



Birla Corporation Limited
Corporate Office:
1, Shakespeare Sarani,
A.C. Market (2nd Floor), Kolkata 700 071
P: 033 6603 3300-02
F: +91 332288 4426
E: Coordinator@birlacorp.com

Ref. No. 74G/

8th November, 2022

Corporate Relationship Department
BSE Limited
1st Floor, New Trading Ring,
Rotunda Building,
P.J. Towers, Dalal Street, Fort,
Mumbai- 400 001
Scrip Code: 500335

The Manager
Listing Department
National Stock Exchange of India Limited
'Exchange Plaza', C-1, Block G,
Bandra-Kurla Complex, Bandra (East),
Mumbai- 400 051
Scrip Code: BIRLACORPN

Dear Sir(s),

Sub: **Press Release**

Please find enclosed a copy of the Press Release issued by the Company after the conclusion of the Board Meeting held on 8th November, 2022.

A copy of the same will also be uploaded on the Company's website at www.birlacorporation.com.

This is for your information and record.

Thanking you,

Yours faithfully,
For **BIRLA CORPORATION LIMITED**

(MANOJ KUMAR MEHTA)
Company Secretary & Legal Head

Encl: As above



Press Release (Q2 2022-23)

8 November 2022

Birla Corporation's September quarter sales up 11%, profitability impaired by cost escalation

Kolkata, 8 Nov: Even with a double-digit growth in cement sales by volume, Birla Corporation Limited's September quarter profitability was impaired by a sharp increase in power and fuel costs, which could not be passed on to consumers in the seasonally weak monsoon quarter. Faced with a substantial increase in production cost, EBITDA for the September quarter fell 51.6% year-on-year to Rs 136 crore.

Commercial production at the Company's subsidiary, RCCPL Private Limited's 3.9 million ton integrated cement plant at Mukutban in Maharashtra, had started at the end of April. Profitability was also impacted by the costs related to the newly commissioned unit, pending stabilization of operations. In the current financial year, the Mukutban plant is expected to produce around 1 million tons of cement.

Excluding Mukutban, Birla Corporation's EBITDA for the September quarter was down 31% at Rs 194 crore. Capacity utilization for the quarter was at 74%, and 89% on a like-for-like basis (excluding Mukutban). Owing to excessive cost pressure, EBITDA per ton fell to Rs 234 against Rs 762 in the same period last year. Excluding Mukutban, EBITDA per ton was at Rs 409, down 46.3% on a comparable basis.

The Company's sales by volume in the September quarter at 3.64 million tons represents an 11% growth over the same period last year. On a comparable basis (excluding sales from Mukutban), sales by volume were up 7.6%, and revenue for the September quarter (including jute) at Rs 2,042 crore was up 19.3% year-on-year. Adjusted for the increase in production capacity, revenue for the September quarter grew 16.2%.

For the first time in several years, Birla Corporation suffered a net loss of Rs 56 crore in the September quarter against a net profit of Rs 86 crore in the same period last year. The Company's bottomline was also impacted by higher interest and depreciation costs on account of the Mukutban unit, which was set up at an investment of Rs 2,744 crore. When scaled up to full

capacity, the Mukutban unit will augment the Company's production capacity to 20 million tons.

	Q2/FY 22- 23	Q2/FY 21- 22	Change	H1/FY 22- 23	H1/FY 21- 22	Change
Revenue	2042	1711	19.3%	4260	3470	22.8%
EBITDA	136	281	-51.6%	409	633	-35.4%
(Excl. Mukutban)	194	281	-30.7%	507	633	-20.0%
Cash Profit	43	217	-80.3%	246	506	-51.4%
(Excl. Mukutban)	126	217	-42.2%	382	506	-24.5%
Net Profit	-56	86	166.0%	5	227	-97.8%
Realization per ton	5,119	4,847	5.6%	5,219	4,890	6.7%
(Excl. Mukutban)	5,144	4,847	6.1%	5,237	4,890	7.1%
EBITDA per ton	234	762	-69.3%	447	882	-49.3%
(Excl. Mukutban)	409	762	-46.3%	717	882	-18.7%

(All figures in Rs crore except realization per ton and EBITDA per ton.)

Cost pressure: Fuel cost shot up the most in the September quarter. Compared to the same period a year ago, fuel cost for cement production went up 74%. Sequentially, it rose 6%. At the same time, power cost went up 14% year-on-year, while sequentially it rose 5%. Overall cement production cost in the September quarter went up 20% year-on-year and 5% sequentially.

Sales: The September quarter is typically weak for the cement industry because of monsoons. This year, some of Birla Corporation's key markets such as Madhya Pradesh, Rajasthan, Maharashtra and Gujarat received excessively heavy rainfall. This forced the Company to roll back the price revision done earlier in the financial year. Though realization per ton in the September quarter at Rs 5,119 was up 5.6% year-on-year from Rs 4,847, it was down 3.6% sequentially, and wasn't enough to mitigate the cost pressure. Excluding Mukutban, realization for the quarter was at Rs 5,144.

In line with its strategy of driving sales of blended and premium cement, the Company managed to boost sales of its blended cement by 10% by volume to 3.28 million tons, or about 90% of total sales by volume, against 91% in the same period last year. Excluding Mukutban, sales by volume of blended cement were up 7% year-on-year. Sales of premium cement were up 6% by volume at 1.44 million tons, which represents around 51% of sales through the more profitable trade channel.

As construction activities start to gain momentum after Diwali, Birla Corporation is looking to raise prices in November. Across India, the inventory of unsold real estate is contracting and it is expected that demand from the housing sector will again firm up. At the same time, State and

Central Governments are looking to invest in infrastructure, which, too, should augur well for cement-makers.

