



SAGAR CEMENTS LIMITED

SCL:SEC:NSE:BSE:2021-22

27th October 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 Financial Results (Standalone and Consolidated)
for the second quarter and half-year ended 30th September, 2021

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 2021.

Thanking you

Yours faithfully
For Sagar Cements Limited

R.Soundararajan
Company Secretary

Encl: a.a.



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Bayyavaram Village, Kasimkota Mandal, Visakhapatnam District, Andhra Pradesh - 531031. Phone : 08924-244550 Fax : 08924-244570

CIN : L26942TG1981PLC002887 GSTIN : 36AACCS8680H1ZZ



Sagar Cements Limited (SCL)

**Q2FY22
Results Presentation**

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

Q2 & HI FY22 Consolidated Financial Results



in Rs.Lakhs

Particulars	Q2 FY22	Q2 FY21	YoY (%)	Q1 FY22	Sequential QoQ (%)	HIFY22	HIFY21	YoY (%)
Sales Volume (MT)	8,53,148	7,22,195	▲ 18%	8,79,523	▼ 3%	17,32,671	12,77,507	▲ 36%
Revenue from Operations	36,893	32,588	▲ 13%	39,257	▼ 6%	76,150	59,000	▲ 29%
Other Income	257	329	▼ 22%	476	▼ 46%	733	408	▲ 80%
Total Income	37,150	32,917	▲ 13%	39,733	▼ 7%	76,883	59,408	▲ 29%
Operating expenses	30,815	22,111	▲ 39%	28,546	▲ 8%	59,361	39,822	▲ 49%
Op. EBITDA	6,078	10,477	▼ 42%	10,711	▼ 43%	16,789	19,178	▼ 12%
Op. EBITDA Margin %	16	32	-	27	-	22	33	-
Op. EBITDA per Ton in ₹	712	1,451	-	1,218	-	969	1,501	-
Finance cost	1,142	1,165	▼ 2%	1,557	▼ 27%	2,699	2,446	▲ 10%
Depreciation	1,993	2,024	▼ 2%	1,941	▲ 3%	3,934	4,019	▼ 2%
Profit before tax	3,200	7,617	▼ 58%	7,689	▼ 58%	10,889	13,121	▼ 17%
Tax expenses	1,124	2,600	▼ 57%	2,680	▼ 58%	3,804	4,504	▼ 16%
Profit after tax	2,076	5,017	▼ 59%	5,009	▼ 59%	7,085	8,617	▼ 18%

- Volume growth of 18% and Revenue growth of 13% Y-o-Y for Q2 FY22.
- Plants operated around 59% during the current quarter.
- Operating EBITDA of ₹ 6,078 lakhs for Q2 FY22 as against ₹10,477 lakhs during Q2FY21; declined by 42%
- Operating EBITDA of ₹ 712 per ton during Q2 FY22 against ₹ 1,451 per ton during Q2FY21.
- EBITDA margin declined by (1,600) bps to 16% for Q2 FY22 (v/s Q2 FY21)
- On October 27, 2021, Satguru Cement Private Limited, (subsidiary of the Company) has commenced the clinkerization process at its newly implemented integrated cement plant of 1 MTPA capacity in Madhya Pradesh (As informed earlier cement grinding & dispatches commenced from August 15, 2021)
- Jajpur Cements Private Limited, Odisha (capacity: 1.5 MTPA) will commence the operations by middle of December, 2021.

Q2 & HI FY22 Standalone Financial Results & Consolidated Per ton Analysis



Sagar Cements Limited

Particulars	Q2 FY22	Q2 FY21	YoY %	Q1 FY22	Sequential QoQ (%)	HI FY22	HI FY21	YoY%
Sales Volume (MT)	6,06,817	5,31,023	▲ 14%	6,42,444	▼ 6%	12,49,261	9,36,278	▲ 33%
Total Income (in Rs. Lakhs)	27,247	24,813	▲ 10%	29,078	▼ 6%	56,325	44,726	▲ 26%
Op. EBITDA (in Rs. Lakhs)	4,250	8,020	▼ 47%	7,850	▼ 46%	12,100	14,737	▼ 18%
Op. EBITDA / MT (in Rs.)	700	1,510	-	1,222	-	969	1,574	-
PAT (in Rs. Lakhs)	1,951	4,402	▼ 56%	4,336	▼ 55%	6,287	7,801	▼ 19%

- 14% YoY increase in volumes during the quarter;
- Op. EBITDA of ₹ 4,250 lakhs during Q2 FY22; declined by 47%.
- Op. EBITDA of ₹ 700 per ton during Q2 FY22 against ₹ 1,510 per ton during Q2 FY21.

