



**“Grasim Industries Limited
Q1 FY'26 Earnings Conference Call”
August 08, 2025**

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Grasim Industries Limited
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Moderator: Ladies and gentlemen, good day and welcome to Q1 FY'26 Earnings Conference Call hosted by Grasim Industries Ltd. As a reminder, all participants' 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 this conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Ankit Panchmatia, Head of Investor Relations of Grasim Industries. Thank you and over to you, Ankit sir.

Ankit Panchmatia: Good evening and thank you for joining Grasim's Q1FY'26 Earnings Conference Call. The Financial Statements, Press Release and Presentation are already uploaded on the website of stock exchanges and our website for your reference. For safe harbor, kindly refer to the cautionary statement highlighted in the last slide of our presentation. We have with us our management team on this call to discuss our results and business performance. We have with us Mr. Himanshu Kapania, Managing Director, Mr. Pavan Jain, Chief Financial Officer and Mr. Hemant Kadel, Incoming Chief Financial Officer of Grasim Industries. From Businesses, we have with us Mr. Jayant Dhobley, Business Head, Chemicals, Fashion Yarn and Insulator (CFI) Business, Mr. Rakshit Hargave – CEO of Birla Opus, our Paints Division and Mr. Sandeep Komaravelly – CEO, Birla Pivot, our B2B E-commerce Business and Mr. ManMohan Singh, CMO, Cellulosic Fibres Business. Let me now hand over the call to Mr. Himanshu Kapania for his opening remarks. Over to you, Sir.

Himanshu Kapania: Good evening from India to all the participants across the globe and thank you for joining the call. Over the past one year, the global economic landscape has evolved rapidly, shaped by shifting global trade dynamics and policy responses. Let me highlight key developments across global growth, tariff policies and contrasting paths of advanced and developing economies. Firstly, on global growth. In the past year, the global economy has shown moderate but uneven resilience. Growth has slowed slightly, with the global GDP expanding at just under 3%, reflecting the lagged effects of tight monetary policy in major economies and geopolitical tensions that have weighed on investment sentiment. Inflation while cooling in most advanced economies remains above central bank targets, keeping interest rates elevated. The US Federal Reserve and European Central Bank maintain a cautious stance through much of the past year vary of premature rate cuts. This has led to tighter global financial conditions and subdued credit growth. New supply chain disruptions such as the Red Sea, shipping tensions and sanctions have added fresh layers of uncertainty.

Secondly, tariffs and trade policy shifts was one of the most notable changes in the past year. The escalation of trade protectionism has reinforced a trend of fragmentation of global trade into regional blocks. Many countries are now actively re-shoring critical industries, prioritizing geopolitical alignment over pure cost efficiency. Even within regions, we are seeing trade barriers rise not in the form of just tariffs but also export restrictions on strategic minerals, technology controls and state subsidies linked to domestic production.

Thirdly, diverging growth trajectories. The divergence in economic momentum between advanced and developing economies has become more pronounced over the past year. The US economy, despite tight monetary policy, has surpassed on the upside with higher consumer spending. Our growth is expected to slow below 2% in the year 2025. Europe and Japan, in contrast, have seen sluggish recoveries with weak industrial output, stagnant wages and fragile business confidence. Meanwhile, the real momentum has shifted to developing Asia. China's GDP growth is projected at around 4.8%, reflecting a continued structural slowdown amid cyclic headwinds, especially in the property and consumer sectors. Export momentum has also weakened due to heightened trade restrictions and new tariffs, especially from the US and EU. India, on the other hand, continues to lead global growth amongst major economies, with GDP projected to expand by 6.8%, driven by stable domestic demand, higher infrastructure spending and sustained exports. Inflation, although sticky early in the year, has moderated to 4.3% by mid-2025, allowing the RBI to shift gears from a tight monetary stance to a more neutral and growth-oriented policy, enacting three consecutive rate cuts, totaling 100 basis points in the current calendar year.

In summary, the past one year has underscored a few key themes. Moderate global growth, with a clear divide between advanced economies slowing down and emerging markets accelerating, A series of sweeping trade tariffs, redefinition of global trade patterns and supply chain realignments, and the ongoing tension between economic integration and national security priorities. As we look ahead, the need for adaptive policy framework, regional partnerships and investment in sustainable, inclusive growth models has never been more urgent.

Grasim continues to harness the strength of its diversified business portfolio, seamlessly aligning with India's robust growth trajectory. Backed by a legacy of building large-scale, future-ready businesses, Grasim is well-positioned to cater to the rising demands of a dynamic Indian economy. Riding this growth wave, we are proud to share that Grasim has delivered 20 consecutive quarters of year-on-year revenue growth, achieving an impressive 15% CAGR since FY 2021. Our trailing 12-month TTM consolidated revenue has crossed a record high of nearly ₹1,50,000 crores, a testimony to our consistent performance and resilience. While the Company's CFO, Mr. Pavan Jain, would be covering key financial highlights, happy to share that we have started the current financial year on a high note, reporting 16% YoY growth in consolidated revenue at ₹40,118 crores. The standalone revenue for the quarter touched a record high of ₹9,223 crores, up 34% YoY, led by high growth from new businesses, paints and B2B e-commerce, coupled with stable core businesses, cellulose fibres and chemicals. Consolidated EBITDA stood at ₹6,430 crores, marking a strong growth of 36% YoY mainly due to higher profitability in cement and chemicals businesses. Partially offset by initial investments for building strong consumer-facing paints businesses, Birla Opus, in line with board-approved business plans.

