

### Global economy overview

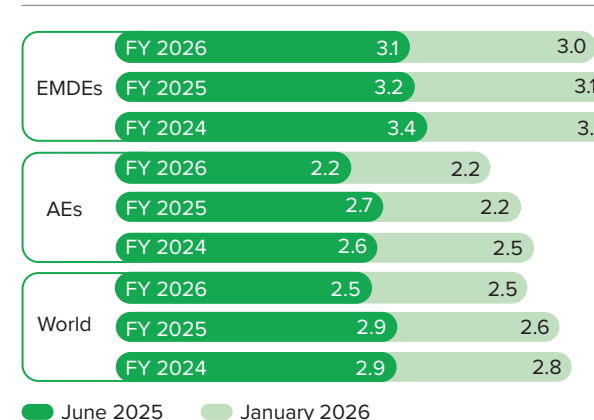
The global economy navigated a challenging yet stabilising environment during 2025, marked by moderating inflation, resilient consumption in select regions, and persistent geopolitical and policy uncertainties. After a period of heightened volatility following pandemic-related disruptions and geopolitical conflicts, economic activity showed signs of consolidation, albeit at growth levels below historical averages. According to the International Monetary Fund (IMF), global GDP growth is estimated at around 3.1% in 2026, reflecting steady but subdued expansion as economies continue to adjust to tighter financial conditions and structural constraints.

Growth momentum remained uneven across regions. Advanced economies witnessed modest expansion, constrained by softer investment activity, high public debt levels and the lagged impact of restrictive monetary policies implemented to curb inflation. In contrast, emerging market and developing economies continued to outperform advanced markets, supported by relatively stronger domestic demand, improving supply chains and policy support, although

growth remained below pre-pandemic trends. Global trade volumes showed gradual improvement during the year, but were tempered by rising trade fragmentation, protectionist tendencies and ongoing geopolitical tensions, which continued to weigh on cross-border investment flows.

Inflationary pressures, which had been a key concern in recent years, showed signs of easing during 2025. Global headline inflation moderated as commodity prices stabilised, supply-side bottlenecks eased and the effects of tighter monetary policies began to take hold. The World Bank projects global inflation to edge down to approximately 2.6% in 2026, moving closer to central bank targets in several advanced economies. However, inflation remained elevated in certain emerging markets, driven by food price volatility, currency pressures and region-specific supply disruptions. Central banks across major economies adopted a cautious policy stance, balancing the need to support growth while ensuring price stability.

### Global CPI inflation projection



The divergence between advanced and emerging economies continued to shape the global economic landscape. Advanced economies such as the United States and the Eurozone recorded moderate growth, reflecting resilient labour markets but subdued capital expenditure and slower productivity gains. Emerging economies, particularly in Asia, remained key contributors to global growth, supported by infrastructure development, urbanisation and expanding middle-class consumption. Nevertheless, external vulnerabilities, including higher borrowing costs and global financial market volatility, posed ongoing risks to growth prospects in these economies.



### Summary of World Output<sup>1</sup>

	(Annual percent change)											
	Average									Projections		
	2007-16	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2030
<b>World</b>	<b>3.4</b>	<b>3.8</b>	<b>3.6</b>	<b>3.0</b>	<b>(2.7)</b>	<b>6.6</b>	<b>3.8</b>	<b>3.5</b>	<b>3.3</b>	<b>3.2</b>	<b>3.1</b>	<b>3.1</b>
<b>Advanced Economies</b>	<b>1.3</b>	<b>2.6</b>	<b>2.3</b>	<b>1.9</b>	<b>(3.9)</b>	<b>6.0</b>	<b>3.0</b>	<b>1.7</b>	<b>1.8</b>	<b>1.6</b>	<b>1.6</b>	<b>1.5</b>
United States	1.5	2.5	3.3	2.6	(2.1)	6.2	2.5	2.9	2.8	2.0	2.1	1.8
Euro Area	0.7	2.6	1.8	1.6	(6.0)	6.4	3.6	0.4	0.9	1.2	1.1	1.1
Japan	0.4	1.7	0.6	(0.4)	(4.2)	2.7	1.0	1.2	0.1	1.1	0.6	0.5
Other Advanced Economies <sup>2</sup>	2.2	1.3	2.5	1.9	(3.9)	6.5	3.4	1.5	2.0	1.6	1.8	1.9
<b>Emerging Market and Developing</b>	<b>5.3</b>	<b>1.8</b>	<b>4.6</b>	<b>3.8</b>	<b>(1.8)</b>	<b>7.0</b>	<b>4.3</b>	<b>4.7</b>	<b>4.3</b>	<b>4.2</b>	<b>4.0</b>	<b>4.0</b>

