



# SAGAR CEMENTS LIMITED

SCL:SEC:NSE:BSE:2019-20

22nd May 2019

The National Stock Exchange of India Ltd.,  
"Exchange Plaza", 5<sup>th</sup> 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 financial results**

Further to our letter of date, we are sending herewith a copy of the Press Release being issued by us in connection with the audited financial results for the quarter and year ended 31<sup>st</sup> March 2019.

Thanking you

Yours faithfully  
For Sagar Cements Limited

R.Soundararajan  
Company Secretary

Encl





# Sagar Cements Limited

Q4 & FY19

Results Presentation



# Sagar Cements - Snapshot



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 : 5.75 MTPA.

Captive power capacity of 61.35 MW includes 18 MW Thermal power plant under implementation, expected commissioning June 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)

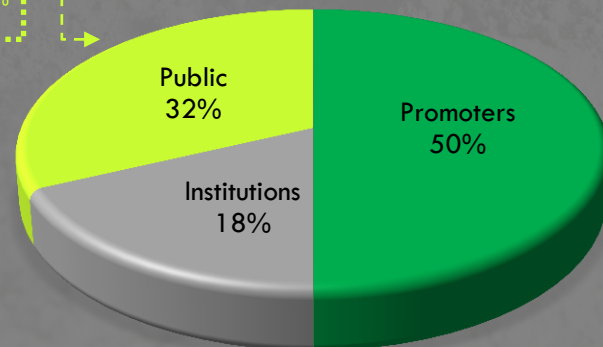
Strong brand built over the last 3.5 decades – “Sagar Cement”

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 holds 17.6% equity stake in the Company.

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

## Shareholding Pattern - March 2019

Public holding includes AvH Group's ~17.6% stake



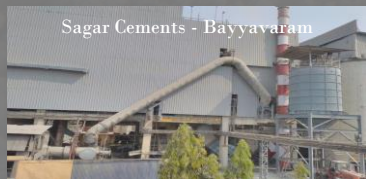
Note: \*Promoter group holding of 50% includes 1.5% held by APIDC

## Capital Market Metrics

Listed on	BSE & NSE
CMP (INR)*	622.50
M-Cap (INR mn)	~12,700
52 week high (INR)	~958.70 (28 <sup>th</sup> May 18)
52 week low (INR)	~528.15 (19 <sup>st</sup> Feb. 19)

\*Market price at close on 22 May 2019

# Overview



## Clinker Capacity

Facility	Capacity MTPA
SCL	2.80
SC (R)	1.00
<b>Total Clinker Capacity</b>	<b>3.80</b>

- Fully integrated & automated facilities
- Distribution – Strong network of ~1,350 dealers; Channel Mix – Trade 44% : Non Trade 56%
- Track Record of consistent profits, successful inorganic and organic expansion initiatives
- Strong Financial Performance: FY19 revenue stood at INR 12,204 mn with an EBITDA of INR 1,523 mn

## Cements Capacity

Facility	Capacity MTPA
Sagar Cements –Mattampally, Suryapet District, Telangana	3.00
SC (R) – Gudipadu, Anantapur, Andhra Pradesh <sup>1</sup>	1.25
Sagar Cements – Bayyavaram, Visakhapatnam, Andhra Pradesh	1.50
<b>Total Cement Capacity</b>	<b>5.75</b>



## Power Plants

Facility	Capacity MW
Sagar Cements – Thermal Power (Under Implementation. Expected Commissioning by June 2019)	18 MW
Sagar Cements – Waste Heat Recovery Power Plant at Mattampally	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 at Mattampally	1.25 MW
SC (R) – Thermal Power Plant at Gudipadu	25 MW
<b>Total Capacity</b>	<b>61.35 MW</b>



