

## Strong Financials & Robust Order Book to Support Future Growth

**Est. Vs. Actual for Q4FY25:** Revenue – **INLINE**; EBITDA – **MISS**; PAT – **INLINE**

**Change in Estimates post Q4FY25**

**FY26E/FY27E:** Revenue: 1.3%/2.3%; EBITDA: 1.3%/2.3%; PAT: 7.7%/6.5%.

### Recommendation Rationale

- **Revenue and EBITDA Margins:** Despite a challenging FY25 due to geopolitical headwinds, Sansera expects to report high-teen revenue growth in FY26, supported by continued strength in xEV, ADS, and overseas businesses. The management has guided a 50–60 bps expansion in EBITDA margins, driven by better product mix (more tech-agnostic, EV, and ADS), favourable operating leverage, and reduced dependency on commodity-heavy ICE components.
- **Robust Order Book:** As of Mar'25, Sansera's total unexecuted order book stood at Rs 1,851 Cr, with a diversified mix across geographies and end segments. Notably, 28% of the new orders originated from the ADS segment, highlighting the growing relevance of this business line. Geographically, 27% of the order book is linked to North America, 24% to Europe, and 9% to other Asian countries.
- **Capex to Support Orderbook:** Sansera is executing both brownfield and greenfield expansions to support its long-term growth strategy. In FY25, the company incurred a capex of Rs 591 Cr, largely towards enhancing capacity in machining, forging, and the ADS facility. Additionally, it acquired 55 acres of land in Karnataka for future greenfield expansion, expected to begin post FY27. These investments are to meet the growing demand from high-content EV products and aerospace-defence applications.

### Sector Outlook: Positive

**Company Outlook & Guidance:** The company is driving manufacturing growth and strengthening its position as a key exporter, creating more opportunities within the auto-component sector. It has visible growth in xEV, Tech Agnostic, and Non-Auto products, supported by a strong order book and an increasing contribution to overall sales.

**Current Valuation:** 27x PE FY27EPS (Earlier 25x).

**Current TP:** Rs 1,580/share (Earlier TP: Rs 1,430/share).

**Recommendation:** We maintain our **BUY** rating on the stock.

### Financial Performance

Sansera's consolidated revenue was in line, up 5%/7% YoY/QoQ. However, EBITDA missed estimates by 7.5%, remaining flat YoY/QoQ. The shortfall was primarily due to higher raw material costs, which were partly offset by lower employee costs as a percentage of sales. The EBITDA margin stood at 16.3%, down 78/121 bps YoY/QoQ. PAT was in line, increased by 28.8%/7.4% YoY/QoQ, driven by higher other income and lower interest expenses.

### Outlook

Given factors such as a) A higher sales mix in Non-Auto ICE components, b) Increased premiumisation trend, c) A focused approach on improving margin trends, d) Strong ability to generate operating cash flows, and e) Capacity expansion plans, we expect Revenue, EBITDA, and PAT to grow at CAGR of 17%, 21%, and 30%, respectively, over FY25-27E.

### Valuation & Recommendation

Given Sansera's 40 years of expertise, diversified business model, and strong engineering capabilities, **we maintain our BUY rating on the stock. We assign a 12-month forward PE multiple of 27x on FY27 EPS (earlier 25x) to arrive at a TP of Rs 1,580/share, implying an upside of 18% from the CMP.**

### Key Financials (Consolidated)

| (Rs Cr)       | Q4FY25 | QoQ (%)  | YoY (%) | Axis Est. | Variance |
|---------------|--------|----------|---------|-----------|----------|
| Net Sales     | 782    | 7.4%     | 4.8%    | 786       | -0.5%    |
| EBITDA        | 127    | 0.0%     | 0.0%    | 137       | -7.5%    |
| EBITDA Margin | 16.3%  | -121 bps | -78 bps | 17.5%     | -122 bps |
| Net Profit    | 59     | 7.4%     | 28.8%   | 59        | 0.3%     |
| EPS (Rs)      | 9.6    | 2.0%     | 11.3%   | 9.8       | -2.6%    |

