

ABOUT THE COMPANY: Incorporated in January 2008, Prostarm Info Systems Limited is an Indian company specializing in designing, manufacturing, and selling Energy Storage and Power Conditioning Equipment, known as "Power Solution Products." Their manufactured Power Solution Products comprise of UPS system, inverter system, lift inverter system, solar hybrid inverter systems, lithium-ion battery packs, transformers and other power solution products.

KEY BUSINESS INSIGHTS: Prostarm Info Systems Ltd, incorporated in 2008, began as a distributor and installer of batteries and UPS systems. Since 2021, it has transitioned into an integrated manufacturer and assembler of power conditioning and energy storage solutions. The company's portfolio includes standard and customised products such as UPS systems, solar hybrid inverters, lift inverters, lithium-ion battery packs, servo stabilisers, and isolation transformers, supported by services like installation, rentals, AMCs, and post-warranty support. Around 46% of its revenue comes from government contracts. It is empaneled with entities like Airports Authority of India, NTPC Vidyut Vyapar Nigam, Railtel Corporation, and various state departments. The Indian UPS market is projected to grow at an 8.22% CAGR till FY30, while the lithium-ion battery market is expected to grow at a 19.67% CAGR, both tailwinds aligning with Prostarm's offerings. It also undertakes rooftop solar EPC projects, with operations backed by a mix of in-house and contract manufacturing. The company has diversified into trading IT assets and reverse logistics, offering incremental revenue opportunities. Despite consistent profits, cash flow conversion remains modest, making working capital discipline crucial.

VIEW: Prostarm Info Systems Ltd's shift to full-fledged manufacturing, diversified power solutions portfolio, and strong institutional presence position it well in India's growing energy storage and backup market. Its alignment with rising demand for UPS systems, lithium-ion batteries, and solar hybrid inverters enhances long-term scalability prospects. With a reasonable valuation at 14.72x P/E (9MFY25 annualized), the company offers attractive entry for investors. While cash flow efficiency remains a watchpoint, we recommend **SUBSCRIBE** for investors seeking long-term exposure to the energy infrastructure and digital power solutions space.



ISSUE DETAILS	
Price Band (in ₹ per share)	95-105
Issue size (in ₹ Crore)	152.00-168.00
Fresh Issue (in ₹ Crore)	152.00-168.00
Offer for Sale (in ₹ Crore)	NA
Issue Open Date	27-05-2025
Issue Close Date	29-05-2025
Tentative Date of Allotment	30-05-2025
Tentative Date of Listing	03-06-2025
Total Number of Shares (in lakhs)	160.00
Face Value (in ₹)	10.00
Exchanges to be Listed on	NSE and BSE

APPLICATION	LOTS	SHARES	AMOUNT (₹)
Retail (Min)	1	142	₹14,910
Retail (Max)	13	1,846	₹1,93,830
S-HNI (Min)	14	1,988	₹2,08,740
S-HNI (Max)	67	9,514	₹9,98,970
B-HNI (Min)	68	9,656	₹10,13,880

BRLMs: Choice Capital Advisors Pvt Ltd

PROMOTER: Ram Agarwal, Sonu Ram Agarwal, Vikas Shyamsunder Agarwal

BRIEF FINANCIALS

PARTICULARS (Rs. Cr) *	9MFY25	FY24	FY23	FY22
Share Capital	42.87	42.87	42.87 ^{&}	9.08
Net Worth	107.24	84.29	61.00	40.95
Revenue from operations	268.62	257.87	230.36	171.30
EBITDA	35.88	36.62	29.14	16.56
EBITDA Margin (%)	13.36	14.20	12.65	9.67
Profit/(Loss) After Tax	22.10	22.79	19.34	10.87
Adjusted EPS (in Rs.)	5.35	5.44	4.66	2.66
Net Asset Value (in Rs.)	25.01	19.66	14.23	9.55
Total borrowings	60.37	43.46	24.85	3.20
P/E [#]	14.72 [^]	19.30	NA	NA
P/B [#]	4.20	5.34	NA	NA

* Restated consolidated financials; [&]Calculated at upper price band [^]Annualised EPS: & Bonus issue as on 11th March, 2023 in the ratio of 372:100 i.e., 372 fully paid up Equity Shares against 100 existing fully paid up Equity Shares held by the existing shareholders.

