



Birla Corporation Limited

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Ref. No. 74G/

10th November, 2021

Corporate Relationship Department
BSE Limited
1st Floor, New Trading Ring, Rotunda Building,
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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 Code: BIRLACORPN

Dear Sir,

Sub: Press Release

Please find enclosed a copy of the Press Release issued by the Company after the conclusion of the Board Meeting held on date i.e. 10th November, 2021.

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



Press Release (Q2 2021-22)

10 November 2021

Birla Corporation September quarter revenue up 2% amid challenging market conditions

Kolkata, 10 Nov.: Birla Corporation Limited has in the quarter ended 30 September registered a 2% growth in revenue-Rs 1,711 crore against Rs 1,675 crore in the same period last year-but profitability was impaired by severe operational headwinds in all key markets and a surge in expenses.

Demand for cement was majorly impacted by the extended and heavy monsoon and shortage of sand in States such as Uttar Pradesh and Bihar which are important markets for the Company. To sustain healthy market share and capacity utilization, which was maintained at 84% in the September quarter, the Company had to channel its products outside its core markets, which, in turn, impacted realizations and profitability.

The Cement Division's realization per ton for the September quarter was at Rs 4,847 compared to Rs 4,862 last year, down 0.3% year-on-year, but for the first six months of the financial year, realization per ton at Rs 4,890 was slightly ahead of last year.

	Q2/FY21-22	Q2/FY20-21	H1/FY21-22	H1/FY20-21
Revenue	Rs 1,711 crore (up 2.1%)	Rs 1,675 crore	Rs 3,470 crore (up 19%)	Rs 2,916 crore
EBITDA	Rs 281 crore (down 30.4%)	Rs 404 crore	Rs 633 crore (down 3.5%)	Rs 656 crore
Cash profit	Rs 217 crore (down 33.8%)	Rs 328 crore	Rs 506 crore (up 1.2%)	Rs 500 crore
Net profit	Rs 86 crore (down 48.5%)	Rs 167 crore	Rs 227 crore (down 2.2%)	Rs 232 crore
Realization per ton*	Rs 4,847 (down 0.3%)	Rs 4,862	Rs 4,890 (up 0.2%)	Rs 4,881
EBITDA per ton*	Rs 762 (down 34%)	Rs 1,154	Rs 882 (down 18.3%)	Rs 1,080

*for Cement Division only

Shortage of sand severely impacted the construction industry not only in Bihar, but in eastern Uttar Pradesh as well-a region where the Company has one of the highest market shares. The local administration has now started to address the crisis and it is expected that normalcy would return in the December quarter.



Unusually heavy rainfall, and flooding in some regions, in States such as Uttar Pradesh, Bihar and Maharashtra, made matters worse. Cement demand contracted by almost a third year-on-year in the east—in Bihar and West Bengal. Despite this, the Company managed to marginally raise its cement sales by volume to 3.27 million tons (mt).

Birla Corporation Limited was faced with a sharp increase in fuel, raw material and packaging costs during the quarter owing to significant increase in commodity prices. Due to increase in fuel prices, total distribution cost in the September quarter rose 5.4% over the same period last year while sequentially, the Company managed to reduce it marginally. However, due to effective cost control and efficiency improvement, the impact of cost escalation on the Company's business was less than the overall industry.

Prices of pet coke and coal, both domestic and imported, went up sharply during the quarter. Linkage coal from subsidiaries of Coal India Limited was also in short supply, forcing the Company to buy coal from the open market at substantially higher prices.

Packaging cost went up owing to increase in polypropylene prices. Birla Corporation Limited has been consistently scaling up sales of its premium offerings, but in the September quarter it had an unfavourable impact on profitability because these products are packed in laminated polypropylene bags.

The Company managed to grow its share of sales of premium cement by volume through the more profitable trade channel to 53% in the September quarter compared with 48% last year.

Performance in the September quarter was also impacted by an extended shutdown at the Company's New Chanderia Cement Works (NCCW) at Chittorgarh to complete an expansion project, which got commissioned during the quarter. NCCW is now the largest and the most efficient kiln at the Company's production unit at Rajasthan.

In view of the significant increase in coal price the Company has decided to operate only one boiler at its captive power plants in Chanderia and Satna, respectively, and change power mix to reduce the impact of increase in power and fuel costs.

To make itself more self-reliant, Birla Corporation Limited has taken steps to significantly boost production of coal at its captive mine, Sial Ghogri, in the second-half of the financial year. As a long term strategy, the Company is expediting the development of two other captive coal mines, Vikram and Brahampuri, which were secured through auction in 2019.

Efforts are also being made to increase the use of alternative fuel, which not only reduces dependence on coal but also helps with industrial waste absorption—one of the Company's key sustainability targets.



Losses on account of foreign exchange fluctuations, aggregating to around Rs 10 crore, have been booked in the accounts till 30 September, primarily under Other Expenses though the underlying transactions are fully hedged. These losses will get fully reversed within the current financial year.

	Q2/FY21-22	Q2/FY20-21	H1/FY21-22	H1/FY20-21
Sales (by volume)	3.27 mt	3.26 mt	6.62 mt	5.67 mt
Capacity utilization	84%	84%	87%	71%
Blended cement	91%	93.4%	92%	93.8%
Trade channel	79%	80.5%	81%	82.5%
Premium cement*	53%	48%	52%	46%

*share of sale within trade channel only

Outlook: Post monsoon, demand for cement has started to improve. The Company has raised prices to partially pass on the increase in input costs. Taking advantage of an improved demand scenario, geographical mix of sales is being optimized again. Together, these measures are expected to improve net realization in the second-half of the financial year.

The 3.9 mt greenfield project at Mukuban, Maharashtra, is on track to get commissioned in the fourth quarter of the current year. This will add significantly to the Company's sales by volume and profitability in the next financial year. Also, the commissioning of the Mukutban plant will improve the profitability of the Butibori unit from the fourth quarter of the current financial year.

Whereas tax incentives for the Company's Maihar unit ended in July this year, the expansion of NCCW in Chittorgarh will be eligible for tax breaks from the second-half of the financial year.

Jute Division: The Jute Division, which has been consistently improving its profitability, turned its highest ever quarterly cash profit of Rs 18 crore for the September quarter compared with Rs 8.3 crore in the same period last year—a growth of 117%. The Division's profitability was boosted by rationalization in raw jute procurement and sustained focus on production of value-added goods and exports. However, availability of raw jute has dried up from October and it is feared that the Division may have to scale back production during the rest of the financial year for raw material shortage as restrictions have been imposed on holding stocks of raw jute.

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

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.

