

**Borosil Limited**

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May 28, 2026

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Dear Sirs,

Sub: Transcript of Earnings Call

Please find attached the transcript of the Earnings Conference Call held on Friday, May 22, 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****Bhaunik Shah**
Company Secretary & Compliance Officer**Encl.: as above**



“Borosil Limited
Q4 FY26 Earnings Conference Call”

May 22, 2026



MANAGEMENT: **MR. SHREEVAR KHERUKA – MANAGING DIRECTOR
AND CHIEF EXECUTIVE OFFICER – BOROSIL LIMITED**
**MR. RAJESH KUMAR CHAUDHARY – WHOLE-TIME
DIRECTOR – BOROSIL LIMITED**
**MR. ANAND SULTANIA – CHIEF FINANCIAL OFFICER –
BOROSIL LIMITED**
**MR. RITURAJ SHARMA – PRESIDENT – 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 Q4 FY26 Earnings Conference Call of Borosil Limited, hosted by ICICI Securities. 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 the conference call, please signal an operator by pressing star then zero on your touch-tone phone.

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 Q4 and FY26 results conference call of Borosil Limited. Today, we have with us senior management represented by Mr. Shreevar Kheruka, MD and CEO; Mr. Rajesh Kumar Chaudhary, Whole-Time Director; Mr. Anand Sultania, CFO; Mr. Rituraj Sharma, President; and Mr. Dhaval Patel, Head of Investor Relations.

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

Shreevar Kheruka: Thank you, Manan, and ICICI Securities for arranging this call. Good afternoon to every one of you. The Borosil team and me are delighted to be communicating with you once again. I am pleased to inform you that Borosil Limited's Board has approved the financial results of quarter 4 FY26 and for the full year FY26 during our meeting held on 19th May.

We submitted our results and an updated presentation to the stock exchanges and they're also available on our company's website. Given that this is a year-ending call, before I get into the financial performance, I wanted to list out some of our achievements in the last year.

As you may be aware, we had announced last year on April 2nd that we were going to set up a manufacturing unit for vacuum-insulated stainless steel flasks at a cost of INR65 crores. I'm happy to say that the commercial production from the first 2 lines is expected to commence in the next few days before the end of Q1 FY27, and the third line is expected to commence by the end of Q2 FY27. The plant is completely ready and the trial production period will begin very, very shortly.

In addition to that, on the marketing front, Borosil Limited was awarded a Jury Recommendation at the inaugural Economic Times Award for Design & Creativity in the Most Creative Packaging Re-Design category. The revamp focused on creating stronger shelf impact, clarity and a contemporary brand presence across all customer touch points.

The brand underwent a significant refresh with team developing India's first color-coded, omnichannel-first kitchenware visual identity system. This strategic transformation strengthened brand distinctiveness, enhanced consumer navigation across categories as we have multiple categories now, and reinforced Borosil's premium design-led positioning.

In addition to marketing, the company's manufacturing facility was also awarded at the India Green Manufacturing Challenge 2025 by the International Research Institute for Manufacturing.

The award reflects the strength of our process optimization initiatives and reinforces our focus on integrating sustainability with long-term operational and cost efficiency.

Coming to the HR front, Borosil Limited has continued to be certified as a Great Place to Work, reflecting its commitment to fostering a positive workplace culture, a high-trust work environment and strong employee satisfaction across its operations. This recognition underscores the company's continued focus on prioritizing its workforce and building a collaborative and rewarding organizational culture.

On the balance sheet side, ICRA rating has reaffirmed our credit ratings to AA- with a stable outlook for the long-term facility, and A1+ for the short-term facility. This strong investment-grade profile reflects the company's solid liquidity and resilient operational positioning.

Coming back to marketing, to deepen consumer engagement and cultural relevance, the company also conceptualized and launched Borosil Kitchen Connection. This is a distinctive content-led property that revamps celebrity kitchens while extending participation opportunities to consumers. By showcasing the Borosil product ecosystem within real celebrity homes through authentic storytelling, the initiative is building stronger resonance, relatability and aspirational brand affinity among modern Indian households.

So now moving on to the financial performance. I would like to say that Borosil has delivered a reasonable performance in FY26 with revenue from operations reaching INR1,195.9 crores, up from INR1,107.8 crores during the last year. This represents an 8% year-over-year growth. This growth, if we look at it from a product category perspective, although we don't share numbers at every level, is impacted substantially, owing to the challenges that we have faced throughout the year in our key category that is Hydra, the vacuum-insulated stainless steel flask bottles and containers.

