

# GRASIM INDUSTRIES

## Weak performance amidst capital allocation concerns

India Equity Research | Cement



Grasim Industries' (Grasim) Q2FY20 standalone (SA) performance disappointed with EBITDA coming off 38% YoY (17% below estimate) owing to global weakness in commodity prices of VSF and caustic soda. Given the hazy operating outlook, we revise down FY20/21E EBITDA 16%/13%. However, SA entity contributes just 20% to our SOTP valuation, and hence, the impact is limited. The real concern among investors is the further capital infusion risk in troubled Group company Vodafone Idea (VIL). To be sure, even as Grasim has no corporate guarantee towards VIL's debt, but lack of clarity around further equity infusion will likely worry investors. While we continue to assume 50% holdco discount (for valuation across key holdings) and retain 'BUY/SP' with TP of INR1,057, the Street is likely to continue to ascribe a much higher holdco until clarity over capital allocation emerges.

### Q2FY20 earnings: Key highlights

- **VSF:** Even as capacity utilisation remained at >100% restricting volume growth to just 3% YoY, weak global prices impacted margin. With blended realisation coming off 6% QoQ (9% YoY), PBITDA margin dipped 640bps YoY to 15.6%. Even as global VSF prices stay weak impacted by new capacities and global trade wars, the segment is likely to benefit from low raw material prices in ensuing quarters.
- **Chemicals:** Blended realisation plunged 12% QoQ and volume too dipped 7% YoY owing to weak demand, rising imports and impact of new capacities. PBITDA margin dipped 800bps YoY to 20.3%. With caustic soda prices continuing to soften and negative chlorine realisation, the segment's profitability is likely to be subdued. Tracking H1FY20 performance and the near-term outlook for VSF and chemicals segments, we revise down SA EBITDA estimate 16%/13% for FY20/FY21.

### Outlook & valuation: Fund infusion clarity awaited; maintain 'BUY'

While Grasim remains a unique holding company with reasonably strong and growing underlying SA business, capital infusion risk in VIL continues to be an overhang on the stock. Grasim remains a value play as our SOTP-based TP of INR1,057 assumes 50% holdco discount across holdings (UltraTech Cement, AB Capital, amongst others) and values SA at 8x Q4FY20E P/E. Clarity over fund infusion is a key trigger to watch out for.

#### EDELWEISS 4D RATINGS

<b>Absolute Rating</b>	<b>BUY</b>
Rating Relative to Sector	Performer
Risk Rating Relative to Sector	Medium
Sector Relative to Market	Equalweight

#### MARKET DATA (R: GRAS.BO, B: GRASIM IN)

CMP	: INR 734
Target Price	: INR 1,057
52-week range (INR)	: 960 / 634
Share in issue (mn)	: 657.8
M cap (INR bn/USD mn)	: 483 / 6,709
Avg. Daily Vol.BSE/NSE('000)	: 1,713.5

#### SHARE HOLDING PATTERN (%)

	Current	Q1FY20	Q4FY19
Promoters *	40.2	40.2	40.2
MF's, FI's & BK's	22.1	21.1	18.7
FII's	17.0	18.3	20.0
Others	20.7	20.5	21.2
* Promoters pledged shares (% of share in issue)	:		NIL

#### PRICE PERFORMANCE (%)

	Stock	Nifty	EW Construction Material Index
1 month	19.3	7.0	9.8
3 months	5.0	7.9	8.4
12 months	(9.8)	12.4	2.9

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#### Financials

(INR mn)

Year to March	Q2FY20	Q2FY19	% Chg	Q1FY20	% Chg	FY19	FY20E	FY21E
Net revenues	47,974	51,185	(6.3)	50,006	(4.1)	205,504	193,619	209,457
EBITDA	6,593	10,705	(38.4)	8,437	(21.9)	40,712	30,167	33,883
Adjusted Profit	5,265	11,280	(53.3)	4,395	19.8	14,456	17,684	17,278
Diluted EPS (INR)	8.0	17.2	(53.3)	6.7	19.8	22.0	26.9	26.3
Diluted P/E (x)						4.2	3.5	3.5
EV/EBITDA (x)						1.4	3.2	2.8
ROAE (%)						3.3	4.2	4.0

### Other highlights

- Textiles, fertilisers and insulators businesses collectively posted EBITDA of INR600mn (INR980mn estimate). Given the volatile nature of these segments, we retain our estimates.
- Management stated that they are evaluating options under the new tax regime and will take a final call on it by Q4FY20.

