Sansera Engineering (SANEN)

ICICI Direct

CMP: ₹3,800 | Target ₹ 4,500 (18%) | Target Period: 12 months | BUY

August 13, 2026

Strong order visibility, strengthen long-term earnings...

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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%

Q1FY27 Results: Consolidated revenue for the quarter stood at ₹ 1,021 crore (up 33% YoY) with EBITDA at ₹196 crore and corresponding EBITDA margins at 19.2% (down 10 bps QoQ). PAT in Q1FY27 came in at ₹ 87 crore (up ~39% YoY).

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 ~₹1,849 crores as of Q1FY27 (ex-ADS), with ~55% from international markets. The ADS order pipeline has strengthened sharply, rising from ₹4,440 crore at the end of Q1 to approximately ₹5,750 crore currently, with the backlog executable through FY31. The incremental semiconductor-equipment order alone is expected to take annual business with the customer to around $75 million, while further RFQs are under discussion across aerospace and SEM. Importantly, ADS carries significantly superior profitability, with ~25%+ EBITDA margins at scale, which can materially improve consolidated margins and return ratios at SEL going forward.
- **Business mix transformation enhances long-term return potential:** Sansera's long-term investment case is strengthening as the company continues to diversify away from its traditional auto-ICE concentration into ADS, aerospace, semiconductor equipment, defence and Auto-Tech Agnostic/xEV components. The non-auto segment already contributes ~21% of revenue, while Auto-Tech Agnostic & xEV revenue is growing strongly. 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

- Supported by strong Q1 execution, robust domestic automotive demand, accelerating ADS growth and sharply rising multi-year order pipeline, while factoring in rise in blended margins amidst rising share of ADS business from ~10% in FY26 to ~20% in FY29E), we upgrade our rating to **BUY**, thereby valuing it at **₹ 4,500** i.e., 40x PE on FY29E.

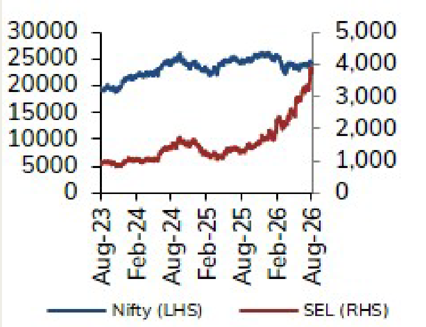
Particulars

Particulars	₹ crore
Market capitalisation	23,530
Total Debt (FY26P)	458
Cash & Investment (FY26P)	399
EV (₹ crore)	23,588
52 week H/L (₹)	3,938 / 1,241
Equity capital (₹ crore)	12.5
Face value (₹)	2.0

Shareholding pattern

	Sep-25	Dec-25	Mar-26	Jun-26
Promoter	30.2	30.2	30.1	29.2
FII	19.6	19.4	18.8	21.5
DII	37.0	36.3	35.4	31.0
Other	13.2	14.2	15.7	18.2

Price Chart



Recent event & key risks

- Reports robust Q1'27. EBITDA margins maintained at - 19.2%.
- Key Risk: (i) lower 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)	FY24	FY25	FY26P	5 year CAGR (FY21-26P)	FY27E	FY28E	FY29E	3 year CAGR (FY26P-29E)
Net Sales	2,811.4	3,016.7	3,497.9	17.7%	4,184.7	5,008.6	5,986.8	19.6%
EBITDA	479.8	514.8	632.1	18.4%	816.0	1,001.7	1,227.3	24.8%
EBITDA Margins (%)	17.1	17.1	18.1		19.5	20.0	20.5	
Net Profit	185.7	215.2	324.1	24.6%	423.4	557.8	704.7	29.6%
EPS (₹)	34.6	34.8	52.0		67.9	89.5	113.1	
P/E	109.7	109.3	73.1		55.9	42.5	33.6	
RoNW (%)	13.8	7.8	10.9		12.5	13.9	15.1	
RoCE (%)	14.0	10.4	11.2		13.7	15.5	17.4	

