BOROSIL®

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August 25, 2026

BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 **Scrip Code: 543212**	**National Stock Exchange of India Limited** Exchange Plaza, C-1, Block - G, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051 **Symbol: BOROLTD**

Dear Sirs,

Sub: Transcript of Earnings Call

Please find attached the transcript of the Earnings Conference Call held on Wednesday, August 19, 2026.

The aforesaid transcript is also available on the Company's website at www.borosil.com.

You are requested to take the same on record.

Thanking you.

Yours faithfully,
For **Borosil Limited**

Pradeep Joshi
Digitally signed by Pradeep Joshi
Date: 2026.08.25 18:39:50 +05'30'

Pradeep Joshi
Company Secretary & Compliance Officer

Encl.: *as above*

"Borosil Limited

Q1 FY27 Earnings Conference Call"

August 19, 2026

MANAGEMENT: **MR. ANAND SULTANIA – CHIEF FINANCIAL OFFICER – BOROSIL LIMITED**
MR. RITURAJ SHARMA – CHIEF EXECUTIVE OFFICER – BOROSIL LIMITED
MR. DHAVAL PATEL – HEAD, INVESTOR RELATIONS – BOROSIL LIMITED

MODERATOR: **MR. MANAN GOYAL – ICICI SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Q1 FY27 Earnings Conference Call of Borosil Limited. 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 this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Manan Goyal from ICICI Securities. Thank you, and over to you, sir.

Manan Goyal: Thank you. On behalf of ICICI Securities, we welcome you all to Q1 FY27 Results Conference Call of Borosil Limited. Today, we have with us senior management represented by Mr. Rituraj Sharma, CEO; Mr. Anand Sultania, CFO; and Mr. Dhaval Patel, Head of Investor Relations.

Now I hand over the call to the management for their initial comments on the quarterly performance. Then we will open the floor for Q&A session. Thank you, and over to you, sir.

Rituraj Sharma: Thank you, Manan, and ICICI Securities for arranging this call. Good afternoon to everyone of you. The Borosil team is delighted to be communicating with you once again. I'm pleased to inform you that Borosil Limited Board has approved the financial results for Q1 FY27 during our Board meeting on 14th August 2026.

We have submitted our results and an updated presentation to the stock exchanges, and they are available on the company's website for review. Some quick updates. We are pleased to inform you that the company through its wholly owned subsidiary, Stylenest India Limited, has successfully commissioned setting up of BIS-compliant manufacturing unit with 2 double-wall lines of vacuum insulated stainless steel flasks, bottles and containers in the state of Rajasthan.

The commercial production from 2 double-wall lines commenced on 30th June 2026, and the production from third double-wall line is expected to commence during Q2 FY27. With the introduction of new Green Energy Open Access Regulations 2025, we are pleased to inform you that the company has successfully commissioned its third captive solar plant in Bikaner during Q1 FY27 with a capacity of 20-megawatt peak integrated with battery energy storage system.

This is the company's first project with battery storage and the first installation under the Green Energy Open Access Regulations 2025. As a result, solar power now meets about 61% of our overall energy requirement.

The company has strengthened its retail footprint with the launch of its exclusive Borosil brand stores. The company launched its first exclusive brand outlets in Pune and Gurugram, thoughtfully designed to elevate the retail experience, the stores offer consumers an immersive destination to explore Borosil's complete range of kitchen, dining, home and lifestyle solutions under one roof.

I'm pleased to report that Borosil Limited has delivered a steady performance in Q1 FY27 with consolidated revenue from operations reaching INR253.6 crores, up from INR232.7 crores during the same period last year. This represents a 9% Y-o-Y growth.

This steady growth achieved against challenging market conditions reflects the resilience of our business model, the strength of our execution and the continued trust and loyalty of our customers, placing us on a strong competitive footing alongside our peers.

In Q1 FY27, the company achieved an operating EBITDA of INR35.9 crores against INR40.2 crores. In Q1 FY26, the EBITDA margin for Q1 FY27 was 14.6% as compared to 17.8% in Q1 FY26. The lower margins are primarily attributable to input cost inflation, particularly in fuel and packaging materials arising from the West Asia conflict.

The overall net impact of the conflict on Q1 FY27 was approximately INR10 crores, which was partially offset through price increases implemented across multiple categories. Additionally, the company continued to face challenges in one of its key categories, Hydra, the vacuum insulated stainless-steel flasks and bottles category. These challenges adversely impacted the company's financial performance, both in terms of revenue and margins.

In Q1 FY27, our further operating -- our other operating income stood at INR8.2 crores, primarily on account of shared service support income with the related expenses reflected under total expenses and export incentives with other operating income of INR6.2 crores in Q1 FY26.

