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May 10, 2022

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| **BSE Limited**<br>Phiroze Jeejeebhoy Towers,<br>Dalal Street, Mumbai – 400 001<br>Scrip code : 502219 | **National Stock Exchange of India Ltd.**<br>Exchange Plaza, C-1, Block G,<br>Bandra Kurla Complex,<br>Bandra (East), Mumbai – 400 051<br>Symbol: BORORENEW |

Dear Sir/ Madam,

**Subject: Transcript of Institutional Investors and Analysts Conference Call**

We enclose transcript of conference call with Institutional Investors and Analysts which was held on May 06, 2022.

You are requested to take the same on record.

Yours faithfully,

**For Borosil Renewables Limited**

Borosil Renewables Limited Mumbai

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

**Encl: as above**

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# “Borosil Renewables Limited Q4 FY2022 Results Conference Call”

May 6, 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 Q4 FY2022 results conference call hosted by Axis Capital Limited. As a reminder all participant's 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 "*" then "0" on your touchstone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Kevyn Kadakia from Axis Capital Limited. Thank you and over to you Sir!

**Kevyn Kadakia**: Thank you Faizan, Good afternoon, everyone. I am Kevyn Kadakia part of research for capital goods and logistics sectors of Axis Capital. On behalf of Axis, I am pleased to welcome you all for the Borosil Renewables Limited quarter and full year ended March 2022 earnings conference call. We have with us the management team today from 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 Q&A session. Thank you and over to you Sir.

**P K Kheruka**: Good afternoon and welcome to the Borosil Renewables FY2022 investor call. It is a pleasure to be interacting with you once again. The board of the company approved the company's financial results for fourth quarter for the year 2022 and for the whole year ended March 2022 as well on May 5, 2022. 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 year gone by, the company recorded net sales of Rs.644.2 Crores, an increase of 28% over FY2021. Sales volumes on a quantitative basis grew by 11% over the year. Net sales were also boosted by higher average ex-factory prices of tempered solar glass during the year. Average prices during the year were about Rs.133 per millimeter per square meter as compared to Rs.119 per millimeter per square meter in FY2021, an increase of 12%.

Export sales during FY2022 including to customers in SEZ were Indian Rs.171 Crores comprising 27% of the turnover, an increase of 55% over FY2021 while direct exports were Rs.127 Crores up from Rs.67 Crores in FY2021. During the last quarter of FY2022 the company recorded net sales of Rs.179.1 Crores. From a quantitative standpoint, sales volumes were 2% higher than for the same quarter in the last year; however, owing to a lower average ex-factory selling price by about 14%, the sales value was lower by 8%.

For the year gone by, in addition to the inflation and prices of natural gas, soda ash, packing materials and other commodities, logistic costs have also escalated disproportionately, more so in the second half. However, higher annual average realizations for the year have covered these cost increases. EBITDA during the financial year ended 2021-2022 including a subsidy of Rs.9.7 Crores from the Government of Gujarat was Rs.265 Crores corresponding to an EBITDA margin of 41.1% as compared to an EBITDA margin of 40.4% for the year ended March 2021. During Q4 FY2022, the EBITDA margin was 34.9% as most part of cost increases took place in the last three to four months of the financial year whereas the selling prices prevailing during this period were at the previous lower levels. Consequently, the cost increases are not commensurately covered in the selling prices.

Higher EBITDA led to an increase in the profit after tax and the company has recorded a profit after tax of Rs.165.9 Crores, which is an increase of 85% over FY2021. Profit after tax during Q4 FY2022 was Rs.46.4 Crores. This is a decline of 31% as compared to Q4 of FY21 which was an exceptionally higher base quarter driven by the then prevailing high prices of solar glass. The profit after tax as a percentage of sales during the last quarter for the FY2021-2022 was a healthy 25.9%.

The demand for solar glass remains high in both the domestic and export markets. The current geopolitical climate has also heightened the need for power security by enhancing solar capacities available from domestic production. The country has seen solar installations rise to over 12.4 gigawatts in the FY2022, which is almost 80% higher than the previous year. This is expected to rise exponentially in the coming years led by the policy and fiscal measures undertaken by the government in the recent past. There has been a significant import of modules in the last quarter of the FY2021-2022 by developers and others to avoid payment of basic customs duty, which came into effect from April 1, 2022. While this may to an extent impact demand for components during the current quarter, we see no signs of this nature.

