



Ref No.: GIL/CFD/SEC/20/148/SE

14th November 2019

BSE Limited
Dalal Street,
Phiroze Jeejeebhoy Towers,
Fort, Mumbai - 400 001
Scrip Code: 500300

The National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Plot No. C/1, G Block, Bandra-Kurla Complex,
Bandra (East), Mumbai 400051
Symbol: GRASIM

Dear Sirs,

Sub: Presentation on Unaudited Financial Results of Grasim Industries Limited for the quarter/ half year ended 30th September 2019

This is further to our letter and email of date on the aforesaid subject.

We are attaching herewith a copy of the Presentation on the Unaudited Financial Results of the Company for the quarter/ half year ended 30th September 2019, which will be presented to the investors and also posted on our websites, www.grasim.com and www.adityabirla.com.

Thank you.

Yours faithfully,



Hutokshi Wadia
President & Company Secretary

Encl. : as above

Cc: Luxembourg Stock Exchange
Market & Surveillance Dept.,
P.O. Box 165, L-2011 Luxembourg,
Grand Duchy of Luxembourg, EUROPE

Citi Bank N.A.
Depositary Receipt Services
388 Greenwich Street, 14th Floor
New York, NY 10013

Citi Bank N.A.
Custodial Services
FIFC, 11th Floor, C-54 & 55, G Block
Bandra Kurla Complex
Bandra (East), Mumbai 400 051

ADITYA BIRLA



GRASIM

Grasim Industries Limited



**BIG IN
YOUR LIFE**

Earnings Presentation Q2FY20

BIG IN YOUR LIFE



#1

In Viscose
Staple Fibre[#]

#1

In Caustic Soda
& Specialty Chemicals*

#1

In Premium Fabric

57%



Total Market Cap
(Sep 30, 2019):

INR 1.20 Lakh Crore

(USD 16.9 Billion)



Market Cap
(Sep 30, 2019):

INR 48,000 Crore

(USD 6.8 Billion)

57%



Total Market Cap
(Sep 30, 2019):

INR 18,688 Crore

(USD 2.7 Billion)

#1

Cement Producer
in India

#3

Global Producer
(Ex- China)

Top 3

Asset Management
Companies**

Top 5

Private Diversified
NBFC

Presence In India in Viscose, Modal and 3rd generation viscose

*Global leadership in Chlorine derivatives namely Stable Bleaching Powder and Aluminum Chloride and India leadership in Chloro Paraffin wax, PolyAluminium Chloride and Phosphoric Acid ** Excluding ETF

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Key Highlights

Q2FY20: KEY HIGHLIGHTS

- Consolidated Revenue and EBITDA up by 3% & 7% on YoY basis respectively
- Global prices of VSF softened further on account of capacity overhang and continuing U.S-China Trade war
- Global Caustic Soda prices remained sluggish on account of weak demand in China and Asia
- Chlorine realization in India turned negative for two consecutive quarters led by excess supply from new domestic capacities
- Grasim participated in Corporate Sustainability Assessment by Dow Jones Sustainability Index (DJSI) and scored higher than the global Industry average
- Joint Venture with Maschinenfabrik Reinhausen GmbH ("MR"), Germany for the manufacture and sale of Composite Hollow Core Insulators
- Infused equity capital of Rs. 770 Crore in Aditya Birla Capital Limited through preferential allotment in October 2019

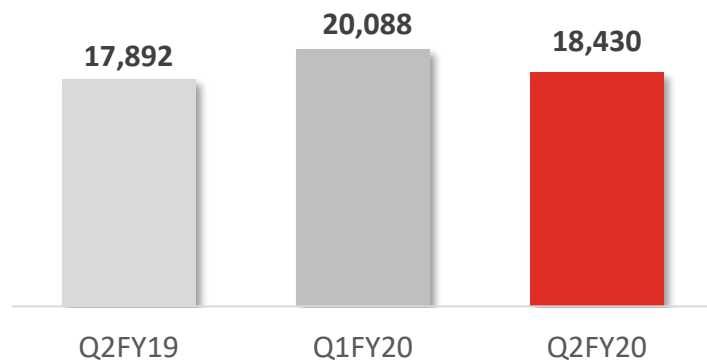


Financial Overview

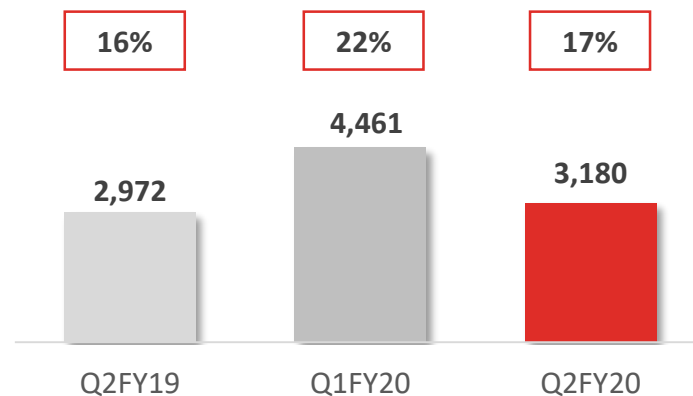
FINANCIAL OVERVIEW: QUARTERLY

Consolidated

Net Revenue (Rs. Cr.)

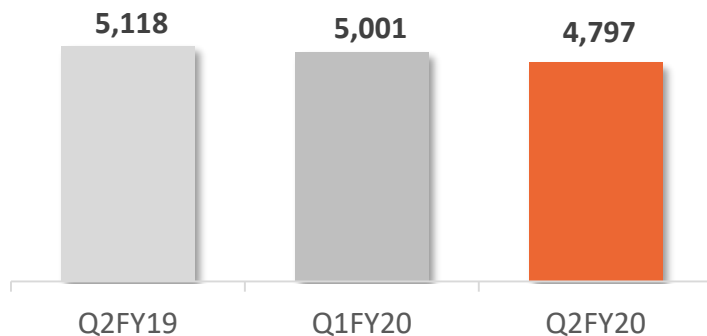


EBITDA (Rs. Cr.)

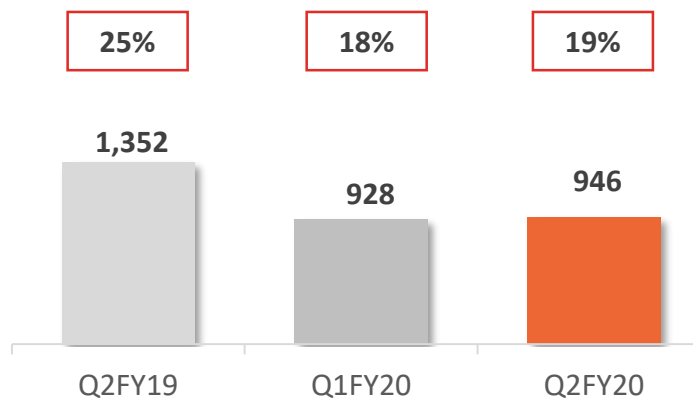


Standalone

Net Revenue (Rs. Cr.)



