



30th January 2017

BSE Limited
Department of Corporate Services
1st Floor, New Trading Ring,
Rotunda Building, P J Towers, Dalal Street,
Fort, Mumbai - 400 001
Fax: 022-22723121/ 3719/ 2037/ 2039

The Secretary
National Stock Exchange of India Ltd.
Exchange Plaza
Bandra-Kurla Complex, Bandra (East)
Mumbai - 400 051
Fax: 022-26598237/8238

Dear Sir,

Sub: Presentation on Unaudited Q3FY17 Results of Grasim

This is further to our letter and email of date.

We are attaching herewith a copy of the Presentation on the Unaudited Results of Grasim for the quarter ended 31st December 2016, which will be presented to our investors and also posted on our websites, www.grasim.com and www.adityabirla.com.

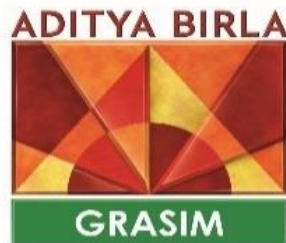
Thanking you,

Yours faithfully,

Hutokshi Wadia
President & Company Secretary

Encl. : as above





Quarterly Performance Review

Quarter 3 : 2016-17

Mumbai, 30th January, 2017

Grasim Industries Limited
Building, Consolidating, Growing

Contents

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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 (Excluding Capital Work In Progress), RONW : Return on Net Worth

EBITDA Margin = $\text{EBITDA} / (\text{Revenue} + \text{Other Income})$, Revenue is net of excise unless stated otherwise

Challenging Environment : Liquidity Squeeze

- High value currency notes replacement program led to temporary liquidity shortage in the trade channels
- At the same time, it helped in lowering inflation and interest rates
- Improvement in Government liquidity expected to increase in infrastructure and other projects spending
- Effect on Company's Businesses
 - VSF :
 - Downstream players in the textile value chain witnessed demand slowdown
 - Impact on domestic VSF demand in the short run, particularly from power loom sector
 - Higher Exports of VSF compared to Q2 to mitigate slowdown in domestic off take
 - Chemicals :
 - Caustic Soda being an industrial product, impact was limited
 - Chlorine demand suffered specially from user industry in SME segment
 - Lower chlorine offtake restricted caustic soda production
 - Cement :
 - Demand slowdown with weakening in prices
 - Although impact has been lower than expected

Highlights – Quarter 3

VSF Business

**Leading
Global Player**

Post firm pricing trend in Q2 globally, prices witnessed decline in Nov'16 and started to recover in Dec'16

Sales Volume

122K Tons
Up 1% YoY

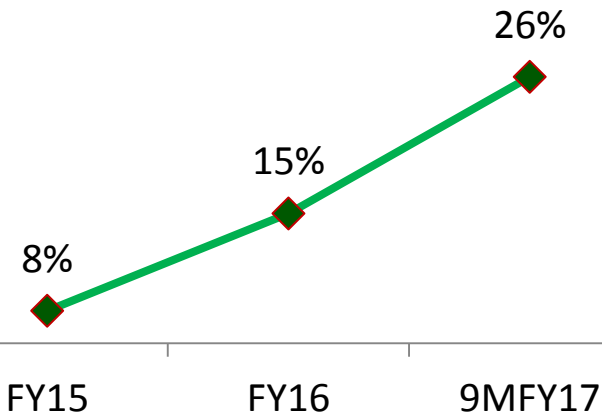
Revenue

₹ 1,762 Cr.
Up 10% YoY

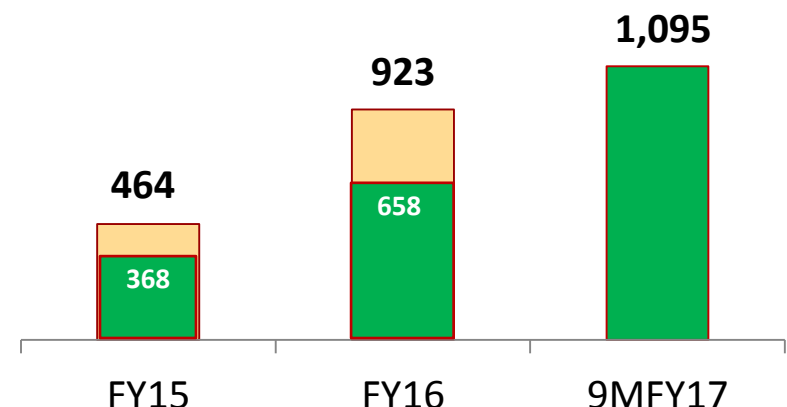
EBITDA

₹ 402 Cr.
Up 31% YoY

ROAvCE



Op. EBITDA



9 months number

Continuous improvement in Profitability and ROAvCE



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Highlights – Quarter 3

Chemical Business

(Chlor Alkali, Chlorine Derivatives and Epoxy)

**Largest
Indian Player**

- New capacities came on stream in Western region, leading to pressure on Chlorine prices
- ECU realisation remained stable with higher caustic soda prices

