



BIRLA CORPORATION LIMITED

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PRESS RELEASE

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BIRLA CORPORATION TURNOVER CROSSES RS 2,000 CRORES

Birla Corporation Limited, the flagship company of the M P Birla Group, has, for the first time, achieved a turnover of Rs 2,038.84 crores in the financial year 2008-09. The operating profit of the Company for the year was Rs.501.93 crores, against Rs 614.33 crores the previous year. The net profit and Earning Per Share was Rs 323.51 crores and Rs 42.01, respectively. The Company's Board of Directors, while approving the audited financial results for 2008-09, has declared a dividend of Rs. 4.50 per share (45%), aggregating Rs 40.54 crores, including dividend tax of Rs 5.89 crores. For the quarter ended 31 March 2009, the Company registered the highest ever turnover of Rs 630.16 crores, against Rs.563.14 crores the previous year. The net profit during the quarter was higher at Rs 90.61 crores, against Rs 86.56 crores, mainly on account of improvement in the demand for cement arising out of the higher order inflow from Government-led infrastructure and rural housing projects. The decline in the fuel cost has also contributed to the improved profitability. The operations at the Durgapur plant have picked up and are expected to improve further.

The expansion at the Chanderia (Rajasthan) cement plant was completed in April 2009 and, with this, clinker capacity there has gone up from 3,450 TPD to 4,050 TPD. The second and final phase of expansion at the Satna (Madhya Pradesh) cement plant is likely to be completed by March 2010 and, thereafter, the total clinker production capacity will increase by 2,200 TPD to 9,600 TPD. The total cement capacity of the Company after the completion of the second and final expansion will, effectively, stand enhanced to 7.5 million tons.

In order to grow and become more competitive, the Company has planned several capacity enhancement and infrastructure development measures. These include setting up of a 1.2 million ton brownfield plant at Chanderia, along with the Waste Heat Recovery System and 30-MW Captive Power Unit, increase in the grinding capacity at Durgapur by 6 lakh tons, installation of a Coal Washery and 30-MW Captive Thermal Plant at Satna and replacement of the old Cement Mill with a new one at Satna whereby the total grinding capacity will stand increased at 22.5 lakh tons. These projects will be completed in two years time. With the completion of these projects, the Company will fulfill the vision of the late Chairman, Syt Rajendra S Lodha, of achieving 10 million tons of cement capacity per annum.

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

Current estimates suggest that a total of about 30 million tons of new cement capacity is expected to be added in 2009-10 which may lead to a situation of over-supply in the latter half of the year. However, the positive impact of the stimulus package, involving economic, financial and fiscal measures announced by the Government, coupled with other measures such as the Loan Waiver Scheme, 6th Pay Commission Revision and making housing loans available at a cheaper rate of interest may remedy the situation, partially.

Submitted by: Bijoyit Mukherjee