Transcript of the 21st Annual General Meeting of S.J.S. Enterprises Limited

The 21st Annual General Meeting (“AGM”) of the Members of S.J.S. Enterprises Limited (‘the Company’) held on Saturday, 04th July, 2026 at 11:30 A.M. (IST) through Video conference (VC)/Other Audio Visual Means (OAVM).

Management:

Sr. No.	Name	Designation
1	Mr. Ramesh C Jain	Chairman and Lead Independent Director
2	Mr. K.A Joseph	Promoter and Managing Director
3	Mr. Sanjay Thapar	Group CEO & Executive Director and Shareholder
4	Mr. Kevin K Joseph	Executive Director and Shareholder
5	Mrs. Veni Thapar	Independent Director
6	Mr. Randhir Singh Kalsi	Independent Director
7	Mr. Mahendra Kumar Naredi	Group Chief Financial Officer
8	Mr. Thabraz Hushain W	Company Secretary & Compliance Officer
9	Mr. Gaurav Kumar Gupta	Partner at S.R. Batliboi & Co. LLP

Mr. Thabraz Hushain (Company Secretary and Compliance Officer)

Good afternoon, Ladies and Gentlemen,

This is Thabraz Hushain, Company Secretary and Compliance Officer of S.J.S. Enterprises Limited, I welcome you all to the 21st Annual General Meeting of the Company, which is being held through video conferencing and other audio visuals means, in accordance with the framework issued by the Ministry of Corporate Affairs and the Securities and Exchange Board of India in their respective circulars.

I wish to state that the proceeding of this meeting is being recorded to meet compliance requirements, in accordance with the provisions of the Companies Act, 2013 and the SEBI Regulations. For smooth conduct of the meeting, all members will be in mute mode. For members who have been registered and confirmed as speakers to speak at the meeting, their audio and video will be enabled during their turn.

The moderator shall announce the name of the shareholders in a sequence to speak and ask questions. We would like to request the speaker shareholders to limit their speech to 2-3 minutes. Since there is no physical attendance of the members, the requirement of appointing proxies is not applicable at this meeting.

There are 9 resolutions that have been placed for approval of the shareholders. Members have been provided with the facility to exercise their right to vote by electronic means, both through remote e-voting facility and e-voting at the Annual General Meeting. Accordingly, the Company had provided this facility to members to cast their votes through the remote e-voting system administered by MUFG Intime India Private Limited from 01st July, 2026, 9:00 am to 3rd July, 2026 at 5.00 pm.

Since the meeting is held through Video Conference and Other Audio Visual Means and the Resolutions mentioned in the Notice have already been put to vote through electronic e-voting, there will be no proposing or seconding of the resolutions. Further, facility to cast their vote at the AGM is also available for those members who have not cast their votes through remote e-voting and are participating in this meeting. The voting system will be available at the end of this meeting for 30 mins. During the AGM, if any of you face any technical issues, I request you to contact the helpline number mentioned in Page No. 417 of the notice of AGM.

Now, I take this opportunity to introduce Mr. Ramesh C. Jain, the Chairman and Lead Independent Director of the Company. He is joining us today via video conference from Gurugram. Mr. Jain also serves as a member of the Audit Committee and the NRC. I now request Mr. Ramesh C. Jain to kindly take the Chair and commence the proceedings of the meeting.

Mr. Ramesh C. Jain (Chairman and Lead Independent Director)

Thank you, Thabraz.

Namaskar. Good morning and a very warm welcome to all of you. Dear shareholders, Members of the Board Distinguished guests, ladies and gentlemen to this 21st Annual General Meeting of S.G.S. Enterprises Limited on behalf of the Board of Directors, I thank all shareholders for joining us today through video conferencing and for your continued trust and support.

I have been informed by the Company Secretary that the requisite quorum is present. Accordingly, I call this meeting to order.

Now, I would like to introduce the Directors of the Company who are attending this meeting via video conferencing.

Mr. K. A. Joseph - Co-Founder, Promoter, Managing Director and a member of Stakeholders Relationship Committee, CSR Committee and Risk Management Committee;

Mr. Sanjay Thapar – Group Chief Executive Officer and Executive Director, Chairman of Risk Management Committee, Member of Audit Committee, Member of Stakeholders Relationship Committee and CSR Committee;

Mr. Kevin K Joseph - Executive Director;

Mrs. Veni Thapar - Independent Director, Chairperson of Audit Committee and NRC and also a member of CSR Committee, Stakeholders Relationship Committee and Risk Management Committee; and

Mr. Randhir Singh Kalsi – Additional Independent Director

All of them are virtually present for their respective from their respective locations and Mr. Matthias Frenzel, Independent Director of the Company has expressed his inability to attend this AGM due to preoccupation and extends his greetings to all the shareholders. As Mr. Frenzel is completing his term as Independent Director of the Company, I take this opportunity to put on record his excellent contribution in the growth of the company through his value addition in the areas of technology and global market. I wish to state that I am satisfied with the facilities provided to the shareholders.

