



# S.J.S ENTERPRISES LIMITED

Q3FY22 EARNINGS PRESENTATION

# Disclaimer

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# Today's Presenters



**K A JOSEPH**  
Managing Director

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



**SANJAY THAPAR**  
Executive Director & CEO

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



**AMIT KUMAR GARG**  
Chief Financial Officer

- Previously was at Markets and Markets Research Private Limited, NIIT Technologies Limited, American Express (India) Private Limited, and Fidelity Business Services India Private Limited
- MBA from the Massachusetts Institute of Technology, Associate of the Institute of Chartered Accountants of India; B.Com from the University of Delhi



**DEVANSHI DHRUVA**  
Head-Investor Relations

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

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# About SJS Enterprises

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# Timeline of Key Events



**1987**

**Started as a partnership firm** – SJS Enterprises

**2006**

**Joint Venture with Serigraph**, a US based commercial printing player



**2010**

**Entry into new product lines** in segments such as 3D lux badges



**2015**

**Acquisition of majority stake** by Evergraph



**2016**

**Entry into new product lines** – aluminium badges

**2018**

**New manufacturing facility** commissioned with 235,000 sq.ft. area  
Entry into IMD/IML parts



**2020**

**Entry into new product line** – formed applique segment

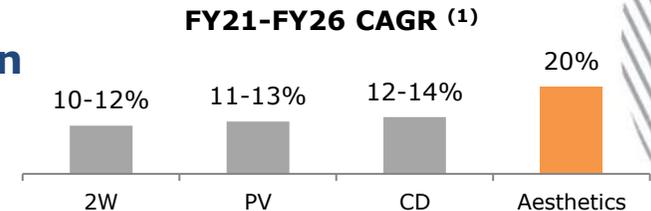
**2021**

**Acquisition of Exotech Plastics**  
Entry into chrome plating

# S.J.S Enterprises Limited : A Snapshot

**1** One of the leading <sup>(3)</sup> players in Indian decorative aesthetics industry which has faster than underlying industry growth <sup>(1)</sup>

**Rs 2,657.51 Mn**  
9MFY22 Revenue <sup>(2)</sup>



**11** product categories\*; Added chrome plated parts to portfolio

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

Widest range of products<sup>[4]</sup> with presence across traditional and premium products

**3** “Design” to delivery” aesthetics solution provider



**~115 Mn** Total parts supplied

**~6,000** SKUs

**20** Countries exported to

Strong manufacturing footprint and global distribution capabilities

**5** Long-standing customer relationships

**~160+** Customers (as on 31<sup>st</sup> Dec 2021)

**~15 yrs** Average length of relationship with 10 largest customers

# 1 Leading player in a growing industry....

## Aesthetic industry expected to see growth

**Very large global market\***

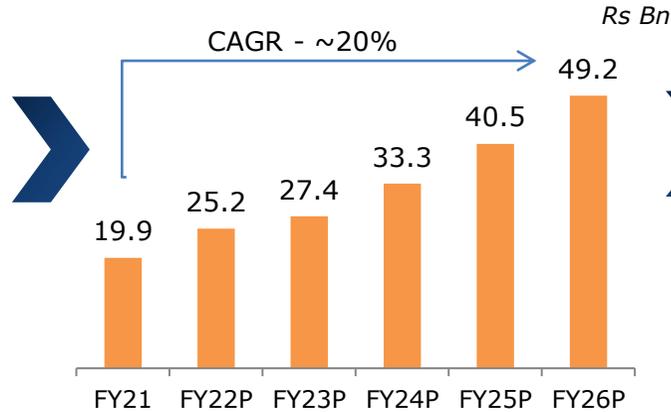
PV market of US & EU (incl. UK) - 2019



**Indian Market (FY21)**

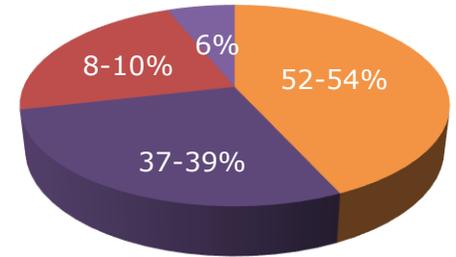
INR 19.9 Bn

**Indian Aesthetic Market (1)**



## Split across key end segments (1)

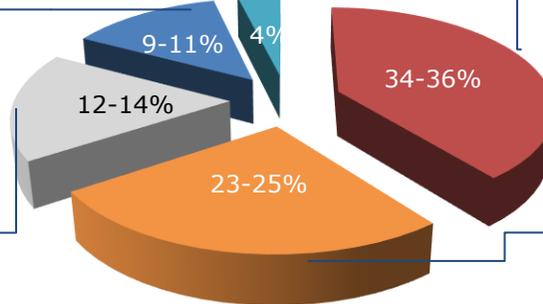
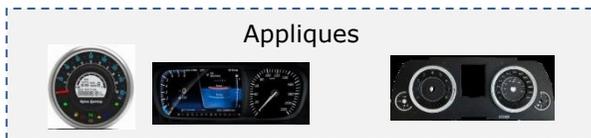
**9MFY22**



