



Grasim Industries Limited

India's New Growth Story

Ranked #205 in the list of
“Global 2000 – Growth Champions 2018”
by Forbes Magazine, USA

Q1 FY19 Performance Review
14th August, 2018

#1
Producer in India

Viscose Staple Fibre

Caustic Soda

Specialty Chemicals* (Epoxy resins, SBP, CP and others)

**Pulp & Fibre
JVs**

#4

Global DG pulp
producer[^]

[^]with VSF operations
in China through JV

**UltraTech
Cement**

#1 Cement
Producer
in India

#4 Global
Producer
Ex- China

**Aditya Birla
Capital**

Amongst
Top 3
Asset Management
companies

Amongst
Top 5
Private Diversified
NBFC

**Idea
Cellular**

Amongst
Top 3
wireless operators
in India by
Adjusted Gross
Revenue
Market Share**

*Global leadership in Chlorine derivatives namely Stable Bleaching Powder (SBP) and Aluminum Chloride and India leadership in Chloro Paraffin wax (CP), PolyAluminium Chloride & Phosphoric Acid; ** In Q4FY18

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Glossary

ABCL: Aditya Birla Capital Ltd., ABNL: Aditya Birla Nuvo Ltd., FCF: Free Cash Flow, NBFC: Non Banking Finance Company, VSF: Viscose Staple Fiber, VFY: Viscose Filament Yarn, MT : Metric Ton, K: One Thousand, 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 Amortization, ADMT: Air Dried Metric Ton, ECU : Electro Chemical Unit, ROAvCE : Return on Avg. Capital Employed (Excluding Capital Work In Progress), EBITDA Margin = $\text{EBITDA} / (\text{Revenue} + \text{Other Income}) * 100$; Revenue is net of excise duty unless stated otherwise, Financials from FY16 onwards are as per IndAS.

Note: The Financial Results of Q1FY19 include the financial results of erstwhile ABNL businesses and not there in Q1 FY18 as ABNL merged with the Company w.e.f. 1st July, 2017. Hence the same are not strictly comparable with Q1FY18.

Performance Highlights - Q1FY19



Net Revenue (Rs. Cr.)

₹ 4,789 Cr.

Up by 75% YoY



₹ 16,857 Cr.

Up by 71% YoY



EBITDA (Rs. Cr.)

₹ 1,176 Cr.

Up by 89% YoY



₹ 3,212 Cr.

Up by 33% YoY



PAT (Rs. Cr.)

₹ 643 Cr.

Up by 85% YoY



₹ 1,116 Cr.

Up by 25% YoY



Standalone

Consolidated

- ▶ Reported best ever Standalone and Consolidated Quarterly Revenue and EBITDA
- ▶ VSF business reported best ever quarterly production and sales
- ▶ Chemicals business reported best ever quarterly EBITDA
- ▶ Grasim, the only Indian manufacturing company, features amongst the Top 250 Global companies from the list of **“Global 2000 – Growth Champions 2018”** by Forbes Publications

Performance
Highlights

**Financial
Performance**

Business
Performance

Income Statement Q1 FY19



Particulars (Rs. Cr.)	Standalone		% Change	Consolidated		% Change
	Q1FY19	Q1FY18		Q1FY19	Q1FY18	
Net Revenue from Operations	4,789	2,740	75	16,857	9,846	71
Other Income	122	66	85	233	236	-1
EBITDA	1,176	621	89	3,212	2,419	33
<i>EBITDA Margin (%)</i>	<i>24%</i>	<i>22%</i>		<i>19%</i>	<i>24%</i>	
Finance Cost	59	7		406	149	
Depreciation	183	110		767	443	
Exceptional items	-	-		-	(31)	
PBT	934	504	86	2,038	1,795	14
Tax Expense	292	156		680	546	
Share in Profit of JVs, Associates & Others	-	-		42	(1)	
PAT attributable to Minority Shareholders	-	-		283	358	
PAT (Attributable to Owners of the Company)	643	347	85	1,116	890	25

Notes:

- The Financial Results of Q1FY19 include the financial results of erstwhile ABNL businesses not present in Q1 FY18 as ABNL merged with the Company w.e.f. 1st July, 2017. Hence the same are not strictly comparable with Q1FY18.

