

February 14, 2022

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Dear Sir/ Madam,

Subject: Transcript of Institutional Investors and Analysts Conference Call**Scrp Code: 502219****Symbol: BORORENEW****Series: EQ**

We enclose transcript of conference call with Institutional Investors and Analysts which was held on February 09, 2022.

Audio recording of call is available on:

<http://borosilrenewables.com/Investor.html?q=AnalystMeet>

You are requested to take the same on record.

Yours faithfully,

For Borosil Renewables Limited



Kishor Talreja
Company Secretary and Compliance Officer
Membership no. FCS 7064

Encl: As above



“Borosil Renewables Limited
Q3 FY2022 Earnings Conference Call”

February 09, 2022



ANALYST: MR. KEVYN KADAKIA – AXIS CAPITAL LIMITED

**MANAGEMENT: MR. P. K. KHERUKA – EXECUTIVE CHAIRMAN -
BOROSIL RENEWABLES LIMITED
MR. ASHOK JAIN – WHOLE TIME DIRECTOR - BOROSIL
RENEWABLES LIMITED
MR. SUNIL ROONGTA – CHIEF FINANCIAL OFFICER -
BOROSIL RENEWABLES LIMITED
MR. SWAPNIL WALUNJ– HEAD OF MARKETING -
BOROSIL RENEWABLES LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Borosil Renewables Limited Q3 FY2022 Earnings Conference Call hosted by Axis Capital 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 the conference, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Kevyn Kadakia from Axis Capital Limited. Thank you and over to your sir!

Kevyn Kadakia: Thank you Janis good afternoon, everyone, I am Kevyn Kadakia and a resource for the Industrial Infrastructure and Logistic Sectors at Axis Capital. On behalf of Axis, I am pleased to welcome you all for the Borosil Renewables Q3 FY 2022 Earnings Conference Call. We have with us the management team of Borosil Renewables which is represented by Mr. P. K. Kheruka – Executive Chairman, Mr. Ashok Jain – Whole time Director, Mr. Sunil Roongta – CFO and Mr. Swapnil Walunj– Head of Marketing. We will begin with the opening remarks from Mr. Kheruka followed by interactive Q&A session. Thank you and over to you Sir!

P K Kheruka: Thank you. Good afternoon and welcome to the Borosil Renewables Q3 FY2022 Investor Call. It is a pleasure to be interacting with you once again. The Board of Borosil Renewables approved the company’s financial results for Q3 FY2022 on 8th February. Our results and an updated presentation have been sent to the stock exchanges and have also been uploaded on the company’s website.

During the quarter the company recorded net sales of Rs.168.5 Crores, an increase of 20% over the corresponding quarter of the previous year. The average ex-factory prices of tempered solar glass during the quarter were about Rs.141.5 per square metre, per millimeter as compared to Rs.112.9 per square meter, per millimeter during the corresponding quarter in the previous year. Exports during Q3 FY2022 including to customers in SEZ were Rs.44.6 Crores comprising 26.5% of the turnover. The company recorded net sales of Rs.465.2 Crores during the nine months ended December 2021, an increase of 51% over the same period in the previous year of which exports including to customers in SEZ recorded an increase of 84% to Rs.131.9 Crores from Rs.71.6 Crores for the previous corresponding period.

From the second quarter of the current financial year, we saw inflation in prices of natural gas. Prices of electricity, packing materials have also been escalating along with the sharp rise in export freight costs. Fortunately high realizations have more than covered for these cost increases. EBITDA during the quarter including the subsidy of Indian Rs.5.3 Crores from the government of Gujarat was Rs.75.5Crores corresponding to an EBIDTA margin of

44.8% as compared to a margin of 38.3% in Q3 FY2021 and 36.7% in the previous quarter. Higher EBITDA led to an increase in the Profit after Tax and the company has recorded Profit after Tax of Rs.45.7 Crores in the quarter. I am happy to say that the total EBITDA of Rs.202 Crores earned in the previous year has been matched within the first nine months of the current financial year.

While the operations of both our furnaces have been optimal with good output, we are continuing to see strong demand for our products. Increase in installed capacity of Renewable Energy is a high priority of government of India which continues to provide strong thrust to the installation of solar power projects. The government has announced three major steps underlining its commitment to the establishment of a strong domestic solar manufacturing eco-system. The first is the announcement of an additional allocation of Rs.19500 Crores under the PLI scheme for solar cells and modules raising the total allocation to a very impressive Rs.24000 Crores. The second is the formal announcement of basic customs duty on solar panels at 40% and on solar cells at 25% effective from 1st April 2022. The third is the scheme of Approved list of Models and Manufacturers introduced some months ago whereby effectively only Indian manufacturers of solar modules are able to supply to many types of government tenders which have now been extended to open access and net metering projects as well.

As a result, we are expecting that large incremental capacities already announced will now be implemented. Even though 14 Gigawatts of solar module manufacturing capacity exists in India, actual production was about 5.5 Gigawatts during the financial year 2021. We see installed capacity rising to 50 Gigawatts of solar panels within the next three years. This will give a great boost to domestic production of solar equipment in India causing a major shift away from imports from China to sourcing from domestic manufacturers. Consequently, we expect increased demand for solar glass in India. We are in advanced discussion with many of these manufacturers who are all looking to have a local source of supply for solar glass.

