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IPO Report

26th May '25

Snapshot

Company is engaged in designing, manufacturing, assembling, sale, service and supply of Energy Storage Equipment and Power Conditioning Equipment (“**Power Solution Products**”) in India. Company’s manufactured Power Solution Products comprise of UPS system, inverter system, lift inverter system, solar hybrid inverter systems, lithium-ion battery packs, servo-controlled voltage stabilisers (“**SCVS**”), isolation transformers and other power solution products. Company offer both customized and standard products and solutions, manufactured and assembled at company’s in-house facilities and also through third party contract manufacturers.

VALUATION

Company is bringing the issue at price band of Rs 95-105 per share at p/s multiple of approx. 21x on post issue annualized FY25E PAT basis.

Company has well established infrastructure with technologies along with wide geographical presence and distribution network with scalable business model with wide portfolio of clients across various industries. Company’s diversified product portfolio helps it retain its customers and strengthen its cross-selling efforts across product portfolios. With company having wide array of quality products and services, company have established and will continue to focus on strengthening its relationships with domestic customers across its product verticals.

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Price Band (Rs./Share)	95-105
Opening date of the issue	27th May '2025
Closing Date of the issue	29th May '2025
No of shares pre issue	4,28,74,592 Eq Shares
Fresh Issue	Rs 152-168 Cr
No of shares	1,60,00,000 Shares
Face Value (Rs/ share)	Rs10/share
Bid Lot	142
BIDDING DETAILS	
QIBs (Including Anchor)	50% of the offer (Approx 80,00,000 Eq Shares)
Non-Institutional	15% of the offer (Approx 24,00,000 Eq Shares)
Retail	10% of the offer (Approx 56,00,000 Eq Shares)
Employee Reservation	Up to 1,00,000 Equity Shares
Lead managers	Choice Capital Advisors
Registrar to the issue	KFin Technologies Ltd

WHAT WE LIKE

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

Company have a diverse and continuously evolving product portfolio, product verticals and customer base. Further, company offer its customers multiple products to meet their power storage and power conditioning requirements. Company have a diverse customer base comprising of government, project contractors, industrial and institutional clients, dealers and distributors, and cater to a range of industries including healthcare, aviation, research, BFSI, railways, defence, security, education, renewable energy, information technology and oil & gas.

Established relationships with its customers and wide customer base

Company have established and will continue to focus on strengthening its relationships with domestic customers across its product verticals. The varied applications of company’s products have helped it build a wide customer base across various industries. Some of its marquee customers across the industries that company cater to, include certain PSU Banks, Larsen & Toubro Limited, Tata Power Co. Limited and Bajaj Finance Limited.

Wide geographical presence and distribution network

Company’s operations are supported by a network of twenty-one (21) branch offices and two (2) storage facilities across eighteen (18) states and one (1) union territory within India. This infrastructure not only supports sales but also enables its to provide after-sales services, ensuring that company’s customers receive reliable and timely assistance for maintenance and operational needs.



COMPANY BACKGROUND

In addition to company's core manufactured products, company also deal in sale and supply of third party power solution products such as batteries, reverse logistics/end-of-life products and other assets such as IT Assets, solar panel and allied products. Company also undertake rooftop solar photovoltaic power plant projects across India on EPC basis. Company's comprehensive range of value-added services include installation, rental, after-sales services (including warranty and post-warranty services), Annual Maintenance Contracts ("AMC") which supplements its Power Solution Products, catering to a wide spectrum of customers and their requirements.

Company specialize in power electronics solutions, offering reliable and affordable products to businesses across various sectors and have built a reputation for delivering dependable UPS systems that ensure continuous power availability in critical sectors like banking, finance, and healthcare. Over the years, company have leveraged its expertise, processes and infrastructure to cater to diverse end-use industries such as healthcare, aviation, research, BFSI, railways, defense, security, education, renewable energy, information technology and oil & gas. As on date, company is empaneled vendor for Airports Authority of India; West Bengal Public Health Engineering Department; West Bengal Electronic Industry Development Corporation Limited; Telangana State Technology Services Limited; Railtel Corporation of India Limited; and NTPC Vidyut Vyapar and Nigam Limited.

Incorporated in 2008, company started its commercial operations by focusing on the sale, supply, and installation of batteries and uninterruptible power supply systems manufactured by third-party vendors. This initial phase allowed company to understand the market and thereafter establish a strong foothold in the market and build relationships with customers seeking reliable power solution products.

