



BIRLA CORPORATION LIMITED

CORPORATE OFFICE: 1, SHAKESPEARE SARANI, 2ND FLOOR, KOLKATA 700 071
Phone: (033) 6603 3300/01/02, Fax: (033) 2288 4426 CIN-L01132WB1919PLC003334
E-mail: coordinator@birlacorp.com; Website: www.birlacorporation.com
REGISTERED OFFICE: Birla Building, 9/1 R N Mukherjee Road, Kolkata 700 001

Press Release (Q2: 2016-17)

22 November 2016

BIRLA CORPORATION DECLARES Q2 RESULTS

Birla Corporation Limited today declared its results for the Quarter and Half-Year ended 30 September 2016.

Operating Performance

	Q2 FY 2016-17	Q2 FY 2015-16	H1 FY 2016-17	H1 FY 2015-16
Cement production (Lac ton)	18.03	19.65	39.82	39.19
Cement despatches (Lac ton)	17.65	19.59	39.32	39.15
Gross Sales/Income from Operations (Rs. crore)	882.49	915.04	1,915.60	1,803.01
Profit After Tax (Rs. crore)	58.43	23.20	152.76	48.15

Volume & Realization:

After a short spurt in Q1, cement demand contracted sharply in Q2. The core markets that the Company operates in were extensively affected by heavy monsoons, with many areas in Rajasthan and Madhya Pradesh hit by floods. Despite the adverse scenario – the Company maintained its market share in relevant geographies while improving net realisation through a slew of initiatives such as geo-mix optimization, focus on premiums and distribution efficiencies, through measures such as increasing direct dispatches from plants with dedicated GPS-controlled vehicles.

Increase in customer engagement through innovative marketing schemes (like Trade Loyalty Programme) and enhanced technical support activities are beginning to show results both in terms of channel preference and price positioning of the Company's brands in the market.

The quarter under review also saw successful completion of the acquisition of the Reliance Cement operations by Birla Corporation Limited in a seamless manner. Going forward, we expect to see benefits of marketing synergies arising out of a wider and more attractive portfolio of brands in the profitable high growth zones of Uttar Pradesh and Madhya Pradesh.

Operating Cost:

1. The power and fuel costs were lower during the quarter as the Company had booked bulk quantity of imported pet coke at a lower cost earlier during the year.
2. The cost of stores and spares has increased during the quarter on account of brick lining of kilns at both Satna and Chanderia.
3. While suspension of normal mining operations (with blasting) continues at Chanderia, as per the Supreme Court's Order, the Unit continues to extract limestone through mechanical means. However, this was not sufficient, compelling the Company to outsource limestone at significantly higher prices.

Finance Cost and operating income:

1. The interest cost was higher on account of additional borrowing during the quarter.
2. Operating income was lower owing to discontinuance of IPA (Industrial Promotion Assistance/Sales Tax Incentive), granted by the West Bengal Government, to the Durgapur unit.

Acquisition of Reliance Cement:

Following the signing of the definitive Share Purchase Agreement with Reliance Infrastructure Limited (RIL) for acquisition of its entire cement business, the Company acquired, during the quarter under review, 100% shares of Reliance Cement Company Pvt Ltd (RCCPL), a subsidiary of RIL. After this acquisition, RCCPL has become a wholly-owned subsidiary of Birla Corporation Limited. The acquisition has been funded through existing cash reserves and incremental debt.

This acquisition has provided the Company with the ownership of high-quality assets, taking its total capacity to 15.5 MTPA from 10 MTPA, strengthening its presence in the high-growth Central region. The Company's expansion potential will also be enhanced significantly by valuable mineral concession in several States, in addition to Madhya Pradesh.

RCCPL has three cement Units, an integrated cement plant at Maihar (Madhya Pradesh) and grinding units at Kundanganj (Uttar Pradesh) and Butibori (Maharashtra), with an aggregate capacity of 5.58 MTPA of cement and 3.3 MTPA of clinker. With the-state-of-the-art technology, strategically located raw material sources, captive coal mine and efficient operating parameters, it has already established the technical capability for producing top-end quality product. The mining lease at Mukutban will enable the Company to set up a 3 MT clinkerization unit in the foreseeable future.

Outlook:

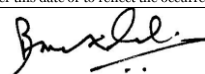
After good monsoons and end of the festival season - there were widespread expectations of a spurt in demand. This seems to have suffered a temporary setback following withdrawal of high denomination notes as a large portion of the cement trade in the secondary and tertiary markets were traditionally transacted in cash. Elections in Uttar Pradesh - which may be declared soon - may also affect demand in this key market of the Company. As the currency situation eases, retail markets should pick up and commencement of large infrastructure projects in the pipeline should boost off-take in the institutional segment. However, clarity in this regard will emerge only in Q4 2016-17.

Jute Division:

The Jute Division has reported excellent results during the quarter under review, with a cash profit of Rs 13 crores. This has been achieved on the back of significant improvement in productivity and judicious product mix. Optimum sourcing strategy, coupled with favourable market conditions, aided higher profitability. The management continues to focus on operational efficiencies to maintain its leading position in the Industry.

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, 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.



Submitted for favour of publication by: **Biswajit Matilal (98310 52485)**