



THE RAMCO CEMENTS LIMITED

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Corporate Identity Number : L26941TN1957PLC003566

7 August 2023

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: Investor Update

Pursuant to Regulation 30, read with Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose a copy of the Investor Update on the performance of the Company for the quarter ended 30.06.2023, being shared at the Investors' Meets.

Thanking you,

Yours faithfully,
For **THE RAMCO CEMENTS LIMITED**,

K.SELVANAYAGAM
SECRETARY

Encl : As above

INNOVATE
DIFFERENTIATE
SUSTAINABLE

FOR A
BETTER
TOMORROW

Chengalpattu Grinding Plant, Tamil Nadu

Investor Update for 1QFY24



The Ramco Cements Limited



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02 TRCL's Market update

03 Sales & Capacity Utilization

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05 Financial Analysis & Key Ratios

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- India's GDP growth for FY24 is projected at 6.5%. CPI inflation fell sharply to 4.7% in April 2023 compared to 5.7% in March 2023
- Repo Rate remain unchanged at 6.5%. However, US Federal Reserve's interest hike of 25 bps put the rupee under pressure
- Domestic economic activity remains resilient in 1QFY24 with the manufacturing PMI at a 31-month high in May & services PMI at a 13 year high in April-May



- The government's thrust on capital expenditure, moderation in commodity prices and robust credit growth are expected to nurture investment activity.
- Increased allocation in Budget 2023 for: (i) PMAY Scheme by 66% to ₹ 79,000 crores; (ii) Investment in Infrastructure by 33% to ₹10 lakh crores; (iii) Capital outlay for Railways: ₹ 2.4 lakh crores, out of which south has got allocation of around ₹ 28,000 crores; (iv) Urban Infrastructure Development Fund: ₹ 10,000 crores; (v) 100 transport infrastructure projects identified for end-to-end connectivity for ports, coal, steel, fertilizer sectors with an investment of ₹ 75,000 crores.



- Weak external demand, geo-economic fragmentation, and protracted geopolitical tensions pose risks to the outlook. Pass-through of input costs may keep inflation at elevated levels.
- Crude oil prices have eased but the outlook remain uncertain; Sustenance of declining trend in pet coke prices
- El Nino conditions could impact monsoon, impacting rural housing and farm income, could pose downside risks to the outlook

TRCL's Market update for 1QFY24

South

- 👉 Volume from B2C & B2B picked up
- 👉 Non-availability of sand has impacted the demand in Kerala
- 👉 Weak prices prevailed in all the markets
- 👉 Share of premium products in 1QFY24: 29%;1QFY23: 27%
- 👉 Margins were under pressure
- 👉 Volume share for 1QFY24: 79%;1QFY23: 73%

East

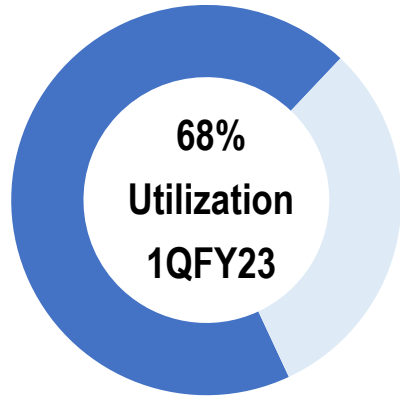
- 👉 Volume from B2B and B2C remained flat
- 👉 Supply disrupted due to rail accident for 20 days in Jun-23
- 👉 NE Cement volume muted due to active monsoon rains
- 👉 Weak prices prevailed in all the markets
- 👉 Share of premium products in 1QFY24: 18%;1QFY23:15%
- 👉 Volume share for 1QFY24: 21%;1QFY23: 27%

- 👉 **Company's strategy of right cement for right applications yielding positive results.**
- 👉 **The company continue to focus on this to make its brand more stronger**

