Chemicals

Grasim's Chemicals business operates across three integrated businesses - Caustic Soda (1,505K TPA), Chlorine Derivatives (996K TPA) and Specialty Chemicals - comprising epoxy resins and curing agents (246K TPA). As India's largest manufacturer of these chemicals, the business is strategically aligned to sectors driving India's industrial growth and energy transition.

Caustic Soda serves a diversified demand base across alumina, textiles, specialty chemicals, pulp & paper, and soaps & detergents. In addition, **Chlorine Derivatives** support critical applications in water treatment, disinfection and agrochemical intermediates. **Specialty Chemicals** further enable decarbonisation and e-mobility through wind energy, EV composites, lightweight transportation, adhesives, coatings and electrical insulation.

1,232 KT
Record sales volume

"Building on our strong chlor-alkali foundation, we are scaling downstream and Specialty businesses to drive higher value creation. Through integration, cost leadership and sustainable operations, we remain focused on resilient and disciplined growth."

Jayant V Dhobley
Business Head

LEFT TO RIGHT
Mayank Sharma, Chief Executive Officer, Chlor-Alkali • **Rajesh Balakrishnan,** Chief Executive Officer, Specialty Chemicals
Manoj Kedia, Chief Financial Officer • **Shefali Kohli,** Chief Human Resources Officer

Industry Structure and Developments

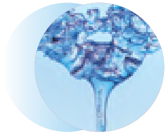
Over the past year, weaker demand from the PVC and construction sectors, particularly in China and parts of Europe, reduced chlorine consumption and lowered operating rates across chlor-alkali plants. Given the co-product nature of chlorine and caustic soda production, this also impacted the global caustic soda supply dynamics. Caustic soda demand, however, remained relatively resilient, on the back of steady consumption from alumina, chemicals, textiles and water treatment sectors.

These trends created a regional imbalance across global markets. Asia, led by China, saw oversupply and soft pricing, while other regions experienced relatively tighter supply conditions at different points during the year. With Asia-Pacific accounting for over half of global caustic soda demand, regional market dynamics continued to influence the global pricing benchmarks.

In India, caustic soda demand fundamentals remain structurally strong, driven by a growth in alumina, textiles, pulp and paper, soaps and detergents. Demand for chlorine derivatives linked to pharma, agrochemicals, water treatment, sanitation and infrastructure applications also remained stable during the year. While domestic capacity additions in recent years have improved the availability, industry utilisation levels remained around 80%. Consequently, despite healthy demand growth in FY 2025-26, domestic realisations broadly tracked softer global pricing trends, resulting in stable volumes but moderated pricing growth.

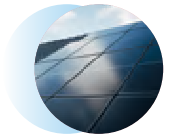
In Specialty chemicals, long-term domestic demand fundamentals remain favourable, supported by infrastructure investments, manufacturing growth, increasing downstream value addition and antidumping measures in select categories. Near-term pricing and margin pressures, however, persist due to global oversupply, heightened competition, and ongoing geopolitical uncertainties.

Opportunities



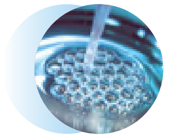
FTA-led Export Opportunities

India's expanding FTA network, including deals with the UK, UAE, Australia, and EFTA nations, along with the ongoing India-EU trade negotiations, enhances export opportunities for epoxy and downstream Specialty chemicals. Grasim's integrated operations, renewable-powered manufacturing, and sustainability-led portfolio position it well for increasingly ESG-focused global markets.



Renewables-led Cost and Carbon Advantage

Renewable energy usage in Chemicals is targeted to increase from around 23% in FY 2025-26 to over 45% by FY 2026-27, reducing energy costs in the power-intensive chlor-alkali business while strengthening Grasim's low-carbon competitiveness.

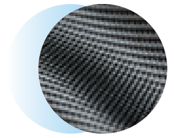


Downstream Value Addition

Across Caustic Soda, Chlorine Derivatives, and Epoxy, Grasim continues to expand into higher-value downstream products, deepen integration and increase captive consumption of intermediates, progressively shifting the portfolio towards a more resilient and value-added Specialty chemicals platform.