Source: Company, Axis Securities Research

(CMP as of 28<sup>th</sup> May, 2025)

|                            |           |
|----------------------------|-----------|
| CMP (Rs)                   | 1,344     |
| Upside /Downside (%)       | 18%       |
| High/Low (Rs)              | 1,757/953 |
| Market cap (Cr)            | 8,325     |
| Avg. daily vol. (6m) Shrs. | 108,099   |
| No. of shares (Cr)         | 6.19      |

### Shareholding (%)

|                 | Sep-24 | Dec-24 | Mar-25 |
|-----------------|--------|--------|--------|
| Promoter        | 34.8   | 30.3   | 30.4   |
| FII's           | 19.5   | 20.5   | 20.1   |
| MFs/UTI         | 22.6   | 26.8   | 26.3   |
| Fin Inst./Banks | 0.0    | 0.0    | 0.0    |
| Others          | 23.1   | 22.3   | 23.3   |

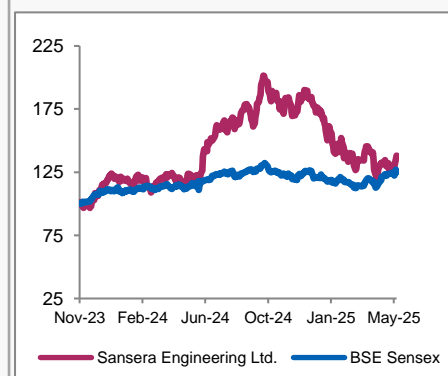
### Financial & Valuation

| Y/E Mar (Rs Cr) | FY25   | FY26E | FY27E  |
|-----------------|--------|-------|--------|
| Net Sales       | 3,017  | 3,527 | 4,126  |
| EBITDA          | 515    | 624   | 755    |
| Net Profit      | 217    | 278   | 365    |
| EPS (Rs.)       | 37.4   | 44.5  | 58.5   |
| PER (x)         | 34.0   | 26.1  | 19.9   |
| EV/EBITDA (x)   | 14.3   | 11.3  | 9.1    |
| P/BV            | 2.7    | 2.4   | 2.1    |
| RoE (%)         | 10.50% | 9.58% | 11.41% |

### Change in Estimates (%)

| Y/E Mar | FY26E | FY27E |
|---------|-------|-------|
| Sales   | 1.3%  | 2.3%  |
| EBITDA  | 1.3%  | 2.3%  |
| PAT     | 7.7%  | 6.5%  |

### Relative Performance



Source: Ace Equity, Axis Securities Research.

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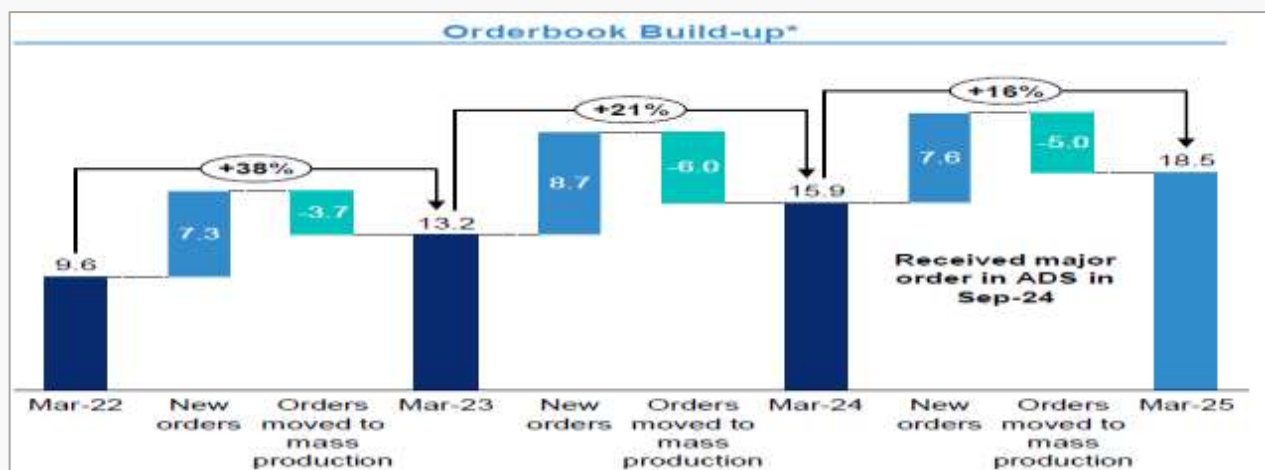
## Key Concall Highlights

