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May 29, 2023

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

We enclose transcript of conference call with Institutional Investors and Analysts which was held on May 25, 2023.

You are requested to take the same on record.

Yours faithfully,

For Borosil Renewables Limited

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"Borosil Renewables Limited
Q4 FY2023 Earnings Conference Call"

May 25, 2023

ANALYST: **MR. JITEN RUSHI – AXIS CAPITAL LIMITED**

MANAGEMENT: **MR. P.K. KHERUKA - EXECUTIVE CHAIRMAN - BOROSIL RENEWABLES**
MR. ASHOK JAIN - WHOLE-TIME DIRECTOR - BOROSIL RENEWABLES
MR. SUNIL ROONGTA - CHIEF FINANCIAL OFFICER - BOROSIL RENEWABLES
MR. SWAPNIL WALUNJ - HEAD OF MARKETING - BOROSIL RENEWABLES

Moderator: Ladies and gentlemen, good day and welcome to Borosil Renewables Q4 FY2023 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 '*' then '0' 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. Thank you and over to you Sir!

Jiten Rushi: Thank you Janvi. On behalf of Axis Capital, I am pleased to welcome everyone to the Borosil Renewables Q4 & FY2023 earnings conference call. We have with us the management team of Borosil Renewables represented by Mr. P.K. Kheruka, Executive Chairman, Mr. Ashok Jain, Whole-time Director, Mr. Sunil Roongta, Chief Financial Officer and Mr. Swapnil Walunj, Head of Marketing. We will begin with opening remarks from the management followed by Q&A session. Thank you and over to you Sir.

P.K. Kheruka: Good afternoon and welcome to the Borosil Renewables FY2023 investor call. The board of Borosil Renewables on May 24, approved the company's financial results for the year FY2023 and Q4 for the FY2023. 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 operation of Borosil Renewables on a standalone basis as well as on consolidated basis. I will also provide you some highlights of the operations in a newly formed acquired overseas subsidiaries.

During FY2023, the company recorded a net revenue from operations of Rs.688.17 Crores an increase of 6.8% over FY2022. Sales volumes on a quantitative basis grew by 4.3% as a result of commissioning of new plant SG3 from February 23, 2023. Average selling prices during the year for about Rs.136.5 per millimeter as compared to Rs.133.5 per millimeter in FY2022 an increase of 2.3%. Exports during FY2023 including two customers in SEZ were Rs.195.25 Crores comprising 28.4% of the turnover an increase of 14.2% over FY2022 when it had been Rs.171 Crores.

While direct exports were Rs.181.07 Crores which were up from 127 Crores in FY2022. During the last quarter of FY2023, the company recorded a net sales of Rs.187.54 Crores. From a quantitative standpoint, sales volume was 7.8% higher than those for Q4 FY2022. However, the average selling price was lower by about 1.4%. The domestic selling prices were depressed for most of the second half of the year as a result of dumping from China, Malaysia and Vietnam. The landed cost of imports became lower due to a combination of two factors.

Firstly, the expiry in August 2022 of anti-dumping duty on solar glass imports from China imposed in August 2017. Coupled with a significant drop in International Fair Trades. Meanwhile the price of natural gas, soda ash, packing materials and other commodities had risen considerably. All these factors contributed to a contraction in margins, EBITDA during FY2023 including subsidy of Rs.9.75 Crores from the Government of Gujarat was Rs.176.55 Crores corresponding to an EBITDA margin of 25.7% which was a steep decline as compared to an EBITDA margin of 41.1% in FY2022.

During Q4 of FY2023, EBITDA was at Rs.38.02 Crores and the margin was 20.3% as against 34.9% in the corresponding quarter in FY2022 and 26.7% in Q3 FY2023 arising from increased costs coupled with lower selling prices which prevailed during this period. Moreover, during this quarter SG3 had been lit up and fully manned as such all expenses were being incurred while there was little corresponding revenue. Lower EBITDA led to a decline in the profit after tax and the company recorded a profit after tax of Rs.88.54 Crores a decrease of 47% over FY2022.

