



SAGAR CEMENTS LIMITED

SCL:SEC:NSE:BSE:2018-19

30th January 2019

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

Sub: Press Release regarding Un-audited Financial Results (Standalone and Consolidated) for the third quarter and nine months ended 31st December, 2018

Further to our letter dated 30th January 2019, we are sending herewith a copy of the Press Release being issued by us in connection with the just announced un-audited financial results (Standalone and Consolidated) for the third quarter and nine months ended 31st December, 2018.

Thanking you

Yours faithfully
For Sagar Cements Limited


R. Soundararajan
Company Secretary



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CIN : L26942TG1981PLC002887



Sagar Cements Limited

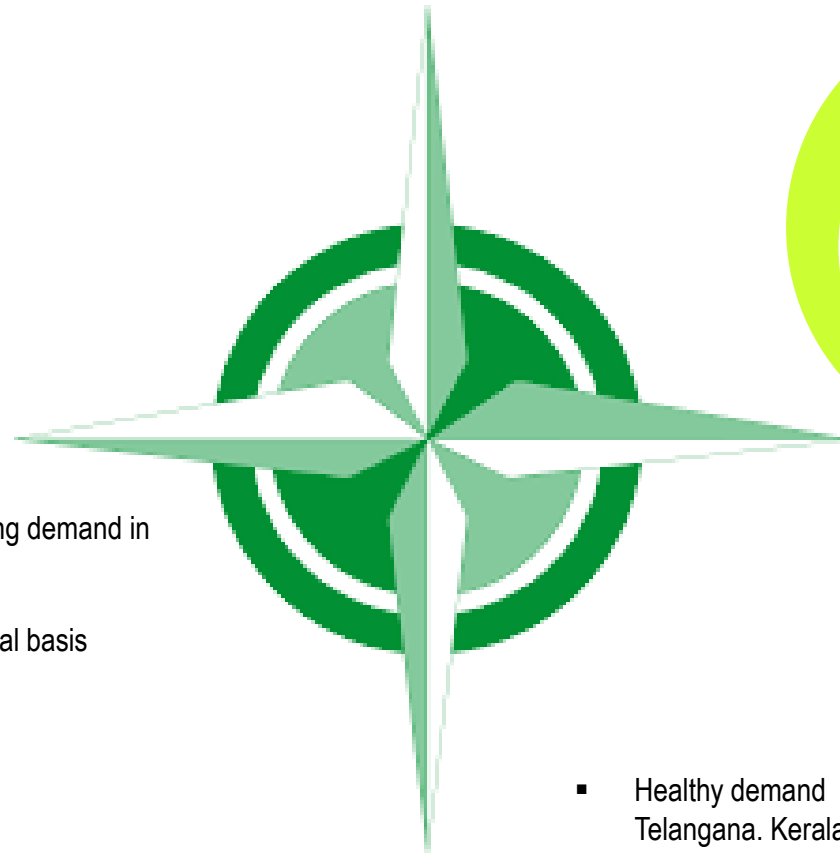
Q3&9MFY19
Results Presentation





West

- Soft demand – sluggish housing demand in Maharashtra
- Prices improved on a sequential basis

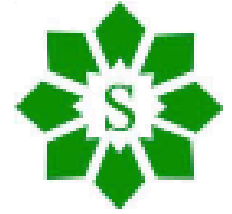


South

- Healthy demand growth led by Andhra Pradesh and Telangana. Kerala as well witnessed gradual pick up in demand post the floods in Q2.
- Prices remained relatively soft during the quarter

Perspective on Cement Prices

Executive Director's Comment



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

“We have had a steady performance during the quarter, wherein we delivered a YoY volume growth of 35%. Higher off-take in key markets of Andhra Pradesh & Telangana largely contributed to this growth, revenue though remained range-bound owing to benign realisations.

