



Press Release (Q2 2019-20)
5 November 2019

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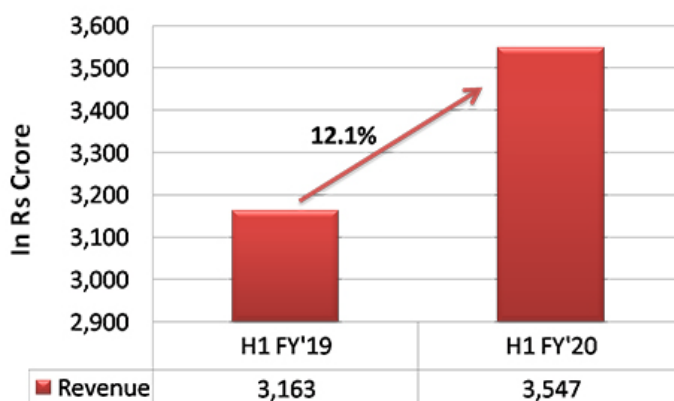
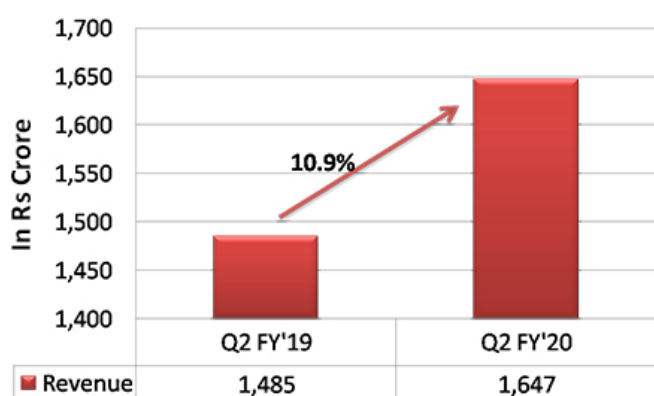
Birla Corporation Q2 net profit zooms 450% over last year to Rs 88 crore

KOLKATA, 5 November 2019: Amid a slowdown in the core sector, Birla Corporation Limited has posted a net profit of Rs.88 crore in the July-September quarter against Rs.16 crore in the same period last year, helped by multiple factors, including higher realization from sale of premium and blended cement and cost rationalization.

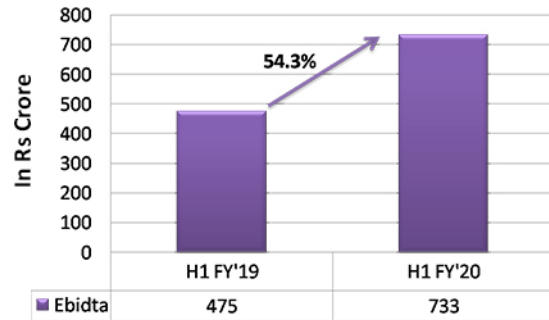
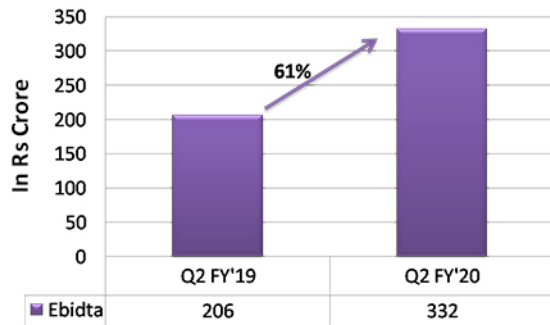
Cash profit for the September quarter more than doubled to Rs 229 crore from Rs 112 crore in the same period last year, while Ebidta grew 61% to Rs 332 crore. Ebidta margin for the September quarter jumped year-on-year from 13.9% to 20.15%.

