

Sansera Engineering

13 August 2026

Operator: Ladies and gentlemen, good day and welcome to the Sansera Engineering Ltd. Q1 FY27 earnings conference call. Before we begin, a brief disclaimer: This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions, and expectations of the company as of the date of this call. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal the operator by pressing star and then 0 on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. B R Preetham, Executive Director and Group CEO. Thank you, and over to you, sir.

B R Preetham – Executive Director & Group CEO: Thank you. Good morning and welcome, everyone. On this call, I am joined by our CFO, Mr. Vikas Goel; our CEO of the ADS division and the newly appointed Executive Director, Mr. Harikrishnan; our CEO of the automotive division, Mr. Rahul Kale; and our investor relations advisors, SGA. The results and presentations have been uploaded on the stock exchange and the company website. I hope everyone has had a chance to review them.

We started FY27 on a very strong note, delivering our highest-ever quarterly revenue while maintaining healthy profitability. Our quarterly revenues crossed the INR 10,000 million milestone, reaching INR 10,213 million, representing year-on-year growth of 33%. EBITDA and PAT margins remained resilient at 19.2% and 8.6%, respectively. That said, amid a challenging geopolitical environment with significant cost inflation, Sansera was able to maintain its profitability and deliver double-digit sales growth across segments.

Let me take a minute to talk about the broader industry trends that impacted us. On the domestic auto side, our OEM customers across the board are talking about hypergrowth, high vehicle volumes, and continued consolidation of the supply chain toward better-capitalized and more capable suppliers. Our passenger vehicle exposure has historically been roughly balanced between domestic and export markets. While exports saw some moderation in the last year, this year we are seeing some traction in our international business getting back to a normal growth trajectory. A positive trend in the industry, alongside the rising tide of outsourcing, creates a strong foundation for sustained growth in our auto business on both the domestic and export sides.

Now, looking at our segmental performance, the performance was broad-based across all the key segments. The non-auto segment delivered its highest-ever quarterly sales of INR 1,998 million, registering an impressive 129.9% year-on-year growth. As a result, its contribution increased to 20.8% of our overall sales. Within the non-auto segment, our ADS business remained the primary growth driver, with revenue increasing by more than three times year-on-year and standing at INR 1,454 million.

Moving to our auto tech-agnostic and xEV business, the segment achieved its highest-ever quarterly sales of INR 1,316 million, growing at 22.2% year-on-year, reflecting accelerated EV adoption, especially in two-wheelers. Our auto ICE segment also delivered healthy year-on-year growth of 20.8% on a high base and stood at INR 6,275 million. During the quarter, we recorded our highest-ever quarterly performance across passenger vehicles, commercial vehicles, and scooters.

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Sansera Engineering

13 August 2026

With this, we expect to end FY27 with high-teens top-line growth, with a continued focus on improving our margin profile.

Now, I would like to give you some updates on our order book. Our customers in the ADS segment, especially Aerospace and SEM, which stands for semiconductor equipment manufacturers, have very high outsourcing targets from India's perspective, which is reflected in our growing order book position. Our cumulative unexecuted lifetime order book for 5 years, especially for the ADS business, stood at INR 44.4 billion as of the quarter end. Further, we have received a few more orders in this segment in the current quarter, Q2, which have pushed our ADS order backlog to around INR 57.5 billion currently. These orders are executable over the next 5 years.

As explained to you previously, these orders are structurally different from our overall order book, which we report as peak annual revenues for the new business instead of total cumulative backlog. To avoid duplication, we have removed the value of the ADS business from the standard order book numbers for the rest of the businesses. Therefore, as of June 2026, our peak annual revenue from our new business, excluding ADS, stood at INR 18.5 billion. We are gearing up to capture this immense opportunity ahead with our capex plans across different platforms on both the auto and ADS sides.

Looking specifically at a few of the capex projects on the ADS side first, we recently inaugurated a surface treatment facility next to our ADS plant. We are in the process of obtaining NADCAP validation for this. Surface treatment is a defining capability that allows us to complete production within a single facility. This is in line with Sansera's history of backward integration. As we enter larger and more complex structural parts in this segment, having this process in-house will give us better speed, quality control, and reduced external dependency.

We are in the process of relocating our defense business to a dedicated facility separate from the rest of ADS to provide it with focused infrastructure and enhance operational execution. We believe this is going to be helpful in tapping very large opportunities in the defense sector, both domestically and in exports. Lastly, we are building a new 80,000-square-foot hangar for the Aerospace and SEM businesses. Lines will be installed and validated by our customers in this hangar in the coming quarters.

Turning to our growth roadmap in the auto segment, at Pantnagar, which is our Plant 6, and at our Manesar facility, Plant 4, we are setting up additional forging and machining capabilities, mainly for crankshafts for both two-wheeler and passenger vehicle OEMs, and connecting rods for passenger vehicle OEMs. At Bangalore Plant 2, we are augmenting machining capacity with a clear focus on auto tech-agnostic and xEV components. This will be complemented by our Sansera Nishidai joint venture, which deepens our presence in cold- and warm-forged precision components.

