

Sagar Cements Ltd.

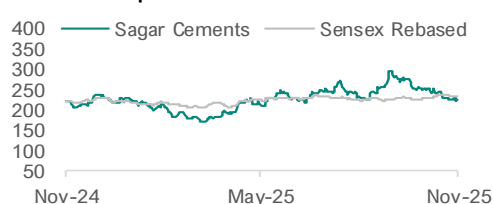
BUY

Sector: Cement

12th November 2025

Key Changes			Target	Rating	Earnings	Target	Rs. 259
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs. 215
Small Cap	SGC:IN	83,871	SAGCEM	502090	12 Months	Return	+20%

Data as of: 11-11-2025 18:00 hrs

Company Data			
Market Cap (Rs.cr)	2,810		
52 Week High — Low (Rs.)	300-155		
Enterprise Value (Rs.cr)	4,010		
Outstanding Shares (cr)	13.1		
Free Float	21%		
Dividend Yield	0.0%		
6m average volume (cr)	2.14		
Beta	1.2		
Face value Rs.	2.0		
Shareholding (%)	Q4FY25	Q1FY26	Q2FY26
Promoters	48.3	48.3	48.3
FII's	2.6	2.6	2.8
MFs/Insti	18.0	17.9	17.4
Public	9.3	8.5	9.0
Others	21.8	22.6	22.5
Total	100.0	100.0	100.0
Promoter encumbrance (%)	80.8	80.8	80.8
Price Performance	3 Month	6 Month	1 Year
Absolute Return	-1.5%	6.2%	0.7%
Absolute Sensex	4.3%	4.9%	4.8%
Relative Return*	-5.9%	1.3%	-4.1%
*over or under performance to benchmark index			
			
Consolidated (Rs. cr)	FY25A	FY26E	FY27E
Sales	2,258	2,694	3,110
Growth (%)	-9.9	19.3	15.4
EBITDA	141	365	449
EBITDA Margin (%)	6.2	13.5	14.5
Adj. PAT	-183	-76	12
Growth (%)	-216.1	58.5	116.4
Adj. EPS	-14.0	-5.8	1.0
Growth (%)	-216.1	58.5	116.4
P/E	-15.4	-37.0	225.6
P/B	1.6	1.7	1.7
EV/EBITDA	29.4	12.2	9.8
ROE (%)	-10.0	-4.5	0.8
D/E	0.9	1.1	1.0
Author: Vincent K A - Sr. Research Analyst			

Ramp up in new capacities to improve margins

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 108.96MW.

- Revenue for Q2FY26 increased by ~27% YoY, primarily driven by robust volume growth of ~17%. Realization improved by ~11% YoY but dropped ~2% QoQ.
- EBITDA grew by ~158% YoY, with margins expanding by 430 bps to ~8.5%, primarily supported by improved realizations.
- Reported net loss of Rs. ~42cr (compared to Rs.1cr profit QoQ/ Rs.53cr loss YoY).
- The company has guided for a sales volume of 6MT and an EBITDA/ton of ~Rs.600 for FY26 (Rs. 256 in FY25).
- The green power mix for the quarter improved to 16%, up from 12% in Q2FY25. The debt-to-equity ratio stood at 0.92x, compared to 0.77x in the same period last year.
- Clearance for monetization of 107 acres (part of the Andhra Cements acquisition) is progressing, with approvals expected to be complete in current FY. The management expects realization to improve in light of all the developments happening in Vizag.

Outlook & Valuation

The cement demand outlook remains strong, aided by continued infrastructure push. Measures like GST rate cuts on several construction materials, including cement, are expected to stimulate demand. Cement capacity expansion projects are progressing at Dacheppalli (0.75 MTPA), Jeerabad (0.5 MTPA), and Gudipadu (0.25 MTPA), taking the total installed capacity to 12 MTPA by FY27. The company is well positioned to leverage enhanced operating efficiency with higher utilization going forward. Management expects cement prices to remain flat for Q3FY26 and start picking up at least from the early part of Q4FY26. Fuel cost volatility remains a risk, with rising pet coke prices offset by softer imported coal rates. The ramp-up in the newly acquired capacities, along with other cost-efficiency measures, will provide better profitability going forward. Expect EBITDA/ton to cross Rs.600 levels from Rs.256 in FY25. **We value SCL at 10x FY27 EV/EBITDA to arrive at a target price of Rs. 259 and maintain Buy rating.**

Quarterly Financials Consol.

