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ABHA POWER AND STEEL LIMITED
Corporate Identity Number: U27102CT2004PLC016654

Our Our Company was incorporated as "Abha Power and Steel Private Limited", a private limited company under the Companies Act, 1956, pursuant to a certificate of incorporation dated May 27, 2004, issued by the Registrar of Companies, Chhattisgarh. Our Company was converted into a public limited company pursuant to a resolution passed by our Shareholders at an extraordinary general meeting held on March 30, 2024, and a fresh certificate of incorporation dated June 5, 2024, was issued by the Assistant Registrar of Companies, Central Processing Centre, consequent upon conversion, recording the change in the name of our Company to 'Abha Power and Steel Limited'. For further details in relation to the change in the name and registered office of our Company, see "*History and Certain Corporate Matters*" beginning on page **Error! Bookmark not defined.** (the "**Draft Red Herring Prospectus**").

Registered Office: Silpahari Industrial State, Bilaspur, Chhattisgarh, India - 495001

Tel: +91 93022 21587; **E-mail:** cs@abhacast.com; **Website:** www.abhacast.com **Contact Person:** Pratibha Patel, Company Secretary and Compliance Officer

Corporate Identity Number: U27102CT2004PLC016654

OUR PROMOTERS: SUBHASH CHAND AGRAWAL, ANKIT AGRAWAL, ATISH AGRAWAL, SATISH KUMAR SHAH, LEELA DEVI AGRAWAL AND SUNFLOWER COMMOTRADE PRIVATE LIMITED

INITIAL PUBLIC OFFER OF UP TO 52,20,000 EQUITY SHARES OF ₹ 10 EACH ("EQUITY SHARES") OF ABHA POWER AND STEEL LIMITED (THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER SHARE (THE "ISSUE PRICE"), AGGREGATING TO ₹ [●] LAKHS ("THE ISSUE"), CONSISTING OF FRESH ISSUE OF UP TO 42,20,000 EQUITY SHARES AGGREGATING TO ₹ [●] LAKHS AND AN OFFER FOR SALE OF UP TO 10,00,000 EQUITY SHARES BY SUBHASH CHAND AGRAWAL ("THE PROMOTERS SELLING SHAREHOLDER" OR "THE SELLING SHAREHOLDER") AGGREGATING TO ₹ [●] LAKHS ("OFFER FOR SALE"), OF WHICH UP TO [●] EQUITY SHARES OF ₹ 10 EACH WILL BE RESERVED FOR SUBSCRIPTION BY AGGREGATING MARKET MAKER TO THE ISSUE (THE "MARKET MAKER RESERVATION PORTION"). THE ISSUE LESS THAN THE MARKET MAKER RESERVATION PORTION I.E. ISSUE OF UP TO [●] EQUITY SHARES OF ₹10 EACH IS HEREINAFTER REFERRED TO AS THE "NET ISSUE". THE ISSUE AND THE NET ISSUE WILL CONSTITUTE [●] % AND [●] % RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF THE COMPANY

ADDENDUM TO THE DRAFT PROSPECTUS DATED JULY 03, 2024: NOTICE TO THE INVESTORS (“THE ADDENDUM”)

This addendum (“**Addendum**”) should be read in conjunction with the Draft Prospectus dated July 3, 2024 filed with the Emerge platform of NSE Limited in relation to the Initial Public Issue of Abha Power and Steel Limited.

In this regard, the Investor should note that certain updates and modifications has been made in various chapters of the Draft Prospectus as per the instruction of the NSE and such updates and modifications are being presented to the Investors for their information and reference by way of this Addendum to the Draft Prospectus:

This Addendum is to be read in conjunction with the Draft Prospectus and accordingly all references in the Draft Prospectus stand amended pursuant to this Addendum. Please note that the changes pursuant to this Addendum will be appropriately included in the Prospectus, as and when filed with NSE Limited and RoC. Please note that this Addendum does not reflect all the changes that have occurred between the date of filing of the Draft Prospectus and the date hereof, and accordingly does not include all the changes and/or updates that will be included in the Prospectus. Potential Bidders should read the Red Herring Prospectus as and when filed with the RoC, and the NSE before making an investment decision in the Issue.

All capitalized terms used in this Addendum shall unless the context otherwise requires, have the same meanings as ascribed in the Draft Prospectus.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in ‘offshore transactions’ in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdictions where such offers and sales are made.

For and on behalf of Abha Power and Steel Limited



Sd/-

Atish Agrawal

Managing Director

Place: Bilaspur

Date: October 24, 2024

BOOK RUNNING LEAD MANAGER	REGISTRAR TO THE ISSUE
	
<p>Horizon Management Private Limited 19 R N Mukherjee Road, Main Building, 2nd Floor, Kolkata- 700 001, West Bengal, India. Telephone: +91 334 600 0607 Facsimile: +91 334 600 0607 Email ID: smeipo@horizon.net.co Website: www.horizonmanagement.in Investor Grievance ID: investor.relations@horizon.net.co Contact Person: Manav Goenka SEBI Registration Number: INM000012926</p>	<p>Skyline Financial Services Private Limited D-153 A, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi-110020 Tel: +91-11-40450193-197 Email ID: ipo@skylinerta.com Investor Grievance Email ID: grievances@skylinerta.com Contact Person: Anuj Kumar Website: www.skylinerta.com SEBI Regn. No.: INR000003241</p>

ISSUE PROGRAMME	
OFFER OPENS ON	•*
OFFER CLOSES ON	•**

***Our Company may, in consultation with the BRLMs, consider closing the Bid/Issue Period for QIBs 1 (one) Working Day prior to the Bid/Issue Closing Date in accordance with the SEBI ICDR Regulations.
 #The UPI mandate end time and date shall be at 5:00 p.m. on Bid/Issue Closing Day*

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**SECTION I – GENERAL
DEFINITIONS AND ABBREVIATIONS**

Issue Related Terms

Term	Description
“Addendum”	This Addendum dated October 24, 2024 to the Draft Prospectus dated July 03, 2024 filed by our Company with NSE
Promoters	The promoters of our Company, namely: Subhash Chand Agrawal, Satish Kumar Shah, Ankit Agrawal, Atish Agrawal, Leela Devi Agarwal and Sunflower Commotrade Private Limited as disclosed in " <i>Our Promoters and Promoter Group</i> " beginning on page 147.

