



SAGAR CEMENTS LIMITED

SCL:SEC:NSE:BSE:2021-22

28th July 2021

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, 2021

Further to our letter of date, we are sending herewith a copy of the Press Release
being issued by us in connection with the un-audited financial results for the first
quarter ended 30th June 2021.

Thanking you

Yours faithfully
For Sagar Cements Limited

R. Soundararajan
Company Secretary

Encl: a.a.



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Factory : 218 & 219, Bayyavaram Village, Kasimkota Mandal, Visakhapatnam District, Andhra Pradesh - 531031. Ph: 08924-244550 Fax: 08924-244570

CIN : L26942TG1981PLC002887



Sagar Cements Limited (SCL)

QIFY22
Results Presentation

- ❑ Consolidated and Standalone Financial results
- ❑ Jt. Managing Director's Comment
- ❑ Financial and Operational Performance analysis
- ❑ Project Update
- ❑ Key Development
- ❑ Company snapshot

in Rs.Lakhs

Particulars	Q1 FY22	Q1 FY21	(%)	Q4FY21	(%)
Sales Volume (MT)	8,79,523	5,55,312	▲ 58%	10,22,721	▼ 14%
Revenue from Operations	39,257	26,412	▲ 49%	41,765	▼ 6%
Other Income	476	79	▲ 503%	171	▲ 178%
Total Income	39,733	26,491	▲ 50%	41,936	▼ 5%
Operating expenses	28,546	17,711	▲ 61%	31,340	▼ 9%
Op. EBITDA	10,711	8,701	▲ 23%	10,425	▲ 3%
Op. EBITDA Margin %	27	33	-	25	-
Op. EBITDA per Ton in ₹	1,218	1,567	-	1,019	-
Finance cost	1,557	1,281	▲ 22%	1,084	▲ 44%
Depreciation	1,941	1,995	▼ 3%	2,002	▼ 3%
Profit before tax	7,689	5,504	▲ 40%	7,510	▲ 2%
Tax expenses	2,680	1,904	▲ 41%	2,526	▲ 6%
Profit after tax	5,009	3,600	▲ 39%	4,984	▲ 1%

- Volume growth of 58% and Revenue growth of 49% Y-o-Y for Q1 FY22.
- **Plants operated around 61% during the current quarter.**
- Operating EBITDA of ₹ 10,711 lakhs for Q1 FY22 as against ₹8,701 lakhs during Q1FY21; higher by 23%
- Operating EBITDA of ₹ 1,218 per ton during Q1 FY22 against ₹ 1,567 per ton during Q1FY21.
- EBITDA margin declined by (600) bps to 27% for Q1 FY22 (v/s Q1 FY21)
- Implementation of greenfield projects of Satguru Cement Private Limited, Madhya Pradesh and Jaipur Cements Private Limited, Odisha is progressing as per schedule



Sagar Cements Limited					
Particulars	Q1 FY22	Q1 FY21	YoY %	Q4FY21	Sequential QoQ %
Sales Volume (MT)	6,42,444	4,05,255	▲ 59%	7,46,105	▼ 14%
Total Income (in Rs. Lakhs)	29,078	19,913	▲ 46%	30,969	▼ 6%
Op. EBITDA (in Rs. Lakhs)	7,850	6,717	▲ 17%	7,872	▼ 0%
Op. EBITDA / MT (in Rs.)	1,222	1,657	-	1,055	-
PAT (in Rs. Lakhs)	4,336	3,399	▲ 28%	4,204	▲ 4%

- 59% increase in volume (Y-o-Y) during the quarter
- Op. EBITDA of ₹ 7,850 lakhs during Q1 FY22; higher by 17%.
- Op. EBITDA of ₹ 1,222 per ton during Q1 FY22 against ₹ 1,657 per ton during Q1 FY21.

Sagar Cements (R) Limited					
Particulars	Q1 FY22	Q1 FY21	YoY %	Q4FY21	Sequential QoQ %
Sales Volume (MT)	2,37,079	1,50,057	▲ 58%	2,76,616	▼ 14%
Total Income (in Rs.Lakhs)	11,185	7,032	▲ 59%	11,510	▼ 3%
Op. EBITDA (in Rs.Lakhs)	2,932	2,029	▲ 45%	2,585	▲ 13%
Op. EBITDA/ MT (in Rs.)	1,237	1,352	-	935	-
PAT (in Rs.Lakhs)	1,131	333	▲ 240%	881	▲ 28%

- 58% YoY increase in volumes during the quarter;
- Op. EBITDA of ₹ 2,932 lakhs during Q1 FY22; higher by 45% .
- Op. EBITDA of ₹ 1,237 per ton during Q1 FY22 against ₹ 1,352 per ton during Q1 FY21.

