



Sagar Cements Limited

Investor / Analyst Presentation

Q4 & FY2012

May 15, 2012



Highlights

Performance Highlights (Q4FY12)

- Q4FY2012 Net sales increased by 6.55% to ₹ 1,575 million
- EBITDA Decreased by 42.42% to ₹ 182 million
- Considerable improvement in EBITDA margins. Margins at 11.53%
- PAT at ₹ 24 million
- Plant operating at capacity utilisations of around 60%
- Sagar-Vicat JV is progressing on schedule

Performance Highlights (FY12)

- FY2012 Net sales increased by 42.58% to Rs. 6,061 million
- EBITDA increased by 53.19% to Rs. 1,247 million. Margins at 20.55%
- PAT at ₹ 441.16 million



Industry Outlook

Industry Outlook

- Average cement prices in South India have weakened by ~4% in the last two weeks of April. On a YoY basis cement prices in the South have witnessed a considerable increase
- With construction activity being low due to labour shortages, demand continues to remain sluggish
- Input prices are high thereby affecting margins; however cost pressures expected to moderate
- On the back of deferment in expansion plans and slowing demand, capacity addition is unlikely to be significant in FY13
- Recently concluded Union Budget to give impetus to the infrastructure sector with introduction of new tax free bonds, formulating a comprehensive policy for developing PPPs which are steps that could provide stimulus for growth.

Executive Director's Comment

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

"We are glad to announce another quarter of improved performance and are happy to end the year on a high note, which is reflected in both topline and bottom-line numbers.

Towards the end of April we have witnessed a correction in cement prices in the South. However on a YoY basis prices in the South have seen a considerable increase.

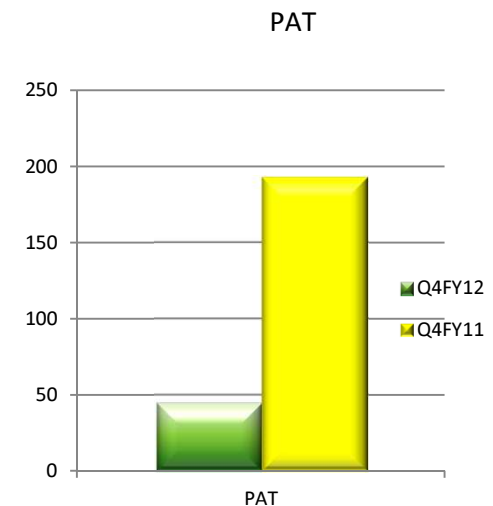
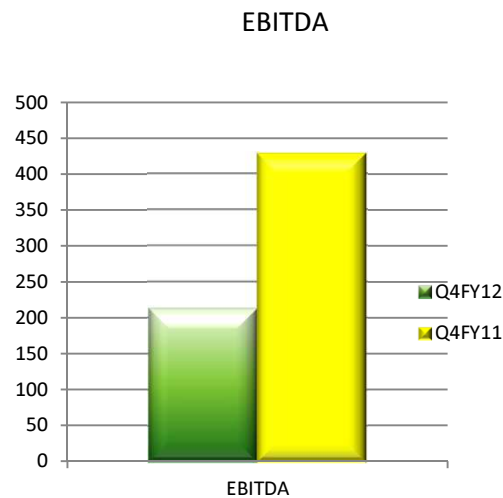
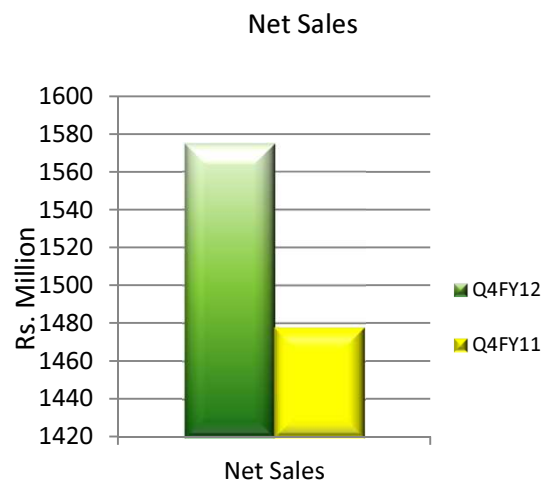
Utilisations levels for Cement have been maintained and we expect to continue operating at these levels for the next few quarters. We are currently well diversified as we supply about 50% of our material outside the home state.