- **Segment-Wise Performance:** In FY25, Sansera's revenue was led by the ICE auto segment, which contributed 73.6% to total revenue. Two-wheelers grew 10–12%, PVs declined due to OEM-specific factors, and CVs saw low double-digit growth. The xEV and tech-agnostic component segment contributed around 15% of revenue and grew by 28.6% YoY. The ADS (Aerospace, Defence, and Semiconductor) business accounted for ~6% of revenue in FY25. Another 6% came from non-auto domestic segments, where growth was stable. This diversification has allowed Sansera to weather cyclicity in the automotive sector more effectively.
- **Growth in ADS Business:** Sansera's ADS vertical is on a high-growth trajectory. In FY25, ADS revenue stood at Rs 132 Cr and is expected to more than double to Rs 280–300 Cr in FY26, backed by a strong order pipeline and capacity expansion. The company has already invested Rs 300 Cr in setting up a dedicated ADS facility, which has a potential revenue-generating capacity of Rs 600–650 Cr at full utilisation. *ADS contracts tend to be long-cycle, high-margin, and less price-sensitive compared to auto components.*
- **Rise in Content per Vehicle of 2W Scooters and 2W Motorcycles:** The content per ICE 2W vehicle currently stands at ~Rs 1,800–2,000, whereas in electric motorcycles, Sansera will be able to supply kits worth Rs 10,000 per vehicle. This five-fold increase is primarily due to the complexity and higher value-added nature of EV components such as motor housings, drive system parts, and chassis-related structural elements. With electrification accelerating in premium 2W segments, the company is well-positioned to benefit from both volume and value expansion.
- **Developments in MMRFIC:** Sansera currently holds a 30% stake in MMRFIC, a deep-tech company, specialising in microwave and millimetre-wave technologies used in radar systems and defence communications. The company has the option to raise its stake to 51%, aligning with its strategic intent to establish a larger footprint in defence electronics. MMRFIC has an active order pipeline of over Rs 100 Cr from organisations such as ISRO, DRDO, and the Indian Army. While its FY25 revenue is still modest at ~Rs 20 Cr, the EBITDA margins exceed 40% due to grant-based development projects. Management expects a significant scale-up in FY27 as projects move into the production phase. MMRFIC offers Sansera a high-margin, IP-driven play within the defence value chain.
- **Sweden Subsidiary:** Sansera's Sweden subsidiary, which was previously margin-dilutive, delivered an encouraging performance in FY25. EBITDA margin improved from 6.4% in FY24 to 11.4% in FY25, primarily due to better capacity utilisation and support from customers after one of its key vendors shut down. This business unit is now expected to consistently maintain EBITDA margins in the range of 10–12%, contributing positively to consolidated profitability. The unit also serves as a critical hub for European OEM relationships and exports.
- **Debt Status:** As of FY25, Sansera maintained a healthy balance sheet with a net cash position of Rs 125 Cr, largely aided by proceeds from its recent Qualified Institutional Placement (QIP). The company has long-term debt of Rs 200 Cr at the parent level and an additional Rs 100 Cr at the subsidiary level.

**Exhibit 1: Order Book: Peak Annual Revenues- New**


Source: Company

**Exhibit 2: Sales Mix Trends**

**Exhibit 3: Strong and Diverse Business Pipeline for Future Growth**


Source: Company

### Change in Estimates

|        | Revised |       |       | Old   |       |       | % Change |       |       |
|--------|---------|-------|-------|-------|-------|-------|----------|-------|-------|
|        | FY25    | FY26E | FY27E | FY25  | FY26E | FY27E | FY25     | FY26E | FY27E |
| Sales  | 3,017   | 3,527 | 4,126 | 3,016 | 3,481 | 4,035 | 0.0%     | 1.3%  | 2.3%  |
| EBITDA | 515     | 624   | 755   | 522   | 616   | 738   | -1.4%    | 1.3%  | 2.3%  |
| PAT    | 217     | 278   | 365   | 217   | 258   | 343   | -0.1%    | 7.7%  | 6.5%  |