### Outlook

Looking ahead to 2026, the global economic outlook remains cautiously optimistic but subject to downside risks. While gradual improvement in growth is anticipated as inflation stabilises and financial conditions ease, uncertainties related to geopolitical developments, energy market dynamics and global trade policies continue to cloud the medium-term outlook. Structural challenges such as climate transition risks, demographic shifts and uneven recovery across regions are expected to influence global growth trajectories. Against this backdrop, global economic conditions are likely to remain supportive of long-term infrastructure and construction demand, even as short-term volatility persists.

### Indian economic overview

India continued to demonstrate strong macroeconomic resilience during FY 2026, emerging as one of the fastest-growing major economies globally despite a challenging external environment. According to the Reserve Bank of India

(RBI), India's real Gross Domestic Product (GDP) is estimated to have grown by around 7.4% in FY 2026, supported by robust domestic demand, sustained public capital expenditure and improving private sector investment activity. This growth momentum reflected the structural strength of the Indian economy, underpinned by policy continuity, macroeconomic stability and a resilient financial system.

Domestic demand remained the principal driver of economic growth during the year. Private consumption expenditure benefited from easing inflationary pressures, improved rural demand conditions and steady urban discretionary spending. At the same time, gross fixed capital formation remained buoyant, led by the Government of India's continued emphasis on infrastructure creation. As per the Union Budget FY 2026, capital expenditure outlay was increased to approximately ₹ 11.2 trillion, reinforcing investment across roads, railways, housing, urban infrastructure and logistics. This sustained infrastructure push generated positive multiplier effects across

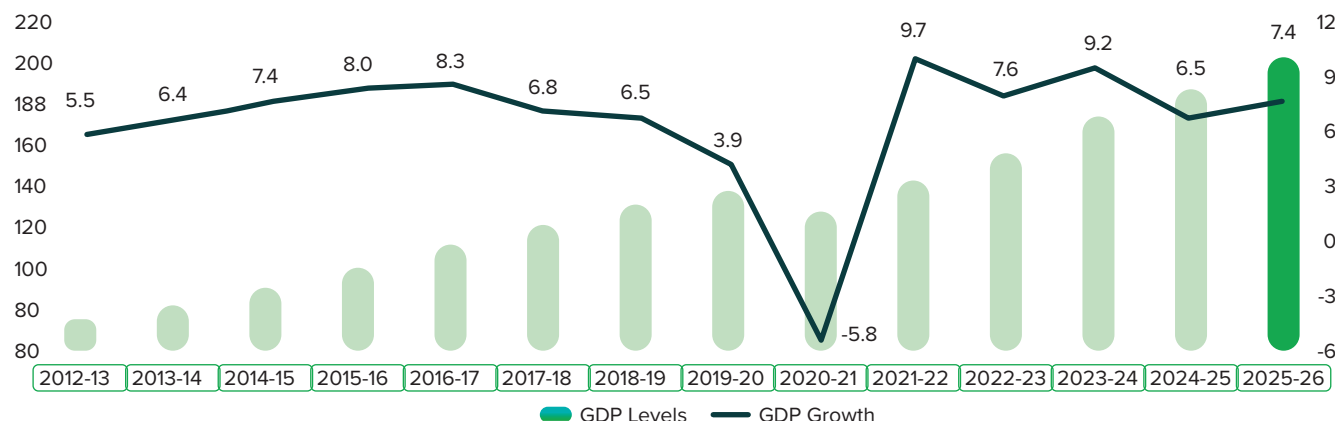
core sectors, including cement, construction materials and allied industries.