OBJECTS OF THE OFFER

The company proposes to utilise the Net Proceeds towards funding the following objects:

- ◆ Funding working capital requirements of their Company, up to 72.50 crores.
- ◆ Prepayment or repayment of all or a portion of certain outstanding borrowings availed by their Company, up to 17.95 crores
- ◆ Achieving inorganic growth through unidentified acquisitions and other strategic initiatives, and General Corporate Purposes

FINANCIAL STATEMENTS

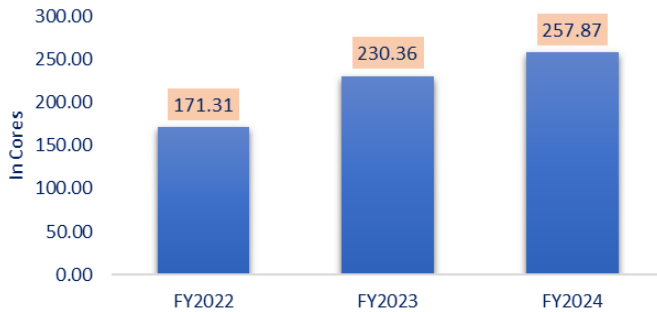
Profit & Loss Statement			
Particulars (In Crores)	FY2022	FY2023	FY2024
INCOME			
Revenue from operations	171.31	230.36	257.87
Other Operating Revenue	0.74	1.98	1.36
Total Income	172.05	232.35	259.23
YoY Growth (%)	-	34.47%	11.94%
Cost of materials consumed	37.57	62.41	94.29
Cost of materials consumed-% of Revenue	21.83%	26.86%	36.37%
Purchase of Stock-in-Trade	103.95	110.27	100.00
Purchase of Stock-in-Trade-% of Revenue	60.42%	47.46%	38.58%
Changes in inventories of stock in trade	-12.21	-6.26	-13.70
Changes in inventories of stock in trade-% of Revenue	-7.09%	-2.69%	-5.29%
Employee benefit expenses	12.71	16.99	20.76
Employee Expenses-% of Revenue	7.38%	7.31%	8.01%
Other expenses	13.46	19.79	21.25
EBIDTA (Calculated)	16.57	29.15	36.62
EBIDTA Margin (%)	9.63%	12.54%	14.13%
Depreciation and amortisation expense	0.94	1.65	1.93
EBIT	15.63	27.50	34.69
EBIT Margin (%)	9.08%	11.84%	13.38%
Finance cost	0.66	1.31	3.74
Profit / (Loss) before tax	14.97	26.19	30.95
Tax expenses			
Current tax	4.31	7.48	8.55
Short/(Excess) Provision Previous Financial Year	-0.21	-0.64	-0.39
Total tax expenses	4.10	6.84	8.15
Profit for the year	10.87	19.35	22.80
PAT Margin (%)	6.35%	8.40%	8.84%
Earnings per share			
Basic earnings per share (₹)	2.66	4.66	5.44

Cashflow Statement			
Particulars (In Crores)	FY2022	FY2023	FY2024
Net cash generated from operating activities	4.16	-13.50	-7.80
Net cash used in investing activities	-8.86	-8.35	-7.86
Net cash used in financing activities	5.72	20.63	15.42
Net increase/ (decrease) in cash and cash equivalents	1.02	-1.22	-0.24
Balance as at beginning	0.98	1.99	0.77
Cash and cash equivalent as at year end	1.99	0.77	0.53