Source: Company, Axis Securities Research

### Q4FY25 Results Review

| Consolidated (Rs Cr)            | Q4FY25        | Axis Estimates        | % Variance        | Q3FY25        | % Change (QoQ)    | Q4FY24        | % Change (YoY)    |
|---------------------------------|---------------|-----------------------|-------------------|---------------|-------------------|---------------|-------------------|
| <b>Net Sales</b>                | <b>782</b>    | <b>786</b>            | -0.5%             | <b>728</b>    | 7.4%              | <b>746</b>    | 4.8%              |
| <b>Expenditure</b>              |               |                       |                   |               |                   |               |                   |
| Net Raw Material                | 334           | 319                   | 4.5%              | 291           | 14.6%             | 319           | 4.5%              |
| Personnel                       | 114           | 125                   | -8.4%             | 112           | 2.5%              | 100           | 14.3%             |
| Other Exp                       | 207           | 204                   | 1.1%              | 198           | 4.3%              | 200           | 3.6%              |
| <b>Total Expenditure</b>        | <b>655</b>    | <b>649</b>            | 0.9%              | <b>601</b>    | 9.0%              | <b>619</b>    | 5.8%              |
| <b>EBIDTA</b>                   | <b>127</b>    | <b>137</b>            | -7.5%             | <b>127</b>    | 0.0%              | <b>127</b>    | 0.0%              |
| EBITDA Margins                  | 16.3%         | 17.5%                 | -122              | 17.5%         | -121              | 17.0%         | -78               |
| Oth. Inc.                       | 9.9           | 4.8                   | 108.2%            | 6             | 62.8%             | -0            | NA                |
| Interest Expense                | 10            | 15                    | -37.2%            | 18            | -47.0%            | 23            | -57.3%            |
| Depreciation                    | 47            | 46                    | 1.9%              | 44            | 5.4%              | 40            | 18.0%             |
| Exceptional Item                | -             | -                     | NA                | -             | NA                | -             | NA                |
| <b>PBT</b>                      | <b>80</b>     | <b>81</b>             | -0.4%             | <b>71</b>     | 14.1%             | <b>64</b>     | 24.8%             |
| Share of Profit from Associates | 0.4           | 0.6                   | -31.8%            | -             | NA                | -             | NA                |
| Tax                             | 22            | 22                    | -3.1%             | 15            | 41.2%             | 19            | 17.2%             |
| <b>Reported PAT</b>             | <b>59</b>     | <b>59</b>             | 0.3%              | <b>55</b>     | 7.4%              | <b>46</b>     | 28.8%             |
|                                 |               |                       |                   |               |                   |               |                   |
|                                 | <b>Q4FY25</b> | <b>Axis Estimates</b> | <b>Bps Change</b> | <b>Q2FY25</b> | <b>Bps Change</b> | <b>Q2FY24</b> | <b>Bps Change</b> |
| Gross Profit (Rs cr.)           | 448           | 466                   | -4.0%             | 437           | 2.6%              | 427           | 5.0%              |
| Gross Profit (%)                | 57.3%         | 59.4%                 | -204              | 60.0%         | -269              | 57.2%         | 12                |
| RM as % of Sales                | 42.7%         | 40.6%                 | 204               | 40.0%         | 269               | 42.8%         | -12               |
| Staff costs as % of Sales       | 14.6%         | 15.9%                 | -126              | 15.3%         | -70               | 13.4%         | 122               |
| Oth Exp as % of Sales           | 26.4%         | 26.0%                 | 44                | 27.2%         | -78               | 26.8%         | -32               |
| Tax as a % of PBT               | 27.0%         | 27.7%                 | -74               | 21.8%         | 517               | 28.7%         | -175              |
| Reported Net Profit (%)         | 7.58%         | 7.52%                 | 6                 | 7.58%         | 0                 | 6.16%         | 141               |

