ADITYA BIRLA

GRASIM

July 30, 2011

The Secretary
National Stock Exchange of India Ltd.
Exchange Plaza
Bandra-Kurla Complex, Bandra (East)
Mumbai - 400 051

Dear Sir,

Sub: Presentation on Unaudited Q1FY12 Results of Grasim

This is further to our letter and email of date.

We are attaching herewith a copy of Presentation on Unaudited Q1FY12 Results of Grasim, which will be presented to our investors and the same will also be posted on our website.

You may please put this on your notice board for information of the members and investors.

Thanking you,

Yours faithfully,

Ashok Malu
Company Secretary

encl: as above

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Performance Review
Quarter 1 : 2011-12

Grasim Industries Limited

A Cement and VSF Major

ADITYA BIRLA GRASIM

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.

Contents

- Highlights
- Business Review
- Financial Performance
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Highlights – Quarter 1

OPERATIONAL

- Both VSF and Cement businesses show better performance over last year
- In VSF Business
  - After reaching peak in April, market shows signs of weakness with sharp decline in cotton prices and Chinese demand
  - Volumes also impacted as buyers preferred to reduce pipeline stock in the value chain
  - However as the prices in corresponding quarter were still lower, margins and profit improved
  - Pulp JVs continued to perform well
- In Cement business
  - Demand growth remained subdued in the quarter
  - Substantial increase in energy cost had to be passed on
  - Overall, quarterly profits improved despite difficult conditions
  - Margins under pressure with onset of monsoon

Highlights – Quarter 1

STRATEGIC

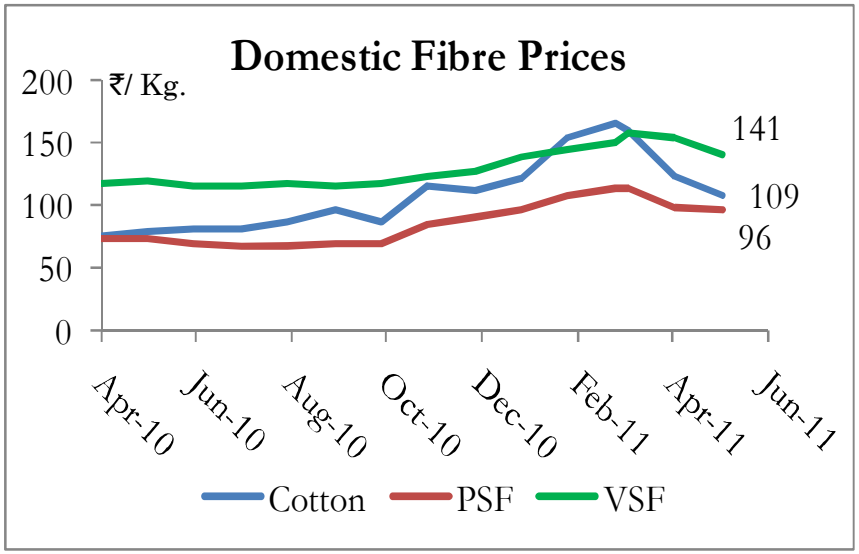
- Continue to pursue growth plans to maintain momentum in both businesses
- Acquisition of 1/3 stake in Swedish Pulp Company "Domsjo" completed
  - Consolidated results include pro-rata profits of Domsjo from 13th June, 2011
- VSF expansion (Vilayat, Gujarat and Harihar, Karnataka) and Cement expansion (Raipur, Chhattisgarh and Malkhed, Karnataka) are progressing as per schedule
  - Orders placed for long delivery critical equipments
  - Civil work already commenced
- UltraTech GDR listed on Luxemburg Stock Exchange w.e.f. 29th June 2011

Business Review

- VSF
- Chemical
- Cement Subsidiary

Viscose Staple Fibre : Highlights

	Quarter – 1		% Chg.
	2011-12	2010-11	
Capacity (TPA)	333,975	333,975	---
Production (MT)	69,898	69,328	1
Sales Volumes (MT)	54,839	67,302	(19)
Net Revenue (₹ Cr.)	901.6	856.1	5
Realisation (₹/MT)	152,409	117,910	29



Global Industry Scenario

- Quarter started on strong note
- However, led by cotton, prices of all fibres correct sharply from peak levels witnessed in the quarter
- In the downward trend, user reduced inventory level in the entire value chain
  - Causing weak demand
- China industry presently operating at 60% capacity
  - Most players incurring cash losses
  - Initial stabilisation witnessed

Business performance

- Capacity utilisation at 84% due to suspension of production at Nagda owing to water shortage
  - Plant restarted from 30th June 2011
  - Total shutdown 27 days against 55 days in last year including 31 in corresponding quarter
- Coupled with weak market conditions, sales volume down by 19%
- Average realisations up by 29% on YoY basis

Viscose Staple Fibre : Highlights (Contd….)

