



SAGAR CEMENTS LIMITED

SCL:SEC:NSE:BSE:2022-23

23rd January 2023

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
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 third quarter and nine months period ended 31st December, 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 third quarter and nine months period ended 31st December 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.

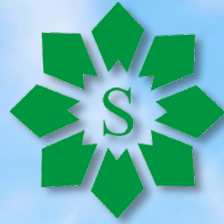
Phone : +91-40-23351571, 23356572 Fax : +91-40-23356573 E-mail : info@sagarcements.in Website : www.sagarcements.in

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

Q3 & 9MFY23
Results Presentation

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

in Rs.Lakhs

Particulars	Q3 FY23	Q3 FY22	YoY (%)	Q2 FY23	QoQ (%)	9M FY23	9M FY22	YoY (%)	FY22
Sales Volume (MT)	12,39,563	7,43,181	▲ 67%	10,34,989	▲ 20%	34,60,813	24,75,852	▲ 40%	36,03,754
Revenue from Operations	57,573	33,365	▲ 73%	47,455	▲ 21%	1,60,800	1,09,515	▲ 47%	1,59,687
Other Income	1,429	192	▲ 644%	1,493	▼ 4%	4,166	925	▲ 350%	1,342
Total Income	59,002	33,557	▲ 76%	48,948	▲ 21%	1,64,966	1,10,440	▲ 49%	1,61,029
Operating expenses	52,815	28,690	▲ 84%	46,884	▲ 13%	1,49,368	88,047	▲ 70%	1,32,110
Op. EBITDA	4,758	4,675	▲ 2%	571	▲ 733%	11,432	21,468	▼ 47%	27,577
Op. EBITDA Margin %	8	14	▼ 41%	1	▲ 587%	7	20	▼ 64%	17
Op. EBITDA per Ton in ₹	384	629	▼ 39%	55	▲ 596%	330	867	▼ 62%	765
Finance cost	5,138	1,836	▲ 180%	5,027	▲ 2%	14,973	4,535	▲ 230%	9,248
Depreciation	3,971	2,188	▲ 81%	3,793	▲ 5%	11,422	6,120	▲ 87%	9,271
(Loss)/ Profit before tax	(2,922)	843	-	(6,756)	-	(10,797)	11,738	-	10,400
Tax expenses	(203)	(135)	-	(1,837)	-	(1,849)	3,908	-	4,485
(Loss)/ Profit after tax	(2,719)	978	-	(4,919)	-	(8,948)	7,830	-	5,915

- Revenue increased by 73% Y-o-Y and volume increased by 67% for Q3 FY23.
- Plants operated around 60% during the current quarter.
- Operating EBITDA of ₹ 4,758 lakhs for Q3 FY23 as against ₹ 4,675 lakhs during Q3FY22.
- Operating EBITDA of ₹ 384 per ton during Q3 FY23.
- EBITDA margin declined by 600 bps to 8% for Q3 FY23 (v/s Q3 FY22).
- (Loss)/ Profit after tax stood at Rs. (2,719) lakhs for Q3 FY23 v/s PAT of ₹ 978 lakhs during Q3 FY22.

in Rs.Lakhs

Sagar Cements Limited									
Particulars	Q3 FY23	Q3 FY22	YoY %	Q2 FY23	QoQ (%)	9M FY23	9M FY22	YoY %	FY22
Sales Volume (MT)	10,47,238	7,38,155	▲ 42%	9,22,337	▲ 14%	30,11,089	24,70,825	▲ 22%	35,25,917
Total Income (in Rs. Lakhs)	51,757	33,509	▲ 54%	44,997	▲ 15%	1,47,000	1,10,855	▲ 33%	1,59,477
Op. EBITDA (in Rs. Lakhs)	5,124	4,717	▲ 9%	1,910	▲ 168%	13,897	21,675	▼ 36%	28,609
Op. EBITDA / MT (in Rs.)	489	639	▼ 23%	207	▲ 136%	462	877	▼ 47%	811
PAT (in Rs. Lakhs)	1,492	1,372	▲ 9%	(465)	-	3,794	8,747	▼ 57%	10,378

- 42% YoY increase in volumes during Q2 FY23.
- Op. EBITDA of ₹ 5,124 lakhs during Q2 FY23 higher by 9% on a Y-o-Y basis.
- Op. EBITDA of ₹ 489 per ton during Q2 FY23 lower by 23% on a Y-o-Y basis.

