



SJS Enterprises Limited
Q4 & FY26 Earnings Conference Call
May 06, 2026

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

Analyst: **Mr. Joseph George – IIFL Capital Servicesn Limited**



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Moderator: Ladies and gentlemen, good day, and welcome to the SJS Enterprises Limited Q4 FY26 Earnings Call, hosted by IIFL Capital Services Limited. 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I would now like to hand the conference over to Mr. Joseph George from IIFL Capital Services Limited. Thank you. And over to you.

Joseph George: Thank you, Yashashree. This is Joseph from IIFL Capital. Good day, everyone. On behalf of IIFL Capital, I welcome you all to the Q4FY26 Results Conference Call of SJS Enterprises Limited. I also welcome the senior management of SJS, Mr. K.A. Joseph, Promoter and Managing Director; Mr. Sanjay Thapar, Group CEO and Executive Director; Mr. Mahendra Naredi, Group CFO.

Now, I will hand over the call to Ms. Devanshi Dhruva, Head of Investor Relations, to take it forward. Over to you, Devanshi.

Devanshi Dhruva: Thank you, Joseph. Good morning, ladies and gentlemen. And thank you for being with us over this 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, who will make his opening remarks and then hand it over to Mr. Sanjay Thapar, our Group 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.

Mr. Sanjay will take you all through the industry view, our business performance and then give a strategic outlook for the future of growth of the Company at the end. And Mr. Mahendra Naredi, our Group CFO, will update you on our financial highlights, post which we will open the floor for Q&A.

The duration of this call is around 60 minutes, and we will try to wrap our comments in about 20 minutes. So, we leave enough time for you guys to ask questions. If the time is not enough, please feel free to reach out to us through e-mail or write to us, and I will try to answer all your questions to the best of my ability. Thank you once again.

And I will now hand it over to Mr. Joseph to make his opening comments. Over to you, Joseph, Sir.

K.A. Joseph: Yes. Thank you, Devanshi, for the introduction. Good afternoon, everyone. I hope you all had the opportunity to review our investor presentation and the financial results published yesterday. India's automotive industry witnessed a steady growth during FY26, supported by sustained demand across both 2-wheeler and passenger vehicle segments.



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The industry continued to benefit evolving consumer preferences, premiumization trends and the increasing adoption of enhanced products. While growth remained stable across segments, value growth outpaced volume growth driven by higher content per vehicle and growing focus on aesthetic and technology.

In this environment, SJS has continued to set new benchmarks, delivering strong performance and marking its 26th consecutive year of outperformance. Notably, the Company achieved a Y-o-Y growth of 41.1% in the automotive segment in Q4 FY26, exceeding the automotive industry production volume growth of 18.9% by more than 2x.

SJS reported its highest ever quarterly revenue in Q4FY26 with a consolidated revenue of INR2,601.2 million, reflecting robust growth across key segments. This performance was driven by continued traction in the 2-wheeler and passenger vehicles, along with strong export growth during the quarter.

The Company also delivered its highest ever PAT of INR488.7 million, supported by an improved product mix, increasing export contribution and a continued focus on operational efficiency. As you are aware, during the year, SJS entered into a technology license supply agreement with BOE Varitronix, a Hong Kong-based Company for optical bonding and assembly of automotive display systems in India.

This marks an important step in expanding our capabilities into advanced display solutions. Such strategic partnerships further strengthen our technology base and enhance our ability to meet the evolving aesthetic and functional requirements of global OEMs. With a sustained financial strength and a strong cash flow generation, SJS remains committed to delivering long-term shareholder value.

The Company continues to maintain a robust net cash position, enabling to fund ongoing capital expenditures, strategic initiatives and the potential inorganic opportunities. Reflecting this performance, the Company has declared a final dividend of 35% of the face value of its shares.

Furthermore, I would like to announce that our Board of Directors have appointed Mr. Randhir Singh Kalsi as an Independent Director of the Company. In the end, looking ahead, we remain focused on innovation and leveraging our in-house design and R&D capabilities to develop differentiated products. With a strong pipeline of next-generation products, deeper engagement with OEMs and an expanding export presence, SJS is well positioned to continue to outperforming the industry.

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

Sanjay Thapar:

Thank you, Joe. Good afternoon, everybody. We are pleased to conclude FY26 on a strong note, marking yet another quarter of consistent execution across both operational and financial parameters. The strategic priorities undertaken during the year, including product



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premiumization, expansion of key customer relationships and investments in technology have translated into sustained growth and margin improvement for us.

We remain confident that these initiatives will continue to support our performance in the coming periods as well. Let me now highlight some key updates. In Q4 of FY26, SJS delivered its highest ever quarterly revenue of INR2,601.2 million, registering a growth of 29.7% Y-o-Y.

This performance was driven by strong growth across both 2-wheeler and passenger vehicle segments, which combined grew by 41% Y-o-Y, significantly outperforming the underlying automotive industry growth of 18.9% Y-o-Y. The Company delivered strong margin performance during the quarter, with EBITDA growing by 53% Y-o-Y to INR807.6 million, resulting in an EBITDA margin of 30.3%.

This reflects improved operating leverage, a better product mix and a higher export contribution. We reported our highest ever quarterly PAT of INR488.7 million, representing a growth of 44.9% Y-o-Y, with margins improving to 18.8%. The Company generated strong cash flows during this quarter, resulting in a healthy net cash position.

