



“Borosil Glass Works Limited Q3 FY ‘18 Earnings Conference Call”

February 8, 2018



**MANAGEMENT: MR. SHREEVAR KHERUKA-MANAGING DIRECTOR AND
CEO, BOROSIL GLASS WORKS LIMITED
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LIMITED**

MODERATOR: MR. PRAVEEN SAHAY-EDELWEISS BROKING LIMITED

Moderator: Ladies and gentlemen good day and welcome to the Borosil Glass Works Limited Q3 FY18 Earnings Conference Call hosted by Edelweiss Broking Limited. As a remainder, 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 '*' and then '0' on your touchtone phone. I now hand the conference over to Mr. Praveen Sahay from Edelweiss Broking Limited. Thank you and over to you sir.

Praveen Sahay: Thank you operator, good afternoon everyone. Thank you for joining to the call of Borosil Glass Works Limited on behalf of Edelweiss Broking I would like to welcome the management team of Borosil Glass Works Limited to discuss the result and outlook post Q3 FY 18 earnings. We have with us Mr. Shreevar Kheruka – Managing Director and CEO, Mr. Swadhin Padia – CFO. I would now request Shreevar for his opening remarks post which we can start the Q&A session, over to you sir.

Shreevar Kheruka: Thanks Praveen. Good afternoon everyone, greetings and welcome to our Q3 conference call. As always, we will just go through about 15 minutes of an overview of our different businesses. For the purpose of this call I am going to be discussing mainly year-to-date numbers rather than any quarterly numbers just because it will smooth out any seasonality in the business. For instance, this year Diwali was a bit earlier compared to the year before, so it is not exactly like to like in terms of quarter-on-quarter performance. That being said we have conducted our Board Meeting today and we already uploaded the presentation on the company website and also on the stock exchange websites, so you can have a look at it as I run through the numbers. After this of course we will open it up for questions.

So far, the year has resulted in about a 15.7% growth of sales turnover for the company compared to the same 9 months in the last year. The growth has been aided by revenue from Klasspack in which we acquired 60.3% in July 16, so it is not exactly like to like. If we adjust for a like to like period from Klasspack, then the overall growth stand at about 12%. Of course, this growth has been slightly muted owing to GST, June and July 2 months were quite disruptive from a market perspective, the trade has shut down more or less and so those 2 months have created a disruption but if you see in the period post July meaning August to December, we see a very healthy growth in the organization across all the verticals of the company. So for example, the organic growth in the scientific products division was flat during the first half of FY 18 and now we see a 5.2% growth. This is excluding Klasspack, this is just the core lab glassware division and we expect this division to have a strong January to March Q2. In Klasspack we acquired 60% in July 2016, and this year we have grown by about 21% on a like to like basis. That has been on the back of new customer additions and we are seeing the thesis or the reason why we invested into Klasspack we have seen that thesis play out, we have got more than 10 new customers on board and many more in the pipeline. So it is a very encouraging sign for us and we expect there to be more CAPEX in Klasspack in the future and also more growth as a result of that. If you combine the scientific products division as well as Klasspack, the growth in lab ware was about 17%. But if you adjust it is only to organic

growth basis and considers like to like sales in Klasspack the growth in lab ware was about 8%.

Consumer products division has gathered momentum, it has achieved a revenue of about Rs. 194 crores which is a growth of 15% over the same period last year and if you look at just the Borosil branded products, we have grown by about 11.5% and Opal ware, Larah has grown by 20%. It is important to note that the growth of Larah 20% has been in spite of the fact that we had a furnace repair in the business of Opal ware; we have to re-line the furnace every two or so years. So, in the months of November and December, the furnace was being repaired and as a result of that, there were many products which were actually out of stock. So this growth of 20% has been registered in spite of the lack of full product portfolio available for sale. So the growth drivers, just to be more specific in SIP our cost strategy has always been to sell more products to the same customer. LabQuests by Borosil which is our brand for best of instrument has been gaining acceptance in the market and we are looking at, of course, it is still a small percentage of sales, but the response has been quite encouraging and we are looking for organic as well as inorganic expansion in this area. Adding customers for Klasspack involves a longer lead time and like I already mentioned, we have been seeing the results of these efforts over the last few quarters. We have added more than 10 new customers and more than that even is in pipeline for under frugal. The only disappointment so far in this year has been exports, the performance has been quiet tepid. We had to clients whose orders have been delayed owing to issues in their home markets. However, we expect this to be a timing issue and will continue to work on building a strong vertical in exports in lab glass division over the next few years.