Profit before tax for the quarter was INR17.4 crores versus INR23.5 crores in the same period last year. The current quarter includes royalty income of INR4 crores and investment income of INR1.2 crores while the previous year benefited from interest income of INR1.4 crores and a onetime stamp duty reversal of INR7.2 crores, partly offset by professional fees of INR1.6 crores.

The net impact of onetime items in Q1 FY26 was INR5.6 crores. Depreciation and finance costs remained largely stable with a marginal decrease in depreciation to INR21.9 crores from INR22 crores in Q1 FY26 and a slight increase in finance cost to INR1.8 crores from INR1.7 crores in Q1 FY26.

Consequently, profit after tax declined from INR17.4 crores in Q1 FY26 to INR12.8 crores in Q1 FY27. As on 30th June 2026, at the consolidated level, Borosil Limited maintained a strong balance sheet with investments, cash and bank balances of INR56.2 crores against total debt of INR155.2 crores, resulting into a net debt position of INR99 crores.

Now let's take a closer look at our category-wise performance for Q1 FY27. Borosil's consumer business continues to expand across both glassware and non-glassware categories under the Borosil brand, along with our Opalware range under the Larah brand. The Larah Opalware segment reported sales of INR83.6 crores in Q1 FY27 versus INR76.2 crores in Q1 FY26.

Larah's performance in Q1 FY27, reflecting a 9.8% growth over the same period last year. In our glassware segment, which includes borosilicate microwavables, serving-ware, glass tumblers, lunch boxes and storage solutions, we recorded double-digit year-on-year growth of

16.8% with revenues reaching INR65.6 crores in Q1 FY27 compared to INR56.2 crores in Q1 FY26.

The non-glassware segment comprising a diverse portfolio of small home appliances, included bottles and flasks, cookware and other kitchen essentials, registered a marginal growth of 4.2% with a turnover increasing to INR98.1 crores in Q1 FY27 from INR94.2 crores in Q1 FY26.

BIS compliance requirements continue to impact sales of our Hydra range. The company has recognized these headwinds and has proactively shaped its strategy to mitigate their impact. The successful commissioning of the Hydra plant with commercial production commencing on 2 double-wall lines during Q1 FY27 is a significant step forward. This will strengthen our supply chain and provide greater control over product availability and compliance requirements going forward.

Despite these challenges, the Hydra factory, the overall impact on the non-glassware segment was more than offset by strong growth in other categories, particularly domestic appliances and stainless steel cookware. Borosil is on a transformational journey to address key ESG opportunities and create long-term value for our customers.

A strategic priority for us is lowering our operational carbon footprint and meeting decarbonization targets. In line with this, we have successfully commissioned 2 captive solar power plants in Bikaner, Rajasthan, 8.6 megawatt peak in December 2023 and 7.2 megawatt peak in September '24.

Building on this momentum and with the introduction of Green Energy Open Access Regulations 2025, we commissioned a third captive solar power plant in Bikaner during Q1 FY27 with a capacity of 20-megawatt peak integrated with battery energy storage systems. As a result, solar power now meets about 61% of our overall energy requirement.

We are further evaluating opportunities to set up an additional 6.5 megawatt peak captive solar plant at Borosil Limited and another 3 to 4-megawatt peak plant at Stylenest India Limited to meet the power demand of our Hydra facility. These initiatives reinforce our commitment to sustainability, energy independence and long-term value creation.

In Q4 FY26, the Board approved a new glassware manufacturing project at Bharuch. The company currently generates sales of approximately INR100 crores through sourcing of drinking glasses, storage jars, jugs and bottles from BSL's Bharuch plant. Recognizing the strong growth potential in categories such as jugs, jars and bottles, the Board has sanctioned the establishment of a dedicated manufacturing facility at Bharuch, Gujarat.

The project involves an estimated capital expenditure of INR42 crores. This strategic investment positions us to strengthen our presence in high-growth glassware categories and capture greater value through in-house manufacturing.

The project is progressing as per plan and expect to commission by end of Q3 FY27. In Q4 FY26, the Board also approved expansion of borosilicate pressware blast furnace from 25 tons per day to 32 tons per day at Jaipur with an addition of third forming line.

The existing borosilicate blast furnace was split up in Jan '24 and is due for rebuild in Jan '28 in the normal course of operation, whereas the current furnace utilization level is 90%. Hence, the Board approved expansion with third additional forming line with an estimated capex of INR50 crores.

This capacity expansion will help company to remove capacity bottlenecks, improve operating efficiency, lower production costs and enhance competitiveness. It will further help to improve product diversification and portfolio expansion. The project is progressing as per plan and expect to commission by end of Q4 FY28.

The Thermoware range has been introduced to cater to the everyday needs of school and college students, offering convenient solutions for carrying beverages and meals from home. The collection includes a vibrant range of insulated bottles and lunch boxes, tiffins designed for convenience, durability and style.