Solar power is undergoing a phase of intense expansion; European Union has launched a solar accelerator program to promote production of solar modules in Europe. Solar components are likely to enjoy a sweet spot for the next many years. It is heartening to note that the solar installations in the country have picked up momentum in the current year. The installations in the first nine months of FY2022 have been 9.2 Gigawatts, which has matched the earlier best for a full year. This trend is expected to gain further ground and the level of annual installations is expected to accelerate to significantly higher levels. There is a growing demand from export customers looking at the expected significant rise in local production of solar modules in major markets i.e. to say Europe and USA. We see an attractive future growth in the company's exports.

There have been structural shifts in the demand for solar glass on the back of technological changes in solar cells and modules. The module sizes are becoming larger and there is growing preference of bifacial modules, using two glasses in each module as against one in the case a conventional module. As a result, there is a shift in favor of thinner glass of 2mm globally. Borosil is equipped to meet this to a great extent and is also building significant capacities for such products looking at future growth. The entire global solar PV value chain has been going through a certain amount of volatility in terms of demand-supply and prices. We as a country are also impacted. On one hand the prices of inputs have risen and on the other hand the solar glass export prices from China have declined in the last few months. This is likely to cause a moderation in the margins for the company and also for the competition. However, the demand for solar glass for the company remains high in both domestic and export markets. Moreover, the company is active in examining and re-examining avenues for cost cutting and making operations more viable at all times.

As many of you are aware Borosil Renewables is currently undertaking a Brownfield capacity expansion, a third solar line with a capacity of 550 metric tons to meet the growing demand. This will enhance our capacity from 450 tons per day to 1000 tons per day. Commercial production from SG-3 is expected to commence in the second quarter of FY2023. Further, the company's board has already approved further expansion of capacity through Solar Glass 4 & 5 in order to raise the capacity from 1000 tons to 2000 tons per day. Work on the SG-4 project is expected to commence during the second quarter of CY2022. Given the lead times required for capacity expansion this additional capacity can come on stream in the third quarter of CY2023. With that I would like to open the floor to questions that you may have. Thank you.

Moderator: Thank you very much. The first question is from the line of Avnish Khara from VT Capital. Please go ahead.

Avnish Khara: Good afternoon, sir. My first question is regarding the soda ash as I understand we had fixed term contract that ended in December. So, going forward how we are going to be acquiring soda ash and do we expect margins to be affected despite higher solar glass prices?

Ashok Jain: Soda ash contract which we had has spilled over to the current quarter which is January to March as certain quantities remained to be fulfilled out of the earlier contract. Also, we had negotiated additional volumes at a slightly lower price compared to the current prices. So, the impact in the quarter January to March is going to be minimal in that respect, but going forward from April onwards the impact will be felt fully. The prices of soda ash have run up by almost 60% in the last couple of months and that is true for all the buyers of soda ash including our competitors. So, to that extent it will impact the costing for all the solar glass

manufacturers and that would certainly lead to compression in the margins in case the selling prices do not expand.

Avnish Khara: Right Sir, my second question is regarding the scenario in India, I think domestic production is not going to be ramping up pretty quickly as it is just 5.5 Gigawatts, so do you expect transitional slow down in the solar demand in India as production tries to catch up with the supply?

P K Kheruka: I do not think there is going to be let up in the demand for solar modules. The question is from where it will be met? Secondly, we do have a manufacturing capacity of 14 Gigawatts in the country which is existing; I do not see that there is any possibility of any reduction in the demand for solar modules or the supply of solar modules in India.

Ashok Jain: In fact, just to add, lot of tenders have already been awarded and lot of pipeline is already existing for the solar installations. I am told almost 75 Gigawatt of pipeline exists in the country in order to make the installations in next couple of years. So, contrary to your statement, we see a significant rise in installations. In the case of module manufacturing capacity also all the large players who have announced their plan are quickly adding capacities and we expect a considerable volume of capacity to be added in next one-year time. So, there should be a significant increase in the activity of manufacturing and installation both.

Avnish Khara: Right sir, if I may just squeeze in one last question, do you really feel solar glass prices in next couple of quarters will taper off from Rs.141 or do you see some kind of rise from here as well?

P K Kheruka: This is a very difficult question to answer. I simply cannot have any guess on this matter. Our prices are dependent on the international prices and what turn they will take is something which is truly speculative. So, I would not like to have any guess on this.

Avnish Khara: Okay, sure. Thank you so much for answering my questions.

Moderator: Thank you. The next question is from the line of Devesh from DS Investment. Please go ahead.

Devesh: Good afternoon. Congratulations for good results. Quick questions on the next leg of growth side. Our capacity expansion plan of SG-4 and SG-5. Could you help us understand in terms of the financing or how would these be financed?

