



28th October 2016

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 Q2FY17 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/ half year ended 30th September 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 2 : 2016-17

Mumbai, 28th October, 2016

Grasim Industries Limited
Building, Consolidating, Growing

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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

Revenue is net of excise unless stated otherwise, EBITDA Margin = $\text{EBITDA} / \text{Revenue} + \text{Other Income} * 100$

Indian Economy

- India's Q1 GDP growth at 7.1%
 - Although lowest in last five quarters, still highest amongst the large economies
- Economic growth expected to pick up
 - Good Monsoon to boost rural growth
 - Urban consumption growth likely to accelerate with the implementation of 7th Pay Commission
 - Rate cut of 25 bps by RBI to aid growth momentum
 - GST to be a big positive for manufacturing sector
- Negative growth in manufacturing sector (IIP growth YTD August is -0.3%) is an area of concern

Highlights – Quarter 2

VSF Business

Leading Global Player

Global VSF prices remain firm

- Steady demand
- High capacity utilisation & low inventory level in industry

Sales Volume

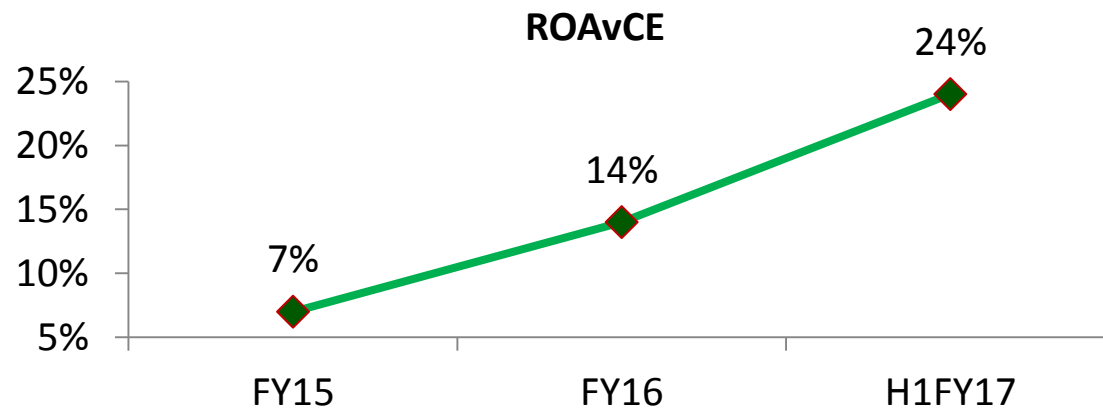
124K Tons
Up 9% YoY

Revenue

₹ 1,740 Cr.
Up 21% YoY

EBITDA

₹ 371 Cr.
Up 75% YoY



Investment for Growth yielding results, leading to improved ROAvCE



Highlights – Quarter 2

Chemical Business

(Chlor Alkali, Chlorine Derivatives and Epoxy)

**Largest
Indian Player**

Industry production level impacted in Q1 due to water shortage, restored to normal level with onset of monsoon

Caustic Sales Volume

204K Tons
Up 8% YoY

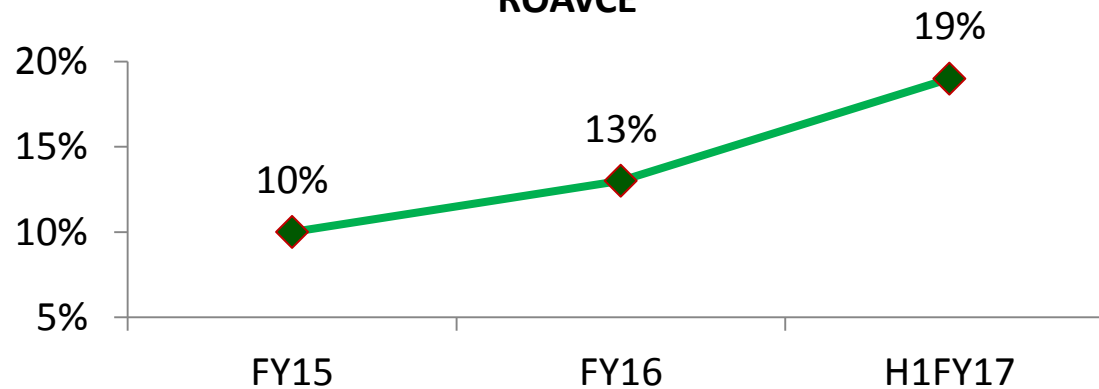
Revenue

₹ 920 Cr.
Up 11% YoY

EBITDA

₹ 213 Cr.
Up 26% YoY

ROAvCE



Investment for Growth yielding results, leading to improved ROAvCE

Highlights – Quarter 2

UltraTech
CEMENT
The Engineer's Choice



Cement Business (UltraTech Cement)

**Market leader
in India**

Low Cement demand due to widespread monsoon
- Capacity utilisation for the industry at its lowest level

Sales Volume

11.6 Mn. Tons
Up 1% YoY

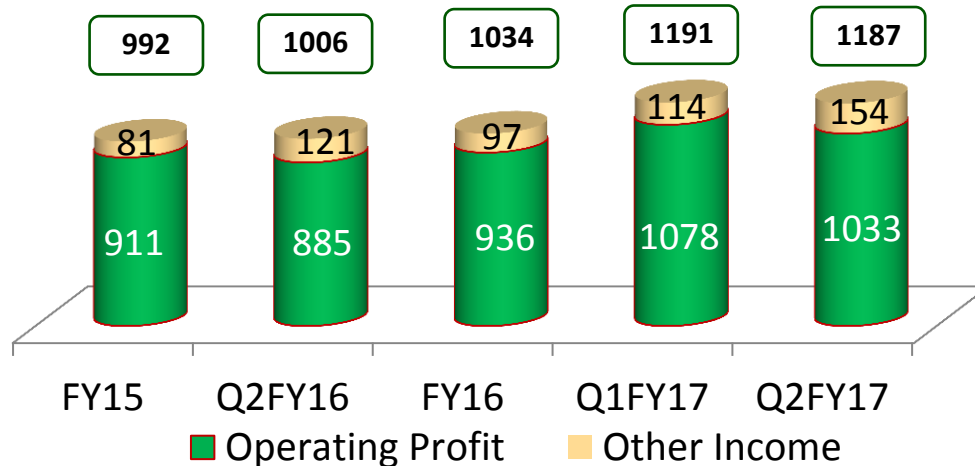
Revenue

₹ 5,772 Cr.
Down 2% YoY

EBITDA

₹ 1,378 Cr.
Up 16% YoY

EBITDA / ton (₹)