During the quarter, the Company declared a final dividend payout of 35% of face value of our share. ICRA upgraded SJS's long-term credit rating to AA- (Positive) from AA- (Stable), reflecting improved financial strength and stability. Aligned with our long-term growth strategy, SJS has made steady progress on its capacity expansion initiatives.

The chrome plating facility at SJS Decoplast is currently under final stage of commissioning. The optical display facility at Hosur is ready, with equipments ordered and capacity expansion at the Bangalore unit is progressing well to support new business opportunities. These investments are aimed at strengthening our capabilities and enhancing our ability to scale across segments.

For the full-year FY26, SJS reported consolidated revenues of INR9,550.7 million, representing a growth of 25.6% Y-o-Y, significantly outperforming the automotive industry (2-wheeler + passenger vehicle industry) growth of 11.4% Y-o-Y. EBITDA stood at INR2,879.6 million, up 41.7% Y-o-Y, while PAT grew by 44.6% to INR1,718 million.

This performance underscores our ability to scale profitably while maintaining strong cost discipline. I'm pleased to share that since FY21 pre-IPO, SJS has delivered robust growth, achieving a 5-year CAGR of approximately 30% across revenue, EBITDA and PAT. During this quarter, we continued to strengthen our position with leading OEMs, supported by multiple new business wins across key customers, including Mahindra, Suzuki, Whirlpool, Bajaj Auto, Atomberg, John Deere amongst others.

Furthermore, during the year FY26, we added Hero MotoCorp, Autoliv USA, FCA USA, Orafol USA (for Nissan), Yazaki, River and many other customers. Exports remain a key pillar for our growth strategy. In Q4, exports grew by 74.6% Y-o-Y to INR255.5 million. For FY26, export



reached their highest ever level, supported by deeper penetration in existing geographies and expansion into new markets.

We are strengthening our presence across 3 regions, including ASEAN, Europe, North America, while also enhancing our on-ground sales capabilities in Turkey, Brazil, Argentina, Colombia, South Korea and more recently added Germany. This focused approach is expected to further scale up our export contribution and unlock new global opportunities.

Free cash flow to the firm stood at INR1,426.6 million, with a further improvement in our net cash position, reflecting a strong balance sheet. This financial strength provides us with the flexibility to fund capacity expansion, invest in new technologies and pursue organic and inorganic growth opportunities.

During the year, SJS continued to receive recognition for operational excellence and innovation. We were ranked among the Top 30 Mid-Size India's Best Workplaces in Manufacturing in 2026, marking our sixth consecutive year of recognition by Great Place to Work.

Additionally, the Company received multiple accolades at ACMA Excellence Awards for New Product Design and Development, along with recognition for quality performance and financial management. Mahendra Naredi, our Group CFO, has been honored with the CFO of the Year Award at the CFO Impact Awards in 2026, a testament to the Company's strong financial discipline and strategic excellence.

In line with our commitment to ESG and community development, we continue to drive meaningful impact through focused CSR initiatives. During the year, we supported programs such as providing meals to those in need across various locations through Let's Feed the Needy Trust. We also contributed to community safety initiatives by funding surveillance infrastructure along Kanakapura Road and extended support for critical health care programs.

Furthermore, we partnered with Varchass Seva Trust to empower approximately 380 women in Pune and Bangalore through skill development programs. We also supported the Rotary Club of Coimbatore Metropolis Trust for Project Hope After Fire, which provides treatment for burn injuries to underprivileged patients across India.

In addition, we conducted tree plantation drive, planting close to 2,750 trees at Gauri Bidnur near Bangalore. These initiatives reflect our continued commitment to building stronger communities, empowering the underserved population and contribution to inclusive and sustainable development.

Looking ahead, FY26 has been a milestone year for SJS, marked by strong growth, improved margins and strategic progress across many key initiatives. We remain focused on premiumization, expanding our global presence and strengthening customer relationships, which will help us continue outperforming the industry growth in the coming years as well.



I would now like to hand over the call to Mahendra, our Group CFO, to provide a detailed overview on our financial performance. Over to you, Mahendra.

Mahendra Naredi:

Thank you, Mr. Thapar. Good afternoon, everyone. Slide 14 to 17 covers our consolidated financials. Let me walk you through the key highlights. Q4FY26 was our strongest quarter on every metric. Revenue came in at INR2,601.2 million, up 29.7% Y-o-Y, driven by strong traction in our automotive segments and continued export momentum. What stands out is the quality of this growth.

EBITDA grew 53% to INR807.6 million, with margin expanding 424 bps to 30.3% - a result of three deliberate levers: a richer product mix, higher export contribution and operational efficiencies across our manufacturing footprint. PAT for the quarter was INR488.7 million, up 44.9% at a margin of 18.8%. This was further supported by our continued focus on reducing interest costs through efficient treasury management.

Moving to return ratios, which we track closely as a measure of capital efficiency. ROE for FY26 stood at 19.5%, an improvement of 226 basis points Y-o-Y and ROCE expanded sharply to 35.5% from 25.3%, a jump of close to 1,014 basis points. These are best-in-class numbers for our space, and they reflect profitable growth, margin expansion and disciplined capital deployment working in tandem.

Coming to the balance sheet. We generated free cash flow of INR 1,426.6 million during FY26, with cash flow from operations at 77.7% of EBITDA. We closed the year with a net cash position of INR 2,437.1 million against just INR 77 million of total debt. Our capital allocation framework rests on three priorities: funding, committed organic capex, retaining dry powder for value-accretive acquisitions and progressively rewarding shareholders.

