



# SJS Enterprises Ltd

Exclusive business franchise, but demanding valuations



Kyon ki bhaiya, sabse bada rupaiya.

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**Not Rated**

## Exclusive business franchise, but demanding valuations

SJS Enterprises Ltd is one of the leading players in the INR 19 bn Indian decorative aesthetics industry. This industry is a vendor to other verticals like 2 wheelers, passenger vehicles and consumer durables and is expected to grow at a 20% CAGR over FY21-26 (at a greater pace than the underlying sectors). SJS being the industry leader is expected to be the biggest beneficiary.

SJS is a 'Design' to 'Delivery' aesthetics solution provider with a strong manufacturing footprint and global distribution capabilities. The company manufactures appliques, decals, stickers, aluminium badges, IMDs/IMLs and chrome plated parts in its two manufacturing plants located at Bengaluru and Pune.

They have a total installed capacity of 208.61 mn units at the Bengaluru facility and 29.5 mn units at the Pune facility. Their products are offered in the form of 6,000 SKUs and are exported to 20 countries. The company has been able to maintain long standing customer relationships with the 10 largest customers of Q1FY22 averaging to about 15 years. SJS endeavors to pursue cross selling opportunities and seeks to expand new product lines and geographic areas with the customers.

We expect revenue/EBITDA/PAT to grow at a 19.9%/20.6%/21.4% CAGR to INR 433.2 cr/ INR 133.8 cr/INR 85.4 cr by FY24. EBITDA and PAT margins are expected to expand by 60 bps and 70 bps to 30.9% and 19.7% respectively over the same period. Return ratios ROE and ROIC are expected to expand to 16.4% (+120bps) and 23.2% (+730 bps) over the forecast period.

The upcoming OFS for the total amount of INR 800 cr, comprising 1.48 cr shares priced at INR 542 per share (28.9X FY24 earnings), represents 48.5% of paid-up capital. Post OFS the promoter's holding will stand reduced to 49.6%.

### Key Financial Data (INR Cr, unless specified)

	Sales	EBITDA	Net Profit	EBITDA (%)	Net Profit (%)	EPS ₹	BVPS ₹	RoE (%)	RoCE (%)	P/E (x)	P/BV (x)	EV/EBITDA (x)
FY20	216	64	41	29.4	19.1	13.6	91.9	14.8	13.5	40.0	5.9	25.9
FY21	252	76	48	30.3	19.0	15.7	103.6	15.2	14.1	34.5	5.2	21.3
FY22E	301	87	52	28.9	17.4	17.2	120.8	14.3	14.1	31.5	4.5	18.3
FY23E	361	110	68	30.4	18.9	22.4	143.2	15.7	15.5	24.2	3.8	14.2
FY24E	433	134	85	30.9	19.7	28.1	171.3	16.4	16.1	19.3	3.2	11.2

Industry	Aesthetics
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#### Issue Details

Listing	BSE & NSE
Open Date	1 <sup>st</sup> Nov 2021
Close Date	3 <sup>rd</sup> Nov 2021
Price Band	INR 531-542
Face Value	INR 10
Market Lot	27 shares
Minimum Lot	1 Lot

#### Issue Structure

Offer for Sale	100%
Fresh Issue	0%
Issue Size (Amount)	INR 800 cr
Issue Size (Shares)	1,47,60,148
QIB Share (%)	≤ 50%
Non-Inst Share (%)	≥ 15%
Retail Share (%)	≥ 35%
Pre issue sh (nos)	3,04,37,904
Post issue sh (nos)	3,04,37,904
Post issue M Cap	INR 1,650 cr

