

BOROSIL®

Borosil Glass Works Limited

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August 10, 2017

BSE Limited

1st Floor, New Trading Ring
Rotunda Building
P. J. Towers, Dalal Street Fort,
Mumbai - 400001

Dear Sirs,

Scrip Code: 502219

Sub: Presentation on Company's performance for the quarter ended June 30, 2017

Enclosed presentation on Company's performance for the quarter ended June 30, 2017.

You are requested to take the same on record.

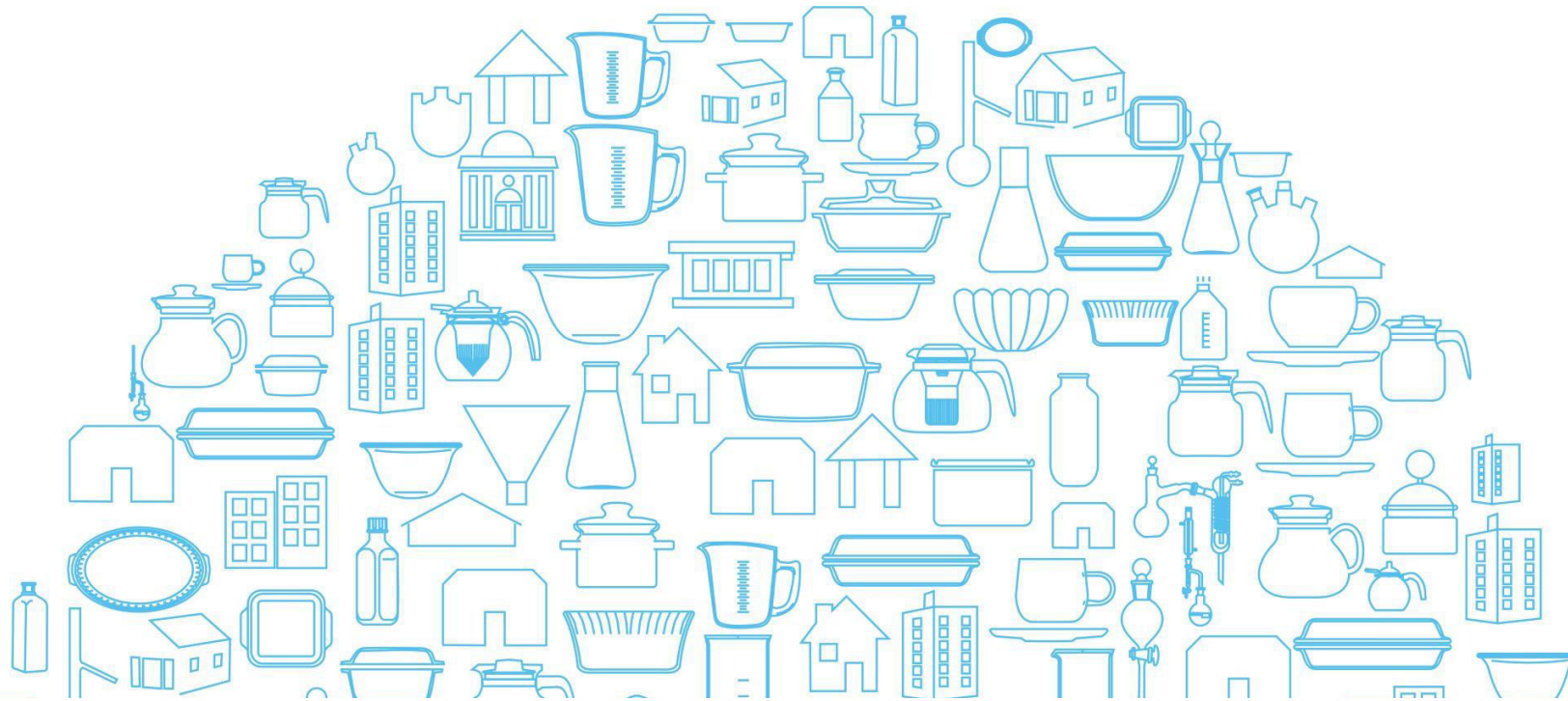
Thanking you.

Yours faithfully,
For Borosil Glass Works Limited

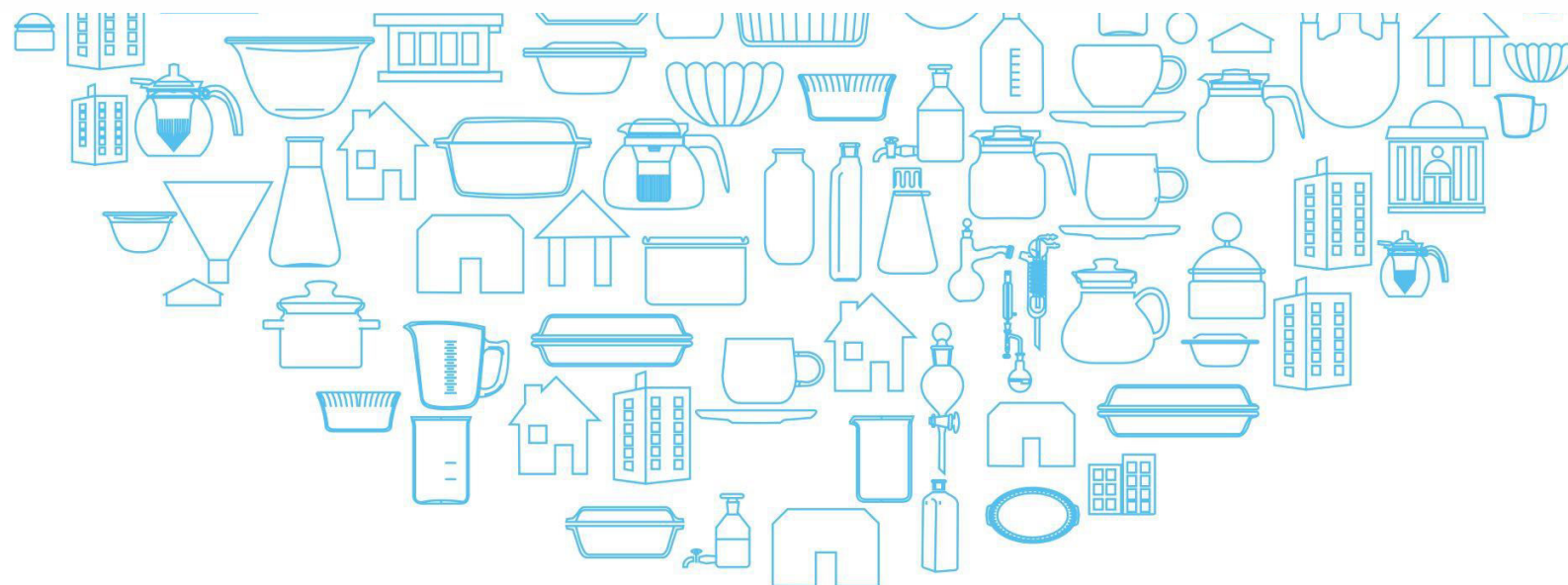


Gita Yadav
Company Secretary

Encl: as above



BOROSIL®



Forbes
Asia

Best Under
A
Billion

BOROSIL®

THE REGION'S TOP 200
SMALL AND MIDSIZE COMPANIES

November 2, 2015

Brand with a
50+ year
legacy

Market Leader in
Microwavable
Kitchenware in
India (Consumer
Products)