Strong Balance Sheet and Financial Ratios

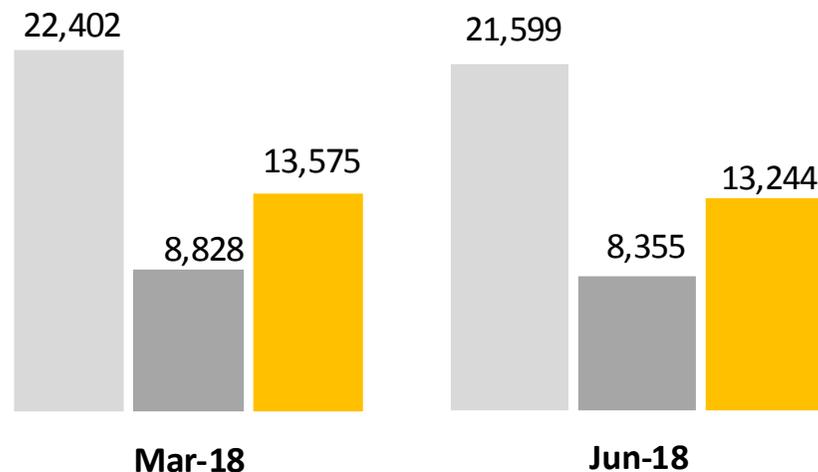


Consolidated Financial Ratios

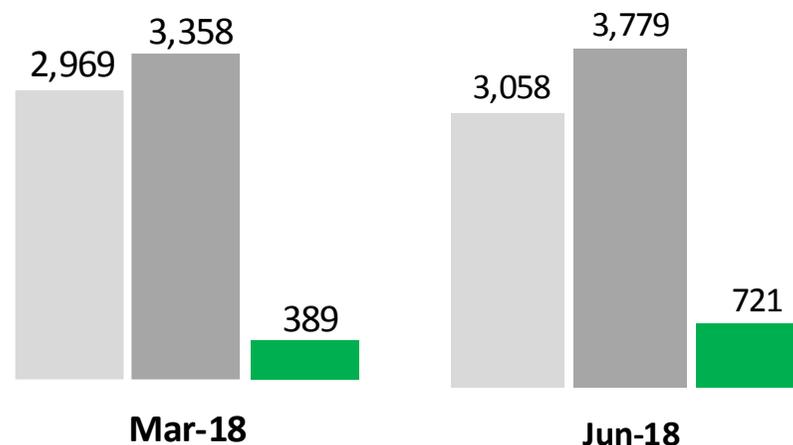
	31 st Mar 2018	30 th Jun 2018
Net Worth (Rs. in Cr.)	57,362	58,502
Debt: Equity	0.27	0.25
Net Debt: Equity	0.16	0.16
Net Debt/ EBITDA	1.25	1.13

Debt
 Liquid investments
 Surplus
 Net Debt

Consolidated Debt / Surplus (Rs. Cr.)



Standalone Debt / Surplus (Rs. Cr.)



Robust FCF generation of ~Rs. 400 Cr. at Standalone level post Capex of Over Rs. 300 Cr.

Capex Plan



Particulars (Rs. Cr.)	Capex (Net of CWIP as on 1/4/2018)	Cash Outflow		Capex spent
		FY19	FY20 Onwards	YTD Jun'18
VSF: Brownfield Expansion (including debottlenecking)	4,257			
Normal Capex (Water supply augmentation & usage reduction, R&D, Environment and Others)	780			
Chemical: Brownfield Expansion (including debottlenecking) [#]	1,313			
Normal Capex	715			
Other Manufacturing Business	474			
STANDALONE CAPEX (A)	7,539	3,070	4,469	305
Cement: Capacity Expansion	4,283			
Modernization, Plant Infrastructure, Environment, Upgradation, logistic infra etc.	1,617			
CEMENT CAPEX(B)	5,900	2,150	3,750	334
TOTAL CAPEX (A) + (B)	13,439	5,607	7,832	640

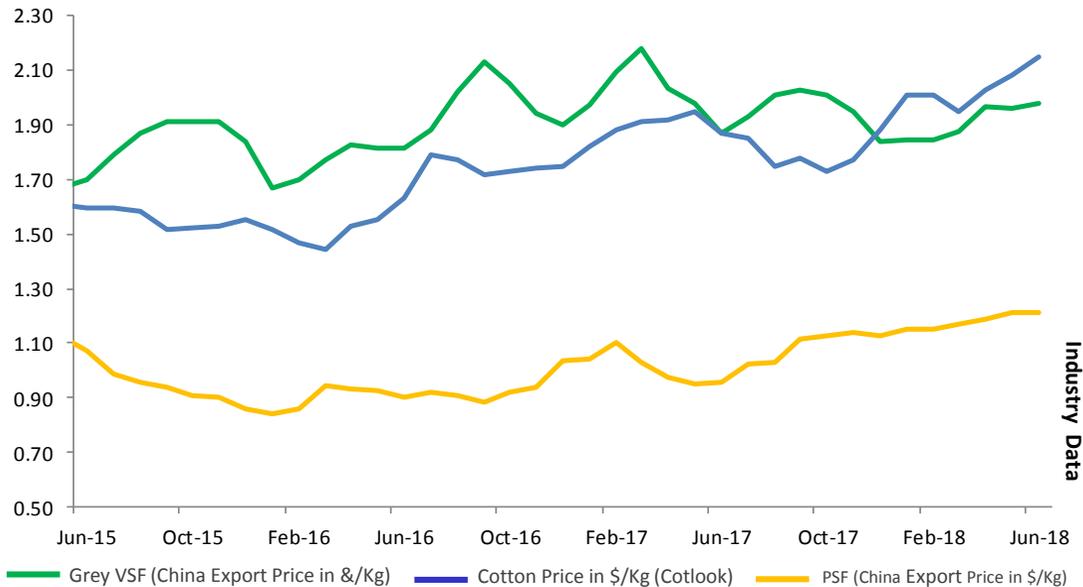
Includes proposed capex of Rs. 1,112 Cr. for brownfield expansion of Caustic soda and specialty chemicals at Vilayat and Rehla

Performance
Highlights

Financial
Performance

**Business
Performance**

Global Prices Trend (\$/Kg)



Grey VSF	$\frac{\$1.96/\text{Kg}}{\text{Q1FY18}}$	$\frac{\$1.97/\text{Kg}}{\text{Q1FY19}}$	0.34% ↑ YoY
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Cotton	$\frac{\$1.91/\text{Kg}}{\text{Q1FY18}}$	$\frac{\$2.09/\text{Kg}}{\text{Q1FY19}}$	9.06% ↑ YoY
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PSF	$\frac{\$0.96/\text{Kg}}{\text{Q1FY18}}$	$\frac{\$1.20/\text{Kg}}{\text{Q1FY19}}$	24.9% ↑ YoY
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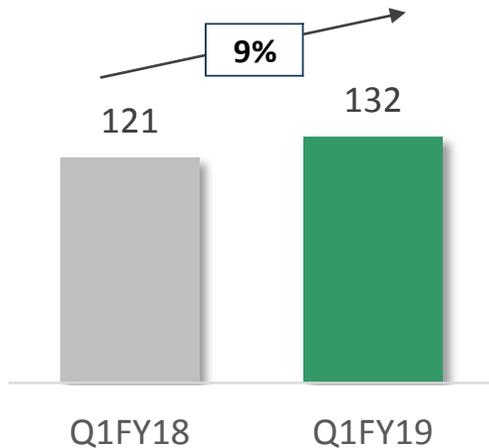
Monthly average prices