Revenue for the September quarter grew 10.9% year-on-year to Rs 1,647 crore, thanks to capacity utilization of 83%—among the highest in the industry—and ramping up of sale of premium and blended cement. Despite an extended monsoon and depressed demand, the Company's sales by volume during the quarter increased 4.1% year-on-year to 3.2 million tons.

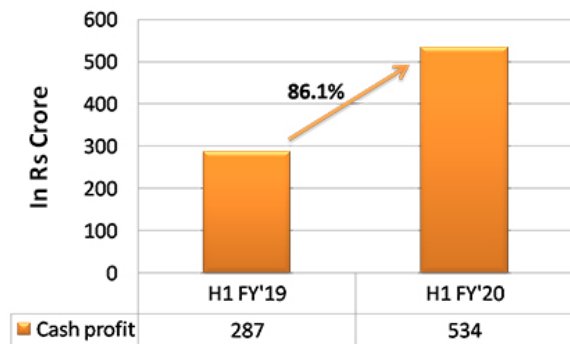
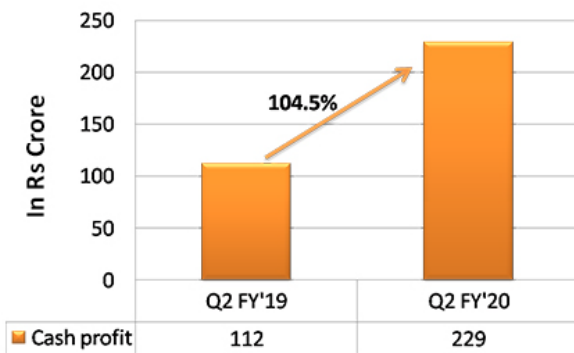
Revenue



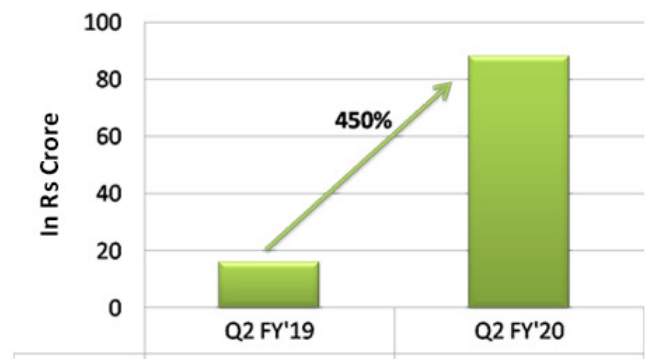
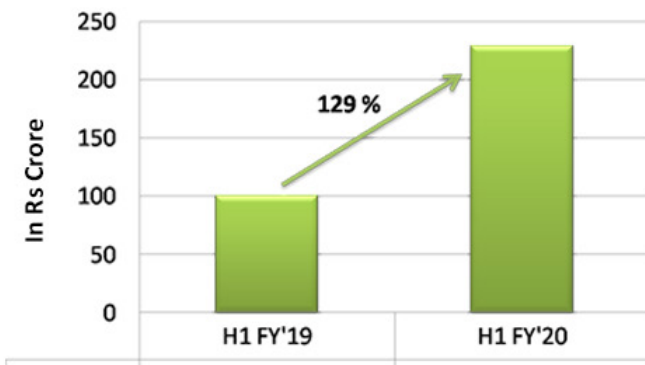
Ebidta



