

**Strong traction from ADS segment**

**CMP: INR 1,555**

**Rating: Buy**

**Target Price: INR 1,865**

**Stock Info**

BSE 543358

NSE SANSERA

Bloomberg SANSERA IN

Sector Automobile & Ancillaries

Face Value (INR) 2

Equity Capital (INR Mn) 124

Mkt Cap (INR Mn) 96,560

52w H/L (INR) 1707 /972

**Shareholding Pattern %**

(As on Sept, 2025)

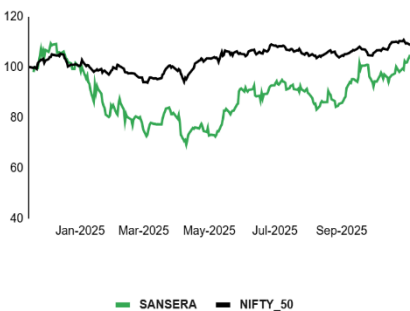
Promoters	30.24
DIs	36.99
FIs	19.58
Others	13.18

**Stock Performance (%)** 1m 3m 12m

Sansera 9.1 20.9 7.17

Nifty 2.5 5.1 9.8

**Sansera Vs Nifty**



Abhishek Jain  
abhishek.jain@arihantcapital.com  
022 67114851

Jyoti Singh  
jyoti.singh@arihantcapital.com  
022 67114834

Sansera engineering Ltd (SEL) reported strong set of numbers in Q2FY26. The company Invested INR 30 cr to acquire a 30.16% stake in MMRFIC Technology Pvt. Ltd., a next-gen radar technology firm developing AI- and mmWave-based subsystems for defence, aerospace, healthcare, telecom (5G), security, and automotive sectors. Consolidated revenue from operations up by 8.1% YoY/ up 7.7% QoQ stood at INR 8,252, mn in Q2FY26 above our estimate of INR 7,856 Mn. EBITDA for the quarter stood at INR 1,431 Mn slightly above our estimate of INR 1,099 Mn up by 7.5% YoY/up by 8.3% QoQ. The company's EBITDA margin is up by 10bps QoQ/ down 10bps YoY to 17.34%. (Our estimate of Margin is 17.0%). Net profit up by 41.6% YoY/up 13.4% QoQ of INR 717.4 Mn in Q1FY26 above our estimate of INR 598 Mn. Increase in profit led by lower finance cost by 22% QoQ/65% YoY.

**Investment Rationale**

**Strong growth from ADS (Aerospace, Defence, Semiconductor):**The division benefits from a robust order book of INR 39,500 million with visibility till FY30, offering a strong revenue runway. Margins are significantly higher (25–30% EBITDA) compared to automotive, enhancing consolidated profitability. Expansion plans, including a new 70,000 sq. ft. hangar, will increase production capacity, enabling the company to capture larger international contracts. The division caters to global OEMs like Boeing and Airbus, ensuring long-term strategic partnerships. Increasing global demand for high-precision components and India's push in aerospace and defence provide strong tailwinds. ADS is also insulated from domestic auto cyclicality, offering stable and recurring revenues.

**Diversification in Export business:** International business contributes to diversification, with exposure to Europe, the U.S., and emerging markets. The company leverages its engineering expertise and quality certifications to supply Tier-1 OEMs globally, including aerospace and automotive clients. While Europe faced near-term weakness, sequential recovery is expected, especially as PV programs resume. Strategic positioning in the U.S. under USMCA and RVC norms offers long-term growth potential once local machining operations scale. Exports contribute higher value-add revenues, enhancing margins. The company's global client base reduces dependence on domestic auto cycles and strengthens its brand as a premium precision engineering supplier. This segment positions Sansera to benefit from global supply chain shifts favoring Indian engineering exporters.