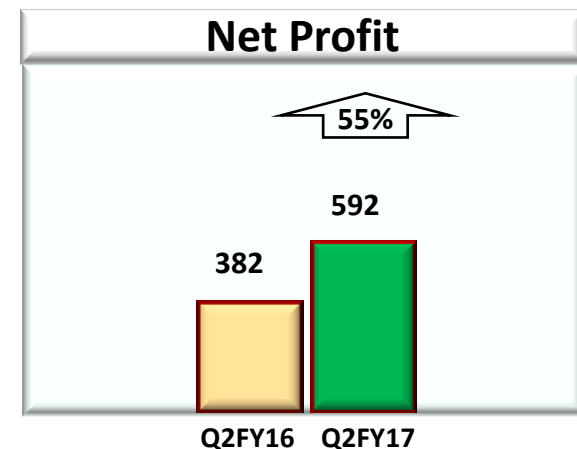
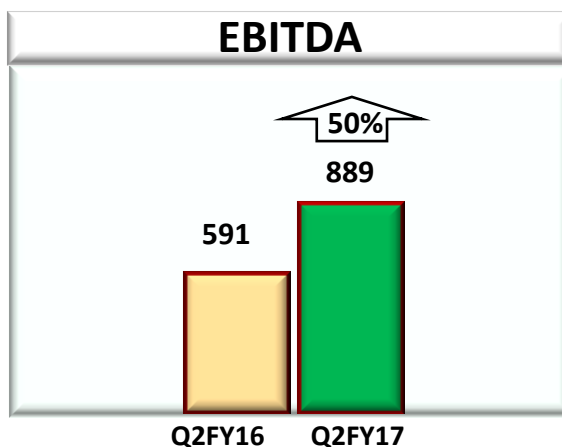
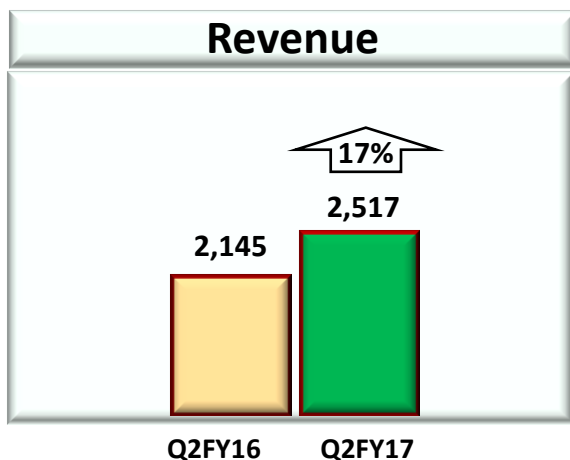


Sustained Operating Profit of > ₹ 1000/ton

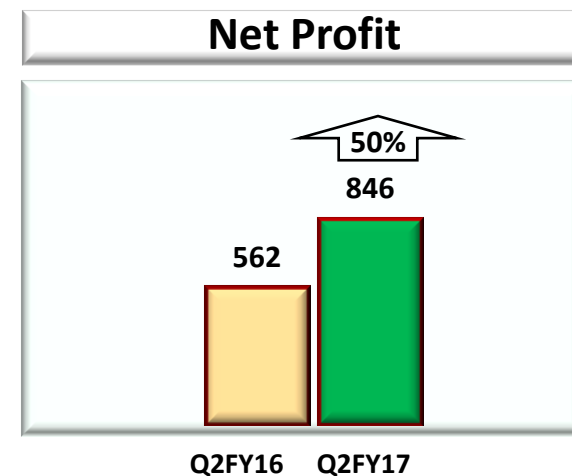
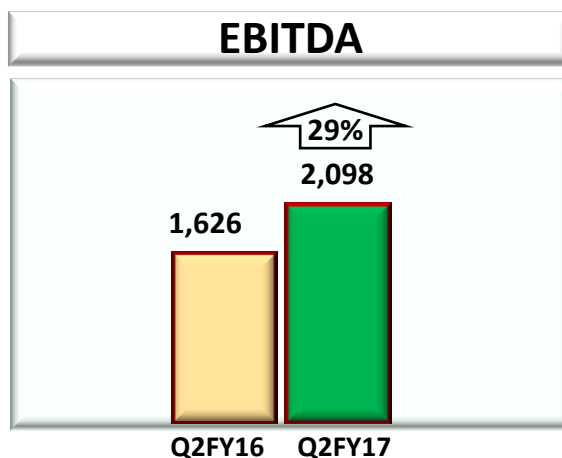
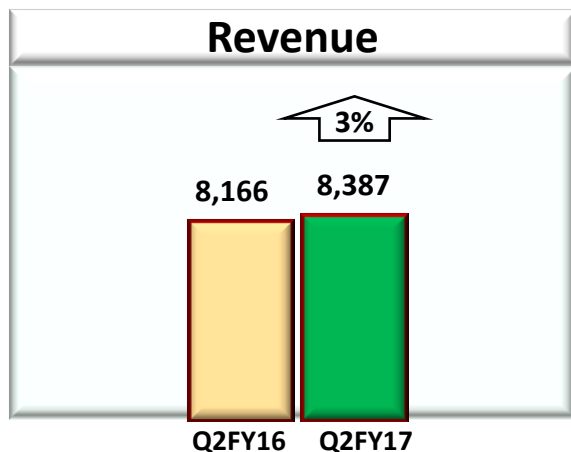
Financial Performance – Quarter 2

Standalone

₹ Cr.



