SAGAR CEMENTS LIMITED

Ref:SCL:SEC:2016-17

27th July 2016

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
Bombay Stock Exchange Limited
P J Towers
Dalal Street
Mumbai – 400 001

Scrip Code: 502090

Dear Sir,

Dear Sirs

Press Release regarding Un-audited Financial Results (Standalone and Consolidated) for the first quarter ended June 30, 2016

Further to our letter dated 27th July 2016, we are sending herewith a copy of the Press Release being issued by us in connection with the un-audited financial results (Standalone and Consolidated) for the first quarter ended June 30, 2016.

Thanking you

Yours faithfully
For Sagar Cements Limited

R.Sundararajan
Company Secretary

Encl: a.a.

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CIN : L26942TG1981PLC002887

Sagar Cements Limited

Q1FY17Results Presentation

Overview – target markets

1. Moderate decline in volumes and prices in target markets on a sequential quarter basis
2. YOY realisations also considerably lower; overall impact however mitigated as a result of improved sales volumes
3. Pet coke inventory build up negates impact of higher input prices for quarter under review
4. Pick up in Government spending towards infrastructure, good monsoons and delay in new capacity addition to help drive growth forward

Industry Overview

Perspective on Cement Prices

West

- Demand as well as prices remained soft, as the region suffered the most from water scarcity

South

- Prices in the region remained ranged, owing to acute softening of prices in Andhra Pradesh & Telangana
- Infiltration from West market owing to price variance resulted in compression of demand

Sagar Cements – Operational Results

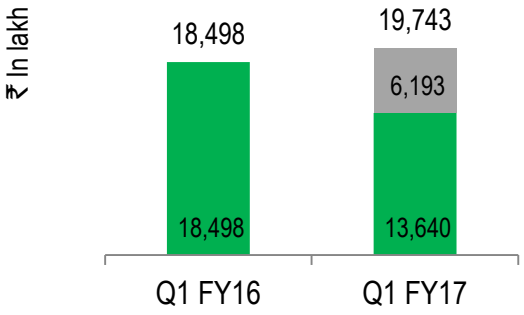
Performance Highlights

Rs. lakh

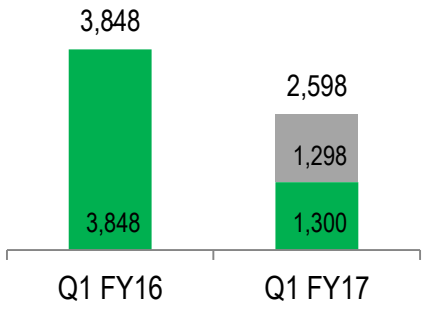
	Sagar	BMM	Q1 FY17 – Consolidated
Revenue	13,640	6,193	19,743
EBITDA	1,300	1,298	2,598
PAT	458	(443)	(26)
Plant Capacity (%)	56.76	62.06	58.04

Q1 FY17 Performance Review - Consolidated

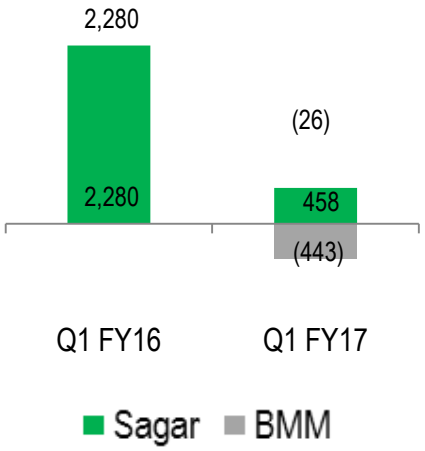
Net Income



EBITDA



PAT



- Net Income from operations stood at Rs. 19,743 lacs from Rs. 18,498 lakh in Q1 FY16
- EBITDA stood at Rs. 2,598 lacs as compared to Rs.3,848 lacs in Q1 FY16
  - EBITDA Margins decreased to 13% from 21%
- PAT stood at Rs. (26) lacs compared to profit of Rs.2,280 lacs in Q1 FY16
- Diluted EPS (not annualized) was at Rs. (0.15) for Q1 FY17

BMM acquisition completed during Q2 FY16. Q1 FY16 figures reflective of Sagar Cements stand alone

Key Highlights - Acquisition of Grinding Unit

- In principle approval from the Board to acquire grinding unit of 1,81,500 tons p.a. owned by M/s. Toshali Cements Private Limtied
- **Location:** Bayyavaram, Vizag District, Andhra Pradesh
- **Cost**: Rs. 60 crore inclusive of transaction cost
- Post acquisition, the Company proposes to scale up capacity to 3,00,000 tons p.a. with an additional capital expenditure of Rs.5 crores.
- Acquisition to enable the Company save logistic cost & introduce slag cement to serve markets in Visakhapatnam, Vizianagram, Srikakulam & parts of Orissa

Executive Director's Comment

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

"While the business prospects look promising in the long term, operating environment at present continues to witness low off-take and weaker realisations. Amid this background we are pleased report a relatively stable set of numbers. Top line expansion was primarily achieved on the back of strong volume growth, which helped us partially negate the impact of lower realisations.

