Borosil Renewables Ltd — Feb 2024 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

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

Result: Miss **One-line:** The thesis is under severe duress as Borosil Renewables (BRL) transitions from a protected domestic play to a victim of global Chinese dumping, forcing a pause on growth (SG-4) and an emergency □500 Cr equity raise to deleverage.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Prior Quarter	Miss	Standalone PBT Loss of □15.38 Cr vs Profit of □25.74 Cr in Q2FY24.	□
Earnings Quality	Low	Net loss driven by sharp ASP erosion (-23.8% YoY) despite record volume growth (+94%).	□
Guidance Confidence	Weak	SG-4 (1,100 TPD) expansion "On Hold" indefinitely; growth trajectory is now a hostage to Government policy.	□
Management Credibility	Neutral	Transparent about dumping impacts but blindsided by the BCD exemption extension until Sept 2024.	□
Business Quality Signal	Deteriorating	BRL has lost its "pricing power" moat; it is now a price-taker matching dumped landed costs from China/Vietnam.	□
Key Q&A Exchange	Q2 — Deleveraging	Mgmt confirmed the □500 Cr raise is purely for "debt retirement" to strengthen a balance sheet under stress.	□
The Street's Primary Anxiety	Policy Vacuum	Will the Govt ever re-impose BCD/ADD? Mgmt has no clarity; extension to Sept was a "setback."	□
Capital Cycle Stage	Consolidation/ Defense	Growth capex halted; focus shifted to cost-cutting and balance sheet repair.	□
Margin / Return Ratio Trajectory	Deteriorating	Consol. EBITDA margin at 7.3% vs 9.7% in Q2. PAT remains negative.	□
Pricing Power	Eroding	Standalone ASP hit □102.4/mm, a sequential drop of 7% and YoY drop of 23.8%.	□
FCF Conversion & Quality	Distorted	High depreciation (SG-3) and interest masking cash flows; losses prevent FCF generation.	□
Competitive Moat Signals	Shrinking	Moat of "Sole Manufacturer" is gone; 5 players active in India, 6th arriving soon.	□
Balance Sheet Strength	Stressed	Consol. debt at □543 Cr; Interest costs rising significantly post-SG3 commissioning.	□
Working Capital Efficiency	Stable	No major inventory flags, but revenue cycle hit by lower realization.	□
Mgmt Guidance Track Record	Mixed	Delivered SG-3 capacity, but failed to anticipate the collapse in European demand and policy delays.	□
Key Vulnerability	China Dumping	China controls 97% of world supply; BRL cannot compete on cost without a level playing field.	□
Management Tone	Cautious / Resentful	Frustrated with "unabated dumping" and "unexpected" policy setbacks.	□

Sentiment: Negative

Key Takeaways (Positives & Negatives):

Positives: * **Volume Ramp-up:** Standalone quantitative sales grew 94% YoY, proving the SG-3 furnace (550 TPD) is operational and finding takers, even in a depressed market. * **Cost Initiatives:** Increasing renewable energy share to 30% and investing in a new Hybrid plant to mitigate high DISCOM power costs. * **European Technical Edge:** GMB (Germany) remains the sole producer of antimony-free glass, which may become a prerequisite for European subsidies.

Negatives: * **Pricing Collapse:** The 23.8% YoY drop in ASP has completely decoupled revenue growth from volume, turning a 94% volume surge into a mere 49% revenue increase and a bottom-line loss. * **Policy Paralysis:** The extension of the BCD exemption to Sept 2024 and the suspension of ALMM until April 2024 have essentially invited Chinese imports to flood the market, destroying BRL's margins. * **Interfloat Drag:** European operations are running at only 55-60% capacity as major customers curtail production; Turkey and US demand also remains weak. * **Growth Stall:** The decision to put the 1,100 TPD SG-4 expansion "On Hold" caps the long-term volume story until the pricing environment resets.

---

2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: PPT figures primary. Concall used for Mgmt Commentary.