Consolidated Per Ton Analysis								
Particulars (in Rs)	Q3 FY23	Q3 FY22	YoY%	9M FY23	9M FY22	YoY%	Q2 FY23	QoQ (%)
Net Realization / T	4,645	4,489	▲ 3%	4,646	4,423	▲ 5%	4,585	▲ 1%
Total Expenditure /T	4,261	3,860	▲ 10%	4,316	3,556	▲ 21%	4,530	▼ 6%
Raw Material Consumed	779	733	▲ 6%	767	719	▲ 7%	790	▼ 1%
Employee Expenses	209	249	▼ 16%	215	230	▼ 6%	217	▼ 4%
Power & Fuel	1,866	1,452	▲ 29%	1,913	1,233	▲ 55%	2,066	▼ 10%
Freight	795	751	▲ 6%	797	772	▲ 3%	797	▼ 0%
Purchase of stock in Trade	38	83	▼ 54%	57	56	▲ 1%	66	▼ 43%
Other Expenses	575	591	▼ 3%	568	546	▲ 4%	594	▼ 3%
EBITDA/ T	384	629	▼ 39%	330	867	▼ 62%	55	▲ 596%

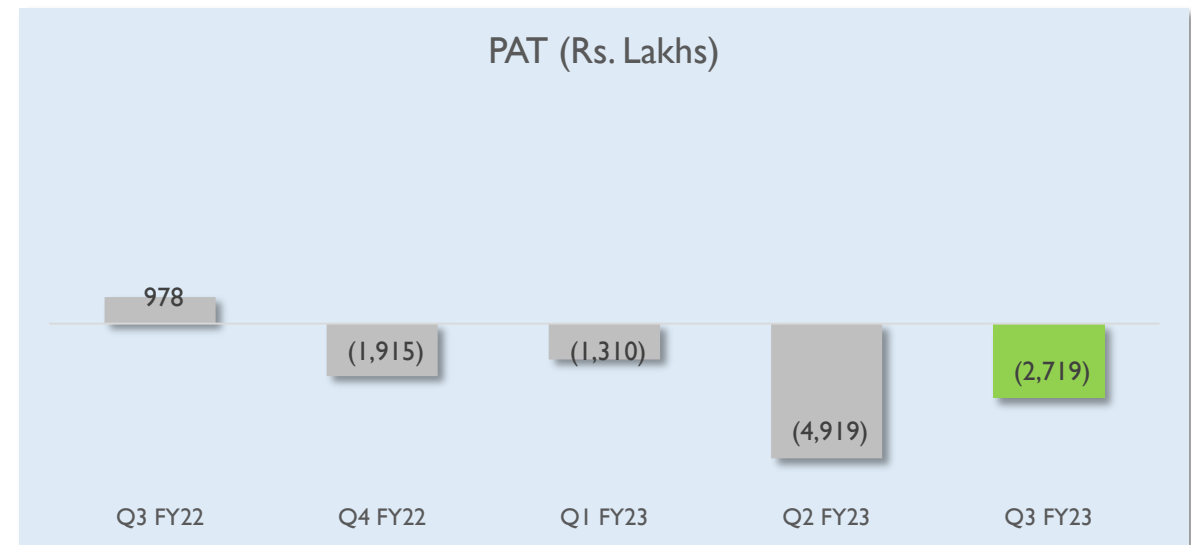
