



Quarterly Performance Review
Quarter 3 : 2015-16
Mumbai, 30th January, 2016

Grasim Industries Limited
A VSF and Cement Major

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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, LFL : Like For Like

Indian Economy

- Indian economy continues to be one of the best performers amongst large economies
 - GDP grew by 7.4% in Q2FY16
- Economy showing mixed signals
 - Robust growth in Govt. tax revenue at 18% (April – Nov FY16 YoY)
 - Retail inflation remains below 6% levels
 - Government's Capital expenditure spending increased 37% in YTD FY16
 - Lower growth in bank credit
 - Industrial capex by private sector yet to pick up
 - Low utilisation and correction in commodity prices
 - Exports declined due to slowdown in global trade

Highlights – Quarter 3



VSF Business

**Leading
Global Player**

Prices declined globally during the quarter
- Lower demand due to end of season

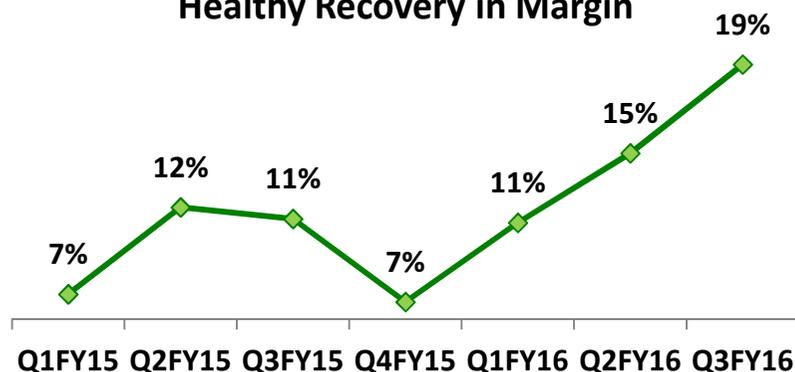
Sales Volume
120,700 MT
(Up by 24% YoY)

Revenue
₹ 1,602 Cr.
(Up by 33% YoY)

EBITDA
₹ 308 Cr.
(Up by 126% YoY)

- ❖ Achieved strong volume growth
- ❖ EBITDA margin continues to improve; 19% compared to 11% last year

Healthy Recovery in Margin



Highlights – Quarter 3



Chemical Business

Leadership strengthened with completion of ABCIL merger with Grasim

- Capacity increased from 452K TPA to 804K TPA
- Merged from 1st April, 2015 (appointed date)
- Q3 / 9M Results include results of ABCIL

Caustic Sales Volume

202,121 MT
(Up by 87% YoY;
14% LFL)

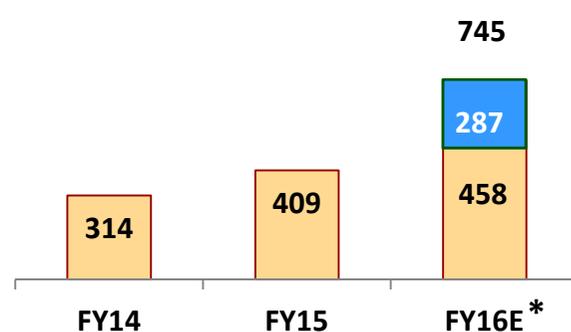
Revenue

(Chlor Alkali, Epoxy, Chlorine Derivatives)
₹ 870 Cr.
(Up by 97% YoY;
19% LFL)

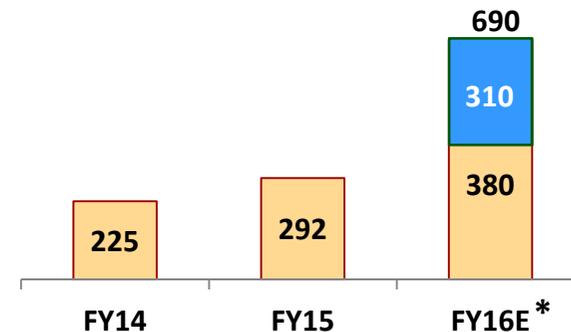
EBITDA

₹ 177 Cr.
(Up by 163% YoY;
50% LFL)

Volume ('000 Tons)



EBITDA (₹ Cr.)



Strong growth in Chemical Business

* Nine months numbers annualised

Grasim ABCIL

Highlights – Quarter 3

UltraTech
CEMENT

The Engineer's Choice



Cement Business

**Market leader
in India**

Demand growth at ~4.5% in Q3, picked up marginally

Cement Sales Volume

12.3 Mn. Tons
(Up by 7% YoY)

Revenue

₹ 6,188 Cr.
(Up by 4% YoY)