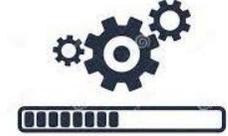
Legend: 2W, PV, CD, Others

## S.J.S well placed to serve demand across products

**Aesthetic market across products 9MFY22**



# 1 ....with key tailwinds in place



**GROWTH IN END SEGMENTS**

(FY 21 – 26P CAGR : 10-14%)<sup>(2)</sup>

**FASTER GROWTH THAN UNDERLYING SEGMENTS**

(FY 21 – 26P CAGR : ~20%)<sup>(3)</sup>

**SHIFTING PREFERENCE TO PREMIUM PRODUCTS**

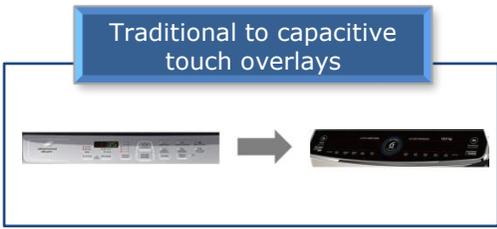
## Well placed to serve transition from traditional to premium products

**Leading player with both traditional & Premium products**

- Traditional Products**
- Logos
  - Decals
  - Stickers/ aluminum badges
  - Chrome plated parts
  - 2D Dials
  - Traditional Overlays



- Premium Products**
- 3D Dials
  - Capacitive Overlays
  - IML/IMDs
  - Optical Plastics



(1) As per CRISIL Research  
 (2) Growth of 2W, PV and Consumer Durable respectively  
 (3) Growth of Domestic Aesthetics Market

# 2 Widest product portfolio.....



**Decals & Body Graphics**



**Overlays**



**Logos (3D Lux & Domes)**



**2D & 3D Appliques & Dials**



**Lens Mask Assembly**



**Chrome Parts / Painting**



**In - Mould Labeling**



**Optical Plastics**



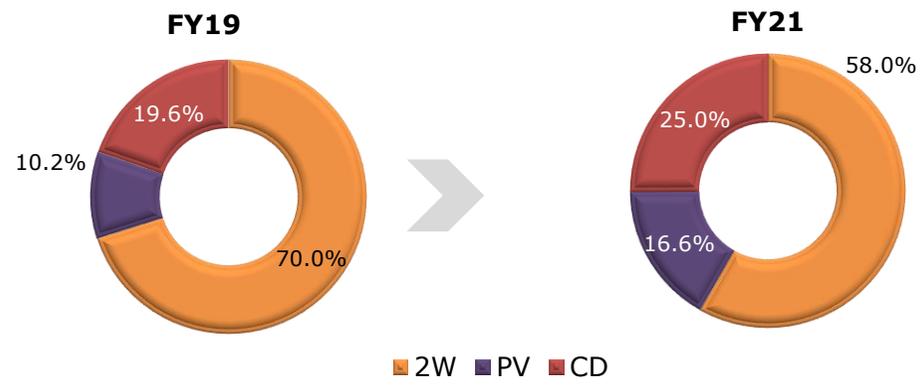
**Aluminium Badges & Electroform Badges**