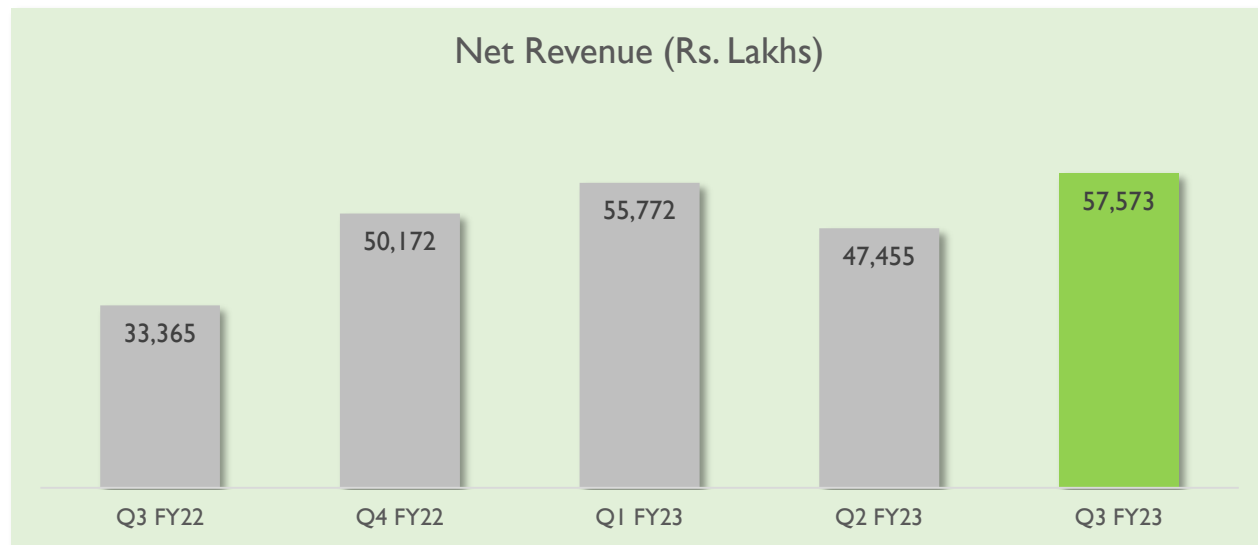
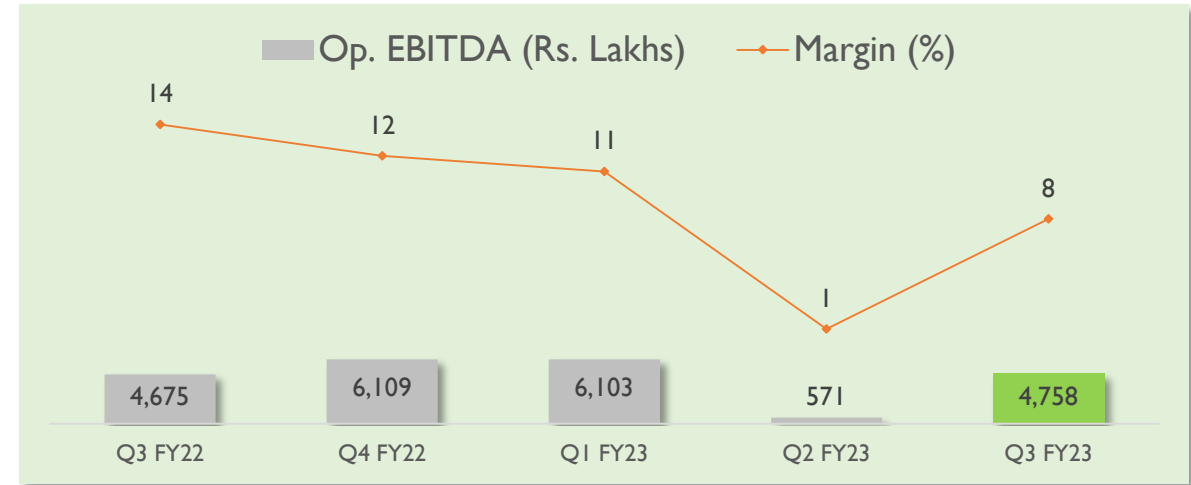
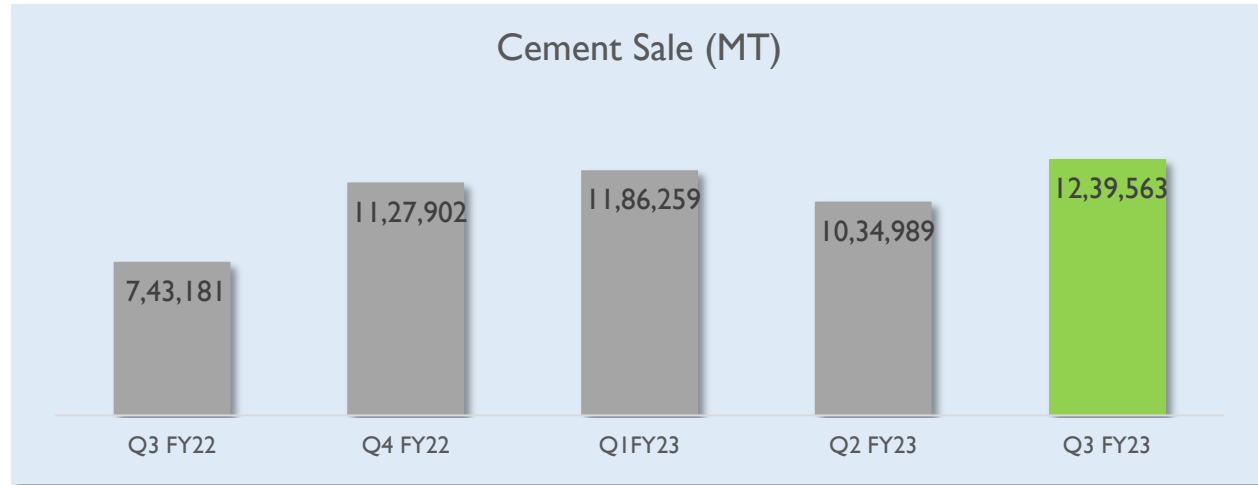
Commenting on the performance, Mr. Sreekanth Reddy, Jt. Managing Director of the Company said,

“While we have seen a good growth in our revenues for the quarter, profitability and margins were expectedly lower on account of higher input prices. Demand remained relatively steady benefiting from pick up in construction activities post monsoon and festive seasons which in turn resulted in better volumes for the quarter. Higher volumes were also on account of commissioning of new facilities. Realisations as well were broadly stable.

