

GRASIM INDUSTRIES

Sanguine outlook; capital commitment key

India Equity Research | Cement



Grasim Industries' (Grasim) standalone (SA) adjusted EBITDA of INR8.4bn (down 20% YoY) beat estimate 2%. A 3% QoQ dip in VSF realisation (in line) was offset by 5% QoQ decline in cost (4% estimate). Though over capacity headwinds will keep realisation subdued in the near term, expected decline in cost due to fall in wood pulp prices is expected to aid profitability. Chemicals' blended realisation slipped 2.3% QoQ (in line) and is expected to remain soft in the near term. However, with likely support from declining costs and expected stabilisation in realisation in H2FY20, we retain our FY20/FY21E EBITDA. While overhang of capital allocation in favour of group companies—Vodafone Idea (Idea) and Aditya Birla Capital (ABCL)—remains, we retain 'BUY' given: 1) Grasim is a value play (60.3% stake in UltraTech Cement higher than current market cap); and 2) sanguine medium- to long-term outlook for the SA entity. Rolling over valuation to Q3FY21E, our revised TP stands at INR1,057 (INR1,069 earlier).

Q1FY20 earnings: Key highlights

- **VSF:** Volumes rose 3.5% YoY. Given capacity concerns, they are estimated to grow mere 4% in FY20 (11% FY19) and 9% in FY21 owing to capex completion. Weakness in global VSF prices led to blended realisation declining 3% QoQ, driving EBITDA/kg to INR28 (down 27% YoY, up 11% QoQ). While prices may remain soft in the near term owing to global overcapacity, we envisage them be offset by low raw material cost of wood pulp and caustic soda. We estimate EBITDA/kg of ~INR30 each in FY20 and FY21 versus INR33 in FY19.
- **Chemicals:** Blended realisation declined 2.3% QoQ and near-term softness is expected owing to rise in imports. With further impact of decline in chlorine realisation, the segment's profitability is likely to be subdued.

Outlook and valuation: Value play; maintain 'BUY'

Grasim is a unique holding company with a strong underlying SA business. Yet, recent capital infusion of ~INR29bn in Idea and potential infusion in ABCL (not yet firmed up) are likely to be overhangs on the stock. We maintain 'BUY/SP' with SOTP-based TP of INR1,057 (valuing SA at 8x Q3FY20E P/E and all key holdings at 50% holdco discount to our respective fair value estimates).

Financials

(INR mn)

Year to March	Q1FY20	Q1FY19	% Chg	Q4FY19	% Chg	FY19	FY20E	FY21E
Net revenues	50,006	47,892	4.4	53,523	(6.6)	205,504	200,565	221,721
EBITDA	8,437	10,542	(20.0)	8,986	(6.1)	40,712	35,780	38,815
Adjusted Profit	4,395	6,426	(31.6)	5,359	(18.0)	5,153	22,334	22,173
Diluted EPS (INR)	6.7	9.8	(31.6)	8.2	(18.0)	7.8	34.0	33.7
Diluted P/E (x)						4.1	2.6	2.7
EV/EBITDA (x)						1.3	2.3	2.2
ROAE (%)						3.3	5.2	5.0

EDELWEISS 4D RATINGS

Absolute Rating	BUY
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 1057
52-week range (INR)	: 1,093 / 689
Share in issue (mn)	: 657.6
M cap (INR bn/USD mn)	: 483 / 6,574
Avg. Daily Vol.BSE/NSE('000)	: 1,543.2

SHARE HOLDING PATTERN (%)

	Current	Q4FY19	Q3FY19
Promoters *	40.2	40.2	40.2
MF's, FI's & BK's	21.1	18.7	17.8
FII's	18.3	20.0	21.2
Others	20.5	21.2	20.9
* Promoters pledged shares (% of share in issue)	:		NIL

PRICE PERFORMANCE (%)

	Stock	Nifty	EW Construction Material Index
1 month	(20.3)	(8.1)	(7.1)
3 months	(15.3)	(5.6)	(7.2)
12 months	(27.5)	(4.7)	(9.1)

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Other highlights

- Textiles, fertilisers and insulators businesses collectively posted EBITDA of INR890mn (INR480mn estimate). Given the volatile nature of these segments, we retain our estimates.
- Due to adoption of Ind AS 116, debt jumped by INR730mn due to lease liability and EBITDA was higher by INR56mn.
- Grasim impaired its investment of INR2.9bn in Aditya Birla Idea Payment Bank. Adjusted to its impact, PAT stood at INR4.4bn (down 32% YoY and 3% QoQ).

