

Sansera Engineering Ltd

Initiating Coverage

28 Oct 2026

Spark Initiating Coverage Reports – Rebooted!

Outlining the framework from our desk

In our new, rejuvenated approach to publishing fundamental research ideas, we aim to balance a traditional, time-tested framework with a contemporary and hopefully refreshing approach into stock-picking. Accordingly, our Initiating Coverage reports will be presented in five sections: **(1) Annual Report Deep-dive, (2) Business Assessment Scores, (3) Valuation Framework, (4) Stock Buzz & Influencing Factors, and (5) Technical Analysis.**

This report is underpinned by three key beliefs: (1) technical analysis, when combined with fundamentals, leads to better stock calls; (2) business assessment should be separated from valuation frameworks so that equity research can calibrate the mix objectively when making stock calls; and (3) reactions to “buzz” and other factors that influence price action must be identified and given due regard when timing stock calls, particularly in the current environment where information flow is incessant.

Annual Report Deep-dive

Drawing on the time-tested but sadly, rarely-applied practice of drilling into historical annual reports, we dedicate the opening section to the **Analytical Perspective gleaned** from this exercise. A helpful forensic overlay provides a clearer view of the company’s **historical operating performance, balance sheet behaviour, cash flow quality & governance structure.** By anchoring the analysis in reported numbers and disclosures, this section helps assess earnings quality and risk before progressing to any forward-looking calls with conviction.

Business Assessment Scores

To address the question of whether a company’s business can emerge as a long-term winner, we draw on Porter’s Five Forces framework to examine key aspects such as revenue models, pricing risks, market positioning, and competitive moats. Our financial analysis and estimates are anchored in our assessment of both the company’s current performance and its long-term potential. To ensure that this assessment remains objective and not influenced by subjective judgment, we employ a scoring model that captures the key drivers of business quality across five composite vectors. The resulting scores form the basis of our call on the business.

Valuation Framework

We have often observed how markets can make target multiples appear like the proverbial rabbits out of a hat. To avoid the temptation of retrospectively justifying valuations alongside the broader market, we returned to first principles while designing our Valuation Framework. Anchored in market, peer, and historical absolute benchmarks, our valuation scores incorporate Economic Value Added, return profiles, growth prospects, and leadership positions, mapped against relevant valuation multiples. Ultimately, the central question remains: given everything we know about the business, markets, and peers, does the current pricing appear attractive? This question forms the bedrock of stock-picking in equity research.

Stock Buzz & Influencing Factors

The **Buzz Chart** & Liquidity Chart track stock-specific news flow, events, and market activity to help identify **periods of elevated attention or sentiment shifts**, complementing fundamental and valuation analysis.

Technical Analysis

The report also includes a **Technical Analysis** section to capture prevailing price trends, momentum, and key support-resistance levels, offering additional insight into **market timing and near-term market behaviour.**

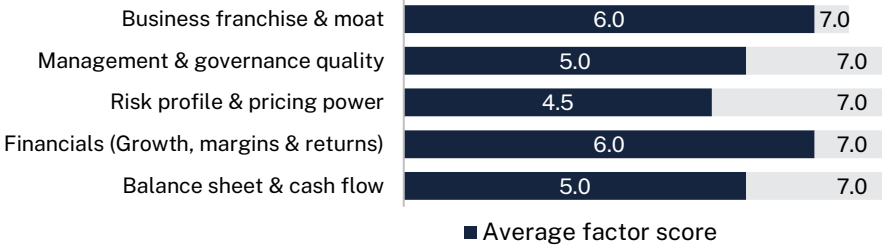
Sansera Engineering Ltd.- About the company

- Sansera, incorporated in 1981, is a global manufacturer of complex, high-precision forged and machined components for the automotive and non-automotive sectors. The company operates through three key divisions: Auto-ICE, which supplies engine and powertrain components such as connecting rods, crankshafts, and rocker arms; Auto Tech-Agnostic & EV, which produces lightweight aluminium forgings, chassis & suspension assemblies; and Non-Automotive, which manufactures structural components for aerospace, defence, semiconductor equipment (ADS), and industrial applications.
- Growth is driven by a strong ADS order book, powertrain-neutral solutions, and margin-enhancing in-house automation. India accounts for ~65% of FY26 revenue, while international markets contribute the balance ~35%, with Sansera operating across 27 countries. The company has 18 manufacturing facilities (17 in India & one in Sweden), supported by a team of over 500 engineers. Revenue contribution stands at ~70% from Auto-ICE, ~14% from Auto Tech-Agnostic & EV, and ~16% from Non-Automotive.

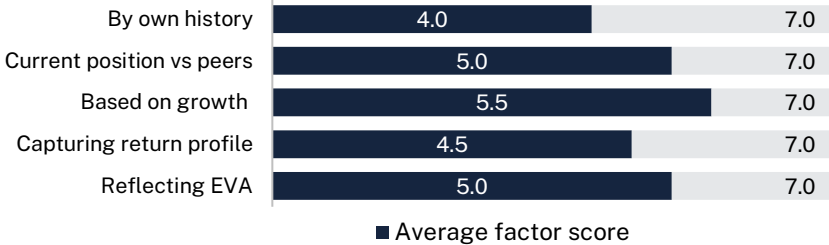
Annual Report
Deep-dive

FY26 profitability was supported by lower finance costs following the FY25 QIP, a 23 cr Fx gain, and a 3.3 cr recovery related to employee fraud. Normalized PAT growth was ~23%, compared with reported growth of 51% in FY26. While the QIP facilitated debt reduction, it also diluted shareholders, with adjusted EPS declining to Rs. 52.1 from Rs. 55 and RoE falling to 11.2% from 15.6%. Following QIP-led deleveraging, Sansera subsequently re-leveraged its balance sheet, with debt rising 53% to 458 cr in FY26. Governance concerns include ~10.3 cr in employee fraud, employee complaints, control issues at subsidiary Fitwel, covenant-related issues, an 84.8 cr letter of comfort issued to Fitwel, and auditor-flagged revenue-recognition cut-off matters during FY24-FY26. Order-book disclosures also include letters of intent (LOIs) alongside purchase orders, warranting scrutiny of order book visibility. Related-party transactions, CSR fund utilization, and customer litigation claims also merit monitoring.

Business Assessment Scores



Valuation Framework



Financials and Estimates Summary

Particulars (Rs. cr)	Revenue	EBITDA	EBITDA %	Adj PAT	Adj EPS	RoE %	RoCE%	P/E	EV/EBITDA
FY24	2,811	480	17.1%	186	34.8	14.9%	16.4%	143.7	57.2
FY25	3,017	515	17.1%	215	37.4	10.6%	13.1%	124.1	51.6
FY26	3,498	632	18.1%	336	54.1	11.2%	12.9%	79.4	42.3
FY27E	4,340	851	19.6%	444	71.2	13.5%	16.6%	60.2	31.7
FY28E	5,467	1,154	21.1%	637	102.2	16.9%	20.7%	41.9	23.5

28 Oct 2026

Industry Auto Components & Equipments

Key Stock Data

Bloomberg	SANSERA IN
Shares o/s (cr)	6.22
Market Cap (Rs. cr)	26,695
52-wk High/Low	Rs. 4,774 / 1445
20D ADV (ln '000)	270.9
Index	NSE 500
F&O	N

Latest Shareholding (%)

	Sep 26	Jun 26	Mar 26
Promoters	29.0	29.2	30.1
Institutions	52.6	52.6	54.2
Public	18.4	18.2	15.7
Pledge	0.0	0.0	0.0

Stock Performance (%)

	1M	6M	12M
SANSERA IN	(7.3)	68.5	190.9
NSE 500	(3.6)	(4.4)	(8.5)

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Report in Gist (2/3)

Stock Buzz & Influencing Factors



Sansera's ~190% performance over last one year was driven by ADS order-book expansion, strategic aerospace partnerships and semiconductor order wins. Key catalysts included the Airbus A220 door-components MoU, MMRFIC's USD 4 Mio semiconductor R&D investment and the Japanese JV with Nichidai Corporation. Q1FY27 revenue crossed Rs. 1,000 cr, growing ~33% YoY, while PAT rose ~39%; an ~1,250 cr semiconductor order win expanded the ADS backlog to ~5,750 cr. FY26 results also rebounded strongly, with normalized PAT up ~23% despite a softer FY25. Applied Materials and Lam Research's have announced USD 6.2 bn semiconductor investment – further opening opportunities for players like sansera, although the sharp re-rating increases execution expectations.

Technical Analysis



- The stock remains in an uptrend characterized by a continuous series of higher highs and higher lows on weekly chart. It is currently trading within a rising channel on daily chart and rebounding from its lower boundary, while comfortably holding well above its key 50, 100 and 200 daily EMAs.
- The current price action presents an attractive risk-reward profile for long-term accumulation

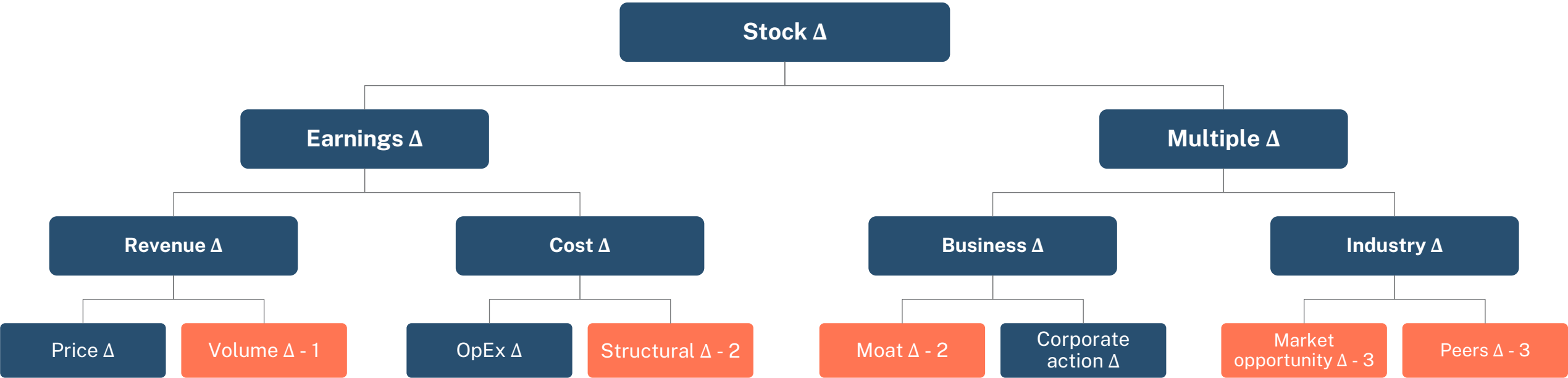


Investment Rationale

- **ADS – A differentiated business with high entry barriers:** Among listed auto-component players, only Sansera and Bharat Forge have a meaningful aerospace & defence presence, while pure-play A&D companies lack the stability of an auto business. AS9100D certification, Tier-1 relationships with Boeing and Airbus, and qualification by a leading global semiconductor equipment player create significant entry barriers, with approval cycles of 12–36 months. ADS delivers superior EBITDA margins of 25–30% (vs. 18.1% at the group level) and asset productivity of 2.0–2.2x revenue/capex (vs. 1.25–1.3x in auto).
- **ADS – Large opportunity backed by strong order visibility (~87% revenue CAGR over FY26-28E) :** Sansera has an addressable opportunity of ~Rs. 3,400 cr (~11x FY26 ADS revenue), comprising aerospace (~Rs. 1,900 cr), semiconductor equipment (~Rs. 520 cr) and defence (~Rs. 1,000 cr). Its ~Rs. 5,750 cr order book (~17–18x FY26 ADS revenue) has doubled in just 17 months, providing strong long-term visibility. Structural tailwinds include demand for ~44,000 new aircraft through 2045, global wafer-fab equipment spending reaching ~US\$175 bn by 2027E and increasing defence indigenisation.
- **EV – A high-growth content opportunity (~31% CAGR over FY26-28E):** Tech-agnostic and EV revenue is expected to reach ~Rs. 763 cr by FY28E, with EV components offering 2.5–5x higher content per vehicle than ICE two-wheelers. Sansera supplies 13 domestic and two global EV OEMs, including major e-scooter manufacturers, and has secured a new energy-storage order worth ~Rs. 80–100 cr annually from North America's largest EV maker. An open order pipeline of ~Rs. 320 cr in peak annual revenue, and CRISIL's outlook for 35–37% annual e-2W volume growth over FY26–31P (vs 0–2% for ICE 2Ws) provide a long runway.
- **ICE – A resilient cash engine funding diversification:** ICE contributes ~70% of revenue and is expected to grow at ~13% CAGR to ~Rs. 2,958 cr by FY28E, generating cash flows to fund ADS expansion. Importantly, ~92% of ICE revenue comes from segments with less than 5% EV penetration, limiting disruption risk. Customer volumes in FY27 YTD are running 15–28% ahead of our FY27E assumptions, while a ~Rs. 1,200 cr ICE order book and wallet-share gains at TVS, Yamaha, Suzuki and Maruti support growth visibility.
- **Margins and returns** – Structural improvement driven by business mix: EBITDA margins are expected to expand from 18.1% in FY26 to 21.1% by FY28E, with ADS mix contributing ~44% of the improvement. This should drive ~35% EBITDA CAGR and ~40% EPS CAGR over FY26–28E. RoCE/RoE are expected to improve from ~13%/~11% to ~21%/~17%, respectively.
- **Valuation:** Sansera's competitive moat, underpinned by long-standing customer relationships and platform-life incumbency, with ~60% of sales coming from customers associated with the company for over 10 years, and a consistently replenished order book, provides strong revenue visibility. Sansera trades at ~42x FY28E P/E vs ~44x for peers, despite a ~40% EPS CAGR. Its ~1.1x PEG is in line with the ~1.1x peer average, suggesting growth is reasonably priced. Sansera sits between auto-component peers (~30x) and A&D precision engineers (~66x) and should re-rate toward precision-engineer multiples as ADS scales — the auto franchise caps the downside. Considering the company's moat & ADS opportunity we value the stock at 50x FY28E EPS implying a PEG of ~1.3x on an expected EPS CAGR of ~40%. This yields a target price (TP) of Rs. 5,140, including dividends, implying ~20% upside from the CMP of Rs. 4,291. We prefer staggered accumulation given the re-rating already underway; ADS backlog conversion and working capital are the key monitorable.

Source: Company, Midas Research

Report in Gist-Decision Tree (3/3)



1 Reasoning 1

Volume Δ — ADS backlog is the revenue engine

- We expect ADS revenue to grow at ~87% CAGR (316 cr in FY 26 to ~1,109 cr by FY28E), lifting non-auto's share of product sales from ~16% to ~28% & driving a ~25% group revenue CAGR to FY28E.
- Growth engines: ADS backlog of ~5,750 cr executable over 5 years providing strong future revenue visibility. EV growing at ~31% CAGR on 2.5–5x higher EV content, and Auto-ICE growing at ~13% CAGR.
- Order inflows appear recurring rather than one-off: the backlog doubled in 17 months despite ongoing execution, including a ~Rs. 1,250 cr semiconductor win in Aug-26.

2 Reasoning 2

Structural / Moat Δ — Moat + mix lift margins and returns

- Margin-led, not leverage-led: ADS EBITDA margins of 25–30% vs. ~16–18% in auto. Group EBITDA margin is projected to expand from 18.1% to 21.1%, with EBITDA growing at ~35% CAGR over FY26–FY28E.
- Over FY26-28E, RoCE to rise from ~13% to ~21% and RoE from ~11% to ~17%. Rs. 1,300 cr capex is internally funded, with net debt at ~Rs. 384 cr (0.3x EBITDA) and no equity dilution.
- Moat: Platform-life incumbency, 10+ year customer ties (~60% of sales), no customer loss & in-house precision engineering.

3 Reasoning 3

Market opportunity Δ — A large, untapped ADS runway

- Untapped runway: ~10% of Airbus/Boeing's India sourcing, ~1% of Lam/AMAT's India investment and ~0.5% of defence output is a ~Rs. 3,400 cr ADS opportunity (~11x FY26 ADS sales).
- Secular tailwinds: ~44,000 new aircraft over 2026–45 (Boeing), Wafer Fab Equipment spend rising to ~US\$175 bn by 2027E and 75% of defence capital buys reserved for domestic suppliers.
- Sansera trades at ~42x FY28E P/E vs ~44x for peers, despite a ~40% EPS CAGR. Its ~1.1x PEG is in line with the ~1.1x peer average, suggesting growth is reasonably priced.

Source: Company, Midas Research

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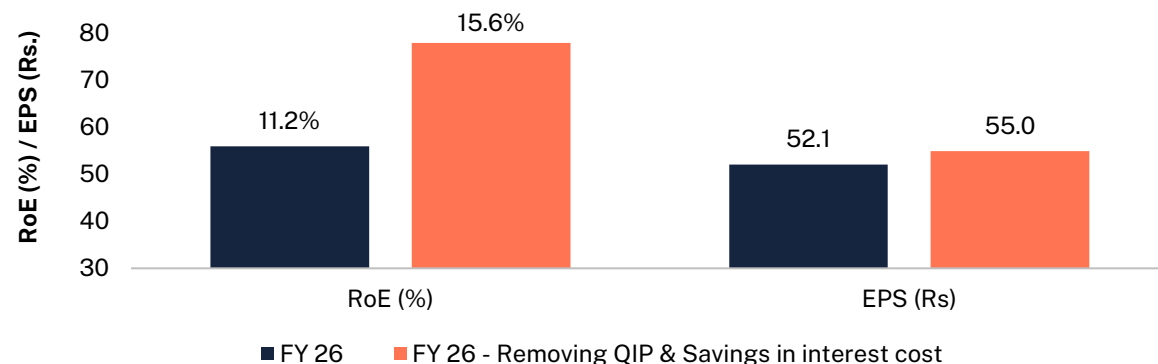
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1 – Annual Report Deep-dive (1/2)

Best-ever FY26 profit leans on a capital-structure shift; core PAT growth was ~23%

QIP-Funded Deleveraging – Impact on Equity

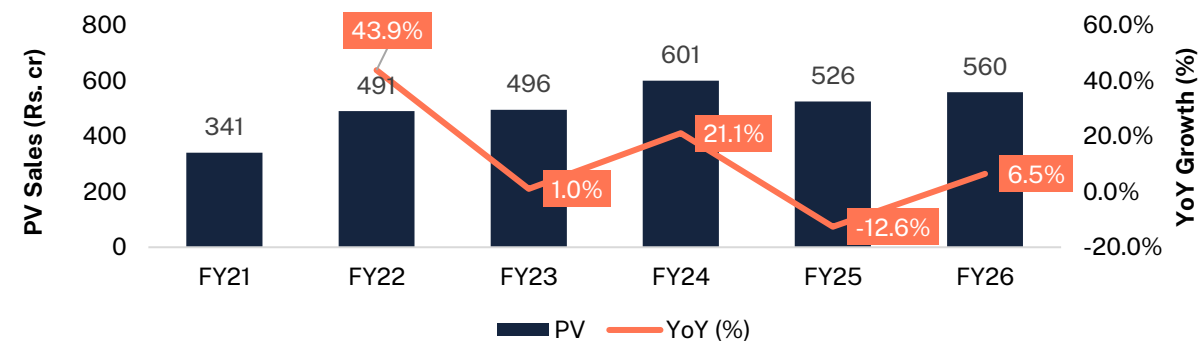
- Sansera raised ~Rs. 1,175 cr in net proceeds through the FY25 QIP to deleverage its balance sheet following higher floating-rate borrowing costs and the withdrawal of the packing-credit interest subsidy.
- Total debt fell from ~Rs. 801 cr in FY24 to ~Rs. 300 cr in FY25, with the remaining proceeds used for general corporate purposes and capex.
- Lower debt cut interest costs by ~46%, but issuing new shares meant profits had to be shared among more shareholders. Adjusted that, EPS fell to Rs. 52.1 from Rs. 55, while RoE declined to ~11.2% from ~15.6%.
- The QIP also diluted the promoter's shareholding from ~35% to ~30%, replacing debt costing ~6.8% post-tax with equity carrying an estimated cost of ~10.5%, as per Bloomberg.
- Sansera subsequently re-borrowed in FY26, with borrowings rising ~53% from ~Rs. 300 cr in FY25 to ~Rs. 458 cr. The new borrowings carried interest rates of ~6.50–7.06%, around 50 bps higher.



PAT growth of ~51% – How much was operational ?

- **Headline:** FY26 PAT grew ~51% YoY to ~327 cr, the highest on record.
- **Non-core boost:** Growth was supported by lower finance costs post-QIP, a one-off FX gain and fraud recovery.
- **Core growth:** Adjusting for these, normalized PAT grew ~23.0%, in line with ~22.8% EBITDA growth. (All adjustments below are post-tax)

Particulars (Rs. cr)	FY25	FY26	Change	%
PAT	216.88	326.86	109.98	50.7%
Fx gain	2.39	23.30	20.92	875%
Finance cost	52.50	28.30	(23.20)	-46.1%
Employee Fraud Recovery	0	3.33	3.33	
Normalize PAT	267.00	328.53	61.53	23.0%



PV growth appears cyclical due to temporary wallet-share gains from other OEMs making a high base in FY24. However, sales grew from 496 cr in FY23 to 560 cr in FY26, implying a ~4.1% CAGR, indicating normalized growth

1 – Annual Report Deep-dive (2/2)

Control lapses at the Fitwel subsidiary and rising employee grievances point to governance gaps

Serious concerns – Governance & control lapses

- **Employee fraud of ~10.3 cr:** Nearly 1.2 cr involving a former employee at the parent company (~0.8 cr recovered) and ~9.1 cr at Fitwel (~1.5 cr recovered in cash and ~3.0 cr in property). The fraud timelines overlap with the period during which the auditor flagged gaps in the audit trail. FIRs have been filed; however, governance concerns remain.
- **Employee complaints:** Workers filed 279 complaints in FY26, comprising 231 related to working conditions and 48 concerning health & safety. This represents ~10.9% of the 2,561 permanent employees and ~2.3% of the total workforce of ~12,400. The Head HR Officer (Group) also resigned in FY25, coinciding with the period of fraud incidents and employee grievances. Together, these point to weak governance of employee practices.
- **Fitwel governance issues**
 - Fitwel breached its current-ratio covenant and defaulted on an instalment (~Rs. 0.2 cr reclassified as current), rectified within four days.
 - Auditors also flagged CARO-related matters across FY24–26, concerning the use of short-term funds for long-term purposes, the non-transfer of unspent CSR funds, and whistleblower complaints.
 - Despite these concerns, Sansera extended a letter of comfort of 84.8 cr to Fitwel, equivalent to ~52% of Fitwel's total assets, warranting continued monitoring of this related-party exposure.
- **Key audit matter:** The auditor flagged difficulties in verifying revenue-recognition cut-offs in FY24, FY25 and FY26, raising concerns about the possibility of premature revenue recognition.
- **Order book quality:** The order book includes LOIs and purchase orders (POs), making it a less firm indicator of medium-term revenue visibility.

