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Retail Equity Research

Sagar Cements Ltd.

BUY

Sector: Cement

12th February 2026

Key Changes	Target ▼	Rating ●	Earnings ▼

Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Small Cap	SGC:IN	83,675	SAGCEM	502090	12 Months

Target	**Rs. 244**
CMP	**Rs. 203**
Return	**+20%**

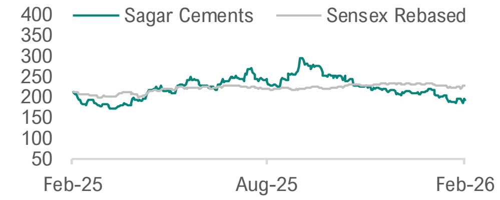
Data as of: 12-02-2026 18:00 hrs

Company Data	
Market Cap (Rs.cr)	2,653
52 Week High — Low (Rs.)	300-155
Enterprise Value (Rs.cr)	3,853
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 (%)	Q1FY26	Q2FY26	Q3FY26
Promoters	48.3	48.3	48.3
FII's	2.6	2.8	1.8
MFs/Insti	17.9	17.4	18.4
Public	8.5	9.0	10.8
Others	22.6	22.5	20.8
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	-15.0%	-16.2%	-10.7%
Absolute Sensex	0.0%	4.2%	6.4%
Relative Return*	-15.0%	-20.4%	-17.1%

***over or under performance to benchmark index**



Consolidated (Rs. cr)	FY26E	FY27E	FY28E
Sales	2,587	2,993	3,311
Growth (%)	14.6	15.7	10.6
EBITDA	266	378	463
EBITDA Margin (%)	10.3	12.6	14.0
Adj. PAT	-170	-73	2
Growth (%)	6.7	57.2	102.1
Adj. EPS	-13.0	-5.6	0.1
Growth (%)	6.7	57.2	102.1
P/E	-15.6	-36.4	1,767.0
P/B	1.7	1.8	1.8
EV/EBITDA	16.7	12.2	9.3
ROE (%)	-10.4	-4.9	0.1
D/E	1.2	1.4	1.2

Author: Vincent K A - Sr. Research Analyst

Margins to recover with ramp up in new capacities…

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 grew by ~5% YoY, primarily driven by volume growth of ~7.5%.
- EBITDA margins declined by ~30 bps YoY to ~6.3%, reflecting weaker realisations and the absence of incentives (vs. the incentives of Rs.45cr in H1FY26).
- Reported net loss increased to Rs. ~64cr compared to Rs.55cr loss YoY/ Rs.42cr loss QoQ.
- The company has guided for a sales volume of 6MT and an EBITDA/ton of ~Rs.500 for FY26 (Rs. 256 in FY25) supported by ramp up in the newly acquired assets.
- The green power mix for the quarter improved to 22%, up from 14% in Q2FY26 and the company is commissioning 4.35MW WHR (Waste Heat Recovery) at the Gudipadu plant by the end of FY26.
- Clearance for monetization of 107 acres (part of the Andhra Cements acquisition) is progressing; it is expected to be monetized over ~18 months and will be utilized mainly for debt reduction. Current net debt is Rs. ~16.9bn, with debt-to-equity at 0.9x, compared to 0.8x QoQ.

Outlook & Valuation

The cement demand outlook remains constructive, supported by a continued infrastructure push and steady housing activity. Moreover, GoI's stimulus measures, like GST rate cuts on several construction materials, including cement, are expected to stimulate demand. While pricing remained under pressure in parts of the South during Q3FY26, expect realizations to improve with healthy growth in volumes. The ongoing expansions will take SCL's total installed capacity to ~12 MTPA by FY27. Profitability is expected to recover sharply as utilization normalizes at the newly added capacities, particularly Andhra Cements and is also aided by the ongoing cost reduction initiatives, including WHR and plant upgrades. **We roll forward and value SCL at 10x FY28 EV/EBITDA with a target price of ₹244 and maintain BUY rating on expected improvement in profitability.**

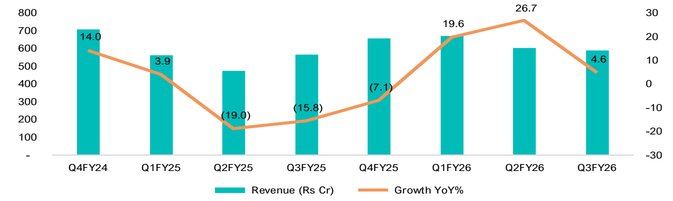
Quarterly Financials Consol.