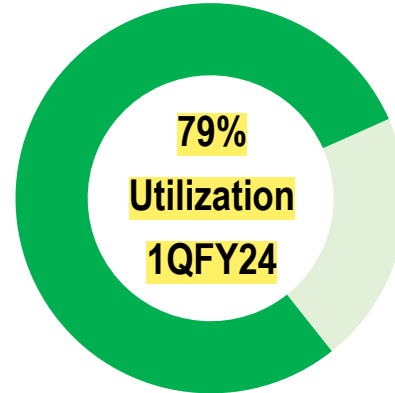
Sales & Capacity utilization



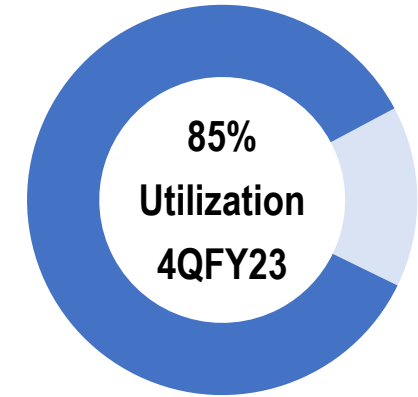
Cement Capacity Utilization %



1QFY23: OPC 26%; B2B 31%

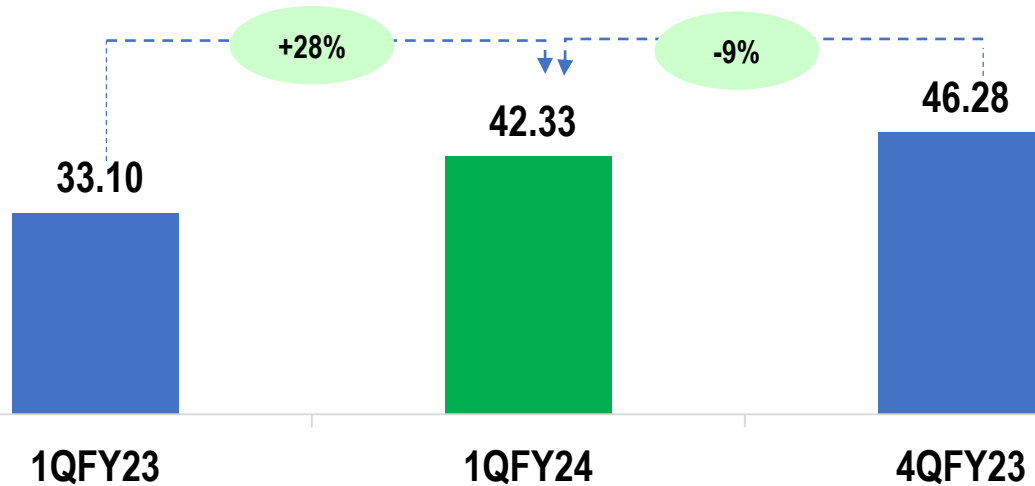


1QFY24: OPC 32%; B2B 35%

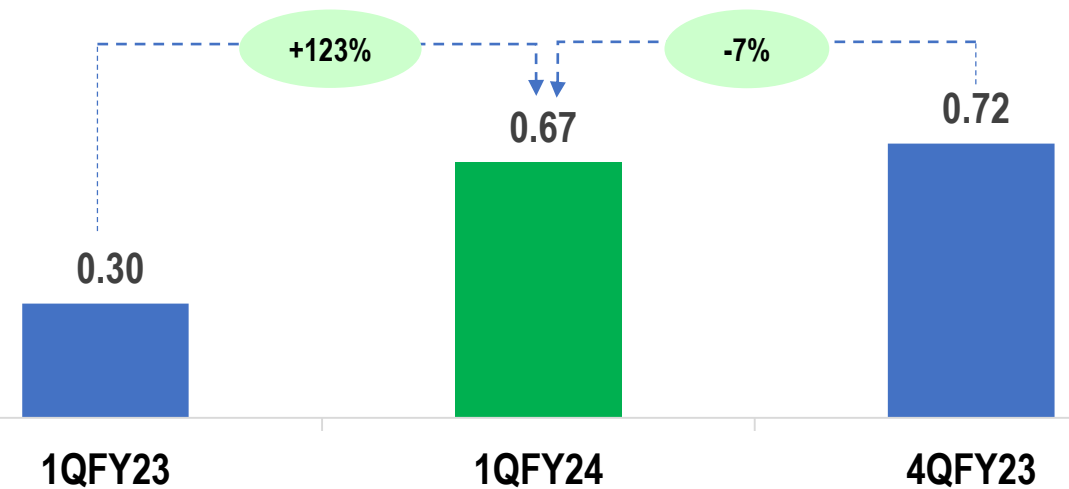


4QFY23: OPC 33%; B2B 37%

Cement Sales (Lac Tons)

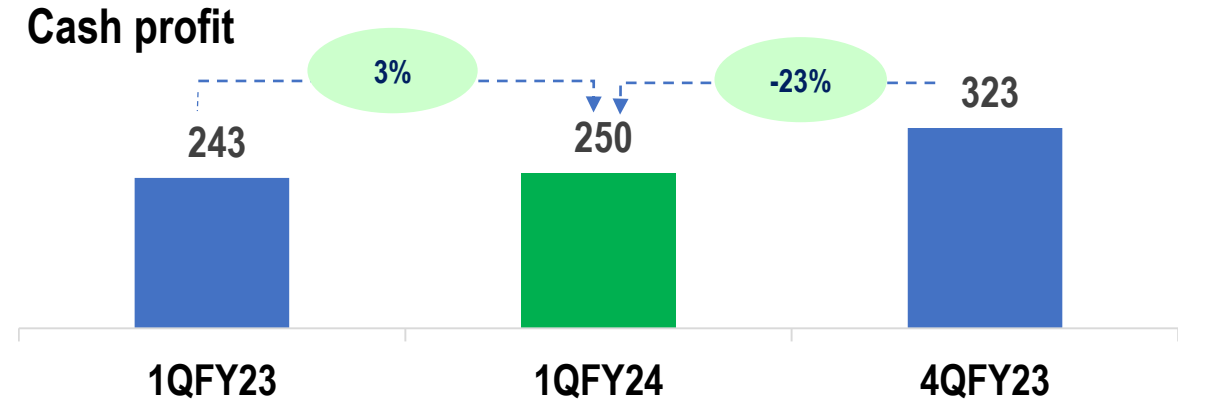
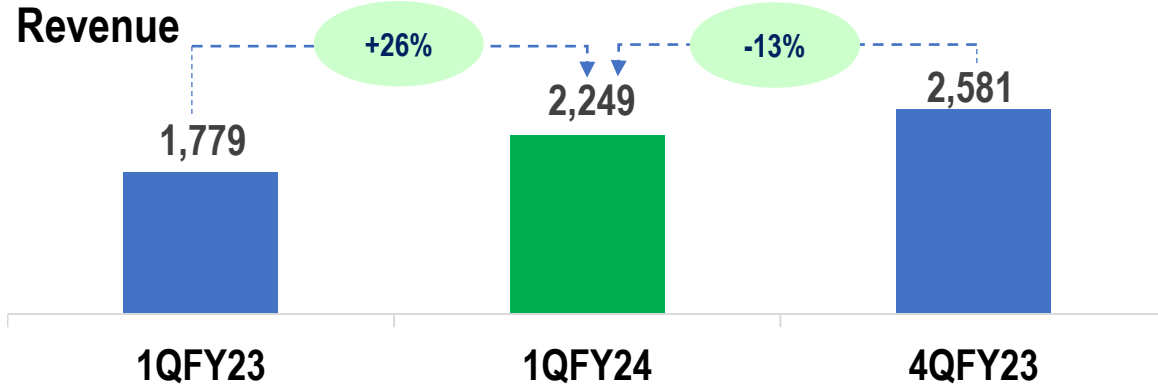


Dry Mortar Sales (Lac Tons)

