Sansera Engineering (SANEN)

CMP: ₹4,340 | Target ₹ 5,100 (18%) | Target Period: 12 months

BUY

November 6, 2026

Good gets better: fundamentals reinforce, growth accelerates

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%

Q2FY27 Results: Consolidated revenue for the quarter stood at ₹ 1,091 crore (up 32% YoY) with EBITDA at ₹211 crore and EBITDA margins at 19.4% (up ~20 bps QoQ). PAT in Q2FY27 came in at ₹108 crore (up ~51% YoY).

Investment Rationale:

- **Robust ADS growth opportunity supported by a strong order pipeline and increasing technological capabilities:** 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.). The ADS business has demonstrated strong growth momentum, supported by a confirmed order backlog of ₹5,870 crore (to be executable in next 5 years), new aerospace customer additions and increasing opportunities aiming to expand wallet share with existing clients. With ADS currently contributing ~15% of revenue (Q2'27) and management targeting a 35–40% contribution towards the end of the decade, the segment could emerge as a long-term revenue & profitability driver (ADS segment commands way better margins than base business).
- **Diversified automotive portfolio and increasing non-ICE contribution strengthen sustainable growth prospects:** Sansera's long-term investment case is also supported by its ability to diversify beyond traditional automotive ICE components. Its Auto-Tech Agnostic and xEV businesses are witnessing increasing traction, supported by electrification and rising engineered content per vehicle while reporting highest-ever quarterly sales, with combined revenue of ₹136 crore, up by 27% YoY. Further, the Nichidai joint venture provides an opportunity to expand into steering, driveline and other non-automotive applications, while emerging opportunities in humanoid robotics and medical equipment manufacturing offer additional avenues for diversification. This gradual shift towards a more diversified and technology-oriented revenue mix positions Sansera favourably for sustained growth over the medium to long term.

Rating and Target Price

- Supported by record quarterly performance, healthy growth across automotive and non-automotive businesses, a strengthening ADS order pipeline and improving business diversification, while factoring in rise in blended margins amidst rising share of ADS business from ~10% in FY26 to ~35% in FY30E), **we maintain our BUY rating on the stock, thereby valuing it at ₹ 5,100 i.e., 45x PE on FY29E.**

SANSERA ideas@work

Particulars

Particulars	₹ crore
Market capitalisation	26,873
Total Debt (FY26)	458
Cash & Investment (FY26)	399
EV (₹ crore)	26,932
52-week H/L (₹)	4,744 / 1,488
Equity capital (₹ crore)	12.5
Face value (₹)	2.0

Shareholding pattern

	Dec-25	Mar-26	Jun-26	Sep-26
Promoter	30.2	30.1	29.2	29.0
FII	19.4	18.8	21.5	23.0
DII	36.3	35.4	31.0	29.6
Other	14.2	15.7	18.2	18.4

Price Chart



Recent event & key risks

- Reports robust Q2'27 results. EBITDA margins stood at 19.4% (up 20 bps QoQ), guides for robust growth ahead
- Key Risk: (i) delay in execution of orderbook amid geopolitical tensions (global constitute bulk of new orderbook) (ii) lower than anticipated margin gains amid rise in ADS share in overall sales pie

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Company Update

ICICI Securities – Retail Equity Research

Key Financial Summary

Key Financials (₹ crore)	FY24	FY25	FY26	5-year CAGR (FY21-26)	FY27E	FY28E	FY29E	3-year CAGR (FY26-29E)
Net Sales	2,811.4	3,016.7	3,497.9	17.7%	4,297.5	5,131.6	6,186.7	20.9%
EBITDA	479.8	514.8	632.1	18.4%	838.0	1,052.0	1,299.2	27.1%
EBITDA Margins (%)	17.1	17.1	18.1		19.5	20.5	21.0	
Net Profit	185.7	215.2	324.1	24.6%	407.1	551.1	708.7	29.8%
EPS (₹)	34.6	34.8	52.0		65.3	88.4	113.7	
P/E	125.3	124.9	83.5		66.5	49.1	38.2	
RoNW (%)	13.8	7.8	10.9		12.2	13.9	15.3	
RoCE (%)	14.0	10.4	11.2		13.4	15.4	17.4	