Consolidated Per Ton Analysis					
Particulars (in Rs)	Q1 FY22	Q1 FY21	%	Q4 FY21	%
Net Realization / T	4,463	4,756	▼ 6%	4,084	▲ 9%
Total Expenditure /T	3,245	3,189	▲ 2%	3,065	▲ 6%
Raw Material Consumed	742	568	▲ 31%	660	▲ 12%
Employee Expenses	217	262	▼ 17%	229	▼ 5%
Power, Oil & Fuel	1,138	802	▲ 42%	864	▲ 32%
Freight	762	704	▲ 8%	742	▲ 3%
Purchase of stock in Trade	41	90	▼ 55%	37	▲ 10%
Adjustment for Stocks	(185)	235	-	18	-
Other Expenses	530	528	▲ 0%	515	▲ 3%
EBITDA/ T	1,218	1,567	▼ 22%	1,019	▲ 19%

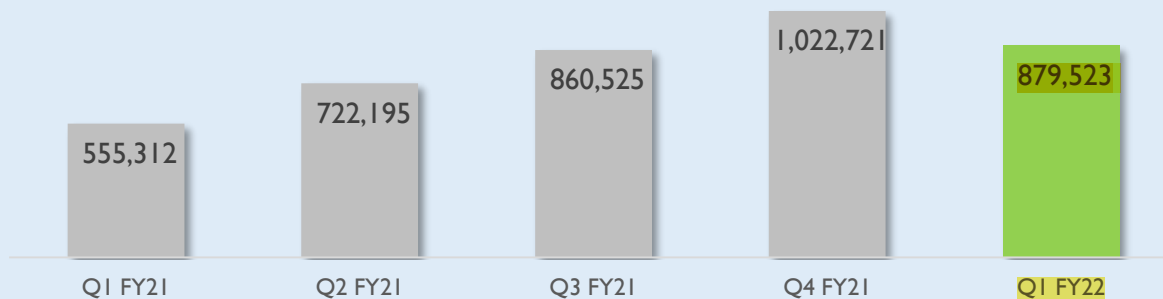
Commenting on the performance, Mr. Sreekanth Reddy, Jt. Managing Director of the Company said,

“While we had a soft start to the fiscal given the disruptions caused by second wave of pandemic, we have started seeing a steady pick up in volumes across our key markets following easing of the lockdown restrictions. Realisations as well have remained encouraging, helping offset the impact of lower volumes for the quarter. Demand for Infrastructure projects and residential activities remains buoyant, helping sustain the recent volume momentum.

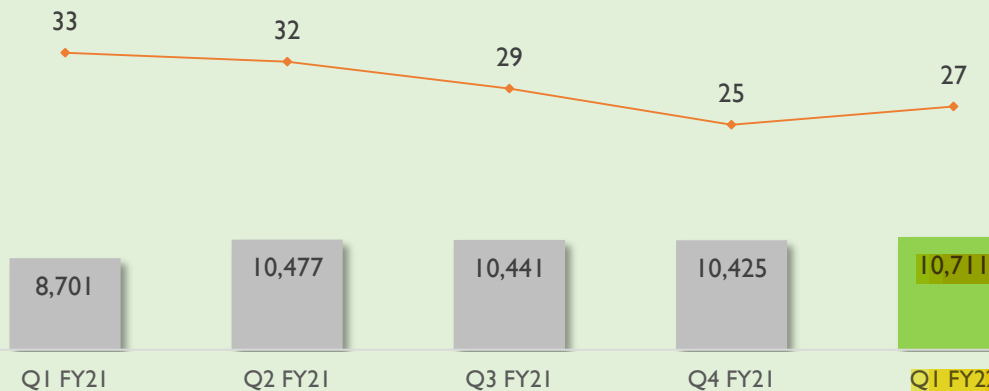
Operating profitability remained under pressure owing to higher input prices and lower utilization levels. We have seen a steady pick up in the prices of coal, coke and diesel prices over the past few months which have exerted pressure on the margins. We continue to remain focused towards improving our efficiencies and containing costs. We expect rationalization of freight expenses going forward following completion of our MP and Odisha projects.

