



Quarterly Performance Review
Quarter 2 : 2015-16
Mumbai, 29th October, 2015

Grasim Industries Limited
A VSF and Cement Major

Contents

● Highlights	1 - 4
● Financial Performance	5 - 7
● Business Performance	8 -11
● Capex Plan	12
● Outlook	13

Glossary

VSF : Viscose Staple Fiber, MT : Metric Ton, TPA : Tons Per Annum, YoY: Year on Year Comparison, CY : Current Year, LY : Last Year,
YTD : Year to Date, EBITDA : Earnings before Interest, Tax, Depreciation and Amortisation, ECU : Electro Chemical Unit
ROAvCE : Return on Avg. Capital Employed, RONW : Return on Avg. Net Worth

Indian Economy

- Indian economy continues to grow at higher rate relative to other large economies
 - GDP growth of 7% in Q1FY16
- Key macro indicators showing improvement
 - Industrial Production (IIP) grew at 6.4% YoY in August 2015 and 4.1% YoY in July 2015, highest growth rate in last three years
 - Government indirect tax revenue showed YoY growth of 37% for the period April-August 2015
 - New investment projects are gaining momentum
 - Government's Plan Capital expenditure spending increased 38% in YTD FY16
- Recent rate cuts by RBI and lower commodity prices should augur well for the economy
- Slowing rural consumption remains a concern with second deficit monsoon in succession

Highlights – Quarter 2



VSF Business

Leading Global Player
Capacity 498K TPA

Increase in global prices during the quarter led by

- Rise in raw material prices
- Stoppage of few plants in China for environmental issues and maintenance

Sales Volume

113,756 MT
(Up by 13% YoY)

Revenue

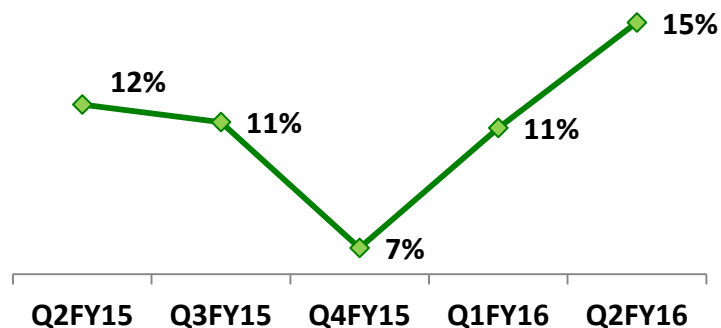
₹ 1,437 Cr.
(Up by 13% YoY)

EBITDA

₹ 211 Cr.
(Up by 40% YoY)

- 100% capacity utilisation at Vilayat plant supported volume growth
- EBITDA margin improved to 15% compared to 12% last year

Recovery in EBIDTA Margin



Highlights – Quarter 2



Chemical Business

**Largest Chlor-Alkali
Manufacturer in India**

Stable Caustic Soda prices

Caustic Sales Volume

118,163 MT
(Up by 20%)

Revenue

(Chlor Alkali, Epoxy , Chlorine Derivatives)
₹ 523 Cr.
(Up by 26% YoY)

EBIDTA

₹ 93 Cr.
(Up by 18% YoY)

Update on merger of ABCIL with Grasim

- Approval received from CCI and the High Court of M.P.
- Awaiting approval from the High Court of Jharkhand
- Merger expected to be completed in current quarter (w.e.f. the Appointed Date 1st April 2015)

Post ABCIL merger, caustic soda capacity to increase from 452K TPA to 804K TPA

ABCIL completed acquisition of Odisha plant (59KTPA) from Jayshree Chemicals

ABCIL Q2FY16 : EBITDA ₹ 77 Cr. (up 15%) ; PAT ₹ 20 Cr. (up 85%)

- Not part of Grasim Results, pending remaining approvals

Highlights – Quarter 2



Cement Business

**Market leader
in India**

Demand growth continued to remain muted

- Industry growth estimate at ~1% in Q2

Cement Sales Volume

11.4 Mn. Tons
(Up by 5% YoY)

Revenue

₹ 6,013 Cr.
(Up by 4% YoY)

EBIDTA

₹ 1,103 Cr.
(Up by 12%)

UltraTech's capacity utilisation at 72% vs. ~65% of the industry

Capacity increased to 67.7 Mn. TPA

- Commissioned Grinding Units at Jhajjar, Haryana and Dankuni, W.B. (1.6 Mn. TPA each)

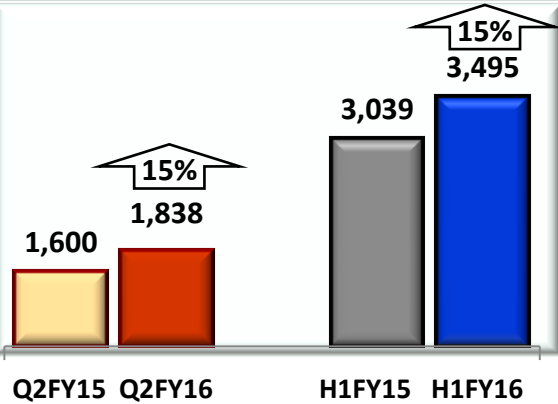
Also commissioned packaging terminal at Pune (2 Mn. TPA) and WHRS (5 MW)

Financial Performance

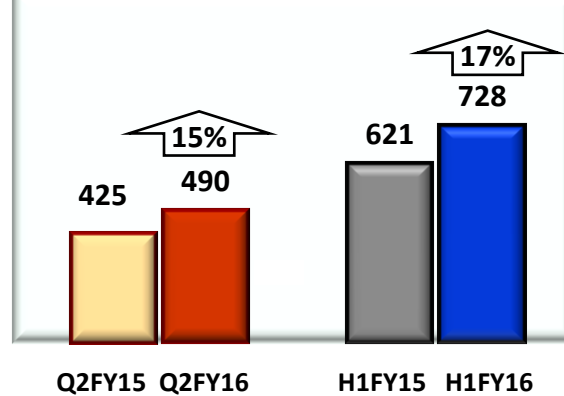
Standalone

Amount in ₹ Cr.