Cash Profit



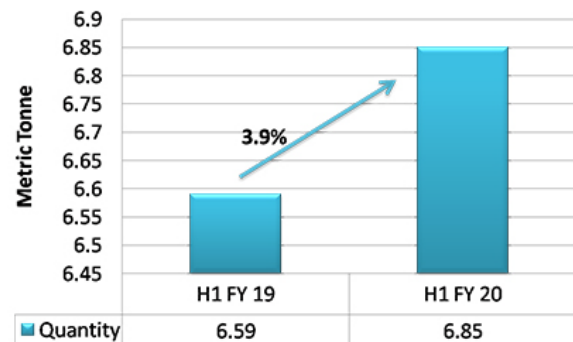
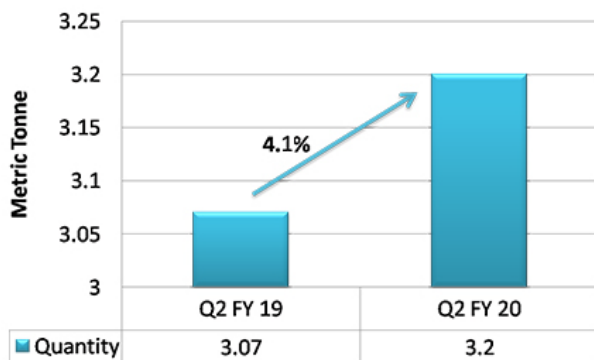
Net profit



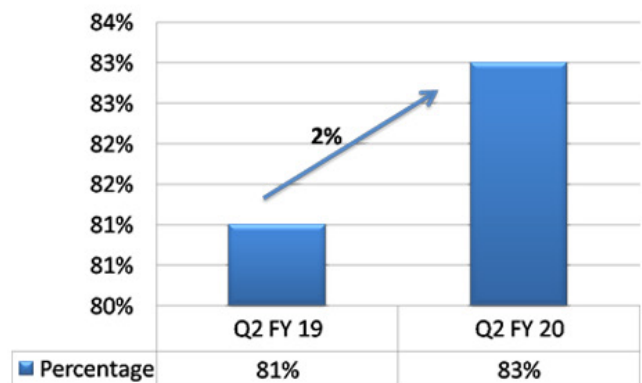
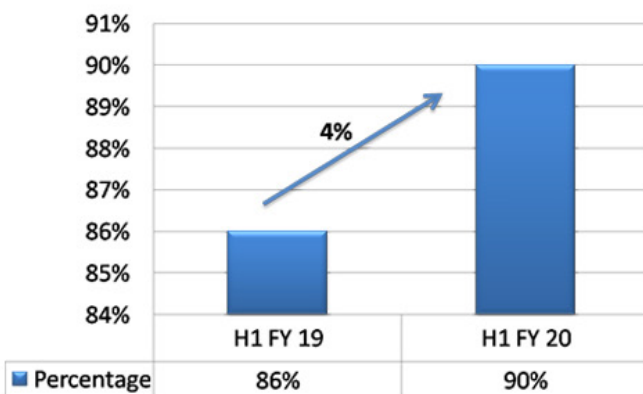
In the three months till September, Birla Corporation sold 2.65 mt of cement (83% of total sales) through the more remunerative trade, or retail, channels.

Premium cement accounted for 41% of sales through the trade channel, compared to 37% in the same period last year. The share of blended cement in total sales was scaled up to 93% from 87% in the September quarter last year.

