

CMP: ₹ 2,850

Target: ₹ 2,950 (4%)

Target Period: 12 months

HOLD

May 22, 2026

Robust performance, major positives priced in...

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.

- FY26 sales: Auto ICE~70%; non-auto~16%; Tech agnostic & EVs~14%
- FY26 geography mix: India ~65%; Europe ~19%; US ~9%; Others ~7%

Q4FY26 Result: SEL reported robust results. Consolidated revenue for Q4FY26 stood at ₹ 999 crore (up 28% YoY) with EBITDA at ₹193 crore and corresponding EBITDA margins at 19.3% (up 120 bps QoQ). PAT in Q4FY26 came in at ₹121 crore (up ~105% YoY), supported by higher margins as well as higher other income.

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 ~₹1,920 crores as of FY26, with ~62% from international markets. ADS segment (~12% of orderbook) is scaling fast (FY27E ₹550-₹600 crores as sales; 2x YoY) and continue ramping thereafter, amidst larger, higher value-added parts with ~₹4,464 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 at SEL going forward.
- Strong Diversification and Capacity Building Strengthen Long-Term Outlook:** Sansera has made significant progress in diversifying its business model beyond traditional auto-ICE components, with the share of non-auto and XEV/tech-agnostic businesses increasing to ~30-32% of revenues from ~10-15% in FY21. Going forward SEL has set a target of 20% non-automotive, 20% xEV and Tech Agnostic while 60% will come from auto-ICE (down from current ~70%). Simultaneously, it continues to invest aggressively in capacity expansion (₹510 crores in FY26, and plans a similar investment in FY27) across forging, machining and ADS facilities. Management's focus on automation, new facility additions and capability enhancement positions SEL well to capitalize on rising outsourcing opportunities amid increasing demand for precision-engineered products.

Rating and Target Price

- SEL has been our top pick in auto ancillary space amidst its diversification efforts as well as robust visibility and execution capabilities in the ADS segment. However, with sharp stock price gains recently & valuations turning full (factoring in rise in blended margins as well as valuations amidst rising share of ADS business from ~10% in FY26 to ~20% in FY28E), we believe much of the positives are in the price and hence downgrade our rating on SEL to **HOLD**, thereby valuing it at ₹ 2,950 i.e., 35x PE on FY28E.

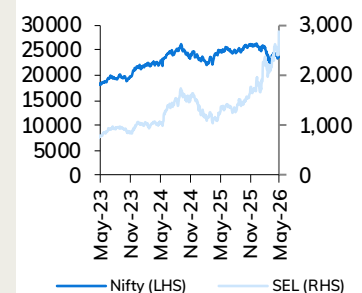
Particulars

Particulars	₹ crore
Market capitalisation	17,647
Total Debt (FY26P)	458
Cash & Investment (FY26P)	399
EV (₹ crore)	17,706
52 week H/L (₹)	2,875 / 1206
Equity capital (₹ crore)	12.5
Face value (₹)	2.0

Shareholding pattern

	Jun-25	Sep-25	Dec-25	Mar-26
Promoter	30.3	30.2	30.2	30.1
FII	19.5	19.6	19.4	18.8
DII	36.9	37.0	36.3	35.4
Other	13.3	13.2	14.2	15.7

Price Chart



Recent event & key risks

- Reports robust Q4'26. EBITDA margins at all time high - 19.3%
- Key Risk: (i) Higher than anticipated margin gains amid rise in ADS share in overall sales pie (ii) delay in execution of orderbook amid geopolitical tensions (global constitute bulk of new orderbook).

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Key Financial Summary

Key Financials (₹ crore)	FY22	FY23	FY24	FY25	FY26P	5 year CAGR (FY21-26)	FY27E	FY28E	2 year CAGR (FY26-28E)
Net Sales	1,989.0	2,346.0	2,811.4	3,016.7	3,497.9	17.7%	4,093.7	4,782.1	16.9%
EBITDA	333.6	384.7	479.8	514.8	632.1	18.4%	798.3	985.1	24.8%
EBITDA Margins (%)	16.8	16.4	17.1	17.1	18.1		19.5	20.6	
Net Profit	130.4	146.2	185.7	215.2	324.1	24.6%	406.1	525.7	27.4%
EPS (₹)	25.0	27.6	34.6	34.8	52.0		65.1	84.3	
P/E	113.9	103.2	82.3	82.0	54.8		43.7	33.8	
RoNW (%)	12.7	12.5	13.8	7.8	10.9		11.9	13.5	
RoCE (%)	11.3	12.2	14.0	10.4	11.2		13.3	15.3	

Key Takeaways of Recent Quarter

Q4FY26 Earnings Conference Call Highlights:

- **Growth drivers & segment performance:** The automotive ICE segment grew ~22% YoY, led by strong performance in passenger vehicles, heavy commercial vehicles. Tech-agnostic and xEV segments grew about 20% YoY. Non-automotive business grew 70% YoY, largely driven by the ADS (Aerospace, Defence & Semiconductor) division, where revenues grew 2.5x YoY, marking a structural shift toward diversification beyond auto.
- **Orderbook:** Its cumulative order book as of FY26 end is pegged at ~₹ 1,920 crore (peak revenues to be attained in about 3 years), down from ₹ 2,410 crore as of Dec-25 end. From the high growth ADS Segment (Aerospace, Defence & semiconductor) cumulative orderbook is pegged at ₹4,464 crore, executable in 5 years.
- **Capacity Expansion:** FY26 capex stood at ₹510 crore and management plans similar capex in FY27 focused on forging, machining and ADS expansion. Existing ICE facilities are operating near peak utilization, necessitating further investments. The company also highlighted that forging capacity expansion remains critical given strong growth expectations across auto and industrial segments.
- **Auto Business Remains Healthy Despite Diversification Push:** Core auto ICE business posted its highest-ever quarterly revenue of INR643 crore (+21.6% YoY), driven by strong passenger vehicle and commercial vehicle demand. Tech-agnostic and XEV businesses also achieved record quarterly revenue of INR122 crore (+19.8% YoY). Management reiterated its long-term diversification strategy wherein auto ICE contribution would reduce to ~60% of revenues while non-auto and XEV/tech-agnostic businesses could contribute ~40%. Currently, the combined share of non-auto and XEV businesses has already reached ~30–32%, indicating steady progress toward portfolio diversification.
- **Aerospace & Defence:** ADS remains the key long-term growth driver for Sansera. FY26 revenue came in at ₹315 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. 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:** Management remains optimistic on EV growth, particularly in domestic two-wheelers and hybrid platforms. The company is also seeing traction in energy storage applications with one global customer where annual revenue opportunity could initially scale to ₹80–100 crore. Sansera is simultaneously balancing growth opportunities with capacity allocation discipline, especially in forging operations where demand visibility remains robust.

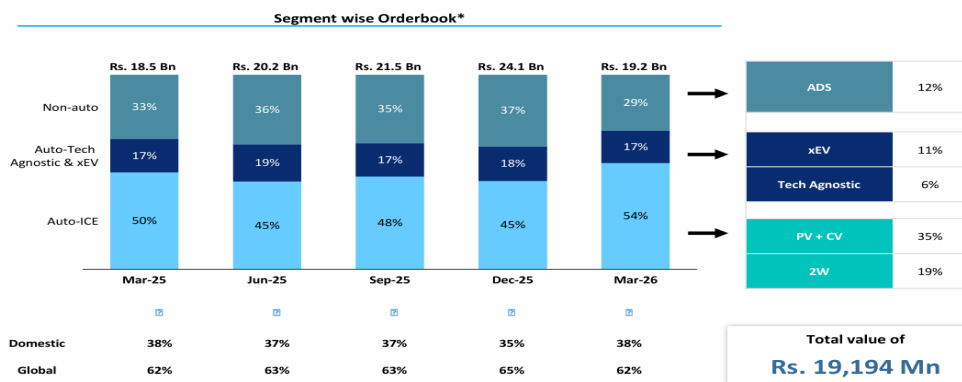
Key Charts from PPT

Exhibit 1: Segment wise orderbook



Peak Annual Revenues for New Business

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



Key highlights

- › Limited order inflows from international customers due to global uncertainties
- › Order book represents peak annual revenues for new business
- › This is based on LOIs / POs for which production has started beyond 1-Apr-2026 or is yet to start
- › This orderbook is expected to reach its peak annual revenue in the next 3 years
- › In addition, the company is continuously working on adding new orders in all the segments
- › Orderbook as on 31-Mar-26 represent orders which moved to mass production as on 1-Apr-26, peak value of these orders shall reflect in the topline once they reach maturity

