SJS Enterprises Limited

Q1FY27 Earnings Conference Call

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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. Munindra Upadhyay – Elara Securities

Moderator: Ladies and gentlemen, good day and welcome to the SJS Enterprises Limited Q1FY27 Earnings Conference Call hosted by Elara Securities India Private 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 "*" then "0" on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Munindra Upadhyay. Thank you and over to you, sir.

Munindra Upadhyay: Thank you, Anushka. Good day, everyone. On behalf of Elara Securities, I welcome you all to the Q1FY27 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, and 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, Munindra. Good afternoon, ladies and gentlemen, and thank you for being with us over the call today. We appreciate it. Moving on, this is how we intend to take today's conference call forward. I will pass on the dais to Mr. K. A. Joseph – our MD, 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 exchanges as well as on our website.

Mr. Thapar will take you all through the industry-view, our business performance, and then give a strategic outlook for the future 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 that 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 email 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 comment. Over to you, Joe Sir.

K.A. Joseph: Yes, thank you, Devanshi, for the introduction. Good afternoon, everyone and thank you for joining us today. I hope you all had the opportunity to review our investor presentation and the financial results announced yesterday.

The Indian automotive industry maintained a healthy growth trajectory during the first quarter of FY27, supported by resilient demand across both passenger vehicle and two-wheeler segments. Structural trends such as premiumization, increasing content per unit, and growing consumer preference for differentiated products continue to shape the industry landscape. These trends reinforce the long-term opportunity for companies like SJS with differentiated capabilities in aesthetics, design, and value-added solutions.

Against this backdrop, SJS delivered another quarter of industry-leading performance, marking our 27th consecutive quarter of outperforming the underlying automotive industry. During the quarter, our automotive business registered a year-on-year growth of 32.4%, significantly ahead of the 21.7% growth recorded by the combined passenger vehicle and two-wheeler industry. The strong performance reflects the resilience of our diversified product portfolio, deepening engagement with OEM customers, and our continued focus on expanding premium content across vehicle platforms.

We delivered our highest-ever quarterly revenue of Rs. 2,610 mn, representing a year-on-year growth of 24.5%. This performance was driven by a robust 45.4% year-on-year growth in the passenger vehicle segment, supported by sustained momentum in the two-wheeler business and a strong contribution from exports. The quarter also marked our highest-ever quarterly profitability since listing. Alongside our revenue growth, we delivered healthy profitability, supported by a favorable product mix, higher export contribution, and sustained operational excellence.

Strong cash flow generation and healthy cash position continue to provide us with financial flexibility to invest in capacity expansion, pursue strategic growth initiatives, and evaluate value-accretive opportunities. Looking ahead, we remain focused on deepening consumer partnerships, accelerating development of next-generation products and technologies, backed by continued investment in innovation, manufacturing capabilities, and technology. We believe SJS is well-positioned to sustain its growth momentum and create long-term value for all our stakeholders.

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, everyone.

I am pleased to share that our company has delivered yet another quarter of strong operational and financial performance, underpinned by resilient customer demand, sustained business wins, and our continued focus on premium and technology-led solutions. We once again outperformed the underlying automotive industry while delivering our highest ever quarterly revenue and profitability since listing. This reflects the strength of our diversified business model and disciplined execution.

Let me begin by highlighting some of the key developments for the quarter:

In Q1FY27, the combined passenger vehicle and two-wheeler industry recorded a year-on-year growth of 21.7%, while SJS automotive business grew by 32.4%, outperforming the industry by approximately 1.5 times. This performance was driven by a robust 45.4% year-on-year growth in the passenger vehicle segment, complemented by a healthy 19.5% growth in the two-wheeler segment, and a strong performance on export front, demonstrating the increased adoption of our differentiated product portfolio across leading global OEMs.

We reported our highest ever quarterly revenue of Rs. 2,610 mn, representing a year-on-year growth of 24.5%. EBITDA increased to Rs. 799.6 mn, with EBITDA margin expanding to 30%, supported by a favorable product mix, higher export contribution and sustained operational excellence. Profit after tax reached a record Rs. 744.2 mn, registering a year-on-year growth of 115%, with PAT margin improving to 28.5%.

Healthy cash flow generation during the quarter further strengthened our balance sheet, reinforcing our net cash position and providing financial flexibility to support our long-term growth agenda. The company also secured new orders from leading customers, including Mahindra and Mahindra, Tata Motors, TVS, Autoliv, Royal Enfield, Skoda, John Deere, Hero MotoCorp, amongst others, during the quarter.

SDPL won new businesses with Tata Motors, while Walter Pack won new businesses with Mahindra, underlining our strategy of increasing cross-selling opportunities going ahead. We also achieved several important strategic milestones.

- The Board has approved setting up a wholly-owned subsidiary for the cover glass and display business.
- Further reinforcing our commitment to innovation, our in-house R&D Centre received recognition from the Department of Science and Industrial Research, DSIR, the Government of India. This recognition validates our technology-led approach and strengthens our ability to develop differentiated products that address evolving customer requirements, while enhancing our competitive positioning.
- In August 2026, we also commenced commercial operations of the new SJS Decoplast manufacturing facility in Pune, further expanding our manufacturing capacity and creating additional capacity to support future customer programs and business growth.