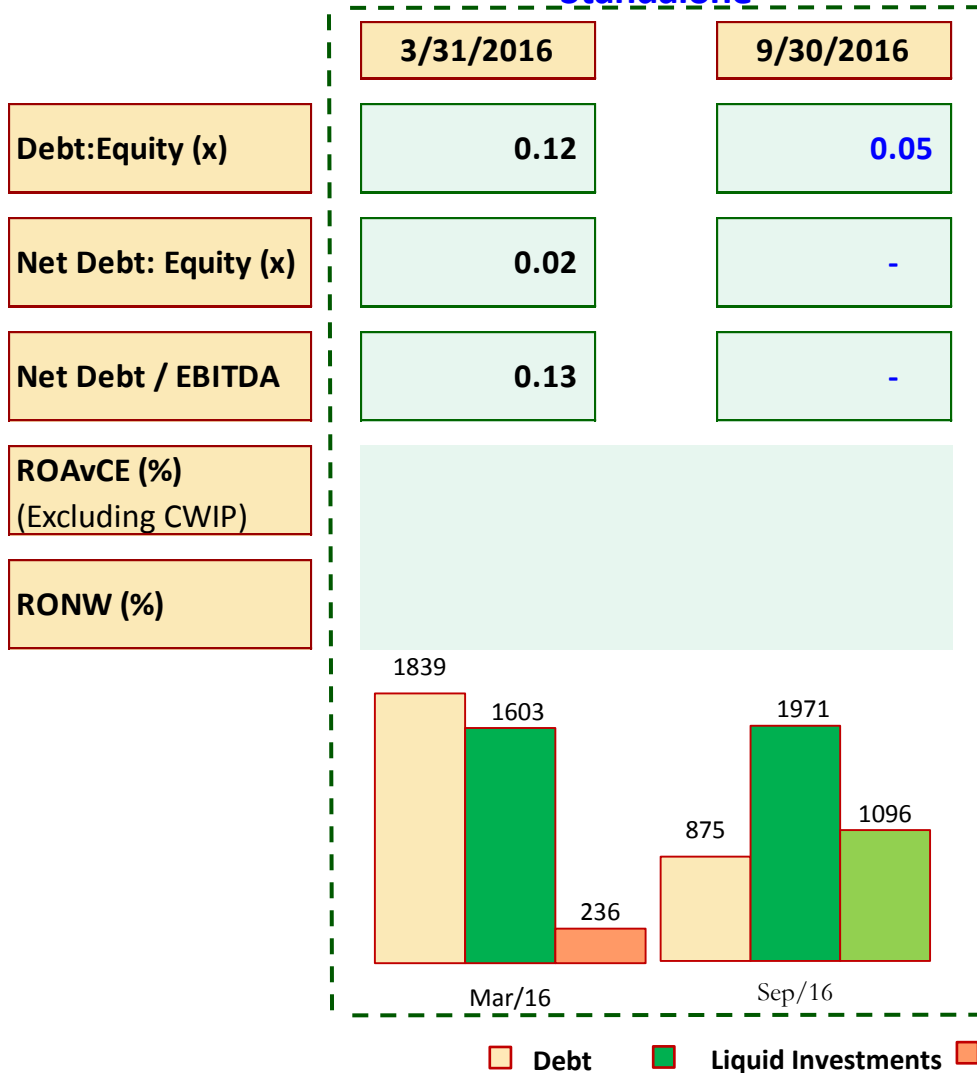
Consolidated



Robust Growth in EBITDA and Net Profit

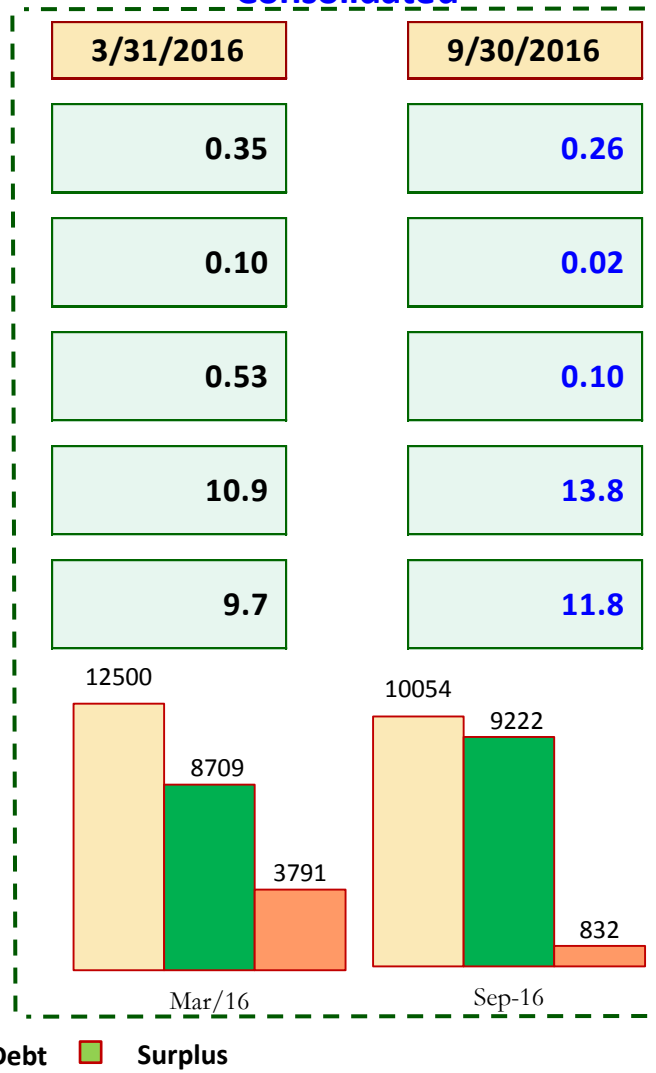
Robust Financial Ratios

Standalone



Consolidated

₹ Cr.