Source: Company, ICICI Direct Research

Q1FY27 Earnings Conference Call Highlights

- **Broad based growth across:** Auto-ICE revenue grew 20.8% YoY to ₹628 crore, with the company recording its highest-ever quarterly performance across passenger vehicles, commercial vehicles and scooters. Auto-Tech Agnostic & xEV revenue rose 22.2% YoY to ₹132 crore, driven by accelerating EV adoption, particularly in two-wheelers. The non-auto segment was the standout performer, with revenue increasing 129.9% YoY to ₹200 crore and its contribution rising to 20.8% of consolidated sales.
- **ADS order book sees another sharp increase**: The most significant positive development was the further strengthening of the ADS order pipeline. The five-year cumulative unexecuted ADS order book stood at ₹4,440 crore at the end of Q1 FY27 and increased to approximately ₹5,750 crore in Q2 following additional wins. Importantly, the incremental order was from an existing semiconductor-equipment customer and is expected to take Sansera's annual business with this customer to roughly $75 million.
- **Auto-ICE remains healthy despite the long-term mix shift**: Contrary to concerns around the structural decline of ICE, management remains constructive on near- to medium-term ICE demand. Capacity additions at Pantnagar and Manesar are being driven by higher outsourcing opportunities for crankshafts from two-wheeler OEMs, along with increasing demand from passenger-vehicle OEMs. Sansera is expanding forging, machining and secondary-processing capacity, while also increasing connecting-rod capacity at Bengaluru.
- **Margin outlook remains constructive, but Q1 benefited from mix and forex**: The 19.2% reported EBITDA margin was supported by a favourable international mix and currency tailwind, and management therefore does not view the Q1 margin as a new base case. The company continues to target an improvement from FY26's 18.1% EBITDA margin towards 19% for FY27, while simultaneously aspiring to reach the 20% level over time. Importantly, management's strategy is to sustain margins while continuing to grow rather than chasing growth at the expense of profitability. The increasing contribution of ADS and exports, which carry 25–30% EBITDA margins, should provide a structural mix benefit.
- **Defence emerges as another potential growth leg:** Sansera is repositioning its defence business through a dedicated facility, with the objective of moving beyond small-batch precision-machined components supplied to customers such as ISRO and HAL towards larger domestic and export opportunities. The company is in discussions for larger defence wins in Europe and plans to add sheet-metal capability, which management believes will significantly improve its ability to address larger RFQ packages across both defence and aerospace.
- **FY27 growth outlook:** Management's formal commentary remains around high-teens revenue growth for FY27. The company indicated that non-ADS businesses could potentially deliver mid-teens growth, while ADS is expected to grow around 75–80% during the year. If the current momentum sustains, management believes overall revenue growth could move towards the high-teens to 20% range.

