Borosil Renewables

Operator: Ladies and gentlemen, good day and welcome to Borosil Renewables Ltd. Q2 FY27 earnings call hosted by Go India Advisors LLP. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Tanisha Tanvi from Go India Advisors. Thank you, and over to you, ma'am.

Operator: Thank you, {? Faiza ?}. Good evening, everyone, and welcome to the Borosil Renewables Ltd. earnings call to discuss the Q2 and H1 FY27 results. We have the senior management of the company on call: Mr. P.K. Kheruka, Executive Chairman; Mr. Ashok Jain, Director; Mr. Melvin Moses, Chief Executive Officer; Mr. Sunil Roongta, Whole-time Director and CFO; and Mr. Dhaval Patel, AVP Investor Relations. We must remind you that the discussion on today's call may include certain forward-looking statements and must therefore be viewed in conjunction with the risks that the company may face. May I now request Mr. P.K. Kheruka to take us through the company's business outlook and financial highlights, subsequent to which we will open the floor for Q&A. Thank you, and over to you, sir.

P.K. Kheruka – Executive Chairman: Good afternoon. Welcome to the Borosil Renewables Ltd. Q2 FY27 investor call. The standalone and consolidated results for the quarter and half-year ended September 26, as approved by the board today, and an updated presentation have been uploaded on both the stock exchange and the company's website. We will now discuss the operations of the company on a standalone and consolidated basis.

Standalone results: half-yearly sales were 801.8 crores, including Rs. 15.4 crores of sales of solar kits, registering a rise of 12.8% versus Rs. 710.7 crores in the first half of FY26. EBITDA rose by 18.5% to 258.3 crores from 218 crores in the first half of FY25-26.

Coming to the quarterly sales, total sales during the quarter stood at 396.2 crores, including solar kits, which accounted for Rs. 14.1 crores. Solar glass sales stood at Rs. 382.1 crores versus Rs. 378.4 crores in Q2 FY26 and Rs. 405.7 crores in Q1 FY27. There was negligible EBITDA from the sales of solar kits. EBITDA of Rs. 116.34 crores stood at 30.4% based on sales of solar glass, versus Rs. 125.5 crores in Q2 FY26 at 33%, and Rs. 142.0 crores in Q1 FY27 at 33.8%. There was a small drop in margins compared to Q2 FY26 due to lower production.

I should inform our investors that in the quarter that went by, we had a decline in solar glass volumes because of furnace maintenance and also a price decline of 2.8%, as collection of the fuel surcharge on sales was reduced in view of the correction in gas prices. The production was also being adjusted by the production team to correct small anomalies and achieve finer tuning, which would eventually result in higher production. This worked very well, and production gradually increased from the middle of September to levels that were higher than at any time before in the history of the company. During the month of October, we had exceptionally good production, which we hope will continue for the rest of the quarter. With more positive results in the current quarter, we feel it would be possible to make good this shortfall in the rest of the year.

Report is AI-generated and may contain inaccuracies.

The average ex-factory selling price during Q2 FY27 was Rs. 155.9 per millimeter, as compared to Rs. 147.5 per millimeter in Q2 FY26, and against Rs. 160.3 per millimeter in Q1 FY27. The surcharge levied to offset the increase in fuel costs after the outbreak of the West Asia war was partially rolled back in July, in view of the decline in gas prices and in the hope of an improvement in the war situation. However, this was short-lived. Disturbances resumed after a brief period, taking oil and gas prices to higher levels than before and putting an additional cost burden on the company's operations. We have recently taken steps to raise the fuel surcharge to offset this. As production and selling prices have normalized in the current quarter, we expect the margins to move back to higher levels by the end of this quarter.

Solar manufacturing continues to show strong growth on the back of government support. The module manufacturing capacity supported by PLI, BCD, and ALMM 1 has reached 233 GW, as against annual installations of about 62 GW on a DC basis. Solar cell manufacturing supported by ALMM 2 is leading to a rapid increase in capacity, which is expected to rise to about 75 GW by 2027 from about 38 GW currently, as significant capacities are under installation. We expect annual solar installations to remain at a level of 45 GW, which translates to 62 GW on a DC basis, while other emerging sectors such as EVs, data centers, and green hydrogen may take this to a higher level going forward. Thus, solar glass demand for domestic installations can be expected to be at least 62 GW, leaving a huge supply gap. In view of the supply gap and its customer relationships, the company does not foresee any challenges in selling the additional production.

Work on our ongoing 60% capacity expansion, involving the addition of production facilities of 600 tonnes per day at our existing location, is in full swing, and we expect commissioning of the project towards the end of Q4 FY27. While the existing furnaces are operating at full capacity, we may have to take Furnace 1 and Furnace 2 for a temporary shutdown of 75 days each for rebuilding, which may happen in the first half of the next financial year, FY27-28. The company is exploring further opportunities for the next round of growth.

