



SAGAR CEMENTS LIMITED

SCL:SEC:NSE:BSE:2025-26

16th May 2025

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
ISIN: INE229C01021

Scrip Code: 502090

Symbol: SAGCEM
Series: DEBT
ISIN: INE433R07016

Dear Sirs

**Sub: Submission of transcription of Conference Call under Regulation 30 read with
Schedule III of SEBI (LODR) Regulations, 2015 on Q4 & FY25 financial results**

...

Pursuant to the above said Regulation, we are forwarding herewith the transcription of the Conference Call held by us on 13th May, 2025 in connection with the recently announced Stand-alone and Consolidated financial results of the company for the Q4 & FY25 financial performance.

Thanking you

Yours faithfully
For Sagar Cements Limited

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Sreekanth Reddy - Joint Managing Director
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Parth Bhavsar
Vibha Jain
Navin Sahadeo
Sumangal Nevatia
Mangesh Bhadang
Krunal Balpande
Soham
Jayesh Gandhi
Rajesh Ravi

Manish Valecha: Good morning, ladies and gentlemen. Welcome to Sagar Cements Q4 FY '25 and FY '25 Earnings Conference Call. Please note that this conference call is being recorded. We have with us today Mr. Sreekanth Reddy, Joint Managing Director; Mr. K. Prasad, Chief Financial Officer; Mr. Rajesh Singh, Chief Marketing Officer; and Mr. J. Raja Reddy, the Company Secretary. We will begin this conference call with the opening remarks from the management, following which we will have the floor open for the interactive Q&A session.

I would now like to hand over the call to Gavin Desa of CDR India. Over to you, Gavin.

Gavin Desa: Thank you, Manish. I'd just like to point out that some statements made in today's discussions may be forward-looking in nature, and a note to this effect was stated in the concall invite sent to you earlier. We trust you have also had a chance to go through the result communications and documents.

I would now like to hand over to Mr. Sreekanth Reddy for his opening remarks. Over to you, Sreekanth.

Sreekanth Reddy: Thank you, Gavin. Good morning, everyone, and welcome to Sagar Cements earnings call for the quarter and the year ended March 31, 2025. Let me begin the discussions with a brief overview of the market in terms of demand and pricing, post which I will move on to Sagar-specific

developments. Overall, the industry witnessed good volume momentum as demand picked up pace amidst a rebound in construction and increased government spending.

As far as pricing is concerned, while it remained flat during the Q4 FY '25, it has started to move higher in our core markets from the second week of April 2025 onwards. Operational profits for the quarter benefited from the better volume growth and benign input prices on the sequential Q-o-Q basis.

Let me now move on to our quarterly performance. As indicated earlier, Q4 registered a volume growth of 5% over the previous year as the demand momentum remained firm during the quarter. For FY '26, we expect our volumes to be around six million tonnes.

Moving to the headline numbers. Our revenue for the quarter stood at ₹658 crore as against ₹709 crore during Q4 FY '24, lower by around 7%. EBITDA for the quarter stood at ₹37 crore as against ₹68 crore generated during Q4 FY '24. Margins for the quarter stood at 6% as against 10% in Q4 FY '24. EBITDA per tonne stood at ₹218 during the quarter. Going ahead, as mentioned in our earlier call, we expect EBITDA per tonne to improve on account of lower energy prices and a better pricing.

We also foresee the business benefiting from the operating leverage as our utilisation rates are climbing across our units. We are also optimistic that our initiatives to optimise the freight costs, including minimising lead distances, lowering the clinker factor along with upgrading our Andhra Cement plant and increasing the proportion of renewable energy in our mix will significantly enhance our cost efficiencies and overall profitability.

The exceptional item recognised during the Q4 FY '25 is towards the recovery of true-up of fuel and power purchase cost adjustment done by Andhra government pertaining to FY '23 and '24, amounting to ₹27 crore. Loss after tax for the quarter stood at ₹73 crore. In terms of key operational activities, expansion at Andhra Cement is progressing very well and is ahead of schedule. The likely target is slightly ahead of December '25.

From an operational point of view, Mattampally plant operated at 52% utilisation, while Gudipadu, Bayyavaram, Jeerabad, Jajpur and Dachepalli plants operated at 88%, 65%, 79%, 38% and 31%, respectively, during the quarter. As far as the key balance sheet items are concerned, the gross debt as on 31st of March 2025 stood at ₹1,428 crore, out of which ₹1,135 crore

as long-term debt and the remaining constitutes the working capital. The net worth of the company on a consolidated basis as on 31st of March 2025 stood at ₹1,794 crore. Debt equity ratio stands at 0.63:1. Cash and bank balances were at ₹164 crore as on 31st of March 2025.

