

CMP: INR 1,285

Rating: BUY

Target Price: 1,567

Stock Info

BSE	543387
NSE	SJS
Bloomberg	SJS IN
Sector	Miscellaneous
Face Value (INR)	10
Equity Capital (INR Mn)	313
Mkt Cap (INR Mn)	33,339
52w H/L (INR)	1344/600

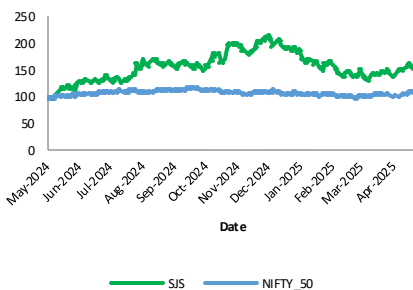
Shareholding Pattern %

(As on March, 2025)

Promoters	21.61
Public & Others	78.39

Stock Performance (%)	1m	3m	12m
SJS Ent	23.7	2.4	68.7
Nifty	-1.0	-3.3	8.1

SJS Vs Nifty



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As part of our Corporate Connect Series, we hosted an interaction with the management team of the SJS Enterprises company. The session was attended by Mr. Sanjay Thapar, Group CEO and Executive Director, Mr. Mahendra Naredi, Group CFO, and Ms. Devanshi Dhruva, Head Investor Relations. The discussion provided valuable insights into the company's operational performance, strategic priorities, and industry outlook.

Investment Rationale

SJS Enterprises Secures Breakthrough Deal with Hero MotoCorp: Supplying decals and logos across multiple models, positioning SJS as a key supplier to all major two-wheeler OEMs in India. With Hero's annual spend on decals and logos estimated at INR 2500Mn, SJS aims to capture a large share and explore cross-selling opportunities. This partnership opens up substantial growth prospects, with Hero potentially contributing over 5% to SJS's revenue in the future.

Company Focuses on New Technologies and Product Innovation for Future Growth: The company is prioritizing new technologies and products, including cover glass for displays, IML/IMD products, and solutions for electric vehicles. With a strong development team of 70 employees dedicated to product innovation, new products are launched monthly. The contribution of new generation products has grown from 13% of total revenue in FY21 to 28% in FY25, with a focus on premium, high-end products. Expanding into the display market and targeting global export opportunities for IML/IMD technology, the company is positioned for continued growth based on evolving customer needs and market trends.

Early mover advantage in the cover glass market: Optical Plastics/Cover Glass, ready by Sep-Oct CY25. Early mover advantage in the cover glass market. High-margin potential, with a focus on value chain integration and low-competition strategy. Process approvals secured, with initial orders already in place.

Consumer durable steady business due to softness in some pocket: Dial business grew by 90% for a key product. Indonesian demand softened; Q3FY25 saw plant shutdowns and subdued demand in November-December. A large order was secured in the US consumer durables sector. Expanding product offerings with mega accounts like Stellantis, Mahindra, Bajaj Auto, and Samsung.

Sees Strong Export Growth and Global Expansion: Exports grew 17.6% YoY in FY25, reaching INR 567.9 m n, and the company aims to boost exports to 14-15% of total revenue by FY28. Growth is driven by the overseas passenger vehicle market and profitable export opportunities in labor-intensive printed products. SJS is expanding into new geographies, deepening its export presence, and targeting acquisitions in the US to further accelerate growth.

