

**Strong traction from ADS segment**

**CMP: INR 1,272**

**Rating: Buy**

**Target Price: INR 1,590**

**Stock Info**

BSE 543358

NSE SANSERA

Bloomberg SANSERA IN

Sector Automobile & Ancillaries

Face Value (INR) 2

Equity Capital (INR Mn) 124

Mkt Cap (INR Mn) 83,235

52w H/L (INR) 1758 /955

**Shareholding Pattern %**

(As on March, 2025)

Promoters 30.33

DIs 37.53

FIs 20.54

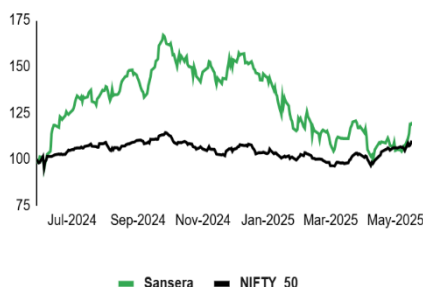
Others 11.59

Stock Performance (%) 1m 3m 12m

Sansera 21.6 20.17 30.0

Nifty 3.2 10.1 8.2

**Sansera Vs Nifty**



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Sansera engineering Ltd (SEL) EBITDA came in below estimates; Revenue & PAT outperformed. Consolidated revenue from operations grew by +4.8% YoY/up 7.4% QoQ stood at INR 7,817, mn in Q4FY25 above our estimate of INR 7,685 Mn. EBITDA for the quarter stood at INR 1,271 Mn below our estimate of INR 1,325 Mn registered flat growth. The company's EBITDA margin is down by 78bps YoY/-121bps QoQ to 17.3%. (Our estimate of Margin is below 17.2%). Margin down due to high inventories up by 211% YoY and lower margin subsidiary. Net profit grew by 27.4% YoY/up 5.9% QoQ of INR 592 Mn in Q4FY25 above our estimate of INR 512 Mn. Increase in profit led by lower finance cost -47% QoQ & higher other income ~62.8% QoQ. Sansera Engineering granted 20,000 options at INR 1,078.30 each to employees under its ESOP 2018 plan. It also allotted 11,394 equity shares of INR 2 each under the same plan. The new shares will rank pari-passu with existing ones. Board recommended a final dividend of INR. 3.25 per equity share. Borrowings down from INR 6,972 Mn (FY24) to ~INR 1,957 Mn (FY25).

**Investment Rationale**

**Strong order book led further growth in FY26:** In FY25, the order book stood at INR 18,511 mn after the annual reset, which excludes orders that moved to mass production. Over 60% of the order book comprises international orders, highlighting strong global demand. 28% of the INR 18,511 mn orders came from the ADS segment. Focus, FY25 was on setting the stage for future growth through strategic investments. INR 1000 Mn was spent to acquire 55 acres of land in Karnataka for capacity expansion. Construction is planned to start in FY27. Additionally, INR 350 Mn was invested to acquire a facility in Pantnagar, expected to be operational by Q2FY26. A brownfield expansion at the Biradi plant included new machines, forging, and machining lines aligned with new production plans.

**Strong traction led by ADS segments:** The ADS segment (Aerospace, Defense, Semiconductor) is a key growth driver for the company supported by increasing order flows, new OEM additions, and commencement of high-precision semiconductor supplies. FY25 ADS revenue stood at INR 1,235 mn with a strong Q4 YoY growth of 43%. Management has guided for revenue to double in FY26, backed by dedicated infrastructure, new capacity, and product qualifications. Non-ADS, including agriculture, off-road, and industrial, remained stable and continues to support diversification of the revenue base outside traditional auto.

**Export uncertainty due to tariff:** Exports form over 60% of the total order book, with key exposure to North America and Europe. FY25 exports faced headwinds due to global tariff uncertainties and cautious OEM ordering, particularly in the PV segment. Despite these challenges, the company maintained order book strength and expects recovery from H2 FY26 as trade policies stabilize. The company remains optimistic on long-term export growth, supported by new project discussions, price improvements, and a possible strategic presence in North America post-clarity on tariffs.

