DOMS

INDUSTRIES LIMITED

(Formerly known as DOMS INDUSTRIES PVT. LTD.)

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To,

The Manager **Corporate Relationship Department** **BSE Limited** Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	**The Manager** **Listing Department** **National Stock Exchange of India Limited** Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051
BSE Symbol - DOMS **BSE Scrip Code - 544045**	**NSE Symbol - DOMS**

Subject: Transcript of the Investor Conference Call on the Unaudited (Standalone and Consolidated) Financial Results for the quarter ended June 30, 2026

Dear Sir/ Madam,

Pursuant to Regulation 30 read with Para A of Part A of Schedule III and other applicable regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, (**'SEBI LODR Regulations'**) please find enclosed the transcript of the Investor Conference Call on the Unaudited (Standalone and Consolidated) Financial Results for the quarter ended June 30, 2026, held on Tuesday, August 04, 2026, at 12:00 hours (IST).

The transcript of Investor Conference Call has also been uploaded on the website of the Company and can be accessed through the following link:

https://domsindia.com//pdf/Investor_Relations/Investor_Presentation_and_Transcripts/Q1_FY27.pdf

This is for your information and records.

Thanking you,
Yours faithfully,
For DOMS Industries Limited

Mitesh Ashok Padia
Digitally signed by Mitesh Ashok Padia
Date: 2026.08.09 12:20:23 +05'30'

Mitesh Padia
Company Secretary and Compliance Officer
Membership No.: A58693

Encl.: As above

"DOMS Industries Limited

Q1 FY27 Earnings Conference Call"

August 04, 2026

Disclaimer: E&OE - Please note that some portion of the concall may have an audio spoken in language other than English which has been translated in English language in this transcript primarily for ease of reading. This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the Company's website will prevail.

MANAGEMENT: **MR. RAHUL SHAH – CHIEF FINANCIAL OFFICER – DOMS INDUSTRIES LIMITED**

MODERATOR: **MR. ANIRUDHA JOSHI – ICICI SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Q1 FY27 Earnings Conference Call of DOMS Industries Limited hosted by ICICI Securities. The presentation and the results release, which DOMS Industries Limited has uploaded on the stock exchange and their website, including the discussions during this call, contains or may contain certain forward-looking statements concerning DOMS Industries Limited business prospects and profitability, which are subject to several risks and uncertainties and the actual results could materially differ from those in such forward-looking statements.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Aniruddha Joshi. Thank you, and over to you, sir.

Anirudha Joshi: Yes. Thanks, Avirat. On behalf of ICICI Securities, we welcome you all to Q1 FY27 Results Conference Call of DOMS Industries Limited. We have with us today senior management represented by Mr. Rahul Shah, Chief Financial Officer. Now I will hand over the call to Rahul Bhai for his initial comments on the quarterly performance, and then we will open the floor for question-and-answer session. Thanks, and over to you, Rahul Bhai.

Rahul Shah: Good afternoon, and a very warm welcome to everyone. Thank you for your time and for joining us today for the Q1 FY27 earnings call. Joining me on this call is the team from Marathon Capital, our Investor Relations advisor. I hope you have had a chance to review the investor presentation and the results release posted on the stock exchange and our website.

We were able to maintain our growth momentum in Q1 FY27 despite a difficult external environment, including a sharp increase and continued volatility in raw material prices. This was driven by robust domestic demand, leading to volume growth supported by a strong back-to-school season, coupled with marginal increase in ASPs on account of calibrated price increase to partially offset the significant increase in volatility in raw material prices.

All our core categories witnessed healthy growth. Scholastic stationery, scholastic art material and paper stationery growth was led by the back-to-school demand backed by new launches and capacity additions undertaken in the recent period.

Our office supplies category continues to see high positive traction, led by growing demand for our pens and a widening portfolio of products. The new launches across mechanical pencils, erasers, paper stationery, pens, pencil boxes, school bags and kits and combos received strong consumer acceptance. This reaffirms our capability to drive growth through consumer-centric innovation and agile product development.

