



# SAGAR CEMENTS LIMITED

SCL:SEC:NSE:BSE:2022-23

19th October 2022

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  
**ISIN** INE 229C01021

**Scrip Code: 502090**

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

Dear Sirs

**Press Release regarding un-audited Financial Results (Standalone and Consolidated)  
for the second quarter and half-year ended 30<sup>th</sup> September, 2022**

Further to our letter of date, we are sending herewith a copy of the Press Release being issued by us in connection with the un-audited financial results for the second quarter and half-year ended 30<sup>th</sup> September 2022.

Thanking you

Yours faithfully  
For Sagar Cements Limited

R.Soundararajan  
Company Secretary

Encl: a.a.



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

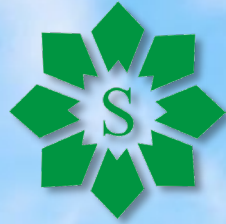
Phone : +91-40-23351571, 23356572 Fax : +91-40-23356573 E-mail : info@sagarcements.in Website : www.sagarcements.in

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

Q2 & HIFY23  
Results Presentation

- ❑ Consolidated and Standalone Financial results
- ❑ Jt. Managing Director's Comment
- ❑ Financial and Operational Performance analysis
- ❑ Key Development
- ❑ Company snapshot

in Rs.Lakhs

Particulars	Q2 FY23	Q2 FY22	YoY (%)	Q1 FY23	QoQ (%)	HI FY23	HI FY22	YoY (%)
Sales Volume (MT)	10,34,989	853,148	▲ 21%	11,86,259	▼ 13%	22,21,249	17,32,671	▲ 28%
Revenue from Operations	47,455	36,893	▲ 29%	55,772	▼ 15%	1,03,227	76,150	▲ 36%
Other Income	1,493	257	▲ 481%	1,244	▲ 20%	2,737	733	▲ 273%
Total Income	48,948	37,150	▲ 32%	57,016	▼ 14%	1,05,964	76,883	▲ 38%
Operating expenses	46,884	30,811	▲ 52%	49,669	▼ 6%	96,553	59,357	▲ 63%
Op. EBITDA	571	6,082	▼ 91%	6,103	▼ 91%	6,674	16,793	▼ 60%
Op. EBITDA Margin %	1	16	▼ 93%	11	▼ 89%	6	22	▼ 71%
Op. EBITDA per Ton in ₹	55	713	▼ 92%	514	▼ 89%	300	969	▼ 69%
Finance cost	5,027	1,142	▲ 340%	4,808	▲ 5%	9,835	2,699	▲ 264%
Depreciation	3,793	2,009	▲ 89%	3,658	▲ 4%	7,451	3,932	▲ 89%
(Loss)/ Profit before tax	(6,756)	3,188	-	(1,119)	-	(7,875)	10,895	-
Tax expenses	(1,837)	1,194	-	191	-	(1,646)	4,043	-
(Loss)/ Profit after tax	(4,919)	1,994	-	(1,310)	-	(6,229)	6,852	-

- Revenue increased by 29% Y-o-Y and volume increased by 21% for Q2 FY23.
- Plants operated around 49% during the current quarter.
- Operating EBITDA of ₹ 571 lakhs for Q2 FY23 as against ₹ 6,082 lakhs during Q2FY22.
- Operating EBITDA of ₹ 55 per ton during Q2 FY23.
- EBITDA margin declined by 1,500 bps to 1% for Q2 FY23 (v/s Q2 FY22).
- (Loss)/ Profit after tax stood at Rs. (4,919) lakhs for Q2 FY23 v/s PAT of ₹ 1,994 lakhs during Q2 FY22.



Sagar Cements Limited								
Particulars	Q2 FY23	Q2 FY22	YoY %	Q1 FY23	QoQ (%)	H1FY23	H1FY22	YoY %
Sales Volume (MT)	9,22,337	8,53,148	▲ 8%	10,41,424	▼ 11%	19,63,761	17,32,671	▲ 13%
Total Income (in Rs. Lakhs)	44,997	37,503	▲ 20%	50,246	▼ 10%	95,243	77,346	▲ 23%
Op. EBITDA (in Rs. Lakhs)	1,910	6,176	▼ 69%	6,863	▼ 72%	8,773	16,958	▼ 48%
Op. EBITDA / MT (in Rs.)	207	724	▼ 71%	659	▼ 69%	447	979	▼ 54%
PAT (in Rs. Lakhs)	(465)	2,101	-	2,767	-	2,302	7,375	▼ 69%

- 8% YoY increase in volumes during Q2 FY23.
- Op. EBITDA of ₹ 1,910 lakhs during Q2 FY23 lower by 69% on a Y-o-Y basis.
- Op. EBITDA of ₹ 207 per ton during Q2 FY23 lower by 71% on a Y-o-Y basis.

