

July 27, 2025

Q1FY26 Result Update

■ Change in Estimates | ■ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	HOLD		HOLD	
Target Price	1,739		1,739	
Sales (Rs. m)	30,594	34,180	30,594	34,180
% Chng.	-	-	-	-
EBITDA (Rs. m)	5,660	6,487	5,660	6,487
% Chng.	-	-	-	-
EPS (Rs.)	37.4	43.5	37.4	43.5
% Chng.	-	-	-	-

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	26,868	28,116	30,594	34,180
EBITDA (Rs. m)	5,194	5,131	5,660	6,487
Margin (%)	19.3	18.3	18.5	19.0
PAT (Rs. m)	3,839	3,687	4,146	4,814
EPS (Rs.)	34.7	33.3	37.4	43.5
Gr. (%)	6.1	(4.0)	12.4	16.1
DPS (Rs.)	17.0	17.0	19.0	22.1
Yield (%)	1.0	1.0	1.2	1.4
RoE (%)	19.9	17.1	17.5	18.4
RoCE (%)	22.5	18.8	19.1	20.2
EV/Sales (x)	6.5	6.2	5.6	5.0
EV/EBITDA (x)	33.7	33.7	30.4	26.3
PE (x)	47.2	49.1	43.7	37.6
P/BV (x)	8.8	8.0	7.3	6.6

Key Data

GRNN.BO | GWN IN

52-W High / Low	Rs.2,787 / Rs.1,356
Sensex / Nifty	81,463 / 24,837
Market Cap	Rs.181bn / \$ 2,092m
Shares Outstanding	111m
3M Avg. Daily Value	Rs.118.93m

Shareholding Pattern (%)

Promoter's	58.04
Foreign	6.81
Domestic Institution	18.20
Public & Others	16.95
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(4.4)	(8.9)	(35.9)
Relative	(2.9)	(14.8)	(37.0)

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Subdued Q1; margin strain across segments

Quick Pointers:

- Digital Services/Abrasives segment revenue grew 11.7%/0.6% YoY, while Ceramics & Plastics (C&P) declined 2.6% YoY in Q1FY26.
- Abrasives/C&P/Digital Services EBIT margin fell by 72/50/185bps YoY to 12.8%/17.4%/28.1%.

Grindwell Norton (GWN) delivered a subdued performance for the quarter, with revenue remaining largely flat YoY at Rs7.0bn and EBITDA margin contracting by 40bps YoY to 18.5%. The Abrasives segment reported negligible growth, while margins weakened further—likely impacted by continued Chinese dumping. The Ceramics & Plastics (C&P) segment also posted a decline in revenue, with profitability remaining under strain. Notably, the Digital Services segment saw topline growth, however, it continued to witness a sharp erosion in margins. Meanwhile, the management has approved a land acquisition of ~Rs180mn in Halol, Gujarat, on a freehold basis to support future expansion plans following the ongoing capacity expansion of the Halol plant for performance ceramics and refractories business.

We remain cautious in the near term due to limited visibility regarding demand recovery amid persistent Chinese alternative products dumping, global tariff wars and change in mix of consumable demand. In the long-term, potential growth triggers may include 1) GWN's focus on technologically advanced niche/high-performance products in performance plastics, 2) penetration in newer high-growth markets, 3) focus 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 43.7x/37.6x on FY26/27E earnings. We maintain 'HOLD' rating with a TP of Rs1,739 (same as earlier) valuing the stock at a PE of 40x Mar'27E (same as earlier).

Flat topline, margins under pressure: Consolidated revenue remained largely flat at Rs7.0bn (PLe: Rs7.3bn). Gross margin was also flat YoY at 54.6%. EBITDA declined 2.4% YoY to Rs1.3bn (PLe: Rs1.4bn). EBITDA margin declined by 40bps YoY to 18.5% (PLe: 18.6%) on the back of margin contraction in all segments and increase in other expenses (+101bps YoY % of sales). PBT remained flattish at Rs1.3bn (PLe: Rs1.3bn) due to higher other income (+51.1% YoY to Rs238mn) offsetting weaker operating performance. PAT improved by 1.4% YoY to Rs945mn (PLe: Rs942mn) aided by lower effective tax rate (25.0% vs 25.6% in Q1FY25).

Segmental snapshot: Digital Services posts positive growth: During the quarter, Digital Services' revenue grew 11.7% YoY to Rs509mn, while Abrasives was flat YoY at Rs3.5bn, offset by 2.6% YoY decline in C&P to Rs3.0bn. C&P margin declined to 17.4% (vs 17.9% in Q1FY25), while Digital Services' margin fell sharply to 28.1% (vs 29.9%). Abrasives EBIT margin dipped by 72bps YoY to 12.8% (vs 13.6%).

