

SANDHAR

Growth. Motivation. Better Life

SANDHAR TECHNOLOGIES LIMITED

Our Company was incorporated as Sandhar Locking Devices Private Limited on October 19, 1987, at New Delhi, India, as a private limited company under the Companies Act, 1956. The name of our Company was subsequently changed to Sandhar Locking Devices Limited on conversion to a public limited company, and a fresh certificate of incorporation consequent upon change of name was issued by the Registrar of Companies, Delhi and Haryana ("RoC"), to our Company on September 21, 1992. Subsequently, the name of our Company was changed from Sandhar Locking Devices Limited to Sandhar Technologies Limited, and a fresh certificate of incorporation, consequent upon change of name was issued by the RoC to our Company on November 11, 2005. For details of change in the name and Registered Office of our Company, see "*History and Certain Corporate Matters – Changes in Registered Office*" on page 196 of the Red Herring Prospectus dated March 7, 2018 ("RHP").

Registered Office: B-6/20, L.S.C. Safdarjung Enclave, New Delhi – 110 029, India
Corporate Office: #13, Sector – 44, Gurugram – 122 002, Haryana, India
Contact Person: Arvind Joshi, Whole-time Director, Chief Financial Officer, Company Secretary and Compliance Officer;
Tel: +91 124 451 8900; **Fax:** +91 124 451 8912; **E-mail:** info@sandhar.in; **Website:** www.sandhargroup.com
Corporate Identity Number: U74999DL1987PLC029553

OUR PROMOTER: JAYANT DAVAR

INITIAL PUBLIC OFFERING OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹10 EACH ("EQUITY SHARES") OF SANDHAR TECHNOLOGIES LIMITED ("COMPANY" OR "ISSUER") FOR CASH AT A PRICE OF ₹[●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹[●] PER EQUITY SHARE) AGGREGATING UP TO ₹[●] MILLION ("OFFER") COMPRISING A FRESH ISSUE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹3,000 MILLION ("FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 6,400,000 EQUITY SHARES BY GTI CAPITAL BETA PVT LTD (THE "SELLING SHAREHOLDER") AGGREGATING UP TO ₹[●] MILLION ("OFFER FOR SALE"). THE OFFER WILL CONSTITUTE [●]% OF OUR POST-OFFER PAID-UP EQUITY SHARE CAPITAL.

Price Band: ₹ 327 to ₹ 332 per Equity Share of Face Value of ₹ 10 each.

The Floor Price is 32.7 times the Face Value and the Cap Price is 33.2 times the Face Value.

Bids can be made for a minimum of 45 Equity Shares and in multiples of 45 Equity Shares thereafter.

RISKS TO INVESTORS

- The two BRLMs associated with the Offer have handled 51 public issues in the past three years out of which 16 issues closed below the offer price on listing dates.
- The Price/Earnings ratio based on Standalone EPS and Consolidated EPS for FY 2017 for the Issuer at the upper end of the Price Band is as high as 46.37 and 43.34 respectively, as compared to the average industry peer group P/E ratio of 35.63.
- Average cost of acquisition of Equity Shares for the Selling Shareholder i.e. GTI Capital Beta Pvt Ltd is ₹ 84.00 and Offer Price at upper end of the Price Band is as high as ₹ 332.

BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company and the Selling Shareholder, in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares, offered through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹10 each and the Offer Price is 32.7 times the Face Value at the lower end of the Price Band and 33.2 times the Face Value at the higher end of the Price Band. Investors should also refer to "*Our Business*", "*Risk Factors*" and "*Financial Statements*" on pages 163, 20, and 248 of the RHP respectively, to have an informed view before making an investment decision.

QUALITATIVE FACTORS

We believe that the following business strengths allow us to successfully compete in the industry:

- Long-standing, and growing relationships with major OEMs.
- Diversified product portfolio.
- Production facilities close to our customers based on our philosophy – 'Be Global'.
- Vertical and horizontal integration of our operations from product designing to supply solutions.
- In-house research and development, design capability and technical collaborations.
- Experienced and strong management team backed by good governance standards.

For details, see "*Our Business – Competitive Strengths*" on page 165 of the RHP.

QUANTITATIVE FACTORS

Some of the information presented below relating to our Company is based on the Restated Unconsolidated Summary Statements and the Restated Consolidated Summary Statements prepared in accordance with Indian GAAP, and the Companies Act, 2013 and restated in accordance with the SEBI ICDR Regulations. For details, see "*Financial Statements*" on page 248 of the RHP.

