



SAGAR CEMENTS LIMITED

SCL:SEC:NSE:BSE:2018-19

5th December 2018

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

Scrip Code: 502090

Dear Sirs

Press Release

Further to our letter dated 5th December, 2018, we are sending herewith a copy of the Press Release being issued by us following the board meeting held on today.

Thanking you

Yours faithfully
For Sagar Cements Limited


R. Soundararajan
Company Secretary

Encl: a.a.



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CIN : L26942TG1981PLC002887



Sagar Cements Limited

Acquisition Update



-  Company Overview
-  Goals / Ambition
-  Proposed Acquisition
-  Benefits
-  Financial Implication

Promoted by experienced technocrat entrepreneurs; Listed entity with over 3 decades of successful operations

Plant started in 1985 with a capacity of 66,000 TPA. Current group capacity of 5.75 MTPA.

Captive power capacity of 61.35 MW (includes 18 MW Thermal power plant is under implementation, expected commissioning March 2019).

Strong presence across all five southern states; Expanded presence to Maharashtra and Odisha.

Manufactures Ordinary Portland Cement (OPC) of 53 & 43, Portland Pozzalona Cement (PPC), Sulphate Resistant Cement (SRC) & Portland Slag Cement (PSC)

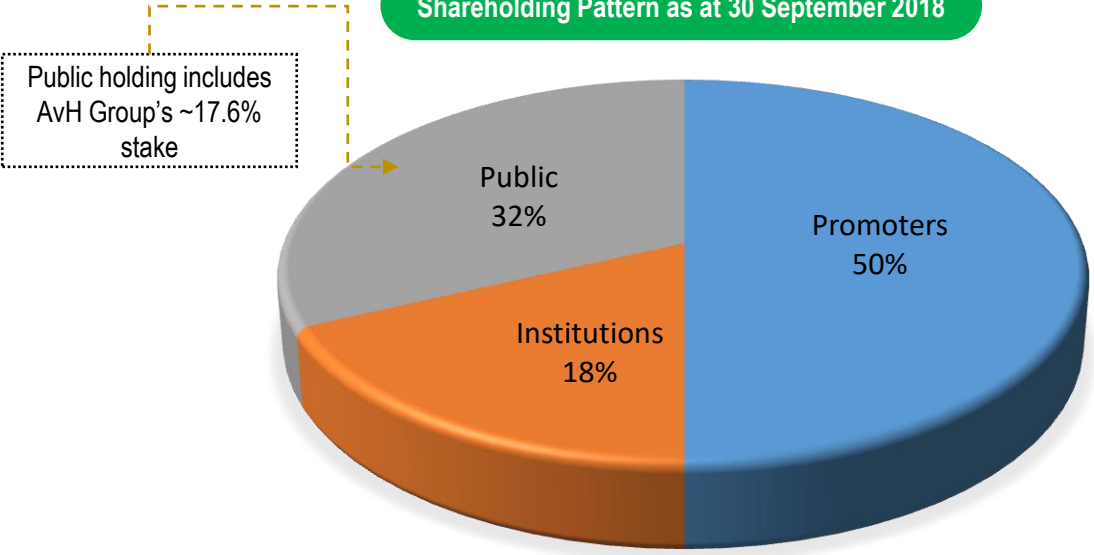
Strong brand built over the last 3.5 decades – “Sagar Cement”

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 is currently holding 17.6% equity stake in the Company.

