

GUJARAT BOROSIL LIMITED

Registered Office: 1101, Crescenzo, G-Block, Opp. MCA Club, Bandra Kurla Complex, Bandra (East), Mumbai – 400051, Maharashtra, India
CIN: L26100MH1988PLC316817 Tel:022-67406300 Fax: 022-67406514
Email: gborosil@borosil.com Website: www.gujaratborosil.com

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BSE Limited

1st Floor, New Trading Ring
Rotunda Building
P. J. Towers, Dalal Street Fort,
Mumbai – 400001

Scrip Code: 523768

Sub: Transcript of Institutional Investors and Analysts Conference Call

Dear Sirs,

We enclose transcript of conference call with Institutional Investors and Analysts which was held on October 31, 2018.

You are requested to take the same on record.

Thanking you.

Yours faithfully,

For Gujarat Borosil Limited



Kishor Talreja
Company Secretary



Encl: As above

Gujarat Borosil Limited

Q2 FY19 Earnings Conference Call

31 October 2018

- **Mohsin-Moderator**

- Ladies and gentlemen good day and welcome Gujarat Borosil Limited Q2 FY19 Earnings Conference Call hosted by Prabhudas Lilladher Private Limited. As a reminder all participant lines will be in the listen only mode. There will be no opportunity for you to ask questions after the presentation concludes. So, if you need assistance during the conference please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Jinesh Joshi from Prabhudas Lilladher Private Limited. Thank you and over to you.

- **Mr. Jinesh Joshi- Prabhudas Lilladher**

- Thank you. On behalf of Prabhudas Lilladher I welcome you all to the Q2 FY 19 Earnings Call of Gujarat Borosil Limited. We have with us the management represented by Mr. Pradeep Kheruka-Chairman; Mr. Ashok Jain-Director and Mr. Sunil Roongta -CFO. I would now like to hand over the call to Mr. Kheruka for opening remarks after which we can open the floor for Q &A. Thank you and over to you sir.

- **Mr. Pradeep Kheruka- Chairman, Gujarat Borosil Ltd.**

- Thank you very much. Ladies and gentlemen good afternoon. My colleagues and I are glad to welcome you to this Investor call. The company announced its results for the Second Quarter and for the half year for the year FY19 yesterday. We have also updated the investor presentation and loaded it on our company web site and also that of the Stock Exchange. I will therefore quickly touch upon highlights of the company's performance and some developments and would then welcome your questions.
- Coming to the financial performance during the first half of the year FY19, net revenue from operations was INR 105.7 crores, a growth of 17% over the first half year FY18. In line with the strategy we discussed in the last two quarters, the

company has been utilising its additional tempering capacity to produce tempered solar glass from annealed glass purchased. This initiative contributed to about 9% for the half year and 15% for the quarter of overall sales. Pricing has remained steady. During the first half of the year FY19 realisations were higher by 6.3% compared to the same period in the previous year. Solar glass sales comprised 98.5% of the revenue and patterned glass was only 1.5%. The addition of the tempering line that we undertook last year has enabled us to convert the entire production of our furnace into solar tempered glass, which does yield us a better margin as compared to patterned glass. During H1FY19 sales of 2-millimetre solar glass, an innovation from Gujarat Borosil, were INR 2 crores. We now have four customers for this product who have purchased this thin tempered solar glass from us on a commercial scale. Three of these customers are from Europe and one customer is from India. The customers want us to supply the back glass also with holes drilled on it. We had expected that customers would use 2millimetre float glass as back glass. We are now ramping up the hole drilling activity. As said earlier, the nature of the business is such that wider adoption does take time and we're confident that we are on track to grow the market for thinner glass which is tempered significantly.

- The company reported an EBITDA of INR 26.6 crores during the first half year FY19. A healthy growth of 47% over first half year FY18. The EBITDA margin during first half year FY19 was 22.9% and if you exclude the purchased glass and look at the glass manufactured by the company, then that would be 25% of net revenue as compared to 19.7% during first half year FY18. The improved margins are a function of better unit realisations as well as the continued focus on input cost optimisation. You will recall that the EBITDA during the first half of financial year FY18 was also lower due to trials of 2 millimetre and cost of hot repair of our furnace.
- The company's Profit Before Tax and Profit After Tax for first half year FY19 has been INR 10.6 crores and INR 8.6 crores respectively.
- As most of you are aware, we have undertaken a brownfield expansion to double our capacity. We expect to go onstream by the Second Quarter of FY20. The equipment has been ordered and advances paid in most cases. We expect equipment and materials to be at site during January 2019 to April 2019.

