



Birla Corporation Limited

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4th May, 2024

Corporate Relationship Department
BSE Limited
1st Floor, New Trading Ring,
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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 Symbol: BIRLACORPN

Dear Sir(s),

Sub: **Press Release**

Please find enclosed herewith a copy of the Press Release issued by the Company after the conclusion of the Board Meeting held on 4th May, 2024.

A copy of the same will also be uploaded on the Company's website at www.birlacorporation.com.

This is for your information and record.

Thanking you,

Yours faithfully,
For **BIRLA CORPORATION LIMITED**

(MANOJ KUMAR MEHTA)
Company Secretary & Legal Head

Encl: As above



Birla Corporation Limited

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Birla Corp ends year of turnaround with bumper sales and growth in profitability

Kolkata, 4 May: Birla Corporation Limited continued its steady progress of the first three quarters of fiscal 2023-24 to end the year on a high, with record cement sales by volume and a 127% growth in net profit in the March quarter, despite unusually weak market conditions. After steady ramping up of the Mukutban unit, the Company's Cement Division achieved a capacity utilization of 97% for the March quarter—yet another milestone.

Consolidated net profit for the March quarter, at Rs 193 crore, represents a year-on-year growth of 127.1%, as power and fuel costs continued to be moderate. Consolidated revenue for the quarter at Rs 2,682 crore grew 6.8% from the same period last year, even as realization from cement in the March quarter came under intense pressure and fell 1.6% year-on-year to Rs 5,178 per ton.

“Birla Corporation's performance in fiscal 2023-24 is the result of all-round improvement in performance in all areas of operations,” said Shri Harsh Vardhan Lodha, Chairman. “The investment in capacity-building across functional verticals is reflected in the impressive ramp-up of the Mukutban unit, ahead of the guidance given by the Company.”

The Board of Birla Corporation's wholly-owned subsidiary, RCCPL Private Limited, on Thursday, 2 May 2024, approved an investment of Rs 425 crore to augment the capacity of its Kundanganj unit by 1.4 million tons within two years. A third of the proposed investment will come from internal accruals. As cement consumption in India continues to grow, Birla Corporation is rolling out its next phase of capacity addition with the aim of increasing cement production to 25 million tons by fiscal 2026-27.

	Q4/23-24	Q4/22-23	Change	FY23-24	FY22-23	Change
Revenue	Rs 2,682 crore	Rs 2,512 crore	6.8%	Rs 9,748 crore	Rs 8,795 crore	10.8%
EBITDA	Rs 498 crore	Rs 323 crore	54.2%	Rs 1,523 crore	Rs 885 crore	72.1%
Cash profit	Rs 416 crore	Rs 235 crore	77.0%	Rs 1,151 crore	Rs 546 crore	110.8%
Net profit	Rs 193 crore	Rs 85 crore	127.1%	Rs 421 crore	Rs 41 crore	926.8%
Realization/ton*	Rs 5,178	Rs 5,261	-1.6%	Rs 5,204	Rs 5,216	-0.2%
EBITDA/ton*	Rs 964	Rs 615	56.7%	Rs 808	Rs 478	69.0%

*for Cement Division only

Cement prices remained weak through the last two quarters owing to multiple factors and disruptions such as Assembly elections in key geographies. Defying trends of earlier years, demand was exceptionally weak in the March quarter, which forced major players to roll back prices.

Yet, cement producers continued to push volumes on the back of benign input costs. According to CRISIL Market Intelligence and Analytics, cement prices declined 1.5% from the previous year despite an estimated 11% growth in consumption.

A sharp decline in power and fuel costs, which typically account for 25-30% of the total production cost, has helped the cement industry turn the corner in fiscal 2023-24, with operating profit margin expanding on average by 300-350 basis points, according to CRISIL.

To enhance the benefits of benign fuel costs, the Company tweaked its fuel mix. Birla Corporation's full year operating profit margin grew in excess of 630 basis points to 15.52%, and helped the Company clock a net profit of Rs 421 crore, more than 10 times the net profit in the previous year. Revenue for the full year was up 10.8% at Rs 9,748 crore.

The Company's power and fuel costs per ton of cement production fell 27% in the March quarter and 23.8% in the full year. Alongside, the Company has steadily increased the use of renewable power. In the March quarter, green power accounted for 25.37% of the total power consumed, against 20.02% in the same period last year. For the full year, renewables accounted for 24.15% of power consumed versus 21.7% in the previous year.

The Cement Division's EBITDA per ton for the March quarter grew 56.7% to Rs 964 from Rs 615 in the same period last year. Sequentially, this represents a growth of 6.75% from Rs 903 in the December quarter, which is significant in the light of fall in cement prices. For the full year, the Company registered an EBITDA per ton of Rs 808, up 69% year-on-year, whereas realization for

the full year was marginally lower at Rs 5,204 per ton versus Rs 5,216 in the previous year owing to the sharp decline in prices in the March quarter.

	Q4/23-24	Q4/22-23	Change	FY23-24	FY22-23	Change
Sales volume	4.85 mt	4.44 mt	9.4%	17.65 mt	15.73 mt	12.2%
Capacity utilization	97%	89%		89%	81%	
Premium cement	1.90 mt	1.84 mt	3%	6.86 mt	6.15 mt	12%
Blended cement	4.08 mt	3.96 mt	3%	15.01 mt	14.12 mt	6%
Trade channel	3.47 mt	3.41 mt	2%	12.77 mt	12.14 mt	5%

mt: million tons

The Company's cement sales by volume for the March quarter at 4.85 million tons, up 9.4% from 4.4 million tons in the same period a year ago, was a record high. This resulted in capacity utilization of 97% for the March quarter compared to 89% in the same period a year ago. For the full year, the Company's capacity utilization was at 89% against 81% in the previous year.

