

30 January 2016

Growth across businesses leading to robust performance

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Revenue up 13 per cent; EBITDA up 43 per cent; Net profit up 95 per cent

Consolidated financial performance

Rs. in crore								
Nine Months ended				Quarter ended				
31.12.2015		31.12.2014		31.12.2015		31.12.2014		
Reported	LFL*			Reported	LFL*			
↑ 11%	26,636	25,690	24,021	Net Revenue	9,044	8,699	8,035	↑ 13%
↑ 23%	4,967	4,736	4,025	EBITDA	1,795	1,719	1,260	↑ 43%
↑ 34%	1,663	1,593	1,237	Net Profit	650	634	334	↑ 95%

**Aditya Birla Chemicals (India) Ltd. (ABCIL) has been merged with the company with effect from 1st April 2015. Like for Like (LFL) numbers exclude ABCIL numbers.*

All of Grasim's Businesses viz. VSF, Chemical and Cement have posted encouraging results during the quarter. The investments made by the company on capacity expansions and acquisitions are yielding results leading to 13 per cent growth in consolidated revenue at Rs.9,044 crore and 43 per cent growth in EBITDA at Rs.1,795 crore. Net profit was up by 95 per cent to Rs.650 crore.

Viscose Staple Fibre (VSF)

Partnering with the value chain players towards increasing the usage of VSF, a focus on increasing the share of specialty fibre and the full ramp up of its Vilayat plant has resulted in a higher off take. Consequently volume increased by 24 per cent from 97K MT in Q3FY15 to 121K MT in Q3FY16. Realisation improved by 8 per cent with uptrend higher global prices. As a result, EBITDA increased by 126 per cent at Rs.308 crore.

The company's pulp JVs have also reported improved performance, driven by higher volumes as well as better realisation.

Chemical Business

The Business revenue doubled from Rs.442 crore in Q3FY15 to Rs.871 crore in

Q3FY16, as a consequence of the merger of ABCIL, and growth from the existing plants. Its caustic soda volume was up by 87 per cent. Epoxy volume also witnessed 48 per cent growth, with product approvals from customers in place and higher exports. EBITDA rose from Rs.67 crore to Rs.177 crore. On a like for like basis also, EBITDA was up by 50 per cent at Rs.101 crore with higher volume and lower energy costs.

Cement subsidiary (UltraTech Cement)

UltraTech Cement has outperformed registering a volume growth of 7 per cent as against ~4.5 per cent estimated for industry. The company saw a higher penetration in rural markets. EBITDA stood at Rs.1,245 crore, up by 18 per cent from Rs.1,058 crore. PAT grew by 36 per cent to Rs.546 crore. Though cement prices remained subdued, its performance during the quarter was encouraging, largely due to operational efficiencies, a judicious fuel mix and lower energy costs. However, the gains were partially offset by the additional district mineral foundation levy and the increased bonus liability for employees.

Outlook

In VSF, prices have seen some correction globally during the quarter due to lower demand on account of end of season. This may have an impact on margins in the near term. The company will continue to focus on expanding its domestic market through product development activities, working closely with brands, designers and retailers. A better customer connect through Brand Liva is leading to growth in demand for VSF based products in the textile value chain.

Caustic demand in India is expected to grow with increase in demand from the end user industry. Being the largest player in the industry, the company will gain from the rise in demand. In cement, the demand is expected to pick up in the near term with the government's focus on infrastructure development, housing sector, smart cities, roads etc. The company is well positioned across the country to cater to the growth in demand.

Grasim enjoys a leadership position in all its businesses: Cement, VSF, and Chemical. It continues to strengthen the same. The company is well poised to gain from the expected upturn in the business cycle, backed by the improvement in economic environment.

Cautionary statement

Statements in this "Press Release" describing the company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities law and regulations. Actual results could differ materially from those express 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.

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