



# Sagar Cements Limited

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**Investor / Analyst Presentation**

**Q3 FY 2011**

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**February 02, 2011**



# Corporate Highlights

## Performance Highlights

- Q3FY2011 Standalone Net sales increased by 25.83% to Rs. 1126.46 million
- EBITDA increased by 395.48% to Rs. 183.76 million
- PAT at Rs. 30.98 million
- Progress on Vicat - on course, appx. 1500 acres of land registered in the name of Sagar Cements

## Industry Outlook

- In the Southern region price movement has been in line with volume growth
- Demand continues to be subdued
- Prices are range bound with a marginally upward bias
- On a PAN India basis it is expected that cement prices will come under further pressure led by sluggish demand and due to overcapacities

# Executive Director's Comment

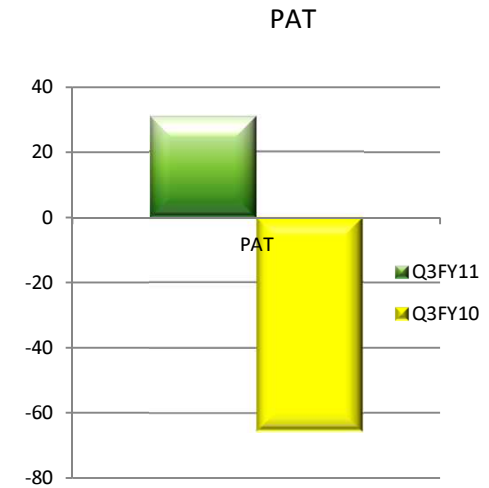
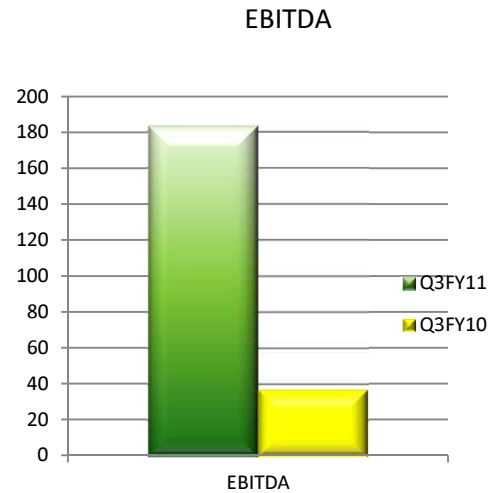
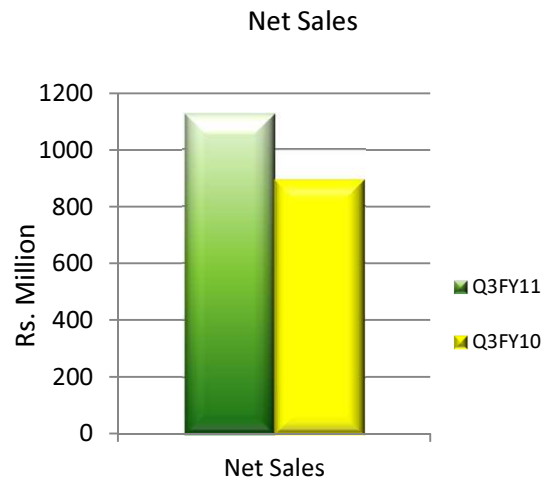
**Commenting on the performance, Mr. Sreekanth Reddy, Executive Director of the Company said,**

*“Sagar Cements has delivered an encouraging performance over the quarter and year ended December 31, 2010. While overall growth has improved with the industry showing better capacity utilization levels, delays in execution of projects combined with political tensions have resulted in subdued demand. Higher commodity prices and fuel hikes are also of some concern.*

*Progress at the Vicat-Sagar facility is good and currently ahead of schedule. We are hopeful that the unit will become operational within the target date in mid-2012.”*