SECTION II – RISK FACTOR

2. ***Our Manufacturing Facility is located in Bilaspur, Chhattisgarh and we are dependent upon local suppliers for the procurement of our raw materials. Any disruption, breakdown or shutdown of our Manufacturing Facility and any disruption in supply of raw materials may have a material adverse effect on our business, financial condition, results of operations and cash flow.***

As on the date of this Draft Prospectus, we operate two foundries i.e. SG iron foundry and steel foundry under the same premises at our manufacturing facility located at Silpahri Industrial Area, Bilaspur, Chhattisgarh. We are dependent on our Manufacturing Facility for the production of our products. Our Manufacturing Facility is located in the state of Chhattisgarh and events impacting state of Chhattisgarh, particularly Bilaspur district may disrupt our production and operations. Further, we are also dependent on suppliers operating locally (i.e. within the State of Chhattisgarh) for the procurement of majority of our raw materials. Furthermore, our Manufacturing Facility is subject to operating risks, such as the breakdown or failure of equipment, disruption in power supply or processes, severe weather conditions, performance below expected levels of efficiency, obsolescence, labour disputes, natural disasters, industrial accidents, infectious diseases (such as COVID-19 pandemic), political instability, the need to comply with the directives of relevant government authorities and the requirement to obtain certain material approvals to operate our Manufacturing Facility. Also, we may face setbacks in production in case there is any disruption in supply of raw materials from our local suppliers. Historically, we have not experienced any disruption, breakdown or shutdown of our Manufacturing Facility due to any breakdown or failure of equipment, disruption in power supply or processes, severe weather conditions, performance below expected levels of efficiency, obsolescence, labour disputes, natural disasters, industrial accidents and political instability neither have we faced any disruption in supply of our raw materials in the past. However, our Manufacturing Facility operations were adversely affected due to compliance with the COVID-19 lockdown orders issued by the Government of India in the year 2020. Our customers rely significantly on the timely delivery of our products and our ability to provide an uninterrupted supply of our products is critical to our business. While we seek to ensure a continuous supply of our products to our customers, our customer relationships, business and financial results may be adversely affected by any disruption of operations of our foundries and our major equipment and any disruption in the supply of our raw materials.

3. ***Our revenue is majorly concentrated from the State of Madhya Pradesh and Chhattisgarh. Any adverse changes in the state policies of Madhya Pradesh and Chhattisgarh may have a material effect on our business and results of operations***

We have historically derived a significant portion of our revenues from State of Madhya Pradesh and Chhattisgarh. Accordingly, any materially adverse social, political or economic development, natural calamities, civil disruptions, regulatory developments of the government in the State of Madhya Pradesh and Chhattisgarh or any adverse conditions affecting the business of our customers or our business in the State of Madhya Pradesh and Chhattisgarh which will in turn have a material adverse effect on our business, financial condition, and cash flows.

4. ***A significant majority of our revenues from operations are derived from a limited number of customers.***

For the Financial Year 2024, Financial Year 2023 and Financial Year 2022, the contribution towards revenue from sale of products from our top 10 customers is as follows:

Sr. No.	Particulars	FY 2024		FY 2023		FY 2022	
		Sales	%	Sales	%	Sales	%
<i>(in ₹ Lakhs)</i>							

Sr. No.	Particulars	FY 2024		FY 2023		FY 2022	
		Sales	%	Sales	%	Sales	%
1	Revenue from Top 10 customers	3,528.08	68.18	4,022	72.97%	3,741.00	68.04%

In the last financial year our Company was dependent upon one of our past customer to the extent of 46% of the revenue. For details please refer the chapter titled “Our Business” on page 105. However, the composition of revenue generated from these customers might change as we continue to add new customers in the normal course of business. Our revenues may be adversely affected if there is an adverse development with such customer, including as a result of a dispute with or our disqualification by such major customers, which may result in significant reduction in our orders from such customers, and thereby decline in our revenue, cash flows and liquidity. Further, if our customers are able to fulfil their requirements through captive or in house manufacturing or any of our existing or new competitors providing products with better quality, or cheaper cost, we may lose significant portion of our business and revenue.

Additionally, consolidation of any of our customers may also adversely affect our existing relationships and arrangements with such customers, and any of our customers who are acquired may cease to continue the businesses that require products manufactured by us or may resort to our competitors for their supply requirements. Further, in the event our customers face any form of adverse effect due to exigent circumstances, resulting in a sustained decline in the demand for their products, including due to macroeconomic factors affecting the economy in general could prompt them to reduce their production volumes, in turn affecting their demand for our products. For instance, the COVID-19 pandemic has impacted the sale of our products. Our business from our customers is dependent on our continuing relationship with such customers, the quality of our products, competitive pricing and our ability to timely deliver their orders, and there can be no assurance that such customers will continue to do business with us in the future on commercially acceptable terms or at all.

Further, we generally do not enter into long term purchase agreements with our customers and instead rely on purchase orders to govern the volume and other terms of our sales. While we believe that we have maintained good and long-standing relationships with our customers, however, there can be no assurance that we will continue to have such long-term relationship with them. Significant dependence on a select and small group of clients may increase the potential volatility of our results of operations.

Although, we have not experienced any material bad debts in Financial Year 2024, 2023 and 2022, any delay or default in payment by these customers may adversely affect our business, financial condition and results of operations. Our relationship with our customers is dependent to a large extent on our ability to regularly meet their requirements, including by introducing products with greater marketability, price competitiveness, efficient and timely product deliveries and consistent product quality. In the event we are unable to meet such requirements in the future, it may result in decrease in orders or cessation of business from affected customers. Any loss of any of our significant customers, a decrease in the volume of products our customers demand from us may materially and adversely affect our business, operations, financial condition, results of operations and prospects.

