

Expanding our wings, responsibly



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Dear Stakeholders,

At the outset, we would like to thank every one of you, who has stood with us in times thick and thin, and especially through testing times such as the pandemic. With your support, we continue to grow, deliver and create shared value for everyone.

FY2022 was a year of strategic growth for us at Sagar Cements. We could complete and commission our projects in Madhya Pradesh and Odisha, both of which add to our overall geographic presence, market access, production capacity and sustainability goals. The kickstarting of the plants at these locations also marks an important milestone in our journey to achieve our FY 2025 goal of hitting 10 MTPA in installed capacity.

FY 2022 was also equally a year of resilience. We can say with fair confidence that we had resurged with the market in the previous fiscal, and the journey continues, enabled by a buoyant demand scenario, and increased public expenditure. However, this year was marked by headwinds in terms of input costs, which tapered our profitability compared to a year ago. Through targeted cost measures, inventory management, and strategic sourcing, we were able to cushion the impact to the best possible extent.

Operational performance

- Volume growth of 14% over previous year
- 46% of cement produced belongs to the blended cement category

Plant	Capacity utilisation		
Mattampally	Gudipadu	Bayyavaram	
54%	74%	61%	
Jeerabad	Jajpur		
29%	9%		

- 3.6 million tons of finished goods were transported by road while 0.0068 million tonnes of cement were moved via rail. Yearly lead distance factor stood at 294 km
- Additional cost impact from input prices
- Steps taken to lower cost of operation, such as using a mixture of petcoke and coal to mitigate pricing risks, reducing freight costs and improving margins through the completion of our plants in MP and Odisha

Financial performance

Financial performance was led by a buoyant environment, cost control, and efficiency improvement.

FY2021	FY2022
Revenue: ₹1,371 Crores	₹1,597 Crores 16% ▲
Operating profit: ₹400 Crores	₹276 Crores (31%) ▼
PAT: ₹186 Crores	₹59 Crores (68%) ▼

Our net worth has increased 5X in the past Ten years.

ESG is central to everything we do

As an established player in the cement space, we understand the role we can play in mitigating carbon emissions in our value chain. Towards this end, we are progressively increasing the percentage of blended cement in our portfolio, which

will reduce the amount of clinker per tonne of cement. This is enabled by our recent expansion into markets, which commonly use blended cement. Together with other initiatives, we are thus reducing our overall carbon intensity, which stood at 603.35 kg net Co2/MT (Scope1) excluding onsite power.

Our state-of-the-art technology also enables us to reduce our overall stack emissions and waste, by re-directing our waste and wastewater into effective recycling. In FY2022, we also harvested 30% of rainwater received.

We continue to promote the interests of our communities that offer us our social licence to operate. Our involvement with our communities is one of meaning and trust, that goes beyond the construct of transactional CSR.

A future of transition and growth

As we look forward, we can say with reasonable confidence that our industry, and our Company, will significantly impact the way the future shapes up. The cement sector will continue to play a critical role in meeting India's infrastructure needs at the national, institutional, and retail levels. A sustained focus on sustainability will see more innovations and technology adoption that will lead the industry into low-carbon pathways, and contribute to the strengthening of a nation-wide circular economy. At Sagar Cements, we are aligned to these prospects, with our strategic priorities and ESG commitments guiding us in our journey.

As we continue to grow and deliver responsibly, we request your continued support.

Best regards,

Dr. S. Anand Reddy and S. Sreekanth Reddy