

Grasim reports financial results for Q1 FY 2013- 14

Share

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03 AUGUST, 2013

	Rupees in crore
Consolidated net revenue	6,940
PBIDT	1,549
PAT	610

Projects commissioned recently

Caustic Soda – Vilayat		18K TPA (May)
Cement Business – Clinker Plant	Rawan	3.3 Mn. TPA (March)
Cement Business – Clinker Plant	Malkhed	3.3 Mn. TPA (July)

Consolidated Financial Performance

Grasim Industries Limited, an Aditya Birla Group Company, has reported Revenue of; Rs.6,940 crore and Net Profit of Rs.610 crore in the 1st quarter of FY 2014 vis-à-vis Rs.7,672 crore and Rs.613 crore (before an exceptional item) respectively in the 4th quarter of FY 2013. The performance has been satisfactory considering the prolonged subdued economic environment in India and across the world.

Viscose Staple Fibre

The production of VSF improved by 2% over the preceding quarter with completion of the expansion at Harihar plant. The Kharach unit operated at lower capacity for 45 days as Govt. canal supplying water was under repair. However, the new reservoir at Nagda, and better planning at Harihar, ensured that there is no production loss.

Sales volume was 77,518 MT and Net Revenue stood at Rs.980 crore. The VSF prices remained under pressure due to overcapacity in China. The impact of the decline in prices was partly neutralized by depreciation of the Indian rupee. On the cost front, the price of caustic and sulphur has eased. However, lower realisations resulted in a decline in profits.

The pulp JVs have reported higher sales volumes. Pulp prices have improved sequentially.

Cement Subsidiary (UltraTech Cement)

The combined cement and clinker sales volume was 10.88 Mn. Tons. Net Revenue stood at Rs.5,294 crore. The quarter witnessed an increasing trend in logisitics and raw material cost, linked to increase in railway freight and diesel prices. The benefit of softening in prices of imported coal was partly offset by the depreciation of the rupee.

Chemical Business

The Chemical business put in a satisfactory performance. With the commissioning of the Caustic Soda plant at Vilayat (Gujarat) in May 2013, sales volume increased by 9% to 72,028 MT. Volumes will further improve with the gradual ramp up of capacity. ECU realisations saw a correction from the peak level witnessed during FY 2013.

VSF & Chemical Capex



Cement Capex

The clinkerisation plant at Malkhed (Karnataka) of 3.30 Mn. TPA was commissioned during July 2013 in addition to that of Rawan (Chhattisgarh) of 3.30 Mn. TPA in March 2013. With this, the total clinker capacity stands increased to 45.10 Mn. TPA. This will contribute to the volumes in a phased manner.

Work on the 2.90 Mn. TPA brownfield expansion at Shambhupura (Rajasthan), has commenced.

After the commissioning of all the projects (including cement grinding units) currently under implementation, UltraTech's cement capacity will stand augmented to 64.45 Mn. TPA.

Outlook

Given the prevailing global economic conditions, coupled with the surplus capacity in China, the VSF industry continues to face a challenging environment in the immediate term. In Cement, the demand is expected to grow by 6% in FY 2014 due to the slowdown in GDP growth rate. It has the potential to recover to over 8% with the improvement in the economic environment.

Capacity expansions in VSF and Cement will provide additional volumes, driving growth and further consolidate the Company's leadership. This will enable the Company to move forward rapidly, with the recovery in the market.

The Company will continue to focus on cost reduction measures, improving asset productivity to maintain its position as the lowest cost producer and expanding specialty products portfolio for sustained shareholder value creation.

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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