

Taksheel Solutions : Average Issue

IPO Note: Topline grew at a CAGR of 65.49%

Rating : **



Issue details

Price band (Rs)	Rs.130-150
IPO Opening Date	29-09-11
IPO Closing Date	04/09/11
Issue Size	Rs.71.50 – 82.50 Crore

Valuations & Recommendation

On financial front, while company posted higher top and bottom lines for last 3 years, its net profit of Rs. 27.42 crore on a turnover of Rs. 147.26 crore gives and EPS of Rs. 12.55 on expanded equity post this issue translating in to P/E of 10 to 12 based on lower and higher price band as well as around 2.5 P/BV. Other listed peers like Orionpro Solutions, GSS Infotech and Nuclear Software Exports are trading at a PE of 17.4, 17.7 and 5.7 times.

The company depends on few customers. The company is exposed to the foreign exchange risk and as it caters to customers around the world. Overall the valuation is justified compare to its peer. We recommend to subscribe only for high risk aptitude investors.

Highlights

- ◆ Taksheel Solutions is a comprehensive IT Solution Company focused on providing products and services for the companies engaged in Telecom & financial services industry. The company is specialized and has developed products in IP IMS and Telecom.
- ◆ CARE has assigned an IPO Grade 2 to Taksheel Solutions Ltd IPO
- ◆ Global slowdown may effect the revenue
- ◆ Foreign currency risk
- ◆ It is one of the few players that entered the Wealth Management Solutions market
- ◆ The company's top line grew at a CAGR of 65.49% in the last five years to Rs 147 Cr in FY11.

Company Introduction

Profile of the company

Taksheel Solutions is a comprehensive IT Solution Company focused on providing products and services for the companies engaged in financial services industry & Telecom, which are driven by technology all over the world. Its 11 years of presence in the industry has given it good business domain knowledge and experience in deploying services & solutions. The knowledge and experience gained by its team drive us to many new and exciting developments. Its blend of academic and technical knowledge allows it to provide range of IT services. Headquartered in Hyderabad, with an office in North America, it provides professional IT services to global clients. Its solutions together with the expertise, drives the clients to become a value based performance-focused organizations. Company's solutions/ services, in general technical areas, include, Wealth Management Solutions; Telecom Solutions; Application Development & Maintenance; Data Warehousing & Business Intelligence and Offshore



Financial Summary

Particulars	0903 (12)	1003 (12)	1103 (12)
Net Sales	33.20	49.50	147.26
OPM (%)	3.1	26.1	20.1
Net Profit	2.40	8.09	27.42
EPS (Rs)	1.1	3.7	12.5

RANKING METHODOLOGY

WEAK	*
AVERAGE	**
GOOD	***
VERY GOOD	****
EXCELLENT	*****

Outsourcing.

Promoters

The promoters of the company are Ramaswamy Kuchana and Pavan Kumar Kuchana (Individuals) and Lexicon Pvt Ltd (corporate promoter, a holding company 100% owned by Pavan Kumar Kuchana). Pavan Kumar Kuchana is the present chairman and managing director of the company.

Expansion

The company is in the process of expanding operations and has recently started operations from Delaware, USA. It already has presence in India and New Jersey, USA, and proposes to expand operations in Asia-Pacific markets and Middle Eastern countries.

Financial

The turnover as on March 31, 2011, was Rs 147.26 crore, the Profit after tax was Rs 27.42 crore. The total income of Taksheel registered a y-o-y growth rate of around 197% during FY 2011 over FY 2010, primarily due to addition of five new clients during the same period in wealth management solutions vertical. The revenue contribution from the wealth management solutions has grown from 51% of total income in FY 2010 to 71% of total income in FY 2011.

Issue Proceed

The proceeds from issue will finance Rs 9.16 crore for setting up of a new SEZ software development centres in Hyderabad and Rs 8.66 crore for setting up of a new SEZ software development centres at Warangal, Rs 22 crore for acquisitions and other strategic initiatives, Rs 12.8 crore for financing the incremental working capital requirements apart from general corporate purpose and issue expenses

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