Exhibit 1: PBT flat at Rs1.3bn due to higher other income (+51.1% YoY) offsetting weaker operating performance

Y/e March (Rs mn)	Q1FY26	Q1FY25	YoY gr.	Q1FY26E	% Var.	Q4FY25	QoQ gr.	FY26E	FY25	YoY gr.
Revenue	7,035	7,056	-0.3%	7,315	-3.8%	7,095	-0.9%	30,594	28,116	8.8%
Gross Profit	3,841	3,852	-0.3%	3,987	-3.7%	3,834	0.2%	16,735	15,355	9.0%
Margin (%)	54.6	54.6	(0)	54.5	10	54.0	55	54.7	54.6	9
Employee Cost	852	897	-5.0%	856	-0.5%	826	3.1%	3,518	3,370	4.4%
as % of sales	12.1	12.7	(60)	11.7	41	11.6	47	11.5	12.0	(49)
Other expenditure	1,690	1,624	4.1%	1,770	-4.5%	1,735	-2.6%	7,557	6,854	10.3%
as % of sales	24.0	23.0	101	24.2	(18)	24.5	(43)	24.7	24.4	32
EBITDA	1,299	1,331	-2.4%	1,361	-4.5%	1,273	2.0%	5,660	5,131	10.3%
Margin (%)	18.5	18.9	(40)	18.6	(14)	17.9	52	18.5	18.3	25
Depreciation	259	214	20.9%	255	1.6%	249	4.1%	978	926	5.6%
EBIT	1,040	1,117	-6.9%	1,106	-6.0%	1,024	1.5%	4,681	4,205	11.3%
Margin (%)	14.8	15.8	(105)	15.1	(33)	14.4	34	15.3	15.0	35
Other Income	238	158	51.1%	180	32.4%	227	4.8%	902	799	12.9%
Interest	22	25	-12.0%	25	-13.4%	25	-13.4%	34	93	-64.0%
PBT (ex. Extra-ordinaries)	1,256	1,250	0.5%	1,261	-0.3%	1,227	2.4%	5,550	4,910	13.0%
Margin (%)	17.9	17.7	14	17.2	63	17.3	57	18.1	17.5	68
Extraordinary Items	-	-	-	-	-	-	-	-	-	-
PBT	1,256	1,250	0.5%	1,261	-0.3%	1,227	2.4%	5,550	4,910	13.0%
Total Tax	314	320	-1.9%	318	-1.1%	301	4.6%	1,388	1,207	15.0%
Effective Tax Rate (%)	25.0	25.6	(61)	25.2	(18)	24.5	52	25.0	24.6	42
PAT	942	930	1.3%	943	-0.1%	926	1.7%	4,163	3,703	12.4%
Share of JV and Associates	2	4	-40.9%	-	#DIV/0!	2	5.3%	(21)	9	-321.2%
Minority interest	0	(2)	-	(1)	-	(3)	-	(4)	25	-
Reported PAT	945	932	1.4%	942	0.3%	925	2.1%	4,146	3,687	12.4%
Adj. PAT	945	932	1.4%	942	0.3%	925	2.1%	4,146	3,687	12.4%
Adj. EPS	8.5	8.4	1.4%	8.5	0.3%	8.4	2.1%	37	33.3	12.4%

Source: Company, PL

Exhibit 2: Digital Services grows +11.7% YoY, while margins decline across all segments

Segmental Performance	Q1FY26	Q1FY25	YoY gr.	Q1FY26E	% Var.	Q4FY25	QoQ gr.	FY26E	FY25	YoY gr.
Revenue (Rs mn)										
Abrasives	3,516	3,494	0.6%	3,653	-3.8%	3,599	-2.3%	15,007	14,025	7.0%
Ceramics & Plastics	2,979	3,059	-2.6%	3,089	-3.6%	2,924	1.9%	10,866	10,019	8.4%
Digital Services	509	456	11.7%	463	10.0%	480	6.0%	2,025	1,841	10.0%
Others	109	96	13.7%	112	-2.4%	145	-24.3%	649	541	20.0%
EBIT (Rs mn)										
Abrasives	452	474	-4.7%	482	-6.3%	482	-6.3%	1,996	1,814	10.1%
Ceramics & Plastics	519	548	-5.3%	544	-4.6%	505	2.7%	2,010	1,764	14.0%
Digital Services	143	136	4.8%	124	15.3%	114	25.1%	547	490	11.7%
Others	17	6	184.7%	21	-15.4%	27	-34.8%	117	94	24.7%
EBIT Margin (%)										
			bps		bps		bps			bps
Abrasives	12.8	13.6	(72)	13.2	(36)	13.4	(55)	13.3	12.9	37
Ceramics & Plastics	17.4	17.9	(50)	17.6	(18)	17.3	13	18.5	17.6	90
Digital Services	28.1	29.9	(185)	26.8	128	23.8	428	27.0	26.6	40
Others	15.9	6.3	952	18.3	(244)	18.4	(257)	18.0	17.3	67

