29th May 2017

Press Release

THE INDIA CEMENTS LIMITED

FINANCIAL RESULTS FOR THE YEAR ENDED 31ST MARCH 2017

India cements Limited has turned out an impressive performance despite the temporary slowdown of economic activities caused by the demonetisation measures taken by the government. This move led to a cash crunch situation resulting in deferment of private consumption for a short while which impacted the growth for cement in the last quarter. However, with the re-monetisation measures undertaken by RBI and restoration of liquidity with new currency notes, the economic activity has started picking up and the overall economic growth is estimated to rebound to 7.6 % to 7.7% in the coming year.

The Cement Industry continued to reel under pressure due to lack of demand with practically nil growth in the consumption during the year, following a very meagre growth in the previous year. While, the industry has created a capacity of over 375 mn.tons/annum, according to DIPP, the production during the year was only 280 mn.tons, with an effective capacity utilisation of around 74-75%. As per the publication by DIPP, the industry had witnessed a negative growth of 1.2% during the year under review.

While, the cement plants in the North, West and Central regions of the country were able to clock a capacity utilisation of over 80%, according to the information available, the industry in the South, had a lower capacity utilisation. It is to be noted that the industry had a growth of over 5% in the first half of the year, while there was a negative growth in the second half, caused partially by the demonetisation exercise. With remonetisation having taken place, this trend is expected to reverse.

South has shown a growth of 7% in production during the year, despite a flat growth in the 4^{th} quarter, driven primarily by the increase in the consumption in A.P., Telangana and Karnataka.

The deficit rainfall during the South-West Monsoon during the year and near drought-like situation in the Southern states, together with restrictions on the availability of sand, also had taken its toll on the cement consumption in South, particularly in Tamil Nadu.

Merger of Trinetra Cements Ltd/Trishul Concrete Products Ltd.

Hon'ble National Company Law Tribunal (NCLT), Division Bench, Chennai, vide its orders dated 13.4.2017 and 20.4.17, has approved the Scheme of Amalgmation and arrangement between Trinetra Cement Ltd (First Transferor Company) and Trishul Concrete Products Ltd (Second Transferor Company) with The India Cements Ltd (Transferee Company). The merger has resulted in bringing all cement assets under one roof - India Cements and helping the Company becoming a stronger entity.

Post-merger, India Cements is having at its command an annual cement production capacity of 16 million tonnes from 8 integrated cement plants (including the Banswara plant of Trinetra cement) besides two grinding units in Chennai and Parli in Maharashtra.

Company Performance:

The performance of the company is presented as a merged entity for the year 2016-17 and the previous year figures are not comparable.

- The overall sales including clinker and cement export was 110.39 lakh tons for the year registering a growth of 10% over that of previous year.
- With tight market situation prevailing and practically nil growth in the market, as earlier mentioned, the sales realisation per ton of cement was affected with a drop in NPR by 5% for the combined entity during the year under review.
- With softening of the international price of coal and pet coke, particularly during the first half of the year and with the improved blending ratio, the cost could be kept under control and the company could achieve an EBIDTA of Rs.869 crores for the year.
- The interest and other charges were brought down through repayments and refinancing exercises to Rs.360 crores, while depreciation was at Rs.257 crores for the year.
- The profit before tax was at Rs.252 crores for the year and the provision for the deferred tax for the current year was at Rs.84 crores and the net profit after tax was at Rs.168 crores.
- The overall debt reduction for the company on stand-alone basis (including TCL & TCPL) is around Rs.234 crores for the year (Rs.2921 crores Vs Rs.3155 crores) and on consolidated basis

including all subsidiaries the total debt has come down by Rs.196 crores.

The above results have been approved by the Board of directors at the meeting held on 27th May 2017 . The Board of directors have declared a dividend of 10% subject to shareholders' approval for the year.

OUTLOOK

IMF has forecasted an improvement in global GDP growth in 2017 and 2018. WTO also expects global merchandise trade to rebound in the years to come. IMF and World Bank have forecasted a smart recovery in the GDP growth of India to 7.6% to 7.7 % in 2017 with RBI reiterating the same.

Re-monetisation process is expected to release the pent-up and deferred demand. With the forecast of normal rains in the Monsoons and increased domestic consumption and higher capacity utilisation, the private Investment cycle is expected to rebound during the year.

As in previous years, Union Budget for 2017-18 has its thrust on raising public investment, infrastructure and affordable housing which has been accorded infrastructure status. This along with the projected favourable economic environment is expected to increase the demand for cement and result in higher capacity utilisation.

With several legislations being put in place to promote recovery and growth like Housing for all by 2022, Smart-cities, broadening the financial inclusion and with the passage of GST, it is expected that the overall cement demand in the country is likely to grow in the near term.