



**Impressive background and business model..**

Sansera Engineering Limited ("Sansera") was incorporated on December 15, 1981. Sansera is an engineering-led integrated manufacturer of complex and critical precision engineered components across automotive and non-automotive sectors. Within the automotive sector, the Company manufactures and supplies a wide range of precision forged and machined components and assemblies, which are critical for engine, transmission, suspension, braking, chassis and other systems for the 2-wheeler, passenger vehicle and commercial vehicle verticals. Within the non-automotive sector, it manufactures and supplies a wide range of precision components for the aerospace, off-road, agriculture and other segments, including engineering and capital goods. As of July 31, 2021, they had 16 manufacturing facilities, of which 15 are in India and 1 facility in Sweden. For Fiscal 2021, the Company derived 88.45 percent, and 11.55 percent of their revenue from sale of products from the automotive sector and non-automotive sectors, respectively.

**Long-standing relationships with well-known Indian and global OEM customers**

During Fiscal 2021, Sansera had a diverse customer base in India and 24 other countries across North America, Latin America, Europe and Asia, and a consistent track record of adding to their total numbers of customers. In the 2-wheeler vertical, the Company has relationships spanning over 20 years with Honda Motorcycle and Scooter India Pvt. Ltd. ("HMSI"), 25 fiscal years with Bajaj and over 20 years with Yamaha, the second, third and fifth largest 2-wheeler Indian OEMs in terms of domestic production volume for Fiscal 2021, respectively. Sansera is one of the top 10 global suppliers of connecting rods within the Light Vehicle segment ("Light Vehicle") and one of the top 10 global suppliers of connecting rods within the Commercial Vehicle ("CV") segment for CY 2020. In the passenger vehicle vertical, they have relationships spanning more than 30 years with Maruti Suzuki, over 10 years with Stellantis N.V. (formerly Fiat Chrysler Automobiles), a leading European passenger vehicle OEM and over 10 years with one of the leading North American passenger vehicle OEM.

**A leading supplier of complex and high-quality precision engineered components that is gaining market share across automotive and non-automotive sectors**

Precision components such as connecting rods, crankshafts and rocker arms are manufactured using complex engineering processes, and given their criticality to automotive systems, they require a high level of precision and adherence to high standards of quality. This requires close coordination between component manufacturers and OEMs throughout the product cycle from design to testing and validation to delivery. Company's market position is the result of their established presence in the precision components manufacturing industry and their ability to manufacture and supply complex, high-quality precision components according to their customers' specifications. Further, they are the single source supplier for certain components to select OEM companies in India and globally. As at July 31, 2021; they have been awarded business from 35 customers in the automotive sector and from 21 customers in the non-automotive sector across their product portfolio, where the start of production is either during or after Fiscal 2021.

**Financial performance that has outperformed the industry trends, with industry leading metrics**

In Fiscal 2021 compared to Fiscal 2020, 2-wheeler production volume in India declined by approximately 12.6% and the passenger vehicle production volume declined by approximately 11%. In CY 2020 compared to CY 2019, the global Light Vehicle and CV segments registered a decline in production of approximately 17.8% and 4.4%, respectively. Despite these decreases in

<b>Issue date</b>	Sep. 14 - Sep.16, 2021
<b>Listing date</b>	Sep. 24, 2021
<b>Price Band</b>	₹734 - ₹744 (Face value: Rs. 2)
<b>Employee discount</b>	₹36 per share
<b>Bid lot</b>	20 equity shares and in multiple thereof
<b>Issue size and type</b>	Offer for sale of upto 17,244,328 Equity Shares Offer for sale: ₹ 1,283 crores
<b>Issue structure</b>	QIB - 50%, NIB - 15%, Retail -35%
<b>Post issue shares</b>	5.137 crore equity shares
<b>Promoters</b>	Pre IPO: 42.51%/Post IPO:35.16 %
<b>Promoter group</b>	Pre IPO: 1.40%/Post IPO: 1.40%
<b>Public</b>	Pre IPO: 56.09%/Post IPO: 63.44 %
<b>Post issue market cap</b>	₹3,823 crores
<b>BRLMs</b>	ICICI Securities, IIFL Securities, Nomura Financial
<b>Registrar to the issue</b>	Link Intime India Pvt. Ltd.

