


Buy Range ₹750-770

Target ₹950-970

Recommendation BUY

Highlights

- **SJS Enterprises Ltd (SJS)** is one of the leading decorative aesthetics suppliers with the widest product coverage (amongst all its competitors) across decorative aesthetics pertaining to major vehicle segments such as 2W, PV, consumer appliances, etc. During FY24, the company supplied 169mn parts with more than 7000 SKUs to +180 customer locations across 22 geographies.
- Over the last few years, SJS has successfully diversified its product offering from traditional aesthetics products such as decals, logos, 2D appliques and domes to advanced products such as 3D lux logos/badges, 3D appliques, lens mask assemblies, optical plastics, IMEs and IMLs/IMDs. In-house design and technology with capabilities to develop, manufacture and deliver diverse product offerings and longstanding customer relationships (+15 years with its key customers) generally drive customer stickiness.
- SJS has established relationships with leading OEMs such as Mahindra & Mahindra, Tata Motors, and Maruti Suzuki. For instance, it supplies ~70 chrome SKUs to MM and provides premium products to Hyundai Motor Company, Honda Motor Company, and Harley Davidson. Top-10 clients accounted for 70-75% share of business while the topmost client has ~10-15% share. The management plans to add new mega accounts going forward.
- The management's focus on technological development and innovation, combined with strategic acquisitions, positions it strongly within the market. Its ability to offer a wide range of advanced aesthetic products and its strong OEM relationships underscore its potential for sustained growth and profitability. **The management is investing in glass cover technology** — a complex manufacturing process not widely produced in India. It has received requests for quotations (RFQs) and has shared prototypes with potential customers. While initial production of these new products may yield lower margin, profitability is expected to improve over time as operations scale and the company's reputation in this product category grows.
- Auto industry in India and globally is witnessing premiumisation (shift towards premium variants/SUVs). Demand for new generation products like lens mask assembly, IMD / IML parts, optical plastics and cover glass is expected to increase under EVs, since they have digital dials, which are currently being imported. So far decals (higher adoption in motorcycles) have seen limited adoption in E2Ws. However, with the rising electrification, the role of aesthetic products will increase in terms of product positioning. Additionally, higher EV revenue share for WPI will aid SJS' overall EV revenue share. Rising premiumisation in Autos (shift towards premium variants/SUVs) and increasing focus among consumer durable companies to position itself as a premium brand in driving premiumisation led growth for SJS (Share of premium products increased from ~3% in FY19 to ~10% in FY23 and further to 25.2% in FY24). Further, compared to an ICE vehicle, EVs are expected to be increasingly focused on product design and branding as a differentiating factor. These trends are expected to drive higher content (2-4x) for SJS going ahead.
- Prior to 2021, SJS' product portfolio addressed only ~52% of the decorative aesthetic industry due to absence of Chrome-plated and IML/IMD/IME parts in its product portfolio. **While the company had the capability to develop these products in-house, acquisition of Exotech and Walter Pack accelerated the process. Chrome Plating and IMD/IME products which together are expected to form ~48% of the industry size were added to SJS' existing product portfolio making it a full solution provider.** Both these acquisitions have been synergetic in bridging the gap by adding Chrome-plating and IMD/IML/IME parts in the product portfolio. Additionally, SJS was able to add new customers (esp. in PV segment) which provided cross-selling opportunities for existing and new products across diversified customer base.
- During FY19-24, SJS' export revenue grew at 8.4% CAGR led by increase in wallet share with existing customer and addition of new customers. During FY23, its exports revenue declined by ~32% YoY owing to Russia-Ukraine war (supplies to Russian plant of one of its key customer's was impacted). **But in FY24, the exports grew by 51% YoY to ₹483.4mn with gradual recovery in North America and Europe.** SJS Standalone export share at 12.7% in FY24 v/s 10.8% in FY23. Due to the WPI acquisition, largely a domestic business, exports as an overall % of consolidated sales was at 7.7%. Acquisition of Walter Pack further opens up opportunity to export/contract manufacture to global OEMs/Tier-1 suppliers. Given SJS' robust designing and product development capabilities, quality performance, price competitiveness, and timely delivery track record, the company remains well-positioned to leverage opportunities in the global market.

SJS ENTERPRISES LTD.
Company Background

SJS Enterprises (SJS) was co-founded by Mr. K.A. Joseph in 1987, is one of the leading players in India's fast growing Decorative Aesthetics Industry (pegged at ₹49bn, growing at ~20% CAGR) catering to 2Ws (37%), PVs (36%) and consumer appliance (20.2%) segments. Driving success in the Decorative Aesthetic industry entails diverse product offerings (traditional to advance premium products) and design-to-delivery capabilities. SJS has aced these by building strong inhouse design and engineering capabilities and providing differentiated and comprehensive product portfolio, widest among its peers with 169mn parts supplied and +7000 SKUs as on FY24. The company has been outperforming the growth of its underlying industry (2W+PV industry by ~14% CAGR over FY19-24) led by premiumisation (share of premium products 25.2% in FY24 vs. 3% in FY19) and new product/customer addition through Exotech and Walter Pack Indian (WPI) acquisition. SJS remains one of the beneficiaries of premiumisation (content increases by 2-4x) in the underlying industry. The acquisition of Walter Pack India in Jul'23 has been strategic in further expanding its product offerings / customer base across two-wheelers, passenger vehicles, and the consumer segment, thus increasing its share to 25.2% of consolidated revenue during FY24. Given the long-standing relationships with its customers (15+ yrs with key customers), SJS is well positioned to capitalise on cross-selling opportunities and driving higher content. Apart from the Indian market, it also serves 22 countries from its facilities in Bengaluru, 2 in Pune & 1 at Manesar, Gurugram spread across +400,000 sq. ft. Exports contributed ~8% of topline in FY24.

Investment Rationale
1. Leading aesthetics solution provider with an extensive high value add aesthetics product portfolio and longstanding customer relationships

SJS is one of the leading decorative aesthetics suppliers with the widest product coverage (amongst all its competitors) across decorative aesthetics pertaining to major vehicle segments such as 2W, PV, consumer appliances, etc. During FY24, the company supplied 169mn parts with more than 7000 SKUs to +180 customer locations across 22 geographies. Over the last few years, SJS has successfully diversified its product offering from traditional aesthetics products such as decals, logos, 2D appliques and domes to advanced products such as 3D lux logos/badges, 3D appliques, lens mask assemblies, optical plastics, IMEs and IMLs/IMDs. In-house design and technology with capabilities to develop, manufacture and deliver diverse product offerings and longstanding customer relationships (+15 years with its key customers) generally drives customer stickiness. Top-10 clients accounted for 70-75% share of business while the topmost client has ~10-15% share. The management plans to add new mega accounts going forward.

Segments	Key Customers
2Ws	HMSI, Bajaj Auto, TVS Motor, RE, etc
Passenger Vehicles	M&M, Tata Motors, MSIL, Hyundai, Honda Cars, VW, etc.
Tier 1 Ancillaries	Visteon, Marelli, Plastic Omnium, etc.
Consumer Durables	Whirlpool, Samsung, Panasonic etc

Growing Mega Accounts
 - Key Business Projects Won

New Customer Addition

Addition of New Geography


Appointed a sales representative in **South Korea** to drive export sales

Source - Company, Way2Wealth

Important Data

Nifty	23,533
Sensex	77,351

Key Stock Data

CMP	₹779.8
MCAP (bn)	₹24.2
52-WHigh/Low	₹832/534
Share so/s(mn)	31.04
Daily Vol.(3MNSEAvg.)	702,291
BSE Code	543387
NSE Code	SJS
Bloomberg Code	SJS:IN

Shareholding Pattern (%) – Mar'24

Promoter	21.8
DII's	32.1
FII's	15.1
Public	31.0

Financials

Particulars	₹ mn		
	FY21	FY22	FY23
Revenue	3,201	3,699	4,330
EBITDA	836	944	1,066
EBITDA Margin (%)	26.1	25.5	24.6
Net Profit	520	550	673
EPS (₹)	16.7	17.7	21.7
RoE (%)	16.5	15.3	15.7
RoCE (%)	19.4	18.9	18.7
P/E (x)	46.6	44.0	36.0
EV/EBITDA (x)	28.6	25.7	22.7
P/BV (x)	7.7	6.7	5.6

Particulars	₹ mn		
	FY24	FY25E	FY26E
Revenue	6,278	7,689	9,072
EBITDA	1,522	1,989	2,358
EBITDA Margin (%)	24.2	25.9	26.0
Net Profit	848	1,267	1,504
EPS (₹)	27.3	40.8	48.5
RoE (%)	15.1	19.2	19.9
RoCE (%)	17.6	27.3	27.7
P/E (x)	28.5	19.1	16.1
EV/EBITDA (x)	16.4	11.7	9.9
P/BV (x)	4.3	3.7	3.1

