

# GRASIM INDUSTRIES LTD.

( NSE : GRASIM , BSE : 500300 )

DATE : 15/5/24

WE AT AS RESEARCH TECHNIC, INITIATE OUR COVERAGE ON GRASIM INDUSTRIES LTD.

Grasim Industries Limited, a flagship company of the Aditya Birla Group, ranks amongst the top publicly listed companies in India. Grasim has completed 76 glorious years of its existence.

## ABOUT THE BUSINESS :

Grasim Industries Limited is an Indian manufacturing company based in Mumbai. Since its inception in 1947 as a textile manufacturer, Grasim has diversified into textile raw materials like viscose staple fibre (VSF) and viscose filament yarn, chemicals and insulators, along with cement and financial services through its subsidiaries UltraTech Cement and Aditya Birla Capital respectively. The company is a part of the Aditya Birla Group. Grasim is the largest exporter of Viscose Rayon Fibre in the country, with exports to over 50 countries. Grasim is headquartered in Mumbai and also has plants at Nagda (Madhya Pradesh), Kharach (Kosamba, Gujarat), Veraval (Gujarat), Bharuch (Vilayat GIDC, Gujarat) and Harihar.

## PREVIOUS MONTH FOLLOWUP

AS MENTIONED IN THE PREVIOUS REPORT, THE SHARE PRICE BROKE 2370.35 ON THE UPPER SIDE. THE STOCK PRICE WENT UPTO 2438 AFTER BREAKING THE RESISTANCE 2335.81 ON THE UPPER SIDE.

## CONS :

- Company has a low return on equity of 8.97% over last 3 years.
- Dividend pay-out has been low at 10.7% of profits over last 3 years.

## RESEARCH ANALYST

P.SUNANDINI @ AS RESEARCH TECHNIC



## FINANCIAL SNAP SHOT :

|                |         |
|----------------|---------|
| MARKET CAP     | 158551  |
| STOCK P/E      | 28.2    |
| ROE            | 8.85 %  |
| CURRENT PRICE  | ₹ 2,370 |
| BOOK VALUE     | ₹ 1,222 |
| ROCE           | 9.97 %  |
| HIGH           | ₹ 2,500 |
| LOW            | 1,660   |
| DIVIDEND YIELD | 0.42 %  |
| FACE VALUE     | ₹ 2.00  |

## SHARE HOLDING PATTERN:

|                    |          |
|--------------------|----------|
| PROMOTERS          | 43.05%   |
| FIIS               | 12.43%   |
| DIIS               | 16.76%   |
| PUBLIC             | 27.39%   |
| GOVERNMENT         | 0.00%    |
| OTHERS :           | 0.32%    |
| NO.OF SHAREHOLDERS | 2,41,375 |

**SECTOR: TEXTILES****INDUSTRY: TEXTILES - MANMADE**

| S.No. | Name             | CMP Rs. | P/E   | Mar Cap Rs.Cr. | Div Yld % | Sales Qtr Rs.Cr. | ROCE % |
|-------|------------------|---------|-------|----------------|-----------|------------------|--------|
| 1     | Grasim Inds      | 2369.7  | 28.19 | 158550.82      | 0.42      | 31965.48         | 9.97   |
| 2     | Bombay Dyeing    | 185.05  |       | 3826.52        | 0         | 380.65           | 1.44   |
| 3     | Filatex India    | 56.05   | 22.49 | 2488.71        | 0.27      | 1025.84          | 12.65  |
| 4     | Century Enka     | 578.9   | 34.2  | 1264.03        | 1.73      | 450.57           |        |
| 5     | Indo Rama Synth. | 42.2    |       | 1099.56        | 0         | 940.1            | 3.08   |
| 6     | Vardhman Acrylic | 56.35   | 25.82 | 452.85         | 4.44      | 68.38            | 8.84   |
| 7     | Pasupati Acrylon | 36.95   | 30.49 | 329.87         | 0         | 156.06           | 17.48  |

