

IPO Details		Company Background					
<b>Opening Date</b>	Dec 11, 2023	<ul style="list-style-type: none"> <li>○ Presstonic Engineering Limited was originally formed as a Partnership Firm in 1996 and has its registered office in Bangalore, Karnataka, India.</li> <li>○ The company is engaged in the business of manufacturing Metro Rail Rolling Stock Products, Metro Rail Signalling Products, and Infrastructure Products.</li> <li>○ The company also supplies products to renowned Global and Domestic OEMs engaged in the Rail and Metro Rail Rolling stock and Signalling equipment manufacturing service companies.</li> <li>○ As of 30<sup>th</sup> November 2023, the Company had 36 employees on its payroll basis, and has engaged 126 Contract Labours for its operations.</li> </ul>					
<b>Closing Date</b>	Dec 13, 2023						
<b>Stock Exchange</b>	NSE SME						
<b>Lot Size</b>	1,600 Shares						
<b>Issue Price</b>	₹ 72 per share						
<b>Issue Size</b>	Aggregating up to 23.30 Cr.						
<b>Fresh Issue</b>	Aggregating up to 23.30 Cr.						
<b>Offer for Sale</b>	-						
<b>Application Amount (@ upper band for retail investors)</b>	₹ 1,15,200						
IPO Objective		Market Capitalization (In Cr.)					
Capital Expenditure towards the purchase of additional plant and machinery.		<b>Pre-Issue</b>	<b>Post-Issue</b>				
Prepayment in full of certain borrowings.		₹ 32	₹ 55				
To meet Issue Expenses.		Financial Summary (In Lacs)					
To meet Working Capital Requirements.		<b>For the Period Ended</b>	<b>Mar-21</b>	<b>Mar-22</b>	<b>Mar-23</b>	<b>Sept-23</b>	
General Corporate Purpose.		<b>Total Assets</b>	2,386.96	2,496.70	2,737.67	2,850.69	
Pre-Issue Shareholding		<b>Net Assets</b>	223.16	237.22	493.36	645.57	
<b>Category</b>	<b>No. of Shares</b>	<b>% of Total Shares</b>	<b>Total Borrowings</b>	1,774.95	1,797.08	1,645.27	1,536.97
Promoter & Promoter Group	44,69,480	99.97%	<b>Total Revenue</b>	769.44	1,272.21	2,113.26	1,431.67
Public	1,200	0.03%	<b>Profit After Tax</b>	-16.94	14.07	256.14	152.21
Promoter of the Company		Tentative Timeline					
1	Herga Poornachandra Kedilaya		<b>Opening Date</b>	Dec 11, 2023			
2	Yermal Giridhar Rao		<b>Closing Date</b>	Dec 13, 2023			
Competitive Strengths		<b>Basis of Allotment</b>	Dec 14, 2023				
1	Organizational stability along with management expertise.		<b>Initiation of Refunds</b>	Dec 15, 2023			
2	Smooth flow of operations.		<b>Credit of Shares to Demat</b>	Dec 15, 2023			
3	Well-defined organizational structure.		<b>Listing Date</b>	Dec 18, 2023			
4	Well-established manufacturing facility designed to serve multiple product ranges.						
5	Existing supplier relationship.						
6	Quality assurance and accreditations.						
7	Diversified product portfolio.						
8	Strong order book						

### Company Background and Analysis

The company was originally formed as a Partnership Firm dated June 03, 1996. The company manufactures Metro Rail Rolling Stock Products, Metro Rail Signalling Products, and Infrastructure Products and supplies to renowned Global and Domestic OEMs engaged in the Rail and Metro Rail Rolling stock and Signalling equipment manufacturing and servicing companies. The company's manufacturing facility is spread over approx. 28,317.50 sq. ft.

