



BIRLA CORPORATION LIMITED

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Press Release (Q1:2015-16)
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BIRLA CORPORATION Q1 RESULTS

	Q1 2015-16	Q4 2014-15	Q1 2014-15
Cement despatch (Lakh Tons)	19.56	18.81	20.32
Net Sales/Income from Operations (Net of Excise Duty) (Rs in Crores)	773.48	782.64	859.32
Profit After Tax (Rs in Crores)	16.64	28.46	99.52

Birla Corporation Limited, the flagship Company of the M P Birla Group and cement major, recorded Rs. 773.48 crores (Rs 859.32 crores) in Net Sales/Income from operations during the first quarter of the current financial year. The Company dispatched 19.56 lakh tons of cement during the period under review against 20.32 lakh tons during the corresponding period the previous year. The Profit after Tax was Rs 16.64 crores, against Rs 99.52 crores in the previous corresponding quarter.

Shri Harsh V Lodha, Chairman of the Company, referring to the performance, said, after the meeting of the Board of Directors of the Company in Kolkata today, that poor demand in the Company's major marketing areas in the North and Central regions put cement prices under severe pressure. Further, purchasing of substantial quantity of clinker at Chanderia at higher prices due to unavailability of limestone also affected profitability. He added that though realizations during the quarter were very low the Company could partially mitigate its impact on its profitability by improving operational efficiencies in various areas, including:

- I. Increase in the consumption percentage of fly ash and slag to manufacture blended cement;
- II. Use of higher quantity of pet coke at Satna instead of coal;
- III. Utilizing alternative fuel which was also environment-friendly;
- IV. Purchase of power from the Exchange at rates lower than grid power;
- V. Reducing power consumption at Durgapur.

Further, the markets in the East were resilient, which partly offset the impact of weakness in realizations in North and Central regions.

Shri Lodha said additional equipment for mechanical mining in Chanderia would be operational by November-end this year after which it was expected that 70% of the limestone requirement at Chanderia would be resourced from captive mines which would bring down the cost of production.

The Company is installing equipment to set up the Alternative Fuel and Raw Material System (AFRS) for increase in the use of alternative fuel on continuous basis at its various clinker manufacturing units. This initiative to utilize alternative fuel, in the form of agricultural waste, will be operational by the first quarter of the next fiscal.

Vacant land at the Company's cement plants is also being utilized to grow alternative fuel inputs to meet the AFR requirement partially. This pioneering move will ensure the availability of alternative fuel throughout the year which will not only bring down the fuel cost but also help in reducing the carbon footprint.

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Raebareli Blending Unit: The trial run of the 5-lakh ton blending unit at Raebareli has already started and commercial production is expected shortly. With the commissioning of the plant, the quality of the cement produced there will improve substantially. The cement, produced by the new unit, will primarily be marketed under the premium brand, Birla Samrat ULTIMATE Cement.

Birla Samrat Unique Cement: Since the introduction of the premium quality Portland Slag Cement (PSC) brand, Birla Samrat UNIQUE, in Eastern India in 2011, its market share has been witnessing steady improvement. During the period under review, about 1.6 lakh tons of UNIQUE have been sold, comprising 79% of the total PSC sales. Presented in pilfer and weather-proof packing, the finer grains of UNIQUE give higher compressive strength and larger surface area coverage. It has lower water absorption and silica-rich slag, ensuring dense and durable concrete.

Birla Samrat Ultimate Cement: The fly ash-based, premium Portland Pozzolana Cement (PPC) brand, Birla Samrat ULTIMATE Cement, introduced in 2014, has received market acceptance in both eastern and central regions. Based on the Complete Particle Size Distribution (CPSD) technology, the "double refined" cement is being marketed in tamper-proof packaging. The product is corrosion-resistant, cohesive and has low alkali properties. Trade associates have welcomed the premium product since it has been catering to the demands of discerning consumers.

Both UNIQUE and ULTIMATE cements, being premium brands, have been fetching higher prices than the Company's normal brands, contributing to higher profitability.

Outlook: The overall demand for cement has, only recently, shown signs of pick-up and if the momentum continues the margins of the Company will improve. Factors like substantial reduction in variable costs, including those of coal, pet coke, slag and fly ash, as well as those of packaging material, are expected to contribute to the improved performance. Also, the Government's increasing emphasis on infrastructure development, including concrete roads and new projects like Housing for All and Smart Cities, as and when implemented, will boost demand. Interest rates may soften in the coming months, helping retail home buyers.

Jute Division: The Jute Division has turned around with a 7.54% increase in production. The modernization initiative and investments, made in the past three to four years, have started giving dividend while the order book position is satisfactory. The Unit is expected to perform well in times to come.

FINANCIAL HIGHLIGHTS

For The Quarter Ending 30 June 2015:

- **Net Sales** at Rs 773.48 crores, down by 9.99% *
- **EBIDTA** at Rs 86.41 crores. **PAT** at Rs 16.64 crores. **EPS** at Rs 2.16
- **Cement Despatches** at 19.56 lakh tons, down by 3.74% *
- **Cement Production** at 19.53 lakh tons, down by 4.50% *
- **Percentage of Blended Cement as a % of Total Cement Sales** continues to be high at about 85.58%

*as compared to corresponding quarter of previous year

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