During FY2022 the average gross pull of glass from our furnaces was 443 tons per day on a capacity of 450 tons per day. We have been producing at capacity and selling out the entire production. As many of you are aware, the company has undertaken a Brownfield expansion project SG3 to enhance the capacity by another 550 tons per day bringing the total production from this location up to 1000 tons per day during the second half of this year. Global supply chain bottlenecks are likely to delay the commissioning by two or three months. This will significantly enhance the capacity and capability of the company to meet the growing demand for current products as well as the larger glass sizes, which are becoming more popular.

As some of you are aware, the company entered into an agreement to acquire 100% stake in the Interfloat Group, the largest solar glass manufacturer in Europe.

Interflow group has a production capacity of 300 metric tons per day in solar photovoltaic, solar thermal, and greenhouse glasses. It has manufactured solar glass since 2010 and enjoys deep-rooted relationships in the European glass trade for over four decades. The acquisition was made for a consideration of Euros 52.5 million, which is tantamount to about Rs.425 Crores. There is an additional consideration payable based on performance over 2024, 2025 and 2026 by sharing the EBIT, but not exceeding 50% of each respective year. During the calendar year 2021, the Interfloat Group posted a revenue of 60 million Euros, which works out to about Rs.525 Crores.

The acquisition will accelerate investments in new products and technology development in Interfloat that will benefit customers. Borosil's expertise in achieving high efficiency in the manufacturing process to enhance throughput and lower costs will bring economies of scale to Interfloat's expansion and manufacturing plants. We expect a significant jump in the demand for solar glass in Europe in view of the enhanced focus by the governments to reduce dependence on Russian gas and Chinese solar components. Many new module manufacturing plants are expected to be commissioned besides capacity expansions by the existing manufacturers. Customers of solar glass in Europe are looking for availability of higher volumes from a diversified and reliable supply chain with domestic roots. There is a plan to increase the capacity at the Interfloat plant from 300 to 500 tons per day in the next 18 months.

The current SG3 expansion in India will take Borosil Renewables' domestic capacity to 1000 metric tons per day by September 2022. Together with the 500 tons per day enhanced capacity from its European operations and proposed SG4 the company expects to have a total capacity of 2050 tons by the end of the year 2022-2023 while de-risking production from a single location. The company also plans to further increase its capacity to 2600 tons per day in calendar year 2025 by way of SG5.

We are pleased with the performance in financial year ended March 2022, we saw increased sales serviced at virtually 100% capacity production from the factory. The implementation of the third furnace has progressed well, but for small unforeseen delays owing to global supply chain issues, which are outside our sphere of control. We have completed the acquisition of Interfloat to establish an ongoing presence in an important market for Borosil Renewables. I am proud of our team's achievements and look forward with confidence to continue doing their best in the future with a larger team that now includes our colleagues in Europe. With that, I would now like to open the floor to questions that you may have. Thank you.

**Moderator**: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Avnish Khara from VT Capital. Please go ahead. We will move on to the next question from the line of Mohit Kumar from DAM Capital. Please go ahead.

**Mohit Kumar**: Good afternoon, Sir and congratulations on a very good quarter especially the fiscal year. The first question is on the GMB plus Interfloat, which you are acquiring, so what was the margin in FY2022 for the entity and how do you plan to improve it and is there any plan to increase the capacity for Interfloat and GMB over medium term?

**P K Kheruka**: We have not shared the margin with anybody yet. I can just say it was very good. Once we take a call to share this information, we would certainly share it. The issue with Interfloat is that during the current year, the prices of inputs like natural gas, electricity and soda ash, had gone up like for everybody else and therefore that has brought margins under some pressure. It is still profitable, but the margins have reduced somewhat. We are renegotiating prices with our customers and after some time once the horizon becomes clear, we will be very happy to share the outlook with you. We must remember that the agreement was signed as recently as April 25, which has really given us about 10 days between then and now to have been able to understand the workings of the company in detail. I am now asking Mr. Ashok Jain to add his observations here.

**Ashok Jain**: The closing of the transaction is yet to take place, which will be two months plus down the line. Once we have control of the company, we can start sharing all the information including consolidated results. So, let us wait for some more time before you have all the numbers with you. We will have complete transparency in terms of information sharing as per listing requirements.

**Mohit Kumar**: Understood Sir. Given the fact that the expansion will get commissioned in this fiscal year, I think in the Q3 CY2022, so how do you see the demand panning out? Are we in talks for further some kind of quantity tie-ups given this large capacity is coming up?

**Ashok Jain** : Yes, the demand in India is quite good actually; last year the country has added more than 12 gigawatts and less than half of it was manufactured in India. With BCD and PLI schemes having come into play, the domestic manufacturing of modules is likely to run up quite significantly. The imports are going to drop and that would mean that the demand for glass is going to be substantially higher than before. So, commissioning of our SG3 project by September is well-timed. Our customers are of course in touch with us for long-term tie-ups as well. We believe that we will be able to conclude some of these contracts within this quarter. As of now, nothing has been in the sense concluded, but discussions are in progress with at least three or four large buyers. We will have long-term tie-up with them and we are quite sure of the demand. Sale of the extra production will not be a challenge.