Other issues - Some noise but no alarm bells

- **IT matters:** Nearly 3.7 cr in FY26 (~0.9% of PBT), down from ~6.4 cr (~2.5% of PBT) in FY24. These relate to routine tax disputes, with no earnings impact.
- **AAM customer claim:** Sansera faced a dispute over alleged shifter fork failures, initially involving a Euro 3.70 mn claim in 2021. Despite management's confidence in a favourable outcome, the appellate court reversed the earlier judgment, with the trial scheduled for Oct-26. The claim increased from 6.38 cr to 9.40 cr, while the provision rose from 1.50 cr to 2.00 cr, reflecting a legal development contrary to management's expectations.
- **Fitwel Tools RPT:** Nearly 77.4 cr in raw-material purchases (~5.3% of Sansera's material costs but ~34% of Fitwel's sales) and ~3.6 cr in services. A normal vertical-integration transaction, but material for Fitwel.
- **Sansera Sweden RPT:** Approximately 25.7 cr in sales (~0.8% of Sansera's revenue and ~9.2% of Sweden's revenue) and ~7.1 cr in receivables (~2.6% of Sweden's assets). Meaningful operationally, but not disproportionate.
- **CSR RPT:** Nearly 5.5 cr in FY26, 4.3 cr in FY25 and 3.5 cr in FY24 paid to Sansera Foundation, where promoters act as trustees. While legally permissible, this raises concerns about transparency and the ultimate utilisation of CSR funds.
- **KMP remuneration:** Nearly 19.29 cr in FY26, equivalent to ~5.9% of PAT, which is not disproportionate to earnings.
- **Sweden corporate guarantee:** Nearly 70.8 cr, covering ~100% of the subsidiary's facility, but only ~1.6% of Sansera's assets & ~26.4% of Sweden's assets. Material for the subsidiary but contained at the parent level.

Source: Company, Midas Research

2 – Business Assessment Scores



Business Assessment Scores – Summary

Business franchise and moat: 2.1

- Designed in for life: Once qualified on an engine platform, Sansera typically supplies components for the model's full life, ensuring sticky, recurring revenue.
- Forge-to-finish integration: Automated in-house production of connecting rods, crankshafts and rocker arms, backed by 30+ year ties with leading Indian & global OEMs.
- ADS entry barriers: Aerospace and semiconductor qualification cycles of 12–36 months create barriers that few auto-component makers have crossed.
- Durable but moderate moat: OEM pricing power and ~70% ICE exposure limit its competitive strength. **We assign a rating of 6.0/7.0.**

Management and governance quality: 2.2

- 50% independent Board; all three members of both the Audit Committee and NRC are independent. Three new Independent Directors bring corporate finance, technology, and automotive/industrial expertise.
- Multiple KMP changes, employee fraud and revenue-recognition KAMs warrant continued monitoring of execution and internal controls.
- Overall governance remains acceptable by Indian industry standards, despite an uncertain operating environment. **We assign a rating of 5.0/7.0.**

Risk profile and pricing power: 2.3

- High entry barriers from precision engineering, OEM qualifications and long-standing customer relationships support Sansera's competitive position.
- Strong OEM bargaining power and industry rivalry constrain pricing power, while steel/raw-material exposure adds moderate supplier pressure.
- The ICE-to-EV transition poses substitution risk, partly mitigated by tech-agnostic, EV and ADS diversification. EV and ADS diversification can reduce customer concentration and technology risk, subject to execution. **We assign a rating of 4.5/7.0.**

Financials (Growth, margins & returns): 2.4

- Strong, visible growth : ~25% revenue CAGR over FY26–FY28E, led by ADS (~87% CAGR to ~Rs. 1,109 cr) and Tech-Agnostic & EV (~31%), with Auto-ICE growing at ~13% as per sparks estimates
- Mix-led margin expansion: EBITDA margin is projected to expand from 18.1% to 21.1% as higher-margin ADS (25–30% margins) scales; EBITDA & EPS are likely to compound at ~35% and ~40%, respectively. **We assign a rating of 6.0/7.0.**

Balance sheet and cash flow: 2.5

- QIP led deleveraging - Net worth rose from Rs. 1,347 cr in FY24 to Rs. 3,087 cr in FY26; net debt stood at ~Rs. 60 cr.
- Funded growth: Rs. 1,300 cr of FY27–FY28E capex is internally funded; net debt is projected at only ~Rs. 384 cr (0.3x EBITDA), with RoCE rising to ~21%.
- Near-term cash flow pressure: FCF stays negative through FY27E as ADS pushes the working-capital cycle from 85 to ~91 days. **We assign a rating of 5.0/7.0.**



Company Factsheet (1/5)

Corporate snapshot	
Company background	- Incorporated on December 15, 1981, Sansera Engineering Limited is an engineering-led integrated manufacturer of complex, critical precision-forged and machined components for global OEMs. Its diversified portfolio spans ICE powertrains, tech-agnostic systems, EVs, aerospace, defence, semiconductor fab equipment, off-road and agriculture, serving 2W, PV, CV and industrial sectors. - India contributed 65.2% of FY26 sales, while international markets accounted for 34.8% (Europe: 18.8%, US: 9.3%, other regions: 6.7%), across 27 countries. Sansera operates 18 integrated manufacturing facilities (17 in India and one in Sweden), serving 100+ automotive and non-automotive OEM clients.
Business verticals	Auto-ICE (70%): Critical engine and powertrain components, including connecting rods, rocker arms, crankshafts, gear shifter forks, and balancer shafts. Auto Tech-Agnostic (9%) & EV (5%): Lightweight, high-efficiency components & assemblies across chassis suspension, braking, steering, and driveline systems for hybrid, battery electric (BEV) & conventional vehicle platforms. Non-Automotive (ADS & Industrial)(16%): High-precision components for Aerospace, Defence, Semiconductor equipment (ADS), Off-Road vehicles, Agriculture, and Industrial Automation.
Manufacturing facilities	- Automobile Plants (16 Plants): 9 automotive forging & machining plants across Bengaluru & Bidadi, 2 in Tumkur & Pantnagar, and 1 each in Chakan, Manesar, Mehsana. - ADS Facility – Jigani Hobli, Bengaluru in which 2/3rd dedicated for Aerospace & Semiconductor and 1/3 for Defence. - Trollhättan, Sweden (Sansera Sweden AB): Sole overseas plant with in-house designed, CE-certified robotic cells for heavy commercial vehicles & marine engine connecting rods.
Key customers	2W / EV Ather · Bajaj · KTM · Royal Enfield · TVS Passenger BMW · Ferrari · Maruti Suzuki · Toyota · VW Group CV /Industrial Cummins Daimler Group · Volvo Aerospace / Defence Airbus · Boeing
Promoter background	- Mr. S. Sekhar Vasan (Chairman & MD): Holds a B.Tech from IIT Madras and a PGDM from IIM Bengaluru, with 44+ years of experience in precision manufacturing. Associated with Sansera since its incorporation in 1981. - Mr. F. R. Singhvi (Executive Vice Chairman): A Chartered Accountant with 44+ years of experience in finance, audit and strategic operations. Previously a Senior Partner at M/s. Singhvi, Dev & Unni (1981–2006), he joined Sansera as a co-promoter in 1991. - Mr. Unni Rajagopal K and Mr. D. Devaraj: Non-executive promoters who continue to hold ~9.12% equity.
KMP	- Mr. S. Sekhar Vasan – Chairman & Managing Director - Mr. F. R. Singhvi – Executive Vice Chairman & Whole-time director - Mr. B. R. Preetham – Joint managing director & Group CEO - Mr. Vikas Goel – Chief Financial Officer
Auditors	M/s. Deloitte Haskins & Sells, Chartered Accountants
IPO details	Listing Date - 24 September 2021; Issue Size - Rs. 1,282.52 cr – 100% OFS; Price band – Rs. 734 - Rs. 744 per share
Employee count	Workforce: 12,400+ (2,561 permanent employees & 529 specialized engineers)

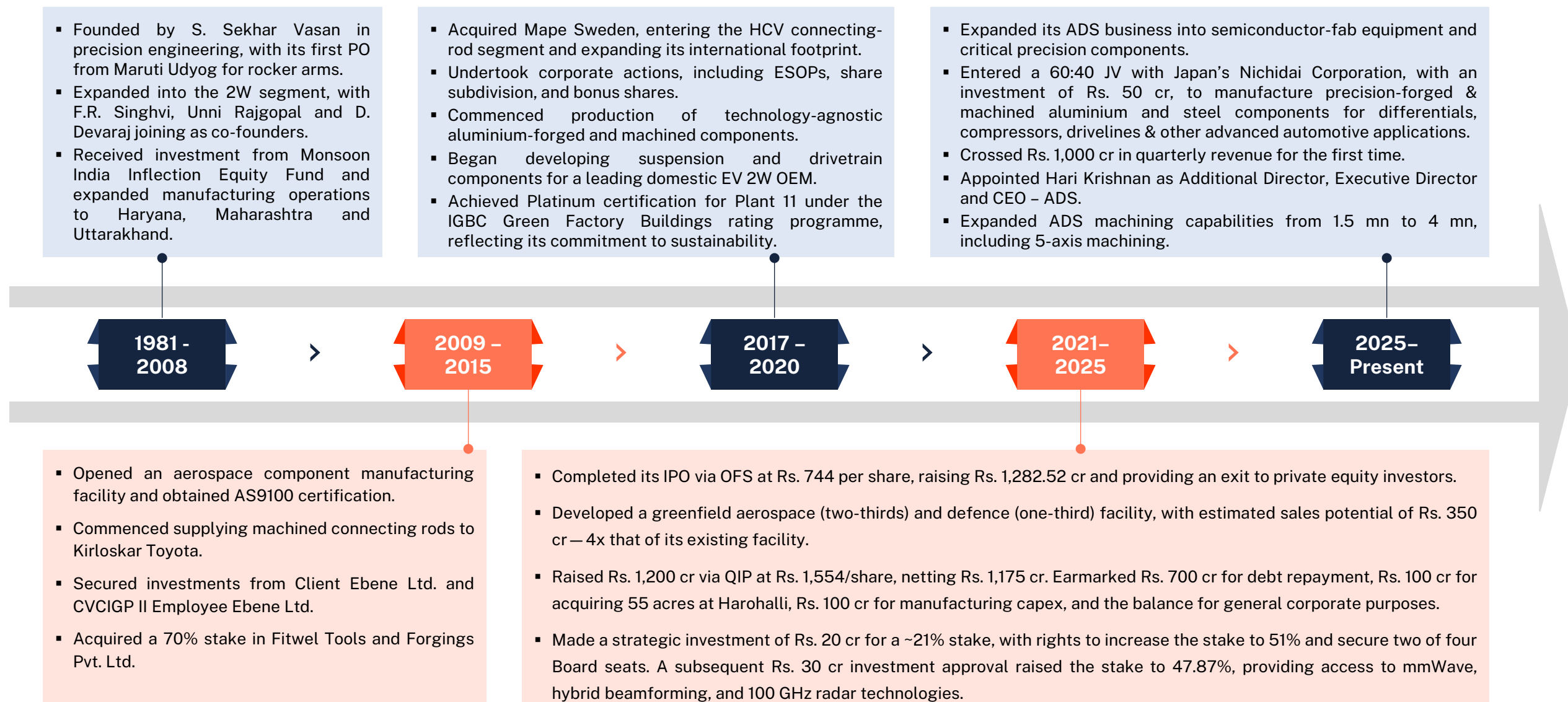
Category (Sep'26)	% Share
Promoter Group	29.03
FII	22.96
DII	29.59
Government	0.04
Others (Public)	18.38
Total	100.0

Key Metrics(Rs. cr)	FY23	FY24	FY25	FY26
Revenue	2,338	2,811	3,017	3,498
Gross Profit	1,321	1,594	1,775	2,044
Gross Margin (%)	56.5%	56.7%	58.9%	58.4%
EBITDA	377	480	515	632
EBITDA Margin (%)	16.1%	17.1%	17.1%	18.1%
PBT	203	256	291	432
PBT Margin	8.7%	9.1%	9.7%	12.4%
Adjusted PAT	146	186	215	336
Net Worth	1168	1347	2750	3087
Net Debt	650	738	-127	60
NWC – Ex Cash	511	525	593	755
Total Assets	2463	2793	3736	4495
RoE (%)	13.5%	14.9%	10.6%	11.2%
RoCE (%)	13.9%	16.4%	13.1%	12.9%

Source: Company, Midas Research

Company Factsheet – Story So Far (2/5)

From automotive components to advanced precision engineering



Source: Company, Midas Research

Company Factsheet – Business Overview (3/5)

Four core products drive ~70% of sales



Connecting rods – 35.5%

It connects the piston to the crankshaft. When fuel burns inside the cylinder, it pushes the piston downward. The connecting rod transfers this force and the piston’s up-and-down movement to the crankshaft. Sansera is a leading connecting-rod supplier for **2W, light PVs & CVs**.



Rocker arms – 15.1%

The rocker arm opens and closes the engine valves at the right time, controlling the intake of the air-fuel mixture and the exhaust of burnt gases. It pivots on a shaft or stud between the camshaft and the valve. Sansera is a leading supplier of rocker arms for **2W and PVs**.



Crank shaft assembly – 14.1%

The crankshaft connects to the pistons through connecting rods, converting their up-and-down motion into rotational power that drives the wheels through the transmission. Sansera is a leading supplier of crankshaft assemblies for **2W**.



Gear shifter forks – 4.7%

A gear fork is like a small hand inside the gearbox that moves the selected gear into place. It slides a gear or synchronizer sleeve along a shaft to engage the required gear, enabling the vehicle to change speeds. Sansera is the leading supplier of gear shifter forks for **2W**.

Stem components– 3.4%

A technology-agnostic component with stable demand across ICE and EV platforms. Examples include rotor shafts, hollow shafts, aluminium balance rings, and tilt-cabin parts.

Aerospace products – 9.6%

Flight-critical structural components supplied to global aerospace OEMs, including door fittings, actuation gimbals, actuator housings, door beams and outer forks.

Integral crankshaft – 2.1%

Single-piece crankshafts, with crank webs and journals formed as an integrated unit, are distinct from the separately classified crankshaft assembly category.

Others – 15.5%

A broad range of smaller automotive and non-automotive components, including valve bridge parts, common-rail and camshafts, pump barrels, door fittings and shackle components.

Source: Company, Midas Research

Company Factsheet – Business Overview: Auto Segment (4/5)

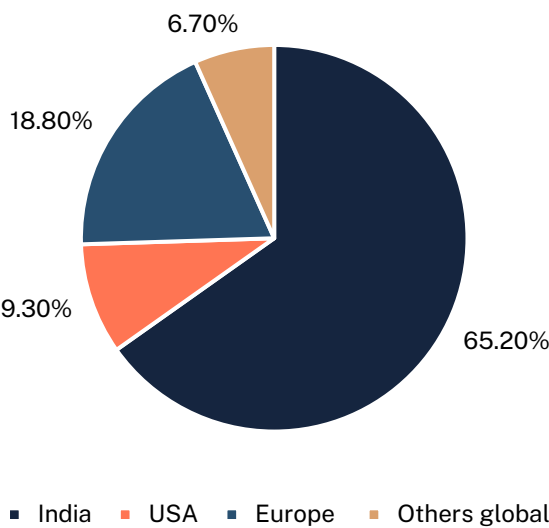
Product	Applications / vehicle segments	Product	Applications / vehicle segments
2-Wheeler (39.7%)  Connecting Rods, Crankshaft, Rocker Arm, Balancer Shaft, Gear Shifter Fork, Flywheel	- Motorcycle (34.4%) & Scooters (5.4%) - All major Indian OEMs and few premium OEMs in Europe, US & Japan - Eg – Bajaj, Honda, TVS, Yamaha & Ducati	EV (4.8%)  Drive Train Rotor Shaft, Aluminium Balance Rings, Gear Motor Counter Drive, Rotor Shaft, Housing Shift Lever, Spacer Input Gear, Hollow Shaft, Attachment Lower Ball Joint	- European premium 2W OEMs - Leading European PV OEMs - Eg – Bajaj, TVS, Ather, Tesla
Passenger vehicles (17.7%)  Bogy Nozzle, Gear Fork Shift, Timing Sprocket, Adapter, Lever Shift, Finger Follower, Housing Shift Levers	- Major Indian and Japanese OEMs - Key North American and European OEMs - Eg – Maruti Suzuki, Fiat, Toyota, Honda, Tata Motors	Tech agnostic (8.7%)  Footrest, Foot Lever, Mirror Housing, Footrest Bracket, Side Stand, Foot Lever, Hub, Rear Spring Bracket, Differential Lock Hook, Tilt Cabin Parts, Stemcomp Steering, Foot Lever, Starter Gear Bracket	- Key Indian EV OEMs - Major UK OEMs - Major North American and European EV OEMs
Commercial vehicles (12.7%)  Fractured Con Rod, Gear Shifter Fork, Braking Crank Shaft, Parking Pawl, Guide Bush	- Leading Indian & European OEMs - Global supplier of braking systems - Eg – Volvo group and Daimler Group		

Source: Company, Midas Research

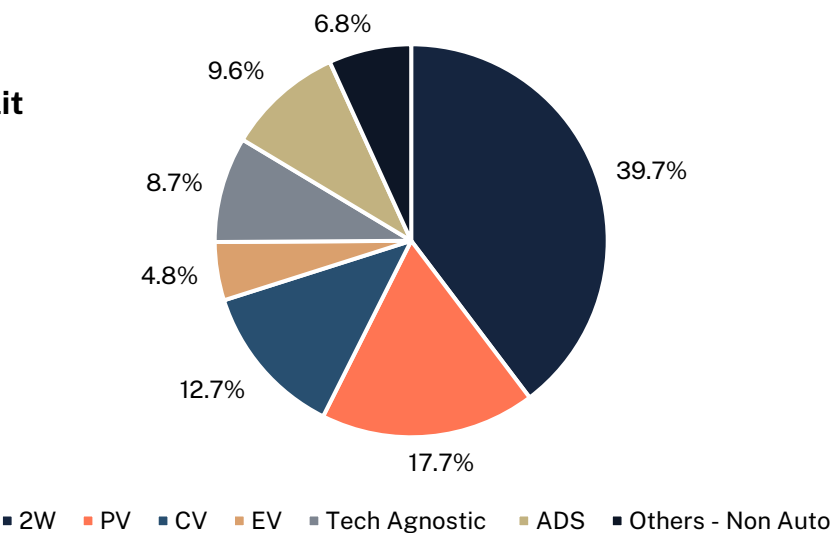
Company Factsheet – Business Overview: Non-Auto Segment (5/5)

Product	Applications / vehicle segments
ADS (9.6%)  Door Fitting Actuation Gimbal Door Beams Actuator Housing Outer Fork Bottom Pannel Liner	- All major Indian OEMs - Global European aircraft OEMs - Semicon Fab Equipment OEMs - Eg – Airbus & Boeing
Off – Road (3.2%)  Door Fitting Engine Mounting Bracket Mounting Bracket Adapter Hub Bracket Shackle	- Major Indian and Japanese OEMs - Eg – JCB & Polaris
Agriculture (1.6%)  Pump Barrel Cam Shaft Connecting Rod Common Rail	- Global recreation vehicle OEMs - Eg – CNH Industrial & John Deere
Others (2%)  Connecting Rod Crankshaft Rocker Arm Crankshaft Valve Bridge	- Global OEMs of Earth moving equipment - Subsidiary of a leading global power tools manufacturer.

Geographical Split



Business Segment Split



Source: Company, Midas Research

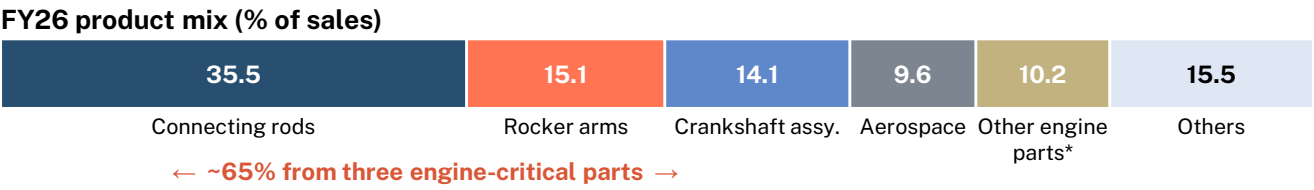
2.1 - Business Franchise & Moat (1/4)

Once designed into an engine, Sansera tends to stay for the life of the model



Sansera’s moat rests on components designed into platforms for their entire model life, four-decade-long OEM relationships, in-house forge-to-finish manufacturing with automated lines, and an ADS business with high entry barriers for auto-component makers. Limited OEM pricing power, ~70% ICE exposure and mid-teens RoCE constrain its score. We assign a 6.0/7.0 rating.