Now I come to the consolidated results for the quarter. The overseas subsidiaries, including the step-down subsidiaries, did not generate any net revenue in Q2 FY27 and had negative EBITDA of Rs. 0.11 crores, as against net revenue of Rs. 0.43 crores and negative EBITDA of Rs. 5.08 crores in Q2 FY26. Consolidated net revenue for the quarter stood at Rs. 396.7 crores, and EBITDA stood at Rs. 116.22 crores, as compared to net revenue of Rs. 378.88 crores and EBITDA of Rs. 120.42 crores in Q2 FY27.

With that, I would now like to open the floor to questions that you may have.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Pankaj Kumar from Kotak Neo. Please go ahead.

Pankaj Kumar - Kotak Neo: Thank you. Thanks for taking my question. Good evening, sir.

Report is AI-generated and may contain inaccuracies.

Operator: Mr. Pankaj, please go ahead.

Operator: Since Mr. Pankaj is not audible, the next question is from the line of Deepak Purswani from Swan Investments. Please go ahead.

Deepak Purswani – Swan Investments: Hi. Thank you for the opportunity. Sir, I just wanted to check regarding this production disruption. If you can also quantify the revenue loss in this quarter and what the revenue and EBITDA loss was in this quarter because of this. Secondly, power and fuel costs seem to be slightly on the higher side if I look at them as a percentage of revenue. I wanted to check whether, on an incremental basis, this rise in power, fuel, and other raw material costs is being passed on to the customer at the current juncture. Net of the fuel surcharge, how are realizations shaping up in the industry? If you can throw some light on all these aspects.

P.K. Kheruka – Executive Chairman: Can you check whether there is any problem with the line? People are not able to connect.

Operator: Sure, sir. Please hold for a minute. Mr. Deepak Purswani—

Operator: Yes, sir. You are audible now.

P.K. Kheruka – Executive Chairman: Please carry on.

Deepak Purswani – Swan Investments: Thank you for the opportunity. Sir, I just wanted to ask about the production disruption that we saw. If you can also quantify the revenue loss in this quarter and what the revenue and EBITDA loss was in this quarter because of this. Secondly, power and fuel costs seem to be slightly on the higher side if I look at them as a percentage of revenue. I wanted to check whether, on an incremental basis, this rise in power, fuel, and other raw material costs is being passed on to the customer at the current juncture. Net of the fuel surcharge, how are realizations shaping up in the industry? If you can throw some light on all these aspects.

Management: Production was down by close to 4.5% because of this maintenance. The positive part is that after the repair was completed, we not only returned to the earlier levels, but we are actually exceeding them, as the Chairman just said in his opening remarks. Therefore, the shortfall that has occurred will be made good.

Regarding the cost of gas and other items, as you know, initially at the beginning of July, there was some understanding between the countries engaged in the war that there would be peace, and that lasted for only about 2 weeks or so. After that, prices rose again and are now at even higher levels. When prices were lower and there was a challenge in module manufacturing because of ALMM 2, we agreed to reduce the fuel surcharge. Subsequently, fuel costs remained elevated, which also impacted our profitability. In October, we again went back to the customers and asked them to restore the original fuel surcharge. This was a temporary moderation that occurred in the last quarter, but we hope to return to the previous levels in terms of earnings. The turnover will also increase because production is rising to levels even higher than before.

Deepak Purswani – Swan Investments: Would it be fair to say that, broadly, there could be a revenue loss of around 20 crores because of this shutdown or maintenance?

Report is AI-generated and may contain inaccuracies.

Management: This was about 15 crores, I think.

Deepak Purswani – Swan Investments: Okay. Secondly, on the new project, we have revised the capex by approximately 118 crores.

P.K. Kheruka – Executive Chairman: Yes, that was by adding batching equipment.

Deepak Purswani – Swan Investments: If you can share a little more detail on that part, that would be helpful.

Management: In the last board meeting, which took place in September, we decided that the scope of the project needed to be widened slightly to incorporate some costs that had not been budgeted earlier. A small part related to exchange fluctuations, which occurred because of the devaluation of the rupee vis-à-vis the dollar. That was about 20% of the increase, approximately 150 crores, so about 20% of the increase was on account of exchange fluctuations.

The major part was on account of two factors. One was some fuel cost-saving items, which will have their own payback. That was a major part of the increase. The second item was building in more redundancy against power failures. A constant and robust power supply is very important in this industry, and power fluctuations can cause serious disturbances in the furnaces. Therefore, we want to build an even higher level of redundancy into the project so that we do not suffer losses on account of power. That is also about 25 crores or so.

Putting all this together, the board has decided to increase the project cost by 120 crores, which will be funded internally and without any [trails off]

Management: ...increase in the loan amounts from the banks.