Inflationary conditions in India moderated during FY 2026, although intermittent volatility persisted, particularly in food prices. Headline Consumer Price Inflation (CPI) trended closer to the RBI's medium-term target of 4% (±2%), supported by calibrated monetary policy measures, easing global commodity prices and timely supply-side interventions by the Government. The RBI maintained a vigilant and data-dependent approach to inflation management, balancing the need to anchor inflation expectations while supporting economic growth amid an evolving macroeconomic landscape.

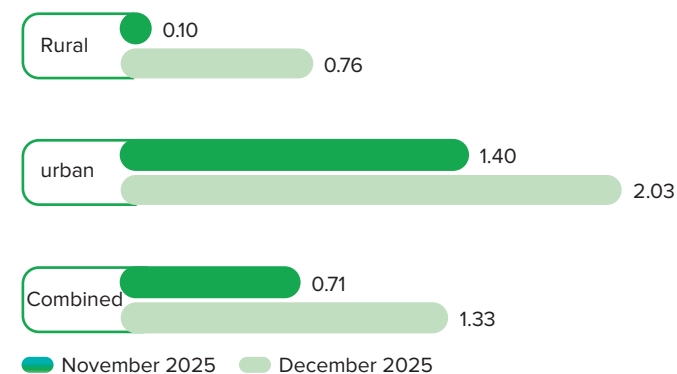
Reflecting a calibrated monetary policy approach, the Monetary Policy Committee (MPC) reduced the policy repo rate to 5.25% during FY 2026, in response to moderating inflation and evolving growth dynamics. The neutral policy stance supported credit availability and economic activity while preserving financial stability. Systemic liquidity conditions were managed proactively to ensure effective transmission of monetary policy signals without compromising inflation objectives. Bank credit growth remained healthy during the year, supporting investment and consumption across key sectors of the economy.

**₹ 11.2 Trillion**  
Union Budget capex outlay in FY2026

### Annual GDP Estimates (in ₹ Lakh Crore) and Growth Rates (%) at Constant Prices



### Inflation rate based on CPI



India's external sector remained resilient amid global volatility. While merchandise exports faced headwinds due to subdued global demand and geopolitical uncertainties, services exports, particularly IT and business services, continued to provide stability. The current account deficit remained at manageable levels, supported by strong remittance inflows and stable capital flows. India's foreign exchange reserves remained comfortable during the year, providing a strong buffer against external shocks and contributing to relative stability of the Indian rupee compared to other emerging market currencies. Structural reforms aimed at improving ease of doing business, boosting domestic manufacturing under initiatives such as Make in India, and accelerating urbanisation further strengthened the medium-term growth outlook.

### Outlook

Looking ahead, India's economic prospects remain favourable, supported by strong macroeconomic fundamentals, favourable demographics, rising urbanisation and sustained infrastructure investment. While risks emanating from global geopolitical developments, climate-related disruptions and external demand conditions persist, India's large domestic market, policy stability and reform momentum position the economy well to sustain growth over the medium term. The macroeconomic environment is expected to remain supportive for infrastructure-led sectors such as cement, which are closely linked to public investment, housing demand and industrial expansion.

