BOROSIL renewables

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June 03, 2024

BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 **Scrip code: 502219**	**National Stock Exchange of India Ltd.** Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 **Symbol: BORORENEW**

Dear Sirs,

Subject: Transcript of Institutional Investors and Analysts Conference Call

Please find enclosed transcript of conference call with Institutional Investors and Analysts held on Tuesday, May 28, 2024.

You are requested to take the same on records.

Yours faithfully,

For Borosil Renewables Limited

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"Borosil Renewables Limited
Q4 FY '24 Results Conference Call"
May 28, 2024

MANAGEMENT: **MR. P.K. KHERUKA – EXECUTIVE CHAIRMAN**
MR. ASHOK JAIN -- WHOLE TIME DIRECTOR
MR. SUNIL ROONGTA -- CHIEF FINANCIAL OFFICER
MR. SWAPNIL WALUNJ -- HEAD MARKETING
MR. BALESH TALAPADY -- VP, INVESTOR RELATION -- BOROSIL RENEWABLES LIMITED

MODERATOR: **MR. JITEN RUSHI -- AXIS CAPITAL**

Moderator: Ladies and gentlemen, good day, and welcome to Borosil Renewables Limited Q4 FY '24 Earnings Conference Call hosted by Axis Capital Limited. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Jiten Rushi from Axis Capital Limited. Thank you, and over to you, sir.

Jiten Rushi: Thank you, Neha. Good afternoon, everyone. On behalf of Axis Capital, I'm pleased to welcome you all for the Q4 and FY '24 earnings conference call of Borosil Renewables Limited. We have with us the management team represented by Mr. P.K. Kheruka, Executive Chairman; Mr. Ashok Jain, Whole Time Director; Mr. Sunil Roongta, Chief Financial Officer; Mr. Swapnil Walunj, Head Marketing; Mr. Balesh Talapady, VP Investor Relation. We will begin with the opening remarks from the management followed by interactive Q&A session. Thank you, and over to you, sir.

P K Kheruka: Thank you. Good afternoon, and welcome to the Borosil Renewables Financial Year 2024 Investor Call. The Board of Borosil Renewables on 27th May approved the company's financial results for the year ended 31st March '24 and for the last quarter of that financial year. Our results and an updated presentation have been sent to the stock exchanges and have also been uploaded on the company's website. We will discuss the operations of Borosil Renewables on a stand-alone basis as well as on a consolidated basis. I will also provide you with some highlights of the operations in our overseas subsidiaries.

During the financial year 2024, the sales volume of the company rose by 79.8% quantitatively due to full year's working of its new plant that is to say SG-3 which was commissioned from 23rd February 2023. Unfortunately, the significantly lower prices saw the company's recorded net revenue from operations rise by just 43.3% over financial year ended 31st March '23 to INR985.87 crores.

Average selling prices during the year were about INR109 per millimeter per square meter, a serious decline of 20.2% as compared to INR136.5 per millimeter per square meter during the previous year. Export sales during the year, including to customers in SEZ were almost flat at INR199.78 crores comprising 23% -- 20.3% of the turnover as against INR195.25 crores in the previous year.

While direct exports were also flat at INR181.92 crores last year being INR181.07 crores. During the last quarter of the year gone by, the company recorded a net sales of INR227.23 crores as against INR187.54 crores in quarter 4 financial year 2023, at 21% in fees. From a quantitative standpoint, sales volumes had risen by 57% during this period. Average Ex- factory selling prices during the last quarter were about INR98.8 per millimeter per square meter as compared to INR132.7 per millimeter per square meter in the corresponding quarter in the previous financial year, a decline of 25.6% leading to a steep erosion in the margin.

Some more information about financial year 2024. Relentless dumping by solar glass producers in China and Vietnam caused prices to remain continuously depressed over the year. As informed earlier to shareholders after the lapse of antidumping duty on solar glass in August 2022.

