

Press Release
31 January 2012

Birla Corporation Q3 turnover at Rs 613 crores

	Q3 2011-12	Q3 2010-11	% increase/ (decrease)
Cement Despatch (Lac Tons.)	13.87	14.86	(6.66)
Turnover (Rs in crore)	612.62	546.75	12.05
Profit After Tax (Rs in crore)	43.72	69.59	(37.17)

Birla Corporation Limited, flagship company of the M.P. Birla Group, has registered a decline in cement dispatches of 6.6%, at 13.87 Lac Tons (14.86 Lac Tons during the same period of the previous year) during the third quarter of the financial year 2011-12. The operations at the company's Chanderia unit were severely hampered due to suspension of mining activity on account of Court's order resulting in a substantial decrease in the production of cement and clinker. Cement dispatches at Satna and Durgapur units were adversely affected on account of various logistic problems, including poor availability of rakes from the Railways.

The turnover stood at Rs.612.62 crore, compared to Rs.546.75 crore in the corresponding period of the previous year. Cash profit has gone down from Rs.107.44 crore to Rs.84.45 crore (by 21.40%).

Profitability was severely affected on account of:

- Disruption of operations at Chanderia unit resulting into procurement of limestone and clinker at significantly higher cost;
- Increase in cost of power & fuel;
- Foreign exchange losses of Rs.12.81 crore;
- Rising prices of fly ash and gypsum;
- Increase in freight cost on account of higher cost of diesel and increase in rail surcharge from October 2011.

The increase in the cost of production was partially mitigated by way of substantial increase in the sale of Blended Cement during the quarter. In spite of disruption of operations at Chanderia, the Company could maintain its market in the regions catered by the Chanderia unit by procuring clinker, though at a higher cost.

In view of the Order of the Hon'ble Jodhpur High Court, the mining and blasting operation for limestone at the Chanderia plant remained suspended during the entire quarter. The matter was heard on 19 December 2011 and the Court granted partial relief by allowing the Company to remove 70,000 MT of already excavated limestone from the mining Area. The Court also directed the Indian Bureau of Mines to conduct inspection and various tests with regard to the mining activities and its effect on the Chittorgarh Fort and submit a report. Such inspection and tests have already been carried out by Indian Bureau of Mines and the report is likely to be submitted shortly. The Company had taken steps to procure limestone from nearby sources to produce clinker by running kiln(s) in phases. Cement production is continuing by procuring clinker from the Satna unit of the Company/other sources and also out of Chanderia's own production.

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According to Shri Harsh V. Lodha, Chairman of Birla Corporation Limited, the revival in construction activity, post monsoon, has resulted in improved demand and pricing scenario. This spurt in volume is largely due to lower base during the previous year and demand revival from stockists who are expecting the sales to pick up in the quarter ending 31 March 2012. The demand was strong in northern and central markets while the eastern market could not match with the demand growth in the other parts of the country.

The Company recently introduced a premium Portland Slag Cement brand, **Birla Samrat UNIQUE**, with improved quality and fineness to capture Premium Market. After the successful introduction of the product in the marketing regions in and around Kolkata, the Company, with a view to expanding the brand's presence, launched the same in Odisha in December 2011. Suitable for all types of construction, **UNIQUE** is compatible with Indian climatic conditions.

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 Cement Mill modification programme at Satna and Chanderia is also progressing satisfactorily and is expected to be completed in the 1st Quarter of the Financial Year 2012-13.

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: Implementation of the SAP system in all the cement units of the Company is progressing well and the same is likely to be implemented in the first quarter of the next financial year.

Though the profitability of the Jute Division of the Company has improved during the quarter, the operating profits were affected on account of losses arising due to Foreign Exchange fluctuation. With the completion of the modernization programme involving the upgradation of machinery, the performance of the Division is expected to improve in the subsequent quarters.

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