Particulars (₹ crores)	FY21	FY20	FY19
<b>Topline</b>	1,549	1,457	1,624
<b>EBITDA</b>	295	241	292
<b>EBITDA (%)</b>	18.78	16.34	17.80
<b>Profit after tax</b>	110	80	98
<b>PAT margin (%)</b>	6.99	5.42	5.98
<b>Equity share cap.</b>	9.39	9.39	9.39
<b>Instruments</b>	10.50	10.50	10.50
<b>Entirely equity in nature</b>			
<b>Networth</b>	877	767	685
<b>Book value</b>	171	149	133
<b>Diluted EPS (₹)</b>	20.55	15.28	18.31
<b>P/E (x)</b>	36	49	41
<b>RoNW (%)</b>	12.31	10.47	14.05

Source: RHP

production volumes, the Company's revenue from sale of products increased by 4.58% to ₹ 1,456.89 crore for Fiscal 2021 from ₹ 1,393.04 crore for Fiscal 2020.

**Investment recommendation and rationale**

At the upper end of the price band of ₹744, the Company's IPO is valued at P/E multiple of 36x. We are "Neutral" to the issue. The Company enjoys the following strengths: a) leading supplier of complex and high-quality precision engineered components that is gaining market share across automotive and non-automotive sectors, b) Sansera is one of the top 10 global suppliers of connecting rods within the Light Vehicle segment ("Light Vehicle") and one of the top 10 global suppliers of connecting rods within the Commercial Vehicle ("CV") segment for CY 2020, c) well diversified business model, d) technology driven Company with strong engineering capabilities, f) long standing relationships with marquee clients, f) diversification in the electric and hybrid vehicle space will offer good opportunities to the Company in future; f) it has secured business with a leading electric-2-wheeler OEM for supplies of multiple precision forged and machined suspension and axle (drive train) components, g) consistent track record of expanding its customer base (71 customers in FY21 as against 64 customers in FY19), h) financial performance that has outperformed the industry trends, with industry leading metrics, i) skilled and experienced board of directors and management team.

### Credit rating

The Company's long-term bank facilities are domestically rated by ICRA as [ICRA] AA-/Stable and by India Ratings as Ind AA-/Stable, and their short-term bank facilities were domestically rated by ICRA as [ICRA] A1+ and by India Ratings as Ind A1+.

### Objects of the issue

The objects of the Offer are to (i) to carry out the Offer for Sale of up to ₹ 1,283 Crore (Up to 17,244,328 Equity Shares by the Selling Shareholder

Offer for sale by	Upto 17,244,328 Equity Shares
Subramonia Sekhar Vasan - Promoter Selling Shareholder	Up to 2,058,069 Equity Shares
Unni Rajagopal K - Promoter Selling Shareholder	Up to 571,376 Equity Shares
Fatheraj Singhvi - Promoter Selling Shareholder	Up to 571,376 Equity Shares
Devappa Devaraj - Promoter Selling Shareholder	Up to 571,376 Equity Shares
Client Ebene Ltd – Investor Selling Shareholder	Up to 8,635,408 Equity Shares
CVCIGP II Employee Ebene Ltd - Investor Selling Shareholder	Up to 4,836,723 Equity Shares

Source: RHP

### Product mix

Automotive	Products
<b>Two wheelers</b>	Connecting rod, rocker arm, gear shifter fork, crankshaft assembly, stem comp, integral crankshaft, aluminium forged components
<b>Passenger vehicles</b>	Connecting rod, rocker arm, sprocket, gear shifter forks, yoke universal joint, rocker shaft, hub front axle, end rear axle
<b>Commercial vehicles</b>	Connecting rod, cabin tilt systems, integral crankshaft, bracket, pump barrel
Non Automotive	Products
<b>Aerospace</b>	Multiple products for various subsystems such as aerostructure, actuation, equipment housing, cargo, seating and lighting
<b>Off-road</b>	Crankshaft assembly, balancer shaft, connecting rod, gear shifter fork
<b>Agriculture</b>	Camshaft, connecting rod, pump barrel, lever, link
<b>Others</b>	Connecting rod, pump barrel, integral crankshaft