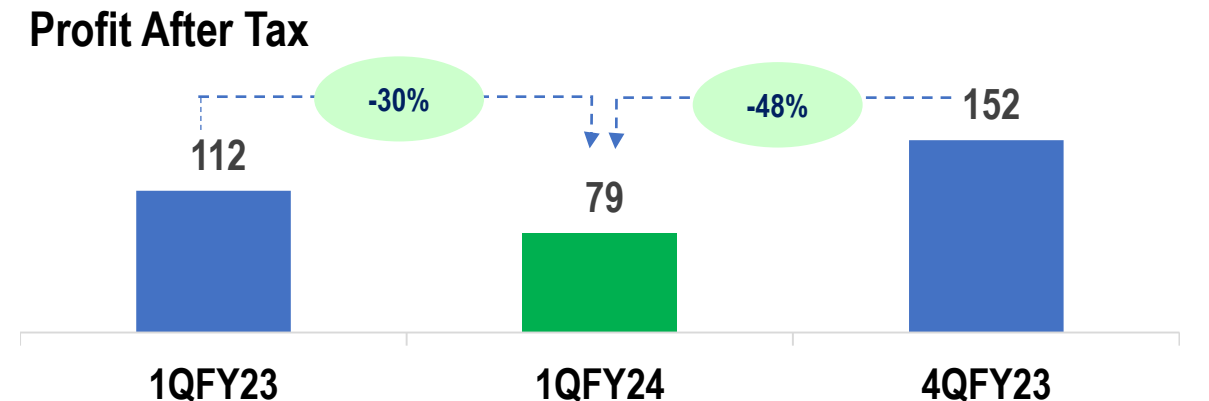
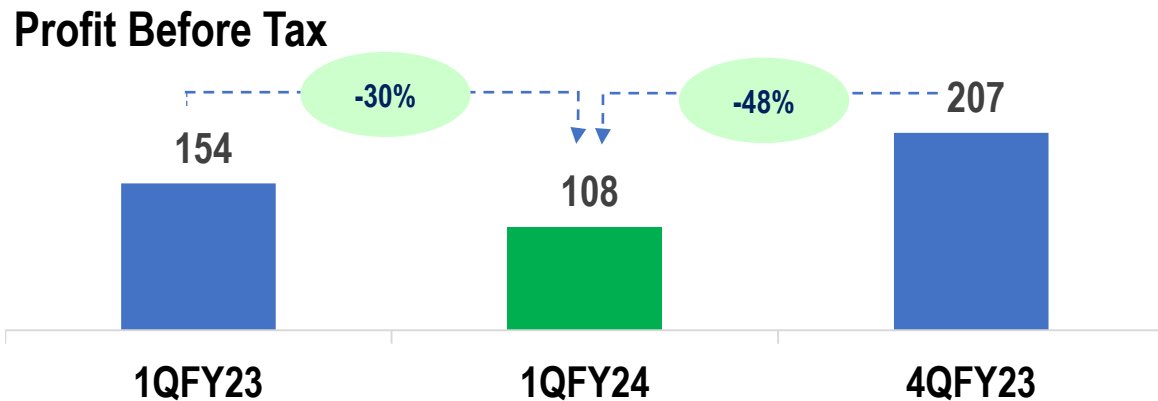


Key Performance for 1QFY24

₹ in Crores

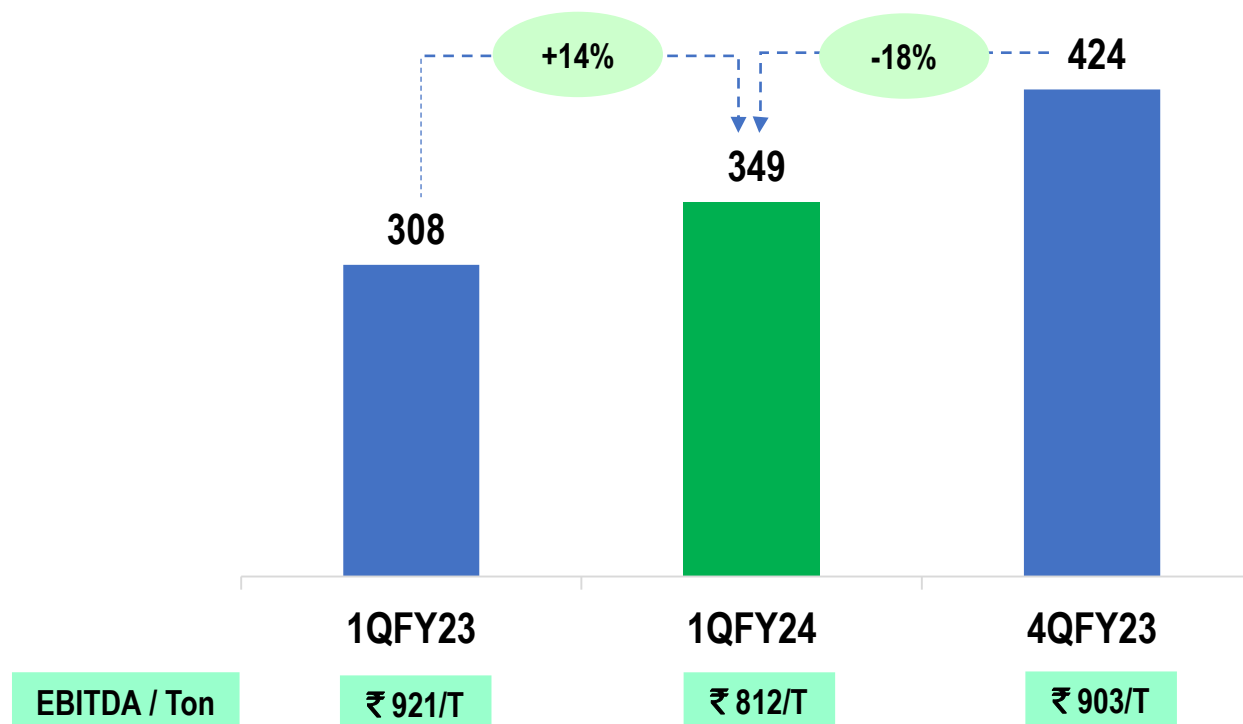


Cash profit = PBT + Depreciation – Current Tax



- 👉 Sale volume of 4.3 MnT in 1QFY24 with a industry leading growth of 29% YoY
- 👉 Margins impacted due to elevated fuel prices & weak prices in all markets

- 👉 Better absorption of fixed cost due to high operating leverage
- 👉 PBT is lower due to increased finance cost & depreciation on account of commissioning of units in JPM Line III, Kolimigundla, R R Nagar Line III and Dry Mortar Plants



👉 During 1QFY24, the sale volume is higher by 29% YoY & down by 9% compared to 4QFY23

👉 Power and fuel cost has increased by ₹ 188 / Ton YoY. Even though fuel prices have softened for a brief period, the full effect of price reduction is expected to reflect from 2QFY24, in view of high base inventory during the current quarter.