To summarise, our expanded capacities strategically position us to capitalise on the anticipated growth in infrastructure and real estate development in the years ahead. Moreover, our ongoing initiatives to broaden revenue streams and strengthen our regional presence are expected to enhance the company's overall profitability.

That concludes my opening remarks. We would now be glad to take any questions that you may have. Thank you.

Question-and-Answer Session

Manish Valecha: Thank you. We will now begin with the question-and-answer session. We will take the first question from Shravan Shah. Shravan, please go ahead.

Shravan Shah: Yeah, thank you. Just to understand first on the volume front. So obviously, we are now looking at a slightly lower volume in FY '26, six-odd million tonnes, so which is a kind of a 6-odd percent growth versus FY '25. Does that mean that despite even the Andhra Cement, utilisation should be picking up, why are we giving a lower number on the volume front?

Sreekanth Reddy: The overall idea is to ensure that we do not want to compromise on the pricing vis-a-vis to volume. So that is the current stance that we have taken. So what we are trying to align ourselves with the industry growth of 6% to 8%. So basis that, we believe that from a 5.5 million tonnes that we have done in the last year, we should be very close to 6 million tonnes to 6.1 million tonnes.

So that's the alignment that we are trying to do. We are very clear that we would not like to compromise on the pricing that we need to get. That's the only small change. The ramp-up at Andhra anyhow is expected to happen. I think the entire growth we expect it to happen here in Andhra itself for us.

Shravan Shah: Okay. And then in terms of for FY '27, then we can see a significant pickup in the volume?

Sreekanth Reddy: I think let us take one year at a time. I think the alignment is very pure from a fact that we are looking at a very steep price increase for ourselves.

So given that scenario, we believe that we will not put additional volumes from our end. So I think at the end of the day, it's more to do with the margin rather than to do with the volume.

Shravan Shah: Yeah, so now on the margin and the pricing, so if you can help us versus maybe a March exit or maybe average of fourth quarter. So currently, the prices, if the state-wise also, if possible, how much they are? So our understanding is close to ₹40, ₹50 hike has happened in South, so just trying to get your sense. And do we believe now that these kinds of prices will sustain, because of the consolidation and now even in the monsoon, the normal price decline whatever is happening, but structurally, we would be seeing a price increase.

Sreekanth Reddy: So, let me address the first question that you have about the exit prices to the current prices. Yeah, the exit was one of the lowest that we have seen historically, which I don't think I have to repeat that again. From there, we have seen almost ₹55 to ₹60 increase in most of the markets that we service. At some markets, it is anywhere between ₹35 to ₹40. AP, Telangana is in the range of around ₹55 to ₹60 for ourselves. Again, non-trade has been a much sharper increase compared to the trade. But on an average, I think I can keep my neck out for ₹60 increase per bag across AP and Telangana markets. Tamil Nadu markets for us, it is anywhere between ₹50 to ₹55. Karnataka is anywhere between ₹45 to ₹50. Maharashtra, we have not seen significant increase, but we have seen around ₹10 to ₹15, same is the case with Odisha.

Shravan Shah: Okay. Got it. So now considering this the significant hike that we have seen. So also your thought now, do we believe that these prices are likely to kind of structurally to remain and maybe start improving further?

Sreekanth Reddy: I can comment for myself. As I mentioned to you, from an earlier outlook in terms of volumes, we ourselves believe that chasing the volumes would not give us the margin that is required. And there are some volumes that have come up in the market with the ramp-up. Given that scenario, we are aligning ourselves more with the market growth. I think given the situation and the demand from the Government, as we have seen, Andhra government has already initiated the tender process, which are in finalisation stages. We believe prices should sustain at the current levels, if not be higher.

Just to give you a background, the current prices are not anywhere close to the highest that we have seen historically. So these prices are even close to around 15% to 20% lower than the historical high numbers that we have seen close to eight to nine years ago. So these prices should not give too

much comfort to too many people, assuming that it will slide down. I think these are the prices, which should survive is what we strongly think, but only time will tell. But last 1.5 months is already passed by. So far, they have been holding up well.

Shravan Shah: Great. So considering that, so last time, we were looking at more than ₹500 kind of EBITDA per tonne in FY '26. So given the sharp increase, close to a kind of a ₹40, ₹50 plus kind of a price hike...

Sreekanth Reddy: I think at the end of Q1, we will be in a much better situation to talk about the entire FY '26. Let us take one step at a time. I think achieving ₹500 plus to ₹750 for Q1 definitely is a possibility. For the full-year, I think let us wait for the Q1 results to pass by, then I'll be in a much better situation to put the commentary.

