

Strong traction from ADS segment

CMP: INR 1,256

Rating: Buy

Target Price: INR 1,509

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) 79,296

52w H/L (INR) 1758 /972

Shareholding Pattern %

(As on June, 2025)

Promoters 30.33

DIIs 36.87

FIIs 19.52

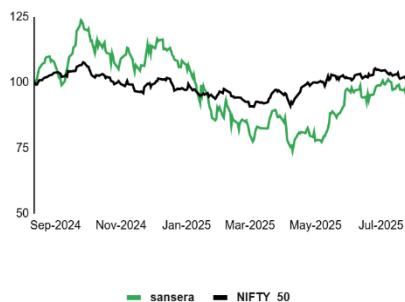
Others 13.27

Stock Performance (%) 1m 3m 12m

Sansera -5.8 10.8 -8.5

Nifty -2.3 -1.4 0.9

Sansera Vs Nifty



Sansera engineering Ltd (SEL) Revenue came in below estimates, while EBITDA and PAT exceeded expectations. Consolidated revenue from operations up by 3% YoY/down 2.0% QoQ stood at INR 7,663, mn in Q1FY26 below our estimate of INR 7,982 Mn. EBITDA for the quarter stood at INR 1,321 Mn slightly below our estimate of INR 1,357 Mn up by 3.6% YoY/up by 4.0% QoQ. The company’s EBITDA margin is up by 99bps QoQ/ up10bps YoY to 17.2%. (Our estimate of Margin is above 17.0%). Net profit up by 27% YoY/up 8.2% QoQ of INR 640 Mn in Q1FY26 above our estimate of INR 595 Mn. Increase in profit led by lower finance cost by 8% QoQ.

Investment Rationale

Strong Diversified Portfolio for Resilience: Balanced mix across PV, CV, ADS, agriculture, and industrial applications helps cushion against segment-specific slowdowns. While scooters and tractors saw muted demand, premium motorcycles, agriculture, and industrial segments supported growth. This diversification allows the company to navigate cyclical volatility and maintain stable margins despite global uncertainties

ADS as a Strategic Growth Driver

The Aerospace, Defense, and Semiconductor (ADS) segment continues to outperform, with FY26 revenue guidance of INR 2800–3000 Mn. Order wins in high-value, intricate components for aerospace and semiconductors highlight strong capability upgrades. The company targets ADS order book of INR 10,000 Mn within three years.

Margin Support from Sweden and Operational Efficiencies

The Swedish subsidiary posted 80% YoY growth in Q1, aided by price corrections, better capacity utilization, and automation. Alongside, Fitwell Tools’ 21% growth and raw material yield improvements boosted gross margins to their best-ever quarterly level. This operational discipline has helped maintain a 17.2% EBITDA margin despite export headwinds

Strategic Global Positioning Amid Trade Uncertainty

US tariffs have created short-term uncertainty, Sansera has secured customer agreements to pass on most tariff costs. The company is exploring a US manufacturing base to meet regional value content norms and defend market share. Expansion into Korea and Japan further diversifies exposure, reducing reliance on any single market

Outlook and valuation

We are projecting a revenue CAGR of ~13% over FY25-FY28E and an EBITDA margin of 17.44%/18%/18.5% in FY26E/FY27E/FY28E, driving an EPS CAGR of ~19%. We also anticipate ROE/ROCE pre-tax to increase from 7.8%/9.1% in FY25 to ~10.3%/10.9% by FY28E. Considering the decent growth and ROE/ROCE expansion. Sansera remains cautiously optimistic for upcoming quarters, aiming to defend and expand margins while building resilience against geopolitical and technology risks. Domestic growth is expected in PV, CV, ADS, agriculture, and industrial segments, though scooters and tractors may remain soft in the near term. ADS continues as the prime growth driver, with FY26 revenue targeted at INR 2800–3000 Mn and order book goal of INR 10,000 Mn by FY28 (Currently 7500 Mn). Swedish operations should sustain 20–25% annual growth with stable double-digit margins from Q3 onward. The company is exploring strategic entry into Korea and strengthening presence in Japan and East Asia, while evaluating a US facility to meet regional value content norms. Aluminum forging is positioned as a key growth pillar, with a FY27 revenue target of INR 5000 Mn. The company remains focused on diversification into technology-agnostic, high-precision components and expects to maintain healthy margins despite export headwinds from US tariffs. **We value SEL at 24x FY28E EPS (~INR 62.9) to arrive at a target price of INR 1,509 and maintain our Buy rating on the stock.**

