



SAGAR CEMENTS LIMITED

SCL:SEC:NSE:BSE:2020-21

21st October 2020

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 Financial Results (Standalone and Consolidated) for the second quarter and half-year ended 30th September, 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 financial results for the second quarter and half-year ended 30th September 2020.

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 - 500 033

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Sagar Cements Limited

**Q2 & H1FY21
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 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;
Since expanded its presence to Maharashtra and Odisha.

Manufactures :

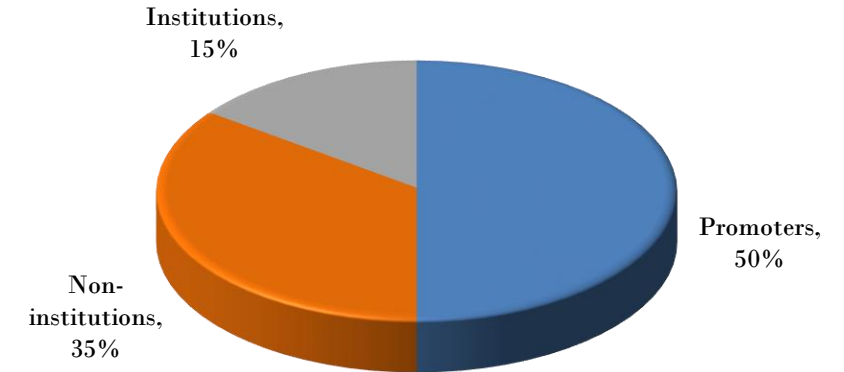
- Ordinary Portland Cement (OPC)- 53 & 43,
- Portland Pozzalona Cement (PPC)
- Sulphate Resistant Cement (SRC)
- Portland Slag Cement (PSC) &
 - GGBS.

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 with revenues of ~EUR 5.4 billion holds 21.85% equity stake in the Company.

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

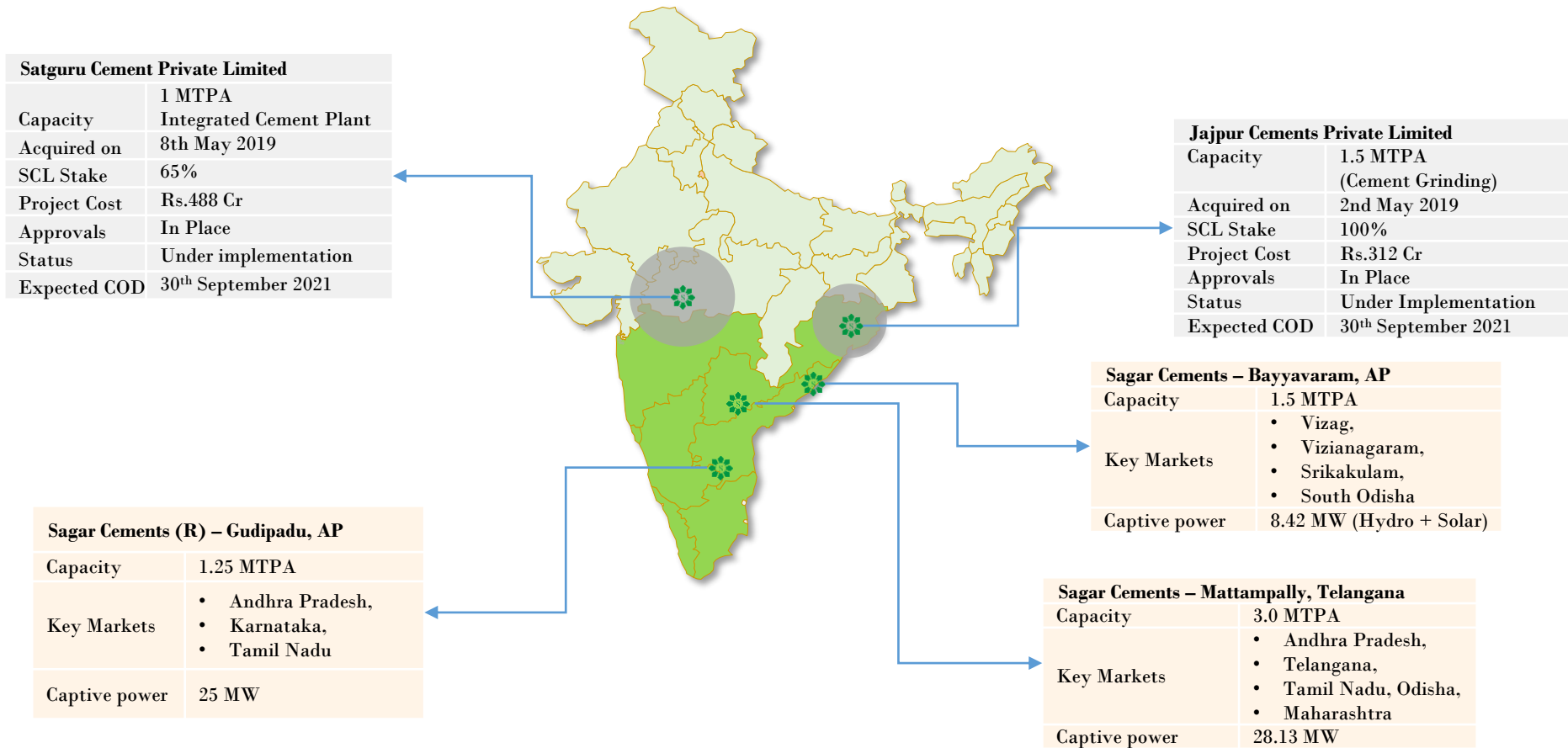
Share Holding Pattern (as on 30th Sep. 2020)