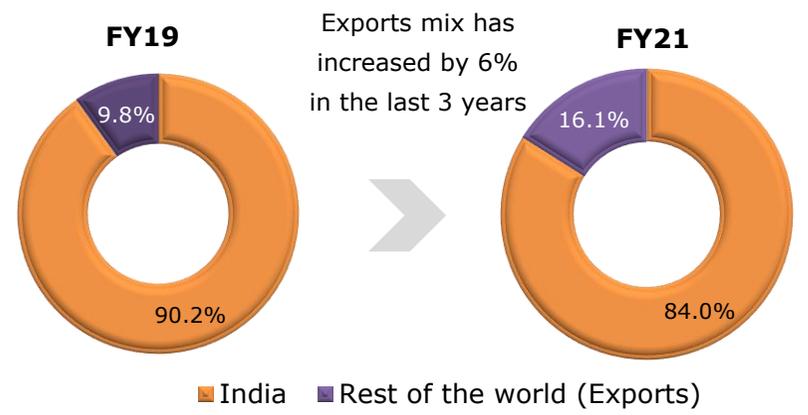
**Aftermarket - "Transform"**

## 2 .....with a well diversified revenue mix

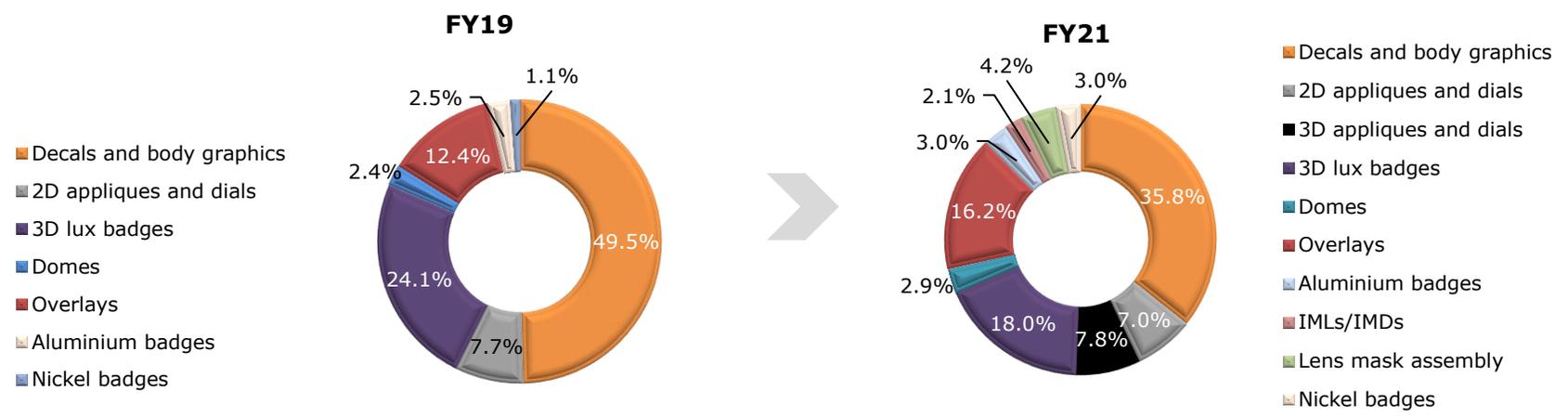
### Revenue (By End Segment)



### Revenue (By Geography)



### Revenue (By Products)



Note: 1) Percentages rounded up to one decimal place; 2) Revenue split for FY19 and FY21 is for SJS standalone

3

## Focused on innovation with strong new product design and development capabilities



# 40+

# personnel for NPD representing 9.43% total on-roll manpower



# 5

new products introduced in the last few years



**Dedicated team** working on design, development and prototypes of new products

### Design & co-develop with customers

- Designers **conceptualize and co-develop** new designs for customers at the **design studio within Bengaluru facility**
- Possess **in-house design, development and engineering capabilities**
- **Exotech** also has a design department which includes **computer-aided-design ("CAD") engineers, program managers and tooling managers** to manage any new product lifecycle



### Standard New Product Development process

5 Phase process for NPD

1. **Planning and Design**
2. **Product Design & Development**
3. **Process Design & Development**
4. **Product & Process Validation**
5. **Feedback Assessment & Corrective actions**

# 4 Strong Manufacturing Capabilities\* ...

Facilities equipped with sophisticated equipment to enable application of new techniques

