

October 30, 2025

Q2FY26 Result Update

■ Change in Estimates | ☒ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	HOLD		HOLD	
Target Price	1,744		1,739	
Sales (Rs. m)	34,180	37,957	34,180	37,957
% Chng.	-	-	-	-
EBITDA (Rs. m)	6,487	7,166	6,487	7,166
% Chng.	-	-	-	-
EPS (Rs.)	43.5	48.3	43.5	48.3
% Chng.	-	-	-	-

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	28,116	30,594	34,180	37,957
EBITDA (Rs. m)	5,131	5,660	6,487	7,166
Margin (%)	18.3	18.5	19.0	18.9
PAT (Rs. m)	3,687	4,146	4,814	5,347
EPS (Rs.)	33.3	37.4	43.5	48.3
Gr. (%)	(4.0)	12.4	16.1	11.1
DPS (Rs.)	17.0	19.0	22.1	24.5
Yield (%)	1.0	1.1	1.3	1.5
RoE (%)	17.1	17.5	18.4	18.5
RoCE (%)	18.8	19.1	20.2	20.4
EV/Sales (x)	6.3	5.8	5.1	4.6
EV/EBITDA (x)	34.6	31.2	27.0	24.2
PE (x)	50.3	44.8	38.6	34.7
P/BV (x)	8.2	7.5	6.7	6.1

Key Data

GRNN.BO | GWN IN

52-W High / Low	Rs.2,339 / Rs.1,356
Sensex / Nifty	84,404 / 25,878
Market Cap	Rs.186bn / \$ 2,092m
Shares Outstanding	111m
3M Avg. Daily Value	Rs.87.78m

Shareholding Pattern (%)

Promoter's	58.04
Foreign	6.38
Domestic Institution	18.37
Public & Others	17.21
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	5.5	(0.6)	(22.1)
Relative	0.4	(5.5)	(26.2)

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Decent Q2; Demand recovery remains key focus

Quick Pointers:

- Revenue grew by 11.7% YoY to Rs7.7bn with the segmental mix standing at 47%/43%/7%/3% for C&P/Abrasives/Digital Services/Others respectively.
- Abrasives/C&P/Digital Services EBIT margin came in at 12.9%/17.4%/25.8%.

Grindwell Norton (GWN) delivered a decent quarter performance during the quarter, with revenue rising ~12% YoY to Rs7.7bn with EBITDA margin contracting by 47bps YoY to 18.2% owing to softer gross margins. Ceramics and Plastics segment remained a key growth driver delivering a healthy growth of 14.8% YoY alongside margin improvement. Abrasives division grew modestly by 4.1% YoY with flattish margins reflecting the lingering impact of Chinese dumping & slower exports. While Digital Services' business recorded topline growth but continued to face margin compression. With the recent land acquisition at Halol, Gujarat in Q1FY26, GWN is strategically positioned for future capacity expansion and manufacturing footprint providing long-term growth visibility. The stock is trading at a P/E of 44.8x/38.6x on FY26/27E earnings. We roll forward to Sep'27E and maintain 'HOLD' rating with a TP of Rs1,744 (Rs1,739 earlier) valuing the stock at a PE of 38x Sep'27E (40x Mar'27E earlier).

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

Healthy revenue growth with contraction in margins: Consolidated revenue grew by 11.7% to Rs7.7bn (PLe: Rs7.2bn), led by growth in Ceramics & Plastics (+14.8% YoY to Rs3.3bn), Abrasives (+4.1% YoY to Rs3.7bn) and in digital services (+19.1% YoY to Rs542mn). Gross margin contracted by 139bps YoY to 54.4%. EBITDA increased by 8.8% YoY to Rs1.4bn (PLe: Rs1.3bn). EBITDA margin declined by 47bps YoY to 18.2% (PLe:17.9%) primarily due to contraction in gross margin. PBT came in at Rs1.4bn an increase of 12.3% YoY (PLe: Rs1.3bn). Adj.PAT improved by 11.1% YoY to ~Rs1.1bn (PLe: Rs949mn) aided by higher other income (+32.4% YoY to Rs310mn) despite of increase in effective tax rate to 25% (increased by 117bps).

Growth led by Ceramics & Plastics (C&P) division: During the quarter, C&P revenue grew by 14.8% YoY to Rs3.3bn, Abrasives grew by 4.1% YoY to Rs3.7bn and Digital services revenue grew by 19.1% YoY to Rs542mn. C&P margin expanded by 85bps YoY to 17.4%, while Digital Services' margin fell to 25.8% (vs 27.0% in Q2FY25) and Abrasives EBIT margin remained flattish to 12.9% in Q2FY26.