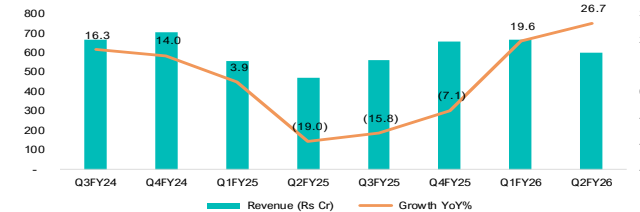
Rs.cr	Q2FY26	Q2FY25	YoY Growth (%)	Q1FY26	QoQ Growth (%)	H1FY26	H1FY25	YoY Growth (%)
Sales	602	475	26.7	671	-10.3	1,273	1,036	22.9
EBITDA	51	20	157.6	121	-57.7	173	67	159.3
Margin (%)	8.5	4.2	430bps	18.1	-960bps	13.6	6.4	710bps
EBIT	(4)	(38)	-88.4	67	106.5	62	(47)	232.4
PBT	(47)	(79)	41.3	24	294.6	(23)	(127)	82.2
Rep. PAT	(42)	(53)	20.4	1	3,568.0	(41)	(84)	51.1
Adj PAT	(42)	(53)	20.4	1	3,568.0	(41)	(84)	51.1
EPS (Rs)	-3.2	-4.1	20.4	0.1	3568.0	-3.1	-6.4	51.1



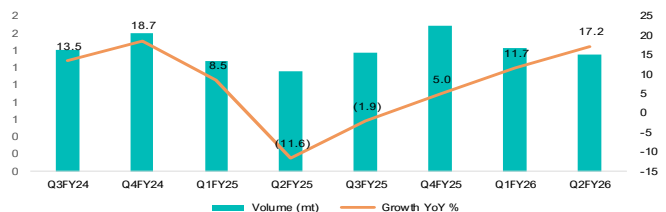
Key Highlights...

- Sales volume for FY26 is guided to be 6MT. SCL received an incentive of Rs. 11cr in Q2FY26 (Rs. 45cr received in FY26)
- Andhra Cement (Dachepalli) reported Q2 losses due to a clinker shutdown for upgrades. A new six-stage preheater, commissioned on October 23, 2025, is expected to deliver ~100 Kcal/kg energy savings. Breakeven is targeted at ~50% utilization, with FY27 goals of ~60% utilization and Rs. 500–600 EBITDA/tn, subject to realization.
- Ongoing initiatives like enhancing freight efficiency through shorter lead distances will support cost optimization.
- FY26 Capex has been revised to approximately Rs. 450cr (from Rs. 360cr), driven by accelerated project execution. Of this, Rs. 180cr has been incurred in H1, with around Rs. 250cr allocated for H2. FY27 Capex is projected at Rs. 250–275cr, including maintenance-related capex.
- Plant-wise utilisation during Q2FY26: Mattampally-48%, Gudipadu-82%, Bayyavaram-63%, Jeerabad-94%, Jajpur-34%, and Dachepalli-32%.

