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Press Release (Q1 2019-20)

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**Birla Corporation records highest ever quarterly pre-tax profit:
Robust growth in sales and realization**Key highlights of the quarter ended 30 June 2019

	June 2019	June 2018	Change
Revenue	Rs 1,884 crore	Rs 1,655 crore	14%
EBIDTA	Rs 402 crore	Rs 270 crore	49%
Net profit	Rs 141 crore	Rs 84 crore	68%
Sales (volume)	3.6 mt	3.5 mt	4%
Capacity utilisation	98%	92%	six percentage points

Birla Corporation Limited's June quarter net profit jumped 68% year-on-year to Rs 141 crore. EBIDTA for the quarter at Rs 402 crore was up 49% over last year, while revenue jumped 14% to Rs 1,844 crore. The company's pre-tax profit of Rs 219 crore (Rs 89 crore), up 147% year-on-year, was the highest ever for a quarter. So was EBIDTA.

In a period when most markets saw negative growth, Birla Corporation Limited clocked a 4% volume growth. Sales of premium products grew 12% by volume to 37% of total sales through the more-profitable trade channel.

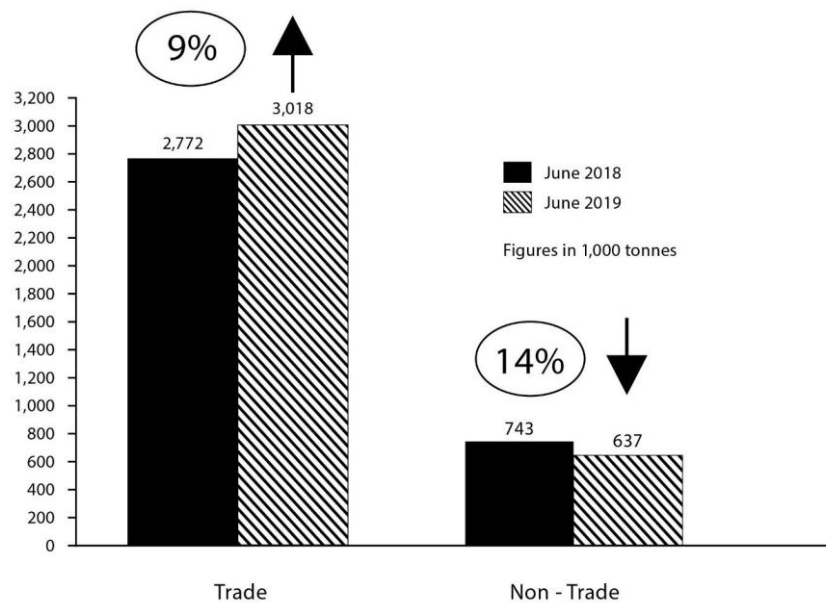
Commenting on the performance of the Company, the Chairman, Shri Harsh V Lodha, said: "The results are a reflection of our long-term strategy of enhancing profitability and competitiveness with the aim of becoming one of the best-in-class players in the industry. We have also increased our leadership bench-strength and built all-round competencies in preparation for our next phase of growth."

The growth in sales and realization in the June quarter has come through:

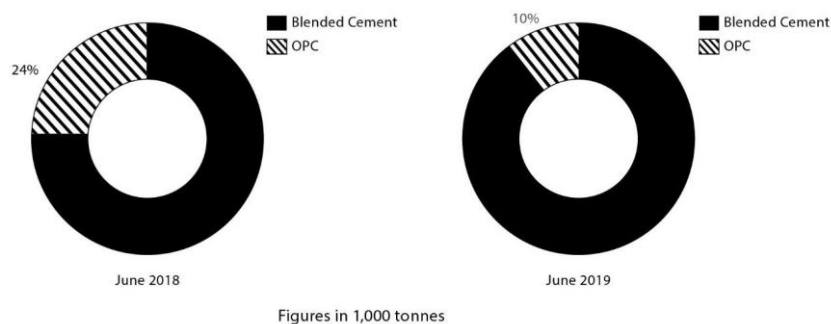
- Aggressive pricing;
- Up-trading consumers to premium brands (premium brands accounted for 37% of cement sales through the more profitable Trade channel and grew 12% by volume year-on-year);
- Focus on the independent home-builder segment through trade channel (share of non-trade sales down to 17.7% from 21.2% a year ago);

- Maximization of sale of eco-friendly blended cement (at 90% in the June quarter compared with 76% a year ago)
- Geo-mix optimization by identifying and focusing sales in high realization markets

Split between sales through trade and non-trade channels



Blended Cement vs OPC: Share in sales by volume



Highlights of Key Markets:

Northern India:

The operations of the Chanderia unit saw a major turn-around through a series of strategic initiatives:

- Capacity utilisation was ramped up to 95% from 90% a year ago with cross-branding and supplies to markets in Central India (Uttar Pradesh and Madhya Pradesh) where the Company has developed strong presence by investing in distribution assets and brands;
- Introduction of Premium Brands—Perfect Plus and MP Birla Ultimate—in the MP Birla Cement portfolio;
- Increased share of blended cement (from 71% to 88% in one year till June) and trade channel sales (from 78% to 83%);