Starting with the new businesses: Firstly, with paints business: Birla Opus reported double-digit revenue growth on a quarter-on-quarter basis. As per internal estimates, the organized decorative paints industry has grown by over 5% on YoY basis. However, as per our estimates, excluding Birla Opus revenues, the organized decorative paints industry has degrown slightly or remained flattish on a year-on-year basis. Our belief is that this subdued growth rate is led by a push from incumbent industry players for low-end economy products. Nevertheless, Birla Opus continues to believe that the industry market share realignment along capacity lines, consolidation of fringe players, highest-ever manufacturing capacity addition, and increased brand salience will enable the decorative paints industry to return to double-digit growth. The industry is bound to capture the opportunities from rising consumer aspirations and exponential development in infrastructure, especially the housing sector. As per internal estimates, Birla Opus on its own is India's No. 3 decorative brand and when combining the revenues of Birla Opus and Birla White putty business, similar to the revenue reporting of all paint majors. Aditya Birla Group's presence in the decorative paints business has crossed 10% revenue market share.

On the manufacturing front, the trial production of emulsions and water-based paints at Birla Opus 6th plant in Kharagpur has begun and commercial launch is on track by the end of Q2FY'26. To emphasize, post the launch of this 6th plant, the Birla Opus installed capacity will rise to 1,332 million liters per annum, estimated to reach 24% of India's organized paint industry capacity.

On the Consumer Engagement front, Birla Opus Painting Services offered under the PaintCraft brand name is being scaled up through the retail network. PaintCraft has been running a direct painting services by the company in select cities for last two years, which is now being extensively expanded to over top 100 towns in Q2 FY'26 through Company's dealer-operated franchises. PaintCraft is a differentiated service offering that is unlike any existing dealer-led painting services model. The key point that makes it distinct is that the service has been built on a digital platform, which integrates the service for all stakeholders, including the company, dealer franchise, applicator, painter, and consumer. This allows PaintCraft to offer a) Transparent consumer pricing, b) Financing on painting, c) End-to-end company oversight of dealer-led painting services through a trained execution network, and d) A fully tax compliant service. The Company remains committed to upgrade consumer painting experience not only in metros and large towns, but also in mid and small towns through Birla Opus PaintCraft services with a vision to offer consistent quality and affordable painting services with the backing of the Company. Separately, our research shows that consumer love for Birla Opus continues to rise as brand maintains its unique 360-degree integrated highly salient advertising campaigns. Recently, the company has launched part two of "Duniya Ko Rang Do" bringing back adorable "Opus Boy" in animation form. Opus' increased acceptance can be measured through higher uptake of premium and luxury paint products. This quarter, the premium and luxury product revenue contribution was maintained at 65% of revenue covering all categories across emulsion, enamel, wood finish, and waterproofing, including retail and institutional segments.

On the distribution front, the focus shifted to improving dealer throughput in terms of revenue by increasing penetration of each category with the onboarded dealers and selling a wider range of SKUs per category. The brand has expanded its pan India reach to over 8,000 towns in a short span of less than 12 months. The total CAPEX spent for paint business stood at ₹9,555 crores as on 30th June, 2025. Grasim is proud of Birla Opus team to have executed such large-scale greenfield project of six state-of-art plants. Such execution of simultaneous commencement without any cost overrun, lighting piece, production scale-up and delivering first-time right and consistent quality for the entire range of 179 products is a feat unparalleled. This execution further demonstrates financial discipline and manufacturing and supply chain prowess capability of this new startup organization.

Moving on to the second new business, Birla Pivot, The B2B e-commerce business. Let me start with the potential of online platform in the building and construction space. Indian B2B market presents an untapped opportunity estimated at \$2 trillion today and poised to grow at a ferocious pace of \$4 trillion by 2030, making it one of the largest globally. There are over 73 million SMEs, growing at ~13% annually who are rapidly adopting digital solutions for core business processes like GST compliance, e-way bills, digital payments and credit access. Since its launch in 2023, Birla Pivot has evolved into a comprehensive and trusted B2B e-commerce platform offering integrated procurement and financial solutions that help businesses grow and become more efficient. Birla Pivot platform today offers a wide range of products across 35 categories, 40,000 plus SKUs from 300 plus brands. Birla Pivot team has been successfully building a large network of buyers and sellers and continuously improving its proposition across three core pillars of B2B e-commerce, that is price, assortment and experience. There has been a steady rise in customer's engagement on its proprietary tech stack Birla Pivot Suite which is unique and solves the need of the ecosystem. The private labels across tiles, bathware and ply has been gaining traction, and we are seeing increasing inquiries for these categories. As for this quarter's performance, the business has delivered another quarter of superior growth rates despite monsoon led weakness which impacted large part of the construction material segment. The business has grown at high single digit sequentially led by new customer additions and healthy repeat orders. The business annualized the revenue run rate continues to rise and remains on track to achieve ₹8,500 crore that is the billion-dollar ambition by FY'27.