Source: Company, ICICI Direct Research

Q2FY27 Earnings Conference Call Highlights

- **Broad based growth across:** Auto ICE grew 18.2% YoY, while The Auto-Tech Agnostic and xEV businesses recorded their highest-ever quarterly sales, with combined revenue of ₹136.3 crore. The growth was supported by increasing EV adoption and rising demand for technology-agnostic components.
- **ADS order book sees another sharp increase**: Aerospace, Defence and Semiconductor (ADS) remained a key growth driver, with Q2FY27 revenue of ₹164.3 crore and H1FY27 revenue of ₹309.7 crore. The broader non-automotive segment recorded its highest-ever quarterly revenue of over ₹200 crore, contributing ~21% to consolidated sales. The ADS order backlog increased significantly to approximately ₹5,870 crore from ₹4,460 crore at the end of Q1FY27, providing strong multi-year revenue visibility. The company has also added a couple of new customers in aerospace, while continuing to deepen its engagement with existing customers. Sansera continues to make progress in its semiconductor business, where it has received validation for two additional supercritical components, taking its capabilities closer to covering the critical component requirements of its existing customer.
- **Capacity Expansion**: In view of faster-than-expected programme commencement and increasing demand across semiconductor, aerospace, energy and xEV businesses, management has increased its FY27 capex guidance from approximately ₹500 crore to ₹800 crore. Nearly 50% of the planned expenditure, amounting to around ₹400 crore, is expected to be directed towards ADS. The expansion includes the completion of an additional bay at the existing ADS facility, which will be equipped with machinery to cater to the current order book, along with a proposed new facility of approximately 1.2 lakh square feet. Management indicated that the expanded existing ADS facility could support revenue potential of around ₹1,500 crore, while the proposed new facility could add another ₹1,000 crore, depending on the component configuration.
- **Margins remain resilient despite cost inflation**: Gross margin improved by 180 bps YoY to 43%, supported by a favourable product mix. However, employee expenses increased by 25% to ₹146.9 crore, including a provision of approximately ₹16.7 crore towards the Karnataka minimum-wage revision. Management clarified that the minimum-wage revision is not a one-off expense and will continue to impact the cost base, although the final quantum remains uncertain pending the legal process. The company has also been engaging with customers to recover some of the increased commodity-related costs.
- **FY27 revenue outlook remains encouraging:** Management indicated that the business outlook remains positive, with full-year FY27 revenue expected to be in the range of ₹4,250–4,300 crore. The company continues to witness healthy demand across automotive, ADS and other technology-agnostic businesses, although the pace of growth in H2 will depend on post-festive industry demand and the broader global environment. Over the longer term, the company is targeting ADS to contribute approximately 35–40% of overall revenue towards the end of the decade, compared with approximately 15% currently (Q2'27).

