



Grasim reports financial results for Q2 FY 2013-14



30 OCTOBER, 2013

		Rupees in crore
Consolidated net revenue	6,849	
PBIDT	1,143	
PAT	450	

Consolidated financial performance

Grasim Industries Limited, an Aditya Birla Group company, has reported revenue of Rs.6,849 crore and net profit of Rs.450 crore in the second quarter of FY 2014 vis-à-vis Rs.6,615 crore and Rs.620 crore respectively in the second quarter of FY 2013.

Viscose Staple Fibre (VSF)

VSF business has recorded a satisfactory performance, given the challenging market conditions. Supported by a capacity expansion at Harihar, production increased by 15 per cent over last year.

Sales volume at 93,025 MT was up by 9 per cent, led by higher exports. Though VSF demand is growing globally, the overcapacity in China created at the time of VSF boom has created pressure on realisations in global markets. The rupee depreciation, led increase in pulp cost, was offset by decline in caustic and sulphur prices. However, lower realisation resulted in marginal decline in operating profit in standalone business. Sequentially, operating profit rose by 29 per cent with higher volumes as well as better realisation. Consolidated PBIDT of the business has also improved sequentially by 68 per cent from Rs.161 crore to Rs.269 crore, supported by better performance from pulp units.

Cement subsidiary (UltraTech Cement)

The combined cement and clinker sales volume was 10.03 million tonnes. Net revenue stood at Rs.4,870 crore (Rs.4,972 crore). Profit after Tax was at Rs.280 crore (Rs.553 crore).

Its performance has been impacted mainly on account of lower selling prices as well as subdued demand owing to monsoon impact and low offtake from the infrastructure and housing sectors.

The benefit of softening in prices of imported coal was largely negated by the devaluation of the rupee. Optimisation of the fuel mix helped in power and fuel cost reduction.

Chemical Business

The Chemical Business reported a 26 per cent rise in production and 20 per cent growth in sales volumes, with uninterrupted operations at Nagda and the commissioning of the caustic soda plant at Vilayat (Gujarat) in Quarter 1. Volumes will improve with the gradual ramp up of capacity. ECU realisations saw a correction from the peak level witnessed during FY 2013, even as it rose by 4 per cent Q-o-Q.

VSF and chemical capex

The VSF project (120,000 TPA) at Vilayat in Gujarat is expected to be commissioned in a phased manner in Quarter 4 and Epoxy project (51,000 TPA) in Quarter 3. The commissioning has been delayed by recent floods at Vilayat, causing damage to power plants and other equipment.

Cement capex

With the commissioning of the grinding unit (1.6 Mn TPA) at Jharsuguda, Odisha in October 2013, cement capacity stands augmented to 55.5 Mn TPA. On commissioning of all the projects currently under





Outlook

The VSF industry continues to face pricing pressure in the immediate term, given the surplus capacity in China. Capacity addition in China is expected to slowdown because of subnormal returns in industry currently. In cement, the demand is expected to grow by 5 per cent in FY 2014 due to the slowdown in the GDP growth rate. It, however, should recover to over 8 per cent with the improvement in the economic environment.

Capacity expansions in VSF and cement will provide additional volumes, driving growth and further consolidate the company's leadership. This will enable the company to move forward rapidly, with the recovery in the market.

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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