Source: Company, Way2Wealth

Relative Performance

Return(%)	1Yr	3Yr	5Yr
SJS	45.2	NA	NA
Nifty50	25.5	49.5	101.3
Sensex	22.5	47.1	97.8

Source: Company, Way2Wealth

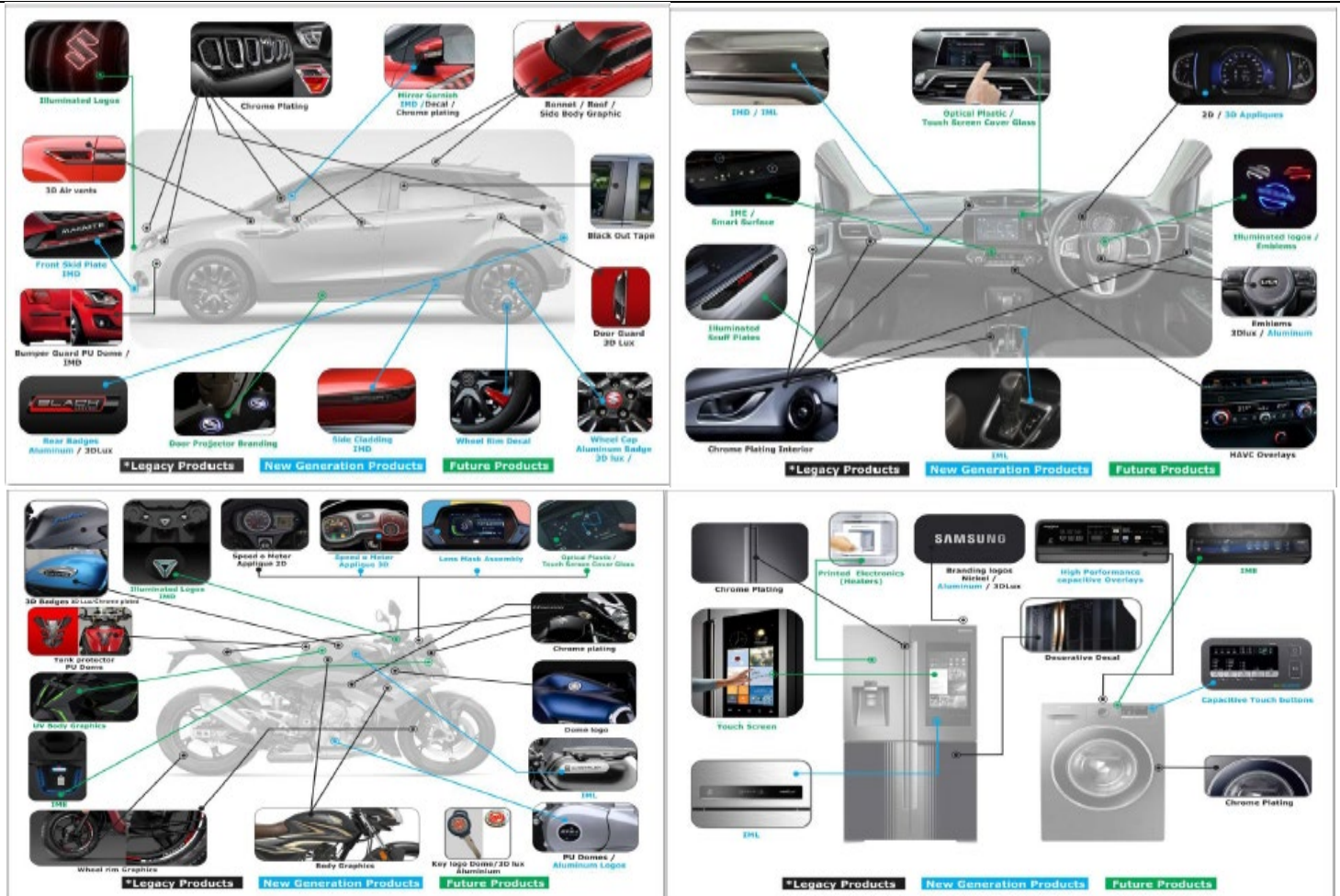
Jayakanth Kasthuri
jayakanthk@way2wealth.com

91-22-4019 2914

SJS has widest product coverage across decorative aesthetics peers

Company	Decorative aesthetic product coverage										Application Segment Coverage			
	Traditional Aesthetic products						Advance Technology products				2Ws	PVs	CDs	
	Logos	Decals	Stickers, Aluminium Badges	Chrome Plated parts	2D Dials	Traditional Overlays	3D Dials	Capacitive Overlays	IML/IMD	Optical plastics				
S.J.S. Enterprises	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Classic Stripes	Y	Y			Y	Y	Y	Y	Y			Y	Y	
Galva Deco Parts	Y			Y								Y	Y	
Kongovi	Y			Y								Y	Y	
Monochem Graphics	Y	Y	Y		Y	Y						Y	Y	Y
Polyplastics Industries	Y			Y								Y	Y	
Pragati Industries	Y			Y								Y	Y	
PRS Permacel		Y	Y									Y	Y	
Unique Labels			Y		Y				Y			Y	Y	

Source – Company, RHP, CRISIL Research 2021

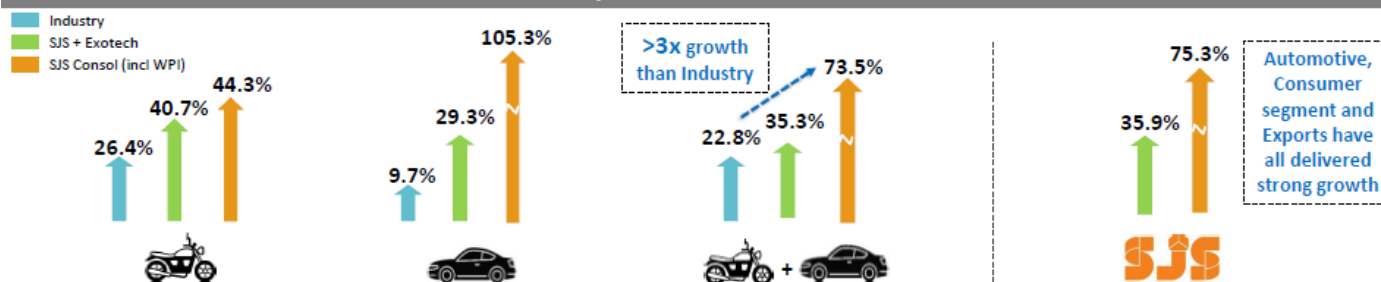
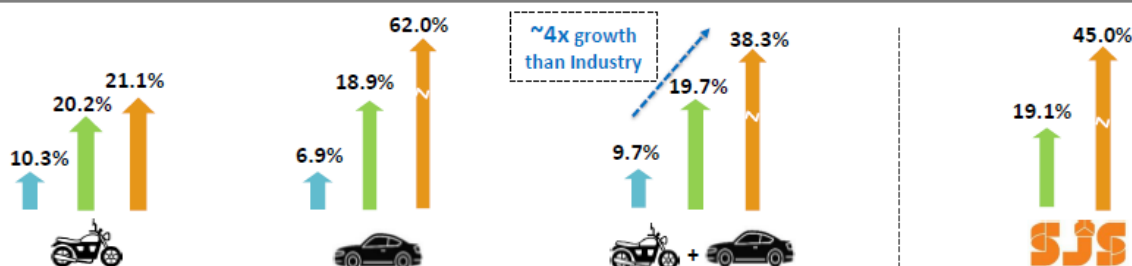


Source – Company

Demand for Aesthetics for above mentioned end-user segments and their usage

Aesthetic Components	2Ws	PVs	CDs	Usage
Logos	Y	Y	Y	Logos are the brand and model logos featured on automobiles and consumer durables play a critical role for OEMs to achieve desired brand visibility
Decals	Y	Y		
Stickers, aluminium badges	Y	Y	Y	Decal stickers are printed on vinyl films for decorative purposes on automobiles, particularly Two Wheelers in India
IML/IMD	Y	Y	Y	IMD/IML is a process for decorating or labelling injection moulded plastic parts or components during the plastic injection moulding cycle
Optical plastics	Y	Y		Optical plastics are high-quality plastic parts that allow a display to be clearly visible without any distortion and also used to provide mechanical protection to thin-film transistor (TFT) screen without impacting the visibility of underlying display device.
Chrome-plated parts	Y	Y	Y	These are injection moulded parts coated with chrome to make the product visually more appealing.
Appliques	Y	Y		The instrument clusters in automobiles is the key source of vehicle information for drivers and immensely adds to the visual appeal of the overall product
Overlays			Y	Overlays are simple and effective solutions for designing aesthetically appealing and durable human-machine interface (HMI)

Source – Way2Wealth, CRISIL Research 2021

SJS has been Outperforming the Industry Growth for 18th consecutive quarter
Q4FY24 - Industry Production Volume¹ v/s SJS YoY Sales²

FY24 - Industry Production Volume¹ v/s SJS YoY Sales²


Note: 1) Industry Production Volumes are production in India; 2) For SJS YoY Sales it is Consolidated numbers
Source – Company

2. Focus on Technology development

SJS has a strong reputation for technological advancements in areas such as screen printing, optical glass and touch screens, IMD and IML overlays, printed electronics, aluminium logos, and illuminated logos. It offers a wide array of aesthetic and visually appealing products, boasting over 7,000 SKUs across 22 countries with its recent acquisitions, it is uniquely positioned to provide a comprehensive range of aesthetic products under one roof. It features 15 technologies, from styling to delivery, a unique proposition in the Indian market. This capability allows it to offer premium products that are largely imported by Indian OEMs. SJS has established relationships with leading OEMs such as Mahindra & Mahindra, Tata Motors, and Maruti Suzuki. For instance, it supplies ~70 chrome SKUs to MM and provides premium products to Hyundai Motor Company, Honda Motor Company, and Harley Davidson. **The management is investing in glass cover technology** — a complex manufacturing process not widely produced in India. It has received requests for quotations (RFQs) and has shared prototypes with potential customers. While initial production of these new products may yield lower margin, profitability is expected to improve over time as operations scale and the company's reputation in this product category grows.