Capital Market Metrics	
Listed on	BSE & NSE
CMP (INR)*	673
M-Cap (INR mn)	~15,804
52 week high (INR)	~700 (20 th October 2020)
52 week low (INR)	~236 (25 th March 2020)

*Market price at close on 20th October, 2020

Strategically located to reap a significant locational advantage





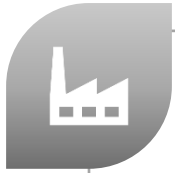
Access to resources

- ✓ 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 had a good first half with sharp improvement in profitability despite challenging environment. Volumes and prices are gradually improving on the back of good demand especially in the rural areas. Further, improving labor availability and restoration of supply chains following unlocking of the economy, is expected to maintain the demand momentum going forward.

Steady realisations coupled with better efficiencies and cost containment has helped us in delivering higher profitability and margins. Rising share of CPP, savings from Waste Heat Recovery system, improving operations on cooler installations at SCRL, optimal fuel mix, close proximity of units to coal mines and ports have helped us in lowering our costs and maintaining higher efficiencies. In addition, the completion of MP and Odisha expansion should not only help us diversify our region & revenue mix but should result in further rationalization of our freight costs.

*Another noteworthy development has been that the company has successfully achieved the standards as required for the following level of certification under the GreenCo – Green Company Rating system and received **Green Co platinum Certificate Award** from Confederation of Indian Industry (CII) for its best practices and achieved **National Award for Excellence in Energy Management 2020** by CII for its grinding unit located at Bayyavaram.*

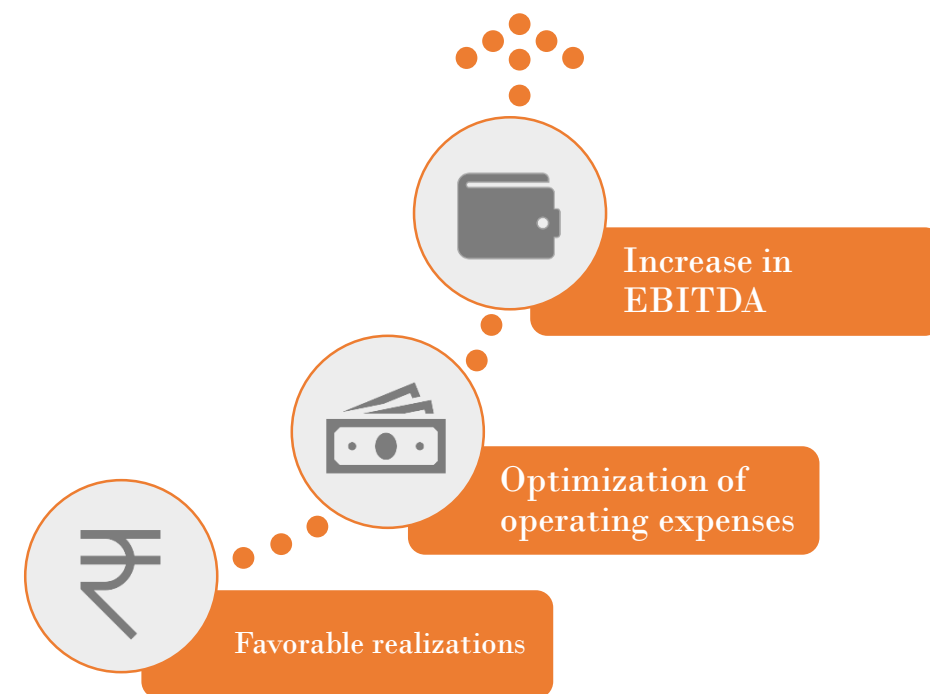
Going ahead, improving product mix, access to faster growing markets, improving operational efficiencies and higher cash flows should help us in delivering steady and consistent growth going forward.”



