



Press Release (Q3 2019-20)
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Birla Corporation December quarter net profit up 200%, sustains growth momentum in muted markets

KOLKATA, 29 Jan.— Birla Corporation Limited has posted a net profit of Rs 81 crore in the quarter ended 31 December, up 200% over the previous year, on the back of a revenue growth of 10.65% (Rs 1,735 crore including other income).

This was achieved in the backdrop of muted growth in sales by volume and realization sequentially. Cement prices in key markets in northern and central India weakened from the September quarter; in eastern India, cement prices dropped sharply in the three months till December. Thus, while total sales by volume for the December quarter grew 7% year-on-year to 3.43 million tons, realization per ton grew 3.49% to Rs 4,712.

Birla Corporation's capacity utilization has been among the highest in the cement industry for several quarters on the trot. Capacity utilization for the December quarter at 87% was up five percentage points over that of the previous year.

EBITDA for the December quarter at Rs 315 crore was 44% higher year-on-year, while cash profit went up 73% to Rs 217 crore. EBITDA per ton (for the Cement Division) for the December quarter grew 44% year-on-year from Rs 589 to Rs 850, while EBITDA margin for the quarter expanded to 18.1% from 13.9% a year earlier.

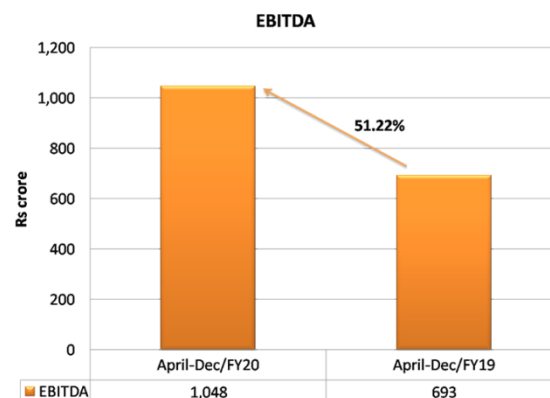
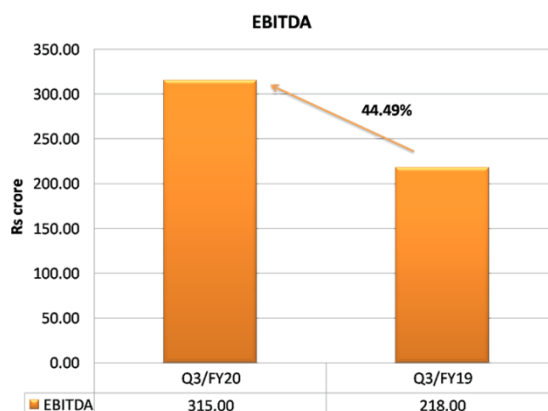
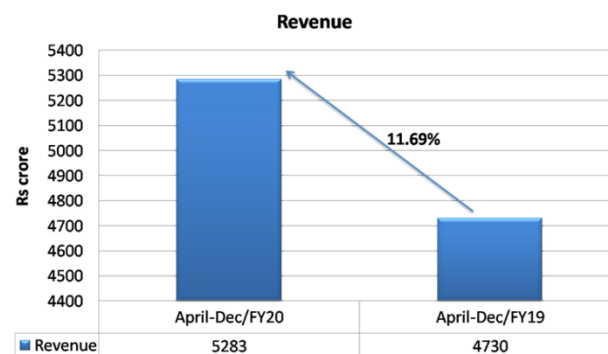
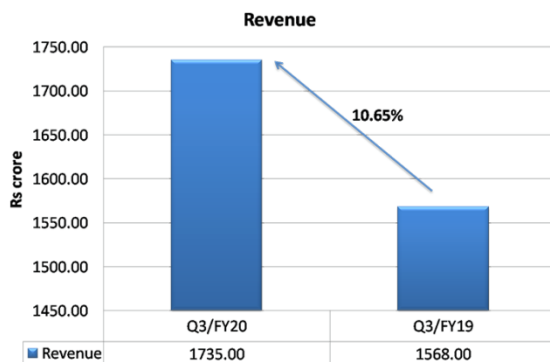
Birla Corporation has sustained the growth momentum during the nine months till December despite sluggish market conditions. In the three quarters till December,

