Borosil Renewables Ltd — FY 2024 Annual Report Analysis

Annual Report Analysis (Consolidated)

Source: CRORES. All figures   Crores. Pipeline: v5-Gemini — W1a → W3 → W1b+W2+W2F (parallel, notes-injected) → Merge.

Investor Snapshot

#	Analytical Point	Sentiment
1	**Dominant market position with >20% share in India and 65% in Germany, pivoting toward high-value 2.0mm and Antimony-free glass to capture ESG-driven demand.**	□
2	**Consolidated revenue surged 53.87% to □1,371 Cr, primarily driven by the full-year integration of European assets despite intense pricing pressure.**	□
3	***Operating Profit Margin (OPM) collapsed from 16% to 4% as the company lacked pricing power to offset Chinese dumping and a 69.95% spike in Power & Fuel costs.***	□
4	***Reported a Net Loss of 50 Cr; excluding a 32.22 Cr exceptional gain from insolvency proceedings, the core pre-tax operational loss stood at a deeper 86 Cr.***	□
5	***Financial distress is evident through breached debt covenants and a 275% surge in finance costs to 29 Cr, leaving interest coverage negative at -0.83x.***	□
6	**Cash Flow from Operations (CFO) turned positive at □69 Cr, supported by disciplined inventory liquidation (down 7.3%) and high non-cash depreciation add-backs.**	□
7	***Aggressive capital expenditure of 217 Cr has yet to yield returns, resulting in a negative ROCE of -4.00% and a reliance on a proposed 500 Cr Rights Issue for liquidity.***	□
8	***Earnings quality is low, as the bottom line is masked by one-time gains while the core business remains loss-making amidst a "Liquidity and Margin Squeeze."***	□
9	***Governance is mixed; while the audit is clean and promoter pledges are 0%, KMP compensation of 9.18 Cr is aggressive relative to the substantial net losses.***	□
10	***Significant regulatory and liquidity risks persist, including 220.94 Cr in EPCG export obligations and 116.84 Cr in debt repayments due in FY25.***	□
11	***The outlook is binary and highly dependent on geopolitical protectionism, specifically the implementation of Anti-Dumping Duties (ADD) to counter Chinese imports.***	□
12	***Investment View: WATCH; the company is a high-risk "geopolitical call option" requiring monitorables of OPM recovery to >12% and Interest Coverage >2.0x.***	□

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1. BUSINESS OVERVIEW (In Bullet Points)

- **Business Segments & Revenue Drivers:** Borosil Renewables Ltd (BRL) operates in a single segment: Flat Glass (specifically solar glass). Revenue is driven by the domestic Indian market (58.71%) and international markets (41.29%), primarily through its European subsidiaries GMB and Interfloat (IF).
- **Cost Drivers:** The business is highly energy-intensive, with **Power & Fuel** (30.09% of revenue) being the primary cost driver. Other significant costs include **Raw Materials** (26.44% of sales) and **Employee Costs** (15.94%).

- **Industry Position:** BRL holds a dominant >20% market share in India and a 65% market share in Germany. Despite this, it remains a price-taker due to Chinese dumping of solar glass and modules.
- **Expansion Plans & Capacity:** The company has doubled its capacity (SG-3) but is currently in a "gestation trap" where assets are operational but margins are suppressed by global pricing pressure. **CWIP** stands at ₹126 Cr for ongoing enhancements.
- **Acquisitions & Geographical Presence:** The acquisition of GMB/Interfloat in October 2022 has transitioned BRL into a global player with a significant manufacturing footprint in Germany, though these assets are currently underperforming due to high European energy costs.
- **Product Differentiation:** BRL is pivoting toward high-value niches including **2.0 mm Tempered Glass** for bifacial modules, patented **Antimony-Free (NoSbEra)** "green" glass, and **Anti-Glare (Selene)** glass for airport-adjacent installations.