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

Partnered with Vicat to set up a 5.5 MTPA greenfield plant. Exited JV in 2014 and realised INR 4,250 million from the stake sale

Shareholding Pattern as at 30 September 2018

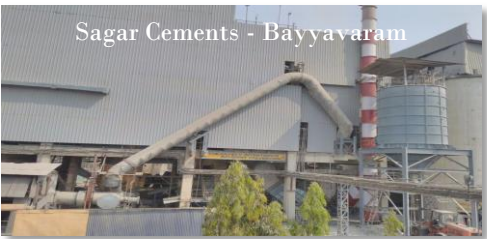


Note: *Promoter group holding of 50% includes 1.5% held by APIDC

Capital Market Metrics

Listed on	BSE & NSE
CMP (INR)*	670
M-Cap (INR mn)	~13,668
52 week high (INR)	~1,175.50 (4th Jan 18)
52 week low (INR)	~589.95 (30th October 18)

*Market price at close on 5 Dec 2018



Clinker Capacity		
Facility	TPD	Capacity MTPA
Line -1	1,950	0.65
Line - 2	6,500	2.15
Total	8,450	2.80
SC (R)	3,000	1.00
Clinker Capacity	11,450	3.80

- ▶ Fully integrated & automated facilities
- ▶ Distribution – Strong network of ~2,150 dealers; Channel Mix – Trade 70% : Non Trade 30%
- ▶ Track Record of consistent profits, successful inorganic and organic expansion initiatives
- ▶ Strong Financial Performance: FY18 revenue stood at INR 10,358 mn with an EBIDTA of INR 1,490 mn
 - ▶ H1 FY19 revenues stood at Rs. 5338 Mn; EBIDTA of Rs. 587 Mn

Note: BMM Cements acquired in 2015 has been re-named as Sagar Cements (R) Limited – SC (R)

Cement Capacity	
Facility	Capacity MTPA
Sagar Cements –Mattampally, Nalgonda, Telangana	3.00
SC (R) – Gudipadu, Anantapur, Andhra Pradesh ¹	1.25
Sagar Cements – Bayyavaram, Visakhapatnam, Andhra Pradesh	1.50
Total Cement Capacity	5.75

1) Currently 1 MTPA, 0.25 MTPA to be added by Sep'18;

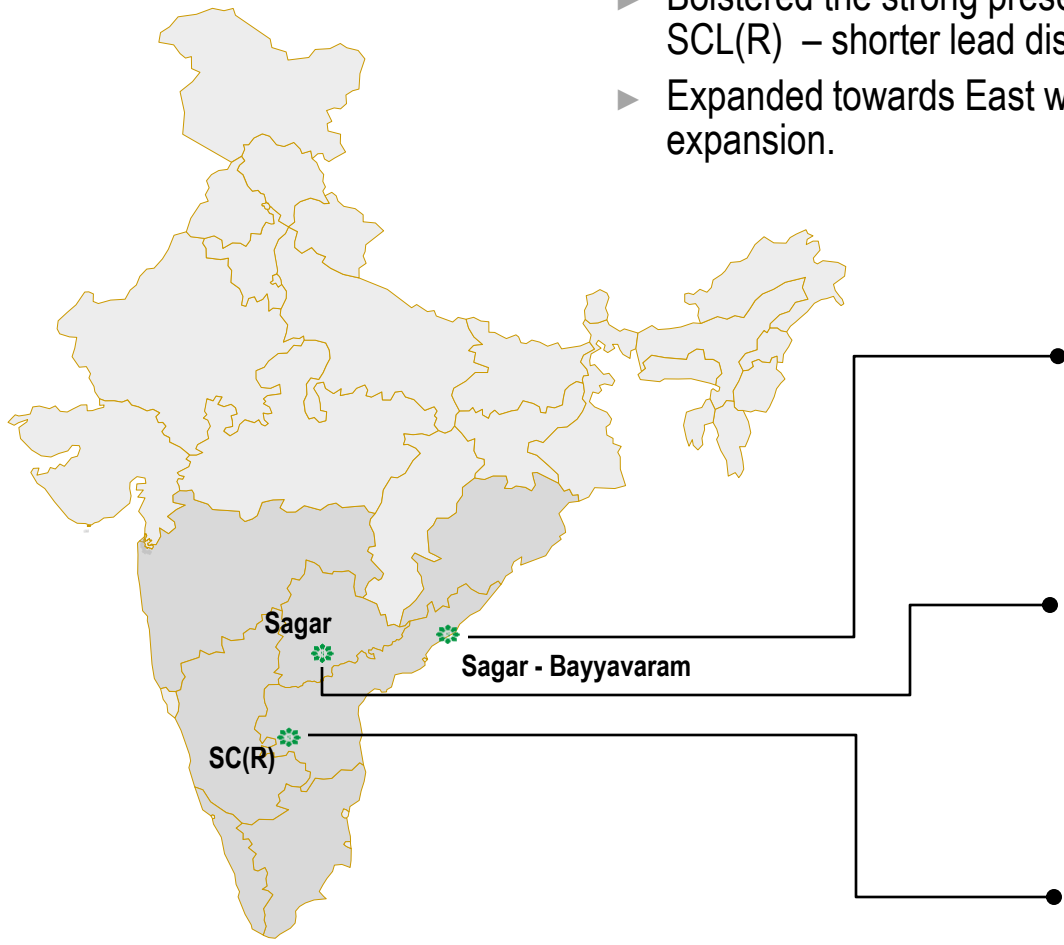
Facility	Capacity in MW
Sagar Cements – Thermal Power (Under Implementation. Expected Commissioning March 2019)	18 MW
Sagar Cements – Waste Heat Recovery Power Plant	8.8 MW
Hydro Power (4.3 MW at Guntur & 4 MW at Kurnool in Andhra Pradesh, India)	8.3 MW
Sagar Cements – Solar Power	1.25 MW
SC (R) – Thermal Power	25 MW
Total	61.35 MW