**Outlook and valuation**

We are projecting a revenue CAGR of ~15.4% over FY26e-FY28e and an EBITDA margin of 17.6%/18%/18.5% in FY26E/FY27E/FY28E, driving an EPS CAGR of ~24%. Sansera maintains a positive medium-term outlook driven by strong domestic growth in 2W, premium motorcycles, and CVs, along with a healthy scale-up in the ADS business where order visibility extends through FY30. Export PV/ICE volumes are expected to recover gradually as delayed programs ramp up, though Europe may remain soft in the near term. The company has guided for 10–12% revenue growth in FY26, supported by new program launches and improving ADS utilisation. ADS revenue is guided to grow 25–30% in FY26, driven by higher monthly run-rates and strong global customer demand. Margins should improve gradually on operating leverage and richer mix. For FY27, the company is targeting mid-teens consolidated revenue growth, with ADS revenue expected to grow 20–25%, supported by strong customer base. **We value SEL at 26x FY28E EPS (~INR 71.7) to arrive at a target price**

YE March (INR Mn)	Net Sales	EBITDA	PAT	EPS (INR)	EBITDA Margin %	RoCE (%)	P/E (x)
FY25	30,167	5,147	2,152	37.4	17.1%	9.13%	41.4
FY26E	33,974	5,989	2,951	47.9	17.6%	9.66%	32.3
FY27E	39,533	7,116	3,446	55.9	18.0%	10.62%	27.7
FY28E	46,326	8,570	4,425	71.7	18.5%	11.83%	21.6

Source: Arihant Research, Company Filings

## Exhibit 2 : Q2FY26 - Quarterly Performance (Consolidated)

Quarterly Results					
Consolidated (INRm)	Q2FY26	Q1FY26	Q2FY25	QoQ%	YoY%
Net Sales	8,252	7,663	7,634	7.7%	8.1%
Cost of material consumed	3,593	3,364	3,283	6.8%	9.5%
Changes in inventories	(165)	(341)	(159)	-51.5%	4.2%
COGS	3,427	3,024	3,124	13.4%	9.7%
GP	4,825	4,640	4,510	4.0%	7.0%
Employees benefits expense	1,180	1,196	1,101	-1.3%	7.2%
Other expenditure	2,214	2,123	2,078	4.3%	6.5%
EBITDA	1,431	1,321	1,331	8.3%	7.5%
Depreciation	503	476	425	5.7%	18.4%
EBIT	927	845	906	9.8%	2.4%
Other Income	116.2	116.8	38.6	-0.5%	200.8%
Finance costs	81	104	230	-21.8%	-64.5%
PBT	962	857	715	12.2%	34.6%
Share of Net profit of associates accounted for using the equity method, met of ax	(10)	-	(3)		
Current Tax	223	223	180	0.0%	23.9%
Deferred tax	15	(6)	15	-355.6%	0.5%
Tax	238	217	195	9.9%	22.1%
Adjusted PAT	714	640	516	11.5%	38.3%
Non-controlling interests	(3.5)	7.6	9.6	-145.8%	-136.0%
Reported PAT	717.4	632.9	506.5	13.4%	41.6%
EPS	11.6	10.1	9.4	15.0%	23.2%
Margins	Q2FY26	Q1FY26	Q2FY25	QoQ%	YoY%
Gross margins	41.5%	39.5%	40.9%	208Bps	61Bps
EBITDA	17.34%	17.24%	17.44%	10Bps	-10Bps
Adjusted PAT	8.65%	8.36%	6.76%	29Bps	189Bps
Tax Rate	24.78%	25.31%	27.32%	-52Bps	-254Bps
Cost Analysis					
RM/Net Sales	43.54%	43.90%	43.00%	-36Bps	54Bps
Other Exp/Net Sales	26.83%	27.70%	27.22%	-87Bps	-39Bps
Staff cost/Net sales	14.30%	15.61%	14.42%	-131Bps	-12Bps

Source: Arianth Research, Company Filings

By Geographies- Sales mix (%)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	FY23	FY24	FY25
<b>India</b>	<b>67.60%</b>	<b>69.90%</b>	<b>69.50%</b>	<b>66.60%</b>	<b>68.70%</b>	<b>70.20%</b>	<b>71.60%</b>	<b>68.70%</b>	<b>68.40%</b>
Europe	19.60%	17.80%	17.80%	18.00%	19.90%	16.30%	17.60%	18.30%	18.30%
USA	10.10%	8.30%	7.70%	10.60%	8.40%	8.80%	7.20%	9.90%	9.20%
Other Foreign Countries	2.70%	4.00%	5.00%	4.80%	3.00%	4.70%	3.60%	3.10%	4.10%
<b>International</b>	<b>32.40%</b>	<b>30.10%</b>	<b>30.50%</b>	<b>33.40%</b>	<b>31.30%</b>	<b>29.80%</b>	<b>28.40%</b>	<b>31.30%</b>	<b>31.30%</b>
Exports from India	27.40%	25.50%	24.00%	26.80%	22.40%	22.20%	21.70%	23.10%	23.10%
Sweden Sales	5.00%	4.60%	6.50%	6.60%	8.90%	7.60%	6.70%	5.60%	5.60%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Source: Arianth Research, Company Filings