Maybe I need to introduce. We would also like to introduce the KMPs Mr. Mahendra Kumar Naredi, Group Chief Financial Officer, Mr. Thabraz Hushain - Company Secretary & Compliance Officer and the Statutory Auditor of the Company, Mr. Gaurav Kumar Gupta – Partner of S.R. Batliboi & Co. LLP Chartered Accountants, who has joined this meeting. Apart from them, representatives of the Secretarial Auditor, Internal Auditor and Cost Auditor of the Company are also participating this meeting from their respective locations.

I wish to state that I am satisfied with the facilities provided to the Shareholders of the company for participating in this meeting through video conferencing. The Company has taken all efforts feasible under the circumstances to enable the members to participate and vote on the items being considered in the meeting. The statutory registers as required under the Companies Act, 2013 have been made available electronically for inspection for the members during the AGM. Members seeking to inspect such documents can send their request to compliance@sjsindia.com

Since the notice of the AGM, along with the Financial Statements and Board's Report is already circulated to all members, and no qualifications are made in the Statutory Auditor's Report, with your permission, I take the notice convening the meeting as read. I would now like to take a few moments to share an update on the year gone by. I am extremely delighted to present our Annual Report for FY25-26.

Dear Shareholders, FY26 was a year of strong execution, market outperformance, and profitable growth. Despite a challenging global environment, India continued to demonstrate resilient economic growth, supported by strong domestic demand, infrastructure investments, and manufacturing-led initiatives.

The Indian automotive industry maintained healthy growth momentum during the year. Demand for premium, technology-enabled, and aesthetically differentiated products continued to increase, creating significant opportunities for companies such as SJS. During the year, domestic two-wheeler production grew by 11.8% year on year to 26.7 million units, while passenger vehicle production increased by 9.4% YoY to 5.5 million units.

The decorative aesthetics industry continues to evolve, driven by premiumisation, increasing EV adoption, digital integration, and the growing demand for advanced surface and display solutions. Technologies such as IMD, IML, optical plastics, illuminated surfaces, and display systems are becoming increasingly relevant across mobility and consumer applications.

Against this backdrop, SJS delivered another year of strong operational and financial performance. During FY26, SJS significantly outperformed the industry growth and achieved consolidated revenue of ₹9,550.7 million Indian rupees representing a growth of 25.6% over the previous year.

Our focus on premiumisation, customer expansion, and technology-led differentiation continued to drive growth and margin accretion. Exports emerged as an important growth driver and contributed 9.5% of consolidated revenues. We maintained a strong balance sheet, robust cash generation, and healthy return metrics. The Board has recommended a final dividend of 35% repeat 35% on the face value of the equity shares of financial year 26, reflecting our commitment to sustainable shareholder value creation.

Sustainability remains an integral part of our long-term value creation framework. During the year. Renewable energy consumption reached 93.1% at the standalone level and 67.7% at the consolidated level. We continued to support healthcare, education, community development, and women empowerment programs. Nearly 2,750 trees were planted as part of our environmental initiatives. Our ESG initiatives received strong external recognition across leading assessment frameworks.

S.J.S. received an ESG rating of 70.4 which is good from SES ESG Research and 74 which is B plus or very good from CFC Finlease. Our latest ESG rating of 75.6 from CareEdge further reflects our leadership position in ESG governance, disclosures, policies, and performance.

Looking ahead, we remain well positioned to capitalize on opportunities across our addressable markets. Our strategic priorities of product innovation, increasing global presence, strengthening customer relationships enable us to build a future-ready, resilient organisation, poised to deliver sustained value and strengthen leadership in the global decorative aesthetics landscape. Supported by a robust order pipeline, a strong balance sheet, expanded capacities, and a diversified product portfolio, SJS is well placed to deliver sustainable growth and long-term value creation.

On behalf of the Board, I extend my sincere gratitude to our shareholders, customers, employees, bankers, business partners, and all stakeholders for their continued support and confidence.

With this, I now invite Mr. K. Joseph, our Managing Director, to share the business and operational highlights. Joe Please.

Mr. K. A. Joseph (Managing Director)

Thank you, Mr. Jain and

Dear shareholders, Namaskar.

FY26 demonstrated the resilience of our business model and the effectiveness of our execution strategy. Our consolidated revenue grew by 25.6% to ₹9,550.7 million. S.J.S. automotive segment two wheelers and passenger vehicles put together delivered strong growth of 35% YoY significantly outperforming the industry production growth of 11.4% YoY. Exports emerged as a key growth driver and increased by 60.8% to 93.9 million contributing to about 9.5% of our total revenue.

During the year we strengthened relationship with our marquee customers and added new customers including Hero Motor Corp. Autoliv USA, FCA USA, Orafol USA, Yazaki and River Mobility. We also expanded our engagement with key customers existing customers including Mahindra and Mahindra, Hyundai, TVS, Yamaha, Bajaj Auto, Honda, Whirlpool, Samsung and John Deere among others.