Moving on to the cement business, the third revenue stream in Grasim's building materials segment, UltraTech. The performance has been robust with revenue growth of 13% YoY. The company added new capacity of 37.4 million tons per annum on YoY basis with total capacity domestic and overseas now at 192.3 million tons per annum. The large annual capacity addition includes greenfield expansion and acquisition of key assets of Kesoram and India Cement Limited business domestically and RAK at UAE during last one year. Ultratech continues to stand at the helm of India's infrastructure growth story and contribute to the nation's long-term development goals. The volume growth in the cement industry is estimated at 4%-5% and UltraTech continues to outweigh industry growth with volume growth of 10% YoY. The operating EBITDA per metric ton grew at a healthy level of ₹1,248 per metric ton, a phenomenal rise of 37% on YoY basis led by scale benefits and cost optimization.



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As regards existing core businesses including cellulose fibres, chemicals, renewables and other businesses and overview of company financials, I am now handing over to the CFO, Mr. Pavan to carry on from here.

Pavan Jain:

Thank you, Mr. Kapania and good evening to everyone. Cellulosic fiber prices continue to remain resilient compared to other competing fibres like cotton and polyester which are exhibiting volatility with a downward bias. In H1 of calendar year 2025, there was demand slowdown globally including demand in China resulting into decline in utilization levels to 82% and increasing inventory to 20 days. With price increase to partially absorb the high input costs, cellulosic fiber revenue grew by 7% YoY to ₹4,043 crore. Just to remind this segment also has an element of our cellulosic fashion yarn business where the volumes grew by 6% YoY. The realizations in cellulosic fashion yarn business continue to remain impacted by lower priced imports from China. High input prices including that of caustic soda reflected in higher profitability of our chemical segment partially absorbed by the Company has resulted into decline in EBITDA by 17% YoY.

In chemical business, revenue grew by 16% YoY at ₹2,391 crore led by volume growth of 8% driven by stable domestic demand scenario. ECU realization stood flattish on sequential basis and higher by 10% YoY led by stable demand and favorable base. Specialty Chemical sales volumes stood at record high levels, recording a growth of 6% YoY as the utilization rates of expanded capacities are improving. EBITDA for the chemical business grew by 36% YoY at ₹422 crore.

The financial services business under Aditya Birla Capital is continuing to focus on embracing customer centricity and driving synergies across verticals. A key thrust has been on capabilities in data, digital and technology, enabling enhanced decision making, improved customer experience and greater operational efficiency. For Q1 FY26, the business reported revenue growth of 8% YoY led by housing finance which was up by 65% YoY and health insurance which was up by 31% YoY. Total lending portfolio which includes NBFC and Housing Finance loan book grew by 30% YoY to over ₹1,65,000 crore. Amidst declining interest rate movement, the NBFC business witnessed a YoY decline of 59 basis points in the net interest margin. The total assets under management across AMC, Life and Health Insurance grew by 20% YoY to over ₹5,53,000 crore. Of this, Life Insurance AUM crossed milestone of ₹1,00,000 crore.

In renewable business, our total installed peak capacity reached 1.9 GW in Q1 FY'26 up two-fold from 946 MW in June '24. The business has strong anchor clientele with Aditya Birla Group companies representing ~43% of the existing portfolio.

On Capex front, Grasim has announced CAPEX plan of spending ₹2,263 crores in FY'26 out of which ₹480 crore has already been spent in Q1 FY26. Lyocell project in Cellulosic Fibre business remains on track to be completed by mid-27. The long lead items orders have been placed and other orders and contracts are in process. In chemicals, mechanical completion of two projects namely ECH and CPVC plant with Lubrizol would be completed in Q3 FY'26.

Before we open the floor for Q&A, I would like to share development on my movement as you would be aware, I am superannuating effective 15th August 25 and my colleague Hemant Kadel will be taking over as CFO. It is a mixed feeling of pride, gratitude and emotion being associated with Grasim for more than 20 years and CFO for over 3 years. It has been a journey of growth, challenge, learning, contribution and most importantly collaboration. I have been fortunate to work and interact with some of the brightest minds and committed individuals. Together we have navigated market cycles, celebrated milestones, weathered uncertainties and above all upheld the values that defines this company. As I step away, I carry with me not just numbers and reports but memories, relationships and the satisfaction of having contributed in some way to this institution's journey. I would like to add my interaction with many of you as analysts, investors and observers has helped shape my knowledge and intellect. I want to thank the Board and our leadership team for their constant support and belief in me. To each one of you on this call and friends in the investment world, thank you for the trust, work relations and shared purpose we have built over the years. Thank you for building such an important association. It has been an honor and I am confident that the Company is in an exciting growth phase poised for even greater heights. I look forward to watching Grasim's continued success, this time from the sidelines. I now open the floor for Q&A.