**Sansera Engineering Ltd – Q2FY26 Concall KTAs**

**Outlook:** Management remains confident of sustaining performance across all segments, with the ADS division expected to grow sequentially each quarter and achieve FY26 revenue of around INR 3,000 mn and 5000-5500 mn in FY27. The Auto segment is projected to maintain strong momentum in domestic 2Ws and CVs, while PV recovery is anticipated in the second half as new programs ramp up. Export performance is expected to improve gradually, though Europe may remain subdued in the near term. Consolidated EBITDA margins are likely to stay stable or slightly improve, driven by higher ADS contribution and better capacity utilization. Capex efforts will focus on expanding non-auto and ADS capacities with disciplined investment to preserve cash flow strength. Strong operating cash generation will continue, enabling the company to remain net debt-free.

**Gross margin** remained stable at **41.2%** despite cost pressures and weaker exports. The company remains **net debt-free** and generated **INR 2,050 mn** in operating cash flow (13% of revenue).

**Auto**

The automotive segment delivered strong domestic growth driven by robust demand in motorcycles, 2Ws, and CVs, while PVs declined YoY due to delayed launches. Domestic auto revenue rose 8.5% YoY, marking the company's best-ever quarter. Export PVs remained weak (-22% YoY) on European softness and delayed OEM programs but are expected to recover in H2 with new model ramp-ups. Management expects continued domestic growth led by premium motorcycles, hybrid PVs, and a strong CV cycle.

**ADS (Aerospace, Defence, Semiconductor)**

The ADS division delivered INR 496 million in Q2 and INR 864 million in H1 FY26 revenue, up ~80% YoY, with margins of 25–30% and FY26 revenue guidance of ~INR 3,000 million. To support growth, Sansera is building a new 70,000 sq. ft. hangar (a 2/3rd capacity expansion) slated for completion by June–July 2026.

**Non-Auto**

Continues to focus on non-auto investments, especially in ADS and precision engineering, driven by higher margins and strong growth potential.

**Capex**

H1 FY26 capex was ~INR 2,000 mn, mainly for non-auto expansion and tech upgrades, while the company remains net debt-free with robust cash flows. Management reaffirmed that future capex will target high-return ADS and non-auto opportunities, ensuring efficiency and balance sheet strength.

**International Business**

The international business grew 7.3% YoY, driven by a strong rebound in the Swedish subsidiary and ADS exports, though Europe (excluding Sweden) declined 28.5% YoY on weak PV demand and deferred programs, with recovery expected in H2. In the U.S., Sansera is evaluating local machining operations but has deferred decisions pending tariff clarity; management expects lower tariffs soon and is focused on meeting rising USMCA RVC norms (70–80%), with the planned U.S. expansion initially covering machining and assembly of connecting rods.

**MMRFIC Investment and Defence**

Sansera holds a 31% stake in MMRFIC and plans to raise it above 50% by investing INR 300 million by FY26-end, as approved by the Board. MMRFIC operates in strategic defence and space programs, and while details remain confidential, management is optimistic about its growth prospects. Notably, the ADS order book and guidance exclude MMRFIC's contribution, indicating potential upside post-consolidation.

**Technology**

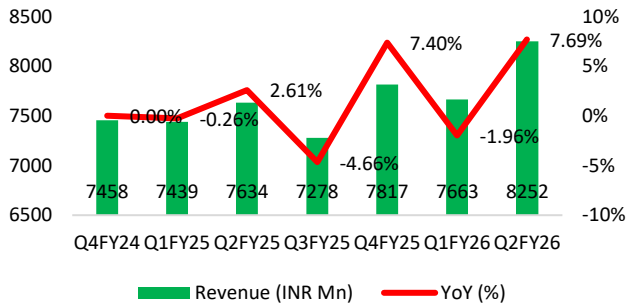
Sansera appointed Mr. Amit Gautam as CTO, bringing 26 years of R&D and powertrain experience, while former CTO Mr. Satish Kumar becomes Chief Customer Relationship Officer. The company also earned IGBC Platinum Certification for two aerospace facilities, highlighting its commitment to sustainability and energy-efficient manufacturing.