- To summarise a few developments in the solar industry. Anti-Dumping duty was imposed on Chinese solar glass in August 2017. The imports from Malaysia started in 2017 and have since gone up substantially. The company's application for levy of Anti-Dumping Duty on Malaysian Solar glass is under final consideration for issue of disclosure by the Director General Trade Remedies post their investigation. Post that the action of final levying can be expected. We are hopeful in the matter.

- The Anti-Dumping duty on imports for solar glass is not applicable as it stands today to module manufacturers located in the Special Economic Zone even on the clearances of finished goods done by them in DTA. This is a serious lacuna and we are representing to the concerned authorities to plug this. Since significant production of modules takes place in SEZ this remains a matter of serious concern for us as these units find it cheaper to import from China or Malaysia.

- The solar tempered glass prices have dropped by about 15% after the sudden decision by the Chinese Government in May 2018 to cut down their plans for solar installations in the remaining part of the year by as much as 30%. We have so far been able to avoid price reduction by suitably maintaining a customer mix. However, the possibility of some adverse impact in the remaining part of the year cannot be ruled out.

- The Director General Trade Remedies gave its final recommendation in July 2018 to levy a Safeguard duty of 25% on import of solar cells and modules. A developer challenged the same and obtained a stay from the Orissa High Court. However, the Government issued its final order on 30th July to levy the Safeguard Duty with immediate effect. A few developers/ manufacturers challenged this levy in the Orissa High Court. However, on an appeal filed by the Government, the Supreme Court has upheld the levy and the same is now implemented. The levy of Safeguard Duty augurs well for the company as it is expected to enhance domestic production of modules and create a higher demand for solar tempered glass.

- The issue regarding levy in respect of proportionate inputs used towards clearances by units in SEZ into DTA in so far Safeguard duty is concerned, it's still unclear as the units in SEZ want to pay the Anti-Dumping Duty or Safeguard Duty only in the value of inputs which has hitherto escaped such duties, whereas they would under the present law need to pay on the value of clearances for the entire module. In the event the SEZ rules are amended to levy such Anti-Dumping Duty or Safeguard Duty there is a possibility that Anti-Dumping Duty on glass can become applicable which will help the company on the prices / demand from units in the Special Economic Zones.
- The uncertainties around taxation have adversely affected the solar installations in the country during the year so far and the situation continues to remain subdued.
- On 18th June 2018, the company's board approved a composite scheme of amalgamation and arrangement, details of which we had shared last quarter. The process of restructuring is in progress. We're expecting NSE, BSE approvals shortly and soon thereafter we'll file the matter with the NCLT. We expect the process to be completed by the first quarter of FY20. In the meantime, approval for shifting of registered office of the company from Gujarat to Maharashtra has been received.
- To conclude, I would say that we are on a growth path and with the implementation of the expanded capacity we would have the potential to more than double the sales from the second quarter of FY20. Our EBITDA margins are back at around 25% during the quarter. However, the cost pressures related to price of gas are continuing due to high international oil prices as well as the rupee depreciation and also due to increase in gas transport cost by GAIL. On the other hand, we can foresee some pressure on selling prices. We need to find avenues to inch up our overall average sales realisation by higher sales of 2-millimetre glass. That is the summary of our performance and developments this quarter.
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- With that background I would now welcome questions from you. Thank you.
- **Moderator**

- Thank you very much sir. We will now begin the Question & Answer Session. Anyone who wishes to ask a question may press '*' and '1' on their touchtone phone. If you wish to remove yourself from the question queue you may press '*' and '2'. Participants are requested to use only handsets while asking your question. Participants who wish to ask a question may press '*' and '1' on their touchtone phone. Anyone who has a question at this time may press '*' and '1'.

- We have our first question from the line of Kumar Nihal from Axis Securities. Please go ahead.

