Meeting Date: 24-09-2025

Finportal: This meeting is being recorded.

Atish Agrawal: Ma'am, good afternoon. Just checking video and audio.

Finportal: Is it okay? Yes, sir.

Atish Agrawal: Yes, sir. Okay. Thank you.

Finportal: Atish sir, we will start in 3 minutes, the other funder is also joining. Thank you. Hello. Atish sir, am I audible?

Atish Agrawal: Hello. Yes, this is your audible.

Finportal: Yes. Yes. So, we can start. So hello, everyone. Good afternoon. So today we have Mr. Atish Agrawal from Abha Power and Steel Limited. And we also have Yash Naik from KamayaKya Wealth Fund and Harshit Singhal from Green Portfolio. So, I would like Yash Naik and Harshit to introduce themself and then we can move forward with.

Yash Naik: Yeah. Thank you, Drishti. Am I audible?

Atish Agrawal: Yes. Yes. You're audible. Good afternoon and welcome.

Yash Naik: Yeah. Thank you, sir. Welcome. So, I'm Yash Naik, equity research analyst working at the KamayaKya. So, we have our family office also, and we are a RA firm. So, through our family office, we generally partake part in QIPs and institution placement and all also. And, we recently introduced our SME First Basket. I guess it's the first in India. So, we have curated a stock portfolio in a start folio, I guess, there is an application name. So, through that, we… we are very much into the SMS, and yeah, we are looking forward to investor if we… Get some good data points.

Atish Agrawal: So, you're already focused on SMEs, or, you're,

Yash Naik: So, we are also in SME and mainboard, so, but, yeah, as I mentioned, the basket is, that we have launched is for SME only, so it's a minimum ticket size of, I guess, 10 lakhs. So, in that, there are the 6 portfolio companies currently we have there in that, and, you know, we are also RA firm, so on our website, we generally recommend the, mainboard and SME stocks also.

Atish Agrawal: Okay. Thank you, good to know, sir. Harshit, are you there with us?

Harshit Singhal: Yeah, hi, I'm Audible.

Atish Agrawal: Yes, you are audible now, sir. Welcome.

Harshit Singhal: So, hi, my intro would be, I'm a CA by qualification, and head the research at Green Portfolio, and so Green Portfolio is a… we have a PMS, and we recently launched an AIF also. So, AUM… our AUM would be around 1,000, if we combine advisory and PMS and AIF. And, founded in 2018 by Anuj, who is our CIO. So… I mean, studied your company, got really interested, contacted FinPortal? And, love to talk about your company here? Yeah.

Atish Agrawal: Harshit, you're more focused on SME mainboard, or which is the primary.

Harshit Singhal: We, I mean, small cap companies, like, below 1,000 crores, like, has been our bread and butter, and we have been, like, did really well. Our PMS did really well, so don't… we don't shy away from these companies, yeah. So, we have made a good money in these companies. Small companies, yeah.

Atish Agrawal: Okay, good to know, sir.

Finportal: Atish, sir, it would be great if you could brief about the company, and then we can move forward with the Q&A.

Atish Agrawal: Yes, we can do that. Do you want to share the presentation, or I'll just give a small brief about the company, then?

Finportal: Small, brief or presentation, whatever works for you would be okay, sir.

Atish Agrawal: Alright, sir, most probably you must be knowing about us. I'll just brief out the company details. We got listed last year on 4th of December, 2024. This company was founded in 2004 by my father and our partner, Mr. Arish Shah and Satish Shah. So, this is actually a company which is… has been continually being run for the past 20 years by these two families, the Shah family and the Agrawal family. What we started as just an ingot-making company, where we used to make MS ingots for, rolling mills. It was a very local supply. And in 2008, I joined the company, and 2009, I joined the company, and thereafter, we have changed the scenario of the company. Right, from making local products to global products. Right now, in our company, we are making… we are having two different foundries, catering to, different, sectors of Indian and international locations. We are basically 100% a foundry business, and we are making steel and iron castings for, basically, primarily for Indian railways, and also for different sectors, such as cement, mining, power. And, other OEMs. We have got a bit of export, also, experience. And, with the IPO funding, we have decided to modernize and expand our existing, setup, so that we can make more critical products for the Indian industries, as well as for export market. And, we are very much in line with our, expansion project deadlines, and we are expecting a bright future for the manufacturing industry and for India as a whole.