The range of products under the manufacturing capabilities is summarized as under –

1. Metro Rail Rolling Stock Products -
  - i) Rolling Stock Interior Products: Saloon Bucket/Plain Type Seat, Custom Colored Engineered Handles, Grab Pole System, Handrail System, Emergency Evacuation Ramp, Honeycomb Partition Panels etc.
  - ii) Rolling Stock Non-Interior Products: Aluminium Cable Management Systems, Cab Handrail, Under Carriage Frame Module, Air Handling Unit, Battery Box, Equipment Mounting Frames, Gangway Frame, Driver Footrest Assembly, Enclosure Box, Driver Simulator Cabin etc.
2. Metro Rail Signalling Products - IP Rated Enclosures, Beacon Mounting Brackets, Ballast less Support Bracket, DCS Mast, Ladder Assembly with DCS Mast Platform etc.
3. Infrastructure Products - Steel Structure and Aluminium Murals, Support Structure for Solar Panels, Wire Form and Cable Trays etc.

Below is the bifurcation of the revenue based on the geography –

(Amount in Lakhs)

Particulars	Mar-21		Mar-22		Mar-23		Sep-23	
	Amount	%	Amt	%	Amt	%	Amt	%
<b>State Wise -</b>								
Karnataka	428.36	56.26	812.07	64.31	849.74	40.40	687.20	48.22
Andhra Pradesh	154.23	20.26	151.55	12.00	417.97	19.87	323.36	22.69
West Bengal	52.34	6.87	90.61	7.18	358.28	17.04	272.85	19.14
Gujarat	-	-	201.79	15.98	337.73	16.06	105.01	7.37
Maharashtra	13.76	1.81	-	-	56.74	2.70	2.25	0.16
Bihar	19.91	2.62	5.83	0.46	-	-	-	-
Delhi	-	-	0.38	0.03	-	-	-	-
Telangana	76.56	10.06	-	-	-	-	4.75	0.33
Uttar Pradesh	0.21	0.03	-	-	-	-	-	-
<b>Country Wise -</b>								
Australia	14.88	1.95	0.57	0.05	82.00	3.90	27.62	1.94
France	-	-	-	-	0.60	0.03	-	-
South Korea	1.11	0.15	-	-	-	-	2.16	0.15
<b>Total Revenue</b>	<b>761.36</b>	<b>100.00</b>	<b>1,262.80</b>	<b>100.00</b>	<b>2,103.06</b>	<b>100.00</b>	<b>1,425.20</b>	<b>100.00</b>

To conclude, the company has vast experience in the industry by being in this sector since 1996. The company raises the majority of its revenue from the state of Karnataka.

## **Business Strategies**

### **1. Focus on Increase in Volume of Sales -**

The company is focusing on increasing sales volume through expansion, diversification and spread in geographical outreach. The company believes that the growth in the domestic market, as well as the international market, can fetch them new business expansion and opportunities.

### **2. Reduction of operational costs and achieving efficiency -**

The company is focusing on reducing operational costs and gaining a competitive edge. The company routinely customizes the products for specific applications.

### **3. Improving operational efficiencies -**

The company focuses on improving operating efficiencies to achieve cost reductions to have a competitive edge. The company believes in strong in-house management to control the entire process.

### **4. Leverage and enhance the goodwill in the market -**

The company believes that the Goodwill they have created in the market commands a recall amongst consumers in the areas where it operate due to the image and goodwill established over the years. The company intends to leverage this goodwill and increase its market base.

### **5. Leveraging the market skills and relationships -**

The company aims to leverage its marketing skills and relationships and further enhance customer satisfaction. Over and above the regular human reach, the company will be adopting innovative methods through social media, groups, public meetings, meetings, and seminars to address its potential customer base.

## **Competitive Scenario and Peer Mapping**

### **Competition**

The company operates in a competitive industry. The company faces tough competition in the business from a large number of unorganized and organized players. The company competes with the competitors on a regional or product line basis. The company has a very low barrier to entry which increases the threat of competition from new entrants. The bargaining power with the customers is low in the company's sector. The bargaining power with the suppliers is moderately high in the sector in which the company operates.

### **Peer Analysis**

As per the offer document, the company believes that there are no listed companies in India that offer products or services across the various business segments in which they operate and hence a strict comparison is not possible.

**Industry Overview**

Exhibit 1: Railways Gross Revenue Trends Over the Years (US\$ billion).