The projects that I mentioned on both the ADS and auto sides will come on stream beginning in Q3 FY27 and onward, and we will complete them within a year from now. The shift toward non-ICE is gaining strong momentum and is progressing well ahead as planned. With our capex investments coming on stream, we expect the contribution from these businesses to scale up meaningfully and become an increasingly important driver of our growth and mix. We believe this is only the beginning of a significant new growth leg for our business, with the benefit of this transition becoming increasingly visible over the coming years. With this, I would like to hand over the call to

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Sansera Engineering

13 August 2026

our CFO, Mr. Vikas Goel.

Vikas Goel – CFO: Thank you, Preetham. Good morning, everyone. Let me now take you through our consolidated financial performance for the first quarter of FY27. For Q1 FY27, our consolidated performance reflected strong operational execution, with revenue momentum translating into improved profitability and a stronger margin profile. Within ADS, reported revenue of INR 1,454 million includes product sales, scrap sales, and tooling income. Prior-period figures have been restated for a like-to-like comparison, with details provided on slide 7 of the investor presentation.

Margin expansion was supported by operating leverage, disciplined cost absorption, and a more favorable product mix, which together helped offset inflationary pressures during the quarter. Operating expenses increased in absolute terms as revenue scaled and included a provision of INR 126 million for US import duty tariffs incurred in the previous year. These amounts remain recoverable as we speak, and efforts are underway to continue the process of recovering them. However, a provision was made based on the recovery risk assessment while we continue to pursue the recovery.

EBITDA for the quarter stood at INR 1,961 million, reflecting strong year-on-year growth of 48%. Profitability also improved, with EBITDA margin expanding by around 200 basis points to 19.2%, compared with 17.2% in the same quarter of the previous year. The quarter included an exceptional charge of INR 169 million toward settlement of a litigation matter in the US District Court. The matter was disclosed in our 2021 prospectus, and the settlement was completed without any admission of liability. The EBITDA numbers that I mentioned earlier exclude these exceptional items.

Other income stood at INR 134 million for the quarter, up around 15% year-on-year, primarily driven by higher forex gains during this period. Profit after tax stood at INR 874 million, up 39% year-on-year, with PAT margins improving to 8.6%. Excluding the exceptional item mentioned earlier and adjusting for the post-tax impact of INR 127 million, PAT for the quarter was INR 1,000 million. Our capex program will continue to be phased in line with customer validations, order visibility, and expected utilization. We remain focused on ensuring that new investments meet our internal return thresholds and support profitable and sustainable growth.

From a balance sheet perspective, our focus remains on maintaining financial discipline and funding growth-led capex. We continue to monitor working capital closely, particularly receivables and inventory, to ensure that growth is supported by healthy cash conversion. Overall, we remain confident about the medium-term growth outlook, supported by a diversified order pipeline, new capacity coming on stream, and a continued focus on margin, working capital, and capital efficiency. With this, we conclude our opening remarks and open the floor for Q&A.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and 1 on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and 2. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Siddharth Bera from Nomura Group. Please go ahead.

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Sansera Engineering

13 August 2026

Siddharth Bera – Nomura Group: Hi, sir. Thanks for the opportunity, and congratulations on a great set of numbers. Sir, my first question is on the ADS side. I think the presentation mentions that the order book is close to INR 45 billion, but you mentioned that it has gone up to INR 57 billion in the current quarter. Am I reading it correctly? If you can talk about the incremental orders, are they from existing customers, or have you added any new customers? With this order book, where do you see segment revenues in the next 3–4 years? That would be my first question.

B R Preetham – Executive Director & Group CEO: Thank you, Siddharth. I will start answering, and probably Hari will take it forward. Yes, in the normal course of business, we would not have mentioned this, but since this is one large order and this is from SEM, a semiconductor equipment manufacturer, this is also quite a significant milestone for us because this would...

Management: ...provide almost close to 75 million dollars' worth of annual business from this customer. So we thought it was appropriate to mention this order. On a 5-year basis, this would approximately translate to about 1,250 crores. That is what we have said: from INR 44 billion, it is going up to INR 56 billion or INR 57 billion. In the normal course of business, we keep getting very strong momentum from both Aerospace and SEM. Hari can add. Hari?

Hari: Yes, Siddharth, good morning. This is from our existing customer. It is from the semiconductor space. As Preetham said, this win happened after our normal cutoff date, which is July 1. This happened in the last couple of weeks. We are therefore very, very bullish, and the business with the customer, as Preetham said, will reach about 75 million dollars, or thereabouts, with this order alone. We are also working very actively to address further RFQs on the table in the same space as well as in the Aerospace division. Right now, it is 5,700 crores, executable by FY31.

