



# Sagar Cements Limited

**Q2&H1FY17Results  
Presentation**





## West

- Prices in the west for major part of the quarter remained depressed owing to lower infrastructure activities and slowdown in rural economy.
- Prices though have picked up recently



## South

- Prices remained firm in the region owing to strong demand
- Improved pricing was also backed by pick up in volumes

## Perspective on Cement Prices



1

Subdued volume growth owing to seasonal weakness & lower government offtake

2

Prices remained volatile; overall trend mix with prices remaining high in north and south regions

3

Pet coke inventory build up negates impact of higher input prices for quarter under review

4

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

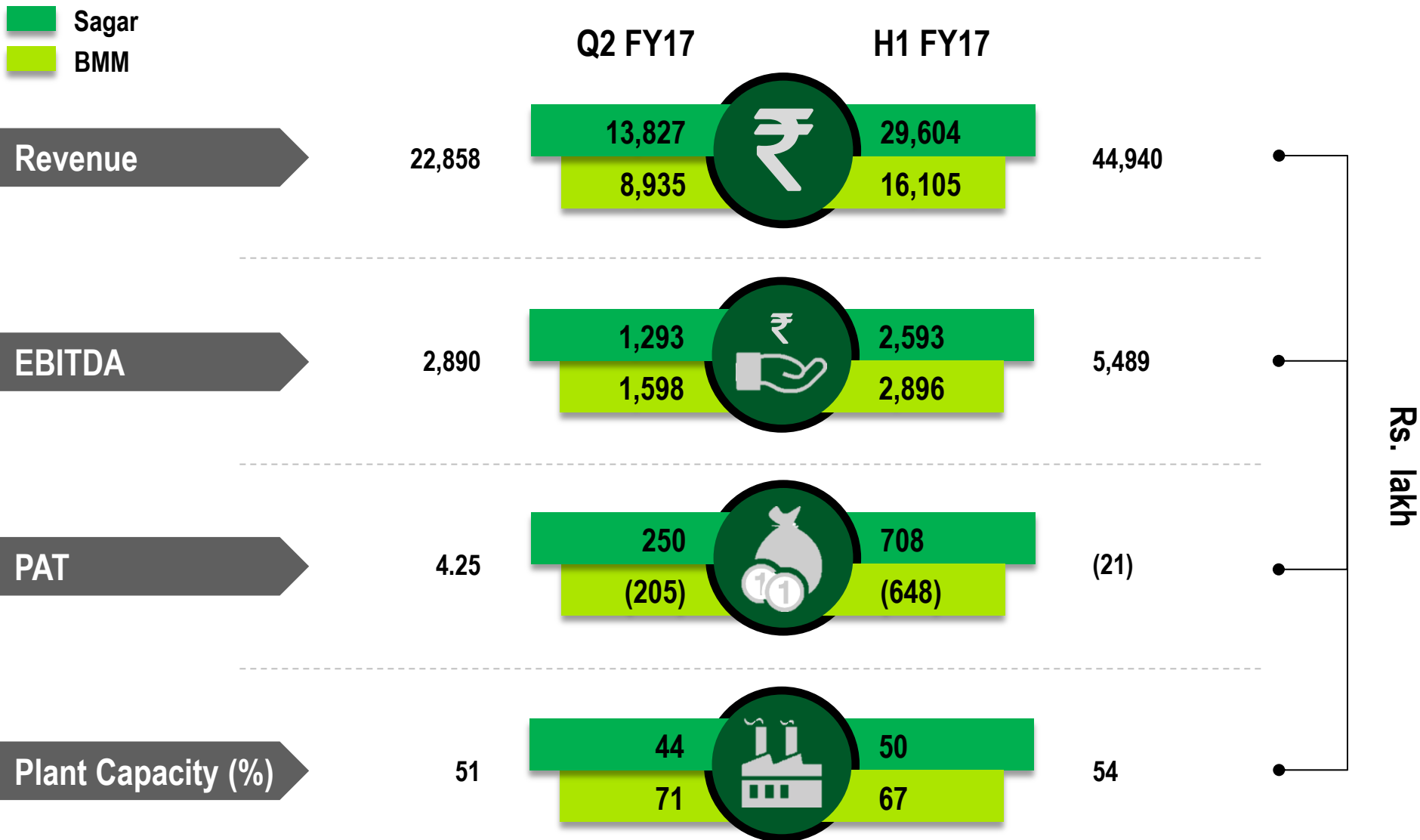


## Sagar Cements – Operational Results

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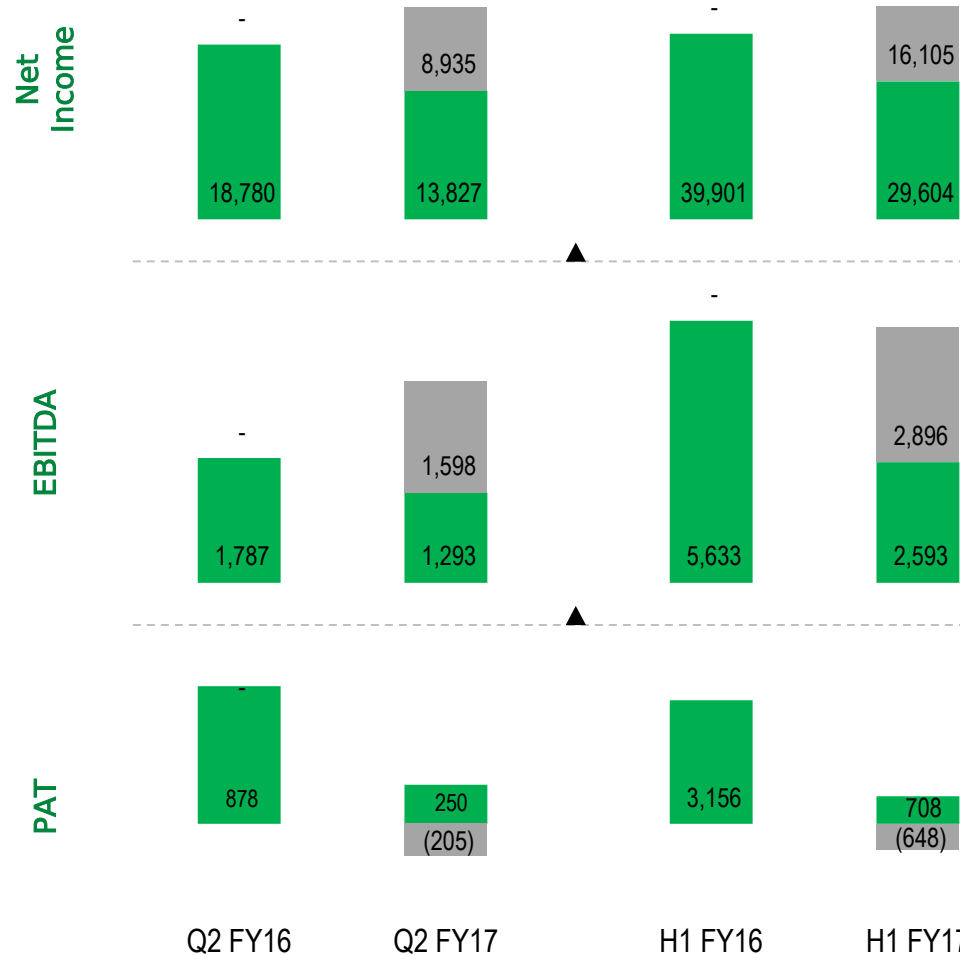
# Performance Highlights



# Q2 & H1 FY17 Performance Review - Consolidated



Rs. lakh



➤ Net Income from operations for Q2 FY17 stood at Rs. 13,827 lacs as against Rs. 18,780 lakh in Q2 FY16

➤ Q2 FY17 EBITDA stood at Rs. 1,293 lacs as compared to Rs.1,787 lacs generated during Q2 FY16

