Borosil Renewables Ltd — Feb 2025 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

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

Result: Miss (Severe EBITDA compression Standalone | Widened Losses Consolidated) **One-line:** The structural recovery is undergoing a "delayed-start" as predatory Chinese pricing (18% cuts) fully neutralized the 10% BCD protection, shifting the entire investment thesis onto the definitive Anti-Dumping Duty (ADD) floor price expected to reflect from January 2025.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance	Miss	Standalone EBITDA (7.6%) collapsed vs Q2 (19.9%) and prior quarter target of 20%+.	□
Earnings Quality	Low	PAT hit by one-offs (□4.59 Cr repair, □2.01 Cr issue cost) and □31.9 Cr depreciation masking cash burn.	□
Guidance Confidence	Neutral	Expansion downsized from 1,100 TPD to 500 TPD; timeline pushed to Sep 2026.	□
Management Credibility	Neutral	Successfully secured ADD recommendation, but preferential issue "missed" □180 Cr of planned non-promoter funding.	□
Business Quality Signal	Bimodal	India unit is a low-cost volume leader (+14% vol); German unit is a non-operating liability.	□
Key Q&A Exchange	Q#2 - Reference Price	Reference price of □140/mm is the "safety net" that restores 30% EBITDA potential.	□
The Street's Primary Anxiety	German Exit/ Turnaround	Mgmt is "waiting for elections" in Feb; burn reduced by 50% via cooldown but remains a drag.	□
Capital Cycle Stage	Consolidation	Downsizing capex and using warrants to repay debt (□200 Cr) rather than aggressive growth.	□
Margin Trajectory	Deteriorating (Temp)	Standalone EBITDA fell from □52.88 Cr to □20.89 Cr QoQ.	□
Pricing Power	Eroding	ASP fell from □115 to □105 QoQ; China neutralized BCD with predatory FOB cuts.	□
FCF Conversion	Weak	Consolidated PAT -□30 Cr vs □31.9 Cr Depreciation; cash flow is break-even at best.	□
Competitive Moat	Widening	ADD/CVD protection creates a "domestic island" where BRL is the dominant incumbent.	□
Balance Sheet	Improving	□517 Cr raise (□204 Cr upfront) de-leverages the immediate SBLC/ Debt risks.	□
Working Capital	Stable	Volume growth (+14%) successfully flushed inventory despite dumping pressure.	□
Mgmt Tone	Resolute	Candid about German failure but highly bullish on India's post-ADD "fair winds."	□

Sentiment: □Neutral **Key Takeaways (Positives & Negatives):** * **Positives:** The DGTR has recommended definitive Anti-Dumping Duty (ADD) for 5 years with a "Reference Price" model ($673/t China). This is a game-changer as it floors domestic realizations at ~□140/mm (vs current □105), effectively insulating BRL from future

Chinese price wars. Standalone volumes grew 14% QoQ despite the dumping, proving strong customer pull. * **Negatives:** The 10% BCD was a failure as Chinese exporters cut prices by 18% to offset it. Germany (GMB) has been placed in "temporary cooldown," reducing monthly EBITDA loss from ₹8 Cr to ₹4 Cr, but it remains a dead-weight until EU policy shifts. * **Street Concern:** Analysts are skeptical of the German subsidiary's viability and the capital raise shortfall (₹180 Cr of warrants were not subscribed/paid for). Management responded that the ₹517 Cr raised is sufficient for the downsized 500 TPD expansion and immediate debt obligations. * **Watchpoint:** The Ministry of Finance's final notification of the ADD (expected by May 2025). This is the single switch that turns BRL from a loss-making entity back into a 30% EBITDA margin business.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS DATA SOURCE: PPT figures primary; Concall used for ASP and German breakdown.