Strategically located to reap a significant locational advantage

Well positioned to capture recovery in south with key strategic expansion initiatives

- ▶ Bolstered the strong presence across key southern markets with the acquisition of SCL(R) – shorter lead distances to Karnataka, TN and Kerala
- ▶ Expanded towards East with the acquisition of Bayyavaram and its subsequent expansion.

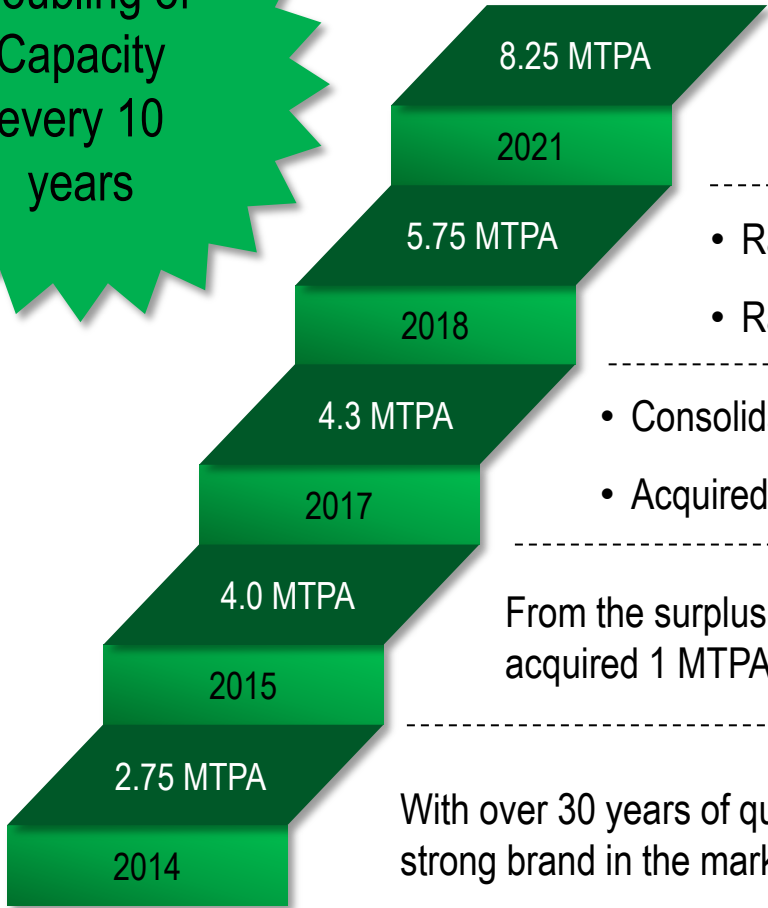


Sagar Cements – Bayyavaram, AP	
Capacity	1.5 MTPA
Key Markets	Vizag, Vizianagaram, Srikakulam, South Odisha
Captive power	8.3 MW