Going ahead, we believe we are well placed to create value for our shareholders. Our diversified geographical presence, better product mix and strategic cost initiatives position us well to deliver steady and consistent growth. We are also optimistic about achieving our objective of attaining 10 Mn MT capacity by 2025.”

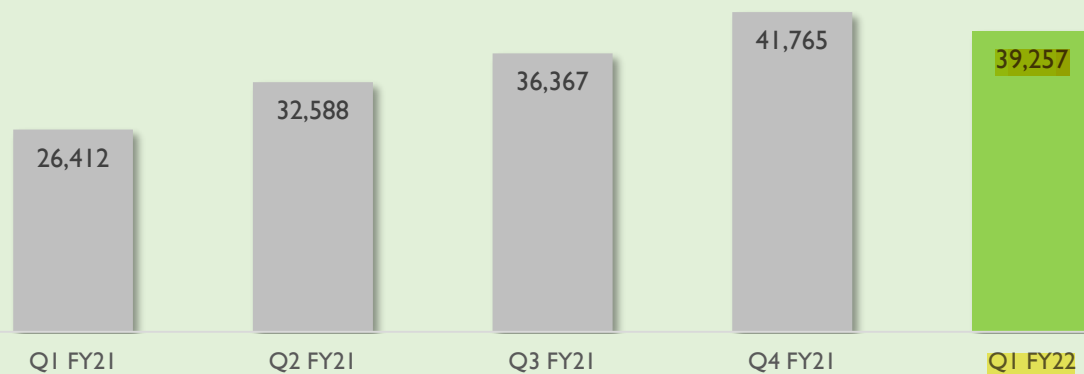
Cement Sale (MT)



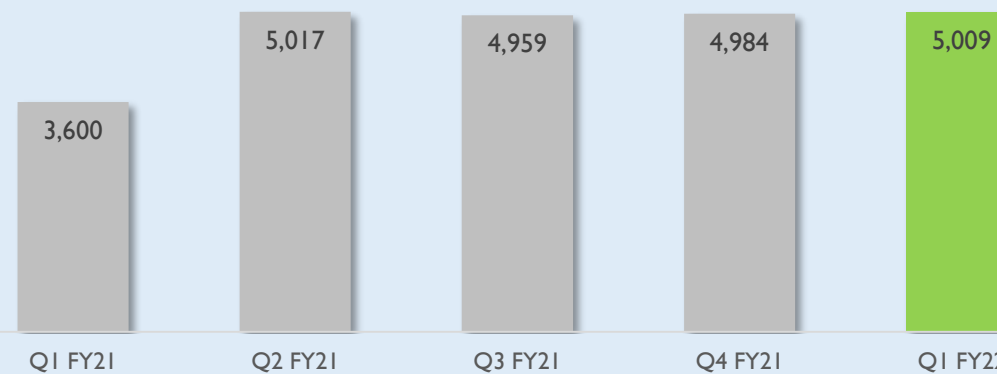
Op. EBITDA (Rs. Lakhs) and Margin (%)