**Mohit Kumar**: How about the capacity utilization in Q4 FY2022 and how is it currently?

**Ashok Jain**: FY2022 was fairly flat out. As we mentioned, it was 443 tons per day or so, against the capacity of 450 tonnes per day. So, it was virtually 100% and in the current quarter also besides certain downtime in the machines in April, we are running at almost full capacity.

**Mohit Kumar**: Last question; how are you managing our gas requirements? Is it completely spot or is it some mix of APM or something?

**Ashok Jain**: We have a couple of different types of arrangements. We hardly buy anything under spot. We are fairly comfortable in terms of the costing, because we are not buying under spot. Of course some quantity comes under APM i.e about one third of the requirement.

**Mohit Kumar**: All the best. Thank you.

**Moderator**: Thank you. The next question is from the line of Keval Ashar from DSP Investment Managers. Please go ahead.

**Keval Ashar**: Thanks for the opportunity, Sir. I have two questions. First is related to your German acquisition, what is the annual solar PV addition in the European market that we expect and second is what percentage of total solar glass requirement in Europe is currently imported?

**Ashok Jain**: Annual addition in Europe is close to 20 gigawatts, but local manufacturing is quite limited as of now. It is less than 3 gigawatts. Similar to the Indian program of “Atmanirbhar Bharat”, they also have “Solar Accelerator Program” where local module manufacturing and local solar cell manufacturing are being promoted. We believe that the local manufacturing of solar modules will go up to 8 to 10 gigawatts in the next two to three years’ time and this will propel the demand for solar glass in Europe. This is one of the reasons why we have taken this step of getting into this acquisition and are also looking at expanding its capacity immediately.

**Keval Ashar**: Got it Sir and the second is in India as you see many module manufacturers are aggressively expanding the capacity post the BCD and also by CY2025 we will be able to cater to 15 gigawatts of solar modules in India, so what is the possibility of us signing annual contracts with all these large model manufacturers?

**Ashok Jain**: I just mentioned that we are in discussion with many large module manufacturers. The agreements have not been concluded as yet but, they are in advanced stage of finalization. The customers are eager to have long-term supply arrangements in order to secure their supply chain. We are also keenly interested to have those contracts so that our capacity utilization is fairly stable and we have benefits of larger production runs with higher efficiencies.

**Keval Ashar**: Thank you so much.

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

**Anuj Upadhyay**: Thanks for the opportunity, Sir. You mentioned about the average expected price of tempered solar glass for the entire year as a 133. Could you just quantify it for the quarter and for the corresponding quarter of previous year as well?

**Ashok Jain**: We already mentioned that the Q4 FY2022 realization has been lower by 14% compared to the corresponding quarter in the previous year. In terms of the number for this quarter, it was about the same as the average of the full year.

**Anuj Upadhyay**: 133 around.

**Ashok Jain**: Rs.134 actually.

**Anuj Upadhyay**: Okay, but this is slightly lesser than what we saw during the Q3. Q3 saw the number rising slightly above 140 and factoring the thing that the input cost has already gone up, any reason why the realization was down by 4% on a Q-On-Q basis whereas it has been much higher?

**Ashok Jain**: As we have been explaining in all our investor calls, the prices largely depend on the landed cost of imports. As the landed cost of imports have moved southwards or northwards our prices have been adjusted accordingly on a quarter-to-quarter basis. That is why you see that there has been a decline in the last quarter, but as we speak the prices have again started to go up from the level prevailing in the last completed quarter. FOB Prices are actually up by about 14% to 15% already in the current period. So, these are fluctuations, which we have to live with. In terms of the international supply chain, India still depends on imported glass to the extent of more than 65%. This is quite sizable and cannot be ignored. The prices are accordingly moving because of the imported prices.

**Anuj Upadhyay**: Okay and next on this acquisition of Interfloat Sir. You mentioned that Europe is also following the similar pattern, which is being seen in India where the domestic manufacturing is given more importance, could you also highlight or mention about what kind of import restrictions or the duty, they are imposing on the Chinese solar glass manufactured over there?

**Ashok Jain**: Europe has anti-dumping duty against China of the order of 55% to 60% depending on the source. Against other countries, they do not have any anti-dumping duty. So, India is a preferred source of import in Europe because of China plus one strategy and we find a better pricing also in terms of our realization because the local prices in Europe are fairly high. So, we are very keen to expand our supply to European markets.

