



Birla Corporation Limited

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Ref. No. 74G/

4th February, 2022

Corporate Relationship Department
BSE Limited
1st Floor, New Trading Ring, Rotunda Building,
P.J. Towers, Dalal Street, Fort,
Mumbai- 400 001
Scrip Code: 500335

The Manager
Listing Department,
National Stock Exchange of India Limited
'Exchange Plaza', C-1, Block G,
Bandra-Kurla Complex, Bandra (East),
Mumbai- 400 051
Scrip Code: BIRLACORPN

Dear Sir,

Sub: Press Release

Please find enclosed a copy of the Press Release issued by the Company after the conclusion of the Board Meeting held on date i.e. 4th February, 2022.

A copy of the same will also be uploaded on the Company's website at www.birlacorporation.com.

This is for your information and record.

Thanking you,

Yours faithfully,
For **BIRLA CORPORATION LIMITED**

(MANOJ KUMAR MEHTA)
Company Secretary & Legal Head

Encl: As above



Birla Corporation Limited
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Birla Building, 37 B. N. Mukherjee Road,
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Press Release (Q3 2021-22)

4 February 2022

Sluggish demand, cost headwinds dent Birla Corporation December quarter numbers

Kolkata, 4 Feb: Faced with contraction in cement demand in its key markets, Birla Corporation Limited reported a 3.6% year-on-year decline in revenue in the December quarter. Revenue for the quarter dipped from Rs 1,823 crore a year earlier to Rs 1,757 crore, amid an estimated 6% decline in cement demand in the company's key markets.

Sales by volume in the December quarter was at 3.35 million tons against 3.55 million tons a year earlier—a drop of 5.6%. This translated into a lower capacity utilisation of 86% for the December quarter against 92% a year earlier.

Even amid unfavourable market conditions which impacted all cement makers, Birla Corporation Limited was able to shore up realisation per ton by 3.4%, from Rs 4,739 in the year earlier to Rs 4,899 in the December quarter. It stands out as an achievement in the light of the decline in sales of premium and high-yielding blended cement during the quarter.

Profitability of Birla Corporation Limited's Cement Division for the December quarter was seriously impacted by weak demand and a sharp rise in variable costs. Power and fuel cost per ton went up by 39% year-on-year and 20% sequentially. EBITDA per ton for the Cement Division was down 36% from the year earlier, from Rs 992 to Rs 638.

The Company has been taking steps across functions to mitigate the impact of rising commodity prices. These include significant scaling up of captive coal mining: Coal production during the December quarter rose 8% year-on-year. Transportation of fly ash in containers was increased at Maihar, the Company's largest plant, to reduce costs. Cost of distribution was under huge pressure due to the spurt in the price of diesel. Effective measures were taken to rationalise distribution costs, thanks to which the cost of delivery in the December quarter rose only 3% over the year earlier.

Alongside, the Company continues to aggressively scale back consumption of fossil fuels. Share of renewables in total power consumption rose to 23% in the December quarter compared with 20% in the year earlier. For the nine-month period till December, share of renewables was at 22% against 19% in the year earlier.



	Q3/FY21-22	Q3/FY20-21	9M/FY21-22	9M/FY20-21
Revenue	Rs 1,757 crore (down 3.6%)	Rs 1,823 crore	Rs 5,226 crore (up 10.3%)	Rs 4,739 crore
EBITDA	Rs 236 crore (down 37.1%)	Rs 376 crore	Rs 870 crore (down 15.7%)	Rs 1,032 crore
Cash profit	Rs 176 crore (down 42.1%)	Rs 303 crore	Rs 682 crore (down 15.1%)	Rs 803 crore
Net profit	Rs 60 crore (down 59.3%)	Rs 148 crore	Rs 288 crore (down 24.5%)	Rs 381 crore
Realisation per tonne*	Rs 4,899 (up 3.4%)	Rs 4,739	Rs 4,893 (up 1.4%)	Rs 4,826
EBITDA per tonne*	Rs 638 (down 36%)	Rs 992	Rs 800 (down 23.5%)	Rs 1,046