Caustic Sales Volume

193K Tons
Down 5% YoY

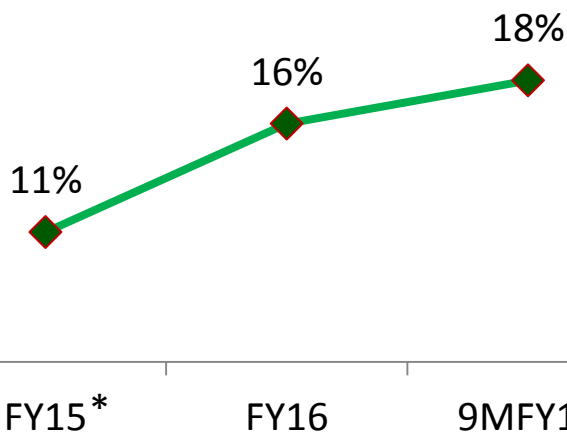
Revenue

₹ 921 Cr.
Up 7% YoY

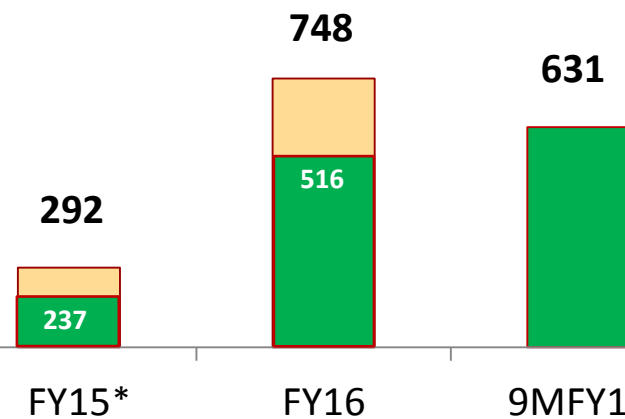
EBITDA

₹ 186 Cr.
Up 5% YoY

ROAvCE



Op. EBITDA



9 months number

Continuous improvement in Profitability and ROAvCE

* Does not include ABCIL which was merged in FY16 5

Highlights – Quarter 3

UltraTech
CEMENT
The Engineer's Choice



Cement Business (UltraTech Cement)

**Market leader
in India**

- Industry capacity utilisation contracted to 60%
- Cost has started hardening

Sales Volume

12.3 Mn. Tons
Flat YoY

Revenue

₹ 5,998 Cr.
Down 2% YoY

EBITDA

₹ 1,280 Cr.
Up 1% YoY

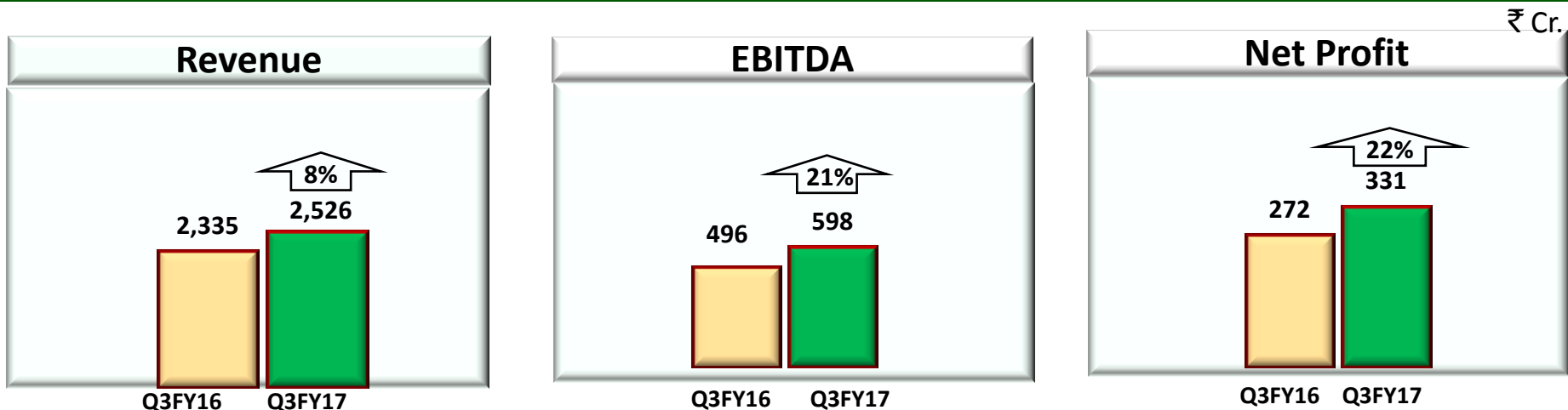
Greenfield expansion (South West MP)

- Cement capacity : 3.5 Mn. TPA,
- Total Project Cost ₹ 2,600 Cr., US\$ 110/ton
- Commissioning by Q4 FY19
- Attractive Markets with logistics advantage