Sagar Cements (R) Limited

Particulars	Q2 FY22	Q2 FY21	YoY %	Q1 FY22	Sequential QoQ (%)	HI FY22	HI FY21	YoY%
Sales Volume (MT)	2,46,331	1,91,172	▲ 29%	2,37,079	▲ 4%	4,83,410	3,41,230	▲ 42%
Total Income (in Rs.Lakhs)	11,215	8,616	▲ 30%	11,185	▲ 0%	22,400	15,648	▲ 43%
Op. EBITDA (in Rs.Lakhs)	1,922	2,476	▼ 22%	2,932	▼ 34%	4,854	4,505	▲ 8%
Op. EBITDA / MT (in Rs.)	780	1,295	-	1,237	-	1,004	1,320	-
PAT (in Rs.Lakhs)	274	718	▼ 62%	1,131	▼ 76%	1,405	1,051	▲ 34%

- 29% YoY increase in volumes during the quarter;
- Op. EBITDA of ₹ 1,922 lakhs during Q2 FY22; declined by 22% .
- Op. EBITDA of ₹ 780 per ton during Q2 FY22 against ₹ 1,295 per ton during Q2 FY21.

Consolidated Per Ton Analysis

Particulars (in Rs)	Q2 FY22	Q2 FY21	YoY%	Q1 FY22	Sequential QoQ (%)	HI FY22	HI FY21	YoY%
Net Realization / T	4,324	4,513	▼ 4%	4,463	▼ 3%	4,395	4,618	▼ 5%
Total Expenditure /T	3,612	3,062	▲ 18%	3,245	▲ 11%	3,426	3,117	▲ 10%
Raw Material Consumed	747	619	▲ 21%	742	▲ 1%	745	596	▲ 25%
Employee Expenses	236	290	▼ 18%	217	▲ 9%	226	278	▼ 19%
Power, Oil & Fuel	1,313	844	▲ 56%	1,138	▲ 15%	1,224	826	▲ 48%
Freight	795	769	▲ 3%	762	▲ 4%	778	741	▲ 5%
Purchase of stock in Trade	49	107	▼ 55%	41	▲ 1%	45	100	▼ 55%
Adjustment for Stocks	(96)	(72)	-	(185)	-	(141)	61	-
Other Expenses	568	505	▲ 12%	530	▲ 7%	549	515	▲ 7%
EBITDA/ T	712	1,451	▼ 51%	1,218	▼ 42%	969	1,501	▼ 35%

