



SAGAR CEMENTS LIMITED

10th May 2023

SCL:SEC:NSE:BSE:2023-24

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

Scrip Code: 502090

Series: EQ

Symbol SAGCEM
Series DEBT
ISIN INE433R07016

Dear Sirs

Press Release regarding audited Financial Results (Standalone and Consolidated) for the quarter and year ended March 31, 2023

Further to our letter of date, we are sending herewith a copy of the Press Release being issued by us following the announcement of our audited financial results for the quarter and year ended 31st March 2023.

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 - 500033, Telangana State, India.

Phone : +91-40-23351571, 23356572 Fax : +91-40-23356573 E-mail : info@sagarcements.in Website : www.sagarcements.in

CIN : L26942TG1981PLC002887 GSTIN : 36AACCS8680H2ZY

Factories : Mattampally Village & Mandal, Suryapet District, Telangana State - 508204. Phone : 08683 - 247039 GSTIN : 36AACCS8680H1ZZ

Bayyavaram Village, Kasimkota Mandal, Anakapally District, Andhra Pradesh State - 531031. Phone : 08924-244550 Fax : 08924-244570 GSTIN : 37AACCS8680H1ZX

Gudipadu Village, Yadiki Mandal, Ananthapur District, Andhra Pradesh State - 515408. Phone: 08558-200272 GSTIN : 37AACCS8680H1ZX



Sagar Cements Limited

Q4&FY23
Results Presentation

- ❑ Consolidated and Standalone Financial results
- ❑ Jt. Managing Director's Comment
- ❑ Financial and Operational Performance analysis
- ❑ Key Development – Andhra Cements Acquisition
- ❑ ESG
- ❑ Company snapshot

in Rs.Lakhs

Particulars	Q4 FY23	Q4 FY22	YoY (%)	Q3 FY23	QoQ (%)	FY23	FY22	YoY (%)
Sales Volume (MT)	13,56,863	11,27,902	▲ 20%	12,39,563	▲ 9%	48,17,676	36,03,754	▲ 34%
Revenue from Operations	62,154	50,172	▲ 24%	57,573	▲ 8%	2,22,954	1,59,687	▲ 40%
Other Income	18,104	417	▲ 4,241%	1,429	▼ 1,167%	22,270	1,342	▼ 1,559%
Total Income	80,258	50,589	▲ 59%	59,002	▲ 36%	2,45,224	1,61,029	▲ 52%
Operating expenses	58,268	44,063	▲ 32%	52,815	▲ 10%	2,07,636	1,32,110	▲ 57%
Op. EBITDA	3,886	6,109	▼ 36%	4,758	▼ 18%	15,318	27,577	▼ 44%
Op. EBITDA Margin %	6	12	▼ 49%	8	▼ 24%	7	17	▼ 60%
Op. EBITDA per Ton in ₹	286	542	▼ 47%	384	▼ 25%	318	765	▼ 58%
Finance cost	5,191	4,713	▲ 10%	5,138	▲ 1%	20,164	9,248	▲ 118%
Depreciation	4,155	3,151	▲ 32%	3,971	▲ 5%	15,577	9,271	▲ 68%
Profit/ (Loss) before tax	12,644	(1,338)	-	(2,922)	-	1,847	10,400	▼ 82%
Tax expenses	2,846	577	▲ 393%	(203)	-	997	4,485	▼ 78%
Profit/ (Loss) after tax	9,798	(1,915)	-	(2,719)	-	850	5,915	▼ 86%

- Revenue increased by 24% Y-o-Y and volume increased by 20% for Q4 FY23.
- Plants operated at around 65% during the current quarter.
- Operating EBITDA of ₹ 3,886 lakhs for Q4 FY23 as against ₹ 6,109 lakhs during Q4FY22.
- Operating EBITDA of ₹ 286 per ton during Q4 FY23.
- EBITDA margin declined by 600 bps to 6% for Q4 FY23 (v/s Q4 FY22).
- Other Income includes an amount of ₹ 168 crores on redemption of Non Convertible Debentures held by the subsidiary.
- Profit/ (Loss) after tax stood at Rs. 9,798 lakhs for Q4 FY23 v/s PAT of ₹ (1,915) lakhs during Q4 FY22.
- The Board at its meeting held today has recommended for approval of the shareholders a dividend at ₹ 0.70 per equity share of ₹ 2 each (35%) on the 13,07,07,548 equity shares of the Company.

in Rs.Lakhs

Sagar Cements Limited								
Particulars	Q4 FY23	Q4 FY22	YoY %	Q3 FY23	QoQ (%)	FY23	FY22	YoY %
Sales Volume (MT)	11,01,250	10,55,092	▲ 4%	10,47,328	▲ 5%	41,12,339	35,25,917	▲ 17%
Total Income (in Rs. Lakhs)	52,008	48,622	▲ 7%	51,757	▲ 0%	1,99,008	1,59,477	▲ 25%
Op. EBITDA (in Rs. Lakhs)	3,406	6,934	▼ 51%	5,124	▼ 34%	17,303	28,609	▼ 40%
Op. EBITDA / MT (in Rs.)	309	657	▼ 53%	489	▼ 37%	421	811	▼ 48%
PAT (in Rs. Lakhs)	128	1,631	▼ 92%	1,492	▼ 91%	3,922	10,378	▼ 62%

- 4% YoY increase in volumes during Q4 FY23.
- Op. EBITDA of ₹ 3,406 lakhs during Q4 FY23 lower by 51% on a Y-o-Y basis.
- Op. EBITDA of ₹ 309 per ton during Q4 FY23 lower by 53% on a Y-o-Y basis.