The quality control BIS order was implemented in the financial year 2025, and the resultant supply chain challenges have impacted the company's financial performance, both in terms of revenue and margins, and have significantly even impacted our share presence in this category.

In FY26, the company achieved an operating EBITDA before exceptional and one-time income of INR176.7 crores as against INR177.7 crores in FY25, which is basically flat for the year. And in fact, the operating EBITDA margin has reduced from 16.3% the year before, to 15.1% in this year. As I've mentioned before, the main challenge has been the lower sales of Hydra without, let's say, reverse operating leverage, which has impacted us in this particular year, thanks to the supply chain challenges for Hydra.

During the quarter ended March 31, 2026, the production activities at the company's borosilicate glass furnace for pressware products and its opal glass furnace located in Jaipur were also impacted temporarily due to the restrictions in supply of LPG arising from a force majeure situation caused by the West Asia crisis and its consequent impact on global fuel supply. Consequently, the operations and financial performance of the company for the quarter were impacted to that extent.

Coming to other operating income, that is INR26 crores, which is coming from shared service support income, compared to INR18.4 crores in FY25, with the related expenses reflecting on total expenses. As a result of that, profit before tax for the period was INR100.9 crores compared to INR103.2 crores in the previous year.

FY26 includes a few one-time items, including expenses related to the demerger of INR7.2 crores. Also -- which is actually a reversal -- sorry, it's a reversal of the expense of the demerger of INR7.2 crores, but on the flipside, a one-time expense of INR1.8 crores for professional fees as well as income from investments of INR4.3 crores and royalty income of INR12 crores. Sorry for the -- lots of numbers there, but this will all be available when the print-out is shared.

Compared to this, last year, the company has recognized one-time income on account of transfer of tenancy rights of INR13.5 crores and income from investments of INR5.9 crores. The depreciation this year increased by INR5.8 crores, while finance costs declined by INR6.2 crores primarily due to debt repayment in FY26 as compared to last year.

There was also another impact going to the new gratuity and leave provision amounts on account of the new Labor Code, and that is about INR4.0 crores, which is shown as an exceptional item in this financial year '26. As a result of all of that, profit after tax rose marginally from INR74.2 crores in FY25 to INR74.7 crores in FY26.

During the financial year '26, the company generated cash from operations of approximately INR119 crores. As of the end of 31st March '26, at the consolidated level, Borosil Limited maintained a strong balance sheet with a net debt position of INR49.7 crores.

I mean, to the -- all the points listed above were with respect to the entire financial year. Now we'll come to the section on quarterly performance. The company has achieved operating revenues of INR284.1 crores in Q4 FY26 as against INR270.2 crores, which is a growth of 5.2%. This is also the slowest quarter for most consumer business across India, and that's reflected in this quarter as well.

The EBITDA margin before exceptional and onetime items was 11.5% in Q4 FY26, as against 14.2% in Q4 FY25. And PAT was INR10.6 crores this year in the quarter 4 as against INR11.1 crores in the year before.

So let's take a closer look now at our category-wise performance for the full year FY26. Borosil's consumer sales continue to grow across both glassware and non-glassware segments, barring the Hydra impact as well as our opalware range also grew under the Larah brand.

The Larah opalware segment recorded a sale of INR411.9 crores in FY26, compared to INR383.8 crores in FY25, which is a growth of 7.3%. In our glassware segment, which includes borosilicate microwavable products, serving ware, glass tumblers, lunchboxes, we recorded a year-over-year growth of 17.3% in FY26. Revenue stood at INR295.5 crores compared to INR252 crores in FY25.

Non-glassware segment, which encompasses a wide range of small home appliances, insulated bottles and flasks, cookware and other kitchen essentials, posted a 2.4% increase in revenue,

with the turnover reaching INR463.7 crores in FY26 compared to INR452.9 crores in FY25. As already mentioned, the Hydra bottle sales has come under substantial pressure owing to the nonavailability of product, owing to the BIS or the QCO implementation.

Our team has recognized these headwinds and is actively reshaping overall strategy to impact - to mitigate the impact, and as a result of this, we had already -- as mentioned before, we had approved the project for our upcoming manufacturing facility through our wholly-owned subsidiary, Stylenest India Limited, and this project includes 3 double-wall production lines. And as I mentioned before, 2 of these lines will be having commercial production by end of next month, and the third one by end of Q2 FY27.