I've given you a very brief introduction of the company, and now I open the forum. You can ask any questions or Any suggestions is most welcome.

Harshit Singhal: So, sir, should I go first?

Atish Agrawal: Yeah, yeah, sure.

Harshit Singhal: Yep. So, I mean, can you, sir, like, you are a foundry. So, like, you started with, like, MS Ingot and Rolling Bills, so, like, can you explain in a bit more detail, like, how you figured out the railway angle? Because the railway business has really picked up, like, in the 7, 8… last 7, 8 years. So… so, when did you get that insight that we should, like, go 100% foundry focus on the railway segment? And, then you scale up the business. So, something… some details, more details on that, and how the… the… exactly where your product gets used in the railways. I mean, in the… Right. Yeah.

Atish Agrawal: So, this company was formed, as I told you, by my father and our regular partner. Okay, so I was there in the college during that time, and we saw some potential in the market that, okay, in Chhattisgarh, the iron and steel industry is growing. Many falls during that time. So, we had, in a local situation, that we were surrounded by a lot of sponge iron units, which was our, major raw material at that time. And so, we thought to put up a furnace so that we can supply the MS ingots to the Rolling Mill, which was a very small company, and the idea was to take opportunity of the market at that time. But, in 3-4 years, we realized that, we are actually in a, wrong, market, actually, because Bilaspur being a very small town, we don't have much exposure to the raw material as well as for the finished products. So, our company was not doing very well. I was there in Tata Steel during that time. So, we just thought that, what next could be done. So, I came back and joined the company. There, we had a discussion to which sector we can enter and what to do next. And, using my experience and, other things, we put up this, foundry for railway-oriented products. We got a few, friends and, some consultants who discussed, during discussion, we got convinced that, yes, railway is a big market for us, since we are sitting in Bilaspur, that is the headquarter of SECR, Southeastern Central Railway, which is the highest revenue-generating zoner for… in all over India. So, we were always a bit attracted by the kind of market size this railway has. So, we have seen a few companies in Bilaspur also going on the backbone, having the railways as their backbone. And, we were always fascinated by the, railway terminologies and the functionalities. Ultimately, we took a decision in 2009 to enter the railway business. In 2010, we put up our first foundry, that is SG Iron Foundry, and we started making products for Indian railways. In 2010, our journey with railways started. So, in railways, we, with the kind of feedback we were getting our foundry, that, there is a market for a, for a company who can give them the quality products. See, the problem with railways is that they are very old, and they were not modernizing enough. As per the, world situation, or you can talk about, where India was, tending towards. So, in the last 10 years, we have seen a very dramatic change in the working of the railways. Now their focus has shifted, not from just surviving, but to thrive. They want to expand, they want to introduce new technologies, and they want to encourage people who are bringing new things to the table, and who can give them quality-oriented products. So, we got this vision in, I think 15 or 16, that, Railway is going to be a big thing for us, and we should increase our exposure in railways further. So, in 15-16, we decided to close down our, ingot-making unit, and we converted the same unit into a steel foundry. See, railways have got a requirement for all kinds of castings in ferrous metals, steel and iron, both. So, we were just trying to up, upend our value chain, right, from the period when we were making, MS Ingots, which was around, let's say, 40- or 45-rupees kg. We shifted to a higher value item of, let's say, SGCI inserts that we were making in our SG Iron Plant. So, we moved from 40 rupees kg to 100 rupees kg. Thereafter, when we put our steel foundry, we upped the ante to 125-130 rupees kg. In fact, even higher than that. After that, we realized that, okay, now we have come to a situation that we are making products for railways, but we were facing a lot of competition with other manufacturers. So, the focus was that railway required niche products, so we'll have to improve our foundry, and we'll have to improve our infrastructure, so that we can, supply those, Critical components for railways, for which the market is good, the margins are good, and the stress is more on quality rather than quantity. So, this is the continuous improvement for us, that we are going for higher value items, more challenging items, and of course, we are generating more volume value as well as margin. Since we are focusing on the higher category of products. And, that's how we started with Railways, and now we are continuing our, relationship, and we are focusing to bring some niche items that are currently being imported, and we are trying to give some import substitutions. For that, we need this modern establishment. And, hence, we have done this, modernization and expansion of the works, so that we can supply these quality products to the railways.

Harshit Singhal: So, sir, what are the products? I mean, what… how are they used in the… The locomotive, the coaches, in the tracks, maybe, how are they used in the engine?

