



BIRLA CORPORATION LIMITED

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PRESS RELEASE

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BIRLA CORPORATION LIMITED CONTINUES ITS IMPRESSIVE PERFORMANCE

Birla Corporation Limited, flagship company of the M P Birla Group, has continued its impressive performance shown in the last few years and has achieved its highest ever Half-Yearly Profit of Rs.307.39 crores after tax in the Financial Year 2009-10. During the second quarter, it registered a profit after tax of Rs.152.05 crores, against Rs.59.70 crores in the corresponding previous quarter i.e. an increase of 154.69%, and turnover of Rs.556.31 crores, against Rs.431.49 crores i.e. an increase of 28.93% during the corresponding quarter of the previous year. The turnover and profit achieved by the Company are highest ever in the second quarter.

The performance of the Cement Division of the Company, during the quarter, compares very favourably with other major listed cement producing companies and ranks BCL as amongst the most profitable Cement Companies. Improved realization in the Cement Division, higher sales coupled with softening of fuel prices and reduction in various costs contributed to the higher profitability.

The Board declared an interim dividend of Rs.2.50 per share (25%) for the Financial Year 2009-10 while approving the second quarter results. The interim dividend has come when the Company is commemorating the Golden Jubilee of its cement business.

Shri Harsh V. Lodha was appointed Chairman of Birla Corporation Limited unanimously by the Board of Directors.

Birla Corporation Limited's commendable performance can be traced to the consistent efforts taken for a total re-engineering of the business processes in various facets of its functioning. Over the years, various innovative steps, including logistical planning, greater emphasis on blended cement and restructuring the marketing zones, contributed to the notable performance. The operating margin of the Cement Division ranks it among the top five players in the industry and for the quarter under review the performance has been extremely good in spite of its relatively old plants & machinery and high manpower. This can be described as a silent revolution in terms of profitability, competitiveness and growth despite the challenges faced by the Company on the business front and otherwise.

The Company's performance over the past seven years (2002-03 to 2008-09) has seen remarkable changes. Net Profit has shown a growth of 77 times to Rs.323.51 crores, from Rs.4.19 crores, net worth went up by 5.5 times to Rs.1,288 crores, from Rs.234 crores while the turnover recorded a surge of more than 80% to cross the Rs.2,000 crores mark. More importantly, the Company today has transformed itself from an average performer to one of the best in the industry.

The Jute Division of the Company, which had been losing for the past 15 years, has made a turnaround and recorded profit during the quarter under review. This turnaround is a major milestone achieved in spite of very old machinery and large manpower and all the hard work put in by the Management is finally bearing fruit.

EXPANSION: The first phase of the de-bottlenecking programme has already been implemented and the second and final phase is expected to be completed by the first quarter of the financial year 2010-11, increasing the cement



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capacity to 7.5 million tones per year. This de-bottlenecking will result in considerable power and fuel savings and optimization of manpower.

Further, in order to remain competitive and maintain the growth momentum, the Cement Division is in the process of implementing several capacity enhancement and infrastructure development measures. These include setting up at Chanderia (Rajasthan) a 1.2 million ton brownfield plant along with power generation from Waste Heat Recovery and 35 MW captive power plant, increase in the grinding capacity at Durgapur by 6 lakh tons along with the installation of a 17.5 MW captive power plant, replacement of the age-old cement ball mills at Satna (Madhya Pradesh) with a 330 TPH roller press, along with installation of a coal washery and 35 MW captive power plant. These projects are expected to be completed in phases in two years time. This will not only result in substantial power saving but will further optimize manpower and increase the competitiveness and profitability of the company. The effective capacity of the Cement Division after expansion will stand at 9.3 million tons.

NEW PROJECTS: The Madhya Pradesh Government has recommended to the Union Ministry of Mines allotment of mining lease of about 2,130 hectares in Satna district to Talavadi Cements Limited, a subsidiary of Birla Corporation Limited. The recommendation has been challenged by some parties in the High Court and Tribunal and once the issue is favourably resolved, the Company has plans to set up a cement plant with an annual capacity of up to 3 million tons with an investment of approx. Rs. 1,200 crores.

Coal Block: The Company has been allotted Bikram Coal Block in Madhya Pradesh and the mining plan has been submitted to the Government for clearance.

RECOGNITION FOR EXCELLENCE: The Company has been included in the prestigious "Best Under A Billion" list by Forbes and is one of the 20 Indian companies featured this year. Birla Corporation Limited has been selected by the editors of *Forbes* as one of the best companies with revenues of less than \$ 1 billion and a track record of **consistent profitability, growth and best corporate practices** over a three-year period. The fifth annual "Best under a Billion" list comprises the top 200 companies, picked up from more than 25,326 publicly-listed firms with sales of less than \$ 1 billion in the Asia-Pacific region. The recognition came at a very opportune time for Birla Corporation Limited since it is one of the oldest cement manufacturing companies in India and is currently celebrating 50 years in the cement business. **Commenting on this recognition, Shri Harsh V. Lodha, Chairman of the Company, dedicated this award to the memory of his father, Shri Rajendra S. Lodha, under whose leadership and guidance this transformation of the company was achieved and the Founders of the M.P. Birla Group, Shri M.P. Birla and Smt. Priyamvada Birla. The prestigious recognition as one of the best companies in the Asia Pacific is a tribute to the values systems, ethics and corporate practices followed by the Company, Shri Lodha added.**

Shri B R Nahar, Executive Director and Chief Executive Officer, emphasized that the achievement "has cast greater responsibilities on us to perform even better."

CLB ORDER: The proceedings at the Company Law Board relating to a petition filed by five shareholders along with a Company, managed by the Birlas, Rameshwara Jute Mills Co. Ltd., have been finally decided in favour of the Company. The CLB, while dismissing the petition, observed that it was not maintainable in the spirit of Section 399; was motivated for the **ulterior purpose** of ousting Lodhas from the management and not for protecting the interests of the company; and there were no materials to come to the conclusion that there were acts of oppression and mismanagement in the affairs of the Company warranting grant of any relief. The CLB also observed that the petition was in the matter of a proxy petition and it was eminently apparent that the petitioners were **more concerned about the interests of Birla than the affairs of the company.** The CLB held that there will be complete miscarriage of justice if such reliefs are granted in a petition which was filed with an **ulterior motive and which had not even disclosed single act of oppression and mismanagement.**

Submitted for publication by: Biswajit Matilal

