

February 15, 2023

ADITYA BIRLA



Current Price: ₹ 1605.10

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)	105680.05
Latest Equity(Subscribed)	131.68
Latest Reserve (cons.)	76377.98
Latest EPS (cons.) -Unit Curr.	115.30
Latest P/E Ratio -cons	13.92
Latest Bookvalue (cons.) -Unit Curr.	1162.05
Latest P/BV - cons	1.38
Dividend Yield -%	0.62
Face Value	2.00

SHARE HOLDING PATTERN (%)

Description as on	% of Holding 31/12/2022
Foreign	15.37
Institutions	20.36
Non Promoter Corp. Hold.	8.64
Promoters	42.75
Public & Others	12.89

Financial Results

In Cr.

	Qtr Ended Dec. 22	Qtr Ended Dec. 21	VAR %
Net Sales (including other operating income)	28637.86	24402.24	17.36
OPM (%)	17.06	19.96	-291 bps
OP	4884.30	4870.95	0.27
Other Inc.	2971.59	121.54	2344.95
PBIDT	7855.89	4992.49	57.35
Interest	1608.20	1145.75	40.36
PBDT	6247.69	3846.74	62.42
Depreciation	1139.42	1025.57	11.10
PBT	5108.27	2821.17	81.07
Share of Profit/(Loss) from Associates	-21.61	75.89	PL
PBT	5086.66	2897.06	75.58
Taxation	632.07	275.1	129.76
PAT	4454.59	2621.96	69.90
Minority Interest (MI)	1938.81	909.31	113.22
Net profit	2515.78	1712.65	46.89
P/(L) from discontinued operations net of tax	0.00	33.49	-
Net profit after discontinued operations	2515.78	1746.14	44.08
EPS (Rs)	38.21	26.02	

Quarter ended December 2022 compared with Quarter ended December 2021.

Net sales (including other operating income) of Grasim Industries has increased 17.36% to Rs 28637.86 crore. Sales of Cement - Grey,White and Allied Products segment has gone up 19.53% to Rs 15,521.04 crore (accounting for 53.68% of total sales). Sales of Chemicals - Caustic Soda and Allied Chemicals segment has gone up 10.44% to Rs 2,582.42 crore (accounting for 8.93% of total sales). Sales of Others segment has gone up 19.63% to Rs 746.22 crore (accounting for 2.58% of total sales). Sales of Financial Services segment has gone up 22.90% to Rs 6,882.32 crore (accounting for 23.80% of total sales). Sales of Viscose - Pulp,Viscose Staple Fibre and Filament Yarn segment has gone down 4.62% to Rs 3,181.50 crore (accounting for 11.00% of total sales). Inter-segment sales came down from Rs 480.05 crore to Rs 275.64 crore.

Profit before interest, tax and other unallocable items (PBIT) has jumped 112.19% to Rs 6,557.15 crore. PBIT of Cement - Grey,White and Allied Products segment rose 35.62% to Rs 2,462.44 crore (accounting for 37.55% of total PBIT). PBIT of Chemicals - Caustic Soda and Allied Chemicals segment rose 8.11% to Rs 488.39 crore (accounting for 7.45% of total PBIT). PBIT of Others segment fell 16.96% to Rs 33.98 crore (accounting for 0.52% of total PBIT). PBIT of Financial Services segment rose 601.48% to Rs 3,509.00 crore (accounting for 53.51% of total PBIT). PBIT of Viscose - Pulp,Viscose Staple Fibre and Filament Yarn segment fell 77.51% to Rs 63.34 crore (accounting for 0.97% of total PBIT).

PBIT margin of Cement - Grey,White and Allied Products segment rose from 13.98% to 15.87%. PBIT margin of Chemicals - Caustic Soda and Allied Chemicals segment fell from 19.32% to 18.91%. PBIT margin of Others segment fell from 6.56% to 4.55%. PBIT margin of Financial Services segment rose from 8.93% to 50.99%. PBIT margin of Viscose - Pulp,Viscose Staple Fibre and Filament Yarn segment fell from 8.44% to 1.99%. Overall PBIT margin rose

