



THE RAMCO CEMENTS LIMITED

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Corporate Identity Number: L26941TN1957PLC003566

7 February 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 and nine months ended 31.12.2022, being shared at the Investors' Meets.

Thanking you,

Yours faithfully,

For **THE RAMCO CEMENTS LIMITED,**

K.SELVANAYAGAM
SECRETARY

Encl : As above



Investor Update

3QFY23



- 01 Overview**
- 02 Market update**
- 03 Sales & Capacity Utilization**
- 04 Key Performance**
- 05 Financial Analysis & Key Ratios**
- 06 Capex update**
- 07 ESG update**
- 08 Awards & Accolades**

1 Overview of Economy

- India's GDP growth for FY23 is projected at 6.1% from an earlier estimate of 7.5% on account of extended geopolitical tensions and aggressive monetary policy tightening globally
- Repo Rate increased by 225 bps during last nine months and tops pre-pandemic levels
- The Indian rupee ended 2022 as the worst-performing Asian currency with a fall of 10.14%. This is the rupee's biggest annual decline since 2013

2 Positives

- Robust demand for cement amid good monsoon
- 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; (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

3 Watch outs

- Unabating geopolitical tensions continue to impart uncertainty to the food and energy prices outlook.
- The correction in industrial input prices and supply chain pressures, if sustained, could help ease pressures on output prices; but the pending pass-through of input costs could keep core inflation firm
- Repo Rate hike in the next meeting of MPC
- USD movements against Rupee

Market update for 3QFY23

South

- 👉 Demand from Individual housing & Infra particularly in road projects, picked up
- 👉 Prices dropped (except in KL) despite increase in cost
- 👉 Share of premium products are growing steadily
- 👉 Festival holidays dampened the momentum

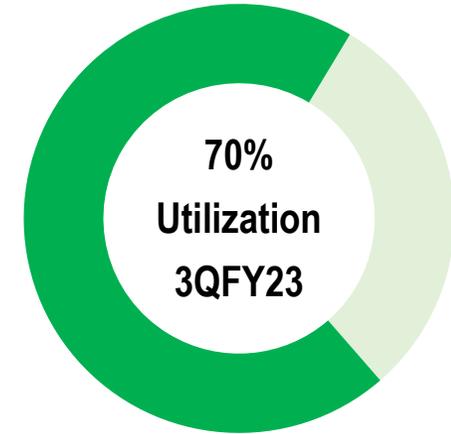
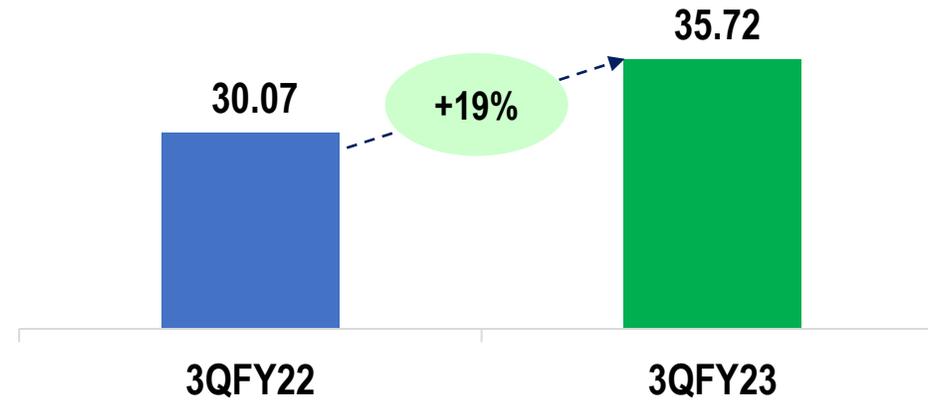
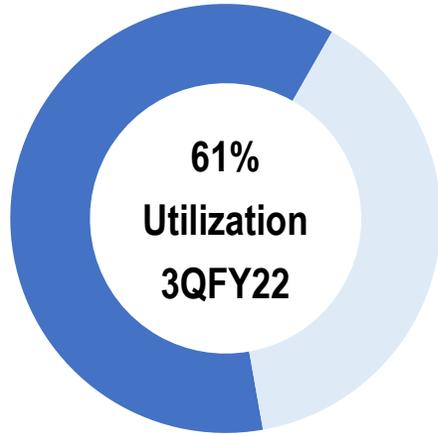
East

- 👉 Demand from:
 - Individual housing remained flat;
 - Infra / Commercial segment have grown
 - Overall demand remain subdued in east
- 👉 North East demand shown improvement
- 👉 Prices have improved during Q3 in East / North East

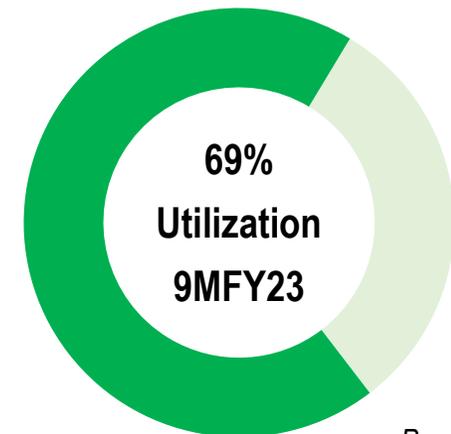
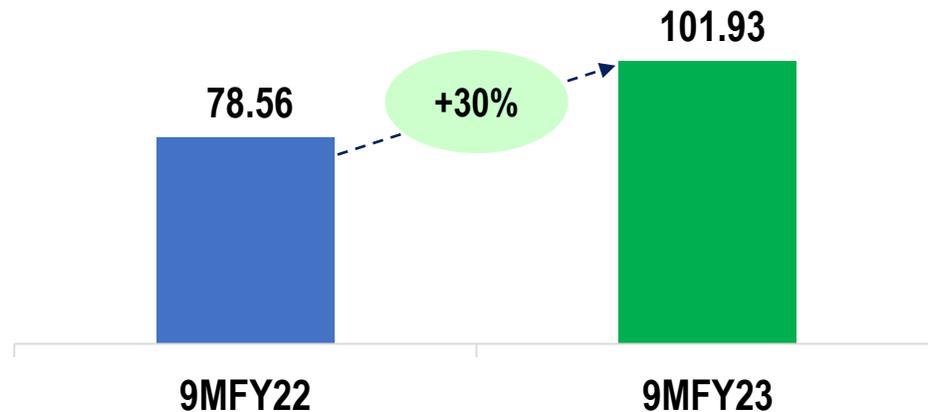
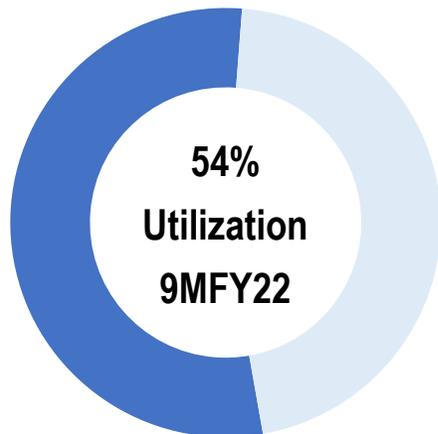
- 👉 **Company's strategy of right cement for right applications yielding positive results.**
- 👉 **The company continue to focus on this to make its brand more stronger**
- 👉 **While the long term prospects look promising, the short term outlook remains unclear due to geo-political uncertainty**

