

ADITYA BIRLA



GRASIM

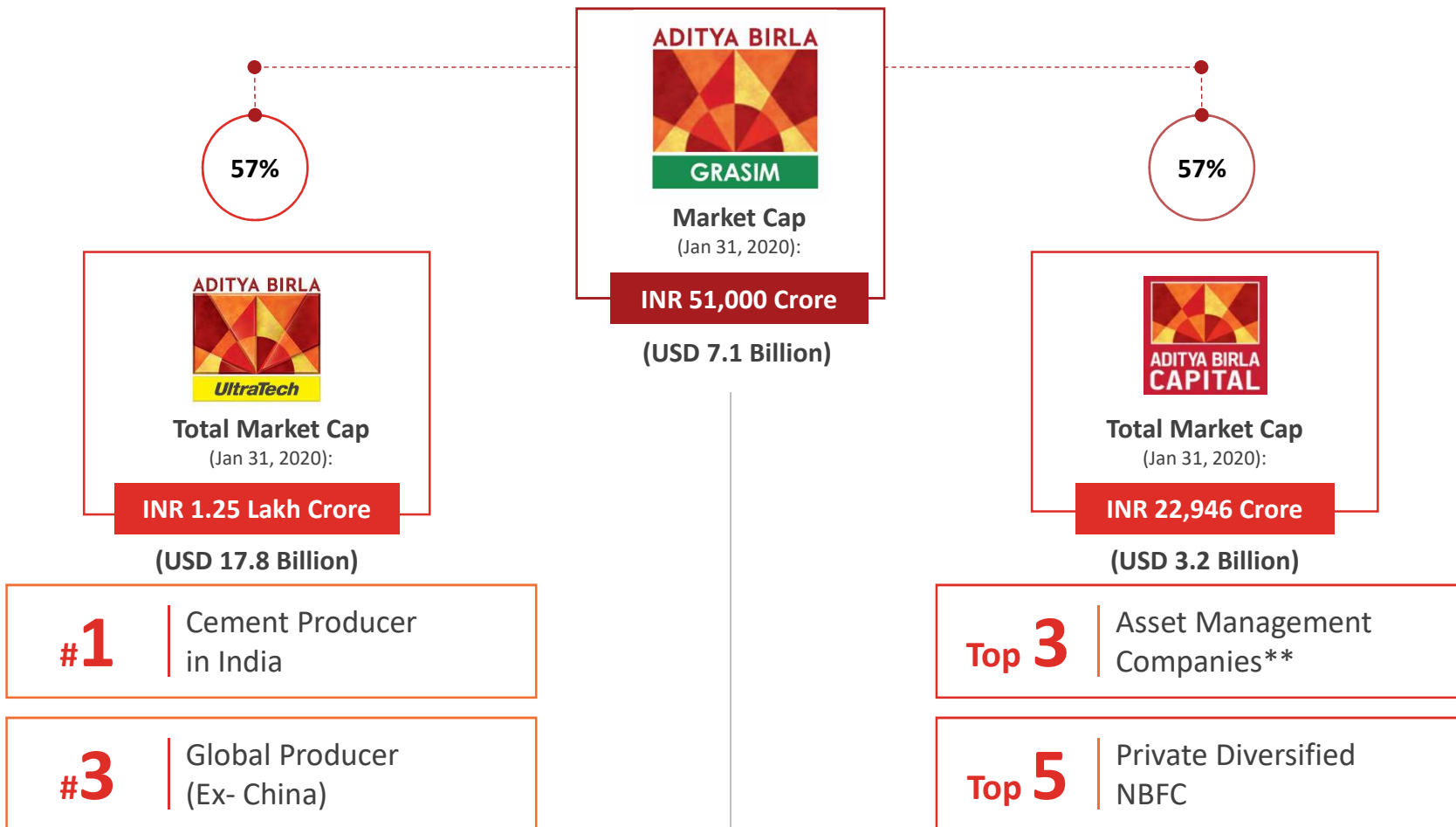
Grasim  
Industries  
Limited

**BIG  
IN  
YOUR  
LIFE**

Earnings  
Presentation  
Q3FY20

# BIG IN YOUR LIFE

- #1 In Viscose Staple Fibre@
- #1 In Caustic Soda & Specialty Chemicals\*
- #1 In Premium Fabric



@ Presence In India in Viscose, Modal and 3rd generation visose

\*Global leadership in Chlorine derivatives namely Stable Bleaching Powder and Aluminum Chloride and India leadership in Chloro Paraffin wax, PolyAluminium Chloride and Phosphoric Acid \*\* Excluding ETF

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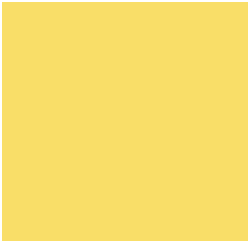
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Business Performance **02**