Market Leader in
Laboratory
Glassware in India
(Scientific &
Industrial Products)

Q1FY18 Highlights – Sales

Rs. In Crores				
Segment	FY17	Q1FY17	Q1FY18	YTD Growth %
Labware				
- BGWL (SIP+Others)	137.3	23.8	23.8	-0.3%
- Klasspack* #	20.5	-	7.1	
Total Labware	157.8	23.8	30.8	29.5%
Consumerware				
- BGWL	129.7	28.4	26.3	-7.4%
- Hopewell*	87.3	18.7	16.6	-11.5%
Total	217.0	47.2	42.9	-9.0%
Total	374.8	71.0	73.8	3.9%

* Sales figures exclude Sales to BGWL

Sales considered for the period for which Klasspack was held by BGWL

June Sales aberration

Segment	Rs. In Crores					
	Actual Apr-May, 2016	Actual Apr-May, 2017	Growth % over LY	Actual June, 16	Actual June, 17	Growth % over June, 16
Labware	14.5	16.0	10.8%	9.4	7.7	-17.3%
Consumerware	17.3	19.8	14.8%	11.2	6.5	-41.6%
Total	31.7	35.8	13.0%	20.5	14.3	-30.5%

De-stocking by trade in June owing to uncertainties around GST implementation.

Q1FY18 Highlights

Segment	FY17	Q1FY17	Q1FY18	Rs. In Crores
				Growth %
<u>EBITDA from Operations</u>				
- BGWL	39.9	4.8	5.2	8.4%
- Klasspack #	2.6	-	0.7	
- Hopewell	0.8	4.4	0.3	
Total	43.2	9.2	6.2	-32.0%
EBITDA%	11.5%	12.9%	8.4%	
<u>PAT (Including Income from Investments)</u>				
- BGWL	135.5	9.8	7.7	-21.2%
- Klasspack #	0.5	-	-0.2	
- Hopewell	-12.8	0.3	-2.5	
Total	123.2	10.1	5.0	-50.2%

Includes figures for the period during which Klasspack was held by BGWL.

Significant Shareholder Approvals

- During AGM held on Aug 10, 2017, the Shareholders approved :
 - Sub-division (Split) of face value of shares from Rs. 10 to 10 shares of Re. 1 each.
 - Provide greater access to retail shareholders
 - Development of a Scheme of Employee Stock Option Plan (ESOP)
 - Align management incentives to long term shareholder value



Divestment of Non-Core Assets

- Strategic divestment of non-core assets
- On Aug 10, 2017, the Board approved sale of non core real estate assets of INR ~68 Crores
 - This follows a compensation of INR ~91 crore received in Q3FY17 on acquisition of land from the company by Municipal Corporation of Greater Mumbai



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Performs Beautifully

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Consumer Products Division (CPD)



Consumer Product Division (CPD)

Product Range & Positioning

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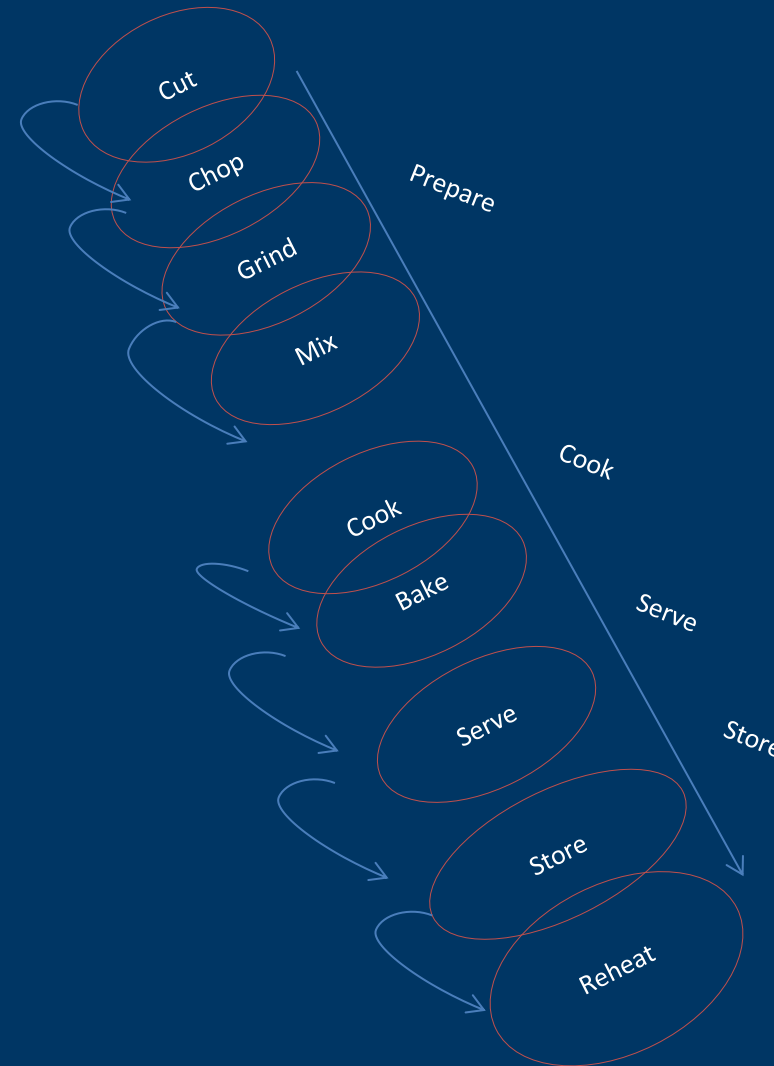
Ally for the progressive homemaker



Everyday



Entire process of Cooking & Serving



Modern, contemporary



Expanding from being synonymous with microwaveable glass to storage, tableware and appliances

