



S.J.S ENTERPRISES LIMITED

Q2FY23 EARNINGS PRESENTATION

Disclaimer

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Today's Presenters



K A JOSEPH
Managing Director

- Founded the company in 1987
- More than 34 years of experience in aesthetics printing business
- Post graduate diploma in business administration from the St. Joseph's College of Business Administration, Bangalore; B.Sc from Bangalore University



SANJAY THAPAR
CEO & Executive Director

- Over 30 years of experience in the automotive industry
- Previously worked with Ashok Minda Group, Minda Valeo Security Systems, Minda HUF Limited, Tata Engineering and Locomotive Company Limited (now known as Tata Motors Limited)
- Bachelor's degree in science (mechanical engineering) from the Delhi College of Engineering



MAHENDRA NAREDI
Chief Financial Officer

- 20+ years of experience in financial management, key accounting & financial analysis, FP&A, fundraising, M&As, legal & compliances, and strategy.
- Previously worked in Minda Corporation, Wipro & GE
- Bachelor's degree in Law & Commerce from Rajasthan University, Chartered Accountant and Company Secretary from ICAI and ICSI



DEVANSHI DHRUVA
Head-Investor Relations

- Previously worked with Westlife Development Limited (McDonald's India) and Piramal Enterprises Limited managing Investor Relations. Earlier worked as Equity Research Analyst with Dolat Capital Markets Pvt. Ltd.
- PGDM – Finance from K J Somaiya Institute; M.Com & B.Com (Accounting & Finance) from University of Mumbai

About SJS Enterprises

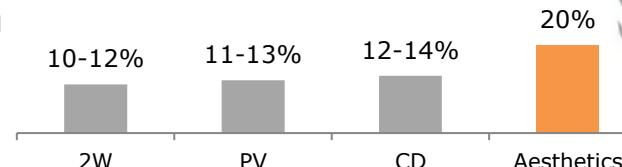
S.J.S Enterprises Limited : A Snapshot



One of the leading players in Indian decorative aesthetics industry which has faster than underlying industry growth ⁽¹⁾

Rs 1,169.4 Mn
Q2FY23 Revenue ⁽²⁾

FY21-FY26 CAGR ⁽¹⁾



11
product categories ⁽³⁾including chrome plated parts

7
End markets served⁽⁴⁾ – 2W, PV, CD, CV, Medical devices, Farm equipment & Sanitary ware

Widest range of products⁽⁵⁾ with presence across traditional and premium products



““Design” to delivery” aesthetics solution provider



~123 Mn
Total parts Supplied
(FY22)

~6,000
SKUs (FY22)

~2,000
Workforce

Strong manufacturing footprint and global distribution capabilities



Long-standing customer relationships

~175+
Customer Locations
(as on 31st Mar 2022)

22
Countries exported to

~15 yrs
Average length of relationship with 10 largest customers

Note: (1) as per CRISIL Research ; (2) Consolidated revenue from operations; (3) Decals, 2D/ 3D appliques and dials, 3D lux badges, domes, overlays, aluminium badges, IML/IMDs, lens mask assembly, optical plastics and chrome-plated plastic parts; (4) 2W- Two Wheeler; PV - Passenger Vehicle; CD - Consumer Durables; CV: Commercial Vehicles; (5) As on Mar 31, 2021 as per CRISIL Research