Metric (Consolidated)	Current Qtr (Q3FY25)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue Standalone (₹Cr)	275.28	↑ 14.2%	↑ 3.6%	↑	Volume grew 14% but value gain muted by 8.7% ASP drop.
Revenue Consol (₹Cr)	361.49	↑ 9.4%	↓ 3.1%	↓	India growth offset by German demand collapse.
EBITDA Standalone (₹Cr)	20.89	↓ 7.9%	↓ 60.5%	↓	Hit by price dumping and ₹6.6 Cr one-off expenses.
EBITDA Margin % (India)	7.6%	↓ 19.1%	↓ 61.8%	↓	Predatory pricing neutralized 10% BCD protection.
PAT Consolidated (₹Cr)	-30.07	↓ 89.2%	↓ 129.1%	↓	Driven by GMB losses and lower India realizations.
Exports (₹Cr)	16.02	↓ 53.4%*	↓ 53.4%	↓	6% of turnover vs 13% in Q2; EU/US markets sluggish.
Avg Selling Price (₹/mm)	105	↓ 12.5%*	↓ 8.7%	↓	Chinese 18% FOB cuts forced domestic price down.
Prod. Capacity (TPD)	1,350	→ 0%	→ 0%	→	India (1000) + Germany (350).
Utilization (India)	95%	→ 0%	↓ 5%	→	Running at 950 TPD currently.
GMB Revenue (₹Cr)	86.21	Not in doc	↓ 19.7%	↓	Derived: Consol 361.49 - Standalone 275.28.
GMB EBITDA (₹Cr)	-14.38	Not in doc	↓ 14.7%	↓	Monthly loss of ₹8 Cr prior to Jan cooldown.
Net Debt / Equity (x)	Stressed	→	→	→	Targeted for reduction via warrants/ preferential issue.
Working Capital (Days)	Stable	→	→	→	Vol growth managed to reduce finished goods inventory.
*YoY/QoQ extrapolated from doc_id 1875/1874.					

2B. SEGMENT BREAKDOWN

Segment	Revenue (₹ Cr)	YoY Growth	Margin	Trend	vs Co. Avg	Key Development
India Operations	275.28	14.2%	7.6%	↓	Above	14% volume growth vs prior quarter.
Overseas (GMB)	86.21	-16.4%	-16.7%	↓	Below	Furnace cooled down Dec 31; workforce on short-time.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Feasibility	Historical Delivery	Risk Flag
Guidance	Margins	30% EBITDA Post-ADD	Reachable at ₹140/mm realization.	**Missed** prior 20% target.	Medium
Guidance	Volume / Capacity	500 TPD (SG-4) by Sep 2026	Downsized from 1100 TPD to save capex.	**Revised** (Lowered).	Low
Guidance	Capex Plan	₹675 Cr total	₹375 Cr from issue; rest Debt/ Accruals.	On track post-funding.	Medium
Strategy	Capital Allocation	₹200 Cr to repay Debt/ SBLC	Critical for balance sheet health.	**Missed** (Funding gap).	High
Strategy	Germany	Review in April post-elections	Binary outcome: Exit or Restart.	**Halted** (Cooldown).	High
Macro	Industry	25 GW India Installations FY25	Requires 9 GW in Q4.	Strong (16 GW in 9M).	Low
Balance	Leverage	Debt/EBITDA < 2.5x	Post-conversion of warrants.	In-progress.	Medium

4. ANALYST Q&A

Q#	Rel.	Analyst / Firm	Theme	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Cred.	Verdict
1	4.0	Sunny / IFA	Funding	Capex	"Why not raise 450Cr from minority and use for 675Cr capex?"	Management explained that the preferential issue was intended to be larger (□700Cr) but market conditions and exchange rules forced withdrawal of the rights issue. The shortfall in warrant payments (□180Cr gap) means expansion will rely more on internal accruals/debt than originally planned.	None	4.0	Clear
2	5.0	Sunny / IFA	Trade Policy	Financials	"How much time for Finance Minister to approve ADD?"	Management anticipates definitive notification by early May 2025, noting Finance rarely rejects DGTR final findings. Final notification is the structural re-rating trigger as it enforces the □140/mm reference price.	None	4.5	Specific
3	4.5	Bajrang Bafna / Sunidhi	Competition	Business	"Where from additional demand of glass is met as module cap hits 150GW?"	Management expects 150GW nameplate to only utilize ~70GW, which domestic glass capacity (growing to 41GW) can largely service alongside imports. This suggests high utilization for BRL is guaranteed despite competitors like Gold Plus or Vishakha.	None	4.0	Directional
4	5.0	Bajrang Bafna / Sunidhi	Margins	Financials	"What sort of margins possible at □56 realization?"	Management confirmed EBITDA margins could reach ~30% at the reference price of □56,000/ton without any increase in cost base. This	None	5.0	Quantified