**Anuj Upadhyay**: Okay Sir. As you mentioned about the proportion of exporting the overall sale and after this acquisition, what kind of change we are expecting in the import, export going ahead - over next two to three years?

**Ashok Jain**: Our direct exports are about 20% of our production and which we believe we will continue to have on a longer-term basis. SEZ exports are close to 7%. So, that is within India, but it is an export from that perspective, so we believe that these percentages will continue after the expansion too.

**Anuj Upadhyay**: Fair enough Sir. That’s it from my end. Thank you.

**Moderator**: Thank you. The next question is from the line of Monika Gandhi from Aditya Birla Sun Life Mutual Fund. Please go ahead.

**Sachin:** I am Sachin from Birla Mutual Fund only. I just want to ask the question, last quarter margin got impacted because of increase in the input cost mainly the fuel cost, soda ash and gas prices, so considering the fact that the Borosil Renewable is the only manufacturer in India, is it not possible to pass the price onto the end user?

**Ashok Jain**: This question is to be answered in the same way as we indicated earlier. Import prices are the governing factor for the prices which we can get from our customers in India. All said and done, we tried to pass on the post increases, but again we are restricted by the landed cost because the customers have a choice to import. We also have to assume that there is a certain time lag between the cost increases and the time to adjust any selling prices because you have to convince the customers to absorb a certain portion of the cost increases. We are in continuous dialogue with our customers to do so and as I said the prices from China or Malaysia have already started to go up. So, there has been a rise in the prices in the current quarter. So, we will see an impact over a few quarters that these costs are to a great extent passed on.

**Monika Gandhi**: Okay, how exactly you negotiate or renegotiate the contract with your customers?

**Ashok Jain**: Our supplies are normally on month-to-month basis. So, every month there is a price negotiation and quantity confirmation from the customers. Sometimes it is done on quarterly basis.

**Monika Gandhi**: Okay.

**Sachin**: That's it from my side.

**Ashok Jain**: These cost increases are applicable to all the solar glass manufacturers around the world, so we are not the only ones to get affected because of the cost increases. Everybody is looking at their own balance sheet and P&L and trying to readjust the prices to the reality and this of course has some time lag.

**Monika Gandhi**: Okay.

**Moderator**: Thank you. The next question is from the line of Pradyumna Choudhary from JM Financial. Please go ahead.

**Pradyumna Choudhary**: Thank you for the opportunity. I just wanted to understand like you explained the rationale why we have gone ahead and purchased Interfloat Group, but from the seller's perspective, I just wanted to understand the rationale especially considering that even the valuation seems to be on a reasonable side I would say?

**Ashok Jain**: Sellers are actually not from a glass manufacturing background and they are basically financial investors. They are not a glass manufacturer and were looking at the capex plan, which was in front of them. They also looked at what Borosil Renewables had been doing in the same space and they were quite comfortable in talking to us on the particular transaction and they also saw that we have been doing quite well in terms of our production, our profitability. They cross checked our background and everything and the transaction got finally negotiated and concluded. In terms of their thought process, they would have also thought that by joining hands with us as a major partner, we will be able to smoothen out the capex program as well as run the operations more on a long-term basis, because we are a glass manufacturer of more than six decades standing. So, they saw a good partnership in us. Initially, they had agreed for 85% stake sale, but finally they agreed for 100%. They visited our plant and they were comfortable with our project, our operations, and our profitability and every other aspects of business and also saw that the Indian market is growing very fast in this space. So, they went ahead with a swap of a certain portion of the acquisition cost. They are also equally interested in Europe through the holding company Borosil Renewables as they remain interested in the European operations which will be a subsidiary. The transaction got concluded at a very comfortable level. It is a 30 million cash payment and 22.5 million shares swap. This is comfortable from our side as well in terms of obligation and ability to do the transaction.

**Pradyumna Choudhary**: Thank you Sir. That is all from my end.

**Moderator**: Thank you. The next question is from the line of Dhiral from PhillipCapital. Please go ahead.

**Dhiral**: Good afternoon, Sir. Thanks for the opportunity. How are we looking to fund the expansion that we are planning for Europe as well as for our SG4 and SG5?

**Ashok Jain**: For the European expansion, we are still calculating the capex requirement. The existing team has worked out some numbers which we are evaluating. We are looking at the project design itself and there could be certain changes there. I*n* terms of the financing of the overall project cost there, we will be taking certain amount of loan in the target company. There is also some government subsidy from the state government over there, which will be utilized for the project and some amount of funds will be provided from internal accruals which have been accumulated in the company. This is the likely financing pattern for the European operations capex. In India, for SG4 we have still not firmed up our financing plan, but it will surely be a mix of debt and equity and internal accruals. Maybe in next couple of quarters we will come back to you with that information after approval from the board of directors.

