



Press Release (Q1: 2018-19)

7 August 2018

Birla Corporation Q1 EBIDTA up by 10.47%

Birla Corporation Limited, the flagship company of the M P Birla Group, announced today its financial results for the Quarter ended 30 June 2018, as well as the consolidated results, including those of RCCPL Private Limited, wholly-owned material subsidiary of the Company.

Key Financial & Performance Highlights [Consolidated]

- ❖ **Net Sales/Income from Operations (net of taxes)**
 - During the quarter were Rs 1,655.75 crores, compared to Rs. 1,458.79 crores in Q1 FY2018, showing a growth of 14%.
- ❖ **Cement Production**
 - For Q1 FY2019 stood at 35.45 lakh tons, compared to 32.91 lakh tons in Q1 FY2018, reflecting an increase of 8%.
- ❖ **Cement Sales**
 - For Q1 FY2019 stood at 35.17 lakh tons, compared to 32.70 lakh tons in Q1 FY2018, reflecting an increase of 8%.
- ❖ **Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)**
 - For the quarter were Rs 269.55 crores, compared to Rs 244.00 crores in Q1 FY2018, resulting in growth of 10.47%

There was marked improvement in realizations during the quarter under review in all the regions except north, which was partly off-set by sharp increase in input costs, especially fuel.

While the freight cost went up on account of higher diesel prices, power and fuel costs escalated owing to all-time high pet coke prices and high levels of coal prices. Further, non-availability of railway rakes affected dispatch of cement and clinker. The Company is undertaking various initiatives to reduce logistics cost such as Route to Marketing Optimization, with the help of IT analytics and Vehicle Tracking Systems, to reduce lead distance and turn-around-time. A similar focus on in-bound logistics to secure supply chain has yielded savings through cost effective sourcing.

The pick-up in construction activities and easy availability of sand in the areas where the Company operates except in Rajasthan have been reflected in its performance during the period under review. The Company's branding initiatives, stress on marketing premium brands and improving productivity, also had a positive impact. The Company continues to focus on enhancing operational efficiencies, reducing costs and improving productivity. These helped the Company partly neutralize the effect of increase in raw material and fuel costs.

Volumes in RCCPL Private Limited have been ramped up in less than two years of the take-over and it has operated at more than 90% capacity during the quarter.

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The Company continues to increase the marketing of premium cement which is yielding benefits in terms of higher average realizations. Increased proportion of blended cement continues to be a focus area.

During the quarter, the Company launched Perfect Plus cement, a super-premium variety, especially formulated for concreting needs, across all its markets.

Sustainability

The Company has stepped up efforts to increase the use of renewable sources like solar power and alternative fuel, which are expected to optimize fuel costs also. It is also in the process of installing additional waste heat recovery system at its acquired facilities to bring down energy consumption.

Greenfield Project

As part of the overall strategy of growth and increase in footprint across the existing as well as other regions, which are promising in terms of demand-supply dynamics, the Board of Directors of RCCPL Private Limited has approved setting up of a 3.9-million-ton green-field integrated cement plant at Yavatmal in Maharashtra at an estimated cost of Rs 2,450 crores. This will increase the capacity of RCCPL Private Limited from 5.58 million tons to 9.48 million tons. The project will be financed through a mix of debt and internal accruals. It is expected to be commissioned in the financial year 2021-22. RCCPL Private Limited has the limestone mineral concessions required for the project and has already procured land. The proposed location is well connected with road and rail networks. Environmental clearance for the plant has been obtained. The project is entitled for attractive fiscal incentive package from the Government of Maharashtra.

Outlook

Demand for cement is expected to be healthy on the back of higher Government budget allocation for infrastructure and rural development, increased rural housing and demand driven by increase in the minimum support price for *kharif* crop. Further, the expected pre-election spending in various regions will boost the demand for cement.

Jute Division

The Jute Division has reported EBIDTA of Rs 4.71 crores for the quarter under review against Rs 5.39 crores for the corresponding quarter the previous year. Production during the quarter has been 8,375 MT (8,301 MT).

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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.