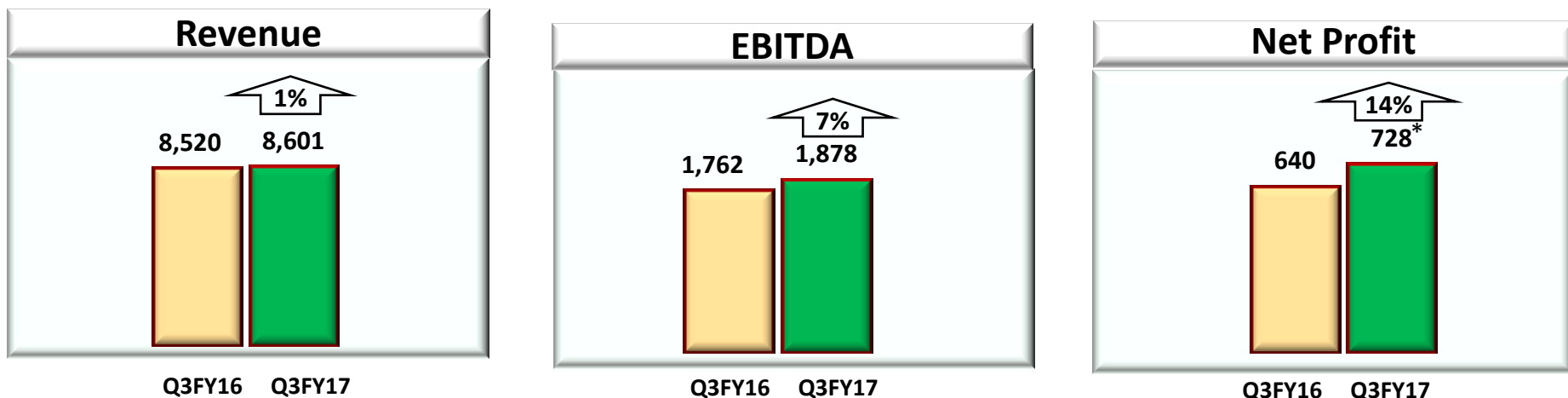
Consolidated capacity will augment to 95 Mn. TPA in FY19

Financial Performance – Quarter 3

Standalone



Consolidated



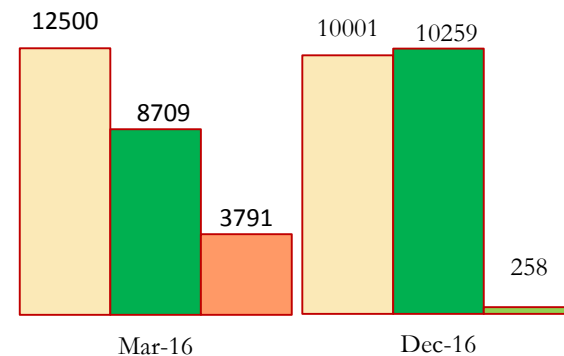
All-Round Growth in Revenue, EBITDA and Net Profit

Robust Financial Ratios

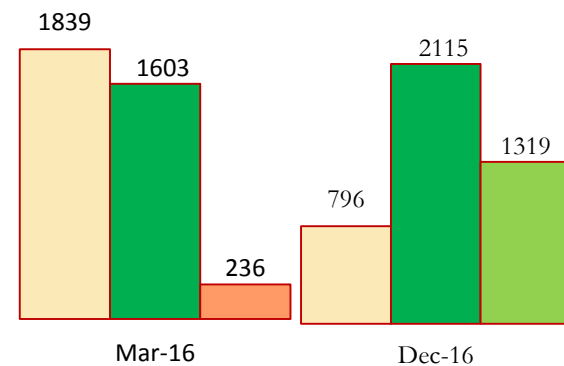
Consolidated Financial Ratios

	3/31/2016	12/31/2016
Debt:Equity (x)	0.35	0.25
Net Debt: Equity (x)	0.10	-
Net Debt / EBITDA	0.54	-
ROAvCE (%) (Excluding CWIP)	11.3	12.9
RONW (%)	9.4	11.2

Consolidated Debt / Surplus



Standalone Debt / Surplus



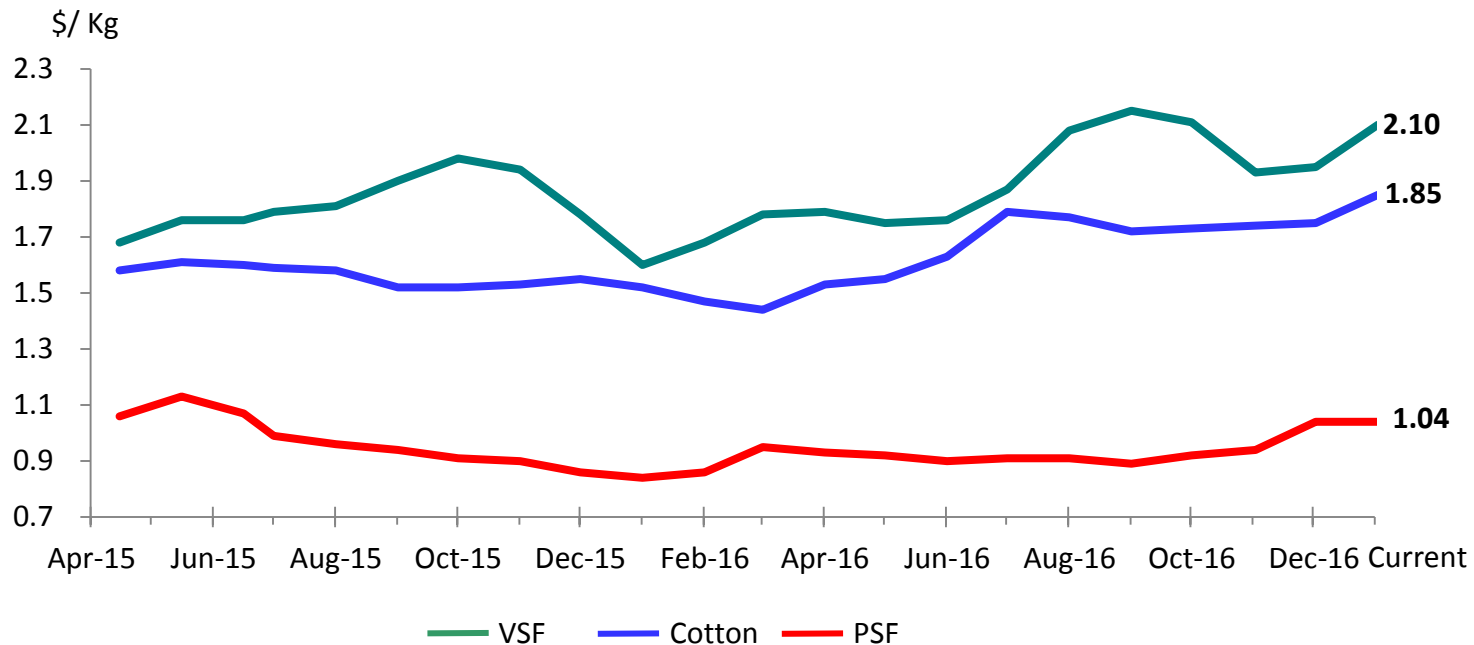
Debt Liquid Investments Net Debt Surplus