**Dhiral**: Okay. Is the cost of operations in Europe is same as we operate in India or is it higher?

**Ashok Jain**: In terms of the inputs cost basically the soda ash and other commodities are internationally priced, but currently the gas price is out of whack from the perspective of European operations because of the Russia-Ukraine crisis. In terms of the manpower cost it is higher in Europe, but at the same time the local production is very valuable for the domestic buyers and correspondingly they are able to recover higher selling price from the customers. So, on a net basis though the costs are higher, the prices are also higher and there is a decent amount of EBITDA in the company, which is quite comfortable from the European operations point of view.

**Dhiral**: What is the market share of Interfloat in European region?

**Ashok Jain**: It is close to two-third as of now and one-third is being made up by imports from India, Malaysia, Vietnam and other places.

**Dhiral**: Okay and Sir lastly there is a 13%, 14% price increase that we are seeing currently so is it fully covering the cost inflation which is there?

**Ashok Jain**: Not fully.

**Dhiral**: Okay, so you feel that margin pressure would continue even in Q1?

**Ashok Jain**: I would not comment on that because the prices keep changing every 10 days and prices could change rapidly also. So, I would not put a number to it as of now.

**Dhiral**: Thank you so much and that is all from my side.

**Moderator**: Thank you. The next question is from the line of Kashyap Javeri from Emkay Investment Managers. Please go ahead.

**Kashyap Javeri**: Thank you very much for the opportunity. A couple of questions from my side. One, this 1000 TPD capacity would be equivalent to, how many megawatts if we were to compare to that?

**Ashok Jain**: It will be close to 6 gigawatts plus.

**Kashyap Javeri**: Second question is on this again, Interfloat in the last question you mentioned that it is about the market share of Interfloat is about two-third, if I got the numbers correctly you said total the size of European market is about 20 gigawatts of which domestic production is about three gigawatts and of that three gigawatts, Interfloat is about two-thirds?

**Ashok Jain**: Yes, so total manufacturing is about 2.5 to 3 gigawatts and whatever the Interfloat production is taking place, the entire production is getting sold in Europe and that would be equal to about 65%, 66% of the demand.

**Kashyap Javeri**: I can see about Rs.300 Crores of CWIP already there on the book as of March 2022, this additional 550 TPD, which we are putting up what would be the cost per TPD that we are incurring?

**Ashok Jain**: The last approved price for the project is Rs.650 Crores, which has been approved by the board. So, it would be about Rs.650 Crores of 550 tons per day.

**Kashyap Javeri**: Okay and last question from my side in this 450 TPD, I understand about two-and-a-half years ago there was some talks about reducing the thickness of the glass and consequent improvement in the overall freight cost and its impact on the margin, so in this 450 TPD today what is the breakup of if you look at the thickness what would be the break-up?

**P.K.Kheruka**: I am very happy to say as much as 27.3% of the total production of the company is now being sold in thicknesses which are less than 3.2. It is taking its time in getting accepted, but it is getting accepted and we are drawing more. These are more remunerative for us.

**Kashyap Javeri**: When you say less than 3.2, this will be largely 2 mm?

**Ashok Jain**: This includes 2 mm ,2.5 and 2.8 mm all three thicknesses.

**Kashyap Javeri**: Okay and the difference in the freight cost is a percentage of the selling price, what would be number between the two?

**Ashok Jain**: Freight difference is not significant. Actually lower thicknesses are remunerative. They yield prices higher than the proportionate reduction in the thickness. So, one square meter of 3.2 may be selling it say Rs.500 and 2.1 may be selling at 400. So, it is not proportionately lower in that sense. You get a higher average per square meter per millimeter of glass when you sell a lower thickness glass. These glasses are becoming popular because of the bifacial modules coming into play in a very big way in China and other parts of the world including now in India. This demand would rise significantly in the years to come, which will be good for the company because the company is equipped to make 2 mm glass and supply to the customers here. We are already exporting 2 mm glass.

**Kashyap Javeri**: Okay and last question from my side, in your total order book as of today or let us say total sales also today, how much would be PSU?

**Ashok Jain**: PSUs are very limited. BHEL is yet to resume their production. Earlier they were running at about 200 megawatts but they had stopped production in between., They are the largest customer in PSU but otherwise there are not many PSUs. Rajasthan Electronic and Central Electronics are also to some extent buyers.