**Outlook and valuation**

We are projecting a revenue CAGR of 18% over FY25-FY28E and an EBITDA margin of 17.5%/18%/18.5% in FY26E/FY27E/FY28E, driving an EPS CAGR of ~18%. We also anticipate ROE/ROCE pre-tax to increase from 7.8%/9.1% in FY25 to ~11.2%/13.07% by FY28E. Considering the decent growth and ROE/ROCE expansion. In FY26 outlook remains strong with high-teen revenue growth expected, driven by ADS, XEV, and Tech Agnostic segments. While domestic demand, especially in the 2w segment, shows improvement backed by rural recovery, global demand remains cautious due to tariff uncertainties. However, strong order visibility and operational readiness place the company in a favorable position. FY26 margin is expected to improve by 50-60 bps, supported by ADS scale-up and operational efficiency. **We value SEL at 22x FY28E EPS (~INR 72.3) to arrive at a target price of INR 1,590 and upgrade our rating to Buy from an Accumulate earlier on the stock.**

**Exhibit 2 : Q4FY25 - Quarterly Performance (Consolidated)**

Quarterly Results					
Consolidated (INRm)	Q4FY25	Q3FY25	Q4FY24	QoQ%	YoY%
Net Sales	7,817	7,278	7,458	-2.3%	-4.6%
Cost of material consumed	3,109	3,136	3,120	5.6%	0.4%
Changes in inventories	228	(225)	73	-169.5%	-67.9%
COGS	3,337	2,911	3,193	-6.4%	-4.3%
GP	4,480	4,367	4,265	0.7%	-4.8%
Employees benefits expense	1,143	1,115	999	-3.7%	-12.5%
Other expenditure	2,067	1,981	1,996	0.6%	-3.4%
EBITDA	1,271	1,271	1,270	4.8%	0.0%
Depreciation	468	445	397	-9.2%	-15.2%
EBIT	802	826	873	12.9%	8.9%
Other Income	99.1	60.9	(3)	-61.0%	-103.0%
Finance costs	96	182	225	138.6%	134.4%
PBT	805	705	645	-11.2%	-19.9%
Share of Net profit of associates accounted for using the equity method, met of ax	4	8			
Current Tax	195	93	221	-7.5%	13.7%
Deferred tax	23	60	(37)		
Tax	217	154	185	-10.1%	-15.0%
Adjusted PAT	592	559	460	-12.8%	-22.3%
Non-controlling interests	(0.6)	2.5	4.0	-1677.0%	-760.7%
Reported PAT	592.7	556.6	456.3	-14.6%	-23.0%
EPS	9.6	80.9	8.6	-2.0%	-10.1%
Margins	Q4FY25	Q3FY25	Q4FY24	QoQ%	YoY%
Gross margins	42.7%	40.0%	42.8%	269Bps	-12Bps
EBITDA	16.25%	17.46%	17.03%	-120Bps	-78Bps
Adjusted PAT	7.58%	7.68%	6.17%	-11Bps	140Bps
Tax Rate	26.99%	21.82%	28.63%	517Bps	-164Bps
<b>Cost Analysis</b>					
RM/Net Sales	39.77%	43.09%	41.83%	-332Bps	-206Bps
Other Exp/Net Sales	26.44%	27.22%	26.75%	-78Bps	-32Bps
Staff cost/Net sales	14.62%	15.32%	13.40%	-70Bps	122Bps

Source: Arianth Research, Company Filings

By Geographies- Sales mix (%)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q4FY24	Q4FY23	Q3FY24	FY23	FY24	FY25
<b>India</b>	<b>67.60%</b>	<b>69.90%</b>	<b>69.50%</b>	<b>66.60%</b>	<b>66.80%</b>	<b>68.30%</b>	<b>68.30%</b>	<b>71.60%</b>	<b>68.70%</b>	<b>68.40%</b>
Europe	19.60%	17.80%	17.80%	18.00%	19.70%	18.10%	18.10%	17.60%	18.30%	18.30%
USA	10.10%	8.30%	7.70%	10.60%	9.90%	11.00%	11.00%	7.20%	9.90%	9.20%
Other Foreign Countries	2.70%	4.00%	5.00%	4.80%	3.60%	2.60%	2.60%	3.60%	3.10%	4.10%
<b>International</b>	<b>32.40%</b>	<b>30.10%</b>	<b>30.50%</b>	<b>33.40%</b>	<b>33.20%</b>	<b>31.70%</b>	<b>31.70%</b>	<b>28.40%</b>	<b>31.30%</b>	<b>31.30%</b>
Exports from India	27.40%	25.50%	24.00%	26.80%	28.10%	25.00%	25.00%	21.70%	23.10%	23.10%
Sweden Sales	5.00%	4.60%	6.50%	6.60%	5.10%	6.70%	6.70%	6.70%	5.60%	5.60%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Source: Arianth Research, Company Filings