Sagar Cements – Matampally, Telangana	
Capacity	3.0 MTPA
Capacity utilization (FY18)	59%
Key Markets	AP, Telangana, TN, Odisha, Maharashtra
Limestone reserve	Over 600 mn tonnes
Captive power	10.05 MW (18 MW to be added)

Sagar Cements (R) – Gudipadu, AP	
Capacity	1.25 MTPA
Capacity utilization (FY18)	70%
Key Markets	AP, Karnataka, TN
Limestone reserve	Over 174 mn tonnes (20 yr lease)
Captive power	25 MW

Doubling of Capacity every 10 years



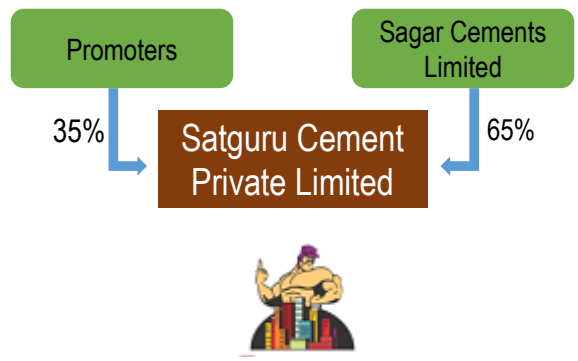
- To Add 1.0 MTPA through the proposed acquisition in Madhya Pradesh.
- To Add 1.5 MTPA through proposed acquisition in Orissa..

- Ramped up production at Bayyavaram Unit to 1.5 MTPA.
- Ramped up production at SC(R) to 1.25 MTPA

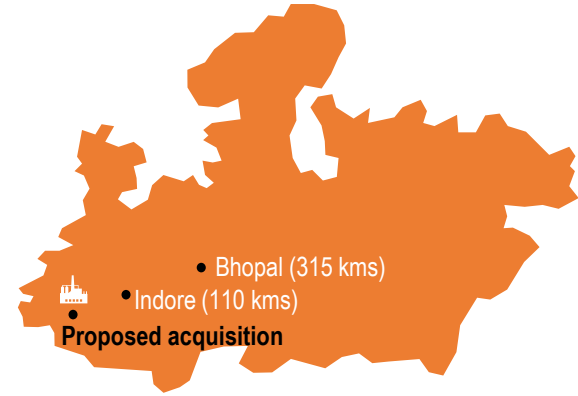
- Consolidated position in the South & made inroads into the East.
- Acquired Bayyavaram unit in 2016 and gradually ramped up its capacity to 0.3 MTPA.

From the surplus cash flow generated through its stake sale in Vicat JV, SCL acquired 1 MTPA plant from BMM Cement.

With over 30 years of quality focused operations, the Company has established strong brand in the market.



Capacity	
Clinker	2,200 TPD (0.7 MTPA)
Cement	3,000 TPD (~1 MTPA)
Along with WHR Power Plant	
Project funding	
Term Debt	INR 2,750 mn
Equity	INR 1,500 mn
Total project cost	INR 4,250 mn



Accessibility

- Nearest Railway Station: **Dhar - 55kms**
- Nearest City: **Indore - 110kms**
- Nearest Highway: **NH47 (Bamanbore-Nagpur) - 30kms**
- Nearest Airport: **Indore - 110kms**
- Nearest River: **Narmada - 40kms**

