

**CMP: INR 988**

**Rating: BUY**

**Target Price: 1,205**

#### Stock Info

BSE 543387

NSE SJS

Bloomberg SJS IN

Sector Miscellaneous

Face Value (INR) 10

Equity Capital (INR Mn) 304

Mkt Cap (INR Mn) 29,441

52w H/L (INR) 1344/580

Avg Yearly Vol (in 000') 69

#### Shareholding Pattern %

(As on Dec, 2024)

Promoters 21.61

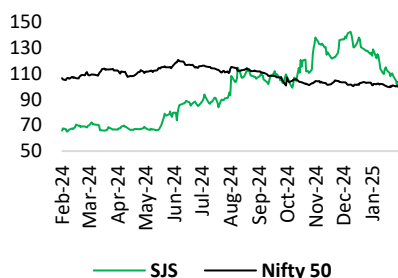
Public & Others 78.39

Stock Performance (%) 1m 3m 12m

SJS Ent -18.5 -22.5 56.2

Nifty -1.0 -3.3 8.1

#### SJS Vs Nifty



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SJS Enterprises Ltd (SJS India) in Q3FY25 reported consolidated numbers are below our estimates across the board. Continued new business wins with major customers like M&M, Whirlpool, Bajaj Auto etc.- Consolidated revenue stood at INR 1,786 Mn, below our estimate of INR 1,836 Mn up by 11.19% YoY & down by 7.38% QoQ. EBITDA stood at INR 453 Mn, below our estimate of INR 481 Mn, down by 59.9%YoY & 3.71 %QoQ. On the margins front, EBITDA margin below by 56 bps QoQ & up by 22.6 bps YoY to 25.4%, below our estimate of 26.2%. PAT saw an increase of 32.89%YoY & down by 4.93% QoQ to INR 277 Mn below to our estimate of INR 316 Mn.Capex for capacity expansion at Exotech and WPI commenced and new plant commissioning target Q1FY26.- The company has declared a dividend of INR 2 per equity share for the FY25.

#### Investment Rationale

**Optimized capacity utilization with potential for upscaling:** WPI's high-margin products are increasingly sought by automotive OEMs and consumer electronics manufacturers. In Q3 FY25, SJS expects to outperform industry growth by over 1.5x, driven by premiumization, building mega OEM accounts, exports, the WPI acquisition, and higher-than-industry sales growth. Exotech and WPI capacity expansion plans are finalized and new plant commissioning target Q1FY26. Walter pack All of Asia 100% with SJS, Whirlpool, strong relationship. De-grew by 4.1% QoQ WPI. WPI credit loss cost of 8.8Mn.

**Increasing export footprint to diversify revenue streams:** Exports accounted for 6.4% of the company's Q3FY25 revenue, with a YoY growth of 20.3%. With plans to raise exports to 14-15% of consolidated revenue over the next 3 years, SJS has actively secured orders from new global OEMs, including Stellantis, North America, Sumsung in Thailand, Mahindra, Bajaj Auto and progressing with good RFQs not only for the component but for the assemblies

**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 flattish in Q3FY25 led by plant shutdown:** 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.

#### Outlook and valuation

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.The automotive and consumer segments, and secured major long-term export contracts with global OEMs, strengthening its international presence. The company's focus is on expanding export contributions to 14-15% of total sales in the next 3 years by targeting new geographies and launching innovative products. Furthermore, SJS plans to expand production capacity at its Exotech facility by FY26 to meet growing demand. We expect SJS to deliver a ~23% revenue CAGR over FY25-FY27E with EBITDA margin of 25.4%/25.5%/25.6% during FY25E-27E and ROCE of 22%/25.3%/25.9% between FY25E-FY27E. We have used DCF model to value SJS Enterprises and arrive at a target price of INR 1,205 per share, with an upside of 22%. Accordingly, we maintain a 'BUY' rating on the stock.

#### Exhibit 1: Financial Performance

YE March (INR Mn)	Net Sales	EBITDA	PAT	EPS (INR)	EBITDA Margin (%)	EV/EBITDA	P/E (x)
FY24	6,278	1,522	853.8	27.5	24.2%	23.3	41.8
FY25E	7,466	1,894	1,128	36.3	25.4%	18.7	31.6
FY26E	9,333	2,381	1,598	45.5	25.5%	14.4	25.2
FY27E	11,666	2,985	2,037	46.5	25.6%	11.0	24.7

**SJS-Q3FY25 Concall KTAs**

Demand remains strong across the sector and geographies, driven by a robust order pipeline.

