"Grasim Industries Limited
Q4 FY26 Earnings Conference Call"
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Sachin Sahay – CEO, Birla Opus
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Moderator: Ladies and gentlemen, good day, and welcome to the Q4 FY26 Earnings 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 call to Mr. Ankit Panchmatia, Head, Investor Relations of Grasim Industries. Thank you, and over to you, Mr. Ankit.

Ankit Panchmatia: Thanks. Good evening and thank you for joining Grasim fourth quarter and financial year end 2026 earnings call. The financial statements, press release, and presentation are already uploaded on the websites of stock exchanges and our website for your reference. For Safe Harbor, kindly refer to cautionary statement highlighted in the last slide of our presentation. Our management team is present on this call to discuss our results and business performance. We have with us Mr. Himanshu Kapania, Managing Director, Grasim Industries and Business Head, Birla Opus Paints; Mr. Hemant Kadel, Chief Financial Officer, Grasim Industries. We also have with us Mr. Jayant Dhobley, Business Head of Chemicals, Cellulosic Fashion Yarn and Insulators Business; Mr. Vadiraj Kulkarni, Business Head of Cellulosic Fibers Business; Mr. Sachin Sahay, CEO, Birla Opus; and Mr. Sandeep Komaravelly, CEO, Birla Pivot. Let me now hand over the call to Mr. Himanshu for his opening remarks. Over to you, sir.

Himanshu Kapania: Good evening, everyone, and thank you for joining Grasim quarter 4 earnings call. Happy to share that FY26 has been another landmark year in Grasim's journey of transformation, a journey that has steadily evolved the company from being a leader in select manufacturing businesses into a diversified platform of high growth future-oriented enterprises. Over the last several years, we have consciously built capabilities across manufacturing, consumer-facing businesses, digital platforms, financial services, and next-generation building materials ecosystem. The outcome of these investments are in our results. Consolidated revenue stood highest at INR1,75,431 crores or exceeding $18 billion in US dollar terms, registering compounded annual growth rate (CAGR) of 18% over period FY21 to FY26. It's truly remarkable to note that Grasim's standalone revenue have also reached an all-time high of INR41,039 crores, showcasing an impressive compounded annual growth rate of 27% during the same period. What we are witnessing today is the emergence of a structurally stronger Grasim with multiple engines of growth, sharper strategic clarity, and enhanced resilience across cycles. The key pillar of our transformation has been our unwavering commitment towards building leadership positions across every business in which we operate. Historically, Grasim has built category-leading business through scale, operational excellence, and disciplined execution. Today, that philosophy continues to guide our expansion into new age opportunities like paints and B2B e-commerce business as well.

Starting with paints first, I want to take you back to a moment not too long ago. When we announced entering the decorative paints business in year 2021, the market had questions, plenty of them. Could a newcomer truly challenge an industry dominated by deeply entrenched incumbents with decades of brand loyalty, distribution network, and pricing power? Was this ambition too tall?

Today, I am here to give you the answer. In quarter 4 FY26, Birla Opus delivered revenue growth of 52% year-on-year on a like-to-like basis. Further, excluding CWIP, on a like-to-like basis, the growth trajectory rises to 71%. In an industry where single-digit growth is celebrated, we have doubled our top line in one year. That is a growth of 100% revenue in FY26 versus FY25. The FY26 performance is heartening despite the business was still not under its full-scale operations as Kharagpur plant was commissioned in October 2025. But revenue alone does not tell the full story. What truly matters is market share, because market share in paints is trust made visible. As per internal estimates, the decorative paints industry revenue stood approximately at INR15,500 crores in quarter four of FY26, including listed and unlisted paint majors, putty, wood finish, and waterproofing companies and others. However, this excludes the industrial paints and other non-decorative revenues. Our revenue market share expanded by approximately 90 basis points quarter-on-quarter, strengthening our position as the number three player in the organized decorative paint sector. The FY26 revenue market share expanded by 370 basis points over FY25. When you combine Birla Opus with our Birla White putty business only, we are now nearing the number two position in Indian decorative paints. That is not a distant aspiration anymore; it is within striking distance.

Let me take you through key enablers of our paints performance. Firstly, on the distribution front, Birla Opus expanded its presence across 11,500 towns, crossing 50,000 dealers build mark. With 146 depots, Birla Opus ensures serviceability at industry benchmarks. The institutional sales channel has built a sizable foundation and grew 43% quarter-on-quarter and 212% year-on-year with over 10,000 sites build in quarter four FY26 alone. Birla Opus products now have 70 plus specification approvals from multiple government and other departments across cities with a similar number under various stages of approval. The institutional sales channel is working on a robust pipeline of 45,000 sites in various stages of work across 650 plus towns.

