30 August 2022

Annual Report Update | Sector: Cement

Grasim

BSE SENSEX	S&P CNX
59,537	17,759

Stock Info

Bloomberg	GRASIM IN
Equity Shares (m)	657
M.Cap.(INRb)/(USDb)	1105.2 / 13.9
52-Week Range (INR)	1933 / 1273
1, 6, 12 Rel. Per (%)	3/-1/9
12M Avg Val (INR M)	1812

Financials Snapshot (INR b)

Y/E March	FY22	FY23E	FY24E
Sales	208.6	278.0	268.9
EBITDA	32.2	42.4	43.1
Adj. PAT	22.3	28.5	27.9
EBITDA Margin (%)	15.4	15.3	16.0
S/A Adj. EPS (INR)	33.9	43.3	42.4
S/A EPS Gr. (%)	150.1	27.7	-2.1
Consol EPS (INR)	111.5	108.4	109.9
BV/Sh. (INR)	738.4	773.7	807.6
Ratios			
Net D:E	-0.0	0.0	-0.0
RoE (%)	11.5	13.6	11.5
RoCE (%)	12.9	15.3	13.6
Valuations			
P/E (x)	49.6	38.8	39.6
P/BV (x)	2.3	2.2	2.1
EV/EBITDA(x)	10.4	8.1	7.7
Div. Yield (%)	0.6	0.5	0.5
FCF Yield (%)	0.1	-0.8	1.4

CMP: INR1,679 TP: INR1,880 (+12%) BUY

Core business performance improves

Diversified portfolio offers long-term growth opportunities

GRASIM's FY22 Annual Report highlights integration across the value-chain and diversification into new businesses. The key strategic elements are: 1) capacity expansion to cater to the growing demand across businesses; 2) increase in percentage of chlorine integration to 40% by FY25; 3) improving share of renewable energy (RE) in the overall power mix; 4) setting up zero liquid discharge (ZLD) plants to reduce emissions; and 5) foray into high growth businesses – Paints and B2B e-commerce. We maintain our Buy rating on the stock with a TP of INR1,880.

Standalone performance improved in FY22

- Standalone revenue grew 68% YoY to INR209b. EBITDA grew 105% YoY to INR32b. EBITDA margin increased by 2.8pp YoY to 15.4%. The improvement in performance was led by higher sales volume and better realization, which was partly offset by a rise in raw material and input cost in 2HFY22, amid a volatile external environment.
- Earnings before tax and exceptional items grew 191% YoY to INR30b, led by improved EBITDA and an increase in other income (up 74% YoY to INR9b backed by higher dividend from UTCEM). Adjusted PAT (adjusted for the prior period tax reversal and exceptional items) grew 150% YoY to INR22b.

GRASIM holds numero uno position domestically in VSF; outlook positive

- VSF volumes grew 30% YoY to 602KT in FY22, albeit on a low base. However, the same was higher by only 9% as compared to FY20 levels. VSF capacity utilization stood at 97% in FY22 v/s 76% in FY21.
- Net revenue/EBITDA for the VSF business grew 75%/45% YoY to INR122b/INR17b. However, EBITDA margin declined by 3pp YoY to 14% due to a sharp increase in raw material and input costs in 2HFY22.
- VSF demand in India is expected to grow at 10% CAGR over CY21-25, led by rising Textile consumption due to population growth, rising urbanization, and improved standards of living.

The Chemical business reports a strong performance in FY22

- Caustic soda volumes grew 16% YoY to 1.04mt in FY22. However, it was higher by only 5% as compared to FY20 levels. Caustic soda capacity utilization stood at 88% v/s 78% in FY21.
- Net revenue for the Chemical business grew 72% YoY to INR79b. EBITDA grew 160% to INR15b. EBITDA margin surged 6.6pp YoY to 19%, led by a significant improvement in realization and improved sales volumes.

Capacity expansions and a foray into new business to aid growth

- GRASIM commissioned its 600tpd brownfield expansion in two phases in 2HFY22 at Vilayat, Gujarat, taking its total VSF capacity to 824ktpa. It aims to raise its VSF capacity by 48tpd through debottlenecking across three plants.

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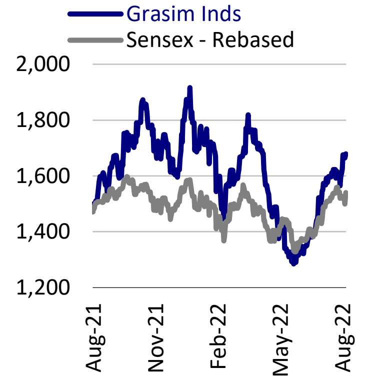
Shareholding pattern (%)

As On	Jun-22	Mar-22	Jun-21
Promoter	42.8	42.8	42.1
DII	15.4	14.4	16.0
FII	11.7	12.9	15.3
Others	30.2	29.9	26.6

FII Includes depository receipts

Stock's performance (one-year)



- GRASIM has expanded its caustic soda capacity by 12.5% YoY to 1,290ktpa. It added a capacity of 142ktpa across Rehla, Jharkhand (91ktpa) and Balabhadrapuram, Andhra Pradesh (51ktpa) in FY22.
- The company commissioned a chloromethane plant with a capacity of 55ktpa (Phase I) at Vilayat, Gujarat, which will help improve chlorine integration.
- Looking at the strong demand growth in advanced materials, the management is doubling its existing capacity (to 246ktpa from 123ktpa) through brownfield expansion at its existing location by FY24.
- The management's focus is on integration across the value chain and diversifying into new segments. It has forayed into two businesses: Paints and B2B e-commerce. Both businesses will be the growth engine to its existing portfolio of businesses.

Deleverages its Balance Sheet; supports capex needs of new ventures

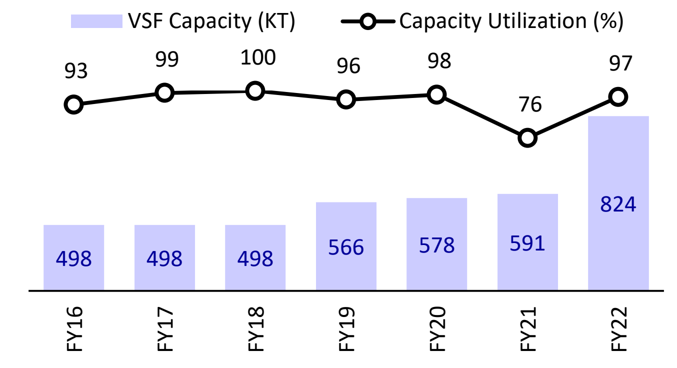
- GRASIM turned net cash positive, partly backed by proceeds from the divestment of the Fertilizer business. The latter was completed as of 1st Jan'22 for a total consideration of INR18.7b. Its net cash balance (standalone) stood at INR8.5b v/s a net debt of INR9.1b. Its standalone net debt-to-EBITDA ratio stood at (0.3x) in FY22 v/s 0.6x in FY21.
- It has been generating strong cash flows, with the cumulative OCF at INR84b in FY20-22 (v/s INR72b over FY17-19). FCF fell over FY20-22 as cumulative FCF stood at INR20b (v/s INR36b over FY17-19) owing to a higher capex. Going forward, capex will remain high, given the capacity expansion in its existing businesses and foray into new businesses, which is likely to turn FCF negative.

Foray into Paints augurs well; maintain our Buy rating

- GRASIM, via its holdings in UTCEM, is a quasi-play on the Cement space. In our SoTP valuation for GRASIM, UTCEM contributes 65%. We are positive on the Cement business, with UTCEM being our top pick in the largecap space.
- GRASIM's plan to invest INR100b in the Paints business indicates its intent of entering this space on a large scale. We view its entry into this business as a positive step as this marks its diversification into the high-growth, high-RoCE segment from cyclical and non-core (divestment of its Fertilizer business has been completed) business segments.
- The distribution network for Birla White and Putty consist of 54,000 dealers, with a 70% overlap between Paints and Birla White dealers. This, coupled with a strong brand recall for the Birla group, will help it succeed in the Paints business.
- We value the standalone business at 6.5x FY24E EV/EBITDA and other listed subsidiaries at a 35% HoldCo discount to arrive at our revised TP of INR1,880.

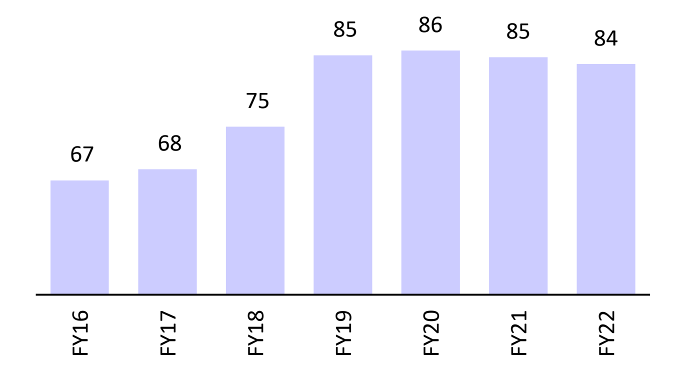
Story in charts

Exhibit 1: VSF capacity operating at optimum levels



Source: MOFSL, Company, Note: *capacity utilization computed on effective capacity

Exhibit 2: Domestic sales mix in VSF stands ~84% in FY22



Source: MOFSL, Company

Exhibit 3: Capacity utilization in caustic soda improves

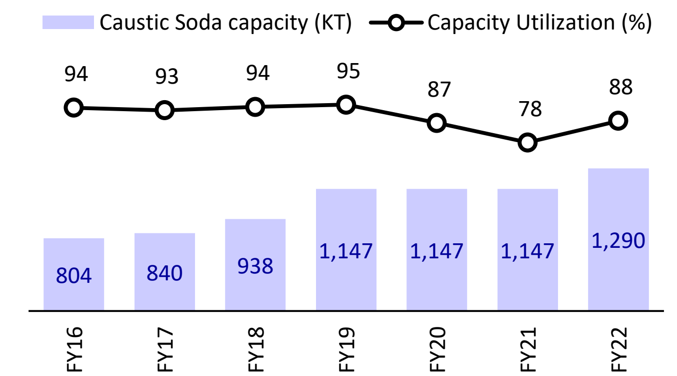


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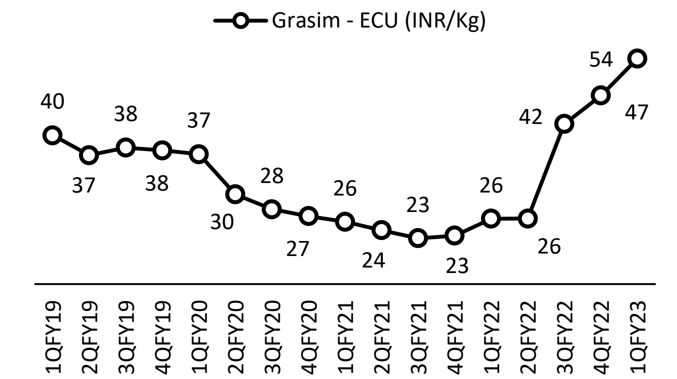
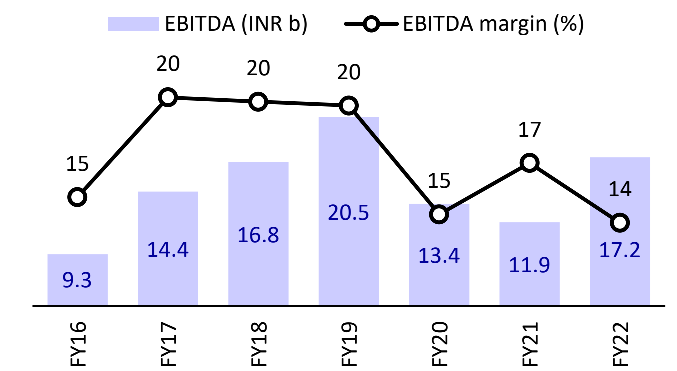
Exhibit 4: ECU at a record high, up 48% YoY in FY22



