SAGAR CEMENTS LIMITED

Fax Nos. 022 26598237 / 38, 26598347 / 48

SCL:SEC:NSE: 2014-15 13th May, 2014

The National Stock Exchange of India Ltd
"Exchange Plaza"
5th Floor
Bandra-Kurla Complex
Bandra (East)
Mumbai – 400051

Symbol: SAGCEM
Series: EQ

Dear Sirs

Press Release regarding quarterly / yearly financial results

Further to our letter of date, we are sending herewith a copy of the Press Release being issued by us in connection with the audited financial results for the fourth quarter / year ended 31st March, 2014.

Thanking you

Yours faithfully
For Sagar Cements Limited

R.Soundararajan
Company Secretary

Encl: a.a.

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SAGAR CEMENTS LIMITED

Investor / Analyst Presentation

Q4 FY14

Industry Overview

Slowdown in Housing & Construction sectors combined with slowdown in government spending, given the tight fiscal reflected in Q4 FY14 performance

Stable political outcome likely to trigger improvement in economic fundamentals and drive demand

Given the slow recovery and excess capacity in the industry, prices are consequently expected to remain soft in the first half of the calendar year

Optimism of increase in government projects in the current year

Given such a situation, the effective utilization rates are expected to bottom out and improve gradually

Industry Overview

Perspective on Cement Prices

West

- Cement prices increased by Rs. 10/bag in May 2014 from May 2013
- Prices in Mumbai & Pune stood at Rs. 260 per bag in the first week of May 2014
- Average prices in the region stood at Rs. 260/bag in May 2014

South

- Prices in Hyderabad decreased by Rs. 30/bag and stood at Rs. 220/bag in May 2014 in comparison to Rs. 250/bag in May 2013
- Average prices in the Southern markets stood at Rs. 240/bag in / May 2014 in comparison to Rs. 260/bag in May 2013

SAGAR CEMENTS - PERSPECTIVES

Highlights

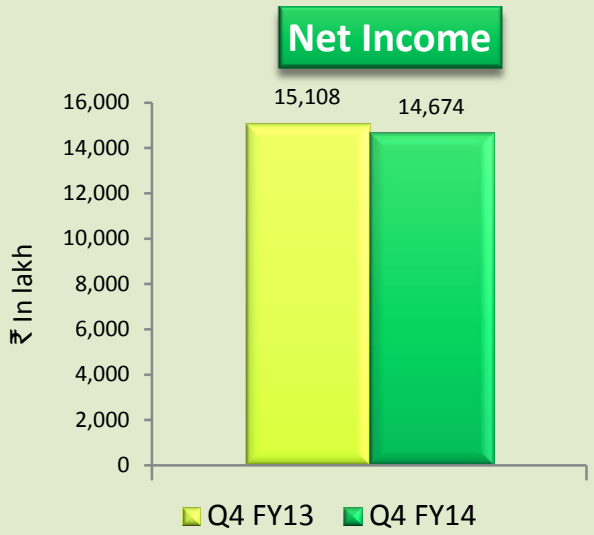
Performance Highlights (Q4 FY14)

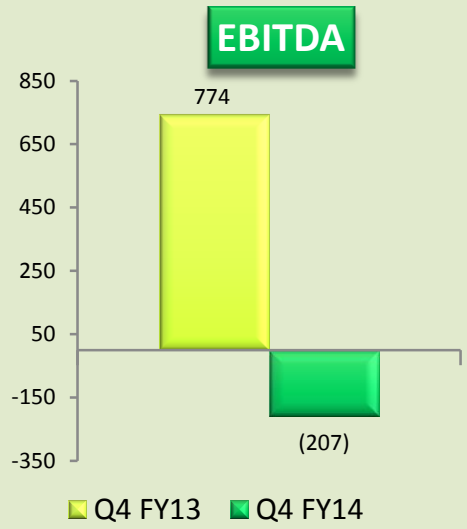
- Net Income decreased by 2.9% to ₹ 14,674.0 lakh
- EBITDA decreased to ₹ (206.9) lakh
- Loss at ₹ 1,135.5 lakh
- Plant operating at around 67% capacity