Coming to consumer:

The new segment of storage have been performing quite well. We are seeing a large opportunity to convert customers from plastic to glass. I hope some of you would have seen our advertisements on TV in this regard and our high-quality materials and product design, which are both aesthetic as well as functional are being quite well received. The TV campaign has been resulting in good feedback and the year-to-date revenue from storage has continually been growing and we will see much more growth in this in the future and it's now become a double-digit contributor to the overall top line of the consumer division. The acquired business of Larah has been meeting our expectations, but like I mentioned that for 2 months so far in November and December and the including the month of January, we have been out of production.

Our new furnace has just started a few days ago, the results are quite encouraging the preliminary production has been very good, both in terms of output as well as in terms of improvement of yields that we have been discussing and I think that going forward that is a positive sign. However, obviously the 3 months, namely November, December and January that we have been out of production we did not have the full product mix to supply. In spite of that we have recorded a growth of 20%, the product is now available at probably about 7000 to 8000 retail outlets nationwide.

Now coming to EBITDA margins:

The EBITDA from operations has grown by about 70% at about Rs. 49 crores which is really a good performance. We have seen the operating margin expand 15.7% during the 9 months and it was led by a more profitable product mix and also with growth in revenues, the company has begun reaping the benefits of operating leverage and we expect more of the same in the coming years. Borosil has registered a PAT of about Rs. 38.5 crores in the 9 months and last year, of course, the PAT was quite a bit higher because of the one-time gain of the sale of land which was an exceptional item. If we remove that the growth in the PAT was, Rs. 38.5 crores represent a 45% growth in PAT from the same period last year.

Coming to the medium-term outlook:

GST is likely to benefit organized players like us. We have been talking about it, would we actually see that in action. We have been getting more space on the shelf, we have seen new product categories emerge which were more unorganized dominated. For example, we have introduced steel bottles and steel flasks which have also done quite well. The company will be focusing on its new product development in the coming year and we have instituted a task force and we expect to introduce 10s of new SKUs somewhere in the 50s to 60s range in the next year and obviously we will eliminate the long tail of SKUs, which are not moving well in the market. EBITDA margins will expand further, as company gets scaled benefits and we absorb our overheads on a larger base.

The company is continuing to invest in marketing and brand building; sales are likely to grow faster than we expect marketing expenses to increase. So we mean to say that marketing expenses as a percentage of sales will reduce over the next 2 to 3 years. In consumer products specifically both the storage are Opalware categories have a strong tailwind, rising awareness of the advantages of glass over plastic in storage and rising aspirations of middle-class for a superior product that is Opalware gave us participation in growing categories.

The company completed its upgrade of its Jaipur factory, which manufactures Larah, the capacity has been expanded by over 50% and this is likely to help efficiency gains as well as improve the cost structure. I also mentioned that we are working on a new mother warehouse or a large central warehouse for our operations which will help in the reduction of overall inventory as well as reduce our warehousing and freight expenses that we incur. And that project has started it was a bit delayed due to certain permissions, but those have all come in now and we expect the warehouse to be operational by Q3 of the next financial year.

