



Sagar Cements Limited

Investor / Analyst Presentation

Q2 & H1FY2013

October 17, 2012



Key Developments

Company Developments

Coal costs for Sagar reduce considerably as the company was able to procure more Indigenous Coal, hence avoiding significantly higher international coal prices

Healthy uptrend in Revenue & EBITDA despite a challenging environment

Increasing sales outside AP helping combat entry of new capacities

Vicat Sagar JV

Vicat-Sagar facility is on course and in line with planned schedule

Clinkerisation facility will be commissioned by end October

Plant to be fully operational with Cement production by end of the year



Industry Outlook

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- Supply across India basis slowing due to longer gestation period in securing various government clearances and higher land costs
- Utilization levels in the South continue to be low due to significant capacity additions. However, retreating monsoons to expected to lead to improved demand
- Majority of demand in the South arising due to increase in construction activity mainly in the housing sector
- Realizations in the South continue to remain under pressure due to capacity additions
- Selling prices in the last one month have been increasing gradually largely on the back of rising input costs



Highlights

Performance Highlights (Q2FY13)

- Q2FY2013 Net sales decreased by 7.11% to ₹ 1,359 million
- EBITDA Decreased 15.87% to ₹ 207 million
- EBITDA margins at 15%
- PAT at ₹ 48 million
- Plant operating at capacity utilisations of around 54%

Performance Highlights (H1FY13)

- H1FY2013 Net sales decreased by 3.45% to Rs. 2,862 million
- EBITDA decreased by 36.75% to Rs. 413 million. Margins at 14.19%
- PAT at Rs. 89 million

Executive Director's Comment

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

"We are glad that despite a challenging operating environment for Cement companies in the South, Sagar has still managed to post healthy top line and bottom line numbers.

We are currently operating at low utilization levels of ~54% which can be mainly attributed to capacity additions in the South. However we are hopeful that with retreating monsoons and supplemented demand from the housing sector this scenario would change for the later part of the year.

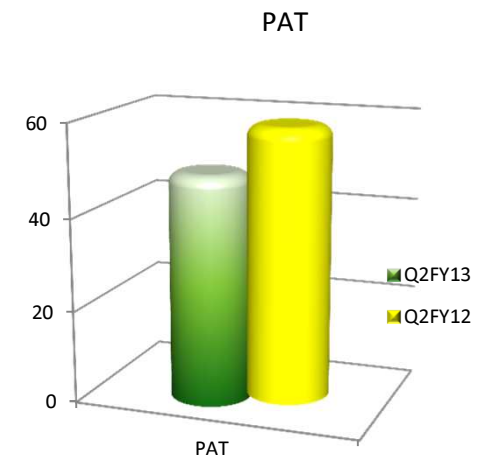
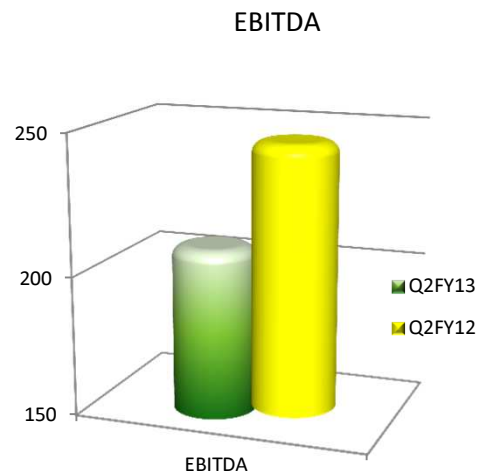
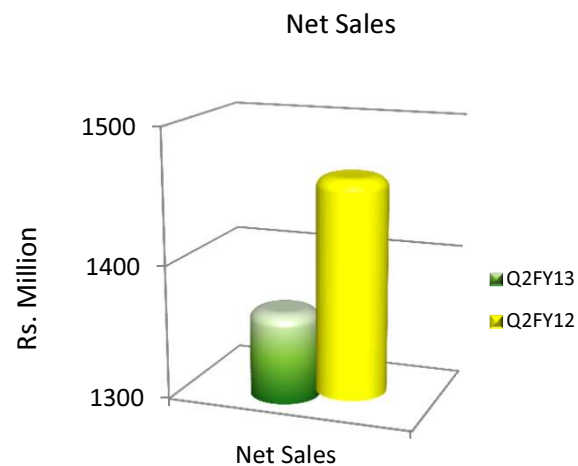
We have been able to source more Singareni coal this quarter which is leading to an overall decrease in our coal costs as the mix is slowly shifting towards domestic coal and we are able to proportionately avoid high international coal prices.

