THE INDIA CEMENTS LIMITED

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CIN : L26942TN1946PLC000931

SH/

29.09.2020

BSE Limited
Corporate Relationship Dept. First Floor,
New Trading Ring, Rotunda Building,
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
MUMBAI - 400 001.

Scrip Code : 530005

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

Scrip Code : INDIACEM

Dear Sirs,

Sub.: Summary of proceedings of Annual General Meeting held on 28.09.2020

In terms of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose a summary of proceedings of the 74th Annual General Meeting of our Company held on 28th September, 2020.

Thanking you,

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

COMPANY SECRETARY

THE INDIA CEMENTS LIMITED
CHENNAI

Summary of proceedings of the Seventy-fourth Annual General Meeting of the Company held through Video Conferencing (VC) / Other Audio Visual Means (OAVM) at 9.30 A.M. (IST) on Monday, the 28th September, 2020.

I Number of shareholders present through Video Conferencing at the meeting:

a) Promoters and Promoter group : 8
b) Public : 160

II	Directors:	Attended through VC From
1.	Sri.N.Srinivasan, Vice Chairman & Managing Director, Chairman of the Meeting	Chennai
2.	Smt.Chitra Srinivasan	Chennai
3.	Smt.Rupa Gurunath, Wholetime Director	Chennai
4.	Sri.S.Balasubramanian Adityan Chairman – Audit Committee & Nomination and Remuneration Committee	Chennai
5.	Sri.Basavaraju	Bengaluru
6.	Smt.Lakshmi Aparna Sreekumar Chairperson – Stakeholders Relationship Committee	Chennai
7.	Sri.K.P.Nair	Trivandrum
8.	Smt.Nalini Murari Ratnam	Mumbai
9.	Sri.V.Ranganathan	Chennai
10.	Smt.Sandhya Rajan	Chennai
11.	Sri.V.Venkatakrishnan	Chennai

III Sri.S.Sridharan, Company Secretary — Chennai

IV Statutory Auditors

1.	Sri.M.Krishna Chaitanya representing M/s.K.S.Rao & Co.	Chennai
2.	Sri.Chella K Srinivasan representing M/s.S.Viswanathan LLP.	Chennai

V Secretarial Auditor

1.	Smt.P.R.Sudha, Practising Company Secretary	Chennai

VI Scrutinizer

1.	Smt.P.R.Sudha, Practising Company Secretary	Chennai

All Statutory Registers, Auditors' Report, Secretarial Auditor's Report and other relevant documents were available to the members for inspection in electronic form.

VII <u>QUORUM</u>

The required quorum was present throughout the meeting.

VIII <u>ELECTION OF CHAIRMAN OF THE MEETING</u>

As chosen by the Directors present, Sri.N.Srinivasan, Vice Chairman & Managing Director, occupied the Chair.

The Chairman informed that in compliance with applicable provisions of the Companies Act, 2013 and as per the Circulars issued by Ministry of Corporate Affairs and the Securities and Exchange Board of India, the 74th Annual General Meeting of the Company was conducted through Video Conferencing / Other Audio Visual Means. He then, called the meeting to order and welcomed the members to the meeting.

The Chairman then requested the Directors to introduce themselves. The Directors present through VC introduced themselves from their respective locations.

The Chairman, then, informed that the Notice convening the 74th Annual General Meeting (AGM) of the Company, having been circulated electronically to the shareholders and hosted on the websites of the Company, National Securities Depository Limited (NSDL) and the Stock Exchanges, be taken as read and with the consent of the members present, the same was taken as read. The Chairman further informed that there was no necessity to read the Auditors' Report, as the same did not contain any qualification.

The Chairman, thereafter, proposed that his following address to the shareholders, having been already hosted and available in the website of the Company, be taken as read and with the permission of the members present, the same was taken as read.

Ladies and Gentlemen,

It gives me a great pleasure in extending a warm welcome to all of you to the Seventy fourth Annual General Meeting of your Company being conducted through video conferencing and other audio-visual means to comply with the Government norms on social distancing and restrictions to prevent the spread of Covid-19 pandemic disease.

