BOROSIL®

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May 26, 2025

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 Tuesday, May 20, 2025.

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**

Suresh Kanubhai Savaliya
Digitally signed by Suresh Kanubhai Savaliya
Date: 2025.05.26 10:02:09 +05'30'

Suresh Savaliya
Company Secretary & Compliance Officer

Encl.: *as above*

“Borosil Limited

Q4FY25 & FY25 Earnings Conference Call”

May 20, 2025

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 – CONSUMER PRODUCTS – BOROSIL LIMITED
MR. BALESH TALAPADY – VICE PRESIDENT – INVESTOR RELATIONS – BOROSIL LIMITED

MODERATOR: **MR. ANIRUDDHA JOSHI – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day and welcome to the Borosil Limited Q4FY25 and FY '25 Earnings Conference Call. 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.

This conference call may contain forward-looking statements about the company, which are based on beliefs, opinions and expectations of the company as on date of this call. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. Please note that this conference is being recorded.

I now hand the conference over to Mr. Aniruddha Joshi from ICICI Securities. Thank you. And over to you, sir.

Aniruddha Joshi: Yes. Thanks, Hamshad. On behalf of ICICI Securities, we welcome you all to Q4 FY '25 and FY '25 results conference call of Borosil. We have with us today senior management represented by Mr. Shreevar Kheruka, Managing Director and CEO; Mr. Rajesh Kumar Chaudhary, Whole-Time Director; Mr. Anand Sultania, Chief Financial Officer; Mr. Rituraj Sharma, President, Consumer Products and Mr. Balesh Talapady, Vice President, Investor Relations.

Now I hand over the call to the management for initial comments on the quarterly as well as yearly performance and then we will open the floor for question-and-answer session. Thanks. And over to you, Shreevar, sir.

Shreevar Kheruka: So thank you, Aniruddha and ICICI Securities for arranging this call. I wish all of you a good afternoon. The Borosil team is delighted to be communicating with all our dear investors again. I'm very pleased to inform you that the Borosil Limited's Board has approved the financial results for Q4 FY '25 and the full year FY '25 during our meeting held on 19th May. We've submitted our results and an updated presentation to the stock exchanges and they're also available on the company's website for your review.

Before I get into our financial performance, I would like to list some of our achievements in the last financial year. FY '25 was a landmark year marked by several strategic and operational achievements beyond financial metrics. One of the most significant milestones was the commissioning of our new borosilicate glass furnace at the end of FY '24, which not only expanded our production capacity, but also reduced our dependence on imports, aligning with our long-term vision of strengthening domestic manufacturing and Make in India.

We are pleased to update that on April 2, 2025, Borosil Limited also announced the setting up of a manufacturing unit for vacuum insulated stainless steel flasks, bottles and containers through its wholly owned subsidiary, Stylenest India Limited. The estimated capital expenditure of the project is INR40 crores, which will be financed through a mixture of debt and internal accruals.

The initial estimated production capacity is around 2.4 million units per annum with commercial production expected to begin by Q4 FY '26.

Another achievement in the previous financial year was that revenue-wise, Larah became the number one Opalware brand in India. Larah was also awarded Gold for Best Brand Evolution in the consumer category at the prestigious Transform Asia Awards.

We also successfully launched the Larah Premia collection, which is designed to enhance dining experiences and combines exquisite aesthetics with practical functionality, which makes it an ideal choice for contemporary homes. This is the premium range of our Larah Opalware.

In FY '25, we also refreshed Borosil's brand positioning to “We enhance every day for every Indian family”. This shift was driven by consumer insights from nationwide research. We introduced a new logo and updated packaging and visual assets to reflect this stronger and more modern identity.

We're also thrilled to inform you that on the HR front, Borosil Limited has been officially certified great place to work. This recognition reinforces our commitment to provide a positive and empowering work environment for all our thousands of employees.

We successfully raised INR150 crores through a QIP and received a very encouraging response from the investor community. We also received a long-term credit rating upgrade from ICRA to AA minus with a stable outlook, which is a testament to our strong governance and operational resilience. Our integrated marketing campaigns delivered strong engagement across digital platforms as well as offline and further deepened consumer connect.

Finally, we continued our mission to promote healthier and more sustainable choices by encouraging the transition from plastic and melamine to glass, Opalware and steel, further enhancing our brand relevance in modern Indian homes. So that's quite a long list of things we tried to do and achieved in the last year beyond the financial numbers.

Now we'll move on to the financial performance. I'm pleased to report that Borosil Limited has delivered a strong performance in FY '25 and here we're talking about the whole year, with revenue from operations reaching INR1,107.8 crores, up from INR948.5 crores during FY '24. This represents an impressive 16.8% year- over-year growth, placing us amongst the industry's top performers.

The growth is a testimony to the effectiveness of our strategy, operational excellence and most importantly the trust and loyalty of our customers. It highlights our ability to overcome challenges and capitalize on new opportunities, further strengthening Borosil's market position. In FY '25, the company achieved an operating EBITDA (before investment and onetime income) of INR177.7 crores, up from INR144.9 crores in FY '24, which is a 22.6% year-on-year growth, reflecting our continued focus on efficiency.

The operating EBITDA margin for FY '25 stood at 16.3% versus 15.4% during the previous period.