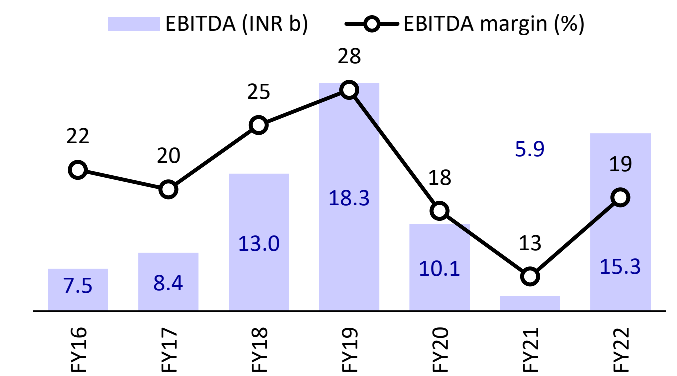
Source: MOFSL, Company

Exhibit 5: VSF EBITDA margin declines due to cost pressures



Source: MOFSL, Company

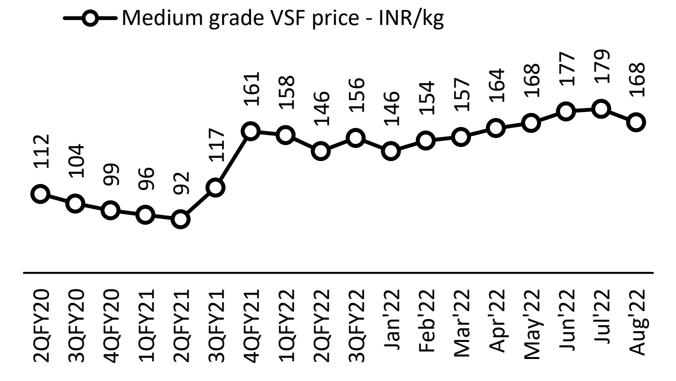
Exhibit 6: Performance of the Chemical business improves



Source: MOFSL, Company

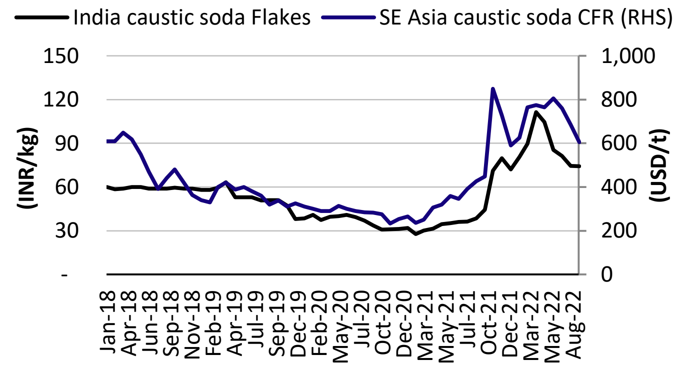
Story in charts

Exhibit 7: VSF prices trend upward in FY22, soften from mid-Jul'22



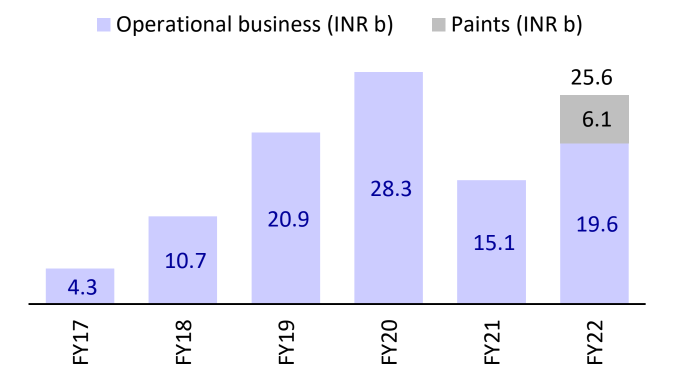
Source: MOFSL, Industry

Exhibit 8: Caustic soda prices rally in FY22, corrects from Jul'22



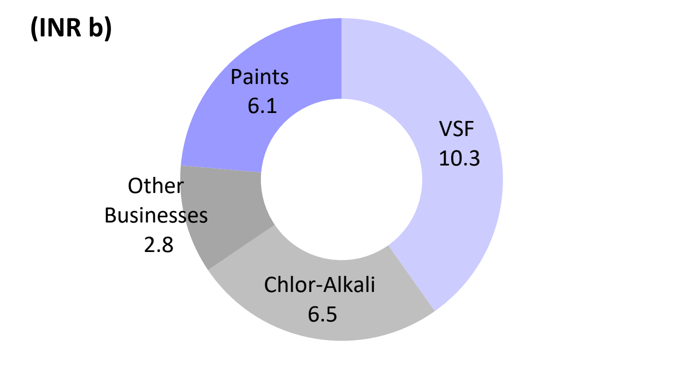
Source: MOFSL, Industry

Exhibit 9: Standalone capex trend for GRASIM



Source: MOFSL, Company

Exhibit 10: Business-wise capex spent in FY22



Source: MOFSL, Company; Note: Other businesses include Epoxy, VFY, Textile, and Insulator

Exhibit 11: DuPont Analysis: RoE improves on better profitability

(%)	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
PAT/PBT ratio	71	68	62	92	83	68	71	70
PBT/EBIT ratio	97	95	95	83	76	90	90	89
EBIT/sales ratio	19	17	18	10	8	12	12	12
Asset turnover ratio (x)	1.0	1.2	1.2	1.0	0.7	1.1	1.2	1.1
Assets/equity ratio (x)	1.2	1.3	1.4	1.5	1.5	1.4	1.4	1.4
RoE	**16.2**	**17.4**	**17.1**	**10.4**	**5.0**	**11.5**	**13.6**	**11.5**

Source: MOFSL, Company; Note: ROE is adjusted for investment in subsidiaries and their related income

Exhibit 12: Highlights from the annual report over the years

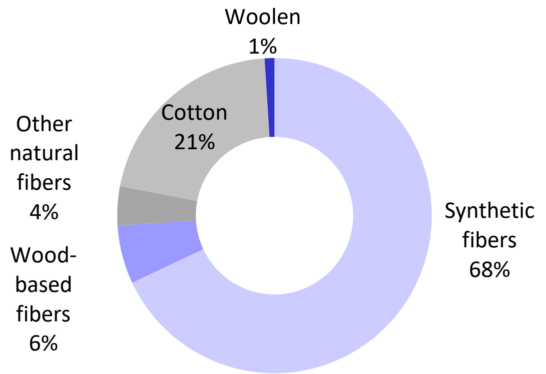
Year	Demand scenario and outlook	Expansion plans	Operating efficiency initiatives	YoY change
FY18	❖ The focus of the VSF business remains on expanding the market in India. New capacity commissioning in China may impact global VSF prices ❖ Expects demand for caustic soda to grow. The demand-supply situation appears well balanced over the next couple of years	❖ Plans to expand VSF capacity by 290ktpa to 788ktpa by FY21 through brownfield and debottlenecking initiatives. ❖ Plans to expand caustic soda capacity by 200ktpa to 1,140ktpa by FY19	❖ The focus is on expanding its existing chlorine VAP portfolio and improving the level of chlorine integration	Revenue: 52.6% EBITDA: 42.9% PAT: 26.2%
FY19	❖ The global demand for VSF is likely to clock 6-7% CAGR over the next two-to-three years, a bit higher than the growth of competing fibers like cotton and polyester ❖ GRASIM acquired the chlor-alkali facility of KPR Industries at Balabhadrapuram in Andhra Pradesh. Aims to increase market share in the eastern region, a caustic soda consumption hub	❖ VSF capacity expansion by 222ktpa to 788ktpa is progressing well ❖ Expanding caustic soda capacity by 310ktpa to 1,457ktpa	❖ Improving energy efficiency by raising the share of RE ❖ Implementation of sustainability initiatives such as ZLD in the Chemical division	Revenue: 30.2% EBITDA: 32.2% PAT: 20.4%
FY20	❖ COVID-19 led economic uncertainty may impact global consumer spending going forward ❖ In VSF, the recent commissioning of new capacity in Asia may continue to create a temporary demand-supply mismatch and put pressure on prices	❖ GRASIM is in the process of setting up a state-of-the-art Composite Hollow Core Insulators (CHCI) manufacturing plant in Halol, Gujarat at a cost of INR1b	❖ Commissioned ZLD plants at Ganjam and Rehla. The Chemicals division has committed to increasing the share of RE in the overall power mix	Revenue: -9.4% EBITDA: -43.2% PAT: -34%
FY21	❖ VSF remains the fastest growing Textile fiber globally. The same is projected to record ~7% CAGR over FY20-22 ❖ The domestic caustic soda market is expected to be oversupplied in the near term. Demand is expected to recover post CY21, at mid-single digit CAGR over FY24-25.	❖ VSF expansion at Vilayat, Gujarat is expected to be completed by 3QFY22, taking its total VSF capacity to 810ktpa ❖ Announces 200tpd Brownfield expansion of chlor-alkali at Vilayat ❖ Announced foray into the Paints business	❖ Improving the share of RE in the overall power mix to 11% over the next three-to-four years from 1.55% Setting up ZLD plants are core to its sustainability strategy	Revenue: -33.4% EBITDA: -32.3% PAT: -43%
FY22	❖ Global demand for VSF is likely to clock ~4.9% CAGR over CY21-25. India demand is pegged at 9.9% CAGR over CY21-25 ❖ In the Chemical business, the market is expected to stay oversupplied over FY23-24. Long-term demand growth is expected in the 4-5% range	❖ Aims to increase VSF capacity through debottlenecking ❖ Doubling advanced material capacity (to 246ktpa from 123ktpa) via brownfield expansion at its existing location by FY24. ❖ Announced foray into the B2B e-commerce business	❖ Increased share of RE to 5% in FY22 ❖ Aims to enhance the rate of chlorine integration to 40% by FY25 from 30% in 4QFY22	Revenue: 68.4% EBITDA: 105.6% PAT: 150.2%

