Corporate Office:
Auras Corporate Centre, V Floor,
98-A, Dr. Radhakrishnan Salai, Mylapore,
Chennai – 600 004, India.
Phone: +91-44 28478666, Fax: +91-44 28478676
Web Site: www.ramcocements.in
Corporate Identity Number: L26941TN1957PLC003566

THE RAMCO CEMENTS LIMITED

24 May 2021

National Stock Exchange of India Limited, Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051. Scrip Code: RAMCOCEM
BSE Limited, Floor 25, "P.J.Towers", Dalal Street, Mumbai – 400 001. Scrip Code:500260

Dear Sirs,

Sub: Press Release

We send herewith a copy of the Press Release on the performance of the Company for the quarter and year ended 31.03.2021, being shared at the Investors' Meets.

Thanking you,

Yours faithfully,
For **THE RAMCO CEMENTS LIMITED,**

ksnavayam

K.SELVANAYAGAM
SECRETARY

Encl : As above

THE RAMCO CEMENTS LIMITED

PRESS RELEASE

PERFORMANCE FOR THE QUARTER / YEAR ENDED 31ST MARCH, 2021

SALES

Particulars	(In Million tons)			
	For the quarter ended		For the year ended	
	31-03-2021	31-03-2020	31-03-2021	31-03-2020
Cement sale volume	3.21	2.93	9.98	11.20

HIGHLIGHTS OF AUDITED FINANCIAL RESULTS

Particulars	Standalone (Rs. in Crores)			
	Audited			
	For the quarter ended		For the year ended	
	31-03-2021	31-03-2020	31-03-2021	31-03-2020
Revenue, net of GST	1,640.45	1,401.27	5,303.08	5,405.64
Operating Profit (EBITDA)	458.89	290.59	1,582.60	1,173.82
Less: Finance Costs	15.18	21.60	87.62	71.35
Less: Depreciation	95.80	83.25	355.30	315.26
Profit before tax	347.91	185.74	1,139.68	787.21
Less: Tax Expenses	133.55	39.57	378.60	186.12
Profit for the period	214.36	146.17	761.08	601.09
Total Comprehensive Income	209.48	137.85	757.95	593.28

Particulars	Consolidated (Rs. in Crores)			
	Audited			
	For the quarter ended		For the year ended	
	31-03-2021	31-03-2020	31-03-2021	31-03-2020
Revenue, net of GST	1,641.53	1,403.90	5,321.37	5,422.80
Operating Profit (EBITDA)	456.77	290.31	1,587.68	1,180.92
Less: Finance Costs	15.18	21.61	87.62	72.14
Less: Depreciation	96.11	83.49	356.56	316.54
Profit before tax	345.48	185.21	1143.50	792.24
Less: Tax Expenses	133.21	39.54	379.92	187.85
Less: Other adjustments (*)	(-) 3.89	2.59	(-) 20.06	0.25
Profit for the period	216.16	143.08	783.64	604.14
Total Comprehensive Income	211.10	136.18	780.06	599.18

(*) include share of profit of associates / non-controlling interest (NCI).

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CEMENT SALE

During the quarter ended 31-03-2021, the sale of cement for the company is 3.21 million tons, compared to 2.93 million tons in the corresponding period of the previous year with a growth of 10%. The utilisation rate based on clinker capacity for Q4 of CY is 92% as against 93% in Q4 of PY. The average lead distance of cement for Q4 of CY is 341 KMs as against 301 KMs in Q4 of PY. The outbound cement rail co-efficient for Q4 of CY is 12% as against 8% in Q4 of PY.

For the FY 2020-21, the sale of cement for the company is 9.98 million tons, compared to 11.20 million tons in the corresponding PY with a de-growth of 11%. The utilisation rate for the CY based on clinker capacity is 73% as against 90% in the PY. During the FY 2020-21 southern markets have de-grown due to COVID-19, prolonged monsoon whereas in the eastern markets volumes have grown. The average lead distance of cement for FY 2020-21 is 327 KMs as against 288 KMs in previous year. The outbound cement rail co-efficient for FY 2020-21 is 10% as against 6% in previous year. Trade to non-trade mix ratio remains at same level of 76 : 24 for both CY and PY.

WIND POWER

During the quarter ended 31-03-2021, windfarms have generated 1.60 crore units as against 1.99 crore units in the previous corresponding period. The income for the quarter ended 31-03-2021 from the wind power business is Rs.2.54 crores as against Rs.4.44 crores in the previous corresponding period. The operating expenses for the quarter ended 31-03-2021 is Rs.8.37 crores as against Rs.5.22 crores during the previous corresponding period.

