



3R MATRIX

| | + | = | - |
|----------------------|-----------|------------|---|
| Right Sector (RS) | ✓ | ✗ | ✗ |
| Right Quality (RQ) | ✓ | ✗ | ✗ |
| Right Valuation (RV) | ✓ | ✗ | ✗ |
| + Positive | = Neutral | - Negative | |

What has changed in 3R MATRIX

| | Old | | New |
|----|-----|---|-----|
| RS | ✓ | ↔ | ✓ |
| RQ | ✓ | ↔ | ✓ |
| RV | ✓ | ↔ | ✓ |

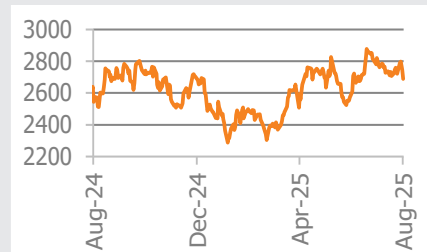
Company details

| | |
|-------------------------------|-----------------|
| Market cap: | Rs. 1,83,082 cr |
| 52-week high/low: | Rs. 2,878/2,276 |
| NSE volume: (No of shares) | 6.9 lakh |
| BSE code: | 500300 |
| NSE code: | GRASIM |
| Free float: (No of shares) | 38.7 cr |

Shareholding (%)

| | |
|-----------|------|
| Promoters | 43.1 |
| FII | 13.8 |
| DII | 17.9 |
| Others | 25.2 |

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

Price performance

| (%) | 1m | 3m | 6m | 12m |
|--------------------|------|------|-----|-----|
| Absolute | -3.1 | -0.4 | 7.7 | 5.7 |
| Relative to Sensex | 1.0 | 0.2 | 5.3 | 4.5 |

Source: Mirae Asset Sharekhan Research, Bloomberg

Grasim Industries Ltd

Paints segment continues to perform well

| Diversified | Sharekhan code: GRASIM | | |
|----------------|------------------------|--|---------------------------|
| Reco/View: Buy | ↔ | CMP: Rs. 2,690 (as on Aug 08, 2025) | Price Target: Rs. 3,050 ↑ |

Summary

- We retain a Buy rating with a revised PT of Rs. 3,050, as the company continues to capitalise on growth opportunities, particularly in the paints business.
- Standalone revenue rose 34% y-o-y to Rs. 9,223 crore, while EBITDA grew 18% y-o-y to Rs. 385 crore, led by high growth from new businesses.
- Trial production at the sixth Kharagpur paint plant has begun and it is expected to launch by end-Q2FY26, taking paints capacity to 1,332 MLPA (~24% of organized paint industry capacity).
- Birla Pivot (B2B e-commerce) posted high single-digit q-o-q growth despite monsoon-related slowdown in construction materials; company eyes Rs. 8,500 crore revenue by FY27.

Standalone revenue grew 34% y-o-y to Rs. 9,223 crore, while EBITDA rose 18% y-o-y to Rs. 385 crore. Revenues from cellulosic fibre segment rose 7% y-o-y to Rs. 4,043 crore, though EBITDA declined 20% y-o-y to Rs.322 crore on higher key input costs. Domestic CSF sales volume grew 2% y-o-y, but overall CSF volume fell 1% to 209 kt due to lower exports, while CFY volume rose 6% to 10.0 kt; realizations remained under pressure from low-priced Chinese imports. Chemicals business grew 16% y-o-y to Rs. 2,391 crore, with EBITDA up 36% y-o-y to Rs. 422 crore on the back of higher volumes, better caustic soda realisations, and improved chlorine derivative profitability. The standalone building materials segment reported 13% q-o-q revenue growth to Rs. 2,458 crore. Revenue from other businesses rose 8.4% y-o-y to Rs. 865 crore, with EBITDA up 41% y-o-y to Rs. 154 crore, driven by capacity expansion in renewables; cumulative installed capacity reached 1.9 GW, with 43% serving group companies. The company has earmarked Rs. 2,263 crore in capex for FY26, of which Rs. 480 crore has already been spent.

Key positives

- Birla Opus (Opus + White Putty) has achieved a market share exceeding 10%.

Key negatives

- Cellulosic fibre EBITDA declined 20% y-o-y in Q1FY26 due to higher input costs, which were only partially passed on to customers.

