

Non-ICE segment to drive growth; capex benefits to reflect ahead

CMP: INR 2,850

Rating: Accumulate

Target Price: INR 3,264

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)	192
52w H/L (INR)	2923/1206

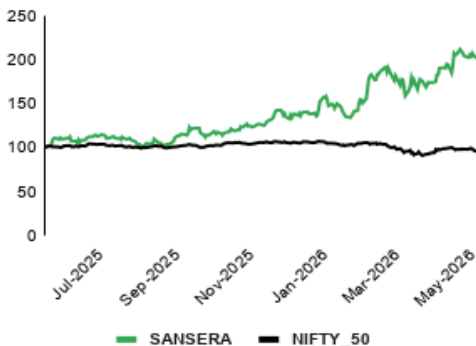
Shareholding Pattern %

(As on March, 2026)

Promoters	30.10
DII's	35.38
FII's	10.79
Others	15.66

Stock Performance (%)	1m	6m	12m
Sansera	13.9	78.4	135.9
Nifty	-2.5	-8.4	-3.4

Sansera Vs Nifty



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Sansera engineering Ltd (SEL) reported strong set of numbers in Q4FY26. Consolidated revenue from operations up by 27.8% YoY/ up 10% QoQ stood at INR 9,987, Mn in Q4FY26 above our estimate of INR 9,150 Mn. EBITDA for the quarter stood at INR 1,929 Mn above our estimate of INR 1,650 Mn up by 51.9% YoY/up by 17.7% QoQ. EBITDA margin reported at 19.3% viz our estimate of 18%. PAT up by 104.8% YoY/ 76.6% QoQ reported at INR 1,214 Mn in Q4FY26 above our estimate of INR 650 Mn, while margin stood at 12% viz our estimate of 7.1%.

Investment Rationale

ADS as a Value Accretive Growth Engine: The ADS segment continues to be a long-term value driver. The company's unexecuted ADS backlog stands at INR 44,638 Mn, executable over approximately five years, providing substantial revenue visibility. More importantly, management indicated strategic visibility to scale the ADS order book toward INR 80,000-100,000 Mn by the end of the decade through onboarding of large aerospace and semiconductor OEMs. Given the superior margin profile and longer execution cycles associated with ADS contracts, this segment is expected to be a major contributor to both margin expansion and earnings quality over the medium term.

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 improves margin stability over the medium term. The company aims to attain 40% of its topline from Non-ICE, (currently at 32% in Q4FY26), these segments are relative high growth and would fetch higher margins.

Strong Multi-Year Order Visibility: SEL's sizable order visibility with ~INR 7,200 currently moved to Mass order book signifies decent revenue translation for the next 2-3 quarters. The company's peak annual revenue order book stands at INR 19,194 Mn, with increasing contribution from non-ICE, xEV and non-auto segments, aiding its transition toward the precision engineering business. We believe the ordering activity for to be robust with ~INR 7,900 Mn with new order wins.

Margin Normalization with Operating Leverage: EBITDA margin expanded to 19.3% in Q4FY26. As volumes continue to grow and existing facilities run at peak utilization, margins are expected to improve or hover ~18-19% range, supported primarily by high margin ADS segment(25-30%), easing raw material costs, automation and export programs. We bear coherence with SEL's long term, aspiration of ~20% EBITDA margins over the cycle. PAT margin stood at 12% in Q4, which is expected to stabilize or improve resulting in it being ~12% for FY27E.

Outlook and valuation

We project revenue of INR 41,275 Mn/INR 49,530 Mn with EBITDA margins of 19.1%/19.6% in FY27E/FY28E. Sansera Engineering Limited reported Q4FY26 with its highest-ever quarterly EBITDA margin of 19.3%, reflecting improving operating leverage and a favorable product mix. The medium-term outlook remains strong, driven by rapid scaling of the Aerospace, Defence & Semiconductor (ADS) business, which grew 155% YoY in FY26 to INR 3,155 Mn. Growth visibility is supported by an unexecuted ADS backlog of INR 44,638 Mn, executable over ~5 years, alongside management's FY27 ADS revenue guidance of INR 5,500-6,000 Mn. We expect margin expansion going forward as the share of high-margin ADS and non-ICE businesses increases. Capacity additions including Pantnagar Plant 16 and the Nichidai JV further strengthen the company's positioning in precision-engineered and tech-agnostic components. Despite elevated CapEx to support future growth, the balance sheet remains comfortable with net debt/equity at 0.54x. Overall, strong order visibility, improving business mix and execution across high-growth segments underpin a healthy earnings trajectory. We value Sansera Engineering at 30x FY28E EPS (~INR 108.8) to arrive at a revised target price of INR 3,264 and maintain our Accumulate rating on the stock.

