Birla Corporation Limited
Corporate Office:
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Ref. No. 74G/

7th August, 2020

Corporate Relationship Department
BSE Limited
1st Floor, New Trading Ring, Rotunda Building,
P.J. Towers, Dalal Street, Fort,
Mumbai- 400 001
Scrip Code: 500335

The Manager
Listing Department,
National Stock Exchange of India Limited
'Exchange Plaza', C-1, Block G,
Bandra-Kurla Complex, Bandra (East),
Mumbai- 400 051
Scrip Code: BIRLACORPN

Dear Sir,

Sub: **Press Release**

We are enclosing herewith a copy of Press Release issued by the Company after the Board Meeting held on date i.e. 7th August, 2020.

This is for your kind information and record.

Thanking you,

Yours faithfully,
For **BIRLA CORPORATION LIMITED**

(GIRISH SHARMA)
Jt. President (Indirect Taxes)
& Company Secretary

Encl: As above

Press Release (Q1 2020-21)

Birla Corporation Limited
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MP BIRLA GROUP

7 August 2020

Birla Corporation June quarter EBITDA at Rs. 252 crore in a challenging environment

KOLKATA, 7 AUGUST: Birla Corporation Limited on Friday reported a June quarter EBITDA of Rs 252 crore, which represents a drop of 37% from last year amid severe disruptions in key markets and manufacturing centres due to the Covid-19 pandemic.

The operations of the Company's plants stood suspended for nearly the entire month of April. Sales during this period were also negligible. Though things started to move in May, it was only in the latter half of the month that operations normalised. With production across most plants gaining steam only in the first week of May, around seven of 13 weeks were available during the quarter. However, local lockdowns and restrictions continued to hobble operations.

Although it took longer than expected to restart operations, all teams mobilised for rapid ramp-up to deliver a high run-rate in the latter part of May and June. This partially compensated for the loss of volumes and earnings in the six weeks of the quarter, although sporadic disruptions in isolated pockets in core markets continued.

Cash profit and net profit for the quarter at Rs 172 crore and Rs 66 crore, respectively, are the result of a turnaround in end May and June, though significantly lower than last year on account of the impact of the lockdown from the end of March.

Revenue for the June quarter (including other income) at Rs 1,241 crore declined 34.7% year-on-year as sales by volume dropped 33.9% to 2.4 million tons (mt).

	June 2020	June 2019	Change
Revenue (incl. other income)	Rs 1,241 crore	Rs 1,901 crore	-35%
EBITDA	Rs 252 crore	Rs 402 crore	-37%
Cash profit	Rs 172 crore	Rs 305 crore	-44%
Net profit	Rs 66 crore	Rs 141 crore	-53%
Realization per ton*	Rs 4,906	Rs 4,929	-0.5%
EBITDA per ton*	Rs 981	Rs 1,034	-5%

*for cement division only

While April was a washout for most cement companies due to commercial activities coming to a standstill, markets began to open-up in May on the back of multiple factors such as pent up demand from the trade channels (which had run dry during the lockdown), pick up in rural housing, a good Rabi harvest and better availability of construction workers in the villages.

Construction in urban areas continued to be affected adversely due to acute shortage of workforce and spread of the pandemic leading to extended lockdowns in most cities. It is only towards end of June, some green shoots were visible thanks to demand from government-led infrastructure projects and release of funds for welfare schemes such as MGNREGA and PMGKY.

Birla Corporation Limited Kolkata 700 001

Although the Company saw better demand in Madhya Pradesh, albeit at lower price levels, demand from the profitable Bihar market was impacted due to the flood situation in several districts of North Bihar—traditionally a high realisation zone. In the East, both prices and demand remained depressed much longer than other regions due to the Covid-19 situation and more stringent regulations on people and road movements.

Clinker production at the Company's Satna and Chanderia plants could not start immediately after the general easing of the lockdown due to district-specific conditions. Similarly, the Company's two grinding units in Rae Bareli District of Uttar Pradesh could resume production only in early May, leading to loss of sales in our lucrative home markets. Once operations commenced, the Company maintained its leading position in these markets.