- P K Kheruka:** SG-4 we had planned to finance by way of equity and debt mix and the right mix will be known in couple of months. In terms of the equity raise we do have plans to raise equity for SG-4 and the exact amount will have known in few months maybe after April. In terms of SG-5 it is still away, so we will see whether the internal accruals would be sufficient, and we do not have to raise further equity for SG-5.
- Devesh:** Okay, and in terms of export there is a pattern of healthy mix of export going in each quarter right now closer to 26%. Can you throw some light in terms of medium-term as to how do you see this percentage panning out from here on?
- P K Kheruka:** We are confident to maintain this trend of about 28% including the SEZ exports of solar glass. We could potentially increase the exports even beyond this, but we have to balance out within the domestic requirement as well as the export market. Just for the information of the participants, export markets are growing significantly particularly in Europe, Turkey and also USA. So, there is buoyancy in those markets in terms of requirement for the glass as the module manufacturing activity is significantly rising in those geographies. So, we do have good amount of growth prospect in those markets.
- Devesh:** Just connected question, in the last call you alluded that export margins are slightly increased to what we get in India, is that still the trend or do you see that improving given the demand is exploding outside India as well?
- P K Kheruka:** The margins are slightly lower, but they are not very abnormally placed in terms of the comparison. We expect a similar trend to continue for some time.
- Devesh:** Okay, thank you. That is all from my end.
- Moderator:** Thank you. The next question is from the line of Jimesh Sanghvi from Jimesh Sanghvi and Company. Please go ahead.
- Jimesh Sanghvi:** Sir, couple of things if you can share the volume numbers this quarter because if I look at the sequential trend, we have seen the revenue growth of around 5% wherein the realizations have grown by around 20%, so has there been a dip in terms of volumes this quarter or is there some slow down in terms of demand that has been seen in this quarter, if you can throw some light on that?
- Ashok Jain:** Practically there is no dip in the volume which is significant. In terms of the IND AS requirement we have to actually exclude a certain amount of sale which has not reached the customers. So, there has been reversal of the sales to the tune of about Rs.5 Crores or so on a cost basis. That has led to this kind of situation. But on the volume front we are flat out

running full capacity and selling full capacity. As of 31st December 2021 actually if you look at the finished goods stock in the factory it was virtually zero. So, there is no problem from the demand side and we continue to believe that the entire production can be sold without any difficulties. We actually have only about 35% market share in India which also means that lot of demand is available for us to service. We only have a constraint on the production side which will be addressed after we expand the capacities to some extent.

Jimesh Sanghvi: Okay, basically this Rs.5 Crores' reversal on the cost side would kind of get accounted in the Q4 numbers, is that right?

Ashok Jain: Practically yes, provided there is no similar carry forward at the end of March which generally we would like to avoid, but it all depends on the situation.

Jimesh Sanghvi: Yes, and couple of other things, one if you can share the current realizations of the solar glass prices which is there and on the new capacity how fast can the new capacity ramp up post coming commissioning?

Ashok Jain: We already mentioned about the new capacity coming up in Q2 of FY2023 which is July to September 2022. So, that quarter we will see the production from the current expansion coming up. In terms of the prices, we have already said that there has been certain correction in the prices. What extent exactly it will pan out for the entire quarter we cannot commit right now but there is a small decline in the prices.

Jimesh Sanghvi: Okay, on the ramp up just wanted to understand can it be ramped up to 70%-80% immediately or it would take around five months to six months to ramp up and stabilize the capacity?

Ashok Jain: In terms of the production generally we like to operate the furnace at full capacity more or less, but one can imagine that for the initial couple of months the capacity utilization could be little lower at 85% or thereabouts. But in a couple of months, one can come to higher capacity utilization. We have already demonstrated this in expansion of SG-2 where we could come up to higher capacity in two months, or three months. So, we like to operate it at optimum capacity.

Jimesh Sanghvi: Thanks sir, that was helpful. Thanks a lot.

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

Mohit: Thanks for the opportunity and congratulations on a very, very good set of numbers. Sir, my question is when you say that you are tying; you are in talks with the new developers or new solar manufacturing capacities coming up. Are you looking at some kind volume tie up and will there be any price certainty also, that is my first question?

Ashok Jain: In terms of how the prices work in the solar glass market it is on month-to-month contract. It is not annual prices. But generally speaking, the customers also expect the landed cost as the benchmark. That is how it operates. Our prices have to be in the same ballpark. But there are some large buyers who are also willing at tying up at some fixed price or some formula which is different from market prices. So, it will all depend on negotiations with each of these buyers. Based on that we will arrive at the pricing mechanism for each of them. It may not be a uniform mechanism whether it is cost plus basis or whether it is some standard price or in most of the cases it will be market related price.

Mohit: My second question is that, given that the PLI scheme has been enlarged and the number which we are talking about maybe 25 Gigawatt – 30 Gigawatt, is there any plan to ramp up the capacity more than 12.5 Gigawatt which is in the sales at this point of time?

P K Kheruka: At this point of time, I think we are thinking of just 12.5 Gigawatts and no more, because there are other capacities which have been announced by different players in the country and we would like to see what happens with them. So, for the time being I think this is it.

Mohit: Thirdly, what is the status of anti-dumping duty on the Chinese solar glass?,

P K Kheruka: Yes, it is coming to an end in July. We have already applied for an extension of the same because there is no change in the circumstance. They continue to dump, and we are awaiting the result of our application.

Mohit: One more question, given that our gas requirement will go up, can you let me know what is the demand requirement that 2100 TPD, what is the gas requirement and are we procuring gas at spot markets, is there any plan to tie up with slightly longer-term given that gas would be a significant cost item for us?

