SAGAR CEMENTS LIMITED

Fax Nos. 022 26598237 / 38, 26598347 / 48

SCL:SEC:NSE:2015-16

29th July, 2015

The National Stock Exchange of India Ltd
"Exchange Plaza"
5th Floor
Bandra-Kurla Complex
Bandra (East)
Mumbai – 400051

Symbol: SAGCEM
Series: EQ

Dear Sirs

Press Release regarding quarterly / yearly 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 first quarter ended 30th June, 2015.

Thanking you

Yours faithfully
For Sagar Cements Limited

R.Soundararajan
Company Secretary

Encl: a.a.

MGMT. SYS. RvA C 248
QUALITY SYSTEM CERTIFICATION ISO 9001:2008 DNV
ENVIRONMENTAL SYSTEM CERTIFICATION ISO 14001:2004 DNV
SAFETY SYSTEM CERTIFICATION OHSAS 18001 DNV
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CIN : L26942TG1981PLC002887

Sagar Cements Limited

Q1 FY16 Results Presentation

Industry Overview

Demand growth remained soft owing to sluggish demand and late pick up in government spending

Fresh public funding in sectors like irrigation and housing coupled government's thrust on infrastructure development to be the key trigger for improving demand situation

Rising cost structures reflected in steady realizations

Optimistic given moderation of cost push & persistent efforts on the part of the government towards improving infrastructure

Industry Overview

Perspective on Cement Prices

West

- Prices in the region moderated in the wake of heightened competition
- Priced declined in certain pockets of Maharashtra albeit on higher base
- Prices in Gujarat remained stable owing to flat prices in adjoining states

South

- Prices remained stable during the quarter
- Despite steady prices, demand remained soft resulting in lower volumes
- Prices during the quarter higher by ~ Rs. 90 /bag as compared with Q1 FY15, but stable compared to sequentially preceding quarter