	Quarter – 1		% Chg.
	2011-12	2010-11	
PBIDT (₹ Cr.)	349.8	304.2	15
PBIDT Margin (%)	38.5%	35.3%	--
PBIT (₹ Cr.)	324.2	278.0	17
ROAvCE %	67.2%	65.2%	--

Joint Ventures – Grasim's share

Net Revenue (₹ Cr.)	228.9	159.0	44
PBIDT (₹ Cr.)	35.4	10.0	254

Consolidated PBIDT (₹ Cr.) *	382.1	314.2	22
Consolidated PBIDT Margin %	34.5%	32.3%	--

* Net of inter company eliminations

- On Standalone basis, PBIDT up by 15%
- Operating margin improved from 35% to 38% with increase in input cost passed on fully
- JVs continued to show better performance on the back of better realisation
  - PBIDT from JVs increased from ₹ 10 Cr. to ₹ 35 Cr., despite losses in Fibre JV in China
- Consolidated PBIDT up by 22% from ₹ 314 Cr. to ₹ 382 Cr.

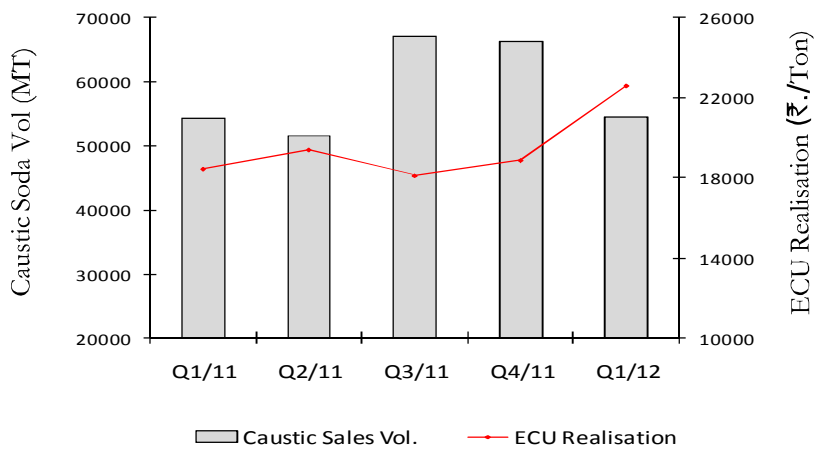
Viscose Staple Fibre : Outlook

- Slackness in demand will affect Q2 performance
  - Expected to recover gradually thereafter
- Profitability in the short term will be governed by the prices of competing fibres, input and energy costs
  - Margins on decline due to softening of prices
  - Cotton production in the forthcoming season to be the influencing factor
- Intensifying focus on specialty fibres
  - High quality pulp required for producing specialty fibre assured with Domsjo acquisition
  - Vilayat capacity to produce specialty fibres
- Grasim should emerge stronger from the present challenging times
  - High level of integration
  - Continued focus on cost and operating efficiency improvement

Chemical : Highlights

	Quarter – 1		% Chg.
	2011-12	2010-11	
Caustic Capacity (TPA)	258,000	258,000	-
Production (MT)	57,381	54,693	5
Sales Volumes (MT)	54,424	54,386	--
Net Revenue (₹ Cr.)	153.4	118.7	29
ECU Realisation (₹/MT)	22,605	18,455	22
PBIDT (₹ Cr.)	34.6	31.1	11
PBIDT Margin (%)	22.5%	26.2%	--
PBIT (₹ Cr.)	26.2	22.7	16
ROAvCE %	23.1%	22.2%	--