**Design Studio**



**Decal Shop Floor**



**Decal Post Print**



**Plating Shop**



**Dial Shop Floor**



**IMD Shop Floor**



**Quality Inspection**

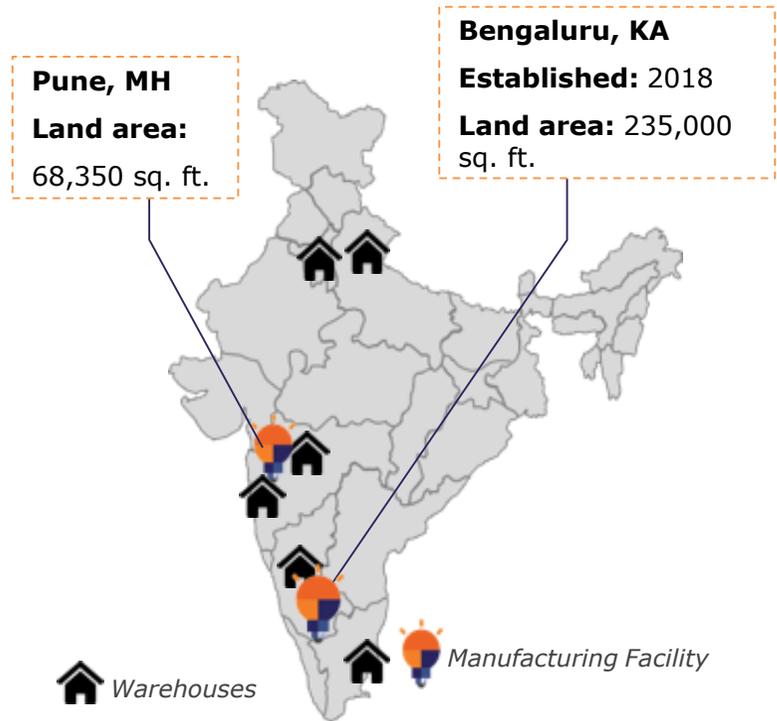


**Moulding Shop**



\*Plant located in Bangalore and Pune

# 4 ... with high quality standards and recently enhanced capacity...



**Flexible facility**

- Bengaluru facility is flexible allowing to **interchange capacity and product mix** based on customer and operational requirements
- **Optimize machine productivity and operational efficiency**

**Recent Capex and future expansion**

- **Recent capex in 2018 and 2019 in Bengaluru facility** to increase its capacity to 208.61mn products
- **Bengaluru facility has additional land** to undertake further expansion, if required

**Both Plants are IATF & ISO Certified**

**BLR Plant is LEED Gold certified by US Green Building Council**

**BLR facility meets ISO class 7 dust free clean room specifications**

\* Calculated as installed Capacity minus Actual Production

4

## ...supported by an established global supply chain and delivery mechanism



30+ personnel  
in Sales &  
marketing



Products weigh  
less and are easier  
to transport

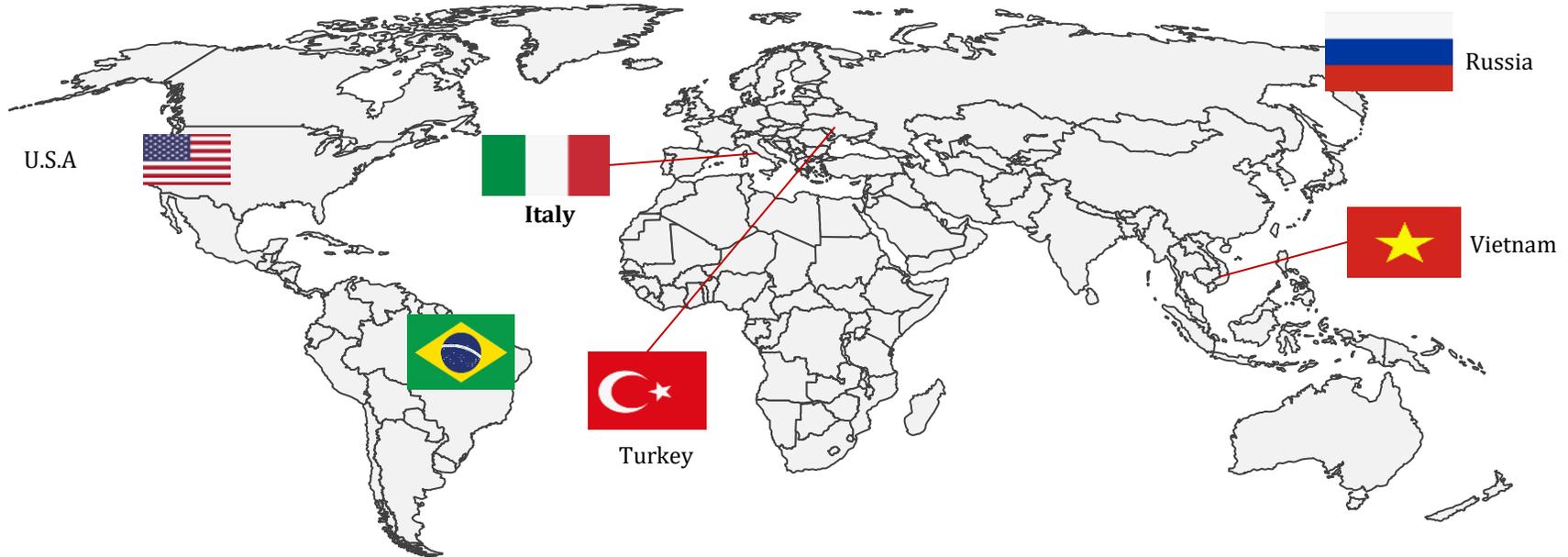


2 manufacturing  
plants & 7  
warehouses



Serving ~160+  
customers in ~90 cities  
across 20 countries

### Just-in-time delivery schedules for customers across geographies



# 5 Long Standing Customer Relationships

## Key customers

Type	Select Customers
Auto OEMs	       
Tier 1 Auto Component suppliers	 
Consumer Durable Players	    
Others	 