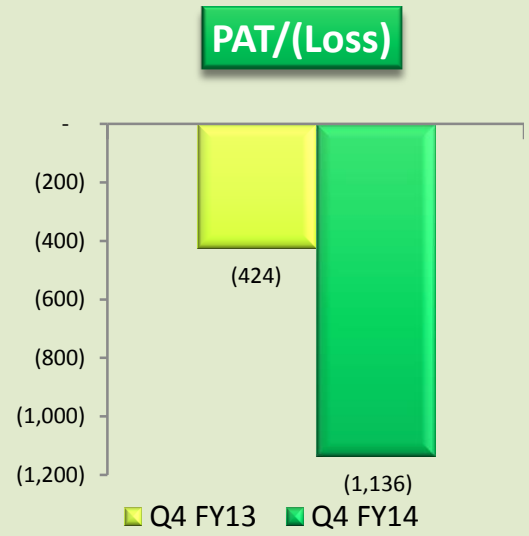
Performance Highlights (FY14)

- Net Income from operations stood at ₹ 48,893.8 lakh; down by 12.5%
- EBITDA moderated to ₹ 1,912.9 lakh
- Loss at ₹ 2,558.1 lakh
- Plant operating at around 53% capacity

Q4 FY14 Performance Review

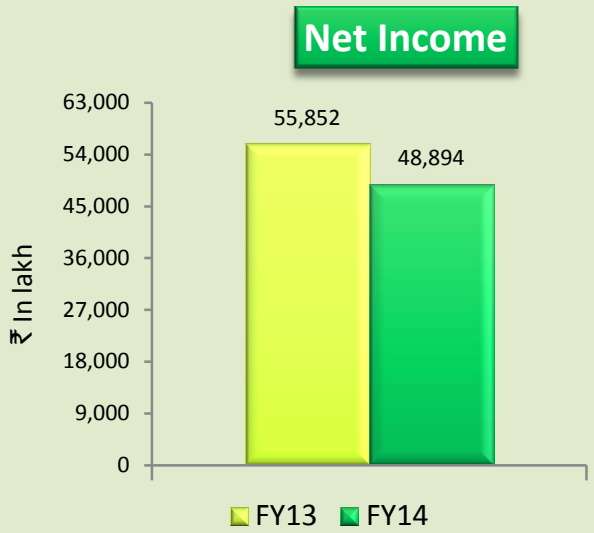


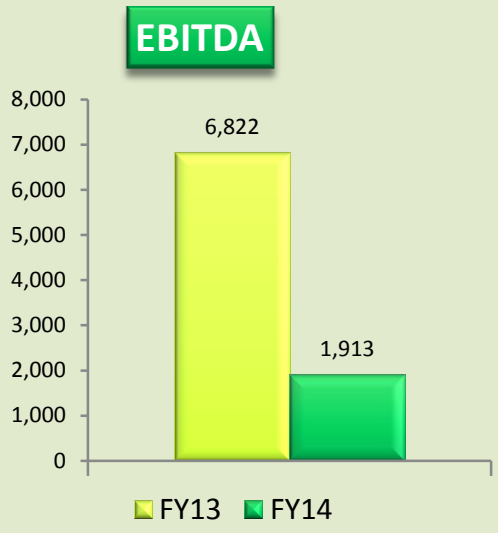


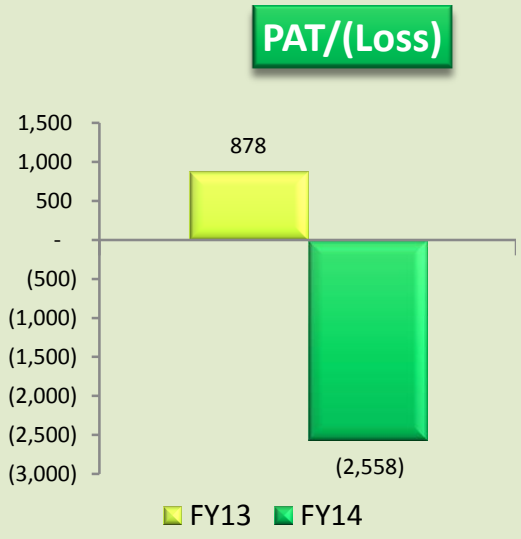


- Total Income from operations lower by 2.9% to ₹ 14,674 lakh from ₹ 15,108 lakh in Q4 FY13
- EBITDA subdued at ₹ (207) lakh from ₹ 774 lakh in Q4 FY13
- Net Loss stood at ₹ 1,136 lakh compared to a loss of ₹ 424 lakh in the corresponding quarter last year
- Diluted EPS (not annualized) at ₹ (6.53) for Q4 FY14

FY14 Performance Review







- Total Income from operations stood at Rs. ₹ 48,894 lakh from ₹ 55,852 lakh in FY13
- EBITDA lower at ₹ 1,913 lakh from ₹ 6,822 lakh in FY13
  - Operating margins for the period at 3.77%
- Net Loss at ₹ 2,558 lakh compared to a profit of ₹ 878 lakh in FY13
- Diluted EPS (not annualized) at ₹ (14.71) for FY14

Executive Director's Comment

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

"Over capacity combined with a relatively slow demand environment continues to moderate capacity utilizations across the industry. Our focus continues to be, to reach out to markets both in Andhra Pradesh and neighboring states. This endeavor combined with our efficient operations has held us in good stead.