I would like to urge all members to take care of themselves by strictly adhering to the safety related protocols and guidelines issued by the Government from time to time.

The audited accounts and the directors' report for the year ended March 31, 2020, have been with you for some time now and with your consent, I shall take them as read.

ECONOMY

The World economy reported slower expansion in 2019 on the back of sluggish growth in advanced economies and slowdown in emerging and developing economies, caused by macro-economic stress, tight monetary conditions and the continued US-China trade tensions.

The global economy witnessed a slower growth of 2.9% in 2019 after the modest growth of 3.6% in 2018 as per IMF estimates.

INDIAN ECONOMY: SLOWDOWN HIT ECONOMY AGGRAVATED BY COVID-19 CRISIS

At the start of fiscal year 2019-20, there were hopes of Indian economy regaining the growth momentum, mainly buoyed by the large domestic driven consumption.

But the fiscal year began on a tough note with a five-year lower GDP growth rate of 5.1% (later revised to 5.6%) in the first quarter with global headwinds casting its shadow on the economy.

The slowdown continued in the subsequent quarters with official estimates pegging GDP growth rate in the first nine months (April-December) at 5.1% against 6.3% in the same period in 2018-19.

Though the country experienced prolonged rainfall in the two monsoon seasons resulting in higher farm output, manufacturing activity was hit hard with weak demand and lower capacity utilisation. Construction sector also reported subdued growth. Investment in terms of gross capital formation declined.

The persisting slowdown was aggravated by the sudden outbreak of coronavirus pandemic and nation-wide lockdown from March 25, 2020. This led to the country clocking a moderate GDP growth of 4.2% in 2019-20 against 6.1% in 2018-19, as per official estimates.

SECTORAL PERFORMANCE

During the year, agriculture and allied sector was the bright spot and clocked a good growth of 4% against 2.4% in the previous year. Sufficient and prolonged rainfall in the two monsoon seasons along with higher crop prices, higher crop loans and the schemes implemented by the Centre and States improved the prospects of rural economy.

Last year, manufacturing activity remained weak and reported a meagre growth of 0.03% compared to 5.7% in the previous year.

In March 2020, industrial production crashed by 16.7% in the wake of Covid-19 induced nation-wide lockdown from March 25. With weak industrial activity during the year, the overall growth in terms of Index of Industrial Production was a mere 0.7% compared to 3.8% in 2018-19.

Growth in the construction sector also dropped to 1.3% from a good growth of 6.1% in 2018-19. The overall investment activity remained weak like in the previous year.

The slowdown in the economy during the year and the contraction in output affected the performance of core sector or infrastructure sector comprising eight Industries having a weightage of 40.27 per cent in the Index of Industrial Production (IIP). The cumulative growth of core sector in 2019-20 was a mere 0.6% against 4.4 per cent in the previous year.

ECONOMIC OUTLOOK 2020-21

The year began on a grim note with lockdown from March 25, 2020 to restrict the spread of Coronavirus severely disrupting the economic activity. Indian economy is the worst hit among the major economies with the GDP growth shrinking by an unprecedented 23.9% in April-June 2020 compared to the same period last year triggered by the stringent lockdown related measures during the quarter severely affecting the consumption.

In 2020, World Bank expects a significant contraction of 5.2% in world economy while IMF expects it to shrink by 3%. Indian economy is also expected to see a contraction of 3.2% to 6.8% in GDP in 2020-21 with the lockdown extending into the second quarter.

While the Centre has announced a series of stimulus and monetary policy measures, they are largely aimed at easing supply side constraints. In its latest report, Finance Ministry said V-shaped recovery (a quick down and then up) is seen in several high-frequency indicators including in terms of cement consumption.

REVIVAL IN CONSUMPTION HINGES ON PUBLIC SPENDING, INFRA PUSH

The States have further relaxed the lockdown related restrictions. At the same time, experts are of the view that the economy is still facing downside risks to growth and the recovery in demand mainly hinges on Government spending, especially on infrastructure to revive private consumption.