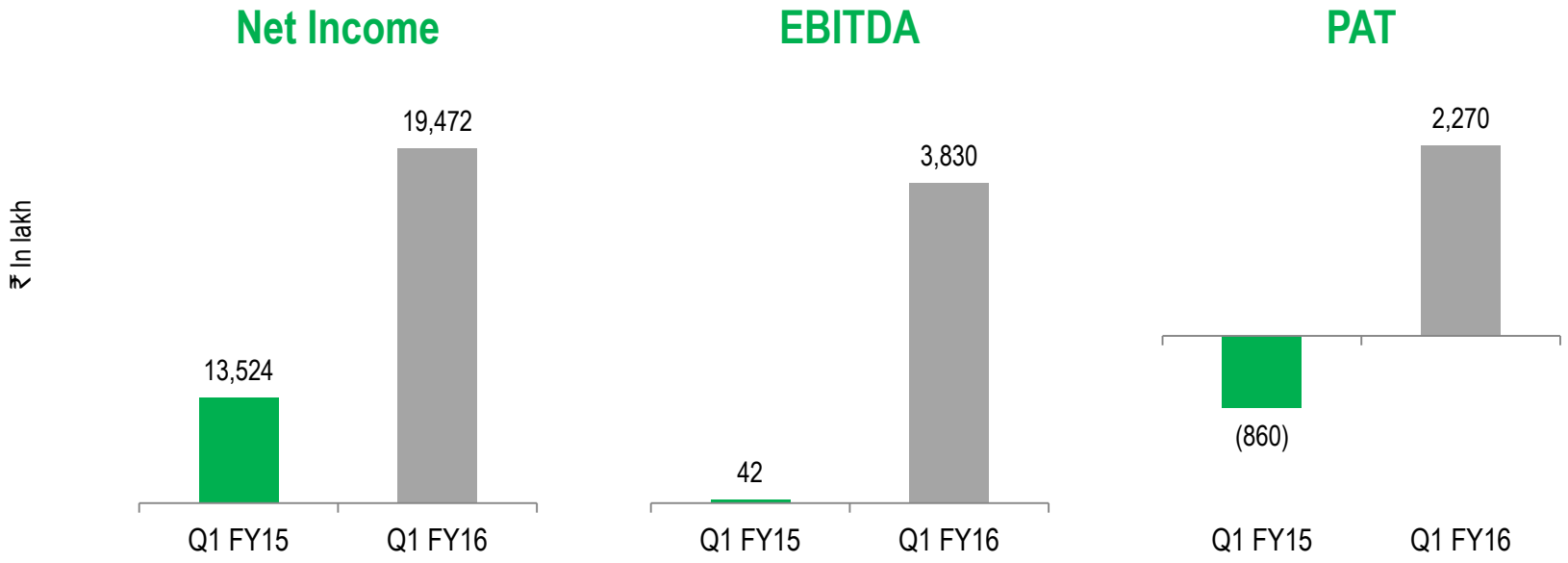
Sagar Cements – Operational Results

Highlights

Performance Highlights Q1FY16

- Net sales at Rs. 19,471.9 lakh; up by 43.98%
- EBITDA up 91x at Rs. 3,830.2 lakh
- PAT improved to Rs. 2,269.8 lakh
- Plant operated at around 64.7% capacity

Q1 FY16 Performance Review



- Net Income from operations up by 43.98% to Rs. 19,472 lakh from Rs. 13,524 lakh in Q1 FY15
- EBITDA stood at Rs. 3,830.21 lakh as compared to Rs.41.55 lakh in Q1 FY15
  - EBITDA Margins improved substantially to 19.7% from 0.31%
- PAT stood at Rs. 2,269.78 lakh compared to a loss of Rs.859.92 lakh in the corresponding quarter during the previous year
- Diluted EPS (not annualized) was at Rs. 13.05 for Q1 FY16

Acquisition of BMM Cements

- Awaiting State Government approval for execution of Mining Lease, the receipt of which would facilitate acquisition process without any further delay.
- BMM at present procures limestone from third party vendors
- Sagar Cement is buying cement from BMM and selling it as traded cement in the market under the brand “Sagar Cement”.
- Barring unforeseen circumstances, expect the completion of acquisition process before end of 30th September 2015.

Executive Director's Comment

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

"We have had a strong start to the year as reflected by improved revenues and profitability for the quarter. While steady volume growth coupled with improved pricing environment across our key operating markets enabled us in delivering higher topline, better cost management helped delivering improved operating profits. Further, we are hopeful of sustaining the trend going forward as the completion of the railway siding will result in lowering of freight expenses.

In addition, the acquisition of BMM will result in improving our operating efficiencies further, given its multiple synergies in the form of volume growth, cost optimization and easier access to other markets

Looking ahead, we believe the demand should gradually pick up given the government's attempts towards reviving the investment cycle and upgrading the infrastructure facilities and are hopeful of tapping the opportunity profitably ."

Realization & Utilization

Matampally Plant

Gross Realisations (Rs. / tonne)				
	Q1 FY14	**Q2 FY14**	**Q3 FY14**	**Q4 FY14**
Overall Average	4,429	4,655	4,623	4,195
AP	4,554	5,363	5,173	4,421
OAP	4,298	4,142	4,196	3,933
	Q1 FY15	**Q2 FY15**	**Q3 FY15**	**Q4 FY15**
Overall Average	4,302	4,866	4,771	*5,064*
AP	5,160	5,595	5,520	*5,988*
OAP	4,225	4,703	4,576	*4,901*
	Q1 FY16			
Overall Average	**5,259**			
TG	**6,049**			
OTG	**5,105**			

Utilisation (%)				
	Q1 FY14	**Q2 FY14**	**Q3 FY14**	**Q4 FY14**
Cement	53	42	49	67
	Q1 FY15	**Q2 FY15**	**Q3 FY15**	**Q4 FY15**
Cement	60	50	49	*71*
	Q1 FY16			
Cement	**65**			

Coal Prices

Q3 FY14

- Domestic : International coal mix was 78:22
- Singareni Coal: Reasonable quantity sourced

Q4 FY14

- Domestic : International coal mix was 75:25
- Singareni Coal: Reasonable quantity sourced

Q1 FY15

- Domestic : International coal mix was 38:62
- Domestic Coal: Limited quantity sourced due to price hikes considered by Singareni

Q2 FY15

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

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

Coal Cost (Rs. / Tonne)

		Q1	Q2	Q3	Q4
Indigenous Average	*FY14*	4,618	4,582	4,551	4,442
Imported Coal Average		4,273	4,850	7,065	6,924
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**			
Imported Coal Average		**5,361**			

