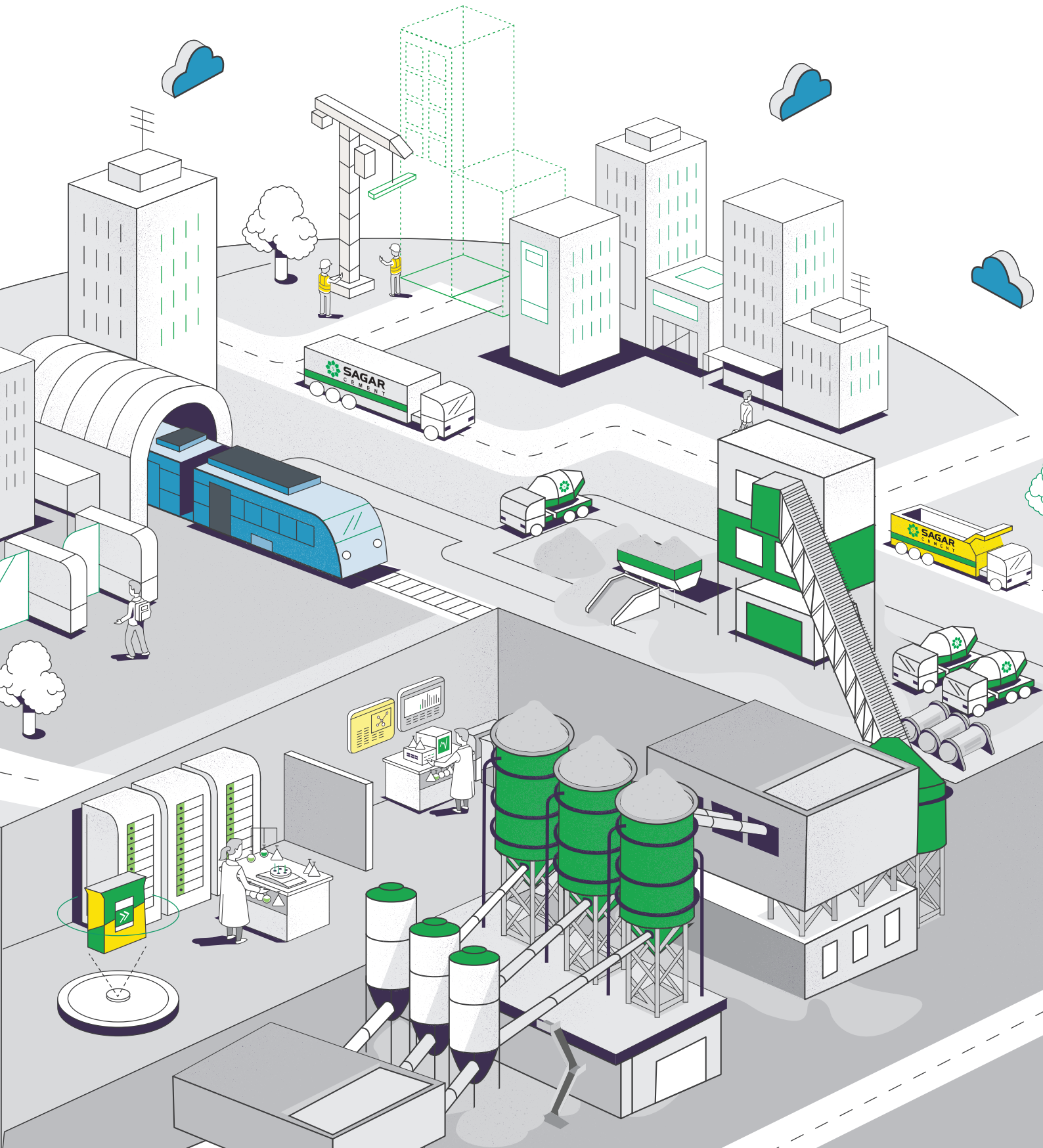


# INTEGRATED REPORT 2019-20



# Inside this report

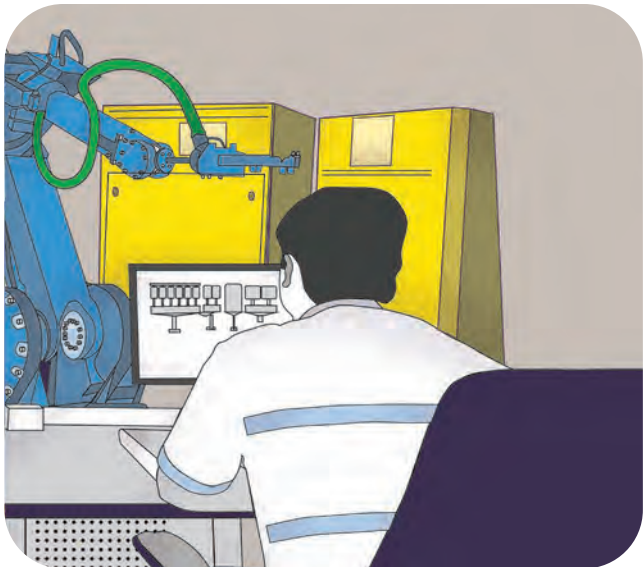


## Stable.

An unblemished track record of consistently creating value for almost four decades



18-19



## Scalable.

An ambitious growth plan to double installed capacity every 10 years



26-27

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# Sustainable.

An unwavering commitment to responsible stewardship, by giving back to our people, society and environment



40-41

## Highlights FY2020



**30,44,236 T**

Cement production



**₹ 1,17,515 Lakhs**

Revenue



**₹ 2,653 Lakhs**

Profit after tax



**Zero**

Fatalities



**70,563 MWh**

Energy generated from green & renewable sources



**₹ 84 Lakhs**

CSR spend



**1.71%**

Thermal substitution rate (Mattampally)



**100%**

Water for industrial use is recycled

## About this report

This is the first integrated report of Sagar Cements Limited (SCL), prepared in accordance with the guiding principles and content elements of the International Integrated Reporting <IR> Framework published by the International Integrated Reporting Council (IIRC).

The report's objective is to holistically present SCL's ability to create, retain and enhance value for all its stakeholders. The Company's integrated thought process is elucidated through its multi-capital-based business model, strategic framework, good governance practices, and strong financial and non-financial performance. The report also provides a detailed account of the organisation's credentials and its broad operating environment.

### Reporting boundary and scope

The report includes material financial and non-financial information on:

- SCL, and its subsidiary Sagar Cements (R) Limited (SCRL), their manufacturing units at Mattampally and Gudipadu, and the grinding unit at Bayyavaram
- Multiple resources and relationships that the organisation relies on to create value and impact with its operations

### Reporting period

This integrated report covers disclosures pertaining to the Company's developments between 1<sup>st</sup> April 2019 and 31<sup>st</sup> March 2020 (FY2020).

### Statutory disclosures and financial statements

Sections of this document also comply with the requirements of the Companies Act, 2013 (and the rules made thereunder); Indian Accounting Standards; the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015; and the Secretarial Standards issued by the Institute of Company Secretaries of India. Readers are invited to read them in conjunction with the contents prepared using the <IR> format to get a holistic view of our annual performance and future direction.

### Responsibility statement

The Board of Directors and our Management together acknowledge their responsibility to ensure the integrity of this integrated report, to the best of their knowledge. The report has been authorised for release on 5<sup>th</sup> August 2020.



# Introducing Sagar Cements

At Sagar Cements Limited (SCL), we operate with a vision to provide foundations for the society's future, and are anchored with a steady commitment to consistent stakeholder value creation. For almost four decades, we have played a key role in establishing the cement cluster in the Krishna river belt and continue to pioneer many firsts in the South Indian cement industry.

