

FINANCIAL MODEL

PLANT VISIT

Rising Stars

2024

IMPORT
SUBSTITUTION

ORGANISED
V/S
UNORGANISED

MANAGEMENT MEET

EXPORT
OPPORTUNITY

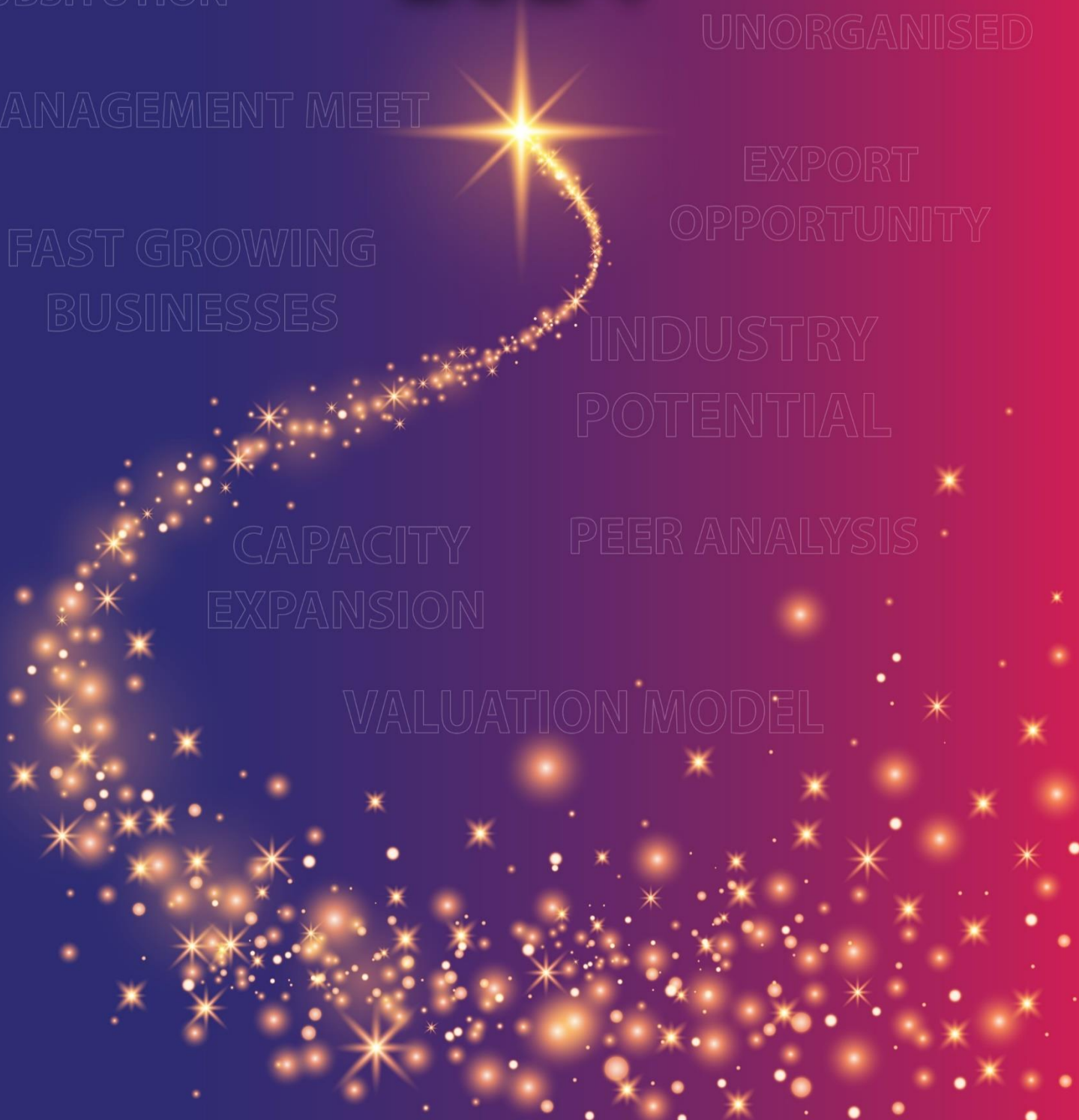
FAST GROWING
BUSINESSES

INDUSTRY
POTENTIAL

CAPACITY
EXPANSION

PEER ANALYSIS

VALUATION MODEL



Current Price*	Rs. 605.0
Target Price	Rs. 825.0
Upside	36%

*Live price as on 09th Feb'24**STOCK DATA**

Industry Segment	Auto Ancillary
BSE Code	543387
NSE Code	SJS
Bloomberg Code	SJS IN
52 Week High / Low (Rs.)	729/379
Face Value (Rs.)	10
Diluted Number of Shares (mn.)	31.0
Market Cap. (Rs cr.)	1,859
Avg. Yearly NSE Volume	2,00,278