- ▶ VSF prices remained firm, rose marginally on sequential basis led by balanced demand and Supply scenario and firmness in prices of Cotton and PSF
- ▶ International and China Cotton prices remained strong barring transient fluctuation in the wake of China imposing additional 25% tariff on US cotton in the ongoing trade war
- ▶ Global VSF demand expected to remain strong and simultaneously new capacities expected to come on stream in near term

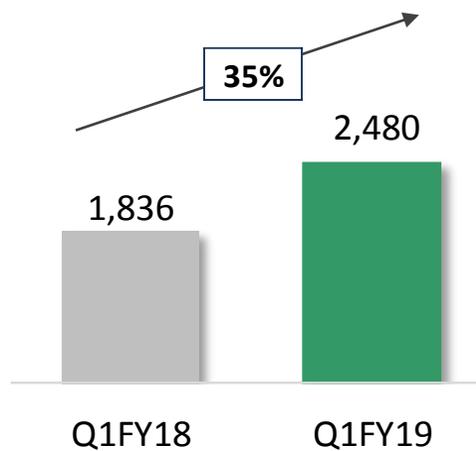
Business Performance: Viscose



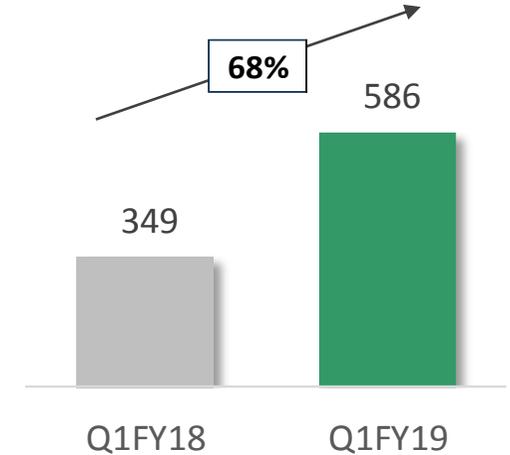
Sales volume (KTPA)*



Net Revenue



EBITDA



- ▶ Q1FY19 quarterly performance was best ever with record production of 134KTPA and highest ever domestic sales of 109KTPA (83KTPA Q1FY18)
- ▶ Committed to achieve the global benchmarks in sustainability through close loop production / EUBAT technology
- ▶ Vilayat expansion project is progressing well with substantial ordering of long lead items

* Sales Volumes does not include VFY volume Q1FY19: 11.17 KT; Q1FY18: Nil as ABNL merged with Grasim w.e.f. 1st July 2017

Viscose business at a glance – Q1FY19



Volume

Domestic
Volume
Up 30%
YoY

- ▶ Higher volumes consequent to the debottlenecking of capacity
- ▶ The share of domestic sales volume in the overall sales volume improved to 82% (Q1FY19) from 69% (Q1FY18).
The demand for VAP products continues to remain buoyant
- ▶ Prices remained firm during the quarter
- ▶ The domestic prices of competing fibre remained strong during the quarter in line with global prices



Operational Performance

Operated at
Full Capacity
utilization

- ▶ Improvement in consumption norms in steam, power, caustic soda and others
- ▶ No water shortage led stoppages with adequate water storage (Harihar operations were impacted last year)



Costs

Rise in price
of key inputs

Caustic
Soda

Up by
20%
YoY



Sulphur

Up by
42%
YoY

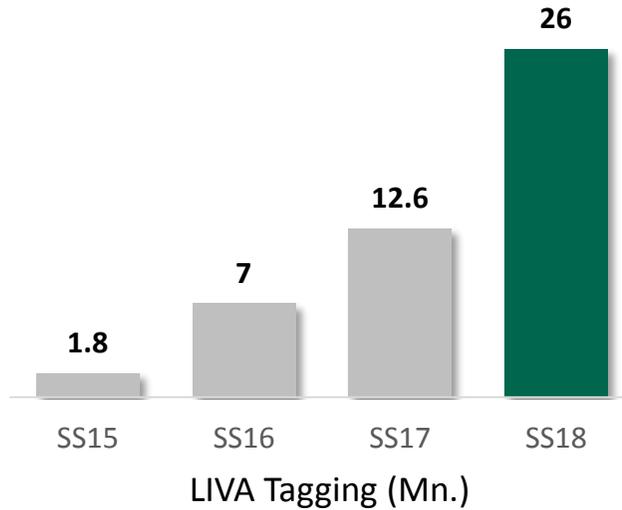


Reaching new Heights through LIVA



Continued focus on expanding usage and application of VSF in domestic textile market to bolster the VSF demand in the textile value chain.

