

# India's new growth story: Grasim reports strong financial results for FY19

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- Consolidated Revenue: Rs.72,971 crore up 31 per cent YoY; EBITDA: Rs.12,820 crore up 18 per cent YoY
- Standalone Revenue: Rs.20,550 crore up 30 per cent YoY; EBITDA: Rs.4,639 crore up 31 per cent YoY
- Consolidated PAT (Before Exceptional Items): Rs.4,112 crore up 36 per cent YoY
- Standalone PAT (Before Exceptional Items): Rs.2,574 crore up 30 per cent YoY
- Standalone Cash Profit: Rs.3,457 crore up 31 per cent

Rupees in crore

Standalone			Consolidated			
	Q4 FY19	Q4 FY18		Q4 FY18	Q4 FY19	
16%	5,352	4,612	Net Revenue	20,965	17,363	21%
6%	1,000	947	EBITDA	3,786	2,973	27%
21%	451	373	PAT	1,145	720	59%



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## Viscose Business

The net revenue for FY19 stood at Rs.10,325 crore up by 23 per cent YoY and EBITDA at Rs.2,052 crore up by 22 per cent YoY driven by better sales volume and realisation. The net revenue for Q4FY19 are at Rs.2,625 crore up by 18 per cent and EBITDA at Rs.413 crore, is up by 3 per cent vis-à-vis the comparable quarter of the previous year.

The VSF business reported record production and sales volume of 541KT in FY19 up 8 per cent and 6 per cent YoY, led by capacity debottlenecking. For Q4FY19 the production and sales volume of 130KT and 139KT respectively recording an increase of 15 per cent and 13 per cent YoY. The share of the domestic sales in the overall sales rose to 86 per cent in Q4FY19 from 83 per cent in Q4FY18.

The company's popular VSF brand 'Liva' for the VSF business has been extended, to home textile category with launch of "LIVA HOME". Today, Liva partners with over 40 retail brands and is available across 3,500 outlets in Exclusive Business Outlets and Large Format Stores in addition to many more MBOs in 250 cities of India. This has resulted in doubling the viscose fibre consumption in the country over past four years. Viscose business has been registering a double digit growth in the last few years and market share of Viscose in overall fibre basket has gone up from 3.5 per cent to 5 per cent in the last four years..

Value added Speciality Fibre line of 16 KTPA capacity based on in-house technology has been commissioned at Kharach in May 2019.



## Chemical Business

The net revenue for FY19 stood at Rs.6,436 crore up by 29 per cent YoY and EBITDA at Rs.1,827 crore up by 40 per cent YoY driven by higher sales volume and better realisation. The net revenue for Q4FY19 are higher at Rs.1,688 crore up by 17 per cent and EBITDA at Rs.434 crore, up by 5 per cent vis-à-vis the comparable quarter of the earlier year.

The caustic soda sales surpassed one million tonne mark in FY19, a first in the country by any company and is a significant milestone achieved by the business. For Q4FY19 the production and sales volume of 254KT and 261KT respectively recording an increase of 16 per cent and 21 per cent YoY. The company recently launched four new brands of chlorine VAPs for consumer facing products in line with the management focus on increasing the volume of speciality products.

The acquisition of under construction Chlor-Alkali plant in Andhra Pradesh (with a potential capacity of 365 KTPA) for Rs.253 crore during the Q4FY19 is aimed at strengthening the operations on the east coast of India, a major caustic soda consumption hub.

The company is in the process of implementing approved capacity expansion plan from 1,147 KTPA to 1,457 KTPA at multiple locations and the same are in different stages of execution.

## Capex Plan

The total capex plan of Rs.6,454 crore (at standalone level) is under execution for raising capacities in both the VSF and Chemical businesses, apart from ongoing modernisation capex at various plants. This capital expenditure will be incurred over FY20-FY22 and will be majorly funded from internal accruals. The cash profit generated in FY19 is over Rs.3,400 crore at standalone level.

## Dividend

The Board of Directors of Grasim has recommended a dividend of Rs.7.00 per share as against Rs.6.20 per share in the previous year. The total outflow on account of the dividend would be Rs.516 crore (inclusive of the corporate tax on dividend).

## Cement Subsidiary - UltraTech

UltraTech reported Consolidated Sales Revenue of `10,905 Cr. up 17% (YoY) and EBITDA of `2,459Cr. in Q4FY19 up 30% (YoY). The consolidated sales volume registered an increase of 16% on YoY basis to ~22 MTPA.

The consolidated sales revenue and EBITDA of UltraTech for FY19 stood at Rs.37,379 crore up 21 per cent (YoY) and Rs.7,226 crore up 7 per cent (YoY). The consolidated sales volume registered an increase of 17 per cent on YoY basis to ~76 MTPA.

The Scheme of Arrangement amongst Century Textiles and Industries Limited ("Century"), UltraTech and their respective shareholders and creditors ("the Scheme"), is now awaiting the approval of the National Company Law Tribunal and other regulatory authorities as may be required.

Upon completing this acquisition and with the on-going capacity expansions, UltraTech's cement manufacturing capacity will stand augmented to 113.4MTPA, in India, strengthening its position as the 3rd largest cement player globally (excluding China).

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

- The revenue and net profit after minority interest for FY19 (as reported by ABCL) are at Rs.15,164 crore and Rs.871 crore up by 32 per cent and 26 per cent.
- The revenue and net profit after minority interest for Q4FY19 are at Rs.4,730 crore and Rs.258 crore up by 32 per cent and 52 per cent.
- The NBFC Lending book (including housing finance) grew 23 per cent YoY to Rs.63,119 crore (FY19)



- In Life Insurance business, the individual first year premium are up 41 per cent to Rs.691 crore in Q4FY19.
- The persistency ratios also witnessed a consistent improvement, to 78 per cent (FY19) up 3 per cent.
- In the Health Insurance business, gross written premium increased to Rs.497 crore (FY19), 2x over the previous year.

### Acquisition of Soktas India Pvt. Ltd. (SIPL)

The acquisition of 100 per cent equity of SIPL by the company for Rs.135 crore is aimed at expanding its leadership in premium fabric, complementing its existing linen business. SIPL has since been renamed as Grasim Premium Fabric Pvt. Ltd. The Board has approved merger of this subsidiary with the company subject to regulatory and other approvals.

### 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 its brand LIVA, extensions into new categories and enriching the product mix through a larger share of specialty fibre. However, the new capacities recently commissioned in Asia may create short-term demand supply mismatch and resultant pressure on prices.

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The Government's thrust on infrastructure development viz. construction of cement concrete roads, metro rail networks, airports, DFC, irrigation projects and increase in the pace of execution under the low cost housing program, supported strong volume off-take. With stabilisation of RERA, pick-up in urban housing is also being witnessed. All of these are expected to result in sustained demand growth for cement going forward. This augurs well for the industry. UltraTech, with its expansions in the last three years is very well placed to participate in the growth of the economy.

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

### 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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