"Grasim Industries Limited
Q4 FY '25 Earnings Conference Call"
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MANAGEMENT: **HIMANSHU KAPANIA – MANAGING DIRECTOR & BUSINESS HEAD BIRLA OPUS, PAINTS BUSINESS**
PAVAN JAIN – CHIEF FINANCIAL OFFICER
JAYANT DHOBLEY – BUSINESS HEAD, CHEMICALS FASHION YARN AND INSULATOR BUSINESS
VADIRAJ KULKARNI –BUSINESS HEAD, CELLULOSIC FIBRES BUSINESS
RAKSHIT HARGAVE – CHIEF EXECUTIVE OFFICER, BIRLA OPUS, PAINTS BUSINESS
SANDEEP KOMARAVELLY – CHIEF EXECUTIVE OFFICER – BIRLA PIVOT, B2B E-COMMERCE BUSINESS

Moderator: Ladies and gentlemen, good morning, and welcome to the Q4 FY '25 Conference Call of Grasim Industries. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touch-tone phone.

I now hand the conference over to Mr. Ankit Panchmatia, Head of Investor Relations. Please go ahead.

Ankit Panchmatia: A very good morning to everyone, and on behalf of Grasim Industries, I would like to welcome all of you to our Fourth Quarter Financial Year 2025 results and business performance discussion. I hope you have got a chance to refer to our results, presentation and press release uploaded on our website and exchanges. Before we begin, I would just want to draw your attention to the disclaimer statement, which is covered in the last slide of our presentation. Let me now introduce you to our management team present here with us on the call. We have with us Mr. Himanshu Kapania, Managing Director, Grasim Industries and Business Head Birla Opus, our Paints business; and Mr. Pavan Jain, Chief Financial Officer, Grasim Industries. We also have with us Mr. Jayant Dhobley, Business Head Chemicals, Fashion Yarn, and Insulator business; Mr. Vadiraj Kulkarni, Business Head, Cellulosic Fibres business; Mr. Rakshit Hargave, CEO, Birla Opus, our Paints Division; and Mr. Sandeep Komaravelly, CEO Birla Pivot, our B2B E-commerce business. Without taking much time, let me now hand over the call to Mr. Himanshu Kapania: for his opening remarks. Over to you, sir.

Himanshu Kapania: Good morning or good evening to all the participants who have joined this call from different geographies. I welcome you to Grasim Industries Quarter 4 FY '25 Investor Call. It's an honour to be chosen as the Managing Director of Grasim Industries. Originally a textile company, Grasim Industries has charted an extraordinary path of growth, innovation, and diversification over the last 78 years to become India's premier conglomerate with strong presence in textiles, chemicals, building materials and other industries.

I joined the Aditya Birla Group in the telecom business in 1997. At that stage, the group was US$2 billion in revenue and dollar conversion was ₹36, with presence in textile, aluminum and start of cement, telecom, fashion, financial services, and other businesses. In the last 28 years under the leadership of Mr. Kumar Mangalam Birla, the group revenue has risen to US$66 billion, and the dollar conversion is ₹85, thereby growing by 33 times at constant currency. This superlative growth has been driven by a) Believing in India and global growth story b) Combination of building scale in existing business and successfully diversifying to newer sectors. Similarly, the story of Grasim's transformation, which has delivered consistent 15% CAGR over a long period of 15 years, is akin to India's growth story. The company has incorporated multiple start-ups and seen through its journey until the unit becomes a force in itself.

India is witnessing an unprecedented economic boom. India's rise has captivated the world's imagination. Very few countries in the world today have a multi-decadal runway of high growth or Amrit Kaal as our Prime Minister calls it. Our economy is truly and well poised to hit the $10 trillion mark in the next decade or so. The scale of our mission is now being matched by the scope of the infrastructure evolution set to unfold. I would argue we are not in just infrastructure development phase, but in nation building.

And the Grasim's diversified businesses are all set to play a pivotal role at the heart of this monumental nation-building endeavour. Our cement from UltraTech fortifies expanding highways. Our cellulosic brands like Liva and Raysil power from inside the fashion for the new confident India. Our Chemicals business supports varied applications across metal, construction, textiles, pharmaceuticals, and energy. Our renewables are making India more sustainable, and our financial services from Aditya Birla Capital gives wings to aspirational consumers. In the last 18 months, With the launch of B2B eCommerce business, Birla Pivot and the recent launch of our Paints business, Birla Opus, Grasim embodies the spirit of an aspirational India. This India, teaming with dynamism, audacity and penchant for disruption find reflection in both our Paints and B2B business. In fact, these ventures mirror India's zest for innovation and its refusal to settle for status quo.

In 2020, at the peak of COVID when our group Chairman asked me to lead Grasim foray into paints. I wondered why paints?. With a gleam in both our eyes, we found the answer lay in the bedrock of India's booming infrastructure, the construction sector. This sector alone is poised to command 9% of GDP translating to US$900 billion in around 10 years. Grasim's deep insight into building materials ecosystem found over the years through brands like UltraTech and Birla White offered us a unique vantage point. Our journey into paints industry, therefore I discovered, was a strategic extension connecting the dots from the foundation to the facade across Indian homes. I also discovered that despite century-old decorative paints industry, India's per capita consumption stands at a near 3.5 kg. This contrast sharply with global average of 10 kg per capita and draws against 25 kg per capita of developed nations. For a country at the forefront of economic acceleration, India ranked at bottom 10% of the paint consumption. This reminds me of my telecom stint when India liberalized telecom services in 1990 but till mid of 2010 and even after 25 years, India was amongst the bottom 10% of broadband services adoption. However, when large-scale investments came in to build huge capacities ahead of demand and industry focused on affordability, quality, technology and coverage India rose to a numero uno, the highest broadband users in the world and the second largest in terms of number of mobile subscribers in the globe, helping India in its inclusive all pervasive digital journey.

