



Sagar Cements Limited

Investor / Analyst Presentation

Q4 & FY 2011

May 18, 2011



Highlights

Performance Highlights (Q4FY11)

- Q4FY2011 Net sales increased by 36.15% to Rs. 1682.29 million
- EBITDA increased by 194.87% to Rs. 428.89 million
- PAT at Rs. 192.65 million
- Progress on Vicat - on course, appx. 2013 acres of land registered in the name of Vicat Sagar Cements

Performance Highlights (FY2011)

- FY2011 Net sales increased by 3.79% to Rs. 4977.57 million
- EBITDA Decreased by 6.76% from Rs. 864.59 to Rs. 806.14 million
- PAT Decreases by 7.95% to Rs. 176.03 million from Rs. 191.23 million in FY2010



Industry Outlook

Industry Outlook

- Cement prices have shown an encouraging trend with an average increase of 10% on an all India basis
- Price hikes in February and March unlikely to make up for the increase in operational cost
- Modest Industry-wide volume growth is expected which compared to the previous two sequential quarters
- Continuing supply and cost pressures are leading to margin contraction for the industry
- In the Southern region pricing trends have varied significantly across markets with Hyderabad region registering a sharp price increase and Chennai being relatively subdued
- The increases in average cement realization and higher output may benefit South based cement companies and bottom lines are expected to increase due to a low base effect

Executive Director's Comment

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

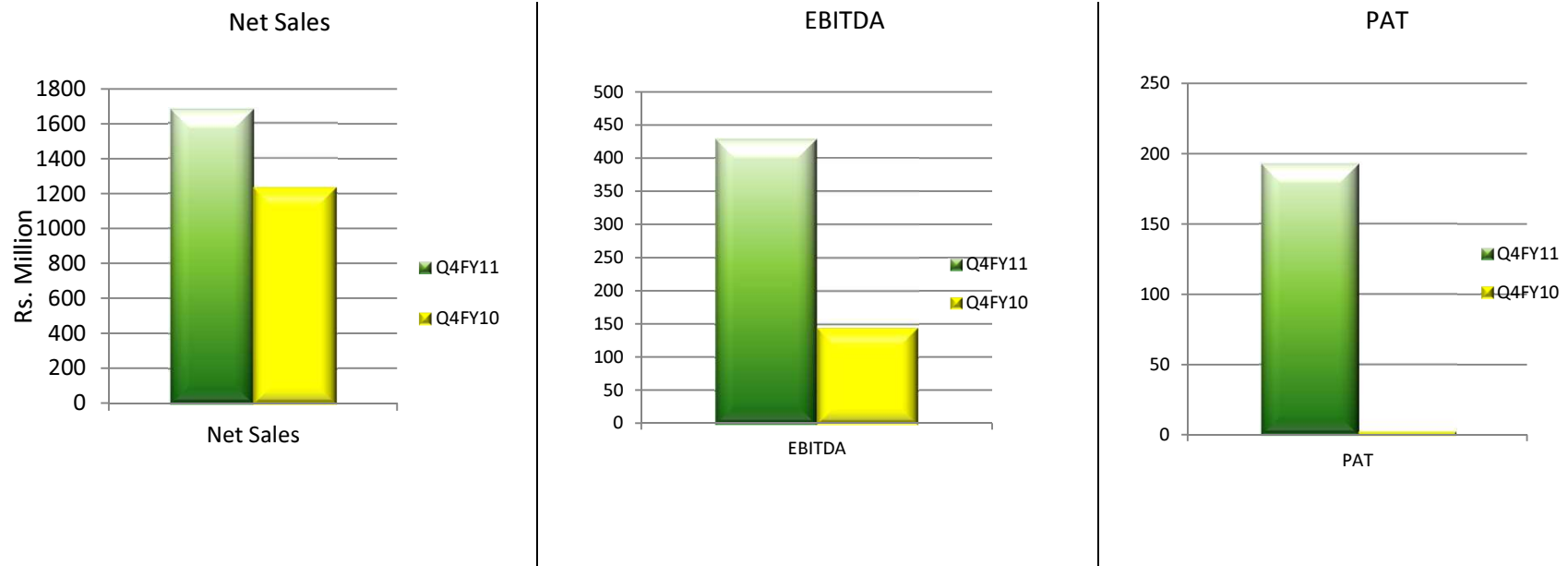
"We are happy with our performance over the quarter and year under review. The environment in Southern India continues to be stable with an upward bias enabling us combat rising input and logistic costs and sub optimal capacity utilisation levels. Progress at Vicat-Sagar continues to move forward as planned.

Due to supply pressures the industry is faced with contraction in margins and rise in crude oil prices continue to be a concern as freight costs continue to increase.

While these pressures remain, gradual demand improvement combined with enhanced efficiencies and cost control will enable us continue to deliver value."



