



Key Market Indicators (Consolidated)

Latest Date	10-Aug-2017
Latest Price (Rs)	9702.75
Previous Close (Rs)	9659.90
1 Day Price Var%	0.44
1 Year Price Var%	105.81
52 Week High (Rs)	10188.00
52 Week Low (Rs)	4200.00
Beta	0.84
Face Value (Rs)	10.00
Industry PE	26.93
TTM Period	201703
TTM EPS(Rs)	554.79
TTM CEPS(Rs)	722.34
Price/TTM CEPS(x)	13.43
TTM PE (x)	17.49
Price/BV(x)	2.93
EV/TTM EBITDA(x)	22.31
EV/TTM Sales(x)	4.13
Dividend Yield%	0.26
MCap/TTM Sales(x)	4.02
Latest Book Value (Rs)	3313.69
Market Cap (Rs. In Crores)	2241.34
EV (Rs. In Crores)	2297.87
Latest no. of shares (In Crores)	0.23

Borosil Glass Works Ltd is the single largest manufacturer of the complete range of volumetric glassware in the country. Their volumetric products find usage in all laboratories from high-end pharmaceutical production to high schools and colleges. The company's product spectrum includes Scientific & Industrial products, Consumer products, Solar Water Heater products Low Iron Solar Glass products

Scientific & Industrial Products Division (SIP)

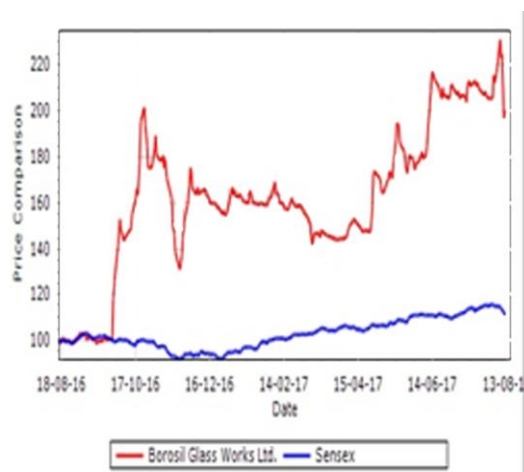
- Over the years, Borosil's SIP division has established leadership in the 220 crore lab glassware segment (internal estimates) with nearly 60% market share. Company's client list includes most well-known pharmaceutical players in the country
- As part of its strategy to market more products to existing customers, the Company introduced LabQuest, its brand of lab instrumentation, during the previous year. A significant portion of the approximately ` 150 crore market (growing at ~8% to 10%) is currently serviced by expensive imports

Acquisition of 60.3% stake in Klasspack

- On July 29, 2016, the Company acquired 60.3% Equity Shares of Klasspack Private Limited a Nashik based manufacturer and marketer of Glass Ampoules and Tubular Glass Vials
- During FY17, the SIP division achieved Net Revenue of ` 136.6 crore, a growth of 14.7% over the previous year. Revenue from the international business was about ` 9.2 crore. The net revenue from Klasspack, an acquisition made in July 2016, during FY17 was about ` 22.6 crore.

Consumer Products Division (CPD)

- Borosil, India's most well-known and trusted brand in microwaveable kitchenware has evolved in its products offering over the past few years. In the traditional microwaveable kitchenware segment. It commands a 60% national market share (internal estimate). An established network of over **10,000 retail outlets** as well as presence through key Modern Retail stores gives this homemakers' favourite brand a nationwide reach.
- The kitchen storage market is estimated to be ` 700 crore (organised only) and growing between 15% and 20% annually. This is currently dominated by steel and plastics.



Acquisition of Hopewell Tableware Pvt Ltd (“Larah”)

- In January 2016, the Company acquired 100% share in Hopewell Tableware Pvt Ltd, owners of the brand Larah. With Larah the company has gained participation in the fast growth ` 300 crore opal glass market

Sales Channels

- Borosil has established a strong national distribution network for both its SIP and CPD divisions. The Company sells products to about **200 distributors** who in turn service about 10,000 retailers.
- Sales through Modern Trade comprise about **20% of the consumer products sales.**
- The Hopewell facility can currently service approximately ` 100 crore of sales. The Company is making investments to expand capacity and modernise the plant to improve productivity. **An investment of about ` 60 crore is planned which would enable the plant to increase its output to about ` 150 crore**

Capital Employed

- As on March 31, 2017, the Company had operating capital employed of ` 300 crore
- Company had Net Fixed Assets of ` 219 crores. As mentioned in the section on Supply Chain, the company plans to invest ` 120 crores in enhancing capacity of opal-ware and building a new warehouse
- Company has non-core fixed assets of 62.2 crore. The Company intends to dispose these assets (primarily real estate) and last year it disposed 92cr worth land

Industry

1. Consumer Product Division

Market Size

- Glass microwavable IMR 100cr, Growth 10% and with market share of 60%
- Tumblers INR 400cr, Growth 10%
- Opalware INR 500cr , growth 20%
- Storage INR 700cr, Growth 15-20%