The floodless gates were opened for duty-free dumping of Chinese glass. Unfortunately, this was covered with a dramatic reduction in the cost of ocean freight from China and a further drop in FOB prices from China. Put together, this caused a severe decline in the landed prices of imports leading to a slashing of our margins. Consequently, the EBITDA during financial year 2024 was INR18.93 crores, corresponding to a margin of 12.1%, which was a steep decline compared to an EBITDA margin of 25.7% in the previous financial year.

During the last quarter, the EBITDA was at INR13.13 crores corresponding to a margin of just 5.8% as against 20.3% in the corresponding quarter in financial year 2023 and 9.4% in the previous quarter. In terms of selling prices, the last quarter saw a decline of 3.5% over the preceding quarter as the dumping continued unabated. Additionally, our production efficiencies were lower than normal in one of our furnaces for a few days. Against this backdrop of lapse in selling prices, the company recorded a post-tax loss of INR16.52 crores for the year ended 2024 as against a profit of INR88.54 crores in the previous year.

The last quarter recorded a post-tax loss of INR13.37 crores as against a profit after tax of INR11.69 crores for the same quarter in the previous year. The solar industry suffering from dumping and has struggled throughout the last year. Solar glass imports continue to remain completely exempt from all import duties.

The 15% basic customs duty levying on the imports of solar glass but exempted since 1999 was set to end on 31st March 2024. You can well imagine the surprise and extreme disappointment in the industry when this exemption was unilaterally extended until 30th September 2024. Following our representations to multiple authorities for a review of our issues with dumping, we were advised to apply for imposition of anti-dumping duty on imports from China and Vietnam and a countervailing duty against imports of Vietnam.

Our applications for DGTR in this regard have been prima facie accepted and already taken up for investigation. The government is now fully seized of the matter, and satisfactory decisions are expected to follow, perhaps in the next 5, 6 months.

Until then, the domestic industry will have to continue to contend with the pressure of unrealistically lower import prices and ongoing injury due to dumping. It is ironical, the domestic manufacturing of solar cells and modules, both of which have high import content, enjoy basic custom duty protection at 25% and 40%, respectively. While solar glass, a capital-intensive product with very low import content and high local value addition using skilled labour in the absence of duty is subject to relentless attacks by subsidized Chinese solar glass.

With the results, a significant portion of the domestic capacity is the remaining unutilized unsold to Chinese dumping when there is enough demand to serve. Solar sales and modules also enjoy ALMM, approved list of models and manufacturers and we see our domestic content requirement benefits which make it compulsory for the buyers to use the local production. There is absolutely no such benefit extended to solar glass and the module manufacturers are free to import their entire requirements. We have petitioned the authorities to take steps in this direction since there is a strong need to include use of local solar glass and other components in these schemes.

There is an unexpected glimmer of hope for more remunerative prices in the shape of an increase in import rate base from Southeast Asia, which is likely to give us some respite. Some positive signs for the Indian Solar Industry. Firstly, solar installations in India last year were 15 gigawatts, an impressive growth over the previous year's installations of 12.8 gigawatts. Secondly, after some hesitant steps, the government has firmly implemented the ALMM mechanism on 1st April 2024, which mandates use of only ALMM-certified modules in the projects being installed in India.

This is leading to a quantum jump in the manufacturing of domestic modules and thus, an exponential leap in the domestic demand for solar glass. Domestic solar glass manufacturing capacity has now reached 2,300 tons per day as against 180 tons per day in April 2019 while Borosil remains the largest non-Chinese owned solar glass manufacturer in the world with 1,350 tons per day, including 350 tons per day in Germany.

For new manufacturers have commissioned new capacity stood at 1,300 tons per day in India taking the capacity to 2,300 tons per day. The government has announced a target of installing rooftop solar systems on the roofs of 1 Crores houses under Pradhan Mantri Suryodaya Yojana, which are promised to provide free electricity up to 300 units to the households and a provision to sell the surplus power to the grid.

