

PRESS RELEASE

24 January 2011

**BIRLA CORPORATION'S Q3 PROFIT
AT RS 70 CRORES**

	Q3 2010-11	Q3 2009-10	% increase/ (Decrease)
Clinker Production (lac Ts.)	12.41	10.26	20.98
Cement Production (lac Ts.)	15.23	14.95	1.87
Cement Despatch (lac Ts.)	14.86	14.98	(0.80)
Turnover (Rs in crore)	546.75	617.84	(11.51)
Cash Profit (Rs in crore)	107.44	177.94	(39.62)
Profit After Tax (Rs in crore)	69.59	112.29	(38.02)
EPS (in Rs)	9.04	14.58	(38.00)

The M P Birla Group's flagship company and a major player in the cement industry, Birla Corporation Limited, has earned cash profit of Rs 107.44 crores and profit after tax of Rs 69.59 crores in the third quarter of the financial year 2010-11, against Rs 177.94 crores and Rs 112.29 crores, respectively, in the previous corresponding quarter.

The turnover for the quarter was Rs 546.75 crores (Rs 617.84 crores).

Shri Harsh V. Lodha, Chairman of the Company, commenting on the results, stated that the profitability of the Company has reduced not only because of pressure on prices due to substantial increase in capacities, poor demand for cement from the Government and infrastructure sectors but also owing to higher cost of power & fuel (mainly coal) and freight.

The bunching of capacities may continue impacting cement prices in the foreseeable future. However, the increased thrust by the Government on the infrastructure projects and the expected demand boost in the housing and retail sectors may partly offset the situation.

However, according to Shri Lodha, the Company has been maintaining its growth momentum by going ahead with its plans to set up green-field as well as brownfield projects and implementing several capacity enhancement and infrastructure development schemes. On 13 January 2011, Birla Corporation Limited signed a Memorandum of Understanding at Guwahati with the Assam Mineral Development Corporation (AMDC) to set up a greenfield cement plant, in the presence of Shri Tarun Gogoi, Chief Minister of Assam. The one-million ton cement plant, proposed to be set up at Umrangsu, in the North Cachar Hills district, will involve an investment of Rs.450 crores. Birla Corporation Limited, which has completed more than 50 years in the cement manufacturing business, was selected by AMDC along with another cement company through open bidding in which 23 companies participated. The Joint Venture is expected to generate direct/indirect employment for about 1,200 people in the region.

The Board, at its meeting today, approved the setting up of a Grinding Unit with a capacity of 500,000 tons per annum at Kota, Rajasthan, against its earlier decision to set up a 300,000-ton per annum Blending Unit.

After completion of the de-bottlenecking exercise at one of the units at Satna in July 2010, the production capacity has increased and the unit is running satisfactorily. The WHRS projects of 7.5 MW each at Satna Cement Works, Satna, and Chanderia Cement Works, Chanderia, commissioned in October last year, are functioning satisfactorily. Another 7.5-MW WHRS project at Satna's Birla Vikas Cement unit is in an advanced stage of completion and is expected to be commissioned by February 2011. Under the system, the hot waste gases coming out of the pre-heater and clinker cooler, which is lost to the atmosphere, will be used to generate power and the Green House Gases (GHG) emissions into the atmosphere will be reduced substantially. The project would also be eligible for CDM benefits.

Shri Lodha said the WHRS projects of the Company were the first of its kind in the cement industry in India and added that after successful commissioning of all the WHRS projects, the Company was expected to save substantially on power and fuel costs.

He added that progress of work on the 1.2 million-ton brownfield New Chittor Cement Works and the 0.6 million-ton capacity addition at Durgapur is satisfactory and the projects are likely to be commissioned by the middle of the next financial year. At Durgapur, civil construction of the cement silo and packing plant was almost complete and erection was in progress.

Work on other projects like replacement of the age-old cement ball mills by two roller presses, one at Satna and the other at Chanderia, for increasing the cement grinding capacity and ensuring substantial power saving was progressing as per schedule.

The Mining Plan for Bikram Coal Block, allotted to the Company in Madhya Pradesh, has been approved and Applications for Lease, Forest and Environmental Clearances have been submitted to the authorities concerned.

After completion of all the expansion programmes, including the 1.20-million ton proposed increase in the New Chittor Cement Works, 0.60 million tons proposed increase in Durgapur and de-bottlenecking projects, the effective annual capacity of the Cement Division will stand enhanced to about 9.30 million tons from the current 7 million tons. The Company has applied to the Pollution Control Authorities to increase the capacity of the New Chittor Cement Works from 1.2 million tons to 2.7 million tons and once the approval is received, the Company will be in a position to implement the project with the higher capacity of 2.7 million tons which will effectively increase the total cement capacity of the Company to 10.8 million tons. This will also result in substantial improvement in operational efficiency.

Jute Division: Raw jute prices have increased to an unprecedented level whereas the prices of finished jute goods have failed to keep pace. The subdued demand for exports has resulted in an excess supply position for the jute industry as a whole. Large-scale non-compliance of the mandatory jute packaging order by the sugar industry resulted in considerable reduction in the demand for jute bags. The unabated duty-free import of jute goods from Bangladesh has also affected the industry. Various management initiatives, including modernization of machinery and expansion of capacity, are likely to strengthen the competitiveness of the Jute Division.

Shri B R Nahar, ED & CEO of the Company, has been identified by the prestigious "*Businessworld*" magazine (Issue dated 29 November 2010) as India's "Most Valuable CEO" amongst the country's mid-size cement companies. The Research Team of the magazine has decided the ranking based on factors such as sales, profit and stock price performances as well as the market capitalization of the Company.