

Grasim announces Q2FY17 results

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28 OCTOBER, 2016

Building, consolidating, growing — Significant improvement in profitability across all Businesses

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— EBITDA up 29 per cent, net profit up 50 per cent

Consolidated financial performance

Rupees in crore				
Half year ended		Quarter ended		
31.09.2016	31.09.2015		31.09.2016	31.09.2015
17,476	16,532	Net Revenue (net of excise duty)	8,387	8,166
4,312	3,254	EBITDA	2,098	1,626
1,676	1,070	Net Profit	846	562

Grasim has reported consolidated revenue of Rs.8,387 crore for the 2nd quarter FY17. It's EBITDA of Rs.2,098 crore was up by 29 per cent, driven by the good performance from all the Businesses. Net profit for the quarter increased by 50 per cent to Rs.846 crore compared to Rs.562 crore in Q2 last year supported by higher operating leverage and lower interest cost. The consolidated EBITDA for the half year was up by 33 per cent at Rs.4,312 crore and net profit rose by 57 per cent to Rs.1,676 crore on YoY basis.

Corporate action

The Board today approved Dividend Distribution Policy for the company as per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The objective of this policy is to provide dividend distribution framework to the stakeholders of the company.

During the quarter, following measures aimed at increasing liquidity in the company's equity shares were undertaken:

- Increase in the investment limit for Registered Foreign Portfolio Investors (RFPIs) / Foreign Institutional Investors (FIIs) from the currently approved limit of 24 per cent to 30 per cent of the company's equity share capital was approved by the shareholders in extraordinary general meeting held on 10 October 2016. The increase will be effective post approval from Reserve Bank of India.
- Sub-division of equity shares from one (1) equity share of face value of Rs.10 each fully paid up to five (5) equity shares of face value of Rs.2 each fully paid up, effective from 8 October 2016.

Composite scheme of arrangement



ction is expected to be completed by Q4 FY17 / Q1 FY18.

Business performance — Viscose Staple Fibre (VSF)

In the VSF Business, steady demand globally coupled with high capacity utilisation and low inventory levels led to increased VSF prices in the international market.

Overall sales volume grew by 9 per cent YoY led by 19 per cent growth in domestic markets. With higher volume and realisation, revenue soared by 21 per cent at Rs.1,740 crore. EBITDA at Rs.371 crore vis a vis Rs.211 crore in Q2 last year, rose by 75 per cent. Apart from increased volume and realisation, better sales mix and operating efficiencies also added to higher profitability.

Chemical business

In the Chemical Business, sales volume was up by 8 per cent YoY, mainly on account of additional volume from the Ganjam plant which was acquired in September 2015. EBITDA was up by 26 per cent at Rs.213 crore compared to Rs.169 crore in the last year, attributable to higher volumes and better operating efficiencies.

Cement subsidiary (UltraTech Cement)

UltraTech's revenue (Net of Excise) stood at Rs.5,772 crore as compared to Rs.5,919 crore in Q2 last year. A decline in the operating cost due to reduction in energy and logistic costs resulted in improved profitability. EBITDA at Rs.1,378 crore was higher by 16 per cent as compared to Rs.1,186 crore in the corresponding period of the previous year.

Outlook

The outlook for the VSF business is expected to remain stable. The business will continue to focus on expanding the VSF market in India by partnering with the textile value chain, achieving better customer connect through Brand Liva and enriching the product mix through a larger share of specialty fibre. The company is working on debottlenecking opportunities to meet growing demand.

The demand for caustic in India is expected to grow with the rising demand from the end user industry. The commissioning of new capacities in the industry may increase supply in the medium term. Our plan is to increase caustic capacity by 208K TPA to 1,048K TPA through brown field expansion at Vilayat (Gujarat) and debottlenecking at other plants is on track.

The government's thrust on developing infrastructure spending, good monsoon, development of smart cities leading to growth in housing demand in Tier – I and Tier II cities augurs well for the cement industry. The slower pace of new capacity addition will lead to better industry utilisation. UltraTech will benefit with its presence across the country to meet the expected rise in demand.

Grasim is well poised to reap the benefit of investments in the growth plans of its businesses with the sustained growth in the Indian economy.

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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