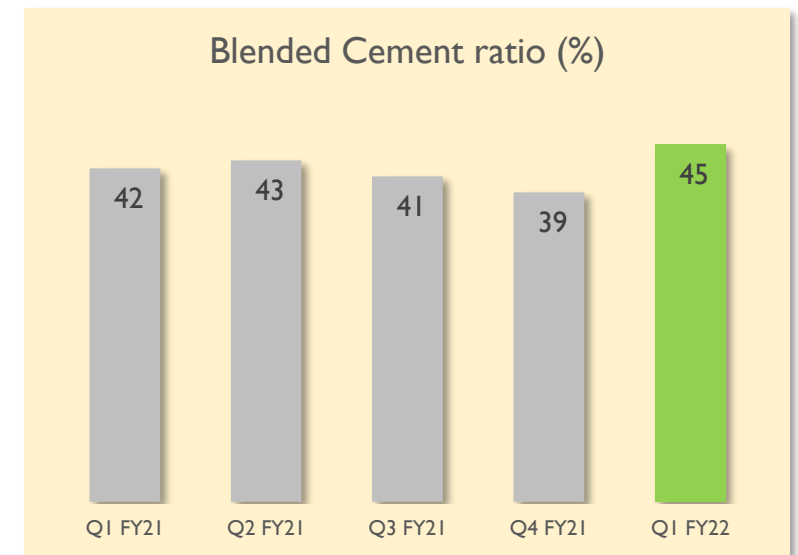
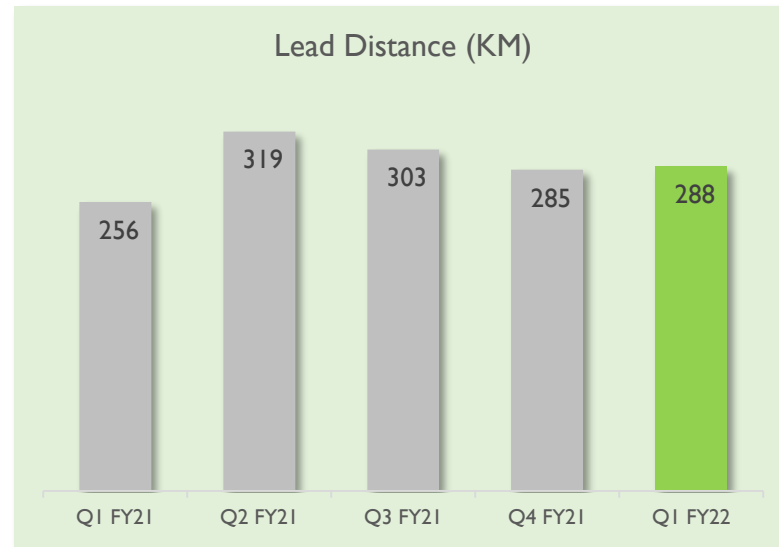
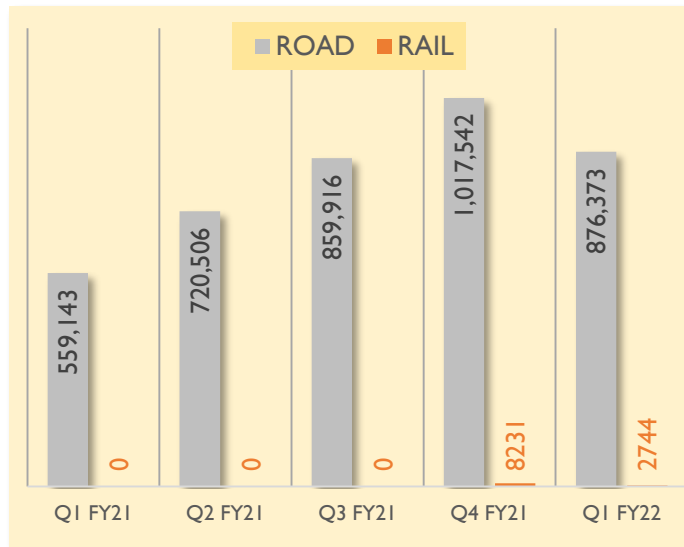
Net Revenue (Rs. Lakhs)



PAT (Rs. Lakhs)

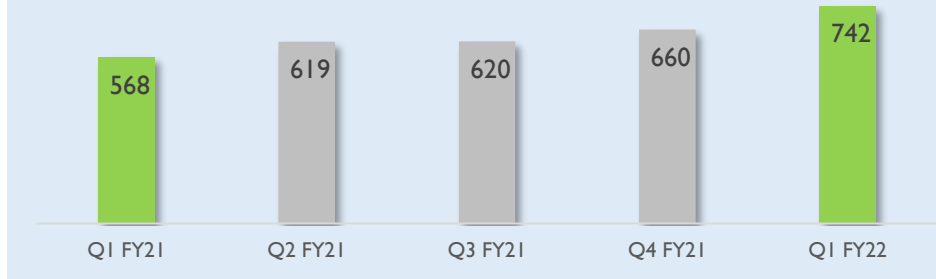


Description	Sagar Cements Ltd Qty in MT	Sagar Cements (R) Ltd Qty in MT	Consolidated Qty in MT
Clinker	4,97,552	2,29,538	7,27,090
Cement Production / Purchase	6,38,691	2,42,754	8,81,445
Cement Sales	6,42,444	2,37,079	8,79,523



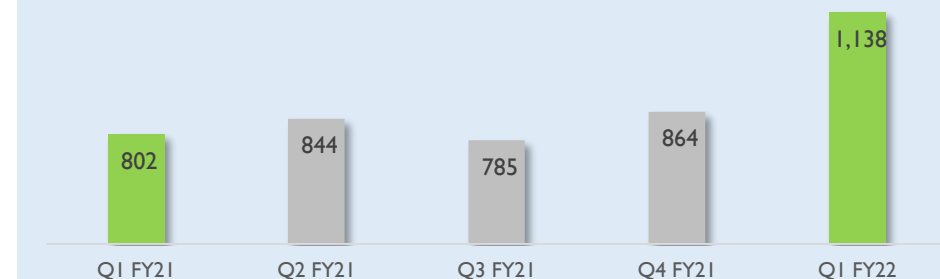
Raw Material Cost (₹/ T)