Sales by Volume

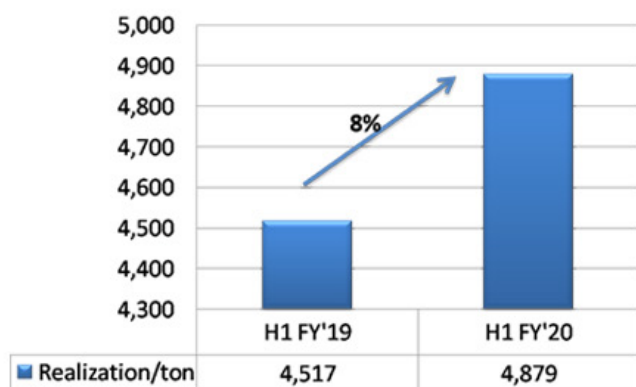


Capacity Utilization

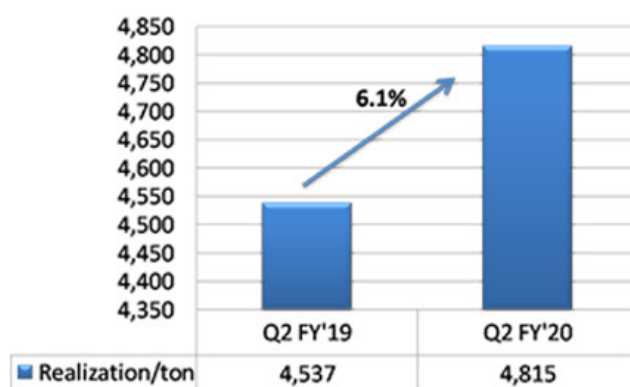


Realization per ton grew 6.1% year-on-year to Rs 4,815, while Ebidta per ton for the September quarter jumped 54% to Rs 956. Over and above the Rs 278 per ton jump in realization in the September quarter this year, Ebidta/ton expanded owing to substantial savings in power, fuel and raw material costs.

Realization/ton*

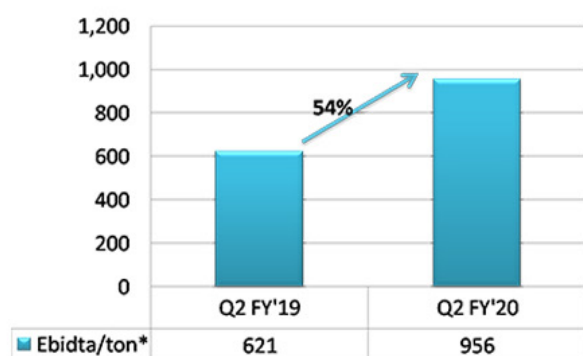


*only Cement Division

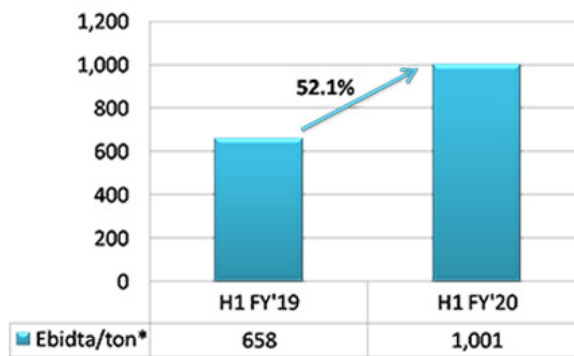


*only Cement Division

Ebidta/ton*



*only Cement Division



*only Cement Division

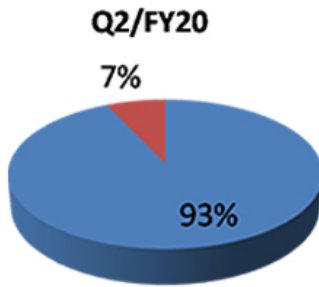
With a volume growth of 4%, Birla Corporation Limited has outperformed most of its competitors, which recorded flat or negative sales in the September quarter.

The Company's sustained investments into its brands have started to pay off by retaining or expanding market share in the trade segment, despite sluggish demand in most markets.

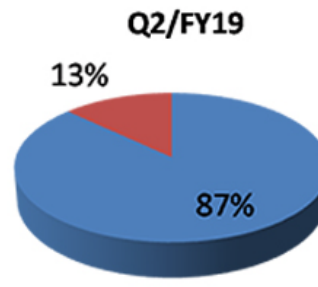
The Company's thrust on increasing the share of blended cement and premium brands within a diverse portfolio has resulted in blended cement now accounting for 93% of total sales. This has significantly enhanced clinker realization. The Company's Build Water Smart campaign to promote the use of blended cement in OPC dominant markets—a first for the industry—has been well-received.

Sales of premium products have jumped sharply in markets in the East. Sales of the Company's flagship brand Perfect Plus in Bihar surged 26% year-on-year. All brands combined, sales in Bihar jumped 20% in the September quarter. Perfect Plus launched in the northern markets earlier in the year has been well received. Around 13% of the trade-segment output of the Company's Chanderia unit are premium products. The product mix has substantially boosted the unit's profitability.

