



**Performance Review
Quarter 1 : 2014-15**

Grasim Industries Limited
A VSF and Cement Major

Cautionary Statement

Statements in this “Presentation” describing the Company’s objectives, estimates, expectations or predictions 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, 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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Highlights – Quarter 1

Business Environment

- The overall environment for our key businesses continue to be challenging
 - Indian Economy registered low growth of 4.6% in Q4 FY 13-14
 - Early signs of recovery with IIP for April – May' 14 showing growth of 4% against degrowth (0.5%) in Q4 FY13-14
 - Cement sector witnessed improvement in demand
- Globally, overcapacity in VSF and Pulp industry continue to impact realisations
 - However VSF prices have stabilised during the quarter
 - Cotton prices falling rapidly due to reversal of Chinese policy and increasing cotton inventory
- Post elections / Budget, the Business environment and particularly for construction industry turning positive

Operating Performance

- In VSF Business, volumes grew by 11%
 - However increase in input cost impacted margins
- UltraTech outperformed the sector recording 14% volume growth in Indian operations
 - Increase in energy costs affected profitability

Highlights – Quarter 1

Strategic Action / Projects:

- VSF Greenfield project at Vilayat
 - 2 lines (capacity 77k TPA) successfully commissioned
 - Trial run for remaining two lines to start in next 3 months
- Acquisition of the Gujarat units of Jaypee Cement completed; merged with UltraTech w.e.f. 12th June 2014
 - Post acquisition Cement capacity increased to 61.8 MTA
 - Completion of projects under implementation to ramp up capacity to 70 Mn. TPA
- Commissioned TPP at RC 25 MW and balance WHRS at ACW 6.5 MW
 - Total TPP capacity (including WHRS) in Cement business at 709 MW

Business Review

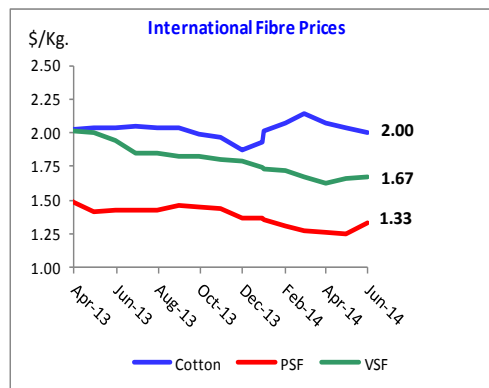
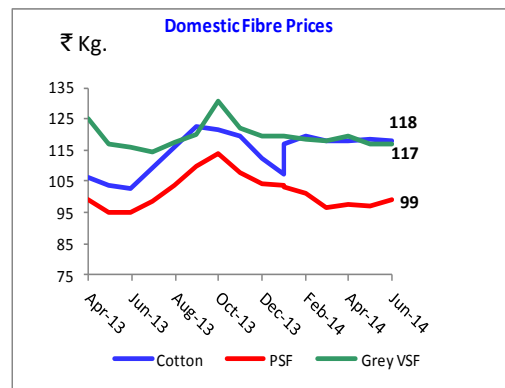
- VSF
- Chemical
- Cement Subsidiary

Viscose Staple Fibre : Highlights

Quarter 4 2013-14		Quarter 1		% Change (YoY)
		2014-15	2013-14	
377,775	Capacity - Annual (MT)	377,775	377,775	--
94,444	Capacity - Quarter (MT)	94,444	92,185*	2
89,507	Production (MT)	89,827	87,692	2
99,385	Sales Volumes [§] (MT)	86,389	77,518	11
1,274	Net Revenue (₹ Cr.)	1,094	980	12

* Operational capacity during the quarter

§ Excluding sales of 3,592 Tons at Vilayat during trial run



Global Industry Scenario

- Overcapacity in China continue to affect business environment
 - Surplus DG pulp capacity leading to soft spot pulp as well as VSF prices
 - However prices have stabilised in current quarter
- China decides to change its policy of procuring cotton at high prices and building cotton stock
 - Will switch to direct subsidies to farmers
 - Expected to gradually offload its huge cotton reserve and significantly reduce cotton import

Business performance

- Production up by 2% on YoY basis
- Sales volume increased by 11%
 - Led by growth in both domestic and exports market
- Rupee depreciation (7%) neutralised the impact of lower VSF prices in global markets

Viscose Staple Fibre : Highlights (Contd....)

Quarter 4 2013-14		Quarter 1		% Change (YoY)
		2014-15	2013-14	
Standalone Business:				
128	PBIDT (₹ Cr.)	81	187	(57)
10.0%	PBIDT Margin (%)	7.3%	18.8%	--
89	PBIT (₹ Cr.)	54	151	(64)
11.7%	ROAvCE % (Excl. CWIP)	6.8%	24.0%	--
Joint Ventures – Grasim’s Share (₹ Cr.):				
566	Revenue - Pulp & Fibre JVs	549	475	16
39	PBIDT - Pulp & Fibre JVs	(28)	(24)	--
Consolidated Business (Pulp and Fibre):				
157	PBIDT (₹ Cr.)	66	161	(59)