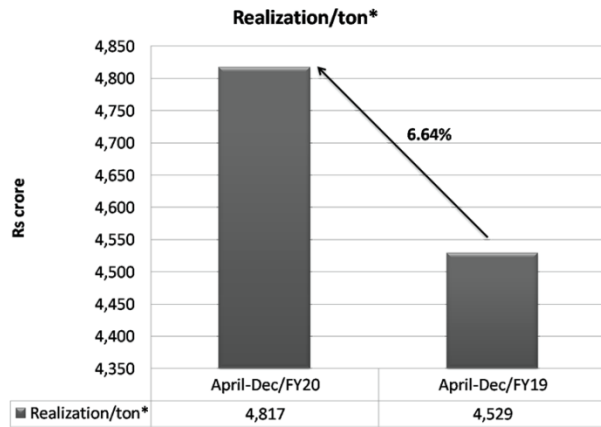
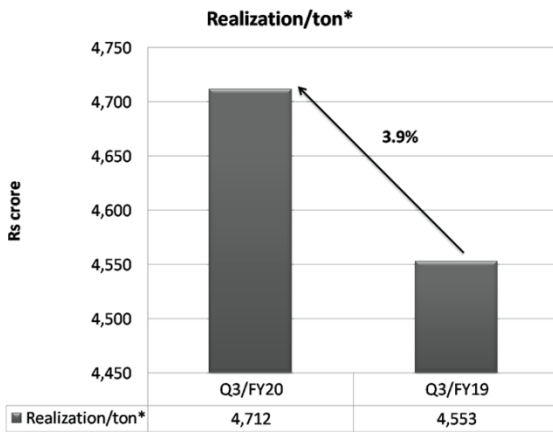
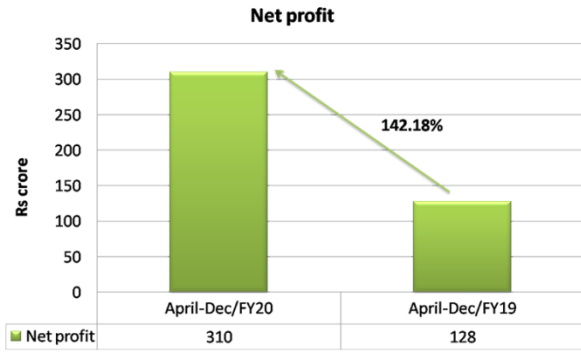
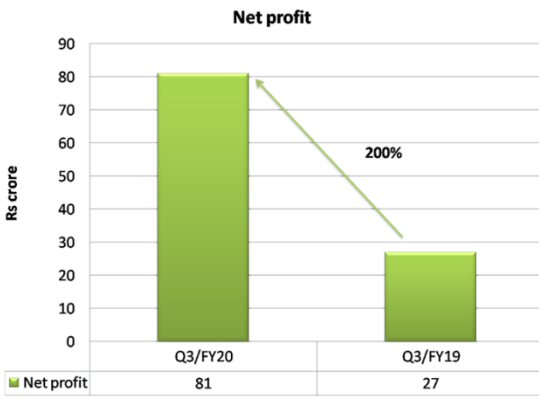
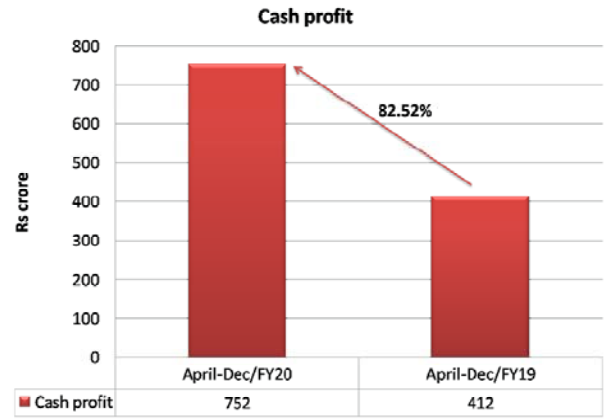
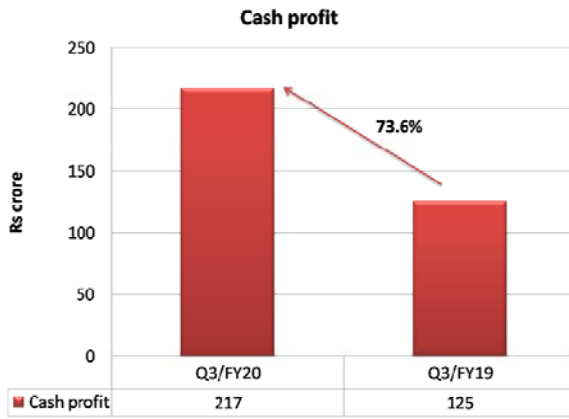
the Company's net profit has grown 142% over the previous year to Rs 310 crore, while revenue, including other income, has risen 11% to Rs 5,283 crore.