The Vicat-Sagar JV is close to completion and we are very excited about this new venture and I am positive that it will provide fruits for us in the near future.

With the current operating environment, we do expect new challenges in the coming year but with a committed workforce, robust operations and healthy balance sheet we are hopeful of continued growth for Sagar in the next fiscal well."

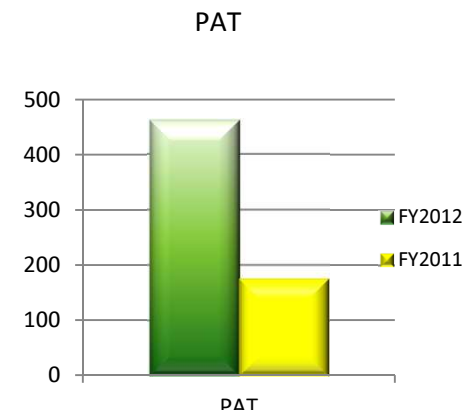
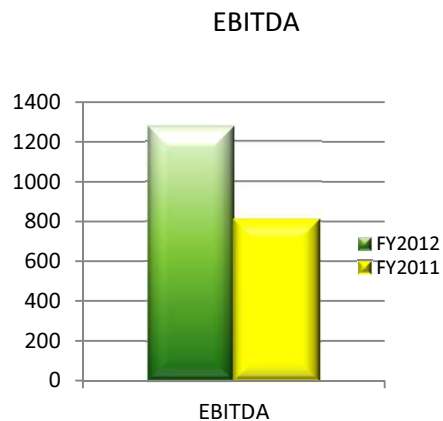
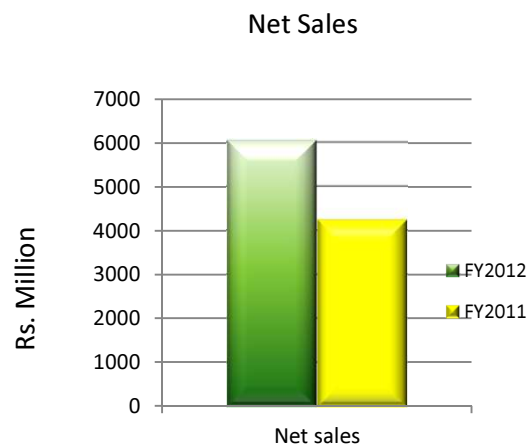


Q4FY2012 Performance Review



- Net Sales grew 6.55% YoY to ₹ 1,575 million from ₹ 1,478 million compared to Q4FY11
- EBITDA decline by 42.42% to ₹ 182 million from ₹ 429 million. Operating margins for the quarter at 11.53%
- Net Profit stood at ₹ 24 million compared to ₹ 193 million on a corresponding quarter basis
- EPS (not annualized) at ₹ 1.36 for Q4FY2012

FY2012 Performance Review



- Net Sales increased 42.58% to ₹ 6061 million in FY2012 from ₹ 4,251 million in FY2011
- EBITDA increased 53.19% to ₹ 1,247 million from ₹ 814 million. Operating margins for FY2012 stand at 20.55%
- Net Profit stood at ₹ 441 million as compared to ₹ 174 million the previous fiscal year