Some of the quantitative factors which may form the basis for computing the Offer Price are as follows:

(a) Basic and Diluted Earnings Per Share ("EPS"):

On a standalone basis:

Financial Year ended	Basic and Diluted EPS (₹)	Weight
March 31, 2017	7.16	3
March 31, 2016	6.31	2
March 31, 2015	6.84	1
Weighted Average	6.82	

For the six months period ended September 30, 2017, the Basic and Diluted EPS (not annualized) was ₹6.77, on a standalone basis.

On a consolidated basis:

Financial Year ended	Basic and Diluted EPS (₹)	Weight
March 31, 2017	7.66	3
March 31, 2016	6.54	2
March 31, 2015	7.52	1
Weighted Average	7.26	

For the six months period ended September 30, 2017, the Basic and Diluted EPS (not annualized) was ₹6.69, on a consolidated basis.

Note: 1. Earning-per share (EPS) calculation is in accordance with Accounting Standard 20 "Earnings per share" prescribed by the Companies (Accounting Standards) Rules, 2006.

2. The ratios have been computed as below:

a. Basic Earnings per share (₹):

Net Profit after tax as restated attributable to equity shareholder

Weighted average number of equity shares outstanding during the period/ year

b. Diluted Earnings per share (₹):

Net Profit after tax as restated

Weighted average number of diluted equity shares outstanding during the period/ year

(b) Price / Earning ("P / E") ratio in relation to Price Band of ₹327 to ₹332 per Equity Share:

Particulars	P/E at the lower end of the Price Band (no. of times)	P/E at the higher end of the Price Band (no. of times)
Based on the Standalone Basic and Diluted EPS for the year ended March 31, 2017	45.67	46.37
Based on the Consolidated Basic and Diluted EPS for the year ended March 31, 2017	42.69	43.34

(c) Industry Peer Group P/E Ratio

Particulars	P/E ratio	Name of the company	Face value of equity shares (₹)
Highest	55.34	Minda Industries Limited	2
Lowest	26.24	JBM Auto Limited	5
Average	35.63		

(d) Return on Net Worth ("RoNW")

As per Restated Unconsolidated Summary Statements:

Financial Year ended	RoNW (%)	Weight
March 31, 2017	12.71	3
March 31, 2016	12.37	2
March 31, 2015	13.93	1
Weighted Average	12.80	
Six months period ended September 30, 2017	10.93	

As per Restated Consolidated Summary Statements:

Financial Year ended	RoNW (%)	Weight
March 31, 2017	13.01	3
March 31, 2016	12.23	2
March 31, 2015	14.77	1
Weighted Average	13.04	
Six months period ended September 30, 2017	10.35	

Note: 1. Return on net worth (%) = Net profit/(loss) after tax as restated / net worth as at the end of the year.

2. Net worth for ratios mentioned above = Equity share capital + Reserves and surplus (including Securities premium, General Reserve, Capital Reserve, Capital Redemption Reserve, Foreign Currency Translation Reserve and Surplus in the Statement of profit and loss).

(e) Minimum Return on Increased Net Worth (as on September 30, 2017) after Offer needed to maintain Pre-Offer EPS for the year ended March 31, 2017

Particulars	Floor Price	Cap Price
To maintain pre-Offer Standalone Basic and Diluted EPS	7.00%	6.99%
To maintain pre-Offer Consolidated Basic and Diluted EPS	7.33%	7.31%

(f) Net Asset Value ("NAV") per Equity Share of face value of ₹10 each

Financial year ended	Unconsolidated (₹)	Consolidated (₹)
As on September 30, 2017	61.93	64.65
After the Offer (at the Floor Price based on September 30, 2017)	102.24	104.55
After the Offer (at the Cap Price based on September 30, 2017)	102.48	104.79
Offer Price		[●]

Note:

- Net asset value = Net Worth at the end of the period / Total number of equity shares outstanding at the end of the period
- Offer Price per Equity Share will be determined on conclusion of the Book Building Process.