This will give much required fill-up to the rooftop solar program and generate program and generate demand for solar modules and consequently, demand for solar glass. Our German operations. As mentioned in my previous call, the European solar module manufacturing industry suffered a serious setback at the end of the second quarter of last calendar year from unbridled imports of Chinese solar modules at dumped prices, which severely impaired the ability of local producers to sell at their cost of production.

Cancellation of orders placed on them force them to curtail their operations. This led to a cancellation of orders on GMV for quarter 3 and quarter 4 financial year 2024. The steps taken so far by the European Commission and German government, although positive, are not sufficient to bring back the demand, and there's a need for some concrete and urgent business.

As informed in the last call, the company had temporarily slowed down production due to paucity of orders. Meanwhile, GMV has made inroads in other export markets to fill the gap created by a low domestic demand and has been able to resume full production from the middle of March this year. The German team is committed to carry out cost optimization steps, which are showing positive results. This may help to partly offset the impact of lower selling prices in these new geographies.

Now I come to the consolidated results for the quarter, which include the operations of the subsidiaries abroad. The overseas subsidiaries, including the step-down subsidiaries, has generated net stand-alone revenue of INR55.8 crores, a negative EBITDA of INR31.07 crores for the fourth quarter or the current financial year of the financial year just on back. As explained, the performance was impacted by reduced operations arising from demand slowdown as well as due to lower average selling prices.

The consolidated net revenue and negative EBITDA for the fourth quarter of the last year stands at INR283.11 crores and INR20.82 crores, respectively. The consolidated net revenue and EBITDA for the financial year '24 stands at INR1,369.28 crores and INR74.85 crores respectively.

Looking at the higher landed cost of solar glass in both domestic and export markets, enabling better prices, the strong and expanded demand in domestic markets arising from the spurt in domestic manufacturing, the assurances received across the concerned government ministry in the context of imposition of duties on imports of solar glass. Finally, better performance of our subsidiaries in the back of high level of operations and cost saving measures. For all these reasons, we continue to maintain a positive outlook on the sector. The position other important markets was under, selected export markets have shown recovery in demand.

Demand in the U.S.A. has started in a small way. We expect this to go up in the later part of this year as some of plants start volume production and ramp up operations. This will raise export demand from India. We are actively engaged in improving efficiencies, which lower our costs. We are negotiating an additional color placement hybrid drop at with expected commissioning during first half of financial year 2025, '26. This will not only save cost for us but will also enable us to meet a major portion of our demand for electricity from captive sources of renewable energy.

Finally, the company is filing around to file the draft letter of offer to SEBI to raise funds by a rights issue of equity shares. The proceeds will be utilized mainly to reduce the debt for the Indian operations as well as at the operating subsidiaries. The Board has also approved further raising of funds through the issuance of instruments of security, including equity shares or any other security convertible into equity shares, including warrants by way of one or more offerings, including a right issue and our preferential issue and our qualified institutions placement or through a combination thereof in one or more tranches for an amount not exceeding INR750 crores.

In accordance with the regulations and subject to necessary approvals, including the approval of the members of the company and such are the regulatory statutory approvals as may be required. This is an enabling resolution to meet funding requirements for any opportunity, which may come up. With that, I would now like to open the floor to questions that you may have.

Moderator: The first question is from the line of Nikhil Abhyankar from ICICI Securities.

Nikhil Abhyankar: I just had one question regarding -- so we were expecting some kind of tariff barrier to kick in from 1st of April. But most likely that in the budget that deadline has been shifted to September. So can you just brief us about what exactly has happened? And is there any scope of any barriers to be certain after September?

P K Kheruka: So actually, the situation is that, there's an exemption circular. The circular comprises a wide variety of items in which solar glass is one of them. And because of the impending elections, the people were very busy apparently in the Ministry of Finance, and they could not segregate which items exemption was to be withdrawn and which one was to continue. That's what they've told us. And therefore, they pushed the whole thing back to 30th September. Of course, we shall be continuing to make efforts to have the exemption withdrawn at an earlier date, but this is uncertain.