Source: MOFSL, Company

An overview of the global VSF industry

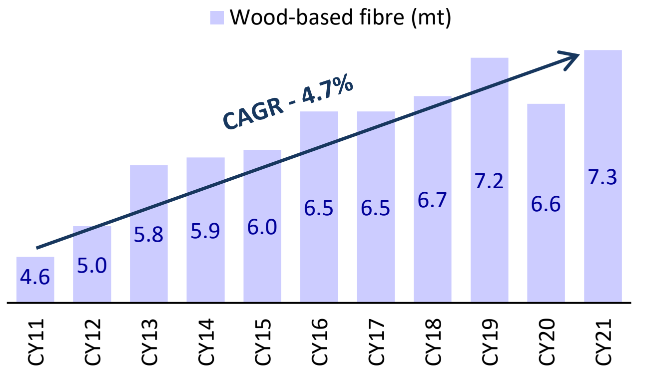
- Production of global wood-based fiber (VSF) grew a strong 8% YoY in CY21 and set a new high of 7.3mt. Production of model and lyocell fibers rose at an above-average rate. Global demand for VSF is in an upward trend, driven by an uptick in demand from the US and Europe.
- The share of VSF in global fiber production stood at 6% in CY21 v/s 6.2% in CY20.
- The global demand for VSF registered 4.7% CAGR over CY11-21 and the same the same is expected to clock ~5% CAGR over CY22-25.
- Global VSF prices moved in the USD1.65-2.03 per kg range, and averaged USD1.81/kg in FY22, up 32% YoY. Cotton prices averaged USD2.49/kg, up 49% YoY, in FY22 and has been surging MoM driven by a favorable gap between demand and supply. This surge in cotton prices has led to the widening of the gap between the cotton and VSF prices. The spread between cotton and VSF prices, which averaged USD0.29/kg in FY20, widened to USD1.3/kg in Mar'22. This widening gap bodes well for VSF prices going forward.
- The Chinese VSF industry operated at 74% on an average in FY22, with a significant volatility on a MoM basis. On an average, inventory stood at 24 days in FY22 and remained unchanged YoY.

Exhibit 13: Global fiber consumption at 116mt in CY21



Source: MOFSL, Lenzing

Exhibit 14: Consumption trend of wood-based fiber



Source: MOFSL, Lenzing

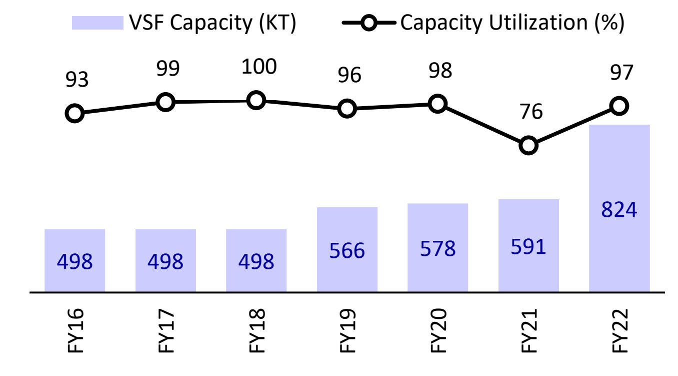
GRASIM holds numero uno position domestically in VSF; outlook positive

- VSF volumes grew 30% YoY to 602KT in FY22, albeit on a low base. However, the same was higher by only 9% as compared to FY20 levels. VSF capacity utilization stood at 97% in FY22 v/s 76% in FY21.
- The share of domestic in overall volumes stood ~84%. The share of value added products (VAP) increased by 4pp YoY to 26%, led by incremental sales of the second and third generation of fiber and Livaeco.

The share of VAP increases by 4pp YoY to 26% in FY22

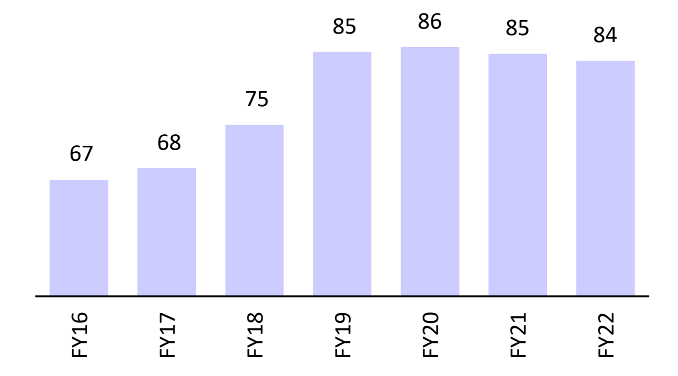
- Net revenue/EBITDA for the VSF business grew 75%/45% YoY to INR122b/INR17b. However, EBITDA margin declined by 3pp YoY to 14% due to a sharp increase in raw material and input costs in 2HFY22.
- **Outlook:** VSF remains the fastest-growing textile fiber globally among cotton, PSF, and VSF. VSF demand in India is expected to grow at 10% CAGR over CY21-25, led by rising Textile consumption due to population growth, rising urbanization, and improved standards of living. Globally, VSF prices are likely to stay firm, driven by favorable demand-supply, higher input costs, and strong pricing of other fibers such as cotton and polyester.

Exhibit 15: VSF capacity operating at optimum levels



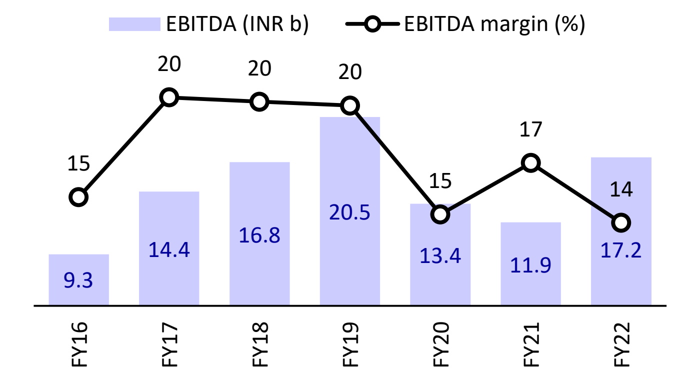
Source: MOFSL, Company, Note: *capacity utilization computed on effective capacity

Exhibit 16: Domestic sales mix in VSF stands ~84% in FY22



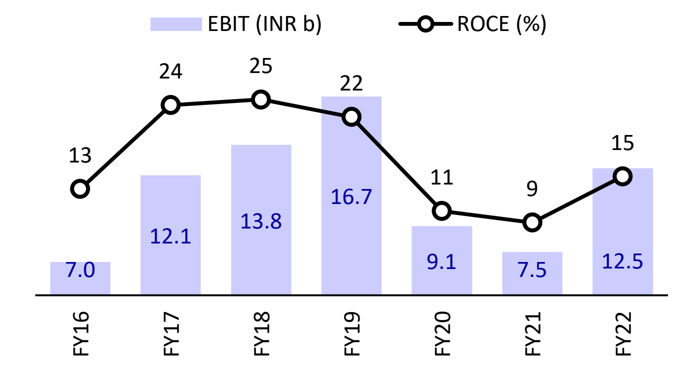
Source: MOFSL, Company

Exhibit 17: EBITDA margin for the VSF segment declines due to cost pressures



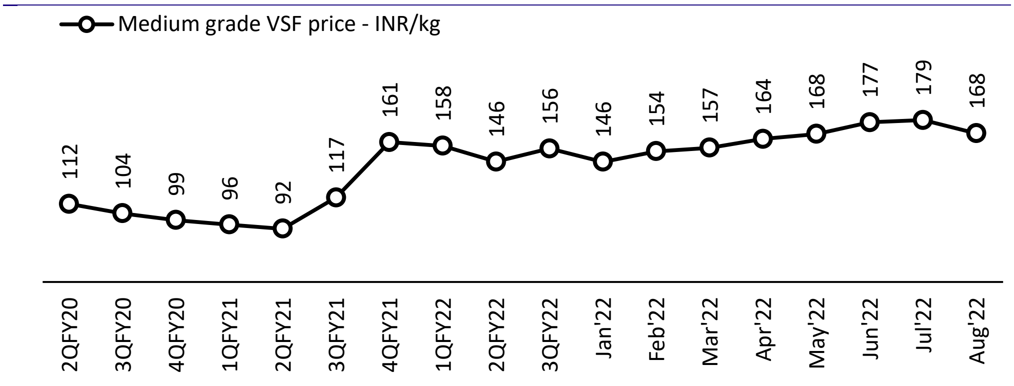
Source: MOFSL, Company

Exhibit 18: RoCE for the VSF segment improves YoY



Source: MOFSL, Company

Exhibit 19: VSF prices trend upward in FY22, but soften from mid-Jul'22



Source: MOFSL, Industry

Growth opportunities in the VSF business

- GRASIM commissioned its 600tpd brownfield expansion in two phases in 2HFY22 at Vilayat, Gujarat, taking its total VSF capacity to 824ktpa, up 39% YoY. With the commissioning of this capacity, the Vilayat plant has emerged as the largest single location integrated VSF plant globally, with a production capacity of 398ktpa. This new capacity will drive better volume growth for the company.
- GRASIM's long-term strategy is directed at growing domestic demand via new products and applications. The 3-4% share of VSF in India's fiber market as compared to 6-7% globally, augers well for growth in this segment.

- The business has developed new fibers (Livaeco in both viscose and modal variants and Liva Reviva) to cater to the growing demand for sustainable fibers. The business launched Navyasa – a saree brand aimed at re-positioning saree as a garment of choice. The Saree segment in India consumes around 1mt of multiple fibers, with the share of VSF at only 1%. Over the next five years, this share is expected to increase to 7%.
- GRASIM and CENT formed an equal joint venture – Birla Advanced Knits – to manufacture man-made cellulosic fiber (MMCF) knit fabrics. The proposed project is located at the Birla Century campus in Bharuch, Gujarat. It will have a monthly knitting and processing capacity of ~600t of fabric, which produces 100% viscose knitted fabric.

