



# SAGAR CEMENTS LIMITED

Ref:SCL:SEC:2022-23

16<sup>th</sup> February 2023

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**

**Symbol: SAGCEM**

**Series: EQ**

**Scrip Code: 502090**

Dear Sirs,

**Sub:** Disclosure under Regulation 30 read with Schedule III of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

...

Further to our letter dated 14<sup>th</sup> January, 2023 informing your esteemed Exchange of the Communication received by us from the Resolution Professional of Andhra Cements Limited declaring us as the successful Resolution Applicant, we are pleased to inform you that the Resolution Plan submitted by us has since been approved by the Amaravathi Bench of National Company Law Tribunal.

In this connection, we are forwarding herewith a press release proposed to be issued updating the acquisition of Andhra Cements Limited and furnishing further details thereon.

Thanking you

Yours faithfully

For Sagar Cements Limited

R.Soundararajan  
Company Secretary

Encl.



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

Phone : +91-40-23351571, 23356572 Fax : +91-40-23356573 E-mail : info@sagarcements.in Website : www.sagarcements.in

CIN : L26942TG1981PLC002887 GSTIN : 36AACCS8680H2ZY

Factories : Mattampally, Via Huzurnagar, Suryapet-District, Telangana - 508204. Phone : 08683 - 247039 GSTIN : 36AACCS8680H1ZZ

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

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



# Sagar Cements Limited

**Update on Acquisition of  
Andhra Cements Limited**

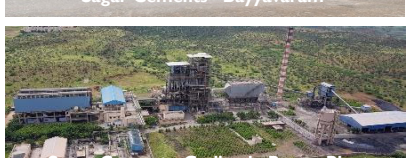
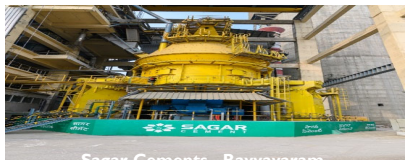


- ❑ Overview of Sagar Cements
- ❑ Overview of Andhra Cements
- ❑ Comments from JMD
- ❑ Acquisition Rationale
- ❑ Transaction Summary and Capital Structure
- ❑ Andhra Cements – Plant Highlights
- ❑ Consolidated Projected Debt

# Overview – Sagar Cements

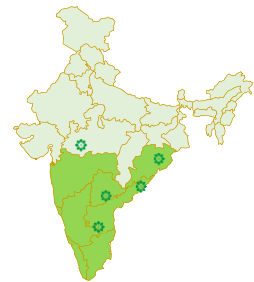


Sagar Cement has created a niche in Southern markets and is making inroads into Central and Eastern markets



- Established in 1985, Sagar Cement Limited ("SCL") with its current capacity of 8.25 MTPA tones is a dominant cement player in South India
  - Strong presence across all the five key states – AP, Telangana, Tamil Nadu, Karnataka and Kerala
  - Expanding geographic presence in Maharashtra, Odisha and Madhya Pradesh
- Primarily manufactures the OPC, PPC, PSC, CC & SRC variety of cement from its plants situated in the Suryapet district of Telangana & at Bayyavaram, Vizag district of Andhra Pradesh & at Gudipadu Plant, Tadipatri, Anantapur district of Andhra Pradesh & from its subsidiary's plants, SCMPL located at Jeerabad, Indore, Madhya Pradesh and JCPL located at Jajpur, Odisha.
- Company has built a strong brand "Sagar Cement" over a period of last 4 decades

- Fully integrated & automated facilities
- Distribution – Strong network of ~2,594 dealers and 5,223 Sub-dealers
- Channel Mix: Trade - 57% : Non-Trade - 43%
- Track Record of consistent profits, inorganic and organic expansions
- Strong Financials Performance



## Facilities at a glance

Cement		
Location	Clinker MTPA	Cement MTPA
Sagar Cements –Mattampally, Suryapet, Telangana	2.75	3.00
Sagar Cements – Gudipadu, Anantapur, Andhra Pradesh	1.00	1.25
Sagar Cements –Bayyavaram, Vizag, Andhra Pradesh	-	1.50
Sagar Cements (M) Pvt. Ltd. ("SCMPL") – Jeerabad near Indore, Madhya Pradesh	1.00	1.00
Jajpur Cements Pvt. Ltd. ("JCPL") – Jajpur, Orissa	-	1.50
<b>Total</b>	<b>4.75</b>	<b>8.25</b>