EBITDA

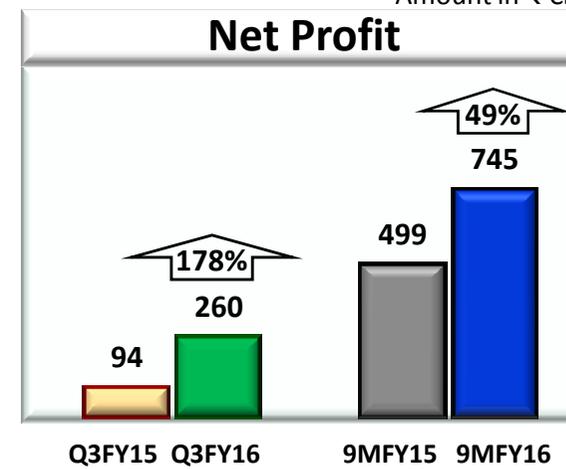
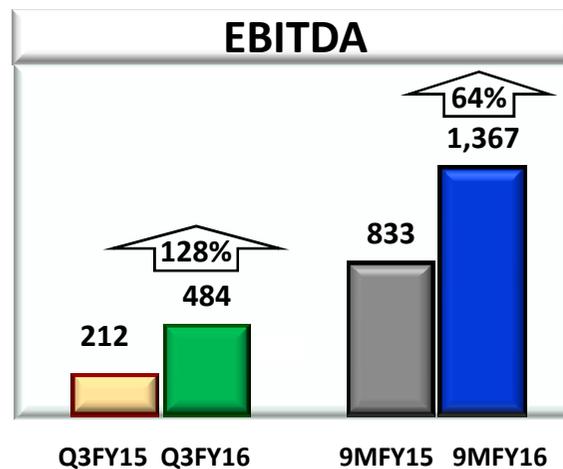
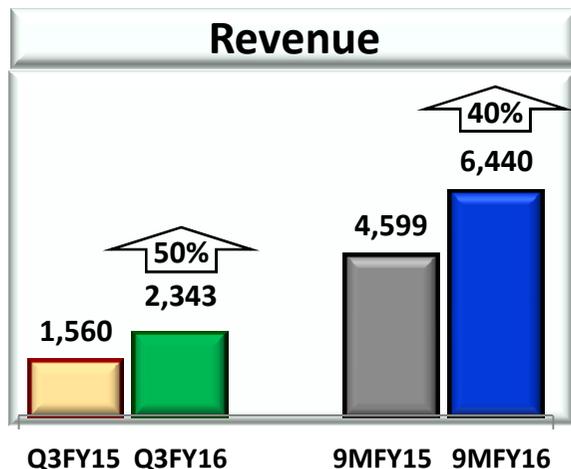
₹ 1,245 Cr.
(Up by 18%)

- ❖ **UltraTech's capacity utilisation at 70% vs. ~65% of the industry**
- ❖ **Lower operating cost driven by efficiency improvement, judicious fuel mix and lower energy cost**

Financial Performance

Standalone

Amount in ₹ Cr.



LFL Growth

28%

19%

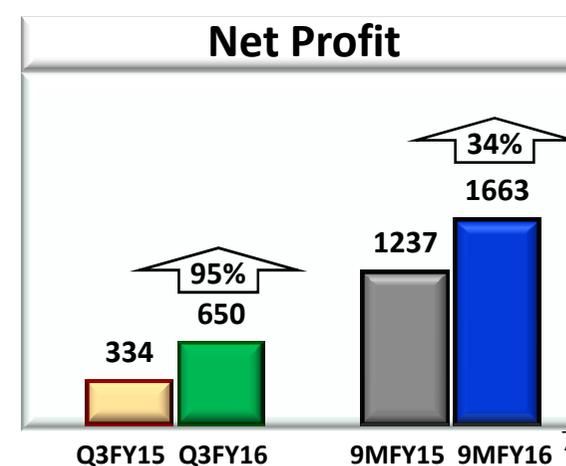
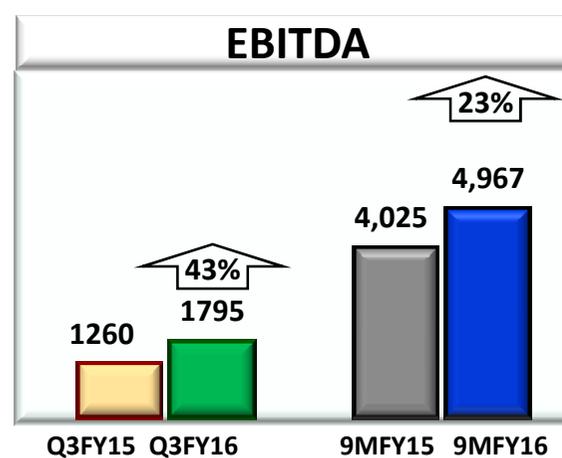
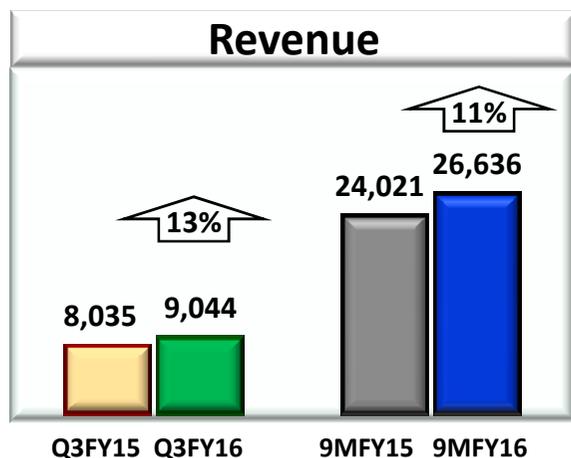
93%

