

Press Release (Q1: 2012-13)
28 July 2012

BIRLA CORPORATION Q1 PaT at Rs. 85 Crs

	Q1 2012-13	Q4 2011-12	Q1 2011-12
Cement Despatch (Lac Tns.)	16.28	16.33	15.20
Net Sales / Income from Operations (Net of excise duty) (Rs in crore)	658.02	651.36	556.97
Profit After Tax (Rs in crore)	84.74	57.46	111.88

Birla Corporation Limited, the flagship company of the M P Birla Group and cement major, has earned a Profit after Tax of Rs 84.74 Crs in the First Quarter of the current financial year against Rs. 111.88 Crs in the previous corresponding quarter. The net sales/income from operations for the quarter were Rs. 658.02 Crs (Rs. 556.97 Crs). The Profit after Tax, compared to the preceding quarter, has gone up by 47%.

Commenting on the results, Shri Harsh V. Lodha, Chairman of the Company, stated that the profitability of the Company continued to be affected due to the closure of limestone mining operations at its Chanderia Units on account of the order of the Hon'ble High Court at Jodhpur. Further, significant increase in rail freight on incoming raw materials and outgoing cement dispatches, with effect from 6 March 2012, and increase in the cost of power and fuel impacted profit. Also, the effective excise duty rate increase in the last Budget resulted in reduction of margins. The suspension of work at Birla Jute Mills, Birlapur, too, had an adverse effect on the Company's bottomline.

In its final order on 25 May 2012 regarding the Chanderia matter, the Hon'ble High Court has prohibited mining and blasting within 10 Km from the wall of the Chittorgarh Fort and ruled that the mining leases granted in such area be cancelled. All mine holders were directed to make payment of compensation to the tune of Rs. 5 crore, 90% of which was imposed on the Company. Since then the Company filed a Special Leave Petition before the Hon'ble Supreme Court, challenging the aforesaid order. The SLP was admitted and levy of compensation stayed.

Shri Lodha stated that in spite of suspension of mining operations, the Chanderia Units could continue production by outsourcing limestone and clinker, though at a substantially higher cost, to protect its market.

The Company has otherwise performed well in all the other locations and achieved the highest ever quarterly sale of blended cement, which stood at 95%, against the industry average of around 70%.

Several projects, undertaken by the Company to enhance capacity as well as improve efficiency at various locations, are in the process of completion following implementation of the 1.2-million-ton brownfield cement capacity expansion project at Chanderia.

PROJECTS TO BE COMPLETED IN 2012-13

- Modification of cement mill at Satna, together with clinker and fly ash silo
- Coal Washery together with wagon tippler at Satna
- Modification of cement mill at Chanderia
- 2 MW Waste Heat Recovery System at Chanderia
- 0.7-million-ton expansion project at Durgapur
- Modernization of the grinding unit at Raebareli
- Implementation of the ERP system in the Company's cement units

Shri Lodha said that after completion of the above expansion projects the effective annual capacity of the Cement Division would go up to 9.3 million tons.

The Board of Directors of the Company, at its meeting today, elevated Shri B R Nahar as Managing Director of the Company.

The Company has been allotted the Bikram Coal Block in Madhya Pradesh and administrative approval for mining lease has been granted by the Union Ministry of Coal. The environmental clearance report, as per requirements, has been submitted to the expert committee of the Environment and Forest Ministry.

OVERSEAS VENTURE: The Company has received exploration licence for coal and limestone in Ethiopia to set up a cement plant there and once the feasibility study is over, steps to implement the project will be initiated.

JUTE DIVISION: Consequent to an illegal strike and other unlawful activities resorted to by a section of workmen on 30 March 2012 at Birla Jute Mills, suspension of work had to be declared with effect from 31 March 2012. The suspension of work is still continuing. A tripartite meeting is scheduled to be held shortly.

OUTLOOK: With Government impetus for development of the infrastructure, including housing and roads, demand for cement is likely to increase by 8% to 9% per annum. However, with the additional capacity coming up over the days, a surplus scenario may continue for some more time. Further, input cost pressure, aided by inflation, will continue to impact margins.

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 costs, 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 underlying events, even if the underlying assumptions do not come to fruition.
