



# SAGAR CEMENTS LIMITED

SCL:SEC:NSE:BSE:2019-20

28th January 2020

The National Stock Exchange of India Ltd.,  
"Exchange Plaza", 5<sup>th</sup> 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 third quarter and nine months ended December 31, 2019**

Further to our letter dated 28<sup>th</sup> January, 2020, 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 third quarter and nine months ended December 31, 2019.

Thanking you

Yours faithfully  
For Sagar Cements Limited

R. Soundararajan  
Company Secretary

Encl: a.a.



**Registered Office :** Plot No. 111, Road No.10, Jubilee Hills, Hyderabad - 500 033

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# Sagar Cements Limited

Q3 & 9M FY20 Results Presentation



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Promoted by experienced technocrat and 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 which has been commissioned during current quarter.

Strong presence across all five southern states; Since expanded its 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) & GGBS.

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 19.9% equity stake in the Company.

High focus on technology and process efficiencies; High levels of Corporate Governance standards

## SHARE HOLDING PATTERN



## Capital Market Metrics

Listed on	BSE & NSE
CMP (INR)*	567
M-Cap (INR mn)	~12,437
52 week high (INR)	~749 (13 <sup>th</sup> March 19)
52 week low (INR)	~488 (20 <sup>th</sup> Dec. 19)

\*Market price at close on 27<sup>th</sup> Jan. 2020

## Cement Facilities

3 Mn Tonnes Integrated Plant -  
Mattampally



1.25 Mn Tonnes Integrated Plant at  
Gudipadu



1.5 Mn Tonne Cement Grinding Plant -  
Bayyavaram



## Clinker Capacity

Facility	Capacity MTPA
SCL	2.80
SC (R)	1.00
<b>Total Clinker Capacity</b>	<b>3.80</b>

- Fully integrated & automated facilities
- Strong distribution
- Track Record of consistent profits
- Successful inorganic and organic expansion initiatives
- Strong Financial Performance



- ISO 9001 : 2000 QMS
- ISO 50001 : 2018 EMS
- OHSAS 18001 : 2005
- RMF & ICD for SOX Compliance
- NABL accreditation
- Green Co Certificate
- Green Pro Certificate

## Cements Capacity

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

## Power Plants

Facility	Capacity MW
Sagar Cements – Thermal Power Plant	18 MW
Waste Heat Recovery Power Plant	8.8 MW
Hydro Power	8.3 MW
Solar Power	1.25 MW
SC (R) – Thermal Power Plant at Gudipadu	25 MW
<b>Total Capacity</b>	<b>61.35 MW</b>

Mattampally WHRS -8.80 MW



## Captive Power Facilities

25 MW Thermal Power Plant at  
Gudipadu



GBC Hydro – 4.3  
MW

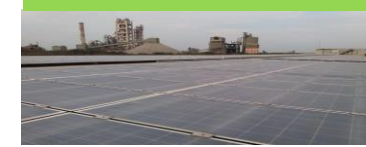
LIS Hydro  
-4.00 MW



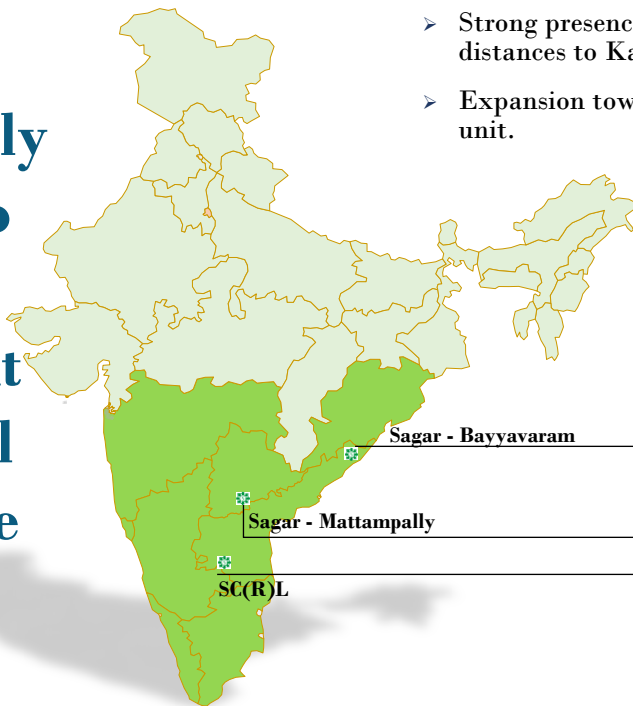
Mattampally Thermal Power Plant -18  
MW



