



SAGAR CEMENTS LIMITED

SCL:SEC:NSE:BSE:2019-20

24th July 2019

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

Scrip Code: 502090

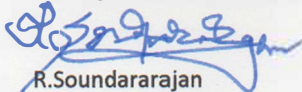
Dear Sirs

**Press Release regarding Un-audited Financial Results (Standalone and Consolidated) for
the first quarter ended June 30, 2019**

Further to our letter dated 24th July 2019, we are sending herewith a copy of the Press Release being issued by us in connection with our un-audited financial results (Stand-alone and Consolidated) for the first quarter ended June 30, 2019.

Thanking you

Yours faithfully
For Sagar Cements Limited


R.Soundararajan
Company Secretary

Encl: a.a.



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Factory : Mattampally (Village & Mandal) - 508204, Suryapet - District. Phone : 08683 - 247039
CIN : L26942TG1981PLC002887



Sagar Cements Limited

Q1 FY20

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 August 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)

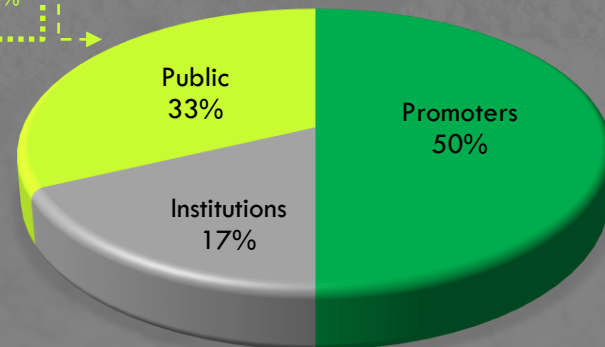
Strong brand built over the last 3.5 decades – “Sagar Cement”

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 - June 2019

Public holding includes AvH Group's ~17.6% stake



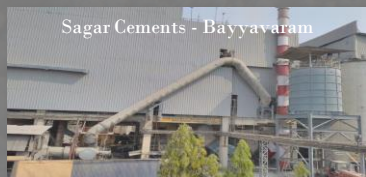
Note: *Promoter group holding of 50% includes 1.5% held by APIDC

Capital Market Metrics

Listed on	BSE & NSE
CMP (INR)*	620.35
M-Cap (INR mn)	~12,655
52 week high (INR)	~829.75 (03 rd Aug.18)
52 week low (INR)	~529.00 (21 st Feb. 19)

*Market price at close on 23rd July 2019

Overview



Clinker Capacity

Facility	Capacity MTPA
SCL	2.80
SC (R)	1.00
Total Clinker Capacity	3.80

- Fully integrated & automated facilities
- Distribution – Strong network of ~1,422 dealers; Channel Mix – Trade 48% : Non Trade 52%
- Track Record of consistent profits, successful inorganic and organic expansion initiatives
- Strong Financial Performance: Q1 FY20 revenue stood at INR 3,456 mn with an EBIDTA of INR 801 mn

Cements Capacity

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



Power Plants

Facility	Capacity MW
Sagar Cements – Thermal Power (Under Implementation. Expected Commissioning by August 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
Total Capacity	61.35 MW



