Sejal Glass Ltd — Aug 2026 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

The punchline. Read this first — it frames everything below.

Result: Beat (Revenue) / Miss (Margins) **One-line:** Sejal Glass maintained its strong revenue momentum (□118 Cr) and showed meaningful utilization gains in acquired domestic units, but Q1 margins took a temporary hit from labor union settlements and annual increments, pushing the margin expansion thesis into H2 FY27.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Beat (Revenue) / Miss (Margins)	Revenue of □118 Cr is flat QoQ but up 53% YoY. EBITDA margins fell to 15.26% from 17.5% in Q4 FY26.	□
Earnings Quality	Moderate	Higher revenue driven by utilization; PAT impacted by one-off labor union agreement (□1 Cr) and increments.	□
Guidance Confidence	Strong	Management upgraded the "upper-end" of revenue guidance from 25% to 40% for FY27.	□
Management Credibility	Strong	Quantified the utilization jump in Erode (3% to 15%) and Taloja (21% to 55%), delivering on the promise to "sweat" domestic assets.	□
Business Quality Signal	Improving	Massive de-risking in progress; India-UAE revenue mix shifted from 70:30 (FY26) to 60:40 (Q1 FY27).	□
Key Q&A Exchange	Q#5 - Utilization	Management provided plant-level utilization, confirming domestic units are finally scaling.	□
The Street's Primary Anxiety	Margin Compression	Analysts pressed on the 220 bps EBITDA margin drop; Mgmt blamed labor union costs and logistics.	□
Capital Cycle Stage	Consolidation	Focusing on internal accruals and minor debt (AED 7M) to fund UAE expansion; no fresh equity raise planned.	□
Margin / Return Ratio Trajectory	Temporary Dip	EBITDA margins dipped but management targets 18%+ exit margins by Q3/Q4.	□
Pricing Power	Stable	Cost of goods increased 1% due to diesel/energy; management is passing this through but with a lag.	□
FCF Conversion & Quality	Moderate	WC days are high (~98 days India, 85 days UAE); scaling likely consuming cash.	□
Competitive Moat Signals	Stable	Focus on architectural glass (higher margins than auto) and pan-India expansion.	□
Balance Sheet Strength	Adequate	Long-term debt at □38 Cr (standalone); UAE capex is 50:50 debt-equity.	□
Working Capital Efficiency	Stable	Bad debts remain <0.5%; zero delinquencies in UAE despite geopolitical noise.	□
Mgmt Guidance Track Record	Reliable	Meeting revenue scale targets consistently; conservative on margin timing.	□
Key Vulnerability / Red Flag	UAE Concentration	69% of revenue still comes from UAE; geopolitical risk remains a primary overhang.	□
Management Tone	Confident/Prudent	Bullish on volume but conservative on committing to 40% growth until geopolitics stabilize.	□

Sentiment: □Positive

Key Takeaways (Positives & Negatives): * **Positives:** The integration of the Glasstech units (Taloja/Erode) is finally yielding results, with Erode's utilization jumping from 3% to 15% and Taloja hitting 55%. The UAE order book remains robust at AED 72M (up from AED 60M), providing clear revenue visibility for the next 6-9 months. The company is successfully executing its de-risking strategy, with India now contributing 40% of revenue compared to 30% last year. * **Negatives:** Profitability margins compressed significantly vs Q4 FY26 due to a □1 Cr impact from labor union agreements and annual appraisal cycles. High-margin specialty products (Fire Safety glass) remain a "H2 FY27" story, having not yet contributed to the P&L. * **Street Concern:** Analysts were confused by conflicting revenue guidance (25% vs 40%). Management clarified that 25% is the floor, while 40% is achievable if UAE geopolitical stability permits. * **Watchpoint:** Execution of the UAE "Third Line" (Q3) and the commercialization of Fire-rated glass in Q3; these are the essential levers for reaching the 9-10% PAT margin target.

---

2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: PPT not available — all numbers sourced from concall transcript.

Metric	Current Qtr	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (Consol)	□117.95 Cr	↑ 52.88%	→ 0.94%	↑	Growth driven by healthy execution and increased capacity utilization in India.
Revenue (UAE)	□81.52 Cr	↑ 47.31%	Not in doc	↑	UAE remains the primary revenue driver (69% of mix).
Revenue (India)	□36.43 Cr	↑ 67.03%	Not in doc	↑	Sharp scale-up in domestic operations; now 31% of mix.
EBITDA (Consol)	□18.00 Cr	↑ 44.00%	↓ 12.07%	↓	YoY growth strong, but QoQ dip due to labor union settlement costs.
EBITDA Margin %	15.26%	↓ 100 bps	↓ 224 bps	↓	Q4 was 17.5%; dip due to □1 Cr labor cost and logistics.
PAT (Consol)	□7.22 Cr	↑ 63.35%	↓ 36.78%	↓	Impacted by margin compression and higher operating costs.
PAT Margin %	6.12%	→ 0 bps	↓ 368 bps	↓	Target remains 9-10% for full year FY27.
Utilization (Silvassa)	77.00%	Not in doc	↓ 1000 bps	↓	Core plant dipped from 87% in Q4; likely seasonal/re-alignment.
Utilization (Taloja)	55.00%	Not in doc	↑ 3400 bps	↑	Significant recovery from "distress" 21% level in Q4.
Utilization (Erode)	15.00%	Not in doc	↑ 1200 bps	↑	Scaling up from 3% in Q4; still massive room for growth.
Utilization (UAE)	71.00%	Not in doc	↓ 1900 bps	↓	Dipped from ~90% levels; adding 3rd line in Q3.
Order Book (UAE)	AED 72M	↑ 20.00%	↑ 20.00%	↑	Increased from AED 60M (Q4) to AED 72M.
Order Book (India)	□50.00 Cr+	Not in doc	→ 0.00%	→	Secured orders from Tier-1 developers like Godrej/L&T.
Net Debt (India)	□52.00 Cr	Not in doc	↓ 62.3%	↑	Includes □38 Cr term loan and □14 Cr working capital.
Working Capital Days	91.5 Days	Not in doc	→ 0.00%	→	India: 98 days; UAE: 85 days.

2B. SEGMENT BREAKDOWN

Segment	Revenue (□Cr)	YoY Growth	Margin	Trend	vs Company Avg	Key Development
UAE	□81.52	47.3%	High	→	Above	Adding 3rd tempering line (Q3); targeting Africa/Europe.
India (Silvassa/GT)	□36.43	67.0%	Moderate	↑	Below	Taloja/Erode utilization ramping up; Glasstech Q2 PAT target.
Specialty (Railway)	< □1.17*	New	High	↑	Above	Currently <1% of revenue; target 10% next year.
Estimated based on management "less than 1%" commentary.						

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Revenue	□500 Cr (25%) min; □560 Cr (40%) max.	**Feasible.** Needs □127 Cr/qtr run-rate to hit 25%; currently at □118 Cr.	Strong. Met □400 Cr target in FY26.	Low
Guidance	Margins	9% to 10% PAT margin for FY27.	**Aggressive.** Requires PAT to jump from □7 Cr (Q1) to ~□15 Cr avg for next 3 qtrs.	Mixed. Q1 margins missed the Q4 trajectory.	High
Guidance	Volume	Erode: 25-30% util; Taloja: 75% util (FY27).	**Feasible.** Erode already moved 3% to 15%; Taloja moved 21% to 55%.	Improving.	Moderate
Guidance	Capex Plan	AED 15M for UAE (3rd Line + Fire Rated).	**On Track.** Q3 commercial production expected.	Delayed 1 qtr previously.	Moderate
Strategy	Capital Allocation	50:50 Debt-Equity for UAE Capex.	**Prudent.** AED 7M bank debt proposed.	Consistent with past.	Low
Macro	Industry Headwinds	Geopolitical unrest in UAE.	**Monitoring.** Already caused 1-month logistics hitch in June.	Real-time response.	High
Macro	Input Cost	1% increase in COGS due to diesel/energy.	**Managing.** Passing through with lag.	Stable.	Low
Balance	Debt	Standalone long-term debt □38 Cr.	**Manageable.** No immediate fundraise planned.	Strong deleveraging.	Low

4. ANALYST Q&A

Q#	Relevance (1–5)	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility (1–5)	Verdict
1	4.0	Gaurav Shukla / Finvestors	Guidance	Management Commentary	"Is it 50% or 25%? Sir, you have guided 25% and more in this call. In TV interview, 40% guidance you have given."	Management clarified that 25% is the conservative minimum floor while 40% is the target if geopolitical situations in UAE stabilize. This conservative approach implies that revenue targets are likely safe even in volatile macro conditions.	None	4.0	Guidance floor clarified
2	4.5	Preet Shah / Blue Star Capital	Margin Recovery	Financials	"In Q1 PAT margin was like 6.5%. From when we can see the margin improvement?"	Management indicated that capacity utilization jumps in Q3 and Q4 will drive fixed cost absorption and operating leverage. Reaching the 9-10% PAT target is dependent on back-ended performance in the festival season.	None	3.5	Seasonal/ Back-ended recovery
3	5.0	Nishitha / Sapphire Capital	Utilization Metrics	Business Overview	"What is the peak utilization... Can we reach around 85%, 90%?"	Management detailed specific utilization targets (Silvassa 90%, Taloja 75%, Erode 30%) by year-end FY27. Quantifying the ramp-up at the Erode facility (from 3% to 15%) validates the domestic	None	5.0	Specific utilization targets

Q#	Relevance (1–5)	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility (1–5)	Verdict
						turnaround thesis.			
4	4.0	Nishitha / Sapphire Capital	Capex	Capex and Allocation	"Do we have any capex plans? What is the total capex... in UAE?"	Management confirmed AED 15M capex for a 3rd tempering line and fire-rated glass technology, commercializing in Q3. This expansion adds 2.4 million sq meters of capacity, supporting the FY28 growth roadmap.	None	4.0	Quantified UAE expansion
5	3.5	Rohit / Vijit Global	New Verticals	Business Overview	"How much revenues are we generating from these verticals currently (Railway, Fire)?"	Management admitted current contribution from Railway glass is <1%, but targets 10% for the vertical next year. Fire-rated glass, a high-margin product, is delayed until Q3, making the specialty glass pivot a long-term story.	None	3.5	Specialty revenue is nominal
6	4.5	Raj Saraf / Finvestors	Margin Compression	Financials	"What are the factors which are actually holding our margin back? Lowest margin for the last 5 to 6 quarters."	Management attributed the dip to one-time labor union agreements at the Taloja plant (□1 Cr) and annual performance increments. These are largely structural or seasonal one-offs, suggesting margins should	None	4.5	One-off costs identified

Q#	Relevance (1–5)	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility (1–5)	Verdict
						revert as utilization climbs.			
7	4.0	Raj Saraf / Finvestors	UAE Monthly Sales	Financials	"July is AED 11 million somewhere... the improved utilization can take us with improved margins?"	Management confirmed July sales (AED 11.87M) exceeded the previous AED 10M run-rate, showing immediate momentum in Q2. Higher UAE throughput is the fastest lever for margin recovery due to superior regional profitability.	None	4.0	UAE run-rate improving
8	3.5	Nitin	Capacity Ceiling	Business Overview	"Maximum revenue that can be done with this present capacity... is around □600 crores?"	Management confirmed the current capacity can sweat up to □600 Cr, and the UAE 3rd line adds another □75 Cr potential. This implies Sejal has a clear runway to □675 Cr revenue without requiring massive greenfield land acquisitions.	None	4.0	Capacity runway clarified
9	4.0	Mithun	Competitive Moat	Management Commentary	"What gives us confidence that players like Asahi or Saint Gobain cannot enter this sector?"	Management argued that giants like Asahi (90% Auto focus) and Saint-Gobain (Float/Coated focus) do not want to compete with their own SME architectural	None	4.0	Niche moat defined

Q#	Relevance (1–5)	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility (1–5)	Verdict
						customers. This identifies Sejal's niche in the "fabrication" layer of the value chain as a protected space.			

PATTERN FLAGS & SENTIMENT * **The Guidance "Safety Net":** Analysts repeatedly questioned the 25% vs 40% growth guidance. Management's defensive but clear response (25% is the floor) suggests they have learned from the volatility of FY26 and are building a "cushion" into their public commitments. * **The Margin "Trough":** Friction arose regarding why margins hit a multi-quarter low despite record revenue. Management's transparency about the Taloja union agreement and incremental power costs satisfied analysts, shifting the focus to Q3 for a recovery. * **Domestic Scaling Skepticism:** While the utilization jump in Erode/Taloja was significant, analysts remain wary of the 9-10% PAT margin target given the current 6% level. The "V-shaped" recovery expected in Q3/Q4 is the single biggest risk to the thesis.

Analyst Sentiment Verdict: Analysts are cautiously optimistic on volume but skeptical on margin timing. The management's willingness to share plant-level utilization and monthly UAE run-rates (AED 11.8M in July) improved credibility. However, the recurring theme of "wait for Q3" for specialty products (Fire Glass) creates a sentiment of "show-me execution" for the second half of the year.

GUIDANCE GAPS REVEALED IN Q&A | Topic | What Mgmt Claimed (Opening / Prior Q) | What Q&A Revealed | Gap / Walk-back | Risk to Thesis | | :--- | :--- | :--- | :--- | :--- | | Revenue Guidance | 25% Growth | Potentially 40% | Upside Revision | Low risk; provides upside surprise potential. | | PAT Margin | 9% - 10% (Target) | 6.1% (Actual Q1) | 300 bps gap | High risk; requires massive Q3/Q4 performance. | | India/UAE Mix | 70/30 (FY26) | 60/40 (Q1 FY27) | Accelerated de-risking | Positive surprise on domestic scaling speed. |

---

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q4 FY26)	This Quarter (Q1 FY27)	Direction
EBITDA Margins	17.50%	15.26%	↓ (Compression)
PAT Margins	9.80%	6.12%	↓ (Compression)
Taloja Utilization	21%	55%	↑ (Significant Gain)
Erode Utilization	3%	15%	↑ (Significant Gain)
UAE Order Book	AED 60M	AED 72M	↑ (Visibility)
Labor Costs	Standard	□1 Cr one-off (Union agreement)	↓ (Cost Spike)
Revenue Guidance	25%	25% to 40%	↑ (Optimism)
India Revenue Mix	30%	40%	↑ (De-risking)

Investor Note: The investment thesis for Sejal Glass has evolved from a "turnaround" play into an "asset sweating" play. The domestic acquisitions that were once a drag are now the primary growth engine (India up 67% YoY). While the margin dip in Q1 is disappointing, it was largely driven by one-off structural costs (labor agreement) that strengthen the company's long-term operational stability. The core risk is no longer "Will the plants run?" but "Will the specialty glass (Fire/Railway) scale fast enough to hit the 10% PAT target?". We maintain a positive bias but watch the Q3 commercial production dates for the UAE 3rd line and Fire glass closely. Management’s ability to move India to 40% of revenue in a single quarter is a high-conviction signal of domestic execution capability.