*for Cement Division only

Within the Company's key markets, the northern region outperformed others from the standpoint of demand, thanks to the rural and infrastructure sectors. But unseasonal rainfall impacted demand even in the north. The eastern region (States such as Bihar and West Bengal) was the worst in terms of demand—prices fell by Rs 10-20 per bag of 50 kg from September. In these States, demand from even rural and infrastructure sectors was impacted by continued restriction on sand mining for major part of the quarter and extended monsoon. Demand for cement remained sluggish in the central region as well, which is the biggest market for Birla Corporation Limited. Even so, the Company managed to improve its market share in this region during the December quarter.

Sales of premium cement by volume fell to 50% for the December quarter from 53% in the year earlier, largely on account of a fall in demand from the housing sector, which was impacted by weakness in the rural sector and unseasonal rainfall. For the nine-month period till the end of December, the Company's sales of premium cement were at 51% compared with 48% the year earlier because of sustained marketing initiatives aimed at independent home buyers, or the IHB segment.

The share of blended cement in Birla Corporation Limited's overall sales fell from 91% to 88% year-on-year because higher proportion of sales during the December quarter was made to the infrastructure sector, which mostly consumes OPC (Ordinary Portland Cement). Even so, for the nine months till 31 December, the Company has managed to maintain its sales of blended cement at 90%.

	Q3/FY21-22	Q3/FY20-21	9M/FY21-22	9M/FY20-21
Sales (by volume)	3.35 mt (down 5.6%)	3.55 mt	9.98 mt (up 8.1%)	9.23 mt
Capacity utilisation	86%	92%	86%	78%
Blended cement	88%	91%	90%	93%
Trade channel	75%	77%	79%	80%
Premium cement	50%	53%	51%	48%



Outlook: Conditions look favourable for a quick recovery in demand, except in Uttar Pradesh where State elections could hobble construction activities till mid-March. The *rabi* crop has been good across all key markets of the Company and it is expected to translate into robust demand. Cement prices have been raised effective third week of January, and prices, going forward, are expected to remain firm in the Company's key markets. As always, Birla Corporation Limited is looking to shore up sales of its premium and blended cement, and expand its distribution reach within key markets. However, input costs remain a red herring and could impact profitability.

In January, Birla Corporation Limited's wholly-owned subsidiary, RCCPL Private Limited, has fired the kiln at its new plant at Mukutban in eastern Maharashtra. It is the fourth integrated cement unit of Birla Corporation Limited, with a production capacity of 3.9 million tons, and one of the biggest in Maharashtra. It has been built with state-of-the art technology and is going to be one of the most efficient cement plants in India. The Company has already started to develop a market for its brands in the West, where it had a toehold, thanks to the Butibori grinding unit.

With the commissioning of the Mukutban plant, the Company's total production capacity will go up to almost 20 million tons a year. A captive power plant has also been commissioned at Mukutban. The project involved 10 million man-hours of construction and was concluded with no major accident.

Jute Division: The Division registered a cash profit of Rs 15.53 crore in the December quarter, up 91% from the year earlier. The quarter's cash profit, however, includes an exceptional item of Rs 7 crore. Production during the December quarter was impacted by shortage of workers and fell to 7,756 metric tons from 8,374 tons in the year earlier. This translated into a production per day of 103 tons in the December quarter against 112 tons in the year earlier.

Thanks to sustained focus on production of value-added products, the Company managed to absorb the impact of increase in raw jute prices and decline in production. The price of the fibre went up by around 12% during the December quarter compared to the year earlier, but revenue per ton went up 14% year-on-year. The Division has a healthy order book with export orders coming from existing as well as new customers.

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 Syt 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, have 11 cement plants spread in eight locations across the country, with an annual installed capacity of almost 20 million tons. The Company produces an array of cement products, under the MP Birla Cement brand, suited to different climatic conditions as well as consumer segments. It also offers construction chemicals and wall putty.

For more information, visit www.birlacorporation.com

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.



Manoj Mehta