▲ 31% on YoY



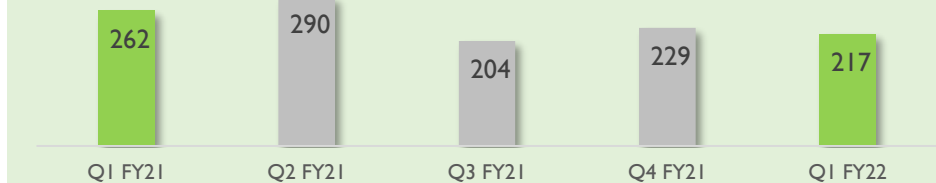
Power & Fuel Cost (₹/ T)

▲ 42% on YoY



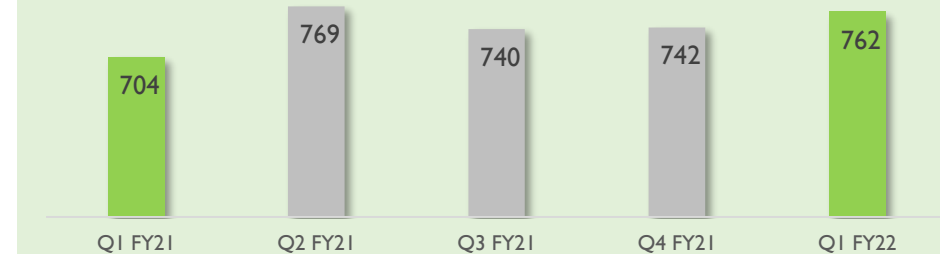
Employee Cost (₹/ T)

▼ 17% on YoY

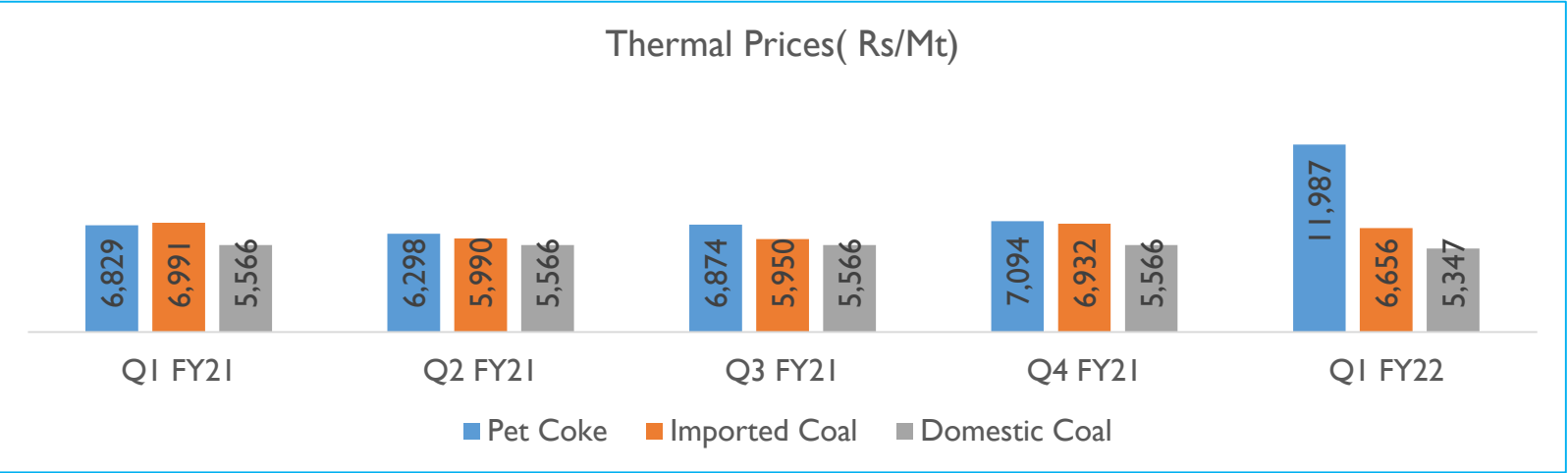


Freight Cost (₹/ T)