Q2FY23 Highlights

**17.3% YoY growth in revenue in Q2FY23 to Rs 1169.4 Mn;
Consolidated PAT at Rs 199.5 Mn, on a margin of 17.1%**



**30.3% YoY growth in Automotive (2W+PV) segment -
Outperforming the underlying industry**

**Strong Cash & Cash Equivalents position with Rs 1,295.1 Mn;
Debt free company**



**Added new customers in 2W, PV and appliance segment as well as
gained market share with our key 2W customers**

**SJS Enterprises adopts 7 villages as part of the Swachh Bharat
initiative**

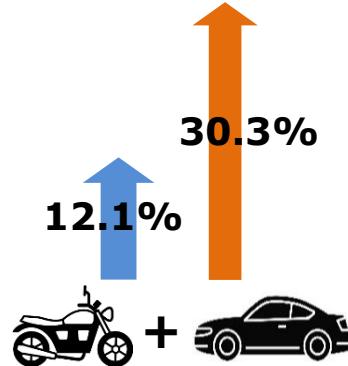
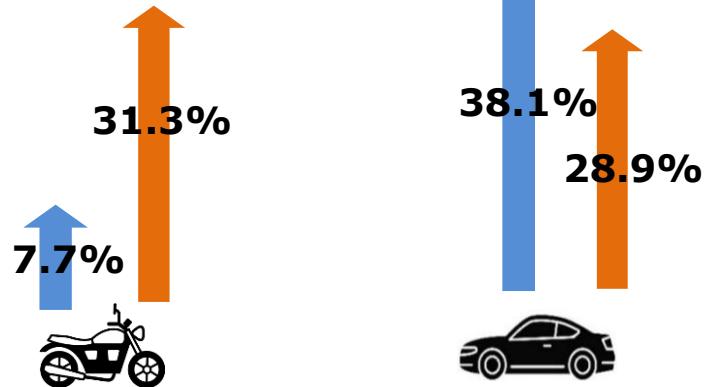


SJS won 8 awards for Quality performance

SJS Outperformed Auto Industry

Q2FY23 - Industry Production Volume¹ v/s SJS YoY Sales²

Industry
SJS

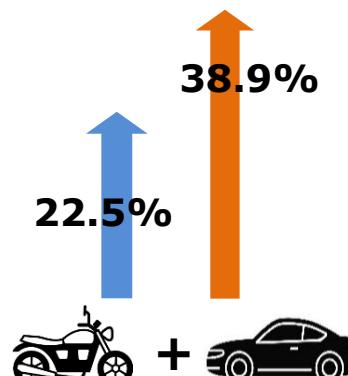
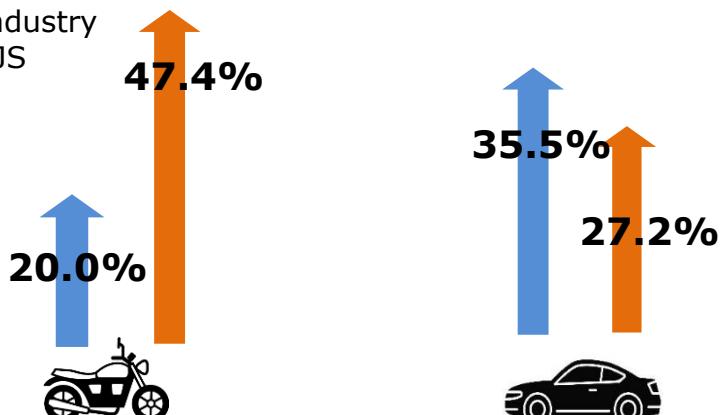


Strong double-digit growth, despite macro economic headwinds



H1FY23 - Industry Production Volume¹ v/s SJS YoY Sales²

Industry
SJS



Consistently maintaining ~25% Revenue growth



Note: 1) Industry Production Volumes are production in India; 2) For SJS YoY Sales it is Consolidated numbers

SJS Outperformed Auto Industry on Y-o-Y basis

Industry Scenario

- Higher than 2W industry growth in 2W segment on back of **new order wins from 2W customers like TVS, Royal Enfield, Bajaj Auto, HMSI etc**
 - Consumer durables segment performance was impacted on account of slowdown in market and lower demand
 - Exports grew 25-30% QoQ. However, YoY exports was impacted by 20-25% in Q2FY23, due to geo-political turmoil and macro economic headwinds:
 - (i) Ukraine – Russia war leading to lower demand as well as supply chain constraints of raw materials for EMEA region manufacturers;
 - (ii) Inflation, rising fuel prices and interest rate dampened consumer sentiments in Europe and North America
- Excluding Europe and North America region, our exports grew ~5.7% YoY during Q2FY23

Despite global macro economic headwinds, SJS maintained sales momentum in Q2FY23

Q2FY23 Business & Financial Highlights

Q2FY23 Financial Performance (Consolidated)

Picking up a strong pace...

