

# All you need to know about SAR TELEVENTURE LIMITED

Face Value:  
**INR 2**

Issue Size:  
**INR 24.75 CR**

Bid Lot & Size:  
**2000 SHARES**

Issue Type:  
**100% BOOK BUILDING**

Price Band  
**INR 52-55**

Issue Opens: 1<sup>st</sup> Nov 2023 | Issue Closes: 3<sup>rd</sup> Nov 2023

Post money market cap of ₹ crores-at upper price band

Shareholding (%)	Pre IPO	Post IPO
<b>Promoter and Promoter Group</b>	87.80	
<b>Public</b>	12.20	

Share Reservation	Net issue (%)
<b>QIB</b>	50%
<b>NII</b>	15%
<b>Retail</b>	35%

\*Source: RHP

Issue Managers	
<b>BRLMs</b>	Pantomath Capital Advisors Private Limited
<b>Registrar</b>	Skyline Financial Services Private Limited

Company Leadership	
<b>Rahul Sahdev</b>	Managing Director & Chairman
<b>Praveen Tandon</b>	Whole Time Director
<b>Sarvgya Jain</b>	CFO

This document summarizes a few key points related to the issue and should not be treated as a comprehensive summary. Investors are requested to refer to the Red Herring Prospectus for further details regarding the issue, the issuer company and the risk factors before taking any investment decision. Please note that investment in securities is subject to risks including loss of principal amount and past performance is not indicative of future performance. Nothing herein constitutes an offer of securities for sale in any jurisdiction where it is unlawful to do so. This document is not intended to be an advertisement and does not constitute an invitation or form any part of any issue for sale or solicitation of an offer to subscribe for or purchase any securities and neither this document nor anything contained herein shall form the basis for any contract or commitment whatsoever.



## Company Overview

SAR Televenture Limited was set up with the objective to provide telecommunication solutions to Telecom Network Operators. The Company is engaged in installation and commissioning of 4G and 5G Towers, Optical Fibre Cable (“OFC”) Systems and dealing in network equipment. The company is registered as Infrastructure Provider Category-I (IP-I) with Department of Telecommunication (DOT) which permits it to lease out own build sites i.e. GBT/RTT/Pole sites and Out Door Small Cell (ODSC) and establish and maintain assets such as Dark Fibres, Right of Way, Duct Space and Tower for the purpose to grant on lease or rent or sale basis to the licensees of Telecom Services. It also provides support services such as project management for laying of the duct and optic fibre cables, construction of basic transmission and telecom utilities, dark fiber leasing, optical fiber network construction, maintenance of duct and optic fibre and optical fibre project turnkey services to various Telecom Network Operators & Broad Band Service Operators and ISPs across Maharashtra. SAR Televenture Limited installed and commissioned 125, 108 and 140 towers in the years 2020-21, 2021-22 and 2022-23, respectively. It is a passive telecommunication infrastructure provider in India, engaged primarily in the business of installing and commissioning telecom towers in India. “Passive infrastructure” refers to the telecommunication towers for wireless telecommunication services and Optical Fibre Cable (OFC) is used for the purpose of hosting and assisting in the operation of the active infrastructure used for transmitting telecommunications signals or transporting voice and data traffic.

### Objects of the Offer

The Total Offer comprises of a fresh issue of 45,00,000 Equity Shares. Out of the fresh issue, Rs 1,239.00 lakhs would be used for Installation of 5G/4G towers, Rs 78.90 lakhs would be used for full or part repayment and /or prepayment of certain outstanding secured borrowings availed by the company, Rs 450 lakhs would be used for Funding the working capital requirements of the company and the balance would be used for general corporate purposes.

### Consistent Track Record of Financial Performance

The company’s revenue from operation increased from ₹90.71 Lakhs in FY21 to ₹3246.17 lakhs in FY23. The company’s EBITDA increased from ₹10.80 lakhs in FY21 to ₹570.39 lakhs in FY23, while the net profit increased from ₹(2.71) lakhs in FY21 to ₹388.36 lakhs in FY23.