Consolidated Per Ton Analysis								
Particulars (in Rs)	Q4 FY23	Q4 FY22	YoY%	Q3 FY23	QoQ (%)	FY23	FY22	YoY%
Net Realization / T	4,581	4,448	▲ 3%	4,645	▼ 1%	4,628	4,431	▲ 4%
Total Expenditure /T	4,294	3,906	▲ 10%	4,261	▲ 1%	4,310	3,666	▲ 18%
Raw Material Consumed	864	703	▲ 23%	779	▲ 11%	793	682	▲ 16%
Employee Expenses	191	236	▼ 19%	209	▼ 8%	209	231	▼ 10%
Power & Fuel	1,796	1,596	▲ 13%	1,866	▼ 4%	1,879	1,346	▲ 40%
Freight	834	776	▲ 7%	795	▲ 5%	807	773	▲ 4%
Purchase of stock in Trade	35	46	▼ 23%	38	▼ 7%	51	53	▼ 4%
Other Expenses	574	549	▲ 5%	575	▼ 0%	571	581	▼ 2%
EBITDA/ T	286	542	▼ 47%	384	▼ 25%	318	765	▼ 58%

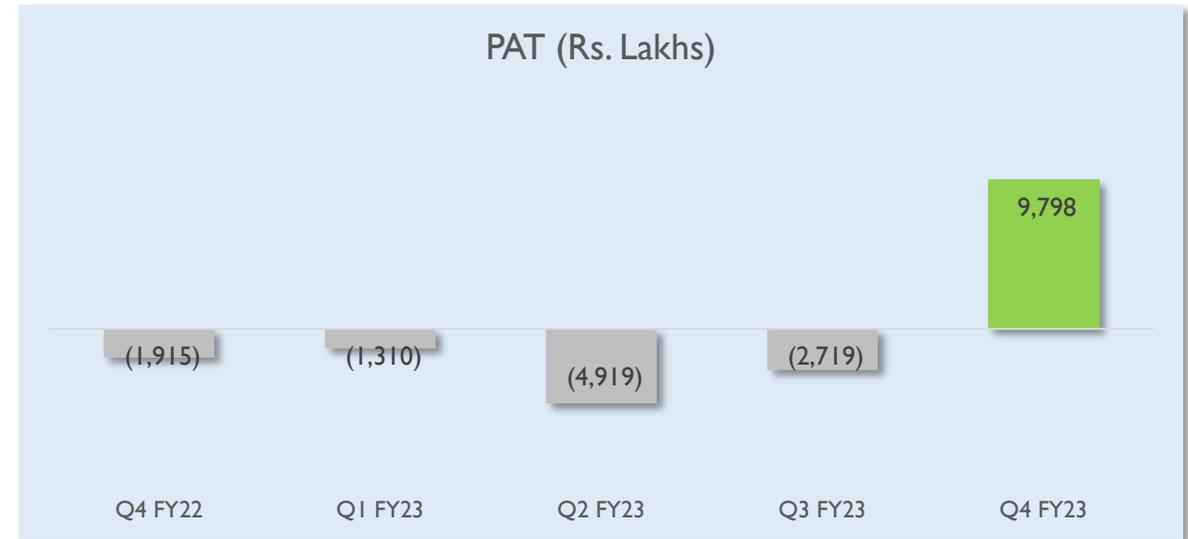
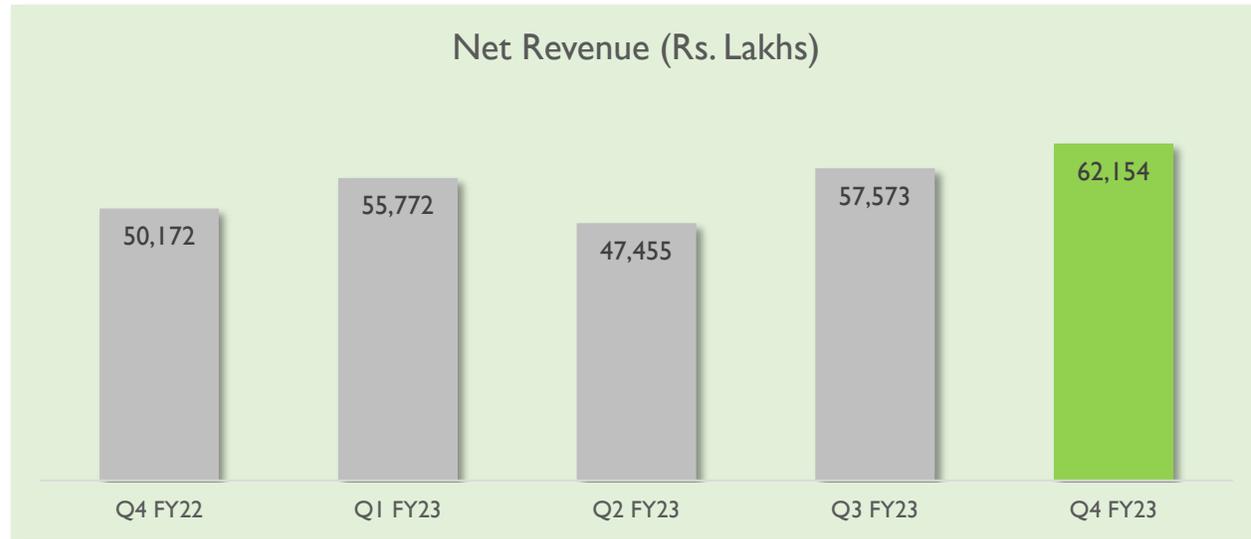
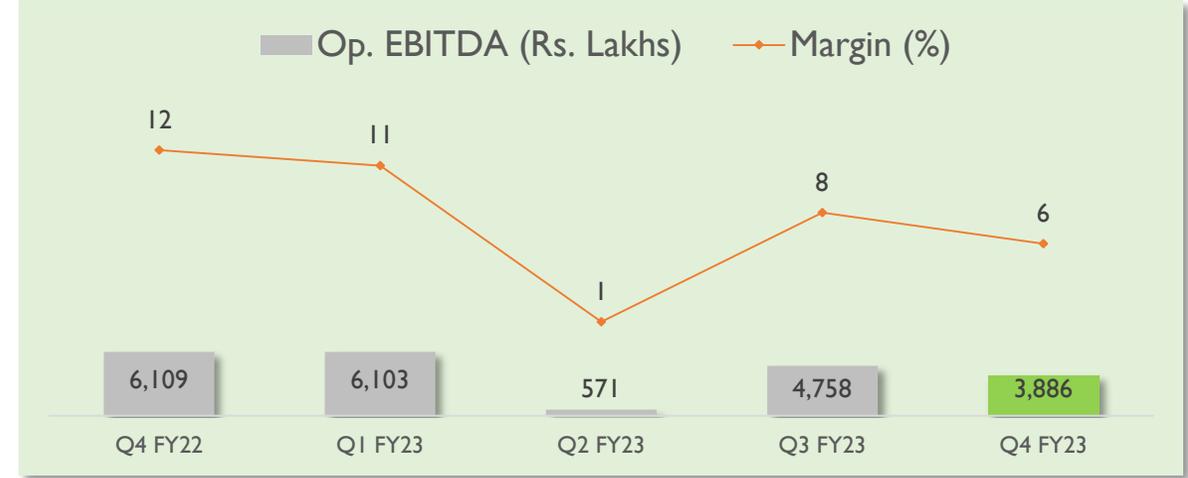
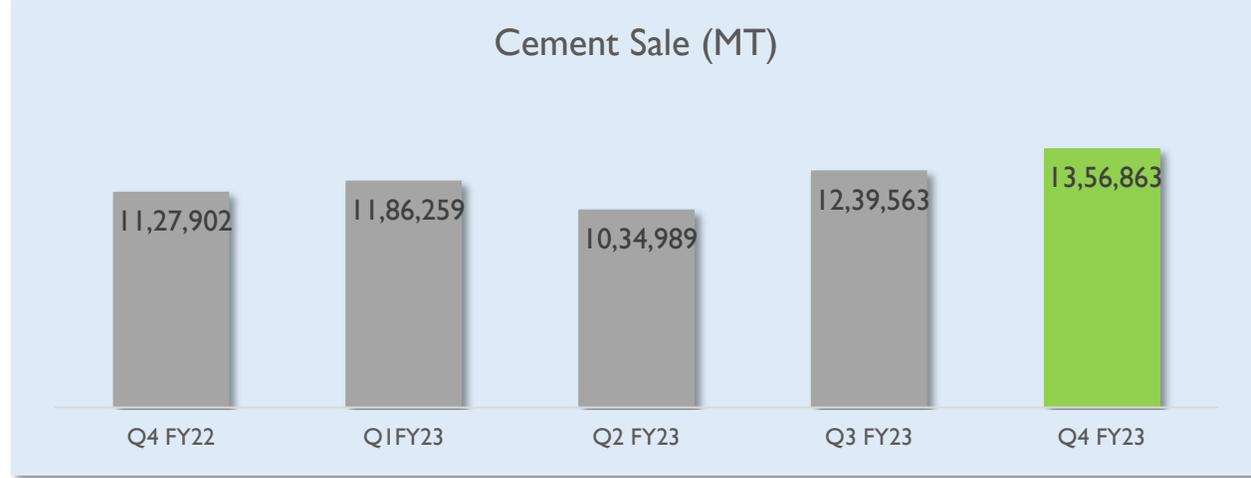
Commenting on the performance, Mr. Sreekanth Reddy, Jt. Managing Director of the Company said,