Exhibit 1: EBITDA margins declined to 18.2% by 88 bps YoY due to contraction in gross margin

Y/e March (Rs mn)	Q2FY26	Q2FY25	YoY gr.	Q2FY26E	% Var.	Q1FY26	QoQ gr.	H1FY26	H1FY25	YoY gr.
Revenue	7,747	6,939	11.7%	7,164	8.1%	7,035	10.1%	14,782	13,995	5.6%
Gross Profit	4,211	3,868	8.9%	3,918	7.5%	3,841	9.6%	8,051	7,720	4.3%
Margin (%)	54.4	55.7	(139)	54.7	(35)	54.6	(24)	54.5	55.2	(70)
Employee Cost	918	825	11.3%	874	5.0%	852	7.8%	1,770	1,722	2.8%
as % of sales	11.8	11.9	(4)	12.2	(35)	12.1	(26)	12.0	12.3	(33)
Other expenditure	1,886	1,750	7.8%	1,762	7.0%	1,690	11.6%	3,576	3,375	6.0%
as % of sales	24.3	25.2	(88)	24.6	(25)	24.0	32	24.2	24.1	8
EBITDA	1,407	1,292	8.8%	1,282	9.7%	1,299	8.3%	2,706	2,624	3.1%
Margin (%)	18.2	18.6	(47)	17.9	26	18.5	(31)	18.3	18.7	(45)
Depreciation	263	228	15.4%	250	5.3%	259	1.6%	522	443	18.0%
EBIT	1,143	1,064	7.4%	1,032	10.8%	1,040	10.0%	2,183	2,181	0.1%
Margin (%)	14.8	15.3	(58)	14.4	35	14.8	(2)	14.8	15.6	(82)
Other Income	310	234	32.4%	250	24.0%	238	30.1%	548	392	39.9%
Interest	22	23	-5.9%	22	-2.0%	22	-0.4%	43	48	-9.0%
PBT (ex. Extra-ordinaries)	1,432	1,275	12.3%	1,260	13.6%	1,256	14.0%	2,688	2,526	6.4%
Margin (%)	18.5	18.4	10	17.6	89	17.9	62	18.2	18.0	14
Extraordinary Items	-	-	-	-	-	-	-	-	-	-
PBT	1,432	1,275	12.3%	1,260	13.6%	1,256	14.0%	2,688	2,526	6.4%
Total Tax	358	304	17.8%	309	16.0%	314	14.0%	673	625	7.7%
Effective Tax Rate (%)	25.0	23.9	117	24.5	52	25.0	0	25.0	24.7	29
PAT	1,073	971	10.5%	952	12.8%	942	14.0%	2,016	1,901	6.0%
Share of JV and Associates	1	(0)	-370.3%	2	-59.5%	2	-65.7%	3	4	-14.2%
Minority interest	(5)	(9)	-	(5)	-	0	-	(5)	(11)	-
Reported PAT	1,069	962	11.1%	949	12.7%	945	13.2%	2,013	1,894	6.3%
Adj. PAT	1,069	962	11.1%	949	12.7%	945	13.2%	2,013	1,894	6.3%
Adj. EPS	9.7	8.7	11.1%	8.6	12.7%	8.5	13.2%	18	17.1	6.3%

Source: Company, PL

Exhibit 2: Ceramics and Plastics division remains the key contributor with margins expanded by 85bps YoY to 17.4%

Segmental Performance	Q2FY26	Q2FY25	YoY gr.	Q2FY26E	% Var.	Q1FY26	QoQ gr.	H1FY26	H1FY25	YoY gr.
Revenue (Rs mn)										
Abrasives	3,663	3,520	4.1%	3,573	2.5%	3,516	4.2%	7,179	7,014	2.3%
Ceramics & Plastics	3,314	2,886	14.8%	2,958	12.0%	2,979	11.2%	6,294	5,944	5.9%
Digital Services	542	455	19.1%	491	10.3%	509	6.4%	1,051	911	15.4%
Others	321	127	152.9%	132	143.2%	109	193.6%	431	223	92.9%
EBIT (Rs mn)										
Abrasives	472	453	4.1%	447	5.7%	452	4.5%	924	927	-0.4%
Ceramics & Plastics	576	477	20.7%	506	13.9%	519	11.0%	1,095	1,025	6.8%
Digital Services	140	123	13.9%	135	3.9%	143	-2.1%	283	259	9.1%
Others	66	19	256.0%	20	229.5%	17	281.3%	84	25	238.4%
EBIT Margin (%)										
			bps		bps		bps			bps
Abrasives	12.9	12.9	1	12.5	39	12.8	4	12.9	13.2	(36)
Ceramics & Plastics	17.4	16.5	85	17.1	28	17.4	(4)	17.4	17.2	15
Digital Services	25.8	27.0	(118)	27.4	(158)	28.1	(226)	26.9	28.5	(155)
Others	20.6	14.6	596	15.2	540	15.9	474	19.4	11.1	834