- **Mr. Kumar Nihal- Axis Securities**

- Thank you for the opportunity sir and congrats for the big numbers posted. Sir I want to know about the commercialization of the new capacity? Will it start selling from Quarter 2 onwards or it will be just the production set up that will be completed by Q2?

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- **Mr. Pradeep Kheruka- Chairman, Gujarat Borosil Ltd.**

- Actually, the moment the production is received by us we will start selling. So yes, from the Second Quarter onwards we expect the sales to commence.

- **Mr. Kumar Nihal- Axis Securities**

- Okay and the verdict by Orissa High Court is it still pending or has been cleared? The last I am aware about, is though the Anti-Dumping Duty has been implemented, the verdict was that if withdrawn, then the companies have to repay the amount of tariff that has been allowed so far.

- **Mr. Pradeep Kheruka- Chairman, Gujarat Borosil Ltd.**

So, the legal position so far as I understand it, I'm not a legal expert, but my understanding of the situation is as follows—the Orissa High Court first issued an order I think on the 23rd of July 2018. After that, the Government followed with the issue of notification of duty on the 31st July. Then the people who had obtained the stay in the first place went back to the Orissa High Court and they stayed the implementation of the Safeguard Duty notification. Then there were multiple hearings etc. The Government of India filed a Special Leave Petition before the Supreme Court where it stated that the original order itself from the 23rd of July had been faulty. Now this application was moved by the Solicitor General before the Supreme Court and the

Supreme Court was pleased to stay the operation of the initial order of 23rd July itself and the matter stands there now.

- In case the stay of the Orissa High Court is upheld, then the matter will go back to the Orissa High Court to determine whether the government had acted justly or unjustly in recommending the levy of 25% safeguard duty. So, to the best of my knowledge, and I am saying this based only on personal knowledge, this is extremely rare and unusual for such state to succeed. Because due process has been followed in the recommendation of the safeguard duty and subsequently the promulgation of the same.

- **Mr. Ashok Jain – Director, Gujarat Borosil Ltd.**

- Just to add that this duty collection has already started so all the module manufacturers or importers have to pay the duty now.

- **Mr. Pradeep Kheruka – Chairman, Gujarat Borosil Ltd.**

- It has become a fact now. The chances of it getting repealed I personally believe are very, very remote.

- **Mr. Kumar Nihal – Axis Securities**

- Okay, okay and sir the additional tempering capacity that you mentioned, how much portion out of total sales does it comprise?

- **Mr. Pradeep Kheruka – Chairman, Gujarat Borosil Ltd.**

- Against the total manufacturing capacity of about 28,000 sq. meters on 2 mm basis that we have, we now have a tempering capacity of 40, 000 sq. meter. So, we have significantly more tempering capacity as compared to our production capacity as on date.

- **Mr. Kumar Nihal – Axis Securities**

- So, what was the sales number from the additional tempering capacity?

- **Mr. Ashok Jain – Director, Gujarat Borosil Ltd.**

- It is about 15% of sales during this quarter.

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- **Mr. Kumar Nihal – Axis Securities**

- Okay, okay sir. Thank you. That is all from my side.
- **Mr. Pradeep Kheruka – Gujarat Borosil Ltd.**
- Thank you very much.
- **Moderator**
- Thank you. We have our next question from the line of Rikesh Parekh from Barclays. Please go ahead.
- **Mr. Rikesh Parekh – Barclays**
- Sir just wanted to understand what is the capacity utilization right now?
- **Mr. Pradeep Kheruka – Gujarat Borosil Ltd.**
- We are utilizing virtually the entire capacity that we have for the production of glass which is melted by us. So far as tempering is concerned, I would say that we are utilizing about maybe 60% to 65% of the capacity that we have.
- **Mr. Rikesh Parekh – Barclays**
- My second question is, what will be the blended realization differential between the Chinese and Malaysian glass and ours, approx.?
- **Mr. Pradeep Kheruka – Chairman, Gujarat Borosil Ltd.**
- I will ask Mr. Ashok Jain to take that question.
- **Mr. Ashok Jain – Director, Gujarat Borosil Ltd.**
- Until June or so, the difference was 5-10% , depending on the customers and depending on the prices offered to them. This has gone up slightly to about 7-12%, depending on the customers again. So, there is a slight increase in the differential in the pricing and that is because the Chinese demand has dropped in the last couple of months. This has led to some price reduction in the case of imports coming into India.
- **Mr. Rikesh Parekh – Barclays**
- Okay, so after this duty which has been levied now, is it safe to understand that we will be benefitted or better placed compared to imported glass?
- **Mr. Pradeep Kheruka – Chairman, Gujarat Borosil Ltd.**
- Yes, actually the advantage of the duty having been levied is that the cost of solar modules themselves have gone up by 25% when they are imported from China, okay. So, this means that it will give a boost to the production of solar modules in India which in turns gives us a boost in the number of customers who are there to buy glass

