

# BOROSIL®

## Gujarat Borosil Limited

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### 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 August 09, 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**

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GUJARAT BOROSIL LIMITED

“Gujarat Borosil Limited  
Q1 FY2019 Results Conference Call”

August 09, 2018

GUJARAT BOROSIL LIMITED



**ANALYST:** **MS. PRANJAL JAIN - AXIS CAPITAL LIMITED**

**MANAGEMENT:** **MR. SHREEVAR KHERUKA - GUJARAT BOROSIL LIMITED**

**MR. ASHOK JAIN – DIRECTOR - GUJARAT BOROSIL LIMITED**

**Moderator:** Ladies and gentlemen good day and welcome to the Gujarat Borosil Q1 FY2019 earnings conference call hosted by Axis Capital Limited. As a reminder all participant lines will be in the listen only mode and there will be an opportunity for you to ask the questions after the presentation concludes. Should you need assistance during the conference call please signal for an operator by pressing “\*” then “0” on your touchtone phone. I now hand the conference over to Ms. Pranjal Jain from Axis Capital Limited. Thank you and over to you!

**Pranjal Jain:** Thank you Stanford. On behalf of Axis Capital, we welcome all the participants for the conference call of the Gujarat Borosil Limited. Call will be initiated with a brief management discussion on the earnings performance followed by Q&A. The management team is represented by Mr. Shreevar Kheruka, and Mr. Ashok Jain, Director. The call will be started by initial comments from the management. Over to you Sir!

**Shreevar Kheruka:** Thanks, Pranjal. Good afternoon everyone. Before I start, I just would like to say that initially it was my father, Mr. Pradeep Kheruka who was supposed to host this call, but due to a last-minute emergency travel that has come up, he had to leave and I am hosting this call in his place.

My colleagues and I are glad to welcome you to this call. The company announced results for Q1 FY2019 yesterday. The investor presentation has been updated and this has been uploaded on our company website as well as with the stock exchange. This is our fifth conference call and most of you are familiar with our business. Hence, I intend to quickly touch up-on highlights of the company's performance and some developments and then welcome your questions.

Coming to the financial performance during the first quarter of FY2019, our net revenue registered a strong growth of 22%. We achieved close to INR 50 Crores of revenue. The healthy growth has been achieved by a combination of higher production and sales volume as well as an improved sales mix with the higher proportion of tempered solar glass and finally by a better unit realization on our solar glass sales. Solar tempered glass volumes were higher by about 15% as compared to Q1 FY2018. The sale of patterned glass, which typically yields a lower realization, reduced from 6.5% of revenue to only 1.2% of revenue in this quarter.

During this quarter, the realizations from solar tempered glass were better than in the same quarter last year, because of the weakening of the Indian Rupee against the Euro and US Dollar as well as a more favorable customer mix. The company recorded an EBITDA of INR 12.1 Crores during this quarter, which represents a margin of 24.5% as compared to a margin of 20.6% during the same quarter last year. The improved margins are a function of better unit realization as well as continued focus on input cost optimization. However, I must also clarify that last year during the same quarter the company had suffered a temporary downfall in EBITDA due to trials of 2 mm glass. The company's PBT and PAT were INR 4.5 Crores and INR 3.3 Crores respectively for this quarter.

We have made progress on our new product, the thinner tempered solar glass. The Company has executed export sale orders of the 2 mm solar glass a first of its kind fully tempered glass for glass-to-glass modules and we feel it can become a large opportunity and create a shift in PV module assembly towards 2 mm glass. In India, customers have shown interest in 2.8 mm glass as opposed to the standard 3.2 mm and we have executed orders on this account as well. We expect to have some further product developments in this area because by nature 2 mm glass requires a certain back glass, which requires some further value addition which the company is working on and hopefully we will be able to launch shortly. We are happy that our development efforts in thinner glass have started bearing fruit. We are conscious that the process of wider adoption will run its own course and it may take some time for this to gather momentum due to various certifications required by customers with a new bill of material.

During the last year, the company had undertaken the expansion of its tempering capacity. We can now temper 200 metric tonnes per day, which is higher than our hot production capacity for solar. We had mentioned during our call in an earlier quarter that there existed a possibility of procuring annealed glass, which you could temper using this excess capacity. We have started this in a small way in the first quarter and we have plans to process larger quantities in the coming quarters, although the incremental sales will yield slightly lower margins. However, it is good for us to do this as it de-risks our expansion project of the second solar glass plant as we will be able to expand our customer base even before we have the second plant fully operational.