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Exhibit 2 : Q1FY26 - Quarterly Performance (Consolidated)

Quarterly Results					
Consolidated (INRm)	Q1FY26	Q4FY25	Q1FY25	QoQ%	YoY%
Net Sales	7,663	7,817	7,439	-2.0%	3.0%
Cost of material consumed	3,364	3,109	3,318	8.2%	1.4%
Changes in inventories	(341)	228	(276)	-249.3%	23.3%
COGS	3,024	3,337	3,042	-9.4%	-0.6%
GP	4,640	4,480	4,397	3.6%	5.5%
Employees benefits expense	1,196	1,143	1,068	4.7%	12.0%
Other expenditure	2,123	2,067	2,054	2.7%	3.3%
EBITDA	1,321	1,271	1,275	4.0%	3.6%
Depreciation	476	468	400	1.6%	19.2%
EBIT	845	802	876	5.3%	-3.5%
Other Income	116.8	99.1	4.0	17.9%	2834.2%
Finance costs	104	96	193	8.3%	-45.9%
PBT	857	805	687	6.5%	24.8%
Share of Net profit of associates accounted for using the equity method, net of tax	-	4	(1)		
Current Tax	223	195	174	14.6%	27.8%
Deferred tax	(6)	23	10	-126.7%	-158.6%
Tax	217	217	185	-0.1%	17.4%
Adjusted PAT	640	592	501	8.2%	27.7%
Non-controlling interests	7.6	(0.6)	5.7	-1339.3%	33.6%
Reported PAT	632.9	592.7	495.8	6.8%	27.7%
EPS	10.1	9.6	9.2	5.0%	8.8%
Margins	Q1FY26	Q4FY25	Q1FY25	QoQ%	YoY%
Gross margins	39.5%	42.7%	40.9%	-323Bps	-143Bps
EBITDA	17.24%	16.25%	17.14%	99Bps	10Bps
Adjusted PAT	8.36%	7.58%	6.74%	78Bps	162Bps
Tax Rate	25.31%	26.99%	26.89%	-168Bps	-159Bps
Cost Analysis					
RM/Net Sales	43.90%	39.77%	44.61%	413Bps	-70Bps
Other Exp/Net Sales	27.70%	26.44%	27.61%	126Bps	9Bps
Staff cost/Net sales	15.61%	14.62%	14.36%	99Bps	125Bps

Source: Arianth Research, Company Filings

By Geographies- Sales mix (%)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q4FY24	FY23	FY24	FY25
India	67.60%	69.90%	69.50%	66.60%	68.70%	66.80%	71.60%	68.70%	68.40%
Europe	19.60%	17.80%	17.80%	18.00%	19.90%	19.70%	17.60%	18.30%	18.30%
USA	10.10%	8.30%	7.70%	10.60%	8.40%	9.90%	7.20%	9.90%	9.20%
Other Foreign Countries	2.70%	4.00%	5.00%	4.80%	3.00%	3.60%	3.60%	3.10%	4.10%
International	32.40%	30.10%	30.50%	33.40%	31.30%	33.20%	28.40%	31.30%	31.30%
Exports from India	27.40%	25.50%	24.00%	26.80%	22.40%	28.10%	21.70%	23.10%	23.10%
Sweden Sales	5.00%	4.60%	6.50%	6.60%	8.90%	5.10%	6.70%	5.60%	5.60%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Arianth Research, Company Filings

Sansera Engineering- Q1FY26 Concall KTAs

EBITDA margin stood at 17.2%, improving 10 bps YoY and 90 bps QoQ, supported by cost optimization and capacity utilization initiatives. PAT margin came in at 8.2%, with PAT rising 26% YoY to INR 630 Mn. Operating cash flow after tax was healthy at INR 962 Mn, representing ~13% of revenue.