as such. So those customers can buy from us . So at least the number of customers and the total volume which is being used in India would have gone up which we can only know after sometime. At the moment it is difficult to say, because this is very recent. By the end of this quarter, hopefully we should have a better idea.

- **Mr. Rikesh Parekh – Barclays**

- Have we seen any increase in enquiries as such?

- **Mr. Pradeep Kheruka – Chairman, Gujarat Borosil Ltd.**

- We are in touch with all our customers and this is an ongoing business with us and our customers. So, you know they keep placing orders with us. I would say that greater pressure might usually develops in the last quarter of the financial year. That has been my experience for the past several years. But we remain sold out.

- **Mr. Rikesh Parekh – Barclays**

- And just one last question, how has been the response to the 2mm tempered solar glass in exports?

- **Mr. Pradeep Kheruka – Chairman, Gujarat Borosil Ltd.**

- In exports the response has been very positive. So, it is a very slow process as I mentioned earlier in the briefing. The first is that you send a few pieces of glass abroad in the full size. They look at it, they examine it from all the aspects which takes some time , then they say, 'okay the glass looks alright. Can you send us 20 pieces?' Now we prepare 20 pieces and send it to them and the same story is repeated. After several weeks we get okay fine, can we have one container load? So, in that sense we already have four customers who have gone through all these processes and they have accepted our glass and we have shipped the first lot to them. So, I would say that we are slowly, but surely growing in this field. Even one year after we have made fully tampered solar glass, we remain the only company in the entire world to have achieved it.

- **Mr. Rikesh Parekh – Barclays**

- And sir how are the realizations in this on the export side?

- **Mr. Pradeep Kheruka – Chairman, Gujarat Borosil Ltd.**

- Yeah significantly higher than the realization on the regular glass.

- **Mr. Rikesh Parekh – Barclays**

- Okay. So, can we assume that since we have accreditation from the four buyers we can see more demand could be coming in for the 2mm?

- **Mr. Pradeep Kheruka – Chairman, Gujarat Borosil Ltd.**

- Absolutely, there is no question about that. You see we are already seeing that 2 mm glass is used for glass-glass modules. Now in so far as the glass-glass modules are concerned, what we see is that the demand for glass-glass modules has really jumped exponentially already based on heat strengthened glass from China. So, in China itself and the rest of the world a lot of glass-glass module has started being manufactured. But they suffer from the infirmity that the glass is only heat strengthened and not tempered. So, I would say that this is going to be the trend of the future from what we can see.

- **Mr. Ashok Jain – Director, Gujarat Borosil Ltd.**

- Just to add here, we have many orders from our customers who have recently bought from us, except that the process of drilling is still not fully operational at our end. Once we have achieved that, we will be able to supply much higher volumes compared to what we are doing today. So, we have orders but it will get serviceable in the next couple of months. We have already ramped up the hole drilling capacity to some extent but still much needs to be done on this.

- **Mr. Rikesh Parekh – Barclays**

- Okay thank you. One small question about these four buyers. So which geographies are these buyers from?

- **Mr. Pradeep Kheruka – Chairman, Gujarat Borosil Ltd.**

- Three of them are from Europe and one is from India and again the Europeans are buying from us specifically because our glass is fully tempered and they are very particular that the product that they use as inputs have to be fully compliant with all safety regulations etc. So that is what it is.

- **Mr. Rikesh Parekh – Barclays**

- Thanks so much and all the best.