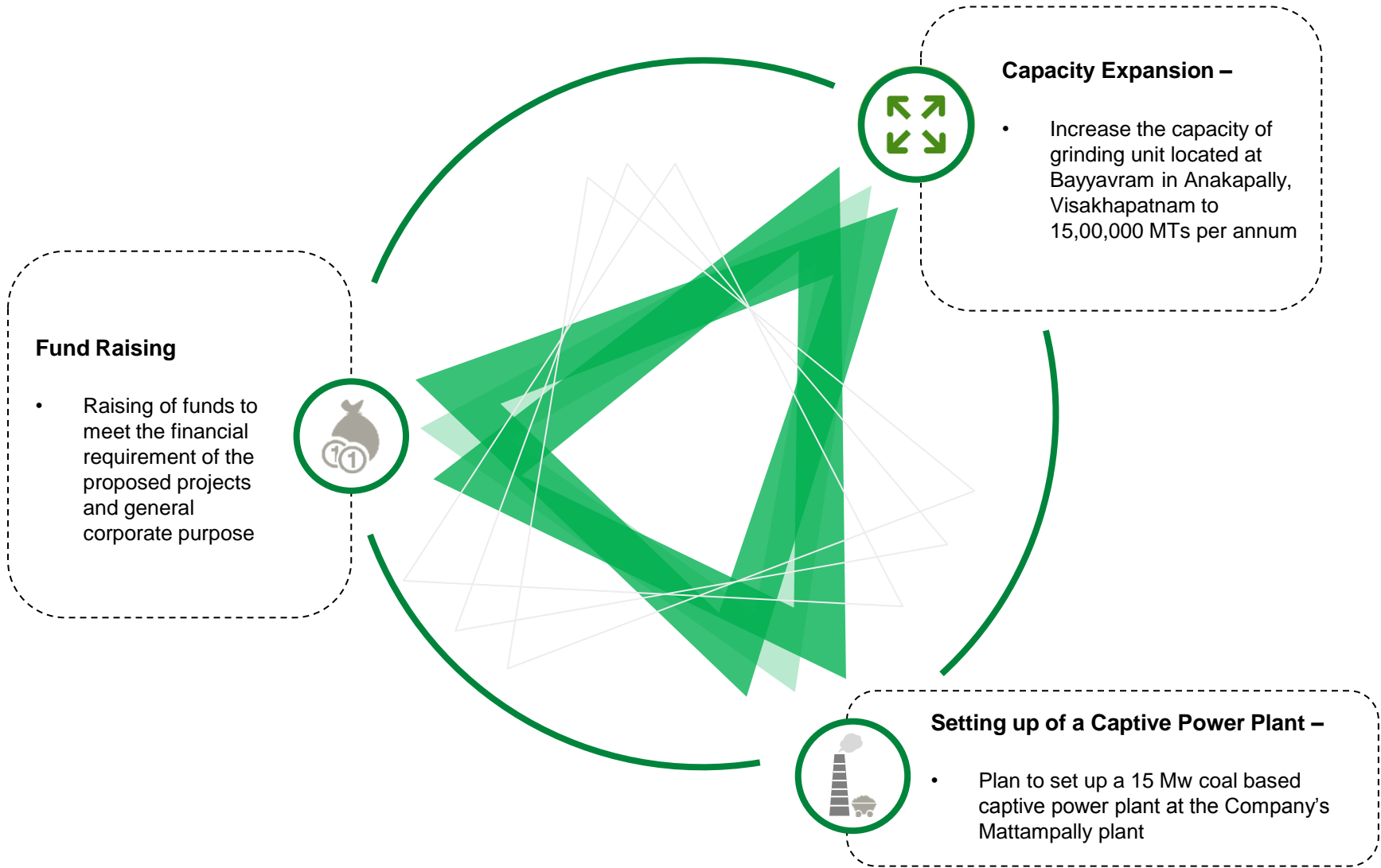
▪ EBITDA Margins decreased to 9.35% from 9.50%

➤ PAT for the quarter stood at Rs. 250 lacs compared to profit of Rs.878 lacs in Q2 FY16

➤ Diluted EPS (not annualized) was at Rs. 1.44 for Q2 FY17

■ Sagar ■ BMM

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





# Executive Director's Comment



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

*"We are pleased with our performance for the year till date, which saw a healthy growth in revenue and profitability. While higher off-take and steady prices helped in maintaining revenue momentum, better operational efficiency resulted in delivering strong profitability.*

*Commissioning of railway siding coupled with synergy benefits from BMM have resulted in lowering our operational cost as the same have not only resulted in improving our rail:road mix but has also aided us in lowering our freight cost by helping us reach our target markets in a timely and cost effective manner. Further, we are hopeful that efforts such as setting up a thermal power plant and plans towards starting introducing slag cement from grinding unit at Bayyavram should help us further improve our operational efficiencies.*

*Looking ahead, government's push towards infrastructure projects, individual low-cost housing coupled with a pick up in private investment should help improve the demand scenario."*





