Financial Performance

With our scale, brand strength, and ongoing capacity expansion, we are well positioned to outperform the industry and drive consistent, profitable growth.

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Chief Financial Officer
Grasim Industries Limited

A Legacy of Trust. A Future of Sustainable Value.

Grasim's strong financial performance in FY 2025-26 reflects the inherent strength of its diversified business portfolio. Banking on disciplined execution and enhanced cost-efficiency, the Company is set for sustained value creation.

The global economy appeared stable in FY 2025-26, keeping up the growth momentum, despite geopolitical headwinds, and in turn, supporting the macro fundamentals. Given this scenario, how would you assess Grasim's performance and revenue growth during the year?

We indeed had a dynamic macroeconomic environment in the fiscal under review. The global economy performed better than anticipated, tech investments surged and the tension over trade policies moderated with the effective U.S. statutory tariffs tracking 5.30 percentage points (ppts) lower than what was thought. A strong fourth-quarter momentum of 3.90% helped the global economy close FY 2025-26 with an average growth rate of 3.40%, backed by a lower headline inflation of 4.10%[1].

Everything was on track until the war broke out in West Asia at the end of February 2026. The subsequent closure of the Strait of Hormuz triggered a supply shock, exposing the global economy to an energy crisis of unprecedented scale. As a heavily diversified manufacturer, we are closely monitoring the three channels of this shock: First, a direct spike in commodity prices impacting energy-intensive goods like chemicals. Second, the potential threat of fresh inflationary headwinds. And third, a tighter financial condition driven by a flight of risk-off capital[1].

The crisis pushed the IMF to revise its 2026 global growth projections to 3.10% for the short term. The earlier disinflationary trend too has reversed, stoking fears of a return of global headline inflation of 4.40% in 2026[1].

Despite such uncertainties, we had a resilient Indian economy that helped us fight the challenges. India's real GDP expanded by a robust 7.60% in FY 2025-26, according to the Second Advance Estimates[1,2].

This growth is underpinned by rising disposable incomes that translated into a significant surge in consumption. Consumption expenditure indicators are now outpacing growth in direct income tax collections, giving clear hints that wealth creation is rapidly translating into on-ground spending. This momentum is catalysed by progressive government policies, including GST 2.0. The GST reforms simplified the tax structure into leaner 5% and 18% slabs and boosted consumer affordability while enhancing the ease of doing business[3].

The Reserve Bank reduced the policy repo rate by 100 bps during the year, while keeping liquidity conditions in surplus, contributing to economic resilience and credit growth. In effect, we saw robust credit growth, backed by sustained thrust on capital expenditure[3] from the government.

While the macroeconomic environment remained broadly supportive, the Company continued to closely monitor key financial risks arising from currency movements, changes in interest rates, funding conditions, and customer credit quality. Ongoing geopolitical developments and market volatility have the potential to influence foreign exchange rates, commodity prices, liquidity conditions and customer payment behaviour. To manage these exposures, the Company follows prudent risk management practices, including structured foreign exchange hedging, diversified funding sources, disciplined liquidity management, and robust customer credit evaluation and monitoring processes. These measures support financial resilience and help mitigate the potential impact of market uncertainties on business performance and cash flows.

[1]International Monetary Fund [IMF], April 2026 | [2]Reserve Bank of India [RBI], April 2026 | [3]Ministry of Finance (2025, September)

LEFT TO RIGHT

Neelabja Chakrabarty, Company Secretary • **Saugata Chakravarty,** Chief Legal Officer • **Rahul Desai,** Joint President - Treasury
Mahendra Bhandari, Joint President - Corporate Accounts • **Sushil Chopra,** Joint President - Corporate Taxation

Given such a backdrop, our diversified businesses put up consistent progress. Capitalising on India's strong economic momentum, we delivered our highest-ever consolidated revenue of ₹ 1,75,431 crore, with an 18% YoY growth. This growth was broad-based, led by our key subsidiaries, UltraTech Cement and Aditya Birla Capital. Our standalone operations mirrored this success, with a record topline of ₹ 41,039 crore, up 30% from the previous year. This was fuelled by healthy volumes in Cellulosic Fibres and Chemicals, as well as the rapid scale-up of our paints business, Birla Opus and B2B E-commerce platform, Birla Pivot.

Grasim's core businesses faced a tough pricing environment. How did you manage to protect your margins and the bottom line?

Our core businesses navigated global pricing pressures and cyclical headwinds throughout the year. We faced these external pressures by focusing strictly on what we could control, driving operating leverage, optimising our fixed-cost structures, and enhancing supply chain efficiencies. However, our ultimate shield in protecting the bottom line has been the inherent strength of our diversified portfolio, where cycles naturally balance out.

If we look at which business performed better in this complex macroeconomic environment, the Cellulosic Fibres emerged as a standout performer. Despite the broader global turmoil, it delivered a robust 15% YoY growth in EBITDA. This was achieved through a highly favourable product mix led by exports, strong operational efficiencies driven by volume growth, and the strategic advantage of declining key input costs.