PAT during Q4 FY2023 was Rs.11.69 Crores which is a decline of 75% as compared to Q4 FY2022 which had better sales prices. Ironically, solar glass is the only component in the entire solar photovoltaic value chain which has no import duties whatsoever. With expiry of anti-dumping duty on imports of solar glass from China post 17 August 2022, imports continue to remain completely exempt from payment of any sort of import duty. While imports are subject to a basic levy of customs duty of 15%, circular going back to 1999 exempts imports of solar components from payment of customs duty.

This is an anachronism not only because solar glass manufacturing is the most capital intensive component of the solar cell, having the lowest asset turnover ratio, but also because an investigation launched by the Ministry of Commerce as recently as 2022 has found the largest solar glass manufacturers guilty of unfair trade practices that is to say dumping and have recommended imposition of 63% anti-dumping duty and imports from them. The order a seriously skewed against the solar glass industry where imports of heavily subsidized Chinese glass are welcomed into India with no imposition of any duties. There is no level playing field for this industry.

We have been representing our case to the government to end exemption from BCD on imports of solar glass. The solar installation in FY2023 stood at slightly lower 12.8 gigawatts in FY2023 against 13.9 gigawatts in FY2022. However overall domestic demand for solar glasses become stronger as demand for Indian made modules has risen strongly in export markets like USA together with strong demand in India. The additional demand for glass is being met through higher imports owing to limited availability of domestic manufacturing capacity and hence the market share of Borosil Renewables in domestic market currently stood at 19% only of the last year.

The overall demand situation for solar glass continues to look robust in India as the domestic module manufacturing capacities are expected to rise to almost 100 gigawatts in the next two or three years from about 35 gigawatts currently. The actual domestic manufacturing may rise to 35, 40 gigahertz annually which will increase the demand to three times from the present levels over the next two, three years. Commissioning of a 10 megawatt captive power plant of solar plus wind energy being set up through an SPV in which Borosil has 31% shareholding which was planned in December 2022 was delayed due to delay in approvals from the relevant state authority. I am happy to share with you that the requisite approvals have now been obtained and the project is commissioned. This is expected to meet about 35% of the company's power demand. This has enabled us to increase the use of green power in our manufacturing while also reducing the average cost of power.

We are also looking to set up an additional 8 megawatts of solar power once there is enough clarity on the regulations. I am happy to share that commercial production from our third furnace SG3 began from February 23, 2023 taking the production capacity to 1000 tons per day, six gigawatts from 450 tonnes per day, 2.8 gigawatts. Going forward we shall now be in a position to more than double the sales, servicing a higher customer demand while achieving higher operating leverages. The demand for glass has shifted to higher sizes where we now have achieved capability. About 55% to 60% of the production is already in large sizes. We have recently commissioned facilities to service a higher volume of 2 mm back glass with holes drilled and also grid printed. These are used for as back glass in bifacial solar PV modules and has become a major growth area.

The recently acquired German solar glass manufacturing plant had added an operating capacity of 300 tons per day to BRL manufacturing capacity. The plants had been operating at about 95% capacity; however, a cold repair of this furnace was carried out from March 13 to May 5, and the furnace has been brought back into production from May 8. With a higher capacity of 350 tons after incorporating changes, this should help raise the production yield and achieve energy savings. A portion of the capex plan for the processing area is still under implementation which will help achieve capability to supply larger size glasses and also enable more efficient operations and overall capex of 34 million Euros will be incurred on this of which Euro 24 million is being borrowed from banks.

Now I come to the consolidated results for the quarter which is the first full quarter post acquisition. These results include the operations of the wholly owned subsidiaries abroad the Interflow Group registered a revenue of Rs.121.79 Crores in this quarter with an EBITDA Rs.5.12 Crores registering an EBITDA of 4.2%. The subsidiaries have been able to achieve this despite relatively high energy and raw material prices and also shutdown of production from March 13, 2023. The consolidated net revenue and EBITDA for the Q4 FY2023 stands at Rs.309.05 Crores and Rs.39.08 Crores respectively.

The energy prices have been correcting gradually; however, on the other hand the sales prices have been adjusted downwards in order to maintain competitiveness for the imports. With the emphasis on domestic manufacturing and sourcing from second force in European Union, USA and Turkey, we see export demand from our Indian operations rising significantly over the next two, three years. We believe that with manufacturing operations in Europe and in India we are in a strategically advantageous position to meet higher demand in the export markets. With that I would now like to open the floor for questions that you may have.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Keval Sahar from DSP Investment. Please go ahead.

