



# SAGAR CEMENTS LIMITED

SCL:SEC:NSE:BSE:2020-21

29th July 2020

The National Stock Exchange of India Ltd.,  
"Exchange Plaza", 5<sup>th</sup> Floor  
Bandra – Kurla Complex  
Bandra (East)  
**Mumbai – 400 051**

**Symbol: SAGCEM**  
**Series: EQ**

The Secretary  
BSE Limited  
P J Towers  
Dalal Street  
**Mumbai – 400 001**

**Scrip Code: 502090**

Dear Sirs

Press Release regarding un-audited Financial Results (Standalone and Consolidated) for the first quarter ended June 30, 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 first quarter ended 30<sup>th</sup> June 2020.

Thanking you

Yours faithfully  
For Sagar Cements Limited

  
R. Soudhakar  
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

Q1FY21 Results Presentation

- ❑ Company Overview
- ❑ Jt. Managing Director's Comment
- ❑ Consolidated and Standalone Financial results
- ❑ Financial and Operational Performance analysis
- ❑ Covid 19 Initiatives

Promoted by experienced technocrat and entrepreneurs; Listed entity around 4 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 61.55 MW

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

#### Manufactures :

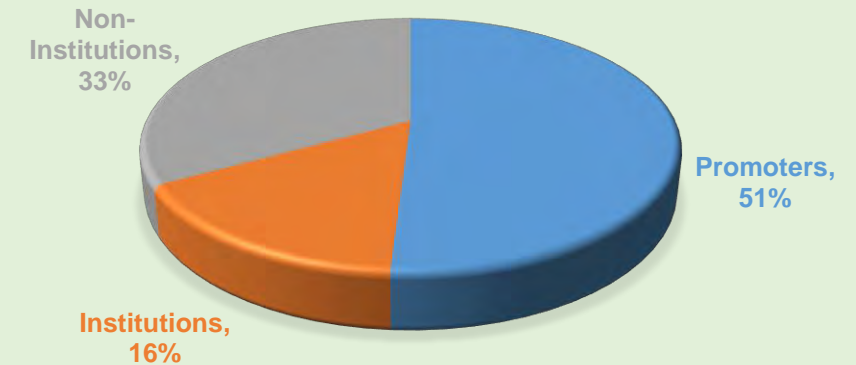
- Ordinary Portland Cement (OPC)- 53 & 43,
  - Portland Pozzalona Cement (PPC)
  - Sulphate Resistant Cement (SRC)
  - Portland Slag Cement (PSC) &
    - GGBS.

Strong brand built over the last 3.5 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 21.84% equity stake in the Company.