Key Highlights

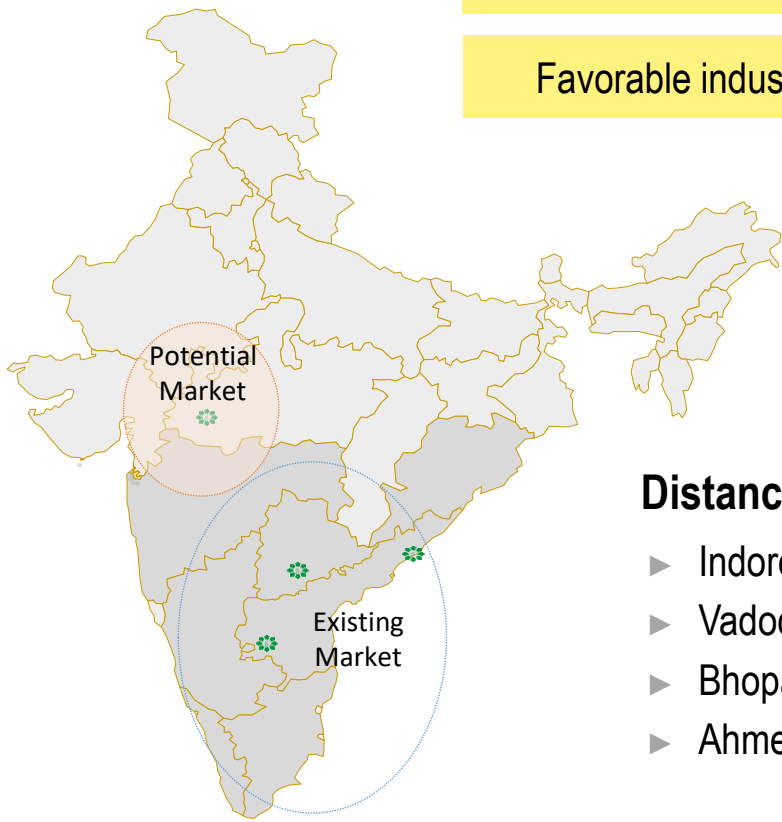
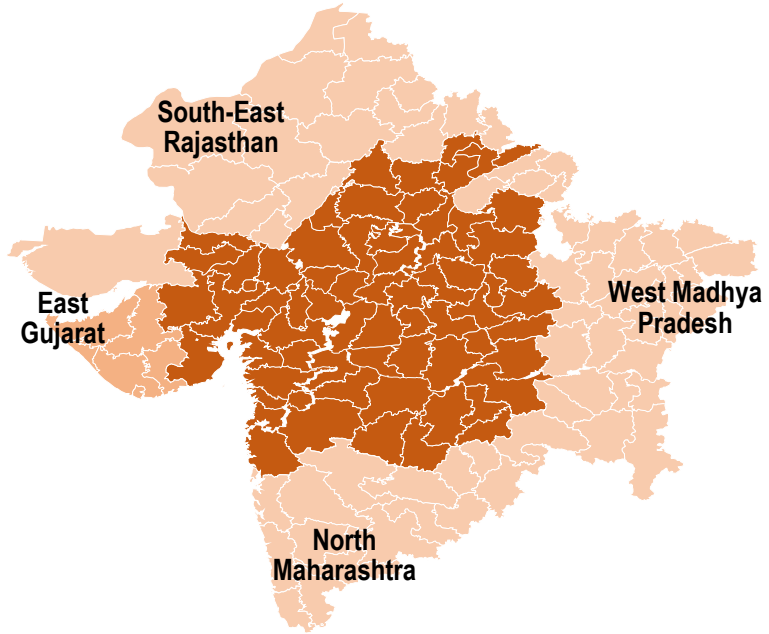
- ▶ SCL will fund the entire equity portion capex for the construction of a ~1 MTPA facility along with captive WHR power plant
- ▶ Addition of around 60 mn tons of limestone reserves
- ▶ Basic civil structures available with the existing plant can be utilized for the project
- ▶ 2-year estimated construction period