Additionally, Borosil is expanding the category with insulated casseroles, especially crafted for new home makers to help keep food warm, fresh and ready to serve. Borosil is at the forefront of India's transition towards healthier, eco-friendly kitchens. We are replacing plastic with microwave safe BPA-free glass and stainless steel products that combine safety with sustainability.

Rising incomes and increasing health awareness are accelerating adoption, while our aspirational designs, educational marketing and emphasis on hygiene and elegance are helping us convert plastic users and set new benchmarks for the modern kitchen.

This strategic focus not only strengthens our leadership, but also aligns Borosil with evolving customer lifestyles and values. Our omnichannel presence across general trade, modern retail, leading e-comm platforms like Amazon, Flipkart and borosil.com, leading quick commerce platforms like Blinkit, Zepto and Swiggy along with strong B2B and export channels has delivered deep market penetration.

Today, with products available in over 24,000 retail outlets, we have built a diversified revenue base that connects with both urban consumers and global markets. In summary, despite near-term challenges, Borosil's strong brand equity, diversified portfolio, expanding manufacturing base and omnichannel reach positions us well for sustainable growth.

With that, I would be happy to take your questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Anu Parakh from Anand Rathi.

Anu Parakh: So my first question is on the Glassware division. So can you please bifurcate the 16.7% growth between how much was price-led and the volume-led growth?

Rituraj Sharma: So frankly, the Glassware portfolio is a large portfolio. It will be very difficult to bifurcate, for example, exactly the price led and the volume-led growth. Like I said, we have passed on the cost increases to the market. But at this point in time to apportion in a manner would be quite difficult. Anand, you want to comment?

Anand Sultania: So in the Glassware section during the first quarter, primarily this is led by the volume growth. The price pass-ons have been with a lag. So this particular category is all volume growth. So it's not driven from the price.

Anu Parakh: Okay. So as you said the price impact will come with a lag. So how much price hike have we taken in Q1?

Anand Sultania: If we compare this with respect to the West Asia conflict impact probably, so the price that has compensated in the first quarter is very less. That's about a couple of crores versus the overall impact of about INR12 crores in the overall affairs of the sales. So I think we have to wait and watch probably once the price is passed on. So there will be some lag that we will see. In the coming quarters, I think you will see the impact.

Anu Parakh: Yes, sir. But can you just give us a range of the price hikes that you've taken?

Rituraj Sharma: So it's like this. The entire cost, which has increased that we got, we have factored in the entire cost -- passed on the entire cost to the market. The question is of getting it realized, there's always a lag. So that will come in time. So it ranges between 5% to 7% depending on the category. In some cases, it could be even more than 5% to 7%. So it's not a standard price increase, okay?

Anu Parakh: Understood. So sir, like we don't give margins separately. So did we face margin pressure in Q1 in the Glassware division? And if so, then is it -- was it due to the input cost inflation or China dumping?

Rituraj Sharma: No. So it's like this. Yes, we did face margin pressure in the Q1. Essentially, like I said, it was on account of the West Asia crisis. And like Anand mentioned, the impact from fuel and packaging has been the highest, and that we will try to offset in terms of the price increase in the market.

Anu Parakh: Understood. So sir, in terms of ADD on the borosilicate glassware products, so what is the status of the same?

Anand Sultania: So at the moment, there is -- the investigation is on, and it is pending before the appropriate authorities. So I think it will take some time.

Anu Parakh: Okay. Sir, next on the Opalware. So in Opalware, can you bifurcate the revenue growth in terms of price-led or volume growth? Or it was also more of volume-led growth?

Rituraj Sharma: So in this category also, again, this was essentially volume-led growth. So we've been able to get higher volume growth in this category also, like the glassware category. There's hardly any price-led growth in this category.

Anu Parakh: And any price hikes taken in this category?

Rituraj Sharma: We have taken price hikes in this category also. But like I said earlier, the realization of the price hikes will come in going forward from Q2 onwards.

Anu Parakh: Okay. So like we are seeing that the margins were under pressure even for like La Opala in Q1. So are we facing similar pressure in this segment? And if so, then what could be the reasons? And what will be the sustainable margins going forward?

Rituraj Sharma: So look, the margins are under pressure like due to West Asia conflict. The reason remains the same across the categories, whether it is Opal or glass. And even in the steel and cookware, like you see the pricing -- the commodities all have had a pricing issue. So it's been across the categories. It's not that only for one category we had this.

Anu Parakh: Understood. And sir, the sustainable margins in the Opalware category?

Anand Sultania: So we don't give category-wise margins. At an overall level, we are still confident that barring aside the West Asia conflict impact probably, we are good to maintain about 18% to 20% EBITDA margins on the overall business.

Moderator: The next question is from the line of Akshat Mehta from Seven Rivers Holding.