“We have ended FY23 on a positive note with strong volume growth and moderating raw material prices. Furthermore, the year also marks the milestone of us achieving 10 MnT capacity following the acquisition of Andhra Cements. This acquisition helps us further solidify our position in our core markets and helps us better serve our customer in a cost effective way.

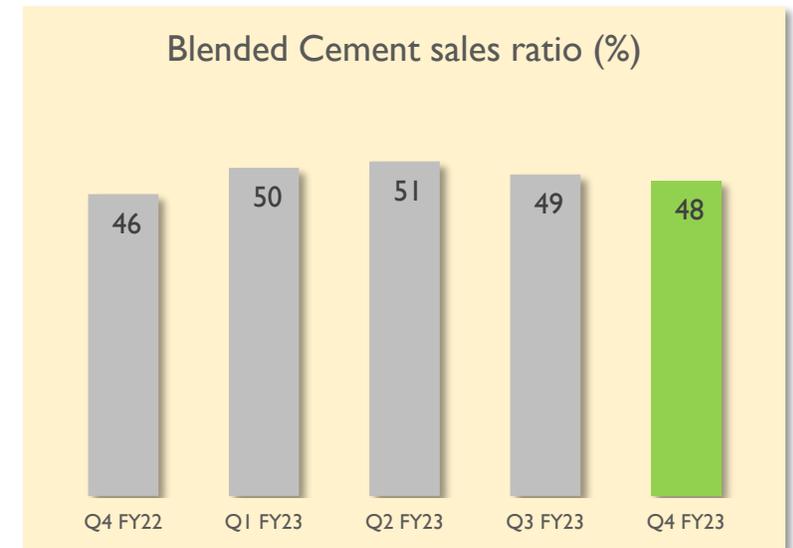
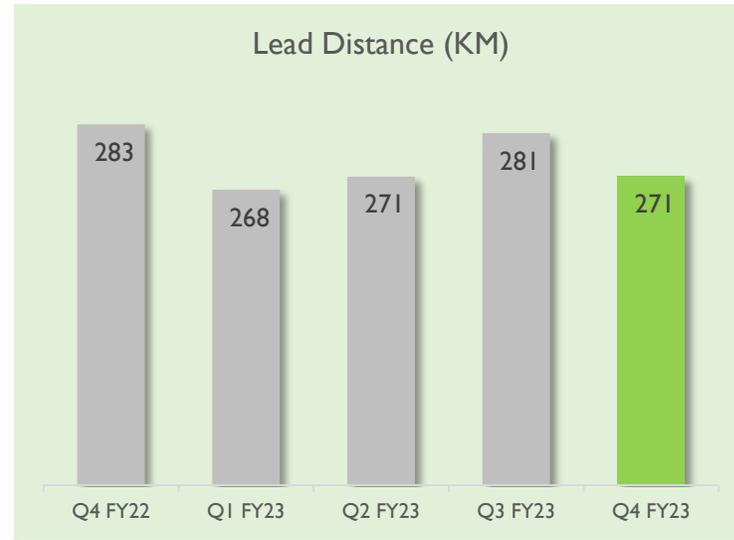
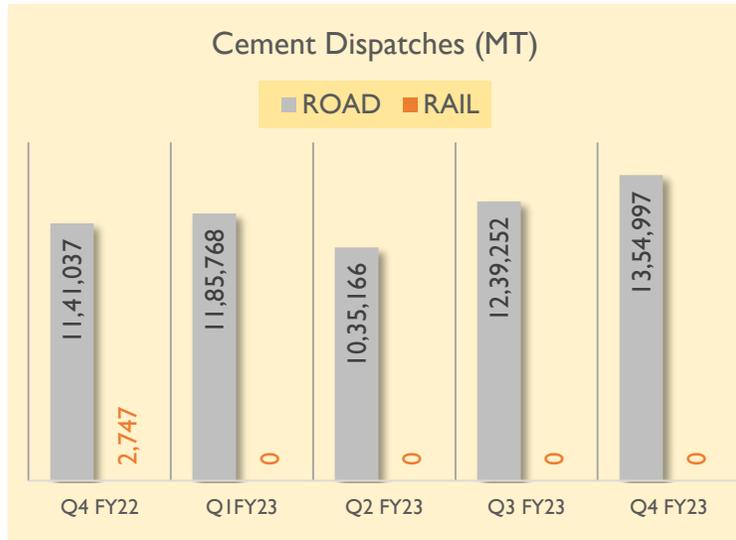
For the quarter, good demand from infrastructure projects and IHB segment helped sustain high volumes. The volumes would have been even higher but for labour unavailability due to festive season and unseasonal rains during the end of Q4. Input prices i.e coal and pet coke as well moderated during the quarter. Benign pricing environment, negated the dual benefit of high operating leverage and lower raw material prices. Our efforts towards cost rationalization and efficiency optimization helped us limit the overall impact of soft pricing environment. Some of our key initiatives in recent years towards containing cost includes building railway sidings, captive power plant and waste heat recovery system. We are hopeful of seeing the full benefits from these over the coming years.

Our efforts are now primarily directed towards ramping up the utilization levels of the recently acquired assets. These assets not only offer us the requisite scale but also help us diversify our geographic and product mix. Over the coming years, as we ramp up the operations and utilization levels across units, we expect significant improvement in the operating and profitability profile of the Company.

To conclude, our efforts towards cost rationalization, better product mix and presence across established and faster growing regions position us well to create value for our stakeholders.”

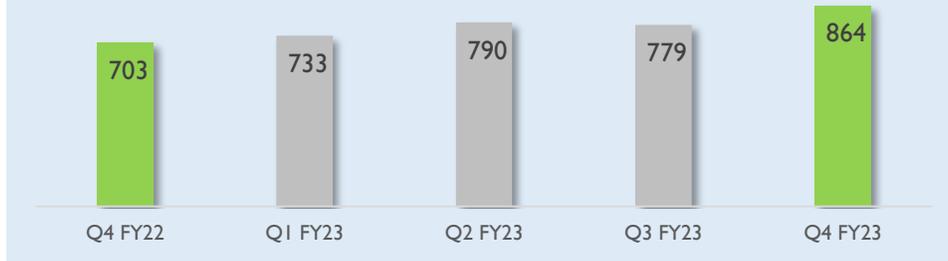


Description	Sagar Cements Ltd Qty in MT	Sagar Cements (M) Pvt Ltd Qty in MT	Jajpur Cements Pvt Ltd Qty in MT	Consolidated Qty in MT
Clinker	8,33,830	1,83,205	-	10,17,035
Cement Production / Purchase	10,95,650	2,02,727	53,165	13,51,542
Cement Sales	11,01,250	2,00,627	54,986	13,56,863