**ADS**

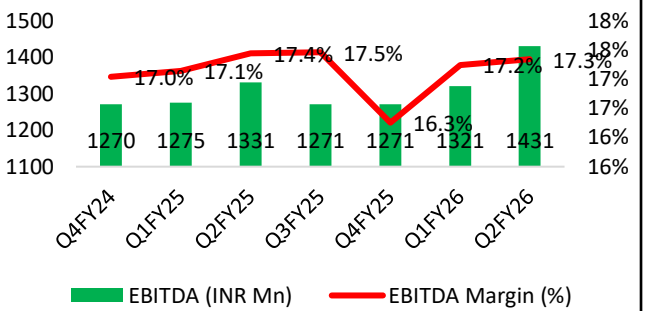
Has become a Tier-1 and Tier-2 supplier to global aerospace OEMs like Boeing and Airbus, producing complex structural, landing gear, and engine components in aluminium, titanium, and steel, and recently secured an annual contract worth INR 770 mn. Global aerospace labor shortages are boosting Indian sourcing, benefiting Sansera, while in semiconductor equipment it operates as a Tier-1 supplier with expected rapid growth, and in defence, it is selectively focusing on high-value, technology-intensive components.

Story in charts (INR in Mn)

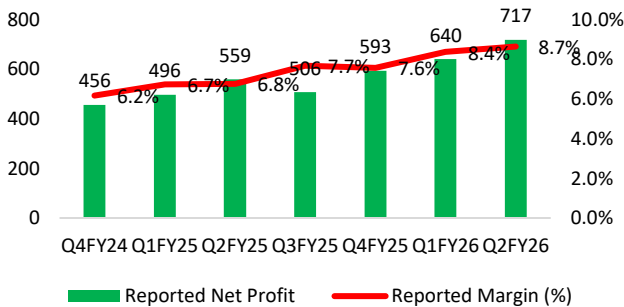
**Exhibit 4: Strong growth trajectory**



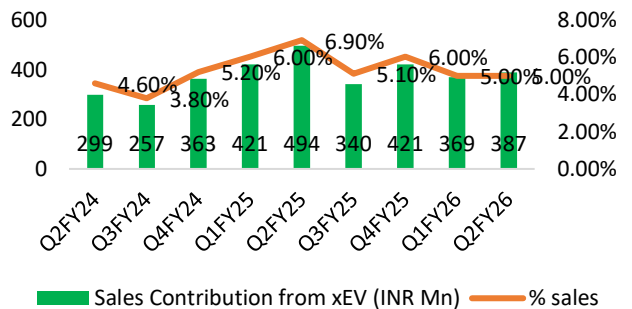
**Exhibit 5: Expected margin expansion**



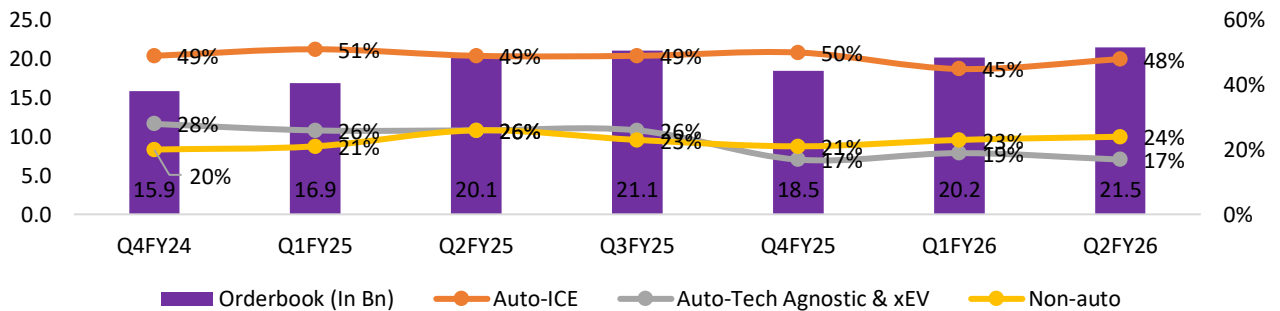
**Exhibit 6: Strong profit growth to be seen on back of strong order book**