# 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		
Overall Average	4,394	4,899		
TG	4,645	5,523		
OTG	4,294	4,712		

State	Gross Realization \ t (Q2 FY17)
Telangana	5,523
Andhra Pradesh	5,894
Karnataka	3,629
Maharashtra	3,088
Orissa	4,765
Tamilnadu	5,713
Chhattisgarh	2,735
Kerala	-
Andaman	-
Pondicherry	4,800

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		
Cement	57	44		

## 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		
Overall Average	5,071	5,310		
AP	5,671	6,260		
OAP	4,938	5,147		

State	Gross Realization \ t (Q2FY17)
Andhra Pradesh	6,260
Karnataka	5,718
Tamilnadu	4,465
Kerala	4,613
Pondicherry	4,094

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



## 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

## Q2 FY17

- Domestic : International coal mix was 0.4:99.6

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
Indigenous Average	FY16	4,964	3,678	4,533	4,227
		Imported Coal Average	5,361	5,764	5,715
Indigenous Average	FY17	4,330	4,618		
		Imported Coal Average	5,485	6,060	

# Operations Overview (Consolidated)



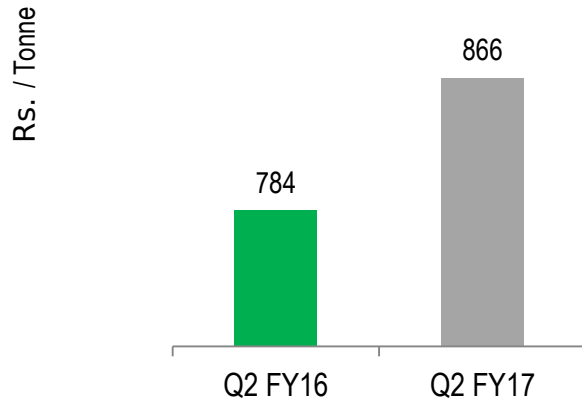
Production (MT)	July	August	September	Total
<b>Clinker</b>	2,19,737	1,97,123	1,12,759	5,29,619
<b>Cement</b>	1,99,590	1,59,859	1,46,051	5,05,500

Description	Cement Sales ('000'MT)	Value Rs. Lakh (net of excise & VAT)	Net Realization Rs./Mt
<b>Q2 FY17</b>	<b>512</b>	<b>19,107</b>	<b>3,732</b>
Q2 FY16*	462	16,814	3,639
<b>% Shift</b>	<b>11</b>	<b>14</b>	<b>2.56</b>