2. MANAGEMENT COMMENTARY & OUTLOOK

- Management has shifted strategy from "Growth via Expansion" to "Survival via Protectionism," focusing on debt de-leveraging and repairing the balance sheet.
- The company is betting heavily on a "China+1" geopolitical shift and is petitioning for government-mandated duties (BCD/ADD) in India and the EU's Net-Zero Industry Act (NZIA) to counter Chinese dumping.
- A proposed **₹500 Cr Rights Issue** and a **₹750 Cr enabling resolution** are planned to prepay the debt of the German subsidiary (GMB), effectively using Indian equity to stabilize European operations.
- Growth guidance is tempered by the "unfairness" of the current demand environment, where cheap Chinese modules have flooded the European market since September 2023.
- Management is pushing a "Scale-to-Survive" mantra, though current pricing power is non-existent against the "landed cost" of Chinese imports.
- Long-term vision relies on the company's 22% lower carbon footprint compared to the industry average, aiming to capture ESG-conscious buyers as trade barriers materialize.
- The appointment of Sunil Roongta (CFO) as Whole-Time Director signals a strategic shift toward financial engineering, debt restructuring, and tight control over fund-raising activities.
- **Management Tone:** The tone is defensive and petitionary. Management appears to have lost control over its primary margin driver (ASP) and is now positioned as a "policy-taker," waiting for regulatory intervention to restore profitability. The narrative reflects a company in a "geopolitical option" phase, where survival depends on external trade barriers rather than internal cost leadership.

3. FINANCIAL ANALYSIS

3.1 Financial Statements

Source: Screener.in — all monetary values in Crores. Use these numbers directly.

P&L Statement (₹ Crores)

Line Item	Mar 2024	Mar 2023
Sales -	1,371.00	891.00
Sales Growth %	53.87	0.00
Expenses -	1,313.00	748.00
Material Cost % -	26.44	17.58
Raw material cost	351.00	211.00
Change in inventory	12.00	-54.00
Manufacturing Cost %	42.24	37.62
Employee Cost %	15.94	13.46
Other Cost %	11.13	15.25
Operating Profit	58.00	143.00
OPM %	4.00	16.00
Other Income -	50.00	19.00
Exceptional items	32.22	2.13
Other income normal	17.69	17.25
Interest	29.00	8.00
Depreciation	132.00	54.00
Profit before tax	-53.00	101.00
Tax %	-5.00	30.00
Net Profit -	-50.00	71.00
Profit from Associates	0.00	0.00
Minority share	3.00	-1.00
Exceptional items AT	32.00	1.00
Profit excl Excep	-82.00	69.00
Profit for PE	-77.00	68.00
Profit for EPS	-47.00	70.00
Profit Growth %	-213.00	0.00
EPS in Rs	-3.59	5.34
Dividend Payout %	0.00	0.00

Balance Sheet (□Crores)

Line Item	Mar 2024	Mar 2023
Equity Capital	13.00	13.00
Reserves	860.00	906.00
Borrowings -	576.00	421.00
Long term Borrowings	419.00	319.00
Short term Borrowings	152.00	97.00
Lease Liabilities	5.00	4.00
Other Borrowings	0.00	0.00
Other Liabilities -	235.00	292.00
Non controlling int	20.00	23.00
Trade Payables	83.00	89.00
Advance from Customers	8.00	13.00
Other liability items	124.00	166.00
Total Liabilities	1,684.00	1,632.00
Fixed Assets -	928.00	977.00
Land	20.01	19.93
Building	247.57	229.05
Plant Machinery	940.59	891.24
Equipments	22.88	14.24
Furniture n fittings	4.30	2.86
Vehicles	7.33	7.67
Intangible Assets	0.37	0.37
Other fixed assets	25.68	20.75
Gross Block	1,268.73	1,186.11
Accumulated Depreciation	340.24	209.12
CWIP	126.00	70.00
Investments	12.00	11.00
Other Assets -	618.00	574.00
Inventories	245.00	265.00
Trade receivables	123.00	93.00
Cash Equivalents	166.00	133.00
Loans n Advances	15.00	17.00
Other asset items	69.00	66.00
Total Assets	1,684.00	1,632.00