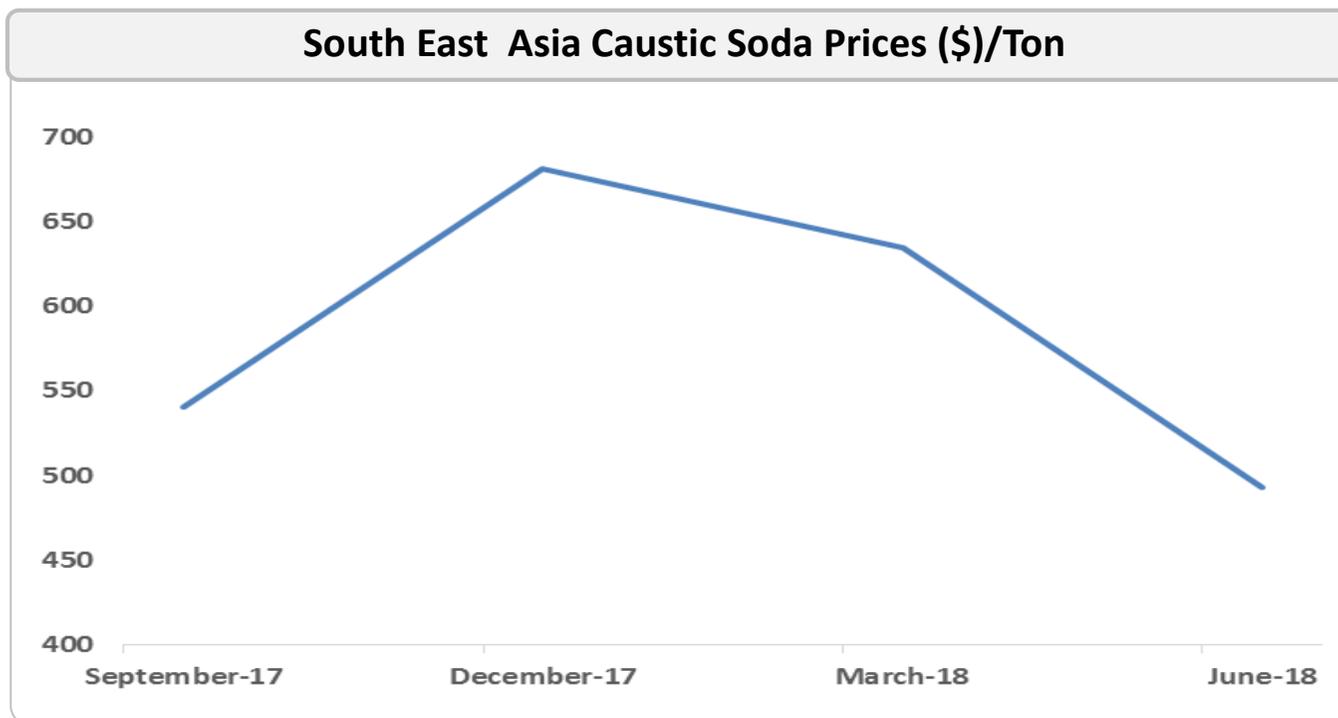
LIVA tagged garments for SS18 has doubled from SS17



33+
Brands covered, amongst top brands

Available in more than 3000+ stores across the Country



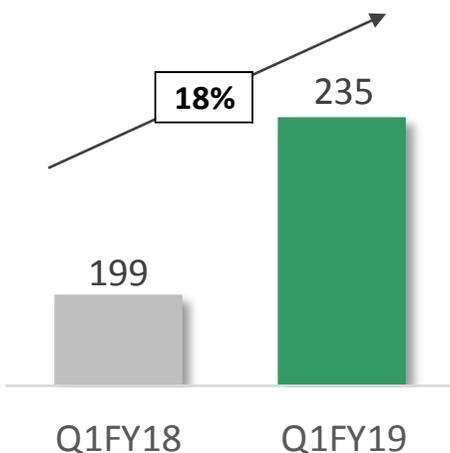


- ▶ Caustic prices temporarily softened during the quarter on account of availability of distress consignments and delayed ramp up of alumina plants in China post winter
- ▶ Caustic soda imports into India emanating from Middle East increased during the quarter
- ▶ Chlorine prices expected to remain stable with stable demand from Agrochemicals, EDC and others

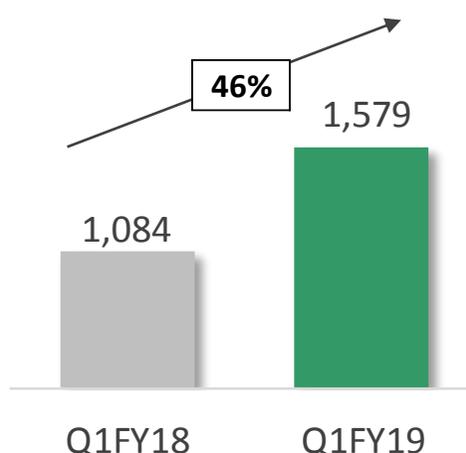
Business Performance: Chemicals



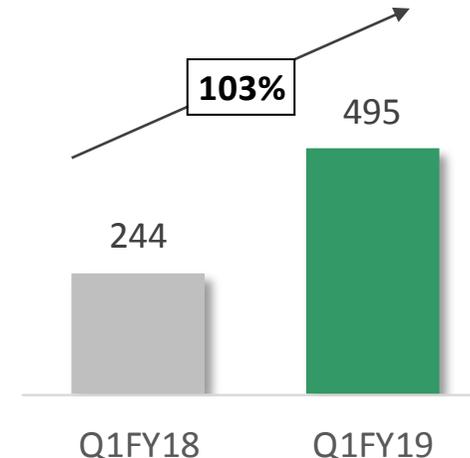
Sales volume* (KTPA)



Net Revenues#



EBITDA#



- ▶ Caustic Soda production and sales volume are up 18% and 18% YoY
- ▶ Grasim's capacity utilization stood at @92% in Q1FY19
- ▶ EBITDA up by 103% YoY, supported by higher ECU realization and sales volume
- ▶ Chlorine realization moved to positive territory in Q1FY19
- ▶ The board approved capital expenditure plan for an amount of Rs.1,112 Cr. for Caustic soda and specialty products capacity expansion