Secondly, the team continued its focus to drive secondary sales from dealer counters to contractors and consumers. The strong quarterly revenues have been possible on back of strong secondary by over 4.5 lakh active contractors who applied superior Birla Opus products. The 10% free paint promotion continued on 10- and 20-liter packs across all emulsion topcoats and waterproofing range, excluding sub-economy topcoats and undercoat primers. The strong relationship with paint contractors, the key influencers, continued to scale strongly on back of digital-first foundation platform through our contractor app, Opus ID, helping the teams to engage on a scaled level. In conjugation with the centrally controlled tinting machine analytics show strong colorant and shade consumption across geographies pan-India. With nearly 37,000 active tinting machines in operation, the tinting data continues to guide decision making and understanding of consumer consumption trends. Birla Opus continues to uplift the contractors and painter's workforce with industry-best schemes and loyalty benefits which remain unmatched even today, besides working on programs to build painter skill sets and non-monetary benefits including well-being and education support for his family. The repeat purchase by contractors is driven on back of superior quality which helps their reputation in the market and with the customers. Birla Opus continues to grow steadily also amongst the architect and interior designer, in short AID influencer segment, where partner network has now crossed 3,000 active firms across 60 cities, estimated to reach the second largest AID network in the industry.

Thirdly, on the product front, Birla Opus added 42 new products in FY26, majorly in A, in-house wallpaper, B, launch of painting tools under sub-brand Artist, C, waterproofing products under sub-category Alldry, and many more in the emulsion and enamel range. With this, the product portfolio expanded to 218 products and 1,850 plus SKUs serving a wide spectrum of customer preferences and market segments. Birla Opus saw robust demand for its emulsion and waterproofing products where revenue market share has crossed double-digit mark. The premium and luxury products contribution steady at 65% by value across all categories. Birla Opus continues to benchmark its product offering with the competition in real field environment and even now, 75% of Birla Opus product Rank No.1 in product superiority versus like-to-like competition basis blind product tests by specialist applicators across emulsions, waterproofing, enamels, wood finish, distemper, etcetera.

Fourthly, on the brand front, one out of every two consumers spontaneously recall Birla Opus brand. This is no mean feat. Birla Opus brand continues to build on its already number two position in unaided top-of-mind recall and increasing its gap with earlier number two and number three legacy players. The brand has a strong 90% plus awareness which is built on back of continuous innovative campaigns. The recent high decibel campaign in IPL 2026 featuring 10 cricket celebrities to champion a new era of paints from individual endorsement to a collective validation, voice echoing "Main Bhi Opus" supporting company's product superiority has garnered major traction. Look out for our latest "Main Bhi Opus" campaign with existing and new celebrity endorsing uniqueness of Birla Opus products. On its mission of enhancing customer experience in organized retailing of paints, Birla Opus exclusive branded franchise retail outlets hit a major milestone crossing 1,200 plus stores across 700 plus towns. As per our estimates, this is the largest organized retailing network in India, now elevating paints purchase experience not just in metros but in mid and small towns including rural areas. Our premiumization efforts continue with expansion of our full-stack GST compliant and attractive transparent affordable professional painting services, PaintCraft, now available in over 6,000 pin codes through paint galleries across 400 towns. To our understanding, this is amongst the only professional painting services offering attractive financial options with 6 and 12 month EMI at nearly no additional cost, an important tool in this inflationary environment. In conjugation with our industry-first service warranty through '**Opus Assurance**' campaign, Birla Opus PaintCraft continues to build brand trust and brings in lakhs of leads and thousands of project registration and contractor enrollment where Birla Opus products and services were eventually delivered with Opus Assurance.

The fifth strong pillar is the installed capacity of 1,332 million liters per annum which is 24% of the industry capacity and the brand remains focused to drive its revenue market share in line with the capacity share in the mid-term. The utilization steadily increasing across plants and with the rising output scale up of our sixth plant Kharagpur, which was commercialized in quarter three FY26, the average distance travelled by a product has come down by over 30% helping in optimizing of logistic cost while improving serviceability to the market.

Now let me share updates on price hikes and raw material situation. As you will recall, in the last investor call, Birla Opus proactively shared announcement to raise dealer prices by 2% to 6% in January and February 2026 across range of products. This increase was to test the channel and consumer reaction by bridging the gap with industry peers in this first phase of price change. I am happy to share that the initial response to the price gap reduction is encouraging with primary and secondary sales continued to be strong during this fourth quarter. We are therefore delighted to share that in March 2026, Birla Opus on its own crossed the coveted 10% revenue market share mark based on nationwide retail study commissioned by us. I'll give you a moment to absorb this. In April 2026, Birla Opus announced its second and third phase of price increase to offset the raised input cost. These multiple price increases have been staggered for implementation within quarter one of FY27. A large percentage of decorative paints raw material and entire packaging material is linked to crude derivatives. The volatile geopolitical environment and steep depreciation of our currency against dollar have resulted in spiraling of cost of goods to as high as 20% to 25% of COGS and we are still counting the impact. This level of increase is unprecedented and even now the raw material prices are unstable and unpredictable. Through these increases, Birla Opus have tried to cover the input cost escalation. However, if such global unrest persists, raw material prices could further escalate and may remain elevated for foreseeable future. We understand the industry has never seen such high inflation that has forced the entire industry to take multiple price hikes back-to-back.

