SAGAR CEMENTS LIMITED

SCL:SEC:BSE:2015-16

27th January 2016

The Bombay Stock Exchange Limited
Department of Corporate Services
Floor 25, P J Towers
Dalal Street
Mumbai – 400001

Scrip Code: 502090

Dear Sirs

Press Release regarding quarterly financial results

Further to our letter of date, we are sending herewith a copy of the Press Release being issued by us in connection with the un-audited financial results for the third quarter and nine months ended 31st December, 2015.

Thanking you

Yours faithfully
For Sagar Cements Limited

R.Soundararajan
Company Secretary

Encl: a.a.

Sagar Cements Limited

Q3 & 9MFY16 Results Presentation

Industry Overview

1. Demand environment continued to remain subdued owing to sluggishness in real estate and slow government spending
2. Lower demand resulted in weakening of realisations across markets - with north being the worst-affected, followed by west and east. Southern prices, too, witnessed interim disruptions
3. Cost benefits in terms of lower pet coke and imported coal prices cushioned the impact of low demand and realisations
4. Revival in infrastructure and low cost housing demand will aid in gradual improvement in utilization rates leading to better pricing environment

Industry Overview

Perspective on Cement Prices

West

- Weak demand and intense competition from Southern players resulted in softening of prices in Maharashtra
- Pricing environment continued to remain stable in Gujarat

South

- Prices remained relatively stable during the quarter
- Volume growth in the region impacted due to unusual weather conditions

Sagar Cements – Operational Results

Performance Highlights

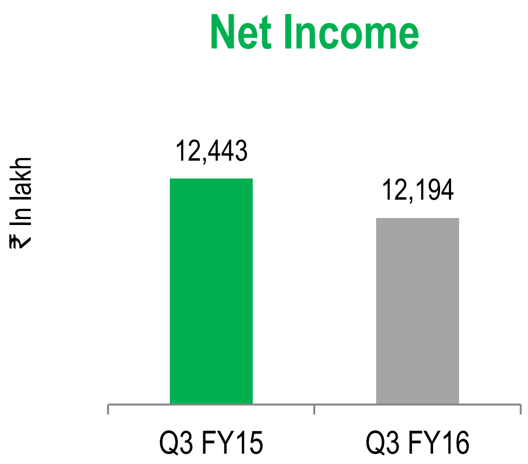
Q3 FY16

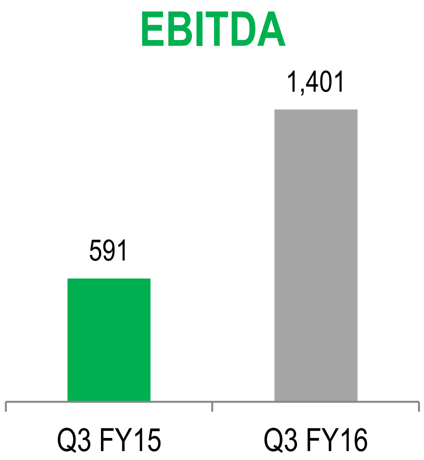
- Net sales at Rs. 12,194 lakh; down by 2.00%
- EBITDA up by 136.66%, at Rs. 1,401.02 lakh
- PAT improved to Rs. 312.14 lakh from 114.30 lakh
- Plant operated at around 44% capacity

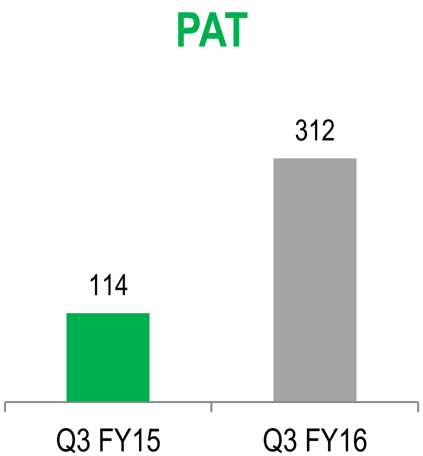
9M FY16

- Net sales at Rs. 49,757 lakh; up by 29.28%
- EBITDA up by 288.57%, at Rs. 7063.79 lakh
- PAT improved to Rs. 3,454.37 lakh
- Plant operated at around 52% capacity