During the FY 2020-21, windfarms have generated 21.41 crore units as against 22.68 crore units in the previous year. The income for the FY 2020-21 from the wind power business is Rs.56.42 crores as against Rs.58.07 crores in the previous year. The operating expenses for the FY 2020-21 is Rs.24.99 crores as against Rs.20.80 crores during the previous year. During the FY 2020-21, the company has received Rs.139.12 crores from TNEB, out of which Rs.61.02 crores has been received during the quarter ended 31-03-2021. The receivable from TNEB on 31-3-2021 is around Rs.38 crores.

STANDALONE PROFITABILITY

Net revenue for the quarter ended 31-03-2021 is Rs. 1,640.45 crores as against Rs. 1,401.27 crores during the previous corresponding period with a growth of 17% due to increase in sale volumes by 10% in favourable market conditions.

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EBIDTA for the quarter ended 31-03-2021 is Rs.458.89 crores as against Rs.290.59 crores during the previous corresponding period with an increase of 58% due to improved margins and increase in sale volumes. During the current year, for the 3rd consecutive quarter, the company has achieved quarterly EBIDTA in excess of Rs.400 crores. Blended EBIDTA per ton for the quarter ended 31-03-2021 is Rs. 1,428/- as against Rs.991/- during the previous corresponding period. Operating ratio for the quarter ended 31-03-2021 is 28% as against 21% in the previous corresponding period.

Net revenue for the FY 2020-21 is Rs. 5,303.08 crores as against Rs. 5,405.64 crores during the previous year. Though the volume de-growth for the year is 11%, the drop in net revenue is only 2% because of favourable market conditions and improvement in sale of premium products during the year. The company's strategy in offering its customers with right products for right applications has helped to reinforce its market position with better market mix and premiumisation of its products.

EBIDTA for the FY 2020-21 is Rs. 1,582.60 crores as against Rs. 1,173.82 crores during the previous year with an increase of 35% due to improved margins. Blended EBIDTA per ton for the FY 2020-21 is Rs.1,586/- as against Rs.1,048/- during the previous year. Operating ratio for the FY 2020-21 is 30% as against 22% in the previous year. The company has achieved PBT of Rs. 1,140 crores during the year and thus crossing the landmark PBT of Rs. 1,000 crores for the first time.

COST

The average increase in diesel prices by 11% during the year has pushed up the cost of all inward materials. The CIF prices of pet coke have increased from 70$ to 110$ during the year. However, the company's overall power and fuel cost for the FY 2020-21 is reduced due to cost benefits of fuel stock built at lower prices in earlier quarters and increased usage of relatively low priced fuel viz., imported coal and alternate fuel. Pet coke in overall fuel mix for the FY 2020-21 is 41% as against 48% in the previous year. For Q4 of CY, the pet coke in overall fuel mix is 23% as against 57% in Q4 of PY. During the CY, the purchased clinker consumption is 3.04 lacs tons, out of which 1.49 lacs tons is consumed in the quarter ended 31-03-2021. During the FY 2020-21, the procurement cost of HDPE bags has increased due to sharp hike in polymer prices and supply chain constraints due to COVID-19.

The operations of 18 MW WHRS in Jayanthipuram have also helped to manage the power cost better during the last two quarters. The overall blending ratio for the current year has improved by 3% from the previous year.

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During the FY 2020-21, the company has expensed Rs.19.54 crores towards ESOP expenses on pro-rata basis for the options granted to its employees, out of which a sum of Rs.3.19 crores were expensed in the quarter ended 31-03-2021. Though the lower sales volume during FY 2020-21 had resulted in under-absorption of overheads, the company has taken various effective austerity measures that has resulted in reduction of overall overheads.

INCOME TAX

Current tax for the FY 2020-21 is Rs.245.63 crores under REGULAR as against Rs.139.02 crores under MAT in the previous year. MAT Credit recognition for the FY 2020-21 is Nil as against Rs.36.74 Crores in the previous year. The company has written back excess tax provision amounting to Rs.1.61 crores during the CY as against tax charge of earlier year amounting to Rs.0.24 Crores during the PY.

Deferred tax for the FY 2020-21 is Rs.115.80 crores as against Rs.74.28 crores in the previous year. During the current year, the deferred tax adjustments relating to earlier years is Rs.18.78 crores on account of re-quantification of deductions u/s 80 IA based on transfer pricing (TP) orders as against Rs.9.32 crores in the previous year. For the subsequent years, the company expects that there will not be any re-quantification since the deductions u/s 80 IA are in conformity with favourable order issued by Dispute Resolution Panel (DRP). The overall effective tax rate for the current year has increased to 33.15% from 23.52% due to non-availability of deductions towards investment allowance reserve and shift of taxation method to REGULAR from MAT.

