SAGAR CEMENTS LIMITED

SCL:SEC:NSE:BSE:2017-18

29th May 2017

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 2017.

Thanking you

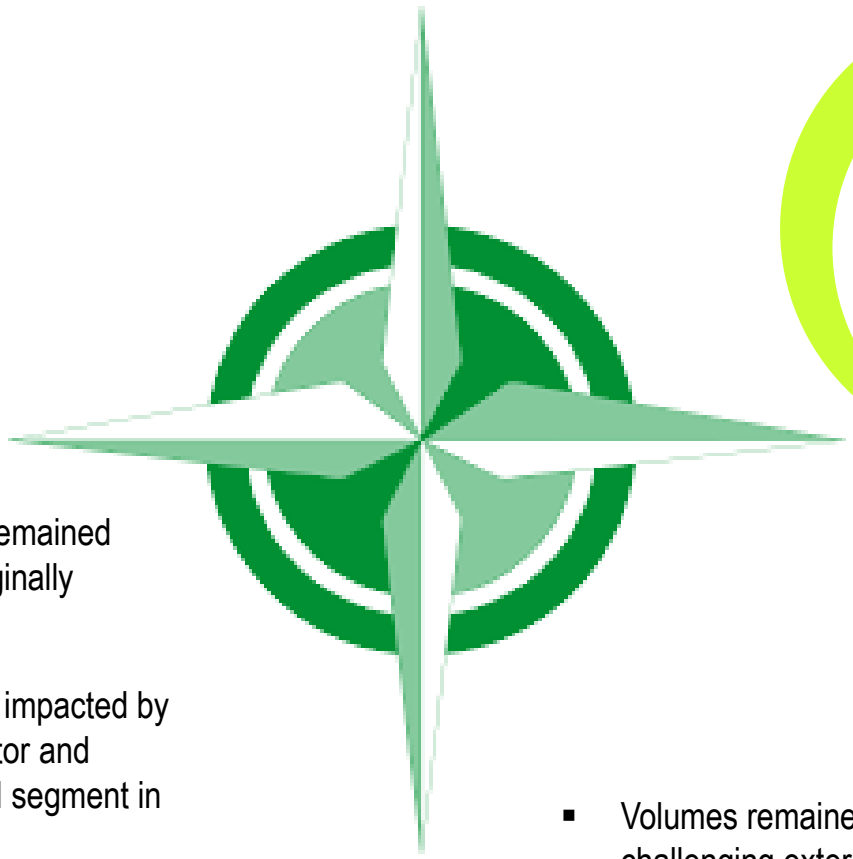
Yours faithfully
For Sagar Cements Limited

R.Soundararajan
Company Secretary

Sagar Cements Limited

Q4&FY17
Results Presentation

Industry Overview



Perspective on Cement Prices

West

- Prices during the quarter remained relatively stable if not marginally improved
- Demand in the region was impacted by softness in real estate sector and weaker demand from retail segment in Gujarat

South

- Volumes remained relatively stable despite challenging external environment
- Prices remained under pressure especially in AP & Telangana

Sagar Cements - Business overview

1. Volume growth for the quarter was relatively stable on a Y-o-Y basis on the back of limited impact of Demonetization in our primary markets
2. Realisations remained soft especially in AP and Telangana during the quarter despite steady volumes
3. Lower operating profitability owing to higher input costs and weaker realisations
4. Outlook remains positive on the back of pick up in infrastructure segment & eventual rise in realisations

Sagar Cements – Operational Results

Performance Highlights

Sagar
SC (R) L

Rs. lakh

		Q4 FY17		FY17	
Revenue	27,094	18,241	9,431	62,000	34,268	94,159
EBITDA	2,602	1,773	824	5,937	5,100	11,037
PAT	(316)	362	(639)	1,249	(1,476)	(392)
Plant Capacity (%)		59	71	54	67	

Key Developments during 2016-17

Successful completion of QIP

- Successfully raised Rs. 173 crore from marquee investors
- Proceeds being deployed towards meeting the funding requirements of grinding unit and captive power plant

Issue of Pref. Shares

- Allotted 611,986 shares at an issue price of Rs. 800 per share on a preferential basis
- **Allotment Details –** Promoters : 50%; Other than Promoters : 50%

Acquisition of grinding unit in Bayyavaram –

- Completed acquisition of grinding unit located at Bayyavram in Anakapally, Visakhapatnam.

