



Strategic review

As a value-driven organisation, we continue to align our business strategy with a dynamic operating environment to attune our offerings with customer needs. It not only enables us to fulfil customer expectations but also empowers us to inculcate sustainable practices across our operations.



 Solar Power Plant, Gudipadu Plant





OPERATING CONTEXT

Aligned with evolving market dynamics

Cement consumption in India has historically shown a strong 1.2x correlation with GDP growth, creating a robust tailwind for the sector. As the world's second-largest cement producer, India's cement production capacity is expected to grow at a four-year CAGR of 4-5% by FY 2027. Despite softer growth in FY 2025, the industry remains poised for better days ahead, mostly fuelled by demographic factors, low per capita consumption and the government's focus on infrastructure development, smart cities and affordable housing.

[Source](#)

Key factors driving cement demand



Urbanisation and housing shortage

India, the world's most populous country, is experiencing rapid urbanisation, with the urban population expected to grow 36% to 40% by 2030. This growth drives demand for residential and commercial infrastructure, boosting cement consumption. The average household size has decreased from 5.3 in 2011 to 4.6 in 2019, increasing the need for more residential units. A recent CII-Knight Frank report estimates a ₹ 67 trillion market opportunity for affordable housing, which bodes well for sustained cement demand.

[Source](#)



Low per capita consumption

India's per capita cement consumption stands at just 240 kg significantly below the global average of 540 kg—indicating significant headroom for growth as India continues on its high economic growth trajectory.

[Source](#)

63 Crores
Urban population of India by 2030

[Source](#)

~260 kg
Per capita cement consumption against world average of 540 kg

[Source](#)

~71 Crores
The stable-income group population of India by 2030

[Source](#)



Government's focus on infrastructure

The Indian government prioritises infrastructure development as a key driver of economic growth and social progress. The ₹ 11.21 Lakhs Crores infrastructure push in Budget 2025-26, with allocations for housing, roads, and industrial projects, will boost cement demand. Key schemes like PM Awas Yojana, middle-income housing, and industrial housing, along with investments in highways, tourism, and regional development, will fuel construction activity, supporting both short-term growth and long term expansion under Viksit Bharat 2047.

[Source](#)

₹11.21 Lakh Crores
Budgetary support for infrastructure in FY 2026

[Source](#)

31.2 Million units
Shortage of housing units by 2030

[Source](#)



OPERATING CONTEXT



Our response

The Indian cement industry will play a key role in building a New India, and we are positioned to capitalise on this opportunity by expanding production capacity, broadening geographic reach and enhancing operational efficiency, all while prioritising sustainability. Our organic growth strategy includes debottlenecking and upgrading facilities, alongside expanding into Eastern and Central markets.

Increase in capacity

Enhancing operational efficiency

Operational efficiency is being improved in fuel and freight management, supported by strong limestone resources and the implementation of advanced processes across plants. We have world-class cement manufacturing plants equipped with the latest technological systems, such as dry kilns with waste heat recovery systems, six-stage preheaters, and vertical roll mills. Additionally, we have 102.98 MW of captive power plant capacity to ensure our power security at competitive prices. Railway sidings are also utilised to optimise logistics.

Sustainability in every aspect

By adopting energy-efficient technologies, utilising alternative fuels, optimising production processes and incorporating GreenCo certified products, we are committed to sustainable construction practices, contributing to a more sustainable future for both the industry and the country.

10.50 MTPA
Installed capacity



BUSINESS STRATEGY

Responsible by design

At SGC, our commitment to growth is grounded in resilience and responsibility. In a dynamic and competitive industry, sustainable progress demands adaptability, innovation and accountability. To this end, we have defined three interlinked strategies that serve as the foundation of our growth agenda: Boosting Growth Momentum, Building a Resilient Model and Integrating ESG into our Core Operations. Each of these strategies address a key dimension of our business, ensuring growth not only in size but also in strength, sustainability and purpose.

