

Grasim Industries

20 May 2026

Operator: 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 touchtone phone. I now hand the conference call over to Mr. Ankit Panchmatia, Head of Investor Relations of Grasim Industries. Thank you and over to you, Mr. Ankit.

Management: Yes. Thanks. Good evening and thank you for joining Grasim's fourth quarter and financial year-end 2026 earnings 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. Our management team is present on this call to discuss our results and business performance. We have with us Mr. Himanshu Kapania, Managing Director of Grasim Industries and Business Head of Birla Opus Paints; Mr. Hemant Kadel, Chief Financial Officer of 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 Fiber business; Mr. Sachin Sahai, CEO of Birla Opus; and Mr. Sandeep Kumaravelli, CEO of Birla Pivot. Let me now hand over the call to Mr. Himanshu for his opening remarks. Over to you, sir.

Management: Good evening everyone and thank you for joining Grasim's Q4 earnings call. I am 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 ecosystems. The outcome of these investments is visible in our results. Consolidated revenue stood at its highest at 1,75,431 crores, exceeding \$18 billion in US dollar terms, registering a compounded annual growth rate (CAGR) of 18% over the period FY21 to FY26.

It is truly remarkable to note that Grasim's standalone revenues have also reached an all-time high of 41,039 crores, showcasing an impressive CAGR 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 toward building leadership positions across every business in which we operate. Historically, Grasim has built category-leading businesses through scale, operational excellence, and disciplined execution. Today, that philosophy continues to guide our expansion into new-age opportunities like the paints and B2B e-commerce businesses as well.

Starting with paints first, I want to take you back to a moment not too long ago when we announced our entry into the decorative paints business in 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 networks, and pricing power? Was this ambition too tall? Today, I am here to give you the answer. In Q4 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

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trajectory rises to 71%. In an industry where single-digit growth is celebrated, we have doubled our top line in one year, which is a growth of 100% in revenue for FY26 versus FY25. The FY26 performance is heartening despite the business still not being under full-scale operations, as the Kharagpur plant was only 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 paint industry revenue stood at approximately 15,500 crores in Q4 FY26, including listed and unlisted paint majors, putty, wood finishes, waterproofing companies, and others. Our business excludes 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 the key enablers of our paint performance. Firstly, on the distribution front, Birla Opus expanded its presence across 11,500 towns, crossing the 50,000 dealer billing 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 billed in Q4 FY26 alone. Birla Opus products now have 70-plus certification 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 the back of strong secondary sales 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 emulsions, top coats, and waterproofing ranges, excluding sub-economy top coats and undercoat primers. The strong relationship with paint contractors, the key influencers, continued to scale strongly on the back of a digital-first foundation platform through our contractor app, Opus ID, helping the team to engage on a scale level. In continuation 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 painters workforce with industry-best schemes and loyalty benefits, which remain unmatched even today, besides working on programs to build painter skill sets and providing non-monetary benefits including wellbeing and education support for their families. Repeat purchases by contractors are driven by superior quality, which helps their reputation in the market and with customers. Birla Opus continues to grow steadily among architects and interior designers, in short the AID influencer segment, where our partner network has now crossed 3,000 active firms across 60 cities, estimated to reach the second largest AID network in the industry.

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Thirdly, on the product front, Birla Opus added 42 new products in FY26, primarily in: a) in-house wallpaper, b) launching painting tools under the sub-brand Artist, c) waterproofing products under the 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 the double-digit mark. The premium and luxury product contribution stayed at 65% by value across all categories. Birla Opus continues to benchmark its product offering with the competition in real field environments, and even now 75% of Birla Opus products rank number one in product superiority versus like-for-like competition based on blind product tests by specialist applicators across emulsions, waterproofing, enamel, wood finish, distemper, etc.

Fourthly, on the brand front, one out of every two consumers spontaneously recalls the Birla Opus brand. This is no mean feat. Birla Opus brand continues to be built on its already number two position in unaided top-of-mind recall and is increasing its gap with earlier number two and number three legacy players. The brand has a strong awareness of 90%-plus, which is built on the 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 echoing "New Opus"—supporting the company's product superiority has garnered major traction. Look out for our latest "New Opus" campaign with existing and new celebrities endorsing the uniqueness of Birla Opus products.