Source: RHP

### Strong engineering capabilities

Sansera is a technology-driven company with a strong focus on design, engineering, machine building and automation capabilities. These capabilities enable them to roll out new products in a timely manner and develop higher strength components required for high-end performance and graduate from manufacturing individual parts to the designing and manufacturing of sub-assemblies, thereby moving them up the value chain. The Company possess extensive machine building capabilities, with several complex special purpose machines being manufactured in-house. As of July 31, 2021, they had built over 900 computer numerical control special purpose machines, which are deployed across their manufacturing facilities. Most of the machines they build are modular by design and can be refurbished for other applications in case of a reduction in demand or a phasing out of the product for which the machine was originally built, thereby reducing the capital expenditure requirements and de-risking their business model. Their automation division, which works concurrently with their machine design, and machine building divisions, has implemented multiple automation projects intended to increase their productivity and control labour costs. As of July 31, 2021, a team of 201 personnel supported their design, engineering, machine building, automation and technical support functions.

Company's engineering capabilities, evolved over decades, have enabled them to consistently offer quality, complex, precision components and assemblies, allowing them to diversify their business beyond the automotive sector into various other sectors, including aerospace, off-road and agriculture. Sansera sold components across 69 product families during Fiscal 2021 as compared to 51 during Fiscal 2019.

Its recently developed products include:

- Suspension, rotor and aluminium forged components for internal combustion engines ("ICE") and electric 2-wheelers ("e-2W"),
- Steering system components and drive train parts for ICE and hybrid passenger vehicles,
- Cabin tilt system components and braking system parts for CVs,
- Suspension components for off-road vehicles,
- Common rail systems for agriculture, and



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- f) Components for industrial engines within other non-automotive sectors.

In addition, since April 1, 2021, Sansera has developed:

- a) Suspension and drive train components for electric 2-wheelers,
- b) Braking system components for passenger vehicles,
- c) Machined engine casings for aerospace, and
- d) Components for power transmission within non-automotive applications.

**Products Recently Developed / Under Development:**

**Automotive Components –**

- Components for Electric 2-wheelers* : Drive Train Components; Suspension Components;
- Components for BEVs*: Drive Train Components,
- Components for Hybrid EVs / BEVs*: Drive Train Components
- Components for Passenger Vehicles*: Steering System Components; Braking System Components;
- Components for HCVs*: Chassis (Cabin Tilt System) Components; Braking System Components

**Non-Automotive Components –**

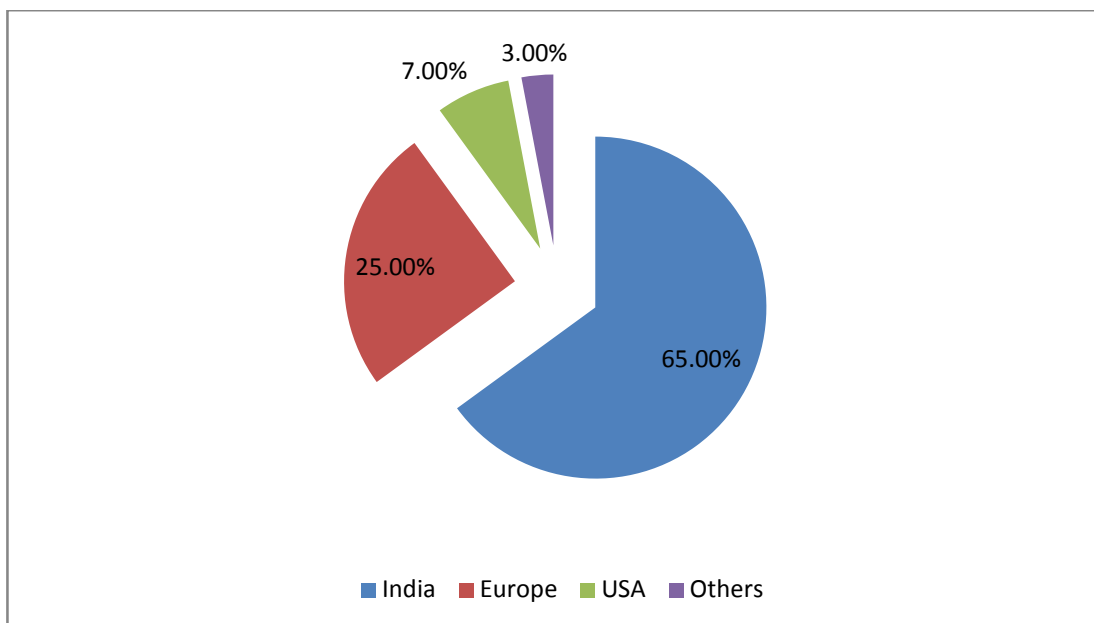
- Components for Aerospace*: Machined Engine Casings
- Components for Off-road*: Suspension Parts
- Components for Agriculture*: Common Rail;