Consumer Product Division (CPD)

Opportunity

Category	Total Market Size (Cr.)	Market Growth %
Glass Microwavables	100	10%
Tumblers	440	10%
Appliances	9000	10%
Opalware	500	20%
Tea / coffee	400 (incl. ceramicware)	15%
Storage	700	15% to 20%

- Estimated market share of Microwavables is 60%.
- Tumblers universe consists of Borosilicate glass & Soda Lime glass, Borosil primarily markets Borosilicate Glasses.
- Borosil has entered the other categories recently.
- Note : Market size, growth & share are internal estimates

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Consumer Product Division (CPD)

Emerging Growth Opportunities

- Lifestyle change towards convenience & improved presentation
 - Upgrading from steel & unorganized / unbranded market towards premium products
- Rise of the middle class aspirational customer base
- Innovation possibilities in product categories
- Focus on hygienic & healthy products
 - Movement from plastic to glass
- Opportunities in multiple distribution channels
 - (E.g.: Modern Retail Outlets, E-commerce etc.)



Consumer Product Division (CPD)

Strength to leverage Opportunities

- New product capabilities
 - New product range has received wide market acceptance
 - New Products (introduced in last 3 years) share of Total Sales ~20%
- Borosil is the gold standard on quality
- Strong channel loyalty
 - Proven by quick acceptance of Larah
- Investment in brand building
 - Few established brands in the category



Consumer Product Division (CPD)

Acquisition of Hopewell (Larah)

- Acquired 100% in January 2016
- Brand Larah
 - Lifestyle Opal dinnerware
 - Microwavable, Light, Strong, Chip-resistant for daily use
- Targets mass market customers for daily use
- Market dominated by a single player
 - Opportunity to invest & grow Larah into a strong brand
 -
- Sales and distribution channel synergy – higher throughput
- Brand revenue FY17 : INR 87 crores (net of Excise duty)
- Revenue Q1FY18 : INR 17 crores (net of Excise duty) as compared to INR 19 crores in Q1FY17.
 - De-stocking by trade in June'17 owing to uncertainties around GST implementation.

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Margin Improvement & Capacity Expansion

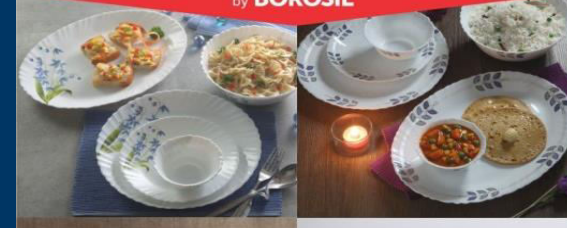
- Run rate on Larah sales nearly doubled since acquisition
 - Manufacturing capacity now close to 100%
- Plan to expand capacity with new furnace & other machinery
 - Likely to service 50% additional sales
 - Improve product quality
 - Enhance yields / reduce wastage
- Plan to create additional warehouse space
 - Optimize truck utilization by combining Larah & other Borosil products
- Investment of ~ INR 110 crores
- Implementation planned by end of FY18
- Significant margin improvement in Larah expected

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Consumer Product Division (CPD)

Key Modern Trade Partners



Consumer Product Division (CPD)

Some Key Institutional Customers

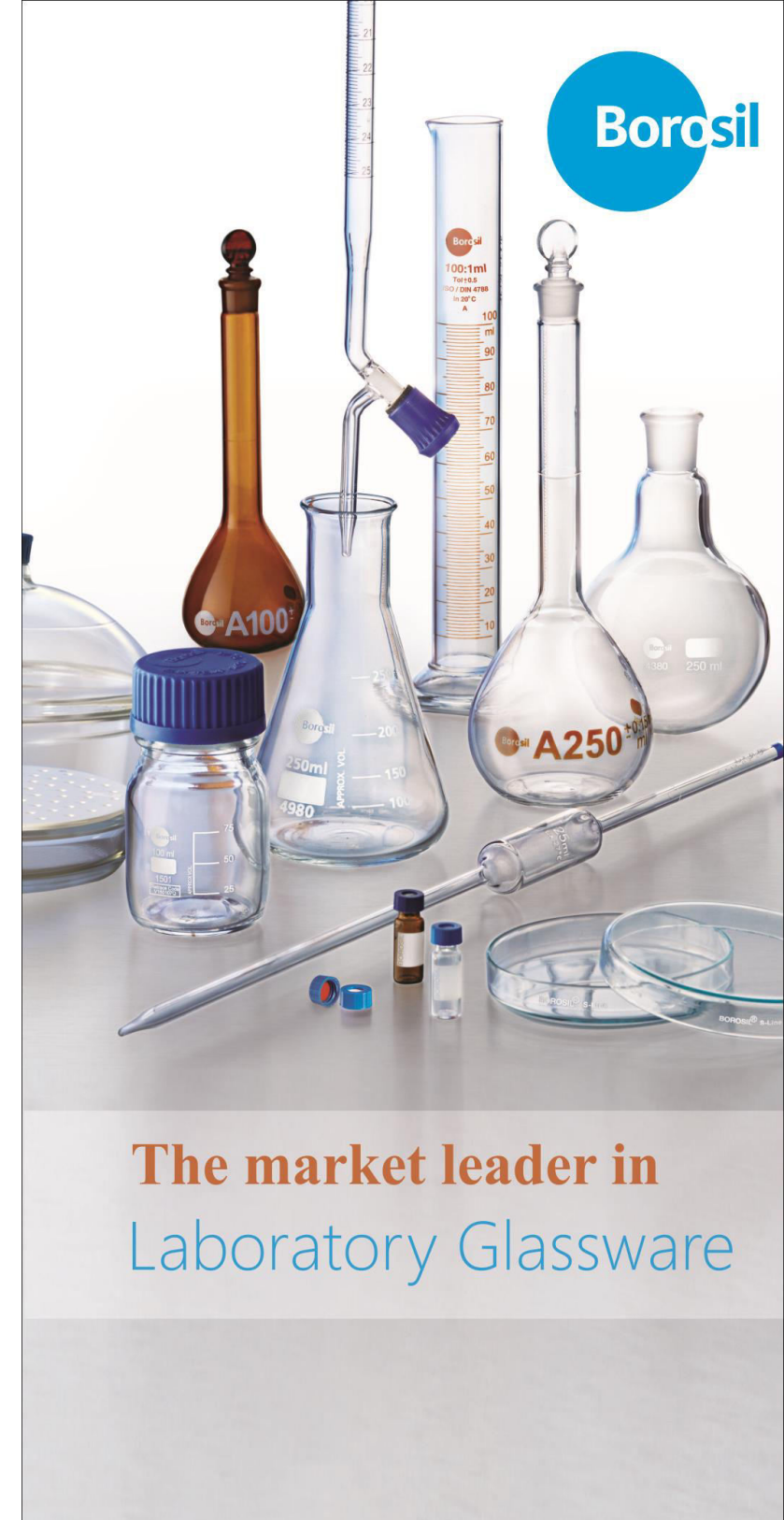


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Scientific & Industrial Products (SIP)



