"Borosil Limited

Q2 FY27 Earnings Conference Call"

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MODERATOR: MR. MANAN GOYAL -- ICICI SECURITIES LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to Borosil Limited Q2 FY27 Earnings Conference Call hosted by ICICI Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on a touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Manan Goyal from ICICI Securities Limited for the opening remarks. Thank you, and over to you, sir.

Manan Goyal: Thank you. On behalf of ICICI Securities, we welcome you all to Q2 FY27 and H1FY27 Results Conference Call of Borosil Limited. Today, we have with us senior management represented by Mr. Shreevar Kheruka, Vice Chairman and MD; Mr. Rituraj Sharma, CEO; Mr. Rajesh Kumar Chaudhary, Whole-Time Director; Mr. Anand Sultania, CFO; and Mr. Dhaval Patel, Head Investor Relations.

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

Rituraj Sharma: Thank you, Manan, and ICICI Securities for arranging this call. Good afternoon to every one of you. The Borosil team is delighted to be communicating with you once again. I'm pleased to inform you that Borosil Limited's Board has approved the financial results for Q2 FY27 and H1 FY27 during our Board meeting held on 29th October 2026. We have submitted our results and an updated presentation to the Stock Exchanges, and they are also available on our company's website for your review.

Some quick updates for Q2 FY27 and H1 FY27:

1. I would like to highlight an important positive development for our Borosilicate Glassware business. Following the anti-dumping application filed by Borosil, the Directorate General of Trade Remedies, DGTR, in its final findings issued on September 24, 2026, has conclusively established significant dumping of Borosilicate table and kitchenware glassware from China, resulting in material retardation of the domestic industry. DGTR has recommended the imposition of antidumping duty for a period of five years, subject to notification by the Ministry of Finance. This is a significant milestone for Borosil, particularly in light of our substantial investments in establishing indigenous manufacturing capabilities. We believe that the implementation of the recommended duty will help restore a level playing field, improve capacity utilization and profitability and create a more conducive environment for future investments, capacity expansion and import substitution. We remain optimistic about the long-term growth prospects of this business while awaiting the government's final notifications.

2. We are pleased to inform you that the Company through its wholly owned subsidiary, Stylenest India Limited has successfully commissioned BIS-compliant manufacturing unit

with two double wall lines for vacuum stainless-steel flasks, bottles and containers in the state of Rajasthan. The commercial production from the two double wall lines commenced on 30th June 2026, and the production from third double wall line is expected to commence in January 2027.

3. We have successfully commissioned captive ground-mounted solar power plants at Bikaner in three phases, aggregating to a total capacity of 35.8-megawatt peak with a 16.9 megawatt hour battery energy storage system. Consequently, solar power now meets approximately 60% of our overall power requirements, significantly reducing our dependence on conventional energy sources and strengthening our sustainability initiatives.

4. The company has strengthened its direct-to-consumer retail presence with the launch of its first exclusive Borosil brand stores in Pune and Gurugram. These stores provide an immersive shopping experience, showcasing the company's comprehensive portfolio of kitchen, dining, home and lifestyle products under one roof. The initial response has been encouraging with good consumer traction in both locations. This initiative is aimed at enhancing brand visibility, deepening consumer engagement, improving product discovery and creating an additional channel for revenue growth. The company will leverage the learnings from these stores to progressively expand its exclusive retail network, strengthening its direct consumer connects and long-term brand equity.

I'm pleased to report that Borosil Limited delivered a healthy performance in H1 FY27 with revenue from operations increasing to INR627.4 crores from INR576.8 crores in the corresponding period last year, registering a Y-o-Y growth of 8.8%. This growth achieved despite challenging market conditions, reflects the resilience of our business model, the strength of our execution capabilities and the continued trust and loyalty of our customers. It also reinforces our competitive positioning in the industry.

The Company delivered a significant improvement in operating profitability during H1FY27. Gross Profit increased by 15.6% to ₹408.9 crore, compared to ₹353.6 crore in H1FY26. Gross Profit Margin improved substantially by 390 basis points, from 61.3% to 65.2%. EBITDA, excluding other income, increased by 20.5% to ₹107.7 crore from ₹89.4 crore in the corresponding period last year.