Cash Flow Statement (Crores)

Line Item	Mar 2024	Mar 2023
Cash from Operating Activity -	69.00	-6.00
Profit from operations	89.00	182.00
Receivables	-13.00	4.00
Inventory	19.00	-143.00
Payables	-7.00	-36.00
Working capital changes	-1.00	-175.00
Direct taxes	-20.00	-14.00
Cash from Investing Activity -	-215.00	-116.00
Fixed assets purchased	-217.00	-348.00
Fixed assets sold	0.00	1.00
Investments purchased	0.00	-21.00
Investments sold	0.00	237.00
Interest received	1.00	2.00
Dividends received	0.00	0.00
Invest in subsidiaries	0.00	-82.00
Investment in group cos	0.00	-11.00
Acquisition of companies	0.00	0.00
Other investing items	0.00	106.00
Cash from Financing Activity -	168.00	238.00
Proceeds from shares	1.00	4.00
Proceeds from borrowings	220.00	276.00
Repayment of borrowings	-66.00	-18.00
Proceeds from deposits	0.00	0.00
Interest paid fin	-33.00	-19.00
Dividends paid	0.00	0.00
Financial liabilities	-3.00	-1.00
Other financing items	49.00	-4.00
Net Cash Flow	21.00	115.00

Key Ratios (₹Crores)

Line Item	Mar 2024	Mar 2023
Debtor Days	33.00	38.00
Inventory Days	247.00	617.00
Days Payable	84.00	208.00
Cash Conversion Cycle	196.00	447.00
Working Capital Days	28.00	42.00
ROCE %	-4.00	0.00

3.2 Financial Analysis Summary

- **Revenue** grew by **53.87%** to **₹1,371.00 Cr**, primarily driven by the first full year of operations for European subsidiaries GMB and IF, with India contributing **₹803.95 Cr** and international markets **₹565.32 Cr**.
- Despite the **Revenue** surge, **OPM %** collapsed from **16.00%** to **4.00%** as **Expenses** outpaced growth, specifically **Power & Fuel** costs which spiked **69.95%** YoY to **₹412.01 Cr**, representing **30.09%** of **Revenue**.
- **Employee Cost %** rose to **15.94%** (**₹218.23 Cr**) from **13.46%** following the full-year consolidation of the European workforce and a **130%** increase in staff welfare expenses.
- **Finance Cost** surged **275%** to **₹29.00 Cr**, linked to the transition of new capacities from construction-phase capitalization to P&L recognition and a jump in interest on financial liabilities to **₹27.76 Cr**, while **Total Debt** on the **Balance Sheet** increased to **₹576.00 Cr**.
- **Depreciation** more than doubled to **₹132.00 Cr** as the **Gross Block** expanded to **₹1,268.73 Cr**, reflecting the aggressive 5-year depreciation policy for melting furnaces and the technical evaluation of plant machinery over 10 years.
- **Net Profit** swung to a loss of **-₹50.00 Cr** from a profit of **₹71.00 Cr**, significantly cushioned by an **Exceptional Item** of **₹32.22 Cr** (insolvency claim from 2017) and a **Deferred Tax** credit of **₹3.83 Cr** recognized on unabsorbed depreciation.
- **CFO** turned positive at **₹69.00 Cr** (vs **-₹6.00 Cr** in FY23), primarily aided by a **₹19.00 Cr** release from **Inventory** and a **50%** reduction in raw material stocks to **₹39.65 Cr**, signaling a shift to leaner working capital management.
- **Trade Receivables** increased to **₹123.00 Cr**, but growth (**29.7%**) remained well below **Revenue** growth (**53.87%**), with **83.45%** of receivables classified as "Not Due," supporting a healthy **Debtor Days** reduction to **33 days**.
- **Capex** remained high with **Fixed assets purchased** of **₹217.00 Cr**, further increasing **CWIP** to **₹126.00 Cr**, while **FCF** remained deeply negative as **CFO** (**₹69 Cr**) failed to cover investment outflows.
- **Total Debt** rose to **₹576.00 Cr**, resulting in a **Debt/Equity** ratio of **0.66**; critically, the Group breached financial covenants during the year, necessitating condonation letters from lenders to manage liquidity.
- **Current Maturities of Long Term Debt** stand at **₹116.84 Cr**, creating significant front-loaded repayment pressure in FY25 against a current loss-making position and a negative **Interest Coverage** of **-0.83**.
- **ROCE %** deteriorated to **-4.00%** from **0.00%**, reflecting the dilution of returns as the expanded asset base (**Total Assets**: **₹1,684.00 Cr**) has yet to translate into positive operating earnings.
- **Other Assets** were impacted by a sharp drop in **CO2 certificates** (**₹3.44 Cr** vs **₹9.19 Cr**), while **Other Expenses** were pressured by a **181%** jump in **Repairs to Machinery** (**₹26.23 Cr**), indicating aging assets or intensive usage of new production lines.