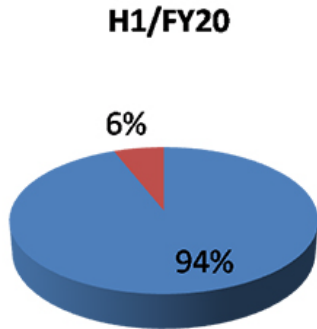
Blended Cement VS OPC



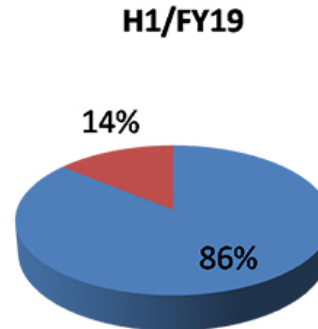
■ Blended Cement
■ OPC



■ Blended Cement
■ OPC

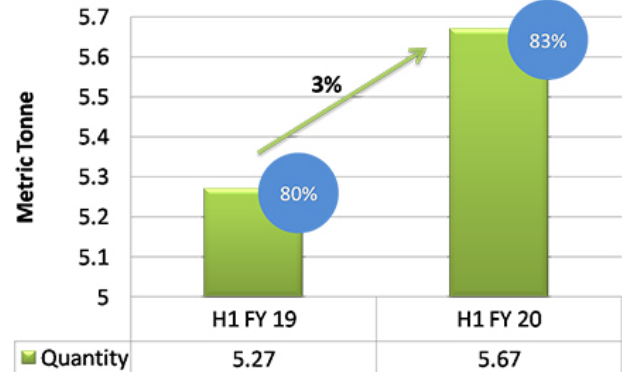
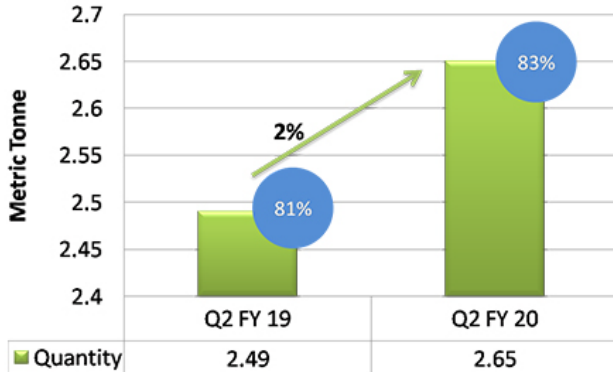


■ Blended Cement
■ OPC

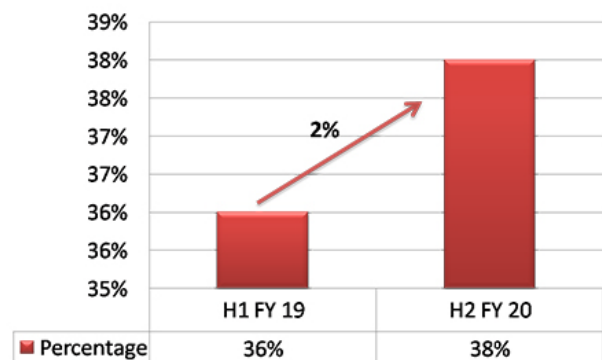
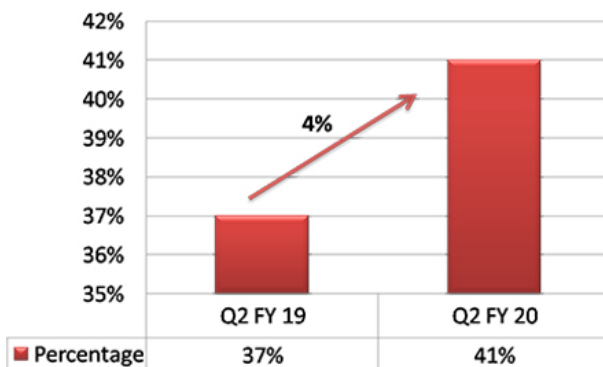


■ Blended Cement
■ OPC

Sales through Trade Channel



Premium Cement through Trade Channel



The results of test marketing of wall putty and other value-added construction chemicals under the Perfect Plus brand are encouraging and the Company is in the process of expanding into markets in Central and Northern India.