This VUCA situation makes demand forecasting difficult and we need to closely monitor the situation as impact of price rise will slowly be felt by consumers and contractors in second half of quarter one and entire quarter two FY '27. April 2026 primary sales performance remained in line with March and Birla Opus continues to monitor the secondary sales trend closely on a weekly basis along with price elasticity of demand. With the inflation impact on input cost expected to continue until much after the war comes to an end, its impact on medium-term consumer demand remains uncertain as demand elasticity curve will be fully tested in this period. Despite these cost pressures, the company will continue to offer 10% free paint consumer proposition. In spite of post price increase, what I can confidently say that Birla Opus remains committed to driving market share gains and focused on our ambition to become number two player at the earliest, while we steer business towards guided INR10,000 crores profitable revenue in the third year of full-scale operations.

Shifting focus to second new business, Birla Pivot, which represents Grasim's commitment towards digitally enabled B2B e-commerce ecosystem. I want to take you to a world that most people never see, but one that powers everything around us. Every building you walk into, every road you drive on, every factory that produces the goods on your shelf. Behind all this sprawling, fragmented and deeply insufficient supply chain for raw materials. Steel, cement, chemicals, polymers, bitumen and other building materials, these are the building blocks of India's growth story. And for decades procuring them has looked the same, phone calls, handshake, opaque pricing, delayed deliveries and limited access to credit. It's a market measured in hundreds of billions of dollars and yet until very recently, it operated almost entirely offline. That is the opportunity we saw. That is why we built Birla Pivot. One of the primary challenges is the highly fragmented supplier ecosystem which makes it difficult for buyers to identify and engage with reliable vendors. Additionally, the absence of transparent pricing often leads to mistrust and sub-optimal purchasing decision. Many businesses, especially MSMEs, also grapple with working capital constraint which hamper their ability to procure goods efficiently and on a scale. Further complicating the procurement process is the inconsistency of supply as well as inefficiencies in logistics that can result in delays and increased cost. Product discovery remains limited, restricting access to a wider range of goods and innovative solutions. Finally, there is significant gaps in technology adoption among MSMEs, limiting their ability to streamline procurement operations and benefit from digital advancement. By focusing on these critical pain points, Birla Pivot aims to create a more integrated, transparent and efficient B2B procurement ecosystem. Coming to financial performance of Birla Pivot, the pace of scale up has been extremely encouraging and ahead of our revenue guidance.

Let me start with a number that I think captures the momentum better than anything else. Our revenue for quarter four FY '26 more than doubled on Y-o-Y basis. This business is in a striking distance away from our annual revenue guidance of INR8,500 crores. Now in a business that is barely a few years old, doubling revenue is not just growth, it is validation. It tells us that the market was waiting for someone to solve this problem at scale and we are doing exactly that. What is driving this? It's not one thing. It is all cylinders firing together. New buyers are joining the platform at an accelerating pace, existing buyers are coming back with larger, more frequent orders. We are adding new product categories, expanding new geographies, every lever we track, active buyers, average transaction value, transaction volumes are steadily moving up. This was also seasonally strong quarter and we captured the demand beautifully.

Now let me paint the picture of how wide our B2B commerce reach has become. Birla Pivot is now delivering to over 5,000 pin codes across more than 400 cities and we've crossed 5,000 retail touchpoints. Think about that for a moment, from metro construction sites to Tier-3 towns where contractors is building a school or a small factory, we're reaching them. We're giving them access to the same quality products, the same transparent pricing, the same reliable logistics that were previously reserved for the largest player in the main market. This is not just commerce, that is democratization. And our product portfolio keeps expanding. We are now scaling categories like steel, bitumen, copper and aluminum ingots and polymers partnering with leading Indian and international brands to offer a breadth of SKUs that no single distributor could ever match. We are becoming the one-stop destination for building materials procurement in India. But here is what truly sets Birla Pivot apart. This is not marketplace with catalog and checkout button. We have built an integrated operating system four-purpose built modules working in concert. Also what gives us unique edge is that we are not a startup parachuting into this space. We are Grasim Industries, part of Aditya Birla Group, with deep relationship across the building materials value chain from cement to chemicals to metals. Our supply side credibility, brand trust and on-ground presence are moats that no pure-play digital platform can replicate overnight. We are still in the early innings. The revenue has more than doubled, but the runway ahead is enormous. Our focus going forward is clear deeper buyer engagement with smarter AI-driven insights, expand our product categories and geographical footprint, scale our embedded finance capabilities so more MSMEs can participate in India's growth, and relentlessly improve the platform experience so that once a buyer comes to Birla Pivot, they never want to go back to the old ways of doing things.