Keval Sahar: Good afternoon sir and thanks for the opportunity. Sir first question is that since we have a 1000 TPD of capacity right now and we can cater to six gigawatt of solar module capacity and India in the next two to three years will have 100 plus gigawatts of solar module manufacturing capacity, so does this give us comfort that our current capacity and upcoming 1100 tons per day of capacity, can be sold off in domestic market itself?

P.K. Kheruka: Yes, gives us a lot of comfort, provided the government does not make any further changes in its policy for solar modules in India.

Keval Sahar: Okay, sir, got it. My second question is that over the last two years if I see the realizations of solar glasses have almost been stable like at around Rs.130, but our margins have significantly corrected, so is it because of elimination of BCD or the duties or what is the reason our margins have corrected while the realizations have stayed the same?

P.K. Kheruka: The cost of inputs has gone up significantly nearly by 60%, 70% in the last calendar year and on the other side of course selling prices did decline because of the absence of any anti-dumping duty with effect from August of 2022. So what we see here is actually an overall price which is spreading over a long period of time, we had certain contracts at older prices and so on which got executed at those prices, so for all these various reasons we see that the prices was a bit higher, but they did register decline in the last quarter.

Keval Sahar: Okay, sir, got it. What would be the current realizations of solar glass?

Ashok Jain: It is slightly lower.

Keval Sahar: Okay, sir. If you can give a number?

Ashok Jain: It would not be right to put any number as of now, but it is slightly lower.

Keval Sahar: Okay, got it. What is the capex that we are planning for FY2024-2025 India plus Europe?

P.K. Kheruka: We just completed our capex in Europe, we spent a significant amount of money there to rebuild our furnace and as I mentioned in my talk it is about 350 tons a day now from 300 tons a day and the furnace is good for another five years at least so we have spent money there and of course we spend money here so at the moment I do not see any special capex going in during the current year other than routine maintenance capex.

Keval Sahar: Got it sir, actually for the next year, the 1100 tons per day of capacity, we are planning in calendar year 2025. So how much capex would be required for that?

Ashok Jain: So we are taking a pause as of now because we have just completed a large expansion from 450 tons we have moved to 1350 tons. So we will be reviewing this in the next quarter and so on and we will figure out whether to go for 1100 tons or what project size should be and we will come back to you after that.

Keval Sahar: Okay, got it. Third question is that we had a tough year in Germany due to energy crisis etc which has also impacted our margins over there? So has the situation normalized in Germany and if yes then how much margins can we expect from Germany plant in normal situation?

P.K. Kheruka: So there are two sources of energy that we use in Germany one is natural gas and electrical power so the prices of natural gas have stabilized significantly to what they were before the war started and to that extent it gives us some comfort that the prices have stabilized; however, the cost of electrical power is yet very high, so that I believe is based to a large extent on natural gas and therefore I would imagine that the price should be coming down in the foreseeable future, but till that time I would say that power prices still remain high. I see that the working this year would definitely be better more improved as compared to last year which was quite a disastrous year frankly.

Keval Sahar: Okay, sir, got it. But in the normal situation, can we make around 20%, 25% margins what we make in India and Germany?

Ashok Jain: That would be difficult to make in any overseas operations particularly Europe and Germany, so we believe that 10% to 15% will be normal margin for that business there.

Keval Sahar: Understood. Thanks a lot sir and all the best for the coming years.

Moderator: Thank you. The next question is from the line of Ranganath N an Individual Investor. Please go ahead.

Ranganath N: I have a few questions on the acquisitions part. One is like how are you planning to like fund this acquisition and capex plans going forward. Is there any chance of equity dilution going ahead?

Ashok Jain: So we already funded the acquisition, paid the money and now we are incurring capex, this is 34 million Euros and out of that 24 million is being borrowed from banks which is already tied up. The remaining money is funded from internal accruals of the company.

Ranganath N: So there is no equity dilution chance going forward.

Ashok Jain: There is no plan for that particular leg. However, whenever we have more capex plan for expansion that time we will be raising equity.

Ranganath N: Okay. Thank you. My second question you said there is an anti-dumping duty request that you put in to government, so how is the response from there side, is it positive or like do we expect anything in future?