On the downside, the introduction of UCPMP 2024, which restricts incentives to healthcare professionals impacted our B2B sales , specifically in the pharmaceutical segment by affecting bulk orders and distributor engagements. To offset this, we shifted focus to e-commerce and quick commerce, which delivered strong growth, but also led to higher customer acquisition costs.

And our -- as a result, our advertising and sales promotion expenses went from INR68.3 crores in FY '24 to INR86.8 crores in FY '25.

Other operating income includes INR18.4 crores from shared service support income for FY '25 and the same number was INR5.5 crores in the previous year. With the associated expenses, so here the point is that the associated expenses are captured in the total expenses. These are support services for the other two Borosil companies, which is Borosil Scientific and Borosil Renewables and we recover these expenses from them in the way of shared service support income, but that shows up in other income.

Profit before tax for FY '25 was INR103.2 crores, up from INR87.8 crores in FY '24. FY '25 also includes a onetime income of approximately INR13.5 crores. At the same time, depreciation and finance costs increased by INR31.1 crores, which is a very large increase owing to the commissioning of our new borosilicate glass furnace in the Q4 of FY '24.

As a result, the PAT for FY '25 reached INR74.2 crores compared to INR65.9 crores during the previous period. Furthermore, as per the Union Budget 2024, the discontinuation of indexation benefits on long-term capital assets effective July 23, 2024 led to a reversal of deferred tax credit. This resulted in higher taxation for FY '25, impacting profit after tax by INR3.89 crores.

Now let's take a closer look at our category-wise performance for FY '25. Borosil's Consumer division continues to expand across both glassware and non-glassware categories under the Borosil brand as well as our Opalware range under the Larah brand. Speaking of Larah first, the Larah Opalware segment known for its modern designs and superior quality reported sales of approximately INR384 crores in FY '25, up from INR358 crores in FY '24, reflecting a 7.3% growth.

In the glassware segment, which includes borosilicate glass, microwavables, serving ware, lunch boxes, tumblers and storage solutions, we recorded an exceptional year-over-year growth of 27.2% with revenues reaching INR252 crores in FY '25 compared to INR198 crores in FY '24.

The non-glassware segment, which encompasses a wide range of small home appliances, insulated bottles and flasks as well as cookware also performed strongly, posting a 17.2% increase in revenue. Turnover for this segment reached INR453 crores compared to INR386 crores in FY '24. This impressive performance reflects the successful execution of our strategy to expand the Borosil portfolio, catering to the evolving culinary and serving needs of Indian households.

It also reaffirms the strong brand equity and broad appeal of Borosil across multiple product categories.

Working capital has increased in FY '25, mainly because of higher inventory maintained for appliances and Hydra categories due to the regulatory challenges of BIS/QCO implementation. The inventory of borosilicate glassware has increased as our furnace capacity, which was commissioned in Q4 FY '24 is higher than our current sales.

Therefore, this is adding to the borosilicate glass inventory increase. Additionally, the inventory for raw material, packing material, etc, have increased due to shift towards in-house manufacturing of borosilicate glassware. All of this has resulted in an average operating capital employed in the business that is capital employed without capital work in progress and investments to become INR841.1 crores during this year.

During FY '25, the company earned an operating profit, again, excluding exceptional and onetime items and income from investments of INR96.7 crores, and this translates into an operating ROCE of 11.5%. ROCE moderated to 11.5% in FY '25 from 15.1% last year and that is mainly driven by our strategic investments in the new production plant of borosilicate glass, which was only capitalized at the end of Q4 FY '24 and as well as the expansion of Opalware capacity, which was happened in FY '23, but which is not yet at full capacity utilization.

This caused an additional depreciation of INR27.1 crores from the previous year and that impacted the ROCE. This temporary dip reflects conscious front-loading of capex to strengthen our leadership in borosilicate glassware as well as Opalware. As these assets ramp up and begin contributing with full capacity utilization, we anticipate ROCE to rebound in the near future.

During the quarter ended June 30, 2024, the company successfully raised INR150 crores through a QIP to facilitate the repayment or prepayment of long-term project loans, working capital loans and for general corporate purposes. Post issue expenses of INR4 crores, the entire net proceeds of INR146 crores have been utilized. The company has utilized INR107 crores for the repayment of working capital loans and INR39 crores for repayment/prepayment of long-term project loans.

Moreover, pursuant to the composite scheme of arrangement during the financial year '24-'25, the company has paid INR97.81 crores to Borosil Scientific towards repayment of loan, including interest. As on 31st March 2025, Borosil Limited has a net debt of INR26.5 crores. At Borosil Limited, we have built a legacy of trust and quality becoming a household name and providing table and kitchenware solutions to India.

Our journey, which began with pioneering glassware has evolved into a diversified portfolio that caters to the modern Indian consumer. Today, Borosil stands at a pivotal juncture as India embarks on an era of unprecedented economic expansion. Over the next 2 decades, India's rising middle class, increasing urbanization and growing disposable incomes will drive massive consumption growth, particularly in home and kitchen products.

With its strength of new product development, innovation and commitment to quality, Borosil is uniquely positioned to cater to the aspiration of millions of Indian households seeking superior, sustainable and stylish kitchenware solutions. As mentioned, Borosil has expanded beyond glassware emerging as a leader in Opalware.