- Performance impacted by higher input price, mainly pulp and caustic, on YoY basis
 - Cost maintained sequentially

- Pulp JVs
 - Realisations remain affected with overcapacity
 - ⇒ In China, prices were further impacted due to ADD on imports from Canada
 - ⇒ Lower prices of captive supply in line with markets
 - Full benefit to accrue for fibre business in Quarter 2
 - ⇒ While Domsjo shows improved plant performance, two Canadian DG Pulp JVs affected by plant maintenance shutdowns

Viscose Staple Fibre : Outlook

- Realisations expected to remain range bound in near term
 - Change in Chinese cotton pricing policy likely to further impact cotton prices
 - The present high growth rate may not be sustainable with slowdown in China/ change in cotton policy
- New capacity additions to slowdown leading to gradual improvement in Industry utilisation
 - Current price level non-remunerative leading to losses in China
- Additional capacity at Vilayat to increase volumes including premium specialty fiber
 - Present market conditions will require balancing between volumes and prices for expanded capacity
- Concerted market and product development activities are on
 - Co branding with leading apparel retail chains
 - Focus on improving quality and increase in share of specialty products

Quarter 4 2013-14		Quarter 1		% Change (YoY)
		2014-15	2013-14	
452,500	Capacity - Annual (MT)	452,500	440,500	3
102,630*	Capacity - Quarter (MT)	113,125	71,750*	53
86,438	Production (MT)	100,163	71,035	41
86,469	Sales Volumes (MT)	96,093	72,028	33
337	Net Revenue (₹ Cr.)	413	224	84
55	PBIDT (₹ Cr.)	91	50	81
16.4%	PBIDT Margin (%)	22.0%	22.4%	--
32	PBIT (₹ Cr.)	67	39	72
8.0%	ROAvCE % (Excl. CWIP)	14.9%	22.3%	--
184	Combined PBIDT of VSF (Standalone) and Chemical	172	237	(27)

Industry Scenario

- Caustic demand records growth of ~5%
- Caustic prices remained firm though chlorine prices have declined

Business Performance

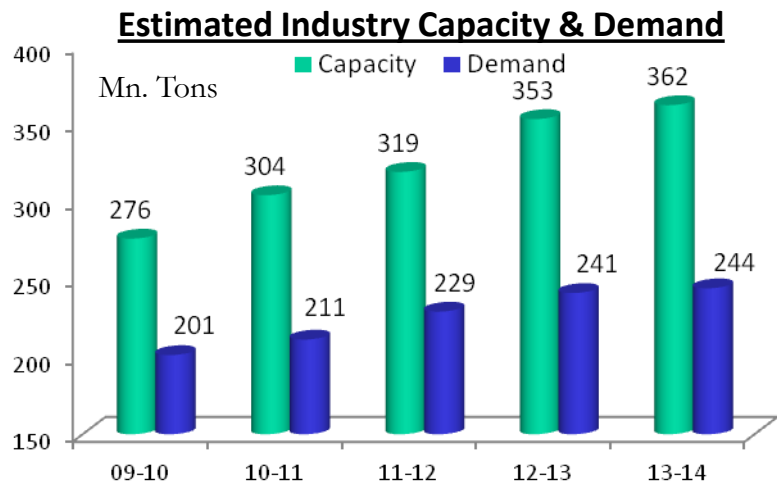
- Production up by 41% with volume from newly commissioned Vilayat plant
 - Achieved 73% utilisation at Vilayat
 - Epoxy plant being ramped up; achieved break even in Q1
- PBIDT up by 81% with higher volume and realisation

* Operational capacity during the quarter

Cement : Highlights

Quarter 4 2013-14		Quarter 1		% Change (YoY)
		2014-15	2013-14	
Grey Cement (Mn. MT)				
46.10	Clinker capacity - Annual	49.70	41.80	19
56.95	Cement Capacity – Annual	61.75	53.90	15
13.87	Cement Capacity - Qtr.	15.44	13.48	15
12.81	Production	12.04	10.67	13
	Sales Volume			
12.83	- Cement \$	12.17	10.79	13
0.15	- Clinker	0.25	0.09	
White Cement & Putty (LMT)				
3.28	Sales Volumes \$	2.57	2.50	3

\$ includes captive consumption (RMC and Value added products)



Industry Scenario

- Sector witnessed improved cement demand
 - Industry growth estimated at ~5%-6% led by increase in construction activities and delayed Monsoon

Business Performance

- Capacity utilisation of Indian operations at 84%, v/s Industry 76%
- Cement sales volume improved by 13% YoY
 - Outperformed industry growth



Cement : Financials

Quarter 4 2013-14		Quarter 1		% Change (YoY)
		2014-15	2013-14	
6,316	Net Revenue (₹ Cr.)	6,032	5,296	14
1,389	PBIDT (₹ Cr.)	1,296	1,268	2
21.8%	PBIDT Margin (%)	21.4%	23.6%	--
1,088	PBIT (₹ Cr.)	1,014	995	2
17.3%	ROAvCE (%) (Excl. CWIP)	14.8%	17.8%	

