

## **BIRLA CORPORATION Q1 PAT AT Rs 111.88 CRORES**

	<b>Q1 2011-12</b>	<b>Q1 2010-11</b>	<b>% Increase/ (Decrease)</b>
<b>Cement Production</b>	15.12 Lakh Tons	14.74 Lakh Tons	2.58
<b>Cement Despatch</b>	15.20 Lakh Tons	14.90 Lakh Tons	2.01
<b>Turnover (Rs in Crore)</b>	642.12	651.99	-1.51
<b>Cash Profit(Rs in crore)</b>	171.37	179.32	-4.43
<b>Profit After Tax(Rs in crore)</b>	111.88	118.28	-5.41
<b>EPS (in Rs)</b>	14.53	15.36	-5.41

Birla Corporation Limited, flagship Company of the M P Birla Group and cement major, has earned Profit after Tax of Rs 111.88 crores in the first quarter of the current financial year against Rs 118.28 crores in the previous corresponding quarter. The turnover for the quarter was Rs 642.12 crores (Rs 651.99 crores)

The turnover and profit for the quarter are marginally lower on account of reduced ex-works realization in the Cement Division.

Shri Harsh V Lodha, Chairman of Birla Corporation Limited, said that profitability was affected because of growing input costs and poor off-take of cement. He referred to the steep increase in coal and freight costs which have been putting pressure on profit margins. Realization was affected in the central and eastern marketing regions covered by the Company's units at Satna and Durgapur.

Shri Lodha stated that the demand for cement was also affected on account of elections held in five States during the first-half of the quarter under review. Additionally, bunching of capacities, coupled with poor demand for cement from the Government and the infrastructure and realty sectors, were affecting the profitability of cement companies.

Shri Lodha, however, said that the planned expenditure of the Government, especially in the infrastructure sector, if implemented, would have a positive impact on the sales of cement in the medium to long term. The recent steep hike in the cost of borrowings, will, however, have a dampening impact on the growth of the economy, especially in the housing sector which is one of the prime consumers of cement. The Company, however, continues to remain positive in the medium to long term outlook of the cement industry and is positioning itself as one of the most efficient companies in the production, transportation and sale of quality cement.

All the debottlenecking projects, undertaken at the clinker manufacturing units of the Company at Satna and Chanderia, have been completed. Operations at the units concerned have stabilized and the full benefit of the debottlenecking initiative will be

evident in the times to come. The cement capacity of the Company currently stands at 7.5 million tons.

**Page: 2 of 2**

Work is progressing on the 1.2 million-ton brownfield expansion at Chanderia and the 0.6 million-ton grinding capacity addition at Durgapur. After the said expansions are completed, the effective annual capacity will stand enhanced to about 9.30 million tons within this financial year.

The Company has applied to the Ministry of Environment and Forests at New Delhi for further increase in the capacity at Chanderia by 1.5 million tons and all necessary monitoring activities as per the statutory regulations are in progress. This will take BCL's total cement capacity to 10.8 million tons.

**Coal Washery:** Work on setting up the 5-lakh ton per annum coal washery at Satna, for ensured supply of sustained quality of processed coal, is progressing as planned. This will lend a competitive edge to the Company's cement production exercises and will be completed within this year.

**Waste Heat Recovery System:** The environment-friendly Waste Heat Recovery System (WHRS) projects of 7.5 MW each at Satna Cement Works and Birla Vikas Cement, both at Satna, and at Chanderia Cement Works, Chanderia, aggregating to 22.5 MW, are functioning satisfactorily. Under the system, the hot waste gases coming out of the pre-heater and clinker cooler, which are lost to the atmosphere, are used to generate power and the Green House Gases (GHG) emissions into the atmosphere are reduced substantially.

**ERP:** The Company is implementing the SAP system in all its cement units, resulting in the introduction of best practices and improving the overall efficiency of the Company by streamlining its information technology capabilities.

**Outlook:** Diligent execution of the capacity enhancement and infrastructural projects as well as the ongoing capex plans will help the Company achieve better operational efficiency and volume growth. The Company continues to lay stress on the production and marketing of blended cement which will help improve capacity utilization and achieve economies in production. Revival of demand in the infrastructure projects and improvement in realization will determine the performance of the Company in the coming quarters.

The Company is actively and financially supporting the establishment of the **Madhav Prasad Priyamvada Birla Hospital & Research Centre** at Chittorgarh. Syt. Ashok Gehlot, Chief Minister of Rajasthan, laid the foundation stone on 31 May 2011, in the presence of several dignitaries, including the Union Minister, Shri C.P. Joshi, Member of Parliament from Chittorgarh, Dr Girija Vyas, and several State Ministers and MLAs. The proposed hospital, which is being set up in phases with a project cost of approx. Rs 40 crores, will provide quality health care facilities to the people in the Chittorgarh and neighbouring districts of Rajasthan where the Company has a cement plant.

---