

CMP: ₹ 2,010

Target: ₹ 2,500 (24%)

Target Period: 12 months

BUY

February 10, 2026

## Powering ahead, Bull case strengthens...

**About the stock:** Sansera Engineering (SEL), est. in 1981, is a Bengaluru based, engineering led, integrated manufacturer of critical precision forged components (engine, non-engine) for end application, predominantly in auto domain.

- FY25 sales: Auto ICE~73%; non-auto~12%; Tech agnostic & EVs~15%
- FY25 geography mix: India ~69%; Europe ~18%; US ~9%; Others ~4%

**Q3FY26 Result:** Consolidated revenue for Q3FY26 stood at ₹ 908 crore (up 25% YoY) with EBITDA at ₹164 crore and corresponding EBITDA margins at 18.1% (up 80 bps QoQ). PAT in Q3FY26 came in at ₹69 crore (up ~23% YoY). Sales mix for quarter: 67% - Auto-ICE, 13% - Auto-tech & xEVs and 20% from non-auto.

### Investment Rationale

- Robust order pipeline & ADS momentum to sustain revenue momentum:** SEL is a prominent player in the auto component sector specializing in the production of precision forged parts such as connecting rods, crankshaft, etc. in Auto ICE domain; suspension parts, braking components and aluminium forged components in Auto Tech agnostic domain, drive train components in EV domain and structured parts in non-auto space (Aerospace, Defence, Off-Road segment, etc.). SEL has a robust orderbook of ~₹2,412 crores as of Q3FY26, with ~65% from international markets. ADS segment (~24% of orderbook) is scaling fast (FY26E ₹300-₹320 crores as sales; 2x YoY) and is expected to rise to ~₹550-600 crore in FY27 and continue ramping thereafter, amidst larger, higher value-added parts with ~₹3,870 crores as cumulative order book value, executable in next 5 years. Importantly, ADS carries significantly superior profitability, with ~30%+ EBITDA margins at scale, which can materially improve consolidated margins and return ratios.
- Capacity Expansion & JV Strengthening Long-Term Competitive Advantage:** SEL is aggressively investing in automation, precision manufacturing and new technologies to strengthen its long-term competitive moat. The newly operational Pantnagar facility targets higher content per vehicle in the domestic 2W segment and could generate ~₹500 crore annual revenue at full utilization, while overall capex of ~₹375-400 crore annually is supporting growth across automotive and ADS segments. Additionally, the JV with Nichidai (Japan) enables entry into cold and warm forging, high-precision near-net shape components, areas where Sansera previously had limited presence. Continuous investment in complex manufacturing capabilities, automation and new product categories positions SEL to capture future growth in EV, aerospace, semiconductor, strengthening its long-term competitive advantage

### Rating and Target Price

- With robust order book coupled with SEL's strong execution in scaling its high-margin ADS business along with structural positives of healthy double-digit margins as well as net debt free B/S, we retain our BUY rating on the stock & now value SEL at ₹ 2,500 i.e., 30x PE on FY28E EPS.

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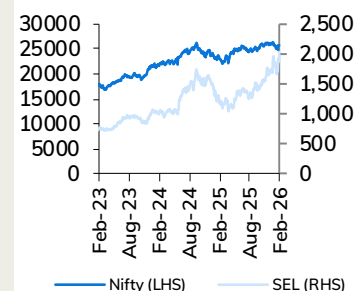
### Particulars

Particulars	₹ crore
Market capitalisation	12,446
Total Debt (FY25)	300
Cash & Investment (FY25)	428
EV (₹ crore)	12,318
52 week H/L (₹)	2,140 / 953
Equity capital (₹ crore)	12.4
Face value (₹)	2.0

### Shareholding pattern

	Mar-25	Jun-25	Sep-25	Dec-25
Promoter	30.4	30.3	30.2	30.2
FII	20.1	19.5	19.6	19.4
DII	37.0	36.9	37.0	36.3
Other	12.5	13.3	13.2	14.2

### Price Chart



### Recent event & key risks

- Reports robust Q3'26. We bake in 16.1% revenue CAGR over FY25-28E, with sales reaching ~₹ 4.7k crore by FY28E
- Key Risk: (i) lower than anticipated margin gains (ii) delay in execution of orderbook amid geopolitical tensions (global constitute bulk of new orderbook).