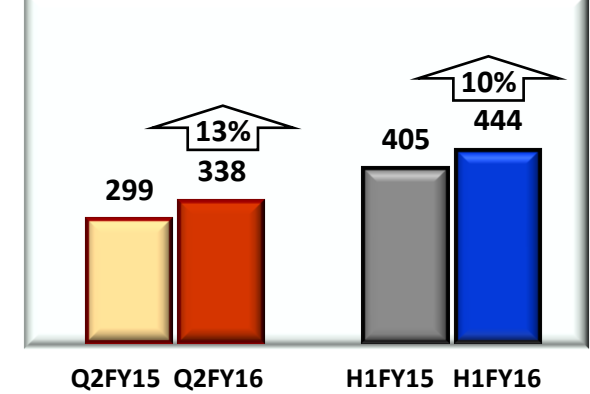
Revenue



EBITDA

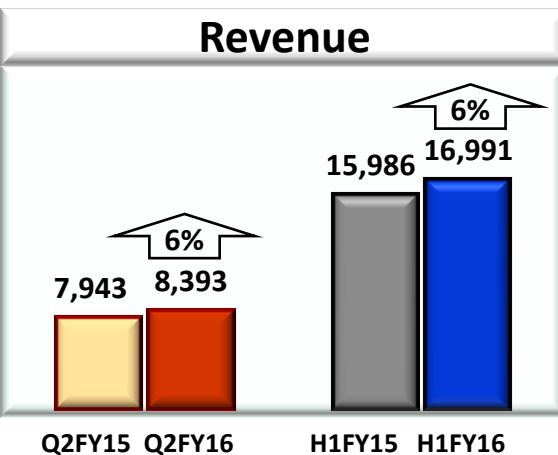


Net Profit

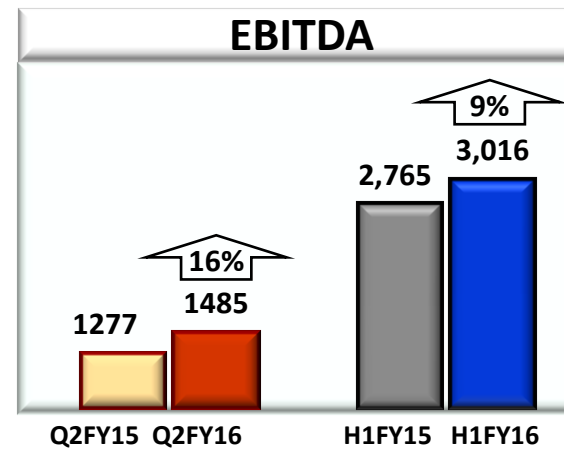


Consolidated

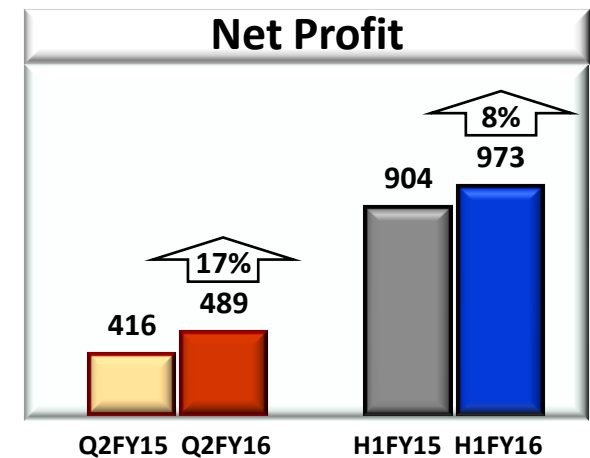
Revenue



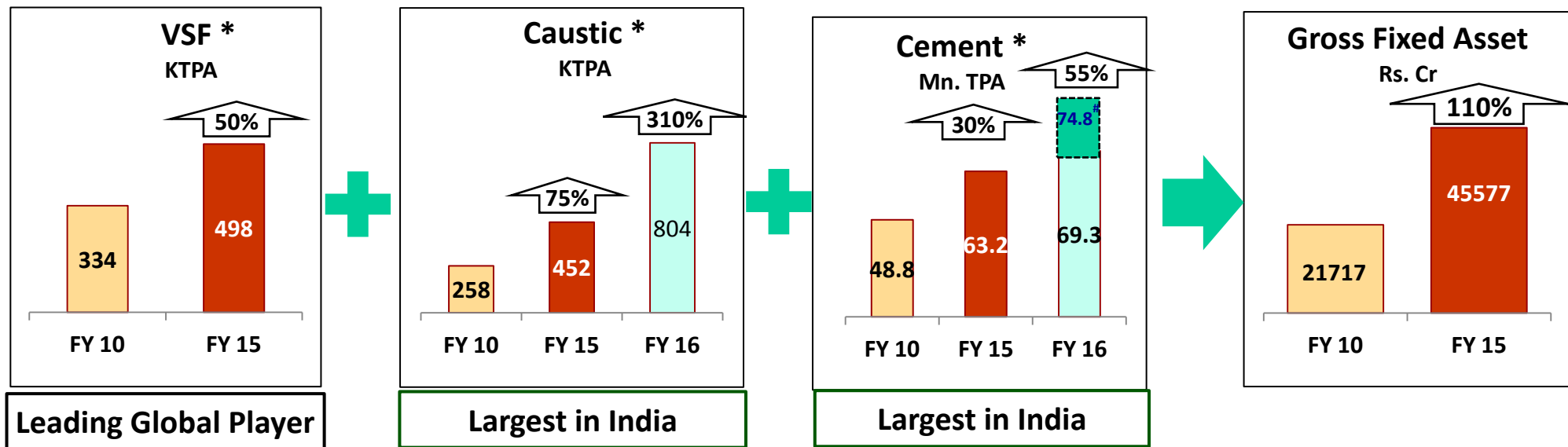
EBITDA



Net Profit



Substantial Investment made across Businesses – US\$ 4 Bn. over last 5 years.....



* Capacity

Post acquisition of JAL's MP assets

.....Balance Sheet Continues to be Strong – Net worth of ~ US\$ 4 Bn.

