SAGAR CEMENTS LIMITED

Investor / Analyst Presentation

Q4 & FY2013

Industry Overview – South, West India

Capacity additions becoming difficult due to problems in land acquisitions and clearances and increasing replacement costs

Cement demand expected to improve due to expected pre-election spending by the Government

Majority of demand in the South is arising due to increase in construction activity mainly in the housing sector

Capacity utilizations in the South are expected to stay low at 55 - 60% due to additional capacity

Perspective on Cement Prices

West	South
▪ Cement prices fell ~Rs. 15-40/bag in both trade and non-trade segments across the region ▪ Prices remain flat in Nagpur and Mumbai	▪ Prices have dipped by ~Rs. 5-30/bag in both trade and non-trade segments in the region ▪ Highest drop witnessed in Hyderabad - Prices have fallen below Rs. 200/bag ▪ Increase in power tariff in the current quarter expected to lead to increase in prices

Demand Environment

- Trends seem to be changing in target markets and moving towards a positive note
- Q4FY12 Sales for Sagar have exceeded Q3FY12 by 109,473 tonnes
- Total demand in AP is around 20 lakh tonnes/month
- Total production in the South has also been on increase

SAGAR CEMENTS - PERSPECTIVES

Highlights

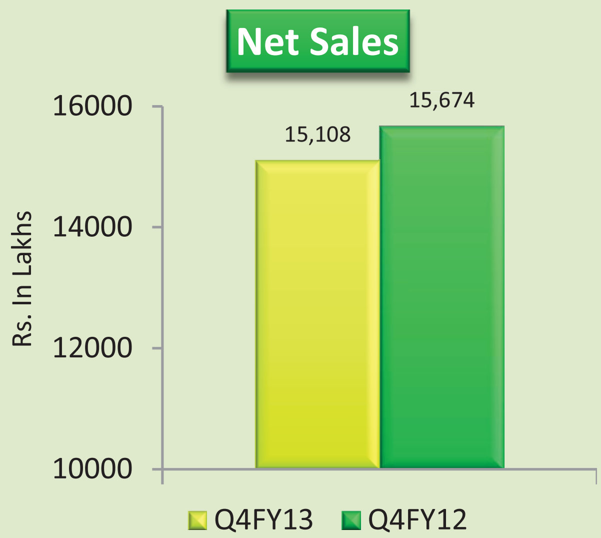
Performance Highlights (Q4FY13)

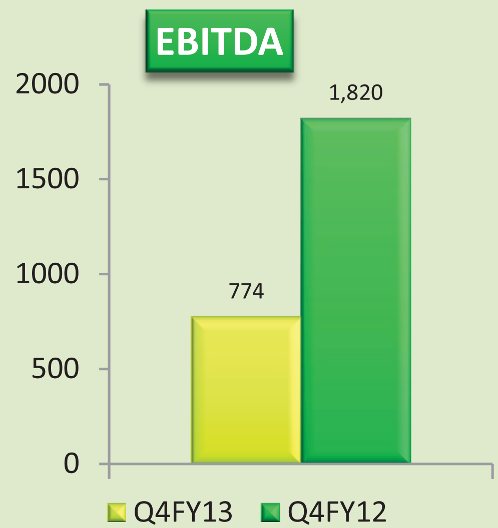
- Q4FY2013 Net sales decreased by 3.61% to ₹ 15,108 lakh
- EBITDA decreased by 57.47% to ₹ 774 lakh
- EBITDA margins at 4.91%
- PAT at ₹ (424) lakh
- Plant operating at around 68% capacity

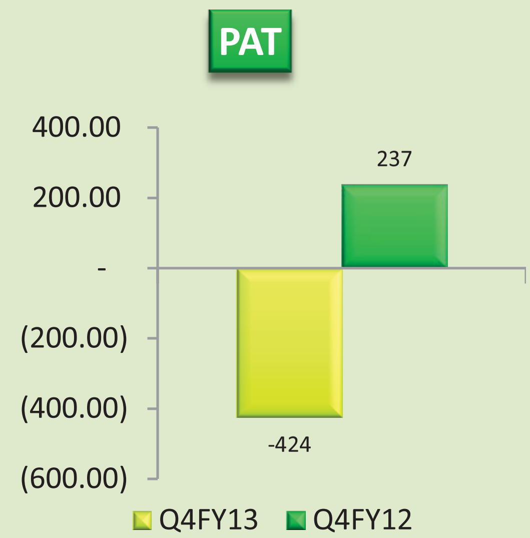
Performance Highlights (FY13)

