

Research Report

Grasim Industries Limited



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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.

Key Business segments

1) Building Materials (53% in 9M FY25 vs 54% in FY23):

- Cement
- Decorative Paints
- B2B E-Commerce

2) Financial Services (28% in 9M FY25 vs 23% in FY23)

3) Cellulosic Fibres (12% in 9M FY25 vs 13% in FY23)

Synopsis of Financials

B2B E-Commerce (Birla Pivot)

Growth Trajectory

- Annualized run rate (ARR) of ₹5,000 crore as of Q4FY25 exit; 3.3x YoY revenue growth.
- Platform hosts 40,000+ SKUs, 300+ brands/OEMs, 35 product categories (private labels in bathware, tiles, plywood).

Core Businesses Performance & Capex

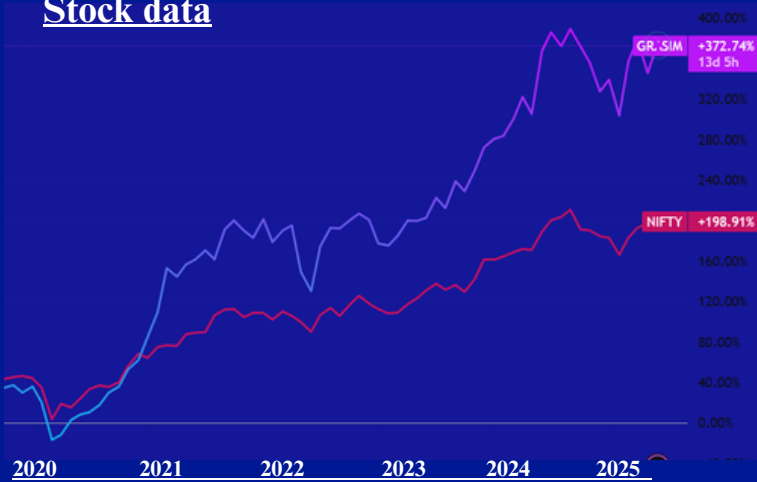
Cellulosic Fibres (VSF)

- FY25 revenue: ₹15,987 crore (+6% YoY), volume +4% YoY.
- Profitability down 12% YoY due to higher raw material costs.

Stock data (as 12th June 2025).

Nifty Price	: 24,718.60
52 week High (in Rs.)	: 2,878
52 week Low (in Rs.)	: 2,276
Market Cap. (in Crore)	: 1,81,260
NSE Code	: <u>GRASIM</u>

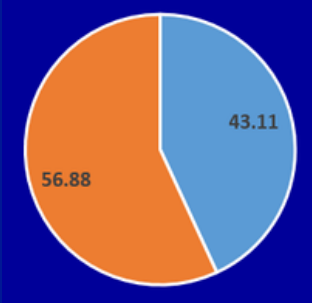
Stock data



-NIFTY50

-Grasim Industries Limited

Shareholding Pattern (March 2025).



-PUBLIC GROUP

-PROMOTER GROUP

Financial Summary.

Particulars	Mar-23	Mar-24	Mar-25
Sales	1,17,627	1,30,978	1,48,478
Sales Growth %	22.91%	11.35%	13.36%
Expenses	96,038	1,03,783	1,20,216
Operating Profit	21,589	27,195	28,262
OPM %	18%	21%	19%
Net Profit	11,078	9,926	7,756
EPS in Rs	100.33	85.42	54.46

Quarterly Results

Particular	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
Sales	30,221	31,965	37,727	33,861	33,563	35,378	44,267
Expenses	24,173	25,073	29,835	27,156	27,546	28,575	35,517
Operating Profit	6,048	6,893	7,892	6,705	6,017	6,804	8,750
OPM %	20%	22%	21%	20%	18%	19%	20%
Other Income	285	256	-48	365	398	382	485
Interest	2,226	2,433	2,586	2,725	2,951	3,270	3,407
Depreciation	1,245	1,244	1,329	1,368	1,496	1,608	1,831
Profit before tax	2,862	3,472	3,928	2,976	1,968	2,308	3,996
Tax %	29%	25%	31%	24%	44%	25%	26%
Net Profit	2,024	2,603	2,722	2,268	1,100	1,734	2,973

Source: Screener

Key Ratios

Particulars	Numerator	Denominator	Unit	As at 31 st March 2024	As at 31 st March 2023	% of Change
Current Ratio	Current Assets	Current Liabilities (excluding current borrowings)	Times	1.27	1.30	-2%
Debt-Equity Ratio	Total Debt	Total Equity	Times	0.18	0.11	62%
Debt Service Coverage Ratio	Profit after Tax + Deferred Tax + Depreciation + Finance cost + Loss/(Profit) on Sale of asset + ESOP expenses + Non-cash Exceptional Item - Unrealised gain on investment	Finance cost + Interest Capitalised + Lease payment + Principal repayment of long term debt	Times	2.34	2.43	-4%
Return on Equity Ratio	Profit After Tax	Average Shareholder's Equity	%	1.91	4.44	-57%

Source: Annual Report

Yearly Results

Particulars	Mar-23	Mar-24	Mar-25
Equity Capital	132	133	136
Reserves	78,610	88,520	97,373
Borrowings	1,03,039	1,37,155	1,86,326
Other Liabilities	1,55,042	1,86,309	2,16,701
Total Liabilities	3,36,823	4,12,116	5,00,536
Fixed Assets	94,896	1,00,494	1,41,303
CWIP	7,778	18,358	14,610
Investments	1,05,355	1,29,306	1,02,734
Other Assets	1,28,793	1,63,959	2,41,889
Total Assets	3,36,823	4,12,116	5,00,536

Synopsis Quarter Results

Concall Notes - May-2025: Key Highlights

Strategic Overview & Management Commentary

Transformational Growth and Diversification

- Grasim has evolved from a textile company to a diversified conglomerate with presence in textiles, chemicals, building materials, and more.