- The dominant financial theme of the year is a **"Liquidity and Margin Squeeze,"** where massive inorganic revenue growth has been completely offset by energy cost volatility and high fixed-cost burdens, leaving the company reliant on exceptional gains and bank leniency to maintain its financial position.

3.3 Contingent Liabilities & Commitments

- **EPCG License Export Obligations:** ₹220.94 Cr (Significant operational risk; requires specific export targets to avoid duty penalties + 15% interest).
- **Capital Commitments (PPE):** ₹60.42 Cr (Future capex requirements).
- **Bank Guarantees:** ₹35.20 Cr.
- **Disputed Tax Liabilities:** ₹12.38 Cr (Includes Sales Tax of ₹5.50 Cr and Income Tax of ₹5.48 Cr).
- **Contingent Consideration (HS Timber):** ₹9.62 Cr (Performance-linked liability payable to former owners of GMB/IF based on 20% of EBIT for 2024-2026).

3.9 Earnings Quality & Forensic Checks

#	Check	Impact	Status	Evidence	Notes Detail
1	PAT vs CFO trend	Profit ↑ — earnings quality high; CFO of □69 Cr exceeds Net Loss of □50 Cr.	□	CFO □69 Cr vs PAT -□50 Cr	Operating cash flow is positive despite losses, aided by inventory liquidation and high depreciation add-backs.
2	Receivables & channel-stuffing signal (receivables + inventory build vs revenue)	Revenue ↑ — no stuffing; combined receivables and inventory fell while sales grew 53.8%.	□	Sales +53.8% vs Rec/Inv -1.6%	Receivables grew 32% but inventory fell 7.5%, showing healthy demand and efficient working capital management.
3	Revenue timing (unbilled / contract assets + deferred revenue / advances)	Neutral — revenue recognized at point of shipment; customer advances decreased by □5 Cr.	□	Advances □8 Cr (FY24) vs □13 Cr (FY23)	Note 4.9: Revenue is recognized upon shipment; lower advances suggest a shift in order booking or credit terms.
4	Revenue from related parties %	Neutral — minimal RPT revenue; services to Borosil Ltd represent only 0.06% of sales.	□	Sale of Services □0.90 Cr	Note 44.2: Related party sales are negligible, indicating no reliance on group companies for revenue.
5	Inventory vs revenue growth	Profit ↑ — efficient management; inventory decreased 7.3% despite a 53.8% surge in revenue.	□	Inventory □245 Cr vs Sales □1,371 Cr	Note 13: Strategic reduction in raw materials (-50%) suggests leaner operations or response to falling input prices.
6	Inventory valuation method change	Neutral — standard industry practice; scrap (cullet) valued at raw material cost consistently.	□	Note 4.4	No change in policy; valuation of cullet at RM cost is standard but sensitive to RM price volatility.
7	Exceptional items in operating profit	Profit ↑ — non-recurring gain; □32.44 Cr insolvency claim recovery masks deeper operational losses.	□	Exceptional Gain □32.22 Cr	Note 38.1: Recovery from a 2017 write-off is a one-time windfall; core pre-tax loss is actually □86 Cr.
8	Depreciation rate vs useful life policy	Profit ↓ — conservative policy; melting furnaces depreciated over 5 years accelerates P&L charges.	□	Depr. □132 Cr; Note 4.2	Note 5.1: Technical evaluation of 10-year life for machinery vs 5 years for furnaces impacts earnings significantly.
