

S.J.S. Enterprises Limited
(Formerly known as S.J.S. Enterprises Private Limited)
Sy No 28/P16 of Agra Village and Sy No 85/P6
of B.M Kaval Village Kengeri Hobli Bangalore 560082
P: +91 80 6194 0777 F: +91 80 20425110
Email Id: info@sjssindia.com, compliance@sjssindia.com

ISO 14001 ISO 45001
ISO 9001 IATF 16949
Certified
CIN: L51909KA2005PLC036601
www.sjssindia.com



May 24, 2024

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	BSE Limited Corporate Relationship Department, 2 nd Floor, New Trading Wing, Rotunda Building, P.J. Towers, Dalal Street, Mumbai – 400 001
Symbol: SJS	Scrip Code: 543387

ISIN: INE284S01014

Dear Sir/Madam,

Subject: Transcripts of Analysts/Investor Meet/ Earnings Call of the Company pertaining to Q4 of FY 2023-24

Please find enclosed the transcripts of the Analysts/Investor Meet/ Earnings Call of Q4 FY 2023-24 held on May 21, 2024.

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

Q4 & FY2024 Earnings Conference Call

May 21, 2024

Analyst: **Mr. Ronak Mehta – J M Financial**

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



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Moderator: Ladies and gentlemen, good day, and welcome to SJS Enterprises Q4 FY2024 Earnings Conference Call hosted by JM Financial. As a reminder, all participant 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 the star then zero on your touchtone telephone.

Please note that this conference is being recorded. I now hand the conference over to Mr. Ronak Mehta. Thank you, and over to you, sir.

Ronak Mehta: Thanks, Steve. Good morning, everyone. On behalf of JM Financial Institutional Securities, I welcome you all to this Q4 FY2024 earnings call of SJS Enterprises. From the management team, we have with us today, Mr. K. A. Joseph, Managing Director and Co-Founder; Mr. Sanjay Thapar, CEO and Executive Director; Mr. Mahendra Naredi, Chief Financial Officer; and Ms. Devanshi Dhruva, Head, Investor Relations. So, as we do always, we'll start the call with a brief opening remarks from the management, followed by Q&A session.

So, with that, over to you, Devanshi. Thank you.

Devanshi Dhruva: Thank you, Ronak. Good morning, ladies and gentlemen, and thank you for being with us over the call today. We appreciate it. Moving on, this is how we intend to take today's conference call forward. I will pass on the dais to Mr. K.A. Joseph, our MD and Co-Founder, who will make his opening remarks, then he will hand it over to Mr. Sanjay Thapar, our CEO and Executive Director, who will take you all through some of the slides of our presentation that has been uploaded on the stock exchange as well as on our website.

Sanjay will take you all through the industry view, our business performance and also give a strategic outlook for the future growth of the company at the end. And Mr. Mahendra Naredi, our CFO, will update you all on our financial highlights, post which we will open it up for Q&A. Thank you once again, and I will now hand it over to Mr. Joseph to make his opening comments. Over to you, Mr. Joseph.

K.A. Joseph: Yes. Thank you, Devanshi. And hello, and good morning, everyone. I trust you all had a chance to look at our investor presentation and the results published yesterday. While Sanjay and Mahendra will take you through the presentation later, I would like to quickly share some updates with you all.

In FY2024 the overall business scenario in India has been robust with the country being one of the fastest-growing major economies, achieving a remarkable growth rate of 7.8%, while the global economy continued to face headwinds and geopolitical disturbances, high inflation and tighter monetary policies, we have had some impact on businesses. The domestic economic activity continues to expand at an accelerated pace, supported by increased consumer spending, strong domestic demand and consumption in our industry.

During the year, we have completed the transformative acquisition of Walter Pack India. The Walter Pack acquisition has opened a plethora of new opportunities for us. With this acquisition,



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we have penetrated deeper into the passenger vehicle segment and consumer segment as well, thereby further reducing our two-wheeler dependents. As a result, in FY2024, we saw a balanced contribution from passenger vehicle, two-wheeler and the consumer segment.

Now coming to some of the key updates:

For the 18th consecutive quarter, SJS has delivered a better than industry growth, primarily on the back of Walter Pack acquisition, coupled with the strong performances across segments. I am pleased to inform you all that in Q4 FY2024, Walter Pack saw a strong recovery in its business as key OEM volumes picked up. EBITDA margins reached 25.5%, a significant increase from 20.4% in Q3 of FY2024. The order intake for Walter Pack also has been substantial, reinforcing our positive outlook of Walter Pack growth trajectory.

Furthermore, Exotech recorded EBITDA margin of 18.1%, underscoring our commitment to operational excellence and profitability. I'm also delighted to announce that for the fourth consecutive year in a row our company was recognized as a great place to work in the mid-size organizational category, highlighting our commitment to excellence.

Last but not the least, I'm very happy to inform you all that as a reward to our long-term shareholders for the first time since our IPO, the Board of Directors have recommended a final dividend of 20% on the face value.

As we move forward, we remain focused on delivering quality products to our customers and building long-term relationships with all our stakeholders. We are dedicated in advancing innovation, maximizing efficiency and strengthening core businesses while also looking into new prospects of markets formed out.