Demand Growth Led by Policy and Megatrend

The demand for caustic soda is being driven by rising alumina consumption linked to electrification and renewable energy, while remaining essential to textiles, Specialty chemicals, pulp and paper, and soaps and detergents. Chlorine derivatives continue to benefit from increasing demand in water treatment and disinfection, supported by the Jal Jeevan Mission, wider Zero Liquid Discharge (ZLD), industrial growth, rising water stress, and steady growth in agrochemicals and infrastructure. Specialty Chemicals (Epoxy) see strong structural demand from wind energy, e-mobility, and infrastructure-led industrial applications.



Differentiated Green and Sustainable Portfolio

Grasim is building a differentiated portfolio of sustainable chemistries anchored by Green Epichlorohydrin (ECH), increasing renewable energy usage, and Recyclamine® technology for wind-blade recycling. These initiatives strengthen the Company's position in low-carbon and circular-economy markets while supporting long-term value creation.

Segment Performance

Caustic Soda

FY 2025-26 was a standout year for the Caustic business on the volume front, with sales volumes scaling a record high, despite meaningful production headwinds triggered by intermittent power availability at some plants. The demand momentum was robust across key end-use sectors, and the business showed strong market resilience by sustaining stable domestic realisations even as international benchmark spot prices for caustic soda declined. The business maintained its domestic pricing discipline through a combination of long-term customer relationships, supply reliability, and the structural advantages of serving a pan-India market.

Specialty Chemicals

The Specialty Chemicals segment portfolio encompasses liquid epoxy resins, formulated resins, reactive diluents, and hardeners which serve large and growing end-use applications in wind composites, automotive coatings, anti-corrosion systems, construction chemicals, electronics, and packaging. For FY 2025-26, Specialty chemicals, primarily Epoxy resins and curing agents, have been a growth driver in terms of volumes and mix in the rising share of chemicals revenues, supported by stabilisation of the recently commissioned epoxy production facility. The reporting year has been characterised by a clear margin compression cycle following anti-dumping duty on ECH imports and the FTA with South Korea leading to inverted duty structure. This resulted in a healthy topline growth, but subdued profitability for the segment.

Chlorine Derivatives

The Chlorine Derivatives segment, which is India's largest chlorine derivative and water treatment portfolio, operationalises Grasim's strategy of gainful chlorine utilisation by converting chlorine into a portfolio of value-added downstream products. Captive chlorine consumption reached 53% in FY 2025-26. The segments cater directly to high-growth industrial sectors, including pharmaceuticals, agrochemicals, water treatment, food and feed, and plastic additives. The business adopted a strategic posture during the year, deliberately deferring select smaller expansion projects that were judged as non-core in the context of uncertain market conditions. This capital prioritisation enabled the management to concentrate resources on two anchor investments, ECH and CPVC projects at Vilayat, while sustaining operational performance across the existing derivatives portfolio.

Key Performance Charts

Chemicals Revenue (crore)

₹ 9,592 ↑ 11%

FY26	9,592
FY25	8,648

Chemicals EBITDA (crore)

₹ 1,406 ↑ 16%

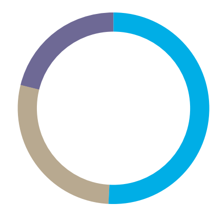
FY26	1,406
FY25	1,208

Caustic Volumes (KT)

1,232 ↑ 5%

FY26	1,232
FY25	1,169

Revenue Contribution (% of Chemicals Revenue)



Caustic Soda	51
Specialty Chemicals	28
Chlorine Derivatives	21

Outlook

FY 2025-26 reflected a defensive operating posture, with emphasis on margin protection, cash generation, and disciplined execution amid a challenging market environment. FY 2026-27 is likely to remain volatile due to troubled geopolitics, while also serving as a period to strengthen operational readiness and strategic positioning for the next upcycle. Although near-term profitability may continue to be uncertain, the medium- to long-term outlook remains constructive, supported by steady demand growth and gradual normalisation of global supply-demand dynamics. Consistent execution on cost, utilisation, and portfolio mix is expected to improve cycle-end competitiveness and resilience versus cycle-entry levels.