Reflecting this, the Board has recommended a final dividend of INR 3.5 per share or 35% of face value.

A quick word on the revenue mix. New generation products now contribute around 24% of consolidated revenue, validating our premiumization strategies. For FY26 segment-wise, 2-wheeler contributed 38.3%, passenger vehicle 41.7% and consumer and others around 20%, a well-balanced diversified mix.

On export, FY26 was a record year at INR 911.4 million, witnessing 60.5% Y-o-Y growth. I would reiterate that since both SDPL and Walter Pack are predominantly domestic, the consolidated export percentage understate the export intensity of stand-alone SJS. Finally, the ICRA rating upgrade to AA- with positive outlook is an important external validation of our financial discipline and supports our ability to fund growth at competitive cost.

Now to summarize, strong top line, expanded margins, healthy cash generation, best-in-class return at 19.5% ROE and 35.5% ROCE, a robust net cash position and a disciplined capital allocation framework, we enter FY27 from a position of financial strength. With that, I would



like to hand the call back to Mr. Thapar to discuss our future plans and growth outlook. Thank you.

Sanjay Thapar:

Thank you, Mahendra. Let me now share our outlook for future growth. We remain focused on sustaining our growth momentum, supported by strong financial performance, disciplined execution and a clearly defined strategic road map. Our net cash position and consistent cash flow generation provide us with the flexibility to fund ongoing and planned capital expenditure.

These investments will further strengthen our manufacturing capabilities and enhance our readiness to meet increasing customer demand. A key priority for us continues to be expansion of our export business. We are working towards increasing share of exports in our consolidated revenue to 14% to 15% by FY28, driven by deeper penetration in existing markets, entry into new geographies and the addition of new customers.

Our recent traction with global OEMs and steady growth in export revenues provide confidence in our ability to achieve this objective. Innovation remains a key focus area for us. We are expanding our capabilities in advanced aesthetic and functional products, including optical cover glass and automotive display systems, while also developing next-generation technologies such as in-mold electronics, illuminated logos and integrated solutions.

These initiatives are aimed at enhancing content per vehicle, improving realizations and strengthening our position as a comprehensive aesthetics partner for our customers. Premiumization continues to be central to our strategy as we move up the value chain through differentiated technology-driven offerings.

By leveraging strong customer relationships and expansion across both automotive and consumer segments, we aim to further enhance our product value and sustain our track record of outperforming the industry. Based on our current strong performance, execution visibility and the current order book being over 85% of the FY27 forecasted revenue, we expect to outperform underlying industry growth by 1.5x to 2x in FY27.

With a diversified customer base, strong order visibility, expanded capacity and a focus on execution, SJS is well positioned to sustain its growth trajectory. We remain committed to delivering consistent performance, strengthening our market position and creating long-term value for all our stakeholders. With that, I conclude my remarks. Thank you. And now we are open to questions.

Moderator:

We'll take our first question from the line of Pritesh Chheda from Lucky Investments.

Pritesh Chheda:

Sir, I have 2 questions. One, from your slide where you have mentioned 2-wheeler growing at 4x the industry growth rate and passenger car growing at 3x the industry growth rate for you, is it possible to split or give some flavor on what would be the market share-led growth in that? And what would be the content-led growth in that? That's question number one?



- Sanjay Thapar:** Now, this growth is led by winning businesses. Of course, there are new customers that we've added to our sales. New products have been added, higher value-added products. So, all of the above led to this outperformance in the 2-wheeler space. So, we've outperformed 2-wheeler.
- Pritesh Chheda:** Yes, I understand the qualitative comment. From a quantitative side, is it possible to give some colour whether 30% is content led and 30% is market share led in that 4x growth?
- Sanjay Thapar:** We traditionally don't give you that breakup because it's a complex mix. We supply to almost all the customers and we supply different products. So in some cases, it is increased content. In some case, it is increasing our sales to new models that have come where our share of business is 100% or has increased. So it's difficult to split up because of the sheer variety of the products that we serve and the customers we serve.
- Pritesh Chheda:** Okay. No problem. My second question is on the capacities and the utilization across the 3 businesses or entities, SJS, SJS Decoplast and Walter Pack. So, these 3 places FY26 utilizations and incremental capacity expansions in these 3 areas to support the growth?
- Sanjay Thapar:** Yes, Mahendra. Why don't you take that? Yes.
- Mahendra Naredi:** So Pritesh, on the capacity side, our SJS Bangalore facility with the improved revenue what we have in FY26, we have now reached around 75% of our capacity. We are further expanding our capacity here. In our last call also, we have guided that we are investing INR45 crores into the SJS Bangalore facility, which will give us another 20% kind of a capacity expansion. So, that is one.
- Our subsidiary, SDPL - SJS Decoplast we call, which is the chrome and plating facility, they are operating 95%+ kind of a capacity utilization, and we are working with a couple of outsourced suppliers. At the same time, we are expanding our capex. We are setting a greenfield project for INR100 crores, which is Mr. Thapar said it is on final commissioning level. So, that will almost double the capacity what we have as of now. Now, third is Walter Pack. Walter Pack, we are operating somewhere 75% kind of a capacity. So, I hope this answers your question.
- Moderator:** Next question is from the line of Hitesh Goel from Aurigin Capital.
- Hitesh Goel:** My first question is, if you look at Exotech, there's a Q-o-Q substantial increase in revenue without the new plant coming in. And we see a similar increase in the 4-wheeler Q-o-Q revenue. So is it a new program, which has ramped up with the customer?
- Sanjay Thapar:** No. So, we continue winning businesses across all our customers. And luckily for us, the customers that we serve continue to grow very strongly. One marquee customer that we have has shown very good traction. You can guess who this customer is. And our efforts to sweat our assets. So, we have a very keen eye on how to eliminate waste and improve throughput in our plants, and that has led to this very strong growth at SDPL.