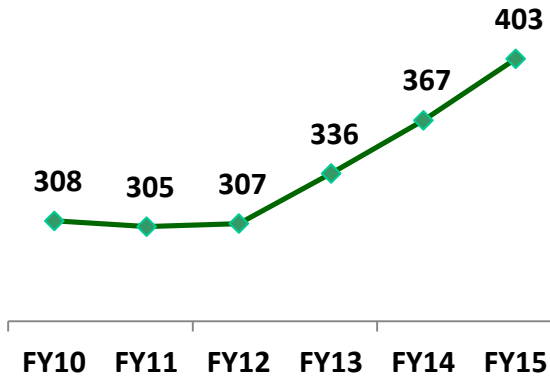
- Consolidated Nos.
 - Net Worth 24,160 Cr., Capital Employed ₹ 47,100 Cr.
 - Net Debt at ₹ 5,893 Cr. (Net surplus of ₹ 310 Cr. at standalone level)
 - Net Debt / Equity : 0.18
 - Net Debt / EBITDA : 0.98
- Q2 FY16 Return Ratio (consolidated) :
 - ROAvCE : 10%, RONW : 8.2%

Full Benefit to flow with ramping up of capacity utilisations and expected upturn in business cycle

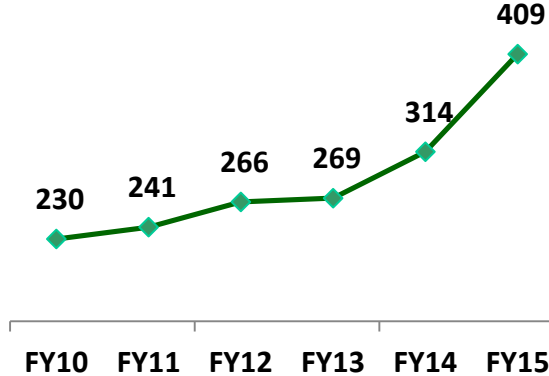
.....Yielding Results

Driving Robust Volume Growth

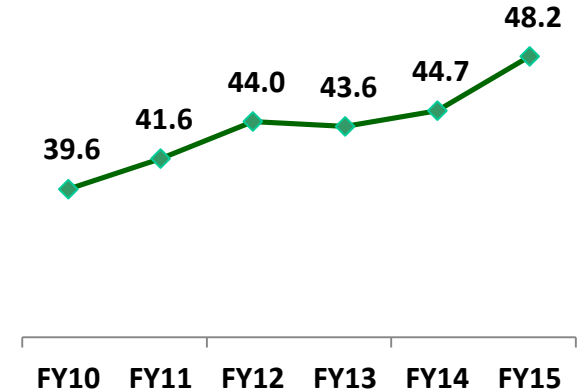
VSF ('000)



Caustic ('000)



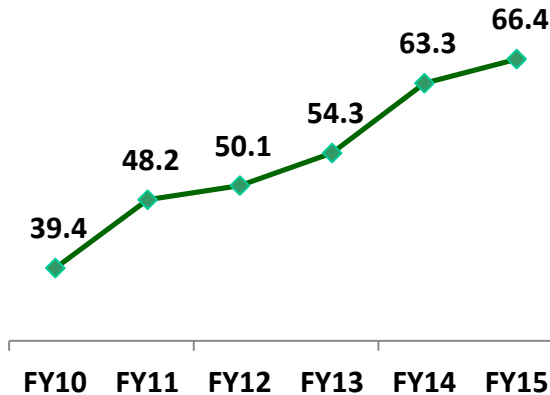
Cement (Mn. Tons)



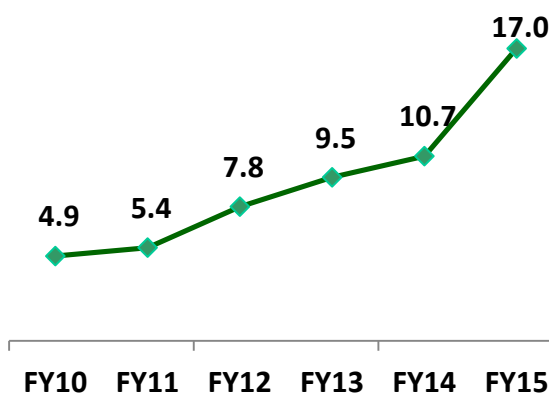
.....and Revenue Growth

₹ Bn.