Before I hand over the call to Hemant for financial performance and covering other businesses, let me spend some time on macro scenarios. We're living in a period where the world is simultaneously witnessing extraordinary opportunities and unprecedented uncertainties. Across continents, businesses and governments are navigating a rapidly changing global order, shaped by geopolitical tensions, inflationary pressures, supply chain realignments, technological disruptions, climate concerns, and changing consumer aspiration. Crude oil prices and volatility in raw material cost continues to impact manufacturing and global trade. Logistics network that once prioritized efficiency are now being redesigned for reliability and strategic security. Across sectors from chemicals and metals to technology and consumer goods, organizations are balancing growth ambitions with cost discipline and operational agility. At the same time, the world is undergoing one of the biggest technological transformation in history. Artificial intelligence, automation, digital platform, data-led decision making are reshaping industries at an unprecedented pace. The competitive advantage today is not merely scale, but the ability to innovate faster, adapt quicker and stay closer to the customer needs.

Yet amidst these global challenges, there is also optimism. Emerging economies, especially India, continue to demonstrate resilience and long-term growth potential. India today stands out as one of the fastest growing major economies, supported by strong domestic consumption, infrastructure investments, digital transformation, manufacturing expansion and a young entrepreneurial population. However, in the backdrop of a recent caution expressed on mindful spending and responsible consumption, the message for businesses and households alike is clear. This is time for calibrated optimism and disciplined decision making. While India continues to remain one of the world's fastest growing major economies, global uncertainties including geopolitical tensions, commodity price volatility and inflationary pressure require a balanced approach towards expenditure and investment. The emphasis today is not on slowing aspirations, but on prioritizing efficiency, value creation and long-term sustainability. For businesses, this translates into sharper capital allocation, cost leadership and productivity enhancement. Such periods often strengthen economic resilience as disciplined spending combined with strategic investment creates a stronger foundation for sustainable growth in the years ahead.

Let me now hand over the call to Hemant for his remarks. Over to you, Hemant.

Hemant Kadel: Thank you, sir, for your remarks and one thing before I start. History has shown that moments of disruption often create the foundation for the next era of growth. The global environment may be complex, but it is also opening new avenues for collaboration, transformation and value creation. Those who can adapt with agility, invest with foresight and execute with discipline will define the future of industry and enterprise. With this note, I would start with our biggest business, building materials, which include cement, paints and B2B e-commerce. Himanshu sir has already covered paints and B2B e-commerce.

Let me give you key highlights of our cement business. UltraTech continues to strengthen its leadership in one of the most important sector driving India's infrastructure and housing growth story. In April 2026, UltraTech crossed a historical milestone of 200 million tons per annum of total grey capacity. This makes UltraTech the world's largest cement company outside of China. To put that in perspective, we have nearly doubled our capacity over the past 6 years and we remain firmly on track to reach 240 plus million tons per annum by March 2028. On profitability, total operating EBITDA per ton stood at the highest mark of INR1,253. Over the past two fiscal years, FY25 and FY26 combined, we have delivered cumulative efficiency gains of INR185 per ton. This is not a one-off. It is the result of sustained focus on fuel mix optimization, logistics efficiency and operational excellence across our plants. These structural cost levers give us confidence that margin will continue to improve even in a competitive pricing environment. The Board of Directors of UltraTech Cement has announced a strong dividend payout of INR240 per equity share subject to the shareholders' approval at the AGM. The dividend declaration underscores UltraTech's resilient business model backed by a long-term commitment towards scale, operational efficiency, sustainability and nation building. For Grasim, the total cash inflow from this dividend would be nearly INR4,000 crores excluding taxes.

Coming to cellulosic fiber, we stand before you with tremendous confidence in the trajectory of this business that is not just keeping pace with the global trends, but actively shaping the future of sustainable textile. Let me set the stage with a powerful fact. Cellulosic fibers are the fastest growing segment in the Indian fiber basket, expanding at a CAGR nearly 2x that of other fibers. This is not a temporary blip. This is a structural shift driven by sustainability, cotton constraints and rising consumer demand for eco-friendly fabrics. Our Phase 1 Lyocell capacity at Harihar of 55,000 tons per annum, part of the total proposed 110,000 per annum expansion is progressing well. The macro environment is firmly in our favor. China's operating rates have climbed to 92% in Q4, up from 87% a year ago, signalling robust global demand. At the same time, China's inventory level have dropped to just 11 days, a clear sign that supply is tight and demand is accelerating. Our cellulosic fiber segment delivered revenue of INR4,614 crores in Q4 FY26, a commanding 14% increase year-on-year. Full year revenue surged to INR17,104 crores from INR15,897 crores, up 8% year-on-year. This growth was powered by dual engine of volume expansion and a deliberate pivot towards higher value specialty fiber. EBITDA stood at INR588 crores in Q4, up two times and full year EBITDA was up 15% to INR1,751 crores from INR1,524 crores. This was not just about volume, it was about operating efficiencies, a favourable product mix and the tailwind of benign pulp prices.

Now let me walk you through the strategic positioning of our chemical division, which continues to be a cornerstone of Grasim's diversified growth story. Our chloralkali business maintains undisputed market leadership with an installed capacity of 1.5 million MTPA. We are expanding from 1,505 KTPA to 1,530 KTPA. While evaluating additional capacities driven by growing demand from diverse end-user industries like alumina, organic and inorganic chemicals, textiles and FMCG industries etcetera. Caustic soda sales volume stood highest ever at 321,000 ton in Q4 and 1,232 KT for full year FY26. Specialty chemicals revenue grew 5% year-on-year, however, higher input prices mainly ECH, partially impacted profitability in that segment. Our revenue mix is evolving well, specialty chemicals now contributes 27% and chlorine derivatives 22%, reflecting our deliberate shift towards higher value downstream products.