**Kashyap Javeri**: Okay, that is it from my side. Thank you so much.

**Moderator**: Thank you. The next question is from the line of Akshay Kothari from Envision Capital Services. Please go ahead.

**Akshay Kothari**: Thanks for taking my question. Sir I wanted to understand regarding this Interfloat acquisition like in India, the pricing power we have is based on the landed cost of imports, so in Europe how is the pricing power like you did mention that their local manufacturing is favored by the local population, so can you throw some light on that?

**P K Kheruka**: In Europe, the domesticity of the source of supply is very important and therefore in the case of many consumers who are large volume consumers they do not compare the prices with imported prices. That is done mainly by the smaller producers. There is a system of pricing, system of buying there is a little bit different.

**Ashok Jain**: Particularly in Germany and other parts, there are annual contracts done by the Interfloat Group with its customers. The customers want a dependable supply source and also a consistent volume coming to their factories because solar glass after all is about 11%, 12% of the cost of module. They would like a dependable source, which is available in the form of Interfloat there. So, the pricing is not exactly in tune with the imported landed cost, but it is on a certain decent margin basis on which Interfloat has been able to sell their volumes to the customers and customers are willing to pay that slightly extra price for this kind of assured supply chain.

**Akshay Kothari**: Okay and could you uh just give a sense of cost of generation of power from solar energy vis-a-vis any other source of energy in Europe or like what is the differential going on right now?

**P K Kheruka**: Solar energy is much cheaper than any other source of energy, we could not give you more detail than that because we are not that familiar with that market yet but it is by far the cheapest source.

**Akshay Kothari**: Were there any other buyers for Interfloat?

**Ashok Jain**: No, it was a bilateral transaction. We had a discussion with them and then we both got interested in the transaction so there was no process being run. It was a bilateral deal.

**Akshay Kothari**: Okay, thanks a lot and all the best. Thank you.

**Moderator**: Thank you. The next question is from the line of Levin Shah from Valuequest Investment Advisors. Please go ahead. We will move on to the next question from the line of Nikhil Chowdhary from Kriis Portfolio. Please go ahead.

**Nikhil Chowdhary**: Good afternoon. Thank you for the opportunity. Most of the questions have been answered. I just wanted to understand; I will repeat my questions. I wanted to probably get some color on the normalized EBITDA margins of Interfloat if you could share like is it better than Borosil or similar to Borosil I can understand the current challenges that are depressing the margins, you could probably share some color on that and second thing Sir, we made an acquisition at the time when the gas supplies are really challenging for the glass manufacturers in Europe, so is it getting better or do we see some challenges going forward because suppose if they do not normalize and the capacity remains unutilized so probably even if you paid some reasonable price it does not probably make sense for us to pay even Rs.400 Crores then just wanted some color on that?

**P K Kheruka**: The production is not unutilized; all the glasses being made are sold. There is no shortage of demand for the glass, so that is to answer your last question first. Giving you any sense of the normalized margin is premature at this time because we really need to be in control of the company before we can share this information. Regarding your question, which was regarding the prices of gas in Europe, the answer is that the government is very acutely seized of this problem. They recognize that the price of gas is very high and something has to be done to protect the industries, which are dependent upon the supply of gas and which are of national strategic priority. They have mentioned Interfloat by name amongst the list of companies, which are going to qualify for some support from the government; however, the exact nature and extent of support has not yet been discussed. What is in the air is that at least one proposal, which we have heard is that any price above a certain ceiling, which is fixed by the government is going to be borne by the government. So, the user of the gas will know that this is the ceiling, at which I will get my gas and no higher than that. If that happens then that brings a lot of comfort to a lot of manufacturers.

**Nikhil Chowdhary**: Understood Sir, this was very clear. Thank you so much Sir and wish you all the best. That is it from my side.

**Moderator**: Thank you. The next question is from the line of Levin Shah from Valuequest Investment Advisors. Please go ahead.

**Levin Shah**: Thanks for the opportunity. Sir, my question was on the exports market so what we read and understand is that post this imposition of duties in US specifically on the Chinese and other South Asian countries the import of panels as well as glass, there has been a very good demand that we have seen from the US market for the local players, but when we look at our revenue, our exports are like 20% of sales and that is also predominantly to Europe is what I understand, so is there a mismatch in terms of our growth from US versus domestic cell and model players the kind of growth that they are seeing in US?