Akshat Mehta: I have a few questions, sir. So as we said earlier that we are looking to maintain 18% to 20% margins, barring any impact, what is the kind of expectation that we should have for the current year in FY27? And what is the kind of capex that we are doing in FY27?

Rituraj Sharma: Sorry, so you have 2 questions. One is on the margins. Are you speaking of the EBITDA margins?

Akshat Mehta: Yes, EBITDA margins.

Rituraj Sharma: I can't hear you. You're saying our expectation of 18% to 20%, right?

Akshat Mehta: Yes, but that is for medium term, right? I'm asking for FY27.

Rituraj Sharma: You're asking for? Sorry?

Akshat Mehta: I'm asking for this year, for FY27.

Rituraj Sharma: For FY27, yes, it remains -- that remains about 18% EBITDA margins.

Akshat Mehta: And what will be the capex guidance?

Rituraj Sharma: Capex, Anand, do you want to add?

Anand Sultania: Yes. So the overall capex for this year is anticipated to be about...

Moderator: Sir, can you please come closer to the device? We can't hear you.

Anand Sultania: So can you hear me now?

Moderator: Yes, sir.

Anand Sultania: So the total capex for FY27 is estimated to be about INR125 crores, which is for the 2 glassware projects. One is the expansion of borosilicate glass furnace. And second is the Bharuch facility for the glassware. And also, we might do some solar projects further going forward and some maintenance capex on the furnace rebuild for opal glass furnaces, which is going to come for rebuild in this year. So the overall capex will be roughly INR125 crores to INR150 crores.

Akshat Mehta: Okay. My next question is on the depreciation front, sir. What is the level of depreciation that we should expect for the current year?

Anand Sultania: So current year, overall depreciation would be approximately INR92 crores, including stainless at a consol level.

Akshat Mehta: Okay. And so you said the utilization for Glassware is around 90%. What would be the utilization for Opalware? And how do you see the revenues for both of the segments panning out for the rest of the year?

Rituraj Sharma: I think Opalware also, we have full capacity utilization. I mean, like I said, for Glassware, it is 90%, and similar for Opalware. And your other question, I didn't get actually.

Akshat Mehta: I just want to get a sense of how do you see the revenues moving for both the segments, Glassware and Opalware for the rest of the year?

Rituraj Sharma: So we expect growth to happen in both the segments, both Glassware and Opalware, like you saw in Q1, Opalware volume-led growth, and similar was the case for glassware. So we expect to maintain the momentum.

Akshat Mehta: Should we see a 15% kind of a growth for both these segments for the year?

Rituraj Sharma: Sorry?

Anand Sultania: Sorry, we can't hear you clearly.

Akshat Mehta: Should we see a 15% kind of a growth for both these segments for the year?

Rituraj Sharma: No, no, we cannot have the same thing for both. I would say, for example, for Opalware, we had about 9% in Q1. So I think a fair estimate would be around the same going forward, we'll see how the market goes, but we would continue to grow, it's for sure.

Moderator: The next question is from the line of Jasdeep Walia from Clockvine Capital.

Jasdeep Walia: Sir, in the last quarter's call, you had mentioned about Chinese competition dumping products in the market on the borosilicate glassware side. So what's the status on that? Have you seen a reduction of competition given that rupee has depreciated? And maybe in China, we have seen the government scaling back export incentives. So if you could comment on that?

Rituraj Sharma: You're right. Actually, this is what last quarter also we had shared. And unfortunately, this continues to happen. And despite depreciation of the rupee as well as the shipping freight rates going up, I would say, in the market, we are not seeing much of a difference as far as the Chinese dumping is concerned. If that answers the question.

Jasdeep Walia: Got it, sir. Sir, if that's the case, do we see, let's say, scale down of the normalized margins that we were expecting in the borosilicate glassware business when you scale up to, let's say, 90%, 100% kind of utilization levels at your furnace. I believe earlier, our estimate was that this business would achieve 25%, 30% kind of EBITDA margins.

So would you be able to achieve those kind of margins at reasonable levels of utilization or because of this incremental competition, there is a significant reduction in the normalized margins that we used to expect from this business?

Rituraj Sharma: So it's like this that it's not about 1 quarter. If you look at our performance, so we have been -- the primary objective of ours has been to expand the glassware market, right, unlike the other players. So in that case, significant investments also we have made.

So it's not only on account of the price is only one part of it, but we have been building this market to -- in terms of adoption by the end consumer. So -- and as, of course, in the call, it was mentioned that the investigation on the antidumping thing is going on. It depends upon a lot of other factors, and we'll see how it goes.

Jasdeep Walia: Got it. Sir, let's say, if this current status quo persists, what kind of margins -- EBITDA margins can we expect in the borosilicate glassware business?

Anand Sultania: Sorry, we don't share category...