Therefore, in the context of paints, this represents a galactic opportunity. With rising per capita income, a young population, a booming real estate sector, a shorter repainting cycle, the potential for growth in paints consumption is immense. With all these factors, Grasim board in 2021 made a long-term commitment to decorative paints business with a vision to redefine the industry with consumer-centric programs and practices. They empowered us with ₹10,000 crore investment to prepare for tomorrow with a single-minded purpose to revolutionize the decorative paints business and pass on the fruits of competition to the consumers. The paints sector is at the cusp of a similar transformative impact, which will turn India's facade into a beautiful place loved by one and all.

When I look back at the last 4 years' work, especially the last 6 months, I can say with pride on behalf of Birla Opus team that no paint company globally has ever launched in one shot factories, operations, products, and services at the scale that Birla Opus has undertaken. So, it's a matter of pride to share that in less than 6 months of pan-India operations, as per internal estimates, Birla Opus by itself has become India’s No.3 decorative paints brand. Well done team Birla Opus, ably led by CEO, Rakshit Hargave, a strong, committed, and agile force of over 4,700 employees and lakhs of partners in the paint’s ecosystem. The driving factors for this early success include:

1) Fastest capacity ramp-up in the world with 5 out of 6 plants commercialized until March 2025, adding 1,096 million liters per annum, in short MLPA capacity in FY '25, representing 21% share of the organized decorative paints capacity. All these plants are fully backward integrated with our own emulsion and resin polymers, key to delivering innovative products, consistent quality, and cost competitiveness. The company's paint plants meet stringent sustainability norms and our climate finance compliance as per IFC funding norms. Our final plant at Kharagpur is scheduled to be commercially launched in H1 FY '26, taking our overall capacity to 1,332 MLPA. Post Kharagpur plant launch, Birla Opus' capacity share of 24% in this sector will provide us the pathway to travel from existing high single-digit revenue market share to penultimate level of capacity share. Further, at the existing plants, Birla Opus has ability to add 400 to 500 MLPA incremental capacity with minimum cost whenever the need for the same arises. The industry is also undergoing a structural shape with consolidation of players through merger and acquisition and same expected to reshape the competitive landscape.

2) Fastest availability of near complete portfolio of 176 products and 1,250-plus SKUs. Birla Opus is now competing across all 6 business categories in decorative paints, including interior and exterior water-based paints, including distemper and enamel paints, wood finishes, water-proofing solutions and wallpaper and designer finish in the economy, premium and luxury price segments, and institutional business. We are delighted with the response received on a quality of product from retail and institutional customers and ecosystem partners, including architects, designers, contractors, painters, and dealers. Our luxury and premium products are now contributing more than 65% to the company's revenue, a testimony to Birla Opus quality of products. Our unique polymer synthesis process and hybrid composite polymer design has helped to create paints with outstanding dirt resistance, crack bridge-ability, film integrity, excellent durability, high scrub, highest whiteness, and substrate adhesion to name a few.

3) Wide and deep distribution reaching every corner of the country across 6,600 towns in India. A network of 137 depots delivers across 33 states and union territories supporting just-in-time delivery for the dealer network. Also, Birla Opus is upgrading the consumer experience and is transforming decorative paints retailing by building first of its kind company experienced tools known as Birla Opus Paints Studio in the metros and franchised mid-sized stores across 300-

plus towns known as Birla Opus Paint Gallery. Our compact tinting machines has healthy adoption across all dealers.

4) All-round positive feedback from all key users of our quality and acknowledgment of our exceptional paint performance features such as stain resistant, impeccable spotless finishes, spatter resistance, superior scuff-resistance, extra washability, and enhanced coverage and opacity. Lakhs of painters and contractors, encouraged with product quality, innovation features and better economics have joined our exclusive painter and contractor apps and are recommending Birla Opus products. There is a quantum jump on the number of architects and interior designers' recommendation for Birla Opus products after they carry out rigorous tests on metrices such as tactile feel, adhesion, aesthetic, finish, and longevity etc. Equally strong response from institutional clients with a number of sites executed has crossed 5-digit mark just in 6 months across cooperative houses, large and mid-sized builders, factories and industrial units, government projects including tourist attraction and religious places.

5) The new age Birla Opus brand is seen as a challenger and fast establishing itself as an embodiment of India's rich heritage, but modern, vibrant, and technological innovator. Birla Opus incorporates trust from the House of Birlas, quintessentially Indian with a beauty personified from Opus. Our meaningful and memorable advertising campaigns heavily supported Birla 360-degree media strategy has helped in an exponential jump of all brand salience metrices, especially unaided recall, top-of-mind awareness, etc.

In summary, Grasim's Paint venture represents the indomitable spirit of a "startup" which can be epitomized through 5Cs, creativity, courage contemporary, choice and collaborative. With these guiding philosophies, Birla Opus team dreams to revolutionize every facet of the decorative paints industry and pass on the benefits to all stakeholders. As you're aware, UltraTech sells white cement-based putty under Birla White brand. All decorative paints player includes putty sales in their overall Decorative Paints revenue and volume reporting. Birla Opus does not sell white cement-based putty. Therefore, on a like-to-like basis, Grasim's organized decorative paints presence exits Q4FY'25 has crossed 10% revenue market share mark as per our internal estimates when revenues of Birla Opus and Birla White Putty are combined. We'll continue to track these metrics. Separately, Birla White is aggressively expanding its putty manufacturing capacity with a recent announcement of acquisition by UltraTech of Wonder WallCare Pvt Ltd. With this acquisition, Birla White Putty, and VAP capacity at the 4 plants in FY '26 will rise to 23 lakh metric tons besides 16 lakh metric tons of, for white cement clinker manufacturing.