See, there are two aspects that we have to remember in Sagar's case. I think the EBITDA per tonne should naturally move to ₹500, because Andhra's upgrade is likely to get completed, especially up to clinker side before September. So given that scenario, we expect some amount of cost saving. So I think ₹500 EBITDA per tonne is given irrespective of price increases, for the current year.

Shravan Shah: Okay. So that's what actually I wanted to understand, because the operating leverage will also play in terms of the cost reduction and given the price increase, so we should be seeing a much higher number on the profitability. So that's the only thing I wanted to understand in detail.

Sreekanth Reddy: I think you are right. From an operating leverage perspective, again, we are not talking of a big number. We are only talking of on an average at 55% to 57% capacity utilisation at the consol level. But the reality for us is that the upgrade in Andhra should significantly reduce our cost. So that from the exit EBITDA was close to around ₹300 per tonne. That should naturally move to ₹500 per tonne. So whatever price increases, if they sustain, I think we should look at a much bigger number.

Shravan Shah: Great. And last two data points. The CapEx for FY '26 and '27. So I was just going through the presentation. So left CapEx for Andhra is close to ₹395 odd crore and plus WHRS and all this. So around ₹500 odd crore is left...

Sreekanth Reddy: Our plan for the CapEx for the current year is around ₹360 crores because out of ₹360 crores, ₹250 odd crore would be in Andhra. The balance in Andhra would be spent over next year, okay? So it might roll over the next year in terms of the actual payouts. So we expect another ₹140 crore, ₹145

crores should be paid out from Andhra for the next year. But for this year, the entire CapEx at a group level is close to around ₹350 crore to ₹360 crore.

The maintenance CapEx is around ₹30-odd crore. And at Sagar (M), we are talking of ₹80 crore, because we got the MOEF approval for upgrading the plant from 1 million to 1.5 million. Out of ₹130 odd crore that needs to be spent, the current year, I think we should spend close to ₹80 odd crore,. So that takes us anywhere between ₹350 crores to ₹360 crores for the current year.

Shravan Shah: Okay. And last, the Gudipadu and Jeerabad, the small expansion in the capacity...

Sreekanth Reddy: That's what I told you. Yeah, the Jeerabad itself, we are talking of ₹80 crore for expanding the plant from 1 million to 1.5 million. Gudipadu, we want to take it slightly later in the second half of this year. So CapEx may not be very significant in the current year.

Shravan Shah: Okay. So in terms of the timeline, the Gudipadu, when it will come and Jeerabad, whether the new extra capacity...

Sreekanth Reddy: We expect Jeerabad in terms of the grinding unit to be commissioned by end of this current financial year to early part of next financial year. Gudipadu should be in the Q2 of next year.

Shravan Shah: Okay. Great. Thank you and all the best.

Sreekanth Reddy: Thank you.

Manish Valecha: We'll take the next question from Moksh Ranka.

Moksh Ranka: Hello, I wanted to understand what is the structural reason behind this sudden price increase, because considering the oversupply, the price increase should have been gradual, right?

Sreekanth Reddy: I don't know how much you track of our sector, but I think the prices have been absolutely in its status for the last 18 months. So it's not that prices have moved sharply. It only looks in relative terms, because last 18 months was very, very difficult on the pricing scenario. It has been gradual, I would put it, because the gap between the historical high to now still around 15% to 20% exists. So we believe that those are the prices, which are required with the inflation. The historical peaks that we have hit

is close to eight to nine years ago. So even if I have to factor in the inflation kind of a thing, this is still gradual.

Moksh Ranka: Okay. So the price increase which we have seen, it won't be rolled back like previous instances.

Sreekanth Reddy: See, it's a good question. I wish I had a very firm answer. We are assuming that the entire industry was losing the price regime that we've had for the last 15 to 18 months. The current pricing should allow us to breathe some air, not that these margins would be extremely high. So at this level, it should sustain is what we think.

Moksh Ranka: Okay. And my last question is, I know geographically, we have more presence in the South India as compared to other players. But still, our results are much below par compared to other cement companies. So could you just provide some colour on that?

Sreekanth Reddy: See, I cannot comment much on the other results. Our results are more pertaining to the market exposure that we have. At the same time, please understand that Andhra ramp-up and Andhra Cements performance also has contributed to our, I would not say negative kind of a thing. Yeah, this is something which we have to keep in mind. Yeah, it is not comparable with the others, because we have this Andhra Cement, which is ramping up at this point of time.

Moksh Ranka: Okay. That's it for me. Thank you.

Manish Valecha: We'll take the next question from Parth Bhavsar. Parth, go ahead, please.

Parth Bhavsar: Yeah. I have two questions. One is on pricing that when we say there was a ₹50 to ₹60 per bag price hike, so how should we look at discounts? Is this net of discounts? Has there been any movement in discounts while the price hikes were taken?