Hitesh Goel: And similarly, in WPI, we have seen Y-o-Y decline, right? So, despite Tata Motors who being one of a key client there, they have done well. But consumer durables, there has been impact. So, can you tell us how is that progressing? What steps are you taking for WPI to return to growth?

Sanjay Thapar: We took a strategic decision to rationalize our product mix at WPI, and that happened to be a consumer durable Company. We shed some weight in terms of products that were not contributing enough margin. And we have now won businesses, which are at a much higher business from the same customer. So it's just rationalizing of the product mix.

This new business is in the ramp-up phase, so you will see the fruits of that. We are very focused on profitable growth and focusing our efforts and our capacities to products, which yield larger margins. So it has worked out very well for us. And with Walter Pack, you'll see that impact coming through in the next couple of quarters.

Moderator: Next question is from the line of Pranay Roop Chatterjee from Burman Capital.

Pranay Roop Chatterjee: My first question is on the general macro, both from the demand side and the supply side, if you can just give some color overall. On the demand side, the channel checks that we do suggest and I would like your comments that underlying demand is still there. Some of the fears people were having that this fuel inflation and whatnot might have an impact on demand, but bookings seem to be at a dealer level still going strong. So, I would love to hear what is happening at your end?

And also what I'm hearing is the constraint really as of right now is supply where because of certain specific ancillary products, which are in short supply, the production may get impacted or is getting impacted. So, that could be the constraint. So if you could just give an overall color, how should we expect business at your end to progress in the incremental next few months given the volatility?

Sanjay Thapar: Okay. FY26 was a record year for the automotive industry, both for 2-wheelers and 4-wheelers. So, we came back. For many years, we used to say that FY17, FY18 was the best golden period for 2-wheeler sales. So, we've shot past that. The 4-wheeler sales went up, thanks in a large measure to the GST rationalization and improved rationalization of the free cash available with customers to do discretionary purchases.

And as we talk, April also has been a very strong month. So the outlook continues to be extremely bullish. On a global view, we still have challenges of multiple wars going on. We don't know, which way they will go. But overall, what all these wars have taught us, if we look back, is that business continues. There are some short-term hiccups that do come. But I think finally, sense prevails and business comes back to normal.

So, what we are hearing from customers at this moment is all of them are gearing up for high growth. And we are accordingly gearing up. And I think we were right in line with our capacity expansion plans to benefit from this growth. So, our outlook is bullish. We are excited about the



future. We've finished last year on a very, very strong note, expanding both our sales and margins quite significantly. And we expect this trend to continue.

Pranay Roop Chatterjee: Got it, sir. Sir, my second question is on margins. Sir, whatever inflation-related pressures you would have had, my question is not on the quantum. My question is rather on whenever that comes in, some part would have come in this quarter, some part would come in next quarter, but whatever impact is, how is the progress on passing those on? Do you think it's a comfortable pass-through or there is some pushback? Or how is that working out?

Sanjay Thapar: So if you study financial profile of SJS over so many years, we are leading the pack in terms of what margins we get, thanks to our very strong focus on products that are differentiated on great focus on how to reduce cost and reduce waste in our process, and that is what has led to margin expansion. So, we continue to drive that theme forward.

Now the input cost increase, for example, crude oil increasing, a lot of these are impacting polymer prices. But as you may be aware, at SJS, these are aesthetic decorative products. They get refreshed every year and the new prices get priced in automatically. So, that's an advantage that we have from the industry we operate in.

In addition to that, there are some businesses like chrome plating where there are input cost increases, and we have a back-to-back arrangement with customers that they get passed on. So typically, it is a lag of a quarter before they get priced in. So, we don't have a concern really in terms of input cost increasing. We've demonstrated this over the years through the pandemic. So, I'm quite confident that we'll navigate this situation also pretty well.

Moderator: Next question is from the line of Ganeshram from Unifi Capital.

Ganeshram: Congratulations on the performance. I just have 2 questions. The first is on the growth outlook. With BOE Varitronix, obviously, signed this agreement.

Moderator: Ganeshram, sorry to interrupt. Can you use your handset mode, please? Your audio is not very clear.

Ganeshram: Yes. It should be better now. So, my question growth was with regards to BOE Varitronix. If you could give us a sense as to what is the opportunity size that you have over here? What sort of time lines you're thinking about? And what's the capex outlay you're thinking about? Some granularity around this, so we can work with it. And similarly, on the growth, if you could give us an idea, there's a bunch of new countries that you mentioned. Is this going to be a build-out of SJS? Are you going to deploy your own people there or are you approaching through partners? And what are your expectations there?

Sanjay Thapar: Okay. BOE is a world leader in terms of display technologies. They have multiple products. And I think we have selected and partnered with a very, very strong global company operating out of China because the Chinese market is the largest 4-wheeler market in the world.