These strategic pillars are designed to scale operations, adapt to market shifts, strengthen our internal ecosystem and lead with environmental and social responsibility. Together, it enables us to pursue long term value creation for all stakeholders while staying firmly aligned with our vision of doubling capacity every ten years.

Our strategy for growth

- S1** Boosting growth momentum
- S2** Building a resilient model
- S3** Integrating ESG into our core operations



Central Control Room Dacheppalli plant



BUSINESS STRATEGY

S1

Boosting growth momentum

We are constantly expanding our footprint with a vision of doubling capacity every decade - a goal that reflects our confidence in a constantly evolving market.

This year, we advanced our capacity-building agenda by investing in critical infrastructure. Our Dachepalli plant is constructing a new preheater to increase our cement capacity from 2.25 MnT to 3.00 MnT, improve energy efficiency and optimise production. We are also establishing a new line at our Jeerabad plant in Madhya Pradesh to sustain operational growth.

We have optimised the performance of our existing facilities using cutting-edge technology. Our focus remains on scaling sustainably and aligning our growth efforts with market demand while fulfilling our environmental responsibility.

 New Preheater Installed at Dachepalli Plant, Andhra Pradesh



Strategic expansion

Capturing the upcycle in southern markets

- ◆ The strategic acquisition of Sagar Cements (R) Limited (SCRL) has strengthened our footprint in South India, enhancing access to key markets and ensuring short lead distances.
- ◆ Similarly, the acquisition of Andhra Cements Limited (ACL) has facilitated deeper market penetration, enabling us to tap into new customer bases and expand market share.

Expanding market reach in eastern and central markets

- ◆ Bayyavaram Grinding Unit (1.5 MTPA): Strategically located with access to slag availability and clinker from the mother plant, enabling cost-effective production and distribution.
- ◆ Jajpur Grinding Unit in Odisha (1.5 MTPA): Strengthened our presence in the Eastern markets due to easy access to slag and clinker.
- ◆ Jeerabad Integrated Plant (1 MTPA) in Madhya Pradesh: Dedicated to serve the high-demand regions of Madhya Pradesh, Gujarat and Maharashtra, solidifying our presence in Central India.
- ◆ Debottlenecking and upgrading plants: We enhance plant efficiency and output through continuous process improvements.
- ◆ Pursuing organic and inorganic growth strategies: Strategic acquisitions and greenfield expansions are solidifying our leadership in the cement sector.

 Accessing new markets in Central and Eastern India



Financial prudence

We execute our expansion initiatives without compromising our financial strength:

- ◆ We pursue expansion plans with minimal leverage, safeguarding the Company's financial stability.
- ◆ A strong focus on cost control enables us to keep capital expenditure within inflationary bounds, thereby preserving shareholder value and profitability.



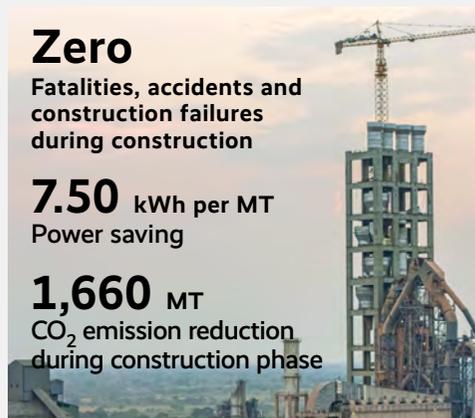
BUSINESS STRATEGY

S2
Building a Resilient Model

We are building an agile, robust and responsive business model with a focus on operational excellence, financial foresight, digital transformation, innovation and human capital development.

Our people remain central to this journey. We are committed to their growth and well-being. This year, we deployed the Integrated HRMS platform across all locations to streamline HR processes such as payroll, onboarding, leave and communication. This digital shift enables more intelligent workflows and effective organisational decision-making.