Ashok Jain: We are not buying any significant amount of gas in the spot market. We hardly buy any quantity. We have long-term contracts or medium-term contracts with the GAIL Limited and we are again negotiating with them for the expansion i.e., SG-3, and we should conclude the contract with them in the next couple of months. For SG-4 and SG-5 also we will similarly require the gas which we would like to cover under certain contracts which would be medium-term, but we restrict our buying in the spot market.

- Mohit:** Will the pricing for gas be volatile and is that the right assumption?
- Ashok Jain:** There are different baskets, different benchmark contracts are available. Generally there is some linkage to crude, but there are different indexes available like JKM or Oil related or Henry Hub. So, different contracts are available and we have a mix of these so that we reduce the volatility.
- Mohit:** What is the full requirement at 2100 TPD, if I may know?
- Ashok Jain:** It could be close to 3 lakhs cubic meter per day.
- Mohit:** Understood, sir. Thank you and best of luck.
- Moderator:** Thank you. The next question is from the line of Darshan Manik from Lark Consultancy. Please go ahead.
- Darshan Manik:** Congratulations on good set of number. Can you just brief about the EBITDA margins every quarter there is huge fluctuation in our margins, what is the specific reason for this?
- Ashok Jain:** EBITDA margins are fluctuating largely because of the selling prices. If you really look at the prices in the first quarter of this financial year, we had good prices, good set of numbers and in the second quarter the prices declined because international prices dropped, so we had to align the prices to that level and third quarter again which is what we are discussing again the prices have moved up which is closer to the first quarter. So, there have been significant ups and downs in these prices which has impacted the EBITDA levels and because this is a volume business, and the selling prices are very important in terms of the EBITDA numbers which is impacted to a great extent.
- Darshan Manik:** Agreed, but there would be some range with which we would be working because our cost and everything is passed on. So, beyond a point we would not be looking to expand the margins, I mean certain range is fine but even considering that the selling prices fixed for a month or so overall in a year our margins would fixed somewhere in the range because at times your selling price would be increased at times your selling price would be increasing in another quarter, the cost would be increasing in another quarter, so quarterly margins can be here and there, but overall in a year the margin should not be very much here and there if my understanding is right?
- Ashok Jain:** Actually, we do not have control on this kind of situation because the prices are depending on the landing price of imports and our buyers look at those prices. So, when the prices are low and even though our costs are rising, it is not that the price that we can charge could be

higher. Hope you understand what I say, and when the prices are rising internationally there is no reason for us to charge lower prices because similar thing has not happened when the prices were low, and the costs were higher. So, it all depends on how the prices are behaving in the international market and in international market also if you see currently the costs are rising for all the solar glass manufacturers even though the prices are moderating. So, it is not having any direct relationship so to say and it is more to do with the demand-supply, the inventories and all those factors which are also largely connected to the Chinese manufacturers so to say. You are right that there will be some ballpark number but there is no control over that number from our side.

Darshan Manik: On the higher side what would be the margin, I mean it would not be that we would be charging any XYZ amount. So, on the higher side what can be the margin expected and on the lower side what will be the margin which we will be protecting at any cost?

Ashok Jain: I think this question cannot be replied to your satisfaction probably because, prices have moved by 70% up also and prices have moved 70% down also. So, you really cannot have any ballpark number for what could be the band within which the higher margin or lower margin will work.

Darshan Manik: We would not be selling our products at a loss, there would be something cost plus percentage which at least we would be expecting when we are selling?

Ashok Jain: I was about to say that the overseas manufacturers also are listed companies and they also report their numbers on quarterly basis, and they also have certain cost based on which they decide on price. So, obviously they would not like to sell below cost, similarly we will also not like to sell below cost.

Darshan Manik: Okay, thank you. That is, it from my side.

Moderator: Thank you. The next question is from the line of Sharan an Individual Investor. Please go ahead.

Sharan: Thanks for the opportunity. Just would like to know already there is a discussion or a news around solar glass recycle, from that perspective do you have any plan for that in future, any opportunities for Borosil?

P K Kheruka: At the moment there is no established way for recycling of solar glass in any significant volume. It is very time consuming and tedious process to be followed, because all the plastic parts have to separate which are stuck to the glass. So, far we are not aware of any proper recycling.

