



SAGAR CEMENTS LIMITED

SCL: SEC: NSE: BSE: 2025-26

26th July, 2025

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

Scrip Code: 502090

Symbol SAGCEM
Series EQ
ISIN INE 229C01021

Dear Sir,

Sub: Submission of transcription of Conference Call under Regulation 30 read with Schedule III of SEBI (LODR) Regulations, 2015 on Q1 FY26 financial results

Pursuant to the above said Regulation, we are forwarding herewith the transcription of the Conference Call held by on 22nd July, 2025 in connection with the recently announced Un-audited Stand-alone and Consolidated financial results of the company for the quarter ended 30th June, 2025.

Thanking you

Yours faithfully
For Sagar Cements Limited

J.Raja Reddy
Company Secretary
M.No:A31113

Encl: a/a



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MANAGEMENT: Gavin Desa - CDR India
Sreekanth Reddy - Joint Managing Director
K. Prasad - Chief Financial Officer
Rajesh Singh - Chief Marketing Officer
J. Raja Reddy - Company Secretary

ANALYSTS: Shravan Shah
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Vishal Dudhwala
Badri Vishal Bajaj
Sanjay Nandi
Rajesh Ravi
Hiten Boricha
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Sudeep
Lakshmi Narayanan G K

Presentation

Manish Valecha: Good morning, ladies and gentlemen. Welcome you all to the 1Q FY '26 Results Conference Call of Sagar Cements Limited. We have with us today Mr. Sreekanth Reddy, Joint Managing Director; Mr. K. Prasad, Chief Financial Officer; Mr. Rajesh Singh, Chief Marketing Officer; and Mr. Raja Reddy, the Company Secretary.

I would now like to hand over the call to Gavin Desa for his opening comments, and then over to management. Over to you, Gavin.

Gavin Desa: Thank you, Manish. Welcome everybody, to this call. We will begin this call with opening remarks from the management, following which we will have an interactive Q&A session. Before we begin, I would like to point out that some statements made in today's discussions may be forward-looking in nature, and a note to that effect was stated in the con call invite sent to you earlier. We trust you've had a chance to go through the result communications and documents.

I would now like to hand over to Mr. Sreekanth Reddy for his opening remarks. Over to you, Sreekanth.

Sreekanth Reddy: Thank you, Gavin. Good morning, everyone, and welcome to Sagar Cements earnings call for the quarter ended June 30, 2025. Let me begin

the discussions with a brief overview of the market in terms of the demand and pricing, post which, I will move on to Sagar-specific developments.

Overall, the industry witnessed healthy volume growth, supported by a pickup in infrastructure activities, driven by the government spending and improving demand from the individual house builders. Additionally, the lower base in the corresponding quarter last year due to the Lok Sabha elections and some of the state elections also contributed to year-on-year volume uptick.

On the cost front, key input prices, particularly power and fuel, remained largely stable. Given the robust volume growth, the steady pricing environment and benign input costs, the industry experienced an improvement in profitability and margins during the quarter.

Let me now move on to our quarterly performance. As indicated in our previous call, Q1 registered a good volume growth of around 11% over the previous year as demand momentum remained firm during the quarter. For FY '26, we expect our overall volumes to be in the range of around 6 million tonnes.

Moving to the headline numbers. Our revenue for the quarter stood at ₹671 crore as against ₹561 crores during Q1 FY '25, higher by almost 20%. EBITDA for the quarter stood at ₹121 crore as against ₹47 crore generated during Q1 FY '25.

Margins for the quarter stood at around 18% as against 8% in the corresponding quarter last year. EBITDA per tonne stood at ₹851 during the quarter. Going forward, as the capacity utilisation improves across our units, the business is expected to benefit from operating leverage. We remain optimistic that our ongoing initiatives such as optimising the freight to reduced lead distances, lowering the clinker factor, upgrading Andhra plant and increasing the share of renewable energy in our power mix will further enhance our cost efficiencies and support our overall profitability.

Profit after tax for the quarter stood at ₹7 crore. In terms of the key operational activities, modernisation at Andhra cement's Dachepalli unit is progressing as per schedule. Power and fuel cost stood at ₹1,450 per tonne as against ₹1,470 per tonne reported during Q1 FY '25. Freight cost for the quarter stood at ₹860 per tonne as against ₹844 per tonne during Q1 FY '25.

From an operational point of view, Mattampally plant operated at 54% utilisation, while Gudipadu, Bayyavaram, Jeerabad, Jajpur and Dachepalli plants operated at 77%, 66%, 94%, 48% and 32%, respectively, during the quarter. As far as the key balance sheet items are concerned, the gross debt as on 30th June 2025, stood at ₹1,556 crores. Out of which, ₹1,179 crore as a long-term debt and the remaining constitutes the working capital. The net worth of the company on a consolidated basis as on 30th June 2025, stood at ₹1,802 crores. Debt equity ratio stands at 0.65:1.

Cash and bank balances were at ₹182 crores as on 30th June 2025. The Board of one of the subsidiaries, Sagar Cements (M) Private Limited has given approval to take up the expansion of the cement grinding capacity from 1 million to 1.5 million and as part of green energy initiatives to establish a six-megawatt solar power plant involving a Capex of around ₹140 crores.

To summarise, our expanded capacities strategically position us to capitalise on the anticipated growth in infrastructure and real estate development in the years ahead. Moreover, our ongoing initiatives to broaden revenue streams and strengthen our regional presence are expected to enhance company's overall profitability.

That concludes my opening remarks. We would now be glad to take any questions that you may have. Thank you.