Deepak Purswani – Swan Investments: Okay. Thank you, and I wish you all the best, sir.

Management: Thank you, Deepak.

Operator: Thank you very much. The next question is from the line of Kaushal Sharma from Equinox Capital Venture Private Limited. Please go ahead.

Kaushal Sharma – Equinox Capital Venture Private Limited: Hi, sir. Good evening. I just want to know about your realization per unit in this quarter as compared to the last quarter.

Management: Are you referring to realization per square meter?

Kaushal Sharma – Equinox Capital Venture Private Limited: Yes, per square meter and per ton basis.

Management: This quarter, it was Rs. 155.9, and last quarter it was Rs. 160.3. There was a drop of about Rs. 4.4 per square meter, which occurred because of the reduction in the fuel surcharge, as communicated. We are now back to the original numbers.

Kaushal Sharma – Equinox Capital Venture Private Limited: In Q3, are you expecting the original number of Rs. 160?

Report is AI-generated and may contain inaccuracies.

Management: We are gradually moving toward that, and by the end of the quarter, we expect that number to be achieved.

Kaushal Sharma – Equinox Capital Venture Private Limited: Our new furnaces would be commissioned by {? initial '27 ?}. Are we on track for this?

Management: Could you speak louder? We are not able to hear properly.

Kaushal Sharma – Equinox Capital Venture Private Limited: I am saying that your new furnaces would be commissioned by the end of this year. Are we on track for this?

Management: Yes, we are on track to fire the furnaces in February and March, respectively. There are two furnaces: we want to fire one in February and the other in March. We are on course to do this on time.

Kaushal Sharma – Equinox Capital Venture Private Limited: We are expecting some {? 75 hours ?} in our capacity in the first half of next year because of this capacity addition?

Management: I am sorry, we could not understand what you said.

Kaushal Sharma – Equinox Capital Venture Private Limited: You said in your opening remarks that your furnaces would be on hold for 75 days in the first half of next year.

Management: The earlier furnaces, which we call Furnace 1, SG-1, and SG-2, have been in operation for 7 years. After 7 years, they can become due for repair or rebuilding at any time, depending on the health of the furnaces. Currently, we have already completed the repair work, and we expect the furnaces to continue production until at least March '27.

We will continue to monitor them, but we will take a call in February or March on whether the furnaces have to be shut down in the next financial year. Gradually, we will plan this one by one, depending, of course, on the health of the furnaces. This will most likely be done in the first half of the next financial year. Whenever we start doing this, there will be no production from that furnace for 75 days. We will first do Furnace 1, such as SG-1, and then Furnace 2.

In the meantime, additional production from the new plant will already be coming in. Therefore, we will not be out of production, and we will maintain our supply to customers seamlessly.

Kaushal Sharma – Equinox Capital Venture Private Limited: So there would not be a production loss like the one we saw in this quarter next year?

Management: Until March, the current [cut off]

Management: In the current year, we do not expect any production loss. It is neither planned nor expected.

Kaushal Sharma – Equinox Capital Venture Private Limited: The low production was because of the issue relating to rebuilding and maintenance of the existing furnaces in this quarter, in the last quarter, sorry?

Report is AI-generated and may contain inaccuracies.

Management: Yes, maintenance and adjustment of parameters to fine-tune them to deliver better performance were carried out. Both were done simultaneously, and this seems to be working very well, better than our expectations at this point in time. We will make good the loss that occurred in July and August during the rest of the year.

Kaushal Sharma – Equinox Capital Venture Private Limited: Will we be able to maintain EBITDA of 31%-32% for the current year and the next year?

Management: Yes, we hope to do that.

Management: Based on current parameters, yes.

Kaushal Sharma – Equinox Capital Venture Private Limited: Understood. Thank you very much for answering my question.

Management: Thank you.

Operator: Thank you very much. The next question is from the line of Sanyam Doka from Frontwave Research. Please go ahead.

Sanyam Doka – Frontwave Research: Good evening, sir. Thank you for the opportunity. Based on our calculations, we expected that next year we would have a 60% increase in revenue with a 60% increase in capacity. However, with SG-1 and SG-2 being shut down for 75 days each, that brings down our growth from 60% to 48%.

Management: Actually, both these furnaces, after repair, are expected to give higher output. Therefore, it remains to be seen whether there will be any decline. There may not be one.

Sanyam Doka – Frontwave Research: So there may not be a decline. We are saying that they would give more output than they are currently giving. Therefore, growth remains constant even while they are shut down.

Management: Correct.

Sanyam Doka – Frontwave Research: My second question is about the 600-odd crores that we have in investments. How are we handling that? I see that they are in liquid mutual funds and debt markets. Are we seeing any higher realization from them?