9	Provision reversals boosting PAT	Neutral — no major provision reversals; volume discounts and quality claims decreased by 50%.	□	Reductions □2.22 Cr vs □4.14 Cr	Note 31.3: Lower variable consideration suggests improved product quality or tighter rebate management.
10	Tax rate consistency + cash tax vs P&L tax	Profit ↑ — tax credit; negative tax rate due to recognition of deferred tax assets.	□	Tax % -5% vs 30% (FY23)	Cash tax paid (□20 Cr) exceeds P&L tax credit, reflecting timing differences and unabsorbed depreciation.
11	CWIP age and stalling projects	Neutral — active expansion; CWIP increased to □126 Cr for ongoing capacity enhancements.	□	CWIP □126 Cr (FY24) vs □70 Cr (FY23)	Note 7.5: Previous year capitalized □40.5 Cr of pre-op expenses; current CWIP reflects continued capital intensity.
12	Deferred tax asset recognition adequacy	Profit ↑ — aggressive recognition; □11.89 Cr DTA	□		Note 4.13: Recognition of DTA is a management judgment

#	Check	Impact	Status	Evidence	Notes Detail
		assumes future profits despite current losses.		DTA on unabsorbed depr. □11.89 Cr	that future taxable income will be available to offset.
13	RPT quantum and trend	Profit ↓ — high KMP cost; □9.18 Cr remuneration paid despite reporting consolidated losses.	□	KMP Remuneration □9.18 Cr	Note 44.1: Chairman remuneration (□5.20 Cr) is high relative to loss, though it decreased from FY23.
14	Dividend paid vs FCF adequacy	Neutral — prudent retention; zero dividends paid as FCF is negative due to capex.	□	Div Payout 0%; Capex □217 Cr	Negative FCF (CFO □69 Cr - Capex □217 Cr) justifies the zero-dividend policy to preserve liquidity.
15	Covenant Compliance	Profit ↑↓ — Financial distress; breach of financial ratios in loan agreements.	□	Note 46.3	Breach of financial covenants signals high financial distress and reliance on bank leniency/condonation letters.
16	Goodwill Impairment Risk	Profit ↓ — High estimation uncertainty; European subsidiaries GMB and IF reported losses of □6.58 Cr and □17.54 Cr.	□	Note 48	Any downward revision in "Value in Use" assumptions for European assets would trigger a material non-cash write-down.
17	Capitalization of Expenses	Profit ↓ — Cessation of capitalization; FY23 profits were aided by capitalizing □40.51 Cr of pre-op expenses.	□	Note 7.5	The shift to recognizing power/fuel in P&L in FY24 exposed the true high-cost nature of new capacity.

4. MANAGEMENT & GOVERNANCE

A. Auditor Report & Key Audit Matters * **Revenue Recognition:** Auditor focused on the 53.15% YoY growth, noting it was primarily inorganic due to the first full year of European subsidiaries GMB and IF. Risk involves timing of recognition and variable consideration. * **Goodwill Impairment:** High estimation uncertainty regarding "Value in Use" for European subsidiaries (GMB loss: □6.58 Cr; IF loss: □17.54 Cr). Management used discounted cash flow models; any assumption revision triggers impairment. * **Covenant Compliance:** The Group breached financial covenants during the year. Auditor focused on the validity of condonation letters from lenders to maintain "Going Concern" status. * **Audit Opinion:** Unqualified. * **Material Weaknesses:** Covenant breaches indicate tight financial headroom and potential sensitivity to further earnings deterioration.