Relationship with **10 largest customers** (FY21 Revenue) averaged **~15 years**



**Collaborative design and product development** approach and high product quality



**"Design-to-delivery"** aesthetics solutions with the **use of sophisticated equipment** and application of **new techniques**



**Pursue cross-selling opportunities** and seek to **expand new product lines and geographic areas** with the customer

# Experienced and Qualified Management Team

## K A Joseph

*Managing Director – Promoter & Co-founder*



- ❖ More than 34 years of experience in aesthetics printing business
- ❖ Leads the manufacturing operations for the Company and has spearheaded technological and product innovation over the years
- ❖ Also, a director on the board of Exotech

## Ramesh Chandra Jain

*Non-Exec Chairman & Independent Director*



- ❖ Worked for 25 years in Eicher & retired as group vice chairman
- ❖ Received the Society of British Aerospace Companies Prize in Aircraft Production ,1972-73 from the Cranfield University,

## Board of Directors

## Sanjay Thapar

*Executive Director and CEO*



- ❖ Over 30 years of experience in the auto industry
- ❖ Previously Group Chief Strategy Officer with Ashok Minda Group; MD of Minda Valeo Security Systems

## Kevin K. Joseph

*Executive Director*



- ❖ Holds a bachelor's degree in mechanical engineering
- ❖ Previously worked with Tata Elxsi Limited as a senior design engineer

## Matthias Frenzel

*Non-Executive & Independent Director*



- ❖ Previously worked with Visteon Electronics Germany GmbH, S-Y Systems Technologies Europe GmbH and Johnson Controls GmbH

## Vishal Sharma

*Nominee Director*



- ❖ MD - investments and operations with Everstone Capital Advisors Private Limited
- ❖ Previously worked with BCG India <sup>(1)</sup>; Sapient Corp (now known as Publicis Sapient)

## Kazi Arif Uz Zaman

*Nominee Director*



- ❖ Ex-MD – private equity with Everstone Capital
- ❖ Presently a partner of GestAlt Network LLP

## Veni Thapar

*Non-Executive Independent Director*



- ❖ Presently a partner of V K Thapar & Company, Chartered Accountants
- ❖ Was on the board of Bank of India as a part-time, non-official director under the CA <sup>(2)</sup> category

## KMPs

## Amit Kumar Garg

*Chief Financial Officer*



- ❖ Previously was the CFO of Markets and Markets Research Private Limited and NIIT Technologies Limited

## R. Raju

*Chief Marketing Officer*



- ❖ Has over 22 years of experience in the field of marketing; Previously worked with ITW India Limited, ITW Signode India Limited etc.

## Sadashiva Baligar

*Chief Operation Officer*



- ❖ Previously worked with Motherson Automotive Technologies, Automotive Manufacturers (Malaysia) SDN BHD, Toyota Kirloskar etc.

<sup>(1)</sup>BCG India – Boston Consulting Group (India) Private Limited; <sup>(2)</sup> Chartered Accountant

## Awards & Recognition

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In Sep 2021 SJS was awarded by Great Place to Work among Top 50-Mid size India's best Workplaces for Women 2021



**Top 50 | Mid-size  
India's Best  
Workplaces™  
for Women  
2021**

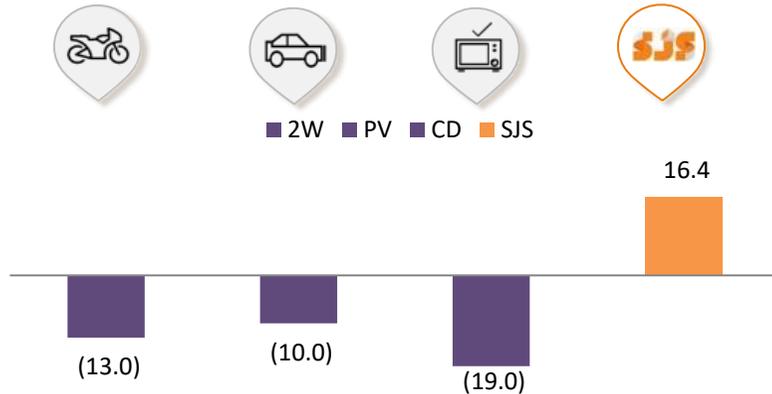
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# Financial Performance