Atish Agrawal: Okay, so in a foundry, you can make very different kind of products based on what kind of pattern you have and what kind of products you are actually targeting to achieve. So, in our SGRN plant, we have got two very primary products. One is SGCI inserts, and one is adapters. The SGCI insert, what we're talking about, is a small 1.5 kg part of SG iron. It is used in track installation or track fastening system. What happens is, below the railway track, there is a cement sleeper. And, in the cement sleeper, there is some locking mechanism so that the rails are fixed to those sleepers. Sleepers are embedded inside the ground, and it is, encapsulated by some other material so that a sleeper doesn't lift up. During any movement, the sleeper doesn't move. It is fixed in the ground. And to lock the rail, to that sleeper, there is one ERC clip being used, elastic rail clip, that is being used to, clip the rail to the sleeper. Now, this ERC has got one part over the rail, and another part goes inside our insert, which is embedded in the sleeper during manufacturing of this cement sleeper. So, we supply this SGCI insert to our sleeper manufacturers. During the manufacturing of sleeper, they put this insert piece, and then they cast their sleepers. So, this insert is the key component which holds the track to its ground, and it ensures that the track is always there at a fixed location. And, it is a very critical safety item, and Needless to say, if there is any failure, it could be a catastrophic incident for all of us, so we ensure that 100% quality-oriented product only goes into the sleeper plants. The other part is, adapters. It is a part of wagon, wagon system in the railways. What happens is, a wagon consists of two different sections. One is the undercarriage part, and one is the above carriage. So, above carriage is the steel structure we see every day in our life, in which the material is being, filled in. Undercarriage is the basic assembly of the wagon, where we have the wheel, axle, and all chases and all those things are there. So, to hold the bearing, which moves above the shaft and between the wheel, there is an adapter installed. It is installed in the undercarriage to hold the bearing part. And, it has got 2, 3, or 4 different types of adapters out there, as per the wagon design. So, this is, again, a very critical component, because, any failure in this, part, would, again, be a very, drastic effect on the wagon, movement, and, it can cause a lot of, trouble for everybody, so it is, very continuously monitored, and we, again, ensure that a high-quality product goes for this wagon manufacturing. So, one part is, for the railway fastening system, that is SGCI insert. Another part adapter, is for the, wagon manufacturing. Other than this, we are developing, more items for Indian railways. We have developed 3-4 more items, and, 4 or 5… no, 6 different items or more. In the pipeline, which are getting developed, and most of them are going to be used in the Wagons and locomotives.

Harshit Singhal: So, sir, in FY25, we did, like, 70… 70CR, around.

Atish Agrawal: Yes.

Harshit Singhal: So, how much was this from the railways?

Atish Agrawal: I think, 60 or 70% of the turnover was about from the railways. I'm not giving you exact figures, because…

Harshit Singhal: Yeah, that's right. So… So, so my question was, like, the private… The private business and the store business? So, the product is the same for them, fasteners, the clips, the inserts and the adapters, that's also the same for them, or some other products for them.

Atish Agrawal: No, this is… these parts have been developed exclusively for Indian railways only. For the other customer, like, Bangladesh has a similar kind of, fastening system, but each and every railways have changed their system a bit, so that, there is a different drawing or different, Geometry for each and every product. But ultimately, the concept is same for everybody. But the design may vary a bit. So, the parts are similar, not same.

Harshit Singhal: But the basic… I mean, the basic objective of that part is the same, right? So, the.

Atish Agrawal: Yes, it.

Harshit Singhal: Maybe the design differences may be there, but it's not like a completely new product. It is a product which does that Which you are doing for the railways also, for your other customers also.

Atish Agrawal: Yes, the product methodology is the same, yes.

Harshit Singhal: Okay. So, sir, I mean, is there anything other than rail, the railway sector? That you are thinking about, like, many railway companies Recently, a Bilaspur company, if you know about Airflow. They, recently got listed, they are, like, doing defence. Another company we are also working, they are also doing something in defence. So, other than railways, also, you're thinking about, because, the technology level is always in the casting, everything you guys have. So, just I'm asking, it's, If not, then…