Mattampally Solar Plant -1.25 MW



Strategically located to reap a significant locational advantage



### Well positioned to capture recovery in south with key strategic expansion initiatives

- Strong presence across key southern markets with the acquisition of SCL(R) – shorter lead distances to Karnataka, Tamil Nadu and Kerala
- Expansion towards East with the acquisition and subsequent expansion of Bayyavaram unit.

#### Sagar Cements – Bayyavaram, AP

Capacity	1.5 MTPA
Key Markets	Vizag, Vizianagaram, Srikakulam, South Odisha
Captive hydel power	8.3 MW

#### Sagar Cements – Mattampally, Telangana

Capacity	3.0 MTPA
Capacity utilization (FY19)	60%
Key Markets	AP, Telangana, TN, Odisha, Maharashtra
Limestone reserve	Over 600 mn tonnes
Captive power through multiple sources	28.05 MW

#### 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 thermal power	25 MW

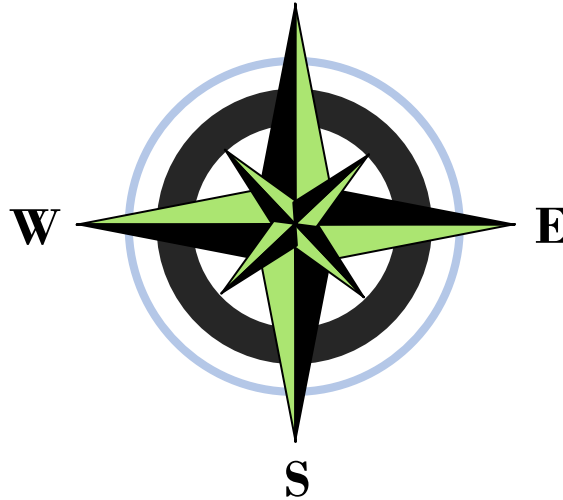
- Though niche, to be effective cement and clinker manufacturer across chosen markets.
- Emphasis on efficiency and quality of operations – to be one of the manufacturers with lowest cost in each of its designated market.



**Doubling of Capacity every 10 years**



Lower off-take in the region amidst the State Election coupled with benign prices in South impacted demand and prices



Heightened competitive intensity amidst sluggish demand weighed down on prices

Sluggish demand combined with slow pace / stand still of construction activities impacted pricing environment in the region



