Operator: Good afternoon, everyone. Welcome to the second day of the Arihant Bharat Connect conference, September 2026. I would like to extend a warm welcome to all of you to the conference call of SJS Enterprises Ltd. Joining us today from the management team are Mr. Sanjay Thapar, Group CEO and Executive Director, and Mr. Mahendra Naredi, Group CFO of the company.

Before I hand over the call to the management, let me briefly outline the flow of today's session. We will begin with a brief introduction and opening remarks from the management, following which we will move into the Q&A session. Participants who wish to ask a question may raise their hands using the platform feature or submit their questions in the chat box. We will first take questions from participants who have raised their hands and thereafter move on to the questions received through the chat box.

If time permits towards the end, we will also address a few questions that we have received from clients who were unable to join the call today. Please note that we will take the last question approximately 5 minutes before the scheduled end of the session, that is, at 3:55, so that we can conclude the call on time. With that, I would like to hand over the call to the management for their opening remarks. Thank you very much, and over to you.

Sanjay Thapar – Group CEO & Executive Director: Good afternoon, everyone. Mahendra, maybe you can start with the opening remarks.

Hello, everyone. Thank you for sparing time to speak with us today. Mahendra will briefly explain the company to you, following which we can enter into the Q&A session. Over to you, Mahendra.

Mahendra Naredi – Group CFO: Thank you, Mr. Thapar. Good afternoon, everyone. I am Mahendra Naredi, CFO of SJS Enterprises Ltd. It is my pleasure to welcome all of you to this conference organized by Arihant Capital.

Regarding a brief overview of SJS, I am sure many people know about us, but for those who are not very familiar with us, SJS is a company established in 1987 by three gentlemen, Mr. Srinivasan, Mr. Joseph, and Mr. Sivakumar, as a partnership firm.

In 2007, SJS joined hands with a company called Serigraph. It is a US-based commercial printing company. This partnership brought both capital as well as significant technical and industrial knowledge.

In 2015, one of the milestone years, Everstone Capital invested in the company after completing its due diligence. Everstone acquired shares from Serigraph and also acquired the stake from the first S, the second S, and the third S. At the same time, Everstone also became a significant shareholder. Mr. Joseph continued as an important shareholder.

Everstone also brought Mr. Sanjay Thapar, our Group CEO and Executive Director, into the company. The objective was to institutionalize the business and create a professionally managed organization.

Since then, Mr. Joseph and Mr. Thapar have been leading the company with a clear division of responsibility. Mr. Joseph has been primarily focused on technology, R&D, and manufacturing, while

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Mr. Thapar has been driving the commercial strategy, business development, and investor relations.

Today, SJS operates across approximately 14 different technologies. At our core, we are a decorative, aesthetic, and functional parts company, with printing being one of our key technological capabilities. We manufacture products such as decals, body graphics, 2D and 3D dials, appliques, and domes that provide a three-dimensional effect.

We also manufacture products for white goods, including inlays and overlays, and we have capabilities in plastic injection molding and IMD technology.

Our journey has also involved significant diversification. Historically, SJS was largely a two-wheeler-driven company. Approximately 70% of our business came from two-wheelers, 10% from four-wheelers, and 20% from white goods.

We started changing this mix through our acquisition of SJS Decoplast, which was earlier Exotech Plastic Solution, in April 2021. This acquisition added important capabilities such as plating, painting, and other complementary technologies.

We further strengthened our technology portfolio through the acquisition of Walter Pack, the Indian arm of a Spanish company, in July 2023. Walter Pack brought expertise in IML, IMD, and IMF technologies.

Most of us are familiar with injection molding, but integrating a film label and graphics directly into a plastic component, effectively making the film an integral and functional part of the component, requires specialized technologies.

Today, we believe SJS has one of the broadest technology portfolios in the industry under one roof. The market is still fragmented. There are competitors who are very strong in individual technologies, but not across all product categories. This is where we believe we have our competitive advantage.