Moving on to our digital venture, B2B e-commerce launched in line with government's vision of creating digital India empowering SME businesses, Birla Pivot has created a new age, high-growth B2B e-commerce platform that helped them with procurement of raw materials across various sectors and catalyzes their growth by streamlining financing and supply chain gaps. Birla Pivot has made significant progress in FY '25 across all fronts such as technology, revenue scale up, category diversification, digitization and working capital management. Birla Pivot has crossed annual run rate (ARR) of ₹5,000 crores based on exit quarter 4 FY '25 in less than 2 years of inception and achieved a 3.3x revenue growth over FY '24. Heartiest congratulations to

Birla Pivot team ably led by CEO, Mr. Sandeep Komaravelly. The Birla Pivot platform now hosts a catalogue of more than 40,000 SKUs across 300-plus brands and OEMs in 35 product categories with private label portfolio of bathware, tiles and plywood. Birla Pivot customer base spans top tier EPC companies, civil contractors, real estate developers, OEMs, fabricators, dealers, and retailers, etc. With successful deliveries of over 375 cities across 26 states and union territories, Birla Pivot has established a robust network of suppliers and logistic providers who facilitate a very seamless fulfilment experience.

Moving on, we have separately shared existing business performance, including Cellulosic Fibers and yarn, Chemicals - Caustic and Specialty, Textile, Insulator and others in the Q4 FY '25 investor deck. Existing investors and analysts have already been tracking performance of these evolved businesses for a long time and are familiar with this journey and way forward. In summation, we are pleased to report that Grasim standalone revenue has risen to its highest level at ₹8,926 crore in quarter 4 FY '25, an impressive Y-o-Y growth of 32%. This reflects the initial success of new businesses and sustained strength of our existing businesses. Further on the ESG front, we are happy to share that Grasim got listed for the second time in a row in the S&P Global Sustainability Yearbook 2024. Grasim also won the "Master of Risks – Conglomerate" award in the Large Cap category at the India Risk Management Awards 2025.

In conclusion, as new to this role, I see Grasim at the cusp of transformation, with increasing share from consumer-oriented businesses, we are driven by the vast opportunity presented in the Indian economy and the values and purpose of the Aditya Birla Group. Grasim now uniquely combined dynamism, frugality, and energy of a new age start-up businesses like paints and B2B E-Commerce along with muscle, reliability, and brand strength of well-established businesses in the textile, chemicals, and energy spaces. We will not just grow, but also nurture the ecosystem, enrich lives, and contribute to the foundational element of new India.

I take this opportunity to thank Mr. Pavan Jain, who is superannuating on 15th August 2025 for a stellar role played in shaping Grasim's transformative journey. I would also like to welcome Mr. Hemant Kadel, a Grasim veteran, and a colleague of Pavan, who will take over from him as Grasim's CFO from 16th of August 2025.

I now hand over to Pavan to give details on financial performance.

Pavan Jain: Thank you, Himanshuji, for giving a detailed business review on the new businesses in the year gone. I would like to add that our established core businesses namely cement, cellulosic fibres and chemicals continue to deliver strong performance with market leadership across businesses, delivering quality products to meet customer requirements and healthy cash flows, the core businesses provide both stability and strategic leverage. Some achievements in the year gone by in respect to our core businesses are:

Number one, cellulosic fibre has achieved highest ever revenue, annual revenue of ₹15,987 crores, growth of 6% Y-o-Y primarily led by volume growth of 4%. However, the profitability of this business during the year was lower by 12% on a Y-o-Y basis due to higher key raw material prices absorbed by the company partially. In Q4 and entering Q1, slight moderation in

China capacity utilization and higher inventory days has resulted correction in global prices of cellulosic fibres. And at the same time, pulp prices have also started to soften. As approved by the Board, the work on the first phase of Lyocell Fibre project of 55,000 tonnes per annum, out of the total capacity plant of 110,000 tonnes at Harihar, Karnataka, the work has commenced. The new plant is expected to be commissioned by mid-'27. In Chemicals business, while available capacities increased by 400 TPD expansion at Vilayat plant in Q3 FY '25. Caustic sales volumes were lower by 3% Y-o-Y due to plant shutdowns at Karwar and BB Puram for few days during the quarter. Moreover, higher negative chlorine realizations due to continued oversupply and lower demand from end user industries have moderated ECU growth. However, chlorine derivatives business performance is improving significantly with focused business development activities across products portfolio. We enter FY '26 with full available capacity of caustic and specialty chemical. The projects of ECH and CPVC plants at Vilayat are expected to be commissioned around Q2 FY26. One highlight over the past 3 years, both Cellulosic Fibres and Chemicals business combinedly have consistently delivered top line of over ₹20,000 crores with EBITDA of over ₹2,500 crores across cycles reflecting the strength of these businesses.

Cement business under UltraTech has been growing with total capacity expected to reach 215 million tonnes with estimated EBITDA per tonne saving of about ₹250 to ₹300 by 2027. In Financial Services business with AUM now over ₹5 lakh crore, growth of 17% Y-o-Y and total lending portfolio of over ₹150,000 crores, growth of 27% Y-o-Y, Aditya Birla Capital is one of the fastest-growing NBFC in India with consistently growing revenue and profits.

Happy to announce that the Board has approved a final dividend of ₹10 per share, reinforcing our legacy of consistent shareholder value creation. This marks the 62nd consecutive years of uninterrupted dividend payments, a testament to our financial strength, resilience, and commitment to reward the shareholders through all business cycles.