↑ **17.3%**
YoY growth

- **Revenue** at Rs 1,169.4 Mn on account of 30.3% YoY growth in automotive (2W+PV) segment - outperforming the underlying industry

↑ **24.5%**
YoY growth

- **EBITDA** at Rs 333.8 Mn, on back of higher sales, softening in commodity prices and operational efficiencies; **Strong margins of 28.0%**

↑ **30.7%**
YoY growth

- **Net Profit** at Rs 199.5 Mn, with a **margin of 17.1%**

- **Domestic sales** clocked **22.9%** YoY growth; on back of **35.4%** and **31.1%** YoY growth in **2W** and **PV** respectively

H1FY23 Financial Performance (Consolidated)

Consistently delivering robust performance...

↑ **26.5%**
YoY growth

- Revenue at Rs 2,201.1 Mn on back of **37.2% YoY growth** in domestic sales
- **Automotive (2W+PV)** segment delivered **38.9% YoY** growth

↑ **34.8%**
YoY growth

- **EBITDA** at Rs 612.0 Mn, on back of softening in raw material prices in Q2 and operational efficiencies
- **Strong margins of 27.2%**, expanded by 142 bps YoY

↑ **46.0%**
YoY growth

- **Net Profit** at Rs 361.6 Mn, on a **margin of 16.4%**, improvement of 219 bps YoY

Consolidated P&L Performance

Particulars (INR in Mn)	Q2FY23	Q2FY22	YoY%	Q1FY23	QoQ%	H1FY23	H1FY22	YoY%
Operating Revenue	1,169.4	996.9	17.3%	1,031.7	13.3%	2,201.1	1,739.6	26.5%
EBITDA*	333.8	268.2	24.5%	278.2	20.0%	612.0	454.0	34.8%
<i>EBITDA Margin %</i>	<i>28.0%</i>	<i>26.6%</i>		<i>26.4%</i>		<i>27.2%</i>	<i>25.8%</i>	
Profit After Tax (PAT)	199.5	152.7	30.7%	162.1	23.1%	361.6	247.6	46.0%
<i>PAT Margin %</i>	<i>17.1%</i>	<i>15.3%</i>		<i>15.7%</i>		<i>16.4%</i>	<i>14.2%</i>	

- Revenue at Rs 1,169.4 Mn grew 17.3% YoY and 13.3% QoQ on back of strong growth of 30.3% YoY in both 2W and PV segments
- EBITDA Margin expanded 134 bps YoY to 28.0% on back of higher sales, lower raw material prices and operational efficiencies
- PAT grew 30.7% YoY on a margin of 17.1% to Rs 199.5 Mn

Consolidated Balance Sheet Performance



- **Strong Cash & cash equivalents** position (including Investments) of ~**Rs 1,295.1 Mn** as on 30th Sep 2022



- **Strong Cash Flow generation** of ~Rs 322.6 Mn for H1FY23
- FCFF to EBITDA stood at 52.7% for H1FY23



- **Debt free** Company on net debt basis
- Long term borrowing rating from **ICRA** is **A+(Stable)**



- **Robust return ratios** with ROCE at 34.8% and ROE at 16.7%

Q2FY23 Business Highlights (1/2)

Strong growth story continues...

Adding new customers & growing mega accounts

Key Customer Addition



ŠKODA

Skoda Auto Volkswagen India –
decals & 3D lux parts



Leading manufacturer of premium
fans & domestic appliances in
Indian market – for IML parts



Entered the FMCG premium
segment for speciality decals



Working along with EV
manufacturers to fulfil EV companies
demands and requirements

Key Business Projects Won



Q2FY23 Business Highlights (2/2)

Strong growth story continues...

Products : Focus on new product development and technologies

- SJS continued to demonstrate strong NPD capabilities:
 - **Illuminated Logos** – in discussions with customers for implementing new generation technology
 - **Cover glass technology** – engaged in discussions and submitted prototypes to key OEMs/ Instrument cluster companies for localization of center stack displays in India
- Our customers recognize our support as partners – **SJS won award for quality & delivery from Visteon, Lumax and at Quality Circle Forum of India**



Cover Glass

Operational Efficiency

- Launched company wide campaign for shop floor improvement & focused reviews leading to improvement in Overall Equipment Efficiency, better quality & productivity
- Continuous improvement culture through employee engagement - 337 kaizens implemented in-house, enabling SJS to improve reduction in rejections and achieve almost zero-defect outputs for some of our customers
- Implemented ERP at WOS and integrated with parent company to support growing business needs, real-time decision making, improving efficiency & reducing costs