Caustic Volumes & ECU Realisation



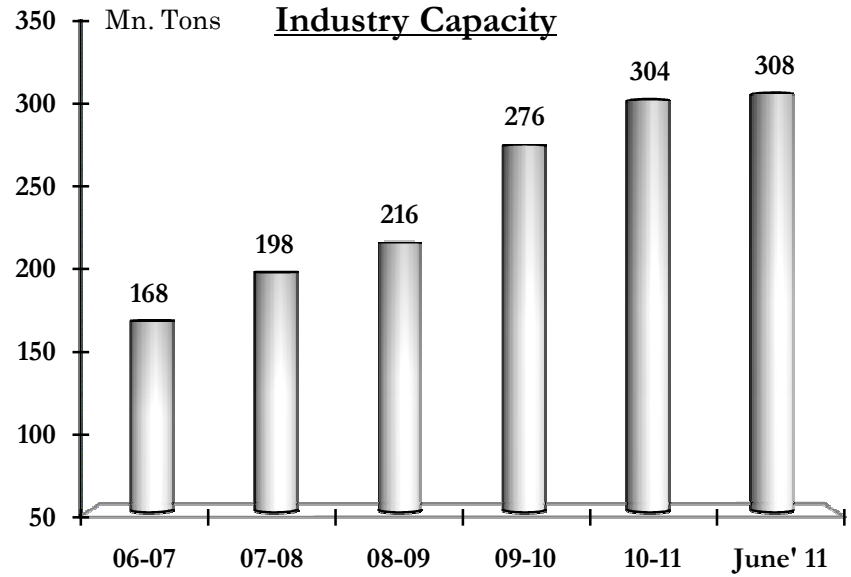
Industry Scenario

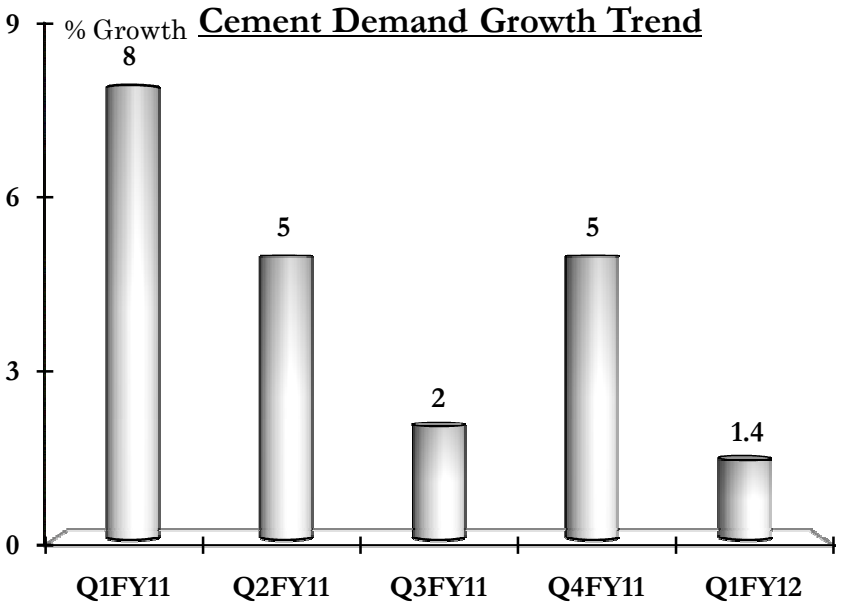
- Caustic prices showed positive trend
  - Better sentiment in international markets
  - Temporary outage of competitors' caustic plants in West/North Zone

Business Performance

- Production curtailed due to water shortage in June' 11
- ECU realisation up by 22% YoY supported by firm caustic prices
- Better realisation helped PBIDT increase by 11%, despite higher energy cost
- Caustic capacity expansion at Vilayat progressing as per schedule

Cement : Industry Scenario





Source: Company Estimates

- **Cement Industry continued to be affected by excess capacity**
  - **Cement capacity at ~ 308 Mn. MT in June' 11**
  - **Industry added ~ 40% capacity in last two years**
- **Growth slowdown continued in Q1FY12 at 1.4%**
  - **Linked to overall economic slowdown**
- **All round inflationary pressure on cost – Input cost, Coal and Freight**
- **Overall margins are under squeeze from both sides**

Cement : Highlights

		Quarter -1		% Chg.
		2011-12	2010-11	
Grey Cement				
Capacity	Mn. TPA	51.75	48.75	6
Production	Mn. MT	10.32	9.92	4
Cement Sales Volumes $	Mn. MT	10.34	9.85	5
Clinker Sales Volumes	Mn. MT	0.37	0.45	(18)
White Cement				
Production	MT	120,982	133,015	(9)
Sales Volumes $$	MT	122,277	133,052	(8)

$ Includes captive consumption for RMC

$$ Includes captive consumption for value added products

- **Capacity increased to 51.75 Mn. Ton YoY**
  - **3 Mn. Ton Star Cement acquisition completed in Sep' 10**
- **Overall volume growth of 5% led by additional volume of Star Cement**
  - **Domestic volumes decline by 2%**
- **White cement volumes down by 8% due to scheduled maintenance shutdown**
- **Putty sales volume up by 20%**

Cement : Financials

		Quarter -1		% Chg.
		2011-12	2010-11	
Realisation	₹/MT			
- Domestic Cement		3,935	3,504	12
- Clinker		1,741	1,533	14
- White Cement		8,943	7,916	13
Net Revenue	₹ Crs.	4,617.3	3,973.6	16
PBIDT	₹ Crs.	1,258.7	1,088.8	16
PBIDT Margin	%	27.1%	27.0%	-
PBIT	₹ Crs.	1,022.6	875.2	17
ROAvCE	%	20.0	19.9	-

- Net Revenue increased by 16%
  - Acquisition of Star Cement
  - Improved RMC and White Cement performance
  - Passing of cost increase
- Cost increase due to
  - Coal costs up
    - More than 30% YoY in imported coal
    - 30 – 150% price hike by Coal India in March 11
  - Higher employee cost
- PBIDT up by 16%, though margins were flat

