

BOROSIL®

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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 November 13, 2017.

You are requested to take the same on record.

Thanking you.

Yours faithfully,

For Gujarat Borosil Limited



Kishor Talreja
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Encl: As above

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GUJARAT BOROSIL LIMITED

“Gujarat Borosil Limited Q2 FY2018 Earnings Conference Call”

November 13, 2017

GUJARAT BOROSIL LIMITED



ANALYST:

KSHITIJ KAJI - EDELWEISS LIMITED

MANAGEMENT:

**MR. P.K. KHERUKA - VICE-CHAIRMAN - GUJARAT
BOROSIL LIMITED**

**MR. RAJESH CHAUDHARY - WHOLE-TIME DIRECTOR -
GUJARAT BOROSIL LIMITED**

**MR. SUNIL ROONGTA- CHIEF FINANCIAL OFFICER -
GUJARAT BOROSIL LIMITED**

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

Moderator: Ladies and gentlemen, good day and welcome to the Gujarat Borosil Limited Q2 FY2018 Results Conference Call hosted by Edelweiss Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. In case you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference has been recorded. I now hand the conference over to Mr. Kshitij Kaji. Thank you and over to you Sir!

Kshitij Kaji: Good afternoon ladies and gentlemen and welcome to the Q2 FY2018 Gujarat Borosil Limited Conference Call. On behalf of Edelweiss Broking I would like to welcome the management team of Gujarat Borosil to discuss the quarterly results and the future outlook. I now request Mr. Kheruka for his opening remarks post which we will throw the floor open for Q&A. Thank you and over to you Sir!

P.K. Kheruka: Thank you very much ladies and gentlemen. This is Pradeep Kheruka from Gujarat Borosil. Good afternoon to all of you and thank you very much for joining me and my colleagues on this call. I am happy to be on this first investor conference call for Gujarat Borosil. I hope this is the beginning of several interactions with the investing community. I am joined on the call by my colleagues, Mr. Rajesh Chaudhary, Whole-time Director, Mr. Sunil Roongta who is our CFO, Mr. Ashok Jain, Director.

I can start by taking a few minutes to provide an overview of Gujarat Borosil's business, after which my team and I will be very happy to address questions that you may have. Gujarat Borosil is the only manufacturer of solar tempered glass in India. The Borosil group has several decades of experience in glass manufacturing and marketing in India and as most of us know, the Borosil brand is well regarded both in the consumer and laboratory glassware space where it has been a dominant market leader for nearly half a century.

In 2010, with a view to exploiting the then nascent opportunity in the solar power sector, Borosil decided to set up production at its facilities in Bharuch, Gujarat. Borosil has therefore been in this business of manufacturing and marketing, solar glass since 2010.

The company Gujarat Borosil Limited was listed on the BSE in 1993 as a subsidiary of Borosil Glass Works Limited, which in turn was listed in early 1960. Coming back to the solar power sector, as we all know it has been gathering momentum the world over and as the cost of generation per kilowatt hour has been dropping, the demand has been picking up exponentially and the prices of the components have dropped. The quest for economically viable and environmentally sustainable renewable energy has become a reality and we can generate electric power through renewal sources that are at a lower rate, than one can generate through traditional means of burning coal. Additions of power generation capacity through renewal sources have caught up with capacity additions to fossil

fuels based generation. Many governments are deprioritizing the new coal based power plants. As some of us may know, large tenders for solar power installation have been coming in now from many nations in Africa, Latin America, Central America and many Asian nations which are now seeing solar power as a priority.

The Government of India has of course emphasized a very strong thrust towards creating new solar power generation and we have a target of achieving 100 gigawatt by 2022 up from at about 14 gigawatt today and it does seem that this could really be a very achievable situation and we could very well see that by 2022 we have indeed successfully installed 100-gigawatt of solar capacity. The National Solar Mission added 7.5-gigawatt in the year ended 2017 and plans to add about 15-gigawatt in the year ended 2018. So we can generally expect the Indian solar energy business to experience a tailwind over the medium term. Now the government initiatives include setting up solar parks, solar cities to replace 10% conventional energy consumption with renewable sources and tariff subsidy and tax incentives for the sector. The national solar mission mandates developers to source a portion of their panel requirements locally.

