

# SJS Enterprises | BUY

## Plant visit takeaways

We recently visited SJS's manufacturing facilities in Bengaluru. The company has built end-to-end capabilities, spanning from product ideation to final output. It covers all key technologies and is the only player among its peers in India to operate a 2K injection molding process. The company showcased its full range of new-age products (in-mold labelling (IML), in-mold design (IMD), in-mold electronics (IME), chrome plating, cover glass, etc.), highlighting how these offerings are expected to increase content per vehicle by 4x–6x compared to legacy products. SJS is expected to outperform the industry growth by 2x, led by premiumisation, cross-selling opportunities, strong order book and a diversified customer base. On the exports front, SJS does not foresee tariff-related headwinds impacting its competitive positioning and aims to increase export revenue contribution to 14–15% by FY28. We expect SJS's growth momentum to remain robust, with an EPS CAGR of ~23% over FY25–27E. Maintain BUY rating with a Mar'27 target price of INR 1,425 (25x Mar'27E EPS).

### Key highlights from management interaction:

- The management highlighted the complexity involved in manufacturing each product and the need to adhere to stringent quality standards. Even a slight deviation can lead to rejection by the customer. However, they have mastered this process and consistently deliver high-quality products, giving them a competitive edge over peers.
- SJS is confident of outperforming industry growth by 2x, primarily driven by rising content per vehicle led by next-generation products like IML, IMD, IME, and cover glass. They emphasized that SJS has a near-monopoly in these product segments, with minimal competition.
- The new-age products have a higher rejection rate (around 3%) versus the industry average of 2% for conventional products. While this may have some impact on margins, it is expected to be offset by operating leverage.
- During our visit, management indicated that the company has started supplying cover glasses to Visteon. Content per vehicle of a cover glass in a PV ranges between INR ~4k–10k, depending on the sizes. Total addressable opportunity: ~4mn units in India + export opportunity through Visteon, Continental and Marelli. SJS has been working on this technology since last 3 years and has an early mover advantage in this segment.
- Currently, automotive cover glass is getting imported from China and the localisation is expected to happen in phases. Infact, the management has plans to assemble TFT screen and backlight with the cover glass and supply the final product to OEM, that could translate into a bigger opportunity. As per management, the timeline for this is around 1–1.5 years.
- On the export side, management reiterated that they do not foresee any tariff-related risks affecting their competitiveness. They highlighted a strong pipeline of export-ready products and a focused strategy to aggressively onboard new international clients.

Financial Summary					(INR mn)
Y/E March	FY23A	FY24A	FY25A	FY26E	FY27E
Net Sales	4,330	6,278	7,605	9,523	10,753
Sales Growth (%)	17.1	45.0	21.1	25.2	12.9
EBITDA	1,066	1,522	1,954	2,477	2,799
EBITDA Margin (%)	24.6	24.2	25.7	26.0	26.0
Adjusted Net Profit	673	854	1,188	1,593	1,784
Diluted EPS (INR)	22.1	27.5	37.9	50.9	56.9
Diluted EPS Growth (%)	22.2	24.5	37.9	34.1	12.0
ROIC (%)	21.2	19.5	19.4	22.6	23.1
ROE (%)	17.0	17.4	19.4	21.3	19.8
P/E (x)	55.3	44.4	32.2	24.0	21.5
P/B (x)	8.7	6.9	5.7	4.7	3.9
EV/EBITDA (x)	34.4	24.6	18.9	14.9	12.9
Dividend Yield (%)	0.0	0.2	0.2	0.4	0.4

Source: Company data, JM Financial. Note: Valuations as of 24/Jun/2025



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(We acknowledge the support services of Dev Jogani in preparation of this report)

### Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,425
Upside/(Downside)	16.6%
Previous Price Target	1,425
Change	0.0%