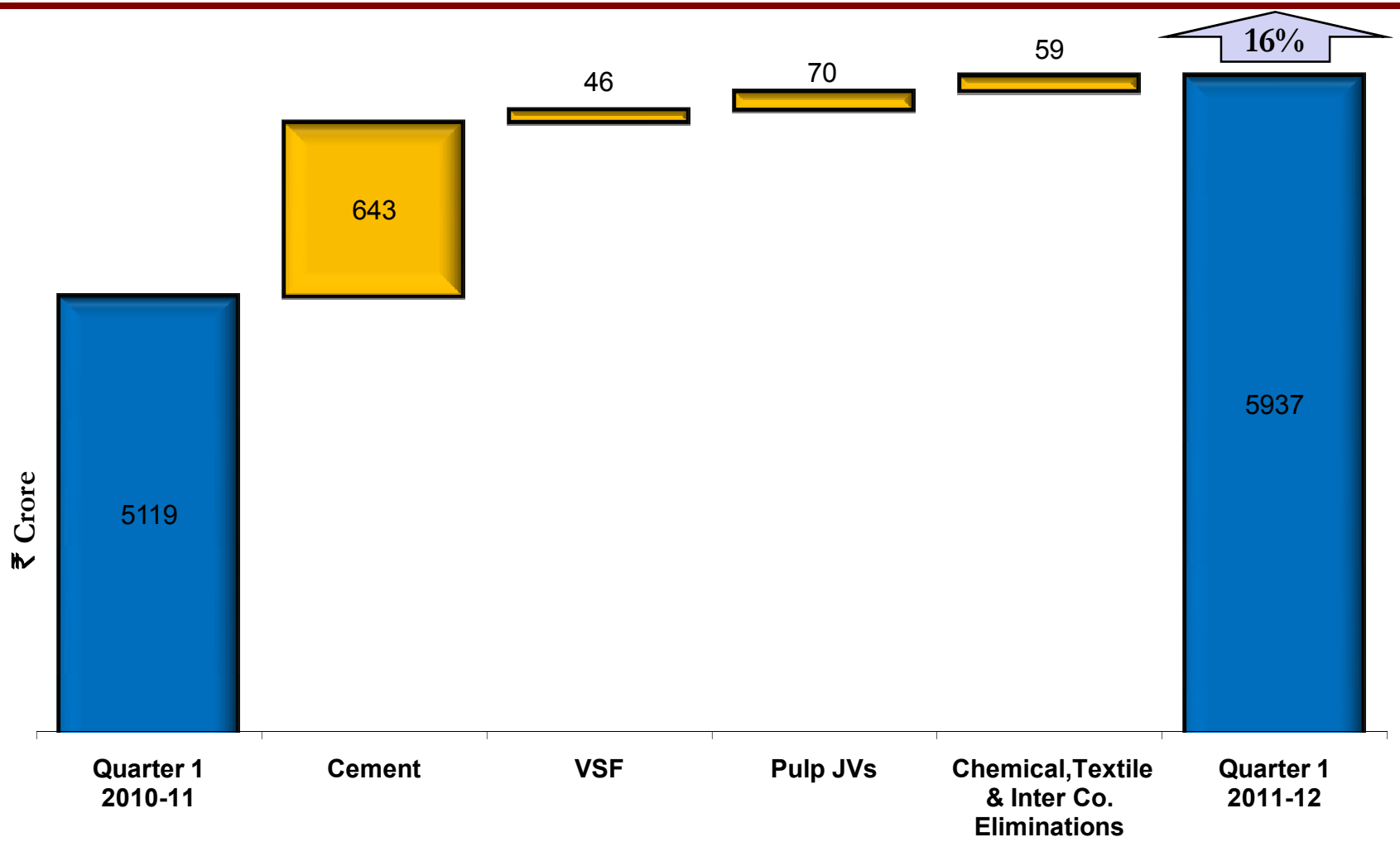
Cement : Outlook

- Cement Demand expected to grow at >7.5% from H2FY12 onwards
  - Expected improvement in infrastructure spending
  - Rural demand emanating from good agricultural growth
- Surplus scenario may last for next 2-3 years
- Selling price under pressure with onset of monsoon
  - Q3 onwards, rise in construction activities post monsoon and general revival of economy should boost demand and affect prices ultimately
- Cost expected to increase due to rising commodity prices
- Energy cost continue to be cause of concern and can create pressure on margins
- Investments in Waste Heat Recovery System and logistic infrastructure for sustained cost leadership in Cement
- 9.2 Mn. Ton Brownfield expansion progressing as per schedule
  - Expected to be completed by Q1FY14