Nikhil Abhyankar: Understood, sir. So I believe that till we get any kind of exemption all our capex plans that will be on hold and -- there is absolutely no scope of any improvement in realizations until the barriers are in?

P K Kheruka: So actually, the situation is this that we are continuing with capex as and when required. And in fact, every month, we are adding capex because the demand of the industry keeps changing and we need to stay alive. And if to do so, we have to meet the demands of the industry of the customer that is answering your first question. Regarding the second thing, I just made -- I touched upon it. The import freight rate into India from China has gone up from about $700 to about $3,200. And therefore, this may have a positive impact on our selling prices.

Nikhil Abhyankar: Are we already seeing the realization to improve in April and May?

P K Kheruka: Yes, there is improvement in realization already.

Moderator: The next question is from the line of Sharan, an Individual Investor.

Sharan: So recently, I saw news that in U.S. SOLARCYCLE, there is a company which is coming up with a plant of $340 million which is about the recycling of solar glass and all the modules. And also, they did mention that there is a huge supply of recycling of old solar panels and glass, because of that, they are coming up with this. So -- and in the earlier calls also, we discussed about our company exploring an opportunity for recycling as well since there is a huge demand for that. So do you have any update on that? Where are we on that?

P K Kheruka: We are aware about the SOLARCYCLE plant coming up in U.S.A. at a cost of $340 million. As you know that we set up our plans for a complete plan for 550 tons for less than $100 million. And so I would say that it's a very expensive plant they're getting. And how much solar glass they will find for recycling, again, is a question mark.

So I would say it's a very, very noble initiative, which they are taking. Its financial, what should I say, its financial performance is something which they are the best people to answer. I could not make any comment on that. So far as India is concerned, we still have some time to go before we are able to consider recycling of solar glass.

At the moment, I don't see those many modules being discarded. So that they probably happen after another few years that we have enough, and we are exploring all the technologies which are being discussed to recycle solar modules. And there are new technologies coming up every once in a while. And since we are not under pressure to do so right now, we are waiting to see which one is going to turn out to be the most efficient.

Nikhil Abhyankar: Okay. And 2 years back, we wanted to increase our capacity to 3x and because of anti-dumping duty that was kept on hold. Assuming that this year, September, if governments put an anti-dumping duty, do you think that we have lost that 2 years' time frame of the capacity expansion?

Because from this September, again, if we start -- once we approve and start doing that capacity expansion, it may take another 1.5, 2 years. Considering a huge demand, do you think that we are -- like we may -- we are maybe behind in the growth of our organization in terms of capacity expansion and growth?

P K Kheruka: So I would say that we are actually ahead of others because we have a batch house. It's a very expensive component of the entire solar glass manufacturing plant, which is up and ready already for 2,000 tons. So if we set up another furnace, we do not need to spend any money on the batch house. We'll be saving money on the capital. The second thing, the entire electrical installation is already ready with us.

So we will not need to spend any money on that or very little money, that the fundamental installation is there with us. So to that extent, we will have a head start on others. Plus, we have the land. We have everything worked out. We have the drawings and so on. So we would be off to a fast start in case opportunities present themselves. And we will not be lagging behind in this, at least as far as I can speak now. Every day is a new day, and we don't know how things will unfold. But -- from our point of view, this is what we are thinking today.

Nikhil Abhyankar: And sir, considering if there is anti-dumping duty in September month by the Indian Government, then how much time you think like with all these pre-work for doubling or driving the capacity, how many months maximum it may take for you?

P K Kheruka: I mean, I would say, to conservatively 24 months. But in the past, we have set up a furnace 14 months also. That's what we've done in the past. It doesn't mean we can do it in the future. But we have put up an entire furnace in 14 months from the placement of the first order to the commencement of production.

Nikhil Abhyankar: Okay. And sir, any update on Europe side, any good news from that Europe government on anti-dumping?