Over the last few years, Chinese panel manufactures have flooded the market pursuant to a policy to make this a strategic area for growth. As a result of this, prices have dropped very significantly in the solar business by almost 20 to 25% over the three years. The US however in fighting back the subsidized Chinese prices and has decided to impose antidumping duty on solar modules. In 2014, the European Union and in 2017 Turkey has also imposed antidumping duties on Chinese solar glass. In the month of August 2017, India also imposed antidumping duty on Chinese solar glass thus giving some cause for relief to Indian solar glass production.

As regards Solar glass modules from China, some of these modules suffer from quality issues. Something called potential induced degradation causes power loss and module failure and this has led to customers in the United State and European Union and other parts of the world to try to source part of their requirements from other countries.

On the domestic front in India, Gujarat Borosil has had a steady performance. Chinese competition notwithstanding, prior to the antidumping duty imposition, we had been pricing our solar glass at 7% to 10% higher than the Chinese competition and we have been selling out our entire capacity. This has been possible on account of three factors. One is that we have a very high quality of solar glass. Our glass has the highest efficiency in terms of transmission and it is also highly resistant to PID. We have the lowest iron content and have produced the world's first antimony free solar glass.

Antimony all of you may know is a very toxic substance, which is unfortunately used in the production of solar glass. Now this substance is not used in the production of normal glass like float glass and bottles and drinking glasses and lamps and lights including automotive glasses, but it is used in solar glass. The problem with antimony is that it comes out of glass very, very easily and once

it comes out it will poison the environment leading to large scale poisoning. We are the only company in the world so far to have developed an antimony free high performance solar glass. So all of this is possible only because of a very strong technical team that Gujarat Borosil has. Not only do we produce the quality, we have also been able to experiment with and implement, several cost optimization initiatives. Our ability to manage our raw materials very carefully enables us to become amongst the lowest cost manufactures globally.

Our cost benchmarking versus Chinese manufactures suggest that we are able to achieve the same or lower cost. What causes the difference in selling price is unfair subsidy, not permitted under the WTO, which is given by the Chinese government to their manufactures over there. Our own EBIDTA margin is about 23%. Customers of our glass are those who do not wish to rely 100% on Chinese supply. They would wish to mitigate this by sourcing a part of the requirements from Borosil.

Now coming to new initiatives, new developments, Gujarat Borosil Limited has been able to commission a production line to temper and sell 2 mm thick solar glass, which has already been shipped to many of our customers for their trials. Now what is 2 mm glass that was not available so far? 2 mm glass gives us the possibility of manufacturing a solar module, which is glass with glass. Traditional solar modules use a polymer or a plastic backing sheet and this does not give the most perfect fit, which is ideal or desirable for the module and most failures that we see in solar modules have their origin in the plastic backing sheet. The module makers and scientists who worked very closely with the reasons for failure have been pointing out that if you have a glass back then the sealing would be excellent and this sealing would allow the module to stay for a much longer period of time. The module life is expected to go up from the current 25 years to nearly 40 years, so the first advantage is longevity.

The second thing is that if you have a glass back instead of opaque plastic back you can use a solar cell which would be bifacial. In other words the solar cell would be able to absorb energy from both its sides. If this module is placed on the ground or if it is roof top module let say you paint the roof white and you leave space between modules then you would be able to draw from the reflected light from the roof, which would fall on the back of the module and thereby be able to draw as much as 30% higher power from the same module. This means effectively that you would use those many fewer modules to setup 1 megawatt capacity and this would mean the cost of ownership per megawatt would drop. If you were able to use a bifacial module, which in turn uses 2 mm glass, we will definitely have an advantage being the world's first manufacture. So far the glass has never been available. It has only become available in the past one month and people have to take the glass make modules, test it, obtain certification and then only start placing orders in large volumes.

During the first half year 2018, the company enhanced its glass tempering capability. It invested about Rs.55 Crores, which was funded partly through buyer's credit, but the majority of it came from the company's internal accruals. In order to cater to a large potential demand for this product, the

company intends to more than double his capacity with an investment of about Rs.250 Crores. We are in the process of putting together a funding plan for this project. The project is expected to take about 18 months to implement after the fund raise.