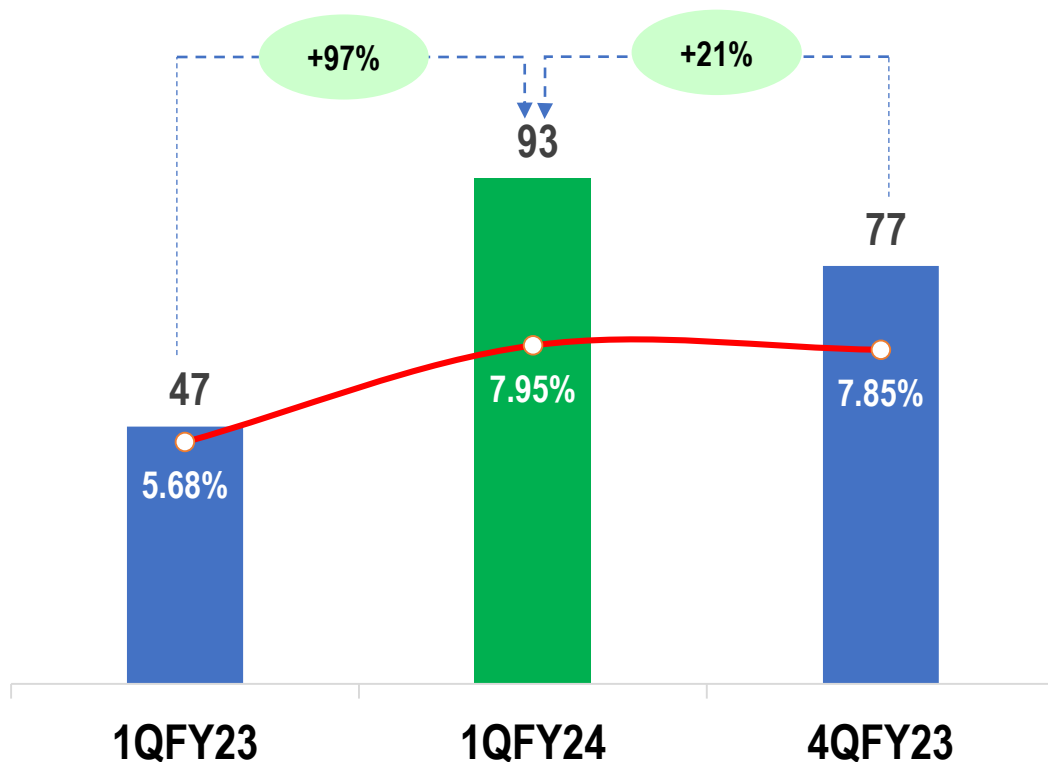
👉 Share of premium products improved to 27% in 1QFY24

👉 Rupee depreciation by 7% has pushed up imported fuel price

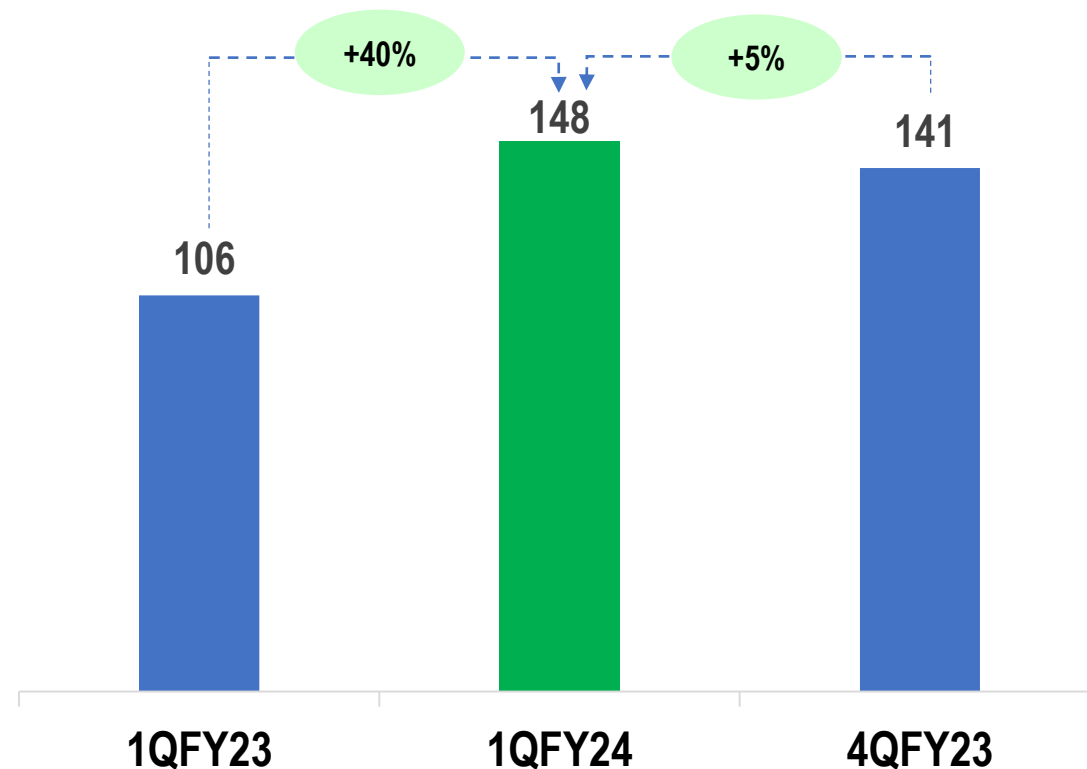
👉 Fixed cost absorption was comparatively better due to improved operating leverage

👉 Impact of continued levy of Busy season surcharge by railways since Oct'22 is around ₹ 60 per ton for inbound & outbound logistics cost

Interest cost & its effective rate



Depreciation



- 👉 Finance cost & Depreciation increased due to commissioning of units in JPM Line III, Kolimigundla, R R Nagar Line III and Dry Mortar Plants
- 👉 Increase in repo rate from 4% in April 2022 to 6.50% in June 2023