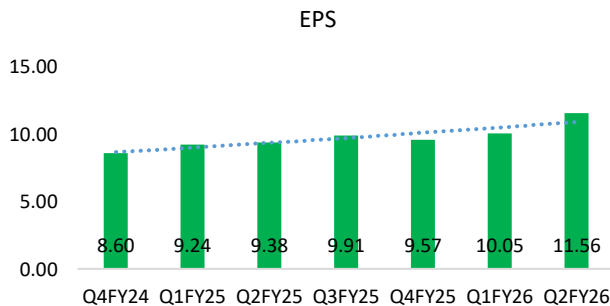
**Exhibit 6: Visible growth in the revenue contribution from xEV segment**



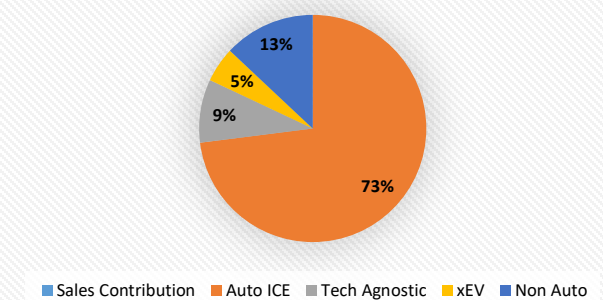
**Exhibit 7: Strong order visibility in FY26**



**Exhibit 8: Earning trends**



**Exhibit 9: Sales Contribution (Q2FY26)**



Source: Company, Aриhant Research

## Key Financials

Income Statement Consolidated (INR Mn)				
Year End-March	FY25	FY26E	FY27E	FY28E
<b>Revenues</b>	30,167	33,974	39,533	46,326
<i>Change (%)</i>	7.3%	12.6%	16.4%	17.2%
Cost of Goods Sold (COGS)	12,414	14,347	18,877	22,121
<b>Gross Profit</b>	<b>17,754</b>	<b>19,627</b>	<b>20,656</b>	<b>24,206</b>
Employee costs	4,427	4,889	5,633	6,602
Other expenses	8,180	8,749	7,907	9,034
<b>Total Expenses</b>	<b>25,020</b>	<b>27,985</b>	<b>32,417</b>	<b>37,756</b>
<b>EBITDA</b>	<b>5,147</b>	<b>5,989</b>	<b>7,116</b>	<b>8,570</b>
<b>EBITDA Margin</b>	<b>17.06%</b>	<b>17.63%</b>	<b>18.00%</b>	<b>18.50%</b>
Depreciation	1,738	1,944	2,175	2,394
<b>EBIT</b>	<b>3409</b>	<b>4044</b>	<b>4940</b>	<b>6177</b>
Interest	700	419	726	737
Other Income	203	340	395	463
<b>PBT</b>	<b>2,912</b>	<b>3,965</b>	<b>4,610</b>	<b>5,903</b>
Exceptional Items	-	-	-	-
<b>PBT after exceptional Items</b>	<b>2,912</b>	<b>3,965</b>	<b>4,610</b>	<b>5,903</b>
Tax	751	996	1,147	1,461
<i>Rate (%)</i>	25.8%	25.1%	24.9%	24.7%
<b>PAT</b>	<b>2,152</b>	<b>2,951</b>	<b>3,446</b>	<b>4,425</b>
<b>PAT Margin (%)</b>	<b>7.1%</b>	<b>8.7%</b>	<b>8.7%</b>	<b>9.6%</b>

