

May 29, 2023

ADITYA BIRLA



GRASIM

Current Price: ₹ 1687.25

STOCK DATA

BSE Code	500300
NSE Symbol	GRASIM
Reuters	GRAS.BO
Bloomberg	GRASIM IN

VALUE PARAMETERS

52 W H/L(Rs)	1839.30/1276.90
Mkt. Cap.(Rs Cr)	111093.96
Latest Equity(Subscribed)	131.69
Latest Reserve (cons.)	78610.30
Latest EPS (cons.) -Unit Curr.	104.70
Latest P/E Ratio -cons	16.12
Latest Bookvalue (cons.) -Unit Curr.	1195.90
Latest P/BV - cons	1.41
Dividend Yield -%	0.59
Face Value	2.00

SHARE HOLDING PATTERN (%)

Description as on	% of Holding 31/03/2023
Foreign	15.23
Institutions	20.70
Non Promoter Corp. Hold.	8.49
Promoters	42.75
Public & Others	12.83

Financial Results

In Cr.

	Qtr Ended Mar. 23	Qtr Ended Mar. 22	VAR %
Net Sales (including other operating income)	33,462.14	28,811.39	16
OPM (%)	18.32	18.54	-22 bps
OP	6,130.63	5,341.14	15
Other Inc.	220.35	179.86	23
PBIDT	6,350.98	5,521.00	15
Interest	1,815.85	1,188.20	53
PBDT	4,535.13	4,332.80	5
Depreciation	1,207.34	1,128.09	7
PBT	3,327.79	3,204.71	4
Share of Profit/(Loss) from Associates	87.24	56.32	55
PBT before EO	3,415.03	3,261.03	5
EO Income	0.00	-69.11	-
PBT after EO	3,415.03	3,191.92	7
Taxation	1,059.36	-464.20	PL
PAT	2,355.67	3,656.12	-36
Minority Interest (MI)	986.75	1,293.31	-24
Net profit	1,368.92	2,362.81	-42
P/(L) from discontinued operations net of tax	0.00	414.34	-
Net profit after discontinued operations	1,368.92	2,777.15	-51
EPS	20.79	36.94	

Q4FY23, Net Profit down 50.7% to Rs 1368.9 cr in Q4FY2023, below estimates

On consolidated basis - Quarter ended March 2023 compared with Quarter ended March 2022

Net sales (including other operating income) of Grasim Industries has increased 16.14% to Rs 33462.14 crore. Sales of Cement segment has gone up 18.36% to Rs 18,662.38 crore (accounting for 55.21% of total sales). Sales of Chemicals segment has gone up 225.54% to Rs 8,094.51 crore (accounting for 23.95% of total sales). Inter-segment sales came down from Rs 536.42 crore to Rs 342.36 crore.

Profit before interest, tax and other unallocable items (PBIT) has jumped 3.91% to Rs 4,808.92 crore. PBIT of Cement segment rose 8.81% to Rs 3,444.00 crore (accounting for 71.62% of total PBIT). PBIT of Chemicals segment rose 66.46% to Rs 829.93 crore (accounting for 17.26% of total PBIT). PBIT margin of Cement segment fell from 20.07% to 18.45%. PBIT margin of Chemicals segment fell from 20.05% to 10.25%. Overall PBIT margin fell from 15.77% to 14.23%.

Operating profit margin has declined from 18.54% to 18.32%, leading to 14.78% rise in operating profit to Rs 6,130.63 crore. Raw material cost as a % of total sales (net of stock adjustments) increased from 17.79% to 17.81%. Purchase of finished goods cost fell from 1.79% to 1.56%. Employee cost decreased from 5.82% to 5.66%. Other expenses rose from 55.94% to 56.51%. Power and Oil fuel cost rose from 17.48% to 19.20%. Freight charges rose from 13.12% to 13.34%. Other direct service cost fell from 12.36% to 11.64%.