To summarize a few developments in the solar industry - antidumping duty was imposed on Chinese solar glass in August 2017. The share of China in imports has come down but imports from Malaysia have increased. Investigations have been initiated for antidumping duty on Malaysian solar glass in February 2018. A hearing took place on June 11 and we are now awaiting the final decision. Prices of solar tempered glass showed resilience until the beginning of the quarter; however, an unexpected decision by the Chinese Government to cut down the plan for new solar installations in the remaining part of the year caused prices from China and Malaysia to come down in the last two months.

However, while we expect to largely protect ourselves by maintaining a suitable customer mix, which should keep us relatively insulated, the possibility of some impacts cannot be ruled out. The government has imposed safeguard duty of 25% on imports of solar cells and modules from China and Malaysia on July 30. This will provide a welcome relief to domestic manufactures of these products. The imposition has been challenged by some parties. The situation will be clear in the coming weeks. As far as Gujarat Borosil is concerned, the levy of safeguard duty augers well as the same is expected to enhance domestic production of modules and create a higher demand for solar tempered glass in India.



The company has commenced work on a Brownfield expansion to double its capacity. Project ordering for major items has ready been done. It is that estimated the project will come on stream by Q2 of FY2020.

Just a little bit on the scheme of amalgamation. The company's board on June 18, approved a composite scheme of amalgamation and arrangement. In terms of the scheme, Gujarat Borosil will merge into Borosil Glass Work Limited. Shareholders of Gujarat Borosil holding two shares will be issued one share of Borosil Glass Works. Simultaneously all business of Borosil Glass Works other than the solar business will be demerged into a 100% subsidiary of Borosil Glass Works, Hopewell Tableware Limited. All shareholders holding shares in Borosil Glass Works including the GBL Shareholders who have received one share of Borosil Glass Works upon the merger for every two shares of Gujarat Borosil held, will be issued one share of Hopewell Tableware. Of course, the names will be changed. Borosil Glass Works will then house only the solar glass business, which is proposed to be renamed as Borosil Renewables Limited and Hopewell Tableware Limited, which will house the Consumer and Packaging businesses of Borosil will be renamed Borosil Limited.

Both the companies will be listed on the stock exchanges in India. Therefore, our shareholders owning 100 shares of Gujarat Borosil today will finally after the scheme is approved and concluded own 50 shares of Borosil Renewables Limited and 50 shares of Borosil Limited. The scheme is subject to the approvals of the shareholders of the company and the regulatory authorities. We estimate that the implementation will take about 9 to 10 months' time. The new shareholding will simplify the shareholding structure and eliminate crossholdings.

To conclude I would say that we are at a very exciting juncture in our company's journey as India's only solar glass manufacturing is in a sunrise industry and we are well placed to participate in its growth. Our EBITDA margins have bounced back to around 24% with the implementation of expanded capacity. We should have the potential to more than double our sales after Q2FY20.

That is the summary of performance and developments in this quarter. With this background, I would now welcome questions from you. Thank you.

**Moderator:**

Thank you very much Sir. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Naveen Bothra, an individual investor. Please go ahead.

**Naveen Bothra:**

Congratulations Sir, for another quarter of your performance - operating performance as well as earnings. I was in the AGM yesterday. We were expecting you to also attend the AGM, but I had a good interaction with Mr. Kheruka. So, my first question is regarding the current debt levels, and we level we expect once the expansion project is completed?