And if a company is a leader, not just in China, but across the world, then you can be sure that in terms of quality of their offerings and the processes that they follow and the supply base they have, which supply child components into whole display are best-in-class. So coming back, BOE is a great company, the world number one and we have partnered with them.

So, that is a very, very strong statement to make. Now as far as the progress on our project goes, we have a plant which we've announced earlier. Our plant is ready. This is a facility in Hosur that we have. The plant, as I said, is ready. The equipment is on order, and we will expect that by Q2, we will have the machines coming in and then there will be a phase of trials.

What I've said in my earlier calls also is that we expect supplies to start by early FY27 and -- could be earlier, but this early FY28, sorry, my mistake, end of FY27, early FY28 is when we hope supplies to start. Currently, our teams are interacting with the BOE plant to get trained on what these processes are. So it is progressing well. So, we will have a common agenda to demonstrate capabilities to customers in India of how we can bring this technology into India and supply to them in a good manner, which meets the quality cost expectations. So it's going well. Sorry.

Ganeshram: And just a follow-up on this.

Sanjay Thapar: Sorry?

Ganeshram: Just a follow-up on this is if you could give us a sense, have you spoken to any potential customers about this? And essentially in this optical glass portion, what part will be helping us with?

Sanjay Thapar: So, the display consists of 3 components. One is the cover glass. The other is the TFT screen, and then there is a backlight and these are optically bonded. So, we are setting up capabilities to do all of these at the facility, and this is what our offering is going to be. We have strong printing capability in SJS for almost 4 decades now.

So, we know that business very well. We know the aesthetic requirements of customers very well because we've been supplying dials to global companies out of SJS for many, many years now. So, I think we are the right partner to be able to deliver this to our customers. So, that is the aim that we have.

Moderator: Next question is from the line of Rakesh Jain from Axis AMC.

Rakesh Jain: Sanjay sir and team, another impressive quarter. Congratulations. I have one question on your premiumization strategy. Sir, how do you think this strategy helps in content per vehicle? When we see the model mix of all the OEMs, a lot more focused on electric vehicles, larger size vehicles, more premium SUVs?

How does that particular thing shapes up in terms of content per vehicle for us because we do see that some of the OEMs are showcasing your product-related aspects as a marketing to also



in some of their models. So, how are we largely benefiting from that in terms of content per vehicle, if directionally you can throw? And the second question is, you did call out in your PPT that 24% of your product revenue is now new generation products. From a management standpoint of view, what kind of target are you keeping for next year from new generation products?

Sanjay Thapar:

So thank you, Rakesh. Yes, our focus is on premiumization. We try and understand the requirement of the customer. We have a styling studio, which engages very early in the development phase with customers. So, we have enriched margins by providing different features and different finishes on the existing products that the customers have.

And of course, a big strategic move that we've made is that electronics, especially the display area is going to see a lot of action. So, my personal sense is that the content in the vehicle in the future is going to be driven by what appeals to a customer sitting inside the vehicle. So, there could be IML, IMD parts, IME applications.

They are chrome finishes or painting finishes, chrome finishes in different types of chromes. So for a very large customer launching a lot of EVs, we've added very premium finishes, which are very well accepted. We have done illuminated logos. So, we do that for one customer and the other customers see it because it's a customer demand and they start accepting it. So, we've done this with Tata. We've done this with Mahindra.

Maruti Suzuki is wanting solutions in a similar manner because what appeals to the final car buyer is what the OEMs manufacture. They listen to the voice of the customer. And we have consistently ensured that we are not only able to give them ideas, we are also able to translate that into new products with a very short turnaround time. So, I think we tick all those boxes.

And coming to the mother of all the innovations or the new products from our portfolio, when you talk of the content from 24%, where is it likely to go. So, I'm quite bullish on the display technologies that we will bring to the table. So, think like this that cars not only will have an infotainment or an instrument cluster display, they would have displays for the rearview mirror. They would have displays, which are rear seat entertainment. They would have displays, which have specific features inside the cabin for the entertainment of the co-driver and security and a lot of these you're going to see. So over the next 5 years, my expectation is that this 24% could grow up to maybe 30% of our revenues.

Of course, the idea is that how well do the OEMs ramp up in terms of translating customer expectation into real product offerings. But we see a very strong traction and a lot of people are looking at introducing these at different price points. So it would be anywhere between 25% to 30% over the next 5 years. That's what my expectations. Premium products, share of purchase.

Moderator:

Next question is from the line of Nilesh Jain from Astute Investment Management.



Nilesh Jain: My first question is on, given you have been generating good amount of free cash flow, are we actively looking for any inorganic acquisitions? And if yes, it will be from which geography we are looking at?

Sanjay Thapar: Yes. Absolutely. So, inorganic growth is a very strong pillar of our strategy moving forward. We've done 2 acquisitions in the last 4 years. And as I've said in my earlier calls, we are generating a lot of cash. So, we have close to about INR243 crores in our books now available for deployment, for expansion projects and for new acquisitions, and we'll generate free cash in this year as well.

So, we are looking at targets. We already have a few in mind, which we are in discussions with. So as and when we conclude, we'll, of course, announce to the market. In terms of geographies of interest, so as I maintained earlier, North America is a target. Southeast Asia is a target. India as well is a target because this is a fragmented business. And it could simply be consolidation where we could bring our own efficiencies and efficiencies of scale to play out. So it would depend on what target do we zero in on in terms of what meets our strategic requirement in terms of the cost of acquisition and how can we add value to it.

