Management Discussion

Dhruvi - Call Host / Investor Relations Advisor, EQBridges Advisors Private Limited
Thank you so much. A very good afternoon to everyone. Welcome to the H1 FY27 earnings call of Sumax Engineering Limited. From the management team, we have with us Mr. Sudip Mehta, the Chairman and Managing Director, also Mr. Gurunath Rao, the Chief Financial Officer. We will have the opening remarks from the management team post which we will open the floor for Q&A session. With that, I would like to hand over the call to Mr. Sudip Mehta for opening remarks. Over to you, sir.

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
On behalf of Sumax Engineering, a very warm welcome to our first ever earnings call. This is a very special moment for us. For more than 3 decades, we have built this business quietly, one customer, one product at a time. Today, as a listed company, we get to share that journey with you, our investors. Thanking you for taking this time to join us. Thank you for your trust placed in us during the listing. Let me begin with a quick introduction. Sumax is an integrated manufacturer and supplier of automotive products that are used by both automotive original equipment manufacturers and in the aftermarket In other words, our products are used during the manufacturing process of a vehicle and during the aftermarket beautification and maintenance of any product.

In the manufacturing process, our products are used for surface preparation, painting, transit protection, and for beautification of your car or motorcycle. Our business has 2 parts. In manufacturing, we produce adhesive tapes, die cuts, pre-taped masking films, rubbing and polishing compounds, buffing pads, reflective tapes, domes and graphics, and car care products and accessories. In trading, we supply electrical and pneumatic tools, coated abrasive products, body shop consumables, and aerosol products.

Our plants are located in Sikkot, Sriperumbudur in Chennai, and in IMT Manesar. We are ISO certified 9001:2015, ISO 14001, IATF 16949:2016 certified company that meets the global approval standards of all automotive OEMs and can supply worldwide. We sell our products across 26 states in India and export to over 9 countries. We focus on products that our customers order regularly. That has been the base of our business, along with high-quality innovative products that our customers have been buying from us for years now.

Before I get to the numbers, a quick word on our IPO. We are overwhelmed with the response that we had from our shareholders. The issue was oversubscribed by 162.88 times and our shares were listed on the NSE Merge. We are truly grateful to every investor who placed their trust in us. The process are going mainly towards 2 new manufacturing units in Grikko, Bhiwadi in Rajasthan, and Reliance MET in Haryana, which will increase our production capacities and for a new product development and business from these facilities which are going to be established in the next year.

I am happy to share the first year results ended September 30th, 2020. 26. Total income stands at Rs 77.49 crores. Our EBITDA rose by 39% to Rs 11.99 crores, up from Rs 8.59 crores last year. Our EBITDA margin improved by 356 basis points from 11- from 15- from 11.9% to 15.5%. Net profit grew by 60% to Rs 8.44 crores against Rs 5.26 crores in the same period last year. Net profit margin went up by 360 basis points from 7.3% to 10.9%. EPS was at Rs 4.44 compared with last year of Rs 3.57. Rupees, increase of about 24%.

Our first yearly results for this year shows us significant high growth in profits with improved margins across the board. Let me also share a few developments that have taken place recently. We received the approval from Tata Motors for the paint protection film which we sell through the BST

model, which is the build-to-ship-to model. We offer the paint protection film for both 5 years and 10 years warranty. We participate in the Automechanika Frankfurt in 2026, one of the biggest global events for the automotive aftermarket in Frankfurt.

We attended as an exclusive distributor partner of Indaza Portugal for India, with whom we have been associated and partnered since 2006. Our plant in Chennai and Manesar are running at about 92% capacity utilization. We are working for die cuts at 95%, polishing and adhesive tapes at about 92%, buffing pads at 91%, pre-taped films at about 90%. Due to the high demand, our new units that are coming up in Reliance Met, Jajjar, and Rico in Dewadi, Rajasthan, funded through our IPO proceeds, matter so much for our next phase of growth.

The listing has given us a strong platform and the capital for growth. Together With our new upcoming facilities, we're in a good place for business growth in the auto sector in India and also for export. We keep doing what we work best for us in the past 3 decades: staying close to our customers, staying focused on quality and innovative products, and growing in a disciplined way. I would like to thank you once again for joining the first earnings call. We now look forward to your questions. Over to the moderator.