With PXP software and automation across our plants, we embrace a future-oriented mindset that integrates economic and ecological sustainability. These efforts equip us to manage volatility, navigate disruption and consistently deliver value.



Zero
Fatalities, accidents and construction failures during construction

7.50 kWh per MT
Power saving

1,660 MT
CO₂ emission reduction during construction phase

CASE STUDY



Smart preheater built with 100% PPC

With an aim to lower thermal power consumption and thus reduce energy costs and carbon footprint, we installed a smart preheater with a height of 153 meters at our Dachepalli plant. The project began in February 2024 with the construction of a new preheater building, featuring a six-stage cyclone system with a pyroclone for better heat recovery.

Unique efforts

- ◆ Used Reinforcement rebar couplers over traditional Lapping & Welding methods.
- ◆ Installation of New energy efficiency burner.
- ◆ Installation of New Coriolis feeder in place of solid flow meter for coal.
- ◆ Modification of Cooler take off with suitable TAD for higher AFR usage.
- ◆ Installation of new 6 stage ILC preheater in place of existing 4 & 5 stage SLC preheater.

Construction Phase

The construction of pre-heater was completed 117 days in advance against the scheduled timeline with zero fatalities, accidents and construction failures during construction. The use of PPC in construction of the building, led to an estimated avoidance of 1,660 tCO₂e GHG emissions.

Benefits envisaged

Following implementation, kiln power use is projected to drop from 28.50 kWh to 21.00 kWh per tonne of clinker, saving around 7.50 kWh per tonne. Thermal energy consumption is estimated to fall from 770 kcal/kg to 710-720 kcal/kg of clinker, improving efficiency by 50-60 kcal/kg.

With real time monitoring and data-driven tracking, the preheater upgrade sets a new benchmark for intelligent manufacturing at Dachepalli.

S3
Integrating ESG into our core operations

We embed ESG principles deeply into our operations to embark on a journey of environmental stewardship and social responsibility. Guided by our ESG vision— 'Positive transformation of the environment around us; the people amidst us; and the conduct among us'—we are committed to responsible growth.

We marked a major milestone this year by becoming first Indian cement company to have our long term CO₂ reduction targets validated by the SBTi, in line with the Net zero standard for 2050. We have also started reporting to CDP for Climate and Water Security and received a **B rating**. Green power capacity increased to 30 MW with the commissioning of a 6 MW plant at Gudipadu, and we introduced electric vehicles across three sites to support cleaner logistics.

Our ESG Roadmap performance is reviewed regularly across plant, management and board level ensuring continuous improvement and accountability. These steps, therefore, act as strategic enablers for shaping the future of our business. We have implemented measures to optimise fuel, freight and energy costs.

Captive power integration

Ensuring power security at reasonable rates through captive power plants across all units:

25 MW
Thermal Power plant at Gudipadu

8.8 MW
Waste heat recovery System at Mattampally

6 MW
Solar power plant commissioned at Gudipadu Plant

8.3 MW
Hydro power near Bayyavaram Plant

18 MW
Thermal power captive plant at Mattampally

5.3 MW
Waste heat recovery plant at Jeerabad

30 MW
Thermal power plant at Dachepalli



INVESTMENT CASE

Creating a distinct value proposition

From manufacturing to distribution, we adopt best-in-class practices to optimise resource allocation, improve process control and enhance production and distribution efficiency. At Sagar Cements, we integrate sustainability principles across our operations to ensure efficient resource usage and minimise environmental impact, fulfilling our commitment to responsible growth and value creation for all stakeholders.





Strong market presence

Our strategic presence in established and high-growth markets has fuelled our expansion plans and strengthened our market position. Our plants are strategically located near major consumption centres in South India, Maharashtra, Odisha and Madhya Pradesh. It has reduced logistics costs and enhanced market reach with an average lead distance of around 250 km. A robust sales network of 3,173 dealers and 7,127 sub-dealers ensures deep market penetration and strong customer connections. The Jeerabad plant has further expanded our reach into central and western India, while the Jajpur plant strengthens access to northern and central Odisha as well as parts of West Bengal. Our vast geographical footprint enables us to fulfil growing demand and effectively positions us to capitalise on emerging market opportunities.