**Perspective  
on Cement  
Prices**



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

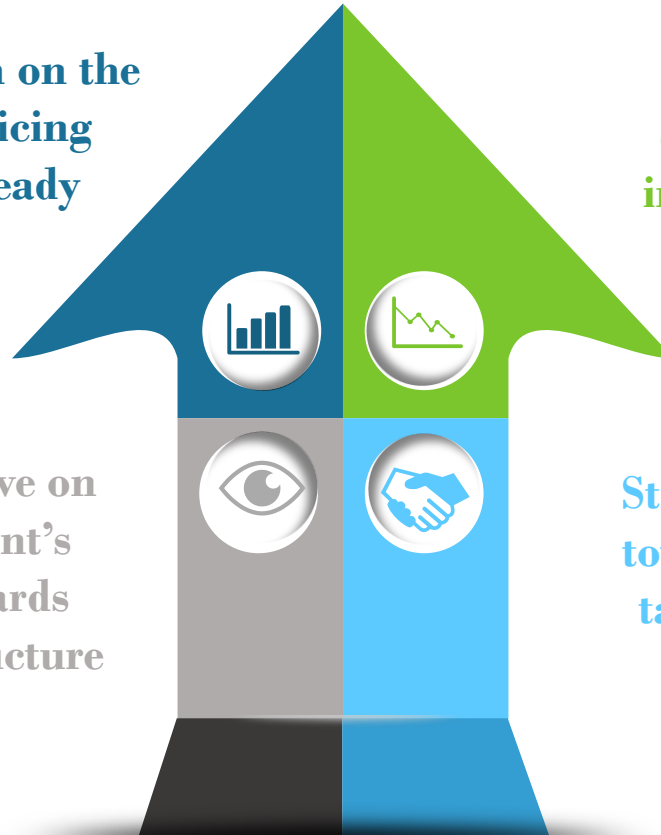
*“Our performance for the quarter was expectedly a bit subdued amidst sluggish demand and pricing pressure across key markets. Absence of Govt. spending coupled with benign retail spending slowed our first half growth momentum in turn resulting in our 9M FY20 revenue growth to 2%, though EBDITA grew by 59%.*

*However, despite revenue de-growth during the quarter, we were able to preserve our operational profitability and margins owing in part to benign input prices but largely benefiting from our recent strategic changes in lead distances and cost rationalization. We expect cost efficiencies to further improve on the back of commissioning of CPP & optimization of logistics by better alignment of the market. Lastly, the completion of ongoing projects at company's subsidiaries, Satguru cement and Jajpur Cement, should help us further improve our operational efficiencies.*

*Going ahead, we believe that the pick up in Pvt. Capex coupled with Govt.'s efforts towards enhancing liquidity and infrastructure capacities would help revive the demand for cement and its pricing environment.”*

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

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



**Better realizations coupled with benign input costs resulted in margin expansion**

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

## Satguru Cement Private Limited Project Site Photos



### Key Highlights

<b>Capacity</b>	1 MTPA Integrated Cement facility
<b>Acquisition completed</b>	8 <sup>th</sup> May 2019
<b>Sagar Cements Stake</b>	65%
<b>Project Cost (Rs. in Crores)</b>	488
<b>Achieved financial closure with</b>	IndusInd Bank
<b>Tenure</b>	12 Years
<b>Loan Documentation</b>	In Process

### Approvals Status

Public hearing completed  
 Environment Clearance received for plant Implementation  
 Orders placed for core equipment's  
 Civil works is in Progress

## Jajpur Cements Private Limited Project Site Photos



### Key Highlights

<b>Capacity</b>	1.5 MTPA Grinding facility
<b>Acquisition completed</b>	2 <sup>nd</sup> May 2019
<b>Sagar Cements Stake</b>	100%
<b>Project Cost (Rs. in Crores)</b>	308
<b>Achieved financial closure with</b>	Axis Bank
<b>Tenure</b>	12 Years
<b>Loan Documentation</b>	Completed

### Approvals Status

Public hearing completed  
 Environment Clearance received for plant Implementation  
 Orders placed for core equipment's  
 Civil works is in Progress

Figs. In Lacs

## Sagar Cements Limited

Particulars	Q3 FY20	Q3 FY19	%	9M FY20	9M FY19	%
<i>Sales Volume(Mt)</i>	5,53,842	6,79,332	-18%	16,67,623	17,95,678	-7%
<i>Sales</i>	18,947	23,621	-20%	64,361	64,488	-
<i>Ebitda</i>	1,268	1,986	-36%	9,957	6,935	44%
<i>Ebitda/Mt</i>	229	292	-22%	597	386	55%
<i>PAT</i>	(444)	4	-	2,614	972	169%