Moderator: Thank you very much. We will now begin with the question-and-answer session. The first question is from the line of Mihir Shah from Nomura. Please go ahead.

Mihir Shah: Hi, sir. Thank you for taking my question. Sir, first question is on paints. Wanted to check on your sales momentum in the recent months. My back of the calculation suggests that you've grown about 20% in this quarter on a QoQ basis. But just in the recent months, I wanted to check the momentum. The context of the question is generally brands in the initial phase of the launch see high demand and then it moderates down in some time as it consolidates before starting again to gain traction, if at all. There are views that Opus is now consolidating and dealers are going back to their old brands. I wanted to know your side of the narrative and which phase are you in currently? So, that's my first question.

Rakshit Hargave: So, thank you, Mihir. Let me answer the first question. So, like we have also declared quarter-on-quarter growth is in double digits, and the fact is that the growth for us continues. So, growth, as you said, comes also from dealers who are being added, but more from dealers who are now giving us more business as counter share. On your query, that there is feedback that there is dealer attrition and dealers are going back, I am not able to comprehend that easily because firstly, let me tell you that apart from the franchises that we have majority of our dealers are multi brand dealers. We are not the first brand in the shop. We are either the second, third or fourth brand. And most of those dealers continue to be with us and continue to expand our portfolio and sell us more. If one or two dealers have gone back, that should not be taken in the other calls where we have heard that we are having dealer attrition. The fact is the larger universe and majority of them continue to grow with us and giving us more counter share. On your question, where are we on the page? We are purely on the growth phase. So, while you might say classically there is a growth phase and there is a consolidation phase, we are growing and

consolidating both. Because when we say that our throughput per dealer is going up as a function of deeper penetration, more products and more range, that obviously means consolidation. But the fact that we are still adding some more dealers and increasing our range in each dealer says that we are also growing. So, that's where we are.

Mihir Shah:

Got it, Rakshit. Thank you for that. That's quite helpful. Secondly, I wanted to know if you can share how is your traction between the category A, B, C dealers? Where have you seen the most acceptance and what kind of hurdles are you facing to make inroads in the other ones that you have not been able to get through? And a sub part to it is, earlier even you had highlighted during the launch that you will cross 6,000 towns. I see you've crossed already 8,000 towns now. Even your SKU and product mix has crossed the earlier number that you had shared during the launch. Any updated dealer reach or any of the updated numbers that you would like to share? That's my second question.

Rakshit Hargave:

Like we said, we have shared the dealer reach. As we said that we had a target of 50,000 dealers in the first year and we were very close to that. And like we said, we are still adding dealers but consolidating more on existing dealers. You rightly said we had talked about 6,000 towns, but we are close to 8,000 towns. So, for us, growth continues in this way. We are not sharing any other numbers, but I think these are fair indicators that business is progressing on all fronts in all the geographies.

Moderator:

The next question is from Rahul Gupta from Morgan Stanley. Please go ahead.

Rahul Gupta:

Two questions. So, first, just continuing on the previous question, can you help us understand how competitive landscape has evolved vs. last quarter? I remember you mentioned that the economy segment had relatively higher competitive intensity. So, just some color on this will be very helpful. That's my first question. Thank you.

Rakshit Hargave:

Yes. So, like we said, the competitive intensity remains and we see that from competition side, the intensity has been increased on the value or the economy segment. The level of discounting has gone up and you can also see from all the other companies that while volume growth is there, but the value growth is much lesser than that. So, obviously, the action on discounts on the economy segment has been taken up by competition. But like we said, we continue to play very strongly in all the three segments, as you say, luxury, premium and economy. Himanshu also ratified in his opening speech that the contribution of luxury products, if you assume the full portfolio for us is close to 65%, which is very, very good, even for an established player, leave aside a new player like Birla Opus.

Rahul Gupta:

Got it. So, just to follow up on this. So, how should we look at both volume and value for rest of this year? I also understand that festive season is earlier this year. So, any color that you may provide on this?