Income Statement for 1QFY24

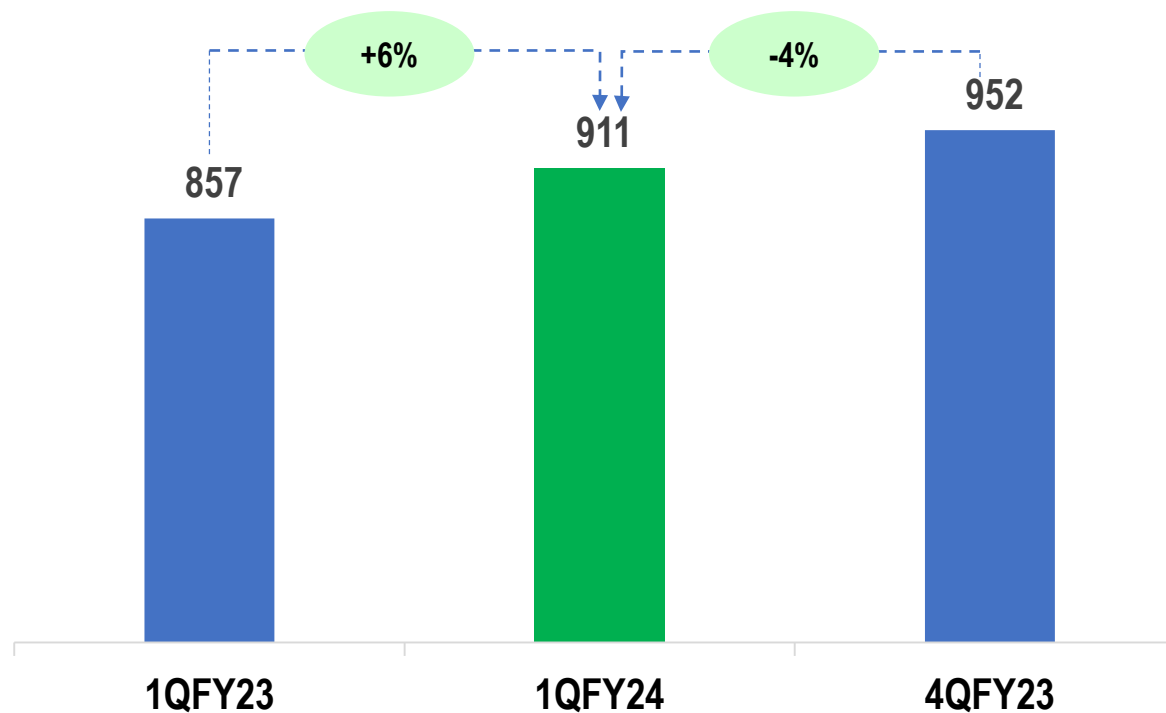
₹ in Crores



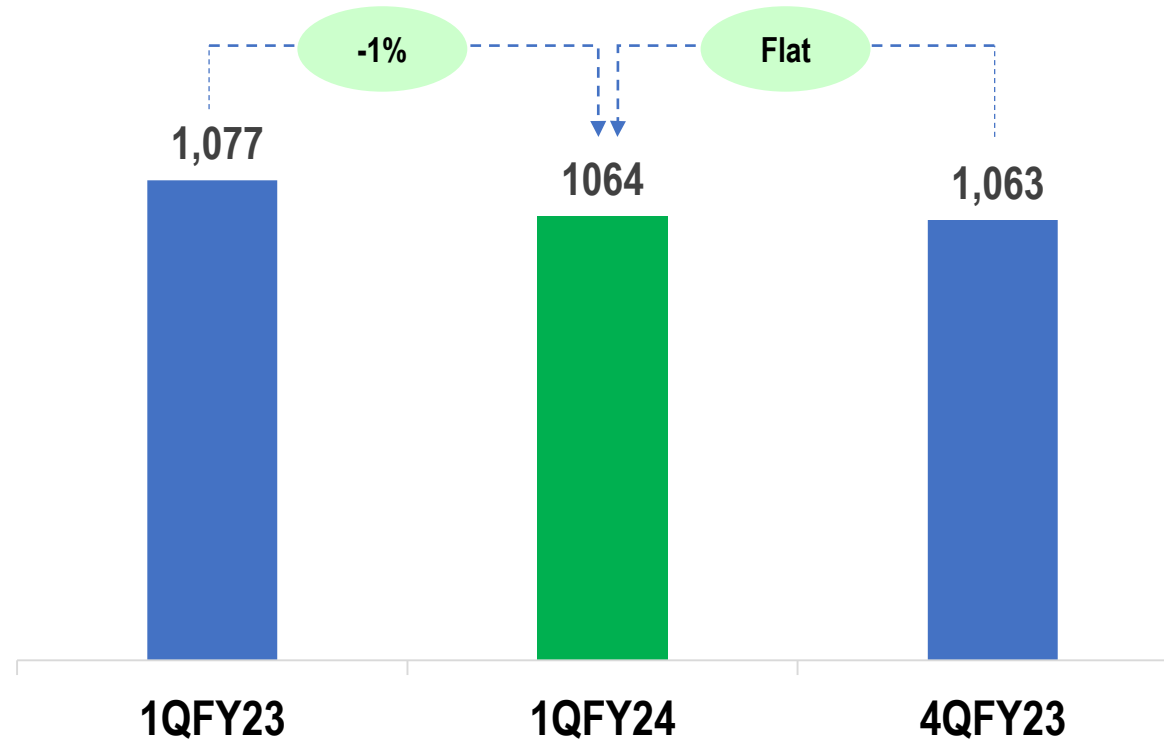
Standalone				Particulars	Consolidated			
1QFY24	1QFY23	Variance %			1QFY24	1QFY23	Variance %	
2,248.98	1,779.39	26%	▲	Revenue	2,253.95	1,785.64	26%	▲
1,899.63	1,471.83	29%	▲	Less: Operating Expenses	1,903.20	1,476.30	29%	▲
349.35	307.56	14%	▲	EBITDA	350.75	309.34	13%	▲
93.39	47.48	97%	▲	Less: Finance Costs	93.39	47.48	97%	▲
147.89	106.38	39%	▲	Less: Depreciation	149.71	106.81	40%	▲
108.07	153.70	30%	▼	Profit Before Tax	107.65	155.05	31%	▼
5.73	18.86	70%	▼	Less: Current Tax Expenses	6.22	19.35	68%	▼
23.43	22.57	4%	▲	Less: Deferred Tax Expenses	22.79	22.43	2%	▲
78.91	112.27	30%	▼	Profit After Tax	78.64	113.27	31%	▼
79.30	111.83	29%	▼	Total Comprehensive Income	75.79	110.01	31%	▼

