



BIRLA CORPORATION LIMITED

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PRESS RELEASE

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BIRLA CORPORATION POSTS HIGHEST EVER PROFIT ANNUAL PAT AT RS. 557.18 CRORES

	Q4, 2009-10	FY 2009-10
Cement Production	16.47 lakh Tons	56.98 lakh Tons
Turnover	671.74 up 6.60%	2,387.07 up 17.08%
Operating EBIDTA	198.28 up 38.5 %	746.52 up 67.81 %
Profit After Tax	137.50 up 51.75 %	557.18 up 72.23 %

Birla Corporation Limited, the flagship company of the M P Birla Group, has surpassed all its previous records in terms of production, turnover, profit and Earning Per Share (EPS) in 2009-10. It achieved the highest ever turnover of Rs. 2,387.07 crores, a 17.08% growth over that in the previous year. The Net Profit and EPS rose by 72.23 % at Rs. 557.18 crores and Rs. 72.36, respectively.

The Company's Board of Directors, while approving the audited financial results for 2009-10, has declared a final dividend of Rs. 3.50 per share in addition to the interim dividend of Rs. 2.50 per share already declared and paid. The total outgo on account of dividend, including taxes, for 2009-10 works out to Rs. 53.95 crores. The Income Tax provision was substantially higher at Rs. 203.63 crores against Rs 112.95 crores in the previous corresponding period.

The net profit during the quarter was higher at Rs. 137.50 crores against Rs. 90.61 crores in the previous corresponding period, mainly on account of improvement in demand for cement arising out of higher order inflow from Government-led infrastructural and rural housing projects. These results could be achieved despite a 17% rise in power and fuel costs, mainly due to the rise in the cost of coal and petcoke and stoppages of plants for hooking up expansions etc.

The Company has completed 50 years in the cement business and is now on the growth track. At Satna, the first phase of the programme to enhance the clinker capacity to 7,400 tpd has already been completed and for the second and final phase, a planned shut-down has already been taken. The second phase is expected to be completed by July 2010. The capacity at Satna would increase to 9,600 tpd once the second phase is completed. Similarly, at Chanderia, the expansion programme has already been completed and a 1.2 million ton brownfield plant is being installed which would raise the capacity at

(2)

Chandaria to 3.49 million tons. The grinding capacity at Durgapur is being increased by 0.6 million tons which after completion would raise the total capacity there to 2.3 million tons. Further, to optimize on the logistic costs, it is proposed to install a mixing and packing plant with a capacity of 3 lakh tons per annum at Kota, Rajasthan.

The age-old cement ball mills are being replaced by two Roller Presses, one at Satna and the other at Chandaria, which will increase the cement grinding capacity and ensure substantial power saving.

After completion of the above expansion programmes, the effective annual capacity of the Cement Division of the Company will stand enhanced at about 9 million tons. The above expansion and modernization projects will not only increase the effective capacity but will also result into substantial improvement in operational efficiency. The enhanced capacity will help the Company in penetrating the market in a stronger way.

Two power plants, based on Waste Heat Recovery, at Satna (15 MW) and Chandaria (7.5 MW) are expected to be completed by the second quarter of 2010-11. Once these plants are set up, the Company would not only be able to reduce Green House Gases (GHG) emissions into the atmosphere but would also be able to generate power at a very low cost.

Elaborating on the results, Shri H V Lodha, Chairman of the Company, said Birla Corporation Limited has earned a remarkable reputation for unrivalled quality and reliability of its cement brands. Over the years, various innovative steps, including logistical planning, greater emphasis on blended cement and restructuring marketing zones helped the Company in achieving excellence, he added. The operating margin of the Cement Division has ranked it among the top five players in the industry. With relatively old plants and machinery and high manpower, the Company could excel because of diligent and sustained efforts by the management. Its performance can be described as a silent revolution in terms of continuous growth, competitiveness and profitability.

The Company's performance over the past eight years (2002-03 to 2009-10) has seen remarkable growth when it could transform itself from a low performer to one of the best in the industry.

The **Jute Division**, which has been suffering for more than 15 years, has finally turned around during the year due to various management initiatives such as modernization of machinery, reduction in wastage and use of jute caddies as fuel in the boilers. Such measures have resulted in improved working of the Division.

(3)

Two eminent personalities, Shri Deepak Nayyar and Shri Mahendra Kumar Sharma, joined the Board of the Company today as Independent Directors. Their induction will add value to the Board. Shri Nayyar is an eminent economist and Shri Sharma is a corporate consultant and former Vice-Chairman of Hindustan Unilever Limited.

Shri Nayyar, Professor of Economics at JNU at New Delhi, distinguished University Professor of Economics at the New School for Social Research, New York, and Honorary Fellow of the Balliol College, Oxford, has authored a number of books on a wide range of subjects. He was on the Boards of various large companies, including SBI, Exim Bank, Maruti Udyog and SAIL.

Shri Sharma is on the Boards of ICICI Bank Ltd., ICICI Lombard General Insurance Co. Ltd. and Bata India Ltd., among others. He served as a member of the Corporate Law Committee formed by the Union Ministry of Company Affairs to redraft the Companies Act. He also served as a member of the Committee on Corporate Governance formed by the Government of India under the Chairmanship of Shri Naresh Chandra, former Cabinet Secretary to the Government of India.

The Board of Directors of Birla Corporation Limited, testifying to the M P Birla Group's vision to serve society, has allocated a minimum of 10% of the profit, distributed by the Company amongst its shareholders by way of dividend, towards CSR activities. The CSR activities will be undertaken by the Company on its own or through various charitable institutions, including those managed by the M P Birla Group which currently runs various healthcare and educational institutions of repute.

Amongst Asia's 200 Best Companies under a Billion \$: The Company has been included in the prestigious "Best Under A Billion" list by Forbes and is one of the 20 Indian companies recognized this financial year. It has been selected by *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. Shri Harsh V. Lodha dedicated this award to the memory of his father, Shri Rajendra S. Lodha, and said the recognition was a tribute to the values system, ethics and corporate practices followed by the Company.

Shri B R Nahar, Executive Director and Chief Executive Officer, emphasized that the achievement "has given us greater responsibilities to perform even better." He added: "We have to learn from experience, prove our capability for change and continue the good work."

Submitted by: Bimwajit Mukherjee