Product innovation remains core pillar of our growth strategy. Our acquisitions of Decoplast and Walter Pack India have significantly strengthened our technology capabilities and broadened our product portfolio. Today SJS offers one of the industry's most comprehensive decorative and aesthetic solution portfolios across automotive, consumer appliances and electrical segments. Our capacity expansion projects are progressing in line with plan.

The new Chrome Flighting facility as Pune in Pune is in the final stages of commissioning. The COVID Glass and automotive display facility at kosur is progressing as scheduled capacity expansion in Bangalore is underway to support future business requirements. On the ESG front, we offer further expanded our renewable energy sourcing and strengthened resource efficiency initiatives across operations. We also continued our commitment to community development through focused CSR initiatives in healthcare, women empowerment, education and social welfare.

Employees remains as our most important asset and a key enabler of long-term success. During the year, SJS was recognized among the top 30 in mid-size India's Best Workplaces in Manufacturing 2026 reflecting our commitment to building a high-performance inclusive organization.

Going forward, we remain focused on accelerating innovation, expanding our product portfolio, strengthening our global footprint and deepening customer relationships through continuous investments in advanced technologies, premium products and future ready capabilities. We are well poised to capitalize on emerging opportunities and further strengthening our market leadership.

Thank you all for your continuous support. Now I invite Sanjay Group CEO and Executive Director to share our strategic outlook.

Over to you Sanjay.

Mr. Sanjay Thapar (Group Chief Executive Officer and Executive Director)

Thank you, Joe.

Dear shareholders, during FY26 we continue to strengthen our market leadership through focused investments in innovation, premiumization, exports, customer engagement and advanced manufacturing capabilities. Once again, we outperformed the industry growth across the automotive segment while delivering a strong exports momentum. Exports remain a key pillar of our long-term strategy. During FY26 exports grew by 60.8% and contributed 9.5% of our consolidated revenues. Our objective is to increase export contribution to approximately 14 to 15% of the total revenue by FY28.

During the year we secured significant export businesses from global customers including Autoliv, Fiat Chrysler, Orafol for Nissan and Whirlpool in North America. We also strengthened our international presence across Turkey, Brazil, Argentina, Colombia, South Korea and more recently Germany, enabling stronger customer engagement and business development across key markets.

We continue to move up the value chain through investments in advanced technologies and high value product categories including optical cover glass, automotive display systems, illuminated logos In-Mould electronics, advanced IMD, IML and IMF solutions.

These initiatives will expand content per vehicle, enhance customer value, create new growth opportunities. New generation products contributed nearly 24% of our total revenue during FY26 reflecting the increasing relevance of our innovation led portfolio.

A major strategic milestone during the year was the technology License supply agreement with BOE Varitronix for automotive display systems and optical monitoring solutions in India. This partnership significantly strengthens our capability in advanced display and cover glass solutions and positions SJS at the forefront of next generation automotive display technologies. Inorganic growth is one of our key growth drivers. Our acquisitions of SJS Decoplast and Walter Pack India continue to enhance our technology capabilities, product portfolio and customer reach while unlocking very meaningful cross selling opportunities.

SJS Deco Class has more than tripled its revenue since acquisition while delivering substantial improvement in profitability. Walter Pack continues to strengthen our leadership position in IMD, IMF and IML technologies going forward Our strategic priorities remain focused on new product development, premiumization, technology partnerships and customer wallet share expansion. We also focus on export growth, capacity expansion and other acquisitions.

Our ongoing capacity expansion initiatives are progressing as planned with key projects nearing completion and investments underway to support future growth. We believe these strategic priorities will support sustained market outperformance, strengthen our competitive positioning and create long term value for all our stakeholders. Thank you.

I now invite our Group CFO, Mahendra Naredi to present our financial performance. over to you, Mahindra sir.

Mr. Mahendra Kumar Naredi (Group CFO)

Thank you, Mr. Thapar. Good afternoon shareholders. FY26 delivered strong financial outcomes across all key performance metrics. Revenue increased by 25.6% to rupees 9550.7 million. EBITDA grew by 41.7% to Rs. 2879.6 million with EBITDA margin improving to 29.6%. PAT increased by 44.6% to rupees 17,18 million while PAT margin expanded to 18%. Margin expansion was driven by a favorable product mix, higher export, increased contributions from premium product, improved operating leverage and continued cost optimization initiatives.

Our business mix remained well balanced during the year with passenger vehicle contributing 41.7%, two-wheeler 38.3% and consumer and other segment contributing 20% of our revenue. Cash and cash equivalent including current Investments stood at Rupees 2513.9 million as of March 31, 2026, the company maintained a strong net cash position of Rupees 2437.1 million. Free cash flow generated during FY26 stood at Rupees 1426.6 million. ROE improved to 19.5% while ROCE increased to 35.5%. Reflecting disciplined capital allocation and sustained profitable growth during the year. ICRA rating upgraded to AA with positive outlook is an important external validation of our financial discipline and support our ability to fund growth at competitive cost.