Cost optimization measures and backward integration drives efficiencies

- GRASIM has strong integration across the value chain in the VSF segment, which provides it a competitive advantage over non-integrated players.
- It meets 55-60% of its dissolving grade pulp requirements (50-55% of costs) through captive sources, with the balance met via contracts with large suppliers. The company is implementing a robust 'supplier assessment program' to strengthen its sourcing as per the principles of sustainable sourcing.
- Its caustic soda/power and steam/carbon disulfide (10-15%/10%/3% of costs) requirements are completely being met through captive sources.

Exhibit 20: Backward integration for ~80% of GRASIM's RM costs

Input	As a percentage of costs	Requirement met
Dissolving grade pulp	50-55%	55-60%
Caustic soda	10-15%	Fully captive
Power and steam	10%	Fully captive
Carbon disulfide	3%	Fully captive

Source: MOFSL, Company

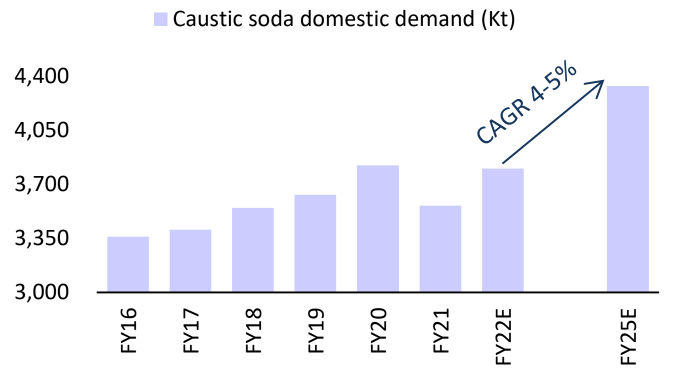
Product and application launches in the VSF business in FY22

- GRASIM has been consistently developing new product variants as per the needs of the consumer.
- It has successfully developed monofilament yarn in CSY by two routes: 1) mother yarn (splitting of multi-filaments to single filament) and increasing regeneration length, and 2) high DPF (denier per filament) products in SSY and low DPF in PSY.
- It launched saree brand 'Navyasa' by Liva for a range of fluid sarees.
- On the new application side, it has developed Lycra covered yarn (spandex covered with PSY), which is stretchable and finds usage in garment and denim. Development of space dyed yarn is under progress for use in fashion fabrics.

Overview of the India Caustic Soda industry

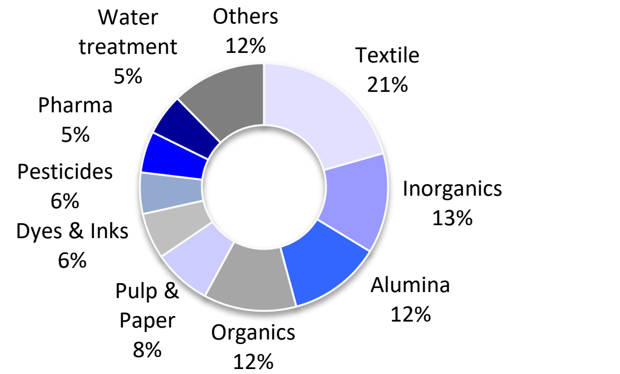
- The Indian Caustic Soda industry had an installed capacity of 4.8mtpa in FY22. Domestic demand for caustic soda grew 7-8% in FY22, due to a consumption push after the lifting of COVID-related restrictions. Caustic soda capacity utilization for the industry stood ~80% in FY22 v/s ~75% in FY21.
- Caustic soda prices in India trended with global prices, but with a lag. Prices in India trended upward in FY22 on improved demand after the lifting of COVID-related restrictions and supply constraints in China and the US in 2H.
- The domestic caustic soda market is likely to see capacity additions in FY23 and a ramp-up in newly commissioned capacities. The market is expected to stay oversupplied in FY23-24, which results in an unbalanced demand-supply situation in the short-term. We peg long-term demand growth at 4-5%.

Exhibit 21: Expect caustic soda demand CAGR at 4-5% over FY22-25



Source: MOFSL, Industry

Exhibit 22: Breakdown of caustic soda consumption in India

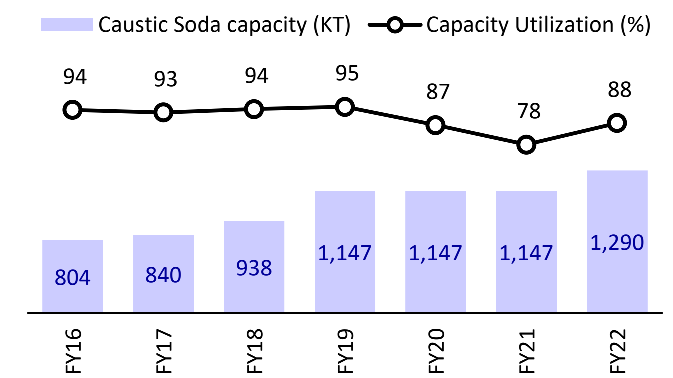


Source: MOFSL, Industry

The Chemical business reports a strong performance in FY22

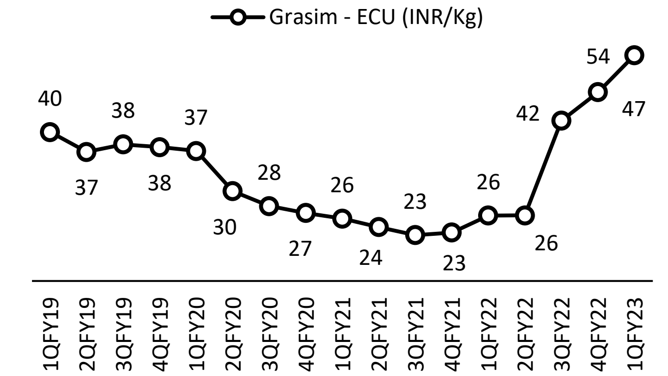
- Caustic soda volumes grew 16% YoY to 1.04mt in FY22. However, it was higher by only 5% as compared to FY20 levels. Caustic soda capacity utilization stood at 88% v/s 78% in FY21.
- Net revenue for the Chemical business grew 72% YoY to INR79b. EBITDA grew multifold to INR15b. EBITDA margin surged 6.6pp YoY to 19%, led by a significant improvement in realization and improved sales volumes.

Exhibit 23: Capacity utilization in caustic soda improves



Source: MOFSL, Company, Note: *capacity utilization computed on effective capacity

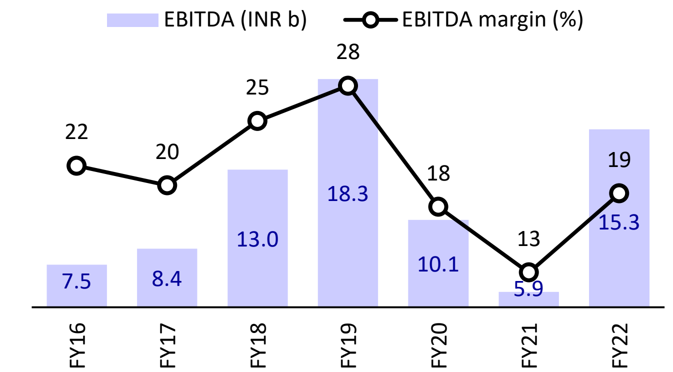
Exhibit 24: ECU at a record high, up 48% YoY in FY22



Source: MOFSL, Company

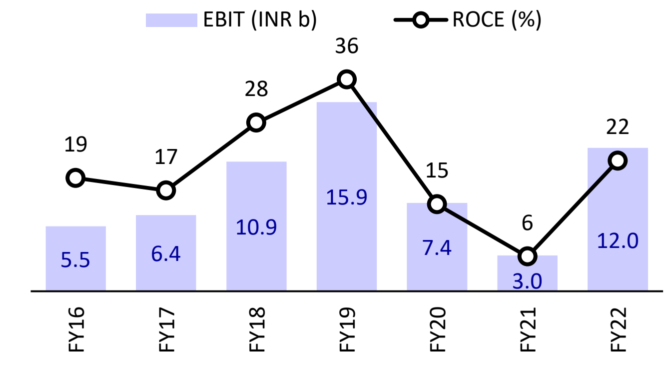
- The Advanced Material business reported a record-high annual performance, led by strong demand, especially in the Consumer Durable, Wind Energy, and Auto segments, and a better pricing environment both domestically and globally. Pricing and margin gains started to normalize in 2HFY22, with a rise in key input costs.

Exhibit 25: Chemical business performance improves



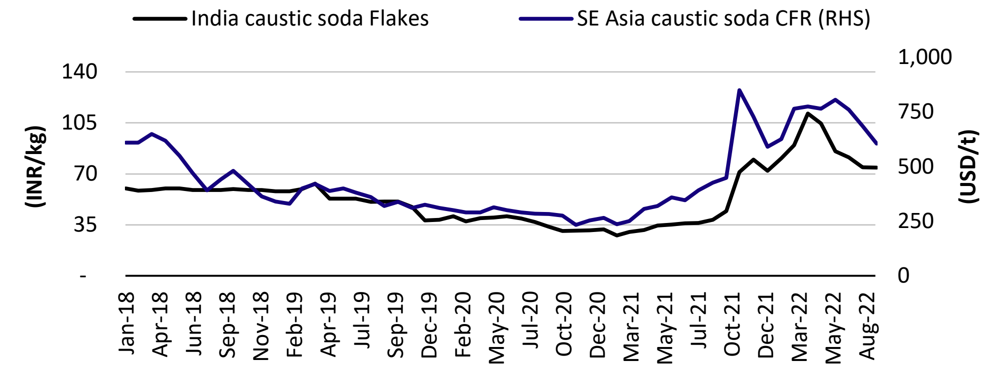
Source: MOFSL, Company

Exhibit 26: RoCE for the Chemical business improves YoY



Source: MOFSL, Company

Exhibit 27: Caustic soda prices rallied through FY22, witnesses a correction from Jul'22



Source: MOFSL, Industry

Improvement in chlorine integration: A key strategic element

GRASIM plans to introduce higher-end VAPs in the market and improve its VAP share to 40% by FY25

- The demand for chlorine in India stayed subdued in FY22, with reduced demand from key chlorine-consuming industries. Net realization from chlorine remained negative for a major part of FY22.
- Chlorine integration stood at 28% in FY22. The management aims to increase chlorine integration to 40% by FY25 through: a) a rise in VAP capacities, b) new chlorinated product development, c) improvement in pipeline supply, and d) ancillary industry development.