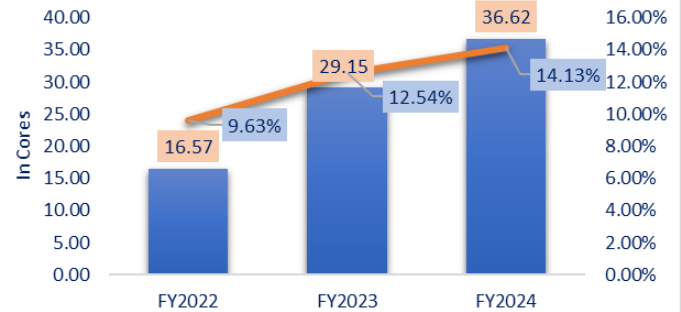
Balance Sheet			
Particulars (In Crores)	FY2022	FY2023	FY2024
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment	2.60	4.08	6.47
Capital work-in-progress	-	8.97	9.49
Investment Property	2.43	2.65	2.79
Intangible Assets	2.69	2.49	2.16
Intangible Assets under Development	-	-	-
Right-of-Use Assets	0.40	0.40	4.39
Financial Assets	0.00	0.00	-
Trade Receivables	0.04	-	-
Investments	0.00	0.00	0.00
Loans	0.00	0.00	-
Other financial assets	6.90	14.28	13.56
Deferred Tax Assets (Net)	0.83	1.45	1.85
Other non-current assets	-	0.11	0.11
Total non-current assets	15.89	34.43	40.81
CURRENT ASSETS			
Inventories	31.67	41.69	58.54
Financial assets	0.00	0.00	0.00
Investments	3.17	-	-
Trade receivables	34.85	66.73	90.30
Cash and Cash Equivalent	1.99	0.77	0.53
Bank balances other than above	-	0.09	0.21
Loans	0.27	0.40	0.50
Other Current Financial Assets	3.80	4.99	7.16
Current Tax Asset (Net)	0.14	0.01	0.02
Other current assets	6.23	6.27	4.96
Total Current Asset	82.13	120.95	162.23
TOTAL ASSET	98.02	155.39	203.04
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	9.08	42.87	42.87
Other Equity	31.87	18.13	41.42
Equity attributable to owners of the Parent Company	40.95	61.00	84.30
Non-Controlling Interest	2.80	2.16	1.64
Total Equity	43.75	63.16	85.93
Non-Current liabilities			
Financial Liabilities			
Borrowings	2.11	6.71	4.61
Lease Liabilities	0.12	0.06	-
Other financial liabilities	-	-	0.02
Provisions	0.71	0.96	1.24
Other Non-Current Liabilities	-	-	-
Total Non-Current Liability	2.93	7.73	5.87
CURRENT LIABILITIES			
Financial Liabilities			
Borrowings	0.93	18.03	38.80
Lease Liability	0.06	0.06	0.06
Trade payable	0.00	0.00	0.00
Due to MSME	2.18	7.17	4.49
Due to other than MSME small enterprises	45.43	52.64	59.81
Other financial liabilities	1.51	0.87	2.33
Other Current Liability	1.11	3.79	2.62
Provisions	0.12	0.44	0.62
Current Tax Liabilities (Net)	-	1.50	2.52
Total Current liability	51.35	84.50	111.24
Total Equity & Liability	98.02	155.39	203.05

PERFORMANCE THROUGH CHARTS

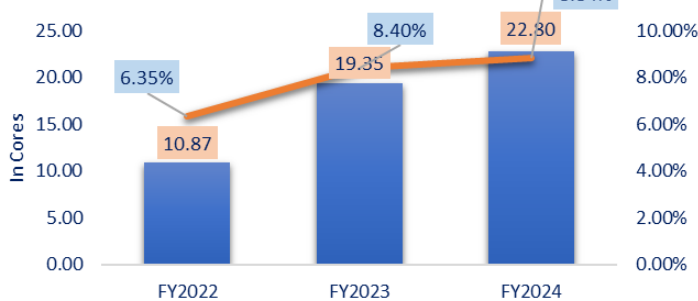
REVENUE HAS GROWN BY 23% CAGR 2 YR



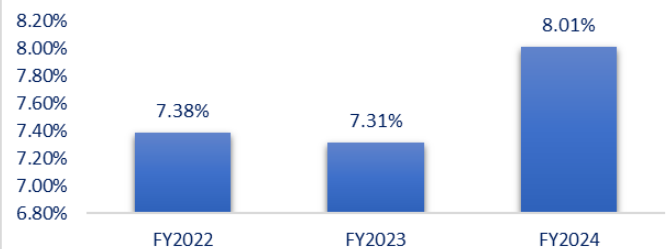
EBIDTA GREW BY 49% CAGR 2 YR



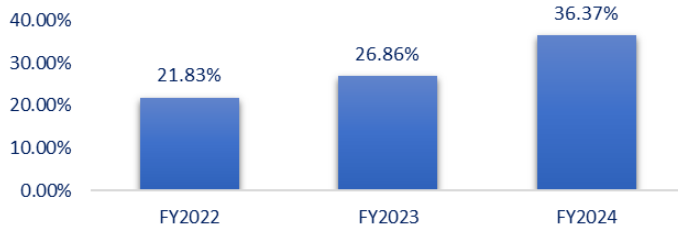
PAT GREW BY 45% CAGR 2 YR



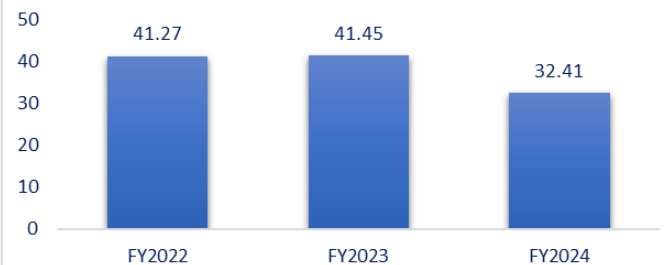
EMPLOYEE EXPENSE AS % TO REVENUE IS INCREASING