Our financial services subsidiary, Aditya Birla Capital, represents a compelling play on India's long-term financialization story. Backed by a diversified and scalable financial services platform spanning lending, asset management, insurance and wealth solutions. As India witnesses rising household savings shifting from physical to financial assets, increasing insurance penetration and rapid credit formalization. The company is strategically positioned across multiple high growth segments rather than relying on a single business cycle. Its ability to consistently grow revenue and expand the lending book and assets under management demonstrates strong execution capability even amid a volatile macro environment. With rising incomes, formalization of the economy and expanding digital infrastructure and increasing investor participation through SIPs and mutual funds, we believe that Aditya Birla Capital is well placed to participate in multiple structural growth trends simultaneously, making it a diversified proxy for India's evolving financial ecosystem. Aditya Birla Capital Board has approved capital raise of INR4,000 crores by way of equity shares through preferential allotment. Given the growth prospects, Grasim's Board has approved an investment of INR2,880 crores maintaining our stake at 52.3% on a fully diluted basis.

Coming to the other segment, both renewable and textile business has delivered robust performance. For the quarter, revenue for the renewable business grew by 60% year-on-year and textile business was higher by 14% year-on-year. Renewable EBITDA grew by 55% and textiles business EBITDA stood at INR35 crores compared to a loss of INR8 crores.

I am pleased to share that the Board of Grasim has announced a final dividend of 500% amounting to INR10 per equity share, underscoring our long-standing commitment to create value for the shareholders. This marks the 63rd consecutive year of uninterrupted dividend payments. Reflecting our financial strength, resilience and consistent focus on rewarding shareholders across business cycles.

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

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

Mihir Shah: Hi sir, congrats on a good set of numbers. First question is on paints. Wanted to just understand your view on how should one think about the growth from here on as you've already attained scale with respect to dealer reach and tinting machines, similar more to quite a few of the legacy players. So how much more growth, do you foresee coming from further penetration of dealer reach and increasing tinting machine reach or will the growth largely come from improving throughput? So that's my first question?

Himanshu Kapania: Thank you Mihir. We are very confident of growth and the first and foremost industry is likely to move from a single-digit growth to a double-digit growth in FY27 while we observe the impact of raised prices and elasticity of demand, but the all trend shows that this is going to be a double-digit growth year. With this, as far as Opus is concerned, there is a lot of growth that is possible for us and we see growth both in numerical distribution expansion and improved throughput. Let me cover the numerical distribution expansion. We are currently at presence on large and small towns to 11,500. We are anticipating to cross this to beyond 15,000 by the end of this financial year. And the second is even the existing towns, there is a lot of scope for us on overall basis because the total number of dealers in the industry is excess of 1,00,000. But the largest component of growth will obviously come through throughput with the existing dealers having tasted success with one range of our category of products. For example, some of them have done emulsions and others have done enamel. With the confidence with the first range of product, they are likely to be able to expand to the entire range. I'll repeat we have emulsions, enamels, waterproofing, wood finish, distemper and for our franchise partners wallpapers and exclusive products. We also see expansion through expanding the retail networks. So we remain very confident that we achieved a triple-digit growth last year and we remain confident of a high double-digit growth. Sorry, Sachin I'm going to pass it on to you for incrementally on that.

Sachin Sahay: Yes, so like Himanshu said, just to reinforce the fact that numerical expansion in across the market for dealers will continue to play an extremely important role, but like Himanshu said, expanding the product range will be critical to build the throughput per dealer.

Mihir Shah: So my second question is if you can talk a bit on the profitability front on the paint sector. You've highlighted in the PPT that there is improvement in performance of paints when you speak about building material segment, which was also led by paint on the EBITDA level. Is this largely due to getting scale or do you or given that now you've got some scale there is some reduction in rebates to dealers or there is any reduction in the discounting? How should one think about that? And one clarification, you had highlighted that 3 years after your full operation you would want to reach INR10,000 crores. So should we consider FY26 as first full year of operation because it's only been two quarters since your sixth plant has commissioned? So FY28 would be the third year or FY29 you would be considering as a third year? So that was my second question?

Himanshu Kapania: So FY26 is what internally we're taking as our first full year of operation, even though the paints started or the sixth plant started in the third quarter of last financial year. So, we want to take stiffer target for ourselves, and we will take first full year operations of FY26. So, in the sequence of profitability, we want to again repeat in the order of our priority. Our order of priority is number one, we want to become the number two decorative paints operator in India. Second sequence of priority for us is 10,000 crores and third sequence of priority is profitable. We've always used all the three words together, but we are not splitting them in the sequence that we would like to achieve. Having said that, where does the one profitability come from? Profitability for us, we have invested ahead of time on fixed cost and you can see that both in terms of largest number of sales and service force and second is ahead of time investment in brands. These are both are in the fixed cost nature and as paints goes up, they will cover and give us the EBITDA benefit.