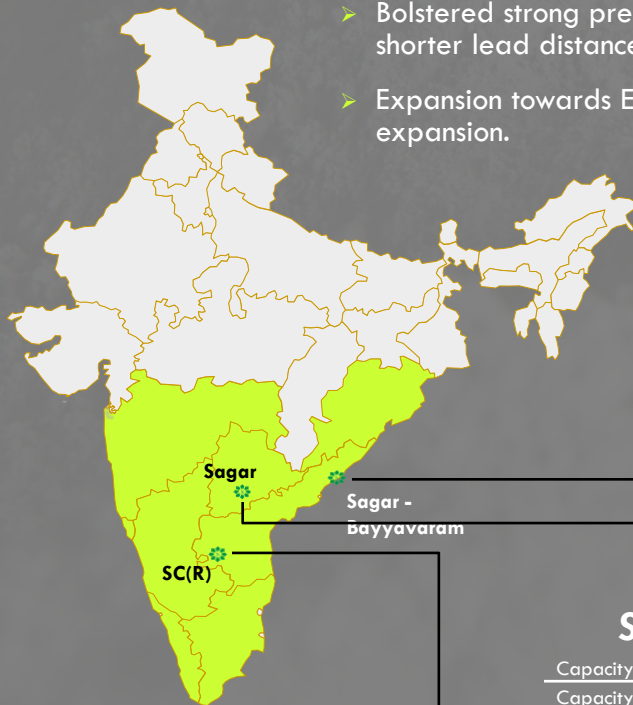
Market Footprint



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

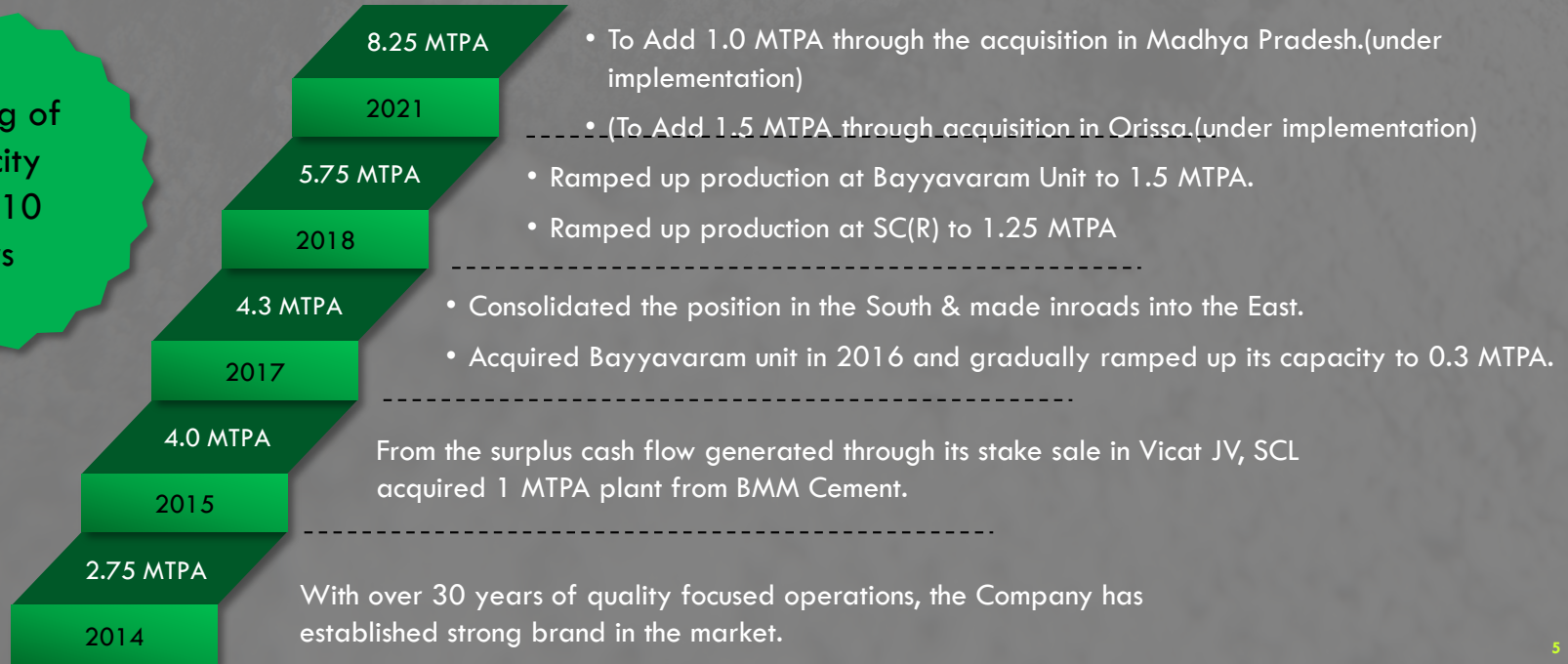
Capacity	1.25 MTPA
Capacity utilization (FY19)	74%
Key Markets	AP, Karnataka, TN
Limestone reserve	Over 174 mn tonnes (20 yr lease)
Captive power	25 MW

