Investment memo – SJS **Date:22/07/2024**

Mcap (Rs bn)	25,267	Shares O/S (mn)	31
Promoter shareholding	22%	Price (Rs)	814
Pre-tax ROCE (exc. goodwill)	34%	Trailing P/E	30

Investment summary

We like SJS as:

1) It is the dominant company by far in vehicle aesthetics space in India. It successfully used inorganic strategy to become the only company in India with a complete portfolio of legacy/new aesthetic technologies. Given strong trend of premiumization, we expect vehicle aesthetics industry to grow at ~15% CAGR in the next 3-5 years driven by: a) 6-8% volume growth of the underlying industries (auto and consumer durables), and b) increasing content per unit driven by premiumization.
2) We expect SJS to grow sales/earnings at (15-20% CAGR) at a slightly higher rate versus aesthetics industry in India driven by: a) higher market share in newer and faster growing technologies like IML, IMD, 2K injection moulding, b) rising salience of exports, and c) entry into optical glass segment.
3) SJS fits into our framework for investing into manufacturing sector in India:
    a. Manufacturing complexity is significant; ~7000 SKUs across 180+ customer locations and 20+ countries,
    b. Quality sensitivity of customer is very high; manufacturing precision is required,
    c. Requirement of labor is higher in terms of qty and quality as: 1) its batch manufacturing and, 2) quality inspection is manual (SJS does 200% inspection) given requirement of zero defect,
    d. It is diversified across auto and consumer durables driving low cyclicality.
4) We have confidence on sound execution capability of the mgmt. in light of –
    a. In most products (excl. chrome plating) SJS has a dominant share in India. Market share is 90% or more in new generation products like 3D Dials, IML/IMD, lens mask assembly.
    b. Our channel checks suggest strong industry reputation.
    c. SJS has scaled up as a global vendor for Visteon; it supports 10 global plants. It has had similar success with Whirlpool (global) as well. In our view, this is a clear indication of sustained good execution over the last many years.

In our view, stock should compound at a higher rate versus growth in earnings given potential for a bit of multiple re-rating given superior growth profile and good ROCE/FCF profile.

Company profile

- SJS is a leading player in the Indian aesthetics industry with major applications in autos and consumer appliances. It is the only player in India which is present across all the legacy and emerging aesthetic technologies, giving it a very strong competitive positioning.
- SJS was established as a partnership firm in 1987 with 3 partners, V. Srinivasan, K A Joseph, and S Sivakumar, represented by 3 letters of "SJS". Its journey started with making reflective stickers used in publicity related material for consumer appliances. Soon it started making

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operator control panels for dot matrix printers of TVS and Wipro; these products were 100% imported into India at that time. In 1996 it started manufacturing 2D dials; first Hyundai Santro in India rolled out using SJS's dials.

- In 2006, it entered into a JV with Serigraph (US) which is an established player in decorative technologies.
- In 2015, Serigraph and the 2 erstwhile partners (except Mr. KA Joseph) sold their stake to Everstone Capital. Everstone Capital owned ~79% of the company before its IPO in CY21 with Mr. K A Joseph owning the rest.
- Everstone brought in Mr. Sanjay Thapar as an operating partner. Before joining SJS, Mr. Thapar had extensive experience in the domestic auto industry in companies like Tata Motors and Ashok Minda Group. Mr. Thapar handles strategy and business development functions in SJS. When he was brought in – 1) 3,45,000 shares were issued (to his company SCPL) to him at a price of Rs100 and 2) Everstone had an agreement with him which entitled him to some share of profits realized by Everstone on sales of shares. Mr. Thapar sold part of his shareholding post the IPO (largely in 2Q24). He still holds – a) 0.6% stake in the company and b) 4,50,000 shares in form of ESOPs (exercise price of Rs263).
- The company has been adding new products, technologies both organically and inorganically over the years which enabled it to: 1) participate in the premiumization trend in autos and appliances and hence grow at a faster rate versus the underlying industry and 2) diversify its sales which were predominantly led by the 2-wheeler industry (~70% of sales in FY19 versus ~38% in FY24) towards PVs (~37% of sales in FY24) and consumer appliances (~20% of sales in FY24).

Sales Break-up

Consolidated (in Rs mn)	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**CAGR (%)**
Sales	**2,373**	**2,162**	**3,201**	**3,699**	**4,330**	**6,278**	**21.5**
- 2W	1,660	1,325	1,506	1,576	1,940	2,348	7.2
- PV	243	318	834	1,102	1,407	2,285	56.6
- Consumer Appliances	466	510	580	725	667	1,268	22.2
- Others	3	8	281	296	316	377	
Sales split by geog.							
Domestic	2,135	1,837	2,689	3,230	4,010	5,795	22.1
Exports	237	324	512	469	320	483	15.3
New gen. products (% of sales) (1)	3%				10%	25%	
New gen. products (Rs mn)	71				433	1,570	
Break - up of business by legal entity							
SJS standalone sales (in Rs mn)	**2,373**	**2,162**	**2,516**	**2,679**	**2,962**	**3,634**	**8.9**
- 2W	1,660	1,325	1,460	1,468	1,747	2,071	4.5
- PV	243	318	418	535	649	799	26.9
- Consumer Appliances	466	510	629	585	484	654	7.0
- Others	3	8	9	92	82	109	
Exotech	945	728	685	1,020	1,369	1,525	10.0
WPI (2)	393	460	454	890	1,072	1,475	30.3
EBITDA consol.	**681**	**635**	**836**	**944**	**1,066**	**1,522**	**17.4**
SJS Standalone	681	635	762	819	872	1,040	8.8
Exotech	115	106	73	124	194	243	
WPI	64	75	92	165	328	350	
EBITDA margin consol.(%)	**29%**	**29%**	**26%**	**26%**	**25%**	**24%**	
SJS Standalone	29%	29%	30%	31%	29%	29%	
Exotech	12%	15%	11%	12%	14%	16%	
WPI	16%	16%	20%	19%	31%	24%	

Note:

(1) New generation products are 3D dials, lens mask assembly, optical plastics, IML/IMD/2K injection moulding

(2) - WPI numbers are adjusted for 90% stake of SJS.

- 9M WPI numbers were consolidated from FY24 onwards. FY24 WPI numbers above are for the full year.

- From FY21 onwards, SJS accelerated its diversification and product development through two acquisitions.
    - In April 2021, it acquired 100% stake in Exotech Plastic Pvt Ltd for Rs640 mn which is into chrome plated plastic (injection moulded) aesthetic parts (emblems, badges, wheel covers, radiator grills, door handles etc). This acquisition gave SJS exposure to a new (but legacy tech) aesthetic product and diversified its sales towards PVs. Exotech supplies kit value in the range of Rs1000-2000 per vehicle in case of 4-Ws. Post acquisition, SJS could drive significant cross selling across its client base to grow sales and EBITDA margins from Rs728 mn and 14.6% in FY20 to Rs1.6 bn and ~16% in FY24.

Exotech financials, March fiscal year-ends (Rs mn)

	2019	2020	2021	2022	2023	2024
Sales	945	728	685	1,020	1,387	1,525
EBITDA	115	105	74	124	194	243
EBITDA (%)	12%	14%	11%	12%	14%	16%
PAT	59	38	52	39	93	
Equity	300	301	353	389	485	620
Debt	49	39	39	69	96	0
Pre-tax ROCE (%)	27%	20%	10%	22%	25%	30%

    - In April 2023, SJS acquired 90% stake (10% stake is with the CEO of the acquired company) in Walter Pack India (WPI) for Rs2.4 bn (7.5X FY23 EV/EBITDA), which was subsidiary of Walter Pack, Spain. WPI is almost a monopoly in India, in premium aesthetic solutions using technologies like IML (In Mould Label), IMD (In Mould Decoration) and 2K injection moulding. As per our understanding, the global parent sold their India sub as-
        - There were challenges in Europe post-covid, due to a) very high cost of energy, b) very high cost of finance, and c) low demand.
        - The parent had already committed to an expansion in Mexico on account of which they required funds.

      WPI business is 2/3rd PVs and 1/3rd consumer appliances. In most of the products, it is a monopoly in India as of now. In our view, WPI has given a significant technology edge to SJS in the upcoming aesthetic technologies. These technologies are being used only in very premium vehicles in India (Tata Safari/Harrier, ZXI variants of Maruti) and going forward would find significant traction as OE's start incorporating them in newer models to give premium look/feel to interiors.