Ashok Jain: So anti-dumping duty has been discontinued from August 17, 2022 though Commerce Ministry had recommended, but Finance Ministry declined it, so there is no anti-dumping duty and that chapter is over. If we want the anti-dumping duties to come into play we will have to file the application again for every country like China, Vietnam and Malaysia and then the entire process will be run which may run up to one year or so after which one can expect anti-dumping duty.

Ranganath N: Correct me if I am wrong like my understanding, I heard like we already filed ADD application for that. Is that not the case or are we still in the process?

Ashok Jain: No, we had filed application for continuation of anti-dumping duty against China which was expiring in August 2022. The DGTR analyzed everything they held the entire process and after that they recommended anti-dumping duty continuation for two years, but Finance Ministry declined it, so that matter is over now. If we want to invoke anti-dumping duty on any of those countries, we need to file fresh application now.

Ranganath N: Okay, thanks and we are looking forward for your profit margin increase. Thanks for taking my question, Sir.

Moderator: Thank you. The next question is from the line of Nikhil Abhyankar from ICICI Securities. Please go ahead.

Nikhil Abhyankar: Thank you sir. Thanks for the opportunity. My first question is what is the share of solar glass in the total cost of a module?

Ashok Jain: So it actually depends on which kind of module you are talking about if it is conventional module where you use a glass in the front and a polymer back sheet at the back side it would be 8% to 9%. If it is a bifacial then it might be 15%.

Nikhil Abhyankar: Okay, it is a bifacial, so my second question will be among the PLI winners who will be ramping up their module facility so what portion of them are getting into these bifacial module manufacturing?

Ashok Jain: So basically, all the solar cells now being available are bifacially charged. You could eventually make bifacial modules from every cell available now, but it all depends on what kind of obligations and what kind of projects you are doing. So if you talk about international scenario like China already has almost 45% to 50% in bifacial module, but it is yet to be followed in the same way in India and Europe. So gradually it will move higher up in the bifacial modules as we go along, because earlier the equipment were not capable of making bifacial module in India and so also in Europe, but now they are changing the equipment and gradually there will be increase in the bifacial modules.

Nikhil Abhyankar: Okay and sir, are we in talks with any of these PLI winners or are they in talk with us for getting into any kind of a long-term supply contract?

Ashok Jain: Most of these people are our customers already and those who are not also we are in touch with them and the contracts particularly have not worked so far like a long-term contracts, but supply arrangements on a monthly basis are there and we hope to continue like that because without the price there is no contract basically and price is something which nobody wants to prefix, because of the changing situation like the solar glass prices keep changing, every component price keep changing and the dynamics of profitability keeps shifting from here and there in the module industry, so nobody wants to have a fixed price, but basically all the people who are going to have module capacities will require glass and higher the domestic value addition is there, they will be getting higher PLI so obviously it will be interesting for them to buy locally.

Nikhil Abhyankar: So, they are not looking to set up their own glass manufacturing facility.

Ashok Jain: Adani and Reliance are looking to set up their own capacities and also maybe like Shirdi Sai Electricals might look at setting up the capacity, other than these we have not heard any other player looking at setting up glass capacity.

Nikhil Abhyankar: Okay, so just a final question so what is the difference in realization for exports and domestic player?

Ashok Jain: So export realization is higher compared to domestic visualization by about…

Nikhil Abhyankar: I did not get it. Can you please repeat?

Ashok Jain: Export sales realization is higher compared to domestic realization by about 10% to 12%.

Nikhil Abhyankar: 10%, okay, sir. That is all from my side. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Santosh Kucheriya an Individual Investor. Please go ahead.

Santosh Kucheriya: With regard to 174 Crores of inventory, in which how much is the finished goods and how much is the raw material?

Ashok Jain: Sunil, can we respond on this?

Sunil Roongta: Yes.

Ashok Jain: Or you want to come back in the meantime you can continue with another question?

Sunil Roongta: Yes, Q1 results, the power and fuel in the last year it was Rs.30 Crores, now it is Rs.52 Crores, why is it so much high.

Ashok Jain: So now we are running third furnace as well which is a large furnace of 550 tons per day, so we need to have more power and fuel consumption from 450 ton we have reached 1000 ton production, so obviously it will require power and fuel.

Santosh Kucheriya: But it has not reflected in your turnover, because production has gone up from February itself, so the revenue should have been higher whether you have billed or it is showing under inventory?