▲ 8% on YoY

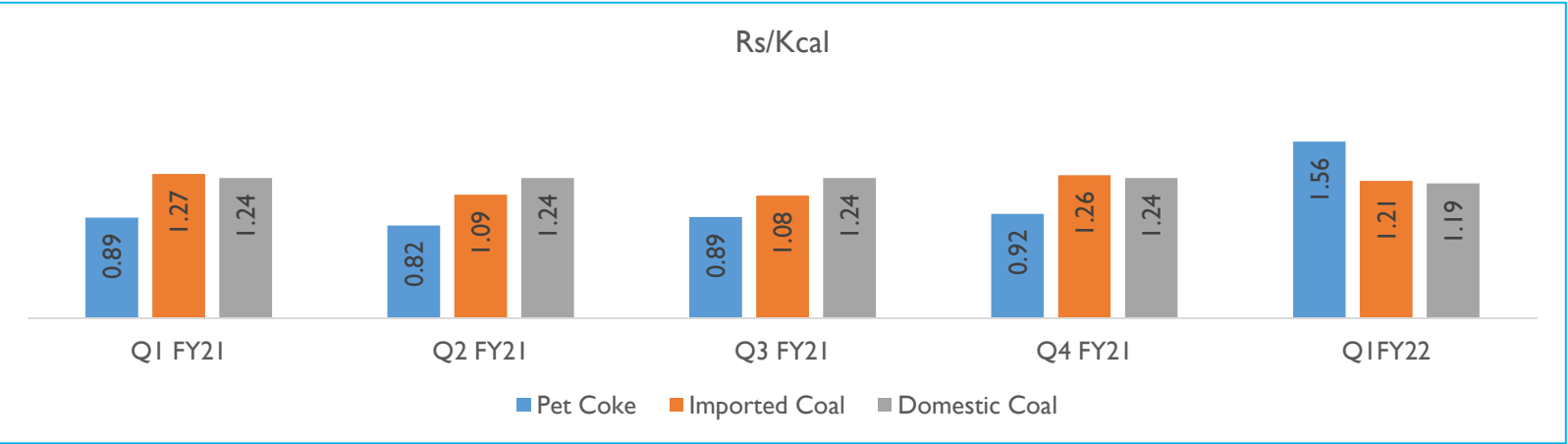
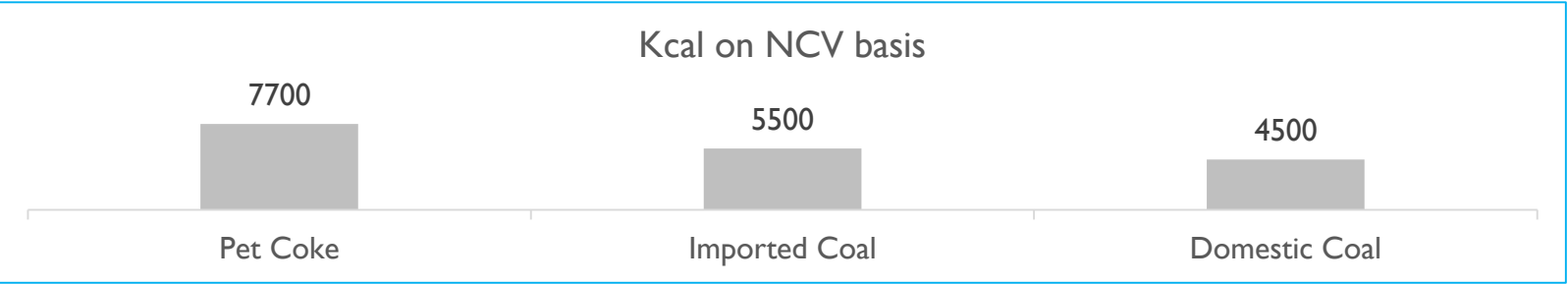


- Material cost per ton during Q1 FY 22 was ₹ 742 per ton as against ₹ 568 per ton during Q1 FY21. The main reasons for increase in material cost is increase in blended cement sales and increase in diesel prices, which has impacted the inward transportation cost.
- Increase in fuel prices has resulted in higher cost of fuel.
- Optimal thermal efficiency at Mattampally Plant 731 Kcal /Kg of Clinker & Gudipadu 694 Kcal /Kg of Clinker.
- Employee costs during Q1 FY 22 amounted to ₹ 217 per ton as against ₹ 262 per ton during Q1 FY21.
- Increase in freight cost owing to higher diesel prices and marginal increase in the lead distance.



Fuel rates are on upward trend currently.