Business Objective

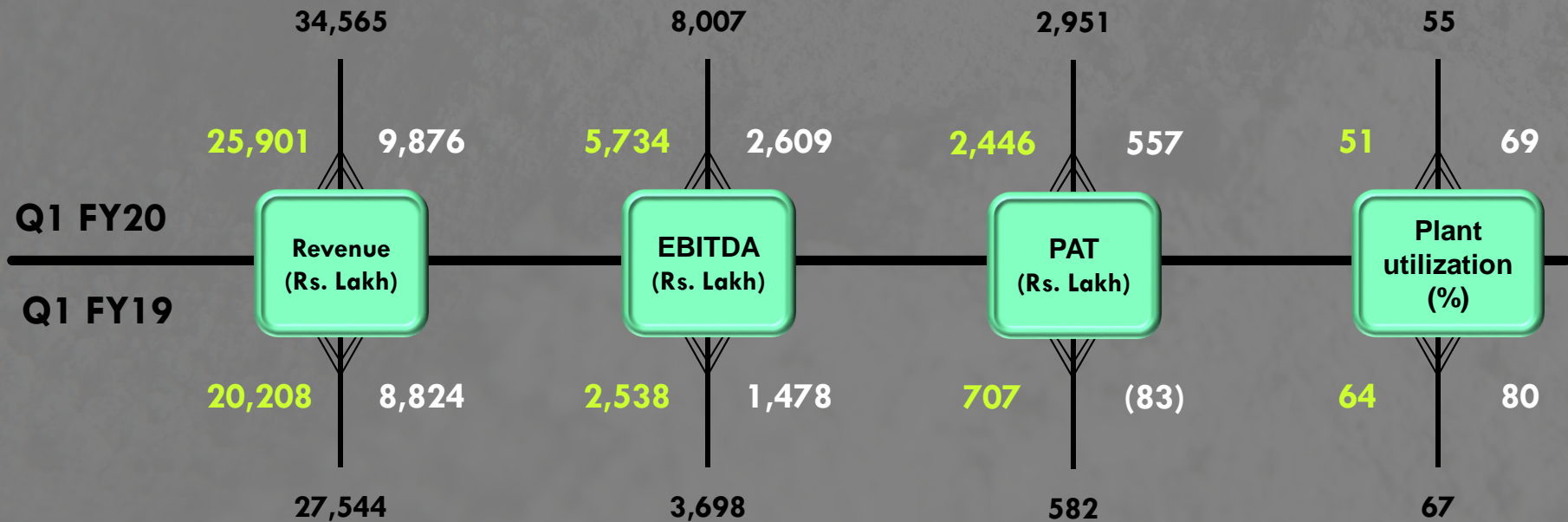


- To be a niche but effective cement and clinker manufacturer across chosen markets
- Emphasis on efficiency and quality of operations – to be one of the lowest cost manufacturer in each of our designated market

Doubling of Capacity every 10 years



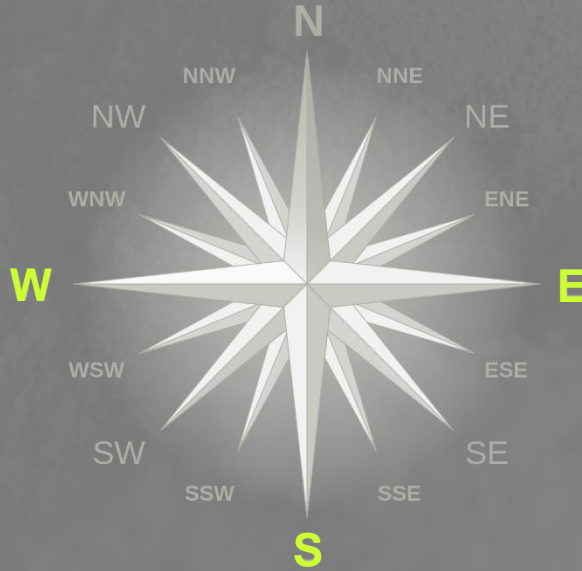
Performance Highlights



Industry Overview



- Prices in Maharashtra especially Mumbai improved meaningfully. Pricing in rest of the region benefited from higher prices in South



- Prices in the region remained more or less steady during the quarter

Perspective

on

Cement

Prices

- Prices remained steady amid softening of demand following water shortage, project cancellation and sand mining issues in the region

Jt. Managing Director's Comment

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

"We have started the year on a positive note with revenue and profitability growth of 25% & 406% respectively for the quarter. While revenue growth was largely value driven given softening of demand amid election activities, given our diversified market presence, we were able to deliver steady volume growth as well.