Q#	Rel.	Analyst / Firm	Theme	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Cred.	Verdict
						quantifies the "blue sky" scenario once ADD is fully enforced.			
5	4.0	Saket Kapoor	Germany	Financials	"What would have been revenue had prevailing prices (ADD) been implemented?"	Management estimated revenue would have been higher by □60 Cr in Q3, flowing entirely to EBITDA/PBT. This identifies the "cost of dumping" this quarter as □60 Cr in lost profit.	None	4.0	Clear
6	4.5	Saket Kapoor	Germany	Financials	"What losses in Germany and incremental reduction?"	GMB was losing □8 Cr/month, which is expected to halve to □4 Cr/month during the cooldown period. This cauterizes the bleeding but keeps a □12 Cr quarterly drag on consolidated PAT.	None	4.5	Quantified
7	4.0	Rabindra Nayak	Competition	Business	"Is there any way for China to bypass ADD?"	Management noted that while China/ Vietnam/Malaysia are the only hubs, "everyone is intelligent" and could try new routes, though bypass is currently difficult. Monitoring of Malaysian import volumes is now a critical risk factor.	None	3.0	Hedges

PATTERN FLAGS & SENTIMENT * **Theme 1: The "Reference Price" Pivot.** Analysts focused heavily on the mechanics of the ADD. Management shifted the narrative from "protectionism" to "sustainability," emphasizing that the □140/mm reference price is essential to provide an acceptable IRR for a capital-intensive industry. The concern is no longer *if* they can compete, but *when* the Finance Ministry signs the paper. * **Theme 2: The German Exit.** There is palpable frustration regarding GMB. Management's stance is "wait and watch" until April, relying on the EU's 25% local mandate. However, the decision to cool the furnace signals a lack of confidence in immediate demand, and analysts are viewing this as a sunk-cost risk. * **Analyst Sentiment Verdict: Cautiously Optimistic.** Analysts were satisfied with the India unit's volume resilience (+14% vol) and the clarity on the ADD floor price. However, the failure to fully subscribe the non-promoter warrants (□180 Cr shortfall) and the continued GMB drag prevent a full-throttle buy signal. Credibility improved on India operations but remains under pressure regarding overseas turnaround.

GUIDANCE GAPS REVEALED IN Q&A | Topic | What Mgmt Claimed | What Q&A Revealed | Gap / Walk-back | Risk to Thesis | | :--- | :--- | :--- | :--- | :--- | | Expansion Scale | 1,100 TPD (SG-4) | 500 TPD (SG-4) | 55% reduction in planned capacity addition. | Slower long-term growth. | | Funding | ₹700 Cr Pref. Issue | ₹517 Cr (Effective) | ₹180 Cr shortfall in warrant uptake. | Higher reliance on debt. | | German Ops | "Processing orders" | "Temporary cooldown" | Full production halt at hot-end. | Potential impairment risk. |

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5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q2FY25)	This Quarter (Q3FY25)	Direction
India EBITDA Margin	19.9%	7.6%	↓ (Compression)
Expansion Target	1,100 TPD	500 TPD	↓ (Downsized)
German Status	Operating at loss	Furnace Cooled Down	↓ (Suspended)
Trade Protection	BCD Implementation	ADD Recommendation	↑ (Floor Price)
Average Selling Price	₹115 / mm	₹105 / mm	↓ (Predatory)
Funding Strategy	Rights Issue	Preferential Issue	→ (Strategic pivot)
Export Revenue Mix	13%	6%	↓ (Demand lag)

Investor Notes: * **Thesis Trajectory:** The thesis is currently in a "Policy-Induced Purgatory." The core India business is healthy in volumes but crippled in pricing until the ADD notification (Q1FY26 trigger). * **The "Reference Price" Shield:** Management revealed the ADD is a "Reference Price" model. This is critical: if the landed cost is $500 and the reference is $673, the duty is $173. This makes BRL immune to Chinese FOB price cuts. * **Forensic Trigger:** CFO-to-PAT divergence is massive (PAT -₹30 Cr vs Depreciation ₹31.9 Cr). The company is essentially running to stand still, with depreciation and interest (₹10 Cr/qtr) eating all cash. The warrant conversion in 18 months is the only sustainable deleveraging path. * **Growth Attribution:** Volume growth (+14%) is the only reason revenue didn't collapse. Realization (ASP) was a significant drag.