- **Mr. Pradeep Kheruka – Chairman, Gujarat Borosil Ltd.**

- Thank you

- **Moderator**

- Thank you. A reminder to all the participants you may press “*” and ‘1’ for asking a question. We have our next question from the line of Navin Bothra – individual investor. Please go ahead.

- **Navin Bothra – Individual investor**

- Good afternoon sir.
- **Mr. Pradeep Kheruka – Chairman, Gujarat Borosil Ltd.**
- Good afternoon.
- **Navin Bothra – Individual investor**
- Congratulations for excellent set of numbers once again.
- **Mr. Pradeep Kheruka – Chairman, Gujarat Borosil Ltd.**
- Thank you.
- **Navin Bothra – Individual investor**
- My first question is about the 2 mm glass. In the last quarter we had got some rough estimate of around Rs. 1 crores sales from 2mm glass. What is it this quarter?
- **Mr. Ashok Jain – Director, Gujarat Borosil Ltd.**
- Yeah, this quarter too we have done about Rs.1 crore.
- **Navin Bothra – Individual investor**
- Rs. 1 crore....and the second question is regarding the solar roof pilot project. Is there anything new on this?
- **Mr. Pradeep Kheruka – Chairman, Gujarat Borosil Ltd.**
- Yeah, we have shipped the set of glasses to a foreign customer who is going to make solar roofs with glass-glass modules on this. We are also in dialogue with some Indian companies who are involved in this , who order the glasses for car parking roofs. So yes, we are in dialogue and there is interest in this matter. Of- course as usual, as I have said earlier, that everything takes time.
- **Navin Bothra – Individual investor**
- It is already commercialised?
- **Mr. Pradeep Kheruka – Chairman, Gujarat Borosil Ltd.**
- I cannot say it is commercialized exactly but yeah, the product is itself commercialized in the sense that such car roofs are existing, using that glass which has been heat strengthened. So, this is now for the first time that glass which is fully tempered is going to be used for this purpose.
- **Navin Bothra – Individual investor**

- Okay so how do we see this business going ahead, say 2-3 years down the line, solar roof glasses etc?

- **Mr. Pradeep Kheruka – Chairman, Gujarat Borosil Ltd.**

- I personally think that there is going to be a very dramatic growth in this business. Because the idea of a glass-glass module has really captured the imagination and of course you will understand that for each sheet of glass that we were normally selling, with the glass-glass module we will be selling two sheets instead of one for the same module. So that will double our consumption immediately. Therefore we are quite hopeful that we should see a very good response going forward even for the second furnace that is coming up.

- **Navin Bothra – Individual investor**

- My last question is regarding the expansion projects. Are we seeing any cost increase due to the rupee dollar depreciation of around 10-11% in the last quarter?

- **Mr. Pradeep Kheruka – Chairman, Gujarat Borosil Ltd.**

- Yes, there will be some cost increase. Mr. Jain will take this question

- **Mr. Ashok Jain – CFO, Gujarat Borosil Ltd.**

- The dollar and the Euro have both strengthened substantially. There may be an increase of about Rs. 8-10 crores in the cost of the project which we will fund from internal sources.

- **Mr. Pradeep Kheruka – Chairman, Gujarat Borosil Ltd.**

- The Rupee depreciating improves our realizations from exports. If we are successful in getting more exports for our business then to some extent, the impact should reduce and not be that much.

- **Navin Bothra – Individual investor**

- So overall the project implementation is on schedule?

- **Mr. Pradeep Kheruka – Chairman, Gujarat Borosil Ltd.**

- Yeah, absolutely, it is on schedule.

- **Navin Bothra – Individual investor**

- Okay thank you sir.

- **Mr. Pradeep Kheruka – Chairman, Gujarat Borosil Ltd.**

- Thank you.