Siddharth Bera – Nomura Group: Got it, sir. My second question is on the export side. We also saw very strong traction. I would assume that even outside the non-auto business, some of the ICE business also seems to be picking up quite sharply. Can you talk about some trends, both globally and domestically, on the ICE side? What is driving this growth, and how sustainable do you see the growth momentum being over the next few years?

Management {? Preetam ?}: We saw very healthy growth even in the off-road segment. We saw some good growth coming from the passenger vehicle segment in exports. Everybody is aware of the fact that the domestic two-wheeler industry and domestic passenger vehicle industry continue to surprise everyone. It is not only in Q1; we are seeing much stronger demand extending into Q2 as well. Since the festive season is distributed between Q2 and Q3, we expect to see strong momentum and demand in Q3 as well.

In fact, the demand is so strong that there is a lot of stress on the supply chain, both on the raw material and child parts fronts. We see a lot of capacity constraints, and interventions from customers are helping us get this material in time. However, when there is such huge demand coming from all the segments, there is stress on the supply chain and production. I see very strong demand visibility in both two-wheelers and passenger vehicles for at least the next 1–1.5 quarters. On exports, there is good traction in passenger vehicles as well as premium two-wheelers and off-road vehicles.

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Sansera Engineering

13 August 2026

We have also started deliveries into the energy segment to one of the key customers in North America. That should start generating sustained revenues from Q3. Overall, I see a very positive outlook going forward.

Hari: Just to add to what Preetam said, we have been talking for the last couple of years about a US facility for manufacturing connecting rods, which was a requirement of our OEM customers there. We have also been updating you that we are now waiting for certainty to return to the system because of all the tariff confusion. While that status quo remains the same, we are seeing increased momentum from customers to start sourcing more from Sansera India without waiting for us to start our operations in the US. We can see that trend as a stopgap arrangement, and it is also contributing to increased exports of our main premium product.

Siddharth Bera – Nomura Group: Understood, sir. My last question is to Vikas, sir. When you talk about this INR 129 million impact, is it included in the current EBITDA margin of 19.2%, or have we already excluded it from the other costs? Could you clarify that?

Vikas Goel – CFO: It is included there. It is considered a cost.

Siddharth Bera – Nomura Group: Okay, got it. Thanks a lot. I will come back in the queue.

Operator: Thank you. The next question is from the line of Chandramouli Muthirathnam from Goldman Sachs. Please go ahead.

Chandramouli Muthirathnam – Goldman Sachs: Hi, good morning, and thank you for taking my questions. My first question is around the order book again on ADS. You mentioned close to INR 57 billion as of the quarter date. I want to understand your capex planning and capacity expansion. You did mention that you are adding surface treatment capacity now. There is also a hangar coming on stream over the next 12–18 months, and you have mentioned in the past that you might look to add more greenfield facilities.

I want to understand what sort of asset turns we typically need to keep in mind before investing in incremental semiconductor capacity and how that looks in Aerospace as well. Does that have any implications for your annual capex plans over the next couple of years?

Hari: Let me try to answer this. This is Hari here, Chandramouli. In 3 buckets, the first is capex. In the current situation, capex is a parallel activity. It is a continuous activity based on what you invest today, with machine lead times of 7–8 months and sometimes up to 9 months. When you cut off at a particular point and check the peak revenue potential against the assets invested for a particular program, the ADS asset turns are very comfortably between 2 and 2.25.

Secondly, as far as infrastructure is concerned, what we are speaking about right now is a confirmed order book of 5,700 crores to be executed by FY31. That is not to say that this is the number we are targeting to reach. Orders are being negotiated, and conversions are at an advanced stage. We expect a lot of conversions to happen in Q2 and Q3.

Keeping in mind the projected business, in addition to the 80,000-square-foot hangar that Preetam spoke about, which is going to be commissioned in a month or two, we will start installing machines and commissioning and validating the lines with the customer's approval. The special

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Sansera Engineering

13 August 2026

process will also come on stream in a maximum of a month or two because the approval and certification process is underway.

We are also working on a build-to-suit facility not far from our existing location. We hope to conclude discussions in August and have that facility ready in about 10 months. That would add a further 100,000 square feet to our manufacturing space. The biggest advantage is that all of this will be within a vicinity of 500 meters.

Management {? Preetam ?}: To sum up what Hari was saying, our existing facility, with an extended hangar for Aerospace and SEM, should enable us to generate revenue from capacity worth between 1,400 and 1,500 crores. We are also shifting our defense business to have a more focused approach toward defense. This should enable us, over the next 5 years, to create capacity that can generate revenue of about 500 crores.

The new facility that Hari just spoke about, which will add about {? 110,000 square foot ?}, would also have capacity to generate another 1,500 crores. Overall, by FY31, our base plan, based on the current visibility, is to create facilities through which we can generate revenue of about 3,500 crores.

Chandramouli Muthirathnam – Goldman Sachs: Got it. That is helpful. My second question is around some of the comments highlighted in the presentation that you uploaded. While the company's top-line growth is north of 20% year-on-year, you have commented that you are looking to deliver high-teens top-line growth in FY27.

