



11th August 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/
2041/ 2061

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 Q1FY17 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 30th June 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 1 : 2016-17

Mumbai, 11th August, 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
ROCE : Return on Capital Employed, RONW : Return on Net Worth

Indian Economy

- IMF forecasted Indian economy growth at 7.4% in CY 2016
 - India remains a bright spot in global economy
 - IMF revised its global growth forecast for 2016 from 3.2% to 3.1%
 - Macro economic stability in India to cushion against global uncertainties
- Reform measures by Government continue
 - GST likely to be implemented w.e.f. 1st April 2017
 - FDI regime relaxed in many sectors
 - Most sectors now open to foreign investment
 - Various measures announced to stimulate Textile Sector
- Economic growth expected to pickup led by higher consumption and robust Government investment plans
 - Onset of good Monsoon to boost rural consumption
 - Implementation of 7th Pay Commission will provide further support to consumption growth
 - Augurs well for Textiles and Cement Sector

Highlights – Quarter 1



VSF Business

**Leading
Global Player**

Global VSF prices marginally up on YoY basis

- Supported by steady demand and low inventory level

Sales Volume

121K Tons
Up by 17% YoY

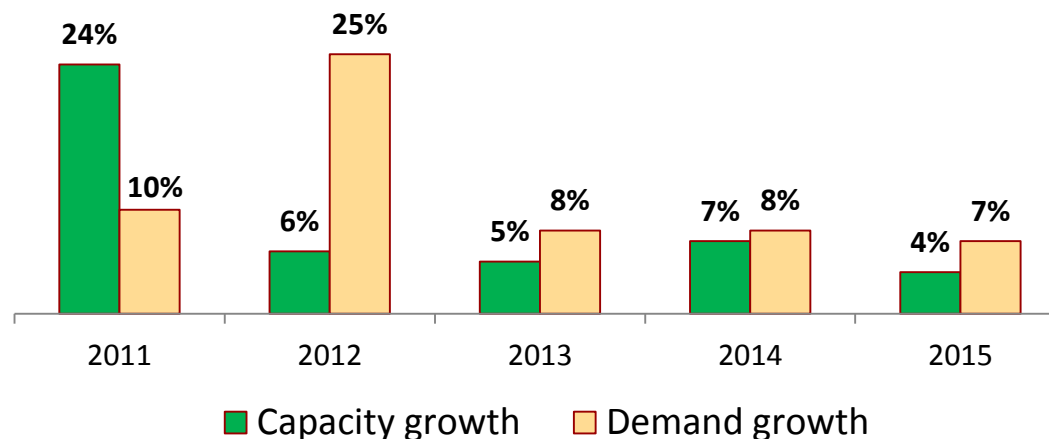
Revenue

₹ 1,654 Cr.
Up by 32% YoY

EBITDA

₹ 322 Cr.
Up by 131% YoY

Global VSF Demand and Supply Growth



Source : Company estimate & Fibre Organon

Slowdown in pace of capacity addition globally

Highlights – Quarter 1



Chemical Business

(Chlor Alkali, Chlorine Derivatives and Epoxy)

**Largest
Indian Player**

Uptick in Caustic Soda prices in domestic markets

- Water shortage led lower production by various manufacturers in Western/Central zone
- Rupee depreciation

Caustic Sales Volume

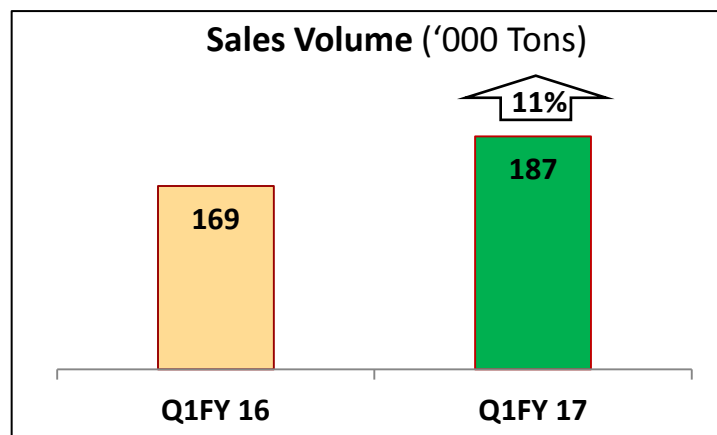
187K Tons
Up by 11% YoY

Revenue

₹ 904 Cr.
Up by 17% YoY

EBITDA

₹ 232 Cr.
Up by 35% YoY



Volume increased by 11% YoY

Highlights – Quarter 1

UltraTech
CEMENT
The Engineer's Choice



Cement Business (UltraTech Cement)

**Market leader
in India**

Subdued demand due to water shortage

- Capacity utilisation for the industry at Q4 level

Cement Sales Volume

13.6 Mn. Tons

Up by 6% YoY

Revenue

₹ 6,590 Cr.

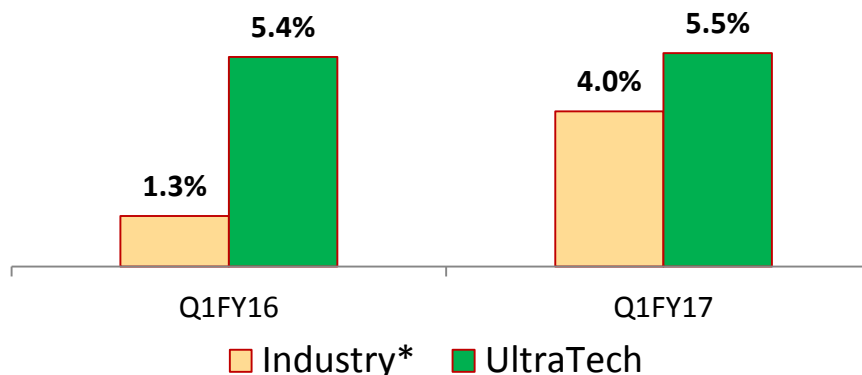
Up by 4% YoY

EBITDA

₹ 1,626 Cr.