- Ashok Jain:** Also, the volumes in the country are very low. The installations in the country have picked up only in the last four-five years. So, when the significant volume is there, and the life cycle of the modules is over after 25 years or so the recycling will start at that point in time. So, it is still some time away, maybe 15 years away or 10years away from now when the recycling will happen in a meaningful way and by that time, we can expect some technology with right economics will come into play which will be of interest. At that time, we will think about it.
- Swapnil Walunj :** Having said that, we are keeping our eyes and ears open and there are certain technologies that we are looking at with interest.
- Sharan:** Okay, thanks and SG-3 and 4 that will be planned in the existing line those are brown fields and considering there is a huge plan of government by 2070, now they are talking about everything in renewable energy. So, do you have already anything planned for buying more land for additional capacity or beyond SG-5 also still you have place for additional capacity in the existing land, what is the?
- P K Kheruka:** I think the SG-5 would take up the existing land, but we might be able to acquire still more land, but that is really going so far into the future that any speculation on that is not really meaningful.
- Ashok Jain:** And also, we continue to evaluate whether to continuously expand in the same location or whether we should also explore any other location in India or else were in terms of de-risking our sales from the single location point of view. We will keep evaluating all those aspects and take an appropriate call.
- Sharan:** One last question, apart from glass in the solar panels any other components or any other technology or product you are planning to come up with in future.
- P K Kheruka:** In Borosil Renewables Limited, at this moment there is nothing other than solar glass.
- Sharan:** Okay, sure and sorry for asking one more question, just would like to know after the Borosil Limited and Borosil Renewable restructuring and merger de-merger process, would like to clarify one thing is, is there directly or indirectly anything still with Borosil Limited or it is completely a separate and there is no shareholding between both?
- Ashok Jain:** There is no relation between the two companies except the promoters are same and they continue to hold majority and the promoters are there on the Boards. The total management and everything is different and shareholding wise there is no close relationship, there are no meaningful related party transactions.

- Sharan:** Thank you very much, Sir and all the best for the future.
- Moderator:** Thank you. The next question is from the line of Samir Gandhi from Greenergy Sustainable. Please go ahead.
- Samir Gandhi:** Sir, who will be our top three competitors for the manufacturing of the solar glass in India. Second thing, who are the top five customers by turnover?
- P K Kheruka:** The answer to the first question is not possible for us to give, because so far nobody has come up. So, first of all the person has to come up, he has to be established and become a first in the market and then we can say, so that is one thing, and the second thing is confidential information, I am sorry we cannot pass that on to you.
- Samir Gandhi:** Okay, in manufacturing of these glasses how much percentage of the raw material is imported, and have you faced any difficulties in procuring that looking at the logistic problems which you have faced in last six months?
- P K Kheruka:** Bulk of the material is all being sourced domestically, just some things which are trace chemicals are sometimes imported, but more than 99.5% of materials are available domestically.
- Samir Gandhi:** Next question is that panel manufacturers generally give 10 years of warranty for glass or any mechanical part of the solar panels, whether same warranty is extended by Borosil to the OEMs and if so, then how much percentage of that warranty claims are there for the last quarter or last year?
- P K Kheruka:** I do not believe we have received any claims so far, sometimes we do but it is not a question of a delayed claim. If there is problem we deal with it on the spot.
- Ashok Jain:** Just to explain to you that the warranty is actually given by the module manufacturer to the developer or the buyer because he is getting the module certified and he is certifying that so much of output will be there. Glass is only one of the components which is fitted in the module, and to that extent the fluctuation in the power output from the module can be associated with many products which are other than glass. So, in terms of our product supply, we only supply the glass to the specification which is agreed with the buyer and there are no further guarantees. If there is a breakage or if there is a quality claim, we of course settle the quality claim or breakage in the glass to the satisfaction of the buyer but there is no warrantee for 10 years or 25 years from the perspective of glass supply.

Samir Gandhi: One more thing that if set back duties are not continued beyond the deadlines then what will be the kind of margin you are expecting?

Ashok Jain: You mean the anti-dumping duty on glass?

Samir Gandhi: Yes.

Ashok Jain: In a meaningful way the imports are now coming from Malaysia and Vietnam, less are from China and to certain extent of course the import comes China, but if the duty is not extended the imports from China may rise and that can of course affect our ability to command certain price. To what extent it will happen and whether it will happen or not is hypothetical as of now because we believe that we have a good chance to get the anti-dumping duty extended for second term. But should it not happen for some reason then there will definitely be some amount of setback in the prices.

Samir Gandhi: Suppose in such a scenario do you feel that completely depending on only one product like solar panel glass is slightly difficult for company to plan for the long future?

Ashok Jain: We believe that this is a good product where the government is completely focused on solar renewables and solar energy where the demand is going to rise significantly. We have been trying to achieve economies of the scale by expanding our capacities in order to become more and more competitive. So, in terms of innovations, in terms of raw material cost or energy cost we have been trying to economize on all fronts so that the costs are under our control. Despite all these uncertainties what you have mentioned about the discontinuance of duty and all, we believe the margin which we can achieve from this business is quite satisfactory and that is the reason we continue to remain invested, and continue to be investing more money into this business.

Samir Gandhi: In DCR panels, place and manufacturing is supposed to be in India and mostly DCR panels are made compulsory as you said, so whether in DCR panel's glass is also made compulsory to be manufactured in India?

Ashok Jain: Glass unfortunately has never been the part of DCR. DCR is only on the module and solar cell. Similarly, the BCD which has come is also on solar module and solar cells only. Glass like any other component of solar module is left out to be decided whether it is to be sourced locally or imported but, we produce a competitive product and have priced it competitively. We believe that once the expansion of the demand takes place by way of increase in the module manufacturing activity, the scale will rise for us and other component manufacturers also and the demand itself will actually ensure that we earn good margins.