36%

162%

35%

Consolidated



Robust Financial Ratios

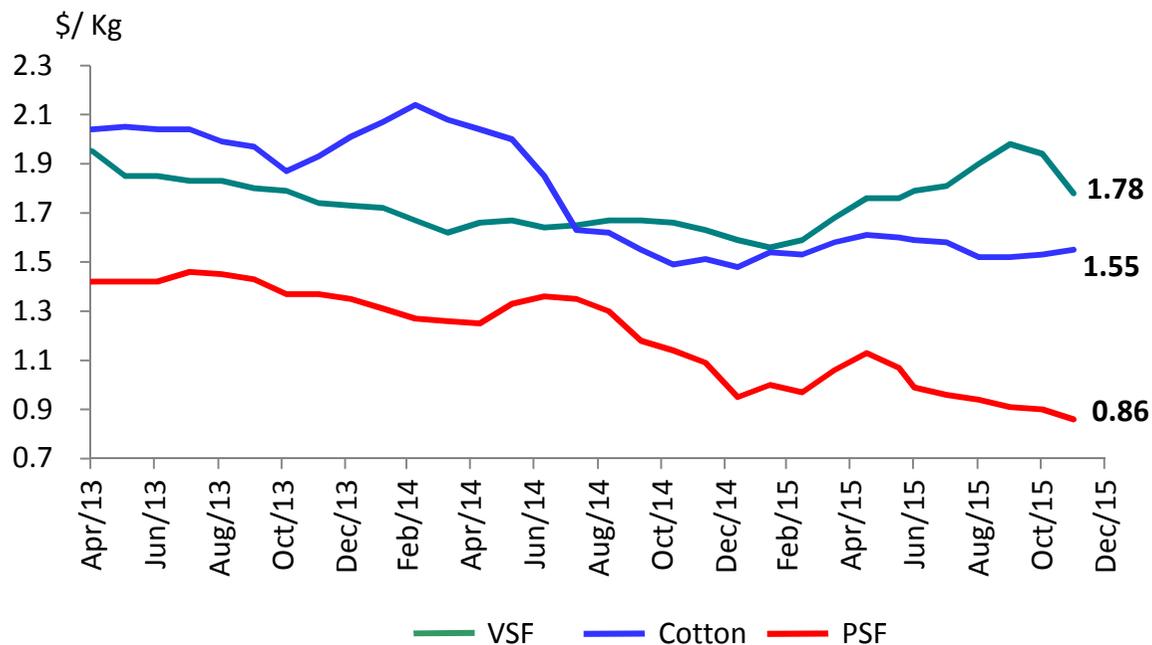
Standalone		Particulars	Consolidated	
9M 2015-16	FY 2014-15		9M 2015-16	FY 2014-15
12,372	11,183	Net Worth	25,290	23,140
2,236	1,115	Debt	11,710	11,930
703	19	Net Debt	5,833	6,140
0.18	0.10	Debt:Equity (x)	0.35	0.39
0.06	-	Net Debt: Equity (x)	0.17	0.20
0.39	-	Net Debt / EBIDTA	0.88	1.08
		ROAvCE (%) (Excluding CWIP)	10.8	10.5
		RONW (%)	9.2	7.8

Strong Balance Sheet – Robust Financial Ratios

Business Performance

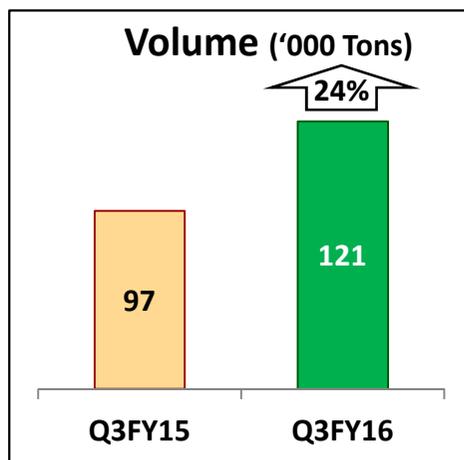
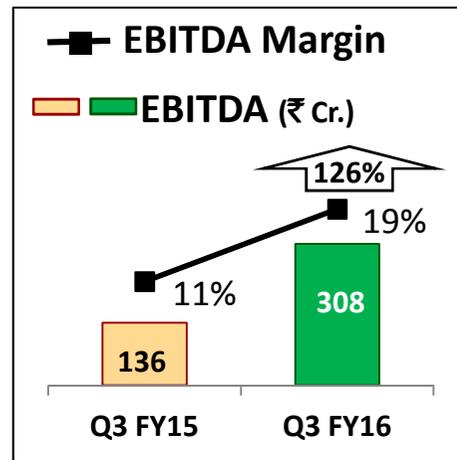
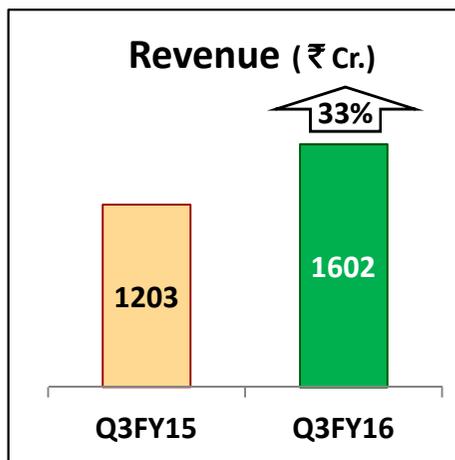
- VSF
- Chemical
- Cement

International Fibres Price Trend



- VSF : Declined during the quarter after witnessing upward trend in first half
- Cotton : Remained stable
- PSF : Continuous decline with fall in crude prices