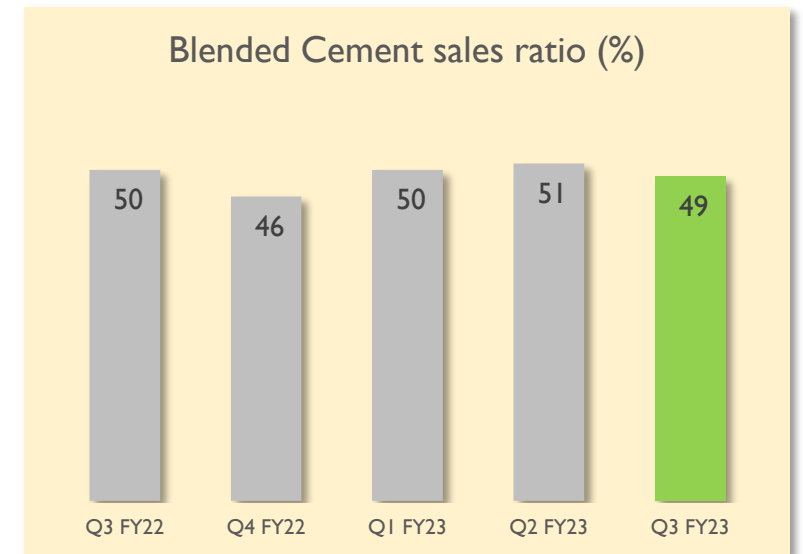
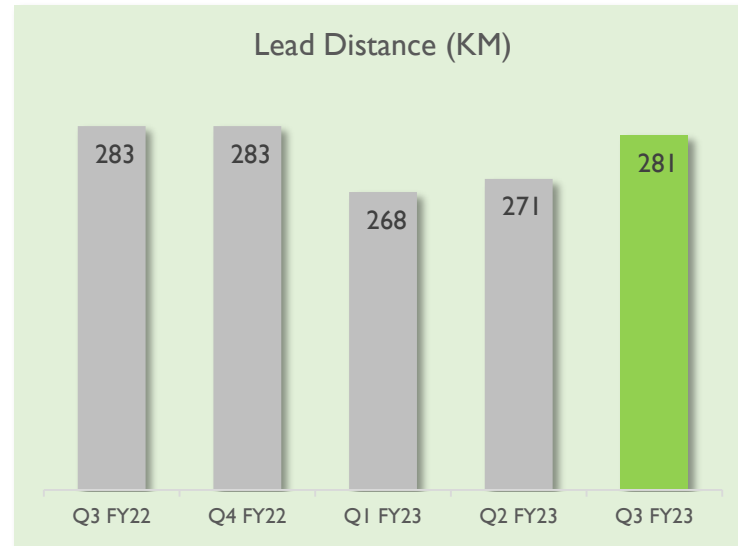
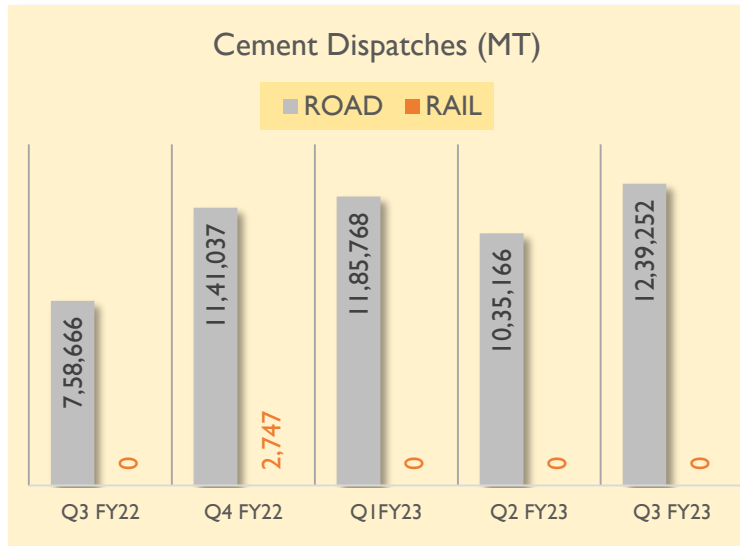
Despite higher volumes, profitability and margins were expectedly lower amidst elevated input prices. While we have seen cooling off in prices of some of the key raw material components from their recent highs, overall, they continued to trend higher. Our efforts towards containing costs and improving overall efficiencies continue to progress well. We have undertaken multiple steps in the recent past towards improving our operational infrastructure by building railway sidings, captive power plant and waste heat recovery system and are hopeful of benefiting from them over the coming years.