(₹ in Lakhs)	FY21	FY22	FY23
<b>Revenue from Operations</b>	90.71	472.89	3246.17
<b>EBITDA</b>	10.80	62.87	570.39
<b>EBITDA Margin</b>	11.91	13.29	17.57
<b>Net Profit</b>	(2.71)	3.71	388.36
<b>Profit margin (%)</b>	(2.99)	0.78	11.94
<b>EPS</b>	(1.71)	1.78	91.08



## Competitive Strengths

### Growing presence in telecommunications Circles with high growth potential

As on June 30, 2023, SAR Televenture Limited has nationwide operations across an aggregate 373 towers installed in India. It has presence in B-category and C-category Telecommunications Circles. As wireless telecommunications operators demand for data services increases, wireless telecommunications service providers in the metro telecommunications Circles and A-category Circles will seek to expand their existing networks to accommodate the roll out of newer technologies such as 5G. This will benefit the company, as it has an extensive presence in these metro telecommunications Circles and A-category Circles. Further, B-category and C-category Circles have untapped consumer potential for voice services, and will also see increasing demand for services. In addition, rural areas in India currently suffer from low penetration of telecommunications services, and it believes that these areas offer potential for growth of voice and, over time, data services.

Name of State	Number of tower installed
West Bengal	169
Bihar	65
Uttar Pradesh East	46
Punjab	29
Himachal Pradesh	23
Odisha	21
Andaman	12
Jharkhand	06
Chandigarh	02
<b>Total</b>	<b>373</b>

### Experienced and dedicated senior team across key functions

SAR Televenture Limited is led by a management team that has been involved in the roll-out of its existing portfolio from the start of its development until the present. Throughout the course of building its owned telecommunication portfolio numbering an aggregate 373 towers as on June 30, 2023, its management team, key /senior management team has developed project and operational management expertise and understands the key opportunities and risks associated with its business. Its management team, key /senior management team have relevant experience and know-how in the telecom industry, across business development, operations, administration, marketing and human resource management.

## Efficient Business Model

SAR Televenture Limited's growth is largely attributable to its efficient business model which involves identification and assessment of the project with emphasis on cost optimization which is a result of executing its projects with planning and strategy. Its business model relies more on speed of execution, quality of work performed and maintenance of the laid network. Its project team, by using modern equipment and efficient labour manpower completes the project with quality and within the required timeframe. It also maintains its own network for maintenance purpose. The company follows a strategic approach during the project execution stage, which involves undertaking technical surveys and feasibility studies, identification of the material requirement at an early stage of project and the cost involved in undertaking the project. Its project execution approach at each level of execution enables it to complete the project with the desired standards and with the most competitive cost.

## Established relationship with its clients

SAR Televenture Limited has developed strong and sustaining relationships with its main client, Bharti Airtel Limited. Bharti Airtel Limited contributed ₹ 61.76 lakhs ₹ 42.59 lakhs, and ₹ 9.07 lakhs for the fiscal 2023, 2022, 2021 respectively to the total revenue of SAR, as per its Restated Consolidate Financial Information. This constituted 19.02%, 90.06% and 100.00% of its revenue from operations for fiscal 2023, 2022 and 2021 respectively. Its track record of delivering timely services to its customer and demonstrated industry expertise, on a consistent basis, has helped it nurture long-term relationships with clients.



## Strategies Going Forward

### Promote tower sharing

According to TRAI, India is the second-largest and fastest-growing telecommunications market in the world. As per GSMA, India is on its way to becoming the second-largest smartphone market globally by 2025 with around 1 billion installed devices and is expected to have 920 Million unique mobile subscribers by 2025 which will include 88 Million 5G connections. It is also estimated that 5G technology will contribute approximately \$450 Billion to the Indian Economy in the period of 2023-2040. (Source: <https://www.investindia.gov.in/sector/telecom>). Within this overall growth opportunity, there are compelling reasons for wireless telecommunications service providers to increasingly seek to share tower infrastructure. Wireless telecommunications service providers are under pressure to reduce their operating expenses and capital expenditure. Consequently, sharing space on towers owned and operated by third parties makes more economic sense. Other factors that promote tower sharing include government incentive schemes and policies that promote such sharing, such as the Universal Service Obligation Fund initiated by the DoT; the expansion of wireless networks to India's less densely-populated and more remote areas; and the increasing penetration of new technologies such as 5G services.