Our Focus on Quality, Volume and Cost Leadership

Financial Performance

Consolidated Revenue



5,119	643	46	70	59	5937

All businesses contribute to revenue growth

Revenue Chart

₹ Crore

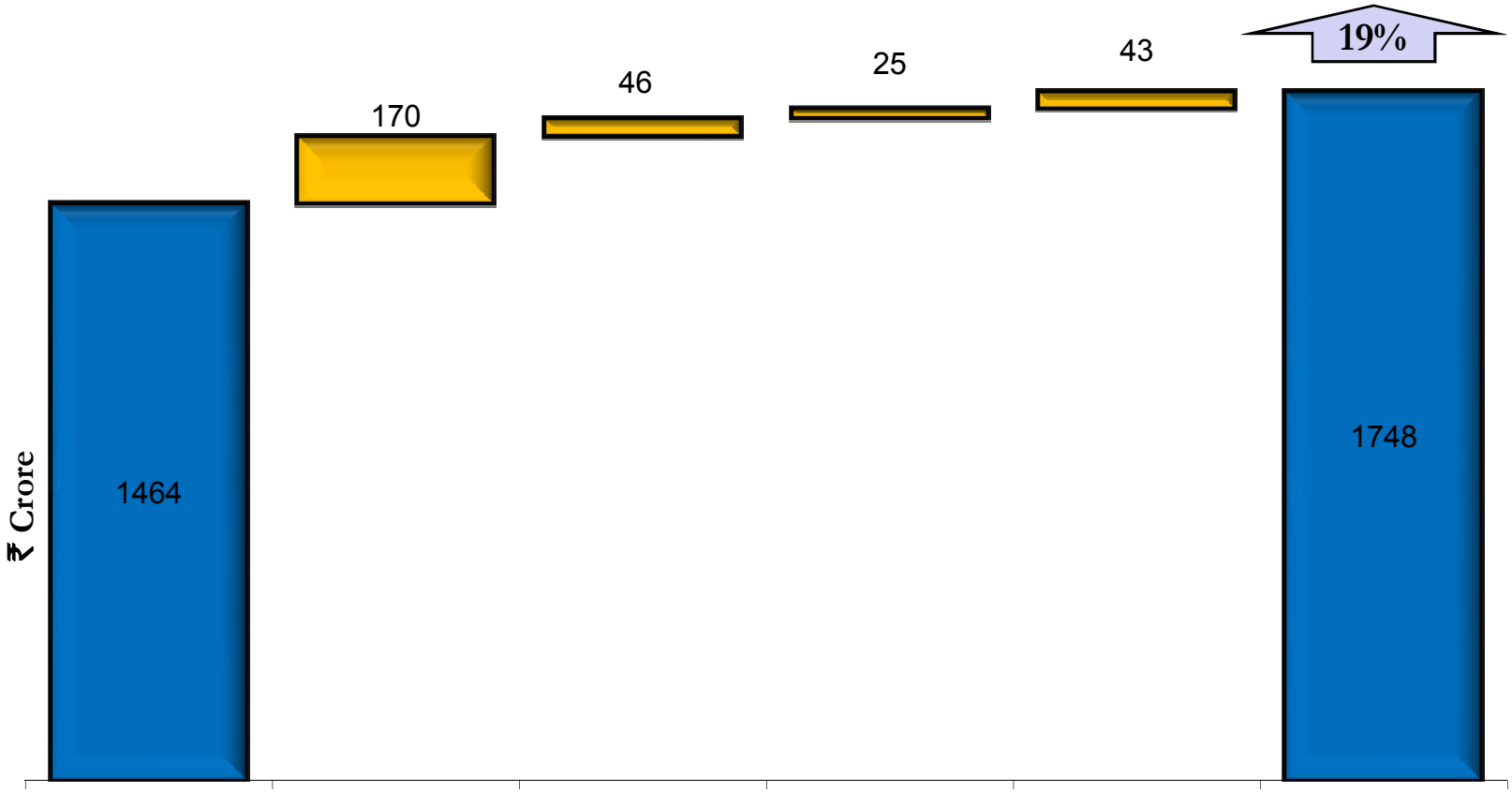
Net Revenue	Quarter -1		
	2011-12	2010-11	
Viscose Staple Fibre	902	856	5%
Chemical	153	119	29%
Others	25	19	
Inter Segment Eliminations (Intra Company)	(36)	(29)	
Standalone Net Revenue	1,044	964	8%
Subsidiaries			
UltraTech Cement *	4,617	3,974	16%
Grasim Bhiwani Textiles Ltd.	84	75	12%
Joint Ventures (Pro Rata)			
Pulp JVs and Fibre JV	229	159	44%
Inter Company Eliminations (On Consolidation)	(37)	(53)	
Consolidated Net Revenue	5,937	5,119	16%

* Samruddhi Cement merged with UltraTech w.e.f. 1st July' 10 included in corresponding quarter, for better comparison, throughout the presentation

Financial Performance – Quarter 1

(₹ Crores)	Quarter - 1 : Standalone 2011-12	2010-11	% Change	Quarter - 1 : Consolidated 2011-12	2010-11	% Change
Revenue	1,044	964	↑ 8	5,937	5,119	↑ 16
Operating Costs	670	644	↑ 4	4,297	3,751	↑ 15
PBIDT	454	361	↑ 26	1,748	1,464	↑ 19
Interest	11	10	↑ 4	94	91	↑ 3
Depreciation	35	44	↓ (21)	281	267	↑ 5
PBT	408	306	↑ 33	1,373	1,105	↑ 24
Total Tax Expenses	94	82	↑ 15	373	320	↑ 16
Minority Interest	-	-	-	263	222	↑ 19
PAT (after Minority Share)	314	224	↑ 40	752	575	↑ 31
EPS (₹)	34.2	24.4	↑ 40	81.9	62.7	↑ 31

Consolidated PBIDT



Quarter-1 2010-11	Cement	VSF	Pulp JVs	Chemical & Others	Quarter -1 2011-12
1,464	170	46	25	43	1748

All businesses contribute to PBIDT growth

PBIDT – Chart

₹ Crore

PBIDT	Quarter -1		
	2011-12	2010-11	
Viscose Staple Fibre	350	304	15%
Chemical	35	31	11%
Others	70	25	
Standalone PBIDT	454	361	26%
Subsidiaries			
UltraTech Cement Ltd.	1,259	1,089	16%
Grasim Bhiwani Textiles Ltd.	5	5	
Others	0.3	0.4	
Joint Ventures (Pro Rata)			
Pulp JVs (45%) and Fibre JV (31%)	35	10	
Inter Company Eliminations (On Consolidation)	(5)	(1)	
Consolidated PBIDT	1,748	1,464	19%

Net Profit

₹ Crores

	Quarter -1				
	2011-12		2010-11		
	Total Net Profit	Grasim's share	Total Net Profit	Grasim's share	
Standalone Reported PAT		314		224	40%
UltraTech Cement (60.34%)	669	404	560	339	
Grasim Bhiwani Textiles (100%)	1	1	1	1	
Pulp (45%) and Fibre (31%) JVs / Associate (33%)	57	27	(2)	0.4	
Idea Cellular (5.18%)	177	9	201	10	
Inter Company Eliminations		(4)		-	
Grasim's Share in Subsidiaries / JVs		438		351	25%
Grasim Consolidated PAT		752		575	31%