Another noteworthy development has been the Resolution Professional of Andhra Cements Limited declaring us as the successful Resolution Applicant. We have received the letter of Intent (LoI) in this regard, which has been accepted by the Company, it is subject to further approvals as may be required from the authorities concerned. The acquisition of Andhra Cements Limited is aligned with our strategy of consolidating our presence in established markets to better serve our customers in a cost efficient and timely manner. The acquisition also helps us to meet our stated objective of reaching 10 MnT capacity by 2025.

Moving forward, our diversified geographic reach, cost-saving strategies, improved product offerings, and robust financial position will enable us to perform well and generate value consistently for all our stakeholders.”

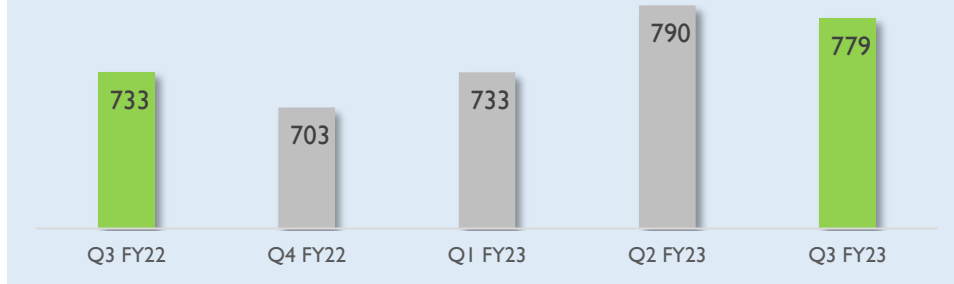


Description	Sagar Cements Ltd Qty in MT	Sagar Cements (M) Pvt Ltd Qty in MT	Jajpur Cements Pvt Ltd Qty in MT	Consolidated Qty in MT
Clinker	7,58,917	1,21,425	-	8,80,342
Cement Production / Purchase	10,39,558	1,42,398	56,868	12,38,824
Cement Sales	10,47,328	1,36,966	55,269	12,39,563



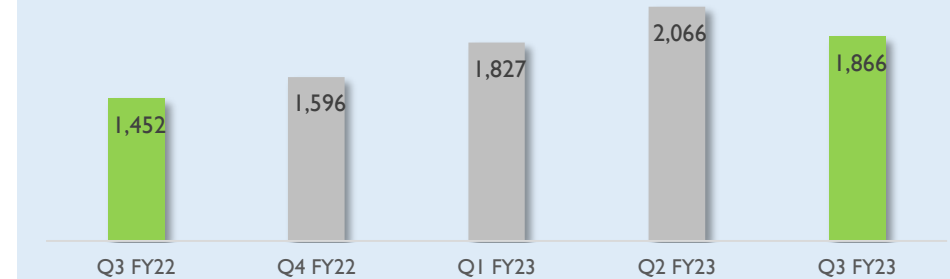
Raw Material Cost (₹/ T)

▲ 6% on YoY



Power & Fuel Cost (₹/ T)

▲ 29% on YoY



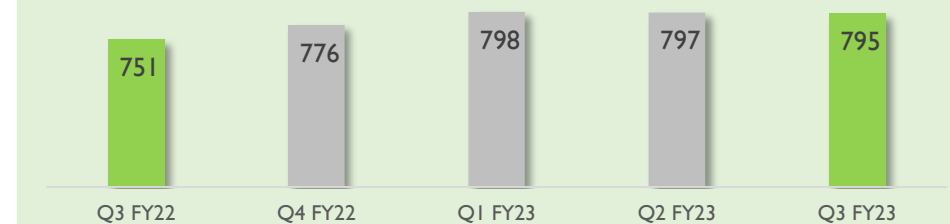
Employee Cost (₹/ T)