With Larah, we are among India's largest Opalware manufacturers, providing elegant, durable and lightweight alternatives to steel, plastic and melamine. The Indian Opalware market is growing as consumers embrace microwavable, stylish and break-resistant dining solutions. Since acquiring Larah in 2016, we have driven its revenues from INR48 crores in FY16 to INR384 crores in FY25 with a CAGR of 26% over 9 years, leveraging manufacturing scale, distribution strength and innovative design.

Borosil's non-glassware portfolio spanning kitchen appliances, vacuum insulated flasks, cookware and storage solutions have also delivered outstanding growth with revenues rising from INR23 crores in FY '17 to INR453 crores in FY '25, clocking a 45% CAGR. This surge is fuelled by India's expanding middle class and rising aspirational spending, driving demand for premium yet affordable home and kitchen solutions.

With a proven product range and strong brand equity, Borosil is strategically placed to capitalize on this consumption wave and scale its leadership in the fast-growing non-glassware segment. Borosil is driving India's transition to healthier, eco-friendly kitchen solutions by replacing plastic with glass and stainless steel. Tapping into rising disposable incomes and growing health awareness, the brand is converting plastic users to glassware and Opalware.

With aspirational design, educational marketing and a focus on hygiene and elegance, Borosil is redefining the Indian kitchen and poised to challenge traditional steelware dominance. India's INR4,000 crore lunch box market is undergoing a structural shift towards safer, microwave-friendly and sustainable alternatives. Borosil is at the forefront of this transformation with its premium glass lunch boxes, offering durability, leak-proof design and microwave compatibility.

Borosil's Hydra range of vacuum insulated stainless steel bottles, flasks and containers have demonstrated exceptional traction with sales growing nearly 5x in the last 5 years. With India's insulated steel bottle market valued at INR2,000 crores and rapidly expanding due to its rising demand for durable, sustainable hydration solutions, Borosil is also uniquely positioned to capture significant growth in this category.

Borosil is proudly aligned with the Make in India vision backed by state-of-the-art manufacturing facilities, which includes our 84 tons per day opal glass and new 25 tons per day borosilicate pressware unit. By manufacturing locally, we ensure superior quality, faster delivery and cost efficiency while strengthening India's industrial ecosystems. These investments drive regional job creation as well as substantial economic growth.

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Our great place to work certification underscores our strong leadership, inclusive work culture and focus on performance. We attract and retain top talent by fostering innovation, ownership and long-term commitment. Our ESOP 2020 scheme actively rewards high performers with fresh stock options also approved in November '24. By offering equity participation, we boost motivation, deepen alignment with our vision and strengthen Borosil's position as an employer of choice.

Borosil's extensive omnichannel strategy, which spans general trade, modern trade, e-commerce and B2B as well as export has ensured deeper market penetration. With products available in over 24,000 retail outlets, we've built a robust diversified revenue base that connects both with urban consumers as well as rural markets. Our marketing engine has amplified brand leadership through impactful content-led campaigns and strong digital engagement.

By blending storytelling with immersive brand experiences, we've expanded our reach and relevance. Media visibility, strategic partnerships and our core focus on quality continue to power Borosil's growth and consumer trust. So with that, I would like to end my opening remarks and I'm open to questions from the floor. Thank you.

Moderator: Thank you. We will now begin the question and answer session. The first question is from the line of Dhaval Shah from Girik Capital. Please go ahead.

Dhaval Shah: Yes. Am I audible?

Shreevar Kheruka: Yes. Please go ahead.

Moderator: Mr. Dhaval? Sir, we -- he has disconnected. The next question is from the line of Resham Jain from DSP Asset Managers. Please go ahead.

Resham Jain: Yes. Hi, Shreevar. Good afternoon. So I have three questions. First one is with respect to the borosilicate plant. If you can just help with the overall utilization level and compared to our initial expectation about margins, where are we? And also what is the total capital employed in the borosilicate plant? You mentioned in your opening remarks that the inventory levels have gone up in the borosilicate both at the finished goods level and at the raw material level.

Shreevar Kheruka: Yes. So thanks for the questions. As far as capacity utilization of borosilicate plant, we are running at about 65% at the moment for the previous period. So to give you some numbers, we -- our plant is 25 tons per day, and I would say that we are at about 65% to 70% utilized on that plant.

And we have taken a very stretched target that we should go to closer to 90%, 95% in this current period, which would be a very good success and which would, therefore, improve the ROCE quite well. Coming to the next point, you mentioned about, I guess, the total capital employed or the margins. So both of these I'll take. Margins have been actually better than what we had anticipated in borosilicate pressware.

And we have quite -- I don't share the margins by category, but we're quite happy with them that we've been able to expand our revenue by -- in glassware by 25% or 27%, as I shared. And we've not really had any challenge on the margin front. In fact, margins have only increased. So the import substitution has really worked for us well.

On the capital employed altogether, it's roughly INR200 crores on the borosilicate front on the pressware, which includes the capex as well as probably some working capital that we have. So that's roughly it. But I mean, frankly speaking, this plant at full capacity utilization should deliver ROCE more than 24%. That's our working.

Resham Jain: Okay. Understood. The second question is on vacuum flask capex which you have announced. What is the kind of turnover you can get in this capex -- through this capex?

Shreevar Kheruka: Yes. So actually, in -- glass is a tough one where you get 1:1, 1.2:1 kind of turnover to capex ratios. In the case of steel, it's a bit different. In the case of steel, you can get 2 to 3x depending on product mix, capex to turnover ratios. So if it's a INR40 crores capex, you could probably do about INR100 crores of revenue from that.

