



BIRLA CORPORATION LIMITED

CORPORATE OFFICE: 1, SHAKESPEARE SARANI, 2ND FLOOR, KOLKATA 700 071
Phone: (033) 5603 3300/01/02, Fax: (033) 2288 4426 CIN-L01132WB1919PLC003334
E-mail: coordinator@birlacorp.com; Website: www.birlacorporation.com
REGISTERED OFFICE: Birla Building, 9/1 R N Mukherjee Road, Kolkata 700 001

Press Release (Q1: 2014-15)
8 August 2014

BIRLA CORPORATION Q1 PAT UP BY 116.39 %

	Q1 2014-15	Q4 2013-14	Q1 2013-14
Cement despatch (Lakh Tons)	20.56	19.06	18.40
Net Sales/Income from Operations (Net of Excise Duty) (Rs in Crores)	874.82	793.49	783.17
Profit After Tax (Rs in Crores)	99.52	26.20	45.99

Birla Corporation Limited, the flagship Company of the M P Birla Group and cement major, has achieved the highest ever Net Sales/Income from operations for the first quarter of the current financial year at Rs 874.82 crores (Rs 783.17 crores). The despatch of cement was also the highest ever at 20.56 lakh tons.

The Profit after Tax was Rs 99.52 crores against Rs 45.99 crores in the previous corresponding quarter, registering an increase of 116.39 %. The improved performance during the quarter under review can be attributed to a combination of good realization, better operational efficiencies, higher volume and new marketing initiatives taken by the Company.

Shri Harsh V Lodha, Chairman of the Company, referring to the improved performance, said the Company could begin the new financial year with satisfactory operational and financial performance compared to the previous few quarters.

He added that re-strategizing the marketing policy of the Company in capturing its natural market had helped in achieving better realization and contributing substantially to the improved performance of the Company.

The production of blended cement during the quarter has gone up to 87% from 83% in the preceding quarter. The consumption of fly ash could also be increased with the use of grinding aid.

The Waste Heat Recovery System (WHRS) at both Chanderia and Satna generated highest ever units of power, giving substantial operational benefits.

However, manufacturing and distribution costs continue to go up, which eroded the margins. Apart from higher railway freight, the spiraling diesel & pet coke prices affected profitability to a significant extent. The landed price of coal also went up during the quarter on account of higher railway freight.

During the quarter, the supply of coal was badly affected due to non-availability of rakes. The hardship was mitigated partially by purchase of power from the Indian Energy Exchange Ltd (IEX).

The cost of fly ash has gone up due to higher freight charges and this has impacted the profitability of the Company, during the quarter under review.

Despite the challenging situation, the Company could run the clinker plants at both Satna and Chanderia on a sustained basis which resulted in the highest ever cement production and dispatch during the quarter. Chanderia plants could achieve stabilization of mechanical mining. The profit of the Company would have been higher had its Chanderia units could run normal mining operations.

Launch of ULTIMATE Cement:

Encouraged by the success of Birla Samrat UNIQUE, the Company has introduced another premium brand, Birla Samrat ULTIMATE, the premium Portland Pozzolana Cement (fly ash-based), pioneering the Complete Particle Size Distribution (CPSD) technology. The "double refined" cement in tamper-proof packaging is corrosion-resistant and has low alkali properties. The new product is cohesive and has high early setting properties. The brand was launched in Indore on 20 April 2014. Trade associates have welcomed the initiative in offering the premium product which, they feel, will cater to the demands of quality-conscious consumers.

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The brand was introduced at Jaipur on 4 August 2014, to be followed by launching at Kolkata and Lucknow. The initiative will help in capturing the premium segments of the market.

The market share of UNIQUE cement has been improving since the introduction of the premium Portland Slag Cement brand in 2011.

Ongoing projects:

The Company has taken up various greenfield projects and capacity enhancement programmes to maintain its market position along with focusing on other efficiency improvement initiatives. Work to set up a 5-lakh ton per annum blending unit at Raebareilly has been progressing smoothly and the plant is expected to be commissioned by the first quarter of the financial year 2015-16. Environmental clearance has been obtained for the second phase expansion of New Chanderia Cement Works from 1.2 million tons per year to 2.7 million tons per year. However, the project will be executed once the pollution clearance for additional limestone mining is received.

While land for a greenfield grinding unit at Barhnagar has already been acquired, the process for acquiring land and obtaining Government clearances for other greenfield units is in progress.

Talavadi Cements:

In the matter relating to the allotment of the limestone mining lease to Talavadi Cements Ltd, a 98% subsidiary of the Company, the Jabalpur High Court has recently remitted the matter for fresh hearing to the State Government. The Company is planning to file an appeal before the Hon'ble Supreme Court in this regard.

Outlook:

With plans for dedicated freight corridors, airports, low-cost housing schemes, ports, 100 "smart cities" and construction of concrete roads, cement manufacturers are anticipating a demand boost.

Jute Division:

The jute industry depends on the support of the Jute Packaging Materials Act, 1987, which has been diluted and only 90% of food grain and 20% of sugar are required to be packed in jute bags. Even the diluted order is not being implemented in the required spirit, as the order flow from the Government has drastically come down, resulting in pile-up of stocks across the industry. This has compelled the industry to resort to production cuts. This has affected the working of the Jute Division adversely during the quarter under review.

Recognition:

Birla Cement Works, Chanderia, has been adjudged winner of the Safety Award-2014 by Greentech Foundation in the Gold category (Cement sector), for outstanding achievement in safety management.

Financial Highlights:

FOR THE QUARTER ENDING 30 JUNE 2014

- Net Sales at Rs 859.32 crores, up by 11.32% *
- EBITDA at Rs 185.91 crores. PAT at Rs 99.52 crores. EPS at Rs 12.92
- Cement Despatches at 20.56 lakh tons, up by 11.74% *
- Cement Production at 20.45 lakh tons, up by 11.32% *
- Percentage of Blended Cement as a % of Total Cement Sales continues to be high at about 87%

*as compared to corresponding quarter of previous year

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