BOROSIL renewables

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February 21, 2025

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

Dear Sirs,

Subject: Transcript of Institutional Investors and Analysts Conference Call

Please find enclosed transcript of conference call with Institutional Investors and Analysts held on Monday, February 17, 2025.

The aforesaid transcript is also available on the Company's website at https://borosilrenewables.com/investor/analyst-meet

You are requested to take the same on records.

Yours faithfully,
For Borosil Renewables Limited

RAVI MOTILAL VAISHNAV
Digitally signed by RAVI MOTILAL VAISHNAV
Date: 2025.02.21 15:59:06 +05'30'

Ravi Vaishnav
Company Secretary and Compliance Officer
(Membership no. ACS – 34607)

Encl.: As above.

"Borosil Renewables Limited

Q3 FY '25 Results Conference Call"

February 17, 2025

MANAGEMENT: **MR. P.K. KHERUKA – EXECUTIVE CHAIRMAN – BOROSIL RENEWABLES LIMITED**
MR. ASHOK JAIN – WHOLE-TIME DIRECTOR – BOROSIL RENEWABLES LIMITED
MR. SUNIL ROONGTA – WHOLE-TIME DIRECTOR AND CHIEF FINANCIAL OFFICER – BOROSIL RENEWABLES LIMITED
MR. BALESH TALAPADY – VICE PRESIDENT, INVESTOR RELATIONS – BOROSIL RENEWABLES LIMITED

MODERATOR: **MR. ROHAN GHEEWALA – AXIS CAPITAL LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Q3 FY '25 Results Conference Call of Borosil Renewables Limited, 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 questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rohan Gheewala from Axis Capital. Thank you, and over to you, sir.

Rohan Gheewala: Thank you. Good evening, everyone. On behalf of Axis Capital, I'm pleased to welcome you all for the Q3 FY '25 Earnings Conference Call of Borosil Renewables Limited. We have with us the management represented by Mr. P.K. Kheruka, Executive Chairman; Mr. Ashok Jain, Whole-Time Director; Mr. Sunil Roongta, Whole-Time Director and Chief Financial Officer; and Mr. Balesh Talapady, VP, Investor Relations.

We thank the management for giving us the opportunity to host the call. We will begin with the opening remarks from the management followed by an interactive Q&A session. Thank you, and over to you, sir.

P.K. Kheruka: Good afternoon, and welcome to the Borosil Renewables Quarter 3 Financial Year '24-'25 Investor Call. This is Pradeep Kheruka, Chairman. On the 14th of February, the Board of Borosil Renewables approved the company's financial results for the third quarter of the current financial year. Our results and an updated presentation have been sent to the stock exchanges and have all been uploaded on the company's website. We will discuss the operations of the company on a stand-alone basis as well as on a consolidated basis.

The total sales during the third quarter of the current financial year grew by 14% in volume over the previous quarter, but could achieve only a growth of about 3.6% by value from -- to INR275.28 crores, up from INR265.61 crores in the preceding quarter. The price pressure came from a steep decline in average ex-factory prices driven by increased Chinese dumping at ever lower prices. These fell to about INR105 per millimeter per square meter, which would correspond to about INR42,000 per ton, down from the preceding quarter's average selling price of INR115 per millimeter per square meter, which would work out to about INR46,000 a ton.

The EBITDA stood reduced at INR20.89 crores as against INR52.88 crores in the preceding quarter. The imposition of a 10% basic customs duty on imports from 1st October last year failed to make any impact on the landed prices of the imported glass because the Chinese cut their export FOB prices by 18%.This decline in the landed price of imported glass was compounded by a drop in ocean freight during the quarter. Additionally, the company had to incur an expense of INR4.59 crores on account of a non-routine repair. It also incurred a debit of expenses related to rights issue, which further impacted the EBITDA by another INR2.01 crores.

Export sales, including those to SEZ customers, amounting to INR16.02 crores in the third quarter of the current financial year, accounted for 6% of the turnover compared to INR34.39

crores in the preceding quarter when exports made up 13% of turnover. All the major export markets are showing lower demand due to a reduction of local manufacturing as cheap Chinese modules dominate the installations.

The decline in EBITDA has led to the company posting a post-tax loss of INR8.64 crores in the third quarter '24-'25 compared to a profit after tax of INR12.62 crores in the previous quarter and a post-tax loss of INR11.04 crores in the corresponding quarter in the last year.

After a meteoric rise in September 2024, solar glass imports reverted to the previous still exceptionally high levels. Despite our customers being highly stocked up at extremely large volumes of cheap imported glass, our sales team was able to induce them to buy even higher volumes as compared to the previous quarter and was thus able to bring down the finished goods inventory during the quarter.

