

## 1. VERDICT & BUSINESS QUALITY SNAPSHOT

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

**Result:** Weak Miss / Deteriorating Signal **One-line:** The core investment thesis of a "protected domestic monopoly" has suffered a structural blow as the non-renewal of Anti-Dumping Duties (ADD) on Chinese glass has transformed BRL from a price-maker into a vulnerable price-taker at the exact moment expansion delays and input cost peaks are converging.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Prior Quarter	Weak Miss	Revenue flat QoQ (₹169 Cr); EBITDA margin compressed to 26.1% (vs 30.2% in Q1).	□
Earnings Quality	Low (Deteriorating)	PAT decline (-29% YoY) is faster than revenue growth due to inability to pass on RM/Energy inflation.	□
Guidance Confidence	Weak	SG3 furnace delayed again to Dec 2022 (prev. Oct); Interfloat furnace requires 90-day shutdown in Q1CY23.	□
Management Credibility	Neutral	Transparent about Interfloat technical failures and renegotiation, but timeline execution is slipping.	□
Business Quality Signal	Deteriorating	Market share fell to 22% (vs 25% last Q); BRL is now a marginal supplier in a market dominated by Chinese imports.	□
Key Q&A Exchange	Q# 15 — M&A Terms	Renegotiated Interfloat deal down from €30M cash to €7.5M cash due to technical and energy risks.	□
The Street's Primary Anxiety	Pricing Floor	Analysts focused on the 13% price cut in Sept 2022 following ADD removal and its impact on Q3/Q4 margins.	□
Capital Cycle Stage	Heavy Investment	Simultaneous expansion in India (SG3) and integration/repair of German assets (Interfloat).	□
Margin / Return Trajectory	Deteriorating	EBITDA margins have nearly halved from 50% levels in FY22 to 26.1% currently.	□
Pricing Power	Eroding	Realizations are now benchmarked against landed Chinese imports minus the protective duty.	□
FCF Conversion & Quality	Weak	Heavy Capex for SG3 and CWIP growth (₹300 Cr+) consuming all operating cash.	□
Competitive Moat Signals	Shrinking	Expiry of ADD on China removes the primary regulatory moat; competition from 3 new domestic plants looms in CY23.	□
Balance Sheet Strength	Adequate	Renegotiated deal saves ~₹180 Cr cash, providing a buffer for SG3/SG4 funding.	□
Working Capital Efficiency	Stable	Inventory fluctuations noted as Ind AS timing; no structural blowouts.	□
Mgmt Guidance Track Record	Mixed	Consistent delays in furnace commissioning (SG3) and unexpected maintenance at Interfloat.	□
Key Vulnerability	China Dumping	Resumption of zero-duty Chinese imports during a period of low demand in China.	□
Management Tone	Cautious / Pragmatic	Realistic about margin pressure but aggressive on the long-term scale/China+1 opportunity.	□

**Sentiment:** □Negative

**Key Takeaways (Positives & Negatives):**

**Positives:** \* **Strategic Dealmaking:** Management successfully renegotiated the Interfloat acquisition price from €30M cash to €7.5M cash (approx. ₹60 Cr), reflecting the "distressed" state of the asset and significantly de-risking the group's capital allocation. \* **Fuel Switching:** Successful shift to Furnace Oil as a hedge against Natural Gas price spikes is mitigating even deeper margin erosion. \* **Market Demand:** Domestic module manufacturing is up 25-30% YoY; the "volume" story remains intact once capacity is available.

**Negatives:** \* **Moat Breach:** The refusal of the Ministry of Finance to renew ADD on Chinese solar glass (since Aug 17, 2022) is a thesis-altering event, forcing BRL to compete on price with subsidized Chinese giants. \*

**Execution Gaps:** SG3 is now delayed to December (originally mid-2022), meaning BRL is missing the peak demand window created by BCD on modules. \* **Asset Quality Issues:** The newly acquired German plant (GMB) suffered a glass leakage and requires a 90-day "cold repair" shutdown in Q1CY23, which will wipe out consolidated production in the near term. \* **Market Share Loss:** Market share has shrunk to 22% as imports fill the 18-20 GW installation gap while BRL remains capacity-capped at ~2.5 GW.