## **Focus on increasing revenue and capital productivity across existing tower portfolios**

SAR Televenture Limited intends to actively seek out opportunities to increase revenue productivity across its existing tower portfolios. In addition to the growth of the number of towers, SAR Televenture Limited will seek to increase sharing across its respective tower portfolios, increase the loading of active telecommunications equipment by their sharing operators, and explore avenues for alternative revenue generation at these sites. The cost of establishing a tower is generally a one-time expenditure and the incremental capital expenditure and operating costs required to provide for loading of equipment by additional sharing operators at a tower are relatively low. In light of this, each additional sharing operator at a tower generally has a positive effect on margins. As such, the company intends to work towards attracting multiple additional wireless telecommunications service providers to its existing towers.

## **Actively seek opportunities to increase telecom operators in its portfolio**

SAR Televenture Limited intends to actively seek out opportunities to add additional telecom operators as customers to its portfolio. As the costs of operating a tower location are largely fixed and are recovered under the terms of the rental arrangement with the initial customer for any site, each additional customer beyond the first would be likely to have a positive effect on its margins. As such, the company intends to actively look for opportunities to attract multiple wireless telecom operators to its telecommunication towers, including smaller and new Indian telecommunications companies with small networks which are unable or unwilling to make the significant investments required to build substantial proprietary passive infrastructure networks; wireless telecom operators which prioritize quick access to new markets; and operators of new and emerging wireless technologies which will look to roll out their new networks in an effective and cost-efficient manner.

## **Capitalize on the rollout of new technologies and data services**

The Indian wireless telecommunications market is experiencing an increase in demand for data services, the key catalysts of which are India's growing young, urban population; the availability of affordable handsets; and the production and proliferation of relevant content. The company expects that the resulting expansion of 5G network services will require wireless telecommunications service providers to install additional active telecommunications transmission equipment at the towers where they currently operate. It expects wireless telecommunications service providers such as Bharti Airtel, Vodafone India to expand their networks in order to benefit from this growth. In addition to their existing leadership position in wireless voice services, Bharti Airtel, Vodafone India and Jio Cellular have collectively received 5G licences in all the telecommunications Circles in India. Further, it has extended 5G interest to various telecommunications Circles in India. They are likely to expand their networks to increase 5G penetration. Such network expansion and the need for wireless telecommunications service providers to expand their customer base will lead to an increase in demand for new towers in areas with low coverage.



## Management

- **Rahul Sahdev (Chairman and Managing Director):** He holds a degree in Advance Diploma in Business Management from National Business Management College, Australia. He holds a degree in Diploma in Marketing Department from Australian International College of Business. He holds a degree of Master of Business Administration in Marketing from Sydney University. He has 18 years of experience in the field of marketing. Currently he looks after the marketing and business development in the company.
- **Praveen Tandon (Whole Time Director):** He holds a degree of Bachelor of Engineering from Nagpur University. He has over 25 years of experience in Procurement of Passive Infrastructure, Electronics, Project Management, Marketing, and Customer Services Sales in Telecom Sector. He is expert in supervising logistics operations & ensuring timely execution, while adhering to transit guidelines. He has also demonstrated excellence in handling contracts, closure of deals, Contract Management. He has in-depth knowledge in Contract Negotiations, Closure and Vendor contract management.
- **Ganesh Karuppannan (Chief Financial Officer):** He has passed Intermediate Examination of the Institute of Chartered Accountants of India. He has three plus years of experience in finance & relate matters like maintaining ledgers, creating internal control procedures to increase reporting accuracy and reduce error rate, preparing financial statements. He oversees the financial operations and tax compliance in all the accounting activities. He looks after the finance related matters of the company.



## Valuation

At the upper price band of ₹55, SAR Televenture Limited is demanding a price to sales multiple of ~.072X based on FY23 sales and a 12 month trailing P/E multiple of .60X. We are not rated on the stock.

## Risks

- It depends on a limited number of customers for a significant portion of the revenue from operations. The loss of any of its major customers due to any adverse development or significant reduction in business from its major customers may adversely affect its business.
- It has a limited operating history and may be subject to risks inherent in early-stage companies, which may make it difficult to evaluate its business and prospects.
- If its wireless service provider customers consolidate or merge with each other to a significant degree, its growth, revenue and ability to generate positive cash flows could be adversely affected.
- A shortage or non-availability or interruption in supply of essential utilities such as electricity could affect its business operations and may have an adverse effect on its business.
- Failure to execute expansion successfully and effectively in its line of business could disrupt its business.

**For complete list of risk factors kindly refer to the Red Herring Prospectus.**

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