Why Sansera is hard to replace



- 1

Incumbent for the life of the model

A part is approved for a specific vehicle platform and is rarely re-sourced until that model is replaced — every platform won becomes years of repeat volumes.
- 2

Small cost, big consequence

These parts are a small share of a vehicle's cost but sit at the heart of the engine; saving a little by switching to an unproven supplier is not worth the risk of an engine failure.
- 3

Hard to make, built over four decades

Precision forging plus machining of rocker arms, split and fractured con rods and crankshafts, on lines Sansera designs itself — know-how that took decades to build.
- 4

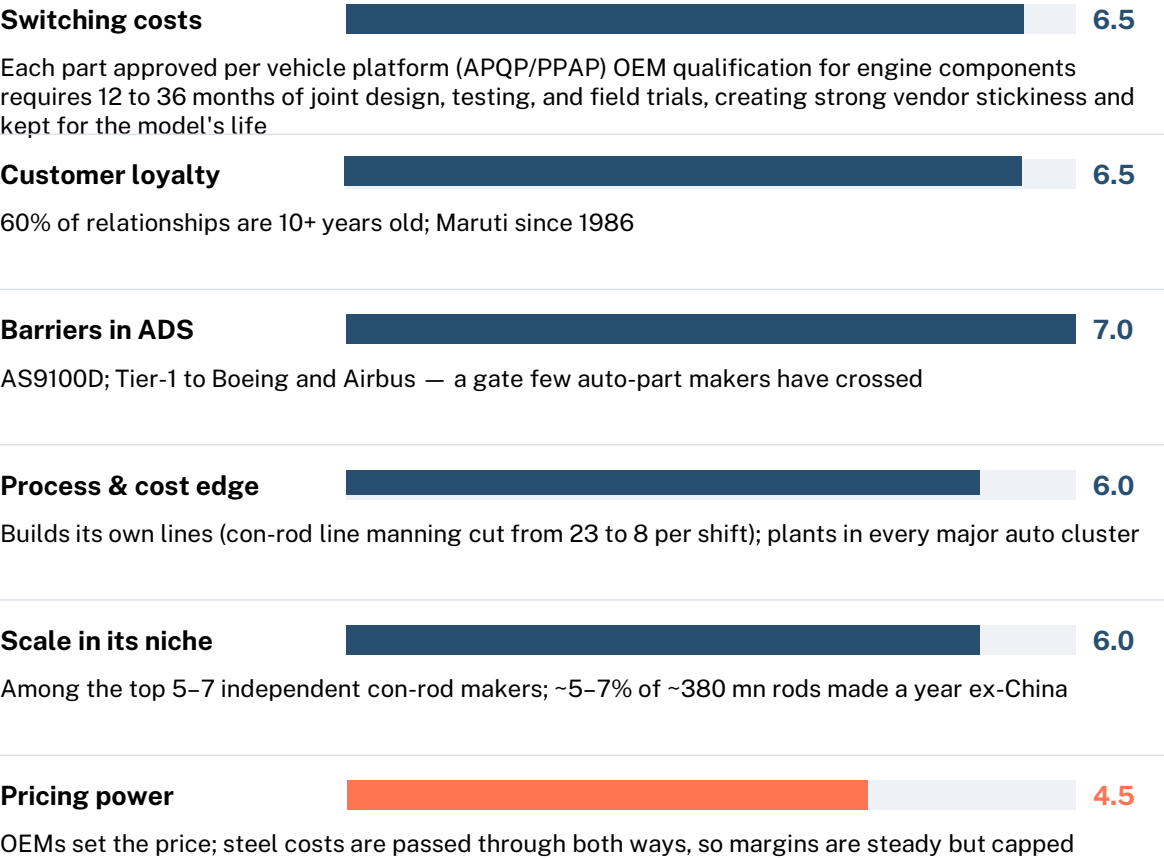
Already the default supplier

Majority or single source for many auto OEMs; ~75% of volumes of the parts it supplies Maruti, and no wallet share lost with any customer (management).

What it indicates

Revenue from existing platforms behaves almost like an annuity until the model is retired, helping sustain EBITDA margins of 16.4–18.1% over FY21–FY26. The moat protects volumes, not pricing, making growth dependent on winning new platforms.

Where the moat comes from — our sub-scores



Overall score = simple average of the six sub-scores (Out of 7)

Source: Company (Annual Report FY26, Investor Presentation Q1FY27, con-rod line case study, earnings calls Q4FY25–Q1FY27), Midas Research. *Gear shifter forks 4.7%, stem comps 3.4%, integral crankshafts 2.1%. Sub-scores are Midas Research assessments.

2.1 - Business Franchise & Moat (2/4)

ADS: a gate most auto-part makers have not crossed — and the work behind it earns more

What it takes to supply an aircraft or a chip-making tool	
Gate 1 Certify	AS9100D quality system; NADCAP approval for special processes (in progress for the new in-house surface-treatment line)
Gate 2 Build the capability	5-axis machining of parts up to 4 m (from ~1.5 m); titanium, Inconel, aluminium and stainless steel; semiconductor parts need a far higher level of precision than auto
Gate 3 Pass first-article inspection	Every new part is validated before production; miss one first-article window and a programme can slip ~6 months to the next order cycle
Gate 4 Win the customer's evaluation	Chosen by a global wafer-fab equipment leader after an extensive evaluation; Tier-1 to Boeing and Airbus, Tier-2 to their suppliers
Gate 5 Earn harder parts over years	Aerospace unit since 2013: cargo and lighting parts → landing gear, engine casings, structures → now working on engine blisk parts for a large engine maker

Each gate takes time to clear, so a newcomer cannot buy its way in quickly — and an approved supplier is rarely replaced mid-programme.

Our read: ADS is where Sansera’s moat is deepest. The certification, capability and first-article gates take years to clear, and most auto-component makers have not crossed them. The capabilities required to clear these gates command higher margins and generate more revenue per rupee invested, lifting the quality of the whole franchise.

Few auto component makers have crossed over		
FY26	Non-Auto Revenue (Rs cr)	ADS (%)
Sansera	537.5	9.6
Bharat Forge	4,536.0	24.0
Sona BLW	1,408.0	0.0
Ramkrishna Forgings	1,092.0	0.0
MM Forgings	240.0	0.0

Aerospace pure-plays (MTAR, Azad, Dynamatic) have no auto business. Among auto-part makers, only Sansera and Bharat Forge have a meaningful aerospace and defence presence.

Why it deepens the moat — the work pays better

25–30%	ADS EBITDA margin vs 18.1% for the group (FY26)
2.0–2.2x	revenue per rupee of new capex in ADS vs 1.25–1.3x in auto
9.6%	of FY26 sales from ADS, already 14.2% in Q1FY27

Source: Company (Annual Report FY26, Investor Presentation Q1FY27, earnings calls Q3FY25–Q1FY27), CLSA (peer revenue mix, FY26), Midas Research. ADS margin as stated by management on the Q1FY27 call; Aero + defence for Bharat Forge = 19% defence + 5% aerospace.

2.1 - Business Franchise & Moat (3/4)

How it stays ahead: in-house machines, plants next to customers and know-how gained through alliances

Builds its own production lines — and keeps needing fewer hands

Its own machine-building plant designs and builds the robotic lines and special tooling its factories run on

1 Design

529+ engineering specialists across machine building, automation and powertrain engineering

~80%
automation on new lines, run with only ~20% manning

2 Build

In-house machine-building plant builds the robotic lines and special tooling

~1 year
of work already booked at the in-house machine-building plant

3 Deploy

Lines rolled out quickly across plants, with IoT analytics for predictive maintenance

~120 mn
components made in FY26 — about 1 crore a month

Why it matters: Less reliance on external equipment makers, faster launches and fewer workers per line as labour becomes scarce. Management is also lining up a strategic automation partner to support expansion.

17 inside India's auto clusters + 1 in Sweden

12
Karnataka
Bengaluru, Bidadi, Tumkur — head office and ADS

2
Uttarakhand
Pantnagar — 2W crankshaft assemblies

1
NCR
Manesar — PV & 2W parts

1
Gujarat
Mehsana

1
Pune
Chakan

1
Sweden
Large con rods for trucks & marine

Fungible lines: Capacity is interchangeable between auto and non-auto parts, allowing plants to respond to demand.

Hard, non-commodity work shows up in margins

FY26 EBITDA margin (%) — Sansera vs listed auto-component peers

EBITDA margin (%)

18.1%

17.3%

16.3%

13.6%

Sansera

Bharat Forge

Craftsman

Endurance

18.1% vs a 15.7% peer average, Auto component players had ventured into non auto segment, however they are not able to achieve the same level of precision as achieved by Sansera & Bharat forge, which can be shown in the EBITDA margins

Know-how brought in, not built from scratch

Nichidai Corporation, Japan 60:40 JV · Rs. 50 cr
Cold and warm forging for near-net-shape parts used in differentials, compressors, drivelines and steering. Products Sansera does not make today, relevant to both ICE and EVs. Commercial production is planned for H2FY27.

MMRFIC Technology, Bengaluru ~47.87% stake (Mar-26) · right to 51%
mm-wave radar and RF design, with development orders from ISRO & DRDO. The board approved a Rs. 30 cr investment to raise its stake above 50%, marking a foray into defence electronics.

Source: Company (Annual Report FY26, Investor Presentation Q1FY27, company presentation case study on con-rod lines, earnings calls Q4FY25, Q2FY26, Q4FY26, Q1FY27), Bloomberg (peer EBITDA margins), Midas Research.

Sansera Engineering Ltd

Midas

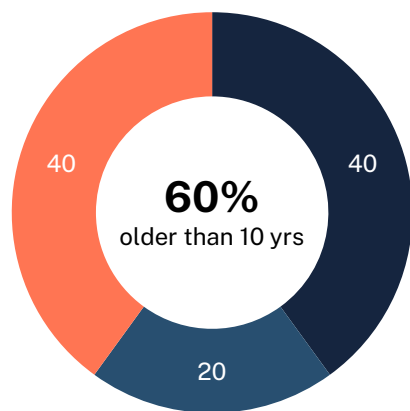
Equities and Research

18

2.1 - Business Franchise & Moat (4/4)

Why customers stay: replacing a Sansera part costs an OEM time, money and risk

Customers stay for decades



■ 20+ years ■ 10-20 years ■ Under 10 years

1986

first order from Maruti Udyog — 40 years on, still one of its top customers

~75%

Wallet share (volume supply) for specific component lines Sansera manufactures for Maruti Suzuki

~40%

of Q1FY27 sales from outside India across 105 customers in 27 countries — a second engine when one market slows

Switching is a costly climb

Each step an OEM would have to repeat to replace a part Sansera already supplies:

4

Losing a one-stop source
Sansera forges, machines and assembles in-house

3

Risk on an engine-critical part
a field failure means an engine failure

2

Fresh samples and approval
re-run under APQP / PPAP (IATF 16949)

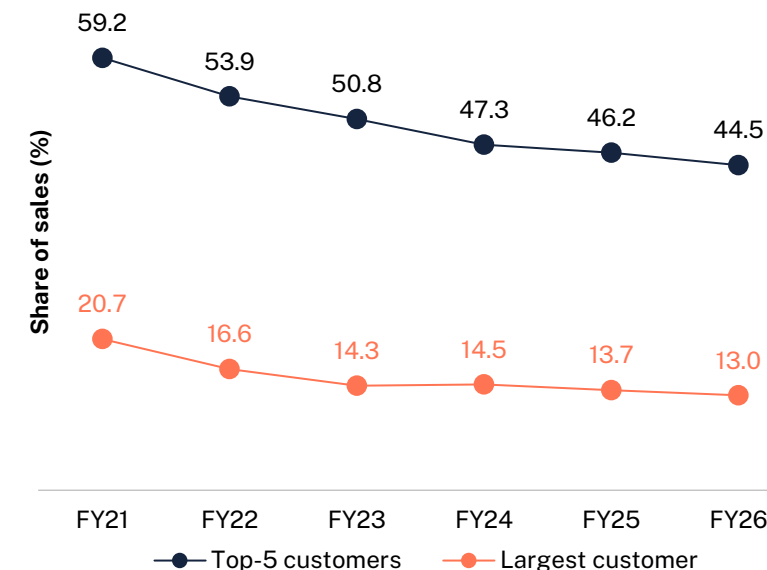
1

New dies and tooling
built and proven again for a live model

Result: Sansera is the majority or single source for many auto customers and says it has not lost wallet share with any of them.

Less reliant on any one customer

Share of sales (%)



Quality that customers keep rewarding: Recent supplier awards from Bajaj Auto (Platinum Quality), General Motors (Outstanding Performance), Royal Enfield (Reliable Partner in Quality and Delivery), Boeing (Excellent Supplier Performance) and RTX (Premier Award).

Watch-outs

No pricing power — OEMs set the price; steel is only passed through

Keeps existing platforms, but must win new ones — not yet on Mahindra, Hyundai or Kia EV cars

Top-five customers still account for 44.5% of sales; Sansera is absent from Hero's scooters.

Source: Company (Investor Presentation Q1FY27, Annual Report FY26, earnings calls Q4FY25, Q2FY26, Q4FY26, Q1FY27), Midas Research. Maruti volume share, wallet share and pass-through terms are as stated by management.

2.2 - Management & Governance Quality (1/3)

✓: Positive ✓: Neutral ✗: Negative

5.0

7.0

50% independent Board, with all Audit and NRC members independent (3/3); experienced promoter-led management, 3 new Independent Directors and fresh ADS talent create a strong Board and committee skill mix. Key monitorables include recent KMP churn, control and fraud incidents (Rs. 9.1 cr Fitwel fraud & Rs. 1.2 cr employee fraud), and a slight management bias towards sales, reflected in the revenue cut-off KAM. RPTs are within acceptable limits. We assign a **5.0/7** rating.

Rating	Corporate factsheet
✓ Board of Directors-Independence & diversity	- The Board of Directors comprises 8 members: 4 Executive Directors & 4 Non-Executive Independent Directors. - Independent Directors constitute 50% of the board providing balanced oversight and governance. One of the four Independent Directors is a woman (Ms. Radhika Govind Rajan, who succeeded Mrs. Revathy Ashok) – meeting statutory requirements & domestic norms but short of best ESG practices.
✓ Board of Directors-changes in directors	2 Independent Directors retired upon completion of tenure, while 3 new Independent Directors were appointed indicating a significant refresh of the Board's independent representation. Mr. Samir Purushottam Inamdar was re-appointed as an Independent Director for a second 5-year term effective from FY28 being a counter intuitive decision to maintain independence. - Mr. Hari Krishnan was inducted into the Board as Executive Director & CEO – ADS Division for a 5-year term starting August 12, 2026.
✓ Board of Directors-independence in board committees	- Audit Committee: Three members, all 3 Independent Directors (100% independence), chaired by Mr. Deepak Keshav Ghaisas. - Nomination and Remuneration Committee: Three members, all 3 Independent Directors (100% independence), chaired by Mrs. Revathy Ashok. Other Committees (67% independent Directors): Stakeholders' Relationship (chaired by Independent Director Ms. Radhika Govind Rajan), Risk Management (chaired by Independent Director Mr. Samir Purushottam Inamdar) & ESG committees are also in place.
✗ Changes in Key Managerial Personnel	- Mr. Madhukar Bhat was appointed CHRO on April 15, 2024, and Mr. Jayakara G. Shetty resigned as Head-HR (Group) on April 20, 2024. - Mr. Amit Gautam was appointed Chief Technology Officer (CTO) on November 4, 2025. Mr. Satish Kumar, the previous CTO, was designated Chief Customer Relationship Officer and Mentor on November 5, 2025. Separately, Mr. Sanjeev Sharma resigned as Chief Sales & Marketing Officer on December 2, 2024. - Mr. Praveen Chauhan retired as Chief Operating Officer (COO) on June 30, 2024, but continued to be associated with Sansera as Head of Corporate Strategy in a consultancy role. Mr. Rahul Kale was appointed COO on September 5, 2024, and was subsequently elevated to CEO-Automotive.
✓ Management continuity	Mr. S. Sekhar Vasan, Chairman & Managing Director (Promoter): Associated with Sansera since its incorporation in 1981 (over 44 years of leadership). - Mr. F. R. Singhvi, Executive Vice Chairman (Promoter): Associated with the Company since 1991, guiding the automobile and aerospace divisions for over 18 years. - Mr. B. R. Preetham, Joint managing director & Group CEO: Associated with Sansera since 1992 (over 34 years); has served as Group CEO since 2013.
✓ Promoter remuneration	- Executive Promoters (CMD & JMD) received Rs. 10.96 cr in aggregate during FY26, representing ~3.35% of FY26 Consolidated PAT. - Non-promoter Executive Directors & Key Managerial Personnel received Rs. 8.33 cr in aggregate (led by Group CEO at Rs. 4.46 cr), bringing total Executive Board & KMP remuneration to Rs. 19.29 cr (5.90% of PAT).
✗ Promoter holding	Promoter & Promoter Group hold 30.09% as of March 31, 2026 (diluted from 35.04% in FY24 following the 1200 cr QIP equity issue).
✓ Stock-based compensation	ESOP 2018 (capped at 2.50% of share capital Pre-IPO) Selective ongoing grants are made to key management at market-linked prices (Rs. 744 to 1699).
✓ Related-party transactions	Rs. 70.8 cr Sweden guarantee, Rs. 77.4 cr Fitwel purchases, Rs. 25.7 cr Sweden sales, Rs. 15.5 cr KMP pay & Rs. 5.5 cr Foundation CSR.

Source: Company, Midas Research
Note: All information is sourced from the FY26 Annual Report

Sansera Engineering Ltd

2.2 - Management & Governance Quality (2/3)

Proven leadership continuity, balanced with a willingness to evolve and embrace fresh perspectives

A blend of seasoned industry expertise, proven execution, and fresh leadership capabilities



Mr. S. Sekhar Vasan
Chairman & Managing Director

- He has been associated with Sansera as a Director since its incorporation on December 15, 1981
- He brings over 44 years of professional experience in precision product engineering, quality systems, and manufacturing management
- Mr. Vasan holds a Bachelor of Technology (B.Tech) in Mechanical Engineering from IIT Madras & Post Graduate Diploma in Management (PGDM) from IIM Bengaluru
- He navigated Sansera through technology transitions expanding from basic 2W components into complex automotive engine/chassis parts, and later into aerospace and semiconductor component manufacturing.



Mr. B. R. Preetham
Joint managing director & Group CEO

- Mr. Preetham holds a Bachelor of Engineering (B.E. Mechanical) degree from Bangalore University. He joined Sansera in 1992 as a young manufacturing engineer & has spent over 34 years with the company.
- Over three decades, he progressively moved up through every major functional area handling Quality, Manufacturing, Marketing, New Product Development, & Engineering before being appointed Group CEO in 2013 and appointed to the Board as Executive Director in September 2023.



Mr. Hari Krishnan
Executive Director & CEO (ADS Segment)

- Mr. Hari Krishnan holds a Bachelor of Engineering (B.E. Hons.) in Mechanical Engineering from BITS Pilani. He brings over 30 years of executive leadership experience across the forging, automotive components and heavy engineering industries.
- Leading high-margin non-auto diversification: Mr. Krishnan directly heads Sansera's highest-growth strategic vertical, the Aerospace, Defence & Semiconductor (ADS) division.
- Under his divisional leadership, Sansera has secured major global contracts with global OEMs and semiconductor equipment manufacturers.



Mr. F. R. Singhvi
Executive Vice Chairman & Whole-time director

- He is a Fellow Chartered Accountant of the Institute of Chartered Accountants of India (ICAI).
- Prior to joining Sansera, he served as a Senior Partner at the accounting firm M/s. Singhvi, Dev & Unni from 1981 to 2006.
- He brings over 44 years of professional experience across corporate finance, auditing, strategic planning, taxation and general management.
- He joined Sansera as a promoter in 1991 and has actively guided the company's business operations and strategic direction for over 34 years.



Source: Company, Midas Research

2.2 - Management & Governance Quality (3/3)

Board of Directors - The people behind the precision

 Mr. S. Sekhar Vasan <i>Chairman & Managing Director</i> ▪ Holds a Bachelor of Technology (B.Tech) in Mechanical Engineering from IIT Madras and a Post Graduate Diploma in Management (PGDM) from IIM Bengaluru. Brings over 44 years of precision manufacturing experience. ▪ Founded Sansera in 1981, establishing its culture, quality systems and stewardship through expansion.	 Mr. B. R. Preetham <i>Executive Director & Group CEO</i> ▪ Holds a Bachelor of Engineering (B.E. Mechanical) degree from Bangalore University. (34 years with Sansera) ▪ Spearheaded the setup of 10 greenfield manufacturing facilities (including Sweden) and scaled group revenues while leading public market capital milestones (IPO and Rs. 1200 cr QIP).	 Mr. Hari Krishnan <i>Executive Director & CEO (ADS Segment)</i> ▪ Holds a B.E. (Hons) in Mechanical Engineering from BITS Pilani. Brings over 30 years of executive leadership experience across forging, automotive components, and heavy engineering ▪ Joined in February 2025, heads Sansera's non-automotive growth vector, driving major tier-1 export contracts.	 Mr. F. R. Singhvi <i>Executive Vice Chairman & Whole-time director</i> ▪ Chartered Accountant, Served as a Senior Partner at the accounting firm M/s. Singhvi, Dev & Unni from 1981 to 2006. ▪ Associated with Sansera since 1991 (over 34 years); possesses over 44 years of experience across finance, auditing, corporate governance, and ESG policy,
 Mr. Samir Purushottam Inamdar <i>Non-Executive Independent Director</i> ▪ Holds a Bachelor's degree in Mechanical Engineering from Mumbai University and a PGDM from IIM Calcutta. ▪ Brings over 40 years of international business leadership experience. Previously served as MD and CEO of Tyco Electronics South Asia, following over 16 years in the automotive industry with Maruti and Tata Motors.	 Mr. Deepak Keshav Ghaisas <i>Non-Executive Independent Director (Chairperson of Audit Committee)</i> ▪ Qualified Chartered Accountant, Cost Accountant, and software technology entrepreneur. ▪ Previously served as CEO & Vice Chairman of Oracle Financial Services Software. brings deep experience in global software scaling, financial risk oversight, and governance, serving as Chairperson of the Audit Committee.	 Mr. Venkataram Mamillapalle <i>Non-Executive Independent Director</i> ▪ Veteran automotive executive who served as Country CEO and Managing Director of Renault India, alongside senior leadership roles at Tata Motors & General Motors, with 32 years of global automotive experience. ▪ Brings extensive strategic expertise in automotive supply chains, global OEM customer relationships and plant operational efficiency; heads the Board's ESG Committee.	 Ms. Radhika Govind Rajan <i>Non-Executive Independent Director</i> ▪ Holds an M.Sc. from IIT Bombay and an MBA from IIM Ahmedabad. Served as Executive Vice President at DSP Investments Pvt. Ltd. and with the TCG Group in New York. ▪ Brings over three decades of international investment management, corporate finance and private equity experience; heads the Stakeholders Relationship Committee.