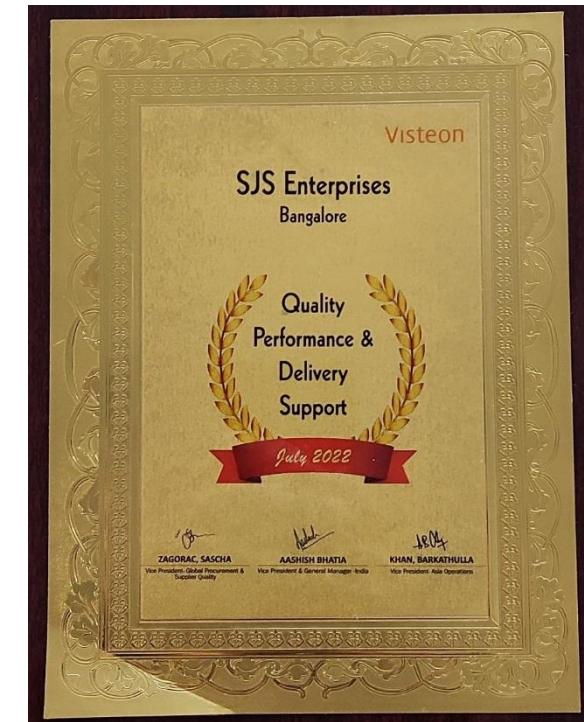


Illuminated logos

Awards & Recognition

SJS won 8 awards for Quality and Delivery performance

6 awards at Quality Circle Forum of India, 1 from Visteon and 1 from Lumax



CSR - Serving the Community

SJS Enterprises adopts 7 villages as part of the Swachh Bharat initiative



- *SJS Enterprises along with Bruhat Bengaluru Mahanagara Palike initiated door-to-door garbage collection in Agara Panchayat Jurisdiction Bengaluru, covering 7 villages*
 - *Seek to solve the problem of waste disposal faced by the households in that area*
 - *Help keep the environment clean and consequently, reduce the health problems for people in Agara village*

Outlook:
FY23–25 (Medium Term)
FY23 (Near Term)

SJS – Outlook for FY23 - 25

1 Organic growth expected at ~25% CAGR, maintaining best in class margins



Capacity Expansion: Expand chrome plating capacity to meet higher demand pipeline

- Double the chrome plating capacity to support **revenues of Rs 300 Crs from the current Rs 130 Crs capacity**
- **Expect capex of ~Rs 100 Crs (spread over 18-24 months)** to be funded largely internally through SJS cash flows and target **ROCE of ~20%**
- Higher capacity will also enable entry into global markets



Exports : Increasing global presence

- Increase presence in existing geographies and enter new geographies by leveraging strong customer relationships
- Strengthening our sales force in the international markets of Turkey, Brazil & Argentina and exploring similar opportunities in other countries



Products : Focus on development of new technologies & advanced products

- Intend to develop and introduce Illuminated logos, In Moulded Electronic (IME) parts and other new gen technologies
- Continue to build capabilities to innovate & develop new products & increase application of products across industries



Key Customers : Growing mega accounts

- Strengthen relationships with existing customers by expanding the array of products & building large mega accounts
- Increase customer base by marketing existing products to new customers
- Cross selling opportunities between SJS and Exotech