### Indian cement industry overview

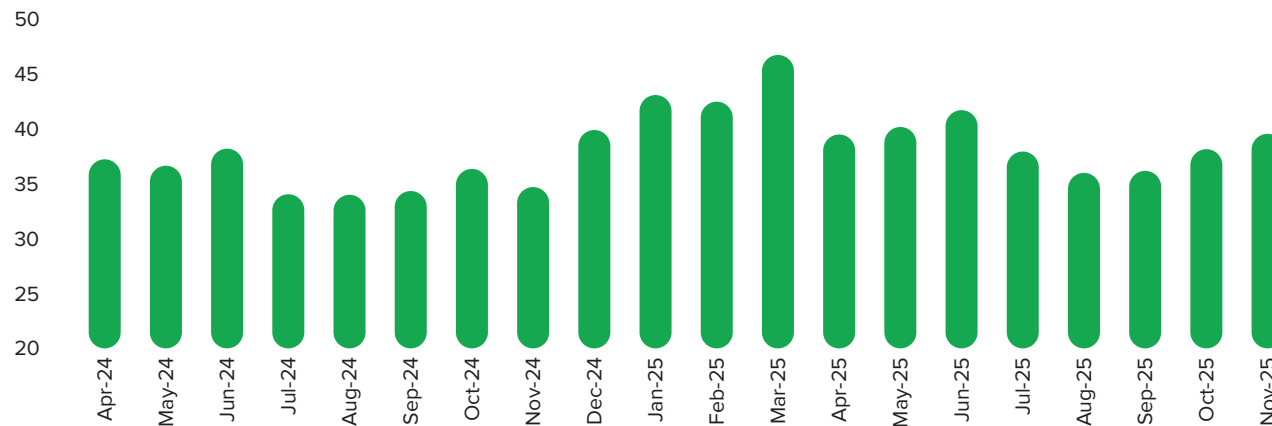
The Indian cement industry continued to demonstrate resilience during FY 2026, supported by sustained infrastructure spending, steady housing demand and gradual recovery in private sector capital expenditure. Cement demand remained closely aligned with broader economic activity, particularly government-led infrastructure development and urban construction, which together accounted for a significant share of consumption during the year. Despite global macroeconomic headwinds, domestic fundamentals remained supportive, positioning the Indian cement industry as one of the key beneficiaries of India's medium-term growth trajectory. During FY 2026, cement demand in India is estimated to have grown in the range of 6-7%, driven primarily by increased spending on roads, railways, urban infrastructure, irrigation projects and affordable housing. The Government of India's continued emphasis on capital expenditure, with a strong focus on asset creation, provided sustained demand visibility for the sector. Large-scale infrastructure projects under national programmes such as highways expansion, metro rail networks, dedicated freight corridors and urban renewal initiatives contributed meaningfully to cement consumption across regions. Housing demand remained another critical driver for the industry. Urban housing activity was supported by steady employment conditions, rising income levels and improved consumer sentiment, while rural demand showed gradual improvement aided by easing inflation and government welfare initiatives. Affordable and mid-income housing segments continued to contribute significantly to cement consumption, supported by policy initiatives aimed at increasing housing availability and improving urban infrastructure. Additionally, commercial real estate activity in select urban centres showed signs of recovery, further supporting cement demand.

From a supply perspective, the Indian cement industry witnessed year-on-year capacity expansion during FY 2026, reflecting sustained long-term confidence in domestic demand fundamentals. Total installed cement capacity continued to increase during the year, driven by incremental brownfield expansions and select greenfield projects undertaken across regions. However, capacity utilisation levels remained moderate at around 70-71%, owing to phased commissioning of new capacities, regional demand imbalances and competitive intensity in certain markets. While the industry remained competitive, pricing discipline improved during the year, supported by stable demand conditions and rationalisation of capacity additions in select regions. Input cost pressures, particularly related to power, fuel and logistics, moderated compared to previous years, aided by softer energy prices and operational efficiency measures undertaken by cement manufacturers.