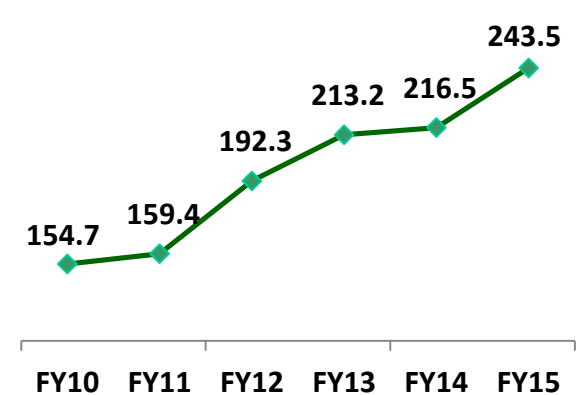
VSF



Caustic Soda



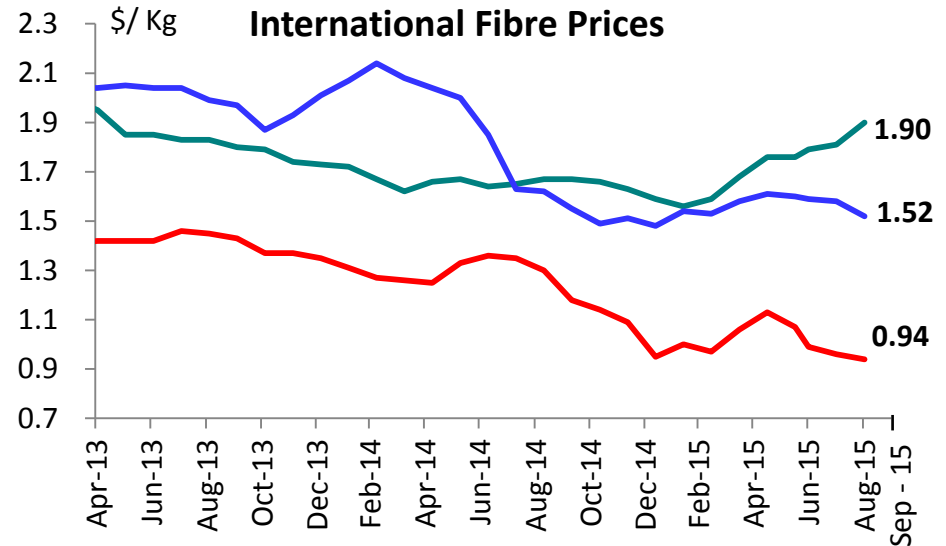
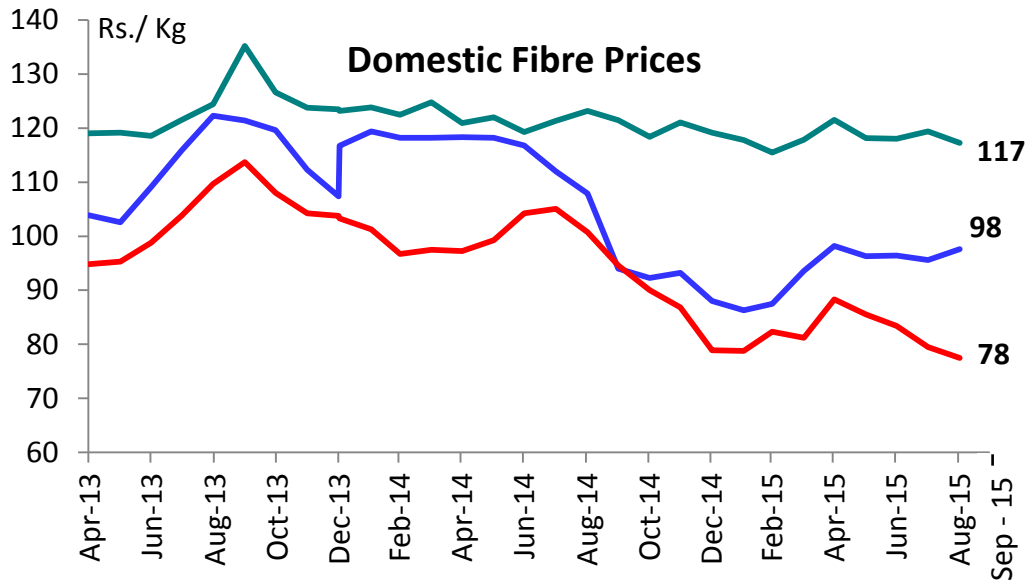
Cement



Business Performance

- VSF
- Chemical
- Cement

Textile Fibres Price Trend

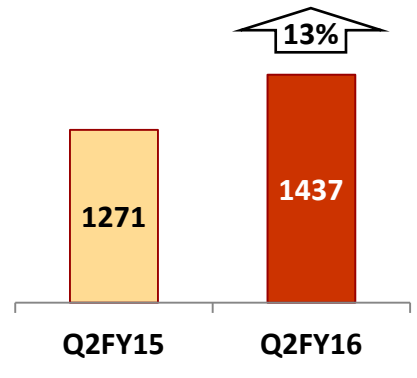


— Grey VSF — Cotton — PSF

**VSF prices witness upward trend in First Half,
Cotton and PSF prices were volatile**

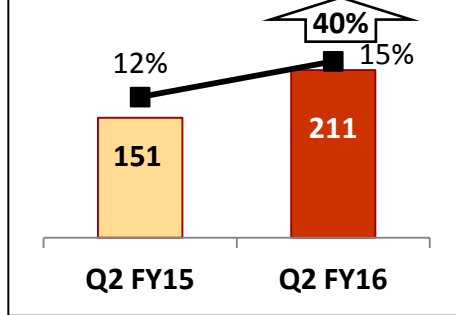
VSF : Performance

Revenue (₹ cr.)

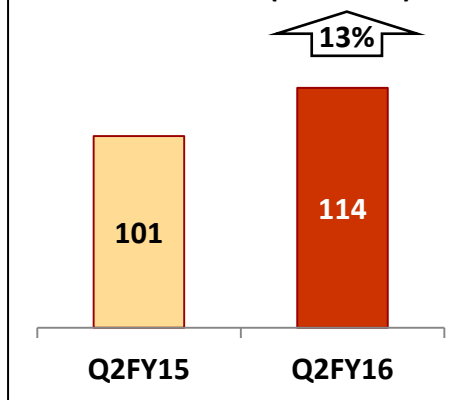


EBITDA (Rs Cr.)

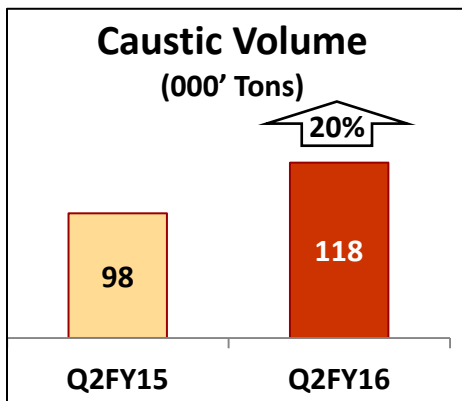
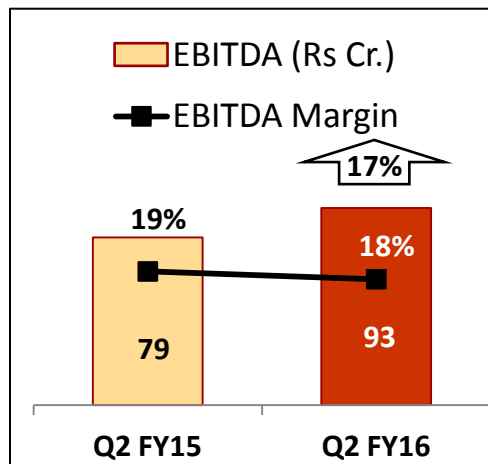
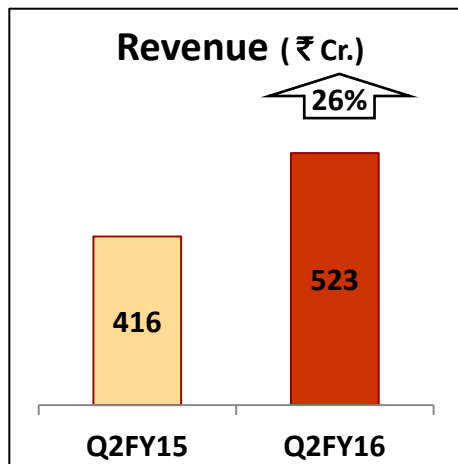
EBITDA Margin



Volume ('000 Tons)