Atish Agrawal: It's a valid question, Harshit. We are, we already have exposure in, 4 or 5 different sectors, like cement, power, mining, and we are focusing on them also. Recently, we are in, we are trying to attack the OEM of these sectors as well. See, we have the base setup. Here, we can manufacture any casting product right now of this, ferrous category. So, we are in a very comfortable position. If you have requirement of castings or quality products, we can provide it to you. So that is our kind of thinking which is going on. We are not binded up that we have to focus 100% only on railways. Railways is one of the most important sectors for us, but it's not the only sector. We are trying to enter defence; we are trying to enter oil and gas. Oil and gas, we have done earlier also, we are… reinventing, the ties for… with, oil and gas companies, and we're getting, we are getting positive response. So, it's not that, we are 100%, oriented to railways only. It's not a, focused Railway Foundry. In general, our capacities are good, our capabilities are very good, and we have recently modernized our complete setup, and we'll enter whatever sector which comes to… which comes to our mind, or wherever we get a good opportunity. Yeah, we'll definitely see to it. We're already in talks with various other sectors also. Let's see how this develops.

Harshit Singhal: So, sir, I mean, what is a typical time for inventory days, payable days, receivable days? I mean, how much time does it take?

Atish Agrawal: It varies from product to product. Some of the developmental items, like, one item which is being developed for the past one and a half years, and it is still under development. So, you'll find that, the lead time or the payable time for that product is very high, and we have got quite a bit of stock for that item. So, once it clears, we'll get, our inventory, rolling on a faster scale. Other than that, we have this regular product, what we talked about just now in certain adapter, which rolls out every month. So, there, the turnaround time is less than one month, or roughly around that time. So, once you start moving up the value chain, you go for complicated items or assemblies, your lead time increases, your developmental time increases, your turnaround time increases. So, we have a multitude of products, around 1,200 plus products we have developed so far. So, this figure is different for each and every product.

Harshit Singhal: Yes, sir, the point was that in our experience, we have studied a lot of railway companies, met a lot of railway companies. So, what happens is that, the technical capability is always there, and but the product development time, and the inventory development, the time it takes, I mean, it sits on your balance sheet, and it eats up on your returns.So, what happens is a lot of players…They try to diversify out into, like, high margin, like, defence, or, like, more volume kind of things.To use the capacities.And that has always been the case, and it always takes the working capital in railways to scale. Because the product development takes time, and the inventory takes time. So, that always happens, and you're constantly in a cycle to grow, but the capital constraint is there, because of this nature of this business. So, that is where the question… that was my question, the intent that…

Atish Agrawal: Harshit, your question is quite valid. Yes, the railway is very capital-intensive, and you never know when your fund is going to start where.And, there are so many legalities and, different complex structure of railways already there. You have one RDSO, you have one railway port, then you have zonal railways, then you have different set of inspectors, third-party inspection, so it's a multitude, and it's a complete harassment for a vendor to, if they want their rolling to be faster than what is going on right now.But I'll tell you by my experience of various sectors that none of the other sector is better than railways. Each and every sector has their own challenges. And it's not an easy thing to do, that you switch over to some other sector, or you try to develop some new products in some other sector. Okay, they may have a faster period time, or faster developmental time. But ultimately, to develop a product, you need some time, and you'll have to invest that hard way. There's no other way to do it. I think I've got your question wrong, actually.

Harshit Singhal: Yeah, that's… that's the nature of this industry. I mean, I'm not saying that it's the wrong thing or right thing, that's just how it works. Yeah, so that's fine.

Atish Agrawal: If I have not answered your question, please repeat.

Harshit Singhal: No, no, I'm just saying that how you think about this, I just wanted to know how you deal with this kind of thing, and how you.

Atish Agrawal: See, what I personally feel is, that, development is part and parcel of this game. You'll have to keep developing new products. You cannot escape out of it; you cannot get comfortable. Once you… start sitting comfortably in your chair, that, okay, I have developed this many products, and I've got this many orders, and it is going well, then that's a dead bet for you. you'll be stagnant, and you cannot grow. For growth, you need development. You need to continuously develop new and better parts. Even the regular parts that you are making, you'll have to keep making small, small developments just to be ahead of the curve. That's what I feel, and we… we don't, push back ourselves that, okay, we are content with what we have developed so far, and let's take it and, do it this way only. We always push our team to go forward, to have a better solution. Even if 90% of other suggestions gets rejected, then also we push forward to go for a better solution than what is continuously being used right now.