Margins were under pressure owing to high input prices. However, going forward we expect the profitability to pick-up on the back of our strategic growth centric and cost containing initiatives.

The proposed acquisition of Satguru cements & Jaipur Cements besides helping us strengthen our capacities and product mix, will also help us widen our reach and meet the demand of faster growing markets. In addition, enhancement in the capacity of waste heat recovery plant coupled with setting up of 18 MW captive power plant (under implementation) and the recent purchase of 8.3MW hydro power plant, should help us lower our power cost. Lastly, the expansion of grinding unit at Bayyavaram will help us cut down the lead distance – enabling us to serve the target market more profitably.

Looking ahead, we expect the pricing and demand scenario to improve on the back of pick up in private and public capex activities.





1

Healthy volume growth on the back of strong demand in key markets - AP & Telangana

2

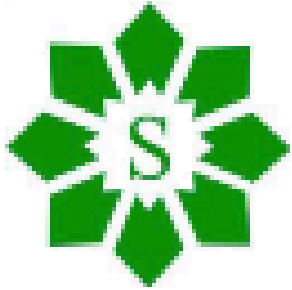
Higher input costs coupled with stable realisations resulted in margin compression

3

Strategic acquisitions – Satguru Cements Pvt .Ltd & Jajpur Cement Private Limited

4

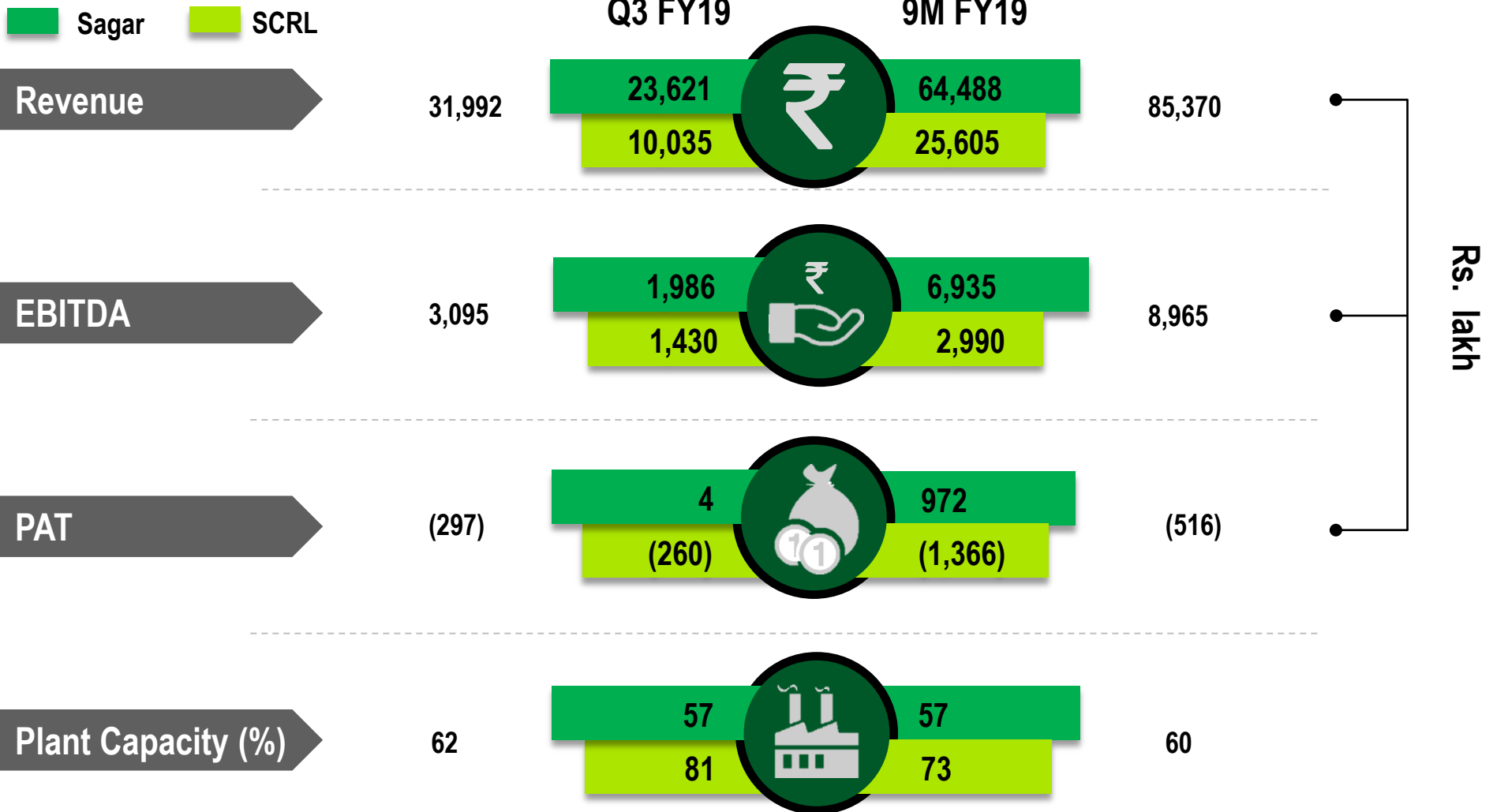
Outlook remains positive on the back of government's focus on infrastructure and housing.