## Capacity and reserves

**5.75**  
MTPA

Cement capacity

**3.76**  
MTPA

Clinker capacity

**977.97**  
MnT

Limestone reserves

**61.55**  
MW

Power generation capacity with 33.06% green and renewable energy capacity

## Awards

Recognised among the best



Best Employer Award from Telangana State Government for the years 2015 and 2017



State-level award for overall performance during Mines Safety Week from the Director General of Mines



GreenCo Gold Certificate from the Confederation of Indian Industries (CII) for our best practices at the Mattampally plant



GreenPro Award for blended cement products, for all our manufacturing facilities



Gudipadu plant, overview



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## Corporate overview

# Growing with decades of trust

We commenced operations in 1985 with a mini cement plant having an installed capacity of 0.2 MTPA. Since then, we have maintained a clear growth focus, taking calibrated steps to consistently rise in capacity and value. Today, we are a prominent cement-manufacturer with an annual capacity of 5.75 MnT. We have achieved this with an organic brownfield expansion at our Mattampally unit (Telangana), an acquisition of a separate grinding unit of 0.15 MTPA at Bayyavaram (Andhra Pradesh) and expansion of the unit to its present capacity of 1.5 MTPA. We also acquired another cement

manufacturing unit of 1.25 MTPA capacity at Gudipadu (Andhra Pradesh) which is currently a subsidiary under the name Sagar Cements (R) Limited (SCRL).

As we progress, we continue to be on our ambitious growth path and will be spreading our wings beyond South India. We are now taking our expertise to new demand-driver markets and are currently implementing two greenfield projects in Madhya Pradesh (1 MTPA cement manufacturing unit) and Odisha (1.5 MTPA grinding unit). We expect them to significantly aid our future growth and look forward to servicing the emerging demand in these regions.

## Product spectrum

Ordinary Portland Cement (OPC)	Portland Pozzolana Cement (PPC)	Portland Slag Cement (PSC) (GreenPro certified)	Special cement	Ground Granulated Blast Furnace Slag (GGBS)
Includes 53 grade 43 grade			Includes <ul style="list-style-type: none"><li>Sulphate Resistant Cement (SRC)</li><li>53S grade</li></ul>	

Over the decades, we have meticulously nurtured a multi-layered and committed supply chain, comprising distributors, dealers, and Clearing and Forwarding (C&F) agents. This vast network is dedicatedly serviced by our in-house marketing team.

**1,561**  
Dealers

**3,586**  
Sub-dealers

**62**  
C&F agents

We have state-of-the-art, fully integrated and automated manufacturing facilities that comply with some of the world's best practices. Our ISO 9001:2015, ISO 14001:2015, ISO 50001:2018 and OHSAS 18001:2007 certifications validate our quality focus, process orientation and a commitment to sustainable operating practices. Further, we have also implemented the GreenCo certification process across our manufacturing units. Our blended cements received the GreenPro product certification. Implementation of ISO 26000 across our plants is in progress.

