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February 03, 2026

To,

National Stock Exchange of India Limited Exchange Plaza, 5 th Floor, Plot No. C/1, G Block, Bandra – Kurla Complex, Bandra (E), Mumbai -400 051 Symbol: SJS	BSE Limited Corporate Relationship Department, 2 nd Floor, New Trading Wing, Rotunda Building, P.J. Towers, Dalal Street, Mumbai – 400 001 Scrip Code: 543387
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ISIN: INE284S01014

Dear Sir/Madam,

Subject: Transcripts of Analysts/Investor Meet/ Earnings Call of the Company pertaining to Q3 of FY 2025-26

Please find enclosed the transcripts of the Analysts/Investor Meet/ Earnings Call of Q3 FY 2025-26 held on January 29, 2026 at 10.30 am (IST).

You are requested to kindly take the same on record.

Thanking you.

Yours faithfully,

For S.J.S. Enterprises Limited

Thabraz Hushain W.

Company Secretary and Compliance Officer

Membership No.: A51119

Encl: As above



SJS Enterprises Limited
Q3 & 9MFY26 Earnings Conference Call
Jan 29, 2026

Management: **Mr. K.A. Joseph – Managing Director & Promoter**
 Mr. Sanjay Thapar – Group CEO & Executive Director
 Mr. Mahendra Naredi – Group Chief Financial Officer
 Ms. Devanshi Dhruva – Head – Investor Relations

Analyst: Mr. Piyush Parag – Elara Securities



Moderator: Ladies and gentlemen, good day, and welcome to SJS Enterprises Limited Q3 FY26 Earnings Conference Call hosted by Elara Securities India Private Limited. 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 the date of this call. These statements are not guarantee of future performance and involve risks and uncertainties that are difficult to predict.

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 star then zero on your touch-tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Piyush Parag from Elara Securities. Thank you, and over to you, sir.

Piyush Parag: Thank you, Hina. Good morning, everyone. On behalf of Elara Securities, I welcome you all to this Q3 FY26 earnings call of SJS Enterprises. From the management team, we have with us today, Mr. K. A. Joseph, Promoter and the Managing Director; Mr. Sanjay Thapar, Group CEO and Executive Director; Mr. Mahendra Naredi, Group CFO; and Ms. Devanshi Dhruva, Head, Investor Relations.

As usual, we will begin with the brief opening remarks from the management team, and which will be followed by the question-and-answer sessions. Now I will hand over to Devanshi. Devanshi, please take over. Thank you.

Devanshi Dhruva: Thank you, Piyush. Good morning, ladies and gentlemen, and thank you for joining us on today's call. We appreciate your time and participation. Let me briefly outline the agenda for today's conference call. I will first invite Mr. K. A. Joseph, our Managing Director, to share his opening remarks. He will then hand over to Mr. Sanjay Thapar, our Group CEO and Executive Director, who will walk you through the key highlights from our investor presentation, which has been uploaded on the stock exchanges and is also available on our website.

Mr. Thapar will cover the industry overview, business performance and the strategic outlook for the company. Following this, Mr. Mahendra Naredi, our Group CFO, will take you through the financial highlights, and we will then open the floor for Q&A session. The total duration of this call is scheduled to be approximately 60 minutes.

We will try to complete our comments in about 20 minutes to allow adequate time for questions. In case we are unable to address all questions due to time constraints, please feel free to reach out to us via email, and I will ensure responses are provided at the earliest. Thank you once again. I now hand over the call to Mr. Joseph for his opening remarks. Over to you, Joe Sir.

K.A. Joseph: Yes. Thank you, Devanshi, and good morning. I hope everyone is doing fine in this new year of 2026. And I trust you all had the opportunity to review our results and investor presentation shared yesterday. The company maintained strong momentum in Q3 FY26 and delivered its 25th



consecutive quarter of outperformance, recording a robust Y-o-Y growth of 46% in the automotive business. Building on its leadership position, SJS continued to outperform the automotive industry across key segments during the quarter. This compares favourably against the industry growth of 15.7% Y-o-Y in the automotive, 2-wheeler and passenger vehicles put together.

Reflecting this strong performance, SJS has reported a consolidated revenue of Rs 2,435.35 million in the Q3 FY26. With a strong financial base and consistent cash flow generation, SJS is well positioned to advance its growth priorities. Our focus remains on planned capex in the cover glass segment, along with capacity expansion across our Bangalore and Pune facilities.

Our strong balance sheet provides the flexibility to efficiently scale operations across businesses, while also evaluating selective inorganic opportunities to further strengthen our market presence. Looking ahead, SJS remains focused on driving long-term growth through premium aesthetic solutions, new product development and deeper engagement with large OEM customers.

The company aims to increase the contribution of new generation products across the 2-wheeler, passenger vehicle and consumer segments while strengthening its export presence in key international markets. Continued emphasis on technology, partnerships, localization and operational efficiency will support sustained growth with a strategy centered on outperforming the industry growth while maintaining robust margins.

With that, I will now hand over the call to Sanjay to take you through the business and industry highlights for the quarter. Thank you, and over to you, Sanjay.

Sanjay Thapar:

Thank you, Joe. Good morning, everyone. Building on the strong foundation established in the first half of the year, we are pleased to report another quarter of strong operational and financial performance. In Q3 FY26, the company continued its consistent growth trajectory, supported by disciplined execution, premium offerings and accelerating export growth and strong relationships with the customers. Strategic initiatives have been taken over the past few years that have translated into sustained momentum, enabling SJS to outperform the underlying automotive industry while maintaining healthy margins and strong cash flows.

Key highlights for the quarter. Q3 FY26 marked an important milestone for SJS with the company reporting its highest ever quarterly revenue of Rs. 2,435.3 million, representing a Y-o-Y growth of 36.4%. Our automotive business grew by 46% Y-o-Y compared to a 15.7% Y-o-Y growth in the automotive industry volumes, that is 2-wheeler and passenger vehicles put together. So, resulting in approximately a 3x outperformance of the industry growth. This performance was driven by strong growth in the 2-wheeler, passenger vehicle segments as well as exports and as a result of our strategy focused on premiumization and expanding our customer base.