The expected good rabi crop and the forecast of normal south west monsoon augur well for the rural economy. It is hoped that the Government will pursue the ambitious plan to give push to big ticket investments in the infrastructure projects identified across the sectors as part of National Infrastructure pipeline which has envisaged an investment of over Rs.102 lakh crore over five years till 2025.

The Budget for 2020-21 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 with better prices.

CEMENT INDUSTRY: SLUGGISH GROWTH AFTER HEALTHY DEMAND

In line with the weak performance of core sector last year, growth in the cement sector also slumped to register a marginal negative growth compared to a healthy demand growth of 13.31% in 2018-19.

According to official estimates, last year, cement production declined to 334.48 million tonnes from 337.32 million tonnes in 2018-19.

Apart from general economic slowdown, the cement demand was affected post the general elections in May'19 due to stalling of the some of the existing projects for review, extended monsoons, low capital outgo on infrastructure and road projects. This was compounded by the stress in the financial sector and thereby low growth in real estate and housing sectors.

Though there was some recovery in cement demand from December'19, the momentum could not be sustained with the out-break of COVID-19 pandemic and the nation-wide lockdown from March 25 which paralysed the construction activity. Cement price, which started improving from February'19 went down after the first quarter of last year resulting in lower realisation adversely affecting the bottom line. In March 2020 alone cement production fell by 25%.

The overall capacity utilisation at the all India level dropped to 74% from 78% in 2018-19. The industry in the South reported a de-growth of around 8% last year reversing the turnaround reported in 2018-19 with a robust growth of 19%. The region with capacity overhang, reported a lower capacity utilization of around 60 to 62% only against 70% in the previous year.

PERFORMANCE OF THE COMPANY

During the year under review, performance of the Company was impacted by the decline in demand fuelled by the Covid-19 situation. Southern States in particular Andhra Pradesh, Telangana and Maharashtra which witnessed upward surge in demand in the previous fiscal, witnessed a steep decline in demand post general elections due to deferment of spending on major projects by the newly elected governments. Since the Company had five units in these States, it was affected more than the peers.

The selling price of cement, which went up substantially from February 2019, remained remunerative till July and softened thereafter resulting in low realisations which adversely affected the bottom line.

The variable cost of production was lower by 4% and kept under control despite lower capacity utilisation and marginal reduction in blended cement production. The operating parameters of fuel consumption and power consumption were maintained as that of previous year despite lower production.

While fuel prices came down by 7%, the variable cost of power was lower by 5%. Despite the vagaries in the price of diesel, the logistics expenses were also kept under tight control during the year under review. The net plant realisation remained flat as that of previous year.

The overall volume of clinker and cement dropped by 11% to 110.22 lakh tonnes from 124.40 lakh tonnes in the previous year and Company could achieve only a capacity utilisation of 71% against 79% in the previous year.

Total revenue, including other income came to Rs.5085 crore against Rs.5659 crore. The drop in volume alone had accounted for a loss of Rs.150 crore. However, with improved variable cost the overall EBIDTA came down to Rs.613 crore as compared to Rs.669 crore in the previous year.

The interest cost was Rs.334.47 crore compared to Rs.324.17 crore while depreciation was Rs.246.85 crore against Rs.251.31 crore in the previous year. After considering the exceptional items of around Rs.100 crore on account of expected credit losses and tax provision thereon, the loss for the year was Rs.35.51 crore against a net profit of Rs.69.44 crore in the previous year. After considering the other comprehensive income arising out of fair valuation of PPE, the total comprehensive income was Rs.205 crore against Rs.64 crore in the previous year.

CORPORATE SOCIAL RESPONSIBILITY

As a responsible corporate citizen, India Cements has always been in the forefront of supporting socially relevant activities and livelihood programmes for a long time now, even before it was made mandatory by law. During the year also, Company helped people in and around the plants through various activities as part of CSR, which are outlined in the Annual Report.