Cement Sales & Capacity utilization

Cement Sales (Lac Tons)



Share of Premium products increased by 3% and stood at 25% for 9MFY23



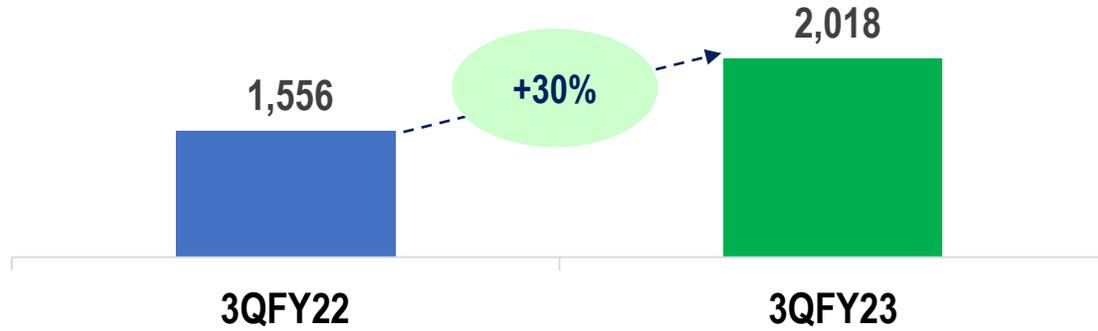
Pro-rated capacity basis

Key Performance for 3QFY23

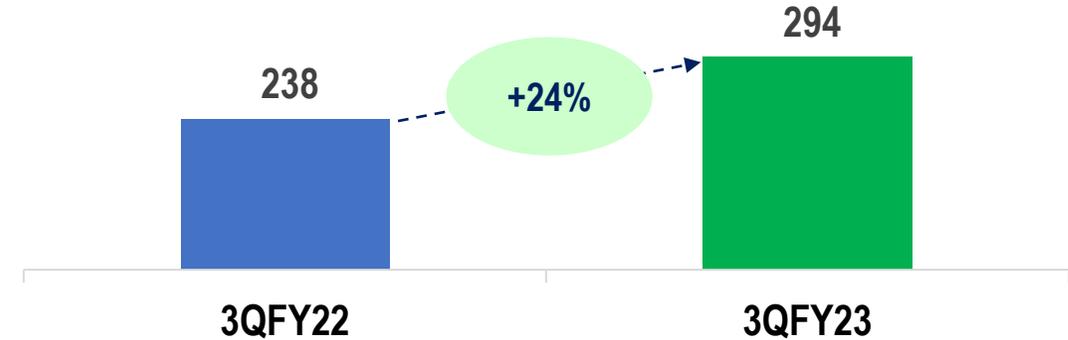
₹ in Crores



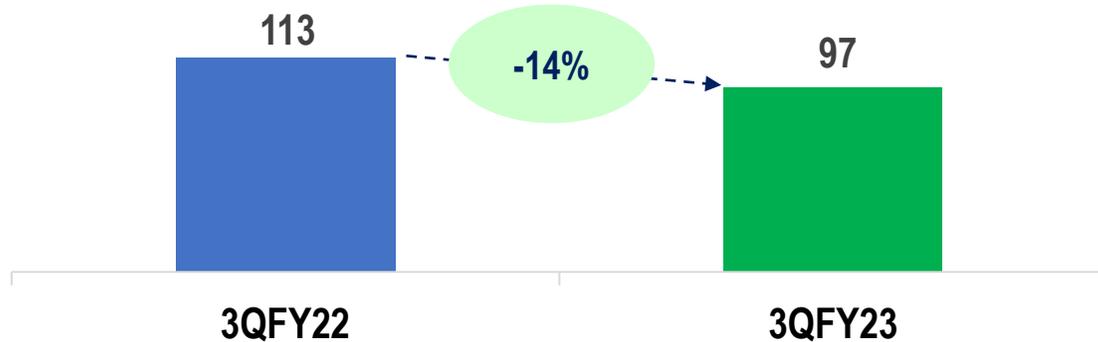
Revenue



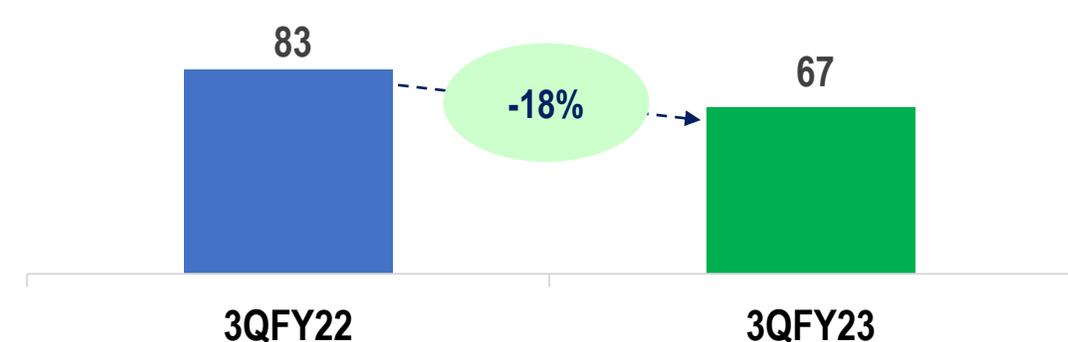
EBITDA



Profit Before Tax



Profit After Tax



👉 Revenue surpassed ₹ 2,000+ Crores in 3QFY23 with volume growth of 19%.

