



SAGAR CEMENTS LIMITED

SCL:SEC:NSE:BSE:2020-21

20th January 2021

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

Scrip Code: 502090

Series: EQ

Dear Sirs

Press Release regarding un-audited Standalone and Consolidated Financial Results for the third quarter and nine months period ended 31st December, 2020

...

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 stand-alone and consolidated financial results for the third quarter and nine months period ended 31st December, 2020.

Thanking you

Yours faithfully
For Sagar Cements Limited


R.Soundararajan
Company Secretary

Encl: a.a.



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Factory : 218 & 219, Bayyavaram Village, Kasimkota Mandal, Visakhapatnam District, Andhra Pradesh - 531031. Ph: 08924-244550 Fax: 08924-244570

CIN : L26942TG1981PLC002887



Sagar Cements Limited

**Q3 & 9MFY21
Results Presentation**

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

- 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 : 5.75 MTPA.

Captive power capacity of 61.55 MW

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

Manufactures :

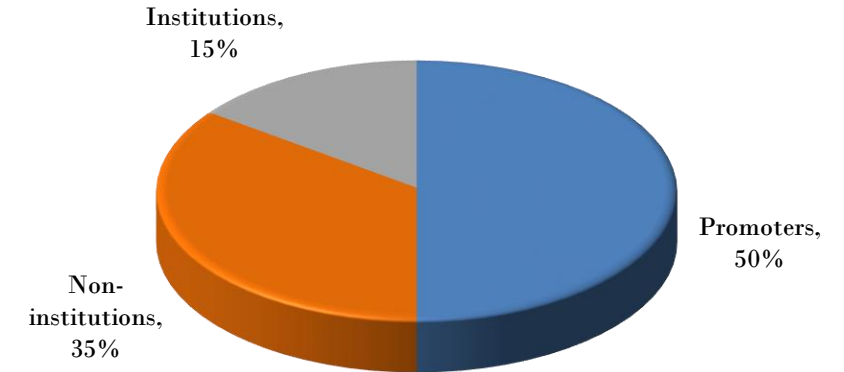
- Ordinary Portland Cement (OPC)- 53 & 43,
- Portland Pozzalona Cement (PPC)
- Sulphate Resistant Cement (SRC)
- Portland Slag Cement (PSC) &
- GGBS.

Strong brand built over the last 3 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 21.85% equity stake in the Company.

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

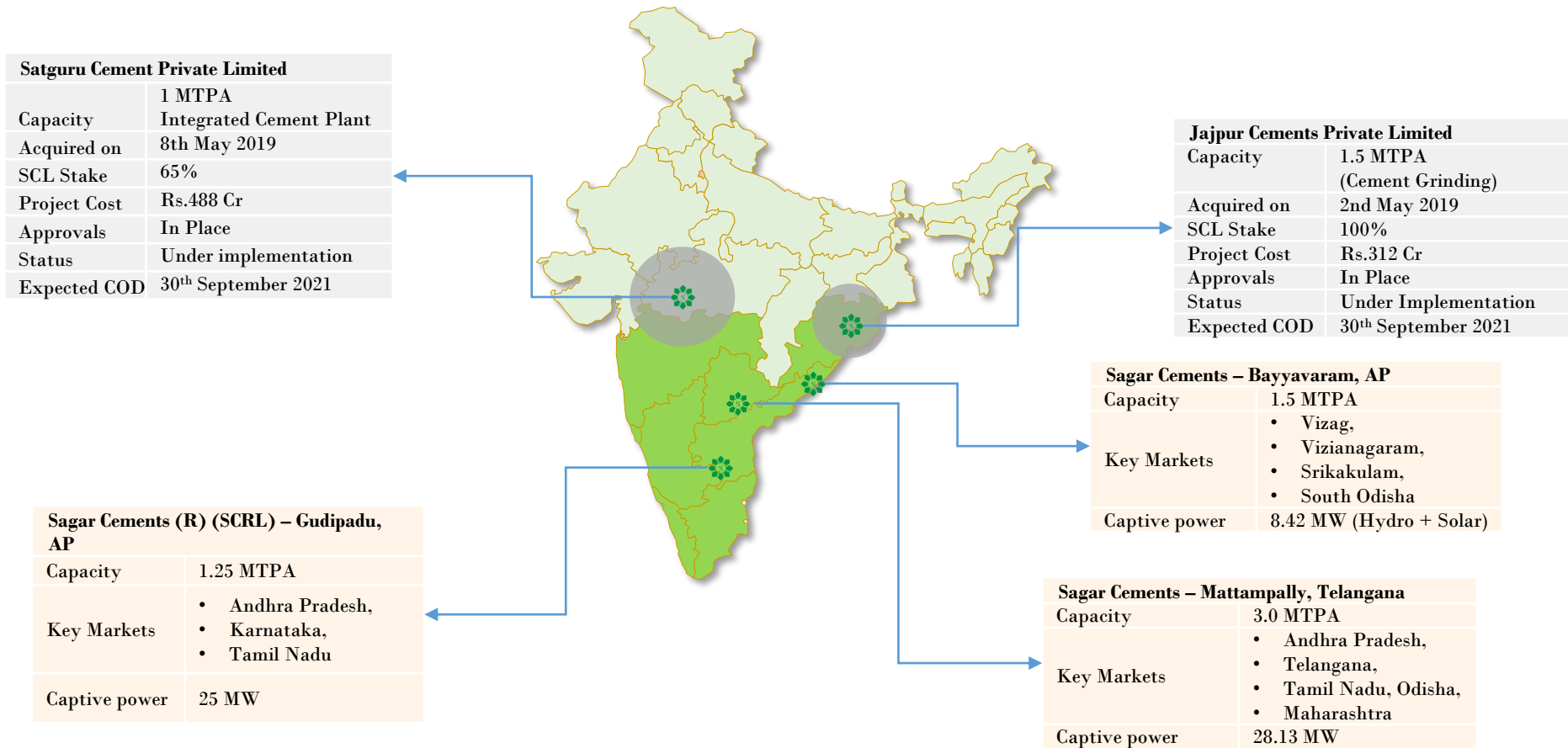
Share Holding Pattern (as on 31st Dec. 2020)