EBITDA for the nine-month period till December at Rs 1,048 crore is up 51% year-on-year, while cash profit has gone up 82% to Rs 752 crore. EBITDA margin for the April-December period stands at 19.8%, against 14.6% the previous year.

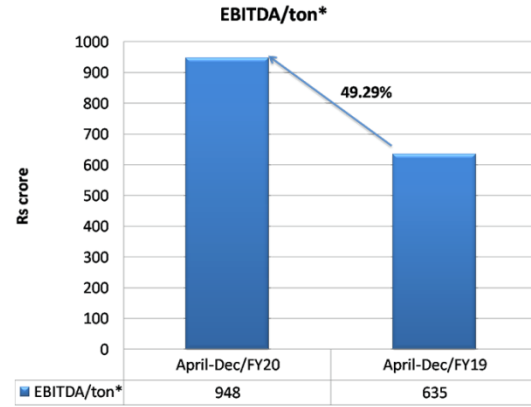
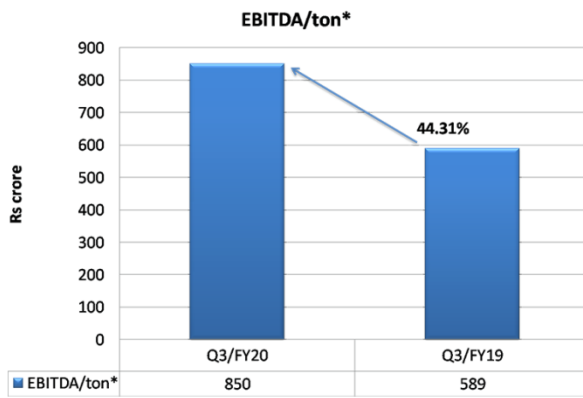
Realization per ton for the first three quarters at Rs 4,817 represents a 6% growth, while EBITDA per ton at Rs 948 is up 49% compared to the previous year, thanks to better cost management.

Capacity utilization for the nine months till December at 88% is up four percentage points over the previous year. Sales by volume for the nine-month period rose 5% year-on-year to 10.28 million tons.