        - Royalty as % of sales was ~3.5% before the acquisition. SJS has negotiated a lower royalty (sub 1%); an absolute amount would be paid every year. SJS has also signed a specific technical support agreement for the next 3 years.
        - The company has signed a non-compete agreement with WP, Spain under which –
            - WPI is allowed exclusive access to Asia and Africa.
            - It is not allowed to approach existing clients of WP, Spain, in both, US and Europe.
            - This agreement is valid for 3 years, post which, it could be renewed on mutual agreement.

WPI was a good acquisition – technologies added to SJS

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

WPI financials, March fiscal year-ends (Rs mn)

WPI financials (in Rs mn)	2019	2020	2021	2022	2023	2024
Sales	436	511	504	988	1,191	1,650
EBITDA	82	86	106	189	381	322
EBITDA (%)	19%	17%	21%	19%	32%	20%
PAT	26	29	45	106	243	152
Equity	132	159	205	222	350	500
Debt	144	134	139	45	104	260
Pre-tax ROCE (%)	16%	16%	25%	65%	90%	37%

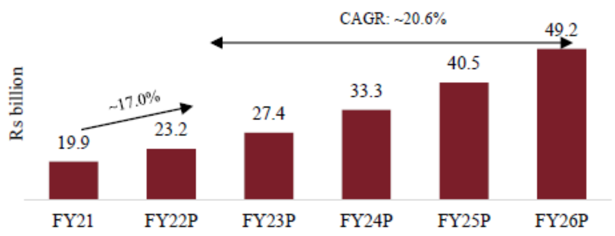
- The company IPOed in Nov-21 (listing price ~Rs470). IPO was a completely secondary offering with the private equity fund (Everstone Capital) selling Rs7.1 bn of shares and Mr. K A Joseph selling Rs910 mn worth of shares. Post-IPO, Everstone held 34.8% stake; ~30% stake was sold in Aug-23, which was bought by domestic institutions. In May-23, 0.6 mn shares were issued to Mr. K A Joseph on preferential basis, at a price of Rs500, to shore up the balance sheet for acquisition of WPI. Mr. KA Joseph stake stands at ~17% as of now, with 4.6% owned by Everstone.

Product portfolio of SJS

Nature of the industry

- As per CRISIL estimates, size of the aesthetics industry in India in FY2021 was ~Rs19.9 bn, projected to grow at 15-20% CAGR (next 5 years), based on – a) 10-12% volume growth of the underlying industry (auto and consumer appliances) and b) rising kit value per vehicle led by premiumisation. SJS management typically guides for 1.5-2X growth versus the underlying industry.

Decorative aesthetic market in India (₹ billion)

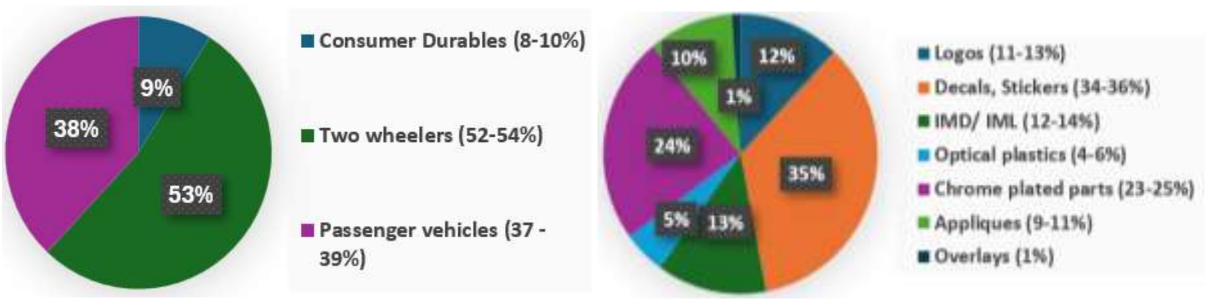


Note: P - projected
Source: SIAM, CRISIL Research

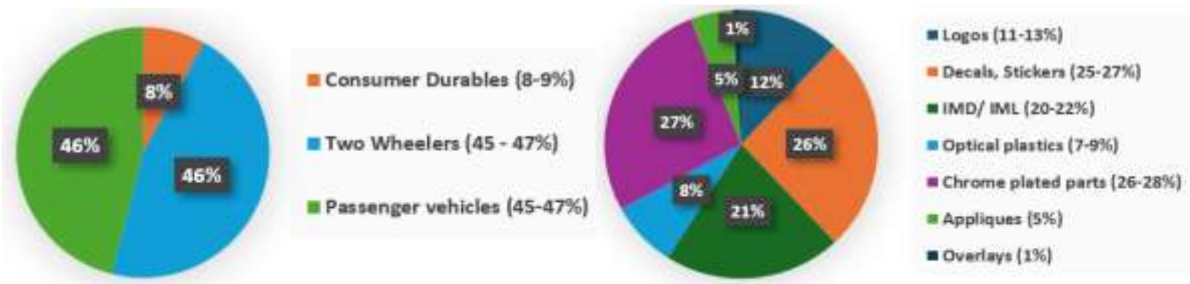
Strong premiumisation trend at play in aesthetics industry in India. CRISIL estimates for growth in various segments

Aesthetic products	Aesthetic market CAGR (Fiscal 2021 to 2026)
Logos	19.00%
Decals, stickers	13.00%
IMD/ IML	32.00%
Optical plastics	31.00%
Chrome plated parts	23.00%
Appliques (two-wheelers and passenger vehicles)/ appliques (passenger vehicles)	6.00%/14.00%
Overlays	17.00%
Total	**20.00%**

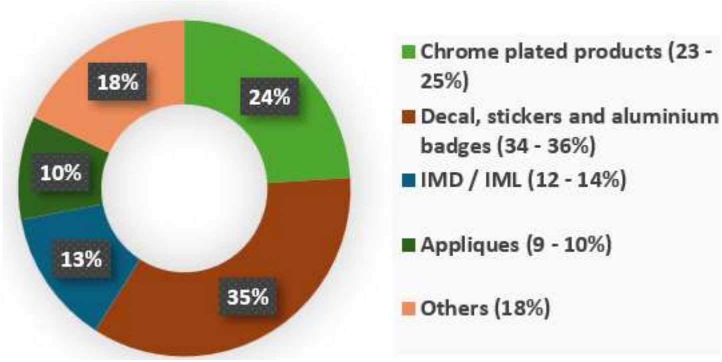
Break-up of the aesthetic industry in India in FY21, CRISIL estimates



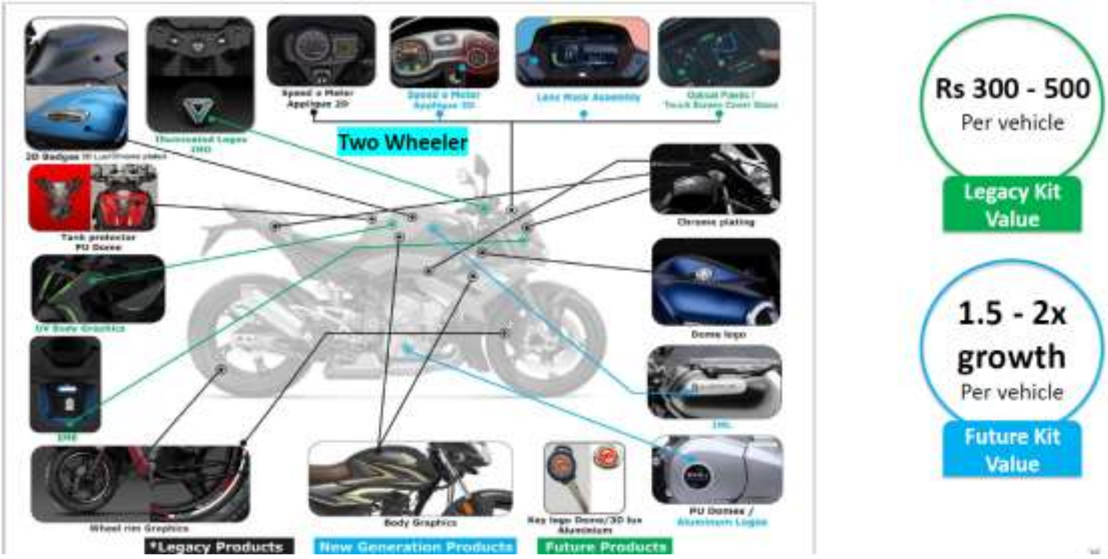
Break-up of the aesthetic industry in India in FY26, CRISIL estimates