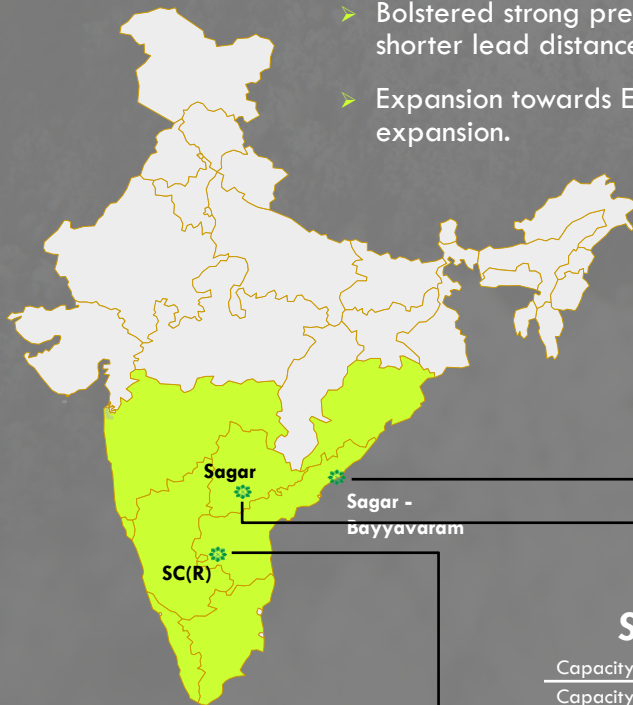
# Market Footprint



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

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

Strategically located to reap a significant locational advantage



## 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 (FY19)	60%
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

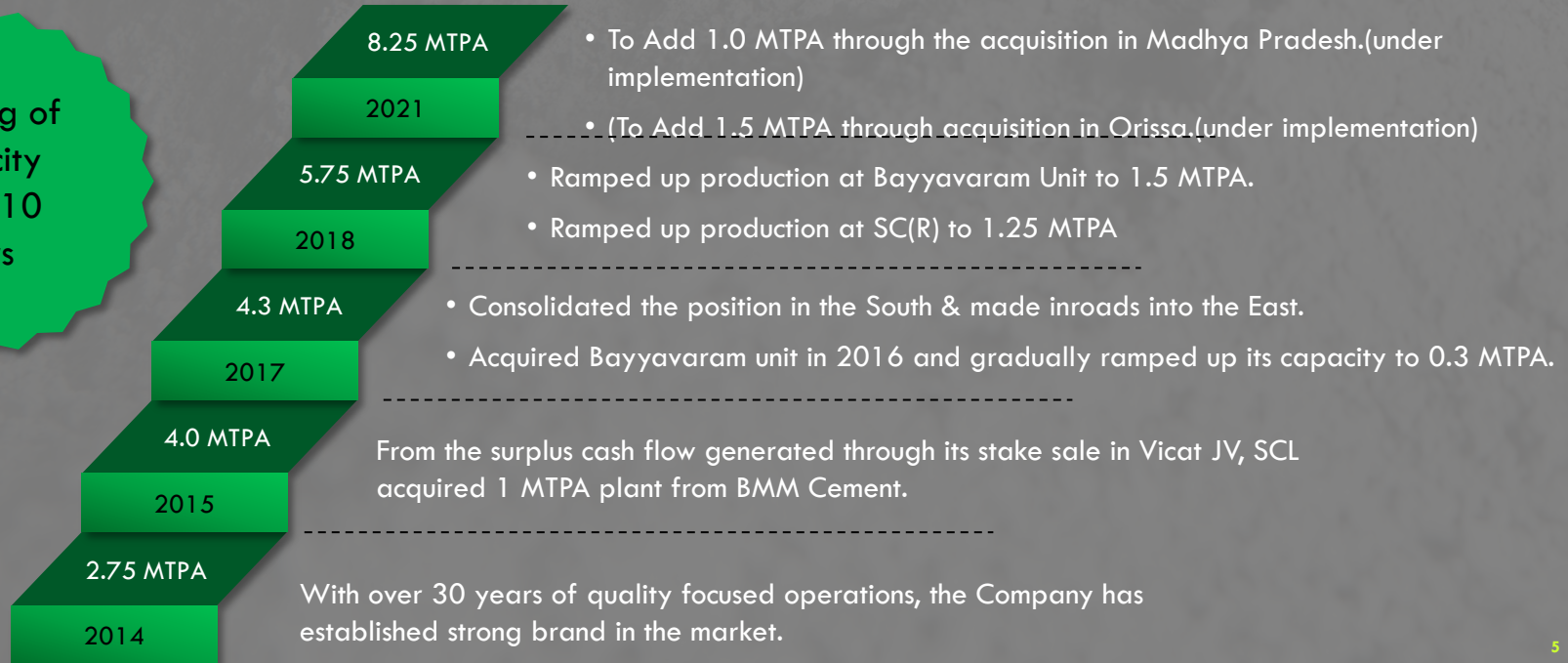
Capacity	1.25 MTPA
Capacity utilization (FY19)	74%
Key Markets	AP, Karnataka, TN
Limestone reserve	Over 174 mn tonnes (20 yr lease)
Captive power	25 MW