Q3 FY16 Performance Review

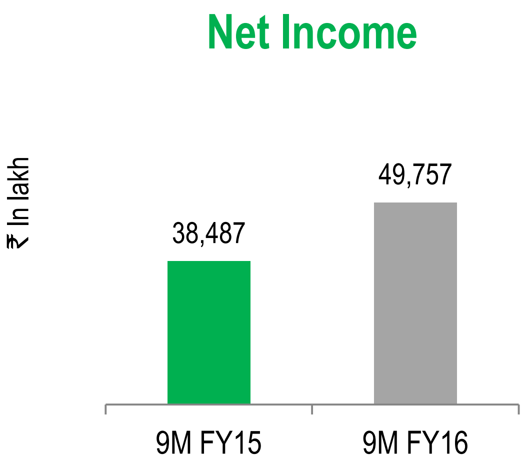


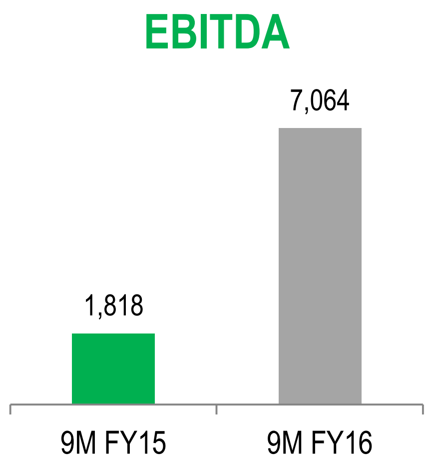


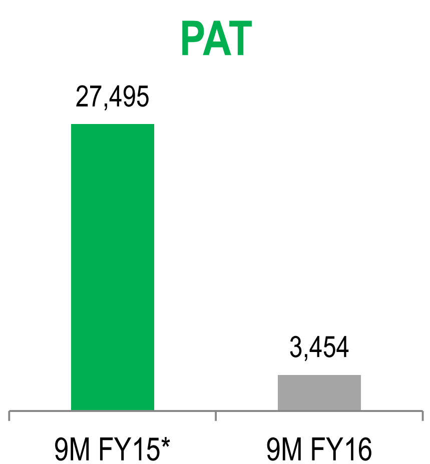


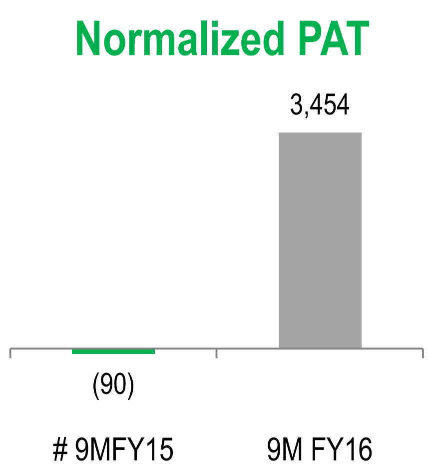
- Net Income from operations down by 2% to Rs. 12,194 lacs from Rs. 12,443 lakh in Q3 FY15
- EBITDA stood at Rs. 1,401 lacs as compared to Rs.591 lacs in Q3 FY15
  - EBITDA Margins improved to 11.49% from 4.75%
- PAT stood at Rs. 312.14 lacs compared to profit of Rs.114 lacs in Q3 FY15; higher by 174%
- Diluted EPS (not annualized) was at Rs. 1.80 for Q3 FY16

9M FY16 Performance Review









Excluding net gain from stake sale in JV of Rs. 27,585 lakhs

- Net Income from operations up by 29.28% to Rs. 49,757 lacs from Rs. 38,487 lacs during 9M FY15
- EBITDA stood at Rs. 7,064 lacs as compared to Rs.1,818 lacs in 9M FY15
  - EBITDA Margins improved substantially to 14.20% from 4.72%
- 9M FY16 PAT stood at Rs. 3,454 lacs compared to a profit of Rs.27,495 lacs, in 9M FY15* which included net gain of Rs. 27,585 lacs realized from the stake sale in the erstwhile JV, VSCPL in the Q2 FY15
- Diluted EPS (not annualized) was at Rs. 19.87 for 9M FY16

Completion of BMM Acquisition

- Government of Andhra Pradesh has granted mining lease to BMM Cements Limited, wholly owned subsidiary of Sagar Cements Ltd for limestone over an extent of 1,123.32 acres of land nearer to the subsidiaries plant located at Gudipadu Village, in Ananthapur District, Andhra Pradesh resulting in completion of BMM acquisition process
- BMM Cements Ltd has executed a formal lease deed with the appropriate authorities under the Government of Andhra Pradesh for the above
- The lease has been granted for a period of 20 years
- Execution of mining lease deed will provide the subsidiary Company with an uninterrupted access to quality limestone reserves

Executive Director's Comment

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

"The demand situation remains challenging. Sagar's diversified presence in addition to improved efficiencies has enabled it to soften this impact. Lower input prices also aided the Company's operational profitability.

