

VALUEPORTAL

INVESTOR-COMPANY CONNECT TRANSCRIPT

ABHA POWER AND STEEL LIMITED



23rd January 2026



03:00 to 04:00 PM

SPEAKERS:

Mr. Atish Agrawal

Managing Director & Promoter



ABHA POWER AND STEEL LIMITED

LET'S CONNECT ►



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ABHA POWER AND STEEL LIMITED

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Finportal: Good afternoon, ladies and gentlemen. On behalf of Finportal, I extend a warm welcome to you all for our first-ever Investor Company Connect Virtual Event Value Portal, where capital meets business. So, our sixth company of the day is Abha Power and Steel Limited. Incorporated in 2004, Abha Power & Steel Limited is an integrated manufacturer of customized iron and steel castings, primarily serving Indian Railways, OEMs, and core infrastructure sectors, such as cement, power, mining, and steel. The company operates a 14,400 metric ton per annum manufacturing facility in Chhattisgarh, with complete in-house capabilities, from melting to machining and texting. With a RDSO A-class approval, over 1,000 SKUs, and an order book of roughly around 25 to 30 crore, Abha benefits from repeat railway orders and rising OEM demand. Decent capacity modernization further strengthens the execution efficiency and the growth visibility. Before we proceed with this call, please note that this call is being recorded. Some of the statements made during this call may be forward-looking and are based on the current assumptions, which involve risk and uncertainties. Actual results may differ. The company assumes no obligation to update these statements, unless required by law, we encourage all the participants to consider these factors and avoid placing undue reliance on forward-looking information. From the company's side, joining us on the call today is Mr. Atish Agrawal, the Managing Director. So, with that, I will now hand over the floor to the management for their opening remarks. After the presentation, we will move on to the Q&A session. Participants who wish to ask a question may type them in the chat box from now onwards. Thank you, and over to you, Atish, sir.

Mr. Atish Agrawal: Thank you, Drishti, for such a nice introduction of our company and myself. Hello everyone, this is Atish Agrawal. I'm, I'm here as a Managing Director of Abha Power and Steel Limited. We have been here in the manufacturing business since 2004. I'll start with our presentation that we have shared earlier also, and I'll share now... Okay. Yeah right. I think it should be visible to everybody.

Finportal: Yes.

Mr. Atish Agrawal: So, let me start with our introduction. We have been there in the industry line since 2004. We are a manufacturing company, hardcore manufacturing company. We expertise in iron and steel manufacturing. We are a casting unit, by default, and we make a different type of casting products for the heavy industries. Basically, most of these industries are in the railway sectors, but other than that, we are manufacturing some key raw material, key spare parts for cement plants, steel plants, power plants, mining industries, and other heavy industries that we hear of now and then. So, we started our production in 2005. In 2000... around... in 2010, we, put up our first iron foundry. Earlier than that, we were making MS ingots for the rolling nails. And 2010 onwards, we put up an iron foundry where we start making products for the Indian railways. Since 2010, we have been associated with railways, and since then, we have been a regular vendor for railways

