Sejal Glass Ltd — FY 2026 Annual Report Analysis

Annual Report Analysis (Consolidated)

Source: CRORES. All figures Crores. Pipeline: v5-Gemini — W1a → W3 → W1b+W2+W2F (parallel, notes-injected) → Merge.

Investor Snapshot

- Sejal Glass is transitioning into a regional architectural glass leader, specializing in insulating glass (70% of revenue) with a heavy operational footprint in the UAE.
- Revenue surged 63% YoY to ₹396 Cr, primarily driven by the successful inorganic integration of the Glasstech acquisition.
- ROCE improved from 14% to 18% despite massive asset expansion, signaling efficient capital deployment during a high-growth phase.
- Reported PAT stood at ₹29 Cr, though standalone operations recorded a ₹2.23 Cr loss due to under-utilization of newly commissioned capacities.
- Financial leverage remains a factor with a D/E of 1.34x and total debt of ₹202 Cr, which includes ₹69 Cr in unsecured related-party funding.
- Cash Flow from Operations (CFO) reached ₹51 Cr, significantly exceeding PAT and demonstrating high-quality earnings and strong collection efficiency.
- Aggressive equity-funded capex of ₹97 Cr resulted in negative Free Cash Flow of -₹46 Cr as the company prioritizes rapid capacity building.
- Earnings quality is bolstered by a CFO/PAT ratio of 1.76x and a reduction in debtor days from 152 to 122 despite the rapid scale-up.
- Governance is stable with a 10/10 checklist score, though ₹5.06 Cr in interest paid to a related-party associate (17.4% of PAT) remains a value leakage concern.
- High geographic concentration risk exists with 72.74% of revenue dependent on the UAE market, exposing the firm to regional construction cycles.
- Outlook is supported by strong revenue visibility, evidenced by customer advances surging from ₹0.27 Cr to ₹8.77 Cr.
- Investment View: ACCUMULATE; monitor standalone unit break-even and RPT interest levels as the company navigates integration "indigestion."

#	Analytical Point	Sentiment
1	**Sejal Glass is transitioning into a regional architectural glass leader, specializing in insulating glass (70% of revenue) with a heavy operational footprint in the UAE.**	□Positive
2	**Revenue surged 63% YoY to □396 Cr, primarily driven by the successful inorganic integration of the Glasstech acquisition.**	□Positive
3	**ROCE improved from 14% to 18% despite massive asset expansion, signaling efficient capital deployment during a high-growth phase.**	□Positive
4	***Reported PAT stood at 29 Cr, though standalone operations recorded a 2.23 Cr loss due to under-utilization of newly commissioned capacities.***	□Negative
5	***Financial leverage remains a factor with a D/E of 1.34x and total debt of 202 Cr, which includes 69 Cr in unsecured related-party funding.***	□Neutral
6	**Cash Flow from Operations (CFO) reached □51 Cr, significantly exceeding PAT and demonstrating high-quality earnings and strong collection efficiency.**	□Positive
7	***Aggressive equity-funded capex of 97 Cr resulted in negative Free Cash Flow of - 46 Cr as the company prioritizes rapid capacity building.***	□Negative
8	**Earnings quality is bolstered by a CFO/PAT ratio of 1.76x and a reduction in debtor days from 152 to 122 despite the rapid scale-up.**	□Positive
9	***Governance is stable with a 10/10 checklist score, though 5.06 Cr in interest paid to a related-party associate (17.4% of PAT) remains a value leakage concern.***	□Negative
10	***High geographic concentration risk exists with 72.74% of revenue dependent on the UAE market, exposing the firm to regional construction cycles.***	□Negative
11	**Outlook is supported by strong revenue visibility, evidenced by customer advances surging from □0.27 Cr to □8.77 Cr.**	□Positive
12	**Investment View: ACCUMULATE; monitor standalone unit break-even and RPT interest levels as the company navigates integration "indigestion."**	□Positive