in Rs.Lakhs

Particulars	Q2FY21	Q2 FY20	YoY %	H1 FY21	H1 FY20	YoY %
Sales Volume (MT)	7,22,195	7,10,384	▲ 2%	12,77,507	15,30,539	▼ 17%
Revenue from Operations	32,588	26,528	▲ 23%	59,000	60,948	▼ 3%
Other Income	329	(19)	-	408	126	▲ 224%
Total Income	32,917	26,509	▲ 24%	59,408	61,074	▼ 3%
Operating expenses	22,111	22,291	▼ 1%	39,822	48,849	▼ 18%
Op. EBITDA	10,477	4,237	▲ 147%	19,178	12,099	▲ 59%
Op. EBITDA Margin %	32	16	-	33	20	-
Op. EBITDA per Ton in ₹	1,451	596	-	1,501	790	-
Finance cost	1,165	1,581	▼ 26%	2,446	3,076	▼ 20%
Depreciation	2,024	1,925	▲ 5%	4,019	3,705	▲ 8%
Profit before tax	7,617	712	▲ 970%	13,121	5,444	▲ 141%
Tax expenses	2,600	220	▲ 1082%	4,504	2,001	▲ 125%
Profit after tax	5,017	492	▲ 920%	8,617	3,443	▲ 150%

- Volume growth of 2% and Revenue growth of 23% Y-o-Y for Q2 FY21.
- Plants operated around 48% during the current quarter.
- Op. EBITDA of ₹ 10,477 lakhs during Q2 FY21 and ₹19,178 lakhs during H1 FY21; higher by 147% & 59% respectively
- Op. EBITDA of ₹ 1,451 per ton during Q2 FY21 and ₹ 1,501 per ton during H1 FY21.
- EBITDA margin doubled to 32% for Q2 FY21 (v/s Q2 FY20) while the same expanded by 1300 bps to 33% during H1 FY21 (v/s H1 FY20).
- Implementation of greenfield projects of Satguru Cement Private Limited, Madhya Pradesh and Jajpur Cements Private Limited, Odisha is progressing as per schedule



Declared Interim Dividend at 20% i.e. Rs.2 Per Share on 2,35,00,000 equity shares of Rs.10/- each