- Samir Gandhi:** Okay, thank you and last question you yourself using some solar power for your factories?
- Ashok Jain:** We do have wind power which we had installed some years back and now we are going to set up solar and wind hybrid project which will be commissioned in the coming financial year. So, we will probably shift to close to 25 to 30% of power from our own renewable sources in the foreseeable future maybe after October 2022 or so. That is the maximum allowed as per the policy though we wish that we can consume more power from renewables but there are policy restrictions due to which we will have to be satisfied with that.
- Samir Gandhi:** Best of luck for future and thanks for giving me an opportunity.
- Moderator:** Thank you. The next question is from the line of Dhiral from Phillip Capital. Please go ahead.
- Dhiral:** Good afternoon, Sir. Thanks for the opportunity. As you mentioned in your opening commentary that currently the glass prices have come down globally, particularly in China, so assuming the price remained same for the quarter and with the current prices of raw material which is there right now. How much impact we can see on the margins?
- Ashok Jain:** The impact of raw material prices as I had mentioned earlier in the quarter January to March it will not be significant because our earlier contracts of soda ash are still to be fulfilled completely. The increase will be marginal in that sense. So, from the perspective of any meaningful or significant contraction in the margins we do not foresee significant drop but there will be some impact and on the selling price also there will be certain amount of impact which I have already mentioned that prices are fluctuating almost every ten days. So, we cannot be certain and see what the realization will be by the end of March..
- Dhiral:** What is the reason for such volatility in the prices as these are fluctuating every ten days?
- Ashok Jain:** Basically what we believe is that the Chinese manufacturers or the Chinese owned companies which are set up in other geographies like Malaysia and Vietnam operate based on certain comfort of keeping inventories and certain level of infrastructure which they have to keep the inventory. In case the inventories rise beyond control, they try to liquidate the stocks at lesser price which creates a ripple in the market in terms of the price fluctuation and of course the expansion plans for those companies or the demand-supply situation could be additional features why the prices fluctuate like this. This demand-supply scenario in nutshell is the reason why the prices fluctuate so much.

- Dhiral:** Lastly what could be the peak debt that you are comfortable with by the time our SG-5 commence?
- Ashok Jain:** As an internal policy of the company and the management we would like to restrict our debt to two times of EBITDA.
- Dhiral:** Okay, and lastly what is the contribution of the thinner glass or bifacial glass from the overall revenue?
- Ashok Jain:** When you say thinner glass, we call thinner glass as 2mm, 2.5mm and 2.8mm which comprise nearly 30% of our portfolio. Whether it goes in the conventional or bifacial module we do not control. Our thinner glass portfolio is at 30%. The share of 2mm is expected to exceed 30% going forward because the thinner glass demand is going up.
- Dhiral:** So, it commands the higher prices also or the prices remain same?
- Ashok Jain:** Yes, it is better on a per mm per square metre basis because the output is also slightly impacted in terms of the yield and the cost with that becomes little higher, but still the margins are relatively better in the thinner glass.
- Dhiral:** Thank you so much.
- Moderator:** Thank you. The next question is from the line of Devesh from DS Investment. Please go ahead.
- Devesh:** Thank you for the followup. Just wanted to get some sense on cost part right, because once we have SG-3 coming up which is more than doubling the capacity. Could you help us understand in terms of operational efficiency or any internal metrics like cost per ton or something, how do you see that improving and if you were to sort of take it little longer-term and all the duties and all exist do you have sense that we are getting to a steadier state level playing scene against Chinese or those players, just qualitative, quantitative any thoughts would be helpful?
- Ashok Jain:** In terms of the expansions, we will certainly accrue certain economies of scale because the overheads and the wage costs will be spread over the larger production which will definitely help us to expand our EBITDA margins. Whether it will be 2% or 3% or 4% that we have to see but one can say between 2 to 4% accretion in the margins could take place on account of scale.

Moderator: Thank you. The next question is from the line of Tariq Hussain from Gringotts Capital. Please go ahead.

Tariq Hussain: Thank you for the opportunity, I just have one question. We have seen demand for bifacial modules increasing in China and other places, I just wanted to get a sense if you see the same demand in India and how is it impacting the demand scenario at your end?

Ashok Jain: In India so far there is not much demand for the bifacial or thinner glass of 2mm, but it is now catching up and all the large manufacturers in India maybe 10 of them who are large manufacturers, are talking of big size modules which are currently in fashion and also the thinner glass. So, we believe that we will soon catch up on bifacial module trend. To what extent it will penetrate, we have to see in next one or two years but the demand for the thinner glass and larger size and for bifacial module is going to grow significantly worldwide and India will also see a similar trend.

Tariq Hussain: Okay, thank you. That is, it from me. All the best for the next quarter.

Moderator: Thank you. The next question is from the line of Anuj Upadhya from HDFC Securities. Please go ahead.

Anuj Upadhya: Thanks for the opportunity. Sorry Sir, I joined a bit late, probably you would have answered this question but still I want to have a clarification. Could you just mention what kind of premium does 2mm glass have compared to the other thicker glass module? You also mentioned that the margin across the 2mm glass is much better, if you can just give a ballpark figure the premium which is has over the conventional one?

Ashok Jain: In the Indian context the 2mm glass demand is virtually not there as of now. It has just started and how it will be priced, we will see as we go along. But in terms of the international market the prices are higher by close to 25 to 30% compared to their normal 3.2mm glass on 1mm, 1 square metre basis and that the cost is also higher compared to manufacturing 3.2mm. So, margins are better. What exactly is the number I cannot really talk to you on this line but the profitability in making thinner glass is definitely better.