P K Kheruka: The first quarter of this calendar year, which is the last quarter of the last financial year, was our worst quarter so far in Europe ever because we were only producing from 1 production line out of 2. Sometime in the last week of March, we got enough orders to start the second production line.

And fortunately, we are continuing to get orders, export orders, domestic orders enough to continue to use both production lines fully and again, the same issue, which is happening in our part of the world here, which is increase in freight rates from China is also happening there. So markets there also are seeing a slightly better price as compared to what they were, say, a few months ago. So there should be some improvement in realization as well.

Nikhil Abhyankar: And last question, sorry for taking more questions. And Glass Technology also started solar glass plant in U.A.E. about worth of 350 million. So my question is, like there are many players coming up with new plants. Do we have a plan to capture these market shares? Like do we have any customers in U.A.E. since they are coming up with new plant, why you are not able to capture that market? And how are they getting benefit with competition from China and Vietnam? Can you throw some light on this?

P K Kheruka: You see the money they've spent on that plant seems to be very, very high. So the investment cost per tonne of glass produced is very large, and there's something that we cannot count in, in that kind of investment. So if you look at depreciation, interest, and other things, it would not be very inexpensive, let me put it that way. And everybody comes up with his own luck, you can say, which is their own abilities and things like that.

So I cannot really predict how they will do, but -- it's -- I guess, generally speaking, the demand for our solar modules worldwide is ramping up. And I hope that they find a niche for themselves wherever they can. They have spoken about selling to Europe. I can say that the 3 largest module plants in Europe have shut their shutters. So that's how it is. But we'll have to wait and see how they fare.

Ashok Jain: So from our perspective, there is not much demand in that part of the world where they are setting up the plant because there is not much manufacturing of module happening over there. But I think they are going to be exporting and we also have export base across the globe. So we will be competing with that them in future, I suppose. And we have our customer base, which will help us to continue to sell our products.

Moderator: The next question is from the line of Vijay Gupta an Individual Investor.

Vivek Gupta: This is a little correction there. I'm Vivek Gupta not Vijay Gupta. Sir, I spoke with you in the last conference call also. So I'm just extending my conversation on those lines. I just want to understand what is the cost of glass production which we are incurring today versus the Chinese glass prices which are being sold in India?

P K Kheruka: Chinese glass prices are much lower than the cost of production of glass in India. Because see, we pay all duties and taxes. We have no kind of rebate. We have no support from the government in our selling prices.

Vivek Gupta: So no, the cost of production, not the selling cost of Borosil, the cost of glass production, which you're incurring currently for production?

Ashok Jain: Just to clarify, the Chinese are having subsidized cost. Whereas Borosil has no subsidies whatsoever. So from that perspective, our costs are a little higher. In terms of the percentage, if you were to know at what price Chinese sales versus whatever cost is, it is about 10% to 15% higher in terms of our cost. So that's the kind of subsidies they have, they're selling at prices offset by the subsidies. Their cost may be equal, but it is subsidized.

Vivek Gupta: So I was just thinking, sir, maybe this is a wrong question, but I wanted to understand if Chinese glass is available at much cheaper cost in India than the production costs, which you're incurring so why go and produce the glass itself. Just procure the Chinese glass with the label for Borosil Renewables and sell it to the customers.

P K Kheruka: You see, the thing is that under WTO, if you look at the long-term intention of the Government of India, the intention in the government, especially with the Prime Minister, very unequivocally is that you have to Make in India. And there are all kinds of geopolitical reasons why India wants to lessen the dominance of China in India's economy. And this morning, I was in a conference call with the Honourable Ambassador of India to China, and he was repeating the same thing that the government is very keen that India starts producing on our own soil, the items that we need most.

And it is very much in the focus of the government that India should manufacture everything that it needs on its own soil. So they will come up with -- there are remedies available under WTO, the World Trade Organization where it can be established that if there is any subsidy, then the WTO permits the government of the affected country to levy an anti-dumping duty on the imports of that product. And that is the route we are going to follow.

