

Press Release (Q4:2012-13)

20 May 2013

BIRLA CORPORATION ANNUAL TURNOVER AT RS 2,955 CRORES

Birla Corporation Limited, the flagship company of the M P Birla Group, has achieved a turnover of Rs 2,955 crores against Rs 2,557 crores in the previous year. The profit after tax for the financial year 2012-13 was higher at Rs 270 crores, against Rs 239 crores, with an EPS of Rs 35.04 (Rs 31.06). The turnover for the quarter under review was Rs 768 crores (Rs 739 crores) and profit after tax Rs 72.63 crores (Rs 57.46 crores).

The Company's Board of Directors approved the audited financial results for 2012-13 on Monday (20 May 2013). The Board was pleased to propose an increase in the dividend and approved the final dividend of Rs 4.50 per share (against 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 2012-13 works out to Rs 62.91 crores.

Commenting on the annual results after the Board meeting in Kolkata today, Shri Harsh V. Lodha, Chairman, said the Company had achieved its highest ever cement production and despatches at 64.44 lakh tons and 64.67 lakh tons, respectively, during the year under review. Even the Chanderia unit could achieve the highest ever cement production at 25.48 lakh tons and sales at 25.03 lakh tons during the year, despite suspension of its mining operations.

In spite of the high cost of energy, fuel and freight, the Company was able to achieve better profitability on the back of higher production and better realization. The Company could have achieved even better results but for the continued suspension of captive mining operations at Chanderia plants. Purchase of limestone and clinker at substantially higher cost at Chanderia severely dented margins. The unit procured about 23 lakh tons of limestone and about 3.5 lakh tons of clinker and continued plant operations. The increase in the cost of production was partially mitigated, though, by way of increase in the sale of blended cement during the year which stood at about 93% of the total cement production.

The mining operations of the Chanderia unit of the Company remained suspended throughout the year owing to an order of the Hon'ble High Court at Jodhpur. The Company's Special Leave Petition (SLP) was admitted by the Hon'ble Supreme Court and hearing was held from time to time in the matter of prayer for an interim order to allow mining operations without blasting. On 8 March 2013, the Hon'ble Supreme Court permitted mining activity with mechanical means, without blasting, for four weeks, from 18 March to 14 April 2013, beyond one km of the Chittorgarh Fort wall to enable the Central Building Research Institute (CBRI), Roorkee, to study the cumulative impact of the entire mining activity on the Fort and submit a report to the apex court within 29 April 2013. The matter came up for

hearing in the first week of May 2013 during which it was noted that CBRI had sought further time to submit its report.

Once the Hon'ble Supreme Court allows mining activity without blasting, as an interim relief, the Unit is geared up to carry out mining operations by mechanical means and utilize its full capacity.

The Company faced severe challenges during the quarter on account of stoppage of rail movement owing to the *Kumbh Mela*. This severely affected despatches from the Company's Satna and Raebareli units for two months.

With a view to increasing cement grinding capacity, improving quality and reducing power consumption, the Company has installed roller presses at Satna, Chanderia and Durgapur. These initiatives have improved the quality of cement across all units significantly.

The Company has installed and commissioned the Coal Washery Project which will enable it to utilize its own coal from the coal block allocated to it once it starts mining operations. Till the mining of its own coal block starts, the coal washery will wash the coal procured from third parties.

With the introduction of roller presses at Durgapur, the grinding capacity there has gone up by 0.7 million tons, taking the overall capacity of the Cement Division of the Company to 9.3 million tons.

Environmental clearance has been obtained for expansion of cement capacity at Chanderia by a further 1.5 million tons along with the setting up of a 50 MW captive power plant. These projects will be implemented once relief is granted by the apex court on its mining matter.

Though the Company has relatively old plants and higher manpower, it has taken various innovative steps, including expansion and modernization at competitive costs, logistical planning; stress on the marketing of blended cement and restructuring the market zones, to make it one of the most competent performers in the industry.

The premium Portland Slag Cement brand, Birla Samrat UNIQUE, manufactured at Durgapur, with improved quality and fineness, has been well received in the market. After the introduction of the brand in West Bengal it is being launched in other parts of the eastern region.

Referring to the state of the cement industry, Shri Lodha said, demand has not grown as expected owing to the economic slowdown. 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.

The Company was allotted the Bikram Coal Block in Shahdol district, Madhya Pradesh, for captive use. The mining plan has been approved and administrative approval of mining lease has been granted by the Union Ministry of Coal. Forest and environment clearance is at various stages of approval.

JUTE DIVISION: Birla Jute Mills, which was under “Suspension of Work” from April to mid-October 2012, was reopened after a tripartite agreement with newly agreed productivity and manning norms. During the quarter under review, the unit has turned around and generated cash profit. The new labour productivity norms and modernization of the plant are expected to cut down operational costs of the Division and make it viable.

ERP: The Company has successfully implemented the ERP system, introducing the best practices and improving its overall efficiency, by augmenting its information technology capabilities.

AWARDS & RECOGNITION: Satna Cement Works received the Greentech Environment Excellence Award 2012, Greentech-CSR Silver Award 2012 and Greentech-HR Gold Award 2012 this year. Its Quality Circle team, “Anusandhan”, has been selected for participation in the International Convention Quality Circle to be organized at Taiwan in September 2013. The team participated in the National Convention Quality Circle (NCQC) at Kanpur and Regional Convention Quality Circle at Varanasi and had won “Par Excellence” and “Gold” Awards, respectively.

The Chanderia unit had received Certificate of Excellence by the Employer’s Association of Rajasthan, Jaipur. It has also received felicitation certificate from the Udaipur Chamber of Commerce & Industry for significant improvement in turnover, excellent control of environment, afforestation & plantation and significant contribution towards Corporate Social Responsibility. At Durgapur, the Quality Control Group, “Nakshatra” & “Saptarshi”, had participated in NCQC 2012 at Kanpur and had been awarded the “Distinguished Trophy”

CSR: Approval for the multi-speciality 200-bed M P Birla Hospital & Research Centre at Chittorgarh has been received from the Rajasthan State Pollution Control Board and construction

started in October last year. The Company is actively contributing towards the establishment of the Hospital.

HIGHLIGHTS:

FOR THE QUARTER ENDING 31 MARCH 2013

- **Net Sales** at Rs.665.75, up by 2.42% *
- **EBIDTA** at Rs.136.34 Crs. **PAT** at Rs.72.63 Crs. **EPS** at Rs.9.43
- **Cement Despatches** at 17.08 lakh tons, up by 4.59%*
- **Cement Production** at 16.64 lakh tons, up by 3.61%*
- Percentage of **Blended Cement** as a %age of **Total Cement Sales** continues to be high at about 89.34%

*as compared to corresponding quarter of previous year

FOR THE YEAR 2012-13

- **Net Sales** at Rs.2,563.76 Crs., up by 14.10%*
- **EBIDTA** at Rs.519.96 Crs., up by 8.65%*
- **PAT** at Rs.269.82 Crs., up by 12.80%*
- **EPS** at Rs.35.04, up by 12.80%*
- **Cement Despatches** at 64.67 lakh tons, up by 8.63%*
- **Cement Production** at 64.44 lakh tons, up by 9.11%*
- Percentage of **Blended Cement** as a %age of **Total Cement Sales** continues to be high at about 92.86%

*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.

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