Capacity expansion to aid growth

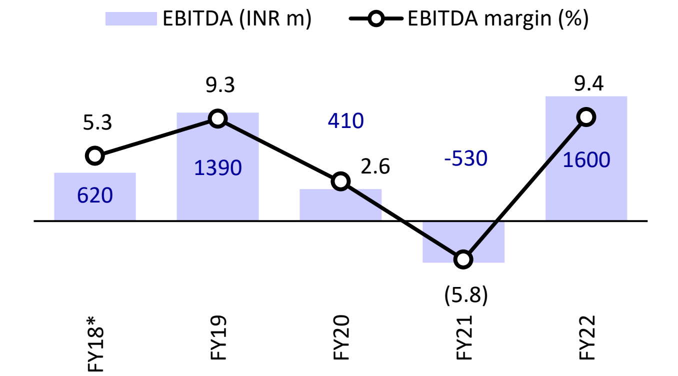
- GRASIM has expanded its caustic soda capacity by 12.5% YoY to 1,290ktpa. It added a capacity of 142ktpa across Rehla, Jharkhand (91ktpa) and Balabhadrapuram, Andhra Pradesh (51ktpa) in FY22.
- The company commissioned a chloromethane plant with a capacity of 55ktpa (Phase I) at Vilayat, Gujarat, which will help improve chlorine integration. This is one of the largest chlorine sinks, with diverse usage across sectors like Pharma, Agrochemical, and Refrigeration.

- The demand for Advanced Materials in India is expected to stay strong, with a pickup in the pace of Construction activity and a thrust on RE. The management aims to double its existing capacity (to 246ktpa from 123ktpa) through brownfield expansion at its existing location by FY24.

Performance of its other operating businesses

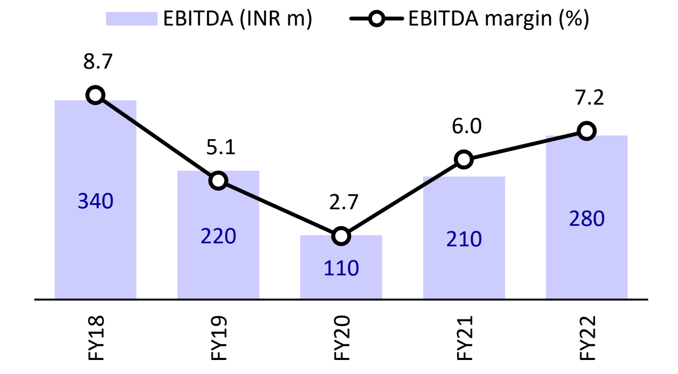
- **Textiles – Strong operational and financial performance**
  - Production of worsted/linen yarn grew 61%/73% YoY to 3,636t/7,035t, whereas fabric production rose 3.7x to 15.8mm in FY22.
  - The business reported a net revenue of INR17b (up 87% YoY) and an EBITDA of INR1.6b v/s a loss of INR530m in FY21, led by strong realization, despite a rise in input cost. The demand for linen yarn and fabric picked up towards the end of 2QFY22, led by strong consumer spending, the onset of the festive season, and a pick-up in wedding season demand. Textile demand normalized in 2HFY22, with the easing of lockdown restrictions. Export demand remained buoyant in FY22.
  - The business has made substantial efforts to promote linen, target younger customers, and increase affordability by creating blends and branding it as Cavallo by Linen Club. The wool market remained stable in FY22, with strong global demand and rising prices.
- **Insulators – Subdued domestic market and resilient exports**
  - Production of insulators grew 8% YoY to 20,822t. The business reported a net revenue/EBITDA of INR4b/INR280m (up 10%/33% YoY).
  - The improvement in EBITDA was on higher export sales and a recovery of old dues. However, the domestic market remains subdued due to delays in the finalization of orders across the Transmission and Distribution segment.
  - Capex is driving demand growth for the insulator industry in Power Generation, Transmission, and Distribution sectors.

Exhibit 28: Strong performance by the Textile business



Source: MOFSL, Company; Note: *FY18 numbers are for nine months

Exhibit 29: Insulator performance led by higher export sales



Source: MOFSL, Company

Standalone financial performance analysis

- Standalone revenue grew 68% YoY to INR209b. EBITDA grew 105% YoY to INR32b. EBITDA margin increased by 2.8pp YoY to 15.4%. The improvement in performance was led by higher sales volume and better realization, which was partly offset by a rise in raw material and input cost in 2HFY22, amid a volatile external environment.

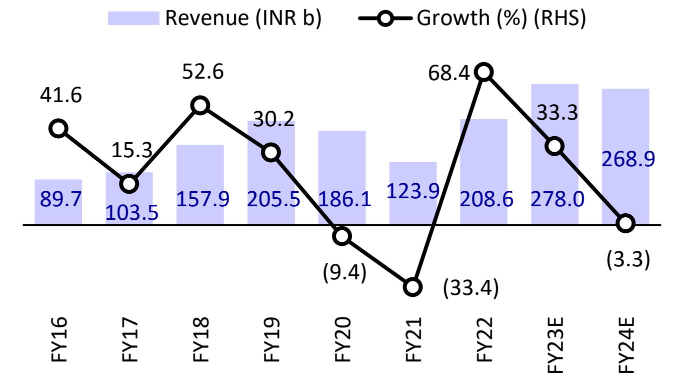
- Earnings before tax and exceptional items grew 191% YoY to INR30b, led by improved operating profit and an increase in other income (up 74% YoY to INR9b backed by higher dividend from UTCEM). Finance cost increased by 5% YoY to INR2.5b. Adjusted PAT (adjusted for the prior period tax reversal and exceptional items) grew 150% YoY to INR22b.

Exhibit 30: Common-size analysis (standalone) – margin improvement led by higher sales volume and better realization

Particulars (INR b)	FY18	%	FY19	%	FY20	%	FY21	%	FY22	%
Net Revenue	**157.9**	**100**	**205.5**	**100**	**186.1**	**100**	**123.9**	**100**	**208.6**	**100**
Raw materials (incl. a change-in-inventory)	73.1	46	97.1	47	91.9	49	55.5	45	94.1	45
Power and fuel	22.9	15	30.1	15	29.9	16	20.8	17	34.3	16
Freight and forwarding	2.6	2	3.0	1	3.3	2	3.4	3	8.7	4
Other expenses	17.1	11	19.3	9	21.6	12	14.7	12	21.5	10
Personnel cost	11.4	7	15.3	7	16.2	9	13.9	11	17.7	9
EBITDA	**30.8**	**20**	**40.7**	**20**	**23.1**	**12**	**15.6**	**13**	**32.2**	**15**
Depreciation	6.3	4	7.6	4	8.5	5	8.3	7	9.1	4
Other income	4.6	3	5.7	3	5.3	3	5.1	4	9.0	4
EBIT	**29.1**	**18**	**38.8**	**19**	**19.9**	**11**	**12.5**	**10**	**32.0**	**15**
Financial charges	1.3	1	2.0	1	3.0	2	2.4	2	2.5	1
PBT (before exceptional items)	**27.9**	**18**	**36.8**	**18**	**16.9**	**9**	**10.1**	**8**	**29.5**	**14**
Exceptional items	2.7	2	23.7	12	2.9	2	0.8	1	0.7	0
PBT	**25.1**	**16**	**13.1**	**6**	**13.9**	**7**	**9.3**	**8**	**28.8**	**14**
Tax	7.4	5	8.0	4	1.2	1	1.2	1	1.9	1
PAT	**17.7**	**11**	**5.2**	**3**	**12.7**	**7**	**8.1**	**7**	**27.0**	**13**
Adjusted PAT	**19.7**	**12**	**23.7**	**12**	**15.6**	**8**	**8.9**	**7**	**22.3**	**11**

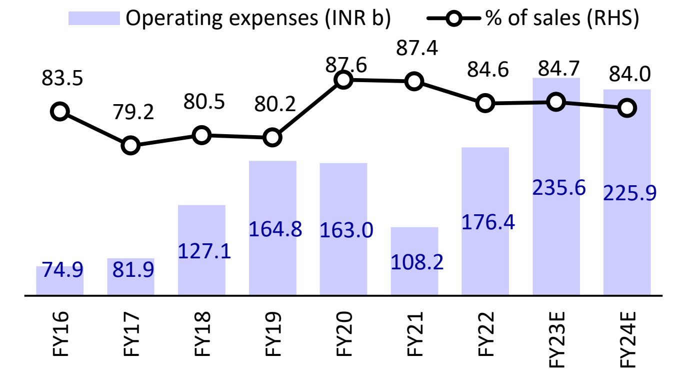
Source: MOFSL, Company; *Note: Adjusted PAT is adjusted for tax reversals and exceptional items and from continuing operations

Exhibit 31: Standalone revenue grew 68% YoY in FY22



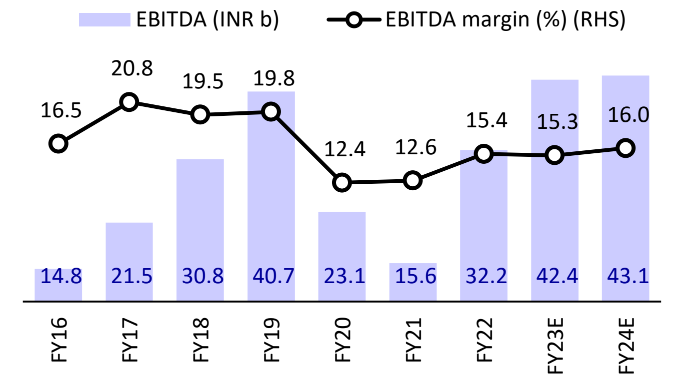
Source: MOFSL, Company

Exhibit 32: Operating expenses as a percentage of sales fell in FY22



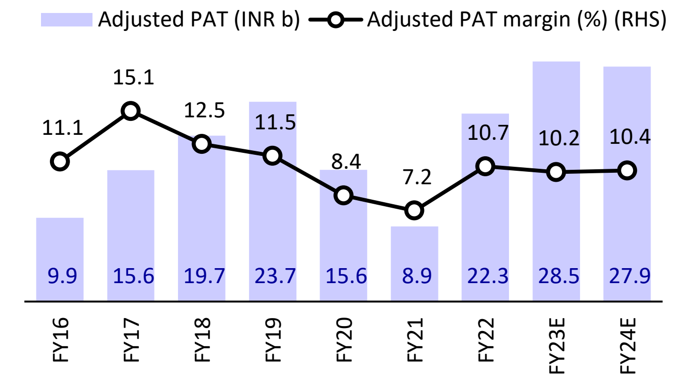
Source: MOFSL, Company

Exhibit 33: EBITDA margin up 2.8pp YoY to 15.4% in FY22



Source: MOFSL, Company

Exhibit 34: PAT margin up 3.5pp YoY to 10.7% in FY22



Source: MOFSL, Company; Note: PAT is of an ongoing concern

Diversifying into new businesses – Paints and B2B e-commerce

The management's focus is on integration across the value chain and diversifying into new segments. It has forayed into two businesses: Paints and B2B e-commerce. Both businesses will be the growth engine to its existing portfolio of businesses.