Now coming to perhaps the most significant development in the last quarter. On the 4th of December last year, the Ministry of Finance notified a provisional antidumping duty on imports of solar glass from China and Vietnam by virtue of imposition of a reference price. Based on the recommendation by the DGTR, Director General of Trade Remedies, which I shared with you during our previous investor's call, this has brought great relief to the company. Sale contracts already entered for supply in December were executed at the old depressed prices. And hence, these results do not reflect the greatly improved business prospects of the company.

Following up on the above, I'm pleased to inform that the investigation now stands concluded and the DGTR has issued its final findings about the imports having caused material injury to the domestic industry, recommending the imposition of a definitive antidumping duty on all the imports of solar glass originating it or exported from China and Vietnam as well as anti-subsidy countervailing duty on imports from Vietnam for a period of 5 years from the date of issue of the preliminary duty notification, issued by the Central Government vide Notification Number 26/2024-Customs ADD dated 4th December 2024. These findings have been published in the gazette and forwarded to the Ministry of Finance for further action.

The company welcomes this decision and remains optimistic about the imposition of final antidumping and countervailing duties by the Ministry of Finance. This measure will restore fair competition and create a level playing field for domestic manufacturers further strengthening India's solar glass industry.

Landed prices of imported glass reflected the full value -- reflected the full impact of the duties immediately with effect from 4 December 2024. The impact of the improved prices will get reflected in the company's financial performance with effect from the beginning of January and are expected to move near the level of the reference price during the quarter.

Based on the prevailing rates of exchange, this would work out to about INR140 per millimeter per square meter which would correspond to about INR56,000 per ton. Solar glass industry is capital-intensive with a low asset to turnover ratio, which is about 100:80, that means for INR100 crores invested with INR80 crores of turnover. Moreover, the company must provision a complete rebuild of its glass melting furnace every 5 years. As such, this level of selling price is essential for the domestic solar glass industry to be able to offer an IRR acceptable to long-term investors, ensuring the long-term sustainability which supports further expansion.

The demand for solar glass remains buoyant. Manufacturing capacity for solar modules has already reached above 75 gigawatts, which is expected to double to 150 gigawatts in 2, 3 years. The solar installations are also rising, as can be seen from the data for the year ended December 2025. We believe this year, we will see installations of 25 gigawatts, which means module consumption of about 35 gigawatts as against 15 gigawatts last year. This rate of installation is expected to speed up in the coming years, and we may expect to see installations rising to 40 to 50 gigawatts annually going forward.

Use of locally produced modules has risen sharply after the implementation of ALMM mechanism from April 2024, which has already led to increased demand for all the components, including solar glass. Similar support is also being extended by the government to solar cell manufacturing by bringing an Approved List of Cell Manufacturers, ALCM, with effect from the 1st of June 2026 and mandating use of locally produced cells, this will make the solar value chain stronger and more resilient.

Present solar glass capacity in the country is 2,300 tons per day, which is about 15 gigawatts. Another 15 gigawatts is getting commissioned by the end of the current calendar year 2025. With a phenomenal rise in demand in recent times, imports currently occupy about 55% to 60% share in the consumption for domestic installations, leaving the scope for import substitution wide open.

Immediately upon imposition of ADD, work on further 11.25 gigawatts has begun including 3.25 gigawatts by your company, taking the total capacity to 41.25 gigawatts or 6,300 tons per day. We believe this step ensure creation of a dependable supply chain in this critical aspect of solar power.

Now I come to the consolidated results for the quarter, which include the operations of the subsidiaries. A, the overseas subsidiaries, including the step-down subsidiaries have generated net stand-alone revenue of INR86.2 crores, a negative EBITDA of INR14.38 crores for the third quarter financial year '24-'25. The sales performance has declined over the preceding quarter, which had a net revenue of INR107.4 crores although the negative EBITDA was restricted to INR16.85 crores. This was due to a slow demand and lower level of operations.

The consolidated net revenue for the quarter under review stands at INR361.49 crores, an EBITDA of INR 5.0 crores as compared to a net revenue of INR373.09 crores and EBITDA of INR34.57 crores in the preceding quarter. The considerable decline in EBITDA has arisen from the lower profitability of Indian operations, mainly due to the lower selling prices, as discussed earlier.

While the German solar industry was waiting for the government to implement its promises to augment domestic manufacturing, the government itself went into crisis leading to the call for fresh elections on 23rd February. Since no decision could be expected until the formation of a new government, we decided to cool down the furnace on 31st December 2024, thus temporarily pausing the hot-end operations.

During this time, we are continuing the processing of available annealed glass and partial operations. After formation of a new government post the ensuing elections, we shall await the policies in respect of the domestic manufacturing of solar photovoltaic modules. Until then, the bulk of the workforce has been put on short-time work during which they have paid 2/3 of the wages by the government, while they stay at home, thereby reducing the financial outgo from the company.