Rs.cr	Q3FY26	Q3FY25	YoY Growth (%)	Q2FY26	QoQ Growth (%)	9MFY26	9MFY25	YoY Growth (%)
Sales	590	564	4.6	602	-2.0	1,863	1,600	16.4
EBITDA	37	38	-0.6	51	-27.1	210	104	101.6
Margin (%)	6.3	6.7	-30bps	8.5	-220bps	11.3	6.5	480bps
EBIT	(26)	(21)	22.2	(4)	-486.5	37	(68)	154.0
PBT	(74)	(64)	-14.9	(47)	-58.7	(96)	(191)	49.5
Rep. PAT	(64)	(55)	-16.4	(42)	-51.5	(105)	(139)	24.3
Adj PAT	(64)	(55)	-16.4	(42)	-51.5	(105)	(139)	24.3
EPS (Rs)	-4.9	-4.2	-16.4	-3.2	-51.5	-8.0	-10.6	24.3

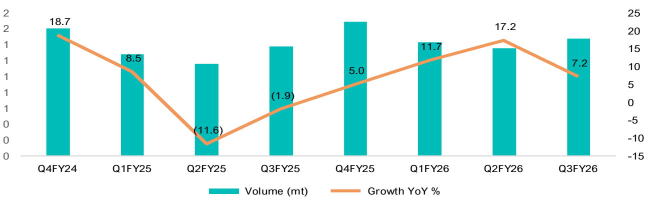
Key Highlights…

- Andhra Cement (Dachepalli) saw weak performance in Q3FY26 largely due to lower utilization during the transition phase post-upgrade.
- Plant utilization in Q3 FY26: Mattampally- 57%, Gudipadu 82%, Bayyavaram- 66%, Jeerabad- 95%, Jajpur- 40%, Dachepalli (Andhra Cements) -39%. The company expects utilization to normalize over the next few quarters as Dachepalli and Jeerabad stabilize.
- Cost-reduction initiatives include WHRS and solar additions, lead distance optimization, and plant upgrades. Net savings of ~Rs.100-125/ton are expected from 4.35MW WHRS at Gudipad, Rs.150-250/ton from the Jeerabad expansion, and Rs.250/ton at Andhra
- FY26 capex has been revised to ~₹489 cr (earlier ~₹450crore) due to faster project execution. Of this, ~303 cr has been incurred in 9 months and ~₹186 cr is planned for Q4. FY27 capex is guided at ₹291 cr.
- The new 6-stage preheater at Dachepalli has been commissioned, improving cost and efficiency. Management expects Andhra to break even in the current quarter with better prices.

