



SAGAR CEMENTS LIMITED

SCL:SEC:NSE:BSE:2019-20

21st October 2019

The National Stock Exchange of India Ltd.,
"Exchange Plaza", 5th 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

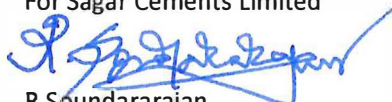
Dear Sirs

Press Release regarding Un-audited Financial Results (Standalone and Consolidated) for the second quarter and six months ended September 30, 2019

Further to our letter dated 21st October 2019, we are sending herewith a copy of the Press Release being issued by us in connection with our un-audited financial results (Stand-alone and Consolidated) for the second quarter and six months ended September 30, 2019.

Thanking you

Yours faithfully
For Sagar Cements Limited


R. Soundararajan
Company Secretary

Encl: a.a.



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Sagar Cements Limited

Q2 & H1 FY20

Results Presentation



Sagar Cements - Snapshot



Promoted by experienced technocrat and entrepreneurs; Listed entity with over 3 decades of successful operations

Plant started in 1985 with a capacity of 66,000 TPA. Current group capacity : 5.75 MTPA.

Captive power capacity of 61.35 MW includes 18 MW Thermal power plant which has been commissioned during current quarter.

Strong presence across all five southern states; Since expanded its presence to Maharashtra and Odisha.

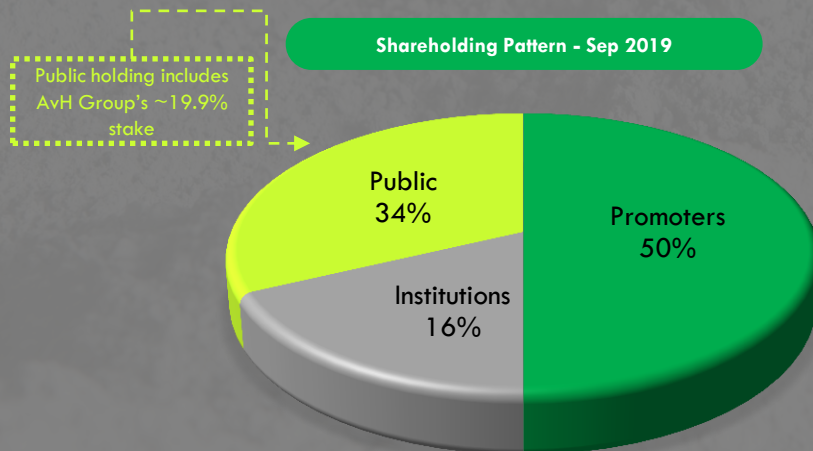
Manufactures Ordinary Portland Cement (OPC) of 53 & 43, Portland Pozzalona Cement (PPC), Sulphate Resistant Cement (SRC), Portland Slag Cement (PSC) & GGBS.

Strong brand built over the last 3.5 decades – “Sagar Cement”

AvH Resources India Pvt. Ltd., a wholly owned subsidiary of Ackermans & Van Haaren NV belonging to AvH Group, a Belgian major with revenues of ~EUR 5.4 billion holds 19.9% equity stake in the Company.

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

Shareholding Pattern - Sep 2019



Note: *Promoter group holding of 50% includes 1.5% held by APIDC

Capital Market Metrics

Listed on	BSE & NSE
CMP (INR)*	552.40
M-Cap (INR mn)	~12,125.18
52 week high (INR)	~758.00 (13 th March 19)
52 week low (INR)	~520.95 (20 th Sept. 19)

*Market price at close on 18 Oct. 2019

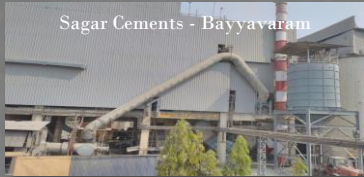
Overview



Sagar Cements - Mattampally



SC (R) - Gudipadu



Sagar Cements - Bayyavaram



SC (R) Power Plant

The company has received Green Co Gold Certificate Award from Confederation of Indian Industries (CII) for its best practices at its Mattampally Plant. The company has also received Green Pro award for Blended Cement Products, for all its manufacturing facilities.