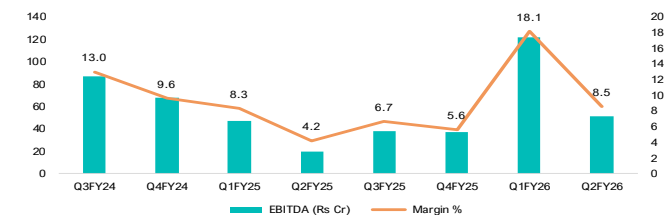
Revenue



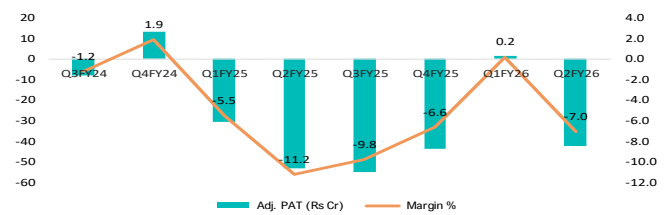
Cement Volume



EBITDA



PAT



Per Tonne Analysis

	Q2FY26	Q2FY25	YoY Growth	Q1FY26	QoQ Growth
Cement Volume (MT)	1.4	1.2	17.2	1.4	-4.9
Cost of materials consumed	1,328	914	45.4	586	126.6
Employee Expenses	288	264.7	8.9	238	21.3
Power & Fuel	1,070	1,334	-19.8	1,574	-32.0
Freight & forwarding	799	834	-4.1	906	-11.7
Other expenses	562	578	-2.7	537	4.7
Total expenses	4,048	3,924	3.2	3,841	5.4
Realisation (inc. RMC)	4,425	4,096	8.0	4,690	-5.6
EBITDA	377	172	119.7	849	-55.6

Sum of the parts (SOTP) valuation

Particulars	Basis	Base	Multiple	Value (Rs. cr.)	Value per share
Cement business	FY27E EV/EBITDA	449	10	4,705	
Less: Net Debt				1,603	
				3,102	237
Land value for monetisation (Rs. 350 cr, applied for monetization).	Market value	350	At 20% discount	280	21
Total					259

Change in Estimates

	Old estimates		New estimates		Change (%)	
Year / Rs cr	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	2,707	3,133	2,694	3,110	-0.5	-0.7
EBITDA	391	502	365	449	-6.7	-10.5
Margins (%)	14.4	16.0	13.5	14.5	-90bps	-180bps
Adj. PAT	-39	55	-76	12	-94.5	-77.3
EPS	-3.0	4.2	-5.8	1.0	-93.5	-77.3



Consolidated Financials

PROFIT & LOSS

Y.E March (Rs. cr)	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E
Revenue	1,597	2,228	2,505	2,258	2,694	3,110
% change	16.5	39.5	12.4	-9.9	19.3	15.4
EBITDA	276	151	246	141	365	449
% change	-31.1	-45.2	62.5	-42.6	158.5	23.2
Depreciation	93	156	213	231	238	243
EBIT	183	-4	32	-90	127	207
Interest	92	202	185	188	198	199
Other Income	12	222	54	21	23	31
PBT	103	16	-84	-284	-48	39
% change	-63.2	-84.5	-625.8	-239.6	82.9	180.8
Tax	45	10	-32	-67	13	10
Tax Rate	43.7%	62.8%	38.1%	23.6%	-27.3%	25.0%
Reported PAT	69	29	-43	-210	-76	12
Adj	1	3	15	-27	0	0
Adj PAT	68	26	-58	-183	-76	12
% change	-63.3	-61.0	-318.4	-216.1	58.5	116.4
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	-5.8	1.0
% change	-63.3	-65.0	-318.4	-216.1	58.5	116.4
DPS (Rs.)	1	1	1	1	1	1
CEPS (Rs.)	13.7	13.9	11.9	3.7	12.4	19.5