The market leader in
Laboratory Glassware

Scientific & Industrial Products (SIP)

Opportunity

- **Offers Scientific & Laboratory equipment**
 - Glassware, Instruments, Liquid handling systems
- Used in Pharma, Biotechnology, Microbiology, Food & Soil testing, Educational Institutions etc
- Introducing Laboratory tools & equipment under the brand  **LABQUEST**
BY **BOROSIL**
- **Markets to scientists (end users) as consumers of Lab products**
 - Not a typical B2B / institutional business

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The market leader in
Laboratory Glassware

Scientific & Industrial Products (SIP)

BOROSIL®

Product Range



Borosil

**The market leader in
Laboratory Glassware**



Borosil

your solutions...
our
Volumetric Flasks

A100 ± 0.1 in 27°C
ml 14/15 S95

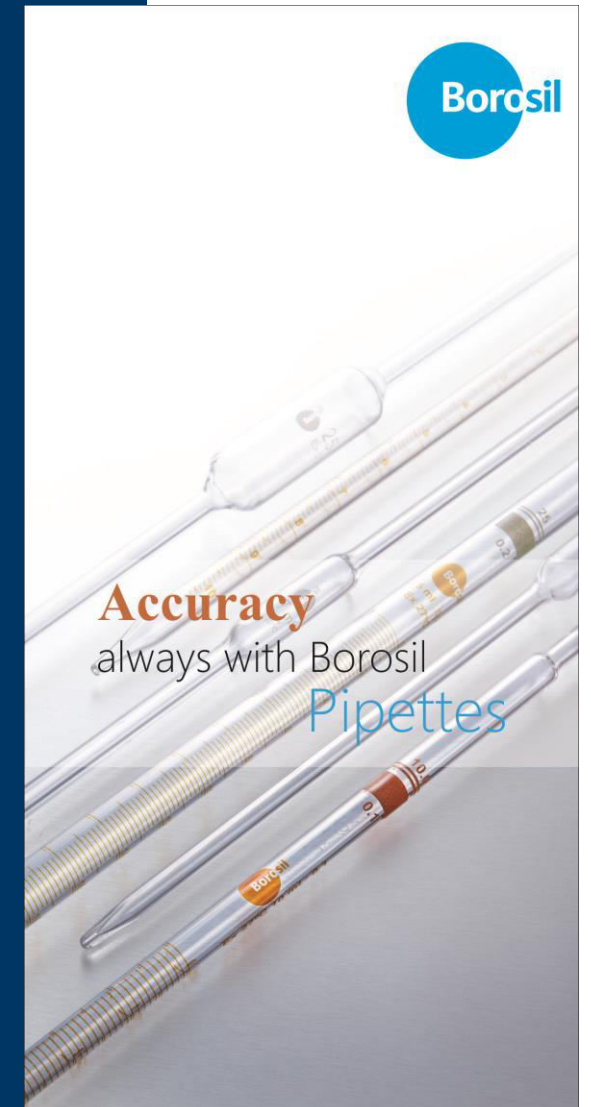
Legendary
Reliable

Borosil

Laboratory Bottles



Borosil
1000 ml
1501
Reference Code V2901110



Borosil

Accuracy
always with Borosil
Pipettes

Scientific & Industrial Products (SIP)

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- **Market size**

- Lab Glass (Domestic) INR 220 Cr, growth 8-10%
- Lab Glass (International) INR 4000 Cr, growth 0-2%
- Lab Glass (ME/Africa/ SEA) INR 80 Cr, growth 15%
- Lab instruments (Domestic) INR 150 Cr, growth at 8-10%
- Pharma Packaging (Tubular Glass): INR 500 Cr, growth 10-12%

- **Market share**

- Labglass (Domestic) ~60% (Fragmented competition)
- Labglass (International): Recent market entry, FY17 revenue: INR 9.2 Cr
- Lab Instruments : Recent market entry through “LabQuest”
- Pharma Packaging (Tubular Glass): Klasspack FY17 revenue: INR 20.5 Cr (Aug'16 to Mar.'17)

Note: Market size & growth are internal estimates



The market leader in
Laboratory Glassware

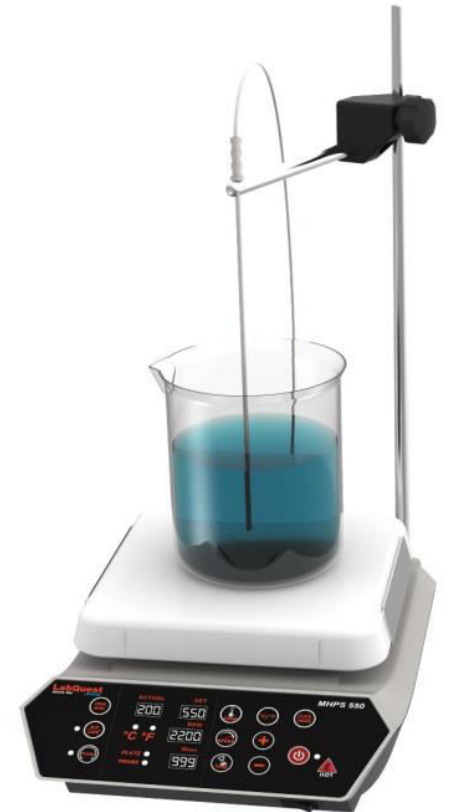
Pioneers in Speciality Glass

Scientific & Industrial Products (SIP)

Emerging Growth Opportunities

- Growth in the customer industries in India (Pharma)
- Import substitution
- New product to same customers (**LabQuest**)
- Exports to ME/SEA/Africa

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LABQUEST
BY **BOROSIL®**

Scientific & Industrial Products (SIP)

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Strong Barriers to Entry

- **Meeting wide product range customer need**
 - Single supplier convenient for laboratory for multiple critical yet low ticket SKUs
 - Not easily replicable by competition
- **Quick & on-time delivery of SKU range**
 - Investment in inventory, 6 warehouses & dealer network
 - Well managed Inventory more than offsets loss of sale
- **Products meet international quality benchmarks**
- **Strong customer relationships**
 - Low propensity of customer to switch



The market leader in
Laboratory Glassware

Scientific & Industrial Products (SIP)

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Acquisition of Klasspack

- Acquired 60.3% in July 2016
- Glass Ampoules & Tubular Glass Vials for packaging pharmaceutical products
 - Complements Borosil's analytical vials range (used in the lab)
- Provides Borosil's Pharmaceutical Customers credible 2nd alternative for their packaging needs
- Long lead times to pass stringent quality benchmarks, a significant barrier to more entrants
- Revenue for Aug to Mar'17: INR 20.5 Crores
- Revenue Q1FY18: INR 7.1 Crores as compared to INR 6.2 Crores in Q1FY17.