Table 1: Segment-wise results – standalone

Segment	Q1FY20	Q1FY19	% change	Q4FY19	% change
Viscose staple fibre					
Revenue (INR mn)	25,091	24,800	1.2	26,248	(4.4)
Volume ('000 tonnes)	148.0	143.0	3.5	150.0	(1.3)
Net realisation (INR/tonne)	169,534	173,427	(2.2)	174,987	(3.1)
PBIDTA (INR mn)	4,416	5,860	(24.7)	4,125	7.0
PBIDTA margin (%)	17.6	23.6	(6.0)	15.7	1.9
PBIDTA / tonne (INR/tonne)	29,834	40,979	(27.2)	27,501	8.5
Chemicals					
Revenue (INR mn)	15,035	15,790	(4.8)	16,879	(10.9)
Volume ('000 tonnes)	238	235	1.3	261	(8.8)
Net realisation (INR/tonne)	63,172	67,191	(6.0)	64,672	(2.3)
PBIDTA (INR mn)	4,460	4,950	(9.9)	4,340	2.8
PBIDTA margin (%)	29.7	31.3	(1.7)	25.7	4.0
PBIDTA / tonne (INR/tonne)	18,739	21,064	(11.0)	16,627	12.7

Source: Company, Edelweiss research

Table 2: SoTP based target price of INR1,057

Particulars	INR mn	% of TP
Valuation of standalone business:		
Standalone market cap. (at 8x TTM Q3FY21E PAT)	179,680	26
Investment holdings - at 50% holdco. discount to Edelweiss fair value est.		
Holdings	% Stake	Value
Idea Cellular	11.6	11,616
Hindalco	3.9	10,343
UltraTech Cement	60.2	404,393
ABCL	56.0	74,544
ABFRL	11.3	10,463
L&T	-	3,701
Total investment holdings	515,060	74
Market cap. - Consolidated	694,740	100
Total shares outstanding (mn)	657.4	
Target price (INR)	1,057	100

Source: Edelweiss research

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.

Q4FY19 conference call: Key highlights

VSF update:

In Q4FY19, prices of key fibres declined globally due to additional capacities being commissioned and high inventory in the value chain. Management expects prices to stay under pressure for the next six months. The company is not totally insulated from the global VSF industry even though 86% of the segment's volumes are domestic. Management expects some moderation in revenue due to pressure on prices, but expects to improve profitability through increased focus on costs.

Domestic volumes from the VSF segment grew 17% YoY in Q4FY19 and 11% in FY19. Management expects a growth of 15-16% in FY20. Globally, VSF volumes are expected to remain strong with a CAGR of 6-7% over the next two-three years.

Grasim has expanded its VSF capacity by 68ktpa in FY19 through de-bottlenecking. The VSF capacity is expected to increase from the current 561ktpa to 788ktpa by Q2FY21. Excluding Grasim, 0.9mt capacity was added in FY19 globally with another 0.6mt expected over 2020-21. Management expects supplies from the new capacities to get absorbed easily due to the strong global demand.

Global DG pulp prices have fallen 4% YoY in Q4FY19. However, the pulp cost was up 15% YoY for the company due to high cost inventory of previous quarters. With global prices moderating in Q4FY19, the inventory lag will ensure lower costs in ensuing quarters.

Liva has now entered the home textiles segment apart from being present in the women's apparel segment.

The anti-dumping duty on VSF is up for review in FY21. Management expects the government to take an accommodative stance to protect the domestic industry.

Grasim believes that cotton prices will stay high in India, which will drive the change from cotton to viscose.

VFY revenue and EBITDA stood at INR4.87bn and INR981mn, respectively, for Q4FY19.

Chemicals update:

From November 2018, caustic soda imports were stopped due to BIS certification issue. As the issue gets resolved, imports are expected to resume. This may lead to softening of prices. Caustic soda demand softened in western region due to shutdowns in the downstream industry; management believes it to be temporary. Globally, closure of certain aluminium plants in China impacted chemical demand. But, with plants opening up in Brazil (Alunorte), demand is expected to revive.