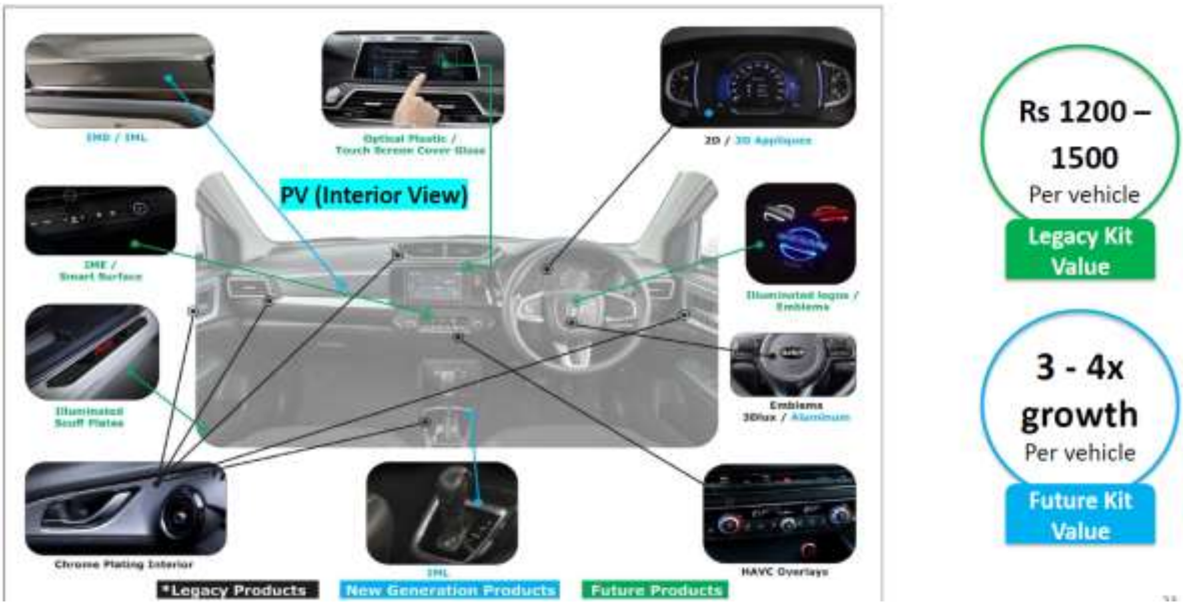


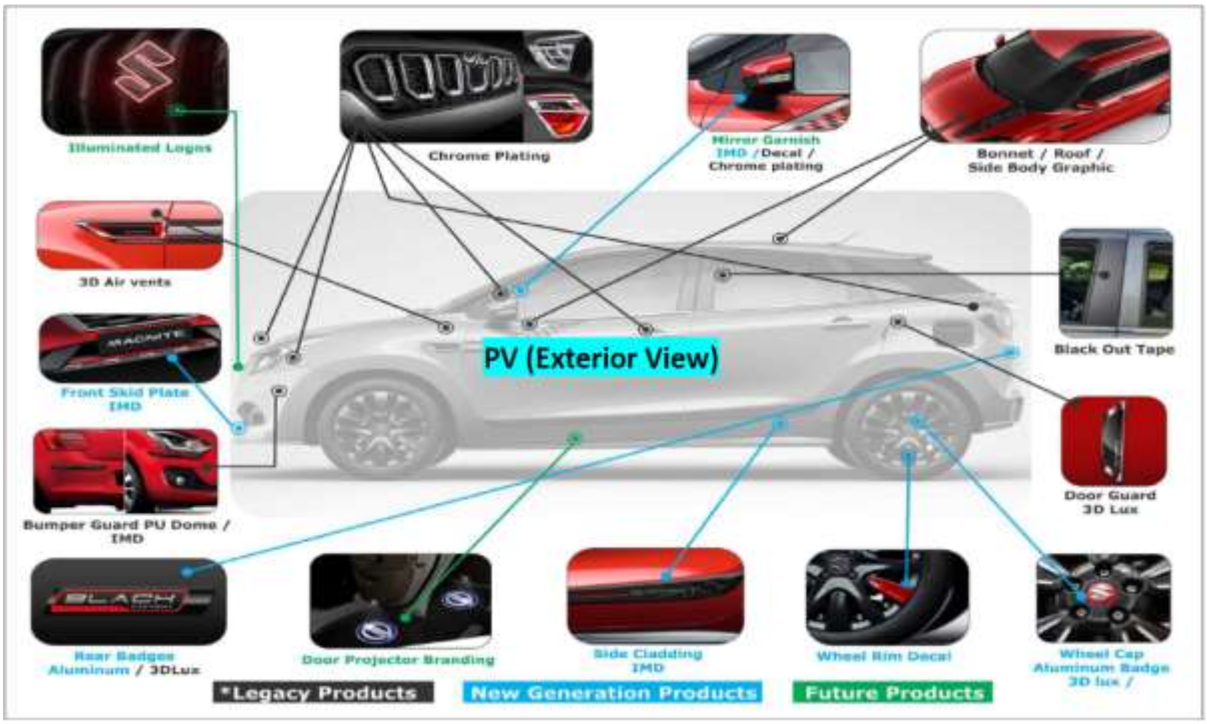
Aesthetic market in India in FY22



- There is a strong trend towards higher kit value per unit in the aesthetics industry which is led by premiumization trend in the underlying industry. As per the mgmt., kit value increase in the next 3-5 years would be – a) 1.5-2X from Rs300-500 per unit has of now for 2-Ws, b) 3-4 X incase of 4-Ws from Rs1200-1500 per unit as of now.





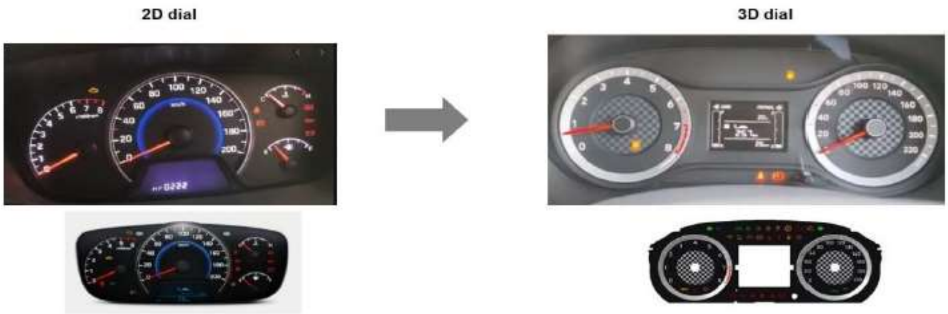


SJS is growing at much faster rate versus the underlying industry led by premiumisaiton trends

For PV	2019	2020	2021	2022	2023	2024	5-year CAGR	4 -Year CAGR
Total PV sales (units)	40,55,099	34,50,296	31,15,857	36,47,374	45,52,801	48,88,929	4%	9%
SJS consol. PV sales exc. WPI (in Rs mn)	243	318	834	1,102	1,407	1,742	48%	53%
-SJS standalone PV sales (in Rs mn)	243	318	418	535	649	799	27%	26%
-Exotech PV sales (in Rs mn)			389	568	764	869		
-WPI PV sales (in Rs mn)					814	543		
For 2W								
Total 2W sales (units)	2,44,98,890	2,10,36,191	1,83,49,941	1,78,30,842	1,94,59,009	2,14,68,527	-3%	1%
SJS consol. 2W sales (in Rs mn)	1,660	1,325	1,506	1,576	1,940	2,348	9%	15%
-SJS standalone 2W sales (in Rs mn)	1,660	1,325	1,460	1,468	1,747	2,071	7%	12%
-Exotech 2W (in Rs mn)			71	109	202	244		

- Brands are spending more on aesthetics to give premium look/feel to their products. For example –
  - In autos and consumer appliances, brands are shifting to 3D lux badges from chrome badges; realization of 3D lux badge is ~1.5-2X versus a chrome badge. Advantages -
    - Gives a more premium feel as there is much more variety of colors and finishes which are possible. Also, the colors can be changed very easily versus a chrome badge.
    - Since there is no injection moulding (hence no tooling development) involved in 3D lux, the part can be developed in 10-15 days versus 5-6 weeks in case of chrome badges.
    - Manufacturing a 3-D lux badge is not as polluting as a chrome plated one.

  - Brands are shifting from 2D appliques/dials to 3D ones, particularly in 4Ws. 3D dials are aesthetically much superior; realization is 2-3X of that of 2-D dial.
    - Hyundai I-10 neos (mass brand) features a 3-D dial versus a 2-D dial in the older model.