The management's focus on technological development and innovation, combined with strategic acquisitions, positions it strongly within the market. Its ability to offer a wide range of advanced aesthetic products and its strong OEM relationships underscore its potential for sustained growth and profitability.

3. Company to benefit from the premiumisation trend

The auto industry in India and globally is witnessing premiumisation (shift towards premium variants/SUVs). Similarly, consumer durable companies are increasingly focused on positioning itself as a premium brand. Led by this trend in the underlying industry, the Indian Decorative Aesthetics industry is also witnessing a shift from traditional aesthetics products such as decals, logos, 2D appliques and domes to advanced products such as 3D lux logos/badges, 3D appliques, lens mask assemblies, optical plastics, IMEs/IMLs/IMDs. For instance,

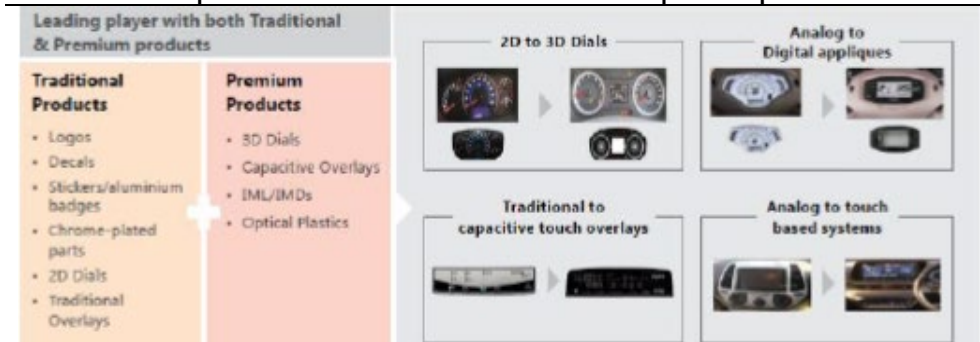
- Use of visually and aesthetically superior 3D appliques instead of 2D appliques in PVs,
- Use of hybrid analogue-digital dials instead of analogue dials in 2Ws,

- Use of touch-based navigation systems instead of analogue based navigation systems
- In PVs, leading to higher demand for optical plastics,
- Shift from plain moulded components to visually appealing IML/IMDs in PVs,
- Use of aesthetically superior 3D lux logos/badges instead of chrome-plated logos in 2Ws, and
- Use of capacitive touch overlays instead of traditional overlays in consumer appliances

Demand for new generation products like lens mask assembly, IMD / IML parts, optical plastics and cover glass is expected to increase under EVs, since they have digital dials, which are currently being imported. So far decals (higher adoption in motorcycles) have seen limited adoption in E2Ws. However, with the rising electrification, the role of aesthetic products will increase in terms of product positioning. Additionally, higher EV revenue share for WPI will aid SJS' overall EV revenue share.

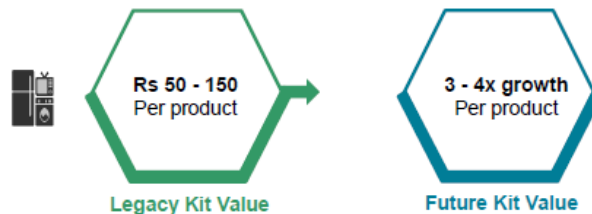
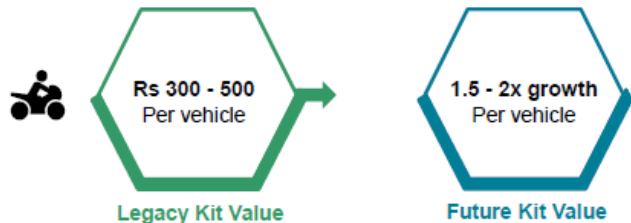
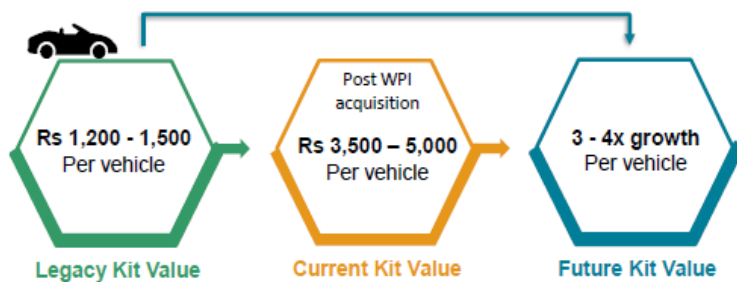
Rising premiumisation in Autos (shift towards premium variants/SUVs) and increasing focus among consumer durable companies to position itself as a premium brand in driving premiumisation led growth for SJS (Share of premium products increased from ~3% in FY19 to ~10% in FY23 and further to 25.2% in FY24). Further, compared to an ICE vehicle, EVs are expected to be increasingly focused on product design and branding as a differentiating factor. These trends are expected to drive higher content (2-4x) for SJS going ahead. Underlying demand in Auto segment remains healthy with 2W+PV production expected to grow at ~6-8% CAGR over FY23-26. With the anticipated 2024 normal monsoon, the CD industry and exports recovery is expected to bode-well for SJS.

Well placed to serve transition from traditional to premium products



Content increases by ~2-4x as industry shifts from legacy products to premium products

End-User Segment	Legacy Products	Legacy Kit Value	New Generation Products	Future Products	Future Kit Value
PV (interior)	Chrome Plating, 2D Appliques, HAVC Overlays, Emblems 3D lux		3D Appliques, Aluminium emblem, IMD / IML	Illuminated logos / Emblems, Illuminated Scuff Plates, IME, Smart Surface	
PV (Exterior)	Chrome Plating, Decal, Bonet/ Roof/ Side body graphic, Black out Tape, Door Guard 3D Lux, Bumper guard PU Dome, 3D Air vents, 3D Lux	₹1200-1500 per vehicle	IMD, Wheel Cap Aluminium Badge 3D lux, Side Cladding IMD, Rear badges aluminium, Front Skid Plate IMD	Mirror Garnish IMD, Door Projector Branding, Illuminated Logos	3-4x growth per vehicle
2Ws	Speedometer 2D, Chrome plating, Dome Logo, PU Domes, 3D lux aluminium, Body graphics, Wheel rim graphics, Tank Protector PU Dome, Chrome plated	₹300-500 per vehicle	Speedometer 3D, Lens Mask Assembly, Aluminium Logos	Optical Plastic/ Touch Screen Cover Glass, IME. UV Body Graphics, Illuminated Logos IMD	1.5-2x growth per vehicle
Consumer Appliances	Branding logos, Decal, Chrome Plating	₹50-150 per vehicle	High performance overlays, IME, Capacitive Touch buttons, IML	Printed Electronics, IME, Touch Screen	3-4x growth per vehicle



SJS' New Age Products (2W: Select Examples): Optical plastics/touch screens, aluminium logos, illuminated logos (WPI)

SJS' New Age Products (CD: Select Examples): Optical glass / touch screens, IMD/IML overlays, printed electronics (WPI)

Source – Company, Way2Wealth

4. Decorative Aesthetic component industry is projected to grow at ~20% CAGR to reach ₹49.2bn by FY26

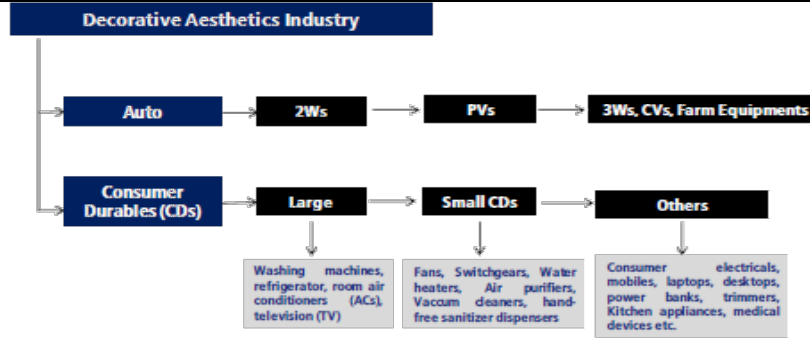
The Indian decorative aesthetics industry is comprised of a few players with diversified product portfolios having presence across most OEMs, however there are several other enterprises which manufacture one or a limited range of decorative aesthetics and are direct suppliers to OEMs and Tier-1 suppliers, evidencing the fragmented nature of the industry. General competitive factors in the market, which may affect the level of competition, are customer relationships, technology, reliability, price, design capability, quality of products and services, delivery timelines, development and program/model launch support, understanding of industry trends and customer requirements.

