THE INDIA CEMENTS LIMITED
Corporate Office : Coromandel Towers, 93, Santhome High Road, Karpagam Avenue,
R.A. Puram, Chennai - 600 028. Phone : 044-2852 1526, 2857 2100
Fax : 044-2851 7198, Grams : 'INDCEMENT'
CIN : L26942TN1946PLC000931

SH/SE/ 24.05.2023

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

Scrip Code: INDIACEM

Dear Sirs,

Sub.: Press release on audited financial results for the year ended 31.03.2023

In continuation to our letter dated 24.05.2023, forwarding a copy of the audited financial results for the year ended 31.03.2023, we enclose a copy of the 'Press Release' issued today in this regard.

Thanking you,

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

SWAMINATHAN SRIDHARAN
Digitally signed by SWAMINATHAN SRIDHARAN
Date: 2023.05.24 17:20:37 +05'30'

COMPANY SECRETARY

Encl.: As above

24TH May, 2023

Press Release

THE INDIA CEMENTS LIMITED

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31ST MARCH'23

The performance of the company during the year under review was adversely impacted by the record increase in the cost of fuel and power which could not be compensated in the market due to supply overhang. This was compounded by one off charges on account of impairment of certain investments and advances. This was to some extent compensated by the profit on sale of investments. All these factors led to dismal performance for the quarter and the year ended 31st March'23.

Industry:

The fortunes of the construction sector and cement industry during the year under review was subject to wide fluctuations. As per DIPP, there was significant pick up in the cement demand with a growth of over17% in the first quarter and started sliding down to 1.8% in the second quarter with a negative growth in October'22.

While there was further pick up in the later months, the growth was again negative in the month of March'23 finishing the year only around 8.6% implying a steep drop in growth in the second half of the year. This in consistent growth in demand for cement had a telling impact particularly in south where the industry is saddled with huge capacity. The growth story in south has also been same which witnessed a 15% growth in the first half of the year while it turned out to be less than 10% in the third quarter.

The industry witnessed a record increase in the cost of production in the first half of the year. The exchange rate of dollar has also gone up by 10% during the year in addition to the above. But there was some relief with softening of prices of imported coal and petcoke during the second half. The increase in cost of production could not be recovered from the market. However, All India players had reasonable increase in the selling price elsewhere in the other regions to partially offset the cost increase.

Company:

For the year under review, the company's overall volume of sales was up by 9% in line with the industry. While clinker production was up by 8% at 72.98 lakh tons (67.60 lakh tons) the overall sales was at 98.93 lakh tons up from 90.70 lakh tons. As earlier mentioned, with a basket of plants of various vintage and technology with varying operating parameters of power and fuel, the impact on cost of production on account of steep increase in coal price, diesel, petcoke, power, etc. was much higher for the company as compared to many of the peers. With lower production of blended cement on account of market mix and with lower capacity utilization of only 63% for the year, the margins were squeezed with uncompensated cost increase. The company as a prudent policy took steps to improve the liquidity through sale of investments in Madhyapradesh which helped in the short term to improve the capacity utilization to around 72% in the 4th quarter as against 60% in the previous 9 months. While there was erosion of margins for the industry in general, with the steep increase in cost, the impact was higher for the company as compared to peers on account of the above factors resulting in a negative EBIDTA for the year under review. This was further compounded by the one off charges on account of provision for impairment of certain investments and advances.

During the year under review, the cost per Kcal of fuel increased from around Rs.1.85 in the previous year to Rs.2.90 in the current year and average rate of power went up from Rs.5.20 per KWH to Rs.7.04 per KWH an increase of 35%. These two major factors together with reduction in blended cement proportion increased the cost of production by more than Rs.840 per ton or 31% over that of previous year while net plant realization improved hardly by Rs.200 per ton resulting in substantial erosion of the margins. This together with all these factors mentioned above resulted in a negative EBIDTA of Rs.140 crores as compared to an EBIDTA of Rs.478 croes in the previous year. Interest charges were at Rs.234 crores (Rs.204 crores) while depreciation was at Rs.213 crores (Rs.220 crores) and after netting of the exceptional income representing profit on sale of investments in Madhyapradesh and one off charges for impairment of investments and advances, the loss before tax for the year stood at Rs.407 crores against a profit of Rs.54 crores in the previous year. After tax and other adjustments, the total comprehensive loss for the year was at Rs.188 crores as compared to a total comprehensive income of Rs.231 crores in the previous year. The results for the 4th quarter is generally not comparable as it includes all the provision for right offs and impairment of investments.

Going Forward:

The company has plans for improving the liquidity in the short term through disposal of some non-core assets and steps are being taken to improve the operating parameters through refurbishment of some of the plants . The required funds for this are proposed to be generated through disposal of other non-core investments including land.

The above results were approved by the Board of directors at their meeting held on 24th May 2023.

OUTLOOK

Even as the global economy is in the grip of downturn with uncertain recovery prospects, Indian economy is expected to be resilient to weather global headwinds in the current year.

The Economic Survey for 2022-23 and RBI have projected a GDP growth of 6.5% in 2023-24 against the official estimated growth of 7% last year. With indications of good rabi crop and easing inflationary pressure, rural demand is expected to pick up along with urban demand.

Budget for 2023-24 has proposed infrastructure projects and urban infrastructure development in tier 2 and 3 cities.

The increasing preference for homeownership and rebuilding of homes in urban and semi- urban centres augur well for the brisk construction activity to continue this year.

Cement industry, especially in the South, has built adequate capacity to meet the healthy demand from housing and infrastructure sectors.