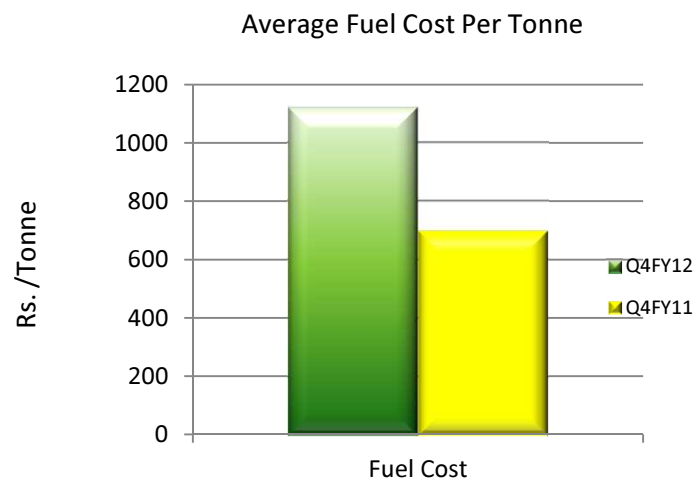
Operations Overview

Production (MT)	January	February	March	Total
Clinker	55,510	103,590	102,060	261,160
Cement	139,992	134,802	155,047	429,841

Description	Sales ('000'MT)		Value Rs. Millions	Gross Realization Rs. Mt
Q4 FY2012	Cement	427	1,985	4,660
Q4 FY2011	Cement	417	1,763	4,228
% Shift	Cement	1.02	12.59	10.00
FY12	Cement	1,631	7,546	4,626
FY11	Cement	1,470	5,347	3,637
% Shift	Cement	11	41	27



Cost Overview

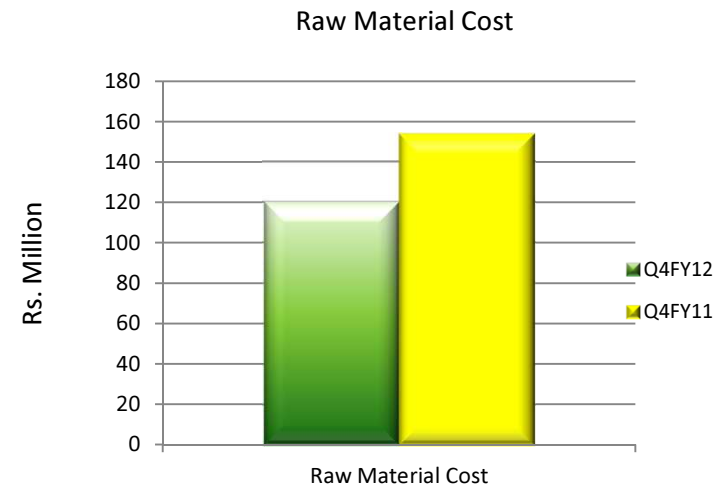
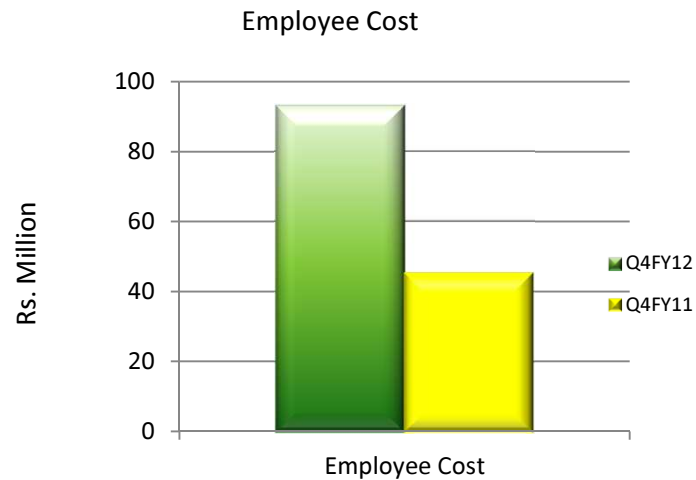