The second profitability angle is to get better returns because of our variable cost and the variable cost will again come by us being able to A, get better rates as we our buying ability increases so we can negotiate better prices. So, and with the six plants coming in, optimization of our plants on power, optimization of our logistics cost, all of this will result in bringing down our variable cost. There is also some optimization on products as we've, as we introduced most of our products with a single supplier, we are in the process of bringing in the second and the third supplier which gives as we bring in competition among raw material suppliers, we will also get both not only scale benefit, other level of cost benefits. So these are the routes for profitability, but as I mentioned, the sequence for us remains number one, number two position, then getting our revenue and finally achieving profitability.

Mihir Shah: Got it, sir. Very clear and thank you for your clear answers. Wishing you all the very best.

Himanshu Kapania: Thank you.

Moderator: Thank you. The next question is from the line of Pathanjali Srinivasan from Sundaram Mutual Fund. Please go ahead.

Pathanjali Srinivasan: Hello sir, congrats on a good set of numbers. I have couple of questions. So firstly in your early remarks you mentioned that we are within striking distance of becoming the number two player. I think last year the number two player in India did approximately 10,000 crores of sales. So how close are we when we say we are within striking distance? What is our range that we are mentioning here?

Himanshu Kapania: I'll clarify this. I'll read from the notes that I the presentation we made. Combined revenue of Birla Opus plus Birla White putty business, which is what is measured by all the paint majors, brings us nearly to the level of the existing number two excluding their industrial revenue. Okay, so when you quote a number, that number is annual number and that number includes industrial plus decorative. When we quote a number, we quote only the decorative part of the business which includes the putty side of the business. That is the statement that I made as a starting point, which is the current situation as far as quarter four of FY26. Going forward, our ambition and stated ambition is on its own Birla Opus in the decorative paints business, only in the decorative paint business, not including the industrial paints business, would like to be number two. I hope it's clear. The numbers that are quoted, we have internal estimates, we do market research and we get firm confirmations of multiple sources and we are very confident that the numbers that we have are trending towards what we have quoted. I hope it's clear.

Pathanjali Srinivasan: Thank you. Sir, that's very comforting. Yes sir, that's that provides a lot of clarity. My second question is related to something one of the previous participants asked. So with respect to throughput per dealer, where would we stand versus the industry benchmarking and what is the leeway that is there for growth there?

Himanshu Kapania: I'm going to give it to Sachin.

Sachin Sahay: Right. So hi, this is Sachin here. When you look at dealers, dealers operate typically in a various scale of operation, whether it's a A-class, B-class, C-class, D-class dealer depending upon what kind of business they are doing. In each of these subsets, we have a fair market presence, and our throughput is in line with our fair market presence and consequently that gives us a fair bit of comfort that we are aligned to the industry throughputs in each of these dealer sets.

Himanshu Kapania: So just to add, so the obviously we are not the market leader, so the throughput is best for the market leader. They have in our assessment about between 20% to 25% additional dealers. It is the reason why they are such a strong market leader is the throughput that they get from their dealers because as Sachin mentioned, their proportion of A-category dealers' business is A and B is significantly higher than our proportion there. In the case of number two, we have to focus on number one and number two as we are ourselves the number three, they have a different mix. They have a reverse pyramid that they have a larger proportion of A-category which constitutes their business and then disproportion. Our business is far more democratized because we are more national presence as well as evenly distributed. That's why our effort is more to be able to through the root of distribution to expand throughput in each of the categories of business whether it is A, B, C and D far more than what we currently have. This is what I can give you at this point of time.

Pathanjali Srinivasan: I get the strategic part of what you're saying, sir, but I just wanted to know a rough indexing in terms of because we have started some time back, I would not expect a recently started dealer to have a high throughput, but some of our earlier dealers have they reached fairly like a comparable throughput to some of the established players or are we still like further away from that? I'm just trying to understand if we'll get more growth from the existing distribution because we are still like relatively new in the market in terms of the number of dealers that we have over two-three-year period. If you can give me some colour on this that would be very helpful.

Sachin Sahay: Sure. So like I was mentioning about the four different classes of dealers A, B, C, D, just to give you a rough index why each sub-segment has been growing robustly in line with our overall growth. Just to give you a perspective, from a range lens, the top dealer would be stocking almost two to two and a half times the bottom dealer, as well as if I were to look at throughput per dealer, it ranges between four to five times the bottom dealer.

So obviously our strategy of focusing on the top dealers driving business from the top industry contributing dealers is also paying rich dividend basis our market go-to-market strategy of expanding the range availability in the large dealer sets.

Himanshu Kapania: Incrementally I'll just add for for your benefit so that you can absolutely clear, our older dealers who spent more than 18 months with us, our counter share is significantly higher as high as 25% to 50% in these outlets and their throughput matches with legacy paint operators. So their throughput as the dealer becomes older and his comfort with entire range of products is there, he is tending to achieve the similar throughput as a legacy dealer is, if that's the question that's the answer that you're looking for.