This investment is being financed through mix of equity, debt and internal accruals. This expansion does reinforce our commitment to Make in India and will also in the medium to long run enhance cost efficiency, ensure compliance with BIS and strengthen our supply chain, which can deal with issues such as the West Asia prices more effectively.

During the last year, FY26, the company did strengthen its focus on cost discipline to improve operating efficiency. Expenditure on advertising and sales promotion remained controlled with a marginal increase from approximately INR87 crores to approximately INR88 crores.

Power and fuel costs saw sharp reduction falling from INR82.4 crores to INR78 crores. The reason I'm saying that sharp is that in spite of the high cost increases per unit, which got impacted in the last quarter. The company is further investing INR75 crores towards setting up a 20-megawatt ground-mounted solar plant with a battery energy storage system, which will further reduce the overall power cost, and the same is expected to be commissioned in this quarter, Q1 FY27. The Phase III implementation of solar, which is added to the first 2 cases, will then take care of about 61% of the overall power requirements of the company.

In May 2025, the Government of India notified the Safety of Household, Commercial and Similar Electrical Appliances Quality Control Order 2025, making a significant step towards enhancing consumer safety, quality assurance and market regulation. Earlier, effective 19 March 2026, this order mandates, BIS certification for a broad range of electrical appliances, including coffeemakers and cooking ranges, hobs, others and similar appliances.

Recently, in QCO 2026, the remediation time lines have been extended to 1st October 2026 from its trial date, I think, sometime in March. Accordingly, the company has built up advanced inventory to mitigate potential sales reductions as non-certified products will not be permitted for sale in India beyond the prescribed time lines.

However, I don't think this QIS -- or the QCO rather will have as much of an impact or any impact compared to Hydra because the company is very well placed to switch from imports to local sourcing for these product categories.

Between FY18 and FY26, the company has delivered strong and consistent growth with the revenues recording a CAGR of 21.4% and EBITDA expanding at a faster 29.4%, that's over a period of 8 years. This reflects operating leverage and improved profitability. Since the acquisition of Larah in 2016, revenues there increased from INR48 crores to INR412 crores in

FY26, translating into a 24% CAGR. In parallel, the non-glassware portfolio has scaled from INR23 crores in FY17 to INR464 crores in FY26, achieving 39.6% CAGR. Both of these points underscore the company's ability to successfully grow into new product areas and create long-term value.

India's shift from plastic to glass is not just a material transition but a meaningful behavioral change driven by rising health awareness and evolving lifestyles. Consumers today are increasingly cautious about chemical leaching, hygiene, stains and odors associated with plastics, especially for daily food consumption outside the home.

As a result, glass, particularly borosilicate glass is becoming the preferred choice for office lunches, travel, fitness-led routines and modern kitchens due to its safety, nonreactive properties and hygiene benefits. In this evolving category, Borosil is well positioned given its strong brand trust, glass expertise and products specifically designed for everyday Indian usage.

A cornerstone of Borosil's long-term strategy is its strong Make in India commitment in addition to operating opalware furnaces of 84 tonnes per day and a 25-tonne per day borosilicate glassware plant. We are now starting a new facility for vacuum-insulated stainless steel bottles, flasks and containers, and also expansion of our injection molding operations for the plastic lids that go on our lunchboxes.

Last year, in the last quarter, the Board also approved 2 further expansion projects. One is to expand our furnace capacity from 25 tonnes per day to 32 tonnes per day with the addition of a third forming line, and this will likely happen in the year '27 or '28, depending on when the furnace life is over. The cost of this capex is roughly INR50 crores, and this will help company remove capacity bottlenecks and will improve -- further improve operating efficiencies. It will also help further improve product diversification and portfolio expansion.

The second capex was the glassware manufacturing at Bharuch where the company will produce, through its outsourced vendor, drinking glasses, glass storage jars, jugs and bottles. That is from the Borosil Scientific's Bharuch plant. The company is looking at a high growth potential in these categories, and we expect this facility to be commenced by the end of Q3 FY27 with a capex of approximately INR42 crores.

Borosil's strong omnichannel presence spanning all the channels, including trade, retail, modern retail, e-commerce and B2B have driven deeper market penetration with availability of over 24,000 retail outlets, we have built a well-diversified revenue base, serving more urban consumers and global markets. I remain very bullish on the organizational capabilities.