Total value of Rs. 19,194 Mn

*Order book represents peak annual revenues for new business

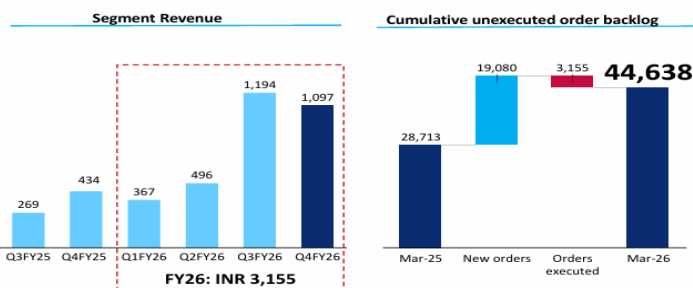
Source: Company, ICICI Direct Research

Exhibit 2: ADS Segment highlights



ADS Segment Highlights

INR in Mn



Existing ADS Capacity

140,000 sq ft
Covered area of current facility

2/3 of the space dedicated for Aerospace & Semicon

1/3 of the space dedicated for defence

Key Highlights

- › Has augmented its product capabilities vertically and horizontally and is able to produce higher value add components and move faster from F&Ls to commercial production
- › Continuously adding machining capacity at the existing facility. Planned capex of INR 2,500 Mn over the next few years towards building, machinery, etc.
- › Entered to regular production of semi-conductor parts manufacturing ramp-up in 2026-Q3 & Q4 is the stable period
- › Entering into more complex and large structural parts, supported with in-house surface treatment facility

FY27 ADS Revenue guidance of INR 5,500 – 6,000 Mn

This order backlog is executable in ~ 5 years

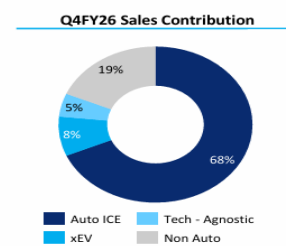
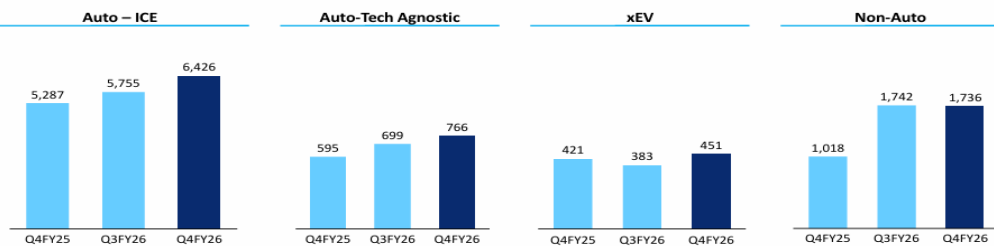
Source: Company, ICICI Direct Research

Exhibit 3: Share of Sales across geographies

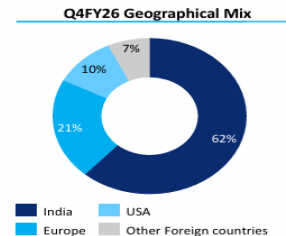


Sales Mix Trends

INR in Mn



Sales mix (%)	Q4FY26	Q4FY25	Q3FY26	FY26	FY25
India	61.6%	66.6%	61.8%	65.2%	68.4%
Europe	21.0%	18.0%	17.7%	18.8%	18.3%
USA	10.4%	10.6%	9.1%	9.3%	9.2%
Other Foreign Countries	7.0%	4.8%	11.4%	6.7%	4.1%
International	38.4%	33.4%	38.2%	34.8%	31.6%
Exports from India	30.2%	26.8%	29.9%	26.6%	25.9%
Sweeden Sales	8.2%	6.6%	8.3%	8.2%	5.7%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%



Source: Company, ICICI Direct Research

Financial Summary

Exhibit 4: Profit and loss statement		₹ crore			
(Year-end March)	FY25	FY26P	FY27E	FY28E	
Net Sales	3016.7	3497.9	4093.7	4782.1	
Other Operating Income	0.0	0.0	0.0	0.0	
Total Operating Income	3,016.7	3,497.9	4,093.7	4,782.1	
Growth (%)	7.3	15.9	17.0	16.8	
Raw Material Expenses	1,241.4	1,453.5	1,739.8	2,008.5	
Employee Expenses	442.7	488.7	532.2	593.0	
Other Operating Expense	818.0	923.6	1,023.4	1,195.5	
Total Operating Expenditure	2,502.0	2,865.8	3,295.4	3,797.0	
EBITDA	514.8	632.1	798.3	985.1	
Growth (%)	7.3	22.8	26.3	23.4	
Depreciation	173.8	205.9	238.5	272.1	
Interest	70.0	37.7	38.9	34.6	
Other Income	20.3	59.5	37.9	43.0	
PBT	291.2	447.9	558.8	721.4	
Exceptional Item & MI	0.9	18.6	13.0	15.4	
Total Tax	75.1	105.3	139.7	180.3	
PAT	215.2	324.1	406.1	525.7	
Growth (%)	15.9	50.6	25.3	29.5	
EPS (₹)	34.8	52.0	65.1	84.3	

