

KEY HIGHLIGHTS

1. RESULTS OVERVIEW:

- SJS Enterprises Q1FY25 consolidated revenues came in at ₹192.7 Cr, up 18.1% YoY and up 2.2% QoQ.
- Op Profit for Q1FY25 stood at ₹49.8 Cr, up 38.7% YoY and up 1.4% QoQ.
- Op margins for Q1FY25 came at 25.8%, up 383.2 bps YoY and down 19.1 bps QoQ.
- PAT for Q1FY25 stood at ₹29.1 Cr, up 50.8% YoY and up 3.2% QoQ.

2. MANAGEMENT COMMENTARY:

- The company won a large long-term export business and continued to win new businesses, contributing to export growth of 54.7% YoY.
- The company is focused on deepening penetration in existing geographies and expanding into new markets.
- The company is focused on deepening penetration in existing geographies and expanding into new markets.

3. CONCALL SUMMARY

- Estimated capex of INR 170.0 - 190.0 crores over the next three years, with revenue expected by FY 2026.
- Company maintains high margins through focus on high-margin, high-technology products.
- Company aims to double revenue in the next three years at Exotech.
- Recent growth in sales attributed to new business wins from customers like Bajaj, TVS, Royal Enfield, and Mahindra.
- Injection molding is common to both Exotech and Walter Pack, allowing for potential capacity supplementation if demand accelerates.
- Company aims to maintain margins above 25.0% and focuses on quality, cost efficiencies, and delivery.
- Company is interested in the medical devices sector for potential growth, particularly in North America and Southeast Asia.
- Company plans to expand its presence in the medical devices market by acquiring companies with existing clients in the sector.
- Company is a strong player in the Indian market and is focusing on expanding its export business to compete globally.
- Company has a vacant plant in SJS Bangalore that the Board has decided to monetize as a strategic move to strengthen financial conditions and support organic and inorganic initiatives.

4. VALUATION AND OUTLOOK:

Company offers a compelling investment case with its strong product portfolio, industry relationships, and financial health. The company's focus on innovation, global expansion, and acquisition-led growth makes it a long-term growth story. We initiate a "BUY" rating on the stock and value the stock at 21.75x FY26E earnings to arrive at the target of ₹1,458.

RECOMMENDATION - BUY

CMP – 1215

TARGET – 1458 (20%)

Industry	Auto Ancillary
NSE CODE	SJS
BSE CODE	543387
Market Cap (₹ Cr)	3815.49
Shares Outstanding (in Cr)	3.10
52 wk High/Low (₹)	1275.95 / 552.05
P/E	36.58
P/BV	6.33
Face Value (₹)	10.00
Book Value (₹)	194.27
EPS (FY23) (₹)	27.33
Dividend Yield (%)	0.33
Debt / Equity	0.13
Interest Coverage	13.83

SHAREHOLDING PATTERN

	Sept 24	Jun 24	Mar 24
Promoters	21.80	21.80	21.80
MF/ DII	23.53	24.28	25.62
FII/FPI	16.72	15.94	15.11
Retail & Others	31.39	30.49	31.02
Promoter Pledging	0.00	0.00	0.00

FINANCIAL SNAPSHOT (₹ Cr)

Y/E March	2024A	2025E	2026E
Crore			
Sales	627.8	1000	1350
Sales Gr. (%)	44.97	59.28	35
EBITDA	152.47	250	337.5
EBITDA %	25.18	25	25
PAT	84.82	149.7	207.75
EPS (₹)	27.33	48.29	67.01
EPS Gr. (%)	23.68	76.69	67.01
Ratios			
RoE (%)	17	23.92	25.82
RoCE (%)	21.5	28.46	31.22
Valuation			
P/E (x)	32.1	20.25	14.59

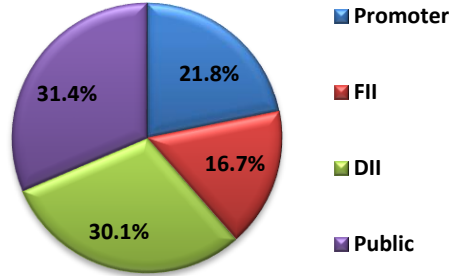
Historical & Industrial Val Ratios

Historical P/E	36.58
Industry P/E	53.83
Historical P/B	6.33
Industry P/B	4.47



SHAREHOLDING (Q1 FY25)

Shareholding Pattern (Q2 FY25)