Ashok Jain: Commercial production has begun on February 23, so virtually one month production has happened in March and there has been some build up in the inventory as well which is why the ratio is not appearing the same.

Santosh Kucheriya: So actually whatever you are producing those goods are getting sold or you have invoiced, but the goods are not in your books?

Ashok Jain: So there are two things. One is that Ind-AS impact is there, large impact is there of goods having being invoiced, but not delivered to the customer, so that is a large impact already plus there were some built up in the inventory as well, because initially when you start producing you do not get 100% right material, so one is to see for a one month, two month or so before it can sell everything.

Santosh Kucheriya: Just clarifying on that one sir, on the inventory, how much is finished goods and how much is raw material?

Sunil Roongta: Out of Rs.174 Crores inventory, Rs.74 Crores inventory in raw material and balance inventory of finished goods, work in progress and stores, packing material.

Santosh Kucheriya: Out of this 100 Crores, have you invoiced anything, but goods have not been delivered to the party?

Sunil Roongta: That is Rs.36 Crores around.

Santosh Kucheriya: Rs.36 Crores you have sold, but it has not delivered?

Sunil Roongta: That is in the stock, because of Ind-AS.

Santosh Kucheriya: Otherwise profit has been much more than that?

Ashok Jain: Yes.

Moderator: Thank you. The next question is from the line of Rishabh Shah from Dalal & Broacha. Please go ahead.

Rishabh Shah: Thank you so much for giving me the opportunity to ask the questions to the management. I have a few questions understanding the company, so will the management can tell me or have a brief idea about what will be the realization number for 1 mm glass that is imported from China and India?

Ashok Jain: Yes, we obviously have an idea about what prices the goods come in India and in fact the goods are sold by us taking benchmark of import prices, so obviously we need to know that, but each and every buyer has different pricing. On an average basis, the goods if you were to ask me on a per millimeter basis it will be about Rs.110 to Rs.115 per millimeter.

Rishabh Shah: Okay, thank you. My next question would be regarding the third furnace, so the third furnace would be a dual furnace if you know, the dual furnace where in the previous conference calls or in previous investor presentation it was mentioned that it is run on furnace oil and on the diesel, so will that be a dual furnace?

P.K.Kheruka: Yes. It will be multi-fuel furnace. It can be run on different sources of energy it could be natural gas, could be furnace oil, diesel, LDO, propane, LPG.

Rishabh Shah: My next question would be regarding the number of days for the production of the glass which is your capacity is 1350 ton per day, so on yearly basis if I want to calculate on a yearly basis, so for how many days shall I take for the calculation for yearly basis of the production?

Ashok Jain: You take the entire full year, but generally 10% would be downtime for the roller change and other things, so generally 330 days is what one can take.

Rishabh Shah: 330 days?

Ashok Jain: 330 days.

Rishabh Shah: Okay and also can you please give me any update for the ADD by the government which on that is ADD that is going to be on imports from China by the government, is there any update on that?

P.K.Kheruka: I wish I would love to give you to that update, but this is completely beyond our scope. We have been trying very hard and we are hopeful that we should succeed because we have very good reason for our request for grant of basic customs duty at least if not anti-dumping duty and it is a question of when the government will sit up and take notice.

Rishabh Shah: Okay, sir. Thank you. Also I just have one question regarding the 67 gigawatt solar production which was reported as of FY2023 so do we contribute 100% to it, do the solar glass contribute 100% to it?

Ashok Jain: Not at all. The installations can be by way of domestically manufactured modules or by imported modules. So a large portion of the installations in the past have been with the imported modules. So it will be incorrect to say that it is made in India or like that and we contribute for the module making. The domestic module manufacturing of course is going up now, so as we speak the domestic modules may be about 75% of the installations currently happening.

Rishabh Shah: Okay. Thank you, sir and also I would like to ask that can you please tell me how much would be the export volume if you can give me some guidance towards that?

Ashok Jain: Exports are about 25% of the volume.

Rishabh Shah: 25% of the volume, okay sir, thank you very much for answering the questions and I hope the company prospers in future. Thank you very much.

Moderator: Thank you. The next question is from the line of Sagar Sanghvi from ADD Capital. Please go ahead.