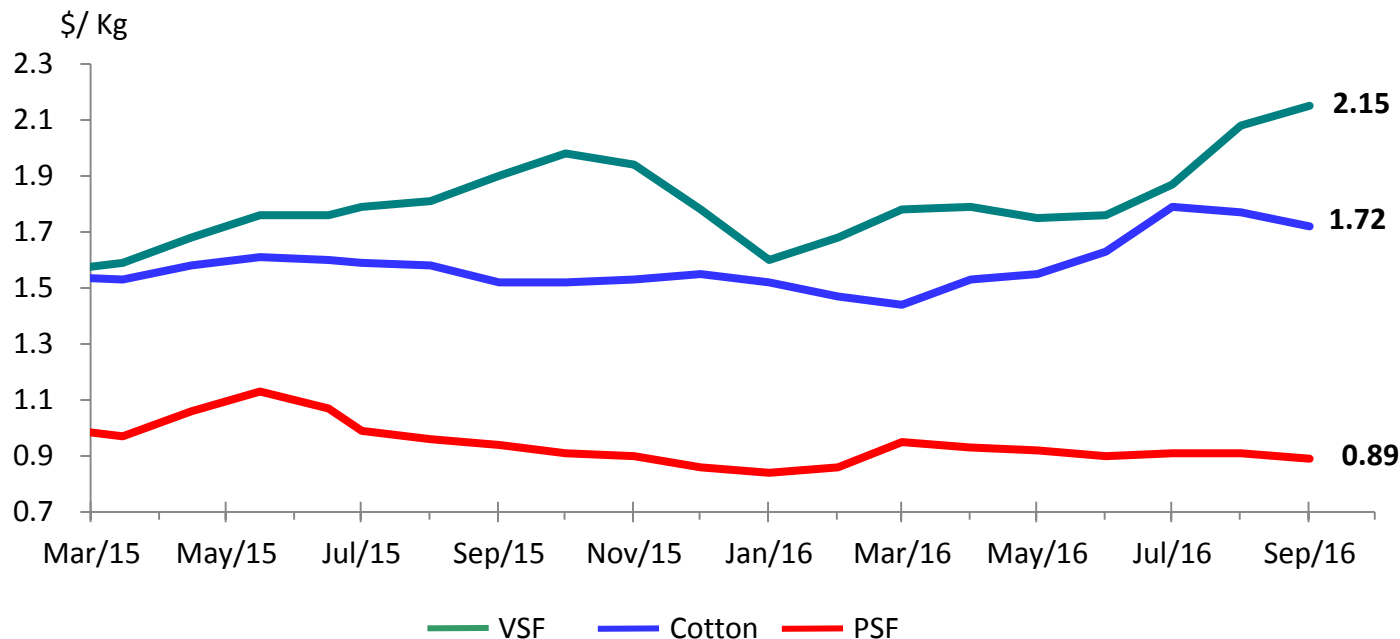


Strong Balance Sheet – Robust Financial Ratios

Business Performance

- VSF
- Chemical
- Cement

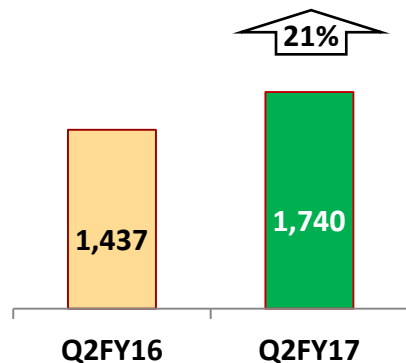
International Fibre Price Trend



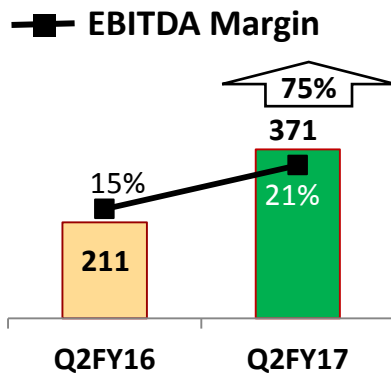
- VSF : Prices remained firm
➤ Steady demand, high capacity utilisation and low inventory levels
- Cotton : Sharp rise in Prices in Q1, softened in Sep'16 with the arrival of new cotton crop
- PSF : Prices remained range bound

VSF : Performance

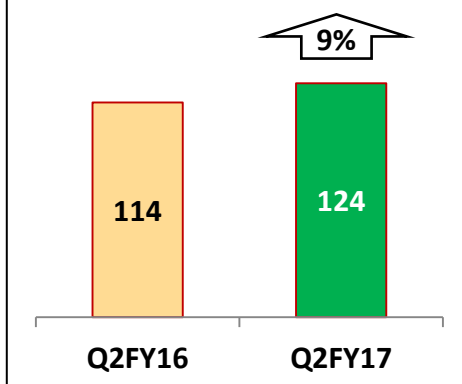
Revenue (₹ Cr.)



EBITDA (₹ Cr.)



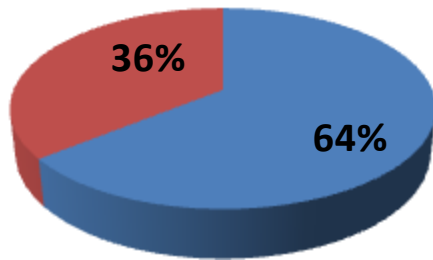
Volume ('000 Tons)



- Volume continues to remain strong, up 9% YoY
 - Operating at full capacity
 - Domestic markets sales up by 19%
 - Strong growth in specialty fiber
- Realisation up 12% YoY
 - Improvement in global prices
 - Increase in pulp cost
- EBITDA increased to ₹ 371 Cr.
 - Higher volume and realisation
 - Improvement in operating efficiencies
 - Improved sales mix
 - Economies of scale
- Better performance of Pulp and Fibre JVs
 - Company's share of PAT at ₹ 50 Cr. as against ₹ 11 Cr. in Q2LY driven by higher volume and improved realisation