### Key Data – SJS IN

Current Market Price	INR1,222
Market cap (bn)	INR38.3/US\$0.4
Free Float	73%
Shares in issue (mn)	30.4
Diluted share (mn)	31.3
3-mon avg daily val (mn)	INR170.3/US\$2.0
52-week range	1,347/763
Sensex/Nifty	82,055/25,044
INR/US\$	86.0

### Price Performance

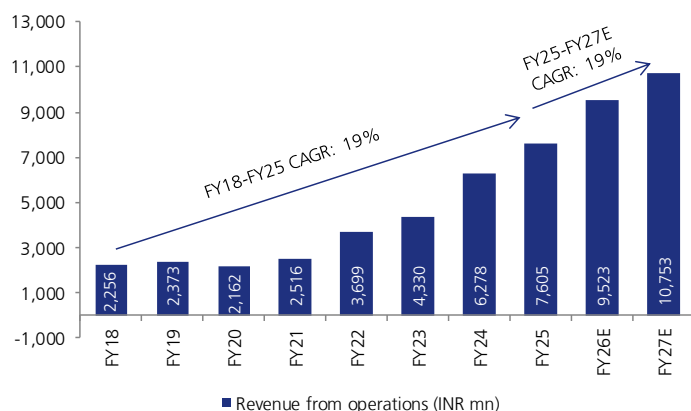
%	1M	6M	12M
Absolute	11.7	3.8	51.2
Relative*	11.2	-0.7	43.9

\* To the BSE Sensex

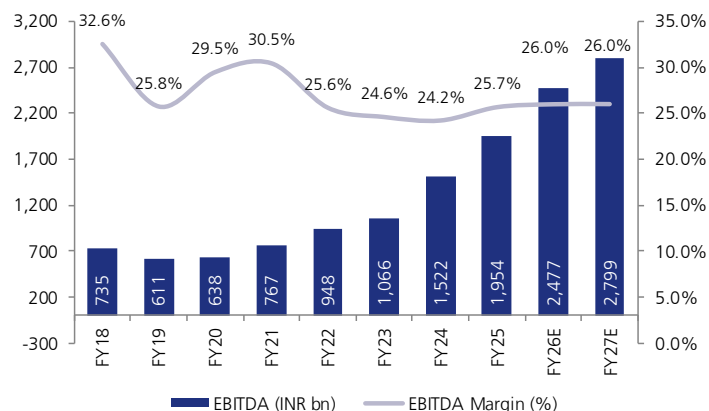
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- Additionally, the management indicated that they may explore acquisition opportunities over the next one to two years, targeting geographies such as North America and Southeast Asia. The aim is to establish proximity to global OEMs and subsequently tap into new business opportunities from international players.
- The company is targeting an increase in export revenue contribution to 14–15% by FY28 (from 7.5% in FY25), supported by the addition of new customers and expansion into new geographies.
- Commenting on the rare earth supply issue, the management mentioned that they have not received any intimation from OEMs regarding production cuts and expects the issue to be resolved without any significant impact.
- SJS also highlighted that its products have applications beyond the automotive and consumer durables segments. The company is already supplying to sectors such as medical equipment (e.g., glucometers) and sanitaryware. While this business is currently small, it holds meaningful long-term growth potential.