With this as I come to the close of my talk, I would like to touch upon the financial performance for the last half-year ended September 2018. Our sales were Rs.92.23 Crores against Rs.89.88 Crores in the similar period in the previous year, which represents the growth of about 3% and our EBITDA margin was about 20%. Now the profit after tax suffered a decline. The Company posted a Profit after Tax of to be Rs.1.54 Crores a decline of 67%, over the similar period of the previous year. Our sales and profits for the whole financial year 2017 were Rs.183 Crores and Rs.14.1 Crores respectively. This is the brief overview of our business. We will now be happy to take questions that you may have. Thank you.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin with the question and answer session. The first question is from the line of Naveen Bothra as an Individual Investor. Please go ahead.

Naveen Bothra: Congratulation to management for world's first 2 mm glass . We are very happy for this innovation. My first question is regarding the present capacity that is around 1 gigawatt, we planned to enhance up to 2.5 gigawatt. So what is the percent capacity of this 2 mm tempered glass?

P.K. Kheruka: To supply the whole production capacity as 2 mm, is going to take some time. The capacity of the company would rise to about 1.2 gigawatt because you would be using a thinner glass and so you could quote more modules with it.

Naveen Bothra: So it is around 0.2 gigawatt?

P.K. Kheruka: Extra, yes.

Naveen Bothra: Extra, so in the future expansion how much we will be additional 2 mm tempered glass capacity.

P.K. Kheruka: You see the production process is very flexible so we can draw 2 mm, 3 mm or 4 mm whatever we like from it.

Naveen Bothra: From all the lines.

P.K. Kheruka: Yes, from all the lines. The lines are very flexible so this will depend entirely upon the demand coming from the buyers.

Naveen Bothra: Okay, so how much costlier would 2 mm tempered glass be compared to the preset glass? Also what would the weight be on this 2 mm innovative glass?

- P.K. Kheruka:** The weight is about 40% less than 3.2mm.
- Naveen Bothra:** Including both the glass to glass.
- P.K. Kheruka:** No single glass. Single glass is 40% less, so together it would be about 25% more, but you see the question is if you are using a bifacial module, then you need a solar glass in the back sheet. However suppose your intention is not to use a bifacial module, you want to take advantage of the lower thickness of the front glass, which incidentally will give more transmission of light and therefore allow a higher efficiency for the solar module, because there is less glass to absorb the sunlight, on the one side you are using 3.2 mm glass, on the other side using 2 mm glass, so naturally there is more sunlight is passing through, so you can get advantage of that efficiency . Secondly, by having glass back which is made from let us say ordinary 2 mm float glass, then you are able to get a higher sealing, so your longevity of the module and the protection from failure will rise, so you will have a more dependable module. There are some customers trying this right now. Moreover everybody is trying for the bifacial module.
- Naveen Bothra:** **Are we in a trial phase with 2mm in India or in European countries?**
- P.K. Kheruka:** We sell to about 95% of the Indian module manufacturers. One of them has already made it. He has made glass-to-glass module for Altec solar, based out of Delhi in the NCR region. So the Indian manufacturers are proceeding quite hard on that.
- Naveen Bothra:** Okay and my next question is regarding the proposed funding plan about equity and that you said about 250 Crores for the new expansion, so how much of it would be from the equity and how much will be from debt?
- P.K. Kheruka:** It is under consideration. We are exploring various options and we are in touch with a lot of people who are interested. We will have to see what final shape it takes. Once we have it, we will certainly communicate it to our investor .
- Naveen Bothra:** So how much stake dilution promoters are willing to dilute?
- P.K. Kheruka:** This is all still being evaluated , but we do certainly plan to maintain our majority.
- Naveen Bothra:** That is 51% you will always maintain, BGWL and promoter family?
- P.K. Kheruka:** Everything is open, but at the moment, yes, we we'd like to retain above 51% share. .
- Naveen Bothra:** Sir my last question in this queue will be regarding this Rs.90 Crores from Borosil Glass. In the proposed funding plan do we intend to refund Borosil Glass the INR 90 crore preference shares?