- Prices remained under pressure
 - Marginal recovery on sequential basis
- Variable cost of production up by 3%
 - Increase in petcoke cost by ~18% impacted overall energy cost
 - Raw material cost up due to increase in input prices
- PBIDT at ₹ 1,296 crore, up by 2%

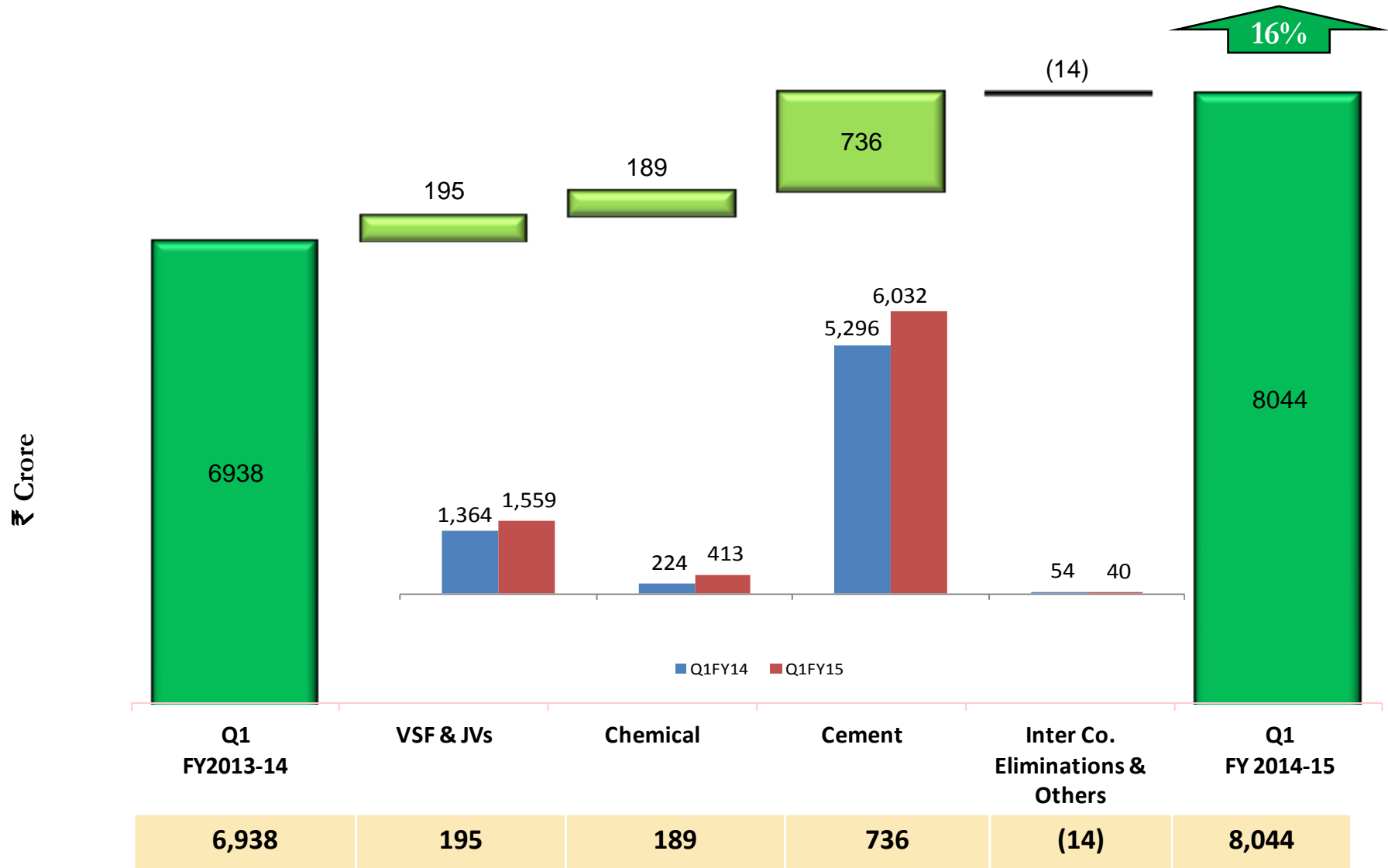
- Renewed focus on infrastructure and initiatives as announced in Union Budget to accelerate demand growth
 - Cement demand likely to grow 7-8% with expected double digit growth in H2FY15
- However, indirect entry barriers may restrict future capacity additions
 - Land acquisition, high capital cost and increasing gestation period due to regulatory clearances
- Present overcapacity, therefore, expected to narrow down in next 2-3 years
 - Pressure on prices likely to reduce linked with reduction in surplus capacity
- UltraTech's total capacity to reach 70 Mn. TPA on completion of existing growth plans

(Mn. Ton)

	India	Overseas	Total
Present capacity	58.8	3.0	61.8
<u>Projects under Implementation:</u>			
• Balance Grinding units of 4.5 Mn. TPA to support Clinker capacity already commissioned at Malkhed and Raipur	4.5		4.5
• Bahrain Grinding unit		0.6	0.6
• Brown field expansion at Sambhupura (Rajasthan), with Greenfield GU	2.9		2.9
	7.4	0.6	8.0
Total	66.2	3.6	69.8