Systematic expansion into new markets

Among the largest cement clusters in India

Favorable industry dynamics and strong growth potential

Potential Market



Distance to Nearest Cities

- ▶ Indore – 110 Km
- ▶ Vadodara – 260 Km
- ▶ Bhopal – 315 Km
- ▶ Ahmedabad – 330 Km



Capacity	
Cement	1.5 MTPA
Product Mix	PSC – 90% PPC – 10%

Project funding	
Term Debt	INR 2,000 mn
Equity	INR 1,080 mn
Total project cost	INR 3,080 mn



Key Highlights

- ▶ JCPL has been allocated ~27 acres of land in the Kalinga Nagar Industrial Area, Jajpur.
- ▶ SCL will acquire the entire shareholding from the current promoters and obtain requisite approvals to construct a 1.5 MTPA cement grinding facility.
- ▶ Clinker will be sourced from the Matampally plant of SCL

Accessibility

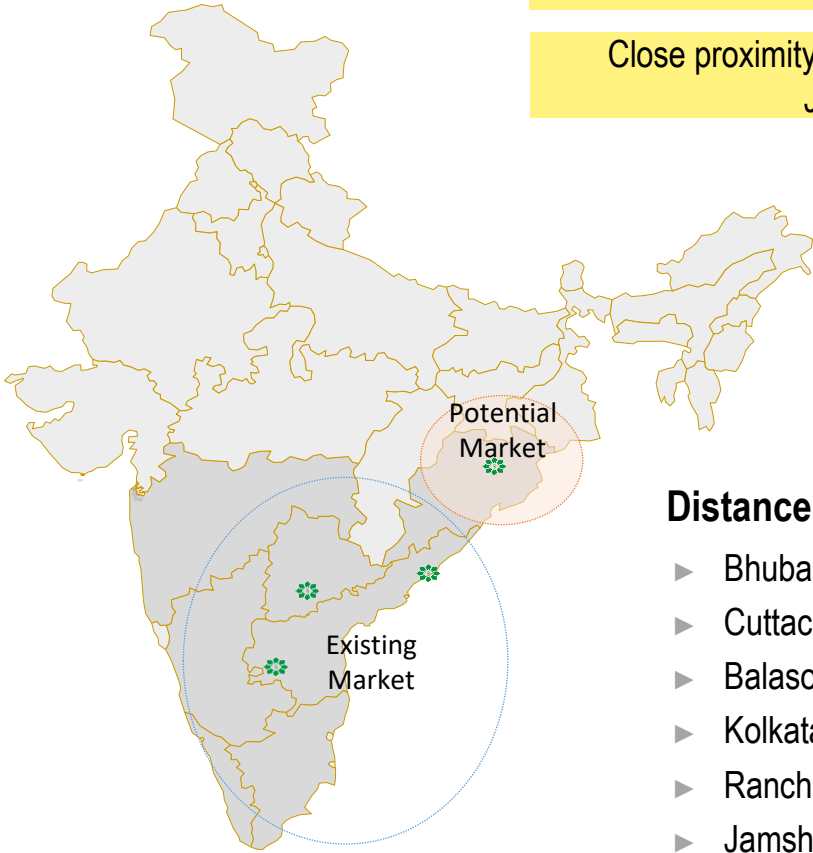
- Nearest Railway Station: **Jajpur - 8kms**
- Nearest City: **Cuttack - 91kms**
- Nearest Highway: **NH20 alongside the industrial area**
- Nearest Airport: Bhubaneswar - **108kms**
- Nearest River: Brahmani - **20kms**

Systematic expansion into new markets

Fast growing cement market with favorable industry dynamics.