Raises capex guidance for the Paint business to INR100b; focus on timely execution

In FY22, GRASIM raised its total capex for the Paints business to INR100b, to be spent by FY25. It plans to set up a total capacity of 1,332MLPA and start commissioning plants in phases from 4QFY24. It plans to have a pan-India presence with six manufacturing plants. Land acquisition and registration have been completed for all six sites. It has begun civil construction work at four sites – Panipat, Ludhiana, Cheyyar, and Chamarajanagar. The project work at other sites will be started as soon as all relevant statutory approvals are received. The management is targeting the second slot in the Decorative Paint industry. Entry in the Paints sector will add size, scale, and diversity to its existing business portfolio.

Key opportunities for GRASIM in the Paints business

- High growth business: In revenue terms, the organized Decorative Paints industry has grown by 32% YoY in FY22. It has grown at 12% CAGR over FY17-22.
- The enhanced pace of investment: The management doubled its capex plan for the Paints business to INR100b in anticipation of strong growth. This acceleration, with a revision in plant configuration, will help in achieving economies of scale, a comprehensive product offering, and improving lead time to serve the market.
- It aims to leverage its well-spread dealer network and strong brand recall of Birla White and Putty.

Announced foray into B2B e-commerce

Another high-growth business plan of GRASIM includes B2B e-commerce in the Building Materials segment. It plans to invest INR20b over the next five years. This vertical will cover the entire gamut of Building Products (like cement, steel, concrete, electrical, construction chemicals, tiles, and plywood). The key value proposition will be an integrated procurement solution, including on-time delivery and a superior product range at competitive prices. The management aims to be among the top three players in this space.

Key opportunities for GRASIM in the B2B e-commerce business

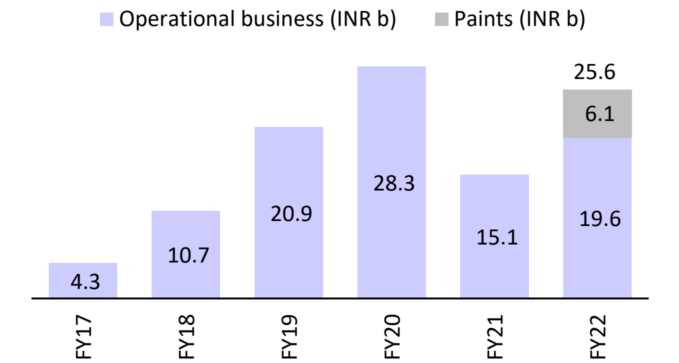
- The Building Materials Procurement segment (industry size: USD100b) has clocked ~14% CAGR over the last three years. Current digital penetration is ~2%, which offers a huge growth opportunity with a lower capital requirement.
- This business has clear adjacencies within the company's standalone businesses as well as subsidiaries and associate companies.
- The initial focus will be on the MSME segment as the unorganized nature of this business provides bigger opportunities due to inefficiencies in the value chain.

Capex, ratios, and cash flows

Standalone capex towards capacity expansion, modernization, and maintenance of existing plants stood at INR19.6b in FY22 v/s INR15.1b in FY21, excluding the Paints business. Total capex for the Paints business since its inception stood at INR6.1b. Budgeted capex towards expansion and modernization stands at INR31.2b in FY23, excluding capex for new businesses (Paints and B2B e-commerce).

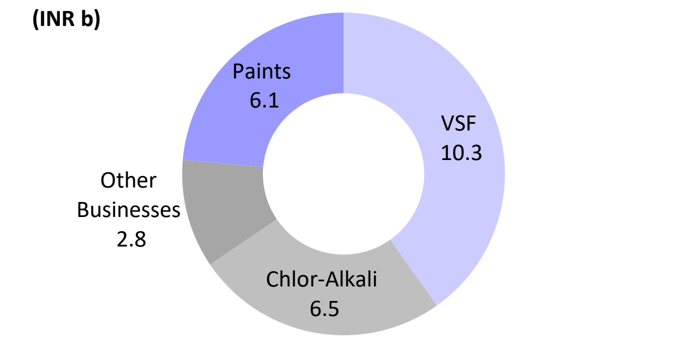
Depreciation stood at INR9.1b in FY22 v/s INR8.2b in FY21 owing to commissioning of new capacities.

Exhibit 35: Standalone capex trend for GRASIM



Source: MOFSL, Company

Exhibit 36: Business-wise capex spend in FY22



Source: MOFSL, Company; Note: Other businesses include Epoxy, VFY, Textiles, and Insulator

Standalone RoE improved by 6.5pp YoY to 11.5% in FY22, led by: 1) a 4.3pp improvement in margin to 12% on better realization; and 2) a higher asset turnover ratio on account of a growth in volume, partly due to a pick-up in consumption after the lifting of COVID-related restrictions. We expect an asset turnover ratio of 1.2x in FY23E v/s 1.1x in FY22, which will drive an improvement in RoE.

Exhibit 37: DuPont Analysis: RoE improves on better profitability

(%)	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
PAT/PBT ratio	71	68	62	92	83	68	71	70
PBT/EBIT ratio	97	95	95	83	76	90	90	89
EBIT/sales ratio	19	17	18	10	8	12	12	12
Asset turnover ratio (x)	1.0	1.2	1.2	1.0	0.7	1.1	1.2	1.1
Assets/equity ratio (x)	1.2	1.3	1.4	1.5	1.5	1.4	1.4	1.4
RoE	**16.2**	**17.4**	**17.1**	**10.4**	**5.0**	**11.5**	**13.6**	**11.5**

Source: MOFSL, Company; Note: RoE is adjusted for investment in subsidiaries and their related income

Receivable days grew to 37 in FY22 v/s 31 in FY21. Inventory days rose to 87 v/s 51 in FY21 due to higher raw material prices and finished goods inventories.

Trade payable days stood at 41 in FY22 v/s 38 in FY21 and its last five-year's average of 33.

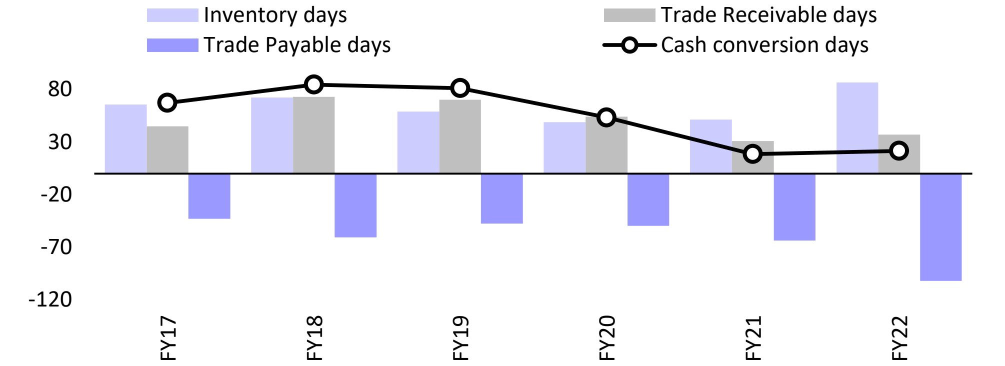
GRASIM's cash conversion cycle grew to 22 days in FY22 from 18 days in FY21 (v/s its average of 69 days over FY16-20).

Exhibit 38: Inventory days rose in FY22 due to higher RM and finished goods inventory

Break-up of inventory days	FY17	FY18	FY19	FY20	FY21	FY22
Raw Materials (RM)	44	45	35	24	28	49
Work-in-progress	1	5	4	4	4	5
Finished goods	12	14	11	14	11	20
Stock-in-trade	0	1	1	1	1	1
Stores and spare parts	8	8	8	7	8	11
Waste/scrap	0	0	0	0	0	0
Total inventory days	**65**	**72**	**59**	**50**	**51**	**87**

Source: MOFSL, Company

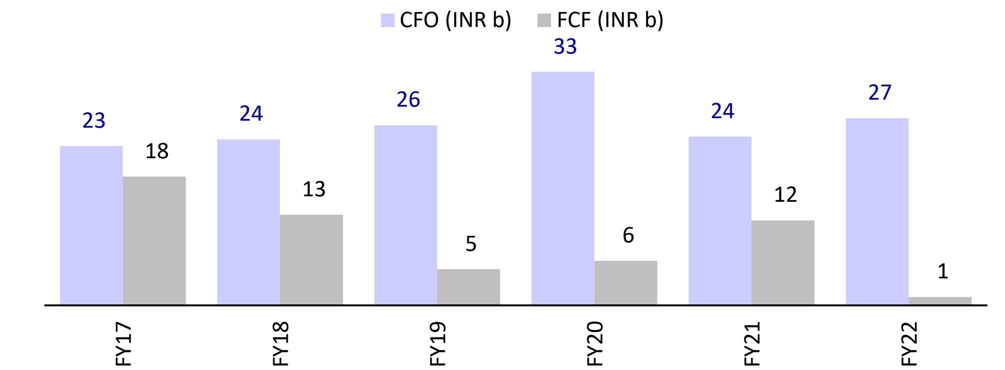
Exhibit 39: WC days stood at 22 in FY22; higher payable days offset higher inventory days



Source: MOFSL, Company

It has been generating strong cash flows, with the cumulative OCF at INR84b in FY20-22 (v/s INR72b over FY17-19). However, FCF fell over FY20-22 as cumulative FCF stood at INR20b (v/s INR36b over FY17-19) owing to a higher capex. Going forward, capex will remain high, given the capacity expansion in its existing businesses and foray into new businesses, which is likely to turn FCF negative.

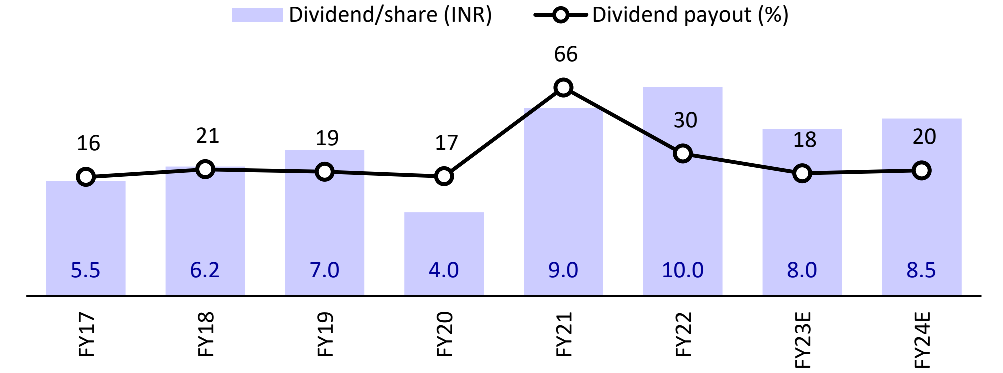
Exhibit 40: OCF up 11% YoY to INR27b in FY22; higher capex leads to a decrease in FCF



Source: MOFSL, Company

GRASIM is a regular dividend paying company. As a percentage of standalone net profit, dividend payout stood ~30% in FY22 v/s 66% in FY21. The management scaled up its dividend payout from FY21 as compared to 16-21% over FY17-20. Going forward, we expect it to maintain its 18-20% payout (a dividend of INR8/INR8.5 per share in FY23/FY24), given its robust expansion plans at the standalone level as well as in its material subsidiary.

