

Ref: SGL/Compliance/2023-24/143

February 27, 2024

**Listing / Compliance Department**

**BSE Limited**

Floor 25, P J Towers,

Dalal Street,

Mumbai – 400 001

**Scrip Code : 532993**

**Listing/Compliance Department**

**National Stock Exchange of India Limited**

Exchange Plaza,

Bandra Kurla Complex,

Bandra (East), Mumbai – 400 051

**Symbol: SEJALLTD**

**Subject : Submission of Transcript of Earning Conference Call**

**Reference: Regulations 30 of SEBI (LODR) Regulations, 2015 read with Schedule III to the SEBI (LODR) Regulations, 2015 and our letter dated February 21, 2024, in this regard.**

Dear Sir / Madam,

We enclose herein the Transcript of the Earning Conference Call held on Wednesday, February 21, 2024, at 4:00 PM (IST) to discuss the operational and financial performance for third Quarter ended December 31, 2023.

This is for your information and record.

Thanking you,

Yours faithfully,

**For Sejal Glass Limited**

**Ashwin S. Shetty**

**V.P. - Operations & Company Secretary-Compliance Officer**



# “Sejal Glass Limited Q3 & 9M FY24 Earnings Conference Call”

**February 21, 2024**



**MANAGEMENT:**    **MR. AMRUT S. GADA – PROMOTER**  
                          **MR. CHANDRESH RAMJI RAMBHIA – CHIEF FINANCIAL**  
                          **OFFICER**

**MODERATOR:**    **MS. VAISHNAVI V. AMBOKAR – KIRIN ADVISORS PRIVATE**  
                          **LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to Q3 FY24 Earnings Conference Call of Sejal Glass Limited hosted by Kirin Advisors.

As a reminder, all participants' lines will be in the listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "\*" then "0" on your touch-tone phone. Please note that this conference is being recorded.

Please note this conference call may contain forward-looking statements about the Company, which are based on the beliefs, opinions, and expectations of the Company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

I now hand the conference over to Ms. Vaishnavi Ambokar from Kirin Advisors. Thank you & over to you.

**Vaishnavi Ambokar:** Thank you. On behalf of Kirin Advisors, I welcome you all to the conference call of Sejal Glass Limited. From the management side, we have Mr. Amrut Gada – Promoter and Mr. Chandresh Rambhia – Chief Financial Officer.

Now I hand over the call to Mr. Amrut Gada, Promoter. Over to you, sir.

**Amrut S. Gada:** Good afternoon everyone. Welcome to the Q3 and 9 months of the Financial Year '24 Results Conference Call of Sejal Glass Limited. I am thrilled to share the outstanding performance of our Company in the architectural glass industry.

Prior to initiating our Financial Analysis, I would like to present a comprehensive overview of our esteemed Company. Sejal Glass limited is primarily dedicated to the business of value addition of flat glass and glass products like architectural glass and other interior glass products. Since our inception in 2001, we have emerged as a transformative force in the global landscape. Headquartered in Mumbai, Maharashtra, we specialize in manufacturing and distributing a diverse range of high quality architectural glasses. Our commitment to superior quality has positioned us as a premier architectural glass manufacturer within India. In addition to our corporate headquarters, Sejal Glass operates a state-of-the-art plant in Silvassa and in UAE, Ras Al-Khaimah. This facility executes cutting, grinding, fabrication, tempering, insulating, and laminated processes delivering the final product.

Moving onto the "Financial Highlights" for this Quarter:

We are pleased to highlight our strong and sustained growth. Quarter 3 for '24 was remarkable, with our total income surging to Rs. 47.39 crores on the consolidated basis, reflecting a substantial growth, year-on-year increase of 305.91% and our EBITDA reached Rs. 6.19 crores, a remarkable growth of 464.08%, with an EBITDA margin of 13.07%. The net profit soared to Rs. 1.02 crores, marking a significant year-on-year change of 162.03%, and our EPS rose to Rs. 1, a growth of 163.16%.

Moving onto the first 9 months of '24:

Our total income reached Rs. 114.56 crores on a consolidated basis, representing an impressive year-on-year increase of 233.49% and EBITDA for this period stood at Rs. 15.46 crores, with a robust EBITDA margin of 13.50% average. Net profit recorded a remarkable growth to Rs. 2.66 crores, and EPS too rose to Rs. 2.95. Both Quarter 3 and the first 9 months of FY24 delivered exceptional financial performance. Revenue surged, margins expanded, and profitability soared. Our strategic cost control and market strength fulfilled this success.

Our commitment to surpass global quality standard and customer satisfaction has translated into a remarkable financial success with a strong revenue growth, expanded margins, and improved profitability. Sejal Glass reach extends far beyond India with our product reaching numerous countries. We have been a beacon of excellence in the architectural glass industry, and our commitment to quality has been recognized globally.

In conclusion:

Sejal Glass stands tall as a premier architectural glass manufacturer, delivering superior quality products and maintaining a formidable presence in both domestic and international markets and establishing its brand in the segment. I express my gratitude to our dedicated team and our shareholders for their unwavering support which has been instrumental in our success. We are highly optimistic about the promising growth trajectory ahead, fueled by the escalating demand for architectural glass globally. I extend my sincere appreciation to a dedicated team and loyal shareholders for accompanying us through the remarkable journey of growth. Our current standing is a testament to your unwavering support and confidence in Sejal Glass Limited.

With this brief update, I am happy to take questions from you all. Thank you very much.

**Moderator:**

We will now begin the question & answer session. Anyone who wishes to ask a question may press '\*' and '1' on their touch-tone telephone. If you wish to remove yourself from the question queue, you may press '\*' and '2'. Participants are requested to use handsets

while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

We have our first question from the line of Dhruv Mukesh Bajaj from Smart Sync Investment Advisory Services. Please go ahead.

**Dhruv Mukesh Bajaj:** First, congratulations on a good set of numbers and thank you so much for doing this call. I just wanted to understand that can you please give us a brief about the management team as promoters of the Aarti Group have a major stake, however, the CEO of the erstwhile entity is leading and the business has actually turned around in a brilliant manner. Firstly, what went wrong that we had to go to NCLT and what is the current ownership status?