- Sales volume up by 13% with 100% capacity utilisation at Vilayat plant
 - Both Domestic and Export segment record higher volume
 - Business development activities aided by Liva brand leading to volume growth
- Realisation increased on sequential basis with improvement in global prices
- Revenue increased by 13% with higher volumes
- Standalone EBITDA increased by 40%
 - Higher volume
 - Lower pulp and other input cost
- Pulp & Fibre JVs performance
 - EBITDA improved from ₹ 1 Cr. to ₹ 38 Cr.
 - Increase in pulp realisation due to depreciation of CAD
 - Lower wood and other input cost



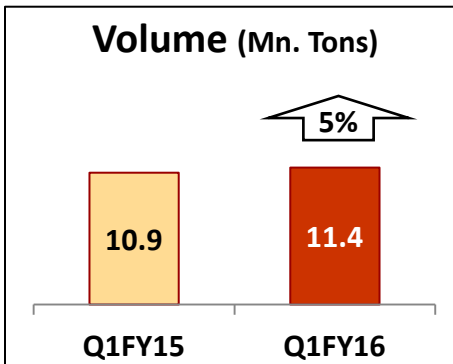
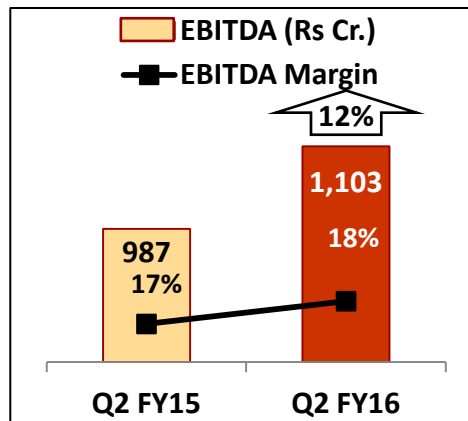
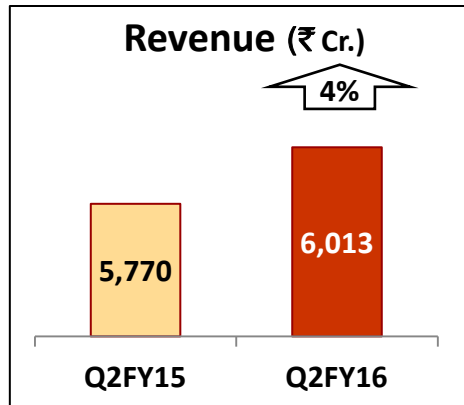
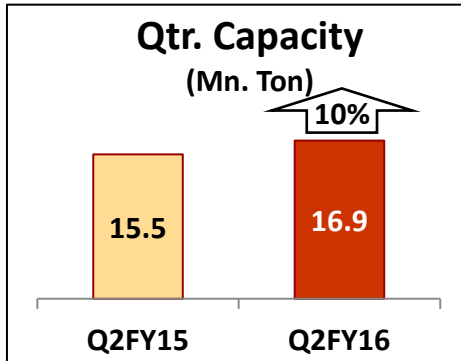
Industry Scenario

- Caustic prices remained stable in line with international prices
- Renewal of anti dumping duty

Business Performance

- Revenue increased by 26%
 - Caustic volume up by 20% with ramping up of Vilayat operations
 - Epoxy volume up by 68% with product approvals from major customers in place
- ECU Realisation remained stable
- EBITDA up by 17% at ₹ 93 Cr.

Cement : Performance



Industry Scenario

- Marginal growth in industry off take at ~1%
- Cement prices improved QoQ, stagnant on YoY basis

Business Performance

- Revenue up by 4%
 - Cement volume growth of 5% despite muted demand growth
- EBITDA up by 12% at ₹ 1,103 crore
 - Saving in energy cost with higher usage of petcoke and lower fuel prices
 - Partially offset due to District Mineral Development levy

Capex

	Capex (Net of CWIP as on 01-04-15)	Cash Outflow		Capex spent during H1FY16
		FY16	FY17 onward	
<u>Standalone</u>				
VSF Expansion : Vilayat (120K TPA) – Residual Capex	157			
Nagda Revamp	149			
Normal Capex : VSF	261			
: Chemical & Others	158			
Standalone Capex (A)	725	425	300	179
<u>Cement Subsidiary : UltraTech</u>				
Capacity expansion #	1,676			
Logistic Infrastructure	658			
RMC Business	119			
Modernisation, Upgradation and others (Incl. Land)	2,432			
Cement Business Capex (B)	4,885	2,710	2,175	1,225
Capex (A + B)	5,610	3,135	2,475	1,404

Represents residual capex of brownfield expansion projects already commissioned and Grinding units

Above capex does not include investments for Cement and Chemical acquisitions

VSF Business

- Prices likely to be influenced by
 - Development in China - Resumption of operations of shut capacities
 - Competing fibre prices trend
 - Development in downstream industry
- Continued focus on expanding domestic market through product development activities by the Company
 - Working closely with brands, designers and retailers to leverage benefit of Liva brand
 - Focus on increasing specialty products volume

Cement Business

- Cement demand expected to pick-up in H2 FY16
- Cement demand growth drivers :
 - Government focus on infrastructure development with higher budgetary allocation
 - Development of Telangana and New Andhra State will drive growth in South
 - 'Housing for all' programme and development of 'Smart Cities'
- Softening of interest rates coupled with reforms initiatives likely to revive investment cycle
- Deficit monsoon, delay in execution of government projects and surplus inventory in urban housing are concern areas

Thank You

Grasim Industries Limited

Annexure - Financials



Annexure

- **Consolidated Financial Performance**
- **Standalone Financial Performance**
- **Balance sheet**
- **Profitability Trend**
- **Revenue & EBITDA Chart**
- **VSF Summary**
- **Chemical Summary**
- **Cement Summary**
- **Organisational Structure**
- **Plant Locations**