Strong performance in PV, both organically and inorganically.

SJS expects to outperform industry growth by over 1.5x, driven by premiumization, building mega OEM accounts, exports, the WPI acquisition, and higher-than-industry sales growth.

Increasing capacity at the existing plant through debottlenecking and partnerships with external chrome plating manufacturers.

Exotech and WPI capacity expansion plans are finalized, with new plant commissioning targeted for Q1 FY26.

A new greenfield plant for Optical Cover Glass is set to be established.

Infrastructure development for the cover glass facility at Hosur has commenced.

The company aims to maintain a robust margin profile in FY25, balancing growth with profitability.

A large order was secured in the US consumer durables sector. Expanding product offerings with mega accounts like Stellantis, Mahindra, Bajaj Auto, and Samsung.

Export business growing strongly, with exports contributing 20.3% of revenue. The company is exploring new geographies for further opportunities, with exports making up 6.4% of total revenue in Q3 FY25.

PV domestic segment is outperforming expectations and is poised for long-term growth.

New-generation products contributed 27% of total revenue.

Capex of INR 1,000 Mn allocated for the Pune plant, with INR 400 Mn for cover glass. Additional capacity expansion at Exotech to align with strategic plans.

Export target of 14-15% by FY28, with increased penetration in key markets like North America and Samsung in Thailand.

Strong RFQ momentum not only for components but also for assemblies.

Net cash at INR 754.4 Mn, exploring potential M&A opportunities.

Walter Pack, 100% owned by SJS across Asia. Strong relationship with Whirlpool.

WPI and Exotech grew by 2% QoQ and one time credit loss of INR 8.8 Mn.

Employee costs declined due to lower turnover and reliance on casual employees.

Q3 was seasonally weaker, but strong supply flows helped normalize the supply chain.

Consumer Durables: Dial business grew by 90% for a key product. Indonesian demand softened; Q3FY25 saw plant shutdowns and subdued demand in November-December.

Pipeline remains strong, particularly in North America, where SJS has a printing advantage and a competitive edge.

Geopolitical uncertainties in NA, but the company is optimistic due to legacy products and two large order wins.

Stellantis supply to start in July FY25, with full grinding operations from SJS.

Mahindra Cover Glass Project, INR 400 Mn investment, with an asset turnover of 2.3x-2.5x.

BEV for Mahindra: Ramping up production for two new vehicles (6E & 9E).

New dial IML and IMD lit logo parts also being supplied to Maruti.

Whirlpool: Secured 100% of the Dishwasher plant supply under a 3-year renewable agreement.

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.

Advanced Logo Business, currently supplying to Tata. Active discussions with other OEMs, but execution depends on specifications.

2W Segment, maintains steady organic growth, with increasing content in PV.EV 2W contributing 5-6% of revenue, expected to grow 1.5x. Motorbike segment growing strongly, but scooter presence remains limited.

Suzuki 2W business continues with Merrill, aligned with industry growth. Q4 expected to see increased sales and profitability.

IME (In-Mold Electronics), Developed multiple prototypes at the company's design center

## Exhibit 2: Quarterly Result

Consolidated (INRMn)	Q3FY25	Q2FY25	Q3FY24	QoQ%	YoY%
Net sales	1785.7	1927.9	1605.9	-7.4%	11.2%
COGS	828.3	900.0	709.1	-8.0%	16.8%
GP	957.3	1027.9	896.8	-6.9%	6.8%
GP Margin (%)	53.61%	53.32%	55.84%	0.6%	-4.0%
Employees benefits expense	198.9	210.9	185.9	-5.7%	7.0%
Other expenses	305.6	317.5	307.3	-3.7%	-0.5%
EBITDA	452.8	499.6	403.6	-9.4%	12.2%
EBITDA Margin (%)	25.36%	25.91%	25.13%	-56bps	23bps
Depreciation and amortisation expense	114.0	110.8	108.3	2.9%	5.3%
EBIT	338.8	388.8	295.3	-12.9%	14.7%
EBIT margin (%)	19.0%	20.2%	18.4%	-119bps	59bps
Other Income	29.3	17.5	8.9	67.6%	229.8%
Finance Cost	9.5	18.7	25.1	-49.6%	-62.4%
PBT	358.6	387.5	279.0	-7.5%	28.5%
Tax	81.5	96.1	70.5	-15.2%	15.6%
Reported PAT	275.6	291.5	208.5	-5.4%	32.2%
PAT Margin (%)	15.4%	15.1%	13.0%	2.1%	18.9%
	Q3FY25	Q2FY25	Q3FY24	QoQ%	YoY%
RMC/Sales	46.39%	46.68%	44.16%	-29bps	223bps
Employee exp/Sales	11.14%	10.94%	11.58%	20bps	-44bps
Other exp/Sales	17.12%	16.47%	19.13%	65bps	-202bps