Clinker Capacity

Facility	Capacity MTPA
SCL	2.80
SC (R)	1.00
Total Clinker Capacity	3.80

- Fully integrated & automated facilities
- Distribution – Strong network of ~1,350 dealers; Channel Mix – Trade 44% : Non Trade 56%
- Track Record of consistent profits, successful inorganic and organic expansion initiatives
- Strong Financial Performance: FY19 revenue stood at INR 12,204 mn with an EBITDA of INR 1,523 mn



Cements Capacity

Facility	Capacity MTPA
Sagar Cements –Mattampally, Suryapet District, Telangana	3.00
SC (R) – Gudipadu, Anantapur, Andhra Pradesh	1.25
Sagar Cements – Bayyavaram, Visakhapatnam, Andhra Pradesh	1.50
Total Cement Capacity	5.75

Power Plants

Facility	Capacity MW
Sagar Cements – Thermal Power Plant (Commissioned on 9 th August 2019.)	18 MW
Sagar Cements – Waste Heat Recovery Power Plant at Mattampally	8.8 MW
Hydro Power (4.3 MW at Guntur & 4 MW at Kurnool in Andhra Pradesh, India)	8.3 MW
Sagar Cements – Solar Power at Mattampally	1.25 MW
SC (R) – Thermal Power Plant at Gudipadu	25 MW
Total Capacity	61.35 MW



GBC Hydro - 4.3 MW

LIS Hydro - 4.0 MW



Mattampally Thermal Power Plant -18 MW



Mattampally Solar Plant -1.25 MW



Mattampally WHRS -8.80 MW

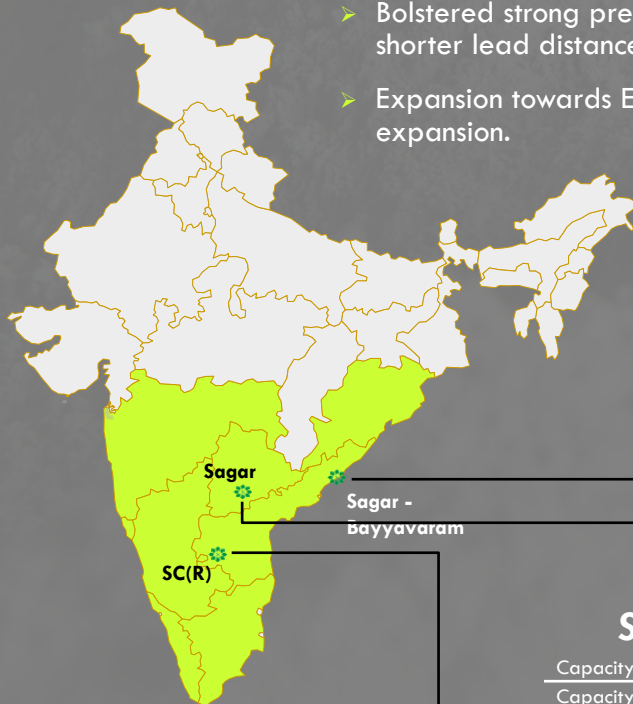
Market Footprint



Well positioned to capture recovery in south with key strategic expansion initiatives

- Bolstered strong presence across key southern markets with the acquisition of SCL(R) – shorter lead distances to Karnataka, TN and Kerala
- Expansion towards East with the acquisition of Bayyavaram and its subsequent expansion.

Strategically located to reap a significant locational advantage



Sagar Cements – Bayyavaram, AP

Capacity	1.5 MTPA
Key Markets	Vizag, Vizianagaram, Srikakulam, South Odisha
Captive power	8.3 MW

Sagar Cements – Matampally, Telangana

Capacity	3.0 MTPA
Capacity utilization (FY19)	60%
Key Markets	AP, Telangana, TN, Odisha, Maharashtra
Limestone reserve	Over 600 mn tonnes
Captive power	28.05 MW