Questions & Answers

Operator
Thank you very much. We now begin the question and answer session. Anyone who wishes to ask a question may press star and 1 on the touchtone telephone. If you wish to remove yourself from the question queue, you may press star and 2. Participants are requested to use handsets. While asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Participants, you may press star and 1 to ask a question. Anyone who wishes to ask a question may press star and 1 to ask the question.

First question is from the line of Nitin, individual investor. Please go ahead.

Nitin - Individual Investor
Hi sir, congrats on a very good set of numbers, especially on the last one. So sir, my question is, uh, Are we looking, uh, to increase our top line in H2 as well? How does H2 look like?

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
Uh, thank you. Um, see, at the moment we are working around 92% capacity utilization,

Operator
Right?

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
For us to go to the increase in the sales figures, we need the next plant to come up in production.

Operator
Right,

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
We can definitely increase a little bit of sales, but the aggressive sales growth what we are looking at needs the new plant to come up. What we have focused on is to optimize the products which are giving us higher revenue and profitability.

Nitin - Individual Investor
Okay, got it. And so for FY28, as our new plant would be, uh, I think it would start in, uh, start from March onwards. So how much is the percentage growth we're looking to target in FY28, and any new products, uh, that would help us increase margins next year?

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
There are a lot of, um, you know, investments being done in new customers, not only in India and abroad also. So for us to get these orders, normally what happens is the orders start very quickly. So once you go to a company, you do all the testing and trial, then the supplies have to start in a few weeks or months. So for us to do that, the plant- for them to also come and audit our plant and see the facility is mandatory because their production is dependent on us.

Nitin - Individual Investor
Correct.

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
So this is a cycle for us to get the plant up and going, and we are putting in all the efforts to see that the plant comes up quickly, and all of it- all-out efforts have been put for that. And I'm sure the numbers will be encouraging because as we have shared in our prospectus, the new facility which is coming in Jhajjar is almost, uh, going to be about 80,000 square feet. So there's a lot of scope of expansion and growth, and, uh, we are also eagerly looking forward to, uh, you know, getting the new plant up and going as soon as possible.

Nitin - Individual Investor
Okay, so how much is the peak revenue we can do including the new plant?

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
Um, see, that will be a stage story because if you say that in first year, at the moment I won't be able to share. Once the whole thing comes, you're most welcome to come and see the facility and you can have an idea yourself what will be there because ours is a business which is a little complex model, but the volumes will definitely grow very high because if you can see today we are having at around 55,000 square feet, we are achieving these numbers. With an expansion of about 80,000 plus another 30,000.

So the scope is very high, and also is that we are focusing on global markets and the other products that we can introduce to the existing customers. Okay, so exactly, we'll have a very good growth, but exactly I won't be able to share with you at the moment.

Nitin - Individual Investor
Okay, also, uh, are we looking to introduce any, uh, precision engineering products as well? Do we already have some of these products?

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
See, at the moment, uh, we have over 3,000 SKUs, different products in our range. Our motto has been to increase the sales of these products which are in great demand. And if you look at the automotive sales in India also, over 40 lakh cars are sold and over 2.5 crore bikes are sold. So there's a lot of existing scope for the existing products itself which we have. So one of the constraints what we are having is the capacities, and in the- and also these processes, the quality has to be very consistent.

So we are focusing on doing everything in-house, improving our, you know, production capacities, and also at the same time ensuring that the material is supplied in time.

Nitin - Individual Investor
Okay, see, the reason I asked that, because, uh, in, in Europe as well there's a lot of, uh, for products from India, especially critical products like precision engineering. And since automotive and non-auto- non-automotive sector also, you know, contributes towards that, so that's the reason I was asking, any super critical products that we're looking to introduce from next year?

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
Um, we have those products in our range. Several products for development with the OEMs are also in the process. So we are working with the larger OEMs. For example, we are working with Maruti, we are working with Mahindra, with Tata Motors, Royal Enfield, BYD, and MG, and JSW. So all these are the new customers and new products also are in the pipeline. So all those products, yes, we are focusing primarily on the Indian market. And the products that we have also- we've been selling for years to companies like Toyota, to Kia, Hyundai, Suzuki, now even Nissan.

We have also, um, we started exporting to some of the countries and we have inquiries for the existing products which are used by the Indian plants because the manufacturing process remains the same. These products can be exported to several countries, so we are focusing on them as well.

Nitin - Individual Investor
Okay, good to hear that you're looking to get some high-quality precision engineering products as well. Okay, so thank you so much. Thank you.