Exhibit 2 Financial Snapshot

YE March	Net Sales	EBITDA	PAT	EPS (INR)	EBITDA Margin %	RoCE (%)	P/E (x)
(INR Mn)							
FY26	34,979	6,321	3,251	52.8	18.1%	10.0%	53.9
FY27E	40,172	8,637	4,652	75.4	21.5%	13.3%	37.8
FY28E	48,205	11,569	6,720	108.8	24.0%	16.3%	26.2

Source: Arihant Research, Company Filings

Exhibit 2 : Q3FY26 - Quarterly Performance (Consolidated)

Quarterly Results										
Consolidated (INRm)	Q4FY26	Q3FY26	Q4FY25	QoQ%	YoY%					
Net Sales	9,987	9,077	7,817	10.0%	27.8%					
Cost of material consumed	4,128	3,951	3,109	4.5%	32.8%					
Changes in inventories	93	(87)	228	-205.9%	-59.4%					
COGS	4,221	3,864	3,337	9.2%	26.5%					
GP	5,767	5,213	4,480	10.6%	28.7%					
Employees benefits expense	1,298	1,213	1,143	7.0%	13.6%					
Other expenditure	2,539	2,360	2,067	7.6%	22.9%					
EBITDA	1,929	1,639	1,271	17.7%	51.9%					
Depreciation	555	524	468	6.0%	18.5%					
EBIT	1,374	1,116	802	23.2%	71.3%					
Other Income	265.9	95.7	99.1	177.9%	168.4%					
Finance costs	112	79	96	41.7%	16.8%					
PBT	1,528	1,132	805	34.9%	89.8%					
Exceptional Item	-	162								
Share of Net profit of associates accounted for using the equity method, met of ax	44	(19)	4							
Current Tax	241	241	195	0.0%	24.0%					
Deferred tax	99	32	23	212.0%	338.1%					
Tax	341	273	217	24.6%	56.8%					
PAT	1,231	694	592	77.3%	107.8%					
Non-controlling interests	16.9	7.1	(0.6)	137.4%	-2867.2%					
Reported PAT	1,213.7	687.1	592.7	76.6%	104.8%					
EPS	19.5	11.1	9.6	76.6%	103.9%					
Margins										
	Q4FY26	Q3FY26	Q4FY25	QoQ%	YoY%					
Gross margins	42.3%	42.6%	42.7%	-30Bps	-43Bps					
EBITDA	19.32%	18.06%	16.25%	126Bps	306Bps					
Adjusted PAT	12.32%	7.65%	7.58%	467Bps	475Bps					
Tax Rate	22.29%	24.13%	26.99%	-184Bps	-469Bps					
Cost Analysis										
	Q4FY26	Q3FY26	Q4FY25	QoQ%	YoY%					
RM/Net Sales	41.33%	43.53%	39.77%	-219Bps	156Bps					
Other Exp/Net Sales	25.42%	26.00%	26.44%	-58Bps	-102Bps					
Staff cost/Net sales	13.00%	13.37%	14.62%	-37Bps	-162Bps					
By Geographies- Sales mix (%)	Q4FY26	Q3FY26	Q2FY26	Q3FY25	Q2FY25	Q1FY25	Q4FY24	9MFY25	FY24	FY23
India	61.6%	61.80%	70.20%	69.50%	69.90%	67.60%	66.80%	69.00%	68.70%	71.60%
Europe	21.0%	17.70%	16.30%	17.70%	17.80%	19.60%	19.70%	18.40%	18.30%	17.60%
USA	10.4%	9.10%	8.80%	7.80%	8.30%	10.10%	9.90%	8.70%	9.90%	7.20%
Other Foreign Countries	7.0%	11.40%	4.70%	5.00%	2.60%	2.70%	3.60%	3.90%	3.10%	3.60%
International	38.4%	38.20%	29.80%	30.50%	30.10%	32.40%	33.20%	31.00%	31.30%	28.40%
Exports from India	30.2%	29.90%	22.20%	24.00%	25.50%	27.40%	28.10%	25.60%	23.10%	21.70%
Sweden Sales	8.2%	8.30%	7.60%	6.50%	4.60%	5.00%	5.10%	5.40%	5.60%	6.70%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Arianth Research, Company Filings

Sansera Engineering Limited-Q4FY26 Earnings Call KTAs**Management Commentary & Strategic Outlook**

Management indicated that FY26 marked the company's highest-ever annual performance, supported by strong execution across automotive and non-automotive verticals. The focus going forward remains on diversification, increasing content per vehicle, and scaling the Aerospace, Defence & Semiconductor (ADS) business.