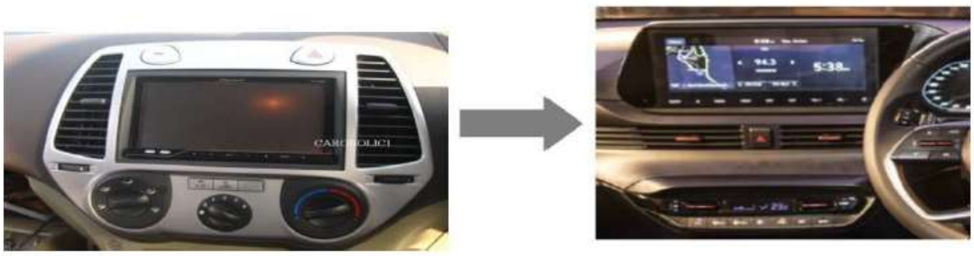
- Manufacturing of a 3-D dial requires much more manufacturing precision. Hence, there are only 4-5 companies globally who are able to manufacture them at scale; SJS is one of them. SJS has 90% or more market share in India in this product.

- Brands (2W and some 4W) are using more digital/analogue-digital dials versus only analogue dials. Kit value per unit is 6-7X versus a pure analogue dial (for the overall cluster).
  - In a digital cluster (only 2-Ws only), SJS manufactures optical lens mask assembly and not electronics. Hence, SJS supplies to a tier-1 vendor (like Visteon) which supplies fully assembled part to OE. Value of typical lens mask assembly is in the range of Rs150-1000 per unit (Rs1000 for a 4W) depending on the size versus ~Rs100 value per unit of a 2D dial.
  - Currently, lens mask assembly used in 4Ws is 100% imported into India: SJS is not participating in this opportunity as of now.
  - Lens mask assembly is a difficult product to manufacture – a) lens is tough to manufacture in house as it has to meet various specs like anti-glare, no optical distortion, fog resistance etc. SJS makes the lens in house, b) Lens needs to be screen printed, c) it needs to be integrated into the assembly in the injection moulding process; this process is difficult to master.
  - SJS has more than ~90% share (only 2Ws) in this product in India.
  - Popular models like Hero Passion Pro, Bajaj Pulsar 125, Hero Glamor offer analogue-digital dials.
  - Top variant of Suzuki Access comes with a fully digital speedometer (versus 2-D dial earlier).
  - Top variants of TVS Jupiter Honda Activa 125 have shifted to digital-analogue speedometer.

- In 4-Ws (some premium EV 2Ws as well), brands are shifting from analogue to digital touch-based navigation system.

- This creates an opportunity for an aesthetics supplier to supply optical plastic sheet, each of which could cost in the range of Rs300-500 per unit. This sheet is applied on top of the TFT screen.
- Optical plastic sheets allow a display to be clearly visible without any distortion and are also used to provide mechanical protection to the TFT screen underneath. These plastic sheets need to meet optical specs covering light transmission, haze, and in high end applications require properties like anti glare, anti reflective, anti fingerprint.
- Optical plastic sheet is a different product versus optical glass (discussed later). Optical glass is much more specialized product versus optical plastic sheet –
    - Optical plastic sheet is required to cover the TFT screens which are put in the center of the dashboard where there is no risk of head impact in case of an accident.
    - For any screen on the dash board (in front of the driver or the co-passenger) where there is risk of head impact there are strict regulations in place, even in India, to put optical glass as glass absorbs impact (by shattering) in contrast to plastics. Hence, for all these kind of screens OEs need to put optical glass.
    - Aesthetically it is an inferior product versus optical glass as – a) plastic gets scratched easily, b) it starts turning yellow with time c) glass has more clarity, d) glass has more thermal and dimensional stability.
- Some examples -
    - Compared to a 7 inch screen in Swift, Hyundai Creta features 8 or 10 inch screen. Screen sizes are getting larger as they enhance the aesthetic appeal of the dashboard.
    - Hyundai I-10 models sold in 2017 featured traditional infotainment system whereas in 2021 Sportz Turbo and Asta variants have 20 cm touch screen infotainment system.

TFT Display with no touch option | **TFT Display with touch option (Optical plastics)**



- Brands are shifting from plain moulded components to IML/IMD/2K injection-moulded (2K-IM) parts to give more premium look/feel. Similar trend is being observed in consumer appliances. IMD/IML technology allows brands to incorporate premium looking patterns on the dashboard. Value of IMD/IML parts could range from Rs2000-5000 per vehicle (4-W) depending on the number of parts incorporated in car interiors.
  - Tata Motors and Maruti are the only OEs in India which have started incorporating IML/IMD parts in car interiors. Tata Motors has incorporated these in almost all its models, right from Nexon onwards to premium models like Harrier and Safari. As per our understanding, Tata Motors has derived learnings from design aesthetic elements being used in JLR models and implemented them in India.
  - Maruti uses IML/IMD parts in all the ZXI variants (most premium) of all its models like (Breeza, Dzire, Ertiga etc).
  - As per our understanding, IML/IMD/2K-IM content in a premium SUV is to the tune of Rs5k. In mass premium brands it would be ~Rs1500-2000.
  - As per our channel checks, other OEs like M&M and Hyundai are in the process of incorporating these parts in their upcoming models.

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IMD design incorporated in Tata Safari dashboard

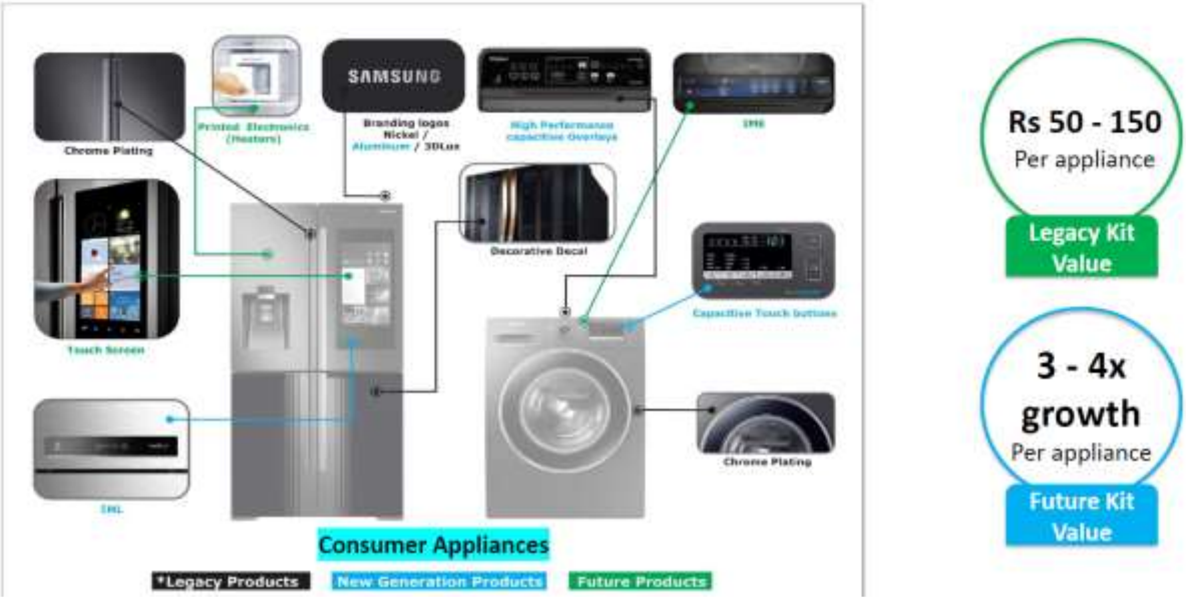
  - Plastic moulded badges on wheels are shifting towards chrome plated and IML badges across OEMs like Hyundai, Toyota, VW etc.
  - Whirlpool double door refrigerators have started incorporating IML parts to enhance aesthetic appeal.

        - Brands are incorporating 2K-IM components in car interiors to give a premium look to dash boards, door trims etc as element of lighting can be incorporated (back lighting) in the injection moulding.
            - 2K-IM enables incorporation of 2 different kinds of plastics in the same injection moulding. Hence, one can incorporate a transparent plastic in an injection moulding as per a decorative pattern and then illuminate it (lets say on door closing or when ignition switches on) through LEDs at the back.
            - It is also used for creating products like illuminated logos. Both Tata Safari and Harrier have this on their steering wheel; the logo lights up when ignition is switched on. Each logo costs ~Rs200-250.
            - SJS is the only company in India as of now, which is manufacturing these products.
            - As of now, 2K-IM parts are being used only in premium models. In our view, this technology will start getting incorporated into mass premium model also (likes of Creta, Vitara, Honda City etc).