With that said, I would like to now hand over the call to Sanjay to take you all through some of the businesses and industry highlights for the quarter. Thank you, and over to you, Sanjay.

Sanjay Thapar:

Thank you, Joe. Hello, and good morning, everyone. Talking of Q4 and this financial year gone by Q4 FY2024 was marked by yet another quarter of better than industry performance by SJS with a consolidated revenue growth of 75.3% Y-o-Y to Rs.1,867.9 million compared to 22.8% Y-o-Y growth in the automotive, two-wheeler and passenger vehicle production volumes. This growth is primarily attributable to the successful integration of Walter Pack India, along with the enhanced performance of our businesses in the passenger vehicle segment, consumer business and exports.

During the quarter, automotive business has grown well for us, both in the domestic markets at 75.6% Y-o-Y and export margins at 40.3% Y-o-Y. On back of robust margin performance delivery, both by Walter Pack and Exotech, I am delighted to share that the consolidated EBITDA margin for the quarter improved 70 basis points Q-o-Q and 147 basis points Y-o-Y to 26.2%.



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At the end of Q4 of FY2024, the company generated strong cash flows of Rs. 756.2 million, and our overall cash and cash equivalents stood at Rs. 520 million.

Our net debt reduced to Rs. 163.5 million on account of a very strong cash flow generation. In terms of production volumes, the two-wheeler industry grew by 26.4% Y-o-Y in Q4 of FY2024 with SJS's consolidated two-wheeler sales outpacing this growth at a growth rate of 44.3%.

The passenger vehicle segment experienced even more significant growth with a 105.3% increase over the same period, surpassing the industry's growth of 9.7%. This remarkable growth in two-wheeler sales was primarily due to new business acquisitions, while the growth in the PV sector was largely attributed to a recent acquisition of Walter Pack India, which has expanded our PV business within the automotive segment.

Overall, SJS in Q4 FY2024, consolidated automotive sales saw a substantial Y-o-Y increase of 73.5% with organic growth from SJS and Exotech's, automotive business at 35.3%, again, higher than the industry growth rate of 22.8% during the quarter.

Simultaneously on FY2024, automotive industry, two-wheeler and passenger vehicles grew by 9.7% Y-o-Y, while SJS consolidated automotive revenue grew by 38.3% Y-o-Y, demonstrating around 4x industry growth rate and organic growth more than 19.7% Y-o-Y.

I'm extremely delighted to announce that for the full year FY2024, SJS has achieved its stated guidance of 45% revenue growth and has exceeded its 30% plus PAT growth excluding amortization expenses. Revenues at Rs. 6,278 million grew 45% Y-o-Y, primarily on back of Walter Pack acquisition and the strong performance across all business segments. EBITDA grew 36.9% Y-o-Y to Rs. 1,599 million with an EBITDA margin of 25.2% and our PAT grew 26.9% Y-o-Y to Rs. 853.7 million with a PAT margin of 13.6%. Our PAT, excluding amortization expenses, grew 37.1% to Rs. 921.8 million, with a PAT margin of 14.7%.

The growth prospects in the PV segment are promising, especially post the Walter Pack acquisition, Walter Pack is India's official in IMD, IMF and IMD advanced technologies generating almost two-third of this revenue from passenger vehicle segment. Our strategy to diversify across various product categories and multiple industry segments, coupled with our very strong broad customer base has effectively helped us mitigate the impact of industry slowdowns in specific areas and regions during the year.

On the exports front, we have seen significant growth of 27.2% Y-o-Y during the quarter. Overall, for FY2024, we saw robust growth of 51.1% in exports to Rs. 483 million. The increase in export revenue this quarter is primarily attributed to the gradual recovery of revenues from North America and Europe. Our export initiatives are progressing steadily. Additionally, we have appointed a sales agent in South Korea to further enhance our presence in the East Asia region.

We continue to expand the share of wallet by winning new businesses from key customers, like Mahindra, Tata, Skoda, Stellantis, Geberit, Whirlpool, Honda motorcycles, TVS, among many



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others. We've also added Minda Vast as a new customer, and I hope to strengthen our relations with them even further.

Before I hand over to Mahendra, I would just like to give you a quick update on ESG and the CSR front.

On the ESG front, our company is making great efforts to reduce our carbon ambitions, hence, we are in process of adding around 6 megawatts of captive solar power across our facilities. This strategic move is expected to yield cost efficiencies while significantly reducing our carbon footprint. It is noteworthy that our Bangalore facility already meets around 95% of its energy needs through renewable sources. We are now extending this sustainable energy initiative to our other facilities, aligning with our commitment to environmental stewardship. Almost 75% of our consolidated power energy requirements across all facilities will soon be met by green energy. At SJS, we are also committed to fulfilling our corporate purpose while delivering long-term benefits to society.

With regards, our environmental, social and governance metrics are essential for assessing our success. Our ESG principles are firmly integrated into our Board's governance framework, guiding our organization towards sustainable growth and protecting stakeholder interest. Through our corporate social responsibility programs, we strive to contribute positively to the societal wellbeing. Furthermore, our ongoing efforts in diversity, equity and inclusion have achieved substantial progress in enhancing the organization culture.

It is satisfying to note that our contributions for CSR equities for the year are helping improve lives of thousands of people in the environment in a positive manner.