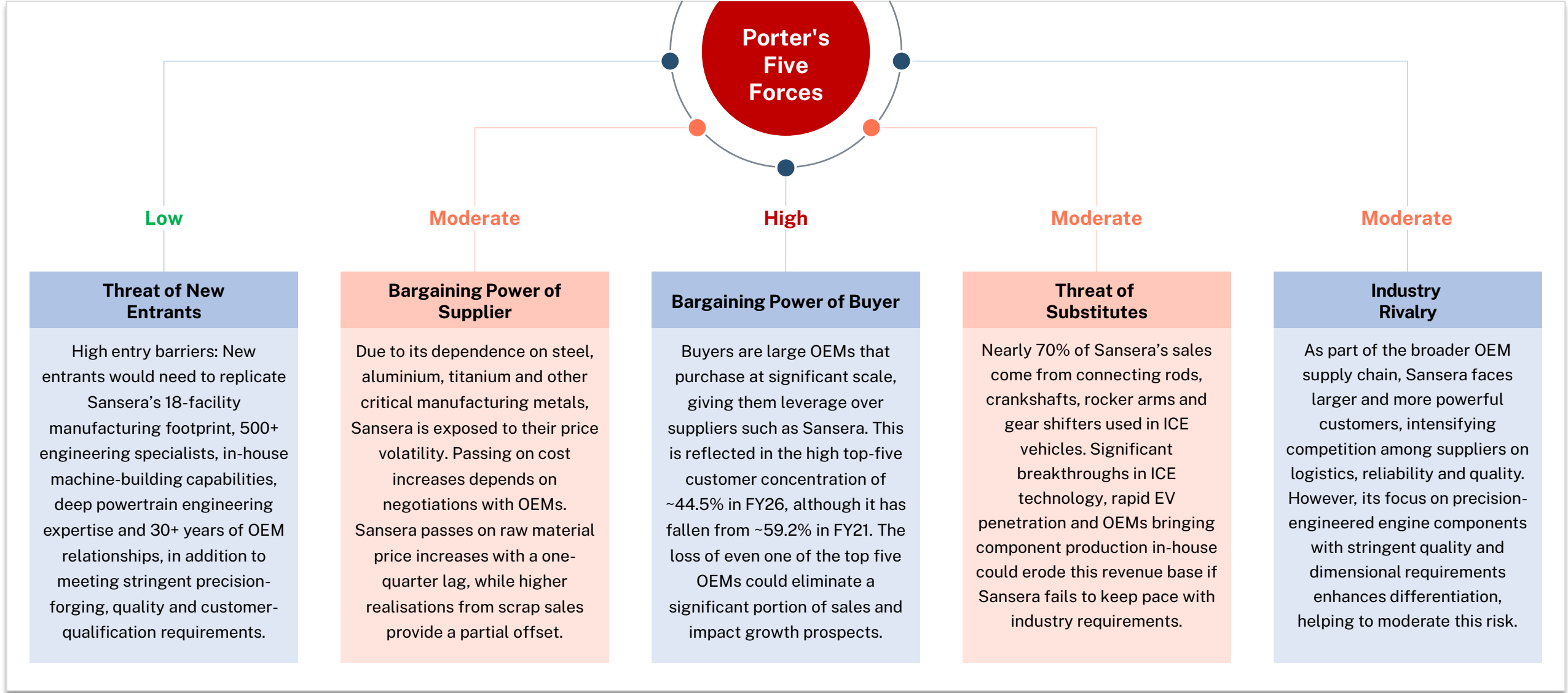
Source: Company Information

2.3 - Risk Profile & Pricing Power

4.5

7.0

High entry barriers from precision engineering, OEM qualifications and customer relationships support Sansera's competitive position. However, high OEM bargaining power, supplier exposure and industry rivalry constrain pricing power. Technology shifts remain a substitution risk, while EV/ADS and tech-agnostic diversification can reduce concentration and substitution exposure, subject to execution. We assign a **4.5/7** rating.



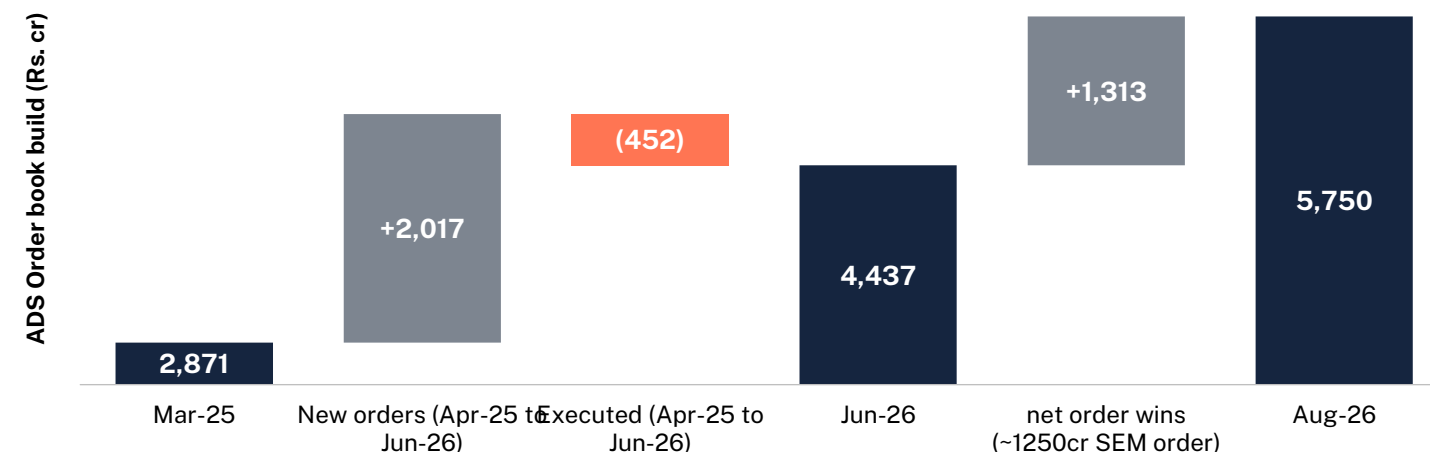
Source: Company, Midas Research

Sansera Engineering Ltd

2.4 – Financials (1/5)

ADS backlog is ~17x FY26 sales; ADS revenue to reach Rs. 1,109 cr by FY28E, driving ~25% annual group revenue growth

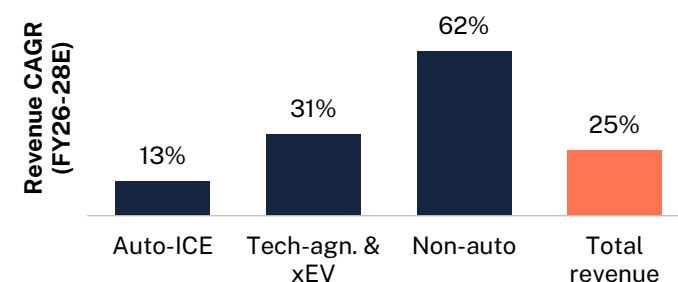
Lumpy order wins are creating a strong revenue pipeline executable over 5 years



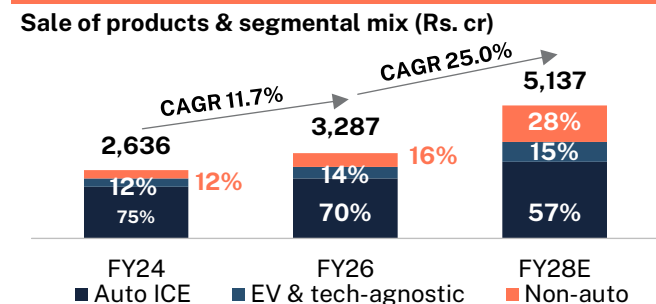
Executed Rs. 452 cr over Q1FY26–Q1FY27 while adding Rs. 2,017 cr in new orders. Our FY27E–FY28E revenue projection of Rs. 1,709 cr represents ~30% of the current backlog, which management expects to execute over five years.

THE RESULT — Revenue to grow at ~25% CAGR over FY26–FY28E to Rs. 5,467 cr; non-auto to increase from 12% of product sales in FY24 to 28% by FY28E

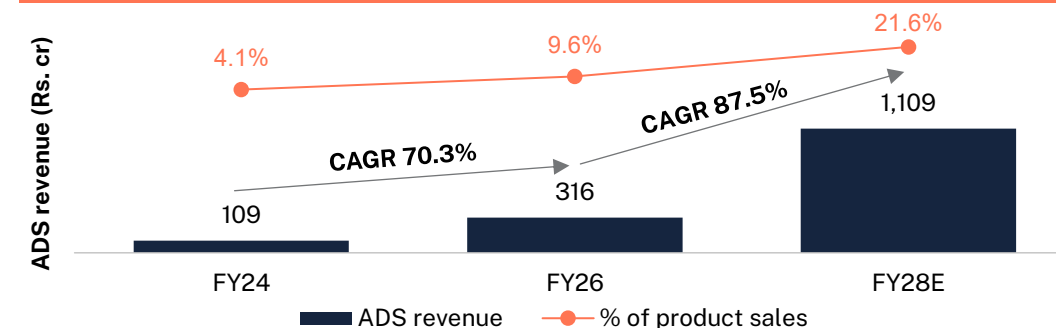
Growth highly tilted towards EV & ADS



Historical growth understates the road ahead



10x revenue story in action



ADS - Riding the Global Demand

- Aerospace:** Labour costs in India are ~83.3% lower than in Europe and North America, where ~70–75% of Boeing and Airbus' supply chains are located. This, along with the growing global trend of the China+1 strategy, positions India to capture a larger share of OEMs' supply chains.
 - Airbus and Boeing currently source US\$2bn annually from India. Without even considering further supply-chain shifts to India, if Sansera captures even ~10% of this existing sourcing, it could generate stable long-term revenue of ~Rs. 1,900 cr.
- Semiconductor:** The India Semiconductor Mission provides fiscal support of up to 50% of project costs for semiconductor fabs and packaging facilities. These favorable conditions have attracted global companies such as Lam Research and Applied Materials, which have announced investments of ~55,000 cr (converted to INR using avg exchange rate) in India. If Sansera captures even 1% of this investment, it could generate over 550 cr in SEM revenue alone.
- Defence:** India's defence industry is rapidly shifting towards indigenous manufacturing. Defence production grew by ~15.6% Y-o-Y, while private-sector production reached ~Rs. 42,000 cr, its highest-ever level. Amid rising geopolitical uncertainty, the sector is likely to remain resilient even during economic slowdowns. Bharat Electronics generates ~Rs. 27,000 cr in revenue from defence alone, with a market share of ~13%. If Sansera captures even ~0.5% of the total market via MMRFIC or other means, it could generate up to ~Rs. 1,000 cr in revenue.
- MMRFIC – Advanced radar opportunity:** Sansera's investment in MMRFIC provides exposure to mm-wave radar, FMCW radar and AESA radar technologies. MMRFIC is engaged in development programmes with ISRO and DRDO, alongside funding-supported programmes under iDEX-DIO and DRDO-TDF. Sansera's effective group stake increased to 47.87% in FY26, with an option to raise it to 51% under a predefined valuation formula.

Source: Company, Midas Research.

2.4 – Financials (2/5)

Tech-agnostic and EV to grow ~31% annually: faster EV industry growth × 2.5–5x content per vehicle × new customers

Content multiplies

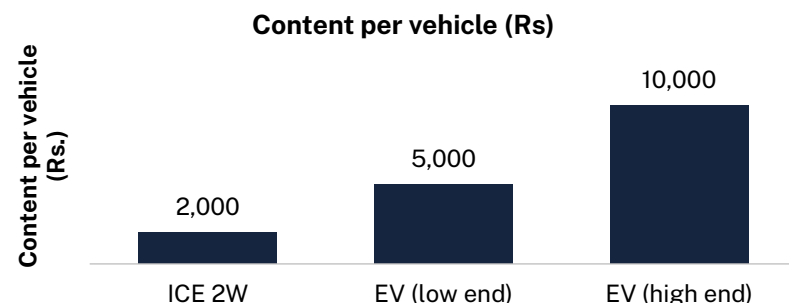
Rs. 5,000–10,000 per EV vs ~Rs. 2,000 ICE 2W



Order book clears visibility

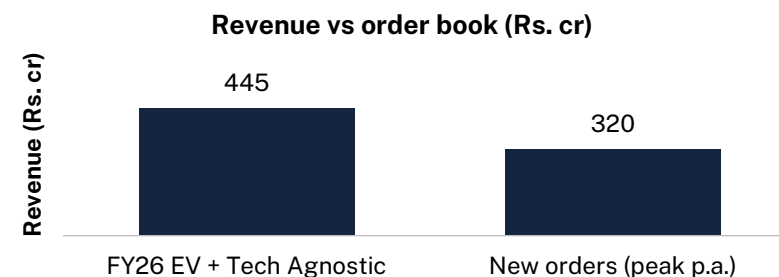
Sansera has a large OEM base & low EV mix, leaving a long runway for EV to compound

EV is a two-way multiplier



EV drivetrain, suspension and aluminum - forged parts carry 2.5–5x the content Sansera earns on an ICE motorcycle today

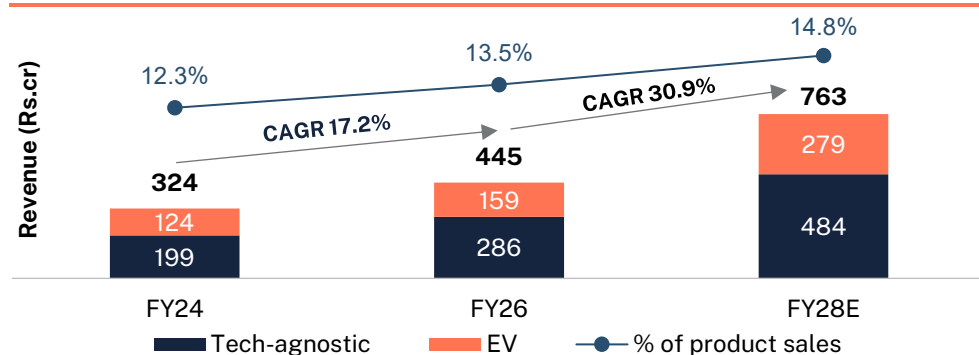
Strong near-term visibility



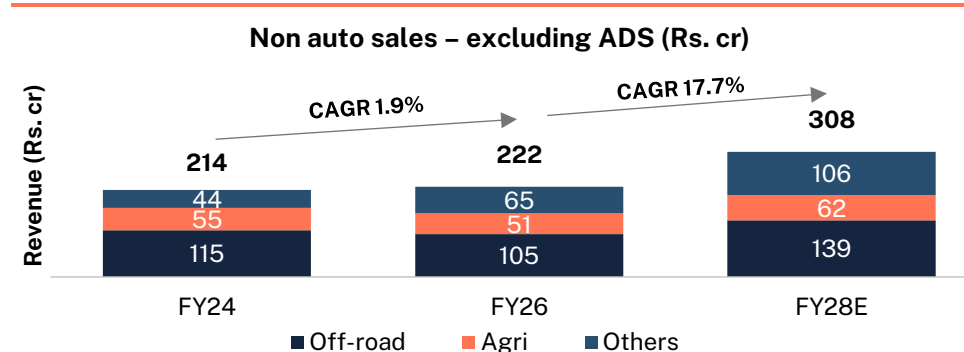
Open new orders of Rs. 320 cr in peak annual revenue equal ~68% of FY26 sales; Q1FY27 EV and tech-agnostic sales hit a record ~132 cr (~22.2% YoY).

- **Fast-growing industry.** CRISIL expects e-2W volumes to grow 35–37% a year over FY26–31P vs 0–2% for ICE 2Ws.
- **Broad OEM base.** Works with 13 leading domestic and two global EV OEMs; supplies all major e-scooter makers, plus Toyota and Maruti in PV.
- **New vertical: energy storage.** Order for two components from North America's largest EV maker, worth Rs. 80–100 cr a year; mass production from FY27.
- **Hybrid opportunity.** Developing parts with a leading Japanese hybrid OEM; targeting EV and hybrid export outsourcing.
- **Growing with the e-2W leader.** The leading EV-only 2W OEM is adding a second plant, with Sansera gaining business.
- **Capacity and technology.** Bengaluru Plant 2 machining is dedicated to EV and tech-agnostic parts; the 60:40 Nichidai JV adds forged driveline parts.

Hence, EV is going to be a major growth vector



Modest scale today, strong growth tomorrow



The non-ADS, non-auto order book supports Rs. 330 cr in peak annual revenue over the next three years, excluding new orders, versus our FY28E forecast of Rs. 308 cr.

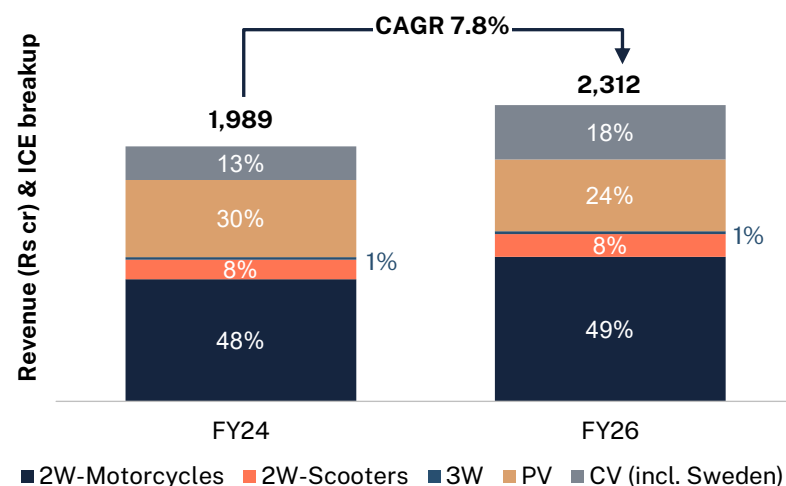
2.4 – Financials (3/5)

FY24–26: Auto ICE grew 7.8% a year vs ~9% for its markets

6.0 7.0

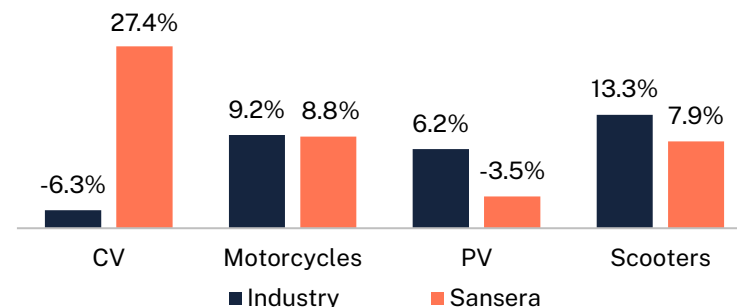
Sansera's Auto-ICE business grew at a 7.8% CAGR over FY24–FY26, with CVs significantly outperforming the industry, while motorcycles broadly tracked industry growth. PV and scooters remained key laggards, reflecting a higher base & delayed export programs due to US and European tariffs. Approx 92% of ICE revenue is derived from segments with less than 5% EV penetration, limiting near-term electrification risk, while strong OEM relationships support business stability. We assign a rating of 6.0/7.0.

ICE Business : Changing gears on revenue mix



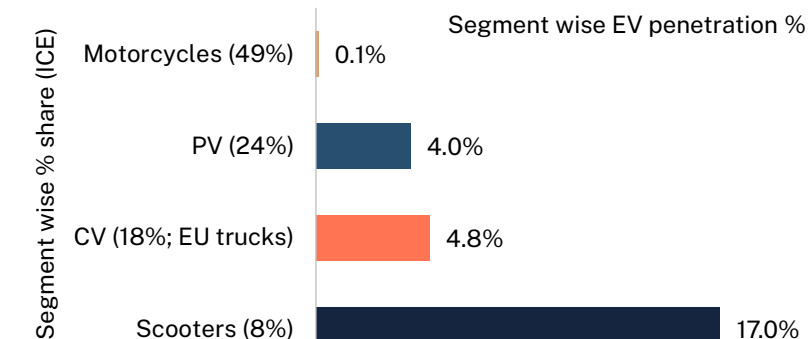
Has Sansera kept pace with the industry?

Sansera Segmental Revenue CAGR (FY 24-26) vs Industry auto production (FY 24-26)



ICE growth has been heavily skewed towards the CV segment, while 2W growth has remained broadly in line with the industry. The PV de-growth from an FY24 base needs to be viewed in the context of a significant shift in business dynamics.

EV risk is low where Sansera earns most



EV penetration is highest in scooters at 17%, where Sansera has the lowest ICE revenue share at 8%, immunizing the portfolio-wide EV cannibalization risk.

▲ CV — outperformed

Sansera +27% CAGR (FY24-26) vs Europe CV volumes -6.3%

- Around the end of FY25, a major European component supplier unexpectedly shut down operations, prompting OEMs to shift towards Sansera's Swedish subsidiary and driving a substantial ramp-up in overseas production.
- The Swedish unit also received favourable price adjustments and one-off customer grants to scale up production. This is reflected in its ~31% revenue CAGR over FY24–26, alongside significant margin expansion in the same period.

≈ Motorcycles — kept pace

Sansera +8.8% CAGR (FY24-26) vs industry +9.2%

- Sansera's strong relationships with the top 2W OEMs helped the segment grow broadly in line with the industry.
- The slight lag behind the industry reflects a high base, with the motorcycle business growing ~24% in 2024 versus ~7% for the industry, indicating market-share gains.
- Over the last three years, Sansera's motorcycle business outperformed the industry (13.5% versus 8.6%), driven by premiumisation and the resulting increase in wallet share.

▼ PV — underperformed

Sansera -3.5% CAGR (FY24-26) vs industry +6.5%

- During FY24, Sansera gained an unusually high market share due to operational issues faced by competing component suppliers, making it a high-base year.
- Management (Q1FY27 call) says Sansera is gaining market share at Maruti, supplying ~75% of Maruti's volume in the parts it manufactures. It attributes the FY25–FY26 dip to stalled export programmes amid US and European tariffs and delayed model launches.

▼ Scooters — underperformed

Sansera +7.9% CAGR (FY24-26) vs industry +13.3%

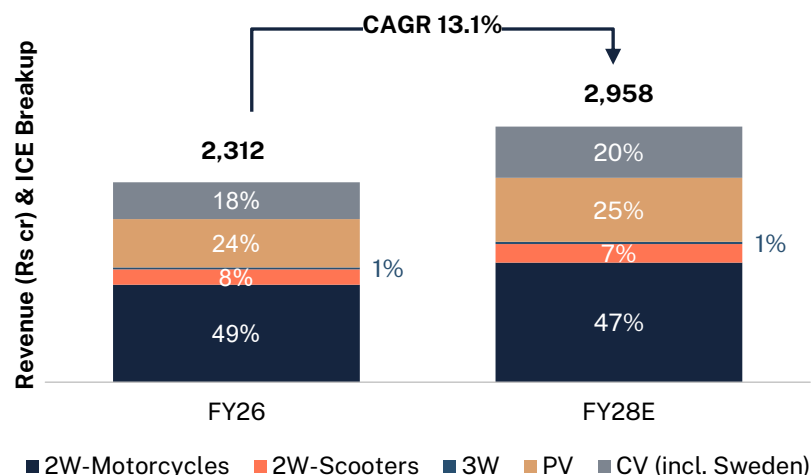
- Scooters have lower content per vehicle than motorcycles, compounded by Sansera's limited presence across key production platforms, resulting in softer scooter growth.
- Scooters form a small share of the ICE portfolio and face EV substitution risk. The allocation of capital towards non-auto businesses limits Sansera's ability to capture the full industry upside.

