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PRESS RELEASE

29 October 2012

Grasim reports improved financial results for Q2 FY12-13

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	Rs. crore
Consolidated net revenue	6,602 ↑ 15%
Consolidated PBIDT	1,505 ↑ 33%
Consolidated net profit	620 ↑ 48%

	Rs. crore
Capacity addition under implementation	
VSF	146K TPA ↑ 40%
Cement	10 Mn. TPA ↑ 20%

The benefits of these will be available from next year

Consolidated financial performance

Grasim Industries Limited, an Aditya Birla Group company, today announced its results for the second quarter ended 30th September 2012. Revenue for the quarter grew by 15 per cent from Rs.5,755 crore to Rs.6,602 crore. PBIDT for the quarter was Rs.1,505 crore against Rs.1,135 crore in the corresponding quarter, an increase of 33 per cent, driven largely by improved performance of the cement business. Net profit rose by 48 per cent to Rs.620 crore (Rs.418 crore).

Viscose Staple Fibre (VSF)

VSF sales volumes grew by 8 per cent despite the Nagda plant being closed for 11 days due to water shortage and difficult conditions in the global textile industry amidst economic slowdown. Globally, realisations have been lower but due to the rupee depreciation by 20 per cent, average realisations were maintained. Margins are under pressure given the increase in input costs, viz. caustic soda, coal and sulphur. The effect of higher caustic prices is reflected in the higher profitability of the chemical business.

As reported earlier, the acquisition of assets of Terrace Bay, a pulp mill in Ontario, Canada was completed in July 2012 by AV Terrace Bay, our JV with Thai Rayon. The operations at the pulp mill (paper grade) were restarted in October 2012 as planned.

Cement subsidiary (UltraTech Cement)

UltraTech has reported good performance for the quarter. Cement sales volumes were maintained at 9.74 million tonnes. Net revenue stood at Rs.4,970 crore as compared to Rs.4,192 crore, up by 19 per cent. Net profit for the quarter was Rs.553 crore as against Rs.265 crore.

Variable cost rose by 8 per cent mainly on account of higher raw material prices linked to increase in railway freight in March 2012 and diesel prices. The depreciation in rupee partially offset the benefit of softening in prices of imported coal. Extensive measures for cost improvement and logistics optimisation taken by the company helped in curbing costs to an extent.

Chemical business

The chemical business also performed well with improvement in ECU realisations. However, capacity utilisation across industry was impacted due to lower chlorine off take in markets. As a result caustic prices remained firm. Caustic sales volumes were marginally down by 3 per cent to 65,500 tonnes.

VSF and Chemical capex

At Harihar (Karnataka), phase I of the VSF brownfield expansion (18,250 TPA) was commissioned in September 2012. Phase II (18,250 TPA) is expected to go on-stream in the fourth quarter. The capacity of Domsjo, the pulp JV in Sweden, has been ramped up by 45,000 TPA during the quarter.

The VSF (120,000 TPA) and chemical (182,500 TPA) greenfield projects at Vilayat, Gujarat are generally on track and commissioning will start in the fourth quarter of the current year. All the four production lines will be commissioned by middle of first quarter next year.

The company plans to initiate a major revamp of its VSF plant at Nagda for technological upgradation, spread over the next three years.

Grasim's Board today approved a capex of Rs.223 crore for setting up an Epoxy plant (51,500 TPA) at Vilayat, expected to be operational in the third quarter of FY 13-14.

Cement capex

The brownfield expansions at Chhattisgarh and Karnataka are on track and are expected to be operational by Q1 FY13-14. Consequently, UltraTech's cement capacity will be enhanced by 10 million TPA to 62 million TPA.

Outlook

In VSF, the environment continues to be challenging. The global economic scenario, coupled with a surplus capacity in China, will impact market conditions and margins. The cotton crop in the ensuing season will influence realisations in the short term. In cement, despite the 8 per cent projected growth in demand, the surplus scenario is likely to continue for three years.

Capacity expansions under implementation in both VSF and cement will provide additional volumes, driving growth and further consolidation of the company's leadership. Given Grasim's inherent strength, cost optimisation measures,

improving assets productivity and effective financial management, the prospects for the company continue to be positive.

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 expressed 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.

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