**Planned New Manufacturing Facilities**

The company intends to increase the number of engine and landing gear components and graduate to supply of subsystems and assemblies. In addition, they plan to expand the end use application of their components from civilian aerospace to defence aerospace. In order to facilitate this strategy, they plan to construct a new greenfield manufacturing facility in Bangalore dedicated to aerospace and defence. This facility is planned to have a built up area of 13,020 sq. mtr. compared to a built up area of 4,000 sq. mtr. for their current facility for aerospace, which is Plant 9. They expect the facility to be commissioned during Fiscal 2023.

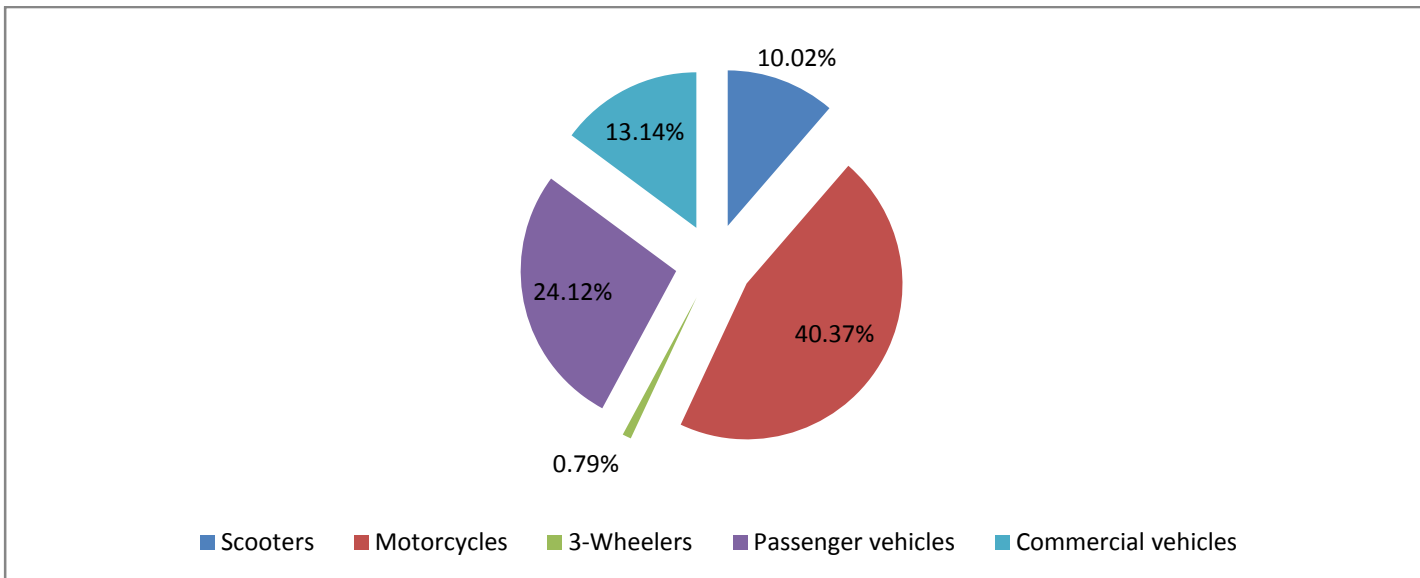
The Company is in the process of setting up a dedicated facility for hybrid and electric components in Plant 2 and expect to commission during Fiscal 2022.