Consolidated Per Ton Analysis					
Particulars (in Rs)	Q2 FY23	Q2 FY22	YoY%	Q1 FY23	QoQ (%)
Net Realization / T	4,585	4,324	▲ 6%	4,701	▼ 2%
Total Expenditure /T	4,530	3,611	▲ 25%	4,187	▲ 8%
Raw Material Consumed	790	720	▲ 10%	733	▲ 8%
Employee Expenses	217	232	▼ 7%	222	▼ 3%
Power & Fuel	2,066	1,263	▲ 64%	1,827	▲ 13%
Freight	797	795	▲ 0%	798	▼ 0%
Purchase of stock in Trade	66	48	▲ 37%	68	▼ 2%
Other Expenses	594	553	▲ 8%	539	▲ 10%
<b>EBITDA/ T</b>	<b>55</b>	<b>713</b>	<b>▼ 92%</b>	<b>514</b>	<b>▼ 89%</b>

## Commenting on the performance, Mr. Sreekanth Reddy, Jt. Managing Director of the Company said,

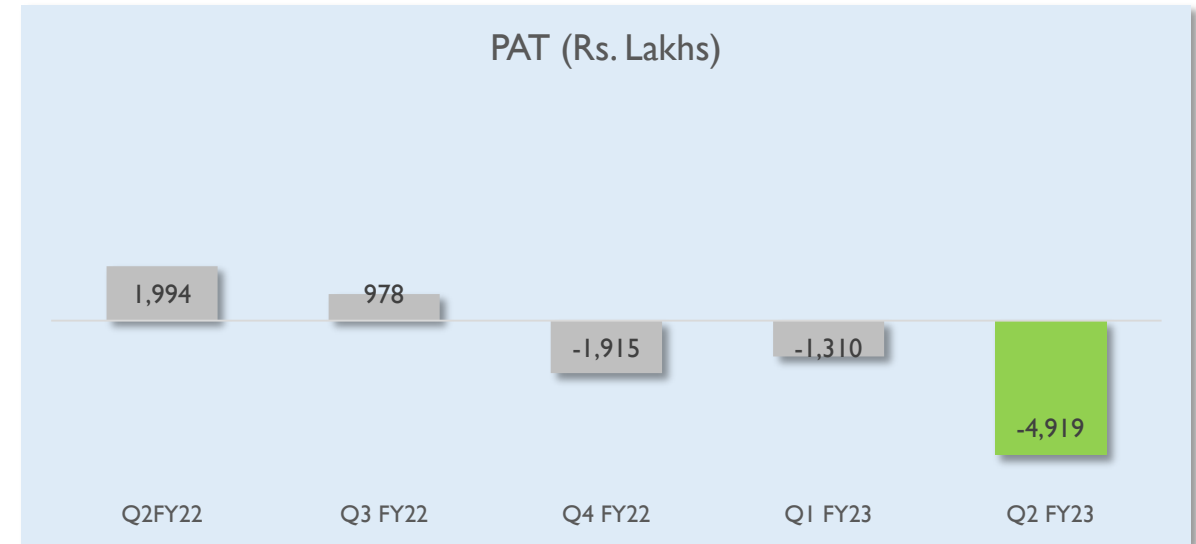
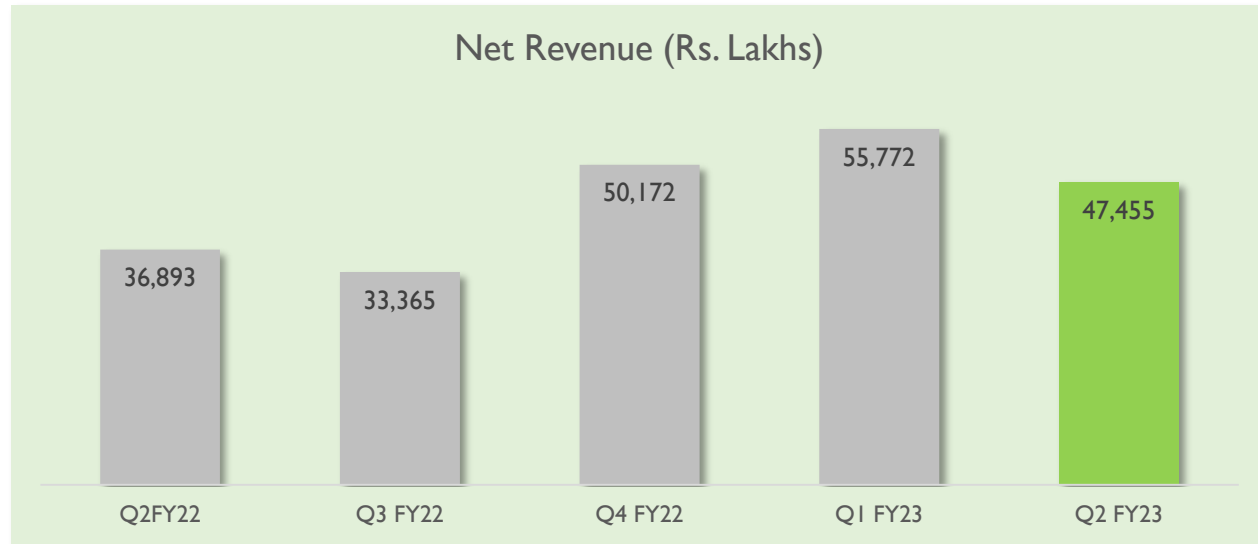
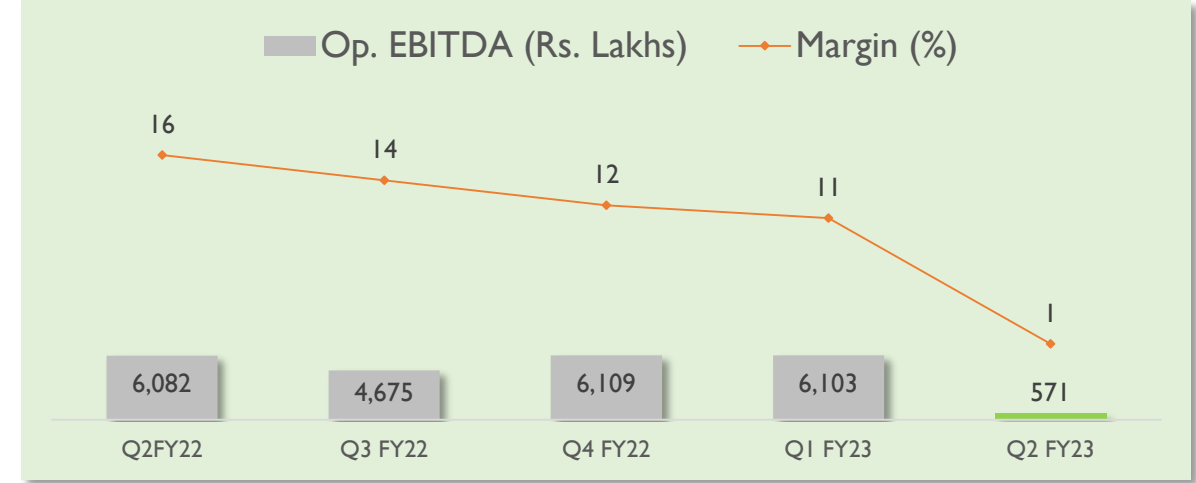
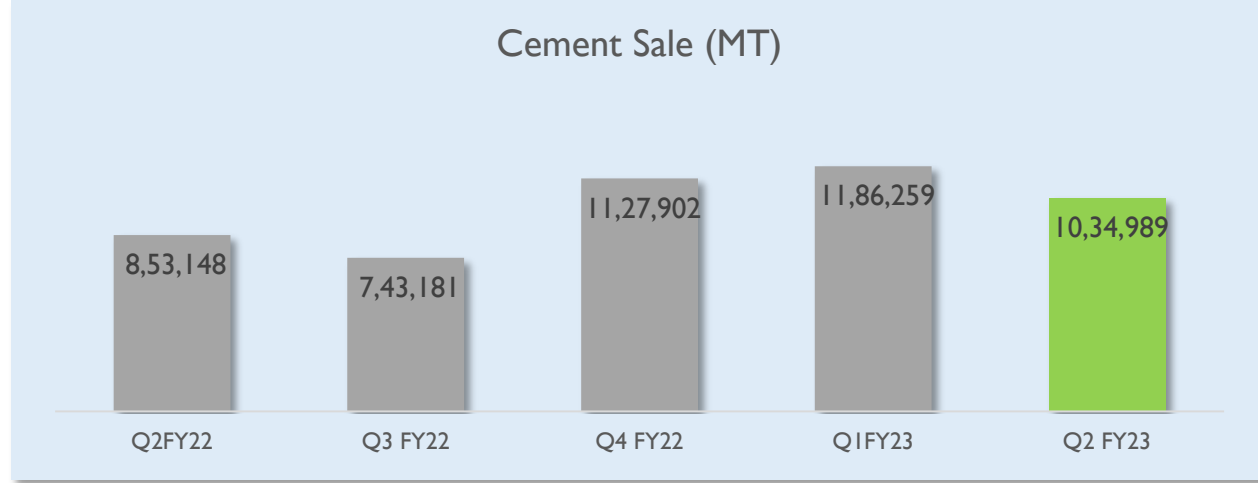
“Our performance for the quarter was expectedly benign given the seasonality and challenging external environment. While volumes and realisations were relatively stable, profitability and margins were impacted by higher input costs. Demand for large part of the quarter was impacted by strong monsoons. However we did witness some revival towards the end following pick up in infrastructure activities as the rains subsided. Segments such as low-cost housing and infrastructure have been well supported by the Government. Higher volume growth during the quarter is also partly on account of commissioning of new facilities. With regard to realisations, prices in the trade segment have been relatively stable compared to non-trade segment.