    - Consumer appliance brands are incorporating touch-based (capacitive overlays) interfaces over traditional interfaces due to better convenience and usage experience, particularly in premium fully automatic washing machines. Realisation in capacitive overlays is ~2.5X versus traditional overlays.

Traditional overlay   Capacitive overlay

    - In both consumer appliances and auto, there is a possibility that brands will shift to IME (In Mould Electronics) for their premium models. IME overlays incorporate electronic PCB circuit in the injection moulding itself using a conductive ink. Advantages are: a) more durability, b) more resistance to spills, weather conditions, c) higher aesthetic value and d) reduces the size and weight of the final assembly. On the flipside, there are some sustainability concerns, on account of Phosphorus being used in conductive ink, on account of which IME has not taken off in autos. Hence, large scale commercial developments in this product may take more time than anticipated as of now.



- Trend towards optical glass – In the premium 4W models, the entire dashboard itself is becoming like a large mobile screen (touch sensitive) which displays the usual stuff (information about speed, RPM etc etc) in a digital manner and also the entire infotainment system and HVAC and other controls. As mentioned above, there are stringent 'head impact' regulations in force globally (and in India) on account of which this screen (as it comes in front of the heads of the front passengers) has to be covered by an optical glass rather than optical plastic. Just for a perspective, a mobile screen is also covered by a glass (think 'gorilla glass'). However, in the screens used in the car, specifications which optical glass has to meet are much higher versus that of a mobile which makes the product technically challenging to manufacture at scale –
  - It has to satisfy the 'head impact' safety norms.
  - It needs anti-glare coating.
  - It needs anti finger print coating.
  - There should be no distortion of optical image being projected.
  - It needs to be cut and formed (into shape).

  There are only a few (5-6) manufacturers of this product in the world (China, Japan, Taiwan) as technology is complex -

  - It is difficult to maintain consistent quality while manufacturing at scale. Production process requires lot of specialized coatings to impart properties required to meet various stringent specifications.
  - The glass needs to be cut and formed (into shape which could be curved as well). This process is the most complex part to handle.
  - The glass needs to be screen printed and bonded to the TFT screen using special adhesives.

  Tier -1 suppliers (likes of Visteon) of cluster systems to various OEs are vary of empanelling a new supplier in optical glass. The value of optical glass is small ($50-100 per unit) versus the value of the overall assembly (could go upto $500) and defect in the glass mostly gets known at the assembly line (of the OE) which could lead tier -1 vendor to scrap the complete cluster assembly along with possibly other cluster assemblies made using the same batch of glass. Hence, a defective optical glass entails a huge loss for the tier 1 vendor.

In India adoption of optical glass is very limited as of now (M&M's XUV 700 and Hyundai/Kia) but globally it is already a scaled product. As per our channel checks the value of optical glass could range from Rs1500 (for single screen displays for small cars) to 15k per unit (full dashboard is a screen) depending on size. Just for a perspective, cover glass content in XUV 700 is Rs4-5k for two 10.25 inch screens on the dashboard. In our view, market of optical glass is set to explode in India given that OEs would increasingly incorporate digital clusters in new models (atleast the premium ones) and the size of the screen also would keep on increasing and hence potentially optical glass market in India could grow 3X to Rs3 bn in the next 3-5 years from ~Rs1 bn as of now.

For SJS, it is critical that the company is able to establish itself in this product in the coming 3-5 years as otherwise it would stand to lose out given – a) it would lose out on a big market opportunity in its core field of aesthetics, b) existing business of 2/3D dials would start declining and may go to negligible levels in the long term.

- Brands use more chrome plated parts in their premium models versus the base model. Value of chrome plated parts could range from Rs1000 per vehicle (like Wagon – R) for a mass model to Rs2000 per vehicle for a premium SUV.

Legacy products	**Value per vehicle**	**Comments**
Decals/Badges/domes	Rs300-500	1. Range represents economy models to premium models of 2Ws.
Chrome plated parts	Rs500 to Rs4000	1. Rs500 for mass model
		2. Rs2000 for premium SUV
2D Dials	Rs50-100	1. Mostly goes into 2-Ws.
Traditional overlay (appliances)	Rs250-300	

New generation products	**Value per vehicle**	**Comments**
3D lux logos	2X price of chrome plated	
3D dials	Rs250-300	1. Economy/mass models in cars still use 2D dials.
Capacitive overlay (appliances)	Rs700-800	1. This is touch sensitive.
Optical plastic sheet	Rs300-500	1. Depending on the size of the screen.
Lens mask assembly	Rs150-1000	1. Value in case of car is ~Rs1000; however it is 100% imported prodcut as of now in India.
IML/IMD/2k-IM	Rs1000-4000 per car	1. Rs1000 for mass premium model.
		2. Rs4000 for premium/luxury SUV.

- SJS is clear market leader in the industry with a comprehensive offering addressing almost all the legacy and upcoming aesthetic products/technologies. Over the last 3 years, SJS has cemented its leadership, with acquisitions of Exotech and Walter Pack India, which have diversified its legacy product offerings (entry into chrome plating through Exotech) and gave it pole position in India in some of the new/specialized aesthetic technologies (through Walter Pack).
    - In the decals/logos business (~Rs10 bn market in India), Classic Stripes (Hero group company) is the largest competitor. Both SJS and Classic together hold ~80-90% share of the Industry. Classic is a Hero Group company and hence has bulk of the business of Hero Moto Corp (SJS is excluded from this business). In rest of the 2-W brands SJS has dominant share of the business. SJS is hopeful of starting business with Hero as well; plant inspections/audits have already taken place.
    - In 3D dials, SJS has more than 90% market share in India. 2-D dials has competition but: a) market is small, b) product is legacy and c) market possibly declining (shifting

to 3D or digital) and hence not relevant for future. 3-D dials business also could start maturing/declining given possible shift towards digital dials/displays, in future.

- In IML/IMD/2K-IM, Walter Pack is the dominant company with almost 100% market share in India. Penetration of IML/IMD/2K-IM aesthetic parts in India is pretty low with only Tata and Maruti using these in their premium models.
- In lens mask assembly (only 2-Ws) also, SJS has a dominant (maybe more than 90%) market share in India.
- Our channel checks suggest that SJS is at the forefront of the opportunity in cover glass in India in case it is able to get/perfect the technology for this product. Cover glass is 100% imported into India by tier 1 vendors like Visteon. Most of the tier 1 vendors are in the process of localization of various parts which go into the digital cluster (TFT screen, back light, cover glass etc). As per our understanding, even though SJS is at initial stages of manufacturing this product and there is a probability that this opportunity could take more time than anticipated, as of now, it is the only vendor in contention in India.
- Chrome plated aesthetic parts (excluding metal) used in 2Ws, 4Ws, and consumer appliances is a Rs10 bn industry in India. SJS does ~Rs1.6 bn sales; Polyplastic is a dominant company in this space with sales of ~Rs6.5 bn (may include products other than chrome plated parts). This is a relatively commoditized business and hence lack of pole position here does not impact the overall competitive positioning of the company.