Source: SIAM, ACEA (CV industry growth = EU new truck registrations, CY23–CY25 CAGR, as Sansera's CV revenue is largely exports to Europe), Company, Midas Research.

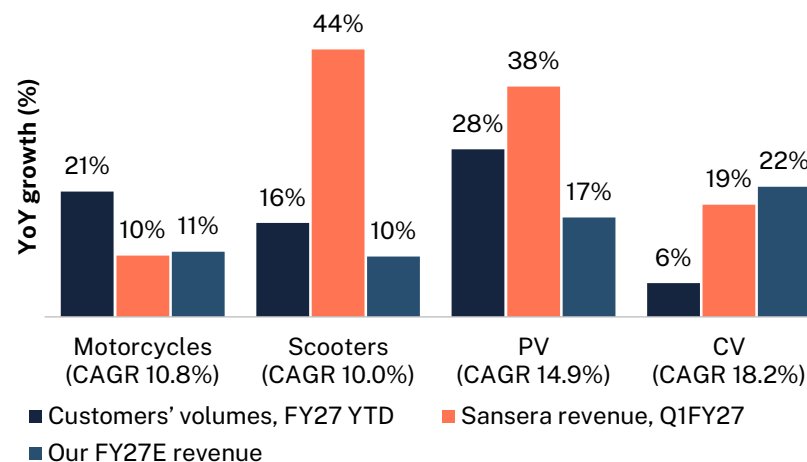
2.4 – Financials (4/5)

Auto ICE's ~13% CAGR looks conservative, backed by 15–28% FY27 YTD customer-volume growth and order-book visibility

Auto ICE to grow ~13% YoY, led by ramp-ups



FY27 growth so far is ahead of our estimates



Why our ICE estimates are conservative

~89% of FY28E comes from volume alone

With FY26 share and content held flat, volumes take Auto ICE to ~Rs. 2,636 cr by FY28E; the ~Rs. 322 cr gap is share gains.

A cushion if content per vehicle slips

If revenue per vehicle falls 3% a year in 2W and PV instead of rising, FY28E falls short by only ~Rs. 242 cr, ~20% of the Rs. 1,200 cr new ICE order book (peak annual revenue); group revenue CAGR eases to ~22% from ~25%.

Modelled volumes trail FY27 YTD

We model ~6% motorcycle, ~10% scooter and 7–10% PV volume growth vs 21%, 16% and 28% FY27 YTD; new ICE orders of Rs. 1,200 cr are ~1.9x our Rs. 646 cr incremental revenue.

Motorcycles

- H1FY27 volume growth: Bajaj 2W +24% (exports +47%), HMSI +15%;
- Our FY27E growth estimate of +11% is ~10 percentage points below customer-volume growth (~21%), allowing for the revenue-per-bike lag seen over the last three quarters.
- Pantnagar Plant 16 (crankshafts) offers ~Rs. 500 cr in annual revenue potential over 2–3 years; OEMs still manufacture >60% of their 2W crankshaft assemblies in-house.
- 2W order book offers Rs. 440 cr peak annual revenue potential, with rising wallet share at TVS, Yamaha & Suzuki supporting visibility beyond FY27E.

PV – Recovery under way, led by Maruti

- Maruti's blended H1FY27 sales grew 28% Y-o-Y; Sansera's PV customers grew 28% in April–August, while PV revenue rose 38% Y-o-Y in Q1FY27 after declines of 11% and 16% in H1FY26.
- Sansera supplies ~75% of Maruti's volume in the parts it makes, is adding lines for Maruti and Tata, and says stalled North American and European programmes have restarted. It also expects to gain domestic market share with two other OEMs.
- We have conservatively modelled PV growth of 16% in FY27E, below the blended Apr-Aug YoY customer-volume growth. FY28E growth is supported by the PV and CV order book of Rs. 760 cr in peak annual revenue potential.

CV – Sweden ramp-up

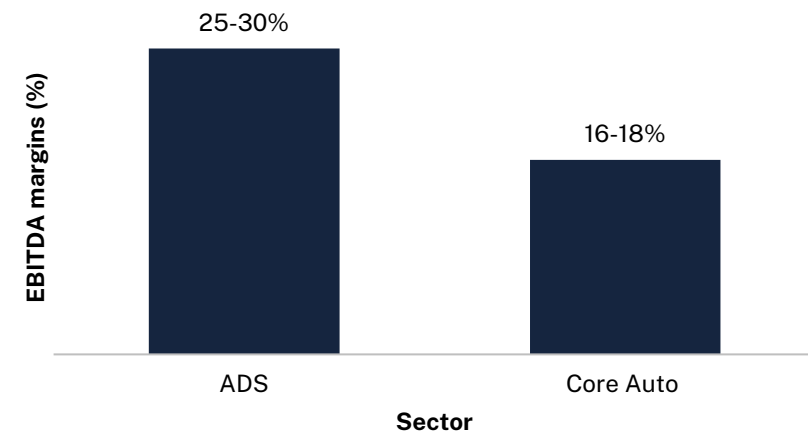
- Volvo truck deliveries grew 6% in April–June 2026. Volvo expects 2026 heavy-truck markets of 310–315k in Europe (+5–6%) and 265k in North America (+3%).
- Sansera's Volvo revenue up 57% in FY26, despite a 5% fall in deliveries, indicating share gains & entry into 9–19-litre con-rod.
- Management guides for ~20% growth in Sweden in FY27; we model +25% based on the Q4FY26 exit rate (+60% Y-o-Y). Q1FY27 CV revenue grew 19%.
- Regional-value-content rules favour Nordic sourcing; PV and CV order book offers Rs. 760 cr peak annual revenue potential.

Source: Company, SIAM, Bajaj, HMSI, Maruti, Volvo Group, Midas Research. Customers' volumes: MC, scooters, PV = Sansera's customers in SIAM data, Apr–Aug FY27 YoY; CV = Volvo deliveries Apr–Jun 2026. CAGR = FY26–28E revenue.

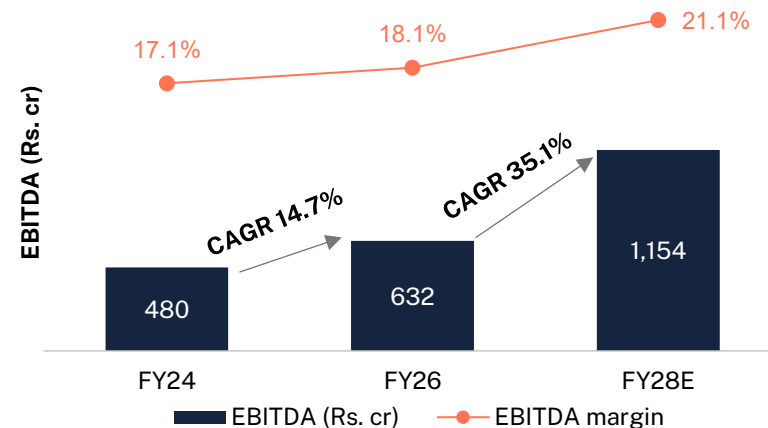
2.4 – Financials (5/5)

ADS margins of 25–30% versus ~16–18% in auto lift group EBITDA margin by ~300 bps to ~21%, driving ~40% EPS CAGR

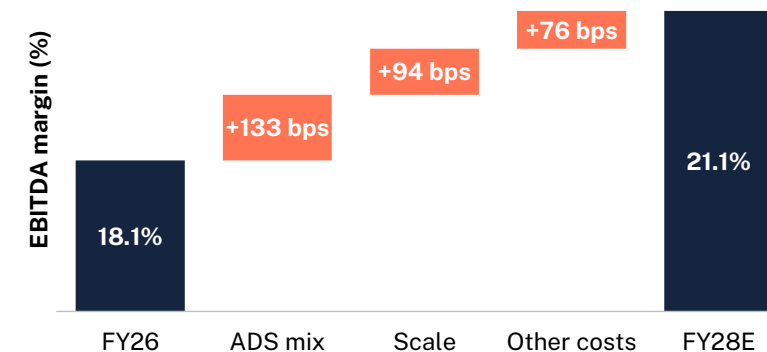
ADS's higher precision and engineering complexity yield superior margins over core auto



~25% topline CAGR translates into ~35% EBITDA CAGR over FY26-28E

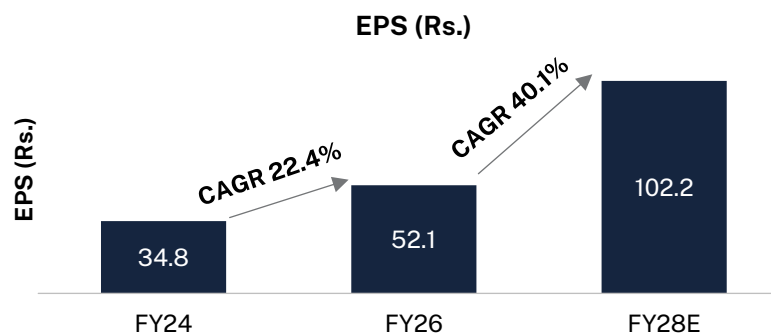
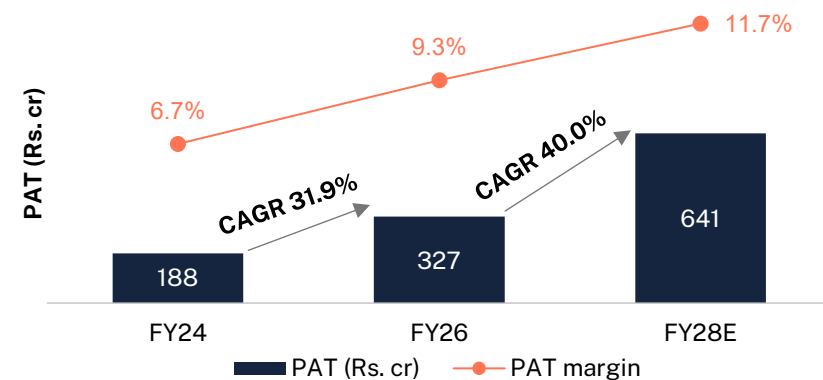


~44% of margin expansion is due to ADS mix only



THE RESULT — ~25% sales CAGR translates into ~40% EPS CAGR over FY26–FY28E; PAT to nearly double to Rs. 641 cr by FY28E

The capacity build-up is self funded, leaving clear pathway for bottom line growth to transition to EPS



25.0%	Revenue CAGR FY26–28E (Driven by strong ADS, EV & Tech agnostic demand)
35.1%	EBITDA CAGR — margin 18.1% → 21.1% (Driven by a strong ADS Mix, higher EV content per vehicle & operating leverage)
40.2%	EPS CAGR from Rs. 52.1 to Rs. 102.4 (Driven by no further dilution in shares, the capacity build up being self funded)

Source: Company, Midas Research estimates

2.5 – Balance Sheet & Cash Flow (1/2)

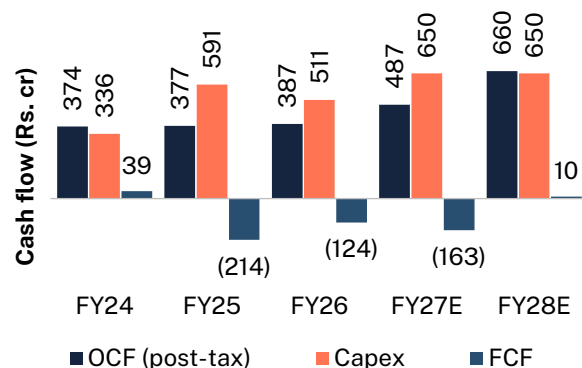
Rs. 1,300 cr capex planned for FY27–FY28E, ~42% allocated to ADS; Rs. 250 cr in FY27E, with more in FY28E to support the ramp-up

We model Rs. 650 cr annual capex in FY27–FY28E (FY26: Rs. 511 cr). Management plans ~Rs. 250 cr of ADS capex in FY27E to scale revenue to ~Rs. 1,100 cr in FY28E, followed by higher FY28E spend for growth beyond FY28. Operating cash of Rs. 1,147 cr covers ~88% of capex, with QIP cash funding the balance and debt staying flat at ~Rs. 458 cr.

The balance sheet remains healthy, with equity doing the heavy lifting: net worth rose from Rs. 1,347 cr in FY24 to Rs. 3,087 cr in FY26, while net debt remained modest at Rs. 60 cr. However, the debt rebuild warrants monitoring, with FY26 capex at Rs. 511 cr and another ~Rs. 1,300 cr of capex planned for FY27–FY28E. Meanwhile, post-tax OCF remained largely flat at Rs. 374 cr in FY24 versus Rs. 387 cr in FY26. On balance, we assign a **5/7** rating.

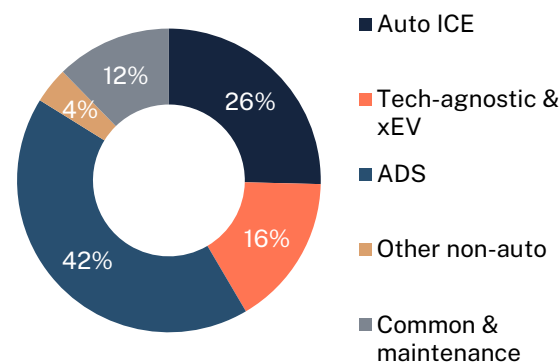
5.0 7.0

FCF positive by FY28E



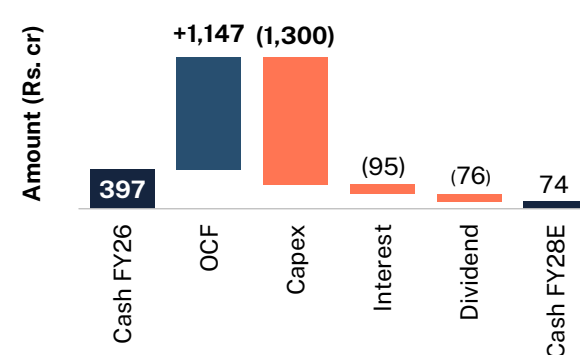
- Capex peaks at Rs. 650 cr annually in FY27–FY28E vs Rs. 511 cr in FY26 (Q1FY27: Rs. 134 cr).
- OCF is expected to grow ~31% annually to Rs. 660 cr by FY28E as ADS and new capacity ramp up.
- Three years of negative cash flow create a compressed spring for future growth.

Capex split, FY27–28E (est.)



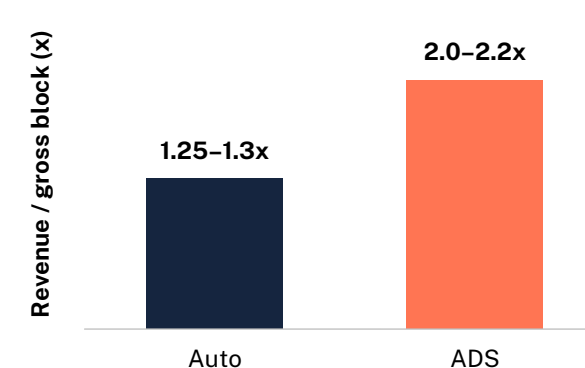
- Capex split: revenue gain ÷ segment asset turns, plus ~12% for maintenance.
- ADS: ~Rs. 550 cr — Rs. 250 cr in FY27E (management guidance) and ~Rs. 300 cr in FY28E (hangar, defence plant and coating).
- FY27E: ~Rs. 250 cr ADS and ~Rs. 295 cr auto; FY28E: ~Rs. 300 cr ADS and ~Rs. 245 cr auto.

Equity compounds – No dilution



- OCF covers ~88% of FY27–FY28E capex; QIP cash funds the balance, plus interest and dividends.
- Debt stays at ~Rs. 458 cr, with net debt rising to Rs. 384 cr (0.3x FY28E EBITDA).
- Cash falls to ~Rs. 74 cr; capex beyond the current backlog would require debt.

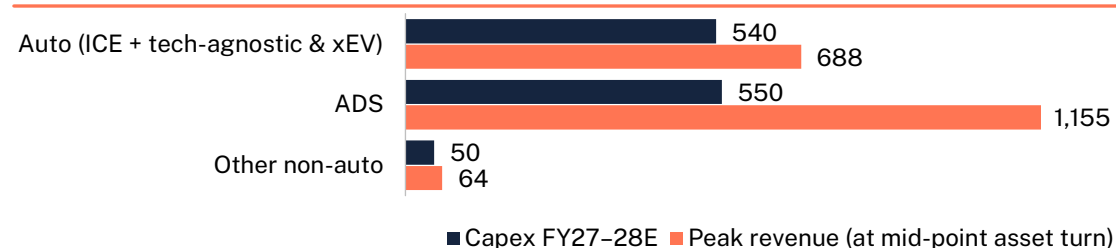
ADS: ~1.7x auto's asset turn



- Rs. 1 of new capex generates Rs. 2.0–2.2 of ADS revenue vs Rs. 1.25–1.3 in auto (mgmt. guidance).
- Revenue/gross block was 1.28–1.30x in FY22–24, when Sansera was predominantly auto-focused.
- FY26 ADS block of ~Rs. 350 cr caps out at ~Rs. 600–650 cr (FY27E); +Rs. 500 cr in FY28E needs ~Rs. 230–250 cr at 2.0–2.2x — the FY27E plan.

What FY27–28E capex delivers

FY27–28E capex vs peak incremental revenue (Rs. cr)



- We expect ADS to get ~42% of the capex but support ~61% of the new peak revenue ~1,155 cr (2.0–2.2x) vs ~688 cr from auto (1.25–1.3x)
- Total ~1,910 cr of peak incremental revenue (~55% of FY26 sales): FY27E ADS spend delivers FY28E, FY28E spend carries ADS growth post FY28E.
- Existing assets still have ~570 cr of revenue headroom at 1.3x (FY26 turn: 1.12x), so FY27–28E growth does not wait for every new line
- Projects – Auto ICE: Pantnagar Plant 6 forging, Manesar Plant 4 (80k sq ft, PV/2W); TA & EV: Bengaluru Plant 2, Nichidai JV (~50 cr Sansera share in FY27); ADS: hangar, defence plant, surface coating.

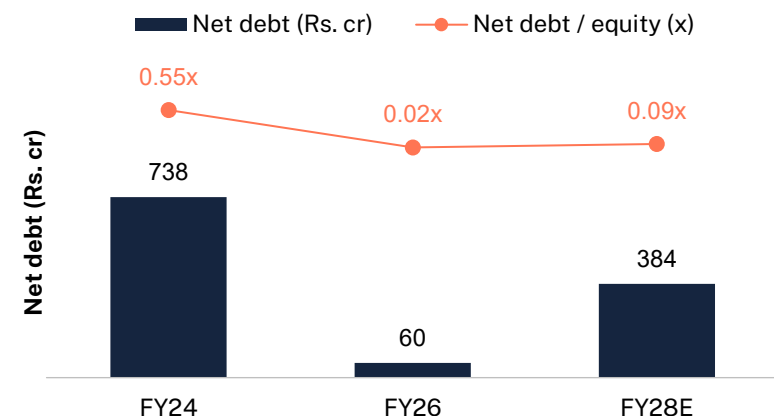
Source: Company (Q4FY26 & Q1FY27 calls and investor presentations), Midas Research estimates. Capex split and peak revenue are Midas estimates using management's asset-turn guidance (auto 1.25–1.3x, ADS 2.0–2.2x).

2.5 – Balance Sheet & Cash Flow (2/2)

Returns improve as new capacity ramps up: RoCE to rise from 13% to 21% and RoE from 11% to 17% by FY28E

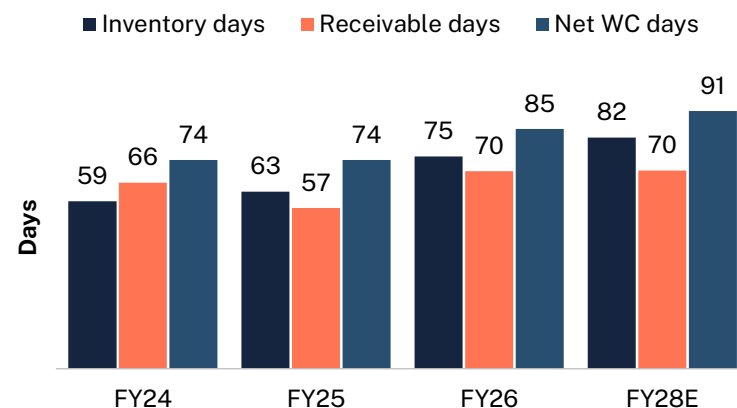
(1) Capex is internally funded, keeping net debt modest; (2) working capital is the swing factor, as ADS lengthens the cash cycle; (3) as new lines ramp up, the ADS mix and operating leverage lift RoCE from 13% to 21% by FY28E.

1) Capex funded – net debt stays modest



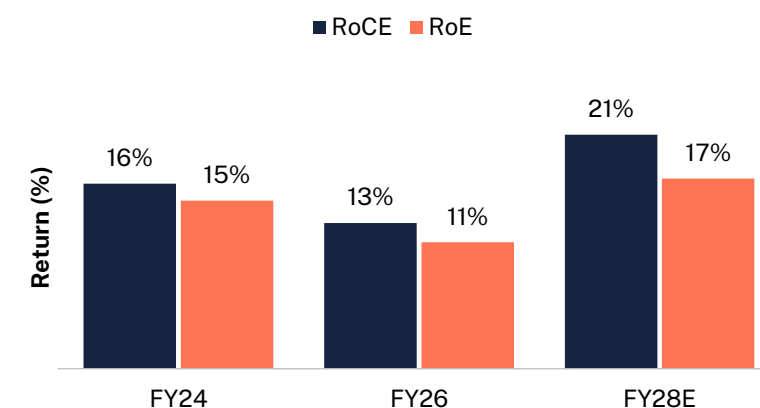
- FY27–FY28E capex of Rs. 1,300 cr is funded by operating cash and QIP proceeds, keeping debt flat at ~Rs. 458 cr.
- Net debt rises only to Rs. 384 cr (0.09x equity, 0.33x EBITDA); interest cover improves from 4.3x in FY24 to 18.7x by FY28E.

2) Working capital is the swing factor



- Net working-capital days rose to 85 in FY26 as ADS scaled; we expect further stretch in working capital as ADS share increases.
- Releasing 10 days of working capital adds ~Rs. 150 cr of FY28E cash, exceeding FY28E FCF.

3) Returns climb to multi-year highs



- FY25–FY26 returns were diluted by the QIP (which doubled net worth) and capex not yet earning returns.
- ADS mix (25–30% margins, ~2x asset turns) and operating leverage lift RoCE to ~21% and RoE to ~17% by FY28E.