**6-7%**  
estimated growth in India's  
cement demand during FY 2026



**Exhibit 1: Trends in Cement Production (in million MT)**



Source: Office of Economic Advisor, Index of Core Industries

Policy support through the Union Budget continued to play a pivotal role in shaping demand conditions for the cement industry. The Union Budget FY 2026 reaffirmed the Government’s commitment to infrastructure-led growth, with a continued focus on roads, railways, urban infrastructure, housing and logistics. Increased allocations towards national highway development, metro rail projects, affordable housing and urban renewal initiatives translated into sustained demand visibility for cement manufacturers. The continued prioritisation of asset creation under the Union Budget reinforced medium-term demand prospects for the industry and supported long-term capacity planning.

The industry also continued its strategic shift towards blended cement, driven by cost optimisation, environmental considerations and regulatory alignment. Increased adoption of blended products such as Portland Pozzolana Cement (PPC) and Portland Slag Cement (PSC) supported lower clinker factors, improved energy efficiency and reduced carbon intensity. Sustainability initiatives, including greater use of alternative fuels and raw materials, waste heat recovery

systems and renewable power, gained further traction during FY 2026 as cement companies aligned operations with long-term decarbonisation goals.

Regionally, cement demand growth remained uneven, reflecting variations in infrastructure spending, urbanisation trends and housing activity across states. Southern and eastern regions benefited from infrastructure investments and industrial development, while central and western regions saw steady demand from housing and urban construction. Competitive intensity remained high in certain markets due to new capacity additions, placing continued emphasis on cost leadership, logistics optimisation and market-specific strategies.

The Government’s continued focus on capital expenditure, housing development and manufacturing-led growth is expected to provide durable demand support during FY 2027. While short-term challenges related to cost volatility, regional competition and execution risks persist, the long-term demand outlook for cement remains structurally strong, positioning the industry for sustainable growth over the coming years.

**Key growth drivers**

**INFRASTRUCTURE-LED PUBLIC SPENDING**

Continued investments in roads, railways, metros and urban infrastructure

**HOUSING DEMAND ACROSS SEGMENTS**

Affordable, mid-income and urban housing driving structural cement demand

**URBANISATION AND REGIONAL DEVELOPMENT**

Expansion of cities and industrial corridors supporting construction activity

**INDUSTRIAL AND MANUFACTURING GROWTH**

Capex-led growth in manufacturing and logistics infrastructure

**LARGE-SCALE INFRASTRUCTURE PROJECTS**

National highway expansion, metro rail networks and freight corridors

**SUSTAINABILITY-LED PRODUCT TRANSITION**

Rising adoption of blended cement and energy-efficient construction materials



## Company overview

Sagar Cements Limited is an established cement manufacturer in India, with a presence across key cement-consuming markets in the southern, central and eastern regions of the country. With over four decades of operating experience, the Company has built a strong foundation supported by an integrated manufacturing footprint, diversified product portfolio and a growing distribution network. Sagar Cements' operations are strategically aligned with regions witnessing sustained infrastructure development, urbanisation and housing demand, enabling the Company to participate in India's long-term growth opportunities.

The Company operates a balanced manufacturing network comprising integrated cement plants and grinding units located across Telangana, Andhra Pradesh, Madhya Pradesh and Odisha. As of FY 2026, Sagar Cements has an installed cement capacity of approximately 10.50 million tonnes per annum (MTPA), supported by captive clinker capacity and efficient grinding infrastructure. The geographic spread of its manufacturing assets provides proximity to key raw material sources and end markets, helping optimise logistics costs and improve supply reliability. The integrated nature of operations enhances control over quality, cost efficiency and operational flexibility.

Sagar Cements offers a diversified product portfolio catering to a wide range of construction requirements, including Ordinary Portland Cement (OPC), Portland Pozzolana Cement (PPC), Portland Slag Cement (PSC), Composite Cement, Ground Granulated Blast furnace Slag (GGBS) and Sulphate Resisting Cement (SRC). The Company has progressively increased its focus on blended cement, in line with evolving customer preferences, regulatory requirements and sustainability considerations. Blended cement products form a significant part of the Company's sales mix, supporting lower clinker consumption, improved energy efficiency and reduced environmental footprint.

