



Sagar Cements Limited

Investor / Analyst Presentation

Q3 & 9MFY2012

January 30, 2012



Highlights

Performance Highlights (Q3FY12)

- Q3FY2012 Net sales increased by 43.50% to ₹ 1,616.43 million
- EBITDA increased by 124.13% to ₹ 411.87 million
- Considerable improvement in EBITDA margins. Margins at 23.90%
- PAT at ₹ 176.59 million
- Plant operating at capacity utilisations of around 60%
- Sagar-Vicat JV is progressing on schedule

Performance Highlights (9MFY12)

- 9MFY2012 Net sales increased by 52.18% to Rs. 5,014.60 million
- EBITDA increased by 182.30% to Rs. 1,064.99 million. Margins at 20.78%
- PAT at ₹ 417.44 million



Industry Outlook

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- Cement prices high despite lower industry utilization due to demand growth driven by Individual House Builder (IHB)
- Prices in the South continue to remain firm post monsoons
- Increasing raw material prices continue to pose challenges, however largely offset by higher realisations
- Low availability of domestic coal remains a concern
- Low institutional demand and rising freight costs did not have adverse impact on the consumption in the home state



Executive Director's Comment

Commenting on the performance, Mr. Sreekanth Reddy, Executive Director of the Company said,

"Cement prices in AP have held up well during the quarter. With respect to Sagar we continue to maintain our utilization levels and production of cement as well as clinker.

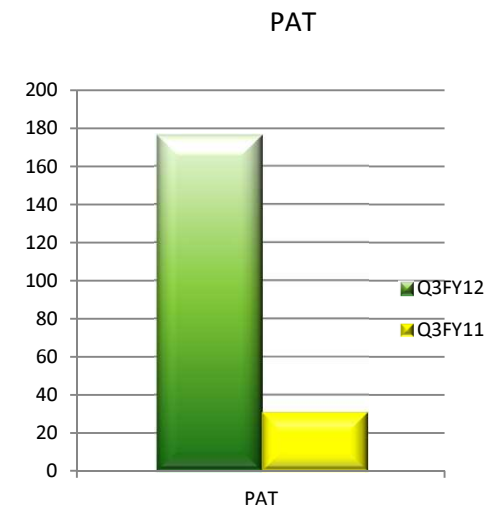
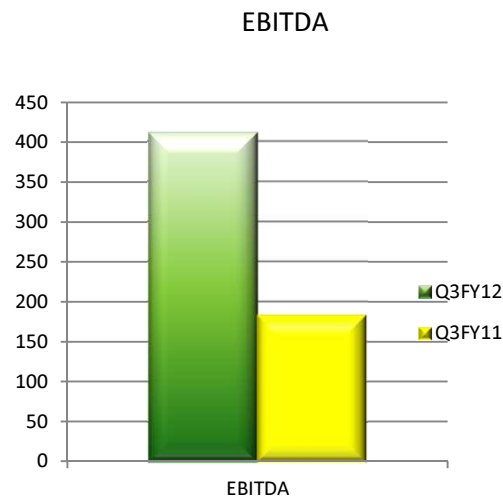
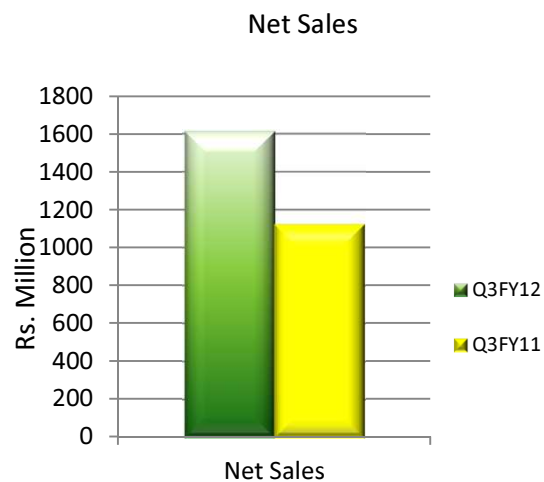
We continue to supply strongly both within AP & states outside AP. Vicat-Sagar is also close to completion and we should begin with production there by mid-2012.

Sagar has demonstrated continued growth which is evident in top line and bottom line numbers. We continue to have a healthy balance sheet and our low debt to equity places us well to capitalise on opportunities in the future.

The final quarter of the year should see a few challenges due to further capacity additions but we are hopeful of good performance to end the year on an optimistic note."