Coming to the balance sheet:

Company has a cash surplus of about Rs.190 crores. We will be investing approximately Rs. 40 to Rs. 45 crores in the new warehouse that I just mentioned. However, in line with the company's intent of lightening the balance sheet the Board at its meeting today approved the further sale of non-core real estate assets of approximately Rs. 67 crores. Earlier, the company

had obtained a current valuation of the assets Knight Frank and engaged a broking firm to solicit interest in the property, we received multiple bids and the transaction is being concluded at Rs. 68 crores and this is expected to be completed by March 31 of this year in due course. The company expects to retain about Rs. 200 crores of cash surplus, these funds can be used to fund future growth, including acquisitions and we have changed the way the Treasury is managed to being all the debts. However, we had some real estate funds in the Treasury, which are historical investments which will take some time to pay out, for all the money paid out from that, would be reinvested in debt mutual funds or liquid funds. We have exited all equity mutual funds and directionally we are lucky to move the entire surplus to fix income.

On corporate initiatives:

The company subdivided its shares from Rs. 10 to Rs. 1 face value each and the trading commenced on September 14, 2017. The Board has proposed a scheme of amalgamation which I'm sure all of you are aware of. Unfortunately, the hearing was delayed or could not be heard on the specified date by NCLT and the new date has been given as 22nd of February. We are still hopeful to get the order on that date and have the earliest possible date for the actual merger to be concluded. So we also strongly believe in human resources, alignment of management in centers with long-term shareholder value and that is why we have implemented an ESOP policy and that has been quite positively received from the people who are the benefactor of this policy and I hope that will drive real long-term value for the organization. We have also applied for our shares to be listed on the NSE and approval from the NSE is awaited.

Lastly, coming to Gujarat Borosil, we currently hold 25.25% of the Gujarat Borosil equity upon implementation of the amalgamation scheme we will go to 58.4% Gujarat Borosil has Board Meeting to consider our results on the 10th of February. So I cannot share with you any additional details today. The only point which I would like to mention is that India has already imposed an anti-dumping duty on Chinese solar glass and as of this week anti-dumping duty investigations have also begun on solar glass from Malaysia because we believe that there is substantial dumping happening from Malaysia as well and the government has prima facie seen that investigation is warranted so that has just happened and we expect the results of that to be out shortly.

So the company has entered a new growth phase as you can probably see from the improvement in the results over the last few years. I look forward to the next few years with a lot more optimism and confidence.

I'm now happy to take any questions that you may ask.

Moderator:

Thank you. Ladies and gentlemen, we will now begin with the question and answer session. The first question is from the line of Kashyap Jhaveri from Emkay Global. Please go ahead.

Kashyap Jhaveri:

Hi, congratulations for great set of numbers. I have three questions. One, on the scientific ware, the growth in M9 has slowed down like about mid-single digit. We have been growing that segment also at slightly high double-digit number. So what has been different in this 9 months? Question number 2 is on Hopewell quite impressed with 12.5% EBITDA margins despite about 2 months shutdown in the 9 months. In our earlier conversations what I understand, was that margins should track the other players in the industry as the sales continues to ramp up. Does that thesis remain intact? And within the second question is that now if we have like every two year one shut down of about 3 months then how do you see the growth number over next about 2-3 years or so in this segment?

Shreevar Kheruka:

So firstly, I will answer your question, on lab. If I look at the numbers slightly broken down up to July, we had actually had a de-growth in lab ware and that was mainly because of the months of June and July. But if I look at the numbers from August to December, the growth has been about 12% and therefore the combined growth is about 5.2% in lab ware. So I would say that June and July were anomalies for us. And while that sale is lost. I don't see that coming back so that was like one off. But our guidance which was long term or medium-term guidance of 10-12% growth for the lab division continues. I don't see any change on that. Klasspack of course has been doing quite well, because the base is still low, so Klasspack still we could deliver (+20%) growth on the scientific products division side. Coming to your question on consumer ware you mentioned about the EBITDA margins so Hopewell the thesis is still that we should have a margin which is tending towards the market leader that will happen, probably from Q1 of this coming financial year. Because even in Q4 we see that January has been shutdown and February, we have just started production the initial results are positive, like I've already said, but I think the real results we would be able to observe in Q1 and I am personally quite bullish that we should be moving up that EBITDA percentage closer to where we see La Opala at. The third question on the shutdown, yes, the shutdown does happen every two years. What we would do is build inventory in that time. Unfortunately, because the capacities were not aligned we could not build the inventory for this last period of shutdown. That being said, I think the growth in that area, 20-25% would be the real target for us and that would allow us to also keep, we have enough production capacity to buffer inventory in the 2 odd months that we are shut down. This time the shutdown was a little longer because we had to make many changes in the flow of the line. So there were many structural issues which had to be resolved in the next period my sense is that the shutdown will not be 90 days would probably be closer to 50-55 days.