In line with our commitment to shareholders return, the Board has recommended a dividend of 35% of face value for FY26. During FY26 we invested rupees 822.2 million toward capacity expansion and future growth projects across Pune, Bengaluru and Hosur over a three-year period commencing FY26. We plan to invest approximately rupees 2,600 to 2,700 million across all our facility to support our long-term growth roadmap. Our strong balance sheet, healthy cash generation and disciplined capital allocation provide the flexibility to pursue both organic and inorganic growth opportunities while maintaining financial prudence. Thank you for your continued support and confidence in SJS.

With that, I would now like to hand the proceeding back to our chairman.

Mr. Ramesh C Jain (Chairman)

Thank you, Mahendra. Now I would like to go through the various resolutions.

Item No. 1 of the notice: Adoption of Audited Financial Statements Standalone and Consolidated of the Company for the Financial Year ended 31st March, 2026 together with the reports of the Board of Directors' and Auditor's thereon:

Item No. 2 of the notice, Declaration of Dividend of Rs.3.50 that is 35% per Ordinary Equity Share of the face value of Rs.10 per share for the year ended 31st March, 2026.

Item No. 3 of the notice, Re-appointment of Mr. Kevin K. Joseph (DIN: 09206689) as a director, liable to retire by rotation.

Item No. 4 of the notice, Re-appointment of Mr. Sanjay Thapar (DIN: 01029851), as an Executive Director of the Company presently designated as Group CEO and approval for payment of managerial remuneration in excess of 5% of the net profits of the Company.

Item No. 5 of the notice, Re-appointment of Mr. Kevin K Joseph (DIN: 09206689), as an Executive Director of the Company.

Item No. 6 of the notice, Re-appointment of Mrs. Veni Thapar (DIN: 01811724) as a Woman Independent Director of the Company.

Item No. 7 of the notice, Re-appointment of Mr. Ramesh Jain that is myself (DIN: 00038529) as an Independent Director of the Company.

Item No. 8 of the notice, Appointment of Mr. Randhir Singh Kalsi (DIN: 01453119) as an Independent Director of the Company.

Item No. 9 of the notice, Ratification of remuneration to be paid to Cost Auditors of the Company.

Now, we will take questions from the shareholders. Shareholders who have already registered to speak will be allowed to speak and members are requested to keep their questions in brief. Members may also note the Company reserves the right to limit the number of members asking questions depending on availability of time. Also, questions sent to the Company by mail or chat facility will also be read and answered towards the end.

If the shareholder is not able to join through video or any reason, the shareholder can speak through the audio mode. If there are connectivity problems at the speaker's end then we would ask the next speaker to join. In the interest of time, we would like to request shareholders to kindly Limit their speech does not more than three minutes so that we can complete the meeting in time. May I now request the moderator to invite the shareholders to ask their questions one by one.

Moderator

Thank you, Chairman Sir, I now invite speaker no. 1, Nalin Shah. Please start your video and you may ask a question.

Mr. Nalin Shah (Speaker Shareholder)

Very good morning to Chairman SJS Enterprise, the management team. I have a very limited question. Some 2, 3 questions in a broad manner that first you know, you had already said that you know the various capacity expansions are going on in the company and you are also adding some new facility at Pune. So immediate impact because all of these expansions I understand is going to go on stream during the current year. So, what would be the impact of the top line in the current year and in the next year?

Because I'm presuming that next year will have a more or less full capacity utilization or major capacity utilization will be reflected. So, what would be the top line at that level? Secondly, I also heard your CFO to say that we are planning to spend about you know, Capex of 260 to 270 crores in next I think some three to four years. So, on completion of this kind of a Capex, what is the you know, maximum top line you will be achieving at the end of Let's say that 2028, 29 or 2029, 30. Just give us some good idea about the top line projections. Secondly, I think you know the post this West Asia crisis behind us.

Your export market I am sure will expand faster and you will have a wonderful time because of the depreciation of rupee as well as it is your margins are excellent. So, we would like to understand what is the faster growth in the exports market you are expecting and your margins in export market versus your domestic market. and my last suggestion is that you are giving dividend at 35%. Very good. You are reinvesting the money. It's all excellent.

But we would like to request that management should consider the fair share of the rewards to the shareholders. Because today if I see you are hardly distributing on a Pvt of 230 crores and pack of around 170,175 crores, you are hardly distributing only 10 crores as a dividend. So, there must be I think some dividend distribution policy that okay, 15%, 20%, 25% of the profits will distribute as dividend which is the normally a practice in all the big companies and you are going to become very big. That's what I am very confident you are doing excellent and my all-best wishes. We support all the resolutions and wish the best to the management. Thank you very much.

Mr. Ramesh C Jain (Chairman)

Thank you. Nalin, I think about your first question regarding expansion and the new facility and impact of it and also about West Asia crisis. Maybe may I request Sanjay, our group CEO to please respond to this question and then CFO could respond to the second part which is about the Capex investments and the effect of its top line and also about the dividend policy. Maybe then we can decide whoever can respond either Sanjay or. Or the. Or CFO please. Sanjay, you may like to answer the first question.