US tariff hikes created uncertainty, the company has largely passed on the impact to customers, resulting in minimal direct effect so far. The company remains cautiously optimistic for FY26, balancing resilience initiatives with watchfulness over macroeconomic risks.

Domestic Automotive: The domestic business posted ~4% YoY growth, driven by strong performance in passenger vehicles, commercial vehicles, ADS, agriculture, and industrial applications. The motorcycle segment, especially premium models above 200cc, benefitted from healthy rural and urban demand. However, scooters saw a decline, reflecting broader market trends, while the tractor segment experienced a temporary slowdown. The company expects both scooters and tractors to recover in the coming quarters. CV growth in India was supported by key customers such as Daimler, CNH, and IPCO.

Exports (excluding ADS): Exports from India, excluding ADS, declined 20.6% YoY due to global market weakness. The US market was impacted, particularly in passenger vehicles, xEVs, and non-auto segments. Europe, however, grew 3.5% YoY, aided by the Sweden subsidiary's strong performance. ADS and premium motorcycle exports continued to show resilience despite the broader slowdown.

Sweden Business: The Swedish subsidiary delivered an exceptional 80% YoY revenue growth to INR 637 Mn in Q1, benefiting from a low base and strong volume increases. For FY26, the company now expects 20–25% full-year revenue growth from Sweden, with margins sustaining at double-digit levels. Automation investments are expected to further improve cost efficiency from Q3 onwards. Q2 will be seasonally muted due to the summer shutdown, with operations stabilizing and margins improving from Q3.

Aerospace, Defence & Semiconductor (ADS): Order book additions during the quarter comprised 25% from ADS, 10% from xEV, 9% from Tech Agnostic, 30% from PV/CV, and 15% from two-wheelers. ADS orders included both aerospace and semiconductor components, with a focus on high-value, large-size, precision machining. The company reiterated its FY26 ADS revenue target of INR 2800–3000 Mn, nearly double FY25 levels, and remains on track. Management has visibility of INR 7500 Mn in ADS orderbook over the next three years, targeting INR 10,000 Mn by FY28. The semiconductor business is largely insulated from US tariffs, and the company is expanding its ADS footprint into Japan and East Asia.

Aluminium Forging: Has developed over 100 premium motorcycle components through aluminium forging, with stable output from six press lines. New 2,500 and 4,010 tonne presses at Bidadi will cater to intricate passenger vehicle parts, including suspension and driveline components. The company is confident of expanding aluminium forging into export markets and has set a FY27 revenue target of INR 5000 Mn for its aluminium portfolio.

ICE & Tech Agnostic Segments: Global interest in ICE platforms has revived, with OEMs revamping existing platforms and introducing new ones after years of EV-focused investments. Sansera, a key supplier of connecting rods, is engaged with all major US and European OEMs, as well as in industrial applications such as stationary engines, gensets, and tractors. The company also continues to invest in technology-agnostic components, aiming to reduce dependence on ICE over time.

Diversification: The company's strategic aim is to lower ICE revenue contribution to ~60% while increasing non-auto and emerging technology segments to ~40%. Focus areas include agriculture, industrial applications, off-road vehicles, and high-precision forged aluminium and steel components currently imported into India. To strengthen its East Asian footprint, Sansera has appointed a sales representative in Korea and is exploring opportunities in Japan. Plans for a potential US manufacturing facility are under evaluation, contingent on tariff structures and RVC compliance requirements.