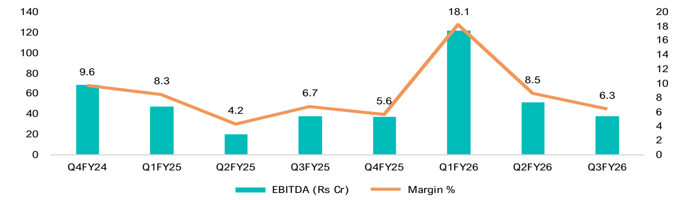
Revenue



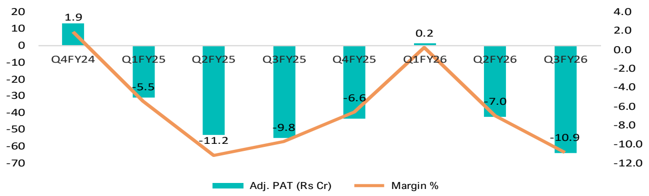
Cement Volume



EBITDA



PAT



Per Tonne Analysis

	Q3FY26	Q3FY25	YoY Growth	Q2FY26	QoQ Growth
Cement Volume (MT)	1.5	1.4	7.2	1.4	8.8
Cost of materials consumed	586	740	-20.7	1,328	-55.9
Employee Expenses	250	272.3	-8.1	288	-13.2
Power & Fuel	1,567	1,453	7.8	1,070	46.4
Freight & forwarding	835	833	0.3	799	4.5
Other expenses	495	516	-4.0	562	-11.9
Total expenses	3,734	3,813	-2.1	4,048	-7.8
Realisation (inc. RMC)	3,986	4,086	-2.4	4,425	-9.9
EBITDA	253	273	-7.3	377	-33.0

Sum of the parts (SOTP) valuation

Particulars	Basis	Base	Multiple	Value (Rs. cr.)	Value per share
Cement business	FY27E EV/EBITDA	463	10	4,580	
Less: Net Debt				1,669	
				2,911	223
Land value for monetisation (Rs. 350 cr, applied for monetization).	Market value	350	At 20% discount	280	21
Total					244

Change in Estimates

	Old estimates		New estimates		Change (%)	
Year / Rs cr	**FY26E**	**FY27E**	**FY26E**	**FY27E**	**FY26E**	**FY27E**
Revenue	2,694	3,110	2,587	2,993	-4.0	-3.8
EBITDA	365	449	266	378	-27.2	-15.8
Margins (%)	13.5	14.4	10.3	12.6	-330bps	-180bps
Adj. PAT	-76	12	-170	-73	-124.1	-708.1
EPS	-3.0	4.2	-13.0	-5.6	-334.4	-232.9

Consolidated Financials

PROFIT & LOSS

Y.E March (Rs. cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**2,505**	**2,258**	**2,587**	**2,993**	**3,311**
% change	12.4	-9.9	14.6	15.7	10.6
EBITDA	**246**	**141**	**266**	**378**	**463**
% change	62.5	-42.6	88.2	42.3	22.4
Depreciation	213	231	240	248	249
EBIT	**32**	**-90**	**26**	**130**	**214**
Interest	185	188	206	227	213
Other Income	54	21	18	24	33
PBT	**-84**	**-284**	**-163**	**-73**	**34**
% change	-625.8	-239.6	42.4	55.3	146.9
Tax	-32	-67	-6	-18	9
Tax Rate	38.1%	23.6%	3.8%	25.0%	25.0%
Reported PAT	**-43**	**-210**	**-170**	**-73**	**2**
Adj	**15**	**-27**	**0**	**0**	**0**
Adj PAT	**-58**	**-183**	**-170**	**-73**	**2**
% change	-318.4	-216.1	6.7	57.2	102.1
No. of shares (cr)	13.1	13.1	13.1	13.1	13.1
Adj EPS (Rs.)	**-4.4**	**-14.0**	**-13.0**	**-5.6**	**0.1**
% change	-318.4	-216.1	6.7	57.2	102.1
DPS (Rs.)	**1**	**1**	**1**	**1**	**1**
CEPS (Rs.)	11.9	3.7	5.3	13.4	19.2

BALANCE SHEET

Y.E March (Rs. cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash	262	164	96	103	138
Accounts Receivable	208	204	213	221	236
Inventories	308	274	296	355	386
Other Cur. Assets	85	56	82	94	104
Investments	0	0	0	0	0
Gross Fixed Assets	4,710	4,803	5,406	5,756	5,826
Net Fixed Assets	3,123	2,985	3,348	3,450	3,271
CWIP	15	123	50	50	30
Intangible Assets	127	123	123	123	123
Def. Tax (Net)	140	155	155	155	155
Other Assets	89	93	43	49	54
Total Assets	**4,356**	**4,177**	**4,405**	**4,601**	**4,498**
Current Liabilities	632	702	706	771	887
Provisions	12	16	14	16	18
Debt Funds	1,462	1,502	1,882	2,057	1,807
Other Liabilities	310	234	261	298	337
Equity Capital	26	26	26	26	26
Reserves & Surplus	1,915	1,697	1,515	1,431	1,422
Shareholder's Fund	1,941	1,723	1,541	1,457	1,448
Total Liabilities	**4,356**	**4,177**	**4,405**	**4,601**	**4,498**
BVPS (Rs.)	**142**	**126**	**112**	**105**	**105**

