

THE RAMCO CEMENTS LIMITED

PRESS RELEASE

PERFORMANCE FOR THE YEAR ENDED 31ST MARCH 2019

SALES VOLUME (In Million tons)	For the year ended	
	31-3-2019	31-3-2018
Domestic	10.90	9.18
Exports	0.22	0.13
Total	11.12	9.31

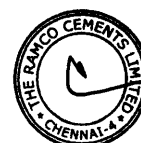
AUDITED FINANCIAL RESULT (Rs. In Crores)	STANDALONE		CONSOLIDATED	
	For the year ended			
	31-3-2019	31-3-2018	31-3-2019	31-3-2018
Revenue (net of taxes)	5,174.71	4,443.00	5,187.30	4,457.72
Operating Profit (EBITDA)	1,064.97	1,136.07	1,069.45	1,145.39
Finance Costs	50.87	59.21	51.42	59.99
Depreciation/Amortization Expenses	298.52	292.20	299.96	293.68
Profit before tax	715.58	784.66	718.07	791.72
Tax Expenses	209.69	229.00	210.61	231.19
Profit for the year	505.89	555.66	510.72	564.18
Total Comprehensive Income	503.21	553.94	509.64	563.32

CEMENT

During the year under review, the sale of cement for the Company was at 11.12 million tons, compared to 9.31 million tons of the previous year, showing an increase of 19%. During the FY 2018-19, the sale volume has grown both in southern and eastern markets due to strong demand in all the segments viz., retail, infrastructure and affordable housing. The company continues to focus on customer service, brand building and developing niche markets while maintaining highest quality standards.

The realization for the FY 2018-19 has been subdued due to pressure on prices during most part of the year besides, increase in transportation cost due to average diesel price increase by 17% during the year. Despite various efforts taken by the company for supply chain management and beneficial effects of relaxation of axle load norms by the Government, the overall logistics cost remained high during the year. The grinding units at Kolaghat and Vizag had enabled the Company to serve the eastern markets efficiently, which has contributed to the increase in market share in that area.

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COST

While the prices of diesel have adversely affected the cost of transportation of all inward materials, the power and fuel cost have gone up sharply due to increase of pet coke and imported coal prices. The pet coke prices were around 102 to 106 USD during the first half of the year which had gradually softened during the second half of the year. The rupee depreciation during the year has also impacted the fuel price. The company has been constantly focussing on various cost reduction initiatives and improving productivity without compromising on quality.

WIND POWER

During FY 2018-19, the division has generated 24.26 crore units as compared to 26.24 crore units of the previous year. The installed capacity of the wind farm of the company continued to be at 125.95 MW as on 31-03-2019. The income during the year from the wind power business was Rs.61.75 crores as against Rs.66.96 crores of the previous year.

PROFITABILITY

Blended EBITDA for the FY 2018-19 is Rs. 1,065 crores as against Rs. 1,136 crores in FY 2017-18 showing a drop of around 6% during the year. Even though there is a growth of 16% in net revenue from Rs. 4,443 crores to Rs. 5,175 crores during the year, the margins were under constant stress due to pressure on cement prices for most part of the year and spiralling effect of fuel prices.

During the year, the company has incurred CSR Expenditure, Contribution to various Chief Ministers' Relief Funds and Contribution to Political Parties, amounting to Rs.4217 lacs (PY: Rs.1093 lacs), out of which Rs.2864 lacs (PY: Rs.675 lacs) relates to the quarter ended 31-03-2019.

INCOME TAX

For the FY 2018-19, the Company has made tax provision of Rs.184.61 Crores as against Rs.199.68 Crores in the previous year. The deferred tax for FY 2018-19 is Rs.25.08 Crores (including deferred tax adjustments of earlier year of Rs.14.11 Crores) as against Rs.29.32 Crores (including deferred tax adjustments of earlier year of Rs.7.30 Crores).

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DIVIDEND

For FY 2018-19, the Board of Directors of the Company have recommended a dividend of Rs.3/- per share. For the previous year, the Company has paid a dividend of Rs.3/- per share.

SUBSIDIARY COMPANIES

RAMCO WINDFARMS LIMITED

For the FY 2018-19, the generation of power is 3.71 crore units as against 4.36 crore units for the previous year. The monetary value of the generation for the year ended 31.3.2019 is Rs.14.92 crores as against Rs.17.45 crores for the previous year. The subsidiary company has an installed capacity of 39.835 MW.

RAMCO INDUSTRIAL & TECHNOLOGY SERVICES LIMITED

(formerly known as Ontime Industrial Services Limited)

The company became subsidiary w.e.f. 21.3.2019. For the FY 2018-19, the revenue from operations is Rs.35.85 Crores. The company's business includes man power supply services, transportation of goods by road and information technology services.