Mr. Sanjay Thapar (Group CEO & Executive Director)

Yeah. Thank you, Jain Sir. Thank you, Mr. Nalin Shah for your very encouraging words. It's nice to see happy shareholders. So, you're right we are increasing capacity. This capacity is because we see a very strong Runway for growth for the company. So, it is preparing the ground for future growth. That is the investment strategy that we have. So individual businesses have a different asset turnover ratio.

So, when Mahinder answers that question, he will give you an indication as to what is the top line that we could reach. But essentially that capacity currently our asset turns are about 2.5 to 3 and with these increased capacities depending on specific businesses it would increase even further. So, I'll let Mahinder answer that a little later. Addressing your question on the export markets.

So you are right, SGS has a portfolio which is over the last four, five years consciously we've created products for the four wheelers and there is a large untapped market for four wheelers. And as I said in my previous industry interactions, we see large opportunity sets existing across the world including North America, Europe and we are tapping into those opportunities. We won very large businesses with customers and that is what has led to that 60% growth uptick that you saw from in the last year.

Our expectation as we've stated earlier is that our top total top line for FY28 out of that about 14 to 15% should come from exports and we are well in way to achieve that by strengthening our presence and also adding sales representative across geographies. You had a question on what are the margins in exports vis a vis the domestic market. So typically, the export products again depend on the specific product but generally is about 4 to 5% higher than the domestic margin that we enjoy and I think I've answered most of your questions.

So, Mahindra, if you could specifically answer the question on top line that we could achieve by adding this capacity across all our plants. So, could you take that?

Mr. Sanjay Thapar (Group CEO & Executive Director)

So, Mahindra, if you could specifically answer the question on top line that we could achieve by adding this capacity across all our plants. So could you take that?

Mr. Ramesh C Jain (Chairman)

Sanjay, you may also like to add something about West Asia crisis, if any impact on us, this was also part of the.

Mr. Sanjay Thapar (Group CEO & Executive Director)

All right sorry I missed that. So West Asia of course the world is going through turbulent times. International order has been put to test and honestly, it's a very unpredictable situation. As we speak now, there are signs that this war is going to come to an end. But unless it is done and sealed, we don't really know. So crude prices have gone down. But specifically answering the impact of the West Asia crisis to us as a company. So, we are quiet. Ultimately, we are impacted.

But as you are aware that we have an ability to pass through any impact on increased costs with a lag of maybe a quarter to our customers or in some cases a lag of 2 quarters. So, we have some back-to-back arrangement for some of our businesses. For example, chrome plating, we have an already agreement with customers to pass this through with a lag of 1/4 for the other products. We have a strong buying leverage with our supply chain.

So, we try and maintain those margins by managing buying in a more efficient manner. And now with the volumes with this crude price coming down, I think things should stabilize. So, we are hopefully optimistic. But nonetheless given the margin profile that we have, I think in the short term or this year, our guidance for the year in terms of Profitability is about 27 to 28% margin we should be able to maintain for the business. Mahindra, if you could now join in and give a specific comment on investment versus the top line that this investment will generate.

Mr. Mahendra Kumar Naredi (Group Chief Financial Officer)

Sure. Yes Mr. Nalil. So, like I said in my commentary, we are investing 2600, 2700 in a period of three years. Starting from the last FY26 we have taken three strategic projects. One is the expansion in our chrome and painting facility. We are currently running at 95% kind of a capacity utilization. And we are working with some external out shores company as well to tap the growth.

We have decided to invest into a greenfield which we have doing around 100 crore rupees investment into there. That project is about to close. It's a last stage of commissioning. So, this is going on and this largely will happen in FY27. The second largest expansion we are doing in our mother plant Bangalore where we are investing 45 crore rupees. We have reached to a 75% kind of a capacity expansion. So, we need to invest here to tap the further growth. So that is going on.

Third is we are taking an initiative for investment into the Cover glass and display bonding where we are investing approximately 65 crore rupees, 25 crore for the display bonding and 40 crore 45 crore for the Cover glass. Now that was the larger capex we are doing which comes to around to 2,10,02,200 crore kind of a turnover, kind of a capex.

Apart from that we have our normal capex which we can say maintenance capex or our VAV capex. So that will be going to happen. Now the second question you ask about the turnover out of that. So currently we are running at nearly 2x of our asset turn against our investments. But for the expansion what we believe that it will go somewhere between 2.5 to 3 times depending on capex. To capex like display business where we are doing the bonding we are expecting between four to five times but apart from that the other way others are between 2.5 to 3 times. So that is kind of a set turnover on a peak level we can achieve.

Now the second question, how it will be progressing? It will progress in a. In a steady manner. You can say the peak level can reach in a period of three years. That way one can assume into this planning. So that was on the capex and the turnover side. The second question was asked on the dividend side. So, on the dividend side the board make a balanced approach for the capital allocations taking into account the growth requirement, our financial prudence and the shareholder return. So, like we said we are a growing company.