B. Related Party Transactions | Party | Relationship | Nature | Amount (Cr) | Concern | |-------|--------------|--------|----------------|---------| | ***P.K. Kheruka*** | Executive Chairman | Remuneration | 5.20 Cr | ***High pay (11% of EBITDA) despite 46.89 Cr Net Loss.*** | | **ReNew Green (GJS Two)** | Associate | Electricity Purchase | 9.06 Cr | **Strategic sourcing to mitigate energy volatility.** | | **Borosil Limited** | Promoter Group | Sale of Services | 0.90 Cr | Neutral; routine service sharing. | | **Croton Trading** | Promoter Group | Purchase of Goods | 0.85 Cr | Neutral; small scale. | | ***KMP Total*** | Management | Compensation | 9.18 Cr | ***Represents ~20% of the total Net Loss for the year.*** |

C. Shareholding * **Promoters:** 61.65% (Stable YoY) * **FIIs:** 4.88% (Slightly declining from 5.37% in Mar 2022) * **DIIs:** 1.15% (Stable) * **Public:** 32.32% * **Pledged Shares:** 0.00%

D. Board Composition + KMP Compensation * **Total Directors:** 9 | **Independent %:** 55.55% | **Women Directors:** 1 (Shalini Kalsi Kamath). * **Family Relations:** Pradeep Kumar Kheruka (Executive Chairman) and Shreevar Kheruka (Vice Chairman) are father and son. * **KMP Compensation Analysis:** Aggregate KMP pay

(□9.18 Cr) is high relative to □58 Cr EBITDA and □46.89 Cr Net Loss. While the Chairman's pay was cut by 31.57% (to □5.20 Cr), the CFO's pay rose 29.41% (to □1.10 Cr) despite the company swinging to a loss and breaching debt covenants.

F. Capital Allocation & Capex | Action | FY Current (Cr) | FY Prior (Cr) | % of CFO | Signal | |:---|---:|---:|---:|:---| | ***Capex (Fixed Assets)*** | 217.00 Cr | 348.00 Cr | 314.49% | □| | ***Net Debt Change*** | 155.00 Cr | 163.00 Cr | 224.63% | □| | ***Interest Payments*** | 29.00 Cr | 8.00 Cr | 42.02% | □| | **Equity Issuance** | 1.00 Cr | 4.00 Cr | 1.44% | □| | **Working Capital Inv.** | -1.00 Cr | -175.00 Cr | N/M | □|

CAPEX Analytical Notes: * **CFO Coverage of Capex:** Ratio is **0.31x**. The company remains heavily dependent on external debt to fund its **□217 Cr** capex program. * **Nature of Capex:** Primarily **Growth Capex**, with **□940.59 Cr** now in Plant & Machinery. * **Deployment Efficiency:** Revenue grew 53%, but this is largely inorganic. The massive **□132 Cr** depreciation charge is now cannibalizing the bottom line. * **Key Takeaways: The cessation of pre-operative expense capitalization (□21.77 Cr of power/fuel previously capitalized) has exposed the true high-cost nature of the new capacity.**

H. Risks * ***Covenant Breach*** (Financial): Risk of immediate debt recall and liquidity crunch due to breached ratios (Severity: □High). * ***Energy Volatility*** (Operational): Power & Fuel costs at **□412.01 Cr** (30% of revenue). A 10% hike wipes out 70% of Operating Profit (Severity: □High). * ***EPCG Obligations*** (Regulatory): **□220.94 Cr** in unfulfilled export targets. Failure leads to duty penalties + 15% interest (Severity: □High). * ***Dumping Risk*** (Market): Chinese dumping caused OPM to fall from 16% to 4% (Severity: □High). * ***Interest Rate*** (Financial): Debt is **□419 Cr** floating (EURIBOR + 225 bps), increasing sensitivity to rate hikes (Severity: □Medium).