Despite higher volumes, we have seen compression of profitability and margins largely owing to higher input prices. Furthermore, despite elevated raw material prices, soft demand trends across markets restricted our ability to undertake price revision, in turn squeezing our margins. Also, negative operating leverage amidst lower utilization levels across units dented profitability further. However, we have started witnessing some moderation in input prices in recent times and with demand likely to pick up in the second half of the fiscal we expect some improvement in profitability going forward.

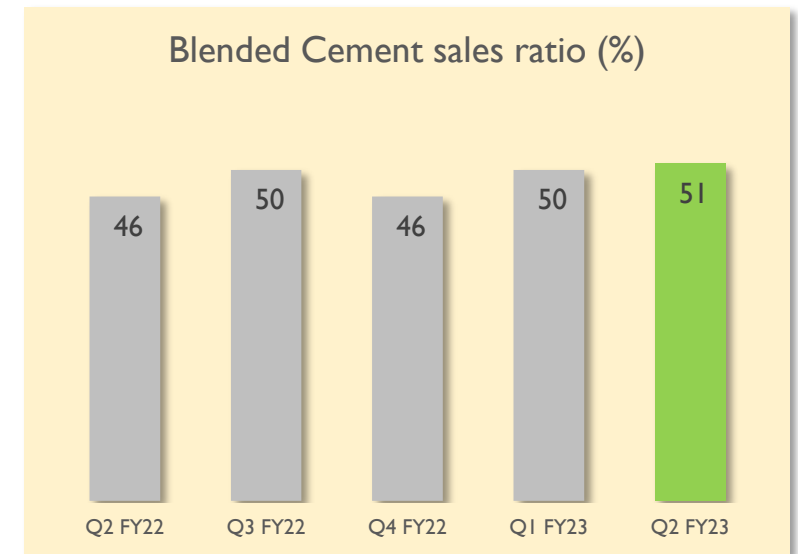
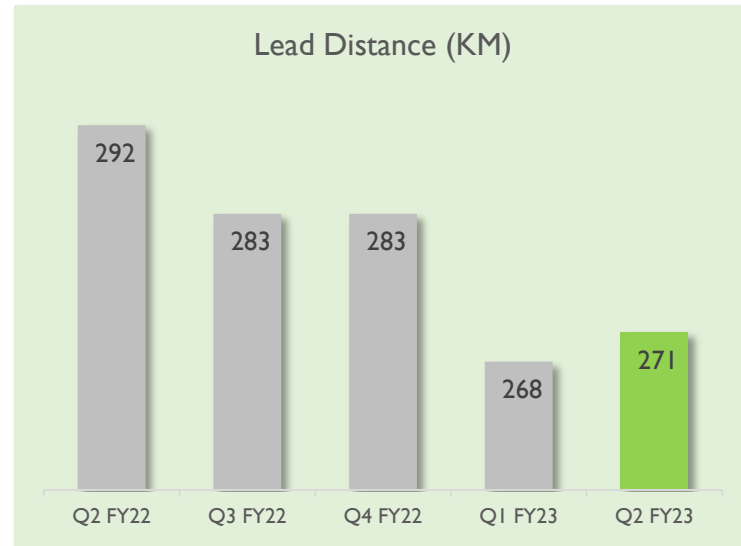
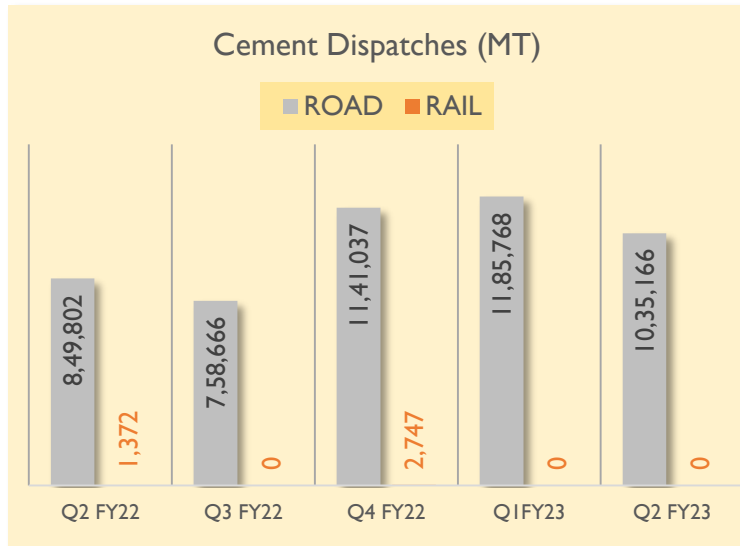
Another noteworthy development has been that the Bayyavaram Unit was Awarded with “National Energy Conservation Award, Cement Sector -2022”, in appreciation of the achievements in energy conversation in the cement sector for the year 2022 by Government of India, Ministry of Power. Furthermore, we are also pleased to announce that we had received “Certificate of Appreciation” from Commercial Taxes Department, Government of Telangana for being tax compliant and contributing the highest revenue towards realising the dream of Bangaru Telangana.

