

SJS PERFORMANCE AHEAD OF THE AUTOMOTIVE INDUSTRY IN Q4FY23

Q4FY23 (Consolidated)

- Revenue at ₹ 1,065.7 Mn, 2.4% YoY growth
- 17.2% YoY growth in PV segment was largely offset by decline in 2W and consumer segment
- EBITDA grew 1.8% YoY to ₹ 271.8 Mn; EBITDA margins of 24.8%, impacted by 57 bps YoY on account of product mix change and lower export sales
- Net Profit at ₹ 153.9 Mn, with margins at 14.4%
- Strong Cash & cash equivalents position of ~Rs 1,648.2 Mn; Debt free company
- Added new customers – Litemed in medical equipment segment and won first order from Samsung TV segment
- Continued growing business with mega accounts by winning new orders from M&M, Maruti Suzuki, TVS, Royal Enfield, Honda, Uno Minda, Atomberg and Godrej among others

FY23 (Consolidated)

- Outperformed the auto industry with 25.1% YoY growth in auto segment compared to 11.9% YoY growth in production volumes in automotive (2W + PV) segment
- Revenue* at ₹ 4,330.5 Mn, robust growth of 18.3% YoY
- EBITDA* at Rs 1,167.8 Mn, 23.2% YoY growth; Strong margins of 26.4%
- Adjusted Net Profit* at Rs 672.5 Mn, 28.8% YoY growth on a margin of 15.5% - an improvement of 127bps YoY

April 2023

- SJS announced to acquire 90.1% stake in Walter Pack India (WPI), leading player in IMD/ IML and IMF technology, for a consideration of Rs 2,393 Mn

Bengaluru, May 15, 2023: The Board of Directors at **SJS Enterprises Limited (BSE: 543387; NSE: SJS)**, one of India's leading players in the decorative aesthetics industry, today approved the audited financial results for the quarter and year ended March 31, 2023, for fiscal year 2022-23. The Company delivered a robust performance, outpacing the industry, despite regulatory headwinds in 2W segment, geo-political issues and macro-economic challenges that led to slowdown in exports and consumer appliances industry.

Financial Highlights (Consolidated)

Particulars (INR in Mn)	Q4FY23	Q4FY22	YoY%	Q3FY23	QoQ%	FY23	FY22 ¹	YoY%
Operating Revenue	1065.7	1041.1	2.4%	1063.7	0.2%	4330.5	3661.0	18.3%
EBITDA	271.9	267.0	1.8%	284.0	-4.3%	1,167.9	947.7	23.2%
EBITDA Margin %	24.8%	25.3%		26.1%		26.4%	25.6%	
Reported PAT	153.9	153.6	0.2%	157.1	-2.1%	672.5	550.2	22.2%
PAT Margin %	14.4%	14.8%		14.8%		15.5%	15.0%	
Adjusted PAT	153.9	153.6	0.2%	157.1	-2.1%	672.5	522.0	28.8%
PAT Margin %	14.4%	14.8%		14.8%		15.5%	14.3%	

Note: 1) Exceptional item – Rs. 37.61 Mn of provision for discount on a customer sale created during FY21 was reversed in December 2021 resulted in increased Sales, EBITDA, PBT & PAT for FY22

For the quarter under review, the Company has posted Consolidated Revenue at ₹ 1,065.7 Mn, a growth of 2.4% YoY. Strong YoY growth of 17.2% in PV segment was offset by decline of 6.3% YoY in 2W segment due to regulatory headwinds. Though combined automotive (2W+PV) revenue growth of SJS was ahead of the industry with 3.6% YoY compared to flattish performance of industry production volumes. EBITDA stood at ₹ 271.8 Mn on a margin of 24.8%, impacted by 57 bps on account of product mix change and lower exports. Net Profit (PAT) for Q4FY23 was at ₹ 153.9 Mn on a Margin of 14.4%. SJS domestic sales clocked 5.5% YoY growth, on back of 24.4% YoY growth in PV segment. Despite slow recovery in 2W segment, lower exports sales and slowdown in consumer appliances segment, SJS maintained resilient performance in Q4FY23.

The company added new customers like Litemed in medical equipment segment and entered Television segment with its first order win from Samsung. The Company added two EV players – Altigreen and Hop. SJS also won new orders from mega accounts like M&M, Maruti Suzuki, TVS, Royal Enfield, Honda, Uno Minda, Atomberg, Godrej among others.