Subsidiaries & Investments: Fitwell Tools posted 21% YoY revenue growth with stable margins. Sansera currently holds a 33–35% stake in MMRFIC, with the right to increase this to 51%. MMRFIC is projected to generate INR 350–400 Mn in FY26 revenue with strong EBITDA margins. Its radar technology for defence and non-defence markets is unrelated to Sansera's ADS machining, except for some structural parts where Sansera's machining capabilities may be leveraged.

Outlook: The order book stood at INR 20,243 Mn, with over 60% from international customers. INR 1,732 Mn in new orders were added in Q1, spread across ADS, xEV, tech agnostic, and ICE. For FY26, domestic growth is guided at 8–10% in two-wheelers and 0–3% in passenger vehicles. Sweden is expected to remain a key growth driver in CVs. Management maintains its FY28 revenue ambition of INR 50,000 Mn, up from INR 30,000 Mn in FY25, supported by a long-term EBITDA margin target of 20%. The company's strategy focuses on resilience against technology shifts and geopolitical risks, with ADS identified as the prime long-term growth engine.

Story in charts (INR in Mn)

Exhibit 4: Strong growth trajectory

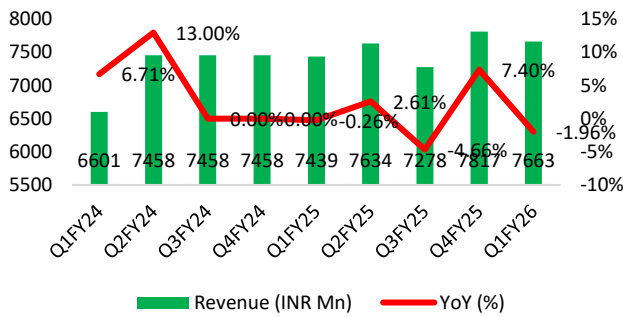


Exhibit 5: Expected margin expansion

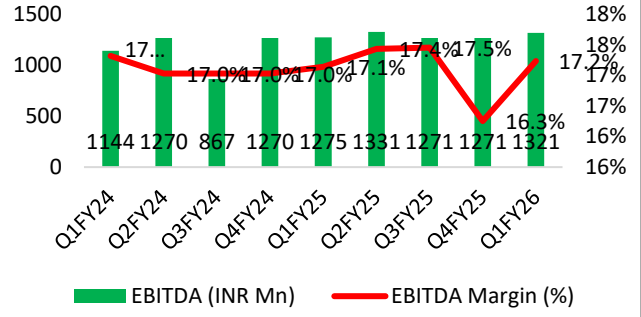


Exhibit 6: Strong profit growth to be seen on back of strong order book

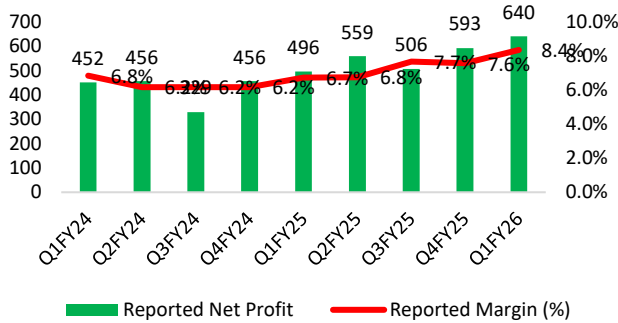


Exhibit 6: Visible growth in the revenue contribution from xEV segment

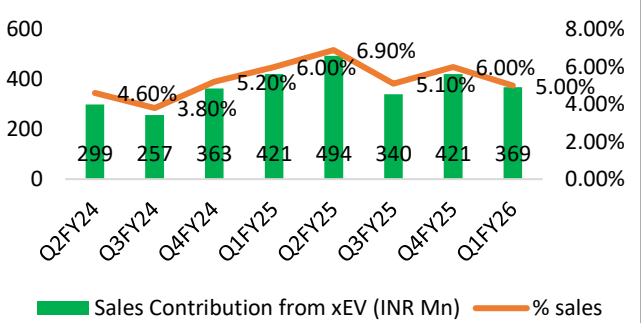


Exhibit 7: Strong order visibility in FY26

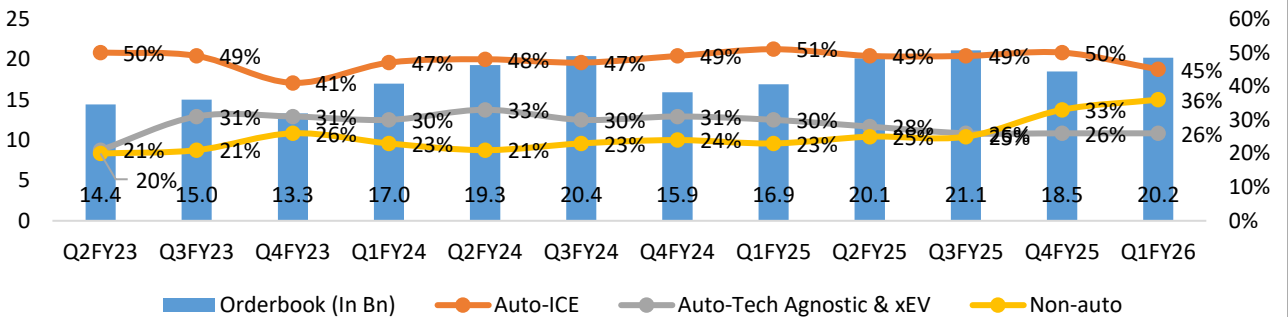


Exhibit 8: Earning trends

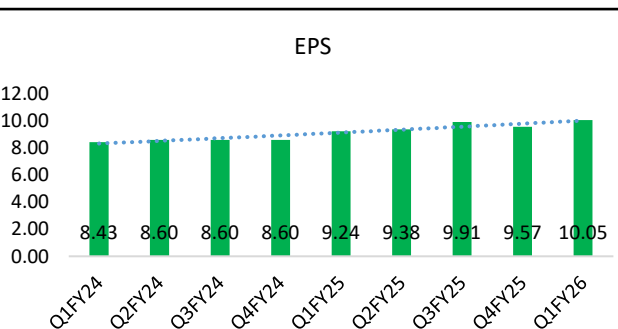
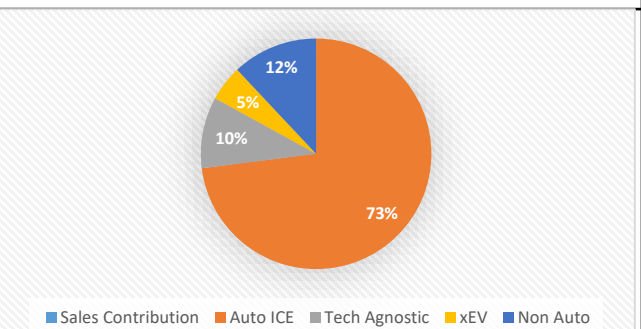


Exhibit 9: Sales Contribution (Q1FY26)