QUARTERLY PERFORMANCE (CONSOLIDATED)

(₹ Cr)

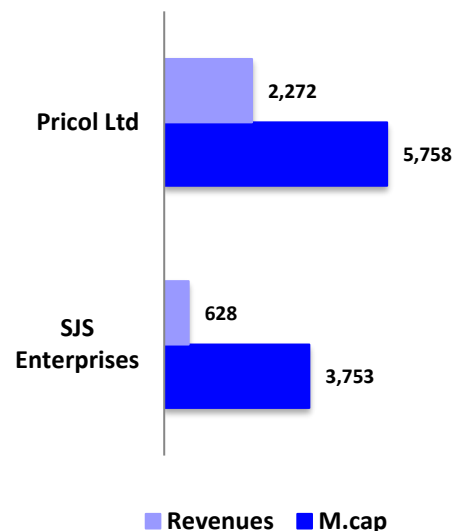
Y/E March	FY23		FY24				FY25			FY24	FY25E*
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3E*			
Net sales	107	117	163	161	187	189	193	250	627.80	1000	
YoY change (%)	2%	14%	40%	51%	75%	61%	18%	55%	44.97%	59.28%	
Total Expenditures	83	89	127	120	139	139	143	185	475.33	750	
EBITDA	24	28	36	40	48	49	50	65	152.47	250	
Margins (%)	23%	24%	22%	25%	25%	26%	26%	26%	25.18%	25.00%	
Other income	3	3	2	1	2	1	2	3	7.70	8.50	
Interest	0	1	3	3	2	2	2	1	8.78	6.50	
Depreciation	6	6	11	11	11	11	11	15	38.74	52.40	
PBT	21	24	24	28	36	38	39	46	112.65	199.6	
Rate (%)	26%	25%	20%	25%	25%	25%	25%	25%	24.22%	25%	
Adjusted PAT	15	18	19	21	27	28	29	35	85.37	149.70	
EPS in Rs	5.05	5.80	6.22	6.69	8.60	8.97	9.34	11.29	27.33	48.29	

Source: Company, Hem Securities Research.

INDUSTRY OVERVIEW

- The Indian decorative aesthetics industry caters to leading auto OEMs, global independent tier-I automotive component manufacturers, and consumer appliance companies. The two-wheeler segment constitutes the majority of the industry share.
- The decorative aesthetics industry engages in the manufacturing of visually appealing products for the automotive and consumer appliances sectors. Manufacturers of discretionary consumption items strive to add value and aesthetic excellence to their offerings, aiming to improve their market shares.
- According to CRISIL, the Indian decorative aesthetics industry is expected to grow at a CAGR of ~20% and reach ` 49.2 billion by FY 2025-26.
- This growth is fuelled by an expansion in the underlying application segments and a rising demand for premium aesthetic products. The demand for decorative aesthetics is increasing as OEMs have started to take product aesthetics into account during the brand-building process.