Management Commentary

- Birla Opus has expanded its dealer network to over 8,000 towns (vs. 6,000 target), with premium and luxury products contributing 65% of revenue; "PaintCraft" painting services to scale to 100+ towns in Q2FY26.
- Management noted the overall paints market grew 5% y-o-y, but excluding Birla Opus, growth would have been flat to slightly negative.
- India's B2B building & construction market (~Rs. 2 trillion) is expected to double by 2030.

Our Call

Valuation – Retain Buy with a revised PT of Rs. 3,050: Chemicals business delivered good performance, supported by higher volumes, better realisations in caustic soda, and improved chlorine derivatives profitability. The building materials segment, led by Birla Opus, maintained robust momentum, with market share crossing 10% and a growing premium product mix. The cellulosic fiber segment saw margin pressure due to higher input costs and weak export demand, but the company remains focused on operational efficiencies. Birla Pivot is scaling its presence in the B2B e-commerce space, while UltraTech's improved outlook adds to the overall growth visibility. We retain our Buy rating with a revised price target of Rs. 3.050, underpinned by strong long-term growth opportunities across core and new businesses.

Key Risks

The funding requirement of its group companies and weakness in the standalone business are key risks.

Valuation (Standalone)

| Particulars | FY24 | FY25 | FY26E | FY27E |
|--------------------|--------|--------|--------|--------|
| Revenue | 25,847 | 31,563 | 39,031 | 44,585 |
| OPM (%) | 9.0 | 3.6 | 4.49 | 6.0 |
| Adjusted PAT | 1,661 | 376 | 525 | 924 |
| y-o-y growth (%) | NA | -77 | 40 | 76 |
| Adjusted EPS (Rs.) | 25.0 | 5.5 | 7.7 | 13.6 |
| RoNW (%) | 3.2 | 0.7 | 1.0 | 1.7 |
| RoCE (%) | 2.8 | 0.6 | 0.8 | 1.3 |

Source: Company; Mirae Asset Sharekhan estimates

Results (Standalone)

| Particulars | | | | | | Rs cr |
|-------------------------|----------------|----------------|-------------|----------------|-------------|-------|
| | Q1FY26 | Q1FY25 | y-o-y (%) | Q4FY25 | q-o-q (%) | |
| Net sales | 9,223.1 | 6,893.9 | 33.8 | 8,925.8 | 3.3 | |
| Total expenditure | 8,838.5 | 6,568.8 | 34.6 | 8,705.2 | 1.5 | |
| Operating profit | 384.6 | 325.1 | 18.3 | 220.5 | 74.4 | |
| Other Income | 143.7 | 93.1 | 54.3 | 226.9 | (36.7) | |
| Interest | 206.1 | 139.9 | 47.4 | 200.9 | 2.6 | |
| PBDT | 322.2 | 278.3 | 15.7 | 246.5 | 30.7 | |
| Depreciation | 478.5 | 348.6 | 37.3 | 500.8 | (4.4) | |
| PBT | (156.3) | (70.2) | NA | (368.2) | NA | |
| Tax | (38.2) | (18.1) | NA | (80.3) | NA | |
| Reported PAT | (118.2) | (52.1) | NA | (288.0) | NA | |
| Adjusted PAT | (118.2) | (52.1) | NA | (174.0) | NA | |
| EPS (Rs.) | (1.7) | (0.8) | NA | (4.2) | NA | |
| Margin (%) | | | BPS | | BPS | |
| Operating margin | 4.2 | 4.7 | -55 | 2.5 | 170 | |
| Net Margin | -1.3 | -0.8 | -53 | -1.9 | 67 | |
| Tax rate | 24.4 | 25.8 | -137 | 21.8 | 262 | |

Source: Company; Mirae Asset Sharekhan Research

Outlook and Valuation

Sector Outlook – Positive outlook for new high growth segments

Grasim is facing subdued demand in its standalone businesses, led by global oversupply and volatility in the pricing environment. However, the viscose demand environment is expected to remain stable with a gradual improvement in OPM. The decorative paints segments is a huge 72,000 crore market in India with 25% unorganised share. The outlook for its key subsidiary, UltraTech, remains healthy, with expected demand from government-led infrastructure investments and sustained market from rural and individual homebuilders.

