

Press Release

Mumbai, 2nd May, 2015

Grasim Reports Financial Results for the Quarter 4 / Year ended 31st March, 2015

Grasim Industries Limited, an Aditya Birla Group Company, today announced its results for the 4th quarter and the year ended 31st March, 2015.

Grasim has successfully implemented the following growth plans:

Expansion Projects commissioned :

- Viscose Staple Fibre : 120K TPA
- Clinker : 2 Mn. TPA ; Cement : 1.4 Mn. TPA
- Captive Power / Waste Heat Recovery System (Cement Business) : 72 MW

Acquisition completed :

- Merger of Cement units acquired by UltraTech in Gujarat : 4.8 Mn. TPA

Plans under implementation include :

- Merger of Aditya Birla Chemicals (India) Limited (ABCIL) : 352K TPA (Caustic Soda)
- Acquisition of two cement plants by UltraTech in Madhya Pradesh : 4.9 Mn. TPA
- Cement Grinding units to support clinker capacity already commissioned : 6 Mn. TPA

Total Capacity after ongoing Expansions & Mergers : (Cement in Mn. TPA, other businesses in KTPA)

Capacity	31.03.2014	31.03.2015	Projected on 31.03.2016	Remarks
VSF	378	498	498	Vilayat - Fully commissioned in Q4, being converted to specialty fibre
Caustic Soda	452	452	804	ABCIL Merger will increase Caustic Capacity by 78% and Chlorine Derivatives by 65%
Chlorine Derivatives	224	243	402	
Epoxy	52	52	52	Production is being ramped up with customers' accreditation
Cement	57	63	75	Capacity to Increase by 19%

Consolidated Financial Performance:

The expansion plans implemented by the Company have started yielding results. The Net Revenue for the quarter is up by 5%, with growth in all the businesses.

₹ Crore

	Quarter ended		Year ended	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Net Revenue	8,820	8,418	32,847	29,323
PBIDT	1,658	1,655	5,683	5,491
Less: Finance Cost	183	108	667	447
Depreciation	417	389	1,563	1,457
Tax	326	168	1,016	735
Minority Interest	261	341	838	883
Add: Share in Profit of Associates	45	30	154	103
Net Profit (Excluding Exceptional Item)	516	679	1,753	2,072
Exceptional Item *	9	-	9	-
Net Profit	507	679	1,744	2,072

* Exceptional Item represents the provision for diminution made in respect of Birla Lao Pulp and Plantations, Laos.

PBIDT for the quarter 4 was maintained at ₹ 1,658 Cr., amidst difficult market conditions and gradual ramping up of new capacities. For the full year PBIDT is up by 4% at ₹ 5,683 Cr.

Finance and depreciation costs have gone up by 69% and 7% respectively, on commissioning/acquisition of new capacities, the full benefit of which will accrue going forward.

Due to the increase in the rate of surcharge, an additional provision of ₹ 58 Cr. was made on the accumulated brought forward deferred tax liability. The tax charge for the corresponding quarter last year was lower as provisions made in earlier years amounting to ₹ 103 Cr. no longer required were written back.

The Net profit for the quarter was lower at ₹ 507 Cr. (₹ 679 Cr.) On a like to like basis (excluding the non recurring tax charges and Exceptional Item) the Net profit was ₹ 555 Cr. against ₹ 614 Cr. last year.

Dividend

The Board of Directors of Grasim has recommended a dividend of ₹ 18 per share. The total outflow on account of the dividend would be ₹ 169 crore (inclusive of the corporate tax on dividend).

Viscose Staple Fibre (VSF)

With the commissioning of the Greenfield plant at Vilayat, production stood at 1,11,341 tons, up by 24%. Sales volume was 1,18,486 tons. The global weakening of competing fibres (Polyester and Cotton) and the current overcapacity scenario, especially in China, has exerted pressure on VSF realizations. The impact was partially offset by lower pulp cost.

Due to the water shortage caused by deficient rains last year, operations of the VSF plant at Nagda are suspended from last week. The operations will resume with the onset of Monsoon. The working of Caustic Soda plant will also be affected partially.

Chemical Business

The Chemical business reported a growth of 21% in sales volume during the quarter with additional volumes from the Vilayat plant. The ECU realisations were lower YoY in line with the international price.

As announced in February 2015, the merger of ABCIL with the Company (w.e.f. 1st April, 2015) is on track. It is expected to be completed by Q3 of FY15-16 on obtaining requisite approvals.

Cement Subsidiary (UltraTech Cement)

UltraTech's net revenue for the quarter at ₹ 6,597 Cr. was up by 4%, compared to ₹ 6,315 Cr. in the corresponding quarter of previous year. PBIDT was up by 3% at ₹ 1,435 Cr. (₹ 1389 Cr.). The increase in Finance cost and Tax expenses, as explained above, have resulted in lower PAT of ₹ 657 Cr. (₹ 865 Cr.). The combined cement and clinker sales volume was 12.78 Mn. tons (12.98 Mn. tons). The benefit of softening coal prices was offset by the increase in the cost of limestone and other inputs due to a hike in limestone royalty and additional levies under MMDR Act.

Outlook

The outlook for the VSF sector remains challenging in the near term, given the over capacity in the sector and the sharp reduction in prices of Polyester and Cotton. The new plant at Vilayat with a higher share of speciality product will improve the product mix and profitability. The focus on cost optimisation will continue relentlessly. The company has launched brand LIVA and is actively working with the value chain, brands and retailers to expand the domestic market of VSF.

In the Chemical business, the Company will benefit from additional volumes and profit on the merger of ABCIL and the ramping up of Epoxy operations.

The demand for Cement is expected to improve as it is linked with GDP. The key drivers will be the revival of infrastructure projects supplemented by regulatory reforms and improvement in the demand for housing with the softening of interest rates. The Company with its existing and proposed capacity is well placed to benefit from the accelerated growth in the sector.

Grasim is well-poised to benefit from the expected upturn in the economy given its leadership position in all its businesses and large investments for growth.

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