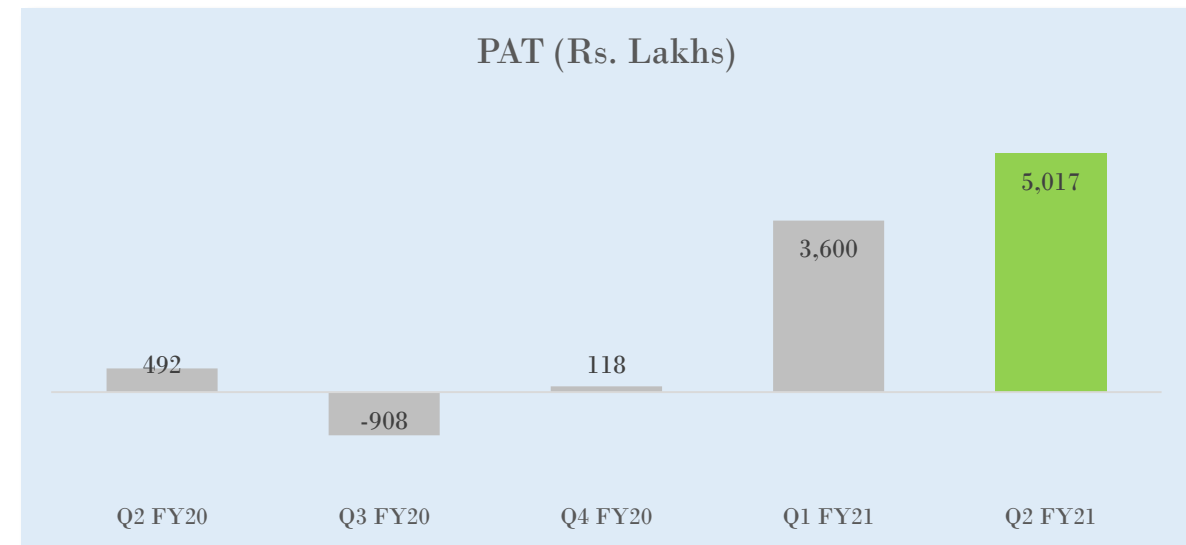
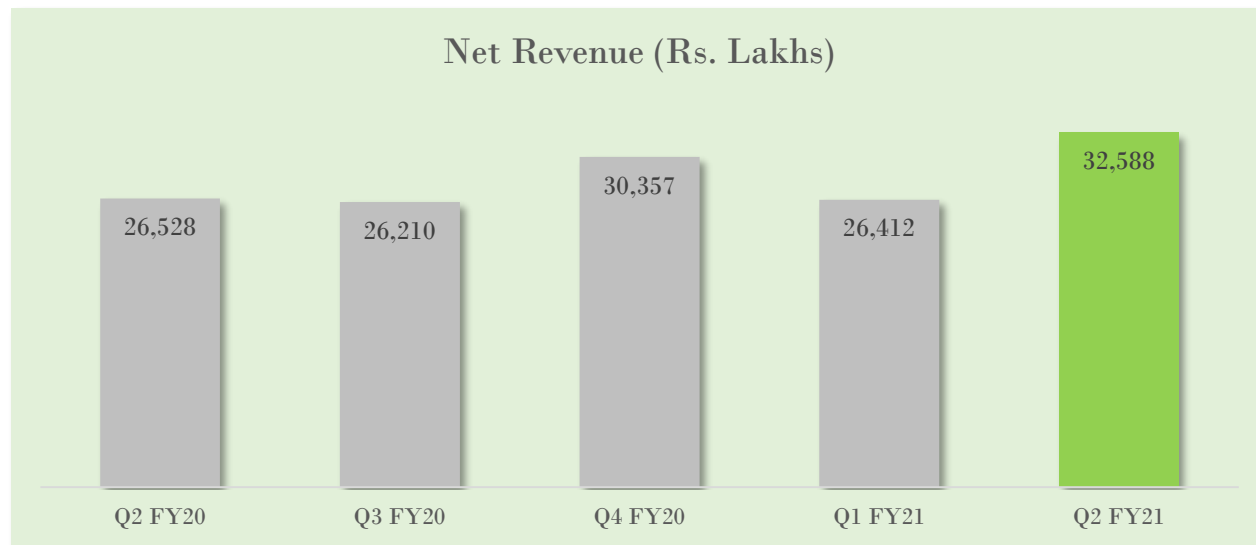
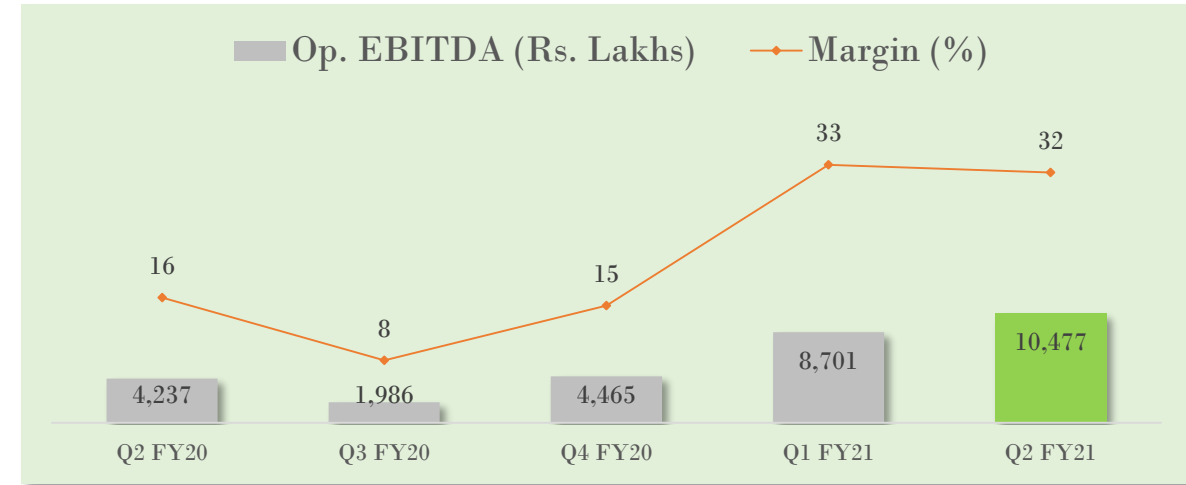
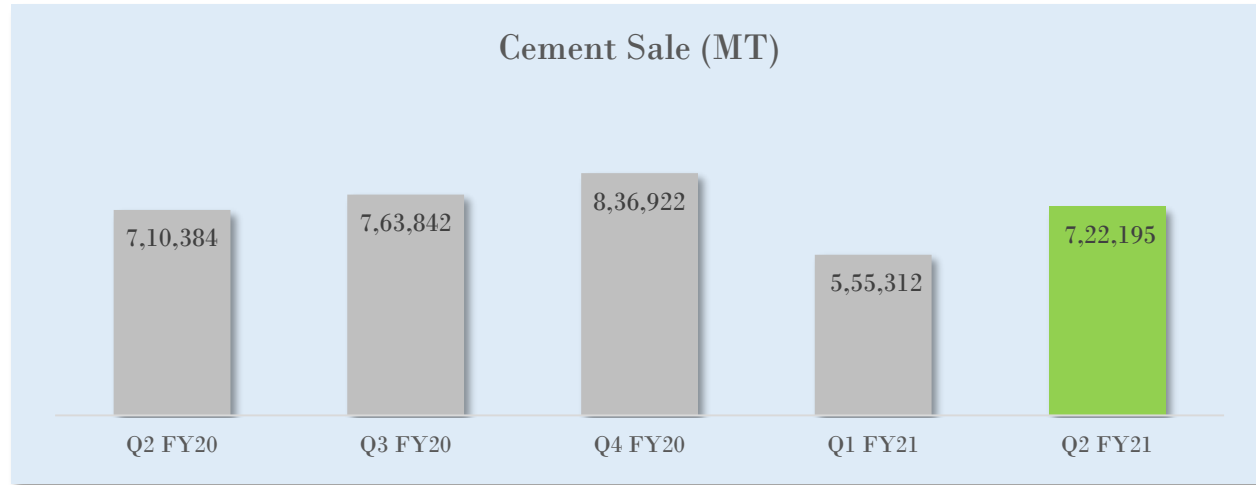
Sagar Cements Limited						
Particulars	Q2 FY21	Q2 FY20	YoY %	H1 FY21	H1 FY20	YoY %
Sales Volume (MT)	5,31,023	5,00,468	▲ 6%	9,36,278	11,13,781	▼ 16%
Total Income (in Rs. Lakhs)	24,813	19,513	▲ 27%	44,726	45,414	▼ 2%
Op. EBITDA (in Rs. Lakhs)	8,020	2,655	▲ 202%	14,737	7,924	▲ 86%
Op. EBITDA / MT (in Rs.)	1,510	531	-	1,574	711	-
PAT (in Rs. Lakhs)	4,402	612	▲ 619%	7,801	3,058	▲ 155%