Necessary cash flow support has been provided to the subsidiaries to meet their financial obligations. We shall observe the developments over the next 3 months and take next steps based on future possibilities. The EU parliament has mandated that 25% of renewable energy generated must come from components and modules made in EU. We expect the new government to implement this policy.

Our stand-alone results are expected to show a marked improvement in profitability in the ensuing quarters on the back of better selling prices going forward. Meanwhile, the company is seeing improving yield in its Indian operations as the team is getting to understand the new furnace better. We are making efforts towards minimizing the losses of the German operations by taking all possible measures. We believe there are good prospects for the German operations.

I would like to update you on the preferential issue, the company received in-principle approvals from the BSE Limited on 4th February and NSE Limited on 3rd February 2025. Necessary documents were sent to all the applicants on 5th February to pay the application amounts by 13th February. The promoter subscribed to the shares for the entire committed amount to INR100 crores.

I'm pleased to inform you that despite prevailing market conditions, 91 applicants who have subscribed to 78,80,436 warrants and have paid the application money of 25%, totalling to INR 104.42 crores towards the issue amount of INR417.66 crores, while the balance choose not to pay, despite their applications. The allotment of shares warrants was done on Friday, the proceeds of INR517.66 crores including the promoters' applications will be utilized in due course as per the objects of the issue.

We still work on the expansion, 500 tons per day has started and we shall firm up the project cost and take steps to place orders for long lead items over the next few months. We expect to commission the new facility by September 2026. We remain positive on the sector and see good prospects for the company over the next few years, looking at the strong growth in the installations of solar modules and support from the government to ensure a level playing field for components. We remain technologically competent to meet market demand for the most important products.

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

Moderator: Thank you, sir. We will now begin with the question-and-answer session. The first question comes from the line of Sunny from IFA.

Sunny: Sir, I have a question regarding -- you have recently raised INR 517 crores on the -- including promoter and non-promoter. So what is the capex outlook for 500 tons, how much amount to fund the capex?

Ashok Jain: So the capex on the 500 ton furnace was initially estimated at INR 675 crores. And out of that, certain amount out of these proceeds will be used for funding capex and balance will be funded from accruals and bank loans.

Sunny: Sir, I have a follow-up question. You have canceled the rights issue of INR450 crores and raised around INR517 crores. Out of which, INR100 crores has been issued given by promoter as well. Why not you raised INR450 crores from the minority shareholder and used all that amount for the capex which was INR675 crores?

Ashok Jain: Can you repeat your question, please?

Sunny: Sir, actually your original plan was...

Moderator: I'm sorry to interrupt...

Ashok Jain: Your voice is very low. Can you be louder, please?

Moderator: You need to come on your handset mode, Sunny, in case if you are on the speaker.

Sunny: Am I audible, sir?

Ashok Jain: Yes, please go -- better.

Sunny: Sir, your original plan was to raise INR450 crores to do rights issue. However, you choose to raise the fund using preferential issue, in which INR100 crores was driven by promoter and rest INR417 crores was driven by non-promoter. Why not raise the INR450 crores from the existing rights issue to use for the capex of INR350 crores?

Ashok Jain: See, the right issue was going on. And in the meantime, we were approached by some investors that they can put in money by way of a preferential issue and the amount could be larger. And around that time, this duty -- antidumping announcement was also made by the government. So we thought of combining the fund raise requirement from, say, INR450 crores to almost INR700 crores. So the thought process was that we meet all the objectives in one issue and don't go to market time and again.

Finally, we got less amount. That is another story because of the market situation. But while going for the preferential issue, the stock exchange has laid down the condition that you cannot concurrently run 2 issue of shares. So they wanted us to withdraw the rights issue. The right issue has already been withdrawn, so there is nothing in the right issue now. Whatever right issue, INR450 crores was there, it is gone now. It's withdrawn already.

Sunny: I have another question, sir. So now that antidumping duty is on from...

Moderator: Sorry to interrupt, Sunny. You're still not audible.

Sunny: Sir, am I audible?

Moderator: Yes, you need to adjust your handset a little bit, because there's a lot of muffling that's happening.

Sunny: Am I audible, sir?

Moderator: Yes, much better.

Sunny: Sir, while I see that antidumping duty effectively -- with effect from 5 December '24. In the past, we have seen that China used Malaysia for dumping the product via Malaysia to India. Are we seeing that in present scenario also?

Ashok Jain: See, until the time the duty was imposed on China and Vietnam, the imports from Malaysia will barely anything. But as you rightly pointed out, when the situation changes, the duties get changed, the Chinese use their other territories to export to India. So there are exports which will come from Malaysia. But what we feel is that all the exports cannot come from Malaysia, first of all. And all the customers are not in a position to get material from Malaysia.