- Shreevar Kheruka:** Currently the company has the preference shares, which is the giant share of debt on the company, but Mr. Jain will tell us about the debt levels post the project being implemented.
- Ashok Jain:** Yes, currently the company has debt in the form of buyer's credit which is about Rs.10 Crores. Besides this there is no debt in the company apart from the preference shares mentioned by Mr. Shreevar Kheruka. For the project, we will be borrowing INR 85 Crores as a term loan and INR 15 Crores for working capital. So that is the amount of debt, which the company will take for the project.
- Naveen Bothra:** Okay and so presently we are not having any overdraft limits and all these things?
- Ashok Jain:** We have a sanctioned overdraft limit, but are hardly using it.
- Naveen Bothra:** So, the project will be funded by INR 125 Crores from the scheme, which we are getting from Borosil Glass Works and INR 100 Crores of loans?
- Ashok Jain:** Right.
- Naveen Bothra:** The second question is regarding the further improvement in 2 mm tempered glass, which is going on. How is the revenue percentage of 2 mm in this quarter? Have we exported?
- Shreevar Kheruka:** The revenue is in single digits only in terms of percentage.
- Ashok Jain:** The revenue is close to INR 1 Crores for the first quarter.
- Naveen Bothra:** For 2 mm Sir?
- Ashok Jain:** Yes.
- Naveen Bothra:** Okay. So overall domestic and export if you can give the percentage breakup in this quarter?
- Ashok Jain:** All of 2 mm is actually export. In India so far, people have not started using 2mm. We are talking to them but they are likely to follow European customers. Generally, they will like to see the product first proving itself and then they would like to venture.
- Shreevar Kheruka:** I want to add that for 2 mm glass, there has to be another product development, which we have to do. We have to drill some holes in our glass and that is in the process of happening. We are working on that and expect that once this development is proven the numbers should improve substantially for the 2 mm glass.
- Naveen Bothra:** So, my final question is regarding the overall export and domestic percentage inclusive of all glasses?

**Ashok Jain:** Yes, our exports are about 20%.

**Naveen Bothra:** Okay Sir. Thank you, Sir.

**Ashok Jain:** Export has shown a good growth in this quarter as compared to the same quarter last year.

**Moderator:** Thank you. The next question is from the line of Rakesh Jain, Asit C Mehta. Please go ahead.

**Rakesh Jain:** Congratulations on the results. My question was around the Solar Energy Corporation of India product that you had mentioned in your annual report, which would require complete domestic procurement of all the solar components. Can you give some highlights on how it is going to happen, what kind of benefits Gujarat Borosil will have and in what timeline?

**Ashok Jain:** Yes sure. So, what is happening is that government is trying to promote domestic manufacturing in the solar ecosystem and currently we are depending largely on imports from China, Malaysia and other countries. The government wants to start manufacturing of all the components here, so that the investment can happen in the country and the jobs can be created. So now SECI is mandating in particular project tenders that the developers or the bidders should also have a manufacturing facility. Now that can be by way of their own manufacturing facilities or they can join hands with some other manufactures who have a facility. So basically, it will increase the manufacturing setup in the country, and we can see a good amount of growth in the country for the components. Right now, module manufacturing capacity is 9 gigawatts, but we are hardly using 3-gigawatt capacity. So, once the components start getting made here, the manufacturing will receive a boost and other opportunities will be created for the country.

**Rakesh Jain:** Okay, so I wanted to understand what is the opportunity size for Gujarat Borosil within the project?

**Ashok Jain:** Well this is supposed to be about 12-gigawatt per annum capacity, which is quite substantial. Gujarat Borosil currently services only 1 gigawatt solar module capacity and after expansion also we will be close to 2.5 gigawatts. So, for us there is a huge opportunity upside on this and if it succeeds and implements 12 gigawatts, then we can have further room for growing our business.

**Rakesh Jain:** Any ballpark timeline when this get kicked off?

**Ashok Jain:** See we cannot be sure because there are lot of apprehensions shown by the developers as of now, because they are saying that they cannot be forced to have manufacturing facilities. But the government has all the intensions to develop manufacturing in the country. It is not in our hands and the government has to deal with the situation. We expect this to happen sooner rather than later.