The company reiterated its strategy of reducing dependence on traditional ICE automotive components and increasing exposure to technology-agnostic and XEV-linked opportunities. Management highlighted an internal target to gradually move toward a business mix where non-ICE/XEV-linked opportunities account for nearly 40% of revenues over time.

ADS (Aerospace, Defence & Semiconductor) Business Outlook

Management remains highly optimistic on the ADS segment and guided for strong multi-year growth supported by a large executable order book.

The company currently has a confirmed ADS order backlog of approximately INR45,000 Mn. To execute the existing backlog, management expects additional CapEx of nearly INR2,500 Mn over the coming periods.

- Revenue contribution from newly added capacities should begin from Q3FY27 onwards.
 - As utilization ramps up across the ADS facilities, margins are expected to improve materially.
 - Semiconductor-related opportunities have exceeded initial expectations and emerged as the largest growth contributor within ADS during FY26.
 - Aerospace and Defence pipelines also remain healthy with strong enquiry momentum.
- Management suggested that the ADS division could eventually achieve peak margin levels materially higher than the consolidated average once facilities reach optimal utilization.

Export Outlook

Exports witnessed recovery during the quarter aided by easing tariff-related pressures and improving customer sentiment globally.

- Export demand trends have started improving meaningfully.
- Order inflows from global customers are taking longer than anticipated due to delayed decision-making cycles.
- The company expects export revenues to improve during FY27, although large order finalizations could take another 1–2 quarters.

Domestic Automotive Outlook

The company remains constructive on the domestic 2W and passenger vehicle cycle.

Management highlighted:

- Strong order visibility from key OEM customers.
- Increasing wallet share and content per vehicle opportunities.
- Continued ramp-up in premium motorcycle and XEV-related programs.
- Strong demand outlook from existing OEM platforms where Sansera already enjoys high supplier penetration.

Management also indicated that several new programs are expected to scale gradually due to long development and qualification cycles.

EV & Content Per Vehicle Opportunity

The company continues to target EV-linked precision engineering opportunities.

- Content opportunity per EV platform can range between INR50,000 Mn to INR100,000 Mn annually depending on platform scale.
- The company is increasingly receiving orders linked to newer EV platforms from major OEMs.
- Margins and ROCE profiles in these programs remain attractive.

Margin Outlook

- Gradual margin improvement in ADS as utilization ramps up.
- Consolidated margins to remain supported by operating leverage, better product mix and higher share of precision-engineered components.
- Non-auto and high-technology businesses to structurally improve profitability over the medium term.

CapEx Guidance

- Additional ADS-related CapEx of nearly INR2,500 Mn to execute the current confirmed order book.
- Further investments could be announced if incremental order inflows continue at the current pace.
- Land acquisition and infrastructure expansion plans have already received board approval to support long-term growth.

ADS/EV/XEV

- Accelerated scaling of the ADS segment,
- Higher exposure to EV/XEV opportunities,
- Strong domestic automotive demand,
- Improving export momentum, and
- Structural margin expansion driven by mix improvement.

Story in charts (INR in Mn)