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
Thank you so much, sir.

Operator
Thank you. Participants, you may press star and 1 to ask the question. Next question is from the line of Ronak Sarva from Arth AIF. Please go ahead.

Ronak Sarva - Analyst, Arth AIF
Hello, sir. Am I audible?

Operator
Your voice is echoing. Can you speak through the handset, please?

Ronak Sarva - Analyst, Arth AIF
Sure, one second. Hello Am I audible Yeah confirm accreditation sir for the IPO listing so I would like to ask that as we have gotten approval from Tata for the PPF films in in Hawaii so What is the revenue we are targeting to do from that, uh, PPF films through Tata? And also, what are the, uh, EBITDA that we can, uh, project on those things?

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
See, Tata Motors is making about a million cars, okay? So this product which we are selling in the BTST, that is build-to-ship-to model. Um, all the dealerships of Tata, they have given approvals to us so that we can go and approach them and we can partner with them, and we do the apply and supply. That means we supply the products to them and we do the application. Okay, now what

happens is if you're looking at the market size, it depends on how many of the people who would like their car to be be PPF because it's growing up and it's a great protection for your car against scratches and a lot of other contaminants and protection.

So what happens is the market size, if you look at the- they have already listed down the price at which we can do, so it's been fixed by Tata Motors. Now if you look at the vehicle volumes, which is going to be about a million pieces, okay, because you can do technically for the number of cars sold, you can do it for every vehicle. Now how much out of that we are able to convert, that will depend on 2 strategies. One is the drive and push from the dealership, because we are working with the dealerships.

We support them in marketing, training the people, but the sale is done by the dealership. Second is which dealership would like to, you know, uh, this is a drive from Tata which forces them to only use our product. Certain times what happens is they also have other approved vendors who are there for this. So how much of the share we are able to do So the volume is going to be quite a bit, and this is a new concept because everybody is now looking at putting the film. So the response is going to be very, very nice, and the numbers are going to be very encouraging.

That is why we- to get this approval itself has taken us over 1.5 years,

Rishabh Agarwal - Analyst, Agarwal Family Office
Right?

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
And not only this, let me also share with you that not only we are looking at one product, the other products also. We have like the AC disinfectant, we've already got this. And there are a couple of other products also approved by Tata Motors. We're just going to put in the BTSD model. So it's going to be not a single product, just, uh, PPF. It's going to be at least a few other products also part of that. So that's going to be a big thrust for us because that's a great market potential for us to go as authorized partners and approved vendor of Tata Motors.

So we are working with Tata Motors, we are working with the dealerships, and our whole team with the ecosystem, we are working on this. Numbers are going to be encouraging and it's a great product to get inside with.

Ronak Sarva - Analyst, Arth AIF
So, sir, when- till when are we assuming that the sales will be coming from the PPF films? PPF films, the

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
Sales is already started.

Ronak Sarva - Analyst, Arth AIF
Sales has already started. So you are in tie-up with some of the dealerships from Tata? In, uh, what we are

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
Doing is we are- what we are doing it for several products of that, as I said. Like for example, AC disinfectant, we've been selling it for the last couple of months. And now we are introducing all these new products and we'll have to set it up there. And we have started already selling these to the dealerships. So it's not a new thing which is happening and we are used to this process. And we

were also doing the value-added service for several dealerships over the past few years. The build-to-ship-to model has been just introduced by Tata Motors and we are moving in that process.

It's more controlled and more secure on payments and so on and so forth.

Ronak Sarva - Analyst, Arth AIF
Understood, sir. Uh, one thing that if you are seeing that PPF films have this huge market that we can cater to, so are we also planning to deal with some of the other OEMs like Tata?

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
Yeah, are we in talks with some

Ronak Sarva - Analyst, Arth AIF
Of them?

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
We have already started the person, uh, process of getting ourselves registered. And every OEM, though the larger ones, want their products to be tested as per their pairings and as per their process. So we're already doing it with 2 other plants. We are working with them, and hopefully we'll get some good news. So we're trying this effort because it's a continuous effort, and the company then makes the whole call. So we are doing all the testing. We start doing it with 2 other OEMs as well.

Ronak Sarva - Analyst, Arth AIF
Okay, so do we have some Numbers that how much PAT and EBITDA we can do from it, not numbers but in percentage terms [Foreign Speech] would be this and PAT would be this from the sales of PPF.