**₹ 10.50 MTPA**  
installed cement manufacturing  
capacity as of FY 2025–26

The Company's distribution network spans multiple states and is supported by a strong base of trade partners, institutional customers and non-trade channels. Sagar Cements continues to focus on expanding dealer reach, strengthening brand visibility and enhancing customer engagement across its core markets. An established logistics and marketing infrastructure enables the Company to efficiently service diverse customer segments, including individual home builders, infrastructure developers and institutional clients.

Operational efficiency and cost discipline remain central to the Company's operating philosophy. Key initiatives include increased use of alternative fuels and raw materials, energy efficiency measures, waste heat recovery systems and higher integration of renewable power. These initiatives contribute to cost optimisation while reinforcing the Company's commitment to sustainable manufacturing practices and responsible resource management.

Sagar Cements follows a disciplined approach to capital allocation, with investments guided by demand visibility, regional market dynamics and return thresholds. Capacity expansion and modernisation initiatives are undertaken selectively to enhance operational efficiency, strengthen market presence and support long-term growth objectives.

The Company's strategy is anchored around market expansion, operational excellence and sustainability-led growth. By leveraging its integrated asset base, diversified product portfolio and regional positioning, Sagar Cements aims to strengthen competitiveness and create long-term value for stakeholders as demand for cement continues to grow alongside India's infrastructure and housing development.

## Business review

### OPERATIONAL PERFORMANCE

During FY 2026, our cement production and purchases stood at 60,82,518 MT, reflecting stable operational execution amid a dynamic demand environment. The Company continues to focus on enhancing operational efficiency through process optimisation, fuel mix improvements and better asset utilisation, positioning operations for improved performance as demand conditions evolve.

Capacity utilisation for the year was 60%, impacted by phased ramp-up of newly commissioned capacities and regional demand variations. Operating margins stood at 11%, reflecting a combination of pricing pressure and cost management initiatives. Improved operational leverage and disciplined cost control measures helped mitigate margin compression and supported overall profitability.

Particulars	(in MT)	
	FY 2026	FY 2025
Cement production/purchases	60,82,518	55,09,572
Cement sales volume	60,99,386	55,09,147

### Region-wise sales

Particulars	(in MT)	
	FY 2026	FY 2025
Andhra Pradesh	17,25,239	16,23,296
Telangana	15,82,529	14,08,383
Karnataka	4,05,933	4,18,826
Maharashtra	5,57,111	3,71,102
Tamil Nadu	3,60,268	3,83,157
Odisha	6,92,008	6,34,007
Chhattisgarh	57,205	29,857
Madhya Pradesh	4,87,867	4,53,206
Gujarat	1,92,863	1,56,737
Others	38,363	30,576

## Financial performance

(in MT)

Particulars	FY 2026	FY 2025
Total Income	2,67,157	2,27,907
Total Expenses	2,35,803	2,11,655
EBITDA	29,199	14,109
Profit Before Tax	(12,306)	(28,353)
Profit After Tax	(73)	(21,668)
Basic and Diluted Earnings Per Share of ₹ 2 each (₹ Per Share)	(0.06)	(16.58)



## Financial ratios

(in MT)