Exhibit 4: Strong growth trajectory

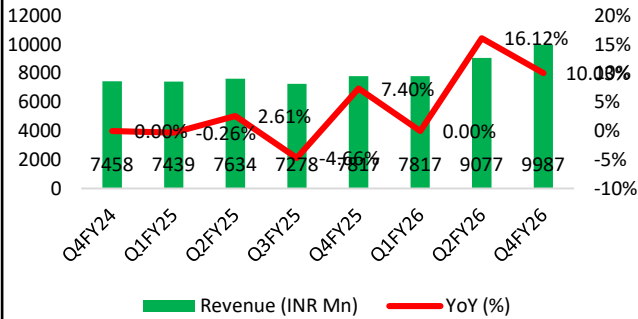


Exhibit 5: Expected margin expansion

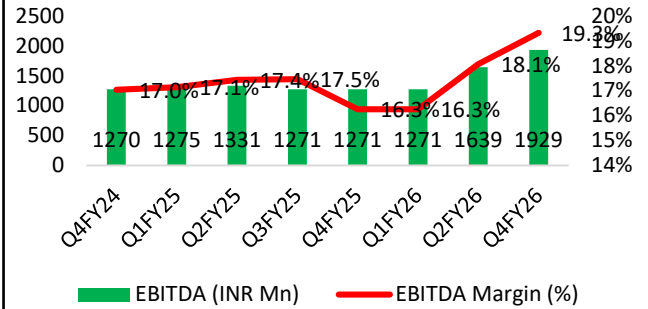


Exhibit 6: Strong profit growth to be seen on back of strong order book

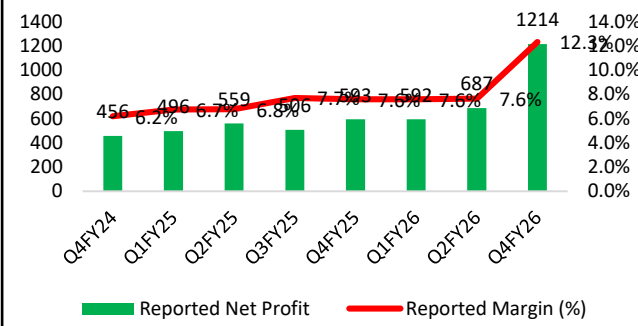


Exhibit 6: Visible growth in the revenue contribution from xEV segment

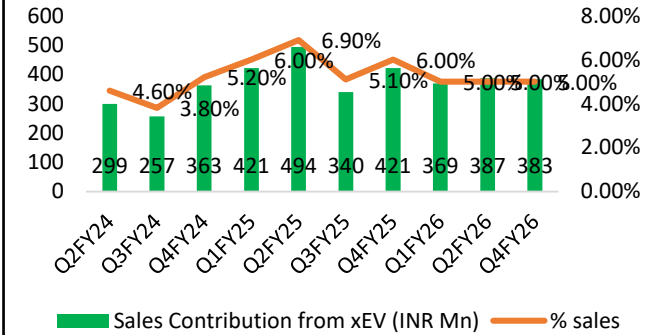


Exhibit 7: Strong order visibility in FY26

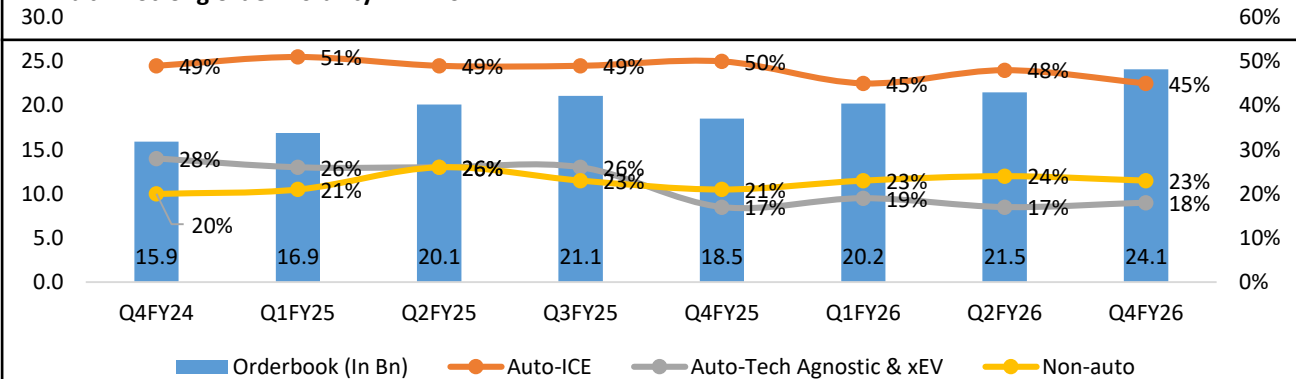


Exhibit 8: Earning trends

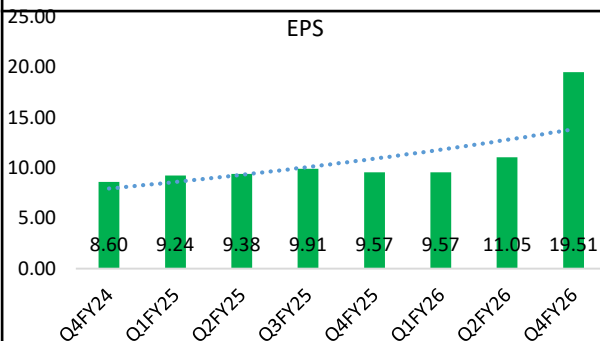
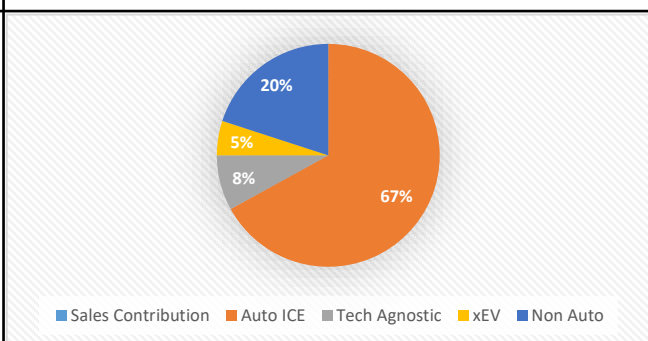


