

1. VERDICT & BUSINESS QUALITY SNAPSHOT

The punchline. Read this first — it frames everything below.

Result: Beat **One-line:** Borosil Renewables delivered a significant margin beat driven by peak realizations (ASP) and lagged input cost impacts, but management is signaling a transition to a "margin squeeze" phase as soda ash prices reset +60% and Chinese dumping intensifies.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Strong Beat	EBITDA margins hit 44.8% vs 36.7% in Q2, driven by ASP hike to ₹141.4.	☐
Earnings Quality	High (Core driven)	Performance driven by operational realizations; one-offs (Gujarat subsidy ₹5.3 Cr) are minor.	☐
Guidance Confidence	Neutral	High clarity on brownfield capacity (SG-3) but total uncertainty on ASP and input cost volatility.	☐
Management Credibility	Strong	Conservative on timelines (18 months for capex) and transparent about competitive threats from China.	☐
Business Quality Signal	Improving	Structural shift toward thinner 2mm/2.5mm glass (30% of mix) and bifacial modules improves long-term value add.	☐
Key Q&A Exchange	Q#24 + DCR exclusion	Management clarified that solar glass is NOT part of "Domestic Content Requirement" (DCR) for modules.	☐
The Street's Primary Anxiety	Margin sustainability	Management confirmed soda ash costs will jump 60% in Q1FY23 as old contracts expire.	☐
Capital Cycle Stage	Investment	Aggressive expansion from 450 TPD to 2100 TPD (equivalent to 12 GW) by CY2024.	☐
Margin / Return Ratio Trajectory	Peak / Deteriorating	Current 44%+ margins are unsustainable; management expects "moderation" due to input costs and ASP drop.	☐
Pricing Power	Eroding	Prices are benchmarked to Chinese landed costs; Chinese dumping via Malaysia/Vietnam creates 10-day price volatility.	☐
FCF Conversion & Quality	Weak (Growth phase)	Massive capex for SG-3, 4, and 5 will consume all operating cash and require fresh equity/debt.	☐
Competitive Moat Signals	Stable	Sole domestic manufacturer advantage remains, but threat of backward integration by large conglomerates (Adani/Reliance) is rising.	☐
Balance Sheet Strength	Strong	Low interest costs (₹0.42 Cr); debt-to-EBITDA ceiling set at 2.0x.	☐
Working Capital Efficiency	Stable	Finished goods inventory was "virtually zero" at quarter end.	☐
Mgmt Guidance Track Record	Reliable	Historically delivered capacity expansion within 14 months (SG-2).	☐
Key Vulnerability / Red Flag	Cost-Price Gap	60% Soda Ash inflation + Gas volatility vs. declining Chinese ASPs.	☐
Management Tone	Measured & Cautious	Confident in long-term solar boom but very wary of short-term cost/price dynamics.	☐

Sentiment: ☐Neutral

Key Takeaways: * **Positives:** BRL is the primary beneficiary of the India module manufacturing boom (50 GW target); structural shift to high-margin 2mm glass (30% of portfolio) offsets some commodity pressure; aggressive 2100 TPD roadmap provides clear growth visibility. * **Negatives:** Glass is excluded from BCD and DCR protections, leaving BRL fully exposed to Chinese dumping; the "golden quarter" of 44.8% margins is likely the peak as a 60% soda ash price hike hits in Q1FY23; high realization was the sole driver of Q3 profit growth as volumes remained flat. * **Street Concern:** Analysts are focused on the "Chinese Inventory Liquidation" threat—management admitted Chinese players dump stock every 10 days to clear inventory, making domestic pricing

highly unpredictable. * **Forward Watchpoint:** The Anti-Dumping Duty (ADD) on Chinese glass expires in July 2022; a failure to renew this would fundamentally break the current pricing umbrella.

2. BUSINESS PERFORMANCE

2A. KEY METRICS

PPT not available — numbers from concall (except where PPT slides were cited in the transcript/summary).

