Borosil Renewables Ltd — Jul 2025 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

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

Result: Beat (Standalone) | Miss (Consolidated due to one-time write-off) **One-line:** The structural thesis has transitioned from a "Global Solar Glass Play" to an "India-Centric Policy Play" as the company decisively amputated its bleeding German subsidiary (GMB) via insolvency, clearing the path for standalone India margins (~28%) to dictate valuation.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Prior Quarter	Strong Beat (Standalone)	Standalone EBITDA margin of 27.8% vs 23.5% in Q4FY25; ASP rose 8% QoQ.	□
Earnings Quality	Distorted (One-off)	Consolidated PAT hit by ₹325.91 Cr non-cash provision for German insolvency.	□
Guidance Confidence	Neutral	India demand guidance is robust, but the SG-4/5 expansion project was revised upward in cost by 40%.	□
Management Credibility	Improving	Management took the "hard call" to exit Germany, halting a ₹9 Cr/month cash burn.	□
Business Quality Signal	Improving	Standalone India is now a high-margin utility, protected by 5-year ADD/CVD floor prices.	□
Key Q&A Exchange	Q#4 - GMB "Blunder"	Mgmt admitted GMB failed due to 80GW Chinese dumping; pivot to India where policy is "tail-end."	□
The Street's Primary Anxiety	Project Cost Inflation	SG-4/5 cost jumped from ₹675 Cr to ₹950 Cr. Mgmt: Capacity increased 20% to 600 TPD.	□
Capital Cycle Stage	Investment	Aggressive brownfield expansion in India to capture 50GW demand gap.	□
Margin Trajectory	Improving	Standalone EBITDA expanded 430bps QoQ on better realization and cost optimization.	□
Pricing Power	Expanding	ASP at ₹138.1/mm vs ₹127.6 in Q4; BRL is pricing near the ₹145 landed import cost.	□
FCF Conversion & Quality	Distorted	Standalone PAT is negative due to German write-off; operating cash remains strong.	□
Competitive Moat	Widening	Sole Indian manufacturer of scale; ADD/CVD creates a 5-year structural price floor.	□
Balance Sheet Strength	Adequate	Proposed ₹379.52 Cr preferential issue to bridge the ₹275 Cr expansion funding gap.	□
Working Capital	Improving	Mgmt seeking to squeeze credit days from 60 toward 35-40 days.	□
Mgmt Guidance Record	Mixed	Germany exit was delayed; India expansion specs and costs are a moving target.	□
Key Vulnerability	Concentration	Total dependence on Indian trade policy and single-site (India) concentration.	□
Management Tone	Resolute	Relieved to exit Germany; bullish on India module manufacturing surge (>90GW).	□

Sentiment: □**Neutral** (Bullish on India Operations / Bearish on Capital Allocation History)

Key Takeaways: * **Positives:** The amputation of GMB (Germany) is the most significant thesis de-risker in two years, halting the □100 Cr+ annual EBITDA drain. India standalone performance is stellar, with EBITDA margins hitting 27.8% as definitive Anti-Dumping Duties (ADD) and Countervailing Duties (CVD) floor the Average Selling Price (ASP) at ~□138/mm. Demand is non-discretionary; domestic module capacity (>90GW) far outstrips domestic glass supply (~15GW). * **Negatives:** The "Germany Experiment" ends in a total loss of the □325.91 Cr investment. Management's execution on capital projects remains erratic—the SG-4 project has been revised from 1100 TPD to 500 TPD and now to 600 TPD, with costs inflating from □675 Cr to □950 Cr in just one quarter. * **Street Concern:** Analysts are focused on the "funding gap" for the new □950 Cr capex given the □180 Cr shortfall in previous warrant conversions. Management responded by approving a new □379.52 Cr preferential issue to prominent funds (Abakkus, Nuvama) to cap debt at □300 Cr. * **Watchpoint:** Execution of the 600 TPD expansion by Dec 2026; any further cost escalations or timeline shifts would signal structural project management weakness.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: PPT primary. Concall used for ASP and GMB burn details.

Metric (Consolidated/ Standalone)	Current Qtr (Q1FY26)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue Standalone (□Cr)	332.26	↑ 37.4%	↑ 1.5%	↑	Driven by realization growth; Volume +6% YoY.
Revenue Consolidated (□ Cr)	Not Published	N/A	N/A	→	Delayed due to GMB insolvency/ administrator.
EBITDA Standalone (□Cr)	92.53	↑ 211.4%	↑ 20.1%	↑	Quantum leap on price recovery post-ADD.
EBITDA Margin % (India)	27.8%	↑ 1260 bps	↑ 430 bps	↑	430bps QoQ expansion on ASP + yield optimization.
PAT Standalone (□Cr)	-244.47	↓ (Loss)	↓ (Loss)	↓	Impacted by □325.91 Cr one-time German provision.
Avg Selling Price (□/mm)	138.1	↑ 30.9%	↑ 8.2%	↑	Exit price near landed import cost of □145/mm.
Production Capacity (TPD)	1,000	→ 0%	→ 0%	→	India 1000 TPD; German 350 TPD furnace is cold.
Volume Growth (%)	6%	↓ (vs 16% in Q4)	↓ 6%	↓	Trailing volume dip due to high-value product mix.
Utilization (India)	95%	→ 0%	→ 0%	→	Operating at near-maximum technical capacity.
Exports (□Cr)	35.67	↑ 88.7%	↑ 88.7%	↑	Rebound in EU/Turkey sales from Indian plant.
GMB (Germany) Exposure	325.91	N/A	N/A	□	Total write-off of investment as of Q1FY26.
DSO (Days)	~60	→ 0%	→ 0%	→	Attempting to reduce to 35-40 days for module players.