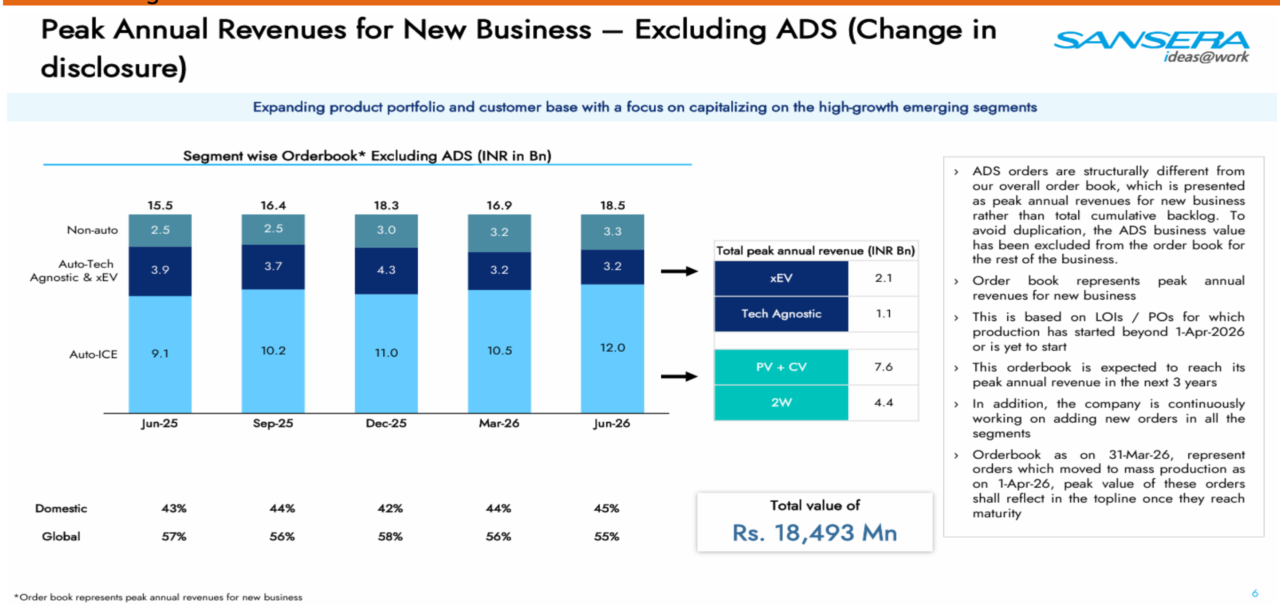
Exhibit 1: Quarterly variance

	Q1FY27	Q1FY26	YoY%	Q4FY26	QoQ%
Total Operating Income	1,021.3	766.3	33.3	998.7	2.3
Raw Material Expenses	403.5	302.4	33.5	422.1	-4.4
Employee Expenses	133.2	119.6	11.4	129.8	2.6
Other Expenses	288.5	212.3	35.9	253.9	13.6
EBITDA	196.1	132.1	48.4	192.9	1.6
EBITDA Margin (%)	19.2	17.2	196 bps	19.3	-12 bps
Depreciation	61.9	47.6	30.1	55.5	11.6
Interest	12.0	10.4	14.8	11.2	6.5
Other Income	13.4	11.7	14.7	26.6	-49.6
PBT (before exceptional)	135.6	85.7	58.1	113.2	19.8
Exceptional items	17.2	1.1		-4.4	
Total Tax	31.0	21.7	43.1	34.1	-8.9
Reported PAT	86.6	62.2	39.1	121.4	-28.7