Moderator:

Thank you. We take the next question from the line of Hitesh Kumar from AKSA Capital. Please go ahead.

Hitesh Kumar:

We see quite a lot of product launches on your social media platforms. So just wanted to understand if you look at the Borosil standalone consumer ware business, excluding the storage ware and tableware, what would be the mix of revenues from other products?

- Shreevar Kheruka:** We don't share that honestly on a product wise basis, but I can tell you that the storage and Larah tableware has been leading the charge. The other glassware products have been growing but their growth is more in the low single digits.
- Hitesh Kumar:** But are these products there across your sales network or is it only in selected geographies?
- Shreevar Kheruka:** No they are across sales network.
- Hitesh Kumar:** And what would be your advertisement expenditure in this first 9 months both in Hopewell and the Borosil standalone?
- Shreevar Kheruka:** About Rs. 12 odd crores.
- Hitesh Kumar:** Totally?
- Shreevar Kheruka:** Yes.
- Hitesh Kumar:** If you can just give a mix probably that will help us understand the EBITDA margins better.
- Shreevar Kheruka:** Sorry I will have to come back to you on that. I don't have that data right now.
- Hitesh Kumar:** Sure I will get back on that and just a final question this Rs. 190 crores of cash that we have is that include the preference shares, which are invested in the Gujarat Borosil?
- Shreevar Kheruka:** No it does not.
- Hitesh Kumar:** And we have some NCDs also in March 2017, so because all those.....
- Shreevar Kheruka:** That would include that. I think you are talking about the real estate NCDs?
- Hitesh Kumar:** Yes.
- Shreevar Kheruka:** Rs. 190 crores include that.
- Moderator:** Thank you. The next question is from the line of Jasdeep Walia from Infina Finance. Please go ahead.
- Jasdeep Walia:** I calculated sales for the consumer ware business, which comes under the standalone entity for Q3. So Q3 FY 18 sales came at Rs. 41 crores versus Rs. 39 crores last year. The growth rate is quite subdued, what is the reason sir? Because this is almost like a virgin market, so I was expecting much high year growth rate.
- Shreevar Kheruka:** Yes on the issue of Q3 if you recall last year Diwali was on November 3rd so the entire sale of October was quite high where this year Diwali was in early October on 15-16, so most of the sale of Diwali happened in the month of September. So that is why I said it is not strictly

speaking like to like the other thing is we have given discounts this year which in order to, because we have got some benefits from GST so we had to pass that on to our customers, so we reduced our price in many products this year. So, volume growth actually isn't quite attractive value growth was bit impacted because of the reduction in our selling prices. But I can tell you I have the numbers in front of me that like I mentioned for lab ware if I look at my without Larah consumer division upto July we were down 13.6% from August to December we have grown 30.2% over last year. So again, same story so because August to December would eliminate the seasonality of Diwali or the mismatch of time of Diwali, so this would give you a better sense of our growth rates. June-July were really the troublesome months but after August we have had a good run.

Jasdeep Walia: What has been the volume growth in 9 months in this glassware division?

Shreevar Kheruka: In terms of consumer products:

Jasdeep Walia: Yes.

Shreevar Kheruka: I would say of course it varies widely from product-to-product but I would say in the low double digit percentage.

Jasdeep Walia: And what is the price reduction that you have taken to pass on GST benefits to consumers?

Shreevar Kheruka: It again differs product to product but somewhere between 3-4%. In any other company you may just be able to add those two and come up with a growth rate. But actually the sales mix also has been hugely different.

Jasdeep Walia: Any particular trend there?

