



“Sansera Engineering Limited
Q1 FY '26 Earnings Conference Call”
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**MANAGEMENT: MR. B.R. PREETHAM – EXECUTIVE DIRECTOR AND
GROUP CHIEF EXECUTIVE OFFICER – SANSERA
ENGINEERING LIMITED
MR. VIKAS GOEL – CHIEF FINANCIAL OFFICER –
SANSERA ENGINEERING LIMITED
MR. HARI KRISHNAN – CHIEF EXECUTIVE OFFICER --
ADS DIVISION – SANSERA ENGINEERING LIMITED
MR. PRAVEEN CHAUHAN – HEAD CORPORATE
STRATEGY – SANSERA ENGINEERING LIMITED
MR. RAHUL KALE – CHIEF OPERATING OFFICER --
SANSERA ENGINEERING LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Sansera Engineering Limited Q1 FY '26 Earnings Conference Call. This conference may contain forward-looking statements about the company, which are based on the beliefs, opinions, and expectations of the company as on the date of this call. These statements are not guarantees of future performance and involves risks and uncertainties that are difficult to predict.

As a reminder all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star and then zero 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.

B. R. Preetham: Thank you, ma'am. Good morning, and welcome to everyone. Thanks for joining this call. On this call, I'm joined by our CFO, Mr. Vikas Goel; our CEO of our AGS Division, Mr. Hari Krishnan; Head of our Corporate Strategy, Mr. Praveen Chauhan; and our COO, Mr. Rahul Kale; and of course, our Investor Relations advisers, the SGA team. The results and the presentation are uploaded on the Stock Exchange and the company website. I hope everybody has had a chance to look at them.

For quarter 1 of FY '26, Sansera delivered a top line growth of 3% on a year-on-year basis, while maintaining a disciplined and healthy margin structure. Our EBITDA margins stood at 17.2% and the PAT margin at 8.2%. We are facing multiple headwinds in both domestic and global markets in this quarter, which slowed down our growth momentum. However, despite that, our performance has been good and in line with the overall industry.

These challenges are expected to be short term in nature and should be resolved in the coming quarters. With our diversified portfolio in terms of segments, geographies, customers, product range, we remain well positioned to navigate this temporary disruption and continue delivering profitable growth.

In line with that, our domestic business recorded a revenue growth of around 4% on a year-on-year basis. The growth was primarily driven by the healthy performance across multiple segments, namely PV, CV, ADS, agriculture, and industrial applications. However, 3 and 2-wheelers delivered muted performance.

The primary impact was due to a decline in 2-wheeler scooter sales, whereas 2-wheeler motorcycles category continues to thrive and deliver positive performance. We witnessed, like the industry, strong rural demand for the entry-level bikes and healthy urban demand for the premium motorcycles, which are above 200 cc.

Turning to the non-automotive segment. The domestic business delivered positive growth, primarily driven by agriculture and other non-auto segments. xEV and tech agnostic remained resilient for the domestic market as well.

Our international business witnessed slowness in this quarter. Exports from India, excluding ADS, declined by 20.6% due to global uncertainties. However, our Europe business grew by

about 3.5%. This was primarily due to our Swedish business, which grew by over 80% on a year-on-year basis because of the low base effect of Sweden. And revenues from other countries delivered a healthy growth of 11%.

Sweden business delivered its highest ever quarterly sales of INR637 million, an exceptional year-on-year growth of 80%, but on a low base. This growth was achieved due to pricing and volume improvement with the key customer. We expect this momentum to stabilize from quarter 3 of FY '26 and remain at similar levels thereafter.

Most segments were impacted by the slowdown in the US exports, particularly the passenger vehicles, xEVs and non-auto categories. However, ADS and premium 2-wheeler motorcycles continued to demonstrate resilience.

Now coming to our order book. As of June 2025, our order book stood at INR20,243 million with more than 60% of orders coming from the international orders. We added INR1,732 million worth of new orders during the quarter, mainly from the ADS segment, followed by the xEV and tech agnostic, and lastly, ICE orders. The new order wins are exactly in the direction of our long-term vision and our growth strategy.

The recent increase in US tariff on Indian exports has created significant uncertainty for various companies across sectors. In this uncertain environment, we have a cautious near-term outlook for exports. That said, we remain confident in our position as a company with strong engineering capability, diversified product portfolio and decades of experience in this industry. We are focused on continuously outperforming the Indian auto industry and delivering accelerated growth in the non-auto division. ADS remains the primary growth driver for non-auto business segment over the long term.

