



Research Report

Grasim Industries Limited



Prepared By-
SAHIL SHARMA
EQUITY RESEARCH ANALYST

About

Grasim Industries Limited is the flagship company of the Aditya Birla group, it ranks amongst India's largest private sector companies. On standalone basis, GIL's core businesses comprise of viscose Staple fibre (VSF), caustic soda, speciality chemicals, rayon-grade wood pulp (RGWP) with plants at multiple locations. It also has certain other businesses such as fertiliser, textile, etc. Today, it has evolved into a leading diversified player with leadership presence across many sectors.

Key Products

- Viscose Staple Fibre
- Viscose Filament Yarn
- Chemicals
- Textiles
- Insulators
- Paints
- B2B E-Commerce

Synopsis of Financials

- Consolidated Revenue 33,861 Cr. up 9% YoY; EBITDA at 4,760 Cr. down 4% YoY
- Cellulosic Fibres : Highest ever CSF quarterly sales volume of 212 KT
- Chemicals: Speciality Chemicals contribution stood at highest-ever levels of 30%
- B2B E-commerce: Quarterly revenue run-rate of over 550 Cr.
- Total capex spend stood at 7,795 Cr., ~77% of total project cost
- Financial Services (Aditya Birla Capital): Total Lending portfolio (NBFC and HFC) grew 27% YoY to ₹1,27,705 Cr.

Stock data (as 7th August 2024)

Nifty Price	: 24,376.00
52 week High (in Rs.)	: 2,878
52 week Low (in Rs.)	: 1,751
Market Cap. (in Crore)	: 1,72,123
NSE Code	: <u>GRASIM</u>

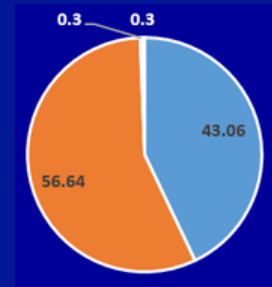
Stock data



-NIFTY50

- Grasim Industries Limited

Shareholding Pattern (March 2024)



-PUBLIC GROUP

-PROMOTER GROUP

-Employee Trust

-Non Promoter-Non Public

Financial Summary

Particulars	March 2024	March 2023	March 2022
Sales	1,30,978	1,17,627	95,701
Sales Growth %	11.35%	22.91%	25.26%
Expenses	1,03,783	96,038	75,270
Operating Profit	27,195	21,589	20,431
OPM %	21%	18%	21%
Net Profit	9,926	11,078	11,206
EPS in Rs	85.42	100.33	110.96

Quarterly Results



Particular	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Sales	27,486	28,638	33,462	31,065	30,221	31,965	37,727
Expenses	22,894	23,775	27,332	24,708	24,173	25,073	29,835
Operating Profit	4,591	4,863	6,131	6,357	6,048	6,893	7,892
OPM %	17%	17%	18%	20%	20%	22%	21%
Other Income	254	2,972	308	296	285	256	-48
Interest	1,373	1,608	1,816	2,032	2,226	2,433	2,586
Depreciation	1,116	1,139	1,207	1,183	1,245	1,244	1,329
Profit before tax	2,356	5,087	3,415	3,438	2,862	3,472	3,928
Tax %	36%	12%	31%	25%	29%	25%	31%
Net Profit	1,509	4,455	2,356	2,576	2,024	2,603	2,722

Source: Screener

Key Ratios

Ratios & Statistics	Unit	FY 2023-24	FY 2022-23	FY 2021-22	FY 2020-21	FY 2019-20
EBITDA Margin ⁵	%	9.36	12.19	15.71	13.08	13.81
Net Margin ⁶	%	3.66	7.91	12.92	6.54	7.62
Interest Cover ⁷	Times	5.35	9.15	12.24	5.88	7.55
Debt Service Coverage Ratio	Times	2.34	2.43	8.47	3.86	2.90
Total Debt to Equity Ratio	Times	0.18	0.11	0.08	0.10	0.13
Net Debt to Equity Ratio ⁴	Times	0.11	0.04	(0.01)	0.02	0.08
Net Debt to EBITDA Ratio	Times	1.67	0.42	(0.13)	0.44	1.13
Current Ratio	Times	1.27	1.30	1.46	1.38	1.55