- Rakshit Hargave:** So, if you noted on a QoQ annual basis, the market has grown only at 5%. And if you remove Birla Opus, then the market is actually minus one or zero. So, obviously, Birla Opus has taken a lion's share of the growth, which has happened on an annual basis. Now, if you take a look at this year, yes, the market is still slow. The advancement of rains does not work well for paints business because the exterior business, you know, gets affected. And this time in monsoon, even if at a lower intensity continues for a longer period, which would mean that the slowness because of monsoon would still be there. Now, how would the volume growth move ahead in the following quarters? Difficult to predict. But yes, you are right that this time Diwali is earlier. And corresponding to that, the so-called high sales season period, which has relevance in paints will come before. And that should start happening towards the end of August or September. And as Birla Opus, we are fully prepared to tackle that successfully. And we see that we should be able to grow well on a continuum basis. As far as competition is concerned, it is for them. How do they want to play the coming season?
- Rahul Gupta:** Great. Thank you so much. Just one book keeping question. Our math suggests that your reported revenues was around ₹11 billion versus ₹9 billion last quarter. Can you help us understand what kind of revenues was in CWIP?
- Rakshit Hargave:** So, we appreciate your, doing your maths on your books. But like we said, we will disclose the maths at the right moment as Pavan had promised in the last call also.
- Rahul Gupta:** Let me flip this question. Is CWIP revenues this quarter materially different versus last quarter?
- Rakshit Hargave:** See, what is CWIP? For factories which have not been capitalized and which are manufacturing as per accounting laws, the sales from that has to be put in CWIP. So, yes, there is our factory Mahad, which was manufacturing. It had products which were manufactured before capitalization. So, they would go in CWIP. I would not like to comment on the value. But the fact is as per accounting standards on a timescale, it does impact our reported numbers.
- Rahul Gupta:** Got it. Thank you and all the very best.
- Moderator:** Thank you very much. Next question is from line of Nirav from Anvil Wealth. Please go ahead.
- Nirav:** Yes, sir. Thanks for the opportunity. Two questions on chemicals. Sir, one, when we see our YoY numbers for chemicals, our EBITDA has gone up by close to around ₹112 crores. And based on the ECU realizations, we are higher by around ₹3.40. So, which translates to a benefit of close to around ₹103 crores. So, I just wanted to check here like the benefit from ECU as well as from the renewable share was higher than this ₹103 crore and there was a degrowth in the profits from the epoxy division, your thoughts here?
- Jayant Dhobley:** Yes, I am not completely sure I understand your math. But the end question that you have was there a degrowth in epoxy profits. That is the question you are leading to. So, I will answer very directly instead of indirectly. So, as you know, feedstocks for epoxy basically BPA, ECH have

been hardening for particularly ECH. You also know that there is an antidumping duty on ECH. At the same time, you also know that epoxy comes into India through different countries, particularly Korea through FTA arrangements, which basically puts pressure on the epoxy chain. Our approach has been to find the right balance between maintaining market share and maintaining margins. We do hope that the process that is now running with the Government to review different FTAs and the industry representations around that will lead to some positive. So, yes, within the epoxy chain, the industry is in a margin compression between hardening raw material prices, antidumping duty on one hand and duty-free imports on the other hand. And we are making the right balance trade-offs between retaining our margin and ensuring that we don't spoil our market position.

Nirav: Correct. So, in one of the interactions in the earlier calls, you mentioned that the steady state or the normalised margin for the epoxy business should be anywhere between 15% to 18%. But I think with all the factors, what you mentioned above, the margins in this business possibly would have come closer to 10% or let's say anywhere between those bands. So, is it correct?

Jayant Dhobley: I would not like to comment on that because you know that we also have a large portfolio of specialty epoxy's. We make a large number of products, uniquely tailored for automotive, for wind, for anti-corrosion, etc. So, I would not like to comment on the current state of margins because it's competitively sensitive.

Nirav: Correct. Sir, second question is on the power requirement. I think based on some back-end calculations; I think our power requirement for the chemical business is close to around 350 megawatts. So, if you can just help us understand what is the mix between captive renewables and grid and also if you can share the capacity utilization for the chlorine derivative business.

Jayant Dhobley: The capacity utilization has been slightly above 80% for chlor-alkali. That is the one that you're asking?

Nirav: No, sir. I am specifically asking about VAP.

Jayant Dhobley: That is a difficult number to give because it's a very complex portfolio, with more than 20 product lines. So, that's a difficult one to give. Maybe I don't want to disclose that number.

Nirav: No, worries. And sir, the breakup of 350 megawatts or whatever may be the number.

Jayant Dhobley: My renewable has reached about 15% exit. Which is, I think, the number that you were looking for.

Nirav: Correct. And what would be a captive mix?

Jayant Dhobley: Captive and grid would be roughly equal.

Nirav: Got it. Thank you so much, sir.



Moderator: Thank you. Our next question is from the line of Prateek Kumar from Jefferies. Please go ahead.

Prateek Kumar: Yes, good evening. My first question is on your B2B e-commerce segment. The segment has a scale to almost over ₹5,000 crore of revenue run rate. What is the kind of profitability the segment is doing and or any output if you can share on the same? Also, the second was, I mean, we envisaged around 2,000 crore of CAPEX when this segment was launched. How is the, I mean, how do we see CAPEX in the segment now? That is my first question.