Below are some of the key competitors of SJS

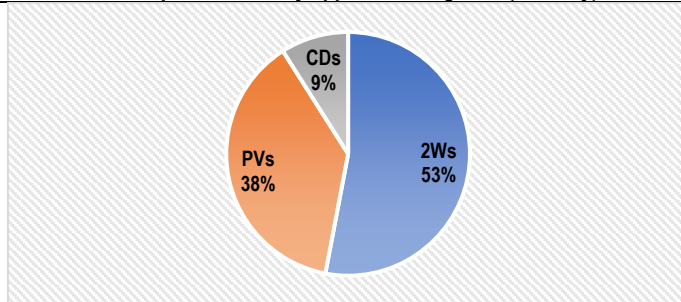
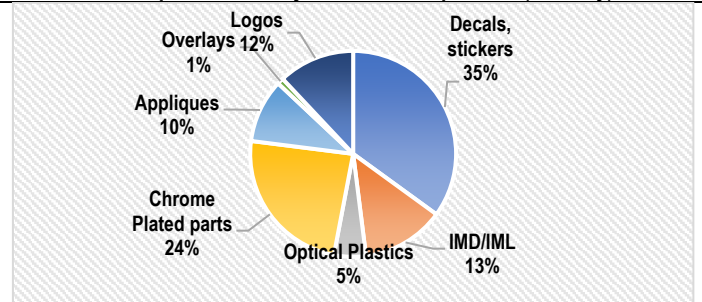
Company	Decorative aesthetic product coverage										Application Segment Coverage		
	Traditional Aesthetic products						Advance Technology products				2Ws	PVs	CDs
	Logos	Decals	Stickers, Aluminium Badges	Chrome Plated parts	2D Dials	Traditional Overlays	3D Dials	Capacitive Overlays	IML/IMD	Optical plastics			
S.J.S. Enterprises	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Classic Stripes	Y	Y			Y	Y	Y	Y			Y	Y	
Galva Deco Parts	Y			Y							Y	Y	
Kongovi	Y			Y								Y	
Monochem Graphics	Y	Y	Y		Y	Y					Y	Y	Y
Polyplastics Industries	Y			Y							Y	Y	
Pragati Industries	Y			Y							Y	Y	
PRS Permacel		Y	Y								Y	Y	
Unique Labels			Y		Y				Y		Y	Y	

Source – Company, Way2Wealth

Decorative Aesthetics Industry primarily caters to enhancing the look and style of the end product. Manufacturers of discretionary consumption items strive to bring value and aesthetic superiority to their offerings to enhance product appeal. It includes producing logos, stickers, decals, appliques, overlays, chrome plated parts, In-mould labelling (IML)/ mould decoration (IMD), In-Mold Electronics (IME) etc. Aesthetically superior products hold strong relevance for discretionary consumption products, such as automobiles and consumer durables. OEMs have started considering product aesthetics while building a brand. Compared to other automotive parts, most aesthetic items involve lower logistics costs due to their compact nature. A few components such as appliques, overlays and optical plastics are also deployed for their functional attributes in addition to their role in increasing aesthetic value of a product. Indian Decorative Aesthetics Industry caters to leading Auto OEMs, global independent Tier-I automotive component makers, and consumer appliance companies. Majority of the share is, however, occupied by the 2W segment. Over the past few years, demand for decorative aesthetics is witnessing a shift towards premium (thus increasing share towards PV and CDs), aesthetically superior, and technologically advanced products triggered by rising disposable incomes and aspirations, exposure to developed markets, and the advent of e-mobility.

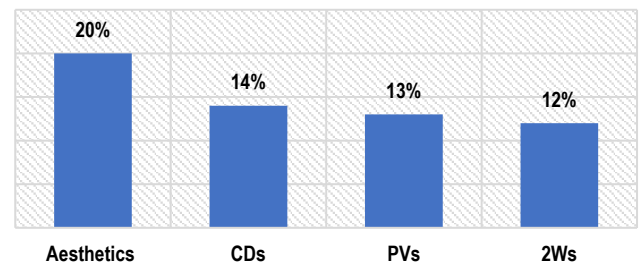
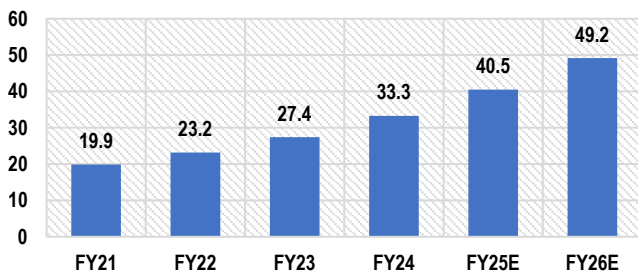
Decorative Aesthetics Industry application


Source – Company, Way2Wealth

Breakup of demand by application segment (Industry)

Breakup of demand by aesthetic components (Industry)


Source – Way2Wealth, CRISIL Research 2021

The aesthetics component industry in India generated ₹19.9bn in revenue in FY21 and the industry is projected to grow at a ~20% CAGR to reach approximately ₹49.2bn by FY26. Increasing premiumisation, and rising penetration of superior aesthetic products like optical plastics, chrome-plated parts, IML/IMD parts is expected to drive the industry growth. Two-wheelers and passenger vehicles are expected to continue to dominate the demand accounting for ~45-47% of the decorative aesthetic market each in FY26 whereas consumer durables is expected to contribute ~8-9% to the overall demand. Demand for decorative aesthetics is expected to grow fastest in passenger vehicles at ~25% CAGR, followed by 19% and 16% CAGR in consumer durables and two wheelers respectively during FY21-26 period. Global aesthetic component industry in US and EU (Inclusive of UK) generated USD 2.7bn in CY19 from passenger vehicle segment. Global aesthetic component industry growth is expected to be driven by growing premiumisation and rise in adoption of electric vehicles over next 5 years. (Source: CRISIL research)

Decorative Aesthetics industry is expected to grow at 20% CAGR over FY21-26
Aesthetics industry is expected to outpace underlying industry CAGR FY21-26E


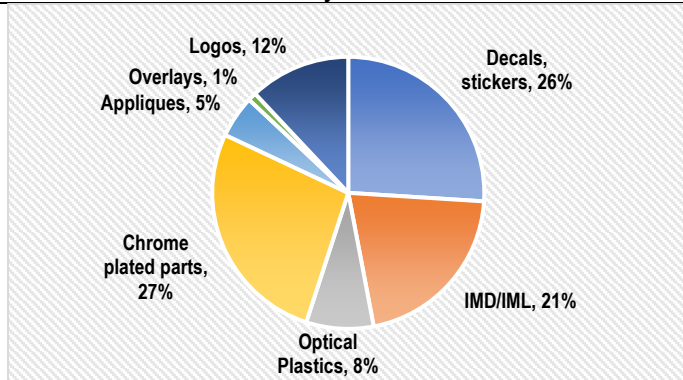
Source – Way2Wealth, CRISIL Research 2021

Superior aesthetic products like IMD/IML, Optical plastics and Chrome plated parts are expected to drive the growth
2Ws & PVs are expected to account for 45-47% each of industry by FY26.