- 6% increase in volume (Y-o-Y) during the quarter; while the same declines 16% during H1FY21 (Y-o-Y)
- Op. EBITDA of ₹ 8,020 lakhs during Q2 FY21 and ₹ 14,737 lakhs during H1 FY21; higher by 202% & 86% respectively.
- Op. EBITDA of ₹ 1,510 per ton during Q2 FY21 and ₹ 1,574 per ton during H1 FY21.

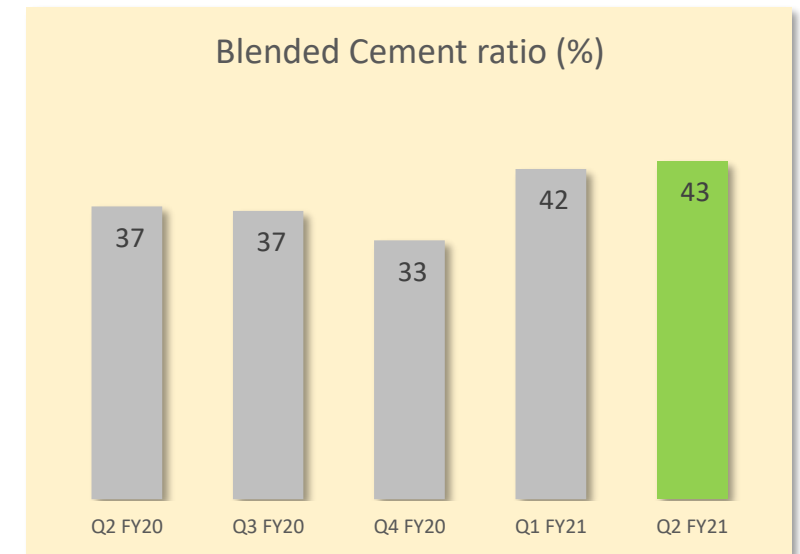
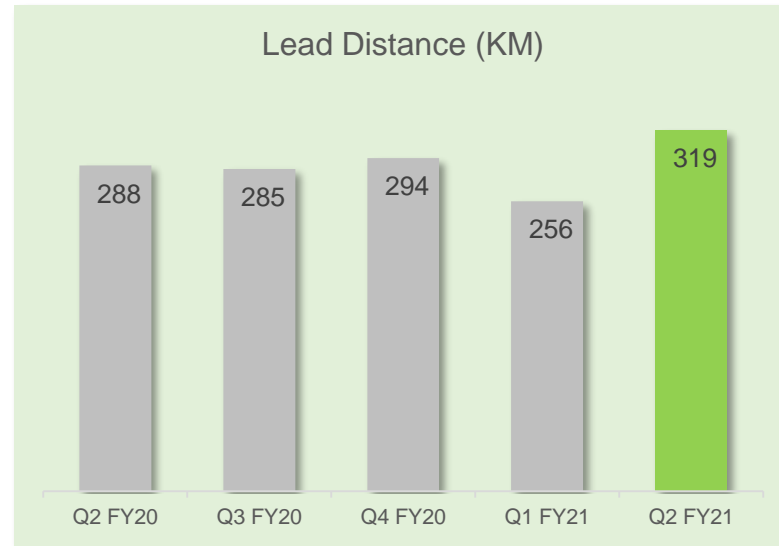
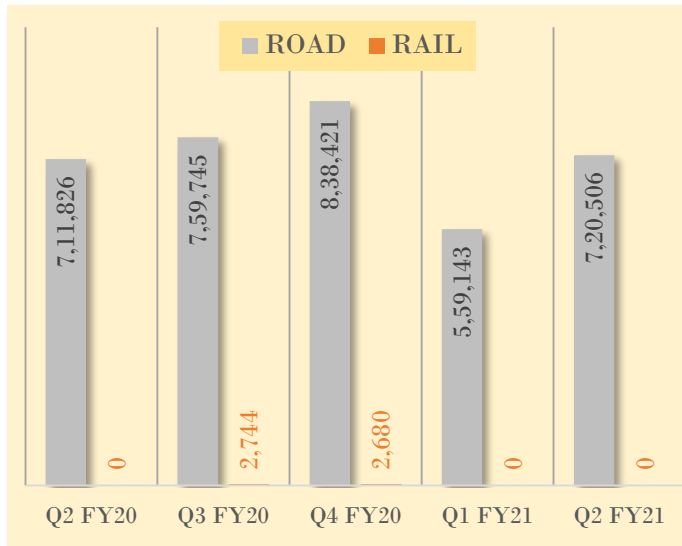
Sagar Cements (R) Limited						
Particulars	Q1 FY21	Q1 FY20	YoY %	H1 FY21	H1 FY20	YoY %
Sales Volume(MT)	1,91,172	2,09,916	▼ 9%	3,41,230	4,16,757	▼ 18%
Total Income (in Rs.Lakhs)	8,616	8,560	▲ 1%	15,648	18,436	▼ 15%
Op. EBITDA (in Rs.Lakhs)	2,476	1,627	▲ 52%	4,505	4,228	▲ 7%
Op. EBITDA/ MT (in Rs.)	1,295	775	-	1,320	1,014	-
PAT (in Rs.Lakhs)	718	(31)	-	1,051	526	▲ 100%

- 9% YoY decline in volumes during the quarter; while the same declined 18% during H1 FY21 (Y-o-Y)
- Op. EBITDA of ₹ 2,476 lakhs during Q2 FY21 and ₹ 4,505 lakhs during H1 FY21; higher by 52% & 7% respectively.
- Op. EBITDA of ₹ 1,295 per ton during Q2 FY21 and ₹ 1,320 per ton during H1 FY21.