If I break it down between ADS and the rest of the business, in FY26 I think ADS was around 10% of total company revenue. If that possibly doubles in FY27 based on the guidance ranges you have mentioned, that itself possibly adds 10% to the overall company top line. Does that mean the rest of the business, the non-ADS business, which represented the remaining 90% of the business in FY26, will contribute around 7% or 8% top-line growth? I think you are running ahead of that year-to-date. I wanted to understand that dynamic a little better. Is the high-teens guidance for FY27 more of a baseline, or do you expect some moderation in the second half?

Management {? Preetam ?}: No, actually, at the beginning of the year, when we prepared our business plan, based on the projections from our customers, we thought we would end up delivering mid- to high-teens growth, more toward high-teens overall growth.

However, you are right that, given the sustained momentum in the two-wheeler and passenger vehicle industries, especially the domestic market, which is sustaining and looking quite strong for the coming quarter and the current quarter, as well as toward the festive season in Q3, I think our non-ADS business, with all other businesses put together, should easily be able to deliver mid-teens growth.

That is something we are working on. As the business evolves and the situation looks stronger month-on-month, it appears more possible that we will deliver mid-teens growth.

Chandramouli Muthirathnam – Goldman Sachs: If 90% of the business can deliver mid-teens growth, that might be a 12% or 13% contributor in FY27, and the remaining 10% possibly doubles,

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Sansera Engineering

13 August 2026

which would again be a 10% contributor. It should therefore be possible to deliver comfortably north of 20% if these trends sustain in FY27.

Management {? Preetam ?}: I think if the business continues to grow the way it is doing now, there is a good possibility that we should be looking at overall revenue growth between high-teens and 20%.

Chandramouli Muthirathnam – Goldman Sachs: Got it. I have no more questions. I will jump back in the queue. Thank you very much, and all the best.

Operator: Thank you. The next question is from the line of Mukesh Saraf from Avendus Spark. Please go ahead.

Mukesh Saraf – Avendus Spark: Hi, sir, and good morning. Thank you for the opportunity. My first question is on the quarter's performance. Can you give us some trends on how material costs have evolved, how pricing pass-throughs have happened so far, and what we can expect over the next couple of quarters in terms of pricing?

Vikas Goel – CFO: Mukesh, we have seen an increase in material costs, though not a very substantial increase. It has primarily happened in aluminum and in some small portion of our total material consumption. On some consumables, we have also seen exceptionally high inflation, which has impacted us to some extent.

As far as steel pricing is concerned, we see limited inflation, and we are engaging with our customers for a pass-through, which is currently in process and has not yet translated. We also have some cushion from our higher export revenue due to forex movement. Some cushion, or perhaps short-term respite, has come from that. However, we continue to engage with our customers for a pass-on, but the material impact has yet to materialize.

Management {? Preetam ?}: As Vikas said, we continue to engage with our customers to obtain compensation for tooling and higher labor costs, which have impacted us, especially at the northern plant.

Management: I think this is work in progress, but none of that has come into the balance sheet or the P&L yet in the first quarter.

Mukesh Saraf – Avendus Spark: Got it. So, continuing with that, we have seen our gross margins expand in Q1 vis-à-vis Q4. Does that mean this is entirely a mix impact and that we have not received any pass-through anywhere?

Management: No, it is a mix impact plus forex, because of the...

Mukesh Saraf – Avendus Spark: Got it. My second question is again on the ICE expansion itself. We had spoken about Pantnagar non-crankshaft and expanding Plant 6 there, as well as Manesar Plant 4. Could you give some sense of whether this is because OEMs are expanding their capacity and we are receiving a commensurate wallet share, or whether we are seeing an increase in market share and are therefore expanding these crankshaft machining facilities? It would be interesting to understand how the ICE business itself could perform for you over the next couple of years, given

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Sansera Engineering

13 August 2026

the way you are expanding capacity.

Management: I will answer first, and then Rahul will take it forward. Basically, this is definitely the result of higher outsourcing opportunities among two-wheeler OEMs that are looking to outsource crankshaft facilities. That is something we have focused on.

The second point is that crankshafts and connecting rods are one of our areas of expertise. We have been producing crankshaft and connecting rod components right from forging, so this is expertise that we have developed. On passenger vehicles as well, we have received some very strong indications of capacity expansion. I will hand it over to Rahul, who will explain in a little more detail about Pantnagar and Manesar.

Rahul: On the Pantnagar facility, as we informed you earlier, we are expanding a special crankshaft facility. It is an automated facility, especially for two-wheelers. This is mainly because of a substantial increase in demand from a couple of customers that are South-based two-wheeler manufacturers.

We are also likely to have opportunities for OEM outsourcing coming to us. This is mainly dominated by crankshafts at the northern facility, but crankshafts also require connecting rods, which are being manufactured at our Bangalore facilities. Of course, Maruti and four-wheeler volumes at all OEMs are pushing us to increase demand for this capacity.