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	26,868	28,116	30,594	34,180
YoY gr. (%)	5.7	4.6	8.8	11.7
Cost of Goods Sold	12,066	12,760	13,859	15,415
Gross Profit	14,801	15,355	16,735	18,765
Margin (%)	55.1	54.6	54.7	54.9
Employee Cost	3,258	3,370	3,518	3,828
Other Expenses	6,349	6,854	7,557	8,449
EBITDA	5,194	5,131	5,660	6,487
YoY gr. (%)	4.0	(1.2)	10.3	14.6
Margin (%)	19.3	18.3	18.5	19.0
Depreciation and Amortization	709	926	978	1,027
EBIT	4,486	4,205	4,681	5,460
Margin (%)	16.7	15.0	15.3	16.0
Net Interest	78	93	34	34
Other Income	683	799	902	1,035
Profit Before Tax	5,088	4,910	5,550	6,461
Margin (%)	18.9	17.5	18.1	18.9
Total Tax	1,244	1,207	1,388	1,628
Effective tax rate (%)	24.4	24.6	25.0	25.2
Profit after tax	3,844	3,703	4,163	4,833
Minority interest	3	25	(4)	(5)
Share Profit from Associate	(4)	9	(21)	(24)
Adjusted PAT	3,839	3,687	4,146	4,814
YoY gr. (%)	6.1	(4.0)	12.4	16.1
Margin (%)	14.3	13.1	13.6	14.1
Extra Ord. Income / (Exp)	(3)	-	-	-
Reported PAT	3,836	3,687	4,146	4,814
YoY gr. (%)	6.0	(3.9)	12.4	16.1
Margin (%)	14.3	13.1	13.6	14.1
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	3,836	3,687	4,146	4,814
Equity Shares O/s (m)	111	111	111	111
EPS (Rs)	34.7	33.3	37.4	43.5

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	10,554	12,690	13,690	14,690
Tangibles	10,554	12,690	13,690	14,690
Intangibles	-	-	-	-
Acc: Dep / Amortization	3,932	4,768	5,746	6,773
Tangibles	3,932	4,768	5,746	6,773
Intangibles	-	-	-	-
Net fixed assets	6,622	7,922	7,944	7,917
Tangibles	6,622	7,922	7,944	7,917
Intangibles	-	-	-	-
Capital Work In Progress	2,213	1,195	1,637	1,674
Goodwill	-	-	-	-
Non-Current Investments	2,790	3,095	3,370	3,713
Net Deferred tax assets	(221)	(364)	(364)	(364)
Other Non-Current Assets	338	336	581	649
Current Assets				
Investments	4,473	6,159	6,731	7,520
Inventories	4,876	4,899	5,113	5,993
Trade receivables	3,575	3,624	3,916	4,659
Cash & Bank Balance	2,130	2,646	3,188	3,714
Other Current Assets	449	412	581	649
Total Assets	27,696	30,568	33,365	36,826
Equity				
Equity Share Capital	554	554	554	554
Other Equity	19,999	22,001	24,265	26,972
Total Network	20,553	22,555	24,819	27,525
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	4,610	5,150
Other current liabilities	2,358	2,420	2,601	2,820
Total Equity & Liabilities	27,696	30,568	33,365	36,826

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	5,083	4,920	5,550	6,461
Add. Depreciation	709	926	978	1,027
Add. Interest	11	16	-	-
Less Financial Other Income	683	799	902	1,035
Add. Other	(426)	(505)	13	10
Op. profit before WC changes	5,378	5,357	6,541	7,499
Net Changes-WC	(324)	372	(437)	(1,078)
Direct tax	(1,374)	(1,144)	(1,388)	(1,628)
Net cash from Op. activities	3,679	4,585	4,717	4,792
Capital expenditures	(1,724)	(941)	(1,442)	(1,037)
Interest / Dividend Income	(432)	(158)	(817)	(1,088)
Others	339	(1,029)	-	-
Net Cash from Invst. activities	(1,817)	(2,127)	(2,259)	(2,125)
Issue of share cap. / premium	-	-	-	-
Debt changes	80	17	-	-
Dividend paid	(1,605)	(1,882)	(1,882)	(2,107)
Interest paid	(78)	(93)	(34)	(34)
Others	(146)	(254)	-	-
Net cash from Fin. activities	(1,749)	(2,213)	(1,916)	(2,141)
Net change in cash	114	245	542	526
Free Cash Flow	1,956	3,644	3,275	3,755

