



BIRLA CORPORATION LIMITED

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Press Release

9 November 2012

BIRLA CORPORATION Q2 PAT AT RS. 80.24 CRORES

Highlights:

FOR THE QUARTER

- **Net Sales** at Rs.627.44 Crs. up by 24%*
- **EBIDTA** at Rs.144.85 Crs. up by 145%*
- **PAT** at Rs.80.24 Crs. up by 207%*
- **EPS** at Rs.10.42 up by 207%*
- **Cement Despatches** at 15.79 tons up by 12%*
- **Cement Production** at 15.47 tons up by 9%*
- The percentage of **Blended Cement** as a %age of **Total Cement Sales** continues to be high at about 94%
- **Highest ever Production and Despatches** in 2nd quarter in any year

* as compared to corresponding quarter of previous year

HALF-YEARLY

- **Net Sales** at Rs.1285.46 Crs. up by 21%*
- **EBIDTA** at Rs.305.24 Crs. up by 26%*
- **PAT** at Rs.164.98 Crs. up by 20%*
- **EPS** at Rs.21.42 up by 20%*
- **Cement Despatches** at 32.07 tons up by 9%*
- **Cement Production** at 31.87 tons up by 9%*
- The percentage of **Blended Cement** as a %age of **Total Cement Sales** continues to be high at about 94%
- **Highest ever Production and Despatches** in the 1st Half in any Year.

* as compared to corresponding 1st half of previous year

OTHER HIGHLIGHTS

- Interim Dividend of Rs.2.50 (25%) declared.
- Suspension of mining operations at Chanderia continues, SLP pending in Supreme Court.
- EBIDTA is higher mainly on account of higher despatches, increased sale of blended cement and higher realization.
- With the increase in grinding capacity at Durgapur plant, the annual capacity of Cement Division of the Company has gone up to 9.3 MT.
- Environmental clearance received for expansion of cement capacity by 1.5 MT along with 50 MW captive power plant at Chanderia.
- Operations at Birla Jute Mills at Birlapur resumed with effect from 18 October 2012.
- The Net Worth of the Company stood at Rs. 2,385.88 crores and Book Value per share at Rs. 309.83 as on 30 September 2012.
- The Company is financed with debt equity ratio of 0.35 as on 30 September 2012.

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While commenting on the results, Shri Harsh V. Lodha, Chairman of the Company, said profitability of the Company continued to be affected substantially because of total suspension of captive mining at Chanderia. That apart, the significant increase in rail freight on incoming raw materials and outgoing cement despatches and the expenditure on transportation of goods through road owing to increase in prices of diesel also impacted the profit.

While approving the results of the 2nd quarter today, the Board declared an interim dividend of Rs. 2.50 (25%) for the financial year 2012-13.

The performance of the Company would have been much better but for the suspension of mining operations at Chanderia in view of the order of the Hon'ble High Court at Jodhpur. The Company had filed a Special Leave Petition (SLP) challenging the order dated 25 May 2012 of the Hon'ble High Court, *inter alia*, prohibiting mining and blasting operations at Chanderia units. The SLP has been admitted and the case is pending for further hearing.

Shri Lodha stated that in spite of suspension of mining operations, Chanderia units continued their operations by purchasing limestone and clinker from third parties at substantially higher costs, to protect their market share.

The profit of the Company as a whole when compared to that of the corresponding quarter in the previous year was better on account of higher realisation, higher despatches, increased sale of blended cement and foreign exchange gains.

During the quarter, the grinding capacity at the Company's plants at Durgapur has been increased by 0.7 million tons per annum, taking its annual capacity to 2.3 million tons with the addition of a new roller press. With this, the annual capacity of the Cement Division has gone up to 9.3 million tons.

The coal washery at Satna, being set up for assured supply of sustained quality of processed coal, is likely to be operational by December 2012.

At Chanderia, the brownfield expansion of the production capacity by 1.2 million tons was commissioned in March 2012. However, this new capacity could not be gainfully utilised because of the shortage of limestone at Chanderia. The Company has received the environmental clearance to expand capacity by another 1.5 million tons along with the setting up of a 50 MW captive power plant. Once the Hon'ble Supreme Court allows mining operations steps will be taken to expand the capacity.

JUTE DIVISION: Suspension of work at Birla Jute Mills since 31 March 2012 was lifted on 18 October 2012 following a tripartite settlement with the trade unions. With the ongoing modernisation programme involving upgradation of machineries, coupled with rationalisation of manpower, the performance of the division is expected to improve in the coming quarters.

OUTLOOK: With the monsoon coming to an end, the demand for cement is expected to be the strong in the near future. However, unabated increase in the cost of raw materials, fuel and freight, coupled with the oversupply scenario, will continue to put pressure on margins. That apart, till such time the mining of limestone at Chanderia is not commenced, the Company will not be able to make full use of its capacity at Chanderia and at the same time, the profitability of the Company will continue to suffer as the limestone/clinker purchased from third party sources will be much more expensive than captive mining.

DISCLAIMER

Statements in this release describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward looking statements' within the meaning of applicable laws or regulations. Actual results could, however, differ materially from those expressed or implied. Important factors that could make a difference to the Company's Operations include global and domestic demand-supply conditions, finished goods prices, raw materials and fuel costs & availability, transportation cost, changes in Government regulations and tax structure, economic developments within India and the countries with which the Company has business contacts and other factors such as litigation and industrial relations. Neither our Company, our Directors, nor any of our affiliates, have any obligation to update or otherwise revise any statements reflecting circumstances arising after this date or to reflect the occurrence of the underlying events, even if the underlying assumptions do not come to fruition.

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