Up by 25%

Demand Growth



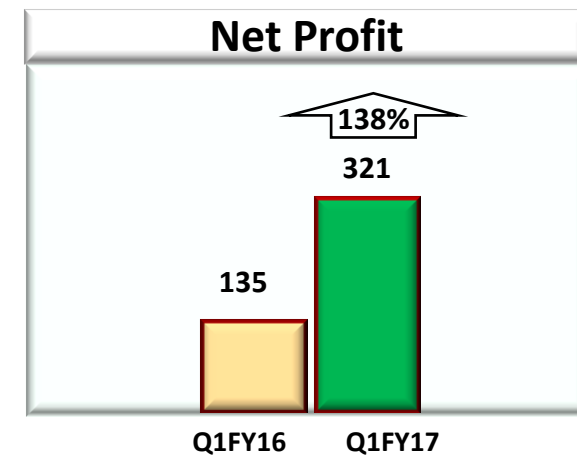
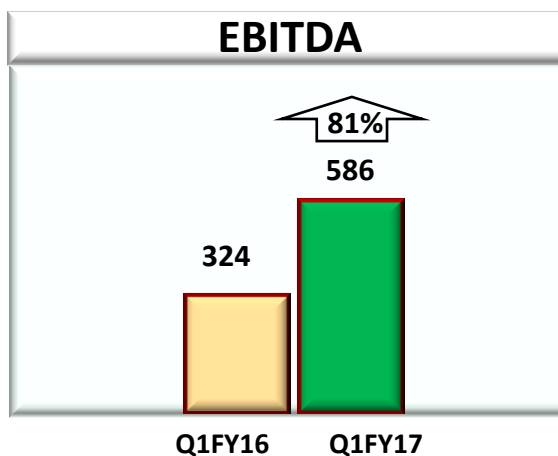
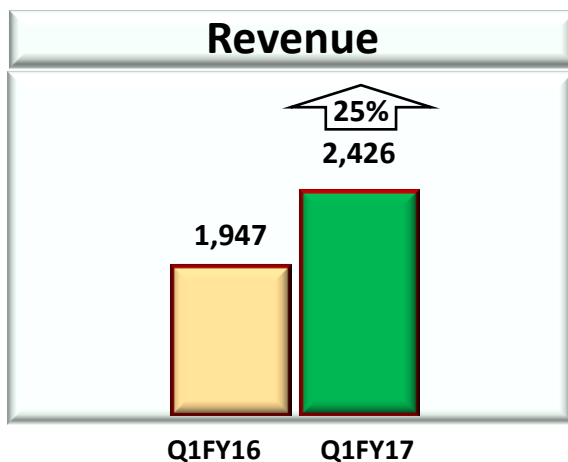
* DIPP data & Company estimates

UltraTech continues to outperform Industry

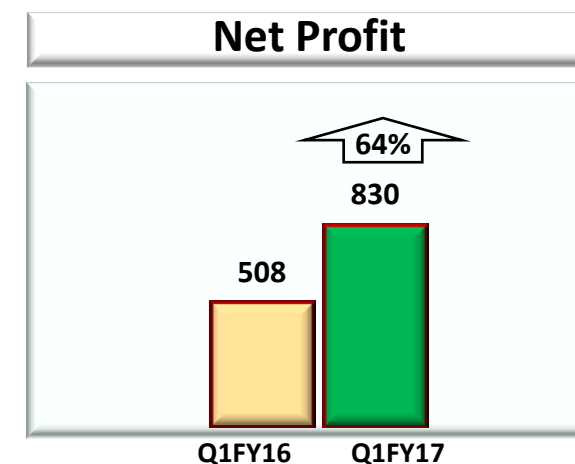
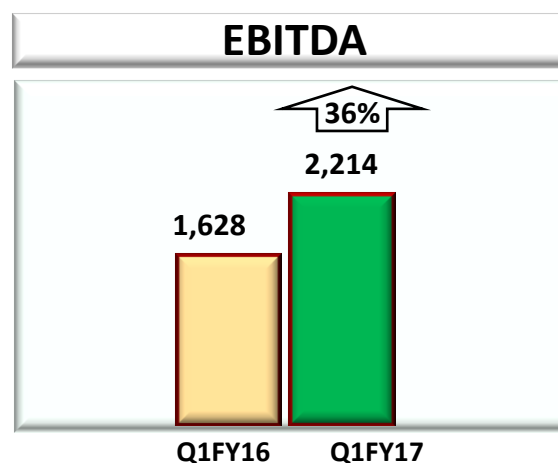
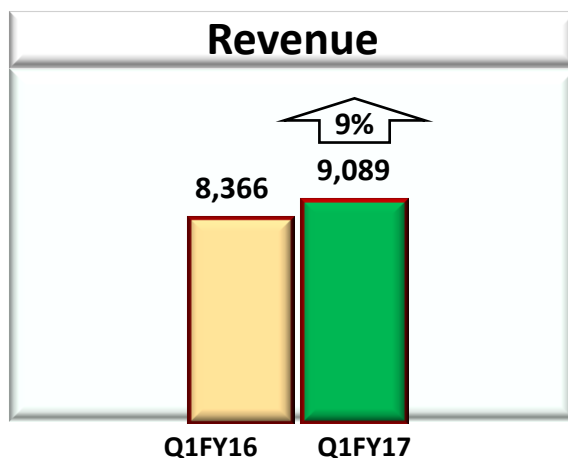
Financial Performance

Standalone

₹ Cr.