BOROSIL
KLASSPACK
pharmaceutical packaging

Glass Ampoules
Tubular Glass Vials



Scientific & Industrial Products (SIP)

Key Customers

Cipla
Caring for life

 **Mylan**
Seeing is believing

 **LUPIN**
PHARMACEUTICALS, INC.


DR. REDDY'S

RANBAXY
LABORATORIES LIMITED


ALKEM


Incepta


glenmark
A new way for a new world

Zy⁺dus
dedicated to *life*

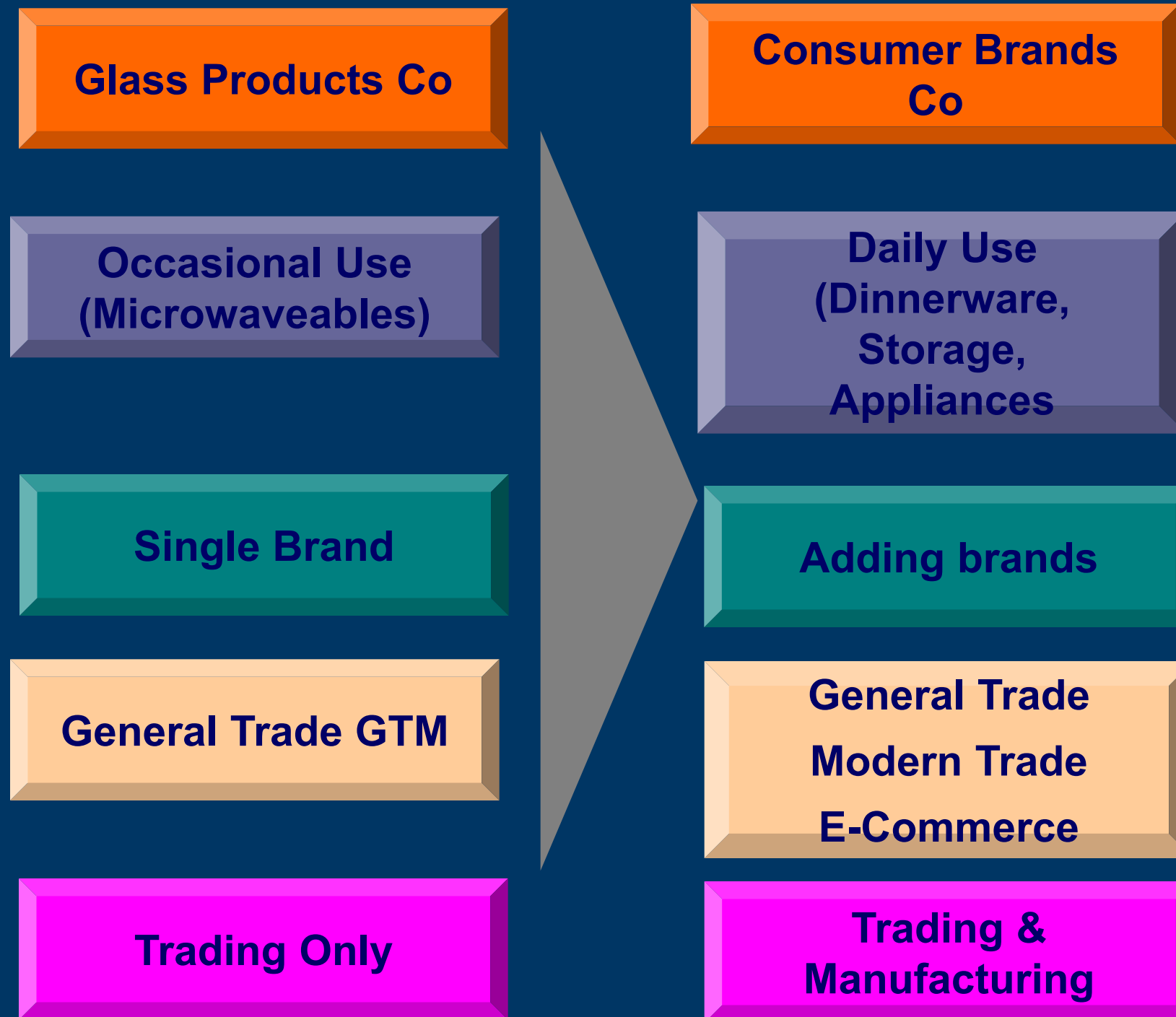

TEVA PHARMACEUTICALS

- **Strong brand equity**
 - Sustained growth momentum & margins
- **Strong steady SIP business to support growth in CPD business**
- **Established network of happy channel partners**
 - Over 200 distributors / 10,000 retailers
- **Strong Balance Sheet with cash surplus**
 - Ability to invest in brand building
 - Acquisitions to supplement organic growth
- **GST implementation could support organized players**