When a customer approaches us, we can offer multiple technology options for the same application, depending on the required aesthetics, functionality, quality, and price point. This creates value for different stakeholders within the customer organization. The R&D team gets the technology it needs, the marketing team gets the desired aesthetics and differentiation, and ultimately, the product gets approved by the customer.

We listed SJS in November 2021, and since then we have consistently demonstrated strong growth. Over the last 5 years, our revenue, EBITDA, and PAT have grown at approximately 29% CAGR while maintaining strong ROE and ROCE.

Importantly, we believe our performance has been supported by a lean management structure, a dedicated team, a passionate team, and a strong focus on execution.

From a customer perspective, we serve some of the leading names across the automotive and consumer sectors. We are powertrain agnostic. Our customer base covers two-wheelers and four-wheelers, both ICE and EV.

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Geographically, we have a strong presence across India, and our next opportunity is to expand our international business. We generate approximately 10% of our revenue from exports.

We see a very significant opportunity to increase our addressable market by entering global supply chains and replacing incumbent suppliers through exports. At the same time, we continue to increase our wallet share with existing customers by introducing new technologies and new products.

Another important aspect of our business is that we generate a good amount of cash. Approximately 75-80% of our EBITDA converts into operating cash flow. This gives us the flexibility to invest in both organic and inorganic growth.

Over the last 5 years, we acquired 2 companies as part of our inorganic expansion, and currently we are focusing on organic growth.

We are investing in 3 large initiatives. The first is our chrome plating and painting business in Ranjangaon, Pune, where we allocated 100 crore rupees. This facility has already been commissioned and started operations last month.

Secondly, we are expanding capacity at our mother plant in Bangalore. This expansion will increase capacity by approximately 20% and is now close to completion.

Third, we are setting up a completely new facility for the glass and display business. This is a new technology-led opportunity for us, supported by a technology licensing agreement with BOE, which is a Hong Kong-based company.

We have finalized the location and incorporated a new company. The name is SJS Display Electronics Private Limited, which is a 100% subsidiary of SJS Enterprises.

Coming to our recent performance, last year we delivered revenue of 955 crores with EBITDA of 29.6%. In Q1, we delivered 24% growth to {? 261 crore rupees ?} with an EBITDA margin of 30% and ROCE of 37%.

In summary, SJS today is a technology-led, diversified, and cash-generating company with a strong customer base, multiple technologies, and significant opportunities for both organic and international growth.

With that, I will conclude the brief introduction. Thank you very much for your time, and I think we can now open the floor for the question-and-answer session.

Operator: Thank you very much. Participants who wish to ask a question, please raise your hand. We will wait for 10 seconds for questions.

I think the first question is from Danish Khosla. Please unmute yourself and ask your question. Mr. Danish, are you there?

Okay, we will move to the next participant. The next question is from Anubhav Mukherjee. Please unmute yourself and ask your question.

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Anubhav Mukherjee: Hello. Am I audible?

Sanjay Thapar – Group CEO & Executive Director: Yes, you are, Anubhav. Please go ahead.

Anubhav Mukherjee: Thank you for the opportunity. The optical glass subsidiary that we have set up—when do you expect some form of commercialization to begin for this?

Sanjay Thapar – Group CEO & Executive Director: Q2 FY28.

Anubhav Mukherjee: Do we have any clients locked in for this, or can you provide some color on that?

Sanjay Thapar – Group CEO & Executive Director: We are in advanced stages of discussions. We will conclude them, and when we do, we will of course inform the market.

Anubhav Mukherjee: And sir, regarding the new Pune facility of SJS Decoplast, can you first provide some color on how it is ramping up?

Sanjay Thapar – Group CEO & Executive Director: We acquired Exotech Plastics to enter the chrome plating business. This was in July 2021, and over the last 5 years we have grown our chrome plating business at SJS Decoplast, the parent plant, by almost 4 times. We have also improved margins from 12% when we acquired the company to approximately 20% last year.