- Enhancing mechanical mining capabilities and, thus, reducing dependence on bought limestone;
- Improved logistics efficiency: Through improvement in turn-around time and proportion of direct dispatches employing technology such as VTS (GPS Vehicle Tracking System)

Central India

- Though demand in Central India has been relatively subdued (especially in Madhya Pradesh, which has seen a major slowdown in Government projects and Pradhan Mantri Awaas Yojana), the Company's superior brand and network strength helped it maintain its market share with a marginal sales growth by volume of 4%.
 - All the plants—integrated and grinding units—performed at peak capacity exceeding targets on all efficiency parameters;
 - Permanent rail loading facilities for finished products commissioned at Kundangunj, increasing the evacuation capacity of the plant and reducing distribution cost for long lead markets;
 - 12.2 MW power generation unit using Waste Heat Recovery System commissioned at Maihar will substantially bring down energy cost;
 - Ultimate Ultra, a Super Premium cement with water repellent properties, was launched in Madhya Pradesh;

Eastern India

- As a result of sustained efforts at expanding the quality and reach of the Company's distribution network, MP Birla Cement has consolidated its position in the "value-for-money" segment in the fast-growing market of Bihar;
- Taking advantage of its large portfolio cutting across price segments, the Company's value share has increased in the market;
- In West Bengal, MP Birla Cement Unique has emerged as the preferred brand in the premium slag segment; it now contributes to 42% of trade sales in West Bengal;
- The Company sells 100% blended cement from its Durgapur plant

Logistics

Continuing our thrust on operational excellence, the Logistics team delivered substantial savings in:

- PTPK (Per Ton Per Km) freight despite increase in diesel prices
- Total distribution costs through route optimisation and direct dispatches

A comprehensive exercise is underway to boost logistical capabilities to next generation. It will benchmark and adopt best practices and latest developments from across sectors in a fast changing logistics environment in the country, following the implementation of GST and massive investments in infrastructure by the Government to enhance connectivity.

Operations

All plants of the Company have performed at near peak capacities, showing results of continuous improvements carried out over the last few years.

While the RCCPL plants have excelled on all operating parameters beating industry standards, the relatively older BCL plants, notably at Satna, Chanderia and Durgapur, have shown steady improvement both in terms of productivity and costs.

New launches

The Company's latest offering is a super-premium brand with water-repellent properties. MP Birla Cement Ultimate Ultra, launched in Madhya Pradesh, is positioned at the top end of the market with the brand promise of '*Paani Rahey Dur, Ghar Baney Majboot*'.

Following encouraging results of test-marketing in Madhya Pradesh and Uttar Pradesh, the Company's MP Birla Cement Perfect Plus range of wall putty and construction chemicals has been launched in Rajasthan. Apart from increasing the share of wallet, these brand extensions are expected to supplement the equity of the Perfect Plus franchise.

Jute Division

The Jute Division reported an Ebidta of Rs4.84 crore for the June quarter, against Rs 4.83 crore in the same period last year. Production during the quarter was at 8,583 MT (8,375 MT) Constant thrust on value-added products has helped generate sustained profits amid mounting cost pressure.

Outlook

Commenting on the future outlook, Shri Lodha said: "Birla Corporation is well positioned to take part in the next phase of growth expected through high level of investments in rural housing and infrastructure, affordable urban housing, smart cities and the cascading effects of shoring up mega infrastructure in its principal markets."

Several cost reduction initiatives are underway. The WHRS system in Maihar has been commissioned. Solar power installation in Chanderia, Satna and Maihar for a total capacity of 16 MW is in progress. Alternative fuels are being tied up through long-term contracts to ensure continuity of supplies and reduction of costs.

Production of coal at the Sial Ghogri mine currently meets one-third of the fuel requirement of the Maihar unit. Coal production is being doubled.

Softening of pet coke prices, better availability of auction coal from linkage secured by the Company last year and ramping up of production at the captive coal mines at Sial Ghogri is expected to lower power and fuel costs in the coming quarters.

On the marketing front, the Company has the highest share of premium brands within its peer group. The flagship brand Perfect Plus spread across all core markets (North, Central and East) offers marketing synergies that is a distinct advantage over relevant competition for brand-building by cost-effective use of national media.

The Company's focus on the profitable trade channel and independent home builder segment, maximizing contribution of blended cement (one of the highest in the industry) are beginning to yield results, particularly in the North.

The Rs 2,450 crore Mukutban project is progressing as per schedule and financial closure of the project has been achieved by way of a 12-year Term Loan of Rs1,625 crore from a consortium of four banks, led by Bank of Baroda, at an interest rate of less than 9%.

Expansion of the NCCW plant at Chanderia has begun. It will add clinkerisation capacity of 480,000 tons, which, in turn, can feed the additional clinker needs of the Kundangunj grinding unit in eastern Uttar Pradesh.

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.

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