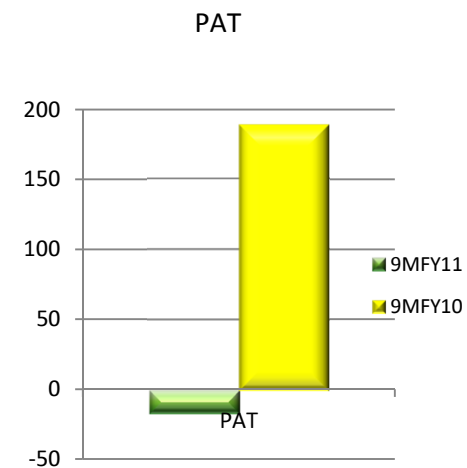
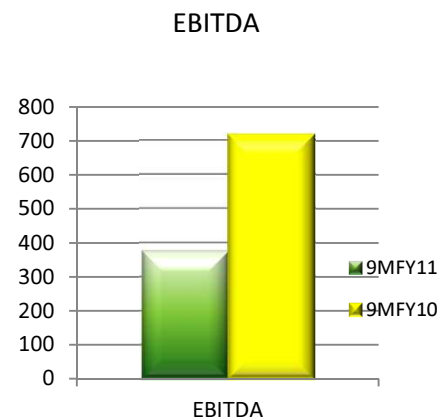
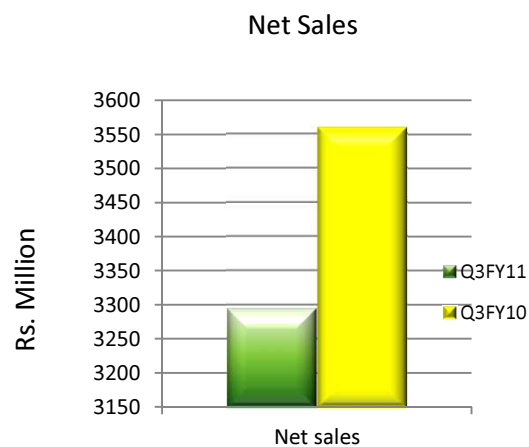


# Q3FY2011 Standalone Performance Review



- Net Sales grew 25.82% YoY to ₹ 1126.46 million from ₹ 895.26 million compared to Q3FY10
- EBITDA grew 395.48 % to ₹ 183.76 million from ₹ 37.09 million. Operating margins for the quarter at 16.31%
- Net Profit stood at ₹ 30.99 million compared to ₹ -65.38 million on a corresponding quarter basis
- EPS (not annualised) at ₹ 2.07 in Q3FY2011

# 9MFY2011 Standalone Performance Review



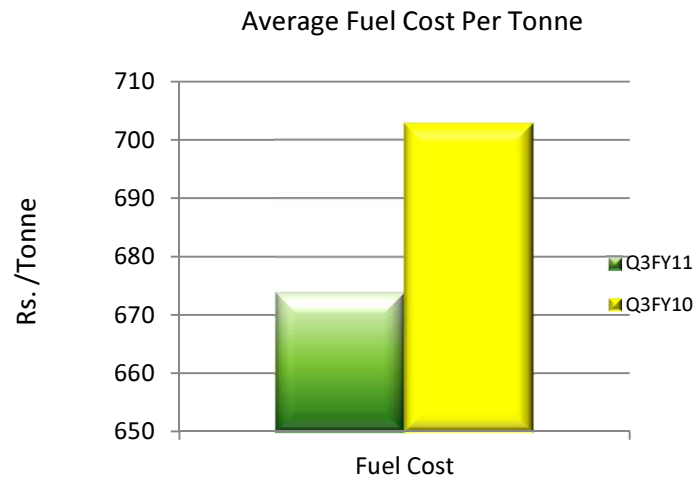
- Net Sales decreased 7.44% to ₹ 3295.28 million from ₹ 3,560 million in the corresponding 9M period last year.
- EBITDA decreased 47.54 % to ₹ 377.26 million from ₹ 719.15 million. Operating margins for the 9M stand at 11.45%
- Net Profit stood at ₹ -16.62 million as compared to ₹ 188.72 million the previous fiscal year.

