

SJS Enterprises | BUY

Healthy quarter; Customer additions strengthen growth visibility

In 4QFY25, SJS Enterprises (SJS) continued to outperform the underlying automotive industry, with revenue growth of 7% YoY, slightly above our estimate. Consolidated EBITDA margin came-in at 25.4% (flat YoY), 40bps above JMFe. The management expects PV and 2W industry volumes to grow in mid and high-single digit, respectively, in FY26. Further, it believes SJS will outperform the industry growth by 2x, led by premiumisation, cross-selling opportunities, strong order book and a diversified customer base. The addition of HMCL comes with a massive potential business opportunity of ~INR 2.5bn, further strengthening its growth visibility. On the exports front, SJS does not anticipate tariff-related headwinds to impact its competitive positioning and aims to increase export revenue contribution to 14-15% by FY28. We expect SJS' growth trajectory to remain strong with an EPS CAGR of ~23% over FY25-27E. Maintain BUY rating with Mar'27 TP of INR 1,425 (25x Mar'27E EPS).

- **4QFY25 – Tad better than JMFe:** SJS reported consolidated net sales of INR 2bn (+7% YoY, +12% QoQ), 2% ahead of our estimates. Consol. EBITDA margin came in at 25.4% (flat YoY & QoQ), 40bps above of JMFe. Consolidated EBITDA was INR 510mn (+7% YoY, +13% QoQ), 4% above JMFe. Consol. PAT came in at 377mn (+24%YoY, +22% QoQ), 15% above JMFe due to lower than expected finance cost and tax expense. **Standalone:** Revenue stood at INR 1bn (flat YoY) and EBITDA margin came in at 28.5% (+80bps YoY; -330bps QoQ).
- **Demand outlook:** SJS continued to outperform the underlying automotive industry in 4QFY25. Against industry growth of c.6% YoY, SJS's automotive segment revenue rose by 9% YoY, driven primarily by early double-digit growth in the PV segment. The company onboarded HMCL as a new customer in Apr'25 and has commenced supplies of decals and logos. The total business potential from HMCL is estimated at ~INR 2.5bn, with SJS expecting to capture a significant share. Export revenue grew 17.6% YoY in FY25, primarily led by strong growth in PV segment. Management does not anticipate tariff-related headwinds to impact its competitive positioning and aims to increase export revenue contribution to 14-15% by FY28 (from 7.5% in FY25), supported by the addition of new customers and geographies. Overall, the management expects mid-single-digit volume growth in the PV industry and high-single-digit growth in the 2W industry in FY26. SJS aim to outperform the underlying industry growth by 2x, led by premiumisation, diversified customer base and strong order book.
- **Margin outlook:** Introduction of new technology-led products and operational efficiencies are expected to support the margins going forward.
- **Capex and debt:** FY26 capex guidance stands at INR 1.5bn (including INR 150-200mn of maintenance capex). This includes: 1) Capacity expansion at Exotech with SOP expected in 1HFY26 (total cost: INR 1bn; 700mn to be incurred FY26), 2) Cover glass facility at Hosur (investment of INR 400mn in FY26), and 3) Capex of INR ~450mn for SJS' Bangalore plant. FCF for FY25 stood at INR 1.2bn and the company's net cash stood at INR 992mn at 4QFY25'end (vs. INR 754mn at 3Q end). We transfer coverage to Saksham Kaushal.