Management: We are investing that money temporarily in secured investments because it is project money. We do not want to enter into anything from the perspective of the safety of the money. We are trying to increase revenue to the extent permissible within the guidelines given by the board.

Of late, we have also been trying to invest in AAA securities, where we can increase the yield by about 0.5% or so. All said and done, the yield will be within 7.5%, or 7%-7.5%.

Sanyam Doka – Frontwave Research: So, currently, 7%-7.5% is what these 600-odd crores are yielding us, correct, sir?

Report is AI-generated and may contain inaccuracies.

Management: Currently, they are yielding slightly less than 7%, but we want to raise it to 7.5%, or 7.3%–7.5%, which we are already doing.

Sanyam Doka – Frontwave Research: AAA securities are the next area we are looking to add to because of the repo rate and everything that is happening currently.

Management: Yes.

Sanyam Doka – Frontwave Research: Understood, sir. Thank you very much.

Management: Okay.

Operator: Thank you very much. The next question is from the line of Saket Kapoor from Kapoor & Co. Please go ahead.

Saket Kapoor – Kapoor & Co: Yes, sir. Hello, sir. I hope I am audible.

Management: Hello.

Management: Yes.

Saket Kapoor – Kapoor & Co: Sir, firstly, pertaining to the previous replies, the plant shutdown that we will undertake during the first quarter of the next financial year will result in volume loss being made up during that year itself, and for the following year we can look forward to the full 1,600-tonne capacity being available to us. Is that what your reply was, sir?

Management: The situation is that this is a speculative answer. We cannot guarantee that we will make up the volume loss. This is a question of what we are planning or attempting to do.

Our company is making glass at a higher rate than anywhere else in the world. Per square meter, we have the most efficient glass melting anywhere in the world. We are going to make it even more efficient than it is now. This is a planned operation undertaken with a great deal of thought and understanding. I hope that it works out.

It is speculative to expect that we will be able to make up whatever we lose at the time of the shutdown through the subsequent operation of the furnace.

Saket Kapoor – Kapoor & Co: In your opening remarks, you also mentioned that there were some underlying factors that give us confidence that the expanded capacity will also be easily sold out. Can you reiterate those three or four factors, for the sake of repetition?

Management: The demand for solar glass continues to be robust. Modules of about 62 GW are being made. Domestic supply is very limited at this point in time. Domestic players are able to supply about 18 GW, and the rest is imported.

When we come into production, by the end of March, even at that point the demand will be higher and supply will be much lower than demand. Therefore, there is no challenge in terms of demand.

Report is AI-generated and may contain inaccuracies.

Since we are the largest player and were the first mover, we have relationships with customers. We are hopeful and confident that we will be able to sell that additional volume without any problems. To do that, we are already in discussions with customers, as well as with additional customers whom we have not been able to supply so far because of limited capacity. We are onboarding them so that when the furnaces start, we do not face any challenge in terms of customer availability or identifying whom to sell to.

Our team has this confidence, and therefore we are confident that there will not be any issue in selling the additional volume.

Saket Kapoor – Kapoor & Co: When we look at our closing capital work-in-progress balance as of September, it is 349 crores, up from 107 crores in March. Is the entire 349 crores related to the 600-tonne capacity for which we have envisaged 1,100 crores as the total amount?

Management: Yes, the entire amount is related to the project. Letters of credit of more than 320 crores are in place, against which material is in the pipeline. We have also paid a number of advances. All of that is for the project only.

We are expecting delivery of the machines now. The building is more or less complete, and we will have the installation starting toward the end of the quarter.

Saket Kapoor – Kapoor & Co: For the entire project, what kind of debt have we considered and tied up, what is the rate, and what is the thought process regarding the debt?

Management: The entire funding is already in place. The 1,100 crores will be funded internally through 800 crores, and 300 crores will be debt that we had signed for much earlier. We have not yet drawn the debt, but the equity has already been arranged.

We undertook a preferential issue of warrants and a preferential issue of equity shares, and the money is already with us. It is fully funded, and the company does not foresee any challenge in meeting the funding requirement.

Saket Kapoor – Kapoor & Co: Just to reiterate, you mentioned that the outage we had in Q2 has been overcome and that yields have improved in October. Therefore, as of today, H2 looks better in terms of efficiency, and we are returning to our previous EBITDA margin trajectory of 31% plus. That should be the likely outcome, barring unforeseen circumstances.

Management: You are right.

Saket Kapoor – Kapoor & Co: Right, sir.

Management: Yes.

Saket Kapoor – Kapoor & Co: Okay, sir. I will join the queue. Thank you, and all the best.

Management: Thank you.

Management: Thank you.

Report is AI-generated and may contain inaccuracies.

Operator: Thank you very much. Ladies and gentlemen, to ask a question, please press star and one on your touchtone telephone. I repeat, to ask a question, please press star and one on your touchtone telephone. The next question is from the line of Adit from AG Capital. Please go ahead.