As per Section 115BAA in the Income Tax Act, 1961, the company has an irrevocable option of shifting to a lower tax rate and simultaneously forgo certain tax incentives, deductions and accumulated MAT credit. The Company has not exercised this option for FY 2020-21 in view of the benefits available under the existing tax regime.

SUBSIDIARY COMPANIES

1. RAMCO WINDFARMS LIMITED

For the year ended 31-03-2021, the generation of power is 3.27 crore units as against 3.59 crore units in the previous year. The revenue from operations and EBIDTA for year ended 31-03-2021 is Rs.13.13 crores and Rs.7.72 crores as against Rs.14.38 crores and Rs.9.50 crores respectively in the previous year.

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2. RAMCO INDUSTRIAL & TECHNOLOGY SERVICES LIMITED

For the year ended 31-03-2021, the revenue from operations and EDIDTA is Rs.37 crores and Rs.1.64 crores as against Rs.40.94 crores and Rs. 1.34 crores respectively in previous year.

LEGAL

The Competition Commission of India (CCI) vide its order dated 31-8-2016 had imposed a penalty of Rs.258.63 Crores on the company towards alleged cartelisation. Our appeal along with the appeals of other cement companies had been dismissed by NCLAT vide its order dated 25-7-2018. Against the order, the company appealed to the Hon'ble Supreme Court, which by its order dated 5-10-2018 admitted the appeal and directed to continue the interim order passed by NCLAT. Accordingly, the company re-deposited Rs.25.86 Crores being 10% of the penalty. The Company backed by legal opinion, believes that it has a good case and hence no provision is made.

CAPEX

The expansion projects in Jayanthipuram and Kurnool are delayed due to pandemic caused by COVID-19. In both the project sites, the availability of manpower was disrupted intermittently since last 14 months. The clinkering unit of 1.5 MTPA in Jayanthipuram is expected to be commissioned during Q-1 of FY 2021-22. The company has already commissioned 18 MW of WHRS out of 27 MW during the FY 2020-21 and the balance 9 MW WHRS is expected to be commissioned during FY 2021-22. The clinkering unit of 2.25 MTPA in Kurnool is expected to be commissioned during Q-2 of FY 2021-22. The 1 MTPA cement grinding facility, 12 MW of WHRS and 18MW of TPP in Kurnool are expected to be commissioned during FY 2022-23.

During the FY 2020-21, the company has incurred Rs. 1,766 crores towards capex, including for the above-mentioned ongoing capacity expansion programme, out of which a sum of Rs. 600 crores were incurred during the quarter ended 31-03-2021.

BORROWINGS

The company's gross debt as on 31-03-2021 is Rs. 3,102 crores, out of which Rs.217 crores is soft/interest-free debt. The average cost of interest-bearing borrowings for the current year is reduced to 6.10% from 6.71% in the previous year. The net debt to EBIDTA is 1.89 times as on 31-03-2021 as against 2.52 times in the previous year.

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DIVIDEND

The Board of Directors have declared interim dividend of Rs.3/- per equity share for the financial year 2020-21 on 12-03-2021. Accordingly, the company has paid Rs.70.84 crores towards interim dividend including TDS on dividends.

The Board of Directors have recommended this to be the total dividend for the financial year 2020-21. The company has paid dividend of Rs.2.50 per equity share amounting to Rs.71.07 crores including dividend distribution tax for the financial year 2019-20.

IMPACT OF COVID-19

In view of resurgence of COVID-19 across the country, various state governments have started imposing lockdown during May-21. The company's operations are continued in accordance with the guidelines issued by the relevant regulatory authorities with regard to adhering of social distancing, following prescribed hygiene standards. The Company continues to comply with such guidelines from time to time.

The Company has assessed the potential impact of COVID-19 based on the current circumstances and expects that there will not be any significant impact on the continuity of operations of the business on long-term basis. The Company's ongoing capacity expansion program was delayed because of non-availability of labourers due to COVID-19. However, the Company does not have any material risk of non-fulfilment of obligations by any party arising out of existing contracts / agreements.

The Company has exercised due care in determining its significant accounting judgements and estimates while preparing its financial statements including internal controls over financial reporting. As per the current assessment of the company, there is no material impact on the carrying values of trade receivables, inventories and other financial / non-financial assets as at the reporting date. The Company continues to closely monitor the developments in economic conditions and assess its impact. However, the final impact may differ from the current estimates made as at the date of approval of the financial statements for the year ended 31-03-2021 considering the prevailing uncertainties.

Place : Chennai
Date : 24-5-2021

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