Strong Balance Sheet – Robust Financial Ratios

Business Performance

- VSF
- Chemical
- Cement

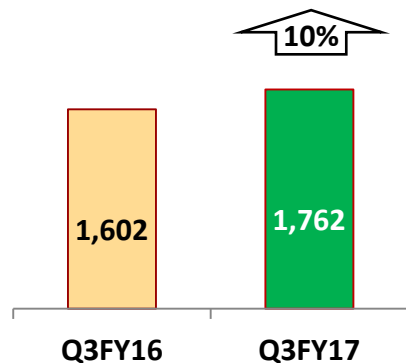
International Fibre Price Trend



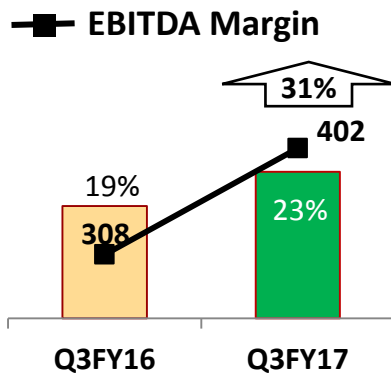
- VSF : Prices started to recover from December after witnessing decline in Nov. 16
- Cotton : Prices remained stable despite arrival of new crop
- PSF : Prices increased with increase in crude prices

VSF : Performance

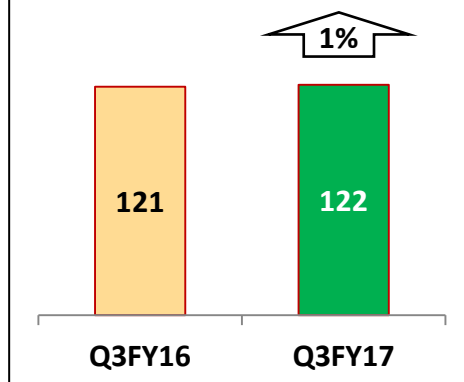
Revenue (₹ Cr.)



EBITDA (₹ Cr.)

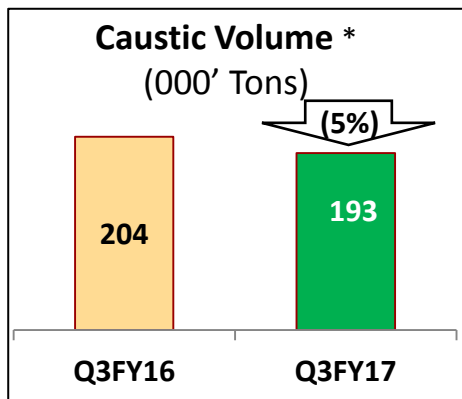
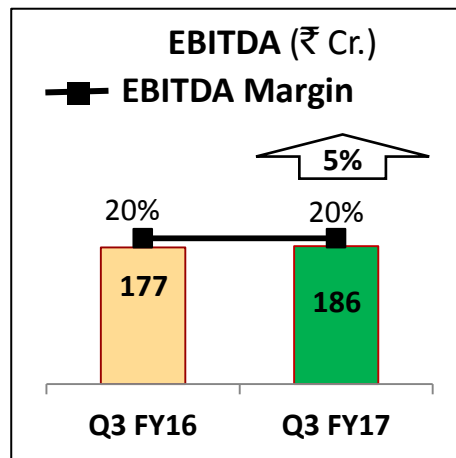
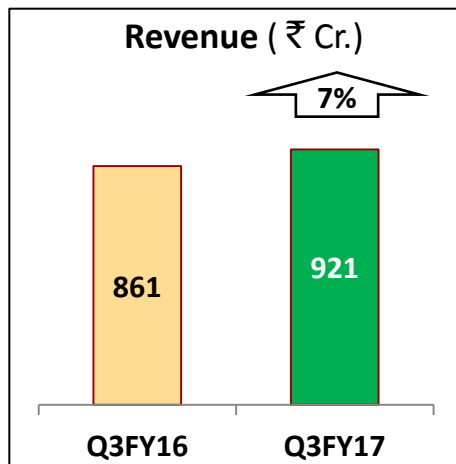


Volume ('000 Tons)