👉 Profitability impacted due to sharp increase in fuel prices

👉 Variable Cost in Kolimigundla will improve in the coming quarters

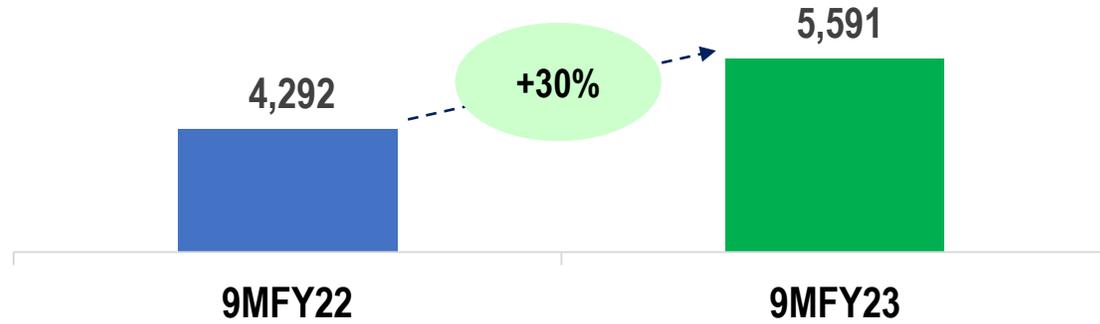
👉 Finance cost & Depreciation increased due to commissioning of units in JPM Line III & Kolimigundala

Key Performance for 9MFY23

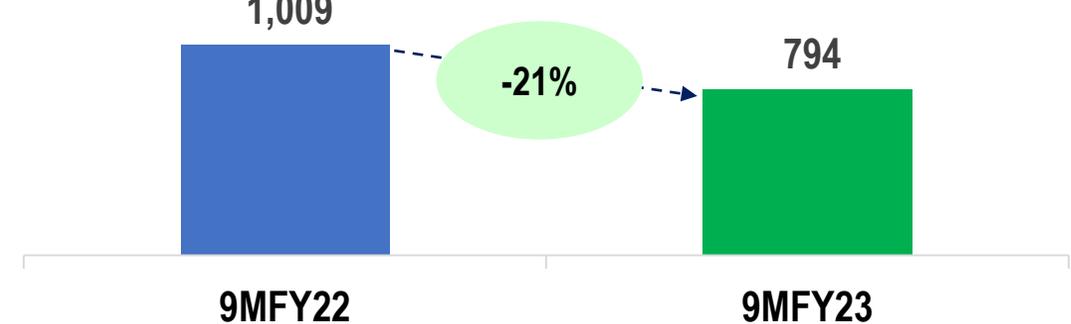
₹ in Crores



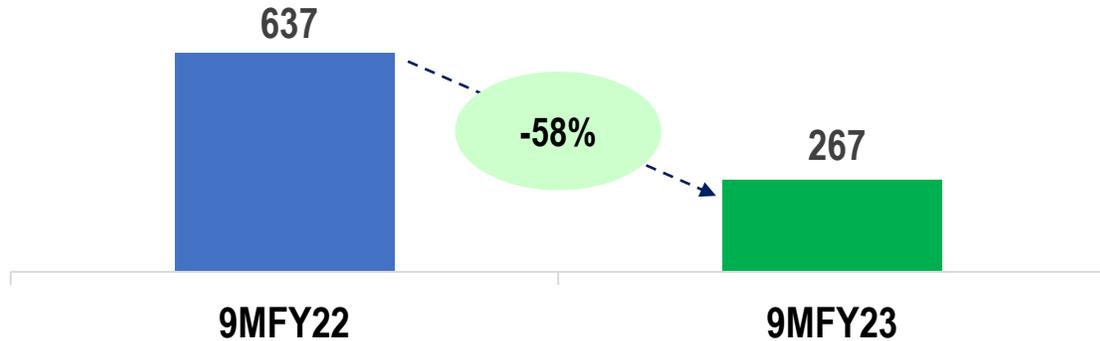
Revenue



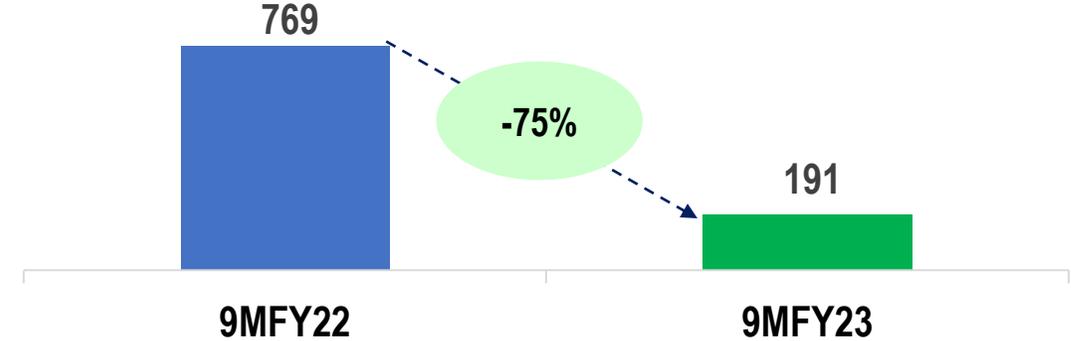
EBITDA



Profit Before Tax



Profit After Tax



👉 Delivered Strong Volume growth of 30%

👉 Profitability affected due to increase in fuel prices

👉 The Company is not entitled to any tax incentives from any of the state governments hence the entire EBITDA is without any tax incentives

👉 Finance cost & Depreciation increased due to commissioning of units in JPM Line-3 and Kolimigundla

👉 PAT was higher in PY by ₹ 306 Crores due to write back of Deferred Tax Liability

Income Statement for 3QFY23

₹ in Crores



Standalone			Particulars	Consolidated		
3QFY23	3QFY22	Variance %		3QFY23	3QFY22	Variance %
2,018.09	1,555.88	30% ▲	Revenue	2,020.37	1,558.69	30% ▲
1,724.12	1,318.21	31% ▲	Less: Operating Expenses	1,728.52	1,323.58	31% ▲
293.97	237.67	24% ▲	EBITDA	291.85	235.11	24% ▲
60.84	25.28	141% ▲	Less: Finance Costs	60.84	25.28	141% ▲
135.89	99.20	37% ▲	Less: Depreciation	136.25	99.56	37% ▲
97.24	113.19	14% ▼	Profit Before Tax	94.76	110.27	14% ▼
-9.92	5.00	- ▼	Less: Current Tax Expenses	-10.34	4.78	- ▼
39.77	25.62	55% ▲	Less: Deferred Tax Expenses	39.48	25.03	58% ▲
67.39	82.57	18% ▼	Profit After Tax	65.62	80.46	18% ▼
68.10	82.22	17% ▼	Total Comprehensive Income	52.62	74.80	30% ▼

