



# Sagar Cements Limited

## Chairman's Address

### Speech delivered by Shri O.Swaminatha Reddy, Chairman at the 38th Annual General Meeting of the Company held at Hyderabad on 24<sup>th</sup> July, 2019

#### **Dear Members**

I extend a warm welcome to all the shareholders of the company and their representatives, who are here for the 38<sup>th</sup> Annual General Meeting of your company.

As the financial statements of the Company for the year ended 31st March 2019 together with the report of the Directors have already been with you, I rather like to share my views more on the current scenario that is relevant to you and your Company. But before doing so, I cannot but recall the huge contribution made by Late Shri S.Veera Reddy to Sagar Group as its founder, guiding its fortunes till his end. This is more so, as this Meeting happens to be the first AGM held after his sad demise. I am sure that the philosophy followed and the ideal set by him during his tenure as Managing Director of the Company would continue to guide us all.

#### **Economic and political Scenario**

A couple of months back, our Nation successfully went through a process of general election, once-again re-inforcing its faith in democracy, instead of throwing a fractured mandate as had been predicted by many political pundits, ensuring a second term for the National Democratic Alliance with a more comfortable majority. I am sure that this would ensure the continuation of the policies initiated by the Government in its previous tenure with more vigour and confidence, particularly in the areas like infrastructure development, financial sector reforms, job creation, eradication of rural poverty.

Coming to the cement industry, as the monsoon, which is now gaining momentum, is likely to become more active in the areas relevant to your company, the current subdued trend in the infrastructural and real estate activities are likely to continue for a while. Yet the long-term prospects for the cement industry as a whole continue to be bright as the cement consumption, driven by higher off-take by all user segments, has already started slowly picking up. The priority accorded in the current central budget for development of infrastructure on a massive scale can only further speed up this process.

#### **Company Scenario**

Your Company having successfully completed the expansion of its grinding unit at Bayyavaram from 0.181 MT to 1.5 MT, the said unit is now grinding the clinker sourcing from your Mattampally plant into cement and meets the growing demand in North Coastal Districts of Andhra Pradesh and Southern parts of Odisha.

Further, to keep the energy cost to the minimum, your company has already commissioned at your Mattampally unit a Waste Heat Recovery Plant, which now operates at 8.5 MW capacity. This is further supplemented by a one M.W. capacity solar power plant at the said unit and its two mini hydel power units of a combined capacity of 8.3 MWs. A coal based 18 MW power plant being set up by your company at its Mattampally plant is expected to commence its power generation within a couple of month. I am sure that these initiatives would go a long way in further reducing the power, fuel and logistics costs.

## **Subsidiary Company**

I am happy to inform you that the Gudipadu unit of Sagar Cements (R) Limited, your wholly-owned subsidiary company, after overcoming its initial bottlenecks, is now operating at around 74 % and its 25 MW power plant around 84 % capacity. I am sure that this unit will improve its performance further and earn reasonable profit before long.

In my previous address I had mentioned about your company's goal to expand its marketing foot print and popularize its brand in newer areas through setting up of integrated cement plants and grinding units in places closer to these areas or through entering into marketing tie-ups with the local manufacturers, wherever it would make business sense.

In this connection I am happy to inform you that your company has since acquired majority equity stake in Satguru Cements Private Limited and entire equity stake in Jajpur Cements Private Limited for setting up through them a green-field integrated cement plant and a grinding unit in Madhya Pradesh and Odisha respectively. The details on these acquisitions have been given in the Directors' Report. Barring unforeseen circumstances, these units will become operational by March 2021.

## **Future outlook**

I hope that with the current monsoon season in the second quarter coming to an end, the cement prices would stabilize at reasonable levels in the months to come, which would enable your company to show a better performance in the current year. I am hopeful that the initiatives like development of smart cities as announced by the Government of India would also energize the infrastructure and housing sectors and strengthening the cement industry.

## **Conclusion**

I would like to express my sincere thanks to the Financial Institutions, Banks and various departments of Central and State Governments, Distributors and Dealers and all our other business associates.

Let me not forget to place on record my appreciation of the contribution made by the employees of your Company at all levels and of the unstinted support extended by my colleagues on the Board in all decisions taken at its Meetings and thereafter.

Before I conclude, I would like to thank the shareholders for their continued trust and confidence reposed on the management of the company.

I am sure that a number of shareholders would have already exercised their voting and I request those who have not done so, to exercise their voting by making use of the facilities made available at this venue.

Thank you all again for your participation in this meeting and your patient hearing.

Hyderabad  
24th July, 2019

O.Swaminatha Reddy  
Chairman