- Rakesh Jain:** Okay and on the tariffs, which was imposed by US and China regarding the solar modules and plants, how do you see that effect panning out? Will you see this capacity with China indirectly coming in to India because you have mentioned that new capacities have been setup by Chinese in Malaysian and Vietnamese territories where we do not have this safeguard duty yet, although we are in the process of getting those. So, is that an indirect way for China to start importing into India again?
- Ashok Jain:** Yes, you have raised two questions actually, one is regarding imposition of safeguard duty, which has happened on solar cell and modules. It is not applicable on the glass. So, if you import any solar cells from Malaysia or China then it will be liable to pay 25% safeguard duty.
- Rakesh Jain:** No, I was asking about the US tariff, which US has been imposed on China?
- Ashok Jain:** Well, US tariff also is against the module and cell only and that will make the capacity from China, Malaysia available for supplying to other parts of the world. But as the situation stands, the government of India has also levied 25% safeguard duty, so if there is a flood of imported solar cells and modules coming into the country, it will be subjected to the 25% duty. As far as the glass is concerned, we have antidumping duty against China, and against Malaysia, it is in process.
- Rakesh Jain:** Yes, so I mean new capacities are being set up over there?
- Ashok Jain:** Yes.
- Rakesh Jain:** So then by the time GBL has new capacity coming in they will also have it and the timeline is uncertain when we can get this safeguard duty. Moreover, with Vietnam I do not think we have any investigation starting?
- Ashok Jain:** The new capacities for solar cell and modules, will keep on taking place in other part of the world. So is also true for the other components, but the Government in India has resolved that they want to develop manufacturing here. Indian manufacturing has not been very competitive in terms of components because of the subsidies and other incentives offered by those governments. So, the government in India is also trying to provide the mechanisms to safeguard the interest of these manufactures, which will boost manufacturing in India.
- Rakesh Jain:** Okay. Got it. And can you just give some colour on the current pricing of solar glass?
- Ashok Jain:** Solar glass has international pricing. We are selling at market related prices so there is no fixed price. The sizes are different, customers are different, the volumes are different so prices are different for every customer actually.
- Rakesh Jain:** So what growth have you seen in the prices last one quarter?



- Ashok Jain:** Yes, April to mid-June, the prices were good, but after the Chinese government sort of cut down on the solar implementation in their country from May 20, there has been a certain amount of disturbance in the prices. The prices have come down. We have still not seen any repercussions for our prices as our customer base and mix is suitable to resist the price decline. So, we are holding on to our prices and our exports are doing well. We are getting good realization in exports and we are giving a greater focus to exports as well.
- Rakesh Jain:** Sir another thing, which you have mentioned that you have taken some cost measures like reduction in the import of soda ash and soda antimonite. What percentage of your raw material costs are these particular raw materials?
- Ashok Jain:** See typically raw material constitute about 23% to 24% of the cost. Now soda ash is a major component and the other major component is silica sand. So, soda ash it is quite substantial in terms of the overall percentage.
- Rakesh Jain:** So how much savings are you doing in this?
- Shreevar Kheruka:** Sorry, we cannot answer that question.
- Ashok Jain:** You can see our raw material consumption from quarter to quarter and you can see that the cost is relatively lower.
- Rakesh Jain:** Okay and last question from my end, you have mentioned about the power cost being on the higher side right now and you have been accessing power from other sources. What is the likely scenario on pricing? Do you see it is going being on the higher side for some more time?
- Shreevar Kheruka:** See government is supplying the power and they control the prices. We are not seeing the declining of power prices. What we can do is try and find cheaper alternates to supplement our requirement. What we have done is to go for buying of the power in open access and that has reduced our overall cost to that extent.
- Rakesh Jain:** Okay, so it has reduced your cost now.
- Shreevar Kheruka:** Yes.
- Rakesh Jain:** Okay, all right. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Anirudh Jain, an individual investor. Please go ahead.
- Anirudh Jain:** My question is what is the average price difference between Chinese players and us?

**Shreevar Kheruka:** I think it could be around 10%. Like Mr. Jain has said that it depends on the size, because solar glasses are sold in different prices. It depends also on where the customer is situated the order volume. So, there are many factors at play. On average I would say the difference probably is 5% to 10%.

**Anirudh Jain:** 5%-10% okay and what is the percentage of cost of glass to the finished product?

**Ashok Jain:** The glass cost in a module is about 6%.

**Anirudh Jain:** Okay and Sir my last question is about the scheme and the promoter stake in the company. What is the management thinking and can we expect some dilution in the near future?

**Shreevar Kheruka:** The main reason for the scheme was to eliminate crossholding, and giving the investor as an opportunity to invest either directly in Gujarat Borosil or directly in Borosil without getting the other company as dowry so to say. So, the whole idea of the scheme is that. As a result of the scheme the promoters' holdings have come down. It has nothing to do with industry outlook.

**Ashok Jain:** It is a function of relative valuation done by the valuers and independent certificate form the merchant bankers.

**Anirudh Jain:** Yes, and not at all questioning on the valuation side. I just wanted to know about the thinking behind this because we withdrew the earlier scheme and then we proposed the new one. Effectively in that new scheme, our holding was in Gujarat Borosil but in the new scheme from the promoter angle, the holding is increasing?

**Shreevar Kheruka:** Actually, the scheme has not been at all thought from promoter angle. I thought only from the option of removing crossholding and secondly allowing shareholders to invest in whichever sector they wanted. That is the long and short of the rationale behind the scheme. Now whatever has happened to shareholding is more a result of the scheme, not a reason to do the scheme.