**Amrut S. Gada:** The current ownership status is, majority stake remains with the Aarti Group promoter Mr. Chandrakant Gogri and the other is Mr. Surji Chheda. Both are now at 80% of the stake and 20% is with the public. And being an erstwhile promoter, we have a management agreement to support the Company for the next 3 to 4 years. And being this industry an MSME, some of the process, technology, and the market control or market experience with research, the new management has discussed with us and given us the responsibility to lead the organization and not only by erstwhile promoter, but also we have professional teams in all areas. On the finance side, we have CFO, then we have a sales & marketing national head, and we have a production manager. Then we have HR head. We have a production head at the Silvassa factory. We have also an executive director team at UAE, then the production head, marketing head, and export manager, then procurement head followed by the IT head and also the compliance & legal head and he's also the Vice President, Operations. We have a very dedicated and committed professional team who sees all the day-to-day affairs and strategically in guiding and mentoring, I am involved myself and also the other old promoters who give from time to time strategic advice.

**Dhruv Mukesh Bajaj:** Sir, this is very helpful. Thank you so much. Can you please provide some clarity on the ownership structure of Sejal Glass' UAE business? Because, somewhere I read that Dilesh Roadlines had a major stake in that venture, but another disclosure showed that we own 99% of that venture.

**Amrut S. Gada:** Initially, there was a certain criterion of foreign investment which was in the process. And at that time, Dilesh Roadlines was the stakeholders through LLP. Now from May '23, 99% Sejal Glass is the owner. So, its 99% is Sejal Glass's subsidiary and remaining 1% also we are in process to acquire. Within 1 or 2 months, that process will be over, so it will be a 100% subsidiary of Sejal Glass India. That 1% also belongs to the promoter Company. There is no outside interest other than the Sejal Glass and promoter.

- Dhruv Mukesh Bajaj:** Sir, I just wanted to understand that what is the margin profile that we should look at for this Company and the revenue potential from both UAE as well as Indian plant separately. Since this is the first call, if you can provide us some clarity regarding that?
- Amrut S. Gada:** For going forward you are saying?
- Dhruv Mukesh Bajaj:** Yes, sir, the annualized sales potential that we have from this particular plant, both UAE as well as India, the margin profile that one should ideally look for in this type of business. Since our margins have expanded a lot in the last 1 year, what should we look at going forward?
- Amrut S. Gada:** I will hand over to our CFO Mr. Chandresh Rambhia, so he will give you the details on the figures and capacity.
- Chandresh Rambhia:** Good Afternoon. In Sejal India, the EBITDA margin is in the range of 11% for the 9 months ended. And for UAE, the EBITDA margins are a little better at 14% for the 9 months ended.
- Dhruv Mukesh Bajaj:** Sir, I just wanted to understand that with the current capacity that we have, what is the ideal revenue potential that one can expect from this capacity provided it is working at full capacity? And if they are able to clock full capacity, then going forward, what can be the margins that one can expect from this business? Since we saw the competitor ASAHI Glass, it has a margin profile of around 23% to 30% in the same glass segment. So, I was just trying to understand from that angle that can we clock that type of margin profile or 15% is a reasonable number that one should look at?
- Amrut S. Gada:** Sir, I will make you correct. We are of course a peer of ASAHI Glass, but their main focus is on automobiles. They control about 90% of the market in the automobile, which is a standard product and they are in the float glass manufacturing as well. We are not in both the sectors. We are in the architectural glass. We are in the building glass. Here the EBITDA margin is different.
- Dhruv Mukesh Bajaj:** What is the cyclical element in this type of industry? Or there are stable margins in the float glass segment? From what I understand, this is a commodity type of product, right? We don't have a particular brand through which we sell this product. If you can just give us some understanding regarding the industry, that will be very helpful.
- Amrut S. Gada:** This is a commodity product, yes. We can have 1 or 2 products which are commodity, but actually it is a concept selling in some of our products and we are working with architects and developers as a doctor when the project is under the design stage. We suggest what kind of glass is required to control the sound, to control the sunlight in the building, on the safety parameters. And suppose the building is nearby airport or railway station, outside

sound DB is very high and inside if it should be maintained 80 or 81, then we suggest a product. At the same time, India has different natural climates. So, in Shimla, we offer a different product whereas in Kachchh Bhuj, we offer a different product because heat is high. To control the heat, we have a different product. To control the sound, we have a different product. Again, then it can be fuelled by a safety parameter. For the safety, we have a different product. Particularly looking at the European standards where sound, good living standards, aesthetical look of the building, enveloping the building with a good color. Like for you, it's blue, but for us, blue we have a 20 different colors in blue. That way, we offer the product to the architect. Then it is specified by the facade consultant. Then it is chosen by the developer and then it is specified in the tender that this is the product that is needed for this building. That's how we work as a solution provider; that's the main. Secondly, some of the commodity products or some of the industrial products which we serve in the industrial markets like furniture industry – Godrej, Nilkamal, and some of the industrial luminaire makers, lift industry that front glass in the lift door we are supplying, and in the weighing machine we are giving. And we are also discussing with some of the OEMs who make the photocopier machine like Canon and others. That's the market where we are.

**Dhruv Mukesh Bajaj:** Got it Sir. If I understand correctly, we are basically selling it to architects and the architects are buying this for the building construction guys, right?

**Amrut S. Gada:** No, we sell to developer or the facade manufacturing Company, fabricator. They specify or they propose to the developer that they use this product. We are from last 30 years in this industry. We are pioneers in some of the products in India. We have introduced some of the products first time in India.

**Dhruv Mukesh Bajaj:** Sir, I was just trying to understand that basically we tried to do a QIP sometime in 2022 - 23. However, it was disclosed that it was scrapped.

**Amrut S. Gada:** No no I will give you one more thing. In this segment, we are the only brand in India or globally we can say. There is no other architectural glass manufacturer who has created that brand. Sejal Glass is a well-recognized brand in the flat glass industry, particularly architectural glass. If anybody talks about the brand, they talk about Saint-Gobain, ASAHI, Guardian, and then it is Sejal Glass in India. That brand awareness we command.

**Dhruv Mukesh Bajaj:** Sir, I was just trying to understand that basically we tried to do a QIP in 2022 - 23. However, it was disclosed that it was scrapped due to lack of interest from market participants. I couldn't understand what went wrong, as Aarti Group was backing this business and we are since 30 years established, and we were raising only Rs. 35 crores during that time.

