Growth & Resilience Amid Second Wave

Share

13 AUGUST, 2021

- Strong performance in Q1FY22; Consolidated PAT up ~6x YoY
- Consolidated EBITDA up 86% YoY at ₹4,736 Cr.
- Advanced Materials (Epoxy) business has delivered record performance
- VSF business achieves landmark EU Best Available Technology ("EU BAT") compliance at Vilayat facility

QUARTERLY FINANCIAL RESULTS*

Rupees in crore

Standalone				Consolidated		
Q1FY22	Q1FY21	% Change (Y-o-Y)		Q1FY22	Q1FY21	% Change (Y-o-Y)
3,763	1,336	182%	Revenue	**19,919**	13,044	53%
805	(126)	-	EBITDA	**4,736**	2,545	86%
482	(283)	-	PAT**	**1,667**	234	612%

**Excluding Revenue and EBITDA of the discontinued operations of Fertilisers Business*
***After Exceptional items*

Consolidated revenue for Q1FY22 was up 53% YoY at ₹19,919 Cr. EBITDA up 86% YoY to ₹4,736 Cr. and PAT* at ₹1,667 Cr. was up 612% YoY.

Standalone revenue for Q1FY22 was at ₹3,763 Cr. EBITDA at ₹805 Cr. and PAT at ₹482 Cr. significantly higher on a YoY basis.

Revenue and EBITDA from the discontinued operations (Fertiliser Business) for Q1FY22 stood at ₹687 Cr. and ₹56 Cr. (Q1FY21: ₹605 Cr. and ₹72 Cr.) respectively. The Fertiliser Business divestment process is expected to be completed by Q2FY22.

The second wave of COVID-19 slowed down the pace of economic activity, which was fast recovering. However, with the accelerated pace of vaccination by the Government and the receding impact of 2nd wave, the economy is witnessing a strong rebound.

Viscose Business

ile products, leading to an accumulation of inventory in the value chain.

Consequently, the VSF sale volume registered sequential degrowth in Q1FY22. To cushion the impact of the slowdown in the domestic textile sector, the company proactively increased the share of exports to 31% in Q1FY22 from 11% in Q4FY21. The share of value-added products in the overall sales mix also improved to 26% in Q1FY22 from an average of 22% in FY21. Due to the lockdown-led drop in domestic volume, the company advanced the Harihar plant maintenance shutdown to May-21. VFY volumes were also impacted due to lower demand. The domestic fibre demand has recovered swiftly post easing of the lockdown and is now nearing the Pre COVID level.

The VSF prices in China corrected from their multiyear high in Q1FY21 and have stabilised at the current level of ~13,000 RMB. China's VSF inventory at plants increased to 24 days in Jun-21 from 13 days (Mar-21), leading to readjustment of production levels by Chinese VSF players to take care of inventory built up and to lend stability to the prices. As a result, the OR in China fell to 69% by June end.

Chemical Business

The second COVID wave had a marginal impact on the operational performance of the Chemical business.

International caustic soda prices maintained the upsurge in Q1FY22 driven by supply outages due to maintenance shutdown and demand improvement. The rise in domestic caustic soda prices was subdued owing to weak demand from textile, organic chemicals and excess supply situation. The caustic soda capacity utilisation stood at 85% in Q1FY22, higher than the industry average.

The Advanced Materials business reported its best-ever performance in Q1FY22, driven by strong demand scenario and better pricing environment globally and in India. The demand continues to be driven by the wind and auto segments. The key input cost like ECH and BPA witnessed a significant increase during the quarter coupled with supply constraints.

Paint Business

The Paint business is making progress in line with the plans. Land acquisition for setting up plants at different states is in process, and simultaneously project engineering plans are also progressing.