Ashok Jain: For the similar reasons, what has been discussed, the government would not have levied any custom duty on import of modules and solar cells if cost was the only consideration because -- the modules are now subjected to 44.5% duty. The government could have very well done their solar program without attracting this duty at a cheaper cost than the domestic industry would not have even grown. So that is not the kind of logic you always follow in the working of any country. The domestic production is very important, and this is a very strategic sector, Energy Security.

Vivek Gupta: I get that point. What I'm trying to understand is there's a time that things are not good, like it is not rosy for Borosil. So let's just procure the Chinese glass at cheaper cost, it will give us margins also sell it in India to the players who are like wanting that glass also. Let's not -- let's do that part and keep everything -- everyone happy like Borosil on the margin front and shareholders on the number side. So this is just a thought.

Ashok Jain: But the problem is that this import duty, which is exempted, is subject to actual user condition. So we are not actually there in that -- if we import and sell in the market, then the duty will be attracted at 15% so it will no longer be cheaper for us and for our customers. So trading is not possible. If we were using captively for our own module production, then it was fine.

P K Kheruka: There's other issue under the laws of anti-dumping applications and so on. If we have imported a certain product in the past, on which we now are seeking anti-dumping duty, we are not even eligible to apply so that's why we have to stay with it, otherwise, we cannot seek remedies afterwards.

Vivek Gupta: Okay. Okay. That helps. I have another question, sir. So I have seen that the overseas acquisition, which you have done, it has backfired to a great extent. You believe it or not, that's a separate story, but I do believe that has backfired Borosil to a great extent. From the time we have acquired that subsidiary. So we are spending a lot of money for its maintenance. There are no numbers which are coming on that.

And then we are being very hopeful of that giving us numbers in the future. So you see that there is a debt overhang, which has come up as a part of that acquisition. Now we are raising funds to clear up that debt -- not sure what was the idea behind the acquisition at the wrong point of time? Can you throw some light there, please?

P K Kheruka: When we bought the company, they had made a margin of EUR17 million on sales of EUR60 million. In a country like Germany to have that kind of a margin is unthinkable. So that is one.

The second is we had been shipping glass to Germany for many, many years, more than 12, 13 years.

And this company has a very high reputation for very high quality, and it's a first-rate company. So when the existing -- the previous owners wanted to sell it, they actually evaluated us also whether we were fit to run that company. And they said that you are very fit to run the company. And we agreed to buy it.

At that time, these issues were not there. What we see is that beginning from July of '23, the Chinese have particularly, crashed if that's the word to use because they have dropped their prices like anything. And I think it is just a game they are playing to establish world domination on the production of energy from renewable sources. But so again, there's a very strong counter current to that in Germany and in the European Union in its entirety.

As you can -- as you probably know already, in the United States, they have imposed a 50% import duty on imports of solar cells and modules from China. So they are really very strong and encouraging domestic production. Same story in Europe. It is because Germany is ruled by a coalition government, there are 3 parties to that, and we know how coalition governments work is taking a little time. But in the meantime, we are getting export inquiries, which we are meeting very happily.

We are investing in the German company. So we have done -- brought in equipment, which will reduce the cost significantly. So we are well attuned with the management in that company. So we are working together very closely. Of course, we own it, but it's a fully German management, and we are working well with them. So we are hopeful about it in short.

Vivek Gupta: And sir, one last and basic question is like being a shareholder in the company, I think the company is not able to deliver on anything. I understand there is no ADD and the basic custom duty also getting extended until September and all. So what keeps a shareholder motivated to be invested in Borosil in current scenario? And do you see Borosil as a takeover candidate by the bigger players in the market, which have some modules manufacturing at all so that there could be an end-to-end cycle production which they can do in the house?