# Business Objective

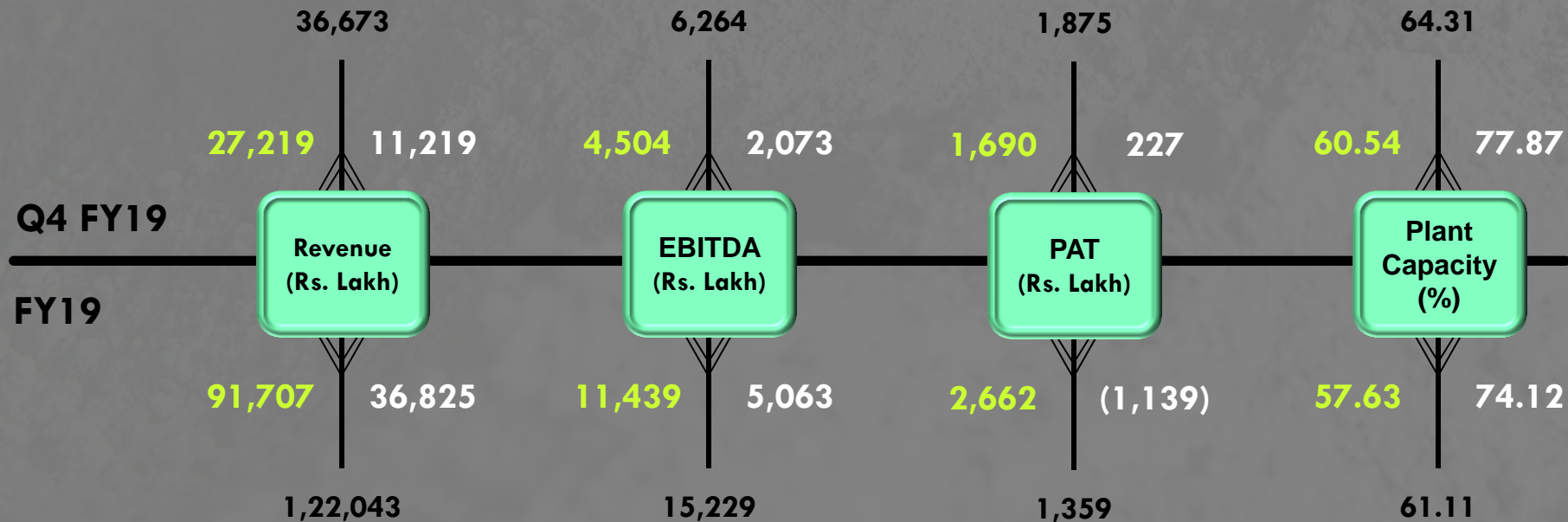


- To be a niche but effective cement and clinker manufacturer across chosen markets
- Emphasis on efficiency and quality of operations – to be one of the lowest cost manufacturer in each of our designated market