Started using mix of pet coke & coal to optimize the fuel cost



Particulars (Rs. In Lakh)	30 th Jun 2021	31 st Mar 2021	31 st Dec 2020	30 th Sep 2020
Gross Debt	84,423	80,648	63,573	52,656
- Long Term	73,147	70,431	52,850	41,392
- Working Capital	11,276	10,217	10,723	11,264
Cash & Bank Balance	17,216	25,419	7,775	7,563
Net Debt	67,207	55,229	55,798	45,093
Long term Debt Equity Ratio (%)	0.56	0.56	0.44	0.35
Net Worth	1,30,813	1,25,804	1,21,283	1,16,794

Satguru Cement Private Limited –

- Acquisition date: May 8th 2019
- Sagar Cements Stake: 65%
- Capacity: 1.0 MTPA Integrated Unit
- Project cost: Rs. 578 crore
- Amount Spent as on June 30, 2021: Rs. 504 Crore
- Location: Madhya Pradesh
- Expected Completed Date: September, 2021



Jaipur Cements Private Limited–

- Acquisition date: May 2nd 2019
- Sagar Cements Stake: 100%
- Capacity: 1.5 MTPA Grinding Unit
- Project cost: Rs. 312 crore
- Amount Spent as on June 30, 2021: Rs. 237 Crore
- Location: Odisha
- Expected Completed Date: September, 2021



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- A group of six people, including three police officers in khaki uniforms and three women in white shirts, are standing behind a large pile of cardboard boxes and supplies. The supplies include various items like bottles, bags, and boxes, some of which are labeled. The setting appears to be an indoor storage or distribution area.

- Board of Directors have approved on April 26, 2021 a proposal of merger of its wholly owned subsidiary Sagar Cements (R) Ltd with it.
- Since a wholly owned subsidiary company is getting merged with its holding company, there will not be any issue of fresh shares by the said holding company.
- An application for the proposed merger has been filed with the Hon'ble National Company Law Tribunal on July 12, 2021.

- 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 : 5.75 MTPA.

Captive power capacity of 61.55 MW

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

Manufactures :

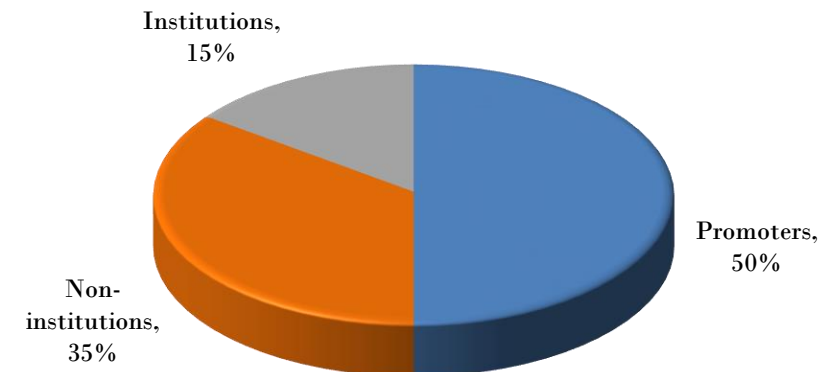
- Ordinary Portland Cement (OPC)- 53 & 43,
- Portland Pozzalona Cement (PPC)
- Sulphate Resistant Cement (SRC)
- Portland Slag Cement (PSC) &
- GGBS.

Strong brand built over the last 3 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 21.85% equity stake in the Company.