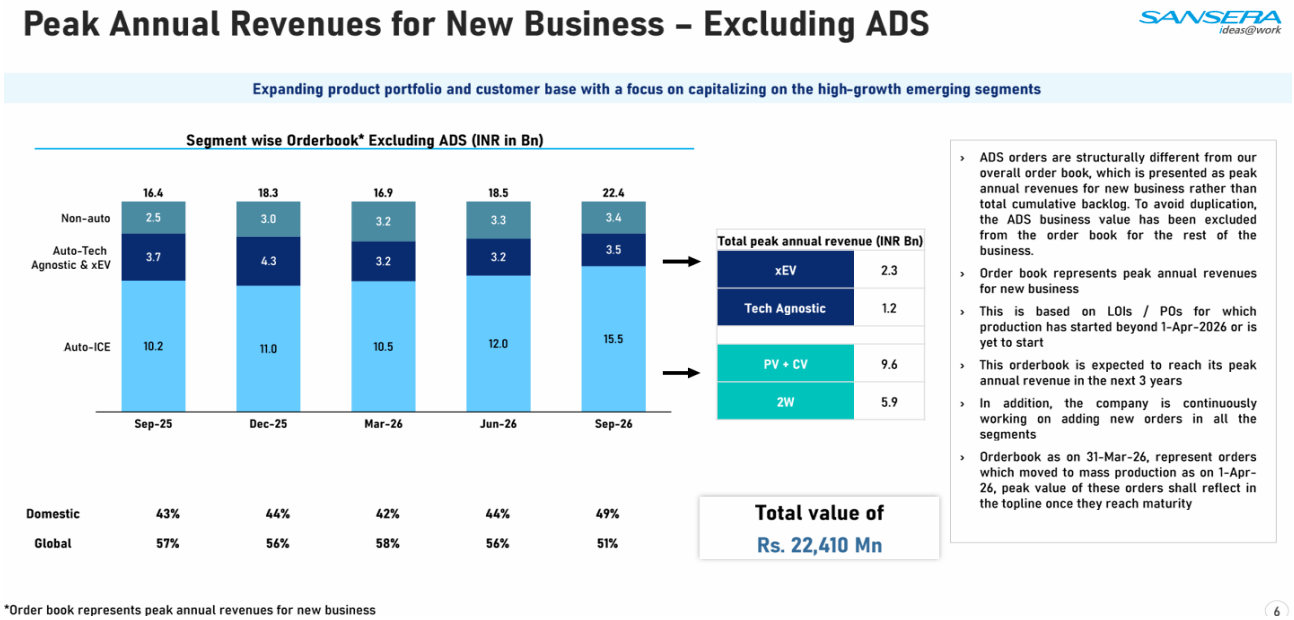
Exhibit 1: Quarterly variance

	Q2FY27	Q2FY26	YoY%	Q1FY27	QoQ%
Total Operating Income	1,091.5	825.2	32.3	1,021.3	6.9
Raw Material Expenses	416.6	342.7	21.5	403.5	3.2
Employee Expenses	146.9	118.0	24.5	133.2	10.3
Other Expenses	316.7	221.4	43.1	288.5	9.8
EBITDA	211.2	143.1	47.6	196.1	7.7
EBITDA Margin (%)	19.4	17.3	201 bps	19.2	15 bps
Depreciation	60.2	50.3	19.5	61.9	-2.8
Interest	14.6	8.1	79.7	12.0	22.3
Other Income	11.6	11.6	0.3	13.4	-13.0
PBT (before exceptional)	148.1	96.2	53.9	113.2	30.8
Exceptional items	1.7	1.0	76.6	17.2	-89.9
Total Tax	37.7	23.8	58.0	31.0	21.4
Reported PAT	108.0	71.7	50.6	86.6	24.8