2. Scientific & Industrial Product (SIP)

- Lab Glass 220cr, growth 8-10% and market share of 60%
- Lab Glass (International) INR 4000 Cr, growth 0-2%
- Pharma Packaging (Tubular Glass): INR 500 Cr, growth 10-12%

AGM Note

- Consumer ware segment has heavy fixed cost and operating leverage so one time capex is heavy and recurring capex is low and once the high turnover growth will come bottom line will grow and for bottom line to reflect the number it will take 18 months
- Over the next year capex will be around 120 cr building a new warehouse in jaipur for consumer segment and new machineries for Hopewell
- Acquisition will be consider whenever new opportunity is there



- Advertisement focus will be on storage facility products at present advertising on TV, cinema, radio and online. New add will come in this year
- Under consumer ware products more focus will be on storage facility product
- Unorganized market is 50%
- Larah hold 18-20% market share, imported product hold 35% market share
- Enough distribution network for now and will focus to grow south market
- Gross margin in scientific product is 42% and SIP is quality game not a volume game it's not selling a single product but it is like a bunch of product at a time so it is not feasible for one company order half of the product from one company and half from other
- Because of US FDA stringent norms Companies like sun pharma, dr. reddys has to maintain quality of glass they use during research n manufacturing so Borosil company charge premium from them because of quality.
- GST made huge impact in june quarter this quarter to be better
- Electronic segment is in very nascent stage and company totally outsourced it

Conference call highlights

- Cash surplus is 200cr plus 62 cr will come from sell off assets and if they find any opportunity for acquisition company will use that money and will always keep 200cr surplus in future too
- Gujarat borosil glass has done new capex on R&D for thinner glass
- Anti dumping duty will remain but last time it was 40% now it is 30%
- Downward pressure on solar glass prices so anti dumping duty can come in solar too
- Imported product market of opal ware is 2000tons and we produce 10,000 tons so 1/5th is imported
- Anti dumping reduced from UAE to 4% from 30%
- Expect much larger growth in the second half of the year
- Hopewell (larah brand for consumer ware) has capacity of 150 cr sales lot of scalability is there
- Cello is the new entrant in the market in opal ware and it is 500cr market and it will continue to grow
- Inefficiency in the main problem in this quarter but will get corrected by next quarter
- New market for company is appliances and it is more of quality product and fully outsourced
- As pharma sector is down so pricing challenge is there with some companies and discount has been started from our side. Growth is muted but it will recover. Klasspack acquisition is fully for pharma products and other part of SIP revenue comes from research houses or basically research lab.
- Ebitda margin from competitors is 23% because of high turnover
- Traditional channels is 60% and modern trade is 40%
- S.I.P is more unorganized so growth is there to grow faster than market as market is growing at 10%

Gujarat Borosil Ltd.

A manufacturer and marketer of solar glass and the only manufacturer of solar glass in India which is held 25.25% by Borosil Glass Work Ltd.

Gujarat Borosil faces competition from Chinese suppliers.

Gujarat Borosil has a low cost of production and has a capacity to service about 1 GW per year. The company has thus drawn up a plan to increase its capacity to service 2.3 GW per year.

Segments	%of revenue
Solar Glass	84%
Patterned glass	16%

Quarter Result (Standalone)

(IN CR)	Jun-17	Mar-17	QOQ growth	Jun-16	YOY growth
Revenue	57.64	88.03	-34.5%	63.06	-8.6%
EBITDA	15.8	12.11	30.5%	13.77	14.7%
PAT	5.3	8.92	-40.6%	9.68	-45.2%
Segment revenue	Jun-17	Mar-17	QOQ growth	Jun-16	YOY growth
Scientific ware	30.7	47.83	-35.8%	23.7	29.5%
Consumer ware	26.34	26.9	-2.1%	28.43	-7.4%
Segment PBT	Jun-17	Mar-17	QOQ growth	Jun-16	YOY growth
Scientific ware	2.71	12.71	-78.7%	3.51	-22.8%
Consumer ware	1.47	0.58	153.4%	1.05	40.0%

- Major part of the revenue came from Consumer ware and that is not profitable and scientific ware contribute around 27.5% and has highest margin of 19.2% and 30% of total asset is allocated to consumer ware segments
- Borosil revenue down by 9% where revenue from scientific ware segment remain flat And PAT down by 46%

Peer Comparison

- If I compare price on Amazon for glass dish/bowl borosil avg price is around 600 rupees where glass product by cello, Vertis is available at avg price of 500 but with limited products where borosil has wide variety of product and at premium price

	Borosil	La opala
DESCRIPTION	Mar-17	Mar-17
Total Income	599.74	264.09
PAT	134.46	54.95
Cash Profit	166.86	67.42
Total Debt (Long Term plus Short Term)	67.27	0.13
Cash and Bank balance	10.74	1.75
Free Cash flow	61.05	51.26
Key Ratios		
Debt to Equity(x)	0.09	0.00
Current Ratio(x)	3.13	5.82
ROCE(%)	20.83	29.59
RONW(%)	19.45	21.73
PBIDTM(%)	17.85	32.81
PATM(%)	23.30	20.44
Market Capitalization	1968	2600.22
Price / Book Value(x)	1.88	10.91
Enterprise Value	1497.80	2984.55
Dividend Yield %	0.40	0.37
PE (x)	17	47

