

Visibility Strong; Growth and Margins Well Supported

CMP: INR 1,623

Rating: Buy

Target Price: 2,037

Stock Info

BSE	543387
NSE	SJS
Bloomberg	SJS IN
Sector	Miscellaneous
Face Value (INR)	10
Equity Capital (INR Mn)	313
Mkt Cap (INR Mn)	52,178
52w H/L (INR)	1,869/809

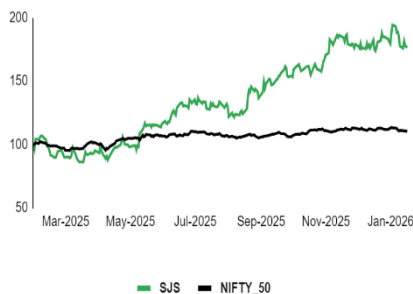
Shareholding Pattern %

(As on Dec, 2025)

Promoters	21.18
Public & Others	78.82

Stock Performance (%)	1m	3m	12m
SJS Ent	-6.8	2.9	70.6
Nifty	-2.1	-2.5	9.6

SJS Vs Nifty



SJS Enterprises Ltd. (SJS) Delivered yet another standout performance Consolidated revenue stood at INR 2,559 Mn, above our estimate of INR 2,286 Mn up by 36.4% YoY & by 0.7% QoQ. (Standalone revenue INR 1486.3 Mn grew by 60% YoY/+2.3% QoQ) EBITDA stood at INR 713.8 Mn, above our estimate of INR 662 Mn, up 57.7%YoY & 4.4%QoQ. (Standalone EBITDA INR 497 Mn grew by 68.3% YoY/+ 5.4% QoQ).Adj EBITDA stood at INR 731.91 Mn (Labour law impact of INR 18.10 Mn). On the margins front, EBITDA margin stood at 29.31% above our estimates 28.96% expansion of expansion of 103bps QoQ/395bps YoY, adj EBITDA margin stood at 30.1%. (Standalone EBITDA margin stood at 33.5% expansion of 75bps QoQ/217bps YoY).PAT saw an increase of 62.5%YoY & up 4.1% QoQ to INR 450.4 Mn above our estimate of INR 442 Mn. Adj PAT stood at INR 468.5 Mn. Continued to win new businesses from customers like M&M, Hero MotoCorp, Whirlpool, Samsung, Mabe, Hyundai, Spark Minda, John Deere among others.

Investment Rationale

Display & Cover Glass Entry Adds High-Value Optionality: The strategic partnership with BOE Varitronix marks SJS's entry into the fast-growing automotive display and cover glass segment. This significantly expands kit value, with 5–8x higher revenue per vehicle compared to legacy products. The upcoming Hosur facility enables local assembly and optical bonding, improving competitiveness and cost efficiency. While margins may be slightly lower initially, high asset turns ensure attractive ROCE. The display market offers a INR 3,000–4,000cr TAM by FY30, providing a strong medium-term growth runway. This segment adds optionality without diluting core business economics. Execution here could materially re-rate the growth profile.

Strong Balance Sheet Enables Growth Without Dilution: SJS maintains a robust balance sheet with net cash of ~INR 2,030 Mn and strong free cash flow generation. Capex for new facilities and expansions is fully funded through internal accruals, limiting financial risk. Free cash flow conversion of ~76% of EBITDA ensures flexibility for both organic and inorganic growth. High return ratios (ROCE ~34%) reflect disciplined capital allocation. The company retains optionality for value-accretive acquisitions, especially in overseas markets. Importantly, growth investments are unlikely to dilute returns.

Exports Provide Long Runway and Diversification: Exports have emerged as a meaningful growth driver, accounting for ~11.6% of revenues, with 9M FY26 already exceeding FY25 levels. Strong traction with global OEMs such as Stellantis validates SJS's capabilities in quality, cost and scale. The company is increasing its footprint in Europe and North America, supported by a strengthened presence in Germany. Export platforms typically offer longer life cycles and higher value content, improving revenue visibility. The company targets exports at 14–15% of revenues by FY28, which should also smooth cyclical domestic demand volatility. This enhances business diversification and earnings stability.