SJS clocked its highest quarterly profitability margin since the IPO with EBITDA margins at 30.5% and PAT margins at 18.5%. Notably, I'm pleased to share that SJS has surpassed its full year FY25 PAT within the first 9 months of FY26, underscoring our strong focus on bottom-line growth and sustained cost reduction initiatives leading to value creation for our stakeholders.

During the quarter, we added new EV-focused 2-wheeler customer, Raptee and Urban Company that is launching its own range of water purifiers. We continue to expand businesses with key customers like Mahindra, Hero MotoCorp, Whirlpool, Samsung, Hyundai, Spark Minda, Mabe, John Deere, amongst others. We are progressing well on capacity expansion at our Pune and Bangalore facilities.

Pune plant is set up and under commissioning at the moment. Expanding our global footprint remains a core pillar of SJS's long-term growth strategy. During Q3 FY26, exports recorded their highest ever quarterly revenue of Rs. 283.1 million, growing 146.2% Y-o-Y and 22.1% Q-o-Q. This reflects increasing traction with global customers and strengthening acceptance of our decorative aesthetic products. We are further strengthening our presence in Germany through a sales representative.

These efforts will reinforce SJS position as a preferred partner for global OEMs. SJS continues to generate strong cash flows. As of December 31, FY25, the company reported a net cash position of Rs. 2,030.1 million, supported by healthy operating cash flows. So we generate free cash is close to about 76% of EBITDA. This financial strength provides flexibility to fund capacity expansion, invest in new technologies and pursue inorganic growth opportunities.

Reinforcing our long-term strategic growth initiatives, we are very excited to announce that SJS has entered into a technology license and supply agreement with BOE Varitronix, Hong Kong, to undertake optical bonding and assembly of automotive display systems for 4-wheelers in India. Under this arrangement, BOE Varitronix will provide key components and support localization of critical elements such as optical bonding, cover glass and backlight units. This partnership enhances our capabilities, not just for cover glass, but also as a player offering advanced display solutions, making a foray into a new vertical, which is slated for rapid growth.

During the quarter, company received several recognitions and awards recognizing our leadership and excellence in financial management. These recognitions highlight SJS's commitment to build strong organization culture, operational excellence and sustainable business practices.

As a part of our commitment to sustainability, SJS continues to advance its ESG agenda. During the quarter, we launched the Pink Line initiative, a dedicated production line aimed at promoting women empowerment, inclusion and workplace safety. This initiative will help increase women employment across our operations, particularly for quality inspection roles. We are also in the process of securing a 2-megawatt wind power from DB Renewables Private Limited. With this, 80% of the SJS Group's energy needs will be met from renewable sources.



SJS as a responsible corporate supports education of specially-abled children and also provides meal to the needy at orphanages and old age homes. We also contribute to CBCI Society for Medical Education for providing medical aid to the underprivileged.

I will now hand over the call to Mahendra, our CFO, to walk you through the financial performance. Over to you, Mahendra.

Mahendra Naredi:

Thank you, Mr. Thapar, and good morning, everyone. I will now take you through the financial highlights for the quarter. Slide 13 to 16 of the presentation provide a snapshot of our consolidated results.

Q3 FY26 was a landmark quarter for SJS with the company reporting its highest ever quarterly revenue of Rs. 2,435.3 million, registering a strong Y-o-Y growth of 36.4%. This performance was driven by robust execution across the 2-wheeler and passenger vehicle segments, continued premiumization and a growing contribution from export and new generation products. EBITDA for the quarter stood at Rs. 756.4 million, reflecting a Y-o-Y growth of 56.9% with margins expanding by 396 basis points Y-o-Y to 30.5%.

It is important to note that during the quarter, there was a onetime impact of Rs. 18.1 million under employee benefit expenses due to the implementation of the new labor codes announced by the Government of India in November 2025. Excluding this non-recurring impact, underlying operating performance and margin trajectory remained strong, supported by favorable product mix, higher gross margins, increased export contribution and sustained operational efficiencies.

Profit after tax stood at Rs. 450.4 million, growing 62.5% Y-o-Y with PAT margins at 18.5%. Lower finance costs, disciplined cost management and strong operating leverages contributed to SJS delivering its highest quarterly EBITDA and PAT margins since IPO. During the quarter, new generation products contributed over 23% of consolidated revenue, reflecting increasing adoption of advanced aesthetic solutions.

Segment-wise, revenue contribution was 38.8% from 2-wheelers, 42.3% from passenger vehicles and approximately 19% from consumer and other segments, providing healthy diversification. The company continued to generate strong and sustainable cash flows. Free cash flow for the 9MFY26 was Rs. 975.9 million, driven by robust operating performance and disciplined working capital management.

As of December 31, 2025, cash and cash equivalents stood at Rs. 2,098.8 million, resulting in a net cash position of Rs. 2,030.1 million. This strong balance sheet translated into healthy return metrics with ROCE at 34% and ROE at 19.8%, reinforcing the quality of earnings and capital efficiency of the business.

For the 9 months ended December 2025, consolidated revenue grew 24.1% Y-o-Y to Rs. 6,949.5 million. EBITDA increased 37.8% Y-o-Y to Rs. 2,072.1 million with margins at 29.3%, while PAT grew 44.4% Y-o-Y to Rs. 1,229.2 million with margins of 17.7%. Exports remained a key growth driver. Q3 FY26 recorded the highest ever quarterly export revenue of Rs. 283.1 million,



contributing 11.6% to the consolidated revenue. For 9M FY26, export revenue stood at Rs. 655.9 million, already surpassing the full year FY25 export revenue of Rs. 567.9 million, reflecting strong traction with the global OEMs.