**Doubling of Capacity every 10 years**



# Performance Highlights

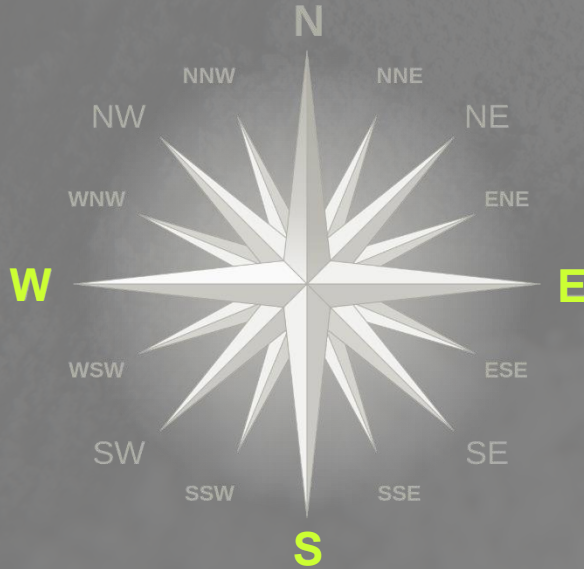


The Board at its meeting has recommended for approval of the shareholders a dividend of Rs.2.50 per equity share (25 %) on the 2, 04, 00,000 equity shares of Rs.10/- each for the year 2018-19.

# Industry Overview



- Prices in Maharashtra improved on a sequential basis aided in part by higher prices in South



- Demand momentum remained strong
- Prices remained steady on a sequential basis

**Perspective**  
**on**  
**Cement**  
**Prices**

- Strong volume growth across key markets aided by higher off-take in infra segment
- Prices remained firm on the back of steady demand



# Jt. Managing Director's Comment

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

*"We have ended FY19 on a strong note – having delivered a healthy revenue and profitability growth of 292% on QoQ basis. The improved performance was driven by robust volume growth and improved realizations.*

*Softening of raw material prices during the end of the fiscal coupled with our strategic cost rationalizing initiatives resulted in improving operational profitability and margins. We have made significant progress towards lowering the operational cost – captive power plant, expansion of Waste heat recovery plant and grinding unit the combination of which will help us further, to serve our markets more economically.*

*Further, the acquisition of Satguru cement & Jaipur Cements will help us diversify and meet the demand of growing markets without straining our balance sheet.*

*Looking ahead, we expect to deliver steady and consistent performance and create value for all our stakeholders."*



# Sagar Cements - Business Overview



Higher revenue growth on the back of strong volume growth and better pricing environment



Improved realisations coupled with benign / steady input costs resulted in margin expansion

Strategic acquisitions – Satguru Cement Pvt .Ltd & Jaipur Cements Private Limited to drive future growth



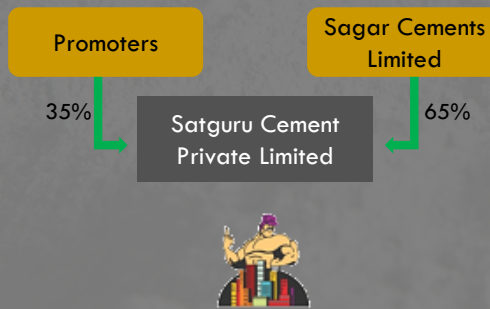
Outlook remains positive on the back of government's focus on infrastructure and housing.

# Key Operational highlights - Acquisition



## Proposed Acquisition: Satguru Cement Private Limited

- ▶ SCL will fund the 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
- ▶ 2-year estimated construction period



### Capacity

Cement	~1 MTPA
	Along with WHR Power Plant

### Project funding

Term Debt	INR 2,750 mn
Equity	INR 1,500 mn
<b>Total project cost</b>	<b>INR 4,250 mn</b>