The proposed railway siding work is progressing on schedule and we are hopeful of it being ready by the end of the current financial year.

A stable political environment is likely to give some fillip to the demand environment. However in a considerably over capacity scenario we believe the improvement will be very gradual."

Realization & Utilization

Matampally Plant

Gross Realisations (₹/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
	Q1FY14	Q2FY14	Q3FY14	Q4FY14
Overall Average	4,429	4,655	4,623	4,195
AP	4,554	5,363	5,173	4,421
OAP	4,298	4,142	4,196	3,933

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
	Q1FY14	Q2FY14	Q3FY14	Q4FY14
Cement	53	42	49	67
Clinker	68	48	56	74

Coal Prices

Q2 FY13

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

Q3 FY13

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

Q4 FY13

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

Q1 FY14

- Domestic : International coal mix was 60:40
- Singareni Coal: Reasonable quantity sourced

Q2 FY14

- Domestic : International coal mix was 70:30
- Singareni Coal: Reasonable quantity sourced

Q3 FY14

- Domestic : International coal mix was 78:22
- Singareni Coal: Reasonable quantity sourced

Q4 FY14

- Domestic : International coal mix was 75:25
- Singareni Coal: Reasonable quantity sourced

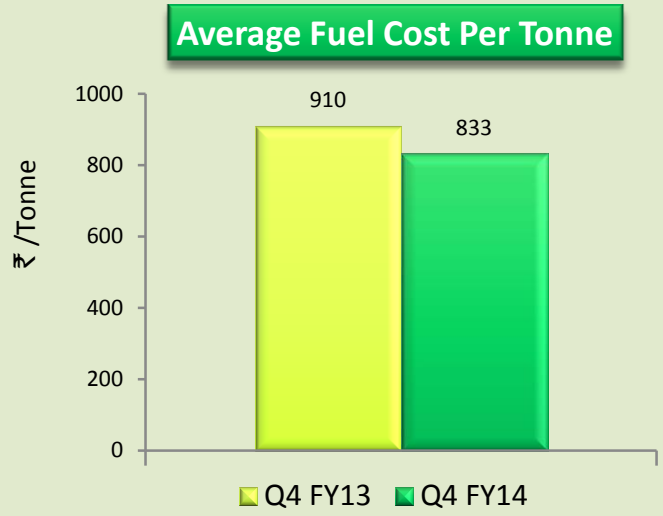
Coal Cost (₹/Tonne)				
	Q1FY12	Q2FY12	Q3FY12	Q4FY12
Indian Average	3,638	3,689	3,811	3,633
Imported Coal Average	3,851	4,359	5,067	5,496
	Q1FY13	Q2FY13	Q3FY13	Q4FY13
Indian Average	3,849	3,908	4,613	4,558
Imported Coal Average	5,350	5,022	4,967	4,498
	Q1FY14	Q2FY14	Q3FY14	Q4FY14
Indian Average	4,618	4,582	4,551	4,442
Imported Coal Average	4,273	4,850	7,065	6,924

Operations Overview

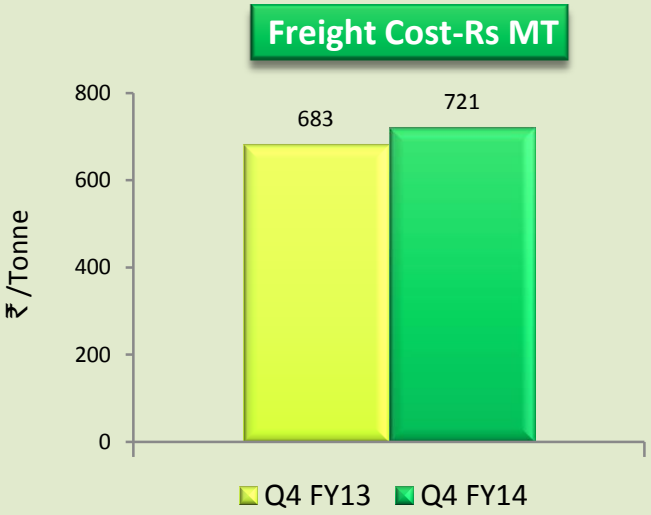
Production (MT)	January	February	March	Total
Clinker	146,320	133,490	88,540	368,350
Cement	134,655	136,575	177,553	448,783