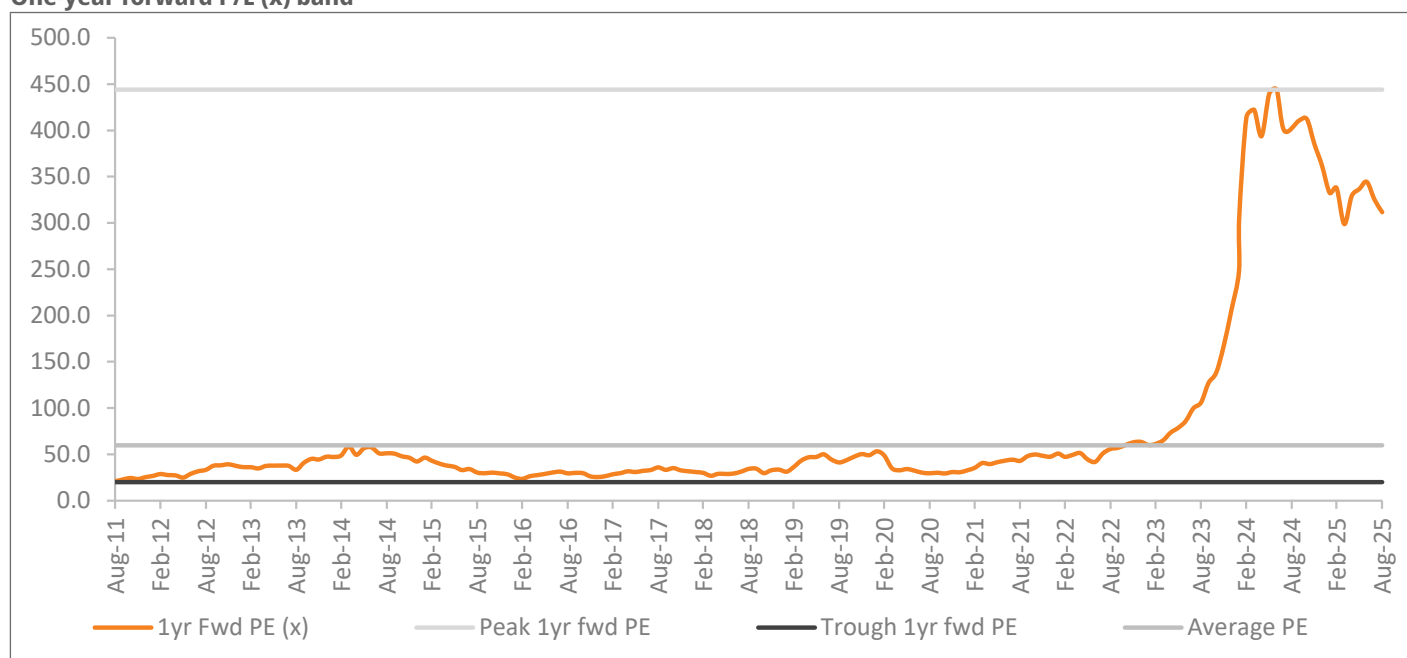
Company Outlook – Healthy times ahead for key subsidiary and paints venture

Grasim is benefiting from the healthy growth outlook in its key subsidiary, UltraTech, while its standalone businesses is facing subdued demand and volatility. The company would focus on increasing asset productivity and the share of value-added products to improve OPM in the viscose and chemical divisions. The company's venture into the paints business will provide scale and growth and reduce the cyclicity of the standalone business. Grasim is venturing into the decorative paints and aims is to reach Rs.10,000 crore revenue within three years of full-scale operations. Hence, a healthy growth outlook in UltraTech and a venture into paints are likely to drive valuation.

Valuation – Retain Buy with a revised PT of Rs. 3,050

Chemicals business delivered good performance, supported by higher volumes, better realisations in caustic soda, and improved chlorine derivatives profitability. The building materials segment, led by Birla Opus, maintained robust momentum, with market share crossing 10% and a growing premium product mix. The cellulosic fiber segment saw margin pressure due to higher input costs and weak export demand, but the company remains focused on operational efficiencies. Birla Pivot is scaling its presence in the B2B e-commerce space, while UltraTech's improved outlook adds to the overall growth visibility. We retain our Buy rating with a revised price target of Rs. 3.050, underpinned by strong long-term growth opportunities across core and new businesses.