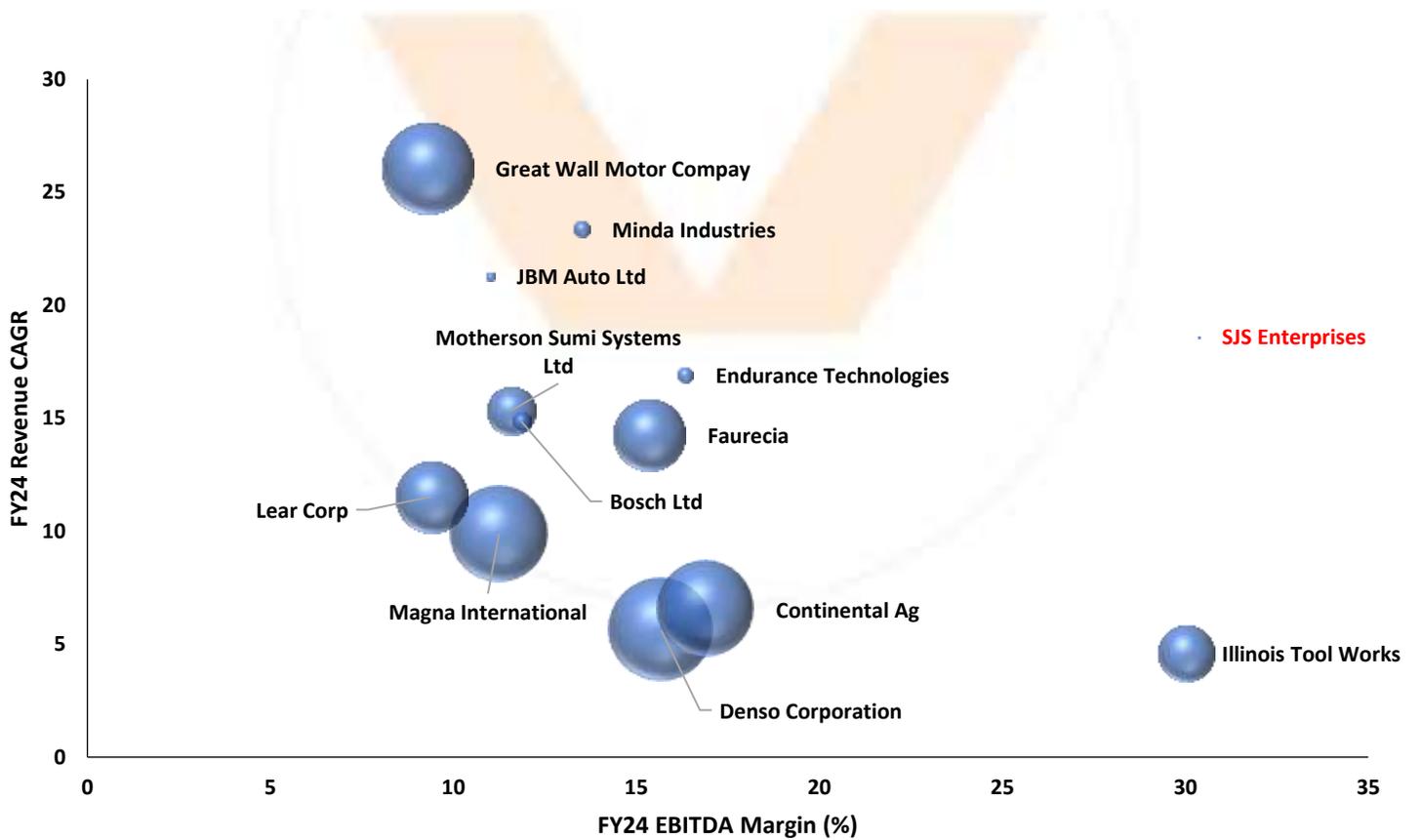
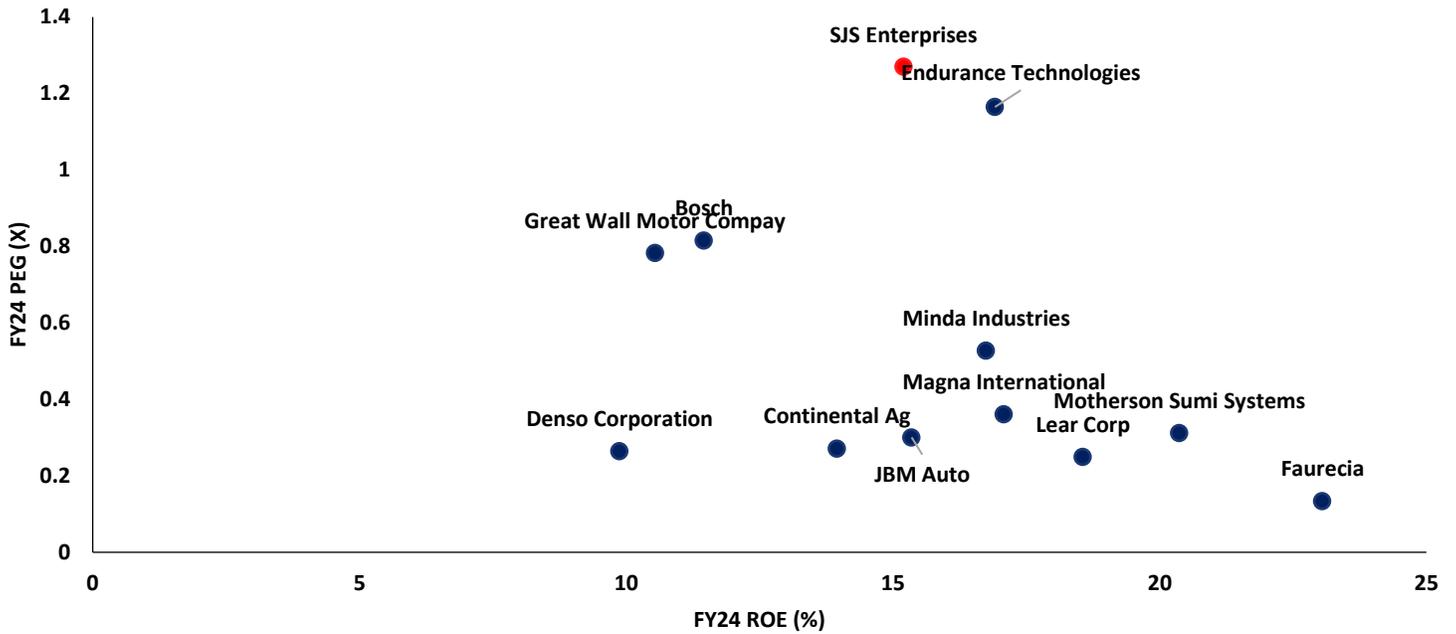
Shareholding (%)	Pre (%)	Post (%)
Promoter	98.9	50.4
Institution	0.0	24.2
Public	1.1	25.4
<b>TOTAL</b>	<b>100</b>	<b>100</b>