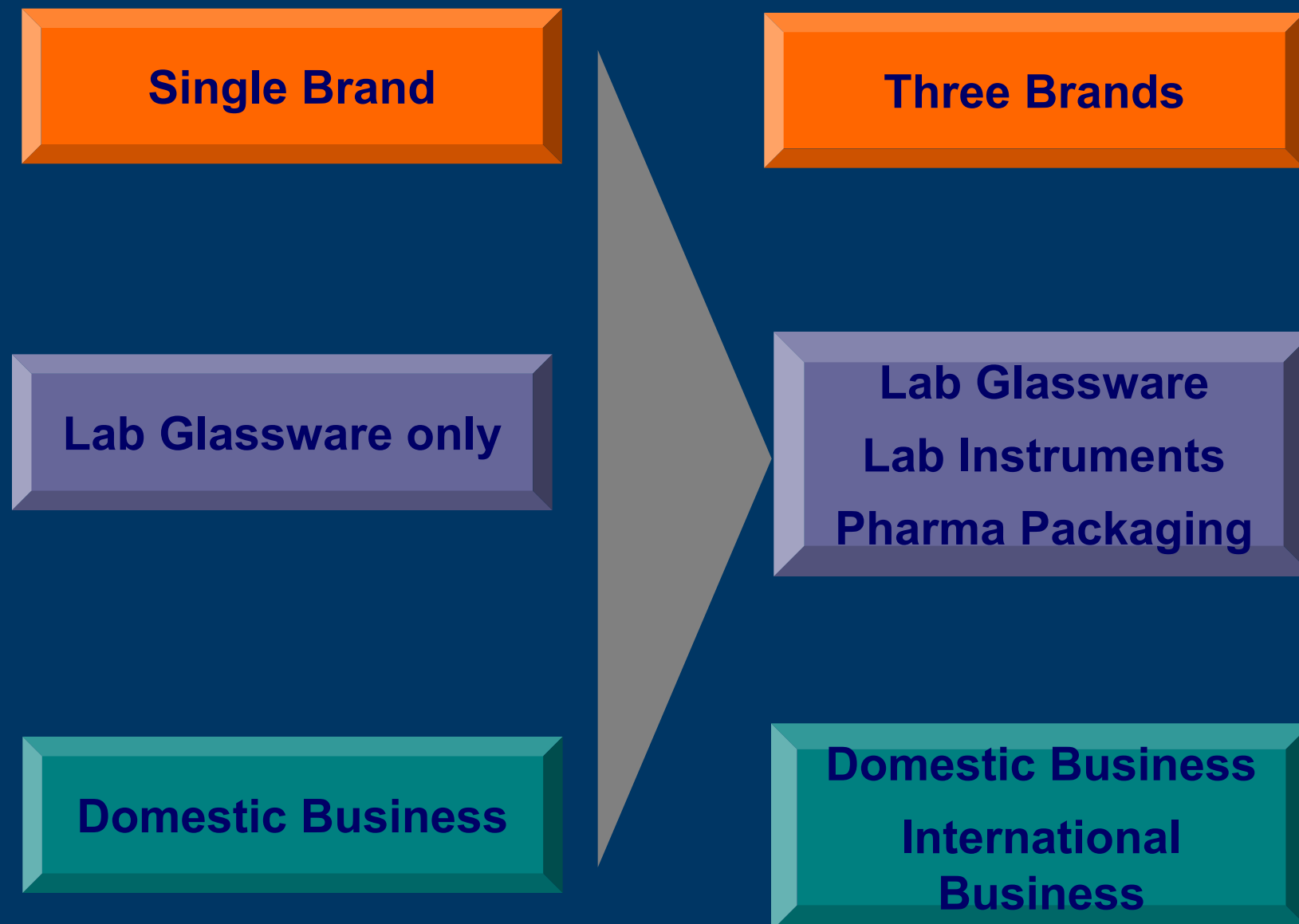
Journey over last 5 years

	2012-13	2016-17	CAGR%
Brands	1	4	
Sales (INR Cr.)	135	375	29%
Operating EBITDA (INR Cr.)	12	43	38%

Re-Imagining Borosil Consumer Products Division



Re-Imagining Borosil SIP Division



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Gujarat Borosil Ltd.



Financial Highlights – Q1FY18

Segment	FY17	Q1FY17	Q1FY18	Rs. In Crores
				Growth %
Revenue (Incl. of Excise duty)	188.3	44.0	43.1	-2.1%
EBITDA	47.7	10.0	8.3	-17.2%
EBITDA %	25.3%	22.8%	19.3%	
PAT	14.1	3.1	0.6	-82.0%

Operations in FY17 at full capacity



Strong Growth Prospects

- **Strong Government impetus to solar energy with 100 GW capacity target by 2022**
 - Policy initiatives
- Exports emerging as a growth kicker
- Top-tier Solar & Pattern Glass domestic & international clients
- Company looking to more than double existing capacity
- Sales growth 17% CAGR FY12-17, with strong EBITDA margins (25% in FY17)
- Imposition of Anti-dumping duty on import:
 - Company had filed anti-dumping duty application on Solar Tempered/ ARC glass coming from China.
 - Commerce Ministry has issued its final finding and recommended it to Finance Ministry.



Competitive Advantage

- **Market Leadership in Indian Solar Glass Market**
 - Cost competitive with China supplies
- **Preferred brand of High quality Solar glass**
 - Lowest iron content, world's only antimony-free glass
 - Anti-reflective coating
 - High light transmissions & highest glass efficiency
 - High resistance to Potentially Induced Degradation
- **State of the art manufacturing with strong testing and R&D infrastructure**
 - High degree of product innovation to drive down total cost of ownership for end customers
 - Implementing facility for tempering thinner glass that has a growing domestic & international demand



Gujarat Borosil Limited (GBL)

BOROSIL®

Key Customers - Domestic

WAAREE®
One with the Sun

EMMVEE

TATA
TATA POWER SOLAR

PV POWER TECH

MicroSun

Topsun®
Future is Secured

बी एच ई एल
BHEL
Maharaja Company

LANCO

vikram solar

GOLDI GREEN™
SOLAR PV MODULES

HHV



Gujarat Borosil Limited (GBL)

