Borosil Renewables Ltd — May 2026 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Strong Beat (Standalone Revenue & EBITDA) **One-line:** The thesis has evolved from a "restructuring turnaround" to a "high-margin domestic utility-proxy," as the final write-off of the German subsidiary (GMB) cleanses the consolidated books just as standalone India operations hit record 33% EBITDA margins and peak capacity utilization.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Prior Quarter	Strong Beat	Standalone Revenue of □437.62 Cr (up 13.2% QoQ); EBITDA up 12.1% QoQ.	□
Earnings Quality	High (Core driven)	Core operations sustained 33% margins despite doubling of fuel costs; inventory "swept clean" to near-zero.	□
Guidance Confidence	Strong	Management re-affirmed Dec 2026 expansion firing; funding for □950 Cr capex fully de-risked.	□
Management Credibility	Strong	Delivered the promised exit from GMB; successfully passed through fuel surcharges to customers.	□
Business Quality Signal	Improving	Transitioned to a supply-constrained specialist; pricing power is now dictated by import parity plus duties.	□
Key Q&A Exchange	Q#2 - CVD Timing	Final CVD findings for Malaysia expected by June 8, 2026; management is "hopeful" of continuation.	□
The Street's Primary Anxiety	Competition & Overcapacity	Fears of 51GW local supply vs 65GW demand; Mgmt argues captive use by rivals limits market supply.	□
Capital Cycle Stage	Investment	Mid-construction for SG-4/5 (600 TPD); 1,000 TPD existing is at max harvest.	□
Margin Trajectory	Stable/High	Sustained 33% EBITDA; technical yields and RE power share (75%) offsetting RM inflation.	□
Pricing Power	Expanding	ASP rose slightly to □150.2/mm (vs □149.97 in Q3) despite module price volatility.	□
FCF Conversion & Quality	Distorted	Impacted by heavy expansion capex; Inventory liquidation (zero stock) boosted cash generation.	□
Competitive Moat Signals	Widening	Quality dependability (high-speed lines) cited as a barrier to new Indonesian/Chinese imports.	□
Balance Sheet Strength	Strong	Net cash/investments available (□292 Cr) + pending warrant conversion de-risks debt.	□
Working Capital	Improving	Lowest inventory "ever held" (1 shift of production) on March 31.	□
Mgmt Guidance Record	Reliable	Clean break from Germany and ASP maintenance delivered as promised.	□
Key Vulnerability	Policy Concentration	Absolute reliance on Ministry of Finance to notify Malaysia CVD before June 8 deadline.	□
Management Tone	Confident	P.K. Kheruka emphasized "biting only what we can chew" regarding expansion.	□

Sentiment: □Positive

Key Takeaways: * **Positives:** The "German Overhang" is officially eliminated; the insolvency of GMB is now a final write-off with no further P&L drag. Standalone India is a cash engine, realizing □150/mm ASP—a structural shift from the □113/mm seen last year. The expansion to 1,600 TPD is fully funded and on schedule (Dec 2026), and the 75% renewable energy mix provides a sustainable 100-150 bps margin moat against power cost spikes. * **Negatives:** Volume growth is effectively capped until Jan 2027 as the plant is at 100% utilization with zero stock. The upcoming "ALMM-II" (cell mandate) in June 2026 could cause temporary module production ripples if cell supply lags, though management expects government leeway. * **Street Concern:** Analysts are hyper-focused on the June 8 deadline for Malaysia CVD renewal and the entry of new competitors (Indonesia/UAE). Management's counter—that module makers now prioritize "dependability" over the cheapest price to avoid line stoppages—suggests the moat is stickier than pure commodity pricing. * **Watchpoint:** Custom notification for Malaysian CVD before June 8, 2026. This is the primary near-term catalyst for price-floor security.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: PPT figures primary. Concall used for Utilization and ASP.