### Valuation and Comparable Metric of Global Peers

Figures as mentioned				P/E (X)				EV/EBITDA (X)				P/BV (X)				RoE (%)				RoIC (%)				Sales				EBITDA Margin (%)				Net Margin (%)			
Company Name	Mkt Cap	Price	PEG 2021-24	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
<b>Domestic Peers (Fig in INR Cr)</b>																																			
SJS Enterprises	1,650	542	0.9	34.5	31.5	24.2	19.3	21.3	18.3	14.2	11.2	5.2	4.5	3.8	3.2	15.2	14.3	15.7	16.4	15.9	17.1	20.4	23.2	216	252	301	361	29.4	30.3	28.9	30.4	19.1	19.0	17.4	18.9
JBM Auto Ltd	2,710	582	0.3	55.0	29.1	19.6	15.6	16.7	13.0	10.4	9.0	3.6	3.3	2.9	2.4	6.6	11.4	14.7	15.4	8.9	11.3	14.0	14.7	1,982	2,590	3,075	3,536	10.3	10.6	11.0	11.0	2.5	3.7	4.6	4.9
Motherson Sumi Systems Ltd	70,469	223	0.3	67.8	31.8	21.7	17.6	17.9	10.3	7.6	6.2	5.6	5.1	4.4	3.6	8.3	16.1	20.1	20.4	8.6	25.2	41.0	52.5	57,370	70,701	80,477	88,012	7.3	10.0	11.3	11.6	1.8	3.1	4.0	4.5
Bosch Ltd	49,001	16,586	0.8	101.7	40.3	29.5	34.9	38.7	28.0	20.0	24.0	5.0	4.6	4.1	4.0	4.9	11.4	13.9	11.5	14.5	24.4	30.5	28.0	9,716	11,960	14,115	14,727	12.0	12.9	15.0	11.8	5.0	10.1	11.7	9.5
Endurance Technologies	24,547	1,729	1.2	47.2	35.9	28.3	25.9	23.3	18.1	14.6	13.0	6.9	5.9	5.1	4.4	14.6	16.6	17.9	16.9	19.7	27.7	33.8	36.6	6,547	8,084	9,375	10,464	15.9	16.2	16.8	16.3	7.9	8.4	9.2	9.0
Minda Industries	22,343	796	0.5	114.5	57.2	37.2	29.8	33.4	23.4	17.8	14.6	9.9	7.1	6.0	5.0	8.6	12.4	16.1	16.8	11.0	15.2	20.3	23.6	5,973	7,997	9,675	11,217	11.7	12.3	13.2	13.5	3.3	5.0	6.3	6.8
Varroc Engineering Ltd	4,513	297	-	(7.1)	(66.2)	12.1	9.3	15.7	7.6	4.1	3.4	1.5	1.5	1.3	1.3	(20.9)	(2.2)	10.8	13.5	(10.5)	(2.4)	8.3	10.8	11,303	13,456	15,388	17,112	3.5	6.4	9.2	9.9	(5.6)	(0.5)	2.4	2.9
<b>Global Peers (Fig in USD mn)</b>																																			
Great Wall Motor Compay	76,012	4.3	0.8	57.5	41.8	33.6	25.0	34.1	26.3	21.4	16.9	4.1	3.6	3.2	2.6	7.1	8.7	9.5	10.5	7.4	9.5	11.5	15.1	21,512	27,362	32,933	43,113	10.4	10.6	10.4	9.3	6.1	6.6	6.9	7.0
Illinois Tool Works	71,269	226.5	3.5	26.4	24.7	23.2	22.0	19.2	17.5	16.4	15.5	20.6	20.3	19.5	27.5	77.9	82.1	83.9	125.0	40.1	44.5	48.0	55.9	14,389	15,316	16,000	16,474	27.7	28.5	29.0	30.0	18.8	18.8	19.2	19.7
NIO Inc	66,992	40.8	-	(90.9)	(514.0)	144.1	69.0	(182.2)	470.9	78.2	39.4	16.0	16.5	14.5	8.7	(17.6)	(3.2)	10.1	12.6	(119.9)	(61.5)	226.8	(8.8)	5,680	9,604	14,145	19,208	(6.1)	1.4	5.7	7.1	(13.0)	(1.4)	3.3	5.1
Denso Corporation	56,926	72.2	0.3	48.3	19.5	15.3	13.8	12.3	8.2	6.7	6.0	1.6	1.6	1.5	1.4	3.3	8.1	9.6	9.9	4.1	10.6	13.6	14.8	46,569	47,758	52,686	54,886	9.9	14.0	15.2	15.7	2.5	6.1	7.1	7.5
Faurecia	7,132	51.7	0.1	15.3	8.6	6.5	5.5	4.2	3.1	2.6	2.1	1.7	1.5	1.3	1.3	11.4	17.8	20.4	23.1	14.5	20.9	24.7	31.4	18,133	22,176	24,945	27,049	13.8	14.5	14.6	15.3	2.6	3.8	4.4	4.8
Magna International	24,304	80.8	0.4	16.0	11.2	8.7	8.5	7.3	5.8	4.8	4.6	2.0	1.8	1.6	1.4	12.7	16.4	18.8	17.1	14.4	19.7	23.3	21.9	36,240	40,729	45,253	48,067	9.8	10.8	11.6	11.2	4.2	5.3	6.2	6.0
Continental Ag	23,596	118.0	0.3	17.9	11.5	9.0	8.1	5.6	4.4	3.5	2.9	1.6	1.4	1.3	1.1	8.7	12.3	14.3	14.0	10.6	15.6	20.2	20.8	39,234	41,690	44,719	47,458	12.6	14.4	15.6	16.9	3.4	4.9	5.9	6.1
Lear Corp	10,138	169.7	0.2	18.2	10.6	8.4	7.9	7.5	5.3	4.2	4.3	2.1	2.1	1.8	1.5	11.6	19.7	21.7	18.6	15.4	26.4	31.7	17.7	19,384	22,584	24,879	26,889	7.6	8.9	9.6	9.4	2.9	4.3	4.9	4.7
Thyssenkrupp AG	6,513	10.5	-	(38.5)	11.4	10.7	9.5	1.2	0.8	0.8	0.7	0.6	0.5	0.5	0.5	(1.4)	4.6	4.7	5.2	8.9	16.0	16.0	16.1	39,241	40,577	40,508	41,140	4.8	6.2	5.9	6.3	(0.4)	1.4	1.5	1.7