Last year was a tougher year on account of the impact of supply chain from Hydra and then the last quarter, the West Asia crisis further enhanced that challenge. However, these are short-term issues, and we expect fully that our long-term growth trajectory as well as -- from a revenue perspective as well as from operating profit perspective will continue unabated as it has for the last 8 to 9 years.

With that, I'd like to now open the floor to questions that you may have.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Mr. Jeeval Shah from VVD Asset Managers.

Jeeval Shah: I have 2 questions from my side. I just wanted to know that in my view, borosilicate glass products are generally considered higher-margin products. However, despite the ramp-up in the borosilicate glass facility, gross margins remained lower in this quarter as compared to Q4 FY25. Could you help us understand the key reasons behind the margin pressure?

Shreevar Kheruka: See, as far as glass is concerned, there's a lot of dumping from China, China is dumping on virtually in every category, so there has to be -- while, of course, Borosil as a brand and a product portfolio is able to charge some premium on the dump prices, but end of day, it's not in isolation. So that has been a challenge and continues to be a challenge. But I think notwithstanding that with trying to improve our product mix, we're trying to fight that situation. But that is an issue that unfortunately exists for us.

The other thing is, of course, with the West Asia crisis, the cost of gas and other inputs, which are in the raw materials that all have gone up, especially in Q4 which has also impacted materially the margins, and as a result of that, we had to take a price increase, but there's always a lag impact on the price increase being -- playing out.

Jeeval Shah: Okay. So the second one is, could you provide us some guidance on the expected cost savings benefits from the solar plant in FY27?

Shreevar Kheruka: Yes, I think the CFO can do that. Anand, can you take that question?

Anand Sultania: Yes. So that will be -- that is estimated to be about INR28 crores at EBITDA level, for FY27.

Moderator: The next question is from Mr. Navin from iThoughtPMS.

Navin: So just want to touch upon the opalware segment around, so I just wanted to understand what kind of utilization you are working on, like any expected capex and your general market outlook and all that stuff, if you can just start with that.

Shreevar Kheruka: Yes. Opalware, look has been on a -- I mean, we're close to 100%, I would say, between 90% and 95% utilization, depending on the month. Now given the category, last year has been a bit - - as far as opalware is concerned, the market has slowed down, and in fact, there has been -- I would say, less demand in the market -- or let me put it another way, the demand growth has not been as robust as it has been in the years prior.

Our lookout is for debottlenecking at the moment. We will be expanding capacity to some extent by debottlenecking some of our production processes further as we have been doing over the last few years. But at the moment, we are not considering any major capex on opalware which, meaning putting our third line or anything, and rather there are other categories where we believe the growth can be much faster, and we will be focusing our attention on other categories for which already we have announced capex, which I covered earlier.

Navin: Got it. Got it. So I just wanted to understand, so the capex itself is like INR1,350 crores, and we ourselves are like 1/3 market pie top line, right?

Shreevar Kheruka: Yes, that's right.

Navin: So I just wanted to understand your read on the general space, so like competition outlook, like how exactly do we see that?

Shreevar Kheruka: So frankly speaking, I think what we've done at the industry, we have not yet been able to -- I mean, the product has been around for 10, 12 years, maybe 20 years, and I think what we need to do more or better as an industry is to get something new and differentiated in the industry to create, again, a wow factor for customers that, you know, something better has come. And that's something we are working on with the R&D center.

But until that comes, I think overall, in general, there is muted customer sentiment across the board, I mean not just on kitchen. There has been muted customer sentiment, various crises. So I think unless we come up with something exciting, it's going to be challenging to start a substantial growth in this category, I'm just being honest here.

And we are working on that, but at the moment, I think we are -- for the next year or so, I think we are going to expect to see muted growth. And hopefully, our R&D efforts will play off and lead to something nice, which can then be kind of ignite this category.

Moderator: The next question is from Utkarsh Nopany from Anand Rathi.

Utkarsh Nopany: So my first question is related to your glassware segment margin, so like if you see gas prices in India has gone up by more than 2.5x, what it was there before the war, which we believe is not the case in China. So wanted to know whether our glassware margin is likely to remain under pressure until the time the gas prices remain high in India?

Shreevar Kheruka: Yes, of course. I mean 2.5x is substantial. I believe China has also gone up, I don't think it's not gone up, but it may not have gone up 2.5x, but definitely maybe double, so I think the differential may be there, but may not be that substantial.