Sagar Sanghvi: Thanks for the opportunity, sir. I have two sets of questions. One on the volume front, sir at 1350 tons per day what would be the full utilization that you will be looking at in terms of percentage and at full utilization what kind of volume should be looking at in terms of square meters or if any volume metric that you can help us understand, so that we can model the P&L for that that is one and two on the raw material front how should we look at raw material prices going ahead in terms of soda ash prices, we do we have the contracts for the full year or a half yearly contracts and even on the other raw materials and power and fuel?

Ashok Jain: On the production side or turnover side, the one benchmark to take would be that if you were to run both the plants full capacity like India and Germany, the turnover which one can expect could be about Rs.1800 Crores to Rs.1900 Crores per annum.

Sagar Sanghvi: But that will also take a particular realization per square meter or something into consideration?

Ashok Jain: So that is the reason I have given you a band of Rs.1800 Crores to Rs.1900 Crores depending on the what the price would be and what the volumes we can expect. In terms of the quantity if you were to ask me from Indian operations one can expect about 5 Crores square meters on two millimeter.

Sagar Sanghvi: Okay.

Ashok Jain: German operations about 1.1 Crores square meter on two millimeter. With regard to your other question on the cost and prices, we do have supply contracts for soda ash for this calendar year and the contract is linked to benchmark of quarterly pricing so should there be any changes in the quarterly pricing, it will be applicable to us from the next quarter, suppose the price in this quarter is a lag effect.

Sagar Sanghvi: Got it.

Ashok Jain: For power and fuel like power of course is from DISCOM and now we have our own power and fuel we are buying from the government owned companies and natural gas coming from Gail.

Sagar Sanghvi: What would be the margin should be we looking at is it 22% margins or will it be a normalized 15%, 16% kind of margins on consolidated numbers?

Ashok Jain: Our margin till last three years have not been below 205, so it is not right to assume 15% margin, but we expect margins to be between 20% to 25% generally.

Sagar Sanghvi: On a consolidated basis, not India operations.

Ashok Jain: Standalone I am saying.

Sagar Sanghvi: No, my question was on a consolidated basis?

Ashok Jain: On international operations, we see margins between 10% to 15% one can do the console.

Sagar Sanghvi: Thanks a lot sir.

Moderator: Thank you. The next question is from the line of Anuj Upadhyay from Investec. Please go ahead.

Anuj Upadhyay: Thanks for the opportunity. I am from Investec sir not an individual investor. You mentioned about the domestic market share declined into 19%, can we throw some kind of a number on the export market what shared do we have, I know China has a major role to play out there, but any market share we can get there.

Ashok Jain: There are different markets in which we have different market share. It is not uniform like Indian market of course we can discuss about the market share and we may not have complete idea of other markets. German operations we know that we have a large market share there. Our German company is holding almost 60% to 65% of the market in Europe. We have another 10%, 12% there, so that is the market share we enjoy there. In Turkey we may be about again 10%, 15% and in USA we are hardly there maybe 1% or 2%.

Anuj Upadhyay: Okay, so this export which we are doing is largely targeted to the European region or….

Ashok Jain: Europe and Turkey.

Anuj Upadhyay: Going ahead considering the fact that domestic competition is one of the intel what would be our strategy in the export domestic competition because largely we are in the export market or how things develop?

Ashok Jain: We maintain our focus on the export market subject to the limitation of growth there sometimes, but of course we have to increase our presence in the domestic market as we grow the volumes because the demand and what is the manufacturing activity in India is growing very fast as compared to other countries, other markets but may be after one or two years USA will become another growth area, but as of now we concentrate on Turkey, Europe and India.

Anuj Upadhyay: Sorry sir. I have joined a bit late. I missed out on Q4 production and sales volume and also the bifurcation among the domestic and export sales, can you please help me out?

Ashok Jain: The sales volume have gone up by about 7%, 8% in the quarter led by the commissioning of SG3, but it has not got full operations as of now. We started only from February 23, so from the current quarter, the impact will come in a major way and then it will show a right picture.

Anuj Upadhyay: And export and domestic mix?

Ashok Jain: It was about 25%, 26% in export in the last quarter.

Anuj Upadhyay: Our earlier agreement on the natural gas was expiring in December 2022 and we have now entered into a new contract, this is in what time period and how much is the elevated prices compared to the previous one.