Source: Ventura Research & Bloomberg

**SJS has one of the highest PEG ratios among peers**



Source: Ventura Research, ACE Equity & Bloomberg

## Financial Analysis and Projections

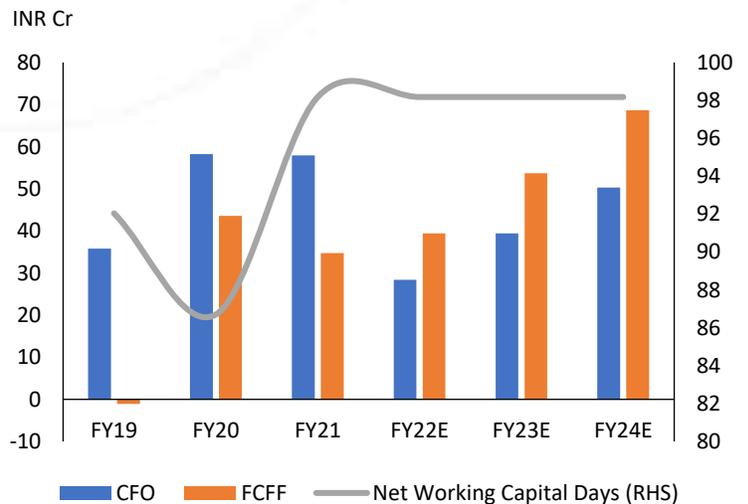
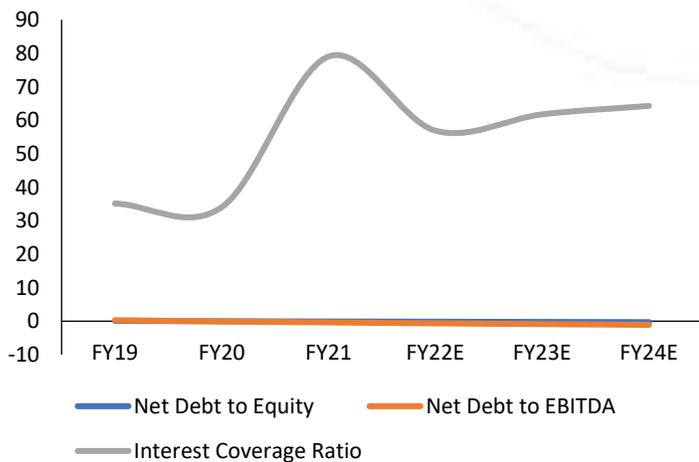
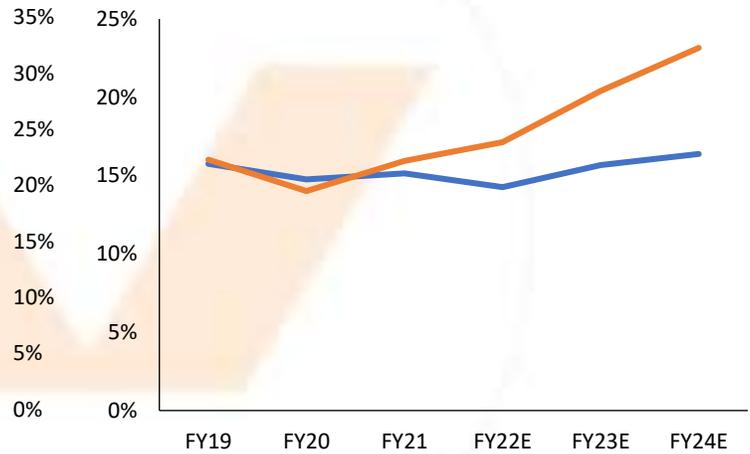
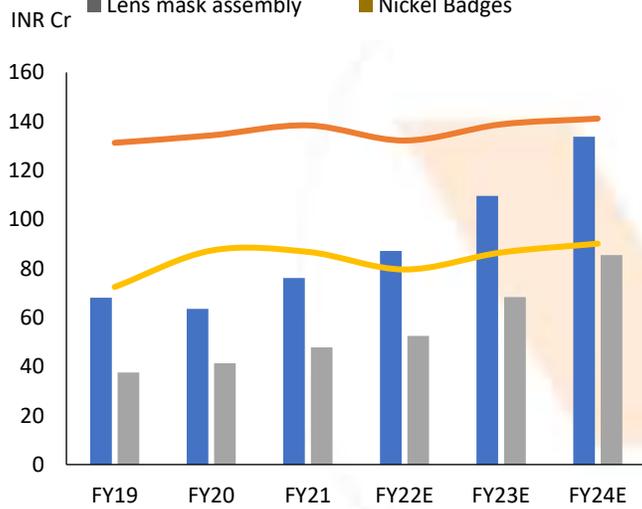
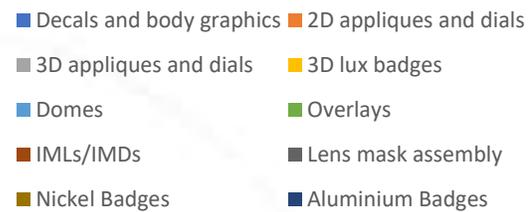
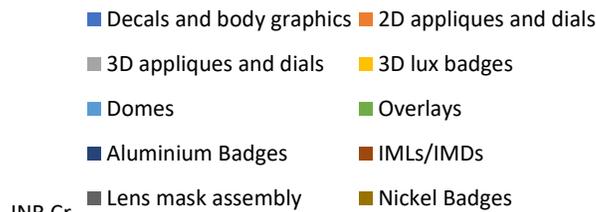
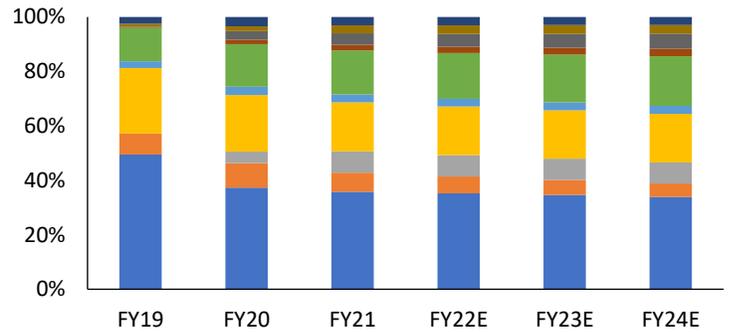
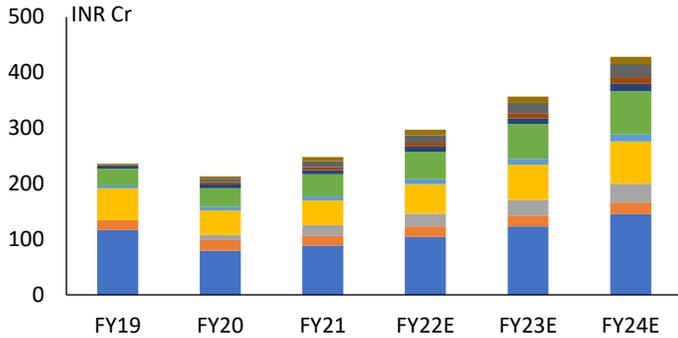
During FY19-21, SJS revenue grew at a CAGR of 3.0% to INR 251.6 cr. Over the same period, the company's EBITDA and PAT clocked a 5.7% CAGR (to INR 76.2 cr) and 12.7% CAGR (to INR 47.8 cr), respectively. The EBITDA and PAT margins showed an improvement of 160bps to 30.3% and 320bps to 19.0% respectively. Return ratios ROE and ROCE fell 60bps to 15.2% and 170 bps to 14.1% in FY21 respectively.