P K Kheruka: We are actually -- one of the thoughts we have in our head is the possibility certainly exists for us to make modules as well. And that -- we are not ruling it out. We have not thought about it. We have not -- it's not an active proposal, but a lot of people within the organization are asking me this question. Should we not be making modules. And so it's something which we cannot rule out, but it's just a discussion.

Vivek Gupta: And sir, takeover candidate will Borosil be a takeover candidate down the line?

Ashok Jain: We are not sellers; we are only bullish in the industry. So we -- I mean, we are growing the company in India as well in Germany. So there is no question about being a seller.

P K Kheruka: We are continuing to invest money in capex month after month.

Moderator: The next question is from the line of Jiten Rushi from Axis Capital Limited.

Jiten Rushi: Sir, the first question I would like to know what would be the difference between the realization of ours price and Chinese imported glass price in the country.

Ashok Jain: The pricing is about the same. Maybe we are getting about 2%, 3% extra, but the pricing is using the benchmark to the Chinese prices. Landed cost of Chinese goods and our price is similar to that.

Jiten Rushi: Okay. So because your realization has come up. So obviously, for reasons you have stated. But now...

Ashok Jain: Reasons are explained like the Chinese have dropped the prices, import freight rates have gone down, which is why the lended cost has gone down and which has affected the prices.

Jiten Rushi: But sir, in ALMM and DCR content requirement, I understand most of the module manufacturer in the country are using Chinese glass or from the other countries. So is the management getting in discussion with the government, whether they are planning for a DCR contain in which we can use only domestically manufactured solar glass. Is this a proposal in the pipeline? Or is the discussion will be administered something like if you can throw some light on that.

P K Kheruka: We've discussed this issue with the authorities about including ancillary products also in DCR and it's under their consideration. And there's another matter, you see right now what is happening that there are severe delays in shipments of glass for those people who have very happily decided to buy glass from China, and they -- it's going to impact their production. So one cannot just simply bank on imported products because you never know what's going to happen when.

And therefore, the people who are our customers, they are very happy that they bought from us because they continue to get the glass and their production is not suffering. So for the sake of a 9% cost of where the total cost is only 9% for component like glass, if they suppose decide to save 10% and buy it instead of 9%, it is 8.1%. And the entire production program goes for a toss then that becomes a very expensive decision that saving becomes very costly. So I think a lot of the customers are aware about that. And therefore, they are buying some quantities from us, and they buy some quantities from imports and free market, everybody takes his own decision.

Jiten Rushi: But utilization of yours like at this peak, like you are at 85%, 90%. So now with the capex, as you said, so probably I understand is right issue you're looking to do capex and bring down the debt, right? So capex will take time because once you become profitable, we can go for the capex and again, as you're looking for being the solar as a solution to support to power in terms of the captive power plant. So these and again module, which you said that module requires a very low capex aside our module plan, probably you already have a land, and you require a capex as per readout.

So if you are looking to integrate and going to some backward integration model, where you have your own power, your own module manufacturing where you can use your own glass how much capex you are targeting to invest in for these things in the next couple of years while you are also looking for the right issue to bring down your working capital. So this -- these are very significant decisions for -- by the company, but eventually probably should improve your bottom line.

P K Kheruka: See, this year, we are planning to spend over INR100 crores in capex and this is for balancing equipment, which is required now because the type of glass, which is being demanded by the customers in order to make that to manufacture that we need to spend this capex. And we have the services, we have the land, we have a built-up property, where all this is going to be installed. So there is no extra on that and we have the manpower and highly skilled engineers and things like that. So all of this is going to just make us much stronger, really speaking.

Ashok Jain: So this -- actually, this INR100 crores includes 3 components. One is on the solar wind hybrid close INR20 crores which will be used in generating captive power. Another INR20 crores is for the processing equipment, what Mr. Kheruka just mentioned and about INR50 crores to INR55 crores is on the proposed rebuild of the first 2 furnaces. These furnaces will become due for rebuild in next 1 year or so or maybe 2 years. So we are getting ready. We are just buying the refractories and other items for that so that we are ready for any eventuality, and we are then able to deploy. So this INR100 crores is broken up into 3 parts.