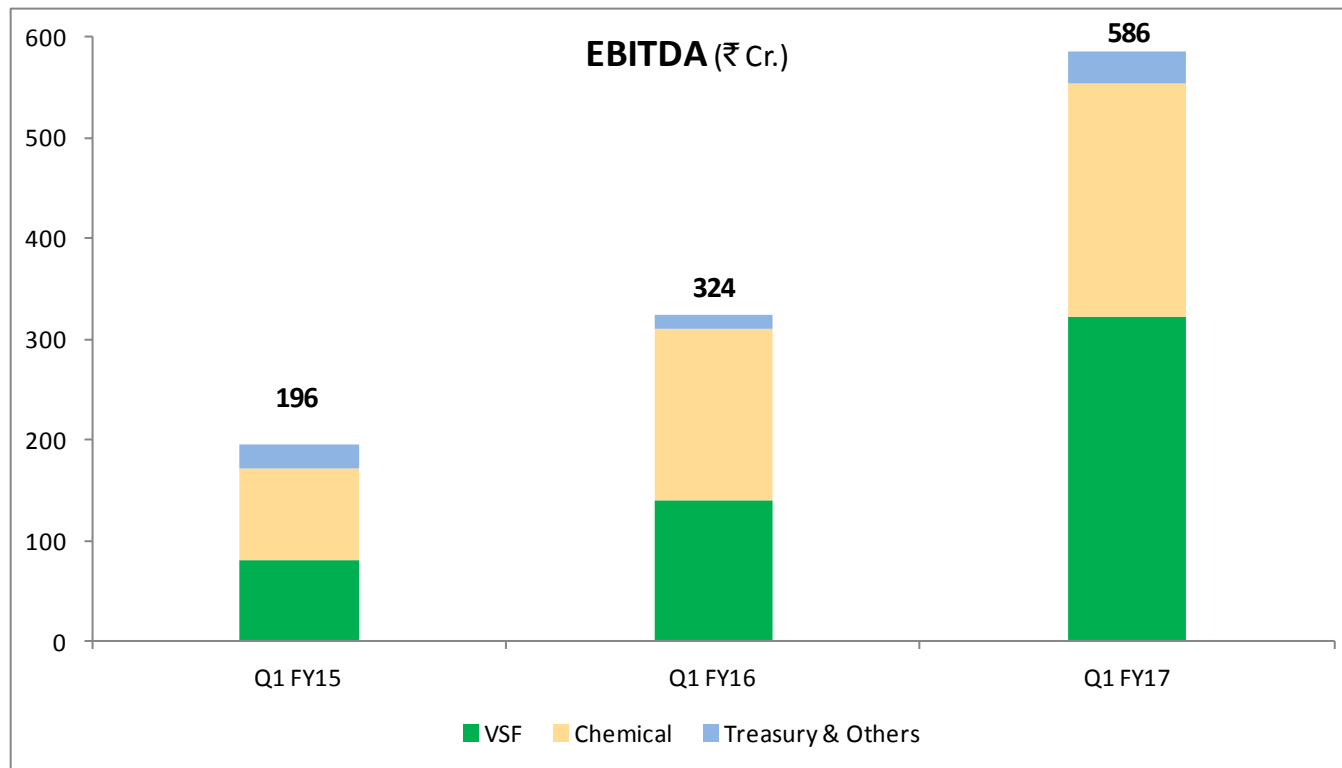


Consolidated



Robust Growth in Revenue, EBITDA and Net Profit

Investment in Growth and Operational Measures Yielding Results



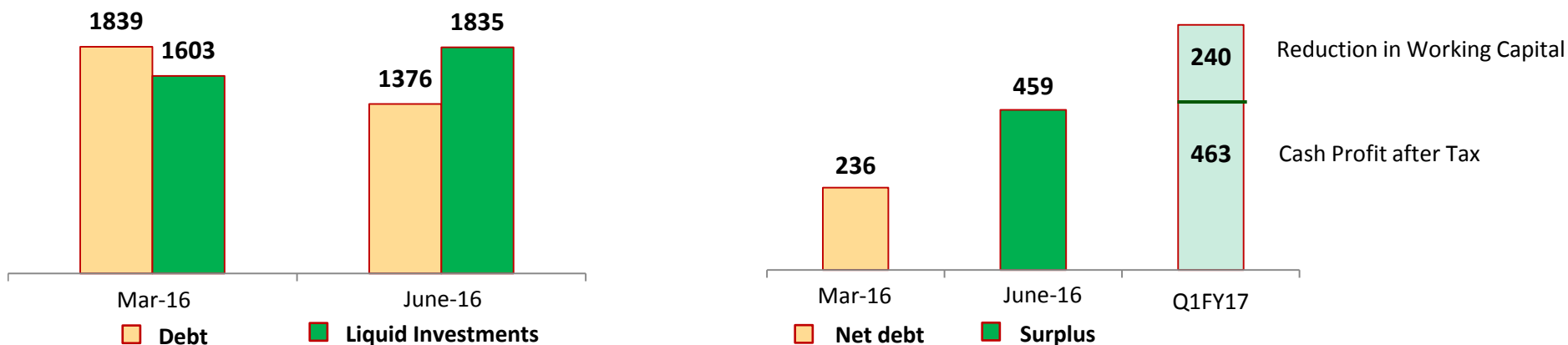
Note: EBITDA numbers for Q1 FY16 and Q1 FY17 are in accordance with *IND AS*

- Standalone EBITDA have shown robust growth
 - Speedy rampup of new capacities in both VSF and Chemical businesses
 - Merger of ABCIL with Grasim w.e.f. 1st April, 2015
 - Better operating efficiencies and improvement in margins

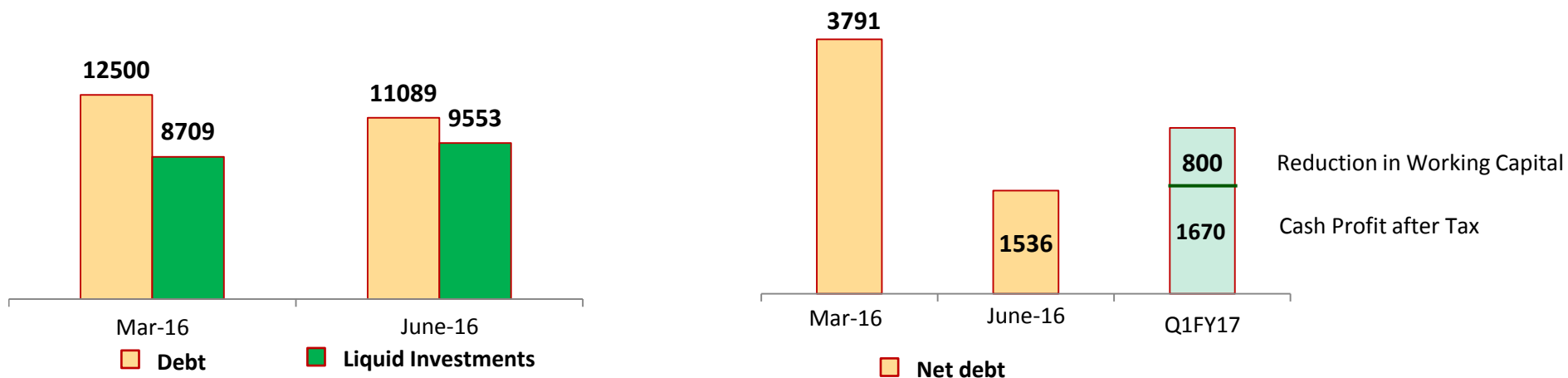
Cash Generation in Q1 FY17

Standalone

₹ Cr.