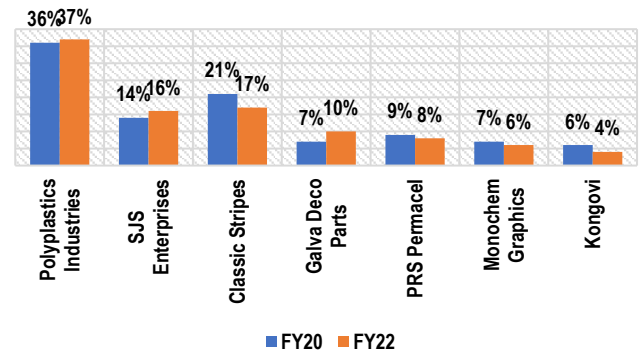
Decorative Aesthetic products	CAGR FY21-26
Logos	19%
Decals, stickers	13%
IMD/ IML	32%
Optical plastics	31%
Chrome plated parts	23%
Appliques (2W/PV)	6%/14%
Overlays	17%
TOTAL	20%

2Ws	45-47%
PVs	45-47%
CDs	8-9%

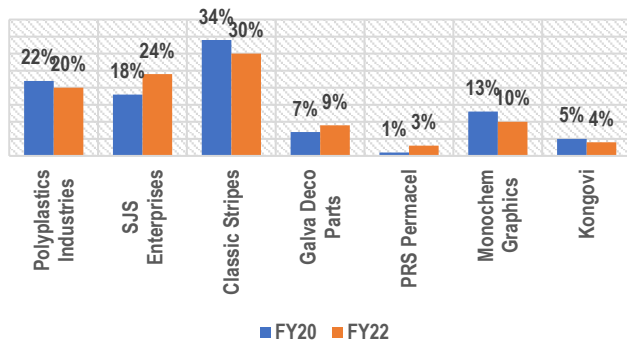
Share of IMD/IML, Chrome Plated parts and Optical plastics is expected to rise by FY26



Relative Revenue market share (FY22/FY20)



Relative EBITDA market share (FY22/FY20)

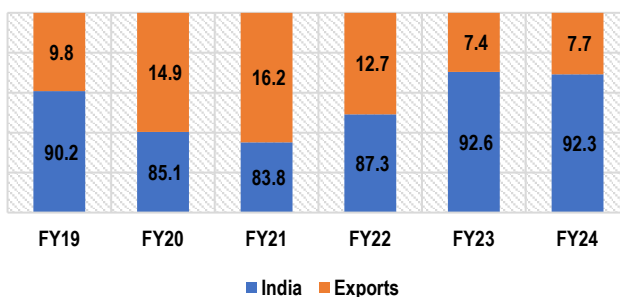


Source- Way2Wealth, CRISIL Research 2021

5. Renewing focus on growing exports further

During FY19-24, SJS' export revenue grew at 8.4% CAGR led by increase in wallet share with existing customer and addition of new customers. During FY23, exports revenue declined by ~32% YoY owing to Russia-Ukraine war (supplies to Russian plant of one of its key customer's was impacted). But in FY24, the exports grew by 51% YoY to ₹483.4mn with gradual recovery in North America and Europe. SJS Standalone export share at 12.7% in FY24 v/s 10.8% in FY23. Due to the WPI acquisition, largely a domestic business, exports as an overall % of consolidated sales was at 7.7%. Global decorative aesthetics industry for PVs is a large opportunity valued at USD 2.7bn in CY19 (Source: CRISIL). SJS has a healthy presence across Europe, Middle East, Africa, and the United States. The medium-term focus is on expanding its presence in ASEAN countries and strengthening its sales force in South Korea, Turkey, Brazil, Argentina and Columbia. Acquisition of Walter Pack further opens up opportunity to export/contract manufacture to global OEMs/Tier-1 suppliers. Given SJS' robust designing and product development capabilities, quality performance, price competitiveness, and timely delivery track record, the company remains well-positioned to leverage opportunities in the global market.

Domestic/ Exports CAGR FY19-24 at 22%/15.8%

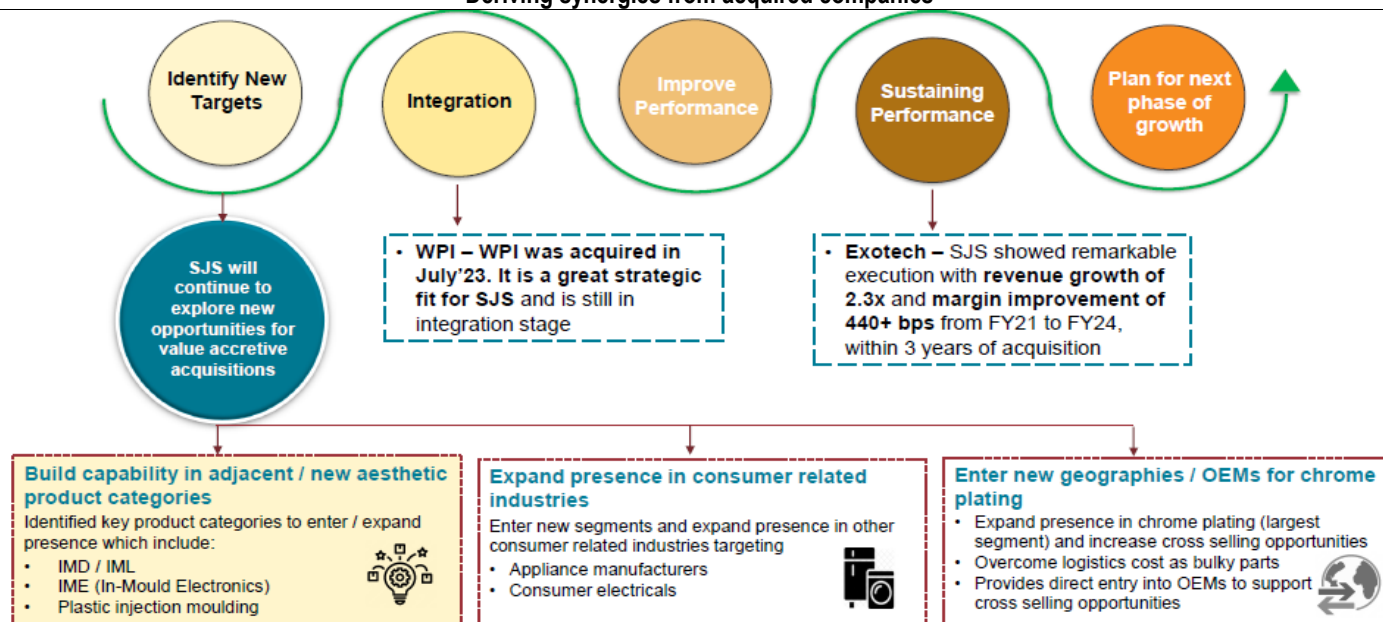


Source – Company, Way2Wealth

6. Acquisition of Exotech and WPI enabling new product/customer addition and cross selling opportunities

Prior to 2021, SJS' product portfolio addressed only ~52% of the decorative aesthetic industry due to absence of Chrome-plated and IML/IMD/IME parts in its product portfolio. While the company had the capability to develop these products in-house, acquisition of Exotech and Walter Pack accelerated the process. Chrome Plating and IMD/IME products which together are expected to form ~48% of the industry size were added to SJS' existing product portfolio making it a full solution provider. Both these acquisitions have been synergetic in bridging the gap by adding Chrome-plating and IMD/IML/IME parts in the product portfolio. Additionally, SJS was able to add new customers (esp. in PV segment) which provided cross-selling opportunities for existing and new products across diversified customer base. SJS's strategic M&A activities have diversified its revenue streams and strengthened its market position in key segments, positioning the company for sustained growth and reduced risk exposure. Acquisitions remain key to SJS' growth strategy and we expect both these acquisitions to be the key driver of growth in the medium-term.

Deriving synergies from acquired companies



Source - Company

In Apr'21, the company completed 100% acquisition of Exotech Plastic Private Ltd. Exotech manufactures & supply chrome-plated, printed & painted injection moulding plastic parts like vehicles emblems, brand badges, nameplates, wheel covers, radiator grills, door handles, instrumental panel housings etc. There is increasing intensity of using chrome plated parts in a vehicle. Combination of decorative printing and injection moulding with plastic chrome-plating capabilities helped SJS provide diversified aesthetic products to customers and thus reduce the risk of product substitution. Till FY21, Exotech' customers base largely included passenger vehicles OEMs & Tier-I suppliers while SJS's customer base was skewed towards 2Ws. Hence this acquisition helped SJS diversify its segment mix.

In Apr'23, the SJS Board approved acquisition of 90.1% stake in Walter Pack Automotive Products India Pvt Ltd (WPI). WPI is a subsidiary of Walter Pack Spain which is a leader in the design and development of high value-added functional decorative parts in the Indian market. WPI is proficient in advanced IMD, IMF, IML and IME technologies, providing a strong technological advantage. About 2/3rd of revenue is from the Automotive segment (largely from PVs) and the balance 1/3rd is from CD segment. Further SJS has signed a 3-year technology support agreement with Walter Pack Spain for ongoing exchange of know-how. SJS acquired 90.1% stake in Walter Pack for ₹2,393mn (~7.5x EV/EBITDA for FY23). Mr Roy Matthew continues to hold 5.1% of stake. It was funded through ₹1,343mn from existing cash balance; ₹300mn preferential allotment to SJS Co-Founder, Mr. K. A. Joseph at ₹500/share and ₹750mn through debt.

WPI's technological capabilities complement SJS's, making it a complete one-stop solution for its customers. The strategic acquisition of WPI has deepened SJS's penetration in the PV and consumer durable segments.