Beyond our traditional led growth, we also saw high growth traction in new age channels of modern trade, e-commerce and quick commerce. This was primarily driven by momentum in our baby hygiene segment. Export growth was flattish during the quarter, primarily due to the global disruptions and elevated logistics challenges arising from the ongoing war situation.

Coming to our margins and cost environment. Sharp increase in raw material prices and volatility persisted during the quarter, driven by ongoing global uncertainties. We continue to manage this through prudent procurement to ensure uninterrupted operations. However, the company has chosen to remain focused on volume-led growth and market share expansion over near-term margin consideration amidst sharp and volatile commodity inflation.

Now coming to the details of our financial performance for Q1 FY27. Operating revenues for the quarter grew by 19.2% to INR670 crores, in line with our annual guided range, highlighting our sustained growth trajectory. EBITDA for Q1 FY27 were down by 16.4% to INR82.6 crores with EBITDA margin at 12.3% in Q1 FY27 as compared to 17.6% in Q1 FY26, primarily on account of fall in gross margins by nearly 400 basis points due to sharp raw material inflation linked to the West Asia crisis.

Further impact on EBITDA was due to higher employee benefit expenses on account of new tranche of ESOP grants and increased employee headcount and increased other expenses primarily due to expenses linked to organizing our channel partners meet along with the ceremonial occasion to mark the possession of the first building of the 50-plus acre project. PAT for Q1 FY 2027 stood at INR45.3 crores as compared to INR59.1 crores in Q1 FY26 and PAT margin for Q1 FY27 stood at 6.8% as compared to 10.5% in Q1 FY26. PAT growth was impacted primarily due to increase in depreciation on account of capacity expansion and commissioning of new facilities. We see this moderation in margins as a temporary blip rather than a structural deterioration and continue to maintain our focus on volume-led market share growth.

In relation to updates of our ongoing capacity expansion, our overall expansion plans are progressing well. Development at the 50-plus acre greenfield project is now on track, and we expect to commission close to 300,000 square feet of operational area by the end of Q2 FY27. This, along with expansion initiatives in adjoining areas will help us scale capacity to capitalize on the latent demand for our products. The company has already invested close to INR100 crores in Q1 of FY27, primarily towards capital investments.

Now coming to the update on the Reynolds' brand team and asset integration. The implementation of the asset purchase agreement is progressing as planned. The integration of Reynolds' team personnel, along with the movement of assets at our Umbergaon facility is now complete. The brand's full sales potential will be unlocked over a period of time as integration progresses as well as on commencement of manufacturing under the Reynolds brand, aligned with the commencement of the operations in the first phase of our new 50-plus acre greenfield project targeted for end of Q2 FY27. In the interim, until the desired scale is achieved, the apportionment of cost may exert some temporary minor impact on margins. Overall, we are very excited about the fundamental rationale behind the Reynolds acquisition. The strong presence in the INR10 to INR100 price segment of pens complements our portfolio and helps us elevate the group's product price architecture. Further, by leveraging the legacy and brand equity of

Reynolds, we aim to deepen consumer engagement across generation and is a strategic step in strengthening our office supply segment portfolio.

As we look ahead, our guidance for 18%, 20% consolidated sales growth is further reinforced by the positive demand undercurrent in the domestic market. However, visibility on margin guidance remains limited owing to abrupt fluctuation in raw material prices. Thank you. And with this, I would now request to open the floor for question and answers.

Moderator: The first question is from the line of Kunal Vora from BNP Paribas.

Kunal Vora: Sir, my first question is on margins. How should we think about the trajectory from here? Is it fair to say that your margins this year will remain slightly weak due to higher RM costs, additional expenses for the new factories, which you will start booking at least to some extent and initial cost for Reynolds and things will only normalize in FY28? And why have you not taken larger price hikes? That's the first question.