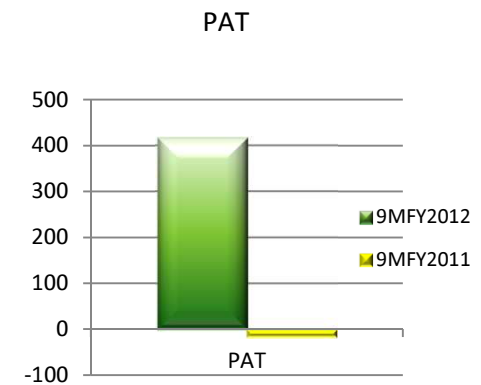
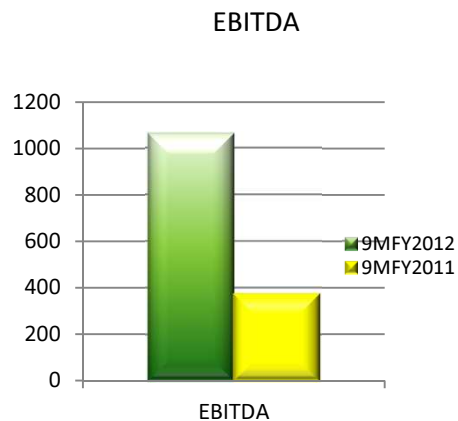
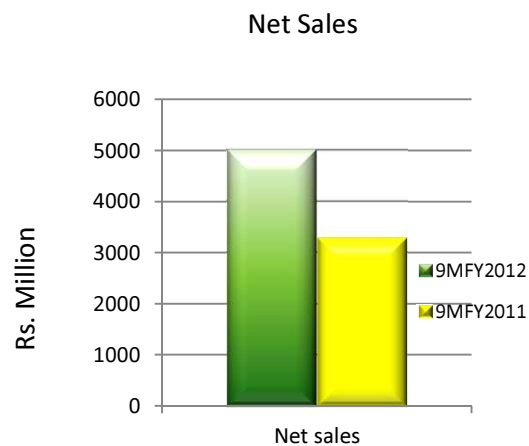


Q3FY2012 Performance Review



- Net Sales grew 43.50% YoY to ₹ 1,616 million from ₹ 1,126 million compared to Q3FY11
- EBITDA grew 124.13% to ₹ 412 million from ₹ 184 million. Operating margins for the quarter at 23.90%
- Net Profit stood at ₹ 177 million compared to ₹ 31 million on a corresponding quarter basis
- EPS (not annualized) at ₹ 10.15 for Q3FY2012

9MFY2012 Performance Review



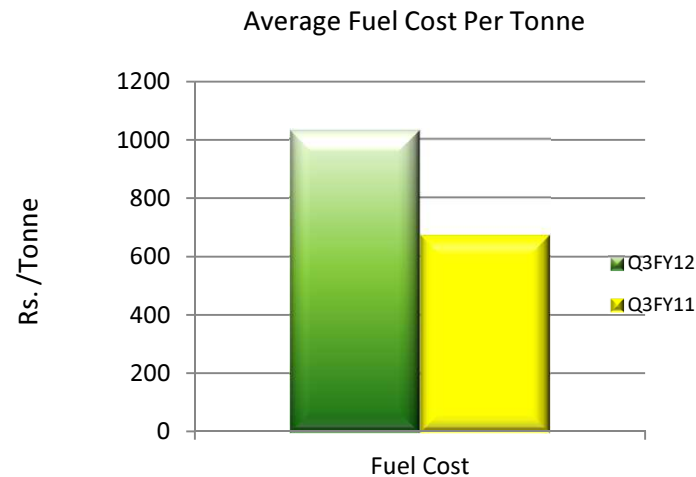
- Net Sales increased 52.18% to ₹ 5,015 million in 9MFY12 from ₹ 3,295 million in 9MFY2011
- EBITDA increased 182.30% to ₹ 1,065 million from ₹ 377 million. Operating margins for 9MFY2012 stand at 20.78%
- Net Profit stood at ₹ 417 million as compared to ₹ -17 million the previous fiscal year

Operations Overview

Production (MT)	October	November	December	Total
Clinker	87,780	156,020	202,020	445,820
Cement	121,744	128,085	129,797	379,626

Description	Sales ('000'MT)		Value Rs. Millions	Realization Rs. Mt
Q3 FY2012	Clinker	-	-	-
	Cement	388	1,792	4,618
Q3 FY2011	Clinker	36	90	2,474
	Cement	303	1,157	3,815
% Shift	Clinker	-	-	-
	Cement	28	55	21
9MFY12	Clinker	-	-	-
	Cement	1,204	5,557	4,614
9MFY11	Clinker	154	375	2,433
	Cement	997	3,284	3,294
% Shift	Clinker	-	-	-
	Cement	21	69	40