Our export business continued to deliver strong momentum, registering a year-on-year growth of 83.2% and contributing 9.8% of our consolidated revenue. We remain focused on expanding our global footprint through deeper engagement with existing customers, addition of new global OEMs and an expanding portfolio of premium products.

Sustainability continues to remain an integral part of our long-term strategy. During our ESG initiatives, we remain committed to creating value beyond business performance. During the quarter, our employees planted more than 3,850 tree saplings across Nadaprabhu, Kempegowda Layout in Bangalore and Government Schools in Karpanahalli and Mylappanahalli, Hoskote. Along with these community initiatives, we continue to strengthen our environment performance through responsible manufacturing practices, improving resource efficiency and sustainable operations across our facilities. These efforts underscore our commitment to create long-term value for all stakeholders while contributing to sustainable and inclusive growth.

SJS has received a strong ESG rating of 75.6 from CareEdge, underscoring our leadership position in the ESG risk management domain, supported by best-in-class disclosures, policies and performance. The company's commitment to excellence has been recognized by leading customers such as Ather, Royal Enfield, Motherson, reflecting the trust and confidence they place in our capabilities. Adding to this achievement, our CFO, Mr. Mahendra Naredi, was honored with the "Financial Visionary Award" and "The CFO Trailblazer Award" at the "CFO Vault Summit and Awards 2026", recognizing his outstanding leadership and contribution towards financial excellence.

Looking ahead, we remain committed in the growth of opportunities before us. Our strategic priorities continue to be centered on expanding our product portfolio, increasing premium content per vehicle, strengthening customer partnerships, accelerating export growth and further enhancing our manufacturing and technological capabilities. Supported by a healthy order book, recent capacity expansion and sustained investments in innovation, we are well positioned to deliver profitable growth and continue outperforming the underlying industry over the long term.

With that, I would now like to hand over the call to Mahendra – our Group CFO, who will take you through our financial performance for the quarter.

I will return thereafter to share our strategic priorities and growth outlook.

Mahendra Naredi: Thank you, Mr. Thapar. Good afternoon, everyone. I will now take you through the financial highlights for the quarter. Slide #12 through #15 of our investor presentation provided a detailed overview of SJS consolidated financial performance.

For Q1FY27, the company reported consolidated revenue of Rs. 2,610 mn, representing a year-on-year growth of 24.5%. This performance was primarily driven by robust growth in the passenger vehicle segment, strong export momentum and sustained customer demand supported by a favorable product mix. EBITDA for the quarter stood at Rs. 799.6 mn, reflecting a year-on-year increase of 36.2%, with EBITDA margin expanding by 239 bps to 30%. The margin improvement was driven by a richer product mix, higher export contribution and continued focus on operational efficiencies. Profit after tax for the quarter stood at Rs. 744.2 mn, representing a growth of 115% over the previous year. This includes a one-time gain of Rs. 241.7 mn, arising from the sale of our Bangalore old facility, which was not in use since 2019. Excluding this exceptional item, adjusted PAT increased by a healthy 45.2% to Rs. 502.5 mn, translating into an adjusted PAT margin of 19.3%. Our highest profitability since the company's IPO. This demonstrates the underlying strength of our operating performance and the improving quality of earnings. Our portfolio continues to evolve towards higher-value and technology-driven products. New generation products contributed approximately 24% of consolidated revenue during Q1FY27.

Our revenue mix remained well diversified, with passenger vehicle contributing 44.6%, two-wheelers 36.6% and consumer appliances and others forming 18.8% of consolidated revenue. This balanced portfolio enhances the resilience of our business while providing multiple avenues for sustainable growth. Exports continued to gain traction during the quarter, growing by 83.2% year-on-year to Rs. 255.8 mn and contributing 9.8% of consolidated revenue. As both SJS Decoplast and Walter Pack India currently have predominantly domestic operations. Exports account for 9.8% of consolidated revenue at present. We remain confident of progressively increasing this contribution as our international business continues to scale.

Turning to the balance sheet:

It continues to remain strong, underpinned by healthy cash flow generation and a net cash position. Cash flow from operations for the quarter stood at Rs. 809 mn, which is 101.2% of EBITDA, and we generated free cash flow of Rs. 838 mn. Despite continued investments, we have maintained a robust returns ratio, with annualized ROCE at 37.2% and annualized ROE at 20.3%. Cash and cash equivalents as of June 30, 2026 stood at Rs. 3,380.8 mn, resulting in a net cash position of Rs. 3,287.7 mn. Taken together, this financial strength gives us the flexibility to fund capacity expansion, support strategic investments, and pursue selective value-accretive opportunities while maintaining a prudent capital structure.

With that, I would now like to hand the call back to Mr. Thapar, who will discuss our strategic priorities and growth outlook. Over to you, Mr. Thapar.

Sanjay Thapar: Thank you, Mahendra.