Capital Market Metrics	
Listed on	BSE & NSE
CMP (INR)*	735
M-Cap (INR mn)	~17,273
52 week high (INR)	~821 (22 nd October 2020)
52 week low (INR)	~236 (25 th March 2020)

*Market price at close on 20th January, 2021 (NSE)

Strategically located to reap a significant locational advantage





Access to resources

- ✓ Part of Nalgonda & Yerraguntla Cement Cluster
- ✓ Strong limestone reserves:
 - Over 815 MnT at Mattampally
 - Over 163 MnT at Gudipadu (SCRL)
- ✓ 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 and Odisha
- ✓ Average lead distance below 300 km
- ✓ Strong sales network – 1,643 dealers and 3,586 sub-dealers
- ✓ Acquisition of SCRL and Bayyavaram plants helped to increase market reach and depth
- ✓ SCRL – Better margins and reach into the Southern markets
- ✓ Bayyavaram – Capture north AP and South Odisha markets



Advanced plants

- ✓ Fully automated 3.00 MTPA plant in Mattampally
- ✓ Highly advanced 1.25 MTPA plant in Gudipadu
- ✓ 1.50 MTPA unit in Bayyavaram
- ✓ Group captive power generation of ~61.55 MW



Strong financials

- ✓ Net worth increased over 10x in the last 7 years
- ✓ Long term debt rating of IND A-/Stable (India ratings)
- ✓ Consistent profits
- ✓ Consistent track record of dividends

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

“We have started the second half of the fiscal on a positive note on the back of steady demand and realizations across our key markets. Higher Government spending coupled with pick up in infrastructure and housing segment resulted in healthy revenue and profitability growth during the quarter. Consistent recovery in demand has resulted in steady realizations.

Better efficiencies and cost rationalization measures resulted in delivering a 426% growth in operating profitability for the quarter despite rising costs. We continue to work diligently towards lowering our costs and enhance our efficiencies by means of optimizing fuel mix and rationalizing freight costs. We believe the completion of MP and Odisha projects will further our attempts towards enhancing the margins by not only helping us augment our product & region mix but also by lowering our freight costs.

Another noteworthy development has been that the Gudipadu Plant has been awarded with Green Co gold Certificate from Confederation of Indian Industry (CII) for its best practices.

Going ahead, we believe the Company's strategic initiatives towards widening its geographical footprint, enhancing product mix, scaling up its capacities and improving operational efficiencies should help us in creating further value for our shareholders.”