There is a very strong demand profile from all our customers, and that is the reason why we invested in this plant. As Mahendra told you a little while ago, this plant was commissioned last month.

We are therefore very optimistic that we will accelerate sales through this plant and the additional facility that we have, and we hope to continue the growth trajectory that we have seen in the past. We are very bullish on the prospects of increasing our chrome plating business with this additional capacity.

Anubhav Mukherjee: Great. My next question is an industry-level question. How are you seeing the demand trends in the industry, and what is your perspective on demand in the later quarters, Q3 and Q4?

Sanjay Thapar – Group CEO & Executive Director: Sorry, can you hear me?

Operator: Yes, sir. Mr. Anubhav, could you please repeat your question? Hello, Mr. Anubhav, we lost you. We will take your follow-up—

Sanjay Thapar – Group CEO & Executive Director: I will answer briefly in case he is listening but is unable to speak. He asked about the demand scenario in the market.

Both the two-wheeler and four-wheeler industries are doing extremely well. Last year was a bumper year for the auto industry, and the traction for the current year also continues to be strong.

Despite the headwinds from the uncertainties associated with the conflict in West Asia, we still see a very strong appetite for all the new models being launched. There is good enthusiasm at the OEM

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level in terms of new launches, and the OEMs continue to ride that wave.

For the moment, after the GST rationalization last year, we are still in a phase where the automotive industry is benefiting from GST rationalization. I would imagine that sometime in November or December, the base effect would catch up. Growth in percentage terms may slow down, but the overall demand and the pull from the OEMs will of course continue to be very strong.

We see strong demand for the next few months, and we still see no let-up in demand. The outlook is good, although the automotive industry is cyclical. Fundamentally, there are quarter-to-quarter variations, but the overall sentiment seems to be very positive, especially for new feature-laden vehicles that offer more features and better-looking vehicles.

The theme of premiumization continues to be strong, and demand continues to be strong as well.

Operator: The next question is from Mr. Sameer Palod. Please unmute yourself and ask your question.

Sameer Palod: Hi. Am I audible?

Sanjay Thapar - Group CEO & Executive Director: Yes, you are.

Sameer Palod: Thank you for the opportunity. Sanjay, predicting where the auto industry itself is headed is the most difficult part. You have consistently beaten the average industry growth, and your content per vehicle has also increased.

Could you guide us on a medium-term range for FY27 and FY28, when your half-year glass capacity will be operational, and then for FY29, what sort of sales growth are you targeting in the business overall, given the contribution from the glass facility that will come next year and the year after? Where do you realistically see content per vehicle heading for the company?

Sanjay Thapar - Group CEO & Executive Director: In terms of guidance, what we have maintained is that we will continue to outperform the market, as you rightly said.

The content increase that we are achieving with every addition of new products, which are more expensive and add to the revenue per vehicle that we derive from our products, is one factor. In addition to that, there is an opportunity for cross-selling.

With every new product that we add, we also have the opportunity, thanks to the large customer base that we have, to cross-sell those products across the supply chain. There are therefore plenty of levers for growth for us.

Where do I see this in the next 2-3 years? We continue to maintain our guidance that, thanks to this increase in content for four-wheelers, we will continue to outperform the market by a significant margin.

On a blended basis, what we maintain is that the company can be expected to deliver 1.5-2 times the underlying industry growth.

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Sameer Palod: Do you think the glass facility will also operate at overall company-wide EBITDA margins of 30%?

Sanjay Thapar - Group CEO & Executive Director: What I have maintained is that glass is a new area for us, although printing on glass is something we are quite confident about.

The reason for entering the glass business was that this is a significant extension of our existing business. The customers are the same. The tier-1 suppliers that manufacture instrument clusters are now getting into digital displays.

This digital display consists of 2 parts. One is the hardware, which is what we will do—the actual display. Then there is the silver box, which is the software part that interfaces with the sensors in the vehicle and depends on the configuration that the OEMs want for their vehicles.

The software part is there, and the hardware part is ours. We have tied up with one of the largest companies in the world in the area of displays, with headquarters in China.