Grasim Financials

(₹ Crore)	Standalone Full Year 2010-11	Standalone Quarter 1 2011-12	Consolidated Full Year 2010-11	Consolidated Quarter 1 2011-12
Net Worth	8,134	8,449	14,573	15,334
Debt	814	777	6,783	6,751
Capital Employed	9,177	9,458	27,669	28,674
Debt:Equity (x)	0.10	0.09	0.36	0.34
Interest Cover	30.3	34.1	10.8	14.7
Book Value (₹)	887	921	1,589	1,672
ROAvCE (%) (PBIT basis) *	-	-	16.5	20.8
RONW (%)	-	-	16.8	20.1

- Strong Financials
- Healthy ROAvCE of 21%
- Strong funding capabilities to support Company's future growth plans
  - Net of liquid investment, Company is debt free
  - Liquid investments of ₹ 70 billion on consolidated basis

Capex

Capex plan

₹ Crore

	Net Capex to be spent as on 01.04.11	Cash Outflow		Capex spent during Quarter 1
		FY12	FY13 Onwards	
VSF Business – Expansion Projects: Vilayat (120K TPA), Harihar (36K TPA)	2,095			
- Other Capex	340			
Chemical Business – Vilayat (182K TPA)	756			
Balance Capex (Including normal capex for chemical)	174			
Standalone Capex (A)	3,365	1,705	1,660	200
Cement Subsidiaries				
- Capacity expansion – 4.8 Mn TPA at Raipur, Chhattisgarh 4.4 Mn. TPA at Malkhed, Karnataka	5,149			
- Material Evacuation and Logistic Infrastructure	1,105			
- Thermal Power Plant (75 MW) & Waste Heat Recovery System (45 MW)	682			
- RMC Business & New Products	326			
- Modernisation, Upgradation and others	3,738			
Cement Business Capex (B)	11,000	5,140	5,860	592
Capex (A + B)	14,365	6,845	7,520	792