I would now like to hand over the call to Mahendra, our CFO, to update you all on the SJS financial performance before I come back to talk on our future growth outlook. Over to you, Mahendra.

Mahendra Naredi: Thank you, Mr. Thapar. Good morning, everyone. Let's delve into the financial snapshot.

Slide 12 to 15 provide a concise overview with Slide 14, focusing on the organic performance of SJS and Exotech and Slide 15, presenting the consolidated picture, including Walter Pack India.

In Q4, our consolidated revenue reached Rs.1,867.9 million, showcasing growth of 75.3% Y-o-Y. This robust performance is attributed to the increase in our Walter Pack India addition and strong contribution from passenger vehicle, consumer segment and export business. Organically, our revenue grew by an increase in 35.9% on Y-o-Y basis, much higher than the industry growth.

Moving to EBITDA. We achieved Rs. 495.3 million, marking a Y-o-Y growth of 82.2% with a margin of 26.2%, increment of 70 bps Q-o-Q in Q4. EBITDA margin was mainly driven by Walter Pack India's significant jump from 20.4% in Q3 FY24 to 25.5% EBITDA margin in Q4 FY2024.



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Excluding Walter Pack India, organic EBITDA for SJS and Exotech stood at Rs. 372.5 million, boasting a healthy margin of 25.5% and Y-o-Y growth of 37%. EBITDA margins have shown a positive trend, improving by 75 bps Y-o-Y primarily due to superior margin performance of Exotech at 18.1%. Our consolidated PAT for the quarter stood at Rs.271.8 million demonstrating a robust Y-o-Y growth of 76.6%, with PAT margin standing at 14.5%, improving by 11 bps Y-o-Y and 156 bps Q-o-Q, primarily due to higher EBITDA margins.

Organically, PAT growth stood at 48.5% Y-o-Y to Rs.228.4 million, with a healthy margin of 15.8%. This growth was driven by higher EBITDA offsetting the impact of lower other income and increased finance costs.

Our full year, FY2024 performance has already been mentioned by Mr. Thapar that we are extremely, extremely happy to inform you that we have achieved our guidance of 45% of revenue growth and 30% of PAT growth, excluding amortization expenses on the intangibles.

Our consolidated ROCE during the quarter stand at 20.4% and ROE at 15.2%. ROCE was lower due to Walter Pack India acquisition, and this will improve gradually over a period of time and with better inflection of investment over the next one to two years.

At the end of FY2024, the company achieved robust free cash flow Rs. 756.2 million and our cash and cash equivalents are Rs. 520 million. During the quarter, SJS for the first time, had raised the long-term debt and our net debt increased to Rs. 683.4 million due to Walter Pack India acquisition. However, as promised to all that significant portion of the debt will be repaid or adjust the cash by the end of FY2024. So now our net debt level stand at Rs. 163.5 million, reflecting our strong cash flow performance. The existing debt levels are mainly for working capital requirements.

With the acquisition of Walter Pack India, we are becoming more future-ready as our new generation products contribution increased to 25.2% of our consolidated revenue during FY2024 from 9.4% in FY2023. Walter Pack India acquisition has effectively balanced our portfolio across two-wheeler, passenger vehicle and the consumer segment in the right manner.

During FY2024, export recovered in a strong manner and witnessed growth of 51.1% Y-o-Y basis to Rs. 483 million. FY2024 exports constitute 7.7% of total consolidated sales. Both Exotech and Walter Pack are primarily domestic business, and hence, export as a percentage of consolidated sales is at 7.7%, while export are 12.7% of SJS standalone sales. I would now like to hand back the call to Mr. Thapar to discuss about our future plans and growth outlook.

Sanjay Thapar:

Thank you, Mahendra. Moving to our outlook for future growth. In FY2024, our company has significantly outperformed the industry growth rate, thanks to our strategic initiatives, we are set to continue this trend, growing at, at least 1.5x faster than the underlying industry growth. We already have visibility of over 80%, 85% of our FY2025 order book in hand. This success is driven by a broad market reach, diverse product lines and very strong partnerships.



Our strategic acquisitions have increased our current content per vehicle in passenger vehicle segment over tenfold in the past two to three years, is establishing us as a key supplier to the four-wheeler segment. In FY2024, we have delivered on our commitments driving substantial growth. We remain focused on enhancing product aesthetics, expanding globally and maintaining a strong margin profile solidifying our market leadership.

We have been continuously defining and delivering on our growth strategies, and this is reflected in our robust financial performance. We are optimistic and extremely confident that we're moving ahead in the right directions with a formidable array of products in our arsenal and diversified customer base, we will consistently keep outperforming the industry.

With that said, I come to the end of my quarterly updates. Thank you. And now we are open to questions, if any.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Amit Hiranandani from SMIFS.

Amit Hiranandani: Many congratulations to the SJS team for a strong set of numbers. Sir, my first question is basically, if you can please help me with the Exotech and WPI's FY2024 revenue EBITDA PAT number. And the total capex for FY2025 and FY2026, including all the expansion-related capex for WPI and Exotech, please?

Mahendra Naredi: We already have disclosed our organic sales, particularly you asked about Exotech. For the quarter, Exotech is Rs.44 crores, we have a revenue. And for Walter Pack, we have Rs.48.5 crores turnover.

Amit Hiranandani: Sir, for FY2024, full year?