**Table 1: Segment wise results - standalone**

Segment	Q2FY20	Q2FY19	% change	Q1FY20	% change
<b>Viscose staple fibre</b>					
Revenue (INR mn)	24,314	26,058	(6.7)	25,091	(3.1)
Volume ('000 tonnes)	152.0	148.0	2.7	148.0	2.7
Net realisation (INR/tonne)	159,962	176,069	(9.1)	169,534	(5.6)
PBIDTA (INR mn)	3,810	5,760	(33.9)	4,416	(13.7)
PBIDTA margin (%)	15.7	22.1	(6.4)	17.6	(1.9)
PBIDTA / tonne (INR/tonne)	25,066	38,919	(35.6)	29,834	(16.0)
<b>Chemicals</b>					
Revenue (INR mn)	13,473	16,124	(16.4)	15,035	(10.4)
Volume ('000 tonnes)	241	258	(6.6)	238	1.3
Net realisation (INR/tonne)	55,905	62,495	(10.5)	63,172	(11.5)
PBIDTA (INR mn)	2,730	4,560	(40.1)	4,460	(38.8)
PBIDTA margin (%)	20.3	28.3	(8.0)	29.7	(9.4)
PBIDTA / tonne (INR/tonne)	11,328	17,674	(35.9)	18,739	(39.5)

Source: Company, Edelweiss research

**Table 2: SoTP based target price of INR1,057**

Particulars	INR mn	% of TP
<b>Valuation of standalone business:</b>		
Standalone market cap. (at 8x TTM Q4FY21E PAT)	1,38,222	20
<b>Investment holdings - at 50% holdco. discount to Edelweiss fair value est.</b>		
<b>Holdings</b>	<b>% Stake</b>	<b>Value</b>
Idea Cellular	11.6	7,468
Hindalco	3.9	10,343
UltraTech Cement	57.3	4,45,416
ABCL	54.3	79,209
ABFRL	11.3	10,088
L&T	0.3	3,849
<b>Total investment holdings</b>		<b>5,56,372</b>
<b>Market cap. - Consolidated</b>		<b>6,94,595</b>
Total shares outstanding (mn)	657.4	
<b>Target price (INR)</b>	<b>1,057</b>	<b>100</b>

Source: Edelweiss research

## Q2FY20 conference call: Key highlights

### VSF update:

Grasim stated that domestic VSF demand is being impacted by rising yarn imports. Globally, management stated that a sharp dip in fabric consumption in China and high inventory level in the value chain are key concerns.

VSF realisations have continued to decline due to global overcapacity and increased trade war tensions. Reversal of the declining pricing trend is contingent on resolution of the trade war and stabilisation of the industry. As per management, China's VSF players are losing ~USD250/t on production currently due to low prices. This is unsustainable and is expected to reduce the overcapacity and help prices gradually.

Declining pulp prices have provided cushion to margin. Due to inventory lag impact, full benefits of the same are likely to reflect in Q4FY20 (partially in Q3FY20 as well). Pulp prices have declined 22% YTD and have eased below USD650/MT in October (~USD900/MT in January 2019).

Grasim uses 88% of its VSF capacity for domestic market and balance for value added exports (100% capacity utilisation). As the new capacity comes on board, it will be fully utilised as well due to the large untapped global value added product market.

### Chemicals update:

Caustic soda sales were impacted by slowdown in major application segments like metals & textiles and rising imports.

Global caustic soda prices remained sluggish on account of weak demand in China and Asia. Caustic soda prices in India clocked a steep decline due to demand slowdown and ramp up of new domestic capacities.

Demand for chlorine derivatives improved YoY. Chlorine consumption in value added products (VAPs) stood at 28%. Chlorine realisation in India turned negative for two consecutive quarters led by excess supply from new capacities. Management doesn't expect any sharp revival in realisations in the near term. The company is, however, looking to increase internal consumption of chlorine. Internal consumption was 26% of total chlorine produced in 2017, which has increased to 28% currently and is targeted to reach 30-32% in a couple of years.

### Capital allocation update:

Management declined to comment on the possibility of any fund infusion in its Group company, VIL. However, it stated that Grasim has not provided any corporate guarantee, verbal or written commitment, etc., for any debt or funds pertaining to VIL. The exposure to VIL currently is limited to the equity stake in the company.