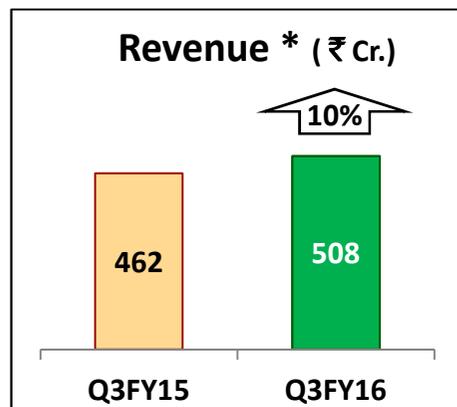
VSF : Performance



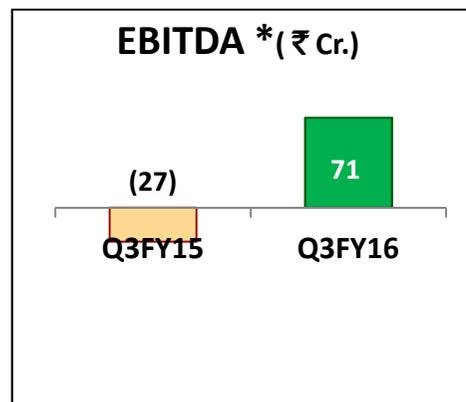
- Revenue up 33% driven by both volume and realisation increase
 - Full ramp up of Vilayat plant and stabilisation of quality
 - Both Domestic and Export segment record good growth
 - Higher sale of specialty fibre
 - Intensive business development activities leading to increase in usage of VSF
 - Partnering with value chain
 - Focused approach on high growth textile products
 - Realisation up 8% with higher global prices YoY

- Standalone EBITDA up by 126%
 - Higher volume
 - Increase in realisation

Pulp & Fibre JVs : Performance

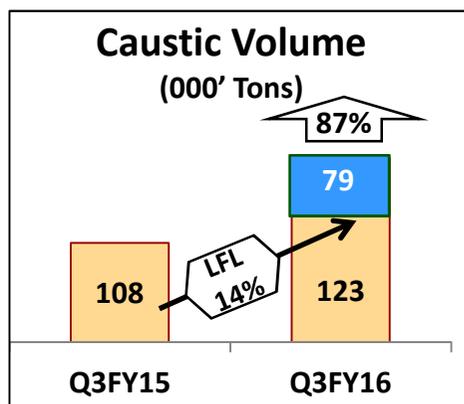
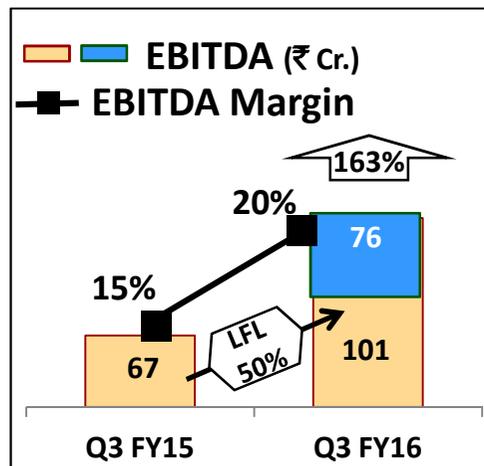
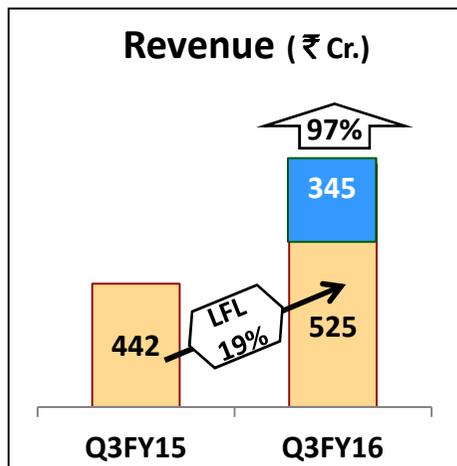


* Grasim's Share



- Pulp & Fibre JVs EBITDA increased to ₹ 71 Cr. compared to ₹ (27) Cr. last year

- Uninterrupted operations leading to higher volumes
- Increase in DG pulp realisation in local currency led by depreciation of CAD and SEK
- In Domsjo, forex rate fluctuations impacted profitability last year



Grasim ABCIL

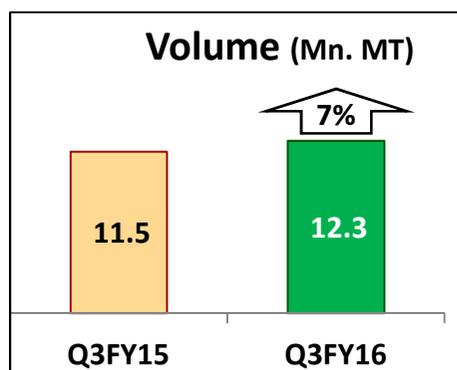
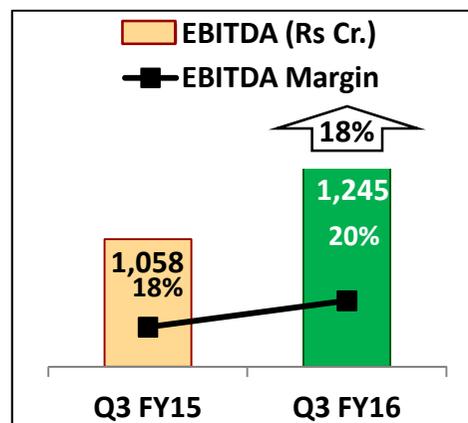
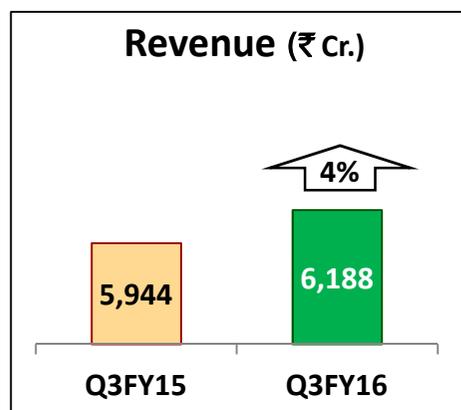
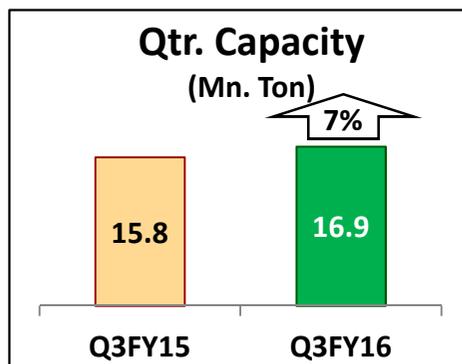
Industry Scenario