P K Kheruka: If the furnace is last longer, we will happily work it. But we have to be prepared..

Moderator: The next question is from the line of Pankaj Lath, an Individual Investor.

Pankaj Lath: So my question is, in the past, Borosil used to take pride in launching innovative products. I remember 2 glass being launched some years ago. So a), the question is, what is the traction on those products? And b), are we looking at product differentiation to beat the competition or we are just looking at pricing as we need to in the future?

P K Kheruka: So the 2 millimeter, which we launched in 2017, we were about 5 years ahead of the time. The product sort of started getting traction in 2022. And now of course, it's a very important product and everybody wants it. So we are fortunately ready with it. We are able to supply it. The other thing is now that they want a grid printed glass. So there's a white paint, which is used to print the back of the glass which improves the power generation. And we have already implemented that. And we have been selling that. Our product is very much likened, and we are all the Indian glass manufacturers of solar glass do not have this.

We do -- we have it in perhaps one more has it, but nobody else has. And there is -- so this is something which is coming up, and we are spending money on getting more lines to manufacture this product. We have -- we are the only people in India, certainly. And very few in the world who make a product called an anti-glare glass, which is suitable for use near airports because existing solar panels, they reflect the sun into the eyes of pilots and they cannot land there, they cannot operate the aircraft near airports.

But we have developed a product, which we have also sold to Indian airports and to international airports, which are able to give you solar power without giving a glare to the pilots. So that is something new that we've developed. And these things keep on happening.

Ashok Jain: This 2-millimeter glass is now almost 20%- 25% of our portfolio and which will soon become almost 60%- 65% by end of this year. So this is very much the requirement now. And also, the other thing, what we have done is to come up quickly is the large-format glass because there's a demand for larger module which started to become very popular.

We have been able to introduce the large size of glass for those modules, and which is now almost 90% of the requirement of the glass by the module manufacturers. So we have been keeping abreast of the market developments and trying to supply the product as required by the customers.

Moderator: The next question is from the line of Jegadees Sharma an individual Investor.

Jegadees Sharma: I have three questions. The first question is, I saw a presentation that the capacity expansion is being on hold. Why is that sir? Because I asked this question, why this question is, when the situation is bad, and we are doing our capacity, and we are ready for the future. Isn't that how it should be?

Ashok Jain: Yes. So actually, the capex plan was put on hold by the Board of Directors, looking at the scenario where there was no visibility of a proper return on investment. So before committing funds and before raising any funds from the, say, shareholders or from a few of the investor, one is to really see whether there is enough amount of return on capital appearing in the projection. Before that, we cannot allocate the capital. So we decided purposely to wait for right duty structure to be in place before we can move into this large project of say INR1,100-plus crores. So we have put it on hold, but we will review it at an opportune time and take a decision.

Jegadees Sharma: Okay. Okay. So my second question is like, are you planning to enter into this EPC space because this is like a space for all the solar-related players -- so are you related -- are you planning to enter into the space, sir?

Ashok Jain: No. We have no wish to get into that business. So we are in the manufacture of the glass and allied ancillaries maybe, but not in the EPC or other type of businesses. We have yet to come to a reasonable size of glass manufacturing as we can see.

Jegadees Sharma: Okay. Okay. Any guidance for FY '25?

Ashok Jain: We are doing our best and in case the duty comes into play by 1st of October, which is what we are expecting, the situation in second half could be better from that perspective.

Jegadees Sharma: All the best for FY '25 sir, thank you.

Moderator: As there are no further questions, I now hand the conference over to the management for closing comments.

P.K.Kheruka: Thank you very much, dear investors, for your questions. We appreciate the interest that you take in the business, and it gives us the initiative to continue to work hard to continue to do our best so that we can maximize returns for our investors. So thank you very much, and we look forward to meeting you again after the next quarter.

Moderator: Thank you. On behalf of Axis Capital Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.