Q3FY26 - Result Update
10th February 2026

Sansera Engineering Ltd

Strong traction from ADS segment

CMP: INR 1,912

Rating: Accumulate

Target Price: INR 2,217

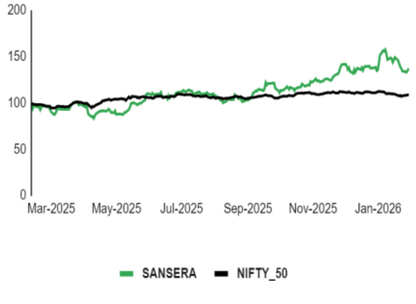
Stock Info	
BSE	543358
NSE	SANSERA
Bloomberg	SANSERA IN
Sector	Automobile & Ancillaries
Face Value (INR)	2
Equity Capital (INR Mn)	124
Mkt Cap (INR Bn)	129
52w H/L (INR)	2,143 /972

Shareholding Pattern %
(As on Dec, 2025)

Promoters	30.18
DIIs	36.3
FIIs	19.36
Others	14.16

Stock Performance (%)	1m	3m	12m
Sansera	15.2	36.6	69.1
Nifty	0.97	1.4	10.9

Sansera Vs Nifty



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Sansera engineering Ltd (SEL) reported strong set of numbers in Q3FY26. Consolidated revenue from operations up by 24.71% YoY/ up 9.99% QoQ stood at INR 9,077, Mn in Q3FY26 above our estimate of INR 8,120 Mn. EBITDA for the quarter stood at INR 1,639 Mn above our estimate of INR 1,350 Mn up by 29.02% YoY/up by 14.58% QoQ. The company's EBITDA margin is up by 72bps QoQ/ 60 bps YoY to 18.06%, above our margin estimate of 16.6%. Net profit up by 24.15% YoY/ down by 2.76% QoQ of INR 694 Mn in Q3FY26 above our estimate of INR 650 Mn. PAT is impacted by exceptional item of INR 162 Mn. Adjusted came at INR 857 Mn with margin of 9.44%.

Investment Rationale

Diversification-led Structural Growth: Sansera is transitioning from a largely domestic ICE-linked auto ancillary to a diversified precision-engineering platform with rising exposure to aerospace, defense, semiconductors, exports, and EVs. The non-auto and export mix meaningfully improves revenue visibility, reduces cyclicality, and structurally enhances margin stability over the medium term.

Strong Multi-Year Order Visibility: The company has built a robust executable order book, particularly in ADS (Aerospace, Defense & Semicon), with unexecuted orders of ~INR 3,800 cr through FY30. This provides multi-year revenue visibility, supports sustained mid-teens growth post-FY26, and materially de-risks capacity expansion and capital allocation.

Margin Normalization with Operating Leverage: EBITDA margins appear to have bottomed out in Q3FY26. As volumes recover, new programs ramp up, and utilization crosses critical thresholds (~70%), margins are expected to improve gradually, supported by operating leverage, easing raw material costs, automation, and a richer mix from ADS and export programs. The company long-term aspiration of ~20% EBITDA margins remains achievable over the cycle.

ADS as a Value Accretive Growth Engine: The ADS segment is expected to be a key earnings and valuation driver over FY27–FY30. Although front-loaded in qualification and capex, ADS programs typically deliver higher margins, longer tenures, and lower pricing pressure once stabilized. Management's FY30 ADS revenue guidance of INR 1,200–1,300 cr underscores the scale of the opportunity.

Outlook and valuation

We are projecting a revenue CAGR of 16.8% over FY26e-FY28e and an EBITDA margin of 18.3%/18.5%/18.7% in FY26E/FY27E/FY28E, driving an EPS CAGR of ~18.5%. The company remains constructive on the medium-term outlook, anchored by a gradual recovery in the domestic auto cycle, sustained export traction and increasing contribution from higher-value components. Revenue growth is expected to track low-to-mid teens CAGR over the next 2–3 years, driven by new order wins, ramp-up of recently commissioned capacities and improving utilization levels, with exports and non-ICE components continuing to outpace the base business. EBITDA margins are guided to expand by ~150–200 bps from current levels as operating leverage kicks in, commodity prices remain benign and the product mix shifts towards precision-engineered, higher-margin parts, despite near-term pressures from wage inflation and startup costs of new plants. Capex is expected to normalize post the recent investment cycle, keeping annual spend at ~6–8% of sales, which should support growth without stressing balance sheet metrics; management reiterated comfort in maintaining net debt/EBITDA below ~1.0x. Overall, execution on new programs, disciplined capital allocation and steady margin improvement underpin a stable earnings trajectory, with risks largely limited to demand volatility in key end markets and any sharp reversal in input costs. **We value SEL at 30x FY28E EPS (~INR 73.9) to arrive at a target price of INR 2,217 and revised to an Accumulate rating on the stock.**

