PROSTRAM INFO SYSTEMS

May 26, 2025

PROSTARM
Power Redefined

SMC Ranking

★ ½ ☆ ☆ ☆ (1.5/5)

Issue Highlights

Industry	Electrical Equipment
Fresh Issue (Shares)	16,000,000
Net Offer to the Public	**16,000,000**
Issue Size (Rs. Cr.)	152-168
Price Band (Rs.)	95-105
Offer Date	27-May-25
Close Date	29-May-25
Face Value	10
Lot Size	142

Issue Composition

	In shares
Total Issue for Sale	16,000,000
QIB	8,000,000
NIB	2,400,000
Retail	5,600,000

Shareholding Pattern (%)

Particulars	Pre-issue	Post -issue
Promoters & promoters group	100.00%	72.82%
QIB	0.00%	13.59%
NIB	0.00%	4.08%
Retail	0.00%	9.51%
Total	**100.00%**	**100.00%**

*calculated on the upper price band

Objects of the Issue

1. Funding working capital requirements of the Company.
2. Prepayment or repayment of all or a portion of certain outstanding borrowings availed by the Company
3. Achieving inorganic growth through unidentified acquisitions and other strategic initiatives and general corporate purposes

Book Running Lead Manager

- Choice Capital Advisors Private Limited

Name of the registrar

- KFin Technologies Limited

About the company

Prostarm Info Systems Limited, incorporated in January 2008, is an Indian company specializing in the design, manufacturing, and sale of energy storage and power conditioning solutions. Its portfolio includes UPS systems, inverter systems, solar hybrid inverters, lithium-ion battery packs, and voltage stabilizers. The company offers both standard and customized products, manufactured in-house and through contract manufacturing partners. It also distributes third-party batteries and provides reverse logistics, end-of-life disposal for UPS systems and batteries, and other related services. Prostarm also undertakes rooftop solar power projects on an EPC basis across India. Its service offerings include installation, rentals, and comprehensive after-sales support such as warranty services, post-warranty care, and Annual Maintenance Contracts (AMC), ensuring added value for its clients. The company caters to a wide range of sectors, including healthcare, aviation, research, BFSI, railways, defence, security, education, renewable energy, IT, and oil & gas. Key clients include the Airports Authority of India, CPWD Patna, PWD New Delhi, West Bengal PHED, WEBEL, Telangana State Technology Services, RailTel Corporation, and NTPC Vidyut Vyapar Nigam. As of May 17, 2025, Prostarm operates through 21 branch offices and 2 storage facilities across 18 states and 1 union territory. As of March 31, 2025, the company employed 423 permanent and 19 contractual staff.

Strength

Diversified and Evolving Product Portfolio: Prostram Info Systems Ltd offers a diverse and continually expanding portfolio of power storage and conditioning solutions, serving clients across government, institutional, industrial, and commercial sectors. The company caters to various industries including healthcare, aviation, BFSI, defence, IT, and renewable energy. While its products follow standardized specifications, Prostram also provides customized solutions for specific client needs, reinforcing its position as a one-stop power solutions provider.

Strong and Established Customer Base: Prostram Info Systems Ltd has built long-term relationships with a broad customer base, including marquee names like PSU banks, L&T, Tata Power, and Bajaj Finance. The company is an empanelled vendor with several government agencies and has served over 700 clients in FY24. Notably, 40% of customers have been associated for 3+ years, and 19% for over 5 years. Its customer retention and focus on service have consistently contributed to its recurring revenues and business growth.

Wide Geographical Reach and Distribution Network: With 21 branch offices and 2 storage facilities across 18 states and 1 union territory, Prostram Info Systems Ltd maintains a robust pan-India presence. Its extensive network of 360–539 dealers and distributors (over FY22–FY24) plays a key role in sales and service delivery. This wide distribution footprint enables faster product rollouts and efficient after-sales service, contributing up to 42% of revenue in past fiscal years.

Strong Financial Performance and Balance Sheet: Prostram Info Systems Ltd has demonstrated consistent financial growth, with revenue from operations rising from Rs.171.31 crore in FY22 to Rs.268.63 crore (9M FY24). EBITDA grew at a CAGR of nearly 30%, and PAT rose to Rs.22.80 crore in FY24. As per CARE Ratings, the company led peers in EBITDA, PAT margin, ROA (11.2%), ROE (26.6%), and ROCE (36.3%) in FY24. Prudent financial management and internal accruals have supported expansion and

sustained profitability.

Strategy

Strategic Growth through Inorganic and Organic Expansion: Prostram Info Systems Ltd, since its inception in 2008, has evolved from a third-party reseller to a manufacturer with three production units in Pune and Navi Mumbai. The company has developed in-house capabilities in product design, assembly, and quality control to enhance efficiency and reduce external dependency. Prostram continues to explore expansion through capacity enhancement, automation, and strategic investments, including acquisitions and partnerships, to strengthen its market position and scale operations.