During the previous quarter, we completed the BMM acquisition process. The acquisition of BMM enables us access to larger market. The receipt of mining lease from the Government of Andhra Pradesh and signing of the formal lease deed should also help it in meeting its limestone needs consistently. Lastly , the operation of the railway siding in the next couple of months, all permissions having since been received, should result in favorable alteration in our freight mix between road and rail.

Looking forward, implementation of structural reforms by government should result in transforming the green shoots visible across certain pockets into a more broad based and sustainable recovery in the economy, in turn leading to consistent pricing and demand environment"

Realization & Utilization

Mattampally Plant

Gross Realisations (Rs. / tonne)				
	Q1 FY14	**Q2 FY14**	**Q3 FY14**	**Q4 FY14**
Overall Average	4,429	4,655	4,623	4,195
AP	4,554	5,363	5,173	4,421
OAP	4,298	4,142	4,196	3,933
	Q1 FY15	**Q2 FY15**	**Q3 FY15**	**Q4 FY15**
Overall Average	4,302	4,866	4,771	*5,064*
AP	5,160	5,595	5,520	*5,988*
OAP	4,225	4,703	4,576	*4,901*
	Q1 FY16	**Q2 FY16**	**Q3 FY16**	
Overall Average	5,259	5,409	**4,927**	
TG	6,049	5,812	**5,544**	
OTG	5,105	5,320	**4,728**	

Utilisation (%)				
	Q1 FY14	**Q2 FY14**	**Q3 FY14**	**Q4 FY14**
Cement	53	42	49	67
	Q1 FY15	**Q2 FY15**	**Q3 FY15**	**Q4 FY15**
Cement	60	50	49	*71*
	Q1 FY16	**Q2 FY16**	**Q3 FY16**	
Cement	65	49	**44**	

Coal Prices

Q1 FY15

- Domestic : International coal mix was 38:62
- Domestic Coal: Limited quantity sourced due to price hikes considered by Singareni

Q2 FY15

- Domestic : International coal mix was 40:60
- Domestic Coal: Reasonable quantity sourced

Q3 FY15

- Domestic : International coal mix was 60:40
- Domestic Coal: Reasonable quantity sourced

Q4 FY15

- Domestic : International coal mix was 34:66
- Singareni Coal: Reasonable quantity sourced

Q1 FY16

- Domestic : International coal mix was 14:86
- Singareni Coal: Nominal quantity sourced

Q2 FY16

- Domestic : International coal mix was 2:98

Q3 FY16

- Domestic : International coal mix was 20:80

Coal Cost (Rs. / Tonne)

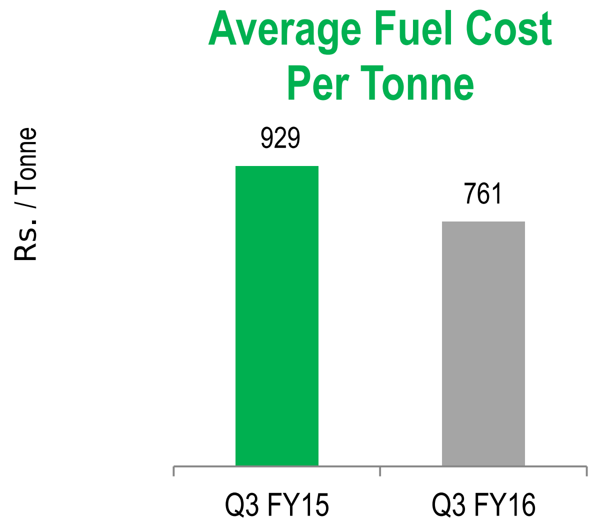
		Q1	Q2	Q3	Q4
Indigenous Average	*FY14*	4,618	4,582	4,551	4,442
Imported Coal Average		4,273	4,850	7,065	6,924
Indigenous Average	FY15	4,862	4,087	4,362	4,483
Imported Coal Average		5,315	5,405	6,626	6,014
Indigenous Average	FY16	4,964	3,678	**4,533**	
Imported Coal Average		5,361	5,764	**5,715**	