Particulars	FY 2026	FY 2025	Reason for change
Debtor's Turnover Ratio (Sales of Products and Services/Average Trade Receivable)	11.20	10.02	
Inventory Turnover Ratio (Sales of Products and Services/Average Inventory)	8.78	7.56	
Interest Coverage Ratio [Cash profit after adjusting depreciation/Interest expense during the period] [Cash profit after adjusting depreciation: Profit After Tax + Interest + Depreciation]	1.59	1.22	During the Financial Year 2025–26, there was an improvement in cement sales realisations, which resulted in higher operating profits and consequently improved the Interest Coverage Ratio from 1.22 in FY 25 to 1.59 in FY 26.
Current Ratio (Current Assets/Current Liabilities excl. Current Borrowings)	1.00	0.91	
Debt Equity Ratio (Debt/Net Worth) [Debt: Long-term secured loans + Current maturities of long-term debt + Loan term unsecured loans+ Cash credit facilities]	0.90	0.80	
Operating Profit Margin (%) [(Profit before Depreciation, Interest, Tax and Exceptional Item Less Other Income)/Sales of Products and Services]	11.02	6.00	During FY 2025–26, the Company witnessed improvement in cement sales realisations and operational efficiencies, resulting in higher operating profitability and improvement in the Operating Profit Margin.
Net Profit Margin (%) [Profit after Tax/Sales of Products and Services]	(0.03)	(9.91)	The Net Profit Margin improved during FY 2025–26 primarily due to improvement in cement sales realisations, which resulted in better operating performance and contribution margins, thereby reducing the overall net losses compared to the previous year.
Return on Net Worth (%) [(Net Profits after taxes)/Average Shareholder's Equity]	(0.04)	(11.36)	The improvement in Return on Net Worth during FY 2025–26 was mainly attributable to reduction in net losses on account of improved operational performance and better profitability during the year

## Sustainability

Sagar Cements continues to integrate sustainability into its operations, focusing on reducing carbon footprint, improving energy efficiency, and promoting responsible resource management. Key initiatives include increased use of alternative fuels, waste heat recovery, renewable energy adoption, and blended cement production. Environmental stewardship is embedded in operational decision-making to ensure long-term resilience, while regulatory compliance and voluntary standards guide the Company's environmental and social commitments.

## CSR

Our CSR initiatives remain focused on education, skill development, healthcare, and community empowerment. During FY 2026, the Company continued its outreach programs, supporting schools, vocational training centres, and healthcare facilities in local communities. These initiatives aim to enhance livelihoods, improve employability, and foster social inclusion. CSR programs are strategically aligned with long-term community needs and are monitored for effectiveness and impact, reinforcing the Company's commitment to shared value creation.

## Technology

Technology adoption remains central to Sagar Cements' operational strategy. FY 2026 saw expanded use of digital tools, IoT-based monitoring, predictive maintenance, and automation across plants. Data analytics and real-time equipment monitoring improved productivity, reduced downtime, and optimised energy consumption. Technology-driven process improvements also enhanced quality control, operational efficiency, and environmental performance, positioning the Company to leverage innovation for sustainable growth while maintaining cost competitiveness.

## Risk management

Sagar Cements faces a dynamic risk environment encompassing operational, financial, regulatory, and market uncertainties. The Company's Risk Management framework is designed to proactively identify, assess, and mitigate internal and external risks. The Risk Management Committee, led by the Joint Managing Director, conducts periodic reviews of emerging risks and monitors the effectiveness of mitigation measures. Key focus areas include operational efficiency, commodity and energy price fluctuations, regulatory compliance, and financial exposures.

Risk assessment is integrated into all significant business proposals, ensuring decisions are made with a clear understanding of potential impacts. Financial risk is managed through a combination of internal, statutory, and cost audits, supplemented by stringent control systems. The Company remains vigilant to new opportunities that enhance shareholder value while maintaining disciplined risk evaluation.

➤ [Read more about our Risk Management on page 91](#)

## Internal audit and controls

The Board of Directors confirms the adequacy and effectiveness of the internal control systems across all major operations, supported by ERP and Compliance Management Systems. The Audit Committee continues to monitor the integrity of financial statements and audit findings, ensuring corrective actions are implemented. Regular reviews and audits, including statutory and internal audits, reinforce operational, financial, and compliance controls. The system provides assurance on the reliability of reporting, safeguarding of assets, and adherence to policies and procedures.

📍 Mattampally Plant, Telangana