Expanding Customer Base and Market Reach: Prostram Info Systems Ltd has consistently expanded its domestic customer base by introducing new products, entering new segments, and enhancing service offerings. The company plans to tap international markets such as Bangladesh, Nepal, Sri Lanka, Africa, and the Middle East through targeted promotions and exhibition participation. With a focus on high-growth sectors like railways, airports, healthcare, and renewable energy, Prostram is also investing in advanced solutions like BMS for lithium-ion battery packs to meet evolving industry demands.

Building Brand Recognition: To enhance brand visibility and customer loyalty, Prostram Info Systems Ltd is implementing a robust marketing strategy with increased digital outreach, dealer engagement, and participation in key domestic and global trade events. The company also plans to intensify local marketing efforts to deepen penetration across the Indian market and strengthen its positioning in the power solutions industry.

Working Capital Optimization and Debt Rationalization: Prostram Info Systems Ltd aims to shorten its 100-day working capital cycle by improving inventory turnover and encouraging quicker receivables through enhanced brand credibility. The company also plans to reduce its consolidated borrowings of Rs.6,691.78 lakhs (as of March 31, 2025) by using a portion of IPO proceeds to repay debt, thereby improving its debt-to-equity ratio and lowering finance costs.

Driving Operational Efficiency and R&D: Prostram Info Systems Ltd continues to invest in manufacturing infrastructure and process optimization to boost efficiency, reduce costs, and improve customer satisfaction. The company is aligning its operations with ESG principles and scaling its R&D capabilities to drive innovation, sustainable growth, and better cost control. Enhanced R&D efforts will also support product development and position the company for long-term competitiveness and market responsiveness.

Risk factor

- Derive significant portion of revenue from government institutions i.e. 30.22%/46.21% in FY24 and 9mFY25, respectively.
- The top 5/10 customers accounted for 38.43%/51.88% in FY24 and 59.97%/71.80% in 9MFY25.
- Received a show cause notice for alleged violation under the Custom Act, 1962. Any adverse order passed against it would materially affect the financial condition and business.
- Experienced negative operating cash flows in 9mFY25, FY24 and Fy23.
- Intense competition from cheap/low quality UPS produces especially from local/regional players due to lack of standards despite high technological complexity.
- Ability to manufacture lithium battery packs may be adversely affected due to various reasons including restriction on import of lithium-ion cells, change in regulatory landscape, tariff increase etc.

Peer comparison

Co_Name	Total Income	PAT	EPS	P/E	P/BV	BV	FV	Price	Mcap
Servotech Renew	674.44	32.74	1.47	83.91	11.63	10.60	1	123.35	2750.03
Prostarm Info Systems Limited	268.63	22.11	6.88	20.97	2.18	48.14	10	105.00	618.18

***Peer companies financials are TTM based**
*****Prostarm Info Systems Limited is based on Estimated Annualised Fy25**

Valuation

Considering the P/E valuation, on the upper end of the price band of Rs.105, the stock is priced at pre issue P/E of 15.27 x on Estimated Annualised FY25 EPS of Rs.6.88. Post issue, the stock is priced at a P/E of 20.97x on its EPS of Rs 5.01. . Looking at the P/B ratio at Rs.105 pre issue, book value of Rs. 26.92 of P/Bvx 3.90x. Post issue, book value of Rs.48.14 of P/Bvx 2.18x.

Considering the P/E valuation, on the Lower end of the price band of Rs.95, the stock is priced at pre issue P/E of 13.82 x on Estimated Annualised FY25 EPS of Rs.6.88. Post issue, the stock is priced at a P/E of 18.97x on its EPS of Rs 5.01. . Looking at the P/B ratio at Rs.95 pre issue, book value of Rs. 26.92 of P/Bvx 3.53x. Post issue, book value of Rs.48.14 of P/Bvx 1.97x.

Industry Outlook

The power back-up systems market is growing due to the problem of power shortage in the country and with the technological advancements. The gap between the demand and supply of power in the country is increasing the demand for uninterrupted power supply by the industrial sectors. The Indian UPS Market has been showcasing an upward trend generating revenues of Rs 96,432 million in FY24 while it was at Rs 89,713 million in FY23. The market is further expected to grow at a CAGR of 8.22% till FY30. This growth of 8.22% is due to rising dependence on electricity in the country, expanding commercial and industrial segments, and with power outages being a frequent occurrence; especially during peak hours, an uninterrupted power supply has become mandatory. The Indian Lithium–Ion battery market in India was recorded at Rs 5,58,078 million in FY24 and grew at a CAGR of 7.66% between FY19 and FY24. Further, going ahead the market is expected to grow at a 19.67% till FY30. It is forecasted to reach Rs 16,39,090 million by FY30. The Indian Lithium-Ion Battery Market is growing rapidly, driven by the surging demand for energy storage solutions in various sectors, including automotive, consumer electronics, and renewable energy. The Indian Solar Hybrid Inverter market in India was recorded at Rs 5,242 million in FY24 and grew at a CAGR of 9.21% between FY19 and FY24. Further, going ahead the market is expected to grow at a 18.60% till FY30. It is forecasted to reach Rs 13,938 million by FY30. This growth is expected to be driven by the rising demand for renewable energy as India transits from fossil fuels to more sustainable energy sources to combat climate change and improve energy security.