SHAREHOLDING PATTERN (%)

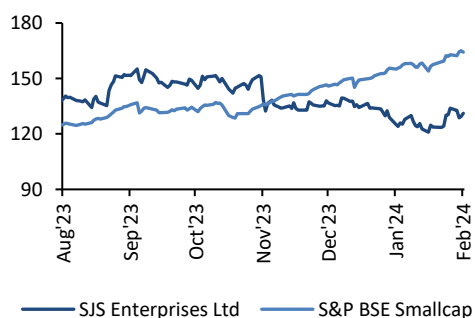
Particulars	Mar-23	Jun-23	Sep-23	Dec-23
Promoters	50.4	51.3	21.8	21.8
FII	5.6	5.3	14.3	12.9
Other Institution	13.4	12.6	30.5	31.9
Public & Others	30.6	30.8	33.4	33.4
Total	100.0	100.0	100.0	100.0

RETURNS STATISTICS (%)

Particulars	1M	3M	6M	12M
SJS Enterprise	4.8	(5.5)	(5.6)	31.1
S&P BSE SmallCap	6.0	20.7	31.3	64.3

Valuation and return ratio

Y/E March	2022A	2023A	2024E	2025E	2026E
PE (x)	34.1	27.9	21.9	16.0	13.2
P/BV (x)	5.2	4.4	3.4	2.8	2.3
EV/EBITDA (x)	19.0	16.3	10.6	8.1	6.2
EV/Sales (x)	5.2	4.5	3.3	2.8	2.4
Mcap/Sales(x)	5.1	4.3	3.0	2.5	2.1
ROE (%)	15.3	15.7	15.7	17.7	17.7
ROCE (%)	20.6	20.8	19.8	22.8	23.4

Stock Performance (1-year)**Key highlights of the 3QFY24 Result****Margin improves sequentially; Long term growth remains intact**

The company during the quarter has reported 51.0%/45.2%/32.7% YoY increase in Net sales/EBITDA/PAT to Rs 160.9 cr/Rs 41.2 cr/Rs 20.9 cr respectively. The company's domestic sales clocked 51.9% YoY growth on back of 54.4% YoY growth in PV business and 217.4% YoY growth in consumer business. The exports sales are recovering and delivered 39.7% YoY growth.

FY24 and FY25 Outlook: For FY24, the company has reiterated to achieve revenue growth of ~45% YoY and PAT growth of ~30% YoY. It expects organic revenue growth of ~20% YoY. For FY25, the company expects to outperform the market by 1.5x – 2.0x on back of cross selling opportunities, acquisitions (WPI & Exotech) and increase in kit value.

Walter Pack Automotive India (WPI): WPI witnessed steady recovery in sales on back of gradual volume growth of new models from key OEM account. This led to margin improvement in WPI EBITDA from 12.8% in 2QFY24 to 20.4% in 3QFY24. The business is slowly coming back to normalcy and the company expects further improvement in sales and profitability in 4QFY24. It expects further improvement in FY25 on back of robust order book.

Exports: The company aims to increase its export share from current 7% to 10%-11% of its consolidated revenues over the next 2-3 years.

Reiterate BUY with Price Target Rs 825/-

We believe, SJS to deliver robust earnings growth led by (a) Healthy sales traction for WPI aided by cross-selling opportunity and robust order inflow, (b) Expand wallet share by winning new businesses from its key customers, (c) Relatively faster pace of growth over the automotive industry led by premiumisation and increased value per kit and (d) New technology product categories like IML, IMD, digital dials, optical plastics/cover glass. At the CMP of Rs 605, the stock is currently trading at a P/E of 21.9x/16.0x/13.2x of its FY24E/FY25E/FY26E EPS of Rs 27.6/Rs 37.8/Rs 45.8 respectively. We retain our BUY rating on the stock with price target of Rs 825 thus providing an upside potential of 36%.

Financial Summary (Rs Cr)

Particulars	2022A	2023A	2024A	2025E	2026E
Net Sales	369.9	433.0	622.0	748.1	876.7
Growth (%)	-	17.1%	43.6%	20.3%	17.2%
EBITDA	94.4	106.6	153.6	190.1	226.7
Growth (%)	-	13.0%	44.1%	23.7%	19.3%
Net Profit	55.0	67.3	85.7	117.4	142.3
Growth (%)	-	22.2%	27.5%	36.9%	21.2%
EPS (Rs)	17.7	21.7	27.6	37.8	45.8
Growth (%)	-	22.2%	27.5%	36.8%	21.2%
DPS (Rs)	0	0	0	0	0
Div. Yield (%)	0	0	0	0	0

Source: Company, SSL Research

Figures in Rs. Cr.

