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Press Release (Q2: 2018-19)
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Birla Corporation delivers strong performance with RCCPL consolidation

Birla Corporation Limited, the flagship company of the M P Birla Group, announced today its financial results for the Quarter and Half-year ended 30 September 2018, including the results of RCCPL Private Limited (formerly Reliance Cement Company Private Limited), wholly-owned material subsidiary of the Company.

Key Financial & Performance Highlights [Consolidated]

- **Net Sales/Income from Operations (net of taxes)**
  During the quarter were Rs 1,464.56 crores, compared to Rs. 1,234.03 crores in Q2 FY2017-18, showing a growth of 19%.
- **Cement Production**
  For Q2 FY2018-19 stood at 30.97 lakh tons, compared to 26.84 lakh tons in Q2 FY2017-18, reflecting an increase of 15%.
- **Cement Sales**
  For Q2 FY2018-19 stood at 30.68 lakh tons, compared to 26.52 lakh tons in Q2 FY2017-18, reflecting an increase of 16%.
- **Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)**
  For the quarter were Rs 205.87 crores, compared to Rs 188.71 crores in Q2 FY2017-18, resulting in growth of 9%.

The results of this quarter and the half year have been led by impressive volume growth and improved price realization in the Central region, primarily Uttar Pradesh, which is a core market for the group. In the East, where the market conditions were stable, the Company maintained its position. The price situation in the North continued to be soft. However, the Company was able to mitigate the impact of cost escalations and low realization by several cost reduction initiatives and market optimization measures, to deliver an overall strong performance in challenging conditions.

The synergy benefits of the RCCPL consolidation are now clearly visible. The RCCPL plants have been operating at the highest level of efficiency, their operating parameters being among the best in the industry. Capacity utilization has gone up to 80%, compared to 68% in the corresponding quarter.

The co-branding strategy at the BCL and RCCPL plants has enabled enhancing the marketing footprint as well as offering a bouquet of brands across price bands. MP Birla Cement is now a substantial player in the fast growing markets of Uttar Pradesh and Madhya Pradesh with high share of the premium segment.

Logistics
A strong focus on the Inbound, Primary and Secondary Logistics has helped in minimizing the impact of increased fuel prices. Lead reduction through Route to Market optimization, use of higher axle load vehicles, increased direct dispatches by dedicated vehicles with VTS (Vehicle

Tracking System) and higher utilsation of reverse synergies have yielded substantial efficiencies to keep the distribution cost at the same level, despite steep increase in fuel costs.

Brands

The Company's premiumization strategy is progressing as per plan. The new improved MP Birla Cement Perfect Plus brand has been received well and is commanding a higher premium in the market. The brand has been extended across all geographies where the Company operates, supported by commensurate marketing spends.

Investments in the MP Birla franchise is showing results in terms of increased market share of its heritage brands, MP Birla Cement Samrat and MP Birla Cement Chetak, in the Value Segment. MP Birla Cement Samrat is now the category leader in markets of Central and Eastern UP.

The Company will soon start test marketing of construction chemicals and additives to extend the MP Birla franchise.

Taking into account the unfavourable market situation in the North, the Company has taken some definitive steps to improve the profitability of Chanderia. Apart from aggressive cost reduction measures it has recalibrated its marketing strategy by increasing focus in core markets, introducing premium brands in the product mix, reducing exposure in the low realization non-trade segment and expanding presence in the profitable Western MP markets with premium brands.

The Company has been able to show better results than the corresponding quarter on account of higher volumes and realization, higher proportion of premium products and blended cement and optimization of logistics and other costs, in a challenging environment, associated with significant spend in fuel and power costs which was higher by Rs 40 crores and exchange loss which was higher by Rs 17 crores for the quarter compared to the corresponding quarter.

The Board of Directors of RCCPL Private Limited (formerly Reliance Cement Company Private Limited), at its recent meeting, has approved the proposal to carry out the second phase expansion of the existing capacity of the cement grinding plant at Kundanganj (Uttar Pradesh) by installing the third line of production with an annual capacity of 1.2 million tons. This will increase the cement capacity of the Kundanganj plant to 3.2 MTPA from 2 MTPA.

Outlook

The outlook for the coming months appears to be optimistic on the back of strong demand supported by Government push on infrastructural activities, primarily road and irrigation projects, as well as affordable housing. This, together with smart city projects in Madhya Pradesh and Uttar Pradesh and Lucknow Metro Rail and other infrastructure projects, will boost demand for cement. Further, the ensuing elections in several States and the General Election early next year may push up demand as well.

Jute Division

The Jute Division has reported EBIDTA of Rs 5.14 crore for the quarter under review against Rs 7.54 crore for the corresponding quarter the previous year. Performance during the second quarter suffered owing to lower realization, compared to the corresponding previous quarter. Production during the quarter has been 9,654 MT (9,421.83 MT). Exports during the quarter have been 447.69 MT (FOB Rs 4.90 crore) against 1,008.20 MT (FOB Rs 9.51 crore) during the corresponding previous quarter.