Segment Results

	Qtr Ending Dec.22	Qtr Ending Dec.21	Var.(%)	In Cr. % of (Total)
Sales				
Cement - Grey,White and Allied Products	15521.04	12984.93	19.53	53.68
Chemicals - Caustic Soda and Allied Chemicals	2582.42	2338.21	10.44	8.93
Others	746.22	623.78	19.63	2.58
Financial Services	6882.32	5599.93	22.90	23.80
Viscose - Pulp,Viscose Staple Fibre and Filament Yarn	3181.50	3335.44	-4.62	11.00
Total Reported Sales	28913.50	24882.29	16.20	100.00
Less: Inter segment revenues	275.64	480.05	-42.58	
Net Sales	28637.86	24402.24	17.36	100.00
PBIT				
Cement - Grey,White and Allied Products	2462.44	1815.69	35.62	37.55
Chemicals - Caustic Soda and Allied Chemicals	488.39	451.77	8.11	7.45
Others	33.98	40.92	-16.96	0.52
Financial Services	3509.00	500.23	601.48	53.51
Viscose - Pulp,Viscose Staple Fibre and Filament Yarn	63.34	281.66	-77.51	0.97
Total PBIT	6557.15	3090.27	112.19	100.00
Less : Interest	340.50	260.31	30.81	
Add: Other un-allocable	-1129.99	67.10	PL	
PBIT Margin(%)				
Fibre & Pulp	0.00	0.00	0.00	
Cement - Grey,White and Allied Products	15.87	13.98	188.21	
Chemicals - Caustic Soda and Allied Chemicals	18.91	19.32	-40.91	
Others	4.55	6.56	-200.64	
Financial Services	50.99	8.93	4205.29	
Viscose - Pulp,Viscose Staple Fibre and Filament Yarn	1.99	8.44	-645.36	
PBT	5086.66	2897.06	75.58	100

from 12.42% to 22.68%.

Operating profit margin has declined from 19.96% to 17.06%, leading to 0.27% rise in operating profit to Rs 4,884.30 crore. Raw material cost as a % of total sales (net of stock adjustments) decreased from 18.16% to 17.56%. Purchase of finished goods cost fell from 1.56% to 1.47%. Employee cost decreased from 6.54% to 6.20%. Other expenses rose from 53.99% to 57.92%. Power and Oil fuel cost rose from 17.25% to 20.98%. Freight charges rose from 12.78% to 12.81%. Other direct service cost rose from 10.79% to 10.94%.

Other income rose 2,344.95% to Rs 2971.59 crore. PBIDT rose 57.35% to Rs 7855.89 crore. Provision for interest rose 40.36% to Rs 1608.2 crore. PBDT rose 62.42% to Rs 6247.69 crore. Provision for depreciation rose 11.10% to Rs 1139.42 crore. Profit before tax grew 81.07% to Rs 5,108.27 crore. Provision for tax was expense of Rs 632.07 crore, compared to Rs 275.1 crore. Effective tax rate was 12.43% compared to 9.50%. Minority interest increased 113.22% to Rs 1,938.81 crore. Net profit attributable to owners of the company increased 46.89% to Rs 2,515.78 crore.

Operational Highlights:

Viscose Business (VSF): The revenue for the Viscose business declined by 5% YoY to Rs 3,182 Cr. and EBITDA at Rs 63 Cr was down 84% YoY. The lower operating rates of VSF at 71% coupled with pressure on pricing and high input costs have resulted in negative EBITDA in VSF business for Q3. However, this was offset by good performance of Viscose Filament Yarn (VFY) business.

Chemical Business: Caustic soda sales volume was up 2% YoY to 284KT in Q3FY23. There was a slight tapering in demand on QoQ basis due to softness in sectors like textiles, pharma and others. Average quarterly spot prices (CFR SEA) for caustic were lower by 4% YoY to USD 694/ton compared to USD 724/ton in Q3FY22.

The revenue for the Chemicals Business was at Rs 2,582 Cr up 10% YoY and EBITDA stood at Rs 488 Cr down 8% YoY as the specialty chemicals segment saw normalization of the realizations.

Paints Business: The construction progress remains on track across all six plant locations. The state-of-the-art R&D facility has been commissioned. It is now working on developing innovative products for unique customer experiences. The commercial launch is scheduled for Q4FY24, as per plan.

Foray into B2B E-Commerce

Most of the senior leadership team has joined. Hiring for the next level is in process. Short listing of partners (sourcing, logistics, vendors, etc.) to provide an integrated fulfillment experience to customers is near completion. While the pilot operations have started from January 2023 the full-scale launch will commence from H1FY24.

CAPEX: The total capex spent towards Paints Business till 31st December 2022 stood at Rs 1,817 Cr.

The total Capex for all other businesses was Rs 1,370 Cr. in 9MFY23 against a budget of Rs 3,498 Cr. for FY23. The Board has also approved an investment of Rs 363 Cr. for Chlorine derivatives projects in the Chemicals business.

Cement Subsidiary - UltraTech Cement (UTC): The Consolidated Revenue of UltraTech was at Rs 15521 cr up 20% YoY in Q3FY23. The Company reported an EBITDA of Rs 2462 cr and sales volume stood at 26 MTPA.