Source: Company, ICICI Direct Research

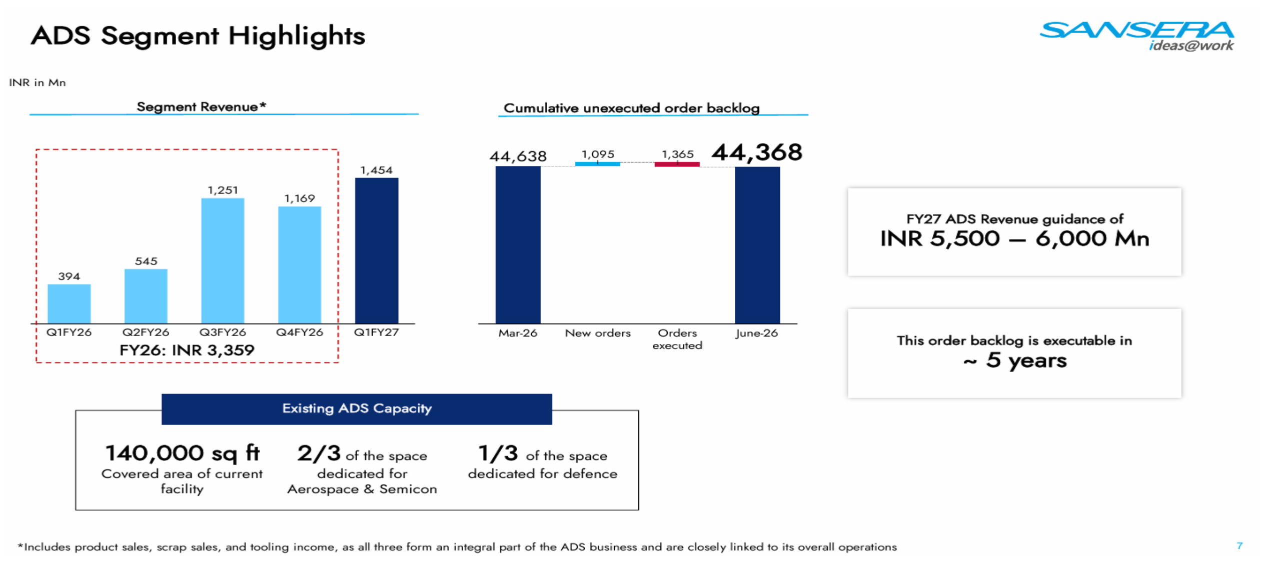
Key Charts & Tables

Exhibit 2: Segment Wise orderbook



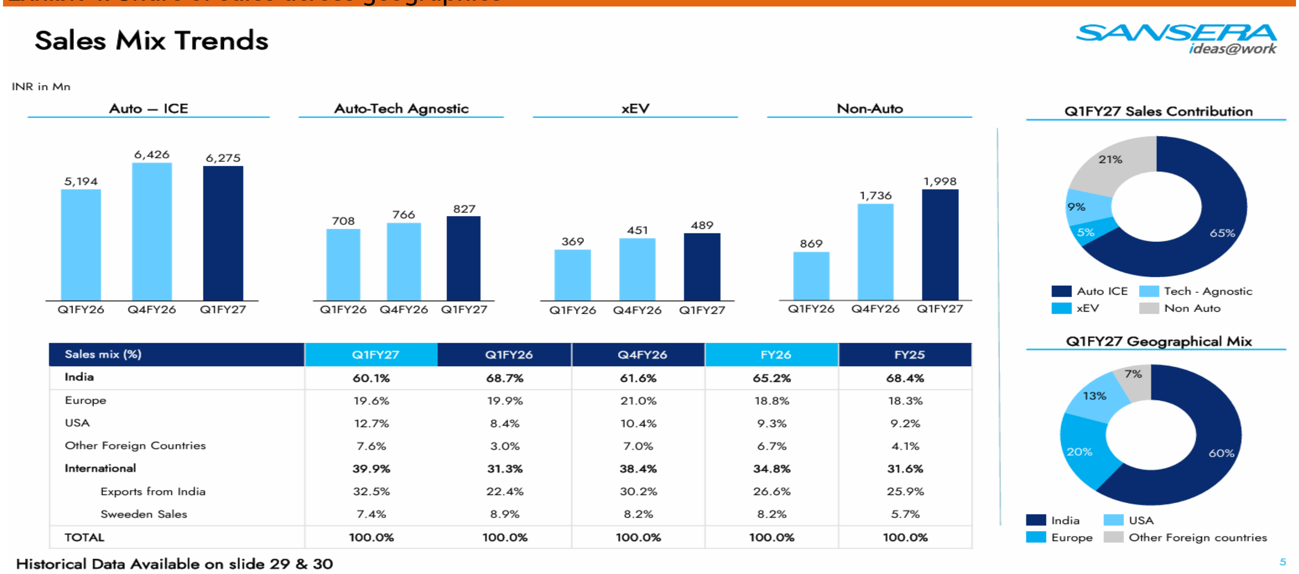
Source: Company, ICICI Direct Research

Exhibit 3: ADS Segment highlights



Source: Company, ICICI Direct Research

Exhibit 4: Share of sales across geographies



Sales mix (%)	Q1FY27	Q1FY26	Q4FY26	FY26	FY25
India	60.1%	68.7%	61.6%	65.2%	68.4%
Europe	19.6%	19.9%	21.0%	18.8%	18.3%
USA	12.7%	8.4%	10.4%	9.3%	9.2%
Other Foreign Countries	7.6%	3.0%	7.0%	6.7%	4.1%
International	39.9%	31.3%	38.4%	34.8%	31.6%
Exports from India	32.5%	22.4%	30.2%	26.6%	25.9%
Sweeden Sales	7.4%	8.9%	8.2%	8.2%	5.7%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%

Historical Data Available on slide 29 & 30

Source: ICICI Direct Research

Financial summary

Exhibit 5: Profit and loss statement ₹ crore

(Year-end March)	FY26P	FY27E	FY28E	FY29E
Net Sales	3497.9	4184.7	5008.6	5986.8
Other Operating Income	0.0	0.0	0.0	0.0
Total Operating Income	3,497.9	4,184.7	5,008.6	5,986.8
Growth (%)	15.9	19.6	19.7	19.5
Raw Material Expenses	1,453.5	1,673.9	2,003.4	2,394.7
Employee Expenses	488.7	544.0	613.5	718.4
Other Operating Expense	923.6	1,150.8	1,389.9	1,646.4
Total Operating Expenditure	2,865.8	3,368.7	4,006.9	4,759.5
EBITDA	632.1	816.0	1,001.7	1,227.3
Growth (%)	22.8	29.1	22.8	22.5
Depreciation	205.9	238.5	273.8	311.7
Interest	37.7	38.9	34.6	28.6
Other Income	59.5	52.8	54.8	57.5
PBT	447.9	591.5	748.2	944.5
Exceptional Item & MI	18.6	20.2	3.4	3.7
Total Tax	105.3	147.9	187.0	236.1
PAT	324.1	423.4	557.8	704.7
Growth (%)	50.6	30.6	31.7	26.3
EPS (₹)	52.0	67.9	89.5	113.1