Sandeep Komaravelly: So, on your first question, the revenue growth has been pretty good, and it continues quarter-on-quarter. As was remarked in the opening comments, we are seeing high single digit growth sequentially when you compare Quarter 4 to Quarter 1. You had asked about profitability. We had earlier mentioned it in our previous quarter calls as well at a scale of \$1 billion, which is what we are estimating that we hit in FY'27. We are confident that we will break even at that scale. And all our indications and our trends right now are pointing towards that, if not sooner. Regarding your second question, Prateek, which is on CAPEX and how much have we spent out of the ₹2,000 crores that was announced when we launched the business? Look, our business is a technology business. We are fundamentally investing in building a technology platform and making sure that all the parts of our value chain are visible to our buyers, our sellers and everyone else who is participating in the ecosystem. So, most of our CAPEX so far has largely been in building that technology stack. Without going into the details of how much has been spent, we are well within track as per what we budgeted for and we still remain in that growth phase and we still continue to invest in building the right technology, which will solve for the needs of this B2B universe.

Prateek Kumar: Thank you. My other question is on paint business. Any one-year target or we had a great start to the financial year. Any one-year target we now have for this business in terms of revenue or any other metrics which you think is important?

Rakshit Hargave: We talked about, we gave some metrics for the first year and then we have anyway given our intention to be what we want to be in full-scale operation after 3-years. So, we do not really have specific targets to share with you for a one-year period, but the journey continues and we are on track, give or take a few things here, plus or minus. That is how we would want to put it.

Prateek Kumar: Sure. Thank you and all the best.

Moderator: Thank you. Next question is from Nishant from Temasek Holdings. Please go ahead.

Nishant: Hi. Just one question on the paints business. What is the credit policy difference that we have versus peers? Do we have a higher indexation to dealers for more credit funded versus short cycle credit?

Rakshit Hargave: If you take a look at the overall market and if you take a look at the top 3 or 4 players, our credit policy will fall somewhere in the center. So, we are with the market. It is not that we are giving



less or more, but the different players have slightly different policies starting from A to B. So, our policy would fall somewhere in the average in terms of credit.

Nishant: Understand. And the second one is in terms of just as you go through the brand evolution, how do you track evolution from a transactional business pull through to a brand driven business pull through? How would you sort of assess that evolution?

Rakshit Hargave: So, we have taken some initiatives. One of them is also first time in the paint industry is that we have availability of RMS data, which actually gives us a lot of insight into what is the share that we have across different geographies. Secondly, we also have a good brand tracking mechanism, which shows where are we in terms of total awareness, unneeded awareness, spontaneous awareness, and how are we progressing versus competition on a quarter-to-quarter. Very soon, we will also get into what you call is the consumption funnel and reason, from awareness to usage and why are they drop out. So, like a classical good consumer brand, we are putting these practices into play and access to this kind of data helps us understand how we are moving better.

Nishant: Understand. And any color that you can share on current sort of awareness data that you may be able to share today?

Rakshit Hargave: Yes. So, I'll share with you, if you take a look at total awareness, we are already there with the top three brands. And if you talk about spontaneous awareness, as per my data, I am already number two and equal to the number two player.

Nishant: Understand. Okay. Sorry. Spontaneous is unaided awareness.

Rakshit Hargave: Spontaneous is you ask someone, which is the one brand that you would want to say?

Nishant: Understand. Okay. Got it. Thank you.

Moderator: Thank you. Next question is from line of Amit Purohit from Elara Capital. Please go ahead.

Amit Purohit: Yes, sir. Thank you for the opportunity. Just one on the overall industry demand. You clearly highlighted that the incumbents have not grown much. And how do you see this going forward as we enter into festive season? Any outlook that you think would find it challenging for us to maintain the growth momentum because the industry demand remains muted? That was my first question. And second is on PaintCraft. I just wanted to know, this service would be available to all our dealers and normally in a typical dealer, what is the share of painting service? I know not for all dealers, it may be, but at least the top dealers that we in their sales, how do we think about it, this as an enabler to drive further growth?

Rakshit Hargave: So let me answer the first question regarding how do we see the demand in the upcoming season? So you see, the season is slightly advanced this time as compared to the last few years. So you should see the festive upswing starting towards the end of this month and September should be

a big month. Difficult to say how the other players will play out because currently the focus is a lot more on economy segment and discounting. And that is going to get you some volume, but that might not get you so much of value. As far as we are concerned, we will play the market as it should be. We have a very exciting luxury premium portfolio also. We will focus on that. We are quite confident that we will be able to reap good benefits and continue our quarter-to-quarter growth. For the others, I think it's up to them as to how they want to focus on themselves and play. On PaintCraft, see we were offering PaintCraft as a direct service, as a kind of test market in some cities through service partners. We are now going to take it broader. And in the first phase, we will take it to about 100 towns and we are going to offer it to our franchise dealers. But obviously during a certain period of time, we will cover a large number of dealers who work with us. Now, how much contribution does come from painting service? We will have to learn that ourselves. As Himanshu said, we have created a good tech stack in terms of lead generation, in terms of fulfillment, transparent pricing, tax compliant. And we will also promote it that way. We are quite confident that the consumer will be excited because there will be many benefits here. And we hope that it contributes a decent volume for the partners who are working with us. But we will have to see how it evolves. But good preparations and good plans have gone into that.