Sagar Cements – Operating Results



Performance Highlights

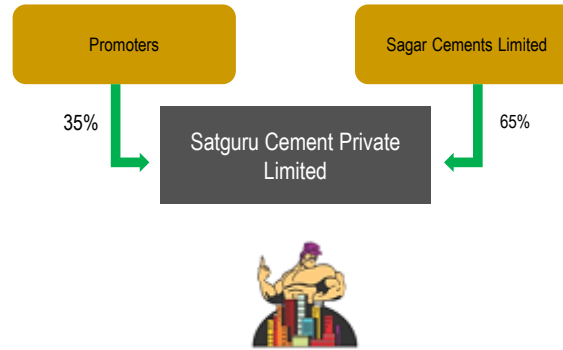


Key Operational highlights - Acquisition



Proposed Acquisition: Satguru Cement Private Limited

- ▶ SCL will fund the entire equity portion of the capex for the construction of a ~1 MTPA facility along with a captive WHR power plant
- ▶ Addition of around 60 mn tons of limestone reserves
- ▶ Basic infrastructure available with the existing plant can be utilized for the project
- ▶ 2-year estimated construction period

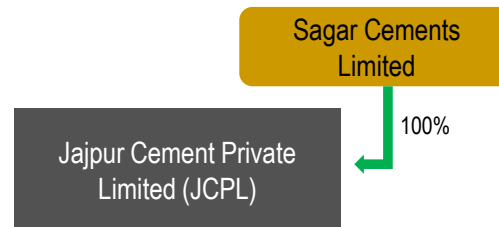


Capacity	
Clinker	2,200 TPD (0.7 MTPA)
Cement	3,000 TPD (~1 MTPA)
Along with WHR Power Plant	

Project funding	
Term Debt	INR 2,750 mn
Equity	INR 1,500 mn
Total project cost	INR 4,250 mn