## 2. BUSINESS PERFORMANCE

### 2A. KEY METRICS

Metric	Current Qtr (Q2FY23)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue Standalone (₹Cr)	169.26	↑ 5.4%	↓ 0.4%	→	Volumes slightly lower due to Sept production dip; realization growth YoY offset by Sept price cuts.
EBITDA (₹Cr)	44.11	↓ 25.1%	↓ 14.0%	↓	Squeezed by RM/Energy inflation and 13% price drop in Sept post-ADD expiry.
EBITDA Margin %	26.1%	↓ 1060 bps	↓ 410 bps	↓	Costs of Soda Ash/Gas remained high while ASP was forced down by imports.
PAT (₹Cr)	24.28	↓ 28.8%	↓ 19.4%	↓	Profitability impacted by lower margins and flat revenue.
Exports (incl. SEZ) (₹Cr)	47.90	↑ 21.3%	↑ 21.2%	↑	28.3% of revenue. Strong demand from Europe and Turkey (where ADD on China still exists).
Avg Selling Price (₹mm)	139	↑ 18.8%	↓ 1.3%	↓	Realizations peaked early in the quarter but fell sharply in Sept following ADD removal.
Production Capacity (TPD)	450	→ 0%	→ 0%	→	Currently operating at full capacity. SG3 expansion will double this.
Volume Growth (%)	-2%	↓ 11% (IndAS)	↓ 2% (Actual)	↓	Actual production dip in September affected total sales volume.
Overseas Sub. Rev (EUR Mn)	54.7	N/A	N/A	First entry	Revenue for 9M CY22; margins low (5%) due to energy crisis.
Net Debt / (Cash) (₹Cr)	~250	N/A	N/A	↑	Term loan for SG3 being drawn down; equity raise of ₹100 Cr planned.

### 2B. SEGMENT BREAKDOWN *Note: BRL operates as a single segment (Solar Glass).*

Segment	Revenue (₹ Cr)	YoY Growth	Margin	Trend	vs Company Avg	Key Development
Solar Glass	169.26	5.4%	26.1%	↓	N/A	Expiry of Chinese ADD is the dominant headwind for this segment.

### 3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Volume / Capacity	SG3 (550 TPD) commissioning in Dec 2022.	High; equipment is on-site; commissioning team is active.	<b>MISSED</b> (Delayed from Oct to Dec).	3-month slippage.
Guidance	Margins	30% "Normalized" EBITDA Margin.	Needs ₹150+ ASP or Soda Ash to drop 15%.	<b>MISSED</b> (Currently 26.1%).	Price-taker status.
Guidance	Volume / Capacity	SG4 (1100 TPD) by Q3 CY24.	Requires ₹1400 Cr funding and 18-month execution.	First Entry.	Scale-up risk.
Strategy	M&A	Integration of Interfloat (86%).	Needs 90-day repair of German furnace to be viable.	<b>RENEGOTIATED</b> (Favorable terms).	Asset technical risk.
Macro	Industry Headwinds	ADD renewal appeal in court.	Legal binary; hearing on Nov 11, 2022.	<b>MISSED</b> (MOF did not renew).	High litigation risk.
Balance	Funding	₹1100 Cr Equity Fundraise.	Dependent on market conditions and stock price.	N/A	Significant dilution.

## 4. ANALYST Q&A

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Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Credibility	Verdict
1	4.5	Mohit Kumar / DAM	Margins	Financials	Can EBITDA margins return to earlier levels?	Management expects Q4 onwards improvement due to scale benefits from SG3, though Q3 will remain under pressure. Margins are currently squeezed by Sept price cuts and peak RM costs.	None	4.0	Directional
2	4.0	Mohit Kumar / DAM	Competition	Business Overview	Status of new domestic capacity coming online.	Three plants totaling 1,000 TPD are under construction for CY23, but will still fall short of total demand. BRL will lose its 100% domestic monopoly in CY23.	None	4.0	Specific
3	4.5	Mohit Kumar / DAM	Input Costs	Financials	Outlook on Soda Ash and Gas prices.	Gas prices are linked to the Ukraine conflict with no immediate relief, while new Soda Ash capacity is only expected in 2024. BRL is forced into long-term elevated Opex.	None	4.0	Specific
4	3.5	Naysar Parikh / Native	Pricing	Business Overview	Price difference between BRL and Chinese imports.	BRL currently commands a 10% premium (up from 5% historically) due to local supply chain benefits. This	None	4.0	Quantified