Exhibit 41: Dividend payout scaled up over the past two years by paying special dividend

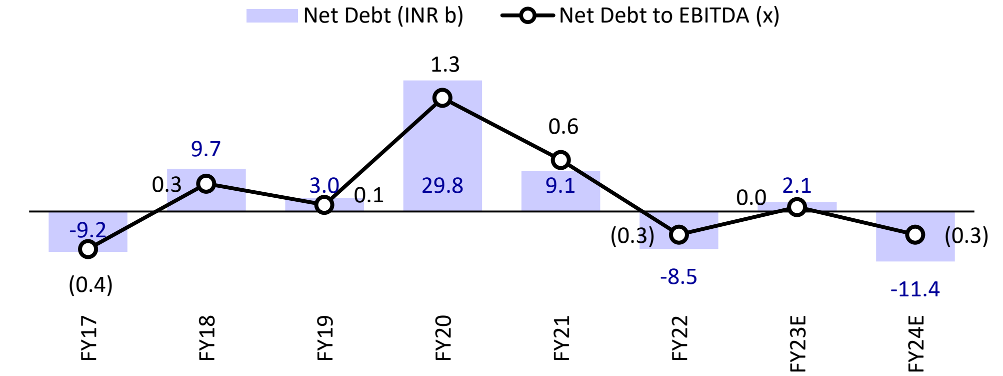


Source: MOFSL, Company; Note: Dividend payout is on adjusted profit from continuing operations

GRASIM turned net cash positive, partly backed by proceeds from the divestment of the Fertilizer business. The latter was completed as of 1st Jan'22 for a total consideration of INR18.7b. It realized a pre-tax profit of INR6.7b (including a capital gain of INR5.1b on divestment of the Fertilizers business) and a PAT of INR3.6b in FY22 from this discontinued operation.

The company's net cash balance (standalone) stood at INR8.5b v/s a net debt of INR9.1b. Its standalone net debt-to-EBITDA ratio stood at (0.3x) in FY22 v/s 0.6x in FY21. We expect its net debt to rise in FY23 due to its robust business expansion plans, both in its existing operations as well as new business lines. It has parked majority (~95%) of its cash balance in Mutual Fund units (carried at FVTPL).

Exhibit 42: GRASIM turns net cash positive



Source: MOFSL, Company; Note: Dividend payout is computed on adjusted profit from continuing operations

Other important points from the Annual Report

- Within contingent liabilities, a lion's share constitutes demand of dividend distribution tax (including interest) and capital gains tax from the Income Tax Department. According to the department, the demerger of its Financial Service business does not qualify as a demerger under the Income Tax Act. The bone of contention is the treatment of the value of shares allotted by the resulting company to shareholders of the entity considering a demerger as dividend distributed by the company to its shareholders. In FY22, its contingent liability increased further due to the imposition of capital gain tax on the value of shares, without considering that the shares were issued to the shareholders pursuant to the scheme of arrangement and no consideration was received by the company. Apart from that, CCI had imposed a penalty of INR3b in FY20 in respect of the VSF business.

Exhibit 43: Contingent liabilities

Matters related to contingent liabilities	FY21 (INR b)	FY22 (INR b)
Income Tax matters	73.6	169.0
Demand from the Competition Commission of India (CCI)	3.0	3.1
Customs/excise duty/service tax/sales tax/entry tax matters	1.8	2.0
Other claims	5.1	5.9
Total	83.5	179.9
As a percentage of net worth	19.4	37.0

Source: MOFSL, Company

- In FY22, remunerations to Directors and key management personnel (KMP) had increased in FY22.

Exhibit 44: Remunerations to directors and KMP increases in FY22

Salary of directors and KMP	FY17	FY18	FY19	FY20	FY21	FY22
Remuneration to Directors and KMPs (INR m)	242	267	304	169	145	268
As a percentage of PBT	1.1	1.0	0.8	1.0	1.4	0.9
Auditor's salary (INR m)	19	31	33	38	68	43
As a percentage of PBT	0.1	0.1	0.1	0.2	0.7	0.1

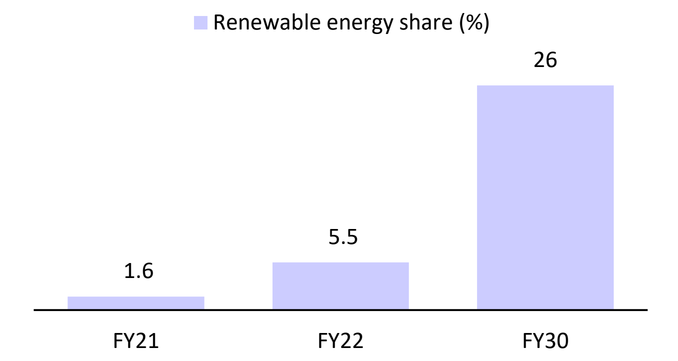
Source: MOFSL, Company

Key sustainability developments and initiatives

- Its key sustainability strategies are: 1) improving share of RE in the overall power mix; and 2) setting up of ZLD plants across its plants.
- The VSF business aims to achieve net zero carbon emissions across all its operations by FY40. The company commissioned a ZLD plant at Nagda (Madhya Pradesh) and Balabhadrapuram (Andhra Pradesh) in FY22. The Nagda unit in Madhya Pradesh sets a new benchmark by commissioning a ZLD plant, a global first in the Man Made Cellulose Fiber industry.
- It aims to halve its greenhouse gas (GHG) emissions intensity by CY30.
- The management's focus remains on increasing the share of RE consumption in its overall power consumption. Its wholly-owned subsidiary – Aditya Birla Solar (ABSL) and Aditya Birla Renewable (ABRL) –commissioned 49MWp of solar capacity at five locations in FY22. It plans to add 471MWp of new solar capacities in FY23E (as per its presentation in 1Q), of which 12MWp solar capacity was added in 1Q.

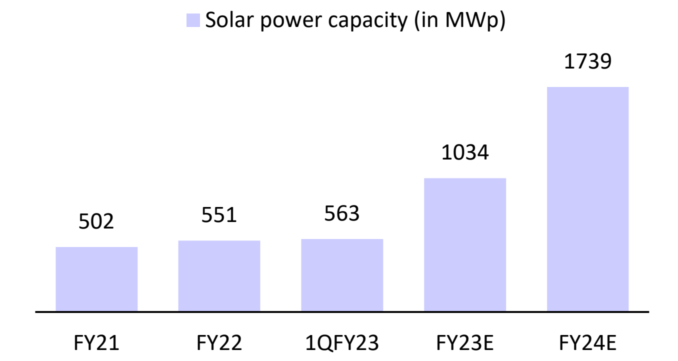
- The share of RE in the Chemical business (a high energy intensive business) stood ~5% in FY22. It targets to increase this to ~26% by FY30. It consumed ~158m Kwh of RE (including RE power purchased through ICE) in FY22.

Exhibit 45: Targets to increase share of RE to 26% by FY30



Source: MOFSL, Company

Exhibit 46: Solar capacity addition plans



Source: MOFSL, Company

Exhibit 47: Select environmental targets and performance

VSF

Indicator/Parameter	Target	Baseline	Status in FY22
Adoption of EU BAT technology for VSF manufacturing	EU BAT implementation at India site by FY25	FY18	Implemented at 1 site (Vilayat) Work-in-progress at other 3 sites and endeavor is to complete the same by end of FY23
Reduction in water intensity in VSF manufacturing process	50% reduction by 2025	FY15	**56%** Reduction achieved by FY22
Reduce pollution load to effluent	Reduction in COD by 2022 to meet EU BAT compliance	FY18	**41%** Reduction achieved by FY22
Reduce Lost Time Injury frequency rate (LTIFR)	Reduction in LTIFR by 90%	FY15	**80%** Reduction achieved by FY22

CFI

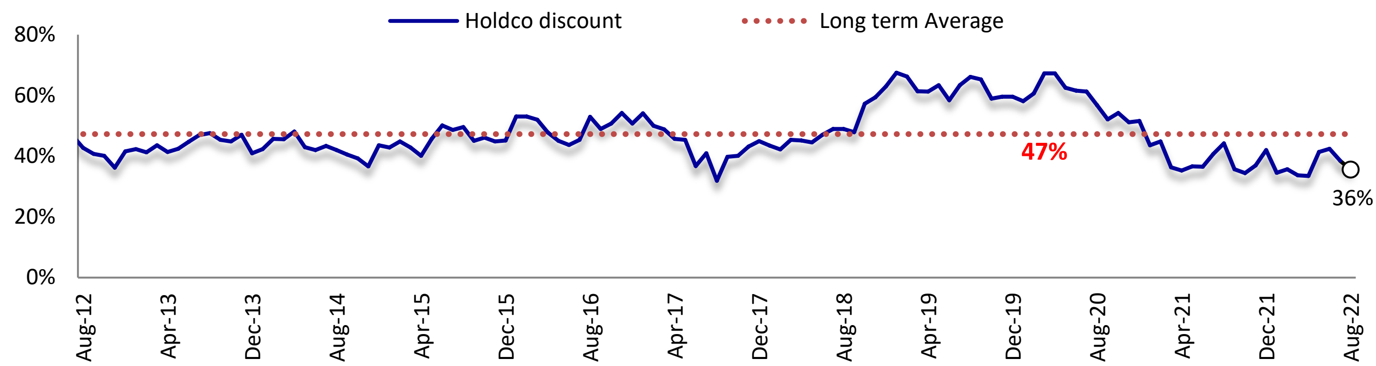
Indicator/Parameter	Target	Baseline	Status in FY22
Reduce Specific freshwater consumption of the main product	30% reduction by FY25	FY17	**15.6%** Reduction achieved by Chlor-Alkali business
Reduce GHG emissions of the main product	30% reduction by FY30	FY17	**11.8%** Reduction in carbon intensity achieved by Chlor-Alkali business

Source: MOFSL, Company

Foray into Paints augurs well; maintain our Buy rating

- GRASIM, via its holdings in UTCEM, is a quasi-play on the Cement space. In our SoTP valuation for GRASIM, UTCEM contributes 65%. We are positive on the Cement business, with UTCEM being our top pick in the largecap space.
- The HoldCo discount for GRASIM in its subsidiary companies has reduced to 36% from over 60% two years back (when there were concerns of its fund infusion in IDEA), which we expect to sustain going forward.
- GRASIM's plan to invest INR100b in the Paints business indicates its intent of entering this space on a large scale. We view its entry into this business as a positive step as this marks its diversification into the high-growth, high-RoCE segment from cyclical and non-core (divestment of its Fertilizer business has been completed) business segments.
- The distribution network for Birla White and Putty consist of 54,000 dealers, with a 70% overlap between Paints and Birla White dealers. This, coupled with a strong brand recall for the Birla group, will help GRASIM succeed in the Paints business. Historically, though some of the companies have found it difficult to achieve a meaningful scale in this business, GRASIM has a fair scope of offering tough competition to incumbents.
- We value the standalone business at 6.5x FY24E EV/EBITDA and other listed subsidiaries at a 35% HoldCo discount to arrive at our revised TP of INR1,880.