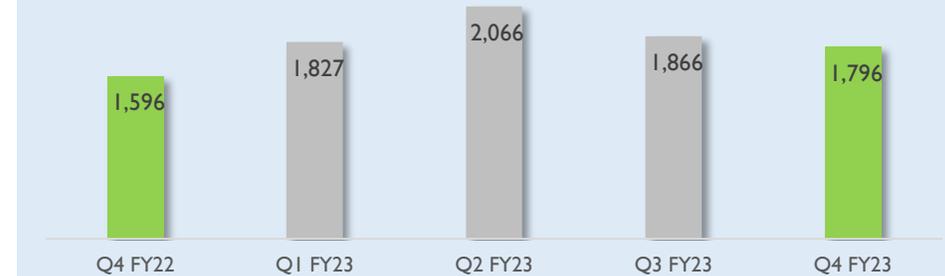
Raw Material Cost (₹/ T)

▲ 23% on YoY



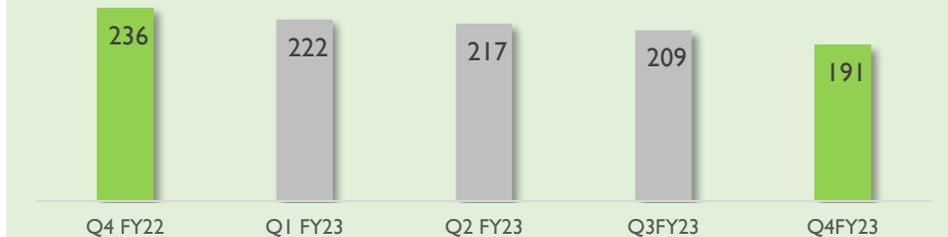
Power & Fuel Cost (₹/ T)

▲ 13% on YoY



Employee Cost (₹/ T)

▼ 19% on YoY



Freight Cost (₹/ T)

▲ 7% on YoY



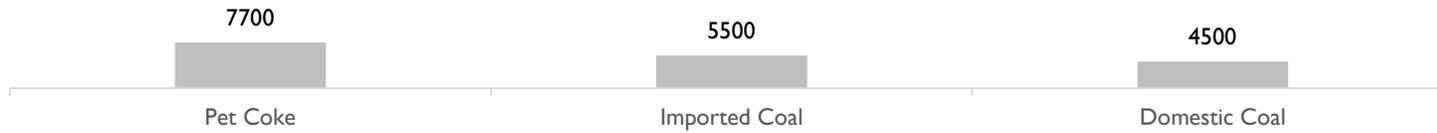
- Raw material cost per ton during Q4 FY23 was ₹ 864 per ton as against ₹ 703 per ton during Q4 FY22. Increase in sales from Jajpur resulted into increase in raw material cost since clinker is being transported from Mattampally unit to Jajpur.
- The main reasons for increase in Power & Fuel cost is the significant increase in the prices of pet coke & coal.
- Optimal thermal efficiency at Mattampally Plant 734 Kcal /Kg of Clinker & Gudipadu 683 Kcal /Kg of Clinker & Jeerabad 740 Kcal /Kg of Clinker.
- Employee costs during Q4 FY23 amounted to ₹ 191 per ton as against ₹ 236 per ton during Q4 FY22.
- Higher diesel prices have also considerably impacted the outward freight costs.

Thermal Prices(Rs/Mt)



Current Fuel Price Trends		
Particulars	Per Ton (₹)	Per Kcal (₹)
Imported Pet Coke	15,500	2.01
Indian Pet Coke	14,850	1.93
Imported Coal	12,800	2.33
Domestic Coal	8,780	1.95

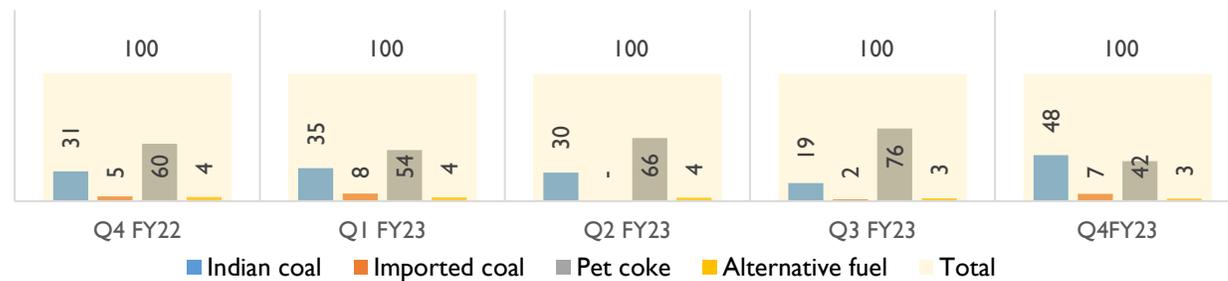
Kcal on NCV basis



Rs/Kcal



Group level Source of coal based on kcal (%)



in Rs.Lakhs

Particulars (Rs. In Lakh)	31 st Mar 2023	31 st Dec 2022	30 th Sep 2022	30 th Jun 2022	31 st Mar 2022
Gross Debt	1,47,212	1,39,088	1,48,585	1,48,987	1,50,335
- Long Term	1,27,665	1,22,188	1,27,525	1,29,300	1,32,361
- Working Capital	19,547	16,900	21,060	19,687	17,974
Cash & Bank Balance	21,048	31,283	30,849	28,174	16,269
Net Debt	1,26,164	1,07,805	1,17,736	1,20,813	1,34,066
Long term Debt Equity Ratio (%)	0.76	0.79	0.81	0.79	1.01
Net Worth	1,68,893	1,55,369	1,58,088	1,63,922	1,30,944

- Further consolidation of SCL's position in southern markets mainly Andhra Pradesh and Telangana
- SCL can leverage its existing network/ brand of "SAGAR," making the Company one of the leading players in the southern markets
- Current Acquisition cost of ~ 56 USD Per Tonne works to be favourable Vs green field implementation cost of ~ USD 100 Per Tonne.
- Post acquisition and upgradation, Installed Capacity of SCL Group will be 11.25 MnT