- Caustic prices increased in domestic market
 - Lower import vis-a-vis same period last year
 - Uptick in international Caustic prices

Business Performance

- Revenue doubled YoY (LFL up by 19%)
 - Caustic volume up by 87% with merger of ABCIL
 - Achieved overall utilisation of 97%
 - Epoxy volume up by 48% with product approvals from major customers and higher exports
- ECU Realisation up by 6%
- EBITDA up by 163% at ₹ 177 Cr.
 - EBITDA of existing operations increased from ₹ 67 Crore to ₹ 101 Crore
 - Higher volumes and lower energy cost
 - Merger of ABCIL added ₹ 76 Crore

Cement : Performance



Industry Scenario

- Sign of improvement in demand; Growth estimated at ~ 4.5% against subdued demand in first half
- Weakness in cement prices

Business Performance

- Revenue up by 4%
 - Cement sales volume growth of 7%
 - Continued penetration in rural markets
- EBITDA up by 18% at ₹ 1,245 crore
 - Consistent improvement in energy cost with increased usage of petcoke and lower fuel prices
 - Gain partially offset by District Mineral Development levy and additional bonus provision

Capex

Capex plan

(₹ Cr.)

	Capex (Net of CWIP as on 01-04-15)	Cash Outflow		Capex spent during 9MFY16
		FY16	FY17 onward	
<u>Standalone</u>				
VSF Expansion : Vilayat (120K TPA) – Residual Capex	135			
Normal Capex : VSF	310			
: Chemical & Others	260			
Standalone Capex (A)	705	450	255	310
<u>Cement Subsidiary : UltraTech</u>				
Capacity expansion #	2,025			
Logistic Infrastructure	660			
RMC Business	185			
Modernisation, Upgradation and others (Incl. Land)	3,070			
Cement Business Capex (B)	5,940	2,140	3,800	1,630
Capex (A + B)	6,645	2,590	4,055	1,940

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

VSF Business

- Global VSF prices have softened
 - Margins may come off in near term
- Going forward, prices are likely to be influenced by
 - Development in China
 - Competing fibre prices trend
 - Development in downstream industry
- Textile consumption in India expected to grow at higher rates, vis-à-vis global consumption
 - Will support VSF demand growth
- 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 share of specialty products

Chemical Business

- Caustic demand in India expected to record continuous growth
 - Supported by growth in user industries like Textile, Soap and Detergent etc.
- Prices likely to remain stable

Cement Business

- Cement demand expected to pick-up in near-term
- Cement demand growth drivers :
 - Improvement in GDP growth
 - Government focus on infrastructure development
 - Pre –election demand in several states
 - Gradual revival in housing demand linked to stable housing prices and seventh pay commission
- Suppressed rural incomes, slow 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

(₹ Cr.)

	Quarter 3		%	Nine Months		%	Full Year
	2015-16 [#]	2014-15		Change	2015-16 [#]		
Net Sales & Op. Income	9,043.7	8,034.6	13	26,635.6	24,021.0	11	32,838.4
Other Income	77.4	57.0	36	279.6	428.7	(35)	539.0
EBITDA	1,795.2	1,259.6	43	4,966.5	4,024.9	23	5,683.4
EBITDA Margin (%)	19.7%	15.6%		18.5%	16.5%		17.0%
Finance Cost	191.6	185.7	3	585.3	484.8	21	667.4
Depreciation	485.2	383.2	27	1,378.5	1,145.7	20	1,563.2
Earnings before Tax (Before exceptional item)	1,118.4	690.7	62	3,002.7	2,394.4	25	3,452.8
Total Tax	287.5	232.2	24	835.0	689.7	21	1,015.9
PAT (Before Minority Share)	830.9	458.5	81	2,167.6	1,704.7	27	2,427.4
Add: Share in Profit of Associates	36.8	35.4	4	118.1	109.3	8	154.2
Less: Minority Share	218.1	160.3	36	622.8	576.9	8	837.9
PAT (After Minority Share)	649.6	333.6	95	1,663.0	1,237.1	34	1,743.8
EPS	69.5	36.3	95	178.0	134.6	34	189.6
Cash Profit (Before Minority Share)	1,580.9	1,111.4	42	4,187.1	3,640.7	15	5,142.7

Q3 FY16 and 9M FY16 not comparable with corresponding period due to merger of ABCIL

Standalone Financial Performance

	Quarter 3			Nine Months			Full Year
	2015-16 [#]	2014-15	% Change	2015-16 [#]	2014-15	% Change	2014-15
Net Sales & Op. Income	2,343.4	1,560.1	50	6,440.0	4,599.4	40	6,332.6
Other Income	23.6	30.8	(23)	253.4	297.3	(15)	348.1
EBITDA	483.9	211.8	128	1,367.1	833.2	64	1,013.0
EBITDA Margin (%)	20.4%	13.3%		20.4%	17.0%		15.2%
Finance Cost	39.6	11.6	240	120.6	26.2	359	39.3
Depreciation	123.1	62.9	96	318.4	178.2	79	262.5
Earnings before Tax (Before exceptional item)	321.3	137.4	134	928.1	628.7	48	711.2
Exceptional item	-	-		-	-		(26.2)
Tax Expense	60.9	43.7	-	183.4	129.8	41	155.0
PAT	260.4	93.7	178	744.7	498.9	49	529.9
EPS	27.9	10.2	178	79.7	54.3	49	57.6
Cash Profit	449.4	202.4	122	1,236.8	809.3	53	976.1