**Exhibit 1. Revenue exp. to grow at a CAGR of 19% over FY25-27E**

Source: Company, JM Financial

**Exhibit 2. EBITDA Margin expected to remain ~26%**

Source: Company, JM Financial

**Exhibit 3. 1-yr fwd PE chart**

Source: Bloomberg, JM Financial

## Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY23A	FY24A	FY25A	FY26E	FY27E
Net Sales	4,330	6,278	7,605	9,523	10,753
Sales Growth	17.1%	45.0%	21.1%	25.2%	12.9%
Other Operating Income	0	0	0	0	0
<b>Total Revenue</b>	<b>4,330</b>	<b>6,278</b>	<b>7,605</b>	<b>9,523</b>	<b>10,753</b>
Cost of Goods Sold/Op. Exp	1,868	2,849	3,559	4,337	4,898
Personnel Cost	561	708	856	1,136	1,279
Other Expenses	835	1,199	1,236	1,573	1,777
<b>EBITDA</b>	<b>1,066</b>	<b>1,522</b>	<b>1,954</b>	<b>2,477</b>	<b>2,799</b>
EBITDA Margin	24.6%	24.2%	25.7%	26.0%	26.0%
EBITDA Growth	12.5%	42.7%	28.4%	26.8%	13.0%
Depn. & Amort.	233	387	447	526	619
EBIT	833	1,135	1,507	1,951	2,180
Other Income	102	77	78	151	159
Finance Cost	23	85	56	23	12
PBT before Excep. & Forex	912	1,126	1,529	2,079	2,328
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	912	1,126	1,529	2,079	2,328
Taxes	239	273	340	485	544
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	673	854	1,188	1,593	1,784
<b>Adjusted Net Profit</b>	<b>673</b>	<b>854</b>	<b>1,188</b>	<b>1,593</b>	<b>1,784</b>
Net Margin	15.5%	13.6%	15.6%	16.7%	16.6%
Diluted Share Cap. (mn)	30.4	31.0	31.3	31.3	31.3
<b>Diluted EPS (INR)</b>	<b>22.1</b>	<b>27.5</b>	<b>37.9</b>	<b>50.9</b>	<b>56.9</b>
Diluted EPS Growth	22.2%	24.5%	37.9%	34.1%	12.0%
Total Dividend + Tax	0	62	78	157	157
Dividend Per Share (INR)	0.0	2.0	2.5	5.0	5.0

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profit before Tax	912	1,126	1,529	2,079	2,328
Depn. & Amort.	233	387	447	526	619
Net Interest Exp. / Inc. (-)	-2	85	56	23	12
Inc (-) / Dec in WCap.	11	-362	-508	139	-126
Others	-19	0	0	0	0
Taxes Paid	-264	-273	-340	-485	-544
<b>Operating Cash Flow</b>	<b>871</b>	<b>964</b>	<b>1,184</b>	<b>2,282</b>	<b>2,289</b>
Capex	-306	-3,151	-83	-1,500	-750
Free Cash Flow	565	-2,187	1,101	782	1,539
Inc (-) / Dec in Investments	-703	991	-504	-500	-500
Others	9	-85	-56	-23	-12
<b>Investing Cash Flow</b>	<b>-1,000</b>	<b>-2,245</b>	<b>-644</b>	<b>-2,023</b>	<b>-1,262</b>
Inc / Dec (-) in Capital	0	6	3	0	0
Dividend + Tax thereon	0	-62	-78	-157	-157
Inc / Dec (-) in Loans	59	537	-470	-188	-80
Others	207	545	51	-103	0
<b>Financing Cash Flow</b>	<b>266</b>	<b>1,026</b>	<b>-495</b>	<b>-447</b>	<b>-237</b>
<b>Inc / Dec (-) in Cash</b>	<b>138</b>	<b>-255</b>	<b>45</b>	<b>-189</b>	<b>790</b>
Opening Cash Balance	159	297	153	209	20
Closing Cash Balance	297	43	199	20	810