- Amrut S. Gada:** 1) Any promoters who are well-established corporates, they have always interest in the new business. 2) Some of the investor or a big corporate is also philanthropic or sometimes they also look at the corporate social responsibility and try to turn around the Company where a lot of employees are working and there is an established brand, but due to some financial problem or due to other problem, companies are getting in a financial trouble, then these kind of corporates or these minded promoters are saving the Company.
- Dhruv Mukesh Bajaj:** Sir, I am just trying to understand that we actually were trying to raise funds through QIP route, but that got....
- Amrut S. Gada:** We cannot say that it did not happen. We opened the QIP at the time when our Dubai acquisition was under process. And at that time, investors had certain doubts that this acquisition will go clear or not, then Dubai Market will perform well or not. Then, we have also not pursued so much to give any kind of different commitment. And then, promoter itself has put the money later on after 15 days and we completed our acquisitions and now the Company after 2 quarter, that our UAE operation is in profit.
- Dhruv Mukesh Bajaj:** Sir, I was just trying to understand that only. So, we got those funds from Aarti Group in the form of borrowings?
- Amrut S. Gada:** Correct.
- Dhruv Mukesh Bajaj:** What is the cost of debt that we got from Aarti Group and the repayment cycle if we can highlight?
- Amrut S. Gada:** It is 8.8% and 9%.
- Dhruv Mukesh Bajaj:** And the repayment cycle?
- Amrut S. Gada:** It is 3 years and 4 years, long term.
- Dhruv Mukesh Bajaj:** We don't have any other fundraise, right? Because we only wanted funds for acquisition, or do we have something in line going forward?
- Amrut S. Gada:** Not now. Except working capital, we don't have any such need.
- Moderator:** The next question is from the line of Jignesh Vayda from Jiva Capital. Please go ahead.
- Amrut S. Gada:** Yes Mr. Mehta

- Jignesh Vayda:** Sir, I wanted to understand, considering our very good growth in FY24, what kind of CAGR growth we are looking for the next 2 to 3 years? Will we continue to report more than 50% every year?
- Amrut S. Gada:** I will just give you the forward projections for the Q4. Consolidated, we will be around Rs. 55 crores to Rs. 60 crores for the Q4. And for financial year FY25, India operations will be around Rs. 80 crores to Rs. 85 crores and Dubai will be around Rs. 200 crores to Rs. 225 crores.
- Jignesh Vayda:** Dubai would be that bigger?
- Amrut S. Gada:** Yes, because we have large capacity there. As on today, we are in the top 4 in the UAE. And yet we have not started certain countries in Africa. Right now, we are serving only 12 or 13 countries – UAE and some of the GCC countries.
- Jignesh Vayda:** Accordingly, if our UAE plant continues to do well, our EBITDA margin should maybe cross more than 12% to 13% on a long-term sustainable basis?
- Amrut S. Gada:** We are targeting next year our EBITDA will be in the range of 15% to 16% consolidated.
- Jignesh Vayda:** Sir, our investment that we have done in UAE, in FY25 we will peak out or we will need to make more investments?
- Amrut S. Gada:** No, not required; a little bit of CAPEX for the re-engineering and some working capital.
- Jignesh Vayda:** With this re-engineering capital, we would be able to maybe double our UAE operations?
- Amrut S. Gada:** Yes, already capacity is there. When we acquired, we acquired based on the capacity that, yes, this is the capacity. And right now, we are quarter on quarter increasing the capacity. Some of the lines yet we have not started like tempering production we have not started yet; second line and third line. We are working on 1 line. At the same time, lamination will also start in this quarter. Also, yet we are going on aggressive mode in the UAE market. There was a certain criterion of sundry debtors. Now, every customer will be insured because there is a certain rules in UAE that if you operate 1 year, then take insurance of our customer. And some of the big customers who are established, but they have a different requirement of credit terms which we have not touched, which gradually we will start touching everyone.
- Jignesh Vayda:** Going ahead, what will be our working capital cycle?
- Amrut S. Gada:** Working capital cycle average 90 to 92 days.

- Jignesh Vayda:** In UAE also?
- Amrut S. Gada:** Yes.
- Jignesh Vayda:** Sir, in this industry, if we start using all the lines, what will be the maximum asset turnover? If we have assets of Rs. 100 crores, there what is the peak that we can reach?
- Chandresh Rambhia:** Peak turnover will be around Rs. 300 crores to Rs. 320 crores, 3x of the investment.
- Jignesh Vayda:** You are talking of UAE operations?
- Chandresh Rambhia:** UAE as well as India also if you see that way, we will be crossing Rs. 80 crores to Rs. 85 crores. So, approximately 3x from our investment.
- Jignesh Vayda:** So, broadly, on a long-term basis without much CAPEX, we can touch Rs. 500 crores?
- Chandresh Rambhia:** Put together, Rs. (+400) crores.
- Jignesh Vayda:** Sir, what is our strategy to reduce the promoter holding to less than 75%? I think because there is some timeline after acquisition by the new promoter, what is our strategy in this?
- Chandresh Rambhia:** As per LODR, we have to keep the public holding at 25%. Already 20% has been diluted in the public. Further 5% is still pending, which will be done in due course. We have certain timelines to complete that as per our NCLT order.
- Jignesh Vayda:** I think it is 18 months' timeline. I think the timeline is nearing?
- Chandresh Rambhia:** The total to reduce to 25%, it was in 36 months time. There was staggered requirement for reduction. Earlier it was 10% within 18 months and then after like that.
- Jignesh Vayda:** Still we have at least 1 year from today?
- Chandresh Rambhia:** Yes, we have timeline. Already 20% is reduced. Now only 5% is remaining that we are working on it.
- Jignesh Vayda:** Sir, the infusion by Aarti Group for UAE acquisition, you mentioned a repayment period of 4 years of the entire loan.
- Chandresh Rambhia:** Promoter funding is there. Three to four years that's what we are targeting. Maybe if we get some other avenues of funding, we can repay them early.