There is no compulsion to maintain the current equity stake in VIL.

Management stated that the company will prioritise using cash for (in order) - its own business expansion, investment into subsidiary companies and then into any associate investments (like VIL).

### Capex and balance sheet update:

The VSF capacity expansion is on track with the first line expected to be completed by Q3FY21 and the second line by Q4FY21.

Management remains comfortable with the balance sheet position as of now. Up to 2.5-3.0x net debt to EBITDA, there will not be any deterioration in the financial health or credit rating of the company. Management stated the target for FY20 is less than half of this level.

### Q1FY20 conference call: Key highlights

#### VSF:

Domestic VSF sales grew 9% YoY in Q1FY20 versus global average of 3-4%. According to management, domestic demand remains buoyant with expectation of double-digit volume growth.

VSF prices, however, have seen downward pressure due to global capacity overhang and impact of the US-China trade war. According to management, China exports ~USD50bn of textiles to the US annually and with the trade war disrupting it, Chinese producers are dumping products at cheaper prices closer to South East Asian and Indian markets.

Also, a player from China has set up a capacity in Indonesia, which has increased the country's VSF capacity to 260kT, 55% over and above its annual demand. This has led to further dip in international VSF prices, which in turn has pressurised domestic prices.

Domestic VSF prices have declined further by 2-3% versus the average for Q1FY20. However, management believes prices are already very low and should move up gradually.

On overcapacity concerns, it stated that only ~200-400kT of global VSF capacity addition is on the cards, which is not material in a 6mtpa industry.

According to the management, pulp prices (input material) have declined as well—down 12% YoY. With inventory lag impact playing out, management expects full benefits of same to reflect in ensuing quarters.

Grasim sells 85% of its volumes in the domestic market and believes this will continue to keep it partly insulated from the global VSF price volatility.

LIVA brand has been extended to home textiles—LIVA Home.

The company commissioned 16ktpa third generation specialty fibre plant at Kharach.

#### Chemicals:

Caustic soda prices declined in Asia due to lower demand from key user industries. With increase in imports and ramp up of capacities in the country, domestic prices have also taken a hit. Current blended prices for the ECU segment are down 10-15% from the Q1FY20 average.

Production was hit during the quarter due to water shortage in a few of its plants. Post monsoon, the situation has normalised.

Production costs remained under control with 7% YoY reduction in power cost by adding new sources and cost optimisation.

**Capital allocation update:**

Management stated that historically the company has prioritised capex in the standalone business over investment in associates/subsidiaries. It intends to continue doing the same. Management remains cognizant of its AAA credit rating and does not intend to go for any disproportionate investment that would impact it.

Management will take a call on any investment required in Aditya Birla Capital in the future based on whether the same will be value accretive to shareholders.

Vodafone Idea is now a group investment rather than a subsidiary and Grasim is unlikely to make any disproportionate investment in it.

**Other updates:**

Expansion of VSF and caustic soda capacity is expected to be completed by FY21.

## Financial snapshot

(INR mn)

Year to March	Q2FY20	Q2FY19	% change	Q1FY20	% change	YTD20	FY20E	FY21E
Net revenues	47,974	51,185	(6.3)	50,006	(4.1)	97,980	193,619	209,457
Raw material	23,654	23,752	(0.4)	24,154	(2.1)	47,808	-	-
Freight outward	-	751	(100.0)	-	-	-	-	-
Staff costs	4,039	3,565	13.3	3,930	2.8	7,968	-	-
Power and fuel	7,856	7,933	(1.0)	7,348	6.9	15,204	-	-
Other expenses	5,832	4,478	30.2	6,137	(5.0)	11,970	-	-
Total expenditure	41,381	40,479	2.2	41,569	(0.5)	82,950	163,452	175,574
EBITDA	6,593	10,705	(38.4)	8,437	(21.9)	15,030	30,167	33,883
Depreciation	2,085	1,874	11.2	2,032	2.6	4,117	8,128	9,020
Interest	861	522	65.0	780	10.3	1,641	3,283	3,349
Other income	2,862	2,818	1.6	847	238.0	3,709	4,924	2,318
Profit before tax	6,510	(11,706)	(155.6)	3,570	82.4	10,079	20,779	23,831
Tax	1,245	160	676.5	1,553	(19.8)	2,797	5,472	6,554
Reported net profit	5,265	(11,867)	(144.4)	2,017	161.0	7,282	15,307	17,278
Adjusted Profit	5,265	11,280	(53.3)	4,395	19.8	9,660	17,684	17,278
No. of shares (mn)	657	657	-	657	-	1,315	657	657
Diluted EPS (INR)	8.0	17.2	(53.3)	6.7	19.8	14.7	26.9	26.3
Diluted P/E (x)	-	-	-	-	-	-	3.5	3.5
EV/EBITDA (x)	-	-	-	-	-	-	3.2	2.8
ROAE (%)	-	-	-	-	-	-	4.2	4.0
Raw material	49.3	46.4	-	48.3	-	48.8	-	-
Employee cost	8.4	7.0	-	7.9	-	8.1	-	-
Power & fuel	16.4	15.5	-	14.7	-	15.5	-	-
Freight outward	-	1.5	-	-	-	-	-	-
Other expenditure	12.2	8.7	-	12.3	-	12.2	-	-
EBITDA	13.7	20.9	-	16.9	-	15.3	15.6	16.2
Adjusted net profit	11.0	22.0	-	8.8	-	9.9	9.1	8.2
Tax rate	19.1	(1.4)	-	43.5	-	27.8	26.3	27.5