### SJS's Financial Summary

Fig in INR Cr (unless specified)	FY19	FY20	FY21	FY22E	FY23E	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E
<b>Revenue</b>	<b>237.3</b>	<b>216.2</b>	<b>251.6</b>	<b>301.2</b>	<b>360.9</b>	<b>433.2</b>	<b>521.1</b>	<b>622.9</b>	<b>737.4</b>	<b>864.9</b>	<b>1,003.0</b>	<b>1,154.5</b>	<b>1,319.8</b>
<i>YoY Growth (%)</i>		<i>-8.9</i>	<i>16.4</i>	<i>19.7</i>	<i>19.8</i>	<i>20.0</i>	<i>20.3</i>	<i>19.5</i>	<i>18.4</i>	<i>17.3</i>	<i>16.0</i>	<i>15.1</i>	<i>14.3</i>
Raw Material Cost	95.1	82.4	97.2	125.3	150.2	180.3	218.4	262.9	313.4	370.2	432.4	501.2	576.8
Employee Cost	31.7	32.9	36.1	38.3	41.4	43.9	47.4	51.3	55.5	60.0	64.8	70.1	75.8
Other Expenses	42.3	37.4	42.2	50.5	59.8	75.3	97.0	118.4	140.2	167.0	194.7	226.4	257.5
<b>EBITDA</b>	<b>68.1</b>	<b>63.5</b>	<b>76.2</b>	<b>87.1</b>	<b>109.6</b>	<b>133.8</b>	<b>158.3</b>	<b>190.3</b>	<b>228.3</b>	<b>267.7</b>	<b>311.1</b>	<b>356.9</b>	<b>409.6</b>
<i>YoY Growth (%)</i>		<i>-6.8</i>	<i>19.9</i>	<i>14.4</i>	<i>25.8</i>	<i>22.1</i>	<i>18.3</i>	<i>20.2</i>	<i>20.0</i>	<i>17.2</i>	<i>16.2</i>	<i>14.7</i>	<i>14.8</i>
<i>Margin (%)</i>	<i>28.7</i>	<i>29.4</i>	<i>30.3</i>	<i>28.9</i>	<i>30.4</i>	<i>30.9</i>	<i>30.4</i>	<i>30.5</i>	<i>31.0</i>	<i>30.9</i>	<i>31.0</i>	<i>30.9</i>	<i>31.0</i>
<b>Net Profit</b>	<b>37.6</b>	<b>41.3</b>	<b>47.8</b>	<b>52.4</b>	<b>68.3</b>	<b>85.4</b>	<b>102.5</b>	<b>125.6</b>	<b>153.1</b>	<b>181.7</b>	<b>213.2</b>	<b>246.5</b>	<b>285.0</b>
<i>YoY Growth (%)</i>		<i>9.8</i>	<i>15.7</i>	<i>9.8</i>	<i>30.2</i>	<i>25.1</i>	<i>20.0</i>	<i>22.5</i>	<i>22.0</i>	<i>18.6</i>	<i>17.4</i>	<i>15.6</i>	<i>15.6</i>
<i>Margin (%)</i>	<i>15.8</i>	<i>19.1</i>	<i>19.0</i>	<i>17.4</i>	<i>18.9</i>	<i>19.7</i>	<i>19.7</i>	<i>20.2</i>	<i>20.8</i>	<i>21.0</i>	<i>21.3</i>	<i>21.4</i>	<i>21.6</i>
<i>EPS</i>	<i>12.4</i>	<i>13.6</i>	<i>15.7</i>	<i>17.2</i>	<i>22.4</i>	<i>28.1</i>	<i>33.7</i>	<i>41.3</i>	<i>50.3</i>	<i>59.7</i>	<i>70.1</i>	<i>81.0</i>	<i>93.6</i>
<i>P/E</i>	<i>43.9</i>	<i>40.0</i>	<i>34.5</i>	<i>31.5</i>	<i>24.2</i>	<i>19.3</i>	<i>16.1</i>	<i>13.1</i>	<i>10.8</i>	<i>9.1</i>	<i>7.7</i>	<i>6.7</i>	<i>5.8</i>
<i>BVPS (INR)</i>	<i>78.4</i>	<i>91.9</i>	<i>103.6</i>	<i>120.8</i>	<i>143.2</i>	<i>171.3</i>	<i>205.0</i>	<i>246.2</i>	<i>296.5</i>	<i>356.2</i>	<i>426.3</i>	<i>507.3</i>	<i>600.9</i>
<i>P/B</i>	<i>6.9</i>	<i>5.9</i>	<i>5.2</i>	<i>4.5</i>	<i>3.8</i>	<i>3.2</i>	<i>2.6</i>	<i>2.2</i>	<i>1.8</i>	<i>1.5</i>	<i>1.3</i>	<i>1.1</i>	<i>0.9</i>
<b>Shareholder's Fund</b>	<b>238.6</b>	<b>279.7</b>	<b>315.2</b>	<b>367.7</b>	<b>435.9</b>	<b>521.4</b>	<b>623.8</b>	<b>749.4</b>	<b>902.5</b>	<b>1,084.2</b>	<b>1,297.5</b>	<b>1,544.0</b>	<b>1,828.9</b>
<i>Return on Equity (%)</i>	<i>15.8</i>	<i>14.8</i>	<i>15.2</i>	<i>14.3</i>	<i>15.7</i>	<i>16.4</i>	<i>16.4</i>	<i>16.8</i>	<i>17.0</i>	<i>16.8</i>	<i>16.4</i>	<i>16.0</i>	<i>15.6</i>
<b>Capital Employed</b>	<b>261.9</b>	<b>285.8</b>	<b>324.4</b>	<b>378.7</b>	<b>449.2</b>	<b>537.2</b>	<b>642.9</b>	<b>772.2</b>	<b>929.6</b>	<b>1,115.9</b>	<b>1,334.2</b>	<b>1,586.3</b>	<b>1,877.3</b>
<i>Return on Capital Employed (%)</i>	<i>15.8</i>	<i>13.5</i>	<i>14.1</i>	<i>14.1</i>	<i>15.5</i>	<i>16.1</i>	<i>16.2</i>	<i>16.5</i>	<i>16.7</i>	<i>16.5</i>	<i>16.2</i>	<i>15.8</i>	<i>15.4</i>
<b>Invested Capital</b>	<b>259.0</b>	<b>275.1</b>	<b>286.8</b>	<b>311.5</b>	<b>340.3</b>	<b>374.6</b>	<b>420.5</b>	<b>462.7</b>	<b>510.7</b>	<b>564.7</b>	<b>623.4</b>	<b>688.3</b>	<b>759.5</b>
<i>Return on Invested Capital</i>	<i>16.0</i>	<i>14.0</i>	<i>15.9</i>	<i>17.1</i>	<i>20.4</i>	<i>23.2</i>	<i>24.8</i>	<i>27.6</i>	<i>30.4</i>	<i>32.7</i>	<i>34.7</i>	<i>36.3</i>	<i>38.1</i>
Cash Flow from Operations	35.8	58.3	57.9	28.4	39.4	50.3	59.8	76.3	97.8	120.3	147.0	174.0	206.2
Cash Flow from Investing	-44.4	-32.4	-37.4	0.6	1.6	2.6	-1.0	9.7	10.4	11.1	11.7	12.4	13.1
Cash Flow from Financing	8.9	-18.1	-9.6	0.6	0.7	0.8	1.1	1.1	1.1	1.1	0.9	0.7	0.6
<b>Net Cash Flow</b>	<b>0.3</b>	<b>7.7</b>	<b>10.9</b>	<b>29.5</b>	<b>41.7</b>	<b>53.8</b>	<b>59.9</b>	<b>87.1</b>	<b>109.3</b>	<b>132.4</b>	<b>159.6</b>	<b>187.2</b>	<b>219.8</b>
NOPLAT	41.5	38.5	45.7	53.4	69.4	86.8	104.1	127.5	155.4	184.4	216.4	250.1	289.1
<b>Free Cash Flow</b>	<b>-21.5</b>	<b>48.1</b>	<b>63.1</b>	<b>95.5</b>	<b>149.3</b>	<b>215.4</b>	<b>281.5</b>	<b>395.2</b>	<b>525.4</b>	<b>679.3</b>	<b>863.6</b>	<b>1,075.9</b>	<b>1,325.7</b>