Resham Jain: Okay. Got it. And the last one is with respect to the working capital. Last year also, we had an increase in working capital. In September, we mentioned that because of festive, we -- and because of regulatory on the flask side, we bought more of the Hydra range. But it seems that this year also, there has been overall further increase in the inventory level. So on an aggregate basis, how much inventory can be reduced in a normalized environment? If you can just give your thoughts around that because it is maybe temporary, but it is slightly on a higher side?

Shreevar Kheruka: So I'll give you an example. In opal glass, okay, we don't have inventory of more than 60 days. 60 to 90 days would be the inventory range that we would operate at. Obviously, during Diwali, it comes down, then in the middle of the year, meaning towards March, it goes up. So the range would be maybe even 45 to 100 days.

That would be the broad range of opal glass inventory. And that's because it's a stabilized environment. We have our own manufacturing. We don't import anything. And that's -- it's quite stable for the last many years. I'm seeing it. In the case of non-glassware, as you rightly mentioned, the regulatory issues, we had two consecutive years with regulatory issues. So last year, it was the BIS on the vacuum flask, which is our Hydra range. And this year, now we've got BIS on appliances.

So we had two consecutive years with two separate product categories, which are being imported, which have these BIS notifications, in which case, we had to stock up for 6, 9 months. So our working capital in these categories, our inventory has gone to 180, 210 days, maybe even 270 days in some cases, while we develop the local vendor ecosystem. And so that's a separate issue.

And this number, if I remember correctly, could be as high as INR80 crores, INR90 crores, maybe even close to INR100 crores of extra inventory we are carrying because of this reason. And as far as borosilicate is concerned, the issue is completely different. That's like as already mentioned, our production capacity was 3x what we were selling. And we've not yet utilised capacity, so we have higher inventory obviously, our sales have increased substantially this year, but they are not yet caught up to the production capacity.

So therefore opal and the glass plant, you have to run at full output. You can't really run at lower output. So we have to stock that material. So to answer overall question, say, in a couple of years' time, when the BIS issues are solved and our glass plant is running at full utilization, I would say inventory would be similar to what our opal glass inventory is between 45 and 90 days depending on the time of the year, just after Diwali it will come down and then maybe by March, April, it will go up to 90 days.

So that's broadly how it will work. Whether we can further tweak from there, that's something we'll have to look at there, but I think that would be a good internal target.

Resham Jain: Understood. But this is the peak inventory which you're carrying. Is that a fair assumption?

Shreevar Kheruka: Yes. Yes. So peak March is anyway peak inventory, more or less for us because that's just how the market works. March, April, May, these are the 3 months where probably we build inventory and then the sales pick up from June, July onwards. But yes, I mean, given these 2 years, in addition to the March peak, we've had these two BIS peaks, which have really increased our costs or increased our inventory carrying costs. Yes.

Resham Jain: Okay, understood. Thanks Shreevar. All the best.

Moderator: Thank you. The next question is from the line of Dhaval Shah from Girik Capital. Please go ahead.

Dhaval Shah: Yes. Sorry, my line got disconnected. Yes. So my question is regarding this Board resolution for INR250 crores fundraise. So could you give out some details on it? What is it regarding? What is the thought process?

Shreevar Kheruka: See, it's an enabling resolution, we take it every year, because in the past, we had an issue, when we had to raise money, then we couldn't raise because we then had to go for an EGM. So it's an enabling resolution. We are not at the moment planning to raise any money.

Dhaval Shah: Okay. So now if you were to ask that weighing a rights issue versus a QIP because we've just done a dilution, yes, and both will lead to dilution though. But won't that be a better option? Any thoughts?

Shreevar Kheruka: I'm going to repeat myself, it's an enabling resolution. There's no thoughts on raising money at all, whether it be rights or whether it be QIP. So I mean, the Secretarial Department took it in the due course of business. Don't read into it. I'm pretty sure we'll not be raising any money this year unless something dramatically changes. It's a moot point.

Dhaval Shah: Okay. Got it. Thank you.

Moderator: Thank you. The next question is from the line of Bhavin Rupani from Investec. Please go ahead.

Bhavin Rupani: Yes. Hi, sir. Good afternoon and thank you for the opportunity. My first question is related to Hydra category. Sir, we did some channel checks around Hydra and what we observed is we have introduced a new scheme for stainless steel single wall bottles in the market. So how should one understand this move, sir?

Shreevar Kheruka: So look, as I already mentioned, our brand stands for sustainability and for daily use. So the hydra insulated flask costs anywhere from INR700 to INR900 plus. Entry level may be slightly lower, but that's broadly the average pricing. That's for many kids, for many kids and for other socioeconomic classes, the price point is a bit high.

So people use plastic bottles, which are maybe priced much lower. So the idea of a single wall steel bottle is to enter into categories where the investment cost of INR700 is too much because parents may not want to spend so much money for their kids' bottles, school bottles and so on.

So this is just a way of expanding our presence in those areas. And that is a thought behind it. And besides the production capacity in India for this product is quite good, and we can assure a Borosil type quality for the end customer. So it makes sense as a line extension to do it.