Source: Company, ICICI Direct Research

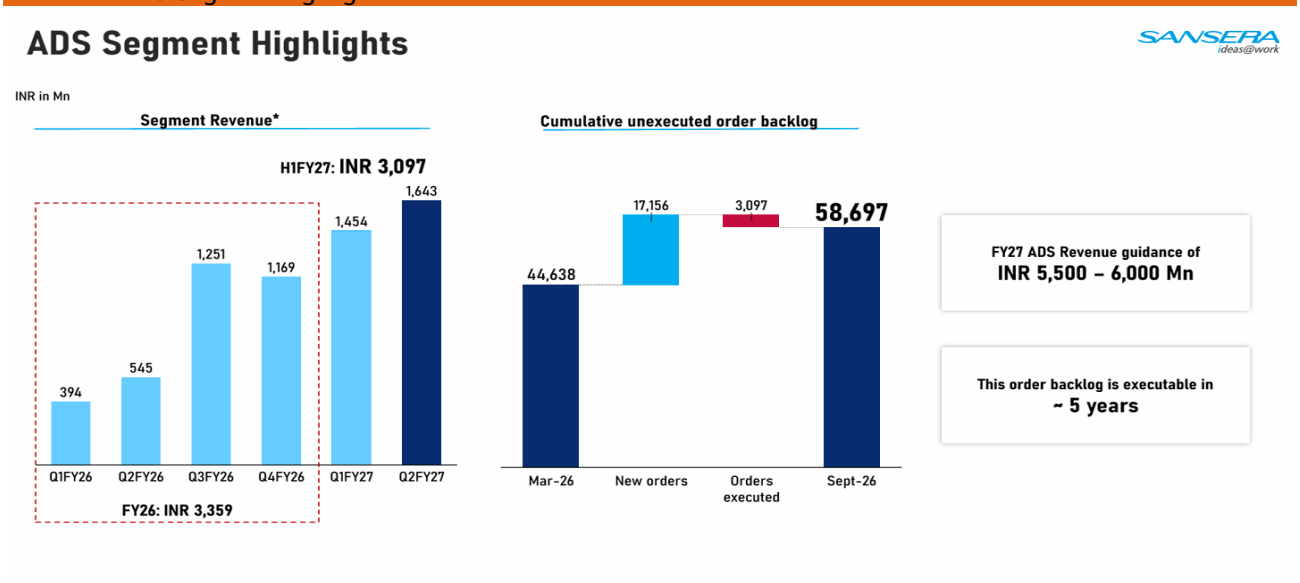
Key Charts & Tables

Exhibit 2: Segment Wise orderbook



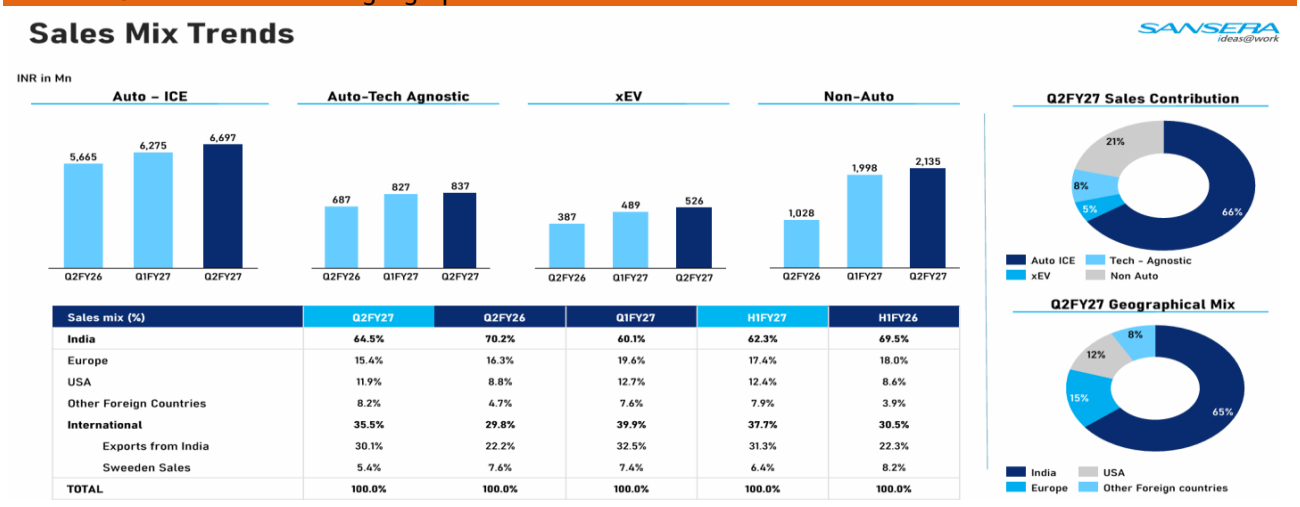
Source: Company, ICICI Direct Research

Exhibit 3: ADS Segment highlights



Source: Company, ICICI Direct Research

Exhibit 4: Share of sales across geographies



Sales mix (%)	Q2FY27	Q2FY26	Q1FY27	H1FY27	H1FY26
India	64.5%	70.2%	60.1%	62.3%	69.5%
Europe	15.4%	16.3%	19.6%	17.4%	18.0%
USA	11.9%	8.8%	12.7%	12.4%	8.6%
Other Foreign Countries	8.2%	4.7%	7.6%	7.9%	3.9%
International	35.5%	29.8%	39.9%	37.7%	30.5%
Exports from India	30.1%	22.2%	32.5%	31.3%	22.3%
Sweeden Sales	5.4%	7.6%	7.4%	6.4%	8.2%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%

Source: ICICI Direct Research

Financial summary

Exhibit 5: Profit and loss statement ₹ crore

(Year-end March)	FY26	FY27E	FY28E	FY29E
Net Sales	3497.9	4297.5	5131.6	6186.7
Other Operating Income	0.0	0.0	0.0	0.0
Total Operating Income	3,497.9	4,297.5	5,131.6	6,186.7
Growth (%)	15.9	22.9	19.4	20.6
Raw Material Expenses	1,453.5	1,654.6	1,975.7	2,381.9
Employee Expenses	488.7	580.2	667.1	773.3
Other Operating Expense	923.6	1,224.8	1,436.8	1,732.3
Total Operating Expenditure	2,865.8	3,459.5	4,079.6	4,887.5
EBITDA	632.1	838.0	1,052.0	1,299.2
Growth (%)	22.8	32.6	25.5	23.5
Depreciation	205.9	256.4	302.6	351.6
Interest	37.7	50.6	54.7	47.4
Other Income	59.5	41.1	44.6	49.7
PBT	447.9	572.1	739.3	949.9
Exceptional Item & MI	18.6	22.0	3.4	3.7
Total Tax	105.3	143.0	184.8	237.5
PAT	324.1	407.1	551.1	708.7
Growth (%)	50.6	25.6	35.4	28.6
EPS (₹)	52.0	65.3	88.4	113.7