Cost Overview

- Average fuel cost per tonne of clinker during the year was at ₹ 1,122 as compared to ₹ 699 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 ₹ 661 as compared to ₹ 539 in the previous corresponding quarter, an increase of 15%. Price increases in petrol and diesel and dispatches outside AP which stood at around 49% this quarter has lead to the increase in the freight cost



Cost Overview

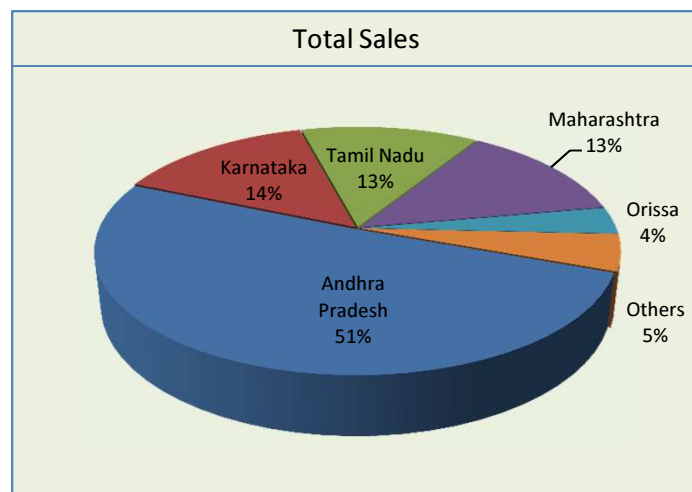


Cost Overview

- Raw material costs decreased by 22%, is mainly driven by decrease in clinker volumes in the business
- The increase in employees cost is mainly on account of salary increments to the employees and commission considered during the quarter to the Whole time Directors of the Company.

Andhra Pradesh Plant Highlights

- During the quarter, the plant operated at utilization levels of around 64%, producing 261,160 tons of clinker and 495,420 tons of cement.
- Utilization levels for clinker this quarter at 48%.
- Volumes of cement production in Q4FY2012 were higher by about 9% 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 Q4FY12 approximately 49% of cement dispatches were to various markets outside the home state.



Dispatches in Q4FY12 vs Q4FY11

	Q4 FY 2012		Q4 FY 2011	
Markets	Quantity	% of Total Sales	Quantity	% of Total Sales
	(in Tonnes)		(in Tonnes)	
Andhra Pradesh	2,16,973	50.82	2,75,852	66.21
Karnataka	61,900	14.49	40,845	9.81
Tamil Nadu	56,008	13.11	15,781	3.79
Maharashtra	56,451	13.22	50,017	12.01
Orissa	15,237	3.57	18,440	4.43
Others	20,498	3.29	15,628	3.75
Total	4,27,067	100.00	4,16,563	100.00

Dispatches in FY12 vs FY11

	FY 2012		FY 2011	
Markets	Quantity	% of Total Sales	Quantity	% of Total Sales
	(in Tonnes)		(in Tonnes)	
Andhra Pradesh	8,76,122	53.71	10,40,312	70.77
Karnataka	2,27,317	13.93	1,02,702	6.99
Tamil Nadu	1,92,478	11.80	78,362	5.33
Maharashtra	1,92,713	11.81	1,36,540	9.29
Orissa	61,499	3.77	59,826	4.07
Others	20,284	4.98	52,307	3.55
Total	16,31,393	100.00	1470049	100.00



Key Balance Sheet Items

- Gross debt as on 31st March, 2012 stood at ₹ 2,028 million out of which ₹ 1,251 million is long term debt and the remaining constitutes working capital of the company.
- The Net Worth of the Company as on 31st March, 2012 was at ₹ 2,423 million.
- Cash & Bank Balances held by the company at the Balance sheet date was ₹ 27 million.
- Investments stood at ₹ 860 million.
- Debt Equity as on March 31, 2012 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.



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