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
See what happens is the company works on a decent margin, right? If you've seen that what we've been doing in the last six months, if you've seen the increase in the Uh, in the profit what is happening. So then we are only introducing those products which will not only give us- we are not looking at a very high sales figure with a lower margin, but we are looking at a high return with a reasonable sale. You understand? For me, the profitability is more critical than just the sale.

Ronak Sarva - Analyst, Arth AIF
Yeah.

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
So this product is one of the products like that, and, uh, and I'm sure by next year, um, after March, you will see see some encouraging results which we can share with you.

Ronak Sarva - Analyst, Arth AIF
Sure. Thank you, sir. That was all from my side.

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
Thank you so much. Yeah,

Operator
Thank you. Participants, you may press star and 1 to ask the question. Next question is from line of

Rishabh Agarwal from Agarwal Family Office. Please go ahead.

Rishabh Agarwal - Analyst, Agarwal Family Office
Thanks for the opportunity. Also, I have couple of questions. Like I see, sir, uh, H1 numbers, like total income has grown by around 7%, but EBITDA has increased by almost 39%. So, uh, while the improvement in profitability is encouraging and revenue growth has been relatively moderate, so is that mainly because of, uh, better margins and cost-effectiveness, or there is some segment where volume growth is still not picking up as expected.

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
Our focus was to optimize the production capacities available with the products what we do. We have a lot of SKUs, we have a lot of products, but the main constraint what we have been having is the production capacities. Okay, and that is the reason why we came up with the IPO for, you know, the amount which we received from the IPO has- we've already started constructing the factory. And we are trying to finish it in a war speed. You know, just came in September, so we are targeting very aggressively till March end, and the process is going on quite a bit actually.

Okay, now the reason why we've, um, we looked at those products which we could, you know, get a higher return. So with the existing capacities and little bit of increase of the production We are exploring what can increase our profitability, and that is what has been the focus for the, uh, for the year 2026. Now once the capacity has come up, we'll also increase our sales and the profitability also will increase. But there are those products which you are taking in category 2. First we are focusing on the products which are low-lying fruits, and we can make decent returns and we can cater to the market.

Rishabh Agarwal - Analyst, Agarwal Family Office
Understood.

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
I'll also share something with you. See, the market is growing at an alarming pace, the auto market in India, as I said to the other gentleman before you. So about 45 lakhs of cars are going to come and about 2.5 million bikes are coming. So you're looking at the market grow at an enormous pace, and the vehicles which are coming now are not only sold at a, you know, competitive price. So the middle segment and the higher segment also is increasing. So the market for our products, innovative, is going to grow phenomenally high.

And one of the main reasons why we are gone is in the production capacities of the die-cut, that production has increased drastically, and today we really don't have the capacities to meet the demand. So for us, the priority is to get our plant up and going as soon as possible to meet the requirement.

Rishabh Agarwal - Analyst, Agarwal Family Office
Understood. And so currently you have like, uh, 2 manufacturing facilities. And also you are mentioning your, uh, last slide, like Rajasthan and Haryana, uh, you are increasing, uh, that expansion plan. So, uh, can you give some clarity on that expansion plan, like timelines and additional capacity that, uh, facilities will bring?

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
See, presently the 2 existing plants which is in Chennai and in Manesar, we are doing- we have a

space about 55,000 square feet. The plant which is coming in Reliance Med is about 80,000 square feet, and the one which is going to come in Rico, Bibadi is going to be another 30,000 square feet. So from 55,000 we'll be coming to about 1,65,000.

Rishabh Agarwal - Analyst, Agarwal Family Office
So expected timeline of that new plants?

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
We are planning to finish this project by, uh, the Jhajjar one. We are expecting it to be done by March end.

Rishabh Agarwal - Analyst, Agarwal Family Office
By March, which

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
We're doing. The other one also is in the process, and that also will be done, uh, by next year itself. So we are working on that, and, uh, first was to get this up and going. So even the slab has been casted for the, uh, or the mezzanine floor. So there's a lot of work happening, so we are focusing on this. And not only this, a lot of other equipments and sharing and order planning, everything is in the pipeline. So we're going stage by stage so that we are able to optimize everything quickly.

Rishabh Agarwal - Analyst, Agarwal Family Office
So in this both expansion plan, uh, what will be the key products? Uh, what are you manufacturing over there?