Moving to our outlook for future growth:

We remain confident in our ability to sustain a growth momentum, supported by a differentiated business model, strong customer partnerships, technology capabilities, and a consistent focus on operational excellence. Our proven track record of outperforming the underlying automotive industry reflects the strength of our diversified product portfolio, innovation-led approach, and our execution capabilities across automotive and consumer segments. As we continue to expand our solutions portfolio and strengthen customer engagement, we remain well-positioned to deliver sustainable growth ahead of the industry growth rates.

Innovation continues to remain a cornerstone of our long-term growth strategy. We continue to invest in advanced aesthetic and functional solutions, including optical cover glass, automotive display systems, illuminated logos, and in-mold electronics. These capabilities will enable us to enhance our value addition, content per vehicle, and strengthen our positioning as a preferred partner for differentiated and technology-driven solutions for leading OEMs. Strengthening our global presence remains a key strategic priority for us. We continue to focus on scaling our export business and remain committed to achieving export contribution of 14%-15% of consolidated revenue by FY28. This will be driven through deeper engagement with existing global customers and expansion into new markets and continued enhancement of our product portfolio. The commissioning of our new SJS Decoplast facility in Pune marks an important milestone in strengthening our manufacturing ecosystem and enhancing our capacity to support future customer programs.

Furthermore, the acquisition of the remaining stake in Walter Pack India, making it a 100% wholly-owned subsidiary, will enable greater operational alignment, enhanced technology integration with improved execution capabilities, thereby strengthening our position in the premium interior and technology-led decorative solutions. With a robust balance sheet, strong cash generation capabilities, and a disciplined capital allocation framework, we remain well-positioned to pursue both organic and inorganic growth opportunities that complement our strategic objectives and create long-term value. Given our current business visibility, healthy order pipeline, and execution capabilities, we continue to expect SJS to outperform the underlying automotive industry by 1.5x to 2x in FY27. We remain committed to delivering sustainable and profitable growth through continuous innovation, premiumization, operational excellence, and responsible value creation for all our stakeholders.

With that, I conclude my quarterly update. Thank you for your attention and we now open the floor for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. We take the first question from the line of Chandramouli from Goldman Sachs. Please proceed.

Chandramouli: Hi, good afternoon and thank you for taking my question. First question is just around the levels you had this quarter to manage margin. In this inflationary environment, it looks like EBITDA margin has been flat quarter-to-quarter, but gross margin has declined understandably by about 200 basis points quarter-on-quarter. So, I just want to understand what is the time frame that you expect it might take for you to pass on some of the higher input costs to your customers. That's my first question.

Sanjay Thapar: Yes, our margins have improved, they have not declined. So, anyway, coming back to your question. So, as we mentioned earlier, we have a very robust supply chain growth on the supply side of what we buy and pricing we get from our suppliers, as well as our ability to pass through any increase to our customers. So, typically, we performed well on that business. And while cost increase negotiations with customers are on, some of them have already come in. So, you see that in the fact that our EBITDA margin has improved in this quarter, despite global headwinds in commodity prices. Mahendra, you'd like to add anything?

Mahendra Naredi: Yes. So, the gross margin on quarter-on-quarter, I mean, Quarter 4 was 56.6%. And now we are 56.7%. If you see it, it is actually increasing by 0.1%. So, gross margin is up. On the raw material side, the question is about the recovery from the customer. So, that is the business we are into. Mr. Thapar already explained how we have terms with our customer to recover the increased raw material content from the customer. That is going on. Somewhere we have a lag for one quarter, or maybe two quarters. But we were able to maintain our gross margin with the lot of operational efficiency and the export and also the richer product mix.

Chandramouli: Got it. That's helpful. Just as a follow-up, what is the rough impact on profitability this quarter from higher input costs with 100 bps, 50 bps? Just want to understand what is the rough impact which could be offset in future as and when this possibly gets passed through to your customers?

Mahendra Naredi: That would be somewhere between 0.5% to 0.6%.

Sanjay Thapar: So, what's important to bear in mind, let me add to what Mahendra just said, that we remain a very profitable company. In the beginning of the year as well, at the end of last year, I guided that we will maintain margins. The guidance really was in the range of 27%-28% because we have a lot of new products and new technologies coming on stream this year. But what is important to note is in this quarter where there was a lot of headwinds, we have been able to manage our profitability reasonably well, thanks to all the factors that we just outlined a few minutes ago.

Chandramouli: Got it. That makes sense. That's helpful. My second question is just around the new Decoplast facility that you've just opened. Just want to understand versus the current capacity you have on Decoplast, how much additional capacity does this give you? And then over the next one or two years, based on the order books that you have, what is the rough utilization rate that you think you hit in the next couple of years here? Also just related to Decoplast, I think your overall company asset turn on fixed assets is north of two times. So, just want to understand on Decoplast side as well as new capacity matures, steady state, what is the sort of asset turn you'd expect there?