Outlook and valuation

The company expects to grow at 2x the industry volume growth in FY2026, supported by an industry outlook of high single-digit growth in two-wheelers and mid single-digit growth in passenger vehicles. It aims to increase exports to 14-15% of consolidated revenue by FY2028, up from the current ~7.5%. The order book already covers ~85% of the projected FY2026 revenues, providing strong revenue visibility. To support future growth, the company has planned a capex of INR 400-450 Mn in FY26 for expanding production capacity at the SJS plant in Bangalore, as part of a broader INR 2200 Mn capex over the next three years. The company remains focused on premiumization, expecting premium products to outperform standard offerings, and sees promising growth potential in new technologies such as IML/IMD, cover glass, and displays, though adoption may be gradual. Additionally, the recent business win from Hero MotoCorp is anticipated to significantly contribute to its future growth trajectory. We expect SJS to deliver a 15.0% revenue CAGR over FY26e-FY28e with EBITDA margin of 26.5%/27.1%/27.5% during FY26e-28e and ROCE of 23.9%/24.8%/25.6% between FY26e-FY28e. We have used DCF model to value SJS Enterprises and arrive at a target price of INR 1,567 per share, with an upside of 22%. Accordingly, we assign a 'BUY' rating on the stock.

Exhibit 1: Financial Performance

YE March (INR Mn)	Revenues	EBITDA	EBITDA Margin	PAT	EPS (INR)	RoE (%)	P/E (x)
FY25	7,605	1,953	25.69%	1,188	37.9	21.86%	33.9
FY26E	9,121	2,420	26.53%	1,526	48.4	25.10%	26.6
FY27E	11,136	3,021	27.13%	1,957	62.1	25.77%	20.7
FY28E	13,856	3,815	27.53%	2,532	80.4	26.48%	16.0

SJS Enterprise – Arihant Capital- Corporate Connect Series

Diverse End Markets & Key Customers: The Company supplies to various end markets, including automotive (2w and 3w industry) and consumer markets. In automotive, it supplies to virtually all OEMs in India, including a recent significant addition, Hero MotoCorp, to which it is now a mainline supplier. In the consumer market, it supplies parts to Whirlpool, Electrolux, and Samsung, and also provides auto consumer electrical parts to Legrand.

Acquisitions & Integration: The company has successfully completed two acquisitions in the last three to three and a half years, and these are described as well-integrated through operations. These include Exotech (now SJS Decoplast) in 2021 and Walter Pack.

Revenue Mix: ~40% of sales come from 4w, about 34% from 2w, and around 19.5% from consumer businesses. The remaining part comes from farm equipment and other segments. Four-wheelers are expected to continue dominating, with Hero MotoCorp adding a boost to the two-wheeler business.

The company has outperformed the market for 22 consecutive quarters. It aims to outperform the market by 2x in terms of top-line in FY26. The company plans to continue to outperform the market in the future.

Margin: The standard margin target for acquiring new business is around 25%. Last year, the company reported a 26.4% EBITDA, which is considered "quite good given the industry," positioning them as one of the top companies in terms of profitability. They are confident of maintaining margins at that level.

Significant New Orders & Pipeline: Notably, a business from Stellantis, (including Fiat, Chrysler, and Citroën), for which SJS will supply to North America, South America, Europe, and India. This is the first time SJS has won a business for the complete branding of a vehicle (all logos and nameplates). This Stellantis order is for INR 300 cr to be served over 7-8 years. They also secured a complete plant supply for Whirlpool, and Hero MotoCorp's buying is roughly 250 cr a year, with expectations to become a significant supplier.

Kit Value Per Vehicle: For four-wheelers, the target business content is INR 10,000 per vehicle. Of this, 2,000 to 2,500 rupees will come from SJS Decoplast (Exotech, including painted wheel covers), around INR 4,000 from Walter Pack (through IML technologies), and another 4,000 rupees from standalone SJS. For 2w, the content is roughly INR 500-600, with potential for growth due to e-scooters and display work.

Capex Plans: The company plans substantial capex for organic growth. FY25, they are investing INR 100 cr for a chrome plating facility expansion (30 cr already incurred by March 31, 2025, with INR 70 cr planned for this FY). An additional 45 cr rupees are allocated for the expansion of the SJS Bangalore facility due to new business from Hero and export orders. Furthermore, planned of INR 40 cr are allocated for a glass facility (cover glass business), to be incurred this year and next. Maintenance capex is INR 15-20 cr rupees annually. The broad number for FY26 is INR 150 cr, and for the next 2-3 years, it would be in the range of INR 220 cr. The company states it has good cash flow generation and will fund this capex with its own cash generation.