- Volumes were maintained despite demand slowdown in textile value chain
- Realisation up 9% YoY
 - Uptrend in global prices
 - Rupee depreciation and better product mix
- EBITDA up by 31% at ₹ 402 Cr.
 - Higher realisation
 - Improvement in operating efficiencies
- Debottlenecking opportunities identified to meet growing demand

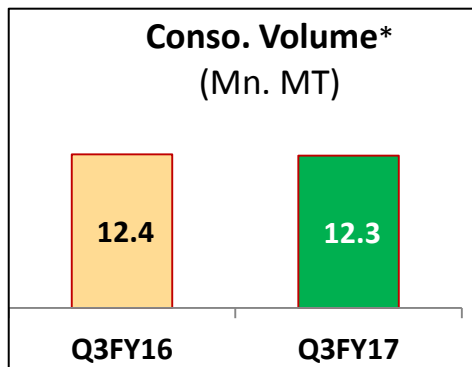
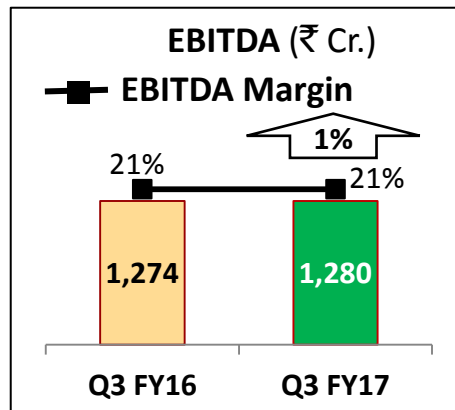
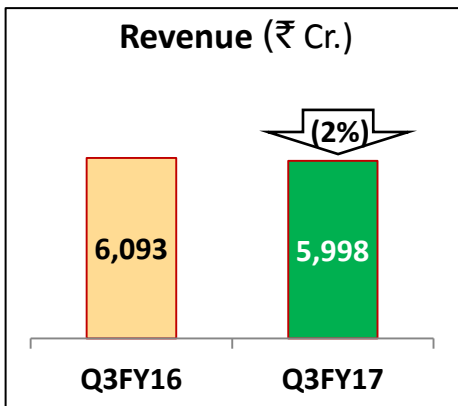
Chemical : Performance



* Includes captive consumption

- Volume down by 5% YoY
 - Lower Chlorine demand restricted Caustic Soda production
- ECU realisation up by 5% YoY
 - Firm Caustic prices due to lower supply
 - Partially negated by lower Chlorine prices
- EBITDA was up by 5% at ₹ 186 Cr. led by higher realisation
- Caustic capacity to increase from 840K TPA to 1,048K TPA in FY18
 - Environmental clearance received for brownfield expansion at Vilayat
 - Civil work is expected to begin soon

Cement : Performance



* Includes captive consumption for RMC

- Domestic Volume lower by 2%
 - Slowdown in cement off take
- Moderation in Operating cost
 - Reduction in logistic cost by 3%
 - Shrunk lead distances
 - Increase in new grinding unit capacity utilisation
 - Reduction in energy cost by 5% despite rising fuel prices
 - Enhanced share of Waste heat recovery
 - Improvement in fuel consumption
 - Increase in pet coke consumption and industrial waste
- EBITDA up by 1% at ₹ 1,280 Cr.
 - Improved operating margins led by moderation in cost

Capex

Capex plan

(₹ Cr.)

	Capex (Net of CWIP as on 01-04-16)	Cash Outflow		Capex spent - 9MFY17
		FY17	FY18 Onward	
<u>Standalone</u>				
Vilayat Caustic Plant Brownfield expansion (144K TPA)	513			
VSF : Water supply augmentation & usage reduction, Research & Development, Environment and Other normal capex	483			
Chemical capacity debottlenecking (64K TPA) & VAPs	157			
VSF Expansion : Vilayat Residual Capex #	143			
Chemical & Others : Normal capex	189			
Standalone Capex (A)	1,485	550	935	300
<u>Cement Subsidiary : UltraTech</u>				
Capacity expansion # @	746			
Logistic Infrastructure	316			
Modernisation, Plant Infrastructure, Environment, Upgradation etc.	2,078			
Cement Business Capex (B)	3,140	1,230	1,910	825
Capex (A + B)	4,625	1,780	2,845	1,125

Represents residual capex of brown field expansion projects already commissioned

@ Does not include Capex Cash Outflow for Dhar Project

VSF Business

- Limited capacity addition globally leading to higher operating rates
 - Short term variations likely in utilisation level and pricing
 - Cotton stock expected to decline in Season 16-17 with consumption projected to be higher than production
- Apparel sales growth higher in India vis-à-vis global average
 - Augurs well for VSF demand
- Continued focus on expanding usage and application of VSF in domestic textile market
 - Better customer connect through Brand Liva
 - Partnering with textile value chain through Liva Accreditation Partnership Forum
 - Focus on increasing share of specialty products

Chemical Business

- Caustic demand in India expected to record stable growth
 - Supported by growth in user industries like Textile, Aluminium, Paper, Soap and Detergent etc.

