



SAGAR CEMENTS LIMITED

SCL:SEC:NSE:BSE:2016-17

25th January 2017

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

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

Symbol: SAGCEM
Series: EQ

Scrip Code: 502090

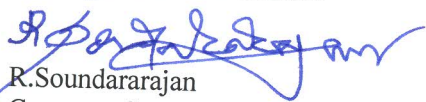
Dear Sirs

Press Release regarding quarterly 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 un-audited financial results for the third quarter and nine months ended 31st December, 2016.

Thanking you

Yours faithfully
For Sagar Cements Limited


R. Soundararajan
Company Secretary





Sagar Cements Limited

**Q3&9MFY17
Results Presentation**





West

- Contrasting situation prevailed in the region with Gujarat witnessing declining prices whereas Maharashtra experienced rising prices during the period
- Heightened competitive intensity resulting in softening of prices

South

- Volumes remained relatively stable despite challenging external environment
- Prices remained steady aided by institutional demand in AP/Telangana region

Perspective on Cement Prices



1

YOY volume growth - limited impact of de-monetization in our primary market areas

2

Prices remained steady on the back of stable volumes and institutional demand

3

Rising input costs resulted in contraction of operational profitability

4

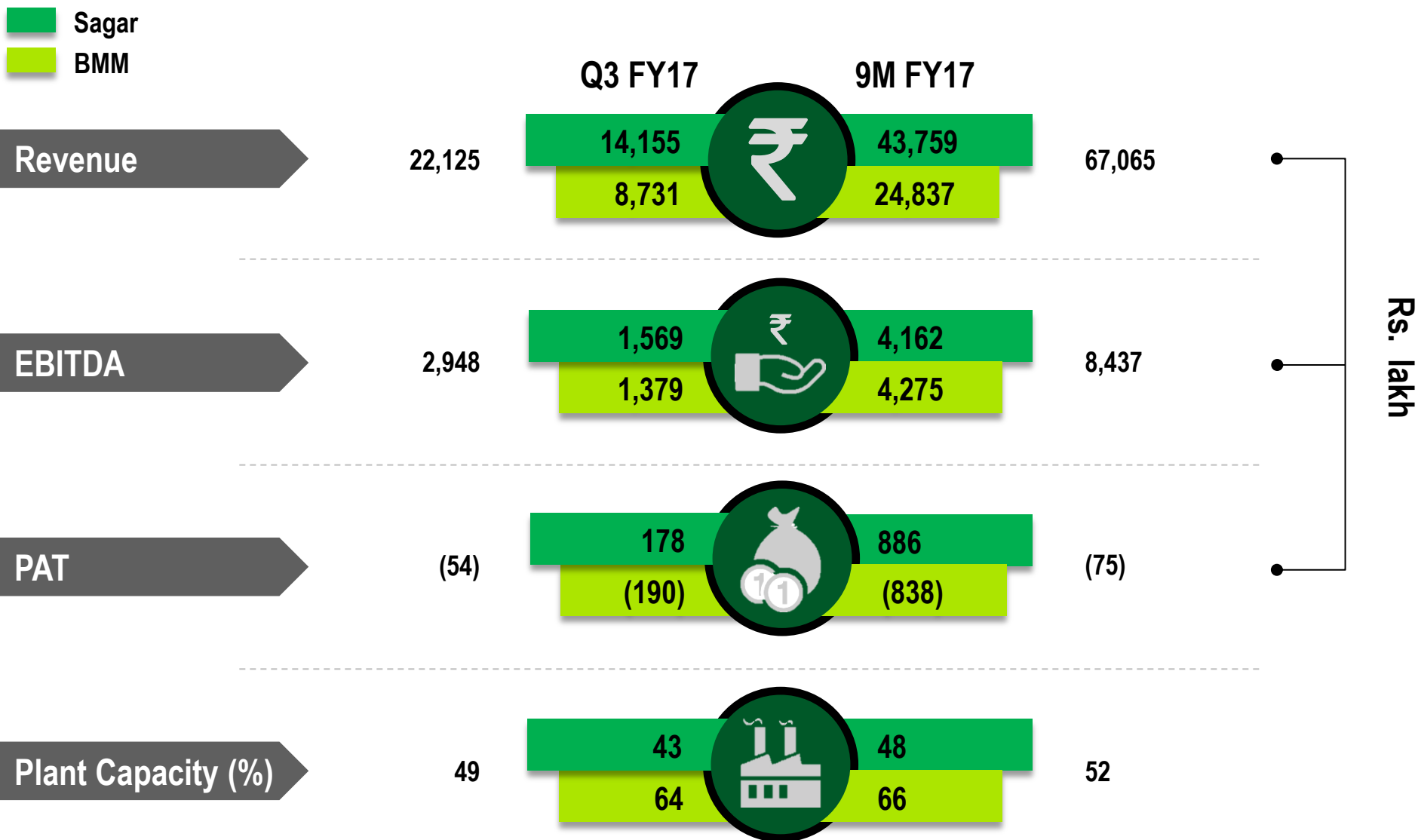
Expect demand to improve gradually following pick up in government infrastructure projects, individual low-cost housing and government's focus on rural housing