Source: Company, ICICI Direct Research

Exhibit 6: Cash flow statement ₹ crore

(Year-end March)	FY26P	FY27E	FY28E	FY29E
Profit after Tax	324.1	423.4	557.8	704.7
Add: Depreciation	205.9	238.5	273.8	311.7
(Inc)/dec in Current Assets	-374.2	-262.3	-318.4	-376.0
Inc/(dec) in CL and Provisions	226.1	111.9	154.7	183.7
Others	37.7	38.9	34.6	28.6
CF from operating activities	419.6	550.4	702.5	852.7
(Inc)/dec in Investments	-38.0	-5.0	-5.0	-5.0
(Inc)/dec in Fixed Assets	-551.1	-500.0	-550.0	-600.0
Others	6.3	3.0	3.4	3.7
CF from investing activities	-582.7	-502.0	-551.6	-601.3
Issue/(Buy back) of Equity	0.1	0.0	0.0	0.0
Inc/(dec) in loan funds	157.9	0.0	-50.0	-100.0
Dividend & interest	-62.7	-70.1	-72.0	-78.5
Inc/(dec) in Share Cap	0.0	0.0	0.0	0.0
Others	37.9	0.0	0.0	0.0
CF from financing activities	133.2	-70.1	-122.0	-178.5
Net Cash flow	-30.0	-21.6	28.9	72.9
Opening Cash	427.1	397.2	375.6	404.5
Closing Cash	397.2	375.6	404.5	477.4

Source: Company, ICICI Direct Research

Exhibit 7: Balance sheet ₹ crore

(Year-end March)	FY26P	FY27E	FY28E	FY29E
Liabilities				
Equity Capital	12.5	12.5	12.5	12.5
Reserve and Surplus	3,074.9	3,467.1	3,987.5	4,642.3
Total Shareholders funds	3,087.4	3,479.6	4,000.0	4,654.8
Total Debt	457.6	457.6	407.6	307.6
Deferred Tax Liability	93.8	93.8	93.8	93.8
Minority Interest / Others	182.0	190.0	198.4	207.1
Total Liabilities	3,820.8	4,221.0	4,699.8	5,263.3
Assets				
Gross Block	3,353.4	3,872.9	4,422.9	5,022.9
Less: Acc Depreciation	1,135.7	1,374.2	1,647.9	1,959.6
Net Block	2,217.7	2,498.8	2,775.0	3,063.3
Capital WIP	219.6	200.0	200.0	200.0
Total Fixed Assets	2,437.2	2,698.8	2,975.0	3,263.3
Investments	133.6	138.6	143.6	148.6
Inventory	671.2	802.6	960.5	1,148.2
Debtors	627.0	745.2	891.9	1,066.1
Loans and Advances	2.6	3.1	3.8	4.5
Other Current Assets	104.8	117.0	130.1	143.5
Cash	397.2	375.6	404.5	477.4
Total Current Assets	1,802.9	2,043.6	2,390.8	2,839.7
Current Liabilities	543.3	630.6	754.7	902.1
Provisions	27.8	32.2	38.6	46.1
Current Liabilities & Prov	673.9	785.9	940.6	1,124.3
Net Current Assets	1,129.0	1,257.7	1,450.2	1,715.4
Others Assets	121.0	126.0	131.0	136.0
Application of Funds	3,820.8	4,221.0	4,699.8	5,263.3

Source: Company, ICICI Direct Research

Exhibit 8: Key ratios

(Year-end March)	FY26P	FY27E	FY28E	FY29E
Per share data (₹)				
EPS	52.0	67.9	89.5	113.1
Cash EPS	85.0	106.2	133.4	163.1
BV	495.3	558.3	641.7	746.8
DPS	4.0	5.0	6.0	8.1
Cash Per Share	63.7	60.3	64.9	76.6
Operating Ratios (%)				
EBITDA Margin	18.1	19.5	20.0	20.5
PAT Margin	9.3	10.1	11.1	11.8
Inventory days	70.0	70.0	70.0	70.0
Debtor days	65.4	65.0	65.0	65.0
Creditor days	56.7	55.0	55.0	55.0
Return Ratios (%)				
RoE	10.9	12.5	13.9	15.1
RoCE	11.2	13.7	15.5	17.4
RoIC	13.3	15.9	17.8	20.0
Valuation Ratios (x)				
P/E	73.1	55.9	42.5	33.6
EV / EBITDA	37.3	28.9	23.5	19.0
EV / Net Sales	6.7	5.6	4.7	3.9
Market Cap / Sales	6.7	5.6	4.7	3.9
Price to Book Value	7.7	6.8	5.9	5.1
Solvency Ratios				
Debt/EBITDA	0.7	0.6	0.4	0.3
Debt / Equity	0.1	0.1	0.1	0.1
Current Ratio	2.5	2.5	2.5	2.5
Quick Ratio	1.3	1.3	1.3	1.3

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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