The reason for this was simple: when there is a comparative scenario, we benefit from the cost advantages of our partner's supply chain. That is the building block behind the business as we build it.

In the first phase, when I say Q2, we will start supplies from this plant and will do it step by step. The first objective is to get our people trained on how to handle displays and how to test displays.

In the first phase, we are setting up 1 line with a capacity of 200,000 displays per year. As we move forward, we will duplicate or add more lines as the business progresses.

We are very prudent in terms of investment, so investments have to be in line with sales. There is no point in investing in a 1 million-unit capacity at the moment when we are just starting to learn the business.

We are therefore taking a step-by-step approach, which we think is the right way to enter any new technology, so that we are able to deliver products that meet customer expectations and quality expectations.

That is the critical first phase for us. Once we do that for a year, we will of course expand the business. That is the basic idea and strategy behind this business.

Sameer Palod: What would be the asset turnover of the glass unit at peak capacity utilization, whenever that happens?

Sanjay Thapar - Group CEO & Executive Director: Mahendra, could you respond?

Mahendra Naredi - Group CFO: We have also provided guidance on this. We are investing close to 65 crores—40 crores for the glass business and 25 crores for bonding.

Bonding will have a higher asset turnover. We expect it to be between 4 and 5 times, while the glass business will have an asset turnover of between 2 and 3 times. That is the kind of turnover we expect.

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This is the first phase of investment. As the business grows, we will move forward and continue with incremental capex.

Sameer Palod: As the plant ramps up, do you think—

Operator: Sorry to interrupt you, sir. There are a large number of participants. Could you please rejoin the queue? If time permits, we will take your follow-up questions.

Sameer Palod: Sure. Thank you.

Operator: The next question is from Basant Bansal. Please unmute yourself and ask your question. Mr. Basant, are you there?

We will move to the next participant. The next question is from Sahejpal Grewal. Please unmute yourself and ask your question.

Sahejpal Grewal: Hi, sir. Am I audible?

Sanjay Thapar – Group CEO & Executive Director: Yes, you are.

Sahejpal Grewal: First, congratulations on the fantastic performance over the last couple of years. I wanted a deeper understanding of our export growth trajectory and how it affects our margin profile.

Are we receiving higher-margin orders from exports, and what is the trajectory, given that exports have now become a significant part of our business?

Sanjay Thapar – Group CEO & Executive Director: Exports are traditionally more profitable for us. As a rule of thumb, we derive approximately 4-5% additional margins from exports.

The simple reason is that the base business we are in is printing, and printing requires a great deal of manpower and capability to manage very large or complex product mixes.

Whenever we benchmark ourselves against companies in Europe or North America, we find that we have an advantage both in terms of the overall EBITDA margins in our business and in terms of matching customer prices or expectations.

Even if we are approximately 4-5% cheaper than them, we still achieve approximately 4-5% additional margin. That is a very good position to be in, and we intend to leverage it.

Coming to the export trajectory, we have already stated that most of our products are light and easy to ship. We already have relationships with customers across the world, or with many of them, through our tier-1 suppliers to companies such as Visteon, which supplies OEMs globally.

Exports are largely a four-wheeler market. For many years, we did not have products in our portfolio, but over the last 3-4 years we have built a robust pipeline of products that can be supplied to the four-wheeler industry, and we intend to leverage that.

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We have already had a very strong demonstration through large global businesses that we have won in the past. We won business from Nissan globally, and we have won business from Stellantis globally.

We supply dials to tier-1 companies that have plants in China. This means that the tier-1 supplier, or our customer, has already benchmarked SJS in terms of quality, delivery, and supply capability.

We have a robust supply chain, so we are very optimistic that exports should be a strong growth lever for SJS, especially for the automotive business.

Appliances also represent a significant opportunity, as there are large markets outside India. We have relationships with the largest companies in those markets, including Whirlpool, LG, and Samsung.