Outlook and valuation

SJS is well positioned to sustain above-industry growth over the medium term, driven by continued premiumization across automotive segments, rising content per vehicle, and strong traction in exports. The increasing contribution from new-generation products and early ramp-up of display and cover glass solutions should support steady revenue growth and improve earnings quality. EBITDA margins are expected to remain resilient in the 28–29% range, supported by favourable mix, operating leverage and cost discipline, despite near-term capex ramp-up. Strong cash generation and a net-cash balance sheet provide flexibility to fund growth investments and pursue selective inorganic opportunities without diluting returns. With healthy order visibility, long platform tenures and a diversified end-market mix, SJS offers strong earnings visibility and is well placed for sustained medium-term earnings compounding. **We expect SJS to deliver a 24% revenue CAGR over FY26e-FY28e with EBITDA margin of 28.1%/28.5%/29.1% during FY26e-28e and ROCE of 26%/26.5%/27.1% between FY26e-FY28e. We have used the DCF model to value SJS Enterprises and arrive at a target price of INR 2,037 per share. Accordingly we maintain our "Buy" rating on the stock.**

Exhibit 1: Financial Performance

(INR Mn)	Year-end March						
	Net Sales	EBITDA	PAT	EPS (INR)	EBITDA Margin (%)	EV/EBITDA	P/E (x)
FY25	7,605	1,953	1,188	37.9	25.7%	25.9	42.8
FY26E	9,452	2,651	1,702	54.0	28.1%	19.0	30.1
FY27E	11,664	3,329	2,229	70.8	28.5%	14.7	22.9
FY28E	14,558	4,239	2,902	92.2	29.1%	11.2	17.6

Source: Arihant Research, Company Filings

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Exhibit 2: Quarterly Result

Consolidated (INRMn)	Q3FY26	Q2FY26	Q3FY25	QoQ%	YoY%
Revenue from operations	2435.3	2417.6	1785.6	0.7%	36.4%
COGS	1001.8	1063.2	828.3	-5.8%	20.9%
GP	1433.5	1354.4	957.3	5.8%	49.7%
GP Margin (%)	58.86%	56.02%	53.61%	5.1%	9.8%
Employees benefits expense	274.7	251.8	198.9	9.1%	38.1%
Other expenses	445.0	419.0	305.6	6.2%	45.6%
EBITDA	713.8	683.6	452.8	4.4%	57.7%
EBITDA Margin (%)	29.31%	28.28%	25.36%	103.33	395.38
Adj EBITDA	731.91	-	-	-	-
Aj EBITDA Megin	30.1%	-	-	-	-
Depreciation and amortisation expense	143.9	138.4	114.0	4.0%	26.2%
EBIT	570.0	545.3	338.8	4.5%	68.2%
EBIT margin (%)	23.4%	22.6%	19.0%	3.8%	23.4%
Adj EBIT	588.06	-	-	-	-
Adj EBIT margin (%)	24.1%	-	-	-	-
Finance costs	10.0	9.6	9.5	4.2%	5.8%
Other income	42.6	44.8	29.3	-4.9%	45.6%
PBT	602.5	580.5	358.6	3.8%	68.0%
Total tax expense	152.2	147.8	81.5	3.0%	86.8%
Net Profit after tax	450.4	432.7	277.1	4.1%	62.5%
Adj PAT	468.5	-	-	-	-
Basic EPS	14.05	13.73	8.80	2.3%	59.7%
	Q3FY26	Q2FY26	Q3FY25	QoQ(bps)	YoY(bps)
RMC/Sales	41.14%	43.98%	46.39%	-284.04	-525.29
Employee exp/Sales	11.28%	10.42%	11.14%	86.28	14.12
Other exp/Sales	18.27%	17.33%	17.12%	94.43	115.79