It is not only machining; we are expanding the forging facility at Pantnagar as well as all secondary operations, including heat treatment. Therefore, across auto ICE, we are expanding both. This is predominantly happening today at the northern plants, but as a consequence of crankshaft volumes increasing, connecting rods are also increasing at the Bangalore facilities.

As I mentioned in my initial remarks, we are also building a new multistory-type building at Plant 2. That is also part of this expansion.

Mukesh Saraf – Avendus Spark: Got it. Lastly, did you give an updated capex number for the company this year, considering this expansion and the new order book?

Management: No, we have not. As I said earlier, we gave an overall plan during our Q4 call, but we have not updated that number since then. As we said, with the new ADS facility, we continue to evaluate our capex plans.

Mukesh Saraf – Avendus Spark: Got it. Thanks a lot. I will get back in the queue.

Operator: Thank you. The next question is from the line of Mahesh Bendre from LIC Mutual Fund. Please go ahead.

Mahesh Bendre – LIC Mutual Fund: Sir, my questions have been answered. Thank you so much.

Operator: Thank you. The next question is from the line of Shashank Kanodia from ICICI Securities. Please go ahead.

Shashank Kanodia – ICICI Securities: Thank you, team, and congratulations on a superlative performance. On the top-line front, given that we have an executable order book over a 2-year

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Sansera Engineering

13 August 2026

timeframe in the non-ADS business, and the ADS business is doubling this year and will double over the next 2 years, would it be prudent to assume that we could deliver in excess of 20% top-line growth from FY26 to FY29?

Management: I can answer only for the current year. As I said, we would be very close to high-teens to 20% growth, considering that our growth in ADS will be about 75-80% and that there is momentum in this business.

We expect strong customer engagement and indications regarding capacity because we have been engaging with most of the large OEMs. Since Sansera is a fully integrated facility, any expansion, especially in auto, including expansion in forging, heat treatment, and all such facilities, will take anywhere between 18 and 24 months.

Therefore, we need to have a 2-year view from customers if we have to expand meaningfully. We are engaged with them and are putting our plans in place. It is too early for me to say whether we will deliver 20% plus over the next 2-3 years, but we expect strong momentum to continue.

Shashank Kanodia – ICICI Securities: But, sir, the base order book or execution timeline remains unchanged, with this order book representing peak revenue over the next 2 years, right? That understanding remains unchanged.

Management: Yes, that understanding remains unchanged.

Shashank Kanodia – ICICI Securities: Secondly, on the margins front, adjusting for the provision made this quarter, adjusted margin is 20.4%, and our endeavor has been to reach the 20% margin mark. How should we view the margin trajectory, given the increasing share of ADS as a segment? Is 22-25% a new benchmark that we will be targeting internally, or is the 20% range something the company would be comfortable with?

Management: This quarter could be slightly more elevated because we had almost 40% of revenue coming from international revenue, and we had a very strong mix advantage, currency advantage, and so on. Otherwise, at the beginning of the year, we maintained that our overall margin last year was 18.1% and that we would be happier if we were able to move toward 19%.

While the first quarter has been very strong, I do not want to give a number that may not be achieved. We are very aspirational and are working toward achieving our 20-20-20 targets, but I would still maintain that we would like to achieve, and perhaps slightly overachieve, the guidance that I gave at the beginning of the year.

Management: Our endeavor is to sustain this margin level and focus on growth while sustaining the margin. That is the philosophy we are working with.

Shashank Kanodia – ICICI Securities: Sir, is it possible for you to share the differential margins that you earn from ADS? As the base business is expanding at 17-18% margins, what could ADS as a segment deliver or earn?

Management: Our exports business and ADS business definitely come with a higher margin profile compared with our domestic business. As I said during our previous commentary, we are targeting,

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Sansera Engineering

13 August 2026

or operating, between 25% and 30% EBITDA margins in both these sectors.

As we improve our capacity utilization, the numbers should move toward the higher end, north of the high 20s. I do not want to put a specific figure to it, but this would definitely be between 25% and 30% margins.

Shashank Kanodia – ICICI Securities: Thank you, sir, and I wish you all the best.

Management: Thank you.

Operator: Thank you. Ladies and gentlemen, to ensure that the management is able to address questions from all participants in the conference, please limit your questions to 2 per participant. The next question is from the line of Suraj Malu from Katamar. Please go ahead.

Suraj Malu – Katamar: Thank you very much, sir, for this opportunity. I have 2 questions. First, in the motorcycle segment, revenue growth has been in the range of 7–10% year-on-year for the last 3 quarters, whereas industry volume for motorcycles has been 17–18%. Can you help reconcile these numbers? Have we lost wallet share with any customers, or how should we understand this?

My second question is on the passenger vehicle segment. Are we still maintaining the same wallet share with Maruti, or has that reduced?