SUSTAINABLE DEVELOPMENT, HEALTH & SAFETY

Like CSR, Company is committed to the cause of sustainable development and has a well-defined policy in place for Safety, Health and Environment. It has been implementing slew of measures for improvement of environment, bio diversity, mines rehabilitation and greener initiatives in and around all its cement plants.

During the year also, Celebration of World Environment Day, National Safety Day, Mines Environment and other national days in the cement plants was marked by mass plantation of tree saplings for maintaining ecological balance, green rally for creating awareness, competitions for employees, their family, ladies club members and students, skit and cultural programmes.

The Company took pro-active steps from the 2nd week of March 2020 in creating awareness of maintaining hygiene, cleaner environment, social distancing, etc and strict adherence to the rules of the government relating to Covid-19 related lockdown measures in the work places.

AWARDS & RECOGNITIONS

Sankarnagar works participated in the Quality Circle Forum of India- Madurai Chapter in the competition on "Best Practices in SMED Poka Yoke" concepts and won 3 gold awards in the field of mines, electrical and captive power plant.

Chennai Grinding Unit was granted ISO 45001:2018 for Occupational Health and Safety Management Certification and Quality Management System Upgradation Certification of ISO 9001:2015.

Dalavoi works was granted Quality Management System Certificate ISO 50001:2018 by TUV NORD in March 2020 valid for a period of three years.

Banswara works was also granted Quality Management System Certificate as per ISO 50001:2011 valid for a period of three years. The plant has also been awarded Environment Management System Certificate as per ISO 140001:2015.

Malkapur works has been granted Quality Management System Certificate as per ISO 9001:2015 for further period of three years.

Besides the above, the Company's works at Sankarnagar, Sankari, and Yerraguntla have also won awards in various categories for safety, best mining practices, accident free work, etc. in the various zonal and state level safety competitions.

HUMAN RESOURCE DEVELOPMENT & TRAINING

In view of the competitive business environment, the Company has been revising the performance appraisal schemes in order to ensure a strong performance culture and at the same time focusing on developing leaders for future by conducting programmes with premier institutions for grooming people as per the succession policy.

At the plant level, there is an increasing thrust on implementing TPM practices, Kaizen initiatives and cost control. Training programmes and knowledge sharing sessions are conducted on multi-skilling, on the job learning, maintenance and increasing the performance of machines and systems etc.

Training programmes are also conducted wherever necessary for bridging competency gaps for critical departmental leaders to improve their performance.

In the new normal situation created by the pandemic, employees are encouraged to take up additional responsibilities, exhibit their multi- skilling and bridge the gap and need of the hour.

PERFORMANCE DURING THE CURRENT YEAR

Your Company reported good working results for the quarter ended 30th June 2020 on the back of improved selling price and sustained efforts on cost reduction despite the steep drop in volume caused by the lockdowns on account of pandemic covid-19. The Company achieved an EBIDTA of Rs.159 crore during the 1st quarter as compared to Rs.245 crore in the previous year during these challenging times with much lower volume (was down by 52%) as compared to previous year.

The overall volume of clinker and cement was at 14.28 lakh tonnes when compared with 30.42 lakh tonnes in the same quarter last year.

The 8 core industries reported a contraction of 24.6% in output in the first quarter of this year compared to the positive growth of 3.4% in the same period in the previous year.

According to DIPP, the cement industry had a steep de-growth of 86% in production in April 2020 and marginally improved to register a de-growth of 39% upto June 2020.

Based on the information available, the cement industry in the South had also registered a negative growth of around 45% during the first quarter.

Maharashtra and Tamil Nadu are the worst affected States due to Covid-19 with continuous lockdowns severely affecting the industrial activity. Construction industry is the worst affected in the prime metros consequent to non-availability of migrant labour.

The Company which has its main markets in these States had a drop in volume of around 48% during the April–June quarter in South (excluding Maharashtra) and overall, 52% reduction in volume including Maharashtra and North.

The cement prices which touched low levels in the March quarter, increased sharply in April and these prices sustained during the 1st quarter. Increased prices and the "Cash & Carry" policy improved the profitability and liquidity of the Company.

