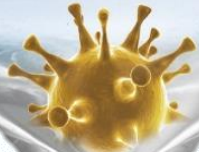


TOUGH TIMES DON'T LAST



TOUGH COMPANIES DO



ADITYA BIRLA



GRASIM

Earnings Presentation Q1FY21

August 13, 2020

BIG IN YOUR LIFE

#1 | In Viscose @

#1 | In Chlor - Alkali*

57.28%

54.24%



Market Cap
(July 31, 2020):

INR 1.19 Lakh Crore

(USD 15.93 Billion)



Market Cap
(July 31, 2020):

INR 41,639 Crore

(USD 5.57 Billion)



Market Cap
(July 31, 2020):

INR 13,131 Crore

(USD 1.76 Billion)

#1 | Cement Producer
in India

Top 5 | Asset Management
Companies

#3 | Global Producer
(Ex- China)

Top 5 | Private Diversified
NBFC

@ Presence In India in Viscose Staple Fiber, Modal, 3rd generation viscose and Viscose Filament Yarn

*India Leadership (Caustic soda and Epoxy Resins and Chlorine derivative namely Chloro Paraffin wax, Poly Aluminium Chloride and Phosphoric Acid);

Global Leadership (Chlorine derivatives namely Stable Bleaching Powder and Aluminum Chloride)

Table of Content

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FINANCIAL OVERVIEW

KEY FOCUS AREAS

Demand Creation

- Chemicals: Strong demand for Value Added Products used in health and hygiene products
- Sharp improvement in capacity utilisation across businesses

Innovation & Agility

- VSF: Innovation at fore launched Anti Microbial Fibre; fabric produced using this special fibre inherently possesses Antimicrobial properties
- VSF: Nimble response to the changing market by tapping demand for Non-woven (NW) by commencing NW fibre production

Cost Rationalisation

- Cost focused approach, sizeable reduction of in the fixed cost by ~Rs. 256 Cr. (down 35%)*
- In process of identifying cost saving measures across all businesses

Cashflow Focus

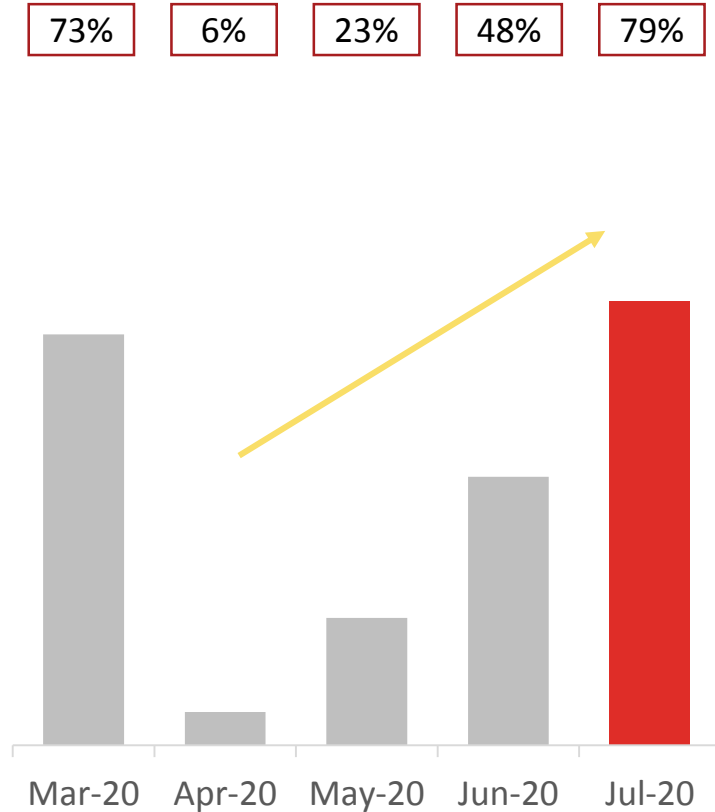
- Maintain healthy liquidity and strong balance sheet; adequate funds were raised at competitive rates
- Focus on working capital management across businesses

* Q1FY21 compared with FY20 quarterly average

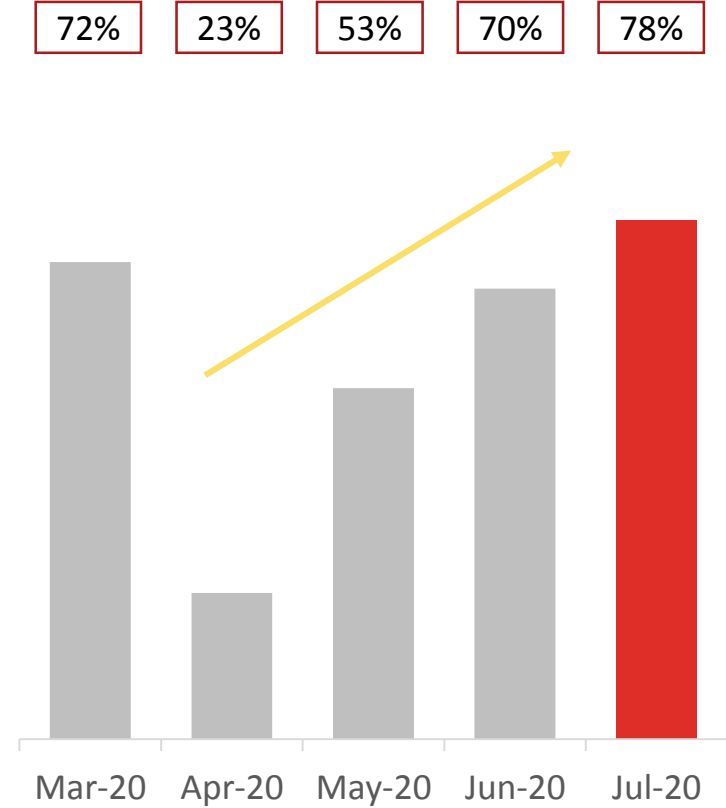


OPERATIONAL PERFORMANCE – IMPROVEMENT IN CAPACITY UTILISATION LEVEL

Viscose Staple Fiber



Caustic Soda



Capacity Utilisation level

RECOVERY TIME: DRIVING SALES AND TARGETING COST

- Strong performance by **Value Added Products** across the businesses

**Value Added Products
Share (Q1FY21)**

VSF
~30%¹
▲ 25% QoQ

Chemicals
~ 27%²

Fertiliser (Purak)
~16%³
▲ 10% QoQ

- Achieved significant fixed cost reduction across all our businesses adding to ~Rs. 256 Cr. (down 35% from FY20 quarterly average)

Cost Savings

Viscose
~Rs. 186 Cr.

Chemicals
~Rs.40 Cr.

Others
~Rs. 30 Cr.