# Operations Overview

Production	October (in tonnes)	November (in tonnes)	December (in tonnes)
<b>Clinker</b>	132,950	118,340	10,900
<b>Cement</b>	118,065	67,920	76,845

Description	Sales ('000 MT)		Value (Rs million)	Realization (Rs/ MT)
Q3 FY2011	Clinker	36	90	2474
	Cement	303	1,157.00	3,815
Q3 FY2010	Clinker	68	142	2,569
	Cement	287	836	3,700
% Shift	Clinker	-46.59	-36.96	-3.69
	Cement	5.66	38.32	3.11
9M FY2011	Clinker	154	375	2,433
	Cement	997	3,284	3,294
9M FY2010	Clinker	257	639	2,483
	Cement	912	3,220	3,532
% Shift	Clinker	-40.19	-41.4	-2.02
	Cement	9.36	2	-6.73

# Cost Overview

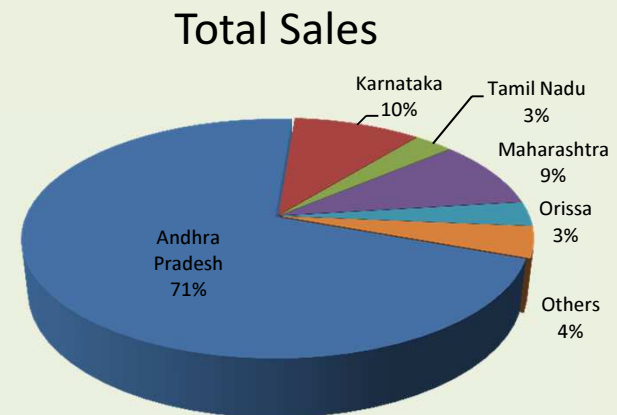


## Cost Overview

- Average fuel cost per tonne of clinker production during the quarter was at Rs. 674 as compared to Rs. 703 per tonne in the previous corresponding quarter, due to a reduction of coal consumption on power utilization.
- Total freight cost for the quarter stood at Rs. 136.46 million, an increase of 21% over the previous corresponding quarter on the back of increased transportation and diesel costs.

# Andhra Pradesh Plant Highlights

- During the quarter, the plant operated at a lower utilization levels, producing 262,190 tonnes of clinker and 262,830 tonnes of cement.
- Volumes of cement production in Q3FY2011 were higher by about 9.76% as compared to the corresponding quarter in the previous year.
- The company continues to have a presence in the established markets of Orissa, Karnataka, Tamil Nadu and Maharashtra as well as Andhra Pradesh. Approximately 30% of cement dispatches are now shipped to various markets outside the home state.
- The construction of the railway line is currently underway and should become operational by the end of 2011.
- The capacity utilization for the plant stands at 60%.





# Dispatches in Q3FY11 vs Q3FY10

Markets	Q3 FY 2011		Q3 FY 2010	
	Quantity (in Tonnes)	% of Total Sales	Quantity (in Tonnes)	% of Total Sales
Andhra Pradesh	214,156	70.68	224,357	78.20
Karnataka	29,393	9.7	11,984	4.18
Tamil Nadu	8,919	2.94	7,887	2.75
Maharashtra	27,823	9.18	26,200	9.13
Orissa	9,960	3.29	9,207	3.21
Others	12,750	4.21	7,268	2.53
Total	30,300	100	286,903	100

## Key Balance Sheet Items

- The total debt as on 31<sup>st</sup> December, 2010 stood at Rs. 2,461 million out of which Rs. 1,683 is long term debt and the remaining constitutes working capital of the company.
- The Net Worth of the Company as on 31<sup>st</sup> December, 2010 is at Rs. 2,054 million
- Cash & Bank Balances held by the company at the Balance sheet date was Rs. 39.84 million.
- Investments stood at Rs. 715.42 million

# Progress on Vicat-Sagar

- Progress on the Vicat-Sagar facility is on course and in line with the established schedule.
- The facility is expected to be completed and operational in mid-2012 and will conform to International environmental standards.



**For further information contact**



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