Question-and-Answer Session

Vibha Jain: Thank you, sir. So we will now begin the question-and-answer session. We will take the first question from Mr. Shravan Shah. Shravan, please go ahead with your question.

Shravan Shah: First of all, congratulations on a decent set of numbers supported by the pricing. So first, just clarifying on the volume front. So on the presentation, we are maintaining kind of a 6 million tonnes for this year. Yeah, so does this also include the clinker sell that we are looking at and also trying to understand how much more clinker that we are looking at? And once this Dachepalli plant starts, are we still going to sell -- keep on selling the clinker?

Sreekanth Reddy: Yes, I think we do not sell clinker in any of the South units. The only location where we sell clinker is at Indore for the external. Andhra's sale of clinker is primarily to Bayyavaram, it's primarily to do the stock management because Mattampally plant Line 2 was under maintenance.

So during that time, there was some amount of clinker flow that has happened from Andhra to Bayyavaram.

Now going to the Jeerabad units clinker sale. As you know that we are able to produce more clinker and the peak grinding capacity we have reached, so the residual quantity of clinker is what we sell. And we believe that by end of this financial year, or end of Q1 of coming year, we should not have any clinker even at Jeerabad because everything we will be converting into cement.

For the current year, we are taking two views, one for a better price regime. We are very clear that we would want to regulate our volumes. Just in case if the market prices tend to be lower, then probably there could be a higher volume. But given the price position, our view is that given the demand and the new supply that is likely into the market, our volume outlook remains close to 6 million. So we would like to revise it not before middle of Q3. So till such time, we believe that 6 million is doable, and that's what we would like to stick to.

Shravan Shah:

And for FY '27, is it fair once Dachepalli will be starting by this September or December, 7 million tonnes is fair to assume that we can do in FY '27?

Sreekanth Reddy:

Yes. I think for the coming year, we believe that this is only start of a good cycle. So next year, we expect demand to be much better than what it has been or what is anticipated for the current year. So given that scenario, I think 7 million is definitely a doable number for the coming year.

Shravan Shah:

Okay. And now, sir, on the pricing front. So state-wise, if you can help us in terms of what was the price increase which has happened in Q1? And currently, are the prices same or have you seen maybe a ₹5-odd further hike or decline? And do we believe that this pricing to kind of sustain or given the kind of supply will be coming in the third and the fourth quarter, do we see that these prices may, whatever the discipline in the industry has shown, maybe some correction can happen?

Sreekanth Reddy:

Yeah, I think, as you are aware sir, from March exit to June end, AP, Telangana, we did get around ₹50 to ₹55 increase per bag. Tamil Nadu is around ₹35 to ₹40. Maharashtra is around ₹20. Odisha, we received -- though there was a slightly higher number, but from an exit perspective, we are close to around ₹10 to ₹15. Madhya Pradesh market more or less remained flat for us.

So now from June exit to July, of course, we are only 20 days into the current peak season, more or less it is flat to slightly negative bias, but that drop is expected because of the seasonal correction. Fortunately, it is not very significant what I would like to put.

Now the next part of your question is are these prices sustainable? Yes, we wish they are but our internal view is that we have taken an overall kind of a price to be flat to slightly negative by ₹5 from its peak in June. And we wish we are wrong. But given the demand in some pockets of the markets that we service, especially in AP and fortunately, even Telangana Government have been engaging with most of the industry players.

So given that scenario, we believe that we could be better off in terms of the prices, but it's too soon. I think that I would like to take this call probably middle of Q3. Till such time, even with this kind of a price regime, we should not complain because as you know, monsoon is very, active. But our internal pencilling in is that we did take a ₹5 drop on an overall kind from the current scenario, just to factor in kind of market fluctuations that are likely to happen.

Shravan Shah:

Got it. And lastly, sir, on the profitability. So obviously, this quarter was much better. So are we seeing, given as you are saying, even if let's assume the prices remains flat where it is, how do we see in terms of profitability? Is it fair to say ₹350 crores, ₹400 crores kind of EBITDA for this year is possible or maybe EBITDA per tonne going forward in Q2 onwards more than ₹600 is possible? Because this...

Sreekanth Reddy:

I think what we have pencilled in is around ₹600 per tonne as a minimum, if the prices remain where they are. And obviously, there is some amount of operating leverage that is likely to kick in. So we believe that around ₹600 is a possibility.

Shravan Shah:

So that will be from Q2 onwards can be maintained ₹600-plus?

Sreekanth Reddy:

Yes, I think so. But year-end average also, we believe the minimum of ₹600, that includes some amount of small dip during the Q2 and probably a catch-up will happen somewhere around middle of Q3 to a very good Q4 is what we are expecting. This is an average price is what we are talking.

Shravan Shah:

And now no more incentive till the end of this year, whatever we were supposed to receive?

