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PRESS RELEASE

29 October 2015

Grasim reports financial results for Q2 FY15-16

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EBITDA up 16 per cent, net profit up 17 per cent reaping benefits of investments made across businesses

Consolidated financial performance

				Rs. in crore		
		Half year ended		Quarter ended		
		30.09.2015	30.09.2014	30.09.2015	30.09.2014	
↑ 6%	16,991		15,986	Net Revenue	8,393	7,943 ↑ 6%
↑ 9%	3,016		2,765	EBITDA	1,485	1,277 ↑ 16%
↑ 8%	973		904	Net Profit	489	416 ↑ 17%

Grasim has reported a robust performance for quarter 2 ended 30 September 2015. Its consolidated revenue has grown by 6 per cent at Rs.8,393 crore and EBITDA by 16 per cent at Rs.1,485 crore. PAT was up by 17 per cent from Rs.416 crore to Rs.489 crore.

Viscose Staple Fibre (VSF)

VSF revenue increased by 13 per cent driven by higher sales volume at 114K MT, with additional volumes from Vilayat, and aided by business development activities. During the quarter, the Vilayat plant reached 100 per cent capacity utilisation. EBITDA soared by 40 per cent at Rs.211 crore with volume expansion and the decline in pulp

and other input costs. Though realisation was maintained on YoY basis, it was higher by 3 per cent sequentially with the upward trend in global prices.

Chemical Business

In the Chemical Business, revenue was up by 26 per cent with a volume growth of 20 per cent in caustic soda and 68 per cent in epoxy. EBITDA was higher by 17 per cent at Rs.93 crore with the ramping up of production. ECU realisation remained stable in line with international markets.

The merger scheme of Aditya Birla Chemicals India Limited (ABCIL) with the company has been approved by Competition Commission of India and the High Court of Madhya Pradesh. The sanction from High Court of Jharkhand is expected in Q3 FY15-16. Upon receiving the requisite approvals, the scheme will be effective from 1 April 2015 (the appointed date). The company's results do not include an EBITDA of Rs.77 crore and PAT of Rs.20 crore reported by ABCIL for quarter 2, pending the remaining approvals.

Cement subsidiary (UltraTech Cement)

UltraTech Cement has reported better performance despite subdued demand growth in the industry. Revenue for the quarter at Rs.6,013 crore was up by 4 per cent. The cement sales volume was 11.4 Mn. tonnes against 10.9 Mn. tonnes last year. EBITDA was up by 12 per cent at Rs.1,103 crore. The operating cost was lower compared to the previous year with the benefit of lower energy cost partially offset by the District Mineral Foundation levy imposed by the Government. Net profit for the quarter stood at Rs.427 crore (Rs.414 crore).

With commissioning of grinding units of 1.6 Mn. TPA each in Haryana and West Bengal, the cement capacity has now increased to 67.7 Mn. TPA.

Outlook

In the VSF business, prices are likely to be influenced by the developments in the industry such as the resumption of operations at some of the shut capacities in China and prices of competing fibres.

The company will continue to focus on expanding its domestic market through product development activities, working closely with brands, designers and retailers. A better customer connect through brand Liva is leading to growth in demand for VSF based products in the textile value chain.

In the Chemical Business, the scale of operations will rise significantly post the merger of ABCIL with the company.

In cement, the demand is expected to be higher with the Government's focus on infrastructure development, housing sector, smart cities etc. and the softening of interest rates. The company is well positioned across the country to cater to the growth in demand.

Grasim enjoys a leadership position in all its businesses: cement, VSF, chemical and continues to strengthen the same. The company is well poised to reap the benefits of the investments made in the capacity expansions and acquisitions with the ramping up of utilisation and the expected upturn in the business cycle backed by improvement in economic environment.

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.

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