Our cement business has delivered a strong and resilient performance in this period, supported by healthy demand across housing, infrastructure, and commercial segments. Volume growth remained robust, driven by our expanding capacity footprint and improved asset utilisation. Operational discipline continues to be a key differentiator. Even in the face of regional pricing pressures, we have sustained healthy margins and strong cash generation. As we look ahead, the demand outlook remains constructive. With our scale, brand strength, and ongoing capacity expansion, we are well-positioned to outperform the industry and drive consistent, profitable growth.

Our Chemicals segment absorbed the brunt of the tough global pricing environment. While we successfully pushed volumes, achieving our highest-ever caustic soda sales volume of 1,232 KT in the fiscal year, disciplined domestic pricing and our pan India presence has led segment's EBITDA growth of 16% YoY.

Margin expansion in core businesses has led the Company to post its highest-ever consolidated EBITDA of ₹ 25,872 crore for FY 2025-26. Our Consolidated Profit After Tax (PAT) attributable to shareholders of ₹ 4,966 crore for the same period, proving our ability to absorb cyclical shock and confidently fund our new growth engines while maintaining strong fiscal health.

Moving to your new growth engines, how did the macroeconomic environment impact your paints business? How do you plan to scale it up?

India's macro resilience, particularly the housing and infrastructure boom, directly influenced Birla Opus. The Indian paints and coatings industry was valued at roughly ₹ 76,000 crore in 2026 and is projected to grow at 10% CAGR over the next decade. However, as we scale this business, we are highly cognisant of the market's inherent challenges. It is a fiercely competitive landscape with the organised sector controlling around 75% of the market. To grab a bigger share of the market, we must navigate intense competition from both value-conscious regional manufacturers and established multinational incumbents.

Consumer demands are evolving rapidly and paints are no longer viewed merely as decorative finishes. The challenge lies in continuous innovation and R&D to deliver high-performance, functional coatings, such as waterproofing, heat-reflective, and eco-friendly water-based products, while managing price volatility in raw materials. That said, we are executing at an unprecedented scale. FY 2025-26 was defined by the aggressive pan-India expansion of Birla Opus and the completion of its manufacturing footprint. Birla Opus has crossed double-digit market share, accelerating its gains with a revenue growth rate nearly three times that of the broader Indian decorative paints industry.

What would this rapid expansion in paints mean for Grasim's P&L in the near term?

With our sixth and largest plant in Kharagpur commercialising in October 2025, the entire network has gone fully operational. As a result, the capitalisation of borrowing costs for the paints business ceased. This structural accounting shift led to a planned rise in total finance and depreciation costs for FY 2025-26. While this impacts our reported net profit, it is an anticipated phase of our investment cycle as the business ramps up its dealer network and revenue streams towards profitability.

Your B2B E-commerce platform, Birla Pivot, is another new growth engine. How is it performing and what is its strategic role?

Birla Pivot is scaling exceptionally well. We achieved a major milestone during the year, nearing our guided revenue of US$ 1 billion, ₹ 8,500 crore, which sets us to surpass our targets well ahead of the FY 2026-27 guidance. It capitalises on the massive, fragmented building materials market in India, and we are seeing accelerated momentum in new product categories such as non-ferrous, chemicals, and bitumen. While in an investment and rapid-scale phase, its asset-light model ensures a clear path to accretive margins as Gross Merchandise Value (GMV) expands, supported by a steady broadening of our customer footprint and deepening of our credit programmes.

As a heavily diversified manufacturer, how are you balancing this aggressive growth with your sustainability commitments?

Sustainability is structurally embedded in our capital allocation. We continue to strengthen our environmental stewardship by scaling up the integration of clean energy sources across our manufacturing footprint. The share of renewable power in the total capacity has increased to 24% from 11% last year. On the water management front, we are enhancing circularity. On a standalone basis, the proportion of recycled water to freshwater consumption has increased to 53% from 45% last year.

As we aggressively scale Birla Opus, I am proud to share that all six of its manufacturing units have achieved Integrated Management System (IMS) certification across operations. These investments not only fulfil our ESG commitments but also structurally lower our long-term resource and compliance costs, directly protecting the bottom line.

With the major capex cycle for the paints business now complete, what is the strategy for capital allocation and the balance sheet?

FY 2025-26 has been a pivotal year for Grasim. We executed a total consolidated capital expenditure of ₹ 15,396 crore. The most significant milestone within this outlay was our cement business reaching 200 MTPA capacity (in April 2026). Also the successful conclusion of the front-loaded investment phase for our decorative paint business. With these world-class assets now operational, our focus now shifts to rigorous execution. Our primary focus is on extracting maximum asset utilisation and accelerating free cash flow generation from these newly commissioned plants.

During the year, we maintained a strong focus on working capital optimisation through disciplined management of receivables, inventories, and payables across businesses. These efforts contributed to improved cash flow generation and enhanced liquidity. We will systematically deploy capital towards high-return capacity expansions within our core businesses. What I am most proud of is that even after completing one of the largest private sector capex cycles in recent history, our balance sheet remains exceptionally robust. Excluding borrowing related to financial services business, Net Debt-to-EBITDA ratio stood at 1.43x, reflecting disciplined financial management and strong cash generation of our diversified core portfolio.