On its mission of enhancing customer experience in organized retailing of paints, Birla Opus exclusive branded franchise retail outlets reached a major milestone, crossing 1,200-plus stores across 700-plus towns. As per our estimates, this is now the largest organized retailing network in India, elevating the paint purchase experience not just in metros, but in mid and small towns including rural areas. Our premiumization efforts continue with the 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 among the only professional painting services offering attractive financial options with 6 and 12-month EMI at nearly no additional cost. This is an important tool in this inflationary environment. In conjunction with our industry-first service warranty, Birla Opus Assurance campaigns, Birla Opus continues to build brand trust and brings in lakhs of leads and thousands of project registrations and contractor enrollments where Birla Opus products and services are 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 on driving its revenue market share in line with the capacity share in the mid-term. The utilization is steadily increasing across plants and with the rising output scale-up of our 6 plants, including Kharagpur, which was commercialized in Q3 FY26, the average distance traveled by a product has come down by over 30%, helping in the optimization of logistics costs while improving serviceability to the market.

Now let me share updates on price hikes and the raw material situation. As you will recall, in the last investor call, Birla Opus proactively shared an announcement to raise dealer prices by 2% to 6% in January and February 2026 across a range of products. This increase was to test the channel and

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consumer reaction by bridging the gap with industry peers in its 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 continuing 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 a nationwide retail study commissioned by us. I will give you a moment to absorb this.

In April 2026, Birla Opus announced its second and third phases of price increases to offset the raised input costs. These multiple price increases have been staggered for implementation within Q1 FY27. A large percentage of decorative paint raw material and the entire packaging material is linked to crude derivatives. The volatile geopolitical environment and steep depreciation of our currency against the dollar have resulted in the 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, raw material prices are unstable and unpredictable. Through these increases, Birla Opus has tried to cover the input cost escalation. However, if global unrest persists, raw material prices could further escalate and may remain elevated for the 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 volatile situation makes demand forecasting difficult, and we need to closely monitor the situation as the impact of the price rise will slowly be felt by consumers and contractors in the second half of Q1 and throughout Q2 FY27. 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 the price elasticity of demand. With the inflation impact on input costs expected to continue until much after the war comes to an end, its impact on mid-term consumer demand remains uncertain as the demand elasticity curve will be fully tested in this period.

Despite these cost pressures, the company will continue to offer the 10% free paint consumer proposition. In spite of the post-price increase, what I can confidently say is that Birla Opus remains committed to driving market share gains and focused on our ambition to become the number two player at the earliest, while we steer the business toward the guided 10,000 crore profitable revenue in the third year of full-scale operations.

Shifting focus to our second new business, Birla Pivot, which represents Grasim's commitment toward a 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 of this is a sprawling, fragmented, and deeply inefficient 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, handshakes, opaque pricing, delayed deliveries, and limited access to credit. It is 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.

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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 suboptimal purchasing decisions. Many businesses, especially MSMEs, also grapple with working capital constraints, 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 costs. Product discovery remains limited, restricting access to a wider range of goods and innovative solutions. Finally, there is a significant gap in technology adoption among MSMEs, limiting their ability to streamline procurement operations and benefit from digital advancements. By focusing on these critical pain points, Birla Pivot aims to create a more integrated, transparent, and efficient B2B procurement ecosystem.

Coming to the financial performance of Birla Pivot, the pace of scale-up has been extremely encouraging and ahead of our revenue guidance. Let me start with the number that I think captures the momentum better than anything else. Our revenue for Q4 FY26 more than doubled on a year-on-year basis. This business is within a striking distance of our annual revenue guidance of 8,500 crore. 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 accelerated pace. Existing buyers are coming back with larger, more frequent orders. We are adding new product categories and expanding into new geographies. Every lever we track—active buyers, average transaction value, transaction volumes—is steadily moving up. This was also a 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-three towns where a contractor is building a school or a small factory, we reach them. We give them access to the same quality product, the same transparent pricing, and the same reliable logistics that were previously reserved for the largest players in the main market. This is not just commerce; this 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 just a marketplace with catalogs and checkout buttons. We have built an integrated operating system with core purpose-built modules working in concert. Also, what gives us a unique edge is that we are not a startup parachuting into this space. We are Grasim Industries, part of the Aditya Birla Group, with deep relationships across the building materials value chain from cement to chemicals to metals. Our supply-side credibility, brand trust, and on-ground presence are assets that no pure-play digital platform can replicate overnight.