### Research Analyst

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### Key Financial Summary

Key Financials (₹ crore)	FY21	FY22	FY23	FY24	FY25	5 year CAGR (FY20-25)	FY26E	FY27E	FY28E	3 year CAGR (FY25-28E)
Net Sales	1,549.3	1,989.0	2,346.0	2,811.4	3,016.7	15.7%	3,468.4	4,047.4	4,720.1	16.1%
EBITDA	272.1	333.6	384.7	479.8	514.8	18.0%	622.6	769.0	944.0	22.4%
EBITDA Margins (%)	17.6	16.8	16.4	17.1	17.1		18.0	19.0	20.0	
Net Profit	108.0	130.4	146.2	185.7	215.2	21.8%	296.1	400.6	515.5	33.8%
EPS (₹)	20.7	25.0	27.6	34.6	34.8		47.8	64.7	83.2	
P/E	97.1	80.4	72.8	58.0	57.8		42.0	31.1	24.1	
RoNW (%)	12.3	12.7	12.5	13.8	7.8		10.3	11.9	13.4	
RoCE (%)	10.5	11.3	12.2	14.0	10.4		11.9	13.8	15.8	

## Key Takeaways of Recent Quarter

### Q3FY26 Earnings Conference Call Highlights:

- Growth drivers & segment performance:** The automotive ICE segment grew 13% YoY, led by strong performance in passenger vehicles, heavy commercial vehicles and motorcycles, despite Q3 being seasonally weak. Tech-agnostic and HCV segments grew about 26% YoY. Non-automotive business more than doubled, largely driven by the ADS (Aerospace, Defence & Semiconductor) division, where revenues grew 4x YoY and 2x QoQ, marking a structural shift toward diversification beyond auto.
- Orderbook:** Management reported a peak annual revenue potential for new business of ~₹2,410 crore and disclosed an ADS (Aerospace, Defense, Semiconductor) cumulative confirmed-program visibility of ~₹3,800 crore over the next ~5 years; implying a steep ramp-up over the next few years. Management expects further order inflows across aerospace, semiconductor and export automotive segments, with discussions already underway with global OEMs.
- Capacity Expansion:** The newly inaugurated Pantnagar facility, focused on crankshaft assemblies for domestic two-wheeler OEMs, is designed with high automation and could generate ~₹500 crore annual revenue at full utilization over the next few years. In ADS, a new adjacent facility is under construction and expected to become operational by mid-FY27, supporting the next phase of growth. Management also indicated that additional land is being evaluated for future aerospace and semiconductor expansion as order visibility strengthens.
- Capex:** FY26 capex is expected at ₹375–400 crore, broadly in line with initial guidance, with similar levels likely in FY27 as well. Capex is being directed toward automotive capacity, ADS expansion, automation, and infrastructure development across multiple plants. Importantly, this does not yet include any potential investment in a US manufacturing facility, which will depend on order visibility and tariff clarity.
- US Market and Tariff Strategy:** Management indicated improving traction in exports following progress in US-India trade discussions, which is expected to revive decision-making from global OEMs. While tariff clarity is still evolving, the company is evaluating the possibility of setting up a US manufacturing facility depending on order volumes, tariff structure and local value-addition requirements. Export demand is expected to strengthen from Q4 onward, particularly once capacity utilization improves and key customers normalize demand.
- Outlook:** Management remains confident of closing FY26 with mid-teens revenue growth while maintaining current margin profile. Domestic ICE growth is expected in the high-single to low-double digit range, while exports could see stronger momentum over the next few years. The company continues to target long-term metrics of 20% growth, 20% EBITDA margin and 20% ROCE, supported by ADS scale-up, export recovery and operating leverage.
- Aerospace & Defence:** ADS remains the key long-term growth driver for Sansera. FY26 revenue is expected to exceed ₹300 crore and grow to ₹550–600 crore in FY27, supported by strong backlog and capacity expansion. Aerospace margins are expected to reach ~30%+ at scale, significantly higher than the automotive business, though working capital remains elevated due to long project cycles (~170-180 days vs ~80 days in auto). The company has added new aerospace customers and is expanding capabilities including special processes, large component manufacturing and precision engineering.

**EV and Tech Agnostic Products:** Sansera continues to build presence in EV and hybrid (XEV) programs, working with leading Japanese and North American OEMs across multiple next-generation platforms. While the company temporarily paused adding new tech-agnostic aluminum forging orders to stabilize execution and technology, management expects order momentum to resume once learning curves stabilize.