Rahul Shah: So, Kunal, like we've mentioned for us, our priority was very much clear that we wanted to focus on volume-led growth, ensure that the market share growth trajectory is retained. And therefore, with respect to our pricing decision, we've taken very calibrated price increases. Towards the end of June, once the situation with the war was turning out positive, we've seen the raw material prices to come down from their highs. However, in the last couple of weeks, again, we've started seeing some increases because of the renewed situation in West Asia. And hence, again, the raw material prices have started going up. But over a period of time, we believe that the raw material prices will not be sustained at these high levels. They should probably cool off soon. And once we come to know the new base, then in order to reach our earlier margins, if there are any further price increases to be taken, we will be taking that. But right now, owing to the abrupt fluctuation in raw material prices, visibility on margin guidance continues to be limited.

I think structurally, there is nothing that is deteriorated. And once we have some stable price levels, the company will take a required decision to ensure that we again reach to our guided range of about 16% to 17%.

Kunal Vora: Okay. Okay. Second is, as the production at the new facility starts in the coming quarters, how should we think about the revenue growth in second half? There will also be price hikes, which will be contributing and there will be increased capacity. So, would you expect to go beyond 20% growth, excluding any impact from Reynolds? And how should we think about Reynolds' contribution in FY28, which will be the first full year of operations?

Rahul Shah: So, Kunal, see, Reynolds is a brand and asset acquisition that we did. We did not take over any new manufacturing facilities from them. So, the capacity to manufacture and sell Reynolds product will be coming from our existing planned expansion only. So, it is not going to add anything. It's just that otherwise, in that particular plant, we would have manufactured DOMS branded pens. Now we will manufacture Reynolds pens. So, it's not going to add significantly to the revenue projections for the current financial year.

And with respect to the new capacity coming up in H2 of this financial year, this was already planned. And when we guided for the 18% to 20% revenue guidance, we've taken into consideration the new capacities which would help us to reach this volume growth, would come from the 50-plus acre plant. So, from a revenue growth perspective, we continue to guide with the 18% to 20% revenue growth in the current financial year.

Kunal Vora: Okay. But what's Reynolds brand right now in terms of like revenue number? And once you integrate that in FY28, where do you see the Reynolds brand revenue to be?

Rahul Shah: See, right now, when we acquired Reynolds in the year -- the previous financial year, Reynolds had done a sale of about INR130 crores to INR140 crores. But we believe that we will be able to add significant value to this brand, not only in terms of introducing new products within the writing instrument segment, but also leveraging this brand for other product categories.

Our intent is to operate Reynolds as a parallel brand focused towards the office segment as well as users which are professionals, I would say, serious user sort of a thing. With this background, in addition to the existing range of products, we will also launch other products that shall fit right with this brand DNA. And given this, we believe that in a short period of time in the near term, probably by FY29, Reynolds brand should be contributing close to 10% of the company's overall revenues.

Kunal Vora: Understood. Just last question. So, with all of these things happening, Reynolds…

Moderator: Sorry to interrupt. Mr. Vora, may we request you return to the question queue for a follow-up question? The next question is from the line of Sneha from Nuvama Group.

Sneha: Just a couple of questions from my end. You did mention that there are a lot of one-offs, right? One was ESOP related, one was new facility retail and then there was raw material prices which could not be passed on. Could we get some color in terms of individually how much did -- how much have we passed on in terms of raw material pricing?

I do understand that scenario remains volatile. But how much of it is left to pass on, which will clear up 2 things that how much of price increase is accounted in revenues and how much is volume growth? And also, will give some flavor on margins? That was the first one.

Rahul Shah: So right now, we've taken on an average price rise of about 4% to 5%. If I have to just talk about the first quarter, the average raw material price increase was about 20%. You multiply that with our consumption margin. So overall consumption increased by about 10% to 11%, where we were able to pass on 4% to 5% and hence, 500 basis points was something which was left to pass on. But like I said, we've seen some amount of moderation in the raw material prices. Hopefully, from what we hear as recent as Sunday, things should now stabilize again. Probably those raw material prices should come down a bit.

With respect to the one-off expenses, like I said, in terms of ESOP, in the previous year same quarter, after that we've given one more tranche of ESOP. So that added about 0.2% to the cost. And there has been -- I wouldn't say a one-off expense, but a non-recurring expense in terms of the channel partner need that we organized along with the -- while we were taking the possession of the first building in the 50-acre facility. So that impacted our Q1 margins by about 0.4%.