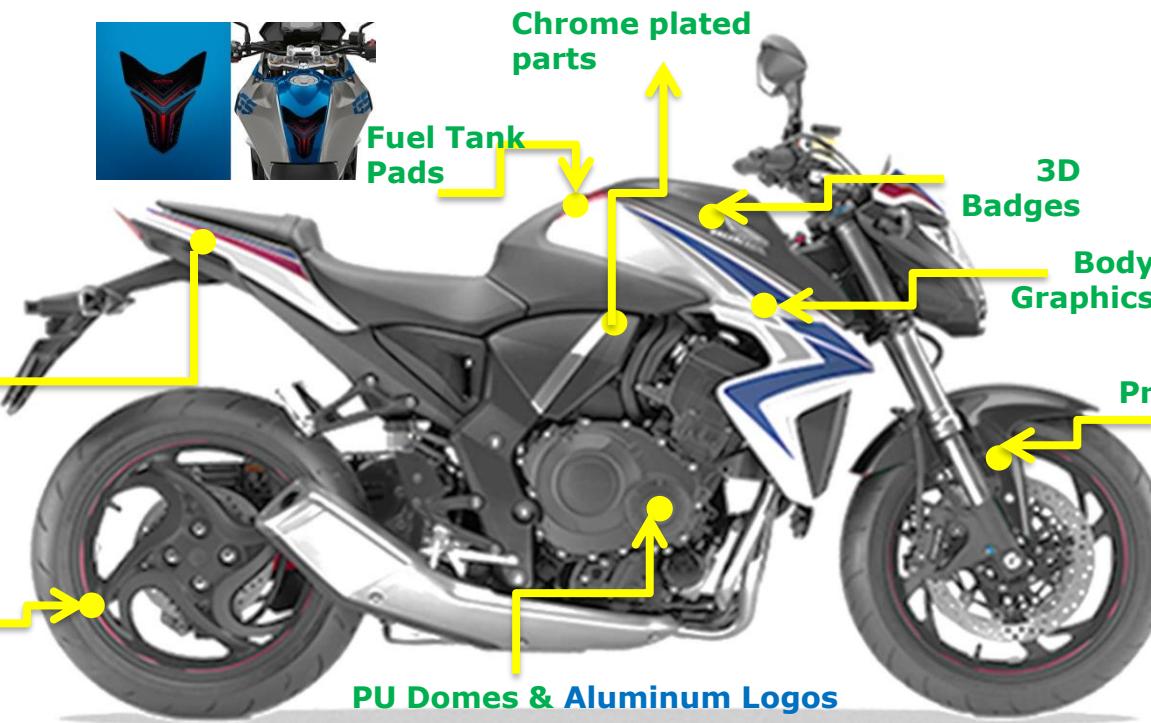
"Creating Possibilities" for Two Wheelers

Gearing up for the Future...