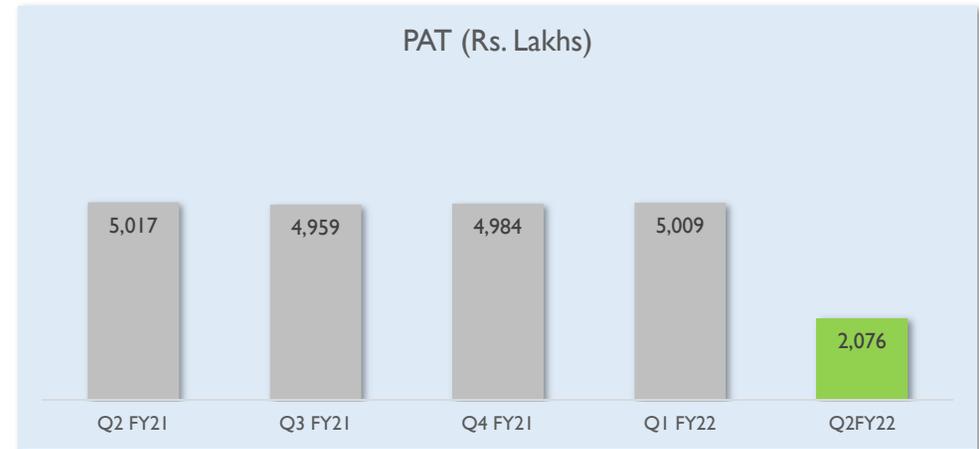
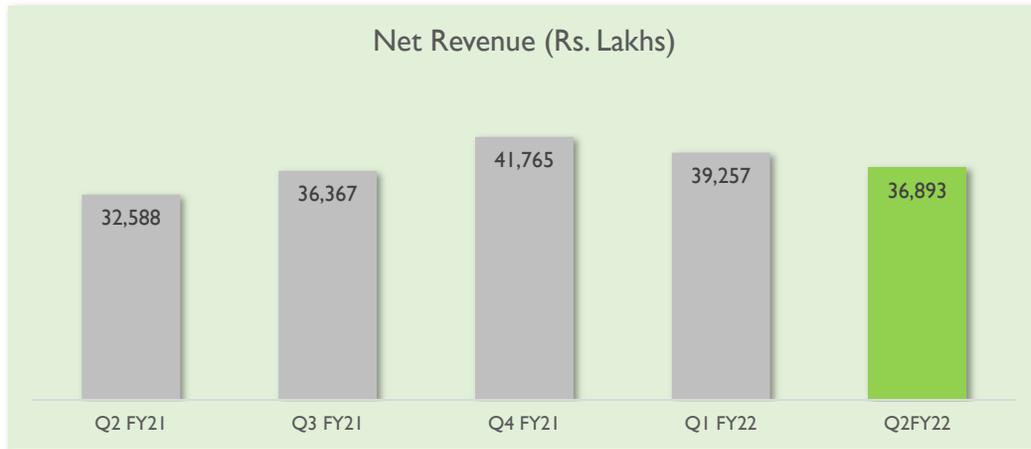
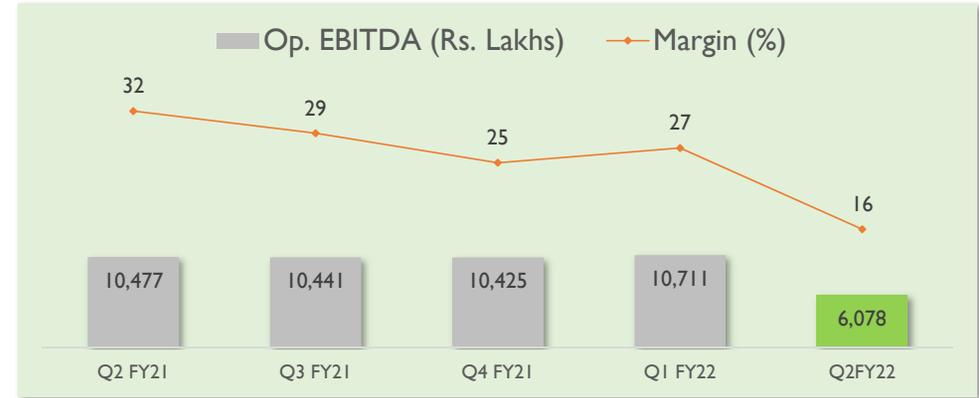
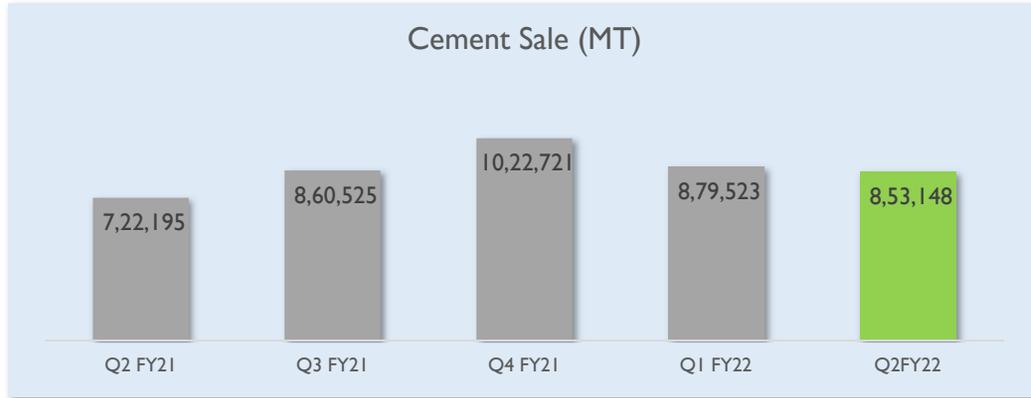
Commenting on the performance, Mr. Sreekanth Reddy, Jt. Managing Director of the Company said,

