Sejal Glass Ltd — May 2025 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Inline (Operational) / Miss (Guidance) **One-line:** Sejal Glass is pivoting from an organic turnaround to a high-leverage inorganic growth phase with the Glasstech acquisition, though persistent delays in specialty glass (Bulletproof) and a miss on FY25 revenue targets signal execution risks.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Miss (Guidance)	FY25 revenue of □244.95 Cr missed the Q2 guidance range of □260–280 Cr.	□
Earnings Quality	Moderate	PAT growth (1080% YoY) is distorted by a very low base and □150 Cr in carry-forward tax losses.	□
Guidance Confidence	Neutral	FY26 target of □400 Cr+ requires a 63% jump, heavily reliant on the Glasstech integration.	□
Management Credibility	Mixed	Achieved UAE scale-up but failed to meet bulletproof launch timelines for the second consecutive quarter.	□
Business Quality Signal	Improving	Integration of facade manufacturing in UAE and Glasstech in India creates a more robust industrial glass play.	□
Key Q&A Exchange	Q#2 - FY26 Guidance	Mgmt expects □400 Cr+ revenue in FY26 via inorganic additions; signals 15% EBITDA floor.	□
The Street's Primary Anxiety	Debt & Special Glass	Can the business service □18 Cr annual interest while "Bulletproof" glass remains in perpetual testing?	□
Capital Cycle Stage	Investment / Expansion	Acquiring assets (Glasstech) and expanding capacity (UAE Facade) through debt/equity mix.	□
Margin / Return Ratio Trajectory	Improving	EBITDA margins rose to 14.49% (Q4) from ~14% in H1; target 15%+ blended.	□
Pricing Power	Stable	Pass-through mechanism for raw material price drops (8%) maintained EBITDA margins.	□
FCF Conversion & Quality	Weak	High interest burden (□18 Cr/yr) and working capital needs for 4 plants will strain cash flow.	□
Competitive Moat Signals	Stable	High-value architectural glass certifications and entry into facade panels protect regional share.	□
Balance Sheet Strength	Stressed	Total debt/liabilities ~□150-160 Cr; interest costs consume ~50% of current EBITDA.	□
Working Capital Efficiency	Stable	Inventory/receivables management remains key as UAE utilization hits 60-70% range.	□
Mgmt Guidance Track Record	Mixed	Missed FY25 revenue guidance; delayed specialty glass launches.	□
Key Vulnerability / Red Flag	Product Launch Delays	Bulletproof and Railway glass are not yet contributing material revenue despite being core to the "high-margin" thesis.	□
Management Tone	Confident / Aggressive	Bullish on inorganic growth and UAE demand; dismissed pricing/ demand challenges.	□

Sentiment: □Neutral

Key Takeaways (Positives & Negatives): * **Positives:** The UAE engine is firing well with Toughened glass utilization at 53% and Insulated Glass (IG) at 66%; the new Facade division (May 2025) adds a 20% margin revenue stream. The Glasstech acquisition (Taloja/Erode) significantly expands the India footprint, providing the capacity needed to hit ₹400 Cr+ revenue in FY26. * **Negatives:** Management missed the FY25 revenue guidance (₹245 Cr actual vs ₹260-280 Cr guided) and specialty glass initiatives (Bulletproof/Railway) continue to face testing/order delays. Financial risk is high; interest costs (₹4.5 Cr/qtr) leave thin margins for error, and the twice-failed QIP attempt indicates difficulty in raising equity capital to deleverage. * **Street Anxiety:** Analysts are concerned about the "high-margin" pivot. Management's response emphasizes that specialty glass consumption is low-volume but high-value, but until these hit the P&L, the company remains a commodity architectural glass processor with high debt. * **Watchpoint:** Success of the Glasstech integration in Q2 FY26. Management has guided for immediate profitability from these units; any delay here will jeopardize the FY26 ₹400 Cr revenue target.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

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

Metric	Current Qtr (Q4 FY25)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (Consol)	₹67.90 Cr	↑ 35.19%	↑ 9.7%	↑	Driven by UAE scale-up and higher India volumes.
Revenue (FY25 Full Year)	₹244.95 Cr	↑ 48.70%	N/A	↑	**Missed Q2 guidance** of ₹260-280 Cr.
EBITDA (Consol)	₹9.84 Cr	↑ 68.31%	↑ 13.5%	↑	Operational efficiency and better product mix.
EBITDA Margin %	14.49%	↑ 285 bps	↑ 49 bps	↑	H1 was 13.96%. Target 15% minimum.
PAT (Consol)	₹3.78 Cr	↑ 1080.86%	↑ 54.3%	↑	Significant YoY jump due to low base and tax efficiency.
EPS (₹)	₹3.75	↑ 1109%	↑ 56.3%	↑	FY25 full year EPS at ₹10.85 (+232% YoY).
UAE Utilization (IG)	66.0%	N/A	↑ 400 bps	↑	Main revenue driver in UAE; peak capacity at 73%.
India Util (Laminate)	71.0%	N/A	↓ 1000 bps	↓	Down from 81% in Q2 due to raw material pricing shifts.
Glasstech Capacity (MT)	15.6L sqm	New	New	N/A	Toughening capacity added via acquisition.
Net Debt / Liabilities	~₹150-160 Cr	↑	↑	↓	Includes ₹42 Cr long-term bank debt + promoter loans.
Interest Cost (Consol)	₹4.50 Cr/qtr	↑	↑	↓	Run-rate of ₹18 Cr/year post-Glasstech deal.
Realization Impact (%)	-8.0%	N/A	N/A	↓	8% price drop in glass passed to customers.

2B. SEGMENT BREAKDOWN

Segment	Revenue (₹ Cr)	YoY Growth	Margin (EBITDA)	Trend	vs Co. Avg	Key Development
UAE Subsidiary	~₹175.00*	~45%	~15%	↑	Above	Facade division added (May '25); target ₹235 Cr FY26.
Silvassa (India)	~₹70.00*	~55%	~10-12%	↑	Below	Utilization at 60-70%; focus on digital printed glass.
Glasstech (New)	₹63.00 (Hist)	N/A	Negligible	→	Below	Targeting 15% EBITDA by Q2 FY26 via util ramp.

**Estimated based on full-year consolidated vs. standalone splits provided.*

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3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Revenue	₹400 Cr+ for FY26.	**Aggressive.** Requires ₹100 Cr/qtr. Current run-rate (Q4) is ₹68 Cr. Requires 47% growth.	Missed FY25 target.	High risk if Glasstech ramp is slow.
Guidance	Margins	15% Blended EBITDA.	**Feasible.** Current 14.5%. Needs 50 bps expansion on higher volumes.	Improving.	RM price volatility.
Guidance	Volume	Reach ₹600 Cr+ at full capacity across 4 plants.	**Long-term.** UAE at ~60%; Glasstech at 35%. Needs 2 years to peak.	Consistent in UAE.	India market demand.
Strategy	New Products	Bulletproof Glass revenue contribution.	**Delayed.** Still in "testing mode." No revenue currently.	Delayed twice.	Testing/ Certification.
Strategy	Acquisition	Glasstech profitable from Q2 FY26.	**Critical.** Acquisition was loss-making/under-utilized at 35%.	New initiative.	Integration/Costs.
Balance	Deleveraging	Equity raise (QIP) of ~₹25 Cr.	**Uncertain.** Failed twice due to market conditions/SEBI pricing rules.	Not delivered.	High interest cost (₹18 Cr).

4. ANALYST Q&A

Q#	Relevance	Analyst	Theme	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Credibility	Verdict
1	5.0	Rohit Bahirwani / Vijit Global	Acquisition	Capex & Allocation	What is the capacity and utilization of the newly acquired Glasstech plants?	Management confirmed toughening capacity of 15.6L sqm operating at only 35% utilization with ₹63 Cr historical revenue. Integrating this under-utilized asset is the primary lever to hit the ₹400 Cr FY26 revenue target but carries significant operational turnaround risk.	None	5.0	Clear and quantified
2	4.5	Jignesh Vayda / Jiva Capital	Guidance	Mgmt Commentary	What kind of revenues can we expect in FY26 and FY27?	Management guided for ₹400 Cr+ in FY26 and targets a long-term full-capacity revenue potential of ₹600 Cr+. Achieving this requires the quarterly run-rate to jump from ₹68 Cr to ₹100 Cr, implying a very steep ramp-up in India operations.	None	4.0	Directional with evidence
3	4.0	Pranav Gandhi / Lotus Wealth	New Products	Business Overview	What revenue is being generated from	Management admitted that revenue has not started as the product is still in "testing	Specific timeline	2.0	Evasive / Hedged

Q#	Relevance	Analyst	Theme	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Credibility	Verdict
					Bulletproof glass?	mode" with no firm timeline for completion. This confirms a continued delay in the high-margin segment that was supposed to drive margin expansion in FY25.			
4	4.0	Sreeram Ramdas / Green Portfolio	Guidance	Mgmt Commentary	We were expecting ₹300 Cr last year; what went wrong?	Failure to hit target was attributed to an 8% drop in glass prices (passed through) and India revenue closing at ₹63 Cr vs ₹70 Cr expected. This highlights the company's vulnerability to raw material price deflation which compresses the top-line even if margins are protected.	None	4.0	Specific value given
5	3.5	Sreeram Ramdas / Green Portfolio	Operations	Capex & Allocation	What are the terms of the Glasstech lease and acquisition?	Consideration was ₹34 Cr for machinery/ know-how/ contracts with a 4-year rent moratorium followed by ₹1 Cr/month rent. This structure preserves	None	5.0	Clear and quantified

Q#	Relevance	Analyst	Theme	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Credibility	Verdict
						cash in the short term but creates a high fixed-cost hurdle from year 5 onwards.			
6	4.5	Shankey Bansal	Leverage	Financials	Why has the QIP been dropped twice recently?	Failure was blamed on market volatility and SEBI pricing formulas (□610 floor) being higher than market price, plus exchange permission delays. Continued inability to raise equity leaves the company dependent on high-cost promoter/ bank debt.	None	4.0	Directional with evidence
7	4.0	Dipanshu / Sattva Ventures	Leverage	Financials	What is the total interest cost service required quarterly?	Post-acquisition interest cost is projected at □4.5 Cr per quarter (□18 Cr annualized) across bank and promoter debt. With FY25 EBITDA at □35 Cr, interest coverage is a tight 1.9x, leaving little room for operational misses.	None	4.5	Specific value given
8	3.5		Strategy				None	4.0	

Q#	Relevance	Analyst	Theme	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Credibility	Verdict
		Haresh Hindocha / SVS Sec		Mgmt Commentary	What is the expected export to domestic revenue mix going forward?	Management expects a 50-50 split between India and Export/UAE markets following the domestic expansion. This represents a significant shift from the current ~70% UAE dependence, diversifying geopolitical risk.			Directional with evidence

PATTERN FLAGS & SENTIMENT

- **The Special Glass "Testing" Loop:** For the second consecutive quarter, management has pushed back the revenue contribution from Bulletproof and Railway glass. Initially expected in late 2024, these products are still in "testing" or "tendering" phases. Analysts are becoming increasingly skeptical of these segments' ability to move the needle in the near term.
- **Pivot to Inorganic Scale:** Management is using the Glasstech acquisition to bypass the slow organic growth of the Silvassa unit. The posture is one of aggressive expansion to outrun the high interest burden. Posture is confident, but the move from 35% to 70%+ utilization at Glasstech is a "show-me" story for the next two quarters.
- **Equity Raising Struggles:** The twice-failed QIP is a significant overhang. Management's insistence that they will "try again" suggests they are aware the current debt structure (□150 Cr liabilities) is unsustainable for long-term growth.

Analyst Sentiment Verdict: Analysts are **cautiously skeptical**. While the revenue growth (48% YoY) is impressive, the miss on FY25 guidance and the "testing" status of high-margin products created friction. Management's credibility on timelines is weakened, and the market is now fixated on the interest-to-EBITDA ratio. The single greatest risk is a slow ramp-up at the new Glasstech units while servicing □18 Cr in annual interest.

GUIDANCE GAPS REVEALED IN Q&A

Topic	What Mgmt Claimed (Q2 FY25)	What Q4 Revealed	Gap / Walk-back	Risk to Thesis
FY25 Revenue	₹260 - 280 Crores	₹244.95 Crores	₹15 Cr (5.4%) Miss.	Indicates project execution or pricing pressure higher than anticipated.
Bulletproof Launch	Launch in Jan 2025.	"Still in testing mode."	Indefinite delay.	Erosion of "specialty glass" margin thesis.
QIP Funding	Plans to use for debt/ growth.	Dropped twice.	Funding gap.	Higher reliance on high-cost promoter debt.

5. WHAT CHANGED vs PRIOR QUARTER

Comparison based on Prior Context (Q2 FY25) vs Current Q4 FY25 Result.

What Changed	Prior Quarter (Q2)	This Quarter (Q4)	Direction
Growth Strategy	Organic recovery of Silvassa.	Inorganic leap via Glasstech (₹34 Cr).	↑ (Scale)
Manufacturing Footprint	2 Units (Silvassa, UAE).	4 Units (Added Taloja, Erode).	↑ (Footprint)
Revenue Run-rate	~₹62 Cr/qtr.	Target ₹100 Cr/qtr for FY26.	↑ (Target)
Special Glass Timeline	Jan 2025 Launch.	Testing mode (No date).	↓ (Delay)
Financial Risk	Interest ~₹4 Cr/qtr.	Interest ~₹4.5 Cr/qtr (post-acq).	↓ (Stress)
Equity Funding	QIP active/planned.	QIP failed/cancelled twice.	↓ (Capital)
Product Offerings	Architectural Glass.	Added Facade Panels & Digital Glass.	↑ (Mix)
Realization	Stable.	8% pricing headwind.	↓ (Pricing)

Investor Note: The thesis has shifted from a "turnaround play" to an "integration and scale play." The company is effectively doubling its India capacity to service a ₹400 Cr+ revenue target, but the delay in specialty glass means margins will likely remain stuck in the 14-15% range for longer than expected. The primary monitorable is Glasstech's utilization in Q1/Q2 FY26.