Metric	Current Qtr (Q4FY26)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue Standalone (□Cr)	437.62	↑ 33.7%	↑ 13.2%	↑	Volume led (up 14% QoQ) + Ind AS inventory reversal.
Revenue Consolidated (□Cr)	439.92	↑ 17.8%	↑ 12.7%	↑	Consolidated now matches Standalone; Germany impact gone.
EBITDA (□Cr)	145.32	↑ 431.1%	↑ 11.0%	↑	Massive YoY jump as Q4FY25 included German losses.
EBITDA Margin %	33.0%	↑ 2570 bps	↓ 50 bps	→	Stable at 33%; fuel surcharge passed through.
PAT (□Cr)	169.12	↑ (from Loss)	↑ 68.8%	↑	Record high; includes tax credits/write-off impacts.
Exports (□Cr)	12.32	↓ 31.0%	↓ 40.6%	↓	EU demand remains weak; focus shifted to domestic.
Avg Selling Price (□/mm)	150.20	↑ 17.7%	↑ 0.15%	→	Pricing stable at peak import-parity levels.
Capacity (TPD)	1,000	→ 0%	→ 0%	→	Domestic capacity maxed; 600 TPD addition in Dec '26.
Volume Growth (%)	15.0%	↑	↑ 14.0%	↑	"Warehouse swept"; zero stock at year-end.
Utilization (%)	~100%	↑	↑	↑	Full production maintained despite fuel crisis.
Overseas EBITDA (□Cr)	0.82	N/A	↓ 56.8%	↓	Residual trading income; non-material.
RE Power Share (%)	75%	↑	↑	↑	16.5MW Hybrid plant commissioned in March 2026.

2B. SEGMENT BREAKDOWN

Segment	Revenue (□ Cr)	YoY Growth	Margin	Trend	vs Company Avg	Key Development
India (Standalone)	437.62	33.7%	33.0%	↑	In-line	Highest ever quarterly revenue and EBITDA.
Overseas Subs	2.30	N/A	35.6%	↓	Above	No longer a manufacturing drag; trading only.
Rooftop Solar	~0	N/A	N/A	First entry	N/A	New division; □75 Cr FY27 revenue target.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Margins	30% - 33% Sustainable	Requires ASP > □146/mm.	**Delivered** (2nd consecutive qtr).	Low
Guidance	Volume	60% Capacity Expansion	Firing target: Dec 2026.	**On Track** (Civil work/ Orders done).	Medium
Guidance	Revenue	□75 Cr from Rooftop	Asset-light; leverages brand.	**New** (Started March '26).	Low
Strategy	Efficiency	75% Renewable Power	Reached via Mar '26 hybrid.	**Delivered** (Up from 65%).	Low
Strategy	Asset-Light	No capex for Rooftop div	Purely outsourced for 12-18m.	**First entry.**	Low
Macro	Policy	CVD on Malaysia	Ministry notification due June 8.	**Pending** (Sunset review favorable).	High
Balance	Funding	□950 Cr Project Cost	Warrants + Internal Accruals.	**Delivered** (Pref issue complete).	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	Sahil Sheth / Anand Rathi	Pricing	Financials	"What part of this realization would be because of the pass-through in increase of gas?"	Management confirmed the fuel surcharge impact was minor, accounting for less than □1 per mm in the realization. This implies the 33% margin is fundamentally robust and not inflated by transitory surcharges, securing the earnings floor.	None	5.0	Quantified
2	4.5	Anuj Jain / Globe Capital	Policy	Management Commentary	"What was that deadline... which is on 8 June 2026?"	Management clarified that the existing CVD on Malaysia expires June 6/8 and the DGTR has recommended continuation for 5 years. This custom notification is the single most critical near-term regulatory catalyst for maintaining current domestic price parity.	None	4.5	Thesis-Critical
3	4.0	Mehul Panjwani / 40 Cents	Operations	Business Overview	"Should this conflict [West Asia] continue... do we see any other impact?"	Management noted that while raw material vendors are pushing for hikes, they have seen zero production loss as natural gas supply (piped) is secured versus LPG shortages elsewhere.	None	4.0	Operational Hedge