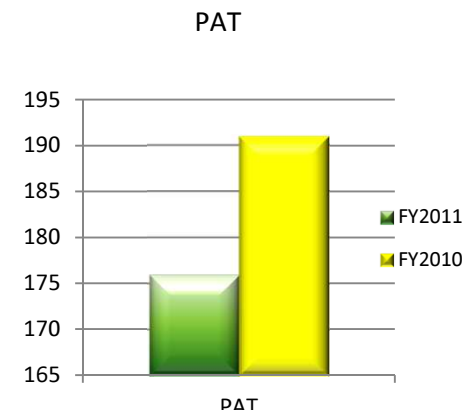
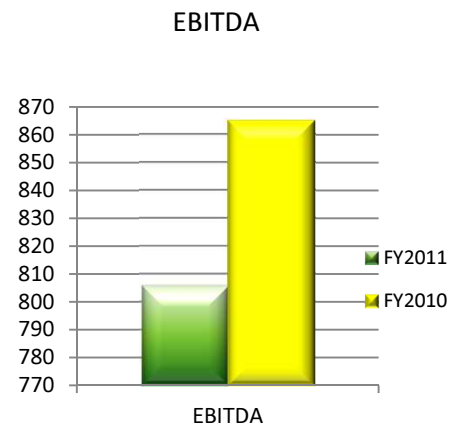
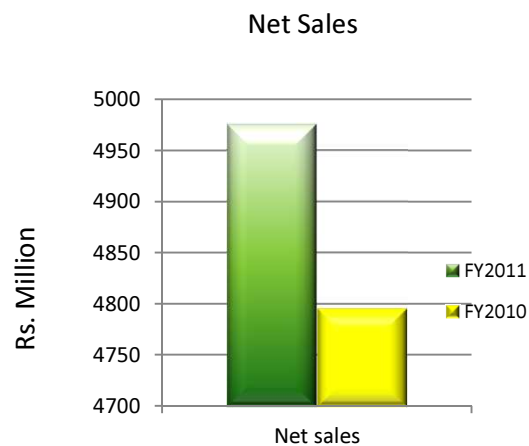
Q4FY2011 Performance Review



- Net Sales grew 36.15% YoY to ₹ 1682.29 million from ₹ 1,236 million compared to Q4FY10
- EBITDA grew 194.87% to ₹ 428.89 million from ₹ 145.45 million. Operating margins for the quarter at 25%
- Net Profit stood at ₹ 192.65 million compared to ₹ 2.5 million on a corresponding quarter basis
- EPS (not annualised) at ₹ 12.84 for Q4FY2011



FY2011 Performance Review



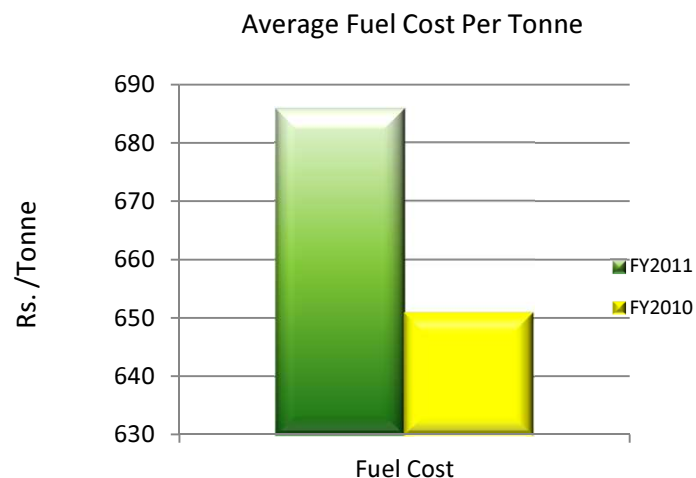
- Net Sales increased 3.79% to ₹ 4977.57 million from ₹ 4,795.73 million in FY2010.
- EBITDA Decreased 6.76 % to 806.14 million from 864.59 million. Operating margins for FY2011 stand at 15.60%
- Net Profit stood at 176.03 million as compared to 191.24 million the previous fiscal year.

Operations Overview

Production (MT)	January	February	March	Total
Clinker	159,080	151,620	184,720	495,420
Cement	115,970	119,055	159,270	394,295

Description	Sales ('000'MT)		Value Rs. Millions	Realization Rs. Mt
Q4 FY2011	Clinker	39	109	2,817
	Cement	416	1,763	4,234
Q4 FY2010	Clinker	93	177	1,912
	Cement	421	1,194	2,837
% Shift	Clinker	-58.58	-38.68	47.36
	Cement	-1.09	47.67	49.25
FY 2010-11	Clinker	193	483	2510
	Cement	1,414	5,047	3,569
FY 2009-10	Clinker	350	817	2,332
	Cement	1,335	4,413	3,306
% Shift	Clinker	-45	-40.85	7.64
	Cement	5.93	14.36	7.96