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)	46.6	37.4	27.2	20.3	18.1
P/B (x)	7.3	5.8	4.8	3.9	3.3
EV/EBITDA (x)	29.0	20.8	16.0	12.6	10.8
Dividend Yield (%)	0.0	0.2	0.2	0.5	0.5

Source: Company data, JM Financial. Note: Valuations as of 09/May/2025



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,425
Upside/(Downside)	38.4%
Previous Price Target	1,350
Change	5.6%

Key Data – SJS IN

Current Market Price	INR1,030
Market cap (bn)	INR32.3/US\$0.4
Free Float	73%
Shares in issue (mn)	30.4
Diluted share (mn)	31.3
3-mon avg daily val (mn)	INR112.7/US\$1.3
52-week range	1,347/601
Sensex/Nifty	79,454/24,008
INR/US\$	85.4

Price Performance

%	1M	6M	12M
Absolute	18.8	-13.7	68.4
Relative*	12.4	-14.5	54.0

* To the BSE Sensex

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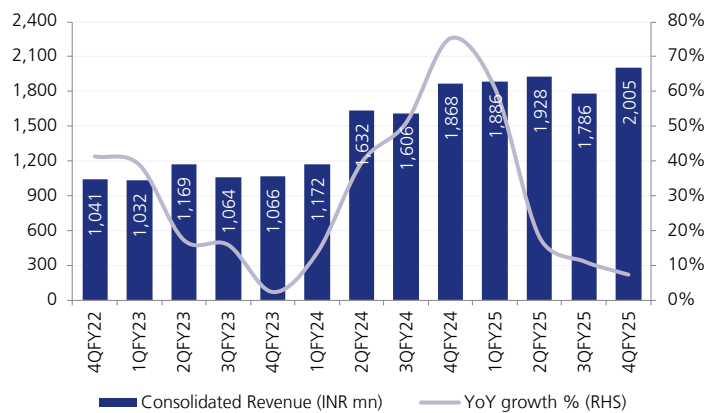
- **Other highlights:** 1) The management is evaluating opportunity beyond cover glass, i.e., into displays manufacturing (value-added large opportunity). 2) Exotech has been renamed as SJS Decoplast. 3) Capacity utilisation levels stand at ~70% for SJS, 95% for Decoplast (therefore, currently working with outsourcing model), and 75% for Walterpack.

Exhibit 1. Quarterly financial performance

Financial Matrices (INR mn)	4QFY25	4QFY24	% YoY	3QFY25	% QoQ	4QFY25E	Var (%)
Sales	2,005	1,868	7.3	1,786	12.3	1,961	2.2
RM	937	850	10.2	828	13.1	916	2.3
as a % of sales	46.7	45.5	120bps	46.4	30bps	46.7	0bps
Employee Exp	240	191	25.6	199	20.5	220	9.1
as a % of sales	12.0	10.2	170bps	11.1	80bps	11.2	80bps
Other Costs	318	351	(9.3)	306	4.1	335	(5.1)
as a % of sales	15.9	18.8	-290bps	17.1	-120bps	17.1	-120bps
Expenditure	1,495	1,392	7.4	1,333	12.2	1,471	1.6
EBITDA	510	476	7.2	453	12.6	490	4.0
EBITDA Margin (%)	25.4	25.5	0bps	25.4	10bps	25.0	40bps
Other Income	18	19	(7.6)	29	(39)	25	(28.2)
Interest	7	22	(68.6)	9	(27)	12	(42.4)
Depreciation	115	110	5.0	114	1	118	(2.5)
PBT	406	364	11.6	359	13	385	5.4
Tax	69	92	(25.4)	81	(16)	92	(25.8)
Tax rate (%)	16.9	25.3		22.7		24.0	(7.1)
PAT (Adjusted)	337	272	24.1	277	21.7	293	15.2
EPS (INR)	10.9	8.8	24.1	8.9	21.7	9.4	15.2