Description	Cement Sales ('000'MT)	Value ₹ Lakh (net of excise & VAT)	Net Realization ₹/Mt
Q4 FY14	**452**	**14,674**	**3,246**
Q4 FY13	462	15,107	3,270
% Shift	*(2.1)*	*(2.9)*	*(0.7)*
FY14	**1,420**	**48,894**	**3,443**
FY13	1,585	55,852	3,524
% Shift	*(10.4)*	*(12.5)*	*(-2.2)*

Cost Overview

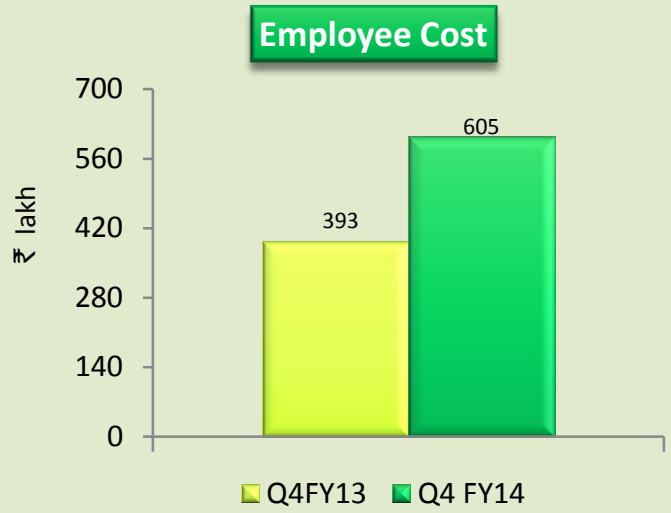


- Increased usage of low priced domestic coal vis-à-vis high cost international coal

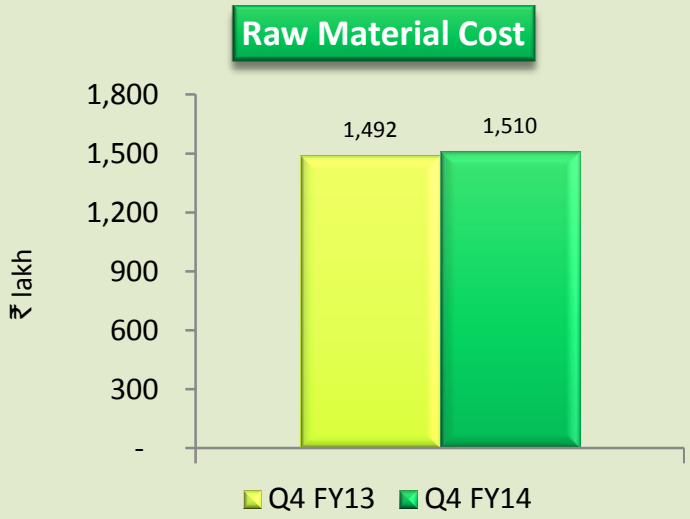


- Higher diesel prices combined with increased OAP sales led to increase in total freight cost

Cost Overview



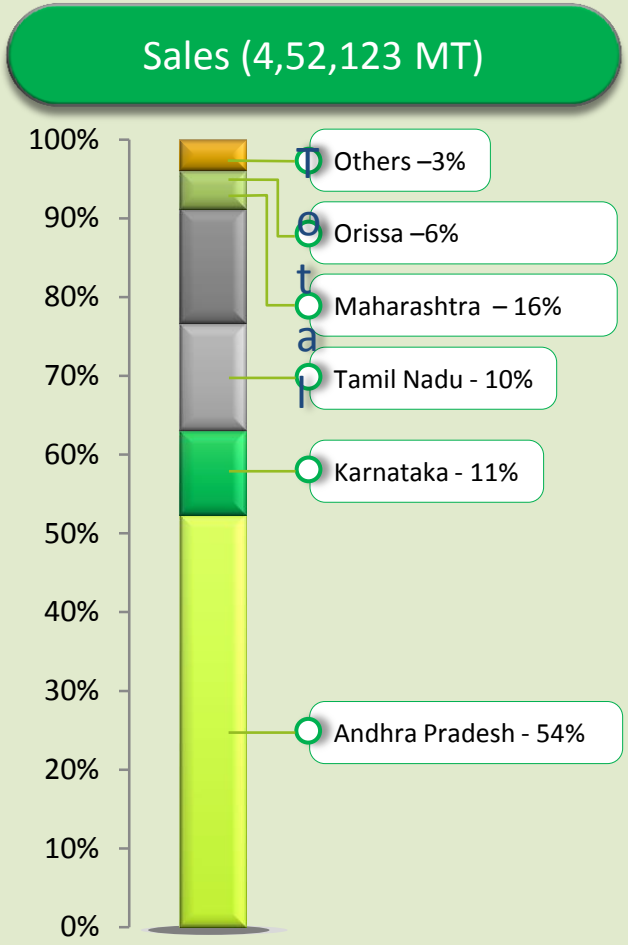
- Employee costs were higher due to salary increments to employees.



