



SAGAR CEMENTS LIMITED

SCL:SEC:NSE:BSE:2017-18

26th October 2017

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

The Secretary
Bombay Stock Exchange 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 second quarter / half-year ended 30th September, 2017

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Further to our letter dated 26th October 2017, 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 second quarter / half-year ended 30th September, 2017.

Thanking you

Yours faithfully
For Sagar Cements Limited


R. Soundararajan
Company Secretary

Encl: a.a.



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CIN : L26942TG1981PLC002887



Sagar Cements Limited

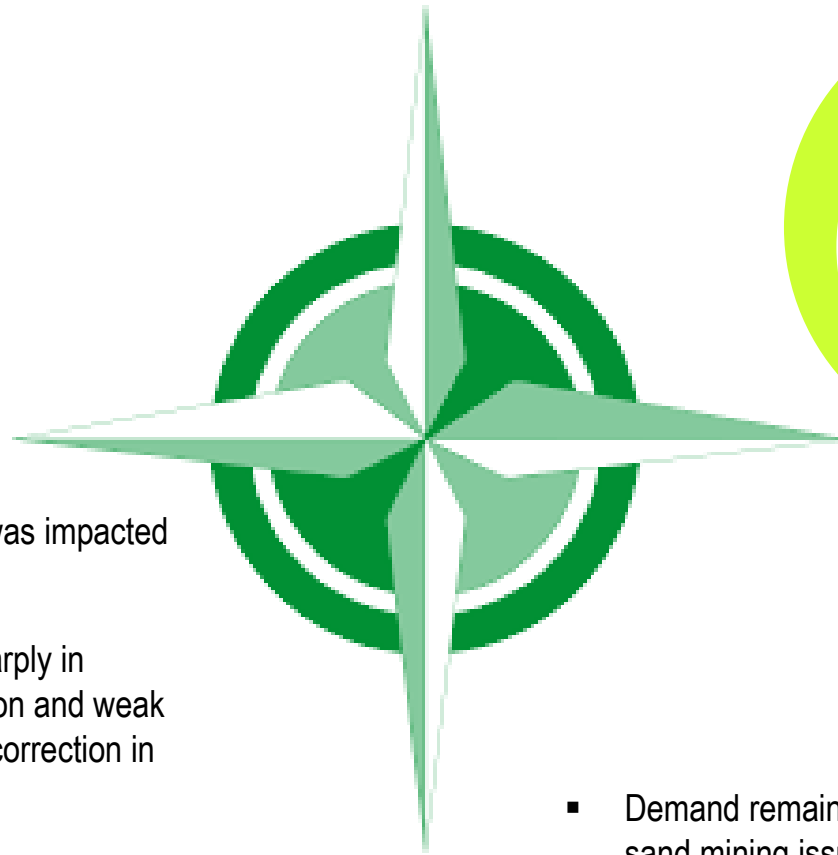
**Q2&H1FY18
Results Presentation**





West

- Demand in Maharashtra was impacted by heavy monsoon
- While prices improved sharply in Gujarat, intense competition and weak demand resulted in price correction in Maharashtra

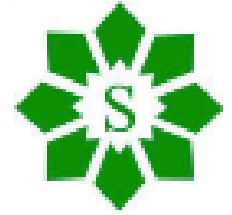


South

- Demand remained relatively stable, as the impact of sand mining issue and the political instability in Tamil Nadu, were partly offset by improved offtake from AP/ Telangana
- Prices remained soft primarily as a result of lower activity during the monsoon season

Perspective on Cement Prices

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 first half of the year, a period wherein we had delivered stable revenue and profitability growth amidst the presence of challenging macros. The improved performance stems on the back of steady demand and realisations across our key markets.

Our persistent efforts towards containing costs enabled us to deliver higher operational profitability despite rising input cost. We have undertaken a number of strategic initiatives in recent past with a view towards improving operations and curtailing expenses. Our grinding unit at Bayyavaram has enabled both cost savings as well as improved reach. Commissioning of 6MW Waste Recovery & 1 MW Solar Power Plant helped us to reduce Power cost. Further, the implementation of 18 MW Captive Power Plant and usage of pet-coke in subsidiary company should further help us in lowering our overheads.

Going forward, we expect the demand and in turn prices to remain strong on expectation of increased government spending on infrastructure.