“We are pleased with our performance for the quarter, wherein we delivered a healthy topline growth of 13% over previous year. Strong underlying demand especially in housing and infrastructure segments helped sustain the volume momentum. Realizations too were largely steady owing to the pick-up in demand.

Operating margins were expectedly under pressure owing to rising input prices. We have seen a sharp surge in coal, coke and diesel prices during the quarter resulting in lower profitability. Company took up annual maintenance for all its plants during the current quarter resulting in additional expenditure for the quarter and Company has also given the increments to all its employees including contract labour w.e.f. April 01, 2021 during the quarter. However, we have been able to soften the overall impact of the rising raw material prices owing to our prudent procuring and cost containing measures. A judicious mix of domestic coal and positive operating leverage helped us deliver 16% margins during the quarter. We are hopeful that resumption of commercial and economic activities following the decline in the covid cases and conclusion of monsoon season, will result in a better pricing environment for the business.

Another positive development was that, On October 27, 2021, Satguru Cement Private Limited, (subsidiary of the Company) has commenced the clinkerization process at its newly implemented integrated cement plant of 1 MTPA capacity in Madhya Pradesh (As informed earlier cement grinding & dispatches commenced from August 15, 2021). This along with Odisha project which is expected to be commissioned by middle of December 2021, will not only help us improve our volume growth during H2 FY22 but will also help us in rationalizing our freight expenses and diversifying our sales outside our existing markets.

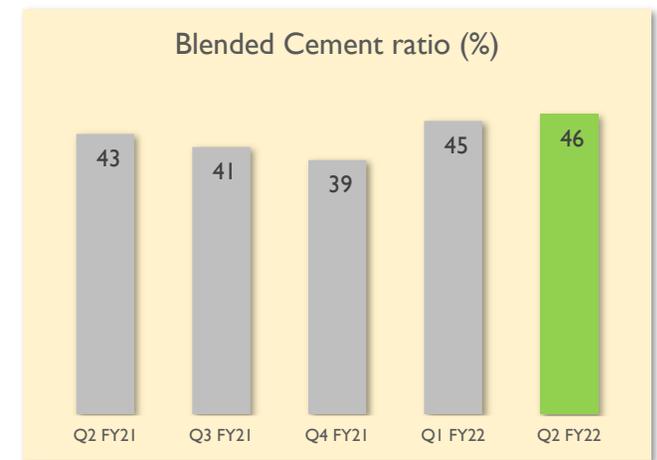
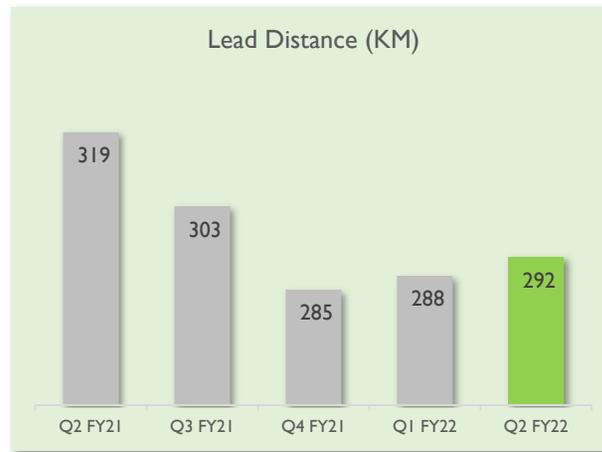
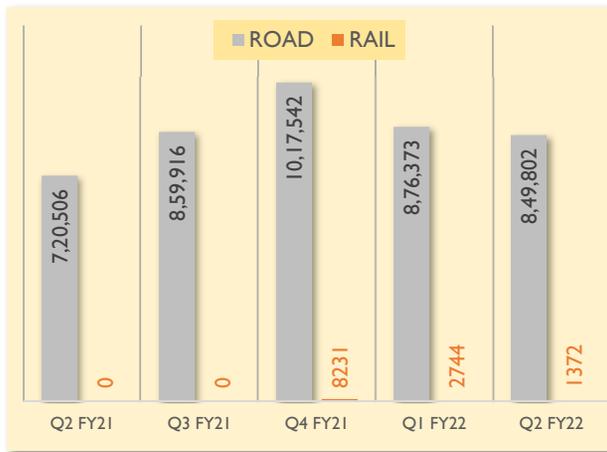
Going ahead, we believe our cost rationalization measures, scale and better geographic mix will help us deliver steady growth over the coming years and create significant value for our stakeholders. Keeping these parameters in mind, we remain constructively positive of achieving our target of having a capacity of 10 mln tonnes by 2025.”