We supply large appliances, with refrigerators and washing machines being our focus areas. We have global marquee customers that have been our customers for many years.

Now that we have expanded capacity at both our parent plant in Bangalore and the chrome and painting facility in Pune, we will have spare capacity to address the export opportunity in a more meaningful manner.

Sahejpal Grewal: Understood. Thank you, and all the best.

Sanjay Thapar - Group CEO & Executive Director: Thank you.

Operator: Thank you very much. The next question is from Pratik Giri. Please unmute yourself and ask your question.

Pratik Giri: Hi, Mr. Thapar. Greetings. It is always a pleasure speaking with you.

Mr. Thapar, if memory serves me correctly, this chrome plating capacity expansion in Pune was planned when there was a closure of a significant amount of chrome plating capacity in Europe.

From that perspective, I wanted to understand whether we have been able to tap any of those markets or any of the large players there, particularly any large customers in Europe. I am asking this since some time has passed since the capacity was commissioned.

Sanjay Thapar - Group CEO & Executive Director: We commissioned the plant only last month, as Mahendra explained to you. We are therefore very optimistic.

Our advantage is that we have a brand-new plant. We are capable of doing Chrome 6 and Chrome 3. We are also capable of producing multiple finishes.

As far as customers in India are concerned, they are extremely happy with what we do. We won a large global business with Stellantis for some of our traditional products.

At the same time, many of these OEMs buy a lot of chrome-plated and painted parts.

We intend to leverage this and cross-sell products to the customer base that we already have.

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We have set up a sales agency in Germany. We have a person working full-time and trying to take advantage of the FTA with Europe. We will continue to drive that forward.

We have not had the capacity for very long. The purpose was first to set up the capacity because export businesses can become very large. We need to be sure that we are able to service that requirement before approaching a customer.

That is typically the cycle. We continue to remain extremely bullish on the prospects for chrome plating.

Pratik Giri: I understood. I was under the impression that the sales efforts might have started, but as you said, probably—

Sanjay Thapar - Group CEO & Executive Director: You do not start sales if you are a serious player. The important part is that the customer wants some commitment.

It is very dangerous to get an order and then be unable to service it, because that damages your reputation for a long time. That is not desirable.

Pratik Giri: Understood. I am glad to know that you have appointed a sales agent in Germany. I assume this is a recent development, perhaps from the last 2-3 months?

Sanjay Thapar - Group CEO & Executive Director: We have a German national working for us who has many years of experience in the automotive industry. We are opening up those markets with representation in all export markets.

Pratik Giri: This appointment is recent, Mr. Thapar? Is it from the last 2-3 months?

Sanjay Thapar - Group CEO & Executive Director: No, he has been with us for approximately 4-5 months now.

Pratik Giri: Understood. My second question is on WPI. I have been trying to understand this, but perhaps I have not been able to understand it properly or there is some gap.

If I look at WPI revenue over the past 7-8 quarters, it has largely hovered in the range of 40-42 crores on average. I am not citing precise numbers, but roughly the range is around 40 crores.

You are known for acquiring companies and scaling them to a level that is commendable. I was therefore wondering what time frame we should be patient for, so that WPI can reach quarterly revenue of, say, 60-70 crores.

Sanjay Thapar - Group CEO & Executive Director: WPI has fantastic products that are very expensive. The challenge for a company like that, compared with chrome plating, is that chrome-plated parts are universally used and are relatively lower in cost.

In a Walter Pack-type part that we have, the parts are expensive. They cost 3,000-5,000 rupees, or perhaps {? 7,000 to 5,000 ?} rupees. That is the range in which these parts are used.

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The OEMs choose which vehicles will use these parts because they need to have a natural hierarchy in terms of features. They want to command more money for products with higher-end specifications and features.

We are therefore somewhat dependent on the OEM actually introducing these products into its vehicles.

At the same time, as part of our strategy, we are tapping customers in India—not Indian customers, but global customers in India—that also have a large demand profile overseas. Once you prove your credentials, you can tap into the export market, and those volumes are much larger.