**JV with Japanese company:** The Nichidai JV will further strengthen capabilities in cold and warm forging, enabling expansion into driveline, transmission & other tech-neutral components applicable across ICE, EV & hybrid platforms. The segment remains a key diversification lever over medium term.

**Swedish Operations:** Sansera's Sweden subsidiary delivered strong performance, growing roughly ~60–70% YoY, supported by demand in large engine connecting rods for marine, heavy truck and earthmoving equipment segments. Q3 revenue stood around ₹73.6 crores with ~14% EBITDA margin. While growth may normalize to ~20% going forward, the operation remains strategically important as it enables Sansera to address larger engine categories (9L–19L) and complements Indian manufacturing through technology and market access.

## Key Charts from PPT

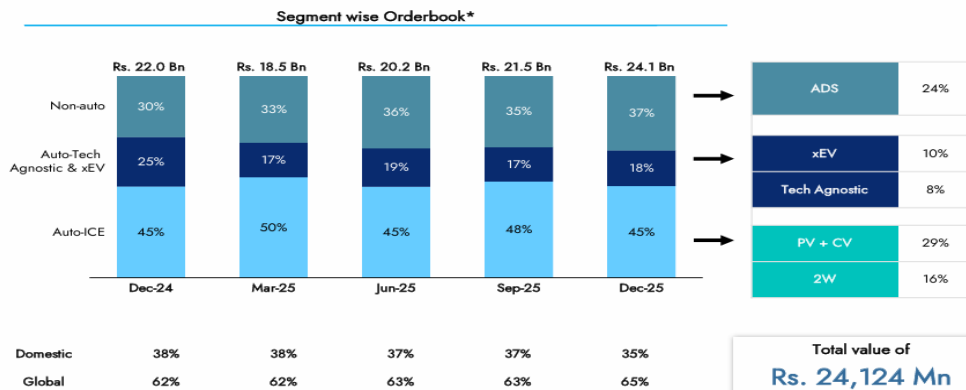
### Exhibit 1: Segment wise orderbook

#### Peak Annual Revenues for New Business

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Expanding product portfolio and customer base with a focus on capitalizing on the high-growth emerging segments

INR in Mn



Represents LOIs / POs for which production has started beyond 1-Apr-2025 or is yet to start.  
\*Order book represents peak annual revenues for new business

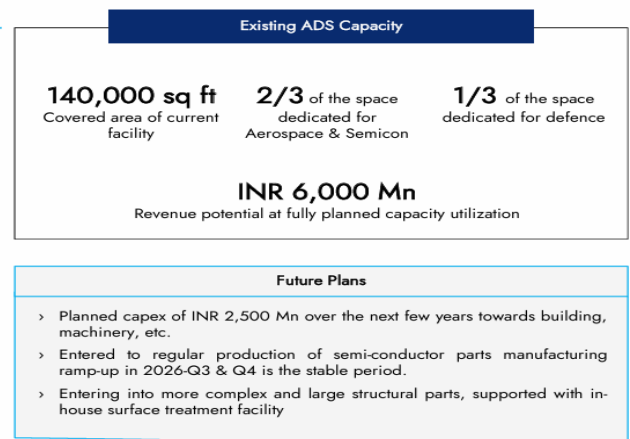
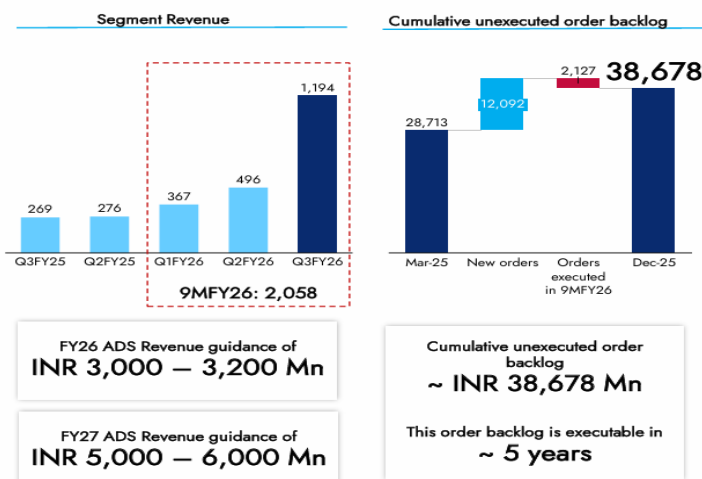
Source: Company, ICICI Direct Research