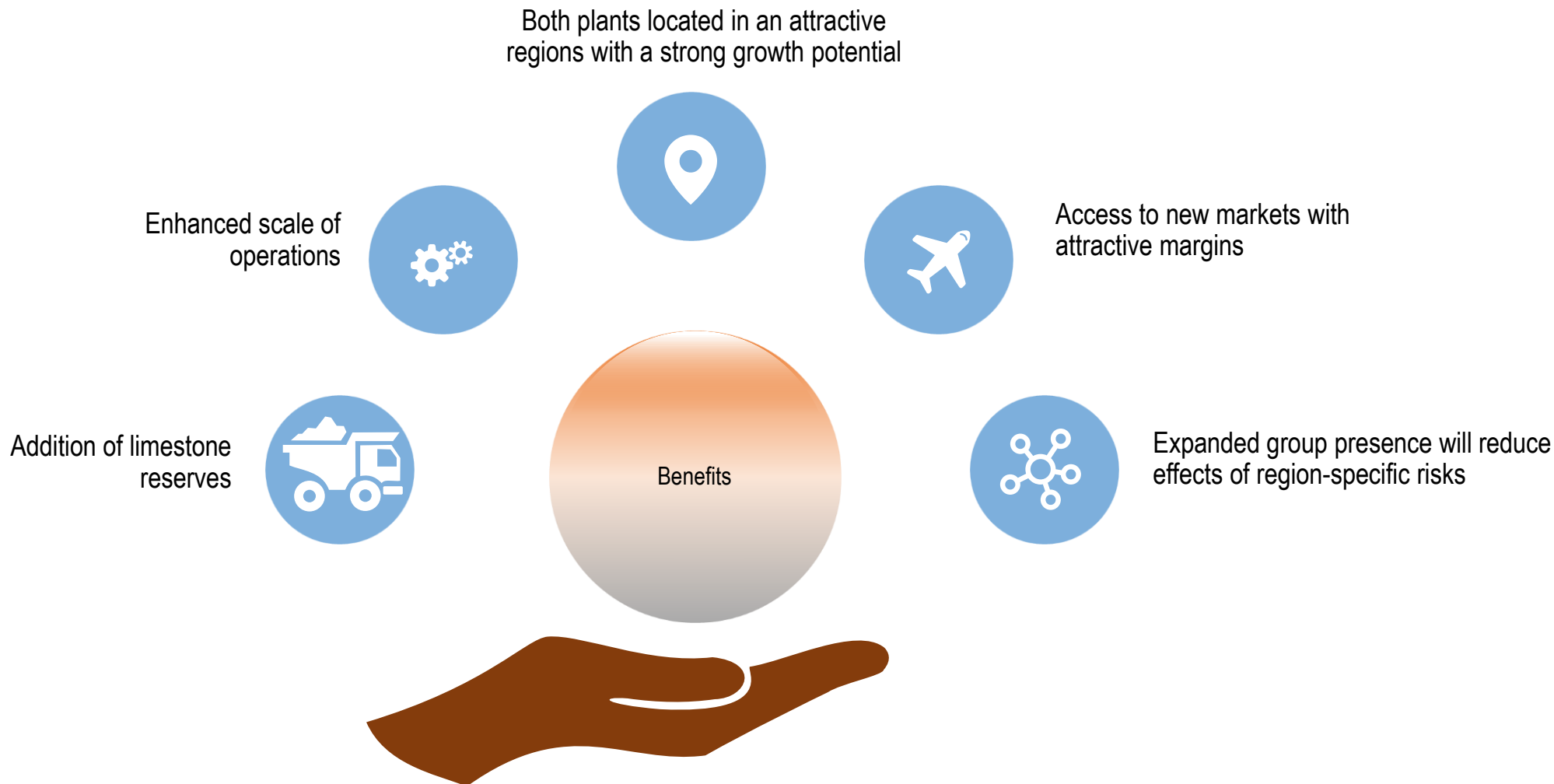
Close proximity to North coastal Odhisha, West Bengal, Jharkhand & Chhattisgarh.