- P.K. Kheruka:** Yes that is certainly an important part of proposal. As I said the final proposal is not yet complete, but that would be part of our objective certainly.
- Naveen Bothra:** Okay. Thank you Sir.
- Moderator:** Thank you. We have the next question from the line of Jaineel Jhaveri from J&J Holdings. Please go ahead.
- Jaineel Jhaveri:** Thanks for taking my question. I just wanted to know if there is so much room for growth in this particular segment, the solar glass segment, why are we looking for a financial partner? Since the ROCEs of the business and ROEs are quite healthy, why do we need another partner in the first place? Are we looking for a technology partner?
- P.K. Kheruka:** No. We do not particularly need to have a 75% stake, in the business, which is what we have as promoters. We want to give other people an opportunity of participating because frankly speaking if we are going to require 10 gigawatts of solar glass production in India to match up to the actual need of the nation, even if we put 2 gigawatts out of 10 it is not really going to do very much. So we would finally need to have more people stepping into the field and to take up a position.
- Jaineel Jhaveri:** No. So I mean we could have done that through a right issue also where all shareholders had an opportunity to put more money into this?
- P.K. Kheruka:** Well that certainly is an option.
- Jaineel Jhaveri:** Okay and another thing, since the group has two companies and there is cross holding is there a thought process on separating it out so that people who are just wanting to be in a pure consumer goods story could then be in Borosil Glass and if you want to be part of the solar glass story then you could invest in Gujarat Borosil. So is there a thought process of demerging Gujarat Borosil from Borosil?
- Ashok Jain:** These questions are often debated in our internal meetings. At present there is no proposal at the board level but these are certainly being considered as future events for the group. .
- Jaineel Jhaveri:** Correct because when you get a pure play consumer story then you get that valuation for that company and you do not get that holding company discount so I mean in our opinion both would have a benefit?
- Ashok Jain:** Yes. At an opportune time the Company can propose this to the board for consideration.
- Jaineel Jhaveri:** Okay and are there any other assets on this balance sheet in terms of flats or anything that can be liquidated to free up some cash required for future capex.

- P.K. Kheruka:** No, there is no non-core asset that we can sensibly take out without compromising the company's capabilities in its objectives.
- Jaineel Jhaveri:** All right. Thank you Sir.
- Moderator:** Thank you. We have the next question from the line of Rakesh Jain from Asit C Mehta. Please go ahead.
- Rakesh Jain:** Thank you so much for arranging this concall for first time. My first question is with regards to the 2 mm module, when you say that this module would require using a bifacial module for the solar glass manufacture, how is it going to add up to the cost of the solar glass manufacturer, when he is not used to using that bifacial module till now?
- P.K. Kheruka:** No, you see the module manufacturer is different from the solar glass manufacturer. So for example Gujarat Borosil is a solar glass manufacturer and we do not make the module. Having clarified that, I will move on to the module manufacturer. The module manufacturer is actually putting a sheet of glass on which he puts up the solar cells and the encapsulating polymer sheets and then he puts a plastic sheet on top. Instead of putting the plastic sheet on top he will now put a glass sheet on top. So it does not require very much to be done. It is quite straightforward really speaking. The laminating machines that he uses may have to be changed depending upon the type of laminating machine he has got, which is not a big deal. The newer module manufacturers in the country already own laminating machine in which they can easily make glass to glass modules. In fact the manufacturer who I mentioned to you who has already made glass to glass module in the NCR, the national capital region, did not have to change anything in his module line.
- Rakesh Jain:** Right, so I want to understand that if the Chinese have such large capacity what is it in our technology that cannot be copied or made by them? They are in the sector for a much longer time. So I understand that we have a strong in-house R&D, but how long will this advantage sustain?
- P.K. Kheruka:** You see technology and innovation is an ongoing story. In this half year that we have just gone through we have made significant reductions in the cost of raw material. For example they take about 50% more material to melt the same quantity of glass that we do. So we have an advantage over them in melting cost. In terms of the capital goods, we are producing 50% more glass from the same capital investment as compared to them. We know what they are doing and it is a daily matter, you wake up every day and you figure out what is that you have to do. The latest tempering line that we have installed has the lowest cost of energy consumption in the world in terms of tempering one square meter of glass. Finally the Chinese glass is actually much more expensive than our glass. It is because they are getting heavy subsidy from the government that they are able to sell anywhere at all for that matter. The fact that they are heavily subsidized is borne out, by the fact that the glass has been subjected to antidumping duty from around the world, United States, European Union, Turkey, all