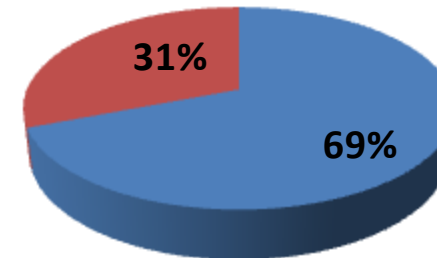
VSF : Volume Drivers

Q2FY17



■ Grey ■ Specialty

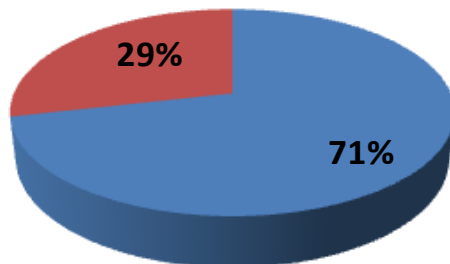
Q2FY16



■ Grey ■ Specialty

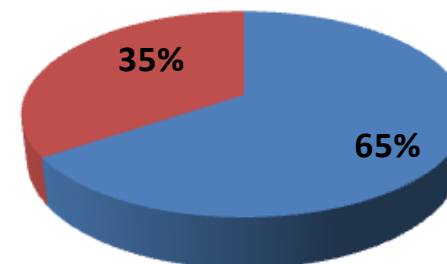
Share of specialty fibre increased from 31% to 36% on higher volume

Q2 FY17



■ Domestic ■ Export

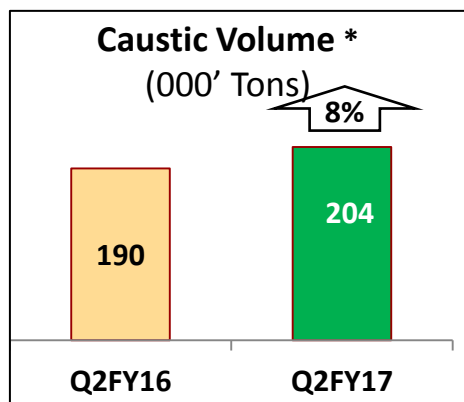
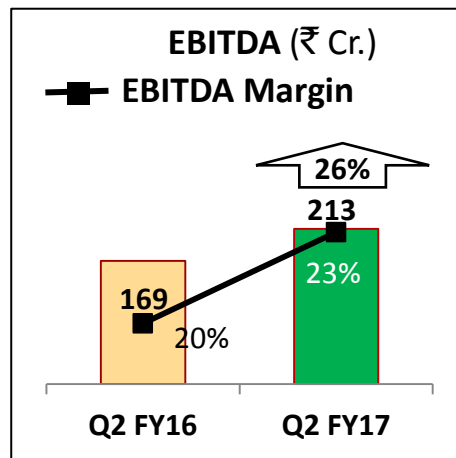
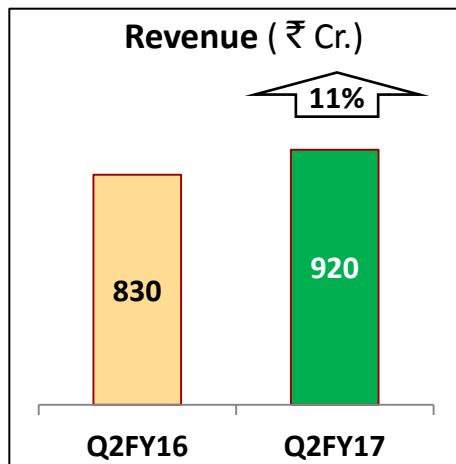
Q2 FY16



■ Domestic ■ Export

Increase in proportion of domestic sales from 65% to 71% on higher volume

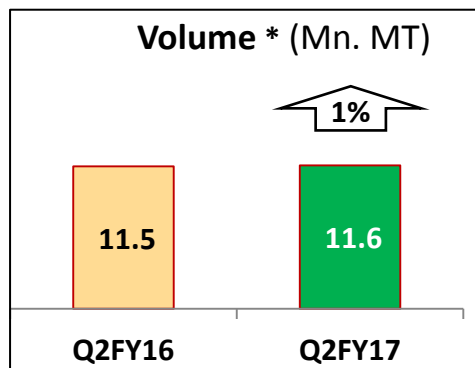
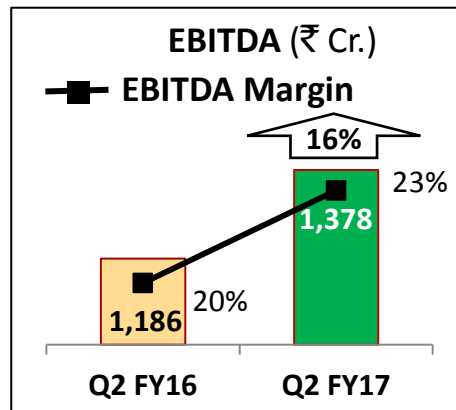
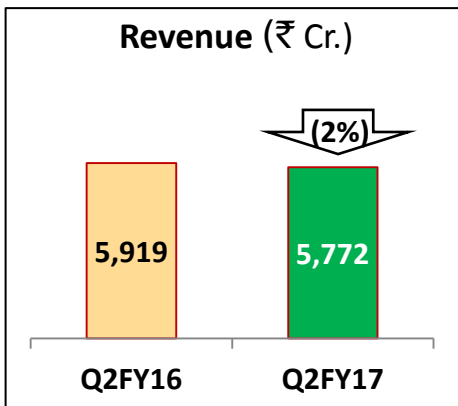
Chemical : Performance



* Includes captive consumption

- Increase in volume by 8% YoY
 - Additional volume from Ganjam plant which was acquired in Sep. 15
- ECU realisation up by 2% YoY
 - Sequentially lower with normalised production in the industry
- EBITDA was up by 26% at ₹ 213 Cr.
 - Higher volumes
 - Improvement in margins from 20% to 23%
- Brownfield expansion at Vilayat
 - Environmental clearance expected shortly

Cement : Performance



* Includes captive consumption for RMC

- Volume up by 1%
 - Consistent rains impacted offtake
 - Increasing penetration in rural markets
- Decline in total operational cost by 7%
 - Energy cost down by 19%
 - Benefit of low cost fuel inventory
 - Efficiency improvement
 - Logistic cost reduced by 4%
 - Improvement in lead distance
 - Optimisation of plant and market mix
- EBITDA up by 16% at ₹ 1,378 crore
 - Better operating margins helped by reduction in energy and logistics cost

Capex

Capex plan

(₹ Cr.)