## Change in Estimates

	New	FY20E Old	% change	New	FY21E Old	% change	Comments
Net Revenue	193,619	200,565	(3.5)	209,457	221,721	(5.5)	Tracking weak H1FY20 performance and weak operating outlook, we prune our EBITDA estimates for FY20 and FY21.
EBITDA	30,167	35,780	(15.7)	33,883	38,815	(12.7)	
EBITDA Margin	15.6	17.8	-	16.2	17.5	-	
Adjusted Profit After Tax	17,684	22,334	(20.8)	17,278	22,173	(22.1)	
Net Profit Margin	9.1	11.1	-	8.2	10.0	-	
Capex	38,680	38,680	0.0	20,000	20,000	0.0	

## Company Description

Headquartered in Mumbai, Grasim is the flagship company of the Aditya Birla Group, and is one of the largest private sector companies in India. Incorporated in 1947, it commenced operations in 1948 as a textile manufacturer. Over the years, it has become a diversified conglomerate with presence in four business segments—VSF, cement, chemicals, and textiles. VSF and cement are the main segments, contributing ~90% to the company's revenue and operating profit. Post the de-merger of its cement business, Grasim holds 57.3% in UltraTech, which is the largest cement company in India.

## Investment Theme

Our investment thesis for Grasim is driven by: (a) steady growth outlook for standalone businesses. VSF's earnings visibility has improved owing to volume growth visibility (38% capacity addition over next two years), rising share of value-added products and Grasim's monopoly in India, which insulates it from global price volatility. Chemicals business will benefit from Grasim's leadership and steady volume growth visibility given 27% capacity addition by FY21; (b) long-term positive outlook on cement on expected rise in industry clinker utilisation rates; and (c) expectation of sustained growth in the medium term for financial services businesses. We value the standalone entity at 8x Q4FY21E PAT and stakes across key holdings at 50% holdco discount to our fair value estimates.

## Key Risks

Sharp decrease in cement and VSF prices.

Sharp increase in input cost for VSF and also international and domestic energy cost.

Decline in growth prospects of financial services segment.

## Financial Statements

## Key Assumptions

Year to March	FY18	FY19	FY20E	FY21E
<b>Macro</b>				
GDP(Y-o-Y %)	7.2	6.8	6.3	6.8
Inflation (Avg)	3.6	3.4	3.7	4.0
Repo rate (exit rate)	6.0	6.3	4.5	4.5
USD/INR (Avg)	64.5	70.0	71.0	71.0
<b>Company</b>				
VSF Capacity ('000 t)	544.0	612.0	612.0	847.0
Capacity Utilisation (%)	97	96	99	78
Effective tax rate (%)	29.6	60.7	26.3	27.5
VSF volumes ('000 t)	527	587	607	664
VSF realisations(INR/t)	158,937	175,894	161,082	160,626
VSF EBITDA/tonne (INR)	30,211	32,691	25,490	25,943
VSF cost per tonne	128,726.4	143,203.7	135,591.7	134,682.8
Debtor days	44	54	58	47
Inventory days	62	61	63	58
Payable days	47	50	53	50

## Income statement

(INR mn)