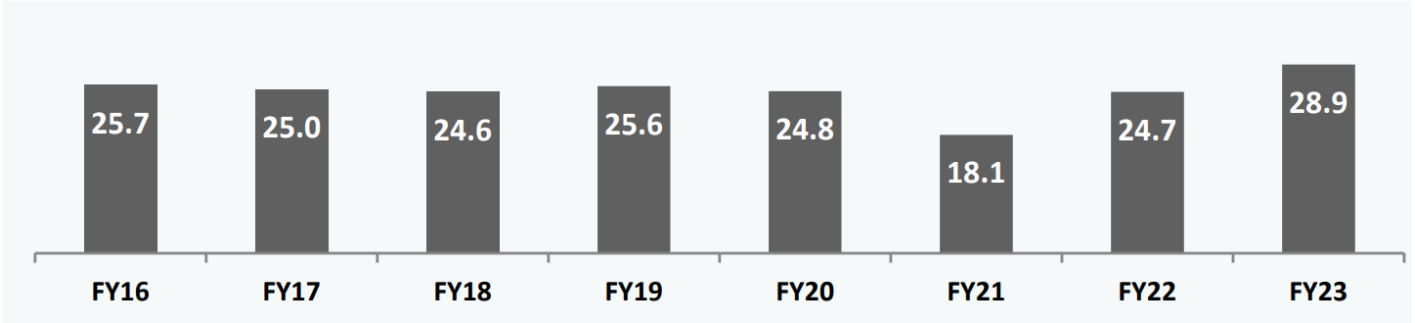
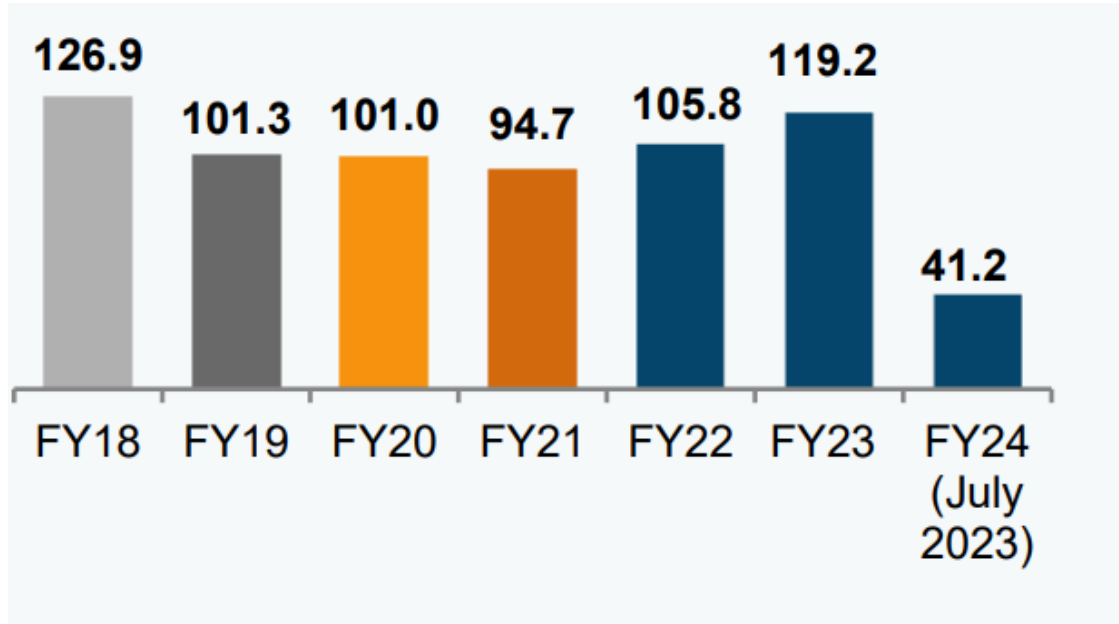


Exhibit 2: Consumption of Finished Steel (Million Tonnes)



(Source: ibef.org)

### **Indian Railway Industry Report -**

The Indian railway system is regarded as the foundation and lifeblood of the economy. Indian railways span thousands of kilometres practically covering the entire nation, making it the fourth largest in the world after the US, China, and Russia. The Railways Board, which has a monopoly over the provision of rail services in India, oversees overseeing the whole infrastructure. Due to its low cost and effective operations, railways continue to be the most popular means of transportation for most Indians when travelling long distances.