Bhavin Rupani: Clear, sir. Sir, second, which is a follow-up to the above question. So when we did the checks, we understood that some of our Hydra products have now started to deplete, inventory has now started to deplete and availability of some of the products is an issue now. So can you give some more sense on how much inventory we have? And do you think it will have any impact on revenue or margins in Q3 and Q4 until the new plant is commissioned?

Shreevar Kheruka: Yes, there is an absolute issue of that. I think in the last call, I also mentioned it that this year will be a tough year, may be a tough year. Obviously, we are trying to mitigate it. We have a major risk for running out of inventory in Hydra without having sufficient local sourcing available to supply.

And that's a risk to our revenue and to our margins, absolutely. So we are working on mitigating that risk. We do have INR150-plus crores of inventory at sale value to mitigate it to some extent. But we are still not covered with the whole year's inventory. So we are working on it. Everything is not known today, but we will certainly try and reduce the loss of Hydra sales this year to the minimum extent possible.

Bhavin Rupani: And sir, you mentioned about INR150 crores inventory. This should last for next 6, 7 months or 9 months?

Shreevar Kheruka: Yes, I think so. I think we'll have enough to pass Diwali.

Bhavin Rupani: Got it, sir. Sir, second question is related to our expenses. So our warehousing expenses and freight cost, as we understand, and A&P cost is higher as compared to some of our peers in the industry. What are your thoughts on this? And how do we try to balance revenue growth and higher overhead cost?

Shreevar Kheruka: So, look, we have a very clear philosophy, we want to expand our revenue growth, okay? And in order to expand revenue, you need to have the product in front of the customer. You need to have product available, meaning the customer -- it should be in the consideration set of the customer. So whichever channel they are looking at, whether it be trade, online, offline, they have to see our brand.

And secondly, that from a retailer's perspective, you need to be able to replenish the inventory as quickly as possible. So on both these perspectives ,our goal is revenue growth. These costs are something which, okay, in the short run may look higher, whether it be advertising or whether it be freight and warehousing.

But in the long run, these costs will rationalize themselves as the volumes increase, and there's a lot of operating leverage possible here. So as a company, we can only solve for one thing at one time. It's not very easy to solve for everything. So our focus is on increasing our brand salience, our distribution in terms of number of stores, in terms of presence across the length.

And the breadth of the country as well as making sure our channel partners are happy with our service. So we'll worry about those expenses maybe 2, 3 years down the road when we hit a certain reasonably larger revenue number. So if it's slightly higher than what say, the market averages, we are okay with it.

Bhavin Rupani: All right, sir. Got it. And sir, last question, any guidance on revenue margins and capex for FY '26?

Shreevar Kheruka: As far as revenue like I said, we don't give guidance for short run. We still maintain, if you see a slide, I'm not sure the slide number on our presentation, you see the CAGR of the company for the last 9, 10 years, where the CAGR has been about 20-plus percent from 2016. I'm not sure which slide number, it's upfront. So yes, the sales CAGR, I just saw it, from 2018 to 2025 is about 23.5%.

We've always guided for CAGR of between 15% and 20%. I think this year will be challenging to maintain that just because of the mainly because of the QCO, the BIS issues, both on appliances as well as Hydra. On the bright side, we still have capacity in Larah as well as a lot of capacity in borosilicate, which can cover that.

But we are looking that as if we may have to have some actually reduction in revenue in the categories of at least Hydra and maybe a little bit in DAP in domestic appliances. So this year, I would say, would be a tough year for us from a revenue perspective. But I think it's obviously, we are trying to do things to mitigate it.

But I think it's a bump in the road because from next year, again, we'll have enough capacity and more to service the market. So I don't want to give like a guidance for the year. But I will say that we maintain our 15% to 20% CAGR over the next 3, 4 years from here through 2030.

Bhavin Rupani: Got it, sir. Thank you so much and all the best.

Moderator: Thank you. The next question is from the line of Rakesh from Nine Rivers Capital. Please go ahead.

Rakesh: Hi, sir. Thank you for the opportunity. Sir one question with respect to the cash flow. There's a drastic increase in the trade payables and other payables. Can you please talk about that what is that line item?

Rajesh Chaudhary: So this trade payable basically the repayment of loan to Borosil Scientific Limited, INR100 crores. This repayment is on account of demerger. At the time of demerger, we decided to give INR100 crores to Borosil Scientific Limited. That repayment has happened during the year.

Rakesh: Okay. That was very helpful. Sir, with respect to the working capital cycle, you mentioned last 2 years have been very difficult for the business because of the BIS implementation. So assuming next year will be smoother, so what can be the working capital guidance for the number of days? Because in the past, the numbers of days are very low.

Shreevar Kheruka: I think working capital we discussed.

Rajesh Chaudhary: We discussed about the inventory.

Shreevar Kheruka: The inventory in the main, receivables are well within control. Payables are well within control. It's all inventory. And we already in the previous 30 minutes, we've spoken a fair bit on inventory.

Rakesh: Sure. Sure. And sir, with respect to the capex plan, any plans for the year increasing the capacity in the Opalware? Because if I look at the potential and if I look at the growth of the company in the last 1, 2 years or last couple of years, it has been north of 20%. And if we does the revenue in '26, 20% growth or something like that, then next year, we require some new capex in the plant. Any plan for that?