Jajpur Cement Private Limited Overview

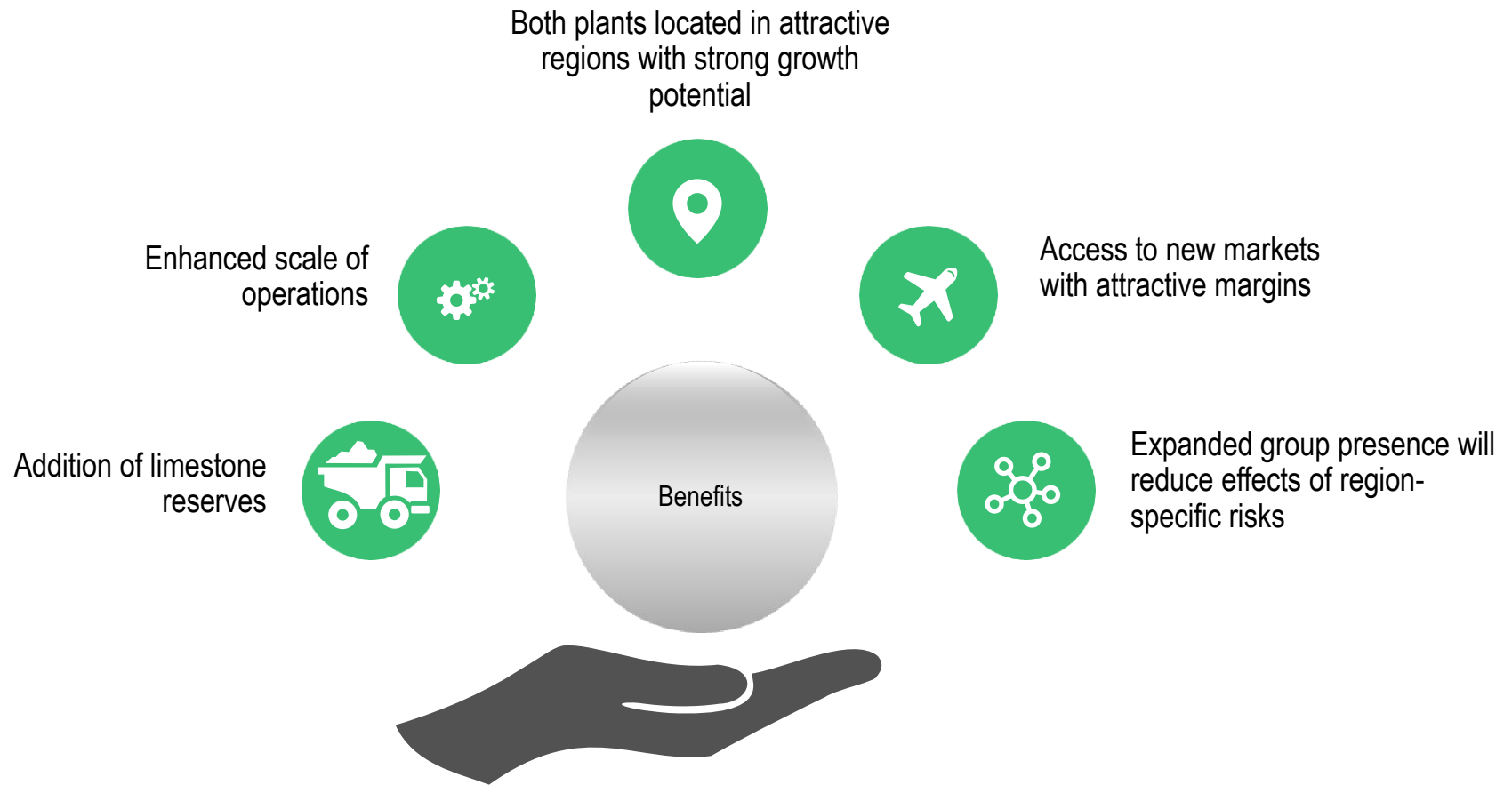
- ▶ JCPL has been allocated ~26.5 acres of land in the Kalinga Nagar Industrial Area, Jajpur, Odisha.
- ▶ SCL will acquire the entire shareholding from the current promoters and obtain requisite approvals to construct a 1.5 MTPA cement grinding facility.
- ▶ Clinker will be sourced from the Matampally plant of SCL



Capacity	
Cement	1.5 MTPA
Product Mix	PSC – 90% PPC – 10%

Project funding	
Term Debt	INR 2,000 mn
Equity	INR 1,080 mn
Total project cost	INR 3,080 mn