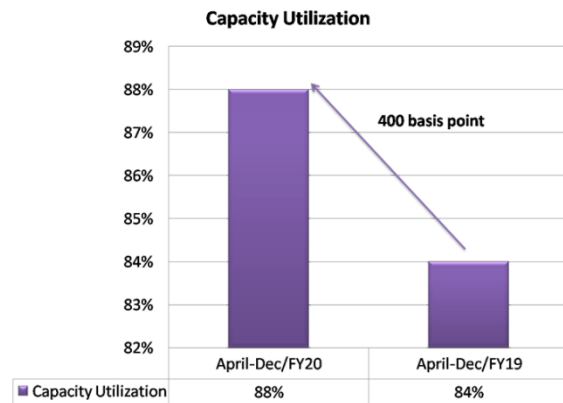
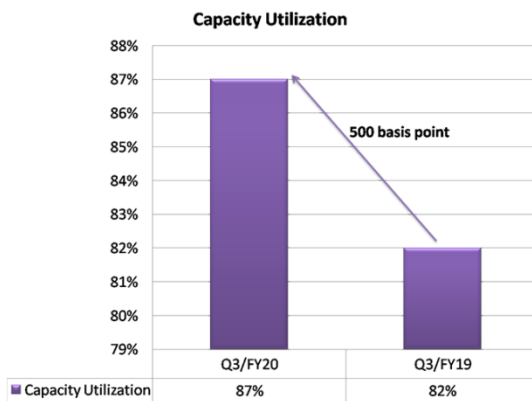
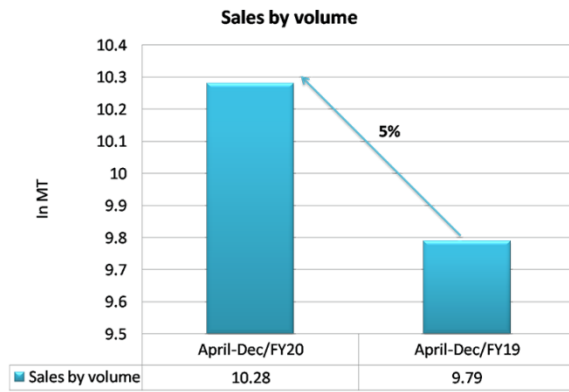
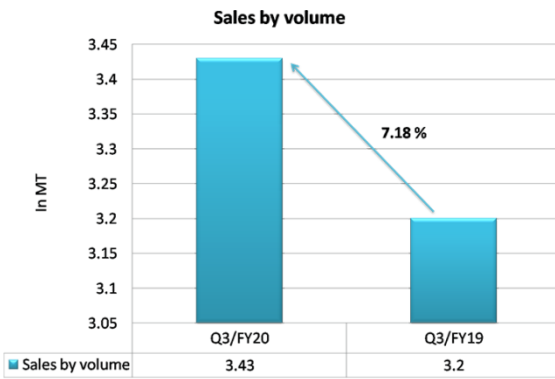