Source: Company, ICICI Direct Research

Exhibit 5: Cash flow statement		₹ crore			
(Year-end March)	FY25	FY26P	FY27E	FY28E	
Profit after Tax	215.2	324.1	406.1	525.7	
Add: Depreciation	173.8	205.9	238.5	272.1	
(Inc)/dec in Current Assets	-94.2	-374.2	-226.0	-264.8	
Inc/(dec) in CL and Provisions	18.1	226.1	94.8	129.3	
Others	70.0	37.7	38.9	34.6	
CF from operating activities	382.9	419.6	552.3	696.9	
(Inc)/dec in Investments	-11.7	-38.0	-5.0	-5.0	
(Inc)/dec in Fixed Assets	-635.6	-551.1	-500.0	-500.0	
Others	12.4	6.3	3.0	3.4	
CF from investing activities	-634.9	-582.7	-502.0	-501.6	
Issue/(Buy back) of Equity	1.7	0.1	0.0	0.0	
Inc/(dec) in loan funds	-501.4	157.9	0.0	-50.0	
Dividend & interest	-90.1	-62.7	-70.1	-72.0	
Inc/(dec) in Share Cap	0.0	0.0	0.0	0.0	
Others	1,206.2	37.9	0.0	0.0	
CF from financing activities	616.3	133.2	-70.1	-122.0	
Net Cash flow	364.3	-30.0	-19.7	73.2	
Opening Cash	62.9	427.1	397.2	377.5	
Closing Cash	427.1	397.2	377.5	450.7	

Source: Company, ICICI Direct Research

Exhibit 6: Balance Sheet		₹ crore			
(Year-end March)	FY25	FY26P	FY27E	FY28E	
Liabilities					
Equity Capital	12.4	12.5	12.5	12.5	
Reserve and Surplus	2,737.9	3,074.9	3,449.8	3,938.1	
Total Shareholders funds	2,750.3	3,087.4	3,462.3	3,950.6	
Total Debt	299.7	457.6	457.6	407.6	
Deferred Tax Liability	80.1	93.8	93.8	93.8	
Minority Interest / Others	157.5	182.0	190.0	198.4	
Total Liabilities	3,287.6	3,820.8	4,203.7	4,650.4	
Assets					
Gross Block	2,827.4	3,353.4	3,872.9	4,372.9	
Less: Acc Depreciation	929.8	1,135.7	1,374.2	1,646.3	
Net Block	1,897.5	2,217.7	2,498.8	2,726.7	
Capital WIP	194.5	219.6	200.0	200.0	
Total Fixed Assets	2,092.1	2,437.2	2,698.8	2,926.7	
Investments	91.9	133.6	138.6	143.6	
Inventory	501.0	671.2	785.1	917.1	
Debtors	454.6	627.0	729.0	851.6	
Loans and Advances	3.5	2.6	3.1	3.6	
Other Current Assets	72.4	104.8	114.5	124.2	
Cash	427.1	397.2	377.5	450.7	
Total Current Assets	1,458.7	1,802.9	2,009.2	2,347.2	
Current Liabilities	362.3	543.3	616.9	720.6	
Provisions	6.8	27.8	31.5	36.8	
Current Liabilities & Prov	447.9	673.9	768.8	898.1	
Net Current Assets	1,010.8	1,129.0	1,240.4	1,449.1	
Others Assets	92.9	121.0	126.0	131.0	
Application of Funds	3,287.6	3,820.8	4,203.7	4,650.4	

Source: Company, ICICI Direct Research

Exhibit 7: Key ratios		FY25	FY26P	FY27E	FY28E
(Year-end March)					
Per share data (₹)					
EPS		34.8	52.0	65.1	84.3
Cash EPS		62.8	85.0	103.4	128.0
BV		444.2	495.3	555.5	633.8
DPS		3.3	4.0	5.0	6.0
Cash Per Share		69.0	63.7	60.6	72.3
Operating Ratios (%)					
EBITDA Margin		17.1	18.1	19.5	20.6
PAT Margin		7.1	9.3	9.9	11.0
Inventory days		60.6	70.0	70.0	70.0
Debtor days		55.0	65.4	65.0	65.0
Creditor days		43.8	56.7	55.0	55.0
Return Ratios (%)					
RoE		7.8	10.9	11.9	13.5
RoCE		10.4	11.2	13.3	15.3
RoC		12.8	13.3	15.4	17.8
Valuation Ratios (x)					
P/E		82.0	54.8	43.7	33.8
EV / EBITDA		34.0	28.0	22.2	17.9
EV / Net Sales		5.8	5.1	4.3	3.7
Market Cap / Sales		5.8	5.0	4.3	3.7
Price to Book Value		6.4	5.8	5.1	4.5
Solvency Ratios					
Debt/EBITDA		0.6	0.7	0.6	0.4
Debt / Equity		0.1	0.1	0.1	0.1
Current Ratio		2.8	2.5	2.5	2.5
Quick Ratio		1.4	1.3	1.3	1.3

Source: Company, ICICI Direct Research

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Reduce: -15% to -5%;

Sell: <-15%

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