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We are still in the early innings. 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, expanding our product categories and geographical footprint, scaling our embedded finance capabilities so more MSMEs can participate in India's growth, and relentlessly improving 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 are 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 landscape, marked by shifting geopolitical alliances, persistent inflationary pressures, supply chain realignments, technological disruptions, climate concerns, and changing consumer aspirations.

Crude oil prices and volatility in raw material costs continue to impact manufacturing and global trade. Logistics networks 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 transformations in history. Artificial Intelligence, automation, digital platforms, and data-led decision-making are reshaping industries at an unprecedented pace. The competitive advantage today is not just about scale but the ability to innovate faster, adapt quicker, and stay closer to 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 investment, 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 a 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 toward 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.

Management: 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,

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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 includes cement, paints, and B2B e-commerce. Himanshu sir has already covered paints and B2B e-commerce. Let me give you the key highlights of our cement business.

UltraTech continues to strengthen its leadership in one of the most important sectors driving India's infrastructure and housing growth story. In April 2026, UltraTech crossed the historical milestone of 200 million tons per annum of total grey capacity, which 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 1,253. Over the past 2 fiscal years, FY25 and FY26 combined, we have delivered cumulative efficiency gains of 185 per ton. This is not just a coincidence; 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 margins will continue to improve even in a competitive pricing environment. The Board of Directors of UltraTech Cement has announced a strong dividend payout of 240 per equity share, subject to shareholders' approval at the AGM. The dividend declaration underscores UltraTech's resilient business model, backed by a long-term commitment toward scale, operational efficiency, sustainability, and nation-building. For Grasim, the total cash inflow from this dividend would be nearly 4,000 crore, excluding taxes.

Coming to Cellulosic Fiber, we stand before you with tremendous confidence in the trajectory of this business. We are not just keeping pace with global trends but actively shaping the future of sustainable textiles. Let me set the stage with a powerful fact: cellulosic fiber is the fastest-growing segment in the Indian fiber basket, expanding at a CAGR nearly two times 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 tons 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, signaling robust global demand. At the same time, China's inventory levels have dropped to just 11 days, a clear sign that supply is tight and demand is accelerating.

Our Cellulosic Fiber segment delivered revenue of 4,614 crore in Q4 FY26, a commanding 14% increase year-on-year. Full-year revenue surged to 17,104 crore from 15,897 crore, up 8% year-on-year. This growth was powered by dual engines of volume expansion and a deliberate pivot toward higher-value specialty fibers. EBITDA stood at 588 crore in Q4, up two times, and full-year EBITDA was up 15% to 1,751 crore from 1,524 crore. This was not just about volume. It was about operating efficiencies, a favorable 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 chlor-alkali 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 capacity given the growing demand from

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diverse end-user industries like alumina, organic and inorganic chemicals, textiles, and the FMCG industry. Caustic soda sales volume stood at its highest ever at 321,000 tons in Q4 and 1,232 KT for the 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 have contributed 27% and chlorine derivatives 22%, reflecting our deliberate shift toward 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 amidst a volatile macro environment. With rising income, formalization of the economy, 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's board has approved a capital raise of 4,000 crore by way of equity shares through preferential allotment. Given the growth prospects, Grasim's board has approved an investment of 2,880 crore, maintaining our stake at 52.3% on a fully diluted basis. Coming to the other segments, both the Renewable and Textile businesses have delivered robust performance. For the quarter, revenue for the Renewable business grew by 60% year-on-year, and the Textile business was higher by 14% year-on-year. Renewable EBITDA grew by 55%, and the Textiles business EBITDA stood at 35 crore compared to a loss of 8 crore last year.

I am pleased to share that the board of Grasim has announced a final dividend of 500%, amounting to 10 per equity share, underscoring our long-standing commitment to create value for shareholders. This marks the 63rd consecutive year of uninterrupted dividend payment, reflecting our financial strength, resilience, and consistent focus on rewarding shareholders across business cycles. With these remarks, I will now open the floor for Q&A.

Operator: 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 - Nomura: Hi sir, congratulations on a good set of numbers. My first question is on paints. I wanted to just understand your view on how one should think about the growth from here on as you've already attained scale with respect to dealer reach and tinting machines, reaching a level similar 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? That is my first question.