- Global prices for the major products at historic low⁴

**Change in
Global Prices**

Grey VSF - CCF
▼ 6% QoQ

Caustic Soda-SEA
▼ 3% QoQ

¹In terms of sales volume

²Chlorine Integration

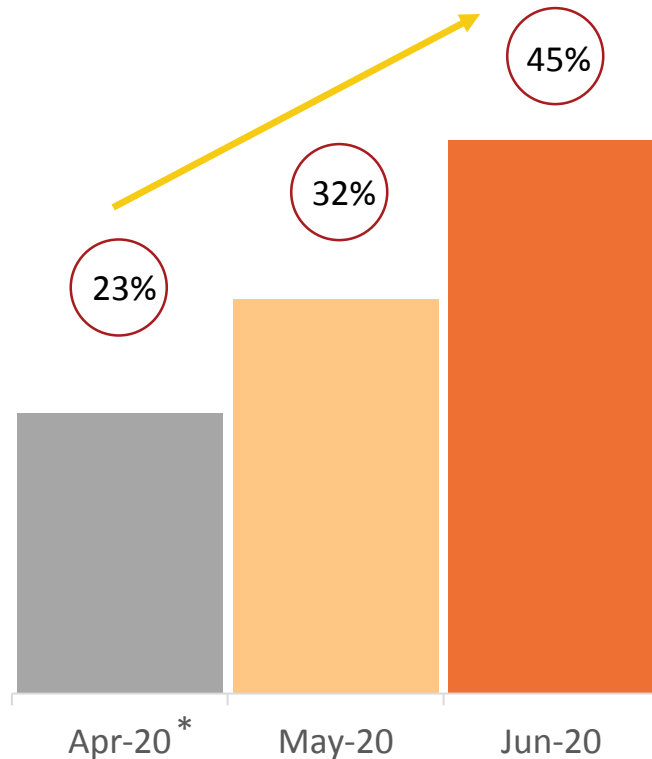
³In terms of sales value

⁴While VSF prices are at historical low, Caustic prices are at 4 year low



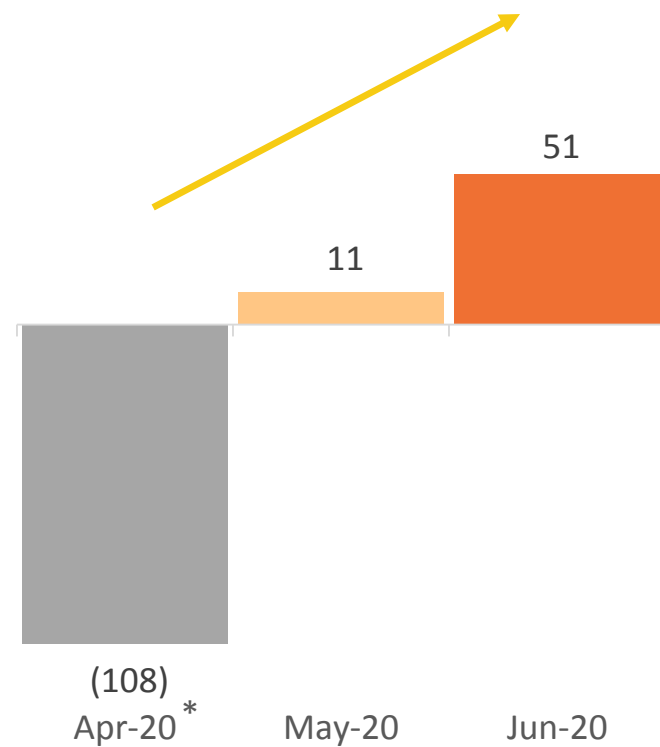
BETTER OPERATIONAL PERFORMANCE – IMPROVING FINANCIAL PERFORMANCE

Revenue (Rs. Cr.)



* Total lockdown-Partial Reopening

EBITDA (Rs. Cr.)



* Total lockdown-Partial Reopening



Uptick in the sales volume from May onwards, reflected month-on-month improvement in Revenues and EBITDA across all our businesses



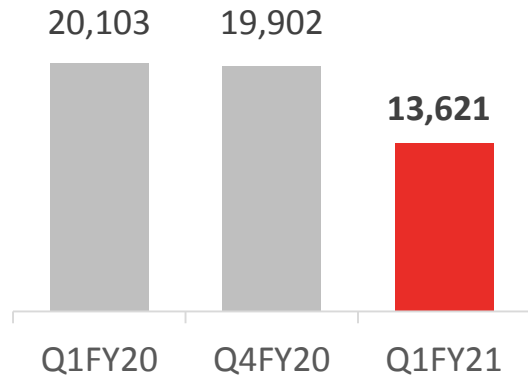
Respective month sales as a % of Q1FY21 sales



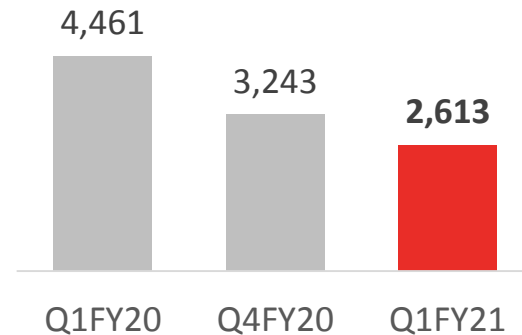
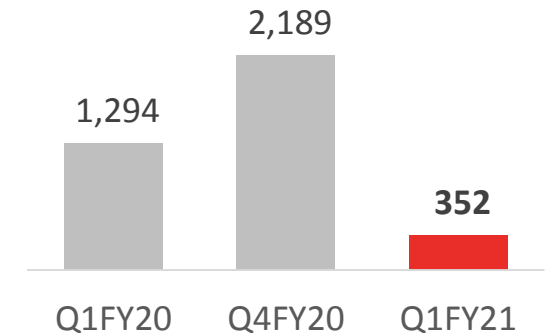
FINANCIAL OVERVIEW: QUARTERLY

Consolidated

Revenue (Rs. Cr.)

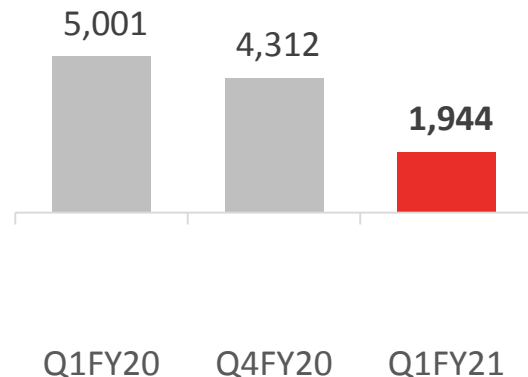


EBITDA (Rs. Cr.)

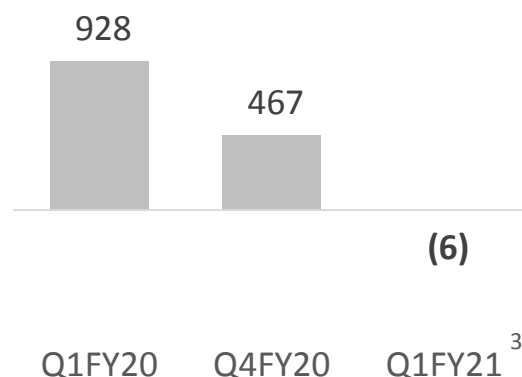
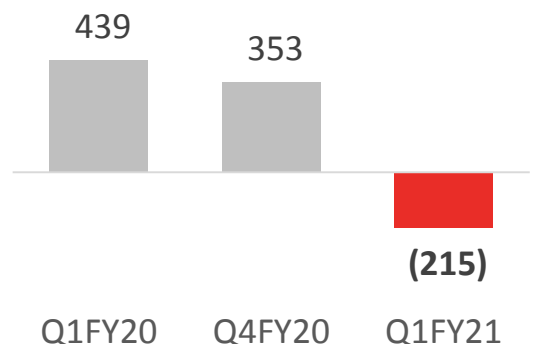
PAT¹ (Rs. Cr.)

Standalone

Revenue (Rs. Cr.)



EBITDA (Rs. Cr.)

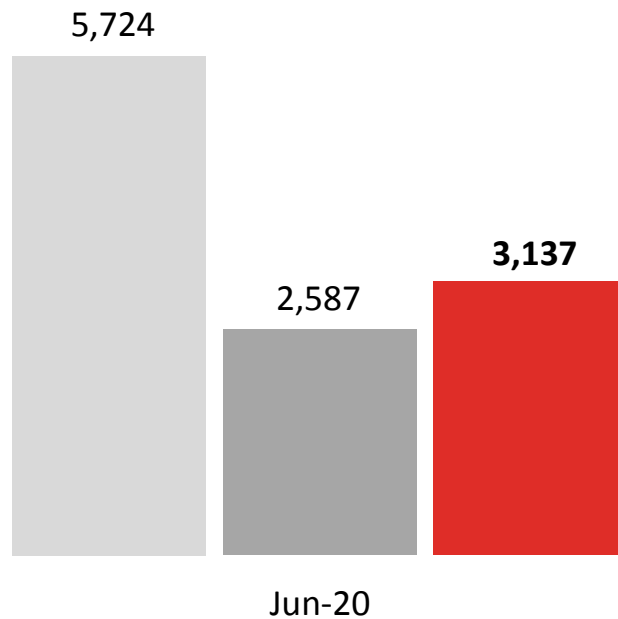
PAT² (Rs. Cr.)