So there is a tremendous demand in India. And even if some customers want to import from Malaysia, it is possible that it will come at a low price. But on the other hand, this company is a listed company on the stock exchanges, the Malaysian company and they are also, responsible for their profitability. They have been earning less income in the past, and they have certain plans to invest more money into the business. So what we've seen is that the Malaysia has already started quoting higher prices although it is still lower than Chinese prices, but it will not be very cheap in terms of the dumping. So we expect certain pushback from the customers who would potentially be importing from Malaysia, but we have more customers to sell our goods to. So it should not be a problem.

Sunny: Sir, on the next question, while on the approval from DGTR, Commerce Ministry has approved the antidumping duty, and how much it will take time for the finance minister to recommend or approve or deny the antidumping duty?

Ashok Jain: So there is no fixed guidelines. I would think, generally the time which finance ministry takes in extreme cases is 3 months from the date of submission of final recommendation by the DGTR. So from that perspective, we should expect this decision to be in the beginning of May, at the most at the latest.

Sunny: Sir, any timeline for upcoming capex going live?

Ashok Jain: That is already covered by Chairman in the speech. So by September '26, we will be able to commission the plant.

Sunny: Sir, it will be brownfield?

Ashok Jain: Well, it is on the same location. So to that extent, like land and other utilities are available there, but we already consumed a lot of advantages in the past expansion. So there will be certain benefit of the brownfield expansion, but it will not be significant.

Moderator: The next question comes from the line of Bajrang Bafna from Sunidhi Securities.

Bajrang Bafna: Sir, really wish you all the very best for the antidumping duty that has been put up by the government and which will definitely change the fortunes of this industry. So just to get a sense, sir, we see there are multiple vendors or the multiple competition, which is going on aggressively in India as far as modules are concerned or maybe the sales are concerned. We are getting a figures of next 2, 3 years will have the capacity to the tune of 150 gigawatt for the modules and close to 70 to 80 gigawatts for cells.

But when we see the similar thing for glass where we are active, even you have covered in your opening speech, that 6,300 tons per day capacity something which is envisaged and that will support close to 41 gigawatt of solar capacity. So still there is a huge gap between the capacity, which is getting built up on the cells side or maybe for the module side in India.

So just your sense on that, that where from the additional demand of glass is going to be met when these capacities comes onstream, maybe 2 or 3 years down the line. So some sense on that. And our competition apart from you and Vishakha, which are the 2 major players, any other competition that is coming up in that space will be really helpful, sir, to understand.

Ashok Jain: So you're right, the capacities of module manufacturing would or are expected to rise to 150 gigawatts. But when we talk of that capacity, it is a nameplate capacity. The actual utilization, what we have seen is that it is close to 45%, 50%. So we can assume that the actual utilization is not likely to exceed 65, 70 gigawatt in that sense.

And similarly, the solar cell capacity, if it is at 70, 80, it will match with the module production and the requirement of solar cells. But in the case of glass, actually, the industry is heavy capital-intensive industry and the time to commission the project is longer than like the module industry. In module industry, one can commission probably in 6 months to 1 year, but the glass industry takes 18 months to 2 years' time.

So in the past, no fresh investments have been made by the players because of the absence of antidumping duty from 2022 till now, and now that the investments are starting, it's just the beginning that the capacities are rising from 15 gigawatt to 41 gigawatts, which itself is a very good number.

But I would imagine that with the current reference price under the antidumping duty, you may see more investment coming into the sector and the demand can be met by local production itself. In any case, the imports are available for somebody who wants to import if there is a deficit in the domestic productions.

P.K. Kheruka: I may add something here. In Pradeep Kheruka here. The thing is that we are seeing about an expected 25 gigawatts of installations in India this year. And if the next year, it goes up even 45, there will be a very, very big jump, all right?

And when we talk about capacity here, there's a lot of glass -- there a lot of modules going abroad for which nobody will use Indian glass that they will buy -- imported glass under advanced license at lower prices. So I do not see any mismatch arising assuming even that 45 gigawatts of modules are manufactured, we should find the glass in India. As I mentioned, by the end of this year, the glass capacity is expected to rise above 40 gigawatts. Thank you.

Bajrang Bafna: Okay. Got it, sir. And sir, if we assume that the ruling prices goes into a stream, let's say, the INR56 a kg sort of realization as compared to INR42 now after the ADD? And the channel checks are indicating that the already the prices are rolling up closer to INR50 a kg right now and very hopeful of going to, let's say, closer to this INR55, INR56 numbers, maybe 2, 3 months down the line.

So what sort of margins are possible once the realization becomes INR55? Are the additional advantage will directly boiled down to the EBITDA numbers? Or can we also expect some sort of cost increase when the prices goes towards this INR55, INR56 a kg number?

P.K. Kheruka: There should be no cost increase. Yes.

