Retail Equity Research

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Company Update

Sagar Cements Ltd.

Accumulate

Sector: Cement

05th June 2025

Key Changes	Target	Rating		Earnings		Target	Rs. 264
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs. 228
Small Cap	SGC:IN	81,442	SAGCEM	502090	12 Months	Return	+16%

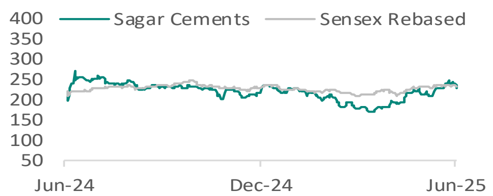
Data as of: 05-06-2025

Company Data			
Market Cap (Rs.cr)			2,980
52 Week High — Low (Rs.)			278-155
Enterprise Value (Rs.cr)			4,180
Outstanding Shares (cr)			13.1
Free Float			21%
Dividend Yield			0.3%
6m average volume (cr)			0.98
Beta			1.2
Face value Rs.			2.0

Shareholding (%)	Q2FY25	Q3FY25	Q4FY25
Promoters	48.3	48.3	48.3
FII's	2.7	2.6	2.6
MFs/Insti	17.5	17.9	18.0
Public	9.6	9.3	9.3
Others	21.9	21.8	21.8
Total	100.0	100.0	100.0
Promoter encumbrance (%)	79.9	79.9	80.8

Price Performance	3 Month	6 Month	1 Year
Absolute Return	25.5%	-3.5%	4.3%
Absolute Sensex	9.5%	-1.3%	5.6%
Relative Return*	16.0%	-2.3%	-1.2%

*over or under performance to benchmark index



Consolidated (cr)	FY25A	FY26E	FY27E
Sales	2,258	2,567	3,036
Growth (%)	-9.9	13.7	18.3
EBITDA	141	330	465
EBITDA Margin (%)	6.2	12.8	15.3
Adj. PAT	-183	-62	29
Growth (%)	-216.1	66.2	146.2
Adj. EPS	-14.0	-4.7	2.2
Growth (%)	-216.1	66.2	146.2
P/E	-16.3	-48.3	104.5
P/B	1.7	1.8	1.8
EV/EBITDA	30.6	13.8	10.0
ROE (%)	-10.0	-3.7	1.7
D/E	0.9	1.0	1.1

Author: Vincent K A - Sr. Research Analyst

Margins to improve with ramp up in utilisation

Sagar Cements Ltd. (SCL), established in 1985, is a South Indian cement manufacturer with a capacity of ~10.5MT (South-8MT, Central-1MT, East-1.5MT). SCL has a total captive power capacity of 102.96MW.

- In Q4FY25, revenue declined by 7% YoY to Rs. 658cr as realisation declined by ~12% YoY (excluding incentive). However, volumes rose by 5% YoY.
- EBITDA fell by 46% YoY as EBITDA margin declined by 400bps YoY to 5.6%. EBITDA/ tonne fell by 48% YoY to Rs. 218 owing to lower realisation.
- The company reported a net loss of Rs. 73cr in Q4FY25 (vs profit of Rs. 12cr YoY and a loss of Rs. 54cr QoQ).
- Cement prices have seen a sharp uptick in the last couple of months, especially in Andhra Pradesh, Telangana and Tamil Nadu, which will improve margins.
- The process of clearance of land monetization of 107 acres (around Rs. 350 cr., part of the Andhra Cements acquisition) is progressing and expected to be complete by ~1.5 years post approval (expecting approvals by the early part of Q2FY26).

Outlook & Valuation

Strong infrastructure and housing focus by the government is expected to support demand. Ramp-up at Andhra should improve EBITDA/ton by Rs. 250-300 due to operating leverage and cost efficiencies. Cement price hikes will further boost EBITDA/ton. Cement capacity expansion plans are progressing at Dachepalli (0.75 MTPA), Jeerabad (0.5 MTPA) and Gudipadu (0.25 MTPA) to take the total to 12 MTPA by H1FY27. 29.5MW of green power projects (solar & WHRS) are underway at different locations. SCL has a target of reaching a 50% green power mix by FY30. Initiatives are ongoing to optimize freight (including minimizing lead distances) and reduce clinker factor to further enhance cost efficiencies. Pet coke prices have softened from $107/ton to sub-$100/ton, but volatility persists. **We value SCL at 10x FY27 EV/EBITDA to arrive at a target price of Rs. 264 and maintain Accumulate rating.**