Captive Power Plants	
Facility	Capacity in MW
Sagar Cements, Mattampally – Waste Heat Recovery Power Plant	8.80
Sagar Cements, Mattampally– Thermal Power Plant (Commissioned in August 2019)	18.00
Sagar Cements, Mattampally – Solar Power Plant	1.45
Sagar Cements, Gudipadu – Thermal Power Plant	25.00
Sagar Cements, Hydro Power Plants (4.3 MW at Guntur & 4 MW at Kurnool in Andhra Pradesh, India)	8.30
SCMPL – Waste Heat Recovery Power Plant	5.30
<b>Total</b>	<b>66.85</b>



Sagar Cements Limited, Mattampally	<b>Capacity</b>	<b>3.0 MTPA</b>
	Location	Mattampally , Telangana
	Markets Catered	AP, Telangana, Odisha, TN, Maharashtra
	Limestone Reserves	404 mn Tonnes
Sagar Cements Limited, Gudipadu	<b>Capacity</b>	<b>1.25 MTPA</b>
	Location	Gudipadu , AP
	Markets Catered	AP , Karnataka , TN
	Limestone	162 mn Tonnes
Sagar Cements Limited, Bayyavaram	<b>Capacity (Grinding)</b>	<b>1.5 MTPA</b>
	Location	Vizag , AP
	Markets Catered	Visakhapatnam, Vizag, Srikakulam and South Odisha
Sagar Cements (M) Pvt. Ltd., Jeerabad	<b>Capacity</b>	<b>1.00 MTPA</b>
	Location	Indore, MP
	Markets Catered	Western Madhya Pradesh, Gujarat and Maharashtra
	Limestone	62.82 mn Tonnes
Jajpur Cements Pvt. Ltd., Jajpur	<b>Capacity (Grinding)</b>	<b>1.5 MTPA</b>
	Location	Jajpur, Odisha
	Markets Catered	Central/ Coastal Odisha, Bihar, Jharkhand and West Bengal.

## Overview – Andhra Cements

- Part of Jaypee Group, Andhra Cements Limited is a marquee player in the industry with **over 8 decades of rich heritage**
- **Quality asset base –**
  - Durga Cement Works (DCW) – An Integrated unit, with Clinker Capacity of 1.65 MnT and Cement Capacity of 1.8 MnT along with 30 MW captive power plant is located at Dachepalli, Guntur District, Andhra Pradesh
  - Vishaka Cement Works (VCW) – Grinding unit, with Cement Capacity of 0.8 MnT is located at Visakhapatnam, Andhra Pradesh
  - VCW located on Prime Land of ~107 Acres within Vizag City Limits
- **Limestone reserves**
  - 4 limestone mines with total reserves of ~ 200 Mn tons
  - DCW Plant is in close proximity to the mines
- **Strategically located plants** offering good rail, road, air & sea connectivity
- **Key markets** – Telangana (50%), Andhra Pradesh (30%) and Tamilnadu (20%)
- Presently both DCW and VCW plants are under shutdown



*“We are happy to inform that the National Company Law Tribunal (NCLT) has since approved the resolution plan submitted by us for acquisition of Andhra Cements Limited on 16<sup>th</sup> February 2023. This acquisition is aligned with our strategy of consolidating our presence in established markets to better serve our customers in a cost efficient and timely manner. Furthermore, the acquisition will also help us meet our objective of reaching 10MnT capacity by 2025.*

*We believe the acquisition cost of ~56USD per ton, including upgradation, is competitive and will help us create value for all our stakeholders in the coming years. We propose to spend ~Rs 762 crore for acquisition, Restart Capex of Rs.85 Crores and an additional ~Rs. 75 crore as Working Capital and Other Costs. Barring unforeseen circumstances, we expect to start commercial operations by Q1FY24.*

*Further, our Board has approved an additional capital outlay of Rs. 468 crores for enhancement of the clinker capacity to 2.3 MTPA from existing 1.65 MTPA and cement capacity to 3 MTPA from 1.8 MTPA at DCW. We are hopeful that the enhanced capacities will be commissioned during second half of FY 25. We are contemplating discontinuing the operations at the VCW due to the constraints resulting from the plant’s proximity to Vizag City.*

*Our efforts are now directed towards operating these assets at an optimum level, to enable us to serve our customers better and create value for all our stakeholders.”*

# Acquisition Rationale

- Further consolidation of SCL's position in southern markets mainly Andhra Pradesh and Telangana
- SCL can leverage its existing network/ brand of "SAGAR," making the Company one of the leading players in the southern markets
- Current Acquisition cost of ~ 56 USD Per Tonne works to be favourable Vs green field implementation cost of ~ USD 100 Per Tonne.
- Post acquisition and upgradation, Installed Capacity of SCL Group will be 11.25 MnT