IML

Wheel
Rim
Stripes



Aluminium Badge



Speed o Meter Applique



Lens Mask Assembly



Speed O Meter Touch Panel



Illuminated Logos



IME

*Legacy Products

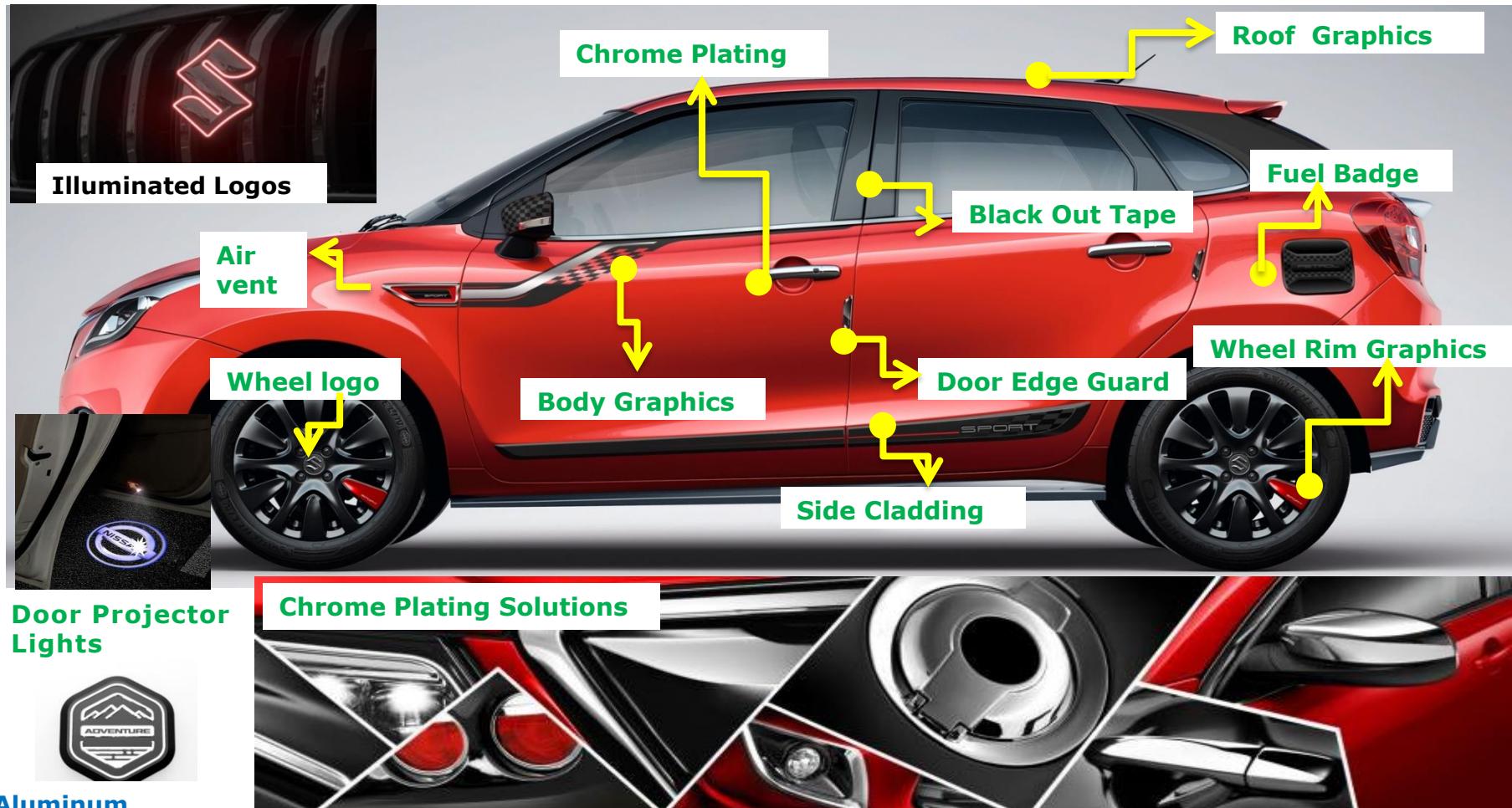
New Generation Products

Future Products

"Creating Possibilities" for Four Wheelers

Gearing up for the Future...