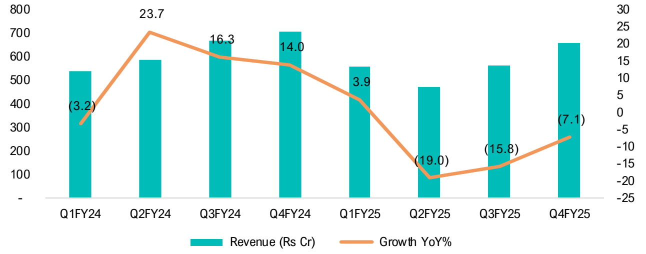
Quarterly Financials Consol.

Rs.cr	Q4FY25	Q4FY24	YoY Growth (%)	Q3FY25	QoQ Growth (%)	FY25	FY24	YoY Growth (%)
Sales	658	709	-7.1	564	16.7	2,258	2,505	-9.9
EBITDA	37	68	-46.0	38	-2.2	141	246	-42.6
Margin (%)	5.6	9.6	-400bps	6.7	-110bps	6.2	9.8	-360bps
EBIT	(22)	12	-278.8	(21)	-2.7	(90)	32	376.6
PBT	(93)	10	998.4	(64)	-44.1	(284)	(83)	-239.6
Rep. PAT	(71)	13	633.7	(55)	-28.5	(210)	(43)	-388.0
Adj PAT	(44)	13	428.8	(55)	20.8	(183)	(58)	-216.1
EPS (Rs)	-3.3	1.0	428.8	-4.2	20.8	-14.0	-4.4	-216.1

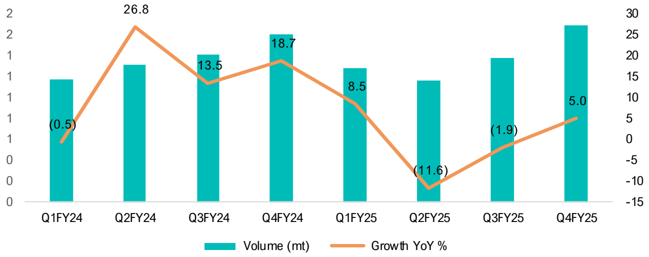
Key Highlights…

- Sales volume for FY26 is expected to be 6MT-6.1MT. The company does not want to compromise on the pricing vis-à-vis the volume.
- 6MW of solar power was commissioned at Gudipadu in Q4FY25. The green power mix for Q4FY25 was 13%, while for FY25 it was 14%.
- Plant-wise utlisation in FY25: Mattampally-52%, Gudipadu-88%, Bayyavaram-65%, Jeerabad-79%, Jajpur-38% and Dachepalli-31%.
- March exit prices were one of the lowest in history. Since then, prices have seen a significant rise. Andhra Pradesh and Telangana saw a price increase of Rs 55-60, while the Tamil Nadu market was anywhere between Rs 50 and 55. Karnataka had a ₹40-45 increase and Odisha & Maharashtra saw an increase of around ₹10-15 per bag.

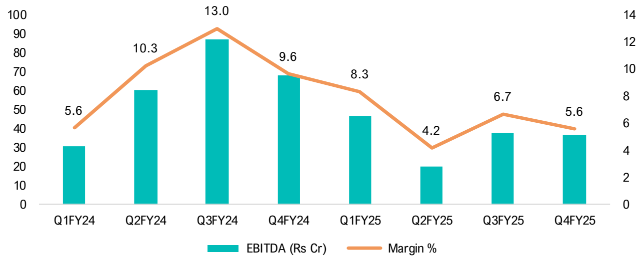
Revenue



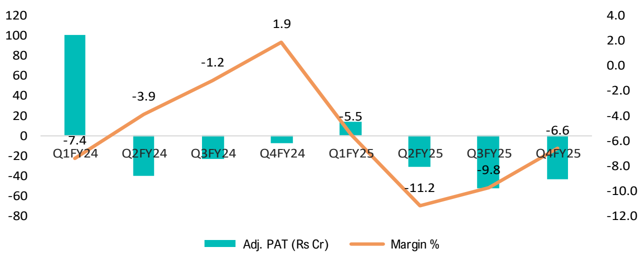
Cement Volume



EBITDA



PAT



Per Tonne Analysis

	Q4FY25	Q4FY24	YoY Growth	Q3FY25	QoQ Growth
Cement Volume (MT)	1.7	1.6	5.0	1.4	22.5
Cost of materials consumed	723	795	-9.0	740	-2.2
Employee Expenses	203	190.4	6.8	272	-25.3
Power & Fuel	1,405	1,578	-10.9	1,453	-3.3
Freight & forwarding	821	852	-3.5	833	-1.4
Other expenses	523	564	-7.3	516	1.4
Total expenses	3,676	3,979	-7.6	3,813	-3.6
Realisation (inc. RMC)	3,894	4,402	-11.5	4,086	-4.7
EBITDA	218	423	-48.5	273	-20.1