▼ 16% on YoY



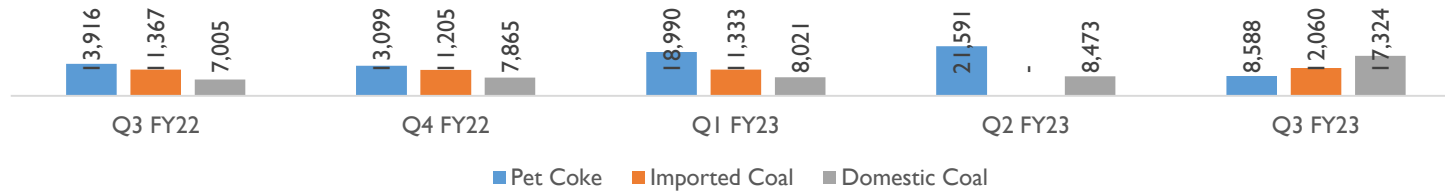
Freight Cost (₹/ T)

▲ 6% on YoY



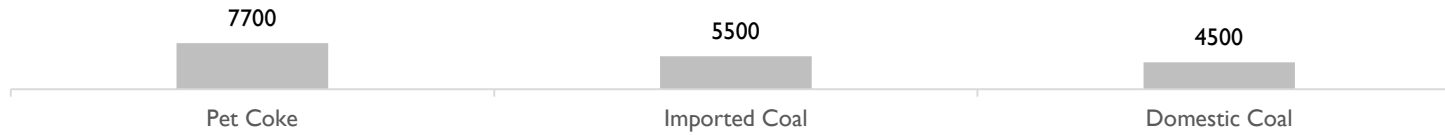
- Raw material cost per ton during Q3 FY23 was ₹ 779 per ton as against ₹ 733 per ton during Q3 FY22. Increase in sales from Jajpur resulted into increase in raw material cost since clinker is being transported from Mattampally unit to Jajpur.
- The main reasons for increase in Power & Fuel cost is the significant increase in the prices of pet coke & coal.
- Optimal thermal efficiency at Mattampally Plant 732 Kcal /Kg of Clinker & Gudipadu 681 Kcal /Kg of Clinker & Jeerabad 723 Kcal /Kg of Clinker.
- Employee costs during Q3 FY23 amounted to ₹ 209 per ton as against ₹ 249 per ton during Q2 FY22.
- Higher diesel prices have also considerably impacted the outward freight costs.

Thermal Prices(Rs/Mt)

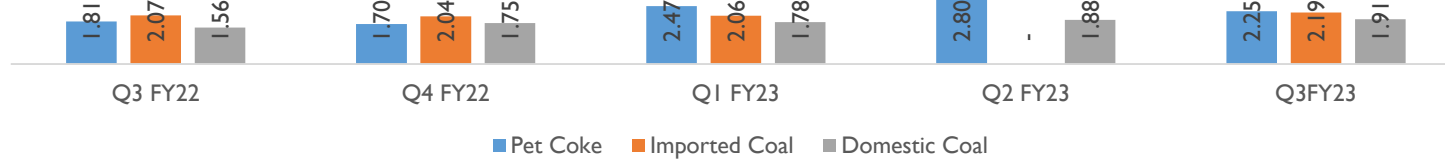


Current Fuel Price Trends		
Particulars	Per Ton (₹)	Per Kcal (₹)
Imported Pet Coke	17,297	2.25
Indian Pet Coke	17,869	2.32
Imported Coal	15,297	2.78
Domestic Coal	8,199	1.82

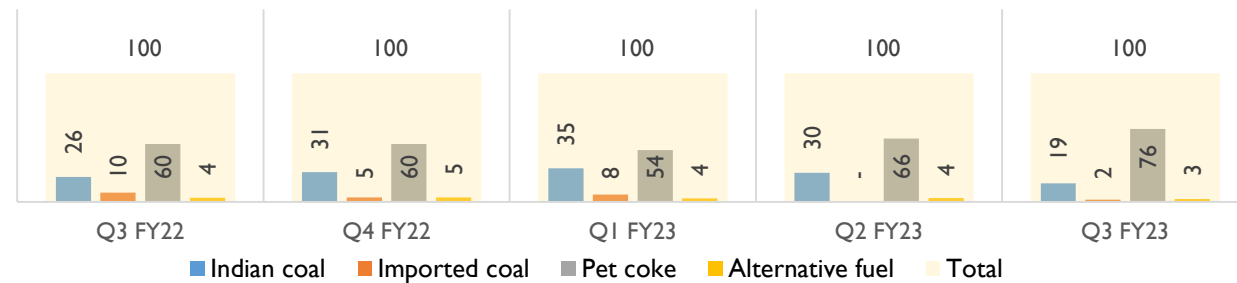
Kcal on NCV basis



Rs/Kcal



Group level Source of coal based on kcal (%)



in Rs.Lakhs

Particulars (Rs. In Lakh)	31 st Dec 2022	30 th Sep 2022	30 th Jun 2022	31 st Mar 2022	31 st Dec 2021
Gross Debt	1,39,088	1,48,585	1,48,987	1,50,335	1,39,040
- Long Term	1,22,188	1,27,525	1,29,300	1,32,361	1,25,672
- Working Capital	16,900	21,060	19,687	17,974	13,368
Cash & Bank Balance	31,283	30,849	28,174	16,269	41,891
Net Debt	1,07,805	1,17,736	1,20,813	1,34,066	97,149
Long term Debt Equity Ratio (%)	0.79	0.81	0.79	1.01	0.95
Net Worth	1,55,369	1,58,088	1,63,922	1,30,944	1,32,727

