



Sagar Cements Limited

Investor / Analyst Presentation

Q1FY2013

July 18, 2012



Highlights

Performance Highlights (Q1FY13)

- Q1FY2013 Net sales increased by 0.12% to ₹ 1,503 million
- EBITDA decreased by 49.36% to ₹ 206 million
- EBITDA margins at 14%
- PAT at ₹ 41 million
- Plant operating at capacity utilisations of around 60%
- Sagar-Vicat JV is progressing on schedule

Industry Outlook

Industry Outlook

- With capacity expansion plans easing and cement companies focusing on their current plants to meet demand, utilization levels are like to increase by 5-10% in FY13
- Margins continue to remain under pressure due to increasing power and fuel costs
- Majority of demand in the South arising due to increase in construction activity mainly in the housing sector
- Realizations to improve due to retreating monsoons and prices in the South seen to be increasing due to power cuts in AP. Prices in Hyderabad have already witnessed a Rs. 5-10 increase this month and currently at Rs. 250-255/bag
- Sourcing of coal from South Africa continues to be difficult which could lead to a further increase in coal prices



Executive Director's Comment

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

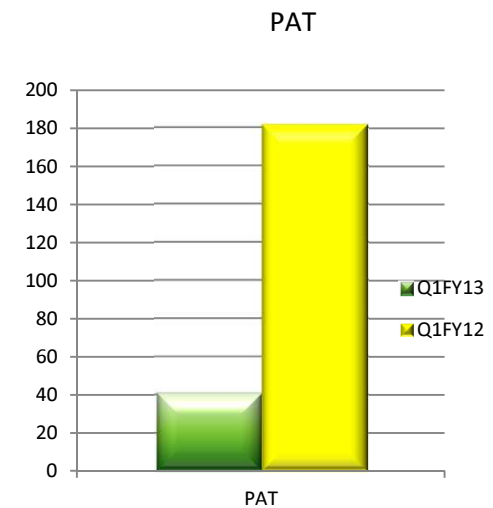
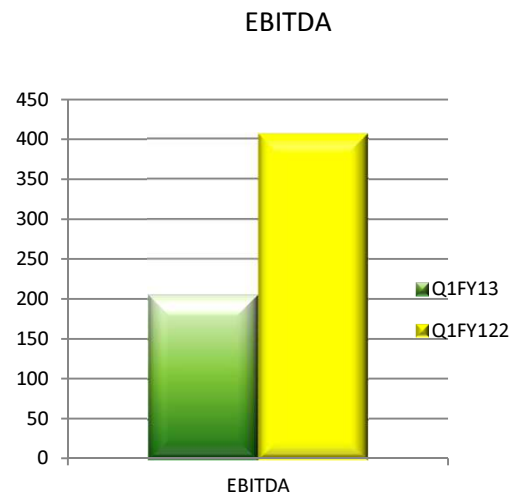
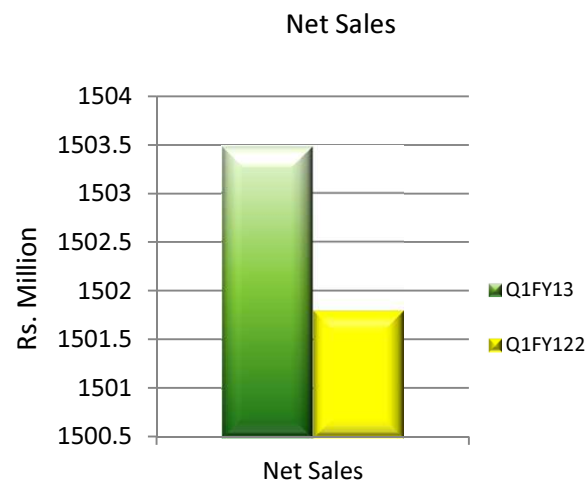
"The operating environment for cement companies thus far has been challenging. With increasing power and fuel costs, margins are being impacted. However there are signs of positivity springing up with easing of capacity additions and the supply demand gap narrowing.