Ashok Jain: So we are still waiting for the right level of the prices for a new contract, but in the meantime we are using a major part of our operations furnace oil which is cheaper than the market related gas as of now and market related gas prices also have come down, but they are still way above furnace oil prices. When they are almost at same level we will like to enter into contracts.

Anuj Upadhyay: Likewise in Europe even in India we are using furnace oil right sir?

Ashok Jain: Sorry, say again.

Anuj Upadhyay: Likewise in European operation even in domestic market we are using furnace oil this is what you are saying?

Ashok Jain: In Europe we are using completely natural gas and oxygen and like that there is no use of furnace oil in European operations. In India almost about 18% to 20% is the utilization of gas and rest is furnace oil, so that is the mix right now in India, but as and when the prices of gas are right we will again shift back to gas.

Anuj Upadhyay: Right sir and with commissioning of 10 megawatt captive power plant, any rough figure you can mention, how much are we saving in the power cost? How much we could save with the fully commissioned plant.

Ashok Jain: We hope to save about 35 lakhs to 40 lakhs per month.

Anuj Upadhyay: Lastly sir, in opening remarks you mentioned about we are rethinking of the strategy are coming up with the SG4 and SG5, can we have discussion on this expansion you had mentioned with all our clients, with whom we have contracted supplies of solar glass, majority of them are going to further expansion plan on the module manufacture, so the reason to relook at the strategy has to do with the competition, because demand I do not think is a concern it has to do with the price, am I right sir?

Ashok Jain: We are in the currently in the process of stabilizing our expansion, because after having expanded from 450 ton to 1350 ton we need to take a call and we cannot be in a hurry and similarly there are other aspects like on the duty front, there is no clarity as of now and we cannot only chase the revenue and not the bottomline, so we would not like to sacrifice too much on the bottomline and just chase the growth, so we will take the call at appropriate time when to put in money for the next expansion.

Anuj Upadhyay: Fair point sir and lastly if at all say suppose if we decide to go ahead with the expansion in the next quarter, how much time will we take because earlier target was to set up by FY2026, we will be sticking to the same timeline or there could be some kind of postpone?

Ashok Jain: It takes about 15 to 18 months anywhere and whenever we take the call from there, it can take another 18 months you can say.

Anuj Upadhyay: Thanks for answering my question and best of luck.

Moderator: Thank you. The next question is from the line of Rishabh Shah from Dalal & Broacha. Please go ahead.

Rishabh Shah: Thank you very much for taking my questions again. One of the questions which I have is for the backward integration that the company had given the guidance for soda ash and natural gas, are there any updates on the backward integration for that?

Ashok Jain: We do not have any such plans, we have never given guidance to get into backward integration of these products, so I think you seem to have misunderstood.

Rishabh Shah: Okay and also I just have one question regarding are there any differentiation in the quality of glass that is produced by us and the glass which are imported from China, Vietnam and Malaysia?

Ashok Jain: Generally, the quality is same.

P.K. Kheruka: However, our quality, there are some differences in composition which gives our glass higher longevity which we do because we believe in making a better product.

Rishabh Shah: Okay sir. Thank you very much and thank you for having me on the conference call. Thank you.

Moderator: Thank you. The next question is from the line of Sheersh Jain an Individual Investor. Please go ahead.

Sheersh Jain: Good afternoon. My question is pertaining to the capital allocation policy now in the absence of a big capex in the ongoing year, what will be the capital allocation policy regarding the free cash flows?

Ashok Jain: We are continuously innovating and continuously looking at various opportunities in the business. We have recently started R&D Center also in Pune with an objective to develop products or come up with cost saving measures and all. Whatever cost saving measures are there, they may not require large capex, but in case we are able to come up with some new products, new ideas we will discuss that and then we can come back with the plans to do any capex on that. So in the meantime the small capex or routine capex we will continue to do.

Sheersh Jain: No sir. My question was whether the free cash flow that we will generate this year whether we will save it for the capex that is upcoming in next year or whether we will use it to reduce the debt or possible dividend payout what are the management thinking on this?

Ashok Jain: So I think we will take the call at appropriate time. Right now we are not in a hurry to decide on that and our next expansion may not be very late as well, so maybe most probably the cash flows will be used for next capex cycle, but we will have to take a call as and when we reach that level.