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key items. In 2014-15, we shifted our ingot-making unit into a steel foundry. So, by that now, we have two different foundries in the same campus. One is the iron foundry, and one is the steel foundry. Making us a complete, foundry-oriented, business loop. And, our presence, exceeded, not just railways, but we, started entering other sectors also with this steel foundry, we attacked the cement plants, steel plants, and we were lucky enough to be associated with many OEMs who put up these giant plants, and thus, we have migrated from just being a one-sector company to a multiple sector company. We have been given an RDSO A-class certification by railways. This specifies that, we can make all the critical parts for Indian railways. It's a generalized certification for a foundry, and it's a very prestigious one, which, identifies and, checks each and every parameter of the production and testing of our foundry, and once they are satisfied, they issue this certificate to a very few people in India that are having this kind of certification unit and, we are also 14001 and 45001 certified company. And, recently, we put up a solar production plant also, a solar... captive solar unit. In 2023 onwards, it started functioning. So we have, mitigated a lot of our energy, let's say 30-35% of our energy through, you know, green energy source, so we are moving towards the sustainability also. We have this capacity now, a total capacity of 14,400 metric tons per annum. That gives us a capacity of around 1,200 tons per month; out of which 600 tons is the capacity of the steel unit, as well as 600 tons is the capacity per month of the iron unit. Now, we have been doing, an expansion post our IPO funds, and it has been going on in a good scale. With... after this expansion, we are expecting, to increase our, this capacity utilization of this steel plant. Now, when we compare FY24 and FY25, we can see almost a 30%... 36% growth in the revenue, and 32% growth in EBITDA. Also, the PAT also grew very well to 65%, because of the favorable market condition and all other factors. In this, first, H1FY26, our revenue is almost constant as the other, previous two halves of around 35Cr. EBITDA have come down a bit to 30... 10.3%, and we are having a strong PAT of 5.9%, almost 6%. These are our various clients that are associated. We couldn't, of course, onboard each and every client here, but our prime focus has been the Indian Railways, which is giving us around 60-70, 70% plus of our revenues. Then we have some, stalwarts in the different, industries, heavy industries in India, who are our, prestigious customers. Like, if you give a steel sector, we have customers like Tata Steel, Sail, Jindal, JSW, and all these, big companies. In cement companies, we have, Ultratech Cement, Nuvoco Cement. We're also a supplier of, supplier to KHD Humboldt Wedag, which is the OEM to many cement companies in India and abroad? In the power sector, we are, serving to NTPC, to DB Power, and SADA Energy, and all those companies. In mining business, we are supplying to Bilal Engineering Corporation, BHEL, to Takraf, and these are our... some of the most prestigious customers whom we have been associated with in the past, and... Now we are dealing with them as well. Product portfolio is there. Since we are oriented into the railways, railways have a fixed product line, and we can identify products as per the railway requirements. Some of the products that we are making right now for railways is SGCI inserts, adapters of, 3-4 different types, like narrow jaw or white jaw. We're making some clamps, and we are also making centering discs for them. Now, when

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we move from this railway to other industries, there, the name of the product varies from something to other, because all the OEMs and all the plants have a different name even for the same item that is being used. So, this has made us to grow a bit larger than what we thought for. Now we have more than 1,000 SKUs, and we have developed more than 1,200 products for different industries. Each day or every week, we get a new product to be developed, and our team works on it very judiciously, so that we can give justification to our customers' confidence. Some of the steel foundry products are, like the hammers, coat pocket liners, screen plate, crushing ring. These are specific to the steel sectors. Then in the cement plants, we are supplying grate bar, cooling plates, flap and flap doors. Those are the part of the steel, cement industries. Likewise, we can find a lot of different products for different industries. See, being in Chhattisgarh gives us a very special, judicious location. We are in a central part of India, where no boundary of India is far away from us, and we got a very good system of raw materials. We get major raw materials from the nearby areas. Like pig iron and scrap, these two are major raw materials, which we get from the nearby Chhattisgarh vendors itself, and sometimes from the Orissa and Maharashtra as well. So, we are very, we do have a very prime location when we consider this kind of things. Let me give you a brief idea about how we make the casting part. First of all, we get a drawing from our customer as a RFQ, or the, inquiry. We, after seeing the feasibility of that part, we give up a price quotation. Once the order is finalized, we get a... we get order, and it is screened by the marketing team to be... to give it to the production unit. Thereafter, we make a QAP, Quality Action Plan, in which we put input to all the quality parameters that will be... that we will take care during the production of that item, right from the raw material to the in-process elements, and then final product. So, once that is finalized, for each and every new item, we'll have to make a pattern or the tools for that specific item. It may be of wooden, or it may be of metal. Once that pattern is complete, we make molds using sand as the base, and some binders to make the sand hard. We have got induction furnaces and arc furnaces. We use the furnace as per our requirement of the size and the chemistry of the metal to be made. In the furnace, we put raw materials, like, iron and steel and all the ferroalloys, all the, noble non-ferrous metals as well. Once the metal is ready, we put this liquid metal into that mold, and after some time, we take out the mold. So, we get a raw casting. After this raw casting, we do the heat treatment, we do all the machining operation, all the other operations are done. If the assembly is required, we do the assembly. All these, steps are involved with the quality checks. We don't have just the final product quality check; we have in-process quality checks as well. All... each and every process goes through a rigorous quality testing mechanism, and then, when everything is okay, we offer the final casting, final part to our customer. Or to our QA team, which again, check each and every part of the system. Once that is finalized, we offer it to the end customer for an inspection, or to their third-party inspector, and as soon as it gets okay, it is supplied to our customer. So, there is a huge emphasis on quality at each and every step in our raw material procurement, in our each and individual process, as well as into the finished product. Which gives us the confidence, and which gives, our customers a