We want to keep balance between the distribution as well as the retention. So current year we plan for 6.5% kind of a dividend payout of our profitability which is 172 crore rupees. The remaining 158 crore rupees will be going to be put into the expansion. And I think the capital has the potential to compound at a higher rate for shareholder when reinvested at this stage than if distributed today.

So, with this intention that coal has been taken. But as and when we meet our objective, I'm sure the board will take a decision for. For increasing the distributed dividend payout.

Mr. Sanjay Thapar (Group CEO & Executive Director)

Just a correction. So, I think by mistake you mentioned when you talked of investment you talked of 2000 crores. Okay, so fundamentally you forgot.

Mr. Mahendra Kumar Naredi (Group Chief Financial Officer)

I'm sorry 200 million. Yeah, 2000 million. I'm extremely sorry.

Mr. Ramesh C Jain (Chairman)]

Yeah, yeah. Thank you. And thank you Sanjay. I may add to the dividend policy. It's just a small short sentence I think very well explained by Mahendra that we are trying to maintain a healthy balance between dividends to our shareholders and the long-term growth. We believe that in the long term we will have organic and inorganic growth which we have, which we will continue to plan. And I think that will give long term value creation to our dividends than just one-time dividends.

So, it's important that we see our dividend policy in that perspective. And needless to say, the board will always debate on this, on this policy from time to time and come to a conclusion which is in the best interest of our shareholders in the long term. Would we go to the second shareholders question please Mr. Moderator.

Moderator

Thank you, chairman. Sir, for speaker number two, Mr. Is currently not present in the panel. So, I now invite our last speaker, speaker number three, Mr. Aspi. Mr. Aspi, you are in the panel. Please start your video and you may ask your question.

Mr. Aspi (Speaker Shareholder)

Chairman sir, can you see me?

Moderator

Yeah. Mr. Aspi, you are audible and visible clearly.

Mr. Ramesh C Jain (Chairman)

We can see you sir.

Mr. Aspi (Speaker Shareholder)]

I Aspi from Bombay. Sir, thanks link for allowing me to speak and sending the link to agenda and calling and calling also to remind me, sir, Company secretary or anyone from the share department didn't play any role. The CS should be made more shareholder friendly. Sir, I appreciate your replying immediately which is the right way. And I hope the moderator doesn't mute the shareholder when the replies are being given. Sir, congratulate the management on showing very good strong results Even on increased revenue margins have been maintained which is very good. I hope you continue to maintain margins on increased revenue in future. Also, sir, inventories and receivables have increased a lot. Please control them.

In spite of this increases cash flow has improved which is very good. Again sir, congrats on being debt free. What are your plans for silver jubilee which will come in four years? I don't expect a bonus, dividend, higher dividends, bonus or split like MRFs. Don't increase equity and let the price go up, up and up. I. I am not. I'm interested only in appreciation, not in dividends or split or bonus. Sir. Sir, I'm not. I'm not bothered about a survey income tax survey that took place. This is tax terrorism which you should avoid.

Sir, registered members were closed from 27th June to the 4th of July. Why do we require book closure of 8 days? So front page of our annual report is almost blank. So please display our products on the front page. So, the shareholders and anybody who sees the annual report will know what what we are making.

Sir what is our market share in India and in the world and who are our competitors? Sir how much percentage of our revenue is from auto and non-Auto. Sir we have a plant in Pune and I'm in Bombay. So please think of a plant visit for Bombay shareholders at least who are speaking. Only two of us were there.

Sir, please put me on your mailing list so that I get to know when your phone calls and analyst meet take place. And please forward a physical copy of the annual report. Thank you very much. And I hope the moderator will not mute me till the replies are given.

Mr. Ramesh C Jain (Chairman)

Thank you. Thank you. Mr. Aspi, may I request Sanjay to respond? Or some part of it could be done by Mahindra as Sanjay you deem necessary.

Mr. Sanjay Thapar (Group CEO & Executive Director)

Yeah. Thank you. Jain sir Aspi, that was a very long list of questions and my memory. Let me just recall what you asked a lot. A few of them were comments, but nonetheless. So your one question that I remember distinctly is what is our revenue from automotive versus other businesses that we have? So automotive both two-wheelers put together is close to about 78 to 80% of our sales.

The balance comes from sanitary wear and consumer businesses. So that is a broad split apart from a lot of suggestions. No, this is non-auto. So, auto is close to about 80%. As I said, 20% is non automatic.

Mr. Aspi (Speaker Shareholder)

In auto or non-auto,

Mr. Sanjay Thapar (Group CEO & Executive Director)

we earn reasonable margins in both the businesses. So, for strategic reasons, we don't give you split of margins per customer or per product line that we manufacture.

You can understand, for obvious reasons, but we do profitable businesses where we are commanding premium prices for our product offerings. And the suggestion that you had on the front page of the annual report.

So the challenge, Mr. Aspi, is that we have so many products that we make that apart from some simple, there was a few additions of AGMs where we had some illustrations of some products that we have. But largely I think what we strive to do is demonstrate the trajectory and the themes that we have to drive growth forward.