On the capital expenditure front, capacity expansion and technology-led investments remain strategic priorities. Expansions at the Bangalore facility is progressing well and the new chrome plating plant has been set up and is currently under commissioning. These investments are being funded entirely through internal accruals, while preserving balance sheet strength and flexibility.

With this, I will now hand the call back to Mr. Thapar to outline our growth outlook.

Sanjay Thapar:

Thank you, Mahendra. With a strong balance sheet and sustained profitability, SJS enters the next phase of growth with clearly defined priorities and robust execution capabilities. The company's cash position, strong cash flow generating capability provides flexibility to fund capacity expansion projects, including the greenfield chrome plating facility of SJS Decoplast, Pune, capacity expansion at the Bangalore plant and the greenfield project of cover glass and display systems being set up at Hosur.

All this is through internal accruals. Expanding the global footprint remains central to our long-term strategy. SJS targets increasing export contribution to 14% to 15% of our overall revenues by FY28, driven by deeper penetration in existing markets, entry into new geographies and new businesses from global OEMs. We are now strengthening our presence in Germany through a sales representative to focus on opportunities in that market.

New technology and product innovation will continue to support our growth road map. The company is building capabilities in optical cover glass and automotive display solutions in India through its partnership with BOE Varitronix. Our TLA with BOE Varitronix, SJS will not only manufacture cover glass as a new product, but will also do optical bonding and assembly for the automotive display system.

As a result, the future kit value for passenger vehicles will increase to 5 to 8 times as against 4 to 6 times of our legacy kit value earlier. This development will advance our next-generation product offerings and increase content per vehicle. Strong OEM relationships and robust revenue momentum position SJS to outperform the industry growth by over 2.5x, as I said earlier.

This growth along with disciplined capital allocation, global business expansion and continued focus on operational excellence will create sustained value for our stakeholders. With that, we conclude our remarks and now open the floor for questions.

Moderator:

Thank you very much. The first question comes from the line of Chintan Shah from JM Financial Family Office. Please go ahead.

Chintan Shah:

First of all, congratulations on a very good performance. I had 3 questions. One was on the cover glass. Is there any further update? When are we expecting revenue to start flowing? Previously,



you've spoken about it starting sometime in FY27. So, are we sticking to that guidance? Second is regarding the business with Hero MotoCorp. Clearly, that's been growing very well for us.

And right now, we were mainly in decals and logos with them. So, are we in advanced discussions? Or have we won further products with them? And the third one is on the consumer durables. We've, of course, done very well in 2-wheelers and PVs. But consumer durable is one place where we are yet to see that kind of a turnaround in performance. So, any update here when can we expect some sort of a turnaround and strong performance like we are doing in other 2 segments? These are my 3 questions.

Sanjay Thapar:

Yes. Thank you, Chintan. So, one by one, cover glass, what I had maintained earlier was that we have a plant in Hosur that is set up. The equipment is on order. What I had mentioned earlier was that the equipment will be installed in FY27, and we should expect to see sales in FY28.

As regards to Hero MotoCorp, yes, we were confident that we have the wherewithal to offer products in a very agile manner and of the highest quality standards. Hero MotoCorp appreciates that, and we are consolidating our position with Hero MotoCorp. And of course, we are in discussions with them for other products that we have. So, as I've mentioned earlier, this is a gradual process. And as we go along, we will try and tap into what opportunities Hero MotoCorp offers for us, not just for decals and logos, but the other products we have in our portfolio.

As far as the consumer business has grown, we've grown very well. Maybe it does not show because the plant that we've announced that we won business with Whirlpool globally for a plant where we are the only suppliers to supply to that plant. So that traction is growing. And we expect that this will increase further. So, we grew this consumer business by close to about 7.5% Q-o-Q. Sorry, this grew on a Y-o-Y basis, we grew this by 7.5% compared to the last quarter. And as the volumes ramp-up, this should improve further. So, we are quite confident that we should continue to do well in the consumer business as we have done in our automotive businesses.

Chintan Shah:

Understood. And just one follow-up here. On the Hero MotoCorp side for logos and decals, are we supplying for all the models currently?

Sanjay Thapar:

That's a private one. We can't declare for reasons of confidentiality who we supply and what we supply. But as I said, needless to say, we are consolidating our position as a very, very strong supplier for them.

Moderator:

The next question comes from the line of Ganeshram from Unifi Capital.

Ganeshram:

Congratulations on the strong performance. Now when you grow 3x over industry, I would almost say the industry is probably not the right benchmark to look at anymore. And in that context, if you could kind of give us a sense as to what the contribution from new products or new customers has been this quarter? And given that growth has far exceeded our initial expectations in the previous few quarters and that we have only 2 months to wrap up this year,



are there initial thoughts on how you expect to perform in FY27 versus industry basis the ramp-up that you might have from the different products and new customers?

Sanjay Thapar:

So, Ganesh, we see strong traction. We are very confident of our growth story. We keep consolidating our position with OEMs, not only in India, but globally as well. We are winning large businesses for new models, and we hope to continue that momentum. So, what I guided earlier was that this year, we'll outperform the industry by a factor of 2.5x.

We continue to maintain that. Yes, we are better, but I would like to ensure that we perform in a robust manner. It's not just the top-line. We have a very, very strong focus on the bottom-line to create value for our stakeholders.

And if you see our trajectory for margin expansion that we've done over the years, I think we've done fairly well on that basis. So on a yearly basis, we are now close to about 30% EBITDA margins, which I think are healthy, and we hope to continue that momentum forward.

Ganeshram:

Got it. Would you like to put a number on it, Sanjay, as to what you expect to sustain outperformance? Do you expect to sustain 2x outperformance into FY27, et cetera, based on the ramp-up that you see?