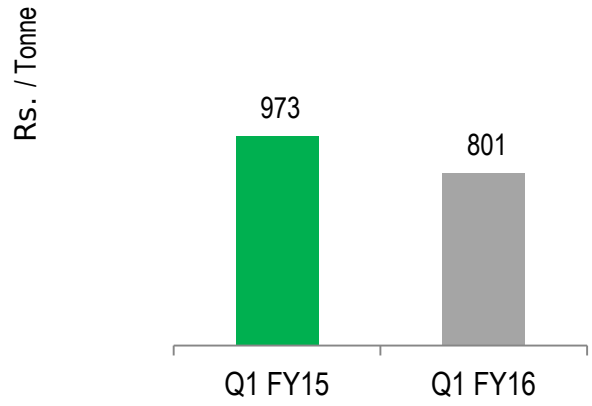
Operations Overview

Production (MT)	April	May	June	Total
Clinker	1,33,760	94,225	88,970	**3,16,955**
Cement	1,45,845	1,59,110	1,30,905	**4,35,860**

Description	Cement Sales ('000'MT)	Value Rs. Lakh (net of excise & VAT)	Net Realization Rs./Mt
Q1 FY16	**469**	**19,472**	**4,150**
Q1 FY15	406	13,524	3,331
% Shift	***15.45***	***43.98***	***24.71***

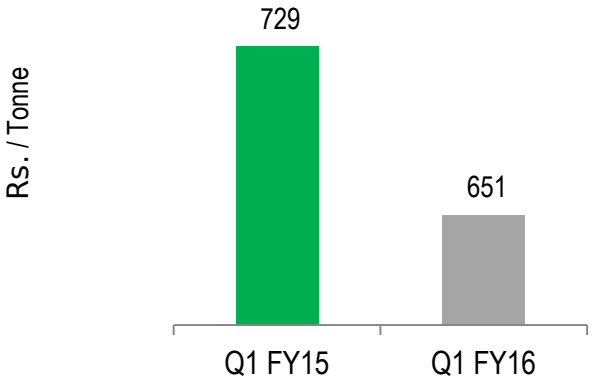
Cost Overview

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.

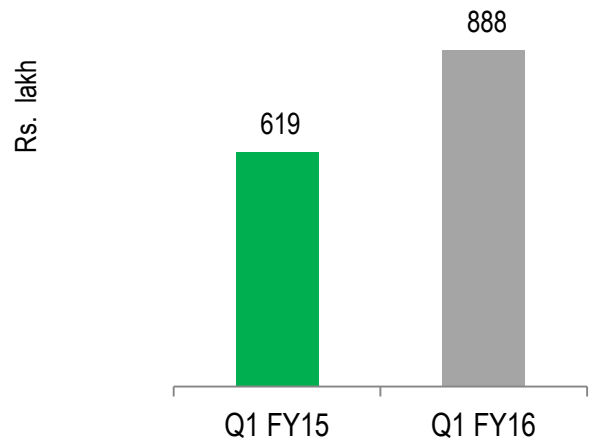
Freight Cost per Tonne



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

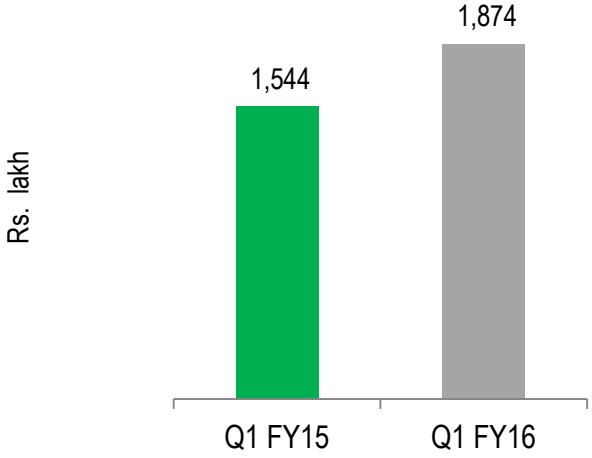
Cost Overview

Employee Cost



- Employee costs were higher due to regular annual salary increments.