Profitability margins were further benefited by our recent strategic cost rationalization measures. Ramp-up of the WHR plant and the expected commissioning of captive power plant along with savings in logistics costs on account of reallocation of sales should all help us in further lowering expenses & maintaining margins.

We expect this overall momentum in the business to continue further.

Looking ahead, pick up in construction activities coupled with stable pricing environment should help us in delivering steady and consistent performance."



Sagar Cements - Business Overview



Higher revenue growth on the back of improved pricing environment and steady volumes



Better realisations coupled with benign input costs resulted in margin expansion



Strategic initiatives aimed towards lowering cost and targeting newer markets to drive growth



Outlook remains positive on the back of government's persistent efforts towards strengthening Infrastructure capacities



Plant Utilization



Mattampally Plant

Cement	Utilisation (%)
Q1 FY18	56
Q2 FY18	51
Q3 FY18	56
Q4 FY18	66
Q1 FY19	62
Q2 FY19	61
Q3 FY19	59
Q4 FY19	60
Q1 FY20	49

Bayyavaram Plant

Cement	Utilisation (%)
Q1 FY18	57
Q2 FY18	57
Q3 FY18	81
Q4 FY18	96
Q1 FY19	82
Q2 FY19*	23
Q3 FY19	54
Q4 FY19	62
Q1 FY20	53

Gudipadu Plant

Cement	Utilisation (%)
Q1 FY18	64
Q2 FY18	63
Q3 FY18	70
Q4 FY18	84
Q1 FY19	80
Q2 FY19	56
Q3 FY19	81
Q4 FY19	78
Q1 FY20	69

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

Thermal Fuel Prices



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

Q1 FY20

Coal Pet coke mix was 2 : 98

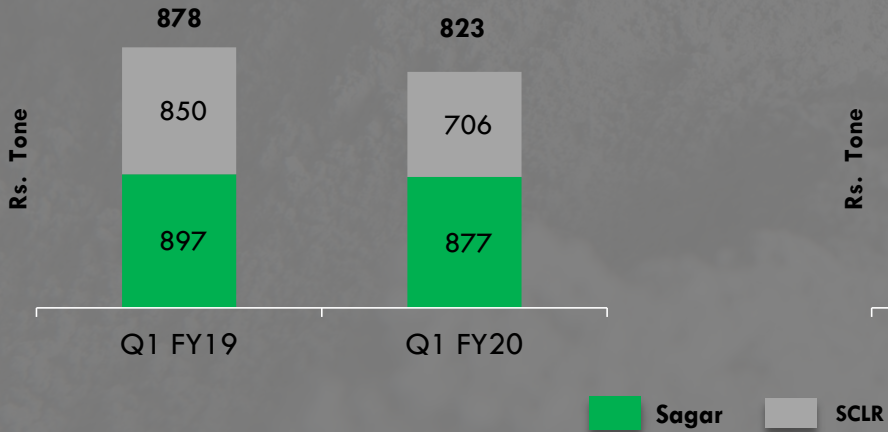
Thermal Fuel Cost (Rs. / Tonne)

		Q1	Q2	Q3	Q4	
Average	FY18	Coal	6,148	6,082	6,533	5,910
		Pet coke	7,016	7,581	8,079	8,251
	FY19	Coal	5,146	5,125	5,250	5,197
		Pet coke	8,577	9,452	9,840	9,529
	FY20	Coal	4,050	-	-	-
		Pet coke	9,036	-	-	-