Consolidated Financial Performance

	Quarter 2		%	Half Year		%	Full Year
	2015-16	2014-15	Change	2015-16	2014-15	Change	2014-15
Net Sales & Op. Income	8,392.9	7,943.0	6	16,990.7	15,986.4	6	32,838.4
Other Income	87.0	102.1	(15)	201.0	371.7	(46)	539.0
EBITDA	1,485.1	1,277.5	16	3,016.1	2,765.3	9	5,683.4
EBITDA Margin (%)	17.5%	15.9%		17.5%	16.9%		17.0%
Finance Cost	168.8	172.6	(2)	340.1	299.1	14	667.4
Depreciation	457.7	404.8	13	860.7	762.5	13	1,563.2
Earnings before Tax (Before exceptional item)	858.6	700.2	23	1,815.2	1,703.7	7	3,452.8
Exceptional item	-	-		-	-		(9.5)
Earnings before Tax	858.6	700.2	23	1,815.2	1,703.7	7	3,443.3
Total Tax	237.6	153.4	55	518.6	457.5	13	1,015.9
PAT (Before Minority Share)	621.0	546.7	14	1,296.6	1,246.2	4	2,427.4
Add: Share in Profit of Associates	37.4	36.0	4	81.3	73.9	10	154.2
Less: Minority Share	169.9	166.4	2	404.7	416.7	(3)	837.9
PAT (After Minority Share)	488.5	416.4	17	973.2	903.5	8	1,743.8
EPS	53.1	45.3	17	105.8	98.3	8	189.6
Cash Profit (Before Minority Share)	1,208.5	1,140.7	6	2,519.4	2,529.2	(0)	5,142.7

Standalone Financial Performance

	Quarter 2			Half Year			Full Year
			% Change			% Change	2014-15
	2015-16	2014-15		2015-16	2014-15		
Net Sales & Op. Income	1,838.1	1,599.8	15	3,495.4	3,039.3	15	6,332.6
Other Income	206.7	211.4	(2)	228.6	266.6	(14)	348.1
EBITDA	490.5	425.4	15	728.0	621.3	17	1,013.0
EBITDA Margin (%)	24.0%	23.5%		19.5%	18.8%		15.2%
Finance Cost	13.8	9.0	53	27.5	14.6	88	39.3
Depreciation	84.1	62.4	35	162.8	115.4	41	262.5
Earnings before Tax (Before exceptional item)	392.6	353.9	11	537.7	491.3	9	711.2
Exceptional item	-	-		-	-		(26.2)
Earnings before Tax	392.6	353.9	11	537.7	491.3	9	684.9
Tax Expense	54.4	54.5	-	93.7	86.1	9	155.0
PAT	338.2	299.4	13	444.0	405.3	10	529.9
EPS	36.8	32.6	13	48.3	44.1	10	57.6
Cash Profit	476.7	416.3	14	700.5	606.7	15	973.7

(₹ Cr.)

Balance Sheet

Standalone			Consolidated (₹ Cr.)	
30 th Sep'15	31 st Mar'15	EQUITY & LIABILITIES	30 th Sep'15	31 st Mar'15
11,631	11,183	Net Worth	24,160	23,140
-	-	Minority Interest	7,990	7,682
1,005	1,115	Borrowings	11,256	11,930
708	615	Deferred Tax Liability (Net)	3,695	3,410
1,375	1,454	Liabilities & Provisions	7,989	7,873
14,719	14,367	SOURCES OF FUNDS	55,090	54,035
ASSETS				
5,157	5,188	Net Fixed Assets	29,319	28,550
558	522	Capital WIP & Advances	3,416	3,507
-	-	Goodwill on Consolidation	3,350	3,283
Investments				
2,636	2,636	Cement Subsidiary	-	-
1,315	1,096	Liquid Investments	5,362	5,790
1,624	1,618	Other Investments	1,676	1,465
3,429	3,307	Current Assets, Loans & Advances	11,967	11,440
14,719	14,367	APPLICATION OF FUNDS	55,090	54,035
(310)	19	Net Debt	5,893	6,140



Profitability Trend

	Standalone				Consolidated				(₹ Cr.)
	FY 2012-13	FY 2013-14	FY 2014-15	Half year 2015-16	FY 2012-13	FY 2013-14	FY 2014-15	Half year 2015-16	
Net Turnover & Op. Income	5,255	5,604	6,333	3,495	27,909	29,324	32,838	16,991	
EBITDA	1,523	1,246	1,013	728	6,543	5,491	5,683	3,016	
EBITDA Margin (%)	26.8	20.8	15.2	19.5	22.9	18.4	17.0	17.5	
EBDT	1,484	1,205	974	700	6,219	5,044	5,016	2,676	
PAT # (After Minority Share)	1,022	896	556	444	2,500	2,072	1,753	973	
EPS (₹) #	111.3	97.5	60.5	48.3	272.3	225.5	190.8	105.8	
DPS (₹)	22.5	21.0	18.0	-	--	--	--	--	
ROAvCE (PBIT Basis - Excl. CWIP)(%)					18.4	12.1	10.5	10.0	
RONW (%) #					13.6	10.0	7.8	8.2	

before exceptional / extraordinary gain

Revenue Chart

Half Year		%		Quarter 2		%	(₹ Cr.)
2015-16	2014-15	Change		2015-16	2014-15	Change	2014-15
2,691	2,365	14	Viscose Staple Fibre	1,437	1,271	13	4,974
1,008	830	21	Chemical	523	416	26	1,701
50	48		Others	25	22		89
(253)	(204)		Eliminations (Inter Segment)	(147)	(109)		(431)
3,495	3,039	15	Standalone Net Revenue	1,838	1,600	15	6,333
			<u>Subsidiaries</u>				
12,444	11,800	5	Cement	6,013	5,770	4	24,340
204	228		Textiles	114	124	(8)	464
1,013	1,110	(9)	Pulp JVs and Fibre JV (Pro Rata)	514	561	(8)	2,072
(166)	(191)		Eliminations (Inter Company)/ Others	(86)	(111)		(369)
13,495	12,947	4	Total for Subsidiaries & JVs	6,555	6,343	3	26,506
16,991	15,986	6	Consolidated Net Revenue	8,393	7,943	6	32,838



EBITDA – Chart

Half Year		%	EBITDA	Quarter 2		%	(₹ Cr.)
2015-16	2014-15	Change		2015-16	2014-15	Change	Full Year 2014-15
350	232	51	Viscose Staple Fibre	211	151	40	465
186	170	10	Chemical	93	79	17	292
192	220	(13)	Others	187	196	(4)	257
728	621	17	Standalone EBITDA	490	425	15	1,013
			<u>Subsidiaries</u>				
2,386	2,283	5	Cement	1,103	987	12	4,776
11	17		Textiles	6	10		33
37	(28)		Pulp JVs and Fibre JVs (Pro Rata)	38	1		22
(146)	(129)		Eliminations (Inter Company)/Others	(153)	(146)		(117)
2,288	2,144	7	Total for Subsidiaries & JVs	995	852		4,670
3,016	2,765	9	Consolidated EBITDA	1,485	1,277	16	5,683