With this remark, I'll now open the floor for Q&A.

Moderator: The first question comes from the line of Amit Purohit from Elara Capital.

Amit Purohit: Congratulations for the excellent performance and hitting the targeted market share that you indicated in the last call. Two things I wanted to understand, one, on the dealer counts, if you could highlight what would be at the exit of March '25. And how do you see that over the next, say, 3 years reaching bigger counts? That's my first question.

Rakshit Hargave: Like we said, our objective was to hit 6,000-plus towns and try and track close to 50,000 dealers at the end of the first year. So, we are close to where we had targeted. And in terms of how we look at it in the next couple of years, there is scope for more numerical dealer addition, which we believe there are dealers who want to join us. There are also territories, which we have not covered. But also, along with that, we will consolidate on the dealer base that we have created and extract more counter share from them.

Amit Purohit: Sure. And sir, on the comment that 65% of the portfolio is on the premium and luxury side, could you just provide some insights into it because, I mean, what we would understand is that we have a complete range of products. But are you saying that in the emulsion segment as well, the premium side? Or this also includes the waterproofing premium side or a good, finished premium because what we understand is that the leader would have a limited premium when we look at the emulsion side of the portfolio because that market itself is small. So just a clarification on that will be helpful.

Rakshit Hargave: Okay. So, the way we have structured our portfolio is that most of the products that we have are covered under three subbrands, one, which is the luxury brand Calista, which is premium and Style, which is the so-called economy brand. Now we have a branding philosophy where even our enamels are branded either Calista or a Style. So, when we say this is not addressing only emulsions, but this is addressing the premium and the luxury segment in all the categories where we play, where we have these subbrands leading them. So that's the clarification. It's not only for emulsions.

Amit Purohit: And any targeted market share guidance you would like to highlight right now, say, for March '26.

Rakshit Hargave: No. So, like we said, we have achieved our first benchmark of high single digit. And for next year, the ambition is to be a double-digit player, we'd love to hit that. That's all we can add.

Moderator: The next question comes from the line of Rahul Gupta from Morgan Stanley.

Rahul Gupta: I have a couple of questions on cellulosic business. I remember there was some disruption in third quarter. However, fourth quarter volumes are still much lower versus Q2 levels. Can you please help us explain what's happening over there? That's my first question.

Vadiraj Kulkarni: In terms of our volumes, the demand has been quite stable, except that in quarter 4, we have seen some minor drop in the demand in the Indian market. So, we had to increase our exports. So, we have not lost any capacity. It's more about diverting some of this capacity to export market. Plus, we also had increased certain specialty kind of product because of which there is a certain change in the productivity levels, changeovers, etc. So, there is no significant change in terms of our capacity utilization. Of course, there are certain machines that we take for maintenance on a periodic basis. So, on a quarter-to-quarter, you would see certain kind of variations in terms of volume.

Rahul Gupta: Understood. My second question is that I see that your Capex in the cellulosic business in fiscal '25 was much lower than what the management earlier targeted. How should we look at this for fiscal '26? And what kind of capacity can be unlocked by debottlenecking over the next couple of years?

Vadiraj Kulkarni: Yes. One year, we, depending on how we do, at a Grasim level, how do we look at capex allocation, various businesses get different kinds of capex allocation. So, in terms of certain non-critical capex, we had been taken up this, I mean, in FY '25. But I think we have major projects ongoing now as far as FY '25 is concerned, in terms of cash flows. One, there is a Lyocell project setting up 55,000 tonnes per annum of capacity is being approved. So that project has started. But in terms of debottlenecking of pulp capacity in Harihar. There is a couple of other projects, which are happening in Vilayat and Nagda plant for debottlenecking. They are on course. And by end of H1, we would have a slight increase in the capacity of the viscose fibre. So, our capex plan, all of them are now going pretty well. While some of these capacities will get actualized later, but the projects have progressed well, and we will have a minor increase in the capacities in some of our existing lines by H1.

Moderator: The next question comes from the line of Percy Panthaki from IIFL Securities.

Percy Panthaki: Hi, Rakshit, congrats on reaching 10% market share exit first year. My question is can you give some idea on what would be your targets for exit FY '26 in terms of market share? And can you tell me what is the total number of tinting machines that we have set up as of FY '25 end?

Rakshit Hargave: So, Percy, you know the 10% market share, the double-digit market share that we have shared is the consolidation between Birla Opus and the Putty business of Birla White. All the paint companies also have putty, but Opus by itself doesn't have. So that is what we have given. Now like I said, we are not giving a guidance or a target for next year. But Birla Opus by itself should be a double-digit share player is what our aspiration is. And whenever you add putty on to it, it will obviously be incremental. Secondly, on the number of tinting machines, we have a good tinting machine penetration. So rather than giving an actual number, I can tell you that the tinting machine penetration that we have is close to 80%. So nearly 80% of the outlets we have opened have the Birla Opus tinting machine.

Percy Panthaki: Got it. Second question is, if you can give some flavor. I'm not looking for any exact numbers, but some kind of flavor on what is the geographic mix. And what is the product segment mix in terms of are you strong in, of course, East, you've probably not yet had a plant, so it will be weak. But among the 3 regions, relatively which one is stronger, weaker? And in the product segment, that is your premium mid- and mass, where would you have relatively the best market share? Where would you relatively have the lowest market share?