INR Mn (Standalone)	Q3FY26	Q2FY26	Q3FY25	Q-o-Q	Y-o-Y
Net Revenue	1,486.3	1,453.1	928.6	2.3%	60.0%
Material Cost	540	555	348	-2.8%	55.1%
Employee cost	163	165	126	-1.6%	28.6%
Other Expenses	286	261	159	9.9%	80.6%
EBITDA	497	472	296	5.4%	68.3%
EBITDA margin %	33.5%	32.5%	31.8%	98.33	163.75
Other Income	35	36	18	101.2%	-49.0%
Depreciation	73	70	46	4.8%	57.2%
EBIT	460	439	267	4.8%	72.1%
EBIT Margin	30.9%	30.2%	28.8%	75.25	216.91
Finance cost	3	5	2	-31.1%	98.8%
PBT	456.7	434.0	265.6	5.2%	71.9%
Tax Expense	116	111	56	4.6%	108.1%
Effective tax rate %	25.4%	25.5%	21.0%	-14.50	440.92
Reported Net Profit	340.7	323.2	209.9	5.4%	62.3%
Net margin %	22.9%	22.2%	22.6%	68.40	32.52
Reported EPS (INR)	10.73	10.31	6.72	4.1%	59.7%

Source: Arihant Research, Company Filings

S J S Enterprises Ltd-Q3FY26 Concall KTAs
Outlook

Confident of delivering 2–2.5x industry growth outperformance, underpinned by premiumization trends, rising exports and a growing contribution from new-generation products, while EBITDA margins are expected to stay resilient at 28–29% supported by operating leverage and favorable mix improvement despite near-term capex ramp-up costs; coupled with increasing content per vehicle, continued global expansion and a strong balance sheet, the company offers high earnings visibility and the potential for sustained medium-term compounding.

2w

Remained a key growth driver, supported by premium model launches and increasing content per vehicle. Strong traction with large OEMs such as Hero MotoCorp, Mahindra and other leading players, with expanding wallet share beyond decals and logos. New-generation products and refreshed platforms continued to support margin accretion, despite industry-level demand volatility.

PV

Revenues outpaced two-wheelers in the quarter, driven by higher contribution from new-age SUVs and premium launches. Strong exposure to successful launches (e.g., Mahindra platforms) positions SJS well to benefit from rising PV penetration and premium interiors. Management highlighted increasing adoption of high-value aesthetic and HMI products, reinforcing structural content-per-vehicle growth.

Consumer

Saw ~7.5% YoY growth, with traction improving across global appliance customers such as Whirlpool, Samsung and Mabe. While recovery has lagged auto segments, recent order wins and ramp-up at customer facilities provide visibility for gradual improvement. Segment remains strategically important for diversification and cross-cycle stability.

Exports

Strong revenue of INR 283cr (+146% YoY), led by global platform wins (notably Stellantis) and consumer exports. 9M FY26 export revenues already exceeded full-year FY25 levels, highlighting strong global acceptance of SJS's aesthetic solutions. Company reiterated its target to scale exports to 14–15% of revenues by FY28, supported by deeper penetration in Europe and North America, including a strengthened presence in Germany.

New-Generation Products

New-generation products contributed ~23% of consolidated revenues, reflecting rising adoption of advanced aesthetic and HMI solutions. These products continue to drive higher gross margins, better operating leverage and improved earnings quality.

Display & Cover Glass

SJS entered a technology licensing and supply agreement with BOE Varitronix, enabling optical bonding and assembly of automotive display systems in India. The upcoming Hosur facility will support cover glass manufacturing and display assembly, increasing kit value 5–8x vs legacy products. Display market TAM estimated at INR 3,000–4,000cr by FY30, with strong ROCE potential due to high asset turns, despite margins being slightly lower than core businesses.

Margins

EBITDA margins sustainably guided at 28–29%, despite near-term volatility from capex ramp-up and input costs.

Cash

Strong cash generation with FCF at ~76% of EBITDA and net cash of ~INR 2,030 Mn, providing ample flexibility for capex and M&A. Ongoing capex across Pune, Bangalore and Hosur remains growth-led and fully funded through internal accruals, supporting long-term ROCE expansion.

Capacity

SJS & Decoplast ~75%, Walter Pack ~75%, SDPL ~95%, providing headroom for growth. Capex remains growth-oriented, covering Pune commissioning, Bangalore expansion and Hosur greenfield projects. Entire capex funded through internal accruals, limiting balance-sheet risk.

M&A

Inorganic growth remains a key strategic pillar, focused on faster market access rather than filling capability gaps.