Management: No, we have not lost any wallet share with any customers. In fact, we have been increasing it with TVS as well as Yamaha and Suzuki. I do not see any reason why, while comparing the industry numbers, there should be a difference, because our representation is in revenue. There could be some gap between the two. Otherwise, we have been doing well and have grown well.

I would need to check our exact motorcycle numbers, but we have not lost anything. In fact, we have gained market share. Regarding Maruti, we have been gaining market share. The projections from them also remain strong. They remain one of our top customers in terms of engagement, and even for the next couple of years we see very strong momentum from them for the components we supply.

We supply almost 75% of their volumes.

Management: Our motorcycle business has probably grown by about 12.5%. Those are our numbers, but we could reconfirm them. We can have an offline discussion and correct them if necessary.

Suraj Malu – Katamar: Sure, sir. Thank you.

Management: Thank you.

Operator: Thank you. The next question is from the line of Mumuksh Mandlesha from Anand Rathi Institutional Equities. Please go ahead.

Mumuksh Mandlesha – Anand Rathi: Thank you, sir, for the opportunity, and congratulations on the result and the new order wins in the ADS segment. Firstly, on the defense side, what will be our approach toward this opportunity? How much capex do we plan to invest in this new plant, and what will be the timeline for the plant? What kind of business opportunity do we see? Will it be

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Sansera Engineering

13 August 2026

forging and machining, and will we be more of a Tier 1 or Tier 2 player? Could you provide more detail on this opportunity?

Management: Let me lay out what we actually do and aspire to do in the defense sector. Our offering today is precision-machined components for applications in defense areas. We supply small-batch quantities to ISRO and HAL, and we do some exports to companies in Israel.

Now we want to take our offering to the next level. We are looking at closing some large order wins in the defense space for customers outside India, mainly in Europe. That is the conversation we are having. Along with that, we are also sure and very clear that we are going to enter sheet metal as an additional offering.

That can be for both defense and aerospace because we strongly believe that, with sheet metal capability, our packages will tilt significantly in our favor, purely because of our ability to address more components that we currently have to forego. With the in-house special process facility we have, I think this will translate into a significant advantage in how customers view us.

The new defense facility we are discussing is going to increase our machining offerings to a larger number of customers and also pave the way for our entry into sheet metal, first through defense, which will also be used for aerospace applications. We expect to make significant progress in this financial year in terms of facility creation and order wins. We will keep you updated.

Mumuksh Mandlesha – Anand Rathi: Got it, sir. Great to hear this. Secondly, in this quarter I could see new order wins of around 88 crores in EV CV and 75 crores in two-wheelers. Can you share more about these new order wins in this quarter?

Management: No, this is the normal course of business. I do not think we have the details. We have 87 customers and are engaged with many of them, and these are normal-course-of-business order wins. The only exception is the ADS order, where we mentioned that we received a very large order from {? [unclear] ?}. Otherwise, these are normal-course-of-business orders.

Mumuksh Mandlesha – Anand Rathi: Got it, sir. Regarding the same new order win, I want to understand what the timeline for execution of this new...

Management: 20 billion, sir. In our machining business, especially ultra-high-precision machining, the significant or defining lead time is the arrival of the mother machine. Taking that into account, we would start seeing significant revenues from this new order in calendar year 2027, and it will peak in calendar year 2029.

Mumuksh Mandlesha – Anand Rathi: Got it, sir. Thank you. Thank you so much for the answer.

Operator: Thank you. The next question is from the line of Varinder Bansal from Omkara Capital Private Limited. Please go ahead.

Varinder Bansal – Omkara Capital Private Limited: Thank you, everyone, for giving me the chance. My simple question is this: In the last conference call, I think you mentioned that revenue could reach 8,000–9,000 crores in the next 2–4 years. Do we still stand by that, or do we expect to increase it?

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Sansera Engineering

13 August 2026

Management: No, not in 2–4 years. We have not spoken about 2–4 years. Probably what we said was that, by the end of the decade, we would have an opportunity to look at overall revenue of about 8,000–9,000 crores. That is the plan with which we are working to create facilities capable of addressing that market.

We are still very optimistic that the numbers we are looking at can be achieved. Of course, this would primarily also be driven by our non-auto business, which is ADS. We also have significant outsourcing opportunities, especially in the export market in the auto segment, both in EV and ICE hybrid platforms. All of this together creates opportunities for us to reach these numbers by the end of the decade, say FY31.

Varinder Bansal – Omkara Capital Private Limited: Okay, got it. My second and last question is that we are already achieving around 600 crores of sales as a run rate from the ADS segment, and the unexecuted order book you mentioned is around 5,700 crores. Can we safely say that this number could reach 1,500 crores next year? Also, with all the capacities we are putting in place and intend to put in place, is a fundraise required?

Management: First, it is not going to reach 1,500 crores of revenue next year. There will be a progression, and depending on commissioning, as I said, at this point 5,700 crores is mandatorily executable, or has to be executed, by FY31. There will undoubtedly be a significant ramp-up, but reaching 1,500 crores next year is not part of our plan.