Cement		
Location	Clinker MTPA	Cement MTPA
Sagar Cements –Mattampally, Suryapet, Telangana	2.75	3.00
Sagar Cements – Gudipadu, Anantapur, Andhra Pradesh	1.00	1.25
Sagar Cements –Bayyavaram. Vizag, Andhra Pradesh	-	1.50
Sagar Cements (M) Pvt. Ltd. ("SCMPL") – Jeerabad, Indore, Madhya Pradesh	1.00	1.00
Jajpur Cements Pvt. Ltd. ("JCPL") – Jajpur, Orissa	-	1.50
<b>Andhra Cements Ltd. ("ACL") –Guntur, Andhra Pradesh (Post Expansion)</b>	<b>2.30</b>	<b>3.00</b>
<b>Total</b>	<b>7.05</b>	<b>11.25</b>

**Integrated Operations**

- Integrated operations with captive limestone mine for DCW
- Ample Limestone availability to meet full requirement of the plant

**Strategic Location**

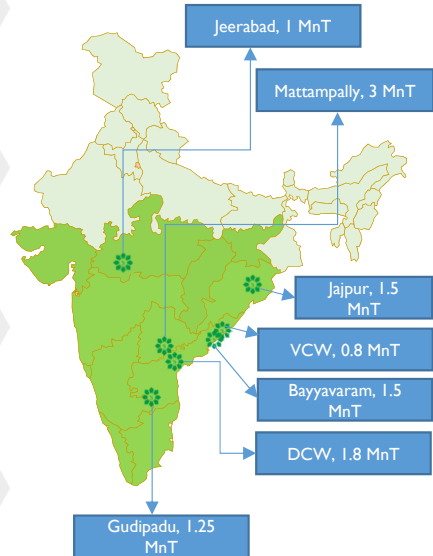
- Integrated manufacturing facilities at DCW which is positioned at key location in Andhra Pradesh offering good connectivity in terms of road, rail, air & sea.

**Captive Power**

- Captive power plant of 30 MW located at DCW, which is well equipped to meet power requirements of DCW.

**Access to raw material**

- Established sources of raw materials, availability of coal etc.
- Abundant limestone reserves ~ 200 Mn tons available in the mines, which produces quality clinker.



Facility	Captive Power Plants (Capacity in MW)				Total
	WHRS	Thermal	Solar	Hydro	
Mattampally	8.8	18	1.33	-	28.13
Gudipadu	-	25	-	-	25
Bayyavaram	-	-	0.12	-	0.12
Jeerabad	5.3	-	-	-	5.3
GBC - Hydro	-	-	-	4.3	4.3
LIS - Hydro	-	-	-	4	4
<b>Andhra Cements Ltd</b>	-	<b>30</b>	-	-	<b>30</b>
<b>Total</b>	<b>14.1</b>	<b>73</b>	<b>1.45</b>	<b>8.3</b>	<b>96.85</b>

# Transaction Summary and Capital Structure

## Transaction Value:

S. No.	Particulars	Amount (INR Cr.)
1	Acquisition Value	762
2	Restart Capex	85
3	Working Capital & Other Costs	75
	<b>Total</b>	<b>922</b>

## Funding Proposal:

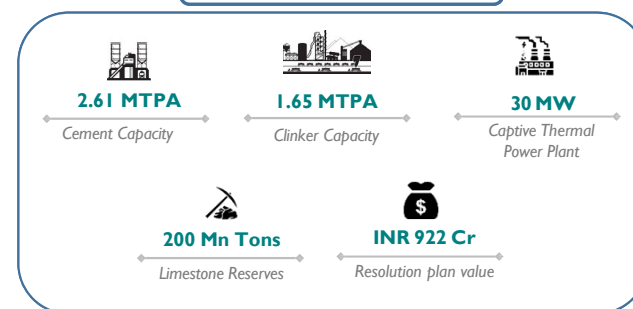
S. No.	Particulars	Amount (INR Cr.)
1	Debt	600
2	Equity	322
	<b>Total</b>	<b>922</b>

- Present Shareholding Pattern of ACL : Promoters Holding – 69% and Public – 31%.

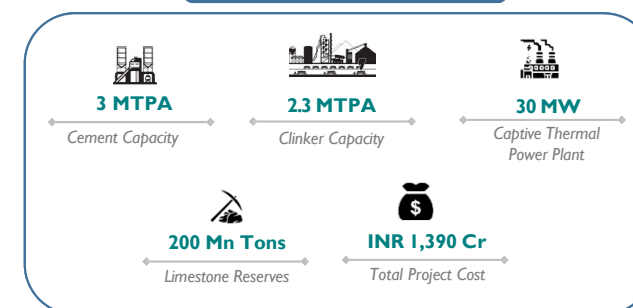
## Going Forward.....