Sneha: Understood. Understood. And Rahul, following up with the last previous question where you said Reynolds itself will become 20% of your revenues by FY29.

Rahul Shah: 10%.

Sneha: 10%. Okay. Okay. That clarifies. But despite all of those things, in Office Supplies business, what we understand will be the biggest driving factor in your revenue growth. Don't you see any upside to 18% to 20% estimate because INR350-odd crores coming in FY27 only from a newly acquired brand and your previous guidance was itself 18% to 20% sort of a CAGR.

Rahul Shah: So that's what I tried to clarify in the previous answer to Kunal Bhai also was basically, see, Reynolds as a brand is an addition that is coming, but we've always been constrained with the capacity which we have. So, while we've acquired the brand, we are not acquiring any physical capacity. So, my land building is still something which is constraining factor.

And that growth was already planned. So instead of those growth coming in DOMS, we will try to get some growth in Reynolds work as a parallel brand, introduce some more products. Let's say, we plan to launch diaries and paper stationery products under the Reynolds brand. So, it is going to come from the same facility of the paper stationery capacity that I have. So, it's just a diversion of capacity. Some capacity would be for Reynolds brand. But yes, with Reynolds, we believe that ASPs might increase a little better because Reynolds, like I said, is more in -- especially in the writing instrument segment targets the INR10 plus -- between the INR10, INR100 price point. So, ASPs might improve a bit, but not a lot of volume growth that would come. It would be more of substitution from selling DOMS branded products to Reynolds branded products.

Sneha: While I agree with you in that terms that today we have capacity constraint, what we were looking at the bigger picture for FY29, do we really have to -- because by then, we'll definitely have a large amount of capacity you have. You're working on a 50-acre land you're already starting in Q2. And assuming by FY29, you'll have like manufacturing setup expanded already. Then why do we need a substitution? Why can't we run both the brands simultaneously was my question? And why can't both the brands contribute?

Rahul Shah: [inaudible 0:19:56]

Moderator: Ladies and gentlemen, we have the management line disconnected. Please stay connected while we reconnect the management. Ladies and gentlemen, we have the management line reconnected. Sir you may please proceed.

Rahul Shah: Sorry, we got disconnected. So yes, what I meant was while we continue to grow, the growth denominator will keep increasing. So the new capacity, the 50-acre plant and another around 11-odd acres that we've acquired adjacent to our current facilities, both in Umbergaon and in Jammu, that will also come under development. So, a lot of new capacities will be added, and they would be sold in the DOMS brand and Reynolds brand, both.

Moderator: The next question is from the line of Jinesh Joshi from PL Capital.

Jinesh Joshi: Sir, in the opening comments, you mentioned that our focus is on volume-led growth. But sir, given the ticket size of our products and our market leadership position, why are we hesitant to maybe take a slightly higher price hike to compensate for the RM inflation? I mean, do you think that this can lead to any kind of down trading? And historically, has there been any precedence of any peer taking a price hike and which has consequently led to any kind of loss in market share? And we believe that something similar could perhaps play out with us?

Rahul Shah: So, historically, what we've seen is whenever such inflationary cycles have come in, when you take price increases, being a leader brand and enjoying strong position in a lot of product categories is definitely something which we could do. But during such time, it also allows a lot of peers and especially small and unorganized players also to have some breathing space. So historically, also when we've seen such inflationary cycles, we tend to be a little more aggressive when it comes to pricing because that allows us to ensure that the breathing space given to the small unorganized players is reduced and which results in sustained market share growth for branded players.

So, we'd experienced something similar during the COVID period. If you look at our pre-COVID numbers, you would see the company's revenue growth and margin trajectory had changed. Similar, we'd experienced during the start of the Russia-Ukraine war when, again, crude and crude derivative prices had increased.

So, it's a choice that we've taken that during this time, only for a near-term margin consideration, we don't want to increase the price but become a little more aggressive to ensure that long-term benefits to the company are received in terms of higher shelf space in the retail counters.