Business Outlook & Scheme Update

Cement Business

- Expected Cement demand growth drivers :
 - Increase in Government spending on infrastructure and low cost housing
 - AP and Telangana development
 - Reduction in interest rate and subsidies for housing
- Slow demand recovery, urban housings (ex Tier I cities) sluggishness, volatile cement prices and rising costs are concern areas

Update on Composite Scheme of Arrangement

- Scheme of merger of Aditya Birla Nuvo with Grasim and subsequent Listing of the Financial Services Business
 - Approvals received from Stock exchanges and Competition Commission of India
 - Scheme filed with National Company Law Tribunal
 - The transaction is expected to be completed by H1 FY18

Thank You

Grasim Industries Limited

Annexure - Financials

Annexure

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

Consolidated Financial Performance

(₹ Cr.)

	Quarter 3		%	Nine Months		%
	2016-17	2015-16	Change	2016-17	2015-16	Change
Net Sales & Op. Income	8,601	8,520	1	26,073	25,033	4
Other Income	167	125	33	679	464	46
EBITDA	1,878	1,762	7	6,190	5,015	23
EBITDA Margin (%)	21.4%	20.4%		23.1%	19.7%	
Finance Cost	156	182	(14)	526	562	(6)
Depreciation	450	467	(4)	1,336	1,326	1
Share in Profit of JVs & Associates	45	41	12	149	106	40
Earnings before Tax	1,318	1,153	14	4,478	3,234	38
Total Tax	354	287	23	1,284	863	49
PAT (Before Minority Share)	964	866	11	3,194	2,371	35
Less: Minority Share	236	226	4	789	661	19
PAT (After Minority Share)	728	640	14	2,404	1,711	41
Other Comprehensive Income (after tax)	(27)	438		533	310	
Total Comprehensive Income (after tax)	701	1,078	(35)	2,938	2,020	45
EPS	15.6	13.7	14	51.4	36.6	41
Cash Profit (Before Minority Share)	1,531	1,565	(2)	4,807	4,257	13

Standalone Financial Performance

(₹ Cr.)

	Quarter 3		%	Nine Months		%
	2016-17	2015-16		2016-17	2015-16	
Net Sales & Op. Income	2,526	2,335	8	7,470	6,426	16
Other Income	55	35	56	443	301	47
EBITDA	598	496	21	2,073	1,411	47
EBITDA Margin (%)	23.2%	20.9%		26.2%	21.0%	
Finance Cost	11	40	(73)	49	121	(59)
Depreciation	111	123	(10)	333	319	4
Earnings before Tax	477	333	43	1,691	971	74
Tax Expense	145	61	138	446	183	144
PAT	331	272	22	1,245	788	58
Other Comprehensive Income (after tax)	(146)	333		(51)	(420)	
Total Comprehensive Income (after tax)	185	605		1,194	368	
EPS	7.1	5.8	22	26.6	16.9	58
Cash Profit	463	461	-	1,648	1,280	29

Balance Sheet

(₹ Cr.)

Standalone			Consolidated	
31 st Dec'16 ^{\$\$}	31 st Mar'16 ^{\$}	EQUITY & LIABILITIES	31 st Dec'16 ^{\$\$}	31 st Mar'16 ^{\$}
16,535	15,556	Net Worth	30,095	27,404
-	-	Minority Interest	9,426	8,729
796	1,839	Borrowings	10,001	12,500
630	519	Deferred Tax Liability (Net)	3,415	3,051
2,091	1,590	Liabilities & Provisions	8,869	7,857
20,053	19,504	SOURCES OF FUNDS	61,806	59,541
ASSETS				
6,763	6,963	Net Fixed Assets	31,357	31,259
530	376	Capital WIP & Advances	2,155	2,298
-	-	Goodwill on Consolidation	3,040	3,016
		Investments		
2,636	2,636	Cement Subsidiary	-	-
2,115	1,603	Liquid Investments	10,259	8,709
4,447	4,569	Other Investments	4,387	3,886
3,562	3,357	Current Assets, Loans & Advances	10,607	10,374
20,053	19,504	APPLICATION OF FUNDS	61,806	59,541
(1,319)	236	Net Debt / (Surplus)	(258)	3,791

\$ Unaudited

\$\$ Subjected to limited review

Revenue Chart

				(₹ Cr.)		
Nine Months		%		Quarter 3	%	
2016-17	2015-16	Change		2016-17	2015-16	Change
5,156	4,292	20	Viscose Staple Fibre	1,762	1,602	10
2,745	2,466	11	Chemical	921	861	7
61	76		Others	20	25	
(493)	(408)		Eliminations (Inter Segment)	(177)	(153)	
7,470	6,426	16	Standalone Net Revenue	2,526	2,335	8
			Subsidiaries			
18,355	18,335	-	Cement	5,998	6,093	(2)
276	304	(9)	Textiles	87	103	(16)
(28)	(32)		Eliminations (Inter Company)/ Others	(9)	(11)	
18,603	18,606	-	Total for Subsidiaries & JVs	6,075	6,185	(2)
26,073	25,033	4	Consolidated Net Revenue	8,601	8,520	1

EBITDA – Chart

(₹ Cr.)