Since acquiring Exotech and WPI in 2021, it has diversified its revenue sources, reducing its dependency on the 2W industry to 37.4% in FY24 from 70% in FY19. Its current revenue exposure is balanced across 2W (37.4%), PV (36.4%), and consumer durables (20.2%). The WPI acquisition has particularly benefited its consumer durable segment. It has enabled SJS to add new verticals (consumer electrical) and acquire new clients including Reliance and Electrolux (for exports). The company successfully integrated Exotech business in FY22 and completed acquisition of Walter Pack India (WPI) in Jul'24 with integration in process. Exotech and WPI capacity expansion plans are in finalisation stage and investments to start from Q2FY25 onwards.

Key Technologies provided by WPI

In-Mold Decoration (IMD)	<ul style="list-style-type: none"> • IMD allows to decorate plastic parts in the injection moulding process, by transferring the inks and coating printed on the carrier film that runs through the cavity of the injection mould, leaving the intended designs printed on the injected part • This technology is complementary to IMF for parts with less geometric complexity
In-Mold Forming (IMF)	<ul style="list-style-type: none"> • IMF is WPI's core business • This technique is used to produce high-quality three-dimensional plastic parts with decorative finishes, which are robust and resistant to abrasion and wear
In-Mold Electronics (IME)	<ul style="list-style-type: none"> • IME allows to integrate electronic functionality and even hybridization of electronic components in films which, once thermoformed under high pressure, are introduced into the injection mould along with the decorative insert, providing decorated parts with electronic functionality

High-margin Products



Mid Panel

Gear Shift Bezels

Switch Plates

FATC Bezel

Logos

Wheel Caps

Key Technologies Added through Acquisition

Technology	SJS + Exotech	Walter Pack India
2K Injection Moulding	N	Y
Plastic Painting	Y	N
Laser Decoration (Automatic / Red Laser)	N	Y
Silk Screen Printing	Y	Limited Capability
Large parts Forming Technology (Low / High Pressure)	N	Y
Cutting (3D Die Cutting / 6 Axes Milling)	N	Y
Pad Printing (Robot Assisted)	N	Y
Hot Stamping	Limited Capability	Y
Large Parts Chrome Film Decoration	N	Y
Assembly	Y	Y
Laser cutting	Y	Y
Chrome Plating (Bright / Satin / Dark chrome)	Y	N
Printing on pressure sensitive films	Y	N
IML / IMD Tool Design Capabilities	N	Y
Design & Styling capabilities (Design Studio)	Y	N
In Mould Forming (IMF)	N	Y

Source – Company, Way2Wealth

7. Experienced Management Personnel

- **Mr. KA Joseph** is the Managing Director & Promoter of the company. He holds a Bachelor's degree in Science from Bangalore University and Postgraduate diploma in Business Administration from St. Joseph's College of Business Administration, Bangalore. He has more than 34 years of experience in aesthetics printing business. He leads the manufacturing operations for the Company and has spearheaded technological and product innovation over the years. The company shifted its operations in 2018 where he helped in designing the new manufacturing facility.
- **Mr Sanjay Thapar** is the Executive Director & CEO of the company. He holds a Bachelor's degree in Science (Mechanical Engineering) from the Delhi College of Engineering, University of Delhi. He has over 30 years of experience in the auto industry. He was previously associated with Ashok Minda Group; Minda Valeo Security Systems, Minda HUF Limited, Tata Engineering and Locomotive Company Limited (now known as Tata Motors Limited). He leads the strategy, business development and finance functions for the Company and has played an instrumental role in formulating the sales strategy, building customer base, deepening customer relationships and developing new product offerings. He has led and has shaped company's product strategy and international business expansion.
- **Mr. Mahendra Naredi** is the CFO of the company. He holds Bachelor's degree in Law & Commerce from Rajasthan University and is a CA and CS from ICAI and ICSI. He has 20+ years of experience in financial management and analysis, key accounting & financial analysis, FP&A, fundraising, M&As, legal compliances, and strategy. He was previously associated with Minda Corp, Wipro & GE.
- **Mr. Kevin Joseph** is an Executive Director of the company. He holds a Bachelor's degree in Mechanical Engineering from the Visvesvaraya Technological University, Belgaum. He has previously worked at Tata Elxsi Limited as a senior design engineer and works at the company as the Executive – Manufacturing.
- **Mr. Sadashiv Baligar** is the Chief Operation Officer of the company. He was previously associated with Motherson Automotive Technologies, Automotive Manufacturers (Malaysia) SDN BHD, Toyota Kirloskar etc.
- **Mr. R. Raju** is the Chief Marketing Officer of the company. He has over 22 years of experience in the field of marketing. He was previously associated with ITW India Limited, ITW Signode India Limited etc.

KEY RISKS

- Key downside risks for the company include a slowdown in 2W and PV markets, subdued export markets, uncertain supply chain situation for OEMs and inability to integrate future acquisitions.
- Certain segments within the decorative aesthetics industry (particularly decals, graphics, and logos) are highly commoditised and have low barriers to entry or exit, resulting in a market with a high degree of fragmentation.
- Some of the 2W electric vehicles come with digital displays, which don't have a dial. However, due to this shift, SJS might lose some dial business, but on the other side, the company gets huge opportunity for its high realisation Lens mask assembly, which is comparatively 1.5x pricier than dials.
- The company does not enter into any long-term commitment for procuring raw materials. These practice safeguards them from the risk of fluctuation in RM prices and overstocking in case of low volumes from its customers. Any high fluctuations in the principal raw materials and components used by SJS for manufacturing aesthetic products such as plastics, aluminium, plastic polymers such as PVC, inks, chemicals and adhesive, while Exotech uses polymer granules, chemicals, paints, copper, nickel, tapes and packing materials, can impact the margins in the near to medium term.
- Promoter holding excluding the stake of Evergraph Holding Pte Ltd (subsidiary of Everstone Capital) at 17.2% is at lower levels making it an acquisition target.

VIEW

SJS Enterprises Ltd (SJS) business model is very convincing considering its competitive positioning and growth potential in the medium to long term. For the company, we view opportunities from cross-selling Exotech-SJS products to each other clients, selling higher realisation new generation products developed in-house (2-4x higher price than traditional ones), aiming to grow exports faster, premiumisation in Auto/Consumer durables, and increasing wallets of existing accounts along with acquiring new customers in domestic as well as overseas. It is a technology agnostic company with no risk of EV transition. It is well-positioned, driven by its robust financial performance and strategic initiatives. The management's positive industry outlook, expectation of 8–10% OEM growth in FY25, and an ability to outpace the industry at 1.5x the weighted growth rate, enabled by its strategic positioning. It is the only listed company in the aesthetic components space with low debt and has been generating good cash flows. **Hence, we recommend it as a BUY stock trading at P/E 16.1x FY26E EPS of ₹48.5.**

Q4FY24 Performance Driven by margin recovery in Walter Pack India (WPI)

The standalone business and Exotech Plastics Pvt maintained a stable revenue and margin as the consolidated revenue surged by 75.3% YoY and 16.3% QoQ to ₹186.7mn, fuelled by the WPI acquisition. Segment-wise, the 2W/PV segment grew 44.4%/105.3% YoY. SJS and Exotech saw a 35.3% YoY growth in Q4FY24, led by a 40.7%/29.3% growth in the 2W/PV segment. EBITDA margin surged by 40bp QoQ to 25.5% in Q4FY24, driven by margin recovery in the WPI division. Gross margin declined by 136bp QoQ to 54.5% due to a change in the product mix. WPI/ Exotech posted an EBITDA margin of 25.5%/18.1% (up 520bp/down 30bp QoQ) in Q4FY24. EBITDA /PAT grew 98.3%/73.7% YoY and 17.9%/28.6% QoQ to ₹476mn/₹267mn.

Exotech has seen a consistent improvement in its EBITDA margin, rising from 10.8% in FY21 to 18.1% in Q4FY24. In Q4FY24, despite outsourcing part of the manufacturing, the EBITDA margin was an impressive 18.1% (one of the best), driven by scale benefits, a favorable product mix, and lower raw material costs. Exotech is operating at full capacity and has started outsourcing to two manufacturers, with a third one identified due to extremely strong order volumes.

Walter Pack India (WPI) EBITDA Margin experienced an atypical decline to 19.8% in FY24 due to one-time factors such as model transitions with major clients and acquisition costs. This margin is projected to gradually recover, reaching around 28.0% by FY26. Although the typical EBITDA Margin range stands between 28-30%, a conservative estimate targets the lower end of this band, aiming for 28% by FY26. Anticipated Revenue is expected to rise from approximately ₹1.1bn in FY24 (Jul'23 to Mar'24) to about ₹1.6bn in FY26. The company's growth trajectory is poised to outpace industry benchmarks, fuelled by its specialisation in a niche, high-margin sector. Securing orders from key clients such as Tata Motors, Maruti Suzuki, and M&M, alongside the introduction of new products, presents significant growth opportunities. Furthermore, leveraging cross-selling potentials with SJS clients is expected to further bolster revenue and margins in the coming years.