Source: Annual Report

Yearly Results

Particulars	March 2024	March 2023	March 2022
Equity Capital	133	132	132
Reserves	88,520	78,610	75,567
Borrowings	1,37,155	1,03,039	74,744
Other Liabilities	1,86,309	1,55,042	1,38,706
Total Liabilities	4,12,116	3,36,823	2,89,149
Fixed Assets	1,00,494	94,896	88,996
CWIP	18,358	7,778	6,615
Investments	1,29,306	1,05,355	96,766
Other Assets	1,63,959	1,28,793	96,771
Total Assets	4,12,116	3,36,823	2,89,149

Synopsis Quater Results

Con-Call Q1 FY'24: Key Highlights

Capex:

- The company has announced a capex of Rs. 4,500 crores for the standalone business for the next year.
- Majority of the capex will be allocated to the paints business, with a total of 10,000 crores capex announced for the paints segment.

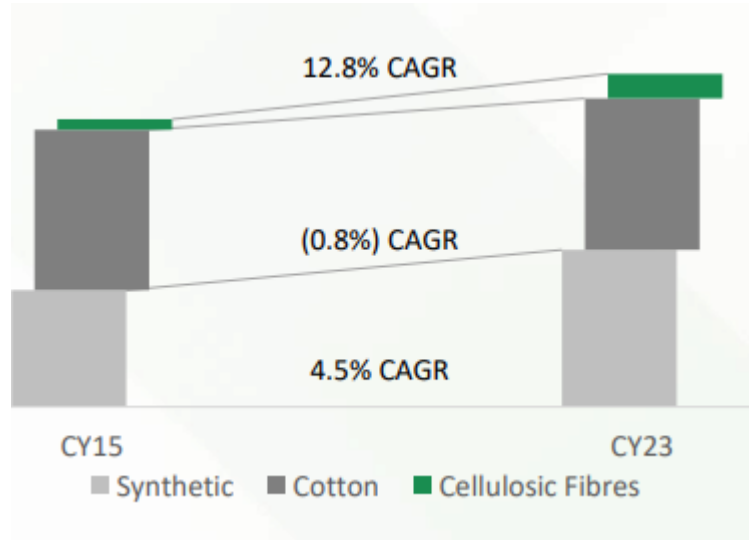
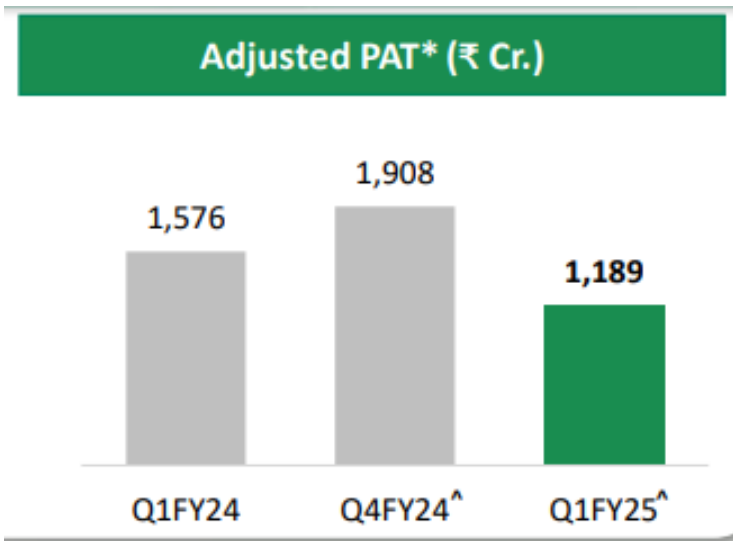
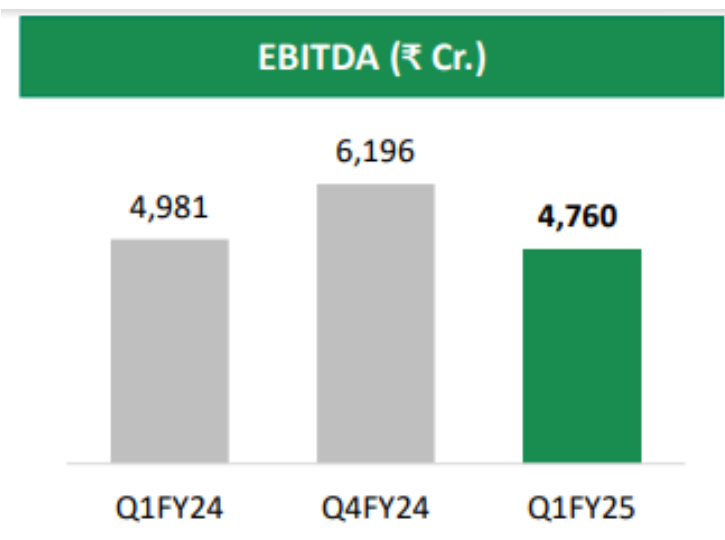
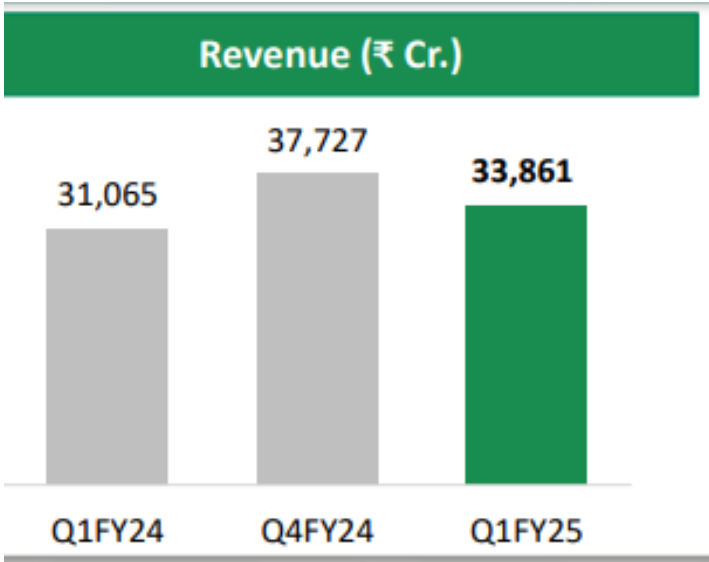
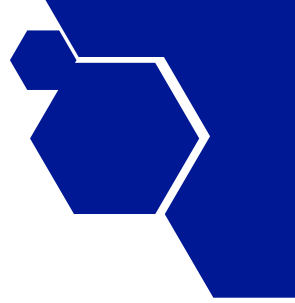
Business Segments:

- The company has five business segments at the consolidated financial level: cellulosic fiber, chemicals, building materials, financial services, and others.
- The cellulosic fiber business has shown good volume growth and high utilization levels.
- Chemical business has been impacted by global factors such as oversupply and weak demand in certain segments.
- Building materials segment, driven by the cement business, has shown strong performance with new capacity additions.
- Financial services business has seen growth in lending portfolio and total assets under management.
- Other segments including textiles, renewables, and insulators have also performed well.

Paints Business:

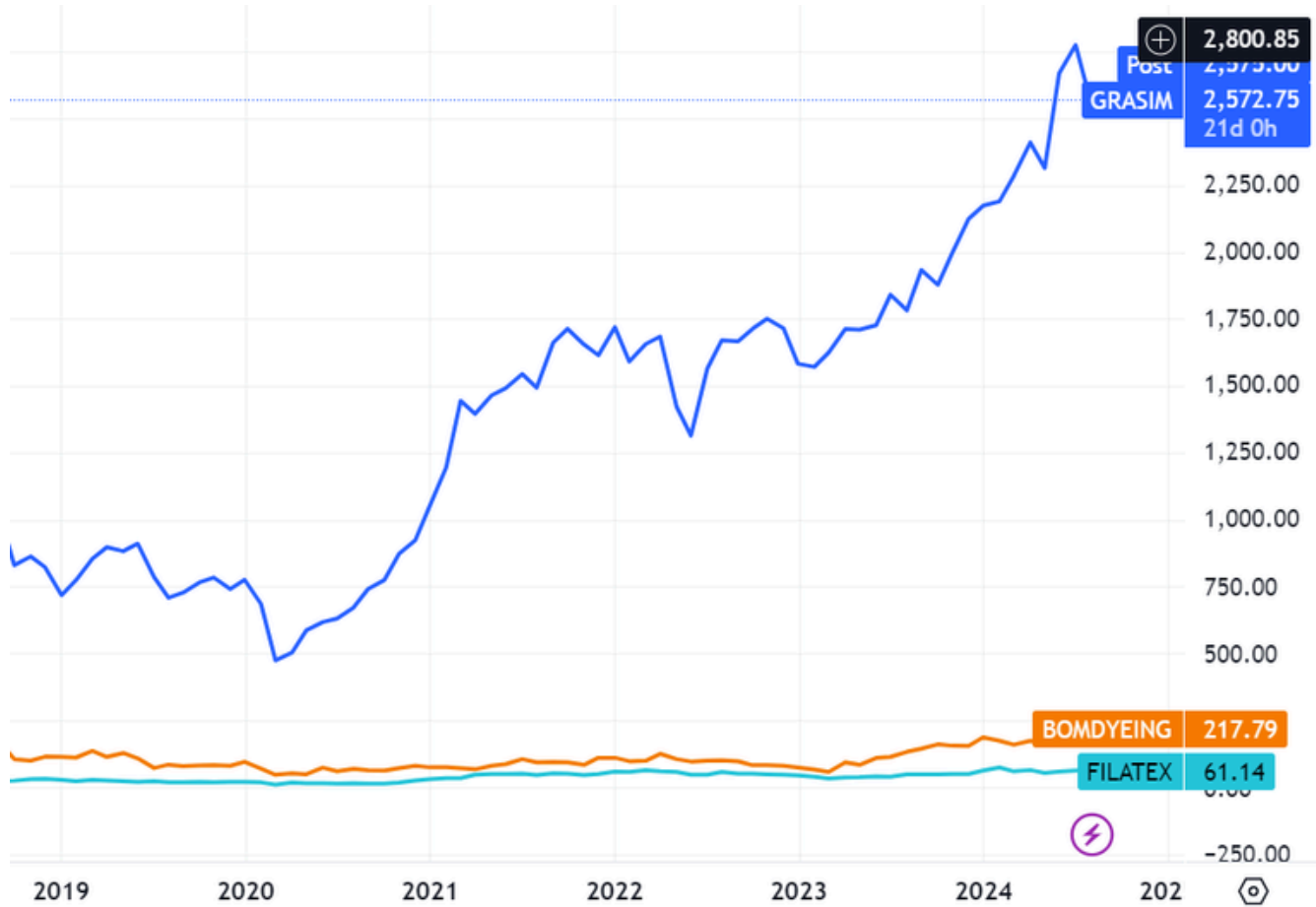
- The company has launched Birla Opus, the decorative paints business with production starting at three greenfield plants.
- Dealer feedback on product quality has been excellent, with positive responses from contractors as well.
- Aggressive plan to onboard 50,000 dealers and achieve a revenue milestone of Rs. 10,000 crores in the first year of operations.
- Focus on increasing penetration for tiles and plywood products, evaluating new product categories for expansion.
- Aggressive advertising and brand promotion activities planned for the paints business.

Revenue Highlights



Peer Comparison

Peer Stock Performance (5Y) Indexed



Source: Trading View

Peer Financial Performance

S.No.	Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	NP Qtr Rs.Cr.	Qtr Profit Var %	Sales Qtr Rs.Cr.	Qtr Sales Var %	ROCE %