- Marginal increase in raw material costs on account of upward revision in prices of raw materials.

Plant Highlights

- During Q4 FY14, the plant operated at reasonable utilization levels producing 3,68,350 tons of clinker and 4,48,783 tons of cement
- Utilization levels for clinker : 74%
- Approximately 46% of cement dispatches was to various markets outside the home state (Andhra Pradesh)



Sales in Q4 FY14 vs. Q4 FY13

	Q4 FY14		Q4 FY13	
Markets	Quantity (in Tonnes)	% of Total Sales	Quantity (in Tonnes)	% of Total Sales
Andhra Pradesh	241,040	53.31	2,48,115	53.75
Karnataka	51,681	11.43	53,764	11.65
Tamil Nadu	47,116	10.42	52,549	11.38
Maharashtra	70,296	15.55	62,680	13.58
Orissa	25,209	5.58	20,186	4.37
Others	16,781	3.71	24,325	5.27
Total	**452,123**	**100.00**	**4,61,619**	**100.00**

Sales in FY14 vs. FY13

	FY14		FY13	
Markets	Quantity (in Tonnes)	% of Total Sales	Quantity (in Tonnes)	% of Total Sales
Andhra Pradesh	6,86,251	48.33	8,08,687	51.02
Karnataka	1,76,186	12.41	2,21,725	13.99
Tamil Nadu	1,94,721	13.71	2,11,461	13.34
Maharashtra	2,28,433	16.09	2,14,071	13.51
Orissa	77,094	5.43	61,782	3.90
Others	57,172	4.03	77,277	4.24
Total	**14,19,857**	**100.00**	**15,85,003**	**100.00**

Dispatches by Road & Rake

DISPATCH DETAILS					
TPT	**Q1 FY13**	**Q2 FY13**	**Q3 FY13**	**Q4 FY13**	**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**
TPT	**Q1 FY14**	**Q2 FY14**	**Q3 FY14**	**Q4 FY14**	**TOTAL**
BY ROAD	361,042	277,970	324,774	450,710	**1,419,829**
BY RAKE	-	2,688	2,645	-	**5,333**
TOTAL	**361,042**	**280,658**	**327,419**	**4,50,710**	**14,19,829**

New Railway Line

- Total Investment for new railway line – ₹ 123 crore
- Completion of the new railway line will lead to better efficiency and savings in costs
- Dispatches by rail expected to go up by 20%
- Project Completion - FY15

Key Balance Sheet Items

- Gross debt as on 31st March 2014 stood at ₹ 19,822 lakh out of which ₹ 12,328 lakh is long term debt with the remaining constituting working capital
- The Net Worth of the Company as on 31st March 2014 was ₹ 24,087 lakh
- Cash & Bank Balances held by the Company at the Balance Sheet date was ₹ 457 lakh
- Investments stood at ₹ 8,603 lakhs
- Debt : Equity Ratio as on March 31 2014 stood at 0.51 : 1

Sales Outside AP

Historical trend cement sales OAP

	Q4 FY14	Q3 FY14	Q2 FY14	Q1 FY14
OAP Sales	46%	57%	58%	49%
	Q4 FY13	Q3 FY13	Q2 FY13	Q1 FY13
OAP Sales	46%	49%	52%	48%
	Q4 FY12	Q3 FY12	Q2 FY12	Q1 FY12
OAP Sales	49%	48%	48%	40%
	Q4 FY11	Q3 FY11	Q2 FY11	Q1 FY11
OAP Sales	34%	30%	20%	23%

Sales in regions OAP have increased over the last 2 years

Contacts

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Safe Harbour :

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