SJS FY24 Revenue EBITDA/PAT grew 45%/42.7%/26.1% to ₹6.3bn/₹1.52bn/₹848mn. The company achieved its annual growth guidance of 45% in topline and 30% in adjusted PAT (excluding Amortisations of Acquisitions) for FY24. FCF increased by ~40% YoY to ₹786mn in FY24.

FY25 Outlook

SJS to continue its strong financial performance trajectory. The company expects to outperform the underlying industry growth by over 1.5x on account of Premiumisation + Creating Mega OEM Accounts + Exports + WPI Acquisition = Higher than industry sales growth for SJS. Continue to maintain EBITDA margins of +25%. Current order book to be executed in FY25 is over 85% of FY25 forecasted revenue.

The management has outlined a capex of ₹1.6–1.7bn over the next three years, primarily targeting the development of value-added products, including new premium offerings like optical cover glass and IML wheel caps. In FY25, it anticipates a consolidated capex of ₹700mn, with ₹200mn allocated for maintenance.

Well positioned to execute its strategy in the medium term
Strategy for organic growth over FY24-26


Source – Company

Q4FY24 & FY24 PERFORMANCE

Particulars	Q4FY24	Q4FY23	YoY (%)	Q3FY23	QoQ (%)	FY24	FY23	YoY (%)
Revenue	1,867.9	1,065.7	75.3	1,605.9	16.3	6,278.0	4,330.5	45.0
Cost of Matl	844.3	455.7	85.3	722.1	16.9	2,873.8	1,942.7	47.9
Inventories Changes	5.9	21.8	(72.9)	(13.0)	145.6	(24.9)	(74.8)	(66.7)
Employee cost	190.9	144.5	32.1	185.9	2.6	707.7	561.3	26.1
Other Exps	350.9	203.7	72.3	307.3	14.2	1,199.4	835.0	43.6
EBITDA	476.0	240.0	98.3	403.6	17.9	1,522.1	1,066.3	42.7
EBITDA Margin (%)	25.5	22.5	296	25.1	35	24.2	24.6	(38)
Other Income	19.4	31.8	(38.9)	8.9	118.9	77.0	101.5	(24.1)
Finance Cost	22.0	4.5	386.9	25.1	(12.4)	85.2	23.1	268.7
Depreciation	109.6	60.8	80.3	108.3	1.2	387.4	233.0	66.3
PBT	363.8	206.5	76.2	279.0	30.4	1,126.5	911.7	23.6
Tax	92.0	52.7	74.7	70.5	30.5	272.8	239.2	14.1
Minority Interest- (Profit)/Loss	(4.8)	-	NM	(0.9)	454.7	(5.6)	-	NM
Net Profit	267.0	153.8	73.6	207.7	28.6	848.2	672.5	26.1
EPS (₹)	8.6	5.1	70.2	6.7	28.6	27.3	22.1	23.7

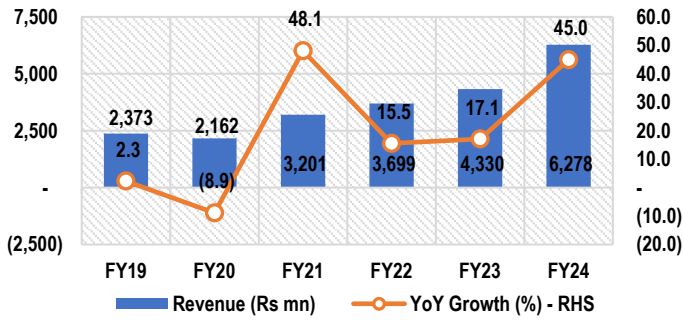
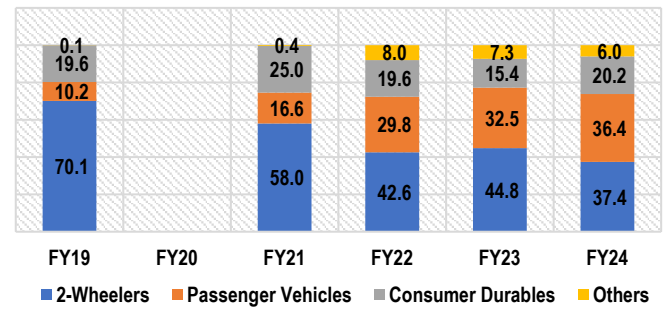
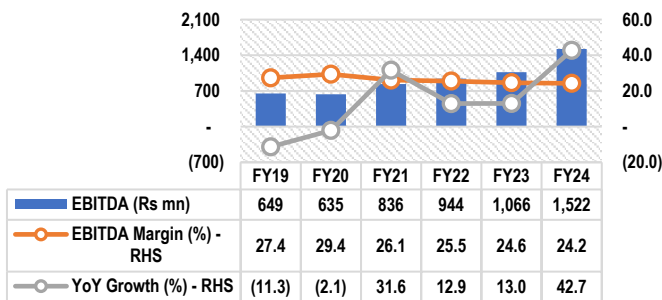
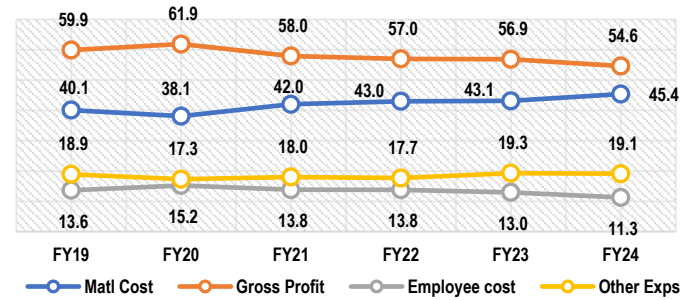
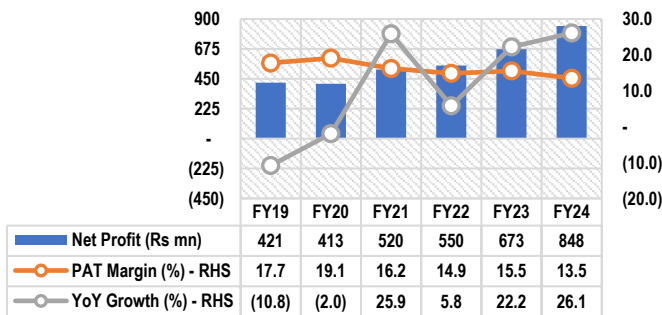
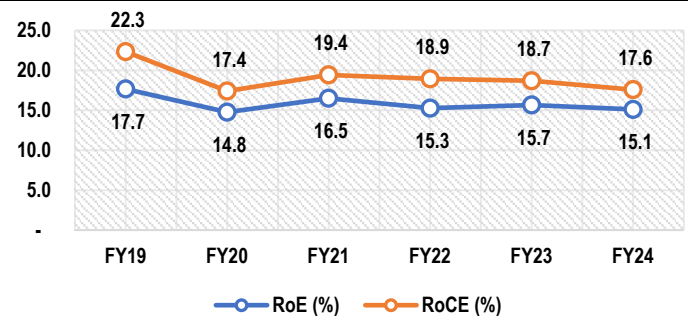
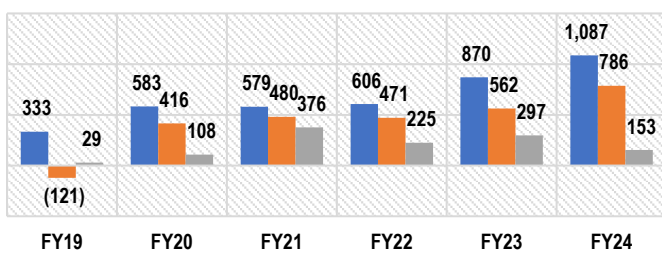
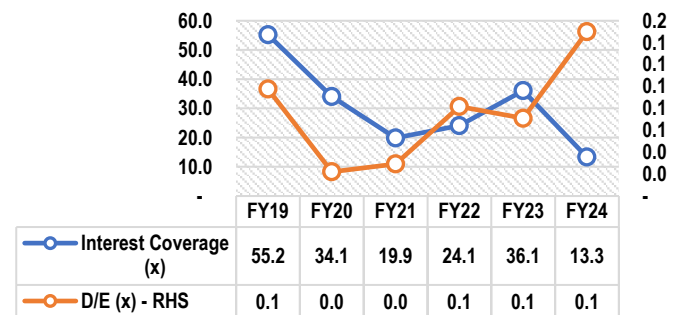
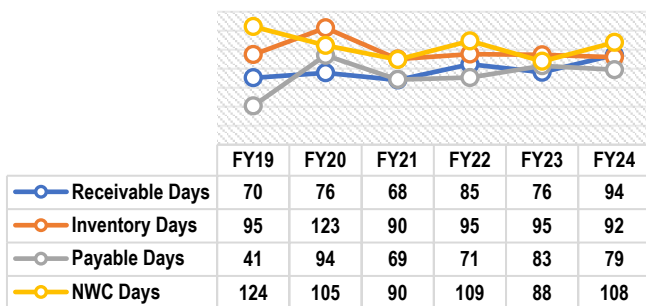
As % to Sales	Q4FY24	Q4FY23	YoY (BPS)	Q3FY23	QoQ (BPS)	FY24	FY23	YoY (BPS)
Matl Cost	45.5	44.8	71	44.2	136	45.4	43.1	225
Gross Profit	54.5	55.2	(71)	55.8	(136)	54.6	56.9	(225)
Employee cost	10.2	13.6	(334)	11.6	(136)	11.3	13.0	(169)
Other Exps	18.8	19.1	(32)	19.1	(35)	19.1	19.3	(18)