- Sagar Cements will have 95% stake in ACL and Public holding will have 5% stake.
- ACL will continue to remain listed. As per regulatory requirements, SCL will reduce its holding to 90%, within 12 months and further to 75% within 36 months from the NCLT approval date.
- Operations at VCW may be discontinued due to the operational constraints.
- ACL Operations are expected to commence from Q1FY24 onwards.
- It is proposed to invest INR 468 Cr in ACL to upgrade its capacities. Clinker Capacity from 1.65 MTPA to 2.3 MTPA and Cement Capacity from 1.8 MTPA to 3 MTPA.
- Upgradation is expected to be completed by second half of FY25

## Facilities at glance



## Post Expansion





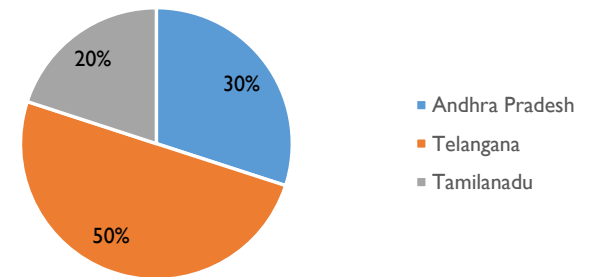
# ACL – Plant Highlights



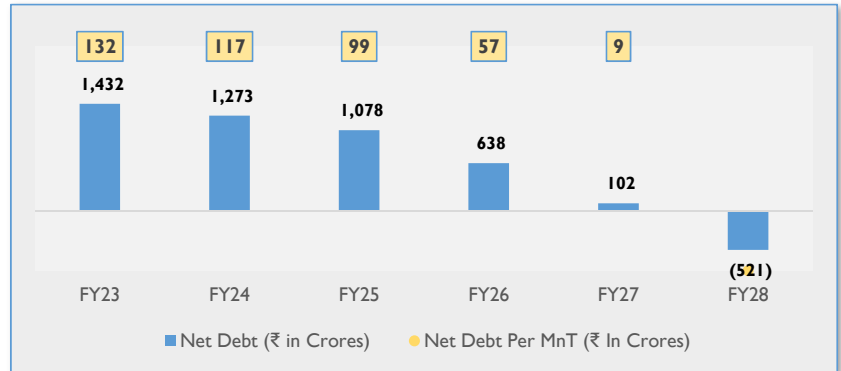
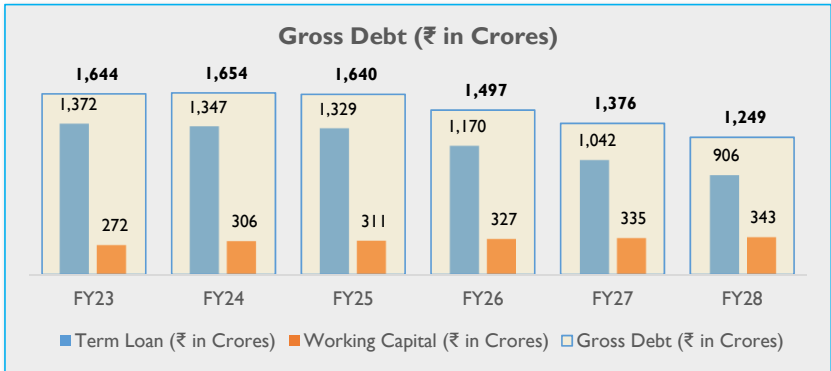
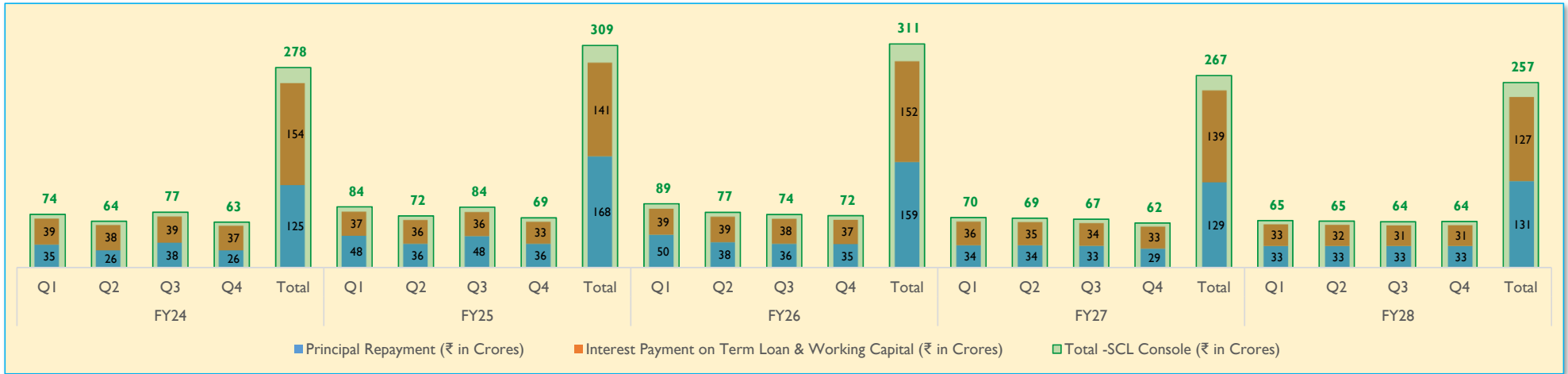
Limestone Crusher	Raw Mill	Coal Mill	Pre Heater	Kiln	Cooler	Cement Mill	Packing
Installed / Modified - 2012	Raw Mill 1	Coal Mill 1	Installed / Modified - 2012	Installed / Modified - 2012	Installed / Modified - 2012	Cement Mill 1	Packer 1
Capacity 900 TPH @ 970 KW	Installed / Modified - 2012	Installed / Modified - 2012	LP Cyclone (4K + 5C Stage)	Capacity : 5400 TPD	111 M2	Installed / Modified - 2013	Installed / Modified - 2013
Make : L & T	Type : Ball Mill with Pregrinder (VRPM)	Type : Ball Mill		Make : FLS	Make : KKN Pendulam Cooler	Type : Ball Mill	Capacity : 2 X 120 TPH ( 8 spout)
	Capacity : 250 TPH	Capacity : 15 TPH				Capacity : 100 TPH OPC & 130 TPH PPC	Make : EEL
	Make : L & T	Make : L & T				Make : L & T	
	Raw Mill 2	Coal Mill 2				Cement Mill 2	Packer 2
	Installed / Modified - 2012	Installed / Modified - 2012				Installed / Modified - 2013	Installed / Modified - 2016
	Type : Vertical Mill	Type : Vertical Mill				Type : Ball Mill	Capacity : 240 TPH ( 16 spout)
	Capacity : 223 TPH	Capacity : 36 TPH				Capacity : 140 TPH OPC & 182 TPH PPC	Make : EEL
	Make : FLS	Make : L & T				Make : L & T	

