



**Birla Corporation Limited**

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Ref. No. 74G/

November 11, 2017

Corporate Relationship Department  
BSE Limited  
1st Floor, New Trading Ring, Rotunda Building, P.J. Towers,  
Dalal Street, Fort,  
Mumbai- 400 001  
Fax No. (022) 2272 2037/2039/2041/2061/3121/3719

The Manager  
Listing Department  
National Stock Exchange of India Limited  
'Exchange Plaza', C-1, Block G,  
Bandra-Kurla Complex, Bandra (East),  
Mumbai- 400 051  
Fax No. (022) 2659 8237/38/8348

Dear Sir,

We are enclosing herewith a copy of Press Release issued by the Company after the Board Meeting held on date i.e. 11th November, 2017.

This is for your kind information and necessary action.

Thanking you,

Yours faithfully  
For **BIRLA CORPORATION LIMITED**

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

**Encl:** As above



**Press Release (Q2: 2017-18)**  
**11 November 2017**

**Birla Corporation Limited H1 consolidated  
cement production volume crosses 6-million ton mark**

<b>Consolidated</b>	<b>Q2 FY 2017-18</b>	<b>Q2 FY 2016-17</b>	<b>H1 FY 2017-18</b>	<b>H1 FY 2016-17</b>
<b>Cement production (Lac ton)</b>	27.1	21.30	60.2	43.10
<b>Cement sales (Lac ton)</b>	26.5	20.79	59.2	42.74
<b>Gross Sales/Income from Operations (Rs. crore)</b>	1235.49	1079.83	2903.23	2125.95
<b>EBIDTA (Rs. crore)</b>	188.71	174.42	445.19	355.00

Birla Corporation Limited, an M P Birla Group Company, today announced consolidated results for the quarter and half-year ended September 2017. The consolidated results include the financials of Reliance Cement Company Private Limited (RCCPL), a wholly-owned material subsidiary of the Company. Figures for the corresponding period of last year include those of RCCPL for the period from 22 August 2016.

The current quarter saw one full year of operation of the RCCPL plants after their entering the M P Birla fold. The results of the successful integration were visible in the substantial increase in capacity utilization and sales from the acquired units, despite challenging conditions in their core markets. The consolidated volumes of the Company during the quarter at 26.5 lakh tons were higher by 10%, compared to the corresponding quarter last year, considering the volumes of RCCPL achieved during the whole of corresponding quarter of last year.

Shri Harsh V Lodha, Chairman, Birla Corporation Limited (M P Birla Group), referring to the performance of the Cement Division of the Company, said that despite a challenging environment, the Company was able to ramp up volumes during the seasonally weak quarter and realise enhanced levels of synergy benefits arising out of the acquisition of RCCPL. The Company achieved successful integration of RCCPL operations. The plants of RCCPL operated at highest levels of efficiencies which are comparable to the best in the industry. The profitability of the Company, however, fell short of expectations owing to extraneous factors.

In our core markets of Central India, demand and prices were seriously impacted by prolonged shortage of sand and aggregates, especially in Uttar Pradesh which constitutes around 35% of the Company's consolidated sales. In the Northern States of Rajasthan, Haryana and Delhi/NCR regions, prices were depressed owing to subdued demand. This prevented the Company from recovering significant increases in power, fuel and transportation costs, witnessed during the period. Shri Lodha expressed confidence that the Company's sustained efforts at improving operational efficiencies through aggressive cost reduction initiatives, investment in a versatile portfolio of brands and expanding route to market capabilities make it future ready and provide a strong platform for healthy growth in profitability as the impact of these factors, which appear to be transitory in nature, on the market wanes.

*Continued*

Cross-branding at the RCCPL plants enabled the Company to enlarge the footprint of the MP Birla heritage brands (Samrat and Chetak) in Madhya Pradesh, Maharashtra (Vidarbha region) and Uttar Pradesh. The geographic expansion positions the MP Birla Group at a strategic advantage with a wider portfolio of brands at different price segments in its home markets. The Group's new advertising campaign, launched over multimedia platforms of print, TV, radio, digital and Social Media, was received well by all stakeholders and its new tag line, "Cement Se Ghar Tak", has resonated with consumers, especially Individual Home Builders.

Although the sand and aggregates crisis continued unabated in Uttar Pradesh, the Company was able to weather the demand trough better than some of its peers owing to its even market spread across regions, robust distribution chain and range of the premium, popular and B2B brands.

In the East, Bihar--a key market for the Group--suffered a major setback during the quarter owing to extensive floods, followed by shortage of sand and aggregates. Although West Bengal, the other large market of the region, was also affected by heavy monsoon and overflow of flood waters from Bihar, the Company's focus on key markets of South Bengal and strategy of concentration on premium brands stood the business in good stead.

In the North, despite moderately good demand, cement prices remained subdued while there was sharp increase in costs. In the projects and non-trade segment, owing to stiff competition among large players, prices in several markets reached near-unviable levels, forcing the Company to curtail its volumes. Apart from the market sluggishness, profitability of the Chanderia plant continued to be impacted on account of suspension of normal mining operations (with blasting) as the unit continued to source part of its limestone requirement from third parties at significantly higher prices.

Power and fuel costs increased significantly owing to sharp rise in imported pet coke and coal prices, lower availability of domestic coal on account of priority given to the power sector and restrictions on pet coke use in Madhya Pradesh on account of the NGT Order, which had affected both Satna and Maihar units during the quarter. With requisite clarification having been issued by the State Government, the NGT issue has since been resolved. Transportation cost has also witnessed a sharp increase. While the Company was able to taper off the effect of such cost increases through a slew of measures, including improvement of efficiencies, given the weakness persisting in the markets during the quarter, the cost increases had to be absorbed to a large extent.

Overall, the Company made a seamless transition into the GST regime. However, shift from "Ex-factory / Warehouse" to FOR pricing in many markets and customers impacted the net realization marginally.

### **Outlook**

With the monsoons behind us, good agricultural output in most regions, major infrastructure projects, welfare schemes like the "Pradhan Mantri Awas Yojana" taking off and easing of the sand scarcity with Government intervention, we are optimistic about a demand uptick in the coming months. With better market conditions and resolution of transitory issues that has been affecting our core markets, we expect to improve both the volumes and realisations and neutralize cost increases, which the entire industry is grappling with.

### **Jute Division**

The Jute Division of the Company has posted satisfactory results during the quarter under review. Production and export during the period was 9,422 tons and 1,008 tons, against 9,557 tons and 577 tons, respectively, in the corresponding quarter of the previous year. Production and export during the half-year ended September 2017 was 17,723 tons (18,331 tons) and 2,305 tons (1,541 tons), respectively. Cash Profit during the quarter was Rs 7.08 crore, against Rs 13.41 crore during the corresponding quarter of the previous year. Cash Profit for the half-year ended September 2017 was Rs. 12.18 crore (Rs 20.07 crore).

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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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