Chlorine Price Movement Indexed

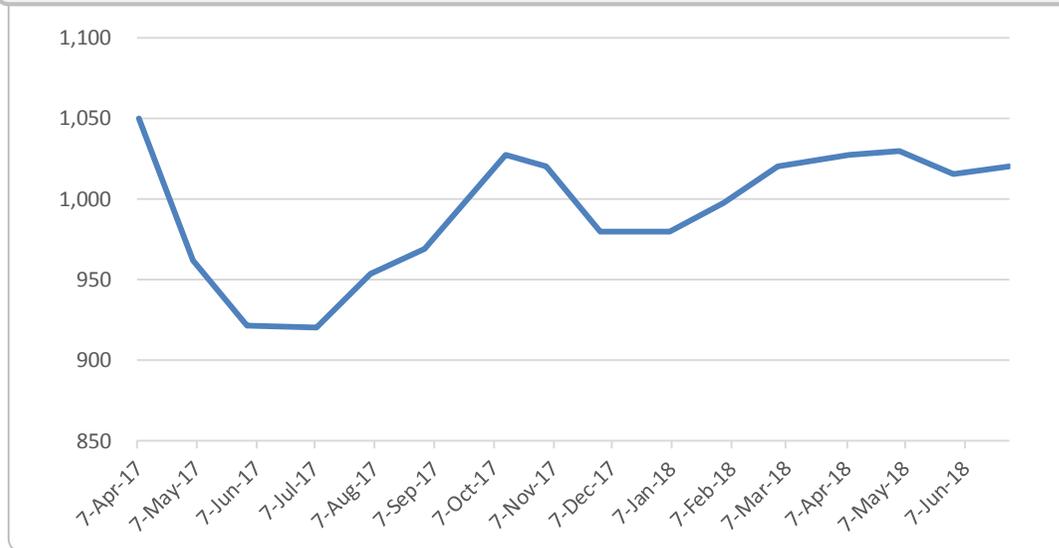


* Sales Volumes are for Caustic Soda only. Q1 FY19 volume includes Veraval (19KT) on account of merger of ABNL with Grasim w.e.f. 1st July'17 (Veraval not included in Q1FY18)
Revenue and EBITDA are for all products in the chemical segment

Business Performance: Pulp JVs



Pulp prices (\$/Mt)



Source: Industry Data

- ▶ Improving product quality resulting in higher volume of prime grade material
- ▶ Growing share of specialty cellulose and lignin
- ▶ Strong focus on cost, improvement in consumption norms, productivity, procurement and logistics

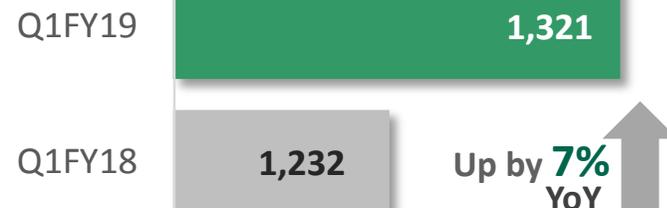
Production

2,02,993
ADMT
Q1FY19

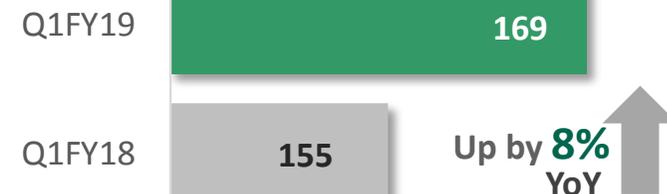
Sales volume

2,03,401
ADMT
Q1FY19

Net Revenues (Rs. In Cr.)

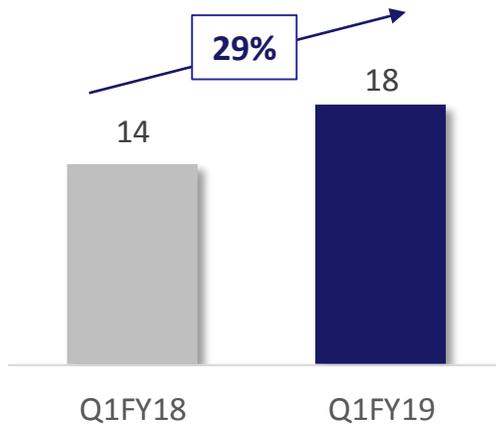


EBITDA (Rs. In Cr.)

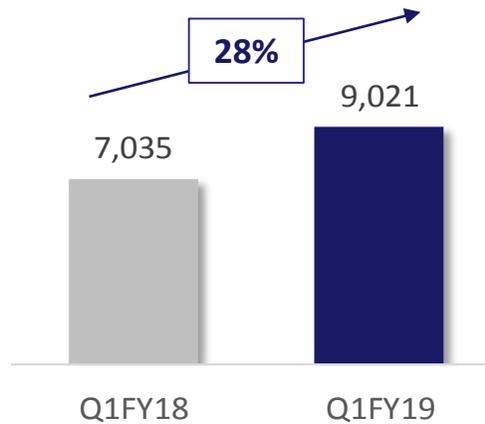


Note: The above data represents the operational and financial performance of all Pulp JVs on total basis. The share in the PAT of these JVs (proportionate to its holding) is consolidated in the consolidated financials of Grasim.

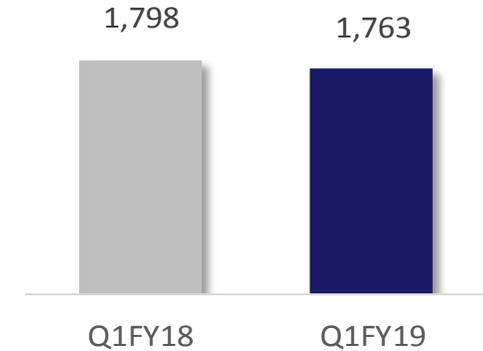
Sales volume (MTPA)



Net Revenue (Rs. Cr.)