₹ 275 Cr. invested for Domsjo stake acquisition in the quarter

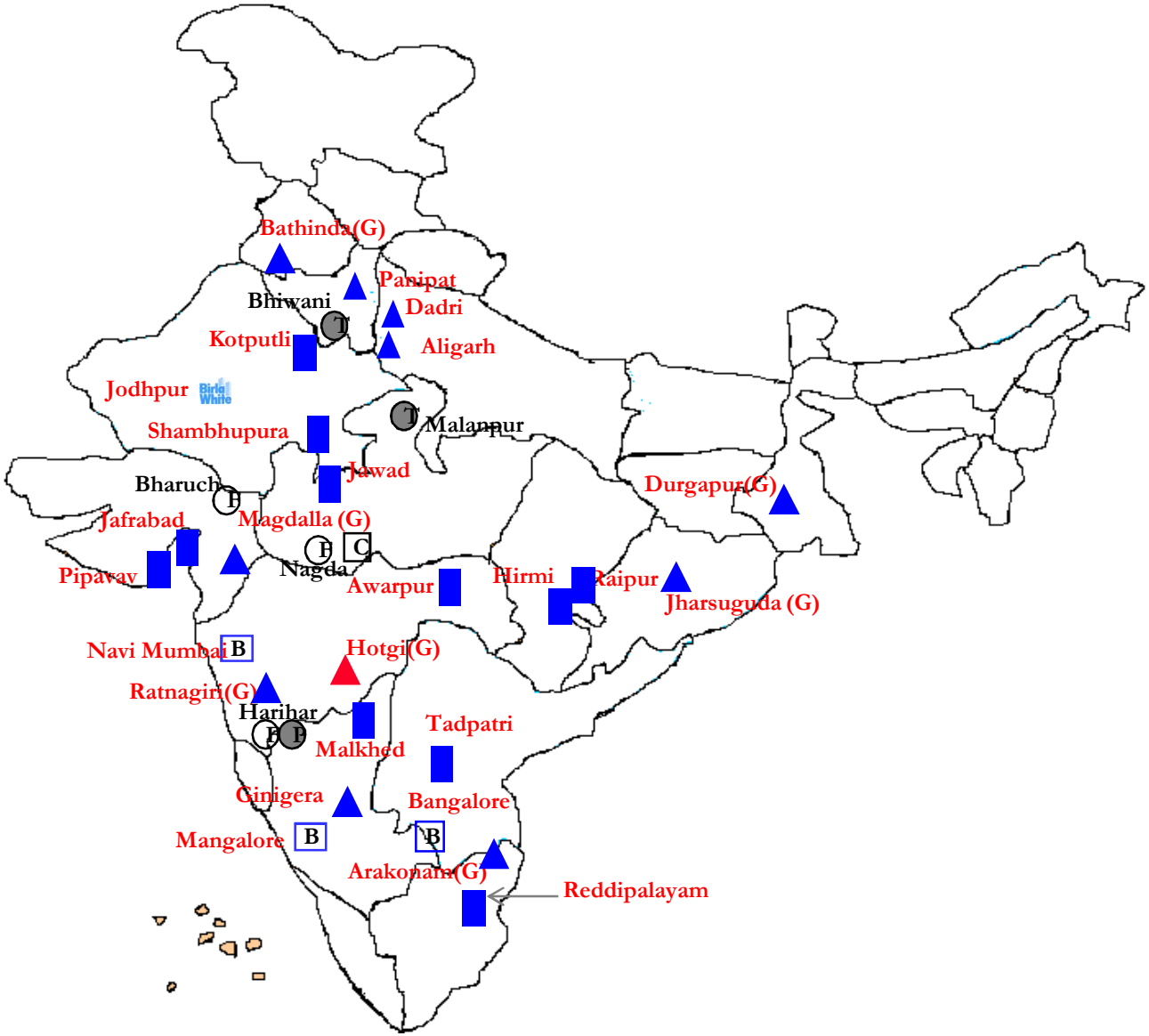
Summary

Summary

- **Both the businesses – Cement and VSF performed well**
  - **However, Difficult Market Conditions creating pressure in both the businesses**
  - **Should emerge stronger in difficult conditions with cost efficiency and continuous improvement plans**
- **Capacity expansions under implementation in both businesses to consolidate leadership**
  - **Cement capacity to increase by 20% by Q1FY14 with further plans on the anvil**
  - **VSF capacity to increase by 50% by end FY13 with focus on specialty fibres**

Plant Locations– Grasim & its subsidiaries

- UltraTech Cement Plants
- UltraTech Grinding Units (G)
- UltraTech Bulk Cement Terminals
- Fibre plants
- Pulp plant
- Chemical plant
- Textiles units



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ADITYA BIRLA

GRASIM

Thank You

Grasim Industries Limited

Annexure

Annexure

- Consolidated Financial Performance
- Standalone Financial Performance
- Consolidated and Standalone Financial
- Consolidated and Standalone Profitability
- Businesswise Performance
- VSF Summary
- Chemical Summary
- Cement Summary

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Consolidated Financial Performance

(₹ Crore)

	Quarter - 1		% Chg.	Full Year
	2011-12	2010-11		2010-11
Net Turnover & Op. Income	5,936.5	5,118.5	16	21,585.2
Other Income	108.5	96.3	13	397.4
PBIDT	1,748.4	1,463.7	19	5,396.7
Interest	94.2	91.2	3	405.6
Gross Profit	1,654.2	1,372.4	21	4,991.2
Depreciation	281.5	267.2	5	1,138.4
PBT	1,372.8	1,105.3	24	3,852.8
Total Tax	372.6	319.9	16	957.6
Share in Profit of Associates	14.1	11.2	--	43.8
PAT (Before Minority Share)	1,014.4	796.6	27	2,939.0
Minority Share	262.7	221.5	19	660.0
PAT (After Minority Share)	751.7	575.1	31	2,279.0
Diluted Earning Per Share (₹)	81.90	62.70	31	248.35

Cash Profit (Before Minority Share)	1,307.0	1,088.3	20	4,062.2

Standalone Financial Performance

(₹ Crore)

	Quarter - 1		% Chg.	Full Year
	2011-12	2010-11		2010-11
Net Turnover & Op. Income	1,043.9	964.5	8	4,645.9
Other Income	80.4	39.8	102	297.8
PBIDT	453.9	360.5	26	1,817.1
Interest	10.6	10.2	4	45.6
Gross Profit	443.3	350.3	27	1,771.5
Depreciation	35.1	44.5	(21)	176.3
PBT	408.2	305.8	33	1,595.2
Total Tax	94.1	82.0	15	413.5
PAT	314.1	223.8	40	1,181.7
Diluted Earning Per Share (₹)	34.23	24.40	40	128.77

Cash Profit	351.3	266.0	32	1,335.7

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Financial Snapshot

(₹ Crore)	Standalone March 2009	Standalone March 2010 *	Standalone March 2011 *	Standalone June 2011 *	Consolidated March 2009	Consolidated March 2010	Consolidated March 2011	Consolidated June 2011
Gross Block (Incl. CWIP)	12,280	3,145	3,085	3,284	21,044	21,717	24,166	24,986
Net Block (Incl. CWIP)	8,308	1,829	1,643	1,808	14,219	14,553	15,791	16,341
Goodwill					2,001	2,007	2,419	2,424
Cement Subs. Investment	2,551	2,636	2,636	2,636				
Investments	2,230	3,689	4,274	4,476	3,550	6,676	7,933	8,417
Net Current Assets	648	281	624	537	943	648	1,526	1,492
Capital Employed	13,737	8,435	9,177	9,458	20,713	23,884	27,669	28,674
Net Worth	9,478	7,145	8,134	8,449	11,558	12,525	14,573	15,334
Minority Interest					1,670	3,755	4,351	4,616
Debts	3,395	1,038	814	777	5,893	5,599	6,783	6,751
Deferred Tax	864	252	230	232	1,592	2,005	1,962	1,974
Debt: Equity (x)	0.36	0.15	0.10	0.09	0.45	0.34	0.36	0.34
Book Value (₹)	1,034	779	887	921	1,261	1,366	1,589	1,672