- Moderator:** Thank you. Next question is from line of Raashi from Citi. Please go ahead.
- Raashi:** Thank you. Just two questions on the paint side, I think I missed the point that you mentioned that excluding Birla Opus, you said that the industry growth was flat? Is that what you said?
- Rakshit Hargave:** If you take this year and if you take Q1 of FY'25 and if I remove Birla Opus from both left and right hand side, the market growth is marginally negative.
- Raashi:** And with Birla?
- Rakshit Hargave:** With Birla, we said it's about over 5%.
- Raashi:** I understand. And what is your general estimate for the industry growth? I mean, I understand that a seasonally strong period is coming up. But on average for the year, how are you thinking about this?
- Rakshit Hargave:** I think too early. It's just been one quarter. There are three more quarters left. We will have just to wait and see. We will play a good game.
- Himanshu Kapania:** Raashi, I think you are the fourth asking the same question. Let me address this. This is Himanshu. I will just address this. It's dependent on the industry players. There is volume in the market. Now, whether you want to convert that volume into value is now left to the industry players. That is to us is what we are repeatedly saying. Okay, there's enough in the market. The market has huge opportunities. Consumers want to do painting services. They can take it and



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discount it and still get volume and not get value. Or they can keep the value with them. That is where the current industry is. So that's why we are waiting.

Raashi: Understand. And any update on the whole CCI investigation?

Himanshu Kapania: Yes, I would like to share that. Grasim has filed information with CCI regarding the practices found in the market with respect to the abuse of dominance by the dominant player. CCI saw merit in information and evidence shared by Grasim and has ordered DG for investigation on 1st July 2025. The order is available for public on the website of CCI. We have to wait to see the results of the investigation. As this is a matter of subjudice and with the regulator, we will not be able to comment anything further on the investigation.

Raashi: Okay, understood. Thank you. And just last question for me. You mentioned that the B2B business will break even in FY'28. Is that what you said?

Pavan Jain: When we reach this \$1 billion revenue topline, we said we will be EBITDA positive.

Raashi: Thank you.

Moderator: Thank you. Next question is from the line of Shreya from Oaklane Capital. Please go ahead.

Shreya: Thanks for the opportunity. My question is related to chemicals business. So, you mentioned that the chlorine integration level for the quarter was 63%. So, could you give some sense or color on what portion of it was to the dedicated customers and what was for the internal consumption?

Jayant Dhobley: The breakup of the chlorine sales, I think internal consumption, I will give you a range because I do not want to give you an exact number. You can assume that about 30% to 40%, it is a range which we are giving, will be in the internal consumption. Rest goes to the pipeline customers.

Shreya: Okay, understood. And any sense on, since we will be having our ECH plant and as you mentioned earlier that because of the ECH prices going higher, our epoxy margins were compressed. So, as and when we have our ECH plant, where do you see our epoxy margins going forward?

Jayant Dhobley: Yes, wouldn't that also not depend on the ECH price at that moment in time in that quarter? As you know, ECH is a volatile commodity. So, we would have to make an assumption on either propylene or glycerine or whatever. So, that is a difficult one to predict.

Shreya: Yes, thank you, sir.

Moderator: Thank you. Next question is from the line of Aniruddha Joshi from ICICI Securities. Please go ahead.



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- Aniruddha Joshi:** Yes, thanks. So, I guess on paints, you indicated premium revenue share of premium paints is 65% is that the correct number?
- Himanshu Kapania:** So, it is not revenue share. Revenue contribution to the total contribution of premium plus luxury is 65%.
- Aniruddha Joshi:** Okay, understood. So, this premium paint is calculated means any price and above like ₹200 per litre or ₹250 per litre. Means, how do you define that?
- Himanshu Kapania:** Market defines premium and luxury products, in waterproofing segment, in wood finished segment, in emulsion segment and enamel segment and the same is the definition. It varies from each category wise. It is very well defined. We have a brand, we have three broad brands. Style is a brand for economy, Calista is a brand for premium and One is a brand for luxury. So, primarily, when I combine Calista plus One, wherever applicable, otherwise, whatever is market defined in a particular category. It is very well defined.
- Aniruddha Joshi:** Okay, sure, sir. And additional details means what would be the geography wise revenue break-up if you can indicatively share East, West, North, South, even if you share in FY'25, that is enough.
- Rakshit Hargave:** We have also told in the past that we are generally performing well across pan India and we also said that the range between maybe my best performing region and my so called slowest performing region is also in 80 to 120. So, that continues. So, by and large, we have good acceptance and like we said, we are growing and consolidating across all markets. This is also changing a bit dynamically.
- Himanshu Kapania:** And our aspiration is pan India, not regional aspiration. So, we want to grow and lead in every market.
- Rakshit Hargave:** So, some other businesses of other competitors who have focused on particular states or have very disproportionate revenue from few states, we want to be all India, all rounder where we are doing well across all geographies.
- Aniruddha Joshi:** Okay, sure, sir. Last question. So, we keep hearing from Channel checks that the 10% extra grammage scheme is withdrawn in some markets. Is that understanding correct or it's incorrect?
- Rakshit Hargave:** So, I am very happy that you raised this because if you were not going to raise, I would have anyway given a clarification. We have also heard from other analysts calls that people know more about our business than us ourselves. So, let me put this record on straight that the 10% offer on 20 liters and 10 liters for majority of emulsion packs as we are giving fully continues. Okay. So, this puts the record straight.
- Aniruddha Joshi:** Okay, sure, sir. Thanks for the clarification.