Sum of the parts (SOTP) valuation

Particulars	Basis	Base	Multiple	Value (Rs. cr.)	Value per share
Cement business	FY26E EV/EBITDA	465	10	4,828	
Less: Net Debt				1,658	
				3,171	243
Land value for monetisation (Rs. 350 cr, applied for monetization).	Market value	350	At 20% discount	280	21
Total					264

Change in Estimates

	Old estimates		New estimates		Change (%)	
Year / Rs cr	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	2,775	-	2,567	3,036	-7.5	-
EBITDA	338	-	330	465	-2.4	-
Margins (%)	12.2	-	12.8	15.3	70bps	-
Adj. PAT	-60	-	-62	29	-2.9	-
EPS	-4.6	-	-4.7	2.2	-2.6	-

Consolidated Financials

PROFIT & LOSS

Y.E March (Rs. cr)	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E
Revenue	**1,597**	**2,228**	**2,505**	**2,258**	**2,567**	**3,036**
% change	16.5	39.5	12.4	-9.9	13.7	18.3
EBITDA	**276**	**151**	**246**	**141**	**330**	**465**
% change	-31.1	-45.2	62.5	-42.6	133.7	41.0
Depreciation	93	156	213	231	237	243
EBIT	**183**	**-4**	**32**	**-90**	**93**	**223**
Interest	92	202	185	188	197	207
Other Income	12	222	54	21	25	30
PBT	**103**	**16**	**-84**	**-284**	**-79**	**46**
% change	-63.2	-84.5	-625.8	-239.6	72.3	158.7
Tax	45	10	-32	-67	-22	12
Tax Rate	43.7%	62.8%	38.1%	23.6%	27.6%	25.0%
Reported PAT	**69**	**29**	**-43**	**-210**	**-62**	**29**
Adj	**1**	**3**	**15**	**-27**	**0**	**0**
Adj PAT	**68**	**26**	**-58**	**-183**	**-62**	**29**
% change	-63.3	-61.0	-318.4	-216.1	66.2	146.2
No. of shares (cr)	11.8	13.1	13.1	13.1	13.1	13.1
Adj EPS (Rs.)	**5.9**	**2.5**	**-4.4**	**-14.0**	**-4.7**	**2.2**
% change	-63.3	-65.0	-318.4	-216.1	66.2	146.2
DPS (Rs.)	1	1	1	1	1	1
CEPS (Rs.)	13.7	13.9	11.9	3.7	13.4	20.7

BALANCE SHEET

Y.E March (Rs. cr)	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	163	210	262	164	159	120
Accounts Receivable	131	147	208	204	211	225
Inventories	209	279	308	274	305	349
Other Cur. Assets	259	168	85	56	81	96
Investments	315	0	0	0	0	0
Gross Fixed Assets	2,565	4,072	4,710	4,803	5,276	5,626
Net Fixed Assets	1,951	2,699	3,123	2,985	3,222	3,329
CWIP	101	99	15	123	50	60
Intangible Assets	97	95	127	123	123	123
Def. Tax (Net)	15	288	140	155	155	155
Other Assets	219	211	89	93	42	50
Total Assets	**3,460**	**4,196**	**4,356**	**4,177**	**4,348**	**4,506**
Current Liabilities	418	501	632	702	705	765
Provisions	56	63	12	16	14	17
Debt Funds	1,511	1,479	1,462	1,502	1,727	1,777
Other Liabilities	220	516	310	234	251	279
Equity Capital	24	26	26	26	26	26
Reserves & Surplus	1,232	1,611	1,915	1,697	1,624	1,641
Shareholder's Fund	1,255	1,637	1,941	1,723	1,650	1,668
Total Liabilities	**3,460**	**4,196**	**4,356**	**4,177**	**4,348**	**4,506**
BVPS (Rs.)	**102**	**121**	**142**	**126**	**120**	**121**