Sreekanth Reddy: I think, yeah, the price hike, what I mentioned is a grossed up one. That includes GST, that includes the relevant kind of a discount structure. But what you have to remember from a discount perspective, yeah, it is not on a percentage basis, it's on a fixed basis, so that may not have any impact. The only thing that you have to see on a net basis is to net off the GST element on the overall kind of thing if you want to add up to the net realisation.

Parth Bhavsar: Fair enough. To understand basically, your fixed discount per tonne didn't like change from Q4 to this month?

- Sreekanth Reddy:** Discounts may not be significantly different. Only you have to remove the GST on those incremental kind of a gross price hike. Net, you have to remove 30% of it, you will get the net price realisation increase for us.
- Parth Bhavsar:** Okay, fair enough. And one more thing that you mentioned that there would be players, assets that were acquired and that would also start showing up as they ramp up capacity. So what sort of number like do we see in your region of operation.
- Sreekanth Reddy:** As I mentioned, I think the ramp-up is from the earlier years when those volumes were missing, I think those volumes might get aligned. South, in general, historically has been hovering around 55% to 60%. We don't expect that number to be significantly higher even for the current year in spite of having a better demand. So the demand what we are projecting for the region in general is at 6% to 8%. So that is what we need to pencil in.
- Parth Bhavsar:** Can we like put in a number that incrementally from FY '25 to '26, maybe roughly we expect like these capacities to throw a particular number in terms of supply? Is it possible?
- Sreekanth Reddy:** I wish I had the answer for the question that you asked. I have no idea about how they are going to ramp up, so I cannot comment. This is something what we have penciled in. So we believe that market is going to grow at 6% to 8% except for Andhra ramp-up, right, like some of the other ramp-ups, we also believe because Andhra average capacity utilisation has been sub-30% for whole of last year.
- So we expect it to get aligned. With that alignment, we expect it to come back. At a consol level, we should operate anywhere between 55% to 57%. That's what I can comment. I believe most of the players should also come back and align itself with what the market has to offer, unless somebody is trying to squeeze more volumes.
- Parth Bhavsar:** Fair enough. And is there anything where we are basically trying to realign our brands? Or are we selling the cement of Andhra under their own brand name? Or have we...
- Sreekanth Reddy:** It is almost close to two years since Andhra has come into Sagar's fold. The only brand that we sell from there is Sagar basically.
- Parth Bhavsar:** Okay, perfect. Is there any delta in terms of the brand realignment in terms of what realisation they used to sell? Or is it already done? It's in the base?

- Sreekanth Reddy:** Only one brand, so from a brand perspective, there cannot be realignment, except for some freight optimisations.
- Parth Bhavsar:** Okay, perfect. Thank you so much for answering my questions.
- Sreekanth Reddy:** Thank you.
- Manish Valecha:** Thank you. We'll take the next question from Vibha Jain. Please go ahead.
- Vibha Jain:** Yeah, hi. Just wanted to know the status on the sale of Vizag land. We were awaiting some approvals in last quarter. So what is the status?
- Sreekanth Reddy:** We are very close, but Government has been busy with the capital formation. So we expect most of these approvals, everything to be in order. I think by the time we reach to the Q1 results, I think we would be having much clearer news, but I think we are very close is what we are. We did indicate end of Q1 to early part of Q2. I think that remains for getting the approvals.
- Vibha Jain:** Okay. And also just wanted your view on the pet coke and coal prices. In coming time, what we are expecting the trend?
- Sreekanth Reddy:** I think the good news is that from \$107, \$108, it dropped to \$100, as we speak, sub-\$100, but we have to see. It has been volatile. But the good news what we see is it is not going up to the old numbers that we have seen almost two years ago. So it's in the same \$100 to \$110 kind of a range. I think the next few weeks, we should have a lot more clarity because things looks to be settling well. So with that, we should have a lot more clarity from a pet coke pricing perspective.
- The coming price, as we speak, is around \$100. The last that we have placed order is at \$107, which was close to 20, 25 days back. Right now, the offers that we have received yesterday and today is hovering around \$95 to \$100. But they are talking of only holding these prices for the next 15 days to a month because they are also not very sure how the geopolitics is going to play out.
- Vibha Jain:** Okay. And lastly, on the capacity addition side, like what kind of capacity addition we are expecting in our core operating regions?
- Sreekanth Reddy:** For the current financial year, we don't expect any major capacities to come, but we do expect some amount of ramp-up from units, which have been operating less or got commissioned last year, like the one at Deccan,

My Home as well as Andhra Cement. These are ramp-ups that we are expecting, but we are not expecting any new capacity to come.

Vibha Jain: Okay, thank you. That's all for me.

Sreekanth Reddy: Thank you.

Manish Valecha: Thank you. We'll take the next question from Navin Sahadeo.