Exhibit 48: Holding company discount at 36% v/s its long-term average of 47%



Source: Company, MOFSL

Financials and valuations

Standalone Income Statement (INR m)

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Net Sales	**1,03,457**	**1,57,885**	**2,05,504**	**1,86,094**	**1,23,864**	**2,08,568**	**2,78,013**	**2,68,926**
Change (%)	15.3	52.6	30.2	-9.4	-33.4	68.4	33.3	-3.3
Total Expenditure	81,909	1,27,083	1,64,793	1,62,989	1,08,220	1,76,407	2,35,564	2,25,854
EBITDA	**21,548**	**30,802**	**40,712**	**23,105**	**15,643**	**32,162**	**42,449**	**43,072**
Change (%)	44.4	42.9	32.2	-43.2	-32.3	105.6	32.0	1.5
Margin (%)	20.8	19.5	19.8	12.4	12.6	15.4	15.3	16.0
Depreciation	4,461	6,277	7,604	8,468	8,282	9,140	10,498	11,900
EBIT	**17,086**	**24,525**	**33,108**	**14,638**	**7,362**	**23,022**	**31,952**	**31,172**
Int. and Finance Charges	576	1,281	1,991	3,039	2,360	2,472	3,540	3,717
Other Income - Rec.	4,739	4,614	5,680	5,255	5,137	8,953	9,080	9,251
PBT and EO Items	**21,249**	**27,858**	**36,797**	**16,854**	**10,139**	**29,503**	**37,491**	**36,707**
Change (%)	68.8	31.1	32.1	-54.2	-39.8	191.0	27.1	-2.1
Extra-ordinary Income	0	2,726	23,680	2,941	810	691	0	0
PBT but after EO Items	**21,249**	**25,131**	**13,117**	**13,913**	**9,329**	**28,812**	**37,491**	**36,707**
Tax	5,649	7,445	7,964	1,214	1,224	1,857	8,998	8,810
Tax Rate (%)	26.6	26.7	21.6	7.2	12.1	6.3	24.0	24.0
Reported PAT	**15,600**	**17,687**	**5,153**	**12,700**	**8,105**	**26,955**	**28,493**	**27,897**
PAT Adj. for EO items	**15,600**	**19,684**	**23,708**	**15,640**	**8,914**	**22,306**	**28,493**	**27,897**
Change (%)	57.0	26.2	20.4	-34.0	-43.0	150.2	27.7	-2.1
Margin (%)	15.1	12.5	11.5	8.4	7.2	10.7	10.2	10.4

Standalone Balance Sheet (INR m)

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Equity Share Capital	934	1,315	1,315	1,316	1,316	1,317	1,317	1,317
ESOPs				527	567	708	708	708
Reserves	1,61,376	4,46,584	4,18,277	3,74,898	4,27,595	4,84,133	5,07,360	5,29,661
Net Worth	**1,62,310**	**4,47,898**	**4,19,592**	**3,76,740**	**4,29,479**	**4,86,158**	**5,09,385**	**5,31,686**
Loans	7,015	29,690	33,108	50,681	41,634	41,208	51,961	40,961
Deferred liabilities	6,630	18,350	18,789	14,025	17,339	18,414	18,414	18,414
Capital Employed	**1,75,955**	**4,95,938**	**4,71,488**	**4,41,447**	**4,88,452**	**5,45,779**	**5,79,759**	**5,91,060**
Gross Block	81,549	1,27,290	1,38,489	1,54,142	1,48,940	1,95,985	2,41,412	2,54,412
Less: Accum. Deprn.	12,681	19,125	26,166	33,310	39,302	47,435	57,933	69,833
Net Fixed Assets	**68,868**	**1,08,166**	**1,12,322**	**1,20,832**	**1,09,637**	**1,48,549**	**1,83,480**	**1,84,580**
Capital WIP	3,755	7,451	15,672	27,919	40,334	17,428	3,000	3,000
Non-Current Investments	74,241	3,35,867	2,81,616	2,56,621	3,05,230	3,39,418	3,39,418	3,39,418
Current - Financial	16,053	20,790	29,931	20,504	41,553	47,490	47,490	47,490
Curr. Assets	**35,594**	**65,015**	**78,398**	**69,070**	**46,827**	**73,477**	**85,914**	**97,561**
Inventory	17,327	25,917	29,317	26,262	21,790	39,408	39,993	44,954
Account Receivables	11,896	26,093	34,916	29,053	13,120	16,904	22,663	26,223
Cash and Bank Balance	527	419	425	789	1,327	2,253	2,407	4,870
Others	5,844	12,586	13,741	12,965	10,590	14,912	20,851	21,514
Curr. Liability and Prov.	**22,556**	**41,351**	**46,452**	**53,499**	**55,130**	**80,583**	**79,542**	**80,988**
Account Payables	11,434	21,705	23,757	26,648	27,069	46,507	43,326	44,954
Provisions	1,626	5,087	4,604	5,514	3,250	3,419	5,560	5,379
Other Liabilities	9,496	14,559	18,091	21,337	24,811	30,656	30,656	30,656
Net Current Assets	**13,039**	**23,664**	**31,947**	**15,571**	**-8,303**	**-7,105**	**6,372**	**16,573**
Appl. of Funds	**1,75,955**	**4,95,938**	**4,71,488**	**4,41,447**	**4,88,452**	**5,45,779**	**5,79,759**	**5,91,060**

Financials and valuations

Standalone Ratios								(INR m)
Y/E March	**FY17**	**FY18**	**FY19**	**FY20**	**FY21**	**FY22**	**FY23E**	**FY24E**
Share price								
EPS	**167.1**	**29.9**	**36.0**	**23.8**	**13.5**	**33.9**	**43.3**	**42.4**
Cash EPS	43.0	39.5	47.6	36.6	26.1	47.8	59.2	60.4
BV/Share	347.7	681.3	638.0	572.7	652.6	738.4	773.7	807.6
DPS	5.5	6.2	6.2	7.0	9.0	10.0	8.0	8.5
Valuation								
P/E ratio	10.0	56.1	46.6	70.6	123.9	49.6	38.8	39.6
Cash P/E ratio	39.1	42.5	35.3	45.8	64.3	35.1	28.3	27.8
P/BV ratio	4.8	2.5	2.6	2.9	2.6	2.3	2.2	2.1
EV/Sales* ratio	3.3	2.3	1.7	2.0	2.8	1.6	1.3	1.3
EV/EBITDA* ratio	15.7	11.6	8.6	16.3	22.1	10.4	8.1	7.7
Dividend Yield (%)	0.3	0.4	0.4	0.4	0.5	0.6	0.5	0.5
Return Ratios (%)								
RoE	16.2	17.4	17.1	10.4	5.0	11.5	13.6	11.5
RoCE	19.3	20.5	20.8	9.4	5.3	12.9	15.3	13.6
Working Capital Ratios								
Debtor (Days)	45	73	70	54	31	37	34	35
Asset Turnover (x)	0.6	0.3	0.4	0.4	0.3	0.4	0.5	0.5
Leverage Ratio								
Debt/Equity ratio	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1

Standalone Cash Flow Statement								(INR m)
Y/E March	**FY17**	**FY18**	**FY19**	**FY20**	**FY21**	**FY22**	**FY23E**	**FY24E**
OP/(Loss) before Tax	21,249	27,858	36,797	12,916	9,329	28,812	37,491	36,707
Depreciation	4,461	6,277	7,604	8,135	8,282	9,140	10,498	11,900
Interest and Finance Charges	-2,609	-1,540	-1,435	-249	-421	-4,552	-3,360	-3,321
Direct Taxes Paid	-2,210	-5,233	-5,123	-2,183	-1,786	-6,502	-8,998	-8,810
(Inc.)/Dec. in WC	2,802	-2,797	-10,735	12,611	9,350	132	-13,323	-7,738
CF from Operations	**23,694**	**24,564**	**27,108**	**31,231**	**24,754**	**27,029**	**22,308**	**28,737**
Others	-1,100	-1,009	-1,553	1,919	-780	-467	0	0
CF from Operations incl. EO	**22,593**	**23,555**	**25,555**	**33,150**	**23,974**	**26,562**	**22,308**	**28,737**
(Inc.)/Dec. in FA	-4,325	-10,689	-20,440	-26,823	-11,932	-25,382	-31,000	-13,000
Free Cash Flow	**18,269**	**12,867**	**5,115**	**6,328**	**12,041**	**1,181**	**-8,692**	**15,737**
(Pur.)/Sale of Investments	108	167	56	127	102	66	0	0
Others	-4,224	-8,726	-2,247	-17,904	-10,249	-9,541	6,900	7,038
CF from Investments	**-8,440**	**-19,247**	**-22,631**	**-44,600**	**-22,079**	**-34,857**	**-24,100**	**-5,962**
Issue of Shares	26	23	86	90	126	-425	0	0
Inc./(Dec.) in Debt	-11,322	942	3,504	17,127	-9,384	-583	10,753	-11,000
Interest Paid	-597	-1,417	-2,050	-2,130	-3,241	-843	-3,540	-3,717
Dividend Paid	-2,145	-4,060	-4,530	-5,155	-2,622	-5,915	-5,267	-5,596
Others	0	0	0	0	0	0	0	0
CF from Fin. Activity	**-14,038**	**-4,512**	**-2,990**	**9,932**	**-15,120**	**-7,766**	**1,946**	**-20,313**
Inc./Dec. in Cash	**115**	**-204**	**-65**	**-1,517**	**-13,226**	**-16,061**	**154**	**2,463**
Opening Balance	231	346	261	195	510	692	2,253	2,407
Add: Cash on Amalgamation	0	119	0	1,832	13,408	15,895	0	0
Closing Balance	**346**	**261**	**196**	**510**	**692**	**527**	**2,407**	**4,870**

*calculated for the standalone business assuming a 35% HoldCo discount

NOTES

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Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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