**Anirudh Jain:** Okay. Perfect. Thank you.

**Moderator:** Thank you. The next question is from the line of Nishant Chawla from Equentis Wealth Advisory. Please go ahead.

**Moderator:** The next question is from the line of Rohit Nagaraj from Sunidhi Securities. Please go ahead.

- Rohit Nagaraj:** My questions pertains to general industry dynamics, now we have seen that there has been a ban on plastics, so just wanted your view on how will this affect the glass industry. Will there be any conversion to glass and as I understand and correct me if I am wrong, we have converted all our capacity to solar glass. Is there an expectation of converting from plastic to glass?
- Shreevar Kheruka:** Actually, the ban on plastic has not affected this industry at all. That was mainly for consumer goods, okay on the Borosil consumer space where maybe it has a positive implication. But coming to Gujarat Borosil in the solar space, there was never plastic used in the first place. So, the ban on plastics does not impact us in anyway shape or form in Gujarat Borosil.
- Rohit Nagaraj:** Okay and I just wanted a broader view in terms of this industry if it is not affected our business as such, but do you foresee an opportunity for the glass industry because of conversion of plastic to glass in food packaging and so on?
- Shreevar Kheruka:** I would say especially in bottles. I think there could be a big move, so packaging for water, for juices, for all of that there definitely could be a very positive impact, but we are not in that industry so I cannot specifically comment. In general, I can tell you that many people including manufacturers of food products and pharma guys are thinking to move from plastic to glass. This is anecdotal. I do not have any data because it is based on discussion that I have had with few people. So, I do expect a fillip to the glass industry in general. Now who will get impacted who and who will benefit it is hard to answer that.
- Rohit Nagaraj:** So, in this scenario, would we be considering entry into the consumer business?
- Shreevar Kheruka:** I just want to clarify Gujarat Borosil will not be entering the consumer business. Borosil Glass Works is already in the consumer business. So definitely our product portfolio there is taking into cognizance the ban and like I said there we are getting benefit of introducing many new products in relation to consumer glass and that is certainly happening., It will have no impact on Gujarat Borosil Limited.
- Rohit Nagaraj:** Okay. Fair enough. Thank you very much.
- Moderator:** Thank you. The next question is from the line of Nikunj Mittal an Individual Investor. Please go ahead.
- Nikunj Mittal:** My question is regarding the merger ratio. If you look at the current stock price of both, Gujarat Borosil is around 130, and in the merger, for two shares of Gujarat Borosil, we will be getting one stock of Borosil Glass, so two shares of Gujarat Borosil today would about cost around 260 while one share of Borosil Glass is priced to around 360, so there is a big premium attached over there. I was just wondering what this is about? Is it due to preferential share capital or the debt, that will be taken on the books? Could just shed some light on why this discrepancy is arising? And is there any possibility of the merger ratios being changed because of this?



- Shreevar Kheruka:** Firstly, the merger announcement happened on a certain date. We have to look at the share price and the valuation of company on that date. After the announcement whatever happens, cannot be factored. There will be no change in the merger ratios. It will happen as per independent third-party valuation and certificate of fairness based on which we have applied the scheme of merger and demerger. So, the valuations are done at the specific point in time after which valuations cannot change. To answer on your pricing question, absolutely the entire equity and debt of both the companies are factored including the preferential shares. That has already been considered in the valuation of the two companies., So, I would say that each of the companies has a share capital and Borosil also is a promoter company of Gujarat Borosil with some shareholding in it. So, you cannot do simple math saying that today is 130 and therefore two shares is 260 that would not work. The number of shares of Gujarat Borosil are going to change dramatically and will be cancelled in the process of merger. So, it is proper financial model with all the factors taken account including equity valuations including the debt, including the projections of the company in the future. The ratios are based on valuations that have come up after applying all these factors.
- Ashok Jain:** Yes, I would like add here that the current valuation of Borosil in the market must be including the valuation of Gujarat Borosil shares, because that is the share which Borosil Glass Works shareholder is entitled to. So, after the scheme gets implemented and shares start getting listed post the scheme, that time you will see the correct valuation being reflected in the markets.
- Nikunj Mittal:** So actually, I wondering whether with this apparent discrepancy you anticipate any problems in getting an approval for the scheme for shareholders of Gujarat Borosil?
- Shreevar Kheruka:** No, I doubt it because like Mr. Jain has just mentioned that today directly and indirectly Borosil owns 58% of Gujarat Borosil. So, there is some amount of double counting happening there, because the value of Gujarat Borosil is already factored into the Borosil share. I think for any investor it is very easy to see that there is a lot of value creation happening in this particular process. I do not anticipate any kind of resistance from either Borosil shareholders or Gujarat Borosil shareholders.
- Nikunj Mittal:** Okay and my last question is regarding an article sometime back about the Chinese Government stopping subsidies for the solar sector. What is the impact of that on Gujarat Borosil and how do you see that playing out going forward?
- Ashok Jain:** So, I was saying earlier that that Chinese Government announced around May 18, that they will be reducing the subsidies and they will go for lower quantity of solar installations during rest of the year. The numbers are out up to June, they have done 24 gigawatts by end of June which is same as that in the last year. In the next six months, the quantities will probably be lower. That will impact the manufacturing capacities over there as well as the prices in rest of the world. So, we are prepared for that and as I was mentioning, our customer mix enables us to protect our prices and margins. There will be certain amount of challenges on the prices, which we do not deny, but we are likely to remain