Caustic soda prices have softened currently versus Q4FY19 with chlorine prices being higher. 209ktpa of caustic soda capacity has been expanded in FY19 through de-bottlenecking. The total capacity is expected to increase from the current 1,147ktpa to 1,457ktpa by FY21.

Of the total caustic soda capacity, 20% is value-added products.

Acquisitions:

Grasim acquired the chlor-alkali business of KPR Industries for cash consideration of INR2.53bn in February 2019. This unit will serve caustic soda in eastern coast—between Andhra Pradesh and Tamil Nadu there is huge demand for chlorine in pharmaceuticals, aluminium, etc. The plant is expected to come up in two phases—200TPD by June 2020 and another 200TPD by September 2020. Total project cost is INR8bn, which includes INR2.53bn already paid for the acquisition.

Grasim also signed an agreement to acquire 100% equity shareholding in Suktas India (SIPL) for an enterprise value of INR1.65bn. SIPL manufactures and distributes premium cotton fabrics. It had reported revenue and EBITDA of INR1.86bn and INR310mn in FY18, respectively. Grasim's board has approved the merger with SIPL.

Capital commitment for subsidiaries:

As of now, there is no specific plan for capital commitment for any subsidiary. There has been no communication from the board of Aditya Birla Capital on capital requirement till now.

Other updates:

In the pulp JVs, utilisations of Canadian plants are improving, which is improving profitability. The company is increasingly focusing on value-added products in VSF and chemicals segment.

Financial snapshot

(INR mn)

Year to March	Q1FY20	Q1FY19	% change	Q4FY19	% change	FY19	FY20E	FY21E
Net revenues	50,006	47,892	4.4	53,523	(6.6)	205,504	200,565	221,721
Raw material	24,154	21,506	12.3	26,758	(9.7)	-	-	-
Freight outward	-	672	(100.0)	-	-	-	-	-
Staff costs	3,930	3,465	13.4	4,251	(7.5)	-	-	-
Power and fuel	7,348	7,243	1.5	7,074	3.9	-	-	-
Other expenses	6,137	4,464	37.5	6,455	(4.9)	-	-	-
Total expenditure	41,569	37,350	11.3	44,537	(6.7)	164,793	164,785	182,906
EBITDA	8,437	10,542	(20.0)	8,986	(6.1)	40,712	35,780	38,815
Depreciation	2,032	1,827	11.2	1,974	2.9	7,604	8,129	9,029
Interest	780	588	32.7	468	66.9	1,991	2,211	2,255
Other income	847	1,217	(30.4)	1,013	(16.4)	5,680	4,950	3,052
Profit before tax	3,570	9,343	(61.8)	7,557	(52.8)	13,117	27,488	30,583
Tax	1,553	2,918	(46.8)	2,198	(29.4)	7,964	7,532	8,410
Reported net profit	2,017	6,426	(68.6)	5,359	(62.4)	5,153	19,956	22,173
Adjusted Profit	4,395	6,426	(31.6)	5,359	(18.0)	5,153	22,334	22,173
No. of shares (mn)	657	657	-	657	-	657	657	657
Diluted EPS (INR)	6.7	9.8	(31.6)	8.2	(18.0)	7.8	34.0	33.7
Diluted P/E (x)	-	-	-	-	-	4.1	2.6	2.7
EV/EBITDA (x)	-	-	-	-	-	1.3	2.3	2.2
ROAE (%)	-	-	-	-	-	3.3	5.2	5.0
Raw material	48.3	44.9	-	50.0	-	-	-	-
Employee cost	7.9	7.2	-	7.9	-	-	-	-
Power & fuel	14.7	15.1	-	13.2	-	-	-	-
Freight outward	-	1.4	-	-	-	-	-	-
Other expenditure	12.3	9.3	-	12.1	-	-	-	-
EBITDA	16.9	22.0	-	16.8	-	19.8	17.8	17.5
Adjusted net profit	8.8	13.4	-	10.0	-	2.5	11.1	10.0
Tax rate	43.5	31.2	-	29.1	-	60.7	27.4	27.5