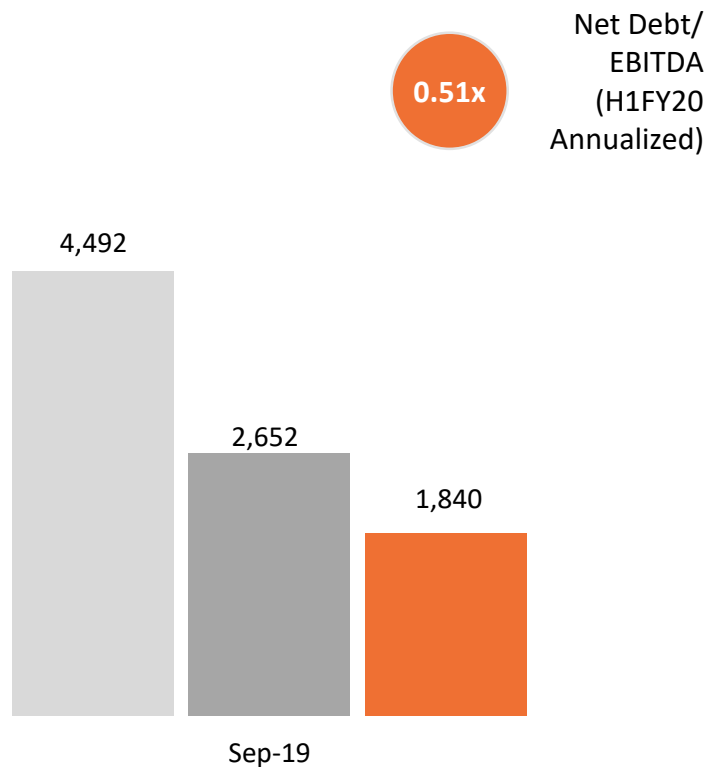
EBITDA (Rs. Cr.)



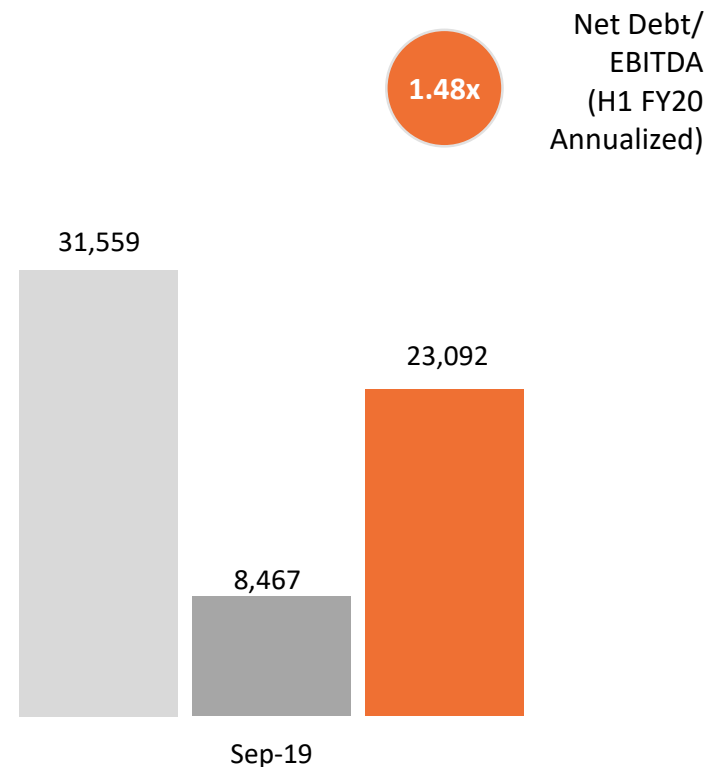
EBITDA Margin (revenue adjusted to include other income)

STRONG BALANCE SHEET

Standalone (Rs. Cr.)



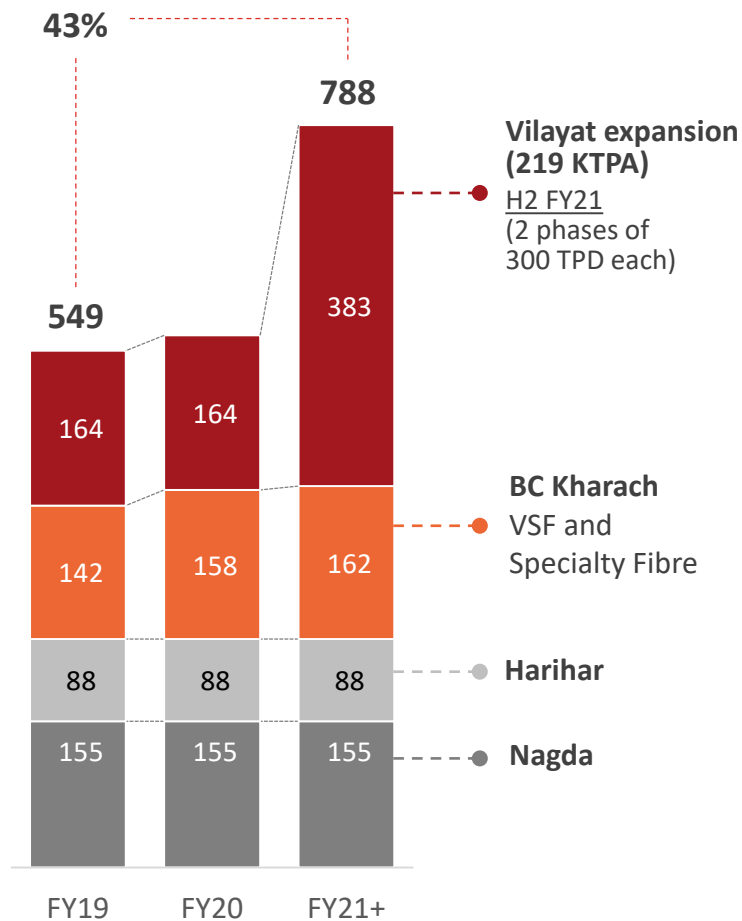
Consolidated (Rs. Cr.)



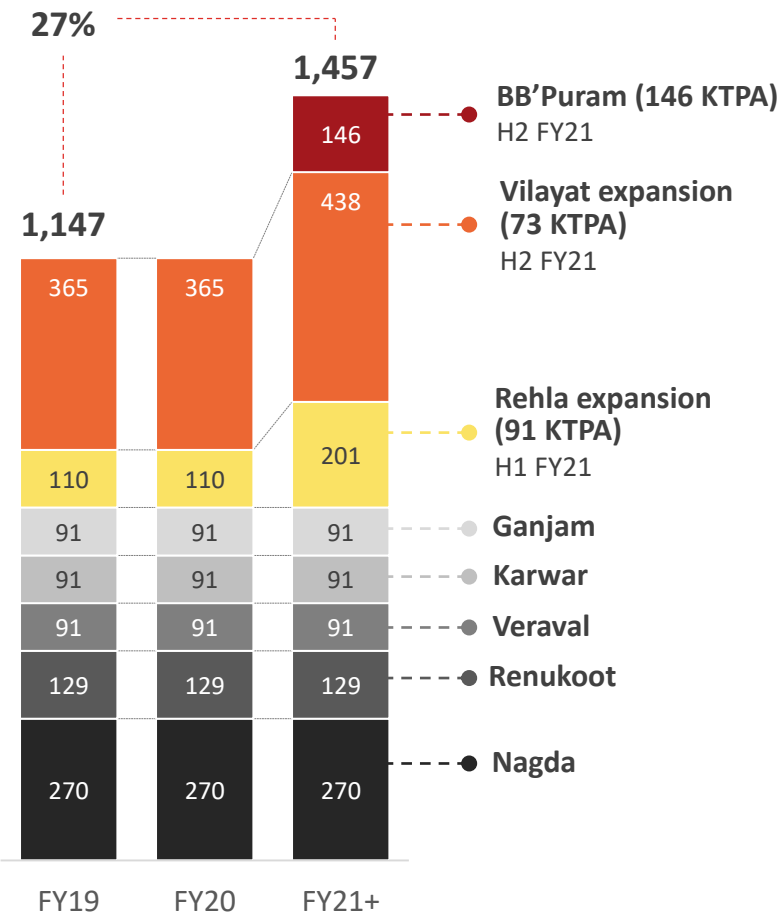
Debt Liquid investments Net Debt

CAPEX PLAN

VSF Capacity (KTPA)