Lastly, I would like to share that our Bidadi plant at Karnataka has been awarded the Platinum rating by the Indian Green Building Council, demonstrating our commitment towards sustainability and environmental responsibility.

With this, I would like to hand over the call to our CFO, Mr. Vikas Goel, who will take further.

Vikas Goel:

Thank you, Preetham. Good morning, everyone. I will share with you a brief about the consolidated financial performance of the company during Q1 of FY '26. Our revenue increased by 3% on a year-on-year basis, reaching INR7,663 million as against INR7,439 million in Q1 of the last year, which is reflective of the diversification approach that the company has taken. And despite difficult circumstances across the markets, we are able to maintain the growth momentum.

Our EBITDA for the quarter stood at INR1,321 million with a margin -- at a margin of 17.2%, which is a growth of 10 basis points on a year-on-year basis and sequentially about 90 basis points. We remain committed to cost optimization in this environment when the macro environment is very volatile and beyond our control. So we remain focused in terms of managing our profitability in a manner which is more sustainable.

The depreciation and amortization expenses stood at INR476 million. The gross finance cost for the quarter stood at INR104 million. On a net basis, we also booked some interest income during the quarter. Net basis, we had an interest cost of about INR36 million, which is significantly lower than the previous year. And this has also resulted in a healthy PAT margin profile at 8.2%.

In absolute terms, the profit after tax was INR630 million with a year-on-year growth of 26%. Our operating cash flow net of tax continues to be healthy and stood at INR962 million, which is 13% of the operating revenue.

With that, we would like to conclude this briefing and open the house for question and answers.

B. R. Preetham: Thank you, Vikas.

Moderator: The first question is from the line of Mumuksh Mandlesha from Anand Rathi Institutional Equities.

Mumuksh Mandlesha: Congrats on the healthy margin performance. Sir, firstly, can you just update on the new orders of INR170 crores, which mainly came from ADS segment? Just want to understand what kind of orders are being added for sir?

B. R. Preetham: No. Actually, out of this, about 25% has come from ADS, 10% from xEV, 9% from tech agnostic, 30% from PV - CV and 15% from the 2-wheeler segment. So in the ADS, primarily, we would have both in terms of our order inflows, it is equally between aerospace and semiconductors. We are seeing here is very high value-added products now getting added to the product portfolio.

Unlike the earlier times, now because of our track record and also that our focus on high value-added components, we have actually added a lot of capability in terms of taking our product sizes up to 4 meters on Y axis, along with very, very intricate special capability on machining.

So these are resulting in high value-added components today compared to what we were getting earlier where the number of parts were more per order and the value per each part was lower. Today, we are getting much bigger components, much intricate where the order sizes have become much bigger, larger, but then the number of components have come down. So this is true in both the cases, both in terms of aerospace as well as semicon.

Mumuksh Mandlesha: Yes. I just also want to understand incrementally this quarter, can you share what kind of new orders win has happened?

B. R. Preetham: I didn't get the question again.

Mumuksh Mandlesha: I mean in Q1, around Q1 versus Q4, there's an increase in the order book. And I just want to understand what are the new orders won this quarter, sir?

B. R. Preetham: Yes. I mean I gave you the breakup of the segment. We have received orders from -- our largest order was from our semicon customer. Then from -- also, we have got one new customer added, which is from a US-based tractor manufacturer. Then we have from our regular Collins

Aerospace, who have been our customer for a long time, we have received orders from them as well.

Of course, we have got further orders from our largest EV manufacturer based out of North America. So it's been a mix of both xEV and technology agnostic components in auto segment plus the ADS. Of course, there are some of the defense orders we have received even from the company in Israel. So it's been a mix of all this. These are amounting to about INR173 crores as we have declared, INR1,731 million, peak annual revenue. This is the addition to the first quarter business.

Mumuksh Mandlesha: Got it, sir. And sir, for this year, a target of ADS reaching to INR280 crores to INR300 crores revenue in FY '26 remains intact, sir?

Hari Krishnan: Well, this is Hari here. As things stand today, yes, we look like we will reach what we have indicated.

B. R. Preetham: Basically, we do not see any kind of slowdown in the ADS segment. In fact, the ADS segment, the pressure to accelerate the delivery and finish our FAIs are significantly high. So we are working on matching both the FAI development programs as well as bringing them on to the thing.

So currently, as it stands today, our order book and our certainty on volume from the customers has not changed anything. So we expect that as we have indicated, we would want to double our revenue from the past year and try and reach about INR280 crores to INR300 crores. This is what I have indicated in the previous con call. And we are on a path to reach that. There is no change in -- none of these have -- currently, whatever is the development that you are seeing, they don't seem to have any impact on ADS business as of now, yes.