Jinesh Joshi: Understood. And sir, my second question is on Reynolds. Now if I'm not mistaken, we have just bought the pen business and have chosen not to buy the OEM nib business of theirs. So just wanted to understand the rationale for not buying the nib business because that would have provided an immediate backward integration advantage to us given the fact that we do not have the nib manufacturing capability.

And also from their perspective, if we are selling the pens business, bundling the pens business with the OEM piece would have given them a perfect exit. So it was like kind of a win-win situation for both of them. So just wanted your thoughts why we choose not to buy the nib business.

Rahul Shah: So Jinesh, let me first clarify. It is not that we chose not to buy the business. Reynolds is basically owned by Newell Group. Newell Group is a $7 billion-plus revenue-generating U.S.-based entity. They have multiple brands and multiple businesses across the world. And they were specifically looking at exiting only the Reynolds and Reynolds related asset business in India.

They globally manufacture own brands like Paper Mate, Sharpie, Parker, which are big brands within the writing instruments segment. And a lot of their tips for these products are manufactured in India. So strategically, they wanted to continue the tip manufacturing business. And when we entered into discussions with them, what we understood was they were looking at only exiting the Reynolds brand and related assets. That is why we did the transaction only for the Reynolds brand and the asset.

And coming to the tip manufacturing, from a backward integration perspective, we've already got the first tip manufacturing plant in India. It's a Swiss imported plant that we've got in India. And currently, the installation is going on.

There have been more machines for which we've ordered. And I think over the current calendar year plus the coming calendar year, a lot more machines are going to come in, which will help us to manufacture at least about 30% to 40% of tip requirements in-house going forward.

Moderator: The next question is from the line of Aradhana Jain from 360 ONE Capital.

Aradhana Jain: A couple of questions from my end. One, I wanted to understand on the crude salience in our core stationery category and in the diaper business. The reason I'm asking this is, if I see the margins for your core stationery business, there, we can see a clear-cut reduction of close to around 600 bps, but your EBITDA margins for the Uniclan business has been intact. So wasn't the Uniclan business also impacted because of crude? That's my first question.

Rahul Shah: Yes. So Uniclan business also was impacted by crude. There are a couple of key raw materials in a diaper are -- one SAP, which is like a superabsorbent polymer, again, a derivative of crude. And second is the non-synthetic fabric they buy.

But what happens with Uniclan, because there is some more visibility and these products are basically imported, so, they give purchase orders well in advance and the deliveries for that happened at the originally agreed prices because they were a little bit of long-term agreements. But the raw material prices there have also increased. And probably we'll see that impact of that in the current quarter.

Aradhana Jain: Okay. So, I was asking, so could we expect like in 2Q to see some more margin depletion on account of, say, the higher cost inventory on account of -- like I'm assuming in 1Q, you would have some bit of lower cost inventory also, which would have helped you. But in 2Q, could you have more of higher cost inventory, which could lead to some more margin depletion at the gross margin level?

Rahul Shah: Because see, at DOMS, which is much larger when it comes to consolidation, we do not carry very significantly higher quantities of inventory, especially polymers because they are all locally purchased. So, it's not that we had significantly higher volumes of high cost or low-cost inventory during the earlier quarters. So, we don't see that significant impact to come on margins.

In the diaper business, yes, there will be some impact. But at the same time, this is going to be the start of the seasonality of the diaper business from Q2. So Q1 is always a slower quarter for the diaper business because it's sunny days, there's heat all around India. So fixed cost absorption is a little less during that quarter. Sales are relatively lower.

But with the season pickup happening from the second quarter, the fixed cost absorption should be slightly better, which might offset some amount of increase in the consumption margins. So overall, we don't see it would significantly impact the overall EBITDA margins.

Aradhana Jain: Understood. And any further price hike are we anticipating or the 4%, 5% that we've already taken is sufficient to cater to the volatilities that still exist in the crude side of things?

Rahul Shah: So as of now, in the current quarter, we are not looking at any further price hikes. We believe that we would want to wait for the volatility or the abrupt fluctuations to settle. And after that, if we believe that any price rise are required once the base of the raw material prices are a little visible, then we might take a call. But in the current quarter, we are not looking at any significant price rises.

