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Strong growth prospects, ADS segment to outgrow

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%

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 ~₹2,150 crores as of Q2FY26, with over 60% from international markets, realisable into peak revenues in about 3 years' timeframe (potentially can hit ~₹ 5,000 crore revenues by FY28E vs. ~₹ 3,000 crore in FY25). ADS segment (Aerospace-Defence-Semicon) is the new growth driver at SEL and comprises healthy ~24% of orderbook. This space is scaling fast, with FY26 revenues guided at ₹300-₹320 crores i.e. >2x YoY, with ~₹3,950 crores as cumulative order book value in the domain, executable over next 5 years. We expect revenues at SEL to grow at 14% CAGR over FY25-28E
- GST Rationalization: Structural boost for Domestic Auto industry:** Government has announced GST 2.0 reforms thereby reducing GST rates for the automobile sector across the segments and value chain. Small cars, 2-Ws up to 350cc, & 3-Ws will now attract 18% GST vs. 28% earlier, while CVs also shift to 18% rate. Total tax incidence for larger passenger cars, SUVs is also reduced from 43-50% to 40%. Furthermore, uniform 18% GST rate on all auto parts has been introduced, which will improve SEL's cost competitiveness and demand across domestic OEMs.
- Portfolio diversification & operational levers to aid margin expansion:** SEL continues to transition from its ICE-heavy base (now down to 73% of revenues) toward higher-margin segments such as ADS, Tech Agnostic, and non-auto, which collectively account for 27% of Q2FY26 revenues. EBITDA margins, while steady at 17.3% for Q2FY26, are expected to expand on richer segment mix (ADS commands 25-30% EBITDA margins and is the key growth driver at SEL), operational efficiency gains in aluminium components & improved contribution from Swedish arm, adding visibility to its medium to long-term margin guidance of 20%.

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 assign BUY rating on the stock & value SEL at ₹ 1,930 i.e., 30x PE on FY27-28E average.

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%	3,380.8	3,887.1	4,471.8	14.0%
EBITDA	272.1	333.6	384.7	479.8	514.8	18.0%	591.6	699.7	827.3	17.1%
EBITDA Margins (%)	17.6	16.8	16.4	17.1	17.1		17.5	18.0	18.5	
Net Profit	108.0	130.4	146.2	185.7	215.2	21.8%	290.2	358.3	439.4	26.9%
EPS (₹)	20.7	25.0	27.6	34.6	34.8		46.9	57.9	71.0	
P/E	77.5	64.2	58.1	46.3	46.2		34.2	27.7	22.6	
RoNW (%)	12.3	12.7	12.5	13.8	7.8		9.7	10.8	11.8	
RoCE (%)	10.5	11.3	12.2	14.0	10.4		11.4	12.7	14.0	

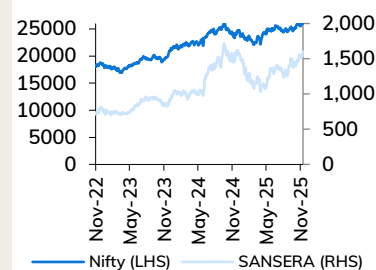
Source: Company, ICICI Direct Research

Particulars

Particulars	₹ crore
Market capitalisation	9,938
Total Debt (FY25)	300
Cash & Investment (FY25)	428
EV (₹ crore)	9,810
52 week H/L (₹)	1,707 / 953
Equity capital (₹ crore)	12.4
Face value (₹)	2.0

Shareholding pattern

	Dec-24	Mar-25	Jun-25	Sep-25
Promoter	30.3	30.4	30.3	30.2
FII	20.5	20.1	19.5	19.6
DII	37.5	37.0	36.9	37.0
Other	11.6	12.5	13.3	13.2

Price Chart**Recent event & key risks**

- We bake in 14% revenue, 27% PAT CAGR over FY25-28E, with sales reaching ~₹ 4,500 crore by FY28E. Margins seen improving by 100 bps to 18.5%
- Key Risk: (i) delay in execution of orderbook amid geopolitical tensions (global constitute bulk of new orderbook) (ii) lower than anticipated margin gains.

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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