Going ahead, our diversified geographic presence, cost rationalization measures, better product mix and strong balance sheet positions us well to deliver consistent performance and create value for our shareholders.”





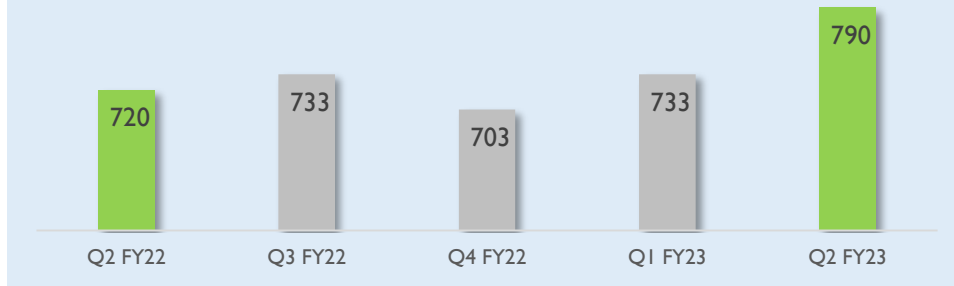
Description	Sagar Cements Ltd Qty in MT	Sagar Cements (M) Pvt Ltd Qty in MT	Jajpur Cements Pvt Ltd Qty in MT	Consolidated Qty in MT
Clinker	7,75,131	71,851	-	8,46,982
Cement Production / Purchase	9,23,539	75,919	36,212	10,35,670
Cement Sales	9,22,337	77,334	35,318	10,34,989





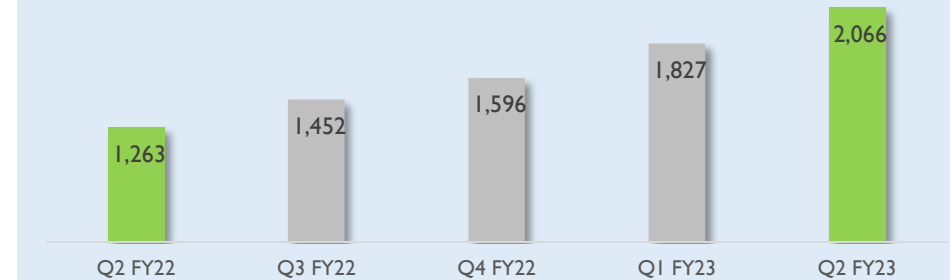
## Raw Material Cost (₹/ T)

▲ 10% on YoY



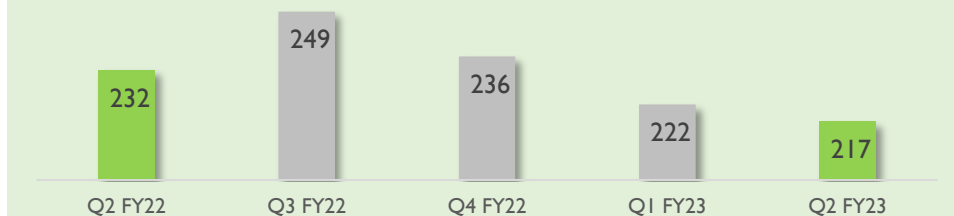
## Power & Fuel Cost (₹/ T)