LEGAL

The Competition Commission of India (CCI) vide its order dated 31.8.2016 had imposed a penalty of Rs. 258.63 Crores on the company towards alleged cartelisation. Our appeal along with the appeals of other cement companies had been dismissed by NCLAT vide its order dated 25.7.2018. Against the order, the company appealed to the Hon'ble Supreme Court, which by its order dated 5.10.2018 admitted the appeal and directed to continue the interim order passed by NCLAT. Accordingly, the company re-deposited Rs.25.86 Crores being 10% of the penalty. The Company backed by legal opinion, believes that it has a good case and hence no provision is made.

EXPANSION

The Status of company's ongoing expansion programme is as detailed below:

Expansion of grinding unit in Kolaghat, West Bengal from 1 MTPA to 2 MTPA is expected to commissioned by end of May, 2019.

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New grinding unit in Haridaspur, Odisha with a capacity of 0.9 MTPA is expected to be commissioned during October, 2019.

Expansion of grinding unit near Vizag, AP from 0.95 MTPA to 2 MTPA is expected to be commissioned during December, 2019.

Expansion of clinkering capacity at the Jayanthipuram, AP from 3 MTPA to 4.50 MTPA along with WHRS capacity of 27 MW, is expected to be commissioned during July, 2020.

New cement plant in Kolimigundla, Kurnool District, AP with clinkering capacity of 2.25 MTPA and cement capacity of 1 MTPA is expected to be commissioned during March, 2021. The proposed plant shall have the facility viz., railway siding, WHRS of 10 MW and thermal power plant of 15 MW.

The company proposes to meet the above capex largely through internal accruals and for balance requirements, if any, through borrowing based on need. The company has incurred aggregate capital expenditure of Rs. 1,206 crores for the FY 2018-19 including for the above expansions.

BORROWINGS

The company's borrowings as on 31.3.2019 is Rs.1,619 crores, out of which Rs.204 crores are current maturities. The borrowings include soft / interest free loans amounting to Rs.395 Crores, out of which Rs.100 crores are current maturities. The average cost of interest bearing loans is at 8.04%.

AWARDS

Ramasamy Raja Nagar unit and Ariyalur unit have won First Prize and second prize respectively in Good Industrial Relations Award, 2015. Ramasamyraja Nagar unit has also won second prize in Good Industrial Relations Award, 2016. These awards were presented by Dr. Nilofer Kafeel, Minister for Labour and Employment at Chennai on 11.2.2019.

Ramasamy Raja Nagar unit, Jayanthipuram, Ariyalur and Alathiyur units have won Silver Medal at India Green Manufacturing Challenge - 2018 on 22.3.2019 from International Research Institute for Manufacturing, Mumbai

Alathiyur and Ariyalur units have won Green Tech Gold Award for best safety practices in cement sector by Greentech Foundation, New Delhi on 25.2.2019.



Alathiyur unit had won the following awards:

- 5S Excellence Level Certification (Renewal)" from ABK – AOTS DOSOKAI, Tamil Nadu Chapter, Chennai for complying with the world class workplace organising system excellence level standards specified by ABK – AOTS DOSOKAI, Tamil Nadu Chapter, Chennai. This is in continuation of 5S Excellence Level Certification which was received on 23.1.2017.
- Platinum Award at the 3rd National Convention on Innovative QC Competition Teams (NCIQCT – 2019) organised by ABK – AOTS DOSOKAI, Tamil Nadu Centre, AOTS Alumini Society, Delhi, AOTS Alumini Society of Central India, Pune, supported by Federation of AOTS Alumini Association of India (FAAAI) on 10.3.2019 at Chennai.

Ariyalur unit had won the following awards presented by Economic Times Now on the World CSR Day at Mumbai on 18.2.2019

- Innovation in Corporate Social Responsibility Practice (For 5S implementation in Government Higher Secondary School at Govindapuram, Ariyalur and its performance and track record).
- Best Environmental Sustainability Practice (For Water Conservation within the plant premises and in the neighbouring villages). These two awards were presented by Economic Times Now on the World CSR Day at Mumbai on 18.2.2019.

OUTLOOK

The GDP growth for the year 2019-20 was originally projected at 7.4%, which is subsequently revised to 7.2%. The outlook of crude prices continues to be hazy and the lingering global trade tensions is also not helping the cause either. The southern part of the country had witnessed 45% deficit in average rain fall so far, which is a worrying factor. However, the Indian Meteorological Department (IMD) has forecast a normal monsoon for the forthcoming season, which will be key factor to prop up the demand. The company expects that cement demand to grow at around 8% for the year 2019-20.

Place : Chennai
Date : 22.5.2019