Metric	Current Qtr	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue Standalone (□Cr)	240.7	↑ 49%	↑ 1.2%	□	Volume up 94% YoY via SG-3; revenue hit by -23.8% ASP drop.
Revenue Consolidated (□Cr)	330.01	First entry	↓ 6.9%	↓	Dragged by weak demand in Europe and lower realization.
EBITDA Standalone (□ Cr)	22.7	↓ 47.3%	↓ 59.8%	↓	Margin compressed to 9.4% due to dumping and rising input costs.
EBITDA Margin % (Stand.)	9.4%	↓ 1730 bps	↓ 1440 bps	↓	Sharp erosion from 26.7% YoY as BRL matched import prices.
PAT Standalone (□Cr)	-11.04	↓ 149%	↓ 183%	□	Impacted by lower EBITDA and higher depreciation/interest from SG-3.
ROCE (%)	Not stated	Not stated	Not stated	↓	Down significantly due to net losses on expanded asset base.
Net Debt / (Cash) (□ Cr)	543.0	First entry	↑	↓	Includes □217 Cr debt in German step-down subsidiary.
Avg Selling Price (□/ mm)	102.4	↓ 23.8%	↓ 7.0%	↓	Dumping from China/Vietnam/Malaysia continues unabated.
Production Capacity (TPD)	1,350	↑ 100%	→	→	India 1,000 TPD + Germany 350 TPD.
Exports (□Cr)	19.1	↓ 67.6%	↓ 73.5%	↓	Demand collapse in Turkey and European markets.
Volume Growth (Qty)	94.0%	↑	↑	□	Full impact of SG-3 commissioning on Feb 23, 2023.
Subsidiary Revenue (□ Cr)	89.4	First entry	↓	↓	GMB Germany impacted by Chinese module dumping in EU.
Subsidiary EBITDA (□ Cr)	1.4	First entry	↓	↓	Marginal profit despite lower capacity utilization (55-60%).

2B. SEGMENT BREAKDOWN

Segment	Revenue (□ Cr)	YoY Growth	Margin	Trend	vs Company Avg	Key Development
Standalone (India)	240.7	49%	9.4%	↓	Above	SG-3 ramp-up successful but margins crushed by ASP.
Overseas (GMB/IF)	89.4	N/A	1.5%	↓	Below	Utilization fell to 55% as EU customers cancelled orders.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Volume	280 GW solar by 2030 (30 GW/year).	Needs ~2.5x jump from current 12.8 GW run-rate.	On track for 18 GW module output.	Policy lag risk.
Guidance	Capacity	SG-4 (1,100 TPD) in CY25.	**ON HOLD.**	**WALK-BACK.**	High.
Guidance	Germany	Concrete EU measures by end-Feb.	Dependent on "Resilience Bonus" approval.	GMB Repair completed.	Geopolitical risk.
Strategy	Funding	□500 Cr Fund Raise.	Likely via QIP/Rights issue.	Approved by Board.	Dilution risk.
Macro	Policy	ALMM from April 1, 2024.	Mandatory for domestic content.	Suspended last 12 months.	Extension risk.
Balance	Debt	Maintain "minimal debt" levels.	Requires □500 Cr equity infusion.	Debt spiked to □543 Cr.	Leverage risk.

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
1	4.5	Nikhil Abhyankar	BCD Policy	Mgmt Outlook	Why was the BCD exemption extended to Sept 2024?	Management clarified this was a generic extension for all "sunset" products in the Vote on Account budget rather than a specific solar glass decision. The delay forces BRL to absorb low pricing for another 6 months, extending the margin pain.	None	4.0	Directional
2	5.0	Nikhil Abhyankar	Fund Raise	Capex & Alloc	What is the purpose of the □500 Cr fund raise since expansion is on hold?	Management stated the funds are purely for debt reduction to strengthen the balance sheet against high-cost loans taken for India and Germany. This signals an "emergency" deleveraging move to preserve the business during the downturn.	None	5.0	Specific
3	3.5	Nikhil Abhyankar	Peer Expansion	Business Overview	Are other players cancelling expansions due to low module prices?	Management noted that while some IPPs may rethink, large players like Reliance, Adani, and ReNew are proceeding with their	None	3.5	Directional

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						manufacturing plans. This maintains the long-term glass demand outlook despite the current pricing crisis.			
4	4.0	Sharan Nandikur	US Market	Mgmt Outlook	Are you still exploring setting up a facility in the USA?	Management has pivoted to a "export-only" strategy for the US as domestic Indian profitability is currently too weak to support a US capex. Export realization to the US is better than India but lower than Europe.	None	4.0	Specific
5	4.0	Sharan Nandikur	Suryoday Scheme	Mgmt Outlook	Will the PM Suryoday Yojana mandate local glass?	Management confirmed there is no current mandate for local glass, only for modules and cells under domestic content requirements. BRL is lobbying for glass inclusion, which would be a major catalyst if successful.	None	3.0	Vague
6	4.5	Kushagra Bhattar	Protectionism	Mgmt Outlook	How do you justify duties to the Govt if they	Management argued that solar glass is only 10-14%	None	4.0	Directional