Synergy benefits following BMM acquisition are gradually starting to kick-in as reflected by lower freight cost for the quarter and we are hopeful that the same would continue to contribute positively to the business going forward. Further, commissioning of railway siding operations should also help us increase our cost savings. Lastly, acquisition of the grinding unit should also help us grow and better service target markets.

Going ahead, persistent Government's actions towards strengthening infrastructure, pick up in rural demand and good monsoons should aid in driving demand and profitability for the business."

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			
Overall Average	4394			
TG	4645			
OTG	4294			

State	Gross Realization \ t (Q1 FY17)
Telangana	4,645
Andhra Pradesh	5,001
Karnataka	4,007
Maharashtra	2,752
Orissa	4,781
Tamilnadu	5,546
Chhattisgarh	2,730
Kerala	5,413
Andaman	4,140
Pondicherry	4,093

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			
Cement	57			

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			
Overall Average	5071			
AP	5671			
OAP	4938			

State	Gross Realization \ t (Q1 FY17)
Andhra Pradesh	5,672
Karnataka	5,590
Tamilnadu	4,261
Kerala	3,753
Pondicherry	3,928

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

Coal Prices

Q3 FY15

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

Q4 FY15

- Domestic : International coal mix was 34:66
- Singareni Coal: Reasonable quantity sourced

Q1 FY16

- Domestic : International coal mix was 14:86
- Singareni Coal: Nominal quantity sourced

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 04:96

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			
Imported Coal Average		5,485			

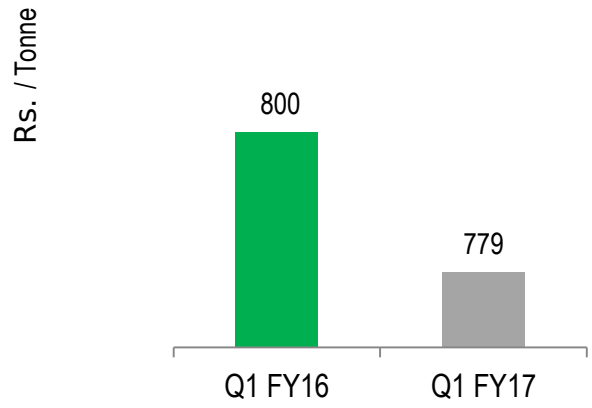
Operations Overview (Consolidated)

Production (MT)	April	May	June	Total
Clinker	1,65,858	1,56,932	1,51,112	4,73,902
Cement	2,08,186	1,87,876	1,84,357	5,80,419

Description	Cement Sales ('000'MT)	Value Rs. Lakh (net of excise & VAT)	Net Realization Rs./Mt
Q1 FY17	**575**	**19,734**	**3,431**
Q1 FY16	469	18,470	3,937
% Shift	***22.60***	***6.84***	***(12.85)***

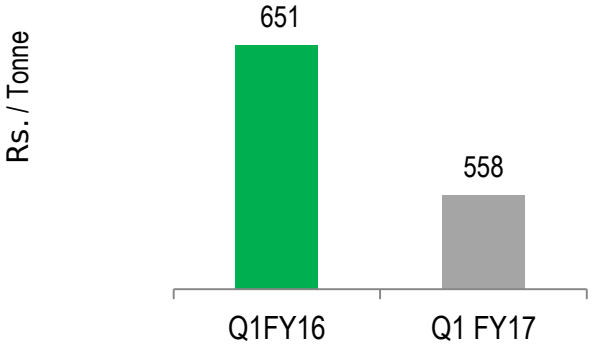
Cost Overview – Sagar Cements

Average Fuel Cost Per Tonne



- Decrease in price of imported coal and change in coal mix resulted in a decrease in average fuel cost per tonne.