Sanjay Thapar:

No, for FY26 is what the guidance I gave was 2.5x. We will continue. I mean the traction that we see for premium products and all the new launches that have happened recently, we won very significant businesses, which are high-value products. So I continue to see ourselves outperforming the market. I would not like to put a number now. We are finalizing a plan for the next year. But yes, we are extremely bullish on what our growth trajectory is going to be in the future.

Ganeshram:

Understood. And just my second question is from a cash point of view and value creation point of view, I think earlier you had mentioned you were looking at some M&A targets probably for some customer acquisitions or access overseas. How is the progress on that? Or are you still waiting and watching? And if you could just give us an update on the capacities that you're putting up, what has been spent so far and timelines and what's left to be spent? That's it from me.

Sanjay Thapar:

Okay. I'll answer the question on inorganic and then I'll hand over to Mahendra to take you through the capacity. So, this is a process that takes some time. We have targets in mind. We are reviewing their financials. And as I stated many times earlier, we focus on inorganic targets, which we can add great value to as we've done in the past 2 acquisitions we've done.

So, we are in the evaluation phase at the moment, and we will make our bids as we go along. So, the target was to have a cash surplus. So, we've accumulated sufficient cash and hope to hear from us when we conclude this transaction within the next year. That's our internal target. Mahendra, if you could elaborate on the capacity.



Mahendra Naredi:

Yes, Ganesh, regarding the capacity, we are adding the capacity for SJS Decoplast. We have marked this Rs. 100 crores. So far, we have incurred close to Rs. 65 crores to Rs. 70 crores already been incurred. The remaining amount is on progress. The plant has been set up. The factory has been set up. The plant is under commissioning at this moment. So that is going on. Q4 we'll enhance it here. Regarding the capacity addition for SJS Bangalore facility, we mark around Rs. 45 crores for that. And that is progressing well. By Q4, we will complete this expansion. Cover glass and the display unit, Mr. Thapar already have informed, we marked Rs. 40 crores earlier for the cover glass, which is said to be happened between this year and the next year. And further, there will be a capex on the display.

We are finalizing our plans, but probably a broad number is around Rs. 20 - 25 crores is further going to be happen. Currently, we are in the ordering phase. This will spill over from current year to the next year. So that is on the capacity side. We are operating SDPL around 95%, like we earlier said, Walter Pack is running somewhere 75%. And SJS, this was last year 60% - 65% with the increase now we are around 75% capacity utilization.

Moderator:

The next question comes from the line of Hitesh Goel from Aurigin Capital.

Hitesh Goel:

First of all, congratulations on a very good set of numbers. My first question is on this mega accounts. Can you give us some sense because if we look at last quarter versus this quarter, all the major 2-wheeler customers except for Hero has been taken out from your deck in terms of mega accounts. And you've added Samsung, Hyundai, Spark Minda, Mabe, and John Deere as new mega accounts. So what is the criteria of mega accounts? And how do we see it?

Sanjay Thapar:

So fundamentally, wherever we see a long runway to growth, the potential that we can offer multiple products basis our initial discussions with them, we reclassify that. So for want of space on that page, you don't see a lot of logos there. But essentially, we continue to grow all our businesses. So we have good traction. We are winning new businesses, both with existing and with new customers.

So wherever we see that there's a potential domestically and there is a large untapped potential domestically, and there's a large potential maybe outside India. So those are the accounts which are mega accounts, where we think that we have a very strong runway for growth. So that's the classification. There's no hard and fast rule in terms of what turnover we will have because our ambition is very large. We intend to be a global supplier.

So at the moment, as I mentioned earlier, we have got good success. We are confident that our products meet the quality cost and delivery requirements of these customers. So we will leverage on that customer relationship and trust to grow these to be much, much higher. So our ambition, of course, is to be a global supplier with these companies, at least the global companies so that we have a large chunk of their business.

Hitesh Goel:

So just a clarification. So you think that when you put this, say, for example, Mabe or John Deere as a mega account in this quarter, is it a thinking that it can be bigger than Honda at some point



in time? Right now, Honda would be quite big, right? So Honda is not part of this mega account. So this is confusing in that sense for us to understand in terms of revenue.

Sanjay Thapar: Yes. So let me clarify. So what is mentioned, this is a quarterly report. So if during the quarter, we won some new businesses, new accounts with that customer, that is mentioned here. What continues that normal continues. So Honda, of course, continues to be a very strong customer for us. So this is just an update for this quarter that went by.

Hitesh Goel: Okay. My second question is on Exotech. So the new plant, has that started? Has the revenue started coming? And this Q-on-Q growth in exports, this has come from Exotech or this is you know, Stellantis and Whirlpool?

Sanjay Thapar: From SJS. So largely, the Stellantis business that we won, which we said is a large business, we will supply across North America, Latin America, Europe. So a few plants have started. This will gain momentum as we go along in this current year, as I mentioned earlier. So that growth is there.

Exotech has grown very well. This new plant that Mahendra told you is under commissioning at the moment. So next year, you start seeing revenues coming out of this, but we are currently sweating the asset that we have, and we are on a very, very strong growth trajectory for Exotech or SJS Decoplast now that's one of that.

Hitesh Goel: So new plant has not started yet, right? Because you were earlier results of last quarter you had said fourth quarter.

Sanjay Thapar: The building and the plant is ready. The equipment is under commissioning because it's a complex SCADA-based system. So that is under commissioning at the moment. And next year, we should see revenues coming out of this new plant as well, supplementing the existing plant. That continues as usual.

Hitesh Goel: And my final question on WPI. So WPI has been static because of consumer driven static there. And now Tata Motors started reviving, right, industry has started reviving there. So should we expect coming quarters to see good growth in WPI?

Sanjay Thapar: Absolutely. So, our focus on WPI, as I mentioned earlier, is there are legacy customers, which are very large customers. So, the new generation product that we started supplying to from WPI, not just from Tata, but also to Mahindra have grown exceedingly well. We have good acceptance, and you should see traction going. And we are happy that we are now coming back to the profit levels for the EBITDA levels that we thought of that business.