Other income rose 22.51% to Rs 220.35 crore. PBIDT rose 15.03% to Rs 6350.98 crore. Provision for interest rose 52.82% to Rs 1815.85 crore. Loan funds rose to Rs 1,03,038.56 crore as of 31 March 2023 from Rs 74,560.79 crore as of 31 March 2022. Inventories rose to Rs 11,159.15 crore as of 31 March 2023 from Rs 9,536.42 crore as of 31 March 2022. Sundry debtors were higher at Rs 5,915.10 crore as of 31 March 2023 compared to Rs 5,429.36 crore as of 31 March 2022. Cash and bank balance rose to Rs 3,713.38 crore as of 31 March 2023 from Rs 3,252.55 crore as of 31 March 2022. Investments rose to Rs 74,849.50 crore as of 31 March 2023 from Rs 66,606.07 crore as of 31 March 2022.

PBDT rose 4.67% to Rs 4535.13 crore. Provision for depreciation rose 7.03% to Rs 1207.34 crore. Fixed assets increased to Rs 82,536.50 crore as of 31 March 2023 from Rs 75,552.74 crore as of 31 March 2022. Intangible assets increased from Rs 20,058.50 crore to Rs 20,137.55 crore. Profit before tax grew 3.84% to Rs 3,327.79 crore. Share of profit/loss was 54.90% higher at Rs 87.24 crore. Provision for tax was debit of Rs 1059.36 crore, compared to credit of Rs 464.2 crore. Effective tax rate was 31.02% compared to negative 14.54%. Minority interest decreased 23.70% to Rs 986.75 crore. Net profit attributable to owners of the company decreased 51% to Rs 1,368.92 crore.

Full year results analysis.

Net sales (including other operating income) of Grasim Industries has increased 22.91% to Rs 117627.08 crore. Sales of Cement - Grey, White and Allied Products segment has gone up 20.23% to Rs 63,239.98 crore (accounting for 52.96% of total sales). Sales of Chemicals - Caustic Soda and Allied Chemicals segment has gone up 246.93% to Rs 27,365.17 crore (accounting for 22.92% of total sales). Inter-segment sales rose Rs 1,411.21 crore to Rs 1,780.56 crore.

Profit before interest, tax and other unallocable items (PBIT) has jumped 14.95% to Rs 20,319.13 crore. PBIT of Cement - Grey, White and Allied Products segment fell 7.48% to Rs 11,122.93 crore (accounting for 54.74% of total PBIT). PBIT of Chemicals - Caustic Soda and Allied Chemicals segment rose 265.30% to Rs 5,603.40 crore (accounting for 27.58% of total PBIT). PBIT margin of Cement - Grey, White and Allied Products segment fell from 22.86% to 17.59%. PBIT margin of Chemicals - Caustic Soda and Allied Chemicals segment rose from 19.45% to 20.48%. Overall PBIT margin fell from 18.20% to 17.02%.

Operating profit margin has declined from 21.35% to 18.35%, leading to 5.67% rise in operating profit to Rs 21,589.05 crore. Raw material cost as a % of total sales (net of stock adjustments) increased from 17.48% to 18.25%. Purchase of finished goods cost rose from 1.45% to 1.54%. Employee cost decreased from 6.55% to 6.07%. Other expenses rose from 53.37% to 55.91%. Power and Oil fuel cost rose from 16.06% to 19.56%. Freight charges fell from 13.02% to 12.68%. Other direct service cost fell from 11.33% to 10.91%.

Other income rose 339.78% to Rs 3612.05 crore. PBIDT rose 18.58% to Rs 25201.1 crore. Provision for interest rose 26.54% to Rs 6043.73 crore. Loan funds rose to Rs 1,03,038.56 crore as of 31 March 2023 from Rs 74,560.79 crore as of 31 March 2022. Inventories rose to Rs 11,159.15 crore as of 31 March 2023 from Rs 9,536.42 crore as of 31 March 2022. Sundry debtors were higher at Rs 5,915.10 crore as of 31 March 2023 compared to Rs 5,429.36 crore as of 31 March 2022. Cash and bank balance rose to Rs 3,713.38 crore as of 31 March 2023 from Rs 3,252.55 crore as of 31 March 2022. Investments rose to Rs 74,849.50 crore as of 31 March 2023 from Rs 66,606.07 crore as of 31 March 2022.