## Jajpur Cements Private Limited Overview

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



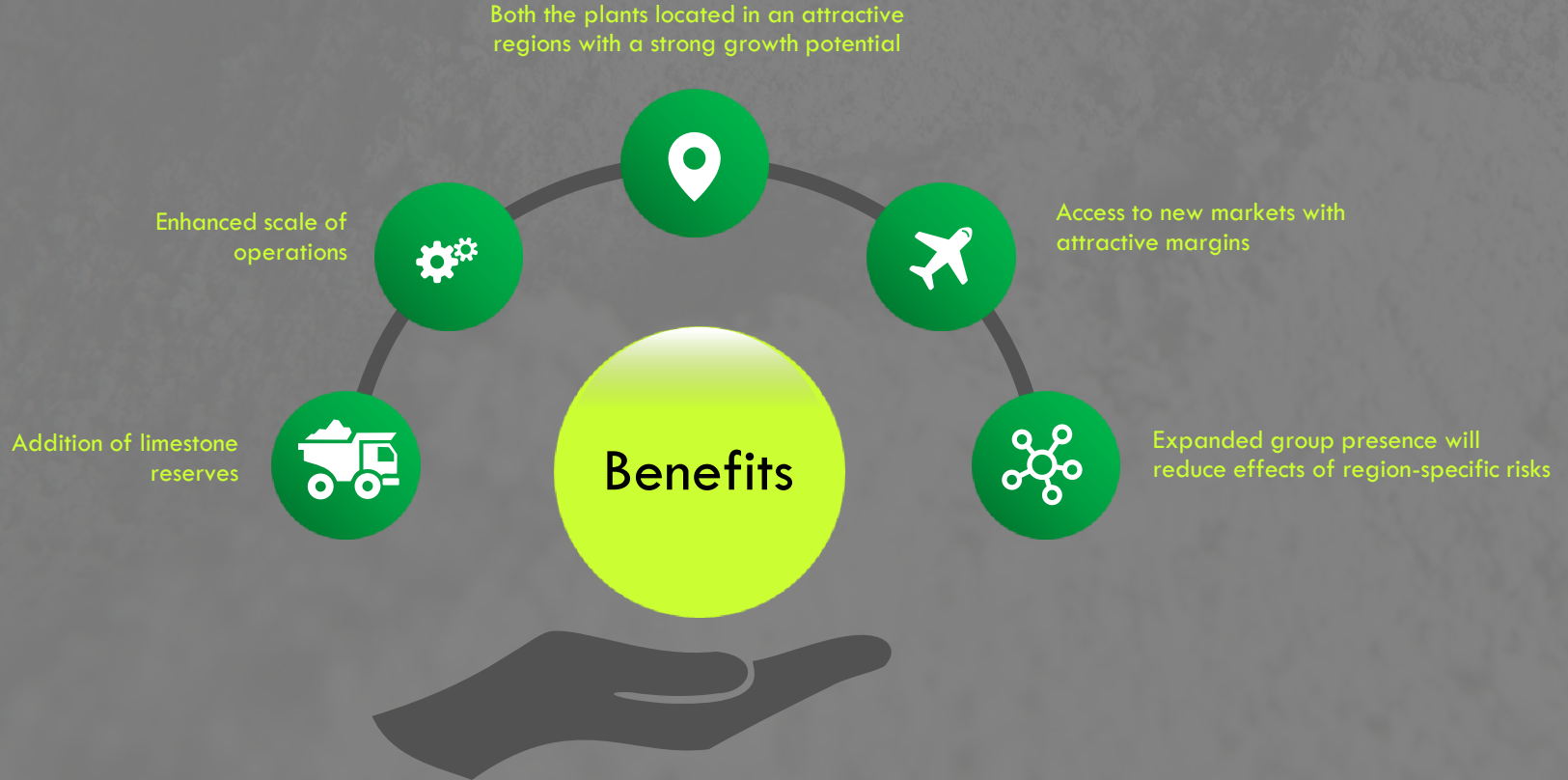
### Capacity

Cement	1.5 MTPA
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### Project funding

Term Debt	INR 2,000 mn
Equity	INR 1,080 mn
<b>Total project cost</b>	<b>INR 3,080 mn</b>

# Acquisition Benefits



# Project Updates



ESP



CHIMNEY



BOILER



ACC



ASH SILO



DM TANK



## Implementation of 18 MW, coal based Captive Power Plant

- Location: Mattampally, Suryapet, Telangana
- Expected commissioning: June 2019

# Plant Utilization



## Mattampally Plant

Cement	Utilisation (%)
Q1 FY17	57
Q2 FY17	44
Q3 FY17	41
Q4 FY17	55
Q1 FY18	56
Q2 FY18	51
Q3 FY18	56
Q4 FY18	66
Q1 FY19	62
Q2 FY19	61
Q3 FY19	59
Q4 FY19	60

## Bayyavaram Plant

Cement	Utilisation (%)
Q1 FY17	-
Q2 FY17	-
Q3 FY17	51
Q4 FY17	68
Q1 FY18	57
Q2 FY18	57
Q3 FY18	81
Q4 FY18	96
Q1 FY19	82
Q2 FY19*	23
Q3 FY19	54
Q4 FY19	62

