



THE INDIA CEMENTS LIMITED

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SH/NSE

07.02.2020

National Stock Exchange of India Ltd
Exchange Plaza, 5th Floor
Plot No.C/1, G Block
Bandra-Kurla Complex
Bandra (E)
MUMBAI 400 051.

Dear Sirs,

**Sub.: Press release on unaudited financial results for the quarter and
nine months ended 31.12.2019**

In continuation to our letter dated 07.02.2020 forwarding a copy of the
unaudited financial results for the quarter and nine months ended 31.12.2019,
we enclose a copy of the 'Press Release' issued today in this regard.

Thanking you,

Yours faithfully,
for **THE INDIA CEMENTS LIMITED**

COMPANY SECRETARY

Encl.: As above





7th February 2020

Press Release

THE INDIA CEMENTS LIMITED

UNAUDITED RESULTS FOR THE III QUARTER

ENDED 31ST DECEMBER 2019

The slowdown of the economy together with the poor demand for cement in the south had resulted in continuous price pressure. The performance of the company during the quarter was impacted by the above factors resulting in a marginal loss after a gap of nearly 19 quarters.

It can be seen from the information published by DIPP that the index of the 8 core industries came down sharply during the year under review and registered a flat growth for the period upto December'19 as compared to a 5.5% growth in the previous year. The cement industry which witnessed an impressive 13% growth in the previous fiscal had to be content with a nil growth during the above period.

From an analysis of the production details of the some of the majors published so far, it can be inferred that while the cement industry had grown in the north, west and east, it had de-grown by 8% and 12% respectively in the south for the 9 months period and in the 3rd quarter. The main contributing factor being the stalling of the major projects in

Andhra Pradesh, Telengana combined with deferment of infra spending in these states and further fuelled by the slowdown of the economy. With huge capacity overhang and with a low demand scenario, the price of cement was under continuous pressure and steadily reduced from the month of August'19 especially in Andhra Pradesh, Telengana and Maharashtra squeezing the margins of the players situated in these states. The performance of the company has to be viewed with this back ground of low demand since 4 of its units are situated in the states of Telengana and Andhra Pradesh where the decline in growth was more pronounced and hence the performance of the company was affected more than that of peers.

The single factor that affected the margin during the quarter was the reduction in Net plant realisation by more than Rs.150 per ton of cement on a sequential quarter basis which impacted the EBIDTA by more than Rs.42 crores. However, there was relief in the form of reduction in variable cost of production which mitigated to a certain extent the impact of such drop in EBIDTA.

The overall demand in south is picking up with AP and Telengana contributing. The expectation is that the worst is over and the cement industry will see a robust growth going forward.

Company Performance:

Despite the onslaught of low demand growth together with a low price scenario, the company could just manage to put up a reasonable performance for the quarter under review.

- The capacity utilisation of the company during the quarter was 69% against 76% in the same quarter of the previous year.
- The overall volume of clinker and cement was lower at 26.66 lakh tons (29.58 lakh tons) a drop of 10%.
- The cement price was in line with that of previous year.
- The variable cost of production was kept under control and it was lower by 6%.
- The drop in volume impacted with a drop of nearly Rs.30 crores in contribution and with improved variable cost, the overall EBIDTA could be maintained at Rs.132 crores as compared to Rs.139 crores.
- The interest cost were higher at Rs.80.58 crores (Rs.72.81 crores) while depreciation was at Rs.61.50 crores as compared to Rs.63.18 crores resulting in a loss of Rs.10 crores before tax and extraordinary items as compared to a profit of Rs.3 crores in the previous year. After netting adjustment for tax and other comprehensive items, the loss was at Rs.4 crores for the quarter as compared to a profit of Rs.3 crores in the previous year.
- These results have been taken on record by the Board of directors at their meeting held on 7th February 2020.

OUTLOOK:

While economic growth is expected to moderate further with a projected a GDP growth of around 5% in the current financial year, there are hopes of rebound in the economy in 2020-21 with a growth rate in the range of 6 to 6.5% as forecast by Economic Survey.

The Budget for 2020-21, presented in the Parliament last week, has sought to give push to big ticket investments in the infrastructure projects identified across the sectors as part of National Infrastructure pipeline. The Budget has also proposed a new tax regime for personal income with revised tax rates and has extended the tax benefits for affordable housing.

These measures are expected to stimulate the housing and construction activity and improve the cement demand which has already seen a pick up from the New Year along with recovery in prices.