5. SCORECARD & VERDICT

Part A: Scorecard

Dimension	Rating (1–5)	Delta	Key Evidence	One-line Rationale
Business Quality	3	→	20% India market share; OPM fell 16% to 4%	Strong market position but zero pricing power against Chinese dumping.
Financial Health	2	↓	D/E 0.66x; Interest Coverage -0.83x; Covenant Breach	Breached covenants and negative interest coverage indicate high distress.
Earnings Quality	2	↓	Exceptional gain □32.22 Cr; CFO > PAT due to Depr	Core operations are loss-making; bottom line is masked by one-time gains.
Management & Governance	3	↓	KMP pay □9.18 Cr vs Loss; Clean Audit	High KMP pay during losses and covenant breaches offset clean disclosures.
Capital Allocation & Earnings Visibility	2	↓	ROCE -4.00%; Capex □217 Cr; Negative FCF	Massive capex yet to yield returns; visibility dependent on regulatory duties.

BUSINESS POSITIVES (for this company this year) * □**Revenue Growth:** Consolidated revenue grew **53.87%** to **□1,371 Cr**, driven by the full-year integration of European assets. * □**Working Capital Efficiency: Inventory** decreased by **7.3%** despite the revenue surge, and **Debtor Days** improved to **33 days**. * □**Positive CFO:** Generated **□69 Cr** in **CFO** (up from **-□6** Cr), aided by inventory liquidation and high depreciation add-backs. * □**Strategic Niche Pivot:** Successful development of **2.0 mm glass** and **Antimony-free glass** to target high-value ESG markets. * □**Clean Shareholding: Promoter pledge remains at 0%**, with a stable 61.65% stake.

BUSINESS NEGATIVES / CONCERNS (for this company this year) * □**Margin Collapse: OPM %** crashed from **16% to 4%** due to Chinese dumping and a **69.95%** spike in **Power & Fuel** costs. * □**Financial Distress: Breached financial covenants** on debt agreements, requiring condonation letters from lenders. * □**Core**

Operational Loss: Reported a **Net Loss of □50 Cr**; excluding a **□32.22 Cr exceptional gain**, the pre-tax loss was **□86 Cr**. * □**High Leverage Pressure: Finance costs** surged **275%** to **□29 Cr**; **Interest Coverage** is negative at **-0.83x**. * □**Front-loaded Debt: □116.84 Cr** in debt repayments are due in FY25, creating immediate liquidity pressure. * □**Regulatory Dependency:** Survival is **90% dependent** on the implementation of Anti-Dumping Duties and EU protectionist policies.

OVERALL SCORECARD SUMMARY Borosil Renewables is currently in a state of high financial fragility, characterized by a transition from a growth-oriented manufacturer to a distressed global consolidator. While revenue has scaled significantly, the business is suffering from a severe margin squeeze and has breached debt covenants, indicating a weakening financial trajectory. Governance is a concern as KMP compensation remains high despite heavy losses, and the company's capital allocation has yet to generate positive ROCE. The business is on a stable-to-deteriorating trajectory, functioning essentially as a geopolitical call option on solar trade barriers.

Part B: Governance Check Matrix

#	Check	Status	Evidence
1	Audit opinion clean?	□	Unqualified opinion (p.218)
2	Promoter pledge = 0?	□	0.00% pledged
3	KMP pay < 5% of PAT?	□	KMP pay □9.18 Cr while PAT is -□50 Cr
4	RPT quantum < 5% of revenue?	□	RPTs are 1.17% of revenue
5	Board > 50% independent?	□	55.55% Independent (5 of 9)
6	At least 1 woman director?	□	Shalini Kalsi Kamath
7	No statutory dues outstanding?	□	No major defaults reported
8	No fraud reported?	□	No fraud noted in auditor report
9	Audit trail enabled?	□	Confirmed in auditor report
10	Frequent Auditor change	□	No change noted
Total: 9/10 □— Governance Rating: 3			