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

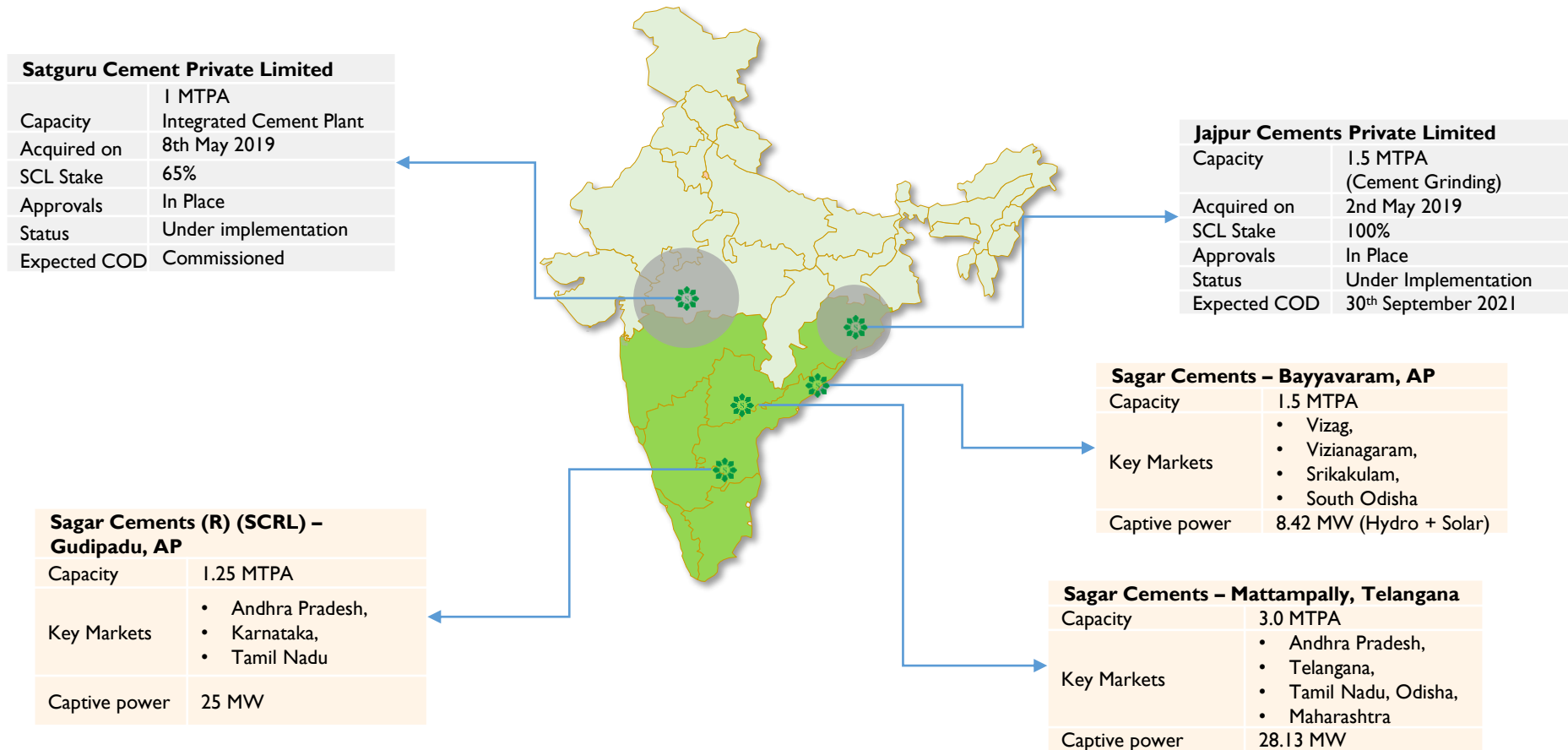
Share Holding Pattern (as on 30th June. 2021)



Capital Market Metrics	
Listed on	BSE & NSE
CMP (INR)*	1,348
M-Cap (INR mn)	~31,678
52 week high (INR)	~1,390 (27 th July 2021)
52 week low (INR)	~440 (28 th July 2020)

*Market price at close on 28th July, 2021 (NSE)

Strategically located to reap a significant locational advantage





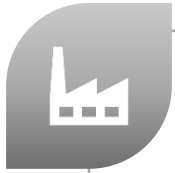
Access to resources

- ✓ Part of Nalgonda & Yerraguntla Cement Cluster
- ✓ Strong limestone reserves:
 - Over 404 MnT at Mattampally
 - Over 162 MnT at Gudipadu (SCRL)
 - Over 63 MnT at Indore (SCPL)
- ✓ 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 and Odisha
- ✓ Average lead distance below 300 km
- ✓ Strong sales network – 1,732 dealers and 3,998 sub-dealers
- ✓ Acquisition of SCRL and Bayyavaram plants helped to increase market reach and depth
- ✓ SCRL – Better margins and reach into the Southern markets
- ✓ Bayyavaram – Capture north AP and South Odisha markets



Advanced plants

- ✓ Fully automated 3.00 MTPA integrated plant in Mattampally
- ✓ Highly advanced 1.25 MTPA integrated plant in Gudipadu
- ✓ 1.50 MTPA grinding unit in Bayyavaram
- ✓ Group captive power generation of ~61.55 MW



Strong financials

- ✓ Net worth increased over 10x in the last 7 years
- ✓ Long term debt rating of IND A/Positive (India ratings)
- ✓ Consistent profits
- ✓ Consistent track record of dividends

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 !



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