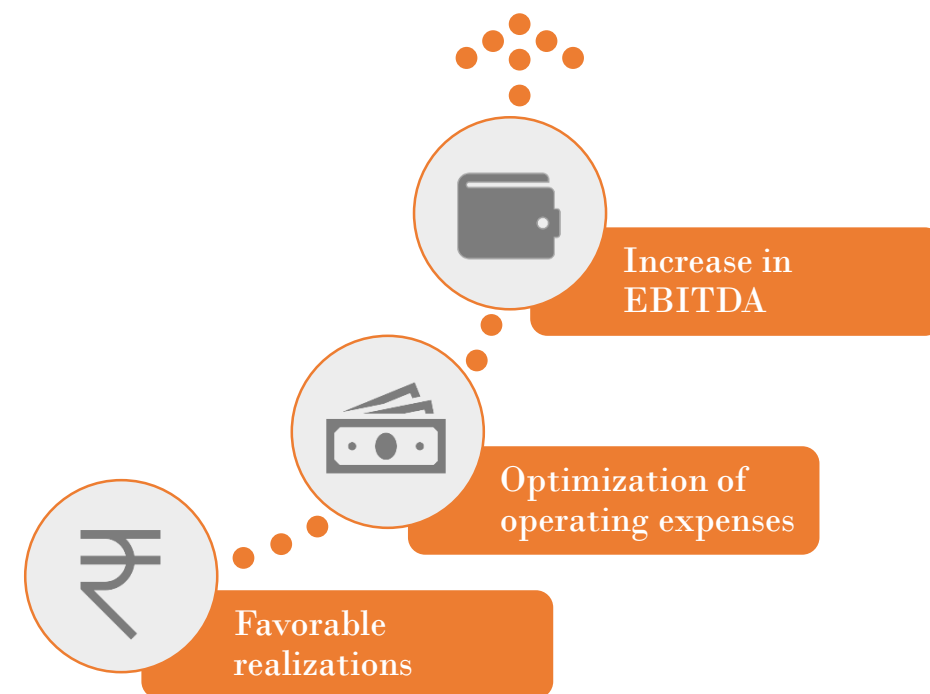


Q3 & 9M FY21 Consolidated Financial Results

in Rs.Lakhs

Particulars	Q3FY21	Q3 FY20	(%)	9M FY21	9M FY20	(%)
Sales Volume (MT)	8,60,525	7,63,842	▲ 13%	21,38,032	22,94,381	▼ 7%
Revenue from Operations	36,367	26,210	▲ 39%	95,367	87,158	▲ 9%
Other Income	199	47	▲ 323%	607	173	▲ 251%
Total Income	36,566	26,257	▲ 39%	95,974	87,331	▲ 10%
Operating expenses	25,926	24,224	▲ 7%	65,748	73,073	▼ 10%
Op. EBITDA	10,441	1,986	▲ 426%	29,619	14,085	▲ 110%
Op. EBITDA Margin %	29	8	-	31	16	-
Op. EBITDA per Ton in ₹	1,213	260	-	1,385	614	-
Finance cost	1,126	1,574	▼ 28%	3,572	4,650	▼ 23%
Depreciation	2,034	2,046	▼ 1%	6,053	5,751	▲ 5%
Profit before tax	7,480	(1,587)	-	20,601	3,857	▲ 434%
Tax expenses	2,521	(679)	-	7,025	1,322	▲ 431%
Profit after tax	4,959	(908)	-	13,576	2,535	▲ 436%

- Volume growth of 13% and Revenue growth of 39% Y-o-Y for Q3 FY21.
- Plants operated around 58% during the current quarter.
- Operating EBITDA of ₹ 10,441 lakhs during Q3 FY21 and ₹29,619 lakhs during 9M FY21; higher by 426% & 110% respectively
- Operating EBITDA of ₹ 1,213 per ton during Q3 FY21 and ₹ 1,385 per ton during 9M FY21.
- EBITDA margin expanded by 2100 bps to 29% for Q3 FY21 (v/s Q3 FY20) while the same expanded by 1500 bps to 31% during 9M FY21 (v/s 9M FY20).
- Implementation of greenfield projects of Satguru Cement Private Limited, Madhya Pradesh and Jajpur Cements Private Limited, Odisha is progressing as per schedule



Declared 2nd Interim Dividend at 20% i.e. Rs.2 Per Share on 2,35,00,000 equity shares of Rs.10/- each in addition to the 1st Interim dividend of 20% earlier declared and paid.

