January 28, 2026

Sansera Engineering Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term – Fund-based – Term Loans	206.90	206.20	[ICRA]AA (Stable); reaffirmed
Short term – Fund-based – Working capital facilities	644.50	739.50	[ICRA]A1+; reaffirmed
Short term – Non-fund based – Working capital facilities	42.40	42.40	[ICRA]A1+; reaffirmed
Long term/Short term – Unallocated facilities	102.20	7.90	[ICRA]AA (Stable)/[ICRA]A1+; reaffirmed
Total	**996.00**	**996.00**	

**Instrument details are provided in Annexure-I*

Rationale

The reaffirmation of the ratings of Sansera Engineering Limited (SEL) considers its strong business and financial risk profiles as an established auto-ancillary with presence across multiple product segments such as connecting rods, rocker arms and crankshaft assembly amongst others. Operating in the precision component space, and with capabilities developed over time, the company has been able to sustain a comfortable margin profile, supporting its annual cash accruals. Additionally, its balance sheet and financial risk profile have strengthened considerably over recent years, especially post the qualified institutional placement (QIP) proceeds of Rs. 1,200 crore in Q3 FY2025, which were largely utilised for prepayment/repayment of borrowings. ICRA expects the company's financial profile to remain strong, going forward, aided by its healthy revenues and accruals, despite sizeable capital expenditure (capex) plans over the medium term.

The ratings draw comfort from SEL's diversified product profile, healthy domestic-export mix, established market position and robust wallet share with customers. Its revenues grew by 7.4% in FY2025 and 5.6% year over year (YoY) in H1 FY2026, primarily aided by growth in the ADS (Aerospace, Defence & Semiconductor) segment. Its operating margins remain strong at 17.2% in FY2025 (PY: 17.1%) and 17.3% in H1 FY2025 (PY: 17.3%), supported by its relatively high value addition, increasing proportion of exports, operating leverage benefits and cost-optimisation measures. The revenue growth trends are expected to sustain going forward as well, supported by its established relationships with its customers and healthy order book. SEL's pending order book position was over Rs. 2,000 crore as on September 30, 2025, fairly diversified across auto internal combustible engine (ICE), xEV (electric vehicles) and non-auto segments, and from both domestic and overseas markets.

The rating strengths are partially offset by SEL's relatively high dependence on two wheelers (2Ws) (43% of revenues in H1 FY2026) and moderate customer concentration. These expose the company to risks arising from any sustained downturns in the Indian 2W segment and underperformance of the top customers or loss of customers to competition. Nevertheless, reducing proportion of revenues from the 2W segment mitigates the risk to an extent. Also, 73% of its revenues in H1 FY2026 came from the auto ICE segment, which is susceptible to the risks arising from electrification of the automotive industry. However, the company's focus on expanding revenue contribution from non-automotive, auto-tech agnostic and xEV segments mitigates the risk to an extent. It has capex plans of over Rs. 200.0 crore in H2 FY2026 and annual capex plans of Rs. 350-400 crore in the coming years towards upgradation and expansion of its existing facilities. While the capex is significant, ICRA draws comfort from the anticipated healthy accruals from the business and absence of sizeable incremental debt funding, which are likely to support its capital structure and coverage metrics, going forward.

The 'Stable' outlook on the long-term rating reflects ICRA's expectation that the company will be able to sustain its credit profile and debt metrics, supported by its strong business position, healthy cash accruals and adequate liquidity, despite sizeable capex plans.

Key rating drivers and their description

Credit strengths

Well-established market position; healthy wallet share with customers – SEL has established relationships with major 2W and passenger vehicle (PV)/commercial vehicle (CV) original equipment manufacturers (OEMs) in Indian and overseas markets. It has a healthy share of business with its major customers, along with a track record of repeat orders. The company is among the largest suppliers of connecting rods and rocker arms for the 2W and light vehicle segments, and the largest supplier of gear shifter forks for the 2W segment in India. It also enjoys single-source supplier status for several components. In the international markets, SEL is among the leading suppliers of connecting rods for light vehicles and CVs. By leveraging these established relationships and the proven track record of its capabilities, the company has been able to add reputed customers in the growing EV space as well.

Diversified product profile; healthy domestic-export mix – SEL has a product portfolio of more than 80 components. In the auto segment, the company manufactures connecting rods, crankshaft assembly and rocker arms, among others. For the non-automotive segment, it manufactures seating, lighting, cargo systems, aerostructure, door assembly and actuation systems categories in the aerospace segment, among others. The diversified product profile mitigates product-specific risks to a large extent. Further, the company derives a material portion of its revenues from exports (31% of its revenues in H1 FY2026), somewhat mitigating region-specific risks and providing geographical diversification. The share of exports is likely to increase, going forward, as indicated by the current order book.