- FY2013 Net sales lower by 6.10% to ₹ 55,852 lakh
- EBITDA lower by 45.29% to ₹ 6,822 lakh. Margins at 11.67%
- PAT at ₹ 878 lakhs
- The Board has recommended a dividend of 10% (Rs. 1) per share

Q4FY2013 Performance Review

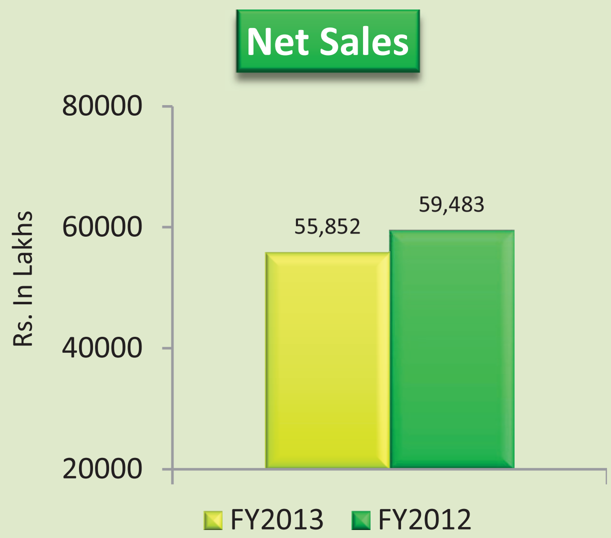


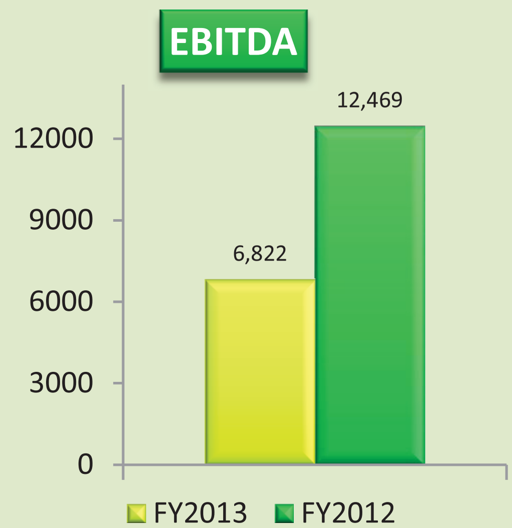


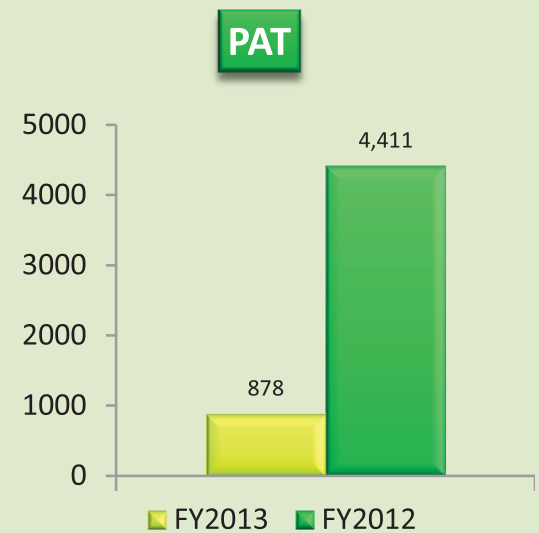


- Net Sales declined by 3.61% to ₹ 15,108 lakh from ₹ 15,674 lakhs in Q4FY12
- EBITDA declined 57.47% to ₹ 774 lakh from ₹ 1,820 lakh. Operating margins for the quarter at 4.91%
- Net Profit stood at ₹ (424) lakh compared to ₹ 237 lakh on a corresponding quarter basis
- EPS (not annualized) at ₹ (2.44) for Q4FY2013