## Sansera Engineering- Q4FY25 Concall KTAs

**Outlook:** FY26 outlook remains robust with high-teen revenue growth expected, driven by ADS, XEV, and Tech Agnostic segments. While domestic demand, especially in the 2w segment, shows improvement backed by rural recovery, global demand remains cautious due to tariff uncertainties. However, strong order visibility and operational readiness place the company in a favorable position. FY25 EBITDA margin stood at 17.1%. Q4 margin was 16.3%, slightly lower due to component-level mix changes. FY26 margin is projected to improve by 50–60 bps, supported by ADS scale-up and operational efficiency.

**ADS:** The ADS segment, encompassing aerospace, defense, and semiconductor, saw strong growth with revenue reaching INR 1,235 mn in FY25, a 13% YoY rise. Q4 revenue surged 43% YoY. With multiple order wins and a new aerospace OEM onboarding, the company targets doubling ADS revenue in FY26. A dedicated CEO was appointed to drive this segment, which is supported by specialized investments in machining, cleanroom infrastructure, and quality systems.

**Revenue Contribution:** ICE automotive components accounted for 73.6% of revenue, down from 75.4% FY24 due to diversification. ADS (aerospace, defense, and semiconductor) and Non-ADS (agriculture, off-road, industrial) segments contributed 26%, while XEV and Tech Agnostic combined contributed ~15% of revenue, underlining the shift towards newer, value-added segments.

**Debt:** Net cash stood at INR 1250 Mn in FY25, supported by healthy operating cash flows. Gross debt mainly comprises long-term loans (~INR 2000 Mn), with no major borrowings planned, as internal accruals and past QIP proceeds are expected to fund the upcoming capex.

**Non-auto:** Business includes both ADS and Non-ADS (agriculture, off-road, industrial). The segment maintained a stable YoY performance with ADS driving momentum in Q4. Semiconductors and defense revenues are expected to scale up as qualifications and order conversions progress.

**Order Book:** As of March 2025, the order book stood at INR 18,511 mn, with 60% from international customers. 28% of the order book is from the ADS segment. Regionally, 27% is from North America, 24% from Europe, and 9% from Asia, demonstrating global reach and demand diversity.

**Investment:** Strategic investments in FY25 include INR 1000 Mn for 55-acre land in Karnataka for future expansion and INR 350 Mn for a new facility in Pantnagar, expected to be operational by Q2FY26. The company is also supporting its portfolio firm MMRFC in defense-tech development, holding a 30% stake.

**Capex:** In FY25 stood at INR 5,911 mn. FY26 guidance is around INR 3500 Mn, focused on expanding ADS capabilities and plant modernization. ADS plant capex is expected to deliver a 2x asset turn, while the company aims to maintain an overall asset turn ratio of 1.35–1.4x.

**Forging:** A new forging press was added at the Biradi plant, enhancing capabilities for new order execution. Aluminum forging capacity is fully booked, and the current focus is on stabilizing production and improving efficiency for both domestic and export programs.

**Aerospace:** FY25 aerospace revenue was around INR 1,323 mn, expected to reach up to INR 3,000 mn in FY26. The segment benefits from increased production for key OEMs and qualification-led order ramp-ups, supported by dedicated infrastructure and process investments.

**Defence:** The defense vertical is progressing through company investment in MMRFC, which has received grants and development orders from ISRO and DRDO. MMRFC is engaged in high-tech radar, surveillance, and communication solutions with potential for mass production by FY27.

**Non-ADS:** Includes agricultural, off-road, and industrial applications. While growth was moderate, the segment remains stable and is being repositioned alongside ADS to strengthen non-auto revenue streams.

**Brownfield:** Expansion at the Biradi plant included new machines and installation of forging and machining lines aligned with new order requirements. These additions support enhanced production capacity and improved operational efficiency.

**XEV:** contributed ~6% of FY25 revenue, with Tech Agnostic adding ~8.8%. Demand was driven by a North American customer and growing premiumization trends in domestic markets. Motorcycle electrification is expected to further boost kit value and content per vehicle.