Acquisition Benefits for the Group





Implementation of 18 MW, coal based Captive Power Plant

- **Location:** Mattampally, Suryapet, Telangana
- **Expected date of commissioning:** June 2019

ESP



CHIMNEY



BOILER



ACC



STG



DM TANK





Mattampally Plant

Utilisation (%)				
	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17
Cement	57	44	41	55
	Q1 FY18	Q2 FY18	Q3 FY18	Q4 FY18
Cement	56	51	56	66
	Q1 FY19	Q2 FY19	Q3 FY19	
Cement	62	61	59	

Bayyavaram Plant

Utilisation (%)				
	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17
Cement			51	68
	Q1 FY18	Q2 FY18	Q3 FY18	Q4 FY18
Cement	57	57	81	96
	Q1 FY19	Q2 FY19	Q3 FY19	
Cement	82	23	54	

Gudipadu Plant

Utilisation (%)				
	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17
Cement	62	71	64	71
	Q1 FY18	Q2 FY18	Q3 FY18	Q4 FY18
Cement	64	63	70	84
	Q1 FY19	Q2 FY19	Q3 FY19	
Cement	80	56	81	



Q2 FY18

- Domestic : International Fuel mix was 04:96

Q3 FY18

- Domestic : International Fuel mix was 19:81

Q4 FY18

- Domestic : International Fuel mix was 59:41

Q1 FY19

- Domestic : International Fuel mix was 64:36

Q2 FY19

- Domestic : International Fuel mix was 25:75

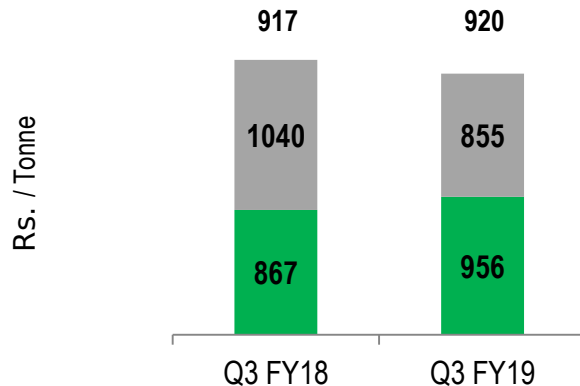
Q3 FY19

- Domestic : International Fuel mix was 45:55

Thermal Fuel Cost (Rs. / Tonne)					
		Q1	Q2	Q3	Q4
Indigenous Average	FY17	4,330	4,618	4,765	4,904
Imported Average		5,485	6,060	5,956	7,201
Indigenous Average	FY18	4,871	4,890	5,087	5,101
Imported Average		6,714	7,508	7,860	8,155
Indigenous Average	FY19	5,146	5,125	5,250	
Pet coke Average		8,577	9,452	9,840	

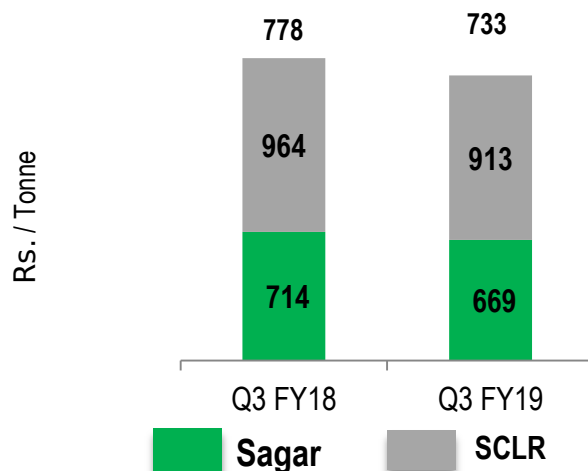


Average Fuel Cost Per Tonne



- Increase in price of imported pet coke & coal resulted in higher average fuel cost per tonne of clinker produced.
- Gudipadu Plant has stabilized itself and is, currently using 100% pet coke resulting in a lower fuel cost.