**Ashok Jain**: In US actually, there is no bar on imports as of now because the program which they had announced to promote the local manufacturing of modules by giving incentives has not been finally approved by the senate yet. So, they do not have any support system for local manufacturing of module as of now. There is some disconnect in the thought process I think and since a large extent the modules are getting imported, the local manufacturing is very limited in USA as of now. To our understanding, it is about two to three gigawatts only whereas they install more than 20 gigawatts annually. It is similar situation like Europe, but they are moving slowly on the part of promoting the local manufacturing, which is why the demand in the in USA is less. Moreover, a lot of US companies have Chinese stake or Chinese interest in terms of the purchase department. They have a preference for Chinese companies or Malaysian companies for that reason. When we have discussions with our customers or prospective buyers in the USA, a lot of times we experience this kind of phenomena. We are of course trying to increase our export to US, but we have a limited volume to offer as of now. It is easier to sell in Europe and at a better price compared to USA. We are aware that USA is going to be a big market for us, but as of now that does not seem to be so.

**Levin Shah**: Okay, but the similar kind of demand trend what cell and module guys are seeing even we are witnessing that obviously we will not be able to supply immediately because of the capacity limitation that we have?

**Ashok Jain**: Yes, and for the module industry it is quite good because of the China Plus One strategy, there is a lot of requirement from USA now being made by countries like India. A lot of export orders are getting diverted, so from the module perspective it is working out faster for Indian exporters but for glass it is yet to become like that.

**Levin Shah**: Right, but ultimately the model manufacturers in the domestic market will also procure glass or domestically right to supply to the US?

**Ashok Jain**: Domestic glass demand is quite high and it is going to be even higher. We see that the domestic glass demand will be close to double in next two years' time. Local manufacturing is going up; the import of modules is going down in India. This itself will increase the demand for glass substantially besides the spike in the installation.

**Levin Shah**: Okay Sir and my last question is on this, the duty protection that we have from Chinese imports and I understand that that is going to expire somewhere in July of this year so now what is the requirement for it to be reinstated and has there been talk that you have had with the government or government agencies on this regard?

**Ashok Jain**: Yes, so there is a certain process under which we have to go through. We had filed our application for sunset review and after public hearing, the government has been analyzing the data and the information received. They are in the process of further processing it for issuing of disclosure document and the final findings, which would include continuation of duty or reduction or increase in duty. As we speak, the disclosure has just been issued yesterday and we believe that this is going in the right direction as of now. We have to wait for final findings from the government after hearing the views from different parties and all the stakeholders.

**Levin Shah**: Right and just a basic question; what is the duties that we are protected with, I mean the quantum of duties currently?

**Ashok Jain**: It is 12% to 15% largely against import from China and against Malaysia it is 9.71% so these are the duty structures.

**Levin Shah**: Understood. Thanks a lot.

**Moderator**: Thank you. The next question is from the line of Samir Gandhi from Greenergy Sustainables LLP. Please go ahead.

**Samir Gandhi**: Good afternoon. Thanks for giving me an opportunity. Sir, I am director of this manufacturer association of Maharashtra also for the solar. I have a few questions. Sir, first thing is after BCD is imposed 40% even DCR panels, which do not have any import contents they have also gone up, so whether Borosil has any opportunity to get a better price realization in a way whether this 40% BCD is positive for us or negative for us?

**P K Kheruka**: It is definitely positive for the nation as such because this means that it will become prohibitive for anyone to import modules going forward. As such, the demand for modules produced in India is going to expand exponentially, so in that sense it is good for the solar manufacturing industry. However, the 40% duty on modules does not have anything to do with the import of glass. Glass can continue to be imported by anybody from anywhere subject to payment of whatever is the applicable duty if there is any. If there is no applicable duty, then glass can be imported without payment of duty. So, the advantage for the company is that there are more customers now in India who are going to be making modules and hence we have an opportunity of selling to customers who are going to make modules in India. In the past, when modules were being imported into India the company had no opportunity to sell any glass to such manufacturers.

**Samir Gandhi**: Because my question is like that even DCR modules whether they do not have any import contents of sale, they have also taken disadvantage and increased the price, so my question was accordingly that. Sir my second question is you have said that currently you are facing some bottlenecks for the expansion, so what kind of bottlenecks are these and even after this are you sure that you will able to go for 1000 MT by September 2022 and my other question in this, are we getting any PLI advantages?

**P K Kheruka**: The people who use our glass in manufacture of modules in India will definitely get advantage of PLI because the higher the domestic content, which they are using in the manufacture of the modules, the higher PLI they will get. So, definitely the people who are going to make modules using domestic glass will be earning more money than people who are importing glass. With regard to the question of our projects, I am not sure which bottlenecks so we actually mentioned about the COVID and other situations, which delayed the project by couple of months because it was applicable not only in India but in countries where the equipment were being made for supply to our plant. There have been certain delays in those supplies, which is now almost sorted out and our project instead of July will get commissioned in September. So, there has been a two to three months' delay only, which is understandable from our perspective in the context of the circumstances.