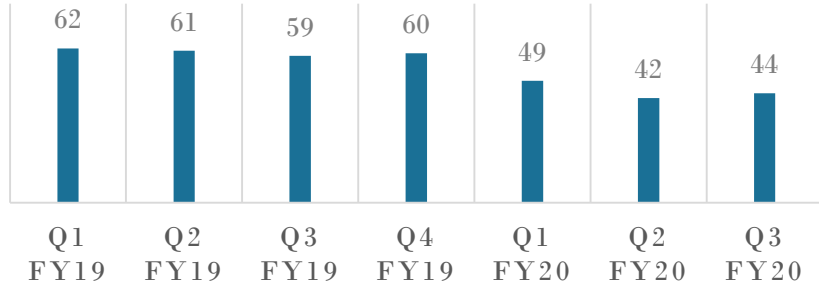
## Sagar Cements(R) Limited

Particulars	Q3 FY20	Q3 FY19	%	9M FY20	9M FY19	%
<i>Sales Volume(Mt)</i>	2,10,000	2,41,604	-13%	6,26,758	5,83,070	7%
<i>Sales</i>	7,736	10,035	-23%	26,172	25,605	2%
<i>Ebitda</i>	1,105	1,431	-23%	5,351	2,990	79%
<i>Ebitda/Mt</i>	526	592	-11%	854	513	66%
<i>PAT</i>	(413)	(260)	-	113	(1,366)	-

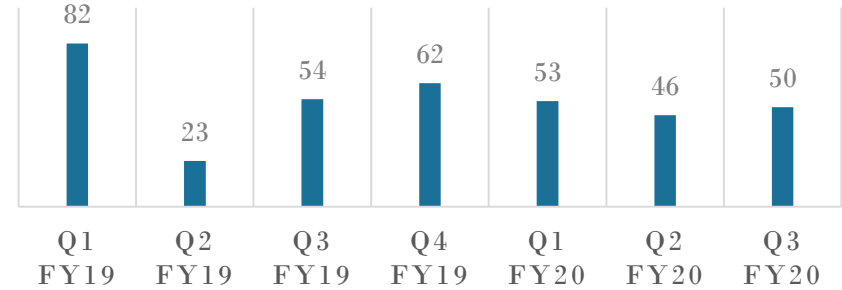
## Consolidated

Particulars	Q3 FY20	Q3 FY19	%	9M FY20	9M FY19	%
<i>Sales Volume(Mt)</i>	7,63,842	9,20,936	-17%	22,94,381	23,78,748	-4%
<i>Sales</i>	26,257	31,992	-18%	87,331	85,370	2%
<i>Ebitda</i>	2,033	3,095	-34%	14,258	8,965	59%
<i>Ebitda/Mt</i>	266	336	-21%	621	377	65%
<i>PAT</i>	(908)	(297)	-	2,535	(516)	-