Mumuksh Mandlesha: Got it, sir. And sir, in this Q1 quarter, scooters and tractors have seen a decline. I'm assuming mainly, sir, this would be for domestic market. Any reason why we have seen a decline, while last 1 year has been very good for both of the segments, sir?

B. R. Preetham No, I think it is the overall market trend. So -- and both these segments, scooters as well as electric is not a very big segment for us. Of course, scooter constitute about 6% to 7% of our overall revenues. So we see that it's not -- it's I think a temporary phenomenon. I don't see this as the thing. It could be a one-off in this quarter. So we expect that the 2-wheeler market to be resilient and doing well in the coming quarters in domestic.

Mumuksh Mandlesha: Got it, sir. And sir, lastly, sir, for the Sweden has seen a very good margin this quarter. Just want to understand what kind of margins we should see for the full year? And also growth has been very strong. So what kind of a growth number we can expect for this year from the earlier guidance of 15% to 20% growth we had talked about, sir?

Vikas Goel: Yes. So we are -- the growth that we see in Q1 is basically because of a lower base in last year. But overall, if you look at full year, we should be achieving a 20% plus growth in Sweden business on a full year basis.

The margin profile will also be substantially better than what we had last year, and this is basically on back of a host of factors, including the volume increases, the better capacity utilization, and some automation that we are currently in the process of implementing, which will start reflecting through the second half of this year. So overall, we should have a double-digit margin on a full year basis, which we also achieved during the Q1. So we expect to maintain that as we move forward.

Moderator: The next question is from the line of Kapil Singh from Nomura.

Kapil Singh: Congratulations on a good performance in a tough quarter. My first question was on margins. We have seen a pretty strong improvement in gross margins, the raw material to sales. And this was a quarter where you had a lot of headwinds, like rupee had appreciated a bit and steel price and also export mix was down and possibly some tariff impact as well. So could you just explain the dynamics here of how you were able to achieve this improvement? And what was the impact of each of the elements that might have affected the margins?

B. R. Preetham: I just will take the first half of the question and Vikas will take it over. Currently, Kapil, we don't have any impact on our business. Currently, we have been able to pass on all the impact of the tariff to the customers. So we haven't had any negative impact on to the -- very minor if it is there because all our customers have actually committed that the tariff would be passed on. Most of them, I would say, not all.

So most of them have committed all major customers. And a few of them have said that we will compute and come back to you. But we do not expect any major impact on our business because of tariff currently. I mean, on a long term and mid-term, one needs to see how things will change, but currently, it does not have any impact.

Of course, our Swedish business has been benefited with higher capacity utilization and also the price correction, which we have received from our Swedish customer because there have been a lot pending activities, which has been recognized and there has been a price correction that has come.

So with this -- both this impact, the Swedish business have contributed positively. In fact, our other subsidiary, Fitwel Tools, also has done well and their growth has also been very strong. So these are some of the factors. And operationally, we have taken a lot of initiatives in trying to optimize our capacity utilization, trying to optimize our manpower utilization. So these are some of the impacts that you would see. But I will leave it to Vikas to add to how he has seen the improvement in gross margin.

Vikas Goel: Yes, pretty much on similar lines, but I'll just give it a little more elaboration. So Sweden, we had 80% growth year-on-year if you were comparing against last year in the revenue. And on top of that, we had a 4% improvement in the gross margin. So that volume growth plus the higher margin directly adds into the overall consolidated results.

On top of that, Fitwel had a 21% growth year-on-year and maintaining their gross margins. So that also helped. In addition to this, we had -- we have been working on certain initiatives in terms of raw material yield improvements and certain other initiatives, which have started

showing during last year itself. And when you compare against the Q1 of last year, it shows a marked improvement. And on top of that, the increased mix of ADS in the overall scheme of things.

So these are some of the factors. And then minor update here. Preetham mentioned about the tariff. We have booked some tariff costs during the quarter. While the customers have agreed to reimburse it, we are still awaiting the final receipt of money then we will reverse it from the cost. So currently, it's a small cost, but it still sits in our P&L.

Kapil Singh:

Sure, sir. I mean I just was observing that this is the best gross margin we have delivered on a quarterly basis. So congratulations for that. On the tariff, sir, if you could just give what is the current situation because we've had an increase in tariffs recently. So is the export further affected or is it -- both in terms of revenues and order inflows, is uncertainty affecting performance further compared to the first quarter?