Source: Company, Axis Securities Research

## Financials (Consolidated)

### Profit & Loss

(Rs Cr)

| Y/E March                            | FY24  | FY25  | FY26E | FY27E |
|--------------------------------------|-------|-------|-------|-------|
| <b>Net sales</b>                     | 2,811 | 3,017 | 3,527 | 4,126 |
| Raw materials                        | 1,218 | 1,241 | 1,517 | 1,749 |
| Staff costs                          | 380   | 443   | 469   | 549   |
| Other expenses                       | 734   | 818   | 917   | 1,073 |
| <b>Total expenses</b>                | 233   | 250   | 290   | 337   |
| <b>EBITDA</b>                        | 480   | 515   | 624   | 755   |
| Depreciation                         | 149   | 174   | 239   | 257   |
| <b>EBIT</b>                          | 330   | 341   | 386   | 498   |
| Other income                         | 2     | 20    | 20    | 21    |
| Interest expense                     | 77    | 70    | 33    | 29    |
| Share of Profit/loss from associates | 1     | -     | -     | -     |
| Exceptional (expenses)/income        | -     | -     | -     | -     |
| <b>Profit before tax</b>             | 256   | 291   | 373   | 491   |
| Tax expense                          | 69    | 75    | 97    | 128   |
| Adjusted PAT                         | -     | -     | -     | 1     |
| <b>Reported PAT</b>                  | 188   | 217   | 278   | 365   |

Source: Company, Axis Securities Research.

### Balance Sheet

(Rs Cr)

| Y/E Mar                              | FY24        | FY25        | FY26E       | FY27E       |
|--------------------------------------|-------------|-------------|-------------|-------------|
| <b>SHAREHOLDER'S FUNDS</b>           |             |             |             |             |
| Equity Share Capital                 | 11          | 12          | 12          | 12          |
| Reserves and Surplus                 | 1337        | 2738        | 2995        | 3334        |
| Non-Controlling Interest             | 16          | 17          | 20          | 22          |
| <b>Total Shareholders' Funds</b>     | <b>1363</b> | <b>2768</b> | <b>3027</b> | <b>3369</b> |
| <b>NON-CURRENT LIABILITIES</b>       |             |             |             |             |
| Long-term Borrowings                 | 252         | 171         | 81          | -39         |
| Long-Term Finance/Lease Liabilities  | 80          | 94          | 94          | 94          |
| Long Term Provisions                 | 3           | 4           | 4           | 4           |
| Deferred Tax Liabilities             | 69          | 80          | 80          | 80          |
| Other LT liabilities                 | 50          | 46          | 46          | 46          |
| <b>Total Non-Current Liabilities</b> | <b>453</b>  | <b>396</b>  | <b>306</b>  | <b>186</b>  |
| <b>CURRENT LIABILITIES</b>           |             |             |             |             |
| Short-Term Borrowings                | 550         | 128         | 128         | 128         |
| Short-Term Lease Liabilities         | 10          | 13          | 13          | 13          |
| Trade Payables                       | 356         | 362         | 424         | 496         |
| Other Current Liabilities            | 61          | 68          | 68          | 68          |
| <b>Total Current Liabilities</b>     | <b>977</b>  | <b>572</b>  | <b>633</b>  | <b>705</b>  |
| <b>Total Capital And Liabilities</b> | <b>2793</b> | <b>3736</b> | <b>3966</b> | <b>4260</b> |
| <b>ASSETS</b>                        |             |             |             |             |
| <b>NON-CURRENT ASSETS</b>            |             |             |             |             |
| <b>Net Tangible Assets</b>           | 1463        | 1778        | 1739        | 1723        |
| Capital Work-In-Progress             | 84          | 195         | 245         | 305         |
| Intangible Assets                    | 121         | 160         | 160         | 160         |
| Financial Assets                     | 71          | 82          | 82          | 82          |
| Other Non-Current Assets             | 54          | 62          | 62          | 62          |
| <b>Total Non-Current Assets</b>      | <b>1793</b> | <b>2276</b> | <b>2288</b> | <b>2331</b> |
| <b>CURRENT ASSETS</b>                |             |             |             |             |
| Inventories                          | 419         | 501         | 586         | 685         |
| Current Investments                  | 1           | 1           | 1           | 1           |
| Trade Receivables                    | 462         | 455         | 532         | 622         |
| Cash And Cash Equivalents            | 63          | 427         | 484         | 545         |
| Other Current Assets                 | 54          | 76          | 76          | 76          |
| <b>Total Current Assets</b>          | <b>1000</b> | <b>1459</b> | <b>1678</b> | <b>1929</b> |
| <b>TOTAL ASSETS</b>                  | <b>2793</b> | <b>3736</b> | <b>3966</b> | <b>4260</b> |