Moderator: The next question is from the line of Siddharth Mehrotra from Kotak Securities. Please go ahead.

Siddharth Mehrotra: Congratulations on the good set of numbers and thank you for the opportunity. Sir, continuing on the previous participant's query, we noticed that out of the sizable dividend of around 4,000 odd crores, we are going to invest roughly 2,900 odd crores in our NBFC business. So just wanted to understand given the fact that previously we used to distribute it to our shareholders, what will be the capital allocation strategy going ahead?

Himanshu Kapania: So I don't know what's the term of capital allocation, just from a cash flow perspective you can do your math with straightforward net of tax that are we receiving from our subsidiary in the cement. We would prefer to allocate that fund to A, dividend to our existing shareholders as well as increasing maintaining our stake in Aditya Birla Capital. The entire revenues and EBITDA generated from Grasim will be reinvested in growth of Grasim businesses. I hope that's clear.

Siddharth Mehrotra: So just to sort of clarify, sir, on this, whenever we need to increase our stake, sorry, maintain our stake, that is the only time when we will be sort of using the dividends, otherwise they will be all distributed to our shareholders?

Himanshu Kapania: No, no, we are not talking of a long-term policy. I am giving you the current allocation of fund. We at this point of time Grasim, we have maintained for the last three years, Grasim has maintained that we are in a growth business, we have introduced two new growth businesses, and we have to stabilize these two new growth businesses and Grasim needs its support around there. So we will we are supporting the new businesses by reinvesting the surplus that is getting generated from the core businesses, as well as now the as far as this year is concerned, we have allocated the cash that we've received to be able to expand or to be able to maintain our stake in Aditya Birla Capital.

Siddharth Mehrotra: Got it, sir. So basically for other sort of growth businesses, we'll be sort of using internal accruals, this is a one-off measure. Is that understanding correct?

Himanshu Kapania: Yes, yes, this is a one-off measure. Yes, yes, absolutely.

Siddharth Mehrotra: Got it, sir. Got it. May I just ask a follow-up? What is our since we are past our peak capex phase, what sort of capex guidance should we sort of build in for the respective divisions now?

Hemant Kadel: Capex guidance for 2027 we will be able to share you next quarter. We are just working on it, give us some time.

Siddharth Mehrotra: Okay, sir. Thank you. Thank you for the opportunity.

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

Prateek Kumar: Yes, good evening sir, congrats for good results. My first question is on the new businesses. Can you just, I mean while you have talked about it, but can you just tell add again on profitability path for paints and Pivot business as company starts moving towards revenue target individually for these segments in terms of profitability and when can we look forward to get separate disclosures for these segments?

Himanshu Kapania: We will start with B2B.

Sandeep Komaravelly: Okay, hi Prateek, this is Sandeep here. I'll give you a little bit of background on the profitability path that Birla Pivot is on. We had mentioned this as part of our results in Q3 as well. We've been steadily of course our growth momentum has already been shared in the opening comments. You can see that we've been, you know, our growth momentum was far ahead of the guidance that we have given. On the profitability front, even our margin and the EBITDA direction has also been very, very positive. Our goal for this financial year FY27 is to exit with EBITDA break-even and we are well ahead, well on that path. It might actually happen a little sooner as well, but fairly confident that we will exit this financial year with EBITDA break-even. And the priorities remain very, very clear that we will continue to drive the revenue growth trajectory, we'll deepen our presence in the categories, but at the same time, we will exit this financial year with EBITDA break-even.

Himanshu Kapania: On the Paints profitability, if you there are two parts to the profitability, one is contribution and second is EBITDA. Now, we had a significant improvement in both gross and net contribution in quarter four and we expect to maintain that momentum going forward. As regards investment that we're doing, we have a fixed cost which is now currently in a position to for a much higher market share because we are investing in manpower on a PAN-India basis, both sales and service, as well as investing in brand so that we are ready for tomorrow. So as the contribution improves and scale improves, the EBITDA losses have a glide path on a quarter-on-quarter and a year-on-year basis till we reach the INR10,000 crores. And the glide path has already started. As regard final reporting, we should start that shortly.

Prateek Kumar: Sure, thank you. And another question on capital allocation again. I know you talked about investing in AB Capital, but how about like within your organic business? So, you obviously incubated two new businesses a few years earlier. Do you also evaluate investing in new businesses which can further add to your organic businesses in next few years?

Hemant Kadel: So, we have already announced expansion of our cellulosic fiber business where at Harihar we are adding capacity of Lyocell of 110,000 tons per annum. First phase is already on progress and second phase we will announce. That is the capex plan right now we are implementing, and further capex plan as we get approval in terms of capacity expansion, we will share with you.

Himanshu Kapania: Just one-line answer on this is as of now, we have enough on our plate. We want to stabilize our cash flows before we look at any further. So, there is no further business to be disclosed at this stage.