Cost of raw materials per ton

In ₹



- 👉 Decrease in Diesel price by 4%
- 👉 Continued levy of Busy season surcharge by railways since Oct'22. The Impact is around ₹ 30/ T for inward material movements
- 👉 Inflationary impact on cost of other raw materials viz. Fly ash, Slag & Gypsum



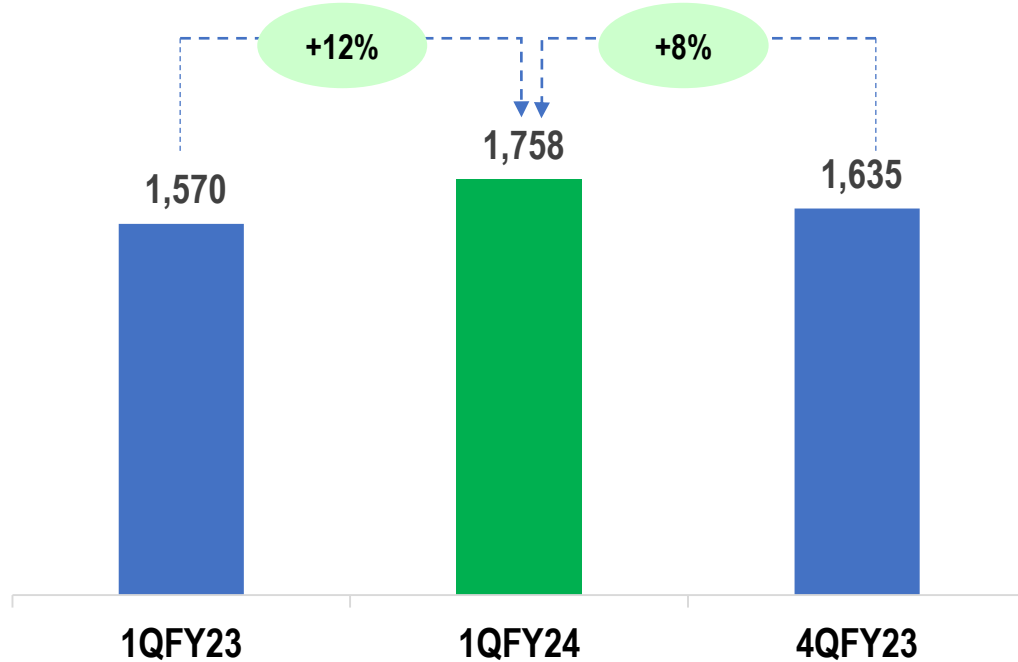
- 👉 Rail Co-efficient for cement despatches 1QFY24 is 7% vs. 13% in 1QFY23 & 12% in 4QFY23
- 👉 Avg. lead distance for 1QFY24 is 274 KMs vs 301 KMs in 1QFY23 & 310 KMs in 4QFY23
- 👉 The effect of 15% levy of Busy Season Surcharge is offset by reduction in lead distance