Cement		
Location	Clinker MTPA	Cement MTPA
Sagar Cements –Mattampally, Suryapet, Telangana	2.75	3.00
Sagar Cements – Gudipadu, Anantapur, Andhra Pradesh	1.00	1.25
Sagar Cements –Bayyavaram. Vizag, Andhra Pradesh	-	1.50
Sagar Cements (M) Pvt. Ltd. ("SCMPL") – Jeerabad, Indore, Madhya Pradesh	1.00	1.00
Jajpur Cements Pvt. Ltd. ("JCPL") – Jajpur, Orissa	-	1.50
Andhra Cements Ltd. ("ACL") –Guntur, Andhra Pradesh (Post Expansion)	2.30	3.00
Total	7.05	11.25

Integrated Operations

- Integrated operations with captive limestone mine for DCW
- Ample Limestone availability to meet full requirement of the plant

Strategic Location

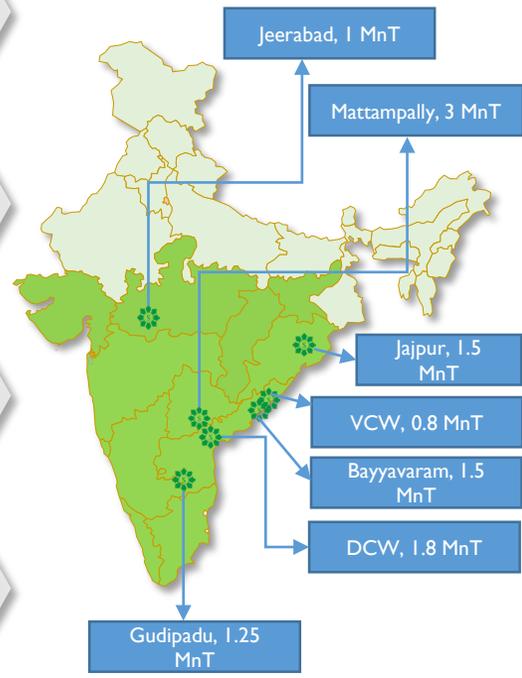
- Integrated manufacturing facilities at DCW which is positioned at key location in Andhra Pradesh offering good connectivity in terms of road, rail, air & sea.

Captive Power

- Captive power plant of 30 MW located at DCW, which is well equipped to meet power requirements of DCW.

Access to raw material

- Established sources of raw materials, availability of coal etc.
- Abundant limestone reserves ~ 200 Mn tons available in the mines, which produces quality clinker.



Facility	Captive Power Plants (Capacity in MW)				Total
	WHRS	Thermal	Solar	Hydro	
Mattampally	8.8	18	1.33	-	28.13
Gudipadu	-	25	-	-	25
Bayyavaram	-	-	0.12	-	0.12
Jeerabad	5.3	-	-	-	5.3
GBC - Hydro	-	-	-	4.3	4.3
LIS - Hydro	-	-	-	4	4
Andhra Cements Ltd	-	30	-	-	30
Total	14.1	73	1.45	8.3	96.85

Transaction Value:

S. No.	Particulars	Amount (INR Cr.)
1	Acquisition Value	762
2	Restart Capex	85
3	Working Capital & Other Costs	75
	Total	922

Funding details:

S. No.	Particulars	Amount (INR Cr.)
1	Debt	600
2	Equity	322
	Total	922

- Sagar Cements holds 95% stake (i.e. 8,75,63,533 Equity shares of ₹ 10 each) and Public holds 5% stake (i.e. 46,08,607 Equity shares of ₹ 10 each) in ACL.
- Post implementation of Resolution Plan as approved by the NCLT and subsequent Capital reduction, trading of Shares at BSE & NSE commenced from 10th May, 2023.
- Cement grinding and dispatches commenced at DCW unit from 12th April, 2023.
- Clinkerization process is expected to commence from mid June, 2023.
- Operations at VCW may be discontinued due to the operational constraints.
- It is proposed to invest INR 468 Cr in ACL to upgrade its capacities. Clinker Capacity from 1.65 MTPA to 2.3 MTPA and Cement Capacity from 1.8 MTPA to 3 MTPA.
- Upgradation is expected to be completed by second half of FY25

Waste Management

- Strict adherence towards disposal of hazardous and non-hazardous waste as prescribed by the laws
- Disposal of waste such as fly ash, slag, gypsum, oil and metal scrap in a responsible manner with zero hazardous waste sent to landfills