Story in charts

Exhibit 3: Revenue by business

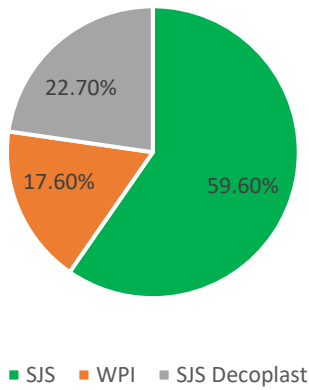


Exhibit 4: Revenue by end segment

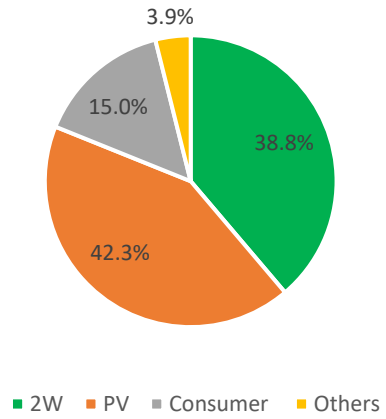


Exhibit 5: Revenue by Geography

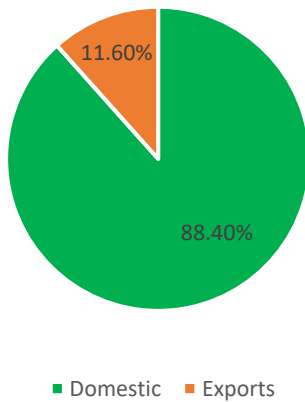


Exhibit 6: EPS saw an improvement during the Q1FY26

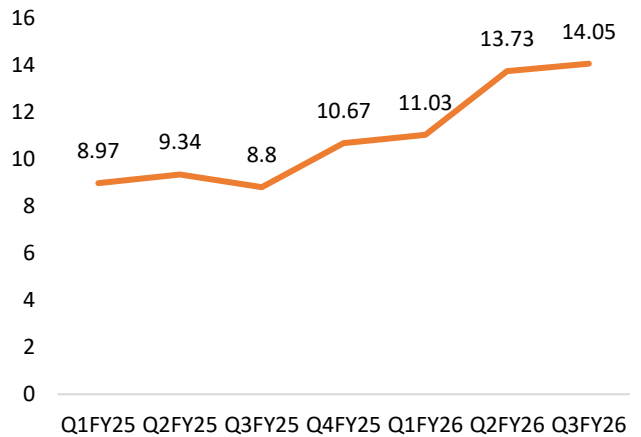
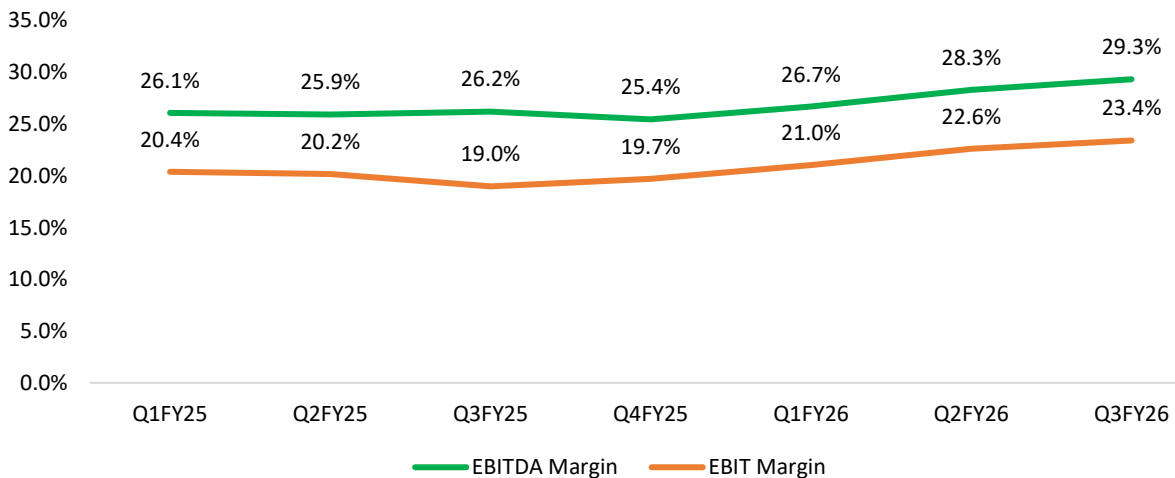