What could go wrong: An ADS ramp-up delay could leave part of the ~Rs. 1,300 cr in new gross block idle, limiting RoCE recovery. Aerospace programmes typically take 2–3 years to reach production, so even a minor delay could defer order-book conversion.

What to watch: Quarterly ADS backlog conversion, unilateral tariffs, further long-term debt build-up, working-capital days and any major safety incident involving Airbus or Boeing that could disrupt production.

What it takes: FY28E RoCE sensitivity to EBITDA margin

EBITDA Margin	19.6%	20.1%	20.6%	21.1%	21.6%	22.1%	22.6%
RoCE	18.8%	19.5%	20.1%	20.7%	21.4%	22.0%	22.7%

Each 50 bps of EBITDA margin moves RoCE by ~64 bps; the ADS mix shift is what carries returns.

3 – Valuation Framework



Valuation Framework - Summary

By Own History:

3.1

- 1-year forward P/E of ~62x, EV/EBITDA of ~33x, P/B of ~8x & P/S of ~6.3x vs upper SD multiples of ~36x, ~22x, ~6x and ~4x, respectively.
- Valued as an ADS-led precision engineer rather than an auto forger.
- ADS execution must justify the premium. **We assign a 4.0/7.0 rating.**

Current Position vs Peers:

3.2

- ~42x FY28E P/E versus ~44x peer average: ~38% premium to auto peers (~30x) and ~36% discount to A&D (~66x).
- Revenue/EBITDA CAGRs of 25%/35% and FY28E RoE of 16.9% exceed peer averages.
- Moat and ADS order visibility support a 50x target P/E. **We assign a 5.0/7.0 rating.**

Based on Growth:

3.3

- Joint-highest EBITDA CAGR (~35%) at below-average FY28E EV/EBITDA (~23x vs ~24x).
- PEG of ~1.1x, in line with the ~1.1x peer average, suggests growth is priced in, but not over-priced; Craftsman, Dynamatic and Bharat Forge are cheaper.
- Backed by a ~Rs. 5,750 cr ADS backlog. **We assign a 5.5/7.0 rating.**

Capturing Return Profiles:

3.4

- RoE to rise from ~11% to ~17% and RoCE from ~13% to ~21% by FY28E, remaining mid-pack and behind Bharat Forge.
- TTM P/E of ~77x vs ~75x peer average suggests much of the improvement is priced in.
- CFO/PAT of ~1.2x is the lowest among peers with positive CFO. **We assign a 4.5/7.0 rating.**

Reflecting EVA:

3.5

- Highest EVA spread in the peer set (~+1.1% in FY26); only Endurance (~+0.8%) is also positive; others range from -2.9% to -7.4%.
- Widens to ~5.6% by FY28E as ADS lifts ROIC from ~11% to ~16%, versus ~10% WACC.
- Still thin and volatile, at 3.0% in FY24 and 0.1% in FY25. **We assign a 5.0/7.0 rating.**



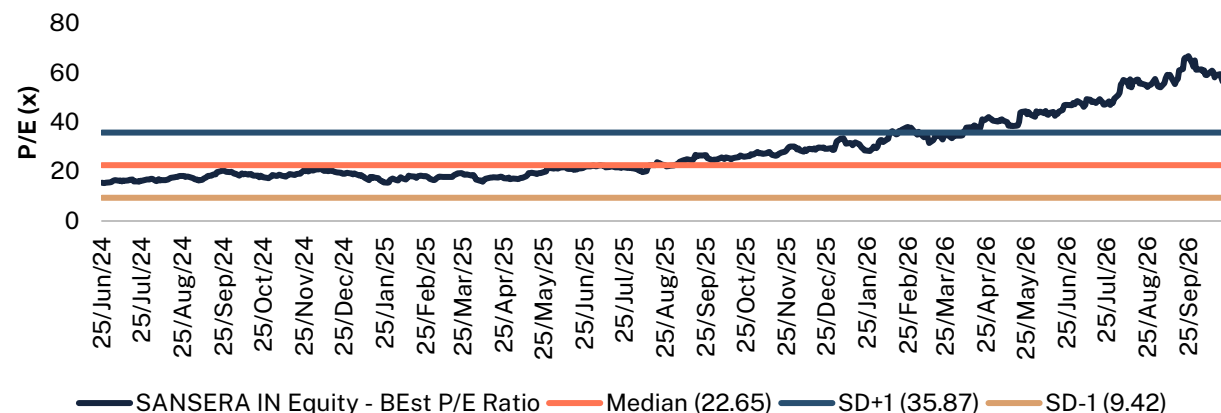
3.1 – By Own History (in charts)

4.0

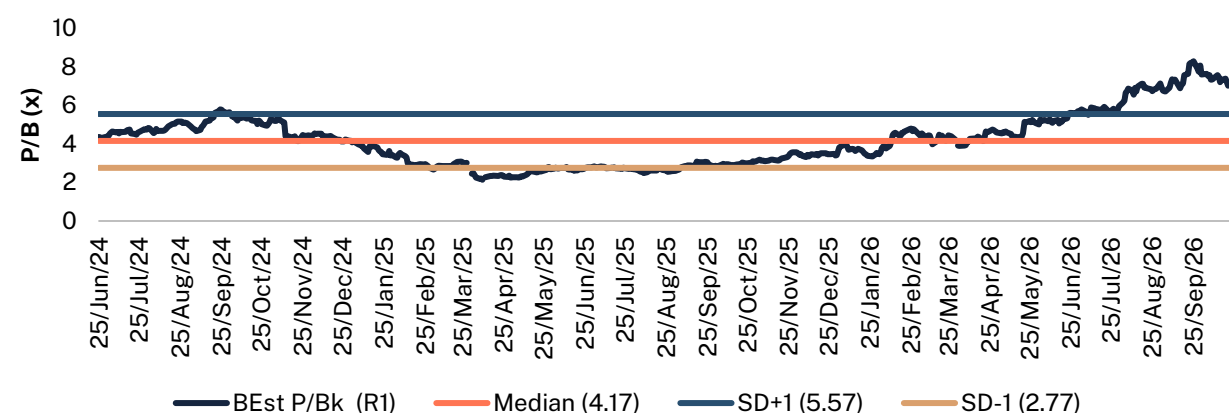
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Sansera trades at ~62x 1-year forward P/E, ~33x EV/EBITDA, ~8x P/B and ~6.3x P/S. The market is re-rating Sansera from an auto ancillary to an ADS-led precision engineer ahead of earnings delivery. The premium hinges on ADS execution, and any slippage in backlog conversion could put the valuation at risk. We assign a **4.0/7.0** rating.

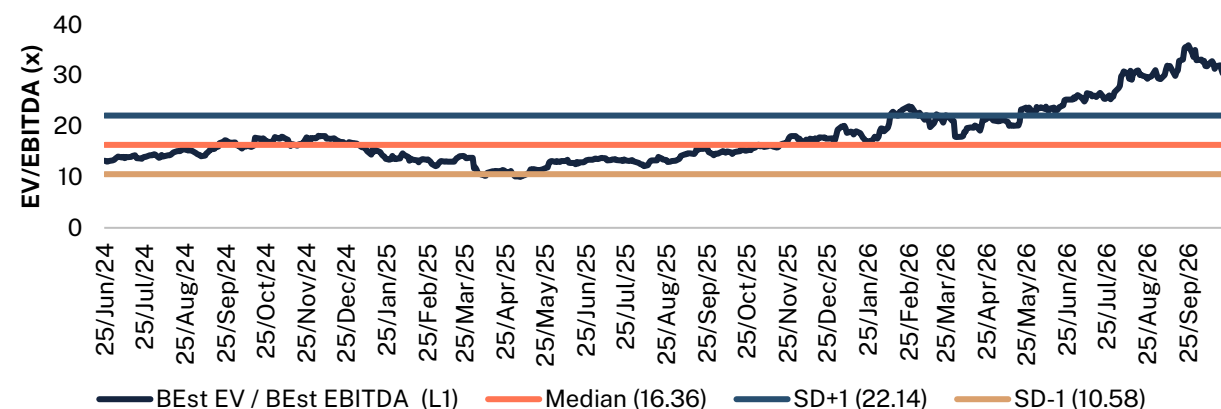
Forward P/E has re-rated to ~62x, with the market pricing in ADS-led growth well ahead of earnings delivery



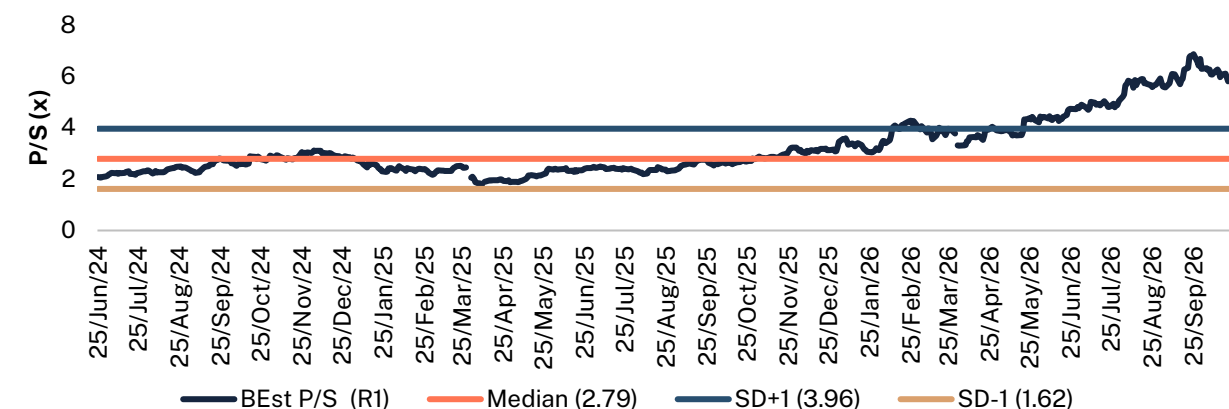
P/B at ~8x — the QIP doubled book value, yet the share price has risen further, pricing in a sharp recovery in RoE



EV/EBITDA at ~33x — the multiple expansion signals a structural re-rating rather than a cyclical one



P/S at ~6.3x as the market factors in the ~Rs. 5,750 cr ADS backlog and a richer, higher-margin revenue mix



Note: Higher Line - +1 S/D & Lower Line - -1 S/D
Source: Company, Bloomberg, Midas Research

Sansera Engineering Ltd

3.2 – Current Position vs Peers



Sansera trades at ~42x FY28E P/E versus the ~44x peer average — a ~38% premium to auto-component peers (~30x) but a ~36% discount to A&D precision engineers (~66x). FY26–FY28E revenue and EBITDA CAGRs of 25% and 35%, respectively, and FY28E RoE of 16.9% exceed peer averages. Its moat and ~Rs. 5,750 cr ADS backlog provide better revenue visibility than most auto peers, although PAT CAGR (40% vs 45%) and margins still trail A&D peers. We assign a **5.0/7.0** rating.

- **Sansera is now a blend of an auto forger & a precision engineer.** We benchmark it against auto-component peers (Bharat Forge, Craftsman Automation & Endurance Technologies) and A&D precision engineers (Azad Engineering & Dynamatic Technologies), as it straddles both segments: ~70% of sales still come from auto, but ADS is set to grow from Rs. 316 cr in FY26 to ~Rs. 1,109 cr in FY28E, raising non-auto’s share of revenue from ~16% to ~28%. At ~42x FY28E P/E, it trades at a ~38% premium to auto-component peers (~30x) and a ~36% discount to A&D precision engineers (~66x).
- **Growth is visible, repeatable, and has a long runway.** We expect FY26–FY28E revenue/EBITDA/PAT CAGRs of 25%/35%/40%, respectively. The ADS backlog of ~Rs. 5,750 cr has doubled in 17 months despite execution, while the ~Rs. 1,250 cr semiconductor win in Aug-26 signals continued order inflows. The addressable opportunity is substantial: ~10% of Airbus/Boeing’s ~US\$2 bn India sourcing (~Rs. 1,900 cr), ~1% of Lam/Applied Materials’ ~Rs. 55,000 cr India investment (~Rs. 550 cr) and ~0.5% of defence production (~Rs. 1,000 cr) together represent ~Rs. 3,400 cr — of which FY26 ADS revenue of Rs. 316 cr is only ~9%. In auto, ICE (~13% CAGR) growth is driven by market-share gains and new OEM programmes won on precision and quality, while EV and tech-agnostic products (~31% CAGR) benefit from 3–5x higher content per vehicle, premiumisation and rapid e-2W growth.
- **Moat and visibility justify a premium multiple.** Once designed into an engine, Sansera typically supplies components throughout the platform’s life. ~60% of sales come from customers of 10+ years, with no customer losses to date. We value Sansera at 50x FY28E EPS — a ~12% premium to the ~44x peer average, implying a PEG of ~1.3x on ~40% EPS CAGR. This yields a target price of Rs. 5,140 (~20% upside). Continued ADS order wins could support further re-rating towards A&D multiples.

Particulars	CMP (Rs.)	Mkt cap (Rs. cr)	Revenue (Rs. cr.)			EBITDA(Rs. cr.)			PAT(Rs. cr.)			EBITDA margin		RoE (%)		P/E
			FY26	FY28E	CAGR	FY26	FY28E	CAGR	FY26	FY28E	CAGR	FY26	FY28E	FY26	FY28E	FY28E
Sansera Engineering Ltd	4,291	26,695	3,498	5,467	25%	632	1,154	35%	324	637	40%	18%	21%	11.2	16.9	42.0
Bharat Forge Ltd	1,750	85,517	16,812	22,474	16%	2,911	4,392	23%	1,075	2,179	42%	17%	20%	11.5	19.0	36.8
Craftsman Automation Ltd	11,009	28,793	7,663	11,498	22%	1,252	1,975	26%	394	914	52%	16%	17%	12.5	14.1	31.5
Endurance Technologies Ltd	2,278	32,043	14,596	19,399	15%	1,991	2,691	16%	967	1,390	20%	14%	14%	15.2	16.6	22.7
Dynamatic Technologies Ltd	14,333	9,734	1,621	2,191	16%	183	329	34%	52	158	74%	11%	15%	4.3	15.5	61.6
Azad Engineering Ltd	2,576	16,636	595	1,091	35%	225	411	35%	133	240	34%	38%	38%	9.1	12.7	69.7
Peer average (ex-Sansera)					21%			27%			45%	19%	21%	10.5	15.5	44.5

Source: Company, Bloomberg, Midas Research

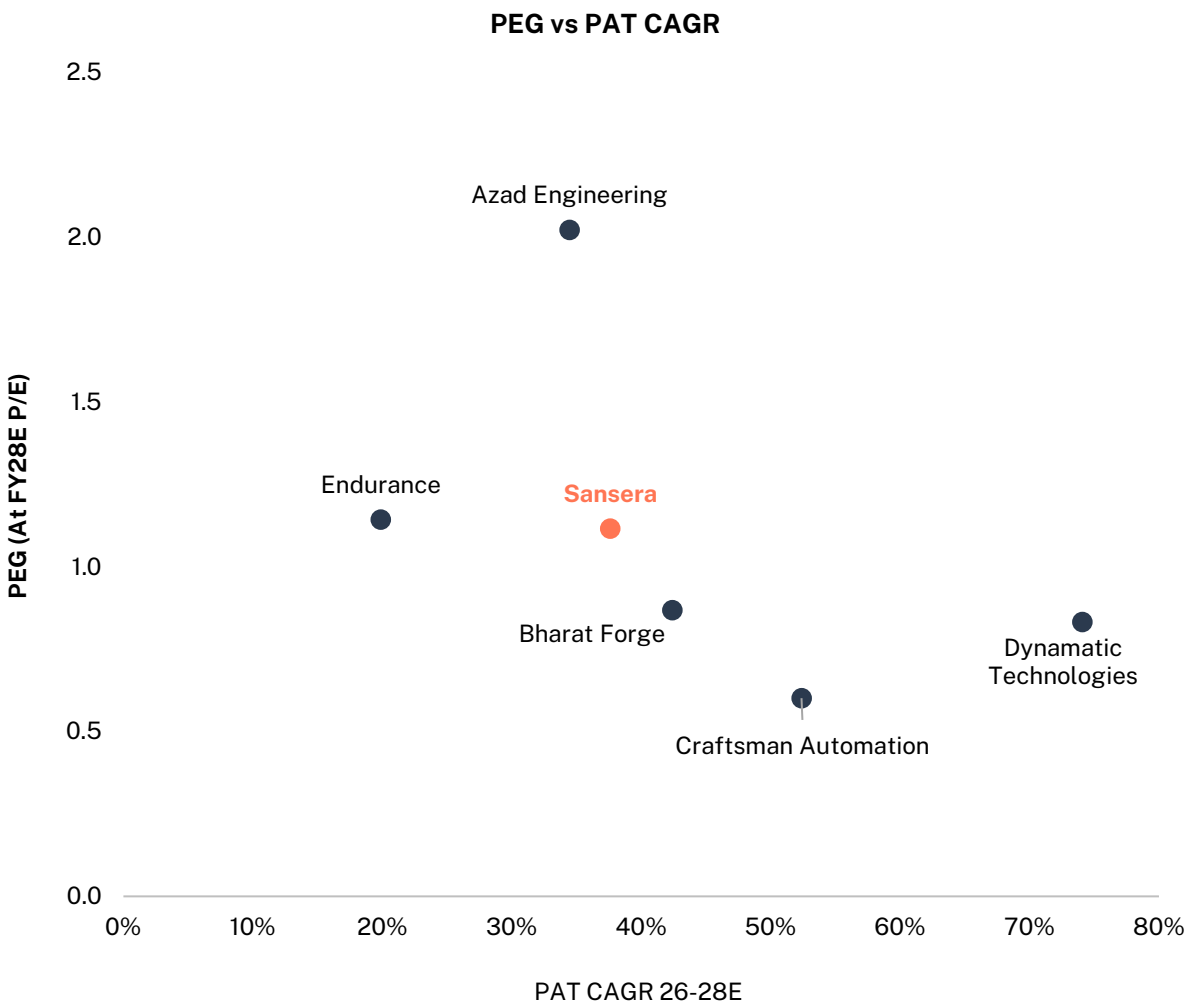
3.3 – Based on Growth

5.5

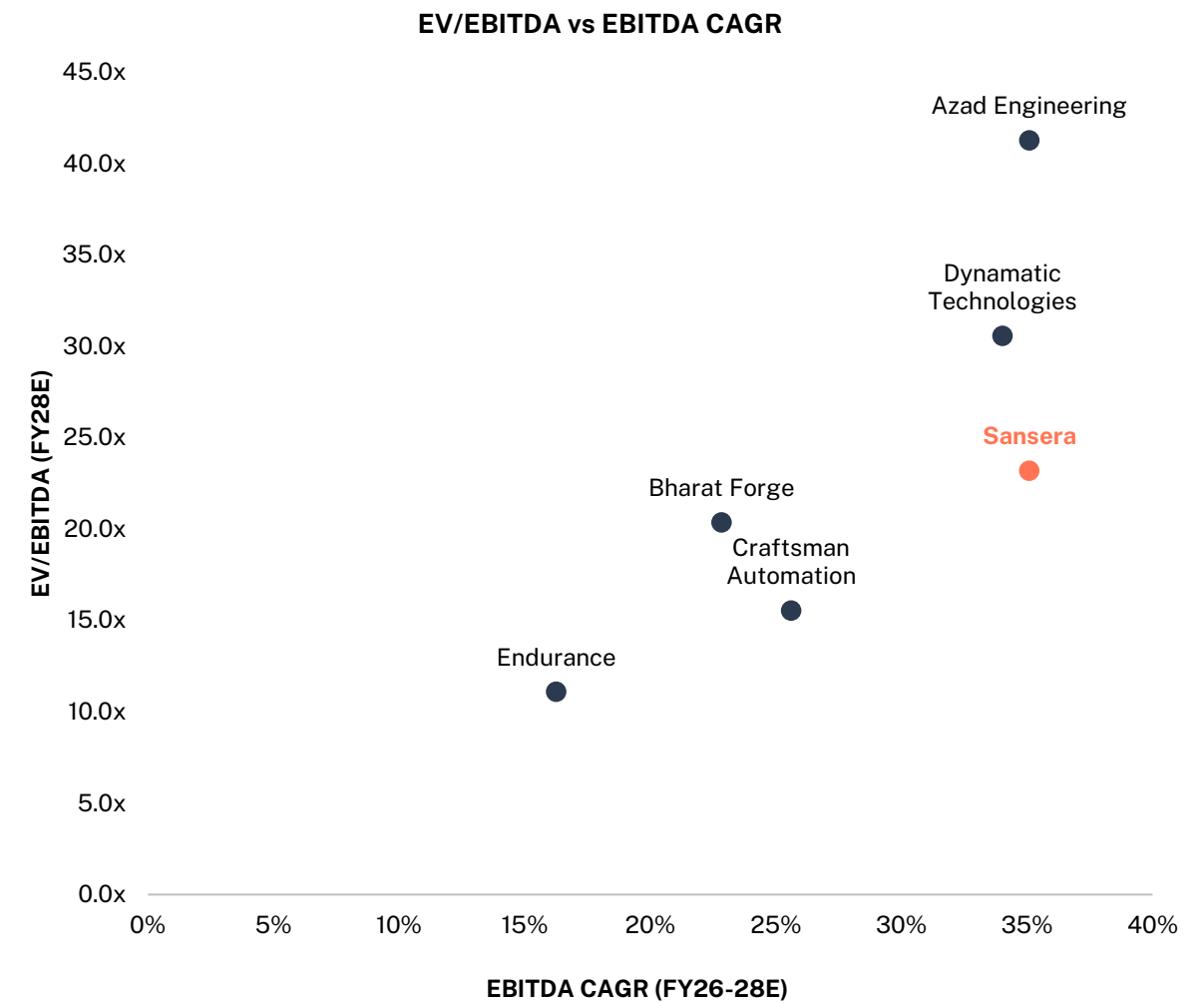
7.0

Sansera combines the joint-highest FY26–FY28E EBITDA CAGR in the peer set (~35%) with a below-average FY28E EV/EBITDA (~23x vs ~24x) and a PEG in line with peers (~1.1x vs ~1.1x). Growth is backed by a ~Rs. 5,750 cr ADS backlog rather than a low base. However, its ~40% PAT CAGR trails Craftsman, Bharat Forge and Dynamatic, while Craftsman (~0.6x), Dynamatic (~0.8x) and Bharat Forge (~0.9x) trade at lower PEGs. We assign a **5.5/7.0** rating.