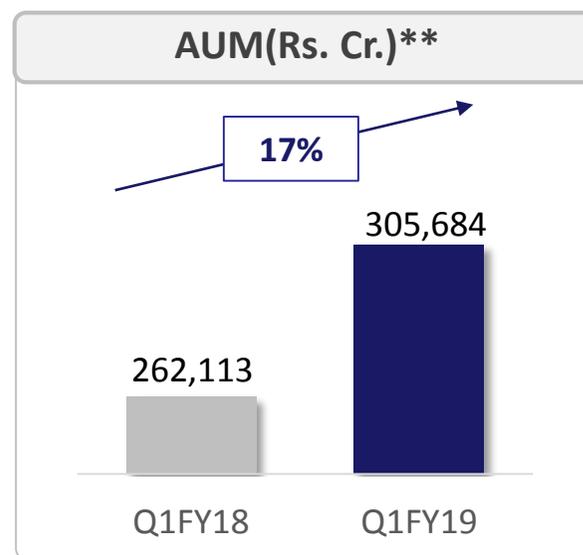
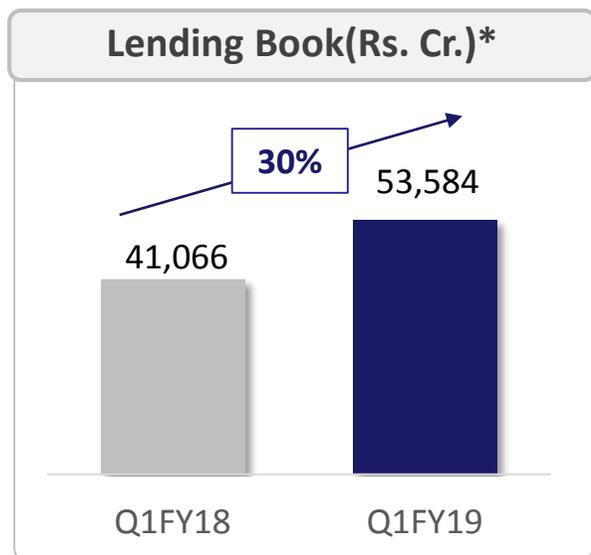


EBITDA (Rs. Cr.)



- ▶ Cement prices increased by 2% QoQ to marginalize the impact of rising cost (Logistics up 9% YoY, Energy 18% YoY and Raw material 8% YoY)
- ▶ Marked improvement in acquired asset performance with capacity utilization at ~70%, reduction in operating costs, increase in pet coke usage at 83% and rise in retail sales
- ▶ Cement demand growth expected to be higher than GDP driven by Rural housing development, PMAY scheme , Infrastructure and General elections 2019

Business Performance: ABCL



- ▶ Revenue and Net profit after minority interest for Q1FY19 are at Rs. 3,024 Cr. and Rs. 216 Cr.
- ▶ Lending book (Incl. housing) grew 30% YoY to Rs.53,584 Cr.
- ▶ Asset Management business ranked No.3 Mutual Fund in India with the Average Assets under management up by 19% YoY to 2,67,176 Cr. The business reported an overall domestic market share of 10.7% and Equity AUM (incl. Alternate and Offshore) at ~Rs.1,00,000 Cr. as on Jun' 18
- ▶ Assets management business achieved earnings before tax of 25 bps vis-à-vis 20 bps last year on domestic average assets under management
- ▶ Life Insurance business reported a 40% growth in the Individual FYP (First Year Premium) to Rs. 227 Cr. It has improved its individual rank by 2 spots to No.71 amongst insurance companies
- ▶ The Health Insurance business reported gross written premium of Rs.76 Cr. in Q1FY19

* Includes Housing Finance. **Includes AUM of Life Insurance, health insurance, Private Equity and quarterly AAUM of Asset management business

1 Rank and Market share amongst players (Excl. LIC) based on individual FYP: source IRDAI

Business Performance- Other Businesses



Net Revenue (Rs. Cr.)

EBITDA (Rs. Cr.)

Fertilizers

521

30

Annual maintenance shut down of 23 days during the quarter

Textile

356

16

Rishra plant operations were impacted in Jun-18 due to strike/lockout. Operations resumed from 7th August post wage settlement with the workmen unions.

Insulator

96

2

Impacted by lower sales volume

THANK YOU

Consolidated Financial Performance



Particulars (Rs. Cr.)	Quarter 1		% Change	Q4FY18	% Change
	2018-19	2017-18			
Net Sales & Op. Income	16,857	9,846	71	17,438	-3
Other Income	233	236	-1	254	-8
EBITDA	3,212	2,419	33	2,968	8
Finance Cost	406	149		392	
Finance Cost Relating to NBFC/NHFC	890	-		813	
Depreciation	767	443		771	
Share in Profit of JVs & Associates	42	(1)		(150)	
Exceptional item	0	(31)		(314)	
Earnings Before Tax	2,080	1,794	16	1,342	55
Total Tax	680	546	25	488	39
PAT	1,400	1,248	12	854	64
Less: Minority Interest	283	358	-21	134	112
PAT (Attributable to Owners of the Company)	1,116	890	25	720	55
Other Comprehensive Income (After MI)	(13)	208		(572)	
Total Comprehensive Income (After MI)	1,103	1,098		148	
EPS (diluted)	16.96	19.05		10.94	

Standalone Financial Performance



Particulars (Rs. Cr.)	Quarter 1			Q4FY18	% Change	Quarter 1 - Excl ABNL		
	2018-19	2017-18	% Change			2018-19	2017-18	% Change
Net Sales & Op. Income	4,789	2,740	75	4,606	4	3,547	2,740	29
Other Income	122	66	85	102	19	116	66	76
EBITDA	1,176	621	89	947	24	1,033	621	66
Finance Cost	59	7		49		33	7	
Depreciation	183	110		185		134	110	
PBT (before exceptional item)	934	504	86	713	31	866	504	72
Exceptional item	-	-	-	(219)	-			
Earnings Before Tax	934	504	86	494	89			
Less: Tax Expense	292	156	87	121	141			
PAT	643	347	85	373	72			
Other Comprehensive Income (after tax)	10	163		(618)				
Total Comprehensive Income (after tax)	653	510		(244)				
EPS (diluted)	9.77	7.43	31	5.67	72			