The retreating monsoons should bolster realizations and we are witnessing majority of demand from the housing sector. For us at Sagar, we are very excited about our JV with Vicat as clinkerization is expected to be complete by end of September and the plant should be fully operational with cement production beginning in October. This is a big leap forward for Sagar and with the cement cycle slowly witnessing an upturn we are well prepared to reap the benefits.

This quarter was challenging not only for us but cement companies all across especially in AP. However, this situation is not prolonging and with efficient operations, a strong Balance Sheet and dedicated work force we are confident of improved performance in FY13."



Q1FY2012 Performance Review



- Net Sales grew 0.12% YoY to ₹ 1,503 million from ₹ 1,502 million compared to Q1FY12
- EBITDA decline 49.36% to ₹ 206 million from ₹ 407 million. Operating margins for the quarter at 14%
- Net Profit stood at ₹ 41 million compared to ₹ 181 million on a corresponding quarter basis
- EPS (not annualized) at ₹ 2.37 for Q1FY2013

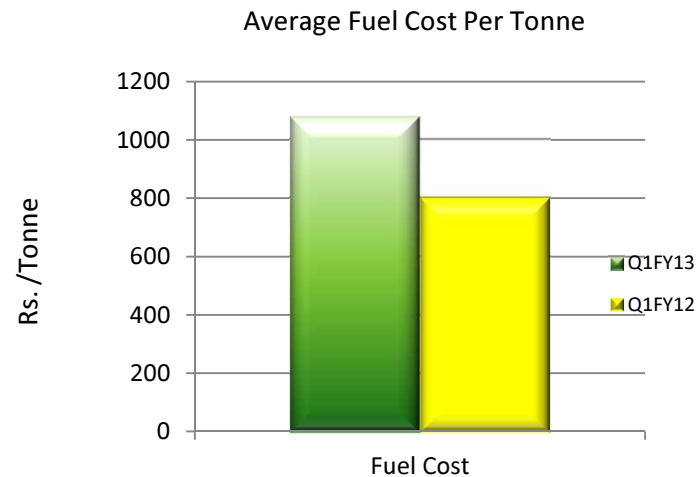


Operations Overview

Production (MT)	April	May	June	Total
Clinker	108,630	121,660	91,620	321,910
Cement	132,391	129,367	143,341	405,099

Description	Sales ('000'MT)		Value Rs. Millions (Net of excise & Vat)	Realization Rs. Mt
Q1 FY2013	Cement	399	1503.48	3,768
Q1 FY2012	Cement	411	1501.80	3,657
% Shift	Cement	(2.86%)	0.12%	3.04%

Cost Overview

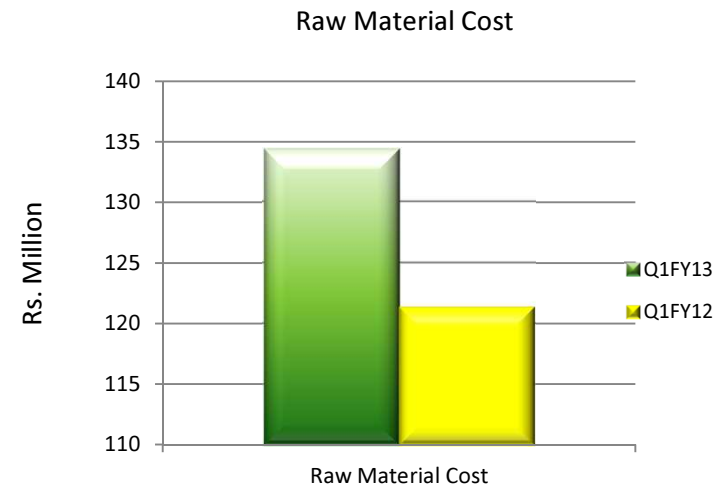
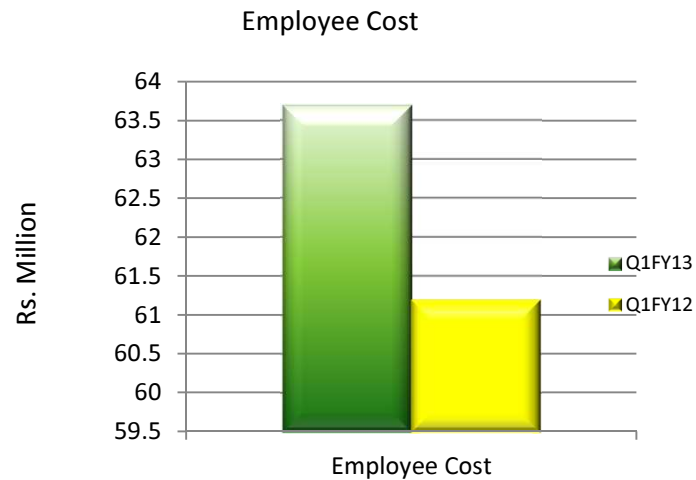