Sanjay Thapar: The full year basis. For Exotech, we have achieved Rs.156 crores and Walter Pack full year because Walter Pack is only for consolidation for nine months, so for nine months is Rs.119 crores.

Amit Hiranandani: And sir, similar to EBITDA number, can you share for both the companies?

Sanjay Thapar: We will not be able to share the EBITDA number. We've given the sales number for your better understanding.

Amit Hiranandani: Sir, total capex for FY2025, FY2026, including expansion related?

Mahendra Naredi: So, for the next year, we will have our maintenance capex plus we will invest into our expansion, especially for the cover glass as well as for plating shop. So, we expect that in this current year FY2025, we will do a capex in the range of around Rs.60 crores to Rs.70 crores. But if I talk about for a larger, for the two or three year basis, the capex would be in the range of Rs.160 crores, Rs.170 crores.



Sanjay Thapar: We see a lot of traction in our business requirements from customers. And also, the new opportunity of cover glass that we are working on. So primarily, it is all related to this huge growth opportunity that we see for the company.

Amit Hiranandani: And sir, for FY2025, Rs.70 crores capex, can you break it down, please, like where we are going to spend it on Exotech and WPI?

Mahendra Naredi: Broadly, you can say maintenance capex in the range of Rs.20 crores. And the rest will be for expansion.

Amit Hiranandani: Okay. And sir, just my second question is on the cover glass side. So if you can help us understanding more about the cover glass, what is the industry size or opportunity how much it's presently getting imported, what steps we are taking to increase the production target customers? And how much revenues possibly we can achieve annually for this cover glass?

Sanjay Thapar: So as we've said in our earlier calls, so this is a progressive adoption of the integrated display screen in cars. So, as we've said earlier, this is still at a nascent stage. This business adoption is happening. Currently, all the covered glasses and all the center stack displays that you see are imported. So, it is difficult to give you a size of the market currently because it would depend on the adoption rate by the OEMs. But largely, let me explain to you.

Already you would have seen many cars in the country with these larger space screens. Of course, depending on the category of the car, we have a large amount of smaller screen. But what seems to be clear is that the direction OEMs are headed and what is demanded by the end consumer is a display screen, which can have all the driver information at one glass. And that is the business that SJS is focusing on.

So we will not make the display screen per se, but we will make the cover glass that comes on top of it, which give you some very special properties like anti-reflection, anti-glare, anti-fingerprint. So it's a very critical component and the market is still evolving.

Amit Hiranandani: Sir, just last one question. Is there any further surprise possible in the Exotech's margin for the coming one to two years?

Sanjay Thapar: Surprise, I will take it that you want positive surprise, right? So we always maintain our guidance that Exotech is a plating business, while we are a very efficient company, we try to reduce inefficiencies to the extent possible. Our guidance for this has been that we will be around 15%, 16% margin for Exotech. We outperformed that expectation this quarter. But then the normal expectation from this business should be in the same region of 15% to 16%. So I still maintain that guidance. But of course, our efforts are to keep improving.

Moderator: The next question is from the line of Yash Agarwal from IIFL Securities.

Yash Agarwal: Congrats on a great set of numbers. I just had a few questions. So, the first one being on the exports opportunity. So how do you look at exports from WPI and Exotech?



Sanjay Thapar: I think we are extremely optimistic. The reason being that the product portfolio that we had earlier than SJS was primarily two-wheeler focused. But with Walter Pack, we have IML, IMD and chrome added parts of Exotech and all these are products that are actually used by all OEMs globally. So we are in discussions with customers across the world, and we are extremely optimistic of the prospects of exporting these products.

Yash Agarwal: Okay. And the next question on the raw material cost in case of the stand-alone business, right? So, the RM costs have gone up 320 bps Q-o-Q. So is there any specific reason attributable to the same? And what would be your guidance going forward?

Sanjay Thapar: Not really. So fundamentally, Q-o-Q, depending on the product mix, the RMC would change a little bit here and there, but nothing very significant. And specifically in this quarter, we made a provision for some slow-moving stock that we have because we made a large amount of variance in the company, so close to about 7,000 SKUs.

And the customer demand sometimes changes. So these go as some spare parts at some point in time. But as prudent management, we do make a provision for slow-moving stocks that we have in our inventory. So this is a routine provision base. That has accounted for this RMC increase or marginal very small increase that we see.

Yash Agarwal: And lastly, on the opportunity in case of the optical cover glass side, so how do you see revenue panning out in the next two or three years? What will be the size of the plant? And how much revenue do you aim to clock out of the same?

Sanjay Thapar: So fundamentally, our view is that all cars in India will have an optical display. Now what is the time frame which will happen? It depends on the adoption rate by the OEM. The price point of this display would vary depending on the size of the display. So, I would imagine that from cover glass return would be roughly from maybe Rs.700 a vehicle to close to about Rs.4,000 a vehicle. So depending on the size of the display and the complexity of what they want. So therefore, that is the broad guidance I can give you.

You can do your math, it's a very, very sizable market. We are engaging with customers for more than two, three years now, prototypes have been given. So we are in this process of winning this business, which we've said in our earlier call, over the next quarter or two quarters, we hope to win this business. We have earmarked investments for a new facility line that we will set up for this cover glass and we expect this to be a very significant growth driver in the next three to four years.