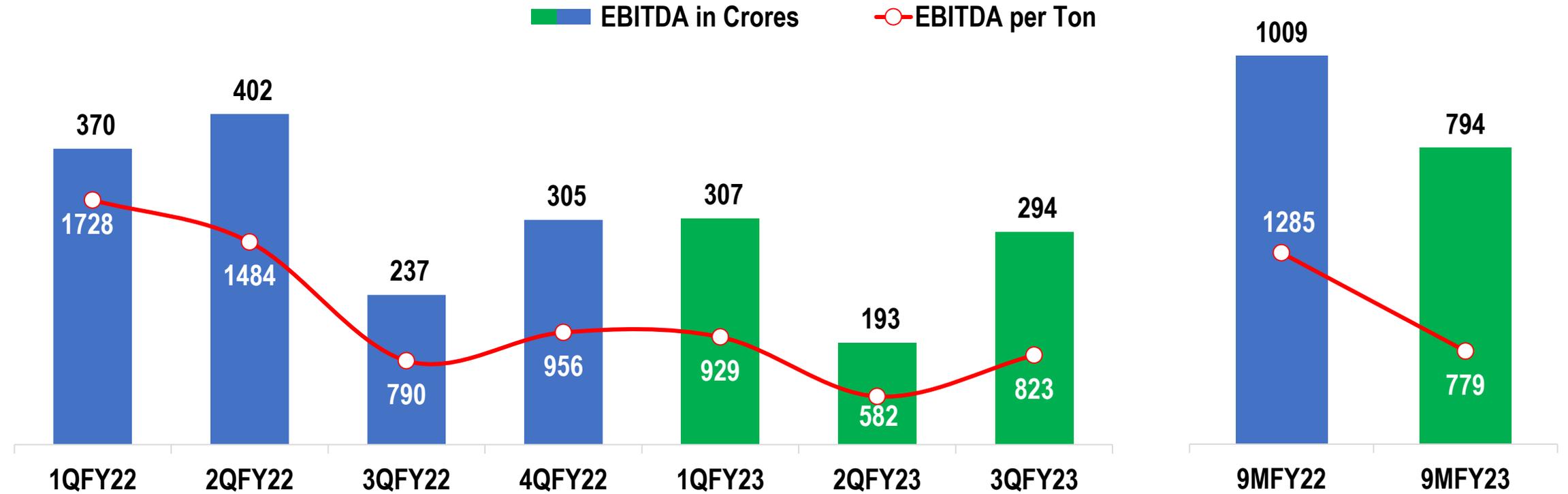
Income Statement for 9MFY23

₹ in Crores



Standalone			Particulars	Consolidated		
9MFY23	9MFY22	Variance %		9MFY23	9MFY22	Variance %
5,590.68	4,291.58	30% ▲	Revenue	5,606.62	4,309.01	30% ▲
4,796.50	3,282.16	46% ▲	Less: Operating Expenses	4,810.84	3,295.12	46% ▲
794.18	1,009.42	21% ▼	EBITDA	795.78	1,013.89	22% ▼
163.37	78.98	107% ▲	Less: Finance Costs	163.37	78.98	107% ▲
363.85	293.31	24% ▲	Less: Depreciation	365.05	294.38	24% ▲
266.96	637.13	58% ▼	Profit Before Tax	267.36	640.53	58% ▼
1.31	111.16	99% ▼	Less: Current Tax Expenses	2.69	111.90	98% ▼
74.52	-242.66	- ▲	Less: Deferred Tax Expenses	73.56	-240.97	- ▲
191.13	768.63	75% ▼	Profit After Tax	191.11	769.60	75% ▼
191.64	768.78	75% ▼	Total Comprehensive Income	167.79	763.91	78% ▼

EBITDA



👉 Pet coke and coal prices have increased. Consequently, power & fuel cost has increased by ₹ 683 / ton in 9M YoY & ₹ 586 / ton in 3Q YoY

👉 Rupee depreciation has adversely impacted fuel prices

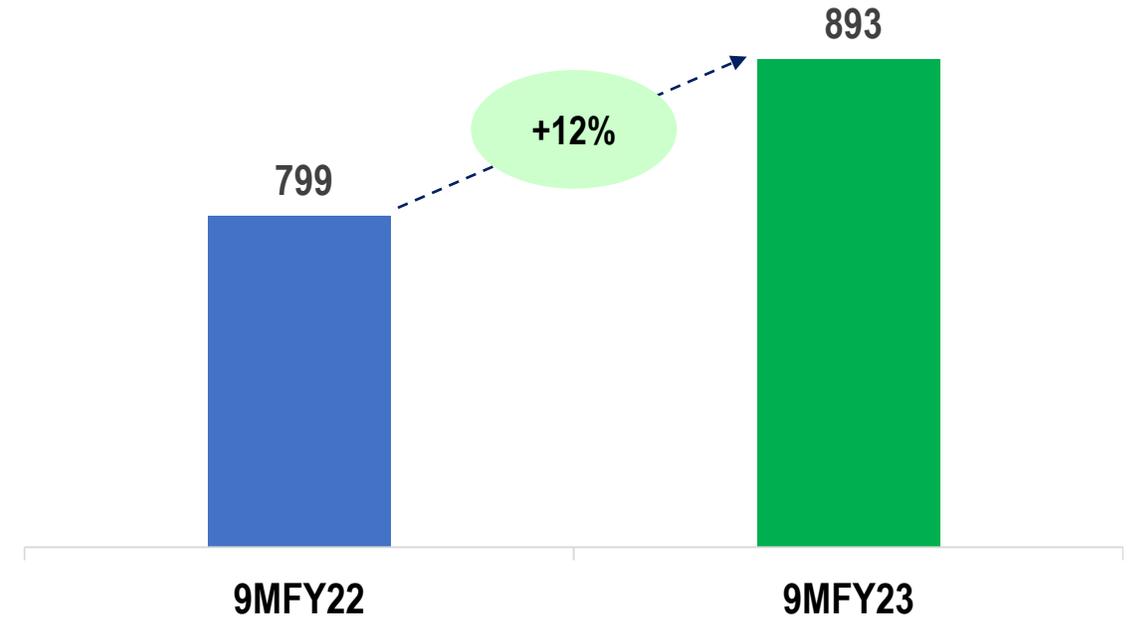
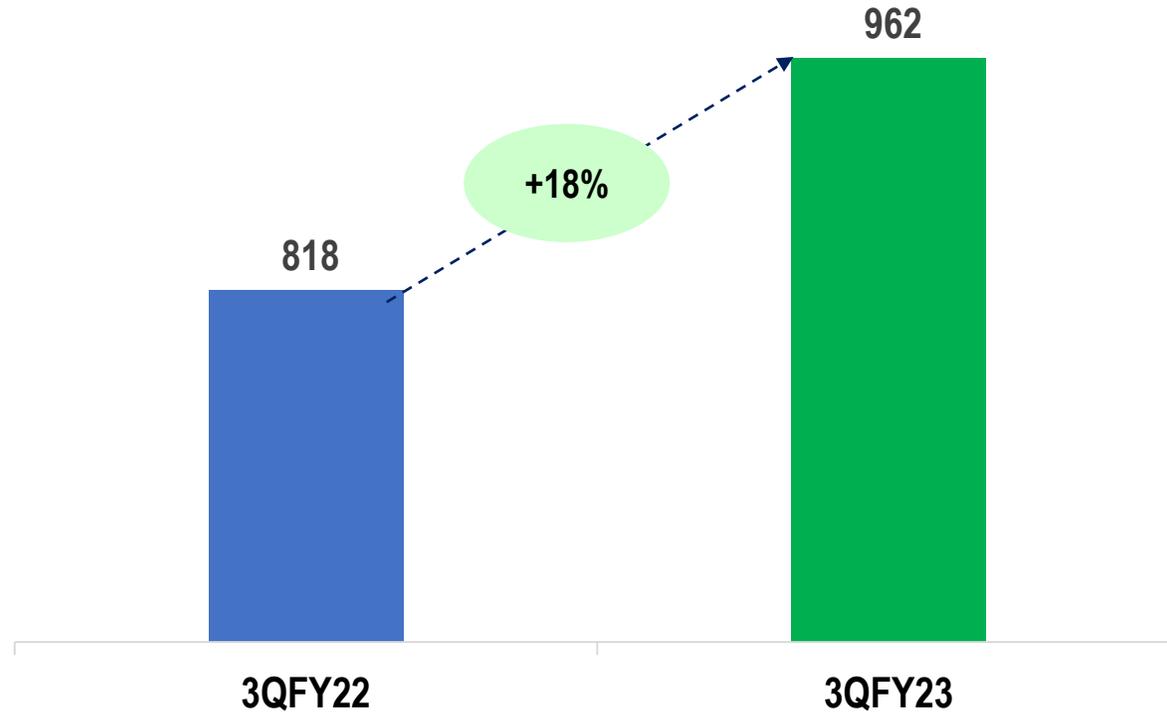
👉 Continued focus on sale of premium products