Shreevar Kheruka: Yes like I mentioned storage containers have done very well. They have grown almost triple digit growth rates but obviously of a low base. So that and Larah of course has done well so the sales mix is quite different and in the whole sales mix is changing and in a way that is favorable to us.

Jasdeep Walia: What has not done well in the consumer part of the glassware business?

Shreevar Kheruka: I would say actually we could do much better in e-commerce for example, as a channel versus a product. We have been working on our e-commerce strategy, but I still think there is a lot of room for improvement over there. We would like to expand our distribution foot print more in large format stores even and that is still a work in progress. So more than a product issue I think the distribution needs to be further enhanced through the large format store as well as e-commerce.

Moderator: Thank you. The next question is from the line of Jinesh Joshi from Prabhudas Lilladhar Private Limited. Please go ahead.

- Jinesh Joshi:** At the EBITDA level Hopewell made a loss this quarter if I am not mistaken I understand that there was a shut down for about 2 months. But if I look at Q1 of FY 18, on a Rs. 16 crores top line, we were EBITDA positive. So any specific reason why we were into losses in this particular quarter?
- Shreevar Kheruka:** Because you see Q1 I am just pulling the data as you speak, the basic point is that there was no production right, from the furnace. In Q1 you may have only Rs. 16 crores topline but you would have a production, you would have an addition of goods, so you would increase the value of the goods. Here there was no production whereas almost all the costs are the same so that is the reason you would probably go into an EBITDA loss for this quarter. But I am just trying to pull up the data but that is almost definitely the reason.
- Jinesh Joshi:** To be very honest I am not able to collate everything. We did a top line of Rs. 16 crores but we were EBITDA positive now why in this quarter we are up by about Rs. 5 to Rs. 6 crores as compared to what we were in Q1. But still we are negative although the cost of production should have come down because of shut down in the furnace but at the same time if we are drawing down from inventory if that is the case then ideally, we should have done better than Q1, right?
- Shreevar Kheruka:** No because you see when you mix Rs. 16 crores sales the production would have been more like Rs. 26-Rs. 27 crores probably in Q1 I don't know the exact number, but it would have been in that. So you are adding inventory by Rs. 10 crore, right or there about at cost no doubt but you are adding inventory there. In the Q3 what happens is there is no production at all, there is only some production in the month of October but like say electricity for example you have a very large demand charge which you have to pay for anyway whether you draw electricity or not, you have to pay for the demand charge. So even though your furnace is shut down, you still pay for that on the issue of man power, you cannot let anybody go for two months or three months, so you have the entire 100% of your manpower expenses at that particular point of time and the ad expenses also in the October-November-December quarter are higher than what they are in Q1 of the financial year. So that is why I think it is better to look at year-to-date number and not quarterly numbers.
- Jinesh Joshi:** And you mentioned in the initial remarks that the furnace has begun operation. So going forward, what kind of utilization should be work around with from next quarter onwards. Should we expect additional sales at, say 70-80% kind of a utilization?
- Shreevar Kheruka:** Yes I think so I would say from Q1, you should take from next year and you can look at 75-80% utilization.
- Jinesh Joshi:** And out of the Rs. 110 crores of CAPEX that we had envisaged, how much have we invested till date?
- Shreevar Kheruka:** About 65.