It is also important to understand that Walter Pack was a technology multiplier, or a force multiplier, for us. Through that acquisition, we acquired an entire team that understood tooling and highly complex tooling, five-axis punching, and the robotic placement of inserts.

These are highly precise parts, so SJS has derived a great deal of benefit from this. As I mentioned in my earlier earnings calls, all our companies undertake painting and printing. There is fungible capacity, especially between Walter Pack and SJS, so we decide which company should produce which parts.

There are some parts that we produce at SJS using Walter Pack technology. There are reasons for that, but I would not go into those details at this moment.

Nonetheless, we are very happy with that acquisition. It has given us a significant technological advantage. OEMs recognize that we have capabilities that nobody else in India has.

There is a concentration of customers because, unlike our overall business, where no company accounts for more than 15% of our sales, the individual companies are not as diversified. Sales can therefore sometimes suffer due to a lack of sales by the end OEM.

We are addressing that by adding more OEMs and newer products and models.

I would say that you should think of SJS as a whole, as one entity, instead of looking at Walter Pack and SJS Decoplast separately.

What we are committed to delivering is high growth and margins that we have been able to maintain, despite all the new additions and new technology products that we have introduced. Our benchmark is to remain above 25%.

Last year, of course, we delivered 29.6%.

As an investor, I would strongly recommend that you think of us as one integrated entity that delivers and builds this capability set to continue delivering value to our shareholders through increased sales, outperforming the industry, and maintaining a very high margin profile.

These are the 2 lenses through which I would request the entire investor community to look at SJS.

We are working on getting new businesses and ramping up sales for each of our individual businesses. This is daily work for all of us, and we are working hard.

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Ultimately, think of us as one integrated company. That is my recommendation.

Pratik Giri: Just one last small question, Mr. Thapar. Is there anything on IME as of now, or will we have to wait longer?

Sanjay Thapar – Group CEO & Executive Director: We are ready with the technology. We have provided technology demonstrators. The OEMs have to integrate the technology.

You cannot introduce this as a standalone product in an existing vehicle. We are hopeful that, with more and more features being launched in electric vehicles, an OEM will take the lead.

My guess is that when one OEM starts an IME application, others will follow very quickly.

It is still a technology demonstrator for us at the moment. We are meeting many customers and giving them proposals, but they are only concepts. They are not products that are actually being used by an OEM so far.

In the meantime, we are sharpening our capabilities so that we are ready when the OEMs decide to introduce this technology.

Pratik Giri: There is no acquisition as of now in IME, Mr. Thapar?

Sanjay Thapar – Group CEO & Executive Director: There are very few companies in the world that undertake IME. You need multiple capabilities to do IME.

You need very good precision printing capability, and you need IML technology to position these parts precisely in a product, because many of these products have LEDs, ambient lights, and sensors.

With SJS, we have built our capability to do all of that very well. We are therefore very confident about the skills we have acquired.

There are not too many opportunities available to acquire, because it is still a new business. A research house could perhaps be acquired if we needed one, but I think we have the capabilities we need.

There are not too many mass-manufacturing operations that can be acquired. If any of you know of a company like this, we would be happy to examine it.

We have sufficient cash to pursue inorganic growth if we can acquire a couple of products that are being used. At the moment, however, we have not found a company that undertakes IME in a mass-manufacturing manner.

Pratik Giri: Very helpful. Thank you very much, Mr. Thapar. It is always a pleasure speaking with you.

Sanjay Thapar – Group CEO & Executive Director: Thank you.

Operator: Thank you very much. The next question is from Mr. Karan Gupta. Please unmute yourself and ask your question.

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Karan Gupta: My question is on the overall content per vehicle—

Sanjay Thapar – Group CEO & Executive Director: Sorry, could you repeat that?

Operator: Mr. Karan, could you please speak a little louder?

Karan Gupta: Sure. Am I audible now?

Sanjay Thapar – Group CEO & Executive Director: Yes, you are audible.