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

## SHARE HOLDING PATTERN ( AS ON 30TH JUNE 2020)

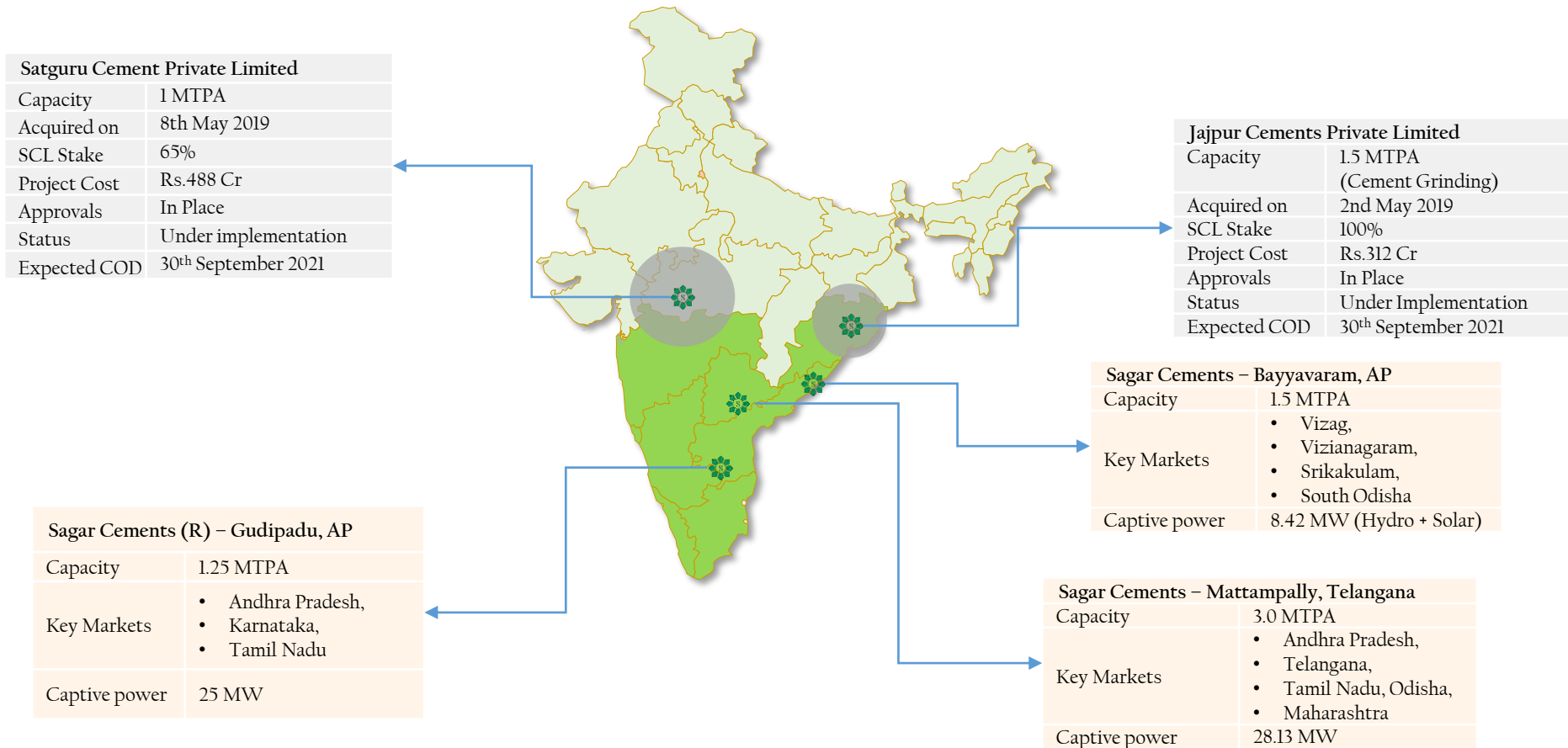


#### Capital Market Metrics

Listed on	BSE & NSE
CMP (INR)*	469
M-Cap (INR mn)	~10,446
52 week high (INR)	~680 (24 <sup>th</sup> September 2019)
52 week low (INR)	~236 (25 <sup>th</sup> March 2020)

\*Market price at close on 28th July, 2020

# Strategically located to reap a significant locational advantage







## Access to resources

- ✓ Part of Nalgonda & Yerraguntla Cement Cluster
- ✓ Strong limestone reserves:
  - Over 816 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 – 1,561 dealers and 3,586 sub-dealers
- ✓ Acquisition of SCRL and Bayyavaram plants 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 A-(India ratings)
- ✓ Consistent profits
- ✓ Consistent track record of dividends

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

*“Our performance for the quarter was expectedly soft given the challenges surrounding Covid-19 pandemic. Construction activities for large part of the quarter remained weak amidst lock down, labor unavailability and supply chain disruption in turn impacting the sales volumes for the quarter. However, calibrated reopening of the economy has resulted in improving the demand and pricing environment.*

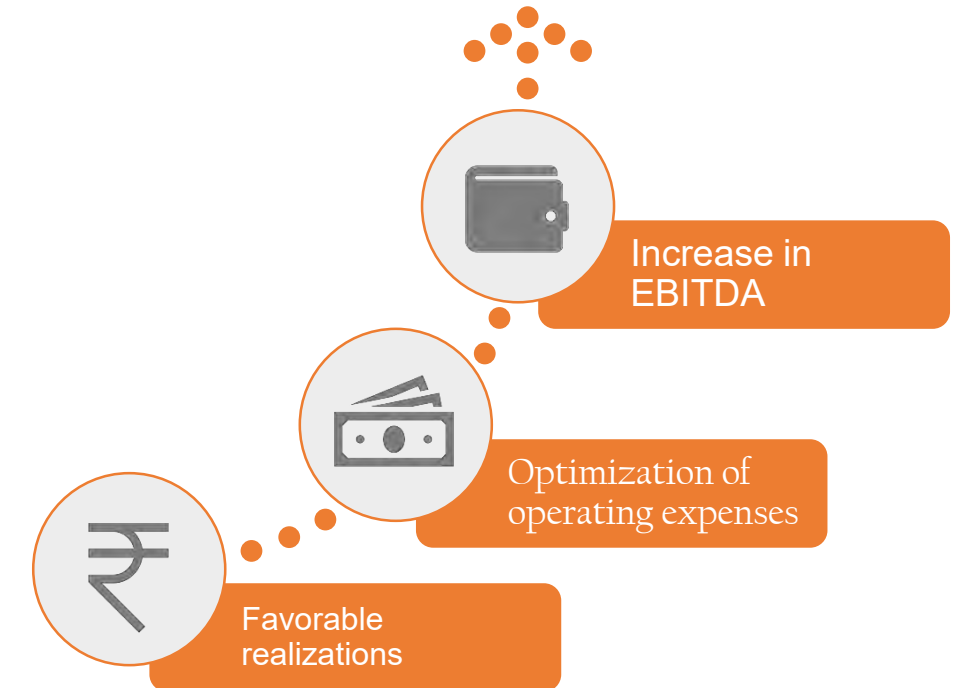
*Further, our efforts towards enhancing our efficiencies and lowering costs have helped us maintain our margins despite lower operating leverage. While lower input prices did contribute towards sustaining the margins, our recent initiatives in terms of commissioning of CPP and Bayyavaram expansion have also started to make meaningful contribution to the operational profitability. We expect further improvement in the performance post the completion of Satguru & Jajpur cements acquisition as the same would give us a foothold in faster growing markets.*