Ashok Jain: Yes. Broadly, it will add to the profit only because it's a selling price, which is going up, and it does not have any bearing on the cost at all, I mean in terms of additional cost. So it should all add up to the increment in the EBITDA margin. And we believe that the margin at this price, even if we realize at the full INR56,000 could be near 30% or so.

Bajrang Bafna: Okay. So this 30% is something which is sustainable, provided we get this INR56 or INR55 a kg realization?

Ashok Jain: Absolutely, yes.

Bajrang Bafna: Got it, sir. And just, sir, at these realizations, are you also anticipating or planning for further capex? Because as you pointed out that this capacity might be sufficient for FY '26, this 40 gigawatt and the current domestic requirement will be closer to that. And maybe in '27, '28, again, the demand is going to be far higher. So the existing players, since there are huge entry barriers in this -- the existing players need to ramp up the capacity further to take the challenge of '27 and '28. So can we expect from the company maybe 6 months or 12 months down the line to further augment the capacity to meet the rising demand of '27 and '28?

P.K. Kheruka: I would say yes, definitely because you see when the antidumping duty came, there was only 1 gigawatt of production in the country. And within 5 years, within 4 years, we had 17 gigawatts. So I feel that there is a lot of enthusiasm amongst the manufacturers and the investors also. So people will join their resources, and they will definitely come up with the capacity. I personally don't see any reason why it will not come up.

Bajrang Bafna: Okay. And just sir, my initial question was on the competition. Apart from you and Vishakha, who all are the other players who are also in the -- we can see the...

P.K. Kheruka: There is a company called Gold Plus, which is a very respectable player. They have 4 float lines running. They have set up 1 solar line for 300 tons per day. I think they'll come up with another 1 of 300 tons per day. There's Triveni Glass with 250 tons, there's Gobind Glass with 150 tons, there's Emerge Glass with 300 tons. So quite a few people. And then, of course, Vishakha and ourselves. So these are all respectable players who have been in the glass business for a long time. So this should be credible capacity plus new people who have announced.

Moderator: The next question comes from the line of Deepa from Nivesh Online Securities.

Deepa: So my question is, is there any fund raise company is planning in the coming future?

P.K. Kheruka: Ashok?

Ashok Jain: No. Currently, we have just completed the fund raise. So currently, there is no plan. But in case there is some planning at a later stage, we will, of course, come back to the investors and shareholders. For the expansion, which we are currently taking on hand, we don't think further funds may be raised from the equity, but it's all subject to Board taking a call depending on the situation.

Deepa: Okay. My last question is how much budget the company has parked for R&D in coming FY '25?

Ashok Jain: So we have a complete R&D center, which is headed by a very senior technical person and with a strong team and they are all engaged in various developmental activities for future as well as for the current operations. So I would think the current expenditure would be nearly INR6 crores per annum on that activity.

Moderator: The next question comes from the line of Rikin Shah from Boring AMC.

Rikin Shah: So in anticipation of this ADD, is it possible that the module manufacturers might have slightly stocked up in the previous months?

P.K. Kheruka: Yes, there is every possibility that they might have done it except that you see the duty has already been applicable from the 5th of December. So any further imports that have been cleared, the imports might have been made earlier, but if they are cleared from customs after 5th December, they would have had to pay the additional duty. So therefore, under the circumstances, it is not likely that anybody would be spending money to just stock up for no good reason. Because there will be no advantage.

Rikin Shah: Got it, sir. That's all from my side.

Moderator: The next question comes from the line of Saket Kapoor from Kapoor Company.

Saket Kapoor: Firstly sir, what are our utilization levels currently for this quarter and for the 9 months?

P.K. Kheruka: We are running at a production rate of about 950 tons against our 1,000 ton capacity, and we are trying to ramp up production even more. So let us see what happens in the current quarter, we could be improving on the levels that we achieved in the last quarter.

Saket Kapoor: And sir, what are the key components of the other income? And if you could give the color on the same?

P.K. Kheruka: Ashok?

Ashok Jain: Sorry, can you repeat the question, please?

Rikin Shah: My question is, sir, what are the key components of the other income? Other income for this quarter was at INR15 crores.

Ashok Jain: So other income comprises of certain incentives, which we get from the Government of Gujarat under the scheme of the industrial expansion. And these are in the form of various type of incentives. And then there is export-related income, which comes as a part of other income in the stand-alone accounts. .

Sunil Roongta : And scrap sales.

Ashok Jain: It's scrap sales.

Saket Kapoor: Okay. And sir, as you mentioned in the early opening remarks also during the answer also that the prices have moved up from 104 to some 140 per square meter, which you gave. So taking into account that metric, sir, what would have been the revenue from operations for the December quarter had these prevailing prices being implemented? Since for the coming quarter, you are anticipating the average realization to move up closer to the level where you will get the benefit of your duty. So what we should be penciling in, in terms of the revenue moving up now with 95% of utilization levels?