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confidence that, yes, we are buying from Abha, and, they need not check it again, and they could be, trusted with our quality. So, this is one of the areas, where we need to talk about, is our life cycle of the industry so far. As I said, that we were incorporated in 2004. Since then, we have this, our production unit going on for the last 25 years. Sorry, 20 years. Initially, we started with, an MS ingot making unit, and, later on, we started one, SGRN unit in 2009. In 2015-16, we converted our, steel, this ingot-making unit into a steel foundry. In 2020, we received the coveted A-Class 40 certification from the Indian Railways. Since then, we have been transforming our company to go into a value-added product, rather than just the volume product. And, to, add to our margins and to trying to increase our, not just the turnover, but, overall margins as well. We put up a machine shop; we started CNC machining facility also in-house. And in 23, to mitigate the energy cost, to have the, energy assurance, and to, move our foundry towards a sustainable future. We put up a 3MW solar unit. It's a remote location unit, so we have got now two sites. One is the core plant, and one is the solar plant. And, we are using around, 30-35% of our total energy requirement through this solar plant. Last year, last to last year in 2024, December 4th, we got listed in the NSE, under the NSE Emerge, and, we had a premium of 9%, during listing. And, in 2025, we have implemented a further improvement in our plant setup. We have got the ISO certification for 14001 and 45001. Which, again, signifies the style of working, what we are doing here, is a complete growth parameters, are not just not numbers, but actual working conditions, as well as the environmental conditions of the plant and nearby areas So, this is our, top management team that we are handling, that are handling the whole plant. I'm Atish Agrawal here with you. We have been joined by Mr. Satish Kumar Shah. He has been here with us, since the inception of the plant. I myself joined the plant in 2009 onwards. Earlier than that, I was in Tata Steel for a couple of years after my graduation from IIT BHU. Since 2009, I've been involved in this foundry business from day-to-day activities to all the leadership guideline roles. Mr. Satish Shah has been there with us since the inception, and he has seen all the ups and downs the company has faced so far, and he has very masterfully guided us through all the normal potholes that each and every industry's come through. He handles the administration and the government-related parts, and he has got a good experience in project planning as well, so we are getting his support in our day-to-day movement and the project activities. My father, Mr. Subhash Chand Agrawal, also is also a non-executive, non-independent director, and his guidelines are there with us since the inception of this plant. He continuously promote us, guide us, motivate us whenever we are down, and, help us to encourage not just the profitability of the company, but the overall ecosystem of the company. He's concerned about the well-being of our, employees, our laborers, and everybody. And, he has a vision which, which gives us the power to move forward. Other than that, we have been, joined as an independent director by Mr. Pankaj Jhawar, Mr. Shristi Garg, and recently by Mr. Shanky Santani. They have been guiding, following our, success story, and, they have been guiding us during the turbulent times that, how to move forward. They have been a positive force, in our company. Now, what we have done, with this, with our foundries, post-IPO, we have used this fund to increase our