Moderator: The next question is from the line of Ajox Frederick from Sundaram Mutual Funds.

Ajox Frederick: Congrats on a very good set of numbers. I have two questions. One is on Exotech. So, you mentioned that the capacity plan for the year is around Rs.60 crores. But during our earlier interactions, we mentioned that Exotech capacity needs to be improved and current capacity will run for about Rs.200 crores of revenue. So when are we planning on a decent expansion in that space? That's point number one. And point number two, since we are guiding for a 15% to 16%



kind of margins, what exactly is sustaining this 18.5% or 18% plus margins for Q3 and Q4? Those are the two questions on Exotech. I have one more on the standalone business.

Sanjay Thapar: So Exotech, as we said, we see good traction. We see a large export market. As I said, this was a business that we acquired three years ago. we've increased revenues. We doubled in revenue growth. We increased EBITDA margin. So we've done everything that we could. We have a legacy set of customers that we need to serve, which we are serving. And what I said is what will drive EBITDA margins.

Moving forward is going to be the export market or the new customers that we acquire, which will benchmark selling prices to what exists in the export markets. The realization in export markets for chrome plating parts is much higher to till the time that becomes a reality and a significant part of my Exotech sales, I am a little shy to give you a guidance beyond 15%, 16%.

Now as a manufacturing focused company, we focus on lean, driving down waste and move out from our businesses' operations. So operational efficiency focus is what has driven margins in the last quarter. There is nothing, no secrets sauce to it. We've just worked hard to make sure that we reduce rejections, we increased throughput and we optimize the utilization of existing capacity that we have.

So that's what we've done and which we will continue to do across all our businesses. We are very closely focused on profitability, and we monitor it very, very carefully. I'm sorry, there was another question saying when will capacity at Exotech will come on stream? Is that the question?

Ajox Frederick: Yes, yes. So, will this be enough for the capacity expansion, the Rs. 60 - 70 crores for the year for Exotech?

Sanjay Thapar: Yes. So two years ago, we acquired a piece of land that we said that we are going to expand capacity for Exotech because we saw a very bright future and demand from customers. But after the acquisition of Walter Pack, we announced to the market that we are going to club the requirements of both these companies and do frugal investments. So that is what we are doing. Creatively, we've unlocked capacity by better capacity utilization.

And then we have also marked up or entered into partnerships with some plating companies nearby to our plant where we have utilized their spare capacity. So we have the marketing strength and the wherewithal. We maintain a very tight supervision over quality. And we have been able to add supplementary capacity without really spending money. So that's, I think, the smart way of doing this business. But we will, in this year, also invest in another plating line for Exotech, which will be very well cost engineered and that is what we are working on for the current year.

Ajox Frederick: Got it, sir. That's helpful. The other question I had is on SJS standalone margins. Sir, you mentioned about this RM provision. And if I go back, in Q4 FY2023, also, we had a lower margin. So, is it a seasonal Q4 phenomena where we try to write off some of the products where



we are not seeing good movement, and then we see a bounce back in the subsequent years, should that be the case? Or how should we read that margin dip and going forward?

Mahendra Naredi: So Frederick, that is not something usual. It is depending on the facelift by the customers and yes, in Q4 the two-wheeler customers had a facelift and henceforth we have created this provision. So it's not as usual. It's not something that belongs to the Q4. It's depending on the strategy of the customer. And I would say it is a kind of a one time in this quarter.

Ajox Frederick: Okay. And so, you are talking about this moving into spares, which means that Q1 can be slightly better than the usual run rate of margins.

Sanjay Thapar: No. So let me clarify. We don't sell spares to the auto market. When I talk about spares, we sell it to the OEM. So what happens is that with the population of vehicles on the road, there is a demand that the OEMs have for their spare part requirements. So nothing goes obsolete, now they have a sporadic requirement of a blue color, a red color for model A, model B, model C. So we don't scrap this material per se because somewhere or the other, something is utilized, but not everything can be utilized. So that's why we provision for it.

Ajox Frederick: Got it, sir. And just slightly longer-term visibility on the margins. If I look two years ago, we were doing 31%, then in the end to 30%, now we are at 29%. So I know it's marginal movements. But will the trajectory continue like a 1% kind of the post steady state margins around 30%, let's say, two, three years down the line for standalone SJS?

Sanjay Thapar: So what I maintained forever is really that don't look at us as some of the parts. So, we have integrated strategy. There is a rationale behind acquiring Walter Pack and Exotech. There are some products and some processes that are fungible. We can offer a customer product A, product B. So depending on the competition intensity, depending on the price point or expectation of the customer, we offer one or the other.

So I know that you analysts would like to analyze it slice-by-slice, but think of it, obviously, the larger company, so on a larger perspective, what I've said is, we continue to drive growth, outperforming the market and maintain an EBITDA margin of close to 25%. So that is what I have stated on many occasions, and we are absolutely on track demonstrating performance on the same lines.

Moderator: The next question is from the line of Abhishek Jain from AlfAccurate.

Abhishek Jain: Now the consumer segment contributes around 20% of revenue. And you have won many business in all three segments. So if you can throw some more light on the new business in the consumer segment? And how would be the revenue mix in the coming years?