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	34.7	33.3	37.4	43.5
CEPS	41.1	41.7	46.3	52.8
BVPS	185.6	203.7	224.2	248.6
FCF	17.7	32.9	29.6	33.9
DPS	17.0	17.0	19.0	22.1
Return Ratio(%)				
RoCE	22.5	18.8	19.1	20.2
ROIC	25.3	23.4	24.0	25.9
RoE	19.9	17.1	17.5	18.4
Balance Sheet				
Net Debt : Equity (x)	(0.3)	(0.4)	(0.4)	(0.4)
Net Working Capital (Days)	66	55	53	59
Valuation(x)				
PER	47.2	49.1	43.7	37.6
P/B	8.8	8.0	7.3	6.6
P/CEPS	39.8	39.2	35.3	31.0
EV/EBITDA	33.7	33.7	30.4	26.3
EV/Sales	6.5	6.2	5.6	5.0
Dividend Yield (%)	1.0	1.0	1.2	1.4

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Net Revenue	6,939	7,026	7,095	7,035
YoY gr. (%)	4.0	6.5	2.7	(0.3)
Raw Material Expenses	3,071	3,225	3,261	3,194
Gross Profit	3,868	3,801	3,834	3,841
Margin (%)	55.7	54.1	54.0	54.6
EBITDA	1,292	1,234	1,273	1,299
YoY gr. (%)	(1.7)	(3.4)	1.9	(2.4)
Margin (%)	18.6	17.6	17.9	18.5
Depreciation / Depletion	228	235	249	259
EBIT	1,064	1,000	1,024	1,040
Margin (%)	15.3	14.2	14.4	14.8
Net Interest	23	21	25	22
Other Income	234	180	227	238
Profit before Tax	1,275	1,158	1,227	1,256
Margin (%)	18.4	16.5	17.3	17.9
Total Tax	304	282	301	314
Effective tax rate (%)	23.9	24.3	24.5	25.0
Profit after Tax	971	876	926	942
Minority interest	9	11	3	-
Share Profit from Associates	-	3	2	2
Adjusted PAT	962	868	925	945
YoY gr. (%)	(5.6)	(6.1)	(0.1)	1.4
Margin (%)	13.9	12.4	13.0	13.4
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	962	868	925	945
YoY gr. (%)	(5.6)	(6.1)	(0.1)	1.4
Margin (%)	13.9	12.4	13.0	13.4
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	962	868	925	945
Avg. Shares O/s (m)	111	111	111	111
EPS (Rs)	8.7	7.8	8.4	8.5

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Jul-25	Hold	1,739	1,753
2	30-May-25	Hold	1,739	1,773
3	10-May-25	Accumulate	1,716	1,612
4	09-Apr-25	Accumulate	1,716	1,548
5	14-Feb-25	Accumulate	1,890	1,651
6	09-Jan-25	BUY	2,511	1,850
7	31-Oct-24	BUY	2,528	2,151
8	07-Oct-24	Accumulate	2,749	2,441

Analyst Coverage Universe

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	ABB India	BUY	6,851	5,840
2	Apar Industries	Accumulate	7,825	8,600
3	BEML	Hold	4,142	4,522
4	Bharat Electronics	Hold	374	422
5	BHEL	Hold	237	258
6	Carborundum Universal	Hold	1,028	994
7	Cummins India	BUY	3,647	3,478
8	Elgi Equipments	Accumulate	559	535
9	Engineers India	Accumulate	250	242
10	GE Vernova T&D India	Accumulate	2,005	2,383
11	Grindwell Norton	Hold	1,739	1,753
12	Harsha Engineers International	Accumulate	398	405
13	Hindustan Aeronautics	Accumulate	5,500	5,003
14	Ingersoll-Rand (India)	BUY	4,522	4,045
15	Kalpataru Projects International	Accumulate	1,268	1,190
16	KEC International	Accumulate	911	878
17	Kirloskar Pneumatic Company	BUY	1,636	1,316
18	Larsen & Toubro	BUY	4,037	3,607
19	Praj Industries	BUY	545	497
20	Siemens	Accumulate	3,497	3,291
21	Thermax	Accumulate	3,629	3,435
22	Triveni Turbine	BUY	772	640
23	Voltamp Transformers	BUY	10,285	9,420

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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