

May 10, 2025

Q4FY25 Result Update

■ Change in Estimates | ■ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	1,716		1,716	
Sales (Rs. m)	31,570	35,876	31,570	35,876
% Chng.	-	-	-	-
EBITDA (Rs. m)	5,983	7,025	5,983	7,025
% Chng.	-	-	-	-
EPS (Rs.)	39.3	46.5	39.3	46.5
% Chng.	-	-	-	-

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	27,049	28,242	31,570	35,876
EBITDA (Rs. m)	5,376	5,258	5,983	7,025
Margin (%)	19.9	18.6	19.0	19.6
PAT (Rs. m)	4,020	3,814	4,352	5,145
EPS (Rs.)	36.3	34.4	39.3	46.5
Gr. (%)	11.1	(5.1)	14.1	18.2
DPS (Rs.)	17.0	17.0	19.3	22.8
Yield (%)	1.1	1.1	1.2	1.4
RoE (%)	20.8	17.7	18.3	19.4
RoCE (%)	23.4	19.3	20.3	21.9
EV/Sales (x)	6.4	6.0	5.4	4.7
EV/EBITDA (x)	32.1	32.4	28.4	24.0
PE (x)	44.4	46.8	41.0	34.7
P/BV (x)	8.7	7.9	7.1	6.4

Key Data

GRNN.BO | GWN IN

52-W High / Low	Rs.2,960 / Rs.1,356
Sensex / Nifty	79,454 / 24,008
Market Cap	Rs.178bn/ \$ 2,090m
Shares Outstanding	111m
3M Avg. Daily Value	Rs.118.55m

Shareholding Pattern (%)

Promoter's	58.04
Foreign	6.75
Domestic Institution	18.33
Public & Others	16.88
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	1.6	(25.4)	(25.4)
Relative	(5.6)	(25.4)	(32.0)

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Soft Q4; margin focus amid rising uncertainties

Quick Pointers:

- Ceramics & Plastics/Digital Services segment revenue grew 5.8%/6.5% YoY while Abrasives revenue declined 1.7% YoY in Q4FY25.
- Abrasives/Digital Services EBIT margin fell by 97/418bps YoY to 13.4%/23.8% in Q4FY25 while Ceramics EBIT margin grew by 104bps YoY to 17.3%.

Grindwell Norton (GWN) reported a muted performance for the quarter, with revenue growing modestly by 2.7% YoY and EBITDA margins remaining largely stable at 17.9%. The domestic demand shown resilience across both the Abrasives and Ceramics segments. However, export demand remained subdued, likely due to persistent pressure from Chinese dumping and overall weak global demand. Looking ahead, growth in the Abrasives segment is expected to be supported by emerging opportunities such as edge grinding for solar glass, rising demand for high-productivity solutions. Ceramics profitability is expected to improve with recovery in export demand and favorable product mix. Nonetheless, the escalating tariff wars raises concerns over a potential increase in Chinese dumping, which could impact volumes in both domestic and export markets. We await further commentary from the management in the annual investor meet of GWN.

Chinese alternative products dumping, global tariff wars and change in mix of consumable demand will be key monitorable, however we remain positive on GWN due to its 1) focus on technologically advanced niche/high performance products in performance plastics, 2) penetration in newer high growth markets, 3) attention on tapping new verticals in Ceramics & Refractories, and 4) capacity expansion in coated abrasives, engineered ceramics and performance plastics. The stock is trading at a P/E of 41.0x/34.7x on FY26/27E earnings. We maintain 'Accumulate' rating with a TP of Rs1,716 (same as earlier) valuing the stock at a PE of 40x Sep'26E (same as earlier).

Healthy growth in ceramics drive topline: Consolidated revenue increased by 2.7% YoY to Rs7.1bn (PLe: Rs7.3bn), led by growth across all segments except in Abrasives which declined by 1.7% YoY to Rs3.6bn. Gross margin contracted by 40 bps YoY to 54.0%. EBITDA grew by 1.9% YoY to Rs1.3bn (PLe: Rs1.3bn). EBITDA margin remains flattish to 17.9% (PLe:18.3%) on the back of significant margin contraction in Digital Services segment. Adj. PBT rose by 1.6% YoY to Rs1.2bn (PLe: Rs1.3bn). Adj. PAT was flattish at Rs925mn (PLe: Rs969mn).

Digital Services continued to face strong headwinds: Abrasives revenue declined 1.7% YoY to Rs3.6bn, while Ceramics & Plastics rose 5.8% YoY to Rs2.9bn. Digital Services posted a 6.5% YoY revenue growth at Rs480mn. However, margins saw mixed movement—Digital Services margin dropped sharply by 418bps YoY to 23.8%, while Ceramics & Plastics improved to 17.3%. Abrasives margin softened by 97bps to 13.4%.