Operations Overview

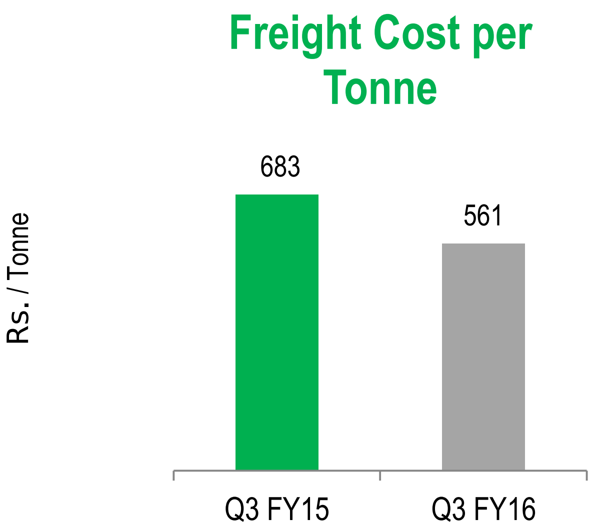
Production (MT)	October	November	December	Total
Clinker	91,545	1,22,515	41,070	**2,55,130**
Cement	96,247	88,660	1,06,775	**2,91,682**

Description	Cement Sales ('000'MT)	Value Rs. Lakh (net of excise & VAT)	Net Realization Rs./Mt
Q3 FY16	**313**	**12,194**	**3,899**
Q3 FY15	335	12,443	3,714
% Shift	***-6.56***	***-2.00***	***4.98***
9M FY16	**1,198**	**49,757**	**4,151**
9M FY15	1,072	38,487	3,590
% Shift	***11.75***	***29.28***	***15.63***

Cost Overview

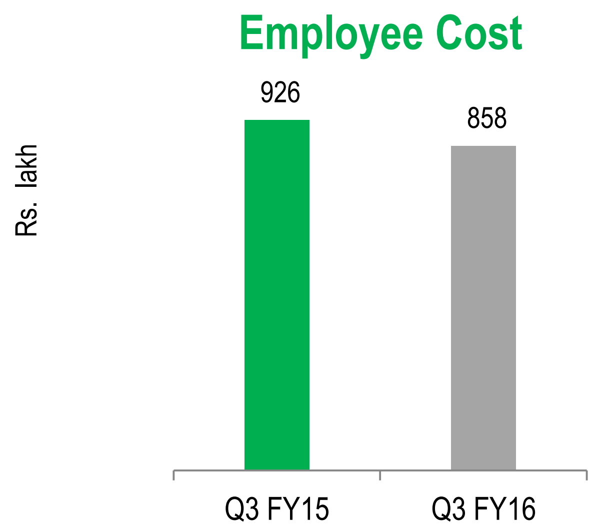


- Decrease in price of imported coal and change in coal mix resulted in a decrease in average fuel cost per tonne