The Vicat –Sagar JV has progressed very well and we are extremely excited about this new venture as we expect the facility to be fully operational by end of this year itself.

With a healthy Balance Sheet, improving demand, reduction in costs and a strong and committed workforce, we are confident of improved operating performance for the later part of FY2013."

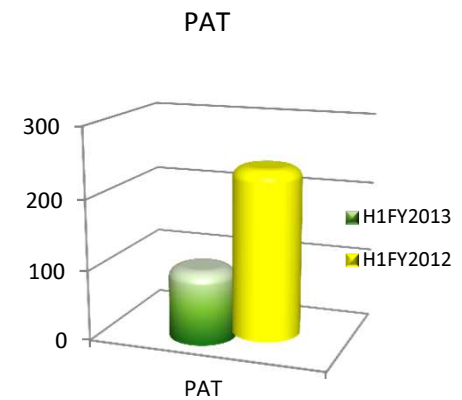
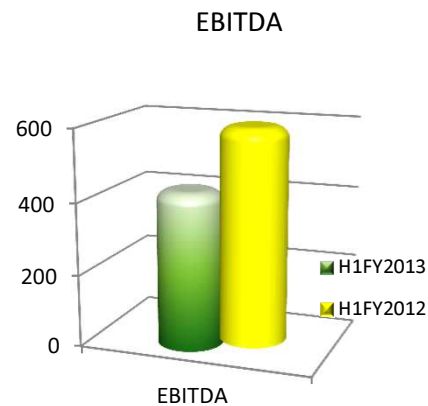
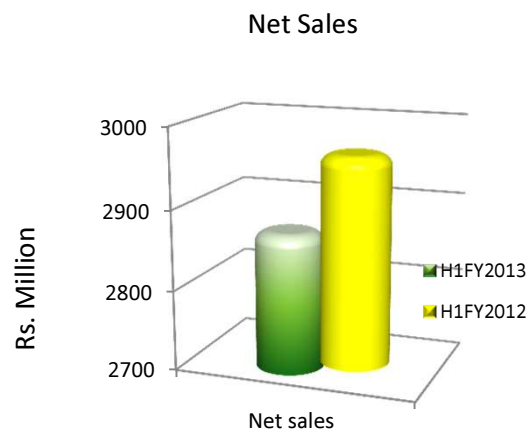


Q2FY2013 Performance Review



- Net Sales declined by 7.11% YoY to ₹ 1,359 million from ₹ 1,462 million compared to Q2FY12
- EBITDA declined 15.87% to ₹ 207 million from ₹ 246 million. Operating margins for the quarter at 15%
- Net Profit stood at ₹ 48 million compared to ₹ 59 million on a corresponding quarter basis
- EPS (not annualized) at ₹ 2.77 for Q2FY2013