Exhibit 7: Diversified products segments with strong traction in 2W and PV



Source: Arihant Research, Company Filings

DCF Valuation

Valuation Assumptions

g (World Economic Growth)	5%
Rf	7%
Rm	13%
Beta	0.8
CMP (INR)	1623

WACC

We	99.7%
Wd	0.3%
Ke	11.6%
Kd	8.1%
WACC	11.59%

Valuation Data

Total Debt (long term borrowings) (2025)	158
Cash & Cash Equivalents (2025)	170
Number of Diluted Shares (2025)	31
Tax Rate (2025)	25%
Interest Expense Rate (2026)	11%
MV of Equity	50,830
Total Debt	158
Total Capital	50,988

FCFF & Target Price

FCFF & Target Price	Explicit Forecast Period						Linear Decline Phase					Terminal Yr
	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36	
EBIT * (1-Tax Rate)	1,633	2,107	2,747	3,499	4,351	5,280	6,248	7,207	8,096	8,852	9,412	9,883
Dep	474	519	577	871	1,023	1,221	1,490	1,693	1,902	2,090	2,215	2,327
Purchase of Assets	284	350	437	582	712	861	1,027	1,180	1,325	1,451	1,541	1,619
Changes in Working Capital	291	375	412	591	720	853	1,033	1,183	1,325	1,455	1,544	1,621
FCFF	1,532	1,902	2,475	3,197	3,941	4,788	5,679	6,538	7,348	8,036	8,542	8,970
% Growth in Post Tax EBIT		29.0%	30.4%	27.4%	24.4%	21.4%	18.3%	15.3%	12.3%	9.3%	6.3%	5.0%
As % of Post Tax EBIT												
Dep	29.0%	24.6%	21.0%	24.9%	23.5%	23.1%	23.8%	23.5%	23.5%	23.6%	23.5%	23.5%
Purchase of Assets	17.4%	16.6%	15.9%	16.6%	16.4%	16.3%	16.4%	16.4%	16.4%	16.4%	16.4%	16.4%
Changes in Working Capital	17.8%	17.8%	15.0%	16.9%	16.6%	16.1%	16.5%	16.4%	16.4%	16.4%	16.4%	16.4%
FCFF	1,532	1,902	2,475	3,197	3,941	4,788	5,679	6,538	7,348	8,036	8,542	8,970
Terminal Value												136,204
Total Cash Flow	1,532	1,902	2,475	3,197	3,941	4,788	5,679	6,538	7,348	8,036	8,542	145,174

Enterprise Value (EV)	63,796
Less: Debt	158
Add: Cash	170
Equity Value	63,808

Equity Value per share (INR)	2,037
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% Returns	25.5%
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Rating	BUY
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Terminal Growth (%)

	2036.9	4.25%	4.50%	4.75%	5.00%	5.25%	5.50%	5.75%	6.00%
10.84%	2120	2188	2261	2341	2427	2521	2625	2738	
11.09%	2030	2092	2159	2231	2309	2394	2487	2589	
11.34%	1946	2003	2064	2130	2201	2278	2362	2453	
11.59%	1869	1921	1977	2037	2102	2172	2247	2330	
11.84%	1796	1844	1896	1951	2010	2074	2143	2217	
12.09%	1728	1773	1820	1871	1925	1983	2046	2114	
12.34%	1665	1706	1750	1797	1847	1900	1957	2019	
12.59%	1605	1644	1684	1727	1773	1823	1875	1932	

Source: Company reports, Arianth Capital Research, Figures are in INR Mn. except share price and percentage data

S.J.S. Enterprises Ltd Financial (Consolidated)