Impact of Tariffs and Global Competition: Tariffs are a global phenomenon, but SJS views them as potentially beneficial because tariffs on other competitors (e.g., China at 54%) are higher than for SJS (6% or 10% mentioned in different contexts), giving them a relative advantage. SJS's EBITDA margins (around 25%) are significantly higher than competitors in North America (12-15%), indicating a strong competitive edge. The company's ability to handle complex product mixes and deliver high quality, robust supply chain, and proactive customer engagement differentiates it from large-scale Chinese manufacturers.

Raw Material Imports: The total raw material content of turnover is 46.8%. Out of this, 10% is imported. These imports come from various countries including Japan, China, Germany, and other European countries, depending on the product category. The company does not use rare earths in its products.

Focus on Displays and Cover Glass: A significant new product focus is on displays and their components, especially cover glass, which represents a "very sizable opportunity". SJS plans to be a Tier 2 supplier, focusing on parts like cover glass (which requires processing like cutting, chemical strengthening, coating, lamination, and bending) rather than making complete driver information systems with software. The allocated INR 40 Cr for the glass facility supports this.

In-Molded Electronics (IME) as a Futuristic Product: Walter Pack acquisition was partly for gaining know-how for plastic mold design and manufacturing, and as a lever to introduce in-molded electronics. IME involves printing a decorative film and a functional layer (with conductive ink and electronic components) which are then thermoformed and injected with plastic to create rigid, touch-sensitive smart surfaces. This technology is considered futuristic and is expected to dramatically change the industry, particularly for EVs and smart car interiors. SJS is a little ahead of the curve in this area.

Transform Brand for B2C Market: The company has a brand called "Transform", chosen because they transform vehicles and consumer experiences. While their DNA is B2B, they foresee being a very strong B2C brand, potentially leveraging e-marketing portals to expand into the global accessory market. This is considered an opportunity for the future, perhaps a year or two down the line, but not the immediate focus due to exciting B2B opportunities.

Chrome Plating Business (Exotech/SJS Decoplast): The Indian chrome plating market is estimated to be about INR 2,000-2,250 cr rupees (half of the 4,000-4,500 cr aesthetic market). SJS Decoplast (Exotech) did INR 195 cr last year. Since its acquisition in 2021, sales have increased by 3x (from 67 cr). Margins in this business have significantly improved from 12% to about 18-19%. They are nearing capacity at their current plant and see opportunities in India and overseas, serving both auto and consumer businesses (e.g., Whirlpool, Samsung).

Environmental Compliance in Chrome Plating: SJS has capabilities for both hexavalent chrome (traditional) and trivalent chrome (less hazardous), and also offers 3D lux technology, which is absolutely zero chrome. They have a zero-discharge plant (ETP plant) that neutralizes chemicals and disposes of solid waste environmentally responsibly, adhering to stringent norms. This diverse portfolio of technologies provides a competitive advantage.

Inorganic Growth Strategy (Future Acquisitions): The company is actively looking for acquisitions, with North America and Southeast Asia as prime targets, and also open to acquisitions in India if they are value-creative. The primary reason for acquisition, especially in the US, is faster market access and leveraging existing customer relationships. SJS would acquire companies similar to their line of business and then leverage their Indian capabilities for low-cost development, design, and even shifting production to improve margins. They are engaged in discussions but are not in a hurry, prioritizing finding the "right target".

Promoter Holding: The company is run as a professionally managed entity, governed by the board. The current promoter (Joseph) is also a co-founder and has been around for 38 years. Sanjay Thapar (who invested in 2015), hold ESOPS, reinforcing the professional management structure.