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Appendix **03**

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ADITYA BIRLA



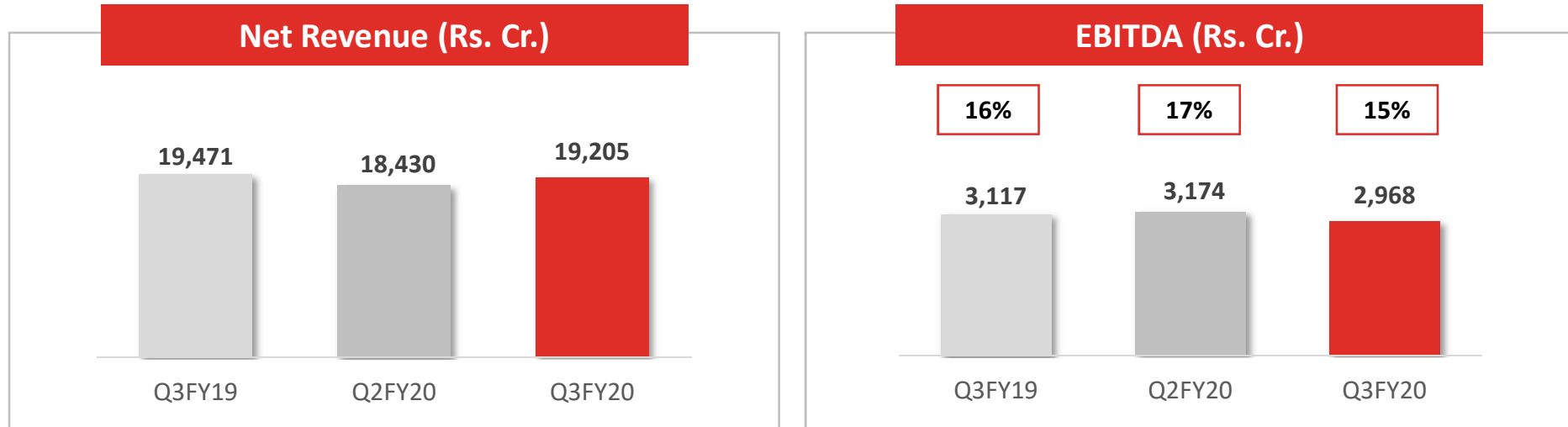
GRASIM

# Financial Overview

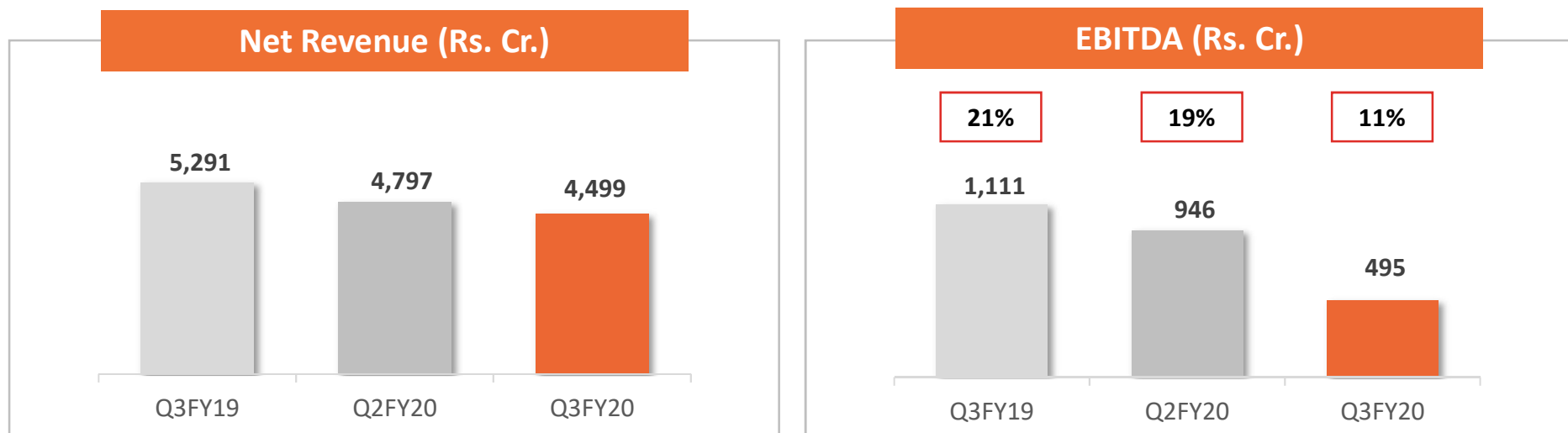


## FINANCIAL OVERVIEW: QUARTERLY

### Consolidated



### Standalone

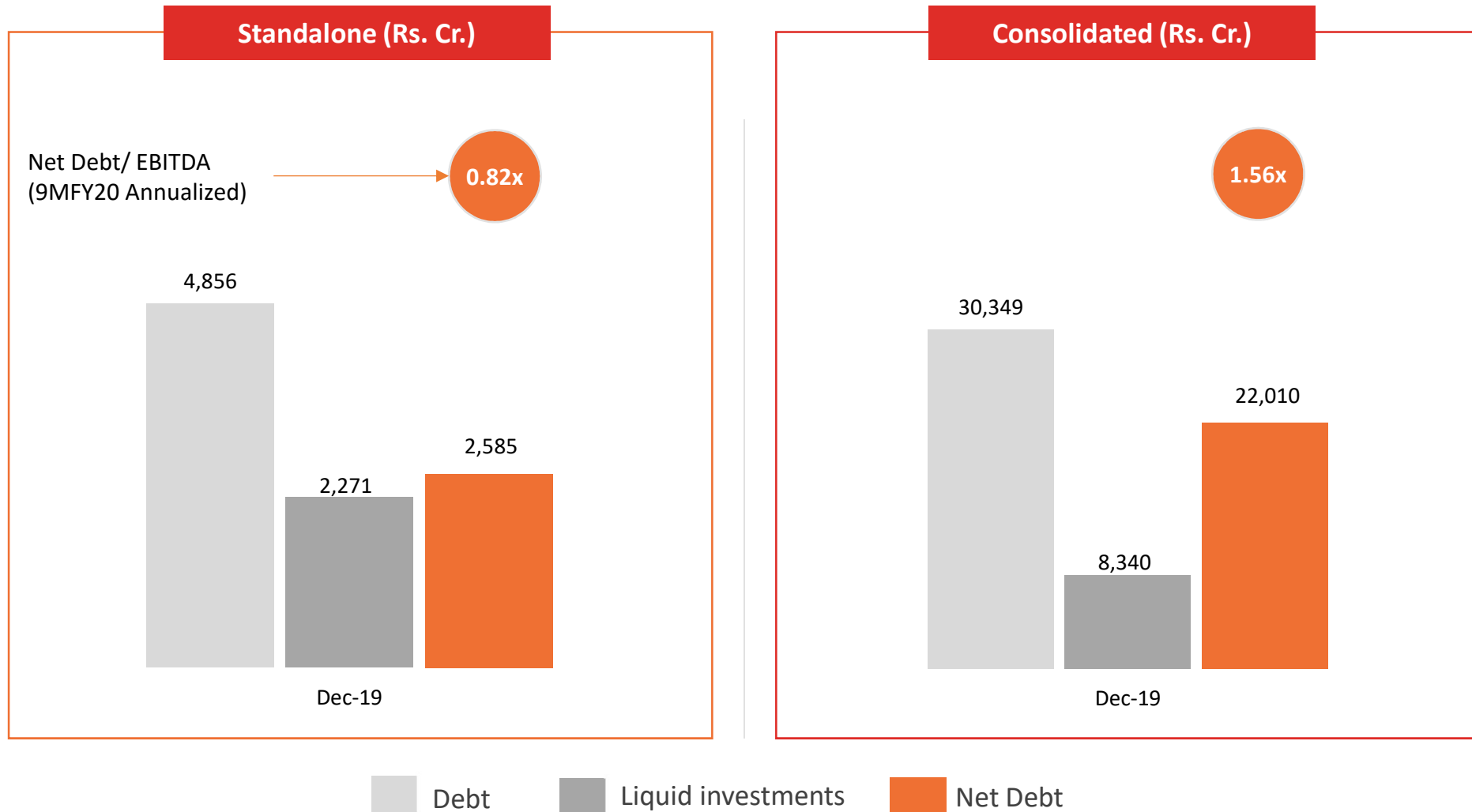


EBITDA Margin (revenue adjusted to include other income)



## STRONG BALANCE SHEET

Robust 9M FY20 standalone operating cash flow (before capex) generation of ~Rs. 3,438 Cr







ADITYA BIRLA



GRASIM

# Business Performance





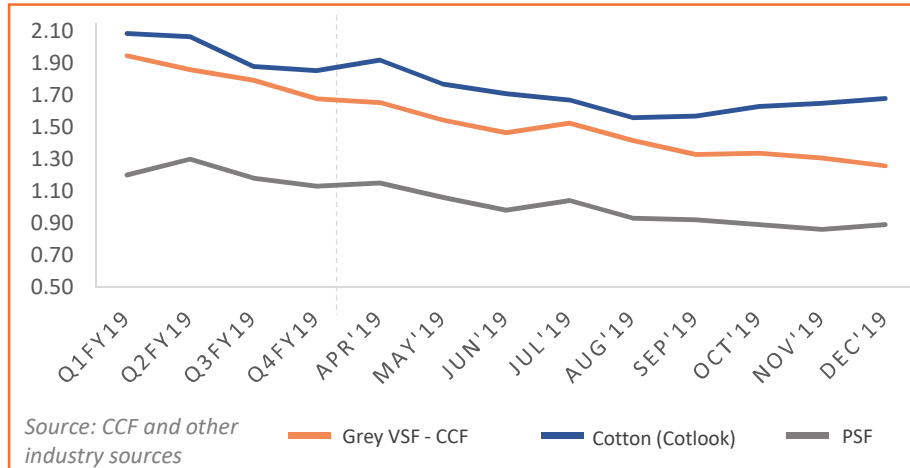
## VISCOSE INDUSTRY

- Capacity addition of ~1.3 Mn Tons in last one year in Asia, muted demand due to weak macro-economic conditions, US-China trade war, and sharp RMB depreciation have impacted global prices
- Inventory level has gone up despite Operating Rate coming down from 90% to 75%
- Grey VSF prices drifted to near variable cost towards end of Q3 FY20 indicating expected future support
- The domestic VSF price may witness some improvement in the near term with improving sentiment post phase-1 of US-China trade deal and near-term supply constraints from China
- US- China Trade deal (Phase-1) and lower than expected production of cotton led to an uptick in the global cotton prices



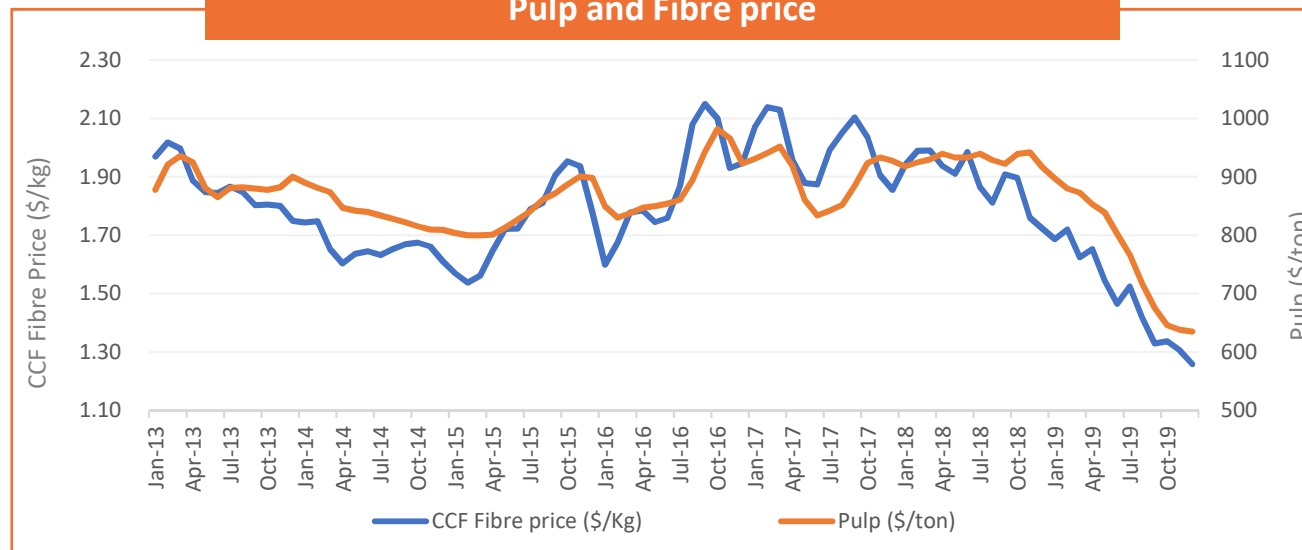
## VISCOSE INDUSTRY

### Global Prices Trend (\$/Kg)



Price Movement	YoY (%)	QoQ (%)	Dec Exit Price (Δ over Q3FY20)
Grey VSF	-27%	-9%	1.26 \$/Kg (-2%)
Cotton	-14%	3%	1.68 \$/Kg (2%)
PSF	-25%	-9%	0.89 \$/Kg (1%)