Exhibit 2 Financial Snapshot

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%	51.1
FY26E	33,974	6,244	3,242	52.6	18.4%	10.27%	36.3
FY27E	39,533	7,314	3,668	59.5	18.5%	11.03%	32.1
FY28E	46,326	8,686	4,559	73.9	18.8%	12.03%	25.9

Source: Arihant Research, Company Filings

Exhibit 2 : Q3FY26 - Quarterly Performance (Consolidated)

Quarterly Results					
Consolidated (INRm)	Q3FY26	Q2FY26	Q3FY25	QoQ%	YoY%
Net Sales	9,077	8,252	7,278	10.0%	24.7%
Cost of material consumed	3,951	3,593	3,136	10.0%	26.0%
Changes in inventories	(87)	(165)	(225)	-47.1%	-61.1%
COGS	3,864	3,427	2,911	12.7%	32.7%
GP	5,213	4,825	4,367	8.1%	19.4%
Employees benefits expense	1,213	1,180	1,115	2.8%	8.8%
Other expenditure	2,360	2,214	1,981	6.6%	19.1%
EBITDA	1,639	1,431	1,271	14.6%	29.0%
Depreciation	524	503	445	4.0%	17.8%
EBIT	1,116	927	826	20.3%	35.1%
Other Income	95.7	116.2	60.9	-17.6%	57.2%
Finance costs	79	81	182	-2.6%	-56.3%
PBT	1,132	962	705	17.7%	60.6%
Exceptional Item	162				
Share of Net profit of associates accounted for using the equity method, met of ax	(19)	(10)	8		
Current Tax	241	223	93	8.3%	158.6%
Deferred tax	32	15	60	106.1%	-47.4%
Tax	273	238	154	14.6%	77.6%
PAT	694	714	559	-2.8%	24.2%
Non-controling interests	7.1	(3.5)	2.5	-305.5%	184.4%
Reported PAT	687.1	717.4	556.6	-4.2%	23.5%
EPS	11.1	11.6	9.9	-4.4%	11.5%
Margins	Q3FY26	Q2FY26	Q3FY25	QoQ%	YoY%
Gross margins	42.6%	41.5%	40.0%	103Bps	257Bps
EBITDA	18.06%	17.34%	17.46%	72Bps	60Bps
Adjusted PAT	7.65%	8.65%	7.68%	-100Bps	-3Bps
Tax Rate	24.13%	24.78%	21.82%	-65Bps	232Bps
Cost Analysis					
RM/Net Sales	43.53%	43.54%	43.09%	-1Bps	44Bps
Other Exp/Net Sales	26.00%	26.83%	27.22%	-82Bps	-122Bps
Staff cost/Net sales	13.37%	14.30%	15.32%	-93Bps	-196Bps

By Geographies- Sales mix (%)	Q3FY26	Q2FY26	Q3FY25	Q2FY25	Q1FY25	Q4FY24	Q3FY24	9MFY25	FY24	FY23
India	**61.80%**	**70.20%**	**69.50%**	**69.90%**	**67.60%**	**66.80%**	**68.30%**	**69.00%**	**68.70%**	**71.60%**
Europe	17.70%	16.30%	17.70%	17.80%	19.60%	19.70%	18.10%	18.40%	18.30%	17.60%
USA	9.10%	8.80%	7.80%	8.30%	10.10%	9.90%	11.00%	8.70%	9.90%	7.20%
Other Foreign Countries	11.40%	4.70%	5.00%	2.60%	2.70%	3.60%	2.60%	3.90%	3.10%	3.60%
International	**38.20%**	**29.80%**	**30.50%**	**30.10%**	**32.40%**	**33.20%**	**31.70%**	**31.00%**	**31.30%**	**28.40%**
Exports from India	29.90%	22.20%	24.00%	25.50%	27.40%	28.10%	25.00%	25.60%	23.10%	21.70%
Sweden Sales	8.30%	7.60%	6.50%	4.60%	5.00%	5.10%	6.70%	5.40%	5.60%	6.70%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Arihant Research, Company Filings