Viscose Staple Fibre : Summary

		Quarter 2		%	Half Year		%	Full Year
		2015-16	2014-15	Change	2015-16	2014-15	Change	2014-15
Capacity*	TPA	1,24,555	1,08,030	15	2,49,110	2,02,215	23	4,34,205
Production	MT	1,21,336	1,00,950	20	2,14,877	1,90,777	13	4,08,332
Sales Volumes	MT	1,13,756	1,00,927	13	2,16,493	1,87,316	16	4,02,802
Net Revenue	₹ Cr.	1,437	1,271	13	2,691	2,365	14	4,974
EBITDA	₹ Cr.	211	151	40	350	232	51	465
EBITDA Margin	%	14.6%	11.8%	--	12.9%	9.7%	--	9.3%
EBIT	₹ Cr.	156	113	37	243	168	45	305
Capital Employed (Incl. CWIP)	₹ Cr.	5,188	5,227	(1)	5,188	5,227	(1)	5,282
ROAvCE (Excl. CWIP)	%	13.1%	12.5%	--	10.0%	9.1%	--	7.5%

* Operational capacity during the period

Chemical : Summary

		Quarter 2			Half Year			Full Year 2014-15
		2015-16	2014-15	% Change	2015-16	2014-15	% Change	
Capacity	TPA	1,13,125	1,13,125	-	2,26,250	2,26,250	-	4,52,500
Production	MT	1,13,462	1,01,639	12	2,12,925	2,01,802	6	4,11,738
Sales Volumes	MT	1,18,163	98,467	20	2,19,637	1,96,145	12	4,09,220
Net Revenue	₹ Cr.	523	416	26	1,008	830	21	1,701
EBITDA	₹ Cr.	93	79	17	186	170	10	292
EBITDA Margin	%	17.7%	18.9%	--	18.4%	20.4%	--	18.0%
EBIT	₹ Cr.	67	55	-	137	122	12	198
Capital Employed (Incl. CWIP)	₹ Cr.	1,980	1,946	2	1,980	1,946	2	1,922
ROAvCE (Excl. CWIP)	%	14.4%	12.2%	--	14.7%	13.4%	--	10.9%

Cement : Summary

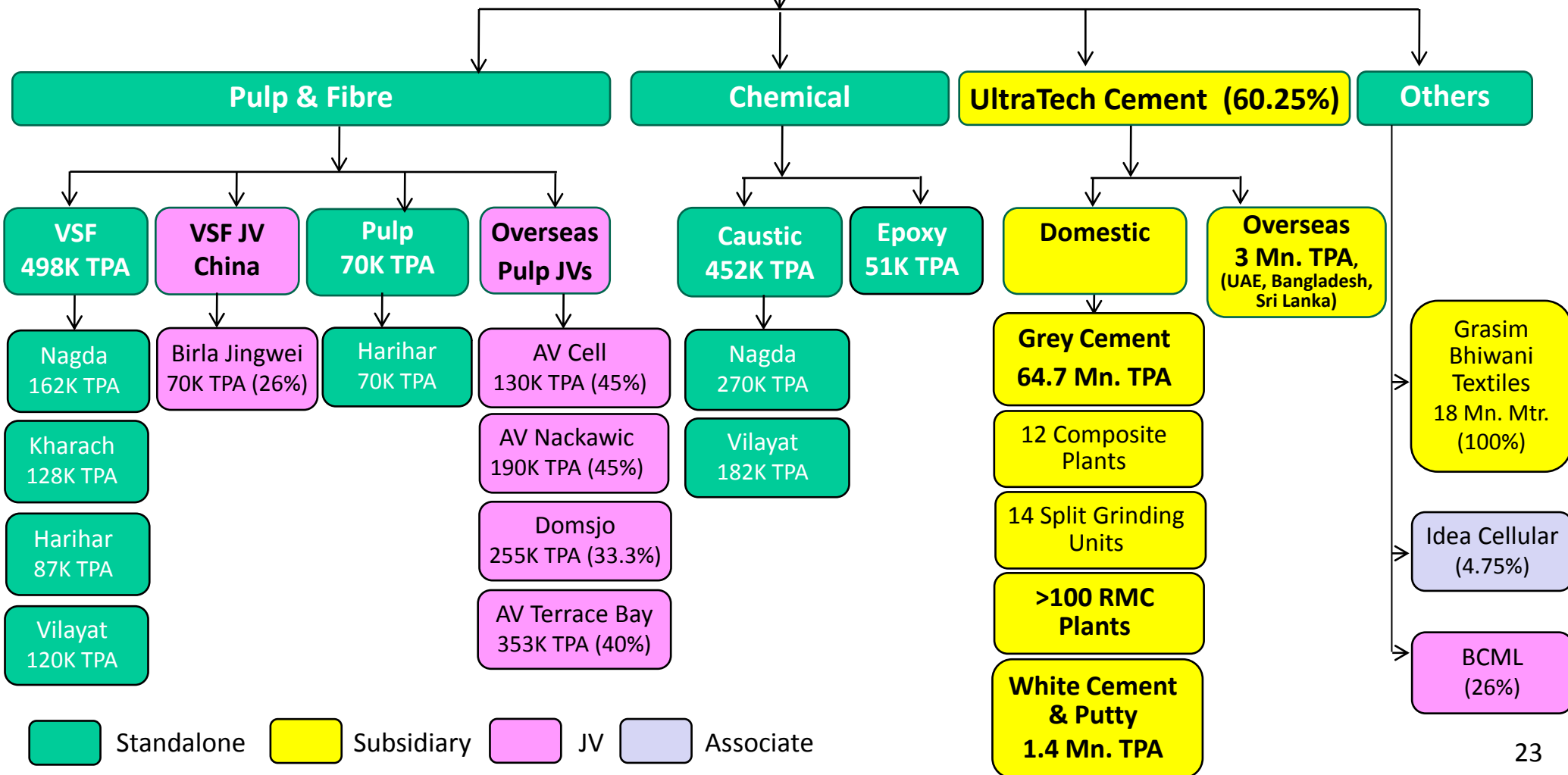
		Quarter 2		%	Half Year		%	Full Year
		2015-16	2014-15	Change	2015-16	2014-15	Change	2014-15
<u>Grey Cement</u>								
Capacity	Mn. TPA	16.90	15.45	9	33.80	30.85	10	63.15
Production	Mn. MT	11.45	10.91	5	24.30	22.95	6	46.71
Cement Sales Volumes ^{\$}	Mn. MT	11.44	10.92	5	24.31	23.09	5	47.09
Clinker Sales Volumes	Mn. MT	0.07	0.25	(72)	0.15	0.51	(71)	1.08
<u>White Cement & Putty</u>								
Sales Volumes ^{\$\$}	Lac MT	3.22	2.99	8	5.89	5.56	6	12.24
Net Revenue	₹ Cr.	6,013	5,770	4	12,444	11,800	5	24,340
EBITDA	₹ Cr.	1,103	987	12	2,386	2,283	5	4,776
EBITDA Margin	%	18.2%	17.0%	--	19.0%	18.9%	--	19.3%
EBIT	₹ Cr.	752	668	13	1,439	1,419	1	3,572
Capital Employed (Incl. CWIP)	₹ Cr.	34,293	32,735	5	34,293	32,735	5	34,293
ROAvCE (Excl. CWIP)	%	9.6%	9.2%	--	9.1%	10.3%	--	12.4%

