



## **Birla Corporation Limited**

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### **Press Release (Q3 2020-21)**

23 January 2021

## **Birla Corporation's December quarter net profit jumps 82%, sales by volume up 3% amid strengthening demand**

**KOLKATA, 23 January:** Birla Corporation Limited's December quarter net profit jumped 82.1% year-on-year to Rs 148.42 crore on the back of a 3.2% growth in sales by volume, aggressive cost rationalization and higher sales of premium products.

The Company's revenue for the December quarter at Rs 1,822.82 crore represents a 5% growth, while Ebitda at Rs 375.94 crore is up 19.4% over the same period last year. Cash profit for the December quarter at Rs 302.99 crore is up 39.5% year-on-year.

Birla Corporation Limited's sales by volume for the December quarter rose 3.2% to 3.55 million tons (mt), boosting capacity utilization to 92% from 88% in the same period last year. Its capacity utilization for the December quarter was one of the highest in the industry.

Despite severe disruptions in the first quarter owing to the Covid 19 pandemic, the Company has managed to boost its profitability: net profit for the nine months till December has grown 22.7% over last year to Rs 380.81 crore. This was achieved through a mix of cost rationalization and improved operating efficiency, aided by a modest recovery in cement demand.

In a year marked by disruption in production and sales, which made fixed cost absorption one of the key challenges for cement companies, Ebitda margin of Birla Corporation Limited's Cement Division has grown to 22% for the nine months till December from 20% last year. For the December quarter, the Cement Division's Ebitda margin was at 21%, against 18% in the same period last year.

	<b>Q3/ FY21</b>	<b>Q3/ FY20</b>	<b>9 months/ FY21</b>	<b>9 months/ FY20</b>
<b>Revenue</b>	Rs 1,822.82 crore (up 5%)	Rs 1,735.39 crore	Rs 4,739.24 crore (down 10.3%)	Rs 5,282.79 crore
<b>Ebitda</b>	Rs 375.94 crore (up 19.4%)	Rs 314.94 crore	Rs 1,031.95 crore (down 1.6%)	Rs 1,048.41 crore
<b>Cash profit</b>	Rs 302.99 crore (up 39.5%)	Rs 217.22 crore	Rs 803.03 crore (up 6.8%)	Rs 751.68 crore
<b>Net profit</b>	Rs 148.42 crore (up 82%)	Rs 81.49 crore	Rs 380.81 crore (up 22.7%)	Rs 310.45 crore
<b>Realization/ton*</b>	Rs 4,739	Rs 4,712	Rs 4,826	Rs 4,817
<b>Ebitda/ton*</b>	Rs 992 (up 16.7%)	Rs 850	Rs 1,046 (up 10.3%)	Rs 948

\* for Cement Division only

In the December quarter, the Company witnessed increase in raw material, power and fuel costs. Also, cement prices remained relatively weaker in the quarter compared to the preceding three months, and together they led to softening of Ebitda per ton on a sequential basis. Still, Ebitda per ton for the December quarter grew 16.7% year-on-year to Rs 992 from Rs 850, aided by higher volumes, improved operating efficiencies and cost rationalization.

Even amid operating cost pressure, Birla Corporation Limited continued to reduce overall costs, largely by scaling back discretionary spending and interest expenditure. The Company pared its overall borrowing cost to 7.82% for the December quarter—104 basis points lower than the same period last year. Borrowing cost for the nine months till December was 8.11%, against 9.26% last year. Its total debt at the end of December stood at Rs 4,099 crore, compared to Rs 4,172 crore a year earlier, despite having drawn down Rs 732 crore on account of the Mukutban project.

	<b>Q3/ FY21</b>	<b>Q3/ FY20</b>	<b>9 months/ FY21</b>	<b>9 months/ FY20</b>
<b>Sales (by volume)</b>	3.55 mt (up 3.2%)	3.44 mt	9.23 mt (down 10.3%)	10.29 mt
<b>Capacity utilization</b>	92%	88%	78%	90%
<b>Blended cement</b>	91%	91%	93%	93%
<b>Trade channel</b>	75%	79%	80%	82%
<b>Premium cement*</b>	53%	41%	48%	39%

\* share of sale within trade channel only

Through use of information technology, Birla Corporation Limited has been working on improving efficiency in supply chain management, and that, in turn, has led to improved profitability. These focused initiatives have also helped rationalize costs in functions such as sales, marketing and logistics.

These initiatives were instrumental in identifying deficiencies in the distribution network and led to corrective action. These technology-driven initiatives are being extended to improve efficiency in plant maintenance and management as well.

Birla Corporation Limited's consistent focus on independent home builders helped further shore up sales of premium cement in the December quarter. Compared to the same period last year, sales of premium cement by volume in the December quarter was up 29% and accounted for 53% of sales through the more profitable trade or retail channel.

The Company maintained its sales of high-yielding blended cement at 91% in the December quarter, driven by sales through the trade channel in rural areas and strengthening demand from rural infrastructure developers.

Birla Corporation Limited continued to expand its distribution network in its core markets and combined it with innovative on-ground activities (both above-the-line and below-the-line) to enhance market penetration and distribution reach.

**Projects:** Birla Corporation Limited is expanding production capacity at multiple locations with the aim of scaling it up to 25 mt by 2025. Construction of the Company's 3.9 mt cement plant at Mukutban in Maharashtra is progressing satisfactorily and the unit is expected to be commissioned in the third quarter of the next fiscal year. The Company is planning to hook up incremental clinker capacity at Chanderia in Rajasthan in the first quarter of the next fiscal year.

Birla Corporation Limited has already launched multiple initiatives to create awareness about MP Birla Cement and build a robust distribution network for the upcoming Mukutban unit in Maharashtra and Telengana. Initial response from potential trade partners has been very encouraging.

The Company's expansion plans for Kundanganj, which were put on hold in view of uncertainties over cement demand, have been revived. In mid-January, Birla Corporation Limited broke ground on the new plant, which is expected to be ready in the first quarter of FY22-23.

**Jute division:** Birla Corporation Limited continued to focus on production of value-added goods and export of shopping bags, resulting in the Jute Division's cash profit per ton in the December quarter going up to Rs 9,709 from Rs 7,371 in the same period last year, representing a robust growth of 31.7%. Though total production in the December quarter was down 7.9% year-on-year at 8,374 tons, largely owing to labour shortage, output of value-added goods was stepped up to 2,087 tons from 1,868 tons in the same period last year. With improved profitability, the division turned in a cash

profit of Rs 8.13 crore for the December quarter, up 21.3% over last year. Labour supply has started to improve but staffing remains a problem, particularly in the Spinning Department.

**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 goods. 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](http://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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