*Going ahead, while the near term outlook remains challenging, we believe that Govt.'s efforts towards strengthening the country's infrastructure coupled with pick up in private capex cycle should support demand and pricing environment.”*

in Rs.Lakhs

Particulars	Q1 FY21	Q1 FY20	YOY (%)	Q4 FY20	QOQ(%)
Sales Volume (MT)	5,55,312	8,20,155	▼ 32%	8,36,922	▼ 34%
Revenue from Operations	26,412	34,420	▼ 23%	30,357	▼ 13%
Other Income	79	145	▼ 46%	230	▼ 66%
Total Income	26,491	34,565	▼ 23%	30,587	▼ 13%
Operating expenses	17,711	26,558	▼ 33%	25,892	▼ 32%
Op. EBITDA	8,701	7,862	▲ 11%	4,465	▲ 95%
Op. EBITDA Margin %	33	23	▲ 43%	15	▲ 120%
Op. EBITDA per Ton in ₹	1,567	959	▲ 64%	534	▲ 193%
Finance cost	1,281	1,495	▼ 14%	1,449	▼ 12%
Depreciation	1,995	1,780	▲ 12%	2,136	▼ 7%
Profit before tax	5,504	4,732	▲ 16%	1,110	▲ 396%
Tax expenses	1,904	1,781	▲ 7%	992	▲ 92%
Profit after tax	3,600	2,951	▲ 22%	118	▲ 2,951%

- 13% Y-o-Y increase in sales realization
- Suspension of operations due to lockdown resulted in 32% YoY decline in sales volume
- Plants operated around 37%
- Op. EBITDA of ₹ 8,701 lakhs during Q1 FY21; higher by 11% Y-o-Y
- EBITDA of ₹ 1,567 per ton; up 64% YoY
- EBITDA margin increased to 33%
- Lower fuel cost and optimization of other expenses resulted in lowering total cost by ₹ 49/ ton,
- Ongoing greenfield projects of Satguru Cement Private Limited, Madhya Pradesh and Jajpur Cements Private Limited, Odisha progressing as per schedule





## Sagar Cements Limited

Particulars	Q1 FY21	Q1 FY20	%
Sales Volume (MT)	4,05,255	6,13,313	▼ 34%
Total Income (in Rs. Lakhs)	19,913	25,901	▼ 23%
Op. EBITDA (in Rs. Lakhs)	6,717	5,269	▲ 27%
Op. EBITDA / MT (in Rs.)	1,657	859	▲ 93%
PAT (in Rs. Lakhs)	3,399	2,446	▲ 39%