Caustic Soda Capacity (KTPA)



Excludes Century Rayon Caustic capacity of 24 KTPA

CAPEX PLAN

Particulars (Rs. Cr.)	Capex (Net of CWIP as on 1/4/2019)	Capex spent	Cash Outflow	
		YTD Sep'19	H2 FY20	FY21 Onwards
Capital expenditure for Capacity Expansion				
Viscose Staple Fibre	3,279	624	1,300	1,355
Viscose Filament Yarn	182	10	79	93
Chemical	1,562	107	539	916
Total	5,023	741	1,918	2,364
Normal Modernisation and Maintenance Capex				
Viscose Staple Fibre	1,108	149	288	671
Viscose Filament Yarn	252	35	115	102
Chemical	1,018	145	255	618
Total	2,378	329	658	1,391
Capex related to other businesses				
Epoxy, Textiles, Fertiliser and Insulator	348	66	102	180
Total	7,749	1,136	2,678	3,935

THE TAXATION LAW AMENDMENT ORDINANCE – 2019: IMPACT ANALYSIS

	Revised Old Rates	New Rate	Comments
Tax Profit	34.94%	25.17%	<ul style="list-style-type: none"> Saving of 9.77% Existing incentives will be withdrawn
Book Profit	17.47%*	NA	<ul style="list-style-type: none"> No MAT Credit available

* Earlier 21.55%

Existing incentives

Weighted Deduction for R&D Expenditure

- 6 approved inhouse R&D Centers

Accelerated Additional Depreciation

- Additional Depreciation @ 20% is allowable in first year of acquisition of machinery

Tax holiday units

- Over 10 units eligible for deduction u/s. 80IA (Captive power plants, Water treatment plants)

Key considerations for exercise of option

Saving of tax due to reduction in tax rate of 9.77% v/s 80IA deduction allowable

In process of comprehensive review of incentives

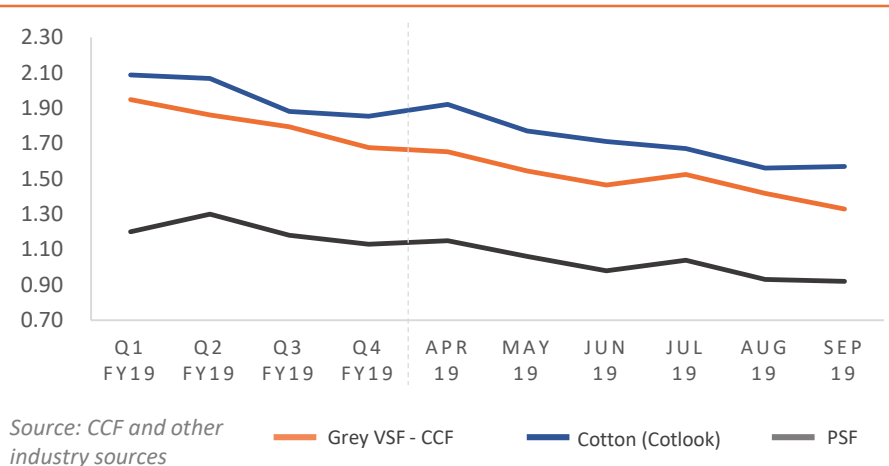
Final decision to be taken by Q4-FY20, hence current tax has been charged at old rates



Business Performance

VISCOSE INDUSTRY

Global Prices Trend (\$/Kg)

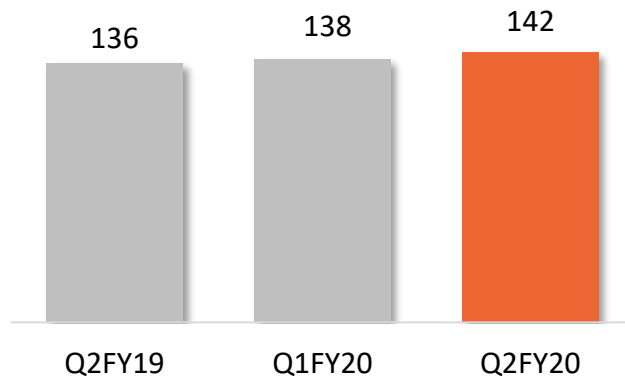


Price Movement	YoY (%)	QoQ (%)	Sep Exit Price (Δ over Q2FY20)
Grey VSF	-23%	-8%	1.33 \$/Kg (-4%)
Cotton	-23%	-11%	1.57 \$/Kg (-2%)
PSF	-26%	-9%	0.92 \$/Kg (-5%)

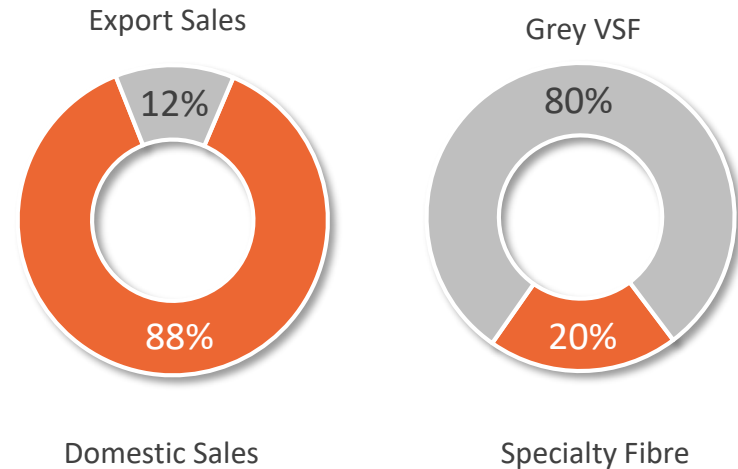
- Global prices of VSF softened further on account of capacity overhang and continuing U.S- China Trade war
- Global VSF prices touched their historic low impacting the performance of all global players
- Sharp dip in the fabric consumption in China and high inventory level in the value chain is a key concern
- The domestic VSF demand getting impacted by rising yarn imports

VISCOSE – KEY OPERATIONAL METRICS

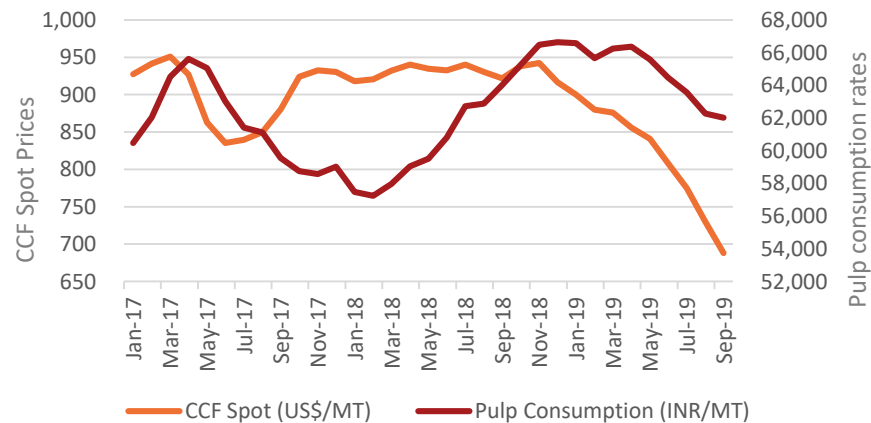
VSF Sales (KT)



Sales Volume Mix



Pulp CCF prices vs Consumption Prices



Share of domestic sales in total sales increased to 88% (Up 4% YoY)