\$ Includes captive consumption for RMC

\$\$ Includes captive consumption for value added products

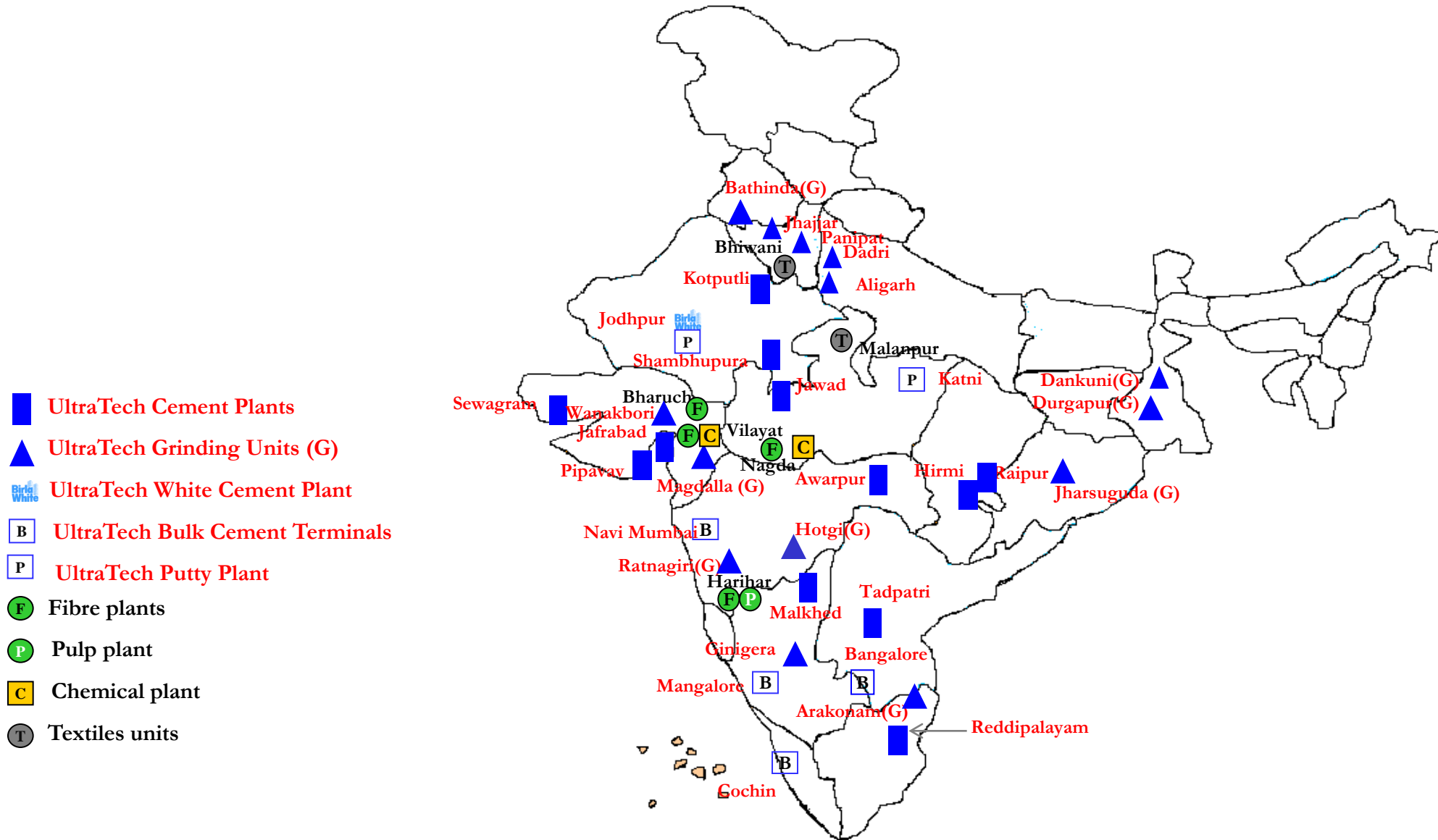


Grasim Group Structure



Standalone
 Subsidiary
 JV
 Associate

Plant Locations– Grasim & its subsidiaries



Cautionary Statement

Statements in this “Presentation” describing the Company’s objectives, estimates, expectations or predictions may be “forward looking statements” within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company’s operations include global and Indian demand supply conditions, finished goods prices, feedstock availability and prices, cyclical demand and pricing in the Company’s principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries within which the Company conducts business and other factors such as litigation and labour negotiations. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statement, on the basis of any subsequent development, information or events, or otherwise.

GRASIM INDUSTRIES LIMITED

Aditya Birla Centre, 'A' Wing, 2nd Floor, S. K. Ahire Marg, Worli, Mumbai - 400 030

Registered Office : Birlagram, Nagda - 456 331 (M.P.),

Corporate Office : A-2, Aditya Birla Centre, S.K. Ahire Marg, Worli, Mumbai - 400030 CIN: L17124MP1947PLC000410

www.grasim.com & www.adityabirla.com

Email : grasimir@adityabirla.com