**FY21 Geographical Revenue breakup -**



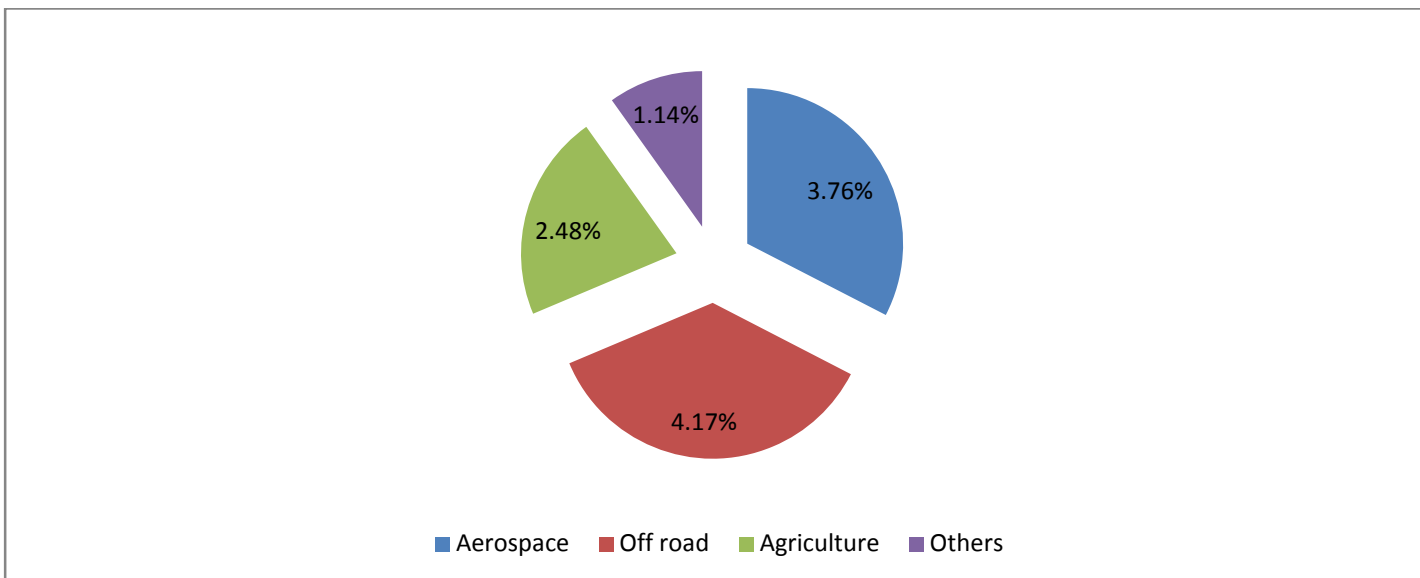
Source: RHP

**FY21 Revenue breakup - Automotive space**



Source: RHP

**FY21 Revenue breakup - Non Automotive space**



Source: RHP

**Competition**

*The key competitors in the domestic market and the product families that Sansera compete in:*

Location	Segment/Vertical	Description
Connecting rods	2 - wheeler	Bajaj Motors, Musashi
	Passenger vehicle	Amtek Auto, Amul Industries, Magal Tech
Rocker arms	2-wheeler	Bajaj Motors, FIE Group
	Passenger vehicle	Micro Turner, Schaeffler India
Crankshafts	2-wheeler	Kay Jay Forge, Laxmi-Agni
Gear shifter forks	2-wheeler	Bajaj Motors, FIE Group



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	Passenger vehicle	Kalyani Forge, Micro Turner, RICO Auto
<b>Stem comp</b>	2-wheeler	Bajaj Motors, Endurance Technologies, Modern Automotive
<b>Aerospace</b>	Aerospace	Aequis, CIM Tools, Dynamatic, Godrej & Boyce, PMI Engineering Exports