1

Overall demand across our key markets remained relatively mixed, as the impact of sand mining and political instability in TN were partially offset by strong demand in AP / Telangana

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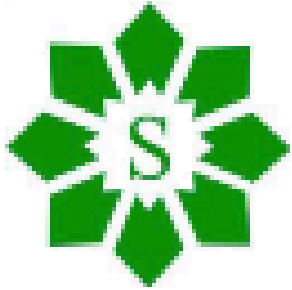
Marginal softening of prices across our primary markets and higher input costs resulted in lower operational profitability

3

6 MW Waste Heat Recovery Power Plant & 1 MW Solar Power were Commissioned

4

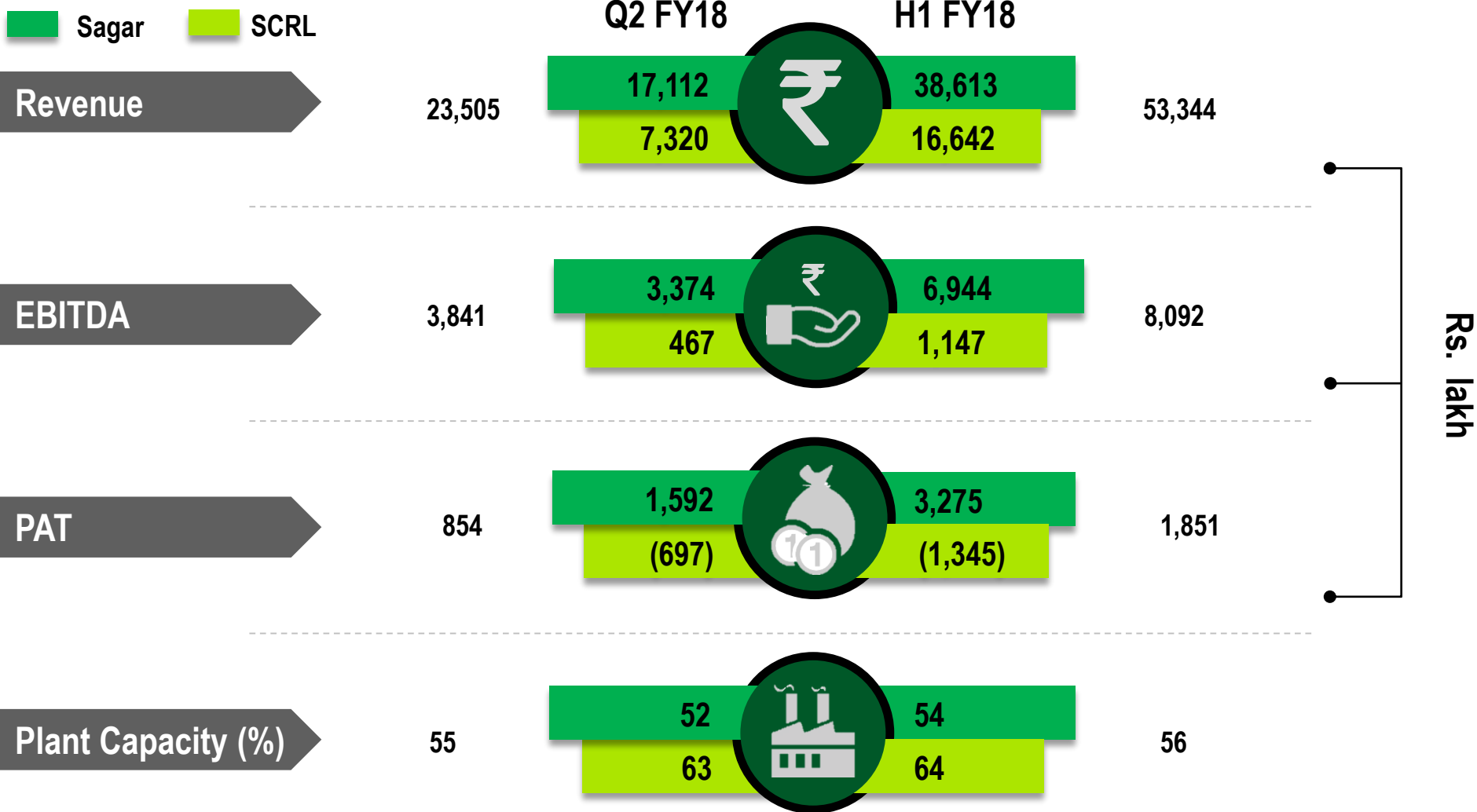
Outlook remains positive on the back of sustained government spending, slowing capacity addition and expected moderation in input costs



Sagar Cements – Operational Results



Performance Highlights



The Board of Directors have recommended an interim dividend of Rs. 2.50 per share i.e. 25% on Face Value of Rs. 10 per share

Highlights – 6 MW Waste Heat Recovery & 1 MW Solar Power Plant



- 6 MW waste heat recovery (WHR) plant has been commissioned.
- Location: Mattampally, Nalgonda district, Telangana
- This will ensure greater control over power and fuel costs.