Cost Overview

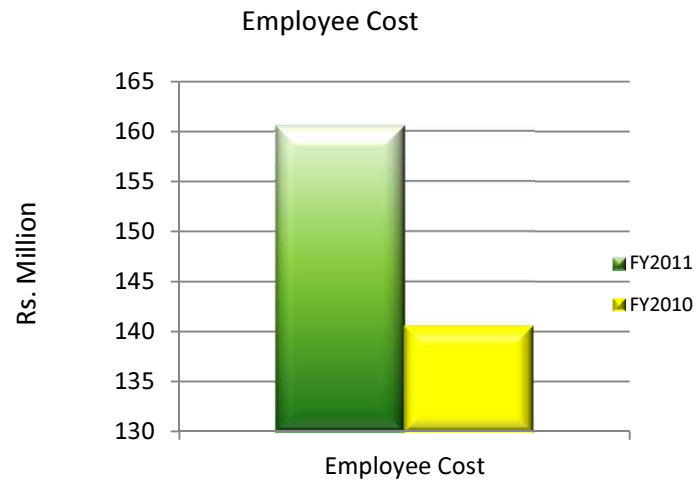


Cost Overview

- Average fuel cost per tonne of clinker production during the year was at Rs. 686 as compared to Rs. 651 per tonne in the previous corresponding year, due to increase in coal price.
- Total freight cost for the year stood at Rs. 660 million as compared to Rs. 492 million in the previous financial year, an increase of 34% due to rise in freight costs on account of increased diesel price, increased volumes and increase in lead distance.



Cost Overview



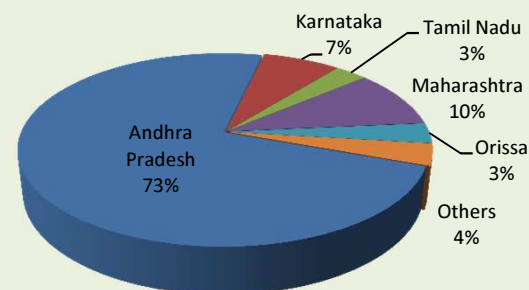
Cost Overview

- Raw material costs increase by 10% is mainly on account of increased production coupled with increase in price.
- Employee costs increased by 14.21% over the previous financial year, mainly on account of annual increments given to the employees during the current year.

Andhra Pradesh Plant Highlights

- During the quarter, the plant operated at a reasonable utilization levels, producing 495420 tons of clinker and 394295 tons of cement.
- Volumes of cement production in Q4FY2011 were higher by about 9% 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 year approximately 27% of cement dispatches were shipped to various markets outside the home state.
- Construction of the railway line is currently underway and should become operational by middle of 2012.

Total Sales



Dispatches in Q4FY11 vs Q4FY10 & FY 11

	Q4 FY 2011		Q4 FY 2010	
Markets	Quantity	% of Total Sales	Quantity	% of Total Sales
	(in Tonnes)		(in Tonnes)	
Andhra Pradesh	2,75,852	66.21	322,577	76.65
Karnataka	40,845	9.81	15,681	3.72
Tamil Nadu	15,781	3.79	6,351	1.51
Maharashtra	50,017	12.01	47,399	11.26
Orissa	18,440	4.43	14,429	3.43
Others	15,628	3.75	14,430	3.43
Total	4,16,563	100	420,867	100

Dispatches in FY11 vs FY10

	FY 2011		FY 2010	
Markets	Quantity (in Tonnes)	% of Total Sales	Quantity (in Tonnes)	% of Total Sales
Andhra Pradesh	1,032,785	73.03	1,087,954	81.51
Karnataka	102,702	7.26	57,938	4.34
Tamil Nadu	42,886	3.03	22,642	1.70
Maharashtra	136,540	9.66	108,648	8.14
Orissa	47,736	3.38	25,053	1.88
Others	51,460	3.64	32,592	2.44
Total	1,414,109	100	1,334,827	100

Key Balance Sheet Items

- Gross debt as on 31st March, 2011 stood at Rs. 2320 million out of which Rs. 1564 is long term debt and the remaining constitutes working capital of the company.
- The Net Worth of the Company as on 31st March, 2011 is at Rs. 2248 millions.
- Cash & Bank Balances held by the company at the Balance sheet date was Rs. 26.60 millions.
- Investments stood at Rs. 860.27 million
- Debt Equity as on March 31, 2011 stood at 0.7 : 1.

Note on Merger of M/s. Amareswari Cements Limited:

The Hon'ble High Court of Andhra Pradesh has since sanctioned the Scheme of Merger of Amareswari Cements Limited with Sagar Cements Limited with effect from 1st April 2010. Pending the completion of the remaining formalities in connection with said Merger, the Board has deferred its recommendation on dividend for the year 2010-11.

Progress on Vicat-Sagar

- Progress on the Vicat-Sagar facility is on course and in line with the planned schedule.
- The facility is expected to be completed and operational in mid-2012 and will conform to International environmental standards.



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Safe Harbour :

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