Ashok Jain: Sorry. It should go by another INR60 crores or so per quarter.

Saket Kapoor: Okay. Without any effect on the P&L expense side, as you told earlier, that no expense line item will move from that range.

P.K. Kheruka: We are trying to increase production. So to that extent, something will increase. So to the extent of additional cost for additional production.

Saket Kapoor: Yes, sir. My question was that as you said that prices moved up at this level because of the imposition of ADD. If that reflects in last quarter, say, hypothetical numbers, the revenue would have gone up by INR60 crores, but there would have been no impact on the P&L side because P&L expenses are going to remain the same. So this would have directly translated to the bottom line. This understanding is correct, sir?

Ashok Jain: Yes, please. Your understanding is correct, it will translate to the profitability, profit at EBITDA level, yes.

Saket Kapoor: At EBITDA level. At EBITDA level or PBT level?

Ashok Jain: Yes, both EBITDA, PBT.

Saket Kapoor: Okay. And sir, now about the German subsidiary outlook, sir, what losses have we incurred in the last quarter? And going ahead, the cooling down of the furnace, what are the incremental losses that are being reduced on a quarterly basis?

P.K. Kheruka: For us, this is the first time we are doing something like this. Because this system is not in our country in Germany. So we don't have an experience with this. So we are still paying about 23%, 24% of the salaries that we were paying to the workers. 63% to 67% is being paid by the government. Now all the expenses associated with running the furnace, which means electricity, gas, oxygen, etc, these have all stopped, the expenses of the workers is also stopped.

So it's difficult to say. I mean, I can't say that we made a very sharp calculation on that because these accounts are maintained by the German subsidiary directly. And we normally get the figures at the end for amalgamation into our accounts. So I wouldn't be able to give any very cogent answer at this point on that question.

Saket Kapoor: Okay. But do you have the fixed cost expense of running this German subsidiary on a quarterly basis or on a yearly basis, the fixed cost that you incur?

Ashok Jain: Yes, I'll answer your question. The current losses which were happening at Germany at EBITDA level were close to INR8 crores per month. Okay? And this we propose to bring down to less than half by virtue of this step what we have taken by way of short-time work and shutting down the furnace operation. We expect the EBITDA level loss to come down to almost INR4 crores per month from INR8 crores.

Saket Kapoor: Okay. Right, sir. And lastly, sir, on the power and fuel line items, since you alluded to the fact that it is capital incentive, sorry, but what rationalization steps are we taking on the cost of power and fuel so that its proportionate in terms of the cost line item can be reduced going ahead?

Ashok Jain: So power and fuel, we are already economizing by virtue of reducing or controlling the expense at the consumption level. And by increasing the productivity of the goods at the factory, this percentage is again going to come down. It has already come down in the last quarter compared to the corresponding quarter, but we expect it to go down further. Moreover, we are taking steps to install another solar wind hybrid of 16.5 gigawatt, which will be a...

P.K. Kheruka: Megawatt.

Ashok Jain: Megawatt sorry, which will be the group captive mechanism, which will again bring down the cost of power for us going forward from July / September '25.

Moderator: The next question comes from the line of Vineet Gala from Xylem Investments.

Vineet Gala: My questions have been answered.

Moderator: The next question comes from the line of Rabindra Nayak from Sunidhi Securities.

Rabindra Nayak: My questions regarding this you mentioned that your turnover will grow up by around INR60 crores if the current price is maintained and you improved the utilization. So can we expect the entire at least 60% to 70% will come to the bottom line in this fourth quarter?

Ashok Jain: See, we are trying to raise the prices towards the reference price, which is say INR140 or say INR56,000. But as of now, we have not reached there. So it is difficult to say that how much percentage will come. But whatever number we are saying is about INR60 crores or so, we are aiming to reach that level very soon. Maybe it will happen on a monthly basis from March. But on an average January to March, it cannot reach the exact number.

Rabindra Nayak: Okay. But currently, in January, have you seen this development in our financials? Or it is still early to say something on this?

Ashok Jain: No, it's already happening. As we speak, we are close to 90% or thereabout already in terms of the increase. So there is a tremendous amount of rise in the price of solar glass after this duty and it is inching towards the target numbers.

Rabindra Nayak: Okay. And secondly, about this reason for the closing of operation in Europe. So first of all, what is the realization where the dumping is happening? And what is our cost, our price there in Europe, in Germany?

P.K. Kheruka: Actually, we already have an antidumping duty on imports of solar glass in Europe. So the selling price is not the issue at all. The issue is very different in Europe. The issue is the people who are manufacturing modules, they have shut down the business. So there is no customer for us. So the customer list has dropped dramatically. Very few people are there.