Q3 FY16 and 9M FY16 not comparable with corresponding period due to merger of ABCIL

Balance Sheet

Standalone			Consolidated		(₹ Cr.)
31 st Dec'15	31 st Mar'15	EQUITY & LIABILITIES	31 st Dec'15	31 st Mar'15	
12,372	11,183	Net Worth	25,290	23,140	
-	-	Minority Interest	8,215	7,682	
2,236	1,115	Borrowings	11,710	11,930	
918	615	Deferred Tax Liability (Net)	4,067	3,410	
1,686	1,454	Liabilities & Provisions	8,358	7,873	
17,211	14,367	SOURCES OF FUNDS	57,640	54,035	
ASSETS					
6,739	5,188	Net Fixed Assets	31,145	28,545	
617	522	Capital WIP & Advances	3,297	3,512	
-	-	Goodwill on Consolidation	3,357	3,283	
Investments					
2,636	2,636	Cement Subsidiary	-	-	
1,533	1,096	Liquid Investments	5,877	5,790	
1,600	1,618	Other Investments	1,703	1,465	
4,086	3,307	Current Assets, Loans & Advances	12,261	11,440	
17,211	14,367	APPLICATION OF FUNDS	57,640	54,035	
1,533	1,096	Total Liquid Funds	5,877	5,790	
703	19	Net Debt	5,833	6,140	

Profitability Trend

	Standalone				Consolidated				(₹ Cr.)
	FY 2012-13	FY 2013-14	FY 2014-15	Nine Months 2015-16	FY 2012-13	FY 2013-14	FY 2014-15	Nine Months 2015-16	
Net Turnover & Op. Income	5,255	5,604	6,333	6,440	27,909	29,324	32,838	26,636	
EBITDA	1,523	1,246	1,013	1,367	6,543	5,491	5,683	4,967	
EBITDA Margin (%)	26.8	20.8	15.2	20.4	22.9	18.4	17.0	18.5	
EBDT	1,484	1,205	974	1,247	6,219	5,044	5,016	4,381	
PAT # (After Minority Share)	1,022	896	556	745	2,500	2,072	1,753	1,663	
EPS (₹) #	111.3	97.5	60.5	79.7	272.3	225.5	190.8	178.0	
DPS (₹)	22.5	21.0	18.0	-	--	--	--	--	
ROAvCE (PBIT Basis - Excl. CWIP)(%)					18.4	12.1	10.5	10.8	
RONW (%) #					13.6	10.0	7.8	9.2	

before exceptional / extraordinary gain

Revenue Chart

Nine Months			% Change		Quarter 3			% Change	Full Year 2014-15
2015-16	2014-15				2015-16	2014-15			
4,292	3,568	20		Viscose Staple Fibre	1,602	1,203	33	4,974	
2,479	1,273	95		Chemical	870	442	97	1,701	
76	67			Others	25	19		89	
(408)	(308)			Eliminations (Inter Segment)	(154)	(105)		(431)	
6,440	4,599	40		Standalone Net Revenue	2,343	1,560	50	6,333	
				<u>Subsidiaries</u>					
18,632	17,745	5		Cement	6,188	5,944	4	24,340	
311	343			Textiles	106	115	(8)	464	
1,521	1,571	(3)		Pulp JVs and Fibre JV (Pro Rata)	508	462	10	2,072	
(266)	(236)			Eliminations (Inter Company)/ Others	(101)	(47)		(369)	
20,197	19,423	4		Total for Subsidiaries & JVs	6,700	6,474	3	26,506	
26,636	24,021	11		Consolidated Net Revenue	9,044	8,034	13	32,838	

EBITDA – Chart

(₹ Cr.)

Nine Months		%	EBIDTA	Quarter 3		%	Full Year 2014-15
2015-16	2014-15	Change		2015-16	2014-15	Change	
657	368	79	Viscose Staple Fibre	308	136	126	465
518	237	118	Chemical	177	67	163	292
191	228		Others	(1)	8		257
1,367	833	64	Standalone EBITDA	484	212	128	1,013
			<u>Subsidiaries</u>				
3,631	3,341	9	Cement	1,245	1,058	18	4,776
2	23		Textiles	(9)	6		33
108	(55)		Pulp JVs and Fibre JVs (Pro Rata)	71	(27)		22
(142)	(118)		Eliminations (Inter Company)/Others	3	11		(117)
3,599	3,192	13	Total for Subsidiaries & JVs	1,311	1,048		4,670
4,967	4,025	23	Consolidated EBITDA	1,795	1,260	43	5,683