- Moderator:** Thank you. Next question is from line of Sucrit Patil from Eyesight Fintrade. Please go ahead.
- Sucrit Patel:** Thank you very much. My question is specifically to Mr. Himanshu.
- Himanshu Kapania:** Yes. Go ahead.
- Sucrit Patel:** Yes, sir. I had a forward-looking question on your emerging platform. With Birla Opus entering the decorative paints segment and Birla Pivot scaling in the B2B E-commerce, how is Grasim thinking about cross-platform data monetization, predictive data, predictive demand mapping, or AI-led SKU optimization across these verticals in the next 2 to 3 years? And in your view, could this create a differentiated ecosystem advantage versus standalone peers?
- Himanshu Kapania:** So, to be able to, if I was in an environment which did not have privacy applicable to me, I would have given a very different answer. But today, the privacy laws of the country are very, very strong. And doing cross-sales from different platforms, in my mind, is not permitted. I am currently the Chairman of the FICCI Privacy Board and clearly that's not permitted. We have to go back to the customer to do cross-sales, which is of a customer-available in one platform to the other platform. And that is itself is a humongous task. Both the new businesses are in the process of getting their act together. And we are not going to cross this bridge for a certain period of time. That's our current position.
- Moderator:** Thank you very much. Sir, The next question is from the line of Sakshi, an individual investor. Please go ahead.
- Sakshi:** Hi, good evening. So, my question is regarding chemical business. How much is the chlorine price for this quarter?
- Jayant Dhobley:** For the quarter that we just reported, chlorine was trading at about 6,000-6,500 negative.
- Sucrit Patel:** Sir, while calculating ECU, are we considering flakes and hydrogen realization?
- Jayant Dhobley:** So, everything that relates to the actual electrolysis process is considered in the ECU realization. That's the industry standard.
- Sucrit Patel:** Actually, like if you see, some industries are by calculating ECU, they are considering flakes. And some are like both flakes and hydrogen. So, what we are following in Grasim?
- Jayant Dhobley:** So, ECU stands for electrochemical unit. So, every realization I get related to my electrochemical unit is in my ECU realization. So, I can only tell you what my definition is.
- Sucrit Patel:** Okay. Got it. And the second thing for extension plan, we reported like ECH is 50 and CPVC is 50 KTPA. However, with chlorine derivative, we are getting 79 KTPA plan for extension. So, may I know like what's the difference between 100 and 79? Is it like partly commission or what exactly it is?



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- Jayant Dhobley:** So, we, as you know, the market conditions are a little bit uncertain right now. So, certain projects, on chlorine derivatives, we have deferred for better market conditions. So, that's the difference between what we indicated last quarter and this quarter. But those are smaller chlorine derivatives. The two main ones are ECH and CPVC and those are proceeding as planned. The rest, we may accelerate or delay based on the market conditions.
- Sucrit Patel:** Okay. And what is the plan for extension of caustic to 25KTPA? Is it same as Quarter 3 Financial Year '26 or what exactly it is?
- Jayant Dhobley:** That is again market timing dependent. It's a very small expansion. So, when we believe the conditions are favorable, we will execute.
- Sucrit Patel:** Okay. And as we know, sir, like Adani and Reliance is coming into picture, what we are thinking like it will impact our domestic market or?
- Jayant Dhobley:** So, we have been getting this question a couple of times, right? And look, the domestic business, for sure. And their project is related to PVC. There is a lot of changes also that happen in the global caustics scenario. So, if PVC demand adds in one area, it subtracts from another area. So, it's a somewhat complicated question to answer. The Indian market is not insulated from the global market, either on PVC or on Caustic. So, just looking at the picture from an India perspective only may not give us the full answer. Just look at the total PVC production capacity in Asia. Then put that in context of whatever Indian capacity is coming.
- Moderator:** Thank you very much. Ladies and gentlemen, due to time constraints, we will take that as a last question. With this, we conclude today's conference call. On behalf of Grasim Industries Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines. Thank you.