

GRASIM INDUSTRIES LIMITED

February 12, 2024

ADITYA BIRLA



GRASIM

Current Price: ₹ 2168.95

STOCK DATA

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

VALUE PARAMETERS

52 W H/L(Rs)	2182.00/1521.92
Mkt. Cap.(Rs Cr)	142814.25
Latest Equity(Subscribed)	131.69
Latest Reserve (cons.)	83038.54
Latest EPS (cons.) -Unit Curr.	85.41
Latest P/E Ratio -cons	25.39
Latest Bookvalue (cons.) -Unit Curr.	1263.12
Latest P/BV - cons	1.72
Dividend Yield -%	0.46
Face Value	2

SHARE HOLDING PATTERN (%)

Description as on	% of Holding 31/12/2023
Foreign	15.29
Institutions	20.60
Non Promoter Corp. Hold.	8.72
Promoters	42.75
Public & Others	12.64

Financial Results

In Cr.

	Qtr Ended Dec. 23	Qtr Ended Dec. 22	VAR %
Net Sales (including other operating income)	31965.48	28637.86	11.62
OPM (%)	21.57	17.06	451 bps
OP	6893.43	4884.30	41.13
Other Inc.	256.49	2971.59	-91.37
PBIDT	7149.92	7855.89	-8.99
Interest	2432.96	1608.20	51.28
PBDT	4716.96	6247.69	-24.50
Depreciation	1244.43	1139.42	9.22
PBT	3472.53	5108.27	-32.02
Share of Profit/(Loss) from Associates	-0.79	-21.61	96.34
PBT	3471.74	5086.66	-31.75
Taxation	868.31	632.07	37.38
PAT	2603.43	4454.59	-41.56
Minority Interest (MI)	1088.99	1938.81	-43.83
Net profit	1514.44	2515.78	-39.80
EPS (Rs)	22.91	16.12	

Net sales (including other operating income) of Grasim Industries has increased 11.62% to Rs 31965.48 crore. Sales of Cement segment has gone up 7.85% to Rs 16,739.97 crore (accounting for 51.84% of total sales). Sales of Chemicals segment has gone down 22.70% to Rs 1,996.16 crore (accounting for 6.18% of total sales). Sales of Others segment has gone up 41.37% to Rs 1,054.94 crore (accounting for 3.27% of total sales). Sales of Financial Services segment has gone up 27.66% to Rs 8,786.26 crore (accounting for 27.21% of total sales). Sales of Viscose - Pulp, Viscose Staple Fibre and Filament Yarn segment has gone up 16.76% to Rs 3,714.58 crore (accounting for 11.50% of total sales). Inter-segment sales rose Rs 275.64 crore to Rs 326.43 crore.

Profit before interest, tax and other unallocable items (PBIT) has slumped 22.18% to Rs 5,102.97 crore. PBIT of Cement segment rose 37.87% to Rs 3,395.05 crore (accounting for 66.53% of total PBIT). PBIT of Chemicals segment fell 45.94% to Rs 264.02 crore (accounting for 5.17% of total PBIT). PBIT of Others reported loss of Rs 35.09 crore compared to profit of Rs 33.98 crore. PBIT of Financial Services segment fell 69.31% to Rs 1,076.89 crore (accounting for 21.10% of total PBIT). PBIT of Viscose - Pulp, Viscose Staple Fibre and Filament Yarn segment rose 534.83% to Rs 402.10 crore (accounting for 7.88% of total PBIT).

PBIT margin of Cement segment rose from 15.87% to 20.28%. PBIT margin of Chemicals segment fell from 18.91% to 13.23%. PBIT margin of Others segment fell from 4.55% to 3.33%. PBIT margin of Financial Services segment fell from 50.99% to 12.26%. PBIT margin of Viscose - Pulp, Viscose Staple Fibre and Filament Yarn segment rose from 1.99% to 10.82%. Overall PBIT margin fell from 22.68% to 15.80%.

Operating profit margin has jumped from 17.06% to 21.57%, leading to 41.13% rise in operating profit to Rs 6,893.43 crore. Raw material cost as a % of total sales (net of stock adjustments) decreased from 17.56% to 17.43%. Purchase of finished goods cost rose from 1.47% to 1.93%. Employee cost increased from 6.20% to 6.41%. Other expenses fell from

Segment Results

	Qtr Ended Dec 23	Qtr Ended Dec 22	Var.(%)	In Cr. % of (Total)
Sales				
Cement	16739.97	15521.04	7.85	51.84
Chemicals	1996.16	2582.42	-22.70	6.18
Others	1054.94	746.22	41.37	3.27
Financial Services	8786.26	6882.32	27.66	27.21
Viscose - Pulp, Viscose Staple Fibre and Filament Yarn	3714.58	3181.50	16.76	11.50
Total Reported Sales	32291.91	28913.50	11.68	100.00
Less: Inter segment revenues	326.43	275.64	18.43	
Net Sales	31965.48	28637.86	11.62	100.00
PBIT				
Cement	3395.05	2462.44	37.87	66.53
Chemicals	264.02	488.39	-45.94	5.17
Others	-35.09	33.98	PL	-0.69
Financial Services	1076.89	3509.00	-69.31	21.10
Viscose - Pulp, Viscose Staple Fibre and Filament Yarn	402.10	63.34	534.83	7.88
Total PBIT	5102.97	6557.15	-22.18	100.00
Less : Interest	432.64	340.50	27.06	
Add: Other un-allocable	-1198.59	-1129.99	-6.07	
PBIT Margin(%)				
Cement	20.28	15.87	441.59	
Chemicals	13.23	18.91	-568.57	
Others	-3.33	4.55	-787.99	
Financial Services	12.26	50.99	-3872.92	
Viscose - Pulp, Viscose Staple Fibre and Filament Yarn	10.82	1.99	883.40	
PBT	3471.74	5086.66	-31.75	100.00