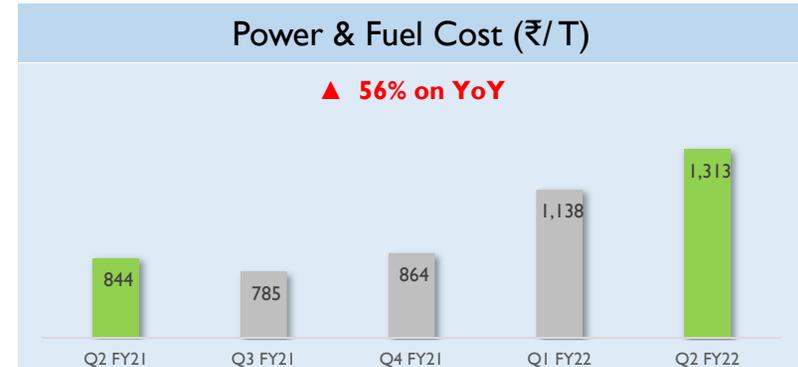
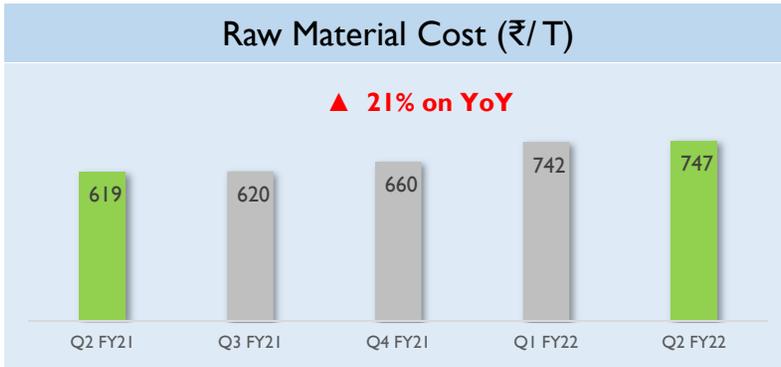
Production & Sales in Q2 FY22 , Road vs Rail and Lead Distance



Description	Sagar Cements Ltd Qty in MT	Sagar Cements (R) Ltd Qty in MT	Consolidated Qty in MT
Clinker	4,84,046	1,89,575	6,73,621
Cement Production / Purchase	5,95,733	2,50,216	8,45,949
Cement Sales	6,06,817	2,46,331	8,53,148