PBDT rose 16.27% to Rs 19157.37 crore. Provision for depreciation rose 9.39% to Rs 4551.59 crore. Fixed assets increased to Rs 82,536.50 crore as of 31 March 2023 from Rs 75,552.74 crore as of 31 March 2022. Intangible assets increased from Rs 20,058.50 crore to Rs 20,137.55 crore. Profit before tax grew 18.60% to Rs 14,605.78 crore. Share of profit/loss was 45.06%

lower at Rs 208.96 crore. Extraordinary items were decreased to Rs -88.03 crore. Provision for tax was expense of Rs 3648.51 crore, compared to Rs 1936.31 crore. Effective tax rate was 24.77% compared to 15.33%. Minority interest increased 16.26% to Rs 4,250.94 crore. Net profit attributable to owners of the company decreased 2.94% to Rs 6,827.26 crore.

Operational Highlights:

Viscose Business (VSF):

The Company's sales volume of VSF increased by 25% on a QoQ basis to 192KT for Q4FY23. Viscose business revenue increased to Rs 3,764 Cr. an 18% jump from Q3FY23.

Chemical Business:

The global Caustic Soda market remain oversupplied with flat demand. Average quarterly spot prices (CFR SEA) for caustic were lower by 25% QoQ to \$518/ton compared to \$694/ton in Q3FY23. Chlor Alkali (Caustic soda) sales volumes were up 5% YoY and 1% QoQ to 286 KT in Q4FY23. Chlorine Integration stood at 58% for this quarter compared to 60% in Q3FY23, due to a temporary shutdown of the Phosphoric Acid plant, which restarted operations in April'23. Overall chlorine integration for FY23 improved to 60% compared to 58% in FY22. The revenue contribution of chlorine derivatives in the Chemicals business increased to 18% in Q4FY23 compared to 16% in Q4FY22. The revenue for the Chemicals Business was at ₹2,397 Cr. down 7% QoQ and EBITDA stood at Rs 368 Cr. down 25% QoQ as the ECU was sequentially down by 10% to Rs 42,136 Per MT. For FY23 the revenue contribution stood at 17% and 23% for Chlorine Derivatives and Speciality Chemicals respectively.

Paints Business:

The Construction activity on all six plants is on track as planned and the state-of-the-art R&D facility is fully operational. All the Business Plan activities are progressing in line with the plans, leading to the commercial launch as scheduled beginning Q4FY24 in phases.

Foray into B2B E-Commerce

The Go-to-Market strategy and outreach plan have been finalised. We have already on-boarded a leadership team across sales, marketing, category & operations for the full-scale launch scheduled in Q2FY24. This launch will be in a phased manner beginning with the states of Maharashtra and Madhya Pradesh.

CAPEX: The total capex spent for FY23 stood at Rs 4,307 Cr. including Rs1,979 Cr. towards the Paints Business till 31st March 2023.

Cement Subsidiary - UltraTech Cement (UTC): The Cement Sales volume stood at 105.7 MTPA, up 12% YoY achieving a historical milestone of 100 MTPA, the first for any cement company in India. Capacity utilization for the quarter stood at 95% compared to 90% in Q4FY22. Consolidated revenue was at Rs 63,240 Cr., up 20% YoY and EBITDA stood at Rs 11,123 Cr. for FY23.

Financial Services Subsidiary – Aditya Birla Capital: The Consolidated revenue for FY23 was up 23% YoY to Rs 27,416 Cr. ABCL reported PAT (excluding fair value and stake sale gains) growth of 33% YoY to Rs 2,057 Cr. The Company had a strong customer base of 38 million as of March 31, 2023. The Company opened 247 branches during the year taking the total branch count to 1,295 as of March 31, 2023.

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