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 60.2% 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 Q3FY21E 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
Macro				
GDP(Y-o-Y %)	7.2	6.8	6.8	7.1
Inflation (Avg)	3.6	3.4	4.0	4.5
Repo rate (exit rate)	6.0	6.3	5.3	5.0
USD/INR (Avg)	64.5	70.0	72.0	72.0
Company				
VSF Capacity ('000 t)	544.0	612.0	612.0	847.0
Capacity Utilisation (%)	97	96	99	79
Effective tax rate (%)	29.6	60.7	24.8	27.5
VSF volumes ('000 t)	527	587	609	666
VSF realisations(INR/t)	158,937	175,894	167,983	171,425
VSF EBITDA/tonne (INR)	30,211	32,691	30,231	29,654
VSF cost per tonne	128,726.4	143,203.7	137,752.3	141,770.9
Debtor days	44	54	57	54
Inventory days	62	61	60	57
Payable days	47	50	49	52

Income statement

(INR mn)

Year to March	FY18	FY19	FY20E	FY21E
Income from operations	157,885	205,504	200,565	221,721
Total operating expenses	127,083	164,793	164,785	182,906
EBITDA	30,802	40,712	35,780	38,815
Depreciation	6,277	7,604	8,129	9,029
EBIT	24,525	33,108	27,651	29,786
Less: Interest Expense	1,281	1,991	2,211	2,255
Add: Other income	4,613.6	5,679.8	4,949.81	3,052.18
Profit Before Tax	25,131	13,117	27,488	30,583
Less: Provision for Tax	7,445	7,964	7,532	8,410
Add: Exceptional items	2,726	23,680	2,902	-
Reported Profit	17,687	5,153	19,956	22,173
Exceptional Items	1,919	9,303	2,378	-
Adjusted Profit	19,605	14,456	22,334	22,173
Shares o/s (mn)	657	657	657	657
Adjusted Basic EPS	29.8	22.0	34.0	33.7
Diluted shares o/s (mn)	657	657	657	657
Adjusted Diluted EPS	29.8	22.0	34.0	33.7
Adjusted Cash EPS	36.5	19.4	42.7	47.5
Dividend per share (DPS)	6.2	7.0	7.0	7.0
Dividend Payout Ratio(%)	22.7	107.5	27.8	25.0

Common size metrics

Year to March	FY18	FY19	FY20E	FY21E
Operating expenses	80.5	80.2	82.2	82.5
Depreciation	4.0	3.7	4.1	4.1
Interest Expense	0.8	1.0	1.1	1.0
EBITDA margins	19.5	19.8	17.8	17.5
Net Profit margins	12.4	7.0	11.1	10.0

Growth ratios (%)

Year to March	FY18	FY19	FY20E	FY21E
Revenues	52.6	30.2	(2.4)	10.5
EBITDA	42.9	32.2	(12.1)	8.5
PBT	18.3	(47.8)	109.6	11.3
Adjusted Profit	25.7	(26.3)	54.5	(0.7)
EPS	(10.8)	(26.3)	54.5	(0.7)

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	432,694	449,328	
Shareholders' funds	447,898	419,592	434,009	450,643	
Long term borrowings	8,532	10,551	10,551	10,551	
Short term borrowings	21,158	22,557	22,557	22,557	
Total Borrowings	29,690	33,108	33,108	33,108	
Def. Tax Liability (net)	18,792	19,451	19,451	19,451	
Sources of funds	496,381	472,151	486,568	503,202	
Net Block	95,397	100,531	97,268	133,239	
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	155,859	166,831	
Non current investments	326,761	274,012	299,985	299,985	
Cash and Equivalents	29,124	37,790	9,122	8,548	
Inventories	25,917	29,317	24,534	32,567	
Sundry Debtors	26,093	34,841	27,801	37,804	
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	64,066	82,102	
Trade payable	21,318	23,738	20,221	32,020	
Other Current Liab	19,590	22,243	22,243	22,243	
Total Current Liab	40,908	45,981	42,464	54,263	
Net Curr Assets-ex cash	22,513	29,907	21,602	27,839	
Uses of funds	496,381	472,151	486,568	503,202	
BVPS (INR)	681.3	638.3	660.2	685.5	

Free cash flow		(INR mn)			
Year to March	FY18	FY19	FY20E	FY21E	
Reported Profit	17,687	5,153	19,956	22,173	
Add: Depreciation	6,277	7,604	8,129	9,029	
Deferred tax	902	782	1,605	1,635	
Others	11,419	21,743	1,297	(1,635)	
Less: Changes in WC	12,728	9,727	(8,305)	6,237	
Operating cash flow	23,555	25,555	39,291	24,965	
Less: Capex	-	-	38,680	20,000	
Free Cash Flow	23,555	25,555	611	4,965	