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

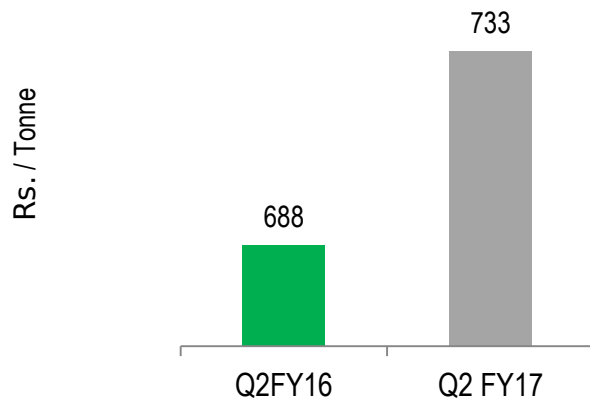


## Average Fuel Cost Per Tonne



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

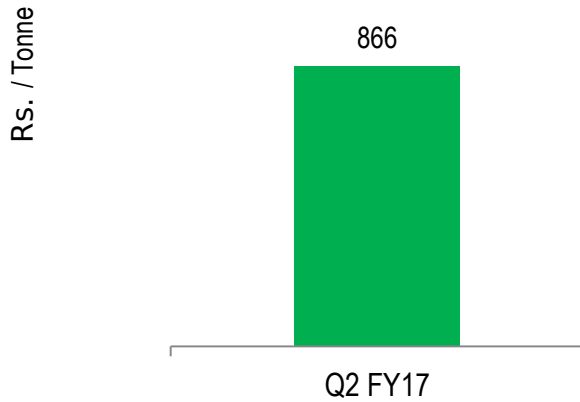
## Freight Cost per Tonne



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

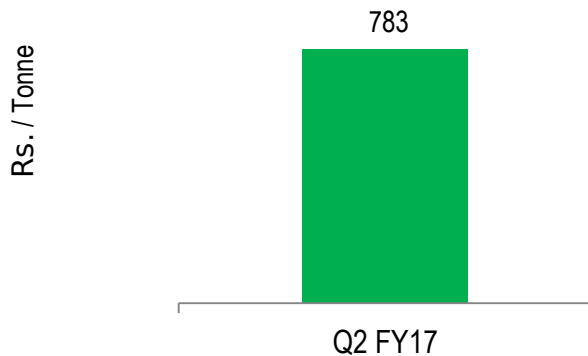


## Average Fuel Cost Per Tonne



- Average fuel cost per tonne of clinker at Rs.866 during Q2 FY 2017

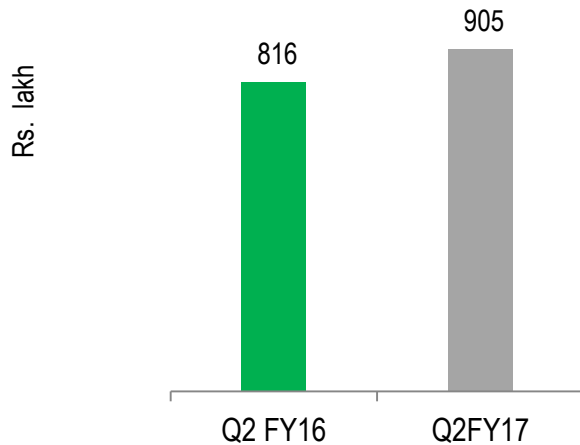
## Freight Cost per Tonne



- Freight cost per ton stood at Rs. 783 during the quarter.

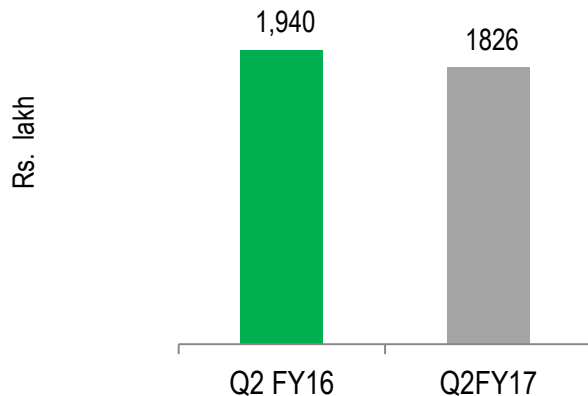


## Employee Cost



- Employee costs in Q2 FY 17 is Rs. 905 lakhs when compared to Rs. 816 lakhs during Q2FY16.

## Raw Material Cost

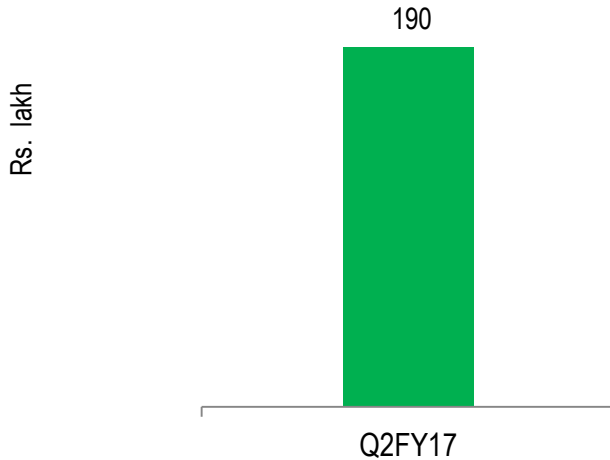


- Raw Material cost has come down due to lower production during the current quarter.



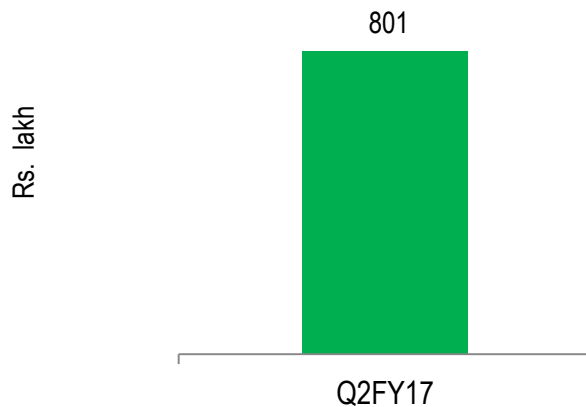


## Employee Cost



- Employee costs in Q2 FY 17 stood at Rs. 190 lakhs.