Exhibit 1: Adj. PAT was flat YoY driven by higher other income (+31.5% YoY) offset by higher depreciation (+26.6% YoY)

Y/e March (Rs mn)	Q4FY25	Q4FY24	YoY gr.	Q4FY25E	% Var.	Q3FY25	QoQ gr.	FY25	FY24	YoY gr.
Revenue	7,095	6,911	2.7%	7,347	-3.4%	7,026	1.0%	28,242	27,049	4.4%
Gross Profit	3,834	3,762	1.9%	3,939	-2.7%	3,801	0.9%	15,482	14,983	3.3%
Margin (%)	54.0	54.4	(40)	53.6	42	54.1	(6)	54.8	55.4	(57)
Employee Cost	826	898	-8.0%	846	-2.4%	823	0.4%	3,370	3,258	3.4%
as % of sales	11.6	13.0	(135)	11.5	13	11.7	(7)	11.9	12.0	(11)
Other expenditure	1,735	1,614	7.5%	1,752	-0.9%	1,744	-0.5%	6,854	6,349	8.0%
as % of sales	24.5	23.4	110	23.8	61	24.8	(36)	24.3	23.5	80
EBITDA	1,273	1,250	1.9%	1,342	-5.1%	1,234	3.1%	5,258	5,376	-2.2%
Margin (%)	17.9	18.1	(14)	18.3	(32)	17.6	37	18.6	19.9	(126)
Depreciation	249	197	26.6%	227	9.4%	235	5.9%	926	709	30.7%
EBIT	1,024	1,053	-2.8%	1,114	-8.1%	1,000	2.5%	4,331	4,667	-7.2%
Margin (%)	14.4	15.2	(81)	15.2	(73)	14.2	21	15.3	17.3	(192)
Other Income	227	173	31.5%	197	15.4%	180	26.7%	799	683	16.9%
Interest	25	19	33.6%	17	50.4%	21	19.0%	93	78	20.5%
PBT (ex. Extra-ordinaries)	1,227	1,208	1.6%	1,295	-5.2%	1,158	5.9%	5,037	5,272	-4.5%
Margin (%)	17.3	17.5	(18)	17.6	(33)	16.5	81	17.8	19.5	(166)
Extraordinary Items	-	-	-	-	-	-	-	-	-	-
PBT	1,227	1,208	1.6%	1,295	-5.2%	1,158	5.9%	5,037	5,272	-4.5%
Total Tax	301	276	8.9%	318	-5.5%	282	6.6%	1,207	1,244	-3.0%
Effective Tax Rate (%)	24.5	22.9	165	24.6	(7)	24.3	16	24.0	23.6	37
PAT	926	932	-0.6%	976	-5.1%	876	5.7%	3,830	4,029	-4.9%
Share of JV and Associates	2	(5)	-146.8%	(26)	-108.7%	3	-35.6%	9	(4)	-324.6%
Minority interest	(3)	(1)	-	19	-	(11)	-	25	3	-
Reported PAT	925	926	-0.1%	969	-4.5%	868	6.6%	3,814	4,021	-5.2%
Adj. PAT	925	926	-0.1%	969	-4.5%	868	6.6%	3,814	4,021	-5.2%
Adj. EPS	8.4	8.4	-0.1%	8.8	-4.5%	7.8	6.6%	34	36.3	-5.2%

Source: Company, PL

Exhibit 2: Growth across all segments except in Abrasives (-1.7% YoY to Rs3.6bn); mixed margin performance across segments

Segmental Performance	Q4FY25	Q4FY24	YoY gr.	Q4FY25E	% Var.	Q3FY25	QoQ gr.	FY25	FY24	YoY gr.
Revenue (Rs mn)										
Abrasives	3,599	3,660	-1.7%	3,606	-0.2%	3,412	5.5%	14,025	13,583	3.3%
Ceramics & Plastics	2,924	2,764	5.8%	3,067	-4.7%	3,018	-3.1%	11,887	9,351	27.1%
Digital Services	480	451	6.5%	528	-9.1%	450	6.7%	1,841	1,889	-2.6%
Others	145	86	67.7%	280	-48.4%	173	-16.3%	541	541	0.0%
EBIT (Rs mn)										
Abrasives	482	526	-8.3%	521	-7.4%	404	19.4%	1,814	1,894	-4.3%
Ceramics & Plastics	505	449	12.6%	539	-6.2%	476	6.2%	2,006	1,836	9.3%
Digital Services	114	126	-9.4%	116	-1.3%	116	-1.6%	490	614	-20.2%
Others	27	10	161.3%	58	-54.1%	42	-37.1%	94	100	-6.4%
EBIT Margin (%)										
			bps		bps		bps			bps
Abrasives	13.4	14.4	(97)	14.4	(105)	11.8	156	12.9	13.9	(101)
Ceramics & Plastics	17.3	16.2	104	17.6	(28)	15.8	152	16.9	19.6	(276)
Digital Services	23.8	28.0	(418)	21.9	187	25.8	(201)	26.6	32.5	(590)
Others	18.4	11.8	660	20.7	(229)	24.5	(610)	17.3	18.5	(118)