Peer comparison valuation

Name	Market cap (USD mn)	Diluted P/E (X)		EV / EBITDA (X)		ROAE (%)	
		FY20E	FY21E	FY20E	FY21E	FY20E	FY21E
Grasim Industries	6,574	2.6	2.7	2.3	2.2	5.2	5.0
ACC	4,092	20.8	20.2	11.0	10.2	13.1	12.4
Ambuja Cement Ltd	5,829	28.9	25.2	18.2	16.4	13.0	13.2
UltraTech Cement	16,176	26.6	20.2	13.5	11.0	14.4	16.5
Median	-	23.9	21.0	13.8	12.0	13.1	12.8
AVERAGE	-	24.4	21.8	14.2	12.7	11.5	11.8

Source: Edelweiss research

Cash flow metrics				
Year to March	FY18	FY19	FY20E	FY21E
Operating cash flow	23,555	25,555	39,291	24,965
Financing cash flow	(4,512)	(2,990)	(5,539)	(5,539)
Investing cash flow	(19,247)	(22,631)	(33,546)	(20,000)
Net cash Flow	(204)	(65)	207	(574)
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	5.2	5.0
ROACE (%)	9.0	8.3	7.1	6.9
Debtors Days	44	54	57	54
Current Ratio	2.3	2.5	1.7	1.7
Gross Debt/EBITDA	1.0	0.8	0.9	0.9
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	12.5	13.2

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	1.8	1.7
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	34.0	33.7
Y-o-Y growth (%)	(10.8)	(26.3)	54.5	(0.7)
Adjusted Cash EPS (INR)	36.5	19.4	42.7	47.5
Diluted P/E (x)	3.0	4.1	2.6	2.7
EV / Sales (x)	0.4	0.3	0.4	0.4
EV / EBITDA (x)	1.9	1.3	2.3	2.2
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	9.73	Standard Life Aberdeen PLC	3.98
Vanguard Group Inc	1.77	ICICI Prudential Life Insurance Co	1.68
BlackRock Inc	1.67	Franklin Resources Inc	1.65
Reliance Capital Trustee Co Ltd	1.59	Republic of Singapore	1.18
Aditya Birla Sun Life AMC	1.13	SBI Funds Management Pvt Ltd	0.84

**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	BUY	SO	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

aditya.narain@edelweissfin.com

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

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

Recent Research

Date	Company	Title	Price (INR)	Recos
09-Aug-19	Shree Cements	Lacks the surprise punch; <i>Result Update</i>	20,270	Hold
08-Aug-19	UltraTech Cement	Bellwether romps home; <i>Result Update</i>	4,233	Buy
07-Aug-19	India Cements	Disappointment amid cheer; <i>Result Update</i>	87	Hold

Distribution of Ratings / Market Cap

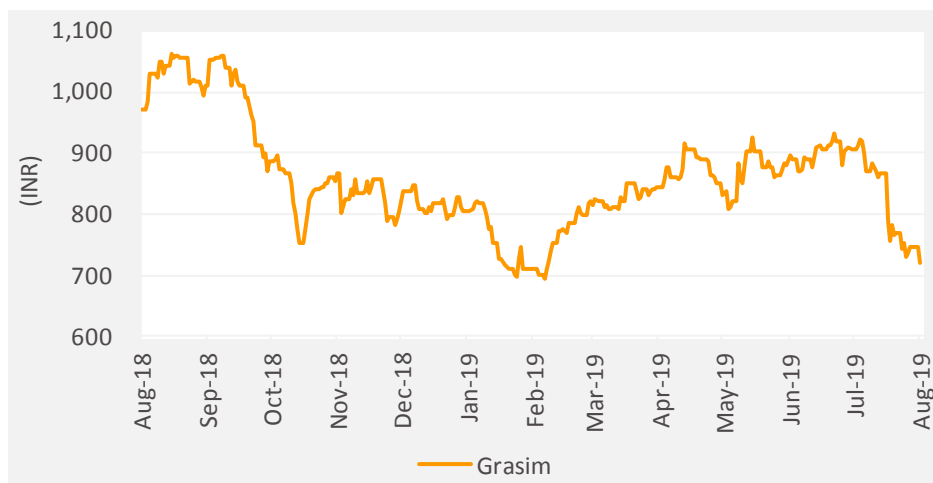
Edelweiss Research Coverage Universe

	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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