Sanjay Thapar: Yes, so our sales at SJS Decoplast have been growing very rapidly as all of you are aware. So, we've benefited on both counts. A - increased sale very rapidly. And B - this new capacity will add close to about 200 crs to 250 crs of additional revenue. So, our order book continues to be very strong. So, since the time that we acquired Exotech Plastics, we've already mentioned we've increased sales four times. We've improved EBITDA from 12% to 20%. So, we are extremely bullish on our prospects here. And we continue to see very, very strong demand. So, we are very optimistic on the gross prospects at SJS Decoplast. You had one more question on inventory?

Chandramouli: Asset turn.

Mahendra Naredi: You rightly said we are currently around two times. In the new facility, we expect to be between 2 to 2.5 times.

Chandramouli: Got it. And just following up on this, over what time frame is the Rs. 250 crore expectation for the new facility?

Sanjay Thapar: So, close to three years. So, what we mentioned was that we hope to double sales in the next 3 to 4 years. So, that is the plan that we have internally in the company.

Moderator: Thank you. We take the next question from the line of Pranay Roop Chatterjee from Burman Capital Management. Please proceed.

Pranay Roop Chatterjee: First question is on cover glass. Obviously, one of the updates was you are setting up a subsidiary. Is there any material updates since the last quarter around progress, timelines, in terms of whether the equipment are in place? If you can just give some color.

Sanjay Thapar: So, we had already mentioned last time that look, this new facility that we are setting up for Cover glass and Display, equipment is on order. It will be shipped and installed. And sales out of this new plant will come in Q2 of next year. This is what is for FY28. This is what we have guided and we are online to do that. The reason for setting up a separate wholly owned subsidiary primarily is to leave the door open. So, at the moment, we have a technical license agreement. And what we are looking at the potential of maybe moving forward, want to look at a joint venture, then it is much easier to invest in a new entity rather than get it in the parent company. So, that is the rationale why we've set up a wholly owned subsidiary. And plus, so essentially, to open the doors to expand this business in a very meaningful manner, because we see this as a very significant opportunity. And it is just prepping ourselves structurally to look at all possibilities as we expand this business in Display and Cover glass.

Pranay Roop Chatterjee: Got it. Is it fair to say that the right time for you to be able to sign something concrete with customers, even if it is like a soft agreement, the right time would be once you have the equipment in place, the customer audits it, it's tested. So, even visibility on orders will only come in in FY28, after the plant actually starts becoming operational. Is that the right understanding?

Sanjay Thapar: No, not really. As I have mentioned earlier, BOE is a global leader. They already are, you know, there's a phase of development that happens before supply starts. So, there are issues like Make in China, so the customer businesses are awarded already. Here, what we are looking at essentially is starting supplies of the assembled panels or displays from India. So, the customer award, the cycle that happens globally, you develop prototypes, the customer tests it, it likes it, prices are finalized. So, all that is in process that BOE is already handling. So, what we are looking at really is doing that activity in India. So, serious supplies will happen from India, from the SJS plant, that is the target.

So, it is proceeding as per schedule. As and when the customer, typically when the development has started, the customer is not in a hurry to release purchase order in advance. But yes, once the plant gets installed and there will be PPAP runs that do, that is the typical qualification process of an OEM for local assembly in India, that would require customer approval. And around that time, we will expect to get a formal purchase order from the customer, from the final customer. That's it.

Pranay Roop Chatterjee: Sir, if I am a Mahindra, let's say, and I am looking for a new supplier for the cover glass and display, the entire product, who am I going to be speaking to? Will I be speaking to you or will I be speaking to BOE or will I be speaking to both? The reason I ask this is because while you do not have a track record, BOE has an excellent reputation and scale globally in this. So, isn't it going to be much, much easier and faster if BOE is the main guy who is collecting the orders, and then you are simply executing those orders? Will the ramp up be much faster?

Sanjay Thapar: That is absolutely right. Your understanding is correct. So, BOE, I mean, at the moment, SJS is starting the business. So, the reason for getting a technical license agreement is that BOE will be the partner who will be involved in the technical phases of development. So, that already is being led by BOE. The localization in India, the local assembly in India will be done by SJS. So, to that sense, in terms of timeline of when will India's supply start, that is a conversation that is done in a tripartite manner, the customer, BOE and SJS. But all the development phase discussions or technical discussions are done by BOE. So, that is exactly what we are doing.

Pranay Roop Chatterjee: Understood, sir. So, I have one final question, if you may allow so. On exports and Walter Pack, in both these businesses, we have been in a tight range of revenues for the last four quarters. In Walter Pack, from what I understand, we were waiting for new business to ramp up because the tooling takes time. And on the export side also, while we had started supplies and reached 25 crs quarterly run rate to a couple of large customers, when do you expect in both these segments to again start ramping up from the latest quarter run rate? Do you have visibility? Has it already started? What is the right time to start?