Outlook

Prostram Info Systems Ltd presents a compelling IPO opportunity, backed by consistent financial growth, a diversified product portfolio, strong customer retention, and an expanding distribution network. The company's focus on operational efficiency, in-house manufacturing, and expansion into international markets further strengthens its growth prospects. However, risks include working capital intensity, client concentration, and dependence on government contracts. Despite these, the company's strong fundamentals, robust order book, and sectoral tailwinds in power solutions and energy storage position it well for long-term value creation.

An Indicative timetable in respect of the Issue is set out below:

EVENT	INDICATIVE DATE (On or about)
BID/ISSUE OPENS ON	27-May-25
BID/ISSUE CLOSES ON	29-May-25
Finalisation of Basis of Allotment with the Designated Stock Exchange	30-May-25
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account	02-June-25
Credit of Equity Shares to Demat Accounts of Allottees	02-June-25
Commencement of trading of the Equity Shares on the Stock Exchanges	03-June-25

Annexure

Consolidated Financials

Profit & Loss

Rs. in Cr.

Particulars	Period ended 31-Dec-24 (9 Months)	Period ended 31-Mar-24 (12 Months)	Period ended 31-Mar-23 (12 Months)
Revenue from operations	268.63	257.87	230.36
Total expenditure	234.38	222.61	203.20
Operating Profit	**34.25**	**35.26**	**27.16**
OPM%	12.75	13.67	11.79
Other Income	1.64	1.36	1.98
Total Net Income	**35.89**	**36.62**	**29.15**
Interest	4.10	3.74	1.31
PBDT	**31.79**	**32.88**	**27.84**
Depreciation	2.21	1.93	1.65
PBT	**29.57**	**30.95**	**26.19**
Tax	7.47	8.15	6.84
Profit & Loss	**22.11**	**22.80**	**19.35**

Balance sheet is on next page

Balance Sheet

Rs. in Cr.

Particulars	As on 31-Dec-24	As on 31-Mar-24	As on 31-Mar-23
Non-current assets			
Property, plant and equipment	16.50	6.47	4.08
Capital work-in-progress	0.00	9.49	8.97
Investment Property	2.81	2.79	2.65
Intangible Assets	1.95	2.16	2.49
Right-of-Use Assets	4.34	4.39	0.40
Financial Assets			
Trade Receivables	0.00	0.00	0.00
Investments	0.00	0.00	0.00
Loans	0.00	0.00	0.00
Other financial assets	19.34	13.56	14.28
Deferred Tax Assets (Net)	2.52	1.85	1.45
Other non-current assets	0.35	0.11	0.11
Total non-current assets	**47.81**	**40.81**	**34.43**
Current asset			
Inventories	57.15	58.54	41.69
Financial Assets	**0.00**	**0.00**	**0.00**
Trade receivables	98.81	90.30	66.73
Cash and cash equivalents	1.51	0.53	0.77
Bank balances other than (iii) above	0.07	0.21	0.09
Loans	0.53	0.50	0.40
Others current financial assets	6.70	7.16	4.99
Current Tax Asset (Net)	0.07	0.02	0.01
Other Current Assets	17.39	4.96	6.27
Total current assets	**182.23**	**162.23**	**120.95**
Total Assets	**230.04**	**203.04**	**155.39**
Non-current liabilities			
Financial liabilities			
Borrowings	3.72	4.61	6.71
Lease liabilities	0.00	0.00	0.06
Other financial liabilities	0.02	0.02	0.00
Provisions	1.34	1.24	0.96
Total Non- Financial liabilities	**5.08**	**5.87**	**7.73**
Current liabilities			
Financial Liabilities			
Borrowings	56.66	38.80	18.03
Lease liabilities	0.00	0.06	0.06
Trade payables- Total outstanding dues of micro and small enterprises	4.62	4.49	7.17
Trade payables-Total outstanding dues of creditors other than micro and small enterprises	48.44	59.81	52.64
Other financial liabilities	1.42	2.33	0.87
Other current liabilities	3.62	2.62	3.79
Provisions	0.51	0.62	0.44
Current Tax Liabilities (Net)	1.62	2.52	1.50
Total - Current Liabilities	**116.89**	**111.24**	**84.50**
Total Liabilities	**121.97**	**117.11**	**92.23**
Net worth represented by:			
Equity share capital	42.87	42.87	42.87
Other equity	64.37	41.42	18.13
Non-controlling interests	0.82	1.64	2.16
Net Worth	**108.07**	**85.93**	**63.16**

RANKING METHODOLOGY

WEAK	★
NEUTRAL	★★
FAIR	★★★
GOOD	★★★★
EXCELLENT	★★★★★

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