



Sagar Cements Limited

**Q2&H1FY18
Results Presentation**





West

- Demand in Maharashtra was impacted by heavy monsoon
- While prices improved sharply in Gujarat, intense competition and weak demand resulted in price correction in Maharashtra

South

- Demand remained relatively stable, as the impact of sand mining issue and the political instability in Tamil Nadu, were partly offset by improved offtake from AP/ Telangana
- Prices remained soft primarily as a result of lower activity during the monsoon season

Perspective on Cement Prices

Executive Director's Comment



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

"We are pleased with our performance for the first half of the year, a period wherein we had delivered stable revenue and profitability growth amidst the presence of challenging macros. The improved performance stems on the back of steady demand and realisations across our key markets.

Our persistent efforts towards containing costs enabled us to deliver higher operational profitability despite rising input cost. We have undertaken a number of strategic initiatives in recent past with a view towards improving operations and curtailing expenses. Our grinding unit at Bayyavaram has enabled both cost savings as well as improved reach. Commissioning of 6MW Waste Recovery & 1 MW Solar Power Plant helped us to reduce Power cost. Further, the implementation of 18 MW Captive Power Plant and usage of pet-coke in subsidiary company should further help us in lowering our overheads.

Going forward, we expect the demand and in turn prices to remain strong on expectation of increased government spending on infrastructure.





1

Overall demand across our key markets remained relatively mixed, as the impact of sand mining and political instability in TN were partially offset by strong demand in AP / Telangana

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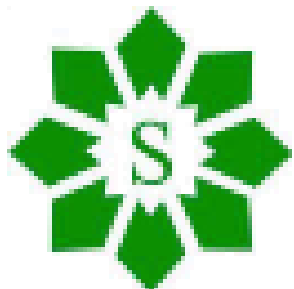
Marginal softening of prices across our primary markets and higher input costs resulted in lower operational profitability

3

6 MW Waste Heat Recovery Power Plant & 1 MW Solar Power were Commissioned

4

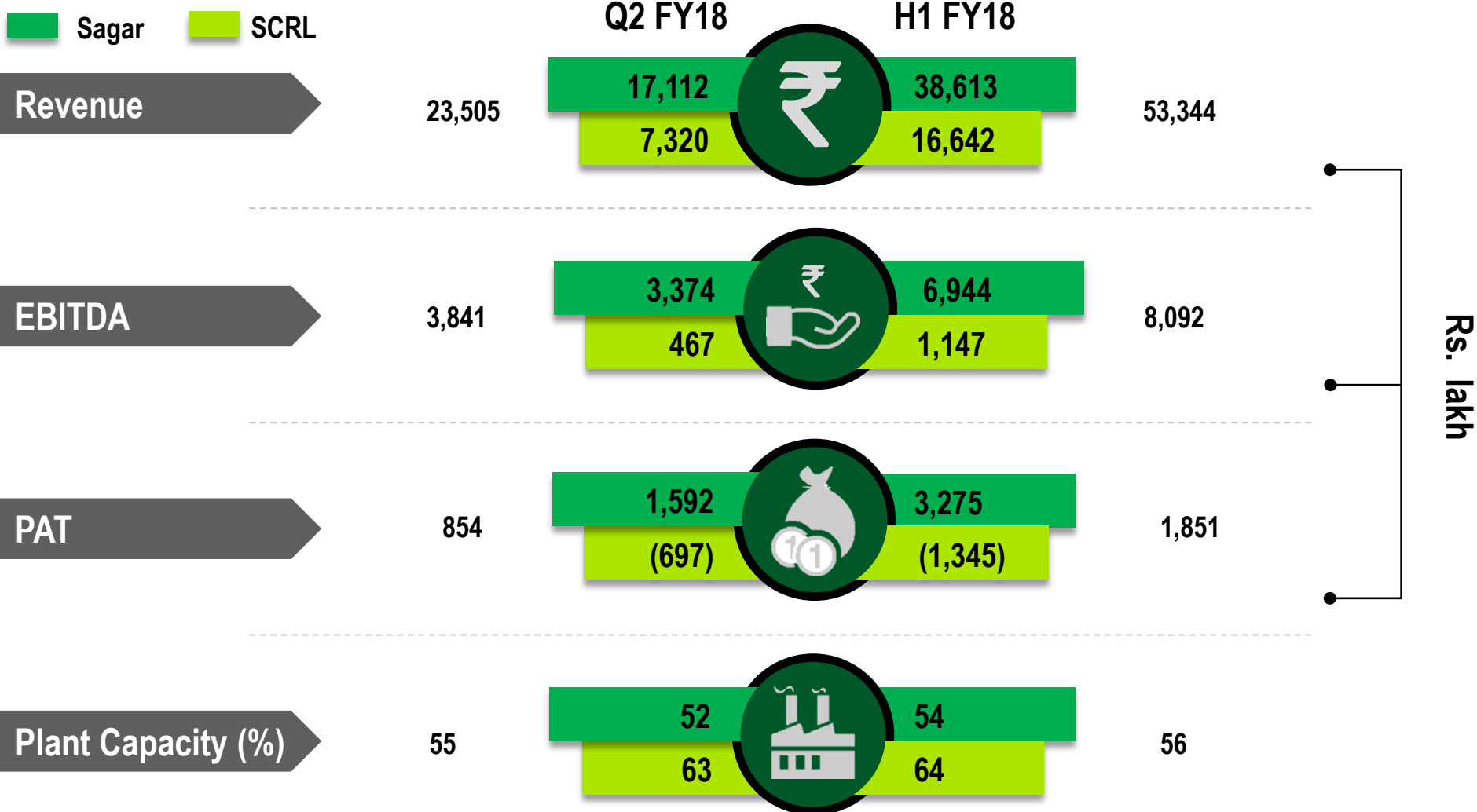
Outlook remains positive on the back of sustained government spending, slowing capacity addition and expected moderation in input costs