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	28,116	30,594	34,180	37,957
YoY gr. (%)	4.6	8.8	11.7	11.1
Cost of Goods Sold	12,760	13,859	15,415	17,119
Gross Profit	15,355	16,735	18,765	20,838
Margin (%)	54.6	54.7	54.9	54.9
Employee Cost	3,370	3,518	3,828	4,213
Other Expenses	6,854	7,557	8,449	9,459
EBITDA	5,131	5,660	6,487	7,166
YoY gr. (%)	(1.2)	10.3	14.6	10.5
Margin (%)	18.3	18.5	19.0	18.9
Depreciation and Amortization	926	978	1,027	1,073
EBIT	4,205	4,681	5,460	6,093
Margin (%)	15.0	15.3	16.0	16.1
Net Interest	93	34	34	38
Other Income	799	902	1,035	1,122
Profit Before Tax	4,910	5,550	6,461	7,177
Margin (%)	17.5	18.1	18.9	18.9
Total Tax	1,207	1,388	1,628	1,809
Effective tax rate (%)	24.6	25.0	25.2	25.2
Profit after tax	3,703	4,163	4,833	5,369
Minority interest	25	(4)	(5)	(5)
Share Profit from Associate	9	(21)	(24)	(27)
Adjusted PAT	3,687	4,146	4,814	5,347
YoY gr. (%)	(4.0)	12.4	16.1	11.1
Margin (%)	13.1	13.6	14.1	14.1
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	3,687	4,146	4,814	5,347
YoY gr. (%)	(3.9)	12.4	16.1	11.1
Margin (%)	13.1	13.6	14.1	14.1
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	3,687	4,146	4,814	5,347
Equity Shares O/s (m)	111	111	111	111
EPS (Rs)	33.3	37.4	43.5	48.3

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	12,690	13,690	14,690	15,690
Tangibles	12,690	13,690	14,690	15,690
Intangibles	-	-	-	-
Acc: Dep / Amortization	4,768	5,746	6,773	7,846
Tangibles	4,768	5,746	6,773	7,846
Intangibles	-	-	-	-
Net fixed assets	7,922	7,944	7,917	7,844
Tangibles	7,922	7,944	7,917	7,844
Intangibles	-	-	-	-
Capital Work In Progress	1,195	1,637	1,674	1,710
Goodwill	-	-	-	-
Non-Current Investments	3,095	3,370	3,713	4,106
Net Deferred tax assets	(364)	(364)	(364)	(364)
Other Non-Current Assets	336	581	649	721
Current Assets				
Investments	6,159	6,731	7,520	8,351
Inventories	4,899	5,113	5,993	6,655
Trade receivables	3,624	3,916	4,659	5,174
Cash & Bank Balance	2,646	3,188	3,714	4,849
Other Current Assets	412	581	649	721
Total Assets	30,568	33,365	36,826	40,507
Equity				
Equity Share Capital	554	554	554	554
Other Equity	22,001	24,265	26,972	29,872
Total Networth	22,555	24,819	27,525	30,426
Non-Current Liabilities				
Long Term borrowings	607	607	607	607
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	229	229	229	229
Trade payables	4,253	4,610	5,150	5,720
Other current liabilities	2,420	2,601	2,820	3,037
Total Equity & Liabilities	30,568	33,365	36,826	40,507

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	4,920	5,550	6,461	7,177
Add. Depreciation	926	978	1,027	1,073
Add. Interest	16	-	-	-
Less Financial Other Income	799	902	1,035	1,122
Add. Other	(505)	13	10	11
Op. profit before WC changes	5,357	6,541	7,499	8,262
Net Changes-WC	372	(437)	(1,078)	(618)
Direct tax	(1,144)	(1,388)	(1,628)	(1,809)
Net cash from Op. activities	4,585	4,717	4,792	5,835
Capital expenditures	(941)	(1,442)	(1,037)	(1,037)
Interest / Dividend Income	(158)	(817)	(1,088)	(1,178)
Others	(1,029)	-	-	-
Net Cash from Invst. activities	(2,127)	(2,259)	(2,125)	(2,215)
Issue of share cap. / premium	-	-	-	-
Debt changes	17	-	-	-
Dividend paid	(1,882)	(1,882)	(2,107)	(2,447)
Interest paid	(93)	(34)	(34)	(38)
Others	(254)	-	-	-
Net cash from Fin. activities	(2,213)	(1,916)	(2,141)	(2,485)
Net change in cash	245	542	526	1,135
Free Cash Flow	3,644	3,275	3,755	4,798