One-year forward P/E (x) band



Source: Company; Mirae Asset Sharekhan Research

About company

Grasim is the flagship company of Aditya Birla Group. It's one of India's largest private sector companies and a diversified conglomerate. The company started as a textiles manufacturer in India in 1947. The cement business started in 1985 with a capacity of 0.5 MTPA. Originally focused on textiles, Grasim has evolved into a powerhouse across multiple sectors. The company is a global leader in viscose staple fiber (VSF) production and is India's largest cement manufacturer through its subsidiary UltraTech Cement. Grasim has expanded its portfolio to include chemicals, pulp, insulators, and more recently, paints. With operations across 36+ countries and employing thousands, the company maintains a strong commitment to sustainability while delivering consistent financial performance and shareholder value.

Investment theme

Grasim is benefiting from the healthy growth outlook in its key subsidiary, UltraTech, while its standalone businesses is facing subdued demand and volatility. The company would focus on increasing asset productivity and the share of value-added products to improve OPM in the viscose and chemical divisions. The company's venture into the paints business will provide scale and growth and reduce the cyclicity of the standalone business.

Key Risks

- ♦ Funding requirements of its other listed entities.
- ♦ Weakness in the standalone business

Additional Data

Key management personnel

| Name | Designation |
|----------------------|-------------------------|
| Kumar Mangalam Birla | Chairman |
| Himanshu Kapania | Managing Director |
| Pavan.K. Jain | Chief Financial Officer |

Source: Company Website

Top 10 shareholders

| Sr. No. | Holder Name | Holding (%) |
|---------|------------------------------------|-------------|
| 1 | Life Insurance Corp of India | 8.10 |
| 2 | Vanguard Group Inc/The | 2.10 |
| 3 | SBI Funds Management Ltd | 1.61 |
| 4 | THELEME MASTER FUND LTD | 1.47 |
| 5 | Gagandeep Credit Capital Pvt Ltd | 1.41 |
| 6 | Blackrock Inc | 1.43 |
| 7 | SHAMYAK INVESTMENT PRIVA | 1.40 |
| 8 | Norges Bank | 1.34 |
| 9 | SAMYAKTVA CONS LLP | 1.08 |
| 10 | Nippon Life India Asset Management | 0.75 |

Source: Bloomberg

Mirae Asset Sharekhan Limited, its analyst or dependant(s) of the analyst might be holding or having a position in the companies mentioned in the article.

Understanding the Mirae Asset Sharekhan 3R Matrix

| Right Sector | |
|-----------------|--|
| Positive | Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies |
| Neutral | Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies |
| Negative | Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability. |
| Right Quality | |
| Positive | Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance. |
| Neutral | Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable |
| Negative | Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/ weak realisation environment resulting in margin pressure and deteriorating balance sheet |
| Right Valuation | |
| Positive | Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment. |
| Neutral | Trading at par to historical valuations and having limited scope of expansion in valuation multiples. |
| Negative | Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple. |

Source: Mirae Asset Sharekhan Research

DISCLAIMER

This information/document has been prepared by Sharekhan Ltd. and is intended for use only by the person or entity to which it is addressed to. This Document may contain confidential and/or privileged material and is not for any type of circulation, and any review, retransmission, or any other use is strictly prohibited. This information/ document is subject to change without prior notice.

Recommendation in reports based on technical and derivatives analysis is based on studying charts of a stock's price movement, trading volume, and outstanding positions, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals. However, this would only apply to information/documents focused on technical and derivatives research and shall not apply to reports/documents/information focused on fundamental research.

This information/document does not constitute an offer to sell or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Though disseminated to all customers who are due to receive the same, not all customers may receive this report at the same time. Mirae Asset Sharekhan will not treat recipients as customers by virtue of their receiving this information/report.

The information contained herein is obtained from publicly available data or other sources believed to be reliable, and Mirae Asset Sharekhan has not independently verified the accuracy and completeness of the said data and hence it should not be relied upon as such. While we would endeavour to update the information herein on a reasonable basis, Mirae Asset Sharekhan, its subsidiaries and associated companies, their directors, and employees ("Mirae Asset Sharekhan and affiliates") are under no obligation to update or keep the information current. Also, there may be regulatory, compliance, or other reasons that may prevent Mirae Asset Sharekhan and its affiliates from doing so. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. Recipients of this report should also be aware that past performance is not necessarily a guide to future performance, and the value of investments can go down as well. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved) and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. We do not undertake to advise you as to any change of our views. Affiliates of Mirae Asset Sharekhan may have issued other recommendations/ reports that are inconsistent with and reach different conclusions from the information presented in this recommendations/report.