Harshit Singhal: So, so basically, maybe, the number, if I take a balance sheet number, that will illustrate my point, like, so for a 70 top line you did, which you did in FY25.In the balance sheet, if I, like, take the inventory and the trade receivables and the trade payables.We just look at that figure. So, I mean, almost 50% of that, of your top line is just deployed in that. Yes. FY24 is also same.So, the margin is good, the payment from the railway is good, but.The, return on your capital gets… bit down because of this kind of cycle. So that was my part in number FY25.

Atish Agrawal: Yes, if I can take some liberty to explain that point also, here what we do is, we don't take market for granted. Whenever we get orders, we try to secure our raw materials as soon as possible. So that, if the market goes up or the market goes down, we don't have to think… rethink our orders. See, once a PO has been accepted, it has to be supplied in every, set part and condition. So, even if our raw material prices go up at a later date, we cannot ask for a revision in purchase order. Our purchase order dates, vary from 3 months to almost 1 and a half years also. So, we'll have to keep our raw materials security with us. So, we always try to keep at least 3-4 months of stock in our raw materials, so that, we are a bit secure from the, Price fluctuation point of view. Secondly, the kind of raw materials we require is quite exorbitant, I should say. We require very premium products like tin, or tungsten, or niobium.Even these micro alloying elements are also required, and we require our regular products also, scrap, pig iron, and everything. So, the gambit of the raw materials that we require is very vast. So, a lot of funds goes into that also, which we require today, and we may not require it again next two years. Because, a part of our foundry business is a jobbing foundry, where we don't know whether we'll get this one-time order again in a coming year, or second year, or third year, or not. So, that kind of, investment gets stuck sometimes, although the percentage is very low, but that is, one agenda we are addressing, too. Thirdly, the, turnaround time. See, the higher the value chain items I told earlier also, higher we go into the value chain items, the longer is the turnaround time of that product. So, we have got products whose turnaround time is around 6 months, or 8 months, and in fact, more than a year. And we have got products which, get delivered in the same month we get the purchase order for. So, it's a continuous development thing, and yes, the stocks are very high, and the raw material stocks are also a higher thing. We are working on it, but I don't see any significant downtrend in the coming years. We…

we are not concerned about if the money stuck there is a bit higher, because we know that we'll get a good value out of it.

Harshit Singhal: Okay, okay, sir, that's fair enough, I guess. So, the capacity utilizations are, like, it's 14400 metric tons, and 50… Iron, and 50 is steel fabric. So, currently, it's 40-45%. The data is from FY25, so what's right now, how much replies have you done?

Atish Agrawal: I think there is some misunderstanding in that. The total capacity is 14,400, I'll just say that, let's say that is the 100% capacity, but the capacity utilization, the… production capacity of both the unit steel unit and iron unit is 7,200, but the capacity utilization is not exactly equally distributed between the two. We are using around 80 to 80-90% of our SG iron foundry capacity. And we are using only, 20-30% of our steel plant capacity. So, the utilization is not exactly 50-50 between iron and steel, although the capacity division is exactly the same. And with this modernization, we'll increase our utilization of the steel foundry as well. We have got a little bit of scope to improve on the iron foundry as well, but the major scope we can see is in steel foundry. Once our modernization and expansion kicks in, we'll be using, ramping up our production to maximum utilize our steel plant productivity as well.

Harshit Singhal: So, sir, I mean… A final question, maybe, like, 3 years, 5 years… what, I mean, what kind of scale do you see your company in? I mean, like, what kind of, like, order book, top line, bottom line, I mean, anything you could share?

Atish Agrawal: I have been invited the FinPortal team not to share, give any future prospective values, but I'll just say that, as per the market condition is going, showing us, and what kind of trend we are already following. I don't see any reason whether, to see any dip, anywhere, and, same growth, you can expect the same market growth as per the industrial norms, to… go ahead in the…

Harshit Singhal: Sir, what is your current order book?

Sajal Vats: Okay, what's… Yeah, I just want… I just also wanted to understand the order book data, latest order book data, which Harshit just asked. So, the latest order book figure, actually.

Harshit Singhal: Sejal is… our team only, sir.

Sajal Vats: Yeah, I am also from the Green Portfolio.

Atish Agrawal: Okay, you're from green portfolio, okay.

Sajal Vats: Yeah, from the same group. Yeah. So, yeah, sure, just Harshit was… asking, the latest order book data, what is it?

Atish Agrawal: Okay. And…

Sajal Vats: The latest order book data?

Atish Agrawal: Alright, Sajal, right now, our order books, it has been very consistent between 25 to 30 CR for the past, 6-8 months or so, and, it's there in the same bracket right now, also.