* After demerger of cement business w. e.f. 01.10.2009

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Profitability Snapshot

(₹ Crore)	Standalone 2008-09	Standalone 2009-10 *	Standalone 2010-11*	Standalone Quarter 1 2011-12*	Consolidated 2008-09	Consolidated 2009-10	Consolidated 2010-11	Consolidated Quarter 1 2011-12
Gross Turnover	12,097	8,842	4,891	1,112	20,325	21,711	23,571	6,516
Net Turnover & Op. Income	10,965	8,313	4,646	1,044	18,496	20,195	21,585	5,937
PBIDT	2,844	2,972	1,817	454	4,779	6,322	5,397	1,748
PBIDT Margin (%)	25.4	34.8	36.8	40.4	25.5	30.9	24.6	28.9
Interest	140	120	46	11	307	335	406	94
PBDT	2,705	2,852	1,771	443	4,472	5,988	4,991	1,654
Total Tax Expenses	600	745	413	94	991	1,570	958	373
PAT # (After Minority Share)	1,648	1,756	1,182	314	2,187	2,759	2,279	752
EPS (₹) #	179.7	191.4	128.8	34.2	238.5	300.8	248.4	82.0
DPS (₹)	30.0	30.0	20.0		--	--	--	--
ROAvCE (PBIT Basis)(%)					20.7	23.9	16.5	20.8
RONW (%) #					21.1	22.9	16.8	20.1
Interest Cover (x)	11.8	16.7	30.3	34.1	10.7	13.9	10.8	14.7

before exceptional / extraordinary gain

* After demerger of cement business w.e.f. 01.10.2009

Consolidated Businesswise Performance - Quarter 1

(₹ Crore)

Business	Revenue		PBIDT		PBIDT Margin (%)		PBIT		Capital Employed		ROAvCE (%) (PBIT basis)	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Cement *	4,617	3,974	1,259	1,089	27.1	27.0	1,023	875	20,773	17,924	20.0	19.9
VSF	1,102	968	382	314	34.5	32.3	348	281	2,841	2,377	50.6	46.9
Chemical	153	119	35	31	22.5	26.2	26	23	469	407	23.1	22.2
Textile	109	93	8	6	7.6	6.7	6	4	187	182	12.7	8.9
Company as a whole	5,937	5,119	1,748	1,464	28.9	28.1	1,467	1,196	28,674	24,670	20.8	19.7

* As UltraTech has only Cement segment, temporary surplus in the business is considered as part of the business

Viscose Staple Fibre : Summary

		Quarter -1		% Chg.	Full Year
		2011-12	2010-11		2010-11
Capacity	TPA	333,975	333,975	-	333,975
Production	MT	69,898	69,328	1	305,087
Sales Volumes	MT	54,839	67,302	(19)	305,072
Net Revenue	₹ Crs.	901.6	856.1	5	4,169.5
Avg. Realisation	₹/MT	152,409	117,910	29	126,614
PBIDT	₹ Crs.	349.8	304.2	15	1,479.2
PBIDT Margin	%	38.5%	35.3%	-	35.3%
PBIT	₹ Crs.	324.2	278.0	17	1,372.8
Capital Employed	₹ Crs.	2,024.8	1,669.3	21	1,832.4
ROAvCE (PBIT Basis)	%	67.2%	65.2%	-	76.8%

Chemical : Summary

		Quarter -1		% Chg.	Full Year
		2011-12	2010-11		2010-11
Capacity	TPA	258,000	258,000	--	258,000
Production	MT	57,381	54,693	5	242,037
Sales Volumes	MT	54,424	54,386	-	241,365
Net Revenue	₹ Crs.	153.4	118.7	29	542.3
Avg. Realisation	₹/MT	22,605	18,455	22	18,720
PBIDT	₹ Crs.	34.6	31.1	11	124.3
PBIDT Margin	%	22.5%	26.2%	--	22.9%
PBIT	₹ Crs.	26.2	22.7	16	90.4
Capital Employed	₹ Crs.	468.5	406.8	15	439.7
ROAvCE (PBIT Basis)	%	23.1%	22.2%	--	21.3%

Cement : Summary

		Quarter -1		% Chg.	Full Year
		2011-12	2010-11		2010-11
Grey Cement					
Capacity	Mn. TPA	51.75	48.75	6	51.75
Production	Mn. MT	10.32	9.92	4	39.67
Cement Sales Volumes $	Mn. MT	10.34	9.85	5	39.96
Clinker Sales Volumes	Mn. MT	0.37	0.45	(18)	1.60
White Cement					
Production	MT	120,982	133,015	(9)	540,844
Sales Volumes $$	MT	122,277	133,052	(8)	546,661

$ Includes captive consumption for RMC

$$ Includes captive consumption for value added products

Cement : Summary Contd…

		Quarter -1		% Chg.	Full Year
		2011-12	2010-11		2010-11
Realisation	₹/MT				
- Domestic Cement		3,935	3,504	12	3,434
- Clinker		1,741	1,533	14	1,617
- White Cement		8,943	7,916	13	8,265
Net Revenue	₹ Crs.	4,617.3	3,973.6	16	15,969.1
PBIDT	₹ Crs.	1,258.7	1,088.8	16	3,483.2
PBIDT Margin	%	27.1%	27.0%	-	21.6%
PBIT	₹ Crs.	1,022.6	875.2	17	2,558.6
ROAvCE	%	20.0	19.9	-	13.7