

# Grasim announces results for Q1 FY 18-19

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Ranked #205 in the list of “Global 2000 – Growth Champions 2018” by Forbes Magazine, USA.

Rupees in crore						
Standalone			Consolidated			
	Q1 FY19	Q1 FY18		Q1 FY19	Q1 FY18	
75%	4,789	2,740	Net Revenue	16,857	9,846	71%
89%	1,176	621	EBITDA	3,212	2,419	33%
85%	643	347	PAT	1,116	890	25%

Grasim has reported an excellent performance for Q1FY19, recording all-round growth.

For its Q1FY19, Standalone revenue at Rs.4,789 Cr. was up by 75%, compared to Q1 last year. Standalone EBITDA grew by 89% at Rs.1,176 Cr. The FCF for the quarter was ~ Rs. 400 Cr. after a capex of over Rs.300 Cr.

At consolidated level, the revenue for Q1FY19 rose by 71% to Rs.16,857 Cr. and EBITDA at Rs.3,212 Cr. was up by 33%.

The results of the current quarter are not comparable with that of the corresponding quarter of the previous year. The previous year’s results do not include the results of the erstwhile Aditya Birla Nuvo Limited (ABNL) which was merged with the Company with effect from 1st July, 2017. On a like to like basis, the performance for the quarter ended 30th June, 2018 was outstanding as Standalone revenue at Rs.3,547 Cr. for the quarter was up by 29% and EBITDA grew by 66%.

## Viscose Business

The Net Revenue for Q1FY19 at Rs.2,480 Cr. was higher by 35% and EBITDA at Rs.586 Cr. by 68%.

The VSF business reported its highest ever quarterly production and sales volume of 134KT and 132KT respectively. The share of the domestic sales in the overall sales rose to 82% in Q1FY19 vis-à-vis 69% in Q1FY18. This was primarily driven by expansion of the domestic market, aided by brand LIVA initiative of the Company.

The debottlenecking of the VSF capacity at multiple plant locations is almost complete and is reflected in the production volumes of the current quarter (Q1FY19).

Grasim is committed to achieve global benchmarks in sustainability through close loop production / European Union Best Available Technologies (EUBAT) technology.

The Company’s overseas pulp JVs registered an improvement in operational and financial performance on the back of strong pulp realization and a continued focus on cost optimisation.

The recently announced brownfield capacity expansion plan of 219 KTPA at Vilayat is under implementation. Project related work has commenced with the placement of orders for long lead time equipments.

## Chemical Business



The 146 KTPA Brownfield expansion of caustic soda at Vilayat was commissioned during the quarter.

Net Revenue for the quarter rose by 46% YoY to Rs.1,579 Cr. and EBITDA by 103% YoY to Rs.495 Cr. Better realization and higher sales volume were the main drivers. The management focus on increasing the volume of speciality products (chlorine based value added products) continues.

The Board has approved the expansion plans for caustic soda and Speciality chemicals at the existing locations entailing a total capex of Rs.1,112 Cr. This would increase caustic soda capacity by 14% to 1,310 KTPA by FY22.

## Capex Plan

The capex plan of ~ Rs.7,500 Cr. (at standalone level) is under execution for raising capacities in both VSF and Chemical businesses, apart from capex earmarked for maintenance at various plants. A significant portion of our capital expenditure will be funded by internal accruals during FY19-FY21.

## Cement Subsidiary - UltraTech

UltraTech reported Consolidated Sales Revenue of Rs.9,021 Cr. up 28% (YoY) and EBITDA of Rs.1,763 Cr. in Q1FY19. The consolidated sales volume registered an increase of 29% on YoY basis to 18.01mtpa.

The acquisition of the Cement business of Century Textiles and Industries Ltd., in terms of a Scheme of Arrangement is in the process of requisite approvals. On completion of the said acquisition and ongoing capacity expansions, UltraTech's total capacity will stand augmented to 111.1 Mn MTPA inclusive of its overseas capacity.

## Financial Services Subsidiary – Aditya Birla Capital Limited (ABCL)

Revenue and Net Profit for Q1FY19 stood at Rs. 2,978 Cr. and Rs.216 Cr., an increase of 32% and 26% YoY respectively. All the key businesses have been the contributors.

NBFC lending book grew 23% YoY to Rs.44,408 Cr. The Housing Finance book grew by 1.9x YoY to Rs.9,176 Cr. in Q1FY19.

Its Asset Management business ranked No.3 in India with the Average Assets under management up by 19% YoY to Rs.2,67,176 Cr. The business has registered an overall domestic market share of 10.7% with Equity AUM (incl. Alternate and Offshore) at ~ Rs.1,00,000 Cr. in Q1FY19.

The Life Insurance business reported a 40% growth in the Individual First Year Premium to Rs.227 Cr. It has improved its individual rank by 2 spots to No.71 amongst insurance companies.

The Health Insurance business has reported a gross written premium of Rs.76 Crore in Q1FY19.

<sup>1</sup>Rank and Market share amongst players (Excl. LIC) based on individual FYP: source IRDAI

## Outlook

The VSF business will continue to focus on expanding the 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. However, new capacities likely to come on stream in China may impact the global VSF prices in the near term.

The Chemical business is witnessing a healthy growth with the completion of its recent capacity expansion. Further growth is expected from the new capex plan for caustic soda expansion and new product lines for specialty chemicals.

In Cement, with the cement industry now in its up-cycle, the demand is expected to be healthy. The key drivers being higher government budget allocation for infrastructure and rural development, increased rural housing demand consequent to increase in Minimum Support Price for kharif crop and pre-election



In Financial Services, ABCL is in the unique position of being able to provide Universal Financial Solutions to meet customers' money needs for life. ABCL's focused customercentric approach under a single brand "Aditya Birla Capital" enables it to chart a differentiated and disciplined path to growth.

**Overall, the outlook going forward, remains robust.**



**ADITYA BIRLA GROUP**

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

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