Navin Sahadeo: Yeah, good morning. Thank you for the opportunity. On your volumes front, you gave a guidance of around 10%, 11% growth. So here, I just wanted to check because we are, let's say, halfway into the quarter. So has April like trend being any similar in kind of like double-digit or higher single-digit? And is there any base element there? Or how should one read, let's say, this growth of 10% to 11% for you and then the industry as well?

Sreekanth Reddy: Yeah, I think what we are pencilling is around 6% to 8% for the industry and a similar growth for ourselves. It is not 10% to 11%. Yeah, from a 5.5 million, we are expected to be around 6 million. I think what we have seen in April vis-à-vis to last April, of course, there is a base effect one has to remember because in the earlier April, it was election time.

So from that to this, there has been a growth. The exact numbers, again, we are still compiling. So we do expect it to be somewhere in the same range as what I mentioned anywhere between 6% to 8%. But this is more to do with the base effect rather than the growth itself. And the tempo, as you have seen during the Q4, it was positive. So the same tempo has continued, but may not be in a very big kind of a number.

Navin Sahadeo: Yeah. No, sure. Because base effect was there, I'm saying for the entire first half of FY '25.

Sreekanth Reddy: Almost the first three quarters. So there has been a catch-up that was done during the Q4 or from the middle of Q3 all the way up to Q4. So that momentum is continuing, but not in the same pace as it has been before. So April month is very specific. You could take 6% to 8% growth year-on-year number. This is purely on account of, last year, April was very, very subdued.

Navin Sahadeo: Fair point. But net-net, we are in sort of some growth zone only or high single-digit growth...

Sreekanth Reddy: I think see if you look at last year number, it was exactly flat to a year before number. From there, we are talking of 6% to 8% growth,. So it's definitely growing.

Navin Sahadeo: Yeah, okay. Great. My second question then was on your green power, so I think we exited the year with about 13% green power share, right?

Sreekanth Reddy: Yes.

Navin Sahadeo: Yeah, but I believe we had a target of reaching up to 20% by '25. So just wanted to get a sense how do we make up? And then in, let's say, '26 or '27...

Sreekanth Reddy: We had target to reach to 50% by '30. Yeah, there has been a miss in '25 because the capacity utilisation itself was lower. So some of the waste heat recoveries did not fully optimally function. So I think we are on our way to achieve that number because we could commission a six-megawatt solar in Gudipadu during the Q4.

And likely that we would be commissioning before the end of Q1 itself or to the early part of Q2, another six-megawatt solar at Andhra. We started work in the waste heat recovery at Gudipadu, which is likely to get commissioned by either end of Q4 or to the Q1 of next year. So given the scenario, I think we should be very close to 50% or slightly more than 50% by FY '30.

Few quarters, there could be a gap because we are implementing these projects. Given the difficult market scenario, there have been some slippages, but I think we should be in a situation to do the catch-up over the next few quarters. So we should cross the 25% threshold, if not in '26, but I'm sure by '27, we should be very close to 30%, 35%.

Navin Sahadeo: Okay. And exit for '26 can be around 20%, 25% and exit for '27?

Sreekanth Reddy: Yeah, if you look at last year, it was slightly difficult for us because even hydro generation was caught up only during the fag end of the year. So we expect hydro generation also to be very healthy. So we should be in a very, very good number.

Navin Sahadeo: Understood. And just my last question, you mentioned prices improved from second week of April. So I'll just request you to kindly just repeat the initial comments in the sense you said non-trade was much higher. But on an average, AP, Telangana has still seen an increase of ₹55 to ₹60 trade, non-trade put together. Is that correct?

- Sreekanth Reddy:** Yes, average is around that.
- Navin Sahadeo:** And non-trade could be a little higher, right?
- Sreekanth Reddy:** Yes.
- Navin Sahadeo:** And similarly, what was that for Tamil Nadu, you said for us?
- Sreekanth Reddy:** ₹50 to ₹55.
- Navin Sahadeo:** Both trade and non-trade put together?
- Sreekanth Reddy:** Yes, it's average.
- Navin Sahadeo:** Yeah, ₹50, ₹55. And Karnataka? Sorry, I am just being...
- Sreekanth Reddy:** Around ₹40, ₹45.
- Navin Sahadeo:** ₹40, ₹45 in Karnataka. And Maharashtra, as you said, ₹10 to ₹15?
- Sreekanth Reddy:** Yes.
- Navin Sahadeo:** Great, that is really very helpful. Thank you. Thank you so much.
- Sreekanth Reddy:** Thank you.
- Manish Valecha:** Thank you. We'll take the next question from Sumangal Nevatia. Please go ahead.
- Sumangal Nevatia:** Yeah, good morning. A couple of clarifications. First is on the land sale. Could you share what is the latest, I mean assessment of the value we could realise, any ballpark, because it's been, I think, two years now since we have it? So there must be some change towards that.
- Sreekanth Reddy:** No, I think at this point of time, still, we have not been on the ground. The Vizag prices have remained very flat from then to now, not much of change. Likely that prices might move up with some amount of development activities that are happening even in Vizag. But I think the real pricing scenario, we'll start assessing once we get the approval, Mr. Sumangal. As stated before, just for the convenience, let me repeat, the market reckoner rate is at close to ₹400 crore odd. We expected around ₹350 crore.