FY2013 Performance Review







- Net Sales declined by 6.10% to ₹ 55,852 lakh in FY13 from ₹ 59,482 lakh in FY12
- EBITDA declined by 45.29 % to ₹ 6,822 lakh from ₹ 12,469 lakh. Operating margins for FY2013 stood at 11.67%
- Net Profit stood at ₹ 878 lakh as compared to ₹ 4,411 lakh in the previous year

Executive Director's Comment

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

"The year in retrospect was challenging one for Cement companies all across India. Capacity additions in the South continue to create an oversupply, dampening cement prices. We have consequently been compelled to look increasingly at states outside of Andhra Pradesh.

We are happy with the commencement of operations at our JV, Sagar Vicat facility in Karnataka. Successful completion is a testament to the dedication and perseverance received from all our employees which will help us achieve even greater milestones in years to come in our similar endeavors.

With domestic coal now becoming more readily available, our dependence on high priced international coal will become moderate. This in turn should help us manage our costs better.

The year ahead also presents challenges. However we are optimistic that the strong foundation that we have built over the years will help us to seize the opportunities once the situation improves."

Matampally Plant

Realisations (Rs/Tonne.)				
	Q1FY12	Q2FY12	Q3FY12	Q4FY12
Overall Average	4,668	4,560	4,628	4,665
AP	5,007	4,996	5,174	5,165
OAP	4,164	4,085	4,027	4,148
	Q1FY13	Q2FY13	Q3FY13	Q4FY13
Overall Average	4,865	4,678	4,476	4,230
AP	5,097	4,762	4,685	4,343
OAP	4,619	4,602	4,261	4,099

Utilisation (%)				
	Q1FY12	Q2FY12	Q3FY12	Q4FY12
Cement	61	60	56	64
Clinker	59	68	89	48
	Q1FY13	Q2FY13	Q3FY13	Q4FY13
Cement	60	54	54	68
Clinker	59	65	60	67

Coal Prices

Availability of Coal

Q1FY13

- Singareni coal : Good availability.
- Indonesian coal: 46% of coal used with high moisture content
- South African coal: 19% of coal was used High usage accompanied by high costs

Q2FY13

- Singareni coal: Significant amount sourced.
- Indonesian coal: 42% of coal used with high moisture content
- South African coal: 12% of coal was used

Q3FY13

- Singareni coal: Large quantity sourced.
- Domestic : International coal mix was 45%:55% compared to 34%:66% in the previous corresponding quarter in the previous year.

Q4FY13

- Domestic : International coal mix was 55%:45%
- Singareni Coal: Reasonable quantity sourced

Coal Cost (Rs/Tonne.)

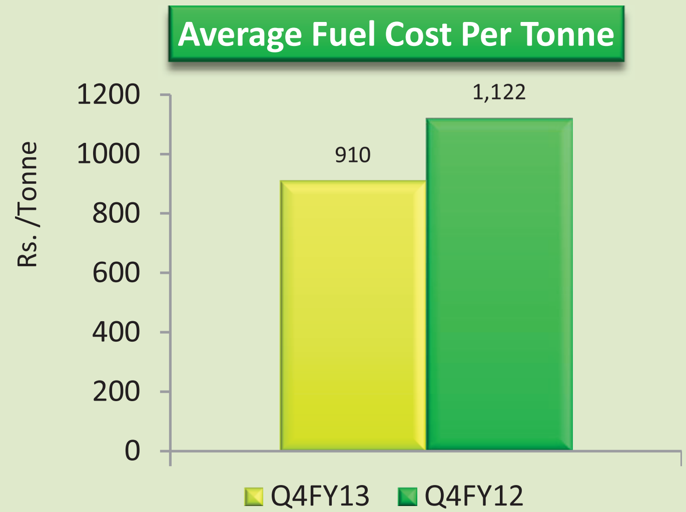
	Q1FY12	Q2FY12	Q3FY12	Q4FY12
Indian Average	3,638	3,689	3,811	3,633
Imported Coal Average	3,851	4,359	5,067	5,496
	Q1FY13	Q2FY13	Q3FY13	Q4FY13
Indian Average	3,849	3,908	4,613	4,558
Imported Coal Average	5,350	5,022	4,967	4,498