KEY PLAYERS in Aesthetics Segment



PEER PERFORMANCE

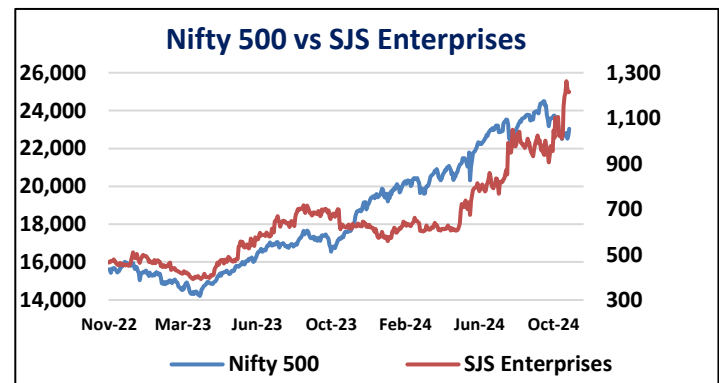
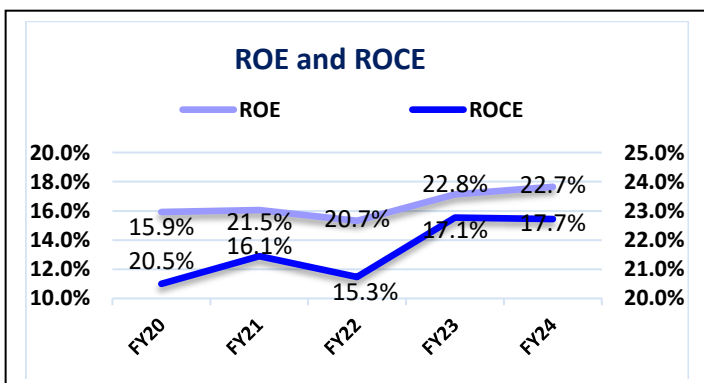
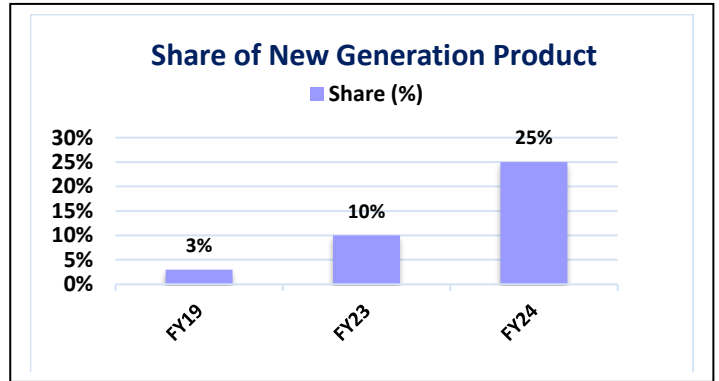
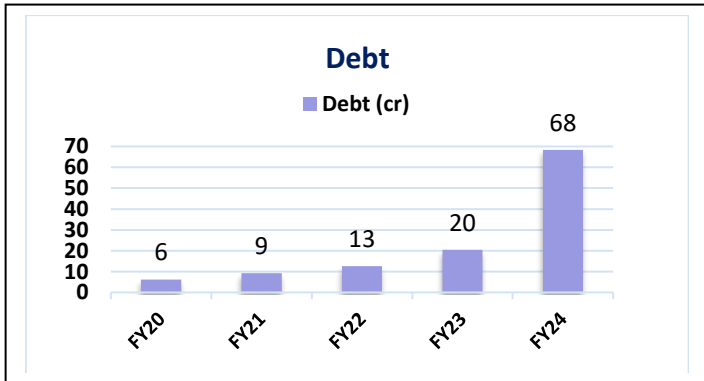
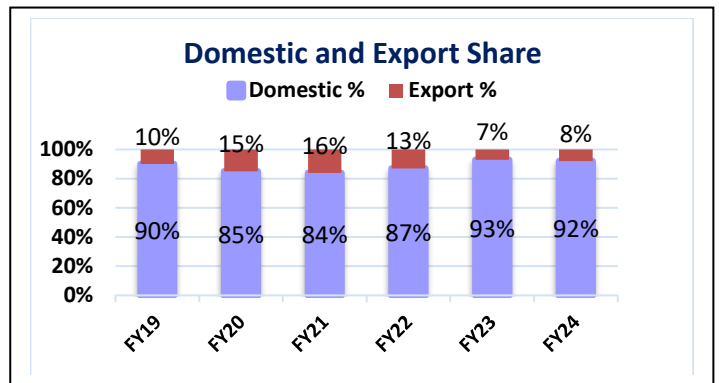
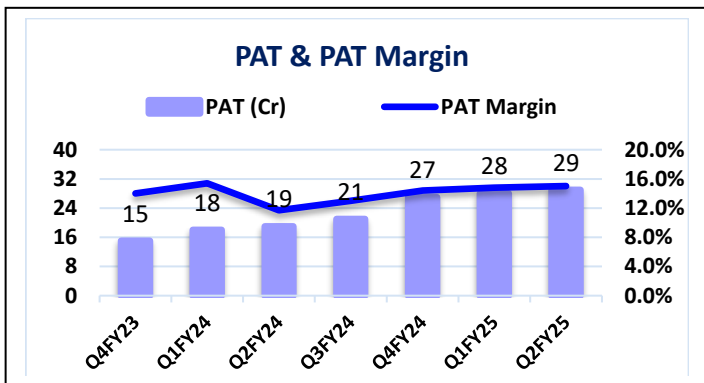
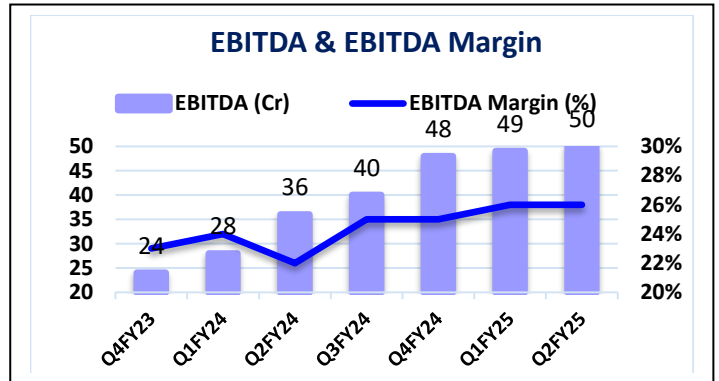
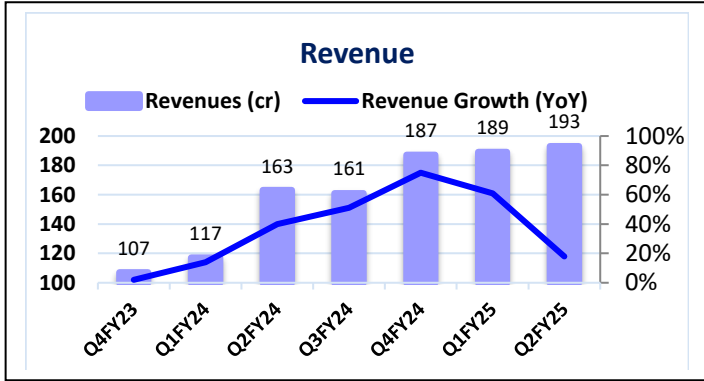
(₹ Cr)