Sanjay Thapar: I had a little difficulty hearing you because of an echo on your end. But what I understood is that you want to understand, what is driving growth in the consumer segment? Is that the question?

Abhishek Jain: Yes, sir. Yes, sir. Consumer segment, what are the new business wins?



Sanjay Thapar: Yes. Okay. So what we have done is that we've added Reliance as a customer. We have acquired a Legrand business as a part of our consumer-facing businesses, thanks to the acquisition of Walter Pack India, and we've added a complete new vertical. So consumer electricals was not a part of our consumer business. So we've added that and that has given rise that the consumer today accounts for 20% of our sales pie. In addition to that, we've added Reliance, as I said earlier. We supply some products to them in large numbers. We've added Electrolux business for exports. We are doing atom of new business. So many new business wins for the consumer segment this year.

Abhishek Jain: And the current revenue mix is around 20%, how would be the mix going ahead?

Sanjay Thapar: So I'm happy with the mix that we have. So we are for 37%, 36% for two-wheelers, 35% for four-wheelers and 20% for consumer. So, I think that's a very good mix and it will continue to be the same. The consumer business could increase by about 1%, 2% or these businesses could move 1%, 2% depending on the overall scenario of what customer starts taking what products earlier. But I would assume that we are looking at secular growth across all these segments. And largely, this pie, I'm very happy with it. From where we were 70% skewed on four-wheeler on two-wheeler business in FY2019, FY2020. So to come to this stage, I think, is very gratifying for us.

Abhishek Jain: Okay. And in Exotech, the current revenue run rate is around Rs.42.5 crores on a quarterly basis. And your peak revenue capacity is around Rs.250 crores. So when you would be able to achieve Rs.250 crores kind of the revenue on an annual basis?

Sanjay Thapar: No. So we are growing very strongly. As I said, we have debottlenecked that plant by doing some partnering with some companies. We are going to invest in a new line. So I would imagine that this will come through not the data. We don't really chase targets. So that the customers who are after us to give them products, so we see a healthy pipeline and growth will continue on the same trajectory as it has done in the past. So we are quite prudent in our forecast, and we feel that we continue to grow.

Abhishek Jain: So, are we able to achieve a run rate of Rs.50 crores on a quarterly basis in the near term?

Sanjay Thapar: No, you're talking in terms of capacity or in terms of order book revenue. So revenue is a function of what new models get launched. So we are forever discussing and adding new businesses. So we will certainly reach that target. When will depend on how does the market pan out.

Moderator: The next question is from the line of Chirag Fialoke from RatnaTraya Capital.

Chirag Fialoke: Congratulations on a strong set of numbers. I just had a couple of questions. The first one being, could you remind us what our current customer concentration is including the impact of WPI, so approximately, what is top five customers, what is top 10 customers including WPI?

Sanjay Thapar: We don't give out a list of customers as you can understand for obvious strategic reasons. But what I can tell you is some percentages, so Devanshi, you can just fill that in, please.



Devanshi Dhruva: **Top 10 customers would be** around 70% to 75% of our consolidated revenues. But in terms of customer wise, we will not be able to share any kind of details in terms of which customer, how much percentage.

Chirag Fialoke: Not customer-wise, but top 10 customers, including WPI at a consolidated level for the quarter were around 70%, 75%. Is that right?

Devanshi Dhruva: 70% to 75%, yes.

Chirag Fialoke: And could you share the same number of top 5?

Devanshi Dhruva: Yes. The largest customer for us on a consolidated level is not more than 14% - 15%. So that concentration has also come down from earlier, which was around 20%. Now it has come down further to around 14% - 15%.

Chirag Fialoke: Perfect. Just one last question. I would love to hear the management's views on sort of the two-wheeler market overall. What are you looking at? How should we think about the medium term? Or for the overall market, where do you think it's headed? That's all.

Sanjay Thapar: Yes. So the two-wheeler market has shown some resurgence in the last quarter. So there is a good uptick of demand. Rural demand has come back. So companies are again optimistic but on overall basis, so it remains to see how the market pans out. But we imagine that 8% to 10% growth is what is likely moving forward, that's the market growth, we, of course, will grow faster. So what we've been maintaining is, we'll grow at least 1.5x of the market growth rate.

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

Khush Nahar: Congratulations on a great set of numbers. So my first question was, apart from this industry growth that we're expecting, can you elaborate on which segments or which products would give us the extra like a growth in the coming two to three years? And my second question was on the competition, doing at the attractiveness of the industry, do we see any competition in terms of our competitors providing a better, bigger basket of products like us? Or are we still maintaining our market position?

Sanjay Thapar: So our market position, as I've maintained is extremely unique. So there's no company in India or no company's overseas also for that market, who has all these technologies and products that we have under one roof and we are designed to delivery company. So that maintains what it is. The second part of the question was where will growth come from in the next three to four years.

So the point is we will grow our cover glass business that is expected to be a very significant part of the increased sale that we will do. The new technologies that we've got at Walter Pack, IML, wheel caps, logos, 2D, emblems. So, all those are new products, and these products have large export potential as well. So we are exploring that business. Exotech, both the painting business and the chrome plating business, we see a very, very strong demand. This is all in addition to whatever we currently do at SJS.