B. R. Preetham:

Very, very initial phase, customers have not indicated any kind of change in the schedule as of now compared to what it was, Kapil. But I think if this continues to stay like this, we don't expect this to be continuing to stay like this. I'm sure all the sites and the government are working towards resolving this and that is what is the hope that before the end of the quarter, everything seems to be -- seems to get sorted out.

I mean, at least from our discussions with all our major customers, we just came back, me and my colleague, Hari Krishnan:, we were on 8- 10 days trip to US to meet all the customers and also take their inputs and views on how things are looking and what is their expectation. So they don't seem to be really worried at the moment because when we were there, it was at 25%, 50% came later after we reach back India.

So they don't seem to be overly worried about tariff situation on India. They seems to be -- in fact, the more concern, what we understood was on -- RVC, which is residual value content, which is currently I think is at 65% on the USMCA region, which means that all the value addition that they expect on a vehicle level to achieve 65% from the USMCA region. That seems to be more focused because they expect that to go up, and there are indications that it might be kind of looking at between 75% and 80% over the time. So that is where they are more focused on, tariff is a smaller issue and they think that it is a short term market shutter.

Kapil Singh:

Okay. One small query from the presentation. On Slide 4, we have mentioned that we expect the Swedish subsidiary to stabilize from 3Q FY '26. So is there a further ramp-up in revenues expected from 1Q levels? If you could give some color as to what's happening there?

B. R. Preetham:

Yes. Actually, basically, Q2 is always slightly a muted quarter there in -- because of the summer holidays that would come for a month's time. So we would see a good amount of stabilization in Q3. That is why the comment on stabilization happening on Q3. And by the end of Q2, we would also expect our automation to be fully in place, which means there is further cost optimization that can happen.

So with the addition of new programs, we expect a reasonably stable performance from our Swedish entity. So that is what is the indication from the third quarter, the volume stabilization

and the margin stabilization will happen. Of course, you will see a healthy growth year-on-year because the products have been added and the base of last year was also low. So we continue -- overall, I think full year basis, we expect between 20%, 25% growth from the Swedish subsidiary.

Kapil Singh: Okay. What I was just trying to understand, is the revenue and margin fully ramped up in 1Q or from 3Q onwards there is scope for further improvement?

Vikas Goel: I think we are at the run rate volumes as of now. Margin will also be around 10% to 11%.

Moderator: The next question is from the line of Bharat Sheth from Quest Investment Advisors Private Limited.

Bharat Sheth: Good result in challenging time. Preetham, you spoke about value addition at 70%, 75% in USA. And I understand that we had bought a land parcel also in USA. for value-added product. So can you give some more color on that? What is the status? And how do we plan to really ramp up when this type of a problem arises?

B. R. Preetham: No, we haven't bought anything in USA. We were looking at a brownfield project to start while we had -- because of the tariff uncertainty, we had not -- while we had almost finalized and we were on the verge of due diligence for a particular site in North Carolina near Raleigh, but we had put it on hold because of the tariff uncertainty because none of the customers were committed on the newer programs because of these things.

But now as I said that we were -- in the last couple of weeks, we were in visit to our customer. And what we understand there is that, of course, to defend the existing orders on a long term, plus also to look at addition of the orders, one needs to -- I mean, we need to have -- definitely, there is no 2 ways on having a facility in US But in order to achieve the USMCA norms or RVC of 65% and above, we need to decide on how much of machining that we need to shift.

So it's a fine balance today because the cost, we have already started our discussions with some of our customers as to what would be the differential cost if we have to move the component from India to US And would that offset the tariff at 10% and 25%. And at 50%, of course, there is no discussion on that. It would definitely be more than offsetting it.

But then it is going to be a strategic decision for every customer because this RVC is going to be on a vehicular level and they need to decide on the cost of the product that they are going to buy from outside vis-a-vis the content, what is going to be the content. I'm sure every customer over the time would evaluate that and then take a decision.

But of course, for any new future programs, we need to be having a facility. So we would be accelerating that process. And we have already are in the process of identifying and we are already in discussions with a couple of them to finalize. So we would appropriate -- at the appropriate time, we will come back and give more information about it.