Source: Company Report

**SJS's Financial Performance**

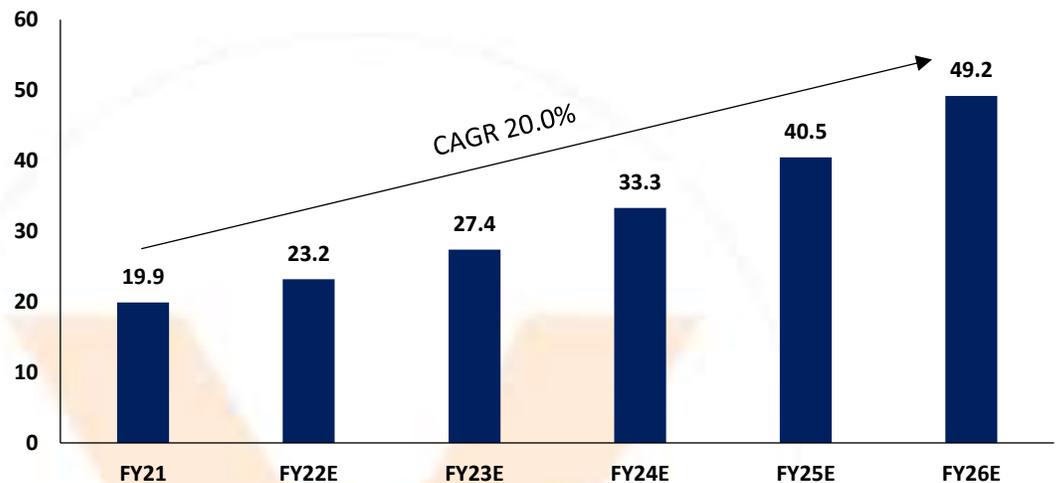


Source: Company Reports

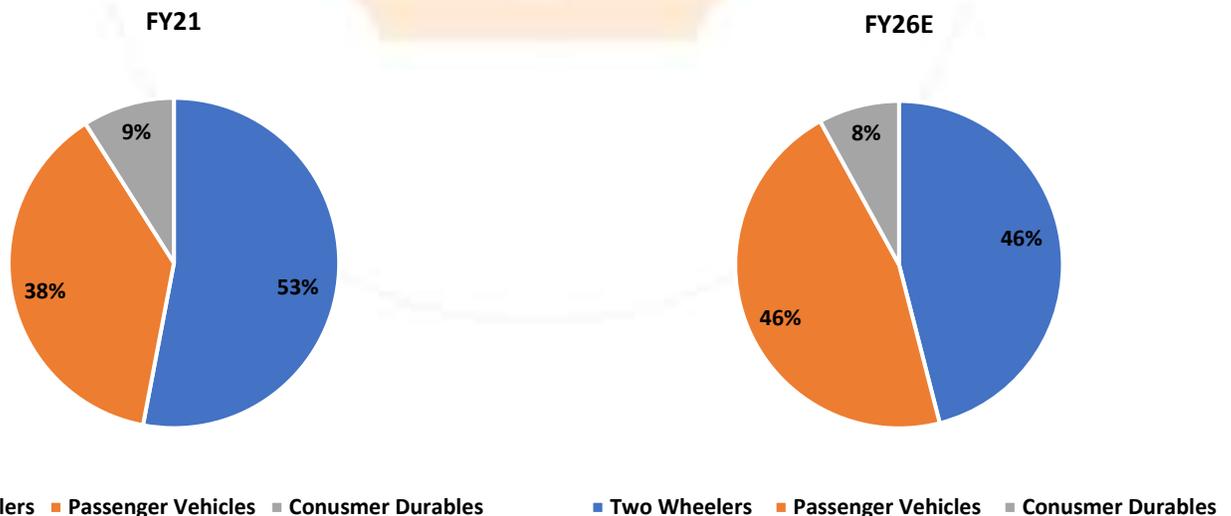
## Key Growth Drivers

**Leading aesthetics solution provider with an extensive suite of premium products in a growing industry** – According to a CRISIL Report, the aesthetics products industry in India generated ₹19.90 billion in revenue in FY21 and the industry is projected to grow at a CAGR of ~20.00% to ~ INR 49.20 billion by Fiscal 2026. The primary drivers of this growth are emanating from increasing demand for aesthetics from 2 wheelers, passenger vehicles and consumer durables. The global aesthetics products industry is also expected to follow a similar trend.

**Decorative Aesthetic market in India (INR bn)**



**Decorative Aesthetics demand by application segment**



Source: Company RHP, SIAM and CRISIL report

**Strong manufacturing capabilities supported by an established supply chain and delivery mechanism** – The company has a plant in Pune and Bengaluru with annual production capacities of 209.7 mn units and 29.5 mn units respectively. The capex to increase capacity at Bengaluru took place over FY18-19 and the facility has additional land to undertake further

expansion if needed. Currently the utilizations at the Bengaluru and Pune facilities stand at 44.1% and 52.9% respectively and hence no further capex is required over the forecast period.