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capacity utilization and to modernize the complete plant. We are not calling it exactly an expansion plan, because the overall capacity of the plant, we are not increasing it much. But, as you can see in our earlier presentations as well, and the DRHP as well, that, our capacity utilization has been quite low. There have been many reasons for that, but one of the reasons was that, it wasn't a planned foundry since the inception. As I told you in our history program, that, we have... this foundry was, we're having a many, shift, or many development stages during which this foundry was developed. So, it's not a very planned foundry or a greenfield project where you have everything streamlined. So, what happened is that, we have a very huge melting position, or liquid metal, capacity is there, but to use that liquid metal, we don't have the molding or the downstream facilities, which were not developed up to that scale to use that much of liquid metal. So, with this, modernization and upgradation, we are improving our molding facilities. We have put up one arc furnace as well to improve our melting facilities as well, but that is more orientated towards the quality rather than the, quantity. Arc furnace gives us a unique opportunity to purify the metal for, further induction funnel, there is a limitation that you can't reduce any element in that. You can only add a new element, but if your raw material is a bit problem, or if you want to make a very special steel, you don't have any process to reduce sulphur force or any harmful element in that. With this arc furnace, we get that facility also. In the arc furnace, we have the suitability to reduce all the detrimental elements in the liquid metal. We have also started the argon forging facility, so we can give an extra purified metal to our customers. Now, what this thing does is, it allows us to go for an even higher value item, or the complicated projects that very few industries in India are able to do. So, with this modernization and upgradation, we have bridged the gap between our induction furnace and the other activities. Also, we have improved the overall quality of our products. We have put up a very, and, we will start to get fruits out of it very soon. But the, planning behind that, the rationale was to go for a value-added item that we can manufacture in our new plant, which we were unable to take in our previous, unit. Other than that, we have put one additional shared space so that when the production increases, we have ample space with us to execute the complete assembly and all the parts. Our focus has been railways. We have, increased our focus on railways with this expansion. This has been... we have kept in mind that, the requirement of railways are very stringent. And we have put up a plan according to that. But it's not that, it's the... what do you call it? It's, not that it's going to serve only railways. We have designed this plant in such a way that we can cater to any industry. So, we can go for the export orders, we can go for oil and gas, we can go for any other industries as well. So, ultimately, it is improving the total process of our foundry, in which we can make parts for any industry. We have got some very good strength, being here in Chhattisgarh. We have got a backward integration of in-house; solar generation is there, which is giving us a very good feedback, and also a great support system. The location in Bilaspur, Chhattisgarh helps us, to be nearby all the raw materials areas. This gives us, an added advantage over our, over our peers, we have got a very diverse portfolio. Not many foundries in India can claim to be a part of so many different sectors. We are

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there in the, steel sector, power sector, railways, mining, OEMs, and all kind of different sectors are there, which we are associated with. And as per the market condition, we can increase or decrease our market presence in these sectors, so that we are immune to downfall in any specific sector. Our quality system and the overall process system is quite stringent and very strong, which has been verified by ISO 9001 to 14001 and 45001, which gives us the global standards to... which gives a global standard to our company whenever we quote for even the export orders. With this expansion, we are scaling our capacity to up to the maximum limit that is possible, but that is not the limit. We can go even higher than that. It is possible for us to go for even higher capacity. We have got the space, we have got the power, we have got the market for that. So, maybe in future, we'll go even further. So, the vision is there not just for this upcoming project, but also for the future plans. We've got a very experienced and focused team. We've got a different team for both the foundries, and it's a good mixture of experienced people as well as the new generation is there. So... a continuous involvement or improvement is there in our staff mix, so that we can create the new generation, as well as we can continue with the existing quality standards. What we have created here is that we have used each and every machinery to be energy efficient. We know the power costs are going high, but that's not the only reason. Overall, we believe that efficiency is one key parameter which will keep us ahead in the market during the bad time. So, each and every equipment which is selected, we have been, We have the cognizance to keep ourselves in the energy-efficient sectors only, and the strong focus is there on sustainability and the future prospects. Now, if I can go through the industry overview, since we are maximumly oriented towards the railways, railway has been the government's go-to sector or the focus sector for the past, couple of years or so, as we have seen. This, last year, the government has budgeted around 2.5 lakh crore, to improve the railway infrastructure. And, their, capacity expenditure, and the total expenditure was targeted to be 3.02 lakh crore. Our new budget is going to come at the end of this month, or the February 1st week. So, most probably, these figures would, see... would be, again, revised to a higher, higher number. There is definitely a strong focus in the railways to improve themselves. We can feel that in our bones, and we can see their workings on a daily basis. It's not just that it's on paper, or it's just to show the media or something like that. We also, we truly believe that the railway is looking to turn around the table. They don't want to be looked as the third world country railway, railway platform. They want to... they need to be seen as an export-oriented industry, rather than an importing industry. That's what the focus of the government is. We have to improve our infrastructure, we'll have to move, improve our, mechanisms and everything, but ultimately, point is that once we get, take railways to, develop the country, nation, railways. Then we'll start exporting this technology, or this, whole punch to other countries. And it has already started. We recently saw some news where, this, some of the racks were exported to African countries, some of the locomotives of the Indians, railway engines were exported. So, it has slowly and steadily started, and we'll see a big shift in the next 5 years, if we can, in the coming years, you'll see some data that earlier, railway-oriented unit used to export only this much, and