## Raw Material Cost

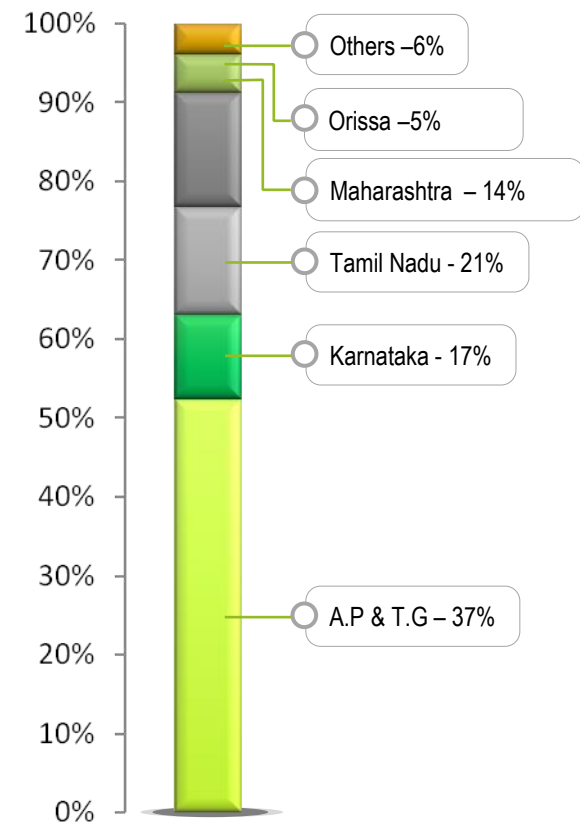


- Raw Material cost stood at Rs.801Lakhs during the current quarter.



- During Q2 FY17, the plants operated at reasonable utilization levels producing 5,29,619 tons of clinker and 5,05,500 tons of cement
- Approximately 63% of cement dispatches was to various markets outside Andhra Pradesh & Telangana

## Sales (5,12,098 Mts.)





Markets	Sagar Cements		BMM Cements		Consolidated	
	Quantity (in Tonnes)	% of Total Sales	Quantity (in Tonnes)	% of Total Sales	Quantity (in Tonnes)	% of Total Sales
Andhra Pradesh & Telangana	1,64,345	48.9	25,723	14.6	1,90,068	37.1
Karnataka	7,382	2.2	81,634	46.5	89,016	17.3
Tamil Nadu	44,233	13.1	63,797	36.3	108,030	21.1
Maharashtra	69,629	20.7	-	-	69,629	13.6
Orissa	25,736	7.7	-	-	25,736	5.0
Others	25,074	7.4	4,545	2.6	29,619	5.9
<b>Total</b>	<b>3,36,399</b>	<b>100.0</b>	<b>1,75,699</b>	<b>100</b>	<b>5,12,098</b>	<b>100.0</b>

# 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
<b>TOTAL</b>	<b>478,345</b>	<b>424,880</b>	<b>301,840</b>	<b>4,53,688</b>	<b>1658,753</b>
<i>Consolidated</i>					
TPT	Q1 FY17	Q2 FY17			
BY ROAD	5,72,527	4,89,731			
BY RAKE	5,310	21,830			
<b>TOTAL</b>	<b>5,77,837</b>	<b>5,11,561</b>			

# Key Balance Sheet Items



Rs. In Lakh	Sagar Cements	BMM Cements	Consolidated
<b>Gross Debt</b>	22,483	26,292	48,775
- Long Term	15,774	23,511	39,285
- Working Capital	6,709	2,781	9,490
Cash & Bank Balance	1,796	299	2095
Debt Equity Ratio (%)	0.28	-	0.72
Net Worth	56,114	48	54,912
Investments	8,222	-	2.65

*As of Sep' 2016*



## Historical trend cement sales OAP & TG

	Q2 FY17		Q1 FY17	
<b>OAP &amp; TG Sales</b> <b>(Consolidated)</b>	63%		55%	

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	Q4 FY16	Q3 FY16	Q2 FY16	Q1 FY16
<b>OAP &amp; TG Sales</b>	48%	55%	64%	67%

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	Q4 FY15	Q3 FY15	Q2 FY15	Q1 FY15
<b>OAP &amp; TG Sales</b>	71%	63%	64%	47%

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	Q4 FY14	Q3 FY14	Q2 FY14	Q1 FY14
<b>OAP &amp; TG Sales</b>	46%	57%	58%	49%





## For further information contact:

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