Source: Company, Arianth Research

Key Financials

Income Statement Consolidated (INR Mn)					Balance Sheet Consolidated (INR Mn)				
Year End-March	FY25	FY26E	FY27E	FY28E	Year End-March	FY25	FY26E	FY27E	FY28E
Revenues	30,167	33,242	37,438	43,177	Sources of Funds				
<i>Change (%)</i>	7.3%	10.2%	12.6%	15.3%	Share Capital	124	124	124	124
Cost of Goods Sold (COGS)	12,414	14,773	17,876	20,617	Reserves & Surplus	27,379	30,201	33,380	37,255
Gross Profit	17,754	18,469	19,561	22,560	(b) Instruments entirely equity in nature/Fund Raised	-	-	-	-
Employee costs	4,427	4,450	5,335	6,153	(d)non-controlling intrest	173.37	173.37	173.37	173.37
Other expenses	8,180	8,220	7,488	8,420	Net Worth	27,676	30,498	33,677	37,552
Total Expenses	25,020	27,443	30,699	35,189	Loan Funds	2,997	3,226	3,455	3,685
EBITDA	5,147	5,799	6,739	7,988	MI, Deferred Tax & other Liabilities	801	962	962	962
EBITDA Margin	17.06%	17.44%	18.00%	18.50%	Total Equity and Liabilities	37,355	41,665	45,871	50,900
Depreciation	1,738	1,944	2,175	2,394	Application of Funds				
EBIT	3409	3855	4563	5594	Gross Block	27,862	31,362	34,862	38,362
Interest	700	419	726	737	Less: Depreciation	9,064	11,008	13,184	15,577
Other Income	203	332	374	432	Net Block	18,798	20,354	21,678	22,784
PBT	2,912	3,768	4,212	5,289	CWIP	1,945	1,945	1,945	1,945
Exceptional Items	-	-	-	-	Other Non-current Assets	542	542	542	542
PBT after exceptional Items	2,912	3,768	4,212	5,289	Other Current Assets	674.8	674.8	674.8	674.8
Tax	751	929	1,016	1,396	Net Fixed Assets	21,960	23,515	24,840	25,946
<i>Rate (%)</i>	25.8%	24.6%	24.1%	26.4%	Investments	195	195	195	195
PAT	2,152	2,822	3,179	3,875	Debtors	4,546	5,079	5,720	6,597
PAT Margin (%)	7.1%	8.5%	8.5%	9.0%	Inventories	5,010	5,464	6,154	7,098
					Cash & Bank Balance	515	1,669	3,220	5,322
					Loans & Advances & other CA	51	51	51	51
					Total Current Assets	14,594	16,734	19,616	23,539
					Current Liabilities	5,717	6,679	7,478	8,401
					Provisions	68	68	68	68
					Net Current Assets	8,877	10,056	12,139	15,138
					Total Assets	37,355	41,665	45,871	50,900

Cash Flow Statement Consolidated (INR Mn)					Key Ratios				
Year End-March	FY25	FY26E	FY27E	FY28E	Year End-March	FY25	FY26E	FY27E	FY28E
PBT	2,920	3,768	4,212	5,289	Per share (INR)				
Cash From Operating Activities	3,743	3,766	5,061	5,764	EPS	37.4	45.9	51.6	62.9
Tax	(650)	(929)	(1,016)	(1,396)	BVPS	447	493	544	606
Net Cash From Operations	3,766	5,061	5,764	6,387	Valuation (x)				
Capex	(5,907)	(3,500)	(3,500)	(3,500)	P/E	33.6	27.4	24.3	20.0
Cash From Investing	(9,548)	(3,500)	(3,500)	(3,499)	P/BV	2.8	2.6	2.3	2.1
Borrowings	2,997	3,226	3,455	3,685	Return ratio (%)				
Finance cost paid	700	419	726	737	EBITDA Margin	17.06%	17.44%	18.00%	18.50%
Div. (incl. buyback & taxes)	(162)	(217)	(217)	(279)	PAT Margin	7.13%	8.49%	8.49%	8.98%
Cash From Financing	5,834	(407)	(713)	(786)	ROE - Pre tax	7.84%	9.31%	9.49%	10.37%
Net Increase/ Decrease in Cash	52	1154	1551	2102	ROCE - Pre tax	9.13%	9.25%	9.95%	10.99%
Cash at the beginning of the year	486	515	1,669	3,220	Leverage Ratio (%)				
Cash at the end of the year	515	1,669	3,220	5,322	Total D/E	0.11	0.11	0.10	0.10
					Turnover Ratios				
					Asset Turnover (x)	2.1	2.0	1.9	1.8
					Inventory Days	61	60	60	60
					Receivable Days	55	55	55	55
					Payable days	43	43	43	43

Source: Arihant Research, Company Filings

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Stock Rating Scale

BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

Absolute Return

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