¹ PAT (Before Exceptional Item) – Owner's Share ²PAT (Before Exceptional Item) ³Adjusted for COVID related CSR amounting to Rs. 40 Cr.; Reported EBITDA is Rs. (46) Cr.

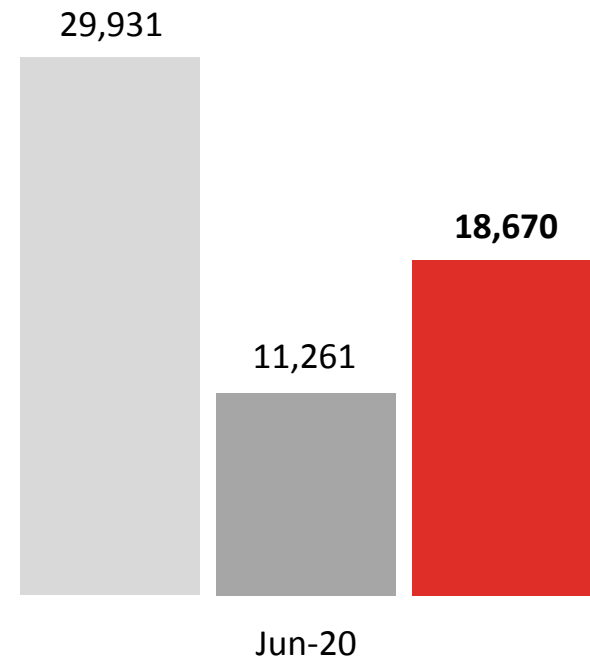


STRONG BALANCE SHEET

Standalone (Rs. Cr.)



Consolidated (Rs. Cr.)



Debt
 Liquid investments
 Net Debt

Standalone

Debt / Equity Ratio
(Borrowings / Net worth)

0.14x

Current Ratio
(Current Assets / Current Liabilities)

1.13x



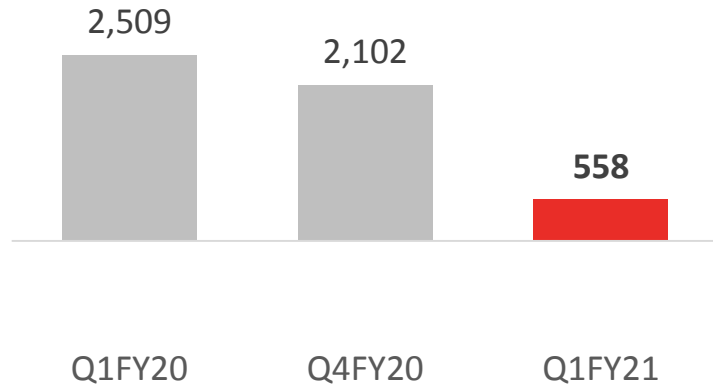
CAPEX PLAN

Particulars (Rs. Cr.)	Capex spent Q1FY21	Balance Capex to be spent 9MFY21
Viscose Staple Fibre (from 578 KTPA to 801 KTPA)		
<i>Capacity Expansion</i>	46	818
<i>Normal Modernisation and Maintenance Capex</i>	19	287
Chemical (from 1,147 KTPA to 1,457 KTPA)		
<i>Capacity Expansion, Normal Modernisation and Maintenance Capex</i>	42	275
Capex related to other businesses		
VFY, Epoxy, Textiles, Fertiliser and Insulator	25	103
Total	131	1,484

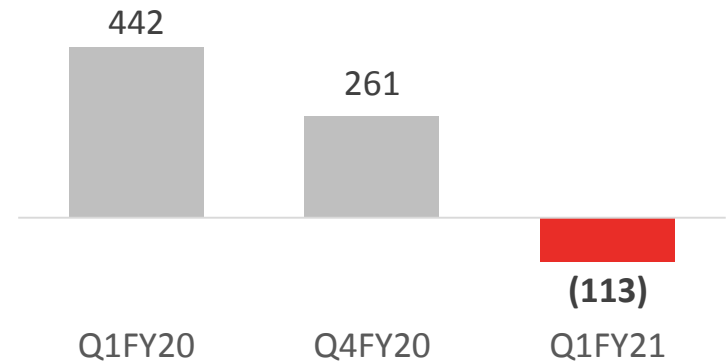
BUSINESS PERFORMANCE

FINANCIAL PERFORMANCE - VISCOSE

Revenue* (Rs. Cr.)



EBITDA* (Rs. Cr.)



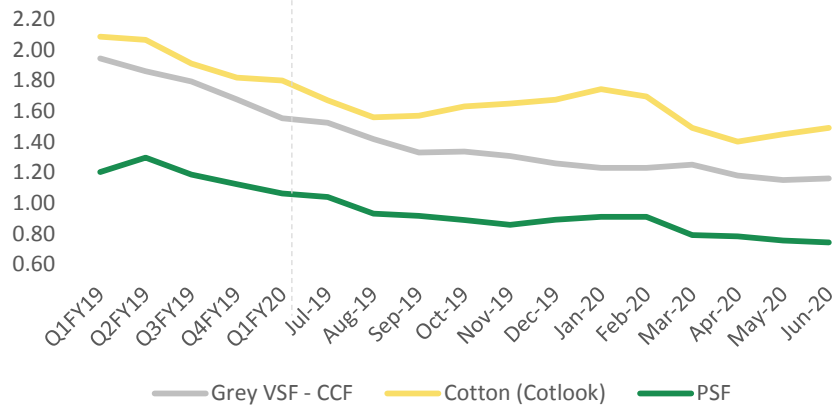
- Sharp decline in EBITDA due to lower sales volume and prices, major impact from VFY business
- Fixed Cost for the quarter for Viscose was lower by ~Rs. 186 Cr. in comparison to average FY20 cost
- Domestic market remained weak due to local lockdown and textile value chain operating at low rates
- VFY plants operated at low capacity utilization level led by weak demand condition in domestic and overseas market. Tyre cord market continues to remain weak with automotive Industry demand

*Including VFY



FINANCIAL PERFORMANCE - VISCOSE

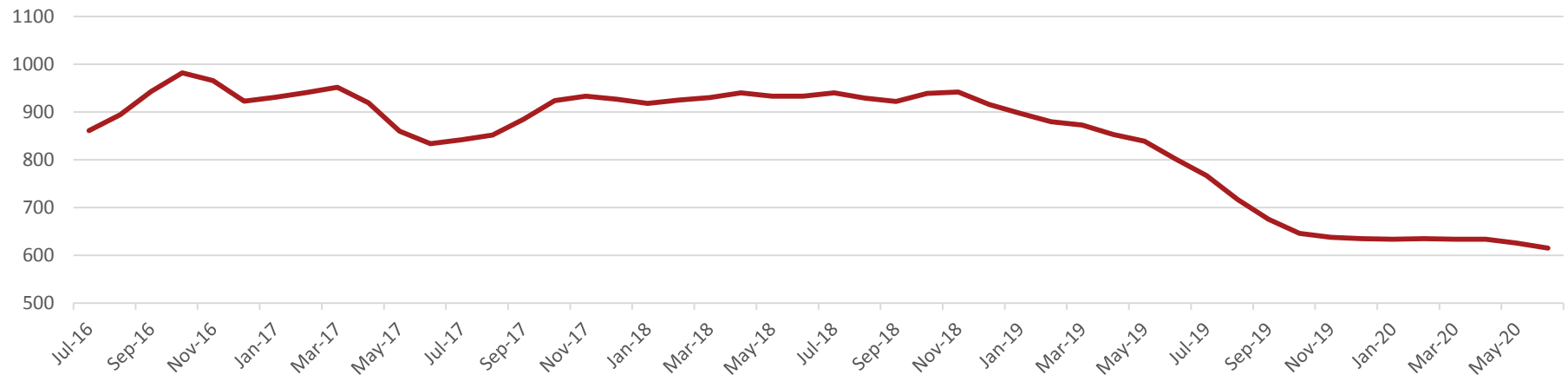
Global Prices Trend (\$/Kg)