The Company also took pro-active steps in containing expenditure through reduction of fixed cost with emphasis on contract labour, administrative and marketing overheads along with improvement in the operating parameters.

The industry has started recovering slowly from May 2020 given the pent-up demand and the improved rural demand. During the first quarter of FY 2021, Andhra Pradesh and Telangana Governments have re-started their infrastructure projects and housing for poor schemes. With further relaxation of lockdown measures there are expectations of increased public spending on rural infrastructure, irrigation, road building and other projects. This along with pick up in individual home building and construction is expected to improve the cement demand.

ACKNOWLEDGEMENT

I would like to acknowledge with gratitude the help and co-operation received by us from the Central Government, the Governments of Tamil Nadu, Maharashtra, Andhra Pradesh, Telangana, Rajasthan and their agencies, the all India Financial Institutions, our Bankers and Investors.

I wish to commend the management team and the employees of the Company for their dedicated endeavours during the year.

Thanking You.

The Chairman, then, briefed the members present the industry scenario, cement demand-supply position, capacity utilisation, pricing, fuel cost, the impact of COVID-19 on the operating performance of the Company, the prognosis of the industry in general and the South in particular and other matters connected with the Company.

Thereafter, the Chairman requested the Company Secretary to read the items of business to be transacted at the AGM and the Company Secretary read the following items of business, as set-out in the Notice convening the 74th AGM of the Company, transacted at the meeting:

Sl. No.	Items of Business	Type of Resolutions
1.	Adoption of Standalone Audited Financial Statements for the year ended 31.03.2020.	Ordinary
2.	Adoption of Consolidated Audited Financial Statements for the year ended 31.03.2020.	Ordinary
3.	Declaration of dividend on equity shares for the year ended 31.03.2020.	Ordinary
4.	Appointment of a director in the place of Smt.Chitra Srinivasan (DIN:01094213), who retires by rotation and being eligible, offers herself for reappointment.	Ordinary
5.	Appointment of Smt.Nalini Murari Ratnam (DIN:07884044) as a Director of the Company, liable to retire by rotation.	Ordinary
6.	Appointment of Sri.Krishna Prasad Nair (DIN:02611496) as an Independent Director of the Company.	Ordinary
7.	Reappointment of Ms.Rupa Gurunath (DIN:01711965) as Wholetime Director of the Company.	Ordinary
8.	Ratification of remuneration to Cost Auditor of the Company.	Ordinary

The Chairman, thereafter, informed that the Company had made necessary arrangements for the shareholders to register themselves as "speakers" to express their views at the AGM and that the Company had received request from 8 shareholders to speak at the meeting. He then requested the Company Secretary to invite those registered "speakers" to speak at the meeting. Accordingly, the Company Secretary invited the "speakers" one after another to raise any query / seek clarification if required and the Chairman clarified the queries raised by them.

The Chairman, then, informed that a number of shareholders took advantage of the remote e-voting facility that commenced at 9.00 A.M. on 24.09.2020 and ended at 5.00 P.M. on 27.09.2020 and had already cast their votes electronically on the aforesaid resolutions, as set-out in the Notice convening the 74th AGM of the Company. He further informed the e-Voting facility available for those members, who have not availed the remove e-Voting facility, to cast their votes during the meeting and that the e-Voting window would be kept open for 15 minutes from the conclusion of the meeting for the members to cast their votes.

The Chairman, thereafter, informed the members that Smt.P.R.Sudha, Practising Company Secretary, had been appointed by the Board as Scrutinizer to oversee the votes cast through remote e-Voting and e-Voting process at the AGM and would be submitting a Consolidated Scrutinizer's Report. He further informed the members that the voting results would be declared and intimated to the Stock Exchanges and also be uploaded on the Company's website within 48 hours from the conclusion of the meeting.

There being no other business to transact, the Chairman thanked the members, who participated at the Annual General Meeting through VC, for their cooperation and declared the meeting closed.

The Annual General Meeting concluded at 10.37 A.M. and the e-Voting window provided during the AGM closed at 10.52 A.M.

CHAIRMAN

Place : Chennai
Date : 29.09.2020