Sajal Vats: Okay, and what is the breakup regarding an iron foundry and steel capacity? What is the breakup of that?

Atish Agrawal: Capacity. Okay.

Sajal Vats: Among iron and steel, which are two… Two things you do. The iron foundry and steel.

Atish Agrawal: So, you don't…

Sajal Vats: order book across the.

Atish Agrawal: Order book, okay. Order book pickup would be, in the same way, it would be 70-80% would be of, iron, and 20-30% of steel.

Sajal Vats: So, we can expect the steel capacity, the utilization of 22-30% will stay in that range, or will it improve in the coming year?

Atish Agrawal: For this financial year, let's say 25-26, it would be more or less the same. I don't see this, current, modernization and this thing to start yielding finished products in this financial year. Maybe in the last quarter, we can see some more improvement, but more or less, it should remain the same. From the next year onwards, we should start seeing the effects.

Sajal Vats: So, basically, what are the challenges in this steel thing that we are not getting much orders to improve our capacity utilization? What do you think?

Atish Agrawal: It's both. First, what we are catering right now is a jobbing foundry kind of thing, where we get orders from this steel sector, cement plant, and other plants, which use our facilities as their space manufacturing facility. What they do is, whatever breakdown happens in their plants, and whatever critical space they require, they can procure directly from the OEM, or they canbuy it from, our kind of companies, where they can get a bit, product at a better price. So, we are not sure what kind of orders we're going to get next month or next year. So, it's the kind of a jobbing foundry where we are developing different products, continuously. Now.

Sajal Vats: So

Atish Agrawal: continuously on a developing mode, it's difficult to expand on a production mode. For heavy production or higher production, you need to have some fixed product, which can be produced on a regular basis, so that you can have a better utilization. of the facilities. So, one.

Sajal Vats: Yeah. Yeah, please continue, sir.

Atish Agrawal: Okay, so one was that constraint, that our market was, mostly, oriented towards the spares manufacturing. And, Secondly, what happened is, this production capacity was designed on the base of the liquid metal that was available to us. So, our furnace capacity, the induction furnace in which we melt the liquid metal, its capacity has been stagnant at 7,200 metric ton per annum. Now, what happens is, in foundry, the other critical thing is the molding and fetal.So, for molding, the capacity was not theirunit from an ingot-making plant to a steel foundry.We always had that incremental capacity, but we, it didn't have the molding capacity, so forthis modernization program that we have done post-IPO, we have ramped up our molding facilities.These are the other facilities now with the same liquid metal, the…capacity issued an answer, capacity of downs.downstream activities as well, like molding, fettling, and all other departments. So, we didn't have that facility. So, on the books, it is showing that we have production capacity of 7,200, but in actual, our capacity.Now, after this ramp-up, we are expecting that we'll be able to fully utilize our capacity.
Sajal Vats: Hmm. Sure, sir. And, the same thing, sir, after the modernization and expansion plan, what is the peak revenue we can touch? A colour around that. What is the peak revenue which we can touch?

Atish Agrawal: Again, it's to the forward-looking statementso, I shouldn't say about the exact figures. But I think.on the toplinethat we are targeting for, next timefew years, which should be multiple than what we are getting right now.

Sajal Vats: And what would be the margin profile? After the expansion and modernization?It would be in the similar range, or it will improve.

Atish Agrawal: A couple of, percentage point plus or minus, it should,

Sajal Vats: And the same would mean around the EBITDA, which we are currently running around 15%. So, are you saying it will be in the range of 15% to 16%, the EBITDA margin?

Atish Agrawal: I will not say the exact term, but yes, it should, be consistent with what we are getting in the past couple of years. couple of…percentage pointsor below**.** It should, it should be around that figure.

Sajal Vats: Okay, and can you please provide a breakup of the order book around the sectors? Is it concentrated around railways, or any other sectors also there? Yes, sir, went back to 30.

Atish Agrawal: 70-75% would be railways of the order book. And the rest, 20 to 30%, it would be segregated over the cement plants and the steel plants. Steel plants, we have got some good orders. And, the rest are VMs and, our regular customers who are more into manufacturing of mining, machines or power plant machines kind of things are there. So basically, 70-75% is railways, and the rest are others.