Balance Sheet



Standalone (Rs. Cr.)			Consolidated (Rs. Cr.)	
30th June'18	31st Mar'18	EQUITY & LIABILITIES	30th June'18	31st Mar'18
45,451	44,790	Net Worth	58,502	57,362
-	-	Non Controlling Interest	26,598	26,337
-	-	Borrowings related to financial services	46,818	44,667
3,058	2,969	Other Borrowings	21,599	22,402
1,932	1,835	Deferred Tax Liability (Net)	5,742	5,596
-	-	Policy Holders Liabilities	36,674	36,373
4,377	4,019	Other Liabilities & Provisions	15,602	14,744
54,819	53,612	SOURCES OF FUNDS	2,11,534	2,07,482
30th June'18	31st Mar'18	ASSETS	30th June'18	31st Mar'18
10,949	10,817	Net Fixed Assets	53,687	53,065
885	895	Capital WIP & Advances	3,900	4,549
-	-	Goodwill on Consolidation	16,237	16,192
-	-	Investments:	-	-
2,636	2,636	<i>UltraTech Cement (Subsidiary)</i>	-	-
17,077	17,077	<i>AB Capital (Subsidiary)</i>	-	-
7,311	7,311	<i>Idea Cellular (Associate)</i>	7,635	7,661
-	-	<i>AMC (JV)</i>	4,936	4,887
1,121	1,070	<i>Investment in other equity accounted investees</i>	1,432	1,385
3,779	3,358	<i>Liquid Investments</i>	8,355	8,828
4,054	4,095	<i>Other Investments(Hindalco, ABFRL, etc.)</i>	5,104	5,511
-	-	<i>Investment of Insurance Business</i>	13,984	13,019
-	-	Assets held to cover linked liabilities	24,343	24,709
-	-	Loans and advances of financing activities	53,183	50,677
7,006	6,354	Other Assets, Loans & Advances	18,738	16,999
54,819	53,612	APPLICATION OF FUNDS	2,11,534	2,07,482
(721)	(389)	Net Debt / (Surplus)	13,244	13,575

Viscose Business Summary



Particulars		Quarter 1		% Change	Q4 FY18	% Change
		2018-19	2017-18			
Capacity						
VSF	KT	546	498	10	498	10
VFY	KT	46	-		46	-
Production						
VSF	KT	134	129	4	113	19
VFY	KT	11	-		9	25
Sales Volume						
VSF	KT	132	121	9	124	7
VFY	KT	11	-		9	26
Net Revenue	Rs. Cr.	2,480	1,836	35	2,232	11
EBITDA	Rs. Cr.	586	349	68	401	46
EBITDA Margin	%	23.2%	18.9%		17.8%	
EBIT	Rs. Cr.	494	290	71	310	60
Capital Employed (Incl. CWIP)	Rs. Cr.	7,147	4,744	51	6,954	3
ROAvCE (Excl. CWIP)	%	29.8%	25.7%		20.6%	

Chemical Business Summary



Particulars		Quarter 1		% Change	Q4FY18	% Change
		2018-19	2017-18			
Capacity*	KTPA	1,140	840	36	938	22
Production*	KT	236	201	18	220	7
Sales Volume*	KT	235	199	18	215	9
Net Revenue	Rs. Cr.	1,579	1,084	46	1,439	10
EBITDA	Rs. Cr.	495	244	103	412	20
EBITDA Margin	%	31.3%	22.5%	-	28.5%	-
EBIT	Rs. Cr.	438	196	124	355	23
Capital Employed (Incl. CWIP)	Rs. Cr.	4,452	3,779	18	4,260	5
ROAvCE (Excl. CWIP)	%	44.2%	21.9%	-	38.2%	-

*Volume data is for Caustic Soda only. Q2,H2 FY18 and Q1 FY19 volumes include Veraval (19 KT) on account of merger of ABNL with Grasim w.e.f. 1st July'17 (but not included in Q1 FY18). Revenue and EBITDA are for all products in the chemical segment

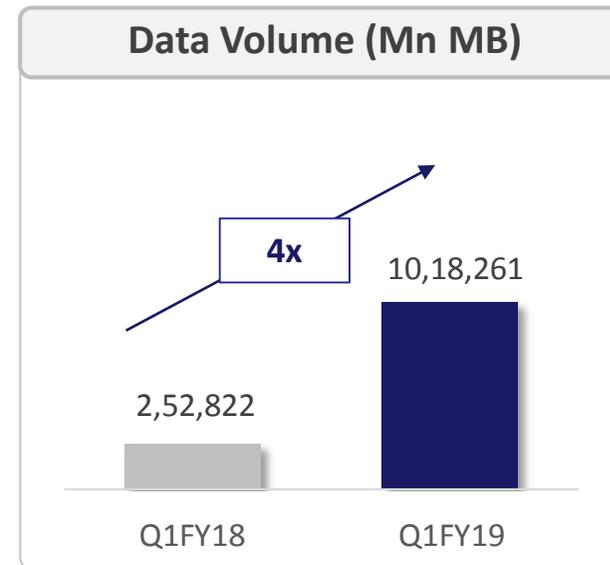
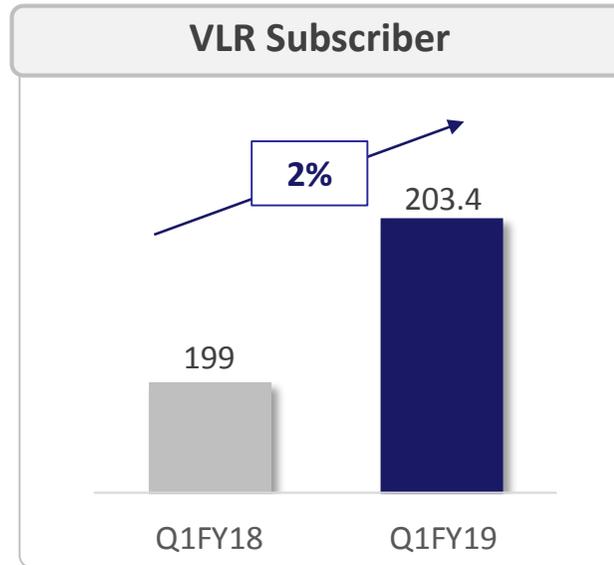
Cement Business Summary