Rakshit Hargave: So, Percy, I think even in the last 2 calls, I have mentioned that Birla Opus is truly a national player. So, we don't have too much of variation between the best performing regions and the so-called bottom-performing regions. So, we are doing well in most of the regions. But like I said, the spread is not anything different from 80 to 120. On what is selling well, obviously, our emulsion portfolio. And that was also, if you see, over the last 12 months, we entered the market first with our emulsion portfolio and then we introduced waterproofing and enamel portfolio came a bit later in the day because the solvent manufacturing, initially only 2 of our plants were making. So, if you go by that sequence, our overall emulsion portfolio has got a very solid response, and that includes both the luxury segment led by Birla Opus one and the economy segment led by style. We have excellent uptake in both the exterior and interior segment. So, what I could say is that the quality differential that we have been able to give in the products, which is easily discernible is most easily discernible in the usage of emulsion, which is why the adoption of our emulsion range across 5 segments has been excellent. To top that, All brand which is our waterproofing range, also has got excellent feedback and Wall roof, which is the flagship product is, and currently is also the waterproofing season. And I can tell you that it's extremely high demand and the adoption from painters and contractors for waterproofing is also high.

Our enamel entered the market, I would say, 3 to 4 months after the emulsion business, and it took somewhat time because enamel comes multiple sizes and small packs. So that took a bit longer. Nonetheless, our enamels are also picking up. But yes, it would be trailing the emulsion business by a few months. Apart from that, like we said, that we've launched the whole portfolio, we have designer finish. We have our good finish, which is there. So, we have both the Italian range and the Indian range and the market acceptance of all that is excellent. This year, we will only develop these categories even deeper, and we will also add more products to make these portfolios even more complete. So that's how I would put it.

Moderator: We take the next question from the line of Navin Sahadeo from ICICI Securities.

Navin Sahadeo: My question first was in the paints segment related to premium segment and then the overall EBITDA losses. Now our understanding basically was that with the Mahad unit commissioning, the company will be able to offer a much larger bouquet or, in a sense, could emphasize more on the premium segment offering, so to say. And in that context, I also had an observation that amongst the large competitors, premium segment contributes over 50% of EBITDA. So, first of all, is that a fair understanding that premiumized, premium or those premium segment from Mahad plant will be the niche offering or the main offering, and hence, overall portfolio will tilt or focus on that? And then in the same context, if the profitability in that segment is high for peers, would it be fair to say that Birla Opus EBITDA losses would see a significant reduction as a part of this?

Rakshit Hargave: So, Navin, I would like to correct each of your statements. Directionally, you might be hinting us the right thing. But number one, Mahad is making the same product, which is being made at all the other factories. So Mahad is not adding anything new. My understanding is when you use the word premium, you basically mean in paints, there is a luxury segment, there is a premium segment and there is an economy segment. I assume that you mean both the premium and luxury segments, right? Am I correct?

Navin Sahadeo: Yes.

Rakshit Hargave: So, if that is correct, Mahad has not added anything new. Mahad only gives us great geographical presence and allows us to equate our distribution more economically. And obviously, it produces the whole range. It produces solvent also and emulsions also. From a profitability or a loss-making point of view, I think the assumptions that you are making, yes, all the companies, emulsions is the more profitable category, but our emulsions are manufactured in each of the 5 factories and in Kharagpur, which will go into trailing next year, next month. So, I don't think there is any business differential coming because of Mahad. And like we said, our emulsions are doing well across the three price segments, and Sandeep will tell.

Himanshu Kapania: On incrementally I'll add that the advantage of strategically located plants is in the freight and logistics cost. That is the benefit that will accrue to us as more plants coming up. So, with Mahad, you can see from our results also, there is improvement in our freight costs, and this will further go down with Kharagpur. Previously, there was somebody's comment that our presence in East is not there. We'd like to correct that. We have a full presence in East as well, though supplied from Northern, Western and Southern parts of the plant. And once Kharagpur comes up, it will give us the logistics cost reduction.

Rakshit Hargave: So, Kharagpur will reduce the per kilometer per litre travel by the average of product.

Navin Sahadeo: Understood. That's clear and helpful. My second question was in the B2B e-Commerce space, and glad to know we have crossed the annual run rate of ₹5,000 crores in the quarter. So here, I just wanted to understand the target seems to be now like very much in reach and much sooner probably. But from a profitability perspective, isn't the run rate of ₹5,000 crores itself helping us to turn positive at the EBITDA level? Or you think no, still, we'll need more time to be profitable? If you could just give some directional guidance, will be very helpful?

Sandeep Komaravelly: Thanks, Navin, for the question. This is Sandeep here. So, a couple of pointers on what you were mentioning. Yes, on the scale-up part, we've been doing well. And every quarter, we've been seeing consistent growth because of our increase in the number of categories that we are presenting and also the geographies that we cover, which has really helped us grow our customer base and the overall revenues. Also, a lot of the things that we are doing on the technology front, whether it is our logistics capability or providing end-to-end visibility for our buyers is also helping a steep growth curve. And as you rightly hinted, our earlier stated goal of hitting ₹8,500 crores, which is $1 billion, we'll probably get there faster if we continue this growth rate. And what we had earlier also stated is that at that scale is when we will probably break even at an EBITDA level. We're still a new business; we started around 2 years back. And we probably are one of the fastest growing B2B e-commerce platform to have hit this scale in 2 years, but we still remain in the investment phase. We are still building our overall teams, technology capability. A lot of what we build is built ground up, given the complexity that is involved in how B2B e-commerce platform needs to operate. So, we continue to invest in that, continue to build capability around logistics infrastructure, around how we build seamless fulfilment experience. So those investments will continue even into the next year. But at the scale that I mentioned, we should be breaking even at an EBITDA level. That's from my side now.

Moderator: We take the next question from the line of Praful Kumar from Dymon Asia.