So as I said earlier, we see demand growing in all areas, in all segments of our business. But I call out these products because they are new technology products, where we have a full position, and we hope that they will grow strongly. But then this is a function of what is the off stack by the customer, what is the adoption rate, but then that's normal business for us. So we have a very strong portfolio of products and technologies which can give us very strong growth in the coming three to four years.

Moderator:

The next question is from the line of Rohan Advant from Prad Capital.

Rohan Advant:

Congratulations for a very good set of numbers. My first question is on Walter Pack. Walter Pack in the first three quarters used to average around Rs.35 crores of revenue ballpark. And in the fourth quarter, we are at Rs.48.5 crores. So I just wanted to understand that based on the order book that you have, is this run rate sustainable? Or was there some bunching up of holders that happened maybe some launches, and that has stepped up the WPI quarterly numbers? That's the first question.

Sanjay Thaparh:

Yes. So Walter Pack, as we said, there was a model change at some key customers in Q2 and that volumes have since then come back, and that is the reason why we have grown revenues. Also, in Q4, we added some new products in Walter Pack, where we are in a very strong position, and that will lead growth. So coming back to, is this the trend going to continue as I mentioned earlier, they are in a niche position in terms of the customer connect that they have, it's a very stratified segment. Not many companies have the capabilities that Walter Pack has. And in fact, they're quite unique in that sense.

So the run rate for this company also is going to be similar to what we said overall for SJS. So 1.5x industry growth rate is what we imagine because of premiumization trend that we see, more and more vehicles use more and more premium products rather than standard products than it would use for aesthetics.

Rohan Advant:

Got it, sir. And secondly, if you look at the EBITDA margins for WPI, while we've seen a very good pickup and they are now at upwards of 25%. WPI before acquisition had even higher margins, 28% - 29%. So can we reach there sooner or later? Or this is the new normal around 25%?

Sanjay Thapar:

What I've said earlier is that, look, I think we have a very strong track record in terms of delivering EBITDA margins. I said that for SJS, and I'm saying that for Walter Pack. So I'm happy with this 25%, 26% sort of margin. What I'm focusing now more on is growth of that business. So, we want to unlock and do something similar to what we did after the acquisition of Exotech. So the idea really is maybe very rapidly scaled up the business. So this is exactly what we are wanting to do at Walter Pack and here the advantages that we have products that we didn't have too much competition. So we are quite focused on growth for the moment, margins will take care of themselves.



Rohan Advant: Got it. So on a consolidated basis, we should look at strong revenue growth and EBITDA margins around 25% - 26%. Is that the right takeaway?

Sanjay Thapar: Yes, that's correct.

Moderator: The next question is from the line of Pradyumna Choudhary from JM Financial.

Pradyumna Choudhary: Congratulations on a great set of numbers. My first question is with regards to the cover glass, the new technology you've been talking about. So can you give some idea regarding like what stage are we in terms of whether we are getting RFQs and all? And when can we expect these to turn into orders for the company? And second would be on the Walter Pack side, like I think we were still dealing with some cases of rejection and all, so has that business stabilized fully now? And yes, like these two questions.

Sanjay Thapar: Now regarding the cover glass. So just to underscore, it's a very, very complicated product. It has its own time line in terms of validation, proving, audits and multiple audits. So we've already received RFQs. We've given prototypes. The customers like it. We've given quotations, which are under commercial negotiation. So we are in quite an advanced stage, but it's hard to give a guideline as to when the customer will award this business because at the moment, all this is imported.

But we imagine that in the first half of this year, maybe I said the Q1 or Q2, we should have good business because that is around the time that we will start investing in this new plant also that we see. So, there are phases of globalization that will happen. And we hope that in the next three years or four years, if we can part of our turnover going forward. That's what I said earlier.

Pradyumna Choudhary: Also on the cover glass side, just a follow-up, sir, like a very brief top-down sense of what could be the possible realization in this and the kind of margins we can hope for? And then that Walter Pack question whether the business has fully stabilized or are we still seeing some sort of ups and downs there?

Sanjay Thapar: Okay. So for the cover glass business, it is, of course, going to be a new business for us, new technology, but this is the first time an Indian company will start doing this. So margins could be low initially because ultimately, we will need to prove parts. We will do a lot of trials, parts will not be sold to the customer. So on the R&C basis, maybe we will not be where we need to be, which is our target overall for the company. But the direction is very clear. So this is the area where competition intensity is less. So I assume that in the long term, we will be able to get good profitability phase-wise.

So Phase one could be lower margin, Phase two could be better margin, Phase three will be even better margins. So this is how it will pace out and as if any new technology product once you launch it, a lot of effort goes into proving validation, internal trials, which don't earn revenue to you. So it's just learning to walk before we run.



And coming back to Walter Pack. Yes, so we have improved that business that is what is reflecting in the increased EBITDA margin that came through for this quarter. There are new products also that are being launched. So therefore, I'm saying that 24%, 25%, 26% sort of margins at Walter Pack is what we can expect moving forward. And the emphasis is of course, would be accelerating growth there, both in the domestic and the export market for the product and technology that we have.

Pradyumna Choudhary: Sir, just my last question. When you say that our order book covers 85% of our revenue outlook for FY25. So my understanding is usually in the case of auto, the schedule shared by the OEM is for the next one or two months. So, when we are mentioning this order book, so what's our assumption like, like what kind of growth are we putting for our end user industry?