- Jignesh Vayda:** Sir, we would focus only on our kind of glasses like architectural glass or any plans of going into in UAE in some other areas like solar glass or anything else?
- Chandresh Rambhia:** That's a different product altogether.
- Jignesh Vayda:** So, we are not touching any of that right now?
- Amrut S. Gada:** Right now, we are not looking to that, up to FY25. Our next year's full focus is to consolidate this capacity and giving a more value addition to this product. We have one or 2-3 products under R&D for architectural application. We are focusing on that and we have to first reach our capacity utilization of 90% to 100%.
- Jignesh Vayda:** Right, Thank you.
- Moderator:** We have our next question from the line of Shikhar Mundra from Vivog Commercial Limited. Please go ahead.
- Shikhar Mundra:** Sir, what is the capacity in India and what is the capacity in UAE currently?
- Chandresh Rambhia:** I will explain to you. Basically, the capacity can be defined in the product segments actually. We are into 3 categories of products mainly, insulated glass (IG), laminated glass, and toughened glass. These are the products altogether sellable in each segment. The India capacity for our IG production is around 1 lakh 80 thousand square meters per annum, laminated glass is 1 lakh 8 thousand square meters per annum, and the toughened glass is 7 lakh 80 thousand square meters. These are the production capacities in India. In UAE, the IG glass is 6 lakh square meter per annum, laminated glass is 1 lakh 50 thousand square meter per annum, and the toughened glass is 21 lakh square meter currently.
- Shikhar Mundra:** Are these capacities fungible? Let's say the demand for particular insulated is higher, can we convert some of the laminated capacity?
- Chandresh Rambhia:** We can't do shuffling. All the three are different. Actually speaking, many of the times, IG and laminated glass require toughened glass by default. So, toughened glass is the first process which can be utilized in IG and laminate, and it can be sold as a product itself. At any point of time, toughened capacity will be more in production terms.
- Shikhar Mundra:** What are the realizations for each category?
- Chandresh Rambhia:** It's all different-different. Toughened will be the lowest in per square meter realization. IG and laminated will be highest in terms of per square meter realization. Toughened will be around Rs. 1,000 per square meter for 6 mm glass. Similarly, for laminated, it will be around Rs. 3,200 per square meter; 6 mm basis. So, it depends on the thickness again.

Suppose 6 mm this, then 8, 10, 12, 4. So, it depends on the thickness of the glass that you are using.

**Shikhar Mundra:** From the UAE plant, which markets are catering to?

**Amrut S. Gada:** We are right now catering UAE seven states at Dubai, Sharjah, Abu Dhabi, Ajman, Ras Al-Khaimah; then we have GCC Qatar, Bahrain, Oman; and certain 1 or 2 customers in Pakistan; then some 3 customers in Africa right now we have.

**Shikhar Mundra:** From the India plant, we are catering to the Indian market only?

**Amrut S. Gada:** We are mostly right now 75% to 80% in the western India and particularly Mumbai, Pune, and a little part of that Vapi, Daman, Valsad, and Surat.

**Shikhar Mundra:** How big is this market size in India currently? And what kind of market is it? How much is the organized market share, how much is unorganized? How many players? Can you give me a flavor of the market in India?

**Amrut S. Gada:** One is that we are also in the process of surveying this. But I will categorize like if you look at before 15 years or 10 years, the developer or real estate industry was unorganized. But after the regime of the new government and with the introduction of the RERA, now all the top corporates in India are developers from Reliance to Adani to Godrej, Tata, Emami everybody, then Shapoorji Pallonji, L&T all are in the industry. Certain developers are listed also. And with the RERA and the ease out of the real estate approval process, now the industry is getting organized. Mostly now from the last 3 to 4 years, projects are getting delivered on time. Glass is the product that is installed last in the building. Previously, a lot of customers were unorganized and the industry was a little bit unorganized. Now, the customer is also becoming organized and our industry is also becoming organized and fueled by like DLF in Delhi, then Brigade in Bengaluru, Iscon in Ahmedabad, or here in Oberoi, Godrej, Prestige or every developer. So, the industry is getting organized. Likewise, us, there are 5 to 6 players in India who are organized. But Sejal has a different outlook and is a different organization. First, we are listed; there is no listed peer in this industry. A little bit of ASAHI is there in architectural, but the market share is 3% (approx). Then, our background is from retail to float manufacturing. We are the only Company who knows the basic glass manufacturing to architectural to decorative to international exposure. That is the advantage. In India, if we maintain a 6.5% or 7% GDP, then the market size for float glass is around 30% to 35% growth. And the float glass conversion to architectural glass is around 35%. So, approx., based on what we have the data, this industry is around Rs. 2,000 crores.

**Shikhar Mundra:** Currently, annualized how much we are doing in India?

- Amrut S. Gada:** In India, this year we will complete at around Rs.65 - 63
- Shikhar Mundra:** 65 and How much from Dubai are we planning to do?
- Amrut S. Gada:** This year, Dubai will be around Rs. 100 crores.
- Shikhar Mundra:** For the next year, we are setting a target of Rs. 200 crores from Dubai. Is that right?
- Amrut S. Gada:** Yes.
- Shikhar Mundra:** Sir, what gives us the confidence to do 100% Y-on-Y growth?
- Amrut S. Gada:** Already in the UAE, we have an order book of around Rs. 100 crores or around 60 million AED and in capacity now our second line will start, lamination will start, and a lot of orders we are not taking right now because we are new. We want to test the market. So, we are also going slowly. Now 1 year is over. Our first gear will go in the second gear, speed; aggression in the market, everything. We understood the market in 1 year – supply, vendor, customer test, then preference of architect and facade consultant, then working capital management, working capital cycle, people, cultural integration in UAE plant. All these things, in 1 year we did and now successfully we completed this learning curve in all parameters. Also implemented ERP there.
- Shikhar Mundra:** Coming to the cost structure, how much of it is variable and how much is fixed cost? Because, right now, our capacity utilization is very low. And still, we are clocking 14% margins from the Dubai plant. At optimum capacity utilization, how do you see these margins panning out to be?
- Amrut S. Gada:** Margin will increase, but at the same time, we have to spend in people development, product development, and quality criteria. For example, if we want to go to the European market, then the standard is different. A lot of qualifications we have to do to approve our product. A lot of quality points we have to spend on this expense. But we are comfortably on next year for 15% to 16% maybe we can cross. But it's optimistic as on today to say, but 15% to 16% EBITDA is comfortable.
- Shikhar Mundra:** The present capacities we have are good enough to do up till Rs. 400 crores of revenues. Is that right understanding?
- Amrut S. Gada:** Yes, we can, because value addition will come also. Yes, we can do.
- Shikhar Mundra:** And post that, what will be the incremental CAPEX required?