### Pulp and Fibre price

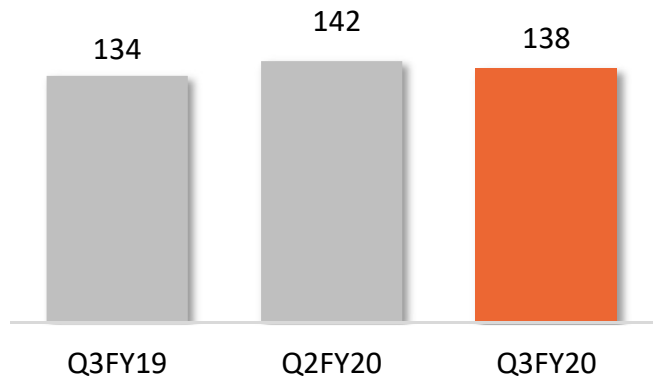


	Pulp (\$/ton)	CCF Spot (\$/Kg)
Min	635	1.26
Max	982	2.15
Avg.	866	1.79

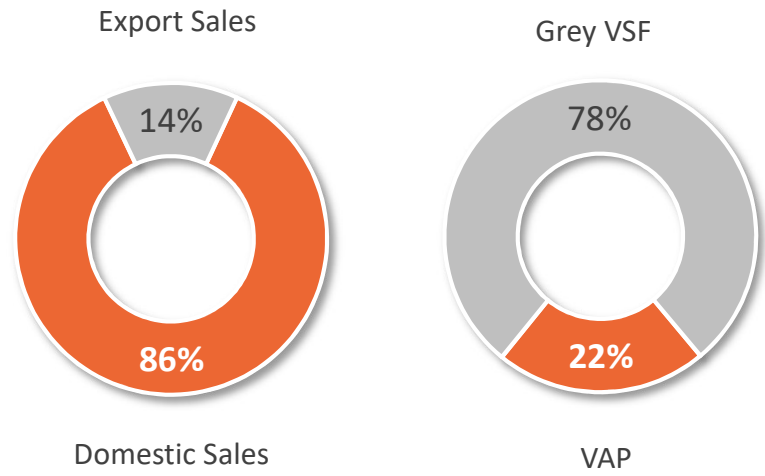


# VISCOSE – KEY OPERATIONAL METRICS

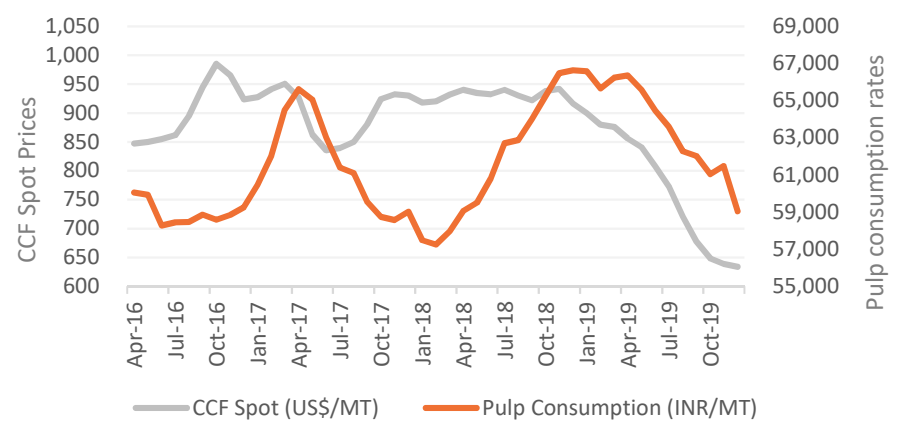
## VSF Sales (KT)



## Sales Volume Mix



## Pulp CCF prices vs Consumption Prices



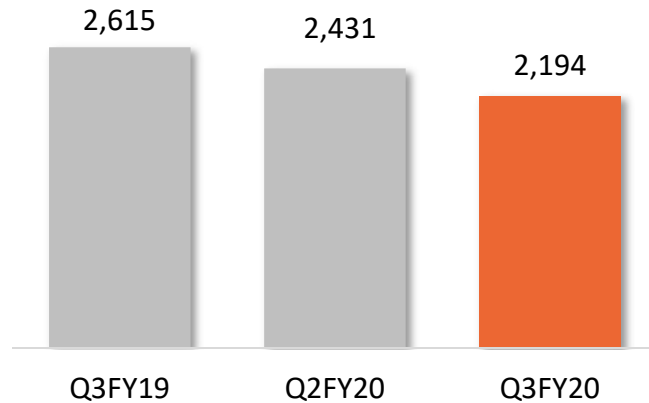
- Share of VAP sales in total sales increased to 22% (Up 2% QoQ)
- Pulp price continued to remain below \$650/ton in Q3 FY20
- Further gain of weakening input costs (pulp prices) to reflect in the subsequent quarters
- Average consumption rate for Q3FY20 stood at Rs. 60,524/ton and average CCF Spot Prices stood at 640 \$/ton

Source: CCF and company data

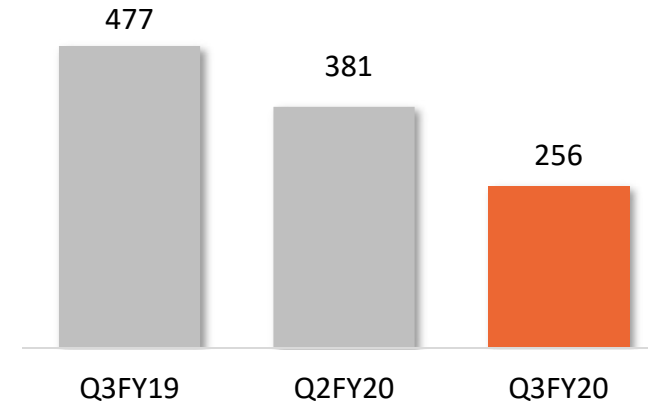


## FINANCIAL PERFORMANCE - VISCOSE

### Net Revenue\* (Rs. Cr.)



### EBITDA\* (Rs. Cr.)



Pulp prices touched a new low providing relief on the cost front



In the domestic market, the prices corrected in line with the global prices



VFY profitability impacted by lower sales volume (9% down YoY) mainly due to lower exports of Tyre cord yarn on account of slowdown in automobile markets in Europe

\* Including VFY

## VISCOSE (PULP & FIBRE) – SUSTAINABILITY REPORT HIGHLIGHTS



### The VSF business is ranked **No.1**

VSF Producer in following Sustainable forestry practices & protection of endangered and ancient forests the **Hot Button Report published by Canopy**



**25-29 buttons**



### 3 party verified Higg (3.0) FEM average score of 90 at all VSF manufacturing sites

Continuous reduction in intensity (per ton of fibre) in energy and chemicals consumption, COD and sulphur emission