In response to the increase in fuel, raw material and packaging material costs arising from the West Asia conflict, the Company implemented price increases across product categories. These measures, along with an improved product mix and continued focus on operational efficiencies, helped partially mitigate the impact of higher input costs and supported the improvement in overall gross and EBITDA margins.

In H1FY27, our Other Operating Income stood at INR 24.0 crores, on account of Shared Service Support Income and Royalty Income, with the related expenses reflected under total expenses with other operating income of INR 16.2 crores in H1FY26. Profit Before Tax for the half year was INR 60.3 crores versus INR 53.9 crores in the same period last year. The total Other Income of INR 4.4 crores in H1FY27 includes Rent Income of INR 2.0 crores, and Investment Income

of INR 2.1 crores, while the total other Income in H1FY26 of INR 11.8 crores included Rent Income of INR 1.9 crores, Investment Income of INR 2.2 crores and a one- time Stamp Duty reversal of INR 7.2 crores, partly offset by professional fees of INR 1.6 crores. Depreciation and finance costs increased to INR 51.8 crores in H1FY27 from INR Rs. 47.2 crores in H1FY26 partly on account of commissioning of two double wall hydra line. Overall, Profit After Tax improved to INR 44.7 crores from INR 40.1 crores in H1FY27 compared to corresponding period last year.

The Consumerware business delivered a strong improvement in operating profitability during Q2FY27 and H1FY27, driven by a favourable product mix, improved sales realisations, calibrated pricing actions and operational efficiencies across key categories. Domestic Appliances and Stainless-Steel Cookware benefited from strong growth, premiumisation and improved operating leverage, while Glassware profitability improved through better product mix, higher realisations and savings from captive solar power. These gains more than offset the significant input cost inflation arising from the West Asia conflict, particularly in Opalware, where higher LPG, raw material and packaging costs were only partially recovered through price increases, as well as the initial ramp-up costs of the Hydra manufacturing facility. Overall, the improvement reflects the strength of our diversified product portfolio, disciplined pricing and continued focus on operational efficiency.

As on 30th Sept 2026, at the consolidated level, Borosil Limited maintained a strong balance sheet with investments, cash and bank balances of INR 67 crores against total debt of INR 162.8 crores, resulting into net debt position of INR 95.8 crores.

Now, let’s take a closer look at our category-wise performance for H1FY27. Borosil's consumer division continues to expand across both glassware and non-glassware categories under the Borosil brand, along with our Opalware range under the ‘Larah’ brand. The Larah Opalware segment reported sales of INR 210.7 crores in H1FY27 versus INR 195.4 crores in H1FY26, reflecting a 7.8% growth over same period last year.

In our glassware segment, which includes borosilicate microwavable, serving ware, glass tumblers, lunch boxes and storage solutions, we recorded year-on-year growth of 2.7%, with revenues reaching INR 152.6 crores in H1FY27, compared to INR 148.6 crores in H1FY26.

Here, the shift in the calendar for Diwali festival impacted the timing of seasonal demand and sales, resulting in Q2 FY27 and H1 FY27 sales and financial performance not being strictly comparable with the corresponding periods of the previous year

The non-glassware segment, comprising a diverse portfolio of small home appliances, insulated bottles and flasks, cookware, and other kitchen essentials, registered a strong growth of 10.9%, with turnover increasing to INR 240.2 crore in H1 FY27 from INR 216.6 crore in H1 FY26. With the commissioning of two double wall hydra line, the Company has been partially able to mitigate BIS compliance requirements. In Q2FY27, our Hydra sales have improved by over 30% compared to corresponding quarter last year.

Borosil is on a transformational journey to address key ESG opportunities and create long term value for our customers. A strategic priority for us is lowering our operational carbon footprint and meeting decarbonisation targets. In line with this, we have successfully commissioned 35.8 MWp of ground mounted solar plant with 16.9 MWh Battery Energy Storage System (BESS) at Bikaner in three phases. Further, an additional 6.5 MWp captive solar plant with 5.0 MWh Battery Energy Storage System (BESS) at Bikaner with estimated project cost of INR 27.6 crores for Borosil Ltd is under implementation. On the similar line, to meet the power demand of Hydra facility, we are setting up ground mounted Solar Power Plant of 3.0 MWp in Bikaner under Stylenest India Limited with an estimated project cost of INR 10.0 crores. This Project is expected to achieve its commercial operation during Q4FY27. These initiatives reinforce our commitment to sustainability, energy independence and long-term value creation.