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	27,049	28,242	31,570	35,876
YoY gr. (%)	6.4	4.4	11.8	13.6
Cost of Goods Sold	12,066	12,760	14,175	16,108
Gross Profit	14,983	15,482	17,395	19,768
Margin (%)	55.4	54.8	55.1	55.1
Employee Cost	3,258	3,370	3,615	3,946
Other Expenses	6,349	6,854	7,798	8,797
EBITDA	5,376	5,258	5,983	7,025
YoY gr. (%)	7.6	(2.2)	13.8	17.4
Margin (%)	19.9	18.6	19.0	19.6
Depreciation and Amortization	709	926	986	1,041
EBIT	4,667	4,331	4,997	5,984
Margin (%)	17.3	15.3	15.8	16.7
Net Interest	78	93	35	36
Other Income	683	799	864	959
Profit Before Tax	5,269	5,037	5,826	6,907
Margin (%)	19.5	17.8	18.5	19.3
Total Tax	1,244	1,207	1,456	1,740
Effective tax rate (%)	23.6	24.0	25.0	25.2
Profit after tax	4,025	3,830	4,369	5,166
Minority interest	3	25	(4)	(5)
Share Profit from Associate	(4)	9	(22)	(26)
Adjusted PAT	4,020	3,814	4,352	5,145
YoY gr. (%)	11.1	(5.1)	14.1	18.2
Margin (%)	14.9	13.5	13.8	14.3
Extra Ord. Income / (Exp)	(3)	-	-	-
Reported PAT	4,018	3,814	4,352	5,145
YoY gr. (%)	11.0	(5.1)	14.1	18.2
Margin (%)	14.9	13.5	13.8	14.3
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	4,018	3,814	4,352	5,145
Equity Shares O/s (m)	111	111	111	111
EPS (Rs)	36.3	34.4	39.3	46.5

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	10,554	12,781	14,081	15,481
Tangibles	10,554	12,781	14,081	15,481
Intangibles	-	-	-	-
Acc: Dep / Amortization	3,932	4,858	5,844	6,884
Tangibles	3,932	4,858	5,844	6,884
Intangibles	-	-	-	-
Net fixed assets	6,622	7,922	8,237	8,596
Tangibles	6,622	7,922	8,237	8,596
Intangibles	-	-	-	-
Capital Work In Progress	2,213	1,195	1,819	1,916
Goodwill	-	-	-	-
Non-Current Investments	2,790	3,095	3,219	3,995
Net Deferred tax assets	(221)	(364)	(364)	(364)
Other Non-Current Assets	338	336	376	427
Current Assets				
Investments	4,473	6,159	6,630	7,534
Inventories	4,876	4,899	5,449	6,192
Trade receivables	3,575	3,624	4,127	4,694
Cash & Bank Balance	2,130	2,646	2,786	2,859
Other Current Assets	449	412	461	524
Total Assets	27,696	30,568	33,368	37,039
Equity				
Equity Share Capital	554	554	554	554
Other Equity	19,999	22,001	24,471	27,478
Total Networth	20,553	22,555	25,025	28,031
Non-Current Liabilities				
Long Term borrowings	605	607	607	607
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	221	229	229	229
Trade payables	3,624	4,253	4,325	4,718
Other current liabilities	2,358	2,420	2,683	2,960
Total Equity & Liabilities	27,696	30,568	33,368	37,039

Source: Company Data, PL Research



Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	5,083	4,920	5,826	6,907
Add. Depreciation	709	926	986	1,041
Add. Interest	11	16	-	-
Less Financial Other Income	683	799	864	959
Add. Other	(426)	(505)	13	10
Op. profit before WC changes	5,378	5,357	6,824	7,957
Net Changes-WC	(324)	372	(833)	(843)
Direct tax	(1,374)	(1,144)	(1,456)	(1,740)
Net cash from Op. activities	3,679	4,585	4,535	5,374
Capital expenditures	(1,724)	(941)	(1,924)	(1,497)
Interest / Dividend Income	(432)	(158)	(554)	(1,629)
Others	339	(1,029)	-	-
Net Cash from Invst. activities	(1,817)	(2,127)	(2,478)	(3,126)
Issue of share cap. / premium	-	-	-	-
Debt changes	80	17	-	-
Dividend paid	(1,605)	(1,882)	(1,882)	(2,139)
Interest paid	(78)	(93)	(35)	(36)
Others	(146)	(254)	-	-
Net cash from Fin. activities	(1,749)	(2,213)	(1,917)	(2,175)
Net change in cash	114	245	140	73
Free Cash Flow	1,956	3,644	2,611	3,877