- Amrut S. Gada:** Up to '25, we have not worked on a lot of other things. But little bit of re-engineering or certain automation in the plant like AI sketching now world over. So, what can we do as artificial intelligence in the plant to optimize the capacity to control the quality, to give the better quality, or certainly we can approach robots for handling the glasses. That kind of investment will come. But yet we have not fully worked on that. End quality laboratory, certain criteria, certain equipments will come.
- Shikhar Mundra:** And the last question. Sir, post let's say reaching Rs. 400 crores, our CAPEX will be a greenfield or a brownfield. Is there sufficient land available near the factories for more expansion?
- Amrut S. Gada:** No greenfield. Everything is brownfield up to Rs. 400 crores.
- Shikhar Mundra:** Post Rs. 400 crores?
- Amrut S. Gada:** Then greenfield will come, but yet we have not worked on that. We have a lot of space in Dubai. The land is 20 acres. There is a scope of expansion in UAE, but yes, after '24 or '25, we are getting a lot of opportunities for acquisitions globally also and in India also. But yet we have not made up our mind.
- Shikhar Mundra:** On the balance sheet, the total loan outstanding is around Rs. 115 crores. How much of it is from the promoters' side?
- Chandresh Rambhia:** Out of that, around Rs. 20 crores is from the bankers. The rest everything is from the promoter-promoter group.
- Shikhar Mundra:** At 8.8% to 9% rate?
- Chandresh Rambhia:** Even it includes my working capital borrowing. Rs. 42 crores is bank term loan as on December; because in December, we had taken 1 term loan. That was added in the last week of December.
- Shikhar Mundra:** Okay, Thank you.
- Moderator:** Thank you. Ladies and Gentlemen in order to ensure that the management is able to answer queries from all participants, please restrict your question to two at a time. You may join back the queue for follow-up question The next question is from the line of Dakshay from PwC. Please go ahead.
- Dakshay:** Hello Sir, Thank you for the opportunity. I wanted to understand one thing that in the financial statement, I can see the other expenses has been increasing quarter on quarter. For example, it was Rs. 3.4 crores in September '23 and now it has increased to Rs. 6.4

crores in December '23. I wanted to understand if this is a one-time kind of thing, because this is giving a dent on our bottom line. The loan expense is very heavy, and on the other hand, I see the other expenses are going up and up quarter on quarter. So, I just wanted to understand what these other expenses are and how they will be taken care of in future.

**Chandresh Rambhia:** The other expenses mainly consist of 3 main costs; one is power & fuel, other is labor cost, and another is store spares or repair & maintenance. These are the 3 main components which contribute around 11% to 12% in my total overall expenses, which is in line with my turnover. As my turnover increases, the production increases, and the power & fuel cost, i.e., electricity cost will increase and the labor cost will also increase to certain extent. The rest all other expenses are minimal in nature, which includes the legal & professional fees or the general expenses or miscellaneous expenses which are very minimal, 3% to 4% in the overall cost. The increase is because as my activity is increasing quarter on quarter, these expenses are increasing in line with that. And certain expenses, of course, as you said, may be of the one-time nature, like professional fees or something like that.

**Dakshay:** And the other thing is more of a kind of a request. If I could request if you could share some PPT or have the con-calls on a quarter-on-quarter basis, it will be very helpful for us.

**Chandresh Rambhia:** Okay, we will note down this.

**Dakshay:** Thank you.

**Moderator:** We have our next question from the line of Tanya Gupta from Green Portfolio. Please go ahead.

**Tanya Gupta:** Hello Sir, Good Afternoon. Congratulations for a good set of numbers. Sir, UAE sales, if you see, increased from Rs. 27.80 crores to Rs. 31.7 crores sequentially, but growth rate has slowed down on sequential basis. What were the contributors for the same?

**Chandresh Rambhia:** The quarter 2 is generally slowed down as the seasonal things impacting sometimes. And the UAE is still under the implementation stage. So, we can't expect that exactly quarter and quarter, things will improve. But there is definitely an improvement, but the growth is a little slower because some of the lines are not fully implemented yet over there.

**Tanya Gupta:** But sir, you have mentioned, if I have heard correctly, for quarter 4 Rs. 55 crores to Rs. 60 crores. What makes us optimistic for the same?

**Chandresh Rambhia:** We have the order book position. And this industry more or less depends on the sizes to come from the developer and the end user. Sometimes if their projects are a little bit

delayed, they will release their sizes a little later. That impact also comes sometimes in the projections.

**Tanya Gupta:** Sir, have you seen any upsurge of Chinese products in the UAE market?

**Chandresh Rambhia:** In the processed or the architectural glass, generally, the Chinese competition is not there. They will be supplying raw glass, the float glass. The processing always is done in the in-house country itself.

**Amrut S. Gada:** Technically, developers have a very less lead time after giving the order. For example, if it is a 40-floor tower, then we have to dispatch every week 2 floor glasses. In importing the material, the lead time is very high. At the same time, quality or any rejections or any transit breakage will lead to delay in the project. So, generally, developer or the fabricator doesn't entertain the import for the architectural glass.

**Tanya Gupta:** Sir, if you can share the difference in pricing in Chinese products versus our products, that will be really helpful.

**Amrut S. Gada:** That we have to take the data. If we get, we will share.

**Tanya Gupta:** Sir, if our Company works in 2x shifts, what kind of revenue can we generate for both India and UAE markets?

**Amrut S. Gada:** That already we have told.

**Tanya Gupta:** Sorry, I have missed that part.

**Amrut S. Gada:** These people will share with you for the next quarter and next year.

**Tanya Gupta:** Sir, if I heard correctly, 15% to 16% on a sustainable basis the margin guidance has been shared by you. Can you tell me the expansion? Because, currently 13% on an average basis the margins are recorded through quarter results. We are guiding for 15% to 16%. If you can share what will lead to this margin expansion.

**Amrut S. Gada:** There are 2 things. One, we will do a better procurement. We will work on yield on the production, better efficiency, saving on cost, and maybe 1% or 2% price increase in the market or we get a certain mix product for the market where we get a good price.