Challenges for New Entrants: The decorative parts business is extremely difficult for new entrants due to the complexity of managing a large variety of parts (200 mn parts a year in multiple varieties). Customers require a supplier who can handle an entire category of parts and offer multiple technology options (SJS has 13-14 different technologies). Aesthetic requirements are very strict (e.g., no black or white dots, no light leakage), and parts must meet weather ability requirements (e.g., UV stable inks for decals in the sun for 10 years). Customers do not switch suppliers easily due to these complexities and the need for a robust supply chain and quality track record.

Exhibit 2: Quarterly Result

Consolidated (INRMn)	Q4FY25	Q3FY25	Q4FY24	QoQ%	YoY%
Revenue from operations	2005.1	1785.6	1867.9	7.3%	7.3%
COGS	937.2	828.3	850.2	10.2%	10.2%
GP	1068.0	957.3	1017.7	4.9%	4.9%
GP Margin (%)	53.26%	53.61%	54.48%	-2.2%	-2.2%
Employees benefits expense	239.7	198.9	190.9	25.6%	25.6%
Other expenses	318.2	305.6	350.9	-9.3%	-9.3%
EBITDA	510.0	452.8	476.0	7.2%	7.2%
EBITDA Margin (%)	25.44%	25.36%	25.48%	-0.2%	-0.2%
Depreciation and amortisation expense	115.1	114.0	109.6	5.0%	5.0%
EBIT	395.0	338.8	366.4	7.8%	7.8%
EBIT margin (%)	19.7%	19.0%	19.6%	0.4%	0.4%
Finance costs	6.9	9.5	19.4	-64.4%	-64.4%
Other income	18.0	29.3	22.0	-18.4%	-18.4%
PBT	406.0	358.6	363.8	11.6%	11.6%
Total tax expense	68.7	81.5	92.0	-25.4%	-25.4%
Net Profit after tax	337.3	277.1	271.8	24.1%	24.1%
Basic EPS	10.67	8.83	14.5%	7233.5%	7233.5%
Basic EPS	10.67	8.83	8.64	20.8%	23.5%
	Q4FY25	Q2FY25	Q2FY25	QoQ%	YoY%
RMC/Sales	47.00%	47.36%	46.68%	-0.8%	0.7%
Employee exp/Sales	10.22%	10.97%	10.94%	-6.9%	-6.6%
Other exp/Sales	17.12%	15.62%	16.47%	9.6%	3.9%

Source: Arianth Research, Company Filings

S.J.S. Enterprises Ltd Financial (Consolidated)

Income Statement (INR Mn)					
Year End-March (Consolidated)	FY24	FY25	FY26E	FY27E	FY28E
Revenues	6,278	7,605	9,121	11,136	13,856
Change (%)	45.4%	46.8%	46.3%	45.9%	45.6%
Gross Profit	3,429	4,046	4,897	6,023	7,535
Employee costs	708	856	966	1,168	1,453
Other expenses	1,199	1,236	1,511	1,834	2,268
Total Expenses	4,756	5,651	6,702	8,115	10,041
EBITDA	1,522	1,953	2,420	3,021	3,815
EBITDA Margin	24.2%	25.7%	26.5%	27.1%	27.5%
Depreciation	387	447	460	508	564
EBIT	1135	1506	1960	2514	3250
Interest	85	56	22	22	22
Other Income	77	78	94	114	142
PBT	1,127	1,528	2,031	2,606	3,370
Exceptional Items	0	0	0	0	3
PBT after exceptional Items	1,127	1,528	2,031	2,606	3,370
Tax	273	340	506	648	839
Rate (%)	24.2%	22.3%	24.9%	24.9%	24.9%
PAT	853.8	1,188	1,526	1,957	2,532
Pat Margin(%)	13.6%	15.6%	16.7%	17.6%	18.3%
EPS	28	37.9	48.4	62.1	80.4