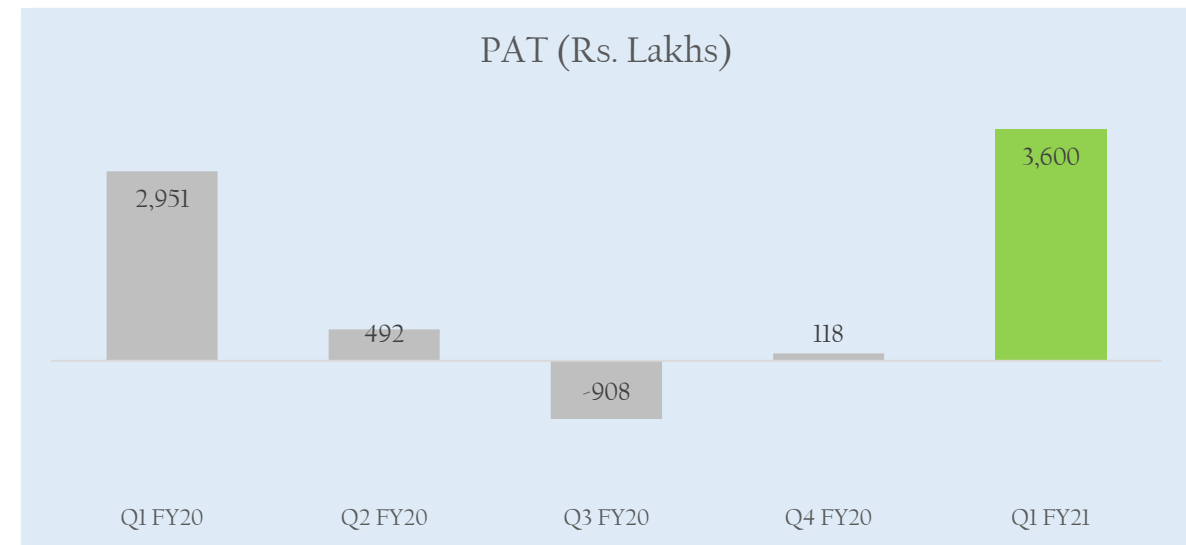
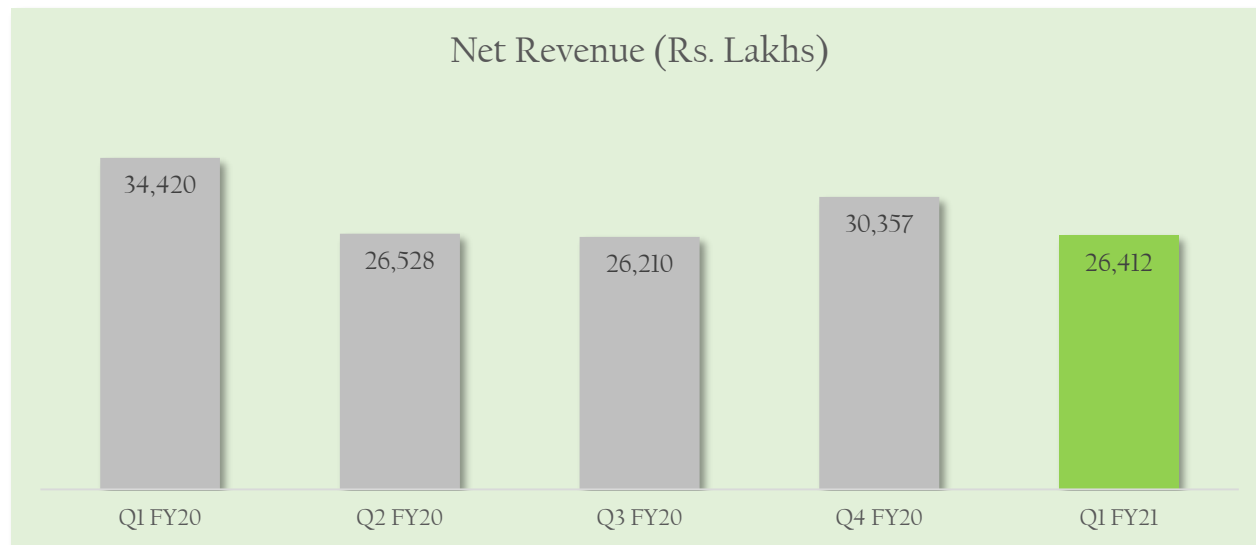
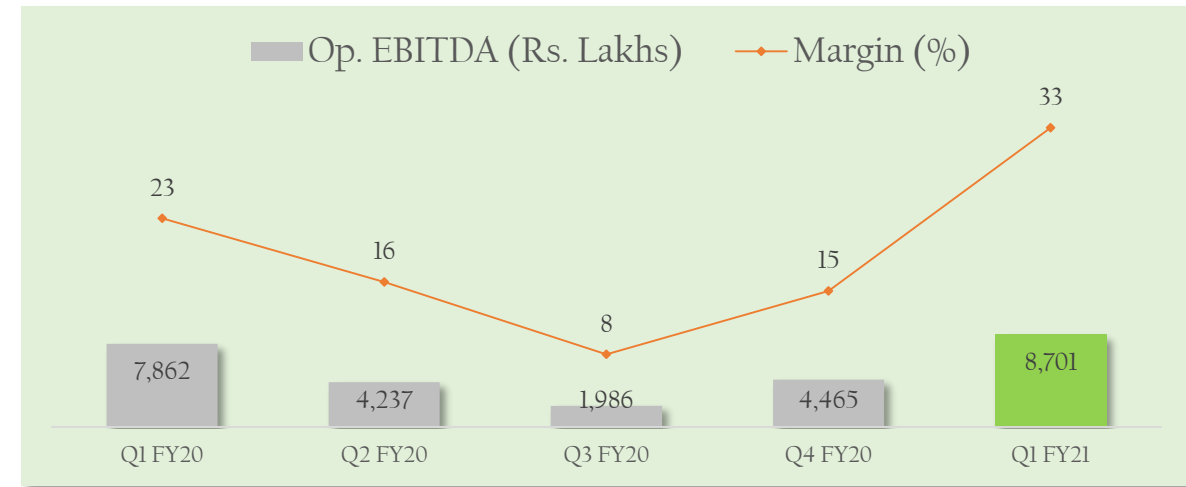
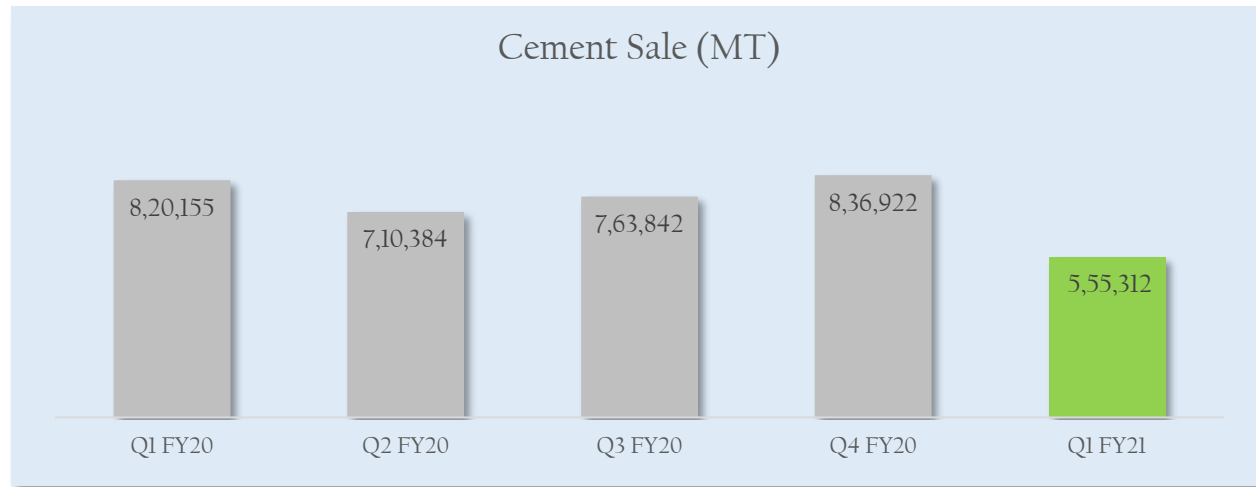
- 34% YOY decline in sales volumes
- Op. EBITDA of ₹ 6,717 lakhs during Q1 FY21; higher by 27% Y-o-Y
- Op. EBITDA / tonne of ₹ 1,657 during Q1 FY21; up 93% Y-o-Y