- Sreekanth Reddy:** Yeah, there is an additional ₹12 crore that is likely to happen. That is the only pending incentive available for the current year.
- Shravan Shah:** So this will be in Q2 or Q3 that likely to come?
- Sreekanth Reddy:** No, we wish it is as soon. It is possible any time, sir.
- Shravan Shah:** Okay. But going forward, next year onwards ₹23-odd crore, that's the number that one can look at?
- Sreekanth Reddy:** Yeah, that remains, and of course, incremental Capex that is happening at Jeerabad also is likely post commissioning. That thing also would be eligible for additional incentive.
- Shravan Shah:** Okay, I have more questions. I will come in queue. Thank you.
- Sreekanth Reddy:** Thank you.
- Vibha Jain:** Thank you. We will take the next question from Mr. Niteen S. Dharmawat. Sir, please go ahead.
- Niteen Dharmawat:** Thank you for the opportunity. Yeah. So my question is, last time when we had a call, we mentioned that about Vizag land deal we can expect in Q1 results. So what is the status right now?
- Sreekanth Reddy:** Sir, at this point of time, the likely date, which our team has indicated is around October, sir. In fact, the critical process has already been kicked in. So government, again, is seeking some internal clarity whether it entails Cabinet approval or not. So that probably is going to add up a few months. So our team did indicate that by October, yeah, we should get clearance for the sale of land in Vizag.
- Niteen Dharmawat:** So by end of this quarter or early next quarter...
- Sreekanth Reddy:** I think somewhere around October is what they have indicated.
- Niteen Dharmawat:** Okay. My next question is about what is our focus, margin or volume for financial year '26?
- Sreekanth Reddy:** I think our focus has always been margin. See, our operating rates are always fluctuating to match up with the margin. We definitely don't chase the market shares. We have been very, very focused on the margin. And last few years when the pricing was very, very difficult, as you would have seen, we did not chase the volume. We tried to conserve

the money by not losing out the money because some of the places had extremely difficult pricing where we were losing money for every sale. So that remains focus for us forever, and that is the case even for this year and years to come.

Niteen Dharmawat: Perfect. And my next question is about the Capex that we are doing. So, what is the incremental Capex we'll have? We indicated around ₹120 crores, ₹130 crore for clinker capacity, so is...

Sreekanth Reddy: For us, for the current year, it is ₹360 crore. Out of that, ₹260 crore is for Andhra, around ₹80 crore is for Jeerabad and around ₹20 crore is the maintenance Capex across all the other units. So that's our current year's Capex. Out of this, what we have already incurred is close to around ₹80 odd crore during current quarter. The rest is spread over the next three quarters.

As you are aware, Andhra's new preheater project, most likely we should commission before Dussehra. As we speak, we are running ahead of time. But for the range, we are very confident that by end of September to middle of October, we should have commissioned the new preheater.

Of course, the grinding capacity at Andhra, which is again ongoing project, which is likely to take end of the current financial year to Q1 of next year. But the whole idea here is to upgrade. So given that our priority has always been to reduce the cost. So that more or less is happening at slightly ahead of time.

And we did place order for the grinding mill. We did get the EC clearance for the Jeerabad unit for upgrading the plant from 1 million to 1.5 million. We are expecting what we call as the CT consent to establish. That is likely to happen in a month's time. And immediately after the monsoon, we would start the civil works and start the work on that. So even that expansion, we should complete either end of Q4 to middle of Q1 is what is our estimation.

Niteen Dharmawat: I got it. And will this Capex be through internal accruals or will be going for any additional...

Sreekanth Reddy: It's a mix and match of internal accruals plus some equity and also the debt. As indicated earlier, whatever is the principal that we have been paying out, yeah, that would be again borrowed back, but the net debt position may not be significantly different how it has been for last year.

- Niteen Dharmawat:** I understand. So equity or dilution will also happen. That is what you're saying?
- Sreekanth Reddy:** No, it's equity because of the rights issue at Andhra Cements.
- Niteen Dharmawat:** Yeah. Got it. Okay. Thank you so much. And wishing you best.
- Sreekanth Reddy:** Thank you.
- Vibha Jain:** Thank you. We will take the next question from Mr. Vishal Dudhwala. Mr. Vishal.
- Vishal Dudhwala:** Good morning. So I have a couple of questions. First, on a macro level. So with the rollout of new rail corridor under PM Gati Shakti and Coal India shifting dispatch mix, how are you hedging against both rising freight rate tariff and import supply volatility? Are you in talk for dedicated racks or sharp line to lock lower logistic cost versus peers?
- Sreekanth Reddy:** Yeah. I think you should be aware that we have one of the lowest logistics costs in the sector. Secondly, we do not have any coal linkage with Coal India. The only linkage that we have is with Singareni, and that definitely comes by rake even now. And we also get a lot of imported coal. Yes, it is both by rail and as well as by road. We believe we are reasonably optimised on our inward freight logistics. So Gati Shakti so far, from a relevance perspective to us is very, very limited. So we are very much dependent on the current options.
- Vishal Dudhwala:** Okay. Got your point. And second one was like your gross debt rose 9% Y-o-Y and planned principal payment of around ₹200 crore by quarter one FY '27. So how are you going to fund your upcoming Capex and ramp-up in your Satguru and Jajpur plants? Will it be via internal accrual or something other sources?
- Sreekanth Reddy:** No, I think as I mentioned, it is with -- most of the tenures are fairly long-term for the debt. So it's a mix of both debt equity that is because of the rights issue as well as internal numbers.
- Vishal Dudhwala:** Okay. Any guidance for the right issue which you have spoken about?
- Sreekanth Reddy:** So we do have clearance from SEBI and the approval is all the way up to December. So the team is working towards somewhere around Dasara time for us to hit the rights thing, but these are all subject to market conditions.