Particulars		Quarter 1		% Change	Q4 FY18	% Change
		2018-19	2017-18			
Capacity*	Mn. TPA	93	89	4	89	4
Production	Mn. MT	17	14	27	18	-3
Sales Volume	Mn. MT	18	14	29	19	-5
Net Revenue	Rs. Cr.	9,021	7,035	28	9,421	-4
EBITDA	Rs. Cr.	1,763	1,798	-2	1,887	-7
EBITDA Margin	%	19.39%	24.97%		19.81%	
EBIT	Rs. Cr.	1,256	1,468	-14	1,386	-9
Capital Employed (Incl. CWIP)	Rs. Cr.	49,620	50,852		49,051	

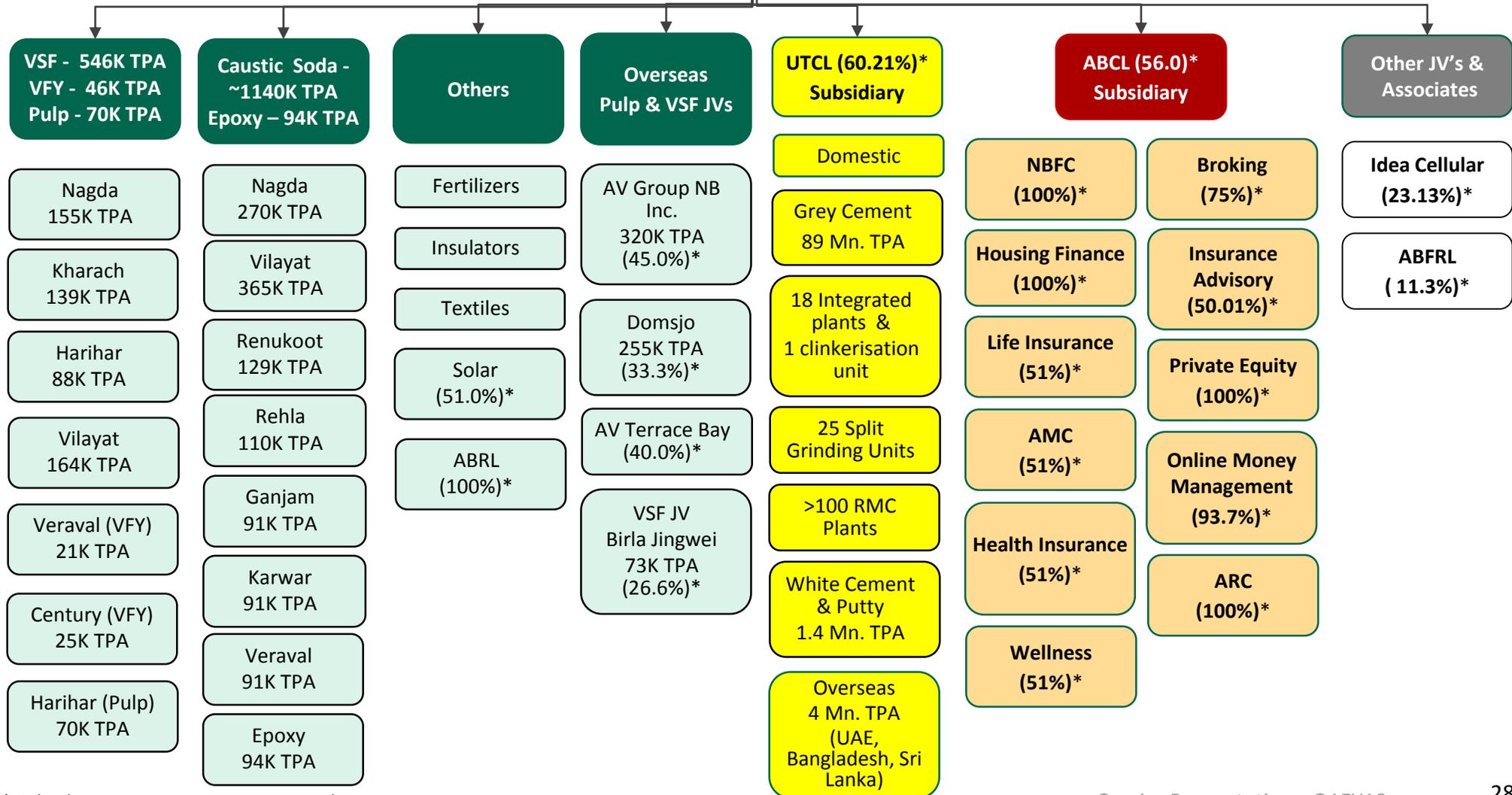
*Excluding capacity under implementation: 4MTPA in Q1FY19

Business Performance (Q1FY19)- Telecom



- ▶ VLR subscribers improved 2% YoY to 203.4 million (Q1FY19)
- ▶ The quarterly voice minutes at 349.5 bn (Q1FY19) up 39.4% YoY from 250.7 bn minutes (Q1FY18)
- ▶ The broadband data usage increased to 8GB in Q1FY19, compared to 3GB in previous year
- ▶ Idea – Vodafone merger received final approval from DoT, merger expected to close shortly
- ▶ Completed the sale of standalone towers to ATC at an Enterprise value of Rs. 40 bn resulting in profit of Rs. 33.6 bn
- ▶ Launched VoLTE services across all 20 circles where it holds 4G spectrum

Grasim: Group Structure



* Subsidiary companies- Equity ownership

Forward Looking & 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 (1nd August 2018) : **Rs. 67,730 Cr.**

Grasim Industries Limited

Quarterly Performance Review

Q1 FY19, 30th June 2018