Over the years, company have significantly expanded and diversified company's operations. Today, company not only deal in the sale and supply of Power Solution Products but have also evolved into a comprehensive power solutions provider. Presently, company's offerings include the designing, manufacturing and assembling of a wide range of energy storage and power conditioning equipment under its own brand. The strategic shift to in-house production has enabled company to maintain high quality standards, innovate continuously, and offer customized solutions tailored to meet the specific requirements of its customers. Company's ability to offer end-to-end power solution products has positioned it as a trusted partner for a wide range of customers.

Since year 2018, company have strategically expanded its business operations by venturing into the engineering, procurement and construction segment, specifically focusing on setting up rooftop solar photovoltaic (PV) power system across India. This vertical complements its core power solutions business, aligning with the increasing demand for renewable energy sources and sustainable power solutions. Company's expertise in the EPC domain allows it to offer end-to-end solutions for rooftop solar installations, covering all aspects of solar PV power project development, including site assessment, system design, procurement of high-quality materials, and complete installation services. Additionally, company provide operations and maintenance ("O&M") services to its clients to ensure optimal performance, reliability, and longevity of the solar power systems. Company have successfully executed and commissioned rooftop Solar PV Power Plants totaling 10.56 MW at over two hundred sites during the nine-month period ended December 31, 2024 and in the last three (3) Fiscals.

Company is presently catering wide range of power solution products to diverse clientele including the government, private institutions and corporate customers. Company's extensive capabilities to meet company's customers' requirements are bolstered by company's pan-India sales and service network.

Company's suppliers are majorly situated in India and China. Company has imported 5.28%, 26.99%, 10.41% and 17.39% of its total purchases from China in the nine-month period ended December 31, 2022, Fiscal 2024, Fiscal 2023 and Fiscal 2022, respectively. In order to cater the requirement of its clients, company have also entered into contract manufacturing arrangement with third party manufacturers in China and India from whom company procure certain products such as UPS, SCVS, lift inverter system and isolation transformers as per demand of its products on the basis of designs, specifications and standards established by company. Company's top five (5) contract manufacturers are actively associated with company and they are located in Delhi, Ahmedabad and China. Outsourcing the manufacturing of some of company's products enables it to enhance company's capabilities to cater to its clients' requirements. Additionally, as per the requirements of company's customers, company also perform value engineering and customization of its products.

In line with its objective to increase its focus on make in India and to exercise better control over company's supply chain, company have intensified its focus and expanded its manufacturing capabilities over the last three years where company manufacture, design, and assemble its products. Company have three (3) manufacturing units located in the state of Maharashtra out of which two (2) units are at Pisoli, Pune ("Manufacturing Unit I" and "Manufacturing Unit II") and one (1) unit at Mahape, Navi Mumbai ("Manufacturing Unit III"). Company's Manufacturing Unit II is being operated under its subsidiary, Prostarm Energy Systems Private Limited.



INVESTMENT RATIONALE

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

Company's commitment to continuous efficiency improvements, enhanced productivity and cost rationalization has allowed it to achieve consistent and strong financial performance. Company's revenue from operations, EBITDA, and restated profit after tax have steadily increased from Fiscal 2022 to nine month period ended December 31, 2024. Specifically, company's revenue from operations reached ₹25,787.04 lakhs in Fiscal 2024, ₹ 23,036.32 lakhs in Fiscal 2023, and ₹ 17,130.73 lakhs in Fiscal 2022, demonstrating a CAGR of 22.69% during this period. Further, revenue from operations during the nine month period ended December 31, 2024 amounted to ₹26,862.66 lakhs. Additionally, company's EBITDA rose from ₹1,656.80 lakhs in Fiscal 2022 to ₹ 2,914.79 lakhs in Fiscal 2023, and then to ₹ 3,662.35 lakhs in Fiscal 2024. Company's restated profit after tax also saw significant growth, increasing from ₹1,087.05 lakhs in Fiscal 2022 to ₹1,934.55 lakhs in Fiscal 2023, and reaching ₹ 2,279.80 lakhs in Fiscal 2024. It further reached to ₹ 2,210.76 lakhs during the nine month period ended December 31, 2024.