Healthy operating margins; strong order book position – SEL's operating margins remain healthy at 17.2% in FY2025 (PY: 17.1%) and 17.3% in H1 FY2025 (PY: 17.3%), supported by its relatively high value addition, increasing proportion of exports, operating leverage benefits and cost-optimisation measures. The company's revenue growth and margins are expected to continue to be robust, going forward as well, supported by its established relationships with its customers and strong order book. SEL's pending order book position stood at over Rs. 2,000 crore as on September 30, 2025, fairly diversified across auto ICE, xEV and non-auto segments, and from both domestic and overseas markets.

Comfortable financial risk profile – The company's capital structure and coverage metrics have improved significantly post the recent QIP of Rs. 1,200 crore in Q3 FY2025. Its liquidity position is comfortable, with sizeable, unencumbered cash and bank balances of over Rs. 350.0 crore and adequate buffer in undrawn working capital lines. ICRA expects the financial risk profile and debt metrics to remain strong, going forward as well, supported by its healthy accruals, despite its sizeable capex plans over the medium term.

Credit challenges

Relatively high dependence on 2W segment; moderate customer concentration – SEL derives 43% of its revenues from the domestic 2W industry and its top five customers contributed over 50% to revenues in H1 FY2026. These expose the company to risks arising from downturns in the Indian 2W segment and to underperformance of the top customers or loss of customers to competition. However, SEL's proportion of revenues from the 2W segment has reduced, and it has increased its presence in the non-auto and xEV segments with addition of new customers, in both the domestic and export markets. The ability to improve segment and customer diversification over the medium term remains a monitorable.

Impending electrification of automotive industry may impact revenues; however, gradual improvement in xEV and non-auto segment revenues to mitigate the risk to an extent – SEL derived 87.3% of its revenues in H1 FY2026 from the automotive sector, exposing its revenues to the cyclicality in demand from the segment. In addition, 72.9% of its revenues in H1 FY2026 came from the auto-ICE segment, which is susceptible to the risks arising from electrification of the automotive industry.

However, the company's focus on expanding its pie of non-automotive, auto-tech agnostic and EV segment revenues and reduction in auto ICE revenue proportion, from the highs of 87.9% in FY2020, mitigates the risk to an extent. In H1 FY2026, it derived 12.7% of revenues from the non-automotive segment and 14.4% from the auto-tech agnostic segments, with both segments showing a steady increase in proportion over the years. As of September 30, 2025, more than 50% of the company's order book was derived from the non-automotive, auto-tech agnostic and xEV segments.

Sizeable capex plans over the medium term – The company has capex plans of over Rs. 200.0 crore in H2 FY2026 and annual capex plans of Rs.350.0-400.0 crore in the next two years, towards upgradation and expansion of existing facilities. The capex is largely expected to be funded through internal accruals. While the capex is significant, ICRA draws comfort from the anticipated healthy accruals from the business and absence of sizeable incremental debt funding, which are likely to support its capital structure and coverage metrics, going forward.

Environmental and social risks

Environmental considerations – SEL, as an auto component supplier, remains exposed to climate transition risks because its automotive OEM customers' products are used across different fuel power trains. Accordingly, the company's prospects remain linked to the ability of its customers to meet strict emission requirements. It also remains exposed to tightening environmental regulations regarding waste and pollution norms, which can increase the operating costs and new capacity instalment costs.

Social considerations – SEL, like most automotive component suppliers, has high dependence on human capital. Attracting and nurturing skilled manpower are critical as it seeks to keep pace with innovation and technological changes. Maintaining healthy relationships with employees and a safe work environment remain essential for disruption-free operations. On the product front, vehicle recalls by OEMs because of defective auto parts could create additional cost burden and liabilities. The company is also exposed to changing consumer preferences, including but not restricted to increasing awareness of the potential environmental damage from emissions, shift towards EVs, usage of sustainable materials and societal trends like a preference for ride sharing.

Liquidity position: Adequate

SEL's liquidity position is adequate, characterised by healthy anticipated cash flows from operations of over Rs. 450.0 crore, unencumbered cash and bank balances of over Rs. 350.0 crore as of September 2025 and the availability of significant buffer in working capital facilities. Against these sources of cash, the company has scheduled repayment of Rs. 43.7 crore, Rs. 58.2 crore and Rs. 38.9 crore for its existing term loans in H2 FY2026, FY2027 and FY2028, respectively. It has capex plans of over Rs. 350.0-400.0 crore p.a. in the next two to three years towards upgradation and expansion of existing facilities, to be funded largely by internal accruals. Overall, ICRA expects SEL to meet its medium-term commitments through internal sources of cash and yet be left with sufficient cash surplus.