Jasdeep Walia: Got it, sir. Also, sir, on the solar power side, what kind of incremental savings do you expect in FY27?

Anand Sultania: So FY27, the overall savings from the solar with the Phase 3 implementations that we have done so far, that will be about INR27 crores, INR28 crores at EBITDA level.

Jasdeep Walia: Got it. And should we assume it would be straightaway addition to EBITDA or maybe you could use those savings to, let's say, give reduced prices to drive growth in some of your other businesses?

Anand Sultania: So some of the projects we have done earlier also, it is only the Phase 3 that has been added this year from quarter 1. So solar has always been there. But definitely, we will leverage this opportunity in terms of getting more competitive as well as basically increasing our margins also.

Jasdeep Walia: Got it. So what kind of net savings we should assume for next year out of this INR28 crores?

Anand Sultania: See, at the moment, I think it's too hard to comment on this. We'll have to see how the market behaves probably. And accordingly, we have to see that what needs to be passed on and what needs to be retained.

Jasdeep Walia: Got it, sir. And sir, does first quarter have any contribution on growth side because of inventory stocking by the channel because of all this input cost inflation, you have taken price increases and maybe the channel has stocked up before the price hike. So this first quarter's growth, which we are seeing has some benefit on account of that. And maybe in the forthcoming quarters, the growth will be lower. Is that the right way to interpret?

Rituraj Sharma: No, I don't think that's the right way to interpret because we -- like I said, the price impact will come in Q2. So there is no question of like a forced sale or retailers adding up to the inventory. So that's -- that would not be the correct way to view it.

Jasdeep Walia: Got it, sir. And also, sir, last question, could you give us an idea of what kind of movement have we seen in -- on the inventory levels from fourth quarter to first quarter? Has there been liquidation of inventory?

Rituraj Sharma: So typically, you see the inventory gets added, inventory goes up primarily for the reason that we are heading into the season now, the Diwali season. So that is an addition to inventory. And the reason is that you build up the inventory for new products and portfolio gets enhanced, expansion happens. So typically, that's -- every year that's what happens.

Jasdeep Walia: Got it, sir. And sir, this final question, sir, you mentioned your guidance of around 18% EBITDA margin for the overall business in this year. Have you assumed any contribution from, let's say, favorable antidumping duty investigation by the government? Or this is if the status quo persists?

Rituraj Sharma: I mean, like Anand mentioned, the investigation is going on. So that would not be a reason to attribute to it.

Moderator: The next question is from the line of Resha Mehta from GreenEdge Wealth.

Resha Mehta: So when you see...

Moderator: Ma'am, we can't hear you properly. Can you please be louder?

Resha Mehta: Am I audible?

Moderator: Yes, much better.

Resha Mehta: Yes. First, EBITDA margin guidance, does that include other...

Anand Sultania: Sorry, we can't hear you. You're breaking out.

Moderator: Ma'am, your voice is cracking. Can I please request you to rejoin the queue? The next question is from the line of Anu Parakh from Anand Rathi.

Anu Parakh: Sir, you said that we'll be doing an EBITDA margin of 18% for FY27, which implies an ask rate of more than 20% margin for the remaining 9 months of FY27. Whereas historically, the margin has been in the range of 15%, 16% over the past 4 years. So sir, what gives us the confidence of this 18% margin?

Rituraj Sharma: Yes. I think the way to read this or interpret…

Moderator: Sir, we can't hear you. Rituraj, are you there? Ladies and gentlemen, the line for the management got disconnected. Please stay connected while we reconnect them.

Rituraj Sharma: Hello. Can I be audible?

Moderator: Yes, sir. Please continue.

Rituraj Sharma: Sorry, can I just get the lady's name once again?

Moderator: Anu Parakh.

Rituraj Sharma: Anu Parakh, you yourself mentioned that historically, it's been about 14% to 15%, right? This is what you mentioned. And what I meant was that we can look at about 18% in a steady-state business without the West Asia impact. So this is what -- this is how it should be taken because -- and you're right, I mean, broadly, it's been 14%, 15%. And without the West Asia impact in a steady state kind of business is what we would look for. So hopefully, that terrifies.

Anu Parakh: Got it. So given the price hike that you've taken in glassware and Opalware in Q1 and given the current raw material prices, how much margin improvement can we expect over the next 2 quarters?

Rituraj Sharma: It is very hard to put a number to it, like -- but the fact remains that we have passed on the price hikes, and we expect Q2, Q3 onwards the realizations to kick in. And also depends a lot of other factors, like we have definitely seen gas prices coming down, the fuel prices coming down. There has been improvement there. But to put a number to it immediately would be very hard to...

Anand Sultania: So just to add on this point, I think what we have seen as an impact, maybe roughly, we have seen about a INR6 crores impact on the fuel prices in our Opalware business. And currently, at the current levels, probably what we see is that, that impact could reduce to maybe INR1.5 crores a quarter.