👉 Due to improved operating leverage in CY, the fixed cost absorption was comparatively better

👉 Levy of Busy season surcharge re-imposed by railways during Q3. The impact is around ₹ 50 per ton for 3QFY23

Cost of raw materials

In ₹ per Ton

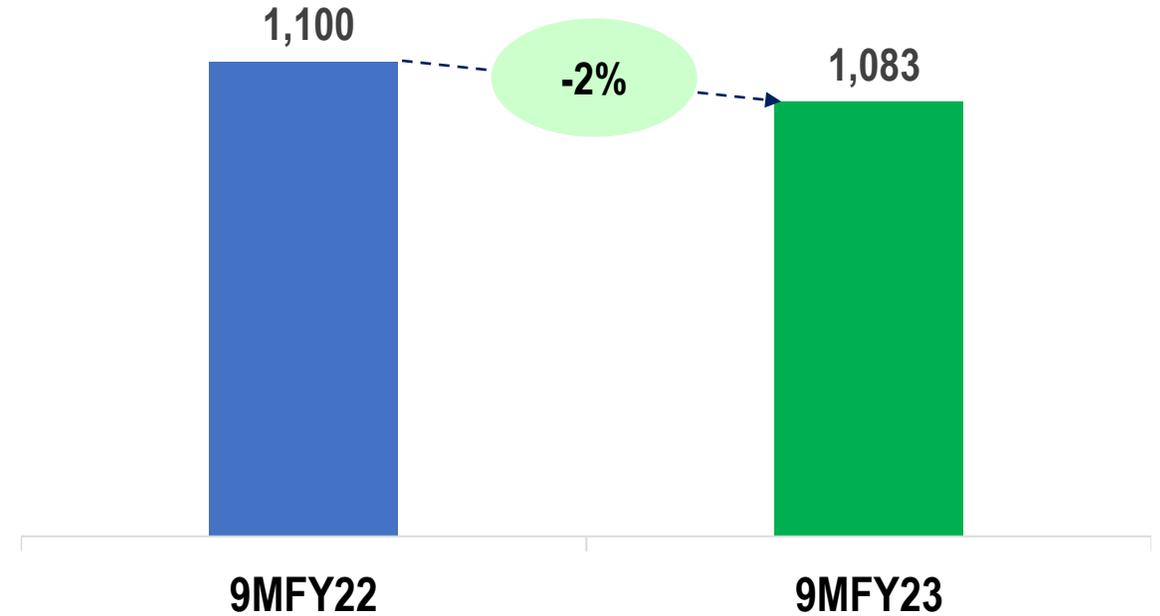
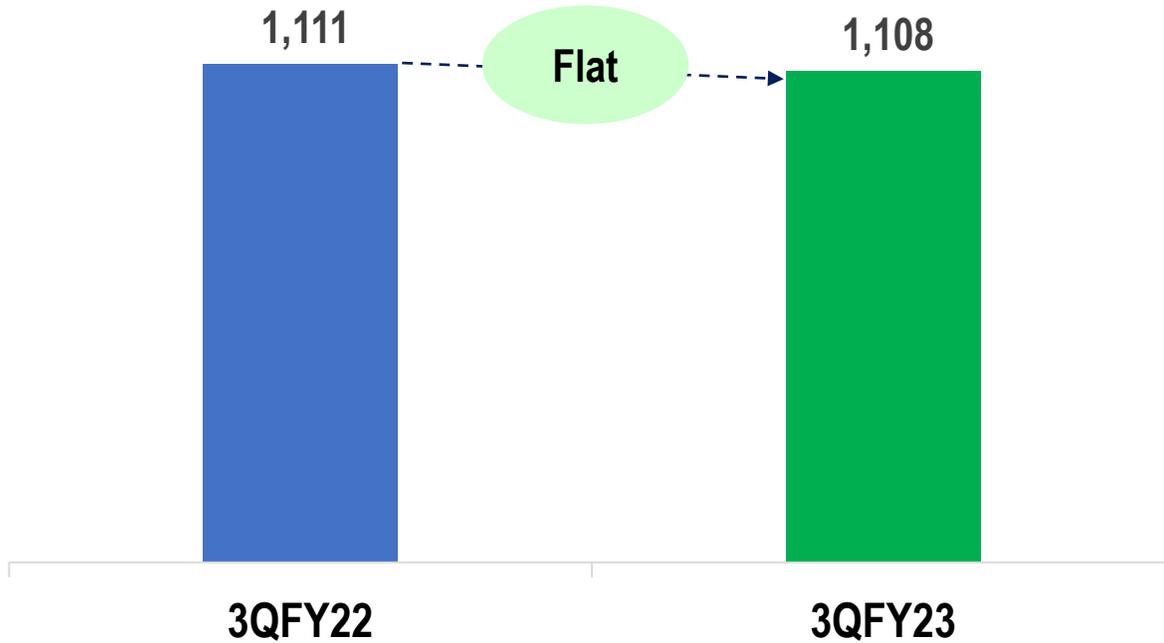


- 👉 Additional Freight incidence on usage of clinker in TN units from AP units 3QFY23: ₹ 42 / T; 9MFY23: ₹ 35 / T
- 👉 Impact of increase in diesel price: 3QFY23: Flat; 9MFY23: 4% YoY
- 👉 Busy season surcharge of 15% re-imposed by Railways w.e.f. 01-10-2022. The Impact is around ₹ 31/ T for 3QFY23
- 👉 Inflationary impact on cost of other raw materials viz. Fly ash, Slag & Gypsum