So the quantum of glass, which we are able to sell to those customers is so insignificant in quantity, it cannot service a furnace of the size that we have. So that is the reason for closure, not because of selling prices but because the absence of demand.

Rabindra Nayak: Okay. So you mentioned that this glass is well acceptable in certain parts of Europe and in Italy, some where the region is still it is not there, you mean to say?

P.K. Kheruka: Sorry?

Rabindra Nayak: Because this glass, we are manufacturing in Germany has got some special character. So that is why it is well accepted in other parts of Europe, so still you are facing demand from those reasons also?

P.K. Kheruka: Yes, because the glass is accepted, but the person who is accepting the glass is not able to sell the modules at a profitable price. So when he buys the glass, he manufactures a module, there is no market for the module at the cost of production. So therefore, he has to shut down the business. So the demand has dried up.

Rabindra Nayak: Okay. And regarding you mentioned...

P.K. Kheruka: Will revive, yes.

Rabindra Nayak: Yes. You mentioned that INR4 crores, you will try to reduce the cost from INR8 crores EBITDA to loss to around INR4 crores. So what is the employee cost you have to bear in this INR4 crores?

P.K. Kheruka: Ashok?

Ashok Jain: Yes, it will be close to INR2 crores.

Rabindra Nayak: INR2 crores. Another INR2 crores will be the operation-related expense?

Ashok Jain: Other fixed expenses, yes.

Rabindra Nayak: And how long it will continue according to you? Because you have an operation there, you bought the plant and how long this thing will continue according to your understanding?

Ashok Jain: So Chairman in his speech has already clarified that we are expecting the German government to be formed. And once the new government is formed and they announce the policies, we'll have to wait until then because currently, there is nothing possible which will turn the situation. So we'll have to have some patience for nearly 3 months now. And until then, we will just process the current available glass and try to see that the expenses are minimized.

Rabindra Nayak: Okay. Okay. So is there any plan -- if nothing will materialize, what is the plan we are thinking in our mind for this plant in Germany?

P.K. Kheruka: See, the thing is that the European Union Parliament has already passed a resolution for the entire European Union, that 25% of the solar energy, which is used in Europe should come from equipment which has been manufactured in European Union, okay? Now because the last coalition government in Germany, there was a lot of dispute between the partners of the coalition government they could not come to a policy decision on this matter.

So frankly speaking, the reason that we are continuing with it and all that and have not completely shut down the plant because we think there are very good prospects of the new government, which is elected to come to some understanding and some agreement on this subject. And therefore, in our opinion, there's a good chance that something will happen. But frankly, until and unless it actually happens, everything is conjecture.

Rabindra Nayak: Okay. Okay. Sir, regarding this antidumping duty in India, so the government has come out with an antidumping duty for particularly the Chinese manufacturers. So is there any way according to you is available for the Chinese manufacturers to bypass this antidumping duty and dump in India. Is there anything -- you mentioned about this Malaysian thing. Now is there any other mechanism available for the Chinese manufacturer to bypass this antidumping duty according to you?

P.K. Kheruka: It should not be easy because the Southeast Asia and Asian area, the only Vietnam, China and Malaysia currently manufacturing solar glass. So at this moment, it would be very difficult for them to bypass it. But we don't know. Everybody is very intelligent and everybody tries all kinds of tricks. So we'll have to see that.

Rabindra Nayak: Okay. So do you think that there are some enough idle capacity of glass is available in these regions, particularly in Asian region to have this bypass this antidumping duty, is there availability I'm just asking according to you?

P.K. Kheruka: Quartz? You're saying quartz?

Rabindra Nayak: Idle capacity, I'm just -- glass capacity.

P.K. Kheruka: Idle capacity of what?

Rabindra Nayak: Glass.

P.K. Kheruka: There is no idle capacity of glass. Only in China, I think there's idle capacity.

Moderator: The next question comes from the line of Nikhil Gada from Abakkus AMC.

Nikhil Gada: Sir, my first question is, can you sort of highlight the current capacity that is there of Indian manufacturers in India? I think you sort of mentioned that we might see addition of 11 to 12 gigawatts. I was under the assumption, we were at around 15, 16 gigawatts currently. Then when you said that we go to 41 gigawatts, I just wanted to understand the math here.

P.K. Kheruka: Ashok, you answer.

Ashok Jain: Sorry. The current capacity is 15 gigawatt and another 15 are getting added in this calendar year. After that, another 11.2 gigawatt is under implementation from Vishakha and ourselves. So that will commission in 2026. So at the end of 2026, we expect this to be at, at least 41 gigawatts, that's the current status. If there is any other announcement which comes in, in between, that will also get added.

Nikhil Gada: Understood, sir. Sir, this 15 gigawatt that you're saying the first level, that is going to come in this particular year, right?

Ashok Jain: Yes, this calendar year.