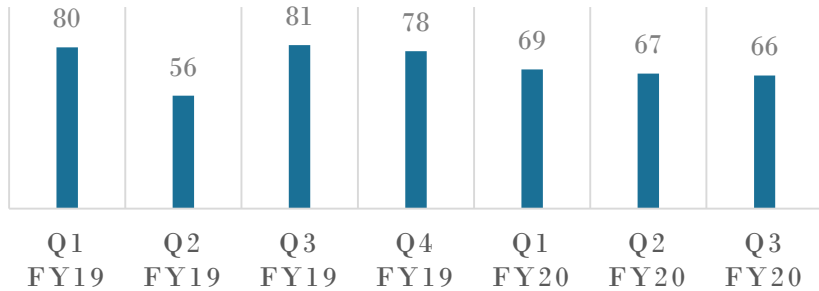
## MATTAMPALLY PLANT



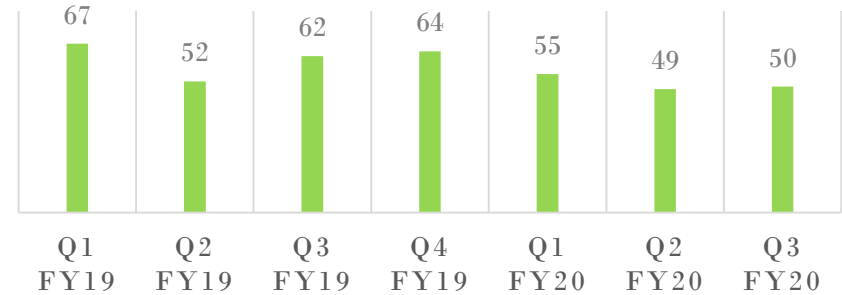
## BAYYAVARAM PLANT



## GUDIPADU PLANT



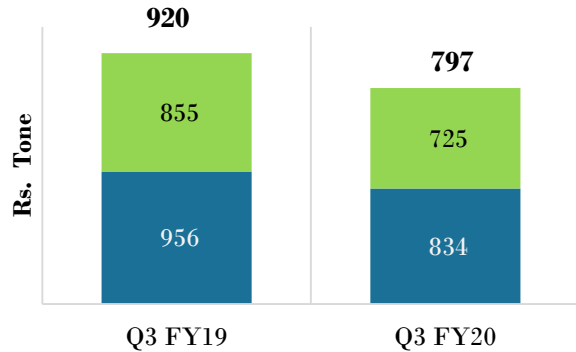
## CONSOLIDATED



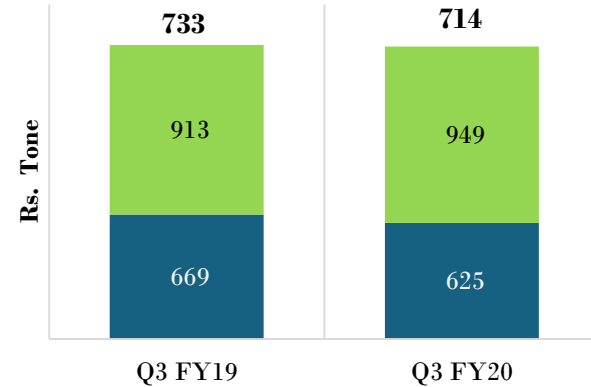
Q1 FY19	Q2 FY19	Q3 FY19	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20
Coal : Pet coke mix was 64:36	Coal : Pet coke mix was 25:75	Coal: Pet coke mix was 45:55	Coal Pet coke mix was 9 : 91	Coal Pet coke mix was 0 : 100	Coal Pet coke mix was 0 : 100	Coal Pet coke mix was 0: 100

<i>Thermal Fuel Cost (Rs. / Tonne)</i>					
		Q1	Q2	Q3	Q4
Coal	<b>FY18</b>	6,148	6,082	6,533	5,910
Pet coke		7,016	7,581	8,079	8,251
Coal	<b>FY19</b>	5,146	5,125	5,250	5,197
Pet coke		8,577	9,452	9,840	9,529
Coal	<b>FY20</b>	4,050	5,419	5,415	-
Pet coke		9,036	8675	7,999	-

## Avg. Fuel Cost Per Tonne



## Freight Cost per Tonne



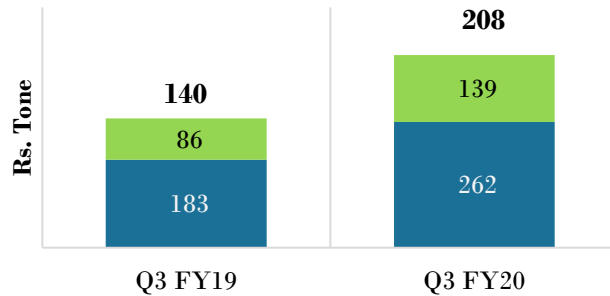
■ Sagar
 ■ SCRL

- Presently we are using 100% pet coke at Mattampally & Gudipadu Plants.
- 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.