57.92% to 52.84%. Power and Oil fuel cost fell from 20.98% to 15.97%. Freight charges fell from 12.81% to 11.97%. Other direct service cost rose from 10.94% to 11.48%.

Other income fell 91.37% to Rs 256.49 crore. PBITD fell 8.99% to Rs 7149.92 crore. Provision for interest rose 51.28% to Rs 2432.96 crore. PBDT fell 24.50% to Rs 4716.96 crore. Provision for depreciation rose 9.22% to Rs 1244.43 crore. Profit before tax down 32.02% to Rs 3,472.53 crore. Share of profit/loss was 96.34% higher at Rs -0.79 crore. Provision for tax was expense of Rs 868.31 crore, compared to Rs 632.07 crore. Effective tax rate was 25.01% compared to 12.43%. Minority interest decreased 43.83% to Rs 1,088.99 crore. Net profit attributable to owners of the company decreased 39.80% to Rs 1,514.44 crore.

Operational Highlights:

Viscose Business (VSF):

Company's VSF volumes stood at 205 KT up by 34% YoY and down 2% QoQ. Viscose business reported revenue of Rs.3,715 Cr. and EBITDA of ₹402 Cr. for Q3FY24 up 17% and 535% YoY respectively, though sequentially down by 4% and 14% respectively

Chemical Business:

Caustic Soda sales volume was up 5% YoY and down by 2% from the previous quarter to 299KT in Q3FY24. In line with international prices, ECU for the quarter was at Rs.31,383/MT, down 2% QoQ and 33% YoY. Chemicals Business revenue at Rs.1,996 Cr., was flat on QoQ basis and down 23% YoY.

Paints Business:

The trial run for Birla Opus's three plants has started. The sub-brand names have been finalised, and the development work for design, package artwork, and consumer communication has been completed. Birla Opus is implementing an integrated IT infrastructure and application for seamless order to delivery experience. The painting service, branded as PaintCraft, has completed more than 150 sites by Dec'23. Supply Chain, Logistics and Distribution network has been set-up to support the launch in current quarter.

Foray into B2B E-Commerce

Birla Pivot has received strong customer feedback for its private label tiles launched in the market. Plans are now afoot for the private label launch of ply and doors. The business crossed the milestone of a monthly run-rate of ₹100 Cr. The Company is working towards financial credit program for MSME vendors for their working capital requirements through suitable lending partner.

CAPEX: The capex for the quarter stood at Rs.1,425 Cr., of which Rs.1,088 Cr. was for the Paints Business. The Company successfully doubled Speciality Chemicals (epoxy polymers and curing agents) capacity to 246 KTPA in Dec'23. The groundbreaking ceremony of Lubrizol CPVC resin project at Vilayat was done in Oct'23.

Cement Subsidiary - UltraTech Cement (UTC): Cement Sales volume was up by 6% YoY and 1% QoQ at ~27.32 MTPA. Consolidated Net Sales was at Rs.16,740 Cr. compared to Rs.15,521 Cr. over the corresponding period of the previous year. Profit after tax for the quarter at Rs.1,777 Cr. is up by 68% YoY.

UltraTech Cement has successfully completed its first phase of 19.9 mtpa of capacity expansion. Work on the second phase of 22.6 mtpa announced in Jun'22 is in progress and will start commissioning during Q4FY24 itself, ahead of schedule. For the third phase of growth of 21.9 mtpa announced in October 2023, major orders to key technology suppliers have already been placed and civil work has commenced on a few locations.

Financial Services Subsidiary – Aditya Birla Capital (ABCL): Consolidated Revenue and PAT grew by 27% and 39% YoY to Rs.8,800 Cr. and Rs.736 Cr. respectively. The overall lending portfolio (NBFC and HFC) increased to Rs.1,15,139 Cr. as of Dec'23, up 34% YoY and 6% sequentially. The total AUM (AMC, life insurance and health insurance) grew by 13% YoY to Rs.4,10,444 Cr.

Clean Energy Solutions Subsidiary – Aditya Birla Renewables Limited (ABReL) - (ABReL) reported revenue of Rs.92 Cr. for Q3FY24 improving by 32% YoY. Quarterly EBITDA stood at Rs.46 Cr. ABReL commissioned new capacity of 17 MWp taking the total capacity to 872 MWp as on 31st December 2023.

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