- Bharat Sheth:** And second part on last year, we started a large part aluminum casting. So what stage we are? And how do we see over the next -- in FY '26 and '27 business from there? And what level business development as well as customer additions are happening?
- B. R. Preetham:** No, you mean aluminum forging because we are not into aluminum casting. We are in aluminum.
- Bharat Sheth:** Sorry, my bad. Aluminum forging.
- B. R. Preetham:** Yes, yes. Aluminum forging, we are -- while all this thing now we are on the process of -- as I had told that now we have taken almost 6 press lines we have put and the business is on a stable basis now because we have developed more than 100- 110 components for various customers across the premium 2-wheeler segment. While having said that, we have added 2,500 and 4,000 Tonne presses into our new forge shop in Bidadi, which would also be catering and we are looking at some very, very intricate new components to be developed.
- There is some development that is going on for a passenger vehicle customer. And we are also in discussion to look at various other opportunities that are there in both suspension and driveline parts on the aluminum front. Of course, all these things would not happen overnight. It would take some time because we'll have to demonstrate our capability and our engineering ability to develop these components. So we are on that process.
- We are quite confident that for the facilities that we have set up and the know-how that we have now gathered over the last 3 years, our foray into the passenger vehicle will not be that difficult is what we think.
- Bharat Sheth:** So what kind of revenue in '27 do we expect from this? And some color on the -- either gross margin or EBITDA side?
- B. R. Preetham:** No, I think, see, we had already said that aluminum is going to be -- we are -- aluminum for the FY '27. If you really look at our order book and the way that we should target about INR500 crores coming out of overall aluminum portfolio.
- Now it also depends on how well the premium motorcycle segment does in India because we are present in most of the premium motorcycle segment. We are also looking at more opportunities to expand aluminum forgings in the export markets as well. So we are working towards achieving a sustained business order book of INR500 crores plus over the time.
- Bharat Sheth:** Okay. And last question on the connecting rod. What we understand that, again, a lot of -- I mean, the kind of challenge EV is facing, so a lot of players are also rethinking on going or developing a new platform for ICE engine. So how are we seeing a global level our capacity that we have? And how do we want to leverage that part?
- B. R. Preetham:** So as -- we have been one of the leading players, at least outside the OEM because a lot of European and North American OEMs traditionally used to make the components on -- in their own shops. But those trends have changed and people are looking at increasingly outsourcing this component. Of course, because there was last 3 years, as you have rightly said, that all these

programs were on hold because a lot of focus was on EV. And we see a lot of renewed interest in the revamping of the existing platforms and also introducing newer platforms.

We are working with multiple customers. Largely, we are present with all the major OEMs, I would say, all the three major OEMs in US and also the European OEMs. So we are present with all the major OEMs. And we are in discussions with various programs. Of course, there has been a slight pullback from the customers on the speed at which it was going because of this tariff issue.

They didn't want it. There was lack of clarity on how do you allocate the project, whether to go towards Asia or look at Mexico and Canada and US and all these -- because this was cost against regional content. So I'm sure over some time, this will all get sorted out. And we expect a lot of new platforms to be introduced by FY '28.

So that is where we are working with multiple customers, both in auto as well as in non-auto, like stationary engines, industrial gensets. So all these are industrial applications and tractors, all these are platforms in which we are trying to work along with the passenger vehicle segment.

Moderator:

Next question is from the line of Khush Nahar from Electrum PMS.

Khush Nahar:

So just two questions from my side. Number one, sir, considering the geopolitical situation right now and our order book, what kind of growth are we seeing for the company in the next 3 years? If you could elaborate maybe segment-wise that we are in?

And my second question was more on the ADS segment. So like we mentioned that we might double our revenues in FY '26 to around INR280 crores, INR300 crores. So if you could elaborate a bit in terms of what kind of overall addressable opportunity that we see in this segment for the next 3 years, 5 years, what is the vision for this segment? So some direction, maybe this segment becomes as big as the company level revenues that we are today. So some direction on that side.

B. R. Preetham:

Geopolitical situation is very volatile and I am not in a position to give you any kind of numbers, at least till the time the situation gets better because there could be a lot of realignment of the supply chain that could happen because of various -- once the tariff gets settled down, depending upon where we are going to land. So on the tariff, there could be a lot of realignment in the supply chain.

Also in North America, as I explained, that regional value content is also one of the key elements. So we may have to really look at how to be more aggressive in North American market, what do we need to do? That is the direction in which we are working. We have also appointed a sales agent for representing us in Korea, who's been in the industry. So we were not present there and we wanted to explore that opportunity. And we have recently signed up a representation there. We think that having a person in Korea would have good impact on the customers with whom we work.

And so for us, the East Asian market is something that we are going to focus more on. We are also looking at some more opportunities in Japan and around Asia to strengthen this opportunity.

While I would say that we will take some more months before we could firm up our business plan. We have a long-term rolling plan, which we are already working on. But short term, how this impact will change that, it's very difficult to say that. We would be cautiously optimistic looking at this.