- Vishal Dudhwala:** Okay. Got your point. One last question. Like your Satguru and Jajpur grinding units use the latest vertical roller mill technology, right? What per tonne energy and maintenance saving you have actually achieved versus your legacy...
- Sreekanth Reddy:** I would encourage you to look at our integrated report. I think it's very exhaustive. So it's self-explanatory because in each unit, each product, it's product-wise very, very different. I would definitely encourage you to look at our latest integrated report, which gives all the details, Mr. Vishal or you could reach out to any of our team for any specific queries you might have.
- Vishal Dudhwala:** Okay. Got your point. Thank you.
- Sreekanth Reddy:** Thank you.
- Vibha Jain:** Thank you. We will take the next question from Mr. Badri Vishal Bajaj. You can go ahead with your question.
- Badri Vishal Bajaj:** Good morning. Thank you for giving the opportunity. I have got your future projections in detail with annual report. Also, my earlier shareholders or analysts have asked you have given in detail. My simple question is Q4 FY '25, we made a loss of almost ₹73 crores. And suddenly, this quarter, Q1 FY '26, we made a profit of ₹7.5 crores. Now the question is your revenue generation for both the quarter, Q4 FY '25 and Q1 FY '26 remains almost same, marginal difference. But what made the company to give the fantastic margins, though I see in the last year loss of ₹73 crores, there was about ₹27 crores on the power front, which was earlier to be debited. So please throw some light on this.
- Sreekanth Reddy:** I think it's all to do with the realisation. Yeah, I think it's a very straight equation that when the realisation moves up, profitability moves up. It's no rocket science, from Q4 to now 50% of our markets, per bag price moved up by almost close to ₹45 to ₹50 a bag.
- Badri Vishal Bajaj:** Yeah. No, no. So the revenue should go up know?
- Sreekanth Reddy:** Volumes did not go up. Volumes actually dropped by 15%.
- Badri Vishal Bajaj:** Correct, correct. Thank you, Sreekanth. Wish you good luck. Thank you.
- Sreekanth Reddy:** Thank you.

- Vibha Jain:** Thank you. We will take the next question from Mr. Sanjay Nandi. Sanjay, you can unmute your line and go ahead with your question.
- Sanjay Nandi:** Good morning. Thank you for the opportunity.
- Sreekanth Reddy:** Good morning, Mr. Sanjay. Yeah, please go ahead.
- Sanjay Nandi:** We have seen that certain spike has happened in the power and fuel cost in the current quarter compared to the exit of last quarter, like March '24. So what has been the reason for that?
- Sreekanth Reddy:** I think it is more to do with the production itself. I think there is a lot more clinker that was produced during the current quarter compared to the previous one, because we are preparing for a potential shutdown of Andhra, Cements Dachepalli. Hence, we produced more clinker. So obviously, it gets factored in, in that particular thing or else the movement in terms of the specific cost has not been significant, I would put it, it's more to do with the inventory management. So we ended up producing more clinker because usually for the monsoon time, we do the maintenance. During that time, the clinker gets shut. So for that, there is a huge kind of clinker build-up that has happened. If you look at the slide, what we have presented in our investor presentation, more or less, it remains very flat.
- Sanjay Nandi:** Got it. And what has been our procurement price of pet coke like in this quarter?
- Sreekanth Reddy:** Yeah, we are almost close to around \$110 is an average procurement cost of us. But this includes the blended. One is the imported as well as the local pet coke procurement.
- Sanjay Nandi:** Domestic.
- Sreekanth Reddy:** Yes.
- Sanjay Nandi:** Got it. That's all from my side. Thank you so much. Wish you all the very best.
- Sreekanth Reddy:** Thank you.
- Vibha Jain:** Thank you. We will take the next question from Mr. Rajesh Ravi. Rajesh, you can go ahead with your question.

- Rajesh Ravi:** Good morning. I have a few questions. First, on the minority interest for this quarter, there is a significant rise around ₹6.3 crores out of ₹7.6 crores. What explains this large minority interest?
- Sreekanth Reddy:** Yeah, I think it is more -- yeah, it's Sagar (M), the Jeerabad plant operations. So, as you are aware, Sagar only owns 65% of that company. So, 35% is held by the local partners, so that's the entry.
- Rajesh Ravi:** No. Why I'm saying, because if I look at this Jeerabad profit, which is reported is ₹26 crore, okay, which is a profit of ₹26 crores. So even if I take 35% out of that, it should be much lower. And Andhra Cements is obviously 95% owned and there also it was a loss...
- Sreekanth Reddy:** No, Mr. Rajesh, it's 90%.
- Rajesh Ravi:** 90%, yeah, yeah. No, but that's a loss only. So, the minority should be rather be lower over there. So out of this ₹26 crore, how come...
- Sreekanth Reddy:** I think specific calculation should be shared, Mr. Rajesh. It is...
- Rajesh Ravi:** Okay. This is one. And second is about this freight cost sequentially going up, what is the view?
- Sreekanth Reddy:** It's all to do with the volume movement. From Andhra, there has been a slightly higher volume movement. So that did contribute to a certain extent, higher freight on a relative scale.
- Rajesh Ravi:** So, what should be the normalised freight cost one should factor in?
- Sreekanth Reddy:** We are there. I think the current quarter number should be there. The only thing that we have to be mindful is the fuel cost that is likely either up or down should get adjusted automatically. Or else, we are there at the optimal kind of a freight cost position.
- Rajesh Ravi:** Because whole of last year, you were incurring close to ₹800. Now this is close to ₹870. And you saying that this should...
- Sreekanth Reddy:** At that time, our volumes from Andhra were limited. You're talking of an increased volume, so that was said. Yeah.
- Rajesh Ravi:** Understood. And Capex for this year, you mentioned is around ₹360 crores in total, right?
- Sreekanth Reddy:** Yes.