Shreevar Kheruka: No. We are going to be putting a new plant for our stainless steel vacuum flasks, which is a capex of about INR40 crores. And then there's regular maintenance capex, which may happen, which would not be a lot, maybe INR20-odd crores. So that's the only capex we have in this particular year. We don't have any current plans to either start a new third opal furnace or another borosilicate furnace. So that plan we will announce whenever it is approved by the Board.

Rakesh: Okay. That's it from my side. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Akshat Mehta from Seven Rivers Holdings. Please go ahead.

Akshat Mehta: Sir, my first question was if you can help us what is the on-ground current environment on each of the segments in the industry for glassware, for Opalware and non-glassware at the moment?

Shreevar Kheruka: So Rituraj, are you on the call?

Rituraj Sharma: Yes, sure. I'm there on the call.

Shreevar Kheruka: Maybe you can take this.

Rituraj Sharma: Yes, sure. So I think let's go category-wise. So for us, in terms of glassware, like Shreevar was mentioning, we had a very good run this year. We were able to expand the category and the market, primarily on account of having the new Borosilicate glass Furnace coming in. And we could come out with a lot of new products in terms of the lunch box and all, which has done very well for us.

For the other categories, Opal also, like we had a growth of 8%. Here also, we have been able to come out with new products in terms of Premia, the high premium range we had launched. For stainless steel and appliances, we have maintained a growth of about 17% for the year. For us, again, we have been able to expand our distribution network and in terms of our offering, the product portfolio also, we have been able to expand, which helped us to grow.

In terms of geopolitical situation and the overall environment, the markets have been tough. And I think we have been able to in terms of our offering and the way we have segmented the market channel. For example, we may have suffered in the B2B segment due to the government policies, for example, pharma, we suffered, but we were able to make up in the quick commerce channel where we had tremendous growth.

So in terms of our channel strategy, that has helped us to ride the market. But overall, the market conditions and the environment continues to be a challenging environment. And, but I think going forward, we expect things to get better.

Akshat Mehta: Secondly, sir, if you can help us except for this INR40 crores that we are going to spend on the bottles capacity, what is the other capex that we can expect in the year?

Shreevar Kheruka: I already mentioned we have about INR20 crores of maintenance capex, which happens every year. So that's it.

Akshat Mehta: Secondly, sir, if you can help us what is the current utilization that we are running on in the Opalware capacity? And is there any plan in the next 1 or 2 years to set up additional capacity?

Shreevar Kheruka: Okay. So many questions are repeated, but I'll answer it again. As far as plans to set up additional capacity, no, we do not have any plans to set up additional opal glass capacity. And as far as opal utilization is concerned, we're at about 90% utilization.

Akshat Mehta: Okay.

Moderator: Thank you. The next question is from the line of Ritesh Shah from Investec. Please go ahead.

Ritesh Shah: A couple of questions. First, Shreevar, you indicated on appliances. Basically, that's also attracted BIS. Possible to quantify what was the revenue contribution from appliances this particular fiscal? And what are the mitigating variables that we are working on right now, including outsourcing partners?

Shreevar Kheruka: So appliances, I mean, firstly, I don't share the exact numbers. But of the non-glassware, it's a reasonable chunk. It's a triple-digit chunk of the non-glassware. So it's large enough that it matters. But I would say that it's a different kind of discussion compared to Hydra or compared to flask.

Appliances, we've seen some good local manufacturers spring up who are OEMs. And we do expect that we should be able to mitigate the challenge from BIS in a better way than has been the case for flasks. So I don't sense that we will have too much of an impact on revenue growth in appliances, because, as I said before, we've also covered with inventory, and we also seem to have a reasonably good supplier base, which we can take over the load from our imports.

As far as the quantum is, we do have about INR70 crores, INR80 crores extra inventory in appliances for the BIS issue. And I see that carrying us through at least Diwali. So I do believe that we shouldn't have any kind of setback there.

Ritesh Shah: Sir, just a clarification, INR80 crores is purely from the inventory that we have, which will help us to take care of things until Diwali?

Shreevar Kheruka: This extra inventory, extra, over and above normal inventory.

Ritesh Shah: Okay. That's perfect. Sir, my second question was on distribution. Can you highlight the measures? What are our targets, the count right now and where we aspire to be in, say, a year out or 3 years out?

Shreevar Kheruka: I'll let Rituraj answer that question.

Rituraj Sharma: Yes. So in terms of distribution, we have about 24,000 retail outlets as on date. And the way we look at this thing is not like a specific number and all. Essentially, we look at what the product offering is and how best can we serve the end customer. And so we have implemented sales automation tools wherein the channel's efficiency and productivity is what we are looking out for.

So typically, every year, we have been increasing our width of distribution as also because of the portfolio of the depth of distribution. So we believe that this will every year, we have been adding a sizable number of retailers and distributors to the thing. So from the current 24,000, this number will again surely go more than about another, I would say, depending on the category, this will get scaled up.

Ritesh Shah: Sure. And last question for Shreevar. Sir, earlier, we have spoken about one is A&P spends, secondly, it's warehousing and freight. I think you had indicated that we were looking to rationalize something on the warehousing because it was a variable wherein we were looking at turnaround time versus actual cost.

So any progress on warehousing, freight cost, and the third is basically the efficiency on A&P spends? And any numbers for A&P spend specifically for FY '26?