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY23A	FY24A	FY25A	FY26E	FY27E
Shareholders' Fund	4,296	5,505	6,772	8,208	9,836
Share Capital	304	310	313	313	313
Reserves & Surplus	3,992	5,195	6,459	7,895	9,522
Preference Share Capital	0	0	0	0	0
Minority Interest	0	111	121	121	121
Total Loans	305	842	372	184	104
Def. Tax Liab. / Assets (-)	82	215	112	10	10
<b>Total - Equity &amp; Liab.</b>	<b>4,683</b>	<b>6,673</b>	<b>7,376</b>	<b>8,522</b>	<b>10,070</b>
Net Fixed Assets	2,005	4,769	4,405	5,379	5,510
Gross Fixed Assets	3,153	6,298	6,342	7,842	8,592
Intangible Assets	0	0	0	0	0
Less: Depn. & Amort.	1,165	1,552	1,999	2,526	3,144
Capital WIP	17	23	62	62	62
Investments	1,388	396	901	1,401	1,901
Current Assets	1,980	2,688	3,370	3,352	4,476
Inventories	484	720	695	771	871
Sundry Debtors	905	1,624	1,751	1,828	2,063
Cash & Bank Balances	297	153	209	20	810
Loans & Advances	0	0	0	0	0
Other Current Assets	294	191	716	733	733
Current Liab. & Prov.	690	1,180	1,299	1,609	1,817
Current Liabilities	425	616	691	1,014	1,152
Provisions & Others	265	564	608	595	665
Net Current Assets	1,290	1,508	2,071	1,743	2,659
<b>Total - Assets</b>	<b>4,683</b>	<b>6,673</b>	<b>7,376</b>	<b>8,522</b>	<b>10,070</b>

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY23A	FY24A	FY25A	FY26E	FY27E
Net Margin	15.5%	13.6%	15.6%	16.7%	16.6%
Asset Turnover (x)	1.0	1.1	1.1	1.2	1.2
Leverage Factor (x)	1.1	1.1	1.1	1.1	1.0
RoE	17.0%	17.4%	19.4%	21.3%	19.8%

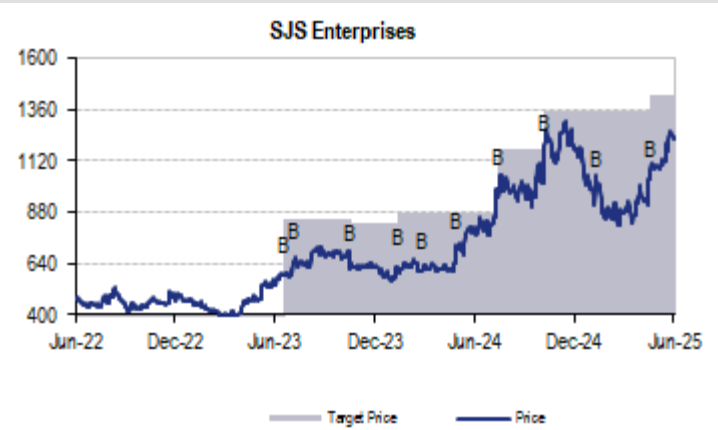
Key Ratios					
Y/E March	FY23A	FY24A	FY25A	FY26E	FY27E
BV/Share (INR)	141.1	177.4	216.2	262.0	314.0
ROIC	21.2%	19.5%	19.4%	22.6%	23.1%
ROE	17.0%	17.4%	19.4%	21.3%	19.8%
Net Debt/Equity (x)	0.0	0.1	0.0	0.0	-0.1
P/E (x)	55.3	44.4	32.2	24.0	21.5
P/B (x)	8.7	6.9	5.7	4.7	3.9
EV/EBITDA (x)	34.4	24.6	18.9	14.9	12.9
EV/Sales (x)	8.5	6.0	4.9	3.9	3.4
Debtor days	76	94	84	70	70
Inventory days	41	42	33	30	30
Creditor days	48	47	45	53	53

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
10-Jul-23	Buy	850	
27-Jul-23	Buy	850	0.0
8-Nov-23	Buy	825	-2.9
4-Feb-24	Buy	875	6.1
20-Mar-24	Buy	875	0.0
21-May-24	Buy	875	0.0
4-Aug-24	Buy	1,175	34.3
29-Oct-24	Buy	1,350	14.9
31-Jan-25	Buy	1,350	0.0
11-May-25	Buy	1,425	5.6

Recommendation History



## APPENDIX I

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