## Gudipadu Plant

Cement	Utilisation (%)
Q1 FY17	62
Q2 FY17	71
Q3 FY17	64
Q4 FY17	71
Q1 FY18	64
Q2 FY18	63
Q3 FY18	70
Q4 FY18	84
Q1 FY19	80
Q2 FY19	56
Q3 FY19	81
Q4 FY19	78

\* Production capacity increased during Q2  
Fy-19 from 0.3 MTPA to 1.5 MTPA

# Thermal Fuel Prices



Q2 FY18 Coal: Pet coke mix was 9:91

Q3 FY18 Coal: Pet coke mix was 45:55

Q4 FY18 Coal: Pet coke mix was 81:19

Q1 FY19 Coal: Pet coke mix was 64:36

Q2 FY19 Coal : Pet coke mix was 25:75

Q3 FY19 Coal: Pet coke mix was 45:55

Q4 FY19 Coal Pet coke mix was 9 : 91

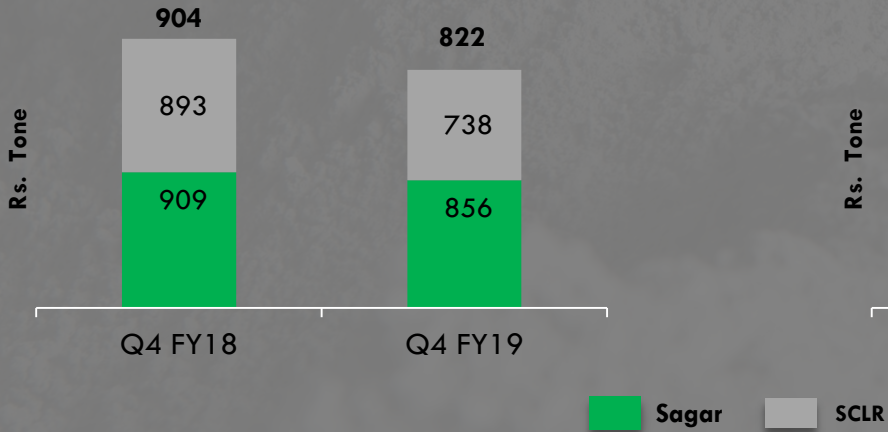
## Thermal Fuel Cost (Rs. / Tonne)

		Q1	Q2	Q3	Q4	
Coal	Average	FY18	6,148	6,082	6,533	5,910
Pet coke			7,016	7,581	8,079	8,251
Coal	Average	FY19	5,146	5,125	5,250	5,197
Pet coke			8,577	9,452	9,840	9,529

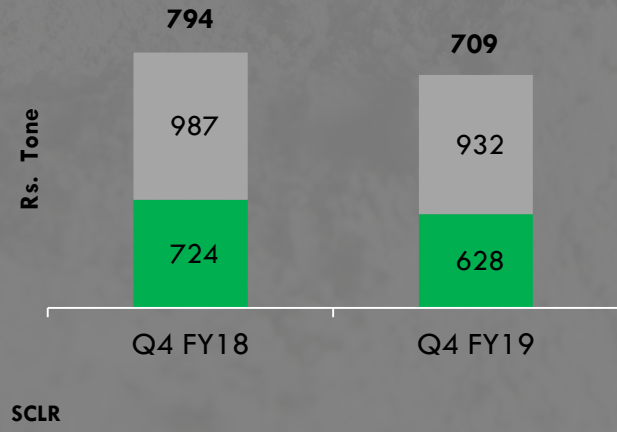
# Cost Overview



## Avg. Fuel Cost Per Tonne



## Freight Cost per Tonne



- Gudipadu Plant has stabilized itself and is, currently using pet coke & coal resulting in a lower fuel cost.
- Optimization of thermal efficiency has resulted in lower per ton cost of fuel.