Product portfolio coverage and application segment coverage of key players

Company	Decorative aesthetic product coverage										Application segment coverage		
	Traditional aesthetic products						Advance technology products						
Particulars	**Logos**	**Decals**	**Stickers, aluminium badges**	**Chrome plated parts**	**2D Dials**	**Traditional Overlays**	**3D Dials**	**Capacitive Overlays**	**IML/ IMD**	**Optical plastics**	**2W**	**PV**	**CD**
Classic Stripes Private Limited	✓	✓			✓	✓	✓	✓			✓	✓	✓
Galva Deco Parts Private Limited	✓			✓							✓	✓	
Kongovi Private Limited	✓			✓								✓	
Monochem Graphics Private Limited	✓	✓	✓		✓	✓	*	*			✓	✓	✓
Polyplastics Industries India Private Limited	✓			✓							✓	✓	
Pragati Industries Limited	✓			✓							✓	✓	
PRS Permacel Private Limited		✓	✓								✓	✓	
S.J.S. Enterprises Limited	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Unique Labels Private Limited			✓		✓		*	*	✓		✓	✓	

Note: 2W (Two-wheelers), PV (Passenger vehicles) and CD (Consumer durables)

* *Monochem Graphics Private Limited and Unique labels Private Limited offer dials and overlays however their websites do not clearly specify if these companies also offer 3D dials and capacitive overlays in specific*

Source: Company websites

Competition Profile					
Sales (in Rs mn)	**2019**	**2020**	**2021**	**2022**	**2023**
Classic Stripes Pvt Ltd.			3,018	3,306	4,370
Kongovi Pvt Ltd.	1,173	969	746	820	862
Polyplastics Industries (India) Pvt Ltd.	6,310	5,693	5,302	7,103	9,568
Unique Labels Pvt Ltd.	142	144	137	149	159
Galva Deco	80	107	131	194	257
PRS Permacel	149	135	126	147	-
Monochem Graphics	143	108	101	111	118
EBITDA (in Rs mn)					
Classic Stripes Pvt Ltd.			1,019	1,177	1,607
Kongovi Pvt Ltd.	214	155	140	154	156
Polyplastics Industries (India) Pvt Ltd.	820	731	581	730	1,035
Unique Labels Pvt Ltd.	25	23	20	22	22
Galva Deco	13	24	28	32	33
PRS Permacel	8	3	7	12	-
Monochem Graphics	37	26	22	25	24
PAT (in Rs mn)					
Classic Stripes Pvt Ltd.			539	808	979
Kongovi Pvt Ltd.	95	67	45	53	57
Polyplastics Industries (India) Pvt Ltd.	305	172	86	61	289
Unique Labels Pvt Ltd.	22	14	7	3	2
Galva Deco	-1	-4	-0	3	4
PRS Permacel	3	-2	2	5	-
Monochem Graphics	33	30	25	26	28
ROE (%)					
Classic Stripes Pvt Ltd.			20%	23%	36%
Kongovi Pvt Ltd.	18%	11%	7%	8%	8%
Polyplastics Industries (India) Pvt Ltd.	16%	8%	4%	3%	11%
Unique Labels Pvt Ltd.	28%	16%	7%	3%	2%
Galva Deco	-2%	-10%	-1%	8%	11%
PRS Permacel	12%		11%	19%	
Monochem Graphics	123%	81%	66%	82%	91%
ROCE (%)					
Classic Stripes Pvt Ltd.			24%	24%	37%
Kongovi Pvt Ltd.	13%	9%	7%	9%	8%
Polyplastics Industries (India) Pvt Ltd.	16%	10%	5%	7%	14%
Unique Labels Pvt Ltd.	22%	12%	7%	6%	6%
Galva Deco	-2%	5%	10%	8%	9%
PRS Permacel	7%		8%	12%	
Monochem Graphics	81%	49%	37%	48%	63%

Nature of the business

- Aesthetic product manufacturing is a precision manufacturing business –
  - SJS manufactures 7000+ SKUs, across 180+ clients, across 22 countries. Manufacturing is done in batches necessitating frequent changeovers. Also, quality assurance is tough (in the entire product basket) as: a) number of SKUs is high, b) these are zero defect parts; client is very quality sensitive, c) quality needs to be manually inspected and there is almost 200% inspection.
- Labor cost is a bit higher given requirement of higher quantity as well as quality due to:
  - Batch manufacturing across very high number of SKUs,
  - Almost 200% manual inspections,
  - Screen printing is back bone of most of the manufacturing; this requires frequent changeovers as each color needs to be printed in a separate cycle and then the equipment needs to be cleaned before another color is applied to the same pattern.

For standalone business of SJS (primarily decals which require screen printing), labor cost has ranged around 14% of sales in the last 5 years (consol labor cost is ~11% of sales) which is much higher than other manufacturing businesses in India (6-8% of sales for Apollo Tyres, Ceat, Amara Raja etc).

- Entry barrier is higher versus other manufacturing businesses given –
  - o Requirement of precision manufacturing. Not only are the number of SKUs very high; there is also requirement of zero defect. Manufacturing is done in dust free environment (ISO certified clean rooms) more like a food product rather than an auto part.
  - o One needs to provide an end-to-end solution encompassing – a) a design studio, b) quick prototyping to allow clients to try different designs, c) all technologies/solutions under one-roof.
  - o Client is very quality sensitive. For instance – a 3-D applique worth ~Rs300 goes into a display assembly (done by a tier 1 like Visteon) costing around Rs12-14k per unit. In case a defect is found in that applique the whole cluster gets rejected which also triggers a wider product recall across the same lot (of applique). Hence, the client stands to make significant losses in case of a defective applique which makes the client prioritise – a) quality, b) consistency and c) track record, over 5-10% lower cost of the part.

- Given the above nuances, pre-tax ROCE (excluding goodwill) of the business is much better than other manufacturing businesses. On a consol basis, SJS has maintained average (5Y) pre-tax ROCE (excl goodwill) of upwards of 30% in 2019-24.

Capital efficiency parameters

Working Capital (in Rs mn)	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Inventories	247	278	445	416	484	720
Sundry Debtors	458	448	813	858	905	1,624
Loans and advances	177	189	174	203	294	191
Current liabilities	321	345	729	577	690	1,180
Working Capital (No. of days)	**86**	**96**	**80**	**89**	**84**	**79**
Inventories	38	47	51	41	41	42
Sundry Debtors	70	76	93	85	76	94
Loans and advances	27	32	20	20	25	11
Current liabilities	49	58	83	57	58	69
Operating parameters						
Asset turnover	1.23	1.04	1.15	1.41	1.60	1.84
Gross block	2,015	2,166	2,864	3,005	3,103	6,020
Gross block (ex.intangible assets)	1,923	2,074	2,772	2,614	2,712	3,420
Return ratios						
ROE	38%	16%	17%	16%	17%	17%
Pre-tax ROCE	57%	25%	26%	26%	29%	26%
Pre-tax ROCE (excl. goodwill)	58%	25%	28%	28%	32%	34%

Investment case:

- In our view, SJS would grow it sales/PAT at ~15-20% CAGR in the next 3-5 years driven by: 1) 6-8% volume growth in the underlying industry, 2) trend of rising kit value per unit led by premiumization trends in the underlying industry; we are particularly excited by the opportunity in IML/IMD/2k-IM products, 3) scale up in exports, 4) though opportunity in optical glass is very big, in our view, path to establishing credibility in this business is tough and hence we are treating it as option value from a 3 year perspective. Incase, underlying volume trends in auto and consumer appliances are weaker than our assumptions, growth could be lower, however, we assume that company will grow its topline at 1.5-2X the growth of underlying industry (in line with mgmt. guidance). We have discussed premiumisation trends in the portfolio of SJS in the sections above. Here, we will discuss the larger opportunities in front of the company in the next 5-10 years.

- Sales of IML/IMD/2K-IM parts could grow 2X in the next 4-5 years – In our view, OEs (4W) will incorporate more IML/IMD parts to enhance car interior aesthetics. Broadly, Indian car OEMs would follow design aesthetics of US and European brands which have already incorporated lot of IMD/IML content in their models. As per our understanding IML/IMD/2K-IM content in the car could range from Rs2k to Rs 5k (dashboard, door trims, gear knob, wheel badges, logos etc). As of now, there are only a few models (mostly Tata Motors and Maruti) which are using these technologies. In our view, more and more OEs will start incorporating these in their premium models over time. Acquisition of Walter Pack India has given SJS a pole position in these product segments with almost no competition in domestic market and hence it is poised to be the biggest beneficiary of the above trend.
- In our view, sales of WPI India could potentially grow 2 X in the next 4 years. We have used the following assumptions –
  - Content per car of Rs4k-5k per vehicle on incremental volumes as we have assumed that incremental volumes will be off more premium vehicles.
  - We have assumed that other OEs (M&M/Hyundai etc) would also start using these parts in the coming years. We have assumed 0.1 mn volumes in FY28 from all other brands apart from Tata Motors and Maruti.
  - Sales from all other segments apart from auto to grow at 15% CAGR.
  - For the sake of simplicity we have assumed that the entire PV revenue of SJS is on account of 2 OEs only and split 50:50 between the two.

  Please note that we have projected an optimistic scenario as –

  - We have assumed that no incremental competition would come in the next 4 years. While as of now, we don't know of any other competing company, however, new companies might emerge.