Sagar Cements – Operational Results



Performance Highlights



The Board of Directors have recommended an interim dividend of Rs. 2.50 per share i.e. 25% on Face Value of Rs. 10 per share

Highlights – 6 MW Waste Heat Recovery & 1 MW Solar Power Plant



- 6 MW waste heat recovery (WHR) plant has been commissioned.
- Location: Mattampally, Nalgonda district, Telangana
- This will ensure greater control over power and fuel costs.



AQC & PH Boilers



Steam Turbine Generator (STG)



Cooling Tower



Solar Power

Highlights – Implementation of 1.2 Mn Tonne Grinding facility & 18 MW CPP



- Project : Grinding facility
- Location: Bayyavaram., Anakapally, Visakhapatnam, Andhra Pradesh
- Core equipments ordered
- Expected date of commissioning : September 2018



Raw Material storage facilities



VRM Building



Cement Silo



Packing Plant

- Project : 18 MW Captive Power Plant
- Location: Mattampally, Suryapet, Telangana
- Core equipments ordered
- Expected date of commissioning : December 2018



Captive power plant foundations



Mattampally Plant

Utilisation (%)				
	Q1 FY16	Q2 FY16	Q3 FY16	Q4 FY16
Cement	65	49	44	61
	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17
Cement	57	44	43	59
	Q1 FY18	Q2 FY18		
Cement	56	52		

Gudipadu Plant

Utilisation (%)				
	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17
Cement	62	71	64	71
	Q1 FY18	Q2 FY18		
Cement	64	63		



Q1 FY17

- Domestic : International coal mix was 4:96

Q2 FY17

- Domestic : International coal mix was 0.4:99.6

Q3 FY17

- Domestic : International coal mix was 20:80

Q4 FY17

- Domestic : International coal mix was 20:80

Q1 FY18

- Domestic : International coal mix was 07:93

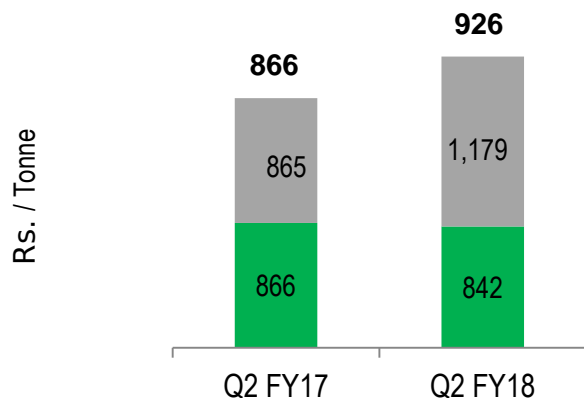
Q2 FY18

- Domestic : International coal mix was 04:96

Coal Cost (Rs. / Tonne)					
		Q1	Q2	Q3	Q4
Indigenous Average	FY16	4,964	3,678	4,533	4,227
Imported Coal Average		5,361	5,764	5,715	5,670
Indigenous Average	FY17	4,330	4,618	4,765	4,904
Imported Coal Average		5,485	6,060	5,956	7,201
Indigenous Average	FY18	4,871	4,890		
Imported Coal Average		6,714	7,508		