imposed anti-dumping duties. Australia also was going to impose that but then the only solar module manufacture in Australia shut down, so there was nobody to fight it, so that case lapsed. Otherwise, Australia would have done it. So the Chinese are subsidizing, there is no doubt about it.

Rakesh Jain: Right, so by when do you expect this 2 mm tempering production to factor in your revenues and what is the likely potential you see ?

P.K. Kheruka: I think the next financial year beginning from April onwards should see the impact of this new 2 mm glass going up and more and more sales of 2 mm taking place. It is actually a fantastic product and if you make a glass to glass module, it is fairly significantly superior to the modules that are being made and used today.

Rakesh Jain: So any number you can quantify for this?

P.K. Kheruka: No it is impossible for us to. If it takes off it can do achieve significant numbers and could comprise a large proportion of sales.

Rakesh Jain: Right so just a two to three questions on your quarterly results, Sir the margins declined on a YOY basis this quarter, what led this to happen Sir?

P.K. Kheruka: You see glass furnace is in its eighth year of operations. Any glass furnace once it is lit up it produces nonstop. So some running hot repairs were required, for which production was suspended for that period of time. So there were two aspects, one was that there was a loss of production and the second thing very importantly was also the actual cost of the repairs. There are new refractory blocks which were used and are also expensed out. So that is what it was.

Rakesh Jain: So we expect this to normalize on the next quarter onwards or in the going quarter?

P.K. Kheruka: Yes, we expect it to normalize next quarter onwards.

Rakesh Jain: So our current utilization will be how much?

P.K. Kheruka: We are pretty much selling everything that we make.

Rakesh Jain: I see that your tax rate although going down it is quite heavy at 44% right now. Can you provide some color on your benefits and the tax expense during current taxes?

Rajesh Chaudhary: This is basically due to implementation of Ind-AS and from the current year as you maybe aware the government had applied the new indexation rate. So earlier the indexation rate was applicable from 1982, now we have to index from 2001. So when you start indexing your fixed assets from 2001 (that

is basically land), the deferred tax liability goes up. So this is basically deferred tax, which we have provided in the books of accounts. That is why the tax has gone up.

Rakesh Jain: Right, so you should expect this rate to continue going forward or it could be lower.

Sunil Roongta: No this is one time .

Rakesh Jain: This is one time , so what is the normal tax rate for us.

Sunil Roongta: 34%.

Rakesh Jain: 34%, all right. That is it from my side. Thank you so much and all the best.

Moderator: Thank you. We have a followup question from the line of Jaineel Jhaveri from J&J Holdings. Please go ahead.

Jaineel Jhaveri: Thanks for taking my question again. Basically I wanted to know if we make any other type of glass in the current set up. For example phone screens or anything like that ?

P.K. Kheruka: No, not for phone screen. It is used for architectural glass, which we have done in the past, but then that is not usually tempered. It is not a desirable product to make. We could theoretically make any kind of glass since you are asking the question.

Jaineel Jhaveri: Okay, but there are no plans of venturing into any other types?

P.K. Kheruka: At the moment not, but yes any kind of glass could be made from this. Greenhouse glass is very important. You see in India we take agriculture very lightly but the agriculture in foreign countries is taken very seriously and there they have no room for any wastage. So if you have cauliflower being grown and every cauliflower has to be accounted for like money. Here 20%-30% wastage is acceptable. So one day if the greenhouse comes to India, then of course there is a limitless demand.

Jaineel Jhaveri: **If you take a** five year view how do you see this company? Is it going to be five times its current capacity and doing the same things so how do see this kind of industry going?