Sajal Vats: Okay, and one second. Yeah, Atish sir. So, I was curious, that from FY22 to FY24, our sales were stagnant. So, and… but our margins improved. So, can you please discuss that? The sales were stagnant, but the margins kept on improving, the EBITDA margins, from 3% to around 15%. So, what was that?

Atish Agrawal: That's what happened

Sajal Vats: Yeah, so I just want you to discuss around that, why the sales were stagnant, and why the margins, but kept on improving.

Atish Agrawal: Okay, Sajal, what we discussed earlier also, that, how our journey happened since our inception. So, I tried to explain the things that, earlier we were making very low-cost products, then we have, switched over to the higher value products, which is giving higher margin to us. And this has been a continuous trend for our foundry, that we are, regularly updating ourselves to go for the higher margin products. So, what happened between 22 and 24 is that, we switched some of our productivity into, a higher value product. I'll say that, some portion of SGRN plant was shifted over from SGCI insert to adapter. So, these are, adapter is being made in the same plant, so we are using the same facilities, and… but the adapter's, value proposition is higher, and the margin proposition is higher.So, whatever percentage30% of our production, we shifted over to adapter. For those 30%, we were not getting a higher top line, but a better bottom line. So, during this transition, we have improved our productivity for a higher value item, which can give us a better margin over the products. That is… was the main reason behind this, 22-24 story. We weren't able to increase our total revenue, but I think we have done a very good job in increasing the margin ratios for our product.

Sajal Vats: Yeah, sure, sure. Sir, can you please provide an idea about the breakup of revenue among private sector and public sector, and how's the trend in the last 2-3 years? Are we much dependent on private, public sector only, throughout the last 2-3 years, or is the trend changing now?

Atish Agrawal: I should say… before 22 or 23, see, it's difficult to define a public sector and private sector in our line of business. I'll tell you the reason why. Because the parts that we supply to the private industry is ultimately going into a public industry. Just like, this, SGCI insert, what we talked about, we are supplying this insert to, this railway sleeper plant. Now, the support plans are all private but ultimately, the sleeper is going into the Indian Railways, that is the public. So, it is ultimately controlled by a public company. If the railway's not releasing order for, let's say, railway sleepers, then we'll not get orders for insert. So, it's a cyclic kind of thing. Anyways, I got digressed, 22 earlier, I think we had a very small share of, public, public… what you say? Public sales, and the 99% or above was from the private sales only, because we had very few public sector companies in our customer base. With the introduction of adapters, we have been supplying directly to the railway production units and the railway service units, including all the zonal railways. As we are increasing our share of adapters, we are, we are continuously increasing the share of supplies made to the public companies, rather more than the private companies.Right now, I think the breakup would be around, 20-30% to the public, and 70-80% to the private. I haven't… I don't have this exact data, so I cannot, tell you the exact figures. But this is the best-case scenario. In any case, we are very much heavily dependent on Railways, you can call that. Because, even the products which are going into the public sector, private sector, are ultimately going into the public sector only. Other than this, we have got good exposure in private companies as well, and we have got a long customer relation with, many private companies, about more than 10-15 years. So, we are pretty much sure that even if, downside comes, through railways, we'll be able to absorb the pump.

Sajal Vats: Yeah. And, in the investors, I was saying, so there is an entity named Sunflower Commotrade Private Limited. So, what is that entity… in the investors, of the shareholders of the company? I was saying, so, there is a biggest shareholder is named Sunflower Commotrade Private Limited. So, what does that entity do?

Yash Naik: Just to add on that, sorry, so we also have the Abha Jewellers and Gems Private Limited, so could you share that also in this question?

Atish Agrawal: Okay, right, yes. Okay, the first part was around Sunflower Commotrade. This company was founded, I think, long back in, 2010 or 2008. I don't remember exactly. It was made, for some investments to be made in the real estate. And then, later on, through that, the investments were made in this company, ABHA Power & Steel. It's a family-owned, company only, there is no regular business in that company. It has been founded, since start fall this, for making an investment in this. ABHA power and steel only. I don't think it has any active business as of now.

Sajal Vats: Okay. And are there any other business interests, of the promoters of Subhash ji, or Harish ji, other business interests, where they are materially involved?

Atish Agrawal: Okay, I'll get to it, I'll have to answer Yash also, that, okay, ABHA Jewellers and Gems Private Limited, it's also a family-owned company, it's, we are more focused on jewellery business in that. We have got, jewellery interest, and, one franchisee showroom of, Kalyan Jewellers is there in that. And, yeah, it's a family-owned company only. You need any other data on ABHA Jewellers and Gems, Yash?