Adit – AG Capital: Hello, sir. Am I audible?

Management: Yes, please.

Adit – AG Capital: Sir, I had 2 questions. First, I wanted some color on the rooftop solar business and how we intend to scale this new business.

Management: Rooftop business?

Adit – AG Capital: Yes.

Management: As we have been mentioning, the rooftop business is intended to use our experience, relationships, and the Borosil brand, which is quite well recognized in households, to develop a business adjacent to solar glass manufacturing. This is how we have started.

It has received a very good response from customers. In fact, many distributors are very excited to associate with Borosil in this business. We initially started in 4 states where we perceive demand to be good. The appointment of distributors has been completed, and our team has also undertaken some projects.

We already have a number of projects signed up for the current quarter, and the response is quite encouraging. Moreover, the performance of the equipment we have supplied, in terms of power output, has been very encouraging. Customers are actually giving us signed letters stating that our modules have been performing very well and that they are receiving much better power generation.

As you know, Borosil is recognized for quality, maintaining quality, and service, which is what we are providing here. Although many other people manufacture modules, our quality control, checks, bill-of-material specifications, and everything else are so robust that we are able to deliver a better product. We hope to build this up [trails off]

Management: ...to greater heights. After we reach a particular size, we will start thinking more about it, perhaps by the end of the financial year. This will allow us to come back to you with how we will proceed with the next round of growth in this rooftop business.

Adit – AG Capital: We are seeing a good response, correct?

Management: Yes, an extremely good response.

Adit – AG Capital: One more question: how sustainable is the company's profitability? Considering the volatility in gas prices and other energy costs, how do we see profitability being affected?

Management: For the last 6–7 quarters, we have been delivering very robust numbers, with EBITDA in the range of 30% or thereabouts. Even after the gas price increase that has prevailed for the last 2–3 quarters, we have been able to maintain the momentum.

Report is AI-generated and may contain inaccuracies.

There is obviously buoyancy in the market and demand is high, which is why we are able to achieve good performance. The anti-dumping duty against China and Vietnam is in place until December '29. We do not foresee any challenge in maintaining margins.

Domestic solar glass capacity remains below demand, which provides assurance that prices will be maintained and that there should not be any challenge in maintaining margins.

Adit – AG Capital: What is the expected revenue contribution from the new capacity? Can we see any margin improvement from that?

Management: We are expanding by 60%, so we can expect a similar percentage increase in turnover and revenue. In terms of EBITDA margins, we should be happy to achieve an additional 2%–3% of operating leverage from the new facility because of the distribution of overheads over a larger production base. That is the range we can probably look at.

Adit – AG Capital: Understood, sir. Thank you, and best of luck.

Management: Thank you.

Operator: Thank you very much. The next question is from the line of Pankaj Kumar from Kotak Neo. Please go ahead.

Pankaj Kumar – Kotak Neo: Good evening, sir. Am I audible?

Management: Yes.

Pankaj Kumar – Kotak Neo: On raw material costs, if we look at the gross margin, we have seen a quarter-on-quarter decline in the gross margin this quarter, and raw material costs have increased. What could be the reason for that? I understand there was a shutdown for 15 days, but raw material costs have also increased. What is the reason for that?

Management: Raw material costs are driven by 2–3 factors. One is that soda ash prices have increased slightly among the various vendors in India. After extensive negotiations, we have obtained a very good price, but it is still higher than in the previous quarter. We have accepted a certain price increase from soda ash manufacturers.

The second item is the import of dolomite and limestone, which we have to undertake because the quality and grade we require to maintain the quality of our glass must be sourced from imported resources. Of course, we partially mix it with local material, but for the imported material we are paying a much higher price.

As you know, freight rates from China have increased in the last couple of months. One of the items imported from China has a substantially higher freight cost. These factors are leading to a sudden rise in costs.

We are making efforts to minimize batch costs or raw material costs. We are also taking steps to change the domestic and import mix in favor of domestic material. We currently source about 30%–40% domestically, for example, in the case of dolomite, but we want to reverse this mix in the next couple of months. That will protect us from this cost increase.

Report is AI-generated and may contain inaccuracies.

In terms of soda ash, we have to live with the increase because it was implemented after extensive negotiations, and we do not foresee it coming down soon. However, we will try to economize on other fronts to offset these cost increases. If production increases substantially compared to previous quarters, it will pay for itself or offset the increase in costs.

Pankaj Kumar – Kotak Neo: These costs cannot be passed on in the way we have seen with gas, where we have a surcharge or something similar. We do not have that kind of arrangement with clients here, correct?

Management: In fact, there is no such fuel cost surcharge arrangement either, because our prices were being charged at par with the landed cost of imports. This was a one-off, force majeure situation in which the war affected the entire world. It became impossible for us to bear the additional cost, so we requested customers to bear it.