Viscose Staple Fibre : Summary

		Quarter 3		%	Nine Months		%	Full Year
		2015-16	2014-15	Change	2015-16	2014-15	Change	2014-15
Capacity*	KTPA	125	115	9	374	317	18	434
Production (in '000s)	MT	126	106	19	341	297	15	408
Sales Volumes (in '000s)	MT	121	97	24	337	284	19	403
Net Revenue	₹ Cr.	1,602	1,203	33	4,292	3,568	20	4,974
EBITDA	₹ Cr.	308	136	126%	657	368	79	465
EBITDA Margin	%	19.1%	11.2%	--	15.2%	10.2%	--	9.3%
EBIT	₹ Cr.	248	98	154	492	266	85	305
Capital Employed (Incl. CWIP)	₹ Cr.	5,190	5,443	(5)	5,190	5,443	(5)	5,282
ROAvCE (Excl. CWIP)	%	20.6%	9.4%	--	13.4%	10.0%	--	7.5%

* Operational capacity during the period

Chemical : Summary

		Quarter 3			Nine Months			Full Year 2014-15
		2015-16	2014-15	% Change	2015-16	2014-15	% Change	
Capacity	KTPA	201	113	78	559	339	65	453
Production (in '000s)	MT	195	106	83	547	308	78	412
Sales Volumes (in '000s) ^{\$}	MT	202	108	87	558	304	84	409
Net Revenue	₹ Cr.	870	442	97	2,479	1,273	95	1,701
EBITDA	₹ Cr.	177	67	163	518	237	118	292
EBITDA Margin	%	20.3%	15.2%	--	20.9%	18.6%	--	17.1%
EBIT	₹ Cr.	117	44	163	376	166	126	198
Capital Employed (Incl. CWIP)	₹ Cr.	3,865	1,938	99	3,865	1,938	99	1,922
ROAvCE (Excl. CWIP)	%	12.4%	9.7%	--	12.8%	12.0%	--	10.9%

^{\$} Includes captive consumption

Cement : Summary

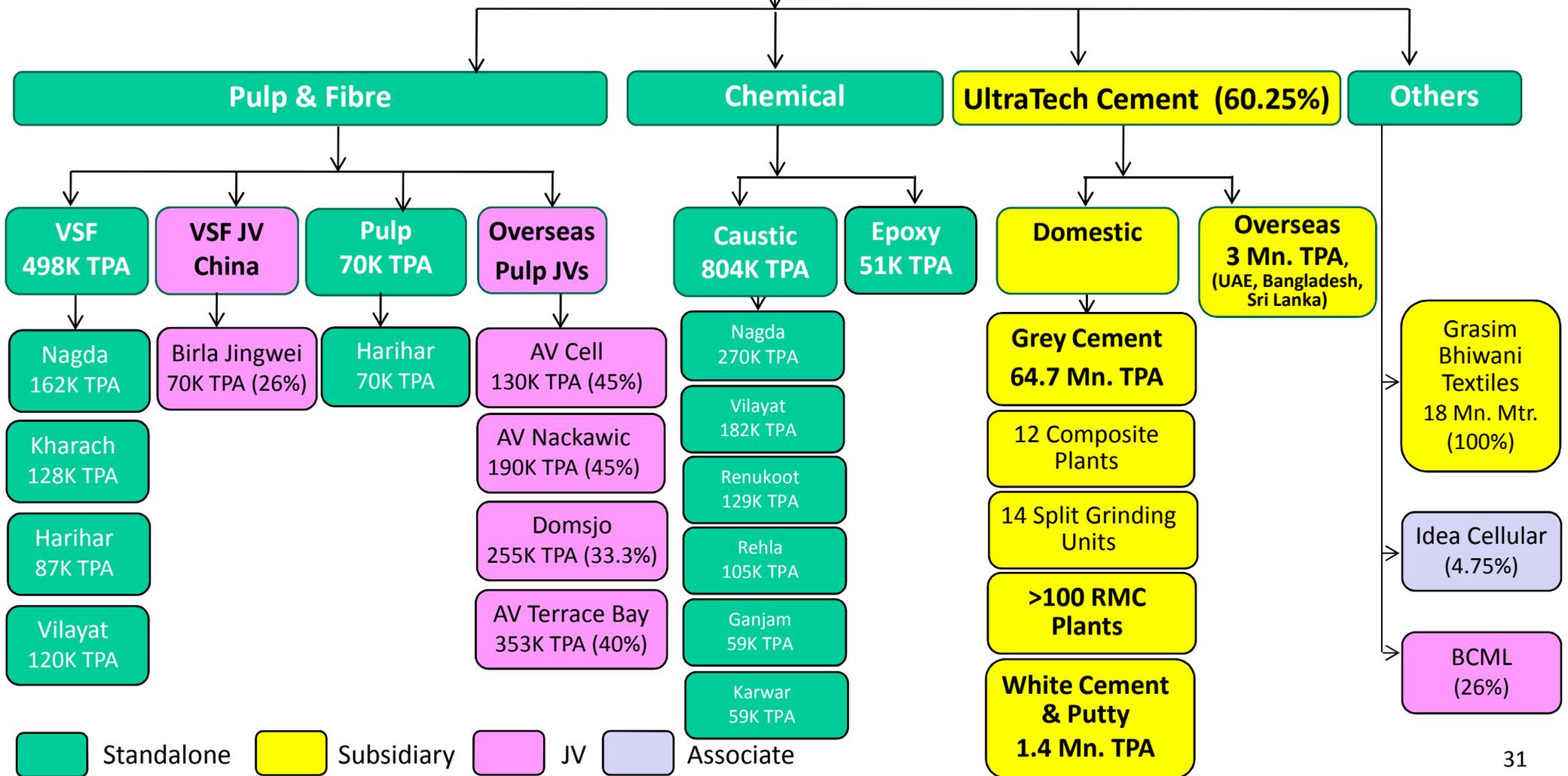
		Quarter 3		% Change	Nine Months		% Change	Full Year 2014-15
		2015-16	2014-15		2015-16	2014-15		
<u>Grey Cement</u>								
Capacity	Mn. TPA	16.91	15.79	7	48.50	46.67	4	63.15
Production	Mn. MT	12.01	11.31	6	36.31	34.26	6	46.71
Cement Sales Volumes ^{\$}	Mn. MT	12.25	11.48	7	36.56	34.57	6	47.09
Clinker Sales Volumes	Mn. MT	0.11	0.32		0.26	0.82		1.08
<u>White Cement & Putty</u>								
Sales Volumes ^{\$\$}	Lac MT	3.38	3.17	7	9.27	8.72	6	12.24
Net Revenue	₹ Cr.	6,188	5,944	4	18,632	17,745	5	24,340
EBITDA	₹ Cr.	1,245	1,058	18	3,631	3,341	9	4,776
EBITDA Margin	%	20.0%	17.6%	--	19.4%	18.6%	--	19.3%
EBIT	₹ Cr.	906	762	19	2,639	2,444	8	3,572
Capital Employed (Incl. CWIP)	₹ Cr.	34,225	33,634	2	34,225	33,634	2	34,293
ROAvCE (Excl. CWIP)	%	11.6%	10.4%	--	11.2%	11.9%	--	12.4%

^{\$} Includes captive consumption for RMC

^{\$\$} Includes captive consumption for value added products

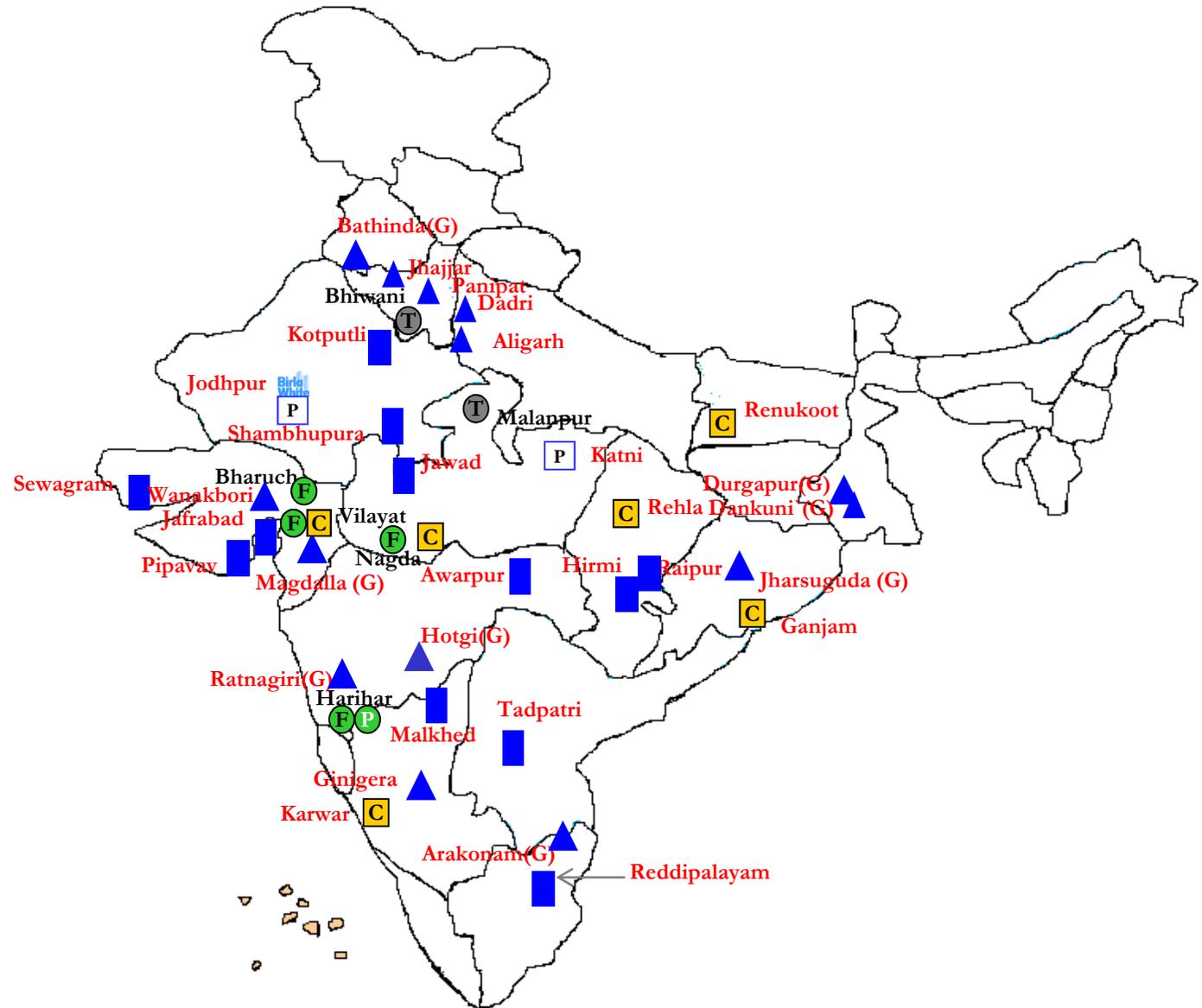


Grasim Group Structure



Plant Locations– Grasim & its subsidiaries

- UltraTech Cement Plants
- ▲ UltraTech Grinding Units (G)
- UltraTech White Cement Plant
- P UltraTech Putty Plant
- F Fibre plants
- P Pulp plant
- C Chemical plant
- T Textiles units



Not to scale



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.

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