

# We believe, we can

FY2023 has been a year of strategic growth for us at Sagar Cements. We launched our ESG Vision and Roadmap which lays out our 2030 and 2050 targets while we are also adding to our overall geographic presence, gaining market access, and enhancing production capacity, all in a sustainable manner.”



**Dr. S. Anand Reddy**

**Shri. S. Sreekanth Reddy**

### Dear Stakeholders,

It has been an interesting year for Sagar Cements and We would like to thank everyone for your support that has contributed to the growth story of our brand.

### Yearly overview

The market picked up very well post-COVID-19. However, the geopolitical instabilities have critically impacted the crude prices and other raw material costs for most of the year. The main reason for the increase in power and fuel cost was the corresponding hike in pet coke and coal. To tackle this, our cost optimisation strategies came into action, and we undertook steps to improve our operational infrastructure by building railway sidings, captive power plants and waste heat recovery systems. We were also able to control outward freight costs by a reduction in the lead distance from 298 kms to 275 kms.

### Financial performance

Revenue for FY2023 was ₹ 2,230 Crores which is 40% higher on YoY basis. Cement demand has increased post-monsoon fuelled by the construction boom and other infrastructure projects. Despite strong sales, profitability has taken a hit largely due to the rise in raw material and fuel cost. The PAT for the year was ₹ 8.50 Crores and debt equity ratio was 0.87. Operating margins were at 7%. Our capacity utilisation during FY2023 was 58%. From a balance sheet perspective our net worth has increased 6x times in the last 10 years.

### Inorganic growth

We have successfully acquired Andhra Cements Limited, which was funded by ₹ 600 Crores debt and ₹ 322 Crores equity. With an additional 2.6 MTPA capacity, we have achieved our objective of crossing 10 MTPA production

**58%**

Capacity utilisation during FY2023

**4 basis points**

Reduction in GHG emissions



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capacity by 2025. This acquisition has helped consolidate our presence in the Southern India and enable us to serve our customers efficiently.

### Caring for people and planet

Being a planet-conscious brand, we are ingraining approaches that reduce our environmental impact. That includes the use of blended cement, installing waste heat recovery, and recycling of our waste and water. We reduced our GHG emissions by 0.40% this year and We are sure we will further tame them in the coming years. We plan to incorporate best practices across the value chain to bring down our environmental impact. Our roadmap to net zero envisions to achieve this through increasing the share of green energy and alternate raw materials. We are reducing transport

emissions by reducing lead distances and promoting the use of Green vehicles. Sagar Cements is set on a path to bring down Scope 1 emissions to 495 kg Net CO<sub>2</sub>/MT and Scope 2 emissions to 8 kg Net CO<sub>2</sub>/MT by the year 2030.

Our people policy has always been inclusive and take into account what our employees seek from us. We conduct engagement surveys to seek feedback from our people which gives us an insight into several areas such as career growth, aspirations, work-life balance, productivity to name a few. We are happy to share that we have received recognitions for our work in pursuit of being a responsible cement manufacturer. Bayyavaram plant was awarded with 'National Energy Conservation Award' for the Cement sector. It is a feather in our cap from the Government

of India towards achieving energy optimisation. We have also received certificate of appreciation from state tax authorities for being tax compliant. Moreover, we have also received the 'Best Management Award' from the Government of Telangana, second year in a row, which is a matter of great pride for us. We assure you that Sagar Cements will continue to strive for being a sustainable brand.

We thank everyone for your continued trust in us and we hope in the coming year we achieve greater heights together.

Best regards,

**Dr. S. Anand Reddy and S. Sreekanth Reddy**