5. *Our manufacturing activity is subject to availability of raw material and the costs of the raw materials. Any shortage in availability or fluctuations in raw material prices, may have a material adverse effect on our business, financial condition, results of operations and cash flows*

Our operations are dependent upon the price and availability of the raw materials that we require for the production of our products. Our primary raw materials include pig iron, scrap MS, exo sleeves, mould paints, ferro alloys, etc. and we procure our raw materials based on market availability, pricing and quality through domestic suppliers. The cost of materials consumed (including purchase of stock in trade and changes in inventory) by us in our operations accounted for 59.86%,

70.80% and 69.54% of our revenue from operations for Fiscal 2024, Fiscal 2023 and Fiscal 2022, respectively. We source our raw materials from third party local suppliers. Our ability to remain competitive, maintain costs and profitability depend, in part, on our ability to source and maintain a stable and sufficient supply of raw materials at acceptable prices. Our top 10 suppliers are responsible for a significant portion of supply of raw material, contributing approximately Rs. 1,593.89 lakhs, Rs. 2,557.72 lakhs and Rs.2,685.93lakhs which constitute 49.32% ,66.85%, and 67.91% of total purchase of raw material for three Fiscal 2024, 2023 and 2022 respectively. The success of our business is significantly dependent on maintaining good relationships with our raw material suppliers. We generally do not enter into long term supply agreement and the absence of such long-term supply contracts subjects us to risks such as price volatility caused by various factors such as market fluctuations, production and transportation cost, changes in government policies, regulatory changes, etc.

While, we have not experienced any significant disruption in supply or fluctuation in the prices of raw material in the past, there can be no assurance that we will not face such situation in future. Any disruption in supply of our raw material or increase in the cost of inputs to our production could lead to higher costs for our products. If we increase the prices of our products to offset the impact of higher costs, this may cause certain of our customers to cancel orders or refrain from purchasing our products, which may materially and adversely reduce the demand for our products, and thus, negatively impact our operating results. If we are unable to pass on cost increases to our customers or are unsuccessful in managing the effects of raw material price fluctuations, our business, financial condition, results of operations and cash flows could be materially and adversely affected.

6. *Our business is capital intensive. We require substantial financing for our business operations. Our indebtedness and the conditions and restrictions imposed on by our financing arrangements could adversely affect our ability to conduct our business.*

Our business requires significant amount of working capital primarily as a considerable amount of time passes between purchase of raw materials and collection of receivables post sales to customers. Our company's working capital requirement was ₹2,148.18 lakhs, ₹1,742.52 lakhs and ₹ 2,285.57 lakhs for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022, respectively. The working capital requirement for the financial year 2025 and 2026 is projected to be ₹ 2,318.01lakhs and ₹ 2,963.77lakhs. This requires us to obtain financing through various means. As on March 31, 2024, our total secured borrowings stood at ₹2,317.90 lakhs. We may incur additional indebtedness in the future. Additional debt financing could increase our interest costs and require us to comply with additional restrictive covenants in our financing agreements. Additional equity financing could dilute our earnings per Equity Share and investors interest in the Company and could adversely impact our Equity Share price.

Furthermore, the objects of the Offer include funding working capital requirements of our Company, which is based on management estimates and certain assumptions. For more information in relation to such management estimates and assumptions, see "*Objects of the Offer*" on page 74. Our working capital requirements may be affected due to factors beyond our control including force majeure conditions, delay or default of payment by our clients, non-availability of funding from banks or financial institutions. Accordingly, such working capital requirements may not be indicative of the actual requirements of our Company in the future and investors are advised to not place undue reliance on such estimates of future working capital requirements.

9. *Our Company has not yet placed orders for equipment required by us for the proposed modernisation. Any delay in placing the orders / or supply of plant and machinery may result in time and cost overruns, and may affect our profitability.*

We intend to utilize portions of the Net Proceeds for funding capital expenditure requirements for the purchase of equipment/machineries. While we have procured quotations from vendors in relation to the capital expenditure to support our expanding operations, we have not placed any firm orders for any of them. For details in respect of the foregoing, please see "*Objects of the Offer*" on page 74. Such quotations are valid for a certain period of time and may be subject to revisions, and other commercial and technical factors. We cannot assure that we will be able to undertake such capital expenditure at the costs indicated by such quotations or that

there will not be cost escalations over and above the contingencies proposed to be funded out of the Net Proceeds. Further, the actual amount and timing of our future capital requirements may differ from our estimates as a result of, among other things, unforeseen delays or cost overruns, unanticipated expenses, regulatory changes, engineering design changes and technological changes. In the event of any delay in placing the orders, or an escalation in the cost of acquisition of the equipment or in the event the vendors are not able to provide the equipment and services in a timely manner, or at all, we may encounter time and cost overruns. Further, if we are unable to procure equipment and ancillary items or avail services from the vendors from whom we have procured quotations, we cannot assure you that we may be able to identify alternative vendors to provide us with the similar kind of plant and machinery, equipment and ancillary items and services, which satisfy our requirements at acceptable prices. Our inability to procure the machinery and equipment and services at acceptable prices or in a timely manner, may result in an increase in capital expenditure, extension or variation in the proposed schedule of implementation and deployment of the Net Proceeds, thereby resulting in an adverse effect on our business, prospects and results of operations.

We intend to invest in latest equipment and technology to support our expanding operations. Accordingly, we propose to utilize ₹1,154.54 lakhs out of the Net Proceeds towards such purchasing capital equipment/machineries. Our proposed capital expenditure requirements for the purchase of equipment/machineries remain subject to the potential problems and uncertainties that construction project face including cost overruns or delays. Problems that could adversely affect our expansion plan include labour shortages, increased costs of equipment or manpower, inadequate performance of the equipment and machinery installed at various sites, delays in completion, defects in design or construction, the possibility of unanticipated future regulatory restrictions, delays in receiving government, statutory and other regulatory approvals, incremental pre-operating expenses, taxes and duties, interest and finance charges, working capital margin, environment and ecology costs and other external factors which may not be within the control of our management. Further, there can be no assurance that our budgeted costs may be sufficient to meet our proposed capital expenditure requirements. If our actual capital expenditure significantly exceeds our budgets, or even if our budgets were sufficient to cover these projections, we may not be able to achieve the intended economic benefits of these projects, which in turn may materially and adversely affect our financial condition, results of operations, cash flows, and prospects. There can be no assurance that we will be able to complete the aforementioned expansion and additions in accordance with the proposed schedule of implementation and any delay could have an adverse impact on our growth, prospects, cash flows and financial condition. For further details, please see “*Objects of the Offer*” on page 74.