**Global:** Exports accounted for 60% of the order book, with strong traction from North America and Europe. The Sweden subsidiary posted improved performance, and the company continues to deepen its global OEM relationships amid shifting supply chain dynamics.

**Macro:** Tariff-related uncertainty, especially in the US and Europe, impacted exports. Inventory corrections and cautious customer strategies affected demand in H2FY25. However, underlying order flow remains intact, and recovery is expected as policies stabilize.

**Sweden Subsidiary:** Operations saw EBITDA margin rise to 11.4% in FY25 from 6.4%, aided by price support and volume growth. A stable 10–12% margin is projected moving forward, with operations expected to remain steady.

**Tariff:** Global tariff uncertainty has delayed some exports, especially to the US. Most duties are absorbed by customers, but some are under negotiation. A planned US plant remains on hold until there is clarity on USMCA norms and tariff structures.

**Customer / OEMs:** European exports are primarily for passenger vehicles (~70%). No share loss reported despite temporary inventory correction trends.

**CV / PV / 2W:** 2W contributed 44% of ICE revenue, PV 18.6%, and CV 10.5%. For FY26, 2W is expected to grow 10–12%, PV by 15–17%, and CV by double digits. ICE's revenue share continues to decline as newer segments scale up.

**MMRFIC:** The company holds ~30% in MMRFC, which had FY25 revenue of ~₹20 crore and 40% EBITDA. The firm is engaged in strategic defense and space tech development, with mass production targeted for FY27. The company may increase its stake up to 51% as needed.

**Segment Growth Targets:** ADS is expected to grow 100%+ in FY26. PV segment may grow 15–17%, CV and 2W in double digits. Tech Agnostic and XEV are also poised for strong growth. The company aims to reduce ICE dependency and reach 40% of revenue from new age segments.

**Tech Agnostic:** Contributing 8.8% of FY25 revenue, this segment is stabilizing post initial execution challenges. The company now focuses on improving margins and efficiency. A healthy order pipeline supports future ramp-up.

**XEV:** Contributed ~6% to FY25 revenue, driven by North American OEMs. FY25 was the first full year of commercial production. More RFQs are in progress, and additional investments are planned to scale this business globally.