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
Products that we are existingly manufacturing. So the tapes and die cuts, the car care products. We'll add a few more SKUs and different models in that But the range remains the same.

Rishabh Agarwal - Analyst, Agarwal Family Office
Okay, categories are same. For example,

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
If I'm making some products, for example, for Royal Enfield, for Maruti, uh, we have added one more product to Maruti. We'll add a few more products to Maruti in the car care itself because car care has over 200-300 SKUs you can have. So it becomes easier for us, one large customer, payment is secure, we're going for volume, uh, products, and then we keep adding on to the same existing customer.

Rishabh Agarwal - Analyst, Agarwal Family Office
Okay, and so what will be your, uh, current pipeline till now that will help you to support this expansion?

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
Pipeline means the source,

Rishabh Agarwal - Analyst, Agarwal Family Office
Uh, the order book.

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
So the order book is there, uh, because normally the contracts which we have from OEMs are for a long term. So some companies we've been having for 10 years, 15 years, and the products continue. So unless the model is phased out- so the advantage, USP of our business is unless the model is phased out, the product won't be stopped. So for example, if you are having a shape or a product done, they will not change because it's pegged in also.

Rishabh Agarwal - Analyst, Agarwal Family Office
Okay, so sir, uh, as this, uh, OEMs relate, I have one question. Like, uh, you have, uh, many, uh, orders from your existing, uh, OEM customers. So is there any new increasing business?

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
Yeah, the capacities of these plants are increasing. The SKUs which we are doing to them, they are also increasing. So as a company, if you see, the car models are changed, motorcycle models are changed, so the volumes have increased. To give you an example, almost 20% increase in the sales to one few of the companies. For the existing models. So their sales also are going up. The model- they are adding on new models. So we are also doing innovation for the same things.

Rishabh Agarwal - Analyst, Agarwal Family Office
My question is related to new customers. Any new customers are onboarding?

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
New customers, we are not focusing at the moment because we are already doing over 450 OEM Tier 1, Tier 2. So going to this existing- the new customer will be, for example, we have started with the Nissan facilities in Egypt. So we supply to Nissan in India, being the mother plant, and they have set up a facility there making about 240,000 cars installed capacity, and it's a new facility. So they've given us the orders to supply the die cuts from India to Nissan, which we already started. So 2 batches have already gone to them.

Now similarly, we can go to- we are doing it for VinFast. So we- the next thing is once the capacity is all installed and increased, we are doing for VinFast in India. We can go to VinFast in Vietnam also.

Rishabh Agarwal - Analyst, Agarwal Family Office
Understood. And sir, like I see, for

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
You we don't really need to go to too many new customers. With the existing customer itself, the scope of growth is very high.

Rishabh Agarwal - Analyst, Agarwal Family Office
Got it, sir. Uh, so one more last question, uh, related to this, uh, export business. You already into 5 countries, correct? So any other, uh, plans to grow From 5 to 10 or something?

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
We are already with 9 countries at the moment. Yes, we are going to increase our business and we are going to focus, and that is going to be the main focus for 2027. You already started, we've already getting a team put together, and from 2027 we are going to do that. And that was one of the reasons why we participated in Automechanika in Frankfurt also, where over, uh, you know, visitors from 200 countries come with a partner who is based in having their presence in several parts

world, and they are a preferred partner from 2006.

So we are using their connections, their distribution also, to enter into new markets where we can synergize our strengths. They manufacture some products and we also have some products, and we can go to the existing channels which they have established in all the rest of the world. So that was the idea for participating in Automechanika Frankfurt.

Rishabh Agarwal - Analyst, Agarwal Family Office
Answer, uh, the question from our corner, investor corner, like, uh, what milestones we can track next 2 to 3 years from Sumax? Any range?

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
See, uh, I understand because see what happens from the return point of view and other things. See, we are focusing on the reason Uh, first is, um, all the money which is coming to the company is going into the plants and for the working capital, right? So our main focus is to look at how we can expand the business. And if you've seen, if we were at 55,000 square feet, we are going not for 20%, 30%, 50%, 100%. We are almost attempting 200% expansion of all capacities. Why we are doing this is because there is enormous potential.