Setting up of a Captive Power Plant –

- Plan to set up a 18 Mw coal based & 1Mw solar, captive power units at the Company's Mattampally plant

Executive Director's Comment

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

"FY17 had been a constructive year for us, a year wherein we undertook several strategic measures which would serve as a strong catalyst for future value creation of the Company. Some of the key decisions include acquisition of a grinding unit and its expansion, fund raising via QIP and issuance of preference shares and setting up of captive thermal and solar power plants.

The QIP and issuance of preference shares provide us with the growth capital and help us meet the funding requirement for the acquisition of grinding unit and setting up of captive power plants without stretching our balance sheet. Going forward, these initiatives will also help us improve our product mix and operational efficiencies. Also, the improving rail road mix should help us further lower our expenses and improve our EBIDTA.

Looking ahead, we are confident that our strategic initiatives coupled with government's efforts towards improving the infrastructure capacity should help us deliver consistent return."

State wise Realization & Utilization

Mattampally Plant

Gross Realisations (Rs. / tonne)				
	Q1 FY16	Q2 FY16	Q3 FY16	Q4 FY16
Overall Average	5,259	5,409	4,927	*4,670*
AP	6,049	5,812	5,544	*5,078*
OAP	5,105	5,320	4,728	*4,528*
	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17
Overall Average	4,394	4,899	5,534	***4,793***
TG	4,645	5,523	5,992	***5,181***
OTG	4,294	4,712	5,370	***4,628***

State	Gross Realization \ t (Q4 FY17)
Telangana	5,181
Andhra Pradesh	5,462
Karnataka	3,735
Maharashtra	2,827
Odhisha	4,687
Tamilnadu	5,716
Chhattisgarh	2,652

Utilisation (%)				
	Q1 FY15	Q2 FY15	Q3 FY15	Q4 FY15
Cement	60	50	49	*71*
	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***

BMM - Gudipadu Plant

Gross Realisations (Rs. / tonne)				
	Q1 FY16	Q2 FY16	Q3 FY16	Q4 FY16
Overall Average	-	4,697	5,250	5,191
AP	-	4,890	6,347	5,760
OAP	-	4,669	5,033	5,050
	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17
Overall Average	5,071	5,310	6,039	***5,443***
AP	5,671	6,260	6,426	***5,545***
OAP	4,938	5,147	5,962	***5,416***

State	Gross Realization \ t (Q4 FY17)
Andhra Pradesh	5,545
Karnataka	5,692
Tamilnadu	5,094
Kerala	4,534
Pondicherry	4,449

Utilisation (%)				
	Q1 FY16	Q2 FY16	Q3 FY16	Q4 FY16
Cement	-	52	51	*58*
	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17
Cement	62	71	64	***71***

Coal Prices

Q2 FY16

- Domestic : International coal mix was 2:98

Q3 FY16

- Domestic : International coal mix was 20:80

Q4 FY16

- Domestic : International coal mix was 25:75

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

Coal Cost (Rs. / Tonne)

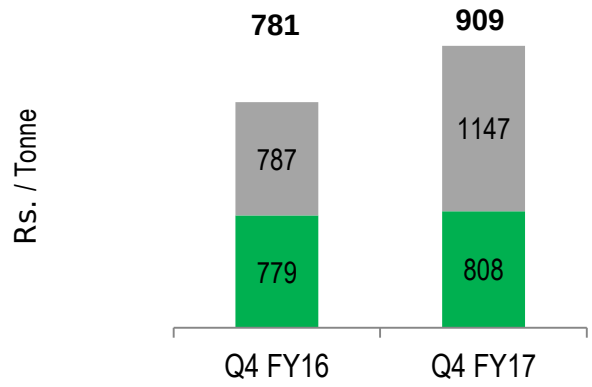
		Q1	Q2	Q3	Q4
Indigenous Average	*FY15*	4,862	4,087	4,362	4,483
Imported Coal Average		5,315	5,405	6,626	6,014
Indigenous Average	FY16	4,964	3,678	4,533	4,227
Imported Coal Average		5,361	5,764	5,715	5,670
Indigenous Average	FY17	4,330	4,618	4,765	4,904
Imported Coal Average		5,485	6,060	5,956	7,201