Karan Gupta: My question is on the kit value. What is the kit value now after the integration of the WPI acquisition, and is it increasing?

Sanjay Thapar – Group CEO & Executive Director: Roughly, we are at about 4,000–5,000 rupees at the moment. In some vehicles, it is also 6,000 rupees.

With the addition of the display and cover glass business, we expect to be in the region of approximately 11,000–12,000 rupees.

Karan Gupta: How will this {? 3 to 4 ?} times increase in kit value come about? Will it be primarily from the display business?

Sanjay Thapar – Group CEO & Executive Director: It is a more expensive part, for the simple reason that it is a more expensive part.

On average, a small display costs approximately 4,000 rupees in terms of value. In many of these cars, you have 2 or 3 displays.

Depending on the configuration of the car, if you have 1 display, you can have 2 or 3 displays as well. I am taking an average.

If you use 1 display in a car, that would add approximately 4,000 rupees to the 5,000–6,000 rupee kit value that we have. That would take it to approximately 10,000–11,000 rupees.

If you have 2 screens, it could go up to approximately 14,000 rupees in kit value, or perhaps 15,000 rupees in kit value.

I generally round it off and say that, from the current 5,000–6,000 rupees, we could reach approximately 10,000–11,000 rupees in kit value with the addition of displays.

When the display market matures or the take rate increases, more vehicles will use displays. There could be rear-seat entertainment, rooftop displays, or mirrors that could be replaced by displays.

The windshield of the car could also be changed into a display. There are multiple possibilities, and that is the reason why we are so excited about displays. They could significantly increase the TAM that we have.

Karan Gupta: In terms of margins, if you talk about them category-wise—

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Sanjay Thapar – Group CEO & Executive Director: We do not discuss category-wise margins for reasons of commercial confidentiality. We do not disclose that number at all.

Karan Gupta: Thank you.

Sanjay Thapar – Group CEO & Executive Director: Thank you.

Operator: Thank you very much. The next question is from Mr. Basant Bansal. Please unmute yourself and ask your question.

Basant Bansal: Am I audible?

Sanjay Thapar – Group CEO & Executive Director: Yes, loud and clear.

Basant Bansal: Thank you. Mr. Thapar, can you help me understand the total addressable market for us and our share of that market? Is our business model linked to the incremental growth of the industry, or are we gaining market share?

Sanjay Thapar – Group CEO & Executive Director: The answer to your question is all of the above. It is a very exciting and very large market.

Globally, it is estimated to be a 4-billion-dollar market. We are nowhere near even attacking or attempting to address that market, for the simple reason that we are relatively new to the four-wheeler business.

When I say relatively new to the four-wheeler business, I mean that in 2019, only 10% of my sales came from four-wheelers. We have progressively increased that, and today it accounts for approximately 42% of our revenue, having increased over the last 4 years.

While we are working very hard to climb up, we have made our presence felt in India. There is still a long way to go in India because we do not sell all products to everybody.

I would say that our market share in India is roughly 20-22%. That is my ballpark estimate. If I talk about the global market, we may not even account for a decimal place.

There is therefore enormous scope for growth. Our focus in attacking or targeting that market is really to build credibility.

Our first rule is to prioritize customers that operate in India and have plants globally. We have numerous success stories where we started with a global customer in India by supplying 1 product. The customer then came to us for a second technology and a third technology. After that, they asked us to supply to them in other geographies as well.

We are a global strategic supplier because of the strategy that we have followed and delivered on in the past, which has opened the doors to exports for us.

Today, we supply parts to approximately 22 countries, and we service 170 customer locations across the world.

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I think we are in the right place. We place significant emphasis on quality and cost competitiveness. We benchmark ourselves against globally best-in-class companies, and we outperform them.

I think we have an edge. We need to work on it and expand our presence. Exports are the next big wave of growth for me, and I am very excited about it.

Overall, I would say that you should look at the company as a whole. We have delivered growth that is 3-4 times the growth of the industry. We have also delivered high margins, as I said. My benchmark is 25%.

