



8 February 2013

## **BIRLA CORPORATION Q3 NET SALES AT RS. 612.55 CRORES**

Shri Harsh V. Lodha, Chairman of Birla Corporation Limited, commenting on the results, said that the performance of the Company has been satisfactory considering the fact that both the volume of production as well as the profitability of the Company continued to be affected substantially because of suspension of captive mining operations at the Chanderia Plant of the Company. Purchase of limestone and clinker to run the operation of the Plant had severely dented the margins. The Company has 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. While hearing the prayer for an interim order to allow mining operations without blasting, the Hon'ble Supreme Court has permitted to the Company to carry out mining operations manually, without use of any kind of heavy equipment and has advised the Central Building Research Institute, to conduct a study and evaluate the impact of mining without blasting operations, on Chittorgarh Fort. The unit has geared itself up to carry out mining operations through mechanical means by way of use of rippers, rock breakers and excavators. Once Hon'ble Court allows mining activity without blasting, as an interim relief, the Unit plans to commence limestone mining by mechanical means which would enable the Company to produce clinker from all its three plants at Chanderia which will have a substantial beneficial impact on the volume of production as well as the cost of raw materials. Presently the Company is barely able to run two plants at Chanderia by procuring limestone from the market.

He emphasized that despite the suspension of mining operations, the Company's units in Chanderia could produce more cement during the quarter, as compared to the corresponding quarter of the previous year, by way of procuring limestone and clinker from the local market though at substantially higher costs, to retain market share.

Shri Lodha stated that profitability during the quarter, when compared to the corresponding quarter in the previous year, was impacted by increase in cost of raw material and power, as well as freight cost following the increase in diesel prices. The cement realization has also come down sequentially from the quarter ending September 2012 impacting profitability.

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Further, shortage of wagons and the demand slump, in view of the festive season as well as elections in Gujarat and Himachal Pradesh, resulted in demand stagnation. The severe weather scenario in North India also affected demand and realisation during the quarter under review.

With a view to increasing cement grinding capacity, improving quality and reducing power consumption, the Company has installed Roller Press at Satna, Chanderia and Durgapur. While the Roller Press installed at Chanderia and Durgapur has stabilized, the one installed at Satna is in the process of stabilization.

The recently introduced premium Portland Slag Cement brand, Birla Samrat UNIQUE, with improved quality and fineness, is gaining acceptance in the market, particularly in the Eastern Region.

There has been progress in the development of the Talavadi Cements Limited project with the Mineral Resources Department of the Madhya Pradesh Government recently advising Talavadi Cements Limited, a subsidiary of Birla Corporation Limited, to submit the mining plan in regard to allotment of mining lease of about 2,130 hectares at Satna. The Company plans to put up a 3 million ton cement plant at this location.

**CSR:** Amongst other CSR activities, the Company is also supporting the establishment of the multi-speciality 200-bed M. P. Birla Hospital & Research Centre at Chittorgarh (Rajasthan), being set up at an estimated cost of Rs.40 crores. Approval has been received from the Rajasthan State Pollution Control Board and tender for civil construction has been awarded. Construction has started in October 2012.

**ERP:** During the quarter, the Company has successfully implemented the ERP system in all its cement units. This will introduce best practices and improve the overall efficiency of the Company by augmenting its information technology capabilities.

**JUTE DIVISION:** After a six and a half-month long suspension of work at Birla Jute Mills, Birlapur, the plant resumed operations, after a tripartite agreement, on 18 October 2012. Normal operations, however, could be resumed only from 2<sup>nd</sup> week of November 2012. Again, work was affected on account of fire in one of the sections of the mill on 3 December 2012 which damaged the building, plant & machinery and finished goods. Despite the above set-back the working of the unit is improving gradually. Insurance claim has been filed and the same is being pursued.

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**OUTLOOK:** On the back of revival in demand and improved realizations, the operational performance of the Company is expected to improve in the last quarter of the financial year. However, factors such as unabated increase in input and freight costs, coupled with an over-supply scenario, will remain causes of concern. The industry is staring at a substantial increase in production cost as oil companies have recently raised diesel prices by Rs 10 a litre for institutional buyers.

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.

### **Highlights:**

#### **FOR THE QUARTER ENDING 31 DECEMBER 2012**

- **Net Sales** at Rs.612.55 Crs. up by 14.58%\*
- **EBIDTA** at Rs.78.38 Crs. **PAT** at Rs.32.21 Crs. **EPS** at Rs.4.18
- **Cement Despatches** at **15.52 Lac tons** up by 11.90%\*
- **Cement Production** at 15.92 Lac tons up by 15.95%\*
- Percentage of **Blended Cement** as a %age of **Total Cement Sales** continues to be high at about 94%

\* as compared to corresponding quarter of previous year

#### **FIRST NINE MONTHS OF 2012-13**

- **Net Sales** at Rs.1898.01 Crs. up by 18.86%\*
- **EBIDTA** at Rs.383.62 Crs. up by 11.88%\*
- **PAT** at Rs.197.19 Crs. up by 8.50%\*
- **EPS** at Rs.25.61 up by 8.50%\*
- **Cement Despatches** at 47.59 Lac tons up by 10.16%\*
- **Cement Production** at 47.80 Lac tons up by 11.16%\*
- Percentage of **Blended Cement** as a %age of **Total Cement Sales** continues to be high at about 94%

\* as compared to corresponding period of previous year

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### **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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