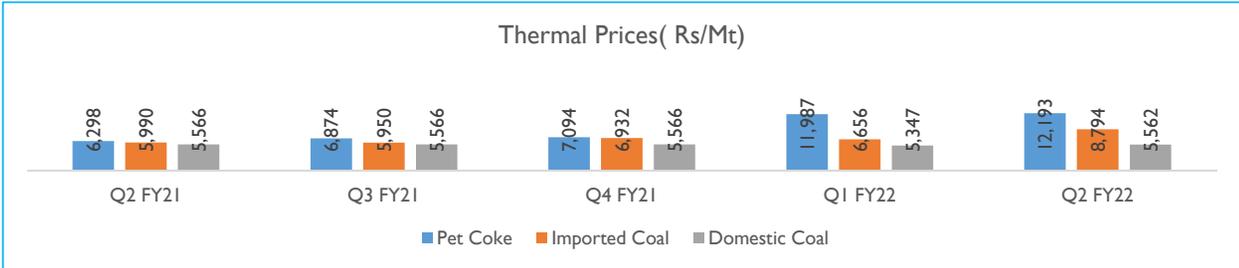


Cost per Ton on Consolidated Basis



- Material cost per ton during Q2 FY22 was ₹ 747 per ton as against ₹ 619 per ton during Q1 FY22. The main reasons for increase in material cost is significant upward revision in inward freight charges owing to continuous upward movement in HSD prices.
- The main reasons for increase in Power & Fuel cost is a significant close to threefold rise in pet coke & Imported coal prices.
- Optimal thermal efficiency at Mattampally Plant 750 Kcal /Kg of Clinker & Gudipadu 692 Kcal /Kg of Clinker.
- Employee costs during Q2 FY22 amounted to ₹ 236 per ton as against ₹ 290 per ton during Q2 FY21.
- Higher diesel prices have also considerably impacted the outward freight costs.

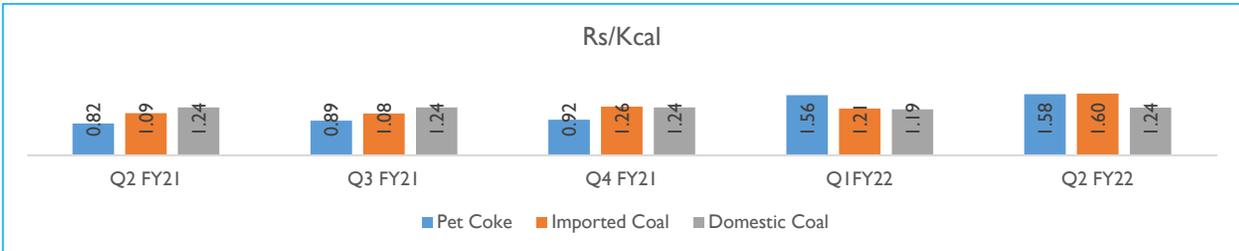
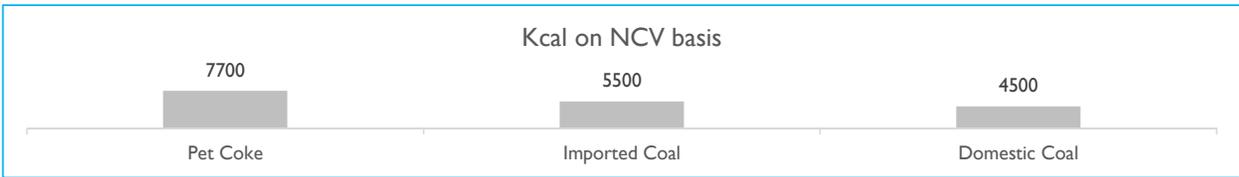
Thermal Fuel Prices



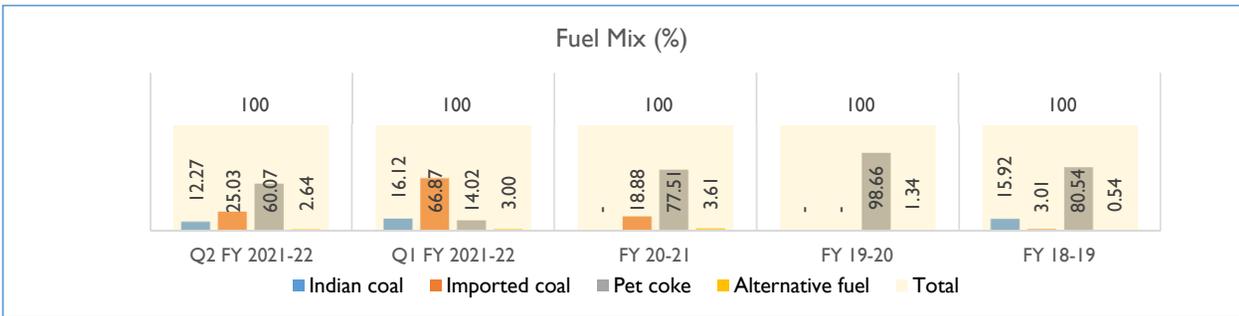
Fuel rates continue to be on an upward trend.