Management: Thank you, Mihir. We are very confident of growth. First and foremost, the industry is likely to move from single-digit growth to double-digit growth in FY27, while we observe the impact of raised prices and elasticity of demand. But all trends show that this is going to be a double-digit growth year. As far as Opus is concerned, there is a lot of growth that is possible for

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us. We see growth both in numerical distribution expansion and improved throughput. Let me cover the numerical distribution expansion. We currently have a presence in large and small towns totaling 11,500. We are anticipating to cross beyond 15,000 by the end of this financial year.

Even in existing towns, there is a lot of scope for us because the total number of dealers in the industry is in excess of 100,000. But the largest component of growth will obviously come through throughput. Existing dealers have already tasted success with certain categories of our products. For example, some have done emulsions and others have done enamels. With confidence in the first range of products, they are likely to expand to the entire range. As I mentioned, we have emulsions, enamels, waterproofing, wood finish, distemper, and for our franchise partners, wallpapers and exclusive products. We also see growth through expanding the retail network. So we remain very confident. We achieved triple-digit growth last year, and we remain confident of high double-digit growth. Sachin, I am going to pass to you for incremental comments on that.

Management: Yes. Just to reinforce the fact that numeric expansion 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 – Nomura: Thank you. My second question is if you can talk a bit on the profitability front in the paints sector. You highlighted in the presentation that there is improvement in the performance of paints within the building materials segment, which was led by paints at the EBITDA level. Is this largely due to getting scale or because some scale is reducing rebates to dealers or discounting? How should we think about that? And one clarification: you highlighted that 3 years after your full operation, you want to reach 10,000 crores. Should we consider FY26 as the first full year of operation, because it has only been two quarters since your sixth plant was commissioned? Would FY28 be the third year, or would you consider FY29 as the third year?

Management: FY26 is what we are taking internally as our first full year of operation, even though the sixth plant started in the third quarter of the last financial year. We want to take stiffer targets for ourselves and will take the first full year of operation as FY26.

In the sequence of profitability, I want to repeat our order of priority. Our first priority is to become the number two decorative paints operator in India. Second is the 10,000 crore target, and third is profitability. We have always used all three words together, but they are in that sequence. Regarding where profitability comes from, we have invested ahead of time in fixed costs. You can see that in terms of having the largest number of sales and service forces and ahead-of-time investment in brands. These are fixed costs, and as sales go up, they will cover those costs and give us the EBITDA benefit.

The second profitability angle is getting better returns through variable costs. Variable costs will improve because we will get better rates as our buying power increases and we can negotiate better prices. With the sixth plant coming in, the optimization of our plants on power and optimization of our logistics costs will result in bringing down our variable costs. There is also optimization on products. We introduced most of our products with a single supplier, but we are in the process of bringing in second and third suppliers. As we bring in competition among raw material suppliers, we will get scale benefits and other cost benefits. Those are the routes to profitability. But as I mentioned, the sequence for us remains the number two position, then

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achieving revenue, and finally achieving profitability.

Mihir Shah – Nomura: Got it, sir. Very clear. Thank you for your responses.

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

Patanjali Srinivasan – Sundaram Mutual Fund: Hello sir, congratulations on a good set of numbers. I have a couple of questions. Firstly, in your earlier remarks, you mentioned that you 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. How close are we when you say we are within striking distance? What range are you mentioning here?

Management: I will clarify this focusing on the notes from our presentation. The combined revenue of Birla Opus plus the Birla White putty business, which is how all paint majors are measured, brings us nearly to the level of the existing number two player, excluding their industrial revenue. When you quote a number, that is often an annual number including industrial plus decorative. When we quote a number, we quote only the decorative part of the business, which includes the putty side. That is the current situation as of Q4 FY26.

Going forward, our stated ambition is that Birla Opus on its own, only in the decorative paints business and not including industrial paints, will likely be number two. The numbers we use are from internal estimates and market research, which we confirm through multiple sources, and we are very confident that our numbers are tending toward what we have quoted.

Patanjali Srinivasan – Sundaram Mutual Fund: Thank you sir, that provides a lot of clarity. My second question is related to something a previous participant asked. Regarding throughput for dealers, where would we stand versus industry benchmarks and what is the leeway for growth there?

Management: This is Sachin here. When you look at dealers, they operate in various scales of operation, whether it is A-class, B-class, C-class, or D-class dealers. In each of these subsets, we have a fair market presence and our throughput is in line with that presence. This gives us a fair bit of comfort that we are aligned to industry throughput in each segment.