protected from major downfall in our sales realizations in the domestic market. We are focusing more on the export market, which is giving us even better realizations.

**Nikunj Mittal:** Okay and just one more question from me, you mentioned about the fact that private developers have problem with this antidumping and safeguard duty because it increases their cost, but in terms of PSU company, do you see them taking up solar project in a big way going forward?

**Ashok Jain:** Actually, what has happened is that government has already said that or MNRE has already said that whatever the impact of duties, the safeguard or antidumping duty or GST, it would be pass through. So even as we talk right now, the NTPC has retendered the 2-gigawatt capacity just now and they are trying to say to the developers that they need not be afraid of the safeguard duty. The impact on module prices resulting on the imposition of safeguard duties can be included in a revised bid. So, government is not trying to remain silent and they are trying to adjust the prices suitably so that the developers' concerns are taken cognizance of and they are taken care of.

**Nikunj Mittal:** All right. Thank you very much.

**Moderator:** Thank you. The next question is from the line of Vahishta Unwalla from CARE Ratings. Please go ahead.

**Vahishta Unwalla:** Good afternoon. What is the kind of demand that you expect in terms of the production from electric vehicles in the near future?

**Shreevar Kheruka:** At that moment, India does not have a very strong policy on electric vehicles. We have not seen much, so I cannot gauge the opportunity. Certainly, everyone is talking about electric vehicle for the future though. I can tell you that there are two segments, which are quite exciting. One is electric vehicles, the second is actually solar roofs. There are companies in the US whom we are talking to, who are developing entire roofs made of solar glass. So, it is not a module, the solar cell is a part of the roof itself. That sounds like a very interesting opportunity because there the roof is generating solar energy which is then used to charge a battery, which is then need to charge the electric vehicle which is in the house. So those are very, very exciting prospects for us for the future, but it is very challenging to understand how that market will shape up in India. Even how it is shaping up in the US for that matter and what percentage of revenue we can generate from that. However, we are definitely talking to people who are in that space and who have been tapping us. We do expect some orders coming through from that space.

**Vahishta Unwalla:** Right. Thank you, Sir.

**Moderator:** Thank you. The next question is from the line of Nishant Chawla from Equentis Wealth Advisory. Please go ahead.