Management: The second point is that there is a process of validation and machine commissioning. While there are orders and opportunities and facilities are being created, the nature of the components we produce requires that kind of lead time for development and validation, so it will take time.

We expect to continue with a similar momentum in execution next year as well. We will be able to provide exact numbers or guidance toward the end of this year, depending on the status of our plant, the status of validation, and many other factors. I think we will be very close to that by the end of this year.

As far as our fundraise requirements are concerned, we currently monitor our cash flows closely, and we do not think it is necessary at this moment to consider any additional fundraise. We are comfortable with our cash flows and are able to fund these investments. Having said that, we are also looking at some good opportunities that could potentially arise. We will continue to monitor those situations on a month-on-month and quarter-on-quarter basis and take an appropriate decision if we need to consider a fundraise at some point.

Management: In the meantime, our balance sheet is strong enough to fund any of these investments through leverage, which is currently at a very low level.

Varinder Bansal – Omkara Capital Private Limited: So everything we do will be organic, right? We are not considering any inorganic plans?

Management: The current projections and business updates that we have given consider only organic growth. However, we keep our ears and eyes open for opportunities across the segments,

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Sansera Engineering

13 August 2026

especially in non-auto, and those opportunities interest us. We continue to evaluate them, and if anything appropriate comes our way, we will definitely consider it.

Varinder Bansal – Omkara Capital Private Limited: If I may ask one last question, sir, we have beautifully pivoted our business model from a forging company to ADS. Is there anything else? I know our plate is already very full, but is there any other segment that you foresee could be another area of focus for Sansera over the next 2, 3, or 4 years?

Management: We have already said that non-automotive is one of our prime areas of focus. Non-automotive includes, but is not limited to, aerospace and defense, industrial, and the power sector. There are many such opportunities.

Varinder Bansal – Omkara Capital Private Limited: Thank you so much, sir. I was asking about new opportunities apart from ADS that we are exploring over the next 2–5 years.

Management: You did not hear what I said? I kept talking. Sorry. There are many growth prospects that we are looking at outside ADS, especially in aerospace and defense, industrial, and the power sector.

Power is an area in which we are very interested, both in transmission and storage. We also think that, going forward, humanoids, as a few of our peers have already said, will be a significant opportunity. We will continue working on how to enter that segment. These are some of the segments we are interested in, and we are keenly evaluating how to expand our presence in them.

Varinder Bansal – Omkara Capital Private Limited: Thank you, sir. All the best. I am a very proud shareholder. Thank you.

Management: Thank you. Thank you very much.

Operator: Thank you. The next question is from the line of Shridhar Kallani from Antique Stock Broking. Please go ahead.

Shridhar Kallani – Antique Stock Broking: Thank you for the opportunity, sir. Congratulations on the great set of numbers. Most of my questions have been answered. I wanted to understand something you mentioned in your opening remarks about entering large and more complex precision components. Which systems or subsystems are we exactly targeting? In earlier conference calls, you mentioned that Sansera had entered the turbine blisk opportunity. Is there any progress on that front? Have we received any order or confirmation that could be expected in the near term? That is my first question.

Management: I will leave this to Harish to answer.

Harish: In the last earnings call, we announced that we had just about secured this very prestigious in-house order to work on a blisk opportunity. The update I have today is that we have made significant progress in getting ready to start machining. There were a lot of other activities involved. We are now progressing within the stipulated timelines, and we should have our first samples ready for the customer in a month's time from now.

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Sansera Engineering

13 August 2026

Management: To add to what Harish said, we have now commissioned a large-sized special process facility that can accommodate components of up to 4 meters, and we already had the machining facility for that. We have five-axis machining capabilities and multiple types of five-axis machining. When I say five-axis, there are several ways of carrying out five-axis machining.

If people have visited our facilities, they will know that we have around 10 different types of five-axis machining. We are now looking at more and more semi components in both defense and aerospace, including more complex parts such as parts related to door assemblies, fuselage, structural parts, and seating elements.

There are several such opportunities that are now available and that we are working on. This also means that we are moving up the value chain in the system. With the new facility, we hope to obtain NADCAP and customer approvals for this special process within this quarter. This will not only add capability but will also reduce the lead time for development and supplies and will be margin-accretive for us.

Shridhar Kallani – Antique Stock Broking: Got it. Thank you, sir. My second question is with respect to the Sweden business...

Operator: Sorry to interrupt, Mr. Kallani. May we request you to return to the question queue for a follow-up question?

Operator: Thank you. The next question is from the line of Sajal Kapoor from Anti-Fragile Thinking. Please go ahead.

Sajal Kapoor – Anti-Fragile Thinking: Hi, thanks. I have 2 questions. First, as you move from one complex program to another, how much of the learning is reusable rather than having to solve each problem or each program largely on its own?

Management: When we say that, especially in automotive, it is progressive learning. We keep using the knowledge from each crankshaft and connecting rod that we make, and that knowledge expands into other areas.