	2024	2028
Sales to OE1 (Rs mn)	621	1,121
OE1 adressable volume (units)	0.4	0.5
Content per car (Rs)	1,553	2,243
Content per car on incremental volumes (Rs)		5,000
Sales to OE2 (Rs mn)	621	1,371
OE2 adressable volume (units)	0.6	0.75
Content per car (Rs)	1036	1,829
Content per car on incremental volumes (Rs)		3,000
Sales to other brands (Rs mn)		400
Other brand volumes (units)	0	0.1
Content per car (Rs)		4,000
WPI sales to PVs (Rs mn)	1,243	2,893
WPI sales to consumer appliances (Rs mn)	414	725
Total WPI sales (Rs mn)	**1657**	**3217**

  - SJS is also in the process of cross-selling IML/IMD/2k-IM led offerings to consumer appliance companies for their premium models. This could be a global offering since SJS is already catering to global requirements of Whirlpool (Samsung is also a client) in other products and hence has the credentials to engage with global brands. Some of the global brands may be out of reach on account of non-compete agreement signed with Walter Pack Spain. As per the mgmt., the non-compete agreement allows SJS to service existing clients (which includes Whirlpool/ Samsung and few others); both these brands, globally, use a lot of IML/IMD parts in their premium models. Earlier, SJS did not have the required technology to service this business but now with WPI it can pitch to its global accounts for this business. Hence, we expect strong growth even in the consumer appliance portfolio of WPI. As of now export is insignificant (~3% of sales) part of WPI sales; this can be scaled up massively in the long term.

- Exports – SJS has grown its exports from Rs238 mn in FY19 to Rs483 mn in FY24. In our view, there is significant scope to increase exports particularly in developed markets.

  - As explained above, SJS business is more labor intensive versus other manufacturing businesses in India. This gives it an edge in developed markets of US and Europe as it can offer a good price (10-15% discount to developed market peers) to OE clients, as its labor cost is much lower versus its competition in those markets and still make better margin versus the India business on a like to like basis. In our view, Indian manufacturing companies have done well in export markets in businesses with similar characteristics – a) high number of SKUs, b) customized products, c) high sensitivity to quality. Examples of these companies are BKT (off highway tires), AIA Engineering (grinding media), Tega (mill liners), Usha Martin (wire ropes).
  - Parts manufactured by SJS are light-weight and hence can be easily shipped across borders without adding significant freight cost to the overall cost of the product.
  - SJS ticks other boxes as well which the global OEs and tier 1 would like –
    - It has a strong balance sheet.
    - It has all the aesthetic technologies under one roof
    - It is already supplying to some of the biggest brands globally since the last many years.
  - SJS has access to clients as it exports to 22 countries across the world as of now.
  - In our view, the fact that SJS has managed to scale up to the level of a strategic vendor for Visteon/Whirlpool, globally, speaks volumes about its value proposition and good execution. Hence, other global OEs/Tier 1 would also take note of the same.
  - Exports is ~8% of the standalone business of the company. Both for Exotech and WPI, exports is a very small % of sales. Hence, there is significant potential to increase exports in these entities by cross-selling. We have already explained possible products and customer segments the company could target in case of WPI. For Exotech also, there is potential to increase exports by cross-selling. As per the mgmt., realization for chrome plated parts is much higher in developed markets. Hence rising proportion of exports in Exotech could drive margins higher than normalized levels (~15% EBITDA). As per the mgmt., environment norms for manufacturing chrome plated parts (process is quite polluting) have been tightened in China and also enforcement has increased which has led to small players in China vacating market share in export markets which has created opportunity for a player like SJS.

  As of now, large part of exports business is driven by tier 1 vendors like Visteon and Whirlpool (global). In the last couple of years, the company has managed to get a break (dials and lens mask assembly) into Continental and Marelli, which are large global tier 1 suppliers of instrument clusters, like Visteon and are as scalable as Visteon (which is one of the largest customers for SJS).

Hence, in our view, SJS is well placed to grow exports at a higher rate versus the base business. As per the mgmt., to scale exports in the long term would require front end presence (sales/marketing mainly) in developed markets and also could necessitate an acquisition (including manufacturing assets). As per the mgmt., target is to grow exports to 12-15% of consol sales in the next 3-5 years from ~8% as of now.

- Opportunity in optical glass is huge. However, entry barriers are very high and journey could be ridden with potholes. Opportunity in optical glass is seemingly quite big for SJS given the projected topline of only ~Rs7.5 bn in FY25 and also the fact that SJS might be the only Indian company which is a possible contender in this business. In our view, optical glass market in India could grow 3X from Rs1.1 bn as of now in the next 3-5 years. We have used the following assumptions –
    - As of now (FY24), there are 0.56 mn cars (XUV700, Scorpio, Kia Seltos, Kia Carens, Hyundai Creta, Hyundai Alcazar) which are using screens which require optical glass. This is a very broad estimate of ours.
    - Value of the content (optical glass) per vehicle could be in the range of Rs2000, implying current market size at ~Rs1.1 bn.
    - In our view, population of vehicles using optical screens would increase to 0.96 mn in the next 3-5 years; we have assumed major contribution from proposed EV launches of M&M and Tata.
    - Optical glass content would increase to Rs5000 per vehicle for incremental vehicles; implying addition of Rs2.3 bn to the market. Total market size would increase to Rs3.3bn.

However, in our view, there are lot of challenges that SJS has to surmount before it is able to establish in this business.

- ▪ Technology is difficult to master. There are no experienced people in India who could help the company to figure out nuances of the technology. Most of the experienced people are in China, Japan, Taiwan.
- ▪ Tier 1 vendors are extremely reluctant to onboard new vendors, as explained above. For a tier-1 vendor, the factors which favor onboarding an Indian vendor are:
    - Optical glass is a long lead time (100% imported) and a critical part and hence tier-1s need to maintain inventory of 3 months. Indian vendor could supply the part just-in-time, saving inventory cost.
    - There is import duty of ~5% on optical glass which could be saved.
    - To hedge geo-political risks given most of the sourcing is from China.

  The factors which work against onboarding an Indian vendor are:
    - Chinese vendors are giving good price/quality. SJS or any other Indian vendor can't match the price till it builds critical volumes and stabilises manufacturing process (could take 3-5 years).
    - It is not worth empanelling a new vendor to save $5-10 per unit given that loss implications of a defective product are much more significant.

  In our view, given criticality of this product it is not possible to penetrate tier 1 vendors in this product without matching quality of global suppliers; 'carrot' of savings can swing things only once quality and consistency is established.

Hence, SJS is going to face an uphill task in establishing its credentials in this product and probability of disappointments along the way is high. The company has already spent 3 years in figuring out the tech for this product; it could take 2-3 years more (Rs400 mn has been allocated to capex for a commercial plant for this product in FY25). As of now, the company has submitted 'proof of concept' samples to customers and various audits are going on, post which some orders might materialise. We are not building any quick progression in earnings on account of this venture of SJS. However, in case SJS is able to establish itself in this product, in our view, it would be one of the most sophisticated auto components to be manufactured successfully by any Indian company. It could place the company in a different orbit of growth and the stock could multiply from current price.

- SJS meets all the parameters that we seek for investing in a manufacturing business in India, for the long term –
  - Its not into bulk manufacturing – as capital is the only entry barrier in such a business and hence growth not sustainable in the long term. We believe there is tons of capital available in the world at any point of time, incase, there is perceived opportunity for growth.
  - Requirement of large number of SKUs and customisation – business requires manufacturing precision and good quality human resource (for quality assurance, product development and sales).
  - Diversified across industries – this reduces cyclicality in the long term.
  - SJS can easily fund all its capex, required for 15-20% growth in sales through internal accruals only, as FCF profile of the business is quite good.
  - Potential to grow faster than clients and hence generate a superior ROCE – In our view, for a B to B business (not having any IP) to generate more than usual (15-20% pre-tax ROCE) ROCE, it needs to be able to grow faster than its clients. Faster growth generates operating leverage which enables the business to reduce prices for its clients (which is almost a rule) by passing on some of the efficiency gains and still maintain good margins and more-than-usual ROCE. Otherwise, if a business can grow in line with client's volumes only, it is hard to reduce prices every year and maintain higher than usual ROCE. In case of SJS, growth would be much superior versus underlying industry (India auto) as – a) the kit value is increasing more or less at consistent rate every year and b) there are other drivers of business (apart from India auto industry) in exports and consumer appliances.

  In our view, a B to B business, like SJS, which has the above characteristics would be able to maintain a superior ROCE (~25-30% pre-tax) in the long term.