We were fortunate during that period because the rupee devaluation increased the cost of imported glass for customers as well, so they were able to agree to this. However, as we sell goods at the market price, there is no cost-plus or pass-through mechanism for other cost items. We have to improve our efficiencies and undertake productivity improvements to offset these costs, which we are actively doing.

Pankaj Kumar – Kotak Neo: With all these productivity measures, will we be able to cover the increase? On a quarter-on-quarter basis, there has been a decline of roughly 500 basis points in the EBITDA margin and around 400 basis points in the gross margin. Will we be able to return to an EBITDA margin of 30% plus?

Management: We have already said that the production deficit has been resolved. In fact, we are producing more, so obviously this will generate more output and more sales.

The second important item is the selling price. We have also returned to the earlier level of the fuel surcharge, which protects the margin from that angle. With other measures, such as sourcing raw materials like dolomite domestically, we will achieve savings. We expect to do much better and will certainly be able to reach the earlier margins.

Pankaj Kumar – Kotak Neo: You said that you increased production through the modifications made during the recent capacity shutdown in Q2. What kind of increase in capacity did we see?

Management: Production had dipped by about 5%, but we are actually up by about 15% from that level. Therefore, we are higher by 8%–10% compared to the earlier levels.

However, it is very early to commit that number to you on a sustained basis. We are trying to work around it and maintain that level of production. This means that not only will the loss incurred over 2 months be recovered under the plan for the year or the plan for the next half, but we may actually do better.

Pankaj Kumar – Kotak Neo: We have also seen an increase in employee expenses. Is this largely for the new capacity, or is there some one-off component?

Report is AI-generated and may contain inaccuracies.

Management: Headcount was increased temporarily for certain additional work that we had to undertake around the furnace repair period. Some additional people were also engaged to carry out activities on the ground to maintain production flow.

However, this was temporary, and we should be able to return to earlier levels. For the new project, we have not yet hired many people. We are going to do that now.

Pankaj Kumar – Kotak Neo: In terms of the future capital allocation plan, once this capex is completed, we will have completed what we have announced. Have we considered future capex or growth plans? If so, by when can we expect an update?

Management: [pause] For the future, the option of increasing solar glass production further is always available. Meanwhile, we are exploring other options.

Borosil is well known for specializing in specialty glass. When we entered the solar glass field in 2008, it was a brand-new field. Few people had heard about it, and it was a very much sunrise-type product.

As time has gone by, 2 things have happened. First, other people have entered the field. Second, our skill in producing the glass and reducing costs has also improved, so we are much more efficient today than we have ever been in the past.

We continue to be very well positioned if we decide to increase solar glass production. Meanwhile, the country has new requirements. There are many new products under consideration, and we are exploring many different opportunities. Perhaps by the end of this financial year, we should be better positioned to decide what to do next.

For the time being, our energies are focused on getting production up and running in the 2 new furnaces and stabilizing them. In terms of time, much of our time will be spent ensuring that production takes place on time, with good quality and good quantity.

That being said, we are actively evaluating opportunities as they arise. We are also taking help from others, including external consultants, to scout for opportunities and suggest areas of growth that would be suitable for Borosil Renewables, while also considering the investment size and other factors.

This work should be completed before the end of the financial year. By then, we should be in a position to take a decision. We expect to remain net cash positive by the end of March. The cash flows of the next financial year will be available for deployment in any new growth areas on which we are already working.

We should be able to come back before the end of the financial year.

Pankaj Kumar – Kotak Neo: Thank you for answering my questions, and all the best.

Operator: Thank you very much. The next question is from the line of {? Sparsh Malhotra from Artis Capital ?}, please go ahead.

Report is AI-generated and may contain inaccuracies.

{? Sparsh Malhotra from Artis Capital ?}: Hello, sir. Good evening, and seasonal greetings to all of you. My question was also mostly centered around FY27, for which you have given a fair enough outlook. For FY28 also, even after the SG-1 and SG-2 production slowdown, or their going into maintenance for 75 days each, you have said that we will mostly make up the loss and probably be able to achieve 50%-60% growth by the end of the year. That is very nice to hear.

As the previous participant asked, what happens beyond FY28? You explained that you are looking at newer options, which is good. If you can add some more color here. Also, on rooftop solar, we were anticipating revenue of about 100 crores in the first year. My numbers might be slightly off, so you can check. You are saying that the initial response is good. How large is this space? Since it is a B2C arena, are the margins much lower, and will it be significantly dilutive? Please provide some insight on this as well. Once again, I wish you all a happy Diwali.

Management: Thank you very much. Regarding rooftop solar, as we have maintained, this is a very early stage of our entry, and we have only the confidence of our team to share with you. They are quite confident about the numbers they have discussed.