### Launched sustainably enhanced viscose fibre – LivaEco

71 patent applications in 15 countries belonging to 32 patent families



### Among the lowest water consumer (30% reduction in water intensity in last 5 years) for VSF manufacturing



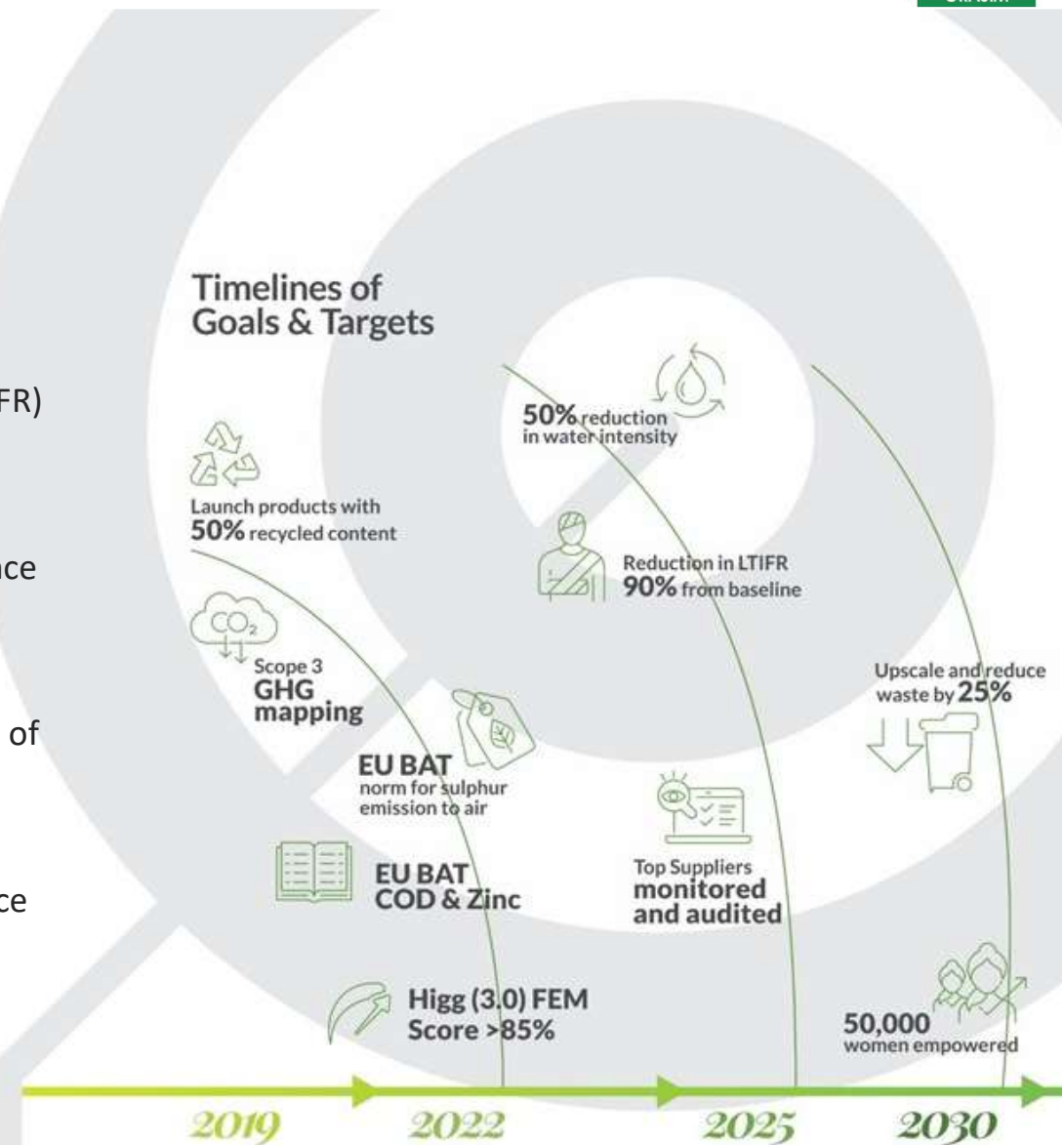
### Carbon Neutral

Carbon Sequestered is more than Scope 1 & 2 emissions



## VISCOSE (PULP & FIBRE) – SUSTAINABILITY REPORT HIGHLIGHTS (GOALS AND TARGETS)

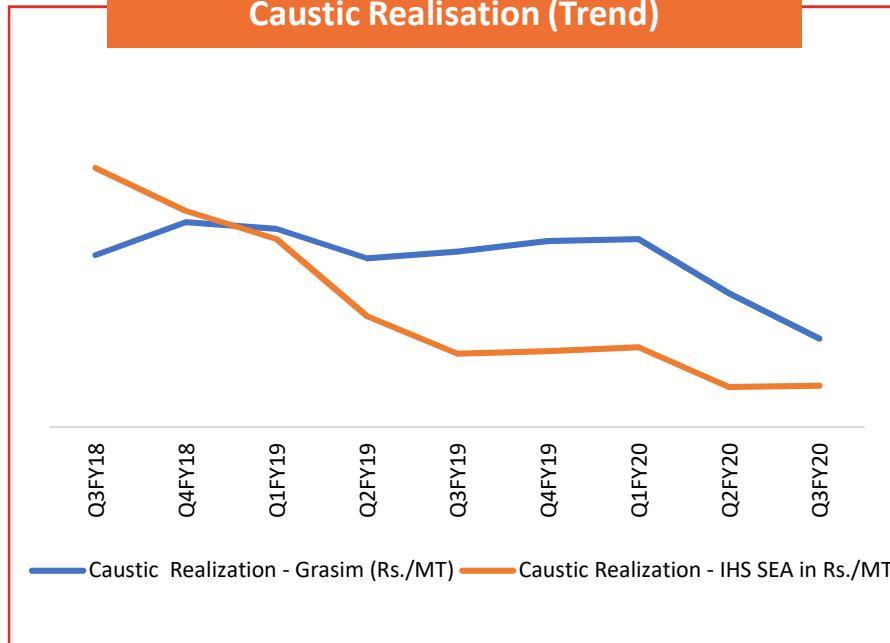
- 1** Reduce sulphur release to air by 70% at all VSF sites by 2022
- 2** Reduce water intensity by 50% in VSF manufacturing by 2025 over baseline of FY'15
- 3** Reduce the Loss Time Injury Frequency Rate (LTIFR) below 90% over baseline of FY'15
- 4** Assess and improve the sustainability performance of key suppliers by 2025
- 5** Increase the use of alternative feedstock such as of pre and post consumer waste cellulose
- 6** Development of alternative applications to reduce the solid waste by 25% by 2030 over FY'15
- 7** Empower 50,000 women by making them financially independent on chosen vocations by 2030



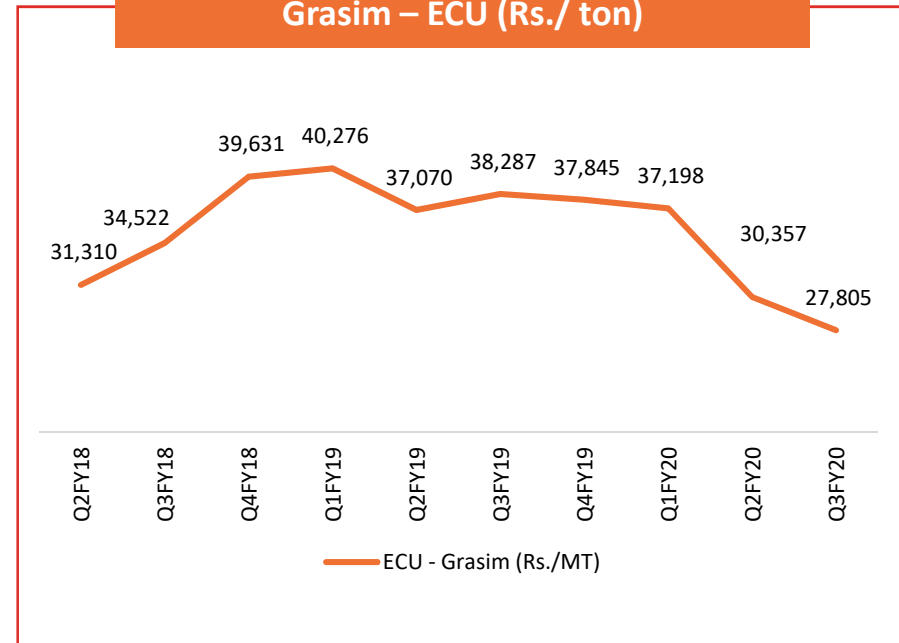


## CHLOR ALKALI INDUSTRY

### Caustic Realisation (Trend)



### Grasim – ECU (Rs./ ton)



Globally, the Caustic Soda prices have been bearish for last six quarters because of lowering demand in Asia (incl. China)



New Caustic capacity addition and increase in imports are resulting in decline in domestic Caustic prices in-line with international prices



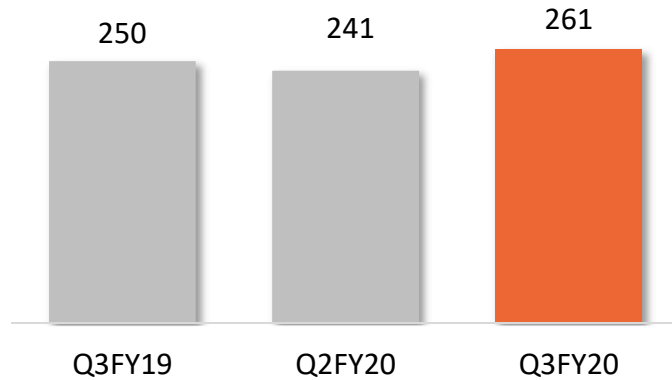
In India, ECU in short term is likely to remain depressed till new capacities are absorbed by additional demand



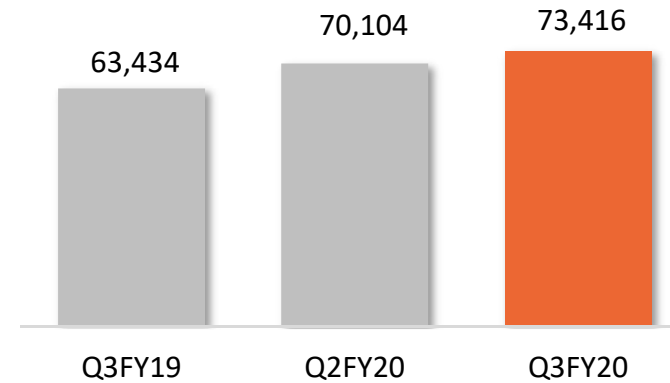


## CAUSTIC – KEY OPERATIONAL METRICS

### Caustic Soda Sales (KT)



### Chlorine & HCl Consumption in VAP (ton)



● Chlorine consumption in VAPs improved to 30% in Q3FY20 from 27% in Q3FY19

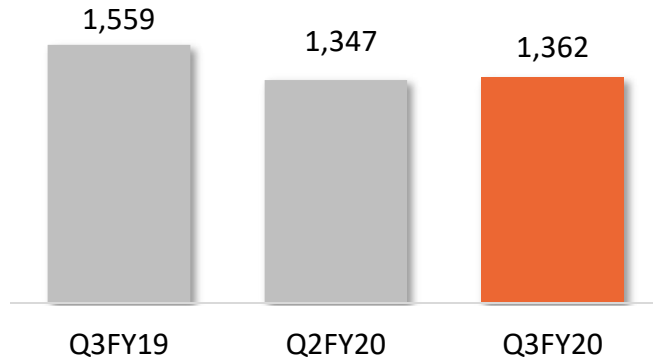
● Sales volume growth of 18% YoY for chlorine VAPs despite slowdown in demand for certain chlorine derivatives

● Zero Liquid Discharge plant commissioned at Rehla and under advanced commissioning stage at Ganjam

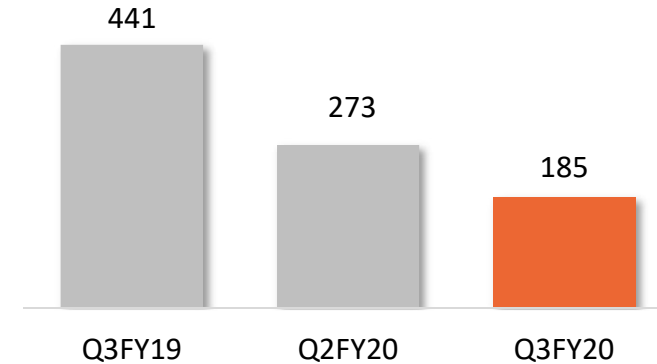


## FINANCIAL PERFORMANCE - CHEMICALS

### Net Revenue (Rs. Cr.)



### EBITDA (Rs. Cr.)



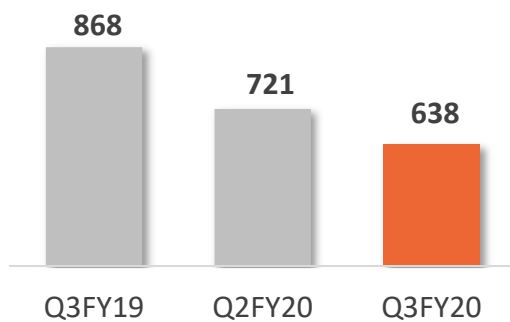
- Chemical EBITDA impacted primarily due to weakness in the ECU realization
- Business focusing on cost optimization by way of improvement in power source mix. CPP capacities being expanded and share of renewable power to be increased over the next 24 months
- Dip in the prices of raw material used in Caustic soda and Chlorine VAPs cushioned fall in the EBITDA
- Expansion in the capacities of VAPs and new VAP manufacturing facilities to be commissioned by FY21, expected to improve margins
- Epoxy EBITDA marginally higher as the weakness in realization was offset by softening of input costs



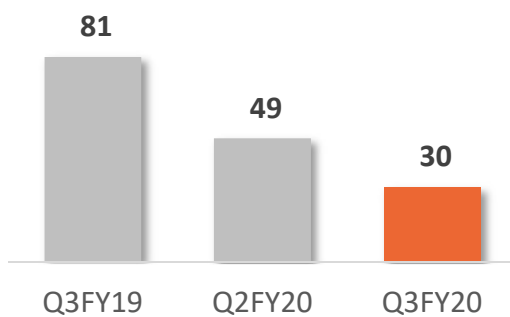
## FINANCIAL PERFORMANCE – OTHER BUSINESSES

### Fertilisers

#### Net Revenue (Rs. Cr.)

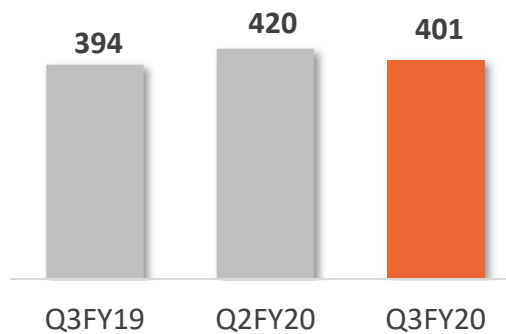


#### EBITDA (Rs. Cr.)

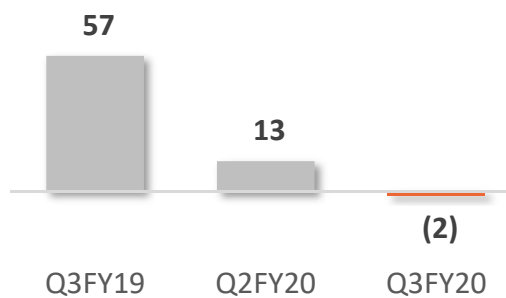


### Textile

#### Net Revenue (Rs. Cr.)

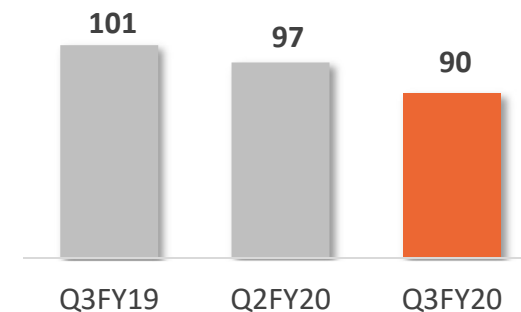


#### EBITDA (Rs. Cr.)

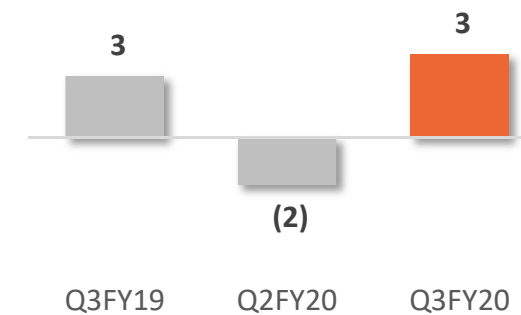


### Insulators

#### Net Revenue (Rs. Cr.)



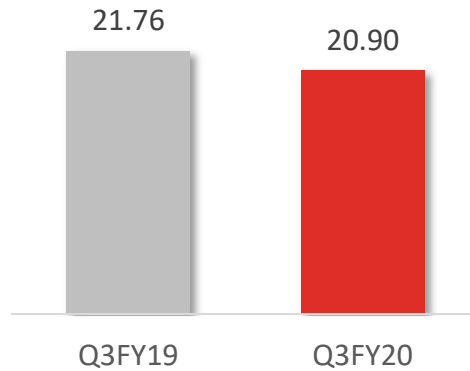
#### EBITDA (Rs. Cr.)



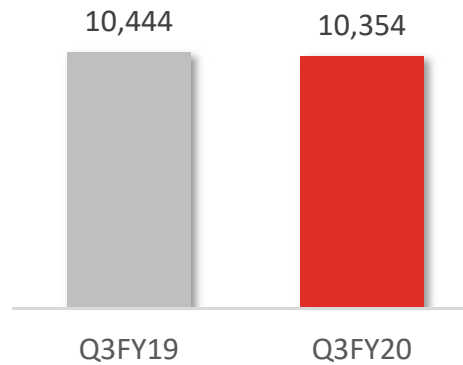


## FINANCIAL PERFORMANCE – UltraTech

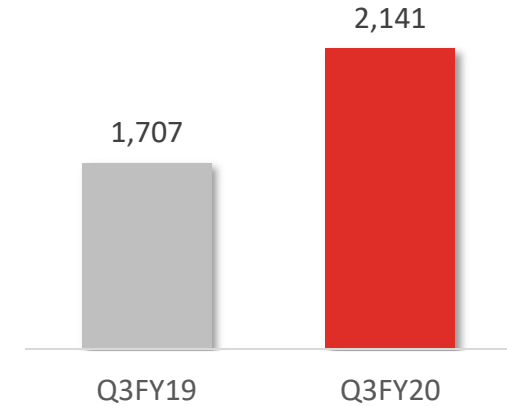
### Sales volume (MT)