Source: Company, Axis Securities Research

**Cash Flow**

(Rs Cr)

| Y/E Mar   | FY24        | FY25        | FY26E        | FY27E        |
|---|-------------|-------------|--------------|--------------|
| <b>Cash flows from operating activities</b>   |             |             |              |              |
| Profit before tax for the year  | 256         | 292         | 375          | 493          |
| Finance costs   | 77          | 70          | 33           | 29           |
| Depreciation and amortisation   | 149         | 174         | 239          | 257          |
| Others  | -69         | -78         | -97          | -128         |
| Cash Flow from operations before changes in WC  | 414         | 458         | 549          | 650          |
| Change in operating assets and liabilities  | -40         | -81         | -100         | -118         |
| <b>Net cash generated by operating activities</b>   | <b>374</b>  | <b>377</b>  | <b>449</b>   | <b>533</b>   |
| <b>Cash flows from investing activities</b>   |             |             |              |              |
| Capex   | -339        | -596        | -250         | -300         |
| Investments   | -31         | -371        | -            | -            |
| Others  | 1           | 12          | -            | -            |
| <b>Net cash (used in)/generated by investing activities</b>                                 | <b>-368</b> | <b>-955</b> | <b>-250</b>  | <b>-300</b>  |
| <b>Cash flows from financing activities</b>   |             |             |              |              |
| Change in borrowing   | 80          | 665         | -90          | -120         |
| Interest on borrowings  | -74         | -65         | -33          | -29          |
| Other   | -           | -           | -            | 1            |
| Dividends paid (-)  | -13         | -16         | -19          | -23          |
| <b>Net cash used in financing activities</b>  | <b>-8</b>   | <b>583</b>  | <b>-141</b>  | <b>-171</b>  |
| <b>Net increase/ (decrease) in cash and cash equivalents (A+B+C)</b>                        | <b>-20</b>  | <b>52</b>   | <b>573</b>   | <b>609</b>   |
| CCE at the beginning of the year  | 50          | 49          | 51           | 109          |
| Effect of exchange differences on translation of foreign currency cash and cash equivalents | 1           | -2          | -            | -            |
| <b>CCE at the end of the year</b>   | <b>486</b>  | <b>515</b>  | <b>1,088</b> | <b>1,697</b> |

Source: Company, Axis Securities Research

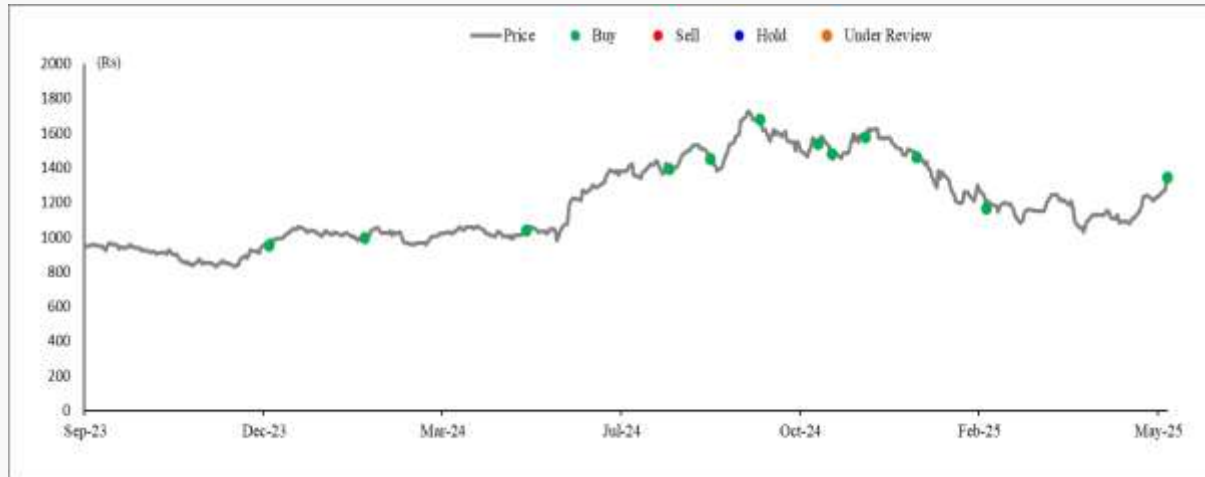
**Ratio Analysis**

(%)