Particulars	SJS	
	Enterprises	Pricol Ltd
Market Cap	3,760	5,758
Net Sales	627.8	2,271.8
EBITDA	152.5	273.1
PAT	84.8	140.6
EPS(₹)	27.3	11.5
EBITDA MARGIN %	25.2	12.5
PAT MARGIN %	13.4	6.2
ROCE %	21.5	24.5
ROE %	17.0	18.8
P/E TTM	36.1	37.3
P/B TTM	5.5	6.5
EV/EBITDA	17.3	18.9
Dividend Yield %	0.2	0.0
MCap/ Sales TTM	4.4	2.5

Source: Company, Hem Securities Research.



STORY IN CHARTS





INVESTMENT RATIONALE:

- SJS has earmarked a capex of INR170–180cr, spread over FY25–26E, for additional capacities in WPI, Exotech, optical cover glass, and the consumer durables segment. This is in-line with the premiumisation trend that the management expects, with content per vehicle improving by ~4x/~2x in PVs/2Ws and by ~4x in consumer durables. The addition of Dixon Technologies (India) has opened additional opportunities in the consumer durables space.
- The automotive sector in India is expected to witness growth, driven by increasing vehicle sales, growing demand for premium products, and the rise in electrification. As more consumers shift towards electric vehicles (EVs), which typically require higher levels of aesthetic customization.
- SJS has started expanding its global footprint. It is penetrating markets in Europe, Asia, and North America, positioning itself to benefit from global demand for automotive and consumer decorative products. International expansion will drive future revenue growth and diversify its revenue base away from domestic reliance.
- The company's acquisition strategy has the potential to fuel growth. Acquisitions can help SJS enter new segments, access new technologies, and diversify its offerings.

RISK / NEGATIVE FACTORS:

- A significant portion of SJS's revenue comes from the automotive sector, which is cyclical and can be affected by economic downturns or disruptions in demand.
- Volatility in raw material costs (like plastic, chrome, etc.) could impact margins. However, SJS's operational efficiency and pricing power could mitigate this risk to some extent.
- As the automotive and consumer durables industries continue to evolve, staying ahead in terms of innovation is crucial to remain competitive.

COMPANY RECAP

- **SJS Enterprises Ltd.** is a leading Indian company that manufactures and supplies decorative aesthetic products primarily for the automotive and consumer durables industries. The company is known for its diverse range of products that enhance the look and feel of vehicles, consumer goods, and appliances.
- SJS Enterprises operates in two main segments:
 - Automotive:** The company produces aesthetic and functional products for vehicles, including two-wheelers, passenger cars, and commercial vehicles.
 - Consumer Durables:** SJS provides decorative products used in appliances and consumer electronics, including refrigerators, washing machines, air conditioners, and televisions.
- SJS Enterprises caters to both domestic and international markets. While India remains its primary market, the company has been expanding its footprint globally, supplying to customers in North America, Europe, Asia and Australia.
- SJS operates state-of-the-art manufacturing facilities in Bengaluru, where it integrates advanced technologies like in-mold decoration (IMD), laser etching, screen printing, and plastic electroplating to deliver high-quality products. These facilities ensure a large production capacity and the ability to customize products based on client specifications.