Sanjay Thapar: Yes, there are some large businesses that are under discussion. So, we have a good pipeline of how this will happen. So, at the moment, our guideline or our target really is still to be 14% to 15% of our sales by FY28, that we still maintain. So, there are advanced discussions happening depending on the technology. So, there are multiple projects. So, it's not just one technology that we are talking about with customers when we look at exports. There are products that will come out of SJS, there are products that will come out of SJS Decoplast, and there could be some projects out of Walter Pack as well. So, it's a combination of all these. And we are in advanced stage of discussions. And typically these will fructify during the course of the year. So, we are on track.

Pranay Roop Chatterjee: And Walter Pack, sir?

Sanjay Thapar: What about Walter Pack?

Pranay Roop Chatterjee: So, when would we expect the new business to start after the tooling gets over, which has been the commentary for a couple of quarters?

Sanjay Thapar: Yes, so that is fundamentally a launch decision by the customer. So, there are new products that we are starting, we are looking at some businesses being supplied to customers in India, there are also exports happening out of India. So, I would not like to name the customer at the moment, because it is still, we can't discuss under development project. But we plan at Walter Pack to start supplies for some products in India. And that customer has global requirements also. So, we are gearing up to supply to global locations out of India. So, whether the customer will want us to ship directly, or they will consolidate in India and distribute it across the world is still a matter of discussion. But the products, we are engaged with the customer to do development. And that is progressing well.

Moderator: Thank you. We take the next question from the line of Pradyumna Choudhary, from Bowhead Investment Advisors. Please proceed.

Pradyumna Choudhary: Yes, hi, congrats on a good set of numbers. My first question is, if I look at your revenue by end segment, there's a 4.3% contribution from others. So, what exactly is others in this?

Sanjay Thapar: So, revenue from others, like we mentioned two-wheeler, four-wheeler, and Consumer. And apart from that, we are also doing working with sanitary ware, electrical company, we are doing for medical industry. So, all put together, we are putting to the others.

Pradyumna Choudhary: And what sort of growth outlook do we have here? Because if I look at it, it's a consumer segment and others, which has been really lagging. Two-wheeler and passenger vehicle has been doing wonderfully well for us.

Sanjay Thapar: Look, when we look at growth at SJS, we believe in all-inclusive growth. As I mentioned many times earlier, we are not changing growth at the cost of profitability. So, you will recognize that while we have been showing year-on-year, quarter-by-quarter, outperformance of the industry by high growth at SJS, we've also been very mindful of the fact that we have a very sharp focus on profitability. And that is the reason why we've been able to maintain these profit margins for the last 26-27 quarters that we've been reporting results publicly. So, we take conscious calls during the course of the year to say what products are profitable and do we need to discontinue. Typical case in point, which I mentioned in my last earning call also was that consumer, we were doing some businesses where we felt that our capacity could be better utilized doing higher value-add products, which were more profitable. So, we took a conscious call, this was at Walter Pack, where we traded it for a much higher profit business. And that high profit business, while it has started, it is ramping up phases. So, we take those calls. So, overall, I would like you to think of SJS as a high growth company. But at the same time, with very disciplined execution in terms of profitability. So, when we look at a business or we look at, we don't really look at what segment of business is performing or not performing, we look at the overall basket. And we look at how can we ensure profitable growth, which is industry leading. So, that is the sole focus we have. And if it happens to be consumer, where we want to rejig our strategy, we do that. If it has to be some automotive customer, we do that as well. So, I am not so concerned about what happens in the short term or a quarter or two quarters for one segment. But I would encourage you to think of us as a high-growth company, which is able to maintain margins consistently quarter after quarter.

Pradyumna Choudhary: Sure, sir. Understood. And my last question on the two-wheeler business. So, of course, now the initial business that we've won with Hero MotoCorp, that's already reflected in our quarterly numbers. So, going forward, would it be fair to say that we largely grow in line with the two-wheeler industry or is there any further growth trigger to come here?

Sanjay Thapar: No, cross-selling is a major trigger for growth. But as I have maintained, the content addition in a two-wheeler is limited because it's a smaller vehicle. So, growth in relative terms for four-wheelers is going to be much higher, which we've been demonstrating, because content is increasing. In two-wheelers, we do have opportunity for cross-selling projects, and we will start executing that. For example, we don't do chrome plating for many of the customers to whom we supply a lot of other parts for two-wheelers. So, that is one big opportunity that's available, including with Hero and with a few of other customers also. So, it's a question of our managing capacity that we have. Now that I have a brand-new plant, we need to be very, very focused in terms of deciding what will I fill that capacity with. So, I am still looking at exports as a very major tool. So, all the capacity that we put at SJS Decoplast, my wish is that we will fill it in a large manner through exports, which will be more profitable and at the same time expand the two-wheeler universe as well. So, when I look at business, again, I am saying I don't look at segments to say two-wheeler, four-wheeler. I look at high margin and high growth. So, wherever we see potential, we will utilize our capacities. And we've undertaken very significant capacity expansions in the last year, both at Pune as well as at Bangalore, our parent plant, where we've added to capacity. So, overall, we are well poised now to chase high growth customers. And again, when you look at large customers, you need to underwrite that you will have the capacity in place to support their high volumes. So, last year has been a consolidation phase where we re-looked at our capacities, re-looked at our business plan, and we found that yes, the demand continues to be exceedingly strong, and therefore we invested.