Over the last few years, Birla Corporation Limited has substantially improved efficiency in logistics, which is the second largest component of cost with an annual spend of around Rs 1,500 crore. This was aided by the creation of a central logistics cell to leverage organizational scale and synergies. The Company delivered better than expected results through reduction in lead distances, judicious rail-road mix, improvement in turn-around time, increase in direct dispatches, better freight negotiations and digital initiatives, such as the Vehicle Tracking System.

To take logistics management to the next level, the Company is engaging with a global consultancy, which specializes in logistics, to streamline systems and processes for both inbound and outbound logistics. The consultant will work closely with the Company over the next 21 months to develop a digital platform for cutting-edge logistics operations in a fast-changing environment, often impacted by disruptions.

During the September quarter, Birla Corporation Limited commissioned Waste Heat Recovery System (WHRS) at its Maihar unit with capacity to produce up to 11 MW of power when ramped up to peak capacity. Also, during the quarter, the Company's railway siding facility at its Kundanganj unit became operational. Savings from both these projects are expected to kick-in fully in the second-half of the current fiscal.

The Company is setting up solar power units in three of its plants at Chanderia, Satna and Maihar. The one in Satna with a capacity of 3 MW has already been commissioned; the others are expected to become operational in the second-half of the current financial year. Together, they will generate close to 12 MW of power.

The Company is optimistic about demand strengthening in the coming months across its core markets in Central and Northern India which, in turn, will improve realization. Pet coke prices continuing to remain soft augurs well for business.

Jute Division

With people across the world increasingly opting for eco-friendly fibres and packaging materials, Birla Jute Mills, which is celebrating its centenary year, is witnessing a transformation. The Company is increasing its focus on the value-added segment, both for the domestic and international markets. A comprehensive rebranding exercise is underway to make Birla Jute Mills more contemporary and appealing to the new generation. At the same time, several initiatives have been taken to improve operational efficiencies and quality, and to develop new products in line with emerging market trends. The results of these initiatives are expected to be seen in the next financial year. Production during the September quarter increased 2.8% over the same period last year and turned in an Ebidta of Rs 5.91 crore, against Rs 5.39 crore a year ago.

Birla Corporation Limited

Birla Corporation Limited is the flagship Company of the MP Birla Group. Incorporated as Birla Jute Manufacturing Company Limited in 1919, it was given shape by Shri MP Birla.

Birla Corporation Limited has interest in cement and jute. The Company's Birla Jute Mills is the first jute mill started by an Indian entrepreneur. The Company and its subsidiary, RCCPL Private Limited (the erstwhile Reliance Cement Company Private Limited), have 10 cement plants spread across the country, with an annual installed capacity of 15.5 million tons. A 3.9 mtpa cement plant is under construction at Mukutban, Maharashtra.

For more information, visit www.birlacorporation.com

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Statements in this release describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward looking statements' within the meaning of applicable laws or regulations. Actual results could, however, differ materially from those expressed or implied. Important factors that could make a difference to the Company's Operations include global and domestic demand-supply conditions, finished goods prices, raw materials and fuel costs & availability, transportation cost, changes in Government regulations and tax structure, economic developments within India and the countries with which the Company has business contacts and other factors such as litigation and industrial relations. Neither our Company, our Directors, nor any of our affiliates, have any obligation to update or otherwise revise any statements reflecting circumstances arising after this date or to reflect the occurrence of the underlying events, even if the underlying assumptions do not come to fruition.