



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 (Q4:2013-14)

8 May 2014

BIRLA CORPORATION REGISTERS 16.69 % GROWTH IN SALES VOLUME

	Quarter Ended		Year Ended	
	31 March '14	31 March '13	31 March '14	31 March '13
Cement despatch (Lakh tons)	19.06	17.08	73.47	64.67
Total Income from Operations (Rs in Crores)	793.49	678.03	3,016.35	2,602.96
Profit After Tax (Rs in Crores)	26.20	72.63	129.76	269.82

Birla Corporation Limited, the flagship company of the M P Birla Group, has achieved a total income of Rs 3,016 crores from operations against Rs 2,603 crores the previous year. The profit after tax for the financial year 2013-14 was lower at Rs 130 crores, against Rs 270 crores, with an EPS of Rs 16.85 (Rs 35.04). The total income from operations for the quarter under review was Rs 793 crores (Rs 678 crores) and profit after tax Rs 26 crores (Rs 73 crores).

The Company achieved cement sales volume of 73.63 lakh tons during the quarter registering a growth of 16.69%.

The Company's Board of Directors approved the audited financial results for 2013-14 on Thursday (8 May 2014) and proposed a dividend of Rs. 6 per share against Rs. 7 per share in the previous year. The total outgo on account of dividend, including taxes, for 2013-14 works out to Rs.54 crores.

Commenting on the annual results after the Board meeting in Kolkata today, Shri Harsh V. Lodha, Chairman, said that despite achieving its highest ever cement production and dispatch at 73.47 lakh tons each, the profitability of the Company during the quarter was affected substantially because of the subdued prices in the cement markets especially in the eastern and northern regions. Besides, the Company was impacted by the lower availability of limestone at Chanderia which resulted in lower capacity utilization as well as higher cost of limestone because of procurement from third party sources.

Contd...P/2

The performance has also been affected by the escalating manufacturing expenses, including increase in the cost of coal, fly ash and gypsum, and the impact of higher railway freight and diesel price rises. During the quarter, the performance of the Chanderia unit was affected due to stoppage of supply of fly ash from the Kota Thermal Power Plant. Owing to lower availability of fly ash, the unit was constrained to manufacture higher quantities of Ordinary Portland Cement, instead of blended cement, affecting margins. Further, the landed cost of fly ash escalated as the same had to be sourced from farther locations. This has resulted in lower profitability despite higher despatches.

CHANDERIA MINING STATUS: Though, during the quarter under review, substantial quantity of limestone could be raised by mechanical means at the Company's Chanderia unit, it was still short of the total requirement which had to be outsourced at substantially high rates. The Unit purchased about 16% of its limestone requirement from the market.

Pursuant to the Interim Order passed by the Hon'ble Supreme Court, the Central Building Research Institute (CBRI) is continuing with its comprehensive study of all relevant aspects and facets relating to full-scale mining operation and its impact, if any, on the Chittorgarh Fort. The CBRI could not complete the study within the stipulated date of 31 March 2014. It has sought extension till 30 September 2014 for completion of the study. The Hon'ble Supreme Court has fixed the next date of hearing in October 2014.

Despite these hurdles in mining operations, the Chanderia unit achieved the highest ever production of clinker and cement at 23.40 lakh tons and 31.81 lakh tons, respectively

The Company has adopted several strategies such as emphasis on branding, greater expenditure on advertising, innovative packaging, strengthening of the distribution network as well as several customer-focused initiatives which are beginning to yield results.

Referring to the state of the cement industry, Shri Lodha said demand has not grown as expected owing to the economic slowdown, as an offshoot of the political instability. High interest rates also kept the industry subdued. Restricted availability of wagons continues

to afflict the industry, apart from growing freight & fuel expenses. At the same time, cement capacities keep on increasing, with supplies outpacing demand. While the input costs for the industry increased, it could not pass these on to consumers which impacted margins significantly.