Source: CCF and other industry sources

Price Movement	YoY (%)	QoQ (%)	June Exit Price (Δ over Q1FY21)
Grey VSF - CCF	-26%	-6%	1.16 \$/Kg 0%
Cotton	-20%	-12%	1.49 \$/Kg (3%)
PSF	-29%	-13%	0.74 \$/Kg (-2%)

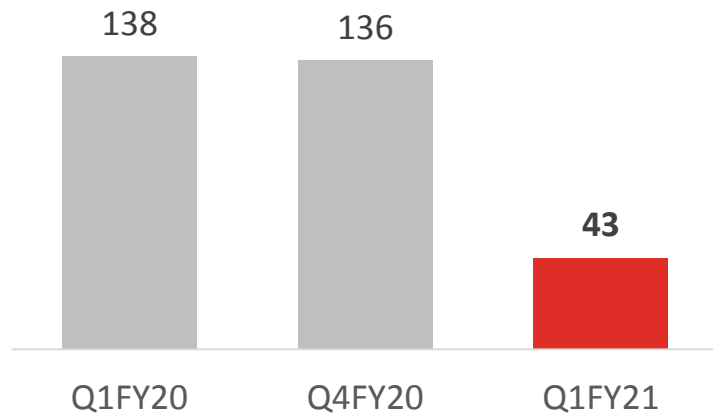
Pulp Price (\$/ton)



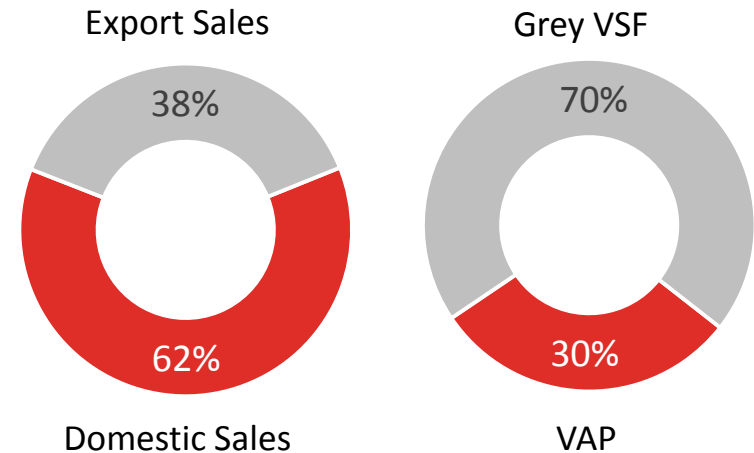


FINANCIAL PERFORMANCE - VISCOSE

VSF Sales (KT)



Sales Volume Mix



VSF business switched focus to export market and dedicated few production lines to cater to the export demand of specialty products



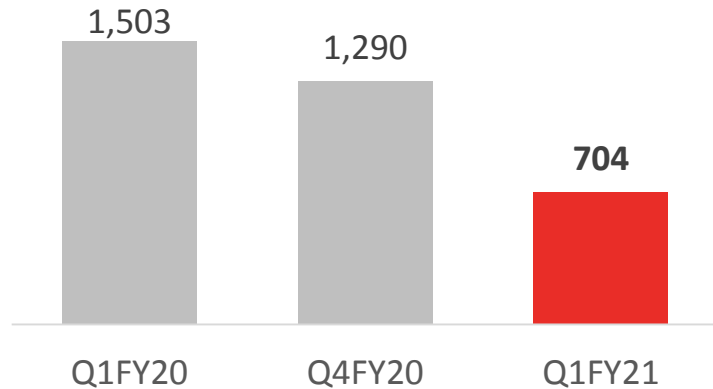
Rise in the share of VSF exports (up 26% QoQ) to improve the plant capacity utilisation



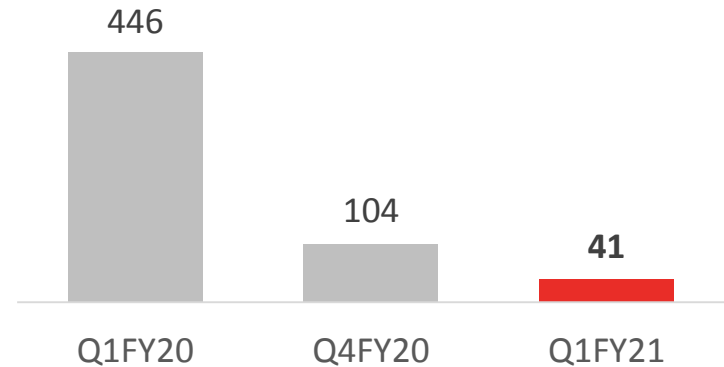
The continuous flow of yarn imports and weak demand conditions impacted the domestic spinning industry

FINANCIAL PERFORMANCE - CHEMICALS

Revenue (Rs. Cr.)



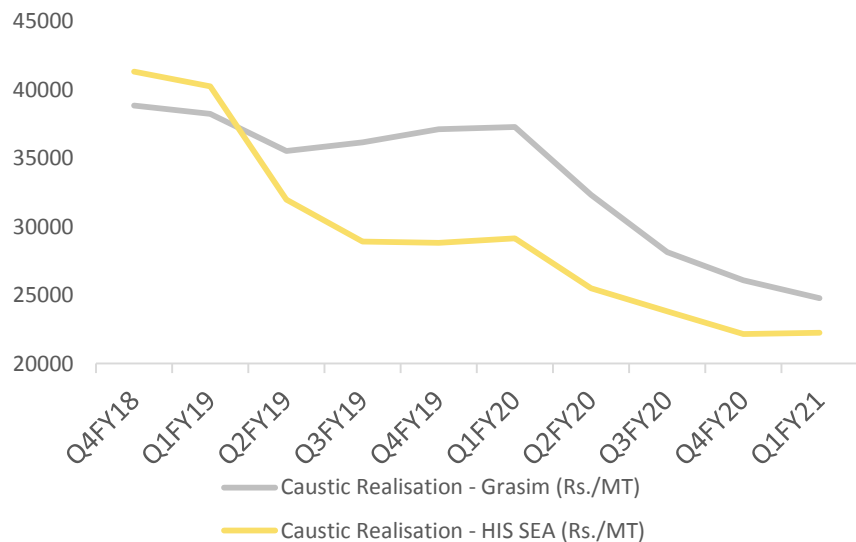
EBITDA (Rs. Cr.)