Particulars (in Rs)	Q2 FY21	Q2 FY20	%	H1 FY21	H1 FY20	%
Net Realization / T	4,513	3,734	▲ 21%	4,618	3,982	▲ 16%
Total Expenditure /T	3,062	3,138	▼ 2%	3,117	3,192	▼ 2%
Raw Material Consumed	619	720	▼ 14%	596	709	▼ 16%
Employee Expenses	290	215	▲ 35%	278	196	▲ 42%
Power, Oil & Fuel	844	1,171	▼ 28%	826	1,112	▼ 26%
Freight	769	696	▲ 10%	741	716	▲ 3%
Purchase of stock in Trade	107	131	▼ 18%	100	131	▼ 24%
Adjustment for Stocks	(72)	(333)	-	61	(203)	-
Other Expenses	505	538	▼ 6%	515	531	▼ 3%
EBITDA/ T	1,451	596	▲ 143%	1,501	790	▲ 90%

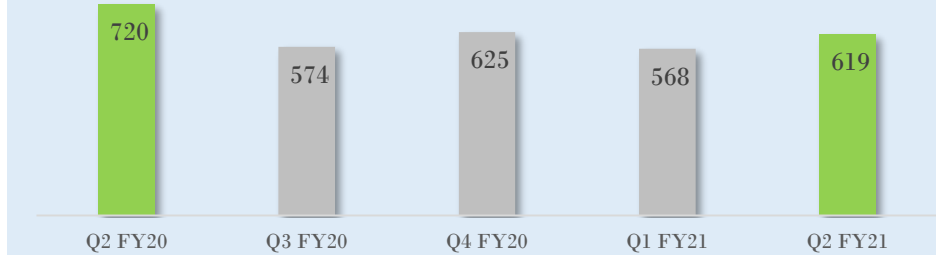


Description	Sagar Cements Ltd Qty in MT	Sagar Cements (R) Ltd Qty in MT	Consolidated Qty in MT
Clinker	4,19,890	1,71,470	5,91,360
Cement Production / Purchase	5,26,507	1,90,329	7,16,836
Cement Sales	5,31,023	1,91,172	7,22,195



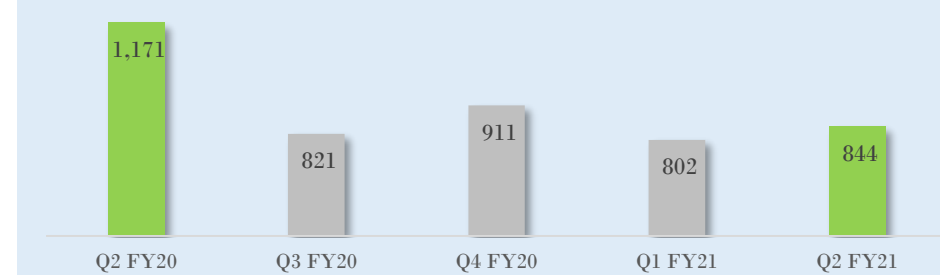
Raw Material Cost (₹/ T)

▼ 14% on YoY



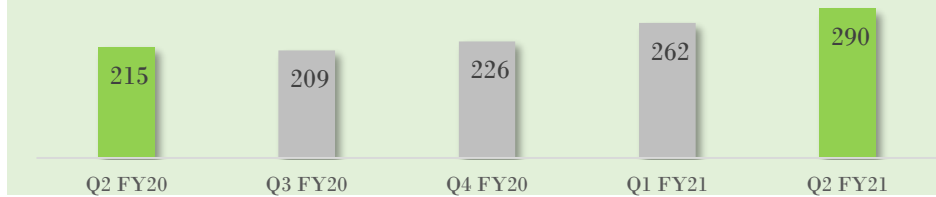
Power & Fuel Cost (₹/ T)

▼ 28% on YoY



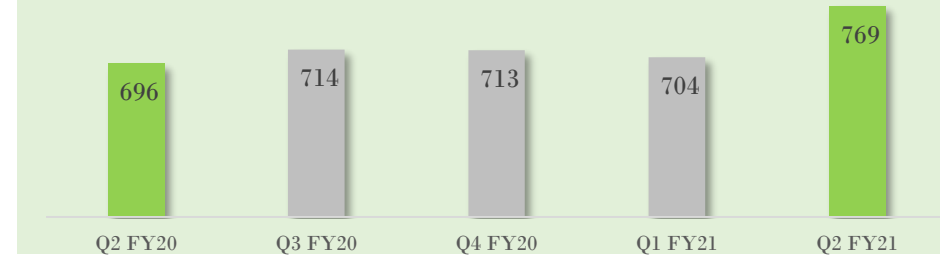
Employee Cost (₹/ T)