Source: Company, ICICI Direct Research

Exhibit 6: Cash flow statement ₹ crore

(Year-end March)	FY26	FY27E	FY28E	FY29E
Profit after Tax	324.1	407.1	551.1	708.7
Add: Depreciation	205.9	256.4	302.6	351.6
(Inc)/dec in Current Assets	-374.2	-307.2	-350.3	-462.7
Inc/(dec) in CL and Provisions	226.1	133.1	156.6	198.1
Others	37.7	50.6	54.7	47.4
CF from operating activities	419.6	540.0	714.8	843.2
(Inc)/dec in Investments	-38.0	-5.0	-5.0	-5.0
(Inc)/dec in Fixed Assets	-551.1	-800.0	-600.0	-600.0
Others	6.3	3.0	3.4	3.7
CF from investing activities	-582.7	-802.0	-601.6	-601.3
Issue/(Buy back) of Equity	0.1	0.0	0.0	0.0
Inc/(dec) in loan funds	157.9	150.0	0.0	-100.0
Dividend & interest	-62.7	-81.8	-95.2	-103.5
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	68.2	-95.2	-203.5
Net Cash flow	-30.0	-193.7	17.9	38.4
Opening Cash	427.1	397.2	203.5	221.4
Closing Cash	397.2	203.5	221.4	259.8

Source: Company, ICICI Direct Research

Exhibit 7: Balance sheet ₹ crore

(Year-end March)	FY26	FY27E	FY28E	FY29E
Liabilities				
Equity Capital	12.5	12.5	12.5	12.5
Reserve and Surplus	3,074.9	3,450.8	3,961.5	4,614.1
Total Shareholders funds	3,087.4	3,463.3	3,973.9	4,626.6
Total Debt	457.6	607.6	607.6	507.6
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	4,354.7	4,873.7	5,435.0
Assets				
Gross Block	3,353.4	3,972.9	4,672.9	5,372.9
Less: Acc Depreciation	1,135.7	1,392.1	1,694.7	2,046.3
Net Block	2,217.7	2,580.8	2,978.2	3,326.6
Capital WIP	219.6	400.0	300.0	200.0
Total Fixed Assets	2,437.2	2,980.8	3,278.2	3,526.6
Investments	133.6	138.6	143.6	148.6
Inventory	671.2	824.2	1,012.3	1,271.2
Debtors	627.0	765.3	913.8	1,101.7
Loans and Advances	2.6	3.2	3.9	4.6
Other Current Assets	104.8	120.2	133.3	148.3
Cash	397.2	203.5	221.4	259.8
Total Current Assets	1,802.9	1,916.4	2,284.6	2,785.7
Current Liabilities	543.3	647.6	773.3	932.2
Provisions	27.8	33.1	39.5	47.7
Current Liabilities & Prov	673.9	807.1	963.7	1,161.8
Net Current Assets	1,129.0	1,109.3	1,320.9	1,623.8
Others Assets	121.0	126.0	131.0	136.0
Application of Funds	3,820.8	4,354.7	4,873.7	5,435.0

Source: Company, ICICI Direct Research

Exhibit 8: Key ratios

(Year-end March)	FY26	FY27E	FY28E	FY29E
Per share data (₹)				
EPS	52.0	65.3	88.4	113.7
Cash EPS	85.0	106.4	137.0	170.1
BV	495.3	555.6	637.6	742.3
DPS	4.0	5.0	6.5	9.1
Cash Per Share	63.7	32.6	35.5	41.7
Operating Ratios (%)				
EBITDA Margin	18.1	19.5	20.5	21.0
PAT Margin	9.3	9.5	10.7	11.5
Inventory days	70.0	70.0	72.0	75.0
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	12.2	13.9	15.3
RoCE	11.2	13.4	15.4	17.4
RoIC	13.3	15.5	17.2	19.1
Valuation Ratios (x)				
P/E	83.5	66.5	49.1	38.2
EV / EBITDA	42.6	32.5	25.9	20.9
EV / Net Sales	7.7	6.3	5.3	4.4
Market Cap / Sales	7.7	6.3	5.2	4.3
Price to Book Value	8.8	7.8	6.8	5.8
Solvency Ratios				
Debt/EBITDA	0.7	0.7	0.6	0.4
Debt / Equity	0.1	0.2	0.2	0.1
Current Ratio	2.5	2.5	2.5	2.6
Quick Ratio	1.3	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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