Waste Management

- Strict adherence towards disposal of hazardous and non-hazardous waste as prescribed by the laws
- Disposal of waste such as fly ash, slag, gypsum, oil and metal scrap in a responsible manner with zero hazardous waste sent to landfills

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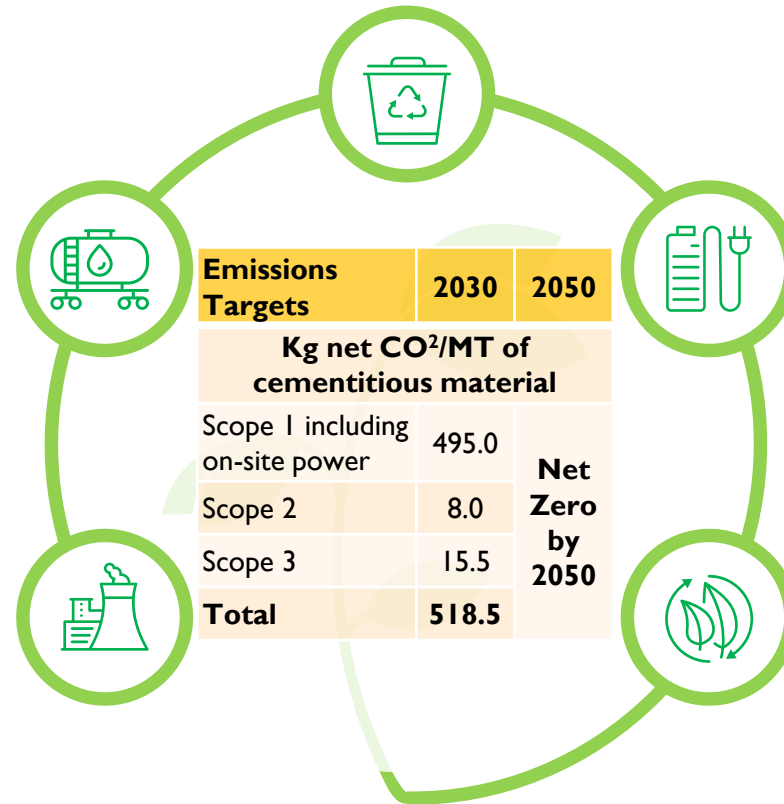
Water Management

- Undertaking conscious efforts to reduce water consumption at all levels; proactively undertaking initiatives towards groundwater recharge
- Gradually reduced water usage over the last decade, and have already reduced dependence on freshwater withdrawals through measures such as rainwater harvesting at our plants, and nearby communities

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Emissions

- Successfully reduced emissions over the last five years
- Continue to invest in the latest and advanced technology solutions to bring down overall GHG emission



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Energy Efficiency

- Reducing dependence on fossil fuels as energy source has been a top priority over the years
- Implemented WHRS and solar-roof panel

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Bio-Diversity

- Periodically conduct biodiversity assessment at all our plant locations to gauge the volume of flora and fauna that could get possibly impacted by our operations
- Routinely conduct awareness sessions among local communities about biodiversity conservation

Facilitating drinking water supply by providing RO water purifiers. We are also supporting and creating irrigation facilities

Helping educational institutions by providing learning material, sports equipment, etc.

Construction of public toilets

Distribution of garbage bags and dustbins as part of Swachhata hi Seva campaign

Providing skill development programs to graduate students to increase their employability

Constructing concrete roads and installing streetlights to support infrastructure development in villages



- 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 Madhya Pradesh, Maharashtra and Odisha.