Birla Corporation Limited managed to protect realization despite subdued demand and across the board inventory pile up. Realization for the June quarter at Rs 4,906 per ton was 0.5% lower than last year, mainly because of the soft prices prevailing in the East. The 5% drop in EBITDA per ton at Rs 981 for the June quarter was on account of low fixed cost absorption, low capacity utilization and the adverse situation prevailing in some of the key markets of the Company. Sudden lockdown in the third week of March had also led to pile up of inventory at the depots which was liquidated during the quarter.

Faced with unprecedented uncertainties, the company has undertaken several measures to rationalize costs and improve efficiencies across the board. To shore up profitability, a special drive has been undertaken to aggressively reduce fixed costs and optimise transportation and distribution costs, including the cost of transporting fly ash by rail. These are being done in addition to reduction in power cost through higher generation of solar power and other optimisation measures as well as a change in product mix at certain plants.

Credit cycle has been tightened to manage credit risks owing to the tight liquidity situation in the markets. The Company has also been focusing on bringing down its finance cost on a continuous basis. During the June quarter, the average borrowing cost was 8.08% compared to 8.60% in the corresponding period last year.

Even amid challenging market conditions, Birla Corporation Limited continued to push sales through the more profitable trade or retail channel, resulting in relatively better price realization. The company sold a shade over 2 mt through the trade channel, which accounted for 86% of total sales by volume for the quarter. The share of blended cement within total sales also remained high at 94%.

	Q1/FY21	Q1/FY20	Change
Sales by volume	2.4 mt	3.6 mt	-33.9%
Capacity utilization	58%	96%	-38 percentage points
Blended cement	94%	94%	
Trade channel	2.06 mt (86%)	3.02 mt (84%)	+2 percentage points
Premium cement*	36%	44%	-8 percentage points

*share within trade channel

With the arrival of monsoons, cement prices have started to weaken in key markets from the end of June. Timely arrival of monsoons, however, augurs well for recovery of India's economy. While demand during rest of the year will be a function of how the lockdowns in various regions of the country pan out from time to time, expectations of gradual easing of lockdown in urban areas and resurgence in infrastructure activities with migrant workers returning to construction sites are indicative that the worst may be over for the industry. The Company remains cautiously optimistic about a gradual return to normalcy over the next few months.

Birla Corporation Limited Kolkata 700001

The Company's ongoing project at Mukutban in Maharashtra was impacted by the prolonged lockdown when no work was permitted, and thereafter by shortage of workers as migrant labourers returned to home states. The Company was well on its way to complete the project ahead of its target date. However, these interruptions have constrained the management to revisit the project schedule. While construction is being stepped up progressively as workers return to the site, total remobilisation would take longer. Based on current projections, the Company is hopeful of completing the project by early Q2FY22.

Jute: The Company's jute division suffered a loss of Rs 3.42 crore in the June quarter, as against an EBITDA of Rs 4.83 crore in the corresponding period of last year, because of a substantial loss in production due to the lockdown and disruption due to the Amphan cyclone which caused extensive damage. The Company's jute mill at Birlapur in West Bengal could operate for only 16 days during the June quarter compared with 89 days in the same period last year. Production during the June quarter was at 1,715 metric tons as against 8,583 metric tons last year.

Birla Corporation Limited is the flagship Company of the MP Birla Group. Incorporated as Birla Jute Manufacturing Company Limited in 1919, it was given shape by Shri MP Birla. Birla Corporation Limited has interest in cement and jute. The Company's Birla Jute Mills is the first jute mill started by an Indian entrepreneur. The Company and its subsidiary, RCCPL Private Limited (the erstwhile Reliance Cement Company Private Limited), have 10 cement plants spread across the country, with an annual installed capacity of 15.5 million tons. A 3.9 mtpa cement plant is under construction at Mukutban, Maharashtra.

For more information, visit www.birlacorporation.com

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