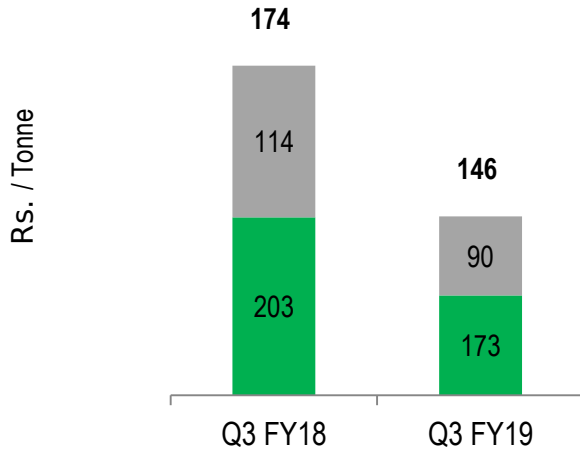
Freight Cost per Tonne



- Weighted average freight cost per ton decreased due to optimization of lead distance and reduction in fuel prices.

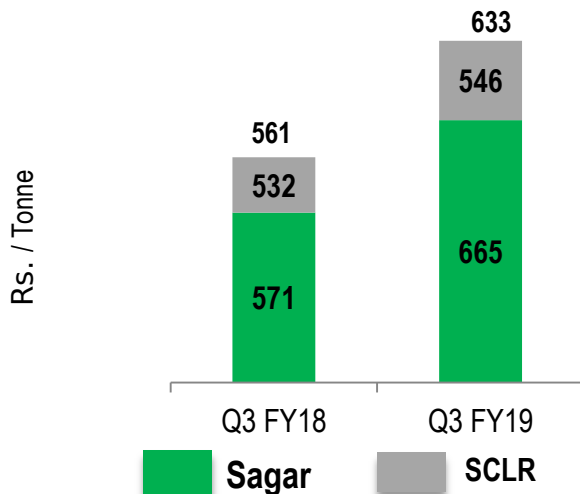


Employee Cost



- Employee costs on per tonne basis, during Q3 FY 19, came down mainly on account of higher volumes on YoY basis.

Raw Material Cost



- Higher Raw Material cost per tonne, owing to change in product mix.

Production & Sales in Q3 FY19 and Dispatches



Description	Sagar Cements Ltd	Sagar Cements (R) Ltd	Consolidated
	Qty in MT	Qty in MT	Qty in MT
Clinker	4,50,044	2,44,305	6,94,349
Cement Production / Purchase	6,63,860	2,51,835	9,15,695
Cement Sales	6,79,332	2,41,604	9,20,936

Consolidated					
Dispatch Details					
TPT	Q1 FY18	Q2 FY18	Q3 FY18	Q4 FY18	Total
BY ROAD	6,12,088	5,61,140	6,80,048	7,70,949	26,24,225
BY RAKE	13,594	13,262	-	-	26,856
TOTAL	6,25,682	5,74,402	6,80,048	7,70,949	26,51,081

TPT	Q1 FY19	Q2 FY19	Q3 FY19
BY ROAD	7,43,053	7,19,364	9,21,575
BY RAKE	00	00	00
TOTAL	7,43,053	7,19,364	9,21,575

Key Balance Sheet Items



Rs. In Lakh	Sagar Cements Ltd.	Sagar Cements (R) Ltd.	Consolidated
Gross Debt	31,941	32,388	55,584
- Long Term	17,848	28,193	37,296
- Working Capital	14,093	4,195	18,288
Cash & Bank Balance	1,632	297	1,929
Debt Equity Ratio (%)	0.22	4.70	0.48
Net Worth	82,990	6,001	77,039
Investments	27,298	0	0

As of Dec' 2018



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Safe Harbour :

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