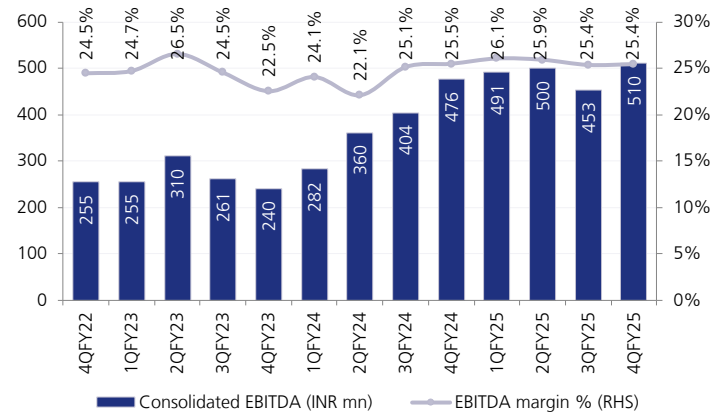
Source: Company, JM Financial

Exhibit 2. Revenue stood at INR 2bn (+7% YoY; +12% QoQ)



Source: Company, JM Financial

Exhibit 3. EBITDA grew +7% YoY (+13% QoQ) to INR 510mn



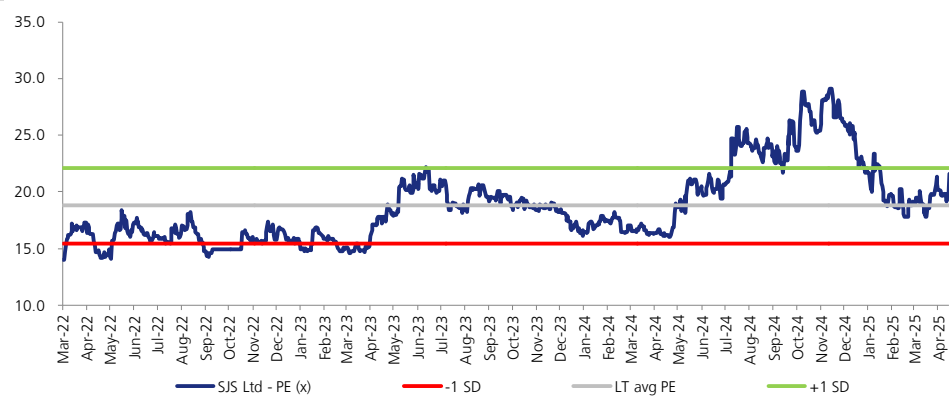
Source: Company, JM Financial

Exhibit 4. SJS Enterprise – Change in estimates

SJS Enterprise	New assumption			Old assumption			% Change		
	FY25A	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue (INR mn)	7,605	9,523	10,753	7,740	9,221	10,558	-2%	3%	2%
EBITDA (INR mn)	1,954	2,477	2,799	1,987	2,384	2,760	-2%	4%	1%
EBITDAM (%)	25.7%	26.0%	26.0%	25.7%	25.9%	26.1%	-	10bps	-10bps
PAT (INR mn)	1,188	1,593	1,784	1,142	1,420	1,676	4%	12%	6%
EPS (INR)	37.9	50.9	56.9	36.8	45.7	54.0	3%	11%	5%

Source: Company, JM Financial

Exhibit 5. 1-yr forward PE chart



Source: Company, 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
Total Revenue	4,330	6,278	7,605	9,523	10,753
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
EBITDA	1,066	1,522	1,954	2,477	2,799
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
Adjusted Net Profit	673	854	1,188	1,593	1,784
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
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%
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
Operating Cash Flow	871	964	1,184	2,282	2,289
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
Investing Cash Flow	-1,000	-2,245	-644	-2,023	-1,262
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
Financing Cash Flow	266	1,026	-495	-447	-237
Inc / Dec (-) in Cash	138	-255	45	-189	790
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
Total - Equity & Liab.	4,683	6,673	7,376	8,522	10,070
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
Total - Assets	4,683	6,673	7,376	8,522	10,070

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)	46.6	37.4	27.2	20.3	18.1
P/B (x)	7.3	5.8	4.8	3.9	3.3
EV/EBITDA (x)	29.0	20.8	16.0	12.6	10.8
EV/Sales (x)	7.1	5.0	4.1	3.3	2.8
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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Rating	Meaning
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Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
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