Cash Flow Statement (INR Cr)					
Year End-March (Consolidated)	FY24	FY25	FY26E	FY27E	FY28E
PBT	1,127	1,528	2,031	2,606	3,370
Cash From Operating Activities	906	1,566	2,026	2,610	3,345
Net Cash From Operations	1,056	1,417	2,026	2,610	3,345
Capex	(673)	(113)	(484)	(536)	(598)
Cash From Investing	(2,000)	(788)	(808)	(998)	(1,247)
Borrowings	480	(525)	0	0	0
Finance cost paid	(85)	(56)	(22)	(22)	(22)
Cash From Financing	800	(573)	(1,172)	(682)	(872)
Net Increase/ Decrease in Cash	(144)	55	46	930	1,225
Cash at the beginning of the year	297.2	153.2	208.6	254.5	1,184.9
Cash at the end of the year	153.2	208.6	254.5	1,184.9	2,410.0

Balance Sheet (INR Mn)					
Year End-March (Consolidated)	FY24	FY25	FY26E	FY27E	FY28E
Sources of Funds					
Share Capital	310	313	313	313	313
Reserves & Surplus	5,195	6,459	7,495	9,442	11,962
Net Worth	5,505	6,772	7,809	9,755	12,275
Loan Funds	683	158	158	158	158
MI, Deferred Tax & other Liabilities	257.9	178.7	178.7	178.7	178.7
Total Equity and Liabilities	7,896	8,741	9,703	11,812	14,609
Application of Funds					
Gross Block	3,059	2,930	3,194	3,482	3,795
Less: Depreciation	1,257	1,462	1,701	1,960	2,240
Net Block	1,803	1,469	1,493	1,521	1,555
CWIP	23.32	62.25	62.25	62.25	62.25
Other Non-current Assets	36	19	19	19	19
Net Fixed Assets	1,862	1,550	1,574	1,603	1,637
Investments	60	71	74	78	82
Debtors	1,624	1,751	1,924	2,288	2,733
Inventories	720	695	995	1,205	1,506
Cash & Bank Balance	121	170	254	1,185	2,410
Loans & Advances & other CA	9	5	5	5	5
Total Current Assets	2,928	4,070	4,922	6,891	9,513
Current Liabilities	1,440	1,415	1,495	1,658	1,935
Provisions	42	45	45	45	45
Net Current Assets	2,928	4,070	4,922	6,891	9,513
Total Assets	7,896	8,741	9,703	11,812	14,609

Key Ratios					
Year End-March (Consolidated)	FY24	FY25	FY26E	FY27E	FY28E
Profitability					
Return on Equity	20.2%	21.9%	25.1%	25.8%	26.5%
Return on Capital Employed	17.6%	20.6%	23.9%	24.8%	25.6%
Margin Analysis					
Gross Margin	55%	53%	54%	54%	54%
EBITDA Margin	24.2%	25.7%	26.5%	27.1%	27.5%
Net Income Margin	14%	16%	17%	18%	18%
Short-Term Liquidity					
Current Ratio	5.5	6.2	6.5	7.1	7.6
Quick Ratio	1.5	2.4	2.6	3.4	4.1
Avg. Days Sales Outstanding	74	81	77	75	72
Avg. Days Inventory Outstanding	77	73	86	86	87
Avg. Days Payables	40	42	42	42	44
Long-Term Solvency					
Total Debt / Equity	0.12	0.02	0.02	0.02	0.01
Interest Expense/EBITDA	0.79	0.63	0.62	0.61	0.59
Valuation					
P/E	45.8	33.9	26.6	20.7	16.0
P/S	6.4	5.3	4.4	3.6	2.9
P/BV	7.1	5.8	5.2	4.1	3.3
EV/EBITDA	26	21	17	13	10
Turnover					
Receivables t/o	5.0	4.5	5.0	5.0	6.0
Inventory t/o	4.7	5.0	4.0	4.0	5.0
Payables t/o	9.1	8.6	10.0	10.0	11.0

Source: Company, Arianth Research

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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