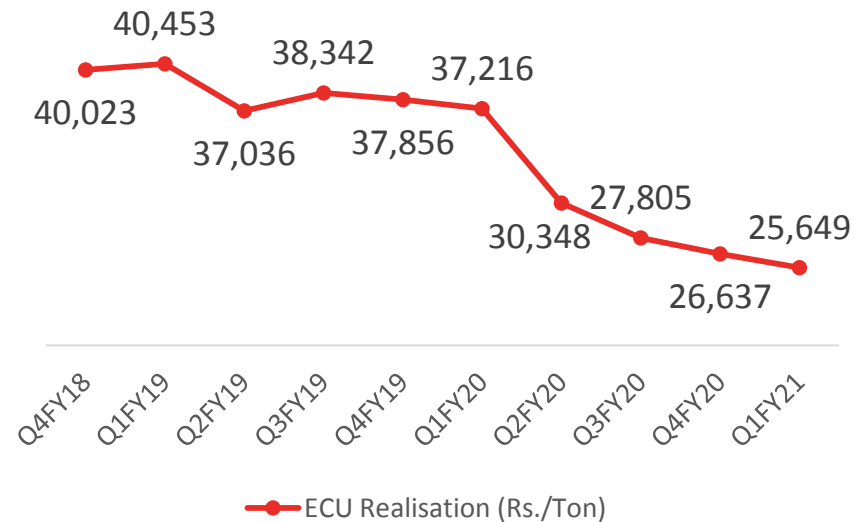
- Sharp dip in the sales volume and weakness in ECU realization impacted the financial performance
- Caustic production ramped up closer to Mar-20 level during the month of Jun-20
- The prices of key inputs like Power and Salt remained unchanged sequentially
- Epoxy performance impacted by lower demand from across the geographies, resulting into lower sales volume and prices

CHLOR ALKALI INDUSTRY

Caustic Realisation



Grasim – ECU



Caustic soda prices (CFR) in Asia eased below \$300 level due to oversupply situation, creating pressure on the domestic prices



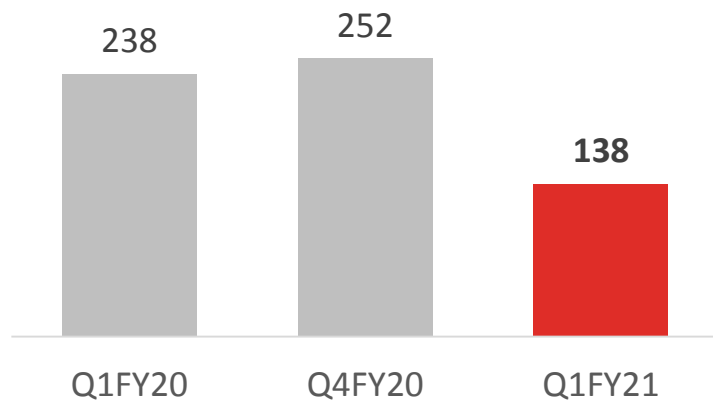
Chlorine realisations turned positive during Q1FY21, driven by demand from disinfectant and hygiene products



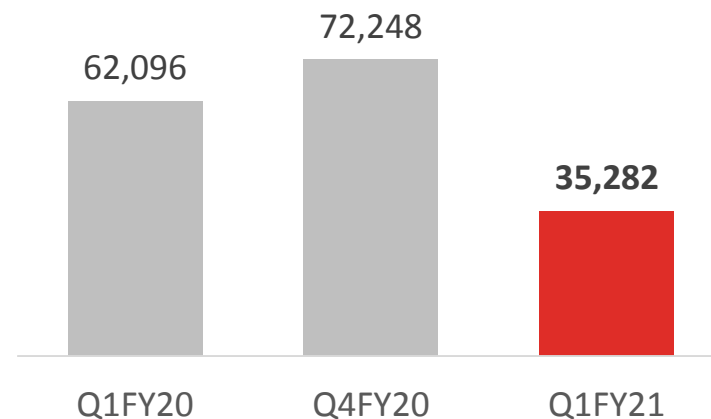
Chlorine value added products demand remained strong and touched Pre-COVID level during Jun-20

CAUSTIC – KEY OPERATIONAL METRICS

Caustic Soda Sales (KT)



Chlorine & HCl Consumption in VAP (Tons)



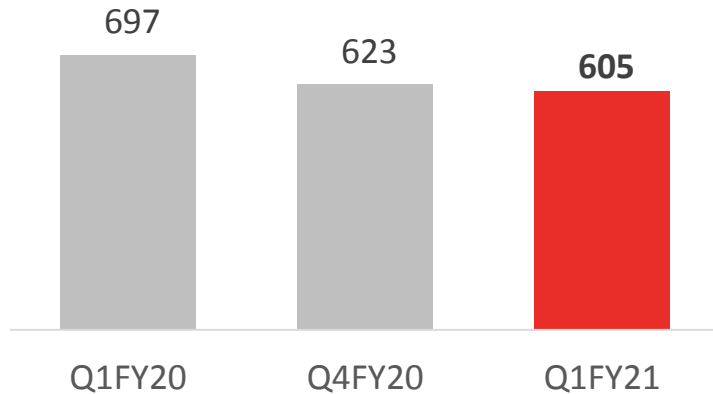
Caustic Soda sales for Q1FY21 were lower on account of lower demand for user-based industry

Chlorine consumption in VAPs stood at 27% in Q1FY21 from 26% in Q1FY20

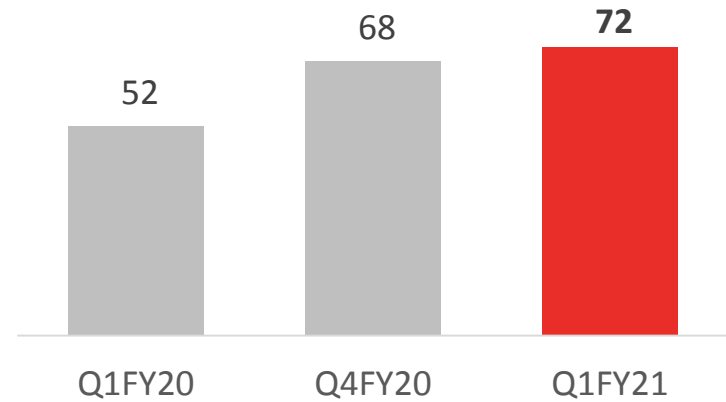
VAPs EBITDA has improved by 82% QoQ

FINANCIAL PERFORMANCE - FERTILISER

Revenue (Rs. Cr.)



EBITDA (Rs. Cr.)



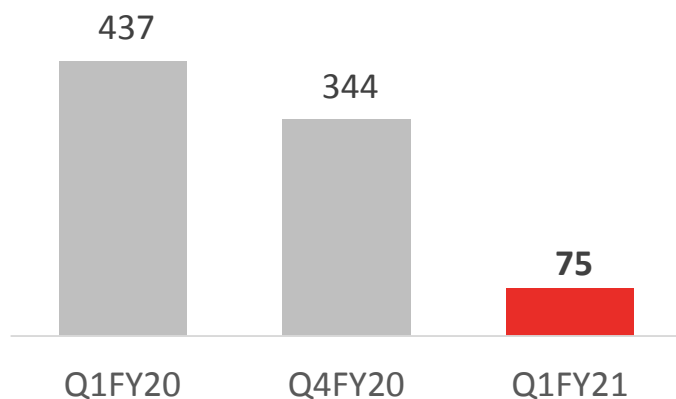
- Demand for urea continued to remain strong because of normal monsoons leading to advance crop sowing
- Improvement in EBITDA was led by lower fixed cost, one time gain pertaining to freight arrears and better PURAK sales
- Purak business sales volume improved during the quarter (contributed 24% of Q1FY21 EBITDA)



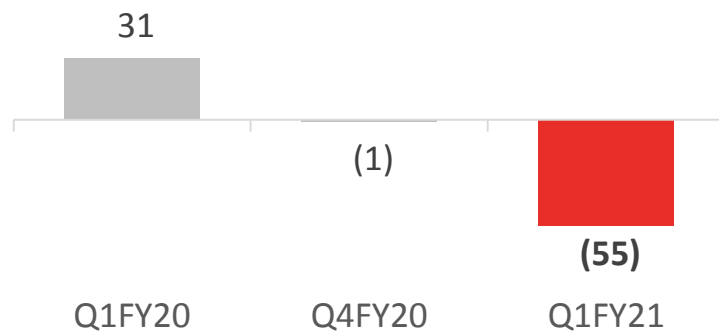
FINANCIAL PERFORMANCE – OTHER BUSINESSES

Textile

Revenue (Rs. Cr.)

