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Press Release (Q3: 2017-18)
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Birla Corporation registers volume growth of 22%, EBIDTA up by 8% at Rs 152.83 crores

Birla Corporation Limited today declared its results for the quarter and nine months ended 31 December 2017. The consolidated results include the financials of Reliance Cement Company Private Limited (RCCPL), a wholly-owned material subsidiary of the Company.

Key Financial & Performance Highlights [Consolidated]

❖ Cement Production

- For Q3 FY2018 stood at 30.62 lakh tons, compared to 25.08 lakh tons in Q3 FY2017, reflecting an increase of 22.09%.
- For 9M FY2018 stood at 90.89 lakh tons, compared to 81.26 lakh tons in 9M FY2017, reflecting an increase of 11.85%.

❖ Cement Despatches

- For Q3 FY2018 stood at 30.38 lakh tons, compared to 24.86 lakh tons in Q3 FY2017, reflecting an increase of 22.2%.
- For 9M FY2018 stood at 89.84 lakh tons, compared to 80.19 lakh tons in 9M FY2017, reflecting an increase of 12.03%.

❖ Gross Sales/ Income from Operations

- During the quarter was Rs 1,389.32 crores, compared to Rs. 1,232.44 crores in Q3 FY2017, showing a growth of 12.73%.
- For 9M FY2018 was Rs 4,292.55 crores, compared to Rs. 3,358.39 Crores in 9M FY2017, resulting in a growth of 27.82%.

❖ Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)

- For the quarter was Rs 152.83 crores, compared to Rs 141.66 in Q3 FY2017 resulting in the growth of 7.89%.
- For 9M FY2018 was Rs 598.02 crores, compared to Rs 496.66 crores in 9M FY2017, resulting in the growth of 20.41%.

The operations recorded all-round improvement in the performance of the Company in a challenging environment, with abnormal pressure on costs and prices in the North markets.

The Company has consolidated its position in the Central zone, after acquisition of the Reliance units, to assume co-leadership position in the growing and profitable markets of Uttar Pradesh and Madhya Pradesh.

The operations of RCCPL have stabilized and it is achieving operating parameters that are among the best in the industry. The planned synergies, expected out of the acquisition, are also getting realized with successful integration of its operations with the Company.

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With successful launch of its MP Birla PERFECT brand in Central India, Premium Brands now contribute to more than 25% of the Company's sales, both in volume and value terms. This up-trading in product-mix is expected to improve profitability in the coming quarters.

With easing of the sand and aggregates availability in Uttar Pradesh there has been a sharp increase in demand that was reflected in better price realization in the market. The Company, with its strategically located units in the region, is well-placed to benefit from these positive trends.

Prices remain depressed owing to low demand in Rajasthan, Haryana and Delhi/NCR regions. This came in the way of recovering significant increases in power, fuel and transportation costs, witnessed during the period.

Another factor that affected operations during the quarter was non-availability of railway rakes, as these were diverted for carrying coal to power plants. This disrupted not only supply of coal for the clinkerization plants of the Company but also transportation of clinker to the grinding units and cement to rail-fed destinations, especially in the profitable Central zone markets. Overall, the transportation cost went up on account of steep increase in the prices of diesel that was partly off-set by logistics innovations. Fuel costs went up by 25% owing to the rise in coal and pet coke prices and non-availability of linkage coal.

Despite the above cost pressures, all the units of the Company performed as per expectations, except Chanderia which was severely impacted by the ban on pet coke use and sand mining in Rajasthan and non-availability of linkage coal. Coupled with this, the continuing suspension of normal mining operations (with blasting), that necessitates sourcing part of the limestone requirement from third parties at significantly higher prices, led to below par performance.

The Company continues to focus on cost reduction across the entire spectrum of its plants, procurement, sales, marketing and logistics operations and overheads, including man power, to improve profitability. In this regard, special emphasis is being given to improve the profitability of Chanderia operations.

While the volumes of RCCPL have trailed the internal projections slightly, primarily due to non-availability of adequate railway rakes, the profitability of the Company continues to meet our expectations. With ramping up of volumes in the next few quarters, we expect the margins to improve even further.

During the quarter under review, the Company went for refinancing of loans of Rs 1,700 crores at 8.9% per annum, leading to reduction in the interest rate by more than 135 basis points.

Outlook

Expected increase in rural income and higher rural credit, coupled with increased allocation for rural, agricultural and allied sectors, are likely to boost demand. The higher budget outlay for housing, infrastructure and rural development will be the key drivers for the cement industry in the coming months.

Jute Division

Production of jute goods during the quarter under review has been higher against the corresponding quarter the previous year. It could have been even higher but for the shortage of workmen. Cash profit during the quarter was higher at Rs 7.58 crores, against Rs 6 crores in the corresponding quarter. Profit for the quarter would have been higher but for the un-remunerative Government prices for jute bags. However, the Government is expected to increase prices soon.

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.