To add to that, we are not the market leader. Throughput is best for the market leaders. In our assessment, they have about 20% to 25% more dealers. That is why they are such a strong market leader. The proportion of A-category dealer business for them is significantly higher than ours. In the case of the number two player, they have a larger proportion of A-category dealers constituting their business. Our business is more democratized because we have a national presence and are evenly distributed. Our effort is to use distribution to expand throughput in each category, whether it is A, B, C, or D, far more than what we currently have.

Patanjali Srinivasan – Sundaram Mutual Fund: I get the strategic part, but I wanted a rough indexing. Because we started some time ago, I would not expect a new dealer to have high throughput, but have our earlier dealers reached throughput comparable to established players, or are we still further away? I am trying to understand if we will get more growth from existing distribution because we are still relatively new in terms of the duration of our dealer relationships.

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Management: Just to give you a rough index regarding the four classes of dealers: while each sub-segment has been growing robustly in line with our overall growth, looking through a range lens, a top dealer would be clocking almost 2 to 2.5 times the volume of a bottom dealer. If I were to look at throughput per dealer, it ranges between 4 to 5 times the bottom dealer. Our strategy of focusing on top dealers and expand range availability in the large dealer sets is paying rich dividends.

Incrementally, for our older dealers who have spent more than 18 months with us, our counter share is significantly higher—as high as 25% to 50% in those outlets—and their throughput matches legacy paint operators. As a dealer becomes older and their comfort with the entire range of products increases, they tend to achieve similar throughput to a legacy dealer.

Operator: The next question is from the line of Naveen Sahdev from ICICI Securities. Please go ahead.

Naveen Sahdev – ICICI Securities: Good evening sir. My first question was on capital allocation. Our subsidiary has announced a significant dividend, and today there was an update regarding 2,880 crores being invested in Aditya Birla Capital. How should one look at this?

Operator: I am sorry to interrupt, Mr. Sahdev, but we are unable to hear you. May we request you to please check your connection and rejoin the queue. The next question is from the line of Siddhartha Mehra from Kotak Securities. Please go ahead.

Siddhartha Mehra – Kotak Securities: Congratulations on the good set of numbers and thank you for the opportunity. Continuing on the previous participant's query, we noticed that out of the total dividend of around 4,000 crores, we are going to invest roughly 2,900 crores in our NBFC business. Given the fact that previously we used to distribute it to our shareholders, what will be the capital allocation strategy going ahead?

Management: From a cash flow perspective, the math is straightforward. Net of tax we receive from our subsidiaries, specifically cement, we prefer to allocate that fund to dividends for our existing shareholders and toward maintaining our stake in Aditya Birla Capital. The entire revenue and EBITDA generated within Grasim itself will be reinvested in the growth of Grasim's own businesses. I hope that is clear.

Siddhartha Mehra – Kotak Securities: Just to clarify, whenever we need to maintain our stake, that is the only time we would use the dividend in this way? Otherwise, it will be passed on to shareholders?

Management: We are not talking about a long-term policy here. I am giving you the current allocation of funds. For the last 3 years, Grasim has maintained that we are in growth businesses. We have introduced two new growth businesses that we need to stabilize, and Grasim needs to support them. We are supporting these new businesses by reinvesting the surplus generated from core businesses. This year, we have allocated the cash received from dividends to maintain our stake in Aditya Birla Capital.

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Siddhartha Mehra – Kotak Securities: Got it. So for other growth businesses, we will use internal accruals. This is a one-off measure?

Management: At this point in time, yes, that is absolutely correct.

Siddhartha Mehra – Kotak Securities: And what is the capex guidance we should build in for the respective divisions now that we are past our peak capex phase?

Management: We will be able to share the capex guidance for 2027 in the next quarter. We are currently working on it.

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

Pratik Kumar – Jefferies: Good evening sir. My question is on the new businesses. Can you elaborate on the profitability path for the paints and Birla Pivot businesses? As the company moves toward revenue targets, when can we expect individual profitability and separate disclosures for these segments?