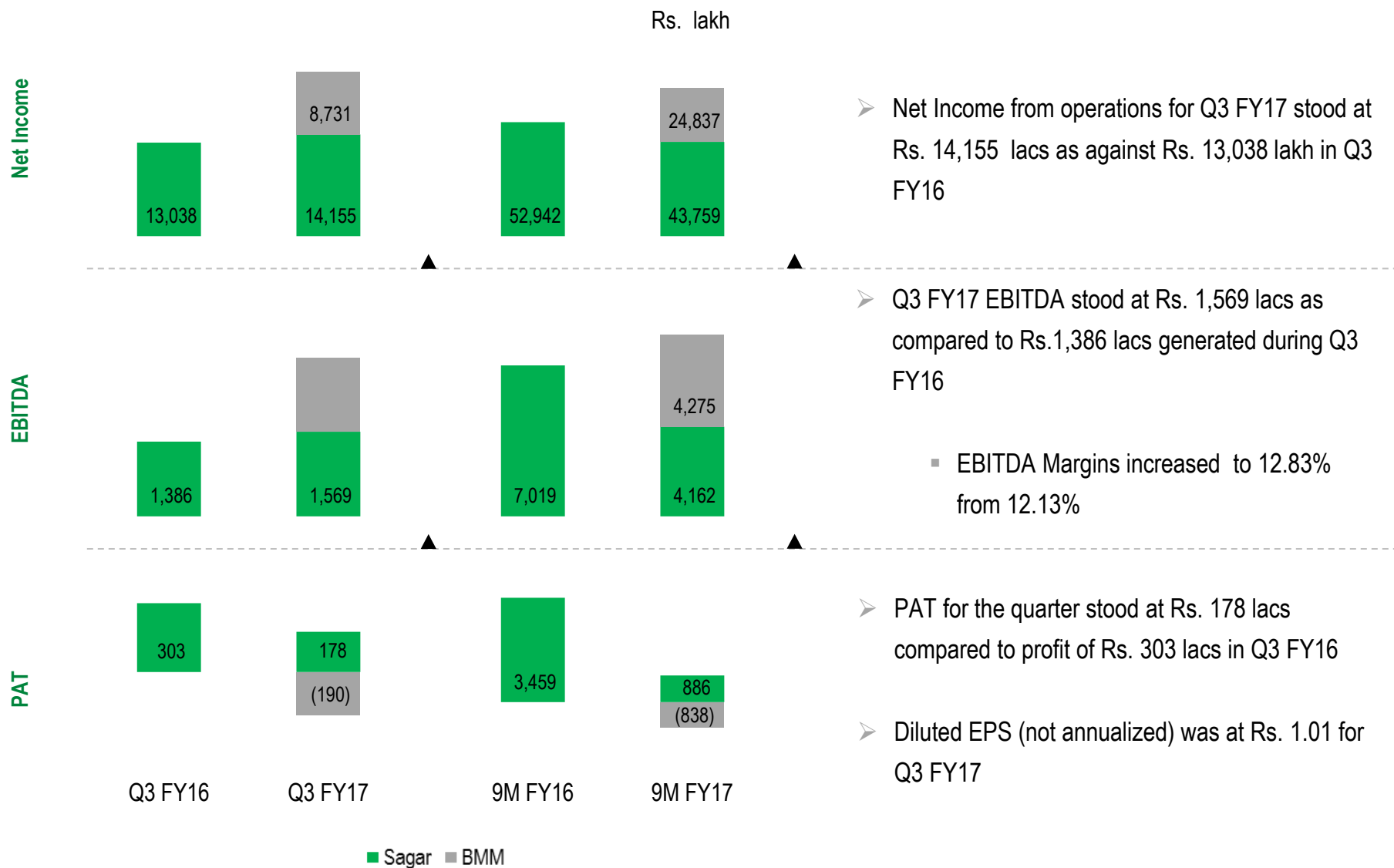
Sagar Cements – Operational Results



Performance Highlights



Q3 & 9M FY17 Performance Review - Consolidated



Key Developments



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** : AVH Resources India Private Limited 50%



Acquisition of grinding unit in Bayyavaram –

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



Setting up of a Captive Power Plant –

- Plan to set up a 15 Mw coal based captive power plant at the Company's Mattampally plant



Credit Rating Upgrade –

- CARE Ratings upgrade s long term bank facilities from CARE BBB – (Triple B Minus) to CARE BBB; Short term bank facilities revised from CARE A3 (A Three) to CARE A3+



Executive Director's Comment



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

"We have reported a steady set of numbers for the quarter, as highlighted by the revenue and profitability growth. Presence in areas marginally impacted by the Government's demonetization scheme helped us in maintaining our realisations and volume growth.