Consolidated



Strong Cash Generation Leading to Net Cash Surplus at Standalone level

Robust Financial Ratios

₹ Cr.

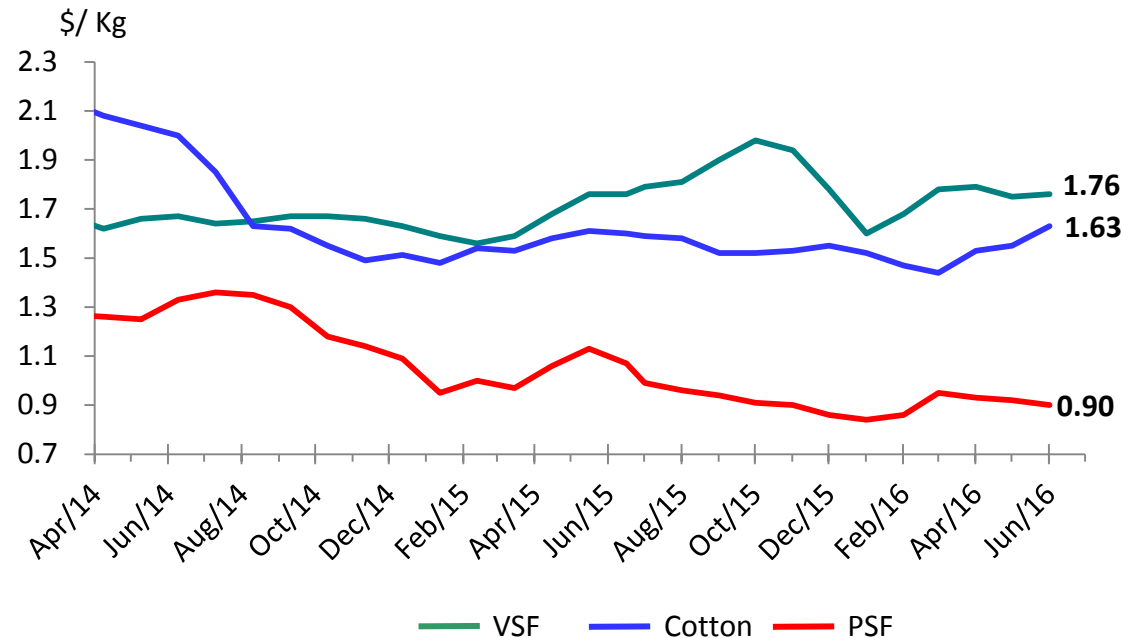
	Standalone			Consolidated		
	31-03-2016	30-06-2016		31-03-2016	30-06-2016	
Debt:Equity (x)	0.12	0.08	↑	0.34	0.30	↑
Net Debt: Equity (x)	0.02	-	↑	0.10	0.04	↑
Net Debt / EBITDA	0.13	-	↑	0.53	0.17	↑
ROCE (%) (Excluding CWIP)				10.9	14.1	↑
RONW (%)				9.7	11.6	↑

Strong Balance Sheet – Robust Financial Ratios

Business Performance

- VSF
- Chemical
- Cement

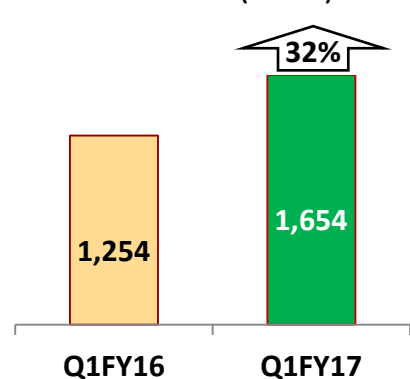
International Fibres Price Trend



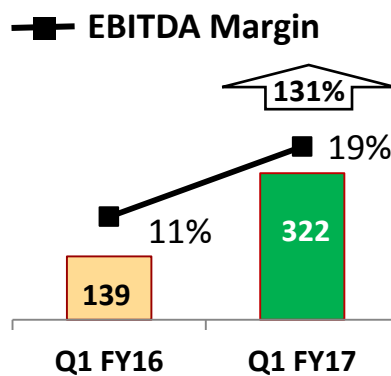
- VSF : Prices marginally up on YoY basis
 - Steady demand along with low inventory level continues to support prices
- Cotton : Shortage of good quality cotton led to spike in prices
- PSF : Marginally declined during the quarter

VSF : Performance

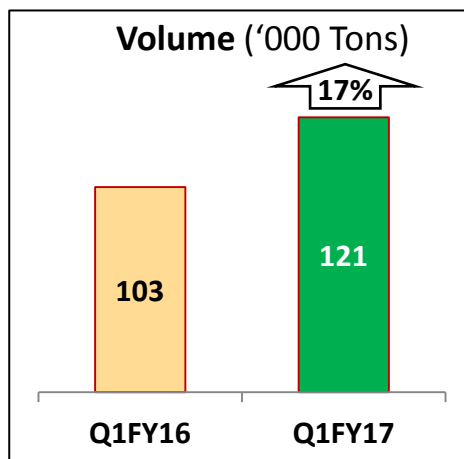
Revenue (₹ Cr.)



EBITDA (₹ Cr.)