NEW BRAND, ULTIMATE: Following the success of its premium Portland Slag Cement brand UNIQUE, the Company launched the premium brand Portland Pozzolana Cement, Birla Samrat ULTIMATE, in Patna and Indore recently. Its controlled particle size distribution for “perfect construction” has been welcomed by the market. After its launch at Patna, covering the eastern region, the brand has been launched at Indore, to cater to the adjoining areas. The new product is cohesive and has high early setting strength, with assured zero loss in quantity because of its tamper and moisture proof packaging. The launching events were attended by the Company’s cement distributors and dealers in large numbers. They welcomed the initiative of the Company in offering the premium product which, they felt, will satisfy discerning consumers.

REFINANCE OF EXTERNAL COMMERCIAL BORROWING: During the quarter, the Company refinanced External Commercial Borrowing of US \$ 70 million at a lower rate of interest. This would lead to savings in interest cost over the remaining tenure of the loan.

TALAVADI: Talavadi Cements Limited, a 98% subsidiary of Birla Corporation Limited, has been granted mining lease for 2,130 hectares in Satna district, Madhya Pradesh, by the Mineral Resource Department, Bhopal. It is proposed to set up a 3-million ton cement plant and applications for environmental clearance for mining and the plant have already been submitted.

Meanwhile, the process of merger of Talavadi Cements Limited with Birla Corporation Limited, as approved by the Board earlier in the year, is on and the scheme of amalgamation is pending for the approval of the Hon’ble Calcutta High Court.

ASSAM PROJECT: The Company had earlier signed an MoU with the Assam Mineral Development Corporation (AMDC) to set up 1-million-ton cement plant at Umrangsu, Cachar, Assam. Pursuant to the MoU, the Shareholders’ Agreement was signed between Birla Corporation Limited and AMDC on 9 April 2014. Further steps are being taken to

implement the project and feasibility studies, environmental clearance and land acquisition will be initiated soon.

BIKRAM COAL BLOCK: Based on the recommendations of the Inter-Ministerial Group, the allocation of the Bikram Coal Block, in Madhya Pradesh, has been deallocated by the Ministry of Coal by a letter dated 7 January 2014. Pursuant to a writ petition, filed by the Company, challenging the same, the Hon'ble Jabalpur High Court has stayed encashment of the bank guarantee and permitted the Company to move the Court in case any steps are taken by the Government for re-allocation of the block. The matter is pending for further hearing.

OUTLOOK: The cement industry which is currently facing weak demand is expected to witness demand pick-up once infrastructural activities are undertaken by the new Government.

JUTE DIVISION: Birla Jute Mills at Birlapur achieved the highest ever production during the year under review at 38,015 tons. To overcome the vagaries of the compulsory packaging material Act, the division has been laying emphasis on exports. The jute industry depends on the support of the Jute Packaging Materials Act, 1987. During the year under review, the requirement under the Act has been diluted and only 90% of foodgrain and 20% of sugar are required to be packed in jute bags, severely affecting the demand for sacking bags.

HIGHLIGHTS:

FOR THE QUARTER ENDING 31 MARCH 2014

- Total Income at Rs 793.49 Crs., up by 17.03% *
- EBIDTA at Rs 114.89 Crs., PAT at Rs 26.20 Crs., EPS at Rs 3.40
- Cement Despatches at 19.06 lakh tons, up by 11.59%*
- Cement Production at 19.16 lakh tons, up by 15.28%*
- Percentage of Blended Cement as a %age of Total Cement Despatch continues to be high at about 83%

*as compared to corresponding quarter of previous year

FOR THE YEAR 2013-14

- Total Income at Rs 3,016.35 Crs., up by 15.88%*
- EBIDTA at Rs 381.38 Crs., down by 26.65%*
- PAT at Rs 129.76 Crs., down by 51.91%*
- EPS at Rs 16.85, down by 51.91%*
- Cement Despatches at 73.47 lakh tons, up by 13.64%*
- Cement Production at 73.47 lakh tons, up by 14.01%*
- Percentage of Blended Cement as a %age of Total Cement Despatch continues to be high at about 85.38%

*as compared to the previous year

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.