Increase share of grey VSF to meet the demand in domestic market

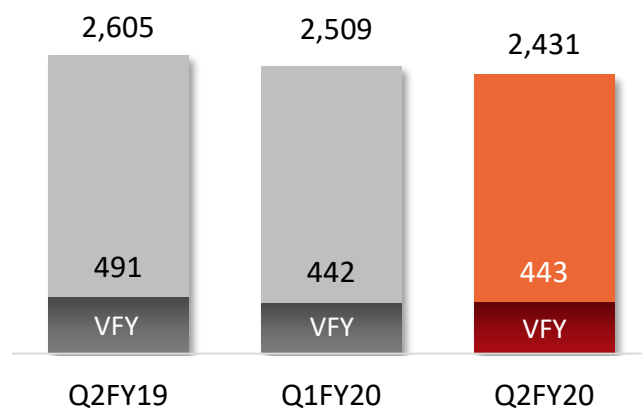
Pulp price down 22% YTD, eased below \$650 in October

Average consumption rate for Q2FY20 stood at Rs. 62,620/ton and average CCF Spot Prices stood at 727 \$/ton

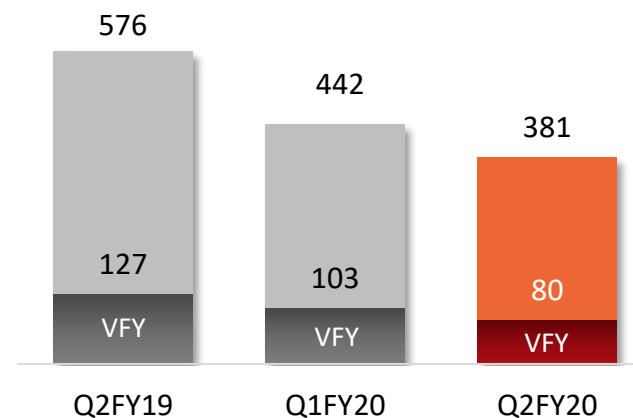
Source: CCF and company data

FINANCIAL PERFORMANCE - VISCOSE

Net Revenue (Rs. Cr.)



EBITDA (Rs. Cr.)



VSF reported a strong operating performance with production and sales up 8% and 5% YoY basis to 148 KT and 142 KT



VSF profitability impacted YoY basis due to fall in the domestic realization



The impact of weakening input costs (pulp prices) to get reflected in the subsequent quarters



VFY profitability impacted due to increase in imports from China

VISCOSE – KEY SUSTAINABILITY INITIATIVES

1

Grasim participated in 2019 CSA (Corporate Sustainability Assessment) by Dow Jones Sustainability Index (DJSI) and attained a score above the global Industry average

2

Birla Cellulose is carbon neutral in scope 1 and 2 emissions, ahead of competition in the Industry

3

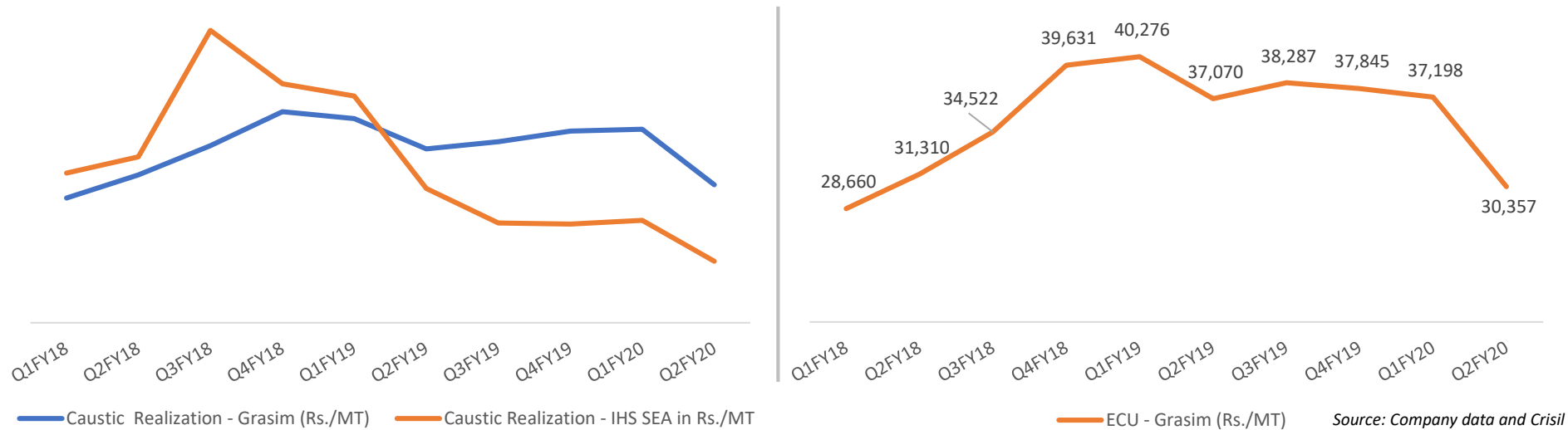
Plans going beyond regulatory norms to the most stringent EU norms at all the plant sites by 2023 under implementation towards close looping the viscose production

4

Encouraging response from global leading brands as they have placed orders for Liva Eco as they are converting to “sustainable material”

CHLOR ALKALI INDUSTRY

Caustic Soda Prices



Global Caustic Soda prices remained sluggish on account of weak demand in China and Asia



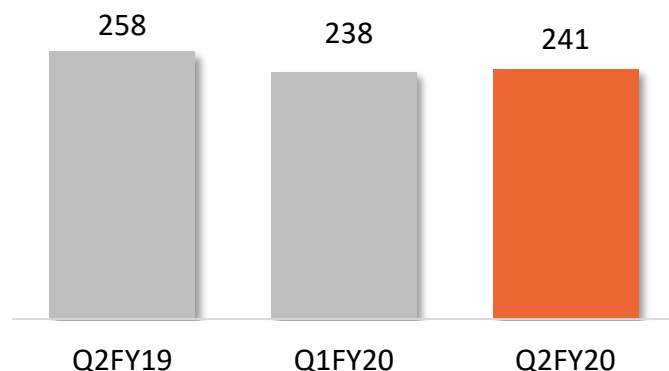
Caustic soda prices in India witnessed a steep decline due to demand slowdown and ramp up of new domestic capacities



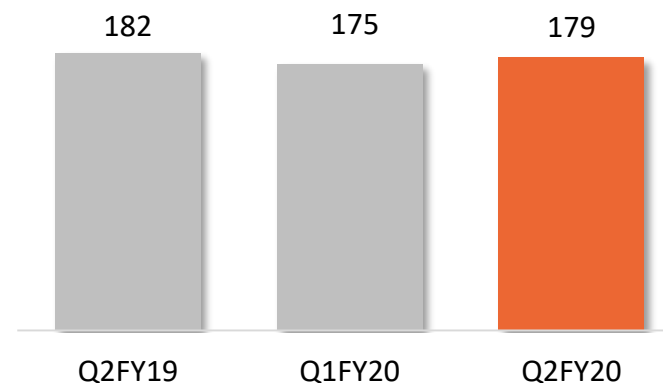
Chlorine realization in India turned negative for two consecutive quarters led by excess supply from new capacities

CAUSTIC – KEY OPERATIONAL METRICS

Caustic Soda Sales (KT)



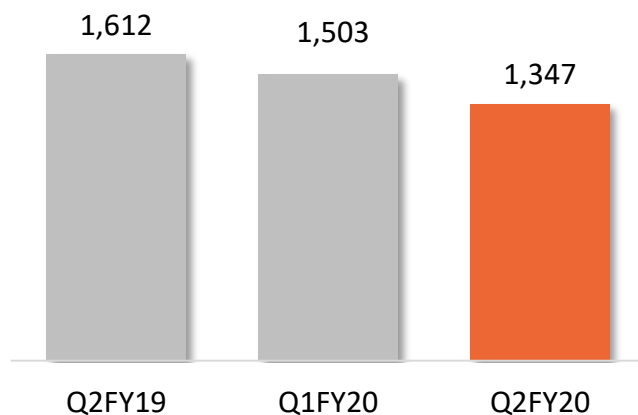
Chlorine Sales (KT)