Out of that, ₹350 crore, we expect it to be spent over two years, that is this year, and the next year. So that's what we have stated. That remains as we speak. I think once we get the approval, that is when we would start reaching out to the buyers. That's when the real discovery would happen. At this point of time, we are still banking on the reckoner rate. There has not been a big change on that reckoner rate since last we have interacted around six months.

Sumangal Nevatia: Got it. So in the next couple of months, we are expecting the approval and then the sale process maybe another one or two quarters. Is that the right way to understand?

Sreekanth Reddy: Yeah. Mr. Sumangal, I think the sale process probably should be longer because it's 100-odd acres. So we believe Vizag, it's a big land. You cannot target to sell the entire thing in a short period of time. So internally, what we have factored is close to around 30% sale to happen in the first year and the rest to be sold over six to eight months following that time.

It needs to be broken into manageable parts, not into small fractions. So that's what we have been informed by our advisors. So that's what we believe is going likely to happen. There are a few parties which have reached out, but we thought it's too soon for us to comment unless we get the approval, we thought we will not engage in any price discussions, Mr. Sumangal.

Sumangal Nevatia: Understood. And largely those proceeds will be used towards deleveraging, right? Is that a safe assumption?

Sreekanth Reddy: Yeah, that's a very safe assumption. But we did indicate in our presentation, in our investor presentation about the evolution of the debt. So we would definitely use most of it for deleveraging.

Sumangal Nevatia: Okay. And with respect to Andhra Cement, we are having 90% holding. Can you just update us as to what is our plan to move towards 75%? And how much time do we have?

Sreekanth Reddy: Yeah. March '26 is the time line by which we need to reach to 75%. We already got the approval for the rights issue. We are also seeking some clarity because so we are awaiting for that clarity to come. Before December, I think rights issue should have been completed, Mr. Sumangal.

Sumangal Nevatia: Okay. Understood. Understood. And just one last thing. Recently, Tamil Nadu, as we discussed had imposed ₹160 royalty charge. What is our read

with respect to other states also doing that, which will then eventually directly impact us?

Sreekanth Reddy: At this point of time, except for Karnataka and Tamil Nadu, Andhra and Telangana are yet to start discussions. We believe that they will not start. That's our hope. But the only information we have is that these are the two states which have engaged and Tamil Nadu went ahead and Karnataka is still awaiting for certain clearances.

Sumangal Nevatia: Got it, thank you and all the best.

Sreekanth Reddy: Thank you.

Manish Valecha: Thank you. We'll take the next question from Moksh Ranka.

Moksh Ranka: So my question was regarding our pledge. I understand we have a pledge because it gives us a lower interest rate on our debt, and we aim on continuing keeping that pledge. But considering we are planning the sale of land and with the price increases, we are going to get good cash flows. So do we plan to remove that pledge in the coming years?

Sreekanth Reddy: There are multiple aspects you have to remember. One is the pledge of Andhra shares to the lender, SBI that has been part of the terms, so that has no bearing. The overall promoter pledge is not a promoter pledge. It is more an undertaking for commitment to stay in the same percentage. So unfortunately, in the SEBI disclosure, it reflects as it's a pledge. It's not a pledge. Yes, it's more an encumbrance.

Moksh Ranka: Okay. Thanks for the clarification.

Sreekanth Reddy: Thank you.

Manish Valecha: Thank you. We'll take the next question from Mangesh Bhadang. Please go ahead, Mangesh.

Mangesh Bhadang: Good morning. Firstly, just wanted to understand for different states in South, what would have been the demand growth in FY '25? And you mentioned only 30% utilisation for all the AP players for the year, means we are looking at a significant cut in demand for AP, Telangana in this year. So I just wanted to understand any numbers that you can share?

Sreekanth Reddy: AP, Telangana together were flat to kind of, our reading is, it's minus 2%. Karnataka was almost close to 5% plus. Tamil Nadu was minus 5%. Kerala was minus 2.5%. That leaves the overall South number was flat

year-on-year number. Except for Karnataka, all the other states have been either negative or flat. On an average, the overall South number for last year was flat year-on-year kind of a number. That we expect it to grow to 6% to 8% for the current year.

