SAGAR CEMENTS LIMITED

SCL:SEC:NSE:BSE:2018-19

29th May 2018

The National Stock Exchange of India Ltd.,
"Exchange Plaza", 5th Floor
Bandra – Kurla Complex
Bandra (East)
Mumbai – 400 051

Symbol: SAGCEM
Series: EQ

The Secretary
BSE Limited
P J Towers
Dalal Street
Mumbai – 400 001

Scrip Code: 502090

Dear Sirs

Press Release regarding 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 quarter and year ended 31st March 2018.

Thanking you

Yours faithfully
For Sagar Cements Limited

R.Soundararajan
Company Secretary

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Factory : Mattampally (Village & Mandal) - 508 204. Nalgonda - District. Phone : 08683 - 247039

CIN : L26942TG1981PLC002887

Sagar Cements Limited

Q4&FY18
Results Presentation

Industry Overview

Perspective on Cement Prices

West

- Steady demand largely owing to higher off-take in non-trade segment
- Prices remained more or less stable on a sequential basis

South

- Demand remained relatively stable as strong demand in AP & Telangana was negated by weak performance in Tamil Nadu which was affected by sand unavailability and political uncertainty
- Realisations remained soft owing to mixed demand

Executive Director's Comment

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

"FY18 has been a steady year for us, a year wherein we have made significant headways in our business despite the varied and challenging operating environment.

We believe that the strategic decisions undertaken during the year - expansion of grinding unit at Bayyavaram and investments in waste heat recovery & captive power plant will result in improved product mix, lower lead distance & higher conversion ratio in turn leading to a better operational performance & profitability in ensuing years.

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Going forward, we expect overall improvement in the business environment on the back of Govt.'s focus on housing and infrastructure."

Sagar Cements - Business Overview

1. Mixed Demand in South – Positive demand in AP & Telangana negated by weak performance in Tamil Nadu (Sand unavailability & political uncertainty); while the west witnessed a higher off-take especially in Non-Trade segment
2. Soft realisations coupled with rising input costs resulted in margin and profitability compression
3. 6 MW Waste Heat Recovery Power Plant & 1 MW Solar Power have been commissioned
4. Outlook remains positive on the back of government's focus on infrastructure and housing

Sagar Cements – Operational Results

Performance Highlights

Sagar | SCRL

		Q4 FY18 Sagar	Q4 FY18 SCRL	FY18 Sagar	FY18 SCRL	
Revenue	29,661	21,427	9,773	79,461	34,374	1,08,502
EBITDA	4,050	3,031	1,318	13,912	3,130	15,858
PAT	462	629	(121)	4,919	(2,141)	2,614
Plant Capacity (%)	72	69	84	59	70	62

Rs. lakh

The Board has recommended a further dividend of 15% on 2,04,00,000 equity shares of Rs.10/- each for the financial year 2018 in addition to the interim dividend of 25% already paid.

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

- Project : Grinding facility
- Location: Bayyavaram., Anakapally, Visakhapatnam, Andhra Pradesh
- Portion of core equipments already delivered
- Expected date of commissioning : June 2018 (3 Months ahead of the schedule)

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 : March 2019

CPP - Electro static Precipitator & BOILER

Plant Utilization

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**	**Q3 FY18**	**Q4 FY18**
Cement	56	52	58	***69***

Gudipadu Plant

Utilisation (%)				
	Q1 FY17	**Q2 FY17**	**Q3 FY17**	**Q4 FY17**
Cement	62	71	64	71
	Q1 FY18	**Q2 FY18**	**Q3 FY18**	**Q4 FY18**
Cement	64	63	70	***84***

Coal Prices

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

Q3 FY18

- Domestic : International coal mix was 19:81

Q4 FY18

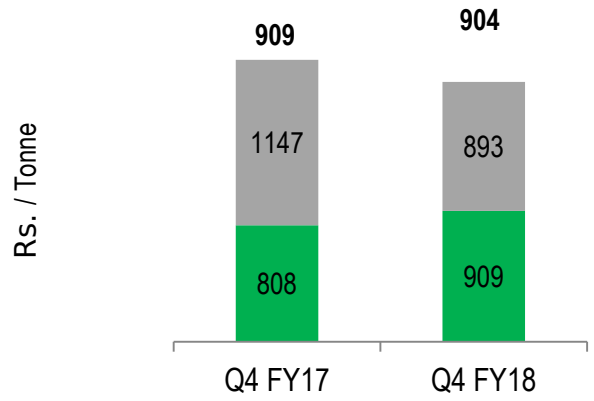
- Domestic : International coal mix was 59:41