## Story in charts (INR in Mn)

Exhibit 4: Strong growth trajectory

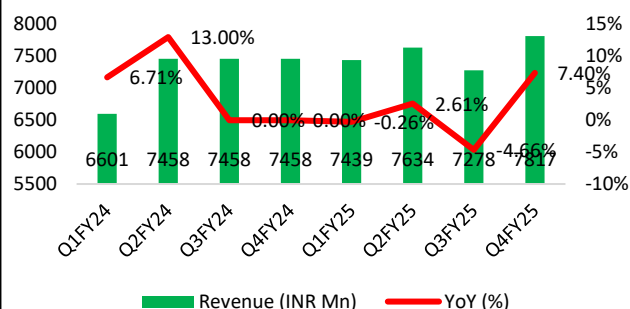


Exhibit 5: Expected margin expansion

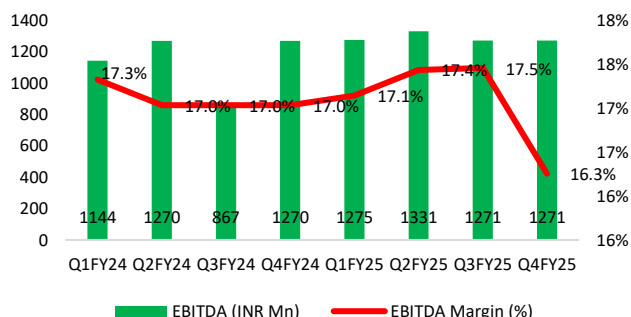


Exhibit 6: Strong profit growth to be seen on back of strong order book

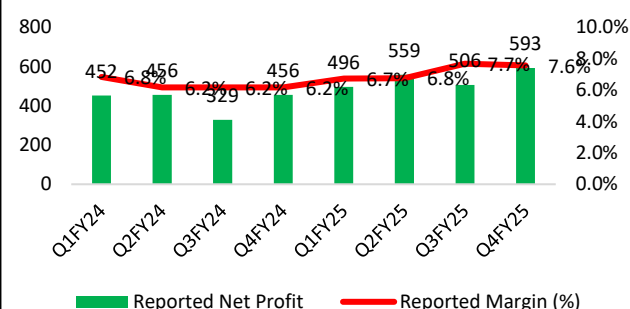


Exhibit 6: Visible growth in the revenue contribution from xEV segment

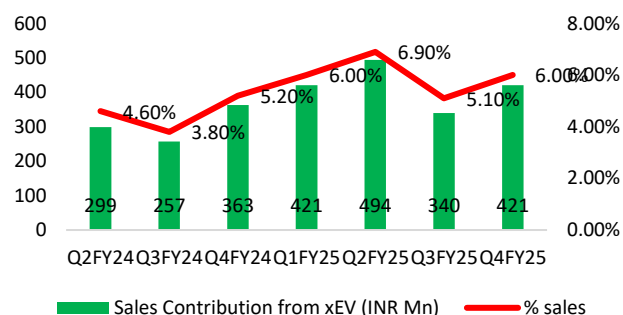


Exhibit 7: Strong order visibility in FY26

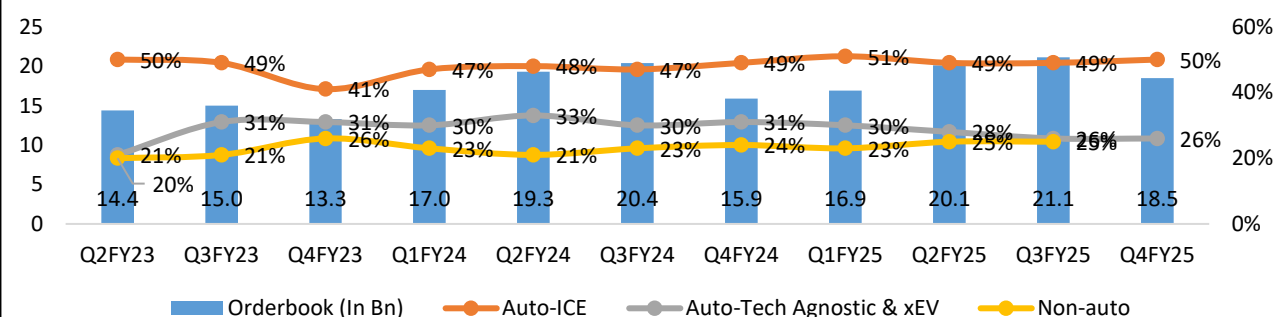


Exhibit 8: Earning trends

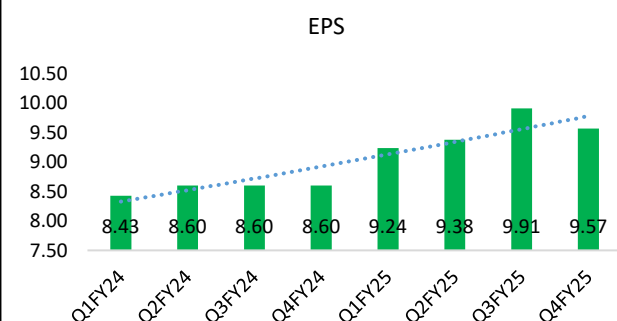
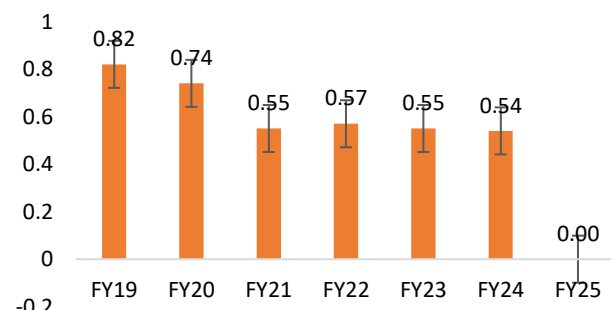