## Sagar Cements (R) Limited

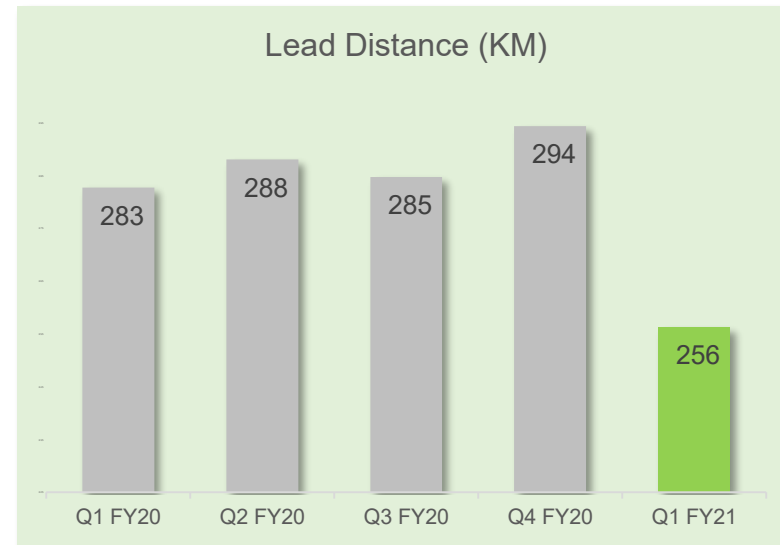
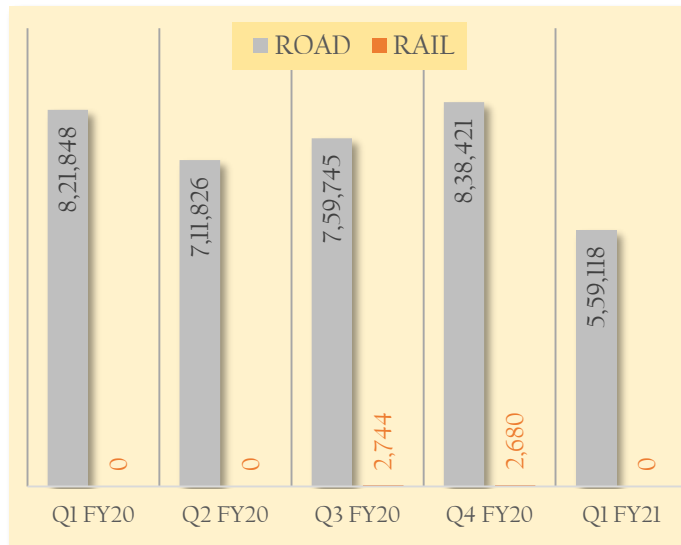
Particulars	Q1 FY21	Q1 FY20	%
Sales Volume(MT)	1,50,057	2,06,842	▼ 27%
Total Income (in Rs.Lakhs)	7,032	9,876	▼ 29%
Op. EBITDA (in Rs.Lakhs)	2,029	2,601	▼ 22%
Op. EBITDA/ MT (in Rs.)	1,352	1257	▲ 8%
PAT (in Rs.Lakhs)	333	557	▼ 40%