Sansera’s ~40% FY26–FY28E PAT CAGR comes at a PEG of ~1.1x, in line with the ~1.1x peer average — growth is priced in, but not over-priced



Sansera matches Azad’s sector-leading ~35% FY26–FY28E EBITDA CAGR at roughly half its FY28E EV/EBITDA (~23x vs ~41x), leaving scope for a re-rating



Source: Company, Bloomberg, Midas Research

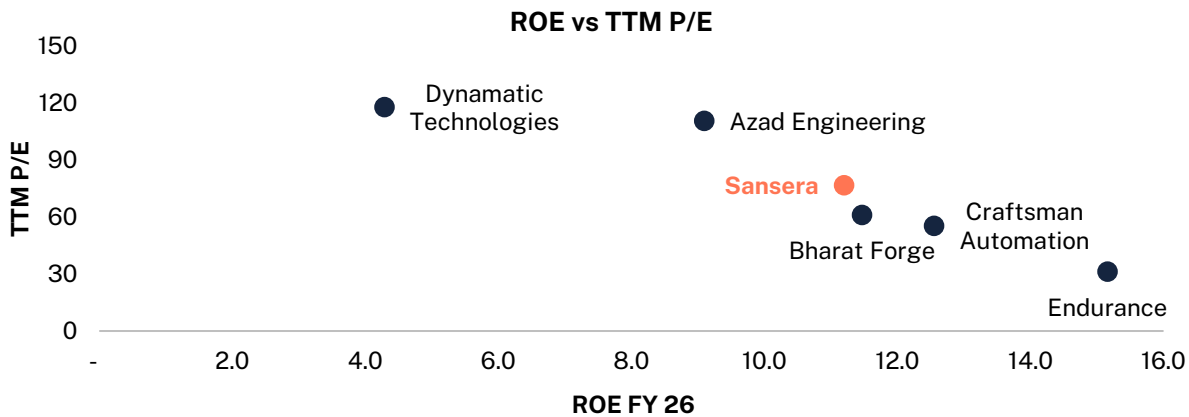
3.4 - Capturing Return Profiles

4.5

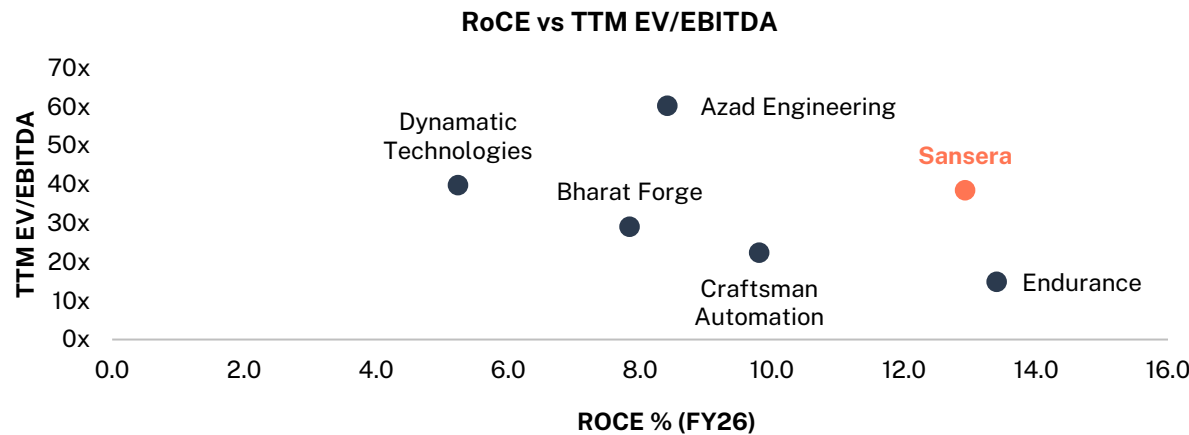
7.0

Sansera's returns are recovering but remain mid-pack: RoE is projected rise from ~11% in FY26 to ~17% by FY28E and RoCE from ~13% to ~21%. However, Bharat Forge (~19%) is expected to deliver higher FY28E RoE. At ~42x FY28E P/E, Sansera trades below the ~44x peer average, while its ~77x TTM P/E is slightly above the ~75x average, suggesting much of the improvement is priced in. Cash conversion remains the weak spot, with CFO/PAT of ~1.2x, lowest among peers with positive operating cash flow, as ADS stretches working capital. We assign a **4.5/7.0** rating.

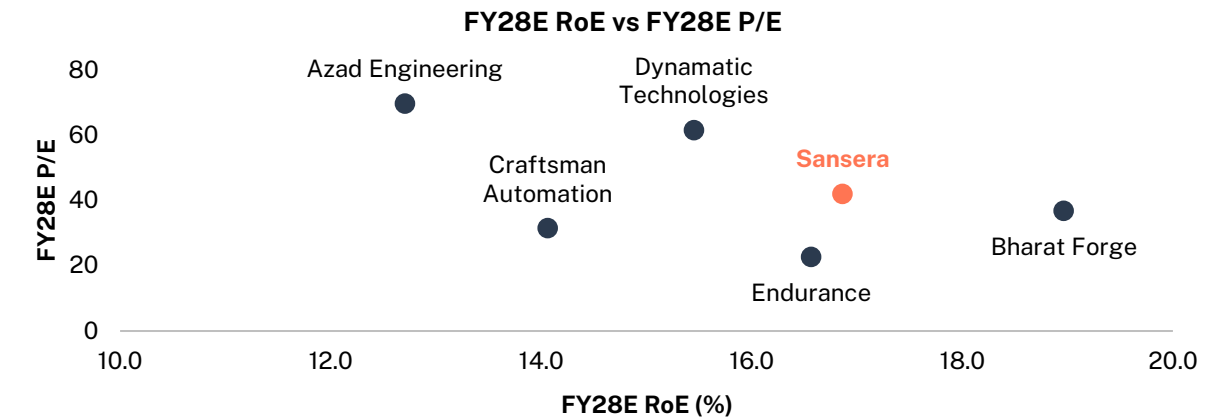
Sansera's RoE is expected to rise from ~11% in FY26 to ~17% by FY28E, above the ~16% peer average and second only to Bharat Forge (~19%). Its ~42x FY28E P/E remains below the ~44x peer average.



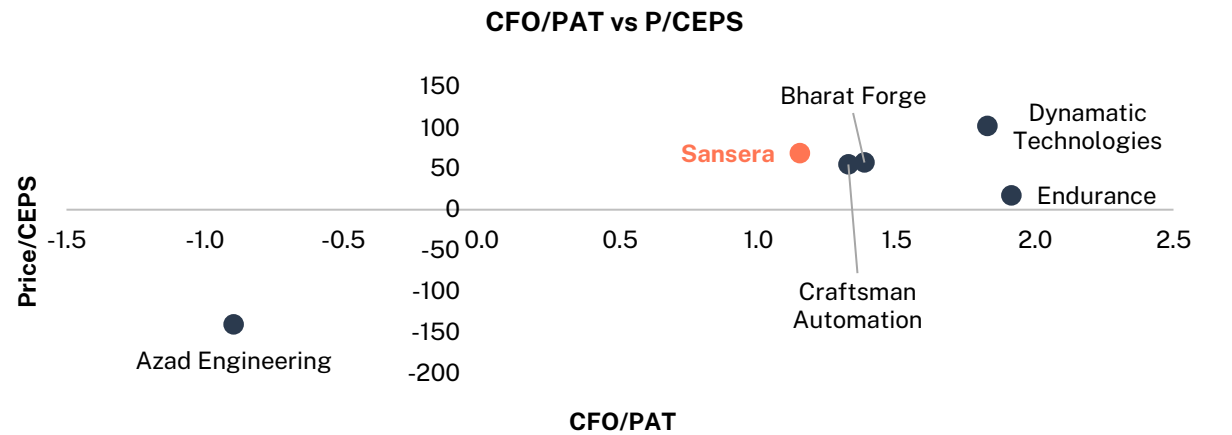
FY26 RoCE of ~13% is in line with Endurance (~13%) and ahead of other peers, yet it trades at ~38x TTM EV/EBITDA versus ~15x for Endurance



Source: Company, Bloomberg, Midas Research

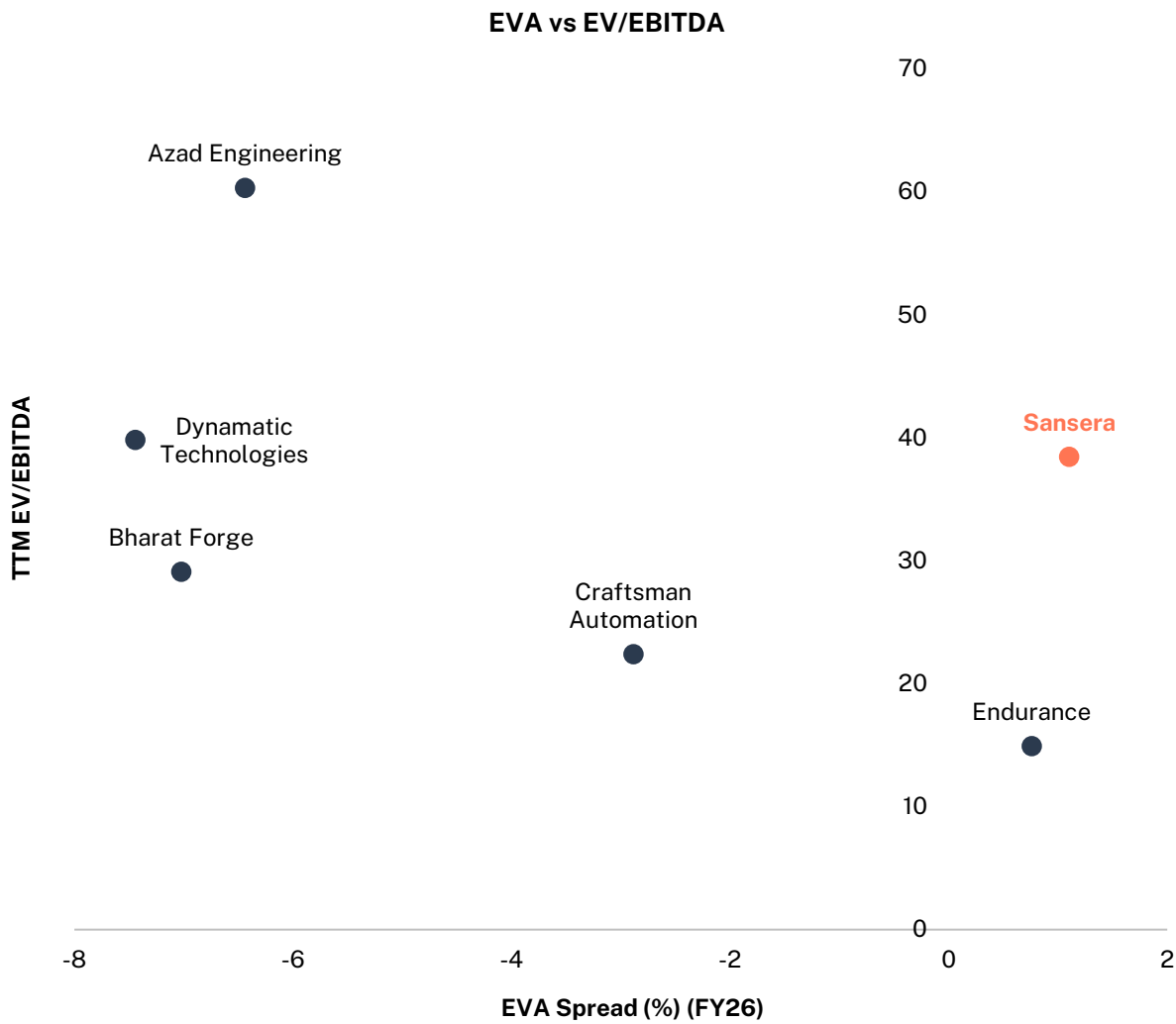


Cash conversion lags: CFO/PAT of ~1.2x is the lowest among peers with positive CFO, as ADS-related working capital absorbs cash



3.5 – Reflecting EVA

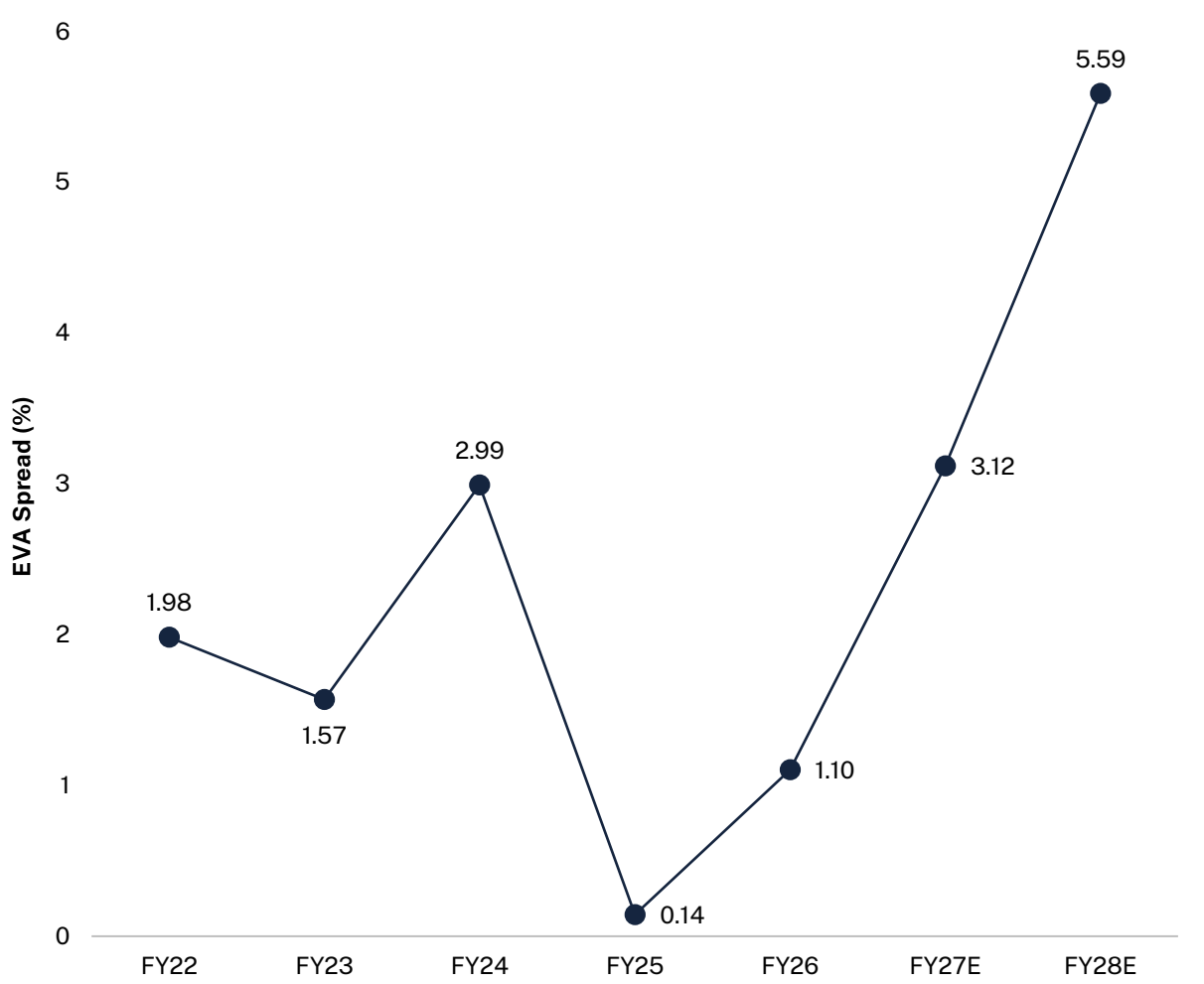
Sansera has the highest EVA spread in the peer set (~+1.1% in FY26); only Endurance (~+0.8%) is also positive, while others range from -2.9% to -7.4%



5.0 7.0

Sansera has the highest EVA spread in the peer set (~+1.1% in FY26); Endurance (~+0.8%) is the only other positive, while others range from -2.9% (Craftsman) to -7.4% (Dynatomic). The spread is expected to widen to ~3.1% in FY27E and ~5.6% in FY28E as the ADS mix lifts ROIC from ~11% to ~16%, against a ~10% WACC. However, the track record remains thin and volatile: the spread fell from 3.0% in FY24 to 0.1% in FY25 after the QIP enlarged the capital base. We assign a 5.0/7.0 rating.

EVA spread is expected to widen from ~1.1% in FY26 to ~5.6% by FY28E as ADS-led returns lift ROIC further above the ~10% WACC



Source: Company, Bloomberg, Midas Research

Valuation Rationale

Conclusion

Priced between a forger and a precision engineer STRONGEST VALUATION ARGUMENT

- **Growth at a reasonable price:** We expect FY26–FY28E revenue/EBITDA/EPS CAGRs of 25%/35%/40%, with EBITDA growth joint-highest among peers. The stock trades at ~42x FY28E P/E and ~23x EV/EBITDA, versus peer averages of ~44x and ~24x, respectively, implying a PEG of ~1.1x at the CMP.
- **Between two peer groups:** Sansera trades ~38% above auto-component peers (~30x FY28E P/E) but ~36% below A&D precision engineers (~66x). As ADS rises from ~9% to ~20% of revenue by FY28E, its blended multiple should move towards that of precision engineers.
- **Target multiple & price:** We assign 50x FY28E P/E, a ~12% premium to the ~44x peer average (PEG ~1.3x on a ~40% EPS CAGR), for a target price of Rs. 5,140 (incl. dividend), i.e. ~20% upside from the CMP of Rs. 4,291.

Why Sansera deserves 50x SUPPORTING ARGUMENT

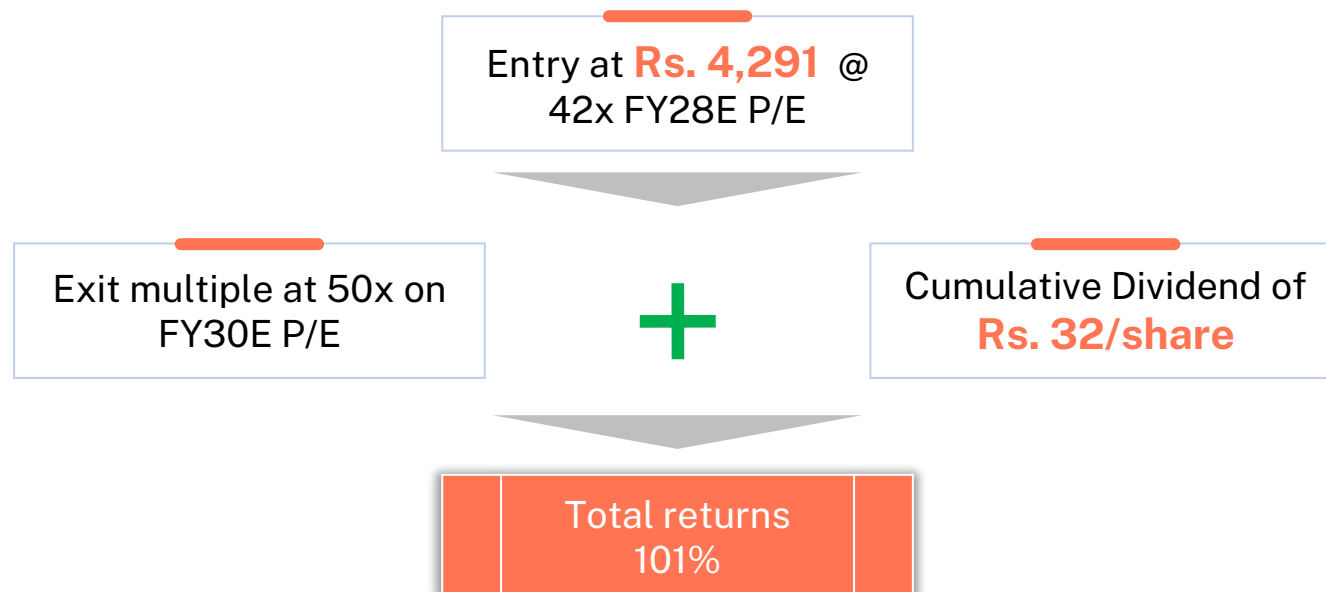
- **Moat and quality:** Parts stay designed in for a platform's life; ~60% of sales come from 10+ year customers, with no customer lost to date.
- **Large, long-term ADS runway:** The ~Rs. 5,750 cr backlog (Aug-26) is ~3.3x our FY27–FY28E ADS revenue. Just ~10% of Airbus/Boeing's US\$2 bn India sourcing, ~1% of Lam/Applied Materials' ~Rs. 55,000 cr India investment and ~0.5% of defence output add up to ~Rs. 3,400 cr, ~11x FY26 ADS sales.
- **Auto and EV keep compounding:** CRISIL expects e-2W volumes to grow 35–37% a year over FY26–31P (vs 0–2% for ICE 2Ws), lifting penetration from 6.6% to 25–30%, and an EV carries 5,000–10,000 of Sansera content vs ~Rs. 2,000 for an ICE 2W. With 13 domestic and two global EV OEMs and rising share at the e-2W leader, we see tech-agnostic & xEV growing ~31% a year to FY28E, while ICE adds share gains.

Valuation Verdict:

Sansera is being re-rated from an auto forger to an ADS-led precision engineer. Its moat and replenishing backlog improve revenue visibility more than for most peers, while ~42x FY28E P/E positions it between auto-component peers and A&D precision engineers, with joint-highest EBITDA growth among peers. ADS backlog conversion and working capital remain key monitorables. We initiate coverage with a **BUY** rating and a target price of Rs. 5,140 (50x FY28E EPS plus dividend), implying ~20% upside.