Logistics cost



In ₹ per Ton



👉 Rail Co-efficient for 3Q is 10% vs 15% YoY

👉 Average lead distance is 299 KMs; Down by 8%

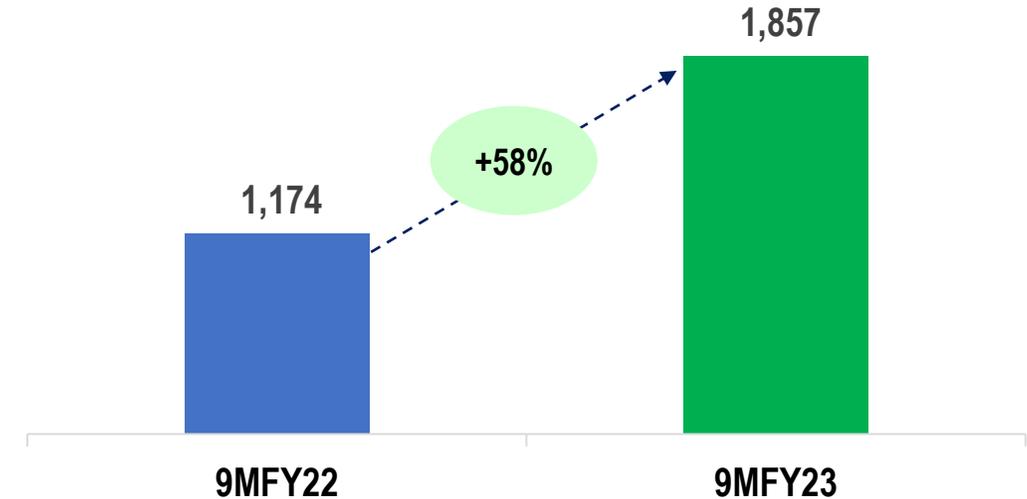
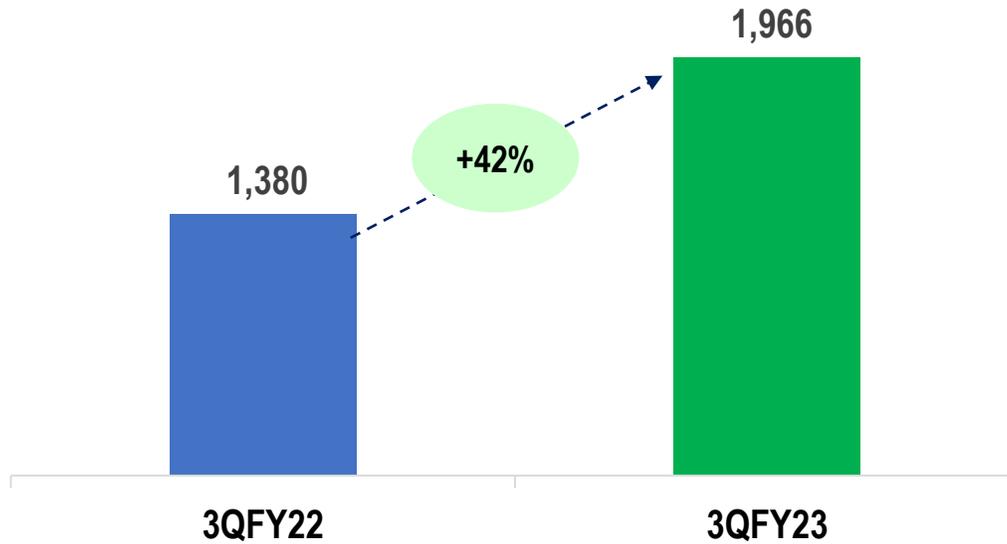
👉 Impact of increase in diesel price in 9M by 4% YoY & 15% levy of Busy Season Surcharge in 3Q is offset by reduction in lead distance

👉 Rail Co-efficient in 9M is 11% vs 13% YoY

👉 Average lead distance in 9M is 293 KMs; Down by 10%

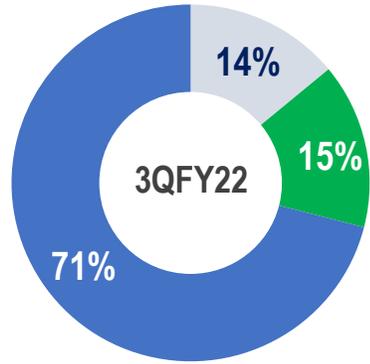
Power and Fuel Cost

In ₹ per Ton

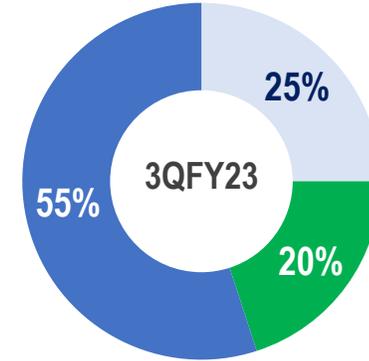


- 👉 Blended Fuel consumption per T of material: 3QFY23: \$ 191 / T 9MFY23: \$ 179 / T
- 👉 Blended Fuel cost per Kcal: 3QFY23: ₹ 2.43; 9MFY23: ₹ 2.35
- 👉 Usage of pet coke: 59% in 3QFY23 & 55% in 9MFY23
- 👉 Improved usage of green energy to 22% in 9MFY23
- 👉 Rupee depreciation has impacted the fuel procurement cost

Power Mix

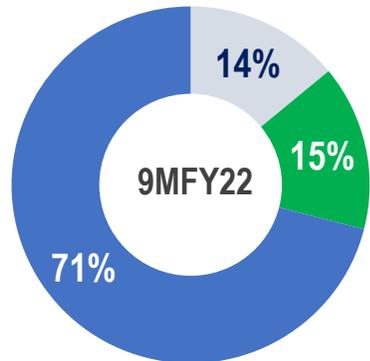


■ Grid power ■ Green Power ■ Thermal Power

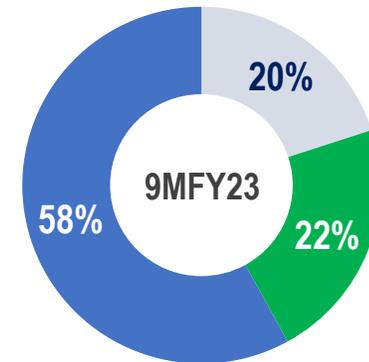


■ Grid power ■ Green Power ■ Thermal Power

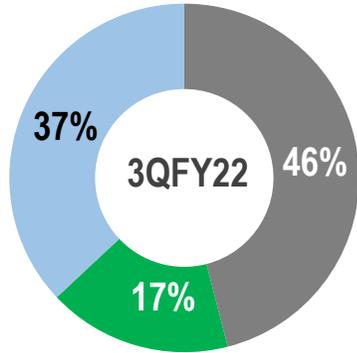
Focus on Green Power



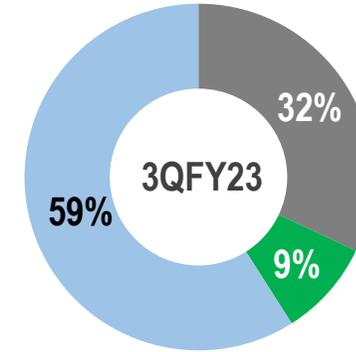
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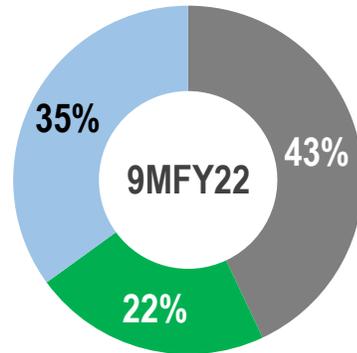