That also is being strengthened very well. So, we are very happy with the current state of where all our businesses including Decoplast and Walter Pack now are coming up to speed in terms of our threshold EBITDA margins that we had set up for ourselves internally. And that has resulted in the overall as you see the record EBITDA margin that we have for the company as a whole.



- Moderator:** The next question comes from the line of Jyoti Singh from Arihant Capital Markets Limited.
- Jyoti Singh:** Sir, just wanted to understand like earlier you explained on the WPI side. So where does WPI stand today in terms of EBITDA margin versus group average? And by when do you expect full margin converges on that front?
- Sanjay Thapar:** So, Jyoti, as I said many times earlier, think of us as a consolidated company. We don't share margins by business. Of course, SJS is the main company that we have here. But I will not be able to share the number with you. But in terms of our internal benchmarks, we are at Walter Pack today is what we set out to do when we acquired this company.
- So, there is a very good turnaround that we see in that business. And moving forward, they will be a strong contributor to the overall growth story for SJS as a group.
- Jyoti Singh:** Okay. And sir, also I wanted to understand this time some differences compared to 2-wheeler and PV side on the revenue mix that has increased for the PV compared to 2-wheeler. So, are we seeing good order wins on the 4-wheeler side?
- Sanjay Thapar:** Absolutely. So, on behalf of the complete auto industry, I would say that there's a very healthy traction in the market. Just to give you an example, Mahindra, which is a key customer for us, launched their 2 new vehicles, and there was a record booking of 94,000 vehicles in 4 hours of opening. And I'm happy to say that SJS has a very, very strong content in those vehicles. So, we hope to benefit from that.
- So these are new high-technology products that are offered to them, and they find very good acceptance. And I've said many times earlier that when one OEM launches a product, it sets the benchmark for the industry and other OEMs follow suit. So the premiumization story continues to march ahead, and you've seen that in the new launches that have come from the stables of Mahindra and Tata, which we find very good acceptance in the market. And I'm happy to say that SJS as a group has a strong presence in those models.
- Jyoti Singh:** Great, sir. And sir, just last question on the strong cash side. Are we looking actively for any new acquisition or just looking for the existing business to grow?
- Sanjay Thapar:** No, no. So, acquisitions are a very integral part of our growth story. So, the last 4 years, we've acquired 2 companies. And as I said earlier in this call, we have a healthy cash reserve, and we want to deploy it to further propel our business forward, and we shall do that. So, answering your question, inorganic growth is a very integral part of our growth story, and we shall continue down that path.
- Jyoti Singh:** And just congratulations on the strong execution and consistent delivery with the company unlocking a new level every quarter. So congratulations.
- Sanjay Thapar:** Thank you, Jyoti.



- Moderator:** The next question comes from the line of Vineet Bothra from IIFL Capital.
- Vineet Bothra:** Congratulations on a very good set of numbers. So I have 2 questions. First is how SJS Enterprises will get benefit from this Indian-EU trade deal? And my second question is, in the last quarter, as like you mentioned that export revenue will reach around 14% to 15% by FY28. So after this trade deal, can we see an increase in the revenue percentage?
- Sanjay Thapar:** Okay. So thank you for the question. India as a whole, not just SJS is very excited about this new deal that we've done, which is classified as the mother of all deals. There are a lot of very strong automotive customers and appliance companies that are based in the EU. We have strengthened our sales presence in Europe and the West German OEMs produce parts or produce vehicles and platforms globally.
- So what I mentioned in my previous earnings call when we announced that we won global businesses from Stellantis, which has now started. We want to repeat that with other OEMs, and we have some very marquee names in Europe, especially in Germany, which supply parts globally. So we see strong traction. They like us. They like our parts and they like the agility we demonstrate as a company.
- So we are extremely bullish that this EU deal would help us access those markets in a much faster manner, while we continue our focus on North America. So it's not that, that is our focus. But EU also, as I have announced specifically, Germany is in a key area, and we set up a standard of sales organization there. So we hope to benefit. And I'm not altering the guidance for FY28 as of now.
- So 14% to 15% is an ambitious target. I'll be happy and delighted when we exceed that. We are working towards that. But as a guidance, I would still maintain 14% to 15% of my top-line revenue should come out of exports by FY28.
- Moderator:** The next question comes from the line of Amit Hiranandani from PhillipCapital India Private Limited.
- Amit Hiranandani:** Yes. Congratulations team for one more outperformance. I really appreciate this performance regularly. Sir, I have a few questions. First is, are you seeing any input cost pressures from Q4 onwards? And what steps the company is taking to improve margins from here on?
- Sanjay Thapar:** So as a company, our DNA is to squeeze inefficiency out of the system by better utilization of assets, by declaring a war on waste, by leveraging our growing sales with our suppliers to get better prices and support our customers. We are helped by the tailwinds that premium products get refreshed. So the new raw material prices are priced in every time there's a refresh.
- So strategically, I think we are in the absolute right business, and that is what demonstrates a very steady and growing EBITDA margin profile since we got listed. So if you track our history, we've been delivering stronger margins, and we hope to continue to do that in the future as well.