In ADS, it is slightly different because the nature of the products we deal with will be different with every package. However, conceptually, when we say that, we are referring to the fact that, for example, we spoke today about a blisk that we are trying to develop, and there is a lot of knowledge gained from that kind of machining.

We are also now machining monocrystalline components. We have been given an opportunity to machine these components, and we are gaining significant knowledge from trying to machine them. This is something we have never done before because it involves a single crystal that is expanded and does not have the same characteristics. This is something new that we have learned.

Conceptually, when we produce such components, we gain a great deal of learning that can be carried forward. It is definitely transferable from one package to another.

Sajal Kapoor – Anti-Fragile Thinking: Perfect. My second question is, when you have a choice between putting the next rupee into the existing business and funding the next ADS or non-ICE

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Sansera Engineering

13 August 2026

opportunity, what makes you say yes to one opportunity and no to the other?

Management: The return ratios and the long-term strategy are 2 of the factors that we keep in mind when deciding where to put the money. First of all, the opportunity should fit within our requirements. We have a committee that reviews and recommends on each of these quotations when we decide and quote.

Return ratios are very important. However, the nature of the business and its future prospects will take precedence over the return ratio if there is a challenge in the return ratio. Generally, that is something we keep in mind when making a decision.

Having said that, while aerospace, defense, and semiconductor are presenting us with a large opportunity, please understand that we are growing on a very large automotive base. We are still growing at healthy, double-digit rates. This means that we are still able to generate a lot of interest from our customers. All these factors are translating into a strong order book.

Sajal Kapoor – Anti-Fragile Thinking: Thank you so much, sir. That is all.

Operator: Thank you. The next question is from the line of Anirudh Shetty from Solidarity Investment Managers. Please go ahead.

Anirudh Shetty – Solidarity Investment Managers: Hi, thank you for the opportunity, and many congratulations to the team on a consistently strong performance over time. I am a very happy shareholder.

My first question is about our aspiration for the ADS segment. It is benefiting from significant tailwinds, and our aspiration is to take it to 1,300 crores by 2030. What are some of the risks here? In particular, we have seen one of our customers go through a difficult period in the past. Going forward, what do you think could go wrong in the ADS segment and push this growth target further into the future? Are there any significant products that you feel might reach end-of-life in the foreseeable future?

Management: If you bifurcate ADS into Aerospace and semiconductor, we see significantly less risk in Aerospace today. The ultimate customers are Boeing and Airbus. We are entering an increasing number of programs, and aircraft order backlogs are increasing month-on-month as we speak.

Per se, the risk would be that, God forbid, something catastrophic like what happened to Boeing about 6 years ago occurs. If nothing of that kind happens, I think we are in a good position in Aerospace.

In the semiconductor industry, as everybody is well aware, the current boom is largely driven by AI demand. AI demand and data centers are resulting in a massive surge in demand for chips, which in turn translates into demand for equipment.

Based on feedback from the industry, and as we are constantly in touch with our customer to understand demand patterns and forecasts, it appears that they are very busy and do not expect to be able to meet demand until FY29-FY30. That is the short-term and immediate forecast for the future. The risk for semiconductors is what I have outlined, while Aerospace presents much less risk.

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Sansera Engineering

13 August 2026

I do not know whether that answers your question.

Anirudh Shetty – Solidarity Investment Managers: It is very helpful. To be clear, there are no large components or products that you are supplying today that might reach end-of-life over the next few years or need to be substituted?

Management: We are not currently in production of anything in the ADS business where a significant portion is going to reach end-of-life.

Anirudh Shetty – Solidarity Investment Managers: Got it. My final question is about the defense segment, where there is now a lot of new confidence, and you explained why. Is the 500 crores of sales part of the vision of what you want to achieve by 2031 within the 8,000–9,000 crores, or could it be upside to that number?

Management: Everything is part of what we discuss. We do not break it down in that manner. When we say the confirmed pending order backlog for revenue today is 5,700 crores up to FY31, that includes Aerospace, semiconductor, and defense. Going forward, any future wins in this business will be added to the 5,700–crore bucket. It is all put together when we discuss that number.

Anirudh Shetty – Solidarity Investment Managers: Perfect. Thank you so much for answering my questions.

Management: Thank you. Thank you.

Operator: Ladies and gentlemen, due to time constraints, that was the last question for today. I would now like to hand over the conference to the management for closing remarks.

Management: Thank you very much, and we are sorry for the inconvenience caused by the disconnection. We thank all of you for your patience and confidence in us. With a very positive outlook, we expect the coming quarters to be much stronger compared with this quarter.

We will put in our best efforts to ensure that we live up to expectations, both in the auto and ADS segments. We also invite you to visit us, probably around October, when our new hangar is ready and the special process facility is fully operational. We will then be able to demonstrate these capabilities. Thank you very much.

Operator: Thank you. On behalf of Sansera Engineering Ltd., that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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