Balance Sheet Consolidated (INR Mn)				
Year End-March	FY25	FY26E	FY27E	FY28E
<b>Sources of Funds</b>				
Share Capital	124	124	124	124
Reserves & Surplus	27,379	30,330	33,776	38,202
(b) Instruments entirely equity in nature/Fund Raised	-	-	-	-
(d)non-controlling intrest	173.37	173.37	173.37	173.37
<b>Net Worth</b>	<b>27,676</b>	<b>30,628</b>	<b>34,074</b>	<b>38,499</b>
<b>Loan Funds</b>	<b>2,997</b>	<b>3,226</b>	<b>3,455</b>	<b>3,685</b>
MI, Deferred Tax & other Liabilities	801	962	962	962
<b>Total Equity and Liabilities</b>	<b>37,355</b>	<b>41,882</b>	<b>46,519</b>	<b>52,223</b>
<b>Application of Funds</b>				
Gross Block	27,862	31,362	34,862	38,362
Less: Depreciation	9,064	11,008	13,184	15,577
Net Block	18,798	20,354	21,678	22,784
CWIP	1,945	1,945	1,945	1,945
Other Non-current Assets	542	542	542	542
Other Current Assets	674.8	674.8	674.8	674.8
<b>Net Fixed Assets</b>	<b>21,960</b>	<b>23,515</b>	<b>24,840</b>	<b>25,946</b>
<b>Investments</b>	<b>195</b>	<b>195</b>	<b>195</b>	<b>195</b>
Debtors	4,546	5,190	6,040	7,078
Inventories	5,010	5,585	6,499	7,615
Cash & Bank Balance	515	1,653	3,202	5,646
Loans & Advances & other CA	51	51	51	51
<b>Total Current Assets</b>	<b>14,594</b>	<b>16,951</b>	<b>20,263</b>	<b>24,861</b>
Current Liabilities	5,717	6,766	7,728	8,777
Provisions	68	68	68	68
<b>Net Current Assets</b>	<b>8,877</b>	<b>10,185</b>	<b>12,535</b>	<b>16,084</b>
<b>Total Assets</b>	<b>37,355</b>	<b>41,882</b>	<b>46,519</b>	<b>52,223</b>

Source: Arianth Research, Company Filings

## Key Financials

Cash Flow Statement Consolidated (INR Mn)				
Year End-March	FY25	FY26E	FY27E	FY28E
<b>PBT</b>	<b>2,920</b>	<b>3,965</b>	<b>4,610</b>	<b>5,903</b>
Cash From Operating Activities	3,743	3,766	5,046	5,762
Tax	-650	-996	-1,147	-1,461
Net Cash From Operations	3,766	5,046	5,762	6,728
<b>Capex</b>	<b>-5,907</b>	<b>-3,500</b>	<b>-3,500</b>	<b>-3,500</b>
Cash From Investing	-9,548	-3,500	-3,500	-3,499
Borrowings	2,997	3,226	3,455	3,685
<b>Finance cost paid</b>	<b>700</b>	<b>419</b>	<b>726</b>	<b>737</b>
Div. (incl. buyback & taxes)	-162	-217	-217	-279
Cash From Financing	5,834	-407	-713	-786
<b>Net Increase/ Decrease in Cash</b>	<b>52</b>	<b>1138</b>	<b>1549</b>	<b>2443</b>
<b>Cash at the beginning of the year</b>	<b>486</b>	<b>515</b>	<b>1,653</b>	<b>3,202</b>
Cash at the end of the year	515	1,653	3,202	5,646

Key Ratios				
Year End-March	FY25	FY26E	FY27E	FY28E
<b>Per share (INR)</b>				
EPS	37.4	47.9	55.9	71.7
BVPS	447	495	550	622
<b>Valuation (x)</b>				
P/E	41.4	32.3	27.7	21.6
P/BV	3.5	3.1	2.8	2.5
<b>Return ratio (%)</b>				
EBIDTA Margin	17.06%	17.63%	18.00%	18.50%
PAT Margin	7.13%	8.69%	8.72%	9.55%
ROE - Pre tax	7.84%	9.69%	10.16%	11.54%
ROCE - Pre tax	9.13%	9.66%	10.62%	11.83%
<b>Leverage Ratio (%)</b>				
Total D/E	0.11	0.11	0.10	0.10
<b>Turnover Ratios</b>				
Asset Turnover (x)	2.1	2.0	2.0	1.9
Inventory Days	61	60	60	60
Receivable Days	55	55	55	55
Payable days	43	43	43	43

Source: Arian Research, Company Filings

**Arihant Research Desk**Email: [instresearch@arihantcapital.com](mailto:instresearch@arihantcapital.com)

Tel. : 022-42254800

**Head Office**

#1011, Solitaire Corporate Park  
 Building No. 10, 1<sup>st</sup> Floor  
 Andheri Ghatkopar Link Road  
 Chakala, Andheri (E)  
 Mumbai – 400093  
 Tel: (91-22) 42254800