Note: This analysis uses the "COMBINED" mode based on the provided PPT summary and Transcript.

Metric	Current Qtr	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (Standalone)	₹168.51 Cr	↑ 20%	↑ 5%	↑	Growth driven by Realization (ASP); Volumes were flat QoQ.
Avg Selling Price	₹141.4/sqm	↑ 25.5%	↑ 19.8%	↑	Peak realizations; benchmarked to international landed costs.
EBITDA	₹75.49 Cr	↑ 40.7%	↑ 28.1%	↑	Includes ₹5.3 Cr Gujarat subsidy; 9M FY22 matched full year FY21.
EBITDA Margin %	44.8%	↑ 650 bps	↑ 810 bps	↑	Peak margins; management warns of moderation ahead.
PAT	₹45.73 Cr	↑ 56.7%	↑ 34.1%	↑	Growth purely operating driven; low interest burden.
Exports (% Rev)	26.5%	↑ 470 bps	↓ 180 bps	→	Strong demand in Europe/Turkey; margins slightly lower than domestic.
Production Capacity	450 TPD	→ 0%	→ 0%	→	Operating at 100% utilization; "virtually zero" inventory.
Net Debt / Equity	Not stated	First entry	First entry	→	Mgmt policy: Debt will be restricted to 2.0x EBITDA.
Interest Coverage	180x	↑	↓	↑	Exceptionally high due to minimal debt levels (Interest ₹0.42 Cr).
Working Capital	Stable	First entry	First entry	→	Inventory depletion offset by ₹5 Cr revenue reversal (IND AS).

2B. SEGMENT BREAKDOWN

Segment	Revenue (₹ Cr)	YoY Growth	Margin	Trend	vs Co Avg	Key Development
Solar Glass	168.51	20%	44.8%	↑	100%	Shift to 2mm glass now 30% of mix.
Value-Added (2mm/AR)	Not stated	High	Superior	↑	> Avg	25-30% global price premium for 2mm glass.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Volume / Capacity	1000 TPD by Q2 FY23.	Needs SG-3 commissioning by Sept 2022; on track.	Delivered SG-2 in 14 months.	Low
Guidance	Volume / Capacity	2100 TPD by CY2024.	Requires SG-4 & 5 to start by mid-CY2022; aggressive.	New design/scale.	Medium
Guidance	Margins	"Moderation" in Q4/ Q1FY23.	Soda Ash reset +60% implies ~3-5% margin hit.	First entry.	High
Strategy	Capital Allocation	Debt-to-EBITDA < 2.0x.	Sustainable if EBITDA stays > ₹250 Cr/year.	First entry.	Low
Strategy	Competitive Position	No price range protection.	Purely dependent on Chinese landed costs.	First entry.	High
Macro	Input Cost / RM Prices	Soda Ash +60% from April.	Direct impact on gross margins; no passthrough guaranteed.	First entry.	High
Macro	Industry Headwinds	ADD Expiry in July 2022.	Renewal critical for protecting ASP.	Historically successful.	High

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
1	5.0	Avnish Khara / VT Capital	Input Costs	Financials	"Soda ash contract ended in Dec; how will margins be affected?"	Management confirmed contracts spilled over to Q4 but a 60% price spike will hit fully from April onwards. This reset creates a significant gross margin overhang for FY23.	None	5.0	Clear and quantified
7	4.0	Jimesh Sanghvi	Volumes	Business Overview	"Revenue grew 5% but realizations 20%; did volumes dip?"	Management explained a ₹5 Cr revenue reversal due to IND AS (goods in transit), but confirmed they are running at full capacity with zero inventory. This indicates demand is still outstripping current supply.	None	4.0	Accounting detail
13	4.5	Darshan Manik / Lark	Margin Volatility	Financials	"Why is there such a huge fluctuation in margins every quarter?"	Management admitted they have no control over margins because pricing is benchmarked to Chinese landed costs regardless of BRL's internal cost inflation. This highlights BRL's status as a price-taker in a global	Expected margin "range"	2.5	Deflected — key signal