Mangesh Bhadang: If you look at the state finances of most of the states in South and the central government also does not share the government in many, I think barring only one, they don't share there. You think state governments have the ability to spend there and that should drive or you are more reliant on central government as well as the rest of the CapEx?

Sreekanth Reddy: Yeah, I wish there was some correlation. Historically, there was never a correlation. So our belief remains very same. If you have seen a couple of years back, pre-election, do you think the state finances were any different than what they are right now for the growth to happen? So I think there has never been a correlation. Though logically, there should be, but it again depends on the government focus areas. So they keep flipping from one to the other. They end up implementing their pet projects. So fortunately, the pet projects for most of the governments remains either low-cost housing or some amount of infrastructure build. Fortunately, both are cement consuming.

So given that scenario, we expect cement demand more from a government-led kind of a demand to be robust for the coming years. Especially if you look at Andhra, I think the Amaravati capital is the key focus. And it is reasonably, I mean, as you have seen, a lot of financial tie-ups are happening each project-by-project. And some of the projects have actually reached to beyond tendering stage. So given that scenario, we expect the government demand to be robust, especially in Andhra. And low-cost housing in Telangana remains a focus area. And fortunately, that also is driving some amount of cement demand in Telangana.

Mangesh Bhadang: Understood. Thank you.

Sreekanth Reddy: Thank you.

Manish Valecha: The next question we'll take from Shravan Shah. Shravan, please go ahead.

Shravan Shah: Yeah, just a two small clarification. TSR for fourth quarter of FY '25 was how much?

Sreekanth Reddy: Yeah, we'll update you on that, Shravan.

- Shravan Shah:** Okay. And second, this ₹23 odd crores kind of an incentive for MP, so that now most likely will be coming in the Q2 or Q3?
- Sreekanth Reddy:** Yeah, last year, we received one in Q2 and one in Q3, because it was two years that we received. Likely that we expect it to happen before end of Q2.
- Shravan Shah:** Okay. Got it. Thank you.
- Sreekanth Reddy:** Thank you.
- Manish Valecha:** Thank you. Anybody who has a question may indicate by raise of hands.
- Sreekanth Reddy:** Manish, I think there is a question which came up in the chat from Mr. Krunal Balpande. His question was pertaining to, what is the rationale and factors for higher operating EBITDA per tonne, SCMPL versus SCL stand-alone, which has declined significantly. Is it a factor of net realisation more than cost? What are the plans to improve SCL stand-alone offering?
- I think, yes, it is more to do with the markets that we service. SCMPL is more or less aligned with the industry players, because it is mostly to servicing Madhya Pradesh. Yeah, Sagar did suffer on stand-alone as well as with Andhra, the primary reason being Andhra and the market realisation itself. On the cost front, I think we are reasonably there. I don't think cost was an element here. It was mostly to do with the realisation.
- Manish Valecha:** Thank you. We'll take the next question from Soham. Please go ahead.
- Soham:** Thank you. You said our EBITDA per tonne has a potential to rise to ₹500 a tonne. So how do you see it increasing? Like can you guide me on the fuel cost and price per tonne going forward? And by when this can be achieved?
- Sreekanth Reddy:** Yeah, I think, we are talking of this to go up in Q1 itself. The reason, the exit EBITDA per tonne was at ₹291, that is for the Q4 March number. This is during the time when Andhra was under ramp-up. So there were frequent start-stops, and we were upgrading the plant. That definitely put a lot of impact on the overall kind of cost structure at Andhra. So that dragged down the overall kind of EBITDA and EBITDA per tonne. That itself should give us comfort because more or less, the ramp-up is taking a better share. The cost element in Andhra has come down quite significantly. So that in itself should contribute for the EBITDA to reach to ₹500 level.