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						premium is the "true" moat limit in a post-ADD environment.			
5	3.0	Anurag Kulkarni	Inventory	Financials	65% increase in inventory since March 2022.	Increase is attributed to Ind AS accounting timing for dispatches made but not recorded as sales. This is a non-structural timing difference in working capital.	None	5.0	Clear
6	4.5	Sharan (Indiv.)	M&A Terms	Capex	Changes to the German acquisition structure.	Cash payment was slashed from €30M to €7.5M, and EBIT sharing reduced from 50% to 20% after the furnace leak. Dramatic de-risking of the acquisition despite asset damage.	None	5.0	Detailed
7	4.0	Sumit Kishore / Axis	Exports	Business Overview	Competitive positioning in markets without ADD.	95% of exports go to Europe/ Turkey where ADD on China remains active, providing a margin buffer. BRL's export strategy is reliant on global geopolitical duty barriers.	None	4.0	Specific
8	5.0	Devang Patel / NAFA	Asset Risk	Capex	Impact of glass leakage at the	Furnace repaired while hot but requires a full	None	4.0	Specific

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					Interfloat plant.	"cold repair" shutdown for 90 days in Q1CY23 costing €2.5-3M. Consolidated EBITDA will take a hit in early 2023.			
9	4.0	Devang Patel / NAFA	M&A Call Option	Capex	Roadmap to 100% stake in Interfloat.	BRL has a call option after 4 years for the remaining 14% stake at 7x EBITDA. Provides a clear path to full ownership post-turnaround.	None	5.0	Specific
10	3.5	Harsh Laxmi	Scale	Financials	Quantifying scale benefits from SG3.	Management expects a 3% reduction in per-unit production costs once the new 550 TPD furnace stabilizes. Scale is the only path to margin recovery given the price ceiling.	None	4.0	Quantified
11	4.5	Sumit Kishore / Axis	Synergies	Strategy	How will German customers be served during the shutdown?	BRL will supply glass from its new Indian SG3 furnace to Europe during the 90-day German shutdown. First test of the "global manufacturing" synergy.	None	4.0	Logical

## PATTERN FLAGS & SENTIMENT

**Pricing and Duty Anxiety:** The central theme of the call was the "Sept 2022 price cliff." Analysts repeatedly pushed for a bottom on margins following the removal of ADD on Chinese imports. Management's posture was one of reluctant pragmatism—acknowledging the 13% price cut and "price-taker" status while hoping for scale benefits and court intervention to provide relief.

**Interfloat De-risking:** There was significant skepticism around the German acquisition given the energy crisis and the furnace leak. However, management's disclosure of the renegotiated price (€7.5M vs €30M) shifted sentiment toward a "opportunistic distressed buy" rather than a "value-destructive mistake." The 90-day shutdown remains a live concern for Q1CY23.

**Analyst Sentiment Verdict:** Analysts were **skeptical and defensive** regarding short-term margins but **intrigued** by the opportunistic renegotiation of the German deal. The expiry of ADD on China is viewed as a major thesis-risk that management has not yet fully mitigated. Credibility on expansion timelines has deteriorated slightly due to repeated SG3 delays.

#### GUIDANCE GAPS REVEALED IN Q&A

Topic	What Mgmt Claimed (Prior Q)	What Q&A Revealed	Gap / Walk-back	Risk to Thesis
SG3 Timeline	Commissioning Oct 2022.	Commissioning Dec 2022.	2-month additional delay.	Lost revenue in Q3.
Interfloat Deal	€30M cash consideration.	€7.5M cash consideration.	75% reduction in cash price.	Confirms asset distress.
Pricing Power	Solo domestic manufacturer.	Matching landed import prices.	Confirming "Price-Taker" status.	Margin volatility.

## 5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter	This Quarter	Direction
Market Share	25%	22%	↓ Deteriorating
Duty Status	ADD Renewal Expected (Binary)	ADD Renewal Refused (Effective Aug 17)	↓ Deteriorating
EBITDA Margin	30.2%	26.1%	↓ Deteriorating
India Capacity	SG3 Oct 2022	SG3 Dec 2022	↓ Deteriorating
M&A Price	€30M Cash	€7.5M Cash	↑ Improving (Capital Efficiency)
Overseas Ops	Acquisition Pending	86% Stake Acquired (In Control)	↑ Improving (Strategic)
Asset Condition	"Technical Due Diligence"	"90-day Cold Repair Needed"	↓ Deteriorating
Domestic Competition	Monopoly	3 New Competitors in CY23	↓ Deteriorating