Sagar Cements (R) – Gudipadu, AP

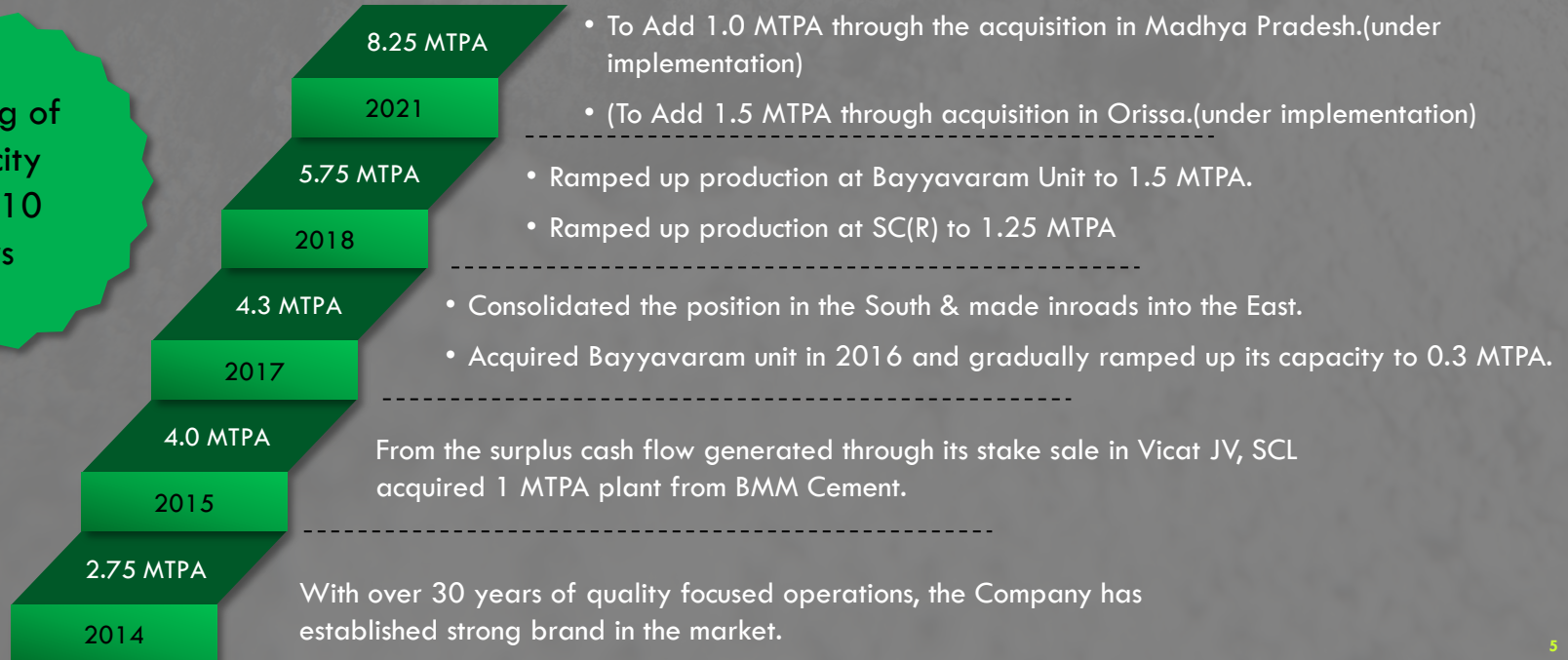
Capacity	1.25 MTPA
Capacity utilization (FY19)	74%
Key Markets	AP, Karnataka, TN
Limestone reserve	Over 174 mn tonnes (20 yr lease)
Captive power	25 MW

Business Objective



- To be a niche but effective cement and clinker manufacturer across chosen markets
- Emphasis on efficiency and quality of operations – to be one of the manufacturer with lowest cost in each of its designated market

Doubling of Capacity every 10 years



Performance Highlights



Sagar Cements

Figs. In Lacs

Particulars	Q2 FY20	Q2 FY19	%	H1FY20	H1FY19	%
Sales Volume(MT)	5,00,468	5,72,119	-13%	11,13,781	11,16,346	-
Sales	19,513	20,660	-6%	45,414	40,868	11%
EBITDA	2,955	2,412	23%	8,689	4,950	76%
EBDITA/MT	590	421	40%	780	443	76%
PAT	612	262	134%	3,058	968	216%

