



THE RAMCO CEMENTS LIMITED

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Corporate Identity Number : L26941TN1957PLC003566

9 November 2022

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 enclose a copy of the Press Release on the performance of the Company for the Q2 of FY 2022-2023.

Thanking you,

Yours faithfully,

For **THE RAMCO CEMENTS LIMITED,**

K.SELVANAYAGAM
SECRETARY

Encl : As above

THE RAMCO CEMENTS LIMITED

PRESS RELEASE ON UN-AUDITED RESULTS FOR Q2 OF 2022-23

During Q2 of CY, the sale of cement is 3.31 million tons, compared to 2.71 million tons in the Q2 of PY with a growth of 22%. The company continues to focus on the strategy of right products for right applications to make its brands stronger. During Q2 of CY, the windfarms have generated 10.74 crore units as against 12.13 crore units in the Q2 of PY, with a decrease of 11%.

Net revenue for the Q2 of CY is Rs.1,793 crores as against Rs.1,501 crores during Q2 of PY with a growth of 19%. EBIDTA for Q2 of CY is Rs.193 crores as against Rs.402 crores during Q2 of PY with de-growth of 52%, mainly due to sharp increase in fuel price and weak cement prices. The company could not pass on the full cost increase arising out of sharp fuel price hike, to its customers.

Blended EBIDTA per ton for the Q2 of CY is Rs.582/- as against Rs.1,484/- during Q2 of PY, which is one of the lowest in the last 8 years. Since the company's capacities are concentrated in south, it is not entitled to tax incentives from any of the state governments unlike other peers, who enjoy such privileges in other regions, which is around Rs.100/- per ton. Operating ratio for Q2 of CY is 11% as against 27% in Q2 of PY. During the Q2 of CY, the blended fuel consumption per ton is equivalent to \$ 199 as against \$ 97 during the corresponding previous period. Since the overall fuel prices have peaked during the CY, the power & fuel cost per ton of cement for Q2 of CY has sharply increased to Rs.2,013/- from Rs.1,057/- in the Q2 of PY.

Interest cost for the Q2 of CY is Rs.55 crores as against Rs.29 crores during the Q2 of PY. The increase in cost is due to commissioning of Clinkering units in Jayanthipuram Line III and Kolimigundla. The effective average cost of borrowing for Q2 of CY is 6.16% as against 5.11% in the Q2 of PY. Depreciation for the Q2 of CY is Rs.122 crores as against Rs.99 crores during the Q2 of PY. Profit before tax for Q2 of CY is Rs.16 crores as against Rs.274 crores during the Q2 of PY with a de-growth of 94%.



Tax expenses for Q2 of CY is Rs.5 crores as against reversal of tax expenses of Rs. 243 crores during Q2 of PY wherein the company had opted for shifting to lower tax rate from FY 2021-22 onwards, in view of the overall tax benefits available under the said option as per Section 115BAA in the Income Tax Act, 1961. Profit after tax for Q2 of CY is Rs.11 crores as against Rs.517 crores during Q2 of PY.

The cement production in Kolimigundla has commenced from Sep-22 onwards. The Hon'ble Chief Minister of Andhra Pradesh Sri.Y.S.Jagan Mohan Reddy inaugurated the operations of the unit. The company's cement capacity has gone to 21 MTPA with clinker capacity of 14 MTPA. The 6 MW of WHRS in Kolimigundla will be commissioned in Nov-22. Balance 6 MW of WHRS will be commissioned in Mar-23. TPP of 18 MW and railway siding will be commissioned in 2023-24. The modernisation of RR Nagar plant will be commissioned before Mar-23. With regard to expansion of capacity of its dry mix products, two units in Tamilnadu are ready for commissioning and market trials for products are in progress. The remaining two units in AP & Orissa will be commissioned during 2023-24.

The Company propose to increase the grinding capacity of Haridaspur plant, Odisha by 0.9 MTPA at a cost of only Rs.130 Crores since other infrastructures are already in place, thereby doubling its capacity to 1.8 MTPA.

During the Q2 of CY, the company has incurred Rs.504 crores towards capex, including for the above-mentioned ongoing capacity expansion programme. The net debt for the company as on 30-9-2022 is Rs. 4,741 Crores, out of which Rs.724 crores is short-term loan. The average cost of interest-bearing borrowings for the Q2 of CY is increased to 6.42% from 5.47% in the Q2 of PY.

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OUTLOOK

The business environment continue to be uncertain due to rapidly changing economic environment in view of prevailing stress in geopolitical situation across the globe. This has put a strain on the fuel cost. Usually the short-term visibility of the business prospects is more clear, but this time it is other way around. This situation may continue for few more quarters considering the prevailing uncertainties, however the long-term prospects continue to be promising.

Current demand for cement is good in IHB as well as in infra segments thanks to improving economic activities after pandemic amid easing of supply chain bottlenecks. The resilience of cement demand in the medium term is also encouraging in view of promising factors like good monsoon, water levels in reservoirs, focus on infra spend by the Government and upcoming elections.

The continuing consolidation in cement industry coupled with speedy addition of fresh capacities could lead to increased appetite for market share amongst the players may put pressure on margins in the foreseeable future especially due to uncertainty in fuel prices. Though there was some respite in the spot CIF prices of pet coke Aug-22 / Sep-22, the spot prices has again sharply increased in Oct-22. Any further surge in pet coke prices could affect the margins adversely in coming quarters. The continuing volatility in fuel prices, faster rupee depreciation, hardening interest rates are bothering factors.

In spite of all such challenges, the company is keeping its focus firm on critical business parameters such as improvement of EBIDTA per ton, premiumisation of products, productivity, rising prowess in R & D, completion of capacity expansions amid navigating the headwinds. The company is more committed to continue its good efforts to do much better going forward.

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