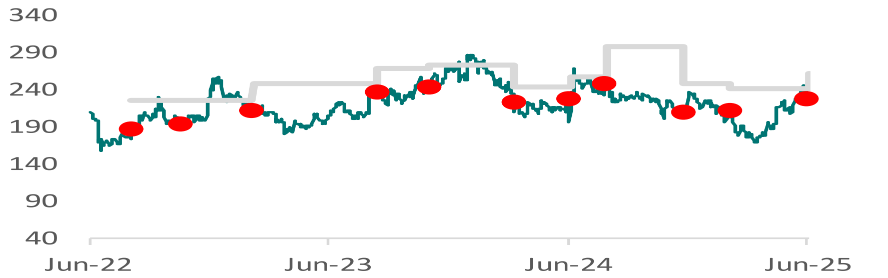
CASH FLOW

Y.E March (Rs. cr)	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	**162**	**185**	**170**	**21**	**175**	**271**
Non-cash adj.	9	-3	-33	0	0	0
Other adjustments	86	-26	121	94	202	213
Changes in W.C	-170	20	154	114	2	4
C.F. Operation	**88**	**175**	**400**	**234**	**379**	**488**
Capital exp.	-361	-118	-226	-138	-400	-360
Change in inv.	-427	183	75	8	0	0
Other invest.CF	4	157	13	15	0	0
C.F – Investment	**-784**	**222**	**-188**	**-113**	**-400**	**-360**
Issue of equity	11	350	0	0	0	0
Issue/repay debt	685	-521	-29	-158	225	50
Dividends paid	-6	-9	-9	-9	-11	-11
Other finance.CF	-75	-185	-176	-192	-197	-207
C.F – Finance	**615**	**-366**	**-221**	**-217**	**17**	**-168**
Chg. in cash	-81	32	-8	-97	-4	-40
Closing cash	143	175	167	70	66	26

RATIOS

Y.E March	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab. & Return						
EBITDA margin (%)	17.3	6.8	9.8	6.2	12.8	15.3
EBIT margin (%)	11.4	-0.2	1.3	-4.0	3.6	7.3
Net profit mgn.(%)	4.3	1.2	-2.3	-8.1	-2.4	0.9
ROE (%)	5.6	1.8	-3.2	-10.0	-3.7	1.7
ROCE (%)	3.8	2.9	2.4	0.1	3.0	5.2
W.C & Liquidity						
Receivables (days)	27.6	22.8	25.9	33.3	29.5	26.2
Inventory (days)	38.0	39.9	42.7	47.0	41.1	39.3
Payables (days)	384.8	247.6	379.5	464.6	451.0	401.7
Current ratio (x)	1.0	1.0	0.9	0.6	0.6	0.5
Quick ratio (x)	0.4	0.4	0.5	0.3	0.3	0.2
Turnover & Leverage						
Gross asset T.O (x)	0.7	0.7	0.6	0.5	0.5	0.6
Total asset T.O (x)	0.5	0.6	0.6	0.5	0.6	0.7
Int. coverage ratio (x)	2.0	0.0	0.2	-0.5	0.5	1.1
Adj. debt/equity (x)	1.2	0.9	0.8	0.9	1.0	1.1
Valuation						
EV/Sales (x)	2.3	1.9	1.7	1.9	1.8	1.5
EV/EBITDA (x)	13.4	28.1	17.0	30.6	13.8	10.0
P/E (x)	39.5	112.7	-51.6	-16.3	-48.3	104.5
P/BV (x)	2.1	1.8	1.5	1.7	1.8	1.8

Recommendation Summary (last 3 years)



Source: Bloomberg, Geojit Research

Dates	Rating	Target
28-Aug-23	Accumulate	260
06-Nov-23	Accumulate	274
18-Mar-24	Buy	246
06-Jun-24	Buy	258
31-Jul-24	Buy	299
02-Dec-24	Accumulate	250
05-Feb-25	Accumulate	242
05-Jun-25	Accumulate	264

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	**Upside is above 10%**	**Upside is above 15%**	**Upside is above 20%**
Accumulate	**-**	**Upside is between 10%-15%**	**Upside is between 10%-20%**
Hold	**Upside is between 0% - 10%**	**Upside is between 0%-10%**	**Upside is between 0%-10%**
Reduce/sell	**Downside is more than 0%**	**Downside is more than 0%**	**Downside is more than 0%**
Not rated/Neutral			

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition: Upgrade No Change Downgrade

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