

PRESS RELEASE

28 April 2011

BIRLA CORPORATION PAT AT RS 319.88 CRORES

Birla Corporation Limited, the flagship company of the M P Birla Group, has achieved a turnover of Rs. 2,415 crores, against Rs. 2,387 crores in the previous year. The turnover for the quarter ending March 2011 was Rs.666.30 crores against Rs.671.74 crores during the same period the previous year. The profit after tax during the year under review was lower at Rs.319.88 crores against Rs.557.18 crores the previous year, and that for the fourth quarter of 2010-11 was Rs.63.04 crores (Rs. 137.50 crores). The profit was lower mainly on account of lower realization on cement as well as increase in coal and other input costs.

The Company's Board of Directors, while approving the audited financial results for 2010-11, has declared a final dividend of Rs. 3.50 per share in addition to the interim dividend of Rs. 2.50 per share already declared and paid. The total outgo on account of dividend, including taxes, for 2010-11 works out to Rs. 53.77 crores.

The Chairman of Birla Corporation Limited, Shri Harsh V Lodha, said the profitability of the Company was affected because of pressure on prices and also because of the rising coal and fuel costs and other inputs. Significant increase in capacities in the industry and poor demand from institutional buyers, including the Government, compounded the situation.

All the debottlenecking projects undertaken at the clinker manufacturing units at Satna and Chanderia have been completed, the last plant being commissioned in July 2010. Operations at the units concerned have been stabilized after the debottlenecking exercise the full benefit of which will be seen in the current financial year. The cement capacity of the Company currently stands at 7.5 million tons.

Progress of work on the 1.2 million-ton brownfield expansion of cement plant at Chanderia and the 0.6 million-ton capacity addition at Durgapur is satisfactory. Also, work on projects for increasing the cement grinding capacity at Satna and Chanderia is progressing on all fronts. As a result of these capacity enhancement measures, the grinding capacity in the Company's units at Satna, Chanderia and Durgapur is expected to go up in 2011-12.

After completion of all the expansion programmes, including the 1.20-million ton proposed capacity increase at Chanderia and 0.60 million tons proposed increase in Durgapur, the effective annual capacity will stand enhanced to about 9.30 million tons. The Company has

applied to the pollution control authorities for further increasing the capacity at Chanderia by another 1.5 million tons which will take the total cement capacity of the Company to 10.8 million tons.

The Waste Heat Recovery System (WHRS) projects of 7.5 MW each at Satna Cement Works and Birla Vikas Cement, both at Satna, and Chanderia Cement Works, Chanderia, aggregating to 22.5 MW and commissioned in phases, are functioning satisfactorily. Under the system, the hot waste gases coming out of the pre-heater and clinker cooler, which is lost to the atmosphere, is used to generate power and the Green House Gases (GHG) emissions into the atmosphere are being

reduced substantially. The WHRS initiative may result in fetching Clean Development Mechanism (CDM) benefits for the Company. Commissioning of the WHRS projects will lead to savings in power and fuel costs.

Bikram Coal Block in Madhya Pradesh, with reserves of 21 MT, is expected to commence production by 2014.

During the quarter, the Company has signed a Memorandum of Understanding with Assam Mineral Development Corporation (AMDC) for setting up a one-million ton greenfield cement plant at Umrangsu, North Cachar Hills district, Assam in a joint-venture with AMDC.

ERP: The Company is implementing the SAP system in all its cement units, which will introduce best practices and improve the overall efficiency of the Company by streamlining its information technology capabilities. The implementation process was kicked off in February 2011.

Quality Circles: The Company is a votary of the “Quality Circle” concept of TQM. Employing the concept in Satna since 2004, a group of employees was trained to identify, analyze and solve work-related challenges and present their solutions to the management to improve the performance of the organization. Since then, 14 Quality Circle teams of the Company have bagged different awards at the regional, national and international levels. During the year under review, team “Pratigya” and team “Ash” from our Satna Unit participated in the Regional Convention-Quality Circle at Kanpur and both won “Gold” Awards. After winning the Gold Award in the Regional Convention, team “Pratigya” participated in the National Convention of the Quality Circle Forum at Vishakapatnam, in which 874 teams had participated, and won the “Par Excellence” Award. This team has been recommended for participation in the Quality Circle International Convention in Singapore.

Jute Division: The Jute Division has turned around and registered the highest ever turnover of Rs.209.26 crores and highest ever export of Rs.70.43 crores during the year under review.

Outlook: The steep increase in the cost of freight and coal will continue to put pressure on the profit margins. However, timely execution of the capacity enhancement and infrastructural projects as well as the ongoing capex plans will help the Company achieve better operational efficiency and volume growth, partly offsetting the margin pressures. Factors like revival of demand in the infrastructure projects and improvement in realization will determine the performance of the Company in the coming quarters.

CSR: In keeping with the ethics of the M P Birla Group, the Board, in its meeting today, approved the Corporate Social Responsibility (CSR) Policy of the Company. This will provide a roadmap by laying down the broad principles on the basis of which the Company will strategize and fulfill its CSR objectives.