- Moderator:** Thank you. We take the next question from the line of Praveen Sahay from Edelweiss Broking Limited. Please go ahead.
- Praveen Sahay:** Just on the Hopewell only as you had already mentioned that 50% of the capacity increase we are expecting with the repair of the furnace and all. So how much like on the one-go in the capacity terms are the utilization terms we are going to see and when that will be operational, from Q1 or Q2 we will see the increase in capacity?
- Shreevar Kheruka:** The capacity has already started we have already started the production as of few days ago. So capacity is more or less is already there, but in terms of the fraction of that in sales for the whole quarter you see that only from Q1. Now coming to capacity utilization, I think the gentleman before asked a question I think for the next year we should assume a 75-80% capacity utilization. So if that happens I think we can and we have a base sale of say Rs. 100 odd crores you would end up looking at Rs. 120-125 crores kind of top line and assuming our capacity is in Rupee terms it would be Rs. 150– Rs. 160 crores.
- Praveen Sahay:** Similar to this, like you are exploiting you are existing distribution channel for the sales of the increased capacity or you are expanding further?
- Shreevar Kheruka:** No , I think the existing distribution channel can absorb the increase of capacity.
- Praveen Sahay:** And secondly on the Klasspack sir. Because as you had already mentioned 10 new customers, we had already added. So, at what level of the utilization we are running at and when actually the CAPEX or the increase in the capacity required, especially for the Klasspack?
- Shreevar Kheruka:** So we are now this year roughly at about 75-80 % capacity utilization in Klasspack which is a good level to start increasing CAPEX. So we will now get into that cycle where we will increase capacity probably by 15-20% a year and the first phase of that has already been ordered and the equipment and all of their machines will start arriving probably at the end of Q1 of the next year. And this has now become a continuous process I think every year if my sense we will be doing about Rs. 15 crores of CAPEX in Klasspack so it is not a whole lot but commensurate to the size of the company it is a fair bit of investment so Rs. 15 to Rs. 17 crores of CAPEX.
- Praveen Sahay:** And these are capacity increase is existing business like existing plants so the Brownfield expansion?
- Shreevar Kheruka:** That is right.
- Moderator:** Thank you. We will take the next question from the line of Rakesh Jain from Asit C Mehta. Please go ahead.

- Rakesh Jain:** Hi sir, my first question is regarding what was the reason for removing a few SKUs which were not performing? What was the reason for their nonperformance coming and we adding 10 to 20 new SKUs?
- Shreevar Kheruka:** Okay so look, we keep adding SKUs some in spite of our best desires we are not we don't have any vision of God. So we can't always predict whether the SKUs will do well or not so we add SKUs based on best knowledge available to us at that particular point of time, including market research, our own customer understanding and our understanding of distribution and so on. But that being said, some SKUs don't work, so better to cut the losses at that time. But that failure doesn't prevent us from trying new things you keep failing in some areas you would very well in others and you keep trying chopping and changing and that is how our consumer division has been successful also is just by trying new things. So that will continue in the future also.
- Rakesh Jain:** And secondly, we have seen some advertisements of Cello with their consumer products of their bottles and all. how aggressive they are being or are they being aggressive on pricing because seeing their marketing expense they have been increasing their advertisements quite a lot. So what kind of change have you seen in this scenario, or something like that?
- Shreevar Kheruka:** Look I think our consumer products have always been very competitive and that competitive intensity is only increasing and is definitely not reducing. So I would not like to comment on any one specific competitor, but in general, yes, people are getting more aggressive, people are discounting more, but at the same time that is why we have to keep spending money on our brand and we have the keep spending money on new product development because that is what differentiates you end of the day in the market. So that is why a customer should come to Borosil because we have something which is different not to say our competitor will not catch up, they will catch up. Then again, you have to keep moving up the bar and that is really what we are trying to do here.
- Rakesh Jain:** And last thing this quarter the tax rate was a bit higher comparatively. What was the reason for that?
- Shreevar Kheruka:** No we had a normal tax.
- Rakesh Jain:** That is 36% vis-a-vis 34%?
- Shreevar Kheruka:** I will come back to you on that separately, I will have to relook at that. But there is nothing abnormal there.
- Moderator:** Thank you. We take the next question from the line Naveen Bothra an individual investor. Please go ahead.