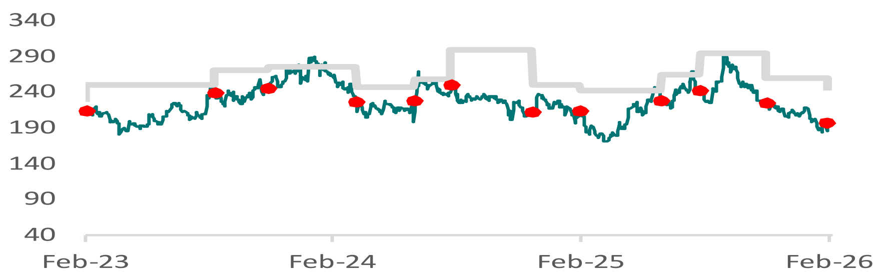
CASH FLOW

Y.E March (Rs. cr)	FY24A	FY25A	FY26E	FY27E	FY 28E
Net inc. + Depn.	**170**	**21**	**70**	**175**	**251**
Non-cash adj.	-33	0	0	0	0
Other adjustments	121	94	220	245	237
Changes in W.C	154	114	10	0	72
C.F. Operation	**400**	**234**	**300**	**420**	**559**
Capital exp.	-226	-138	-530	-350	-50
Change in inv.	75	8	0	0	0
Other invest.CF	13	15	0	0	0
C.F – Investment	**-188**	**-113**	**-530**	**-350**	**-50**
Issue of equity	0	0	0	0	0
Issue/repay debt	-29	-158	380	175	-250
Dividends paid	-9	-9	-11	-11	-11
Other finance.CF	-176	-192	-206	-227	-213
C.F – Finance	**-221**	**-217**	**163**	**-63**	**-474**
Chg. in cash	-8	-97	-68	7	35
Closing cash	167	70	3	10	45

RATIOS

Y.E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profitab. & Return					
EBITDA margin (%)	9.8	6.2	10.3	12.6	14.0
EBIT margin (%)	1.3	-4.0	1.0	4.3	6.5
Net profit mgn.(%)	-2.3	-8.1	-6.6	-2.4	0.0
ROE (%)	-3.2	-10.0	-10.4	-4.9	0.1
ROCE (%)	2.4	0.1	1.0	3.3	4.7
W.C & Liquidity					
Receivables (days)	25.9	33.3	29.4	26.5	25.2
Inventory (days)	42.7	47.0	40.2	39.7	40.8
Payables (days)	379.5	464.6	445.1	390.2	402.0
Current ratio (x)	0.9	0.6	0.5	0.5	0.5
Quick ratio (x)	0.5	0.3	0.2	0.2	0.2
Turnover & Leverage					
Gross asset T.O (x)	0.6	0.5	0.5	0.5	0.6
Total asset T.O (x)	0.6	0.5	0.6	0.7	0.7
Int. coverage ratio (x)	0.2	-0.5	0.1	0.6	1.0
Adj. debt/equity (x)	0.8	0.9	1.2	1.4	1.2
Valuation					
EV/Sales (x)	1.5	1.8	1.7	1.5	1.3
EV/EBITDA (x)	15.6	28.1	16.6	12.1	9.3
P/E (x)	-45.5	-14.4	-15.4	-36.0	1749.6
P/BV (x)	1.4	1.5	1.7	1.8	1.8

Recommendation Summary (last 3 years)



Source: Bloomberg, Geojit Research

Dates	Rating	Target
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
01-Aug-25	Buy	292
12-Nov-25	Buy	259
12-Feb-25	Buy	244

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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