AQC & PH Boilers



Steam Turbine Generator (STG)



Cooling Tower



Solar Power

Highlights – Implementation of 1.2 Mn Tonne Grinding facility & 18 MW CPP



- Project : Grinding facility
- Location: Bayyavaram., Anapally, Visakhapatnam, Andhra Pradesh
- Core equipments ordered
- Expected date of commissioning : September 2018



Raw Material storage facilities



VRM Building



Cement Silo



Packing Plant

- Project : 18 MW Captive Power Plant
- Location: Mattampally, Suryapet, Telangana
- Core equipments ordered
- Expected date of commissioning : December 2018



Captive power plant foundations



Mattampally Plant

| Utilisation (%) | | | | |
|-----------------|---------|---------|---------|---------|
| | Q1 FY16 | Q2 FY16 | Q3 FY16 | Q4 FY16 |
| Cement | 65 | 49 | 44 | 61 |
| | Q1 FY17 | Q2 FY17 | Q3 FY17 | Q4 FY17 |
| Cement | 57 | 44 | 43 | 59 |
| | Q1 FY18 | Q2 FY18 | | |
| Cement | 56 | 52 | | |

Gudipadu Plant

| Utilisation (%) | | | | |
|-----------------|---------|---------|---------|---------|
| | Q1 FY17 | Q2 FY17 | Q3 FY17 | Q4 FY17 |
| Cement | 62 | 71 | 64 | 71 |
| | Q1 FY18 | Q2 FY18 | | |
| Cement | 64 | 63 | | |



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

Q4 FY17

- Domestic : International coal mix was 20:80

Q1 FY18

- Domestic : International coal mix was 07:93

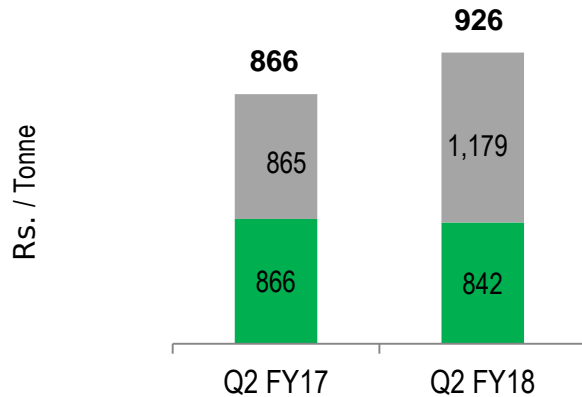
Q2 FY18

- Domestic : International coal mix was 04:96

| | | Coal Cost (Rs. / Tonne) | | | |
|-----------------------|------|-------------------------|-------|-------|-------|
| | | Q1 | Q2 | Q3 | Q4 |
| 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 | 4,904 |
| Imported Coal Average | | 5,485 | 6,060 | 5,956 | 7,201 |
| Indigenous Average | FY18 | 4,871 | 4,890 | | |
| Imported Coal Average | | 6,714 | 7,508 | | |

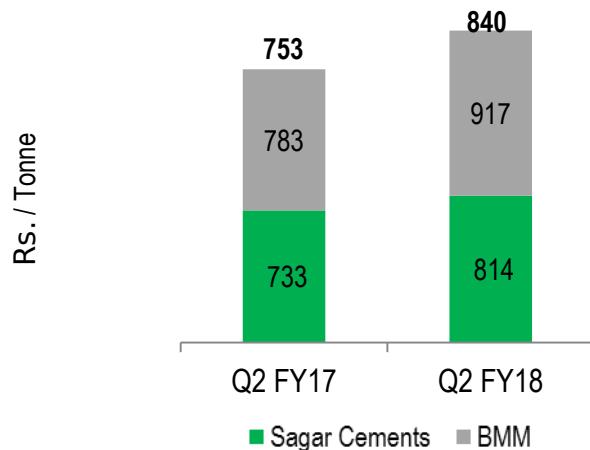


Average Fuel Cost Per Tonne



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

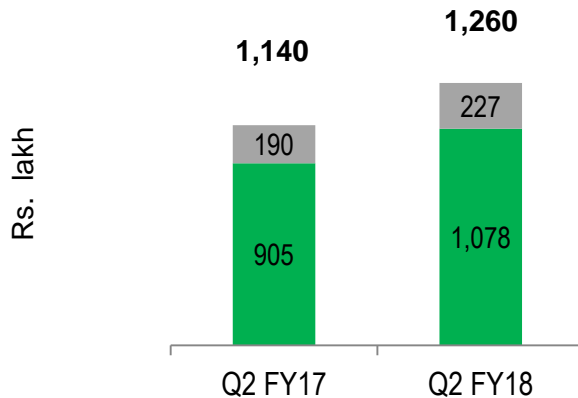
Freight Cost per Tonne



- Freight cost per ton increased due to increase in fuel prices.

