

Press Release

31 October 2011

BIRLA CORPORATION'S Q2 TURNOVER AT RS.578.45 CRORES

| | Q2: 2011-12 | Q2: 2010-11 | % increase/ (decrease) |
|--------------------------------|--------------------|--------------------|-----------------------------------|
| Clinker Production (Lac Tns.) | 9.88 | 8.73 | 13.17 |
| Cement Despatch (Lac Tns.) | 14.13 | 13.85 | 2.02 |
| Turnover (Rs in crore) | 578.45 | 550.34 | 5.10 |
| Profit After Tax (Rs in crore) | 26.15 | 68.97 | (62.08) |

Birla Corporation Limited, flagship company of the M.P. Birla Group, has increased production of clinker by 13.17%, at 9.88 Lac Tons (8.73 Lac Tons during the same period the previous year) during the second quarter of the financial year 2011-12. Cement dispatches have also gone up by 2.02% at 14.13 Lac Tons. The turnover stood at Rs.578.45 crore, compared to Rs.550.34 crore in the corresponding period of the previous year. However, cash profit has gone down from Rs.101.75 crore to Rs.47.30 crore (by 53.51%), mainly on account of lower ex-works cement realizations, disruption of operations at Chanderia unit, resulting in procurement of clinker at higher cost, and significant increase in the cost of coal. The Company has suffered foreign exchange fluctuation losses of Rs.13.85 crore during the quarter.

Operations at the Company's Chanderia cement unit have been adversely affected on account of ban on mining operations as directed by the Hon'ble High Court at Jodhpur. On a PIL, filed by a group of individuals from nearby village of Chittorgarh Fort, against the Union of India and the State of Rajasthan, the Hon'ble Jodhpur High Court directed that no mining and blasting operations should take place within 10 kilometers area from Chittorgarh Fort. The Company has since got itself impleaded as a party in the said case. In view of the said order, the mining of limestone at the Company's Chanderia plant has been kept under suspension since 20 August 2011. As a result, the unit has lost production to the tune of 1.15 lakh tons of clinker and 0.85 lakh tons of cement during September 2011. However, to maintain the market share, the unit continues to produce cement by procuring clinker from the Company's Satna unit and also from other sources. The procurement of clinker from outside for manufacturing cement at Chanderia unit has resulted in lower profitability.

According to Shri Harsh V. Lodha, Chairman of Birla Corporation Limited, the overall economic slowdown impacted the performance of the industry during the quarter. The hike in lending rates by banks has depressed the growth in cement demand from the real estate sector with big projects being delayed in major metropolitan cities. The average capacity utilization across the country declined in the first six months when the industry has been adding new capacities. In the last 1½ years, growth in demand has been constantly falling.

Shri Lodha stated that with the monsoon season coming to an end, demand has started picking-up and prices of cement are also hardening.

The Board declared an Interim Dividend of Rs.2.50 (25%) for the Financial Year 2011-12 while approving the second quarter results today.

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 within this Financial Year, the effective annual capacity will stand enhanced to about 9.30 million tons.

The Company has recently introduced a premium Portland Slag Cement brand, **Birla Samrat Unique**, with improved quality and fineness to capture the premium market. This product comes in pilferage & tamper-proof packing ensuring zero loss/wastage. The product has been introduced in the Company's marketing regions in and around Kolkata, to begin with. It is being manufactured at the Company's Durgapur Cement Works, which, with two production facilities, is the largest single location cement manufacturing unit in West Bengal.

Coal Washery: Work on setting up the 5-lakh ton per annum coal washery at Satna, for assured supply of sustained quality of processed coal, is progressing as planned.

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.

The operating profit of the Jute Division of the Company has suffered during the quarter mainly on account of the foreign exchange fluctuation losses. However, with the completion of the modernization programme, involving upgrading of machineries, the performance of the Division is expected to improve in the subsequent quarters.