**Registered Office**

6 Lad Colony,  
 Y.N. Road,  
 Indore - 452003, (M.P.)  
 Tel: (91-731) 4217100/101  
 CIN: L66120MP1992PLC007182

**Stock Rating Scale**

BUY  
 ACCUMULATE  
 HOLD  
 NEUTRAL  
 REDUCE  
 SELL

**Absolute Return**

>20%  
 12% to 20%  
 5% to 12%  
 -5% to 5%  
 -5% to -12%  
 <-12%

**Research Analyst  
Registration No.**

INH000002764

**Contact**

SMS: 'Arihant' to 56677

**Website**[www.arihantcapital.com](http://www.arihantcapital.com)**Email Id**[instresearch@arihantcapital.com](mailto:instresearch@arihantcapital.com)**Arihant Capital Markets Ltd.**

1011, Solitaire Corporate park, Building No. 10, 1st Floor,  
 Andheri Ghatkopar Link Road, Chakala, Andheri (E)  
 Tel. 022-42254800

**Disclaimer:** This disclosure statement is provided in compliance with the SEBI Research Analyst Regulations, 2014. Arihant Capital Markets Limited (ACML) is a registered stockbroker, merchant banker, and research analyst under SEBI, and is also a Point of Presence with the Pension Fund Regulatory and Development Authority (PFRDA). ACML is registered with SEBI with Research Analyst Registration Number INH000002764, Stock Broker Registration Number INZ000180939, and is a Trading Member with NSE, BSE, MCX, NCDEX, and a Depository Participant with CDSL and NSDL.

ACML and its associates may have business relationships, including investment banking, with companies covered by its Investment Research Department. The analysts of ACML, and their associates, are prohibited from holding a financial interest in securities or derivatives of companies they cover, though they may hold stock in the companies they analyze. The recommendations provided by ACML's research team are based on technical and derivative analysis and may differ from fundamental research reports.

ACML confirms that neither it nor its associates have a financial interest or material conflict concerning the companies covered in the research report at the time of publication. Furthermore, ACML, its analysts, and their relatives have no ownership greater than 1% in the subject companies as of the month prior to publication. ACML guarantees that the compensation for its research analysts is not influenced by specific securities or transactions.

ACML affirms that neither the analyst nor the company has served as an officer, director, employee, or engaged in market-making activities for any of the subject companies. Additionally, the research report does not reflect any conflict of interest and is not influenced by specific recommendations made. Neither ACML nor its analysts have received compensation for investment banking or brokerage services from the subject companies in the last 12 months.

The views expressed in this report are those of the analysts and are independent of the proprietary trading desk of ACML, which operates separately to maintain an unbiased stance. Analysts comply with SEBI Regulations when offering recommendations or opinions through public media. The report is intended for informational purposes only and is not an offer or solicitation for the purchase or sale of securities.

This report, which is confidential, may not be reproduced or shared without written consent from ACML. It is based on publicly available data believed to be reliable but has not been independently verified, and no guarantees are made about its accuracy. All opinions and information contained in the report are subject to change without notice. ACML disclaims liability for any losses resulting from reliance on this report. The report does not constitute an offer to buy or sell securities, and ACML is not responsible for the risks involved in investments. ACML and its affiliates may have positions in the securities discussed or hold other financial interests in them.

The distribution of this report in certain jurisdictions may be restricted by law, and the report is not intended for distribution where it would violate local laws. Investors are advised to consider their financial position, risk tolerance, and investment objectives before engaging in transactions, particularly in high-risk financial products such as derivatives.

ACML reserves the right to modify this disclosure statement without prior notice. The report has been prepared using publicly available information and internally developed data, though ACML does not guarantee its completeness or accuracy. Historical price data for securities can be accessed via official exchanges like NSE or BSE. ACML and its affiliates may conduct proprietary transactions or investment banking services for the companies mentioned in this report. In compliance with SEBI regulations, ACML maintains comprehensive records of research reports, recommendations, and the rationale for those recommendations, which are preserved for at least five years. An annual compliance audit is conducted by a member of the ICAI or ICSI to ensure adherence to applicable regulations. This report is issued in accordance with applicable SEBI regulations and does not guarantee future performance or returns.

**Arihant Capital Markets Ltd.**

1011, Solitaire Corporate park, Building No. 10, 1st Floor,  
Andheri Ghatkopar Link Road, Chakala, Andheri (E)  
Tel. 022-42254800