India's railway network is recognised as one of the largest railway systems in the world under single management. The railway network is also ideal for long-distance travel and movement of bulk commodities, apart from being an energy efficient and economic mode of conveyance and transport. Indian Railways is the preferred carrier of automobiles in the country. The government of India has focused on investing in railway infrastructure by making investor-friendly policies. It has moved quickly to enable Foreign Direct Investment (FDI) in railways to improve infrastructure for freight and high-speed trains. At present, several domestic and foreign companies are also looking to invest in Indian rail projects.

### **Industrial Steel Industry Overview -**

One of the primary forces behind industrialization has been the use of metals. Steel has traditionally occupied a top spot among metals. Steel production and consumption are frequently seen as measures of a country's economic development because it is both a raw material and an intermediary product. Therefore, it would not be an exaggeration to argue that the steel sector has always been at the forefront of industrial progress and that it is the foundation of any economy.

The Indian steel industry is classified into three categories - major producers, main producers and secondary producers. As of December 2022, India was the world's second-largest producer of crude steel. In FY22, the production of crude steel and finished steel stood at 133.596 MT and 120.01 MT, respectively. In April-November 2022, the production of crude steel and finished steel stood at 81.96 MT and 78.09 MT respectively. The growth in the Indian steel sector has been driven by the domestic availability of raw materials such as iron ore and cost-effective labour. Consequently, the steel sector has been a major contributor to India's manufacturing output. The Indian steel industry is modern, with state-of-the-art steel mills.

### **Metro Rail Projects in India -**

India's metro rail projects have undergone significant development, reshaping urban transportation. These projects aim to alleviate traffic congestion, reduce pollution, and enhance connectivity within cities. With projects spanning across cities like Delhi, Mumbai, Bangalore, and Chennai, India's metro network continues to expand. The development process involves meticulous planning, strategic funding, and advanced technology integration. These metro systems offer commuters a convenient and efficient mode of transport, facilitating seamless travel across crowded urban landscapes. As cities continue to grow, the expansion of metro rail projects remains a cornerstone of India's urban development strategy, catering to the needs of modern urban life.

(Source: prospectus)

## Key Managerial Personnel

**Herga Poornachandra Kedilaya**, aged 52, is one of the Promoters and Managing Director of the Company. He holds a bachelor's degree in engineering. He started his career in the field of petrochemical industry as a design engineer for a couple of years, which was directly followed by an entrepreneurship spanning more than 26 years. He is a visionary and provides valuable strategies and guidance to his teams. He has a unique techno-commercial knowledge of handling both B2B and B2C models.

**Yermal Giridhar Rao**, aged 53, is one of the Promoters, Whole Time Director, and Joint Managing Director of the company. He holds a Master of Technology. He started his career at M/s. Alfred Herbert India Ltd. as Executive – Industrial Engineering, Jr. Executive at M/s. Shetron Limited, and later co-founded Presstonic Engineering Corporation in 1996. As the Director of Presstonic Engineering Ltd, he has led cross-functional teams like design, product development and manufacturing.

**Kodipadi Yerkadithaya Supriya Murthy**, aged 57, is the Non-Executive Director of the company. She has done her graduation in Commerce, Post Graduate Diploma, and Degree Course in Bharatanatyam. She has more than 20 years of working experience as an entrepreneur in various fields such as architecture, interior design, organic farming, Desi cow advocacy and yogic healing.

**Vidyalakshmi Rao**, aged 45, is the Non-Executive Director of the company. She holds a degree in Bachelor of Commerce degree. With a strong background in accounting, costing, and logistics, she has been effectively leading financial planning and analysis. She has around 10 years in the field of supply chain operations and negotiating vendor contracts.

**Jyotsna Rajsekar Belliappa**, aged 58, is the Non-Executive Independent Director of the Company. She has deep experience in managing ambiguity and conflict and has a keen ability to listen as well as communicate with internal and external stakeholders. She is currently working as a Principal Consultant of BlueSky Sustainable Business LLP and as a Consultant in The CSR Company International.

**Nagendra Dattathreya Rao**, aged 51, is the Non-Executive Independent Director of the company. Mr. Nagendra Dattathreya Rao is a Designated Partner and Founder of CS Nagendra D. Rao and Associates, LLP. With over 20 years of experience in the Corporate Sector, he specializes in Corporate and Securities Laws, Capital Markets Transactions, Business Planning, Mergers and acquisitions, Financial Restructuring, Strategic Investment, and Funds Planning and arrangement.