Sansera Engineering Ltd – Q3FY26 Concall KTAs

Outlook: Near-term growth is expected to remain modest due to OEM demand volatility, while H2FY26 and FY27 should see improvement driven by new program ramp-ups, ADS execution, non-auto expansion, and exports. Medium-term margins are expected to normalize toward historical averages as volumes recover and mix improves.

Q3FY26 performance demonstrated resilience amid a challenging auto macro. Consolidated revenues were marginally lower YoY due to softness in select 2W and PV platforms, while EBITDA margins improved sequentially, supported by operating efficiencies, raw material cost deflation, and a favorable mix from exports and non-auto programs.

Margins
EBITDA margins expanded sequentially, indicating that profitability has likely bottomed out. Margin improvement was aided by better absorption, cost actions, and easing commodity prices, though partially offset by one-offs such as development cost provisioning and revenue gross-up on US duties. Management expects gradual margin improvement over the next few quarters rather than a sharp step-up.

Demand
Domestic automotive demand remained uneven, with pressure in entry-level 2W and certain PV platforms, while CVs and tractors showed relative stability. Export demand was resilient, particularly in Europe. Management noted that demand visibility has improved versus H1FY26, though OEM call-offs remain cautious in the near term.

Orders
The company continues to maintain a healthy executable order pipeline across powertrain, chassis, and non-auto segments. Incremental program wins were largely export-oriented and EV-linked, offering longer tenure and superior margin profiles. Management indicated that the order book provides multi-year revenue visibility and supports mid-teens growth once volumes normalize.

Diversification
Non-automotive revenues continued to scale up, led by aerospace, defense, and industrial applications. Management reiterated its intent to structurally increase non-auto contribution to reduce cyclicality and improve margin stability, with multiple qualification programs underway in precision-engineered components.

ADS
The ADS (Aerospace, Defense & Semicon) segment remains a key long-term growth driver. Nine-month ADS revenues crossed INR 2,150 mn, keeping FY26 targets on track. The cumulative unexecuted ADS order book stands at ~INR 3,800 cr through FY30, implying a sharp ramp-up from FY28, with FY30 revenues expected at INR 1,200–1,300 cr. ADS execution is front-loaded in capex and qualification but offers superior margins and longer program life once stabilized.

Semicon
The semiconductor equipment business remains in the investment and execution phase, currently anchored by one key customer, with discussions progressing with additional global players. Management highlighted strict qualification requirements, limiting aggressive client onboarding in the first year of production. Revenue visibility depends on tariff clarity and localization norms, currently at ~65% value addition, potentially rising to 70–75% over time.

Tariffs
Following the interim US–India trade deal and EU FTA developments, management expects incremental export momentum from FY27. However, clarity is awaited on whether components fall under 0% or 18% tariff buckets, which will influence customer localization decisions. Export margins meaningfully improve only beyond ~70% capacity utilization, implying a lag between order wins and margin recovery.

Manufacturing
The company is evaluating the feasibility of a US manufacturing footprint, contingent on customer commitments, tariff classification, and residual value considerations. Management indicated that discussions and site visits are ongoing, though any capex decision will remain strictly order-backed and phased.

JV
Sansera entered into a JV with Nichide Corporation, Japan, investing INR 500 mn over a couple of years for a 60% stake. Management clarified that the JV is technology-led rather than scale-driven, providing access to advanced tooling, dies, and cold/warm forging capabilities, enabling faster entry into complex, high-value global programs.

ICE
Management highlighted a significant export opportunity in connecting rods, with the global (ex-China) market estimated at ~380 mn units per annum. Sansera currently holds only ~5–7% share, indicating meaningful headroom. With Western OEMs increasingly outsourcing, management expects 20–25% export growth over the next three years, subject to a stable macro environment.

EV
EV revenues remain a small but fast-growing part of the portfolio. While EV penetration in India is still evolving, the company is well-positioned across EV powertrain and chassis components. EV programs typically involve longer gestation periods but offer superior margin profiles once volumes stabilize.