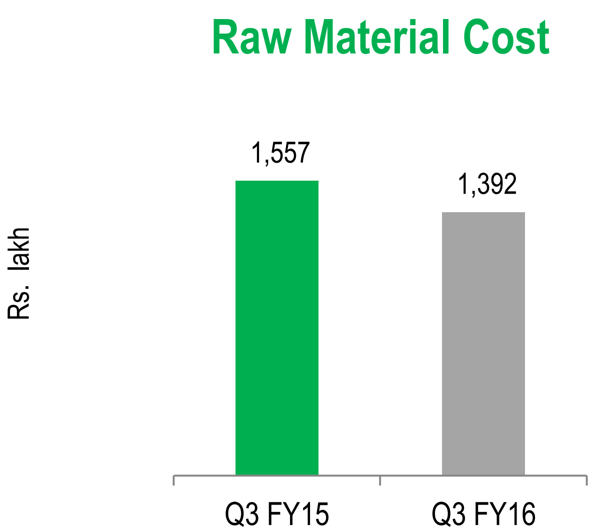


- Freight per ton decreased due to decrease in fuel price & Lead distance

Cost Overview



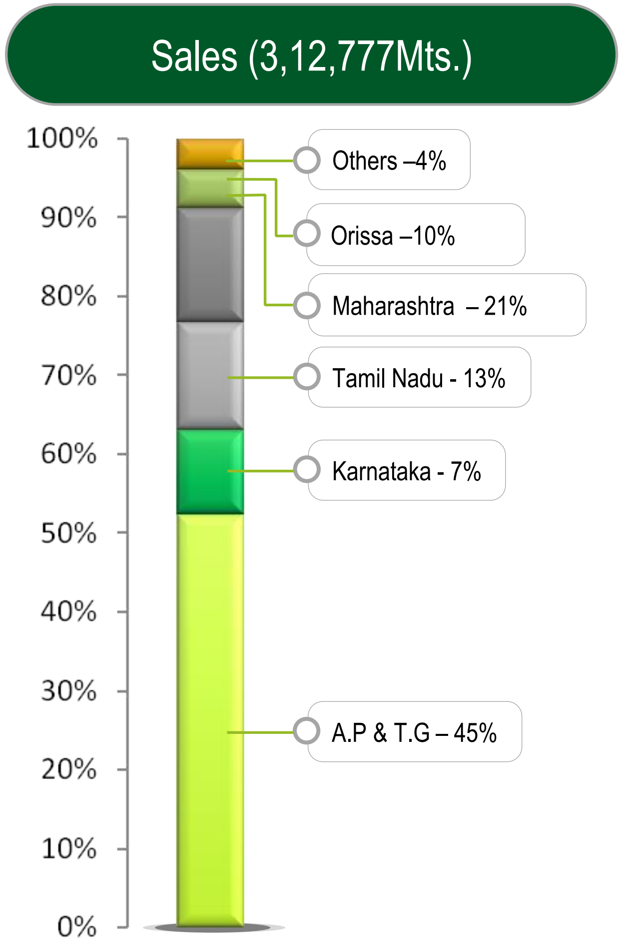
- Employee costs in Q3 FY 16 is Rs. 858 lakhs when compared to Rs. 926 lakhs during Q3 FY 15 which included additional bonus given to the employees during Q3 FY 15



- Lower Volume of Production resulted in lower raw material costs

Plant Highlights

- During Q3 FY16, the plant operated at reasonable utilization levels producing 2,55,130 tons of clinker and 2,91,682 tons of cement
- Approximately 55% of cement dispatches was to various markets outside Andhra Pradesh & Telangana



Sales in Q3 FY16 vs. Q3 FY15

	Q3 FY16		Q3 FY15	
Markets	**Quantity (in Tonnes)**	**% of Total Sales**	**Quantity (in Tonnes)**	**% of Total Sales**
Andhra Pradesh & Telangana	140,631	44.9	124,510	37.2
Karnataka	22,977	7.3	53,371	15.9
Tamil Nadu	39,140	12.5	49,789	14.9
Maharashtra	66,388	21.2	72,267	21.6
Orissa	32,542	10.4	23,688	7.0
Others	11,099	3.7	11,338	3.4
Total	**312,777**	**100.00**	**334,963**	**100.00**

Dispatches by Road & Rake

Dispatch Details

TPT	Q1 FY15	Q2 FY15	Q3 FY15	Q4 FY15	TOTAL
BY ROAD	405,886	331,912	334,103	**471,057**	**1,542,958**
BY RAKE	**-**	**-**	**-**	**2,656**	**2,656**
TOTAL	**405,886**	**331,912**	**334,103**	**473,713**	**1,545,614**

TPT	Q1 FY16	Q2 FY16	Q3 FY16		TOTAL
BY ROAD	478,345	424,880	301,840		**1,205,065**
BY RAKE	**-**	**-**	**-**		**-**
TOTAL	**478,345**	**424,880**	**301,840**		**1,205,065**

Key Balance Sheet Items

Gross debt as on 31st December 2015 stood at Rs. 24,929 lakh out of which Rs. 17,011 lakh is long term debt with the remaining constituting working capital

Cash & Bank Balances held by the Company at the Balance Sheet date was Rs. 358 lakh

Debt : Equity Ratio as on December 31, 2015 stood at 0.32:1

The Net Worth of the Company as on 31st December 2015 was Rs. 55,588 lakh

Investments stood at Rs. 7,821 lakhs

Sales Outside AP & TG

Historical trend cement sales OAP & TG

		Q3 FY16	Q2 FY16	Q1 FY16
OAP & TG Sales		**55%**	64%	67%

	Q4 FY15	Q3 FY15	Q2 FY15	Q1 FY15
OAP & TG Sales	71%	63%	64%	47%

	Q4 FY14	Q3 FY14	Q2 FY14	Q1 FY14
OAP & TG Sales	46%	57%	58%	49%

	Q4 FY13	Q3 FY13	Q2 FY13	Q1 FY13
OAP & TG Sales	46%	49%	52%	48%

Sales in regions other than AP & Telangana have seen a gradual growth over last 3 years from around 50% in FY 13 to around 60 % in FY 16.

Contacts

For further information contact:

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