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	36.3	34.4	39.3	46.5
CEPS	42.7	42.8	48.2	55.9
BVPS	185.6	203.7	226.0	253.2
FCF	17.7	32.9	23.6	35.0
DPS	17.0	17.0	19.3	22.8
Return Ratio(%)				
RoCE	23.4	19.3	20.3	21.9
ROIC	26.7	24.3	24.6	26.4
RoE	20.8	17.7	18.3	19.4
Balance Sheet				
Net Debt : Equity (x)	(0.3)	(0.4)	(0.3)	(0.3)
Net Working Capital (Days)	65	55	61	63
Valuation(x)				
PER	44.4	46.8	41.0	34.7
P/B	8.7	7.9	7.1	6.4
P/CEPS	37.7	37.6	33.4	28.8
EV/EBITDA	32.1	32.4	28.4	24.0
EV/Sales	6.4	6.0	5.4	4.7
Dividend Yield (%)	1.1	1.1	1.2	1.4

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Net Revenue	7,056	6,939	7,026	7,095
YoY gr. (%)	5.6	4.0	6.5	2.7
Raw Material Expenses	3,204	3,071	3,225	3,261
Gross Profit	3,852	3,868	3,801	3,834
Margin (%)	54.6	55.7	54.1	54.0
EBITDA	1,331	1,292	1,234	1,273
YoY gr. (%)	(1.5)	(1.7)	(3.4)	1.9
Margin (%)	18.9	18.6	17.6	17.9
Depreciation / Depletion	214	228	235	249
EBIT	1,117	1,064	1,000	1,024
Margin (%)	15.8	15.3	14.2	14.4
Net Interest	25	23	21	25
Other Income	158	234	180	227
Profit before Tax	1,250	1,275	1,158	1,227
Margin (%)	17.7	18.4	16.5	17.3
Total Tax	320	304	282	301
Effective tax rate (%)	25.6	23.9	24.3	24.5
Profit after Tax	930	971	876	926
Minority interest	2	9	11	3
Share Profit from Associates	4	-	3	2
Adjusted PAT	932	962	868	925
YoY gr. (%)	(3.9)	(5.6)	(6.1)	(0.1)
Margin (%)	13.2	13.9	12.4	13.0
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	932	962	868	925
YoY gr. (%)	(3.9)	(5.6)	(6.1)	(0.1)
Margin (%)	13.2	13.9	12.4	13.0
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	932	962	868	925
Avg. Shares O/s (m)	111	111	111	111
EPS (Rs)	8.4	8.7	7.8	8.4

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Apr-25	Accumulate	1,716	1,548
2	14-Feb-25	Accumulate	1,890	1,651
3	09-Jan-25	BUY	2,511	1,850
4	31-Oct-24	BUY	2,528	2,151
5	07-Oct-24	Accumulate	2,749	2,441
6	18-Jul-24	Accumulate	2,749	2,650
7	08-Jul-24	Accumulate	2,737	2,850
8	03-Jun-24	Accumulate	2,749	2,576

Analyst Coverage Universe

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	ABB India	BUY	6,955	5,064
2	Apar Industries	Accumulate	6,287	4,944
3	BEML	Accumulate	3,561	2,875
4	Bharat Electronics	BUY	340	281
5	BHEL	Accumulate	226	211
6	Carborundum Universal	Accumulate	1,052	950
7	Cummins India	BUY	3,309	2,746
8	Elgi Equipments	BUY	517	418
9	Engineers India	BUY	242	164
10	GE Vernova T&D India	Accumulate	1,950	1,304
11	Grindwell Norton	Accumulate	1,716	1,548
12	Harsha Engineers International	Accumulate	398	374
13	Hindustan Aeronautics	Accumulate	4,134	4,042
14	Ingersoll-Rand (India)	BUY	4,540	3,376
15	Kalpataru Projects International	BUY	1,105	876
16	KEC International	Accumulate	801	665
17	Kirloskar Pneumatic Company	BUY	1,636	1,230
18	Larsen & Toubro	BUY	4,004	3,324
19	Praj Industries	BUY	545	461
20	Siemens	Accumulate	3,233	2,763
21	Thermax	Accumulate	3,456	3,222
22	Triveni Turbine	BUY	744	488
23	Voltamp Transformers	BUY	10,285	8,195

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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