Anuj Upadhya: Okay, fine but do we export 2mm as on date?

Ashok Jain: Yes, we do export 2mm.

Anuj Upadhya: Okay, and you mentioned that probably it could be in the range of 20 to 25% of our total portfolio?

Ashok Jain: That also includes 2.5mm and 2.8 mm, a significant amount of this thinner glass portfolio what we have is 2.8mm and all of it is going in domestic market. So, from the perspective of what is the share of 2mm and what is the export, that is not very high, it may be a couple of percentage 3 to 4%.

Anuj Upadhya: Fair enough Sir, and you mentioned this could go closer to 30% going ahead considering the international and domestic demand?

Ashok Jain: Yes, that is what the projections by various agency shows that bifacial modules will cross 30% of the overall installation, it has already happened in China, and it is also catching up in India and other geographies including USA and Europe.

Anuj Upadhya: Got it and lastly just a follow up on the PLI scheme, now we have seen that many local manufacturers are now planning to expand their existing capacity and also many new players who planned up a huge capacity in the solar manufacturing. Can you just throw some highlights whether they would be manufacturing the glasses as well or it is only a particular equipment that is the cells and modules is what these guys are targeting?

Ashok Jain: It is entirely at the discretion of each of the manufacturer to set up and backward integration to the extent they would like to but generally speaking in the Chinese market or other international markets the glass production has been with different set of people and module and cell manufacturing has been with the different set. But in India some people have taken that kind of call to produce solar glass also internally more particularly because significant capacity is not available in India, the market is not matured to that extent as in China and also, they would like ensure that their supply chain is not disrupted because of the dependence on the imports and all these geo-political situations. So, they have taken the call to install certain capacity for their captive consumption. Now, whether one will do, or everybody will do is for every individual company to make that kind of decision. What we know is that only two companies have so far discussed this kind of situation rest of the people are still looking at glass suppliers for the glass supply.

Anuj Upadhya: Fair enough Sir that is confirmed. Thank you.

Moderator: Thank you. The next question is from the line of Dhruv Kashyap an Individual Investor. Please go ahead.

Dhruv Kashyap: Good afternoon Kheruka Ji and let me begin by thanking you for the excellent stewardship that you provided to the group over the last few years and especially in these tough times so, thanks a lot for that. My first question to you Sir, is that just looking at the landscape in terms of its opportunities and threats everybody as their grandfather is talking solar and

investing in solar and getting into solar, but if I was to flip that around and look at it from the threat perception especially as bigger and bigger conglomerate get into the entire chase. Would not too many people start of fully integrating putting up their own glass units over a period of time because some of these guys would be big they could also start arm twisting the government in terms of saying that we need a lot more glass then would manufacturers to remove any kind of protection and let us buy from outside which will be harmful to us and thirdly also that as we know that while 25 and 40 BCD and all is on the module etc but on the glass other than the counter duty of 9% odd from Malaysia and maybe a bit from China even from Vietnam we are not protected. So, if they understand is there a cause to significant concern in terms of power growth prospect to the glass manufacturer or the solar will be booming in the future?

P K Kheruka:

The answer is simple on that, until the 9th of March 2021 there was no kind of duty or tariff barrier on the entry of solar glass from Malaysia, Malaysia has a large production of solar glass, and they could easily service lot of the requirement of the Indian manufacturers as and when required and when the goods were entering without any hindrance. We posted our most interesting results that were for the quarter ended March 2021 which if you notice we did well in that quarter. So, the fact is that while the question of competition is open ended, we faced competition, I have personally been in the business for 50 years I had competition all the time and I understand how to fight competition and we do it, so I am not really worried about it, let us put it that way.

Dhruv Kashyap:

Okay, that is good to know. Second question is more on the expansion, now I think this first time we raised money was in December 2020 for SG-3 and we pretty much had most board approvals and let us say internal approvals for SG-4 in place starting 2021. My understanding is that if we raised money in December 2020 and if we are likely to see SG-3 come up on stream between July-August-September it is roughly an 18 plus month lead time. So, earlier if you saw these chart on progressive expansion of capacity people always lean towards Q2 of FY2023 or Q2 of FY2024 now it is more Q3 and given that we have not even started the process, let us say if you start in April-May would we not be looking at the next one only towards the end of 2023 and the subsequent one towards the end of 2024. So, if there is so much of interest in the solar sector and there is an advantage of getting in first and sort of building scale so that everybody has to come to us later why is that, that we are taking longer than anticipated on SG-4?

P K Kheruka:

We have to balance many things and one of the things we have to balance is also our risk appetite and there is a set amount of risk that we are prepared to take and beyond that it is not safe for the organization and for the investors, for everybody. So, we can only take measured steps and I think we are doing well on that. To answer your question about the time that we took I would like to say that our second furnace that we did, we had lit the

furnace in under 14 months and that was a remarkable achievement, I do not know if anybody in India has ever done that. The reason we have taken longer on this furnace was it is a completely new furnace; it is much larger than anything that has been done before and therefore there is a lot to be done in design aspects of that thing. The other thing which has caused a lot of delay in this particular SG-3 is COVID. So, we faced COVID twice, once first wave, second wave. The first wave came up only in August-September of 2020, did not come up in April or May. So, we faced two waves of COVID within less than nine months of each other between the tapering of one and the starting of the next and these things did set back procurement and stuff like that for a bit. But we are on track now and the chances are that SG-4 should not take as long as SG-3 did.