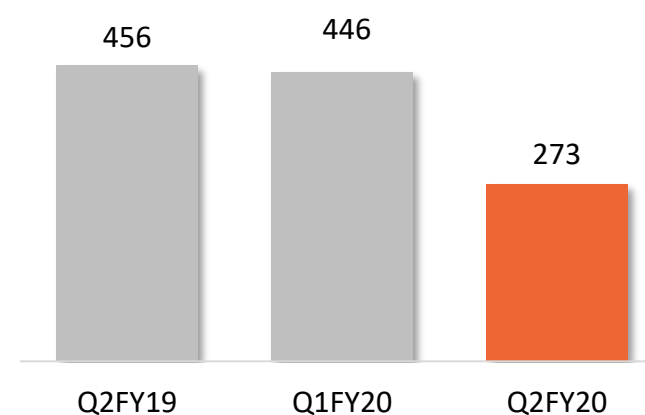
- Caustic soda sales were impacted by slowdown in major application segments like metals & textiles and increasing imports
- Demand for the Chlorine derivatives improved YoY. The Chlorine consumption in Value Added Products (VAPs) stood at 28%
- Zero Liquid Discharge plant at Rehla and Ganjam plants are in advanced stage of commissioning
- The project execution at Balabhadrapuram on full swing, with long lead items ordered

FINANCIAL PERFORMANCE - CHEMICALS

Net Revenue (Rs. Cr.)



EBITDA (Rs. Cr.)

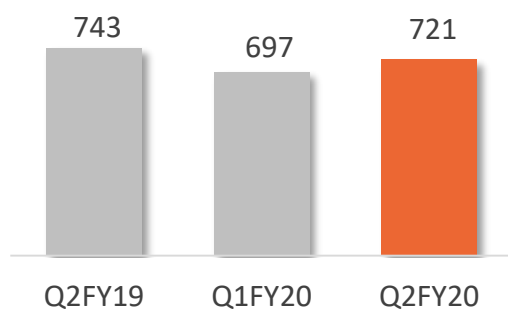


- Caustic soda Revenue & EBITDA impacted by lower sales volume and sharp fall in the realization
- Power cost (~60% of total operating cost in Caustic manufacturing) reduced by 3% YoY, continuously increasing the share of Renewable Power (1.4% to 2.5% QoQ)
- EBITDA from VAP and Epoxy maintained on YoY basis but realizations under pressure

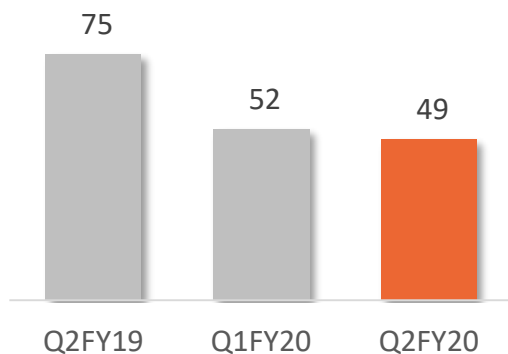
FINANCIAL PERFORMANCE – OTHER BUSINESSES

Fertilisers

Net Revenue (Rs. Cr.)

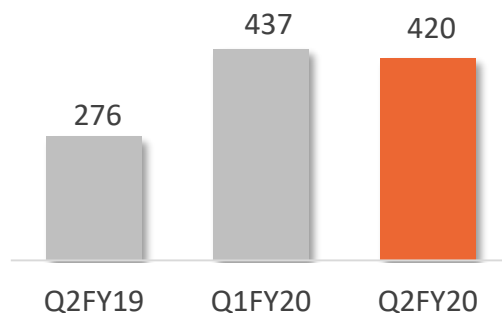


EBITDA (Rs. Cr.)

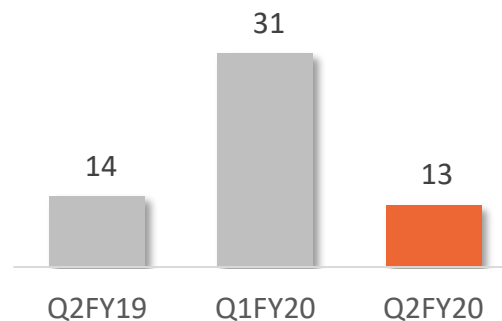


Textile

Net Revenue (Rs. Cr.)

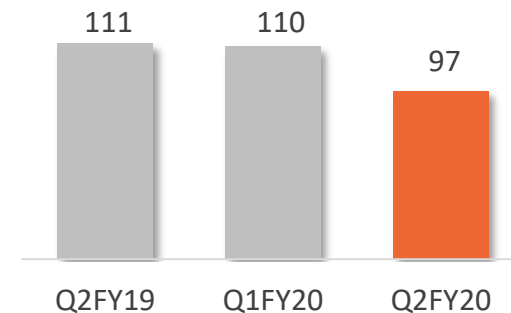


EBITDA (Rs. Cr.)

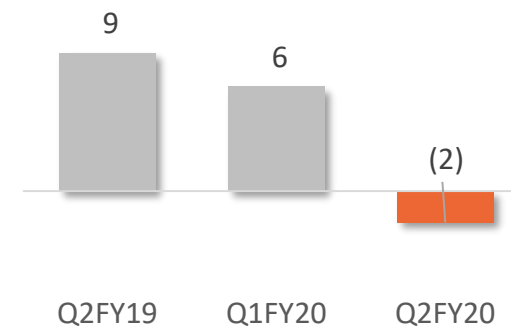


Insulators

Net Revenue (Rs. Cr.)



EBITDA (Rs. Cr.)



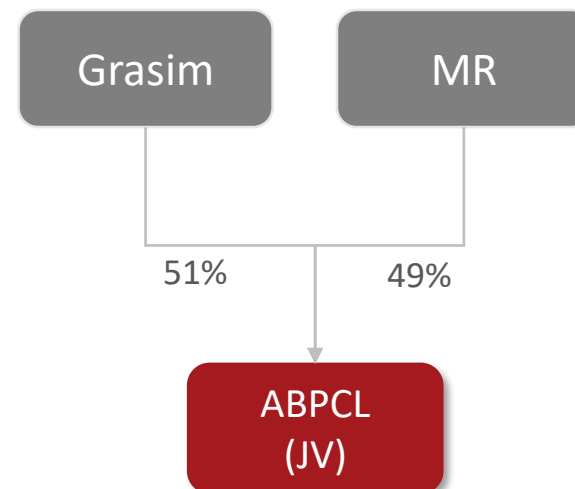
JV with Maschinenfabrik Reinhausen GmbH ("MR"), Germany: Composite Insulators

MR

- MR is the global leader for power transformer automation and control solutions
- Almost 50% of the electricity generated worldwide flows through MR products
- Further, it is the leading global player for **Composite Hollow Core Insulators ("CHCI")** outside China and is known for its cutting-edge technology

JV

- JV would manufacture and sell CHCI** and serve the Power Transmission & Distribution industry globally
- Set up a state-of-the-art CHCI manufacturing plant** at Halol, Gujarat, India at a **project cost of Rs. 100 Cr., over next 3 to 5 years**



CHCI is the **fastest growing segment of insulators** and improves the performance as well as safety of Power Equipment

This facility will be the **first such large scale plant for this range of products in India** and will be the largest such plant outside of China

DOW JONES SUSTAINABILITY INDEX (DJSI)

Grasim has largely outperformed the global Industry average score

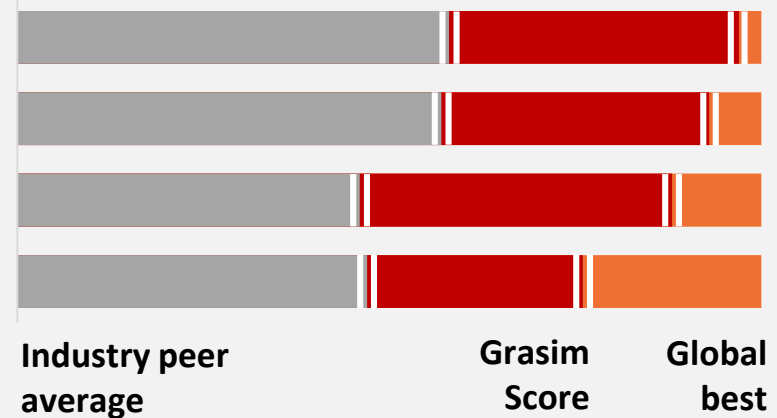
**Grasim
DJSI
Performance
(on Key parameters)**

Environmental Policy & Management Systems

Corporate Citizenship and Philanthropy

Customer Relationship Management

Risk & Crisis Management



We have set long-term goals in the areas of environment, safety, employees and society

Focus on new areas of improvement to enhance our sustainable footprint

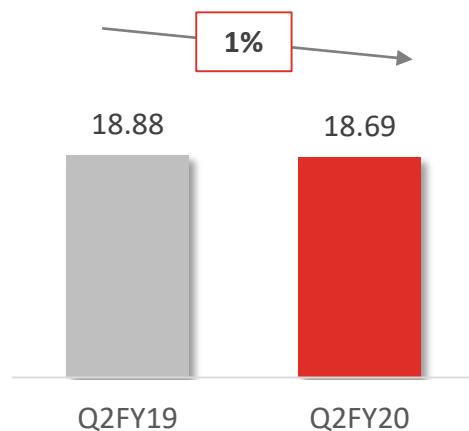


Creating a Sustainability culture in the organization

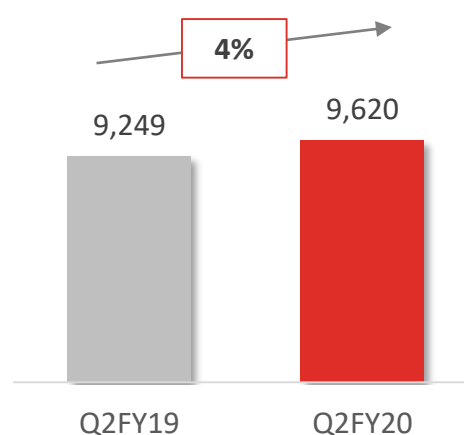
We have made commitment of new investments on sustainability front

FINANCIAL PERFORMANCE – UltraTech

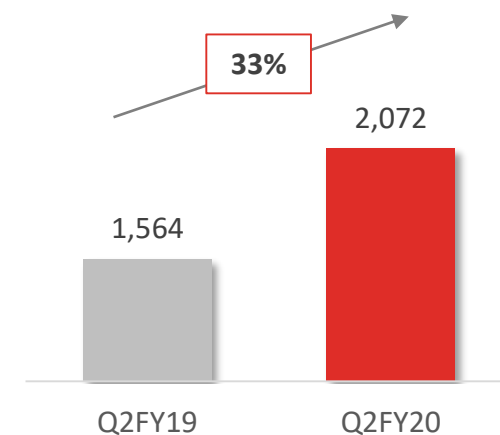
Sales volume (MT)



Net Revenue (Rs. Cr.)



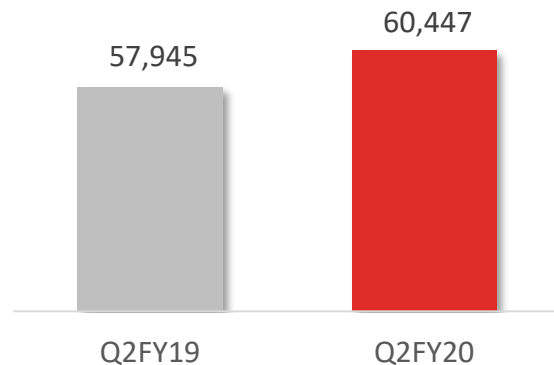
EBITDA (Rs. Cr.)



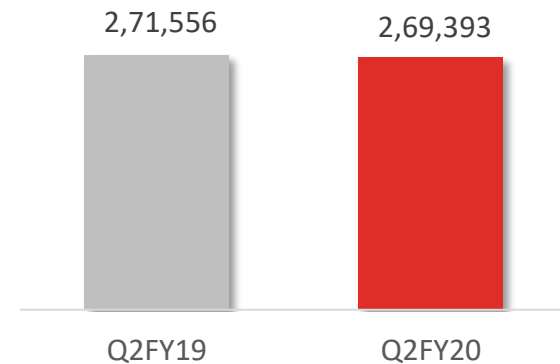
- Cement demand was impacted due to heavy rains/ floods in many parts of the country: demand expected to accelerate in H2FY20 after good monsoon in Q2FY20
- Operating Costs decreased on YoY basis - Logistics down 4%, Energy down 9% and raw material down 2%
- Consolidated Net Debt reduced by Rs.1,492 Cr. to Rs.20,619 Cr. in Q2FY20 from Q4FY19
- UltraTech completed the acquisition of Century's cement business, with this acquisition, its manufacturing capacity stands augmented to 117.4 mtpa, including its overseas capacity

FINANCIAL PERFORMANCE – ABCL

Lending Book(Rs. Cr.)*



AAUM(Rs. Cr.)**



Revenue and net profit after minority interest for Q2FY20 are at Rs.3,976 Cr. and Rs.256 Cr. up 11% and 37% respectively



The overall lending book (NBFC and Housing Finance) grew 4% YoY to Rs.60,477 Cr. (Q2FY20)



The Average Assets Under Management stood at Rs.2,69,393 Cr. (Q2FY20)



In Life Insurance business, the Individual First year Premium are up 12% to Rs.423 Cr. in Q2FY20



Raised Rs.2,100 Crore of equity capital through preferential allotment to marquee investors and Promoter Group entities. The equity capital raised at Rs.100 per share, at a premium over the traded price, reflects the strong confidence in the business

* Includes NBFC and Housing Finance. **Quarterly domestic AAUM of Asset management business

FINANCIAL PERFORMANCE – OTHER SUBSIDIARIES

Solar subsidiaries

Particulars (Rs. Cr.)		Q2FY20	Q1FY20
Net Revenue	Rs. Cr.	20	26
EBITDA	Rs. Cr.	10	14
EBITDA Margin	%	50%	54%
EBIT	Rs. Cr.	5	8
Capital Employed (Incl. CWIP)	Rs. Cr.	973	851

Parameters

Sep 2019

Cumulative Installed Capacity (MW)	182
No. of Projects	16
No. of Projects with Group Companies	11
Capacity with Group Companies (MW)	111



Planned capacity at 500 MW by FY20

Grasim Premium Fabrics (Brand Soktas)

Particulars (Rs. Cr.)		Q2FY20	Q1FY20
Net Revenue	Rs. Cr.	45	48
EBITDA	Rs. Cr.	7	8
EBITDA Margin	%	16%	17%
EBIT	Rs. Cr.	-3	4
Capital Employed (Incl. CWIP)	Rs. Cr.	177	181



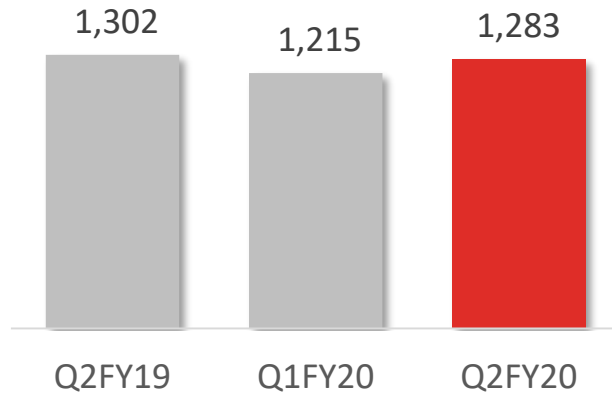
The merger of Grasim Premium Fabric Private Limited with the Company is under process



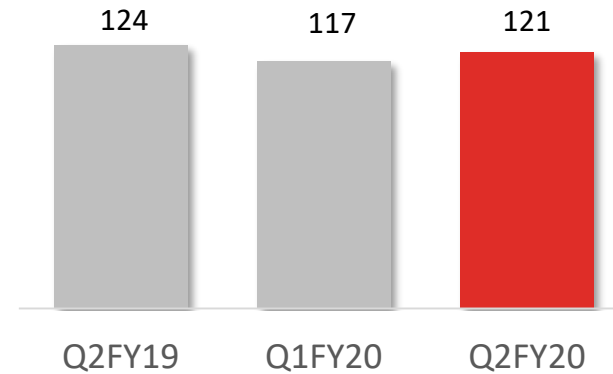
Post acquisition, the fair valuation exercise has been completed in Q2FY20

FINANCIAL PERFORMANCE – PULP JV's

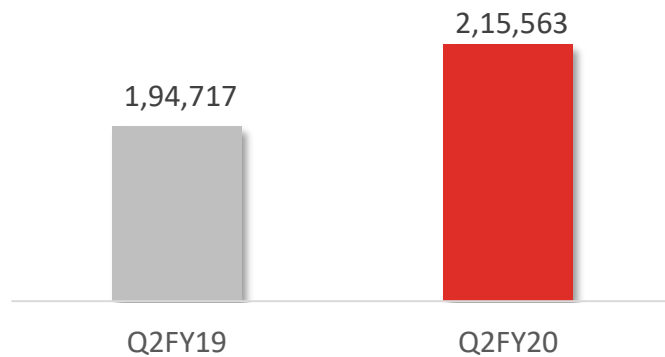
Net Revenue (Rs. Cr.)



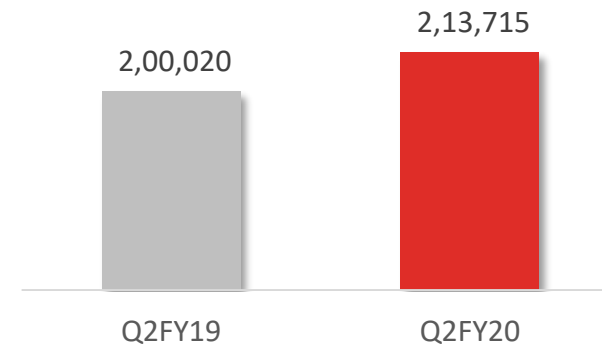
EBITDA (Rs. Cr.)



Production Volume (Tons)



Sales Volume (Tons)



Note: The above data represents the financial performance of all Pulp JVs on total basis. The share in the PAT of these JVs (proportionate to its holding) is consolidated in the consolidated financials of Grasim.



Appendix

BALANCE SHEET

Standalone (Rs. Cr.)			Consolidated (Rs. Cr.)	
30th Sep'19	31st Mar'19	EQUITY & LIABILITIES	30th Sep'19	31st Mar'19 (Restated)
39,524	41,959	Net Worth	57,056	58,018
-	-	Non Controlling Interest	31,560	30,502
-	-	Borrowings related to financial services	55,528	55,310
4,492	3,311	Other Borrowings	31,559	29,178
71	-	Lease Liability	1,516	-
1,741	1,879	Deferred Tax Liability (Net)	9,160	8,817
-	-	Policy Holders Liabilities	41,059	40,150
4,585	4,664	Other Liabilities & Provisions	18,657	19,231
50,412	51,813	SOURCES OF FUNDS	2,46,094	2,41,205
30th Sep'19	31st Mar'19	ASSETS	30th Sep'19	31st Mar'19 (Restated)
11,432	11,232	Net Fixed Assets	64,789	65,664
1,946	1,812	Capital WIP & Advances	5,225	4,872
456	-	Right of Use - Lease (including Leasehold Land)	2,051	-
-	-	Goodwill on Consolidation	21,388	21,422
		Investments:		
2,636	2,636	UltraTech Cement (Subsidiary)	-	-
17,077	17,077	AB Capital (Subsidiary)	-	-
-	-	AMC (JV)	5,299	4,914
747	1,037	Investment in other equity accounted investees	1,278	1,371
2,652	3,769	Liquid Investments	8,467	7,006
2,040	1,841	Vodafone Idea	2,040	1,841
4,648	4,812	Other Investments(Hindalco, ABFRL, AB Capital surplus investments etc.)	8,388	5,961
-	-	Investment of Insurance Business	18,203	16,532
-	-	Assets held to cover linked liabilities	24,835	25,166
-	-	Loans and advances of financing activities	59,862	61,972
6,778	7,597	Other Assets, Loans & Advances	24,269	24,483
50,412	51,813	APPLICATION OF FUNDS	2,46,094	2,41,205
1,840	(458)	Net Debt / (Surplus)	23,092	22,171

INCOME STATEMENT - STANDALONE

Particulars (Rs. Cr.)	Quarterly		Half Year	
	Q2FY20	Q2FY19	H1FY20	H1FY19
Net Revenue from Operations	4,797	5,118	9,798	9,907
Other Income*	286	275	371	372
EBITDA	946	1,352	1,874	2,528
<i>EBITDA Margin (%)</i>	<i>19%</i>	<i>25%</i>	<i>18%</i>	<i>25%</i>
Finance Cost	86	52	164	111
Depreciation	209	187	412	370
PBT	651	1,113	1,298	2,047
Tax Expense	124	296	332	588
Exceptional items (Net of Tax) [#]	-	(2,003)	(238)	(2,003)
PAT (After Exceptional Items)	526	(1,187)	728	(544)
PAT (Before Exceptional Items)	526	817	966	1,459

* Other income includes dividend received from UTCL of Rs. 206 Crore in Q2 FY20 and Rs. 196 Cr. in Q2 FY19

Exceptional item comprises of the following:

- Impairment loss of investment in Aditya Birla Payments Bank Limited (Net of Tax) in Q1 FY20
- Consequent to Vodafone Idea Ltd ceasing to be an associate of the Company, Rs. 2,003 Crore pertaining to the difference between book value and fair value of Vodafone Idea Ltd as on 20 August 2018 is charged to the P/L statement

INCOME STATEMENT – CONSOLIDATED

Particulars (Rs. Cr.)	Quarterly		Half Year	
	Q2FY20	Q2FY19	H1FY20	H1FY19
Net Revenue from Operations	18,430	17,892	38,519	35,298
Other Income	223	252	457	435
EBITDA	3,180	2,972	7,641	6,288
<i>EBITDA Margin (%)</i>	<i>17%</i>	<i>16%</i>	<i>20%</i>	<i>18%</i>
Finance Cost	605	475	1,197	912
Depreciation	993	894	2,001	1,702
Share in Profit of JVs and Associates* [@]	449	(281)	497	(240)
PBT	2,032	1,321	4,939	3,435
Tax Expense	553	569	1,544	1,255
Exceptional items (Net of Tax)	(6)	(2,072)	(63)	(2,146)
PAT attributable to Minority Shareholders	471	149	1,093	421
PAT (After Exceptional Items)	1,002	(1,468)	2,239	(387)
PAT (before exceptional items & one time deferred tax benefit)[@]	639	603	1,933	1,758

* Q2FY19 and H1 FY19 includes share in Loss of erstwhile Idea Cellular Limited, which is not included in Q2FY20 and H2FY20 as Idea Cellular Limited ceased to be an Associate of the Company consequent to the merger of Vodafone and Idea (w.e.f 31st August 2018) forming Vodafone Idea Limited.