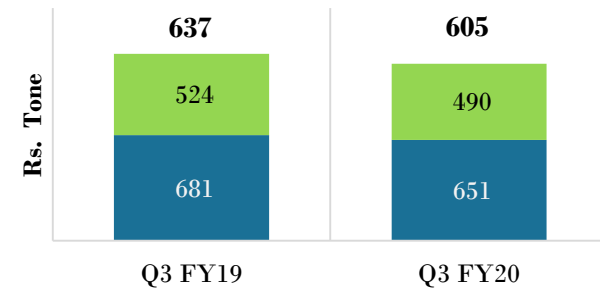
## Employee Cost per ton of Cement



■ Sagar ■ SCRL

- Employee costs during Q3 FY 20 amounted to Rs. 208 per ton on console basis as against Rs. 140 per ton during Q3 FY19. Per ton cost is higher in comparison to previous year mainly on account of lower sales volume.

## Raw Material Cost per ton of Cement



- Material cost per ton during Q3 FY 20 on console basis was Rs. 605 per ton as against Rs. 637 per ton during Q3 FY19.

Description	Sagar Cements Ltd Qty in MT	Sagar Cements ( R ) Ltd Qty in MT	Consolidated Qty in MT
<b>Clinker</b>	3,07,977	1,58,110	4,66,087
<b>Cement Production / Purchase</b>	5,37,786	2,06,452	7,44,238
<b>Cement Sales</b>	5,53,842	2,10,000	7,63,842

<i>Consolidated Dispatch Details</i>					
TPT	Q1 FY19	Q2 FY19	Q3 FY19	Q4 FY19	Total
<b>BY ROAD</b>	7,43,053	7,19,364	9,21,575	9,41,937	33,25,929
<b>BY RAKE</b>	0	0	0	0	0
<b>TOTAL</b>	<b>7,43,053</b>	<b>7,19,364</b>	<b>9,21,575</b>	<b>9,41,937</b>	<b>33,25,929</b>

TPT	Q1 FY20	Q2 FY20	Q3 FY20		
<b>BY ROAD</b>	8,21,848	7,11,826	7,59,745		
<b>BY RAKE</b>	0	0	2,744		
<b>TOTAL</b>	<b>8,21,848</b>	<b>7,11,826</b>	<b>7,62,489</b>		

Rs. In Lakh	Sagar Cements Ltd.	Sagar Cements (R) Ltd.	Consolidated
<b>Gross Debt</b>	28,075	30,547	48,862
<b>- Long Term</b>	15,312	26,808	32,360
<b>- Working Capital</b>	12,763	3,739	16,502
<b>Cash &amp; Bank Balance</b>	953	99	1,537
<b>Debt Equity Ratio (%)</b>	0.15	4.24	0.32
<b>Net Worth</b>	1,00,654	6,323	1,00,190
<b>Investments</b>	47,063	0	0

*As of Dec 31, 2019*

## Safe Harbour :

*Certain matters discussed in this communication may contain statements regarding the company's market opportunity and business prospects that are individually and collectively forward-looking statements. Such forward-looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and assumptions that are difficult to predict. These risks and uncertainties include, but are not limited to, the performance of the Indian Economy and of the economies of various International markets, the performance of the Cement Industry in India and world-wide, competition, the company's ability to successfully implement its strategy, the company's future levels of growth and expansion, technological implementation, changes and advancements, change in revenue, income or cash flows, the company's market preferences and its exposure to market risks, as well as other risks. The company's actual results, levels of activity, performance or achievements could differ materially and adversely from results expressed in or implied by this presentation. The Company assumes no obligation to update any forward-looking information contained in this communication. Any forward – looking statements and projections made by third parties included in this communication are not adapted by the company and the company is not responsible for such third party statements and projections*

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