For the year ended Mar 31, 2023, SJS Enterprises outpaced the industry growth. The company clocked revenues of ₹ 4,330.5 Mn, growing at 18.3% YoY. SJS clocked 25.1% YoY growth in automotive (2W+PV) segment, surpassing 11.9% YoY growth in automotive industry production volumes. Healthy operating EBITDA of ₹ 1,167.8 Mn, indicating a robust growth of 23.2% YoY and strong margins of 26.4%, an improvement of 75 bps. Net Profit (PAT) for FY23 rose by 28.8% YoY to ₹ 672.5 Mn, with a margin of 15.5%, 127 bps expansion. For 2 consecutive years post acquisition in April 2021, Exotech achieved over 35% YoY revenue growth in each year with FY23 revenue at Rs 1,387.3 Mn. EBITDA margin of 15.2% in FY23, highlights an increase of ~300 bps from 12.2% margins in FY21, on back of higher sales growth, softening in raw material prices and operational efficiencies.

The Company generates strong cash flows, for FY23 it was Rs 609.5 Mn and has built a comfortable consolidated cash & cash equivalents position of around Rs 1,648.2 Mn, which will

be utilised for funding the Walter Pack India acquisition. Our FCFF to EBITDA for FY23 stands at a healthy rate of 52.2%. SJS is a debt free company on net debt basis and the long term borrowing rating from ICRA is A+(Stable). FY23, the Company achieved robust ROCE of 33.1% and ROE of 15.7%.

In April 2023, SJS announced to acquire 90.1% stake in Walter Pack India (WPI) for a total consideration of ₹ 2,393 Mn. WPI, a subsidiary of Walter Pack Spain, is a leader in the design and development of high value-added functional decorative parts in the Indian market. WPI is one of the very few companies in India that is proficient in advanced IMD, IMF, IML and IME technologies, providing a strong technological advantage for SJS. WPI achieved interim revenues of over INR 1,200 Mn and healthy EBITDA margins of around 30% with an attractive RoCE of over 50% for FY23. Over two-thirds of WPI revenues are from the automotive segment (passenger vehicles) and the balance one-third are from consumer segment, which will enable SJS to diversify and reduce 2W concentration. SJS expects **WPI acquisition to be significantly EPS accretive** in current year itself. WPI would add incremental scale to SJS given WPI's EBITDA is approximately one-third of SJS' EBITDA.

(Acquisition details are mentioned in our Press Release dated 28th April 2023)

Commenting on Company's performance and acquisition, Mr. K. A. Joseph, Managing Director & Co-Founder, SJS Enterprises Limited, said, "We are happy with our Q4FY23 performance. Despite challenging external environment, we remained cautiously positive and have been able to perform better than the industry yet again.

We achieved another milestone at SJS, as we announced our second acquisition and are delivering on our inorganic growth strategy to give an impetus to the Company's revenue growth. SJS will acquire 90.1% stake in Walter Pack India for a total consideration of Rs 2,393 Mn. This is an important strategic step for SJS as it marks second and much larger acquisition for SJS in last 2 years.

Post the successful acquisition and expansion of Exotech business, we are confident that with the addition of WPI, SJS will witness multi-fold growth opportunities with a wider product portfolio base and increase in cross selling opportunities. WPI operates in complementary adjacent technologies of IMF, IMD and IME. All these are emerging technologies in India with high growth and high margin potential in the future. I believe exciting times are lying ahead for us at SJS and we are looking forward to grow this business."

Commenting on Company's performance, Mr. Sanjay Thapar, Executive Director & CEO, SJS Enterprises Limited, said, "It has been another good quarter for SJS as the Company showed resilient performance despite regulatory headwinds impacting domestic market and continued slowdown in exports. Though in the near term there are still some external challenges, but we remain confident of achieving organic revenue growth of ~20-25% CAGR during FY23-26, while maintaining best-in-class margins. Going ahead too, our strategy is to focus on increasing global presence, addition of new customers, building key mega accounts and introduce new generation futuristic products and technologies required by our customers. We are increasingly focusing on emerging technologies, as we believe that going ahead premium and futuristic technologies will be one of the biggest growth drivers for the Company.

Our primary objective behind the WPI acquisition was to build capabilities in complementary

adjacent technologies and add new aesthetic product categories. SJS has a strong NPD team that consistently launches new products, stays ahead of the curve thereby enabling increase in share of business with our customers. Addition of premium products not only helps us to increase the total kit value of our products but also strengthens our position as a one stop aesthetics solutions provider.“

About SJS Enterprises

SJS Enterprises Limited (<https://www.sj sindia.com>) is one of the leading players in Indian decorative aesthetics industry, which has one of the widest range of products with presence across traditional and premium products. The Company deals in 11 product categories like decals, logos – domes & 3D lux, aluminium badges, 2D & 3D appliques, chrome plated parts, overlays, In-moulding Decoratives/ Labeling, optical plastics, and lens mask assembly. These products primarily serve two wheelers (2W), passenger vehicles (PV) and large consumer durables (CD) industries along with commercial vehicles, medical devices, farm equipment's and sanitary ware segments. SJS has strong manufacturing footprint with 2 facilities in Bengaluru and Pune, and global distribution capabilities exporting to 20+ countries.

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