▲ 64% on YoY



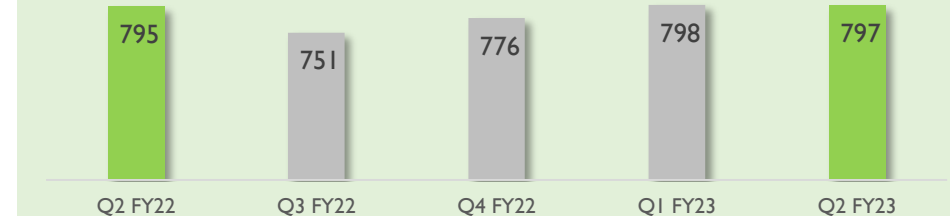
## Employee Cost (₹/ T)

▼ 7% on YoY



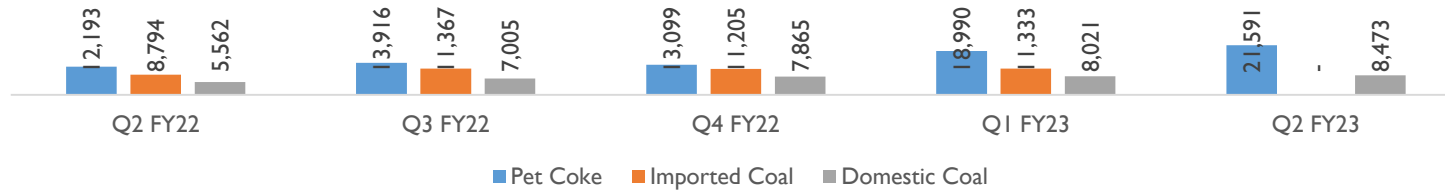
## Freight Cost (₹/ T)

▲ 0.3% on YoY



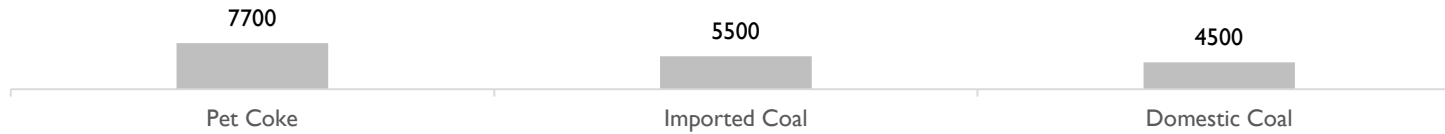
- Raw material cost per ton during Q2 FY23 was ₹ 790 per ton as against ₹ 720 per ton during Q2 FY22. Increase in blended cement % from 46 to 51 resulted into increase in raw material cost.
- The main reasons for increase in Power & Fuel cost is the significant increase in the prices of pet coke & coal.
- Optimal thermal efficiency at Mattampally Plant 726 Kcal /Kg of Clinker & Gudipadu 683 Kcal /Kg of Clinker & Jeerabad 730 Kcal /Kg of Clinker.
- Employee costs during Q2 FY23 amounted to ₹ 217 per ton as against ₹ 232 per ton during Q2 FY22.
- Higher diesel prices have also considerably impacted the outward freight costs which got offset by reduction in lead distances post commissioning of Jeerabad & Jajpur plants.

### Thermal Prices( Rs/Mt)

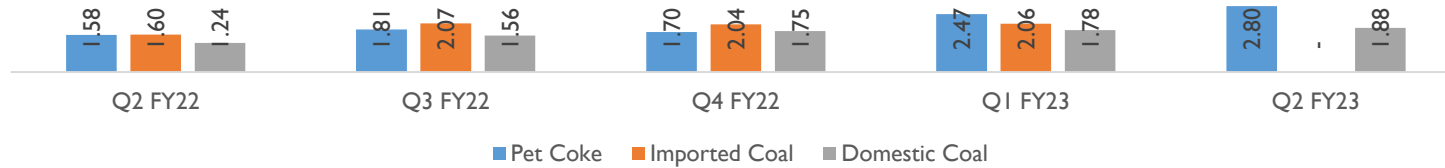


Current Fuel Price Trends		
Particulars	Per Ton (₹)	Per Kcal (₹)
Imported Pet Coke	19,470	2.53
Indian Pet Coke	16,940	2.20
Imported Coal	18,515	3.37
Domestic Coal	8,184	1.82

