha Jain:** Okay. Actually, so you talk about the operating leverage of around ₹200 to ₹300 EBITDA per ton. So, can you please break it up like from where we can get...
- Sreekanth Reddy:** See, I think the frequent starts and stops that itself should add up another ₹50 to ₹75 because every time there is a clinker excess stock or cement stock, we keep shutting the plant. So, every time it starts stops, there is a lot of inefficiency. And the best part is if you do more volumes, your fixed cost, I mean which is part of EBITDA, which is salaries and wages itself should give a better spread.
- I think these are the two major significant contributors. Other than the other fixed overheads, which are part of EBITDA, these are some of the things which we strongly believe that should help us overcome that. Andhra itself should contribute quite significantly to the overall kind of a bottom line because I think there are losses in Andhra at EBITDA level that itself, we expect it to start breakeven. So, if you

remove that negative, I think we are close to around ₹350 to ₹400 EBITDA per ton as we speak itself, Vibha.

**Vibha Jain:** Okay. Thank you so much.

**Manish Valecha:** Thank you. We'll take the next question from the line of Eshwar Arumugam. Please go ahead.

**Eshwar Arumugam:** Good morning. Thank you for taking my question. So, I just wanted to get your view on the evolving competition in the South market. Because in the past two years, there has been a lot of M&A activities in the South by the top two, three players. Also, like there's an opinion on the street that the prices are being artificially kept low in the South because in order to fuel more M&As. So, what is your opinion on that?

**Sreekanth Reddy:** The most respected minister has a different view than you or me. Do you think that we can synthetically keep price higher or lower? I think most of the players are trying to look at players who are new to the market or who have additional volumes, started putting more volumes than what market needed. I think that pushed the prices lower. It's true that there are some M&A activities have happened and that too on the top players.

But if you look at South, again, north of south and south of South, North of South, the impact of M&A may not be as significant, as we speak of south of South because south of South, obviously, you have a lot more consolidation because India Cements is with UltraTech. And if you look at North of South, UltraTech acquisition of Kesoram as well as Orient acquisition of Adani and Penna again has presence both in north of south and south of South.

All in all, number of market actors, probably it got reduced by only one or two, but you still have 35-plus actors sitting in this region. So, the competitive intensity may not have significantly come down. And how long will people continue to keep the prices lower? It is not in their own interest because after acquiring the assets at whatever the price, even the lowest dollar that you see in the market definitely demands a minimum of ₹1,000 to ₹1,200 EBITDA per ton for them to justify the acquisitions that they have done.

So, given that scenario, this may not be forever. And we are not seeing this for the first time in our history. We did go through this situation.

We went by this similar kind of a situation even in the past, close to a decade back. We believe we should come out sooner than later.

**Eshwar Arumugam:** Got it, got it. And what is your view on the pet coke and coal prices going forward in the next financial year because pet coke prices have been depressed in the last financial year. What is your view...

**Sreekanth Reddy:** I would not say depressed. I think they are more or less flat with \$1 to \$2 fluctuation that we have seen. Yeah, we believe that the next six months, the prices might remain more or less stable. With Trump coming in a significant way, people talk that the oil prices might come down. That might put some influence on the pet coke prices going lower.

Now coming back to the coal prices, again, in India, you're talking of imported coal prices and you are talking of domestic coal prices. Domestic coal prices have no correlation with the international market. So, it's more the coal companies deciding on it. We don't see them making significant moves given the economy and the imported coal prices the way they are. So, we expect, all in all, prices to remain more or less flat.

**Eshwar Arumugam:** Got it, got it. Your CapEx updates slide you've given in the presentation. So how much margin savings do you expect to accrue from this waste heat recovery and solar CapEx in the coming years?

**Sreekanth Reddy:** The waste heat recovery at Gudipadu should save anywhere between ₹50 to ₹75 per ton, primarily because of electricity. But the Andhra upgrade should help us save anywhere between ₹350 to ₹400 per ton in terms of cost structure at Andhra level.

**Eshwar Arumugam:** Right. That's all the questions I have. Thank you.

**Sreekanth Reddy:** Thank you.

**Manish Valecha:** I have a couple of questions. Just wanted to understand the time line for Andhra commissioning of the expanded capacity basically.

**Sreekanth Reddy:** Yeah, as indicated we initially commented that we should be ready by March of '26. But as we speak, we are running almost good quarter to four months ahead of schedule. We should, in all likelihood, be ready for this Dussehra which is in October, November, we should be ready to commission the Andhra plant, especially the pre-heater. I think up

to clinkerisation, which is a significant investment that we should be ready by October, November.

**Manish Valecha:** Okay. So, second half should see that benefits of from coming flowing in from Andhra, right, to a large extent.

**Sreekanth Reddy:** I think next year, Q4, we should start seeing some amount of benefits from Andhra.

**Manish Valecha:** Got it. In terms of monetisation of land also, yeah, approvals may come in by Q1. can we expect something by Q2, Q3?

**Sreekanth Reddy:** I think that is too soon. I think next year, we should expect monetisation. We did expect it to happen in a phased manner. But once you get the approval within 1.5 years, we expect the entire money to flow into the company. Since it's a large land parcel for Vizag, I wish there were single buyer for the entire parcel. But we expect it to be broken down into multiple pieces, and it should take 1.5 years once we get the approval for us to monetise the land.

**Manish Valecha:** Right. As there are no further questions, I would like to hand over to you for the closing comments.

**Sreekanth Reddy:** So, we would once again like to thank you for joining us on the call today. I hope you have got all the answers you were looking for. Please feel free to connect our team at Sagar or CDR should you need any further information or if you have any further queries. We'll be more than happy to address them and discuss them with you. Thank you, and have a good day.