Capex
Capex remains disciplined and aligned with confirmed order wins. To execute the ADS backlog of INR 3,800 cr, management guided for incremental capex of ~INR 300–325 cr, assuming a 1:2 asset turnover, to be deployed in a phased manner through FY28. Additional land acquisition of 10–15 acres near Devanahalli/Aeropark is under evaluation for future growth.

The balance sheet remains healthy, with controlled leverage and adequate liquidity. Working capital stayed elevated due to inventory normalization and cautious OEM scheduling, which management expects to ease as demand stabilizes. Free cash flow generation is expected to improve from FY27 as utilization rises and capex intensity moderates.

Risk
While ADS and semicon revenues are currently customer-concentrated, management highlighted increasing wallet share from existing customers and readiness to onboard new clients as discussions mature, supporting gradual risk diversification over the medium term.

Management commentary remained confident yet conservative, emphasizing disciplined execution, order-backed growth, and long-term value creation over short-term volume chasing. Visibility and confidence were notably higher for FY27–FY30, driven by ADS, exports, and non-auto scaling.

Story in charts (INR in Mn)

Exhibit 4: Strong growth trajectory

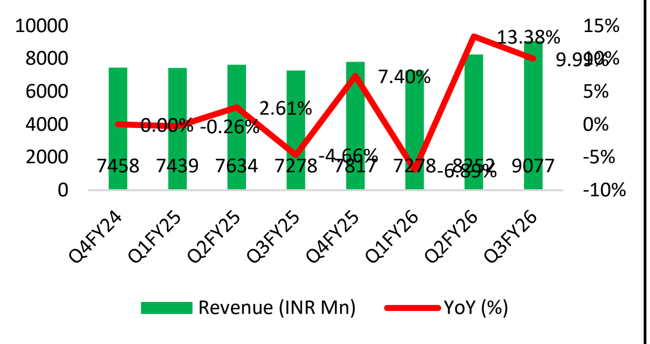


Exhibit 5: Expected margin expansion

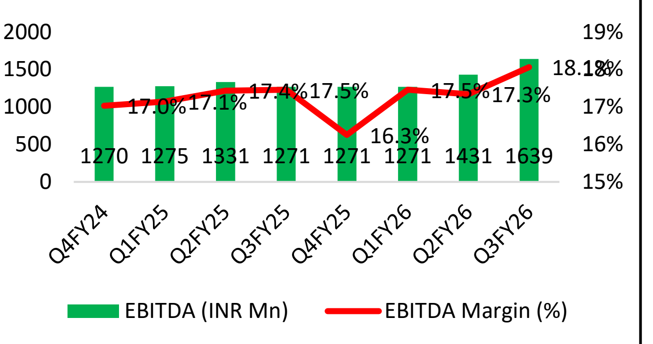