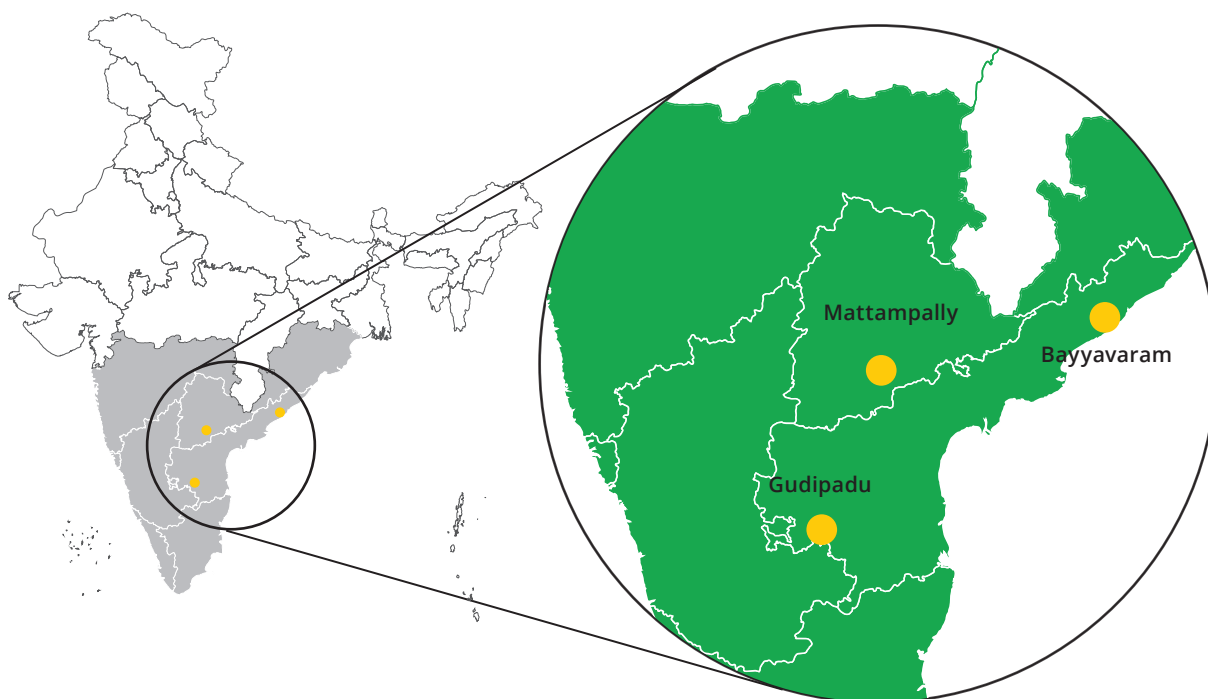


Mattampally plant, mining area



# Our growing strength and reach

Two manufacturing plants and a grinding unit together enable our market position. With high locational advantage, they help us access both raw materials and key markets with ease, while maintaining a strict cost focus.



## Sagar Cements Limited Mattampally, Telangana

Capacity	3.0 MTPA
Capacity utilisation (FY2020)	47%
Key markets	Andhra Pradesh, Telangana, Tamil Nadu, Odisha, Maharashtra
Limestone reserves	815.04 MnT
Captive power	26.25 MW
Thermal power	18 MW
Green energy	10.05 MW



## Sagar Cements (R) Limited Gudipadu, Andhra Pradesh

Capacity	1.25 MTPA
Capacity utilisation (FY2020)	70%
Key markets	Andhra Pradesh, Karnataka, Tamil Nadu
Limestone reserves	162.93 MnT
Captive power	25 MW
Thermal power	25 MW



## Sagar Cements Limited Bayyavaram, Andhra Pradesh

Capacity	1.5 MTPA
Capacity utilisation (FY2020)	52%
Key markets	Vizag, Vizianagaram, Srikakulam, South Odisha
Captive power	8.42 MW
Green energy	8.42 MW

## Resources and relationships

# Creating value with our six capitals

Our ability to create lasting stakeholder value depends on the continued availability, accessibility and affordability of six key capitals, as defined below.



### Financial capital



Our financial capital comprises the various sources of long-term and short-term funds that we receive from equity and debt sources. We transform our financial capital into various inputs in other capitals and through our value-accretive business activities, strive to create industry-leading returns for our capital providers.

**₹ 1,02,059 Lakhs**

Net worth

**0.34**

Debt-to-equity ratio



### Manufactured capital



Our manufacturing capital includes our plants and equipment, and movable and immovable infrastructure. We continuously invest in state-of-the-art equipment with emphasis on proactive maintenance of these units, resulting in greater efficiency, consistent output quality and reduced environmental footprint.