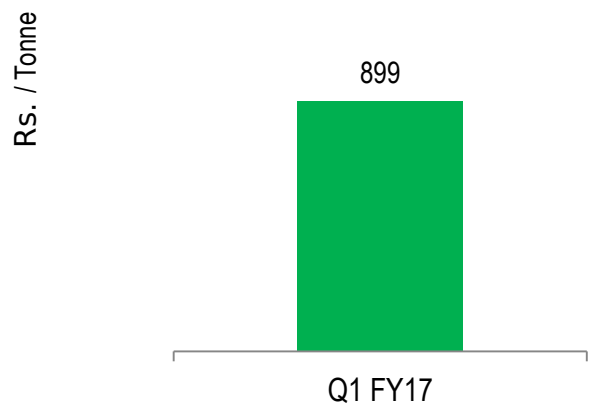
Freight Cost per Tonne



- Freight per ton decreased due to decrease in fuel price & Lead distance.

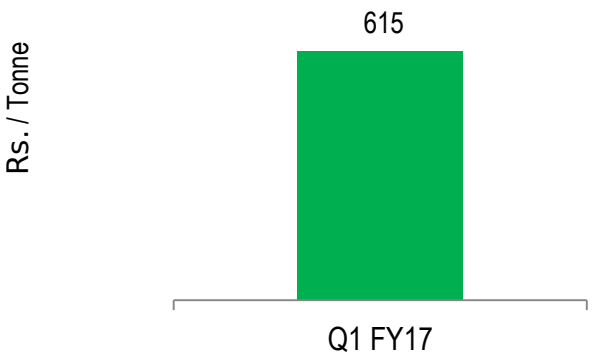
Cost Overview – BMM

Average Fuel Cost Per Tonne



- Average fuel cost per tonne of clinker at Rs.818 during Q1 Fy 2017

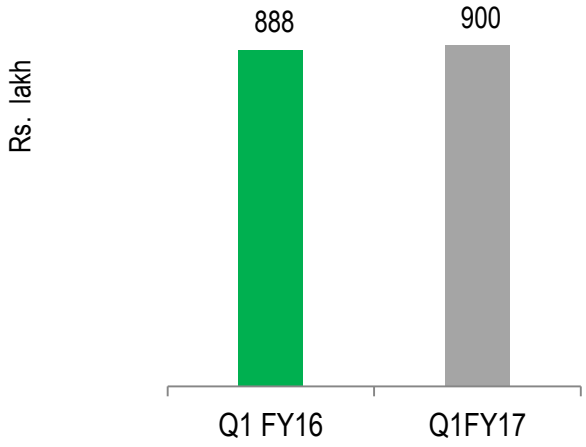
Freight Cost per Tonne



- Freight cost per ton stood at 615 during the quarter.

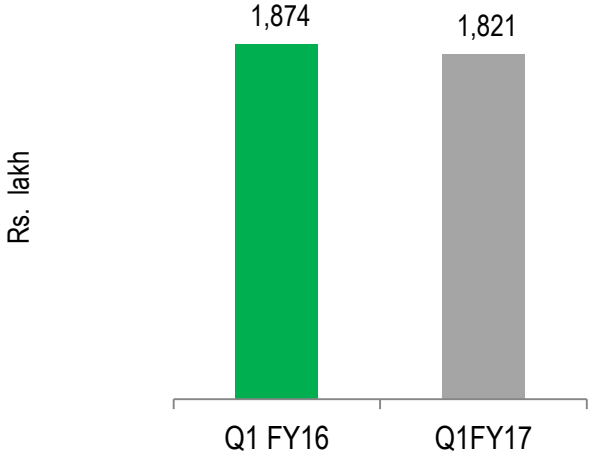
Cost Overview – Sagar Cements

Employee Cost



- Employee costs in Q1 FY 17 is Rs. 900 lakhs when compared to Rs. 888 lakhs during Q1FY16.

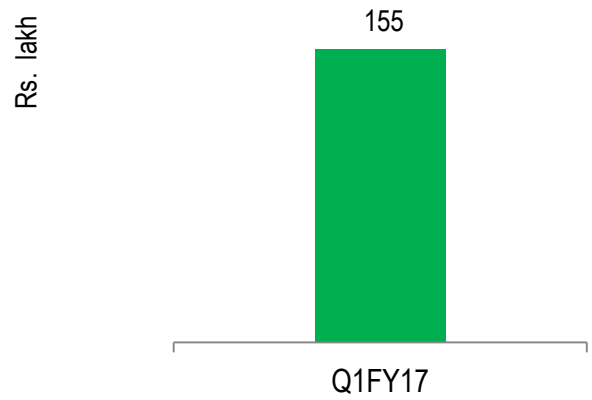
Raw Material Cost



- Raw Material cost has come down due to lower production during the current quarter.