	Capex (Net of CWIP as on 01-04-16)	Cash Outflow		Capex spent - H1FY17
		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	600	885	170
<u>Cement Subsidiary : UltraTech</u>				
Capacity expansion #	745			
Logistic Infrastructure	315			
Modernisation, Plant Infrastructure, RMC, Upgradation etc.	1,980			
Cement Business Capex (B)	3,040	1,250	1,790	580
Capex (A + B)	4,525	1,850	2,675	750

Represents residual capex of brown field expansion projects already commissioned

Business Outlook & Scheme Update

VSF Business

- Business outlook expected to remain stable
 - Limited capacity addition leading to higher operating rates
 - Short term variations likely in utilisation level and pricing
 - Cotton stock expected to decline further in Season 16-17 with consumption projected to be higher than production
 - Rising pulp prices, impact will be partially offset with benefit in Pulp JVs
- Textile consumption in India expected to grow at higher rates, vis-à-vis global consumption
 - Supports 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 benefits of Liva brand
 - Focus on increasing share of specialty products
- Working on debottlenecking opportunities to meet growing demand

Chemical Business

- Caustic demand in India expected to record continuous growth
 - Supported by growth in user industries like Textile, Aluminium, Paper, Soap and Detergent etc.
- Caustic supplies to increase with new capacities coming on stream in the industry
- Grasim's Caustic capacity to increase from 840K TPA to 1,048K TPA in FY18

Business Outlook & Scheme Update

Cement Business

- Expected Cement demand growth drivers :
 - Continuing Government infrastructure spending
 - Good monsoon to augur well for revival of Rural Economy
 - 7th pay commission disbursement
 - Development of Smart Cities will lead to housing demand in T-II and T-III cities
- Slower pace of capacity addition to reduce surplus capacity in Industry
- Delay in execution of government projects, surplus inventory in urban real estate and increase in fuel prices are concern areas

Update on Composite Scheme of Arrangement

- Process of seeking regulatory approvals for the Scheme of merger of Aditya Birla Nuvo with Grasim and subsequent demerger & Listing of the Financial Services Business is in progress
 - The transaction is expected to be completed by Q4 FY17 / Q1 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

	Quarter 2			Half Year		
	2016-17	2015-16	% Change	2016-17	2015-16	% Change
Net Sales & Op. Income	8,387	8,166	3	17,476	16,532	6
Other Income	312	206	52	512	339	51
EBITDA	2,098	1,626	29	4,312	3,254	33
EBITDA Margin (%)	24.1%	19.4%		24.0%	19.3%	
Finance Cost	167	188	(12)	370	380	(3)
Depreciation	449	457	(2)	886	858	3
Share in Profit of JVs & Associates	57	47	21	104	66	58
Earnings before Tax	1,539	1,028	50	3,160	2,081	52
Total Tax	449	270	66	930	576	61
PAT (Before Minority Share)	1,090	758	44	2,230	1,505	48
Less: Minority Share	244	195	25	553	435	27
PAT (After Minority Share)	846	562	50	1,676	1,070	57
Other Comprehensive Income (after tax)	206	(134)		585	(167)	
Total Comprehensive Income (after tax)	1,052	429	145	2,261	903	150
EPS	18.1	12.0	50	35.9	22.9	57
Cash Profit (Before Minority Share)	1,607	1,335	20	3,277	2,692	22

Standalone Financial Performance

(₹ Cr.)

	Quarter 2		%	Half Year		%
	2016-17	2015-16		2016-17	2015-16	
			Change			Change
Net Sales & Op. Income	2,517	2,145	17	4,944	4,092	21
Other Income	330	231	43	388	266	46
EBITDA	889	591	50	1,475	915	61
EBITDA Margin (%)	31.2%	24.9%		27.7%	21.0%	
Finance Cost	16	40	(61)	39	81	(52)
Depreciation	112	101	11	222	196	13
Earnings before Tax	761	450	69	1,214	638	90
Tax Expense	169	69	145	301	122	146
PAT	592	382	55	913	516	77
Other Comprehensive Income (after tax)	(257)	(558)		96	(753)	
Total Comprehensive Income (after tax)	335	(177)		1,009	(237)	
EPS	12.7	8.2	55	19.5	11.1	77
Cash Profit	722	544	33	1,185	819	45

Balance Sheet

Standalone			Consolidated		(₹ Cr.)
30 th Sep'16 ^{\$\$}	31 st Mar'16 ^{\$}	EQUITY & LIABILITIES	30 th Sep'16 ^{\$\$}	31 st Mar'16 ^{\$}	
16,360	15,556	Net Worth	29,394	27,394	
-	-	Minority Interest	9,158	8,730	
875	1,839	Borrowings	10,054	12,500	
611	519	Deferred Tax Liability (Net)	3,330	3,044	
1,988	1,591	Liabilities & Provisions	8,522	7,887	
19,834	19,505	SOURCES OF FUNDS	60,459	59,555	
ASSETS					
6,847	6,963	Net Fixed Assets	31,565	31,259	
430	376	Capital WIP & Advances	1,911	2,298	
-	-	Goodwill on Consolidation	3,019	3,016	
Investments					
2,636	2,636	Cement Subsidiary	-	-	
1,971	1,603	Liquid Investments	9,222	8,709	
4,623	4,569	Other Investments	2,469	1,871	
3,326	3,358	Current Assets, Loans & Advances	12,273	12,403	
19,834	19,505	APPLICATION OF FUNDS	60,459	59,555	
(1,096)	236	Net Debt	832	3,791	

\$ Unaudited

\$\$ Subjected to limited review

Revenue Chart

				(₹ Cr.)		
Half Year		%		Quarter 2		%
2016-17	2015-16	Change		2016-17	2015-16	Change
3,394	2,691	26	Viscose Staple Fibre	1,740	1,437	21
1,823	1,605	14	Chemical	920	830	11
41	50		Others	21	25	
(315)	(254)		Eliminations (Inter Segment)	(163)	(147)	
4,944	4,092	21	Standalone Net Revenue	2,517	2,145	17
			<u>Subsidiaries</u>			
12,362	12,260	1	Cement	5,772	5,919	(2)
189	201	(6)	Textiles	107	112	(4)
(18)	(22)		Eliminations (Inter Company)/ Others	(9)	(10)	
12,532	12,440	1	Total for Subsidiaries & JVs	5,870	6,022	(3)
17,476	16,532	6	Consolidated Net Revenue	8,387	8,166	3

EBITDA – Chart

(₹ Cr.)