Your input is taken. We'll figure out for the next edition of the annual report if we can incorporate some products or maybe some new products that we've launched. Because the range of products honestly so large, they just cannot be accommodated. On one page you had a request for an annual report copy to be sent to you.

I don't think that's a problem at all. So Thabraz, if you could take a note of that and send one to Mr. Aspi, you will have to remind me, Mr. Aspi, of all the other questions that you have or what you think is important, where you would like a response.

Mr. Aspi (Speaker Shareholder)

Nothing much that way.

Mr. Sanjay Thapar (Group CEO & Executive Director)

Yeah. So, we are working hard to fulfill your expectations for high growth and Profitability So that is what the entire team at SGS is focused on and luckily, we have the support of our customers who also support us very well.

So I would like to take this opportunity to thank our customers who've been a solid pillar of support for us throughout our journey at SES. Shareholders of course Mr. Aspi are the. A very important segment of our stakeholders who we work for. So, our focus is always on how can we maximize value and returns to our shareholders.

Mr. Ramesh C Jain (Chairman)

Yeah Mahindra, there was a question by Mr. Aspi. On cash flow specifically receivables going up. Maybe you can respond it because I think number of days, they are definitely not going up.

Mr. Mahendra Kumar Naredi (Group Chief Financial Officer)

Mr. Aspi. Good. Good afternoon. So, regarding the working capital I think over a period of three years there was good amount of work has been done and it was reduced. However, in our working capital especially receivable your point that we have increased. It is not increased. It may be slightly.

You might have seen it in term of the absolute number but in terms of number of days if you see it, it is in line with the last year. However, I like to put on this here we deal with tier one, tier two and we also deal with the export.

While we deal with the let's say OEMs the payment terms are close to somewhere 45 to 50 days. When the business goes to tier one it the payment term goes up to between 60 to 90 days and when the export happen even the payment terms goes to around 125 days.

So with. With this mix I think we are able to manage our working capital in line with the last year. But however, your suggestion we will keep focus further how to reduce and improve in that cycle.
Thank you.

Mr. Ramesh C Jain (Chairman)

Right. Thanks Mahindra and thank you very much. Thank you. Any more questions Moderator. Sorry.

Mr. Aspi (Speaker Shareholder)

Regarding the Visit to Pune

Mr. Mahendra Kumar Naredi (Group Chief Financial Officer)

Regarding the visit to Pune, we will reach out to you through our investor in our next. When we plan to our Pune visit we. We generally keep on doing ours. Our investors planned widget in our locations. So, we will coordinate with you sir. We will invite you.

Mr. Aspi (Speaker Shareholder)

I don't know anybody's phone number in the company so you have to contact me.

Mr. Mahendra Kumar Naredi (Group Chief Financial Officer)

Yeah, My IR will contact you sir.

Mr. Aspi (Speaker Shareholder)

Okay fine. Thank you very much and all the best for the future. Thank you.

Mr. Mahendra Kumar Naredi (Group Chief Financial Officer)

Thanks.

Mr. Ramesh C Jain (Chairman)

Thank you. Any more question Moderator

Moderator

No sir. With this we complete with the speaker shareholder queries.

Mr. Ramesh C Jain (Chairman)

Okay then I think I must just thank both the. Both the shareholders Mr. Nalin Shah Mr. Aspi for some excellent questions and very detailed questions. I'm sure it is it gives us the confidence that our shareholders are really involved in our business. And we will make sure to keep up their expectations even higher in time to come.

Moderator

Thank you, Chairman Sir. So, with your permission, can we allow Mr. Ikshit Naredi to ask the question now? He has connected.

Mr. Ramesh C Jain (Chairman)

Thank you. Okay, go ahead. Who is Mr. What's the name you said?

Moderator

Mr. Ikshit Naredi. Speaker no. 2

Mr. Ramesh C Jain (Chairman)

Okay, sure.

Moderator

Thank you. Sir.

Mr. Ikshit, you are in the panel. Please start your video and you may ask your question.

Mr. Ikshit (Speaker Shareholder)

Am I audible?

Mr. Ramesh C Jain (Chairman)

Yes, you are audible.

Mr. Ikshit (Speaker Shareholder)

Yeah. So good afternoon. I have like four questions. So, my first question is SGS has consistently outperformed the industry for 26 consecutive quarters. Could you please help shareholders understand how much of this growth is being driven by wallet share gains from existing large customers versus addition of new OEMs? Also, what percentage of revenue comes from your top five customers today compared with three years ago?

My second question is as products like IMD, IME, optical plastics and display assemblies become more widely adopted, do you expect competitive intensity to compress margins over the next three to five years? My third question is exports have grown rapidly but still contribute only around 10% of revenue. What are the biggest constraints preventing exports from becoming 20 to 25% of revenue over the next five years? Is the bottleneck customer acquisition, manufacturing capacity, localization requirements, certifications or simply market development?

My last question is which adjacent industries, consumer appliances, medical devices, industrial equipment or others offer economics compared to automotive? And what milestones should investors track to judge whether diversification is succeeding? Thank you.