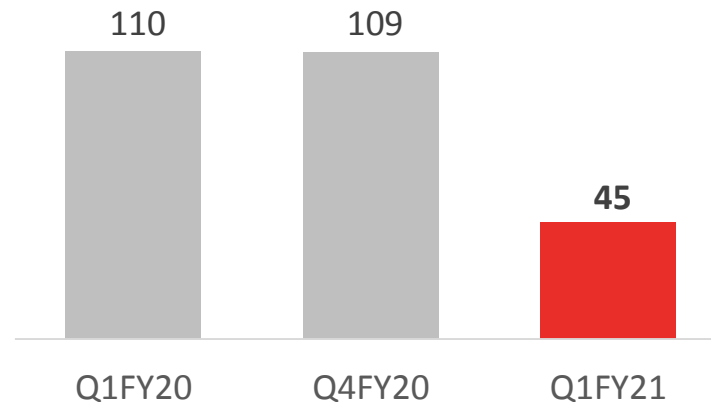


EBITDA (Rs. Cr.)

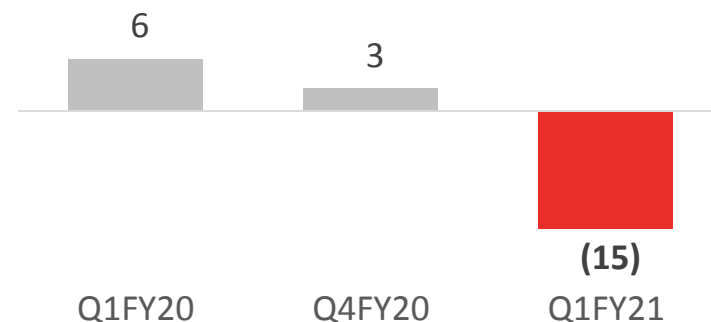


Insulators

Revenue (Rs. Cr.)

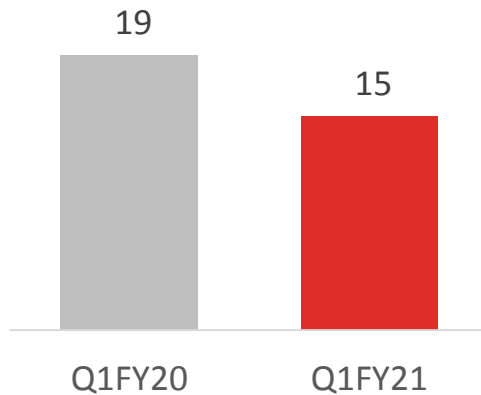


EBITDA (Rs. Cr.)

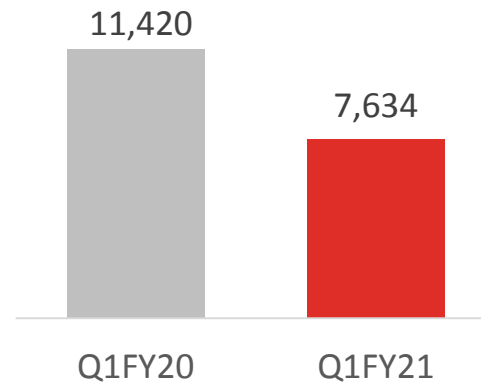


FINANCIAL PERFORMANCE – ULTRATECH

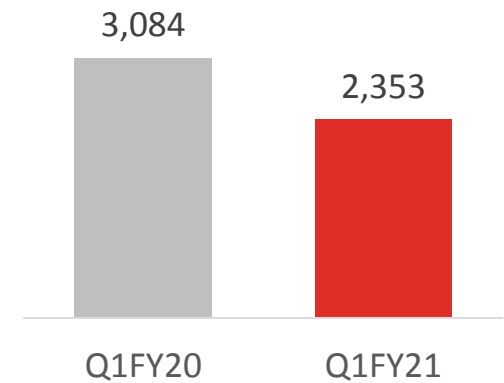
Sales volume (MT)



Revenue (Rs. Cr.)



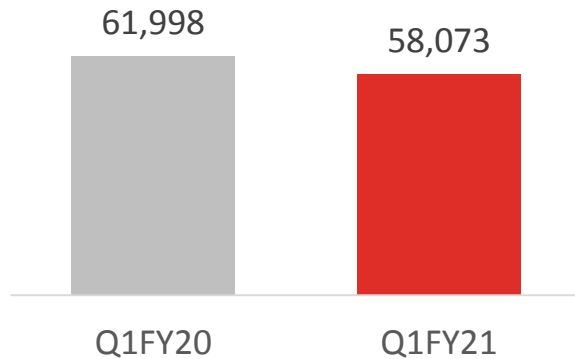
EBITDA (Rs. Cr.)



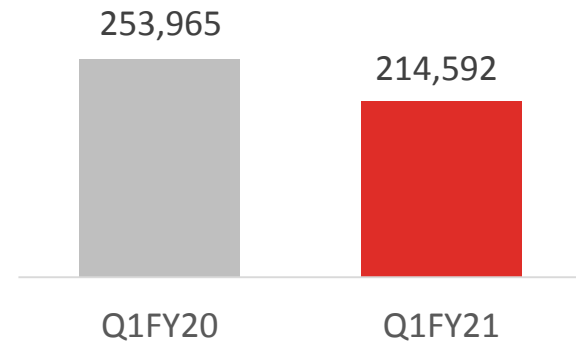
- India Operations reported operational EBITDA of Rs. 2,026 Cr. and operating EBITDA/PMT of Rs. 1,453 for Q1FY21
- Sales volume driven by pick up in the retail sales, volume up 13% YoY and higher penetration in rural market
- Variable production cost for Q1FY21 declined 9% YoY basis – Logistics down 3%, Energy down 11% and Raw Material down 2%
- Tightening of working capital and Capex spends. Consolidated Net Debt reduced YoY by Rs. 2,209 Cr. to Rs. 14,651 Cr. in Q1 FY21 with Net Debt/EBITDA at 1.44x (Jun'20)

FINANCIAL PERFORMANCE – ABCL

Lending Book (Rs. Cr.)*



Domestic AAUM (Rs. Cr.)



- Revenue and net profit after minority interest for Q1FY21 are Rs. 4,035 Cr. and Rs. 198 Cr. respectively
- Overall closing AUM (Domestic) increased by 8% QoQ to Rs.2,17,643 Cr. and closing Equity AUM grew by 19% to Rs. 78,017 Cr. in Jun-20
- In Life Insurance, Individual First Year Premium (FYP) grew 5% YoY to Rs.309 Cr. significantly ahead of industry; Improvement in 13th month persistency from 79% to 81%.
- In the Health Insurance business, gross written premium increased to Rs.246 Cr. in Q1FY21, up 72% YoY with retail mix at 73%

* Includes NBFC and Housing Finance



FINANCIAL PERFORMANCE – OTHER SUBSIDIARIES

Aditya Birla Renewables (Solar Power)

Rs. Cr.