As I maintained earlier, these will be bite-size acquisitions. We are, intrinsically a Company, that does not believe in taking a lot of debt on our books. So, we are largely debt free. And we wanted to continue to maintain this. But if we get some exciting opportunity, we are not averse to taking debt. But typically, it would be companies that add strategic value to us and where we feel that we can contribute to increase margins. So, margin growth is a very key or central to our overall philosophy as a Company, and we'll continue to focus on that.

Nilesh Jain: Okay. Second question is, given you've been operating at the highest margins for now, do you think there's further scope for margin expansion or even this margin should be sustainable?

Sanjay Thapar: Nilesh, our focus really is, to be honest, our benchmark is more than 25% margin is what we focus on. So we, of course, don't rest at 25% as you've seen with our results. So, 29.6% margin is a result of that focus that we have. But in the long term, I think that 27% - 28% sort of margins with a high growth trajectory is what you should expect from SJS.

Moderator: Next question is from the line of Prateek Giri from Subh Labh Research.

Prateek Giri: Good set again and robust operating cash flow. Mr. Thapar, if I'm catching it right, earlier our investor presentation used to guide for 2x to 2.5x growth on the industry volume?

Sanjay Thapar: Sorry. Could you repeat that question? I missed it.

Moderator: Prateek, can you use your handset mode, please?

Prateek Giri: Yes. Is it better now?

Sanjay Thapar: Yes.



Prateek Giri: Yes. So, Mr. Thapar, if I'm catching it right, earlier our investor presentation used to guide for a 2x to 2.5x growth. But this quarter, PPT says 1.5x to 2x growth. So in an environment where auto is doing really well and we are also coming up with new capacity, should I look at this as a guidance down revision or am I over reading it?

Sanjay Thapar: No. So clearly, you are over reading it. So, we continue to outperform the market. Specifically the guidance last year, I said because we added Hero as a customer. So, I said that we will outgrow the market or outperform the market by 2.5x last year. But overall, we've been saying our content increase will be far higher than the increase in the volume of vehicles that are made.

So, we will continue to outperform that we've done for 26 quarters that we've reported to you. So, that outperformance will continue. And always, we've been guiding 1.5x to 2x because we don't want to give a specific guidance, I mean, this is a direction that I'm giving. But ultimately, our interest is to outperform the market.

So it depends on how the year pans out in terms of the macroeconomic challenges that there are. But overall, it is going to be 1.5x to 2x, which is consistent with what we've said. So, 2.5x last year was specific because we had won some very large export businesses, and we've got Hero on board as a customer. So, that was what I mentioned last year.

Prateek Giri: Got it. No, this is helpful, Mr. Thapar. Mr. Thapar, my second question is on our export target. I just wanted to get your opinion. If we have set a target, which is quite softer because given the kind of market size globally, 14% - 15% FY28 exports revenue contribution, do you think this is a little soft target we have been setting for ourselves? And can we increase it going ahead? Just one add-on to this question. We don't have any global office so far. We have offices only in India. So, I was just wondering if that can be a route we can explore to capture that market faster?

Sanjay Thapar: Yes. So okay, let me answer that, Prateek. Basically, there is a very large global set available. As you know, the reason why we are building capacity across plants is primarily to tap into that. So, we have very strong inquiries. There's a lot of interest from customers.

We've proven ourselves in terms of being competitive globally, and that is a theme that we'll continue to drive but we choose to do it in a step-by-step manner. There could be an inorganic acquisition that suddenly not only gives us an office in an overseas location, could give us a company there. So, we are well aware of that. And we are balancing what we need to do to make sure that we continue our growth trajectory.

So, we grew by 25% last year. We hope to continue that growth trajectory and to grow looking at export markets is critical because we already are today supplying to all the customers in India, and there will be a certain rate of growth in the Indian market. But the export market for us is underpenetrated. So, we've proven our credentials in terms of quality, cost and delivery.

And we now have built capacity or we have invested in capacity. And certainly, we want to utilize that to grow. For the short term, just setting up an office is additional cost. So, we have a



lot of reps in multiple countries who operate from their home. We feel that this is a model that works for us at the moment.

But when we have a very large opportunity set in a specific region, we certainly are open to look at setting up an office or a warehouse. We already have warehouses in North America. ASEAN, for example, is one area that we could look at setting up our own office and a warehouse to be able to benefit from proximity to the customer. So on a need-based basis, wherever the opportunity exists, we'll take that call.

Prateek Giri: So, there is an upside potential to this target we have set for ourselves, Mr. Thapar. Is that understanding correct?

Sanjay Thapar: Yes. I mean, we increased our overall exports by 2% last year on a consolidated basis. We have a very strong pipeline. So, I will continue to share that guideline, that we've given. Once we reach that, of course, this is a moving target. It's not that this is cast in stone.

So ideally, it's a USD 4 billion market. So the opportunity set is so huge that I can't even try to explain to you. But as the strategy, we find that export business will give us more margin, and that is one reason why our margins are expanding. So, we will continue to drive that as fast as we can by balancing everything.