To conclude, the company has 2 promoters, and they have vast experience in the industry in which the company operates. The remaining Directors of the company also have vast knowledge and experience in their respective fields.

## Financial Snapshot

<b>Profit and Loss Statement</b>					<b>(In Lacs)</b>
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Sep-23</b>	
Revenue from Operations	761.36	1,262.80	2,103.06	1,425.21	
Other Income	8.08	9.41	10.20	6.46	
<b>Total Income</b>	<b>769.44</b>	<b>1,272.21</b>	<b>2,113.26</b>	<b>1,431.67</b>	
<b>Expenses</b>					
Cost of materials consumed	237.14	391.07	798.41	652.17	
Changes in Inventories	-173.89	108.40	78.19	-43.77	
Employee benefits expense	129.92	97.79	115.11	94.71	
Finance costs	244.12	217.78	262.84	143.62	
Depreciation and Amortization expense	78.48	71.19	87.94	35.08	
Other expenses	275.47	364.53	415.22	346.29	
<b>Total Expenses</b>	<b>791.24</b>	<b>1,250.76</b>	<b>1,757.71</b>	<b>1,228.10</b>	
<b>Earnings Before Interest, Taxes, Depreciation &amp; Amortization</b>	<b>292.72</b>	<b>301.01</b>	<b>696.13</b>	<b>375.81</b>	
<b>EBITDA Margin</b>	<b>38%</b>	<b>24%</b>	<b>33%</b>	<b>26%</b>	
<b>Profit/(Loss) before tax</b>	<b>-21.80</b>	<b>21.45</b>	<b>355.55</b>	<b>203.57</b>	
Tax Expense					
Current Tax	1.86	8.33	104.67	52.66	
Deferred Tax	-6.72	-0.95	-5.26	-1.30	
Total Tax Expense	-4.86	7.38	99.41	51.36	
<b>Profit/(Loss) for the year</b>	<b>-16.94</b>	<b>14.07</b>	<b>256.14</b>	<b>152.21</b>	
<b>Net Profit Margin</b>	<b>-2%</b>	<b>1%</b>	<b>12%</b>	<b>11%</b>	

<b>Balance Sheet</b>					<b>(In Lacs)</b>
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Sep-23</b>	
<b>EQUITY AND LIABILITIES</b>					
<b>1. Shareholders' funds</b>					
Share Capital	223.53	223.53	223.53	447.07	
Reserve and Surplus	(0.37)	13.69	269.83	198.50	
<b>Total Equity</b>	<b>223.16</b>	<b>237.22</b>	<b>493.36</b>	<b>645.57</b>	
<b>2. Non-current liabilities</b>					
Long Term Borrowings	375.65	432.54	333.96	238.10	
Long Term Provisions	9.59	11.78	15.34	14.89	
<b>Total Non-current liabilities</b>	<b>385.24</b>	<b>444.32</b>	<b>349.30</b>	<b>252.99</b>	
<b>3. Current liabilities</b>					
Financial Liabilities					
Short-term borrowings	1,399.30	1,364.54	1,311.31	1,298.87	
Trade payables					
Due to MSME	-	-	-	-	
Due to Others	299.73	328.61	345.56	338.21	
Other Current Liabilities	78.06	114.13	139.16	164.17	
Short-term Provisions	1.48	7.89	98.99	150.88	
<b>Total Current liabilities</b>	<b>1,778.57</b>	<b>1,815.17</b>	<b>1,895.02</b>	<b>1,952.13</b>	
<b>Total Liabilities</b>	<b>2,163.81</b>	<b>2,259.49</b>	<b>2,244.32</b>	<b>2,205.12</b>	
<b>Total Equity and Liabilities</b>	<b>2,386.97</b>	<b>2,496.71</b>	<b>2,737.68</b>	<b>2,850.69</b>	
<b>ASSETS</b>					
<b>1. Non-current assets</b>					
Property, Plant and Equipment					
Tangible Assets	347.57	458.94	378.88	350.71	
Intangible Assets	7.72	4.95	1.35	0.75	
Capital work-in-progress	133.86	269.00	373.56	398.33	
Deferred tax assets (net)	6.72	7.66	12.92	14.22	
Other non-current assets	21.30	21.30	22.80	22.50	
<b>Total Non-Current assets</b>	<b>517.17</b>	<b>761.85</b>	<b>789.51</b>	<b>786.51</b>	