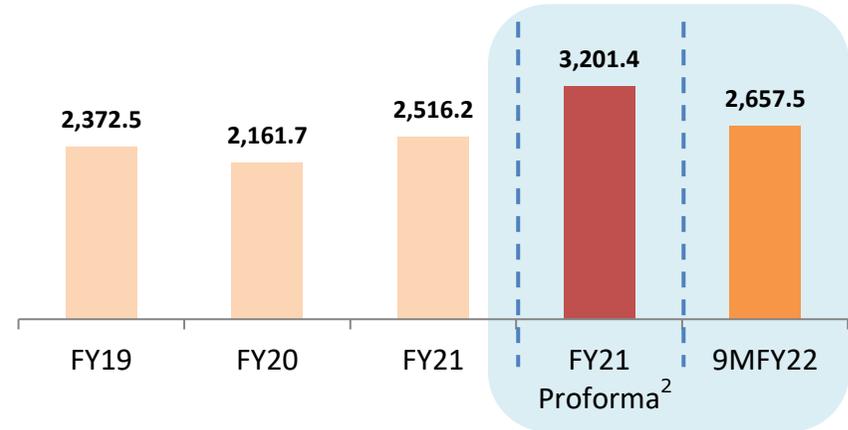
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# Financial performance.....(1/2)

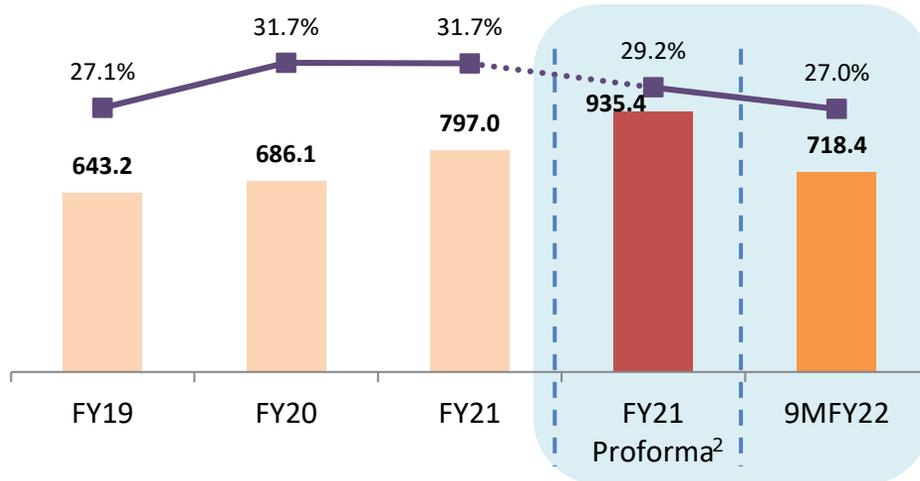
SJS continues to grow ahead of industry growth in India (FY20-FY21)<sup>1</sup>



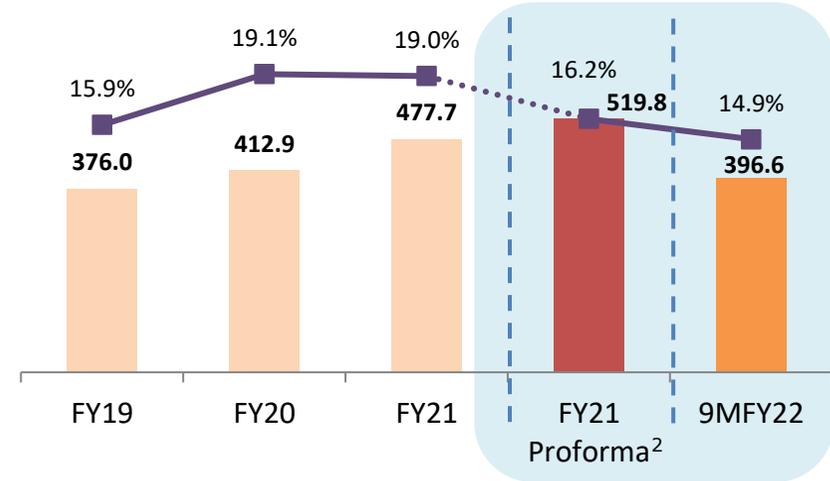
Revenue from operations (INR Mn)