I do believe China has to increase prices also. Plus, of course, the rupee depreciation in that sense helps us because we -- it also becomes substantially more expensive to import. But overall, yes, China is a major irritant and challenge because they routinely are selling products lower than the cost of production and dumping because of over capacity or whatever reason they may have.

So that will, over a period of time, definitely cause some pressure on the margins. We can only keep working on innovation and petitioning the government to kind of create a level playing field, which we're trying to do.

Utkarsh Nopany: Okay. And sir, what would be the status of anti-dumping duty investigation, which is going on silicate glass product category? And can you give some rough timeline by when any outcome is

likely to come on this front? And whether the investigation also covers the soda-lime glass or it only covers the borosilicate glass?

Shreevar Kheruka: As far as our application is concerned, it's only for borosilicate glass. I do believe there will be something else in the market for soda-lime, but it has nothing to do with us. And as far as time line is concerned, I think Mr. Rajesh Chaudhary may have an update. Rajesh, are you on the call?

Rajesh Kumar Chaudhary At present data is under the investigation, but we hope that it at least it will take 6 to 9 months from now

Utkarsh Nopany: And sir, like how is the competitive intensity in opalware at the moment? So like what we are saying when we are talking to the dealers, they are saying that opalware has become pretty aggressive in the recent past by coming out with a more aggressive pricing structure. So whether this is likely to result into margin pressure in this category, in FY27 over FY26, so qualitatively, if you can guide on the margin front for the opalware segment for FY27, sir?

Shreevar Kheruka: No. Frankly, I don't agree with that view. Primarily because there has been high competition in this sector for the last 10 years, and different brand can invest over different periods of time, so it's never a status quo, never -- there's always something going on. So I don't believe that there's any, per se, pressure on pricing. There is pressure on costs, no doubt. And again, because of the abnormal increase in gas prices.

And to translate that cost, increasing costs on to the end customer will take a couple of quarters, at least 1, maybe 2 quarters. So to that extent, there may be some margin pressure in the short run. But I don't believe that, that's something that is going to -- that's because of competition per se. It's more because to get customers to accept substantially higher pricing, let's say, 8% to 10%, which is what prices we have taken, that takes a bit of time.

Utkarsh Nopany: Okay. Okay. And sir, like just continuing with this point. So how much price hike we have taken in glassware and opalware, and how much we should ideally take to cover that entire cost inflation pressure?

Shreevar Kheruka: That should be enough to cover the entire cost inflation pressure.

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

Bhavin Rupani: The first question related to glassware, so how should one understand incremental growth in case of glassware from here on? Since I understand that we have been running at almost 90% utilization and then incremental capacity is only lately to come after a year or 2, so I just wanted some sense on that.

Shreevar Kheruka: So glassware is a very vast category. And as I mentioned that we have the project of bottles, jugs and jars, which will be implemented by the end of this year itself. And that could aid reasonable capacity, availability at least for the market. And the other question on the pressware because we started -- when we started production, there was -- the sales were not as fast as the production capacity.

We do have reasonable amounts of inventory. So if the market supports we can grow even without having grown the -- without growing the production for at least 1.5 years or 2 because of the inventories that we are carrying today. So glassware growth from a supply chain perspective are not a challenge.

The growth only from a demand perspective is what we have to look out for, and if the growth happens from a demand perspective, then by the time we are kind of low on inventory, by the time we'll have the new capacity. So we planned it, I would say, relatively well, and I think we can deliver, it's just the market has to support.

Bhavin Rupani: And sir, second question is related to capex. So apart from incremental capex announced for glassware in Bharuch plant, are we planning anything in case of kitchen appliances because BIS is kicking in soon? Also along with this, if you can call out FY27 capex numbers.

Shreevar Kheruka: Yes. So capex, these 2 capex, which I already said earlier, is about INR90 plus crores. There's maintenance capex of roughly INR20 crores, INR25 crores a year, which should continue. And then there are no -- I mean, there was many capex under discussion, so nothing further which is approved although we can see in the non-glassware space more capex potential on the horizon, which can be reasonable sized because we see pretty -- and I like to mention even potentially in appliances because we see very good market prospects in the future in the non-glassware space as well.

So I can only share that once it's approved by the Board, but at the moment, I can only say that there's quite a lot under discussion. And obviously, in the short term, things have been a bit unstable, but we do expect this to improve. So we will certainly do more capex in the future.

