



# THE INDIA CEMENTS LIMITED

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CIN : L26942TN1946PLC000931

SH/SE/

06.11.2020

BSE Limited  
Corporate Relationship Dept.  
First Floor, New Trading Ring  
Rotunda Building  
Phiroze Jeejeebhoy Towers  
Dalal Street, Fort  
**MUMBAI 400 001.**

National Stock Exchange of India Ltd  
Exchange Plaza, 5<sup>th</sup> Floor  
Plot No.C/1, G Block  
Bandra-Kurla Complex  
Bandra (E)  
**MUMBAI 400 051.**

**Scrip Code: 530005**

**Scrip Code: INDIACEM**

Dear Sirs,

**Sub.: Press release on unaudited financial results for the quarter and half-year ended 30.09.2020**

In continuation to our letter dated 06.11.2020 forwarding a copy of the unaudited financial results for the quarter ended 30.09.2020, we enclose a copy of the 'Press Release' issued today in this regard.

Thanking you,

Yours faithfully,  
for THE INDIA CEMENTS LIMITED

**COMPANY SECRETARY**

Encl.: As above



**6<sup>th</sup> November 2020**

**Press Release**

**THE INDIA CEMENTS LIMITED**  
**UNAUDITED RESULTS FOR THE II QUARTER**  
**ENDED 30<sup>TH</sup> SEPTEMBER 2020**

India Cements Ltd has turned out a substantially improved performance for the II quarter ended 30<sup>th</sup> September'20 with an increased EBIDTA of Rs.240 crores and PBT of Rs.110 crores despite the drop in volume during the quarter caused by the prolonged lockdowns on account of COVID-19.

The pandemic COVID-19 continued to impact the entire country and the economic activities resulting in extended lockdowns by some of the states during the quarter. There are signs of economic revival but yet to reach levels of normalcy. It is estimated that Covid impact is likely to continue for some more time. The union and the state governments have announced relaxations of the lockdowns in a phased manner from the month of June'20 but still there are restrictions on inter-state movement of people and activities beyond specified hours in a day. As per predictions by various agencies, the Indian economy is likely to de-grow during the current financial year.

The index of 8 core industries have registered a de-growth for the period upto September 2020 on account of this covid. The construction industry which registered a steep de-growth during the first quarter has started recovering given the pent up demand and the improved rural demand backed by the return of the migrant labour to work. A further analysis also reveal that the impact of this covid is majorly felt in the metropolitan cities of Mumbai and Chennai where the pandemic has been very active sofar. According to information available from the Ministry on the core sector growth, the cement industry had de-grown by 25% in production upto September 2020 while it had registered a de-growth of 3 to 4% only in the month of September'20. The cement industry in south was no exception and according to the information available had registered a negative growth of 29% during the first half of this year.

The cement prices which started improving from the month of April'20 sustained during the 2<sup>nd</sup> quarter under review with only marginal aberrations in some of the southern states. These improved prices alongwith cash and carry policy of the company helped in improving the profitability and the liquidity in these troubled times.

The company has also taken pro-active steps in containing the fixed cost on contract labour, administrative and marketing overheads together with improvement in the operating parameters. The overall volume of the company had come down by 21% during the 2<sup>nd</sup> quarter and nearly by 38% for the half year ended 30<sup>th</sup> September'2020.

## **Company Performance:**

### **II Quarter:**

- With the backdrop of decline in demand, the overall volume of clinker and cement was at 21.07 lakh tons as compared to 26.67 lakh tons in the same quarter of the previous year.
- The variable cost of production was reduced by 6% (by Rs.130/- per ton) while the outgo on fixed overheads was also significantly reduced.
- With the improved selling prices, the NPR was up by 11% as compared with the previous year.
- The drop in volume by 21%(YOY) meant a loss of more than Rs.68 crores in contribution but on the back of improved realisation and with the reduction in overall expenditure, the EBIDTA was substantially improved to Rs.240 crores as compared to Rs.150 crores in the previous year an increase of 60%. On QoQ also the EBIDTA improved by 51%.
- Interest and other charges were lower at Rs.71 crores (Rs.82 crores ) while depreciation was at Rs. 60 crores as compared to Rs.61 crores. The profit before tax and extra ordinary items was substantially higher at Rs.110 crores as compared to Rs.7.50 crores in the previous year. The EBIDTA margin also improved to 22.3% restoring it back to levels seen years back.

### **Half Year:**

- The overall volume was lower at 35.35 lakh tons as compared to 57.09 lakh tons a drop of 38%. The contribution loss on account of drop in volume was substantially made up by improvement in sales

realisation and backed by reduction in cost of production and fixed cost resulting in maintaining EBIDTA at Rs.399 crores marginally higher than Rs.395 crores in previous year.

- PBT was at Rs.136 crores for the half year as compared to Rs.113 crores in the same period of the previous year.

The above results were taken on record by the Board of directors at their meeting held on 6<sup>th</sup> November 2020.

### **OUTLOOK:**

A sluggish performance by the cement industry in the last quarter of last year was further damaged by Covid from March onwards. The impact on the cement industry has not been consistent throughout India. While North, Central and Eastern India saw a substantial growth in demand which led to impressive performance by companies located in that region, Western India was impacted by Covid and Gujarat and Maharashtra bore the brunt of the attack. Now after a good monsoon and with people having learnt to cope with Covid and with decreased Covid activity, we see revival in Western India also which can lead to improved demand in the two quarters to come.

It is only in South India with a substantial capacity overhang, recovery is likely to be slow. The capacity utilisation in South was much lower than other regions and there is a faint possibility given the reduction of Covid activity that utilisation levels can improve.

Forecast of a good rainfall in the current north east monsoon like in the south west monsoon has kindled hopes for sustaining the good rural demand.

There are also reports of pick up in house building and construction activity in semi urban and urban centres aided by the rebound, work from home concept and return of migrant labour. This along with an expected fresh stimulus measure from the Government with focus on increased public spending on irrigation, road building and other projects is expected to improve the cement demand.