But ADS, of course, as I have said that, that's something that we are very bullish upon. It is currently resilient to all this current development because most of the semiconductor business that we have contracted, the end market or the final destination, we understand is not the US So there is some amount of resilience there.

And I also understand from our aerospace customers that they have been exempted. So we are looking at not a big tariff impact on those businesses. So we are quite hopeful that we should be able to reach our targeted revenue of INR280 crores to INR300 crores this year. And then we are also looking at a very strong order book.

Like last time, I have said that in 3 years' time, we are looking at about reaching INR1,000 crores. And we are already about -- including our current business that we are executing and the new order book, we are around INR750 crores, close to about INR750 crores. So there's not much of a gap that we need to fill to achieve that INR1,000 crores in terms of the order book. So we are working on building more resilience into our business model in order to overcome such uncertainties.

Hari Krishnan:

If things go as per customer projections, the ADS, as Preetham said, should hit the peak revenue of the orders booked by FY '27, '28. Yes. And then further growth is definitely the traction is looking very good. The new order wins are looking very nice. So everything finally depends, as Preetham said, on where the tariffs really settle down after this storm. And then we will be able to give a little more clarity.

Khush Nahar:

If one last question, I can squeeze in. So on the MMRFIC side, so how much stake do we have as on date? And do we intend to increase it and then consolidate? Because I think -- and the second question related to that is, are the product segment different than our current ADS system or is it a bit overlapping?

B. R. Preetham:

MMRFIC, we are currently around -- if we are fully between -- depending on their this year performance, we should be between 33% and 35% for whatever money we have already invested. But you are -- as you are aware that we have the right to go up to 51%. And as and when the company needs the further revenue to their growth, they have been awarded with some very, very exciting projects, both from the government and the space projects.

So they are working -- I mean, they have been quite busy in working on these projects, developing technologies for the thing, and also productionizing this technology. So we are really excited about our prospects in MMRFIC. We know that there is a long runway there. We need to be patient on that. But the technology that they are working on is totally different to what we are doing in ADS.

See, in our ADS, we are very focused on our mechanical machining, high-precision machining, whereas the MMRFIC is totally a segment which is unrelated to what we are doing in Sansera

that they are working on radar technology. So radar technology for both defense and non-defense applications. So that way, there is no overlapping of any of this, except that in some of their mounting structural parts, they could use our capabilities on machining some of their chassis and other parts. But other than that, there's no overlapping in what we are doing and what they are doing.

Khush Nahar: Right, sir. Sir, any numbers if you can provide for MMRFIC in Q1, how was their performance, their EBITDA margins, etcetera?

B. R. Preetham: See, I think for MMRFIC, the overall -- because they work on a lot of projects and project revenues are all -- it's all 6 months, 9 months revenue, I don't see it is apt for -- us to discuss on quarterly numbers. On an overall basis, on a yearly basis, this year, we look at them anywhere between INR35 crores and INR40 crores of revenue as what has been projected. And they would have a very healthy EBITDA margins.

Of course, we see a lot of acceleration in government intent in productionizing these technologies because these are all technologies which are being imported and there's a long lead time of development and testing. So we see that there is a lot of acceleration that is happening in adopting this technology into the field. So which gives us more confidence on productionizing these technologies much faster than what we had anticipated earlier.

Khush Nahar: Sir, lastly, the order book that you're expecting to close maybe in MMRFIC that would give some clarity.

B. R. Preetham: I don't have immediately the order book details of MMRFIC. We will get back to you through our SGA because these are both long term and short term. So defining this order book is slightly more trickier than what we have. So I would -- we would come back to you on the order book details on MMRFIC later.

Moderator: The next question is from the line of Shashank Kanodia from ICICI Securities.

Shashank Kanodia: Sir, just wanted to check, so with all the turbulence in the domestic and export market, so will it be difficult for us to clock double-digit revenue growth this year or do we feel confident of clocking mid-teens kind of revenue growth, which has been our endeavour always?

B. R. Preetham: I would really like to answer this question more confidently than what I am today because there's so much of uncertainty that every day, things are different, looking at -- it largely depends on how this tariff would settle down. I can only talk about certainties where we have domestic business, of course, we are looking at between 5% and 8% growth for -- or towards -- mostly towards 8% to 10% in the 2-wheeler sector industry-wide and about 0% to 3% on passenger vehicle, monsoon being good. So the other things also should improve.

We think that our Swedish subsidiary is doing well. Our ADS is doing extremely well. And with all these things, we definitely hope that we will be positive growth. But what is the extent of positive, whether it will be double-digit, whether it will be mid-teens, high teens, one needs to be -- I don't have that answer currently. I would also be cautiously wait-and-watch approach

because we need to calibrate our business models as the things progress. So we are working on towards that. So I'm -- today, I don't have a clear-cut answer for your question.