Otherwise, there's no point point in doing it because the money should be used judiciously, right? Any shareholders' money must be taken care of. And even the promoters and the shareholders who are there from the board, everybody is very, very cautious about this, and we are going step by step. So the numbers will be very encouraging. I think the real- as we also spoke in the prospectus and during the IPO, the main thing is we need the facilities to come in, and in the facilities we need to get all the approvals, which will not take very long because we are We are an ISO TS certified companies.

So once all these comes, the results will start coming in from next year. So the real growth what you are looking at, the story will start from 2000 once the plant is up and going. 2027 we'll see something and 2028 will be quite remarkable.

Rishabh Agarwal - Analyst, Agarwal Family Office
Okay, all the best, sir.

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
Thanks. Yeah, thank you. That's

Rishabh Agarwal - Analyst, Agarwal Family Office
It for my time. Yeah, all the best. Thank you.

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
Thank you.

Operator
Thank you. Participants, you may press star and 1 to ask the question. Next question is from Land of Energy, from KRS Growth Opportunity. Please go ahead.

Unidentified Participant - Analyst, KRS Growth Opportunity
Uh, good evening, sir. So I was just looking at the new numbers. We have posted healthy growth in EBITDA and PAT. But the top line remains almost flat. So can we conclude that we are running at full capacity, and once your new, uh, uh, factories come up, then only we can see the increase in top

line? Because, uh, the quarter has been phenomenal for, uh, automobiles. So why, why was there no growth in top line?

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
Correct, because that's- if you've seen, that's what we said, we are working at about 92% efficiency. So we need to put the whole expansion in growth. So if you look at it, what we've done is, see, the land was purchased last year, okay? And now we've already started building the facility. To put up the whole facility can't be done, you know, in a few months. It takes a little bit of time. So the process was there that we need the working capital, we need the investment to put it in the plant and building also.

So it's a, it's a process which we have done, and we anticipated that the growth will come in the automotive areas in India in a big way. And we are also increasing our presence, uh, with, um, with the other products also, which we feel that we can enter into the existing customers of ours. So this is, it's a, you know, it's a consolidated continuous effort in various departments at the same time.

Unidentified Participant - Analyst, KRS Growth Opportunity
So, so it'll take a year almost, you know, when we could see, uh, revised numbers, or we can see a big jump in top line. If you're

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
Looking at only numbers, it will start coming very quickly. So because I think by March we should be, uh, we'll try and finish it. So by April and May, once the plant is done, so the results will start coming instantly after that because we have orders which we are not taking also. We have certain challenges and all those things. And, uh, but I think there is going to be there. And we've also started planning it for the growth also. It's not that we- once the plant is up and going, then we start looking for customers.

Nitin - Individual Investor
We are

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
Looking at other markets and other things. Like we started Egypt, we have looking at 3 other plants there. There's another couple of countries where we are exploring. And, uh, coming even in African markets, there's huge potential there. We've already started exploring and identifying. And that was one of the reasons, as I said earlier, we exhibited in, in Frankfurt. So we meet these people from all over the world who come and say, are you a vendor to Toyota or Nissan or Kia? You know, so they, they ask us, okay, these are the products that you're doing.

So they are buying with our competitors. What global companies can you offer to us? And we are now exploring the possibility how we can simultaneously start on that. So the numbers till March, okay, maybe a slight growth of course, but after that, uh, we don't have to wait till October.

Unidentified Participant - Analyst, KRS Growth Opportunity
Okay, so the first quarter FY27 would be- I would, would show the numbers. Nice. Definitely. Yeah, I was going to the balance sheet, sir. Um, March 26th to September 26th, there's a huge, uh, jump in long-term loan advances, almost 20x. So could you throw some light on that as well?

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
I think you can take that and you can explain.

Rishabh Agarwal - Analyst, Agarwal Family Office
Yes

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
Sir, regarding this 9 crore 60 lakh which we have showed in the long term forty

Unidentified Participant - Analyst, KRS Growth Opportunity
Three lakh to 9.5 crore which

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
That is the capital advance we have given to construct the Jigyasa plant sir Reliance met plant 9 crore 38 lakh has been given as advance to the K astrik capitalisations pay fulfil, it will go into the captive working progress.

Unidentified Participant - Analyst, KRS Growth Opportunity
Okay, okay, thank you so much.

Operator
Thank you. Participants, you may press star and one to ask a question. Ladies and gentlemen, you may press star and one. To answer the question. Next question is from line of Ananya Mehta, individual investor. Please go ahead.

Ananya Mehta - Individual Investor
Hello?