Operations Overview

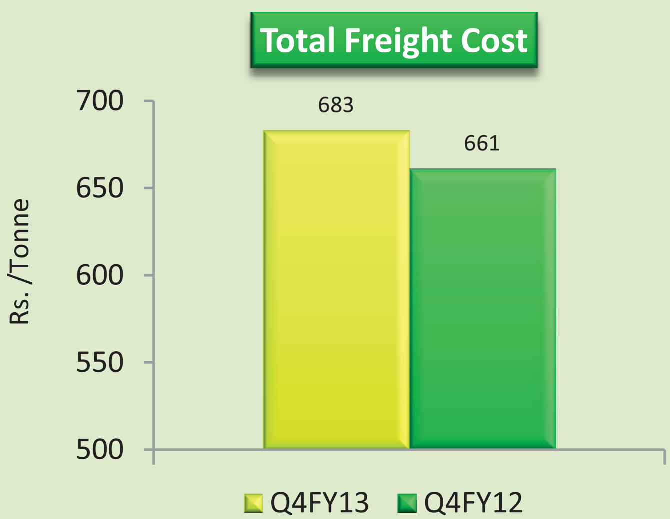
Production (MT)	January	February	March	Total
Clinker	120,510	152,360	91,390	364,260
Cement	144,629	145,355	166,335	456,319

Description	Sales ('000'MT)		Value Rs. Lakh (net of excise & Vat)	Realization Rs. Mt
Q4FY2013	Cement	462	15,488	3,352
Q4FY2012	Cement	427	15,750	3,688
% Shift	Cement	8	(1.66)	(9.11)
FY2013	Cement	1,585	57,693	3,640
FY2012	Cement	1,631	60,611	3,716
% Shift	Cement	(2.82)	(4.81)	(2.05)

Cost Overview

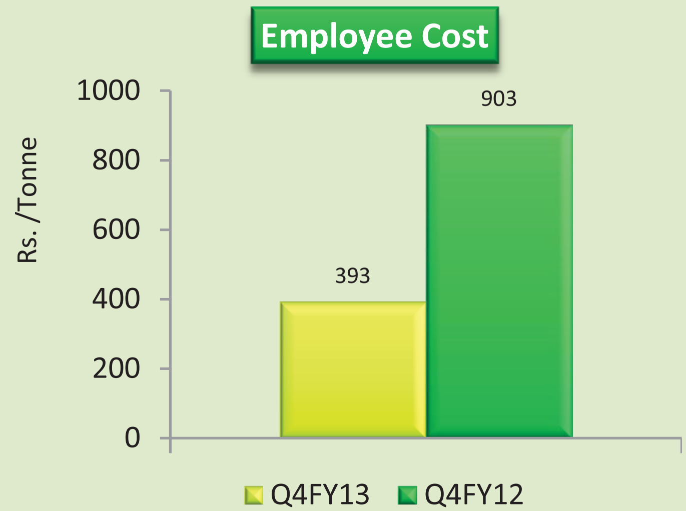


- More domestic coal used during the quarter
- Average fuel cost per tonne of clinker production during the quarter at ₹ 910 as compared to ₹ 1,122 per tonne in the corresponding quarter in previous year

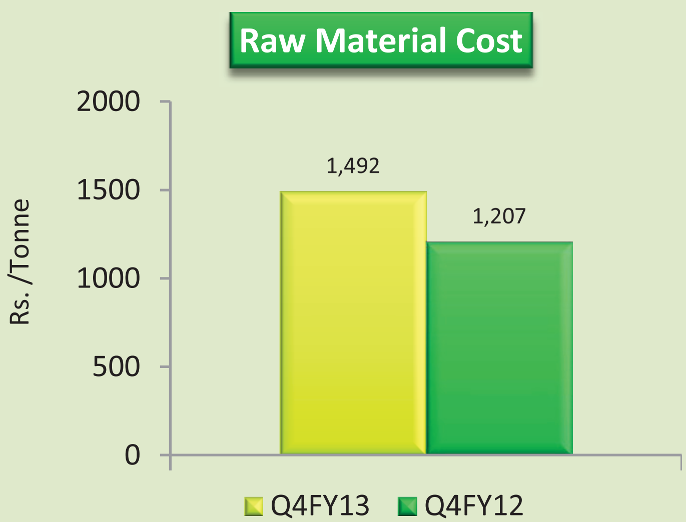


- Higher diesel prices prevailing during the year
- Total freight cost per tonne of cement for the quarter stood at ₹ 683 as compared to ₹ 661 in the previous corresponding quarter