ANNUAL PERFORMANCE

Financials & Valuations

Income Statement

Y/E March	2020	2021	2022	2023	2024	2025E	2026E
Revenue from operations	216.17	251.62	369.86	433.05	627.80	1000.00	1350.00
Growth YoY (%)	-8.88	16.40	46.99	17.09	44.97	59.28	35.00
Total Expenditure	152.37	175.35	275.16	326.19	475.33	750	1012.5
(%) of sales	70.49	69.69	74.40	75.32	75.71	75.00	75.00
EBITDA	63.80	76.26	94.70	106.86	152.47	250	337.5
EBITDA Growth (%)	-4.26	16.39	0.00	18.24	36.89	63.96	35
EBITDA Margin (%)	31.56	30.64	26.52	26.54	25.18	25.00	25.00
Depreciation	12.77	14.75	21.57	23.30	38.74	52.40	65.00
EBIT	56.13	65.45	77.38	93.71	121.43	197.6	272.5
EBIT Growth (%)	2.16	16.59	0.00	21.10	29.58	62.72	37.90
Net Interest Expenses	1.78	1.27	3.44	2.54	8.78	6.50	4.00
Other Income	5.10	3.93	4.26	10.15	7.70	8.50	8.50
Earnings before Taxes	54.35	64.18	73.94	91.17	112.65	199.6	277
EBT Margin (%)	24.89	24.52	19.82	20.68	17.71	19.96	20.51
Tax-Total	13.07	16.41	18.92	23.92	27.28	49.9	69.25
Rate of tax (%)	24.04	25.57	25.59	26.23	24.22	25.00	25.00
Net Profit	41.29	47.77	55.02	67.25	85.37	149.7	207.75
PAT Growth (%)	9.80	15.70	0.00	22.24	26.94	75.35	38.77
PAT Margin (%)	18.91	18.25	14.75	15.25	13.42	14.97	15.38
Minority Interest	0.00	0.00	0.00	0.00	-0.56	0.00	0.00
Adjusted PAT	41.29	47.77	55.02	67.25	84.82	149.7	207.75
EPS	13.56	15.69	18.08	22.10	27.33	48.29	67.01
EPS Growth (%)	0.00	15.70	0.00	22.24	23.68	76.69	38.76

Balance Sheet

Y/E March	2020	2021	2022	2023	2024
Equity Capital	30	30	30	30	31
Reserves	249	285	330	399	520
Borrowings	6	9	29	30	84
Other Liabilities	46	59	66	77	151
Total Liabilities & Equity	332	384	456	537	785
Fixed Assets	160	155	207	199	475
CWIP	0	4	0	2	2
Investments	55	70	78	139	40
Other Assets	102	143	170	198	269
Total Assets	332	384	456	537	785

Source: Company, Hem Securities Research.



Ratios					
Y/E March (Basic (INR))	2020	2021	2022	2023	2024
Profitability and return ratios					
Net profit margin (%)	18.91	18.25	14.75	15.25	13.42
EBITDA margin (%)	31.56	30.64	26.52	26.54	25.18
EBIT margin (%)	25.71	25.01	20.74	21.25	19.09
ROE (%)	15.93	16.06	15.32	17.14	17.65
ROCE (%)	20.50	21.45	20.74	22.77	22.72
Working Capital & liquidity ratios					
Payables (Days)	70.68	87.38	70.72	71.67	66.72
Inventory (Days)	43.86	42.53	40.65	37.23	34.54
Receivables (Days)	75.72	72.91	83.95	72.97	72.57
Current Ratio (x)	3.87	3.70	3.27	3.43	2.03
Valuations Ratios					
EV/sales (x)	0.12	0.01	3.39	2.76	3.09
EV/EBITDA (x)	0.38	0.03	12.66	10.22	12.13
P/E (x)	0.00	0.00	22.95	17.92	22.28
P/BV (x)	0.00	0.00	3.52	2.83	3.49
Dividend Yield (%)	0.00	0.00	0.88	0.00	0.33
Return on Assets (%)	12.98	13.35	12.06	13.54	12.91
Leverage Ratio					
Debt/Equity (x)	0.02	0.03	0.04	0.05	0.13

Cash Flow Statement					
Y/E March	2020	2021	2022	2023	2024
CF from Operating activities (A)	58	58	61	87	109
CF from Investing Activities (B)	-32	-37	-50	-100	-133
CF from Financing Activities (C)	-18	-10	-17	5	29
Net Cash Flow	8	11	-6	-8	4
Add: Opening Bal.	3	11	22	16	8
Closing Balance	11	22	16	8	12

Source: Company, Hem Securities Research.