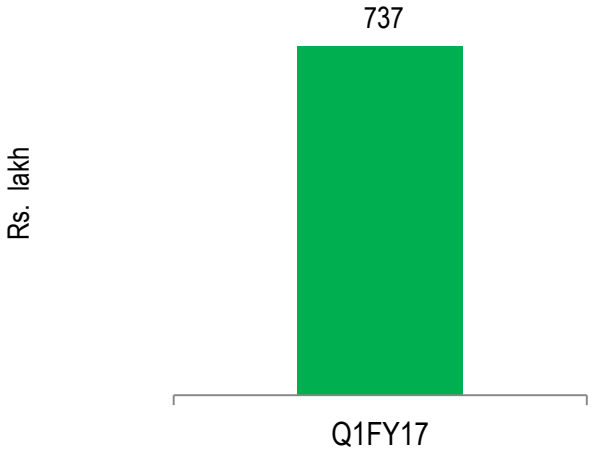
Cost Overview – BMM

Employee Cost



- Employee costs in Q1 FY 17 stood at Rs. 155 lakhs.

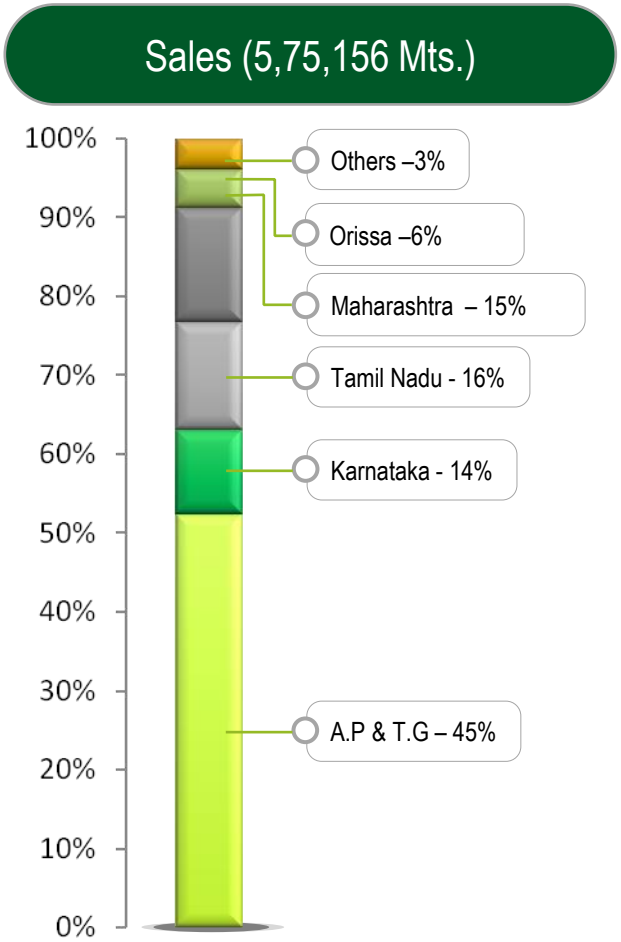
Raw Material Cost



- Raw Material cost stood at Rs.737 Lakhs during the current quarter.

Plant Highlights - Consolidated

- During Q1 FY17, the plants operated at reasonable utilization levels producing 4,73,902 tons of clinker and 5,80,419 tons of cement
- Approximately 55% of cement dispatches was to various markets outside Andhra Pradesh & Telangana



Sales in Q1 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	2,35,929	55.3	26,654	17.93	2,62,583	45.6
Karnataka	17,189	4.0	64,446	43.35	81,636	14.2
Tamil Nadu	41,536	9.7	50,706	34.10	92,242	16.0
Maharashtra	89,165	20.9	-		89,165	15.5
Orissa	33,493	7.8	-		33,493	5.8
Others	9,192	2.3	6,846	4.60	16,037	2.9
Total	**4,26,504**	**100.0**	**1,48,652**	**100**	**5,75,156**	**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**				
BY ROAD	5,72,527				
BY RAKE	5,310				
TOTAL	**5,77,837**				

Key Balance Sheet Items

Rs. In Lakh	Sagar Cements	BMM Cements	Consolidated
Gross Debt	19,511	24,449	43,960
- Long Term	11,819	21,633	33,452
- Working Capital	7,692	2,816	10,508
Cash & Bank Balance	275	279	554
Debt Equity Ratio (%)	0.21	-	0.61
Net Worth	55,786	-	54,936
Investments	7,821	-	-

As of June' 2016

Sales Outside AP & TG

Historical trend cement sales OAP & TG

	Q1 FY17
OAP & TG Sales (Consolidated)	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

For further information contact:

Sagar Cements Limited

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Safe Harbour :

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