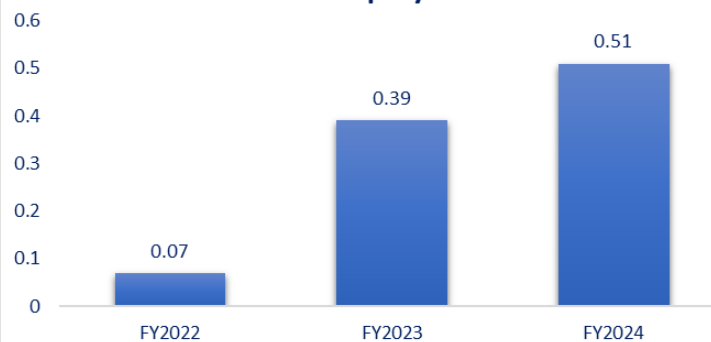
Cost of materials consumed-% of Revenue is increasing



Return on capital employed(%)



Debt-Equity Ratio



INDUSTRY REVIEW

UPS Market in India

The power backup systems market in India is witnessing significant growth due to persistent power shortages and advancements in technology. The increasing gap between power demand and supply has driven industrial sectors to seek uninterrupted power solutions, particularly UPS systems, which prevent data loss, connectivity issues, and equipment damage. These systems are widely used across banking, power, manufacturing, transportation, retail, healthcare, and entertainment industries. Additionally, the government's push towards clean energy and off-grid renewable solutions—such as solar and wind power—has accelerated the adoption of green UPS systems, further expanding the market. Initiatives like 'Make in India' and 'Vocal for Local' are strengthening domestic manufacturing, positioning India as a potential global hub by 2030. Favorable state and central policies, along with large industrial clusters in western and southern India, have attracted OEMs, fostering market expansion.

Overview of the Battery Market, including Lithium cells in India

A battery is an electrochemical device that generates power through the principle of electromotive force. The market is segmented into lithium-ion, lead-acid, nickel, flow batteries, and others, with lead-acid batteries remaining the most widely used. However, lithium-ion batteries are rapidly gaining popularity due to their applications in renewable energy, telecommunications, and power generation. Their rechargeable nature makes them ideal for portable electronics and electric vehicles, with the EV sector consuming 60% of Li-ion batteries, solidifying its dominance in this market.

Solar Hybrid Inverter Market

A solar inverter converts DC electricity generated by solar panels into AC power, enabling homes and businesses to use or feed it into the grid. It optimizes energy output and enhances safety by shutting down during grid failures. Various types exist, including String Inverters, Microinverters, Power Optimizers, Central Inverters, Grid-Tied, Off-Grid, and Hybrid Inverters. A solar hybrid inverter goes further by managing energy storage, storing excess power in batteries for later use, such as at night or on cloudy days. This improves cost savings, reliability, and environmental impact, making solar energy more efficient and sustainable in the long run.

Outlook of the Indian auto components industry (fiscal 2024 to 2029)

The auto component market is expected to grow at a 9-11% CAGR between FY24 and FY29, reaching ₹12,000-13,000 billion, surpassing the previous ~9% CAGR from FY19 to FY24. This strong growth outlook follows a recovery from declines in FY20 and FY21. Demand across all segments has risen post-FY23, with FY25 projected to see a 9-11% revenue increase, driven by economic recovery (~6.4% GDP growth) and robust demand from OEMs and the replacement market.

**COMPETITIVE STRENGTHS OF THE COMPANY**

Diversified and continuously evolving and expanding product portfolio and service offerings catering to customers across various industries.

They have a diverse and evolving product portfolio that caters to power storage and power conditioning needs across multiple industries. Their broad customer base, including government bodies, project contractors, industrial clients, and distributors, spans sectors such as healthcare, aviation, BFSI, railways, defence, IT, and renewable energy. This wide-ranging product offering enhances customer retention and strengthens cross-selling opportunities, allowing them to meet varied industry demands effectively.

Established relationships with their customers and a wide customer base.

They have built a strong and diversified customer base across industries, including PSU banks, Larsen & Toubro, Tata Power, and Bajaj Finance, along with key government organizations. As an empanelled vendor for major entities like Airports Authority of India and Railtel Corporation, they have secured consistent revenue streams. Their top five customers have significantly contributed to their revenue over the past fiscal years, with their top ten customers accounting for 71.80% of revenue in FY24. Their customer-centric approach ensures swift issue resolution, further strengthening long-term relationships and market expansion efforts. This solid foundation positions them for future growth, product innovation, and market diversification.