So it's not just the customer, the capacity has to be in line because when export customer gives you business, then you expect that you have already all the capacities in place. So, you can't do the reverse, that get a business and then say that I will set up capacity. So, you would have seen in the last 2 years, we've built our capacity. So, this is a synchronized approach to target the export potential that there is, which we know is more value accretive for us as a Company.

Moderator: Next question is from the line of Sahil Sanghvi from Monarch Network Capital.

Sahil Sanghvi: Congratulations for very good set of numbers. My first question is on the consumer side. Our performance has been not the best. So if you can help us understand what's happening over here? And how do you see this performing over the next 1 year?

Sanjay Thapar: So, consumer fundamentally, I mean, we have everything that we need to grow the consumer business. As I mentioned to an earlier question, there was a product rationalization that we did. We found that we are spending a lot of resources, not earning enough money on a very large program.

So, we chose to surrender that and alternately get another program that I said is we have won, which is in the ramp-up phase. So over the next 2 quarters, you'll see that benefit happening. Also for the quarter, there was some amount of global uncertainty that happened. So, a lot of these orders were preponed, where in Q3 we shipped material just to get over those tariff uncertainty that were there. Some customers wanted us to ship early. So, that is just a normal rationalization that happened in this quarter. But in the next 1 or 2 quarters, you will see that growth trajectory coming back.



Sahil Sanghvi: Okay. Got it. And my second question is on the capex. The absolute number of capex that you intend to spend this year and the next and for which expansions would it be? Because some of these capacities, I mean, the capex spend in FY26 has been lower than what you had guided. So, just wanted to understand on that side?

Sanjay Thapar: So, Mahendra, would you answer that?

Mahendra Naredi: So Sahil, on the capex spend, last earnings call, we have guided that over a period of 3 years starting from FY26, we have special initiative, which is the SJS Bangalore expansion, SDPL chrome plating greenfield. And we are also investing for the cover glass and the display business. So put together, there is an investment close to INR220 crores.

Apart from that, we have the normal capex, which is around INR15 - 20 crores per annum. So on a 3-year basis, we could say INR260 crores, INR270 crores. And out of which, INR80 crores happened in the last year. And the further capex are in progress at this moment. So, that will continue for this year and the next year.

Moderator: Next question is from the line of Jigar Jani from Nuvama PCG Research.

Jigar Jani: Yes. So, congratulations, sir, on a great set of numbers again. Just 2 questions. First, carrying on from the previous participant, the capex at Bangalore was supposed to come online on Q4. So, can you just let me know what is the status? Hosur, you have already explained in the call. But for Bangalore and Decoplast, when can we expect these capacities to come online and supplies to start?

And my second question is on your slide, in your presentation, you have mentioned a particular slide on kit value where you have specified that the future kit value could be 5x to 8x, especially for PVs. So by when can you expect this development? And what is the time frame that you're looking at for this expansion in kit value?

Sanjay Thapar: Yes. So, last question first. So, this kit value fundamentally has increased because of our focus on the display business that we have. And I mentioned earlier in the call, early FY28 is when we expect revenues to start coming. So, this kit value is the sum total of the individual products that we have to offer in terms of value.

And what is it? It doesn't mean that we supply this to all the customers. But in our portfolio, we have products which total up to what. So, that's what we said. So by early FY28, we should be that 5x to 8x from what we originally said in our DRHP when we went public. So, that is the base year from which we compute how many times has our kit value increased.

The second question was on capacity. So the new plant at Pune is complete for the chrome plating facility that we've added, where we are doubling capacity there. And so the plant is just in the final stages of commissioning. There are some trials, et cetera, that need to be done to validate everything. We are already winning businesses. We are at close to our hit rate in terms of the number that we want to reach FY27, as I said. We are sweating assets. We have auxiliary



capacity outside at dedicated suppliers who are working for us. So, this will continue seamlessly. The new plant, as I said, is being focused primarily to say that what new customers can we add and what export business can we target out of that plant. So, we are on track. The business development activity is ongoing. We are already in discussions with customers to book that capacity. So it is progressing well. Coming back to Bangalore, there were opportunities both for exports and for the major Indian customer that we added. So, already the equipment has been ordered. It is installed and we are shipping parts out of those. So the capacity is created.

There are some additional modifications that we are doing at that plant. So, this will be done. By the end of this quarter, we will have this plant fully ready. I mean it's not a new plant. It is an extension of the existing facility, the parent plant that we have in Bangalore. And by the end of this quarter, that should be completely ready. But the production equipment is already installed. So, our capacities are already in place.

Jigar Jani: So sir, according to earlier conference calls, I think INR45 crores was the expansion in Bangalore and INR100 crores for the chrome plating plant. INR145 crores was supposed to be spent on both these plants, but we have spent only INR80 crores, if I'm not wrong, the CFO sir just said. So, majority of this will happen in Q1?

Mahendra Naredi: So, Jigar, it was orders and when the work has happened, it happened and there are some milestones to the contractors, right? So the payment flow as per the contract as per the milestone and there are some milestones also happened, which is kind of a 6 month or 1 year later by seeing the set of parameters. So the work is happening. Don't go by the numbers for actual incurs. But the work is happening, as Mr. Sanjay Thapar updated, we are in the last stage of commissioning.

Sanjay Thapar: So the payments terms, of course, depend on that satisfactory completion, proving of the plant, etcetera. So, that is a commercial deal that we've done separately. But as far as the operational capacity goes, that I said is in the final stage of commissioning. And for Bangalore, the machines of the production equipment is already yielding results in terms of increased revenue. So it's just a matter of releasing those payments to get that accounted for. That's it.