Operator
Yes, ma'am.

Ananya Mehta - Individual Investor
Uh, yeah, congratulations for your F1 result.

Rishabh Agarwal - Analyst, Agarwal Family Office
Yeah, thank you, ma'am.

Ananya Mehta - Individual Investor
Yeah, also my first line of question is, uh, despite of 60% rise in profits Revenue grew only 7%. What factors limited sales growth?

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
Ma'am, the main factor was the capacity what we have.

Ananya Mehta - Individual Investor
Okay. The cap-

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
We are only working at 92%. Okay.

Ananya Mehta - Individual Investor
What is the- okay, so what is the revenue contribution from OEM? Refinished and aftermarket segments. So

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
Revenue is about, uh, from the OEM is about 72% and the aftermarket is about 28%.

Ananya Mehta - Individual Investor
Okay.

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
Oh, see, ma'am, in our business, just to explain, everybody is asking the same question. In our business, we are predominantly an OEM company, okay? We manufacture innovative products. That's why our profitability and other things are better. The main challenge is that when you have this manufacturing, everything is auditable. So you can't- the consistency of the product, the innovation, quality, and everything have to be very, very consistent. So it's not possible for us- we shouldn't outsource this because then you disclose the technology and other things.

We want to do it in-house. Now for doing this, you need the extra space, extra capacity, all the approvals, and all the other things, infrastructure to be put in place. So what we thought was that we- though it might be a slow process for 1 year or 1.5 years, which has already started, but now the results from next year is going to start. So buying the land, setting up the location, setting up in an industrial zone, all those challenges what we had have already been met. Now the construction has already started.

Now the next challenge is to, you know, ensure that we complete it as quick as possible, and then we continue to get the new orders from other markets and expand our business.

Ananya Mehta - Individual Investor
Okay, so, uh, what percentage of revenue comes from manufacturing versus trading?

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
Manufacturing is about 60% and trading is about 40%. Okay,

Ananya Mehta - Individual Investor
So what are the key reasons behind the 365T, uh, see the improvement in EBITDA margins?

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
See, we, the, uh, we have optimized the, uh, first is the, uh, the products that we are going to supply to the OEMs. So the margins which were lower, we've, uh, because we already have so many orders, some of them we've said, okay, we are not very keen to pursue because we are only focusing on better margin products. At the same time, uh, we've also expanded our A lot of, uh, with the existing capacity also, what we could maximize, we have done that. Whether it be the production, uh, the optimization of production, number of hours working, whatever we could do with the products which we have, that is what we've done.

So even the product, you know, the various parameters which constitute for increasing the profitability, we have optimized all that.

Ananya Mehta - Individual Investor
Okay, so what are your major raw material requirements and how easily can cost increase be passed on the customer?

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
Uh, see, we are an OEM company, so normally what happens in any OEM companies, you go to the companies and you plan and you budget everything. So when we place orders also, for example, we buy the raw material from Nichiban, which is a global player. We did exclusive partners for India, or Indaza, and so on and so forth. So many companies, we have long-term planning of orders because even the raw material at times takes about between anything between 60 to 90 days. So all the orders, pricing, everything is decided prior.

So if you want to do any price change by the global company, that's only going to be after a period of time. Normally we ask for between 12 months to 18 months a price to be locked in. Okay, the only changes happen when the currency fluctuates a lot. That's the only challenge we have. And when we have a currency fluctuation, like in this case we've seen the dollar go up, euro go up, then we go back to our OEMs and we are happy to inform you. Like larger companies like Tata Motors also have been fair enough when the currency has fluctuated.

They have, they have a formula by which they say, okay, the average currency was so much and now it's increased to so much, and they pass on the difference in currency from the dates. For example, now we got an increase in prices from 1st of April 2026. So they might take a couple of months because then we have to discuss and we have to share all the information, but they give us a price increase. That's not a challenge for us.

Ananya Mehta - Individual Investor
Okay, sir, thank you.

Operator
Thank you. Participants, you may press star and 1 to ask the question. A reminder to all the participants, you may press star and 1 to ask a question. As there are no further questions, I'll now hand the conference over to the management for closing comments.

Sudip Mehta - Chairman and Managing Director, Sumax Engineering Ltd
Thank you for your time, and thank you, we much appreciate, and wishing you all the best.

Operator
Thank you very much. On behalf of Equibridge Advisors Private Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.