<b>Balance Sheet</b>					<b>(In Lacs)</b>
<b>2. Current assets</b>					
Inventories	1,073.42	1,062.85	1,087.06	1,094.02	
Trade receivables	323.2	292.54	524.50	558.74	
Cash and Bank Balances	238.11	188.80	219.64	267.16	
Short-term loans and advances	175.73	131.33	57.63	84.93	
Other Current Assets	59.33	59.33	59.33	59.33	
<b>Total Current assets</b>	<b>1,869.79</b>	<b>1,734.85</b>	<b>1,948.16</b>	<b>2,064.18</b>	
<b>Total Assets</b>	<b>2,386.96</b>	<b>2,496.70</b>	<b>2,737.67</b>	<b>2,850.69</b>	

<b>Cash Flow Statement</b>					<b>(In Lacs)</b>
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Sep-23</b>	
Net Cash Flow from Operating Activities	134.73	452.34	544.84	324.87	
Net Cash Flow from Investing Activities	-104.24	-306.00	-99.35	-25.44	
Net Cash Flow from Financing Activities	107.79	-195.65	-414.65	-251.92	

<b>Ratio Sheet</b>				
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Sep-23*</b>
<b>Per Share Data</b>				
Diluted EPS	-0.38	0.31	5.73	4.51
BV per share	2.90	3.08	6.40	41.14
<b>Operating Ratios</b>				
EBITDA Margins	38.45%	23.84%	33.10%	26.37%
PAT Margins	-2.20%	1.11%	12.12%	12.13%
Inventory days	514.60	307.21	188.67	140.47
Debtor days	154.94	84.56	91.03	71.74
Creditor days	406.64	258.40	143.62	101.09
<b>Return Ratios</b>				
RoCE	35%	34%	72%	21%
RoE	-8%	6%	52%	11%
<b>Valuation Ratios (x)</b>				
EV/EBITDA	6.01	6.13	2.76	5.78
Market Cap / Sales	7.29	4.39	2.64	1.95
P/E	-189.47	232.26	12.57	15.98
Price to Book Value	24.87	23.39	11.25	1.75
<b>Solvency Ratios</b>				
Debt / Equity	7.95	7.58	3.33	2.38
Current Ratio	1.05	0.96	1.03	1.06
Quick Ratio	0.45	0.37	0.45	0.50
Asset Turnover	0.32	0.51	0.77	0.50
Interest Coverage Ratio	0.88	1.06	2.31	2.37

\*Ratio sheet for Sep-23 is annualized.