	Q2/FY22-23	Q2/FY21-22	H1/FY22-23	H1/FY21-22
Sales by volume	3.64 mt (up 11.4%)	3.27 mt	7.58 mt (up 14.5%)	6.62 mt
Capacity utilization	74%	84%	81%	87%
Blended cement	90%	91%	91%	92%
Trade channel	78%	80%	79%	81%
Premium cement	51%	52%	49%	52%

(mt: million tons)

Mukutban: The new integrated factory was a drag on Birla Corporation's financials in the September quarter due to a variety of reasons. Most importantly, demand was weaker than anticipated, largely due to excessive rainfall. As a result, prices remained soft. To optimize, the kiln had to be fed expensive imported coal. Because of weak demand, the kiln could not be run for a substantial period during the quarter. Transportation and handling costs of the Mukutban unit were also significantly higher than normal because operations at the railway siding have not fully started yet. Despite difficulties, the Company has managed to make significant inroads into the market with its superior product offerings from the Mukutban factory.

Production cost at Mukutban will start to come down from the current quarter as the plant stabilizes and output goes up. The waste heat recovery system (WHRS) of the unit will start to generate power from December. The Company will start to use pet coke in the kiln and also optimize fuel mix in its captive power plant. The clinker factor will also improve from the current quarter. Alongside, logistics cost will come down as the railway siding becomes fully operational. On the sales front, the Company is working to improve the geo mix and product mix and enhancing sales of premium products, which is expected to improve realizations.

It is expected that the Persoda mines near the Mukutban factory will become operational from next year, and will bring down the cost of limestone. Also, the Company is endeavoring to receive grid power in the next financial year, which will reduce power costs significantly. The Company will start receiving GST incentives for the Mukutban factory from the next financial year, which will significantly boost the unit's financial performance.

Mining: In October, Birla Corporation has secured through auction a new coal mine, Marki Barka, in Madhya Pradesh. It has a geological reserve of 70 million tons of coal and a peak rated capacity of producing 1 million tons a year. Significant part of these reserves is of high quality G6 grade. The Company paid a modest premium of 6% over the notified price to secure the

mine. It is expected to become operational within FY2025-26, and will replace expensive imported fuel.

Among other coal mines, production from Sial Ghogri has reached a new high of 89,600 tons in the September quarter, while open-cast mining from Bikram is expected to start in the first quarter of FY2023-24. It has a peak rated capacity of producing 360,000 tons per annum.

These captive coal mines secured by Birla Corporation have the potential to fulfil the needs of the Company's factories in central India. Extraction of coal from these captive mines will significantly reduce production cost and insulate operations from volatility in fuel prices.

Debt: Birla Corporation's net debt at the end of September stood at Rs 4,173 crore against Rs 3,349 crore a year earlier. Indebtedness has increased due to the completion of the Mukutban project and additional requirement of working capital, but cost of borrowing has been scaled back by 33 basis points from a year earlier to 6.97% at the end of September by refinancing and renegotiating term loans amounting to around Rs 1,400 crore.

Renewable power: The share of renewable power in total power consumption for cement production in the September quarter was 20.6%, a tad higher than the same period a year ago. For the six months till September, share of renewables was 21.3%. Alternative Fuel and Resources (AFR) accounted for 9% of the Company's total fuel consumption in the September quarter against 6% in the same period a year ago. The Company continues to make investments in this area to enhance the share of AFR. By the end of the current financial year, AFR's share is expected to increase to around 12%.

Leadership change: The Board of Directors of Birla Corporation on Tuesday approved the appointment of Shri Sandip Ghose as the Company's Whole-time Director from 1 December to 31 December 2022, and as the Managing Director and Chief Executive Officer, effective 1 January 2023, for a period of three years, subject to approval of shareholders.

Shri Arvind Pathak is stepping down as Managing Director and Chief Executive Officer due to personal reasons. Shri Pathak was instrumental in charting a roadmap for aggressive growth and took multiple initiatives to improve efficiency. The Board acknowledged his contributions to the Company.

Shri Ghose brings to the Company's leadership team 39 years of experience in management, spread across multiple industries such as fast moving consumer goods, media and construction materials. He has previously worked at Birla Corporation as the Chief Operating Officer and was responsible for transforming the marketing function of the Company,

following the acquisition of the erstwhile Reliance Cement Company Private Limited (now RCCPL Pvt. Ltd). He was on a sabbatical during the pandemic to pursue his interests in mentoring young professionals and advising companies on business strategy.

Jute: Birla Corporation's Jute Division registered a cash profit of Rs 13.45 crore for the September quarter against Rs 18.02 crore in the same period last year. Though the division managed to improve production over the comparable period last year—from 7,920 metric tons to 9,501 metric tons—profits were down because dispatches were disrupted. The division has for years been focusing on improving productivity and production of value-added goods with an eye on the export market. During the September quarter, the division's income from exports more than doubled to Rs 29.27 crore from Rs 8.98 crore a year ago.

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 Syt MP Birla. The Company has interest in cement and jute goods. Its Birla Jute Mills is the first jute mill started by an Indian entrepreneur. The Company and its subsidiary, RCCPL Pvt Ltd, have 11 cement plants spread in eight locations across the country, with an annual installed capacity of 20 million tons. The Company produces an array of cement products, under the MP Birla Cement brand, suited to different climatic conditions as well as consumer segments. It also sells construction chemicals and wall putty.

For more information, visit www.birlacorporation.com

DISCLAIMER

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, competitive intensity, 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.