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						commodity market.			
24	5.0	Samir Gandhi	Protectionism	Mgmt Outlook	"In DCR panels, is glass also made compulsory to be manufactured in India?"	Management revealed glass is NOT part of the Domestic Content Requirement (DCR), meaning module makers can use imported glass and still qualify for DCR tenders. This removes a key potential structural moat for BRL.	None	5.0	Thesis-critical
26	4.5	Dhiral / Phillip Capital	Pricing Outlook	Mgmt Outlook	"Currently glass prices have come down globally... impact on margins?"	Management confirmed a decline in ASPs is already visible in the current quarter (Jan-Mar) and will hit realizations. Combined with rising RM costs, this confirms a "margin pincer" effect for H1FY23.	Quantified impact	3.0	Directional warning
27	4.0	Dhiral / Phillip Capital	Chinese Dumping	Macro	"What is the reason for such volatility in prices every 10 days?"	Management attributed it to Chinese manufacturers liquidating inventory at any price once their storage capacity is breached. BRL is forced	None	4.0	Structural risk

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						to track these "liquidation prices" to remain competitive.			
34	4.5	Dhruv Kashyap	Competitive Threat	Strategy	"Will bigger conglomerates integration (Reliance/ Adani) integrate backward into glass?"	Management noted only two companies have discussed captive glass production so far; others still look to BRL. Backward integration by major PLI winners remains the single largest long-term threat to BRL's market share.	None	3.0	Credibility watch
35	4.0	Dhruv Kashyap	Capex Delay	Capex and Allocation	"Why is SG-4 taking longer than anticipated?"	Management is being conservative with an 18-month timeline to avoid over-promising, citing design changes for larger furnaces. This pushes meaningful volume growth from SG-4 into late CY2023.	None	4.0	Specific timeline

PATTERN FLAGS & SENTIMENT * The "Price-Taker" Paradox: Multiple analysts questioned the disconnect between BRL's costs and its selling price. Management's repeated admission that they must follow Chinese inventory liquidation prices regardless of their own RM inflation (Soda Ash +60%, Gas up) highlights that BRL lacks independent pricing power despite being a "sole manufacturer." * **DCR Exclusion Anxiety:** A subtle but vital theme was the exclusion of glass from DCR and BCD protections. Analysts are realizing that while the *module* industry is protected, the *glass* component remains a battleground of global commodity prices.

Management's posture was defensive but realistic—they are betting on "economies of scale" (SG-3/4/5) to survive where policy doesn't protect them.

Analyst Sentiment Verdict: Analysts were impressed by the current quarter's "super-normal" margins but remained deeply skeptical about their sustainability. The friction point was the lack of a "margin floor," as management could not provide a cost-plus pricing guarantee. Credibility remains high due to transparent capex updates, but the "DCR exclusion" is the primary unresolved risk that could prevent a valuation re-rating.

5. WHAT CHANGED vs PRIOR QUARTER

First entry — no prior quarter to compare.

What Changed	Prior Quarter	This Quarter	Direction
Realizations	First entry	☐141.4/sqm	↑ (Peak)
Soda Ash Cost	First entry	+60% (est.)	↓ (Deteriorating)
Policy Context	First entry	DCR Exclusion	↓ (Moat Risk)
Capacity Plan	First entry	2100 TPD Goal	↑ (Growth)
Margin Outlook	First entry	"Moderation"	↓ (Negative)

Investor Note: The thesis for BRL has shifted from a "High Margin Specialty" story to a "Volume Execution" story. While the current 44% EBITDA margins are an anomaly that will likely mean-revert to the 25-30% range in FY23, the massive 4.6x capacity expansion (450 to 2100 TPD) is the real long-term driver. The key risk to monitor is the July 2022 Anti-Dumping Duty renewal; failure here would expose BRL to the full force of Chinese inventory liquidations without a safety net.