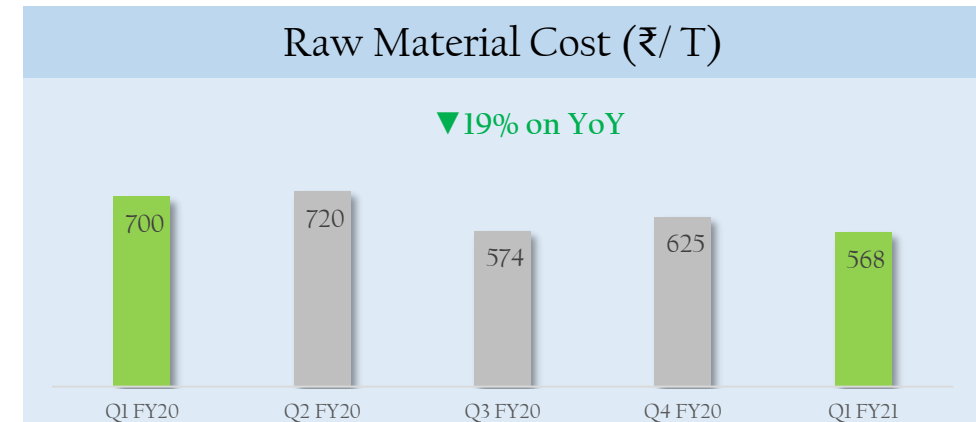
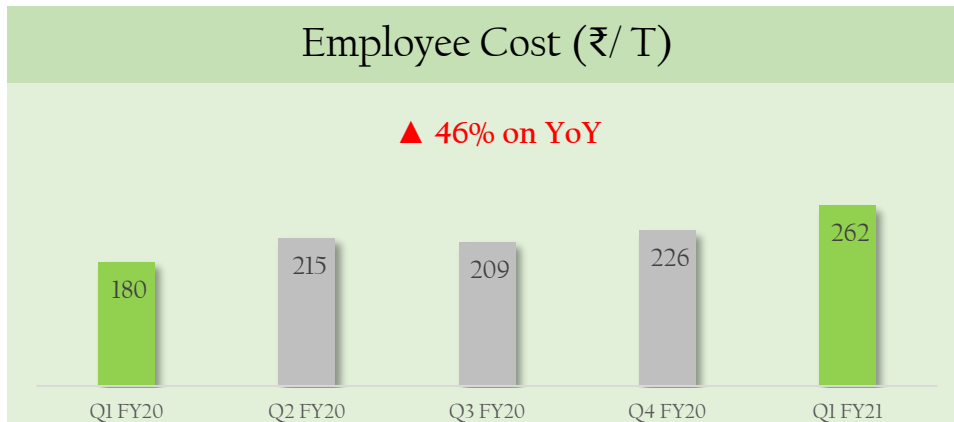
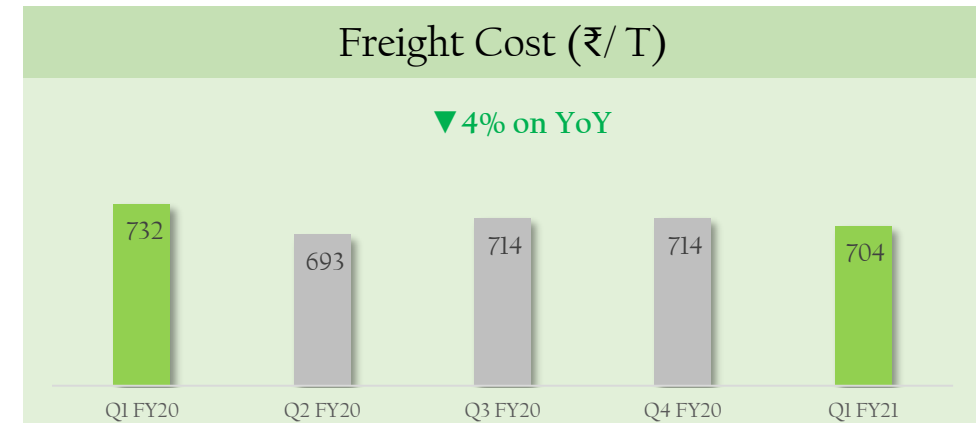
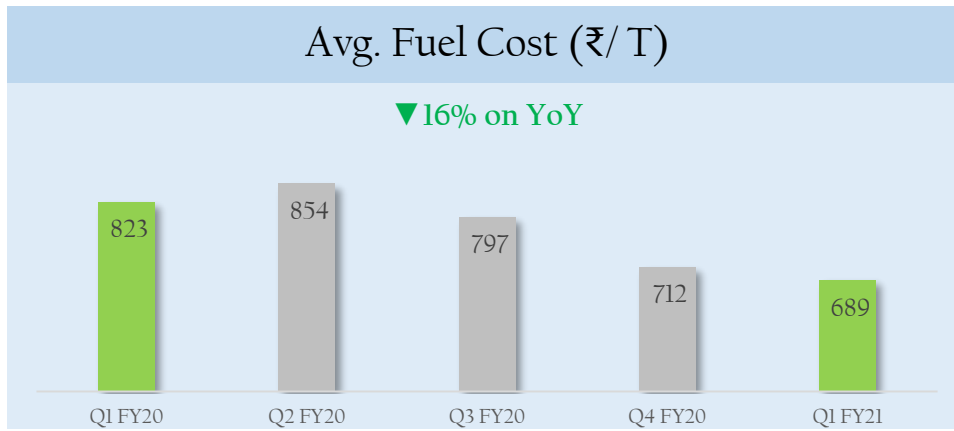
- 27% Y-o-Y decline in sale volume
- Op. EBITDA of ₹ 2,029 lakhs during Q1 FY21; decline by 22% Y-o-Y
- Op. EBITDA / tonne of ₹ 1,352 during Q1 FY21; up 8% Y-o-Y

Particulars (in Rs)	Q1 FY21	Q1 FY20	YoY	Q4 FY20	QoQ
Net Realization / T	4,756	4,197	▲ 13%	3,627	▲ 31%
Total Expenditure /T	3,189	3,238	▼ 2%	3,094	▲ 3%
Raw Material Consumed	568	700	▼ 19%	625	▼ 9%
Employee Expenses	262	180	▲ 46%	226	▲ 16%
Power, Oil & Fuel	802	1,060	▼ 24%	911	▼ 12%
Freight	704	732	▼ 4%	713	▼ 1%
Purchase of stock in Trade	90	130	▼ 31%	82	▲ 10%
Adjustment for Stocks	235	-90	-	4	-
Other Expenses	528	526	▲ 0%	532	▼ 1%
<b>EBITDA/ T</b>	<b>1,567</b>	<b>959</b>	<b>▲ 63%</b>	<b>534</b>	<b>▲ 193%</b>

