

# Grasim announces Q1FY18 results

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14 AUGUST, 2017

- Q1 FY18: Net Revenue up 8 per cent; EBITDA up 9 per cent; Net profit up 7 per cent
- Consolidated Financial Performance

|                 |               |            |
|-----------------|---------------|------------|
| Rupees in crore |               |            |
|                 | Quarter ended |            |
|                 | 31.06.2017    | 31.06.2016 |
| Net Revenue     | 9,846         | 9,085      |
| EBITDA          | 2,419         | 2,214      |
| Net Profit      | 890           | 830        |

Grasim has reported an all-round growth in Revenue, EBITDA and Net profit for the quarter ended 30 June 2017. The consolidated revenue at Rs.9,846 crore was up by 8 per cent. EBITDA at Rs.2,419 crore was up by 9 per cent on the back of improved profitability from all the businesses. Net profit for the quarter rose by 7 per cent at Rs.890 crore.

## Viscose Staple Fibre (VSF)

Global VSF prices witnessed some weakness during the quarter due to subdued demand conditions from downstream players in China. Prices recovered towards the quarter end, with improving market sentiments.

The domestic market saw destocking in the value chain given the announcement of GST implementation. The company’s sales volumes were maintained at 121K tonnes. EBITDA for the quarter was at Rs.349 crore, up by 8 per cent led by better product mix and improved operating efficiency.

The operations of the captive pulp plant at Harihar resumed towards June end, with the onset of monsoon.

## Chemical Business

The domestic caustic soda prices remained firm in line with international prices. The oversupply of chlorine due to new capacity additions last year continued to impact chlorine prices in the domestic market.

For Q1FY18, our sales volumes were up by 4 per cent at 199K tonnes. ECU realisation augmented by 2 per cent helped by higher caustic prices and partially restricted by negative chlorine realisation. The business continues to focus on increasing the volume of chlorine based value added products. Despite the increase in power cost EBITDA at Rs.244 crore rose by 5 per cent backed by higher ECU realisation and higher sales volume of Epoxy products.

The Brownfield expansion at Vilayat is progressing as planned. The commissioning of the plant is expected by Q4FY18. With debottlenecking under implementation at its other plants and the capacity of Aditya Birla Nuvo Limited (ABNL) coming into Grasim’s fold (effective from 1 July 2017), the total caustic soda capacity will increase from 840K TPA to 1,139K TPA.

## Cement Subsidiary - UltraTech



, and logistic costs, offset to some extent by an improvement in operating efficiencies.

During the quarter, UltraTech completed the acquisition of the cement plants from Jaiprakash Associates Limited and Jaypee Cement Corporations Limited with a total capacity of 21.2 Mn. TPA. The acquisition propels UltraTech's total capacity to 93 Mn. TPA and provides a strong foothold in Central India.

## Composite Scheme of Arrangement for merger of Aditya Birla Nuvo Limited

With the sanction from NCLT for the composite scheme of merger of ABNL into Grasim and the demerger of Financial Services business, ABNL has merged with Grasim effective from 1 July 2017. The demerger of the Financial Services business has been rendered effective from 4 July 2017. The allotment and listing of equity shares of Aditya Birla Capital Limited (formerly known as Aditya Birla Financial Services Limited) is in process.

As the merger of ABNL has become effective from 1 July 2017, its financial results are not included in the company's results. The results of erstwhile ABNL will be included in the company's financial result from Q2 FY18 onwards. For current quarter, erstwhile ABNL's consolidated EBITDA was Rs.448 crore and PAT was Rs.79 crore.

## Outlook

The VSF business will continue to focus on expanding the VSF market in India by partnering with the textile value chain, achieving better customer connect through Brand Liva and enriching the product mix through a larger share of specialty fibre. The company is working on investment plan for capacity expansion in addition to the ongoing debottlenecking of its plants to meet the growing consumer demand.

The demand for caustic soda in India is expected to grow with rising consumption from the Alumina and Textile sectors. However, the increase in supply on account of new capacities in the industry may create a temporary imbalance in the demand supply situation. Chlorine continues to remain in the oversupply mode.

In Cement, the demand is expected to grow, driven by the Government's focus on infrastructure spending, affordable housing and the likely revival of rural housing with good monsoon. The company is well positioned across the country to cater to the growth in demand.

The company, with leadership positions across its businesses and the merger of ABNL, is poised to enter into a new era of growth with a combination of high growth sectors and businesses with healthy cash flows supported by a strong balance sheet.

### 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.*



Grasim Industries Limited, part of the **Aditya Birla Group**, ranks amongst the top publicly listed companies in India

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