Aradhana Jain: Understood. Just 2 more questions. One on export revenue that saw a decline this quarter. So, what was the reason for that? Which are the key exporting countries for us and which didn't do well? And second is on the West India revenue also, we see there's been a degrowth. So, if you could just highlight what was the reason for that?

Rahul Shah: So, export growth was more flattish in Q1 FY27, one, due to demand softness amid persistent inflation and subdued consumer sentiment in certain EU economies. Further, it was also affected by the West Asia disruptions leading to longer transit times, higher freight cost and shipment deferrals. So that is the key reasons. Even West Asia, which contributes about 2% of our overall sales, it's not still completely opened up in terms of sales. So those were the key reasons why export was flattish.

But with the new capacity, especially in the pencil segment, which is coming up, we believe that going forward -- pencils is a product which we export close to about 25% to 30% of our wood pencil sales comes through export. With the new volumes that are expected to come up, export sales is expected to grow. And I think for the full year, exports should be around 13% to 15% of our overall sales.

Aradhana Jain: Understood, sir. And West India?

Rahul Shah: West India, you are comparing it with which period?

Aradhana Jain: Last year, 1Q, we did around INR185 crores, INR186-odd crores of revenue. This year, we are at close to INR140 crores on a Y-o-Y basis?

Rahul Shah: So, see, we earlier also highlighted this that some of our export -- merchant export revenues, which are actually export done by third-party merchant exporters, that happens through customers who are based in western part of India. So, we've got a few merchant exporters in Mumbai and Gujarat who do onward export sales. The overall export sales because of these fluctuations, which we just highlighted were impacted. And because of that, even those West India sales gets impacted a little. Yes. Otherwise, there is no change in the regional mix where North followed by West and then East and South continue to perform in that order for the company.

Moderator: The next question is from the line of Rahul Agarwal from Ikigai Asset.

Rahul Agarwal: Just 2 questions. Firstly, to understand, is it possible to understand that if the company does a capital expenditure of, let's say, INR200 crores, INR250 crores a year, how much sales can they add in the overall top line? Is a 2.5 number fixed asset term reasonable? And the 3 lakh square feet which you are commissioning this year, how much sales can that add? That's the first question.

Rahul Shah: So, Rahul, firstly, historically, we've always targeted that for every rupee that we invest in capital expenditure, we should be able to generate INR3 of sales. And if you see historically, we've been able to achieve that. Even if you look at the last year's number, we were close to about plus of 2.7x and very close to our targeted range of 3x. So once the production facility is set up and starts commercial production, it takes us about 18 months to 24 months to reach the full optimal level, which is about 3x on the rupee that is invested.

And your second question with respect to this 300,000 square feet of space which is coming up, so basically, in this 300,000 square feet that we'll start commercial production in the end of this quarter and eventually we'll start getting -- gaining pace and momentum in H2, we are increasing our capacities for wooden pencils, pens, erasers, which is a complementary product to pencils. So, when we talked about that 18% to 20% growth for the full year, a large part of the growth for the second half of the year will come from these facilities. And like I said, we believe these facilities to gain complete commercial production -- full utilization in about 18 to 24 months.

Rahul Agarwal : Right, sir. And my second question is on margins to understand this better and just a clarification rather. So, I could understand that there is still some gap assuming spot RM pricing and you've taken 4%, 5% of price hike, there is still some gap to cover. So, let's forget the shorter term. If we just understand the fiscal '28 math, at current spot RM pricing and the price hikes you have taken, do you think the company should go back to 16%, 17% of operating margin? Is that a safe number to assume for the next year?

And just one question was on the ESOP thing. If you could just quantify the amortization of ESOP in terms of total cost for the full year for fiscal '27 and '28, which is expected to get booked?

Rahul Shah: Okay. So first, I'll just answer your second question with respect to ESOP. The cost for the total year for ESOP for both the tranches put together should be close to about INR10 crores, the one which we did in October '24 and then in February '26. So, both these tranches put together, for the full year, the cost should be close to about INR10 crores.

And with respect to the gap in margin, like I highlighted earlier, as per the current prices, we see that there would be a gap of about 4% to 5% if the prices continue to -- as per the current spot prices. So, if the prices continue to be at this level, then that is the increase that we might have to take to ensure that our margins for FY28 to reach back to our targeted range of 16-odd percent.

Rahul Agarwal: Just a clarification on the ESOP, INR10 crores is for fiscal '27, right?

Rahul Shah: Yes, yes, for the fiscal '27.

Rahul Agarwal: And fiscal '28, what will be the number?

Rahul Shah: So, see, basically, as part of our ESOP policy, the current policy, we plan to give out ESOPs over a 5-year-odd period. We've done that for the 2 periods. Even this year, there will be some ESOP outlay that will happen, and this will continue for the next couple of years. So, this number will rise. Again, we'll be able to quantify it once we decide on how much ESOPs will be granted in the current financial year -- additional ESOPs granted in the current financial year.

Moderator: The next question is from the line of Rehaan Sayyed from Trinetra Asset Managers.

Rehaan Sayyed: Sir, my majority of questions have been answered. Just I have left with one question. So just wanted to understand regarding on the export side. So, your exports remains a relatively small part of revenue despite the F.I.L.A partnership. So, what are the key bottlenecks preventing faster export growth? And do you see exports become a double-digit percentage of revenue over the medium or long term going forward?

Rahul Shah: So export is currently also double digit. It's close to 12% of our total revenues. There isn't any -- I wouldn't say there are any bottlenecks or anything. It's just that company continues to remain constrained with capacity. And historically as well, whenever it's come to choose between exports and growth in the domestic market, we've always prioritized the growth in the domestic market. And whatever new capacities, whenever they've been added, the domestic market has supported or accepted it wholeheartedly and a bulk of new capacity additions which actually drive the revenue growth of the company have been absorbed in the domestic market. So that is the only, I would say, challenges in terms of capacity. But like I said, with some new capacities coming for pencils, new capacities coming for some innovative differentiated products, export, at least in the near term, will gain slightly better momentum than it has done in the past.

Moderator: The next question is from the line of Percy from IIFL Capital.

Percy: Yes. Rahul, you mentioned that FY27 despite Reynolds coming in, we should take a 18% to 20% type of top line at the total company level. What about FY28? Would it also be 18% to 20% or Reynolds will add some incrementality to it?

Rahul Shah: Percy Bhai, a little early to guide about the revenue growth in FY28. But I believe the growth trajectory momentum should remain similar. Like I said, it is from the planned capacity, which was expected to drive growth in the coming 2 - 3 years. From that, we will divert some capacities to manufacturing Reynolds branded products. So those would not incrementally add significantly to revenue growth. It's just that we'll be able to create a parallel brand. Yes, there would be some growth because of relatively higher ASPs under the Reynolds brand, but not something very substantial. But we probably want to discuss on FY28 growth numbers a little later in the next couple of calls probably.

Percy: But Rahul, when we have acquired a brand, when the demand is there for that brand in the market, what really prevents us from, let's say, adding significantly higher capex and starting to sort of add it right away? So, let's say, some part of it comes in second half, some part of it comes in first half of next year. Why can't we do, let's say, over the next 12 months, INR400 crores of capex instead of the INR200 crores or INR250 crores we are planning?

We certainly have the internal accruals. And even if a little bit of debt is required, we can take it. I mean there is a market for this product and sort of we have done an acquisition. And if ultimately, it's not going to add incrementally to sales, that is a lost opportunity for us. So, what prevents us from really doing higher capex now?

Rahul Shah: Space, like we said, we are already constructing this massive project. Now it's about -- earlier it was about 45 acres. We've acquired more additional land. It's now about 50-plus acres of land, which is under development. And as and when these buildings get ready and developed, we'll start manufacturing activities in these buildings as fast as possible.

In addition to that, close to our existing flagship unit, we've acquired another 11-plus acres. In Jammu, we've added a land building. So, we are doing capex, but it's probably easier said than done in terms of deciding that let's do INR400 crores together because a lot of planning needs to happen, a lot of -- we need physical space, which has been a constraining factor because of which we've been developing these -- constructing these land and buildings.

Like I said, there will be -- because of Reynolds, there will be incremental revenue growth that will come in, but that will be more from a perspective of being able to sell at a higher price point and at the same -- which will help us in improving our ASPs, but not a lot of volume growth will come because of Reynolds because that volume growth will come from the capacities that we are able to add.

Moderator: The next question is from the line of Anchit Jalan from Goldman Sachs Asset Management.

Anchit Jalan: Yes. I just want to understand, is Reynolds a higher-margin business?

Rahul Shah: So, see, Reynolds historically, when they were being operated by Newell, they did not operate at very high margins because they had a lot of costs. But now that we've just acquired the brand, and we will be managing the entire production and the sales part of it, it will operate as per our margin structure. So, I believe the margins for the Reynolds brand also will be as per our margin structures.

With respect to margins, we've always followed a principle which says that nothing at the cost of market and nothing at the cost of margin. So eventually, we will want Reynolds to also operate like our other brands doing about that 16-odd percent EBITDA margin. And since we will be controlling the cost, controlling the production, we believe we'll be able to get to that margin number also soon.

Anchit Jalan: And would you say this is the bottom in terms of EBITDA margin for the year?

Rahul Shah: Hopefully…

Anchit Jalan: Given that onetime costs that you said for staff costs and for other expenses.

Rahul Shah: Yes, absolutely. So hopefully, shouldn't be many more surprises from Mr. Trump, and then we believe that this was probably the bottom and things should be better going forward.

Moderator: The next question is from the line of Nihal Shah from Prudent Corporate Advisory Services.

Nihal Shah: I just wanted to know if the 4%, 5% price hike that we've taken is the standard throughout the industry as well or our price hike was a bit lower or higher compared to the industry?

Rahul Shah: I think, probably the industry was actually waiting for what decision we've taken. And after we've increased, done a calibrated increase, I think overall, the industry has done sort of a similar sort of a step, not anybody doing anything very high or very low.

Nihal Shah: And once the raw material costs come in our comfort range, so then what do we plan to do ? Like do we plan to enjoy the extra margin for some time or we go back to some lower price that have right now?

Rahul Shah: So, what we've always done is, like I said, nothing at the cost of margin, nothing at the cost of market. Whenever we've seen in any product or because of any such actions if the margins are increasing that we'll add some value to the product. We'll make the product much better for the consumer. So, we will definitely not want to sit and eat on these margins sort of a thing. We'll definitely give the consumers or our channel something additional to enjoy.

Nihal Shah: Okay. So, we should take FY26 gross and EBITDA margins as the sweet spot for our margins and try to maintain those going ahead?

Rahul Shah: Yes. So, like I said, yes, FY28, that's how we should look at it.

Moderator: The next question is from the line of Saurabh Patwa from Quest Investment Management.

Saurabh Patwa: Sir, just wanted to get your thoughts of over, say, last decade or so, what would be cumulative price hike which you would have taken, in say, in pencils on a blended basis?

Rahul Shah: I'll have to come back to you on this. I'll probably have Bhavin from Marathon or somebody get back to you with this answer. I'll have to calculate. But I wouldn't say it is very significantly higher because the MRPs of the product would have increased from, what, INR5 to INR6 or INR7 at max. But we'll have to come back to you on this.

Saurabh Patwa: Sure, sir. Sure, sir. And sir, second, sir, in last say, maybe a decade or so, what would have been the industry volume growth per se?

Rahul Shah: Difficult, honestly difficult to give this answer. We are not a very highly covered industry.

Moderator: Ladies and gentlemen, that was the last question for the day. And now I would like to hand over the conference to the management for closing comments.

Rahul Shah: Thank you, everyone, once again for joining us today. We appreciate your continued support and confidence in our journey. Should you have any further questions, please reach out to our Investor Relations team. Thank you and have a great day ahead.

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