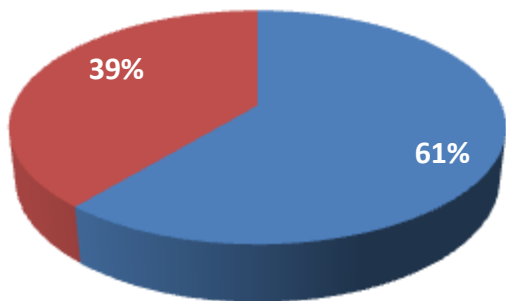
Volume ('000 Tons)



- Volume up by 17% YoY
 - Growth driven by domestic markets
 - Aided by growth in specialty fibre segment
 - Water shortage led shutdown at Nagda
 - This year 1 month, last year 2 months
- Realisation up 13% YoY
 - Improvement in global prices and rupee depreciation
- Revenue up 32%; EBITDA increased to ₹ 322 Cr.
 - Higher volume and realisation
 - Improvement in operating efficiencies and economies of scale
 - Higher quantum of speciality fibre volumes
 - Lower base due to extended shutdown last year

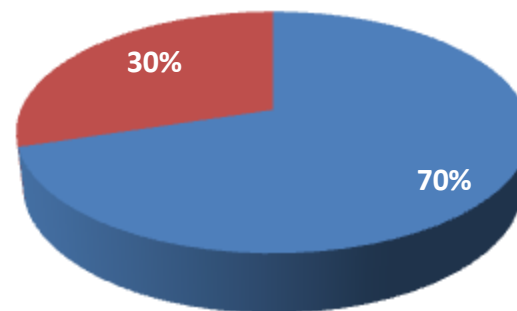
VSF : Volume Drivers

Q1FY17



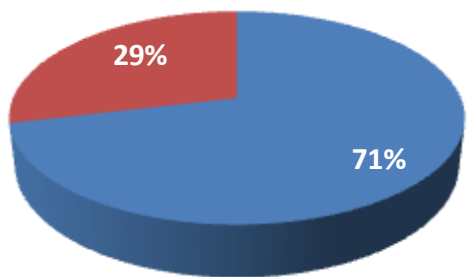
■ Grey ■ Speciality

Q1FY16



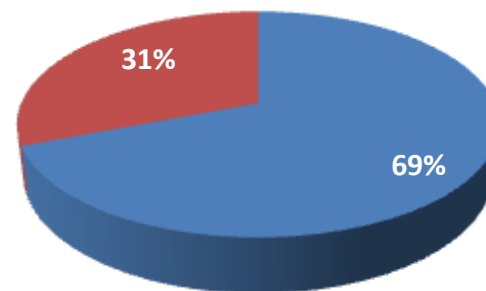
Share of specialty fibre increased from 29% to 39%, on higher base

Q1 FY17



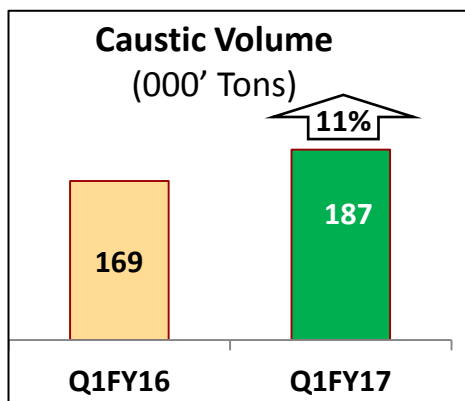
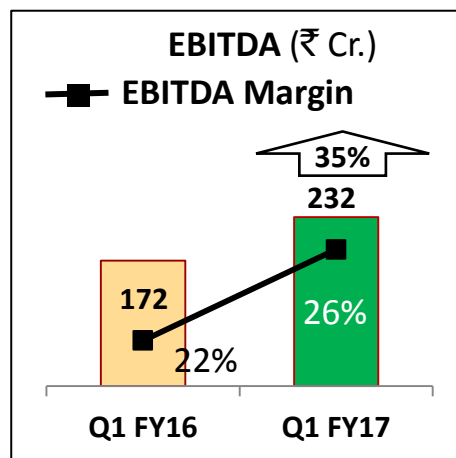
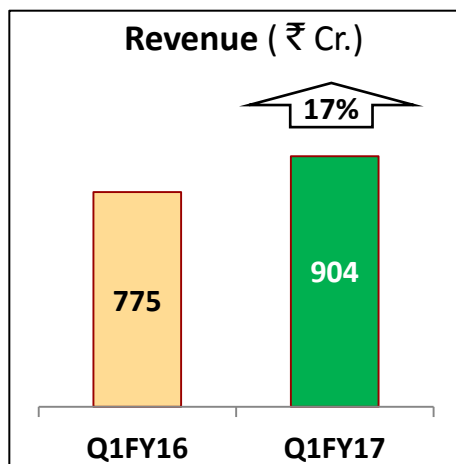
■ Domestic ■ Export

Q1 FY16



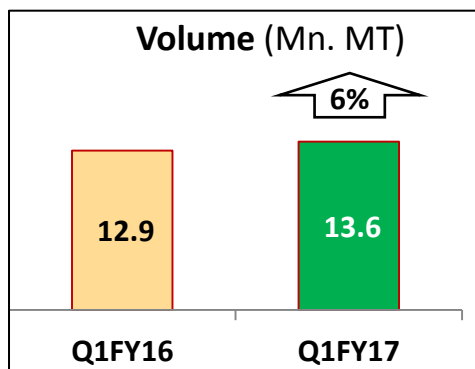
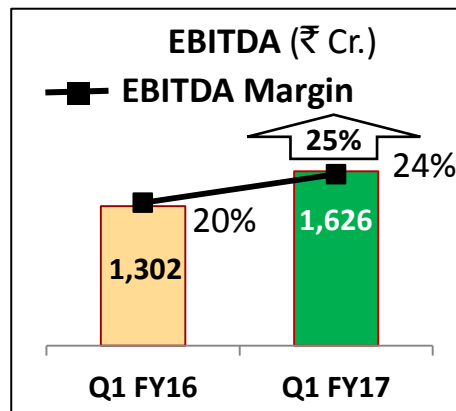
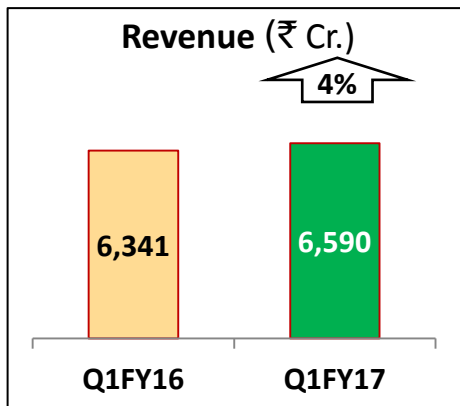
Increase in proportion of domestic sales from 69% to 71% on higher base