Operations Overview (Consolidated)

Production (MT)	January	February	March	Total
Clinker	1,82,514	1,26,595	1,62,237	4,71,346
Cement	1,63,947	1,85,463	2,69,991	6,19,400

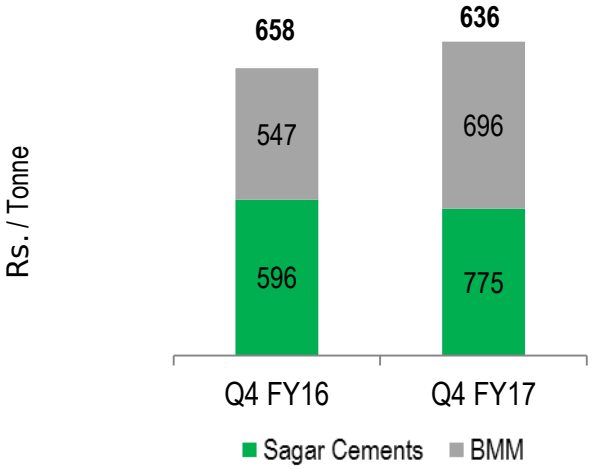
Cost Overview

Average Fuel Cost Per Tonne



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

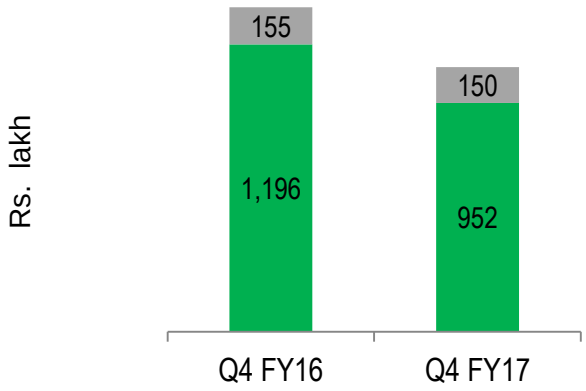
Freight Cost per Tonne



- Freight per ton decreased due to decrease in lead distance.

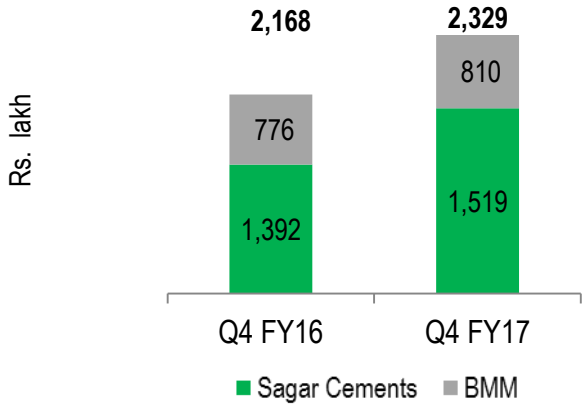
Cost Overview

Employee Cost



- Employee costs in Q4 FY 17 was Rs. 1,102 lakhs on a consolidated basis when compared to Rs. 1,351 lakhs during Q4 FY16.