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	5,087	5,101
Imported Coal Average		6,714	7,508	7,860	8,155

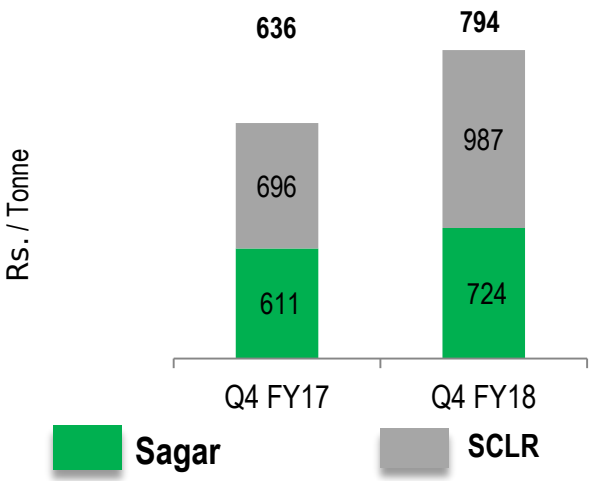
Cost Overview

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.
- Gudipadu Plant stabilized and is currently using pet coke & coal resulting in to lower fuel cost

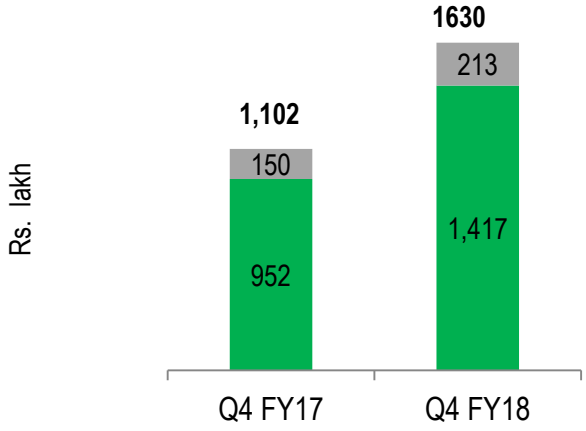
Freight Cost per Tonne



- Freight cost per ton Increased due to higher average lead distance and fuel cost.

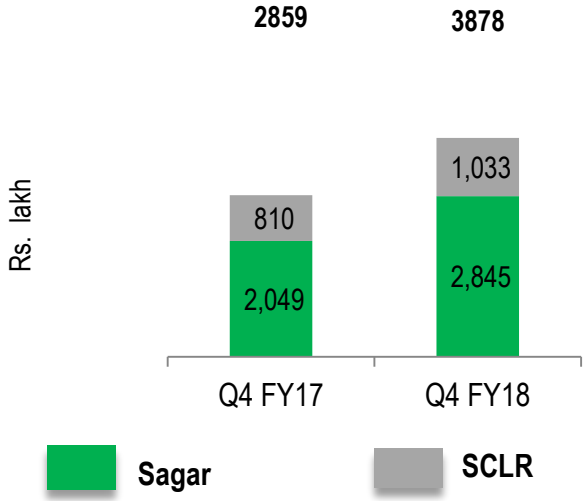
Cost Overview

Employee Cost



- Employee costs in Q4 FY 18 was Rs. 1,630 lakhs on a consolidated basis when compared to Rs. 1,102 lakhs during Q4 FY17, mainly on account of annual increments to staff members and commission to executive directors

Raw Material Cost



- Raw Material cost has increased due to higher production during the Q4 FY 18.

Production & Sales in Q4 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	4,34,530	1,90,188	6,24,718
Cement Production / Purchase	5,68,517	2,10,959	7,79,476
Cement Sales	5,84,650	2,13,529	7,98,179

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	Q3 FY18	Q4 FY18	Total
BY ROAD	6,12,088	5,61,140	6,80,048	**7,70,949**	**26,24,225**
BY RAKE	13,594	13,262	-	**-**	**26,856**
TOTAL	**6,25,682**	**5,74,402**	**6,80,048**	**7,70,949**	**26,51,081**

Key Balance Sheet Items

Rs. In Lakh	Sagar Cements Ltd.	Sagar Cements (R) Ltd.	Consolidated
Gross Debt	26,147	21,639	47,786
- Long Term	16,570	19,690	36.260
- Working Capital	9,577	1,949	11,526
Cash & Bank Balance	5,648	163	5,811
Debt Equity Ratio (%)	0.20	3.77	0.47
Net Worth	82,384	7,368	77,920
Investments	26,595	0	0

As of Mar' 2018

Contacts

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Safe Harbour :

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