Macro Tailwinds & Industry Context

- The management is extremely bullish on India's structural growth, referencing the nation's "Amrit Kaal" and the \$10 trillion GDP target within a decade.

Paints Business (Birla Opus) – Key Developments

Rapid Scale-Up & Market Positioning

- Birla Opus has, within 6 months of pan-India operations, become the No.3 decorative paints brand in India (internal estimates).

Product Portfolio & Innovation

- 176 products and 1,250+ SKUs; full coverage across all 6 decorative paint categories (interior/exterior water-based, distemper, enamel, wood finishes, waterproofing, wallpapers).

Distribution & Market Penetration

- 6,600 towns covered, 137 depots, presence in 33 states/UTs.
- Targeted 50,000 dealers at FY25-end; actuals close to target.

Brand, Consumer, and Channel Feedback

- Strong positive feedback from retail/institutional customers, architects, contractors, and painters.

Strategic Outlook & Ambition

- Management aims for Birla Opus to be a double-digit share player (excluding putty) in FY26.
- Capacity exists to add another 400–500 MLPA at minimal cost.

Pricing & Competitive Dynamics

- Birla Opus pricing matches market leader at the consumer level; unique value proposition via 10% free on 10/20L emulsions.

Capex & Projects

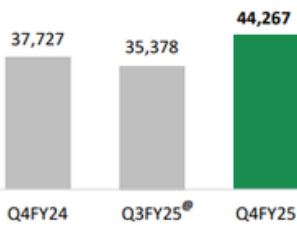
- Lyocell fibre expansion: 55,000 TPA (out of 110,000 TPA) underway.
- Chemicals: CPVC plants at Vilayat for captive consumption; full integration target 70%.

Highlights

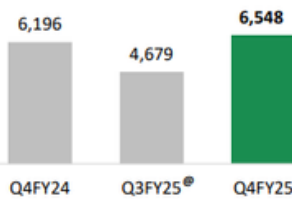


Q4FY25

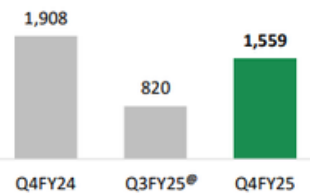
Revenue (₹ Cr.)



EBITDA (₹ Cr.)

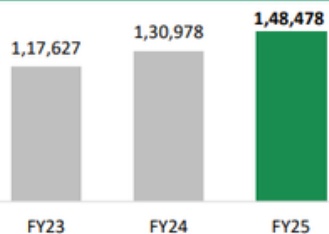


Adjusted PAT* (₹ Cr.)

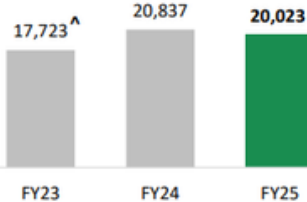


FY25

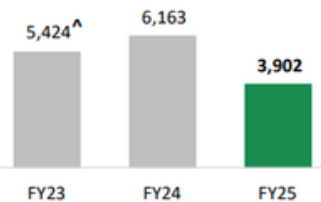
Revenue (₹ Cr.)



EBITDA (₹ Cr.)



Adjusted PAT* (₹ Cr.)



Final Outlook



GRASIM: HOLD | LTP: 2,694

While Grasim Industries has shown consistent long-term wealth creation, with strong 3-year (71.48%) and 5-year (443.32%) returns outperforming the NIFTY 50, its recent standalone performance has dipped sharply with a 56% fall in profit. However, the consolidated business remains strong, driven by subsidiaries in financial services and other sectors, posting 30% profit growth in FY24. Given the strong group fundamentals and long-term potential, existing investors may consider holding the stock, while new investors should wait for a better entry point amid near-term volatility.

In the 2022-23 financial year, Grasim Industries reported a net profit of ₹2,133.73 crore (standalone), while in 2023-24, the standalone net profit dropped to ₹945.39 crore, reflecting a decline of approximately 56% in profits. This indicates a significant dip in standalone performance, driven by lower revenue (-3.70%), higher cost of traded goods (205.79%), and increased finance costs (+19.75%).

However, on a consolidated level, the company reported a profit growth of around 30% in FY 2023-24, rising from ₹11,078 crore in FY23 to ₹14,180 crore in FY24, mainly due to the strong performance of subsidiaries and associate companies, including financial services and insurance businesses. The consolidated revenue also increased by 11.35%, reinforcing the group's strong growth trajectory.

Over the long term, Grasim has outperformed the NIFTY 50, delivering 71.48% returns over 3 years and an impressive 443.32% over 5 years, compared to NIFTY's 47.96% and 156.84% respectively, showcasing strong shareholder value creation despite short-term standalone headwinds.

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