Source: Arihant Research, Company Filings

Story in charts

Exhibit 3: Revenue by business

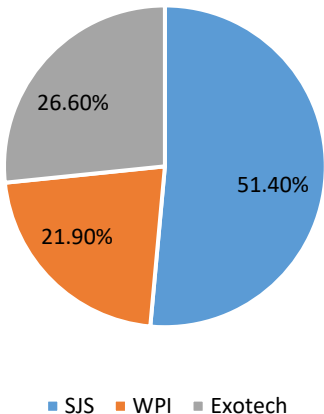


Exhibit 4: Revenue by end segment

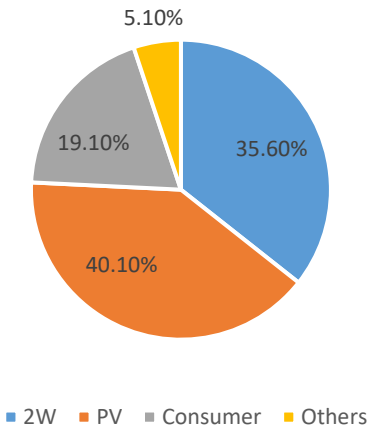


Exhibit 5: Revenue by Geography

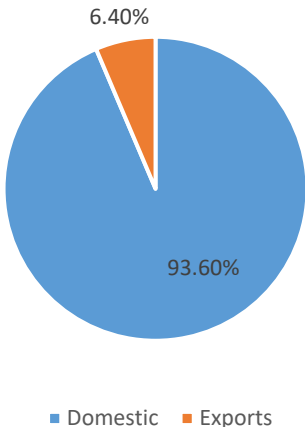


Exhibit 6: Continue expansion in PAT Margin

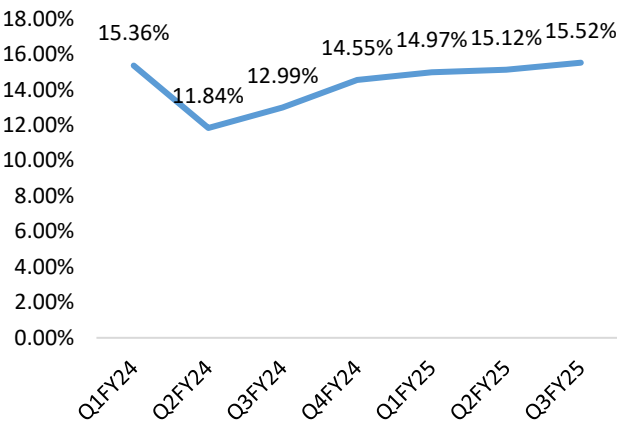
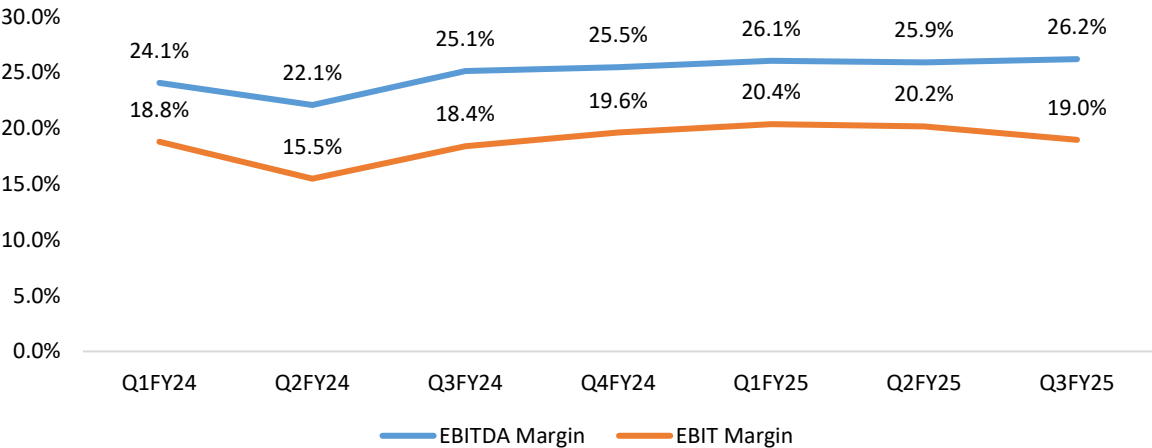