Sagar Cements(R) Limited

Particulars	Q2 FY20	Q2 FY19	%	H1FY20	H1FY19	%
Sales Volume(MT)	2,09,916	1,44,561	45%	4,16,757	3,41,465	22%
Sales	8,560	6,745	27%	18,436	15,569	18%
EBITDA	1,637	82	1896%	4,246	1,559	172%
EBDITA/MT	780	57	1275%	1,019	457	123%
PAT	-31	-1,022	-	526	-1,106	-

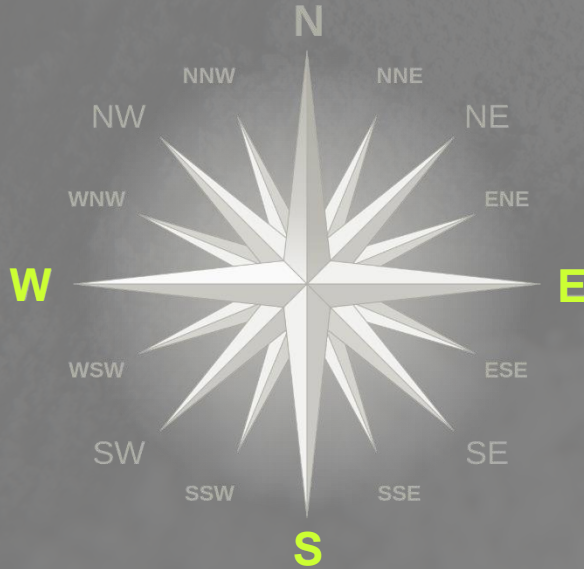
Consolidated

Particulars	Q2 FY20	Q2 FY19	%	H1FY20	H1FY19	%
Sales Volume(MT)	7,10,384	7,16,681	-1%	15,30,539	14,57,812	5%
Sales	26,509	25,834	3%	61,074	53,378	14%
EBITDA	4,218	2,172	94%	12,225	5,872	108%
EBDITA/MT	594	303	96%	799	403	98%
PAT	492	-801	-	3,443	-219	-

Industry Overview



- Extended monsoons and impact of pre-election spending weighed down demand and the prices



- Heightened competitive intensity in the regions resulted in moderation in prices

Perspective
on
Cement
Prices

- Prices lost its momentum owing to sluggish demand & standstill of infrastructure activities. In addition, flooding and sand mining also impacted demand sentiments

Jt. Managing Director's Comment

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

"We have ended the first half of the fiscal on a steady note with revenue and EBDITA expanding by 14.42% & 108.26% respectively. The growth would have been even better but for the sluggishness in the overall economy and an extended monsoon which weighed down on demand.

Profitability improved on the back of several cost saving initiatives taken as well as moderating input costs. We expect further improvement in operational profitability and margins going forward following the ramping up of our WHR plant and the commissioning of our captive power plant. Further, reallocation of sales should help in rationalizing freight expenses contributing in turn to overall improvement in profitability.

Going ahead, we believe that Govt.'s efforts towards reviving the economy and investment sentiment should result in improvement in the demand and pricing environments. The acquisition of Satguru and Jajpur Cement coupled with our efforts towards improving the operational efficiencies, positions us well to create significant value for our shareholders."



Sagar Cements - Business Overview



Higher revenue growth on the back of improved pricing environment and steady volumes



Better realisations coupled with benign input costs resulted in margin expansion



Strategic initiatives aimed towards lowering cost and targeting newer markets to drive growth



Outlook remains positive on the back of government's persistent efforts towards strengthening Infrastructure



Project Updates



Satguru Cement Private Limited Project Site Photos



Key Highlights	
Capacity	1 MTPA Integrated Cement facility
Acquisition completed	8 th May 2019
Sagar Cements Stake	65%
Project Cost (Rs. in Crores)	425
Achieved financial closure with	Indus Ind Bank
Tenure	12 Years
Loan Documentation	In Process

Approvals Status
Public hearing completed
Environment Clearance received for plant Implementation
Orders placed for core equipment's
Civil works is in Progress

Jajpur Cements Private Limited Project Site Photos



Key Highlights	
Capacity	1.5 MTPA Grinding facility
Acquisition completed	2 nd May 2019
Sagar Cements Stake	100%
Project Cost (Rs. in Crores)	308
Achieved financial closure with	Axis Bank
Tenure	12 Years
Loan Documentation	Completed

