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PRESS RELEASE

4 May 2013

Grasim reports better performance for financial year 2012-13

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	Rs. crore
Consolidated net revenue	27,904 ↑ 11%
PBIDT	6,543 ↑ 4%
PAT	2,704 ↑ 2%

Projects commissioned

VSF – Harihar Phase II	18K TPA
Caustic – Vilayat	182K TPA
Cement – Rawan Clinkerisation	3.3 Mn. TPA
Hotgi Grinding Unit	1.55 Mn. TPA

Consolidated financial performance:

Grasim Industries Limited, an Aditya Birla Group company, today announced its results for the full year along with the 4th quarter ended 31st March 2013.

The company has reported improved performance for the year, achieving higher revenue and PBIDT despite the economic slowdown as reflected in decline in the Indian GDP growth to ~5 per cent. The company's revenue increased by 11 per cent at Rs.27,904 crore (Rs.25,245 crore). PBIDT increased from Rs.6,321 crore to Rs.6,543 crore, a growth of 4 per cent, led by improved volumes in its VSF business and cost optimisation. Net profit was Rs.2,704 crore as compared to Rs.2,647 crore in FY 2011-12.

During the 4th quarter, revenue rose by 5 per cent at Rs.7,672 crore (Rs.7,283 crore), PBIDT stood at Rs.1,786 crore (Rs.1,883 crore) and net profit was Rs.818 crore (Rs.809 crore).

	Q4 (January-March)			12M (April-March)		
	FY 2012-13	FY 2011-12	% Change	FY 2012-13	FY 2011-12	% Change
Net revenue	7,672	7,283	5	27,904	25,245	11
PBIDT	1,786	1,883	(5)	6,543	6,321	4
Net profit	818	809	1	2,704	2,647	2

Dividend

The Board of Directors of Grasim has recommended a dividend of Rs.22.50 per share, same as last year. The total outflow on account of the dividend would be Rs.216 crore (including corporate tax on dividend).

Viscose Staple Fibre (VSF)

Sluggishness in the global economy continued to impact the textile industry. Fibre prices remained volatile due to the surplus VSF capacity in China and high cotton inventory. Despite the difficult market conditions, sales volumes for the quarter at 95,161 tonnes were maintained. Volumes during the year, however, grew by 9 per cent. Global VSF prices declined by 10 per cent on YoY basis. Though pulp cost eased with decline in imported pulp prices, higher caustic prices led to pressure on margins. The Chemical business, however, benefited from the increase in caustic prices.

The performance of the company's pulp JVs was adversely affected due to fall in realisations.

Cement subsidiary (UltraTech Cement)

The combined cement and clinker sales for the quarter was 12.05 Mn. tonnes. Net revenue stood at Rs. 5,819 crore (Rs.5,650 crore), up by 3 per cent. Profit after Tax was Rs. 753 crore (after providing for the additional deferred tax liability of Rs.87 crore) as compared to Rs. 872 crore in Q4 FY 2011-12.

The quarter witnessed continuing pressure on input and logistics costs, given the increase in railway freight and hike in diesel prices though there was some relief on account of the softening in prices of imported coal.

Chemical Business

The Chemical business continued to perform well. ECU realisations remained firm. Some improvement in chlorine prices was visible during the quarter. Both operating profit and margins, improved.

VSF and Chemical Capex

The brownfield VSF expansion at Harihar (Karnataka), has been completed with the commissioning of Phase II (18,250 TPA) in May 2013.

The greenfield project of VSF (120,000 TPA) at Vilayat (Gujarat) is nearing completion and is expected to go on stream in the 2nd quarter. Chemical plant (182,500 TPA) started commercial production in May 2013. There will be a gradual ramp up in capacity in the first half of FY 2013-14.

Work on epoxy project (Vilayat) is progressing, and is likely to be commissioned in September 2013.

A major revamp of the VSF plant at Nagda has started. This will be undertaken in phases, spread over the next two years.

Cement capex

UltraTech is implementing projects across many of its locations. Of these, the following projects have been commissioned during the quarter:

Clinkerisation plant at Rawan, Chhattisgarh	3.30 Mn. TPA
Grinding unit at Hotgi, Maharashtra	1.55 Mn. TPA
Increase in cement grinding capacity at Gujarat plant	0.60 Mn. TPA
Bulk terminal at Cochin, Kerala	
Wall care putty plant at Katni, Madhya Pradesh	

With the commissioning of these projects, the clinker capacity has increased to 41.80 Mn. TPA and that of cement to 53.90 Mn. TPA. The clinkerisation plant of 3.30 Mn. TPA in Karnataka is expected to go on stream in Q1 FY 2013-14.

UltraTech plans to expand its capacity at Aditya Cement Works in Rajasthan by 2.90 Mn. TPA including the setting up of two grinding units. The expansion envisages a capital outlay of Rs.2,000 crore. The additional capacity is expected to be commissioned by March 2015.

With the commissioning of the existing projects under implementation and Aditya expansion, 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 is expected to remain under pressure in the short term. In Cement, the demand is expected to grow by an average 8 per cent in the long term with housing, infrastructure and allied spending being the key value drivers. Industry capacity utilisation is likely to improve to 80 per cent in FY 2016 as the pace of capacity addition will slow down. Cost pressures are easing off with the decline in global commodity prices, particularly energy.

Capacity expansions in VSF and capacities under implementation / unutilised in cement will provide additional volumes, driving growth and further consolidation of the company's leadership. The company will utilise these capacities at the earliest in the present difficult situation. 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.

For more information, contact:

Dr. Pragnya Ram

Group Executive President

Corporate Communications & CSR

Aditya Birla Management Corporation Private Limited

Tel: 91-22-6652 5000 / 2499 5000

Fax: 91-22-6652 5741/ 42

Email: pragnya.ram@adityabirla.com

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