Nine Months		%		Quarter 3		%
2016-17	2015-16	Change		2016-17	2015-16	Change
1,095	658	66	Viscose Staple Fibre	402	308	31
631	518	22	Chemical	186	177	5
347	234		Others	11	11	
2,073	1,411	47	Standalone EBITDA	598	496	21
			<u>Subsidiaries</u>			
4,284	3,760	14	Cement	1,280	1,274	-
8	2		Textiles	2	(9)	
(175)	(158)		Eliminations (Inter Company)/Others	(1)	1	
4,118	3,605	14	Total for Subsidiaries & JVs	1,280	1,266	1
6,190	5,015	23	Consolidated EBITDA	1,878	1,762	7

Viscose Staple Fibre : Summary

		Quarter 3			Nine Months		
		2016-17	2015-16	% Change	2016-17	2015-16	% Change
Capacity	KTPA	125	125	-	375	375	-
Production (in '000s)	MT	131	126	4	373	341	9
Sales Volumes (in '000s)	MT	122	121	1	367	337	9
Net Revenue	₹ Cr.	1,762	1,602	10	5,156	4,292	20
EBITDA	₹ Cr.	402	308	31	1,095	658	66
EBITDA Margin	%	22.6%	19.1%	--	21.1%	15.3%	--
EBIT	₹ Cr.	343	249	38	922	493	87
Capital Employed (Incl. CWIP)	₹ Cr.	5,032	5,192	(3)	5,032	5,192	(3)
ROAvCE (Excl. CWIP)	%	29.4%	20.6%	--	25.5%	14.0%	--

Chemical : Summary

		Quarter 3			Nine months		
		2016-17	2015-16	% Change	2016-17	2015-16	% Change
Capacity	KTPA	210	201	4	630	603	4
Production (in '000s)	MT	190	195	(2)	583	547	6
Sales Volumes (in '000s)	MT	193	204	(5)	590	562	5
Net Revenue	₹ Cr.	921	861	7	2,745	2,466	11
EBITDA	₹ Cr.	186	177	5	631	518	22
EBITDA Margin	%	20.1%	20.5%	--	22.9%	21.0%	--
EBIT	₹ Cr.	137	117	17	480	375	28
Capital Employed (Incl. CWIP)	₹ Cr.	3,722	3,837	(3)	3,722	3,837	-3
ROAvCE (Excl. CWIP)	%	15.4%	12.6%	--	17.9%	19.0%	--