Moderator: The next question is from Resham Jain from VVD Asset Managers.

Resham Jain: Yes. So I have a few questions. First is with respect to the thing which you mentioned about China pressure in borosilicate, is that correct?

Shreevar Kheruka: Yes.

Resham Jain: Okay. Even after 16%, 17% rupee depreciation, you see that challenge or like challenge because in last 1 year, we have seen almost 16% rupee depreciation, so despite that, you are seeing that challenge now?

Shreevar Kheruka: So the rupee depreciation cannot be seen in isolation. There's also been massive cost increase, and earlier somebody also asked about gas. So China is a fairly opaque economy, so it's hard to know exactly what the costs have gone up. But from my sources, my understanding is that their cost of gas per unit have not gone up as much as ours. Now how much is the difference, I really don't know.

And China also has various other ways to kind of subsidize exports. So it's hard to understand how the -- whether the costs get counted on or not. We are -- obviously, the try to offsets this, but to what extent, I don't know because we still -- surprising, we are seeing -- in terms of imports from -- in the market from China, it's still quite low. We will see how that -- I mean, as far as

dollar FOB, dollar terms are concerned, the rupee is benefiting us, but it's not to the 16%, 17% kind of level as you indicated because of our costs also have gone up to a reasonable amount.

Resham Jain: Okay. And the second question, a related question is with respect to gas cost. Gas is out of overall power and fuel of INR80-odd crores. I presume that gas cost will be like INR20 crores, INR25 crores out of that?

Shreevar Kheruka: Anand, can you...

Anand Sultania: One second.

Shreevar Kheruka: Yes, we will come back to you, but yes, it will be a small amount.

Resham Jain: So that must have gone up by like INR30 crores extra.

Anand Sultania: Yes, that's some 30 crores. That's right, for all the 3 furnaces together.

Resham Jain: Okay. Got it. Just the second question is from the working capital perspective, last year, we said that our working capital has gone up mainly because we have kept a higher inventory of Hydra range given that there was this quality control order, but this year also, given that Hydra sales itself has not happened, so I presume that you must have already consummated most of the Hydra inventory. But do we see that overall inventory has further gone up and which is in a way impacting your overall ROCE, which you have mentioned in your presentation as well.

Shreevar Kheruka: So we had back-to-back, and also mentioned in the call, QCO implementations. The Hydra inventory, whatever we built up last year is more or less all depleted. But on the flip side, we had to build up a lot of appliance inventory this year because of this QCO, which has come on a large range of appliances.

In addition to that, as I mentioned before, the last 2 years, we have been producing much more on our borosilicate glass furnace that we have been selling because the capacity of the furnace is large or the -- which we have set up. And that's needed -- that is a certain minimum size of the furnace which -- below which, it's not efficient. So that's also contributed to the increase of inventory.

So I think the appliances, again, is a one-off case, should correct itself. And glassware, if the growth continues or we are able to grow more to the market, then we should deplete these inventories at some point of time -- at some point in the near future, hopefully.

Obviously, if the antidumping comes from China, that will certainly improve our prospects substantially, but that's still to be seen. Either way, we have to be independent of policies from the government to work with expanding our product range and giving more options to the customer, which will hopefully consume that.

So overall, yes, it's been 2 years consecutive of inventory growth, but I do see a stop to that, hopefully this year itself, and then from next year, we should see a reversal of that because being more Made in India should logically give us leverage to reduce our inventory, not have to increase it.