■ Coal ■ Alternate Fuel ■ Pet coke

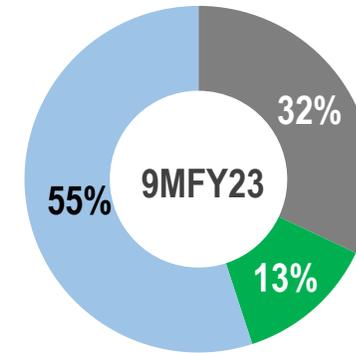


■ Coal ■ Alternate Fuel ■ Pet coke

Optimum usage of fuels based on cost per CV



■ Coal ■ Alternate Fuel ■ Pet coke

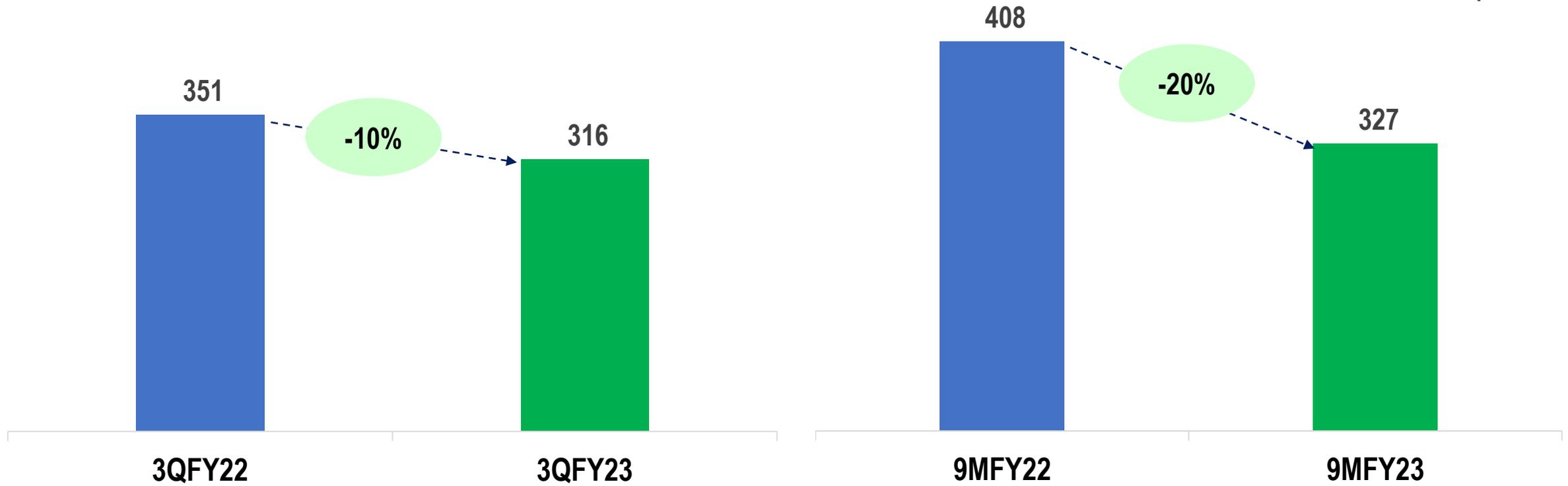


■ Coal ■ Alternate Fuel ■ Pet coke

Employee Cost



In ₹ per Ton

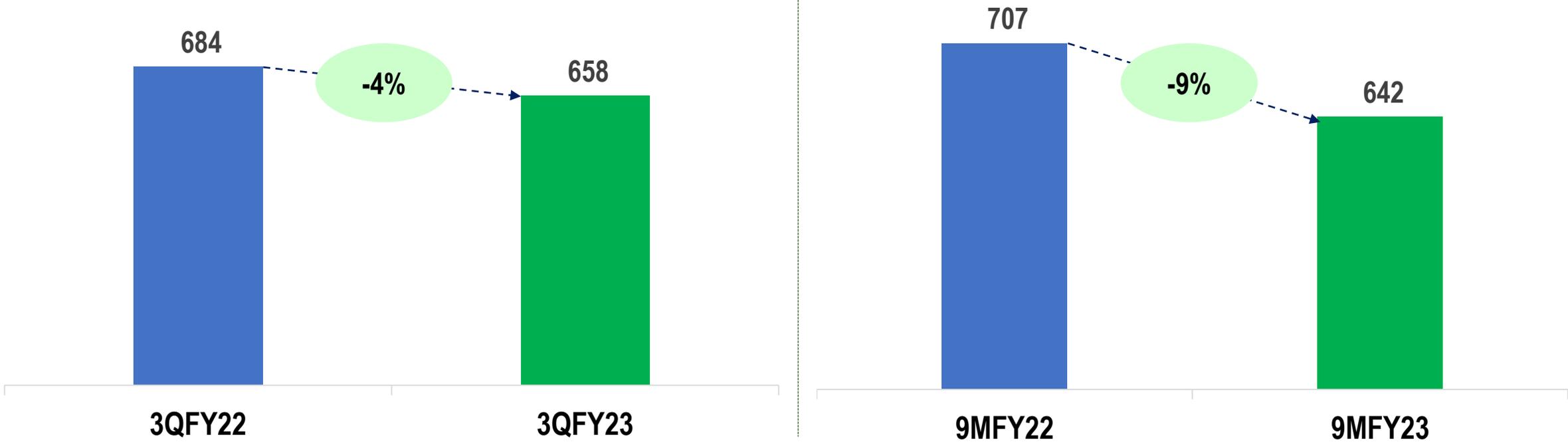


Increase in volume has led to better absorption of employee cost

Other Expenditure



In ₹ per Ton



Increase in volume has led to better absorption of fixed expense

Wind power

Particulars	3QFY23	3QFY22	Variance
Revenue from Wind power (₹ in Crores)	1.47	3.95	63% ▼
Less: Operating Expenses (₹ in Crores)	5.15	5.81	11% ▼
EBITDA from Wind power (₹ in Crores)	-3.68	-1.86	- ▼

Particulars	9MFY23	9MFY22	Variance
Revenue from Wind power (₹ in Crores)	46.47	56.77	18% ▼
Less: Operating Expenses (₹ in Crores)	15.61	16.99	8% ▼
EBITDA from Wind power (₹ in Crores)	30.86	39.78	22% ▼