It is relatively easy to obtain contracts given the current level of demand. The PM Surya Ghar scheme itself is very large. The country has completed only about 50 lakh homes so far, and another 50 lakh are proposed to be completed. Therefore, there is a huge opportunity that can be captured.

Besides that, demand from the C&I segment is very high. Large companies are undertaking projects of 100 MW and 120 MW. We have entered a smaller segment. Even within C&I, we are working on smaller segments. We are being cautious and building up slowly and gradually. We can expect more contracts to come in. We already have a number of other contracts [trails off]

Management: ...contracts in hand, which will be executed in this quarter. In terms of margins, you are right: margins are low because this is more of a trading business. There are also many competitive forces at work in this business because many players in the market are offering the same products, meaning the same solutions. Borosil, of course, provides a better product in that sense.

Margins will remain low, and they will not support growth in margins. However, once we reach a certain level of operations, we can probably earn better margins and make the business more profitable for the company.

Does this answer your question?

{? Sparsh Malhotra from Artis Capital ?}: Yes, sir, it does. What about any period beyond FY28, once we have ramped up the capacity? Going forward, should we expect only efficiency improvements, or are we [cut off]

Management: In FY28, we will have production from the new line for the full year. After that, any growth will come from the new investment, which we hope to enter into by March '27.

Whatever we plan will have a certain gestation and implementation period, after which the new area or new stream of revenue will begin. Depending on the type of project we enter into and the

Report is AI-generated and may contain inaccuracies.

timelines, it will be seen at that point in time.

For FY27-28, I think the 1,600-tonne production is what we can expect. In the ensuing year, from FY29, something could come from the new project. Once we decide on and implement it, that will generate additional revenue.

Management: I would like to add that, as a company and as a matter of corporate philosophy, we do not believe in overstretching ourselves to the point at which management suffers.

A 60% increase in production, which is envisaged for FY27-28, will be a significant jump over what we are doing today. We need to manage that and land on our feet after taking that kind of a step-up. We do not feel it is appropriate for our investors, based on the trust they place in us, for us to be reckless in any way.

We will proceed in due course, and we absolutely intend to continue expanding in profitable directions.

{? Sparsh Malhotra from Artis Capital ?}: Understood, sir. Thank you very much.

Management: Thank you.

Operator: Thank you very much. The next question is from the line of Saket Kapoor from Kapoor & Co. Please go ahead.

Saket Kapoor - Kapoor & Co: In response to a participant, you mentioned that there had been some price changes in soda ash. Firstly, out of the total raw material basket, what percentage does soda ash constitute as a percentage of raw materials?

Management: As a percentage of raw materials, it is about 30%-32%.

Saket Kapoor - Kapoor & Co: What has been the price increase, if we take that into account from Q1?

Management: The price increase is about 10%.

Saket Kapoor - Kapoor & Co: There has been a 10% price increase from June versus the September quarter?

Management: Yes.

Saket Kapoor - Kapoor & Co: Secondly, when we look at our P&L, there is also a purchase of stock-in-trade component of 14 crores. What do you attribute this number to?

Management: This represents the solar modules and solar inverters that we purchased for the solar kit business. It is the purchase cost of those items.

Saket Kapoor - Kapoor & Co: Okay, and [cut off]

Management: ...against which the sales are reflected in the revenue. Sorry?

Report is AI-generated and may contain inaccuracies.

Saket Kapoor – Kapoor & Co: No, no, please continue, sir.

Management: The sales against this are already included in revenue.

Saket Kapoor – Kapoor & Co: The 396 crores includes approximately 14–15 crores from solar kit trading?

Management: That is right.

Saket Kapoor – Kapoor & Co: What is the thought process going forward? Will we continue with this exercise, or what are we trying to achieve with solar kits as a vertical?

Management: This is a very promising avenue for the company. If we are able to generate strong sales of solar kits, it will be very good for our sales of solar glass because the people from whom we are currently buying the solar modules always use our glass.

This strengthens our supply chain position in the market. It also brings us into direct contact with the customer, enabling us to understand exactly what the customer needs and what is valuable to the customer. Therefore, we become more market-oriented as a company.

Saket Kapoor – Kapoor & Co: This is more of an awareness exercise, and we are supplying the entire solar module kit to the EPC player. Is that what the end product is?

Management: Yes. It also involves deploying our glass in the manufacture of modules because we are buying these modules from our own customers, to whom we sell glass.

Saket Kapoor – Kapoor & Co: Will this run rate continue on a quarterly basis, or can we also see a ramp-up from the 13–14 crore level?

Management: Right now, we are very cautious in selling. We are not overselling at all. If we opened the floodgates, I think our sales would rise dramatically. We are not doing that.