Chemical : Performance



- Increase in volume by 11% YoY
 - Comparatively lower impact of water shortage at Nagda this year
 - Additional volume from Ganjam plant which was acquired in Q2 last year
- ECU realisation was up by 7% on higher Caustic Soda realisation
 - Temporary production disruptions in the industry and rupee depreciation
- EBITDA was up by 35% at ₹ 232 Cr.
 - Higher volumes
 - Improvement in margins from 22% to 26%
- Total capacity increased from 804K TPA to 840K
 - Vilayat plant debottlenecking completed

Cement : Performance



- Volume up by 6%
 - Enhanced presence in market place
- Decline in total operational cost by 9%
 - Energy cost down by 24%
 - Higher usage of Petcoke
 - Improved energy consumption
 - Decline in logistic cost by 4%
 - Gains from withdrawal of busy season surcharge
 - Reduction in lead distance
- EBITDA up by 25% at ₹ 1,626 crore
 - Increase in volume and better operating margins

Impact of Ind AS on Grasim

Ind AS Implementation w.e.f. 1st April 2016

A. Key Accounting Changes and Impact on Grasim for Q1 FY17 :

- Discounts and direct sales incentive netted from Sales Revenue
- Capitalisation of high value spares having life > 1 year
- ESOP charges on fair valuation (instead of intrinsic value)

** No impact on net basis*

- Income on debt mutual fund on fair valuation

- NPV interest charge for Interest free sales tax loans and mines liability
- Additional Depreciation charge for spares capitalised and mines restoration

Total at PBT Level

Rs. Crs.

Standalone	Consolidated
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Operating EBIDTA	
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-*	8
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Other Income	
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33	135
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Int. & Dep.	
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-	(5)
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33	138
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Ind AS Implementation w.e.f. 1st April 2016

B. Changes in Consolidation method in CFS:

Rs. Crs.

- Joint Ventures' (JVs) are accounted as per equity method (consolidation at PAT level) instead of line by line proportionate consolidation under previous GAAP
 - There is no impact at PAT Level.
 - However consolidated revenue, EBITDA, Interest and Depreciation at CFS level have reduced

Revenue (a)	EBITDA (b)	Interest & Depreciation (c)	Tax (d)	Total (b-c-d)	Addition at PAT Level	Net Impact
(556)	(71)	(28)	(6)	(37)	37	Nil

C. Items Accounted in Other Comprehensive Income (OCI) in Q1 FY17 :

- Change in fair value of investment in equity shares (other than Subsidiaries, JVs & Associates) and Bonds
- Change in fair value of derivatives designated as cash flow hedge
- Exchange fluctuation on loan to JV
- Deferred tax adjustment on above

Standalone	Consolidated
OCI	
353	379

Capex

Capex plan

(₹ Cr.)

	Capex (Net of CWIP as on 01-04-16)	Cash Outflow		Capex spent - Q1FY17
		FY17	FY18 Onward	
<u>Standalone</u>				
Vilayat Caustic Plant Brownfield expansion (144K TPA)	513			
VSF : Water supply augmentation & usage reduction 87	468			
Research & Development 76				
Environment 97				
Others 208				
Chemical capacity debottlenecking (64K TPA) & VAPs	157			
VSF Expansion : Vilayat Residual Capex	143			
Chemical & Others	184			
Standalone Capex (A)	1,465	675	790	67
<u>Cement Subsidiary : UltraTech</u>				
Capacity expansion #	744			
Logistic Infrastructure	306			
Modernisation, Plant Infrastructure, RMC, Upgradation etc.	1,960			
Cement Business Capex (B)	3,010	1,215	1,795	303
Capex (A + B)	4,475	1,890	2,585	370

Represents residual capex of brown field expansion projects already commissioned and Grinding units

VSF Business

- Business environment for the Industry is improving globally
 - Limited capacity addition leading to higher operating rates
 - Cotton consumption higher than production in Season 15-16; uptrend witnessed in the prices
- 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

Chemical Business

- Caustic demand in India expected to record continuous growth
 - Supported by growth in user industries like Textile, Aluminium, Soap and Detergent etc.
- Caustic supplies to increase in the market on resuming normal production levels (with onset of Monsoon) and new capacities coming on stream
- Grasim's Caustic capacity to increase from 840K TPA to 1,048K TPA in FY18

Cement Business

- Cement demand expected to grow ~7% for FY17
- Cement demand growth drivers :
 - Continuing Government infrastructure spending
 - Pick-up in rural housing on back of normal monsoon and 7th pay commission disbursement
 - Development activities in various states
- Delay in execution of government projects, slowdown in urban real estate and increased fuel prices are concern areas

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 1		(₹ Cr.)
	2016-17	2015-16	% Change
Net Sales & Op. Income	9,089	8,366	9
Other Income	190	133	42
EBITDA	2,214	1,628	36
EBITDA Margin (%)	23.9%	19.1%	
Finance Cost	204	192	6
Depreciation	436	402	9
Share in Profit of JVs & Associates	47	19	142
Earnings before Tax	1,621	1,054	54
Total Tax	481	306	57
PAT (Before Minority Share)	1,140	748	52
Less: Minority Share	310	240	29
PAT (After Minority Share)	830	508	64
Other Comprehensive Income (after tax)	379	(33)	
Total Comprehensive Income (after tax)	1,209	474	155
EPS	89	54	64
Cash Profit (Before Minority Share)	1,670	1,360	23

Standalone Financial Performance

	(₹ Cr.)		
	Quarter 1		%
	2016-17	2015-16	Change
Net Sales & Op. Income	2,426	1,947	25
Other Income	48	35	36
EBITDA	586	324	81
EBITDA Margin (%)	23.7%	16.3%	
Finance Cost	23	41	(44)
Depreciation	110	95	16
Earnings before Tax	453	188	141
Tax Expense	132	53	148
PAT	321	135	139
Other Comprehensive Income (after tax)	353	(194)	
Total Comprehensive Income (after tax)	674	(60)	
EPS	34	14	139