### Net Revenue (Rs. Cr.)



### EBITDA (Rs. Cr.)



Cement demand in Q3FY20 impacted by economic slowdown, lower Government spend, and construction ban in NCR region by NGT



Key operating Costs decreased on YoY basis - Logistics down 5% and Energy down 15%



Consolidated Net Debt reduced QoQ by Rs. 1,994 Cr. to Rs. 18,625 Cr. in Q3 FY20, Net Debt/EBITDA at 1.87x

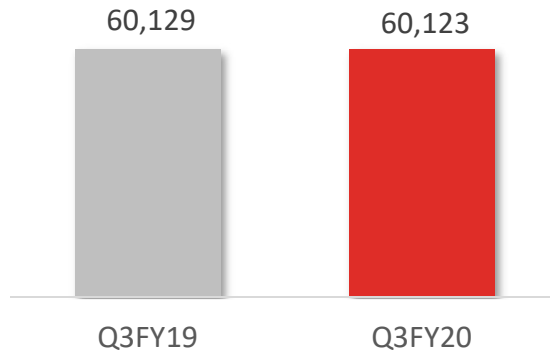


Cement demand to grow in line with GDP, key demand drivers are National Infrastructure Pipeline to spend ~ \$ 1.5 trillion in next 5 years, increased sowing of Rabi crop, state elections in FY21

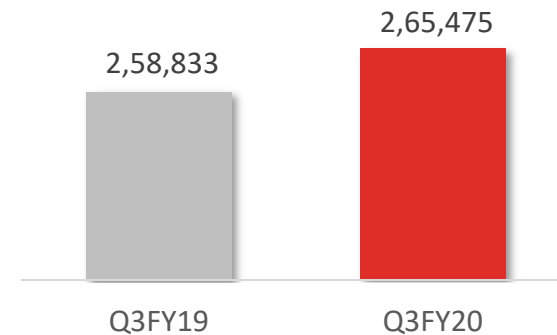


## FINANCIAL PERFORMANCE – ABCL

### Lending Book (Rs. Cr.)\*



### AAUM (Rs. Cr.)



Revenue and net profit after minority interest for Q3FY20 are at Rs. 4,326 Cr. and Rs. 250 Cr. up 14% and 17% respectively



Lending business raised long term funds of Rs. 11,000+ Crore in YTD Dec '19



In Life Insurance business, the Individual First year Premium are up 14% to Rs. 1,261 Cr. in 9MFY20. Continued improvement across quality metrics, 13<sup>th</sup> month persistency at 81% in YTD Dec '19



In the Health Insurance business, Gross written premium increased to Rs. 546 Cr. (9M FY20), up 73% YoY with retail mix at 71% vs. 60% in previous year

\* Includes NBFC and Housing Finance.



## FINANCIAL PERFORMANCE – OTHER SUBSIDIARIES

### Aditya Birla Renewables (Solar Power)

Particulars	Rs. Cr.	
	Q3FY20	Q2FY20
<b>Net Revenue</b>	<b>26</b>	<b>20</b>
<b>EBITDA</b>	<b>15</b>	<b>10</b>
EBITDA Margin	58%	50%
<b>EBIT</b>	<b>9</b>	<b>5</b>
Capital Employed (Incl. CWIP)	1,205	973

#### Parameters Dec 2019

Cumulative installed capacity (MW)	242
No. of Projects	18
Capacity with Group Companies (MW)	118
No. of Projects with Group Companies	12

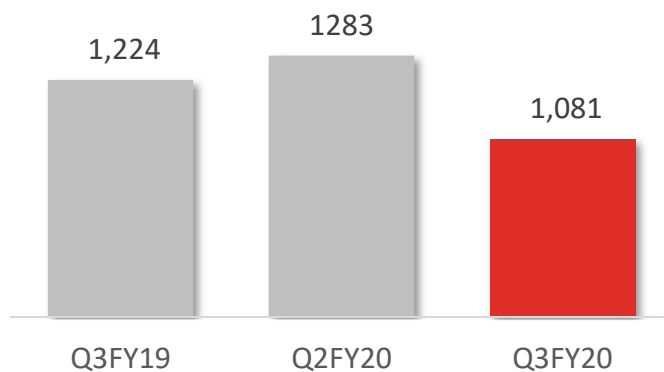
### Grasim Premium Fabrics Private Limited

Particulars	Rs. Cr.	
	Q3FY20	Q2FY20
<b>Net Revenue</b>	<b>44</b>	<b>45</b>
<b>EBITDA</b>	<b>8</b>	<b>7</b>
EBITDA Margin	18%	16%
<b>EBIT</b>	<b>5</b>	<b>-3</b>
Capital Employed (Incl. CWIP)	173	177

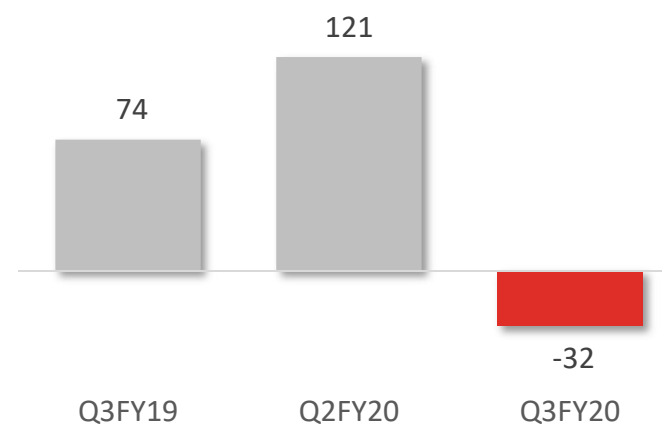


## FINANCIAL PERFORMANCE – PULP JV's

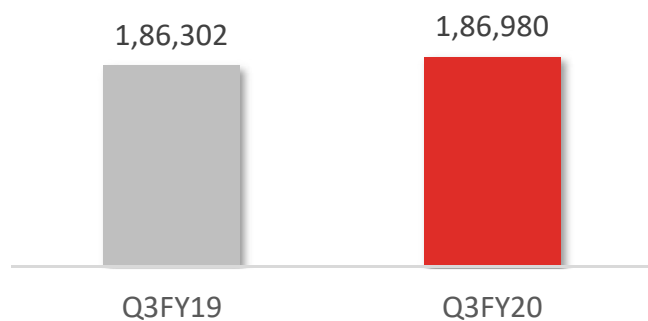
### Net Revenue (Rs. Cr.)



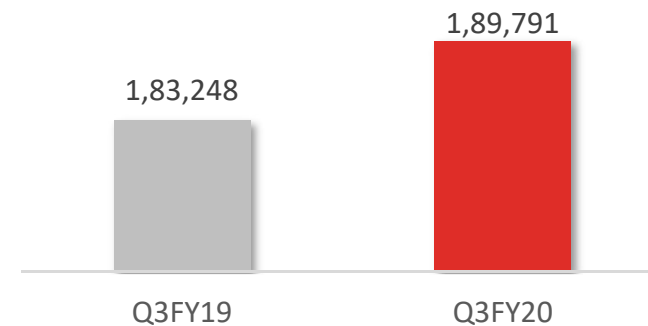
### EBITDA (Rs. Cr.)