Year to March	FY18	FY19	FY20E	FY21E
Income from operations	157,885	205,504	193,619	209,457
Total operating expenses	127,083	164,793	163,452	175,574
EBITDA	30,802	40,712	30,167	33,883
Depreciation	6,277	7,604	8,128	9,020
EBIT	24,525	33,108	22,039	24,862
Less: Interest Expense	1,281	1,991	3,283	3,349
Add: Other income	4,613.6	5,679.8	4,924.14	2,317.63
Profit Before Tax	25,131	13,117	20,779	23,831
Less: Provision for Tax	7,445	7,964	5,472	6,554
Add: Exceptional items	2,726	23,680	2,902	-
Reported Profit	17,687	5,153	15,307	17,278
Exceptional Items	1,919	9,303	2,378	-
Adjusted Profit	19,605	14,456	17,684	17,278
Shares o /s (mn)	657	657	657	657
Adjusted Basic EPS	29.8	22.0	26.9	26.3
Diluted shares o/s (mn)	657	657	657	657
Adjusted Diluted EPS	29.8	22.0	26.9	26.3
Adjusted Cash EPS	36.5	19.4	35.6	40.0
Dividend per share (DPS)	6.2	7.0	7.0	7.0
Dividend Payout Ratio(%)	22.7	107.5	36.2	32.1

## Common size metrics

Year to March	FY18	FY19	FY20E	FY21E
Operating expenses	80.5	80.2	84.4	83.8
Depreciation	4.0	3.7	4.2	4.3
Interest Expense	0.8	1.0	1.7	1.6
EBITDA margins	19.5	19.8	15.6	16.2
Net Profit margins	12.4	7.0	9.1	8.2

## Growth ratios (%)

Year to March	FY18	FY19	FY20E	FY21E
Revenues	52.6	30.2	(5.8)	8.2
EBITDA	42.9	32.2	(25.9)	12.3
PBT	18.3	(47.8)	58.4	14.7
Adjusted Profit	25.7	(26.3)	22.3	(2.3)
EPS	(10.8)	(26.3)	22.3	(2.3)



Balance sheet		(INR mn)			
As on 31st March	FY18	FY19	FY20E	FY21E	
Share capital	1,315	1,315	1,315	1,315	
Reserves & Surplus	446,584	418,277	428,044	439,783	
Shareholders' funds	447,898	419,592	429,360	441,099	
Long term borrowings	8,532	10,551	15,051	15,051	
Short term borrowings	21,158	22,557	22,557	22,557	
Total Borrowings	29,690	33,108	37,608	37,608	
Def. Tax Liability (net)	18,792	19,451	19,451	19,451	
<b>Sources of funds</b>	<b>496,381</b>	<b>472,151</b>	<b>486,418</b>	<b>498,158</b>	
Net Block	95,397	100,531	97,269	133,249	
Intangible Assets	12,769	11,791	11,791	11,791	
CWIP (incl. intangible)	9,817	18,120	46,800	21,800	
Total Fixed Assets	117,982	130,443	155,861	166,840	
Non current investments	326,761	274,012	307,685	307,685	
Cash and Equivalents	29,124	37,790	2,722	2,831	
Inventories	25,917	29,317	27,443	28,221	
Sundry Debtors	26,093	34,841	26,693	27,249	
Loans & Advances	5,099	4,967	4,967	4,967	
Other Current Assets	6,313	6,764	6,764	6,764	
Current Assets (ex cash)	63,422	75,888	65,867	67,201	
Trade payable	21,318	23,738	23,473	24,157	
Other Current Liab	19,590	22,243	22,243	22,243	
Total Current Liab	40,908	45,981	45,716	46,400	
Net Curr Assets-ex cash	22,513	29,907	20,151	20,801	
<b>Uses of funds</b>	<b>496,381</b>	<b>472,151</b>	<b>486,418</b>	<b>498,158</b>	
BVPS (INR)	681.3	638.3	653.1	671.0	

Free cash flow		(INR mn)			
Year to March	FY18	FY19	FY20E	FY21E	
Reported Profit	17,687	5,153	15,307	17,278	
Add: Depreciation	6,277	7,604	8,128	9,020	
Deferred tax	902	782	2,418	2,428	
Others	11,419	21,743	483	(2,428)	
Less: Changes in WC	12,728	9,727	(9,756)	650	
Operating cash flow	23,555	25,555	36,092	25,648	
Less: Capex	-	-	38,680	20,000	
<b>Free Cash Flow</b>	<b>23,555</b>	<b>25,555</b>	<b>(2,588)</b>	<b>5,648</b>	