And even on a similar borosilicate business, the impact due to fuel that was seen around INR2.5 crores a quarter probably, that could come down to maybe about INR60 lakhs, INR70 lakhs a quarter. So frankly, it's too hard to put a number because the market -- the input cost inflation is a bit fluid at this moment.

Anu Parakh: Understood, sir. Sir, lastly, on ROCE profile. So we see that Borosil is a very strong brand -- has a strong brand in the market, but the company's ROCE profile has been weak at around 10% level for the past like 4 years. So what is the reason for the same -- what kind of sustainable ROE the company targets over the medium term? And how are we looking forward to reach to that level?

Anand Sultania: Borosil has been investing heavily into capex in the last 3, 4 years. If you look at maybe the last 3 years, we have increased our capacity on Opalware furnace. We have invested into borosilicate glass furnace. We have been heavily investing into solar. So all of this is a subset of that. I think going forward, as we enhance our capacity utilization and improve our margins, I think we should definitely look at basically 20% to 24% ROCE margins on the business.

Anu Parakh: But sir, we are already operating at high utilization level currently. So what are we missing?

Anand Sultania: The utilizations have been basically may be better in the coming -- in the recent quarters probably. So we are sitting on huge inventory also, which is underutilized on the capacity. So that further adds basically the capital employed. So on a basis, yes, we'll definitely improve the ROCE.

Rituraj Sharma: So just to add to Anand's point, if you notice over the last 1.5, 2 years, a lot of inventory we had to build on account of BIS challenges, which happened in Hydra also, which happened in our appliances business also. And in both the cases, we have ensured to move production to India manufacturing.

So on the one side, we had to build inventory. On the other side, we had to also invest in manufacturing. So that's one of the major factors which is contributing to a lower ROCE.

Moderator: The next question is from the line of Bhavin Rupani from Investec.

Bhavin Rupani: So first question on EBITDA margins. You spoke about 18% to 20% EBITDA margin. So does it include other income or it is excluding other income?

Anand Sultania: Excluding other income.

Rituraj Sharma: Yes. And just also, once again, I would like to clarify to the radial side. So about 14%, 15% in a steady state -- sorry, in a business, and we are looking at improving it towards an 18% kind of EBITDA margin without the West Asia conflict. I mean just to clarify and to put the context right.

Bhavin Rupani: Right. So sir, if you look at our EBITDA margins, excluding the impact of Asia, we have done really well. So would you like to call out for any reduction of expenses, which we are structurally doing and one can expect cost reduction going ahead?

Rituraj Sharma: So there are a number of factors actually. Like Anand mentioned, one of the things was on the solar savings, which has come in. The other is we have high realization SKUs we have sold and we have better in glassware, Opalware both. I think some of these things have also contributed to our efforts.

Bhavin Rupani: Anything on cost front that you would like to highlight, sir? Cost reduction measures -- on cost reduction apart from...

Rituraj Sharma: So in terms of cost reductions also like typically, when you sell a portfolio, then items contributing to a lower gross margin and all getting discontinued is also part of the process. So that's also part of the cost reduction effort which goes on.

Bhavin Rupani: All right. Sir, second question on Opalware. So what is the proportion of our HoReCa versus B2C?

Rituraj Sharma: No. We are not structured for HoReCa. That's not the focus area for us. So essentially, HoReCa is very, very minimal.

Bhavin Rupani: Okay. So by HoReCa, I mean, sir, whiteware, so whiteware would be less than 5%, 7% for us.

Rituraj Sharma: Whiteware, in fact, we do not have a channel for HoReCa is what I meant, meaning a distribution channel for HoReCa. Yes, that's what I meant.

Bhavin Rupani: Okay. So sir, let me rephrase my question, sir. What would be our whiteware versus normal...

Rituraj Sharma: Contribution from whiteware to normal? So I think Anand would say that how much would that be in terms of percentage?

Anand Sultania: So Bhavin, our overall contribution to the whiteware probably would be in the range of about maybe 10% of the overall sales from the Opalware.

Bhavin Rupani: And what was it last year, sir?

Anand Sultania: Less than 5%.

Bhavin Rupani: Okay. So this category has grown by almost 100% this year. This is how one should understand, right, sir?

Anand Sultania: But it's too small of a base from that point.

Bhavin Rupani: Okay. And any plan to change this going ahead? So do we plan to maintain this ratio going ahead? And how are the margin differential between the whiteware and the normal business?

Rituraj Sharma: So you see the whiteware essentially caters to a specific segment. And in terms of -- so I mean, we would love to maintain the current ratio, meaning at 10% also, like you said, it will represent a higher contribution. But in terms of margins, this is far lower than our regular range on the decal rates. Hence, one doesn't particularly move up the contribution of whiteware.