### 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.*



ADITYA BIRLA



GRASIM

# Appendix



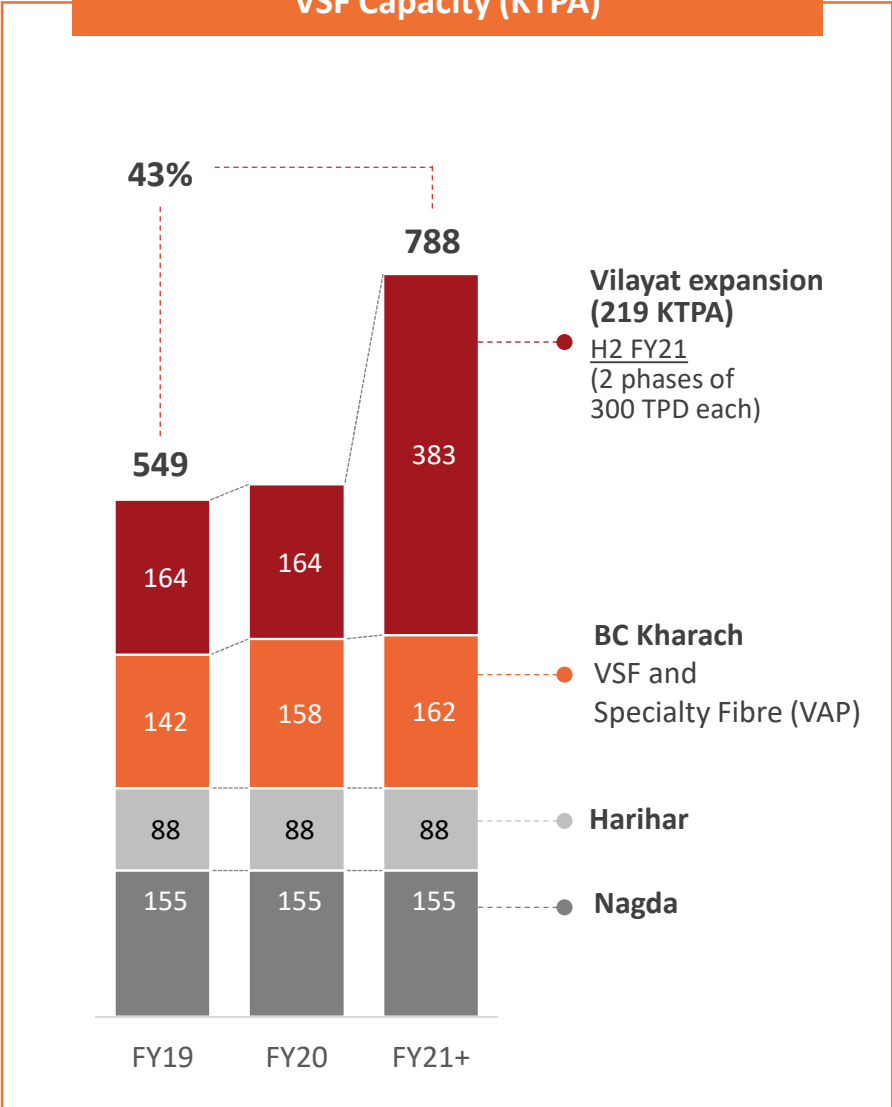
## BALANCE SHEET

Standalone (Rs. Cr.)			Consolidated (Rs. Cr.)	
31 Dec'19	31st Mar'19	EQUITY & LIABILITIES	31 Dec'19	31st Mar'19 (Restated)
40,060	41,959	Net Worth	58,224	58,020
-	-	Non Controlling Interest	32,268	30,503
-	-	Borrowings related to financial services	54,778	55,310
4,856	3,311	Other Borrowings	30,349	29,178
69	-	Lease Liability	1,473	-
1,789	1,879	Deferred Tax Liability (Net)	9,360	8,843
-	-	Policy Holders Liabilities	42,487	40,150
4,854	4,664	Other Liabilities & Provisions	20,162	19,230
51,628	51,813	<b>SOURCES OF FUNDS</b>	2,49,101	2,41,232
31 Dec'19	31st Mar'19	ASSETS	31 Dec'19	31st Mar'19 (Restated)
11,464	11,232	Net Fixed Assets	64,759	65,767
2,582	1,812	Capital WIP & Advances	6,105	4,872
461	-	Right of Use - Lease (including Leasehold Land)	2,010	-
-	-	Goodwill on Consolidation	21,265	21,346
		Investments:		
2,636	2,636	<i>UltraTech Cement (Subsidiary)</i>	-	-
17,847	17,077	<i>AB Capital (Subsidiary)</i>	-	-
-	-	<i>AMC (JV)</i>	5,354	4,914
747	1,037	<i>Investment in other equity accounted investees</i>	1,330	1,371
2,271	3,769	<i>Liquid Investments</i>	8,340	7,006
2,040	1,841	<i>Vodafone Idea</i>	2,040	1,841
5,041	4,812	<i>Other Investments(Hindalco, ABFRL, AB Capital surplus investments etc.)</i>	9,323	5,961
-	-	<i>Investment of Insurance Business</i>	19,159	16,532
-	-	Assets held to cover linked liabilities	25,384	25,166
-	-	Loans and advances of financing activities	59,577	61,972
6,538	7,597	Other Assets, Loans & Advances	24,456	24,483
51,628	51,813	<b>APPLICATION OF FUNDS</b>	2,49,101	2,41,232
2,585	(458)	<b>Net Debt / (Surplus)</b>	22,010	22,171



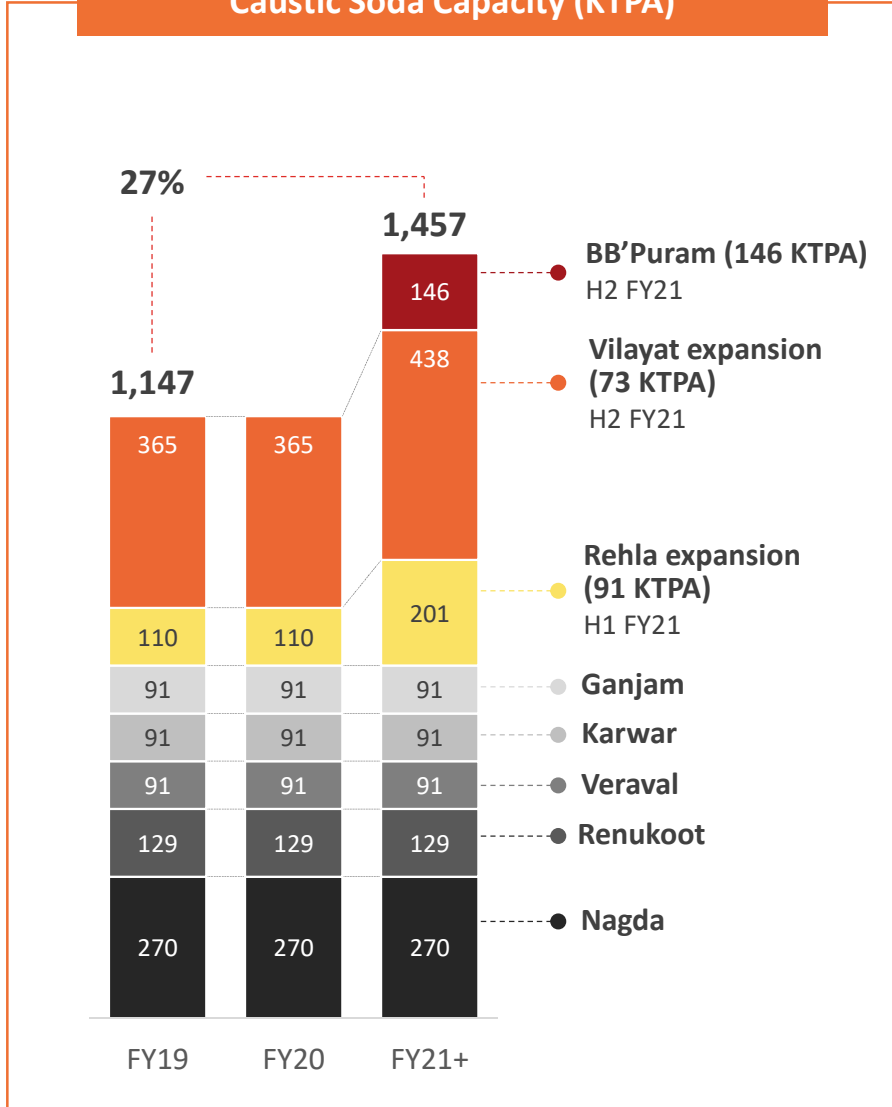
# CAPEX PLAN

## VSF Capacity (KTPA)



FY20 includes 16 KTPA of VAP commissioned in May 2019

## Caustic Soda Capacity (KTPA)



Excludes Century Rayon Caustic capacity of 24 KTPA



## INCOME STATEMENT - STANDALONE

Particulars (Rs. Cr.)	Quarterly		Year to date	
	Q3FY20	Q3FY19	9MFY20	9MFY19
<b>Net Revenue from Operations</b>	<b>4,499</b>	5,291	<b>14,297</b>	15,198
Other Income*	81	95	452	467
<b>EBITDA</b>	<b>495</b>	1,111	<b>2,369</b>	3,639
<i>EBITDA Margin (%)</i>	<i>11%</i>	<i>21%</i>	<i>16%</i>	<i>23%</i>
Finance Cost	67	41	231	152
Depreciation	212	193	624	563
<b>PBT</b>	<b>215</b>	877	<b>1,513</b>	2,924
Tax Expense	27	269	359	857
Exceptional items (Net of Tax) <sup>#</sup>	(4)	-	(242)	(2,003)
<b>PAT (After Exceptional Items)</b>	<b>185</b>	608	913	64
<b>PAT (Before Exceptional Items)</b>	<b>188</b>	<b>608</b>	<b>1,154</b>	<b>2,067</b>

\* Other income includes dividend received from UTCL of Rs. 206 Crore in Q2 FY20 and Rs. 196 Cr. in Q2 FY19

# Exceptional item comprises of the following:

- Impairment loss of investment in Aditya Birla Payments Bank Limited (Net of Tax) in Q1 FY20
- Consequent to Vodafone Idea Ltd ceasing to be an associate of the Company, Rs. 2,003 Crore pertaining to the difference between book value and fair value of Vodafone Idea Ltd as on 30 August 2018 is charged to the P/L statement