EBITDA (INR Mn) & EBITDA Margin



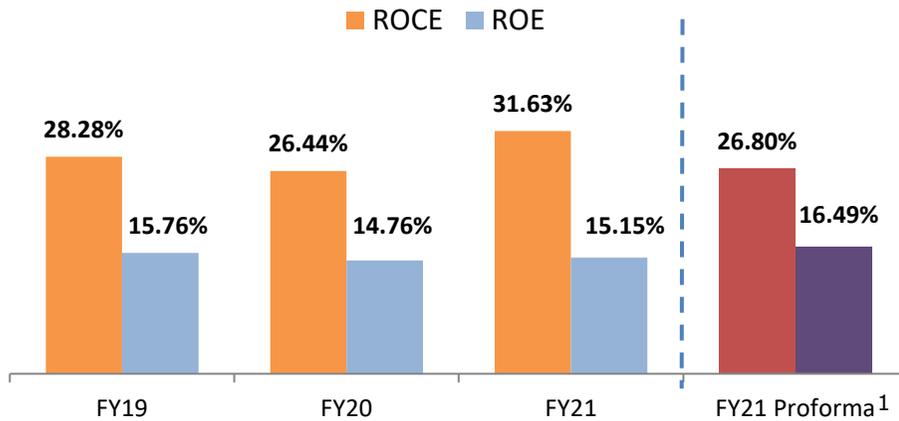
PAT (INR Mn) & PAT Margin



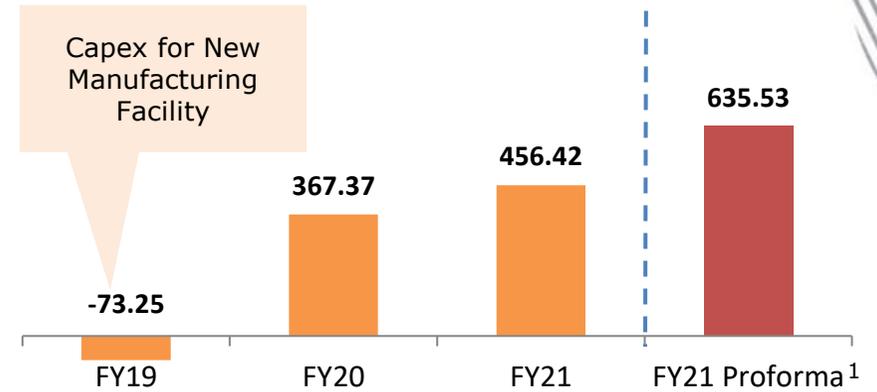
Source: 1) Domestic production for respective industries as per CRISIL Research; 2) FY21 Proforma numbers onwards it is Consolidated financials (including Exotech financial performance)

# Financial performance.....(2/2)

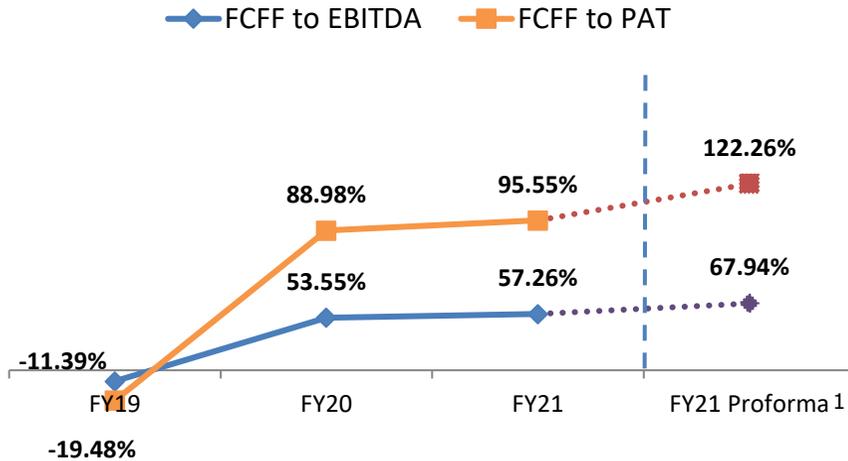
## ROCE & ROE (in %)