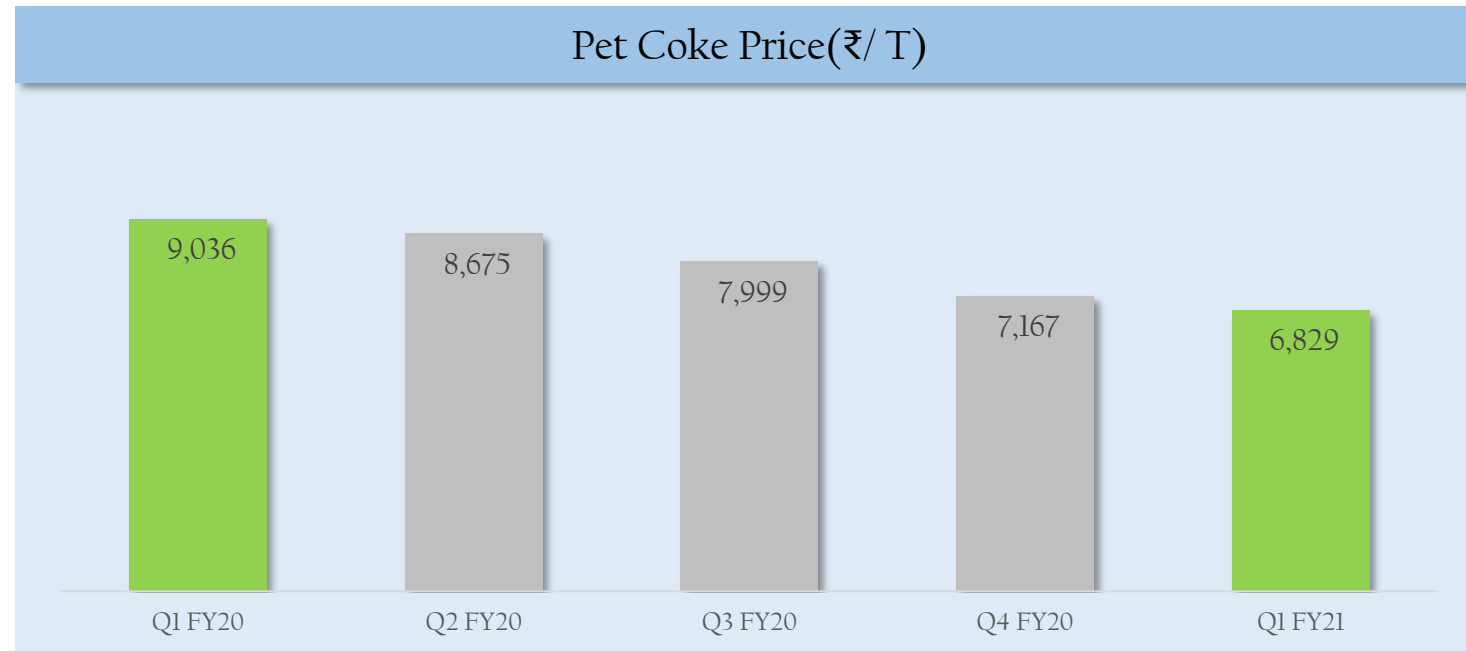


Description	Sagar Cements Ltd Qty in MT	Sagar Cements ( R ) Ltd Qty in MT	Consolidated Qty in MT
Clinker	2,61,022	92,297	3,53,319
Cement Production / Purchase	3,88,995	1,41,968	5,30,963
Cement Sales	4,05,255	1,50,057	5,55,312





- Reduction in fuel price 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 730 Kcal /Kg of Clinker & Gudipadu 690 Kcal /Kg of Clinker
- Employee costs during Q1 FY 21 amounted to ₹ 262 per ton as against ₹ 180 per ton during Q1 FY20 due to lower sales volume
- Material cost per ton during Q1 FY 21 was ₹ 568 per ton as against ₹700 per ton during Q1 FY20



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

Particulars (Rs. In Lakh)	30 <sup>th</sup> June 2020	31 <sup>st</sup> March 2020
Gross Debt	48,212	48,801
- Long Term	35,369	34,738
- Working Capital	12,843	14,063
Cash & Bank Balance	1,883	1,275
Debt Equity Ratio (%)	0.33	0.34
Net Worth	1,05,659	1,02,059



- Resumed operations gradually post lockdown relaxations, with limited work force considering the health and safety of employees
- Safety measures implemented across the Plants, Corporate office and Marketing regional offices
- Work from home implemented based upon the situations
- Continuous track on employee health
- Increased medical health coverage for employees



**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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