Sanjay Thapar: That's what I said, 8% to 10% overall growth for the industry is what we're still looking at. Of course, we have some insights on specific models so that depends on what is the OEM to OEM performance for different segments because we have a very large area of products. It's not just one part have been delivered. So therefore, I would still say that 8% to 10% sort of growth is what we target in OEM volumes.

And our sales, as I said, is going to be a little bit higher because our content per vehicle is higher and adoption of these higher content products leads to outperformance of the industry in revenue terms, when you look at SJS consolidated revenues.

Moderator: The next question is from the line of Sukriti Jiwarajka from Laburnum Capital.

Sukriti Jiwarajka: I just want to understand your product offerings and the resulting margins better. So also current portfolio, could you highlight for me which particular products would be the highest margin products? And in these offerings, what sort of traction we got in terms of customers added in terms of market share, would we compete within the margin products? And how has the overall competitive intensity evolved?

Sanjay Thapar: So I will not be able to share with your individual product-wise margins for obvious reasons that you can understand. But what I can say is that overall, we are not chasing volumes. We are in the area of high value-added products, which add to customer appeal. So our margins are always on the higher end. So if you compare us with typical auto component companies, I think we are very well placed, far ahead of most of them and we are happy with that. Now these are sustainable because the competition intensity for the product that we have is not very high.

So earlier in the call, I had mentioned that we have close to about 15 type of technologies that we have under one roof from styling to delivery. And that is a basket that no other competitor in India or overseas has to offer to the customers. And then anybody thinks on styling, we have the first port of call, and that's what I would like to believe that we have a large workforce working on doing prototyping, and we do this pro bono for our customers to engage them and to give them a menu card of options or what products can be offered to them for specific vehicles or specific applications.



So it's a very long question. Maybe you need to understand our product portfolio a little better. But overall, it's a high-margin business where volumes are growing because there's a very strong tailwind towards premiumization. And the consumer is wanting better and better products. And these are what are the trends on the tailwinds that are driving growth in our business.

Sukriti Jiwarajka: Got it. That's quite helpful. Overall, if I just take a step back for the same question, which is chrome plating would be the only product in the mid-teens margin profile and everything else I should assume would be at company level or higher, right?

Sanjay Thapar: That's right because chrome plating is a process technology. So if you have a chrome plating plant and you manage it well, you should technically be able to deliver the product. Of course, the differentiation between suppliers is that what does your customer connect, how strongly are you able to meet the quality cost, delivery expectations of a customer timely development, attitude, response time. So these are normal metrics that the customers track. But yes, you're right. Chrome plating when we acquired was a 12% margin.

Last quarter, we grew it to be an 18% margin. My guidance is that it will continue to remain at 15%, 16% margin, that's what you should expect. Unless I changed my customer mix very significantly, which we are, at the moment working on to get export business into Exotech, then those margins could be better. But for the historical reason, yes, that is the only business in the mid-teens EBITDA margin range.

Sukriti Jiwarajka: And my second question is any outlook on a slowdown in passenger vehicles. And when you give the 8% to 10% industry growth number, does this include any expectation of PV slowdown? Or was that only a two-wheeler guidance? Not even the guidance, just industry projection?

Sanjay Thapar: So we are a blended company, as you would see, 35% - 36% of our sales come from two-wheelers and 35% from four-wheelers, so it is blended. So when I say 8% to 10% it is overall, PVs could be 6% to 7% because they grew very strongly last year, so there could be some effect of average is catching up. But we feel that new launches are going to come, but the larger trend that is driving our growth really is premiumization. So even though volumes may come down or volumes may not be maybe at 6% - 7%. But the content increase will be much faster, and that's what we've been addressing over the last two, three years. We've increased the content in the passenger vehicle from Rs.80 that we had about four years ago to almost Rs.8,000 - 10,000 now. So our volumes will grow. And within the PV market, of course, SUVs are doing, they are bigger vehicles, which require more number of parts, bigger parts leading to higher revenue.

Moderator: The next question is from the line of Ajox Frederick from Sundaram Mutual Fund.

Ajox Frederick: Thanks for the follow-up. Sir, just a question on this content. Do you track content per vehicle per se? Let's say, two-wheelers, four-wheelers? If that is the case, how has that moved FY24?

Sanjay Thapar: So there is no one answer to everything, depending on the specific model, you have content constituted. So entry-level buying would have something, a premium bike would have a



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completely different set of parts. So, with the competition parting in the high-end segment, you have Triumph, you have Harley-Davidson and you have all these other vehicles.

Now, so for us, that competition intensity increases in each segment, companies come to us to look at how to differentiate, and that's good news for us, and that's a good business for us. But we don't supply all products to all orders or all OEMs. So therefore, it's difficult to say overall, answer your question to say, how is the content increasing. It depends on vehicle-to-vehicle and OEM to OEM.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today's conference call. I now hand the conference over to the management for closing comments.

Devanshi Dhruva: Hello. Yes, thank you, everyone, for joining us over this call. And due to time constraint, if anybody's questions have been unanswered, we are happy to answer it. You can reach out to us over e-mail or call and we'll be happy to answer that. Thank you, everyone.

Moderator: On behalf of JM Financial, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.