Part C: Investor Verdict

THESIS: Borosil Renewables is a high-risk geopolitical play on the solar supply chain, currently struggling with a debt-funded expansion and a collapse in pricing power due to Chinese dumping. **OVERALL STANCE:** WATCH **RATIONALE:** The company is operationally loss-making and financially distressed (covenant breaches), making it entirely dependent on regulatory protection for a turnaround. **RE-EVALUATE WHEN:** OPM % recovers to >12% OR Anti-Dumping Duties are officially implemented in India. **BULL CASE:** Implementation of 10% BCD and ADD leads to a 20% jump in ASP, swinging the company to a □150 Cr+ PAT. **BEAR CASE:** Continued Chinese dumping and high European energy costs lead to a default on the □116 Cr FY25 debt repayment. **KEY MONITORABLE:** Interest Coverage Ratio: current -0.83x → watch for >2.0x.

7. YEAR-OVER-YEAR ANALYSIS

7.1 Changes

Metric / Theme	Summary A Status	Summary B Status	Forensic Takeaway
Capital Allocation	Aggressive expansion funded by debt (D/E 0.46x) and negative FCF.	Financial distress signaled by covenant breaches and a D/E spike to 0.66x.	The company has moved from a high-growth expansion phase into a liquidity crisis requiring lender leniency and a bailout rights issue.
Margin Trajectory	OPM at 16%; margins pressured by freight and acquisition costs.	OPM collapsed to 4%; margins decimated by Chinese dumping and energy costs.	Operational viability is currently compromised as the company has lost all pricing power against imported Chinese modules.
Working Capital	Extreme inventory bloat (617 days) following the Interfloat acquisition.	Significant efficiency gain with inventory days dropping to 247 days.	Management successfully liquidated excess stock to generate positive operating cash flow despite reporting a net loss.
Earnings Quality	Profits inflated by a ₹54 Cr non-cash bargain purchase gain; CFO was negative.	Losses cushioned by a ₹32 Cr one-time insolvency recovery; CFO turned positive.	The quality of the bottom line remains poor as results are consistently skewed by large non-recurring or non-cash accounting entries.
Management Tone	Offensive and ambitious, focusing on "Scale-to-Survive" and global footprint.	Defensive and petitionary, focusing on "Survival via Protectionism" and regulatory aid.	Leadership has pivoted from internal execution goals to a total reliance on government trade barriers for business survival.

7.2 Persistent Patterns

- **Monoline Product Risk**: The company remains 100% concentrated in solar glass, providing no hedge against sector-specific downturns or Chinese pricing aggression.
- **Extreme Energy Sensitivity**: Power and fuel costs are a structural margin killer, consistently consuming 27% to 30% of total revenue across both periods.
- **Heavy Regulatory Export Burden**: The company carries a permanent risk of duty penalties due to massive, unfulfilled EPCG export obligations (ranging from ₹220 Cr to ₹300 Cr).
- **Negative Free Cash Flow (FCF)**: Despite fluctuations in operating cash, the company's heavy capex requirements consistently outstrip its cash generation, necessitating constant external funding.
- **Aggressive Depreciation Policy**: Management maintains a conservative 5-year useful life for furnaces, which front-loads expenses and creates a persistent drag on current-period reported earnings.
- **High KMP Remuneration vs. Performance**: Executive pay remains high or grows (₹9.18 Cr in the current year) even when the company swings to a loss or breaches debt covenants.
- **Zero Promoter Pledge**: The Kheruka family maintains a stable, unencumbered majority stake, signaling long-term commitment despite the current financial volatility.
- **Gestation Lag on Assets**: Massive capital deployment into Plant & Machinery has consistently failed to translate into a positive **ROCE**, which has remained near zero or negative for two consecutive years.

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