Half Year				Quarter 2		
2016-17	2015-16	% Change		2016-17	2015-16	% Change
693	350	98	Viscose Staple Fibre	371	211	75
445	341	30	Chemical	213	169	26
337	223		Others	305	210	
1,475	915	61	Standalone EBITDA	889	591	50
			<u>Subsidiaries</u>			
3,004	2,486	21	Cement	1,378	1,186	16
7	11	(40)	Textiles	5	5	(17)
(173)	(159)		Eliminations (Inter Company)/Others	(173)	(157)	
2,837	2,339	21	Total for Subsidiaries & JVs	1,209	1,035	17
4,312	3,254	33	Consolidated EBITDA	2,098	1,626	29

Viscose Staple Fibre : Summary

		Quarter 2		%	Half Year		%
		2016-17	2015-16	Change	2016-17	2015-16	Change
Capacity	KTPA	125	125	-	250	250	-
Production (in '000s)	MT	127	121	5	241	215	12
Sales Volumes (in '000s)	MT	124	114	9	245	216	13
Net Revenue	₹ Cr.	1,740	1,437	21	3,394	2,691	26
EBITDA	₹ Cr.	371	211	75	693	350	98
EBITDA Margin	%	21.2%	14.7%	--	20.3%	13.0%	--
EBIT	₹ Cr.	313	156	100	579	244	137
Capital Employed (Incl. CWIP)	₹ Cr.	4,849	5,190	(7)	4,849	5,190	(7)
ROAvCE (Excl. CWIP)	%	27.1%	13.1%	--	24.4%	10.0%	--

Chemical : Summary

		Quarter 2		%	Half Year		%
		2016-17	2015-16	Change	2016-17	2015-16	Change
Capacity	KTPA	210	186	13	420	373	13
Production (in '000s)	MT	200	185	8	392	353	11
Sales Volumes (in '000s)	MT	204	190	8	393	358	10
Net Revenue	₹ Cr.	920	830	11	1,823	1,605	14
EBITDA	₹ Cr.	213	169	26	445	341	30
EBITDA Margin	%	23.1%	20.4%	--	24.4%	21.2%	--
EBIT	₹ Cr.	162	127	27	343	259	33
Capital Employed (Incl. CWIP)	₹ Cr.	3,705	3,869	(4)	3,705	3,869	-4
ROAvCE (Excl. CWIP)	%	18.1%	14.2%	--	19.1%	20.0%	--