- Rajesh Ravi:** And for next year, what is the number one should work with on total console basis.
- Sreekanth Reddy:** I think the overall number for the next year is close to around ₹150 crore. So the residual portion of Andhra, again, the residual portion of Jeerabad, then the maintenance Capex that kicks in. So, our indication is around ₹60 crore to ₹65 crore would be left for the coming year for Andhra. Around another ₹60 crore, ₹65 crore would be left at Jeerabad. And the rest is the maintenance Capex of around ₹20 crore to ₹30 crore across all the other units.
- Rajesh Ravi:** Okay. And in terms of the land monetisation, what should one factor in, in terms of what are the potential monetisation which can happen this year and next year?
- Sreekanth Reddy:** Yes, we did indicate around ₹350 crore as the net receipts.
- Rajesh Ravi:** Right that's a total number.
- Sreekanth Reddy:** Yeah, we expect around ₹100 crore to ₹150 crore for the current financial year. That is subject to we getting the approval by October. And the rest to happen over a significant portion in the next year and a small portion probably should overlap into a year later. We are only trying to be cautious on that count. Because, yeah, we are yet to engage with the buyers.
- And at the same time, we believe that it's a large land parcel for a place like Vizag. So, we are not expecting a wholesale kind of a sale to happen on the land, so which probably needs to be made into a small fraction, not like a development fraction, but something which is handleable. So, given that scenario, we did spread out the sale plan into close to 2, 2.5 years.
- Rajesh Ravi:** Understood. And most of the critical approval, which you are awaiting, by when do you expect practically that should come through?
- Sreekanth Reddy:** Yes, we did cross major kind of approvals. Since there are some regulatory changes that have happened since the land has been given, which is close to 50 years now. So given that scenario, even government is contemplating on what are all the applicable kind of things we need to take into consideration. So the general debate is, do we need the Cabinet approval or not is what primarily they are trying to debate. And

basis that, we expect the approval process to come on. But critical aspects are all covered, Mr. Rajesh.

Rajesh Ravi: Understood. That's all from my end. I'll come back in queue. Thank you.

Sreekanth Reddy: Thank you.

Vibha Jain: Thank you. We will take the follow-up question from Mr. Shravan Shah. Shravan, you can go ahead with the question.

Shravan Shah: Hi, sir. Just to get a clarity. You said that Jeerabad will start in the 4Q FY '26 to a mid of 1Q FY '27.

Sreekanth Reddy: Yes, you're right.

Shravan Shah: And Gudipadu 0.25 million tonne will start by?

Sreekanth Reddy: No, we are yet to take a call on that, sir. At this point of time, given the cash flow issues, that's one area which we are yet to take a call, and we would be happy to come back to you as and when the decision is made.

Shravan Shah: Okay. But this Dachepalli, we will be starting by this September, October?

Sreekanth Reddy: Q4, we should complete the -- end of Q4 to middle of Q1, we should have completed the grinding plant even at Andhra.

Shravan Shah: Okay. Okay. It will be in the Q4 or 1Q, it will start the grinding, but the clinker will start by September, October?

Sreekanth Reddy: Yes, sir. Yes, sir.

Shravan Shah: Okay. So then we can see a clinker sell there also for maybe one or two.

Sreekanth Reddy: We don't sell clinker in South region at all, sir. I don't think there is a big market. I just want to clarify, I don't think we will be selling anything outside the group requirement. We don't see a big opportunity even in this region. It should be very opportunistic yes, but we have not pencilled any clinker sale at Andhra. The primary reason is mostly to do with the cost management.

Shravan Shah: Okay. Okay. So even if the clinker expansion will be there maybe we will...

- Sreekanth Reddy:** Close to 25% to 30% at clinker level even now. So we can produce more clinker at Andhra. But the market doesn't give you that opportunity at this point of time, and we don't pursue selling clinker in this region unless it is really opportunistic and really a good price is offered. Unless good price is offered, I don't think we are pursuing that option.
- Shravan Shah:** Okay.
- Vibha Jain:** Thank you. So we have next question from Mr. Hiten Boricha. Hiten, please can you unmute your line and go ahead with the question.
- Hiten Boricha:** Good morning, sir. My question is on the EBITDA per tonne, I think you gave a conservative guidance of ₹600 per tonne, right?
- Sreekanth Reddy:** For the full year, yes sir.
- Hiten Boricha:** Yeah. So, my question is on that. We did around ₹850 per tonne in Q1, which is like one of the biggest quarters in the cement industry. And considering the prices are also going to sustain in the second half, so why so conservative guidance?
- Sreekanth Reddy:** Yeah, Q1 is one of the good quarters. Q1 and Q4 typically contribute 60% of the margins and the top line, bottom line. Q1 obviously also was like the best of the pricing only started midway through April.
- And secondly, there is an incentive receipt of almost close to ₹34 crores that we have received during Q1. But we wish that the price remains the way it is and the demand also goes much higher. We have pencilled in what we believe is likely to happen. We wish it is much more.
- Yes, some people may call it very conservative. Yeah, we are trying to be far more realistic in our estimation numbers. I would like to leave that thought with you. Beyond that, I cannot comment much on whether that number is optimistic or pessimistic.
- Hiten Boricha:** Understood. Understood, sir. Sir, my question is on the incentives. You mentioned ₹34 crore in Q1. So, what is the total incentives we are expecting this year?
- Sreekanth Reddy:** I think out of ₹46 crore, we did receive ₹34 crores, sir. Another ₹12 crore is due, which we are expecting in current or maybe by middle of next quarter.