Exhibit 9: Debt



Source: Company, Arianth Research

## Key Financials

Income Statement Consolidated (INR Mn)				
Year End-March	FY25	FY26E	FY27E	FY28E
Revenues	30,167	34,966	41,348	49,614
Change (%)	7.3%	15.9%	18.2%	20.0%
Cost of Goods Sold (COGS)	12,414	15,093	19,744	23,691
Gross Profit	17,754	19,873	21,604	25,923
Employee costs	4,427	5,014	5,892	7,070
Other expenses	8,180	8,740	8,270	9,675
Total Expenses	25,020	28,847	33,905	40,436
EBITDA	5,147	6,120	7,443	9,179
EBITDA Margin	17.06%	17.50%	18.00%	18.50%
Depreciation	1,738	1,957	2,175	2,394
EBIT	3409	4163	5267	6785
Interest	700	774	829	884
Other Income	203	227	248	298
PBT	2,912	3,616	4,686	6,198
Exceptional Items	-	-	-	-
PBT after exceptional Items	2,912	3,616	4,686	6,198
Tax	751	922	1,192	1,723
Rate (%)	25.8%	25.5%	25.4%	27.8%
PAT	2,152	2,676	3,476	4,458
PAT Margin (%)	7.1%	7.7%	8.4%	9.0%

Balance Sheet Consolidated (INR Mn)				
Year End-March	FY25	FY26E	FY27E	FY28E
Sources of Funds				
Share Capital	124	124	124	124
Reserves & Surplus	27,379	30,055	33,532	37,990
(b) Instruments entirely equity in nature/Fund Raised	-	-	-	-
(d)non-controlling intrest	173.37	173.37	173.37	173.37
Net Worth	27,676	30,353	33,829	38,287
Loan Funds	2,997	3,226	3,455	3,685
MI, Deferred Tax & other Liabilities	801	962	962	962
Total Equity and Liabilities	37,355	41,725	46,491	52,404
Application of Funds				
Gross Block	27,862	31,362	34,862	38,362
Less: Depreciation	9,064	11,021	13,196	15,590
Net Block	18,798	20,341	21,666	22,772
CWIP	1,945	1,945	1,945	1,945
Other Non-current Assets	542	542	542	542
Other Current Assets	674.8	674.8	674.8	674.8
Net Fixed Assets	21,960	23,503	24,827	25,934
Investments	195	195	195	195
Debtors	4,546	5,342	6,317	7,580
Inventories	5,010	5,748	6,797	8,156
Cash & Bank Balance	515	1,195	2,612	4,797
Loans & Advances & other CA	51	51	51	51
Total Current Assets	14,594	16,807	20,248	25,055
Current Liabilities	5,717	6,885	7,945	9,170
Provisions	68	68	68	68
Net Current Assets	8,877	9,923	12,303	15,885
Total Assets	37,355	41,725	46,491	52,404

Cash Flow Statement Consolidated (INR Mn)				
Year End-March	FY25	FY26E	FY27E	FY28E
PBT	2,920	3,616	4,686	6,198
Cash From Operating Activities	3,743	3,766	4,942	5,734
Tax	(650)	(922)	(1,192)	(1,723)
Net Cash From Operations	3,766	4,942	5,734	6,617
Capex	(5,907)	(3,500)	(3,500)	(3,500)
Cash From Investing	(9,548)	(3,500)	(3,500)	(3,499)
Borrowings	2,997	3,226	3,455	3,685
Finance cost paid	700	774	829	884
Div. (incl. buyback & taxes)	(162)	(217)	(217)	(279)
Cash From Financing	5,834	(762)	(817)	(933)
Net Increase/ Decrease in Cash	52	680	1417	2185
Cash at the beginning of the year	486	515	1,195	2,612
Cash at the end of the year	515	1,195	2,612	4,797

Key Ratios				
Year End-March	FY25	FY26E	FY27E	FY28E
Per share (INR)				
EPS	37.4	43.5	56.4	72.3
BVPS	447	490	546	618
Valuation (x)				
P/E	34.0	29.2	22.5	17.6
P/BV	2.8	2.6	2.3	2.1
Return ratio (%)				
EBIDTA Margin	17.06%	17.50%	18.00%	18.50%
PAT Margin	7.13%	7.65%	8.41%	8.99%
ROE - Pre tax	7.84%	8.87%	10.33%	11.69%
ROCE - Pre tax	9.13%	9.98%	11.33%	12.95%
Leverage Ratio (%)				
Total D/E	0.11	0.11	0.10	0.10
Turnover Ratios				
Asset Turnover (x)	2.1	2.1	2.0	2.0
Inventory Days	61	60	60	60
Receivable Days	55	55	55	55
Payable days	43	43	43	43

Source: Arianth Research, Company Filings

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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