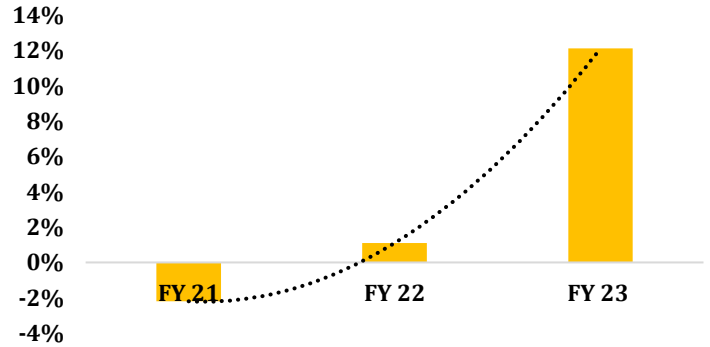


## Financial Charts

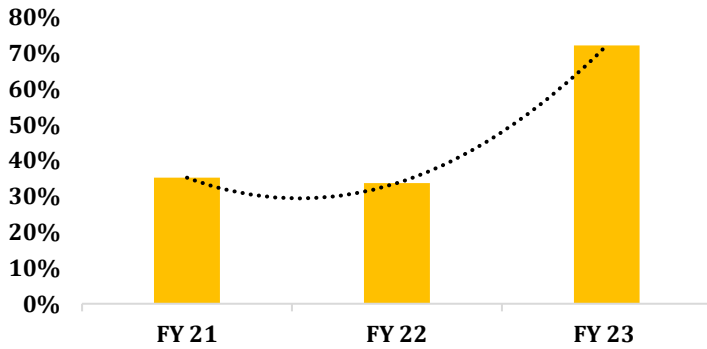
**EBITDA Margin**



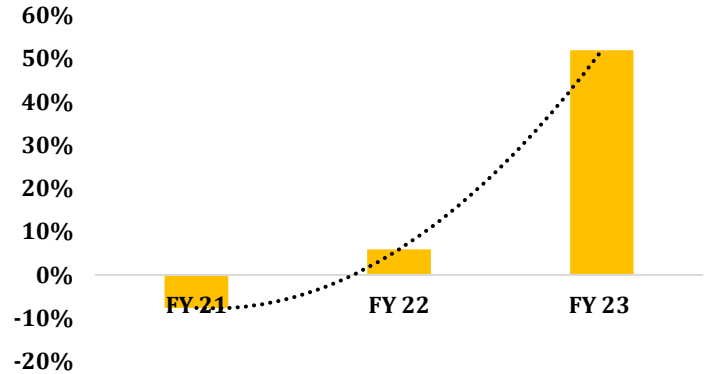
**Net Profit Margin**



**Return On Capital Employed**



**Return on Equity**



## Key Risk Factors

1. The Company is dependent on a few customers and the loss of, or a significant reduction in orders by such customers could adversely affect the business. Top 5 customers contributed to 96.23%, 99.65%, 99.84%, and 99.21% for the FY ended 2021, 2022, 2023 and Period Ended September 2023 respectively.
2. The company incurred a loss in FY 2021. Any losses in future could adversely impact the business, financial condition and results of operations.
3. The company have certain contingent liabilities amounting to Rs. 598.23 lakhs, which, if materialized, may affect the financial condition and results of operations.
4. There are certain outstanding litigation involving the Company amounting to Rs. 25.70 lakhs, which, if determined adversely, may affect the business, operations and reputation.

### Track Record of Lead Manager

The lead manager to the issue is Finshore Management Services Limited. A table has been set below highlighting the details of the IPO of the recent companies handled by the Lead Manager in recent times –

#### Finshore Management Services Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Holmarc Opto-Mechatronics Limited	11.40	40.00	September 25, 2023	114.0
2.	Alphalogic Industries Limited	12.88	96.00	July 14, 2023	178.0
3.	ITCONS E-Solutions Limited	8.67	51.00	March 13, 2023	43.2
4.	Indong Tea Company Limited	13.01	26.00	February 21, 2023	19.9
5.	Arham Technologies Limited	9.58	42.00	December 15, 2022	225.0
6.	AMBO Agritec Limited	10.20	30.00	December 02, 2022	26.0
7.	Containe Technologies Limited	2.62	15.00	September 30, 2022	116.0
8.	Mega Flex Plastics Limited	11.40	40.00	September 19, 2022	34.8
9.	Naturo Indiabull Limited	10.92	30.00	September 02, 2022	14.5
10.	Upsurge Seeds of Agriculture Limited	22.81	120.00	August 11, 2022	373.45

\*CMP for the above-mentioned companies is taken as of 8<sup>th</sup> December 2023.

As per the offer document, Finshore Management Services Limited has had 32 mandates in the last three fiscal years (including the current year). For Finshore Management Services Limited above-mentioned mandates 3 have opened at discounts, 1 has opened at par and the remaining mandates have opened at premiums on the listing day.

## **Recommendation**

The company has been in the industry since 1996 and has vast experience in the industry. The company's management overview is satisfactory with vast experience and knowledge in the industry in which the company operates. The company also operates in a very competitive industry.

The P/E on an annualized and post-IPO basis is 19.69 times which seems to be highly priced by looking at the performance of the company and the sector.

The company operates in a competitive segment. The company operates in the metro rail industry which has seen a significant boom in recent times. The company also has a good order book. The financial outlook of the company is satisfactory. The company has also seen consistency in an increase in its top-line financials. Thus, one can **APPLY** to this IPO.

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