### Exhibit 2: ADS Segment highlights

#### ADS Segment Highlights

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INR in Mn



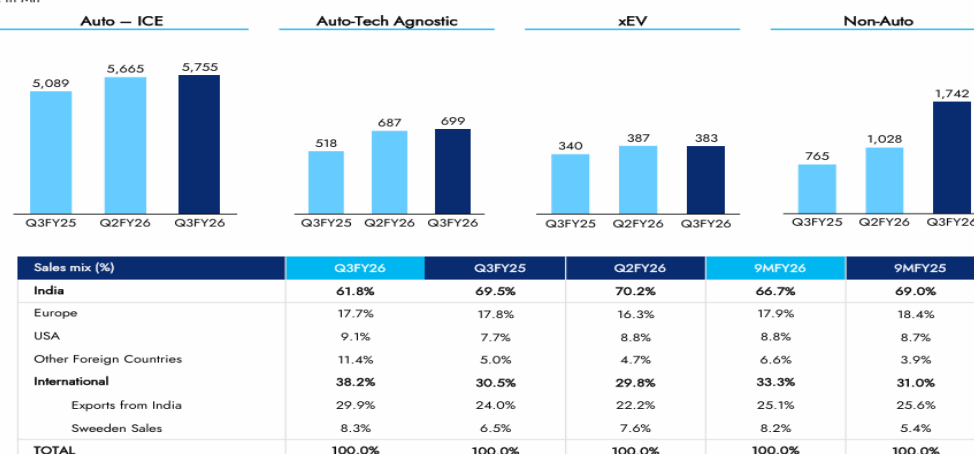
Source: Company, ICICI Direct Research

### Exhibit 3: Share of Sales across geographies

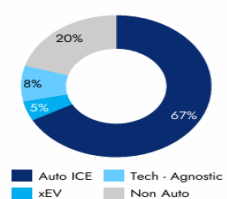
#### Sales Mix Trends

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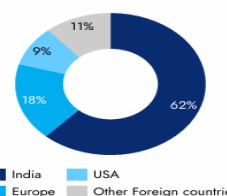
INR in Mn



#### Q3FY26 Sales Contribution



#### Q3FY26 Geographical Mix



Historical Data Available on slide 27 & 28

Source: Company, ICICI Direct Research

## Financial Summary

## Exhibit 4: Profit and loss statement

₹ crore

(Year-end March)	FY25	FY26E	FY27E	FY28E
Net Sales	3016.7	3468.4	4047.4	4720.1
Other Operating Income	0.0	0.0	0.0	0.0
Total Operating Income	3,016.7	3,468.4	4,047.4	4,720.1
Growth (%)	7.3	15.0	16.7	16.6
Raw Material Expenses	1,241.4	1,439.4	1,659.4	1,911.6
Employee Expenses	442.7	485.6	546.4	613.6
Other Operating Expense	818.0	920.9	1,072.6	1,250.8
Total Operating Expenditure	2,502.0	2,845.8	3,278.4	3,776.1
EBITDA	514.8	622.6	769.0	944.0
Growth (%)	7.3	20.9	23.5	22.8
Depreciation	173.8	202.9	230.0	255.5
Interest	70.0	34.3	30.0	28.2
Other Income	20.3	38.9	38.2	42.0
PBT	291.2	424.2	547.2	702.3
Exceptional Item & MI	0.9	22.1	7.1	7.8
Total Tax	75.1	106.1	139.5	179.1
PAT	215.2	296.1	400.6	515.5
Growth (%)	15.9	37.6	35.3	28.7
EPS (₹)	34.8	47.8	64.7	83.2