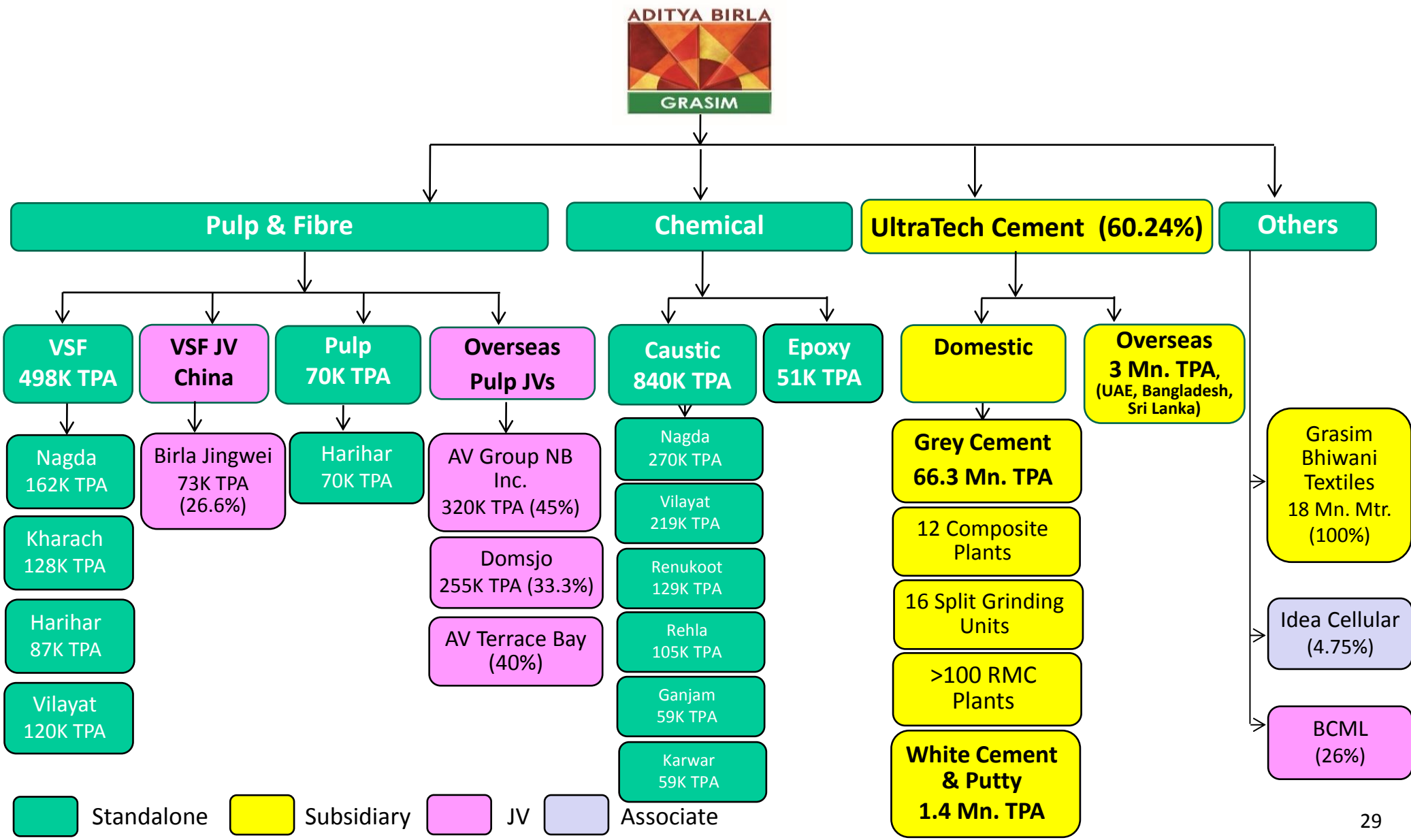
Cement : Summary

		Quarter 3			Nine Months		
		2016-17	2015-16	% Change	2016-17	2015-16	% Change
<u>Grey Cement</u>							
Capacity	Mn. TPA	17.31	16.51	5	51.94	49.54	5
Production	Mn. MT	11.95	12.01	-	36.60	36.31	1
Sales Volumes ^{\$}	Mn. MT	12.32	12.36	-	37.67	36.82	2
Net Revenue	₹ Cr.	5,998	6,093	(2)	18,355	18,335	-
EBITDA	₹ Cr.	1,280	1,274	-	4,284	3,760	14
EBITDA Margin	%	21.0%	20.6%	--	22.8%	20.2%	--
EBIT	₹ Cr.	944	933	1	3,291	2,762	19
Capital Employed (Incl. CWIP)	₹ Cr.	35,565	35,008	2	35,565	35,008	2
ROAvCE (Excl. CWIP)	%	11.2%	12.5%	--	13.1%	12.5%	--

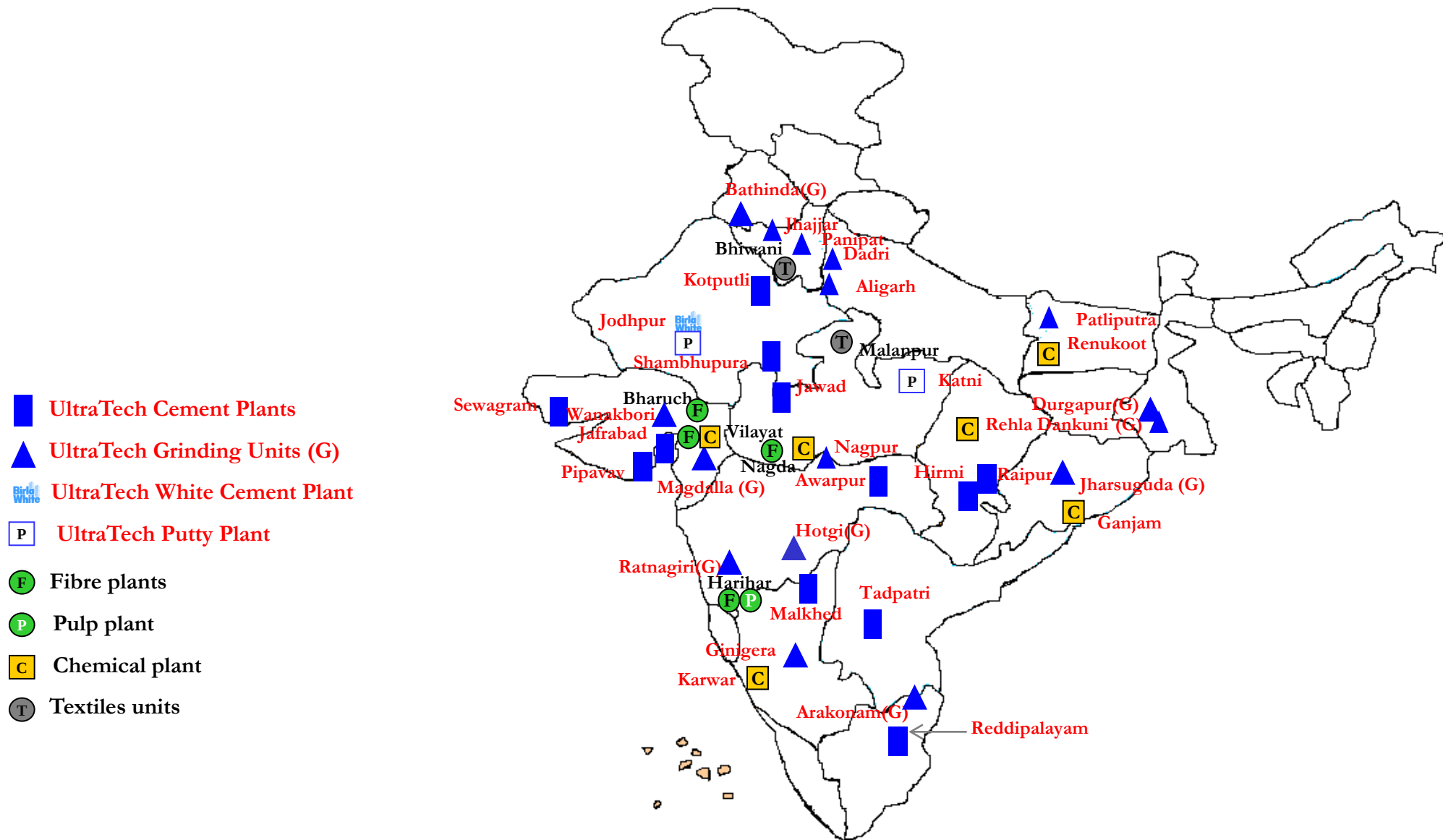
\$ Includes captive consumption for RMC

\$\$ Includes captive consumption for value added products

Grasim Group Structure



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

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