- Amit Hiranandani:** Any input cost pressure, sir?
- Sanjay Thapar:** I mean pressure is always there, but we are, I think, more resilient for the reasons that I mentioned earlier. We have a very, very strong focus on day-to-day buying that we do on the operating efficiencies that we do on reduction of rejection and scrap. And we have a model of excellence that flows through all our locations.
- So we've expanded margins at Exotech from 12% to now close to about 20% or SJS Decoplast. We've increased margins at Walter Pack and we've, of course, increased margins at SJS. So it's a secular theme and focus on the bottom-line is a key area of focus for SJS and will continue to remain so.
- Amit Hiranandani:** Good to hear, sir. Sir, secondly, any update you want to give on the BOE with respect to the plant setup timelines and any initial soft commitments from customers, SOP and target potentials?
- Sanjay Thapar:** Yes. So with BOE, as I said earlier, the plant is ready. The equipment orders have gone. We expect that during FY27, we should have the plant ready with equipment and trials complete. In FY28, we should see sales coming out of that plant. We are in discussions with many customers, and we see good appetite.
- There are some positions where we are unique in the country. And we have a lot of demand from customers who are talking to us about what we can do with them, specifically for cover glass. And that is something that we intend to focus on, and we are building capabilities and capacities to address that huge opportunity that we see in front of us.
- Moderator:** The next question comes from the line of Nitin Agrawal from JM Financial.
- Nitin Agrawal:** Congratulations on a great set of numbers. Following up on Amit's question on the margin. So we have maintained the guidance of around 26% to 27% on a steady-state basis. But for the last 2 quarters, we have outperformed significantly this quarter, if you adjust for the one-off, the margin comes around 30%. So do you see upside this to our guidance? Or would you like to update your margin guidance going forward?
- Sanjay Thapar:** Yes. So if I talk of our past track record, we've grown very well and our focus, of course, will continue to remain there. So yes, we are today operating at about 28% - 29% sort of margins. That sort of profile is something that I think we can look forward to.
- Nitin Agrawal:** Okay. So in the sense that we are going to expand our margins significantly on a steady-state basis from here on.
- Sanjay Thapar:** Yes. So it's not just here. So if you track our margin profile since we got listed on the stock exchange, we have steadily improved margins over the years. And I think that's the direction that we've gone to. So from 24.7% in FY22, the first quarter that we reported, we are up to 30% over the last 4 - 5 years.



Moderator: The next question comes from the line of Khush Nahar from Electrum PMS.

Khush Nahar: Congratulations on a great set of numbers. There are a couple of questions. So first, on the display segment, could you elaborate a bit on the opportunity that we see in terms of the entire market in terms of rupee crores? If you can mention the TAM in the auto segment first since that will be our initial segment to which we cater.

And some color on the asset turn or the margin profile, if it will be on a company level basis or accretive for us. And secondly, sir, is there any update on the IME products in terms of customer acceptance or customer approval because I think that was one of the next gen products that we were prototyping before?

Sanjay Thapar: Yes, Khush. So okay, on the display, so currently, we see a very steady transition from small displays to large displays, let's say, from 4 inches or which was only a display for the instrument cluster part and the infotainment, which was 7, 8 inches. So the new RFQs that we are getting from customers are for 10.25 - 12 inches in some cases, even 14 inches. So directionally, that is the way the market is moving. Currently, we estimate that the size of this market and of course, these larger displays are for the premium models.

And close to about 30% of the automotive market today uses displays. And this display content, my expectation is by FY30, almost 100% of passenger vehicles would use displays in one form or the other.

So there's a huge tailwind for larger displays, display penetration across models and then percolating down from the high end to the entry-level segment as well. Of course, the size of the displays will vary. You could have a single display, you could have a dual display, you could also have a pillar to pillar or a 3-panel display of a much larger size.

So there's a very large market that we see. Our initial estimate is that the size of this market by FY 30 could be close to about Rs. 3,000 crores to Rs.4,000 crores. So that's the huge potential that exists in the market when you have penetration across the board. And I think strategically, we are absolutely in the right area to leverage our existing capabilities for aesthetic parts to emerge as a strong player in this segment. There are different elements to it.

One is the cover class, as I said, our ambition is global. So we should be able to do that across the board. And for specific customers, of course, assembling the display is going to be a focus area. And we have a great partner in BOE, which is a global leader. So we have the best of both worlds, strong capability within the SJS Group with a strong technology partner globally. So, that should be a winning combination where we can play a meaningful role in this market as it evolves.

The other question was on margins, of course, as we increase the content of localization, it's not just the part, but also the specialty coatings are required. So there are premium offerings and we hope once we start supplying honestly, that is the right time to answer the question on margins.



But directionally, this will be a high turnover business. Maybe the margins could be a little lower.

But as I said, in our DNA, we focus on 25% is the threshold that we have for our businesses. So we will move in that direction to see as we get into the localization of these parts, or perhaps there will be an opportunity to get decent margins. The inventory turns of this should be extremely high. So ROCE of this business will be very good. I don't know, Mahendra, do we have a map on the inventory turns that we have on this business?

Mahendra Naredi: Yes. So these kind of businesses have a higher asset turn. It should be more than 5x. Currently, we are operating around 2x - 2.5x, but this business will have more than 5x. So like Mr. Thapar said, ROCE, which is the right way here, the higher turn we generate with the higher ROCE, and the margin side, like Mr. Thapar said, since we have planned for localization of a couple of parts here, so margin will be in the direction towards what we are operating currently.

Khush Nahar: And sir, my second question on the IME side?

Sanjay Thapar: Yes. So IME, customers continue to show interest, but then this is a platform strategy that we'll have to follow. So many customers, we've given demo samples, and we are continuing to engage with them, not just in the automotive segment, but also for the consumer segment. So I would imagine that they will take their own time to see what model they would like to introduce that. But it should happen sooner than later because it reduces the number of parts for the OEM and it improve the quality of the human machine interface.

So this would happen. The traction would be more once you have a larger penetration of battery powered vehicles. So we see good traction in all the software-defined vehicles, and we see that that should be the first entry point for IME and we are in active discussions.

Moderator: The next question comes from the line of Lokesh Manik from Vallum Capital.

Lokesh Manik: Sir, my question one was on the exports. Now this is the second quarter where we are seeing a very strong momentum. So given the global uncertainties, what is the outlook or the confidence that you can give or the visibility that you have that this momentum sustains for the next 2 to 3 years based on your feedback you're getting from the customers or the inquiries or the products that are in ramp-up phase. So some sense on that would be very helpful?

