PRESS RELEASE FOR AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31 MARCH 2013

Monday, Jul 15 2013

Chennai, May 20, 2013: The India Cements Limited, announced its audited financial results for the year ended 31st March’13 at its board meeting held today.

Performance for the FY 2013:

• Total income up by 9%

• EBIDTA was Rs.8.62 Billions Vs Rs.9.23 Billions due to cost push

• Interest and depreciation charges were up when compared to previous year and as a result PBT was at Rs.2.52 Billions as compared to Rs.3.81 Billions in the previous year.

Highlights – Year

Clinker production up by 7% at 7.67 million tons.

• Overall volume growth was 5.5% at 10.05 million tons Vs 9.52 million tons.

The acute slow down continued to grip the economy for the second year in succession and the GDP growth was the lowest in the decade of around 5.1%. Except the service sector, which recorded a growth of close to 7%, all other sectors registered a sub-optimal and meager growth. This resulted in the subdued growth in demand for cement, which was around 5.5% only as per industry sources. With huge supply overhang in the south, the severe competition in the market place resulted in an aberration in the selling price of cement in the second half of the fiscal.

In addition, the cost of production was also impacted by

a) steep increase in freight rate by railways,

b) hike in diesel price from September 2012, with the further increase for bulk consumers of diesel,

c) acute power shortage in the southern states with hefty power holidays in Andhra Pradesh and

d) increase in tariff by the DISCOMS in the states forcing purchase of power at high cost.

Much of this cost increase had to be absorbed and could not be passed on to the customers due to stiff competition prevailing in the market place. This resulted in the lower EBIDTA for the year despite higher volume.

HIGHLIGHTS – QUARTER ON QUARTER:

During the 4th quarter, the clinker production was 2.08 million tons up by 6% against 1.96 million tons.

• The total volume of cement and clinker was 2.77 million tons as compared to 2.6 million tons ; an increase of 7%.

• While the total income was up by 7% at Rs.11.99 billion against Rs.11.23 billion, the EBIDTA came down to Rs.1.76 billion as compared to Rs.2.22 billion in the same quarter of the previous year.

As mentioned above, due to market pressure, the hike in freight and handling expenses caused by the diesel price increase could not be passed on fully during the period under review resulting in a lower net sales realization leading to the reduction in EBIDTA. Interest charges for the quarter was maintained as that of previous year at Rs.0.64 bilions while depreciation charges were higher at Rs.0.72 billions(Rs.0.65 billions) due to higher capitalization including thermal power plant. The resultant net profit was lower at Rs.0.40 billions as compared to Rs.0.94 billions in the same quarter of the previous year. The taxation expenses for the quarter was at Rs.0.14 billions as compared to Rs.0.29 billions in the previous year with the resultant net profit after tax at Rs.0.26 billions against Rs.0.65 billions in the 4th quarter of the previous year.

During the second half of the year, the thermal power plant at Sankar Nagar stabilized at better levels of efficiency which helped in mitigating the impact on the difference in the cost of purchased power in Andhra Pradesh. The 50 MW thermal power plant at Vishnupuram in Andhra Pradesh is under commissioning and is expected to take few months to stabilize operations.

The first shipment of coal from India Cement’s mine in Indonesia has already taken place and the cargo will arrive into India by last week of this month.

Outlook of FY14:

Prospects for economic recovery appear to be good as per the favourable macro economic indications at the global and domestic level. While the Euro zone is still in the woods, there are reports of recovery in the US market. Chinese economy continues to face slow growth and decline in PMI, which will help India in its exports. IMF has also pegged our GDP growth at 5.8% for the current year while Word Bank sees India regaining economic momentum and growing at 6.1% this year. India remains an attractive area of investment when compared with the other economies and the Government appears to be focused through fast track clearances for projects and FDI through policy reforms, which are good signs. With a positive outlook for infrastructure and construction, upcoming state and central elections, reduction in the lending rates, predicted normal monsoon, an optimistic view can be taken for the revival of the economy which augurs well for the industry in the medium term. Considering that the effect of the government actions may take little longer to materialize, in the near term the industry may find it difficult to pass on the cost increase due to competition in the market place. It is also interesting to note that the industry in the last few years has substantially expanded the capacity year after year especially in south, and the capacity addition during the current year is likely to come down significantly which is a major positive for the industry.