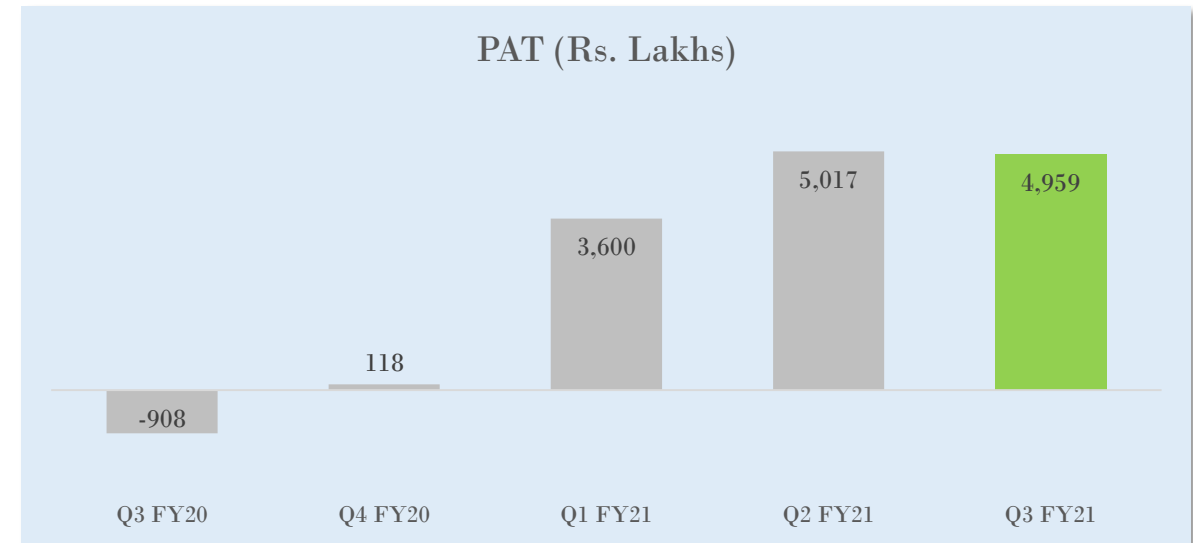
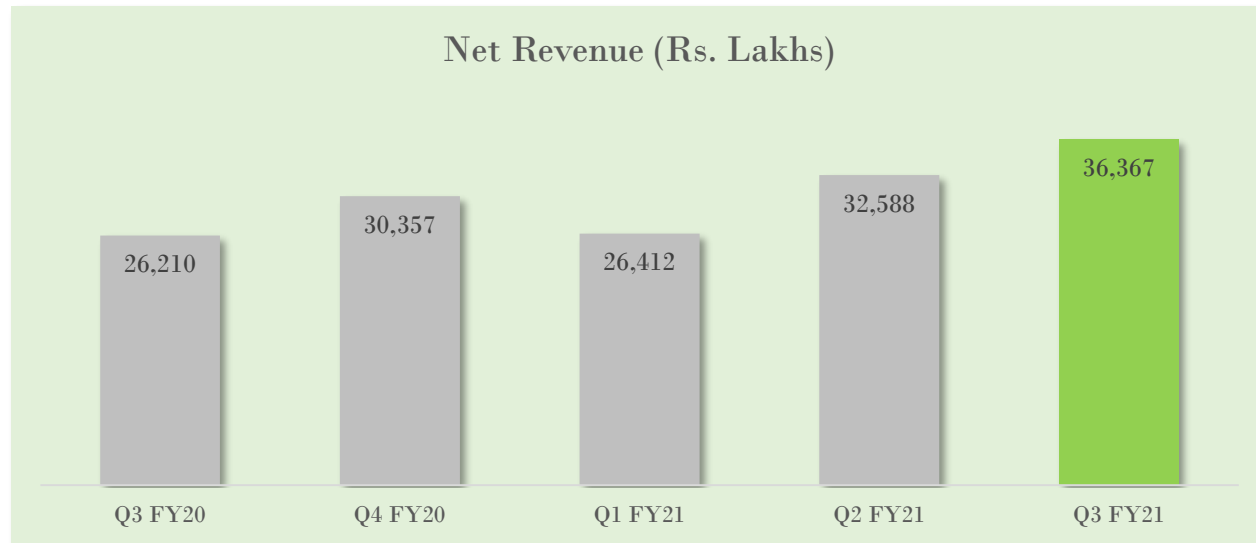
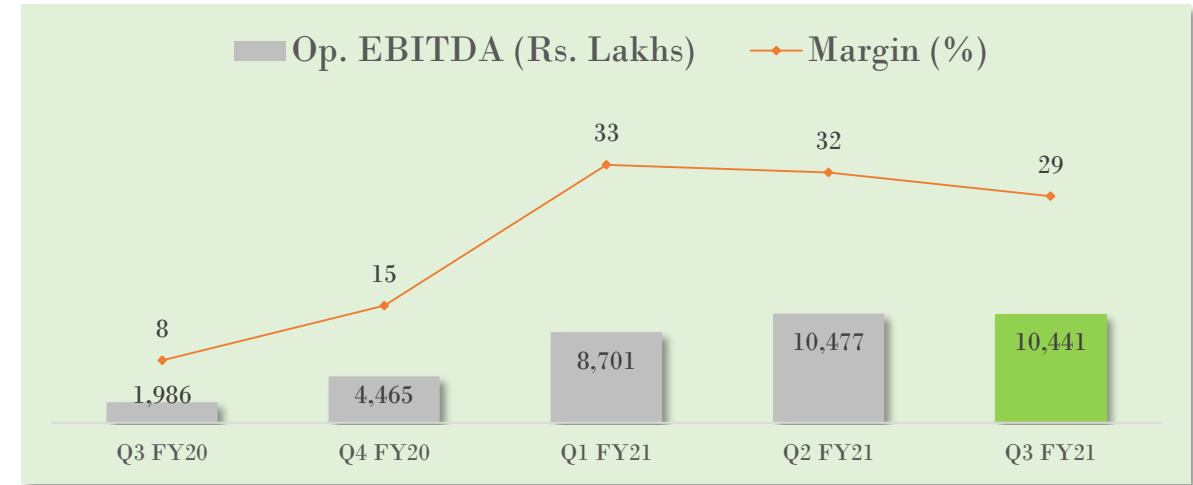
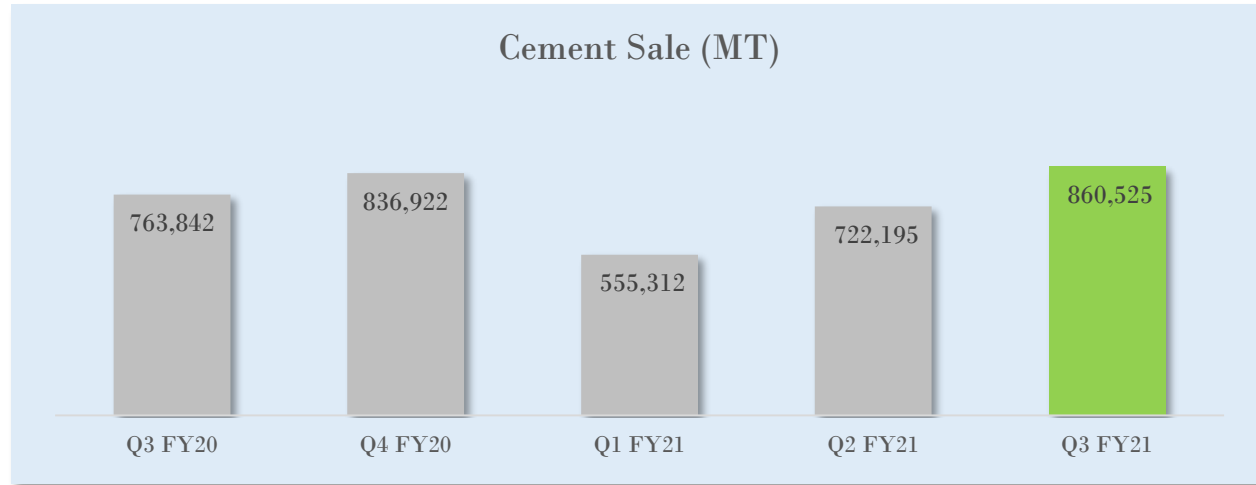
Sagar Cements Limited						
Particulars	Q3 FY21	Q3 FY20	YoY %	9M FY21	9M FY20	YoY %
Sales Volume (MT)	6,09,090	5,53,842	▲ 10%	15,45,368	16,67,623	▼ 7%
Total Income (in Rs. Lakhs)	26,544	18,947	▲ 40%	71,270	64,361	▲ 11%
Op. EBITDA (in Rs. Lakhs)	7,706	906	▲ 751%	22,443	8,830	▲ 154%
Op. EBITDA / MT (in Rs.)	1,265	164	-	1,452	529	-
PAT (in Rs. Lakhs)	4,191	(444)	-	11,992	2,614	▲ 359%