Shashank Kanodia: But on the order book side, you have always maintained a thing that we'll hit a peak order book in 3 years kind of time frame, right? So given the fact that we are at roughly INR3,000 crores of revenues last year and with INR2,000 crores of order book now, so are we like INR5,000 crores of revenue look likely in FY '28? Is this a safe assumption to work upon?

B. R. Preetham: Yes, yes. That is the assumption with which we work. And generally, that it follows the same path. But then one needs to be also cautious here that if there is some realignment of supply chain that would happen in the future, if this tariff impact is going to continue or worsen, then we are looking at realigning our business models.

So it could have an impact on the overall pricing. Suppose if we are supplying a component from India to, say, North America at X rupees. And if a larger portion of that value addition needs to be shifted to the North America, of course, the X will become 1.25, 1.3 X depending upon how much of the thing.

So that will have definitely an impact on maybe having a positive impact on revenue. But then again, it also depends on how fast we can adopt that. And depending on that, the share of businesses will also be decided by the customer. So it's a very fluid situation, but we think that most of it would be -- we should be able to defend our existing order book and also look at strengthening the order book in the future. So overall, what you see, what you said in the 3 years, adding this to the thing is a very good possibility.

Shashank Kanodia: And sir, lastly, on the margins front. So we have always made an endeavour to reach 20% kind of a thing, right? So -- but we think the market has been weak for last 2 years. So we have been hovering at this 17% kind of a bracket, right? So do you want to put a time line to as to when can we reach 20% EBITDA margin profile? And is it like 50, 100 basis points possible every year improvement is something that we should look at delivering from the company?

B. R. Preetham: Yes. Actually, this 20% is a mid to long-term target that we are working on. Of course, the change in product portfolio to more of 20% coming from non-automotive, 20% from xEV and that too -- and also stabilization of our MMRFIC would definitely aid the path towards 50%.

I would say that while we were fortunate to maintain our margins at this, we were -- unfortunately, there are so many headwinds that have been not expected. Otherwise, we would have definitely taken steps to achieve that 50 to 75 basis points year-on-year. Now these are the initiatives that is helping us to manage the margins at the current difficult time. I would only say that once the things get normalized, you would see the impact on a positive side of all these initiatives.

Shashank Kanodia: Right. And sir, lastly, one small clarification. I think last month, there was a news where Karnataka government has kind of pulled out of acquiring land from farmers for the new aerospace and defense park near Bengaluru. So our venture or our land acquisition is separate from this, right? So these are 2 separate things or are we also impacted from that?

B. R. Preetham: No, no. We were not in that portion of the land. Where we have got the land is on the opposite side, near the Harohalli industrial area, which is a 55-acre parcel of land, where already the industrial development has started and taking place. And we are in the final stages. We have already secured the lease-cum sale agreement from the government of Karnataka and we are in the process of registering that land. So this has got nothing to do with that aerospace and defense park.

Moderator: The next question is from the line of Sucrit D. Patil from Eyesight Fintrade Private Limited.

Sucrit D. Patil: And I have a specific question for Mr. Praveen. Is Mr. Praveen Chauhan online?

B. R. Preetham: He is online.

Sucrit D. Patil: Yes. My name is Sucrit D. Patil. My question to you is, as Sansera looks to grow beyond its core auto business, especially with the traction you're seeing in high-tech agnostic and xEV segments, how are you thinking about expanding into newer verticals or areas that could structurally diversify the revenue mix and improve the margin growth?

And if some of these bets, say, in aerospace or the premium EV components face a slower ramp-up or there are some issues going ahead, what kind of fallback or alternative growth plans are you building to keep the momentum intact?

Praveen Chauhan: It's basically a question on our long-term strategy. If you look at our historical last 5 years, you can see that we have been diversifying into a model wherein our dependence on ICE would be 60% and dependence on other technology agnostic non-auto and emerging technologies would be around 40%.

We have very aggressively diversified into various areas. You would have seen that we have gone into aluminum forging. We have gone into semiconductor. We have expanded our basis into aerospace, of various segments of aerospace. We are also looking at aggressively into non-auto segments like industrial application, agricultural applications. We were already into off-roading and so on and so forth.

We continue to strive to look at opportunity. But as of now, if you see, we have a lot of things in our hands. And we strongly believe that these areas will continue to expand and has given a wider spectrum of addressable market to us. EV will continue to be a very interesting area. We have already gone into to the extent that we have had a similar kind of business from EV sector, looking at 2- wheelers and maybe now looking at passenger cars also.