**Tanya Gupta:** Sir, the line #4 item of consolidated results, there has been mentioned that share of profit from associates, i.e., Sejal Glass Venture LLP stood at Rs. 9.52 lakhs. Can you share the details for the same please?

- Chandresh Rambhia:** It is an associate of Sejal Glass Limited where actually some investment has been made in UAE entity by way of a loan. So, there is an interest income on that. And certain exchange rate fluctuation difference is there. Because of that, certain profit is there in that LLP. That LLP profit has been distributed to Sejal Glass Limited. Sejal Glass Limited is 44.99% partner in that LLP.
- Tanya Gupta:** Sir, any plan to supply to OEMs of commercial vehicles or passenger?
- Amrut S. Gada:** We are working with 1 or 2 OEMs. We have an OEM segment of automobiles and an OEM segment of furniture like IKEA and other established players. Here, we are giving to Nilkamal, then Godrej is other consumer, and some of the industrial OEM. And we are working with 1 or 2 bus coach manufacturers for luxury bus and school buses where they require the flat automobile glass. We are working on that. We are submitting the samples. And also we are working with the Indian Railways. They also need air conditioning coach insulated glass.
- Tanya Gupta:** Sir, you have said that we have a good brand name. Do we hold any market share in the Indian market?
- Amrut S. Gada:** You can say that in West India, we control around 25% market share. And on pan-India, it is 5% to 7%. Exact data is not there, but yes, we command the premium also and brand recognition both. We have a very good access to the architects as a brand.
- Tanya Gupta:** Sir, any plan that you can share or any strategy to expand in the Indian market? Because, quarterly result if you see on a standalone basis, it's very stagnant.
- Amrut S. Gada:** As a Company policy, we don't want to share where we are not 100% sure on the plan. We are in a process. Once we will be 100% sure and convinced with the expansion; CAPEX, market, cost, and return on investment, we put to the board. Once the board approved, automatically we share these things.
- Tanya Gupta:** Sure Sir. That is helpful. I will come in the queue. Thank you for answering those questions and good luck for the future sir.
- Moderator:** We have our next question from the line of Jathin from Investsavvy PMS. Please go ahead.
- Jathin Kaithavalappil:** Congratulations on a great set of numbers. I wanted to check, if we look at a 15% to 16% OPM and with the projected numbers next year, we should see a significant jump in profit. By when do you expect to pay off this loan?
- Amrut S. Gada:** The loan payment is already scheduled, and it is with the free cash flow. First, I think when we say that Rs. 350 crores to Rs. 400 crores turnover, then obviously the free flow will also

block in the working capital management. Inventory will increase. A little bit of debtors will increase. WIP, finished product, everywhere there will be an investment with incremental sale. It's difficult, but yes, we can say within 3 financial years or 12 quarters or 16 quarters, the Company will be debt-free of that debt. If we take any greenfield project, then again the debt will come as per the debt-equity ratio.

**Jathin Kaithavalappil:** What is the working capital requirement for growth?

**Amrut S. Gada:** Right now, we are at 90 to 95 days or 100 days. And the UAE being a new Company, we have restrictions from the creditor of the limit. Gradually it will also open and gradually new clients will also come. Right now what we offer is 60 days. For certain customers, we take LC with good established relations, and with insured, people will ask for certain days more credit. But yet, around Rs. 20 crores to Rs. 25 crores more will go in working capital requirements within the next 15 months or 5 quarters.

**Jathin Kaithavalappil:** In terms of your capacity utilization, what is the peak utilization that you can have for the plant? Normally, one is capacity and the other is what you can actually utilize out of it. When you say 21 lakh square meters, that is what you can actually produce in the plant? Or practically if you see, more manufacturing companies can operate at 90% to 95% of capacity? Beyond that....

**Amrut S. Gada:** Right now, we don't have any strategy or any plan to give to other plants on labor job and get manufactured or import some of the product. Right now, whatever we are talking about is based on our in-house capacity of the production.

**Jathin Kaithavalappil:** My point is, if a plant has a capacity of 21 lakh square meters for toughened glass, normally will your plant operate up to that level or typically you would possibly be able to reach, say, 19 lakh or 20 lakhs?

**Amrut S. Gada:** The plant can reach at this level. The capacity what we have pronounced is worked on the Indian conditions on a 22-hour some product, not 24, because there is in between 1 hour gap, then there is a holiday, Sunday, everything is counted.

**Jathin Kaithavalappil:** What you have mentioned is achievable capacity?

**Amrut S. Gada:** This is an achievable capacity.

**Jathin Kaithavalappil:** You have given targets for next financial year which are fairly decent, but beyond next year, what is the kind of growth you see?

**Amrut S. Gada:** On revenue?

- Jathin Kaithavalappil:** Yes.
- Amrut S. Gada:** Revenue that we told that FY25 India operations will be around Rs. 80 crores to Rs. 85 crores and UAE operations will be around Rs. 225 crores to Rs. 275 crores.
- Jathin Kaithavalappil:** That you had said for next year. The year after that, do you have any visibility like will that growth continue or after that you will kind of stabilize at that point?
- Amrut S. Gada:** No, it will continue because as an ambitious and aggressive Company, we have to be in line with India's market and UAE's market. Wherever we are located as a manufacturer in the market, both markets are in the growth stage. And UAE states made all people.... they are doubling the population. From Sheik Zayed Road, it will go up to Abu Dhabi. So, the population will increase. Then, the Saudi's NEOM project is also a big market. And in India, you just see every state is expanding like UP, Tamil Nadu, Maharashtra, every state is in the growth phase.
- Jathin Kaithavalappil:** Then you will run out of capacity in 2 years' time.
- Amrut S. Gada:** Then we have to work out the expansion. That's what I have told in a previous question that yet we have not worked on it. We are not ready for the greenfield capacity. We are in process of working.
- Jathin Kaithavalappil:** One last bit. What are the things which could be, say, challenges or some issues which could come up, which could be causes for concern?
- Amrut S. Gada:** For?
- Jathin Kaithavalappil:** Anything like if things were to go south, what are the things which would worry you?
- Amrut S. Gada:** In India's growth story, if the GDP will be 2%, then it is a worry for us. If we maintain 5% to 6%, we have the market, we have the capacity, we have the people, we have the working capital, we have all the sources. And we have a quality product.
- Jathin Kaithavalappil:** Why the promoter holding has come down significantly from 90% to 78%.
- Amrut S. Gada:** Within next 1 quarter or 2 quarters, we will be at 75%
- Jathin Kaithavalappil:** Currently, Mr. Gogri has sold some 11.5% of his holdings. Any particular reason he is reducing his holdings? Promoter holding has been coming down.
- Amrut S. Gada:** It is the requirement of SEBI and LODR.