This information/recommendation/report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject Mirae Asset Sharekhan and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to a certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restrictions.

The analyst certifies that the analyst might have dealt or traded directly or indirectly in the securities of the company and that all the views expressed in this document accurately reflect his or her personal views about the subject company or companies and its or their securities and do not necessarily reflect those of Mirae Asset Sharekhan. The analyst and Mirae Asset Sharekhan further certifies that either he or his relatives or Mirae Asset Sharekhan associates might have direct or indirect financial interest or might have actual or beneficial ownership of 1% or more in the securities of the company at the end of the month immediately preceding the date of publication of the research report. The analyst and Mirae Asset Sharekhan encourage independence in research report/ material preparation and strive to minimize conflict in the preparation of the research report. The analyst and Mirae Asset Sharekhan do not have any material conflict of interest or have not served as officers, directors or employees or engaged in market-making activity of the company. The analyst and Mirae Asset Sharekhan have not been a part of the team which has managed or co-managed the public offerings of the company, and no part of the analyst's compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this document. Sharekhan Ltd, or its associates, or analysts have not received any compensation for investment banking, merchant banking, brokerage services or any compensation or other benefits from the subject company or from a third party in the past twelve months in connection with the research report.

Either Mirae Asset Sharekhan or its affiliates or its directors or employees/representatives/clients or their relatives may have position(s), make market, act as principal or engage in transactions of purchase or sell of securities, from time to time or may be materially interested in any of the securities or related securities referred to in this report and they may have used the information set forth herein before publication. Mirae Asset Sharekhan may from time to time solicit from, or perform investment banking or other services for, any company mentioned herein. Without limiting any of the foregoing, in no event shall Mirae Asset Sharekhan, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind.

Forward-looking statements (if any) are provided to allow potential investors the opportunity to understand management's beliefs and opinions in respect of the future so that they may use such beliefs and opinions as one factor in evaluating an investment. These statements are not a guarantee of future performance, and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Sharekhan Ltd and its affiliates undertake no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change, except as required by applicable securities laws. The reader/investors are cautioned not to place undue reliance on forward-looking statements and use their independent judgment before taking any investment decision.

Investment in securities market are subject to market risks, read all the related documents carefully before investing. The securities quoted are for illustration only and are not recommendatory. Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Mirae Asset Sharekhan has been ranked as India's No.1 Retail Broker by Asiamoney Brokers Poll 2023. For more details, visit bit.ly/AsiamoneyPoll

Client should read the Risk Disclosure Document issued by SEBI & relevant exchanges and the T&C on www.sharekhan.com

Registered Office: 1st Floor, Tower No. 3, Equinox Business Park, LBS Marg, Off BKC, Kurla (West), Mumbai 400 070, Maharashtra, India. Tel: 022-67502000.

Correspondence/Administrative Office Address - Gigaplex IT Park, Unit No 1001, 10th floor, Building No.9, TTC Industrial Area, Digha, Airoli-West, Navi Mumbai - 400708. Tel: 022 61169000 / 61150000.

Registration and Contact Details: Name of Research Analyst - Sharekhan Limited - (AMFI-registered Mutual Fund Distributor), Research Analyst Regn No.: INH000006183. CIN: U99999MH1995PLC087498.

SEBI Regn. Nos.: BSE / NSE (CASH / F&O / CD) / MCX - Commodity: INZ000171337; BSE - 748, NSE - 10733, MCX - 56125, DP: NSDL/CDSL-IN-DP-365-2018; PMS: INP000005786; Mutual Fund: ARN 20669 (date of initial registration: 03/07/2004, and valid till 02/07/2026); IRDAI Registered Corporate Agent (Composite) License No. CA0950, valid till June 13, 2027.

Compliance Officer: Mr. Joby John Meledan; Tel: 022-4657 3809; email id: complianceofficer@sharekhan.com

For any complaints/ grievances, email us at igc@sharekhan.com, or you may even call the Customer Service desk on 022-41523200/ 022-61151111.