10. Relevant copies of educational qualifications of some of our Directors and Promoters are not traceable.

Relevant copies of the educational qualifications of some of our Directors and Promoters, namely Satish Kumar Shah, Subash Chandra Aggarwal are not traceable. The respective promoters and directors have undertaken requisite steps such as requesting the respective universities for issue of duplicate certificates, however as on date, they have not received such certificates. The information included in the section are based on the affidavits obtained from such Directors and Promoters. Consequently, we or the Lead Manager cannot assure you that such information in relation to the particular Directors or Promoters are true and correct and you should not place undue reliance on the experience and qualification of our management included in this Draft Prospectus.

15. Our funding requirements and the deployment of Net Proceeds are based on management estimates and quotations received and have not been independently appraised. Any variation in the utilisation of Net Proceeds of the Fresh Offer as disclosed in this Draft Prospectus shall be subject to compliance requirements, including prior shareholders’ approval.

We propose to utilize the Net Proceeds as stated under “*Objects of the Offer*” on page 74. However, our funding requirements and the deployment of Net Proceeds are based on management estimates and have not been independently appraised.

As per section 27 of the Companies Act, the objects of utilization of the Net Proceeds from the fresh issue as disclosed in this Draft Prospectus can only be varied

after obtaining the shareholders' approval vide a special resolution. In the event, the Company wishes to vary the objects for which the net proceeds from the fresh issue are required to be varied, our Company may not be able to obtain the Shareholders' approval in a timely manner, or at all. Any delay or inability in obtaining such Shareholders' approval may adversely affect our business or operations. Therefore, we may not be able to undertake variation of objects of the Offer to use any unutilized proceeds of the Offer, if any, even if such variation is in the interest of our Company. This may restrict our ability to respond to any change in our business or financial condition, and thus, adversely affecting our business and results of operations.

Further, our Promoters would be required to provide an exit opportunity to Shareholders who do not agree with our proposal to change the objects of the Offer or vary the terms of such contracts, at a price and manner as prescribed by SEBI. Additionally, the requirement on Promoters to provide an exit opportunity to such dissenting shareholders may deter our Promoters from agreeing to the variation of the proposed utilisation of the Net Proceeds, even if such variation is in the interest of our Company. Further, we cannot assure you that the Promoters or the controlling shareholders of our Company will have adequate resources at their disposal at all times to enable them to provide an exit opportunity at the price prescribed by SEBI. In light of these factors, we may not be able to undertake variation of objects of the Offer to use any unutilized proceeds of the Offer, if any, or vary the terms of any contract referred to in the Draft Prospectus, even if such variation is in the interest of our Company. This may restrict our Company's ability to respond to any change in our business or financial condition by re-deploying the unutilised portion of Net Proceeds, if any, or varying the terms of contract, which may adversely affect our business and results of operations.

OBJECTS OF THE ISSUE

1. The utilisation of issue proceed shall be revised as disclosed below:

(₹ in Lakhs)

Sr. No.	Particulars	Estimated amount (as stated in Draft Prospectus)
1.	Funding the capital expenditure towards modernization and upgradation of the manufacturing facilities in Bilaspur, Chhattisgarh to expand our product portfolio	Up to 1,638.93
2.	Funding working capital requirements of our Company	Upto 300.00
3.	General corporate purposes ⁽¹⁾	[●]

⁽¹⁾To be finalized on determination of the Issue Price and updated in the Prospectus prior to filing with the ROC. The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds of the Issue.

1. Funding the capital expenditure towards modernization and upgradation of the manufacturing facilities in Bilaspur, Chhattisgarh to expand our product portfolio

We operate two foundries i.e. SG iron foundry and steel foundry under the same premises at our manufacturing facility located at Silpahri Industrial Area, Bilaspur, Chhattisgarh. Our Company is engaged in the business of iron and steel foundry, more particularly in the business of casting and manufacturing customised products in mostly all grades of iron and steel. Our versatile product portfolio covers all grades of mild steel, spheroidal graphite cast iron, manganese steel, stainless steel, low alloy and high alloy castings (high CR & high Ni), HRCS & WRCS, from as small as 0.5 Kgs to 6 Tonnes single finished casting.

We have over the years diversified our product portfolio and presently manufacturing low value products on a large scale and high value products on a low scale. In order to manufacture high value products consistently, we have to upgrade our existing manufacturing facility to make it equipped with (i) electric arc furnace to get better quality of steel; (ii) automatic mechanised moulding system; (iii) larger heat treatment system; (iv) Systematic fettling setup; and (v) increase covered working area. With the upgradation of our manufacturing facility, we will be able to manufacture critical railway parts and oil & gas castings. We believe that our strong presence in the Indian market positions us well to capitalize on the anticipated growth of high value casting products and increased requirement of Indian railways. The strategic decision to expand our product portfolio will enable us to create additional revenue streams, diversify our business operations and reduce our dependence on existing small value products. This will also provide our Company export opportunity.

As a result of the capital expenditure towards modernization and upgradation of the manufacturing facilities, the capacity utilization is expected to increase from 37% in FY 2024 to around 60% in FY 2026. Further, the modernization of our facilities will allow us to manufacture new range of products and enter newer markets. Better quality requirements could be achieved and complex orders could be executed post-completion of this project. With the upgradation of our manufacturing facility, we will be able to manufacture high value products consistently including critical railway parts and oil & gas castings. We believe that our strong presence in the Indian market positions us well to capitalize on the anticipated growth of high value casting products and increased requirement of Indian railways. The strategic decision to expand our product portfolio will enable us to create additional revenue streams, diversify our business operations and reduce our dependence on existing small value products. This will also provide our Company export opportunity.