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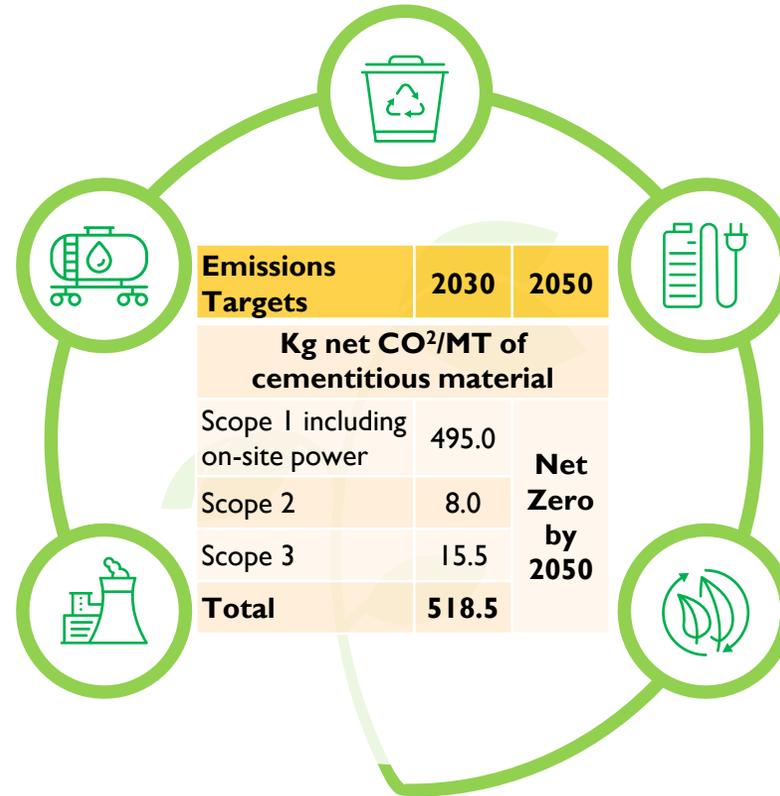
Water Management

- Undertaking conscious efforts to reduce water consumption at all levels; proactively undertaking initiatives towards groundwater recharge
- Gradually reduced water usage over the last decade, and have already reduced dependence on freshwater withdrawals through measures such as rainwater harvesting at our plants, and nearby communities

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Emissions

- Successfully reduced emissions over the last five years
- Continue to invest in the latest and advanced technology solutions to bring down overall GHG emission



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Energy Efficiency

- Reducing dependence on fossil fuels as energy source has been a top priority over the years
- Implemented WHRS and solar-roof panel

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Bio-Diversity

- Periodically conduct biodiversity assessment at all our plant locations to gauge the volume of flora and fauna that could get possibly impacted by our operations
- Routinely conduct awareness sessions among local communities about biodiversity conservation

Facilitating drinking water supply by providing RO water purifiers. We are also supporting and creating irrigation facilities

Helping educational institutions by providing learning material, sports equipment, etc.

Construction of public toilets

Distribution of garbage bags and dustbins as part of Swachhata hi Seva campaign

Providing skill development programs to graduate students to increase their employability

Constructing concrete roads and installing streetlights to support infrastructure development in villages



- Promoted by experienced technocrat and entrepreneurs.
- Listed entity with around 4 decades of successful operations.

- Plant started operations in 1985 with a capacity of 66,000 TPA.
- Current group capacity : 10.85 MTPA.

Captive power capacity of 96.85 MW

Strong presence across all five southern states, along with Madhya Pradesh, Maharashtra and Odisha.

Manufactures :

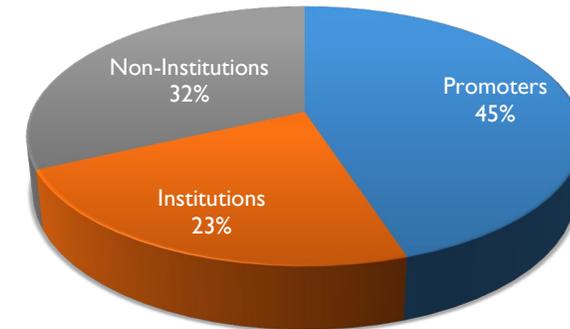
- Ordinary Portland Cement (OPC)- 53 & 43,
- Portland Pozzalona Cement (PPC)
- Composite Cement (CC)
- Sulphate Resistant Cement (SRC)
- Portland Slag Cement (PSC) &
- Ground Granulated Blast – Furnace Slag (GGBS).

Strong brand built over the last 4 decades – “Sagar Cement”

- AvH Resources India Pvt. Ltd., a wholly owned subsidiary of Ackermans & Van Haaren NV belonging to AvH Group, a Belgian major holds 19.64% equity stake in the Company.
- PI Opportunities Fund – I Scheme II (“PIOF”), an affiliate of Premji Invest, the Private Equity and investment arm of one of India’s largest philanthropic endowments, holds 10.10% equity stake in the Company.

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

Share Holding Pattern (as on 31st Mar. 2023)