## Peer comparison valuation

Name	Market cap (USD mn)	Diluted P/E (X)		EV / EBITDA (X)		ROAE (%)	
		FY20E	FY21E	FY20E	FY21E	FY20E	FY21E
Grasim Industries	6,709	3.5	3.5	3.2	2.8	4.2	4.0
ACC	3,880	18.5	19.3	9.8	9.6	13.6	12.0
Ambuja Cement Ltd	5,534	27.5	24.5	16.7	15.3	12.8	12.7
UltraTech Cement	16,048	27.0	19.5	13.0	10.4	12.0	14.7
Median	-	27.1	22.0	14.8	12.8	12.4	12.4
AVERAGE	-	25.1	22.8	14.1	12.7	10.7	10.9

Source: Edelweiss research

Cash flow metrics		FY18	FY19	FY20E	FY21E
Year to March					
Operating cash flow		23,555	25,555	36,092	25,648
Financing cash flow		(4,512)	(2,990)	(1,039)	(5,539)
Investing cash flow		(19,247)	(22,631)	(33,546)	(20,000)
Net cash Flow		(204)	(65)	1,507	109
Capex		-	-	(38,680)	(20,000)
Dividend paid		(4,015)	(5,539)	(5,539)	(5,539)

## Profitability and efficiency ratios

Year to March	FY18	FY19	FY20E	FY21E
ROAE (%)	6.4	3.3	4.2	4.0
ROACE (%)	9.0	8.3	5.9	5.7
Debtors Days	44	54	58	47
Current Ratio	2.3	2.5	1.5	1.5
Gross Debt/EBITDA	1.0	0.8	1.2	1.1
Gross Debt/Equity	0.1	0.1	0.1	0.1
Adjusted Debt/Equity	0.1	0.1	0.1	0.1
Interest Coverage Ratio	19.1	16.6	6.7	7.4

## Operating ratios

Year to March	FY18	FY19	FY20E	FY21E
Total Asset Turnover	0.5	0.4	0.4	0.4
Fixed Asset Turnover	1.8	1.9	1.7	1.6
Equity Turnover	0.5	0.5	0.5	0.5

## Valuation parameters

Year to March	FY18	FY19	FY20E	FY21E
Adj. Diluted EPS (INR)	29.8	22.0	26.9	26.3
Y-o-Y growth (%)	(10.8)	(26.3)	22.3	(2.3)
Adjusted Cash EPS (INR)	36.5	19.4	35.6	40.0
Diluted P/E (x)	3.1	4.2	3.5	3.5
EV / Sales (x)	0.4	0.3	0.5	0.5
EV / EBITDA (x)	2.0	1.4	3.2	2.8
Dividend Yield (%)	0.8	1.0	1.0	1.0

## Additional Data

### Directors Data

Kumar Mangalam Birla	Chairman	Rajashree Birla	Director
M L Apte	Independent Director	B V Bhargava	Independent Director
Cyril Shroff	Independent Director	Shailendra K Jain	Director
Sushil Agarwal	Whole Time Director & CFO	Dilip Gaur	Managing Director
Thomas M Connely	Independent Director	Om Prakash Rungta	Independent Director
N Mohan Raj	Independent Director		

Auditors - S R B C & Co. LLP, B S R & Co. LLP

*\*as per last annual report*

### Holding - Top 10

Perc. Holding		Perc. Holding	
Life Insurance Corp of India	10.78	Standard Life Aberdeen PLC	3.98
Franklin Resources Inc	1.80	Vanguard Group Inc/The	1.80
Reliance Capital Trustee Co Ltd	1.60	BlackRock Inc	1.57
ICICI Prudential Life Insurance Co	1.50	Republic of Singapore	1.30
Aditya Birla Sun Life AMC	1.12	SBI Funds Management Pvt Ltd	0.93

*\*as per last available data*

### Bulk Deals

Data	Acquired / Seller	B/S	Qty Traded	Price
No Data Available				

*\*in last one year*

### Insider Trades

Reporting Data	Acquired / Seller	B/S	Qty Traded
04 Apr 2019	Grasim Employees' Welfare Trust	Buy	59559.00
03 Apr 2019	Grasim Employees' Welfare Trust	Buy	59559.00
04 Jan 2019	Grasim Employees' Welfare Trust	Buy	1297816.00
28 Dec 2018	Pilani Investment & Industries Corporation Limited	Buy	196500.00
12 Dec 2018	Pilani Investment & Industries Corporation Limited	Buy	235662.00