Pradyumna Choudhary: So, sir, would it be fair to say, like, see, before the Hero orders started flowing in for us, our two-wheeler growth had largely converged to the industry growth, right? So, going forward, do we expect that or this cross-selling could be meaningful going forward, and we are going aggressive in terms of two-wheelers I am talking about?

Sanjay Thapar: It is meaningful. As I said, we've added almost 200-250 crs of capacity. Now that 200 crs -250 crs of capacity has to be utilized with high-margin products. So, two-wheelers continue because we have demonstrated that with a few customers, and we find ourselves to be very competitive. And we have the operational advantage of putting sharp focus on reduction in waste elimination on a shopfloor. So, we think we are globally competitive. And moving forward, there's a very large chrome-plating requirement for two-wheelers as well, which is what I mentioned as cross-selling opportunity. So, there are meaningful cross-selling opportunities there, especially in the chrome-plating space for two-wheelers. So, we are not, apart from just one or two customers, we are not supplying chrome parts for other people. But historically, the demand for our chrome-plated parts has been so strong that we had no capacity available to offer to any new customer. Now that I have capacity available, of course, we will go out and win those businesses as well, which are, which will, could well be two-wheelers. And that is the additional two-wheeler opportunity apart from the organic growth.

Moderator: Thank you. We take the next question from the line of Ganeshram from Unifi Capital. Please proceed.

Ganeshram: Thank you and congratulations, Mahendra, Sanjay, Devanshi. My question is on the optical glass, cover glass expansion. So, my understanding was initially you were looking to increase the scope of work. So, I am just trying to understand where you are in terms of that and in terms of new customers or I mean, do you have any commercial agreements with any customers and ramp up that you expect with this from Q2? That's what you mentioned. Is this in terms of prototypes or in terms of firm orders? If you could just give us clarity on this, that would be very helpful.

Sanjay Thapar: So, as I mentioned earlier in the call today, so our cover glass and our display business is going on track. The businesses or whatever I mentioned that sampling from customers to OEMs is going on at BOE primarily is these are production samples which go because, you know, the OEM has to validate for any new part or products on their vehicles, whichever they are introducing. So, that goes through various series of runs and they go through field testing and all that stuff. So, these are production, these are not prototype samples. These are production samples which are being supplied to customers and these are the products that will get transferred for local assembly to India once the plant is installed and validated. And that's where we said earlier to the earlier question, we expect supplies from this new facility for cover glass and display to start from Q2 of FY28.

Ganeshram: So, what would be the content value, Sanjay?

Sanjay Thapar: Content value, as I said, the 50% of the content in a display is the TFT screen. So, the TFT screen will continue to be imported and potentially 50% of that value is going to be localized and that, so that is the extent of localization will be about 50%.

Moderator: Thank you. We take the next question from the line of Nitin Agrawal from JM Financial. Please proceed.

Nitin Agrawal: Thanks for the opportunity and congratulations on great set of numbers. I just wanted to understand on cover glass, could you give us a sense on the industry side of the total addressable market in India for the cover glasses and what is our aspiration from that?

Sanjay Thapar: Look, the display business, not just the cover glass, the cover glass is a part of the display. So, the display business at the moment in India is roughly about 500 crs to 1000 crs and is expected to grow by 2030. Our estimate is it could grow be as large as maybe Rs. 5,000 crs. So, that is, and what I said earlier, 5,000 crs to maybe 7,000 crs. And what I said earlier is our aspiration is to be at least 10% of the market by 2030. That is our internal wish list, which we are working towards.

Nitin Agrawal: Okay. And in terms of margin, what kind of a margin that we can expect? Is it in line with what we are already generating or can we see an uptick in the blended margin because of the cover glass or the display?

Sanjay Thapar: Look, when you start, so I addressed this question in earlier calls. So, it's still early times, you know, fundamentally, we localize 50% of this. So, there are margins that are to be earned on the TFT screen, of course, would come as an imported part. But the margin that we will gain is from localizing the cover glass, localizing the specialty coatings that are required on glass, anti-glare, anti-reflection, anti-fingerprint. So, all that is value added. So, for the moment, I am not answering that question. These margins are higher, are going to be higher than assembly margins. So, let me give you a context. BOE by itself does assembly, all the child parts that come in are coming from their suppliers. So, what we are trying to do at SJS is localize those parts that BOE does not localize. So, BOE will be the supplier of the TFT screen, which is the most important part, and they will engineer the whole thing. But at SJS, we will go a step further to say, we are not going to localize the TFT because that requires investment to the tune of USD 4 - 5 billion, which we have no interest in doing. So, we will localize the other parts. Now, whether it will be a 10% margin business, 15% margin business or 20% margin business is a call that we can answer that question a little better when we get into manufacturing. So, maybe if you ask me this question in Q2 of FY28, I will give you a more focused answer.

Moderator: Thank you. We take the next question from the line of Amit Jain from Monarch Networth Capital Ltd. Please proceed.