Source: Company, ICICI Direct Research

## Exhibit 5: Cash flow statement

₹ crore

(Year-end March)	FY25	FY26E	FY27E	FY28E
Profit after Tax	215.2	296.1	400.6	515.5
Add: Depreciation	173.8	202.9	230.0	255.5
(Inc)/dec in Current Assets	-94.2	-189.1	-251.1	-299.8
Inc/(dec) in CL and Provisions	18.1	78.3	87.8	102.1
Others	70.0	34.3	30.0	28.2
CF from operating activities	382.9	422.6	497.3	601.4
(Inc)/dec in Investments	-11.7	-5.0	-5.0	-5.0
(Inc)/dec in Fixed Assets	-635.6	-400.0	-425.0	-450.0
Others	12.4	1.9	2.1	2.3
CF from investing activities	-634.9	-403.1	-427.9	-452.7
Issue/(Buy back) of Equity	1.7	0.0	0.0	0.0
Inc/(dec) in loan funds	-501.4	-50.0	0.0	-30.0
Dividend & interest	-90.1	-59.1	-60.9	-65.3
Inc/(dec) in Share Cap	0.0	0.0	0.0	0.0
Others	1,206.2	0.0	0.0	0.0
CF from financing activities	616.3	-109.1	-60.9	-95.3
Net Cash flow	364.3	-89.6	8.4	53.3
Opening Cash	62.9	427.1	337.5	345.9
Closing Cash	427.1	337.5	345.9	399.3

Source: Company, ICICI Direct Research

## Exhibit 6: Balance Sheet

₹ crore

(Year-end March)	FY25	FY26E	FY27E	FY28E
Liabilities				
Equity Capital	12.4	12.4	12.4	12.4
Reserve and Surplus	2,737.9	3,009.2	3,378.8	3,857.1
Total Shareholders funds	2,750.3	3,021.6	3,391.2	3,869.5
Total Debt	299.7	249.7	249.7	219.7
Deferred Tax Liability	80.1	80.1	80.1	80.1
Minority Interest / Others	157.5	164.4	171.5	178.8
Total Liabilities	3,287.6	3,515.8	3,892.6	4,348.1
Assets				
Gross Block	2,827.4	3,321.9	3,646.9	4,096.9
Less: Acc Depreciation	929.8	1,132.8	1,362.7	1,618.3
Net Block	1,897.5	2,189.1	2,284.2	2,478.6
Capital WIP	194.5	100.0	200.0	200.0
Total Fixed Assets	2,092.1	2,289.1	2,484.2	2,678.6
Investments	91.9	96.9	101.9	106.9
Inventory	501.0	570.2	665.3	775.9
Debtors	454.6	570.2	720.8	905.2
Loans and Advances	3.5	4.0	4.7	5.5
Other Current Assets	72.4	76.3	80.9	84.9
Cash	427.1	337.5	345.9	399.3
Total Current Assets	1,458.7	1,558.1	1,817.6	2,170.8
Current Liabilities	362.3	427.6	499.0	581.9
Provisions	6.8	8.0	9.4	10.9
Current Liabilities & Prov	447.9	526.1	614.0	716.0
Net Current Assets	1,010.8	1,032.0	1,203.6	1,454.8
Others Assets	92.9	97.9	102.9	107.9
Application of Funds	3,287.6	3,515.8	3,892.6	4,348.1

Source: Company, ICICI Direct Research

## Exhibit 7: Key ratios

(Year-end March)	FY25	FY26E	FY27E	FY28E
Per share data (₹)				
EPS	34.8	47.8	64.7	83.2
Cash EPS	62.8	80.6	101.8	124.5
BV	444.2	488.0	547.7	624.9
DPS	3.3	4.0	5.0	6.0
Cash Per Share	69.0	54.5	55.9	64.5
Operating Ratios (%)				
EBITDA Margin	17.1	18.0	19.0	20.0
PAT Margin	7.1	8.5	9.9	10.9
Inventory days	60.6	60.0	60.0	60.0
Debtor days	55.0	60.0	65.0	70.0
Creditor days	43.8	45.0	45.0	45.0
Return Ratios (%)				
RoE	7.8	10.3	11.9	13.4
RoCE	10.4	11.9	13.8	15.8
RoIC	12.8	13.6	16.1	18.4
Valuation Ratios (x)				
P/E	57.8	42.0	31.1	24.1
EV / EBITDA	23.9	19.8	16.1	13.0
EV / Net Sales	4.1	3.6	3.1	2.6
Market Cap / Sales	4.1	3.6	3.1	2.6
Price to Book Value	4.5	4.1	3.7	3.2
Solvency Ratios				
Debt/EBITDA	0.6	0.4	0.3	0.2
Debt / Equity	0.1	0.1	0.1	0.1
Current Ratio	2.8	2.8	2.9	3.0
Quick Ratio	1.4	1.5	1.6	1.7

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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