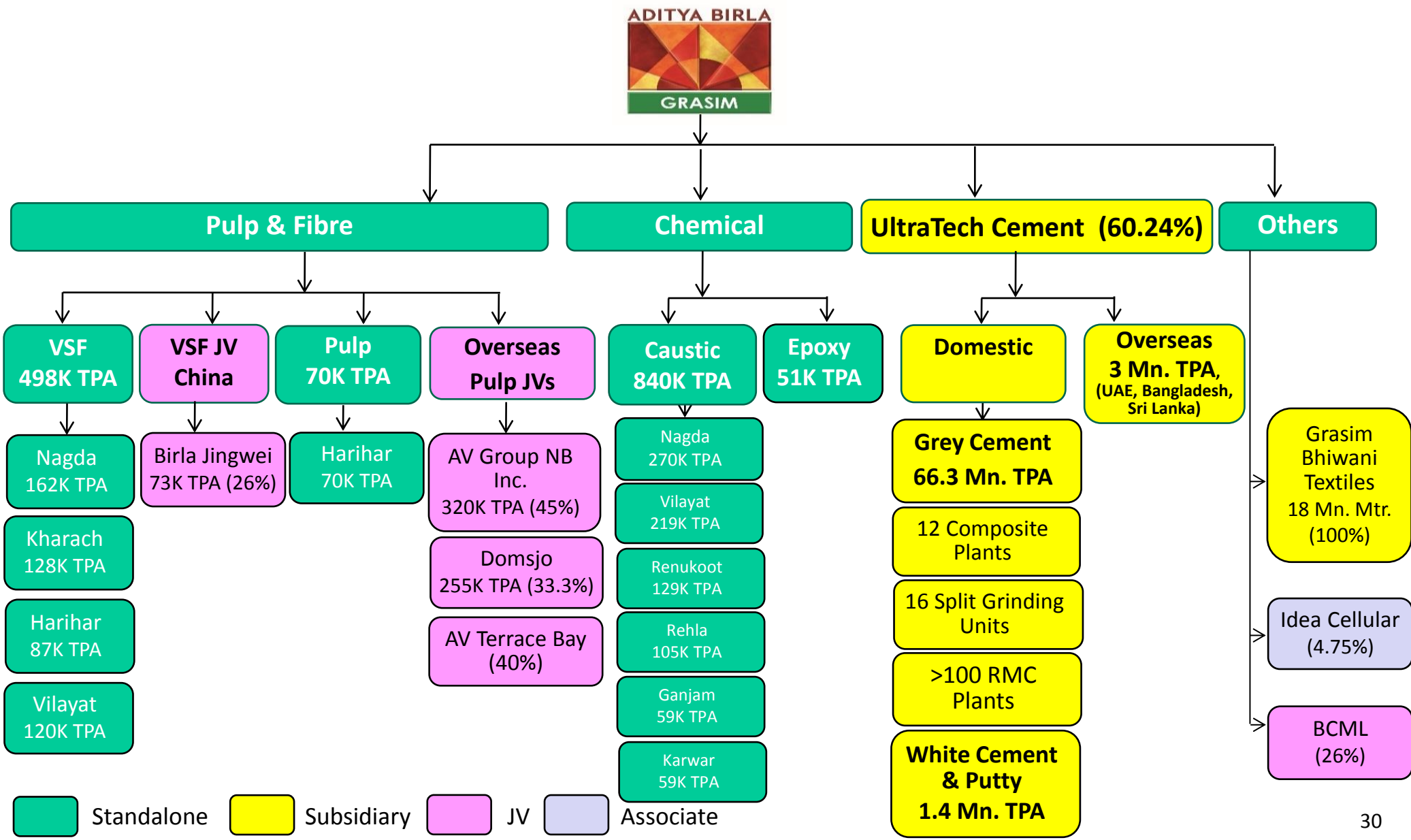
Cement : Summary

		Quarter 2		%	Half Year	
		2016-17	2015-16	Change	2016-17	2015-16
<u>Grey Cement</u>						
Capacity	Mn. TPA	17.31	16.51	5	34.63	33.03
Production	Mn. MT	11.18	11.45	(2)	24.66	24.30
Cement Sales Volumes ^{\$}	Mn. MT	11.21	11.44	(2)	24.79	24.31
Clinker Sales Volumes	Mn. MT	0.36	0.07		0.55	0.15
<u>White Cement & Putty</u>						
Sales Volumes ^{\$\$}	Lac MT	3.14	3.22	(2)	5.98	5.89
Net Revenue	₹ Cr.	5,772	5,919	(2)	12,362	12,260
EBITDA	₹ Cr.	1,378	1,186	16	3,004	2,486
EBITDA Margin	%	23.2%	19.6%	--	23.7%	19.9%
EBIT	₹ Cr.	1,043	832	25	2,347	1,829
Capital Employed (Incl. CWIP)	₹ Cr.	32,096	30,859	4	32,096	30,859
ROAvCE (Excl. CWIP)	%	13.7%	12.1%	--	15.4%	13.3%

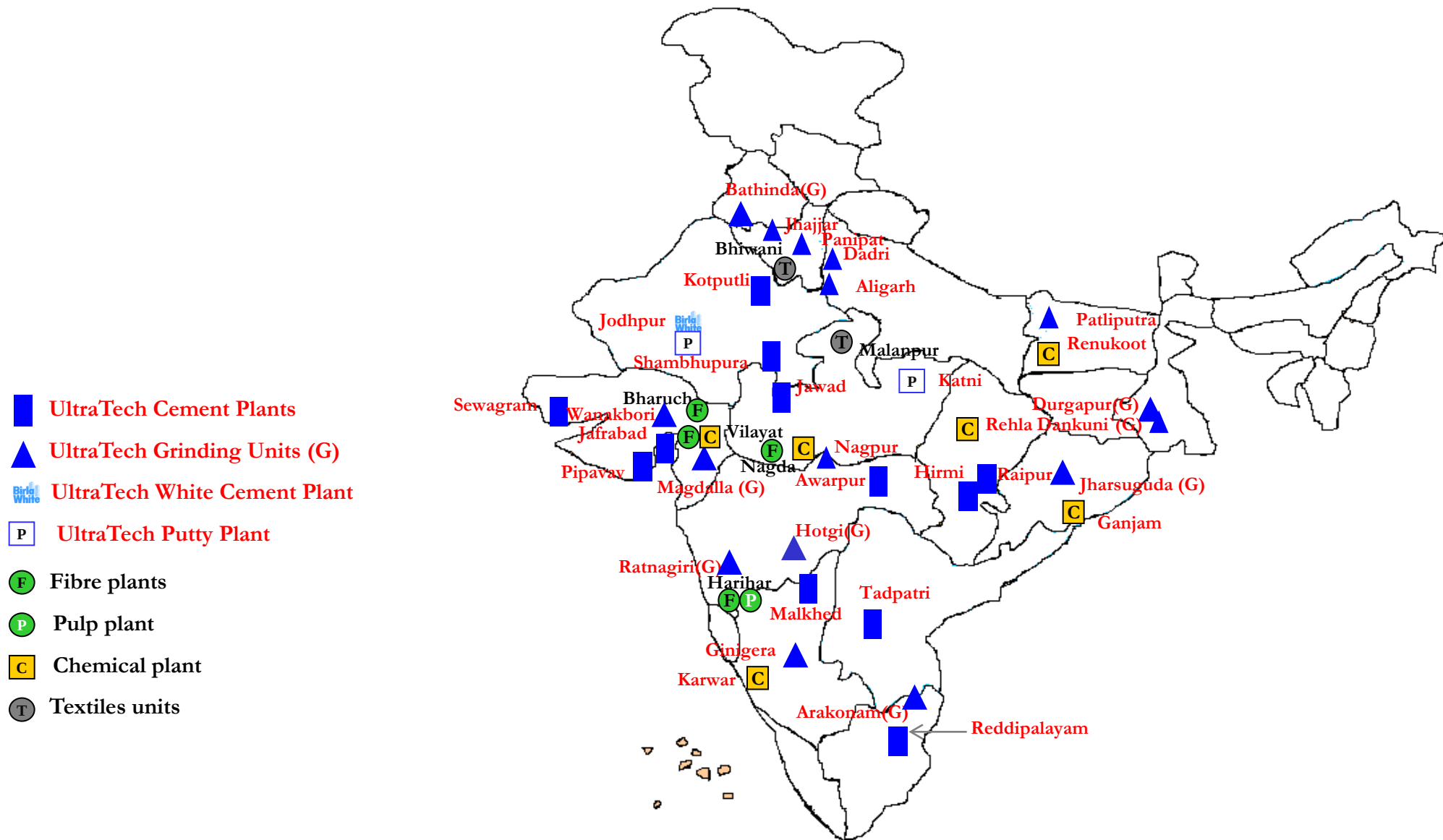
^{\$} Includes captive consumption for RMC

^{\$\$} 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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Corporate Office : A-2, Aditya Birla Centre, S.K. Ahire Marg, Worli, Mumbai - 400030 CIN: L17124MP1947PLC000410

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