Praful Kumar: Sir, many congratulations on a great Birla Opus performance. Just one question. When we launched the brand, we had a ₹10,000 crore top line in 3 years' vision. Given this macro slowdown that we are seeing, and the seasonality in the H2, which if we annualize over time, how do we intend to reach that target in terms of top line because a lot of distribution and initial excitement about the brand is already that we are seeing in the quarterly run rate?

Rakshit Hargave: So, the ₹10,000 crore guidance within 3 years of full-scale operations, obviously, it takes into account that 3 years is a long period, and you will have periods of some slowdown and periods of growth. As far as we are concerned, we are absolutely positive that the medium-term outlook will improve while the market has been slow. So, I think a couple of quarters here and there doesn't bother for us because the outlook for India is going to be bright. So, we don't really bother, and we also managed to that.

Praful Kumar: Fair enough. And sir, second question is on the pricing. Given the leader is obviously you're taking market share, any action on the pricing that we have seen lately in the market? And how is your brand positioning versus the leader in terms of pricing today?

Rakshit Hargave: So, you see, there are two aspects of pricing. What is relevant for the consumer is what price he'll be paying to my Birla Opus, which means what price dealers are charging for customers, and wherein the dealers are charging the same price as the market leader. So, Birla Opus is able to charge the consumers ready with the same price. In terms of other aspects, yes, we have seen that maybe in the economy segment, some of the competitors have tried to drop some prices, etc, but those are all factored in the plan. As we are concerned, we are giving great value to our customers. We are also having a unique proposition that on the 20-liter and 10-liter emulsions, anybody who buys it gets 10% free, which is going to the end users are not going to the dealer. That makes our value proposition very strong. So, from that point of view, we are well placed. And we anyway watch the market wherever we need to make any price differences.

Moderator: The next question comes from the line of Nirav from Anvil Wealth.

Nirav: I have two questions on the chemical side. Sir, first is like when we see two bigger players putting up their caustic chlorine plant for captive chlorine requirement and existing players also putting up the downstream chlorine plants, is it a possibility that industry dynamics would change over a period in terms of chlorine pricing improving on the positive side, your thoughts here? And, ex of pipeline, what is our chlorine consumption internally? And how this ratio would look like once our CPVC and ECH plants are commissioned?

Jayant Dhobley: So, a couple of things. Look, India, as you know, is a country with a very strong domestic consumption growth, right? So, you can do a calculation roughly 700 to 1,000 TPD per year is the organic growth of the industry as far as caustic is concerned, right? So domestic growth in India is going to grow strong. You know all the macroeconomic indicators. So, I think the first point I want to make is whatever excess capacity or new capacity comes into India will be absorbed by the Indian market through its natural growth, right? So that's the first point. Second point, as you correctly mentioned, the capacity is coming in essentially are PVC capacities. Now India, of course, is importing PVC. So, PVC ultimately is, you know, some game. PVC demand is not going to increase just because there are 2 large plants in India. So somewhere, the higher cost plants, and my guess is those would not be in India, would have to reduce their operating rates, correct, because caustic is their byproduct.

So, from that perspective, and then there are certain players in the industry maybe who are less integrated, have a higher cash cost position, etc. So, from that perspective, while we may face 1 or 2 years of choppy waters, it is unlikely that there is going to be a longer-term structural impact on the existing, right? Again, mainly because domestic demand is growing, Indian capacity of PVC will substitute capacity of PVC somewhere else. And within the Indian industry itself, there will be some amount of rationalization.

I think the second point you asked is on integration. So, we basically look at overall integration which is after completion of our existing projects going to go from 65% to 70%. And we are reasonably happy with that level of integration. And I will also tell you why we are reasonably happy with that level of integration. Because the newer capacities which are coming in related to PVC will be fully chlorine integrated. And chlorine demand typically grows 3% or so faster than caustic demand, right? So over time, you will see the result of the PVC capacity additions will mean that the net chlorine available to the Indian market is reduced. And to that extent, the negative chlorine will also start becoming less negative, right?

Nirav: Correct. Sir, second question is on the epoxy side. So we have seen good sequential growth in the top line from the epoxy division. So how do you see the volumes of epoxy ramping up in FY '26 over FY '25 base? And with this tariff scenario playing out, do we see opening up of newer businesses in the export markets in terms of newer applications like advanced composites, thermoplastics, etc?

Jayant Dhobley: So, I'll answer your second question first, right? Right now, what is happening is because of the entire tariff situation, the global flows are very uncertain. So, everybody is in a kind of situation where they buy only what they need. And this will take a little bit of time to set it up. Now assuming there will be differential tariffs on different countries, in some cases, of course, India will have an advantage, right? And while our current export volume is small, we may get some upside, and we may even get some ability to provide formulation products to the countries outside of India. Now having said that, the majority of our epoxy sales actually are catering domestic industry, they're catering domestic demand, which continues to be strong at Opus. So, if the tariff situation creates any opportunities for us, there will only be upside. I have to also say that some of it may also be countered by a few downsides. As you know, there is a Korean FTA that the industry is unhappy about on imports and epoxy from Korea. So, it's a bit fluid situation. I can paint scenarios, but I can't tell you which scenario will actually work out. But again, most of our epoxy sales by and large are catering domestic demand, which over time will continue to grow. So, we to expect the epoxy business in India to have a solid growth rate. We will continue to participate in that growth and continue maintain and increase our market share.

Moderator: We take the next question from the line of Shreya Banthia from Oaklane Capital Management.

Shreya Banthia: Congratulations for a great set of numbers. So, my question is also regarding the chemicals division. If you could just throw some light on the capacity utilization of the epoxy plant and what was the bifurcation into your liquid epoxy and the value-added product, that would be my first question?