Sanjay Thapar: Yes. So as I said earlier, the products that we supply are not just a replacement of a part supplied by a European or American supplier. These are new technology parts that underwent validation for 1 year before they approved this. We own the badging. I'm talking specifically of Stellantis.

So we own the badging for the whole vehicle, and it is not so easy to disrupt it. They did their own diligence in terms of what is the value that SJS brings to the table, both as a new technology provider and the cost and the delivery capabilities that we demonstrate. So I mean, we've started supplies now for almost 4 - 5 months. We see that more and more plants are on stream to start



introducing these parts. So at the moment, we don't see any hiccup at all, and we should continue as normal, supplying to them across the globe.

As I said, it's North America, Europe and Latin America. And those markets continue to perform. And we are adding Europe, especially in the background I mean, we were not waiting for the trade deal to be done with the EU. But on our own, we said that once we've had success with a global OEM in global markets for products that we have very strong capabilities on. It is, I think, fairly certain that we should be able to make inroads into other OEMs also, global OEMs so that we can supply to platforms across the world.

So we will continue to drive on that strategy. And I think all these challenges that we see in terms of volatility are temporary. We have a sustainable advantage. We are very confident of that, and we will continue to drive exports. So I maintain that 14% to 15% of our top-line in FY28 should come out of exports. And we are reasonably confident we should be able to do that.

Lokesh Manik: Great, sir. That was very helpful. Sir, my second question is for Mr. Mahendra-ji. Sir, we spoke last year when we announced capex programs, we were sort of expecting a slight pressure on the margins about 50 bps to 100 bps when these capacities come online, they ramp-up. So would it be fair to now assume that the margins that we are posting today captures these costs or these costs are still yet to come in going forward? How do you see it?

Mahendra Naredi: So regarding the margin, when we start the new capex, yes, there will be some pressure. But at the same time, we are improving our operational efficiencies and covering this cost. So we're hopeful that we will maintain the same margin between 28% - 29% in the coming period.

Lokesh Manik: Have they flowed in this quarter's results or in 9 months results, have they come in or they are yet to come in?

Lokesh Manik: The operational cost of the capex, have they come in this 9 months or they are yet to come in?

Mahendra Naredi: They are yet to come in.

Lokesh Manik: Okay. They are yet to come in.

Moderator: The next question comes from the line of Prolin Nandu from Edelweiss Public Alternatives.

Prolin Nandu: Yes. A couple of questions from my end. Just on this cover glass opportunity, right? Just wanted to understand that when you say you will ship your first product sometime in FY28, we are talking about the cover glass part of it, right? Everything else we will assemble, right?

So could you just help us understand when you say you'll ship your first product, what exactly are you going to ship and where are you going to add value in the entire display unit, right? And you also mentioned that you are thinking about backward integration and localization of cover glass manufacturing as well, which maybe so far is imported?



So this is also something which is going to be possible sometime in FY28? Or this is likely a medium-term target? And last thing on the cover glass is the current tie-up that we have done, right, in the past, we also used to work very closely with one of our customers like, which is Visteon?

So how does that tie-up and this tie-up, how are they different? Is there going to be any conflict because of this tie-up with some of our existing customers who might already be in this business? So this is the question on the display part. I'll come back to the second question once I get the answer of this.

Sanjay Thapar:

Okay. So let me clarify that the display project that we are setting up will do 2 things. It will make the cover glass. It will also do optical bonding of the display, which consists of 3 parts, which is the cover glass, the TFT screen and the backlight units. So this is what the product mix of this new plant is going to be.

Now your question on that we have tied up with BOE, which is a very, very strong global player and our discussions, our initial discussions with Visteon. So I just want to take you a little back for you to understand this a little better. So when we started our journey, we had no ambitions to get into a display. We wanted to leverage our printing capabilities and aesthetic part capabilities to supply instead of a dial, a cover glass to the instrument cluster manufacturers. Now Visteon happens to be one of them. There are other global companies like Continental, like Marelli and some Indian companies which do this. So, we wanted a transition. But then a lot of customers came to us to say that, sir, in addition to this cover glass, can you do the complete display bonding because not everybody will set up facilities to do display. Even though they own the infotainment and the driver information system for the vehicle. So we said let us relook at that because the investment in the plant for a cover glass or a display was a little different based on the dust-free capabilities that you need to build in that plant.

So we took a pause for about 6 months, as I said earlier in my previous calls. And we said we don't want to reinvent the wheel that we invest something and say that, okay, now our ambition has changed, so maybe we need to do new capex. So we just put it on pause. And what we've done in the meantime is that we found a technology partner for the optical display, which is BOE. The cover glass bit remains intact.

So our ambition to supply cover glass to Visteon and to all the other instrument cluster manufacturers remains intact. So that's what I said. This plant will do cover glass. And it could possibly supply cover glass to everybody who does displays in India. So that's our ambition that we want to supply to as many display manufacturers as possible.

In addition to that, we will do for a few customers, we will do the complete optical bonding of the display, that is the cover glass, the TFT screen and the backlight unit. So this plant will do both these things. As far as your question on what revenues will come out of this plant in FY28, we said that we will possibly do both. We will do our first lot of display screens as well, and we



will do cover glass. So our ambition is to do both by that time. That is what we are targeting and we are ordering equipment for the new facility that we have.

Prolin Nandu:

That is very clear. The second question would be again on the M&A part and the technology tie-up that you did, right, with BOE. So between these 2, right, which are the levers which you will want to press going forward for the next 2 to 3 years? And within M&A as well, right, you have mentioned that you don't want to buy just for the sake of revenue. There should be some gap within your existing offering?

So can you just highlight which are these gaps? And what you did with Hero was help out maybe an OEM when the vendor was not going through its best of the time. Are such opportunities available in the market where vendor is not going through a great time, plus it helps us fill a gap that we do not have right now? And at the same time, sir, how do you think about the technology partnership like what you did with BOE? I mean, do we hear more of those also going forward together with M&A?