Particulars	Q1FY21	Q4FY20	Q1FY20
Revenue	38	45	26
EBITDA	30	24	14
EBIT	21	16	8
Capital Employed (Incl. CWIP)	1,453	1,412	851

Parameters

Jun'20

Cumulative installed capacity (MW)	320
No. of Projects	20
Capacity with Group Companies (MW)	118
No. of Projects with Group Companies	12

Grasim Premium Fabrics Private Limited

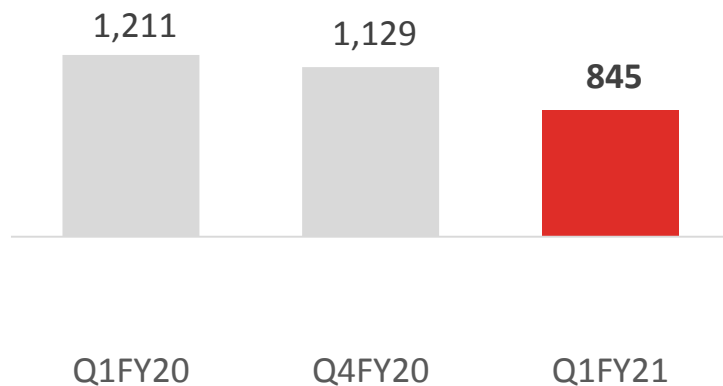
Rs. Cr.

Particulars	Q1FY21	Q4FY20	Q1FY20
Revenue	1	27	48
EBITDA	(9)	(1)	8
EBIT	(13)	(6)	4
Capital Employed (Incl. CWIP)	162	173	181

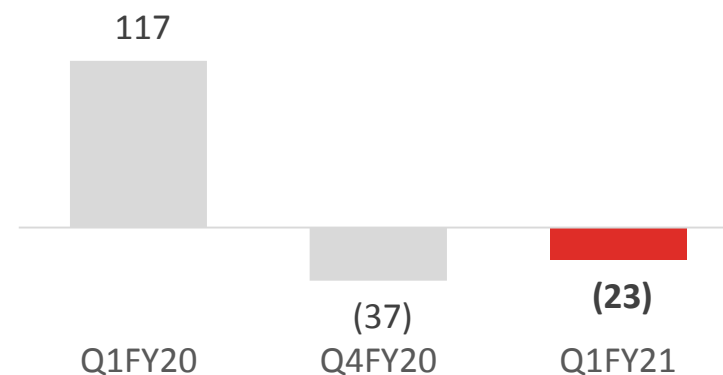


FINANCIAL PERFORMANCE – PULP JV's

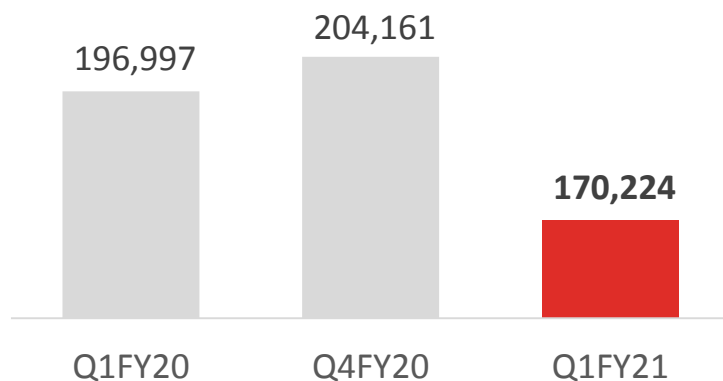
Revenue (Rs. Cr.)



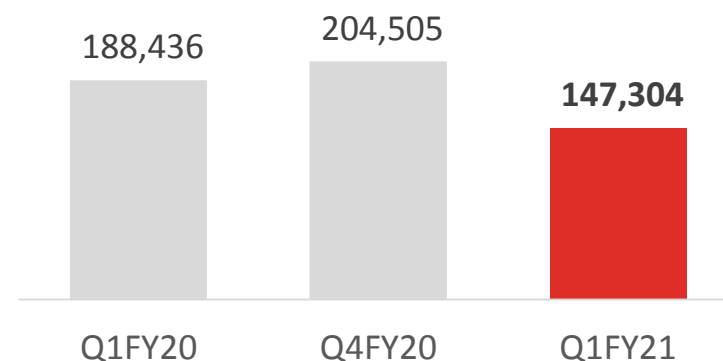
EBITDA (Rs. Cr.)



Production Volume (Tons)



Sales Volume (Tons)



Note: The above data represents the financial performance of all Pulp JVs on total basis. The share in the PAT of these JVs (proportionate to its holding) is consolidated in the consolidated financials of Grasim.

INCOME STATEMENT – Q1FY21

Particulars (Rs. Cr.)	Standalone		Consolidated	
	Q1FY21	Q1FY20	Q1FY21	Q1FY20
Net Revenue from Operations	1,944	5,001	13,621	20,103
Other Income	99	85	377	234
EBITDA	(46)	928	2,613	4,461
<i>EBITDA Margin (%)</i>	<i>-2%</i>	<i>18%</i>	<i>19%</i>	<i>22%</i>
Finance Cost	78	78	491	593
Depreciation	213	203	986	1,009
Share in Profit of JVs, Associates & Others	-	-	23	48
PBT	(337)	647	1,160	2,907
Tax Expense	(122)	208	377	991
Exceptional items (Net of Tax) [#]	54	238	162	57
PAT attributable to Minority Shareholders	-	-	384	622
PAT (After Exceptional Items)	(269)	202	237	1,237
PAT (Before Exceptional Items)	(215)	439	352	1,294

[#]Consolidated Income statement of Q1FY21 Includes amount of ₹ 108 crores (Net of tax), one-time expense, based an order issued by the Hon'ble Supreme Court dated 17th July 2020, against the UltraTech's claim of capital investment subsidy, under Rajasthan Investment Promotion Scheme -2003

SUSTAINABILITY



GREATER PURPOSE - GREATER FUTURE



World Environment Day (5th June) Celebration

- Planting trees at factory, school premises, & in nearby villages
- Conducted webinar on “Biodiversity & Sustainable Wood Sourcing at Birla Cellulose”



Committed to achieve ZDHC targets

VSF business contributed along with other viscose players in formulating the guidelines for ZDHC Man-Made Cellulosic (MMCF), We are committed in implementing the ZDHC MMCF standards at all the fiber manufacturing units as per the ZDHC MMCF implementation plan



Introducing Antimicrobial

Special fabric inherently possesses Antimicrobial properties, which inhibits the growth of microbes[^] (bacteria and viruses) on your apparels & home textiles, and kills them to the extent of 99%. This makes apparels and home textiles safe, without compromising on performance and fashion



[^]Microbes: All microorganisms including virus, bacteria and fungi.

APPENDIX



BALANCE SHEET

Standalone (Rs. Cr.)			Consolidated (Rs. Cr.)	
30th Jun'20	31st Mar'20	EQUITY & LIABILITIES	30th Jun'20	31st Mar'20
39,969	37,674	Net Worth	59,550	56,652
-	-	Non Controlling Interest	34,795	34,335
-	-	Borrowings related to financial services	51,562	54,269
5,724	5,068	Other Borrowings	29,931	28,831
62	66	Lease Liability	1,598	1,562
1,480	1,403	Deferred Tax Liability (Net)	7,246	6,997
-	-	Policy Holders Liabilities	44,813	41,265
4,777	5,284	Other Liabilities & Provisions	20,300	20,504
52,012	49,495	SOURCES OF FUNDS	249,794	244,416
30th Jun'20	31st Mar'20	ASSETS	30th Jun'20	31st Mar'20
11,481	11,634	Net Fixed Assets	64,709	65,458
3,042	2,966	Capital WIP & Advances	6,114	5,971
443	449	Right of Use - Lease (including Leasehold Land)	2,090	2,063
-	-	Goodwill on Consolidation	20,045	20,047
		Investments:		
2,636	2,636	UltraTech Cement (Subsidiary)	-	-
17,847	17,847	AB Capital (Subsidiary)	-	-
-	-	AMC (JV)	5,340	5,293
749	747	Investment in other equity accounted investees	1,307	1,240
2,587	2,093	Liquid Investments	11,261	8,149
3,517	1,028	Vodafone Idea	3,517	1,028
3,572	3,324	Other Investments(Hindalco, ABFRL, AB Capital surplus ir	7,180	7,538
-	-	Investment of Insurance Business	22,078	20,263
-	-	Assets held to cover linked liabilities	24,927	22,829
-	-	Loans and advances of financing activities	57,269	58,477
6,137	6,770	Other Assets, Loans & Advances	23,958	26,060
52,012	49,495	APPLICATION OF FUNDS	249,794	244,416
3,137	2,975	Net Debt / (Surplus)	18,670	20,682