Car Exterior



*Legacy Products

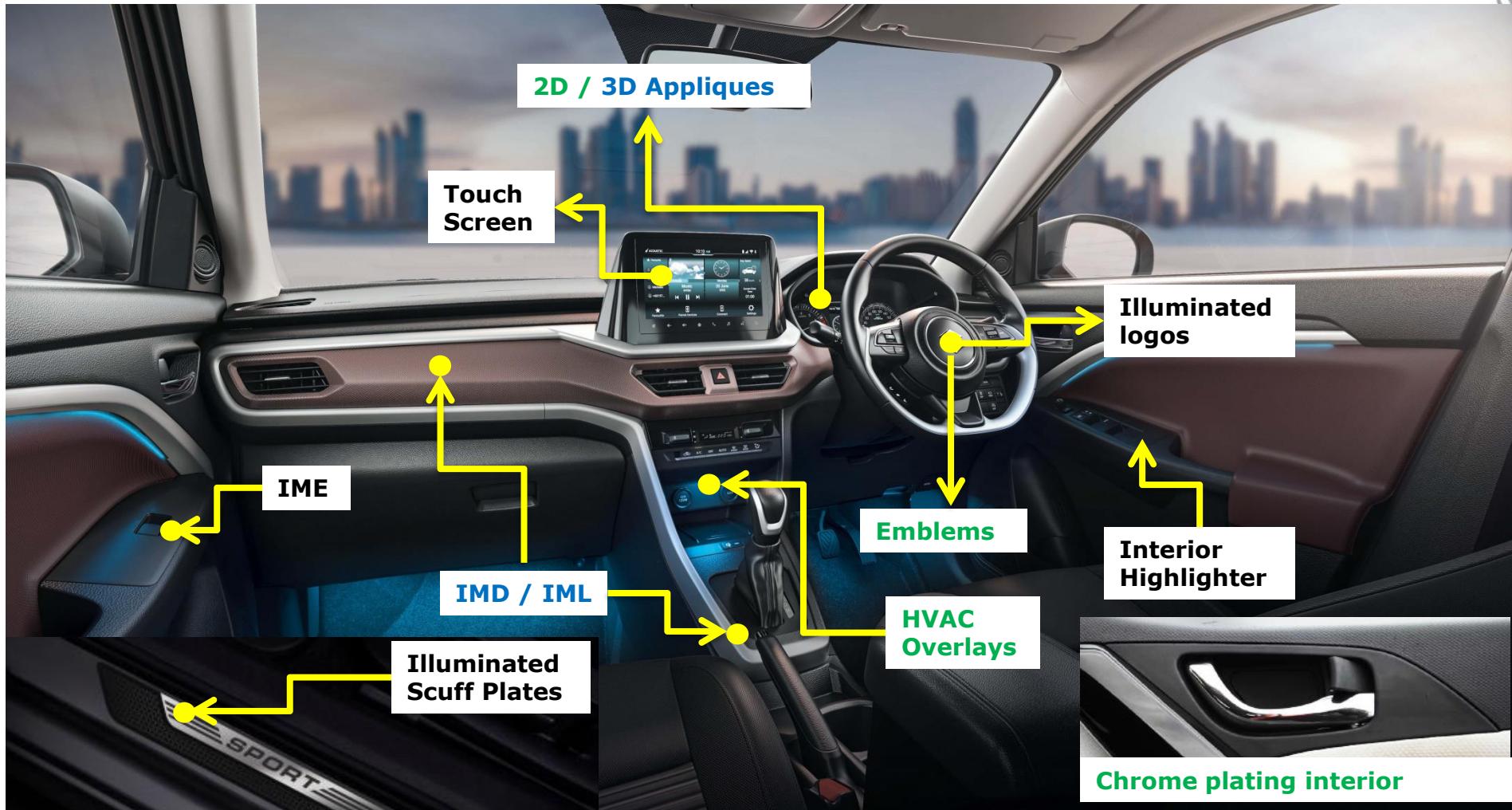
New Generation Products

Future Products

"Creating Possibilities" for Four Wheelers

Gearing up for the Future...