- 10% increase in volume (Y-o-Y) during the quarter; while the same declined 7% during 9MFY21 (Y-o-Y)
- Op. EBITDA of ₹ 7,706 lakhs during Q3 FY21 and ₹ 22,443 lakhs during 9M FY21; higher by 751% & 154% respectively.
- Op. EBITDA of ₹ 1,265 per ton during Q3 FY21 and ₹ 1,452 per ton during 9M FY21.

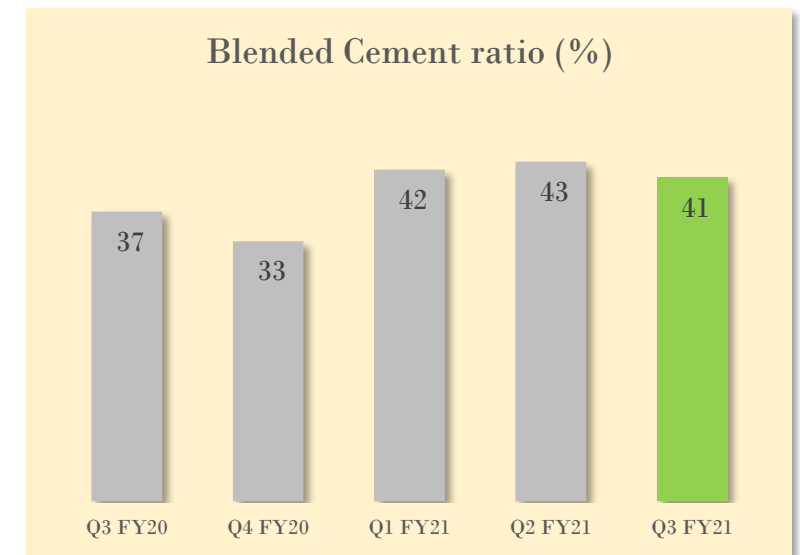
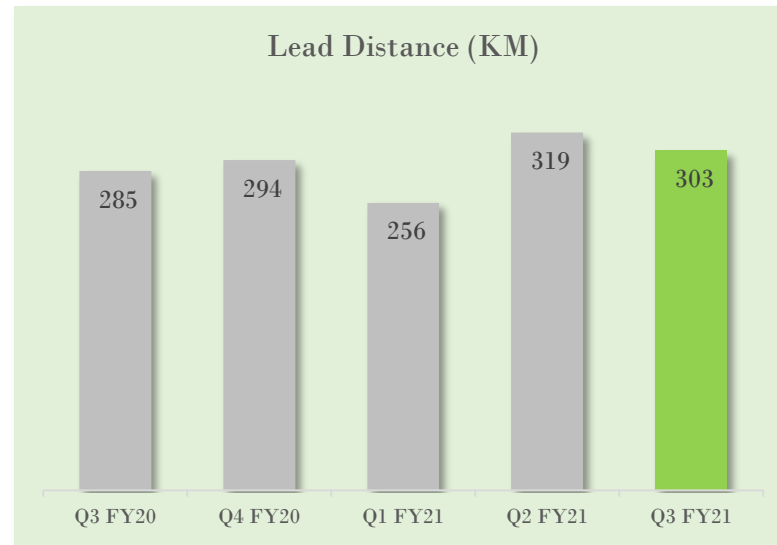
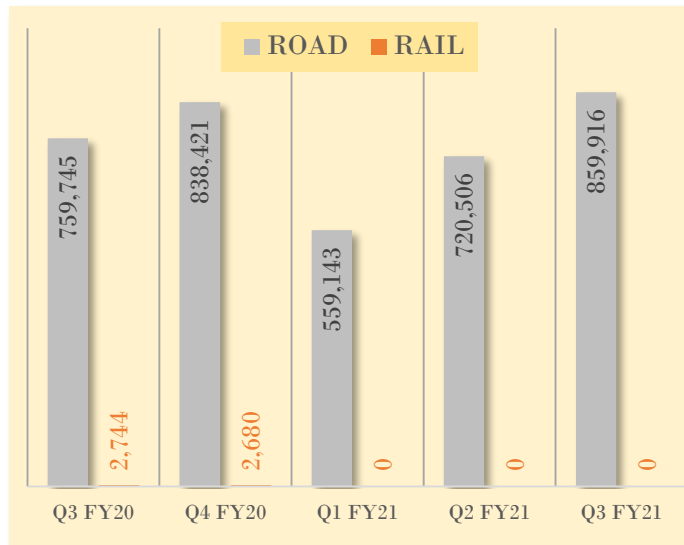
Sagar Cements (R) Limited						
Particulars	Q3 FY21	Q3 FY20	YoY %	9M FY21	9M FY20	YoY %
Sales Volume(MT)	2,51,435	2,10,000	▲ 20%	5,92,664	6,26,758	▼ 5%
Total Income (in Rs.Lakhs)	10,636	7,736	▲ 37%	26,284	26,172	▲ 0%
Op. EBITDA (in Rs.Lakhs)	2,810	1,090	▲ 158%	7,315	5,318	▲ 38%
Op. EBITDA/ MT (in Rs.)	1,118	519	-	1,234	848	-
PAT (in Rs.Lakhs)	914	(413)	-	1,965	113	▲ 1639%

- 20% YoY increase in volumes during the quarter; while the same declined 5% during 9M FY21 (Y-o-Y)
- Op. EBITDA of ₹ 2,810 lakhs during Q3 FY21 and ₹ 7,315 lakhs during 9M FY21; higher by 158% & 38% respectively.
- Op. EBITDA of ₹ 1,118 per ton during Q3 FY21 and ₹ 1,234 per ton during 9M FY21.

Consolidated Per Ton Analysis								
Particulars (in Rs)	Q3 FY21	Q3 FY20	%	9M FY21	9M FY20	%	Q2 FY21	QoQ (%)
Net Realization / T	4,226	3,431	▲ 23%	4,461	3,799	▲ 17%	4,513	▼ 6%
Total Expenditure /T	3,013	3,171	▼ 5%	3,076	3,185	▼ 3%	3,062	▼ 2%
Raw Material Consumed	620	574	▲ 8%	606	665	▼ 9%	619	▲ 0%
Employee Expenses	204	209	▼ 3%	248	200	▲ 24%	290	▼ 30%
Power, Oil & Fuel	785	821	▼ 4%	809	1,015	▼ 20%	844	▼ 7%
Freight	740	714	▲ 4%	741	715	▲ 4%	769	▼ 4%
Purchase of stock in Trade	44	73	▼ 40%	77	111	▼ 31%	107	▼ 59%
Adjustment for Stocks	147	273	▼ 46%	96	(44)	-	-72	-
Other Expenses	473	507	▼ 7%	499	523	▼ 5%	505	▼ 6%
EBITDA/ T	1,213	260	▲ 367%	1,385	614	▲ 126%	1,451	▼ 16%