Approvals Status
Public hearing completed
Environment Clearance received for plant Implementation
Orders placed for core equipment's
Civil works is in Progress

Plant Utilization



Mattampally Plant

Cement	Utilisation (%)
Q2 FY18	51
Q3 FY18	56
Q4 FY18	66
Q1 FY19	62
Q2 FY19	61
Q3 FY19	59
Q4 FY19	60
Q1 FY20	49
Q2 FY20	42

Bayyavaram Plant

Cement	Utilisation (%)
Q2 FY18	57
Q3 FY18	81
Q4 FY18	96
Q1 FY19	82
Q2 FY19*	23
Q3 FY19	54
Q4 FY19	62
Q1 FY20	53
Q2 FY20	46

* Production capacity increased during Q2 FY-19 from 0.3 MTPA to 1.5 MTPA

Gudipadu Plant

Cement	Utilisation (%)
Q2 FY18	63
Q3 FY18	70
Q4 FY18	84
Q1 FY19	80
Q2 FY19	56
Q3 FY19	81
Q4 FY19	78
Q1 FY20	69
Q2 FY20	67

Consolidated

Cement	Utilisation (%)
Q2 FY18	55
Q3 FY18	61
Q4 FY18	72
Q1 FY19	67
Q2 FY19	52
Q3 FY19	62
Q4 FY19	64
Q1 FY20	55
Q2 FY20	49

Thermal Fuel Prices



Q4 FY18 Coal: Pet coke mix was 81:19

Q1 FY19 Coal: Pet coke mix was 64:36

Q2 FY19 Coal : Pet coke mix was 25:75

Q3 FY19 Coal: Pet coke mix was 45:55

Q4 FY19 Coal Pet coke mix was 9 : 91

Q1 FY20 Coal Pet coke mix was 2 : 98

Q2 FY20 Coal Pet coke mix was 0 : 100

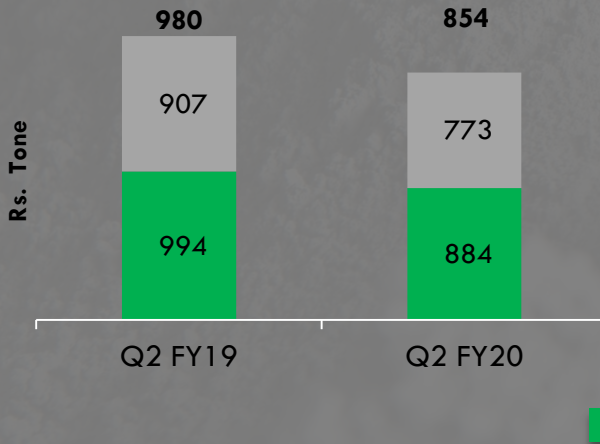
Thermal Fuel Cost (Rs. / Tonne)

		Q1	Q2	Q3	Q4	
Average	FY18	Coal	6,148	6,082	6,533	5,910
		Pet coke	7,016	7,581	8,079	8,251
	FY19	Coal	5,146	5,125	5,250	5,197
		Pet coke	8,577	9,452	9,840	9,529
	FY20	Coal	4,050	5,419	-	-
		Pet coke	9,036	8675	-	-