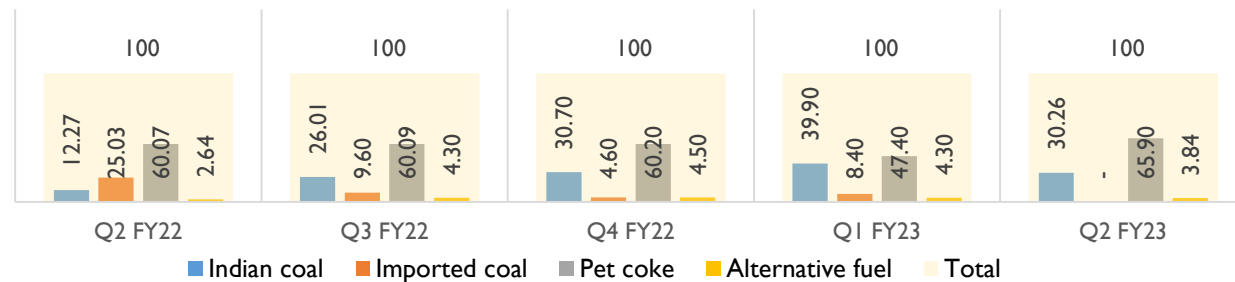
### Kcal on NCV basis



### Rs/Kcal



### Group level Source of coal based on kcal (%)



Particulars (Rs. In Lakh)	30 <sup>th</sup> Sep 2022	30 <sup>th</sup> Jun 2022	31 <sup>st</sup> Mar 2022	31 <sup>st</sup> Dec 2021	30 <sup>th</sup> Sep 2021
Gross Debt	1,48,585	1,48,987	1,50,335	1,39,040	91,385
- Long Term	1,27,525	1,29,300	1,32,361	1,25,672	77,365
- Working Capital	21,060	19,687	17,974	13,368	14,020
Cash & Bank Balance	30,849	28,174	16,269	41,891	12,811
<b>Net Debt</b>	<b>1,17,736</b>	<b>1,20,813</b>	<b>1,34,066</b>	<b>97,149</b>	<b>78,574</b>
Long term Debt Equity Ratio (%)	0.81	0.79	1.01	0.95	0.59
<b>Net Worth</b>	<b>1,58,088</b>	<b>1,63,922</b>	<b>1,30,944</b>	<b>1,32,727</b>	<b>1,31,749</b>

- Promoted by experienced technocrat and entrepreneurs.
- Listed entity with around 4 decades of successful operations.

- Plant started operations in 1985 with a capacity of 66,000 TPA.
- Current group capacity : 8.25 MTPA.

Captive power capacity of 66.85 MW

Strong presence across all five southern states, along with Maharashtra and Odisha.

#### Manufactures :

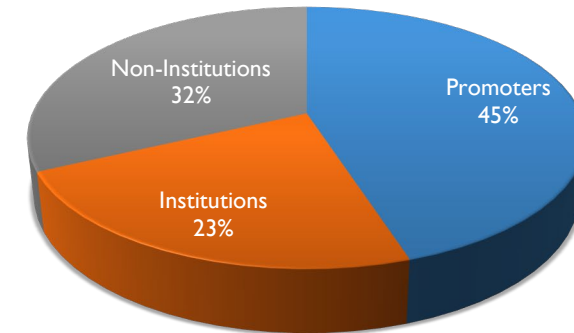
- Ordinary Portland Cement (OPC)- 53 & 43,
- Portland Pozzalona Cement (PPC)
- Sulphate Resistant Cement (SRC)
- Portland Slag Cement (PSC) &
- GGBS.

Strong brand built over the last 4 decades – “Sagar Cement”

- AvH Resources India Pvt. Ltd., a wholly owned subsidiary of Ackermans & Van Haaren NV belonging to AvH Group, a Belgian major holds 19.64% equity stake in the Company.
- PI Opportunities Fund – I Scheme II (“PIOF”), an affiliate of Premji Invest, the Private Equity and investment arm of one of India’s largest philanthropic endowments, holds 10.10% equity stake in the Company.

High focus on technology and process efficiencies;  
High levels of Corporate Governance standards