P.K. Kheruka: You see you might say we are in two businesses. One business is in specialty glass production. So specialty glass does not mean solar glass only. It could be any glass, which is out of the ordinary, any glass, which requires special competence to produce. We are in that business. So from that standpoint if you are talking about touch screen glass or something, it is not outside the realm of possibility that our company could consider doing it for example. The second thing is that we are in the solar business, directly or indirectly we're very much attached to the solar business and suppose we were to decide to set up a module line which would make a waterproof module or something special, more of

a pilot project to show to the world what can we achieve with this as a very small line and not big time, then that could be perhaps considered. But the question is that if the antidumping duty takes over and we find that the government is promoting a very stable manufacturing policy in India, then there is nothing to stop us from growing rapidly.

Jaineel Jhaveri: Okay, so means you do see yourself even making modules at some point in time like a solar panel maker or you do not see yourself doing that?

P.K. Kheruka: See all bets are open. I mean module maker we do not necessarily see ourselves in a very big way, but yes we are specialty glass but we can easily make modules. If that becomes a need, but we would much rather promote existing module makers to make higher quality modules using our glass.

Jaineel Jhaveri: Okay and what about something similar to Tesla's roof, we know the Shingles that they make what exactly is that kind of a product?

P.K. Kheruka: We can very easily make that if required.

Jaineel Jhaveri: Because that does not have the module per se, right. It has got solar cell incorporated into the glass itself if I am not mistaken?

P.K. Kheruka: It is not like that, I have not seen the product. I have not held it in my hand, so I cannot say for sure but you cannot incorporate the solar cell in the glass directly in any sort of way. I really have to see how they have done it and what they have done. Typically I can imagine them laminating the solar cell into the glass, but I cannot see them embedding the solar cell in the glass, though even that can be done. I mean from the silicon point of view we can do it, but the silicon is treated significantly to create a PN junction, and the PN junction would not perhaps withstand the high temperatures, which are required to imbed in the molten glass. So nobody has even thought about it or done it so far to my knowledge. So my impression is that for shingle they are taking glass and they are pasting the cell to the glass.

Jaineel Jhaveri: Okay and that is something that we could do in the future if that the product that takes off.

P.K. Kheruka: Yes absolutely we could do it. See the shingle product is the question of aesthetics all right. So you are promoting aesthetics. For hard core power production where you are putting panel, hectares & hectares of panels one does not waste money in making small pieces of glass into a shingle because you need certain cutting equipment and tempering equipment.,So everything can be done, it is absolutely no problem in doing it, but it would be at a certain cost. And we do not use those shingles in our roofs, it is a European and American concept. We have concrete roof or multi storied buildings, not roofs like that.

- Jaineel Jhaveri:** Sir last question. I think this question was already asked but I missed the answer. What about the investment that Borosil Glass has made (the non-equity part) - how is that going to be returned to Borosil? Is there a thought process on that?
- P.K. Kheruka:** We have many serious options on the table, which are all under discussion. But yes of course these preference shares, have to be redeemed by March by 2019, and we shall redeem them.
- Jaineel Jhaveri:** Okay, so in one and a half year basically some call will be taken on that also?
- P.K. Kheruka:** Yes, whatever model we setup to finance the whole project will certainly include that as part of the model.
- Jaineel Jhaveri:** Whoever the new investor will come in Borosil will be paid off the money that is given?
- P.K. Kheruka:** These shares will be redeemed.
- Ashok Jain:** At the same time Borosil may also invest money to the extent of Rs.90 Crores so that it will not be out of pocket.
- Jaineel Jhaveri:** An equity investment you mean?
- P.K. Kheruka:** Right, yes. We see good opportunity in this business, so why should we be out of it.
- Jaineel Jhaveri:** Right, that was my first question that why not invest, yourself and do a right issue?
- P.K. Kheruka:** We are very positive on this.
- Jaineel Jhaveri:** All right Sir. I guess you will have more clarity soon. Thanks for doing this call.
- Moderator:** Thank you. We have the next question from the line of Naveen Bothra as an Individual Investor. Please go ahead.
- Naveen Bothra:** Thanks for taking my call once again. My couple of questions regarding bookkeeping; one is regarding the excise duty reversal, we have taken excise duty reversal of around Rs.71 lakhs in this quarter and the second one is regarding the investment of Rs.5 Crores as per the assets in this side?
- P.K. Kheruka:** So from July 1, 2017 GST was implemented., Before GST we were supposed to make the excise duty provision on the goods which were lying in the godown. On June 30, 2017, we made the provision of excise duty. Post GST implementation we have reversed those provisions.
- Naveen Bothra:** Stock lying at the godown?