Exhibit 6: Strong profit growth to be seen on back of strong order book

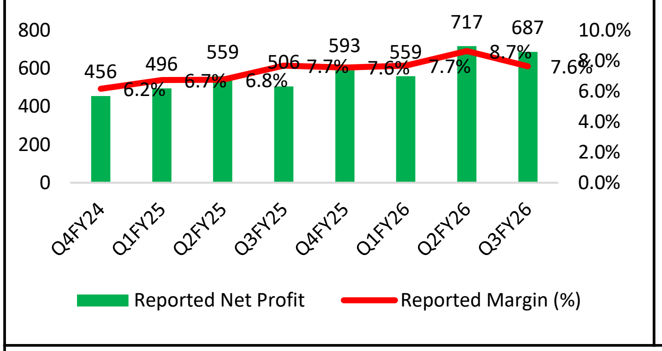


Exhibit 6: Visible growth in the revenue contribution from xEV segment

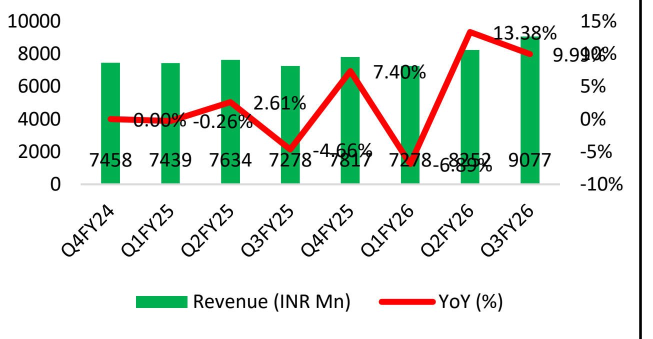


Exhibit 7: Strong order visibility in FY26

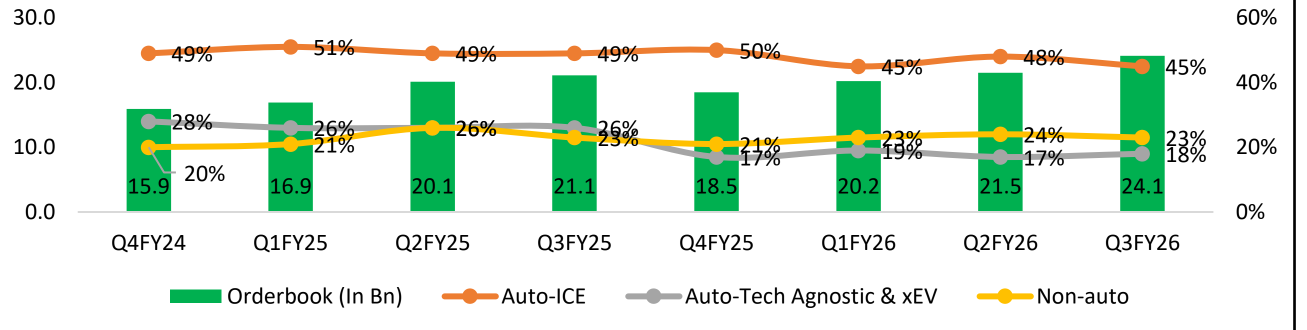


Exhibit 8: Earning trends

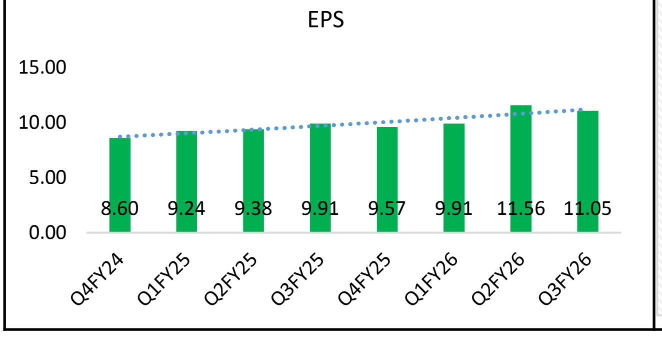
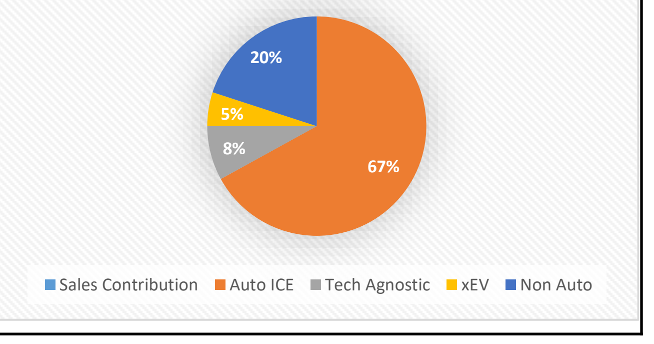


Exhibit 9: Sales Contribution (Q3FY26)



Source: Company, Arihant Research

Key Financials

Income Statement Consolidated (INR Mn)				
Year End-March	**FY25**	**FY26E**	**FY27E**	**FY28E**
Revenues	30,167	33,974	39,533	46,326
Change (%)	7.3%	12.6%	16.4%	17.2%
Cost of Goods Sold (COGS)	12,414	14,173	18,679	22,005
Gross Profit	**17,754**	**19,801**	**20,853**	**24,321**
Employee costs	4,427	4,679	5,633	6,602
Other expenses	8,180	8,878	7,907	9,034
Total Expenses	**25,020**	**27,730**	**32,219**	**37,640**
EBITDA	**5,147**	**6,244**	**7,314**	**8,686**
EBITDA Margin	**17.06%**	**18.38%**	**18.50%**	**18.75%**
Depreciation	1,738	1,913	2,125	2,325
EBIT	**3409**	**4331**	**5188**	**6361**
Interest	700	419	726	737
Other Income	203	381	395	463
PBT	**2,912**	**4,292**	**4,858**	**6,087**
Exceptional Items	-	-	-	-
PBT after exceptional Items	**2,912**	**4,292**	**4,858**	**6,087**
Tax	751	1,033	1,173	1,511
Rate (%)	*25.8%*	*24.1%*	*24.1%*	*24.8%*
PAT	**2,152**	**3,242**	**3,668**	**4,559**
PAT Margin (%)	7.1%	9.5%	9.3%	9.8%