The Company managed to boost sales of its premium products: led by Perfect Plus, the flagship brand, sales of which grew 19% year-on-year on an already high base. The Company's March quarter sales of premium products was at 55% and 54% for the full year. Sales of high-yielding blended cement by volume also grew to 4.08 million tons for the March quarter, up 3% year-on-year, and to 15.01 million tons for the full year, up 6%.

Anticipating a flat pricing scenario, the Company had undertaken several initiatives for revenue enhancement and cost optimization, resulting in significant achievements in the following areas: premiumisation, geo-mix optimisation, logistics, power and fuel costs. These initiatives, Project Shikhar (for manufacturing operations) and Project Unnati (for sales, logistics and marketing operations) have resulted in gross savings of around Rs 66 crore and Rs 100 crore, respectively, for the full year. Project Shikhar and Project Unnati remain a work-in-progress and will lead to further improvement in efficiency and savings.

The Company is pursuing several digital initiatives to improve efficiency in various functions. The rollout of its Customer Relationship Management (CRM) programme has created a 360-degree view of customers at fingertips. Various applications have been launched such as Dealer Management App and Loyalty Management App to improve engagement with customers. Digital initiatives have also helped improve efficiency in logistics and procurement.

During the year, the Company adopted a new HR Policy under the tenets of 4Vs (Vision, Value, Velocity and Visibility). The Company went through a major reorganization to make itself future-fit and the preferred employer within its peer group. The Company's vision is to create an equal opportunity organization, based on meritocracy, which creates learning opportunities to improve competencies, supports rapid career progression and rewards excellence. The Company expects its leadership to be transparent, professional and value-based.

Achievements and recognitions: Almost all the manufacturing units of the Company and its subsidiary, RCCPL, have received multiple awards during the year for energy efficiency, safety standards and Corporate Social Responsibility (CSR). Among them, RCCPL's Kundanganj unit stood out for being recognized by the Confederation of Indian Industries (CII) as excellent in energy efficiency. It also received an award from CII for the 'most innovative project' for energy conservation in cement grinding.

Safety: The Company has substantially improved its safety standards across units and scored 82% in safety management standards in an external audit. After a detailed review and enhancement of process safety standards, and more than 120,000 man-hours of training during fiscal 2023-24, the Company has achieved an 84% reduction in lost time and injury frequency rate. All the manufacturing units of the Company are now ISO 45001: 2018 certified.

CSR: Birla Corporation and its subsidiary, RCCPL's CSR initiatives are now spread over 202 villages across five States, benefiting at least 118,000 people. The Company's CSR activities are focused primarily on healthcare, education and livelihood development. During the year, close to 35,000 people were treated for medical conditions and 3,700 cataract surgeries were conducted under CSR initiatives. The Company works with 78 Government schools to improve standards of education and has supported at least 3,000 farmers improve their livelihood.

Outlook: Cement demand in the first quarter of fiscal 2024-25 is expected to be impaired due to the general elections and extreme summer conditions across the country. The second quarter of the year is historically a weak-demand period due to monsoons. However, volume push by major players is unlikely to ease due to favourable cost factors. As a combination of these factors, no improvement in price is expected.

The Company will continue to further ramp up Mukutban operations with special focus on the Maharashtra market to avail tax incentives. We will maintain our thrust on increasing share of premium products in

Maharashtra, Gujarat and Rajasthan where we have headroom for growth. Investment into brand-building and channel development will be stepped up to further improve price-positioning of premium products. Simultaneously, cost reduction measures under Project Shikhar and Project Unnati and other initiatives will be accorded highest priority.

Through these various measures, the Company will attempt to mitigate any impact of the downturn in the market.

Jute: The Company's Jute Division reported a cash profit of Rs 8.61 crore, compared with Rs 8.19 crore in the same period last year, up 5%, as sales of shopping bags were scaled up to 2.68 million from 0.91 million. However, for the full year, cash profit dropped from Rs 37.20 crore to Rs 20.82 crore as exports declined 30%. Profitability took a hit because of intense competition, increased manufacturing capacity and weak demand for fine fabric.

Faced with these headwinds, the Company is pursuing a new line of business: Jute shopping bags, which in fiscal 2023-24 yielded Rs 55.32 crore in revenue against Rs 35.05 crore in the previous year. Exports for the full year, however, were down at Rs 56.05 crore, compared to Rs 80.53 crore in the previous year. The Company is in discussion with several supermarket chains in the UK, France, Italy and Australia, and currently has an order pipeline of 1.61 million bags.

The Company is developing a new jute-based geo-fibre, which can be used in diverse ways to lay roads and pavements. The technology to produce the geo-fibre was developed in collaboration with the National Institute of Technology, Karnataka, and the resultant geo-fibre produced at Birla Jute Mills is currently under testing at the Institute. Going forward, this product can provide a major fillip to the Jute Division's revenue and profitability.

Sowing in jute growing areas remains slow due to poor rainfall. If in the end it affects output, jute prices could rise sharply, impacting profitability in the year ahead. Raw jute accounts for around 60% of production cost, and a sharp increase in input costs could further impair the competitiveness of jute as a packaging material against synthetic bags.

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 Syt MP Birla. The Company has interest in cement and jute goods. Its Birla Jute Mills is the first jute mill started by an Indian entrepreneur. The Company and its subsidiary, RCCPL Pvt Ltd, have 11 cement plants in eight locations across the country, with an annual installed capacity of 20 million tons. The Company produces an array of cement products, under the MP Birla Cement brand, suited to different climatic conditions as well as consumer segments. It also sells construction chemicals and wall putty.

For more information, visit www.birlacorporation.com

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, competitive intensity, 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.