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	33.3	37.4	43.5	48.3
CEPS	41.7	46.3	52.8	58.0
BVPS	203.7	224.2	248.6	274.8
FCF	32.9	29.6	33.9	43.3
DPS	17.0	19.0	22.1	24.5
Return Ratio(%)				
RoCE	18.8	19.1	20.2	20.4
ROIC	23.4	24.0	25.9	27.4
RoE	17.1	17.5	18.4	18.5
Balance Sheet				
Net Debt : Equity (x)	(0.4)	(0.4)	(0.4)	(0.4)
Net Working Capital (Days)	55	53	59	59
Valuation(x)				
PER	50.3	44.8	38.6	34.7
P/B	8.2	7.5	6.7	6.1
P/CEPS	40.2	36.2	31.8	28.9
EV/EBITDA	34.6	31.2	27.0	24.2
EV/Sales	6.3	5.8	5.1	4.6
Dividend Yield (%)	1.0	1.1	1.3	1.5

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Net Revenue	7,026	7,095	7,035	7,747
YoY gr. (%)	6.5	2.7	(0.3)	11.7
Raw Material Expenses	3,225	3,261	3,194	3,536
Gross Profit	3,801	3,834	3,841	4,211
Margin (%)	54.1	54.0	54.6	54.4
EBITDA	1,234	1,273	1,299	1,407
YoY gr. (%)	(3.4)	1.9	(2.4)	8.8
Margin (%)	17.6	17.9	18.5	18.2
Depreciation / Depletion	235	249	259	263
EBIT	1,000	1,024	1,040	1,143
Margin (%)	14.2	14.4	14.8	14.8
Net Interest	21	25	22	22
Other Income	180	227	238	310
Profit before Tax	1,158	1,227	1,256	1,432
Margin (%)	16.5	17.3	17.9	18.5
Total Tax	282	301	314	358
Effective tax rate (%)	24.3	24.5	25.0	25.0
Profit after Tax	876	926	942	1,073
Minority interest	11	3	-	5
Share Profit from Associates	3	2	2	1
Adjusted PAT	868	925	945	1,069
YoY gr. (%)	(6.1)	(0.1)	1.4	11.1
Margin (%)	12.4	13.0	13.4	13.8
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	868	925	945	1,069
YoY gr. (%)	(6.1)	(0.1)	1.4	11.1
Margin (%)	12.4	13.0	13.4	13.8
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	868	925	945	1,069
Avg. Shares O/s (m)	111	111	111	111
EPS (Rs)	7.8	8.4	8.5	9.7

Source: Company Data, PL Research

Price Chart

Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Oct-25	Hold	1,739	1,681
2	27-Jul-25	Hold	1,739	1,635
3	09-Jul-25	Hold	1,739	1,753
4	30-May-25	Hold	1,739	1,773
5	10-May-25	Accumulate	1,716	1,612
6	09-Apr-25	Accumulate	1,716	1,548
7	14-Feb-25	Accumulate	1,890	1,651
8	09-Jan-25	BUY	2,511	1,850
9	31-Oct-24	BUY	2,528	2,151

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ABB India	Accumulate	5,584	5,224
2	Apar Industries	Hold	9,540	8,531
3	BEML	Hold	4,142	4,336
4	Bharat Electronics	Hold	374	410
5	BHEL	Hold	215	245
6	Carborundum Universal	Hold	835	919
7	Cummins India	Hold	3,895	3,957
8	Elgi Equipments	Accumulate	559	494
9	Engineers India	BUY	245	202
10	GE Vernova T&D India	Accumulate	2,706	3,098
11	Grindwell Norton	Hold	1,739	1,681
12	Harsha Engineers International	Hold	402	395
13	Hindustan Aeronautics	BUY	5,500	4,838
14	Ingersoll-Rand (India)	BUY	4,335	4,101
15	Kalpataru Projects International	Accumulate	1,366	1,273
16	KEC International	Accumulate	911	861
17	Kirloskar Pneumatic Company	BUY	1,620	1,150
18	Larsen & Toubro	BUY	4,766	3,958
19	Praj Industries	Hold	393	353
20	Siemens	Accumulate	3,431	3,246
21	Siemens Energy India	Hold	3,360	3,282
22	Thermax	Hold	3,633	3,185
23	Triveni Turbine	BUY	650	524
24	Voltamp Transformers	BUY	10,285	7,190

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

ANALYST CERTIFICATION

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