**Strong innovation, product design and development capabilities** – The company has designers who conceptualize and co-develop new designs for their customers at the design studio within the Bengaluru facility which has advanced equipment. The company possesses in-house design, development and engineering capabilities which encourages innovation and improves efficiency in manufacturing processes. According to the CRISIL Report, the Company is one of the few aesthetics product manufacturers in India to offer advanced technology products such as capacitive overlays and optical plastics. Over the last few years, SJS has introduced new, premium products, such as IML/IMDs, aluminium badges, 3D dials, tactile overlays and lens mask assemblies.

**Long-standing customer relationships** – The Company's relationship with its 10 largest customers in terms of revenue averaged approximately 15 years as at June 30<sup>th</sup>, 2021. SJS has also been able to attract new customers and significantly expand its customer base over the last three fiscal years in India and abroad.



### Management Team

Name	Designation	Education	Description
Ramesh Chandra Jain	Chairman	B-Tech in Mechanical Engineering from IIT-Kharagpur, Msc in Industrial Engineering and administration from Cranfield University, UK	He has worked for 25 years in Eicher after working in Hindustan Aeronautics Ltd. He was the president of the Tractors Manufacturer Association, the chairman of the Confederation of Indian Industries, Haryana State Council.
K.A. Joseph	Managing Director	Bsc from Bangalore University, PGD in Business Administration from St. Joseph's College of Business Administration, Bangalore	He has more than 34 years of experience in the aesthetics printing business. He leads the plant and manufacturing operations for the Company and has spearheaded its technological and product innovation over the years
Sanjay Thapar	Chief Executive Officer	Bsc in Mechanical Engineering from Delhi University	He has over 30 years of experience in the automotive industry. He has worked in Tata Motors Ltd, was the president of Minda HUF Ltd, MD of Minda Valeo Security Systems and the group Chief Strategy Officer with Ashok Minda Group. He leads the strategy, business development and finance functions of the He was the CFO of Markets and Markets Research Private Limited and NIIT Technologies Limited, the regional finance director of South Asia of Intertek India Private Limited and the director (finance) Fidelity Business Services India Private Limited.
Amit Kumar Garg	Chief Financial Officer	B-Com from University of Delhi, MBA from Massachusetts Institute of Technology	He was the founder of Nanatom Technologies Private Limited and has previously worked with Spurthi Meditech (TPA) Solutions Private Limited and Ind-
Mandeep Singh	Chief Information Officer	Bachelors in Engineering from Kuvempu University, Karnataka	He has over 22 years of experience in the field of marketing and has previously worked with ITW India Ltd, ITW Signode India Ltd, Sundaram Auto Components Ltd and Minda Sai Ltd.
R.Raju	Chief Marketing Officer	Diploma in Mechanical Engineering, a diploma in production management, a PGD in marketing management and an MBA (marketing management)	He has previously worked with Motherson Automotive Technologies and Engineering Ltd, Automotive Manufacturers (Malaysia) SDN BHD, Toyota Kirloskar Auto Parts Pvt Ltd.
Sadashiva Baligar	Chief Operating Officer	Bachelors in Mechanical Engineering from University of Mysore, Leadership development program from toyota institute	

Source: Company Reports

## Issue Structure and Offer Details

The proposed issue size of SJS Enterprises offer for sale IPO is INR 800 cr. The price band for the issue is in the range of INR 531-542 and the bid lot is 27 shares and multiples thereof. The selling shareholders are Evergraph and K.A. Joseph who are selling 1,30,99,631 shares and 16,60517 shares respectively calculated based on the upper price band.

Issue Structure		
Category	No. of shares offered	% of Issue
QIB	73,80,074	Not more than 50% of the issue
Non Institutional Bidders	22,14,022	Not less than 15% of the issue
Retail	51,66,052	Not less than 35% of the issue
<b>Total</b>	<b>1,47,60,148</b>	<b>100%</b>

\* Number of shares based on higher price band of INR 542

Source: Company Reports

Shareholding Pattern		
Category	Pre Issue	Post Issue
Promoters	98.86%	50.37%
Institutions	0.00%	24.25%
Public	1.14%	25.38%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

Source: Company Reports

### Key Risks and Concerns:

1. The company if unable to successfully integrate and manage Exotech and other strategic alliances or acquisitions may be exposed to business risk and is a downside risk to our estimates.
2. Sales from top 5 customers represent 63.91% of revenue and loss of any major customer will impact the business adversely.
3. The performance of SJS depends heavily on the performance of the automotive and consumer durables industries and any decline in their performances will be a downside risk.