EBITDA though remained a little under pressure during the quarter owing to rising input costs, operational efficiencies are expected to improve going forward following BMM's acquisition and commissioning of railway siding operations. Improving rail-road mix following greater usage of railway siding and with BMM addressing southern market's demand, freight expenses are likely to moderate going ahead. Further, setting up of thermal power plant and efforts towards start introducing slag cement from grinding unit at Bayyavaram should help us further improve our operational efficiencies.

Going ahead, as the near term impact of demonetisation subsides, pick up in infrastructure and housing construction activities should drive the demand in future.



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	
Overall Average	4,394	4,899	5,534	
TG	4,645	5,523	5,992	
OTG	4,294	4,712	5,370	

State	Gross Realization \ t (Q3 FY17)
Telangana	5,992
Andhra Pradesh	6,246
Karnataka	3,963
Maharashtra	4,340
Orissa	4,643
Tamilnadu	6,286
Chhattisgarh	2,785
Pondicherry	5,534

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	
Cement	57	44	43	

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	
Overall Average	5,071	5,310	6,039	
AP	5,671	6,260	6,426	
OAP	4,938	5,147	5,962	

State	Gross Realization \ t (Q3 FY17)
Andhra Pradesh	6,426
Karnataka	5,893
Tamilnadu	6,171
Kerala	4,818
Pondicherry	5,906

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



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 4:96

Q2 FY17

- Domestic : International coal mix was 0.4:99.6

Q3 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	
Imported Coal Average		5,485	6,060	5,956	

Operations Overview (Consolidated)

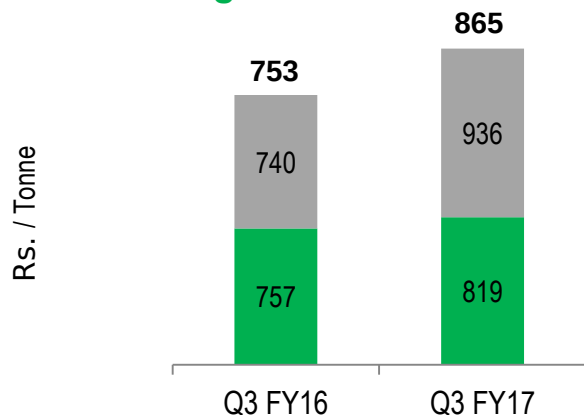


Production (MT)	October	November	December	Total
Clinker	1,60,181	1,90,603	59,078	4,09,862
Cement	1,68,858	1,64,767	1,51,965	4,85,590

Description	Cement Sales ('000'MT)	Value Rs. Lakh (net of excise & VAT)	Net Realization Rs./Mt
Q3 FY17	472	18,879	4,002
Q3 FY16	422	15,616	3,700
% Shift	12	21	8

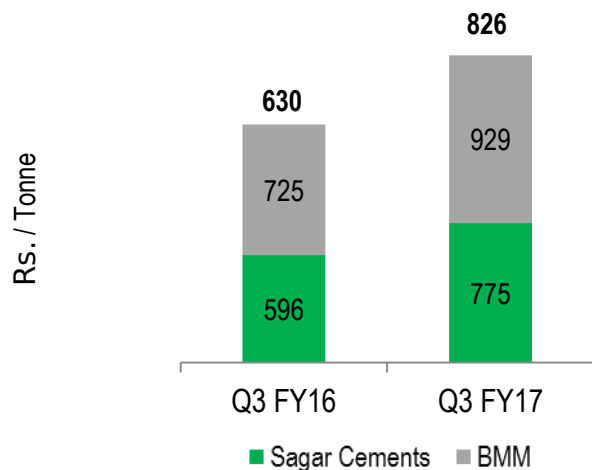


Average Fuel Cost Per Tonne



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

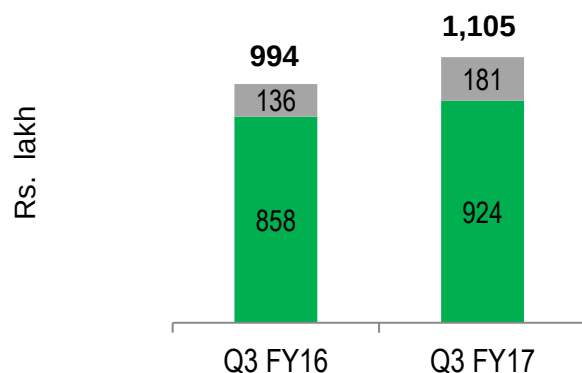
Freight Cost per Tonne



- Freight per ton increased due to increase in freight rates & fuel prices.