- P.K. Kheruka:** Yes, so it is a contra entry basically. We have a credit in the P&L and debit in stock. It is a contra. Regarding the 5 Crores of investment, it is company surplus fund parked into liquid mutual funds.
- Naveen Bothra:** Okay and last question is regarding the listing at NSE, is it possible in the coming six to eight months, we will be planning for NSE listing?
- P.K. Kheruka:** Yes we are thinking about it. We will come back to you on this.
- Naveen Bothra:** Okay. Thank you very much and wish you all the best.
- Moderator:** Thank you. We have the next question from the line of Saurabh Shah from AUM Advisors. Please go ahead.
- Saurabh Shah:** Two questions. I think in terms of the capacity of solar modules and therefore glass shingles are there any other manufacturers in India who are trying to expand as well, anything on the competitive environment?
- P.K. Kheruka:** You mean on the solar glass front, nothing that we have heard so far honestly.
- Saurabh Shah:** Do you expect you will be only people who are doing this in India?
- P.K. Kheruka:** No we cannot expect that to be forever.
- Saurabh Shah:** So far is what I meant?
- P.K. Kheruka:** So far it seems to be that no body else has thought about it. We have suffered a very difficult ride on this and I think all the glass markers are totally aware about it. So nobody is running up and taking a jump at it. But there is no reason to say that nobody will think of running up and taking a jump at it, everything is possible. We are fine with it if somebody comes along.
- Saurabh Shah:** You mentioned that the Indian market is going to grow, but from your perspective would it make sense to export this at all or economies make sense?
- P.K. Kheruka:** Some of the demanding customers in Europe buy only from us. There are Turkish customers, there is solar glass in Turkey but they would not buy from their own manufacture, they buy from us.
- Saurabh Shah:** So what percent is export of current sales?
- P.K. Kheruka:** It is about 15% to European nations and USA under the part of the world.

- Saurabh Shah:** 15% of the current topline, okay and as you do more of this 2 mm glass can you expect that to increase?
- P.K. Kheruka:** Yes, the Europeans in particular are very excited about 2 mm.
- Saurabh Shah:** Okay so with a full year of operations of 2 mm, would you expect this would come up about 30-40% of sales that exports?
- P.K. Kheruka:** Very difficult to predict today because everybody who has done 2 mm so far, has been working on 2 mm float glass and 2 mm float glass is not designed for solar application. It is not very good. Number two, they have used heat strengthened glass and not fully tempered glass, so when we are use heat strengthened glass, there are certain limitation on the usage as to where you can use it all right, so with these problems it has not really taken off yet, because the product was not viable. Now the module makers are going to buy the 2mm tempered glass, they are going to make modules, they are going to test the modules, this will take another three to four months. After this is fully tested then they will put it in the market and then people may well come along and snap it up.
- Saurabh Shah:** Your pricing for these exports as it done at the same net realization level that you see from the domestic market?
- P.K. Kheruka:** Slightly higher realization on exports as compared to the domestic market.
- Saurabh Shah:** Okay and you said on your presentation as your implementation is expected to be 18 months from financial closure from a timeline standpoint when should we expect this? March 2019 ?
- P.K. Kheruka:** By March 2019 we should be in production hopefully.
- Saurabh Shah:** That is all. Thank you for this call.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question and I now hand the conference over to the management for their closing comments. Thank you and over to you!
- P.K. Kheruka:** Thank you very much and it is nice to have heard the questions that were asked by the investors. It shows that people have been studying and reading about us and are quite excited about the new product that we manufacture. You share our excitement. We are equally excited about it and we are quite positive about prospects going forward. Thank you very much.
- Moderator:** Thank you very much. Ladies and gentlemen on behalf of Edelweiss that concludes this conference. Thank you for joining us. You may now disconnect your lines.