Consistent track record of financial performance leading to a strong balance sheet position;

Their focus on efficiency, productivity, and cost rationalisation has driven consistent financial growth, with revenue from operations showing a 22.69% CAGR from ₹17,130.73 lakhs in FY22 to ₹25,787.04 lakhs in FY24, and reaching ₹26,862.66 lakhs in the nine months ended December 31, 2024. EBITDA and profit after tax have also witnessed steady improvement. Their effective resource management, combining internal accruals and debt financing, has strengthened their ability to expand. This strong financial trajectory positions them to capitalise on emerging opportunities in India's power solutions sector.

RISK FACTORS

Their Company has received a show cause notice for alleged violation under the Customs Act, 1962. Any adverse order passed against them would materially affect their financial condition and business.

- Their Company has received a show cause notice under section 124 read with Section 28(4) of the Customs Act, 1962 bearing number 314/2024-25/commr/Gr.VA/JNCH dated May 21, 2024 ("SCN").
- The SCN stated that their Company had been wrongly availing the exemption of basic customs duty ("BCD") on UPS imports under Bill of Entry No. 2025030 dated February 7, 2024 ("Impugned Goods") filed by a customs house agent on behalf of their Company.
- Accordingly, their Company's consignment was put on hold, and an examination was carried out under Panchnama dated February 14, 2024.
- On examination of goods under Panchnama dated February 14, 2024, it was found that their Company claimed BCD exemption vide Sr. No. 4 under notification no. 25/2005-Cus. Dt. March 1, 2015, on certain items under the bill of entry, which were declared as 'UPS (static converter) for computers'.
- However, the said exemption is available on Static Converter for Automatic Data Processing ("ADP") machines and units thereof, and telecommunication apparatus, other than static converters for cellular mobile phones'.

Their revenue from operations is dependent upon a limited number of customers, and the loss of any of these customers or loss of revenue from any of these customers could have a material adverse effect on their business, financial condition, results of operations and cash flows.

- The loss of one or more key customers for any reason, such as an inability to negotiate acceptable purchase terms, contract renewals, disputes, adverse financial changes like bankruptcy, mergers, declining sales, delayed requirements, or work stoppages, could negatively impact their business, operations, and financial condition.
- They currently do not have long-term agreements with their customers, relying instead on purchase orders to dictate sales terms and volumes.
- While they believe they have fostered strong, long-term relationships with their customers, they cannot guarantee that these will continue.

Disruption in their relationships with third party dealers and distributors, changes in their business practices, their failure to meet payment schedules and provide timely and accurate information could adversely affect their business, operating cash flows and financial condition.

- They heavily rely upon their network of third-party dealers or distributors for a significant portion of their sales and distribution operations within India.
- As of the nine months ended December 31, 2024, March 31, 2024, March 31, 2023 and March 31, 2022, their distribution network comprised of 360, 478, 539 and 469 dealers and distributors respectively, spread across the country to whom they sell their products for further sale and distribution to end customers or resellers.
- They also sell their products directly to government, institutional and corporate customers.
- They typically do not enter into annual contracts or long-term contracts with their 40 dealers and distributors for the sale and distribution of their products and therefore cannot assure that they would maintain historic level of relation with their dealers and distributors.
- At times, they provide certain incentives for their dealers and distributors by giving an upfront discount in case of bulk orders, payment before due dates or advance payment in certain cases.
- Their dealers and distributors are also a source of market information for their products, which aids them in knowing their competitors and market trends.
- While they attempt to settle all outstanding dues with such dealers and distributors, any such occurrence could disrupt their relationship with such dealers and distributors and negatively impact their revenues, business, operating cash flows and financial condition.



PEER COMPARISON

Name of the company	Revenue from Operations (in ₹ Cr)	Face Value (Rs per share)	EPS (in Rs)	NAV (Per share Rs)	RoE (%)	P/E*	P/B*
Prostarm Info Systems Limited	257.87	10.00	5.44	19.66	32.09	19.30	5.34
Servotech Renewable Power System Limited	353.68	1.00	0.54	6.54	10.50	232.89	19.23
Sungarner Energies Limited	17.68	10.00	5.22	41.32	16.78	59.96	7.58

*P/E & P/B ratio based on closing market price as of May 22nd 2025, at the upper price and of IPO, financial details consolidated audited results as of FY 24.



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