- Naveen Bothra:** My first question is regarding the along with the June quarter numbers, we had proposed packing unit through an LLP and we were 18% partner in that. So how will that progress sir that investment in packing unit?
- Shreevar Kheruka:** Actually, we had started the work on that in terms of progressing in the direction. Unfortunately, the place that we were looking for at the last minute to rent that place had not worked out. So, we had to relook at a new place so that unit in my sense will only be operational in say 3 months' time so we had a bit of a setback over there. That being said it is not really impacting our packing cost more the reason to do that was to make sure we get our supply on time of our packing material which is the problem currently. So I think you will have to wait for few more months to solve for that problem.
- Naveen Bothra:** If you can sir how much are we investing in that LLP at Borosil level?
- Shreevar Kheruka:** I don't have that at top of my head but I think it is about Rs. 50 lakhs.
- Naveen Bothra:** Only Rs. 50 lakhs?
- Shreevar Kheruka:** Yes.
- Naveen Bothra:** If you can sir, who are the other investors in that including promoter family or some outsiders are there?
- Shreevar Kheruka:** Our existing packing vendor is the main person there, who is not related to us in any share or form.
- Naveen Bothra:** My second question is regarding today's announcement of commercial paper. We have proposed for an enabling resolution if you can clarify on that. Because we are already having around Rs. 200 crores of cash balance, all the businesses are growing, cash balances are growing quite good so if you can?
- Shreevar Kheruka:** So it is an enabling resolution. At the moment we have loans in both Hopewell as well as Klasspack which are at higher rates of interest. So the idea there is to replace those loans with loans at lower rate of interest. So it is an enabling resolution which allows us to do that.
- Naveen Bothra:** At Borosil independent level or Klasspack level?
- Shreevar Kheruka:** No, it will be raised at Borosil level and Hopewell anyway is merging into Borosil, so we can replace the loan which currently is at Hopewell with money raised from Commercial paper and we will save at least 2 odd % of interest cost.
- Naveen Bothra:** And tax adjusted cost vis-a-vis our cash balances vis-a-vis our commercial paper

- Shreevar Kheruka:** Because the cash balance is not meant for this. Cash balance we are looking to use for future growth and acquisitions, so this is completely different I am not connecting it really to the cash balance to be honest. It is just a way to replace our existing loan that is it.
- Naveen Bothra:** And if I may, regarding the Gujarat Borosil, since we are going to list on NSE, we have already applied and Gujarat Borosil is going to be our 58% subsidiary hopefully by March. So are we planning NSE listing there also in Gujarat Borosil something like that?
- Shreevar Kheruka:** I will have to talk to them. I am not aware of anything. But I guess if it makes sense they should do it.
- Naveen Bothra:** Because the capitalization and all criteria are already there.
- Shreevar Kheruka:** Yes if it makes sense I am sure they will do it. I will have a discussion with them on that.
- Moderator:** Thank you. The next question is from the Dhruv Shah from Ambika Fincap. Please go ahead.
- Dhruv Shah:** I just have one question, what are our total diluted shares post-amalgamation?
- Shreevar Kheruka:** In terms of quantity?
- Dhruv Shah:** Yes.
- Shreevar Kheruka:** 25 lakh shares, if I'm not mistaken.
- Dhruv Shah:** So currently is 23, which will go to 25?
- Shreevar Kheruka:** Yes, something like that.
- Moderator:** Thank you. We take the next question from the line of Naveen Bothra, an individual investor. Please go ahead.
- Naveen Bothra:** One second on the Gujarat Borosil side, we have an enabling resolution there also, in the fundraising and as regarding the capacity expansion is it already going on or we are planning after the fundraising.
- Shreevar Kheruka:** After the fundraising.
- Naveen Bothra:** So whatever we have done, we have done upgradation of that 2 mm tempered glass, not any capacity expansion till now.
- Shreevar Kheruka:** That is some capacity expansion. So we have increased our solar glass capacity by about 25% there, but that has already happened. I'm saying any further capacity expansion would be after the fundraise which is we are looking to double our capacity, more than double the capacity.

- Naveen Bothra:** So we will get more clarity on that in the ensuing Board Meeting.
- Shreevar Kheruka:** I hope so.
- Shreevar Kheruka:** Since there are no more questions, I think we can close the call.
- Moderator:** Sure sir. Would you like to add any closing remarks?
- Shreevar Kheruka:** Thanks everybody for participating and I look forward to sharing with you all next quarter.
- Moderator:** Thank you. Ladies and gentlemen, on behalf of Edelweiss Broking Limited, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.