Key Customers – International



Spain



Kenya



Croatia



Spain



Italy



Italy



US



US



ASTROENERGY

Germany



ubbink Kenya



Italy



Greece



Germany

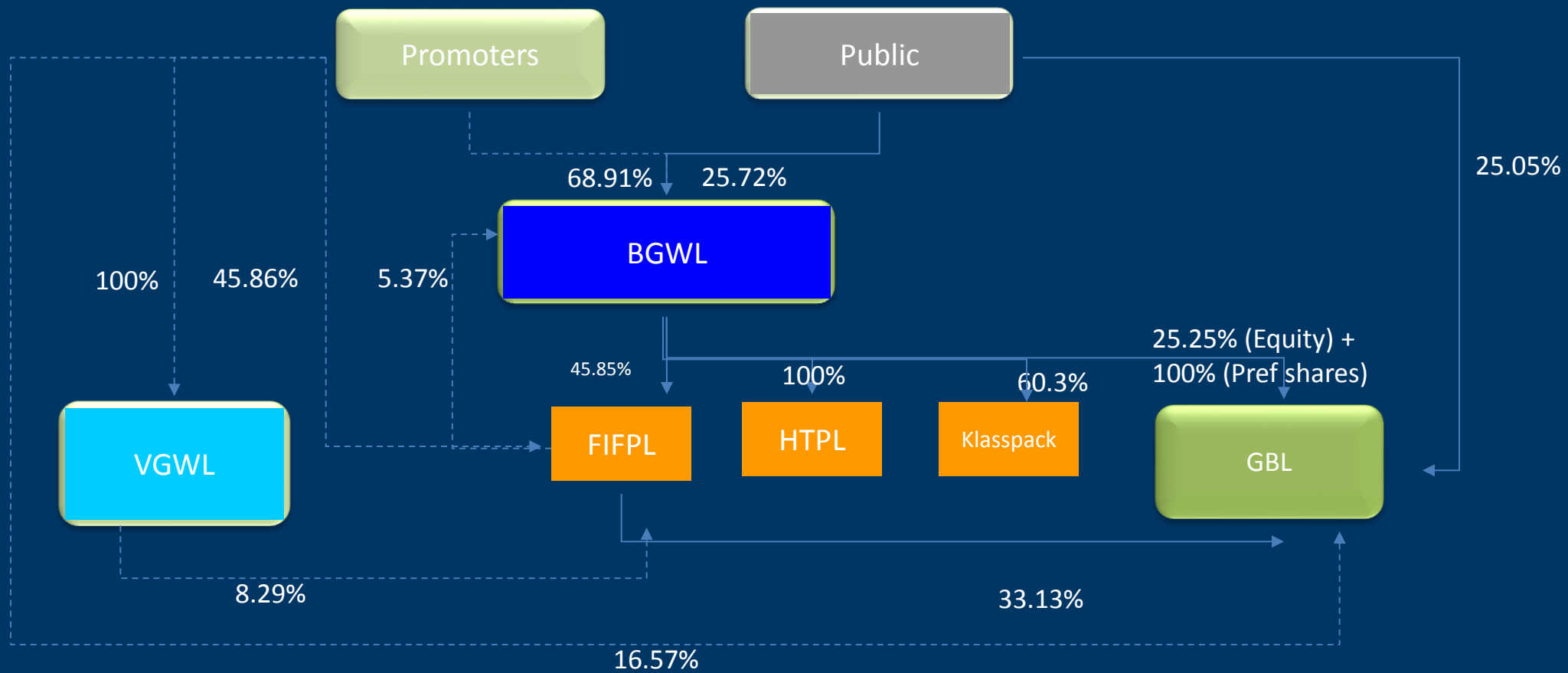


Proposed Scheme of Amalgamation

Company has proposed Scheme of Amalgamation with Related Companies :

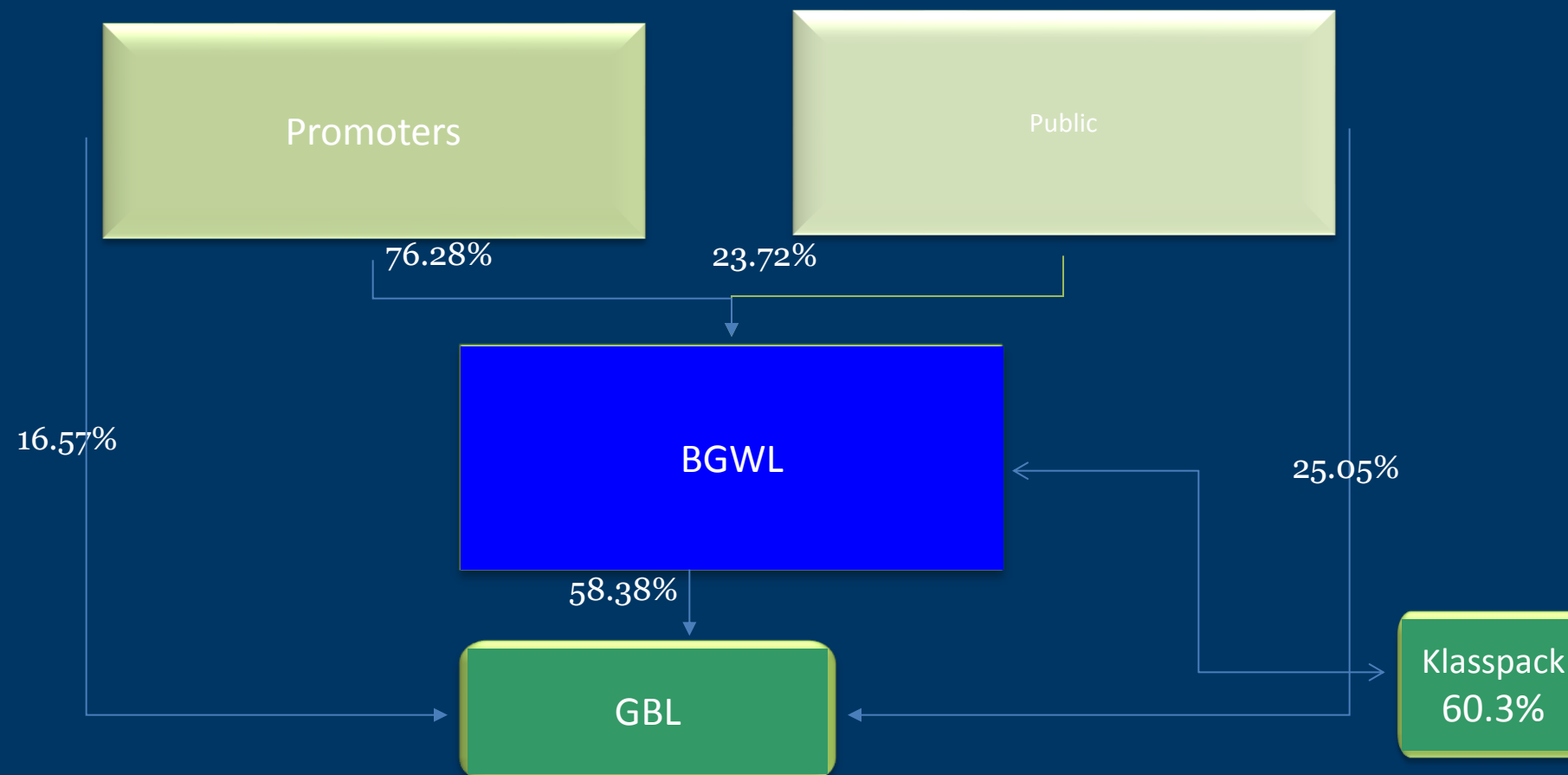
- Hopewell Tableware, 100% subsidiary in Consumer Products business
- Vylene, a promoter held co & 3P manufacturer for BGWL
- Fennel Investments, an associate co with cross holdings
- Advised by PWC
- Valuation by SSPA & Co, Fairness Report by Keynote Corporate Services Ltd.