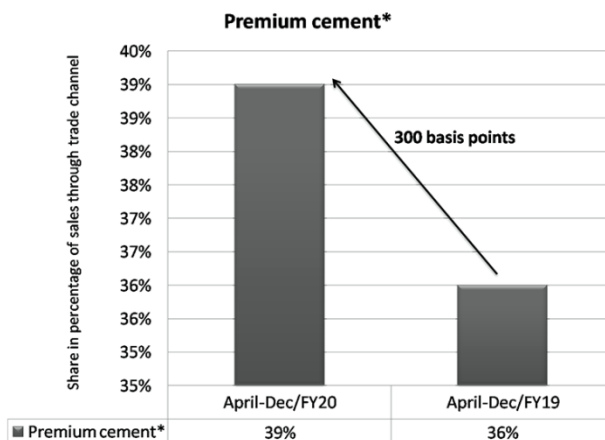
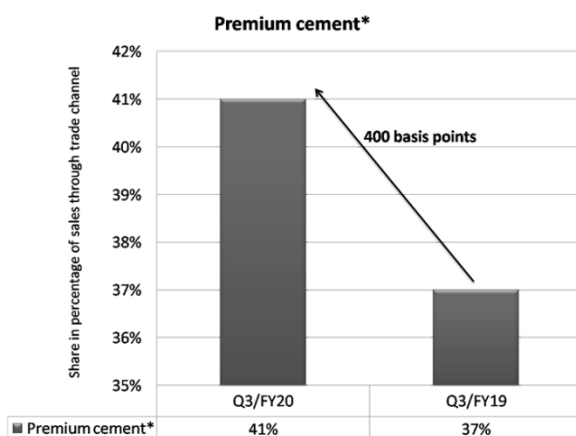
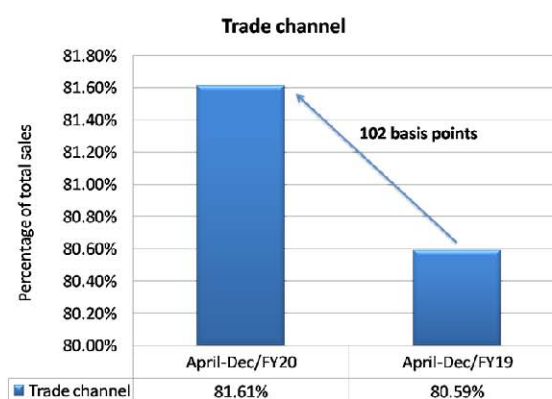
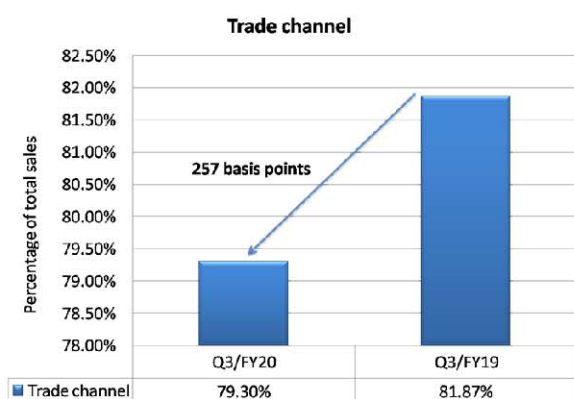
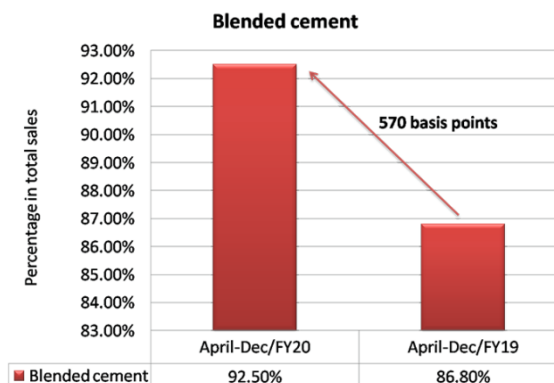
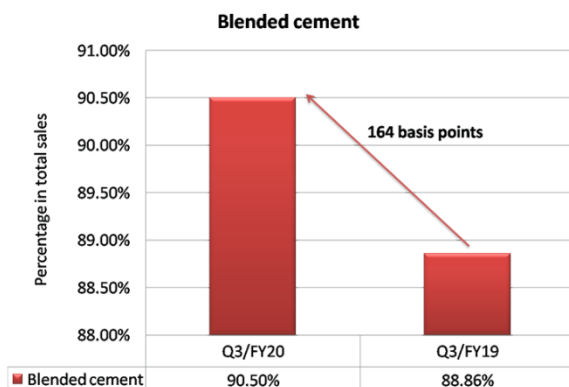


*For Cement Division only



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*Share in trade channel only

Though prices remained weak in key markets in the December quarter, Birla Corporation Limited was able to garner increased market share in West Bengal and Bihar by expanding its distribution reach and leveraging cross-branding

from multiple plants of its own and its subsidiary, RCCPL Private Limited. In the quarter ended 31 December, Birla Corporation's sales in eastern India grew 27% by volume over the previous year, led by premium brands such as MP Birla Cement Unique and MP Birla Cement Perfect Plus.

During the December quarter, green shoots were visible in the infrastructure sector with demand in the non-trade segment growing faster than the trade segment.