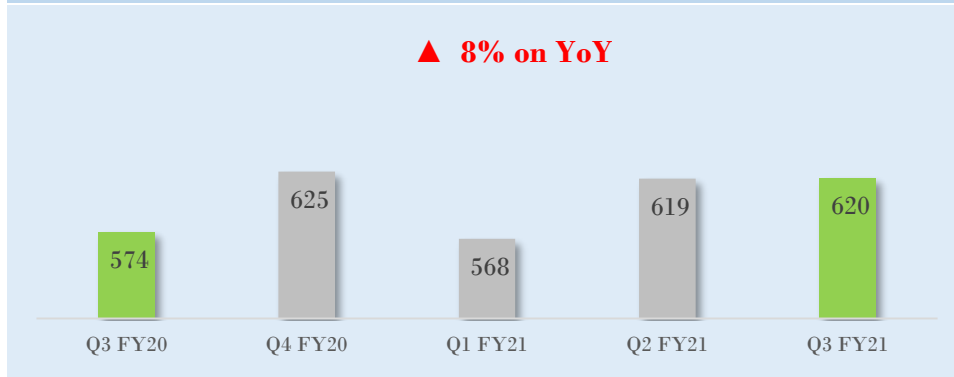


Description	Sagar Cements Ltd Qty in MT	Sagar Cements (R) Ltd Qty in MT	Consolidated Qty in MT
Clinker	3,84,984	1,97,902	5,82,886
Cement Production / Purchase	5,91,954	2,48,627	8,40,581
Cement Sales	6,09,090	2,51,435	8,60,525



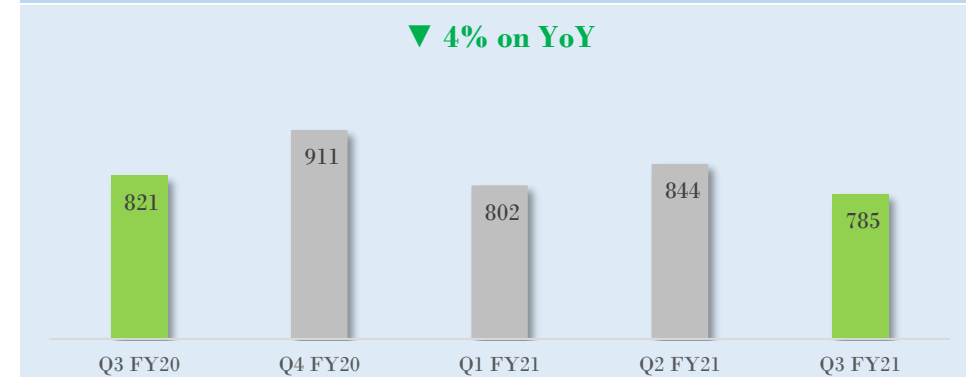
Raw Material Cost (₹/ T)

▲ 8% on YoY



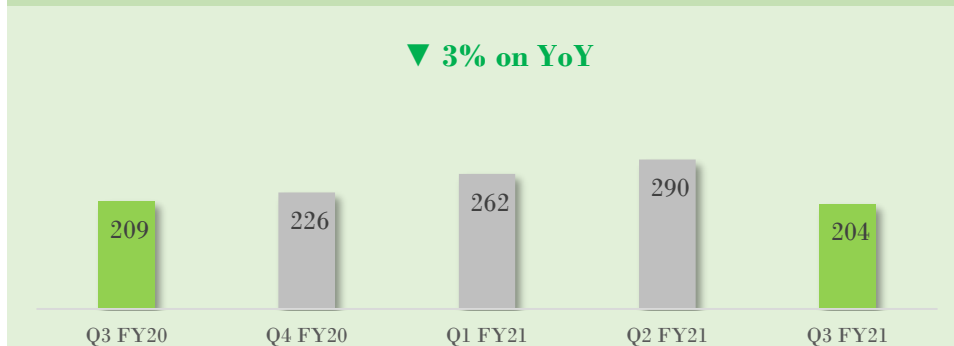
Power & Fuel Cost (₹/ T)

▼ 4% on YoY



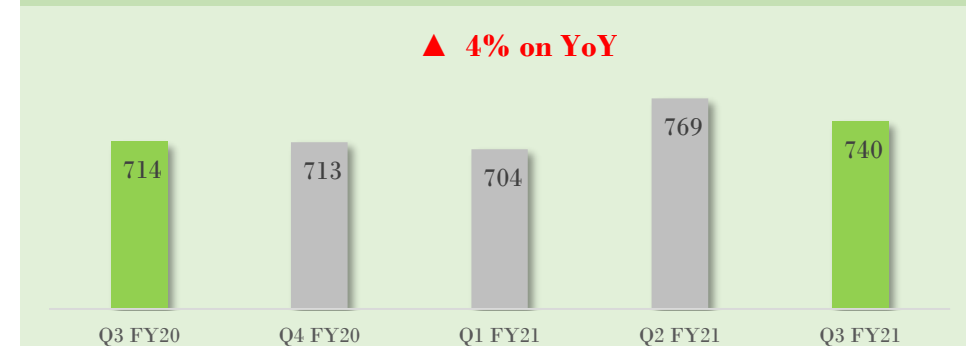
Employee Cost (₹/ T)