Bhavin Rupani: Sir, next question on distribution. So we have opened a couple of exclusive stores. Just trying to understand the rationale behind this move. And also, do we have any incremental plans to increase the store counts going ahead? And what is the capex that we need to incur to open these stores?

Rituraj Sharma: Sorry, I lost you. Do we have more? You said something?

Bhavin Rupani: Exclusive stores.

Rituraj Sharma: Yes. I mean, so we just launched our first, in fact, stores in Gurugram and Pune. And the rationale is very simple that we wanted our end customers to come and experience the brand and the kind of range that we have under one roof.

And so I think the kind of visibility it gives us and the opportunity for the customers, the consumers to come and interact with the brand is a major reason to be out there and put up our own brand stores. So that's the rationale. And second -- sorry, what was the second part of it?

Bhavin Rupani: Any target that you would like to put on over here, any number of stores that you plan to open? And what is the capex that we incur to the stores?

Rituraj Sharma: So we haven't had any target in terms of, say, the count, the number of stores that we want to put up. And if you look at the cities also how we have things -- so we have done in Gurugram. We've done one in Pune. And next, we definitely have one in Jaipur lined up.

So it's a process wherein we are also trying to put up and see how it goes and learn from the experience and then maybe we can give it a shape in terms of -- essentially in terms of having a scale to it, that is something we are yet to close in. Anand on capex, if you want to mention, what kind of capex we have done?

Anand Sultania: So Bhavin, it depends on store area to area, typically in the range of about INR40 lakh to INR50 lakhs each store.

Bhavin Rupani: Fair enough. Sir, last question on gas prices. So what proportion of our total cost is gas in case of Opalware and glassware? And how much of it is being already passed on to the customers? And also, if you can specify -- so you spoke about it has been passed on in a staggered manner. It has been passed on in Q1 and Q2. So is it possible to specify is it after May, June, when have we taken the price hikes?

Rituraj Sharma: So the first part regarding price hikes we had announced in the month of April itself -- in terms of actual execution, it starts from mid-May and then by the time the material reaches, etc., happens. That's what I meant by saying that the realization will come in from Q2 onwards. That's the first part to your question. On the second part, I think you want specific how much is the contribution of gas in the business? Is that the question?

Bhavin Rupani: In Opalware and glassware, what proportion of -- what proportion of...

Rituraj Sharma: In total. Anand, do you want to take this?

Anand Sultania: So if you look at basically the first quarter last year, the fuel would have been maybe about 2.9% of the overall sales. And this year, it's about 5.8%. And at Opalware level, maybe fuel cost on a steady state prices would be about 4%. And on the glassware it could be around 5.5% without the inflation effect.

Moderator: The next question is from the line of Pranay Chatterjee from Burman Capital.

Pranay Chatterjee: My question is on the 2 Hydra lines that came in, in June. How much time do you foresee to figure things out in the line and actually start churning out sellable products any time line?

Rituraj Sharma: So Pranay, we already have started and declared the commercial production on 30th June. And already, we are getting saleable material from the 2 double-wall.

Pranay Chatterjee: Okay. So I think that answers the next question then that we should be in a good place before Diwali stocking and we shouldn't miss out this time, right, on the Hydra segment?

Rituraj Sharma: I think, yes, that's a fair thing to say that we would be in a much better...

Moderator: The next question is from the line of Devavrat Jatia from Seven Rivers Holding.

Devavrat Jatia: I was just -- I'm fairly new to the company. So I'm just trying to understand a little bit more around the capital allocation decisions over the last few years. In FY24, we invested INR197 crores. In FY25, we did a capex of INR97 crores. In '26, we did a capex of INR136 crores. In '27, we plan to do a capex of INR150 crores.

But as per the presentation put forward by the management in Q4, operational ROCEs have been 11.5% in '25, 10.7% in '26. And at least I have not seen any data over the last 5 years where the ROCE has actually exceeded more than 14%, 15%.

So what I am trying to understand that, I mean, is there like what's giving you the confidence to allocate that much capital even this year to further capacity or for solar investments when at least in the past, you've not been able to generate a certain degree of ROCE? Or is this the ROCE expectation investors should have moving forward?

Rituraj Sharma: So in fact, it's not one question, sir. In terms of ROCE, the number you're looking at or in terms of capital allocation, you are asking?

Devavrat Jatia: Yes. I mean I'm asking on the rationale for capital allocation, which I believe is a function of ROCE, as mentioned by the CFO in the earlier calls.

Rituraj Sharma: Yes. So if you -- like you mentioned in the past, 4, 5 years, if you look at the journey in terms of from -- in each of the categories that we operate in, whether it's been glassware or Opalware or the Hydra two double-wall lines that we have put up. Now all of this has its own cycle to build the thing. And it's not a question of every quarter or a year.