Demand in the trade segment, which caters to rural housing and individual home-builders, was affected in some of Birla Corporation's key markets such as Madhya Pradesh owing to an extended monsoon. This necessitated a temporary tweak in Birla Corporation's desired sales mix between trade and non-trade segments. Share of sales through trade, or retail, channels came down marginally to 79% in the December quarter (from 83% in the September quarter), though sales by volume through trade channels for the quarter grew 4% year-on-year.

Year-on-year prices in the trade segment were up 4% on aggregate in the December quarter, but they were weaker sequentially.

Sale of premium cement by volume witnessed a 17% year-on-year growth in the December quarter, thanks to the Company's continued focus on the category and investments into brand-building. In the December quarter, the share of premium cement in sales by volume through trade channels was 41% compared to 37% a year earlier.

Share of premium products in the Company's trade segment sales in the East has now touched 45% from 38% a year earlier. Share of blended cement in total sales jumped from 89% a year ago to 90.5% in the December quarter. For the nine-month period till December, sales of blended cement expanded from 86.8% to 92.5% of total sales by volume.

Birla Corporation has secured through auction two coal mines in Madhya Pradesh – Bikram and Brahampuri. The Company has submitted the compliance documents with the Union Government, completing the first step towards commercial exploitation of the mines.

Benefits of the Company's investments in cost-optimization have started to kick in. Waste Heat Recovery System (WHRS) and solar power units in Maihar and Chanderia are now operational. A 20-MW captive solar unit, set up in joint venture with a third party, will start supplying power to the Kundanganj and Raebareli units during the current quarter.

A railway siding and automated loading facility for finished products was commissioned at the Kundanganj plant earlier in the financial year. It is not only yielding savings but has also increased the Company's dispatch capability from this 'star' plant in Uttar Pradesh.

Birla Corporation's initiative on company-wide logistics transformation is on track. The programme is focusing on driving cost leadership, implementing best-in-class business processes, supported by digital & analytics, and organizational capability development, with focus on efficiency improvement.

The Company's initiative on digitization and automation of operations is continuing. Birla Corporation is one of the few cement manufacturers in India to implement Sales Force (Salesforce.com Inc. or SFDC), customer relationship management platform. It has contributed significantly to sales force productivity and effectiveness, while upping levels of customer service, which should translate into a competitive advantage.

MP Birla Perfect Wall Putty and construction chemicals, test marketed in Uttar Pradesh, Madhya Pradesh and Rajasthan, have been received well by the trade channel as well as end-consumers. Birla Corporation is gearing up for full-scale launch of these products in FY21.

While demand remained subdued in the nine months till December, increase in launch of new residential projects and revived demand in certain key States suggest demand is picking up pace. Furthermore, the announcement of the National Infrastructure Pipeline and renewed focus on roads, housing and irrigation projects should augur well for cement demand in the coming months. Though FY20 is likely to end with low single-digit volume growth, a healthy revival is expected for the industry in FY21.

As market condition improves, the Company will continue to focus on cost optimization and wider market penetration. Combined with sustained initiatives to improve realization, Birla Corporation will work on scaling up sales of premium and blended cements in its portfolio. Alongside, Birla Corporation has increased its marketing investments for its value-for-money brand MP Birla Cement Samrat to further consolidate its position in the core markets of Bihar and Uttar Pradesh.

Jute Division: Birla Corporation Limited's Jute Division has reported an EBITDA of Rs 6.87 crore from the December quarter compared to Rs 5.61 crore a year earlier. Production during the quarter stood at 9,090 MT (9,608 MT in the previous year). The production of value-added goods increased 8% over the

previous year. This translated into 18% growth in sales by value and shored up profitability amid mounting cost pressure.

With plastic increasingly falling out of favour as packaging material across the world, Birla Corporation sees opportunity in ramping up sales of value-added consumer products, both in India and abroad. The Company is focusing on product development and marketing of value-added jute goods.

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.