Considering the Company's evolving business environment and overall manufacturing strategy, it has decided to adopt an alternative approach for setting up of new Glassware manufacturing project at Bharuch. Accordingly, instead of the Company setting up and funding the facility directly, Borosil Scientific Limited (BSL) will set up the facility at Bharuch, Gujarat, and incur the associated capital expenditure, subject to the requisite approvals. The Company's long-term requirements for the relevant glassware products will continue to be met through the existing manufacturing arrangement with BSL.

In Q4FY26, the Board also approved expansion of borosilicate Pressware glass Furnace from 25 TPD to 32 TPD at Jaipur with an addition of 3rd forming line - The existing BG furnace was light up in Jan'24 and is due for rebuild in Jan'28 in the normal course of operation, whereas current furnace utilization level is 90%. Hence, the Board approved expansion with 3rd additional forming line with estimated capex of INR 50 crores. This capacity expansion will help company to remove capacity bottlenecks, improved operating efficiency, lower production cost, and enhance competitiveness. It will further help to improve product diversification and portfolio expansion. The Project is progressing as per plan and expect to commission by end of Q4FY28.

As part of our strategy to drive sustainable growth, we are strengthening the Borosil brand through a consumer-centric approach, leveraging consumer insights to identify opportunities for category expansion, improve product adoption and enhance market penetration.

In Glassware, our focus is on expanding usage occasions and driving growth in storage solutions, while in Appliances, we are prioritising stronger brand visibility, retail presence and portfolio awareness to accelerate consumer conversion.

We have initiated a focused Hero Product communication strategy, led by the VitaRich Slow Juicer, to drive product awareness, encourage healthier lifestyles and strengthen brand relevance, in line with our philosophy, "Designed for a Better You.

In summary, despite near-term challenges, Borosil's strong brand equity, diversified portfolio, expanding manufacturing capabilities and growing omnichannel presence provide a robust foundation for sustainable growth. We remain focused on translating these strategic strengths

into improved business performance, enhanced profitability and long-term shareholder value, reinforcing our confidence in the Company's growth trajectory.

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

Moderator: We will now begin the question-and-answer session. The first question is from the line of Sucrit Patil from Eyesight Fintrade Private Limited. Please go ahead.

Sucrit Patil: I have two questions. The first question to Mr. Sharma is our latest results show a big jump in the newer consumer products like home appliances, while our traditional glassware sales were a bit softer. As we push harder into these appliances, what is the biggest execution risk of moving away from our core glass business?

And how do you plan to protect our margin -- our market share if competitors start aggressively undercutting us on the price? That's my first question. And the second question after this.

Rituraj Sharma: So I think if I understood correctly, you said that our traction in appliances is higher compared to our glasses. Is my understanding correct?

Sucrit Patil: Yes.

Rituraj Sharma: So, you're right. In fact, the appliances category has shown stronger growth compared to the glassware section. Two reasons. One is the glassware, we are in the process of still seeding the market, expanding the portfolio and also our penetration in terms of distribution. Glassware, like we said earlier also, if you look at the last two years, what we have done with glassware, the utilization capacity, the tonnage and the category adoption has significantly gone up.

And glassware compared to an appliance, like-to-like, it's not fair to go equally because appliance in terms of a daily use is far higher compared to glass. So, glass is an adoption thing. And even having said that, we, in fact, are talking of, again, capacity expansion for glassware. So, like-to-like, because appliances from a daily use perspective is an established category compared to glass. So, it seems that glass is performing softer, but so is not the case.

If you look at the last two years and even this year, adoption of glass has significantly improved in terms of our selling the tonnage also in terms of revenue also. Specific to Q2, for example, because of the Diwali month calendar moving forward, it's more of the B2B impact comes in, which gets covered going forward. So, this is how it is between the glass and the appliances.

Sucrit Patil: Okay. My second question, Mr. Anand, the company's overall profit margins look better this quarter. But as you have mentioned, most of this came from the timing of the Diwali festival, if I'm not mistaken.

What is the risk that our profitability drops back down once this seasonal demand gets over? And what external cost pressures are you most worried about over the next few months? Just want to understand a forward guidance on this.

Anand Sultania: So just to answer your question, in fact, on the Diwali festival, Diwali was earlier last year versus this year. So that's a positive impact till going forward because the maximum sales will happen in the month of October.

As far as the profitability is concerned, it's not driven by one single factor. There are multiple factors. So, quarter 1 versus quarter 2, the West Asia impact has kind of subdued. It has come down. Primarily the LPG prices, raw material we have seen everywhere that first quarter versus second quarter, it has become better.

The prices for all the categories that we have passed on, so in the first quarter, we have not been able to pass on the prices. The price pass-on's in the second quarter has been better. Also, all the solar initiatives that we have taken, so from the second quarter onwards, we have the Solar phase 3 implementation where we have additional savings on the solar side also. So, all of this will contribute going forward as a more sustained margins in the business.

Sucrit Patil: Yes, just a follow-up on the first question to Mr. Sharma actually. The part b of my question was, I just want to understand if we are leaning heavily into appliances and this opens up into a much tougher competition space for us. How do we plan to defend ourselves if rival brands start undercutting cost or if it gets into a price war kind of scenario?

Rituraj Sharma: Yes. So, I'll explain this. First of all, any category, like we are not only in appliance one category. We are also in opal, steel, cookware, etcetera. We are not in any category at the cost of any other category.

That's number one, okay? Each category, we go by what the end customer is desiring from us, okay? What the next customer wants from us. And the kind of resources all the focus and the approach to every category is what as per the category requirement. It is not being subsidized or so to say, compromised by any other category, just to be clear.

And second, I think what you mentioned about the others undercutting. So if you look at the last, say, even four, five years in terms of our positioning and our pricing also, we are not by any yardstick playing on the price in this category. And there's a reason, for example, despite this, we have a CAGR of more than 25% in the category. And we do not compete on price. We are on quality.

We are known for quality products and also differentiated products in the marketplace. So, our entire approach in terms of positioning the product is very different from, say, our competition, you're right, there are 51 other guys who are in the market, and each one has a way of doing the thing. So as far as we are concerned, we are here on a particular position category.

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

Hitesh: Sir, congratulations on good numbers. My first question is on the non-glassware segment where we have seen a 17% Y-o-Y growth despite this Diwali impact being there. Just wanted to understand how much of this growth is because of restocking of our insulated bottles because I believe our channel inventory was quite low because we didn't have the capacity. Now that the

capacity has come on stream. And is there an element of restocking, which is there in these numbers?

Rituraj Sharma: Okay. So, I would say that it is not restocking and that would be only partly and minimal, to be frank, because we are yet to offer the entire portfolio as far as the vacuum bottles go. So this growth is on, I would say, largely driven by the entire product on the non-glass products, which are there.

Hitesh: Okay. Good to note that. And second is, two bookkeeping questions. One, how do we understand the benefit of power savings coming into the numbers? If you can probably share what percentage of our power requirements was met from captive sources last year?

And what is it expected to be in the current year given the recent commissioning of the solar capacity? That is one. And second is also on the advertisement spend, if you can share what was the ad spend in Q2 vis-a-vis the Q2 of last year?

Anand Sultania: So, on the solar savings, after phase 3 of implementation, we will have about INR 30 crores of annual impact at an EBITDA level. This will be the savings. And after phase 4 implementation, which is about to get implemented from the last quarter onwards, there will be an additional INR12 crores per annum. So overall INR42 crores savings after phase 4, which will come from Q4FY27.

Hitesh: Sure. These INR30 crores and INR12 crores delta that you're referring to is in relation to FY26 power costs?

Anand Sultania: No. So out of basically INR30 crores till last year, what we had already implemented, that's roughly INR16 crores to INR17 crores is already implemented in FY26 in Phase 1 &2. Phase 3 got implemented in Q1FY27.

Hitesh: Got it. So incremental delta is INR13 crores. And after additional INR12 crores?

Anand Sultania: Additional INR12 crores from Q4FY27 onwards.

Hitesh: Okay. Got it. Sure. And on the expense, if you can give that number Q2 versus last year, same quarter?

Anand Sultania: So, on a quarter 2 last year, we were about 7.2%, this year, we are about 5.3% on the sales.

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

Bhavin Rupani: Sir, first a bookkeeping question. INR1.2 crores of government grant recorded in cash flow, what does it pertain to? And how should one understand the sustainability of it?

Anand Sultania: So, the INR1.2 crores of government subsidy is on the capex that we had done previously, that is expansion of Opalware furnace and your Borosilicate glassware furnace. So, the total amount of government incentives is roughly INR55 crores. Out of that INR1.2 crores is what we have received and the balance will be receiving in the subsequent years every year.

Bhavin Rupani: So, are we booking any sort of revenue or government grants in our total income or total...?

Anand Sultania: This is not revenue in nature. This is capital subsidy. So, it will be reduced from your fixed assets.

Bhavin Rupani: Fair enough. Okay. Sir, second question on gross margins. So, the gross margins, we have done a wonderful job over here, almost increasing by almost 500 bps year-on-year. Can you help us understand what factors have resulted in sharp rise in gross margins?

Rituraj Sharma: So essentially, the price increase, what we spoke about earlier across categories. So, in the Q1, like we all know, we had this LPG crisis. And whenever you take a price increase in any quarter, the actual realizations come in going forward. So, one is the price increases that we took across categories.

Second is on the efficiency part that we spoke about. There was also on the costs that we've worked upon. Third is that our own double wall lines came into play in hydra. So, all of these factors helped us to post better gross margins.

Bhavin Rupani: Possible to quantify anywhere, sir?

Rituraj Sharma: I mean, in what form?

Bhavin Rupani: So, product mix led to, let's say, 100 bps of increase, price hike led to 50-odd...

Rituraj Sharma: It's very, very hard to do that. But I can broadly tell you, for example, in opalware, we had about 2.5%, 3% price increase. Product mix also contributed. But to actually give a specific number is very hard to do that.

Bhavin Rupani: Got it. So okay, fine. Third question on working capital, sir. So working capital has increased by almost 20, 25 days as compared to last year September. So how should one understand that bump? Also, what is the normalized working capital one should expect going ahead?

Rituraj Sharma: So, I think it's mostly coming in from building up of inventory majorly on that account. Anand, do you want to add to that?

Anand Sultania: I think this is, again, the Diwali impact because I think the higher sales will happen in the month of October. So, I think we should look at the inventory levels more from March-to-March point of view. I think even September to September is not comparable. And secondly, I think there a lot of inventory has been built because of the regulatory challenges also, which will also come down eventually.

Bhavin Rupani: Got it. Sir, next question is on input cost gases. So, gas prices have also increased in the past two months. Have we taken any incremental price hikes? Or do we plan to take any incremental price hikes going ahead in Q3?

Rituraj Sharma: The price hikes we've already taken considering the increase in the gas prices. Also, we have taken some measures in terms of shifting to propane also basis knowing this is what is happening.

So that has also helped us. But it depends on how the situation evolves going forward. So currently, we have taken already the price increase, which we had planned.

Bhavin Rupani: Sir, when was the last price increase that we have taken?

Rituraj Sharma: After in Q2, starting and end of Q1.

Bhavin Rupani: End of Q1. Okay. So, it covers up for the first part of increase or gas price increases that has taken place back.

Rituraj Sharma: Yes

Bhavin Rupani: Okay. So incremental gas price increase post August or September, still we are yet to decide on that. That is how one should understand?

Rituraj Sharma: Yes, that's right. How the situation evolves.

Bhavin Rupani: Got it. Sir, last question on guidance. Would you like to spell out any guidance on revenue growth, EBITDA margins or capex for second half?

Rituraj Sharma: I think we are actually seeing a good traction. The momentum is good for us. I think the kind of growth we are actually seeing now, we should be able to sustain, including the EBITDA margins, what we are seeing now. I mean that's all I can say as of now.

Moderator: The next question comes from the line of Akshat Mehta from Seven Rivers Holding. Please go ahead.

Akshat Mehta: Sir, I just wanted to ask on the stainless-steel facility, sir, any particular reason that it has been delayed again, the third line coming in from end of Q4 to January and Feb?

Rituraj Sharma: I don't hear this clearly at all.

Akshat Mehta: One second, sir. Is it better? I was just asking, sir, any particular reason why the stainless-steel facility coming in has been delayed by a month, 1.5 months.

Rituraj Sharma: You're saying the third double wall line of IDA.

Akshat Mehta: Yes, yes.

Rituraj Sharma: Yes. Again, there are, I would say, supply chain challenges in terms of port congestion, etc. And the delay is about a month is what we are speaking about. Earlier, it was December. Now we are speaking about January. It's about a month. So essentially coming from there.

Akshat Mehta: And by when should we see the full impact of this in-house manufacturing that has to reflect in numbers in terms of revenue and margins?

Rituraj Sharma: So, with the third double wall line also getting operational, I think Q4 onwards, I mean, end of Q4 onwards, we should be able to see some impact. Because by the time third double line comes, the stabilization and all may take a month or so.

Akshat Mehta: Okay. And the margins that you've done this quarter, around 19% or so, do you find that sustainable going forward, not just for a couple of quarters, but next couple of years?

Rituraj Sharma: So as of now, like I said, both in terms of growth and the margins that we are seeing, we believe these are sustainable.

Akshat Mehta: Okay. And you're still going to decide on another range of price hikes if the situation continues to be worse, right?

Rituraj Sharma: Yes. I mean, every day, we know what's going on. And it's actually the geopolitical situation, the way it pans out and there are so many other factors, frankly. So, we are always looking at what's happening around and so many other things which go into it. Before that, then we incorporate that and then only we will take a call.

Akshat Mehta: Last question, sir, can you help us give some on-ground trend or some kind of insight on to how the entire month of October has been for the business?

Rituraj Sharma: So, month of October, like I said, we saw very good traction. We had good momentum across our categories, including the Borosilicate glassware category, where someone mentioned about the softness of it. But October has been different, like I said, because the B2B here played a big role. And typically, gifting comes into place. So, it's not for any specific category. I would say that across our categories, we have been seeing good momentum.

Moderator: The next question comes from the line of Resha Mehta from GreenEdge Wealth. Please go ahead.

Resha Mehta: The first question is on the segmental revenue growth. The Opalware segment has grown by 6%. So, would it be fair to say that, that is largely due to the price hikes taken? Because from a volume growth standpoint, volumes will come in Q3 because of the festive shift?

Rituraj Sharma: So, it's not fair to say entirely on the price hike. There is some volume growth also there. And the mix also is playing a role here. I mean in terms of our premium offerings, premium and all, there's been a premiumization effort from our side in the opalware category. That has also led to giving us a good growth number in opal.

Resha Mehta: So, what's the kind of price hikes that you've taken in opal.

Rituraj Sharma: So different ranges across the range, 3% to 5% in some categories and 5% to 7% in some categories.

Resha Mehta: So, and that was effective at the start of quarter 2?

Rituraj Sharma: Yes, it was quarter 2.

Resha Mehta: And the growth in the non-glassware, I'm not sure if I missed it. But again, over here, would the large part of the growth be driven by the bottle segment because our capacities came on stream? Or is it that appliances have also contributed meaningfully to this 17% kind of Y-o-Y growth?

Rituraj Sharma: So, it's -- I would say no, it's not because of bottles per se. But both our again, across categories, whether it was stainless steel, cookware and appliances, all of these, we had very good traction in the entire quarter. So, in Q2, the growth we are talking about is quite broad-based for us.

Resha Mehta: Got it. And on the gross margin side, typically, as a pattern, one would tend to see that Q2 gross margins are lower than the Q1 gross margins sequentially, right?

Rituraj Sharma: Right, right.

Resha Mehta: So, what is the kind of product mix change or what basically drives this gross margin divergence for the first half?

Rituraj Sharma: So premiumization across categories, even in our appliances, whether it's a Vita rich or it is the hand blenders or even in the cookware segment, we have categories which the mix have been good for us. apart from the price increase which happened.

So, all of this did contribute to us. And of course, in terms of our manufacturing now playing a major role. I mean, if you notice in the last two, three years, our manufacturing footprint has gone up. That has also played a significant role in the margins that we are seeing today.

Resha Mehta: No, no, sorry, my question was not on why gross margins have risen Y-o-Y, right? I think that you've explained to one of the previous participants. My question is why typically, Q2 gross margins, and if I see this as a pattern over the last several quarters, right, Q2 gross margins are lower than the Q1 gross margins. So, I'm assuming there is some maybe product mix change impact or something. So, if you can kind of talk about it.

Rituraj Sharma: So that's what I mentioned. That's why I mentioned. The product mix, whether it is appliances or even stainless-steel category, right? So premiumization is happening across the categories, which has helped us to get better Q2 margins compared to earlier Q2 years.

Shreevar Kheruka: I think the question is why Q2 margins come down. Gross margins come down. That's the question.

Resha Mehta: Yes, yes, correct. That's the question.

Shreevar Kheruka:: So, I think the answer to that is product mix.. We should look at end of Q3 for a like-to-like.

Resha Mehta: Correct. And lastly, just on the momentum that you all have been seeing in October in buildup to the festive season, if you can just share some qualitative thoughts there would be great.

Rituraj Sharma: Sorry, I didn't get those qualitative thoughts in terms of momentum, meaning specific to any.

Resha Mehta: Qualitative remarks that you all are seeing in October revenues as a buildup to the festive?

Rituraj Sharma: So again, like I mentioned, our momentum has been broad-based across categories, and it's not specific to any channel. The good part we are seeing is that whether it is trade or B2B, and I would say trade and B2B, both have done pretty well for us. The momentum is pretty strong, followed by e-comm and LFS. And we are also seeing, like I said, acceptance of the products

that we had positioned -- premium products that we had positioned in the market, those got good acceptance. That's one thing.

Again, we are seeing. New products that we have launched have done well. Premium has done well for us. In terms of cookware category, we have done well. Glassware category also, like I said, unlike the soft thing, which was somebody mentioned about Q1, in glassware also, we have done well. So, I think across categories and across channels, we are seeing good momentum.

Moderator: The next question comes from the line of Amrish Kacker from Karm Capital Family Office. Please go ahead.

Amrish Kacker**:** I have a question, firstly, on the comment you made regarding the DGTR notification that as and when the government notifies this, a duty could be applied for the next five years. Could you help us understand what time you expect for this to sort of take place? And if and when that happens, what is the implication for us and the key financial impact that it would have whenever this takes place?

Rituraj Sharma: Sure. So, like I mentioned, this is now pending with the Ministry of Finance to take a call on this once the DGTR has recommended. And if you're asking the actual impact in terms of the percentage or the -- what you call value in terms of it, maybe, Anand, you can share how much would be the duty, if that is the question.

Anand Sultania: So, I think what you've asked is basically what is the time line? So, I think Ministry of Finance has about 90 days from the date of issuance of the final findings to issue the final notification. So, we have time till 24th of December.

Amrish Kacker**:** Yes. And the related question to that was, Anand, that if at all it gets implemented, what kind of financial implication it means for us?

Anand Sultania: No, there's no financial implication or any improve in margins. The implication is only a reduction in inventory. So, we have built up a lot of inventory in the last few months and years because of the dumping from China. So that inventory should reduce and we should be able to sell more of our inventory than what we have or more of our production. That's all. There we are not going to be increasing pricing or anything like that. That's where you are.

Amrish Kacker**:** Okay. So broadly, the benefit could be an improvement in growth rate for the company as potential competition from China goes down.

Anand Sultania: That's right.

Amrish Kacker**:** Secondly, in the presentation, you have at quite a few points mentioned regarding the growth not comparable because of the festive season shift. So, if you could sort of, let's say, if we put together Q2 and Q3 because then there will be more likely comparison, including the festive period because this quarter growth looks lower because -- optically because of the festive shift. Is it fair to say that you would otherwise see a 15% plus growth if you include the two periods together?

Anand Sultania: I don't think we can take that number because then you can calculate the Q3 numbers, which is not appropriate. So, we have given a long-term target of 15% to 20% CAGR, which we stick to.

Amrish Kacker**:** Okay. Fair point. And just last question is on the margin base. So, at the number where we are today in terms of margin, what could be the two, three factors that could -- from whatever initiatives that you have mentioned or that would transpire going forward, factors that could help improve the margins or you do not expect any further improvement from here on?

Anand Sultania: I think the things already mentioned, what we mentioned in terms of already what we are seeing here. Now the thing is to be -- first would be to sustain these margins and post growth in terms of both volume and value. That's what we are looking at. I would say that is where it is as of now.

Moderator: The next question comes from the line of Resham Jain from VVD Asset Managers. Please go ahead.

Resham Jain: Congratulations on good show. So, I have three questions. The first one is, which Anand-ji also mentioned about inventory. I think last two, three years, inventory has been slightly on a higher side because of BIS and as you mentioned just now because of glassware as well. So, on an absolute term, let's say, in next six months, one year, how much absolute inventory can come down?

Because growth front is not a challenge. You have been growing quite well over the last four, five years. So, it is more to do with working capital, which is depressing your overall return ratios.

Rituraj Sharma: So, you're looking at a number, I mean, a specific number in terms of inventory coming down?

Resham Jain: No, just to understand your thought process. Obviously, absolute number, if you don't want to share, how much it can come down and how much excess it is right now, whichever way.

Rituraj Sharma: So, I'll share with you in terms -- basically, like you mentioned, when we started both in terms of opalware and glassware, the plants. So, like we had set up for 6,500 metric tons and -- but the market itself was only 2,000 metric tons. So, all the sales that we see today, most of it is coming from the inventory, which was produced in year 1, year 2 kind of a thing.

Second, the BIS challenges that we had to mitigate those challenges, those are the kind of things which led to the inventory buildup. And third thing was, of course, the hydra where, again, we had a challenge. Essentially, our inventory is coming from these factors. Now over the years, the kind of effort we have made to build glass, the adoption of glass and to promote opalware. So we don't have much of a challenge on these now.

And the other challenge is what we had of BIS. So, by putting up our own hydra manufacturability, to some extent, we have been able to mitigate this. So, one thing what we can do share is that our focus now is to build the market in the sense that the products that we are doing here, manufacturing here is what will lead to the lowering of inventory.

So, like I said, once the margins are now -- we are sustaining, we'll push for volumes growth and in all the categories so that the inventory is brought down to the levels that we also wish it to come down. But very hard to give you a number right now that, okay, this will eventually come to.

Resham Jain: Okay. Got it. The second part is on hydra. What is the current utilization level? Because what -- you were already selling traded products earlier. It is just basically refilling the channel with the new plant. So how fast you are able to utilize the current plant?

Rituraj Sharma: So, we already utilized more than 80% of the capacity as on date for both the double wall lines. So, capacity utilization is not a challenge in hydra because like you mentioned, we were already selling these items. The challenge is now to develop the range and give the designs and the assorted portfolio. Once we have the third double wall line, we'll then start building that also. So, capacity utilization is not a challenge at all as far as hydra.

Resham Jain: And have you restored your past level of hydra sales with these two lines or it is yet to happen?

Rituraj Sharma: We are on track. We are on track to reach there.

Resham Jain: Okay. Got it. In terms of capex, I think last two, three years, you have been doing multiple capex's starting from glassware, solar, hydra. Are there any new capex being planned over the next one or two years?

Rituraj Sharma: So, the major capex that already, like I mentioned, is in our capacity expansion of BG 3 Borosilicate glassware one, which is a INR50 crores capacity expansion there. That's a major one coming up. Apart from that, Anand, if there's anything major or to that extent, I don't think so.

Anand Sultania: No, there's about another INR37 crores, which will go into solar phase 4.

Resham Jain: Okay. Got it. And any new categories which you are scaling up? Because on online, I could see within the appliances, there are several categories which are becoming quite large, including cookware and some of those categories. Any comments?

Anand Sultania: So, we have a Vision 2030 plan, which we'll be kind of announcing by the end of this financial year. That will require some reasonable capex, but we will share that in due course over the next quarter or two once it has got approval.

Resham Jain: Okay, great. Thank you and all the best to the whole team.

Anand Sultania: Thank you.

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

Rituraj Sharma: So, thank you, everyone, for all your questions and all your support and wishing you all a very happy Diwali and look forward to meeting you all in the next call. Thank you.

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