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
					increase module costs?	of module cost and duties would impact final power costs by only 1-2 paise. This highlights the relatively low consumer pain vs. the high strategic value of a local supply chain.			
7	4.0	P.K. Kheruka	Competition	Business Overview	What is the current domestic capacity and competition?	India now has 5 active players with a 6th arriving soon, totaling ~2,600 TPD (gross) capacity. BRL's "sole producer" moat has permanently dissolved, shifting the industry to a competitive oligopoly.	None	5.0	Realistic
8	3.5	Jalaj Manocha	US Logistics	Business Overview	Why isn't BRL exporting more to the US given the Xinjiang labor bans?	Management explained that the US module manufacturing sector is currently small but will grow under the IRA program in late 2024. This delays any meaningful US export contribution to FY25.	None	3.5	Directional
9	4.0		Market Size				None	4.0	Quantified

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
		Sanskriti Mishra		Business Overview	What is the Indian market size for solar glass?	Current net demand is ~2,600 TPD, expected to double to 5,000 TPD in 3 years as module manufacturing hits 60 GW. This reinforces the long-term volume thesis despite current profitability hurdles.			
10	3.0	Karan Sanwal	Cost Comparison	Financials	How does Indian module cost compare to Chinese?	Indian modules sell at □16-17/watt peak, while Chinese imports are □1-2 cheaper even after current duties. This pricing gap continues to put immense pressure on domestic glass manufacturers to lower prices.	None	4.0	Specific

PATTERN FLAGS & SENTIMENT

The Dumping Anxiety: Analysts were hyper-focused on BRL's inability to maintain a price floor. Management was notably resentful of the "unabated dumping," admitting that they are currently forced to match import prices just to maintain sales. This concern is unlikely to resolve before Sept 2024, keeping the stock in a "wait-and-watch" mode regarding BCD/ADD.

Deleveraging vs. Growth: The pivot from planning SG-4 to raising □500 Cr for debt retirement is a defensive shift. Management appeared pragmatic but cautious, signaling that survival and balance sheet strength are the current priorities over aggressive capacity expansion.

Analyst Sentiment Verdict: Analysts were **skeptical and worried**. While management provided clear data on volume growth, the collapse in standalone margins and the "unexpected" policy setbacks (BCD delay) have dampened investor confidence. The primary friction point is the lack of a "floor" for glass prices as long as Chinese imports remain duty-free.

GUIDANCE GAPS REVEALED IN Q&A

Topic	What Mgmt Claimed (Prior Q)	What Q&A Revealed	Gap / Walk-back	Risk to Thesis
Expansion	Proposed SG-4 (1,100 TPD) for CY25.	**Expansion is officially On Hold.**	Capacity growth stalled to conserve cash.	Lowers terminal value/ growth projections.
Debt	Efficient capital structure.	**Need ₹500 Cr emergency equity.**	Debt levels (₹543 Cr) are now a burden given low EBITDA.	Dilution for existing shareholders.
BCD Status	Expected to end March 31.	**Extended to Sept 30.**	Policy protection delayed by 6 months.	Extended period of net losses.

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q2FY24)	This Quarter (Q3FY24)	Direction
Profitability	Standalone PBT: ₹25.74 Cr	**Standalone PBT: -₹15.38 Cr**	↓ Deteriorating
ASP	₹128.4/mm (blended)	**₹102.4/mm**	↓ Deteriorating
Volume Growth	56% YoY	**94% YoY**	↑ Improving
Germany Ops	EBITDA: -₹19.23 Cr	**EBITDA: +₹1.4 Cr (Subsidiary)**	↑ Improving
Germany Util.	85% Utilization	**55-60% Utilization**	↓ Deteriorating
Growth Capex	Planned/Progressing	**Officially On Hold**	↓ Deteriorating
Funding Strategy	Internal Accruals/Loans	**₹500 Cr Equity Fund Raise**	↓ Deteriorating
Policy Visibility	BCD Sunset March 2024	**BCD Extended to Sept 2024**	↓ Deteriorating

INVESTOR NOTES: * **Thesis Pivot:** The BRL story is no longer about a "growth-at-any-cost" solar proxy. It is now a **policy-arbitrage play**. If the Govt re-instates duties, the stock re-rates on 20%+ margins; if not, BRL remains a low-margin commodity glass maker. * **CFO vs PAT:** High depreciation (₹32.3 Cr) from SG-3 provides a cash shield, but the consolidated loss and interest spike (₹18.1 Cr in 9M) mean cash flow is being eaten by debt service. The ₹500 Cr raise is a necessary "de-risking" event. * **Competition:** The arrival of 5 competitors in India has structurally changed the market. BRL can no longer command a significant premium over imports; it must now be the lowest-cost producer to survive.