Power and Fuel Cost per ton

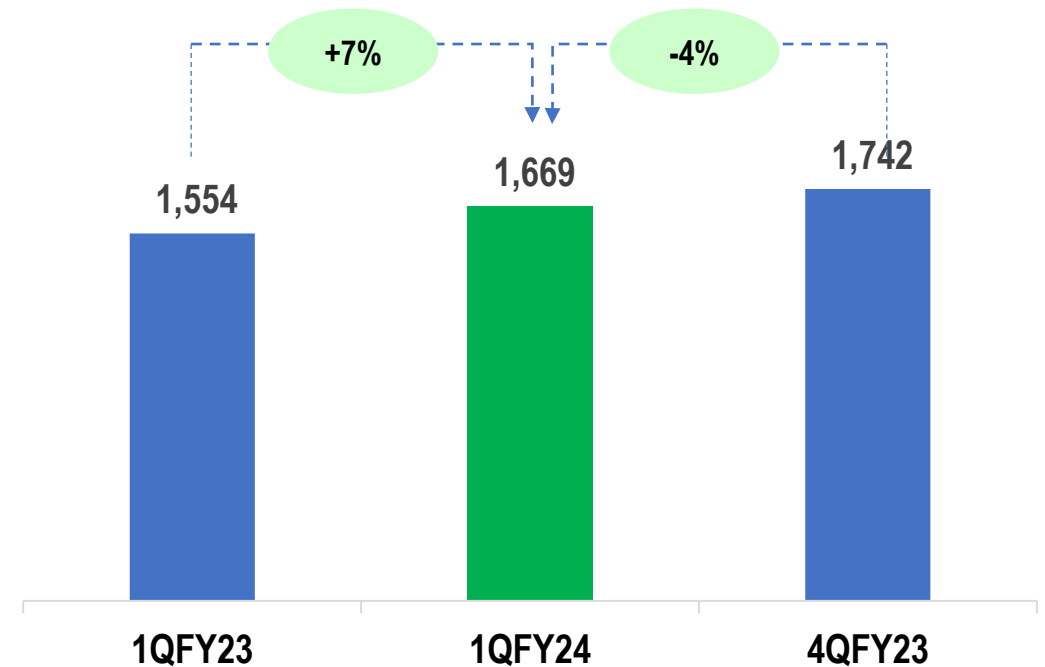
In ₹



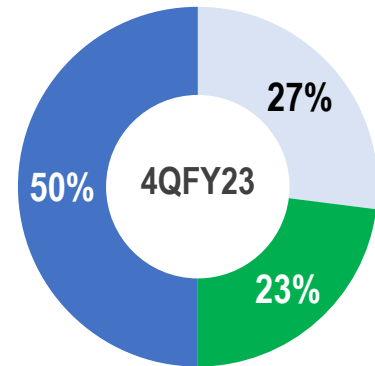
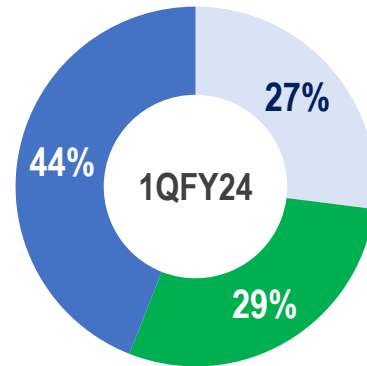
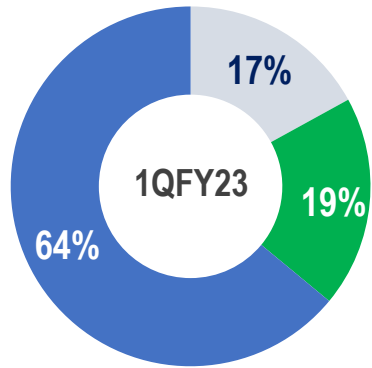
Without adjustments for changes in inventories



With adjustments for changes in inventories

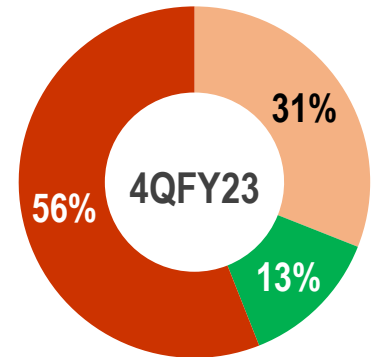
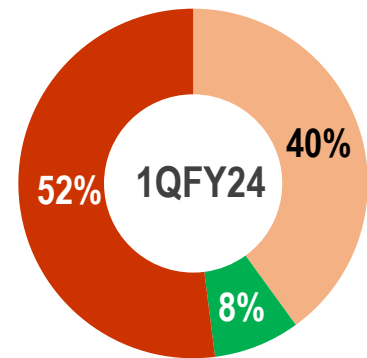
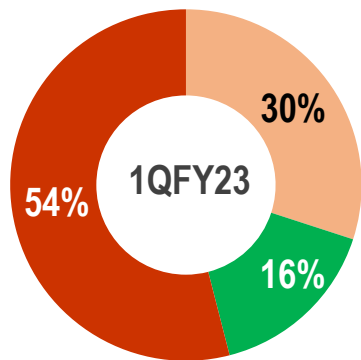


- 👉 Blended Fuel consumption (incl. TPP) per T of material: 1QFY24: \$ 170; 1QFY23: \$ 157; 4QFY23: \$ 178
- 👉 Blended Fuel cost per Kcal: 1QFY24: 2.03; 1QFY23: 1.87; 4QFY23: 2.21
- 👉 Wind energy capacity of 133 MW shifted from 'Sale to Grid' to 'Captive use' in phased manner during 1QFY24. This will lead to reduction on cement cost by ₹ 70 to ₹ 80 per ton at company level in the coming quarters.
- 👉 Clinker production was higher by 8% in 1QFY24 compared to 4QFY23 while cement sale volume was down by 9%
- 👉 Rupee depreciation by 7% has also impacted the fuel cost



Grid power Green Power Thermal Power

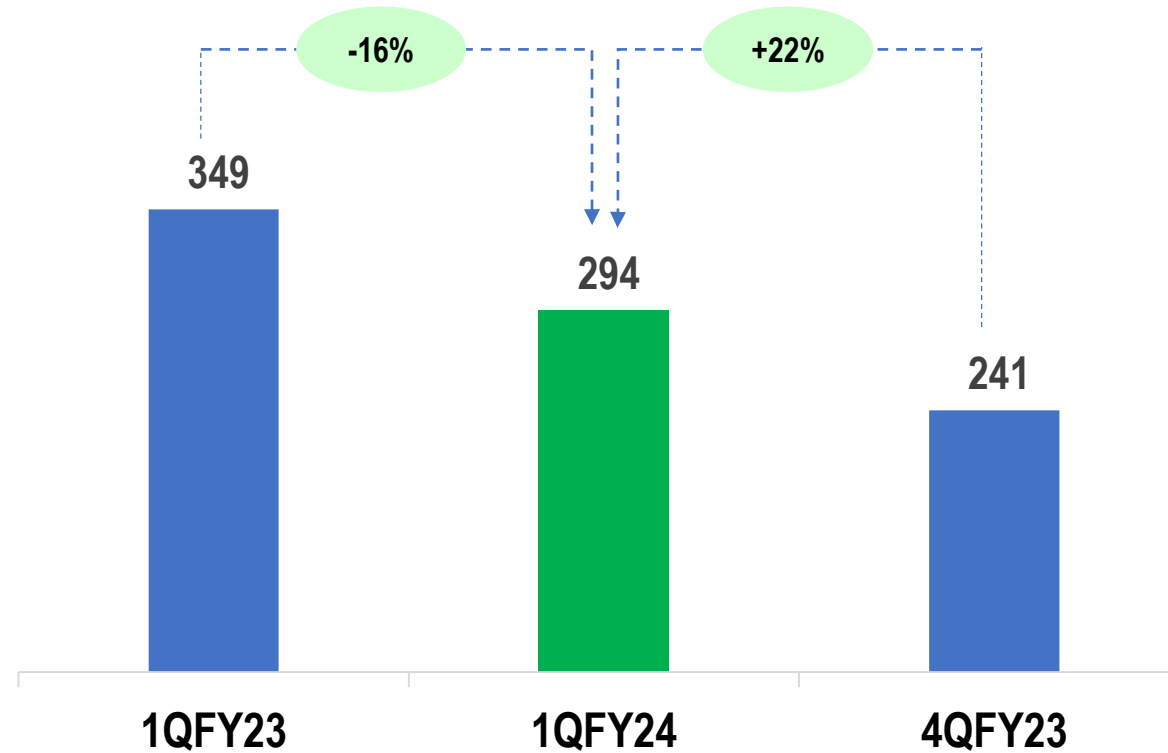
The share of Green Power is expected to reach 40% for FY24