Current Holding Structure



- Borosil Glass Works limited ('BGWL') and Gujarat Borosil Limited ('GBL'), listed on BSE,.
- Hopewell Tableware Private Ltd ('HTPL') is a wholly owned subsidiary of BGWL
- Vylene Glass Works Ltd ('VGWL') is held by Promoter of BGWL
- Fennel Investment & Finance Pvt Ltd ('FIFPL') is held by BGWL and Promoter of BGWL and is registered with RBI as NBFC and is itself a promoter of BGWL
- It is now proposed to merge/consolidate HTPL, VGWL and FIFPL with BGWL

Resultant Holding Structure



Effective promoter and promoter group holding of BGWL to increase from 74.28% to 76.28% Scheme subject to all statutory approvals.

Swap ratio :

- 4 shares of BGWL against 65 equity shares of Vylene
- 10 shares of BGWL for 207 equity shares of Fennel

Transaction Rationale

Reduces Related Party transactions

- Vylene comes within company fold
- FY17 : EBITDA INR 12.4 Cr. PAT INR 3.1 Cr. (Provisional)
- Q1FY18 : EBITDA INR 1.9 Cr.

Reduction in Cross Holdings and Simplicity of Structure

Synergies of business under a single entity

- Reduction in admin, operative costs
- Greater administrative efficiency

Gujarat Borosil will become a 58.38% subsidiary

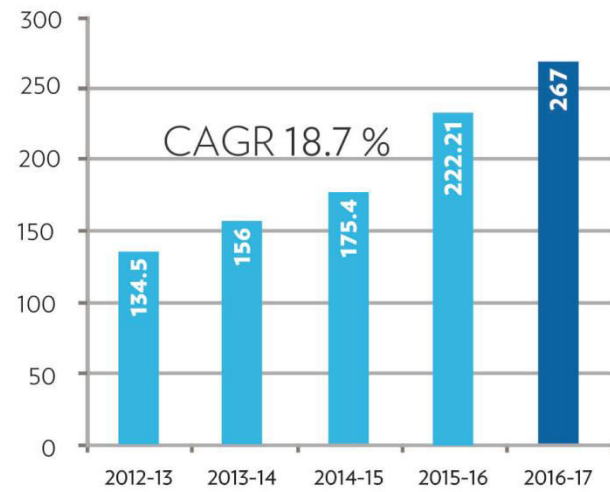
- Will continue to be managed by separate team

Borosil Glass Works Limited

Five Years Financial Highlights (Stand-alone)

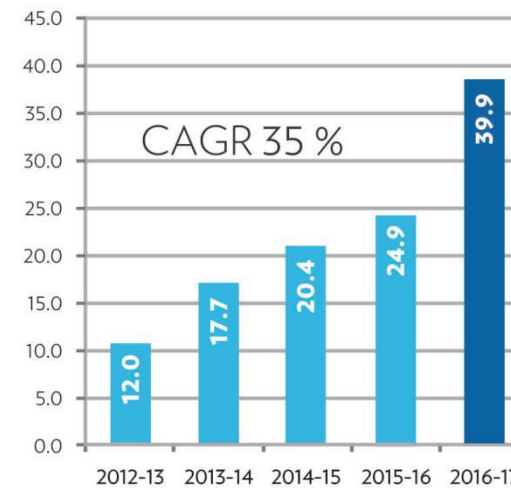
Net Revenue from Operations

(₹ in crore)



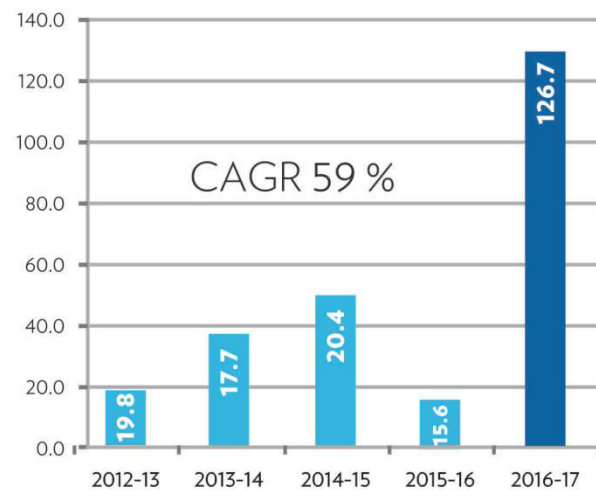
EBITDA from operations

(₹ in crore)



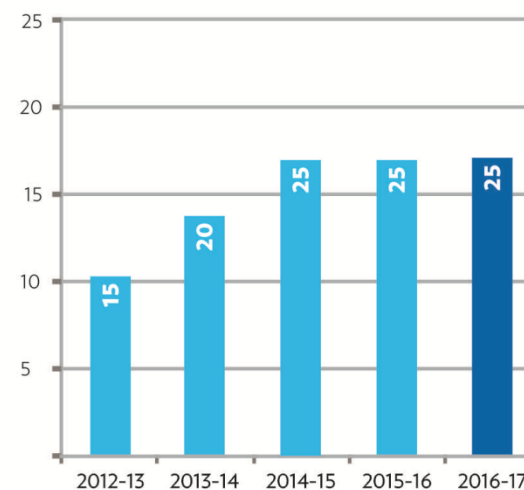
PAT

(Including income from investments)
(₹ in crore)



Dividend per share

(in ₹)



Financial Highlights (Stand-alone)

		2016-2017	2015-2016	2014-2015	2013-2014	2012-2013
Revenue From Operations	(Rs. lacs)	26,700	22,221	17,542	15,595	13,447
Profit Before Tax	(Rs. lacs)	13,792	1,502	6,352	4,166	2,604
Profit Before Tax as % on Revenue From Operations		51.66	6.76	36.21	26.72	19.37
Tax expenses	(Rs. lacs)	1,123	(55)	1,437	452	621
Profit After Tax	(Rs. lacs)	12,669	1,557	4,916	3,715	1,984
Dividend	(%)	250	250	250	200	150
Net Earnings per Share	(Rs.)	548.45	53.50	163.53	123.57	64.81
Shareholders' Funds	(Rs. lacs)	77,175	63,620	69,746	65,734	62,723
Book Value per Share	(Rs.)	3,341	2,754	2,320	2,187	2,087
Return on Investment	(%)	17.56	3.76	7.06	5.73	3.20

Figures for the year 2016-17 and 2015-16 are as per Ind AS compliant and for other years all the figures is shown as per previous GAAP.

Disclaimer

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Thank you