Projected Capacity Utilization	%
FY 24 (1.8 MTPA)	55
FY 25	60
FY 26 (3 MTPA)	50
FY 27	55
FY 28	60
FY 29	65

Volumes Distribution



# Consolidated Projected Debt



## Safe Harbour:

Certain matters discussed in this communication may contain statements regarding the company's market opportunity and business prospects that are individually and collectively forward-looking statements. Such forward-looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and assumptions that are difficult to predict. These risks and uncertainties include, but are not limited to, the performance of the Indian Economy and of the economies of various International markets, the performance of the Cement Industry in India and world-wide, competition, the company's ability to successfully implement its strategy, the company's future levels of growth and expansion, technological implementation, changes and advancements, change in revenue, income or cash flows, the company's market preferences and its exposure to market risks, as well as other risks. The company's actual results, levels of activity, performance or achievements could differ materially and adversely from results expressed in or implied by this presentation. The Company assumes no obligation to update any forward-looking information contained in this communication. Any forward – looking statements and projections made by third parties included in this communication are not adapted by the company and the company is not responsible for such third party statements and projections

## For further information contact:

Sagar Cements Limited	CDR India
K Prasad- (Chief Financial Officer) <a href="mailto:prasadk@sagarcements.in">prasadk@sagarcements.in</a>	Gavin Desa <a href="mailto:gavin@cdr-india.com">gavin@cdr-india.com</a>
Rajesh Singh - (Chief Marketing Officer) <a href="mailto:rajeshsingh@sagarcements.in">rajeshsingh@sagarcements.in</a>	Suraj Digawalekar <a href="mailto:suraj@cdr-india.com">suraj@cdr-india.com</a>
R.Soundararajan (CS & Compliance Officer: ) <a href="mailto:soundar@sagarcements.in">soundar@sagarcements.in</a>	Tel.: +91 22 6645 1237
Tel.: +91 40 2335 1571 / 6572	Tel.: +91 22 6645 1219

Thank You !