▼ 3% on YoY

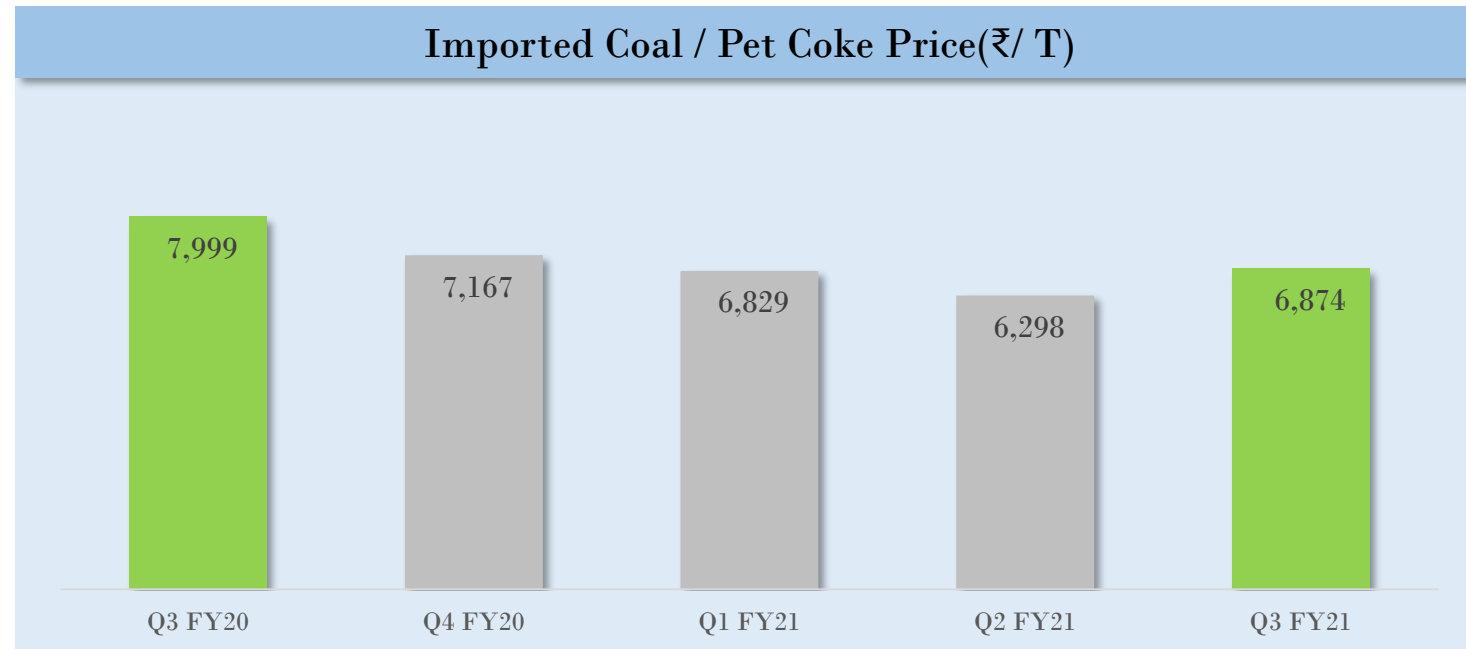


Freight Cost (₹/ T)

▲ 4% on YoY



- Material cost per ton during Q3 FY 21 was ₹ 620 per ton as against ₹ 574 per ton during Q3 FY20.
- Reduction in fuel price, usage of alternative fuel and optimization of thermal efficiency have resulted in lower cost of fuel.
- Company is using 100% pet coke in process.
- Optimal thermal efficiency at Mattampally Plant 723 Kcal /Kg of Clinker & Gudipadu 695 Kcal /Kg of Clinker.
- Employee costs during Q3 FY 21 amounted to ₹ 204 per ton as against ₹ 209 per ton during Q3 FY20.
- Increase in freight cost owing to higher diesel prices.



- Company has already secured its fuel requirement for the next two quarters at optimum level.
- Current trend is in an upward direction

Particulars (Rs. In Lakh)	31 st Dec 2020	30 th Sep 2020	30 th June 2020	31 st March 2020
Gross Debt	63,573	52,656	48,212	48,801
- Long Term	52,850	41,392	35,369	34,738
- Working Capital	10,723	11,264	12,843	14,063
Cash & Bank Balance	7,775	7,563	1,883	1,275
Net Debt	55,798	45,093	46,329	47,526
Debt Equity Ratio (%)	0.44	0.35	0.33	0.34
Net Worth	1,21,283	1,16,794	1,05,659	1,02,059

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 !



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