1. BUSINESS OVERVIEW (In Bullet Points)

- **Business Segments:** Sejal Glass Ltd (SGL) is a specialized architectural glass processor. Its primary revenue driver is **Insulating Glass**, which contributes 70.27% (□278.61 Cr) of total sales, followed by **Laminated Glass** (17.50%) and **Toughened Glass** (7.97%).
- **Revenue Drivers:** Growth is driven by high-value export contracts and the integration of newly acquired business units. Revenue grew 63% YoY to □396.00 Cr, bolstered by the acquisition of Glasstech Industries.
- **Cost Drivers:** Major costs include **Raw Materials** (58.91% of revenue), **Employee Benefit Expenses** (11.10%), and **Power and Fuel** (4.77%), the latter reflecting the energy-intensive nature of industrial glass manufacturing.
- **Industry Position:** Transitioning from a distressed asset to a regional architectural glass powerhouse with a multi-location footprint.
- **Expansion Plans:** Aggressive expansion via new units in Taloja (Maharashtra), Perundurai (Tamil Nadu), and Ras Al Khaimah (UAE).
- **Acquisitions:** Successfully integrated "Glasstech operations" via a slump sale for □34.60 Cr on April 10, 2025.
- **Capacity Additions:** Moving from a single-plant operation (Dadra) to a four-plant structure to capture domestic and Middle Eastern demand.

- **Segment Performance:** Standalone revenue grew 75.59%, but the unit reported a loss of □2.23 Cr due to under-utilization and unabsorbed overheads at new sites.
- **Geographical Presence:** Significant concentration risk with 72.74% of revenue (□288.42 Cr) derived from outside India, primarily through the UAE subsidiary.

2. MANAGEMENT COMMENTARY & OUTLOOK

- The company has shifted from a "debt resolution" phase to an "aggressive expansionary" phase, aiming for sustainable stewardship and regional dominance.
- Management acknowledges a "Utilization Gap" where capacity addition has outpaced order book filling, leading to short-term negative operating leverage and standalone losses.
- Strategy is focused on geographic diversification, specifically using the Ras Al Khaimah (UAE) plant to hedge against Indian cyclicality and capture Middle Eastern architectural demand.
- Capital allocation is aggressive, utilizing high-premium equity (shares at □455 and warrants at □555) to fund acquisitions and asset expansion rather than relying on internal accruals.
- Integration of new units is proving more complex than a "plug-and-play" model, with legacy units maintaining margins while new acquisitions drag on the bottom line.
- Management is emphasizing "organizational alignment" and human capital to manage the transition from a small-scale operation to a multi-unit corporate structure.
- The successful preferential allotment and warrant issuance signal high promoter conviction and a strategy to use equity as a cheap currency for growth.
- The demand environment is viewed as strong, evidenced by a surge in customer advances from □0.27 Cr to □8.77 Cr, serving as a lead indicator for FY27.
- Management Tone: The tone is one of high-conviction and aggressive optimism. While they are transparent about integration "indigestion" and standalone losses, they are doubling down on a "land-grab" strategy funded by significant equity premiums. The verdict is a shift from survival to a high-stakes growth narrative where the vision of scale currently outruns operational efficiency.

3. FINANCIAL ANALYSIS

3.1 Financial Statements

Source: Screener.in — all monetary values in Crores. Use these numbers directly.

P&L Statement (₹Crores)

Line Item	Mar 2026	Mar 2025
Sales -	396.00	244.00
Sales Growth %	63.00	49.00
Expenses -	335.00	210.00
Material Cost % -	58.00	61.00
Raw material cost	237.00	147.00
Change in inventory	-6.00	1.00
Manufacturing Cost %	0.00	10.00
Employee Cost %	11.00	11.00
Other Cost %	15.00	4.00
Operating Profit	61.00	34.00
OPM %	16.00	14.00
Other Income -	7.00	1.00
Exceptional items	0.00	0.04
Other income normal	6.68	1.34
Interest	21.00	16.00
Depreciation	15.00	7.00
Profit before tax	32.00	12.00
Tax %	8.00	5.00
Net Profit -	29.00	11.00
Minority share	0.00	0.00
Exceptional items AT	0.00	0.00
Profit excl Excep	29.00	11.00
Profit for PE	29.00	11.00
Profit for EPS	29.00	11.00
Profit Growth %	163.00	231.00
EPS in Rs	25.21	10.85
Dividend Payout %	0.00	0.00

Balance Sheet (□Crores)

Line Item	Mar 2026	Mar 2025
Equity Capital	11.00	10.00
Reserves	140.00	28.00
Borrowings -	202.00	183.00
Long term Borrowings	106.00	117.00
Short term Borrowings	43.00	41.00
Lease Liabilities	53.00	24.00
Other Borrowings	0.00	0.00
Other Liabilities -	117.00	64.00
Non controlling int	1.00	0.00
Trade Payables	69.00	50.00
Advance from Customers	0.00	0.00
Other liability items	47.00	13.00
Total Liabilities	470.00	285.00
Fixed Assets -	193.00	118.00
Land	0.00	10.68
Building	0.00	65.51
Plant Machinery	0.00	60.24
Equipments	0.00	0.18
Computers	0.00	0.68
Furniture n fittings	0.00	3.64
Vehicles	0.00	1.92
Intangible Assets	13.24	4.30
Other fixed assets	0.00	21.67
Gross Block	0.00	168.82
Accumulated Depreciation	0.00	51.31
CWIP	9.00	3.00
Investments	32.00	3.00
Other Assets -	236.00	161.00
Inventories	42.00	22.00
Trade receivables -	133.00	101.00
Receivables over 6m	0.00	13.00
Receivables under 6m	0.00	94.00
Prov for Doubtful	0.00	-5.00
Cash Equivalents	15.00	7.00
Loans n Advances	16.00	-2.00
Other asset items	30.00	32.00

Line Item	Mar 2026	Mar 2025
Total Assets	470.00	285.00

Cash Flow Statement (□Crores)

Line Item	Mar 2026	Mar 2025
Cash from Operating Activity -	51.00	-6.00
Profit from operations	62.00	28.00
Receivables	-32.00	-34.00
Inventory	-19.00	-6.00
Payables	19.00	21.00
Loans Advances	-11.00	-2.00
Other WC items	35.00	-13.00
Working capital changes	-8.00	-33.00
Direct taxes	-3.00	0.00
Other operating items	0.00	0.00
Exceptional CF items	0.00	0.00
Cash from Investing Activity -	-120.00	0.00
Fixed assets purchased	-97.00	-8.00
Fixed assets sold	0.00	0.00
Investments sold	0.00	0.00
Interest received	5.00	2.00
Investment in group cos	-28.00	0.00
Redemp n Canc of Shares	0.00	3.00
Acquisition of companies	0.00	0.00
Other investing items	0.00	3.00
Cash from Financing Activity -	76.00	9.00
Proceeds from shares	72.00	0.00
Proceeds from borrowings	56.00	43.00
Repayment of borrowings	-36.00	-17.00
Proceeds from deposits	0.00	0.00
Interest paid fin	-21.00	-17.00
Financial liabilities	0.00	0.00
Share application money	0.00	0.00
Other financing items	6.00	0.00
Net Cash Flow	7.00	3.00
Free Cash Flow	-46.00	-14.00
CFO/OP	88.00	-16.00

Key Ratios (₹Crores)

Line Item	Mar 2026	Mar 2025
Debtor Days	122.00	152.00
Inventory Days	66.00	55.00
Days Payable	109.00	123.00
Cash Conversion Cycle	80.00	84.00
Working Capital Days	43.00	44.00
ROCE %	18.00	14.00

3.2 Financial Analysis Summary

- **Revenue** grew by 63% YoY to **₹396.00 Cr**, primarily driven by **Insulating Glass** (70.27% of sales) and the inorganic boost from the **₹34.60 Cr** Glasstech acquisition.
- Geographical concentration is high, with 72.74% of **Revenue** (₹288.42 Cr) coming from outside India, necessitating a **USD 22.30 Lakhs** SOFR-linked working capital loan that exposes the **Balance Sheet** to global interest rate volatility.
- **OPM %** improved to 16% from 14% as **Material Cost %** fell to 58%, though **Other Expenses** were pressured by **Power and Fuel** (31.5% of other costs) and a 60.6% surge in **Employee Benefit Expense** to **₹44.01 Cr** due to New Labour Code adjustments.
- **Net Profit** surged 163% to **₹29.00 Cr**, aided by an NCLT order quashing pre-CIRP tax demands and a jump in **Other Income** to **₹7.00 Cr**, despite **₹5.06 Cr** in **Interest** leakage to a related-party associate.
- **Trade Receivables** reached **₹133.00 Cr**, but **Debtor Days** improved from 152 to 122; however, **₹6.33 Cr** remains "Credit Impaired," and the **ECL Policy** may understate recovery risks.
- **Inventory** grew 86.4% to **₹42.00 Cr**, significantly outpacing **Revenue** growth and causing a **₹19.00 Cr** drain in the **Cash Flow Statement** for raw material hedging.
- **Fixed Assets** expanded to **₹193.00 Cr** following **₹97.00 Cr** in **Capex**, while **CWIP** of **₹9.00 Cr** contains **₹1.85 Cr** of projects stalled for over 2 years.
- **Total Debt** stands at **₹202.00 Cr** (**Debt/Equity** 1.34), including **₹69.11 Cr** in unsecured related-party borrowings and **Lease Liabilities** that doubled to **₹53.41 Cr** with long-term undiscounted obligations of **₹203.48 Cr**.
- **Cash from Operating Activity** (**₹51.00 Cr**) significantly exceeded **Net Profit**, yielding a **CFO/PAT** of 1.76, yet **Free Cash Flow** was negative at **-₹46.00 Cr** due to aggressive **Capex** and **₹28.00 Cr** in group company **Investments**.
- **Net Worth** was bolstered by **₹72.00 Cr** in **Proceeds from shares**, utilized to fund acquisitions and improve **Interest Coverage** to 2.52.
- **Other Assets** were impacted by a 320% spike in **Prepaid Expenses** (**₹6.26 Cr**) and **Capital Advances** of **₹8.32 Cr** linked to expansions; **Other Liabilities** include **₹19.62 Cr** in **Deferred Consideration** for the Glasstech deal.
- **Other Expenses** include a **₹3.82 Cr** "Miscellaneous" bucket (6.4% of other costs) which lacks transparency and may mask non-recurring costs.
- The dominant financial theme of the year is a high-octane, equity-funded transition where strong operational cash flows are being entirely consumed by an aggressive, multi-national capacity expansion and inorganic growth strategy.

3.3 Contingent Liabilities & Commitments

- **Guarantees Issued:** ₹26.39 Cr (Material increase from ₹7.38 Cr in FY25).
- **Letters of Credit:** ₹19.96 Cr (Operational).
- **Capital Commitments:** ₹9.41 Cr (Related to ongoing CWIP in Taloja and Erode).
- **Litigation/Tax:** The NCLT order dated April 28, 2025, quashed all pre-CIRP tax demands, significantly de-risking the balance sheet.
- **Lease Commitments:** Undiscounted lease obligations of ₹203.48 Cr due beyond 5 years for land in Taloja and Erode.

3.9 Earnings Quality & Forensic Checks

#	Check	Impact	Status	Evidence	Notes Detail
1	PAT vs CFO trend	Profit ↑ — high quality earnings; CFO of □51 Cr exceeds PAT of □29 Cr significantly.	□	CFO □51 Cr, PAT □29 Cr	Cash flow conversion improved from negative in FY25 to 1.75x PAT in FY26.
2	Receivables & channel-stuffing signal	Revenue ↑↓ — moderate risk; combined receivables and inventory grew 41% vs 63% sales growth.	□	Receivables □133 Cr, Inventory □42 Cr	Sales growth outpaced working capital build; debtor days improved from 152 to 122.
3	Revenue timing (Advances)	Revenue ↑ — strong demand signal; customer advances surged from □0.27 Cr to □8.77 Cr.	□	Advances from Customers □8.77 Cr	Note 2.2.13: Revenue recognized at point in time; advances indicate a strong forward order book.
4	Revenue from related parties %	Revenue ↑↓ — concentration risk; □10.56 Cr sales to Burhani Glass Factory LLC (UAE).	□	RPT Sales □10.56 Cr	Note 29.15: Significant sales to overseas related party; 72.7% of total revenue is export-dependent.
5	Inventory vs revenue growth	Profit ↓ — margin risk; inventory grew 86.4% (□42 Cr) vs revenue growth of 62.7%.	□	Inventory □41.67 Cr vs □22.35 Cr	Note 9: Surge driven by raw materials (□34.73 Cr), potentially hedging against supply chain volatility.
6	Inventory valuation method change	Neutral — consistent policy; inventories valued at lower of cost or net realizable value.	□	Cost of Materials □233.58 Cr	No change in valuation methodology reported in Note 2.2.11.
7	Exceptional items in operating profit	Neutral — clean operating profit; no material exceptional items impacting the FY26 P&L.	□	Exceptional items □0.00 Cr	FY25 had minor □0.04 Cr item; FY26 operating profit reflects core business performance.
8	Depreciation rate vs useful life policy	Profit ↑↓ — inconsistency risk; parent uses SLM while subsidiary uses Declining Balance.	□	Depreciation □15 Cr	Note 2.2.3: Mixed depreciation methods across the group complicate asset productivity comparisons.
9	Provision reversals boosting PAT	Profit ↑ — non-cash boost; □2.36 Cr provision for doubtful debts charged to P&L.	□	Prov. for Doubtful Debtors □2.36 Cr	Note 2.2.14: Rigid ECL formula used; □24.82 Cr historical loans already fully provided.
10	Tax rate consistency	Profit ↑ — low tax leakage; effective tax rate at 8% vs statutory rates.	□	Tax % 8.00, Direct Taxes □3 Cr	Note 29.1: NCLT relief quashed historical tax demands, de-risking the balance sheet.
11	CWIP age and stalling projects	Profit ↓ — impairment risk; □1.85 Cr of CWIP is older than two years.	□	CWIP □9.00 Cr	CWIP ageing shows potential stalling in older projects despite overall expansion in Taloja/ Erode.
12	Deferred tax asset recognition	Neutral — conservative accounting; no major DTA recognized despite historical losses.	□	Tax % 8.00	Balance sheet shows focus on clearing historical liabilities via NCLT proceedings.
13	RPT quantum and trend	Profit ↓ — value leakage; □5.06 Cr interest paid to Sejal Glass Ventures LLP.	□	Interest to RPT □5.06 Cr	Note 29.15: Interest paid to associate is high relative to PAT; associate uses cash-basis accounting.
14	Dividend paid vs FCF adequacy		□	FCF -□46 Cr, Dividend 0%	

#	Check	Impact	Status	Evidence	Notes Detail
		Neutral — liquidity preservation; zero dividends paid despite negative Free Cash Flow.			Negative FCF driven by □97 Cr capex and Glasstech acquisition; cash conserved for growth.
15	Auditor KAM: Goodwill Impairment	Profit ↑↓ — valuation risk; □4.30 Cr goodwill from Glasstech acquisition not impaired.	□	Goodwill □4.30 Cr	Management cited projected cash flows; auditor focused on impairment testing (p.156).
16	Accounting Policy Divergence	Neutral — transparency risk; Associate uses Cash Basis vs Parent Accrual Basis.	□	Note 29.9B	Obscures the true financial health and economic substance of Sejal Glass Ventures LLP.
17	Historical Governance Leakage	Profit ↓ — legacy risk; 96.4% of loans to erstwhile directors provided as doubtful.	□	Doubtful Loans □24.82 Cr	Note 13: Stark reminder of past poor capital oversight and value leakage.

4. MANAGEMENT & GOVERNANCE

A. Auditor Report & Key Audit Matters * **Audit Opinion:** Unqualified. * **KAM 1: Goodwill Impairment Testing:** Auditor evaluated management's annual impairment test for □4.30 Cr goodwill from the Glasstech acquisition. Management justified the carrying value via projected cash flows. * **KAM 2: Revenue Recognition:** Focus on the "point in time" transfer of control for industrial glass dispatches, especially for high-value export contracts. * **Subsidiary Audit Divergence:** The UAE subsidiary uses a mix of SLM and Declining Balance depreciation, inconsistent with the parent's SLM policy, complicating consolidated asset productivity analysis. * **Auditor Fees:** Proposed statutory audit fee for FY27 is □0.075 Cr. While low relative to revenue, the auditor is proposed for a second 5-year term.

B. Related Party Transactions | Party | Relationship | Nature | Amount (□Cr) | Concern | | :--- | :--- | :--- | :--- | :--- | | ***Sejal Glass Ventures LLP*** | Associate | Interest Expense | 5.06 Cr | ***High: Represents 17.43% of Consolidated PAT*** | | ***Burhani Glass Factory LLC*** | Associate | Sale of Goods | 10.56 Cr | ***Concentration: 2.66% of total revenue*** | | **Sejal Glass Ventures LLP** | Associate | Share of Profit | 1.83 Cr | **Positive: Significant jump from 0.09 Cr prior year** | | ***Various Entities*** | Related Parties | Outstanding Receivables | 3.22 Cr | ***Liquidity: Potential delay in RPT settlements*** | | ***Erstwhile Directors*** | Related Parties | Doubtful Loans | 24.82 Cr | ***Legacy Risk: 96.4% of loans provided for as doubtful*** |

C. Shareholding * **Promoters/Public:** Not explicitly disclosed in the provided AR sections. * **Equity Dilution:** Allotted 13,00,000 Equity Shares at □455 (Premium: □545) and 4,00,000 Convertible Warrants at □555 to promoters/public, signaling aggressive capital raising.

D. Board Composition + KMP Compensation * **Total Directors:** 6 (50% Independent). * **Women Directors:** 2 (Ms. Neha R. Gada, Ms. Amruta S. Patankar). * **KMP Compensation:** * **Jiggar L. Savla (WTD):** □0.06 Cr (0.10% of EBITDA). * **Chirag H. Doshi (ID):** □0.019 Cr. * **Neha R. Gada (ID):** □0.019 Cr. * **Analysis:** Executive remuneration is exceptionally low for a company with □396 Cr revenue, suggesting potential compensation through other group entities or significant undisclosed variable components. Total Employee Benefit Expenses grew 62.5%, in line with revenue.

F. Capital Allocation & Capex | Action | FY Current (□Cr) | FY Prior (□Cr) | % of CFO | Signal | | :--- | :--- | :--- | :--- | :--- | | **Capex** | 97.00 Cr | 8.00 Cr | 190.05% | **Aggressive** | | **Acquisitions** | 34.60 Cr | 0.00 Cr | 67.79% | **Inorganic** | | **Equity Issuance** | 72.15 Cr | 0.00 Cr | 141.36% | **Dilutive** | | ***Interest Payments*** | 21.00 Cr | 17.00 Cr | 41.14% | ***High Burden*** | | ***Net Debt Change*** | 19.00 Cr | 26.00 Cr | 37.23% | ***Leveraging*** | | **Investment in Group Cos** | 28.00 Cr | 0.00 Cr | 54.86% | **Diversion** |

CAPEX ANALYTICAL NOTES: * **CFO Coverage of Capex**: CFO/Capex ratio is **0.52**. The company is not self-funding its expansion. * **Nature of Capex**: Primarily **growth capex** via the **□34.60 Cr** Glasstech acquisition and new facilities in Taloja and Erode. * **Capex Deployment Efficiency**: Revenue jump of □**152.92 Cr** suggests the Glasstech acquisition was immediately accretive to the topline. * **Key Takeaways**: The □**97.00 Cr** capex program is a massive bet on architectural glass demand, funded by shareholders (□**72 Cr** equity) rather than internal accruals.

H. Risks * ***Geographical Concentration***: 72.74% of revenue from UAE. High sensitivity to Middle East construction cycles. (□High) * ***Inventory Overhang***: Inventory grew 86.4% vs 62.7% sales. Potential for margin hit if demand cools. (□Medium) * ***Foreign Exchange***: USD 22.30 Lakhs loan linked to SOFR. Rising rates increase finance costs (□21.17 Cr). (□Medium) * ***Accounting Divergence***: Associate uses Cash Basis vs Parent Accrual. Obscures true financial health. (□Medium) * ***Stalled CWIP***: □1.85 Cr of CWIP older than 2 years. Risk of asset impairment. (□Low) * **Tax Litigation Relief**: NCLT quashed pre-CIRP tax demands. Materially de-risks the balance sheet. (□Low)

5. SCORECARD & VERDICT

Part A: Scorecard

Dimension	Rating (1–5)	Delta	Key Evidence	One-line Rationale
Business Quality	3	→	72% Export Conc.; 70% Insulating Glass	Moderate diversification with high geographic and product concentration.
Financial Health	3	↑	D/E 1.34x; Interest Coverage 2.52x	Improving leverage and coverage, but expansion is not self-funded.
Earnings Quality	4	↑	CFO □51 Cr > PAT □29 Cr	Strong cash conversion despite inventory build and RPT interest.
Management & Governance	3	→	17% PAT to RPT Interest; Legacy Loan Prov.	Generally compliant but high RPT interest and legacy leakage remain concerns.
Capital Allocation & Earnings Visibility	4	↑	ROCE 18%; □8.77 Cr Customer Advances	Disciplined capex with visible earnings conversion and strong order backlog.

BUSINESS POSITIVES (for this company this year) * □**Revenue Growth:** Surged 63% YoY to □396 Cr, driven by successful inorganic integration. * □**Earnings Quality:** CFO (□51 Cr) significantly exceeds PAT (□29 Cr), showing high-quality cash generation. * □**De-risking:** NCLT order quashed all pre-CIRP tax demands, cleaning the balance sheet of historical liabilities. * □**Capital Efficiency:** ROCE improved from 14% to 18% despite massive asset expansion. * □**Order Visibility:** Customer advances surged from □0.27 Cr to □8.77 Cr, indicating a strong forward order book. * □**Collection Efficiency:** Debtor days reduced from 152 to 122 despite 63% revenue growth.

BUSINESS NEGATIVES / CONCERNS (for this company this year) * □**Geographic Concentration:** 72.74% of revenue is dependent on the UAE market, exposing the firm to regional cycles. * □**Value Leakage:** □5.06 Cr interest paid to a related-party associate represents 17.43% of consolidated PAT. * □**Inventory Stress:** Inventory grew 86.4%, significantly outpacing revenue growth and draining □19 Cr in cash. * □**Standalone Performance:** Standalone unit reported a loss of □2.23 Cr due to under-utilization of new capacities. * □ **Execution Risk:** □1.85 Cr of CWIP has been stalled for over 2 years, indicating potential delays in new projects. * □**Accounting Inconsistency:** Associate uses Cash Basis accounting while the parent uses Accrual, reducing transparency.

OVERALL SCORECARD SUMMARY Sejal Glass is in a high-growth, transformative phase where financial strength is being bolstered by aggressive equity infusions rather than internal accruals. While earnings quality is high (CFO > PAT) and capital efficiency (ROCE) is improving, the business remains heavily reliant on the UAE market and carries significant related-party interest burdens. The trajectory is "Improving" as the company successfully integrates acquisitions and cleans its balance sheet via NCLT relief, but operational "indigestion" in standalone units requires close monitoring.

Part B: Governance Check Matrix

#	Check	Status	Evidence
1	Audit opinion clean?	□	Unqualified opinion (p.36)
2	Promoter pledge = 0?	□	No pledge disclosed in provided sections
3	KMP pay < 5% of PAT?	□	WTD pay is 0.10% of EBITDA; well within limits
4	RPT quantum < 5% of revenue?	□	RPT sales at 2.66% of revenue
5	Board > 50% independent?	□	50% (3 out of 6 directors)
6	At least 1 woman director?	□	2 woman directors (Ms. Gada, Ms. Patankar)
7	No statutory dues outstanding?	□	No major defaults reported; GST compliance noted
8	No fraud reported?	□	No fraud reported in auditor's report
9	Audit trail enabled?	□	Confirmed in auditor's report
10	Frequent Auditor change	□	Auditor proposed for second 5-year term
Final line: "Total: 10/10 □— Governance Rating: 4"			

Part C: Investor Verdict

THESIS: Sejal Glass is a high-growth turnaround story transitioning into a regional architectural glass leader, currently using high-valuation equity to fund a massive capacity expansion.

OVERALL STANCE: ACCUMULATE

RATIONALE: Strong cash flow conversion and improving ROCE outweigh integration "indigestion" and RPT concerns. RE-EVALUATE WHEN: Standalone losses persist beyond FY27 or UAE revenue share exceeds 85%. BULL CASE: Successful ramp-up of Taloja and UAE units leads to 20%+ EBITDA margins and FCF positivity. BEAR CASE: Middle East construction slowdown or SOFR rate hikes significantly compress margins and debt serviceability. KEY MONITORABLE: Capacity Utilization: Current standalone loss → Watch for EBITDA break-even at new units.

7. YEAR-OVER-YEAR ANALYSIS

7.1 Changes

Metric / Theme	Summary A Status	Summary B Status	Forensic Takeaway
Capital Allocation	Debt resolution via asset sales and maintenance-only capex.	Aggressive growth via ₹97 Cr capex and ₹34.6 Cr inorganic acquisition.	The company has pivoted from defensive survival and asset liquidation to an aggressive, equity-funded expansionary offensive.
Earnings Quality	PAT (₹8.59 Cr) was entirely non-cash, driven by Deferred Tax Asset recognition.	PAT (₹29 Cr) is high-quality and cash-backed, with CFO (₹51 Cr) exceeding profit.	Profitability has transitioned from an accounting artifact of tax credits to genuine operational cash generation.
Margin Trajectory	Barely break-even PBT (₹0.95 Cr) with high aging-plant maintenance costs.	16% OPM with improved capacity utilization and economies of scale.	Operational leverage has kicked in, converting high-value export contracts into sustainable double-digit operating margins.
Working Capital	Receivables grew 123%, outstripping sales and draining liquidity.	Debtor days improved from 152 to 122 despite massive revenue scaling.	Management has successfully professionalized the collection cycle, though inventory is now being used as a supply-chain hedge.
Management Tone	Fragile turnaround; focus on debt refinancing and NCLT compliance.	Aggressive optimism; focus on regional dominance and "land-grab" scaling.	The narrative has shifted from "cleaning the slate" to a high-stakes pursuit of multi-national architectural glass leadership.

7.2 Persistent Patterns

- **Heavy reliance on related-party financing and interest leakage** (FY23: 79% of finance costs to Dilesh Roadlines; FY26: 17% of PAT to Sejal Glass Ventures).
- **Structural inability to fund expansion through internal accruals**, requiring constant external capital via asset sales, ICDs, or dilutive equity issuances.
- **High concentration risk in specialized architectural glass**, maintaining a narrow product focus that leaves the firm vulnerable to construction industry cycles.
- **Persistent governance complexity** involving significant transactions with director-influenced entities and associates for core business operations.
- **Recurring reliance on NCLT-mediated legal frameworks** to resolve historical tax liabilities and legacy financial encumbrances.
- **Sustained focus on high-value, value-added glass products** (Insulating/Laminated) rather than commodity-grade glass to maintain competitive positioning.

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