Mr. Ramesh C Jain (Chairman)

May I request. Thank you. Thank you for your question. Mr. Naredi. I request Sanjay to respond please.

Mr. Sanjay Thapar (Group CEO & Executive Director)

Yeah, I will respond. So, Mr. Naredi, one is outperformance of the industry for 26 quarters. So frankly it is a mix of all of the above. So, it comes from increase. So, So, there's an underlying industry growth on top of that underlying industry growth. We try and sell more content per vehicle. So, if you've seen our investor presentations, we've every year or over the last five years we significantly added to the revenue that we do per product and that is what has allowed us to outperform the industry.

That means our rupee content per vehicle per two-wheeler per four-wheeler increases at a faster rate than the organic rate of the industry and this has been consistent for the last 26 quarters. As you mentioned, your other question was top revenue from the top five customers. So, we as a strategy do not divulge our customer mix. All that I can tell you is that no customer contributes more than 15% of our top line. So that is the benchmark that we have in mind. So, we are a very diversified company with many, many customers and multiple products.

So that is our strategy and that will continue to be a strategy moving forward. Your question on IMD, IML and whether they will be fast with the greater adoption, will that cause margin compression? So, my sense is no, because these are highly complex technologies. So, there are just a handful of companies in the whole world who have this capability.

So, this is a high tech, high competency requirement to be able to produce parts like this. And I don't think that there is going to be any compression of margins. In fact, there could be widespread use and this could increase the overall TAM for this segment of products. Once you have more and more electrical vehicles come in, I imagine that more and more IME applications will come in.

So, this will be niche products and I imagine margins should continue to remain as strong as they are. The other question you had was on exports that what is while they have grown 60% last year, your wishes to see the company be 25% of the top line should come from exports in the next five years. You echo my feeling. So, I agree with you directionally.

That is where we want to go. What is the challenge? So, the challenges that we've seen over the last few years, a lot of disruptions that happened right from COVID to the crisis that you had on the supply chains with some canal blockages. And again, you have. There was a Swiss Canal earlier, so now you have the Strait of Hormuz playing some. No, no. So, I am talking of history.

So, Swiss Canal was after COVID. There was a big container blockage at the Suez Canal. And now of course you have the Hormuz blockade causing. So, there are a lot of these international hiccups that keep happening. And then you have some pronouncements from some very large developed countries on tariffs.

So, the industry has been navigating all these. But despite this, we see that, you know, we constantly benchmark ourselves in terms of quality, cost and delivery with our competition. Not just in India, but in Europe, specifically Eastern Europe and North America and Mexico, because those are these low-cost locations of manufacturing in those geographies. And we find that we are very competitive. So, there is no issue really. It was just these challenges that were there, from semiconductor shortages to other things. So, the OEMs were busy running their lines. Now that that has hopefully improve.

We still have some wars going on in the world, but given this macroeconomic situation, let's see how that plays out on the buying behavior of OEMs. But we are very optimistic that we have a portfolio and the capability as a company to be a very meaningful supplier and we should see directionally more and more sales coming out of exports. The other point you had was what are the opportunities in adjacent industries or what are the margins? So, we already are focused on that. So, automotive and consumer continue to be a large play. with the acquisition of Water Pac, we started doing electrical. So, we supply to companies that do switchgear. So that was a new adjacent area that we entered. There are some applications in homes as well.

For example, fans use some parts, they use some decoration because the price points of these products are going up and they would like to differentiate other product offerings from other customers. So. all this leads to opportunities for us. Medical devices continue to be a large area because they are produced in very large volumes and they need durable technology.

So, we have that to offer. The issue really is to enter that supply chain because these are all very well entrenched suppliers. So, we are continuing to make efforts and to get into adjacent areas in addition to growing the product or the technology set that we offer to our domain industries which continue to be automotive and consumer.

So, we will continue focus on adjacent opportunity sets. But the current opportunity that we see in exports and in two wheelers and four wheelers also is very very large. So, it's just an allocation of resources to chase new opportunities and we want to grow profitability that profitably that is the key to growth at sets. So, we continue to balance everything and move forward. So that's I hope answered all the occasions.

Mr. Ramesh C Jain (Chairman)

Thanks Sanjay. Thank you Mr. Ikshit Naredi and now I think we move on.

We have answered all the queries raised by the shareholders. Shareholders can also write to us@compliancejsindia.com if they have any queries and it will be answered within seven days. Members may note that the E voting facility will remain open for the next 30 minutes to enable those shareholders who had not cast their vote earlier and would like to cast their vote now.

The board of directors has appointed Mr. Anant R Pandey as scrutinizer for the AGM and the voting results would be declared within two working days. The scrutinizers report will be uploaded on company's website and the website of MFUG In Time India private limited results will be intimated to stock exchanges.

In closing I express my heartfelt gratitude to each one of you. With this meeting comes to end the E voting platform is open for as I said next 30 minutes from now. Thank you for your participation and support.

Have a wonderful day ahead.

Thank you.