(g) Comparison with Listed Industry Peers

Name of the company	Standalone / Consolidated	Face value (₹ per share)	Closing price on March 6, 2018 (₹)	Total Revenue for Fiscal 2017 (in ₹ million)	EPS (₹)		NAV ⁽²⁾ (₹ per share)	P/E ⁽³⁾	RoNW ⁽⁴⁾ (%)
					Basic	Diluted ⁽¹⁾			
Company*	Consolidated	10	-	16,335.30	7.66	7.66	58.91	-	13.01
PEER GROUP									
Minda Corporation	Consolidated	2	185.20	30,083.12	4.59	4.53	31.09	40.88	14.76
Suprajit Engineering	Consolidated	1	281.65	12,377.95	8.77	8.77	39.20	32.12	23.82
Gabriel India	Standalone	1	154.10	15,345.37	5.68	5.68	31.36	27.13	18.12
JBM Auto	Consolidated	5	417.50	18,007.75	15.91	15.91	102.84	26.24	15.70
Minda Industries	Consolidated	2	1,166.55	35,189.00	21.17	21.08	91.69	55.34	23.11
Fiem Industries	Consolidated	10	842.95	10,235.42	26.30	26.30	321.92	32.05	7.82

*Note: Based on Restated Financial Statements as at March 31, 2017.

(1) Diluted EPS refers to the Diluted EPS sourced from the annual reports of the respective company for the year ended March 31, 2017

(2) NAV is computed as the closing net worth divided by the closing outstanding number of equity shares, sourced from the annual reports of the respective company for the year ended March 31, 2017

(3) P/E Ratio has been computed based on the closing market price of equity shares (Source: NSE) on March 6 2018, divided by the Diluted EPS provided under Note (1)

(4) RoNW is computed as net profit after tax divided by closing net worth. Net worth has been computed as sum of share capital, reserves (including capital reserve and excluding debenture redemption reserve, if any), minority interest, deferred government subsidy, and compulsorily convertible preference shares, sourced from the annual reports of the respective company for the year ended March 31, 2017

(h) The Offer Price will be [●] times of the face value of the Equity Shares

The Offer Price of ₹[●] has been determined by our Company and the Selling Shareholder in consultation with the BRLMs on the basis of assessment of market demand from investors for Equity Shares through the Book Building Process and is justified in view of the above qualitative and quantitative parameters.

Investors should read the above-mentioned information along with "*Risk Factors*", "*Our Business*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Financial Statements*" on pages 20, 163, 417, and 248 of the RHP respectively, to have a more informed view.

BID/OFFER PROGRAMME

OPENS ON MONDAY, MARCH 19, 2018*

CLOSES ON WEDNESDAY, MARCH 21, 2018

*Our Company and the Selling Shareholder may, in consultation with the BRLMs, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/ Offer Period shall be one Working Day prior to the Bid/Offer Opening Date.

ASBA*

Simple, Safe, Smart way of Application - Make use of it!!!

Mandatory in public issue from January 1, 2016. No cheque will be accepted.

*Applications supported by blocked amount (ASBA) is a better way of applying to issues by simply blocking the fund in the bank account, investors can avail the same. For further details, check section on ASBA below.

In case of any revision to the Price Band, the Bid / Offer Period will be extended by at least three additional Working Days after such revision of the Price Band, subject to the Bid / Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid / Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the website of the BRLMs and at the terminals of the members of the Syndicate, and by intimation to Self Certified Syndicate Banks ("SCSBs"), Registered Brokers, Registrar and Transfer Agents ("RTA"), and Collecting Depository Participants ("CDP").

In terms of Rule 19(2)(b)(ii) of the Securities Contracts (Regulation) Rules, 1957, as amended ("SCRR"), this is an Offer for such percentage of the post-Offer paid-up Equity Share capital of our Company that will be at least ₹4,000 million calculated at the Offer Price. The Offer is being made in accordance with Regulation 26(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "SEBI ICDR Regulations"), through the Book Building Process wherein not more than 50% of the Offer shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"), provided that our Company and the Selling Shareholder, in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis (the "Anchor Investor Portion"), out of which one-third shall be reserved for domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price, in accordance with the SEBI ICDR Regulations. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders, and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. All potential investors, other than Anchor Investors, are required to mandatorily utilise the Application Supported by Blocked Amount ("ASBA") process providing details of their respective bank account which will be blocked by the Self Certified Syndicate Banks ("SCSBs") to participate in the Offer. Anchor Investors are not permitted to participate in the Anchor Investor Portion through the ASBA process. For details, please see the section entitled "*Offer Procedure*" beginning on page 480 of the RHP.