Exhibit 7: Diversified products segments with strong traction in 2W and PV



Source: Arihant Research, Company Filings

DCF Valuation

Valuation Assumptions

g (World Economic Growth)	5%
Rf	7%
Rm	13%
Beta	0.8
CMP (INR)	988

WACC

We	99.1%
Wd	0.9%
Ke	11.8%
Kd	8.1%
WACC	11.766%

Valuation Data

Total Debt (long term borrowings) (2024)	283
Cash & Cash Equivalents (2024)	321
Number of Diluted Shares (2024)	31
Tax Rate (2024)	25%
Interest Expense Rate (2024)	11%

MV of Equity	30,661
Total Debt	283
Total Capital	30,944

FCFF & Target Price												
FCFF & Target Price	Explicit Forecast Period						Linear Decline Phase					Terminal Yr
Year	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36
EBIT * (1-Tax Rate)	1,089	1,556	1,986	2,440	2,883	3,268	3,550	3,687	3,654	3,448	3,089	3,237
Dep	442	307	338	629	600	693	802	794	796	757	672	707
Purchase of Assets	224	280	350	457	522	593	651	671	666	629	563	590
Changes in Working Capital	(87)	(543)	(645)	(613)	(889)	(963)	(1,011)	(1,091)	(1,066)	(1,003)	(905)	(945)
FCFF	1,394	2,126	2,618	3,225	3,850	4,331	4,712	4,901	4,850	4,578	4,102	4,298
% Growth in Post Tax EBIT		42.8%	27.6%	22.9%	18.1%	13.4%	8.6%	3.9%	-0.9%	-5.6%	-10.4%	4.8%
As % of Post Tax EBIT												
Dep	40.5%	19.7%	17.0%	25.8%	20.8%	21.2%	22.6%	21.5%	21.8%	22.0%	21.8%	21.8%
Purchase of Assets	20.6%	18.0%	17.6%	18.7%	18.1%	18.2%	18.3%	18.2%	18.2%	18.3%	18.2%	18.2%
Changes in Working Capital	-8.0%	-34.9%	-32.5%	-25.1%	-30.8%	-29.5%	-28.5%	-29.6%	-29.2%	-29.1%	-29.3%	-29.2%
FCFF	1,394	2,126	2,618	3,225	3,850	4,331	4,712	4,901	4,850	4,578	4,102	4,298
Terminal Value												61,701
Total Cash Flow	1,394	2,126	2,618	3,225	3,850	4,331	4,712	4,901	4,850	4,578	4,102	65,999

Enterprise Value (EV)	37,360
Less: Debt	283
Add: Cash	321
Equity Value	37,397

Equity Value per share (INR)	1,205
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% Returns	22.0%
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Rating	BUY
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		Terminal Growth (%)							
WACC (%)	1204.9	4.25%	4.50%	4.75%	5.00%	5.25%	5.50%	5.75%	6.00%
	11.00%	1275	1308	1343	1381	1422	1467	1515	1569
	11.25%	1230	1260	1292	1327	1364	1405	1449	1497
	11.50%	1189	1216	1246	1277	1311	1348	1388	1432
	11.75%	1150	1175	1202	1231	1262	1296	1332	1372
	12.00%	1113	1136	1161	1188	1217	1247	1281	1316
	12.25%	1078	1100	1123	1148	1174	1203	1233	1266
	12.50%	1046	1066	1088	1110	1135	1161	1189	1219
	12.75%	1015	1034	1054	1075	1098	1122	1148	1175

Source: Company reports, Arihant Capital Research, Figures are in INR Mn. except share price and percentage data