2B. SEGMENT BREAKDOWN

Segment	Revenue (□ Cr)	YoY Growth	Margin	Trend	vs Co. Avg	Key Development
India (Standalone)	332.26	37.4%	27.8%	↑	Above	Definitive ADD/CVD secured for 5 years.
Germany (GMB)	N/A	N/A	N/A	↓	Below	Filed for insolvency July 4; De-consolidated.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate	Historical Delivery	Risk Flag
Guidance	Margins	30% Sustainable EBITDA	Requires ASP ≥ □140/mm.	**Improved** (Q4 23.5% → Q1 27.8%).	Low
Guidance	Capacity	600 TPD by Dec 2026	~18 months to commission SG-4/5.	**Revised** (Size up from 500 TPD).	Medium
Guidance	Capex Plan	□950 Crore	Needs □379 Cr fundraise + □300 Cr debt.	**Revised** (Cost up from □675 Cr).	High
Strategy	Germany	"Arrest Recurring Losses"	GMB write-off stops □9 Cr/mo bleed.	**Delivered** (via exit).	Low
Strategy	Capital Allocation	Preferential Issue	Target □379.52 Cr from new investors.	**Missed** (Previous warrant shortfall).	Medium
Macro	Industry	50GW Glass Demand	3.3x current total Indian capacity.	High (Strong Govt push).	Low
Balance	Debt Target	□300 Crore	Equity/Internal Accruals to fund 68%.	**Stable** post-fundraise.	Low

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
1	4.0	Jayshree Bajaj / Trinetra	Expansion	Capex	"Can you provide a more detailed project timeline and land acquisition?"	Management confirmed land is already acquired as it is a brownfield project, with a commissioning target of Oct-Dec 2026. This removes land-acquisition risk but shifts focus to technical execution.	None	5.0	Specific timeline
2	4.5	Swanand Mittal / MRM	Realization	Financials	"Are we expecting further price increases beyond □138/mm and impact on EBITDA?"	Management indicated pricing may improve slightly but is limited by the Chinese landed cost (□145/mm). EBITDA margins are guided to stabilize around 30% as ASP hits this ceiling.	None	4.0	Realistic
3	4.0	Raman / Sequent	Market Gap	Business	"What is the domestic market size versus current supply?"	Management noted 50GW of module production requires ~7,500 TPD of glass, while India only produces ~2,300 TPD. This 70% supply gap guarantees high utilization for the upcoming 600 TPD expansion.	None	5.0	Quantified
4	5.0		Governance	Strategy				3.0	Defensive

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		Vivek Gupta / Investor			"GMB acquisition proved to be a blunder. What learnings has management taken?"	Management admitted the dumping of 80GW of Chinese modules destroyed the EU market and justified the insolvency as a decisive move to stop further losses. This is an admission of failed global strategy but a positive signal for future capital discipline.	Specific learnings/ policy		
5	3.5	Sunny / IAS	Operations	Capex	"Can we use GMB equipment to do our capex in India?"	Management noted it is possible but uncertain due to German insolvency proceedings and administrator control. Relying on GMB assets for Indian expansion is not currently in the base case budget.	None	4.0	Candid
6	4.0	Nidhi Saha / ICICI	Financials	Financials	"Why is depreciation low this quarter?"	Management clarified that the first furnace (SG-1) is now fully depreciated, leading to a structural drop in non-cash expenses. This will provide a minor tailwind to PAT	None	5.0	Specific

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						margins until SG-4 commissions.			
7	4.5	Akshay Malhotra / HSBC	Liabilities	Governance	"What are the external liabilities of GMB and will they travel to Borosil?"	Management estimated ~□125 Cr of external liabilities in Germany (employees/ grants) but stated these remain with GMB and do not carry back to the Indian parent. This "firewalls" the Indian balance sheet from further German contagion.	None	4.0	Reassuring
8	3.5	Akshay Malhotra / HSBC	Realization	Financials	"What kind of cost optimizations are expected?"	Management is targeting 1.5-2.0% EBITDA savings through captive solar-wind hybrid projects (targeting 60-65% RE share). This provides a structural buffer against grid tariff hikes.	None	4.0	Directional
9	4.0	Nikhil Gada / Abakkus	Volume	Business	"What volume growth is expected for FY26?"	Management guided for 6-8% volume growth as the plant is already at 95% utilization. Growth for the next 24 months is a	None	4.5	Clear