## Financial Analysis & Projections

Figures in INR Crores	FY20	FY21	FY22E	FY23E	FY24E	Figures in INR Crores	FY20	FY21	FY22E	FY23E	FY24E
<b>Income Statement</b>						<b>Per Share Data &amp; Yield</b>					
Revenue	216.2	251.6	301.2	360.9	433.2	Adjusted EPS (Rs)	13.6	15.7	17.2	22.4	28.1
YoY Growth (%)	(8.9)	16.4	19.7	19.8	20.0	Adjusted CEPS (Rs)	17.8	20.5	22.4	28.0	33.9
Raw Material Cost	82.4	97.2	125.3	150.2	180.3	Adjusted BVPS (Rs)	91.9	103.6	120.8	143.2	171.3
YoY Growth (%)	(13.4)	18.0	29.0	19.8	20.0	FCF per share (Rs)	14.3	11.4	12.9	17.6	22.5
Employee Cost	32.9	36.1	38.3	41.4	43.9	FCF Yield (%)	2.6	2.1	2.4	3.3	4.2
YoY Growth (%)	3.9	9.6	6.1	8.1	6.1	CFO per share (Rs)	19.1	19.0	9.3	12.9	16.5
Other Expenses	37.4	42.2	50.5	59.8	75.3	CFO Yield (%)	3.5	3.5	1.7	2.4	3.0
YoY Growth (%)	(11.7)	12.8	19.7	18.3	26.0						
<b>EBITDA</b>	<b>63.5</b>	<b>76.2</b>	<b>87.1</b>	<b>109.6</b>	<b>133.8</b>	<b>Solvency Ratio (X)</b>					
YoY Growth (%)	(6.8)	19.9	14.4	25.8	22.1	Total Debt to Equity	0.0	0.0	0.0	0.0	0.0
Margin (%)	29.4	30.3	28.9	30.4	30.9	Net Debt to Equity	(0.0)	(0.1)	(0.2)	(0.2)	(0.3)
Depreciation	12.8	14.7	15.8	16.8	17.8	Net Debt to EBITDA	(0.1)	(0.4)	(0.6)	(0.9)	(1.1)
<b>EBIT</b>	<b>50.7</b>	<b>61.4</b>	<b>71.3</b>	<b>92.8</b>	<b>115.9</b>						
YoY Growth (%)	(13.2)	21.0	-	30.1	25.0	<b>Return Ratios (%)</b>					
Margin (%)	23.5	24.4	23.7	25.7	26.8	Return on Equity	14.8	15.2	14.3	15.7	16.4
Other Income	5.1	3.5	0.0	0.0	0.0	Return on Capital Employed	13.5	14.1	14.1	15.5	16.1
Finance Cost	1.5	0.8	1.3	1.5	1.8	Return on Invested Capital	14.0	15.9	17.1	20.4	23.2
Interest Coverage Ratio	34.1	79.0	56.9	61.8	64.3						
Exceptional Item	0.0	0.0	0.0	0.0	0.0	<b>Working Capital Ratios</b>					
<b>PBT</b>	<b>54.4</b>	<b>64.2</b>	<b>70.1</b>	<b>91.3</b>	<b>114.1</b>	Receivable Days	76	87	87	87	87
YoY Growth (%)	2.6	18.1	-	30.2	25.1	Inventory Days	47	48	48	48	48
Margin (%)	25.1	25.5	23.3	25.3	26.3	Payable Days	36	37	37	37	37
Reported Tax	13.1	16.4	17.6	23.0	28.7	Net Working Capital Days	87	98	98	98	98
Tax Rate (%)	24.0	25.6	25.2	25.2	25.2						
<b>PAT</b>	<b>41.3</b>	<b>47.8</b>	<b>52.4</b>	<b>68.3</b>	<b>85.4</b>	<b>Valuation (X)</b>					
YoY Growth (%)	9.8	15.7	-	30.2	25.1	P/E Ratio	40.0	34.5	31.5	24.2	19.3
Margin (%)	19.1	19.0	17.4	18.9	19.7	P/BV Ratio	5.9	5.2	4.5	3.8	3.2
						EV/EBITDA	25.9	21.3	18.3	14.2	11.2
						EV/Sales	7.6	6.4	5.3	4.3	3.5
<b>Balance Sheet</b>						<b>Cash Flow Statement</b>					
Share Capital	30.4	30.4	30.4	30.4	30.4	Profit Before Tax	54.4	64.2	70.1	91.3	114.1
Total Reserves	249.2	284.8	337.2	405.5	490.9	Adjustments	5.0	24.3	(10.7)	(12.8)	(15.6)
<b>Shareholders' Fund</b>	<b>279.7</b>	<b>315.2</b>	<b>367.7</b>	<b>435.9</b>	<b>521.4</b>	Change in Working Capital	8.9	(16.0)	(13.3)	(16.0)	(19.5)
Long Term Lease Liabilities	0.0	0.0	0.0	0.0	0.0	Less: Tax Paid	(10.0)	(14.6)	(17.6)	(23.0)	(28.7)
Other Financial Liabilities	0.0	0.0	0.0	0.0	0.0	<b>Cash Flow from Operations</b>	<b>58.3</b>	<b>57.9</b>	<b>28.4</b>	<b>39.4</b>	<b>50.3</b>
Long Term Provisions	0.0	0.0	0.0	0.0	0.0	Net Capital Expenditure	(16.7)	(9.8)	(0.6)	0.3	1.3
Deferred Tax liabilities	11.9	9.2	11.0	13.2	15.8	Change in Investments	(15.7)	(27.7)	1.2	1.3	1.3
<b>Total Liabilities</b>	<b>291.5</b>	<b>324.4</b>	<b>378.7</b>	<b>449.1</b>	<b>537.2</b>	<b>Cash Flow from Investing</b>	<b>(32.4)</b>	<b>(37.4)</b>	<b>0.6</b>	<b>1.6</b>	<b>2.6</b>
Net Block	148.8	140.9	141.5	141.2	139.9	Payment of Lease Liabilities	0.0	0.0	0.0	0.0	0.0
Capital WIP	0.2	4.3	4.3	4.3	4.3	Change in ST Borrowings	(17.1)	3.0	1.8	2.2	2.6
Right of Use Assets	3.6	7.7	7.7	7.7	7.6	Less: Finance Cost	(1.0)	(0.5)	(1.3)	(1.5)	(1.8)
Goodwill	4.0	4.0	4.0	4.0	4.0	Dividend Paid	0.0	(12.2)	0.0	0.0	0.0
Other Intangible Assets	3.9	2.6	1.4	0.2	(1.0)	<b>Cash Flow from Financing</b>	<b>(18.1)</b>	<b>(9.6)</b>	<b>0.6</b>	<b>0.7</b>	<b>0.8</b>
Loans	1.0	0.8	0.9	1.1	1.4	<b>Net Cash Flow</b>	<b>7.7</b>	<b>10.9</b>	<b>29.5</b>	<b>41.7</b>	<b>53.8</b>
Other LT Financial Assets	0.0	0.0	0.0	0.0	0.0	Opening Balance of Cash	2.9	10.8	21.6	51.2	92.8
Income Tax Assets	5.5	1.6	2.0	2.3	2.8	Net Foreign Exchange Difference	0.1	(0.0)	0.0	0.0	0.0
Other Non Current Assets	8.0	3.1	3.7	4.5	5.4	<b>Closing Balance of Cash</b>	<b>10.8</b>	<b>21.6</b>	<b>51.2</b>	<b>92.8</b>	<b>146.6</b>
Net Current Asset	116.7	159.4	213.2	283.9	373.0						
<b>Total Assets</b>	<b>291.5</b>	<b>324.4</b>	<b>378.7</b>	<b>449.1</b>	<b>537.2</b>						

Source: Company RHP

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