

SALASAR TECHNO ENGINEERING LTD

Issue Details	
Issue Opens	12-July-17
Issue Closes	17-July-17
Issue Size (Rs. Crore)	35.87
Face value (per equity share)	10
Issue Price (Rs.)	108
Lot Size (No of Share)	125
No of Shares on Offer (crore)	0.33
Non-Institutional (%)	50%
Retail (%)	50%
Commencement of Trading	25-July-17

Issue Date: 12th July - 17th July 2017

Issue Price (Rs.) : 108

Lot Size (No. of Share) : 125

Company Background

Incorporated in 2001, Salasar Techno Engineering Ltd manufactures galvanized steel products including telecommunication towers, power transmission line towers, smart lighting poles, monopoles, guard rails, substation structures, solar module mounting structures. The company recently increased its installed annual manufacturing/fabrication capacity from 50,000 MT to 1,00,000 MT.

Financials

Particulars	For the year/period ended (in Rs. Million)				
	FY-16	FY-15	FY-14	FY-13	FY-12
Total Assets	1,540	1,457	1,667	1,115	989
Total Revenue	2,768	2,761	2,452	1,675	1,070
Profit After Tax	102	46	55	30	64

Concerns

- Increase in the cost of, or a shortfall in the availability of raw materials, could have an adverse effect on business.
- Any delay or default in payment from customers could result in the reduction of profits and affect cash flows.
- Foreign exchange risks, primarily in export operations that could adversely affect results of operations.
- Competition in business from domestic competitors.

Strengths

- Increasing installed capacity and expanding the product portfolio.
- Expanding Design and Engineering capabilities.
- Targeting new customer accounts and expanding existing ones.
- Developing Camouflaging capabilities for Monopoles.

Our View

On the issue price band of Rs.108 and on standalone FY17 EPS of Rs.18.15, P/E ratio works out to 5.8x. Even based on the last 5 years standalone EPS of Rs.13.42, P/E Ratio works out to be 8x. Means, company is asking the issue price of Rs.108 for the P/E Ratio of 5.8x to 8x. Its listed peers like KEC International, skipper Ltd is trading at 22.8x to 18x P/E Ratio. Hence, Salasar IPO price is reasonably priced.

Company standalone revenues grew at 22% CAGR in last 5 years. It earned around 5% margin in FY17. Issue is reasonably priced. But its initial listing (due to offer size below Rs.250 crore) will take place in "T" group, which will remove speculative aspect for the issue. However, investors may consider investment for medium to long term.

Shareholding Pattern	Pre Issue (%)	Post Issue (%)
Promoters and Promoter Group	100.0	74.98
Public (incl institutions and employees)	0.00	25.02
Total	100.0	100.0

Objects of the Issue

The object of the issue are:

1. To meet the working capital requirements of the Company including margin money;
2. General Corporate Purpose;
3. To meet the Issue Expenses.