Cost Overview



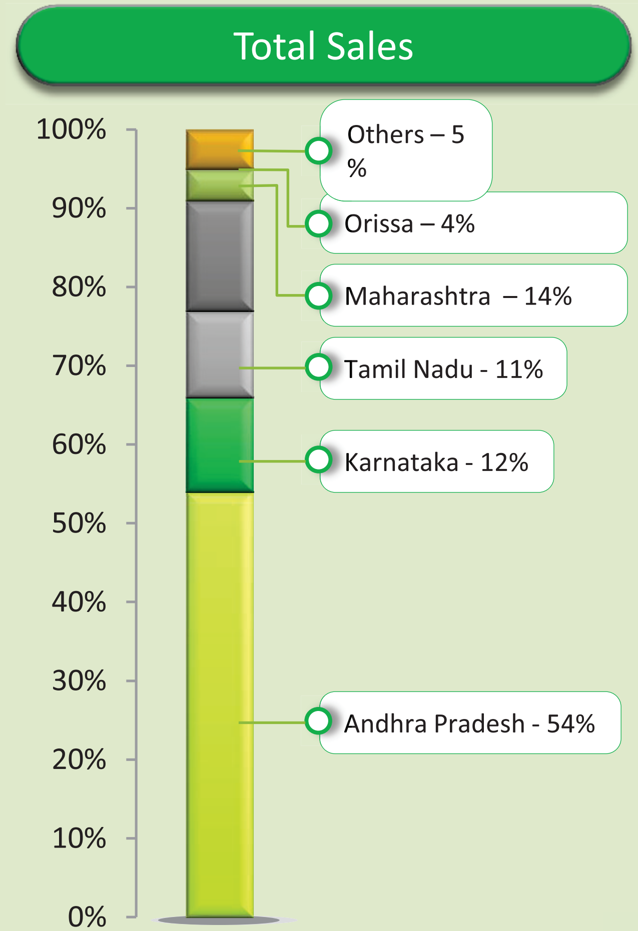
- Employee costs declined due to reduction in managerial remuneration on account of reduced profits.



- Increase in raw material costs of 24% mainly on account of higher volumes.

Plant Highlights

- During Q4 FY13, the plant operated at reasonable utilization levels
- 364,260 tons of clinker and 456,319 tons of cement produced
- Utilization levels for clinker : 67%
- Approximately 46% of cement dispatches was to various markets outside the home state (Andhra Pradesh)



Dispatches in Q4FY13 vs Q4FY12

	Q4 FY 2013		Q4 FY 2012	
Markets	Quantity (in Tonnes)	% of Total Sales	Quantity (in Tonnes)	% of Total Sales
Andhra Pradesh	2,48,115	53.75	2,16,973	50.82
Karnataka	53,764	11.65	61,900	14.49
Tamil Nadu	52,549	11.38	56,008	13.11
Maharashtra	62,680	13.58	56,451	13.22
Orissa	20,186	4.37	15,237	3.57
Others	24,325	5.27	20,498	3.29
Total	**4,61,619**	**100.00**	**4,27,067**	**100.00**

Dispatches in FY13 vs FY12

	FY2013		FY2012	
Markets	Quantity (in Tonnes)	% of Total Sales	Quantity (in Tonnes)	% of Total Sales
Andhra Pradesh	8,08,687	51.02	8,76,122	53.71
Karnataka	2,21,725	13.99	2,27,317	13.93
Tamil Nadu	2,11,461	13.34	1,92,478	11.80
Maharashtra	2,14,071	13.51	1,92,713	11.81
Orissa	61,782	3.90	61,499	3.77
Others	77,277	4.24	20,284	4.98
Total	**15,85,003**	**100.00**	**16,31,393**	**100.00**