Shreevar Kheruka: No, I think in the opening remarks, I mentioned that A&P went up more than expected this year because our B2B sales to pharma came down, and we had to pivot to other channels in this year. And therefore, A&P went up. But so that was unexpected in the middle of the year to have that, but we had to do it. So these things happened during the year, we expect something and we have to kind of move quickly when things don't work out in the way that we anticipated.

But coming to your question, as I mentioned again before, these are indicative numbers at INR1,000 crores or INR1,100 crores of revenue, I don't think it really matters that whether your percentage is 7 or 6 or 8. What matters is can you grow the INR1,100 crores to INR2,000 crores in the next 3, 4 years?

And once we hit that kind of scale, I believe that these numbers will automatically rationalize. And for example and there's a reason for I'm saying that is when you, for example, are doing INR2,000 crores of revenue, the number of trucks you send to your distributor increase. And when that increases, you're able to replenish them faster, then you don't need warehouses in every part of the country.

So therefore, you can ship directly from central warehousing more as an example. But in the same way, your freight, you ship more truckloads and less than container load shipments are lower, which is also cheaper. So those things automatically happen, and you don't have to actually work on it. It's just by a function of volume that you get those savings.

Of course, advertising is one where it's up to us. I mean many of the e-commerce guys spend a large amount much larger percentages on advertising to increase the pie. We spend lesser and our competitors spend even lesser than us. So it's a question of your philosophy. And right now, our philosophy is to keep increasing top line and obviously, without giving discount. So that's where the advertising comes in, is that you prove to the customer by your brand is better rather than give a discount and increase revenues.

So directionally, you're right. We have said in the past many times that these numbers will rationalize. When exactly it happens, it's hard to say. Market keeps changing. But I do believe in the next 2, 3 years, these numbers will rationalize and will add maybe 2%, 3%, 4% I would say 2% to 3% would be added to our EBITDA with the rationalization of these numbers over the next 2, 3 years.

Ritesh Shah: Sure. That's helpful. Thank you so much. All the very best.

Moderator: Thank you. The next question is from the line of Pranay Roop Chatterjee from Burman Capital Management. Please go ahead.

Pranay Roop: My first question is on your flasks, and I'll try to be as less repetitive as possible. Most of my questions were covered anyway. On your INR40 crores capex, you mentioned that the turnover would be about INR100 crores. Basis my understanding of how much revenue comes from flasks in your non-glass segment, I don't think INR100 crores would cover entirety of it. So what am I missing something here?

What is your sense? And how do you plan to cover your entire current revenue base of flasks basis in-house? And earlier on in the call, you mentioned that there could be a revenue risk and you are trying to mitigate it. Can you possibly share some of the mitigation strategies that you are even if it is at the idea stage for the flask category in H2?

Shreevar Kheruka: Yes. So I think your observation is absolutely spot on. The INR100 crores will not be enough to substitute the entire sale of our flask. So that's a good observation you have. There are 2 answers to that. Number one is this is a starting point. We will have space to double our capacity very shortly thereafter. That capex will not be anywhere close to INR40 crores because a large chunk of this is spent in infrastructure.

You're setting up the place and the machines themselves may only be 30%, 40% or 40% of this. So to double the capacity will be only 40% of the cost roughly. So we as a first step, we do this and the second step will be doubling. Obviously, that will take some more time. In the interim, we also have it's not that we have zero suppliers in India.

We do have a reasonable supply base in India, and they have also been ramping up. So once our own capacity and the suppliers' capacity come together, then I think, which will definitely happen sometime in this year. But in the interim, we may suffer some revenue loss. I'm not able to quantify it because like I said, and the other question, what are the strategies, there are a few.

I mean, obviously, keeping stock is one, working with our current suppliers in India to expand their ability to supply actually going to their plants and helping them debottleneck their plants, those are questions that we have been, those are things that we have been trying to do. And they are showing some positive results, but it's too early to say that we'll be able to replace the entire sale this year. From next year, I think that challenge should be reasonably under our control.

Pranay Roop: Perfect. My second question is on Opalware. I presume that the lower growth this year is also because of the void in your B2B channel. Is it a fair estimate to say that we'll have to wait for 2 more quarters till the missing B2B pharma piece comes into the base where we start seeing growth again? Is that a fair statement? And...

Shreevar Kheruka: Look, we lost about INR30 crores this year on B2B in opal. So that was a big setback for us.

Pranay Roop: Got it. Okay. On Milton, any update on their entry into the segment? And I was receiving some feedback that the amount of promotional activity or discounting in the industry and not Borosil, but maybe some of your peers, the discounting or promotional activity has increased. Is that your sense as well? And any update on the new plant?

Shreevar Kheruka: I can't give any comments on competition's entry. As far as discounting, of course, we do keep tabs on because that impacts our pricing. And as far as that is concerned, we have seen some higher discounting.

I don't think it's a big issue in the sense that I don't believe that that's the reason for us not to be able to achieve our goals. People are free to do whatever they like. And we have to do what we think is appropriate. But we have been launching premium categories at even higher prices. And this is a differentiated product, and that's getting a lot of traction.

We have been playing with our product mix to see what are the value additions we can do. We have been innovating on colors, for example. And so there's a lot of innovation happening. And I think the moment you have that, then it's not relevant and you can and then you spend money to convince the customer that this is the right product for them, then I don't think for INR50, you want to lose the customer because someone is getting INR50 cheaper.

So I don't believe that discounts are going to drive down our margins. I think our margins will be driven down by our own or up rather by our own activity or inactivity or our own understanding of the market. So I'm not too worried about the margins.