BALANCE SHEET

Y.E March (Rs. cr)	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	163	210	262	164	101	111
Accounts Receivable	131	147	208	204	221	230
Inventories	209	279	308	274	321	378
Other Cur. Assets	259	168	85	56	85	98
Investments	315	0	0	0	0	0
Gross Fixed Assets	2,565	4,072	4,710	4,803	5,326	5,576
Net Fixed Assets	1,951	2,699	3,123	2,985	3,270	3,278
CWIP	101	99	15	123	50	50
Intangible Assets	97	95	127	123	123	123
Def. Tax (Net)	15	288	140	155	155	155
Other Assets	219	211	89	93	44	51
Total Assets	3,460	4,196	4,356	4,177	4,371	4,474
Current Liabilities	418	501	632	702	711	803
Provisions	56	63	12	16	15	17
Debt Funds	1,511	1,479	1,462	1,502	1,742	1,714
Other Liabilities	220	516	310	234	267	303
Equity Capital	24	26	26	26	26	26
Reserves & Surplus	1,232	1,611	1,915	1,697	1,610	1,611
Shareholder's Fund	1,255	1,637	1,941	1,723	1,636	1,637
Total Liabilities	3,460	4,196	4,356	4,177	4,371	4,474
BVPS (Rs.)	102	121	142	126	119	119

CASH FLOW

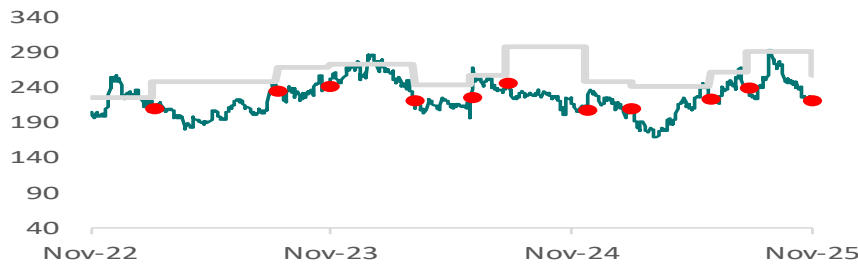
Y.E March (Rs. cr)	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	162	185	170	21	162	255
Non-cash adj.	9	-3	-33	0	0	0
Other adjustments	86	-26	121	94	212	216
Changes in W.C	-170	20	154	114	-18	27
C.F. Operation	88	175	400	234	356	498
Capital exp.	-361	-118	-226	-138	-450	-250
Change in inv.	-427	183	75	8	0	0
Other invest.CF	4	157	13	15	0	0
C.F – Investment	-784	222	-188	-113	-450	-250
Issue of equity	11	350	0	0	0	0
Issue/repay debt	685	-521	-29	-158	240	-28
Dividends paid	-6	-9	-9	-9	-11	-11
Other finance.CF	-75	-185	-176	-192	-198	-199
C.F – Finance	615	-366	-221	-217	31	-238
Chg. in cash	-81	32	-8	-97	-63	10
Closing cash	143	175	167	70	7	18

RATIOS

Y.E March	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab. & Return						
EBITDA margin (%)	17.3	6.8	9.8	6.2	13.5	14.5
EBIT margin (%)	11.4	-0.2	1.3	-4.0	4.7	6.7
Net profit mgn.(%)	4.3	1.2	-2.3	-8.1	-2.8	0.4
ROE (%)	5.6	1.8	-3.2	-10.0	-4.5	0.8
ROCE (%)	3.8	2.9	2.4	0.1	4.7	4.7
W.C & Liquidity						
Receivables (days)	27.6	22.8	25.9	33.3	28.8	26.5
Inventory (days)	38.0	39.9	42.7	47.0	40.3	41.1
Payables (days)	384.8	247.6	379.5	464.6	427.6	381.4
Current ratio (x)	1.0	1.0	0.9	0.6	0.5	0.5
Quick ratio (x)	0.4	0.4	0.5	0.3	0.2	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	0.6	1.0
Adj. debt/equity (x)	1.2	0.9	0.8	0.9	1.1	1.0
Valuation						
EV/Sales (x)	2.2	1.8	1.6	1.8	1.7	1.4
EV/EBITDA (x)	12.9	27.0	16.3	29.4	12.2	9.8
P/E (x)	37.2	106.2	-48.6	-15.4	-37.0	225.6
P/BV (x)	2.0	1.7	1.4	1.6	1.7	1.7



Recommendation Summary (last 3 years)



Source: Bloomberg, Geojit Research

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

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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