- Hiten Boricha:** So more ₹12 crore in the remaining three quarters, right?
- Sreekanth Reddy:** ₹12 crore, sir, another ₹12 crore is likely to hit in the other three quarters.
- Hiten Boricha:** Understood, yeah, that's all. Thank you.
- Sreekanth Reddy:** Thank you.
- Vibha Jain:** Thank you. We will take the next question from Mr. Bhavin Chheda. Bhavin, you can please unmute your line and go ahead with your question.
- Bhavin Chheda:** Hi, Sreekanth, congrats on overall good set of numbers. A couple of questions. One is, what was your state-wise mix of the volumes during the quarter? You used to give that early. I think I don't see this in the press release.
- Sreekanth Reddy:** Usually, we disclose it at an annual basis, , but the mix has not been significantly different from what you would see in our integrated report. Yeah, we do disclose state-wise numbers on an annualised basis because from a quarter-to-quarter perspective, yes, it varies purely because the seasonality's are not same. If you look at Tamil Nadu, monsoon is slightly different from some of the southern states. Madhya Pradesh and Orissa also some amount of shift. But from a percentage perspective for the current quarter, sir, it's not very, very different. It's very, very similar, sir.
- Around 50-odd percentage for AP, Telangana. Karnataka is close to around 7%. Tamil Nadu is also close to 7%. Maharashtra is close to 7%. Orissa is close to 15%. Madhya Pradesh is close to 10%. Gujarat is close to around 3.5% and the others is around 2.5%, which is very similar to how we would have done it on an annualised kind of a thing, which we did like how we did last year.
- Bhavin Chheda:** Second question, more on the industry perspective and basically the wave of consolidation, which we have seen and more towards South India, what has happened, the Birla is acquiring India Cement and Kesoram and Ambuja acquiring Penna and Orient. So, what according to you or in last three to six months, what marketing strategy have you seen a change in terms of state-wise volumes getting impacted from this new acquisition targets because they have been ramped up?

And how do you see it forward? Because clearly, it looks like pricing has become -- it looks from this quarter result that there has been a good pricing. So, I think the competitive intensity has gone down, it looks like. So, what are your views on that?

Sreekanth Reddy:

No, I think from a consolidation side, I think for South, it's still more an acquisition story rather than a consolidation story so far. The market share shift is not as significant as most of the people believe or think because South is still very, very fragmented. So most of the acquisitions that happened, if you have to look notably between Adanis and UltraTech's, some of the states that get influenced are limited to an extent that it is to Karnataka, Maharashtra and Telangana.

The bulk of the Andhra market, there has not been any shift, sir, because Orient is primarily a very large player in Telangana and more so in Hyderabad and some northern parts of Telangana. Same is the case with Kesoram.

India Cement obviously has a lot of assets in AP and Telangana, but primarily, they are a big player in Tamil Nadu. So given that scenario, the overall market shift in terms of shares and all, what is to be expected out of so far, the acquisitions that have happened is not very, very influential or significant. The ramp-up, obviously, is primarily on account of some of the assets that these people have acquired were underused, so they got to what we believe a normalised kind of a scenario.

That obviously would not put too much of volume pressure on to the significant portion of the markets that we service, and primarily into South also. So, the general tendency is that once the ramp-up has to happen, price should suffer, but that's not the case in this part of the world. I think most part of last 18 months to two years, somehow the existing players to the new players panicked at the market and tried to focus mostly on the market share. Historically, market share has never helped any of the people lever on the margins.

I think even the current perceived good pricing, this is a relative term because our operating margins are still in the range of around 15% to 20%. I think these are the normal EBITDA margins. But with acquisitions happening at a price, again, it's a relative term, whether it happened at a good price or a bad price, but these prices don't justify even the current prices.

So, given that scenario, again, it's our belief is that people would not be in a hurry to ramp up. People would be a lot more cautious to put whatever is the volume that is coming up. And it's also true that some of the players are new, especially on the brand side, so it makes sense for them not to be in a hurry to take at a lower price because if you position your product at a lower price, it would take a lot of effort and energies to take it to a level which is viable margins. So, all these things have happened over the last three months. Going forward, we believe for most of the time, I think similar situation should prevail is what we think.

Bhavin Chheda: Ok one the last question, what is your South demand outlook for remaining nine months of this fiscal? Will it grow between 9% to 11%?

Sreekanth Reddy: You will be very surprised, in spite of early monsoon, the entire South grew close to around 8% to 9% in Q1. Obviously, this growth is purely because last year was very, very bad because last year, the market more or less was flat across South. But if you see the net gain, we are actually close to 5% above '24 number.

So, we believe that this year, we would definitely cross FY '24 number and we would in terms of percentage. And in FY '23, the overall South market grew healthily at 20%. So, we expect next year to be even healthier than the current year. So, the average outlook for the current year demand is to grow close to around 8% to 9%.

Bhavin Chheda: Thank you, Sreekanth. Thank you.

Vibha Jain: Thank you. We have next question from Mr. Girija Ray. Girija, you can unmute your line and go ahead.

Girija Ray: Hi, thanks for taking my question. So just wanted to check my previous participant what the question he was asking. So, sir, do you see any kind of price discipline after these larger players are coming into the southern regions?

And second question that you have mentioned we are not chasing to the volume. So, I'm having a bit concern. So, the moment the larger players come into ramping up their capacity. So, this is again going to disturb somehow the southern market, and we are expecting 8% to 9% of growth in southern market. So just help me out understanding about the price discipline and the larger players on how they are going to act for next one year?

Sreekanth Reddy:

Yeah, I think you will appreciate from last year, 5.4-odd million, we are talking of ramping up to 6 million. So, whatever is the market growth, we have pencilled exactly the same number for our own growth.

From a pricing discipline perspective, I cannot comment for the entire industry nor for other players. Internally, we always believe that there is no point in chasing volumes where there are no margins because most part of last two years, I would put it, the price is terrible. It was not contributing. So obviously, there is no point in going and chasing something which is not going to remain permanently with you and losing whatever little money that we were making was not a wise thing. So that's what we have done.

We've always been very similar. For over last 1.5 to two decades that if you follow us, I think similar is the trend. Yeah, our operating rates are in proportion to the market. The South, as you know, the supply is almost 2x of the demand. So, given that scenario, you cannot expect any higher demand. Yeah, there are some times when there are players who are new to the market. There are some players who, for some strange reason, all of a sudden would want higher volumes to put in the market for reasons best known to them. They keep trying to test the market. Yes, that's when we believe the prices did suffer.