H1FY2013 Performance Review



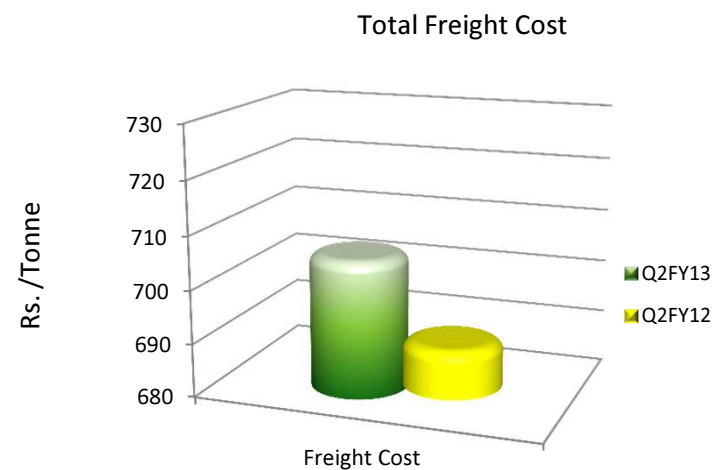
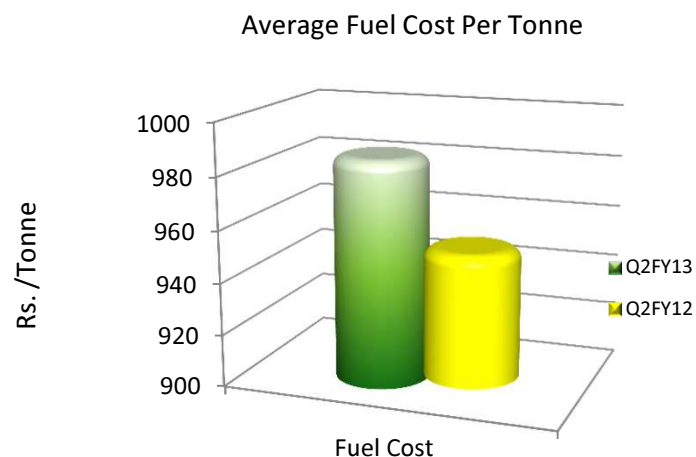
- Net Sales declined 3.45% to ₹ 2,862 million in H1FY13 from ₹ 2,964 million in H1FY12.
- EBITDA declined 36.75 % to ₹ 413 million from ₹ 653 million. Operating margins for H1FY2013 stand at 14.19%
- Net Profit stood at ₹ 89 million as compared to ₹ 241 million the previous fiscal year.

Operations Overview

Production (MT)	July	August	September	Total
Clinker	95,130	102,210	157,920	355,260
Cement	124,412	109,188	129,590	363,190

Description	Sales ('000'MT)		Value Rs. Millions (net of excise & Vat)	Realization Rs. Mt
Q2FY2013	Cement	372	1,358	3,650
Q2FY2012	Cement	406	1,463	3,603
% Shift	Cement	(8.37%)	(7.18%)	1.30%
H1FY2013	Cement	771	2,862	3,712
H1FY2012	Cement	816	2,964	3,632
% Shift	Cement	(5.51%)	(3.44%)	2.20%

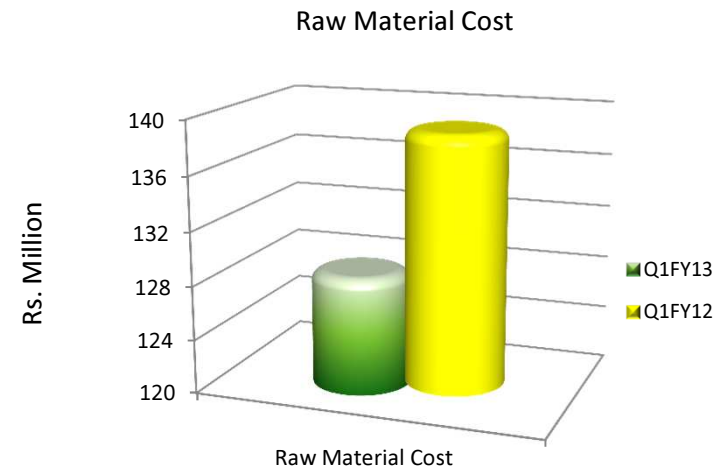
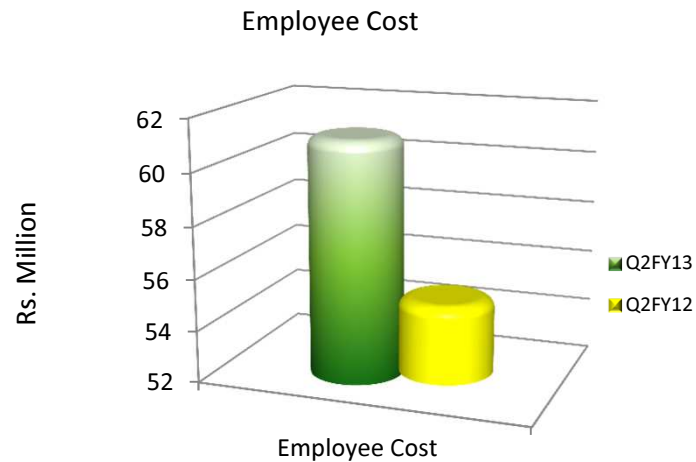
Cost Overview