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						"Realization Story" rather than a "Volume Story."			
10	4.5	Manik Bansal / Master Capital	Product Mix	Business	"Can existing capacity be converted to 2mm glass?"	Management confirmed that 1,000 TPD is currently 55% at 2mm and could move to 80%; the 600 TPD expansion will be 100% 2mm capable. Shift to bifacial modules (thinner glass) is a net volume tailwind despite lower tonnage per m^2.	None	5.0	Specific
11	4.0	Manik Bansal / Master Capital	Customers	Business	"Do you supply to Waaree?"	Management stated supplies to Waaree are now "marginal" as Waaree requires huge single-BOM volumes which BRL cannot meet without starving its other 75+ customers. Signals BRL is prioritizing a diversified customer base over OEM concentration.	None	4.0	Strategic
12	4.5	Aashish / InvesQ	Working Cap	Financials	"Can we squeeze working capital further?"	Management is actively attempting to reduce credit days from 60 toward 35-40	None	3.0	Qualitative

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						given the high profitability of module manufacturers. Success here would significantly improve CFO/ EBITDA conversion.			
13	4.0	Rikin / Boring AMC	Recovery	Financials	"Is there any scope for recovery from GMB assets?"	Management stated that asset valuation is currently lower than outside liabilities, making recovery unlikely. The full write-off is the conservative and most probable outcome.	None	4.0	Conservative

PATTERN FLAGS & SENTIMENT * **The "German Cauterization":** Analysts were focused on ensuring the GMB exit was final and "firewalled." Management's tone was one of closure, confirming that while GMB was a strategic failure, the Indian parent has no liability for its remaining €12-13 Mn external debt. This allows the market to value BRL on its 28%+ EBITDA India business. * **Expansion Skepticism:** Analysts pressed on the revised project scope (500 TPD to 600 TPD) and the ₹275 Cr cost jump. Management was confident that the larger scale improves unit economics and that the supply-demand gap in India justifies the higher investment. * **Analyst Sentiment Verdict: Skeptical of Capital Allocation, Bullish on Operations.** While management's credibility on project planning is under watch due to frequent revisions, their operational results in India (28% margin) and the clean break from Germany were viewed as essential steps. The overhang is no longer GMB's *losses*, but the execution risk of the ₹950 Cr expansion.

GUIDANCE GAPS REVEALED IN Q&A | Topic | What Mgmt Claimed (Prior Q) | What Q&A Revealed | Gap / Walk-back | Risk to Thesis | | :--- | :--- | :--- | :--- | :--- | | GMB Strategy | "Waiting for German policy" | "Filed for insolvency" | Abandoned the recovery strategy entirely within 90 days. | Positive for cash flow, negative for original global vision. | | Project Cost | ₹675 Crore | ₹950 Crore | 40% cost inflation in one quarter. | Execution/ Financing risk; lower initial ROIC. | | Fundraise | Target ₹700 Crore | Target ₹379 Crore | Previous warrant shortfall forced a new preferential issue. | Dilution risk to existing shareholders. |

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q4FY25)	This Quarter (Q1FY26)	Direction
Consolidated Thesis	Global Solar Glass Manufacturer	India Solar Glass Pure-Play	□(Focus Shift)
Germany Status	Shutdown / Cooldown (□9 Cr/ mo)	Insolvency / Total Exit	↑ (Arresting Losses)
India ASP	□127.6 / mm	□138.1 / mm	↑ (Realization +8%)
EBITDA Margin (Standalone)	23.5%	27.8%	↑ (430 bps improvement)
Project SG-4 Scope	500 TPD	600 TPD	↑ (Size increase)
Project SG-4 Cost	□675 Crore	□950 Crore	↓ (Cost Escalation)
Net PAT	Minimal Consolidated Loss	□244.47 Cr Standalone Loss	↓ (One-time hit)
Fundraising	Warrants Pending	New □379 Cr Preferential Issue	□(Refinancing)

Investor Notes: * **Thesis Trajectory:** The "Global Growth" story has failed, but the "India Utility" story has never been stronger. BRL is now a levered bet on Indian solar policy. * **Earnings Quality:** Standalone EBITDA of □92.53 Cr is the true "core" run-rate. The PAT loss of □244 Cr is entirely non-cash and non-recurring; it should be ignored for valuation, though it reflects poor past capital allocation. * **Realization Ceiling:** With ASP at □138 and imports landed at □145, pricing power has peaked. Further margin expansion must come from **yield improvements** and **renewable energy share** (60% target by Q2FY26). * **Capital Allocation Risk:** The jump in expansion costs from □675 Cr to □950 Cr is the new primary risk. If this project delays beyond Dec 2026, BRL will miss the peak of the current 50GW demand gap.