Balance Sheet

Standalone			Consolidated (₹ Cr.)	
30 th June'16	31 st Mar'16	EQUITY & LIABILITIES	30 th June'16	31 st Mar'16
16,231	15,556	Net Worth	28,613	27,391
-	-	Minority Interest	9,037	8,728
1,376	1,839	Borrowings	11,089	12,500
555	519	Deferred Tax Liability (Net)	3,189	3,045
1,845	1,591	Liabilities & Provisions	8,744	7,917
20,007	19,505	SOURCES OF FUNDS	60,671	59,581
ASSETS				
6,909	6,963	Net Fixed Assets	31,532	31,267
374	376	Capital WIP & Advances	1,996	2,298
-	-	Goodwill on Consolidation	3,033	3,016
Investments				
2,636	2,636	Cement Subsidiary	-	-
1,835	1,603	Liquid Investments	9,552	8,709
4,924	4,569	Other Investments	2,289	1,870
3,330	3,358	Current Assets, Loans & Advances	12,269	12,422
20,007	19,505	APPLICATION OF FUNDS	60,671	59,581
(459)	236	Net Debt	1,537	3,754

Unaudited and not subjected to limited review by Auditors

Revenue Chart

	(₹ Cr.)		
	Quarter 1		%
	2016-17	2015-16	Change
Viscose Staple Fibre	1,654	1,254	32
Chemical	903	775	17
Others	21	25	(17)
Eliminations (Inter Segment)	(152)	(107)	
Standalone Net Revenue	2,426	1,947	25
<u>Subsidiaries</u>			
Cement	6,590	6,341	4
Textiles	83	89	(7)
Eliminations (Inter Company)/ Others	(11)	(11)	
Total for Subsidiaries & JVs	6,662	6,419	4
Consolidated Net Revenue	9,089	8,366	9

EBITDA – Chart

EBIDTA	(₹ Cr.)		
	Quarter 1		%
	2016-17	2015-16	Change
Viscose Staple Fibre	322	139	131
Chemical	232	172	35
Others	32	13	
Standalone EBITDA	586	324	81
<u>Subsidiaries</u>			
Cement	1,626	1,302	25
Textiles	2	6	(62)
Eliminations (Inter Company)/Others	(1)	(3)	
Total for Subsidiaries & JVs	1,628	1,304	
Consolidated EBITDA	2,214	1,628	36

Viscose Staple Fibre : Summary

		Quarter 1		%
		2016-17	2015-16	Change
Capacity	KTPA	125	125	-
Production (in '000s)	MT	114	94	22
Sales Volumes (in '000s)	MT	121	103	17
Net Revenue	₹ Cr.	1,654	1,254	32
EBITDA	₹ Cr.	322	139	131%
EBITDA Margin	%	19.4%	11.0%	--
EBIT	₹ Cr.	266	88	202
Capital Employed (Incl. CWIP)	₹ Cr.	4,838	5,112	(5)
ROAvCE (Excl. CWIP)	%	22.2%	9.0%	--

Chemical : Summary

		Quarter 1		%
		2016-17	2015-16	Change
Capacity	KTPA	210	186	13
Production (in '000s)	MT	193	168	15
Sales Volumes (in '000s)	MT	189	169	12
Net Revenue	₹ Cr.	904	775	17
EBITDA	₹ Cr.	232	172	35
EBITDA Margin	%	25.6%	22.4%	--
EBIT	₹ Cr.	181	132	38
Capital Employed (Incl. CWIP)	₹ Cr.	3,697	3,578	3
ROAvCE (Excl. CWIP)	%	20.0%	20.9%	--