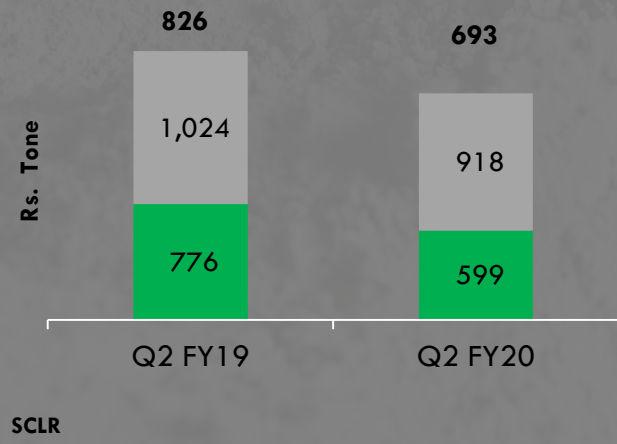
Cost Overview



Avg. Fuel Cost Per Tonne



Freight Cost per Tonne



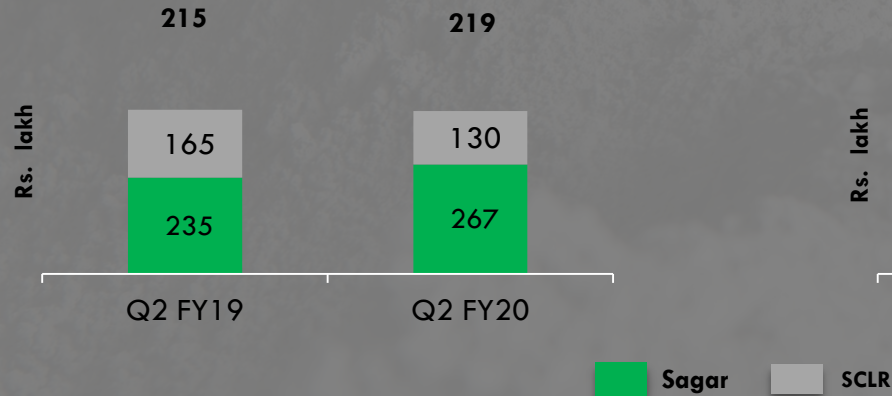
- Gudipadu Plant has stabilized itself and is, currently using 100% pet coke resulting in a lower fuel cost.
- Optimization of thermal efficiency has resulted in lower per ton cost of fuel.

- Weighted average freight cost per ton decreased due to optimization of lead distance.

Cost Overview

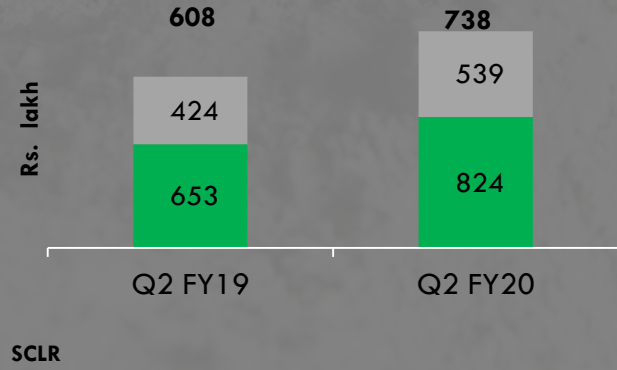


Employee Cost per ton of Cement



- Employee costs during Q2 FY 20 amounted to Rs. 219 per ton on console basis as against Rs. 215 per ton during Q2 FY19.

Raw Material Cost per ton of Cement



- Material cost per ton during Q2 FY 20 on console basis was Rs. 738 per ton as against Rs. 608 per ton during Q2 FY19. Higher Raw Material cost during Q2 FY20 is on account of higher production of blended cements.

Production & Sales in Q2 FY20 and Dispatches



Description	Sagar Cements Ltd Qty in MT	Sagar Cements (R) Ltd Qty in MT	Consolidated Qty in MT
Clinker	4,73,986	1,71,534	6,45,520
Cement Production / Purchase	5,10,848	2,10,796	7,21,644
Cement Sales	5,00,468	2,09,916	7,10,384

Consolidated Dispatch Details

TPT	Q1 FY19	Q2 FY19	Q3 FY19	Q4 FY19	Total
BY ROAD	7,43,053	7,19,364	9,21,575	9,41,937	33,25,929
BY RAKE	0	0	0	0	0
TOTAL	7,43,053	7,19,364	9,21,575	9,41,937	33,25,929

TPT	Q1 FY20	Q2 FY20			
BY ROAD	8,21,848	7,11,826			
BY RAKE	0	0			
TOTAL	8,21,848	7,11,826			

Key Balance Sheet Items



Rs. In Lakh	Sagar Cements Ltd.	Sagar Cements (R) Ltd.	Consolidated
Gross Debt	28,268	31,571	49,842
- Long Term	16,147	27,837	33,987
- Working Capital	12121	3,734	15,855
Cash & Bank Balance	1,204	362	1,992
Debt Equity Ratio (%)	0.16	4.13	0.34
Net Worth	1,01,098	6,734	1,01,099
Investments	46,301	0	

As of Sep 30, 2019



For further information contact:

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Safe Harbour :

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