Continue to use a mix of pet coke & coal to optimize the fuel cost.

Company has domestic fuel tie up of around 6,00,000 metric tonnes with “The Singareni Collieries Company Limited”.



Present Fuel Prices		
Particulars	Per Ton (₹)	Per Kcal (₹)
Imported Pet Coke	22,655	2.94
Imported Coal	18,300	3.33
Domestic Coal	6,736	1.50



Particulars (Rs. In Lakh)	30 th Sep 2021	30 th Jun 2021	31 st Mar 2021	31 st Dec 2020
Gross Debt	91,385	84,423	80,648	63,573
- Long Term	77,365	73,147	70,431	52,850
- Working Capital	14,020	11,276	10,217	10,723
Cash & Bank Balance	12,811	17,216	25,419	7,775
Net Debt	78,574	67,207	55,229	55,798
Long term Debt Equity Ratio (%)	0.58	0.56	0.56	0.44
Net Worth	1,33,351	1,30,813	1,25,804	1,21,283

Satguru Cement Private Limited –

- Acquisition date: May 8th 2019
- Sagar Cements Stake: 65%
- Capacity: 1.0 MTPA Integrated Unit
- Project cost: Rs. 578 crore
- Amount Spent as on October 15, 2021: Rs. 561 Crore
- Location: Madhya Pradesh
- Project Status: On October 27, 2021, the Company has commenced the clinkerization process. (As informed earlier cement grinding & dispatches commenced from August 15, 2021)



Jajpur Cements Private Limited–

- Acquisition date: May 2nd 2019
- Sagar Cements Stake: 100%
- Capacity: 1.5 MTPA Grinding Unit
- Project cost: Rs. 312 crore
- Amount Spent as on October 15, 2021: Rs. 290 Crore
- Location: Odisha
- Project Status: Would be commissioned by middle of December, 2021



- Board of Directors have approved on April 26, 2021 a proposal of merger of its wholly owned subsidiary Sagar Cements (R) Ltd with it.
- Since a wholly owned subsidiary company is getting merged with its holding company, there will not be any issue of fresh shares by the said holding company.
- An application for the proposed merger has been filed with the Hon'ble National Company Law Tribunal on July 12, 2021. Awaiting for the order.

- 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

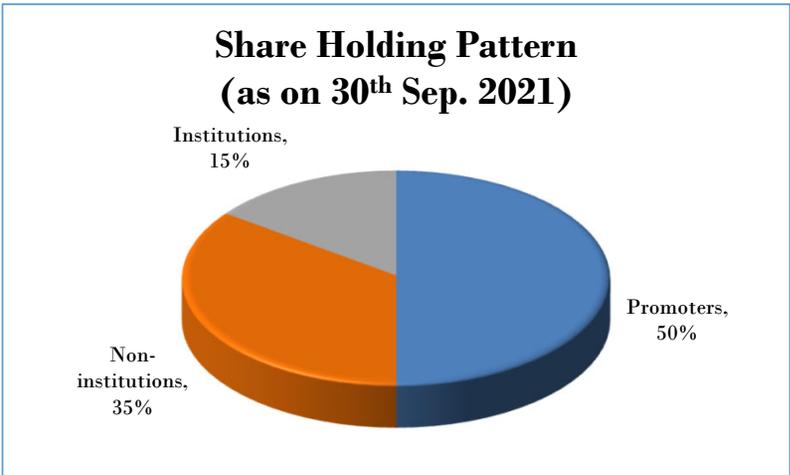
Strong presence across all five southern states, along with Maharashtra and Odisha.

- 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.