Our Company proposes to utilise ₹ 1,638.93 lakhs from the Net Proceeds for capital expenditure towards modernization and upgradation of the manufacturing facilities in

Bilaspur, Chhattisgarh.

A. Civil Works

Description of work	Quotation Date	Amount
Civil work upto plinth level	July 01, 2024 from Rare Earth Infra	153.00
Foundation work for machines and furnace	(Valid till withdrawn)	69.00
Electrical room along with foundation and platform for panels and machines		27.00
Office building		48.00
		297.00
Design, Engineering, Fabrication, Painting, Supply & Erection of shed- Roof Area of 17,438 sqft	July 01, 2024 from Jagdamba Structurals (I) Pvt. Ltd. (Valid till September 15, 2024)	155.25
Total		452.25

We confirm that the above quotations and estimates have been provided by third parties which are independent from our Company

Funding the working capital requirements of our Company

Basis of estimation of working capital requirement

(a) Rationale for increase in net working capital requirement in FY2023

In FY2023, the actual Working Capital requirements have increased due to increase in price of our main product (SGCI Insert) from an average price of Rs.108 per piece in FY2022 to Rs.126 per piece in FY2023. This has led to higher working capital requirement. We are enclosing sample invoices of all months of FY2023 and FY2022 as reference for price of SGCI Insert. Further, in our steel casting plant, we have started taking orders for higher value items which although have a longer turnaround time but carry better profit margins. For instance, we had supplied our products worth Rs.1.00 Crore to Tata Steel in FY2023 which were delivered on an average of 8 months period with a longest being of 17 months from the date of purchase order. Thus, execution of orders requiring long production and period increases our work-in-progress thereby leading to higher working capital requirements.

(b) Rationale for increase in the net working capital requirements in FY2024

In FY2024, the working capital requirement increased from Rs.1,743 Lakhs to Rs. 2286 Lakhs. This is the result of our focus being shift in FY2023 towards higher value items which continued in FY2024. Due to lack of orders of our main product (SGCI Insert), our total revenue witnessed a degrowth. Further, our shift to higher value items having longer turnaround time led to higher stock of Finished goods in FY2024. In FY2024, we started making Narrow and Wide Jaw Adopters for Indian Railways, which again has high turnaround time but commands higher profit margins. Due to new entrant in this product, we had a stockpile of Adopters in this year which got dispatched in

Q1 of FY2025. As higher margin product orders were taken in Steel Unit, for which we had to increase our raw material inventory as well. These complicated orders require different array of raw materials and this again increased our working capital requirements.

(c) Rationale for decrease in estimated working capital requirements for FY2025 despite an increase in revenue.

The working capital requirement for FY2025 is almost same as FY2024 (Rs. 2,286 Lakhs in FY2024 and Rs. 2,318 Lakhs in FY2025). There is an increase of about 1.5%, which reflects that we are expecting better sales volume and realisation during the current year, and hence may have to keep a higher stock of raw materials for this period. Other than that, it seems that all other items of work-in-progress, finished goods, etc., is expected to remain at par to last year.

Interim Use of Funds

Pending utilisation for the purposes described above, we undertake and confirm that the interim use of funds shall be made in accordance with the applicable laws. Pending utilization, the funds shall be temporarily invested only with scheduled commercial banks. In accordance with Section 27 of the Companies Act 2013, our Company confirms that it shall not use the Net Proceeds for buying, trading or otherwise dealing in shares of any other listed company or for any investment in the equity markets

SECTION – IV ABOUT OUR COMPANY

OUR BUSINESS

OVERVIEW

As on date of this Draft Prospectus, the Company has a diverse product portfolio of over 1000+ different products and are in a position to manufacture these products or new products as per the requirement of our customers.

Diversified product mix with strong focus on customised products

Names of major customers (industry wise):

Railways

- 1) Vishal Nirmitti Pvt Ltd
- 2) Northern Railways
- 3) Indian Hume Pipe Co. Ltd

Steel

- 1) Tata Steel Ltd
- 2) NMDC Ltd
- 3) Steel Authority of India Ltd

Cement

- 1) Nuvoco Vistas Corp Ltd
- 2) Hills Cement Company Ltd
- 3) Ultratech Cement Ltd

Power

- 1) DB Power Ltd
- 2) NTPC Ltd
- 3) Usha Enterprises

Break-up of revenues between public and private sector is as under:

(₹ in lakhs)

	FY2022	%	FY2023	%	FY2024	%
Public	31.03	0.57%	139.26	2.55%	612.15	11.83%
Private	5,420.64	99.43%	5,330.70	97.45%	4,562.55	88.17%
Total Revenue	5,451.67	100.00%	5,469.96	100.00%	5,174.70	100.00%

Diversified product mix with strong focus on customised products

We are a RDSO certified vendor for supply of certain casting products such as SGCI Inserts, Jaw Adopters and other ancillary casting products to Indian Railways. We procure orders from Indian railways through direct purchase orders from Zonal Railway. As we are a RDSO approved vendor, we also receives orders from the Railway Contractors. Railway Contractors are allowed to procure products only from RDSO approved Vendors

Geography wise revenue

We supply our products to domestic customer and also to export market. Our geography wise revenue from operations is as set forth below:

Name of Products	As on March 31, 2024	As % of Revenue from Operations	As on March 31, 2023	As % of Revenue from Operations	As on March 31, 2022	As % of Revenue from Operations
India	5,163.06	99.78%	5,455.98	99.74%	5,449.74	99.96%
Export	11.64	0.22%	13.98	0.26%	1.93	0.04%
Total	5,174.70	100.00%	5,469.96	100.00%	5,451.67	100.00%

Below table is in respect of the state-wise data for the revenue of the Company in absolute as well as percentage terms:

FY2024

State	Revenue (in Rs. lakhs)	% of total Revenue
Madhya Pradesh	1,323.03	25.57%
Chattisgarh	730.74	14.12%
Maharashtra	719.93	13.91%
Uttar Pradesh	518.46	10.02%
Odisha	432.53	8.36%
Gujarat	300.30	5.80%

Himachal Pradesh	295.93	5.72%
West Bengal	241.82	4.67%
Delhi	153.78	2.97%
Tamil Nadu	135.01	2.61%
Telangana	102.68	1.98%
Haryana	68.58	1.33%
Jharkhand	32.68	0.63%
Karnataka	24.00	0.46%
Bihar	23.30	0.45%
Rajasthan	23.22	0.45%
Assam	21.00	0.41%
Meghalaya	14.50	0.28%
Andhra Pradesh	1.58	0.03%
Export	11.64	0.23%
Total Revenue	5,174.70	100.00%

FY2023

State	Revenue (in Rs. lakhs)	% of total Revenue
Madhya Pradesh	1,175.60	21.49%
Maharashtra	843.40	15.42%
Chattisgarh	755.03	13.80%
Gujarat	568.56	10.39%
Uttar Pradesh	359.68	6.58%
West Bengal	339.21	6.20%
Himachal Pradesh	341.57	6.24%
Karnataka	288.73	5.28%
Odisha	238.45	4.36%
Tamil Nadu	156.58	2.86%
Haryana	151.47	2.77%
Bihar	135.32	2.47%
Jharkhand	84.16	1.54%

Meghalaya	7.67	0.14%
Sikkim	3.70	0.07%
Delhi	3.29	0.06%
Telangana	2.10	0.04%
Rajasthan	1.44	0.03%
Export	13.98	0.26%
Total Revenue	5,469.96	100.00%

FY2022

State	Revenue (in Rs. lakhs)	% of total Revenue
Chattisgarh	1,595.90	29.27%
Madhya Pradesh	930.80	17.07%
Gujarat	544.36	9.99%
West Bengal	514.03	9.43%
Maharashtra	348.57	6.39%
Karnataka	297.97	5.47%
Haryana	307.23	5.64%
Himachal Pradesh	283.14	5.19%
Uttar Pradesh	190.61	3.50%
Uttarakhand	156.61	2.87%
Odisha	139.21	2.55%
Jharkhand	55.99	1.03%
Tamil Nadu	32.42	0.59%
Meghalaya	28.87	0.53%
Andhra Pradesh	18.82	0.35%
Assam	3.57	0.07%
Sikkim	1.19	0.02%
Rajasthan	0.45	0.01%
Export	1.93	0.04%
Total Revenue	5,451.67	100.00%

Bifurcation of sales between Iron Foundry and Steel Foundry

(₹ in lakhs)

	FY2022	%	FY2023	%	FY2024	%
Iron Foundry	3,647.84	66.91%	4,044.29	73.94%	3,482.42	67.30%
Steel Foundry	1,803.83	33.09%	1,425.67	26.06%	1,692.28	32.70%
Total Revenue	5,451.67	100.00%	5,469.96	100.00%	5,174.70	100.00%

OUR MANUFACTURING FACILITY

The total installed capacity of the manufacturing unit is 14,400 MT. The bifurcation of the installed capacity between the Iron Foundry and the Steel Foundry is detailed as below:

Product	Total Installed Capacity (MT/Annum)
Steel Foundry	7,200
Iron Foundry	7,200

Our Products

Products on the basis of their production in the foundry:

List of major products manufactured by the company

Iron Foundry Items

- 1) SGCI Inserts
- 2) Narrow Jaw Adapters
- 3) Wide Jaw Adapters
- 4) Modified Adapters
- 5) Clamp
- 6) Centering Disc

Steel Foundry Items

- 1) Hammers
- 2) Screen Plates
- 3) Crushing Ring
- 4) Grate Plates
- 5) Coke Bucket Liners
- 6) Clamping Flange
- 7) Upside & Suspending Frames
- 8) Small & Big Bell Assemblies
- 9) Flanges
- 10) Blow Bars
- 11) Grate Bars
- 12) Cooling Plates
- 13) Flaps & Flap Doors
- 14) Armour Ring
- 15) Nozzle Ring
- 16) Ring Hammers
- 17) Upper & Lower Screen
- 18) Coal Nozzle Tips
- 19) Kick off Plate
- 20) Nozzle Piece
- 21) Clinker grinder Rolls
- 22) ACI Bends
- 23) Grinder Roller & Track**

Our Equipment

All the plant and machinery in the manufacturing unit of the company are owned by the company. Further, none of the plant and machinery are purchased as second hand.

All incoming raw materials & consumables are inspected & tested by quality assurance department and conforming materials are issued to respective departments whereas non-conforming materials are returned to the supplier. It is ensured that the materials are supplied by reputed vendors to assure the quality of the end product. Thereafter, melting of ferrous materials is done in a medium frequency induction furnace. Once the melt is ready with respect to temperature, chemical composition at the pre-pouring stage is checked and necessary adjustments, if required, are done by adding necessary additives. Desulphurisation is carried out in ladle with soda ash whenever required. Return sand is transferred to intensive sand mixer with the help of skip charger from return sand storage hopper, new sand & additives such as bentonite, coal-dust, are added to mixer with water and the mixing is done for 1.5 – 2.5 minutes in intensive sand mixer.

Further in order to maintain the proper quality, the properties of prepared sand, moisture, loss of ignition & permeability are checked and then sent to storage hopper with the help of belt conveyor. For moulds, top and bottom moulds are made in 2 moulding machines and kept on pallets on track. Mould hardness are checked for 5%. Cores are made in intensive core sand mixture at core shop in oil sand process by adding core oil, dextrine, bentonite and after proper baking & dressing, the good cores are placed in

drag mould and closed by putting the cope mould with the help of guide pins.