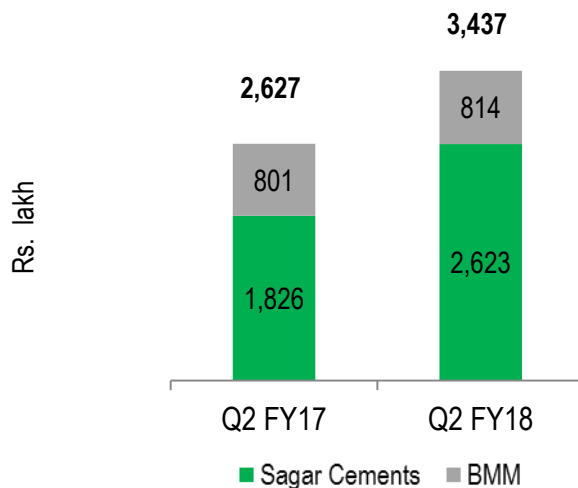


Employee Cost



- Employee costs in Q2 FY 18 was Rs. 1,260 lakhs on a consolidated basis when compared to Rs. 1,140 lakhs during Q2 FY17 on account of annual increments released in second quarter.

Raw Material Cost



- Raw Material cost has increased due to higher production during the Q2 FY 18.

Production & Sales in Q2 FY18 and Dispatches by Road & Rake



| Description | Sagar Cements Ltd | Sagar Cements (R) Ltd | Consolidated |
|------------------------------|-------------------|-------------------------|--------------|
| | Qty in MT | Qty in MT | Qty in MT |
| Clinker | 4,38,400 | 1,42,627 | 5,81,027 |
| Cement Production / Purchase | 4,27,767 | 1,58,476 | 5,86,243 |
| Cement Sales | 4,43,984 | 1,54,079 | 5,98,063 |

| Consolidated | | | | | |
|-------------------------|-----------------|-----------------|-----------------|-----------------|------------------|
| Dispatch Details | | | | | |
| TPT | Q1 FY17 | Q2 FY17 | Q3 FY17 | Q4 FY17 | TOTAL |
| BY ROAD | 5,72,527 | 4,89,731 | 4,66,045 | 6,28,844 | 21,57,147 |
| BY RAKE | 5,310 | 21,830 | 8,120 | 5,491 | 40,751 |
| TOTAL | 5,77,837 | 5,11,561 | 4,74,165 | 6,34,335 | 21,97,898 |

| TPT | Q1 FY18 | Q2 FY18 |
|--------------|-----------------|-----------------|
| BY ROAD | 6,12,088 | 5,61,140 |
| BY RAKE | 13,594 | 13,262 |
| TOTAL | 6,25,682 | 5,74,402 |

Key Balance Sheet Items



| Rs. In Lakh | Sagar Cements Ltd. | Sagar Cements (R) Ltd. | Consolidated |
|-----------------------|--------------------|--------------------------|--------------|
| Gross Debt | 25,098 | 32,150 | 49,622 |
| - Long Term | 17,089 | 27,748 | 37,212 |
| - Working Capital | 8,009 | 4,402 | 12,410 |
| Cash & Bank Balance | 10,026 | 60 | 10,086 |
| Debt Equity Ratio (%) | 0.21 | 3.40 | 0.48 |
| Net Worth | 81,355 | 8,164 | 77,776 |
| Investments | 26,207 | 0 | 28 |

As of Sep' 2017



For further information contact:

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Company Secretary & Compliance Officer:
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Safe Harbour :

Certain matters discussed in this communication may contain statements regarding the company's market opportunity and business prospects that are individually and collectively forward-looking statements. Such forward-looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and assumptions that are difficult to predict. These risks and uncertainties include, but are not limited to, the performance of the Indian Economy and of the economies of various International markets, the performance of the Cement Industry in India and world-wide, competition, the company's ability to successfully implement its strategy, the company's future levels of growth and expansion, technological implementation, changes and advancements, change in revenue, income or cash flows, the company's market preferences and its exposure to market risks, as well as other risks. The company's actual results, levels of activity, performance or achievements could differ materially and adversely from results expressed in or implied by this presentation. The Company assumes no obligation to update any forward-looking information contained in this communication. Any forward – looking statements and projections made by third parties included in this communication are not adapted by the company and the company is not responsible for such third party statements and projections