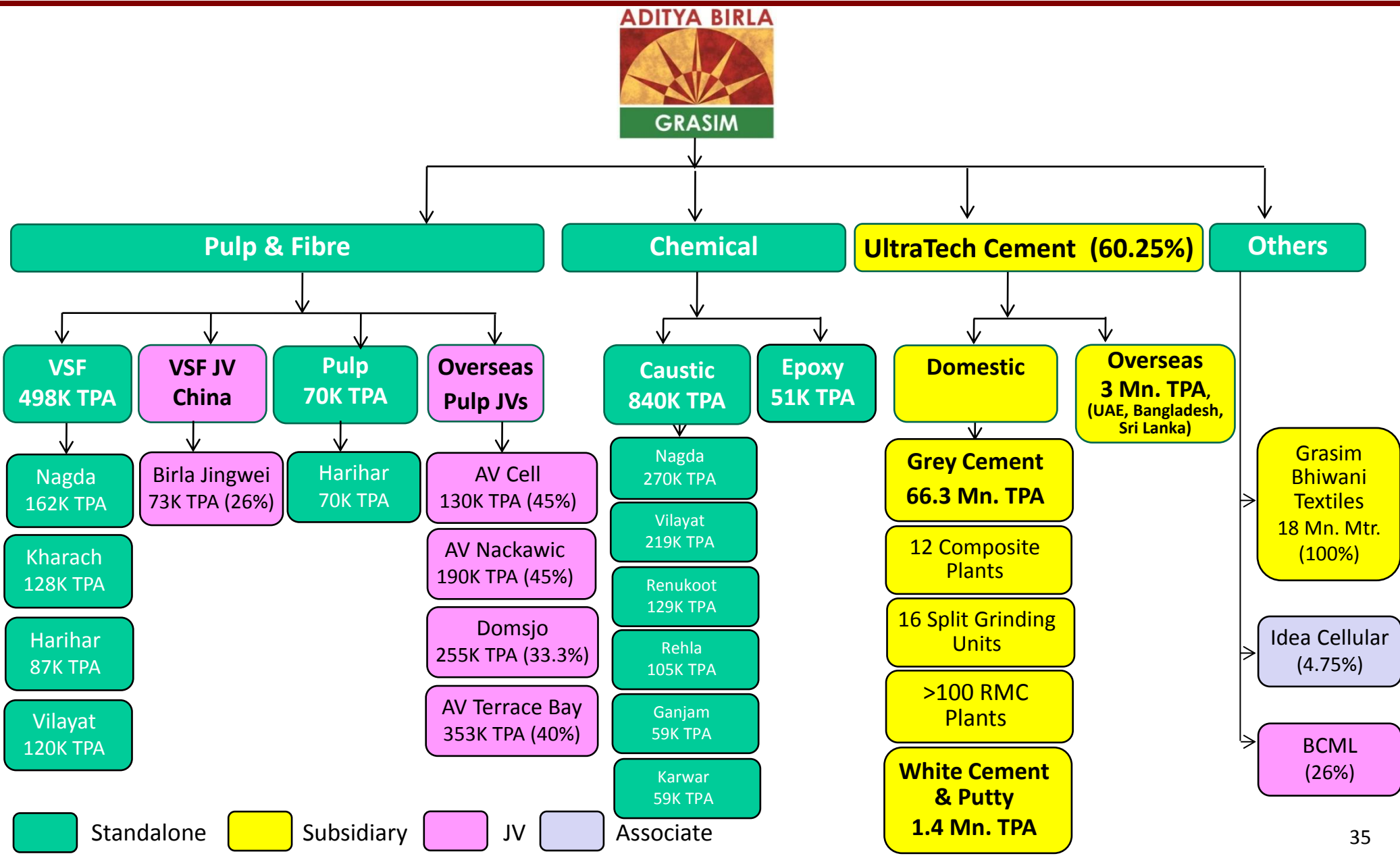
Cement : Summary

		Quarter		%
		2016-17	2015-16	Change
<u>Grey Cement</u>				
Capacity	Mn. TPA	17.31	15.79	10
Production	Mn. MT	13.48	12.85	5
Cement Sales Volumes ^{\$}	Mn. MT	13.59	12.87	6
Clinker Sales Volumes	Mn. MT	0.19	0.08	
<u>White Cement & Putty</u>				
Sales Volumes ^{\$\$}	Lac MT	2.84	2.67	6
Net Revenue	₹ Cr.	6,590	6,341	4
EBITDA	₹ Cr.	1,626	1,302	25
EBITDA Margin	%	24.1%	20.2%	--
EBIT	₹ Cr.	1,304	998	31
Capital Employed (Incl. CWIP)	₹ Cr.	34,939	32,246	8
ROAvCE (Excl. CWIP)	%	15.7%	13.7%	--

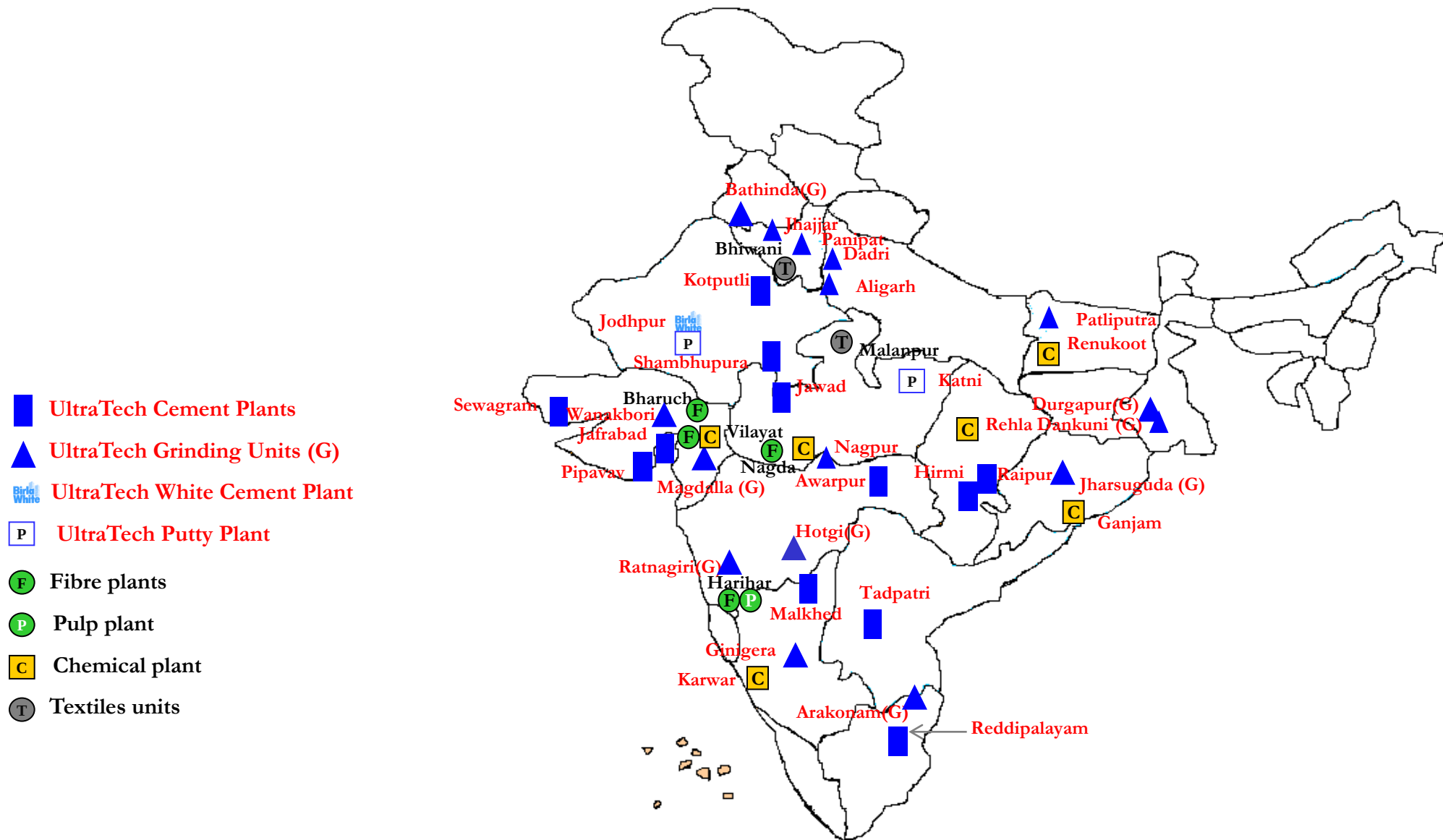
^{\$} Includes captive consumption for RMC

^{\$\$} 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

Aditya Birla Centre, 'A' Wing, 2nd Floor, S. K. Ahire Marg, Worli, Mumbai - 400 030

Registered Office : Birlagram, Nagda - 456 331 (M.P.),

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

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