**Jathin Kaithavalappil:** Okay, so you have to be below 75%, cool. Thanks a lot.

**Moderator:** Thank you. Ladies and Gentlemen we request you to restrict to two questions please. You may join back the queue for the follow up question. The next question is from the line of Shanki Bansal, an individual investor. Please go ahead.

**Shanki Bansal:** Thank you for the opportunity and Congratulations to the entire team for a good set of numbers posted in the last 3 quarters. I think I have listened to the entire con-call, and you have rightly said that Sejal is the only architectural glass manufacturing Company in India. I just want to know that Sejal had inaugurated their operations in 1998. We are already a 25-year-old Company. What exactly went wrong in the last 20 years? Why were we not able to scale up? And what are the key learnings for the management? And what are the strategies of the management from those key learnings that should not be repeated again?

**Amrut S. Gada:** One of the things what you are asked that 25 years why we have not grown. If you see the story from 2001 to 2011, we were on the lead and we have acquired 18% of the market share of the float glass and we were the tough competitors of multinational Saint-Gobain, ASAHI, and Guardian. We were the first Company in India as an Indian management. We completed the greenfield float glass project with investment of around Rs. 650 crores and 600 tonnes per day capacity float line which was the European standard and rated amongst the top 10 plants in the world. And before that, when we initiated this greenfield project, up to 2007 to 2010, we were into the top leading 3 companies in architectural glass. And our network was with pan-India. 1) We are the only Company in India who has offered to physically disabled and paramilitary forces an extra 1% or 1.5% on the FD. 2) We are the second Company after Sun Pharma in corporate India that promoter has not taken the dividend where we have given the dividend to the public. 3) We are the only promoter or one amongst the few promoters, when we sold our float glass business to Saint-Gobain, we have not taken the non-compete fees. The total non-compete fees has been given to the Company. This credential is with the old promoters. And post these things, in 2014-15, due lack of certain working capital. We had paid full to the bank but the bank had not come on time and certain working capital had not come on time. And there was a certain attack by the multinationals on price and there was a price reduction. So, certain concerns were there in the market. In 2014-15, we had a very hard time. But there was no stoppage in the operations. The company was running, payment to the labor was going on, and there was nothing bad. And suddenly the ARC Edelweiss had gone to NCLT, and the Company went into NCLT successfully the Company also came out. And again, after coming out, after completing the COVID, within 2 or 3 quarters, the Company comes into profit.

**Shanki Bansal:** Sir, my next question is that I have received the latest postal ballot where you have mentioned that Sejal Intelligent Facade Solutions is a related entity. Because if we see the aluminum facade system where we have to install the architectural glass or you can say

sun-control glasses and all these things, in future, are we ensuring that we will try to scale up this Company in the near future?

**Chandresh Rambhia:** That's a different entity altogether. It is falling under the definition of related party. It is a different segment altogether. Supplying glass is what Sejal Glass is doing in that segment. We are selling the glass to that Company, and that Company is taking the projects for facade business – the windows and other interior segment projects. That Company is different. Only Sejal Glass is supplying the glass to them.

**Amrut S. Gada:** This Company is our customer.

**Shanki Bansal:** And my last question is when we are saying that we are in the top 4 players in UAE, can you help me understand what is the total addressable market in UAE?

**Amrut S. Gada:** As such, we are gathering the market, but it is monthly around 6 lakh square meter market of IG glass and right now it is the total market of the UAE. But yet, this data is not authenticated. We are working on that data.

**Shanki Bansal:** Sir, my last question is that UAE is a bit risky market. When you are extending credit to your debtors for purchase on credit, what checks are we particularly taking from new-to-the-Company customers?

**Chandresh Rambhia:** We are taking LC as well as the PDC. There is a concept of PDC in the UAE market and we are taking 100% PDC or the LC. Almost 30% to 40% business is through LC. Around 10% to 12% business is on cash basis. And the rest is on the basis of PDC. Apart from that, we are exploring to take the credit insurance as well.

**Shanki Bansal:** That's all from my side. I just want to request the management to continue this con-call on a quarterly basis. And please provide us the power point presentation to understand the business on a quarterly basis a bit better.

**Chandresh Rambhia:** Sure.

**Moderator:** We have our next question from the line of Sahil Chopra from Kifs Trade Capital. Please go ahead.

**Sahil Chopra:** Thank you for this opportunity. My question is related to the finance cost. When we are saying that we have raised the debt on a rate of 8.5% to 9%, but why on our quarterly results, that is translating into an annualized rate of 12% to 13%. If I multiply,  $3.72 \times 4$  and divide it by 115, it's coming at around 12.5%. What is the reason and what is a sustainable finance cost?

- Chandresh Rambhia:** The fact is that some of the debt had been raised in the last quarter itself. That is 1 part. Second is that 8% to 9% is from the promoter funding. Thirdly, some of the debts are in the nature of working capital from the bank; that is above 10%. And another thing is that this is a compounded rate of interest where some of the processing fees have been amortized over a period of 5 years as per the accounting standards. That impact is also coming in the interest cost. And apart from that, we had issued preferential share capital to the promoter group companies, where the interest component of that is also coming in the interest cost as per the accounting standards.
- Sahil Chopra:** What was the contribution of the preferential capital's interest portion in Q3?
- Chandresh Rambhia:** The preferential share capital we had raised was around Rs. 20 crores. Out of that, around Rs. 11 crores is into equity component and around Rs. 9 crores is in the liability component. On that Rs. 9 crores, the effect of the finance cost is coming.
- Sahil Chopra:** On Rs. 9 crores also, the rate of interest is 8.5% to 9%.
- Chandresh Rambhia:** It is on 10% because it has to be valued in a different parameter way. As per accounting standards, we had taken that taking the valuation part.
- Sahil Chopra:** Going ahead, this Rs. 3.7 crores of finance cost run rate will continue at least for the time being?
- Chandresh Rambhia:** For the time being, yes.
- Sahil Chopra:** My second question is related to the share of associates. How we project these numbers going ahead? Because, last quarter it was in loss of Rs. 96 lakhs.
- Chandresh Rambhia:** The share of profit basically is from the associate Sejal Glass Ventures LLP which is a 44.99% partnership of Sejal Glass Limited. In that certain, loans and advances are given to UAE entity where the interest income comes. Apart from that, we have exchange rate fluctuations. So, that keeps varying from quarter to quarter. In the last quarter, it was not varied much, and it was in the negative form. Now this quarter, the exchange gain is more compared to last quarter. So, the gain has been distributed accordingly.
- Sahil Chopra:** Is there any way to project these numbers on an annual basis going ahead?
- Chandresh Rambhia:** For this LLP?
- Sahil Chopra:** Yes.