Jigar Jani: I understood. So it's timing difference?

Sanjay Thapar: Yes.

Moderator: Next question is from the line of Lokesh Manik from Vallum Capital.

Lokesh Manik: Sir, while pitching to a new client or you're sourcing new business, is there a minimum order value or volume that you look at when targeting new customers or within the existing customers, new programs for that matter?

Sanjay Thapar: So, our lens to look at any new customer that we onboard is what can it be? So, obviously, all things start small. It's not that he's going to give you a INR100 crores order when you start pitching for a new business. But it is our judgment call that we say that, okay, how many plants does this customer have?



What is the reputation he has in the market? Where do we see our contribution being? What is the intensity of competition? Where do we think we can add value? And then we do a judgment call to say that, yes, this is a global customer. Just to tell you a lot of mega accounts that we built, we started very small.

So, Visteon, it was just 1 plant in India where we started with. And today, we are supplying to 10 plants across the world. Whirlpool Corporation, we started with just making overlays for them. We added multiple new products, and we are one of the few global suppliers that they have, that we supply not only to India, but all their other plants worldwide as well, a lot of their plants worldwide as well.

The way we look at it is that it is a start, but is there promise that we can enter this customer in a big manner, not just in India, but globally? So if I have a choice between a local Indian customer who has, let's say, a relatively small volume vis-a-vis a global player who I can supply to not just in India, but also across the world, then, obviously, the first priority will be for the global customers.

So, those are those basic rules that we follow when we select that which customer to go into. There's no absolute number to say that whether it should be a INR5 crores business or a INR10 crores business. More important is that in 5 years, can this be a large enough customer, so that we are happy allocating resources to develop products for them.

Lokesh Manik:

Understood, sir. Sir, my second question is a clarification. What are the programs -- like you mentioned capex programs across 3 divisions, so which of these are coming online in FY27? And also the Decoplast program, that is similar to or that is the plant at Hosur, which has been commissioned. If you can just give this clarification?

Sanjay Thapar:

Sure. So, Decoplast is what was earlier called Exotech for us. That is in Ranjangaon, Pune. So, we have 1 chrome plating and painting facility in Pune already. This plant is hardly 2 kilometers, 3 kilometers away from that plant. And this is a greenfield plant that we set up, which will double our capacity for chrome and painting. So, that's the plant that I said is in final stages of commissioning. And of course, all the billing, et cetera, should be done.

So in FY27, obviously, everything will be settled. Even for the plant at Bangalore, that we are expanding the current SJS plant, all that also will be done in FY27. The Hosur plant is a leased facility where we have close to about 97,000 square feet of the plant is absolutely ready. The equipment is on order. So that investment also should be done within FY27. So, all these 3 initiatives, we should complete capex in FY27.

Moderator:

Next question is from the line of Khush Nahar from Electrum PMS.

Khush Nahar:

So, couple of questions. Sir, first, with Hero, are we already in discussions for other products since it's been around 9, 10 months since you started the SOPs for them?

Sanjay Thapar:

Yes, we are in discussions.



- Khush Nahar:** And accordingly, we have capacities for that, which is the SJS Bangalore facility, the capex that we're doing, right?
- Sanjay Thapar:** Yes. We proactively build capacity so that when we pitch for a business, we have all the capability to support that additional business that we target.
- Khush Nahar:** Right. And sir, on the display side, I just wanted one clarification over here. We'll be manufacturing the optical glass and then doing the optical bonding for all 3 of them, right? Or is it only the bonding part that we'll do?
- Sanjay Thapar:** No, no. So let me explain that process to you. So, there is an optical bonding of the TFT screen with the cover glass so that cover glass will get bonded. This is Phase 1. Phase 2 is we will make the cover glass ourselves. So, that is getting raw glass, machining it, printing it and then even coating it. So, there are specialty coatings, which are anti-reflection, anti-glare, anti-fingerprint. So, we will do all of that. And we will bond all these together. And the third element here is the backlight and it is our ambition to also do the backlight. So, SJS will be a fully integrated facility for the display in India. Except for the software, we will do all the hardware part for the display.
- Khush Nahar:** Right, sir. And just one follow-up on that. Are we in discussions already in terms of business development and onboarding customers or is it more sampling post the machines only once we get it?
- Sanjay Thapar:** No, no, no. So, we are already in discussions in very advanced stage of discussions. There are some businesses that we are jointly discussing with BOE. So, we are very, very hopeful and confident that we will start supplies out of this plant, as I've mentioned in early FY28.
- Khush Nahar:** And sir, capex is INR40 crores for the plant, right, INR40 - 50 crores?
- Sanjay Thapar:** So, we said that glass is about INR40 crores. And for the display, we added another INR25 crores. So, roughly ballpark number about INR65 crores on that investment.
- Moderator:** Ladies and gentlemen, due to time constraints, we'll take that as the last question for today. I would now like to hand the conference over to management for closing comments. Over to you, sir.
- Devanshi Dhruva:** Yes. I would like to thank everyone for joining on the call. I hope we have been able to respond to all your questions adequately. For any further information, we request you to please do get in touch with us. Stay safe, stay healthy, and thank you once again for joining with us. Have a good week ahead.
- Moderator:** Thank you. On behalf of IIFL Capital Services Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.
- Devanshi Dhruva:** Thank you.