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

Income Statement (INR Mn)				
Year End-March (Consolidated)	FY24	FY25E	FY26E	FY27E
Revenues	6,278	7,466	9,333	11,666
Change (%)	32.0%	32.0%	32.0%	32.0%
Gross Profit	3,429	3,966	4,693	5,634
Employee costs	708	841	932	1,063
Other expenses	1,199	1,231	1,379	1,586
Total Expenses	4,756	5,573	6,952	8,681
EBITDA	1,522	1,894	2,381	2,985
EBITDA Margin	24.2%	25.4%	25.5%	25.6%
Depreciation	387	442	307	338
EBIT	1135	1452	2074	2648
Interest	85	61	71	71
Other Income	77	100	105	111
PBT	1,127	1,492	2,109	2,687
Exceptional Items	-	-	-	-
PBT after exceptional Items	1,127	1,492	2,109	2,687
Tax	273	364	511	651
Rate (%)	24.2%	24.4%	24.2%	24.2%
PAT	853.8	1,128	1,598	2,037
Pat Margin(%)	13.6%	15.1%	17.1%	17.5%
EPS	27	36.3	45.5	46.5

Balance Sheet (INR Mn)					
Year End-March (Consolidated)	FY23	FY24	FY25E	FY26E	FY27E
Sources of Funds					
Share Capital	304	310	310	310	310
Reserves & Surplus	3,992	5,195	5,921	7,508	9,534
Net Worth	4,296	5,505	6,231	7,819	9,844
Loan Funds	204	683	283	283	283
MI, Deferred Tax & other Liabilities	89.7	257.9	257.9	257.9	257.9
Total Equity and Liabilities	5,381	7,896	7,994	9,721	11,922
Application of Funds					
Gross Block	2,546	3,059	3,304	3,568	3,925
Less: Depreciation	1,029	1,257	1,541	1,848	2,185
Net Block	1,517	1,803	1,763	1,721	1,740
CWIP	17.17	23.32	23.32	23.32	23.32
Other Non-current Assets	150	36	36	36	36
Net Fixed Assets	1,685	1,862	1,822	1,780	1,799
Investments	37	60	0	0	0
Debtors	905	1,624	1,555	1,969	2,461
Inventories	484	720	825	1,093	1,421
Cash & Bank Balance	79	121	321	1,408	2,769
Loans & Advances & other CA	4	9	9	9	9
Total Current Assets	3,158	2,928	3,132	4,901	7,083
Current Liabilities	922	1,440	1,389	1,529	1,704
Provisions	18	42	42	42	42
Net Current Assets	3,158	2,928	3,132	4,901	7,083
Total Assets	5,381	7,896	7,994	9,721	11,922

Source: Company, Arianth Research

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

Cash Flow Statement (INR Mn)				
Year End-March (Consolidated)	FY24	FY25E	FY26E	FY27E
PBT	1,127	1,492	2,109	2,687
Cash From Operating Activities	906	1,807	1,838	2,340
Net Cash From Operations	1,056	1,807	1,838	2,340
Capex	(673)	(402)	(264)	(357)
Cash From Investing	(2,000)	(242)	(159)	(246)
Borrowings	480	(400)	-	-
Finance cost paid	(85)	(61)	(71)	(71)
Cash From Financing	800	(1,397)	(593)	(733)
Net Increase/ Decrease in Cash	(144)	168	1,087	1,361
Cash at the beginning of the year	297.2	153.2	320.9	1,407.6
Cash at the end of the year	153.2	320.9	1,407.6	2,769.1

Key Ratios				
Year End-March (Consolidated)	FY24	FY25E	FY26E	FY27E
Profitability				
Return on Equity	20.2%	23.3%	26.5%	26.9%
Return on Capital Employed	17.6%	22.0%	25.3%	25.9%
Margin Analysis				
Gross Margin	55%	53%	50%	48%
EBITDA Margin	24.2%	25.4%	25.5%	25.6%
Net Income Margin	14%	15%	17%	17%
Short-Term Liquidity				
Current Ratio	5.5	5.8	6.4	7.0
Quick Ratio	1.5	1.7	2.5	3.3
Avg. Days Sales Outstanding	72	76	77	77
Avg. Days Inventory Outstanding	86	86	86	86
Avg. Days Payables	37	37	37	37
Long-Term Solvency				
Total Debt / Equity	0.05	0.05	0.04	0.03
Interest Expense/EBITDA	0.8	0.7	0.6	0.5
Valuation				
P/E	41.8	31.6	25.2	24.7
P/S	5.7	4.8	3.8	3.1
P/BV	6.3	5.7	4.6	3.6
EV/EBITDA	23	19	14	11
Turnover				
Receivables t/o	5.0	5.0	5.0	5.0
Inventory t/o	4.0	4.0	4.0	4.0
Payables t/o	10.0	10.0	10.0	10.0

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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