Bidders should note that on the basis of PAN, DP ID and Client ID as provided in the Bid cum Application Form, the Bidder may be deemed to have authorised the Depositories to provide to the Registrar to the Offer, any requested Demographic Details of the Bidder as available on the records of the depositories. These Demographic Details may be used, among other things, for unblocking of ASBA Account or for other correspondence(s) related to the Offer. Bidders are advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders' sole risk. Bidders should ensure that PAN, DP ID and the Client ID are correctly filled in the Bid cum Application Form. The PAN, DP ID and Client ID provided in the Bid cum Application Form should match with the PAN, DP ID and Client ID available in the depository database, otherwise, the Bid cum Application Form is liable to be rejected.

Contents of the Memorandum of the Company as regards its Objects: For information on the main objects and other objects of our Company, see "*History and Certain Corporate Matters*" on page 196 of the RHP and Clause III of the Memorandum of Association of the Company. The Memorandum of Association of our Company is a material document for inspection in relation to the Offer. For further details, see "*Material Contracts and Documents for Inspection*" on page 536 of the RHP.

Liability of the members of the Company: Limited by shares.

Amount of share capital of the Company and Capital Structure: The authorised, issued, subscribed and paid up share capital of our Company as on the date of the RHP is as follows: The authorised capital of our Company is ₹ 700,000,000 divided into 68,000,000 Equity Shares of face value ₹ 10 each and 200,000 preference shares of face value ₹100 each. The issued, subscribed and paid up capital of our Company is ₹ 511,545,640 divided into 51,154,564 Equity Shares. For further details, see "*Capital Structure*" on page 83 of the RHP.

Names of signatories to the Memorandum of Association of the Company and the number of Equity Shares subscribed by them: The signatories of the Memorandum of Association are Mr. Jayant Davar and Mr. Yash Pal Vij who subscribed to 10 Equity Shares each of our Company. The liability of the members of the Company is limited. For details of the main objects of the Company as contained in the Memorandum of Association, see "*History and Certain Corporate Matters*" on page 196 of the RHP.

Listing: The Equity Shares to be offered through the Red Herring Prospectus are proposed to be listed on BSE and NSE. Our Company has received an "in-principle" approval from BSE and NSE for the listing of the Equity Shares pursuant to letters dated January 10, 2018 and January 5, 2018, respectively. For the purposes of the Offer, the Designated Stock Exchange shall be BSE. A signed copy of the Red Herring Prospectus and the Prospectus shall be delivered for registration to the RoC in accordance with Section 26(4) of the Companies Act, 2013. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus up to the Bid / Offer Closing Date, see "*Material Contracts and Documents for Inspection*" on page 536 of the RHP.

Disclaimer Clause of the SEBI: SEBI only gives its observations on the offer documents and this does not constitute approval of either the offer or the specified securities or the offer document. The investors are advised to refer to page 460 of the RHP for the full text of the Disclaimer Clause of SEBI.

Disclaimer Clause of the BSE (the Designated Stock Exchange): It is to be distinctly understood that the permission given by BSE should not in any way be deemed or construed that the RHP has been cleared or approved by BSE nor does it certify the correctness or completeness of any of the contents of the RHP. The investors are advised to refer to page 464 of the RHP for the full text of the Disclaimer Clause of the BSE.

Disclaimer Clause of the NSE: It is to be distinctly understood that the permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE nor does it certify the correctness or completeness of any of the contents of the offer document. The investors are advised to refer to page 465 of the RHP for the full text of the Disclaimer Clause of NSE.

General Risks: Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer have not been recommended, or approved by the SEBI, nor does SEBI guarantee the accuracy or adequacy of the contents of the RHP. Specific attention of the investors is invited to "*Risk Factors*" on page 20 of the RHP.

BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE OFFER	WHOLE-TIME DIRECTOR, CHIEF FINANCIAL OFFICER COMPANY SECRETARY AND COMPLIANCE OFFICER
 ICICI Securities Limited ICICI Center, H T Parekh Marg, Churchgate Mumbai – 400 020, Maharashtra, India Tel: +91 22 2288 2460, Fax: +91 22 2282 6580 E-mail: sandhar ipo@icicisecurities.com Investor Grievance E-mail: customercare@icicisecurities.com Website: www.icicisecurities.com Contact Person: Rishi Tiwari / Vishal Kanna SEBI Registration No.: MB/INM0000111719	 Axis Capital Limited 1st Floor, Axis House, C – 2 Wadia International Centre, P B Marg, Worli, Mumbai – 400 025, Maharashtra, India Tel: +91 22 4325 2183, Fax: +91 22 4325 3000 E-mail: sandhar ipo@axiscap.in Investor Grievance E-mail: complaints@axiscap.in Website: www.axiscapital.co.in Contact Person: Simran Gadh SEBI Registration No.: INM000012029	 Link Intime India Private Limited C-101, 1st floor 247 Park, L B S Marg, Vikhroli (West), Mumbai 400 083 Tel: +91 22 4918 6200, Fax: +91 22 4918 6195 E-mail: stl ipo@linkintime.co.in Investor Grievance e-mail: stl ipo@linkintime.co.in Website: www.linkintime.co.in Contact Person: Shanti Gopalkrishnan SEBI Registration No.: INR000004058	Arvind Joshi Whole-time Director, Chief Financial Officer, Company Secretary and Compliance Officer; Tel: +91 124 451 8900; Fax: +91 124 451 8912; E-mail: info@sandhar.in; Website: www.sandhargroup.com Investors can contact the Compliance Officer, the BRLMs or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of Allotment Advice, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders, and non-receipt of funds by electronic mode.

Availability of RHP: Investors are advised to refer to the RHP, and the "*Risk Factors*", beginning on page 20 of the RHP therein, before applying in the Offer. Full copy of the RHP is available on the websites of SEBI at www.sebi.gov.in, the websites of the BRLMs and the Stock Exchanges at www.icicisecurities.com, www.axiscapital.co.in, www.bseindia.com and www.nseindia.com, respectively.

Availability of Bid-cum-Application Forms: Bid-cum-Application Forms can be obtained from the Registered Office of our Company, Sandhar Technologies Limited, Tel No: +91 124 4518900, Fax No: +91 124 4518912, the BRLMs and Syndicate Members: ICICI Securities Limited, Tel: +91 22 2282 6580, Fax: +91 22 4325 2183, and at selected location of the sub-syndicate members (as given below), Registered Brokers, RTAs and CDPs participating in the Offer. Bid-cum-Application Forms will also be available on the websites of BSE and NSE and the Designated Branches of SCSBs, the list of which is available at websites of the Stock Exchanges and SEBI.

Sub-Syndicate Members: Axis Securities Ltd, Achievers Equities Ltd, Ajoon Global Services Ltd, Almondz Global Securities Ltd, Amit Jasani Financial Services Pvt Ltd, Amrapali Capital & Finance Services Ltd, Anand Rathni Share & Stock Brokers Ltd, Anand Share Consultancy, Anil Dhulia, ANS Pvt Ltd, Ashwani Dandia & Co, Centrum Broking Ltd, Choice Equity Broking Private Ltd, Dalal & Broacha Stock Broking Pvt Ltd, DB(International) Stock Brokers Ltd, Eureka Stock & Share Broking Services Ltd, G Raj & Co, (Consultants) Ltd, HDFC Securities Ltd, Hem Securities Ltd, India Infoline Ltd, Inventure Growth & Securities Ltd, J M Financial Services Ltd, Jhavert Securities, Kalpataru Multiplier Ltd, Kamlesh D Joshi, Karvy Stock Broking Ltd, KJMC Capital Market Services Ltd, Kotak Securities Ltd, Lakshmiashree Investment & Securities Pvt Ltd, LKP Securities Ltd, Marwadi Shares &

Date: March 9, 2018
Place: New Delhi

Sandhar Technologies Limited is proposing, subject to statutory and regulatory requirements, market conditions and other considerations, an initial public offering of its equity shares and has filed the RHP with the Registrar of Companies, Delhi and Haryana. The RHP will be available on the website of the SEBI at www.sebi.gov.in, BSE at www.bseindia.com, NSE at www.nseindia.com and the websites of the BRLMs at www.icicisecurities.com and www.axiscapital.co.in. Any potential investor should note that investment in Equity Shares involves a high degree of risk. For details, potential investors should refer to the section titled "*Risk Factors*" on page 20 of the RHP. Investors should not refer to the draft red herring prospectus dated December 7, 2017 filed with SEBI for making any investment decision. The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act) ("**Regulation S**") except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. No public offering of securities is contemplated in the United States. This announcement has been prepared for publication in India and may not be released in the United States. This announcement is not an offer to sell or a solicitation of any offer to buy securities of our Company in the United States.