Key Ratios



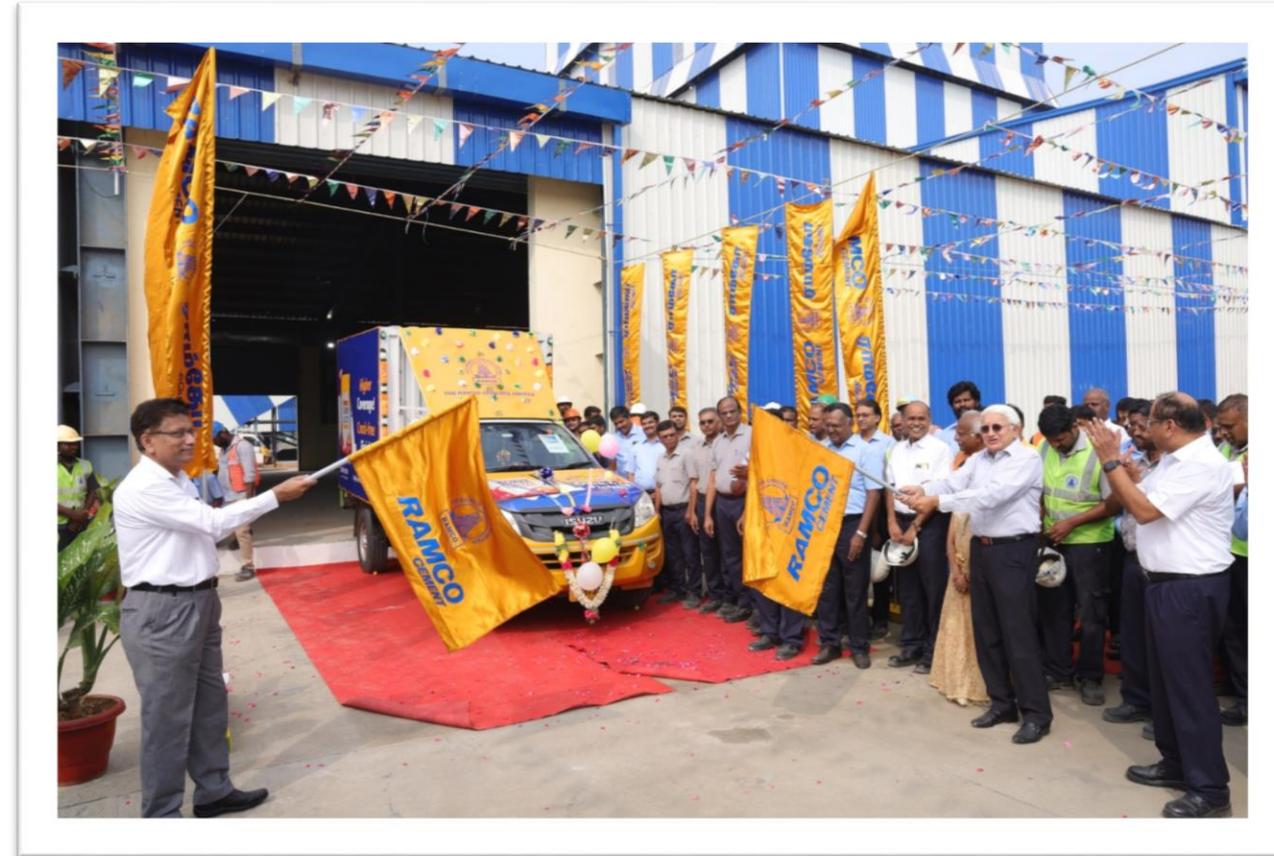
Particulars	UOM	3QFY23	3QFY22	9MFY23	9MFY22
EBITDA Ratio	%	15%	15%	14%	24%
PBT Ratio	%	5%	7%	5%	15%
PAT Ratio	%	3%	5%	3%	18%
EPS, Not Annualized	₹	3	3	8	32
RoE, Annualized	%	4%	5%	4%	17%
RoCE (Post-tax), Annualized	%	5%	5%	4%	12%
Debt-Equity Ratio	Multiples	0.70	0.60	0.70	0.60
Debt Service Cover Ratio, Annualized	Multiples	1.61	0.89	1.33	1.35
Interest Service Cover Ratio	Multiples	1.82	2.71	1.75	4.64
Current Ratio	Multiples	1.07	1.16	1.07	1.16



Ratios computed based on Standalone figures

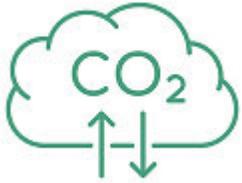
Capex update

- 👉 Capex spent during 3QFY23: ₹ 390 Crores; 9MFY23: ₹ 1,376 Crores.
- 👉 Kurnool Integrated Unit commenced commercial production from 23rd September 2022 and achieved clinker capacity utilization ~ 54% in 3QFY23.
- 👉 WHRS capacity of 5 MW in Kurnool was commissioned in Nov 2022; Another 3 MW expected to be commissioned in Feb 2023 and the balance 4 MW will be commissioned in May 2023. TPP of 18 MW and railway siding will be commissioned in FY24.
- 👉 Expansion of Dry Mortar Plant: In TN, one unit was commissioned in Dec'22 & another unit will be commissioned in Feb'23. The remaining two units in AP & Odisha will be commissioned during FY24.
- 👉 RRRN Line III with clinker capacity of 1.44 MTPA will be commissioned before Mar 2023.



Dry Mortar Plant in Salem was inaugurated by Executive Director-Marketing, Shri.Balaji.K.Moorthy and First truck of Dry Mortar Product sent by waving flag on 05-12-2022

CO₂ Emission



591 Kg / T of Cement

Blended Cement



72%

Water Positive



2x

Green energy



22%

CSR



1,20,000 + Beneficiaries

Firm and Focussed for a sustainable future

Based on 9M figures

Awards & Accolades



- 👉 The Ariyalur Plant had been adjudged as Winner in the Category of Water, Sanitation and Hygiene (WASH) for its project, 'Accessible and Sustainable Sanitation Facilities (SMART Toilets) for prevention of open defecation'. The project was implemented with the support of Gramalaya, Tiruchirapalli.
- 👉 The Ramasamy Raja Nagar Plant had been presented with 'Health Care and Education Activities for the nearby village people' award in the category of Employee Volunteering Initiative.
- 👉 This Award was granted at 8th CSR Impact Awards function by CSR Box

Awards & Accolades



Award for our CSR initiatives under the category - 'Involvement in Communities and Protection of the Environment' at the Tamil Nadu Leadership Awards 2022, hosted by World CSR Day



Our Kolaghat Grinding Unit received Award for recognition of Excellence in Energy Conservation, CII Eastern Region

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.

Stock Code: BSE: 500260 | NSE: RAMCOCEM
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