▲ 35% on YoY

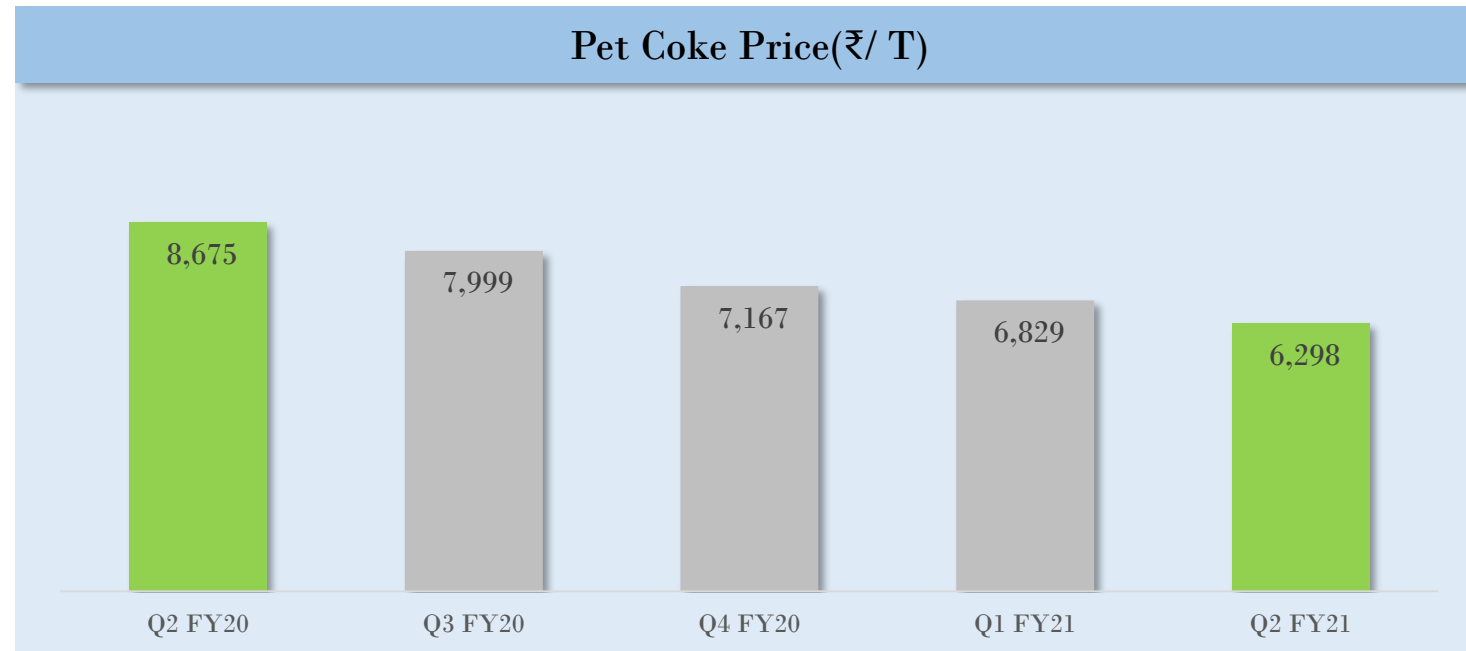


Freight Cost (₹/ T)

▲ 10% on YoY



- Material cost per ton during Q2 FY 21 was ₹ 619 per ton as against ₹720 per ton during Q2 FY20.
- Reduction in fuel price, usage of alternative fuel and optimization of thermal efficiency has resulted in lower cost of fuel.
- Company using 100% pet coke in process.
- Optimal thermal efficiency at Mattampally Plant 725 Kcal /Kg of Clinker & Gudipadu 695 Kcal /Kg of Clinker
- Employee costs during Q2 FY 21 amounted to ₹ 290 per ton as against ₹ 215 per ton during Q2 FY20 due to consideration of incremental arrears.
- Increase in freight cost owing to higher diesel prices.



- Pet coke prices are softening from Q2 FY20 onwards.
- Company has secured its fuel requirement for the next quarter at optimum level
- Current trend is in an upward direction

Particulars (Rs. In Lakh)	30 th Sep 2020	30 th June 2020	31 st March 2020
Gross Debt	52,656	48,212	48,801
- Long Term	41,392	35,369	34,738
- Working Capital	11,264	12,843	14,063
Cash & Bank Balance	7,563	1,883	1,275
Net Debt	45,093	46,329	47,526
Debt Equity Ratio (%)	0.35	0.33	0.34
Net Worth	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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