**KEY POINTS :**

- With two-thirds of the company's workforce being under 35, their attention is concentrated on equipping early career employees to fulfil their evolving aspirants and needs.
- FY'23 was a milestone for the company as consolidated revenues surpassed the ₹ 1 trillion mark. Over the past three years, the company has achieved exceptional growth, with nearly ₹ 40,000 crore added to consolidated revenues, reflecting an impressive compounded annual growth rate (CAGR) of approximately 16%.
- Grasim has well- established and time-tested track record of incubating diverse businesses, guiding them towards leadership positions in their respective sectors and instilling the ethos and values of the Aditya Birla group.
- This approach has been demonstrated in sectors such as cement, viscose, financial services, textiles and chemicals.
- Standalone revenues in FY'23 witnessed a robust growth of 29% YOY.
- The company's chemical business posted its best-ever annual performance, largely attributed to the chlor-alkali segment.
- Grasim is focused on its growth vision and remains committed to achieving set objectives.
- The upcoming years are expected to signify a transformative growth phase for the company.
- They are independent India's first few organisations continuing to contribute towards India's industrial development with a sense of responsibility for 'AATMANIRBHAR BHARATH'.
- The truly diversified nature of Grasim qualifies it as a 'stronglomerate'.
- Grasim, the flagship company of the Aditya Birla Group(ABG) has evolved into a leading diversified player.

- The company's viscose staple fibre (VSF) segment witnessed significant growth, driven by increased demand for sustainable and eco-friendly fibres.
- Chemicals business has also made commendable progress, capitalising on emerging opportunities and addressing customer needs with innovative solutions.
- Sustainability is an integral part of the company's strategy across their business. The company remains aligned to ABG's commitment of becoming net zero by 2050.
- Their textile segment also delivers its best ever annual financial results in FY 23 with the highest ever revenue and EBITDA.
- Grasim's pulp and fibre business has secured highest category of 'Dark green shirt' in canopy's hot button report for the third consecutive year.

- **THE SHARE PRICE CAN GO UPTO 2537.83 IF IT BREAKS 2503.26 ON THE UPPER SIDE.**
- **THE SHARE PRICE CAN GO UPTO 2262.2 IF IT BREAKS 2292 ON THE UPPER SIDE.**

### PIVOT TABLE :

|            |            | SUPPORT |        |        |        | RESISTANCE |        |        |           |
|------------|------------|---------|--------|--------|--------|------------|--------|--------|-----------|
| DATE       | WEEK CLOSE | S3      | S2     | S1     | PIVOT  | R1         | R2     | R3     | PRV CLOSE |
| 14-05-2024 | 2369.7     | 2381.2  | 2386.6 | 2385.9 | 2391.4 | 2390.7     | 2396.1 | 2395.4 | 2385.2    |
| 13-05-2024 | 2369.7     | 2305.9  | 2326.5 | 2351.8 | 2372.4 | 2397.8     | 2418.4 | 2443.7 | 2377.15   |
| 10-05-2024 | 2377.15    | 2262.2  | 2292.1 | 2322.9 | 2352.8 | 2383.6     | 2413.5 | 2444.3 | 2353.7    |
| 09-05-2024 | 2377.15    | 2302.1  | 2323.6 | 2350.5 | 2371.9 | 2398.8     | 2420.3 | 2447.2 | 2377.35   |
| 08-05-2024 | 2377.15    | 2333.3  | 2352.1 | 2386.6 | 2405.4 | 2439.8     | 2458.6 | 2493.1 | 2421      |
| 07-05-2024 | 2377.15    | 2341    | 2372.1 | 2406.6 | 2437.7 | 2472.2     | 2503.3 | 2537.8 | 2441.2    |

DISCLAIMER: INVESTMENT/TRADING IN SECURITIES MARKET IS SUBJECT TO MARKET RISK, PAST PERFORMANCE IS NOT A GUARANTEE OF FUTURE PERFORMANCE.THE RISK OF LOSS IN TRADING AND INVESTMENT IN SECURITIES MARKETS INCLUDING EQUITIES AND DERIVATIVES CAN BE SUBSTANTIAL.