Once the metal is ready after attaining the proper temperature (checked by digital temperature indicator), metal is tapped into the treatment or pouring ladle containing pure magnesium, Fe-Si-Mg, Fe-Si & misc metal. The treatment of metal is done by shaking the ladle and care is taken to ensure that magnesium mixing is homogeneous. Magnesium treated metal is then transferred to pouring laddles and poured to moulds after adding inoculants by stream line method. The time & temperature are measured from start of pouring to end of pouring to ensure quality. Knock out starts at about 30 minutes from pouring.

For products requiring heat treatment, castings are shifted to heat treatment furnace and adequate cycle is taken to ensure proper properties in the castings.

Microstructure of the casting is checked from the last box poured of each heat. Chemical analysis of each stage is checked at post pouring stage. One standard test bar & two proportionate test bars are machined from each heat and physical properties such as tensile strength, % of elongation & hardness are tested. .

All castings pass through various NDT Tests such as UT, MPI, DP, etc and items requiring upgradation is done so. All good castings are then shifted to fettling and dispatch section. Parts requiring machining and assembling are done so.

Each and every casting is subjected to hammer test, good castings are sent to tumbling and shot blasting. 100 % castings are checked for dimensions with various gauges and fixture, and visually for any dimensional or surface defects. Good castings are then packed.

SALES AND MARKETING STRATEGY

The Company operates in the business-to-business segment and deals with industrial customers. Given the nature of our product offering, we are required to regularly engage and interact with our customers before concluding a sale of our products. The marketing team of the company constantly is in discussions discuss with the procurement teams of with existing and potential customers. For instance, if the marketing team come across any potential customer, say a steel plant, with which we haven't worked before but intend to work. Then at first instance the marketing team tries to get in touch with the procurement team of such potential customers and share our credentials. Further, if required, the marketing team and representative of the Company also visit their offices to explain and market our strength and products portfolio. Thereafter, such potential customer as per their requirements scrutinize our technical ability and our past performance and if required sometimes, visit our facilities before approving our candidature. Once such potential customer is satisfied they generate vendor code and thereafter we start getting enquiries and in response to the same we share our quotation. Accordingly, under mutual understanding of terms of the arrangement, price and schedule of delivery is finalised.

At times, Company officials also participate in exhibitions and seminars, where we interact with the potential customers and accordingly endeavour to convert into our customers.

i) Leasehold Property

The manufacturing facility of the company is situated on leased premises located in Silpahri Industrial State, Bilaspur, Chhattisgarh and the land has been leased from Chhattisgarh State Industrial Development Corporation Limited.

The Lessor is a government entity and is not a related party. The lease agreement is duly stamped and executed.

OUR MANAGEMENT

Brief profiles of our Directors

Subhash Chand Agrawal is Non-Executive Non-Independent Director and one of the Promoters of our Company. Education qualification: Nil. He is having 20 years of experience in manufacturing of alloys and steel.

Harsh Singrodia is an Independent Director of our Company. He has completed his degree in Bachelor of Commerce from University of Calcutta and completed his L.L.B. from Utkal University. He has also completed the professional programme examination held by the Institute of Company Secretaries of India. He has 8 years of experience. He has previously worked with Capgemini and DWF(Mindcrest). He currently run Proprietorship firm in the name and style of M/s Azure Legal and is providing legal services

OUR PROMOTER AND PROMOTER GROUP

Subhash Chand Agrawal, Satish Kumar Shah Sunflower Commotrade Private Limited, Ankit Agarwal, Atish Agarwal and Leela Devi Agarwal are the Promoters of our Company. As on the date of this Draft Prospectus, our Promoters' shareholding in our Company is as follows:

Sr. No.	Name of the Promoter	No. of Equity Shares held	% of Pre-Issue issued, subscribed and paid-up Equity Share capital*
1.	Subhash Chand Agrawal	28,07,100	19.43
2.	Satish Kumar Shah	9,99,900	6.92
3.	Sunflower Commotrade Private Limited	54,27,000	37.56
4.	Ankit Agrawal	9,80,400	6.79
5.	Atish Agrawal	5,10,000	3.53
6.	Leela Devi Agarwal	Nil	Nil

*Rounded-off to the closest decimal

Details of our Promoters



Subhash Chand Agrawal

Subhash Chand Agrawal, born on May 5, 1956, aged 68, is a resident of India. He resides at Anand Bhawan, Link Road, Near Sumangal Apartment, Bilaspur, Chattisgarh - 495001.

Permanent Account Number: ABDPA3990R

For his complete profile along with the details of his educational qualification, experience in the business, positions/posts held in past, directorships held, other ventures, special achievements, his business and financial activities, see “*Our Management - Brief Profile of our Directors*” on page137.



Satish Kumar Shah

Satish Kumar Shah, born on January 2, 1963 aged 61, is a resident of India. he resides at L-10, Shree Sadan, Shesh Colony, Vinoba Nagar, Bilaspur, Chattisgarh - 495001.

Permanent Account Number: AZSPS8326C

For his complete profile along with the details of his educational qualification, experience in the business, positions/posts held in past, directorships held, other ventures, special achievements, her business and financial activities, see “***Our Management - Brief Profile of the Directors***” on page 137.



Atish Agrawal

Atish Agrawal, born on June 15, 1986, aged 38, is a resident of India. he resides at Aanand Bhawan, Link Road, Near Sumangal Apartment, Bilaspur, Chattisgarh - 495001.

Permanent Account Number: AGWPA3435H

For his complete profile along with the details of his educational qualification, experience in the business, positions/posts held in past, directorships held, other ventures, special achievements, her business and financial activities, see “***Our Management - Brief Profile of the Directors***” on page 137.



Ankit Agrawal

Ankit Agrawal, born on December 21, 1984, aged 40, is a resident of India. he resides at Aanand Bhawan, Link Road, Near Sumangal Apartment, Bilaspur, Chattisgarh - 495001.

Permanent Account Number: AAYPA1779N

Ankit Agrawal, is one of the promoter of our Company. Education qualification: Nil. He has more than 15 years of experience in the field of management and manufacturing of steel and alloys and real estate

**Leela Devi Agrawal**

Leela Devi Agrawal, born on October 14, 1962, aged 62, is a resident of India. he resides at Anand Bhawan, Link Road, Near Sumangal Apartment, Bilaspur, Chattisgarh - 495001.