## Share Holding Pattern (as on 30<sup>th</sup> Sep. 2022)



■ Promoters ■ Institutions ■ Non-Institutions

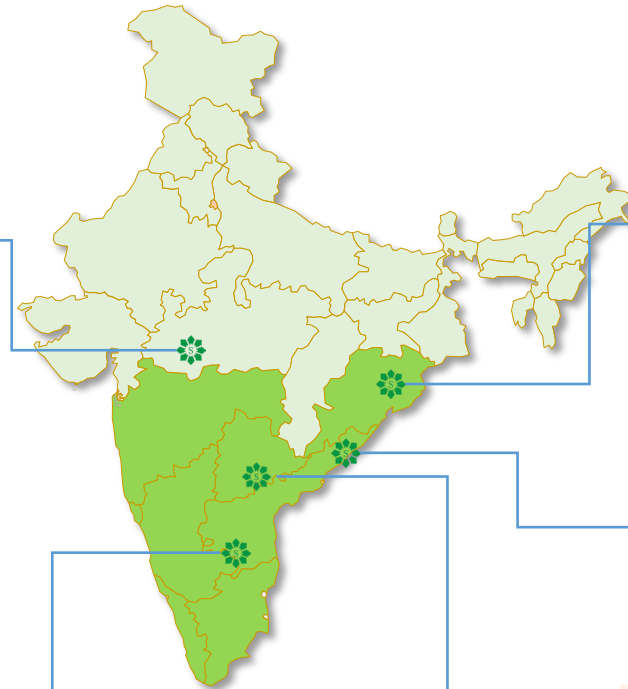
Capital Market Metrics	
Listed on	BSE & NSE
CMP (INR)*	~194
M-Cap (INR mn)	~25,331
52 week high (INR)	~303 (18 <sup>th</sup> October 2021)
52 week low (INR)	~154 (21 <sup>st</sup> June 2022)

\*Market price at close on October 19, 2022 (NSE)

# Strategically located to reap a significant locational advantage

<b>Sagar Cements (M) Private Limited (Formerly Satguru Cement Private Limited)</b>	
Capacity	1 MTPA Integrated Cement Plant
Acquired on	8th May 2019
SCL Stake	65%
Key Markets	<ul style="list-style-type: none"> <li>Western Madhya Pradesh</li> <li>Gujarat and Maharashtra (Adjacent to Western Madhya Pradesh)</li> </ul>
Captive power	5.3 MW

<b>Jajpur Cements Private Limited</b>	
Capacity	1.5 MTPA (Cement Grinding)
Acquired on	2nd May 2019
SCL Stake	100%
Key Markets	<ul style="list-style-type: none"> <li>Central/ Costal Odisha</li> <li>Bihar</li> <li>Jharkhand</li> <li>West Bengal</li> </ul>



<b>Sagar Cements Ltd. – Gudipadu, AP</b>	
Capacity	1.25 MTPA
Key Markets	<ul style="list-style-type: none"> <li>Andhra Pradesh,</li> <li>Karnataka,</li> <li>Tamil Nadu</li> </ul>
Captive power	25 MW

<b>Sagar Cements – Bayyavaram, AP</b>	
Capacity	1.5 MTPA
Key Markets	<ul style="list-style-type: none"> <li>Vizag,</li> <li>Vizianagaram,</li> <li>Srikakulam,</li> <li>South Odisha</li> </ul>
Captive power	8.42 MW (Hydro + Solar)

<b>Sagar Cements – Mattampally, Telangana</b>	
Capacity	3.0 MTPA
Key Markets	<ul style="list-style-type: none"> <li>Andhra Pradesh,</li> <li>Telangana,</li> <li>Tamil Nadu, Odisha,</li> <li>Maharashtra</li> </ul>
Captive power	28.13 MW





## Access to resources

- ✓ Part of Nalgonda & Yerraguntla Cement Cluster
- ✓ Strong limestone reserves:
  - Over 401 MnT at Mattampally
  - Over 161 MnT at Gudipadu
  - Over 63 MnT at Indore (SCMPL)
- ✓ Geographic location with proximity to Coal mines (Major Fuel) and ports (less than 150 km from the plant)
- ✓ Packing Material primarily sourced from a Group entity



## Growing market

- ✓ Plants located in close proximity to major markets in the South and select markets in Maharashtra, Odisha and Madhya Pradesh.
- ✓ Average lead distance below 300 km
- ✓ Strong sales network – 2,492 dealers and 5,018 sub-dealers
- ✓ Acquisition of Gudipadu and Bayyavaram plants helped to increase market reach and depth
- ✓ Gudipadu acquisition helped in better penetration to the Southern markets.
- ✓ Bayyavaram – Capture north AP and South Odisha markets



## Advanced plants

- ✓ Fully automated 3.00 MTPA integrated plant in Mattampally, Telangana
- ✓ Highly advanced 1.25 MTPA integrated plant in Gudipadu, Andhra Pradesh
- ✓ 1.50 MTPA grinding unit in Bayyavaram, Andhra Pradesh
- ✓ 1 MTPA integrated plant in Jeerabad, near Indore, Madhya Pradesh
- ✓ 1.5 MTPA grinding unit in Jajpur, Orissa
- ✓ Group captive power generation of ~66.85 MW



## Strong financials

- ✓ Net worth increased over 5x in the last 10 years
- ✓ Long term debt rating of IND A/RWE (India ratings)
- ✓ Consistent profits
- ✓ Consistent track record of dividends

**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

Thank You !



*For further information contact:*

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