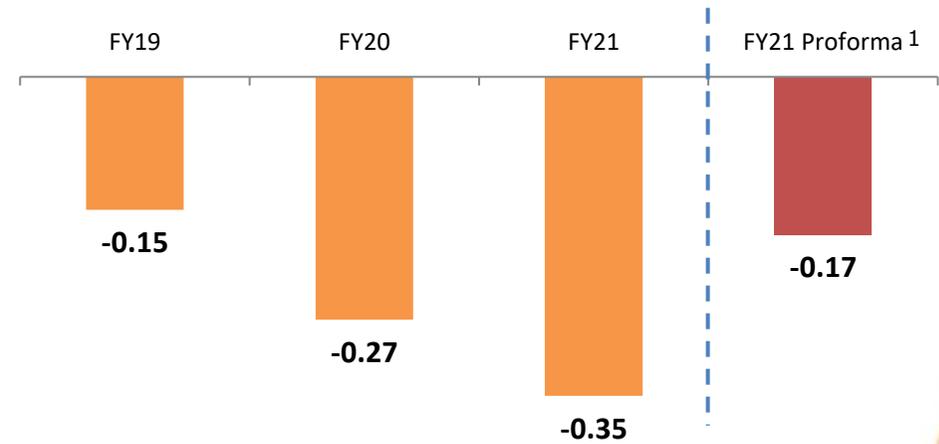
## FCFF (INR Mn)



## FCFF to EBITDA & FCFF to PAT



## Net Debt to Equity (x)



Note: 1) FY21 Proforma numbers is Consolidated financials (including Exotech financial performance)

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# Q3FY22 Business Highlights

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# Q3FY22 Industry Trends & Business Highlights

## Industry Headwinds

- Domestic PV industry sales volumes declined by 15% yoy led by supply chain disruptions
- Domestic 2W industry sales volumes were down by 25% yoy as retail sales remained weak due to sharp increase in cost of ownership of 2W and supply chain issues
- Automotive sales in India recorded lowest numbers in 10 years this festive season
- Major OEMs reduced productions as their semiconductor chip supplies have dried up

## Improvement from mid 2022 onwards

- Pressures of rising demand, but supply remaining as-is, the global chip shortage conundrum may continue this year, with some improvements to be seen from mid-2022 onwards
- Some large chip manufacturers in U.S. and Europe are expanding their manufacturing capacity, which may aid in the recovery of the automotive industry from mid year

## Business Highlights for the Quarter

- We are an aesthetics company and a **play on premiumization**. We have **outperformed the industry** and will continue to do so as in past
  - One of the projects is for a major 2W Electric Vehicle (EV)
- **Strengthening our sales force** in the international markets of **Turkey, Brazil & Argentina**

# Executive Summary – Consolidated

## Q3FY22 Performance

**Revenue at Rs 918 mn,** witnessed ~9% QoQ decline, while 2W and PV industry productions declined at 23% & 12% YoY & auto industry faced the worse festive season in last 10 years

**EBITDA at Rs 264 mn,** maintained QoQ, despite lower sales, on back of operational efficiencies.  
**Strong margin expansion of 190 bps QoQ to 28.8%**

**Net Profit at Rs 149 Mn,** QoQ margin expansion of 91 bps to 16.2%

## 9MFY22 Performance

**Robust revenue performance at Rs 2,658 mn,** despite challenges in auto industry & supply chain issues of semiconductor chips

**EBITDA at Rs 718 mn on a robust margin of 26.9%;** marginally impacted due to hiring at senior management level & ESOPs related cost at SJS

**Net profit at Rs 397 mn,** with a healthy margin of 14.9%

# SJS - Strategic Roadmap for sustained growth (1/2)

## 1 Exports

### Increase geographical footprint and increase exports

- Increase presence in existing geographies and enter new geographies based on current customer relationships
- Benefit from growth opportunities in certain select international markets, particularly in Europe and North America
- Focus on expanding our penetration in the two-wheeler automotive segment in Asia

## 2 Product

### Focus on development, introduction of new technologies & advanced aesthetic products

- Intend to develop and introduce IMEs and internet of things (IOTs) enabled solutions
- Continue to enhance product styling, customization, design and development capabilities
- Continue to build capabilities to innovate and develop new products, increase the application of current products across industries to proactively address evolving customer preferences

## 3 Inorganic Growth

### Expand our business through strategic inorganic growth opportunities

- Continue to evaluate, and selectively pursue, inorganic opportunities where products, resources, capabilities, operations and strategies are complementary and
- that will diversify product portfolio, provide access to a wider customer base, help expand into new markets and geographies and consolidate existing capabilities

## 4 Customer

### Increase our share of business with existing customers and acquire new business

- Strengthen relationships with existing customers & explore opportunities to expand the array of existing products
- Continue to increase customer base by marketing existing products to new customers
- Cross selling opportunities to existing customers of Exotech and vice versa

**Increase in premiumisation will lead to rapid growth in aesthetics market**

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# THANK YOU

## **IR Contact**

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