We are doing this in batches so that we can evaluate the sale and the customer response, go back to the customer, ask about their experience and ongoing experience, and compare that with sales of other kits by other vendors. Ultimately, it is the customer who is paying for it.

There is a huge government outlay under the Prime Minister's scheme for solar households, and this is what Borosil specializes in because, in our other businesses, we deal directly with customers. Here again, we are entering a customer-facing situation.

Saket Kapoor – Kapoor & Co: Two small points. Firstly, regarding the warrant issuance, has the full dilution taken place? Are there no pending warrants or money pending from investors or promoters?

Management: No. Everything has been realized; everything has been completed. Some people to whom warrants had been issued were not able to pay the remaining amount, and under SEBI law, we were obliged to forfeit their initial deposit, which we have reported.

Report is AI-generated and may contain inaccuracies.

Management: In the case of the promoters, it was always an equity issuance, not warrants. They had already paid the entire amount against the equity shares in February '25. Therefore, as of date, nothing is outstanding from anybody.

Saket Kapoor – Kapoor & Co: Is any further dilution anticipated, since we have already tied up everything for the capex?

Management: At the moment, there is no dilution in the foreseeable future.

Saket Kapoor – Kapoor & Co: Lastly, regarding the tax rate, taking into account the current position, we have only the standalone figures, and the company has similar numbers. At what rate is the entity taxed? And how are the [hesitates] Yes, sir, please. You go ahead first.

Management: We are taxed at 25%.

Saket Kapoor – Kapoor & Co: When we look at our cash flow, direct tax payments amount to 39 crores. That is attributable to the September advance tax payment, which I believe is 45% to be paid. Is this amount of 39 crores attributable to that?

Management: Basically, we are liable to pay 25% tax on our income, and I do not have an exact understanding of the 39 crores you are referring to. So, if you really want—

Saket Kapoor – Kapoor & Co: The cash flow is—yes, yes. If we look at the cash flow, under direct tax refunded or paid, net, the number is 39 crores for September '26. The previous year it was 42 crores. This is in the cash flow section, page number—I think it is in the submission. My point was that it is—yes, yes.

Management: You can write to Mr. Dhaval, our AVP for Investor Relations. He will have it clarified by the finance team and answer your question on this.

Saket Kapoor – Kapoor & Co: Lastly, regarding the power surcharge, [cut off]

Operator: Also, sorry to interrupt, [crosstalk]

Saket Kapoor – Kapoor & Co: Ma'am, just to conclude, if you allow. Otherwise, if there are other participants, then I will [cut off]

Management: Please complete your question.

Saket Kapoor – Kapoor & Co: On the power and fuel surcharge, our understanding is that it was a recovery exercise undertaken because of the unexpected increase in gas prices, which was then reversed in the next quarter. Now that prices have increased again, what are the current price trends for gas input costs? Can we again pass this on to customers? What is the thought process?

Management: The earlier levels, meaning the levels prevailing in Q1, have been breached again in the last 1-1.5 months because of the increase in Brent and gas prices. Brent went up to $115. When we passed on the price to customers, it was at about $100. When we reduced the price, it had fallen to approximately $75-$80. This has been moving around.

Report is AI-generated and may contain inaccuracies.

As we speak, current gas prices are higher even compared to Q1. We are trying to return to at least the Q1 level for the time being. We will see whether there is an opportunity to go even beyond that because the increase in cost per millimeter that we saw in the first quarter has already been exceeded in the current month. We will have to consider whether we can increase the fuel surcharge by a small percentage above the earlier level.

The positive aspect is that, in terms of consumption and the parameters we can manage through operational efficiency, the team has delivered substantial savings, which will offset this difference. Our power generation from captive power has also helped reduce our costs. In the last 6 months, we have saved close to 10 crores on this. This is also helping us reduce costs.

We have to balance selling prices, operational efficiencies, and cost optimization, and try to ensure that we return to at least a 30% EBITDA level going forward.

Saket Kapoor – Kapoor & Co: Thank you, sir. We will take a call going forward on whether to pass on that cost. There is no decision to pass it on as of now.

Management: Correct.

Saket Kapoor – Kapoor & Co: Thank you once again, sir, and best wishes to the team for a prosperous Diwali and a happy new year for all of us. Thank you very much.

Operator: Thank you very much. As there are no further questions, I would now like to hand the conference over to management for closing comments.

Management: Thank you very much, dear investors, for all your questions. Thank you for studying the balance sheet and our performance. We always look forward to the future with great anticipation and excitement. So far, it seems that everything is looking very good for us, for the future, and for the country at large. Thank you very much, and good luck to everybody. I wish everybody a very happy Diwali.

Management: Wishing everyone a happy Diwali.

Operator: Thank you very much. On behalf of Borosil Renewables Ltd., that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

Report is AI-generated and may contain inaccuracies.