Financial Performance

Consolidated Revenue

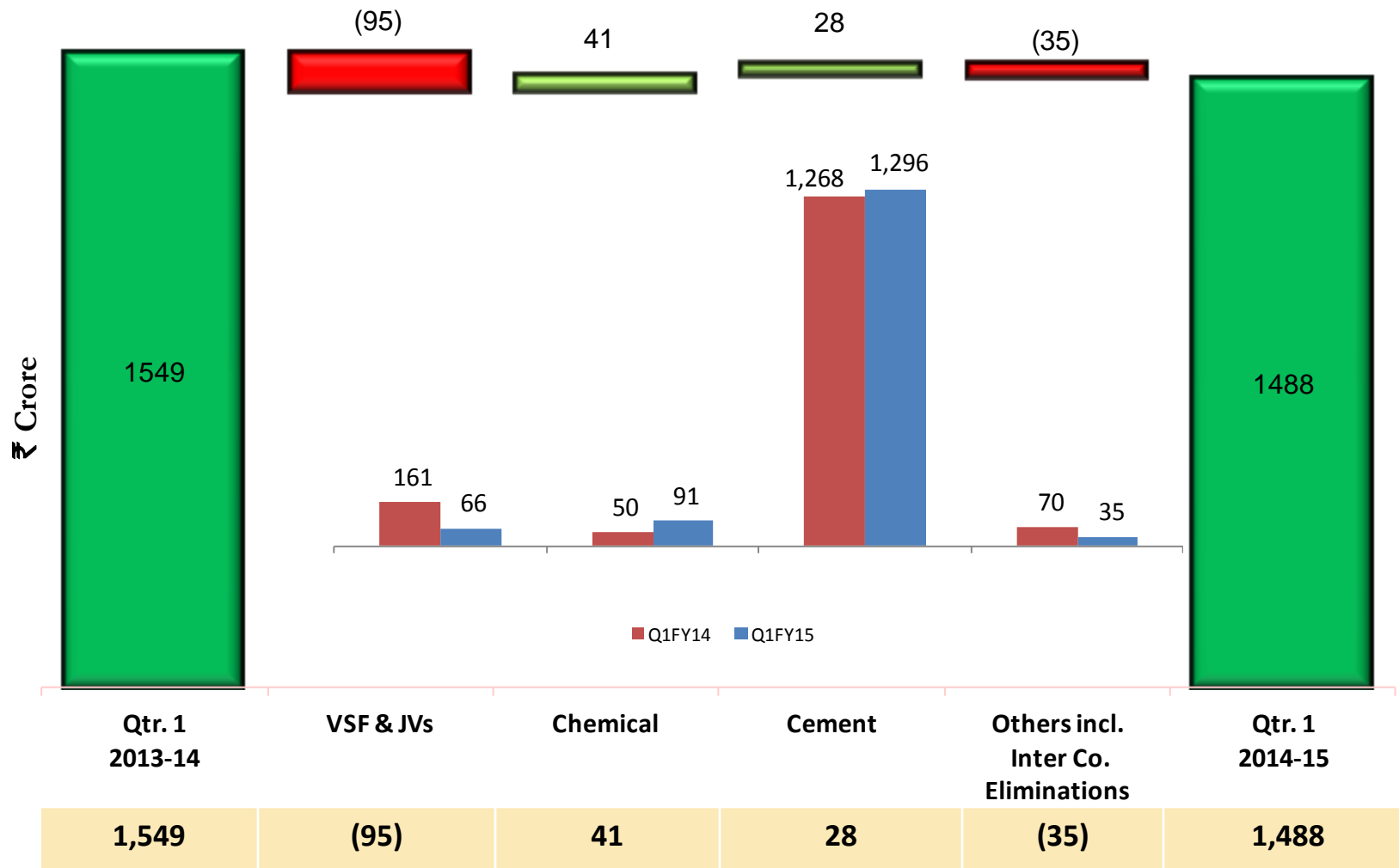


Financial Performance – Consolidated

	Quarter 1			Quarter 4 2013-14
			% Change	
	2014-15	2013-14	YoY	
Revenue	8,044	6,938	16	8,419
Operating Costs	6,826	5,622	21	6,892
PBIDT	1,488	1,549	(4)	1,655
Finance cost	126	95	33	108
Depreciation	358	344	4	389
PBT	1,004	1,110	(10)	1,158
Tax Expenses	304	259	17	168
Minority Share	250	267		340
PAT	487	610	(20)	679
EPS (₹)	53.0	66.4	(20)	73.9

- Increase in Finance Cost due to commissioning of capacities and additional borrowing in UltraTech
- Tax expenses higher due to lower tax exempt income in current year and lower deferred tax liability in last year due to commissioning of power plants

Consolidated PBIDT





Net Profit

(₹ Crore)

Quarter 4 2013-14 Grasim's share		Quarter 1				% Change
		2014-15		2013-14		
		Total Co.	Grasim's share	Total Co.	Grasim's share	
130	Standalone PAT		106		226	(53)
521	UltraTech Cement	627	378	666	402	(6)
7	Grasim Bhiwani Textiles	3	3	2	2	
(3)	Fibre and Pulp JVs	(139)	(54)	(117)	(44)	
31	Idea Cellular	728	37	463	24	55
(8)	Inter Company Eliminations / Others		17		-	
549	Grasim's Share in Subsidiaries / JVs		381		383	(1)
679	Grasim Consolidated PAT		487		610	(20)



Balance Sheet : Grasim

Standalone			Consolidated		(₹ Crore)
As on 30 th June'14	As on 31 st Mar'14	EQUITY & LIABILITIES	As on 30 th June'14	As on 31 st Mar'14	
		Shareholders' Funds			
10,930	10,828	Net Worth	22,193	21,614	
-	-	Minority Interest	7,201	6,936	
		Non Current Liabilities			
1,007	1,004	Long Term Borrowings	7,674	7,612	
490	462	Deferred Tax Liability (Net)	2,720	2,803	
58	57	Long Term Liabilities & Provisions	221	211	
		Current Liabilities			
184	298	ST Borrowings/Current Maturities of LT	4,420	2,069	
1,280	1,229	Current Liabilities & Provisions	7,658	6,489	
13,950	13,878	SOURCES OF FUNDS	52,085	47,735	
		ASSETS			
		Non-Current Assets			
3,498	3,548	Net Fixed Assets	25,319	21,935	
2,039	1,947	Capital WIP & Advances	5,400	5,008	
-	-	Goodwill on Consolidation	3,327	3,277	
		Non- Current Investments			
2,636	2,636	Cement Subsidiary	-	-	
1,781	1,784	Other Investments	1,754	2,673	
371	339	Long Term Loans and Advances	1,093	868	
		Current Assets			
1,127	1,184	Current Investments (MF/Bonds)	5,664	4,938	
2,499	2,440	Other Current Assets	9,528	9,036	
13,950	13,878	APPLICATION OF FUNDS	52,085	47,735	
1,192	1,302	Total Borrowings	12,093	9,681	
1,297	1,359	Total Liquid Funds	5,926	6,239	
105	56	Liquid Funds (Net of Debt)	(6,167)	(3,442)	



Strong Financials

(₹ Crore)	Standalone		Consolidated	
	Q1 2014-15	Full Year 2013-14	Q1 2014-15	Full Year 2013-14
Net Worth	10,930	10,828	22,193	21,614
Debt	1,192	1,302	12,093	9,681
Net Debt (+) over liquid funds (-)	(105)	(56)	6,167	3,442
Capital Employed	12,611	12,592	44,206	41,035
Debt:Equity (x)	0.11	0.12	0.41	0.34
Net Debt: Equity (x)	-	-	0.21	0.12
Interest Cover	10.3	13.2	8.4	9.0
Book Value (₹)	1,190	1,179	2,416	2,353
ROAvCE (%) (Excluding CWIP)			12.1	12.1
RONW (%)			8.9	10.0

Strong Balance Sheet to support growth plans

Capex

Capex plan

(₹ Crore)

	Capex under Implemen-tation \$	Work in Progress as on 01-04-14	Net Capex	Cash Outflow		Capex spent during Q1
				FY15	FY16 onward	
<u>Standalone</u>						
VSF Expansion : Vilayat (120K TPA)	2,086					
Chemical : Vilayat	100					
Nagda Revamp	272					
Normal Capex : VSF	360					
: Chemical & Others	222					
Standalone Capex (A)	3,040	1,936	1,104	729	375	112
<u>Cement Subsidiary</u>						
Capacity expansion : Raipur (4.8 Mn. TPA) (With GU and Bulk Terminal) : Malkhed (4.4 Mn. TPA) : Shambhupura (2.9 Mn. TPA)	4,362					
Material Evacuation, Logistic Infrastructure	760					
Thermal Power (25 MW) & Waste Heat Recovery	408					
RMC Business	242					
Modernisation, Upgradation and others (Incl. Land)	4,128					
Cement Business Capex (B)	9,900	2,835	7,065	3,798	3,267	564
Capex (A + B)	12,940	4,771	8,169	4,527	3,642	676

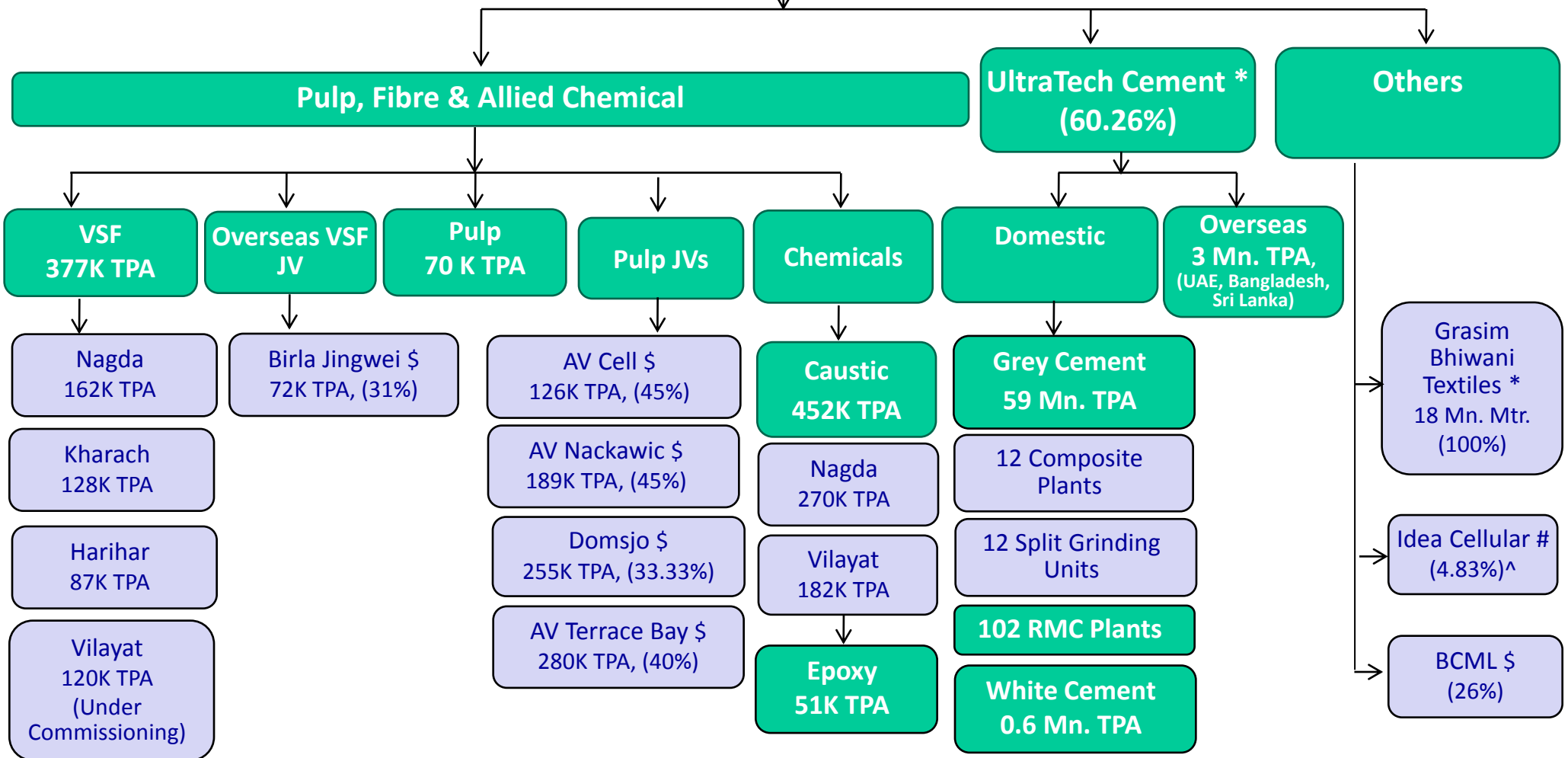
\$ Excludes capex already capitalised on commissioning till 31st March 2014

Summary

Summary

- VSF business performance impacted due to subdued global pricing scenario
 - The environment continues to remain challenging
- VSF expansion at Vilayat partially commissioned leading to higher volumes
 - Specialty fibre to improve product mix and realisations
- Cement business records improved performance
 - The environment showing improvement with stable government at Centre
 - Merger of Jaypee Cement unit & Brownfield expansion to drive volume
- Both business to consolidate cost leadership
 - Continuous cost optimisation and R&D to help meet challenges

Organizational Structure

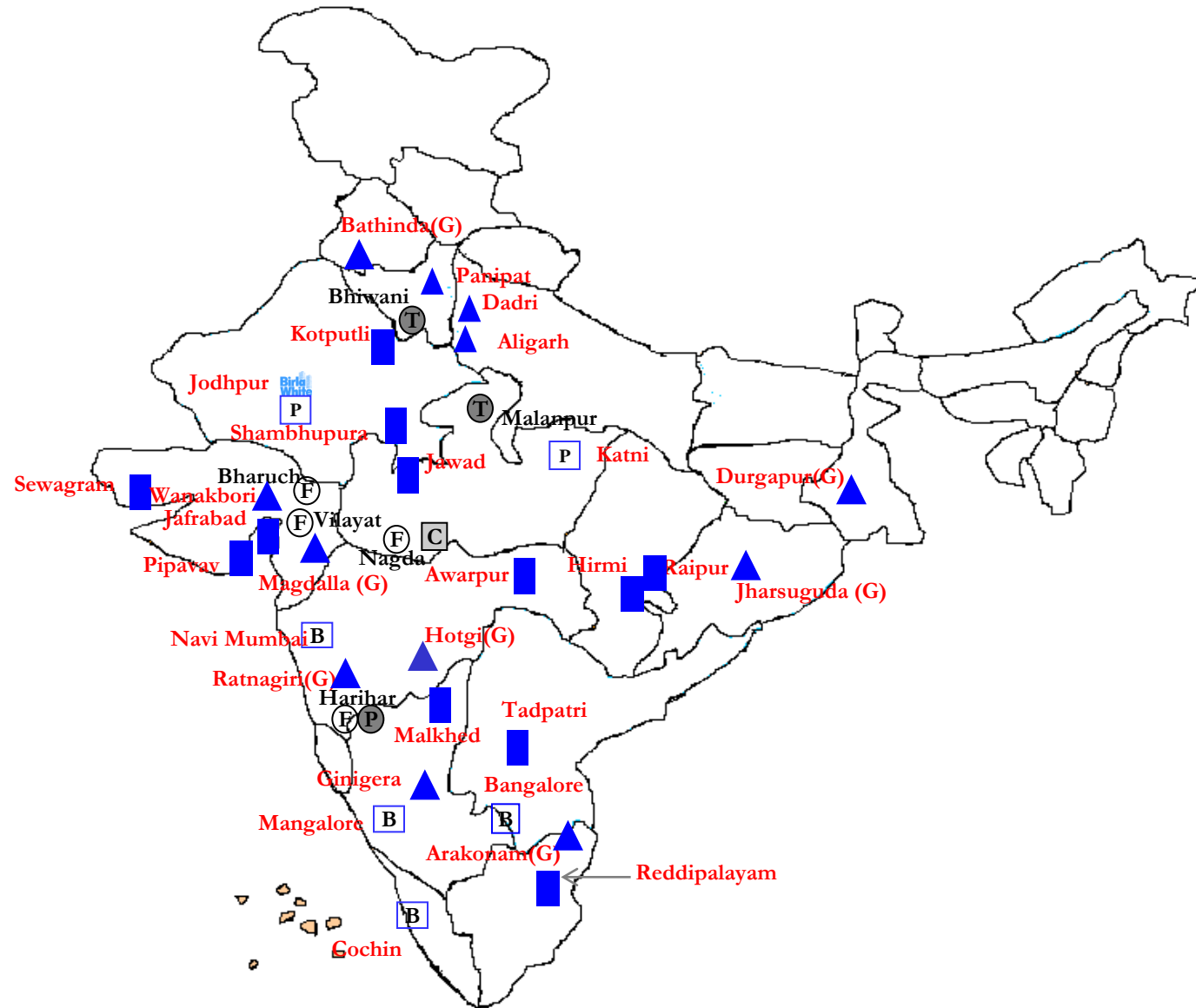


* Subsidiary, \$ JV, # Associate

^ Diluted to 4.76% in July'14

Plant Locations– Grasim & its subsidiaries

- UltraTech Cement Plants
- ▲ UltraTech Grinding Units (G)
- ▲ UltraTech White Cement Plant
- B UltraTech Bulk Cement Terminals
- P UltraTech Putty Plant
- F Fibre plants
- P Pulp plant
- C Chemical plant
- T Textiles units





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Thank You

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Grasim Industries Limited

Annexure



Annexure

- **Consolidated Financial Performance**
- **Standalone Financial Performance**
- **Consolidated and Standalone Profitability**
- **Revenue & PBIDT Chart**
- **VSF Summary**
- **Chemical Summary**
- **Cement Summary**

Consolidated Financial Performance

	Quarter - 1		% Change	(₹ Crore)
	2014-15	2013-14		Full Year 2013-14
Net Sales & Op. Income	8,044.3	6,938.0	16	29,324.0
Other Income	269.8	233.4	16	576.6
PBIDT	1,487.8	1,549.2	(4)	5,491.0
PBIDT Margin (%)	17.9%	21.6%		18.4%
Finance Cost	126.5	94.9	33	447.3
Depreciation	357.8	343.9	4	1,457.5
PBT	1,003.6	1,110.4	(10)	3,586.2
Total Tax	304.1	258.9	17	734.8
PAT (Before Minority Share)	699.5	851.5	(18)	2,851.4
Add: Share in Profit of Associates	37.9	25.4	49	102.9
Less: Minority Share	250.3	266.9		882.8
PAT (After Minority Share)	487.1	610.0	(20)	2,071.5
Cash Profit (Before Minority Share)	1,388.6	1,341.7	3	4,912.5



Standalone Financial Performance

	Quarter 1		% Change	(₹ Crore)
	2014-15	2013-14		Full Year 2013-14
Net Sales & Op. Income	1,438.8	1,163.1	24	5,603.5
Other Income	55.1	81.6	(32)	384.8
PBIDT	196.0	298.3	(34)	1,246.1
PBIDT Margin (%)	13.1%	24.0%		20.8%
Finance Cost	5.6	7.8	(28)	41.5
Depreciation	52.9	48.4	9	219.6
PBT	137.4	242.0	(43)	985.0
Tax Expense	31.6	15.9	99	89.0
PAT	105.8	226.1	(53)	896.0
EPS	11.5	24.6	(53)	97.5