Will they behave same? Will they not? I cannot comment much on that. But I think given some of the acquisitions that have happened in the market, the recent ones, they happened at a price which we believe cannot be justified, unless pricing is healthy. So, the current price regime that you are seeing is only contributing to an extent of 15% to 18% EBITDA margin. That still would not help some of the players to justify.

And these people are large players and some of the brand movers. And even the existing players, whether they have expanded, not expanded and most of us did expand, either organically or inorganically. So, everybody has certain kind of EBITDA margin requirement to ensure that balance sheet remains healthy.

If you have to look at overall kind of a consideration, I think pricing discipline is the way forward. Yes, having said that, there are always a few quarters or a few months where somebody new to the market wants to establish himself and sometimes seasons and sometimes some events would put demand under stress. So, with all these things in, the major loser would be the price. Of course, it would be us, but the first things that would follow is the price would collapse. That's exactly what has

happened for last 18 months. And that is not new. Fortunately, or unfortunately, it has been very, very cyclical.

So, if you trace back every five years or 10 years, you reach to the same point in our industry, especially in South. So, we believe that's what has happened. If we have to follow the past trend lines, we believe that the cycle has turned, and we are up for a good couple of more years from here on.

Girija Ray: Okay. Thank you very much.

Sreekanth Reddy: Thank you.

Vibha Jain: Thank you. We will take the next question from Mr. Tom A. Kadavil

Sreekanth Reddy: Good morning.

Tom Kadavil: Good morning. See, I have one question. I would like to know the power cost per unit with the bifurcation like thermal, grid, solar, WHRS?

Sreekanth Reddy: Yes. what I would appreciate is if you could reach out to any of our team, we would be more than happy to give out because there are six units spread over three states or four states, I would put it. So at each unit, it's very, very different, but we would be more than happy to share those numbers.

Tom Kadavil: Okay. That's all. Thank you.

Sreekanth Reddy: Thank you.

Vibha Jain: Thank you. We will take the next question from Guru Darshan. Guru, please go ahead.

Guru Darshan: Congratulations on good set of numbers. Regarding incentive, we have received around ₹34 crore. Is this number included in the EBITDA figure reported?

Sreekanth Reddy: I think this definitely includes, because this is part of the income. So out of ₹121 crore, ₹34 crore has come in the form of incentive.

Guru Darshan: Got it. So in terms of pricing, we have taken around ₹5 to ₹10 of price cut this quarter, right, Q2 or exit of June?

- Sreekanth Reddy:** I think the price across various markets is very, very different. It's not that we have taken a price cut, but the price dilution has been in the range of around ₹5 is what we have indicated. It's an average number.
- Guru Darshan:** Okay. And the Capex we are doing for Andhra Cements around ₹260 crores, ₹250 crores, it's mainly related to...
- Sreekanth Reddy:** That is for the current year. The overall Capex for Andhra, just for the benefit of most of our friends who have participated here, it's a ₹470 crore Capex spread over three years' time. Out of ₹470 crore, last year we did spend ₹85 crore. For the current year, we would be spending around ₹260 odd crore, so the balance amount would be spent a year later.
- So, this is primarily for upgrading the preheater because the preheater there is more than 1.5 decade old. So, we are upgrading this with the primary intent to reduce the cost structure there. But incidentally, we are also getting an incremental kind of a volume. Again, we are also optimising the cement mill, wherein, from a current 2.25 million grinding capacity, we'll be reaching to 3 million tonnes. And from 1.85 million clinker, we would be reaching to around 2.3 million tonne clinker capacity.
- Guru Darshan:** Okay. Got it. One last question. With respect to rights issue, you're looking to raise around ₹130 crore, ₹140 crore?
- Sreekanth Reddy:** Because of the minimum shareholding compliance, yeah, we need to reduce from current 90% of Sagar Cements Holding to 75%. So I think the price of the market will decide how much we will raise, but our idea is to reduce from 90% to 75% holding.
- Guru Darshan:** All right. Thank you so much and congratulations.
- Sreekanth Reddy:** Thank you.
- Vibha Jain:** Thank you. We will take the next question from Vidhi Shah. Vidhi you can unmute your line and go ahead with your question.
- Sudeep:** Yeah, hi. This is Sudeep and many congratulations for a very good set of numbers. Just one on royalty side, as Tamil Nadu had imposed royalty on mining, are we hearing similar kind of thing or any chat from other South states, anything on that?

Sreekanth Reddy: So far, so good for us. So far, so good. In the states that we operate, nothing has been indicated so far, and we wish it remains same. So that's the comment I can make. But I think some of the states which did -- industries, of course, are representing. From that perspective, we have not heard anything. So far, even consultations have not started in any of the states that we operate.

Sudeep: That's good. Thank you so much and all the best.

Sreekanth Reddy: Thank you.

Vibha Jain: Thank you. We will take the next question from Lakshmi Narayanan G K. Lakshmi you can go ahead with your question.

Lakshmi Narayanan G K: Hi, congratulations. Good set of numbers. You previously said that like government was engaging with various cement players in Andhra. Could you just throw me some light on the infrastructure projects that are going to come, which is going to push demand?

Sreekanth Reddy: See, I mentioned, it is in Telangana. Government did indicate that one of the five guarantees that Congress government when they were elected here is a low-cost housing, and Panchayat raj, some of the projects and irrigation. These are the three departments together invited the industry and they wanted to supply cement. So, they were negotiating for the price. And at the same time, industry again was obviously negotiating for price and the payment terms. So, we hope to hear from the government soon.

