



25<sup>th</sup> May 2019

**Press Release**

**THE INDIA CEMENTS LIMITED**

**AUDITED RESULTS FOR THE**

**IV QUARTER AND YEARD ENDED 31<sup>ST</sup> MARCH 2019**

India Cements Ltd has turned out an improved performance during the 4<sup>th</sup> quarter ended 31<sup>st</sup> March'19 aided by the improved selling prices for cement and increased volume.

The growth in core sector for the year as per the information published by DIPP was around 4.3% which was primarily driven by the increase in cement production of over 13% followed by increase in production of coal, electricity and steel. South also witnessed a substantial increase in cement production of 19% more than the previous year riding on the infrastructure push given by the governments of Andhra Pradesh and Telengana which together accounted for a major portion of the increase in production. However, the severe competition for market share in the south due to supply overhang together with the higher proportion of cement offtake by government sector at relatively lower prices continued to exert pressure on the selling price and the net plant realisation which remained subdued till January'19. The cement prices have started

improving from the month of February'19 with the normal brisk period commencing and it is expected that the same will stabilise at this improved level for the near term.

On the cost front, the year witnessed a substantial increase in the prices of petroleum products and fuel together with the depreciation of rupee against dollar. This was compounded by increase in variable cost as significant portion of the supplies were by way of OPC for the infrastructural sector . The just concluded election may have a temporary impact on the off take of cement during the first quarter of the current fiscal. The company on its part had taken proactive steps in containing the freight and handling expenses in the face of substantial increase in the price of diesel. The fixed expenses like man power cost, administrative expenses, advertisement expenses have also been pruned down through a series of measures.

### **Company Performance:**

- The capacity utilisation of the company during the quarter was 84% as compared to 79% in the same quarter of the previous year.
- The overall cement sales including clinker was at 33.30 Lakh Tons for the quarter as against 30.93 Lakh Tons registering a growth of 8% for the quarter under review. The volume for the year was 124.40 Lakh Tons as against 111.75 Lakh Tons registering a growth of 11%.
- The Net Plant Realisation during the quarter had gone up on account of improvement in selling price by 6% over that of

previous year while it was lower than that of previous year by nearly 2% for the year as a whole.

- The variable cost of production was up by 9% as compared to the same quarter of the previous year and was up by 1% as compared to the quarter on sequential basis.
- The increase in NPR together with the improved volume resulted in higher EBIDTA of Rs.210 crores for the quarter as compared to Rs.162 crores in the same quarter of the previous year.
- The interest and other charges were up by Rs.11 crores at Rs.83 crores while depreciation was lower at Rs.65 crores against Rs.66 crores. The resultant Net profit for the quarter was Rs.62 crores against Rs.24 crores in the same quarter of the previous year. The profit for the year was, however, lower at Rs.93 crores against Rs.116 crores on comparable basis because of the lower NPR and increase in variable cost offset to a certain extent by reduction in fixed costs.
- The taxation provision for the year was at Rs.24 crores and the resultant profit after tax was at Rs.69 crores. After considering other comprehensive items, the total comprehensive income for the year was Rs.64 crores against Rs.107 crores in the previous year.

These results have been approved by the Board of directors at their meeting held on 25<sup>th</sup> May 2019 and the board has also approved a dividend of 8% on the equity share capital of the company.

## **OUTLOOK:**

Even as global economy is in the grip of a slow down with projected lower growth in 2019 Indian economy is expected to regain growth momentum. GDP growth is projected to be higher at 7.5% in 2019-20 over 7 % in 2018-19.

Lok Sabha Elections have given a decisive mandate for return of NDA Government led by BJP. The new Government is expected to pursue development agenda more seriously and give push to reforms. There are expectations of revival of new investments and pick up in credit growth, private consumption expenditure and construction activity.

The projected normal rainfall during south west monsoon season is expected to better the prospects of rural economy.

The new Government in Andhra Pradesh is also expected to give push to housing and infrastructure development.

The full-fledged Union Budget is expected to retain thrust on giving push to infrastructure and housing with higher outlays and tax breaks. RBI is expected to add fillip through changes in repo rate in June in a bid to boost consumption. These measures are expected to further improve the construction activity and increase the demand for cement in the coming years.