**Ashok Jain**: There is no change in our plans to do another 1000 tons after the commissioning of SG3, there is no change at all.

**Samir Gandhi**: My next question is right now we are facing power cuts and the tremendous increase in the gas price, so how do it affect Borosil first thing. Second thing our production is at one site only, so are you going for any multi locations to dealing from the single site risk?

**P K Kheruka**: At this moment so far as multi location is concerned, we took a slightly bigger step and we shifted our location to Germany. As far as India is concerned for the time being we are still looking at manufacturing in the same location. There are many, many advantages, which we have in continuing in this location for the availability of so many services, which are essential for the production of solar glass.

**Samir Gandhi**: Domestic production is sufficient in India, taking into account all manufacturing capacity of the modules?

**P K Kheruka**: That is a difficult question to answer. We know that at least one company, Adani is well on its way to setting up production facilities and they expect to come into production by the end of this year or maybe at the very latest in the early part of the next year. This is what the market news is and that would be about 600 tons per day. That is not a small capacity. In addition to that there are other companies like Triveni and Gopal Glass who have announced that they will be setting up solar glass production. I do not know what tonnage it is and when it is going to come up. But they have announced and we believe that they will come up., We do not have much doubt about that. There are also other companies like Gold Plus who have announced and another Saint-Gobain seems to have announced something as well, but after that initial announcement we have not heard anything and of course Reliance is there. However, Reliance says that they will manufacture only for self-consumption, so the glass they make it is not likely to come into the market, but the other people's glass will come into the market. So, we will have a nice field of manufacturers who will be able to supply glass to domestic customers.

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

**Mohit Kumar**: Thanks for the opportunity once again. Do we need to raise external money to expand the capacity to till 2000 TPD?

**Ashok Jain**: Yes, as I had mentioned, the board will actually consider the SG4 expansion at an appropriate time and we will surely be looking at financing by way of debt and equity both. At that point in time we may probably decide to raise some equity, but as of now that is not there. From the point of view of funding the acquisition also, there is a discussion about raising equity to pay the money in a couple of months or maybe sometime later, but these are still to be finalized. We will surely be needing some capital to complete our expansions in Europe as well as here.

**Mohit Kumar**: Secondly Sir, the drawn debt amount is 1.4 billion at the end of FY2022. Once the expansion is complete what is the debt figure the peak debt, I am talking about the current round of expansion?

**Ashok Jain**: In the current expansion which is SG3 in India, we had tied up for Rs.200 Crores of term debt. We have drawn close to Rs.100 Crores by now and Rs.100 Crores will be withdrawn by the time the project is completed. That is the status of the debt and equity. We have raised Rs.200 Crores by way of a QIP. Everything else is being funded from internal accruals.

**Mohit Kumar**: The debt after the expansion will be around INR 2 billion. Is that understanding correct right?

**Ashok Jain**: Rs.200 Crores is for this project. Additionally, there is a debt, which was taken for on a first expansion which was SG2 which is about Rs.55 Crores to Rs.60 Crores.

**Mohit Kumar**: Thank you and all the best.

**Moderator**: Thank you. The next question is from the line of Keval Ashar from DSP Investment Managers. Please go ahead.

**Keval Ashar**: Thanks for taking it back in the queue. Just one small question, so what is the price differential between us and Chinese solar glass manufacturers currently?

**Ashok Jain**: The FOB prices are different, but in terms of their local pricing we have to look at the landed cost. We sell to most of the large buyers in India at the comparative landed cost plus something and to other customers who are smaller ones, we have slightly higher pricing for them, which is about 5% to 10% depending on case-to-case basis.

**Keval Ashar**: Okay sir, is it 5% to 10% of price differential between Chinese players I did not get the exact number?

**P K Kheruka**: For the smaller customers yes, but for the larger customers it will be 2% to 5% may be.

**Keval Ashar**: Thanks a lot. All the best for the coming quarters.

**Moderator**: Thank you. The next question is from the line of Kashyap Javeri Emkay Investment Managers. Please go ahead.

**Kashyap Javeri**: My questions have been answered. Thank you.

**Moderator**: Thank you. Ladies and gentlemen. We will take that as a last question. I would now like to hand the conference over to the management for closing comments.

**P K Kheruka**: Thank you very much for the interest shown in the performance of our company and we appreciate all the good wishes, which have been given and it is with the support of the investor community that we can continue to grow and flourish. We appreciate your support. Thank you very much.

**Moderator**: Thank you. Ladies and gentlemen on behalf of Axis Capital Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines.