Sejal Glass Ltd — Nov 2025 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Strong Beat (Operational) / Inline (Guidance) **One-line:** Sejal Glass is successfully executing its inorganic pivot with a massive YoY revenue jump and margin expansion to 17%, though the thesis remains tied to the high-risk turnaround of the under-utilized Glasstech assets and the repeated "one-quarter-away" launch of specialty products.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Strong Beat	Revenue grew 70% YoY to □105.04 Cr; EBITDA grew 106% YoY.	□
Earnings Quality	Moderate	PAT growth (231%) is strong, but interest costs remain an overhang; debt reduction via preferential issue is pending.	□
Guidance Confidence	Strong	Reiteration of □400 Cr+ FY26 target; H1 run-rate (□183 Cr) makes this highly achievable.	□
Management Credibility	Improving	Finally secured capital (□94.35 Cr preferential issue) after two failed QIP attempts in prior quarters.	□
Business Quality Signal	Improving	Pivot toward higher-margin Insulated Glass (IG) and exclusive fire-rated technology license from Spain.	□
Key Q&A Exchange	Q#7 - Glasstech Util	Utilization at new plants is only 5-34%; this is the primary lever for H2 growth.	□
The Street's Primary Anxiety	Debt & Turnaround	Can they turn Glasstech EBITDA-positive by Q4 while servicing existing debt?	□
Capital Cycle Stage	Investment / Expansion	Integrating acquisitions and adding a new tempering line in UAE (Q1 FY27).	□
Margin / Return Ratio Trajectory	Improving	EBITDA margins rose to 17.03% (Q2) from 14.49% (Q4 FY25).	□
Pricing Power	Stable	Pass-through of raw material costs (70% pass-through capability) remains intact.	□
FCF Conversion & Quality	Weak	Negative CFO expected due to high working capital needs for the Glasstech ramp-up.	□
Competitive Moat Signals	Widening	Exclusive Saint Gobain supply/marketing tie-up and Spanish fire-rated glass license.	□
Balance Sheet Strength	Adequate	Preferential issue of □94.35 Cr to repay unsecured loans and fund working capital.	□
Working Capital Efficiency	Deteriorating	H2 will require significant "margin money" for Glasstech working capital.	□
Mgmt Guidance Track Record	Mixed	Met H1 internal targets but specialty glass (Bulletproof) remains delayed from original Jan 2025 targets.	□
Key Vulnerability / Red Flag	Low Asset Sweating	Domestic utilization at Erode and Taloja is as low as 2% for some segments.	□
Management Tone	Aggressive	Bullish on UAE growth and "Viksit Bharat" infrastructure tailwinds.	□

Sentiment: □Positive

Key Takeaways (Positives & Negatives): * **Positives:** The UAE engine continues to dominate (72% of H1 revenue) with a strong AED 60M order book and expansion into the Africa/Europe markets. The successful ₹94.35 Cr preferential issue solves the capital crisis that plagued the company in FY25. Strategic tie-ups with Saint Gobain (supply/marketing) and Polymer Technology SRO (Spain) for fire-rated glass provide a technical edge over unorganized competitors. * **Negatives:** Domestic turnaround is still in its infancy; the newly acquired Glasstech units (Taloja/Erode) are operating at "distress" levels (5% to 34% utilization). While the top line is expanding, the high-margin "Bulletproof" glass segment remains in a testing loop, missing another launch window (UAE/Netherlands certifications still pending). * **Street Anxiety:** Analysts focused on the profitability of the India units. Management's response: EBITDA breakeven for Glasstech is expected only by Q4 FY26, implying H2 will bear the weight of these under-utilized assets. * **Watchpoint:** Success of the digital printed and fire-rated glass sales in Q3/Q4, which are critical to hit the 18% exit EBITDA margin 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 (Q2 FY26)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (Consol)	₹105.04 Cr	↑ 69.75%	↑ 35.06%	↑	Driven by UAE scale and Glasstech addition.
EBITDA	₹17.89 Cr	↑ 106.34%	↑ 43.23%	↑	Improving product mix toward IG glass.
EBITDA Margin %	17.03%	↑ 302 bps	↑ 97 bps	↑	Target 18% exit rate by end of FY26.
PAT	₹8.12 Cr	↑ 231.43%	↑ 84.13%	↑	Scaling of UAE operations.
EPS (₹)	₹7.95	↑ 231%	↑ 84%	↑	H1 FY26 EPS stands at ₹12.28.
ROCE (%)	9.00%	First entry	First entry	→	Expected to improve with EBITDA expansion.
UAE Rev Contribution	72% (H1)	↓	↓	↓	Dropping from ~90% as India units ramp.
Glasstech Revenue	₹11.00 Cr	New	New	↑	Contribution from Taloja and Erode units.
Asset Turnover (India)	2.0x	First entry	First entry	→	Fixed asset turnover in domestic market.
Asset Turnover (UAE)	3.0x	First entry	First entry	→	Higher sweating of UAE assets.
Utilization (UAE IG)	90.00%	First entry	↑	↑	Near peak capacity; adding new line.
Utilization (Taloja)	34.00% (Toughened)	New	New	→	Operating at distress levels post-acquisition.
Utilization (Erode)	12.00% (Toughened)	New	New	→	Significantly under-utilized.

2B. SEGMENT BREAKDOWN

Segment	Revenue (H1 □Cr)	YoY Growth	Margin (EBITDA)	Trend	vs Co. Avg	Key Development
UAE Business	□131.62*	Strong	~15-17%	↑	Above	UAE order book AED 60M; 25% now on LC.
India Business	□51.19*	Moderate	~10-12%	↓	Below	Dragged by Glasstech turnaround costs.
Glasstech (New)	□11.00 (Q2)	N/A	Negative	↓	Below	Targeting Q4 breakeven; adding machinery.
**Derived from H1 Consol (182.81 Cr) based on 72/28 split.*						

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.	**Achievable.** Needs □217 Cr in H2 (□108 Cr/qtr). Current Q2 is □105 Cr.	Improved vs FY25 miss.	Low risk.
Guidance	Margins	18%+ exit EBITDA margin.	**Aggressive.** Needs 100 bps expansion from current 17.03%.	Consistent improvement.	RM price shifts.
Guidance	Glasstech	□200 Cr annual potential.	**Long-term.** Currently at □44 Cr run-rate. Needs 4.5x volume jump.	New acquisition.	High execution risk.
Strategy	New Products	Fire-rated glass launch in Q4.	Requires technology transfer from Spain partner.	New initiative.	Certification delay.
Strategy	Specialty	Bulletproof glass (UAE/Europe tests).	Delayed by "one quarter" for last 3 quarters.	Repeatedly delayed.	Timeline risk.
Strategy	Capital Raise	□94.35 Cr Preferential Issue.	Board approved; pending execution.	Improved (Prior QIPs failed).	Execution risk.
Balance	Deleveraging	Repayment of promoter/unsecured loans.	Dependent on preferential issue proceeds.	Not yet delivered.	Interest cost burden.

4. ANALYST Q&A

Q#	Rel.	Analyst / Firm	Theme	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Cred.	Verdict
1	4.5	Vivek Patel / Ficom	Competitive Landscape	Business Overview	Could you please expand on the competitive landscape and trends in India and UAE?	Management noted 10% market share in UAE with organized competition, while in India they face MNCs like Asahi and Saint Gobain alongside unorganized toughened glass players. They are pivoting toward Africa and Europe to reduce dependence on a single micro-market, which should stabilize long-term volumes.	None	4.0	Directional with evidence
2	4.0	Vivek Patel / Ficom	Financials	Financials	What is the current ROE, ROC and asset turnover ratio for the CAPEX?	Management reported 9% ROCE and asset turnover of 2x in India and 3x in UAE. Improving EBITDA toward 18% is the primary lever to lift these sub-par return ratios to industry standards.	None	5.0	Specific value given
3	4.5	Vivek Patel / Ficom	Strategy	Management Commentary	What was the rationale for signing the exclusive supply deal with Saint Gobain?	Management clarified the deal ensures continuous supply from nearby plants (Jhagadia/ Chennai), improves yield/ wastage, and provides access to Saint Gobain's architect/ consultant network. This reduces inventory risk and provides a marketing "halo" for premium projects.	None	5.0	Clear and quantified

Q#	Rel.	Analyst / Firm	Theme	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Cred.	Verdict
4	4.0	Sreeram Ramdas / Green Portfolio	UAE Real Estate	Macro	Is the UAE real estate sector slowing down, causing trade receivable risks?	Management dismissed slowdown fears, citing growth in Abu Dhabi and Ras Al Khaimah (Casino project), and noted that 25% of UAE business is now on LC (Letters of Credit). This derisks the balance sheet from the traditional post-dated cheque (PDC) culture of the region.	None	4.0	Directional with evidence
5	5.0	Sreeram Ramdas / Green Portfolio	Specialty Glass	Business Overview	Any update on the high-value segments like bulletproof and fire-resistant glass?	Vande Bharat supplies have started, but UAE/ Netherlands bulletproof testing is still pending; fire-rated glass production will begin in Q4 post-Spanish machinery arrival. This segment remains the "holy grail" for margin expansion but continues to suffer from certification delays.	Specific timeline for UAE test	3.0	Vague/ Hedged
6	4.5	Rohit / Vijit Global	Domestic Margins	Financials	Why are standalone (India) margins looking lower?	Lower margins are due to the "distress" nature of the Glasstech acquisition, currently doing only □11 Cr/qtr. Management expects positive EBITDA breakeven for these units only by Q4 FY26, suggesting a margin drag for the next two quarters.	None	4.0	Directional with evidence
7	4.0						None	5.0	

Q#	Rel.	Analyst / Firm	Theme	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Cred.	Verdict
		Yash / Biyansh	Glasstech Utilization	Capex and Allocation	At what utilization did the 11 Cr Glasstech turnover come?	Taloja is at 34% (Toughened) / 26% (IG) / 6% (Laminate), while Erode is at 12% (Toughened) / 2% (IG). This highlights massive idle capacity and the urgency of the turnaround to justify the acquisition cost.			Specific value given
8	4.0	Nirav Shah / Jeet Capital	Acquisition Strategy	Capex and Allocation	Are there any further CAPEX or acquisition plans?	Management revealed they are conducting due diligence for another acquisition, likely to be announced in one month. This indicates a high-risk, aggressive inorganic strategy before fully integrating the previous Glasstech deal.	Target name/ size	3.0	Vague but consistent

PATTERN FLAGS & SENTIMENT * **The Inorganic Hunger:** Management is clearly in an aggressive "buy-and-build" phase. Even as the Glasstech integration is in early "distress" stages, they signaled another acquisition is in the pipeline. This suggests a race to scale to outrun the interest burden. * **The UAE Maturity vs. India Infancy:** The UAE business is a well-oiled machine (90% utilization for IG), providing the cash flow to fund the India experiments. The shift to LCs in UAE is a major governance/quality positive that analysts appreciated. * **Specialty Glass Skepticism:** For three quarters, "Bulletproof" glass has been "one quarter away." Analysts are now focusing more on the core architectural business (IG/Laminated) as the primary thesis driver, treating specialty glass as a "call option" rather than a core expectation.

Analyst Sentiment Verdict: Analysts were **cautiously optimistic**. The successful capital raise (preferential issue) removed the primary "going concern" risk from prior quarters. However, friction remains regarding the low domestic utilization and the timeline for Glasstech to stop being a margin drag. Management's credibility has improved on funding but remains "under observation" for execution.

GUIDANCE GAPS REVEALED IN Q&A | Topic | What Mgmt Claimed (Opening) | What Q&A Revealed | Gap / Walk-back | Risk to Thesis | | :--- | :--- | :--- | :--- | :--- | | **Glasstech EBITDA**| Reaching for 18% exit. | Breakeven only in Q4. | H2 will be a margin drag. | Slower than expected India turnaround. | | **Bulletproof Glass**| Marketing started. | UAE/Netherlands tests pending. | Indefinite delay on export revenue. | Margin expansion dependency. |

5. WHAT CHANGED vs PRIOR QUARTER

Comparison based on Prior Context (Q4 FY25) vs Current Q2 FY26 Result.

What Changed	Prior Quarter (Q4 FY25)	This Quarter (Q2 FY26)	Direction
Funding Status	QIP failed twice; capital starved.	₹94.35 Cr Preferential Issue approved.	↑ (Liquidity)
Revenue Run-rate	₹67.90 Cr / quarter.	₹105.04 Cr / quarter.	↑ (Scale)
EBITDA Margins	14.49%.	17.03%.	↑ (Profitability)
UAE Risk Profile	Reliance on PDCs.	25% shift to Letters of Credit (LC).	↑ (Quality)
Technology Stack	Standard Architectural Glass.	Exclusive Fire-rated license from Spain.	↑ (Moat)
Supply Chain	General procurement.	Exclusive Saint Gobain 1-year deal.	↑ (Efficiency)
Turnaround Progress	Glasstech newly acquired.	Glasstech util confirmed at 2-34% levels.	↓ (Clarity)
Specialty Glass	"Testing mode" (No dates).	Vande Bharat supply started; tests pending.	→ (Stable)

Investor Note: The thesis has evolved from a "distressed recovery" into a "consolidated industrial play." The management has successfully bridged the capital gap, which was the single biggest risk last quarter. However, the high-margin pivot (Bulletproof/Fire-rated) is still not visible in the P&L. The next 6 months will determine if Sejal is a ₹400 Cr commodity processor or a specialized glass powerhouse. Monitoring Glasstech's utilization in Q3 is mandatory.