Balance Sheet Consolidated (INR Mn)				
Year End-March	**FY25**	**FY26E**	**FY27E**	**FY28E**
Sources of Funds				
Share Capital	124	124	124	124
Reserves & Surplus	27,379	30,621	34,289	38,849
(b) Instruments entirely equity in nature/Fund Raised	-	-	-	-
(d)non-controling intrest	173.37	173.37	173.37	173.37
Net Worth	**27,676**	**30,918**	**34,586**	**39,146**
Loan Funds	**2,997**	**3,226**	**3,455**	**3,685**
MI, Deferred Tax & other Liabilities	801	962	962	962
Total Equity and Liabilities	**37,355**	**42,172**	**47,031**	**52,870**
Application of Funds				
Gross Block	**27,862**	**30,862**	**34,062**	**37,262**
Less: Depreciation	**9,064**	**10,977**	**13,103**	**15,428**
Net Block	**18,798**	**19,885**	**20,959**	**21,834**
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**
Net Fixed Assets	**21,960**	**23,046**	**24,121**	**24,996**
Investments	**195**	**195**	**195**	**195**
Debtors	**4,546**	**5,190**	**6,040**	**7,078**
Inventories	**5,010**	**5,585**	**6,499**	**7,615**
Cash & Bank Balance	**515**	**2,413**	**4,434**	**7,243**
Loans & Advances & other CA	51	51	51	51
Total Current Assets	**14,594**	**17,711**	**21,495**	**26,459**
Current Liabilities	5,717	6,766	7,728	8,777
Provisions	68	68	68	68
Net Current Assets	**8,877**	**10,945**	**13,767**	**17,682**
Total Assets	**37,355**	**42,172**	**47,031**	**52,870**

Source: Arihant Research, Company Filings

Key Financials

Cash Flow Statement Consolidated (INR Mn)				
Year End-March	FY25	FY26E	FY27E	FY28E
PBT	**2,920**	**4,292**	**4,858**	**6,087**
Cash From Operating Activities	3,743	3,766	5,305	5,934
Tax	(650)	(1,033)	(1,173)	(1,511)
Net Cash From Operations	3,766	5,305	5,934	6,794
Capex	**(5,907)**	**(3,000)**	**(3,200)**	**(3,200)**
Cash From Investing	(9,548)	(3,000)	(3,200)	(3,199)
Borrowings	2,997	3,226	3,455	3,685
Finance cost paid	**700**	**419**	**726**	**737**
Div. (incl. buyback & taxes)	**(162)**	**(217)**	**(217)**	**(279)**
Cash From Financing	5,834	(407)	(713)	(786)
Net Increase/ Decrease in Cash	**52**	**1898**	**2021**	**2809**
Cash at the beginning of the year	**486**	**515**	**2,413**	**4,434**
Cash at the end of the year	515	2,413	4,434	7,243

Key Ratios				
Year End-March	FY25	FY26E	FY27E	FY28E
Per share (INR)				
EPS	37.4	52.6	59.5	73.9
BVPS	447	499	559	632
Valuation (x)				
P/E	51.1	36.3	32.1	25.9
P/BV	4.3	3.8	3.4	3.0
Return ratio (%)				
EBIDTA Margin	17.06%	18.38%	18.50%	18.75%
PAT Margin	7.13%	9.54%	9.28%	9.84%
ROE - Pre tax	7.84%	10.54%	10.66%	11.69%
ROCE - Pre tax	9.13%	10.27%	11.03%	12.03%
Leverage Ratio (%)				
Total D/E	0.11	0.10	0.10	0.09
Turnover Ratios				
Asset Turnover (x)	2.1	1.9	1.8	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	**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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