Amit Jain: Good afternoon, Sanjay. I just want to understand more about this business, optical cover glass, because last year, Pricol also entered into a tie-up with BOE. Now, I just want to understand the differentiation. What exactly? Will we be supplying this to a manufacturer, DIS manufacturer like Pricol or something we will be supplying directly to OEM?

Sanjay Thapar: So, basically, the display will go to a Tier 1 supplier. So, Pricol is a potential customer for us. Pricol has also entered into a tie-up with BOE to make displays for two-wheelers. So, whereas, SJS is focused on our agreement with BOE for four-wheeler displays, because four-wheeler are larger displays. And in a two-wheeler, you just have a small display on the handlebar. In a four-wheeler, you could have a combination of two or three or end-to-end display on the dashboard as well. So, that's a much larger end of the market, a much higher end of the market. So, that's the focus of SJS. Who will we supply to? We will supply to the Tier 1 of the world. So, there are companies like Harman, there are companies like Visteon, there are companies like Continental, Marelli, and Pricol, which assemble or supply the instrument cluster. So, that instrument cluster consists of two parts, really. It consists of a silver box, which has all the user interfaces defined by the customer and the communication with the vehicle based on what the OEM requirements are. So, that is the software part. And then you have a hardware part, which is which is what we will make. So, I hope that addresses all the questions you have.

Amit Jain: So, just a follow-up, a small follow-up, Sanjay. Pricol can be a potential competitor. Even they can also enter into the four-wheeler space, because they have entered into two-wheeler or there is some kind of exclusivity.

Sanjay Thapar: They are only for two-wheelers. We have exclusivity for four-wheelers.

Moderator: Thank you. We take the next question from the line of Darshan Shah from Multi-Act Equity Consultancy Private Limited. Please proceed.

Darshan Shah: I had three questions on the recent capex in SJS Decoplast. So, we have increased our capacity by approximately 1.75x and our existing capacity is at full utilization. So, wanted to know three parts onto that. What would be the asset turns on the new capacity? And what would be the utilization levels in year one, that is FY27 and FY28? And at what utilization levels will we break even in the new capacity?

Sanjay Thapar: Okay. Thank you for your question. Mahendra, could you answer that?

Mahendra Naredi: Yes, to Darshan, to answer to your question. Asset turn, we expecting between 2 to 2.5 times. Regarding utilization ratio, we already have explained in the current call that in a period of three years, one can expect to reach at a level of 85%-90%. What was your third question?

Darshan Shah: At what level will we break even on EBITDA level? At what utilization will we break even in EBITDA?

Sanjay Thapar: We will be break even somewhere 1-1.25 times asset turn.

Darshan Shah: 1-1.25 times asset turns will be break even.

Sanjay Thapar: Correct.

Darshan Shah: Okay, and that will be, I am assuming in year two, right?

Sanjay Thapar: Yes, it's a progressive way. We can't give you right now the answer on that. It is a progressive way. The facility is now ready. Customer PPAPs are on. So, we will give you more updates on this topic in the coming quarters.

Moderator: Thank you. We take the next question from the line of Pooja Sheth from YES Securities. Please proceed.

Pooja Sheth: So, my question will be on the line of PV segment business as we are witnessing a QoQ decline in the PV segment. So, could you provide some color? It is whether because of the demand softness or because of the client specifically is talking or the price adjustment. So, basically, what was the reason for that?

Sanjay Thapar: Sorry, Shraddha, we could not, your line was not so clear. So, Pooja, what were you discussing? What were you talking about? Could you just repeat that first part of the question?

Pooja Sheth: Yes, sir. Sir, my question is regarding your PV segment business. We are seeing that there was a quarter-on-quarter decline in the revenue mix. So, what was the reason for that? It is just because of demand softness or because of the price adjustment or because of the client specifically is destocking. So, what is the reason behind that?

Sanjay Thapar: So, the business, if you look at the year-on-year growth, we have grown at 45.3%, the PV segment business. So, there is a very strong growth. But quarter-on-quarter, if you look at that growth number, so industry itself has a decline in the four-wheeler segment by 7.5%. So, the PV industry from Quarter 1, Q4 of last year to Q1 of this year, in the absolute numbers has declined.

Pooja Sheth: What is the reason, sir?

Sanjay Thapar: Lower offtake in the final market, I mean, customers like you and me did not buy car or there was a sales push in Q4. So, Q1 historically remains a soft period before festive sales again take off in Q2. So, this is something that is a phenomenon that goes on in the automotive industry. But overall, our PV growth is phenomenal to say the least.

Pooja Sheth: Yes. Okay, sir. I think my question is for, next one is for Decoplast. Sir, you have given a guidance of Rs 200 crs to 250 crs. Is that for FY28 or FY29? Just for clarification.

Sanjay Thapar: No, no, that answer was more in terms of how much this capacity that we build, how much can we produce in that plant. So, that was the answer to that. And the earlier question I had already answered, that we hope to double our sales in SJS Decoplast in the next three to four years. So, the Rs 200 crs to 250 crs additional sale is the additional capacity that we have built so that plant can do that sale. And how will sales ramp up? So, sales ramp up as I said, we will double our sales at SJS Decoplast in the next three to four years.