Cost Overview



Cost Overview

- Average fuel cost per tonne of clinker during the year was at ₹ 1,032 as compared to ₹ 674 per tonne in the previous corresponding quarter. This increase is mainly accounted as majority of coal used this quarter was imported from South Africa and Indonesia
- Total freight per tonne of cement for the quarter stood at ₹ 630 as compared to ₹ 450 in the previous corresponding quarter, an increase of 40%. Although prices of petrol and diesel were fairly stable this quarter, dispatches outside AP stood at around 48% this quarter leading to the increase in the freight cost



Cost Overview



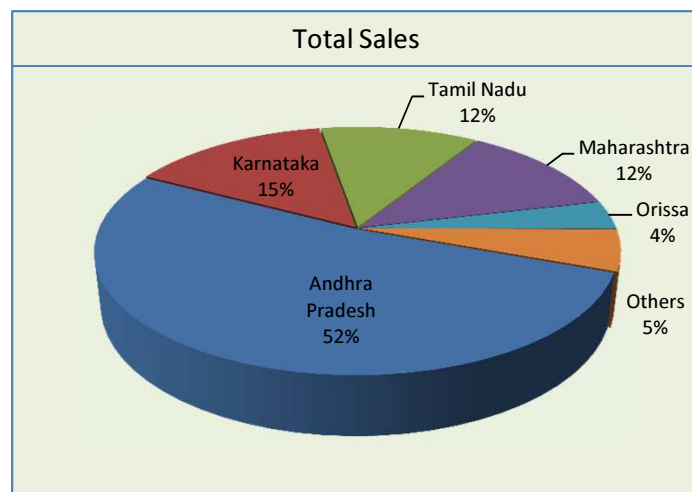
Cost Overview

- Raw material costs increase by 91%, is mainly driven by increase in volumes in the business
- Employee costs increased by 20% over the corresponding quarter last year, mainly on account of salary increments to employees



Andhra Pradesh Plant Highlights

- During the quarter, the plant operated at utilization levels of around 60%, producing 445,820 tons of clinker and 379,626 tons of cement.
- Utilization levels for clinker were high this quarter at 89%.
- Volumes of cement production in Q3FY2012 were higher by about 44% as compared to the corresponding quarter in the previous year.
- The company continues to have its presence in the established markets of Orissa, Karnataka, Tamil Nadu and Maharashtra as well as Andhra Pradesh. In Q3FY12 approximately 48% of cement dispatches were to various markets outside the home state.



Dispatches in Q3FY12 vs Q3FY11

	Q3 FY 2012		Q3 FY 2011	
Markets	Quantity	% of Total Sales	Quantity	% of Total Sales
	(in Tonnes)		(in Tonnes)	
Andhra Pradesh	202,235	52.12	214,156	70.68
Karnataka	56,703	14.61	29,393	9.70
Tamil Nadu	45,257	11.66	8,919	2.94
Maharashtra	48,176	12.41	27,823	9.18
Orissa	14,568	3.75	9,960	3.29
Others	21,112	5.45	12,750	4.21
Total	388,051	100.00	303,001	100



Dispatches in 9MFY12 vs 9MFY11

	9M FY 2012		9M FY 2011	
Markets	Quantity	% of Total Sales	Quantity	% of Total Sales
	(in Tonnes)		(in Tonnes)	
Andhra Pradesh	659,149	54.73	756,788	75.88
Karnataka	165,417	13.74	61,857	6.20
Tamil Nadu	136,470	11.33	27,105	2.72
Maharashtra	136,261	11.31	90,992	9.12
Orissa	46,263	3.84	29,296	2.94
Others	60,764	5.05	31,365	3.14
Total	1,204,324	100.00	997,403	100.00

Key Balance Sheet Items

- Gross debt as on 31st December, 2011 stood at ₹ 2,019 million out of which ₹ 1,272 million is long term debt and the remaining constitutes working capital of the company.
- The Net Worth of the Company as on 31st December, 2011 was at ₹ 2,634 million.
- Cash & Bank Balances held by the company at the Balance sheet date was ₹ 66 million.
- Investments stood at ₹ 860 million.
- Debt Equity as on December 31, 2011 stood at 0.48 : 1.

Progress on Vicat-Sagar

- Progress on the Vicat-Sagar facility is on course
- The facility is expected to be completed and made operational in mid-2012 and it will conform to International environmental standards.



For further information contact



Sagar Cements Limited

Citigate Dewe Rogerson

PV Reddy - (Vice President- Finance)
pvreddy@sagarcements.in

Gavin Desa
gavin@cdr-india.com

PS Prasad - (Vice President- Marketing)
prasadps@sagarcements.in

Rishab Barar
rishab@cdr-india.com

Complaine Officer:
R.Soundararajan (Company Secretary)
soundar@sagarcements.in

Tel.: +91 40 2335 1571 / 6572

Tel.: +91 22 6645 1237 / 1238

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