Coal Alternate Fuel Pet coke

Employee Cost per ton

In ₹

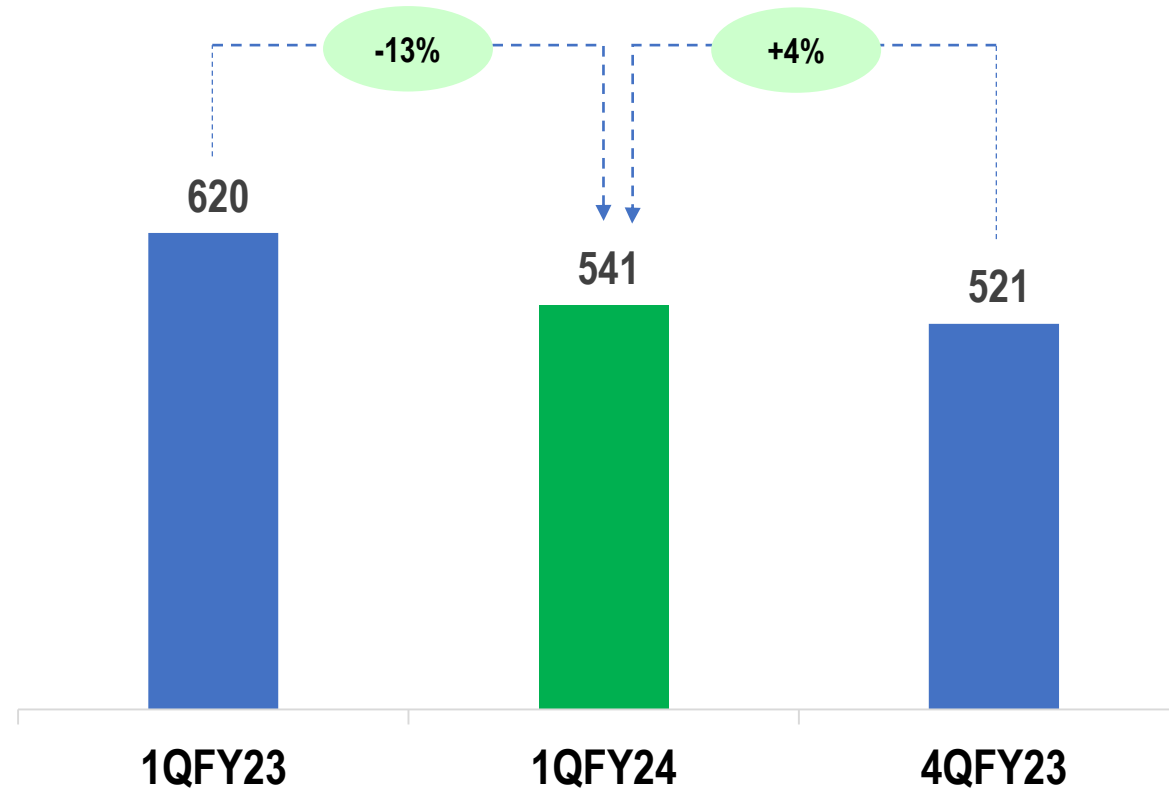


Better absorption of employee cost is due to improved operating leverage

Employee Cost include Managing Director's remuneration, in accordance with Ind AS 19

Other Expenditure per ton

In ₹



Better absorption of fixed expenses is due to improved operating leverage

Key Ratios

Particulars	UOM	1QFY24	1QFY23	4QFY23	FY23
EBITDA Ratio	%	16%	17%	16%	15%
PBT Ratio	%	5%	9%	8%	6%
PAT Ratio	%	4%	6%	6%	4%
EPS, Not Annualized	₹	3	5	6	15
RoE, Annualized	%	5%	7%	9%	5%
RoCE (Post-tax), Annualized	%	6%	6%	8%	5%
Debt-Equity Ratio	Multiples	0.65	0.64	0.66	0.66
Debt Service Cover Ratio, Annualized	Multiples	1.99	1.76	1.26	1.31
Interest Service Cover Ratio	Multiples	1.78	2.57	2.81	2.06
Current Ratio	Multiples	1.06	1.26	1.08	1.08



Ratios computed based on Standalone figures

Capex update & Borrowings

Capex incurred during 1QFY24: ₹ 284 Crores

- 👉 Kurnool Integrated Unit: Cement capacity utilization ramped upto ~ 97% in 1QFY24
- 👉 In Kurnool, 3 MW of WHRS will be commissioned in 2QFY24. TPP of 18 MW and railway siding will be commissioned before end of FY24.
- 👉 RR Nagar Line III: Clinker Capacity Utilization ramped to 100% in 1QFY24
- 👉 Limestone Benefication Plant in RR Nagar commissioned in July 2023.
- 👉 Expansion of Dry Mortar Plant: 2 units in AP & Odisha will be commissioned during FY24.
- 👉 Odisha Grinding Unit Line II with cement capacity of 0.9 MTPA is expected to commission before end of FY24.
- 👉 Land acquisition for Bommanahalli project is under progress.

Borrowings as on 30-06-2023

Particulars	₹ in Crores
Interest-bearing Borrowings	
- Long Term Debt	3,875.48
- Short Term Debt	479.19
Interest Free / Soft Loans	125.36
Gross Debt	4,480.03
Less: Cash and Cash Equivalents	74.48
Net Debt	4,405.55

Credit Ratings

Particulars	Rating
ICRA Rating	
- Long Term Debt	AA+
- Short Term Debt	A1+
- Non-Convertible Debentures	AA+
CRISIL Rating	
- Short Term Debt	A1+

CO₂ Emission



601 Kg / T of Cement

Blended Cement



68%

Water Positive



3.8x

Green energy



29%

CSR



18,000 + Beneficiaries

Firm and Focussed for a sustainable future

Based on 1QFY24 figures

Disclaimer



This communication, except for the historical information, may contain statements which reflect the Management's current views and estimates and could be construed as forward looking statements. The future involves certain risks and uncertainties that could cause actual results to differ materially from the current views being expressed. Potential risks and uncertainties include such factors as general economic conditions, foreign exchange and commodity price fluctuations, competitive product and pricing pressures, regulatory changes, economic developments within India and other countries within which the Company conducts business and other factors such as litigation and labour negotiations. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statement, due to any subsequent development, information or events, or otherwise.

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