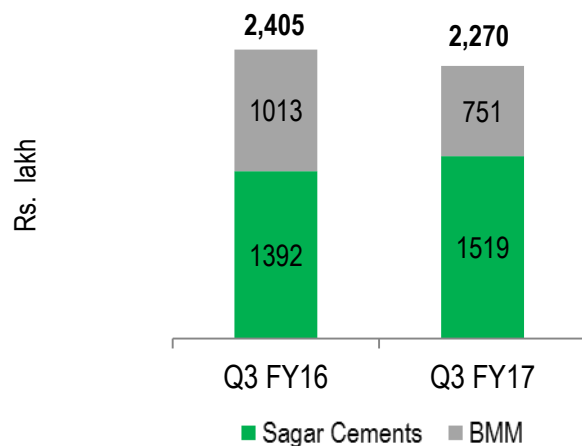


Employee Cost



- Employee costs in Q3 FY 17 is Rs. 1,105 lakhs on consolidated basis when compared to Rs. 994 lakhs during Q3 FY16.

Raw Material Cost

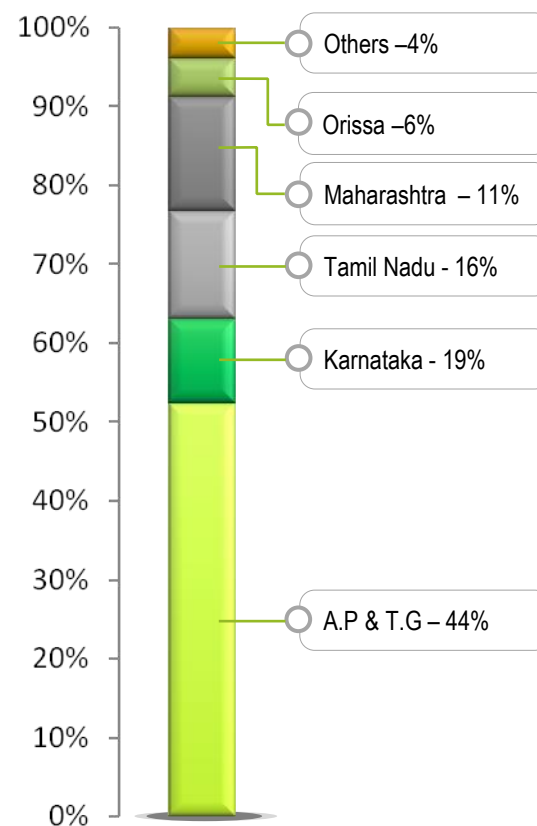


- Raw Material cost has come down due to lower production during the current quarter.



- During Q3 FY17, the plants operated at reasonable utilization levels producing 4,09,862 tons of clinker and 4,85,589 tons of cement
- Approximately 56% of cement dispatches was to various markets outside Andhra Pradesh & Telangana

Sales (4,71,681Mts.)



Sales in Q3 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	1,81,680	57.8	25,920	16.5	2,07,600	44.0
Karnataka	11,564	3.7	78,501	50.0	90,065	19.1
Tamil Nadu	29,505	9.4	48,201	30.7	77,706	16.5
Maharashtra	50,535	16.1	-	-	50,535	10.7
Orissa	27,959	8.8	-	-	27,959	5.9
Others	13,462	4.2	4,354	2.8	17,816	3.8
Total	3,14,705	100.0	1,56,976	100.0	4,71,681	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
<i>Consolidated</i>					
TPT	Q1 FY17	Q2 FY17	Q3 FY17		
BY ROAD	5,72,527	4,89,731	4,66,045		
BY RAKE	5,310	21,830	8,120		
TOTAL	5,77,837	5,11,561	4,74,165		

Key Balance Sheet Items



Rs. In Lakh	Sagar Cements	BMM Cements	Consolidated
Gross Debt	21,924	26,353	48,277
- Long Term	16,464	23,045	39,509
- Working Capital	5,460	3,308	8,768
Cash & Bank Balance	402	256	658
Debt Equity Ratio (%)	0.27	-	0.66
Net Worth	61,187	-142	59,755
Investments	25,422	-	2.65

As of Dec' 2016



Historical trend cement sales OAP & TG

	Q3 FY17	Q2 FY17	Q1 FY17
OAP & TG Sales (Consolidated)	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%



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Safe Harbour :

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