VISCOSE BUSINESS SUMMARY

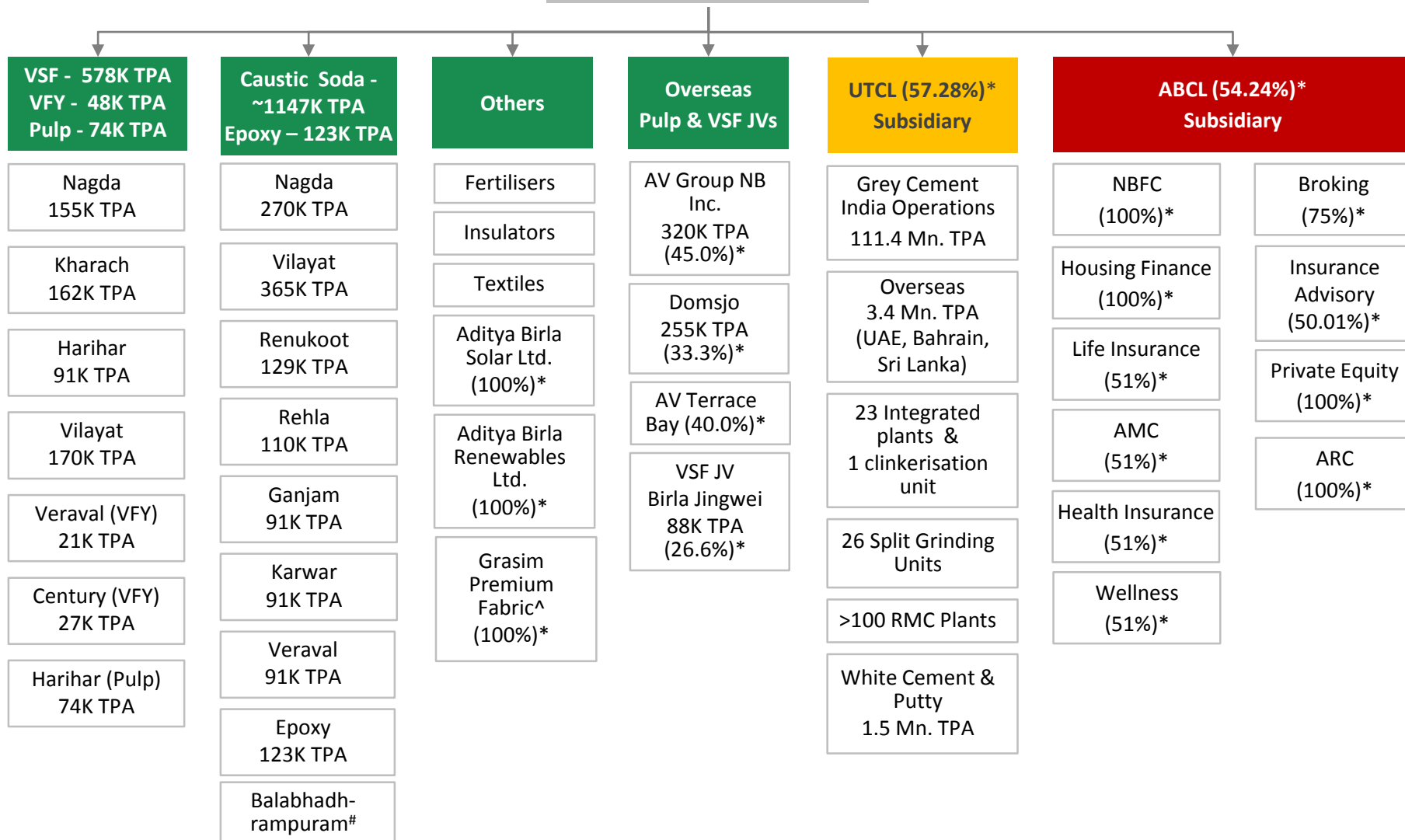
Particulars		Quarter 1		% Change	Q4FY20	% Change
		2020-21	2019-20			
Capacity						
VSF	KTPA	578	566	2	578	0
VFY	KTPA	48	46	4	48	0
Production						
VSF	KT	37	140	(74)	131	-72
VFY	KT	1	11	(91)	10	-90
Sales Volume						
VSF	KT	43	138	(69)	136	(68)
VFY	KT	1	10	(90)	10	(90)
Revenue	Rs. Cr.	558	2,509	(78)	2,102	(73)
EBITDA	Rs. Cr.	(113)	442	(126)	261	(143)
EBITDA Margin	%	-20%	18%		12%	
EBIT	Rs. Cr.	(221)	338	(165)	149	(248)
Capital Employed (Incl. CWIP)	Rs. Cr.	8,558	7,775	10	8,489	1
ROAvCE (Excl. CWIP)	%	-14%	20%		9%	

CHEMICAL BUSINESS SUMMARY

Particulars		Quarter 1		% Change	Q4FY20	% Change
		2020-21	2019-20			
Capacity*	KTPA	1,147	1,147	0	1,147	0
Production*	KT	139	242	(43)	250	(44)
Sales Volume*	KT	138	238	(42)	252	(45)
Revenue	Rs. Cr.	704	1,503	(53)	1,290	(45)
EBITDA	Rs. Cr.	41	446	(91)	104	(61)
EBITDA Margin	%	6%	30%		8%	
EBIT	Rs. Cr.	(29)	382	(107)	34	(183)
Capital Employed (Incl. CWIP)	Rs. Cr.	5,088	5,088	0	5,206	(2)
ROAvCE (Excl. CWIP)	%	-3%	34%		3%	

* Volume data is for Caustic Soda only. Revenue and EBITDA are for all products in the chemical segment

GRASIM GROUP STRUCTURE

Under construction Chlor-Alkali plant with capacity of 146 KTPA

* Subsidiary companies - Equity ownership

^ Suktas India has been renamed to Grasim Premium Fabric Private Limited post acquisition

FORWARD LOOKING AND CAUTIONARY STATEMENT

Certain statements in this report 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, feed stock 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 assume no responsibility to publicly amend, modify or revise any forward looking statement, on the basis of any subsequent development, information or events, or otherwise.

Country and Year of Incorporation: **India, 1947**

Listing: **India (BSE/NSE) , GDR (Luxembourg)**

Bloomberg Ticker: **GRASIM IB EQUITY , GRASIM IS EQUITY, GRAS LX (GDR)**

Business Description: **Viscose, Chemicals, Cement and Financial Services**

Market Cap (31st July 2020) : **Rs. 41,639 Crore.**



NOTES



GLOSSARY

Abbreviation	Particulars
AAUM	Average Asset Under Management
ECU	Electro Chemical Unit
Epoxy	Name of Chemical
FY	Financial Year
HSBP	High Strength Bleaching Powder
KTPA	Thousand Ton per annum
MTPA	Million Ton per annum
NBFC	Non Banking Financial Company
PMT	Per Metric Ton
ROAvCE	Return on Average Capital Employed
SRS	Sulphate Recovery System
TPD	Ton per day
VAP	Value Added Product
VFY	Viscose Filament Yarn
VSF	Viscose Staple Fibre
ZLD	Zero Liquid Discharge
ZDHC	Zero Discharge of Hazardous Chemicals
MMCF	Man-made Cellulosic Fiber



Thank you

Grasim Industries Ltd.

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