Quarter Ended	2QFY24	1QFY24	Q-O-Q % Change	2QFY23	Y-o-Y % Change	Comments
Net Sales	160.6	163.2	(1.6)	106.4	51.0	Strong growth in automotive (2W+PV) segment and even stronger growth in consumer business.
Other Income	0.9	1.7	(47.2)	2.3	(61.4)	
Total Income	161.5	164.9	(2.1)	108.7	48.6	
Total Operating Expenditure	120.2	127.1	(5.4)	80.3	49.8	
Material Cost	70.9	78.5	(9.6)	44.8	58.3	
As % of Sales	44.2	48.1		42.1		
Other Exp.	49.3	48.7		35.5		
As % of Sales	30.7	29.8		33.3		
EBIDTA (Excl OI)	40.4	36.0	12.0	26.1	54.6	QoQ improvement in WPI margins on back of volumes picking up at key OEM.
EBIDTA (Incl OI)	41.2	37.7	9.3	28.4	45.2	
Interest & Finance Cost	2.5	2.7	(8.5)	0.5	363.7	
PBDT	38.7	35.0	10.7	27.9	39.0	
Depreciation.	10.8	10.8	0.5	6.2	75.8	
PBT	27.9	24.2	15.3	21.7	28.6	
Tax	7.0	4.9	44.2	6.0	17.8	
Net Profit	20.9	19.3	8.0	15.7	32.7	Healthy PAT growth despite lower other income and higher interest cost due to debt taken for WPI acquisition.
Operating Margins (%)	25.1	22.1		24.5		
Net Profit Margins (%)	13.0	11.8		14.8		
Tax Rate (%)	25.3	20.2		27.6		
Equity (Rs cr)	31.0	31.0		31.0		
FV (Rs)	10.0	10.0		10.0		
EPS (Rs)	6.7	6.2		5.2		
Cash EPS (Rs)	10.2	9.7		7.2		

Estimate Revision

Particulars (Rs. cr)	New Estimate		Old Estimate		% Change	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Revenue	622	748	622	752	0.0	-0.6
EBITDA	154	190	154	191	0.0	-0.5
EBITDA Margin (%)	24.7	25.4	24.7	25.4	-	-
Adj. PAT	86	117	87	112	-1.9	4.5
EPS (Rs. Per share)	27.6	37.8	28.2	36.2	-2.1	4.4

Source: SSL Research

Financial Statements

Income Statement

Figures in Cr.

Particulars	FY22	FY23	FY24E	FY25E	FY26E
Revenue from Operations	369.9	433.0	622.0	748.1	876.7
% YoY growth	47.0%	17.1%	43.6%	20.3%	17.2%
Cost Of Revenues (incl Stock Adj)	159.1	186.8	269.3	321.6	375.2
Gross Profit	210.8	246.3	352.7	426.4	501.5
Gross margins	57.0%	56.9%	56.7%	57.0%	57.2%
Employee Cost	51.0	56.1	77.8	93.5	109.1
Other Operating Expenses	65.4	83.5	121.3	142.9	165.7
EBITDA	94.4	106.6	153.6	190.1	226.7
EBITDA margins	25.5%	24.6%	24.7%	25.4%	25.9%
Other Income	4.2	10.2	8.8	10.5	10.5
Net Interest Exp.	3.0	2.3	10.5	8.6	7.8
Depreciation	21.6	23.3	36.8	34.5	38.5
Exceptional Items	-	-	-	-	-
PBT	73.9	91.2	115.1	157.6	191.0
Tax	18.9	23.9	29.3	40.2	48.7
Adj PAT	55.0	67.3	85.7	117.4	142.3
PAT margin (%)	14.9%	15.5%	13.8%	15.7%	16.2%
Adj. EPS	17.7	21.7	27.6	37.8	45.8

Balance Sheet

Figures in Cr.