I think investors should look at the company from that point of view.

Basant Bansal: Thank you.

Management: We have earned the right to compete in global markets, and that is something that we will continue to build on.

What is stopping us from reaching that goal faster today is only market access. We currently operate out of India. Our people visit customers, and we have won large global businesses with Stellantis, Visteon, Whirlpool, and Nissan, as I mentioned.

However, the pace could be much higher, so we are increasing our presence in those geographies.

At the moment, we have not set up sales offices. We believe in working on a variable-cost model. We have agents on a commission basis who are paid and who stand to earn more once our revenues increase.

That is the approach we have followed so far, but we are actively monitoring the results and will take appropriate decisions because it is a very large market.

Another point I would like to add regarding exports is that, for a 4-billion-dollar market, you need to create capacities here to address it. The worst thing you can do with an export customer is take the business and then fail to deliver.

We spent last year investing heavily in creating capacity, as you would have heard in response to the earlier questions.

We set up a brand-new chrome plating plant with an investment of approximately 100 crores. We spent approximately 45 crores at our parent plant in Bangalore to expand capacity.

We are therefore scaling up capacity to be ready for the export push. In the meantime, we are busy servicing customers to the best of our ability.

Basant Bansal: That is very helpful, and it gives me a sense that we have a long runway ahead. What is the current mix between two-wheelers, four-wheelers, and white goods? In your opening remarks, you mentioned 42%, 38%, and 20%.

Management: 42% is from four-wheelers, approximately 38% is from two-wheelers, and approximately 20% is from white goods and some farm equipment work that we undertake.

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In the consumer business, we also supply to sanitaryware companies. Approximately 20% comes from that segment.

Basant Bansal: What is the mix between the aftermarket and OEM business?

Management: Aftermarket is currently zero. We supply all the logos and badges directly to the OEMs at the moment.

However, we have an aftermarket brand called Transform. This is a brand that has been dormant. We would like to develop it because the aftermarket is a very attractive market. Regardless of what happens to OEM volumes and demand, the aftermarket continues.

The reason we traditionally did not enter the aftermarket, despite having the capability, was primarily that payment cycles and collections from individual dealers or distributors were tedious.

Thanks to e-commerce, we are now reconsidering that strategy. In terms of capability, I think we are the best equipped among all suppliers in India that operate in the aftermarket.

We can undertake stamping, molding, IML, chrome plating, and painting. There is therefore a significant business opportunity that can be created in accessories.

The only point is that we have not focused on it so far because our focus has largely been on OEMs and export OEMs. It is on the cards, and we will develop it.

Basant Bansal: Thank you, sir. That is all from my side.

Management: Thank you, Basant.

Operator: Thank you very much. One question has been asked in the chat box. I know that you have a target of achieving 14-15% export contribution by FY28. What is the margin differential between domestic and export sales?

Management: I have already answered that. Exports have approximately 4-5% higher margins. This is a ballpark number, depending on the individual parts, but exports are more lucrative than the domestic business in terms of margins.

Operator: I think there is one follow-up from Mr. Pratik Giri. Mr. Pratik, please unmute yourself and ask your question.

Pratik Giri: I am sorry, all my questions have been answered. Thank you.

Operator: Please lower your hand, sir. I think that was the last question. Any closing comments, sir?

Management: We thank all our investors and analysts for their support and interest in the company.

We are encouraged. We are relatively new to investors in the stock market. We are a young company, only 5 years old, and we have a long way to grow.

Thank you all for your support to the company.

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Operator: Thank you very much. On behalf of Arihant Capital, I would like to sincerely thank the management team for taking the time to join us today and sharing your valuable insights about the company.

If participants have any further queries, they may get in touch with the team at Arihant Capital, and we will be happy to assist them. This is one of our coverage stocks, so if you have any queries, please contact us. Thank you very much.

Management: Thank you very much. Thank you, gentlemen and ladies.

Operator: Thank you, everyone.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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