There were quite a few meetings that are happening and that have happened, probably because government usually uses its time because this time, government cannot do much work because of the season. So, before the end of the season, they would want to negotiate and comment. But I think we will be in a much better situation to know the quantum, though government typically, when they are trying to negotiate, they indicate a huge number.

In reality, it's more a part of a negotiation. But for us to arrive at what is likely to happen in terms of the demand, probably it would take some more time when the final negotiations would have arrived, we would be in a much better situation to indicate the numbers.

Good news is that they are discussing. And this is happening after quite some time. So that's the good news.

Lakshmi Narayanan G K: Okay. One more question. Could you just throw a light on the limestone availability and the demand for your products also? Raw material availability, limestone availability and...

Sreekanth Reddy: I would encourage you to look at our integrated report. Unit-wise, we did disclose the availability of resources. That includes the validity of the limestone mine. If you're looking at the limestone because that's a significant portion. Obviously, we do source fly ash. We do source some amount of other in details, but we do have those resources in the neighbourhood. So, we don't see any problem. But I would also encourage you to look at Slide 29 of our investor presentation, so where we did indicate unit-wise, the total reserves that are available at each of the unit-wise.

Lakshmi Narayanan G K: Thank you so much. That's it for me.

Vibha Jain: Thank you. We will take the follow-up question from Mr. Rajesh Ravi. Rajesh, you can unmute your line and go ahead, please.

Rajesh Ravi: Two questions. Just one on depreciation. I see across two of your units in Andhra, there is a Q-on-Q fall in depreciation. Could you...

Sreekanth Reddy: Yeah, I think those specific data, we would be more than happy to share because those are numbers which are driven more from a regulatory perspective. So, I would be more than happy to share any of those details' unit-wise. I think if that helps, we would be more than happy to share depreciation numbers unit-wise.

Rajesh Ravi: Sure. So, this should be the more recurring numbers, which one should look at Q1 numbers on the existing capacities?

Sreekanth Reddy: I think we are very close to that, but you should be mindful that we are going for an expansion. Post implementation, but for that, I think the numbers more or less are aligned. So, we have not adopted any new policy. It's more or less very, very similar. So though auditor has changed because from Deloitte, we have moved to BSR, which is KPMG because of the 10 years completion. But depreciation method and everything more or less remains same. There is no change in our depreciation method. But our team would be more than happy to furnish unit-wise depreciation numbers and relevant calculations.

Rajesh Ravi: Sure. And one last question on the Slide 11, where you shared the fuel cost trend. There you have shown that the current imported coal and

domestic coal prices are almost higher by ₹0.30 per kcal versus Q1. Are there both imported in domestic coal?

Sreekanth Reddy: Most of the transactions that have happened are on a similar trend, because in between -- because of the geopolitical issues, there was a surge. But likely that everything is at least slowly coming back to normalcy, at least is the indication. But if you have to look at it, we are talking of a quarter when there was a huge fight that was happening in the Middle East. So, during that time, some of the traders definitely would have put some pressure on the selling prices of the import. So, we did indicate those mostly on the offers that we have received. It's not at what price we bought.

Rajesh Ravi: Understood. That's all from my end. Thank you.

Sreekanth Reddy: Thank you Mr. Rajesh.

Vibha Jain: Thank you. We will take the last question from Mr. Shravan Shah. Shravan, you can unmute your line and go ahead, please.

Shravan Shah: Just to clarify, you said that the ₹5 prices have corrected from June exit to till now. That's what you wanted to say.

Sreekanth Reddy: Yes, you heard it correct. In our case, it's not even close to ₹5. That has been the general industry news. So far, in our case, the dilution is less than ₹3. But the overall industry from whatever market sources, it is very market specific also.

Shravan Shah: Got it. Second, in terms of the green share, so which is at 15.45% for 1Q. So, by end of this FY '26 or for average, how one can look at and for FY '27, where one can look at this to going up?

Sreekanth Reddy: I think for the current year, we should be very similar. By Q1, we should have implemented a waste heat recovery at Gudipadu because that's an ongoing project that is happening there. So, with that, the green share is likely to move quite significantly only during the -- post this year. It will be for the next year, we expect that to move close to around 22%, 23%.

Shravan Shah: Okay. Got it. And in terms of the debt level, whatever we have mentioned that we are looking at the net debt of close to ₹1,450 crore, ₹1,460-odd crore for FY '26-'27 so...

- Sreekanth Reddy:** I think the realistic number is close to around ₹1,350 crore. I think that number we should maintain, Mr. Shravan.
- Shravan Shah:** Okay. And then in terms of, just to clarify, for FY '27, you said that ₹23 crores incentive and plus some for Jeerabad once it will start. So, what would be the number? Will it be a...
- Sreekanth Reddy:** I would assume it is ₹ 23 crores FY '27. The other probably should have some time lag. But for sure, this ₹23 crore is to be expected for FY '27.
- Shravan Shah:** Okay. Great. Thank you and all the best.
- Sreekanth Reddy:** Thank you.
- Vibha Jain:** Thank you. As there are no further questions, we will request management to give the closing commentary.
- Sreekanth Reddy:** Yeah, we would like to once again thank all of you for joining us on the call. I hope you have got all the answers you are looking for. Please feel free to connect with our team, both at Sagar or CDR, should you need any further information or queries that you have. We'll be more than happy to discuss them with you. Thank you. Have a good day. Thank you. Thank you, Ms. Vibha.
- Vibha Jain:** Thank you. And we will now conclude the call. Thank you, everyone. Have a good day.