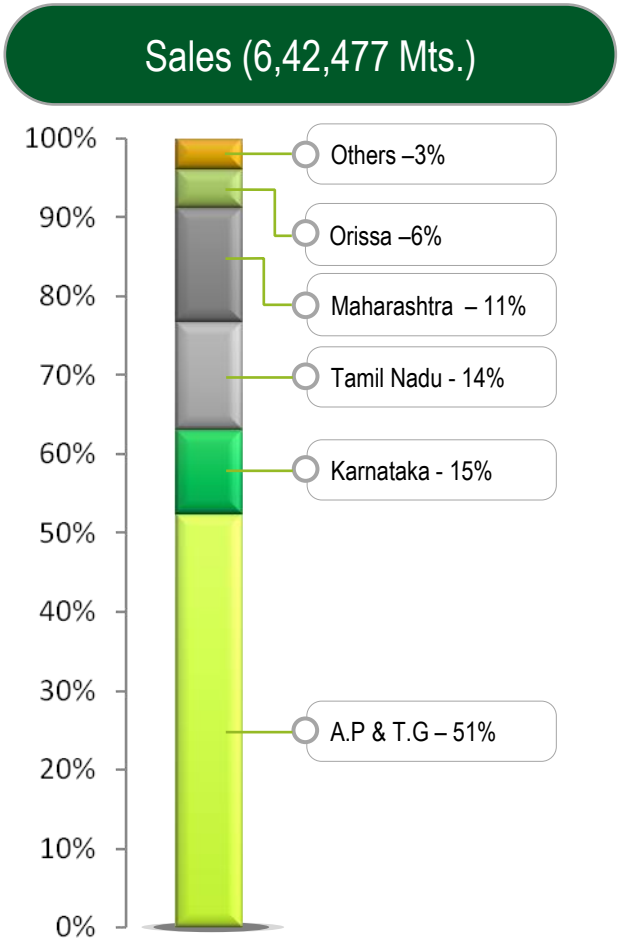
Raw Material Cost



- Raw Material cost has increased due to higher production during the Q4 FY 17.

Plant Highlights - Consolidated

- During Q4 FY17, the plants operated at reasonable utilization levels producing 4,71,346 tons of clinker and 6,19,400 tons of cement
- Approximately 49% of cement dispatches was to various markets outside Andhra Pradesh & Telangana



Sales in Q4 FY17

	Sagar Cements		BMM Cements		Consolidated	
Markets	**Quantity (in Tonnes)**	**% of Total Sales**	**Quantity (in Tonnes)**	**% of Total Sales**	**Quantity (in Tonnes)**	**% of Total Sales**
Andhra Pradesh & Telangana	2,89,724	63.03	38,504	21.06	3,28,228	51.09
Karnataka	16,511	3.59	824,37	45.08	98,948	15.40
Tamil Nadu	30,967	6.74	57,172	31.27	88,139	13.72
Maharashtra	72,950	15.87	-	-	72,950	11.35
Odhisha	362,41	7.88	-	-	36,241	5.64
Others	13235	2.88	4,736	2.59	17,971	2.80
Total	**4,59,628**	**100.0**	**1,82,849**	**100.0**	**6,42,477**	**100.0**

Dispatches by Road & Rake

Dispatch Details					
TPT	**Q1 FY16**	**Q2 FY16**	**Q3 FY16**	**Q4 FY16**	**TOTAL**
BY ROAD	478,345	424,880	301,840	**4,48,182**	**1653,247**
BY RAKE	-	-	-	**5,506**	**5,506**
TOTAL	**478,345**	**424,880**	**301,840**	**4,53,688**	**1658,753**
Consolidated					
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**

Key Balance Sheet Items

Rs. In Lakh	Sagar Cements	BMM Cements	Consolidated
Gross Debt	23,276	32,589	48,658
- Long Term	17,476	28,828	39,098
- Working Capital	5,800	3,761	9,561
Cash & Bank Balance	16,940	62	17,002
Debt Equity Ratio (%)	0.22	3.03	0.51
Net Worth	78,418	9,507	76,267
Investments	25,787	-	28

As of Mar' 2017

Sales Outside AP & TG

Historical trend in cement sales

	Q4 FY17	Q3 FY17	Q2 FY17	Q1 FY17
OAP & TG Sales (Consolidated)	**49%**	56%	63%	55%

	Q4 FY16	Q3 FY16	Q2 FY16	Q1 FY16
OAP & TG Sales	48%	55%	64%	67%

	Q4 FY15	Q3 FY15	Q2 FY15	Q1 FY15
OAP & TG Sales	71%	63%	64%	47%

	Q4 FY14	Q3 FY14	Q2 FY14	Q1 FY14
OAP & TG Sales	46%	57%	58%	49%

Contacts

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Safe Harbour :

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