Permanent Account Number: AAYPA1796R

Leela Devi Agrawal, is one of the promoter of our Company. She does not hold any formal education. She does not have any work experience.

Sunflower Commotrade Private Limited***Corporate Information:***

The main objects of Sunflower Commotrade Private Limited (SCPL) allow SCPL to undertake the business of trading in goods and commodities and also undertake business as distributor, agents, traders, broker and otherwise deal in merchandise and articles of all kind. However, at present SCPL is not engaged in any active business.

Experience of our Promoters in the business of our Company

Except for Leela Devi Agarwal, all our Promoters are experienced in the line of business in which our Company operates. For details in relation to experience of our Promoters in the business of our Company, see “***Our Management***” on page 137.

Promoter Group

Sr. No.	Name of the Individuals	Relationships
Leela Devi Agarwal		
1.	Late Harish Chand Agrawal	Father
2.	Late Parmeshwari Agrawal	Mother
3.	Satish Agrawal	Brother
4.	Sanjay Agrawal	Brother
5.	Suresh Agrawal	Brother
6.	Anju Agrawal	Sister
7.	Subash Chand Agrawal	Spouse
8.	Ankit Agrawal	Son
9.	Atish Agrawal	Son
10.	Abha Agrawal	Daughter
11.	Late Fateh Chand Agrawal	Spouse's Father

Sr. No.	Name of the Individuals	Relationships
	Leela Devi Agarwal	
12.	Late Keshar Bai Agrawal	Spouse's Mother
13.	Late Suresh Agrawal	Spouse's Brother
14.	Rajkumar Agrawal	Spouse's Brother
15.	Late Ashok Agrawal	Spouse's Brother
16.	Manoj Agrawal	Spouse's Brother
17.	Late Rajesh Agrawal	Spouse's Brother
18.	Maya Agrawal	Spouse's Sister
19.	Mamta Agrawal	Spouse's Sister

OUR GROUP COMPANIES

Abha Jewellers and Gems Private Limited

Corporate information and nature of business

Abha Jewellers and Gems Private Limited (“**AJGPL**”) having its registered office at Sarafa Gali Sadar Bazaar, Bilaspur, Chattisgarh – 495 001, India. Abha Jewellers and Gems Private Limited is engaged in the business of retail trading of all types of Jewellery of gold, silver, diamond and other precious stones. For the details of the reserves (excluding revaluation reserves), sales, profit/(loss) after tax, basic earnings per share, diluted earnings per share and net asset value per share, please refer the audited financial statements of AJGPL for financial years ended March 31, 2023, March 31, 2022, and March 31, 2021, which are available on the Company’s website at www.abhacast.com

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(a) Rationale for the increase in PAT Margin in FY23 with adequate backing.

In FY2023, the PAT margin rose to Rs. 207 Lakhs from Rs.43 Lakhs in FY2022 on account of increase in the main product's (SGCI Insert) selling price increased from an average price of Rs.108 per piece in FY2022 to Rs.126 per piece in FY2023. This led to better margin on sales and therefore even with a nominal growth in sales in FY2023 as compared to FY2022, the company achieved higher profits. Sample sales bill of for FY2022 and FY2023 are enclosed for your perusal.

(b) Rationale for the increase in PAT Margin in FY2024.

In FY2024, PAT increased from Rs.207 Lakhs in FY2022 to Rs.378 Lakhs. The main reason for this growth in PAT are (a) the commencement of captive solar power plant and (b) better margins from value added products. With the commencement of captive power plant, the Company has achieved a cost saving of approximately Rs. 231.50 Lakhs in FY2024. The captive solar power plant was commissioned on May 18, 2023 and hence the company got almost full year of electricity savings out of it. Also, in the second half of FY2024, it started commercial production of Narrow and Wide Jaw Adopters which have higher margins. In FY2024, revenue generated from Adopters was approximately Rs.522 Lakhs (>10% of total revenue) which resulted in higher margins. The steel plant, which has higher margin items, performed better and recorded sales of Rs. 1710 Lakhs in FY2024 as against Rs.1590 Lakhs in FY2023. All these factors combined led to growth in PAT margin in FY2024.


GOVERNMENT AND OTHER STATUTORY APPROVALS

Regulatory approvals of our Company

Sr. No.	Nature of Registration/ License	Registration/License/Certificate No.	Issuing Authority	Date of Issue	Date of Expiry
14.	Report of Examination of Pressure Vehicles	AM/APSPL/BSP/PV/01/23-24	Chartered Engineer appointed by Chief Inspector of Factories	July 13, 2024	January 12, 2025
15.	Report of Examination of Pressure Vehicles	AM/APSPL/BSP/PV/02/23-24	Chartered Engineer appointed by Chief Inspector of Factories	July 13, 2024	January 12, 2025


I. Intellectual Property

As on the date of this Draft Prospectus, our Company has made Registered the following trademark with the Registrar of Trademarks under the Trademarks Act, 1999:

Date of Registration	Particulars of the Mark	Registration Number	Class of Registration	Present Status
January 5, 2024		6238205	6	Registered (valid upto December 28, 2033)

For risk associated with our intellectual property please see, “*Risk Factors*” on page 25.

II. Pending Property

Date of Application	Particulars of the Mark	Application Number	Class of Registration	Present Status
May 11, 2024		10652483	6	Pending

OTHER REGULATORY AND STATUTORY DISCLOSURES

Sr. No.	Issue Name	Issue size (₹ In Cr.)	Issue Price (₹)	Listing date	Opening price on listing date	+/- % change in Price on closing price, [+/- % change in closing benchmark]- 30th calendar days from listing*		+/- % change in Price on closing price, [+/- % change in closing benchmark]- 90th calendar days from listing*		+/- % change in Price on closing price, [+/- % change in closing benchmark]- 180th calendar days from listing*	
3.	MVK Agro Food Product Ltd	65.88	120	March 7, 2024	70.00	(24.29%)	0.09%	NA	NA	NA	NA