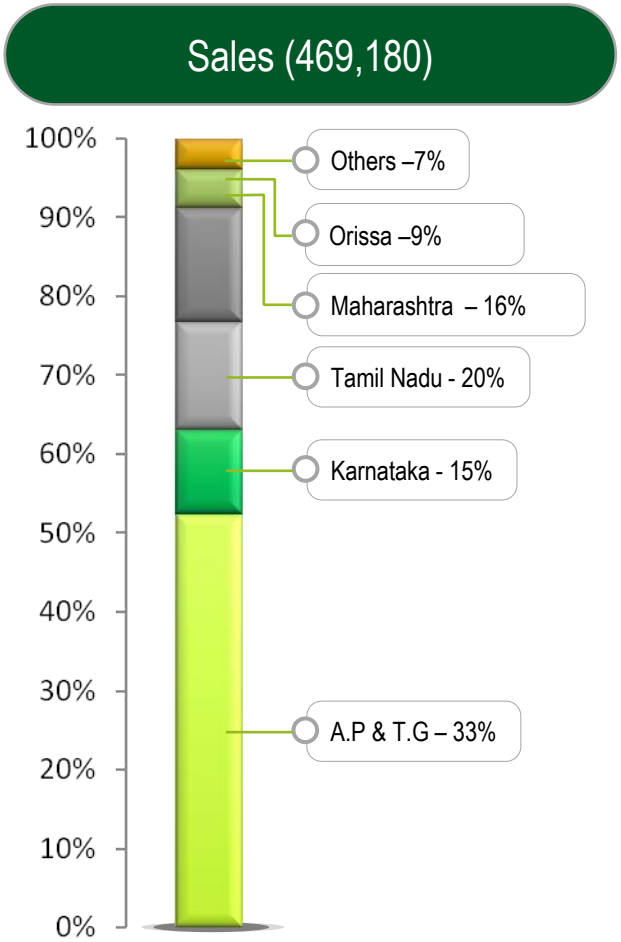
Raw Material Cost



- Increased prices/volume resulted in higher raw material costs.

Plant Highlights

- During Q1 FY16, the plant operated at reasonable utilization levels producing 3,16,955 tons of clinker and 4,35,860 tons of cement
- Approximately 67% of cement dispatches was to various markets outside Andhra Pradesh & Telangana



Sales in Q1 FY16 vs. Q1 FY15

	Q1 FY16		Q1 FY15	
Markets	**Quantity (in Tonnes)**	**% of Total Sales**	**Quantity (in Tonnes)**	**% of Total Sales**
Andhra Pradesh & Telangana	156,949	33.45	216,558	53.30
Karnataka	70,905	15.11	43,758	10.77
Tamil Nadu	95,403	20.33	47,619	11.72
Maharashtra	76,496	16.30	67,399	16.58
Orissa	44,031	9.38	25,391	6.25
Others	25,396	5.41	5,665	1.38
Total	**469,180**	**100.00**	**406,390**	**100.00**

Dispatches by Road & Rake

Dispatch Details					
TPT	**Q1 FY15**	**Q2 FY15**	**Q3 FY15**	**Q4 FY15**	**TOTAL**
BY ROAD	405,886	331,912	334,103	**471,057**	**1,542,958**
BY RAKE	-	-	-	**2,656**	**2,656**
TOTAL	**405,886**	**331,912**	**334,103**	**473,713**	**1,545,614**

TPT	**Q1 FY16**	**TOTAL**
BY ROAD	473,521	**473,521**
BY RAKE	-	-
TOTAL	**473,521**	**473,521**

Status of Railway Line

- Total Investment for new railway line – Rs. 123 crore
- Completion of the new railway line will lead to better efficiency and savings in costs
- Dispatches by rail expected to go up by 20%
- Over Head Electrification work is under progress
- Project Completion – Q2 FY16

Key Balance Sheet Items

Gross debt as on 30th June 2015 stood at Rs. 17,602 lakh out of which Rs. 13,652 lakh is long term debt with the remaining constituting working capital

Cash & Bank Balances held by the Company at the Balance Sheet date was Rs. 9,309 lakh

Debt : Equity Ratio as on June 30, 2015 stood at 0.25 : 1

The Net Worth of the Company as on 30th June 2015 was Rs. 54,403 lakh

Investments stood at Rs. 2.65 lakhs

Sales Outside AP

Historical trend cement sales OAP

	Q1 FY16
OAP Sales	67%

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

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

	Q4 FY13	Q3 FY13	Q2 FY13	Q1 FY13
OAP Sales	46%	49%	52%	48%

Sales in regions other than AP & Telangana have remained stable over the last 2 years

Contacts

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Safe Harbour :

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