Yash Naik: Yeah, so there are some… I haven't gone in depth, but there are… in the RHP, there are some RPT regarding that, so could you shed some light?

Atish Agrawal: RPD, that means… sorry, I didn't.

Yash Naik: related party transition, so I haven't gone in depth, but I have briefly seen that there are some sales or something like that, in a very small quantity, I guess.

Atish Agrawal: I don't think there is any business between ABHA Power and ABHA Jewellers or Sunflower Commotrade. If there is any, I will have to look at it, because we don't have any common products to deal with. There might be some, we have asked for some investment from here, and returned the same… some kind of, transaction may have occurred, I don't remember them exactly, but there is no, as such, a business transaction between these three companies.

Yash Naik: And so, there is a cash on your book currently, so are you planning to reduce the debt, or it's going to use in the capex?

Atish Agrawal: Yash, again, I'll have to answer the Sajal, he has asked one question earlier. Okay. Sajal….

Sajal Vats: I was just asking, are there… are there any other business interests of the promoters, of the top 2-3 promoters, top shareholders?

Atish Agrawal: Yes, as I said earlier, this, company is, basically governed by two set of promotional, two families. One is Agrawal family; one is Shah family. In Agraval family, we have business interest in this steel business. We have got one solar plant that is under ABHA Power and Steel only. Other than this, we are into the jewellery sector, for the past…

Sajal Vats: ABHA gems and jewellery.

Atish Agrawal: And, other different companies like Abha Jewellers, Smriti Jewellers, Ashita Ventures, all these are having a different, jewellery showrooms. So, we are into the jewelleries, and then, we are into real estate. We have got, our promoter family has got, Good in, good investments in the real estate, and we are coming up with new projects in, every year in real estate. And for the Shah family. Mr. Harish Shah, Mr. Satish Shah, Mr. Naleen Shah, all that are part of the management group, and they're actively involved in all the, activities of the company, and leading them very nicely. Other than this, Abha Power and Steel, they have interest in, mining business. They've got, Dolomite

Mines. Which they are expanding, and more on a real estate basis, and… Yeah, that's the major, core sector we are oriented into.

Sajal Vats: So, what can we ex…

Finportal: Right.

Sajal Vats: You go, yes, you go ahead, yes.

Yash Naik: Drishti, you were saying something?

Finportal: Yeah, actually, we have some time constraint, though, we would take only one or two last questions.

Yash Naik: Okay. So, sir, there is a cash on your book currently, so it's around 9 to 10 crores, so, and also, there is a little bit of debt, like 13-14 crores, I guess. So, are you planning to rebate that debt, or, planning to infuse this in the capex?

Atish Agrawal: Right now, we are not much oriented, we are not much worried about the debt, what we are having. It's not a significant debt as far as our workings are concerned. We are more oriented on using the cash that is in our hand for our expansion projects. And, right now, I don't think… see, our debt is of two parts. One is the fixed loan, and one is the CCE limit that we have. So, fixed loans are already getting, reduced every month in the form of EMIs. And so that is the only debt reduction planned for the next, couple of years or so. Right now, we are more focused on into expansion mode rather than debt reduction.

Yash Naik: And, sir, in the current, this financial year, you have financed, like, 27 CR of, funding, so where do you have financed it?

Atish Agrawal: It has come from IPO only.

Yash Naik: Ok, Ok, sorry.

Finportal: Okay, so, thank you, Yash, Sajal sir, and Harshit sir for joining us today. So, what we can do now, if you have any further questions, you could reach out to us. And, we will pass it on to Mr. Atish Agrawal for that. So, thank you everyone for joining. Thank you, sir.

Harshit Singhal: Thank you.

Atish Agrawal: I'd like to thank you to join us, and I wish you… A very good evening, and a rest of the week ahead. Thank you. Have a good day.

Harshit Singhal: Thank you, sir, best of luck.

Yash Naik: Thank you, sir. Thank you.

Sajal Vats: Thank you, sir.

Atish Agrawal: Thank you.

FOR ABHA POWER AND STEEL LIMITED

ATISH AGRAWAL
Digitally signed by ATISH AGRAWAL
Date: 2025.09.27 11:24:55 +05'30'

ATISH AGRAWAL
MANAGING DIRECTOR
DIN: 03540841