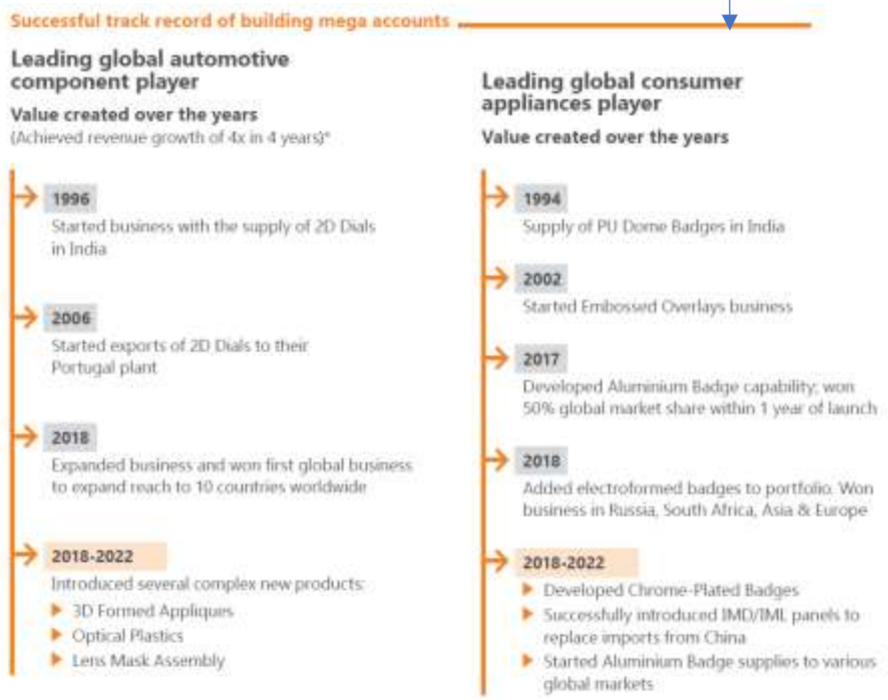
- Other tit-bits of data which gave us confidence on the company and its mgmt. are –
  - SJS has 100% of the business of Honda in 2-Ws for its logo (3-D lux) in India.
  - It is the sole supplier of 'Whirlpool' logo in India. And one of the 2 global suppliers of logos to Whirlpool (global entity); it supplies 10 out of 13 global plants of Whirlpool.
  - SJS supports 10 plants of Visteon globally. Typically, an OE or tier 1 tests the vendor thoroughly by giving incrementally complex parts and checks the execution of the vendor at every step. Only if the vendor executes well and gains trust over a couple of years is when the client decides to go whole hog with the vendor. Hence, in our

view, SJS's scale up with Visteon is ample proof of its good execution and able management.

This is Visteon in our view

This is Whirlpool in our view

Excerpt from FY23 annual report of SJS


Successful track record of building mega accounts

Leading global automotive component player

Value created over the years

(Achieved revenue growth of 4x in 4 years)*

1996
Started business with the supply of 2D Dials in India

2006
Started exports of 2D Dials to their Portugal plant

2018
Expanded business and won first global business to expand reach to 10 countries worldwide

2018-2022
Introduced several complex new products:
- 3D Formed Appliques
- Optical Plastics
- Lens Mask Assembly

Leading global consumer appliances player

Value created over the years

1994
Supply of PU Dome Badges in India

2002
Started Embossed Overlays business

2017
Developed Aluminium Badge capability; won 50% global market share within 1 year of launch

2018
Added electroformed badges to portfolio. Won business in Russia, South Africa, Asia & Europe

2018-2022
- Developed Chrome-Plated Badges
- Successfully introduced IMD/IML panels to replace imports from China
- Started Aluminium Badge supplies to various global markets

  - SJS is the only player (or atleast it has more than 90% share) making 3-D dials in India. It is one of the 4-5 companies globally manufacturing these products.
  - It is the only company in India making lens mask assembly.
  - It is the only company in India which is able to manufacture aesthetic parts using IML/IMD/2K-IM technology.
  - Company has given ESOPs to 328 employees out of total 502 permanent employees on the rolls of the company at the end of FY23.
- On a lighter note, one of the reasons aesthetics industry has a bright future is that it caters to basic human tendency to take 'short cuts' rather than address underlying problems which can drive meaningfully better outlook in the longer term. Hence, in our view, OEs would prioritise spending incremental Rs3k on aesthetic products over spending on some new tech/product which lets say (hypothetical only) could improve braking efficiency by 5-10%.

<u>Perspective on valuation and potential returns</u>

If we annualise 4Q24 EPS of Rs8.6, the stock is quoting at ~24X. In our view, multiple is cheap in light of potential for ~15-20% CAGR growth in sales/earnings in the long term (3-5 years) and sustainable pre-tax ROCE in the vicinity of ~30%. In our view, there is scope for P/E multiple to expand to 30-35 X in case SJS is able to maintain its consistency in delivering growth and given: a) average pre-tax ROCE (excl goodwill) of ~30%, b) good FCF generation; company is practically debt free (only Rs300mn equity was raised from the promoter) despite spending ~Rs3 bn on acquisitions in the last 3 years. Hence, we expect the stock to compound at a much higher rate than growth in sales/earnings.

Risks

- As explained above, we expect that there would be significant challenges (next 3 years) on the way, as SJS tries to scale up in the optical glass business. There could be disappointments till the time SJS is able to establish consistent quality and scale –
    - Sales scale up could be at a much lower pace versus expectations as clients wont scale procurement till the time they have absolute confidence on SJS's quality.
    - There could be margin issues on account of –
        - Sub-optimal scale,
        - Clients might give lower premium (vs SJS expectations) versus Chinese pricing.
        - Wastage cost (in manufacturing) could be significantly higher versus SJS's expectations leading to large negative surprises on margins. As explained above, optical glass is a high technology product and achieving required quality standards (zero defect) could be an arduous task, particularly in light of the fact that there is no availability of experienced quality human resource in this product in India.
- SJS has made M&A, a key aspect of its growth strategy. Mr. Sanjay Thapar has been looking directly at this function since the last few years. While both the acquisitions done so far by the company have been well-thought out and execution has been good post-acquisition, in our view, there is a risk that future acquisitions might not unfold in the same manner. As per the mgmt., SJS is looking to acquire companies in the aesthetics business in developed markets (mainly North America) which would mostly come along with manufacturing assets. Historically, almost all auto companies (with the exception of Motherson Sumi) have struggled with stabilizing acquisitions in developed markets, without any success. In case of Motherson Sumi, experience has been different as the company was guided by its OE clients for its acquisitions. Hence, in our view, there is a risk that SJS might do an acquisition which could prove to be an albatross around its neck for a long time. As per the mgmt., – a) it won't acquire loss making companies, b) it is not interested in turning around businesses. Hence, we are hoping that this risk might not materialize.
- As highlighted above, in most of the new generation products SJS has more than 90% share in India. There is a risk that competition could intensify in the coming years which could lead risk on margins/growth.

Financial summary, consolidated, (Rs mn)

P&L, March fiscal year-ends (Rs mn)	2019	2020	2021	2022	2023	2024
Sales	2,373	2,162	3,201	3,699	4,330	6,278
EBITDA	681	635	836	944	1,066	1,522
EBITDA (%)	29%	29%	26%	26%	25%	24%
Other income	35	51	100	42	102	77
Depreciation	97	128	206	216	233	387
EBIT	584	507	630	728	833	1,135
PBT	603	544	698	739	912	1,126
PAT	376	413	520	550	673	848
EPS	12.0	13.2	16.6	17.6	21.5	27.1
Balance sheet						
Equity	2,386	2,797	3,152	3,605	4,296	5,616
Debt	233	62	310	294	305	842
Current liabilities	311	336	711	569	673	1,138
Other non-curent liabilities	111	128	110	108	107	300
Total sources of funds	**3,040**	**3,323**	**4,284**	**4,576**	**5,381**	**7,896**
Fixed assets	1,540	1,565	1,896	1,786	1,716	3,024
Current assets	910	1,023	1,796	1,701	1,980	2,688
Goodwill	40	40	275	289	289	1,744
Investment (current & non current)	550	696	317	800	1,396	439
Total uses of funds	**3,040**	**3,323**	**4,284**	**4,576**	**5,381**	**7,896**
Cash flow statement						
Cash from operations	348	572	575	593	859	1,010
Capex	(455)	(161)	(102)	(135)	(308)	(301)
FCF	**(106)**	**411**	**473**	**458**	**551**	**709**
Return ratios (%)						
ROE	38%	16%	17%	16%	17%	17%
ROCE (pre-tax)	57%	25%	26%	26%	29%	26%

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Clockvine Capital Advisors Private Limited (CIN: U67190MH2022PTC386703)
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