So whether it's the glassware like 25 tons per day borosilicate glassware that we put up or the 42 metric tons per day Opalware we put up, which then became 84 metric tons and similarly from 25 to 31 we put up. Like I said, we've been building the market -- so it's not about what ROCE will be in this quarter or for the year. And you have a horizon wherein basis which you build the market.

And if you look at our journey, we have been having a CAGR of more than 21% over the last 10 years. The business has shown this kind of a growth. And then we also like in the call itself, we said one of the challenges was the BIS, for example, and we had to now put up a manufacturing plant for the double wall vacuum bottles, etc. So this does need capital. And in terms of production, the ramp-up happens, it has its own cycle.

So it's not the number that we will deliver, but that going forward, like Anand mentioned during the call that we definitely are looking at 20%, 22%. Am I right, Anand? I think you want to add something to this?

Anand Sultania: No, no, that's right. I think in the last -- in the last 2, 3 years, probably, if you have seen, we have been investing heavily into manufacturing facilities probably. And as we move forward and we scale ourselves probably, we will definitely see improvement in the margins and the overall ROCE.

Initially, what happens is basically due to heavy capex and the depreciation element probably, initially, the businesses are seeing with a lower ROCE, but definitely, this will improve going forward.

Devavrat Jatia: Right. So I mean, can you help us understand the bridge? I mean, what's going to get you from the current 11% ROCE in FY26 to a 22% ROCE. How is that going to be bridged? Is it just purely a function of depreciation wearing off? Is it a function of your margin improvement? Can you just help us quantify and bridge that number, please? That would be helpful.

Anand Sultania: That number is not an immediate number. It's a medium term is an aspiration probably where we're going to reach. And of course, there are basically ways and means to achieve this. I mean, one you rightly mentioned, one is that scaling basically in terms of capacity utilization, enhancing our capacity on the borosilicate ware and the glassware that we are setting up, we are seeing good traction in those categories where we are trying to do more capex is around.

Solar is an initiative where probably it's a 25-year project probably where you put up the capex and then you enjoy the benefits over the next 25 years. Of course, you get the payback so much earlier probably in the next 3 to 4 years.

But if you look at the overall number, so far, we have invested around INR130 crores into solar facilities also where you see that at least INR30 crores basically at an EBITDA level, the savings -- so all of these initiatives will definitely help us improve margins going forward.

And of course, as we scale, there are many fixed costs where we will get leverage on like your warehousing, it's all fixed. It's not variable at any point of time. So all of this will help us basically margin expansion as well as basically improving our ROCE margins.

Devavrat Jatia: So while you did guide for an 18% to 20% EBITDA margin for this year, if you achieve that EBITDA margin, what would be your ROCE profile for this year? And I mean the aspiration of 22% ROCE, is that -- I mean, in what time frame are you looking to achieve that?

Anand Sultania: At the moment, the market is very fluid because you see in the first quarter, we just had a big impact on the West Asia conflict. So we also mentioned that we have passed on certain prices. There has been some lag.

And of course, it doesn't happen immediately. And the prices have started settling while the fuel prices have settled meaningfully, but we still see the petroleum products on the packaging and so many other places, the prices are still the same. It's not settled anyways.

So we still need to see. I think the broader idea is basically to improve margins, maybe 18% to 20% is the guideline probably. Whether it's going to happen this quarter or next quarter is not something that at the moment we can comment. But yes, I mean, that's the whole idea.

Rituraj Sharma: I just want to add, Anand, one more point. The 20% number came from the gentleman who had asked the question. I just want to clarify that like from 14%, 15% to 18% is what we would look at in a steady-state business without the West Asia conflict. Just to clarify...

Devavrat Jatia: Sorry, maybe I misunderstood it, but is the 18% margin guidance for FY27 or is it an aspiration that you plan to achieve in the next couple of years?

Rituraj Sharma: So that's for this year, we wish to achieve.

Devavrat Jatia: Okay. So -- okay. Perfect. So then if you're able to give a guidance on the margin or the EBITDA margin, then what -- I mean, why are you not able to give a guidance on the ROCE?

Rituraj Sharma: Anand, you want to add to that to explain further?

Anand Sultania: I think one is that we definitely will do better in the coming quarters as far as EBITDA margins are concerned. I think on the -- on the ROCE guidelines, I think if we can improve our margins to maybe about 18% for this year. So obviously, what you mentioned is last year, we were about 11%, 12%. So obviously, this will also move up. It will not remain the same.

Moderator: As there are no further questions from the participants, I now hand the conference over to the management for closing comments. Over to you, Sir.

Rituraj Sharma: Thank you, everybody, for your time and questions, and thanks.

Moderator: Thank you. On behalf of ICICI Securities Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you, everyone.