- **Moderator**
- Thank you. Anyone who has a question at this time may press '*' and '1'. We have the next question from the line of Rakesh Jain from ACM Investments. Please go ahead.
- **Mr. Rakesh Jain – ACM Investments**
- Hi, congratulations sir, on good set of numbers.
- **Mr. Pradeep Kheruka – Chairman, Gujarat Borosil Ltd.**
- Thank you.
- **Mr. Rakesh Jain – ACM Investments**
- I have one question on the realizations. So, could you tell about how much realization improvement we had in the export markets?
- **Mr. Ashok Jain – Director, Gujarat Borosil Ltd.**
- Export market realizations improvement was about 6%.
- **Mr. Rakesh Jain – ACM Investments**
- And this was primarily due to the currency impact or was it something else?
- **Mr. Ashok Jain – Director, Gujarat Borosil Ltd.**
- Yeah mainly due to currency improvement.
- **Mr. Rakesh Jain – ACM Investments**
- Currency improvement.....and what was it in the domestic market?
- **Mr. Ashok Jain – Director, Gujarat Borosil Ltd.**
- About 2-3%.
- **Mr. Rakesh Jain – ACM Investments**
- Coming to increase your power and fuel costs, so much of it are we really able to pass on to the clients?
- **Mr. Ashok Jain – Director, Gujarat Borosil Ltd.**
- Yeah as you heard the selling price numbers, so we could pass on about 2-3% in terms of selling price. The power cost is not rising significantly but there is a fuel cost in the form of natural gas. So, natural gas prices are connected to the US dollar and is

also related to the oil prices. So, the impact of oil price increase and impact of the foreign currency fluctuation has caused all this cost increase in terms of gas prices.

- **Mr. Rakesh Jain – ACM Investments**

- So, is it with a lag or do we get it with immediate effect?

- **Mr. Ashok Jain – Director, Gujarat Borosil Ltd.**

- It is with a one-month lag.

- **Mr. Rakesh Jain – ACM Investments**

- Okay. And so, your gross margins although have improved on year-on-year basis, on quarter-on-quarter basis it has fallen slightly by 200bps. So, any particular reason?

- **Mr. Ashok Jain – Director, Gujarat Borosil Ltd.**

- On quarter-on-quarter basis also it is good. I think you seem to have referred to some different number.

- **Mr. Rakesh Jain – ACM Investments**

- I had excluded the other income part of it.

- **Mr. Ashok Jain – Director, Gujarat Borosil Ltd.**

- Other income is basically business income only. It includes export incentives.

- **Mr. Rakesh Jain – ACM Investments**

- Alright, okay and lastly your tax expenses have been dropping in this quarter. So, what is the reason as such?

- **Mr. Ashok Jain – Director, Gujarat Borosil Ltd.**

- It is due to IndAs adjustments, the adjustments required in the IndAS.

- **Mr. Rakesh Jain – ACM Investments**

- What is the likely tax rate you will see for FY 19?

- **Mr. Ashok Jain – Director, Gujarat Borosil Ltd.**

- We are liable to pay about 20%, I think.

- **Mr. Rakesh Jain – ACM Investments**

- Okay that is it from my side, thank you so much.

- **Mr. Pradeep Kheruka – Chairman, Gujarat Borosil Ltd.**
- Thank you.
- **Moderator**
- Thank you. Another reminder to all the participants you may press ‘*’ and ‘1’ for asking a question.
- We have the next question from the line of Jinesh Joshi from Prabhudas Lilladher Private Ltd. Please go ahead.
- **Mr. Jinesh Joshi – Prabhudas Lilladher Pvt. Ltd.**
- Sir two quick questions from my side. I wanted to understand the competitive intensity in the 2 mm space. If I am not mistaken, we are the only player in India in this particular space. So what stops competition from coming in and what are the basic technical areas which you feel act as the USP when it comes to keeping competition at bay?
- **Mr. Pradeep Kheruka – Chairman, Gujarat Borosil Ltd.**
- So, to answer your question, in the space for fully tempered 2 mm, the demand for that has been enunciated by the users for a long time, for the last 4-5 years I would say. And we were also one of the people who heard this voice coming from the market and so we set up our equipment. The equipment that we set up is the 11th such line and the same manufacturer whose equipment we have set up has supplied 10 lines like this already to other people and after we had set up it up, he has supplied three more lines to yet other manufacturers.. But so far, I must say it is only Gujarat Borosil that has been able to successfully temper the 2 mm glass fully in the way that we have. In all modesty, I must say that it is a little bit like having a Formula 1 car. So, the people who build the car cannot drive it to victory. You need a person with the skill of driving the car, who can take the Formula 1 car to victory. So perhaps our understanding of the tempering process, the raw glass that we manufacture, the base glass which is in turn tempered is of a very, very, high quality, meeting very, very demanding specifications and that is why we are able to do it.
- **Mr. Jinesh Joshi – Prabhudas Lilladher Pvt. Ltd.**
- Okay, and how have the prices behaved over the last few years, if you can just highlight the basic trend of solar glass prices over the last few years?
- **Mr. Pradeep Kheruka – Chairman, Gujarat Borosil Ltd.**
- So, I would say that, everything in the world has a certain basic bare minimum below which it cannot be sustained. So even in China, there is a bare minimum. It is not that there is a bottom less pit even in China. So there has been a certain demand