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						BRL’s integrated piped-gas infrastructure acts as a critical operational hedge during geopolitical shocks.			
4	4.0	Deepak Purswani / SVAN	Volume	Financials	"Is it primarily a 10% efficiency gain... or how should we read into [the volume jump]?"	Management attributed the volume beat to a mix of 7% production efficiency and 7% Ind AS accounting reversals (lower transit inventory). Sets a realistic Q1 run-rate of □400-410 Cr, cooling expectations of a recurring 14% QoQ volume jump.	None	5.0	Specificity
5	3.5	Deepak Purswani / SVAN	Financials	Financials	"Depreciation for the year as a whole has come down... how should we see this?"	Management explained that old furnaces (SG1/SG2) have finished their depreciation life, lowering the current run-rate until the □950 Cr expansion hits the books. This non-cash tailwind will sustain EPS for the next 3 quarters until Dec 2026.	None	4.5	Accounting tailwind
6	4.5	Daksh Malhotra / Aariv Global	Strategy	Management Commentary	"Why don't we plan to set up one more furnace... if	Management stated they prefer to "bite what they can chew," citing the	None	4.0	Prudent Capital Allocation

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
					you anticipate growing demand?"	need to stabilize a 60% capacity jump and manage manpower constraints before commiting to SG-6. High-integrity signal that management prioritizes ROE and execution over market-share land-grabbing.			
7	4.0	Daksh Malhotra / Aariv Global	Competition	Business Overview	"Chinese company in Indonesia is keenly aware... price pressure is not that high?"	Management indicated that Indonesian glass (1,500 TPD) is priced higher than direct Chinese imports to maximize profit, given the 7,000 TPD deficit in India. This confirms the current domestic pricing environment is "undersupplied," providing a safety buffer for BRL's ASP.	None	4.0	Pricing Floor

PATTERN FLAGS & SENTIMENT * **The "Zero Inventory" Paradox:** Analysts were puzzled by the volume surge at full capacity. Management's response—that they "swept the warehouse" to zero stock—reveals a market so tight that BRL has zero selling risk for every ton produced. * **The "New Borosil" Brand Strategy:** Multiple questions touched on the Rooftop division. Management is pivoting to utilize the "Borosil" household brand to capture retail premiums, moving away from being just a B2B component supplier. This is a deliberate move to escape pure commodity cycles. * **Analyst Sentiment Verdict: Highly Bullish but Watchful.** Credibility improved significantly as management finally closed the German chapter and maintained 33% margins despite energy inflation. The friction point remains the June 8 policy deadline, but management's technical specificity on supply gaps (7,000 TPD shortage) convinced analysts of the mid-term pricing floor.

GUIDANCE GAPS REVEALED IN Q&A | Topic | What Mgmt Claimed (Opening / Prior Q) | What Q&A Revealed | Gap / Walk-back | Risk to Thesis | | :--- | :--- | :--- | :--- | :--- | | **Sales Run-rate** | □440 Cr reported in Q4 | Normal run-rate is □400-410 Cr | 6% of Q4 revenue was a one-time Ind AS inventory/transit adjustment. | Q1FY27 revenue may look flattish or down QoQ. | | **RE Power Savings** | Saving □1.25 Cr/mo starting Feb '26 | 16.5MW commissioned only in Mar '26 | One-month delay in final hybrid commissioning. | Minimal; □1.25 Cr impact. |

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q3FY26)	This Quarter (Q4FY26)	Direction
Consolidated Result	Transitioning post-GMB	Final GMB Write-off complete	↑ (Clean P&L)
Inventory Levels	Standard stock	"Swept clean" / Zero stock	↑ (High Demand)
Power Mix	65% Renewable	75% Renewable	↑ (Margin expansion)
Strategy	Component focus (B2B)	New Rooftop Solar Division (B2C)	↑ (Brand leverage)
Fuel Costs	Rising uncertainty	Fuel Surcharge successfully passed	↑ (Pricing Power)
Capital Structure	Pref Issue ongoing	Warrants pending (Aug '26 convert)	→ (Secure)

Investor Notes: * **Thesis Trajectory:** The thesis has moved into the "Harvesting" phase of existing capacity. With zero inventory and 100% utilization, BRL is a pure price-play for the next 9 months. * **Policy Catalyst:** June 8, 2026, is the "D-Day." Continuation of the Malaysia CVD is the key to maintaining the □150/mm price realization. * **Earnings Quality:** Very high. Stripping out the Ind AS inventory reversal, the core business is consistently generating □130-140 Cr EBITDA per quarter. * **Working Capital Lever:** The zero-inventory status at year-end implies that CFO will likely exceed PAT significantly for FY26, as working capital was unlocked through aggressive liquidation.