Future Lens

- We view Sansera as a long-duration compounder rather than a one-cycle story. Management aims to raise xEV, tech-agnostic and non-auto businesses to **40%+ of sales** (~30% in FY26; ~42% in our FY28 estimates), while its ADS backlog continues to replenish faster than it is executed. Three structural drivers support growth well beyond FY28E.
- **First, ADS as a recurring order engine** — Boeing expects ~44,000 new aircraft over 2026–45, while Airbus has a ~9,200-plane backlog; yet India supplies only ~US\$2 bn annually to both. Semiconductor equipment spending is projected to rise from ~US\$144 bn in 2026 to ~US\$175 bn in 2027E as fabs localise, while 75% of defence capital procurement is reserved for domestic sources. Wins such as the ~Rs. 1,250 cr semiconductor order in Aug-26 could become repeatable growth drivers. **Second, auto ICE share gains** — OEMs make >60% of 2W crankshaft assemblies in-house, offering ~Rs. 500 cr potential at Pantnagar alone. Sansera's precision and quality capabilities support new OEM wins & greater wallet share. **Third, EV & tech-agnostic content** — e-2W volumes growing ~25–35% p.a., 2.5–5x higher CPV than ICE, premiumisation & the Nichidai JV provide additional growth drivers.
- On the back of these drivers, we expect Sansera to deliver a **revenue and PAT CAGR of ~25% and ~34%, respectively, over FY26–30E.**



Sensitivity of 3-yr TP

PE Multiple	EPS	Target Price	Dividend	Total Upside
48x	171	8,263	32	93%
50x	171	8,606	32	101%
52x	171	8,949	32	109%

3.6 Sensitivity Analysis

An ADS delay plus a 5x de-rating means ~8% downside; at 50x, the price needs only ~Rs. 810 cr of FY28E ADS sales

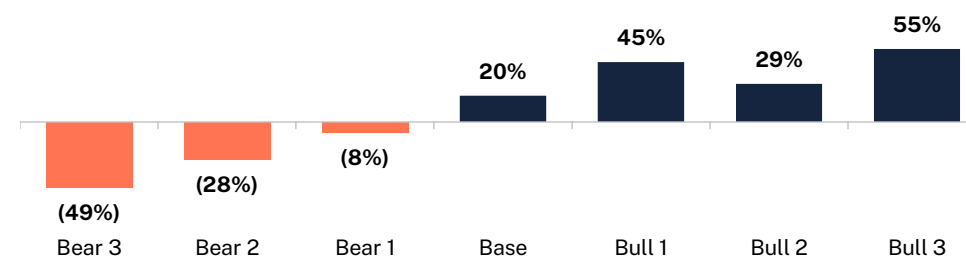
Scenario outcomes (FY28E): an ADS miss hits both earnings and the multiple

Rs. cr / as stated	Bear 3 ADS stall + auto	Bear 2 ADS stalls	Bear 1 ADS delayed	Base IC model	Bull 1 ADS ahead	Bull 2 Auto beat	Bull 3 Both
ADS revenue (Rs. cr)	650	650	850	1,109	1,300	1,109	1,300
ADS EBITDA margin	20%	20%	26%	31%	33%	31%	33%
Group EBITDA margin	17.9%	18.8%	19.8%	21.1%	21.9%	21.4%	22.2%
Change vs base	-318 bps	-234 bps	-131 bps	–	+79 bps	+31 bps	+106 bps
EPS FY28E (Rs.)	61.7	76.3	87.3	102.2	112.6	109.9	120.2
Target P/E	35x	40x	45x	50x	55x	50x	55x
Target price (Rs.)	2,177	3,073	3,954	5,140	6,222	5,527	6,647
Upside vs CMP	(49%)	(28%)	(8%)	+20%	+45%	+29%	+55%

Sensitivity: ADS FY28E revenue × target P/E → upside vs CMP

ADS revenue (Rs. cr)	ADS margin	EPS (Rs.)	40x	45x	50x	55x	60x
650	20%	76.3	(28%)	(19%)	(11%)	(2%)	+7%
750	24%	82.4	(23%)	(13%)	(3%)	+6%	+16%
850	26%	87.3	(18%)	(8%)	+2%	+13%	+23%
950	28%	92.8	(13%)	(2%)	+9%	+20%	+30%
1,109 (base)	31%	102.2	(4%)	+8%	+20%	+32%	+44%
1,300	33%	112.6	+6%	+19%	+32%	+45%	+58%

Upside / (downside) vs CMP of Rs. 4,291 by scenario



What the sensitivity tells us

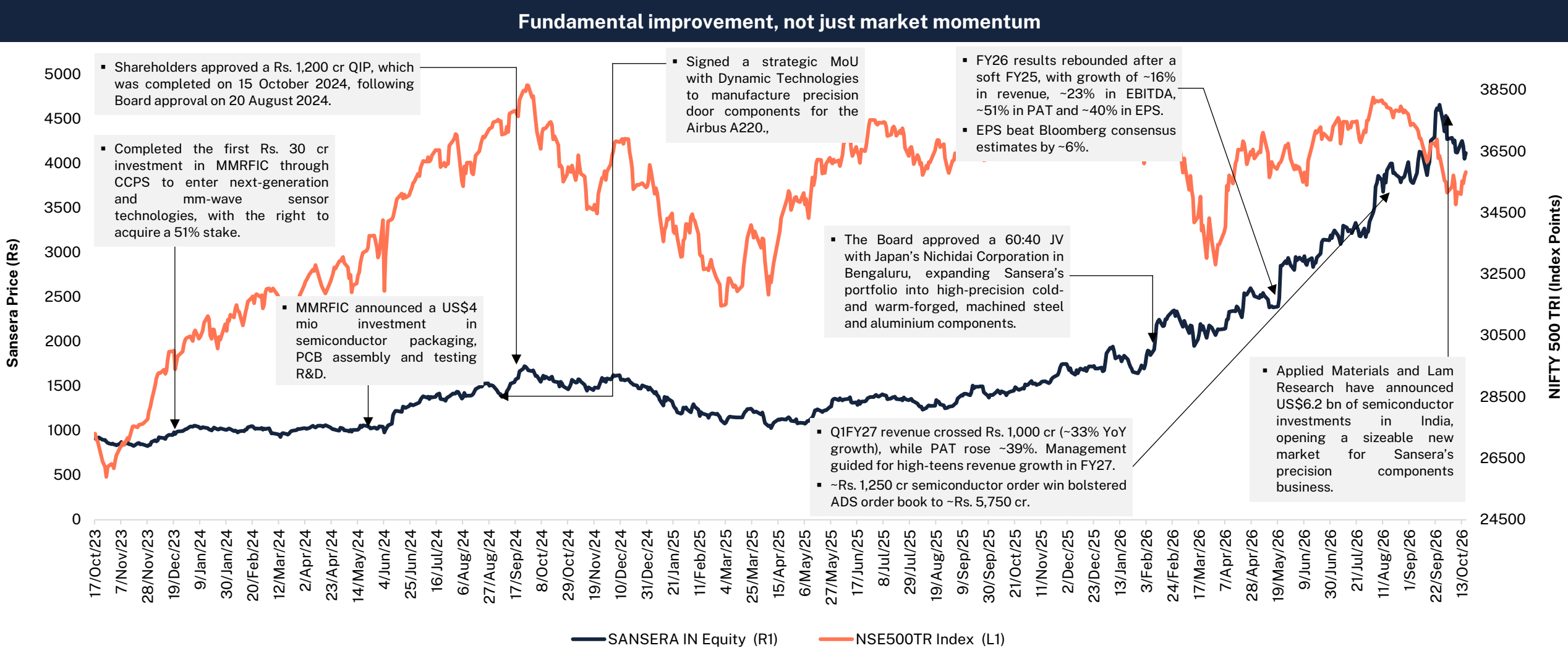
- ~2.5pp** ADS margin lost per Rs. 100 cr ADS shortfall; an ADS year of Rs. 850 cr = ~130 bps lower group margin, ~15% lower EPS
- ~1/3** of the TP fall in each bear case comes from the multiple cut; ~2/3 comes from lower earnings
- Rs. 810 cr** ADS revenue that justifies today's price at 50x (~Rs. 980 cr at 45x): a ~27% cushion vs our Rs. 1,109 cr

Why we see the bear cases as low-probability – and what to watch

- ADS lag – low probability:** the ~Rs. 5,750 cr backlog is ~3.3x our FY27–28E ADS revenue, and the existing plant already runs at ~Rs. 580 cr a year (Q1FY27: Rs. 145 cr). Bear 2's Rs. 650 cr means only a 70 cr incremental growth over FY27E at a 1150 cr annual orderbook.
- Auto ICE – modelled conservatively:** we assume ~13% CAGR vs 15–28% FY27 YTD customer-volume growth; new ICE orders of Rs. 1,200 cr are ~1.9x our incremental revenue. Bear 3's ~10% needs an auto downturn.
- Risks to watch:** slower aero/defence part qualification, ADS working capital (receivables >180 days), Boeing/Airbus build-rate cuts, US tariffs (~35% overseas sales) and top-5 customers at ~44.5% of sales.

Source: Company, Midas Research estimates. TP = FY28E EPS × target P/E + FY28E DPS; CMP Rs. 4,291 (27-Oct-26 close). Bear 3 = ADS stall + auto revenue -10% and auto margin -100 bps; Bull 2 = auto & other revenue +5%, margin +50 bps.

4 - Stock Buzz & Influencing Factors

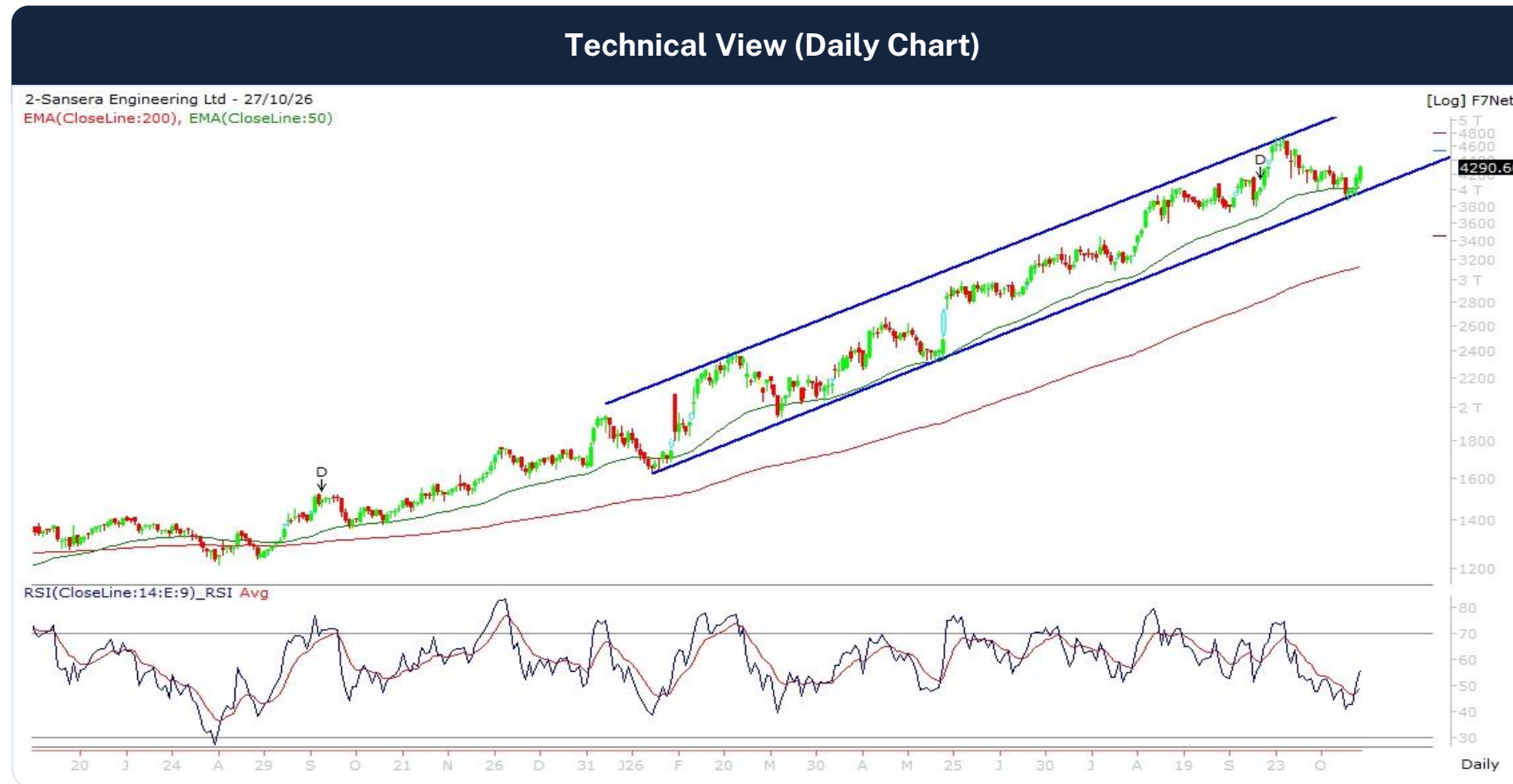


ADS has been a key driver of Sansera's ~190% performance over the past year. However, its strong automotive foothold provides an earnings cushion against potential ADS execution challenges, supporting long-term growth prospects.

Source: Company, Bloomberg, Midas Research

5 - Technical Analysis

Favourable Accumulation Setup in Uptrend



Technical View

- The stock remains in an uptrend characterized by a continuous series of higher highs and higher lows on weekly time frame.
- On the daily chart, it is currently trading within a **rising channel** and rebounding from its lower boundary, while comfortably holding well above its key **50, 100 and 200 daily EMAs**.
- With the current risk-reward ratio appearing favorable for accumulation, key support levels are established at **3,730 and 3,450**, whereas resistance is expected to emerge around the **4,730 and 5,100** zones.

Auto Components & Equipment

Reco/View

Buy

Last Day Close

Rs. 4291

RESEARCH ANALYST

Jay Kumar Purohit
jaykumar.p@sparkcapital.in

Source: Falcon, Midas Research

Sansera Engineering Ltd

Financial Summary (1/2)

All figures in Rs. cr.

Particulars	FY24	FY25	FY26	FY27E	FY28E
Profit & Loss					
Revenue	2,811	3,017	3,498	4,340	5,467
Gross profit	1,594	1,775	2,044	2,535	3,193
EBITDA	480	515	632	851	1,154
Depreciation	149	174	206	228	271
EBIT	330	341	426	623	883
Other Income	2	20	59	15	11
Interest expense	77	70	38	47	47
Exceptional items	0	0	-16	0	0
PBT	256	291	432	590	847
Reported PAT	186	215	324	444	637
Adj PAT	186	215	336	444	637
Adj EPS (Rs.)	34.8	37.4	54.1	71.2	102.2
Balance Sheet					
Net Worth	1,347	2,750	3,087	3,506	4,092
Total debt	801	300	458	458	458
Other liabilities and provisions	644	686	950	1,133	1,404
Total Net worth and liabilities	2,793	3,736	4,495	5,097	5,954
Gross Fixed assets	2,161	2,642	3,126	3,776	4,426
Net fixed assets	1,463	1,778	2,072	2,494	2,873
Capital work-in-progress	84	195	220	220	220
Intangible Assets	0	0	0	0	0
Investments	40	51	88	88	88
Cash and bank balances	63	427	397	162	74
Loans & advances and other assets	4	4	3	3	3
Net working capital	525	593	755	960	1,228
Total assets	2,793	3,736	4,495	5,097	5,954
Capital Employed	2,148	3,050	3,545	3,964	4,550
Invested Capital (CE - cash - CWIP)	2,002	2,428	2,928	3,582	4,256
Net debt	738	-127	60	296	384
Cash Flows					
Cash flow from Ops (pre-tax)	440	442	484	631	867
Cash flow from Ops (post-tax)	374	377	387	487	660
Capex	-336	-591	-511	-650	-650
Free cashflows	39	-214	-124	-163	10
Free cashflows (post interest costs)	-38	-284	-162	-211	-37
Cash flows from Investing	-368	-955	-441	-650	-650
Cash flows from Financing	-8	583	104	-72	-98
Total cash & liquid investments	63	427	397	162	74

Revenue

Revenue is projected to grow at ~25% CAGR over FY26–FY28E (3,498 cr to 5,467 cr), led by ADS (316 cr to ~1,109 cr, backed by a ~5,750 cr order book backlog) and Tech-agnostic & EV (~31% CAGR), while Auto-ICE grows at ~13% in line with industry rate

EBITDA

EBITDA is estimated to grow at ~35% CAGR (632 cr to 1,154 cr), as the higher-margin ADS mix (25–30% margins) and operating leverage lift EBITDA margin from ~18.1% in FY26 to ~21.1% in FY28E.

PAT & EPS

PAT is expected to grow at ~40% CAGR (324 cr to 637 cr; ~38% on Adj PAT of 336 cr). Finance costs are likely to remain at ~47 cr, with debt held at ~458 cr. With no further dilution, EPS is estimated to rise from Rs 52.1 to Rs 102.2.

Balance sheet

Balance sheet stays lean: the FY25 equity raise doubled net worth (1,347 cr to 2,750 cr) and cut debt from 801 cr to 300 cr; net worth is projected at 4,092 cr by FY28E with debt flat at ~458 cr.

Cash & net debt

Growth consumes cash: capex of 511–650 cr a year and net working capital rising from 755 cr to 1,228 cr draw cash down from 397 cr to 74 cr, lifting net debt from 60 cr to 384 cr. by FY28E.

Source: Company, Midas Research

Financial Summary

All figures in Rs. cr.

Particulars	FY24	FY25	FY26	FY27E	FY28E
Growth ratios (%)					
Revenue	20.2	7.3	15.9	24.1	26.0
EBITDA	27.3	7.3	22.8	34.6	35.6
Adj PAT	27.1	15.8	56.3	31.9	43.7
Margin ratios					
Gross	56.7%	58.9%	58.4%	58.4%	58.4%
EBITDA	17.1%	17.1%	18.1%	19.6%	21.1%
Adj PAT	6.6%	7.1%	9.6%	10.2%	11.7%
Performance ratios					
Pre-tax OCF/EBITDA	91.6%	85.8%	76.6%	74.2%	75.2%
OCF/IC (%)	18.7%	15.5%	13.2%	13.6%	15.5%
RoE (%)	14.9%	10.6%	11.2%	13.5%	16.9%
RoCE (%)	16.4%	13.1%	12.9%	16.6%	20.7%
Fixed asset turnover (x)	1.3	1.1	1.1	1.1	1.2
Total asset turnover (x)	1.0	0.8	0.8	0.9	0.9
Financial stability ratios					
Net Debt to Equity (x)	0.5	NA	0.02	0.1	0.1
Net Debt to EBITDA (x)	1.5	NA	0.1	0.3	0.3
Interest cover (x)	4.3	4.9	11.3	13.2	18.7
Working capital days	74	74	85	89	91
Valuation metrics					
Fully Diluted Shares (cr.)	5.3	5.8	6.2	6.2	6.2
Market cap (Rs. cr.)			26,695		
P/E (x)	143.7	124.1	79.4	60.2	41.9
P/OCF (x)	71.3	70.9	69.0	54.8	40.4
EV (Rs cr)	27,433	26,567	26,755	26,991	27,079
EV/EBITDA (x)	57.2	51.6	42.3	31.7	23.5
EV/OCF (x)	73.3	70.6	69.1	55.5	41.0
FCF Yield	-0.1%	-1.1%	-0.6%	-0.8%	-0.1%
Price to BV (x)	19.81	9.71	8.65	7.61	6.52
Dividend pay-out (%)	7.2	8.0	6.2	5.6	8.0
Dividend yield (%)	0.1	0.1	0.1	0.1	0.2
Cash as a % of CE	2.9%	14.0%	11.2%	4.1%	1.6%

Returns

Returns improve as heavy capex started generating revenue : RoCE is expected to increase from ~13% to ~21% and RoE from ~11% to ~17% by FY28E. Net debt is expected to rise to ~384 cr (0.1x equity; 0.3x EBITDA), while interest cover improves to ~19x.

Working capital

Working capital is the drag on conversion : working capital days stretch from 74 in FY25 to 91 by FY28E, holding pre-tax OCF/EBITDA at ~75% against ~92% in FY24.

Valuation

Earnings growth does the de-rating : P/E is estimated to compress from 79.4x in FY26 to 41.9x in FY28E and EV/EBITDA from 42.3x to 23.5x, while FCF yield stays negative (-0.1% in FY28E) which will shoot up post FY28E

Cash generation

Cash generation improves post-tax OCF, it is projected to rise from ~387 cr to ~660 cr over FY26-FY28E, but annual capex of ~650 cr keeps FCF negative in FY27E (~163 cr) before turning marginally positive in FY28E (~10 cr).

Source: Company, Midas Research

Key Risks



ICE concentration

Nearly 70% of sales remain linked to ICE, exposing the auto business to EV substitution as EV penetration is expected to reach ~30% by 2031. The risk is compounded by EV and tech-agnostic sales growing at a ~17% CAGR since FY24, below the industry growth of ~21%, with the EV business contracting ~5% in FY26.



Execution

ADS has longer working-capital cycles & stringent quality requirements, which could delay order-book conversion beyond management guidance and pressure cash flows, especially with front-loaded capex. This is already reflected in slower OCF growth due to higher inventory and receivables. Additionally, the ADS CEO comes from forging & auto ancillary rather than aerospace, defence & SEM.



Customer concentration

Nearly 44.5% of revenue comes from the top five customers, meaning the loss of any major OEM could materially impact sales. This concentration risk is further reflected in the volatility of the ICE segment, which reported degrowth in at least one subsegment in three of the last four years.



Geopolitical risk

Approximately 35% of sales come from international markets, including the US (9.3%) and Europe (18.8%), exposing Sansera to adverse currency movements, global demand fluctuations and tariff-related risks. Recent growth in demand from American OEMs further increases its exposure to unilateral US tariffs.

Glossary

CAPEX	Capital Expenditure
MT	Metric Ton
Bn	Billion
CAGR	Compounded Annual Growth Rate
CMP	Current Market Price
EBIT	Earning Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
EPS	Earnings Per Share
EV	Enterprise Value
FCF	Free Cash Flow
P/E	Price to Earnings
PBT	Profit Before Tax
RoE	Return on Equity

RoCE	Return on Capital Employed
RoIC	Return on Invested Capital
R&D	Research and Development
PBT	Profits Before Tax
ROA	Return on Assets
DTL	Deferred Tax Liabilities
Avg	Average
CF	Cash Flow
QoQ	Quarter on Quarter
RM	Raw Material
CoGS	Cost of Goods Sold
cr.	cr.
DCF	Discounted Cash Flow

Disclaimer (1/2)

Absolute Rating Interpretation

BUY	Stock expected to provide positive returns of >15% over a 1-year horizon	REDUCE	Stock expected to provide returns of <5% – -10% over a 1-year horizon
ACCUMULATE	Stock expected to provide positive returns of >5% – <15% over a 1-year horizon	SELL	Stock expected to fall >10% over a 1-year horizon
The terms defined above are applicable to fundamental research reports published by the Research Analyst. For technical research reports, the expected (target) price is given in the report along with the time period within which it can be achieved. For Momentum Ideas the expected timeline to achieve the price target would be upto 3 months from the date of publication of the research report.			

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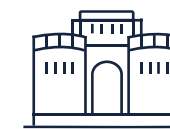
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