Sanjay Thapar:

So let me clarify. Currently, we don't see any gap. So we are an end-to-end design to delivery solution provider. So for the aesthetic and the human machine interface parts that we have, we are fairly comfortable with the product portfolio we have. So the inorganic opportunity is not for filling any gap.

It's primarily for faster accessing markets. So if I can expand my customer base, leveraging the capability that I have and use that inorganic acquisition as a gateway to sell more of my products because I have the widest range of aesthetic products in the world. So we produce close to about 14 different technologies.

Not many companies do that. So if I acquire a company which does product 1 and 2, there are another maybe 5 - 7 products that I can sell through that same channel because we are talking about the consumer business or we are talking about the automotive business.

So that leveraging can happen best in terms of accelerated penetration in the market. And that is the reason for looking at an acquisition. So –that was answering one part of your question.

Sanjay Thapar:

Yes, technology. So our ambition to get into displays because this was a new business for us. We had no know-how. So we needed a partner who could teach us how to do it. And that is what we found in BOE. And they also have global scale. They have close to about 20% of the global market share.

So I'm sure we can tap into their buying efficiencies and in terms of the expertise and experience that they have to do the right thing first. So we don't have to reinvent the wheel by experimentation. So that's the reason why we did the technology tie-up with BOE, specifically for the display business because that was new for us.

For the other areas, printing, et cetera, we have more than 4 decades of expertise now, and we are quite confident of our capabilities, and that's what makes us globally competitive.



- Moderator:** The next question comes from the line of Aditya Khetan from SMIFS Institutional Equities.
- Aditya Khetan:** Sir, my question was on to the margin side. Sir, as you explained to one of the participants that the sustainable margins are around 29%.
- Sanjay Thapar:** 28% - 29% is what we said. Sorry, just to correct it. So there's a range, 28% - 29%, I can't pinpoint at 29%, right? So it could be 28%, it could be 29%. But directionally, yes, that's the margin that we are aiming at.
- Aditya Khetan:** Yes, sir, correct. So my question was on to that, sir. So when we look at the business, SJS stand-alone and Decoplast are still operating at around 70% - 75% utilization. So there is room for volume growth from here on. And considering like these capacities when they ramp up to peak, the fixed cost absorption would be quite higher.
- So there should be an incremental run-up in the margin from here on. So from the optical displays and from the cover glass and automotive displays, are you witnessing some margin deceleration so we can come up to that 28% - 29% margin figure?
- Sanjay Thapar:** No, no. So we still have to start revenues for the display business. And as I said, here, the benchmark is the landed cost of imported parts. And if we localize, we see that there's an arbitrage there, which we could play on. So coming back to your question so what we are benefiting from is operating leverage.
- So all the management structures that we have remain the same as we accelerate sales, and we see a lot of momentum. So for the absorption of fixed cost, as you say, will be better and better. So this operating leverage at play. So the reason that I've grown from 24% EBITDA to 30% EBITDA last quarter is primarily a result of better product mix, more new technology, new generation products coming in. So that leads to higher margins.
- So today, about 23% of my revenues come from new generation products. We are benefiting from the operating leverage. And that is what we clearly see in the margin profile of the company. So we continue to maintain a robust outlook for what EBITDA growth for the company is going to be. And we have a very clear path to how will we achieve our profit goals as a company for the next 3 - 4 years.
- Aditya Khetan:** Sir, my question was, so considering there is room for volume growth and operating leverage further, why are we not stating that the margin guidance upwards of 30%, why is only at 28%, 29%?
- Sanjay Thapar:** So as a company, we are very conservative. So so you can see that from how shy we are of taking loans. So we focus very clearly on how can we generate free cash on our own to invest unlike the philosophy that other companies would have. So we would like to perform or deliver what we commit. So that's, I think, how you should think of us at this, yes, that these are guys who honour their promises and deliver what they set out to do.



So that's what we aim at. It's not to get any accolades in terms of what margin threshold we have. So that's a byproduct. So if we work hard at our job and we declare or continue our war on waste. We will hope to, let's say, enrich margins for the company. So that's the way forward here, right? I can't give any other answer.

Aditya Khetan:

Sir, one last question. Sir, excluding the Whirlpool and the Stellantis order, so core export geographies, how have they performed and how much it contributed to the top-line, excluding this Whirlpool and the Stellantis order?

Sanjay Thapar:

Why excluding Whirlpool, Stellantis, they are part of the export universe, right? I mean it may continue to grow. Look, the way the export business runs is that Whirlpool, Stellantis is not just one plant. So we won Whirlpool business at one plant. We won business with Stellantis across the world.

So they are lighting up plant one by one. So as a customer, they are at different locations, which are buying from us. So we continue to grow that. So as I said, the most important question to ask is that are the products of this company globally accepted. And I can answer that in a strong yes.

So we are very confident, as I said maybe 3 years ago when we started this journey when people did not understand what are aesthetic parts. So basically, we are very focused on creating that lasting competitive advantage because printing is a backboard operation. Scale expertise that we've built over the years is not easy to replicate. And especially the inspection of these aesthetic parts, they are very, very stringent aesthetic requirements.

So there are natural barriers to entry. So we continue to benefit from that. And globally, I think we are a well-recognized company for its quality and its reliability in terms of supplies and quick development. So we will continue to focus on that to grow the business and the business is growing. Apart from Whirlpool and Stellantis, we are winning businesses. We announced Nissan that we've broken into. And now we hope to break into more Western European OEMs. So that's a story that will continue.

Moderator:

Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Devanshi Dhruva for closing remarks.

Devanshi Dhruva:

Thank you. Thank you, everyone, for joining the call. We hope we have been able to address your questions satisfactorily. For any further information, please feel free to get in touch with us. Thank you once again.

Moderator:

On behalf of Elara Securities India Private Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.