

THE CAPITAL QUEST

By Sumit Upadhyaya | 25 April 2022

Convergent Finance-backed solar glass maker snaps up two European firms

Borosil Renewables Ltd, a solar glass manufacturer that counts private equity firm Convergent Finance as a shareholder, has agreed to acquire two companies in Germany and Liechtenstein to ramp up its European business.

The company will buy Germany-based GMB Glasmanufaktur Brandenbur GmbH for €24.91 million in cash and Liechtenstein-headquartered Interfloat Corporation for €5.1 million in cash and €22.5 million in shares. It will issue the shares to the sellers HSTG Glasholding GmbH and Blue Minds IF Beteiligungs GmbH.



In addition to the cash and stock payout, Borosil will also pay an additional amount that will be determined on the basis of the two companies' performance in 2024, 2025 and 2026. This additional payment will not exceed 50% of the earnings before interest and tax of the two companies, the Mumbai-listed firm said Monday.

Both GMB and Interfloat operate in the solar glass manufacturing, sales and distribution business in Europe. GMB manufactures glass for the European solar PV as well as solar thermal and greenhouse glass markets, with a current capacity of 300 tons per day. Interfloat sells glass to customers in Europe.

Borosil said that the acquisition will strengthen its ability to supply products to its European customers and that it will benefit from the two companies' manufacturing processes, focus on research and development, and product development. It intends to complete the transactions within 18 weeks.

The Indian company also said that its board of directors has authorized availing of acquisition finance of up to Rs 275 crore (about €33 million) to fund the two deals.

GMB was set up in 2007 and clocked revenue of €46.2 million for 2021, compared with €45.4 million in the prior year. Interfloat was established in 1982 and generated revenue of €59 million for 2021, compared with €51.5 million in 2020.

The acquisitions come a year and a half after Convergent Finance invested Rs 200 crore (\$27 million) in Borosil Renewables in late 2020.

Convergent, set up by former Fairfax India executive Harsha Raghavan, currently holds a 3.44% stake in the company. This is worth Rs 370 crore (\$48 million) at current stock prices, implying an 85% gain in less than 18 months.