Capex Plan

The commissioning of VSF expansion (2 lines of 300 TPD each) at Vilayat is as per schedule. Line 1 is expected to be commissioned in Q2 and Line 2 in Q3 of the current financial year. In the Chlor-alkali business, the commissioning of Rehla plant-91KTPA and CMS plant-54.8KTPA is expected in Q2FY22, the commissioning of BB Puram plant (Phase-1)- 73KTPA and Vilayat plant (Phase-1)- 73KTPA is expected in H2FY22, and the total capex (to be spent) for FY22 stands at ₹2,604 Cr. (Excluding the Paints and Fertiliser).

Sustainability

The VSF business achieved EU BAT compliance at its Vilayat Plant and has successfully commissioned the Carbon-disulphide Adsorption Plant (CAP) and has achieved the stringent level of sulphur to air emission norms stipulated in the EU BAT references (EU Best Available Technologies BREFs) for the viscose manufacturing process.

Aditya Birla Renewable Energy Ltd. (ABREL), a wholly-owned subsidiary of the Company, will commission 38MW of new capacity in Q2FY22. A total of 343MW of new capacity is to be commissioned in FY22 and FY23, taking the total capacity to 845MW.

COVID 19

The Company continues to give utmost primacy to the safety and well-being of employees and local communities in the wake of the second wave of COVID-19. The Company has initiated a vaccination program for employees and their dependents at various plant locations and corporate offices, which is progressing well.

Cement Subsidiary - UltraTech Cement Limited

UltraTech witnessed a YoY increase in the cost of production due to a rise in the energy, raw material and logistics cost during Q1FY22.

UltraTech's 19.5 MTPA capacity expansion program through a mix of greenfield and brownfield expansion is on track and is expected to get completed by the end of FY23 taking total capacity to 136.25 MTPA

Financial Services Subsidiary – Aditya Birla Capital Limited (ABCL)

The Consolidated Revenue of ABCL grew 7% YoY to ₹4,299 Cr. and consolidated profit after tax (after minority interest) grew 52% year on year to ₹302 Cr. in Q1FY22, the best quarterly profit. ABCL's focus on building scale, growing its retail base and delivering consistent profitability has yielded results. The retailisation strategy has led to the active customer base growing to ~ 25 million, a 30% YoY growth.

The NBFC and Housing Finance lending book stood at ₹57,182 Cr. in Q1FY22. The Gross disbursement stood at ₹2,553 Cr. in Q1FY22. The disbursals in Jun-21 stood at ₹1,276 Cr., almost touched the Pre COVID level. The Net Interest Margin (Incl. Fee Income) for the NBFC business is up 131 bps Y-o-Y to 6.14% in Q1FY22.

In Asset Management, the Domestic AAUM increased to ₹2,75,454 Cr. (Q1FY22), up 28% YoY. The PBT/ AAUM increased from 24bps in Q1FY21 to 30 bps in Q1FY22.

In Life Insurance, Individual First Year Premium (FYP) for Q1FY22 grew by 5% YoY to ₹325 Cr. Renewal premium grew 41% YoY, to ₹1,092 Cr. in Q1FY22, out of which 69% has been collected digitally.

In the Health Insurance business, the gross written premium for Q1FY22 increased to ₹368 Cr., up 50% YoY. Out of the 14.4 million lives covered by the business,10 million lives are covered through micro and byte size products.

About Grasim Industries Limited

Grasim Industries Limited, a flagship company of the Aditya Birla Group, ranks amongst the top publicly listed companies in India. Incorporated in 1947, it started as a textiles manufacturer in India. Today, it has evolved into a leading diversified player with leadership presence across many sectors. It is a leading global producer of Viscose Staple Fibre, the largest Chlor-Alkali, Linen and Insulators player in India. Through its subsidiaries, UltraTech Cement and Aditya Birla Capital, it is also India's largest cement producer and a leading diversified financial services player. At Grasim, there is an endeavour to create sustainable value for 23,500+ employees, 222,000+ shareholders, society and customers. The company reported consolidated net revenue of ₹ 76,398 Cr. and EBITDA of ₹ 15,766 Cr. in FY 2021.

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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