Moderator: Thank you. We take the next question from the line of Akshaj from Ashika Investment Managers. Please proceed.

Akshaj: I wanted to know regarding the EVs. So, earlier we had mentioned that EVs require about 1.5x to 2x higher aesthetic products. So, could you put some more light on this, maybe quantify this, both on the two-wheeler and the PV side, what sort of products are being incrementally used in EVs?

Sanjay Thapar: So, typically, what we referred to at that time was the localization because a lot of these Indian customers were buying the display and the instrument cluster from companies overseas and assembling the EV here. So, we said that when progressively volumes pick up, there will be investment in India where companies will try and localize this display. So, that display includes cover glass, that is an additional opportunity for us. And there could also be some opportunities for the display itself. Though, with BOE, our agreement is for four-wheelers, we will see as we move forward, if there are opportunities where BOE is not supplying and we gain enough experience within SJS on how to do this assembly, then we can possibly look at that in the future. But cover glass, in any case, is something that is going to be unique. So, we will potentially be able to supply cover glass both to four-wheelers and two-wheelers. So, coming back to your - question, that increased content in EVs was primarily because these are born-electric vehicles. So, the display could get localized in India, before coming as an imported part. But the only challenge here in EVs is that the volumes are still low, though they are increasing quite rapidly. And we expect that moving forward, that will be a big lever for growth for additional content in EV two-wheelers.

Moderator: Thank you. We take the next question from the line of Aditya Dayal from Zeva Consultants. Please proceed.

Aditya Dayal: So, I just had one question. Like, we had an agreement with Walter Pack Spain, where we were restricted from competing them in the global markets. So, when does this restriction expires? And what we have done in the domestic market, can we replicate that in export market as well?

Sanjay Thapar: Potentially, yes. We have an agreement with Walter Pack Spain on non-compete till January of 2027. At that point in time, we will take a call what we need to do. But yes, we have the know-how, we have the capability to support overseas requirements also. But as I said, we believe in a cooperative agreement with our partners. So, there could be a lot of potential that Walter Pack Spain itself does not have the capacity to do everything. So, we could use that in our relationship and leverage our relationship to co-operate with Walter Pack to increase sales for Walter Pack India. So, that is the preferred route that we have. So, historically, we believe in building bridges and partnerships with our partners and Walter Pack Spain is no different.

Aditya Dayal: And just a follow-up on that, on a longer-term perspective, will we be able to onboard BMW and Audi as our clients? We are mostly in the consumer business on the export side and we haven't onboarded those. So, what is the long-term view on this?

Sanjay Thapar: Theoretically, yes, we can supply to anybody in the world, including the West German European OEMs. But as I said earlier, we have a good relationship with Walter Pack Spain. So, we will see how that proceeds. We could do bits and parts of it. We could supply to them directly also. But at the moment, till January 2027, we have an agreement not to compete with Walter Pack Spain for BMW and Mercedes-Benz.

Moderator: Thank you. We take the next question from the line of Nalin Shah from NVS Brokerage. Please proceed.

Nalin Shah: Yes, congratulations on a good set of numbers. Sir, if we were to take a slightly longer-term view, maybe 2030 or so, so could you give us some color on that specifically on the top line or anything like that?

Sanjay Thapar: We are extremely bullish. We have all the building blocks in position. We have built capacity. We generate a lot of free cash. So, moving forward by 2030, you could look at SJS growing organically as well as inorganically. So, this is what will be our intention and we will work towards maximizing sales, needless to say. Exports is going to be a major chunk of our journey as we look at 2030. So, that is all in terms of guidance that I can give you at the moment.

Moderator: Thank you. We take the next question from the line of Khush from Electrum PMS. Please proceed.

Khush: Thank you for the opportunity. I have one question, sir. So, since you have already mentioned that for Decoplast, we are expecting in the next 3-4 years around Rs. 200 crs -Rs. 250 crs of additional revenue. So, similarly for WPI, I think in this quarter, we have seen some strong growth and it was underutilized as of now. So, assuming by 2028, the plant is fully utilized, what will be the capex plan and accordingly, a revenue target similar for WPI?

Sanjay Thapar: Yes, Mahendra, could you answer that?

Mahendra Naredi: So, Khush, we have disclosed our strategic investment and capex. As of now, the Walter Pack is operating around 75%. We are developing a couple of business there. So, we have the capacity available there. So, as of immediate basis, there is no further capex. Apart from the normal capex, we are doing it. And as and when we decide, if anything, we are going to disclose in the future.

Moderator: Thank you. Due to time constraints, we take that as the last question for the day and would now like to hand the conference over to Ms. Devanshi Dhruva. Over to you, ma'am.

Devanshi Dhruva: Thank you, everyone. Thank you for joining us on this call today. I hope we have been able to answer 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 us on this call today.

Moderator: Thank you. On behalf of Elara Securities India Private Limited, that concludes this conference. Thank you for joining us and you may now disconnect your line.