Financial Services Subsidiary – Aditya Birla Capital: The Consolidated revenue of Aditya Birla Capital (ABC) for Q3FY23 are up 25% YoY at Rs 6894 cr. The Company also reported PAT growth of 25% YoY to Rs 530 Cr.

E-mail: smc.care@smcindiaonline.com



Moneywise. Be wise.

Corporate Office:

11/6B, Shanti Chamber,
Pusa Road, New Delhi - 110005
Tel: +91-11-30111000
www.smcindiaonline.com

Mumbai Office:

Lotus Corporate Park, A Wing 401 / 402, 4th Floor,
Graham Firth Steel Compound, Off Western
Express Highway, Jay Coach Signal, Goreagon
(East) Mumbai - 400063
Tel: 91-22-67341600, Fax: 91-22-67341697

Kolkata Office:

18, Rabindra Sarani, Poddar Court, Gate No-4,
5th Floor, Kolkata - 700001
Tel.: 033 6612 7000/033 4058 7000
Fax: 033 6612 7004/033 4058 7004

SMC Global Securities Ltd. (hereinafter referred to as "SMC") is regulated by the Securities and Exchange Board of India ("SEBI") and is licensed to carry on the business of broking, depository services and related activities. SMC is a registered member of National Stock Exchange of India Limited, Bombay Stock Exchange Limited, MSEI (Metropolitan Stock Exchange of India Ltd) and M/s SMC Comtrade Ltd is a registered member of National Commodity and Derivative Exchange Limited and Multi Commodity Exchanges of India and other commodity exchanges in India. SMC is also registered as a Depository Participant with CDSL and NSDL. SMC's other associates are registered as Merchant Bankers, Portfolio Managers, NBFC with SEBI and Reserve Bank of India. It also has registration with AMFI as a Mutual Fund Distributor.

SMC is a SEBI registered Research Analyst having registration number INH100001849. SMC or its associates has not been debarred/ suspended by SEBI or any other regulatory authority for accessing /dealing in securities market. SMC or its associates or its Research Analyst or his relatives do not hold any financial interest in the subject company interest at the time of publication of this Report. SMC or its associates or its Research Analyst or his relatives do not hold any actual/beneficial ownership of more than 1% (one percent) in the subject company, at the end of the month immediately preceding the date of publication of this Report. SMC or its associates its Research Analyst or his relatives does not have any material conflict of interest at the time of publication of this Report.

SMC or its associates/analyst has not received any compensation from the subject company covered by the Research Analyst during the past twelve months. The subject company has not been a client of SMC during the past twelve months. SMC or its associates has not received any compensation or other benefits from the subject company covered by analyst or third party in connection with the present Research Report. The Research Analyst has not served as an officer, director or employee of the subject company covered by him/her and SMC has not been engaged in the market making activity for the subject company covered by the Research Analyst in this report.

The views expressed by the Research Analyst in this Report are based solely on information available publicly available/internal data/ other reliable sources believed to be true. SMC does not represent/ provide any warranty expressly or impliedly to the accuracy, contents or views expressed herein and investors are advised to independently evaluate the market conditions/risks involved before making any investment decision. The research analysts who have prepared this Report hereby certify that the views /opinions expressed in this Report are their personal independent views/opinions in respect of the subject company.

Disclaimer: This Research Report is for the personal information of the authorized recipient and doesn't construe to be any investment, legal or taxation advice to the investor. It is only for private circulation and use. The Research Report is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such. No action is solicited on the basis of the contents of this Research Report. The Research Report should not be reproduced or redistributed to any other person(s) in any form without prior written permission of the SMC. The contents of this material are general and are neither comprehensive nor inclusive. Neither SMC nor any of its affiliates, associates, representatives, directors or employees shall be responsible for any loss or damage that may arise to any person due to any action taken on the basis of this Research Report. It does not constitute personal recommendations or take into account the particular investment objectives, financial situations or needs of an individual client or a corporate/s or any entity/s. All investments involve risk and past performance doesn't guarantee future results. The value of, and income from investments may vary because of the changes in the macro and micro factors given at a certain period of time. The person should use his/her own judgment while taking investment decisions. Please note that SMC its affiliates, Research Analyst, officers, directors, and employees, including persons involved in the preparation or issuance of this Research Report: (a) from time to time, may have long or short positions in, and buy or sell the securities thereof, of the subject company(ies) mentioned here in; or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company(ies) discussed herein or may perform or seek to perform investment banking services for such company(ies) or act as advisor or lender/borrower to such subject company(ies); or (c) may have any other potential conflict of interest with respect to any recommendation and related information and opinions.

All disputes shall be subject to the exclusive jurisdiction of Delhi High court.