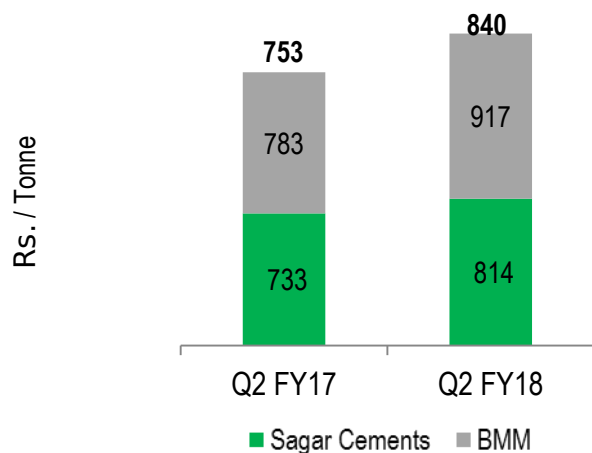


Average Fuel Cost Per Tonne



- Increase in price of imported pet coke & coal has resulted in increase in the average fuel cost per tonne of clinker produced.

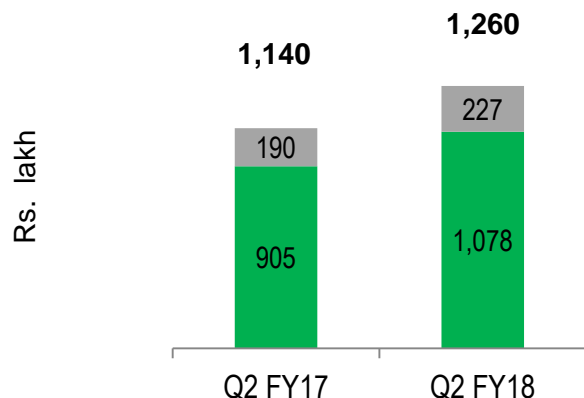
Freight Cost per Tonne



- Freight cost per ton increased due to increase in fuel prices.

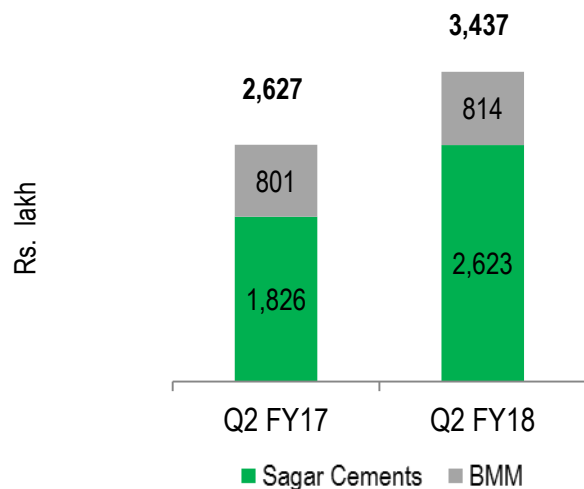


Employee Cost



- Employee costs in Q2 FY 18 was Rs. 1,260 lakhs on a consolidated basis when compared to Rs. 1,140 lakhs during Q2 FY17 on account of annual increments released in second quarter.

Raw Material Cost



- Raw Material cost has increased due to higher production during the Q2 FY 18.

Production & Sales in Q2 FY18 and Dispatches by Road & Rake



Description	Sagar Cements Ltd	Sagar Cements (R) Ltd	Consolidated
	Qty in MT	Qty in MT	Qty in MT
Clinker	4,38,400	1,42,627	5,81,027
Cement Production / Purchase	4,27,767	1,58,476	5,86,243
Cement Sales	4,43,984	1,54,079	5,98,063

Consolidated					
Dispatch Details					
TPT	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17	TOTAL
BY ROAD	5,72,527	4,89,731	4,66,045	6,28,844	21,57,147
BY RAKE	5,310	21,830	8,120	5,491	40,751
TOTAL	5,77,837	5,11,561	4,74,165	6,34,335	21,97,898

TPT	Q1 FY18	Q2 FY18
BY ROAD	6,12,088	5,61,140
BY RAKE	13,594	13,262
TOTAL	6,25,682	5,74,402

Key Balance Sheet Items



Rs. In Lakh	Sagar Cements Ltd.	Sagar Cements (R) Ltd.	Consolidated
Gross Debt	25,098	32,150	49,622
- Long Term	17,089	27,748	37,212
- Working Capital	8,009	4,402	12,410
Cash & Bank Balance	10,026	60	10,086
Debt Equity Ratio (%)	0.21	3.40	0.48
Net Worth	81,355	8,164	77,776
Investments	26,207	0	28

As of Sep' 2017



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Safe Harbour :

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