Experienced Promoters and senior management team with a committed employee base

Company is led by an experienced management team that has the expertise and vision to manage and grow its business. Company's Promoters possess over sixteen (16) years of expertise in the power solutions sector and have been pivotal in driving its growth since inception. They remain actively engaged in company's operations, contributing their vision, business acumen, and leadership, which have been crucial in sustaining company's business and fostering continued growth. Company's Board of Directors includes executive and non-executive Directors, including independent directors, with extensive experience from reputable institutions and industries who bring in significant business expertise including in the areas of technology, manufacturing, finance, sales and marketing. Company have a well-qualified senior management team with extensive experience in the power solutions industry, which positions it well to capitalize on future growth opportunities. The extensive experience, skills and knowledge of company's senior management is a key to company's business growth. Company's experienced and dedicated management team also guide and assist it to capture market opportunities, formulate and execute business strategies, manage client expectations as well as proactively manage changes in market conditions.



OBJECTS OF OFFER

The net proceeds of the Issue, i.e. gross proceeds of the Issue less the issue expenses to the extent applicable to the Issue (“Net Proceeds”) are proposed to be utilized for the following objects:

1. Funding working capital requirements of company;
2. Prepayment or repayment of all or a portion of certain outstanding borrowings availed by company; and
3. Achieving inorganic growth through unidentified acquisitions and other strategic initiatives and General Corporate Purposes

RISKS

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

Source:RHP

INDUSTRY OVERVIEW

Overview of Servo Stabilizer Market in India

A servo stabilizer is a servo motor-controlled stabilization system that performs the function of providing optimum voltage supply by capturing voltage fluctuations from input and regulates current to the output. There are two types of stabilizers; one is relay and other is servo based. In relay stabilizer, the switch corrects the output voltage accuracy at +/-10% while in servo stabilizer, it provides +/-1% voltage output where input voltage alters up to +/-50%. The major difference between the two is that servo is a stepless correction technologically superior to the traditional relay transformers.

There are a lot of advantages of servo stabilizers, like precision of high voltage correction with output correction of +/-1% voltage, modify the variable voltage on desired levels, inbuilt pass system, strong loading power up to and above 5,000 KVA, tension is based on less correction phase and great stability for complex machines like X-Ray, CT Scan radiation, etc. Also, superior properties including stabilizing large and small fluctuations in the current and thereby avoiding uncertain casualties improves overall machinery life. There is necessity for servo stabilizers to avoid high replacement cost of equipment in several end-user industries.

The servo stabilizers market is driven by the growing demand for cost effective voltage stabilization solutions in numerous industries. Growing trends in urbanization, development in technology and heavy engineering sector is likely to fuel growth of servo stabilizers in near future. Rising demand for servo stabilizers in the commercial sector is another driving force which is expected to boost the market.


Consolidated Financials

(Rs in lakhs)

Financials	FY22	FY23	FY24	9M FY 2025
Total Revenue (A)	17130.73	23036.32	25787.04	26862.66
Total Expenditure (B)	15547.98	20319.86	22260.9	23438.08
EBIDTA	1582.75	2716.46	3526.14	3424.58
EBIDTA Margin	9.24	11.79	13.67	12.75
Other Income	74.04	198.32	136.21	164.42
Depreciation	94.10	164.80	192.92	221.35
EBIT	1562.69	2749.98	3469.43	3367.65
Interest	65.57	131.16	374.14	410.38
PBT	1497.12	2618.82	3095.29	2957.27
Share of profit in Asso	0.00	0.00	0.00	0.00
PBIT	1497.12	2618.82	3095.29	2957.27
Exceptional	0.00	0.00	0.00	0.00
PBT	1497.12	2618.82	3095.29	2957.27
Tax	410.07	684.28	815.49	746.52
PAT	1087.05	1934.54	2279.80	2210.75
NPM	6.35	8.40	8.84	8.23
ROE%	32.34	39.21	32.09	23.95
EPS	2.66	4.66	5.44	5.21
Eq Cap	908.36	4,287.46	4,287.46	4,287.46
Net Worth	4,375.06	6,316.06	8,593.42	10,806.68

(Source: RHP)

Peer Comparison

Company Name	Face Value	EPS	P/E	ROE %	NAV
<i>Prostarm Info Systems Limited</i>	<i>10.00</i>	<i>5.44</i>	<i>--</i>	<i>32.09</i>	<i>19.66</i>
Peers					
Servotech Power System Limited	1.00	0.54	243	10.50	6.54
Sungarner Energies Limited	10.00	5.22	55	16.78	41.32

(Source: RHP)

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