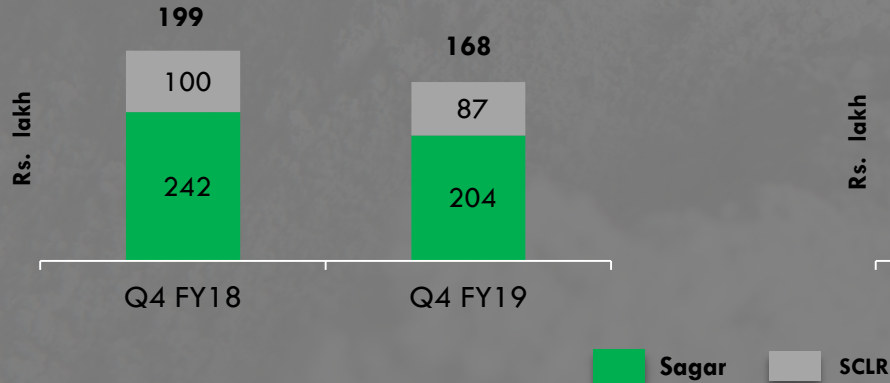
- Weighted average freight cost per ton decreased due to optimization of lead distance.



# Cost Overview

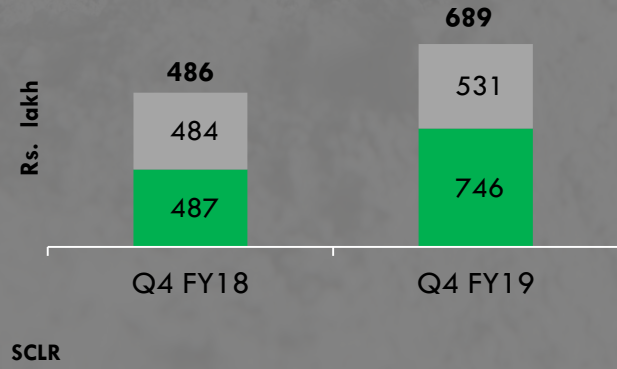


## Employee Cost per ton of Cement



- Employee costs during Q4 FY 19 amounted to Rs. 168 per ton on console basis as against Rs. 199 per ton during Q4 FY18.

## Raw Material Cost per ton of Cement



- Material cost per ton during Q4 FY 19 on console basis was Rs. 689 per ton as against Rs. 486 per ton during Q4 FY18. Higher Raw Material cost during Q4 FY19 is on account of higher production of blended cements.

# Production & Sales in Q4 FY19 and Dispatches



Description	Sagar Cements Ltd Qty in MT	Sagar Cements ( R ) Ltd Qty in MT	Consolidated Qty in MT
Clinker	5,03,538	1,98,276	7,01,814
Cement Production / Purchase	7,08,749	2,43,353	9,52,102
Cement Sales	6,93,354	2,50,855	9,44,209

## Consolidated Dispatch Details

TPT	Q1 FY18	Q2 FY18	Q3 FY18	Q4 FY18	Total
BY ROAD	6,12,088	5,61,140	6,80,048	7,70,949	26,24,225
BY RAKE	13,594	13,262	0	0	26,856
<b>TOTAL</b>	<b>6,25,682</b>	<b>5,74,402</b>	<b>6,80,048</b>	<b>7,70,949</b>	<b>26,51,081</b>

TPT	Q1 FY19	Q2 FY19	Q3 FY19	Q4 FY19	Total
BY ROAD	7,43,053	7,19,364	9,21,575	9,41,937	33,25,929
BY RAKE	0	0	0	0	0
<b>TOTAL</b>	<b>7,43,053</b>	<b>7,19,364</b>	<b>9,21,575</b>	<b>9,41,937</b>	<b>33,25,929</b>

# Key Balance Sheet Items



Rs. In Lakh	Sagar Cements Ltd.	Sagar Cements ( R ) Ltd.	Consolidated
Gross Debt	28,378	29,193	50,404
- Long Term	17,723	25,962	36,518
- Working Capital	10,655	3,231	13,886
Cash & Bank Balance	2,806	144	2,950
Debt Equity Ratio (%)	0.20	4.18	0.43
Net Worth	90,169	6,208	84,383
Investments	27,528	0	0

*As of Mar' 2019*



## For further information contact:

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### 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*