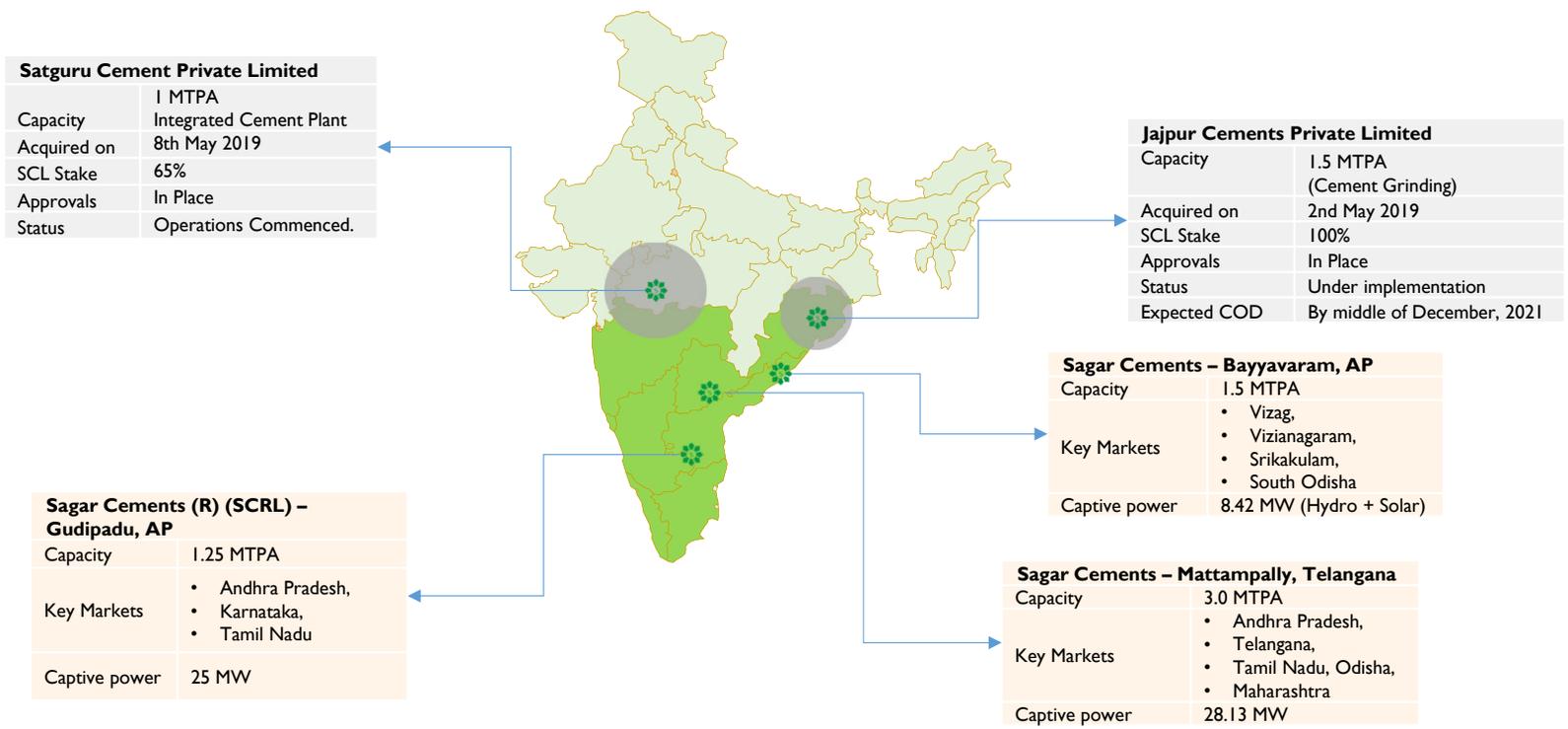
High focus on technology and process efficiencies; High levels of Corporate Governance standards



Capital Market Metrics	
Listed on	BSE & NSE
CMP (INR)*	~270
M-Cap (INR mn)	~31,684
52 week high (INR)	~371 (17 th August 2021)
52 week low (INR)	~118 (22 nd December 2020)

*Market price at close on 27th October, 2021 (NSE)

Strategically located to reap a significant locational advantage





Access to resources

- ✓ Part of Nalgonda & Yerraguntla Cement Cluster
- ✓ Strong limestone reserves:
 - Over 404 MnT at Mattampally
 - Over 162 MnT at Gudipadu (SCRL)
 - Over 63 MnT at Indore (SCPL)
- ✓ 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 – 1,732 dealers and 3,998 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 integrated plant in Mattampally
- ✓ Highly advanced 1.25 MTPA integrated plant in Gudipadu
- ✓ 1.50 MTPA grinding 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/Positive (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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