Sheersh Jain: Okay. I have just one more followup question. Sir, always our exports were very high margin products for us, now that we have a European subsidiary where is the material that we are producing in Europe is being sold versus where were we exporting from the Indian manufacturing houses?

Ashok Jain: So material produced in Germany is getting sold almost 100% into European market only whereas we have been exporting to Europe, Turkey, USA MENA countries and all the areas where the demand is there, so that is how it is being looked at. Currently also we continue to export material from India to European market, because there is a higher demand for glass which German plant cannot completely meet.

Sheersh Jain: Okay, understood. So none of our exports are being sacrificed because of this European plant right?

Ashok Jain: No, because they contribute only 60% of the market and there is room available for other players to supply, so we continue to export.

Sheersh Jain: Understood. That is all from my side.

Moderator: Thank you. The next question is from the line of Jiten Rushi from Axis Capital. Please go ahead.

Jiten Rushi: Thank you for taking my question. My first question would be on Europe business as you said that capex is done and plant has settled down so what could be the contribution from the European plant in terms of total revenue this year probably because you said at full utilization level turnover can be at 1800 cr and there is a room for huge scope in the European market, so what can we see any guidance this year for the European business from German plant?

Ashok Jain: So we can probably expect that about Rs.550 Crores to Rs.600 Crores from that plant.

Jiten Rushi: And Sir this margin would be like 15%, 20% from the…

Ashok Jain: 10% to 15% EBITDA margin.

Jiten Rushi: This Rs.500 Crores, Rs.550 Crores is like the peak or we can even achieve more?

Ashok Jain: Well, we have just rebuilt the furnace and we will have to build up extra production and get efficiencies and all it could be slightly better, but this is what we normally expect when we start the production. As we go along we will try to improve our productivity over there.

Jiten Rushi: What would be the portion of exports to the locations with anti-dumping duty against China and probably how competitive are we in those areas like probably I know that your main export is in European country, but how are we competing with China in those regions, is there anti-dumping duty there?

Ashok Jain: In both these markets, there is anti-dumping duty against China, but there is no anti-dumping duty against Malaysia, Vietnam who happen to be the largest exporter to these two geographies as well and we have to compete with them.

Jiten Rushi: These entities are also like Chinese companies only?

Ashok Jain: They are Chinese companies.

Jiten Rushi: Okay sir. That is from my side. Thank you, sir and all the best.

Moderator: Thank you. We have a followup question from the line of Sheersh Jain an Individual Investor. Please go ahead.

Sheersh Jain: One question, sir in the earlier calls we have suggested that a 1000 TPD plant would help generate Rs.1200 Crores sort of revenue which indicates to 1.2 times asset turn, but in the previous question you suggested that a 350 tons plant could generate Rs.500 Crores of revenue which is much higher asset turn, so is it the case that the European plant are much better in terms of efficiency and productivity?

Ashok Jain: No, in fact the prices in Europe are higher compared to what they are in India and it can generate a better product mix as well, because there are a lot of markets in which they sell like Greenhouse or Thermal markets which are paying higher amounts there. In Indian context we have to compete with Chinese and our prices remain lower so that also is another bottleneck in India.

Sheersh Jain: Regarding Indian manufacturing plant, 1.2 times asset turn is still an ideal situation?

Ashok Jain: 1.2 asset turn is happening because ours is a Brownfield expansion here and we have set up the old plants like in 2010 and 2019 and all but if it was a new plant to be set up in India the asset turn will be mostly 0.85 or like that. So in Indian context for our company, you can say it will be 1.2 times but if you were to really look at any Greenfield plant it will be much less than one.

Sheersh Jain: Okay. That is very helpful. Thank you so much.

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

P.K. Kheruka: Thank you very much for your questions. They revealed the interest that investors are taking into stock and the operations of the company. I can only assure investors that we continue to remain alive to the situation and we are constantly working towards making products that would have a higher realization. We are also working constantly to maximize production and also to keep our costs at the lowest possible level. I do want to inform people that what we have done now is we have installed a very modern, very sophisticated plant and it just takes time to tune it up and to get the maximum output from this. So we are at work and we are seeing results every week, things keep getting better, so we are quite confident that in time we should be able to cover all the points that need to be covered and we should be able to have a very efficient production from the total operation. Thank you.

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.