Exhibit 9: Sales Contribution (Q4FY26)



Source: Company, Arianth Research

Key Financials

Income Statement Consolidated (INR Mn)			
Year End-March	FY26	FY27E	FY28E
Revenues	34,979	40,172	48,205
<i>Change (%)</i>	15.9%	14.8%	20.0%
Cost of Goods Sold (COGS)	14,535	16,872	19,764
Gross Profit	20,444	23,300	28,441
Employee costs	4,887	5,222	6,267
Other expenses	9,236	9,440	10,605
Total Expenses	28,658	31,535	36,636
EBITDA	6,321	8,637	11,569
EBITDA Margin	18.07%	21.50%	24.00%
Depreciation	2,059	2,146	2,325
EBIT	4262	6491	9244
Interest	377	726	737
Other Income	595	402	482
PBT	4,479	6,167	8,989
Exceptional Items	-	-	-
PBT after exceptional Items	4,479	6,167	8,989
Tax	1,053	1,498	2,252
<i>Rate (%)</i>	23.5%	24.3%	25.1%
PAT	3,251	4,652	6,720
PAT Margin (%)	9.3%	11.6%	13.9%

Balance Sheet Consolidated (INR Mn)			
Year End-March	FY26	FY27E	FY28E
Sources of Funds			
Share Capital	124	124	124
Reserves & Surplus	30,630	35,282	42,002
(b) Instruments entirely equity in nature/Fund Raised	-	-	-
(d)non-controlling intrest	173.37	173.37	173.37
Net Worth	30,928	35,579	42,299
Loan Funds	3,226	3,455	3,685
MI, Deferred Tax & other Liabilities	962	962	962
Total Equity and Liabilities	42,605	48,404	56,551
Application of Funds			
Gross Block	30,862	34,062	37,262
Less: Depreciation	10,977	13,123	15,448
Net Block	19,885	20,939	21,814
CWIP	1,945	1,945	1,945
Other Non-current Assets	542	542	542
Other Current Assets	674.8	674.8	674.8
Net Fixed Assets	23,046	24,100	24,975
Investments	195	195	195
Debtors	5,344	6,137	7,365
Inventories	5,750	6,604	7,924
Cash & Bank Balance	2,527	5,625	10,349
Loans & Advances & other CA	51	51	51
Total Current Assets	18,144	22,888	30,160
Current Liabilities	6,925	7,843	9,041
Provisions	68	68	68
Net Current Assets	11,218	15,045	21,120
Total Assets	42,605	48,404	56,551

Source: Aриhant Research, Company Filings

Key Financials

Cash Flow Statement Consolidated (INR Mn)			
Year End-March	FY26	FY27E	FY28E
PBT	4,479	6,167	8,989
Cash From Operating Activities	3,766	5,377	7,011
Tax	(1,053)	(1,498)	(2,252)
Net Cash From Operations	5,377	7,011	8,709
Capex	(3,000)	(3,200)	(3,200)
Cash From Investing	(3,000)	(3,200)	(3,199)
Borrowings	3,226	3,455	3,685
Finance cost paid	377	726	737
Div. (incl. buyback & taxes)	(217)	(217)	(279)
Cash From Financing	(365)	(713)	(786)
Net Increase/ Decrease in Cash	2012	3098	4724
Cash at the beginning of the year	515	2,527	5,625
Cash at the end of the year	2,527	5,625	10,349

Key Ratios			
Year End-March	FY26	FY27E	FY28E
Per share (INR)			
EPS	52.8	75.4	108.8
BVPS	499	575	683
Valuation (x)			
P/E	54.0	37.8	26.2
P/BV	5.7	5.0	4.2
Return ratio (%)			
EBIDTA Margin	18.07%	21.50%	24.00%
PAT Margin	9.29%	11.58%	13.94%
ROE - Pre tax	10.57%	13.12%	15.93%
ROCE - Pre tax	10.00%	13.41%	16.35%
Leverage Ratio (%)			
Total D/E	0.10	0.10	0.09
Turnover Ratios			
Asset Turnover (x)	1.9	1.8	1.6
Inventory Days	60	60	60
Receivable Days	55	55	55
Payable days	43	43	43

Source: Arianth 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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