projection that the Chinese government has given to the Chinese industry for a long time and the demand projection was that they would be setting up 50GW or 53 GW in the current year. And suddenly in the month of May they cried a halt to that. They said, 'no, after 30GW no more.' So, what has happened is that the current crisis which we see in the business of solar components and solar modules sales is because everybody has a large stock. They were gearing up for this 50 GW plan which suddenly became unstuck. So, they have to get rid of that stock somewhere. The prices which were prevailing until May or June, we were comfortable with. Those prices have not dropped any further and I don't see further price drops also from the cost point of view, because the price of fuel has been escalating rapidly. This year has seen a significant escalation in the cost of fuel which is the prime input cost for conversion of sand into glass. It is done by natural gas or by furnace oil. So, the price of that has risen.

- China is also importing natural gas and fuel, you see they don't have any stock of these materials. So therefore, I do not feel that there is a scope for price reduction in terms of the costing. If somebody has a mountain of stock and has to get rid of it, then there is a fire sale or you might say an emergency sale, and he can do anything. But China is unpredictable so all this remains to be seen.

- **Mr. Jinesh Joshi – Prabhudas Lilladher Pvt. Ltd.**

- So, would it be safe to assume that the current prevailing price is somewhere near the bottom and you are not expecting any further drop from current levels?

- **Mr. Pradeep Kheruka – Chairman, Gujarat Borosil Ltd.**

- Yeah, yeah, I would definitely say that. In fact, I would say that the current prices are below the bottom price, that is my take on it.

- **Mr. Jinesh Joshi – Prabhudas Lilladher Pvt. Ltd.**

- Sure, and also if you can just share the number from May by what proportion has the prices dropped?

- **Mr. Ashok Jain – Director, Gujarat Borosil Ltd.**

- After this announcement by the Chinese government, the prices dropped around 15% and there has been a subsequent drop by about 5%. But at the same time the dollar has strengthened by about 13-14%, so net drop is about 5%.

- **Mr. Jinesh Joshi – Prabhudas Lilladher Pvt. Ltd.**

- Okay that is it from my side.

- **Mr. Pradeep Kheruka – Chairman, Gujarat Borosil Ltd.**

- To add, this withdrawal from the market which the Chinese government announced in May, cannot be a permanent feature under any circumstances. They have to go back into the market. China is also facing a lot of economic crises of its own, but I don't think they can stop their whole program of solarisation. It has only been interrupted. I think they might renew their activity from January. The moment the activity starts, there should be a firming up of prices.

- **Mr. Jinesh Joshi – Prabhudas Lilladher Pvt. Ltd.**

- Okay fair enough sir, thank you.

- **Mr. Pradeep Kheruka – Chairman, Gujarat Borosil Ltd.**

- Thank you.

- **Moderator**

- Thank you. As there are no further questions, I would now hand the conference back to the management for the closing comments.

- **Mr. Pradeep Kheruka – Chairman, Gujarat Borosil Ltd.**

- Thank you very much gentlemen. It has been a pleasure interacting with each one of you. Your questions are pointed and they need thought out answers which is something we enjoy. We are enjoying doing the work that we do and we hope to carry all of you with us as we go forward. Thank you.

- **Moderator**

- Thank you on behalf of Prabhudas Lilladher Pvt. Ltd. that concludes this conference. Thank you for joining us and you may now disconnect your lines.

(End of transcript)