Dhruv Kashyap:

Would it be safe to say that SG-4 work is happening and fundraise etc should happen soon and it should not take 18 to 20 months, so maybe on stream will happen faster. But more importantly are we looking for a fundraise sometime in the next one or two or three months or it is going to be longer?

Ashok Jain:

We cannot say the exact time line for fundraise but fundraise will definitely be done in the first half of next financial year which is from April to September, so that much we can commit and in terms of the possibility to come faster, the fourth furnace is more or less identical to the third furnace. In the third furnace we had done lot of changes in design as it was a large furnace and different set of equipment have been used or larger diameter things have been used from that perspective but fourth furnace will be, or the equipment will be exactly duplicated, so there will not be any time consumed on designing the things and all and the orders will be just repetitive. So, it should be done faster. On a conservative basis we have put the date, but we would like to do it faster than what we commit actually.

Dhruv Kashyap:

Just to close this point, if you are saying that we do the work starting April to September then if we are still putting Q2 of FY2023- 2024 as the timeline which means that even if we delay our fundraise or our work start to August – September we still feel confident of landing it in 12 months from then on to hold on to Q2 of 2023-2024 hypothetically if there are no further draw backs along the way?

P K Kheruka:

We like to be conservative that is why we are saying in the event that we do start in April 2022 we should be in production in 18 months, I mean that is what we would like to say there is no joy in over promising. So, I think 18 months is good time for any large factory and that is a good one. So, we can always try to advance it and that might happen also but, that is speculative frankly.

Dhruv Kashyap:

But bottom line is at the fundraise and all activities internally should start in April to September to be able to target September of next year kind of on stream?

- P K Kheruka:** The question of fundraise one can also take in debt, one can take term debt and start the SG-4, so it is not necessary that we go for a fundraiser, we would like to do it. But as I said before that this is a subject of careful consideration, and we have good advisors for financing, and we take their advice and so on that is why we are not able to put the finger on exactly when and in what way we will do this. Frankly speaking at the moment, we do have plans to go to public.
- Dhruv Kashyap:** But principally speaking you are working backwards to say that you are still targeting Q2 of FY2023-2024 so hence working backward by when do you have to take a decision. Correct, I mean principally speaking that would make sense?
- Ashok Jain:** Yes, you are right.
- Dhruv Kashyap:** Pradeep Ji, my last question if I can squeeze one and this is the one I love asking you always since you are an absolute expert in this sector. Currently solar and renewable has still been used largely for power generation, right or electricity layman's term. To me the application is a lot more for example what role can solar or renewables play in the electrification of vehicles, locomotives, I do not know what else we can do, there would be B2B applications, and there would be B2C application well beyond just electricity. So, has the company looked at these and are we seriously evaluating some prototype stage or in some shape of form to sort of action beyond just electricity?
- P K Kheruka:** To answer your question, the thing is this that our specialization is in glass making and we are making glass now. What happens here is that we foresee that there would be an opportunity to have small panels for portable solar power, if you have a mobile phone maybe you just need a small solar panel the size of your laptop or smaller where you could put it out in the sun just allow that to charge your phone or maybe your computer and lot of mobile power in the sense of perhaps cooking as a small induction heater or something of that sort. Now, we are limited to supplying small size glass. The actual panel and the other device somebody has to make because we are not in that and therefore, I cannot say how people would take it forward. So, if people want glass of smaller sizes, larger sizes we are ready to give it to them and they do what they must with it.
- Dhruv Kashyap:** To understand this well if for example there is way to use solar to power automotive or there is a way to solar power cooking or solar power locomotive and if the application or the apparatus or the module is being developed by someone, we can at least do the prototyping of the glass at our end to be ready to supply to any such usage?

P K Kheruka: Correct, we can work on the glass that somebody would need for a special application, in fact people come to us from time to time we express our interest and then they back off. But the point is that we are ready to work on that any time.

Dhruv Kashyap: For you it is not a very long process, I mean you can just quickly prototype it and get into production if required?

P K Kheruka: It depends on what the nature of that, I cannot say really what shape, size he wants etc.

Dhruv Kashyap: Sure, thank you so much Pradeep Ji and thanks once again for the excellent stuff that you all are doing for both the company. Thank you so much.

Moderator: Thank you very much. Ladies and gentlemen, due to paucity of time we take that as a last question for today. I would now like to hand the conference over to the management for their closing comments.

P K Kheruka: I would like to thank my team in Borosil for the wonderful work that they do. We are proud of our team, and we are proud of the work they do, and we are proud of our investors for their faith in us and we are proud of all stakeholders, our customers who repose their faith in us. Together we are taking large steps towards making India Aatmanirbhar and we hope to continue to serve you better as time moves by. Thank you very much.

Moderator: Thank you very much. On behalf of Axis Capital Limited we conclude today's conference. Thank you all for joining. You may now disconnect your lines.