**Two ongoing expansion projects to add 2.5 MTPA to the overall portfolio and reach a total capacity of 8.25 MTPA**

**5.75 MTPA**

Installed capacity in operation

**2.5 MTPA**

Installed capacity in construction



### Intellectual capital



Continuous innovation is the cornerstone of our intellectual capital. Even in a commodity business like cement, an eye for innovation can lead to cost efficiency and sustainability, besides optimising profitability. We continuously seek improvement areas and collectively solve problems to enhance value and set benchmarks for the industry to emulate. This reinforces our brand prominence and thought leadership.

**5 members**

Strength of the R&D team





## Human capital



We are proud to employ a workforce that is a good mix of homegrown talent and lateral hires from established corporates. Our people, together with their collective skillset, knowledge, experience and insights, comprise our human capital. Their loyalty and commitment provide us the strength and confidence to operate a stable and sustainable business. Their health, safety and holistic wellbeing, combined with continuous competency enhancement, are central to our operations, and we strive to regularly inspire, upskill and empower them.

**State-level award for overall performance during Mines Safety Week**

**747**

Employees

**57%+**

Employees who have completed 10+ years service\*

**₹ 6,487 Lakhs**

Value of employee benefits disbursed

\*Mattampally plant



## Social and relationship capital



Our operations mandate maintaining healthy relationships with multiple stakeholders along the cement value chain, such as suppliers, distributors, customers, bankers and others. Together with the communities in our direct impact zones, they form our social and relationship capital. Continuously engaging with them to create win-win propositions is integral to our business and in maintaining our social licence to operate.

**'Sagar Cement' - A trusted brand of almost four decades with high customer recall**

**₹ 84 Lakhs**

CSR expenditure in FY2020

**16,000**

Beneficiaries

**465**

Vendor engagements in FY2020



## Natural capital



We mine the limestone from the quarries we have the licence to and utilise every grade of limestone that we unearth. We also depend on renewable and non-renewable sources for our energy requirements. We accord the highest priority to the sustainable use of such natural resources and waste disposal, and constantly strive to minimise our environmental footprint.

**'Zero-reject' mine operations**

**Water positive as an organisation**

**Awarded GreenPro certification for blended cement products, for all our manufacturing facilities**

**977.97 MnT**

Total limestone reserves

**8.8 MW**

Capacity at Mattampally waste heat recovery plant

## Our journey

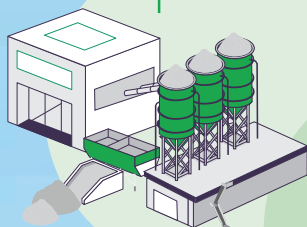
# Strong commitment to build capacity and capability

Over the past thirty nine years, we have traversed a long and rewarding path, doubling our capacities every 10 years.

**0.20 MTPA**

Mini cement plant established

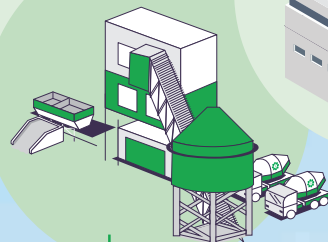
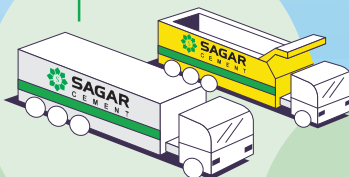
**1985**



**2.75 MTPA**

Established brand in the market

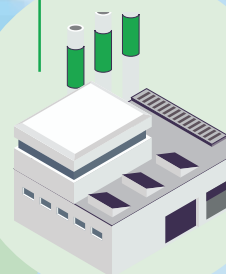
**2008**



**4.15 MTPA**

Acquired the unit in Bayyavaram

**2016**



**1988**

Doubled capacity

**0.40 MTPA**

**2015**

Acquired a 1.0 MTPA plant from SCRL Cement (with proceeds from Vicat JV SCL stake sale)

**4.0 MTPA**

Mattampally plant