Profitability Snapshot

	Standalone				Consolidated				(₹ Crore)
	FY 2011-12	FY 2012-13	FY 2013-14	Q1 2014-15	FY 2011-12	FY 2012-13	FY 2013-14	Q1 2014-15	
Net Turnover & Op. Income	4,974	5,255	5,604	1,439	25,244	27,909	29,324	8,044	
PBIDT	1,722	1,523	1,246	196	6,321	6,543	5,491	1,488	
PBIDT Margin (%)	31.7	26.8	20.8	13.1	24.3	22.9	18.4	17.9	
Finance Cost	36	39	42	6	314	324	447	126	
PBDT	1,686	1,484	1,205	190	6,007	6,219	5,044	1,361	
Tax Expenses	365	303	89	32	1,321	1,467	735	304	
PAT # (After Minority Share)	1,177	1,022	896	106	2,647	2,500	2,072	487	
EPS (₹) #	128.2	111.3	97.5	11.5	288.4	272.3	225.5	53.0	
DPS (₹)	22.5	22.5	21.0	--	--	--	--	--	
ROAvCE (PBIT Basis - Excl. CWIP)(%)					18.6	17.1	12.1	12.1	
RONW (%) #					16.7	13.6	10.0	8.9	
Interest Cover (x)	36.8	21.3	13.2	10.3	13.4	10.6	9.0	8.4	

before exceptional / extraordinary gain



Revenue Chart

Net Revenue	Quarter 1		%	Quarter 4
	2014-15	2013-14	Change	2013-14
Viscose Staple Fibre	1,094	980	12	1,274
Chemical	413	224	84	337
Others	26	23		22
Eliminations (Inter Segment)	(95)	(64)		(84)
Standalone Net Revenue	1,439	1,163	24	1,549
<u>Subsidiaries</u>				
Cement	6,032	5,296	14	6,316
Textiles	104	98	6	110
Pulp JVs and Fibre JV (Pro Rata)	549	475	16	566
Eliminations (Inter Company)/Others	(80)	(94)		(122)
Total for Subsidiaries & JVs	6,605	5,775	14	6,870
Consolidated Net Revenue	8,044	6,938	16	8,419

(₹ Crore)



PBIDT – Chart

PBIDT	Quarter 1		%	(₹ Crore)
	2014-15	2013-14	Change	Quarter 4 2013-14
Viscose Staple Fibre	81	187	(57)	128
Chemical	91	50	81	55
Others	24	61	(61)	38
Standalone PBIDT	196	298	(34)	222
<u>Subsidiaries</u>				
Cement	1,296	1,268	2	1,389
Textiles	8	6	32	12
Pulp JVs and Fibre JVs (Pro Rata)	(28)	(24)		39
Eliminations (Inter Company)/Others	16	1		(6)
Total for Subsidiaries & JVs	1,292	1,251	3	1,434
Consolidated PBIDT	1,488	1,549	(4)	1,655



Viscose Staple Fibre : Summary

		Quarter 1		% Change	Full Year 2013-14
		2014-15	2013-14		
Capacity	TPA	94,444	92,185*	2	3,75,517
Production	MT	89,827	87,692	2	3,61,012
Sales Volumes	MT	86,389	77,518	11	3,66,978
Net Revenue	₹ Cr.	1,094	980	12	4,714
PBIDT	₹ Cr.	81	187	(57)	724
PBIDT Margin	%	7.3%	18.8%	--	15.4%
PBIT	₹ Cr.	54	151	(64)	574
Capital Employed (Incl. CWIP)	₹ Cr.	5,038	4,330	16	5,043
ROAvCE (Excl. CWIP)	%	6.8%	24.0%	--	20.0%

* Operational capacity during the period



Chemical : Summary

		Quarter 1			Full Year
		2014-15	2013-14	% Change	2013-14
Capacity*	TPA	1,13,125	71,750	58	3,51,790
Production	MT	1,00,163	71,035	41	3,13,479
Sales Volumes	MT	96,093	72,028	33	3,14,488
Net Revenue	₹ Cr.	413	224	84	1,075
PBIDT	₹ Cr.	91	50	81	225
PBIDT Margin	%	22.0%	22.4%	--	20.9%
PBIT	₹ Cr.	67	39	72	161
Capital Employed (Incl. CWIP)	₹ Cr.	1,870	1,579	18	1,888
ROAvCE (Excl. CWIP)	%	14.9%	22.3%	--	14.0%

* Operational capacity during the period

Cement : Summary

		Quarter 1		%	Full Year
		2014-15	2013-14	Change	2013-14
<u>Grey Cement</u>					
Capacity	Mn. TPA	15.43	13.48	14	54.76
Production	Mn. MT	12.04	10.67	13	43.60
Cement Sales Volumes ^{\$}	Mn. MT	12.17	10.79	13	44.06
Clinker Sales Volumes	Mn. MT	0.25	0.09		0.60
<u>White Cement & Putty</u>					
Sales Volumes ^{\$\$}	Lac MT	2.57	2.50	3	11.41
Net Revenue	₹ Cr.	5,989	5,272	14	21,652
PBIDT	₹ Cr.	1,296	1,268	2	4,358
PBIDT Margin	%	21.4%	23.6%	--	19.8%
PBIT	₹ Cr.	1,014	995	2	3,219
Capital Employed (Incl. CWIP)	₹ Cr.	32,022	27,157	18	28,977
ROAvCE (Excl. CWIP)	%	14.8%	17.8%	--	13.3%

^{\$} Includes captive consumption for RMC

^{\$\$} Includes captive consumption for value added products