DISPATCH DETAILS FOR THE YEAR 2012-13

TPT	Q1	Q2	Q3	Q4	TOTAL
BY ROAD	391,173	366,627	350,200	441,557	**1,549,557**
BY RAKE	13,226	5,050	2,669	18,504	**39,449**
TOTAL	**404,399**	**371,677**	**352,869**	**460,061**	**1,589,006**

New Railway Line

- Total Investment for new railway line – ₹ 120 crore
- Funds already invested - ~ ₹ 20 crore
- Completion of the new railway line will lead to better efficiencies and savings in costs
- Dispatches by rail expected to go up by 20% once operational
- Project Completion - FY2015

Key Balance Sheet Items

- Gross debt as on 31st March, 2013 stood at ₹ 21,935 lakh out of which ₹ 15,076 lakh is long term debt with the remaining constituting working capital
- The Net Worth of the Company as on 31st March, 2013 was ₹ 26,645 lakh
- Cash & Bank Balances held by the company at the Balance Sheet date was ₹ 2,460 lakh
- Investments stood at ₹ 8,603 lakhs
- Debt : Equity as on March 31, 2013 stood at 0.56 : 1.

Vicat Sagar JV

1st Phase	
Capacity	2.75 million tonnes
Project Cost	₹ 1,680 crore
Capital Contribution	₹ 500 crore
Sagar Contribution	₹ 86 crore
Equity Stake	47%
Clinkerization	Completed December 2012
Commencement of production	January 16th 2013
1st Month Production	~20,000 tonnes

Sales Outside AP

Last 3 years cement sales OAP

	Q4FY13	Q3FY13	Q2FY13	Q1FY13
OAP Sales	46%	49%	52%	48%
	Q4FY12	Q3FY12	Q2FY12	Q1FY12
OAP Sales	49%	48%	48%	40%
	Q4FY11	Q3FY11	Q2FY11	Q1FY11
OAP Sales	34%	30%	20%	23%

Sales in regions OAP have increased over the last 2 years

Progress on Vicat-Sagar

- The plant has since been commissioned and is now fully operational
- Clinkerisation facility was commissioned by end December last year
- Plant commenced Cement production in January








Outlook and Capex Plans

- Demand growth to be muted. In the South demand to mainly arise from the housing sector. Some relief expected in the demand environment due to faster approvals on infrastructure projects in lieu of the upcoming elections
- Prices in the South to be in similar range as present due to planned capacity expansions. Sustainability of prices is a concern considering increase in supply
- Vicat Sagar cement production levels currently at 137,801 tonnes for the quarter March 31, 2013. Production expected to ramp up for the remainder of the year
- Company earnings seen to be affected due to continued cost pressure on margins, especially due to higher freight charges
- Singareni coal availability expected to increase for FY2014 providing some relief to overall costs, especially those arising out of increase in power tariffs by state electricity boards
- Additional capex to be incurred by the Company in FY2014 to the range of ₹ 75 crore primarily for the railway line

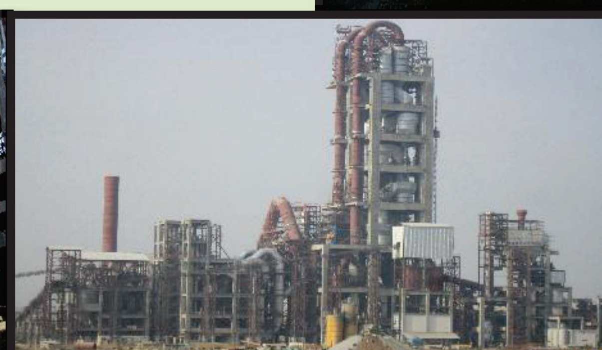
Progress on Vicat-Sagar

The plant has been commissioned and is now fully operational

Plant commenced Cement production in middle January

Clinkerisation facility was commissioned by end December last year

VICAT SAGAR
CEMENT PRIVATE LIMITED



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