Manufactures :

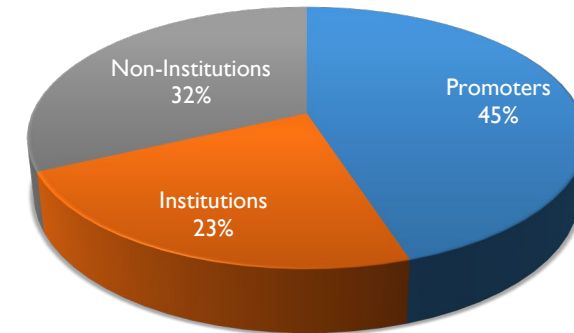
- Ordinary Portland Cement (OPC)- 53 & 43,
- Portland Pozzalona Cement (PPC)
- Composite Cement (CC)
- Sulphate Resistant Cement (SRC)
- Portland Slag Cement (PSC) &
- Ground Granulated Blast – Furnace Slag (GGBS).

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 31st Dec. 2022)

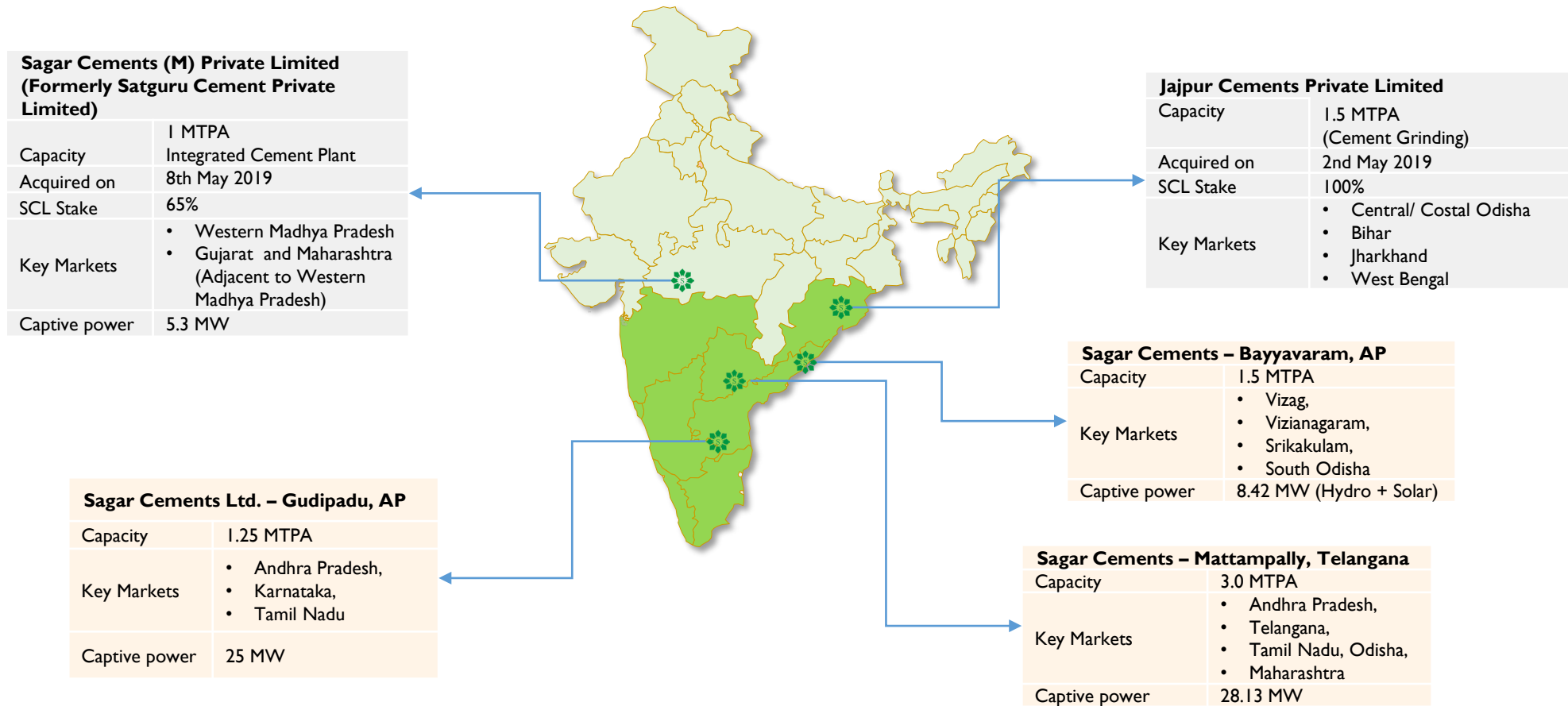


■ Promoters ■ Institutions ■ Non-Institutions

Capital Market Metrics	
Listed on	BSE & NSE
CMP (INR)*	~222
M-Cap (INR mn)	~28,991
52 week high (INR)	~282 (20 th January 2022)
52 week low (INR)	~154 (21 st June 2022)

*Market price at close on January 23, 2023 (NSE)

Strategically located to reap a significant locational advantage





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 – 2,566 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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