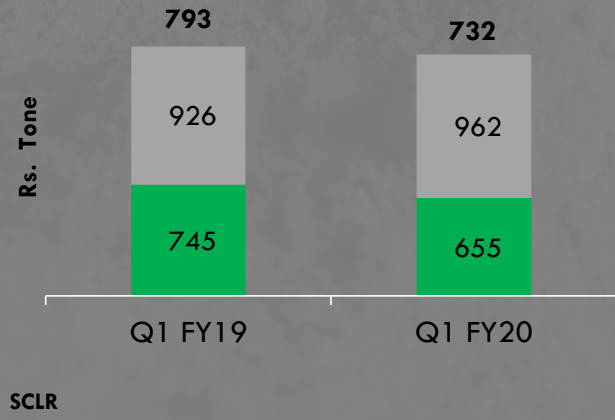
Cost Overview



Avg. Fuel Cost Per Tonne



Freight Cost per Tonne



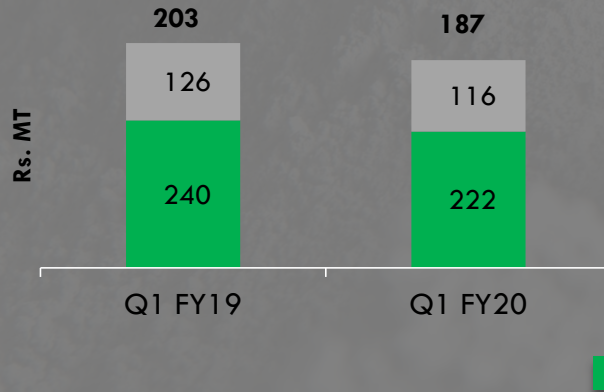
- Gudipadu Plant has stabilized itself and is, currently using pet coke resulting in a lower fuel cost.
- Optimization of thermal efficiency has resulted in lower per ton cost of fuel.

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

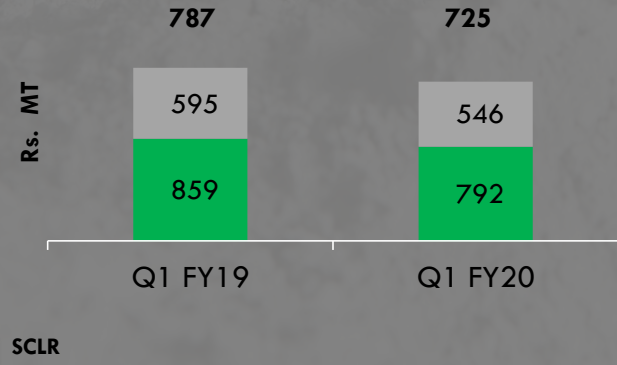
Cost Overview



Employee Cost per ton of Cement



Raw Material Cost per ton of Cement



- Employee costs during Q1 FY 20 amounted to Rs.187 per ton on console basis as against Rs. 203 per ton during Q1 FY19.

- Material cost per ton during Q1 FY 20 on console basis was Rs. 725 per ton as against Rs. 787 per ton during Q1 FY19.

Production & Sales in Q1 FY20 and Dispatches



Description	Sagar Cements Ltd Qty in MT	Sagar Cements (R) Ltd Qty in MT	Consolidated Qty in MT
Clinker	4,27,666	1,97,503	6,25,169
Cement Production / Purchase	6,06,354	2,16,659	8,23,013
Cement Sales	6,13,313	2,06,842	8,20,155

Consolidated Dispatch Details

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
TOTAL	7,43,053	7,19,364	9,21,575	9,41,937	33,25,929

TPT	Q1 FY20				
BY ROAD	8,21,848				
BY RAKE	0				
TOTAL	8,21,848				

Key Balance Sheet Items



Rs. In Lakh	Sagar Cements Ltd.	Sagar Cements (R) Ltd.	Consolidated
Gross Debt	27,516	31,724	50,005
- Long Term	16,968	27,723	35,456
Working Capital	10,548	4,001	14,549
Cash & Bank Balance	1,684	464	2,376
Debt Equity Ratio (%)	0.17	4.10	0.37
Net Worth	101,101	6,765	101,938
investments	32,527	0	0

As of June 30, 2019



For further information contact:

Sagar Cements Limited

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Safe Harbour :

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