Jayant Dhobley: I will continue to maintain that we have a high market share. We have exclusive dealers. We continue to maintain our share and we continue to grow our share.

Shreya Banthia: Understood. And what was the negative chlorine realization for the quarter and for the year?

Jayant Dhobley: So, chlorine realization last quarter was not so great, right? At the lowest, I think you'll touch like minus ₹9,000 or something. However, it is showing an improvement trends.

Shreya Banthia: And for full year, sir?

Jayant Dhobley: For the full year, negative chlorine realization was in the range of about ₹6000 to ₹7000, I won't quote an exact number, but in that range.

Moderator: We take the next question from the line of Sanjeev Kumar Singh from Motilal Oswal Financial Services.

Sanjeev Kumar Singh: My first question is on the paint business. So, we have given in the investor presentation that B2B e-commerce annualized revenue run rate was around ₹50 billion in this quarter. So, does it mean that there, the revenue was closer to ₹12.5 billion, ₹13 billion and this was from the paint revenues? Also, if we exclude the putty business, then is our market share closer to 7.5%, 8%? And would you like to set some interim target for losses? So, we have said that we will be profitable when we reach the revenue of ₹1,000 crores. Does it mean that we should look a situation that we: will be EBITDA breakeven only when we reach at ₹10,000 crores? Or it should be prior to that?

Rakshit Hargave: So, I think you talked about the revenue of B2B e-commerce business. But the Birla Opus is separate and our B2B business is separate. So, I'll focus on the Birla Opus part. So, on the Birla Opus part, we said that the market share of the putty business and the Birla Opus paint business put together is in double digits. And like we said, Birla Opus by itself is in high single digits. So, you can work backwards as you feel like, but the number will come in the same ballpark in which you're talking about. As far as profitability is concerned, we said our ambition is to be ₹10,000 crores full scale 3-year operation and be EBITDA breakeven. Now whether I breakeven at ₹10,000 crores or whether I can be breakeven at ₹9,000 or ₹9,500 crores or somewhere in the journey in that ballpark range, we will manage it as we move ahead. That is the guiding point. But I think that's how we should read that number. And just to clarify, again, the B2B business is a separate business, and they have declared annualized ₹5,000 crores, and Birla Opus is separate with the kind of market share that we're working on.

Sanjeev Kumar Singh: No, sir, what I meant that our Building Materials business segment, if we assume UltraTech is closer to ₹2,100 crores and B2B business, if we go by the presentation number, is around ₹1,250 crores, ₹1,300 crores, so paint business comes out to be around ₹900 crores. That is what I meant when I quoted this number.

Rakshit Hargave: That is, you're working, and we appreciate your working. But also, Pavan has declared on earlier calls also that at the suitable time, we will share all the numbers. And I think we should take that right now.

Sanjeev Kumar Singh: Got it, sir. My second question is on CSF. So how is global demand/supply now? Because I am seeing that there has been a pressure on CSF prices. At the same time, pulp prices are also coming down. So, does it mean that all the benefits are being passed on by global players also because of the weak demand situation? Or do we read something different into this?

Vadiraj Kulkarni: So, the demand in terms of operable demand globally, it is muted. It's not growing big time, but China has seen a dip in the demand and because from mid-April onwards because of tariff uncertainty, there is some kind of a wait-and-watch approach being taken by the value chain player, which is getting a little better now. So, I think the price correction will be around two counts, one is because there has been, China demand has slowed down. And of course, China has a large capacity, so they determine how international prices play out. Two, yes, pulp prices have significantly come down in the last 2 to 3 months. So yes, part of that is also helping contain in terms of margins. So obviously, when the pulp prices drop, there is also an effect on the pricing in the market. So, let's say, you're right on both counts.

Moderator: The next question comes from the line of Prateek Kumar from Jefferies.

Prateek Kumar: My first question is on both VSF and Chemical. Firstly, VSF, we have ended this quarter at like a 7, 8 quarter low unit EBITDA per kg for the segment. With the declining prices for both pricing in the top line and cost, as you said, so you're looking at even weaker performance like in first half FY '26 or like is this the bottom of 8 quarters, which we have made like in Q4? And in Chemical business, I had a question, like we have now hit 1.5 million capacities there. So do we expect to grow double the industry growth in FY '26 or like in line industry growth at like probably 5% to 7% because that has been a kind of growth in past few quarters for the segment.

Pavan Jain: So, on the VSF profitability, as Mr. Vadiraj has already shared in the last question that there is kind of uncertainty because of these tariff issues globally, I mean, different countries playing out that tariff issues. So, there is a demand slowdown in the China market. So, to that extent, yes, there will be a weakness. We don't give the guidance for FY '26 kind of profit numbers. We have given you the macro kind of situation. But as the tariff uncertainties situation has a better clarity about, I mean, how the sale is going to pan out, I think we will have to, till then, we will have to wait and watch kind of situation.

Jayant Dhobley: Yes, I'll take the chemicals question. Jayant here. So, look, you have correctly pointed out our headline capacity number. But as we have declared in the last couple of calls, including this quarter's call, we have had a few technical issues in our plant where we have lost a few percentage points of utilization. So, as we go into next year, we will be benefited by the improving reliability of our plants, and we are already starting to see that plus the market growth. So, if you look specifically at next year, then we will be able to grow equal to and probably higher than the market because our plants will perform back to their usual level of utilization. The last 3 to 6 months have been a little bit abnormal for us. If you look at the specialty chemical part of our portfolio, we have more than sufficient capacity in our chlorine derivatives to continue to grow with the higher growth rate of the chlorine derivative industry. That usually grows 2-3 percentage points faster than the best caustic portfolio. And it's a portfolio, so capacity calculations are complicated, but what I can indicate is that we have enough capacity to grow equal to the market. And the same lies for our epoxy portfolio. We have more than sufficient capacity, both in base resins, formulations, and specialties to grow with the much higher growth rate of the epoxy industry. So, I think you can expect equal to or possibly above-market growth for next year.