- Moderator:** The next question is from Mr. Jasdeep from Clockvine Capital.
- Jasdeep Walia:** So what was the impact of further shutdown on sales on both segments of glassware?
- Shreevar Kheruka:** No, there was no impact because we have enough inventory, so the shutdown for a few days, and we have enough inventory to kind of capture that. So there was no -- there was 0 impact of the shutdown on sales. There was an impact on costs and the fixed cost absorption when the plant was, say, suspended. But -- so on the margin, there was definitely impact but not on the sales.
- Jasdeep Walia:** Got it. So basically, your glass inventory also went down, but still you had to deploy more money into inventory for the year?
- Shreevar Kheruka:** No, glassware didn't go down because we've not sold the entire production capacity of the furnace. Even with the small shutdown we had for a few days, we didn't sell the entire capacity of the furnace of glassware.
- Jasdeep Walia:** Got it. And so Shreevar, sometime back you told me that your company is the company to have set up borosilicate manufacturing plant in India. So that remains to be the case even now or other companies...
- Shreevar Kheruka:** Yes. that's a fact. That's a fact. We are the only ones, because I'm pretty sure there's nobody else who has -- certainly nobody has started production. If somebody is planning something, I don't know, but nobody started production.
- Jasdeep Walia:** Got it. So basically, China is hurting the borosilicate glass market through brands which are sourcing from China instead of manufacturing in India? Is that right?
- Shreevar Kheruka:** That's the right way to look at it. Exactly right.
- Jasdeep Walia:** Got it. So basically, the cost edge that you wanted to have by having your own manufacturing facility has not materialized. In fact, it has become an adverse scenario for Borosil versus your competition?
- Shreevar Kheruka:** I can't say -- yes, I mean it's always been like that. It's not something which is new. I mean, by the way, this is the story in almost all markets where products are coming from China, where in the last couple of years, China has enhanced dumping, okay?
- And I guess it's -- it's widely available in the news, and it's not just for our industry. It's for every -- almost every industry in India. So that is a fact, and we do -- we would love that we get this support or, let's say, even playing field from the government.
- Jasdeep Walia:** Got it. And what was the increase in fuel cost that you've had to bear on account of this crisis...?
- Shreevar Kheruka:** As Anand mentioned, the direct cost is INR30 crores or INR30 crores, INR35 crores per annum. Now this is -- again, it's an evolving kind of number because it's changing every week. So if you extrapolate what is current, it's INR30 crores, INR35 crores per annum. But there's an indirect

impact also, right, because crude oil is used for packaging materials or crude oil derivatives are used for packaging materials, so that's gone up.

Obviously, as diesel prices will go up, then that will impact more and more the freight, inward and outward, and inflation and salaries and so on. So there's so many second and third order impacts. But if you want direct impact, then that's what it is.

Jasdeep Walia: Direct impact is basically your gas cost, which used to be INR20 crores, that has increased to INR35 crores. Did I get it right?

Shreevar Kheruka: Increased to INR50 crores.

Jasdeep Walia: INR20 crores increased to INR50 crores?

Shreevar Kheruka: That's 2.5x.

Jasdeep Walia: Got it. I thought you would use a small amount of gas because most of your furnaces are electric furnaces, right?

Shreevar Kheruka: INR20 crores is not a big amount of gas. The value has gone up because of the cost per unit has gone up.

Moderator: The next question is from Anu Parakh from Anand Rathi.

Anu Parakh: So my first question is now that the bottles, those vacuum bottles will be manufactured in-house, so how much margin expansion are we expecting over the trading margins?

Shreevar Kheruka: So there, it's not like a switch that you flip on, the day start manufacturing the margin expansion happens because it takes 6 months to 12 months probably to stabilize. Initially, your losses are higher, so exact numbers, I guess, will be known later. But my sense is on the gross margin side, 10% at least we should get an increase. Otherwise, there's no benefit of manufacturing in India, so -- but I don't think that will be realized in like the first couple of quarters.

Anu Parakh: Okay. And sir, in one of the interviews, you mentioned that we lost 100 crores of Hydra bottles of in FY26, so is it correct that it was not entirely in H2 FY26 because we had sufficient inventory in H1?

Shreevar Kheruka: No, even in first half, there was a loss. It may not have been so high because of the inventory as you mentioned, but there was definitely some loss. It may be more towards the second half of the year compared to first half. But I can't say it was zero in the first half.

Moderator: The next question is from the line of Sagnik Sarkar from SKP Securities.

Sagnik Sarkar: I had a couple of questions. So the first question is on the glassware business. So out of the INR295 crores sales in the glassware business, what percentage would be our own manufacturing?