Car Interior



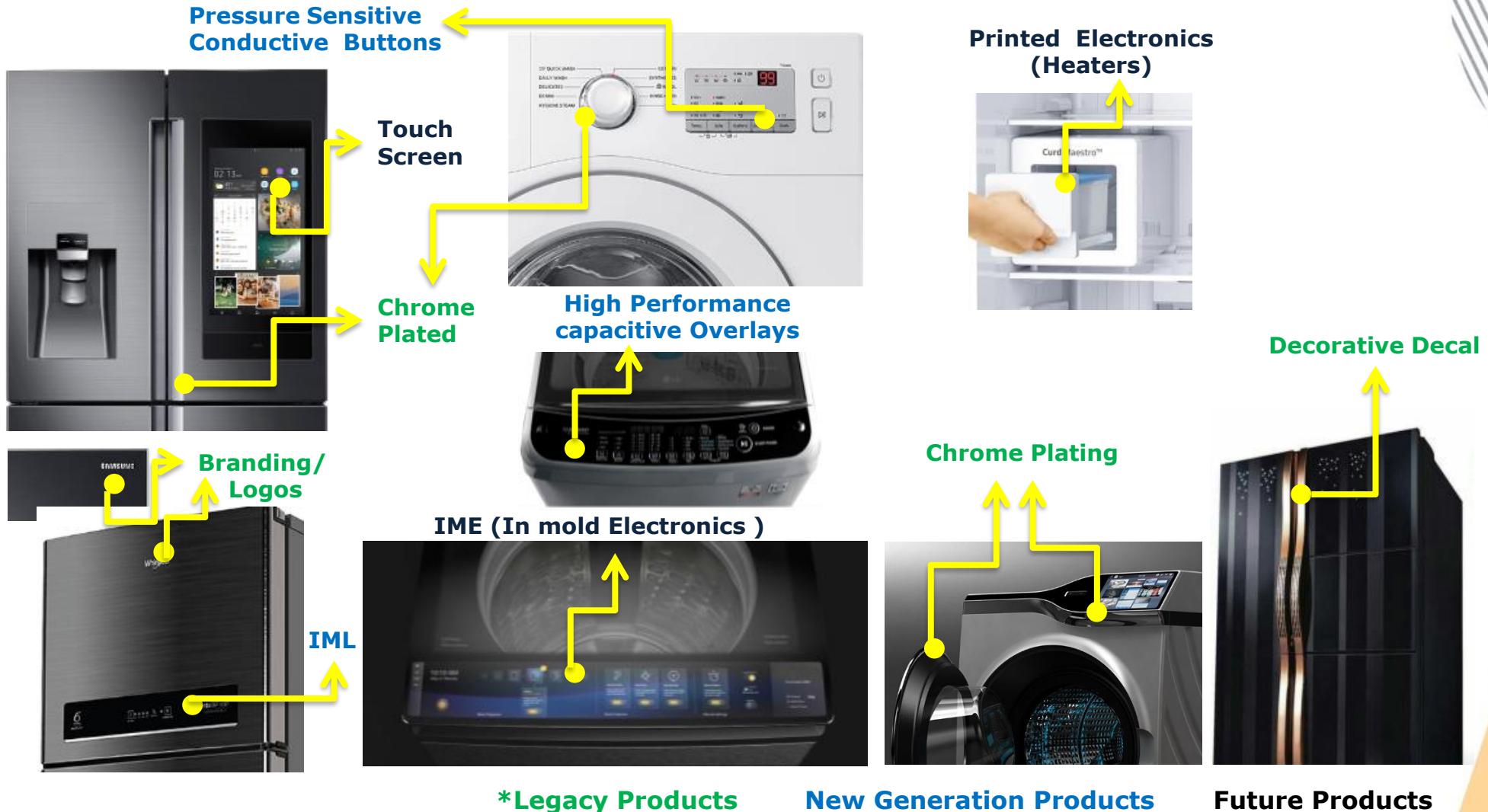
*Legacy Products

New Generation Products

Future Products

"Creating Possibilities" for Consumer Appliances

Gearing up for the Future...



*Legacy Products

New Generation Products

Future Products

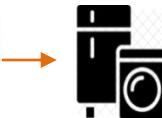
SJS – Outlook for FY23 - 25

2 Merger & Acquisitions

SJS successfully integrated Exotech business and demonstrated credible business improvement in Exotech's FY22 performance:

- ~50% YoY growth in Revenue, increasing from Rs 685 Mn to Rs 1,020 Mn
- Cost synergies & efficiency resulted in Exotech EBITDA margin expansion by 70 bps YoY from 12.2% in FY21¹ to 12.8% in FY22

SJS will continue ahead with more business accretive acquisitions & the rationale for it will be:



Build capability in adjacent / new aesthetic product categories

Identified key product categories to enter / expand presence which include:

- IMD / IML
- IME (In-Mould Electronics)
- Plastic injection moulding / painting

Expand presence in consumer related industries

Enter new segments and expand presence in other consumer related industries targeting

- Appliance manufacturers
- Hand held devices

Enter new geographies / OEMs for chrome plating

- Expand presence in chrome plating (one of the largest segment for aesthetics parts)
- Reduces logistics costs for bulky parts
- Provides direct entry into OEMs to support cross selling opportunities

SJS Management is actively evaluating opportunities and building an M&A pipeline to give an impetus to revenue growth over and above the organic growth of ~25%

Note: 1) FY21 EBITDA Margins is excluding one time gain on sale of land to the extent of Rs 53.83 Mn

SJS – FY23 Outlook

End Segments	FY22 Industry Domestic Vol Growth	FY23E Industry Domestic Vol Growth	Contribution to SJS Revenue (FY22)
Two Wheelers	(10.9%)	11.0 – 13.0%	43.3%
Passenger Vehicle	13.2%	24.0 – 26.0%	28.8%

- ❖ **SJS expects ~25% YoY revenue growth** on account of expected positive outlook for 2W, PV and Consumer Durables
 - Premiumisation + New Customer Wins + Exports = **Higher sales growth for SJS than industry**
- ❖ Strong moat, strong margin profile and expected operating leverage to **drive PAT growth of ~30% YoY and going ahead**

Note: Industry growth is domestic sales volumes; FY23E Industry Domestic Vol growth broker reports & market research

THANK YOU

IR Contact

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