Moderator: Sorry to interrupt, may we request Mr. Kumar to please rejoin the queue. Thank you. The next question is from the line of Amit Purohit from Elara. Please go ahead.

Amit Purohit: Yes. So just two things. One, wanted to understand you talked about two drivers for growth, one was distribution expansion, second is throughput increase. And within that you highlighted that new product launches will also become a very important part in terms of. So just wanted to understand are we under-indexed in terms of product offerings when you compare it with the number one, number two? That was first question. Second, is you indicated the targets remain same despite raw material prices increase and all. Is there any plans of some of the schemes and all are we re-looking that while you clearly highlighted that 10% scheme still continues, but just wanted to check if there is any business plan change that probably could be there or you may look at it maybe after a quarter or so. How do I think about it?

Sachin Sahay: So, Amit, Sachin here. Thank you very much for your question. As far as product range is concerned, like Himanshu mentioned earlier, we have a full stack of products which have already gone into the market. In fact, in our franchise stores we have a large set of exclusive products also which has been launched in the market and today we can confidently say that a dealer can be extremely satisfied and continue to run and scale up his business with the Birla Opus range of products. Like-for-like we are at even better than with respect to competition. While we will continue to identify white spaces and continue to add more products in the future, but as things stands right now, we are full stack up. With respect to your second question on pricing and, you know, strategy in the market, while Himanshu very categorically laid down the glide path of first priority being the number two player in the decorative paints industry.

Second achieving the INR10,000 crores turnover and the third being profitability, our entire endeavor will continue to ensure that we are competitively poised in the market to ensure the priorities are achieved. So, if there is a need for being, you know, so then we will continue to act accordingly in the market.

Moderator: Thank you. The next question is from the line of Rahul Gupta from Morgan Stanley. Please go ahead.

Rahul Gupta: Yes, hi, thank you for taking my question. So, two questions. First, now as you scale up both Pivot and Opus, you will see benefits of operating leverage kicking in over the next two years. Now if I see your implied profitability numbers, you have been clocking three billion pre-tax losses every quarter for the last few quarters. Is it fair to say that this will come down materially through the year or is there a case that it may remain sticky for longer? So that's my first question.

Himanshu Kapania: Yes, it will come down.

Rahul Gupta: Got it. My second question is now that sorry for harping it again, you have not guided on the longer-term capital allocation strategy, but given UltraTech and Aditya Birla Capital are the two subsidiaries where your shareholding is more than 50%, is it fair to say even on the longer-term perspective you'd want to maintain your 50% plus shareholding in both these businesses?

Himanshu Kapania: At this point of time the answer is yes.

Rahul Gupta: Got it. Thank you and wish you all the best.

Moderator: Thank you. The next question is from the line of Naman Parmar from Niveshaay Investments. Please go ahead.

Naman Parmar: Thank you so much for the opportunity and congratulations on great set of numbers. My question is specifically towards your other business segment, specifically mentioning towards the Insulator division. So currently if we see on that division there is a very big shortages on the transmission lines and all. So how are we planning towards the adding the capacity on the insulator division and if you can break us how was the overall sales in the insulator division in the current year and the capacity utilization?

Jayant Dhobley: You're absolutely right that the electrical segment is growing very well and there is a big order backlog versus what the market is demanding. And while we post this through others, you can imagine underlying our set of growth and numbers on insulator has been good and will continue to remain good for some time. Our insulator business is divided in three parts, so we have a porcelain business. We are actually one of the world's largest insulator players and we are probably the world's only insulator player that operates in porcelain, polymer long rods and polymer hollow composites. As far as the porcelain business goes, we will only do productivity initiatives. We have no plans to increase our base capacity. As far as polymer long rod goes, we have recently done some capacity expansion, those are sold out and we are looking at further investing our increasing the capacity in our hollow composite business. So, we are quite bullish on the on the segment, but it's not like we are planning to suddenly double or triple our capacity. Our aim is mostly to gain operational efficiencies out of our existing assets and do incremental investments in polymer long rods and polymer hollow composites.

Naman Parmar: So currently we have a capacity of 50,000 tons, right, in insulator and you are expecting to remain at similar level, but you will be thinking more adding on the composite or the polymer which given the market is been shifting from porcelain to composite and so you will be thinking more on that?

Jayant Dhobley: You can't, I'm sorry you can't think of these capacities in terms of ton. Depending upon the size of the insulator, the number can change. If you have if you have studied this process, if you make a larger insulator it takes a larger cycle time, right? If you make a smaller insulator, it makes a smaller cycle time and we supply this to EPC contractors. So, we supply against orders. It's not like our caustic business or our epoxy business where we are producing in tons. We do it by number of insulator and we do it make to order for very specific projects for very specific customers.

Naman Parmar: Understood. Lastly if you can provide the sales number for the insulator for the FY26, it will be very helpful and also the EBITDA.

Jayant Dhobley: I think we have stopped disclosing this several couple of years ago. It's part of our others, I don't think it's our intent to disclose it right now.

Naman Parmar: Okay. Yes, thank you so much for answering the question.

Moderator: On behalf of Grasim Industries, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.