- Shreevar Kheruka:** Now, I mean see -- if we define our own manufacturing as just pressware, it's roughly two-thirds, but if we define it including -- two-thirds. Two-thirds would be Borosil Limited manufacturing.
- Sagnik Sarkar:** Okay. 66% own manufacturing and 34% would be outsourced?
- Shreevar Kheruka:** Yes.
- Sagnik Sarkar:** And on the capex front, like you mentioned about INR90 crores of capex. So for FY27, the capex number would be around INR110 crores. Is that correct?
- Shreevar Kheruka:** Yes. INR110 crores -- I mean, broadly, yes. Yes, broadly. It can go -- maybe it can go up depending on more projects through the year. But at the moment, yes, that's correct.
- Sagnik Sarkar:** Okay. Okay. And for the manufacturing percentage that you mentioned, 2/3, like what percentage it would be in FY27, like if you could guide us on the percentage?
- Shreevar Kheruka:** I don't know. I don't see that changed much of this year. I mean like if we get policy support, it will go up for sure. If we don't, there may stay similar.
- Moderator:** The next question is from Amrish Kacker as an Individual Investor.
- Amrish Kacker:** My first question is on debt. So debt has increased about INR60 crores, I guess, in the last 2 quarters to about INR100 crores, and you've got some planned capex already approved by the Board, plus potentially something more in the future. Generally in the past, you've been quite cautious on debt, so I don't know if you could share what your thoughts on fundraising are, whether it will be more debt for the time being? Or you might raise more equity?
- Shreevar Kheruka:** Not much debt, right? I mean, it may go up in the short term, but we also have reason -- I mentioned our operating cash flow was about INR120 crores. If you look at capex this year, we're looking at something similar, plus, we should definitely draw down inventory of appliances and all I've mentioned before. So I don't -- I mean, I don't see any challenge, and in the short run, if there's some timing this time, that may go up in the short run. But I mean, we are so -- we've been, I think, very, very cautious as it is, so even if it goes up by INR100 crores.
- Amrish Kacker:** I think that's clear. So we are reliant on the cash flow for funding internally. Second question, if you could just help understand a little our glass -- our borosilicate glass manufacturing arrangement with Borosil Scientific. You mentioned in this presentation as well that a new production will be done on a cost per basis by BSL. And we already had some production which we had from BSL, which is probably equipment owned by BSL. So if you could just give us some overview on what is the arrangement on manufacturing for Borosil?
- Shreevar Kheruka:** Yes. So this is -- so firstly, it's an arm's length basis. It's -- we have chartered and cost accountants who look at the cost, and on a cost plus a certain percent, which is approved by, I guess, it's a related party transaction, which is approved by shareholders on both sides. We do that. The cost itself, the definition differs cases of assets that are owned by BSL.
- Also, in that case, the cost is factored in a certain -- in some cases, the cost, the capex is done by BL, in which case, the cost obviously is lower for BSL. So the auditors do that as per, say, the

accounting standards, they look into that. And they -- we arrive at a cost-plus formula. If I'm not mistaken, right now, it's cost plus 5%, which is the formula, but I may be slightly off, but I think it's roughly in that range.

That's the transfer price at which BL buys from. But obviously that plus assets will differ if the asset is owned by BL or it's owned by BSL, and the cost also may differ. But it's not fully audited and reported to the Board or audit committee on both sides and audit committee gets into the detail of it and then finally shareholders pass it. So that's the way we do it.

Amresh Kakkar: Is there a reason to maintain this relationship, is it possible to make it cleaner in terms of just moving all the assets to one?

Shreevar Kheruka: Yes. But that will substantially increase the cost of Borosil Limited, that's the issue. We have thought about that, because the equipment, in many cases, is the same. It has already been used by BSL, we have to double it and double the infrastructure. I mean, it'll be -- it will not be an immaterial increase in costs.

So believe we've debated this, and it's in the interest of shareholders of both companies, and specifically for Borosil Limited, would have to again spend a lot more capex for actually very little return if we were to segregate it. BSL, they are able to spread the assets -- the same assets, so they also get the benefit.

So it's like kind of a marginal thing compared to the overall size of the business, at least till now. If it's a large chunk, then we'll have to obviously get back on the drawing board to relook at it. But right now, it's not -- it's less -- at the moment, it's less than 10% of the sales of BL.

Moderator: Ladies and gentlemen, we will take this as the last question. I now hand the conference over to management for closing comments. Over to you, sir.

Shreevar Kheruka: Well, thank you for all your interest in Borosil Limited. The last year has been a tough one. I do expect the next quarter or 2, we are still settling or still reaching lever, there are to be some challenges in the short run. But as I said, we are not stopping our growth and expansion plans because of that.

We're doing this for decades and not for quarters. So we are, as a team, fully committed to enhancing the revenue by 15% to 20% year-on-year, and achieving EBITDA of closer to 20-odd percent in the medium term, and we continue to work on that journey.

So thank you for your support and patience and also your continued interest. I look forward to seeing you next quarter.

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