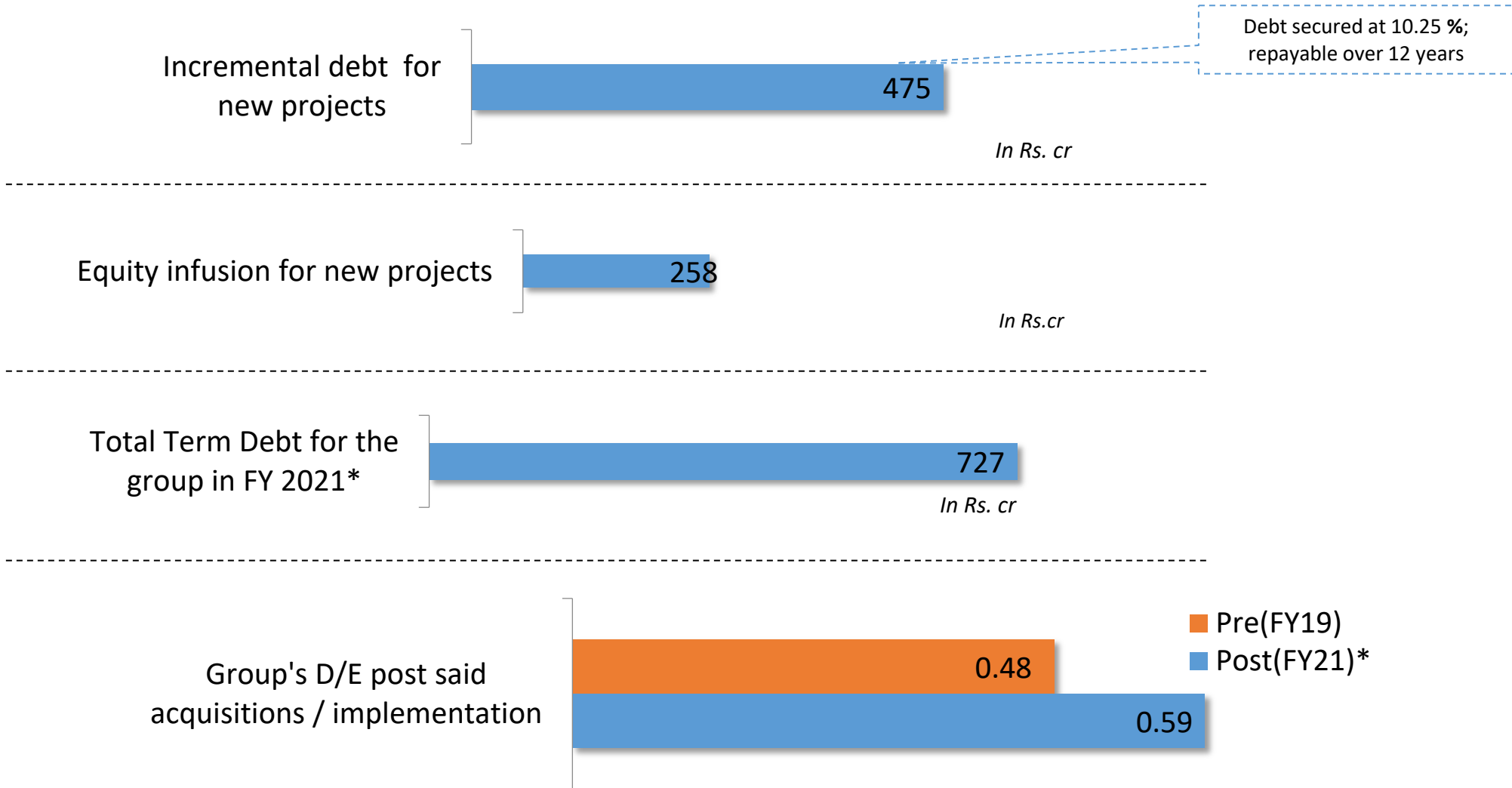
Potential Market



Distance to Nearest Cities

- ▶ Bhubaneshwar – 105 Km
- ▶ Cuttack – 83 Km
- ▶ Balasore – 129 Km
- ▶ Kolkata – 375 Km
- ▶ Ranchi – 375 Km
- ▶ Jamshedpur – 283 Km





*Based on current business position and plans