@ While the Company, some of its subsidiaries, associates and JV's are in process of evaluating the Income tax benefit provided vide Section 115BAB, some have availed the option to pay income tax at lower rate, with a one-time corresponding credit of Rs. 17 Cr. and Rs. 352 Cr. under deferred tax and share in profit and loss of equity accounted investees to P/L respectively

VISCOSE BUSINESS SUMMARY

Particulars (Rs. Cr.)		Quarter 2		%	Half Year		%
		2019-20	2018-19	Change	2019-20	2018-19	Change
Capacity							
VSF	KTPA	566	546	4	566	546	4
VFY	KTPA	46	46	-	46	46	0
Production							
VSF	KT	148	137	8	288	271	6
VFY	KT	11	12	-8	22	23	-4
Sales Volume							
VSF	KT	142	136	4	280	268	4
VFY	KT	10	12	-17	21	23	-9
Net Revenue	Rs. Cr.	2,431	2,605	-7	4,941	5,085	-3
EBITDA	Rs. Cr.	381	576	-34	823	1,162	-29
EBITDA Margin	%	15.6%	22.1%		16.6%	22.7%	
EBIT	Rs. Cr.	273	482	-43	611	976	-37
Capital Employed (Incl. CWIP)	Rs. Cr.	8,015	7,217	11	8,015	7,217	11
ROAvCE (Excl. CWIP)	%	15.8%	29.3%		18.3%	33.2%	

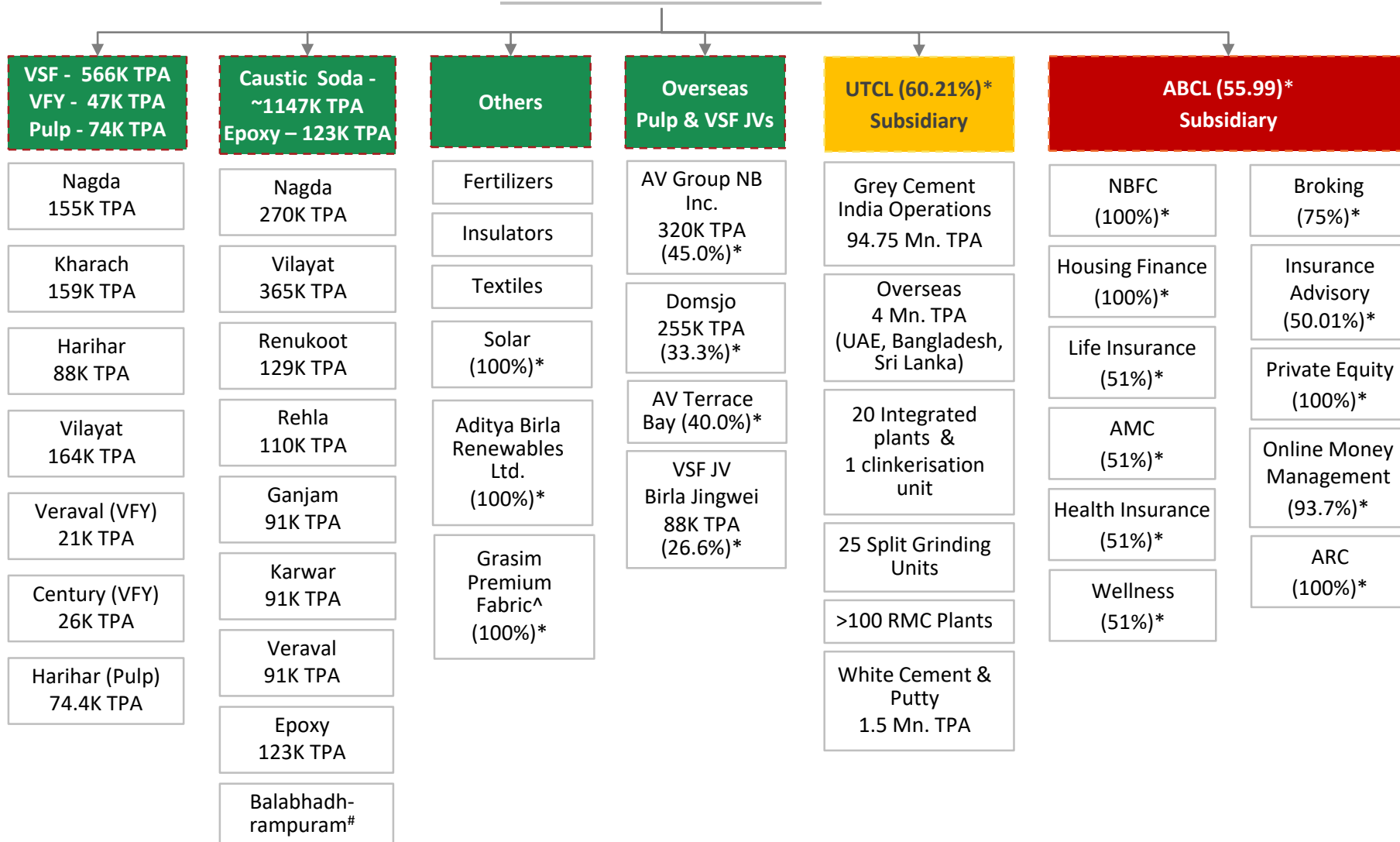
CHEMICAL BUSINESS SUMMARY

Particulars (Rs. Cr.)		Quarter 2		% Change	Half Yearly		% Change
		2019-20	2018-19		2019-20	2018-19	
Capacity*	KTPA	1,147	1,140	1	1,147	1,140	1
Production*	KT	249	254	-2	491	490	0
Sales Volume*	KT	241	258	-7	479	493	-3
Net Revenue	Rs. Cr.	1,347	1,612	-16	2,851	3,191	-11
EBITDA	Rs. Cr.	273	457	-40	719	952	-24
EBITDA Margin	%	20.2%	28.2%		25.2%	29.7%	
EBIT	Rs. Cr.	208	398	-48	590	836	-29
Capital Employed (Incl. CWIP)	Rs. Cr.	5,077	4,527	12	5,077	4,527	12
ROAvCE (Excl. CWIP)	%	18.6%	38.3%		27.3%	44.4%	

* Volume data is for Caustic Soda only. Revenue and EBITDA are for all products in the chemical segment

GRASIM GROUP STRUCTURE

Grasim Industries Limited



* Subsidiary companies - Equity ownership

[^] Soktas India has been renamed to Grasim Premium Fabric Private Limited post acquisition

[#] Under construction Chlor-Alkali plant with capacity of 146 KTPA

Certain statements in this report may be “forward looking statements” within the meaning of applicable securities laws 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, feed stock 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 assume no responsibility to publicly amend, modify or revise any forward looking statement, on the basis of any subsequent development, information or events, or otherwise.

Country and Year of Incorporation: **India, 1947**

Listing: **India (BSE/NSE) , GDR (Luxembourg)**

Bloomberg Ticker: **GRASIM IB EQUITY , GRASIM IS EQUITY, GRAS LX (GDR)**

Business Description: **Viscose, Chemicals, Cement and Financial Services**

Market Cap (30th September 2019) : **Rs. 48,000 Cr.**

NOTES



Thank you

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