Nikhil Gada: Okay. Okay. And then you're saying the next one will be in the calendar '26, which will be we and Vishakha. Okay. Got it, sir. And sir, in terms of this antidumping duty as well as CVD, while the Commerce Ministry has approved it, do we see any changes that might happen when it comes to the Finance Ministry or the government approving it, we might see some lower duty or something like that? How confident are we about getting this approved?

P.K. Kheruka: Normally, the Finance Ministry does not reduce it or anything like that. We have not seen that kind of action in the past. But you see we cannot make any conjecture whatsoever on what the government might do, right?

So we just know that the Ministry of Commerce has done it with final findings, they've given a very long order. They've given lots of reasons. So in the ordinary course, this should get approved. But until it gets approved, it's in the gazette, everything is open.

Nikhil Gada: Got it, sir. And sir, just lastly, in terms of your overall debt and everything, so if we see currently, you mentioned that this INR375 crores capex, some amount of it, you will put it from the money raised. And I think the remaining you might take debt or something. So can you help us with how the overall capital...?

P.K. Kheruka: Capex is more or like INR800 crores, not INR375 crores. INR375 is what we are going to be funding from the money that has just been raised.

Nikhil Gada: Correct. And the remaining money, sir?

P.K. Kheruka: It will be internal accruals, loan, debt as required.

Nikhil Gada: So in that case, what kind of a debt profile we might look at for '26-'27 number...?

Ashok Jain: Nikhil, we -- as a corporate policy, would not go to more than 2.5x of the debt to EBITDA. Yes, debt to EBITDA.

Nikhil Gada: Understood, sir. And sir, anything on the working capital side as well, do we see the working capital cycle per se improving because of all these measures?

Ashok Jain: Working capital cycle will slightly improve with the expansion because you don't need the same amount of say, inventories for the purpose, but the credit to the customers is roughly the same, which is a large portion of the working capital. So there may not be a very steep reduction in the working capital number of days.

Nikhil Gada: Got it, sir. And sir, just lastly, you mentioned about the 16.5 megawatt solar, wind sort of plant that you are planning for captive. What kind of cost savings do we see from this?

Ashok Jain: So we will basically be saving almost the same amount of capex what we incur, which is about INR17 crores per annum is what we'll save out of this. It's under group captive mechanism where the plant is owned by somebody else and we are the off-taker. And we pay into the equity of the SPV, which in our case is going to be INR17 crores and our savings are roughly INR17 crores per annum.

Nikhil Gada: And this is realized generally at the moment the capacities start, right?

Ashok Jain: Yes. That's the way it is structured and there is a minimum assured generation and off-take guarantees also assigned with it. So we expect the realization of the entire savings. Currently, we are already having 10 megawatts, which is also giving us a similar savings whatever we had projected at that time. This time, the PLF is going to be even higher.

Moderator: The next question comes from the line of Lalit from Amrut Trading.

Lalit: Sir, my question is, do we take the complete solar power project?

P.K. Kheruka: No. We just manufacture the glass, and we sell to the people who manufacture the modules. I'm sorry, we are not engaged in solar power.

Lalit: Nothing like in further this forward integration?

P.K. Kheruka: At this moment, it's not there. But everything is open in business, you know that. Right now, we are focusing on just expanding the production of glass.

Lalit: Why I'm asking is that there is an ample scope in solar project in India, and the industry is also booming. So might be -- my question was, we can think of that also.

P.K. Kheruka: Thank you so much. Thank you for your suggestion. We'll definitely look into it.

Lalit: So who are our major customers who are buying the glasses from us? The major customer who are buying glasses from us?

P.K. Kheruka: Ashok, will you answer?

Ashok Jain: Yes, yes. So all the module manufacturers who are present in the country are our customers actually. And we also have exports, certain exports are there. So basically, all large and small players buy glass from us. The large players also have imports or they also buy from other competitors, producers. But basically, we are present with all -- generally all the customers.

Lalit: Can you name a few?

Ashok Jain: Name, you can take, like say, Premier Energies or Rayzon Solar or Tata Power or Goldi Solar or many others are there.

Moderator: Ladies and gentlemen, that brings us to the end of the question-and-answer session. I would now like to hand the conference over to the management for the closing comments.

P.K. Kheruka: Thank you. I thank all the participants for all the questions that they have asked. I'm very happy to see a reasonably good turnout in the number of people who have joined this conference. I just would like to close by saying that we have gone through a rather challenging period in the last several -- the last couple of years.

But there are fair wins ahead, and we can see already from the 1st of January, there's been an improvement in our performance. And I'm sure that when we have our next earnings call in May, it would be with better results, and we all feel happy with your investments in our company. Thank you.

Moderator: Thank you, sir. Ladies and gentlemen, on behalf of Axis Capital Limited, that concludes this conference. You may now disconnect your lines.