Cost Overview

- Average fuel cost per tonne of clinker production during the quarter was at ₹ 1,079 as compared to ₹ 801 per tonne in the previous corresponding quarter, rising costs of coal.
- Total freight cost per tonne of cement for the quarter stood at Rs. 689 as compared to Rs. 566 in the previous corresponding quarter, an increase of 22% due to increase in cost of freight on account higher diesel prices and also increase in lead distance as 48% of cement is now sold to states outside of AP



Cost Overview



Cost Overview

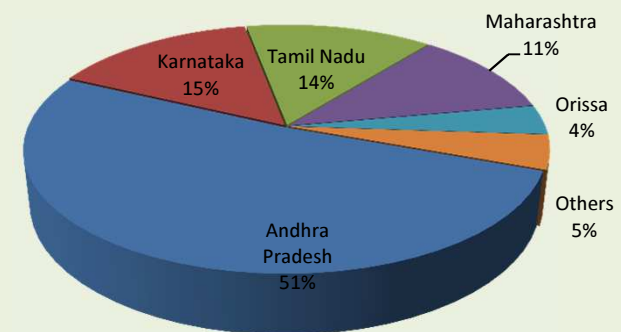
- Raw material costs increase by 10.66%. This is mainly on account of increase in production
- Employee costs increased by 4.16% over the corresponding quarter last year, mainly on account of annual increments and other benefits.



Andhra Pradesh Plant Highlights

- During the quarter, the plant operated at reasonable utilization levels, producing 321,910 tons of clinker and 405,099 tons of cement.
- Utilization levels for clinker this quarter at 60%.
- Volumes of cement production in Q1FY2013 were Lower by about 1.5% as compared to the corresponding quarter in the previous year.
- The company continues to have a presence in the established markets of Orissa, Karnataka, Tamil Nadu and Maharashtra as well as Andhra Pradesh. During the Quarter approximately 48% of cement dispatches were to various markets outside the home state.

Total Sales



Dispatches in Q1FY13 vs Q1FY12

	Q1 FY 2013		Q1 FY 2012	
Markets	Quantity	% of Total Sales	Quantity	% of Total Sales
	(in Tonnes)		(in Tonnes)	
Andhra Pradesh	205,308	51.46	245,720	59.83
Karnataka	59,912	15.01	49,133	11.96
Tamil Nadu	55,082	13.81	37,560	9.15
Maharashtra	45,315	11.36	38,780	9.44
Orissa	15,431	3.87	18,283	4.45
Others	17,907	4.49	21,225	5.17
Total	398,955	100.00	410,701	100



Key Balance Sheet Items

- Gross debt as on 30th June, 2012 stood at Rs. 1,838 million out of which Rs. 1,140 is long term debt and the remaining constitutes working capital of the company.
- The Net Worth of the Company as on 30th June, 2012 is at Rs. 2,638 million.
- Cash & Bank Balances held by the company at the Balance Sheet date was Rs. 9 million.
- Investments stood at Rs. 860 million
- Debt Equity as on June 30, 2012 stood at 0.43 : 1.

Progress on Vicat-Sagar

- Progress on the Vicat-Sagar facility is on course and in line with the planned schedule.
- Clinkerisation is expected to be complete by end of September
- Plant to be fully operational with Cement Production beginning in October



For further information contact



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