| Y/E Mar                   | FY24   | FY25   | FY26E  | FY27E  |
|---------------------------|--------|--------|--------|--------|
| <b>Valuation Ratios</b>   |        |        |        |        |
| PER                       | 29.2   | 34.0   | 26.1   | 19.9   |
| P/BV (x)                  | 4.0    | 2.7    | 2.4    | 2.1    |
| EV/Ebitda (x)             | 13.2   | 14.3   | 11.3   | 9.1    |
| EV/Sales (x)              | 2.25   | 2.44   | 2.00   | 1.67   |
| Dividend Yield %          | 0.29%  | 0.26%  | 0.32%  | 0.39%  |
| <b>Return Ratios</b>      |        |        |        |        |
| ROE                       | 14.77% | 10.50% | 9.58%  | 11.41% |
| ROCE                      | 16.05% | 13.81% | 13.76% | 16.96% |
| ROIC                      | 21.20% | 14.64% | 12.54% | 15.19% |
| <b>Leverage Ratios</b>    |        |        |        |        |
| Debt/equity (x)           | 0.69   | 0.17   | 0.12   | 0.07   |
| Net debt/ Equity (x)      | 0.61   | -0.01  | -0.06  | -0.10  |
| Net debt/EBITDA (x)       | 1.72   | -0.04  | -0.27  | -0.46  |
| <b>Operational Ratios</b> |        |        |        |        |
| Sales growth (% YoY)      | 19.8%  | 7.3%   | 16.9%  | 17.0%  |
| EBITDA growth (% YoY)     | 24.7%  | 7.3%   | 21.3%  | 20.9%  |
| Net Profit growth (% YoY) | 26.4%  | 15.6%  | 28.1%  | 31.5%  |
| EBITDA Margin %           | 17.07% | 17.06% | 17.70% | 18.30% |
| Net profit Margin %       | 6.67%  | 7.19%  | 7.88%  | 8.85%  |
| <b>Efficiency Ratios</b>  |        |        |        |        |
| Total Asset Turnover (x)  | 1.07   | 0.92   | 0.92   | 1.00   |
| Sales/Net block(x)        | 2.06   | 1.86   | 2.01   | 2.38   |

Source: Company, Axis Securities Research

## Sansera Engineering Price Chart and Recommendation History



| Date      | Reco | TP    | Research            |
|-----------|------|-------|---------------------|
| 18-Dec-23 | BUY  | 1,200 | Initiating Coverage |
| 13-Feb-24 | BUY  | 1,200 | Result Update       |
| 18-May-24 | BUY  | 1,270 | Result Update       |
| 12-Aug-24 | BUY  | 1,580 | Result Update       |
| 02-Sep-24 | BUY  | 1,580 | Top Picks           |
| 01-Oct-24 | BUY  | 1,875 | Top Picks           |
| 04-Nov-24 | BUY  | 1,875 | Top Picks           |
| 13-Nov-24 | BUY  | 1,710 | Result Update       |
| 02-Dec-24 | BUY  | 1,780 | Top Picks           |
| 01-Jan-25 | BUY  | 1,780 | Top Picks           |
| 12-Feb-25 | BUY  | 1,430 | Result Update       |
| 29-May-25 | BUY  | 1,580 | Result Update       |
|           |      |       |                     |

Source: Axis Securities Research



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- Point of Presence with Pension Fund Regulatory and Development Authority
- Distributor for Mutual Funds with AMFI

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| <b>Ratings</b> | <b>Expected absolute returns over 12 – 18 months</b>   |
|----------------|--|
| BUY            | More than 10%  |
| HOLD           | Between 10% and -10%   |
| SELL           | Less than -10%   |
| NOT RATED      | We have forward looking estimates for the stock, but we refrain from assigning valuation and recommendation. |
| UNDER REVIEW   | We will revisit our recommendation, valuation and estimates on the stock following recent events             |
| NO STANCE      | We do not have any forward-looking estimates, valuation or recommendation for the stock                      |

Note: Returns stated in the rating scale are our internal benchmark.