Pranay Roop: Got it. Clarification on the utilization number you mentioned 90% in Opalware. Is it for FY '25 okay, I'll tell you what I'm trying to do. I'm trying to gauge if theoretically, in FY '26, blended, you reach 100% utilization, would your revenue peak on current capacity be around INR430 crores to INR440 crores? Is that a fair number?

Shreevar Kheruka: Yes, that's a fair number. That's a fair number.

Pranay Roop: Got it. Finally, a housekeeping question for the CFO. There is a line item -- I'm sorry, there was some discussion on loans, but I'm not sure it's related to that. There is an other current financial liability item. It was INR215 crores last year. And in FY '25, it's come down to INR109 crores. And I think that has caused or impacted your cash flow from operations as well. Is it possible to break down what has gone down here exactly?

Anand Sultania: So last year, there was a scheme of arrangement by virtue of which INR100 crores was supposed to be paid to Borosil Scientific Limited, which has been paid during this financial year. So that has reduced by about INR100 crores.

Pranay Roop: It was it had to be paid, hence, it was recognized the liability. Got it.

Anand Sultania: That's right.

Pranay Roop: Thanks a lot, sir and all the best for the upcoming years.

Moderator: Thank you. The next question is from the line of Hitesh from Kosha Capital. Please go ahead.

Hitesh: Thanks for the opportunity. Mr. Shreevar, this year, our growth is largely driven by glassware, right? The glassware segment grew by 27% and our overall revenues grew by 15%. Any price action that we had to take because of our capacity in pressware that came up during the year? Did we take any price action here to drive this growth?

Shreevar Kheruka: Yes. I think we had thought we may have to. And in fact, if you go through previous recordings, I had mentioned that we may have to drop some prices. But in fact, we have not materially moved any price. If any price action, it would be within single-digit percentages, 5% minus maybe.

Hitesh: Sure.

Shreevar Kheruka: So we did not, in fact, have to sacrifice pricing for volume growth in this previous year. And yes, so I hope that answers your question.

Hitesh: Sure. And so for the next year, when we are trying to hit a 90% utilization, do you think we'll probably maintain our prices? Or probably what is your thought on the pricing to hit this 90% utilization? And once and if at all, there's no price action, then you think margins could be positive there could be a positive impact on the margins because of this ramp-up?

Shreevar Kheruka: Yes. So to answer your question, obviously, we would prefer that we go to the full utilization without price, and that's the plan A. But obviously, as a company, we have to look at plan B also. So plan B, we have taken that we again, we will may have to drop some prices in some maybe in exports or in some other areas to utilize the entire capacity. So while we're working towards plan A, we have plan B in the back pocket.

And specifically, if we are able to use the full capacity at this price point what we already have established in this year, then it would be a substantial improve I'm saying a substantial improvement in our margin profile. So that's obviously the best goal or the best outcome for us.

The only thing, as I also mentioned, which is not related to borosilicate at all, this year, we may have some impact on margins because of the lower sale of Hydra, if at all, we can't get the product from somewhere. So we'll try and towards the end of the year, we'll try from our side to explain what has happened if we where margins have been driven from in a better way. So people will understand that. But I hope I've been able to answer your question.

Hitesh: Sure. Yes. Sir, now coming to the Hydra, I see that the prices have already moved higher by 15% for all the players, at least this is what I see on the e-commerce platforms. And so this inventory issue that you're talking about, is this for all the players or it is specific to us? Because I believe everyone is going through the same BIS challenges and the implementation of projects.

So if at all, there's been a price increase, which at least I see on the platforms, then the margin should not get impacted. Maybe your revenue gets hit to some extent, but margins shouldn't be that impacted, right? I mean what makes you believe that the margins will come. Yes.

Shreevar Kheruka: To clarify, gross margins will not be impacted because of what you just mentioned. Net margin, because we have overheads also. So if the revenue falls, the net get distributed over a lower base, right? So the margins may be impacted because of that. But you're absolutely right, gross margins will not be impacted. If anything, they will actually increase.

Hitesh: Sure. Got it. And my last question, again, coming back to glassware. Of this INR250 crores, how much is coming from our borosilicate pressware products? Could you share that?

Shreevar Kheruka: I don't share that data, but now it's a large chunk of it, but I don't give you an exact number.

Hitesh: Okay, great. Sure. Thanks.

Moderator: Thank you. The next question is from the line of Harshit Nagpal from YES Securities. Please go ahead.

Harshit Nagpal: Yes. Sir, just a quick question if you share the data, what would be the e-commerce sales for the glassware and non-glassware segment for us, if a ballpark figure you could give to that?

Shreevar Kheruka: Sorry, I don't share this data by channel segment.

Harshit Nagpal: Okay. No problem. Thank you and all the best.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference over to the management for closing comments.

Shreevar Kheruka: Well, thank you all for your involved discussions. We really appreciate it. Thank you for your interest in our company. We've had a very good many years now. This year seems to be a bit tougher, although I think my entire team is very motivated to find solutions, which I expect that we will.

Going for next year, I think we'll be back on our growth path for sure. And our desire to grow between 15% and 20% year-on-year remains unchanged. And so far, we've been outdoing that. And hopefully, we can continue doing that. So thank you again for all your support, and look forward to interacting with you in the future.

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