- Chandresh Rambhia:** As such, not worked out on that because it is a fluctuation of the exchange rate. So, it is difficult to say. But it may not be very high.
- Sahil Chopra:** Any plans to raise new debts? Our targeted debt for FY25 next year?
- Chandresh Rambhia:** Not on this level of capacity utilization. Maybe working capital to a certain extent, we will utilize the facility what we have, but not any long-term debt proposition on this capacity or in this plan.
- Sahil Chopra:** Okay, got it. Thank you. All the best.
- Moderator:** We have our next question from the line of Akshada Deo from Vivog Commercial Limited. Please go ahead.
- Akshada Deo:** I just wanted to have some bookkeeping questions. What was the CAPEX done exactly, the outflow that happened from the Company for the UAE plant as well as the India plant?
- Chandresh Rambhia:** In India, we have not done much CAPEX except for routine wear and tear of the machines or re-engineering of these. In the UAE, of course, the expansion actually has been done on an asset acquisition base. Around Rs. 100 crores has been invested in rupee terms in UAE including working capital. So, CAPEX is around Rs. 80 crores to Rs. 85 crores and around Rs. 15 crores is in working capital.
- Akshada Deo:** Can you tell me what is the percentage utilization as of right now for both of these plants?
- Chandresh Rambhia:** The percentage capacity utilization for Quarter 3.... The product-wise capacity utilization will be different in both the segments in UAE and India. In India, the maximum capacity utilization is for laminated glass, which is around 70% and toughened glass utilization is around 57%. In UAE, the capacity utilization for the IG glass is around 46%, and for toughened glass, it is 35%.
- Akshada Deo:** Okay, so we have headroom here?
- Chandresh Rambhia:** Yes.
- Akshada Deo:** And what I wanted to understand was also what is the process, exactly, of making the toughened glass as well as the architectural glass? What would be the raw materials that would be required? And any chances of this being backwards integrated? Who would be your supplier base? Who would you be the customer base?
- Chandresh Rambhia:** Basic raw material is the raw glass – clear or coated glass – which has been supplied by the float glass manufacturers like Saint-Gobain or Guardian or ASAHI. These are the main

players of float glass manufacturers. Apart from that, the IG glass requires other raw materials or the laminated glass requires other raw materials like PVB, Sentry, aluminum spacer, and silicon. These are the other ingredients of main raw material.

The backward integration can be done only in the way of manufacturing of float glass, which Sejal was doing earlier in 2011-12 then the plant was sold off to Saint-Gobain.

**Akshada Deo:** You have gone up the value chain, would you say?

**Chandresh Rambhia:** Value chain in terms of?

**Akshada Deo:** Like from float glass, you have now gone to architectural glass. Would you say you have gone up the value chain or what would you say about the exact value chain? Where are you in the value chain in the process?

**Amrut S. Gada:** You are referring to the forward or backward integrations or particularly on the value chain on the logistics?

**Akshada Deo:** For example, from raw materials to like when you are going to the market, like the most or highest value-added products per se, where are you placed in that?

**Amrut S. Gada:** There is a possibility of other products. Right now, for example, we are at 60% to 65% of raw material consumption and value addition is 35%. We are in the process of new product development where we get more value additions. So, at least the raw material cost goes 5% average within the same product.

**Akshada Deo:** Sir, you said you have 25% market share in the western part of the country in India. What is the reason you are commanding the market share in these regions?

**Amrut S. Gada:** This is in the 20% to 25% range because we are in a major project business where all reputed developers and the projects are coming to us because we have that kind of product and that kind of quality. And secondly, the supply capacity. And the second most important is reliability. We are in the market for the last 30 years. And in architectural glass business, we are 20 years. So, we are the oldest firm and there is a reputation inbuilt in the market that once the Sejal Glass commits, then the material will come on time with the quality and there is no going back or there is no delay on the project. Because glass is the last item to be installed.

**Akshada Deo:** So, you would say that in the project business, the reliability that your customers get, your competitors are not on par with the same or you are better?

**Amrut S. Gada:** We are saying but competitors have their own advantages, and we have our own advantages. And every competitor has their own customer profile. We have good customers, organized customers. Other competitors have semi-organized players or retail market.

**Akshada Deo:** Any risks to investors that we should know while investing in your Company or in this industry?

**Amrut S. Gada:** As a promoter, we run the business, we don't see any risk and that's why from time to time the Company expands, comes in different geographical areas, goes into a different market with a different product, hiring good people, and expanding. We don't see the risk, but as a management, whatever things to be done for the risk mitigations, that process we have already initiated in the organization. Every quarter, we check all the parameters like economic conditions of country, political positions, any concern on the labor side, any concern on the market side or raw material scarcity anything, any threat of the import, any other credit risk, any new development or product coming into the market or replacement for our product. We study that the glass has no replacement. The aluminum composite panel has come, then polycarbonate has come. So, there is no replacement. And glass is a product that without glass, we cannot see the world. We are there in that segment. The demand will continue, product will continue, and the increasing demand will continue. And also, we, from time to time, check financial health of the Company.

**Akshada Deo:** Thank you so much sir and all the best for your future.

**Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to Ms. Vaishnavi Ambokar from Kirin Advisors for closing comments. Over to you.

**Vaishnavi Ambokar:** Thank you everyone for joining the conference call of Sejal Glass Limited. If you have any queries, you can write to us at [research@kirinadvisors.com](mailto:research@kirinadvisors.com). Once again, thank you everyone for joining the conference.

**Moderator:** Thank you, on behalf of Kirin Advisors, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.