Income Statement (INR Mn)				
Year End-March (Consolidated)	FY25	FY26E	FY27E	FY28E
Revenues	7,605	9,452	11,664	14,558
<i>Change (%)</i>	46.8%	44.3%	43.4%	42.9%
Gross Profit	4,046	5,260	6,602	8,314
Employee costs	856	1,013	1,289	1,594
Other expenses	1,236	1,596	1,985	2,480
Total Expenses	5,651	6,800	8,335	10,319
EBITDA	1,953	2,651	3,329	4,239
EBITDA Margin	25.7%	28.1%	28.5%	29.1%
Depreciation	447	474	519	577
EBIT	1506	2177	2810	3663
Interest	56	22	22	22
Other Income	78	139	169	211
PBT	1,528	2,294	2,956	3,852
PBT after exceptional Items	1,528	2,294	2,956	3,852
Tax	340	592	727	950
<i>Rate (%)</i>	22.3%	25.8%	24.6%	24.7%
PAT	1,188	1,702	2,229	2,902
Pat Margin(%)	15.6%	18.0%	19.1%	19.9%
EPS	37.9	54.0	70.8	92.2

Balance Sheet (INR Mn)				
Year End-March (Consolidated)	FY25	FY26E	FY27E	FY28E
Sources of Funds				
Share Capital	313	313	313	313
Reserves & Surplus	6,459	7,671	9,889	12,780
Net Worth	6,772	7,985	10,203	13,093
Loan Funds	158	158	158	158
MI, Deferred Tax & other Liabilities	178.7	178.7	178.7	178.7
Total Equity and Liabilities	8,741	9,946	12,371	15,555
Application of Funds				
Gross Block	2,930	3,194	3,482	3,795
Less: Depreciation	1,462	1,711	1,976	2,263
Net Block	1,469	1,483	1,505	1,532
CWIP	62.25	62.25	62.25	62.25
Other Non-current Assets	19	19	19	19
Net Fixed Assets	1,550	1,565	1,587	1,613
Investments	71	74	78	82
Debtors	1,751	1,994	2,365	2,792
Inventories	695	861	1,040	1,283
Cash & Bank Balance	170	517	1,734	3,363
Loans & Advances & other CA	5	5	5	5
Total Current Assets	4,070	5,179	7,476	10,497
Current Liabilities	1,415	1,562	1,769	2,063
Provisions	45	45	45	45
Net Current Assets	4,070	5,179	7,476	10,497
Total Assets	8,741	9,946	12,371	15,555

Cash Flow Statement (INR Cr)				
Year End-March (Consolidated)	FY25	FY26E	FY27E	FY28E
PBT	1,528	2,294	2,956	3,852
Cash From Operating Activities	1,566	2,360	2,954	3,827
Net Cash From Operations	1,417	2,360	2,954	3,827
Capex	(113)	(489)	(541)	(603)
Cash From Investing	(788)	(793)	(977)	(1,215)
Borrowings	(525)	0	0	0
Finance cost paid	(56)	(22)	(22)	(22)
Cash From Financing	(573)	(1259)	(761)	(983)
Net Increase/ Decrease in Cash	55	309	1,217	1,629
Cash at the beginning of the year	153.2	208.6	517.2	1,734.0
Cash at the end of the year	208.6	517.2	1,734.0	3,362.7

Key Ratios				
Year End-March (Consolidated)	FY25	FY26E	FY27E	FY28E
Profitability				
Return on Equity	21.9%	27.3%	27.5%	28.0%
Return on Capital Employed	20.6%	26.0%	26.5%	27.1%
Margin Analysis				
Gross Margin	53%	56%	57%	57%
EBITDA Margin	25.7%	28.1%	28.5%	29.1%
Net Income Margin	16%	18%	19%	20%
Short-Term Liquidity				
Current Ratio	6.2	6.4	7.0	7.5
Quick Ratio	2.4	2.8	3.6	4.5
Avg. Days Sales Outstanding	81	77	74	70
Avg. Days Inventory Outstanding	73	75	75	75
Avg. Days Payables	42	44	44	45
Long-Term Solvency				
Total Debt / Equity	0.02	0.02	0.02	0.01
Interest Expense/EBITDA	0.6	0.6	0.6	0.6
Valuation				
P/E	42.8	30.1	22.9	17.6
P/S	6.7	5.4	4.4	3.5
P/BV	7.4	6.4	5.0	3.9
EV/EBITDA	26	19	15	11
Turnover				
Receivables t/o	4.5	5.0	5.0	6.0
Inventory t/o	5.0	4.0	4.0	5.0
Payables t/o	8.6	10.0	10.0	11.0

Source: Company, Arianth Research

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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