*\*in last one year*

Company	Absolute reco	Relative reco	Relative risk	Company	Absolute reco	Relative reco	Relative Risk
ACC	BUY	SP	M	Ambuja Cement Ltd	HOLD	SU	M
Grasim Industries	BUY	SP	M	India Cements	HOLD	SU	H
JK Cement	BUY	SO	M	Shree Cements	HOLD	SP	M
UltraTech Cement	BUY	SO	M				

## ABSOLUTE RATING

Ratings	Expected absolute returns over 12 months
Buy	More than 15%
Hold	Between 15% and - 5%
Reduce	Less than -5%

## RELATIVE RETURNS RATING

Ratings	Criteria
Sector Outperformer (SO)	Stock return > 1.25 x Sector return
Sector Performer (SP)	Stock return > 0.75 x Sector return
	Stock return < 1.25 x Sector return
Sector Underperformer (SU)	Stock return < 0.75 x Sector return

Sector return is market cap weighted average return for the coverage universe within the sector

## RELATIVE RISK RATING

Ratings	Criteria
Low (L)	Bottom 1/3rd percentile in the sector
Medium (M)	Middle 1/3rd percentile in the sector
High (H)	Top 1/3rd percentile in the sector

Risk ratings are based on Edelweiss risk model

## SECTOR RATING

Ratings	Criteria
Overweight (OW)	Sector return > 1.25 x Nifty return
Equalweight (EW)	Sector return > 0.75 x Nifty return
	Sector return < 1.25 x Nifty return
Underweight (UW)	Sector return < 0.75 x Nifty return

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Aditya Narain

Head of Research

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## Coverage group(s) of stocks by primary analyst(s): Cement

ACC, Ambuja Cement Ltd, Grasim Industries, India Cements, JK Cement, Shree Cements, UltraTech Cement

### Recent Research

Date	Company	Title	Price (INR)	Recos
13-Nov-19	JK Cement	A cut above; Result Update	1,182	Buy
11-Nov-19	India Cements	Volume overhang; Result Update	84	Hold
22-Oct-19	UltraTech Cement	Industry leader lives up to expectations; H2 recovery key; Result Update	4,249	Buy

### Distribution of Ratings / Market Cap

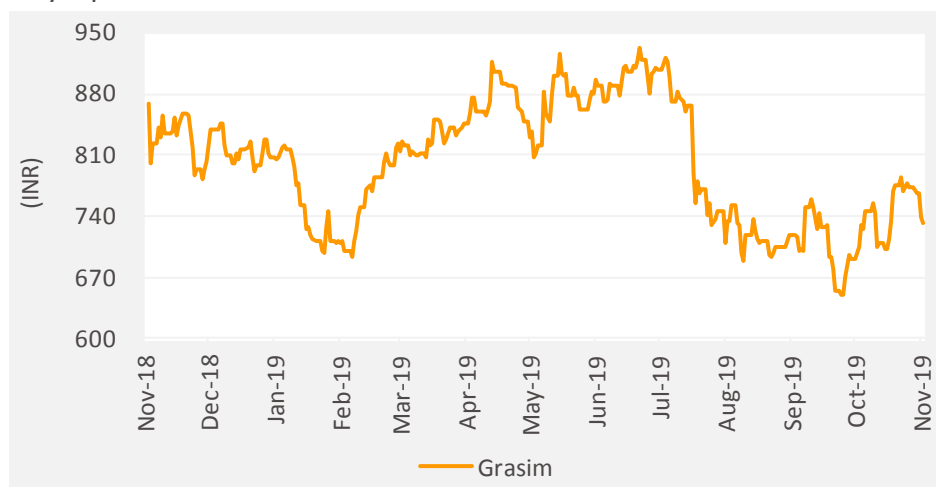
#### Edelweiss Research Coverage Universe

	Buy	Hold	Reduce	Total
Rating Distribution*	161	67	11	240
* 1stocks under review				
	> 50bn	Between 10bn and 50 bn	< 10bn	
Market Cap (INR)	156	62	11	

### Rating Interpretation

Rating	Expected to
Buy	appreciate more than 15% over a 12-month period
Hold	appreciate up to 15% over a 12-month period
Reduce	depreciate more than 5% over a 12-month period

### One year price chart



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