Management: We will start with B2B. This is Sandeep. Regarding the profitability path for Birla Pivot, our growth momentum was shared in the opening comments and has been far ahead of the guidance we gave. On the profitability front, our margin and EBITDA direction has also been very positive. Our goal for FY27 is to exit with EBITDA break-even, and we are well on that path. It might even happen a little sooner. We will continue to drive revenue growth while deepening our presence in categories.

On paints profitability, there are two parts: contribution and EBITDA. We had a significant improvement in both gross and net contribution in Q4 and expect to maintain that. Regarding investment, we have fixed costs designed for a much higher market share because we are investing in manpower on a pan-India basis and in branding. As contribution improves and scale increases, the EBITDA losses have a glide path that has already started. Regarding final reporting, we should start that shortly.

Abhijit Tibrewal – Motilal Oswal Financial Services: Thank you. Another question on capital allocation. You talked about investing in Aditya Birla Capital, but regarding your organic business, do you evaluate investing in new businesses that can add to organic growth in the next 3 years?

Management: We have already announced the expansion of our cellulosic fiber business in Harihar, where we are adding 110,000 tons per annum of Lyocell capacity. The first phase is in progress. We will share further capex plans as we get approvals.

As of now, we have enough on our plate. We want to stabilize our cash flows before looking at anything else. There are no further businesses to disclose at this stage.

Operator: The next question is from the line of Amit Purohit from Elara. Please go ahead.

Amit Purohit – Elara: Good evening. You mentioned that distribution expansion and throughput increase are drivers for growth, and that new products are important. Are we under-indexed in

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terms of product offerings compared to the number one and number two players? Secondly, targets remain the same despite raw material price increases, but are there plans to change schemes? You mentioned the 10% scheme continues, but are there general business plan changes?

Management: This is Sachin. We have a full stack of products in the market. In our franchise stores, we even have a large set of exclusive products. A dealer can be satisfied running and scaling his business with the Birla Opus range. Like-for-like, we are even with the competition. We will continue to identify white spaces and add more products, but we are currently full-stacked.

Regarding pricing and strategy, the first priority is becoming the number two player in decorative paints, followed by the 10,000 crore turnover and then profitability. Our endeavor is to ensure we are competitively poised to achieve these priorities. If there is a need to act, we will do so accordingly.

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

Rahul Gupta – Morgan Stanley: Hi, thank you. First, as you scale up both Pivot and Opus, do you see operating leverage benefits kicking in over the next 2 years? Implied profitability numbers show pre-tax losses of around 300 crore per quarter. Is it fair to say this will come down materially through the year?

Management: Yes, it will come down.

Rahul Gupta – Morgan Stanley: Given that UltraTech and Aditya Birla Capital are subsidiaries where your shareholding is more than 50%, is it fair to say you would want to maintain that shareholding level in the long term?

Management: At this point in time, the answer is yes.

Operator: Thank you. The next question is from the line of Naman Parman from Nivesha Investments. Please go ahead.

Naman Parman – Nivesha Investments: Good afternoon, sir. My question is specifically toward the other business segment, specifically the insulator division. There are currently big shortages on transmission lines. How are we planning to add capacity there? Can you break down the sales and capacity utilization for the current year?

Management: The electrical segment is growing well, and there is a large order backlog. Our insulator business is divided into three parts: porcelain, polymer long-rod, and polymer hollow composite. We are one of the world's largest insulator players. In porcelain, we will only focus on productivity initiatives and have no plans to increase capacity. In polymer long-rod, we recently expanded capacity and those units are sold out. We are looking at further increasing capacity in hollow composite. We are bullish on the segment, but we are not planning to suddenly double or triple capacity. Our aim is to gain operational efficiency from existing assets and make incremental investments.

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Naman Parman – Nivesha Investments: We have a capacity of 50,000 tons in insulators, right? You expect to remain at a similar level but focus more on composite or polymer?

Management: You cannot think of these capacities in tons because the cycle time changes depending on the size of the insulator. We supply to EPC contractors based on very specific orders. It is a make-to-order business for specific projects, quite unlike our caustic or epoxy businesses where you look at total tons.

Naman Parman – Nivesha Investments: Could you provide the sales and EBITDA for the insulator division for FY26?

Management: We stopped disclosing those specific numbers a couple of years ago. It is part of our "Others" segment and we do not intend to disclose it separately.

Operator: Thank you. Ladies and gentlemen, that concludes our conference for today. On behalf of Grasim Industries, we thank you for joining us. You may now disconnect your lines. Thank you.

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