1.	Grasim Inds	2613.95	29.73	172123.13	0.38	2721.81	14.57	37727.13	12.75	9.30
2.	Bombay Dyeing	220.50		4554.08	0.55	15.47	112.91	450.97	-9.45	0.97
3.	Filatex India	61.26	21.70	2719.07	0.24	32.29	83.26	1054.34	-1.40	12.65
4.	Century Enka	760.50	29.41	1661.69	1.37	24.29	77.30	528.02	23.23	4.70

Source: Screener

Final Outlook



GRASIM: BUY | LTP: 2,614

In Q4 FY24, consolidated revenue grew by 12.7% year-on-year to Rs. 37,727 crore, driven by steady growth in the cement and financial services sectors.

EBITDA increased by 27.2% year-on-year, with the margin rising by 180 basis points to 16.4%, thanks to moderated input costs.

Profit after tax rose by 15.5% year-on-year to Rs. 2,722 crore, supported by higher other income but tempered by a one-off exceptional loss.

Borrowings have increased for financing of new large scale projects like Birla Opus and Birla Pivot, where demand seems robust but profitability should be kept in check. Price movement has been consistently on an upward trend with only noticeable correction being 4th June's post election market scenario.

Volume of the VSF segment up 8% YoY, while China's demand is lagging.

Caustic soda volumes up 8% YoY and Epoxy has seen 14-15% growth rate.

Recommending a buy position, stock is on an upward trend. Current expansions will affect profitability in the short term however, the stock will eventually break even giving decent returns. Market Analysts set TP around Rs. 2688 - Rs. 2840, allowing for all kinds of investment perspectives.