Cost Overview

- Average fuel cost per tonne of clinker production during the quarter was at ₹ 984 as compared to ₹ 951 per tonne in the previous corresponding quarter. However on a sequential basis the cost has reduced from ₹ 1,079 as more domestic coal was used this quarter contributing to the reduction.
- Total freight cost per tonne of cement for the quarter stood at ₹ 704 as compared to ₹ 689 in the previous corresponding quarter, on account of higher diesel prices and also increase in lead distance as 52% of cement is now sold to states outside of AP

Cost Overview



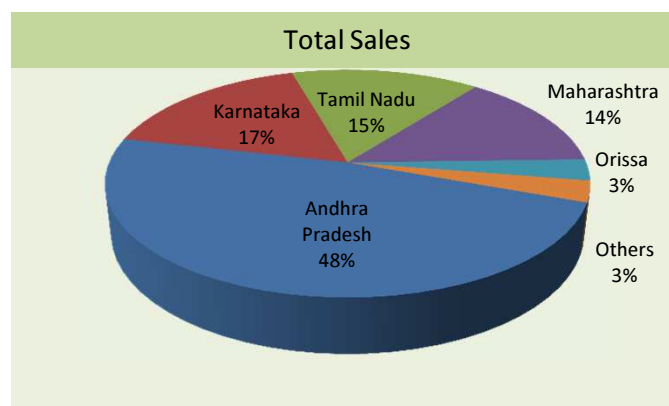
Cost Overview

- There is a decrease in raw material costs of 7.7%. This is mainly on account of lower volumes.
- Employee costs increased by 11.12% over the corresponding quarter last year, mainly on account of increments and other benefits.



Andhra Pradesh Plant Highlights

- During the quarter, the plant operated at reasonable utilization levels, producing 355,260 tons of clinker and 363,190 tons of cement.
- Utilization levels for clinker this quarter at 65%.
- Volumes of cement production in Q2FY2013 were lower by about 10.24% 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 52% of cement dispatches were to various markets outside the home state.



Dispatches in Q2FY13 vs Q2FY12

	Q2 FY 2013		Q2 FY 2012	
Markets	Quantity	% of Total Sales	Quantity	% of Total Sales
	(in Tonnes)		(in Tonnes)	
Andhra Pradesh	177,084	47.57	211,794	52.22
Karnataka	62,729	16.85	59,581	14.69
Tamil Nadu	56,164	15.09	53,653	13.23
Maharashtra	51,937	13.95	49,305	12.16
Orissa	11,909	3.20	13,412	3.31
Others	12,449	3.34	17,829	4.39
Total	372,272	100.00	405,574	100.00

Dispatches in H2FY13 vs H2FY12

	H2FY2013		H2FY2012	
Markets	Quantity	% of Total Sales	Quantity	% of Total Sales
	(in Tonnes)		(in Tonnes)	
Andhra Pradesh	382,390	49.58	457,513	56.05
Karnataka	122,642	15.90	108,714	13.32
Tamil Nadu	111,246	14.42	91,213	11.17
Maharashtra	97,252	12.61	88,085	10.79
Orissa	27,340	3.55	31,695	3.88
Others	30,357	3.94	39,054	4.79
Total	771,227	100.00	816,274	100.00

Key Balance Sheet Items

- Gross debt as on 30th September, 2012 stood at Rs. 1,773 million out of which Rs. 1,025 is long term debt and the remaining constitutes working capital of the company.
- The Net Worth of the Company as on 30th September, 2012 is at Rs. 2,686 million.
- Cash & Bank Balances held by the company at the Balance Sheet date was Rs. 55 million.
- Investments stood at Rs. 860 million.
- Debt : Equity as on September 30, 2012 stood at 0.38 : 1.

Progress on Vicat-Sagar

- Clinkerisation facility will be commissioned by end October
- Plant to be fully operational with Cement production by end of the year



For further information contact



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