3,173
Dealers

7,127
Sub-dealers

 PPC Super launched in FY 2025

Strategic capacity expansion

We plan to expand cement production capacity at Gudipadu and Jeerabad plants by 0.25 MTPA and 0.50 MTPA. In addition, we have already initiated the process of enhancing the capacity of the Dachepalli plant clinker capacity from 1.85 MTPA to 2.31 MTPA and cement capacity from 2.25 MTPA to 3.00 MTPA by FY 2026. The capex for the expansion is ₹ 470 Crores.

1.50 MTPA
Planned cement production capacity expansion

0.46 MTPA
Clinker capacity expansion in pipeline

Project execution capability

SGC has consistently demonstrated strong project execution and efficient asset integration capability. Key projects, including the 3 MTPA Mattampally plant, 1.25 MTPA Gudipadu plant, 1.5 MTPA Bayyavram plant, 1 MTPA Jeerabad plant and the 1.5 MTPA Jajpur grinding unit, were all commissioned on time and within budget. We further showcased our integration capabilities with the seamless acquisition of the 2.60 MTPA of Andhra Cements Limited in 2023, unlocking synergies in raw material access, logistics and captive power.

10.50 MTPA
Cement capacity integrated in 6 plants



INVESTMENT CASE

Operational efficiency

We operate fully automated, state-of-the-art facilities across key locations, including a 3 MTPA integrated plant at Mattampally, Telangana, a 1.25 MTPA plant at Gudipadu, Andhra Pradesh, a 1 MTPA plant at Jeerabad, Madhya Pradesh, and a 2.25 MTPA plant at Dachepalli, Andhra Pradesh. Complementing our integrated facilities, we run two 1.5 MTPA grinding units — at Bayyavaram, Andhra Pradesh and Jajpur, Odisha.

We are expanding our footprint across the country with a growing network of 3,173 dealers and 7,127 sub-dealers. Besides, we are improving operational efficiency through our captive power plants, totalling 102.96 MW, where a significant portion of power is generated from sustainable sources.

We also continue to reduce freight costs by shortening lead distances, optimising energy use and enhancing clinker factors.

Unlocking growth synergies through acquisitions

In 2023, we acquired 2.60 MTPA capacity, of Andhra Cements Limited, having plants in Andhra Pradesh. This acquisition enhanced the Company's

overall capacity and its strategic location provided logistical benefits, improving market access and reducing transportation costs.

The acquisition also included a Captive Power Plant, ensuring reliable and cost-effective power supply. It has not only improved operational efficiency and reduced dependence on external power sources. Additionally, it secured access to essential raw material sources, ensuring long term resource security and supply chain stability. These synergies will result in cost optimisation, improved margins and helped to retain our competitive edge, supporting our growth trajectory and fulfilling our commitment to enhance shareholder value.

102.98 MW
Captive power

29.98 MW
Green power

Proximity to critical resources

We have significant limestone reserves, with over 392.30 MnT at Mattampally, 163.50 MnT at Gudipadu, 70.70 MnT at Indore (SCMPL), and 314.90 MnT at Dachepalli, securing a steady supply of this key raw material.

Moreover, the strategic location of our plants near major coal mines (within 150 km) enables us to easily access fuel. We are also located approximately 400 km from ports, facilitating efficient logistics for both imports and exports. Additionally, packing materials are primarily sourced from a group entity, ensuring consistent, cost-effective and reliable supply.

941.40 MnT
Limestone reserve

Robust financials

Our net worth has grown more than fourfold over the past decade. Over the years, we have consistently demonstrated profitable growth and a reliable track record of dividend payouts, reflecting our commitment to maximise returns for shareholders. We also hold a long term debt rating of BBB+.

BBB+
Debt rating