So right now, we see that we have enough on our hand. We have been expanding quite well. Our visibility over the orders and the business over the next 3 to 5 years is quite strong. But we do not stop here. We continue to look at inorganic growth. We continue to look at newer emerging areas.

We continue to look at areas which our customers indicate that these are potentially large scope areas, which as of now is difficult to reveal, but we can only assure you that we continue on our

path of high growth, high diversification, while continuing to remain strong in our legacy parts, particularly connecting rods. That's what we can say as of now.

B. R. Preetham: Just to add to what Praveen said, Preetham here. See, resilience is something that we have been working on to build resilience against technology obsolescence, resilience against geopolitical situation. So in the -- in continuation of that, we are looking at some very critical aluminum and steel forged components, which are currently being imported into India.

While these components may require some kind of technologies, we are working on definitely getting into those products. And you would hear us -- hear from us in the near future as to how we are trying to get this. This would be more diversification into technology agnostic non-engine, non-transmission kind of components, which are very, very precision in terms of both forging and machining, both in aluminum and steel. So this is something that we are working on and you would hear more of this in the coming quarters from our side.

Sucrit D. Patil: Just to close the loop, if you had to call out one non-auto segment or area which you are most confident about in the near term, what would that be?

B. R. Preetham: You mean one segment where we would put our bets on. Is that what you're asking?

Sucrit D. Patil: Yes, yes.

B. R. Preetham: Definitely. As I have said that we have been -- see, because we have invested over a decade in our capability building in aerospace and defense and that has aided us to look at -- I mean, get more orders from the semicon as well as -- so ADS is our prime mover. We have already said that.

And to -- in order to capture not only the semicon market in both US-based customers, we are also looking at opportunity to work with Japanese customers and how do we get into those because that is also a big market. So ADS is our prime mover. Our focus, our resources are definitely more skewed towards ADS.

Moderator: The next question is from the line of Kripashankar from Mirae Asset Capital Markets.

Kripashankar: Sir, I have a question on the Swedish plant re-utilization and the peak revenue potential from this plant, if you can help on that? And in CV vertical, we have seen a good growth during the Q1 by around 43% on Y-o-Y. Just want to understand what could be the growth for the year you're assuming in the CV vertical? And what could be the lever for that?

B. R. Preetham: I would ask my colleague, Praveen, to take this. Praveen, would you give a flavor of Sweden?

Praveen Chauhan: So on the Sweden side, we have been saying for the last couple of years that there is a change in the product portfolio. We are adding a couple of new emerging high-volume businesses. So last year has been the development phase. This year, we have already started on that. And it's already visible that we are talking about around 20% growth on the top line.

On the operational side, we have been -- we have invested. We are in the process of investing. Over the next 2 to 3 months' time, we'll stabilize and conclude those investment part of it to reap

the benefits of this growth. Now this year is a good growth and we see a similar kind of a momentum going on, at least for another 1 year. After that, how this entire global thing would stabilize and how our customer would look at global markets would be something not very easy to say. But then we are hopeful that our capacity utilization would be pretty good. So that's how Sweden and that will certainly impact our margins.

B. R. Preetham: Around -- I think our expected revenues from Sweden would be around INR225 crores.

Kripashankar : For the whole year?

Praveen Chauhan: That's right.

B. R. Preetham: Yes. On a fixed currency basis, we haven't taken any currency [57:50]

Vikas Goel: Approximately 25% growth.

Kripashankar: And on CV, what is our growth assumption? And what are the levers we have growing at this 46% kind of growth?

B. R. Preetham: CV is primarily driven by -- see, we have a couple of customers in India. Now we have IPCo, CNH, we also have Daimler in India. But then primarily CV business is driven by the Sweden business. So you would only look at CV business as -- because of -- you are seeing that growth because of the contribution from Sweden.

Moderator: Ladies and gentlemen, we'll take this as the last question for today. I would now like to hand the conference over to the management for closing comments.

B. R. Preetham: Thank you very much for all your participation. While we are cautiously optimistic about the future quarters' growth prospects, we are definitely building more resilience into our business model to defend and improve our margin profile as well as look at more new opportunities beyond the geographies that we are working on. ADS definitely, as we have reiterated, is a very important portion in that aspect and we are putting all our resources and energy into it.

So with this, I would like to conclude this investor call. And any further questions you may have, you could reach us directly or through our IR firm, SGA. And thank you very much for your patience and the cooperation. Thank you very much.

Vikas Goel: Thank you.

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