Moderator: We take the next question from the line of Sheela Rathi from Morgan Stanley.

Sheela Rathi: My question is on the paint sector. Just want to understand as we are in FY'26, given the current demand scenario and also the competitive landscape, from your lens, how do you see FY'26 panning out from a growth perspective? And also, is there a need for us to embrace higher discounting this year versus what we have done last year? That's my question.

Rakshit Hargave: Sheela, if you look at it from a year which has gone by point of view, if you exclude Birla Opus, then the market has actually been negative. So, the market has actually been negative. And if you add Birla Opus, then the market has been positive in low single-digit numbers. What we see today is that the market is still slow. And while it will be difficult to predict how FY '26 would go, but it could be that FY '26 remains a low single-digit growth here. Obviously, the basis for last year is also low, so that could be slightly different. Now whether you need to do price discount is a strategy which I think the other players also have to decide what to do because usually when you do a price discount, it leads to more price discounting by all the players in the market. What ultimately is needed is that the end consumer, who is using, should get the product at a lower cost, which is not usually guaranteed. So, we will have to watch in terms of how the price evolves in the market. As far as we are concerned, we are giving good value, and we will continue to do what we are doing. But yes, the market seemingly at the moment seems to be on the same track as it was, say, in the last quarter.

Sheela Rathi: Understood. One follow-up. When you talked about luxury premium segment to be 65% of revenues, and I know you clarified in one of the earlier questions, just want to understand, is there any market flavor which you can add here as to which markets are kind of accepting these kinds of products?

Rakshit Hargave: So, luxury and premium products sell across India. While yes, there are certain markets which sell, for example, Kerala sells a very high proportion of exterior luxury, Gujarat sells very high proportion of interior luxury. There are definitive markets, up North, Punjab, they sell a lot of high-value good finish. So, the market behaviour for us from a luxury premium, our products have acceptance in all the geographies. And because we've done a lot of work with contractors and contractors are able to appreciate the quality of products, so from our point of view, there are markets where these categories are already big. But as we are still a single share player, we have found acceptance everywhere in all regions and all over.

Himanshu Kapania: Incrementally, I'll add that in aspiration, consumers today want to upgrade their quality of paints. And we are a little surprised that the industry has been downgrading their products by offering larger scheme at the lower end while the consumer aspiration is more at the medium and the upper end of this because more, as they want to upgrade the quality of homes and as such, their focus is to get better aesthetics. So whether it is in wood, whether it is in waterproofing solution, there is more demand for a 10-year plus products. The same applies to emulsion products, both interior and exterior. And even in wood finish, clearly demand is more on the luxury and premium side of the products. So there is an overall trend change. And while Rakshit did mention there is a slowdown, I believe the slowdown was more led by over focus of industry by downgrading their products. As the price stabilization happens, the industry will come back to its natural double-digit demand. So, volume was not the slowdown. The issue was primarily on the value primarily. And once the overall industry focuses on the mid- to higher end of the product categories across all business categories, we will find the industry should come back to double-digit growth. We are very confident of that over a period of time.

Rakshit Hargave: So, to add, we have done a lot of research before we were launching. And it was very clear that even the so-called lower LSM or lower FCC consumer was of the opinion that if I'm going to paint my house once in 5, 6 years, I actually want something which is good in quality. And hence, focusing on the higher value and quality products, if the industry works from that line, it will be beneficial for everyone.

Moderator: Ladies and gentlemen, due to time constraint, we take the last question from the line of Rohit Nagraj from B&K Securities.

Rohit Nagraj: Sir, my question is on the chlor-alkali business. So, in the earlier question, you alluded about the chlorine situation being on the long side. Given that the chlorine will be captively consumed for PVC by the new players and there will be long on the caustic side, what's your perspective in terms of the ECUs, whether structurally the ECUs will be closer to, say, 30-plus prices or there is a possibility that the current kind of ECUs and slightly improving trend, we will be able to see even after those capacities come in?

Jayant Dhobley: Your question is very similar to the question that Nirav had asked. So, I'll give a similar reply. Remember, the pricing of caustic in India is set by import parity. Similarly, pricing of PVC in India is set by import parity. Now when these large PVC players come in, it's not going to change India's demand significantly, right? There will be a substitution potentially of imported PVC by Indian PVC. Correspondingly, PVC operating rates outside of India will come under pressure. If you study the markets in North Asia, you will realize which are the higher cost PVC producers. Correspondingly, supply of caustic in the international market will also come under pressure. And ultimately, as I mentioned earlier, it's a big market. Caustic is a very big market. There are many moving parts than only the PVC capacity that is coming into India. So, we don't feel that structurally, over the long term, it will have a negative impact on caustic prices. However, there will be certain quarters where there will be demand-supply mismatches, price dislocations will happen. So, there will be more volatility for sure. But it's not like there is going to be a structural issue in the industry. At least that's not what our thesis is.

Rohit Nagraj: Sure. Got it, sir. And second question is on the ECH front. So, the ECH guide that is coming up, will it be completely suffice for captive consumption? And if so, will there be additional requirement which we'll be taking from the market that we are probably currently doing?

Jayant Dhobley: So, I will only answer one part of your question. So yes, the ECH project that we are doing is meant for captive needs. What my commercial strategy is on ECH, I would not like to disclose on this call.

Moderator: Ladies and gentlemen, with that, we conclude the question-and-answer session. On behalf of Grasim Industries Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.