RATING CRITERIA

INVESTMENT RATING	EXPECTED RETURN
BUY	>=15%
ACCUMULATE	5% to 15%
HOLD	0 to 5%
REDUCE	-5% to 0
SELL	<-5%

RECOMMENDATION SUMMARY

DATE	RATING	TARGET
06 Nov 2024	Buy	1,172

DISCLAIMER

HEM Securities Limited (“Research Entity or HSL”) is regulated by the Securities and Exchange Board of India (“SEBI”) and is licensed to carry on the business of broking, depository services and other related activities. Broking services offered by HEM Securities Limited are under SEBI Registration No.: INZ000168034.

This Report has been prepared by HEM Securities Limited in the capacity of a Research Analyst having SEBI Registration No. INH100002250 and distributed as per SEBI (Research Analysts) Regulations 2014. This report does not constitute an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. The information contained herein is from publicly available data or other sources believed to be reliable. This report is provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this report should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult his own advisors to determine the merits and risks of such investment. This should not be construed as invitation or solicitation to do business with HSL. The investment discussed or views expressed may not be suitable for all investors.

This information is strictly confidential and is being furnished to you solely for your information. This information should not be reproduced or redistributed or passed on directly or indirectly in any form to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject HSL and associates / group companies to any registration or licensing requirements within such jurisdiction. The distribution of this report in certain jurisdictions may be restricted by law, and persons in whose possession this report comes, should observe, any such restrictions. The information given in this report is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. HSL reserves the right to make modifications and alterations to this statement as may be required from time to time. HSL or any of its associates / group companies shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. HSL is committed to providing independent and transparent recommendation to its clients. Neither HSL nor any of its associates, group companies, directors, employees, agents or representatives shall be liable for any damages whether direct, indirect, special or consequential including loss of revenue or lost profits that may arise from or in connection with the use of the information. Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein. Past performance is not necessarily a guide to future performance. The disclosures of interest statements incorporated in this report are provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report.

We offer our research services to clients as well as our prospects. Though this report is disseminated to all the customers simultaneously, not all



customers may receive this report at the same time. We will not treat recipients as customers by virtue of their receiving this report. HSL and its associates, officer, directors, and employees, research analyst (including relatives) worldwide may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company(ies), mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company/company(ies) discussed herein or act as advisor or lender/borrower to such company(ies) or have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of research report or at the time of public appearance.

Investments in securities market are subject to market risks, read all the related documents carefully before investing.

ANALYST CERTIFICATION/ DISCLOSURE OF INTEREST

Name of the Research Analyst: Mohit Arora

The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

SN	Particulars	Yes/No
1.	Research Analyst or his/her relative's or HSL's financial interest in the subject company(ies)	No
2.	Research Analyst or his/her relative or HSL's actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of the Research Report	No
3.	Research Analyst or his/her relative or HSL has any other material conflict of interest at the time of publication of the Research Report	No
4.	Research Analyst has served as an officer, director or employee of the subject company(ies)	No
5.	HSL has received any compensation from the subject company in the past twelve months	No
6.	HSL has received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
7.	HSL has received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
8.	HSL has received any compensation or other benefits from the subject company or third party in connection with the research report	No
9.	HSL has managed or co-managed public offering of securities for the subject company in the past twelve months	No
10.	Research Analyst or HSL has been engaged in market making activity for the subject company(ies)	No

Since HSL and its associates are engaged in various businesses in the financial services industry, they may have financial interest or may have received compensation for investment banking or merchant banking or brokerage services or for any other product or services of whatsoever nature from the subject company(ies) in the past twelve months. Associates of HSL may have actual/beneficial ownership of 1% or more and/or other material conflict of interest in the securities discussed herein.

There were no instances of non-compliance by HSL on any matter related to the capital markets, resulting in significant and material disciplinary action during the last three years.