## INCOME STATEMENT – CONSOLIDATED

Particulars (Rs. Cr.)	Quarterly		Year to Date	
	Q3FY20	Q3FY19	9MFY20	9MFY19
<b>Net Revenue from Operations</b>	<b>19,205</b>	19,471	<b>57,724</b>	54,770
Other Income	242	207	694	642
<b>EBITDA</b>	<b>2,968</b>	3,117	<b>10,603</b>	9,405
<i>EBITDA Margin (%)</i>	<i>15%</i>	<i>16%</i>	<i>18%</i>	<i>17%</i>
Finance Cost	550	528	1,748	1,440
Depreciation	1,002	916	3,004	2,619
Share in Profit of JVs and Associates* <sup>@</sup>	38	76	535	(163)
<b>PBT</b>	<b>1,454</b>	1,748	<b>6,387</b>	5,183
Tax Expense	410	601	1,954	1,856
Exceptional items (Net of Tax)	(4)	-	(61)	(2,146)
PAT attributable to Minority Shareholders	360	191	1,453	612
PAT from Discontinued Operations	-	(20)	-	(20)
<b>PAT (After Exceptional Items)</b>	<b>680</b>	<b>937</b>	<b>2,919</b>	<b>549</b>

\* 9M FY19 includes share in Loss of erstwhile Idea Cellular Limited, which is not included in 9MFY20 as Idea Cellular Limited ceased to be an Associate of the Company consequent to the merger of Vodafone and Idea (w.e.f 31<sup>st</sup> August 2018) forming Vodafone Idea Limited.

@ While the Company, some of its subsidiaries, associates and JV's are in process of evaluating the Income tax benefit provided vide Section 115BAB, some have availed the option to pay income tax at lower rate, with a one-time corresponding credit of Rs. 17 Cr. and Rs. 352 Cr. under deferred tax and share in profit and loss of equity accounted investees to P/L respectively



## VISCOSE BUSINESS SUMMARY

Particulars (Rs. Cr.)		Quarter 3		% Change	Year to date		% Change
		2019-20	2018-19		2019-20	2018-19	
<b>Capacity</b>							
VSF	KTPA	566	546	4	566	546	4
VFY	KTPA	46	46	-	46	46	0
<b>Production</b>							
VSF	KT	148	141	5	436	412	6
VFY	KT	10	12	-17	32	35	-9
<b>Sales Volume</b>							
VSF	KT	138	134	3	418	402	4
VFY	KT	10	11	-9	31	35	-11
<b>Net Revenue</b>	<b>Rs. Cr.</b>	<b>2,194</b>	<b>2,615</b>	<b>-16</b>	<b>7,135</b>	<b>7,700</b>	<b>-7</b>
<b>EBITDA</b>	<b>Rs. Cr.</b>	<b>256</b>	<b>477</b>	<b>-46</b>	<b>1,079</b>	<b>1,639</b>	<b>-34</b>
EBITDA Margin	%	11.6%	18.2%		15.0%	21.2%	
<b>EBIT</b>	<b>Rs. Cr.</b>	<b>146</b>	<b>380</b>	<b>-62</b>	<b>757</b>	<b>1,356</b>	<b>-44</b>
Capital Employed (Incl. CWIP)	Rs. Cr.	8,425	7,393	14	8,425	7,393	14
ROAvCE (Excl. CWIP)	%	8.6%	23.6%		15.4%	30.6%	



## CHEMICAL BUSINESS SUMMARY

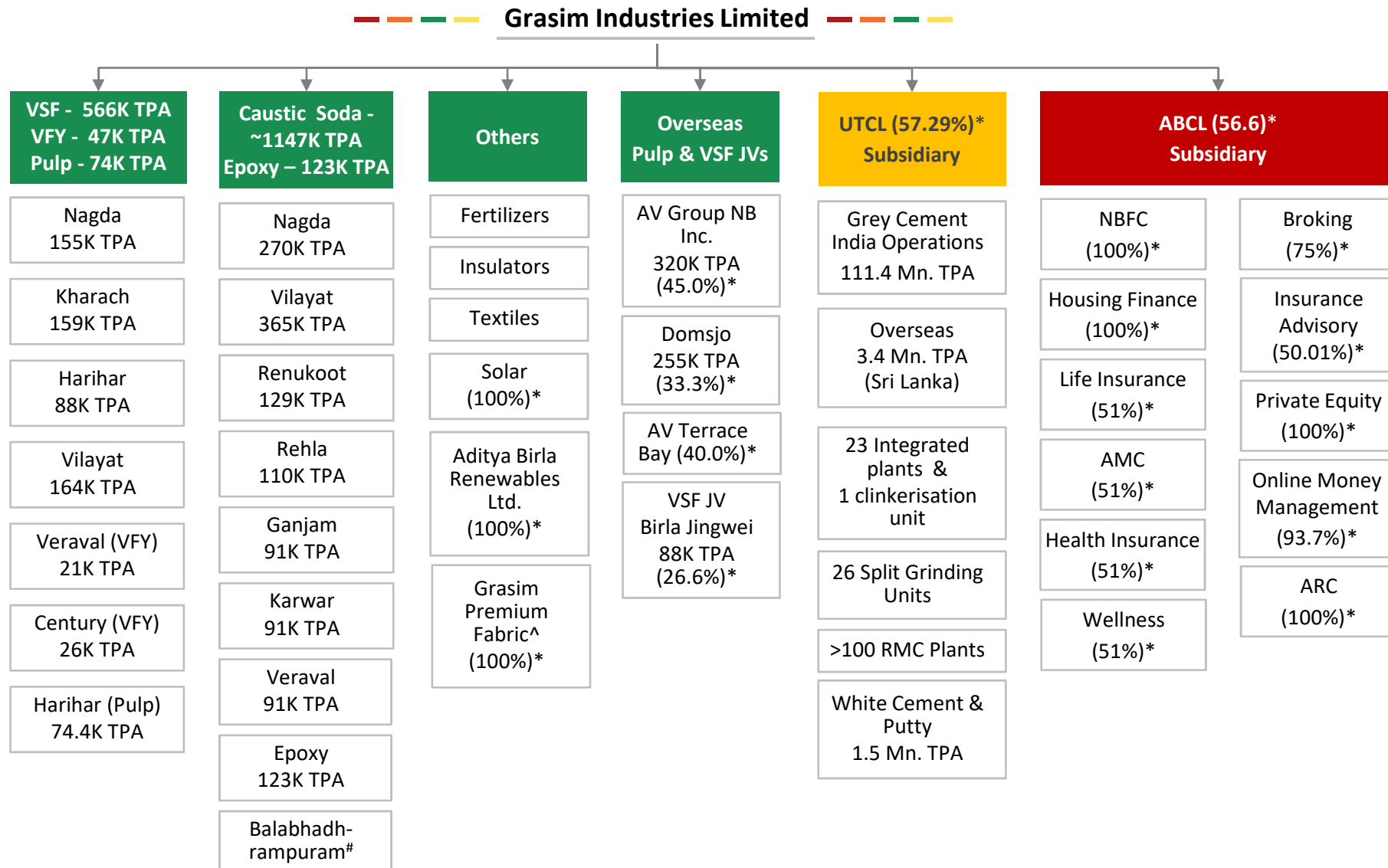
Particulars (Rs. Cr.)		Quarter 3		% Change	Year to date		% Change
		2019-20	2018-19		2019-20	2018-19	
Capacity*	KTPA	1,147	1,140	1	1,147	1,140	1
Production*	KT	257	250	3	747	740	1
Sales Volume*	KT	261	250	4	740	742	-0
<b>Net Revenue</b>	<b>Rs. Cr.</b>	<b>1,362</b>	<b>1,559</b>	<b>-13</b>	<b>4,213</b>	<b>4,749</b>	<b>-11</b>
<b>EBITDA</b>	<b>Rs. Cr.</b>	<b>185</b>	<b>441</b>	<b>-58</b>	<b>904</b>	<b>1,394</b>	<b>-35</b>
EBITDA Margin	%	13.5%	28.2%		21.4%	29.2%	
<b>EBIT</b>	<b>Rs. Cr.</b>	<b>118</b>	<b>381</b>	<b>-69</b>	<b>708</b>	<b>1,216</b>	<b>-42</b>
Capital Employed (Incl. CWIP)	Rs. Cr.	5,162	4,605	12	5,162	4,605	12
ROAvCE (Excl. CWIP)	%	10.7%	36.0%		21.6%	40.8%	

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





# GRASIM GROUP STRUCTURE



\* Subsidiary companies - Equity ownership

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

# Under construction Chlor-Alkali plant with capacity of 146 KTPA

## 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 (31<sup>st</sup> January 2020) : **Rs. 51,000 Cr.**







**Thank you**

**Grasim Industries Ltd.**

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