Rating sensitivities

Positive factors – ICRA may upgrade SEL's ratings if the company demonstrates sustained and significant improvement in its scale of operations and profitability, along with business diversification, while maintaining strong debt protection metrics.

Negative factors – Pressure on SEL's ratings could arise from sustained weak performance, resulting in a sharp deterioration in earnings, or sizeable debt-funded capex, dividend payout or a stretch in the working capital, causing significant weakening of liquidity or coverage metrics. Specific metrics that could trigger ratings downgrade could include total debt/OPBITDA > 1.5 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	[Corporate Credit Rating Methodology](#) [Auto Components](#)
Parent/Group support	Not applicable
Consolidation/Standalone	To arrive at the ratings, ICRA has considered the consolidated financials of SEL. As on December 31, 2025, the company had three subsidiaries (enlisted in Annexure-II).

About the company

SEL is a tier-I supplier that manufactures precision-forged engine components including connecting rods, crankshaft assembly and rocker arms among other products for the automotive (2Ws, PVs and CVs) and non-automotive sectors (aerospace, defence, agriculture, etc.). About 72.9% of revenues were derived from the auto ICE segment, while 14.4% and 12.7% came from auto-tech agnostic and xEV and non-automotive segments, respectively, in H1 FY2026. Further, it derived 70% of its revenues from the domestic market (no revenues from replacement segment), and 43% was from 2Ws in H1 FY2026. SEL has 17 manufacturing plants, including 16 facilities spread across India and one in Sweden. The promoters own 30.2% stake in the company (as of December 31, 2025), while public and institutional investors hold 14.1% and 55.7%, respectively.

Key financial indicators

Sansera Engineering Limited (consolidated)	FY2025 (Audited)	H1 FY2026 (Provisional)
Operating income (OI)	3,013.1	1,591.5
PAT	215.8	136.4
OPBDIT/OI	17.2%	17.3%
PAT/OI	7.2%	8.6%
Total outside liabilities/Tangible net worth (times)	0.3	0.4
Total debt/OPBDIT (times)	0.8	0.8*
Interest coverage (times)	7.2	14.8

*Amount in Rs. crore; Source: Company, ICRA Research; Financial ratios in this document are ICRA adjusted figures and may not be directly comparable with results reported by the company in some instances; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; total debt includes lease liabilities * Annualised*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

		Current ratings (FY2026)			Chronology of rating history for the past 3 years		
		Type	Amount rated (Rs. crore)	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023
				January 28, 2026	January 28, 2025	February 28, 2024	February 23, 2023
1	**Fund-based – Term loan**	Long term	206.20	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA- (Stable)	[ICRA]AA- (Stable)
2	**Fund-based – Working capital facilities**	Short term	739.50	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
3	**Non-fund based – Working capital facilities**	Short term	42.40	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
4	**Non-convertible debenture (NCD) programme**	Long term	-		[ICRA]AA (Stable); Withdrawn	[ICRA]AA- (Stable)	[ICRA]AA- (Stable)
5	**Unallocated limits**	Long term/ Short term	7.90	[ICRA]AA (Stable)/ [ICRA]A1+	[ICRA]AA (Stable)/ [ICRA]A1+	[ICRA]AA- (Stable)/ [ICRA]A1+	[ICRA]AA- (Stable)/ [ICRA]A1+

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund-based limits –Term loans	Simple
Short-term fund-based limits –Working capital	Simple
Short-term non-fund based limits	Simple
Long-term/ Short-term unallocated limits	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	**Term loans**	FY2016-FY2025	-	FY2022-FY2031	206.20	[ICRA]AA (Stable)
NA	**Fund-based – Working capital facilities**	NA	NA	NA	739.50	[ICRA]A1+
NA	**Non-fund based – Working capital facilities**	NA	NA	NA	42.40	[ICRA]A1+
NA	**Unallocated limits**	NA	NA	NA	7.90	[ICRA]AA (Stable)/ [ICRA]A1+

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership %	Consolidation approach
Sansera Engineering Limited	100.00% (rated entity)	Full consolidation
Sansera Engineering Private Limited, Mauritius	100.00%	Full Consolidation
Sansera Sweden AB	100.00%	Full Consolidation
Fitwel Tools and Forgings Private Limited	70.00%	Full Consolidation

Source: Company

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ABOUT ICRA LIMITED

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