Source: RHP

## Comparison with listed peers (based on FY21 Financials - ₹ in crores)

There are no listed peers with apple to apple comparison

Particulars	CMP as on Sep. 13, 2021 (₹)	FV (₹)	EPS	P/E(x)	Market Cap	Topline	Market Cap/Sales	EBITDA (%)	PAT	PAT (%)	RONW (%)
<b>Sansera Engineering Limited</b>	<b>720*</b>	<b>2</b>	<b>20.55#</b>	<b>36</b>	<b>3,823(Post issue)</b>	<b>1,572.4</b>	<b>2.43x</b>	<b>18.78</b>	<b>110</b>	<b>6.99</b>	<b>12.31</b>
<b>Peer group</b>											
Endurance Technologies Limited	1,604	10	36.95	43	22,569	6,544	3.44	16	520	7.95	14.59
Minda Industries Limited	699	2	7.73	90	19,962	6,374	3.13	11.41	207	3.25	9.69
Sundram Fasteners Limited	884	1	17.10	52	18,577	3,644	5.09	18.22	359	9.85	15.38
Suprajit Engineering Limited	309	1	10.20	30	4,271	1,641	2.60	14.44	143	8.71	14.42
Bharat Forge Limited	774	2	(2.71)	-	36,060	6,336	5.69	13.13	(126)	-	-
Motherson Sumi Systems Limited	213	1	3.29	65	67,343	57,370	1.17	7.61	1,039	1.81	9.46%
Mahindra CIE Automotive Limited"	232	10	2.8	83	8,813	6,050	1.46	8.28	106	1.75	2.00

\* denotes at upper end of the price band

# EPS is calculated as Profit for the year attributable to owners of the company divided by the weighted average number of basic equity shares outstanding during the year. Basic equity shares is calculated as current shares outstanding and shares to be issued upon conversion of Series A CCPS and Series B CCPS. "Mahindra CIE Automotive Limited follows calendar year and numbers are as of December 31, 2020

## Company background

The company was incorporated as 'Sansera Engineering Private Limited' on December 15, 1981 at Bengaluru, Karnataka. Subramonia Sekhar Vasana, Fatheraj Singhvi, Unni Rajagopal Kothenath and Devappa Devaraj are the Promoters of the company. Currently, the Promoters hold an aggregate of 21,839,200 Equity Shares, comprising 40.64%\* of the pre-Offer issued, subscribed and paid-up Equity Share capital.

(\*The percentage has been calculated assuming dilution exercise of vested employee stock options. The paid-up Equity Share capital of the Company post exercise of vested employee stock options shall comprise of 53,739,900 Equity Shares).

## Promoter and Management background

### Brief Biographies of Directors

**Subramonia Sekhar Vasana** is the Chairman and Managing Director of the company. He has been a Director of the company since incorporation. He has over 39 years of professional experience.

**Fatheraj Singhvi** is the Joint Managing Director of the company. He is currently the chairman of Pillar 3 of ACMA overseeing the activities of ACT, ASDC, HR, YBLF. He has over 39 years of professional experience.

**Raunak Gupta** is the Non-Executive, Nominee Director of the company. He is currently employed with TRG Advisors India Pvt Ltd as a director.

**Muthuswami Lakshminarayan** is the Non-Executive, Independent Director of the company. He spent over 21 years at Bosch Ltd and over 7 years at Harman International (India) Pvt Ltd.

**Revathy Ashok** is the Non-Executive, Independent Director of the company. She has previously worked at Tishman Speyer India Pvt Ltd and was the chief financial officer of Syntel Inc.

**Sylvain Bilaine** is the Non-Executive, Independent Director of the company. He has previously worked at Renault for 26 years.



## Key Managerial Personnel

**B R Preetham** is the Group Chief Executive Officer of the company and has been associated with the company since September 28, 1992. He has over 28 years of experience.

**Vikas Goel** is the Chief Financial Officer of the company. He has been associated with the company since July, 2019.

**Praveen Chauhan** is the Vice President (Group) of the company and has been associated with the company since August 1, 2004. He has over 35 years of experience in the field of engineering.

**Satish Kumar** is the Associate Vice President of the company and has been associated with the company since September 27, 2004. He has over 26 years of work experience in various fields.

**P R Suresh** is the Associate Vice President of the company and has been associated with the company since March 1, 1992. He has over 28 years of experience in the fields of quality systems management.

**Vidyadhar Janginamath** is the Associate Vice President of the company and has been associated with the company since April 20, 2007. He has over 28 years of experience in the field of product engineering and development.

**Rakesh S B** is the Associate Vice President – Aerospace Division of the company and has been associated with the company since February 20, 2015. He has over 19 years of work experience in various fields including sales, marketing and aerospace engineering.

**Rajesh Kumar Modi** is the Company Secretary and Compliance Officer of the company and has been associated with the company since December 14, 2018. He has over 19 years of experience in the legal and secretarial field.



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