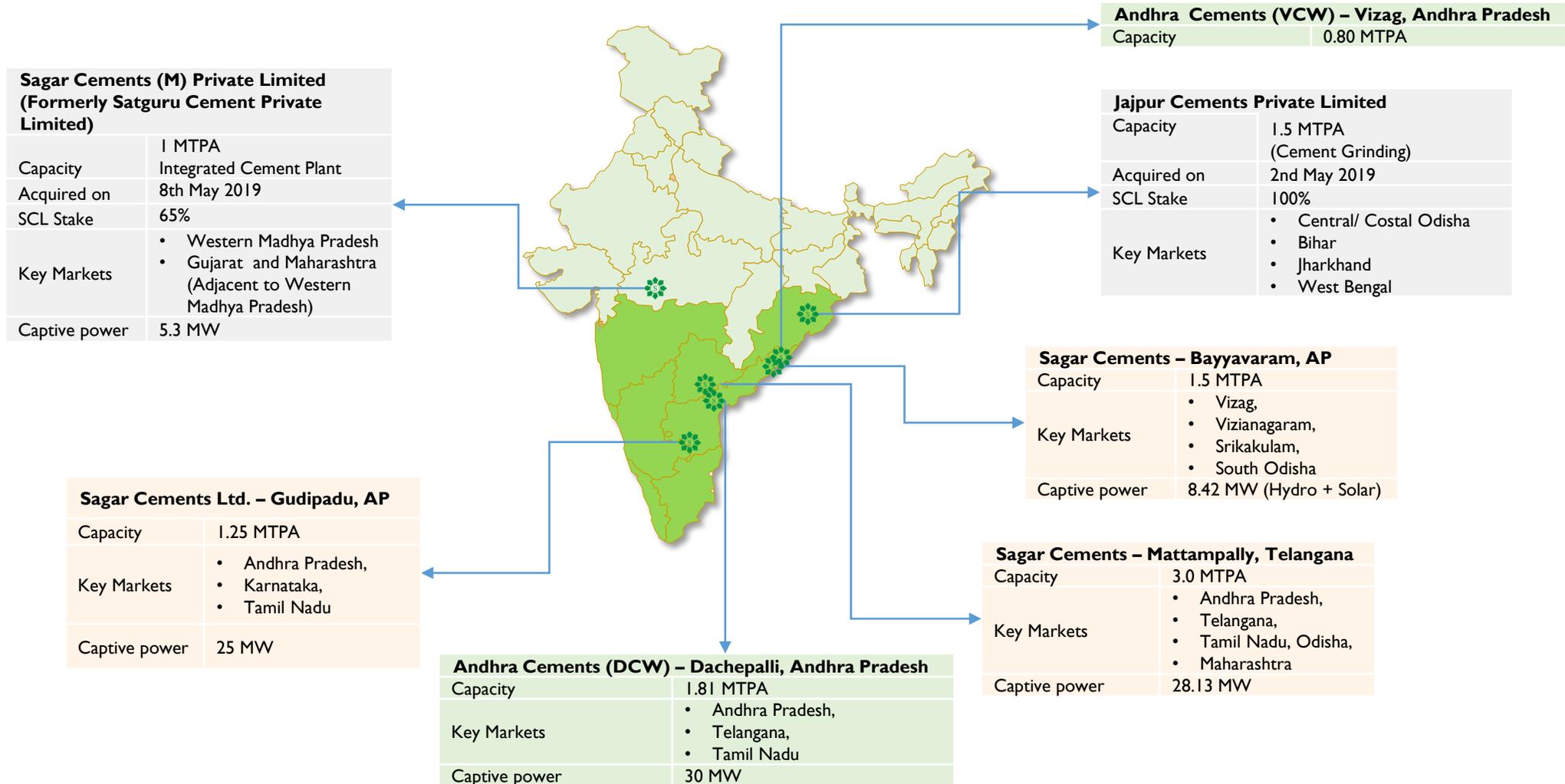


■ Promoters ■ Institutions ■ Non-Institutions

Capital Market Metrics	
Listed on	BSE & NSE
CMP (INR)*	~203
M-Cap (INR mn)	~26,534
52 week high (INR)	~268 (14 th December 2022)
52 week low (INR)	~154 (21 st June 2022)

*Market price at close on May 10, 2023 (NSE)

Strategically located to reap a significant locational advantage





Access to resources

- ✓ Part of Nalgonda & Yerraguntla Cement Cluster
- ✓ Strong limestone resources:
 - Over 216 MnT at Mattampally
 - Over 166 MnT at Gudipadu
 - Over 65 MnT at Indore (SCMPL)
 - Over 200 MnT at Dachepalli
- ✓ Geographic location with proximity to Coal mines (Major Fuel) and ports (less than 150 km from the plant)
- ✓ Packing Material primarily sourced from a Group entity



Growing market

- ✓ Plants located in close proximity to major markets in the South and select markets in Maharashtra, Odisha and Madhya Pradesh.
- ✓ Average lead distance below 300 km
- ✓ Strong sales network – 2,675 dealers and 5,775 sub-dealers
- ✓ Acquisition of Gudipadu and Bayyavaram plants helped to increase market reach and depth
- ✓ Gudipadu acquisition helped in better penetration to the Southern markets.
- ✓ Bayyavaram – Capture north AP and South Odisha markets



Advanced plants

- ✓ Fully automated 3.00 MTPA integrated plant in Mattampally, Telangana
- ✓ Highly advanced 1.25 MTPA integrated plant in Gudipadu, Andhra Pradesh
- ✓ 1.50 MTPA grinding unit in Bayyavaram, Andhra Pradesh
- ✓ 1 MTPA integrated plant in Jeerabad, near Indore, Madhya Pradesh
- ✓ 1.5 MTPA grinding unit in Jajpur, Orissa
- ✓ 1.81 MTPA integrated plant in Dachepalli, Andhra Pradesh
- ✓ 0.80 MTPA grinding unit in Vizag, Andhra Pradesh
- ✓ Group captive power generation of ~96.85 MW



Strong financials

- ✓ Net worth increased over 5x in the last 10 years
- ✓ Long term debt rating of IND A/ Stable (India ratings)
- ✓ Consistent profits
- ✓ Consistent track record of dividends

Sagar Cements Limited had received **“Certificate of Appreciation”** from **Commercial Taxes Department, Government of Telangana** for being tax compliant and contributing the highest revenue towards realising the dream of Bangaru Telangana.



Mattampally Limestone Mine has awarded with 5-star rating for exemplary performance in implementation of Sustainable Development Framework during 2021-22 assessed under the Star Rating System by Indian Bureau of Mines, Government of India, Ministry of Mines.



Bayyavaram Unit was Awarded with **“National Energy Conservation Award, Cement Sector -2022”**, in appreciation of the achievements in energy conversation in the cement sector for the year 2022 by **Government of India, Ministry of Power.**



Sagar Cements Limited was Awarded with **“Best Management Award”**, in appreciation of providing local employment and providing skill development training for local newly qualified graduates at Mattampally unit, by Ministry of labour, Government of Telangana.



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

Thank You !



For further information contact:

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