	Borosil Glass					La opala			
	2017	2016	2015	2014		2017	2016	2015	2014
Receivable days	54.16	56.26	44.60	68.11		39.71	34.97	35.72	39.84
Inventory Days	56.38	61.93	49.13	71.07		50.48	49.73	45.94	58.78
Payable days	24.53	26.08	16.53	15.53		8.86	9.97	9.12	10.98
Networking capital	86.01	92.11	77.20	123.65		81.33	74.73	72.54	87.65

- Borosil glass work payable days has increased to 24 from 15 days in 2014 which is good and working capital days reduced to 86 days compare to 123 days in 2014 and La opala payable days has reduce to 8 days from 11 days. So, borosil has required capital for 86 days in working capital and La opala need for 81 days. Net working capital is almost same but borosil has improved working capital in 4 years but la opala has remain same.



Financial Highlights

Description	%	Mar-17	%	Mar-16	%	Mar-15	%	Mar-14
Revenue From Operations		577.03		415.63		326.71		161.33
Consumerware	40%	228.81	27%	112.88	22%	72.56	41%	66.42
Flat Glass	33%	188.26	44%	181.06	46%	150.47	0%	
Scientificware	28%	159.22	29%	119.10	31%	101.60	54%	86.84
Segment PAT		90.42		61.16		44.15		25.51
Consumerware	-3%	-2.55	15%	9.23	17%	7.56	30%	7.72
Flat Glass	37%	33.04	36%	21.93	23%	10.32	0%	
Investments	32%	29.01	0%		0%		0%	
Others		0.19		0.70		0.62		-5.37
Scientificware		30.72		29.31		25.65		23.15
Segment Assets		766.58		345.50		249.53		69.08
Consumerware	21%	159.21	38%	131.50	15%	36.67	45%	31.10
Flat Glass	28%	214.37	49%	167.59	68%	169.57	0%	
Investments	39%	300.54	0%		0%		0%	
Scientificware	12%	92.22	13%	46.07	17%	42.26	55%	37.89

DESCRIPTION(consolidated)	Mar-17	Mar-16	Mar-15	Mar-14
Inc / Exp Performance				
Gross Sales	577.03	423.04	335.57	155.95
Total Income	599.74	453.63	391.97	196.82
Total Expenditure	496.73	395.19	296.14	146.76
PBIDT	103.01	58.44	95.84	50.06
PBIT	161.49	37.58	67.47	41.99
PBT	153.72	34.02	65.32	41.49
PAT	134.46	27.60	50.26	36.98
Cash Profit	166.86	48.46	68.72	40.70
Total Debt (Long Term plus Short Term)	67.27	100.34	34.11	0.86
Capital Employed	832.73	717.60	731.98	660.32
Free Cash flow	61.05	15.24	46.11	-37.16
Debt to Equity(x)	0.09	0.16	0.05	0.00
ROCE(%)	20.83	5.19	9.69	6.36
RONW(%)	19.45	4.20	7.41	5.61
PATM(%)	23.30	6.52	14.98	23.71
PE (x)	17	25.29	9.96	6.92
Adjusted EPS	554.79	106.75	164.47	130.69
Price / Book Value(x)	1.88	1.01	0.71	0.41

Screen of last 10 years

Description	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
ROE	21	4	7	6	3	5	190	-95	-24	0
ROCE	5	10	7	6	4	6	221	-34	-7	6
P/E	17	25	9	6	10	8	1	0	0	461
EV/EBIT	9	19	8	6	7	6	0	-10	-21	66
FCF/share	264	65	153	-123	-50	-150	1612	-54	-18	-3
FCF	61	15	46	-37	-14	-46	639	-21	-7	-1

In Year 2010

Started building new manufacturing facility in bharuch, production started in FY10 n topline recorded from FY11.

In Year 2011

Company sold its land in marol for 830 cr and from 830cr paid 150cr tax and 15 cr dividend plus repay of loan and reaming amount invested in debt market which generated around 8-10% return and generated around 9 cr from market this year

In Year 2012

During the course of the year, the Company has further consolidated its leadership position in both the laboratory glassware

as well as the microwavable glassware segments.

In Year 2014

A combination of new product introductions, price increases as well as small volume improvements. The Company has been able to pass on much of the increase of input costs to its customers and thereby managed to protect and even improve its bottom line. and which also generated Free cash flow too for the company

Consolidated Structure

Subsidiary	% owned
Borosil Australia	100%
Hopewell tableware	100%
Klass pack	60.3%
Borosil middle east	49%
Gujarat Borosil	25.25%
Fennel Investment	45.85%

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