Revenue by Geography (%)	FY24	FY23	YoY (BPS)
India	92.3	92.6	(30)
Exports	7.7	7.4	30

Revenue by End Segment (₹mn)	FY24	FY23	YoY (%)
2-Wheelers	2,348.0	1,940.1	21.0
Passenger Vehicles	2,285.2	1,407.4	62.4
Consumer Durables	1,268.2	666.9	90.2
Others	376.7	316.1	19.2

Revenue by End Segment (%)	FY24	FY23	YoY (BPS)
2-Wheelers	37.4	44.8	(740)
Passenger Vehicles	36.4	32.5	390
Consumer Durables	20.2	15.4	480
Others	6.0	7.3	(130)

Source – Company, Way2Wealth

PAST PERFORMANCE
Revenue at 21.5% CAGR FY19-24

Revenue by End Segment (%)

EBITDA at 18.6% CAGR FY19-24

Costs as % to sales

PAT at 15.0% CAGR FY19-24

Stable W.C management and Low Debt enabling robust cash flows and return ratios


Source - Company, Way2Wealth

FINANCIALS & VALUATIONS

(₹mn)

Particulars	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
India	2,140	1,840	2,683	3,229	4,010	5,795	7,036	8,256
Exports	233	322	519	470	320	483	654	817
Revenue	2,373	2,162	3,201	3,699	4,330	6,278	7,689	9,072
YoY Growth (%)	2.3	(8.9)	48.1	15.5	17.1	45.0	22.5	18.0
EBITDA	649	635	836	944	1,066	1,522	1,989	2,358
EBITDA Margin (%)	27.4	29.4	26.1	25.5	24.6	24.2	25.9	26.0
PAT	421	413	520	550	673	848	1,267	1,504
EPS (₹)	13.6	13.3	16.7	17.7	21.7	27.3	40.8	48.5
RoE (%)	17.7	14.8	16.5	15.3	15.7	15.1	19.2	19.9
RoCE (%)	22.3	17.4	19.4	18.9	18.7	17.6	27.3	27.7
Cash Balances	29	108	376	225	297	153	1033	1194
FCF	(121)	416	480	471	562	786	469	796
Receivable Days	70	76	68	85	76	94	94	93
Inventory Days	95	123	90	95	95	92	91	90
Payable Days	41	94	69	71	83	79	78	77
Net Debt/ Equity (x)	0.1	(0.0)	(0.1)	0.0	0.0	0.1	(0.2)	(0.1)
P/E (x)	57.5	58.6	46.6	44.0	36.0	28.5	19.1	16.1
EV/EBITDA (x)	37.6	38.0	28.6	25.7	22.7	16.4	11.7	9.9
P/BV (x)	10.1	8.7	7.7	6.7	5.6	4.3	3.7	3.1

Source: Company, Way2Wealth

TECHNICAL VIEW
Weekly Chart


After testing 52 week high of 832, SJS witnessed profit booking and the stock has been trading within upward sloping channel since March 2023. On the momentum indicators front, SJS is in the overbought zone as RSI is currently trading at 74.17 on the weekly chart. SJS has given a breakout from the previous's all-time high of 745 and has been trading above these levels over the past two weeks, suggesting that 745 is acting as a strong support level for short to medium term scenarios. A breakdown of 740-745 would indicate weak signal. Technically the stock has been trading in long-term rising upward sloping channel since March 2023. It indicated that the SJS will continue its northward journey and is expected to test the resistance level of 840/860 in the medium-term scenario.

Technical Indicators/Overlays

Bollinger Bands (Upper - Lower)	976.40 & 651
Short Term - 20 & 50 Days EMA	605 & 527
Long Term - 100 & 200 Days EMA	487 & 462
Volatility	1.06
ADX	31.13
MACD	67
RSI	74.41
Average True Range(ATR)	114.07
AD Line	281.87 Lk
Standard Deviation	110.15
Pivot Levels - R1, R2	880 & 959
Pivot Point	752
Pivot Levels - S1, S2	673 & 545
ROC (%)	16.89

S. Devarajan

Head – Technical & Derivatives Research

devarajan.s@way2wealth.com

91-22-4019 2996

Disclaimer

Analyst Certification: I, Jayakanth Kasthuri, the research analyst and author of this report, hereby certify that the views expressed in this research report accurately reflect our personal views about the subject securities, issuers, products, sectors or industries. It is also certified that no part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research. The analyst(s), principally responsible for the preparation of this research report, receives compensation based on overall revenues of the company (Way2Wealth Brokers Private Limited, hereinafter referred to as Way2Wealth) and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

It is confirmed that Jayakanth Kasthuri, the author of this report has not received any compensation from the companies mentioned in the report in the preceding 12 months. Our research professionals are paid in part based on the profitability of Way2Wealth, which include earnings from other business. Neither Way2Wealth nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information contained in this report.

This report is for the personal information of the authorized recipient and does not construe to be any investment, legal or taxation advice to you. Way2Wealth is not soliciting any action based upon it. Nothing in this research shall be construed as a solicitation to buy or sell any security or product, or to engage in or refrain from engaging in any such transaction. The contents of this material are general and are neither comprehensive nor appropriate for every individual and are solely for the informational purposes of the readers. This material does not take into account the specific objectives, financial situation or needs of an individual/s or a Corporate/s or any entity/s.

This research has been prepared for the general use of the clients of the Way2Wealth and must not be copied, either in whole or in part, or distributed or redistributed to any other person in any form. If you are not the intended recipient, you must not use or disclose the information in this research in any way. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. Way2Wealth will not treat recipients as customers by virtue of their receiving this report. The distribution of this document in other jurisdictions may be restricted by the law applicable in the relevant jurisdictions and persons into whose possession this document comes should inform themselves about, and observe any such restrictions.

The report is based upon information obtained from sources believed to be reliable, but we do not make any representation or warranty that it is accurate, complete or up to date and it should not be relied upon as such. Way2Wealth or any of its affiliates or employees makes no warranties, either express or implied of any kind regarding any matter pertaining to this report, including, but not limited to warranties of suitability, fitness for a particular purpose, accuracy, timeliness, completeness or non-infringement. We accept no obligation to correct or update the information or opinions in it. Way2Wealth or any of its affiliates or employees 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. The recipients of this report should rely on their own investigations. In no event shall Way2Wealth be liable for any damages of any kind, including, but not limited to, indirect, special, incidental, consequential, punitive, lost profits, or lost opportunity, whether or not Way2Wealth has advised of the possibility of such damages.

This material contains statements that are forward-looking; such statements are based upon the current beliefs and expectations and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. These uncertainties include but are not limited to: the risk of adverse movements or volatility in the securities markets or in interest or foreign exchange rates or indices; adverse impact from an economic slowdown; downturn in domestic or foreign securities and trading conditions or markets; increased competition; unfavorable political and diplomatic developments; change in the governmental or regulatory policies; failure of a corporate event and such others. This is not an offer to buy or sell or a solicitation of an offer to buy or sell any security or instrument or to participate in any particular trading strategy. No part of this material may be copied or duplicated in any form by any means or redistributed without the written consent of Way2Wealth. In no event shall any reader publish, retransmit, redistribute or otherwise reproduce any information provided by Way2Wealth in any format to anyone. Way2Wealth and its affiliates, officers, directors and employees including persons involved in the preparation or issuance of this report may from time to time have interest in securities / positions, financial or otherwise in the securities related to the information contained in this report.

To enhance transparency, Way2Wealth has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report.

Disclosure of Interest Statement: SJS ENTERPRISES LTD. as on 19th June 2024

Name of the Security	SJS ENTERPRISES LTD.
Name of the analyst	Jayakanth Kasthuri
Analysts' ownership of any stock related to the information contained.	NIL
Financial Interest Analyst :	No
Analyst's Relative : Yes / No	Yes (05 Nos,10Jun24)
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
Way2Wealth ownership of any stock related to the information contained	NIL
Broking relationship with company covered	NIL
Investment Banking relationship with company covered	NIL

This information is subject to change without any prior notice. Way2Wealth reserves at its absolute discretion the right to make or refrain from making modifications and alterations to this statement from time to time. Nevertheless, Way2Wealth is committed to providing independent and transparent recommendations to its clients, and would be happy to provide information in response to specific client queries.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.