- Soham:** And we expect this to maintain for the whole year, ₹500?
- Sreekanth Reddy:** I think with the better pricing, we should be higher than that number, Mr. Soham.
- Soham:** Okay. Thank you.
- Manish Valecha:** Thank you. We'll take the next question from Jayesh Gandhi. Please go ahead.
- Jayesh Gandhi:** Can you throw some light on our limestone security? When are our leases expiring and reserves?
- Sreekanth Reddy:** Yeah, I think we would be happy to share that, because except for one mine in Mattampally, rest of all are beyond 2050, reaching all the way up to 2060. We'll exactly give you the breakup. We'll be happy to share it. In fact, our integrated report, which is due for release by end of June, should give you absolute detail, but we would be happy sharing that table immediately after this call, Mr. Jayesh. We'll reach out and we'll share that number, Mr. Jayesh.
- Jayesh Gandhi:** Sure. And one more question. In case if the mining leases are expiring and we go for renewing them, what is the excess royalty or something that we have to pay? Or is it a lump sum amount? How does that work?
- Sreekanth Reddy:** Yeah, in our case, the first mine should expire in somewhere around 2031 or '32. The procedure what has been indicated at this point of time is that we have to go for an auction. And what Government has indicated is that the operating plant with a mine could be given preference. But at this point of time, the mode and method is not yet clear for us. But I think we have to go for an auction. So the general belief is that the way auctions are happening, I think this also should reflect in a similar way. The mine is in big demand, I think the premiums may be up of 100%. In a normal course, it should be anywhere between 10% to 15% premium. I've given you a very generic answer. It is not specific to Sagar, please remember that point.
- Jayesh Gandhi:** I understand. And my question was, will that attract excess, I mean, royalty over and above that reserve price also?
- Sreekanth Reddy:** It is actually pertaining this royalty itself. If you are talking of 100%, you're paying 100% of incremental royalties, royalty plus 100% of royalty. If you are paying 10%, it is royalty plus 10% of royalties.

Jayesh Gandhi: Thank you and good luck for future.

Sreekanth Reddy: Thank you, Mr. Jayesh.

Manish Valecha: We will take a follow-up question from Moksh Ranka.

Moksh Ranka: Just one more question. At Andhra Cement, we are planning a rights issue there. So are we not planning to merge Andhra Cement with ourselves or we are planning to keep it as a separate entity?

Sreekanth Reddy: Yeah, we are waiting for regulatory clarity, because it's as you know, that we have taken it from NCLT. There were some accumulated losses and some land-related issues did not help us do the merger during the last two years. But we would be more than happy doing it as and when we get the regulatory kind of clarity and we would have crossed the milestone.

From a land perspective, I believe we have crossed the milestone because that has fairly limited kind of a thing. That was not the case a few months back. Now that we have crossed some of the critical approval process, land is no more an hindrance, but accumulated losses and all we need to get the tax authorities approval for us to get if we were to merge. So there were a few other regulatory hurdles that did not prompt us to merge, but we would be more than happy doing it as and when we get the regulatory kind of clearances.

Moksh Ranka: Okay. And what would be the quantum of accumulated losses, which we could benefit when we merge Andhra Cement with us? And also our actual pledging would be how much? Should it be less than 20% or 15%?

Sreekanth Reddy: You're talking of promoter pledge?

Moksh Ranka: Yeah, at Sagar Cement. So the actual pledge should be...

Sreekanth Reddy: Yeah, it should be less than 15%, at the promoter level. The first question that you asked about the accumulated losses to Andhra, they are around ₹1,200 crores.

Moksh Ranka: Okay. Thanks for that.

Manish Valecha: Thank you. We have a question from Rajesh Ravi. How much is the cost saving will come from Andhra plant stabilisation? That is his first question.

- Sreekanth Reddy:** See, I think at this point of time, the heat rate alone at a clinker level should contribute around ₹200 odd per tonne. Rest everything is kind of ramp up and the grinding plant, once it is done, we would definitely save another ₹50 to ₹75 on the electrical side. So all in all, we expect around ₹250 to ₹300 per tonne kind of a saving once the Andhra upgrade is completed in its full shape.
- Manish Valecha:** Okay. And his next question is on, net cement prices are higher by ₹25 to ₹30 per bag in Q1 across South. As per the stated pricing for Q1. Given the discounts...
- Sreekanth Reddy:** No, it is logical, that the EBITDA per tonne should be very high, because the exit price is at ₹300. The average realisation, see, I think it's a forward statement. So I'm not in a position to give a specific answer to that. But it's logical when price has gone up, it should add up to the previous EBITDA per tonne what we were doing.
- Manish Valecha:** Okay. Perfect. We have a last follow-up question from Moksh Ranka. Please go ahead.
- Moksh Ranka:** This ₹1,200 crores accumulated losses, we can take the benefit of it even if we merge with Sagar, right?
- Sreekanth Reddy:** Yes. I think it might get fine-tuned, but most of it should be available for Sagar.
- Moksh Ranka:** Okay. Thank you.
- Sreekanth Reddy:** Thank you.
- Manish Valecha:** Thank you. Anyone who has a question may please indicate by raise of hands. As there are no further questions, we will request you to give the closing comments.
- Sreekanth Reddy:** Yes. We would once again like to thank each one of you for joining us on the call. I hope you got all the answers you are looking for. Please feel free to contact our team at Sagar or CDR, should you need any further information or have any further queries. We'll be more than happy to discuss them with you. Thank you. Have a good day.
- Manish Valecha:** Thank you. And we will now conclude the call. Thank you, everyone. Have a good day.
- Sreekanth Reddy:** Thank you, Manish.

Manish Valecha: Thank you.