Particulars	FY22	FY23	FY24E	FY25E	FY26E
Assets					
Net Block	152.6	151.7	154.9	170.4	172.0
Capital WIP	0.2	1.7	1.7	1.7	1.7
Intangible Assets under development	25.8	18.1	18.1	18.1	18.1
Other Non current Assets	40.4	50.8	50.8	50.8	50.8
Current Assets					
Current Investment	78.4	135.1	264.1	284.1	334.1
Inventories	41.6	48.4	65.8	81.8	95.9
Trade receivables	85.8	90.5	112.3	141.8	160.8
Cash and Bank Balances	22.5	29.7	82.6	118.0	185.9
Short-term loans and advances	0.3	0.4	0.4	0.4	0.4
Other Current Assets	10.0	11.6	11.6	11.6	11.6
Total Current Assets	238.6	315.8	536.8	637.7	788.8
Current Liabilities & Provisions					
Trade payables	30.8	42.5	66.5	81.0	101.5
Other current liabilities	26.1	24.7	35.3	42.3	49.4
Short-term provisions	3.6	4.5	5.3	5.8	6.3
Total Current Liabilities	60.5	71.8	107.1	129.1	157.3
Net Current Assets	178.1	244.0	429.7	508.6	631.5
Total Assets	397.1	466.3	655.3	749.7	874.1
Liabilities					
Share Capital	30.4	30.4	31.0	31.0	31.0
Reserves and Surplus	330.0	399.2	514.3	631.7	773.9
Total Shareholders Funds	360.5	429.6	545.4	662.7	804.9
Minority Interest	-	-	-	-	-
Total Debt	12.6	20.4	90.4	65.4	45.4
Long Term Provisions	-	-	-	-	-
Other Long Term Liabilities	24.1	16.3	19.5	21.6	23.8
Net Deferred Tax Liability	-	-	-	-	-
Total Liabilities	397.1	466.3	655.3	749.7	874.1

Cash Flow

Figures in Cr.

Particulars	FY22	FY23	FY24E	FY25E	FY26E
PBT	73.9	91.2	115.1	157.5	190.9
Depreciation & Amortisation	21.6	23.3	36.8	34.5	38.5
Other Adjustments	1.6	-2.2	10.5	8.6	7.8
(Inc) / Dec in Working Capital	(16.2)	1.1	(3.8)	(23.5)	(4.9)
Taxes	(20.3)	(26.4)	(29.3)	(40.2)	(48.7)
Cash from Ops.	60.6	87.0	129.3	136.8	183.5
Capital Expenditure & investments	(49.6)	(100.0)	(169.0)	(70.0)	(90.0)
Cash from Investing	(49.6)	(100.0)	(169.0)	(70.0)	(90.0)
Issue of Share capital	-	-	30.0	-	-
Net Borrowings	(1.6)	7.8	70.0	(25.0)	(20.0)
Others	(4.1)	(3.0)	(7.3)	(6.4)	(5.6)
Issuance of Dividend	(11.1)	-	-	-	-
Cash from Financing	(16.8)	4.8	92.7	-(31.4)	-(25.6)
Extraordinary receipts/payment	-	-	-	-	-
Net Change in Cash	(5.7)	(8.2)	52.9	35.4	67.9
BF Cash	21.6	16.0	7.9	60.9	96.2
Forex & Others	-	0.1	-	-	-
Other Bank Balances	6.5	21.8	21.8	21.8	21.8
Cash in hand	22.5	29.7	82.6	118.0	185.9
FCF	47.1	56.2	89.3	86.8	143.5

Key Ratios

Particulars	FY21	FY22	FY23	FY24E	FY25E
Profitability					
Return on Assets (%)	12.0	12.5	11.2	13.3	13.8
Return on Capital (%)	20.6	20.8	19.8	22.8	23.4
Return on Equity (%)	15.3	15.7	15.7	17.7	17.7
Margin Analysis					
Gross Margin (%)	57.0	56.9	56.7	57.0	57.2
EBITDA Margin (%)	25.5	24.6	24.7	25.4	25.9
Net Income Margin (%)	14.9	15.5	13.8	15.7	16.2
Short-Term Liquidity					
Current Ratio (x)	3.3	3.4	4.6	4.7	4.8
Quick Ratio (x)	2.7	2.9	4.0	4.1	4.3
Avg. Days Sales Outstanding	85	76	66	69	67
Avg. Days Inventory Outstanding	41	41	39	40	40
Avg. Days Payables	30	36	39	40	42
Fixed asset turnover (x)	1.7	1.8	2.3	2.3	2.4
Debt-service coverage (x)	31.2	46.1	14.6	22.2	29.2
Long-Term Solvency					
Total Debt / Equity (x)	0.0	0.0	0.2	0.1	0.1
EBITDA / Interest Expense (x)	25.5	40.5	11.9	19.4	25.6
Valuation Ratios					
EV/EBITDA (x)	19.0	16.3	10.6	8.1	6.2
PE (x)	34.1	27.9	21.9	16.0	13.2
P/B (x)	5.2	4.4	3.4	2.8	2.3

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