- Nishant Chawla:** So, my question is regarding the 2 mm glass that you spoke about. I just wanted some clarification in terms of the domestic demand and consumption. Did you mention that it will take some time to further develop the product for the Indian market? What exactly are we talking about over here and what could be the timeline when the final product would be out in the market?
- Shreevar Kheruka:** Just to be clear, our final products are already out in the market. The demand right now is coming from Europe, and we expect that to continue growing. What I said earlier on the call was that in order to make 2 mm glass itself, the latest module design requires holes to get drilled in the glass. This is an added process. It requires holes to be drilled on the back of the glass with accurate measurements. We have been working to develop that product and once that is through then we can anticipate very substantial jump in the sales for 2 mm glass on the export market perspective. However, in the domestic market, we are selling thinner glass, which is not 2 mm but 2.8 mm and that has already started picking up. It is something that has already started and we expect that to grow. As far as 2 mm glass for India is concerned, typically India has reactive market. We have to wait to see how the product has played out in the western world and then we will develop the product. So, we do not anticipate a large quantum of 2 mm glass coming from India in the near future, but definitely once the product is established in Europe, then may be in a year or so we will see some demand for that in our country.
- Nishant Chawla:** Okay Sir. Thank you. That answers my question.
- Moderator:** Thank you. The next question is from the line of Devang Patel from Crest Wealth. Please go ahead.
- Devang Patel:** On the 2 mm glass, are the margins better than our normal margin and by how much?
- Ashok Jain:** Yes, see the product is new and the pricing is quite attractive and the additional cost is not very high so we have better margins in that respect.
- Devang Patel:** Could you given an idea how much better it is?
- Ashok Jain:** It is quite substantial, but the volumes have not been very large as of now, so we cannot count on that as of now. Once the sales and demand pick up then we have to see how the prices adjust. At that time, we will know what the real margins on this are.
- Devang Patel:** Okay and on the capacity expansion that will come up next, how soon before you can utilize it fully?
- Ashok Jain:** It does not take much time actually, maybe one or two months unless there is some problem, generally we will be able to stabilize the production in two months' time.
- Devang Patel:** That is all from my side. Thank you.



- Moderator:** Thank you. The next question is from the line of Naveen Bothra, an Individual Investor. Please go ahead.
- Naveen Bothra:** My follow-up question from yesterday's AGM as well as the Borosil's AGM, I have suggested for the hosting of proforma financials of all companies on the website to give more clarity on the post scheme implementation scenario. The earlier speaker sought clarity on valuations and current market share prices. There will be more clarity. This is a suggestion from my side.
- Shreevar Kheruka:** We have heard your suggestion and we have put that question to our legal department. They are in touch with the experts and they will take the necessary steps very soon, I can assure you.
- Naveen Bothra:** Okay. Thank you, Sir.
- Moderator:** Thank you. The next question is from the line of Anirudh Jain, an Individual Investor. Please go ahead.
- Anirudh Jain:** My follow-up question is apart from this 235 Crores; do you require some additional in terms of capex in the near future?
- Ashok Jain:** Besides this INR 235 Crores what we will require is to rebuild the current furnace, which has already run more than full life actually. This furnace will have to be rebuilt whenever it falls due for repair. The capex on that is expected to be about INR 30 Crores.
- Anirudh Jain:** But that will be from the 125 Crores, which you will get from the Borosil right?
- Ashok Jain:** No, INR 125 Crores is part of the project funding of 235 Crores. The INR 30 Crores capex on the rebuild will be done internally by the company.
- Anirudh Jain:** Okay and the second question is on the replacement, so is there any particular period after which solar glass modules need to be replaced?
- Ashok Jain:** Actually, glass can last much longer than even the life of the module because it does not get deteriorated so much and it can continue to allow the light to get transmitted. There is no need of replacement from the glass point of view. The module failures are generally related to the bed sheet, which is the polymer and in the open field or in the light or sunlight it gets deteriorated and that causes a failure to take place. In those situations the modules are required to be replaced.
- Anirudh Jain:** What is the average life of the module?

- Ashok Jain:** That is about 25 years. And with 2 mm glass we can increase the life of the module even to 40 years.
- Anirudh Jain:** So, there is no major after sales maintenance as such.
- Ashok Jain:** No, the only maintenance of installation pertains to proper cleaning of dust and the like in order for it to continue to generate power.
- Anirudh Jain:** So that Gujarat Borosil does the maintenance or some other party will do?
- Ashok Jain:** The EPC contractor or the supplier who supplied the installations generally undertakes the maintenance contracts. That is not the business in which we are. We only supply the glass.
- Anirudh Jain:** Okay. That is it. Thank you, Sir.
- Moderator:** Thank you. As there are no further questions from the participants, I now hand the conference over to the management for closing comments.
- Shreevar Kheruka:** Thank you for participating and asking a lot of questions. Like I mentioned before I think we have had a very good quarter in terms of good revenues and margins and we are very bullish on the coming quarters ahead. Our new project is in full swing, the ordering has started and we hope to be on time for launching this project. So overall, I would say that we are positive in our outlook for this coming year and I wish you all the best and look forward to talking to you all in the next quarter's conference call. Thank you.
- Moderator:** Thank you very much. Ladies and gentlemen, on behalf of Axis Capital Limited that concludes this conference. Thank you for joining us. You may disconnect your lines.