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now it has doubled, tripled, or quadrupled in the next, 2-3 years. So that could be possible with the railways. So, with... there is very strong demand in railways to improve the infrastructure, existing infrastructure, to go for the new infrastructure, line expansions, and all this stuff. They want to improve the overall, overall ecosystem of the railways. So, we can expect a strong demand. For that, we need, there is a huge demand in railways for steel also, for cement also, for all the other industries. When the railway grows, it, takes all other industries, together, together with it. So, we are getting a very good government support on all the policies and infrastructure pushes there. There is, definite government pressure, or you can say incentive to go for manufacturing. They want the jobs to be there, they want the people to go for hardcore manufacturing sector, so that kind of positive outlook is there in the market. We see that, new, some new products are being, tried by the railways, so we are... our foundry is ready, we are ready technically and metallurgically to, cater to those requirements. So, in that case also, it's good that we have done this expansion, and, we are future ready for, railways and other sectors. We have got some challenges as well. It's not that everything is green and rosy here. The raw material prices are varying very high. Our orders are basically long-term orders, let's say 6 months, even going more than a year in a couple of, items, and, 3 months, 6 months, that kind of longer service periods are there for our orders. So this fluctuation in raw material creates sometimes pressure on, on us. And, Also, the power, is a bit... power requirement is always there. We may face some challenges for the power output from the government, because all our furnaces are electrical-oriented, and we are dependent on the grid for power. But we can also find some labor shortages, and the logistic costs are increasing day by day, so these kind of small challenges are always there. But this is just not the thing that, which is, stopping us from growth. We are having a very long-term growth, and, we are focused on the correct type of road. It's not that we'll have to have any type of expansion, or just in the name of growth, we can expand anywhere. It has to be sustainable, it has to be a green growth, and it should be... the unit should be future ready, and that's what we are working on. Alright, for the past, H1, and now even in H2, we have already applied for a few items in the RDSO for our expansion approvals, and, we are expecting them to come in within next, this quarter or next quarter. And, we, couple of items that we were developing for a very long time, almost a year. It has finally started bearing fruits, and we have got a long-term order for that particular item. And it's a very key project, that we... that was very close to our heart, and it was... it is, comforting to see that it is growing up nicely, and we are trying to increase its, turnover in our business. It's a value-oriented item which has got a good margin, and very few industries in India are capable of manufacturing this item. We have maintained a very healthy order book throughout the year, and still it is going strong. So we can say that, it is, this, H1 has been a binding year for us, or a consolidating year for us. 6 months, rather, not the whole year, okay? If we go by the, the financials, okay, I'm an engineer, not very conversant with the finances, but still, I'll, give you an overview. The revenue have been, flattish, across the last, three half years. And, we are, generating around 35 Cr of turnover for the past, 6 months, then before that, 6 months, and earlier that. So that has been a bit

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consistent, what we are getting. So, we have been here for a long time, and we have been doing this thing consistently and accurately for the past 2-3 years. Then we can always think about the next steps. So, next steps are going to be very important. Other than this revenue, the, the gross margin has been almost the same, roughly around 40-45% in the range. EBITDA has gone down from the 15% to 10% due to some, some challenges that we faced, during this half year. The rest, all the parameters are almost same. The PBT margin has reduced from 12% to 8%. It's still a healthy one. And even the PAT has gone down from around 9% to 6%. But, this we are trying to turn around. Overall, we are very satisfied with this half year that we had. Despite having so many challenges, we have tried to work on them nicely, and we have not let the numbers fall far behind. We can always have... we can also cover up in the coming time. As per the profit-loss statement for the whole years, for this year, last year, and last to last year, it has been, again, a very consistent thing. Revenue from operations have increased in the FY25 to 70 CR from roughly around 50-55 CR. We have also seen some improvement in the EBITDA margin, which has been around 15% last year and last to last year as well. And, even in the PAT margin, we'll see that it has been a bit of growth, owing to that we have now started making some high-value items with more profitability, which has given a good part margin increase from 7% to almost 9%. These are, again, a lot of numbers. I think you can find out all these things in our DRHP and all the other details that we put in our website. One of the key factors that; we can see right now have been that our receivables have increased. That means we have been growing here, and we have a lot of positive things that we can take out from this balance sheet. Ultimately, the total assets have increased from 47 Cr to almost 80 Cr, which gives a very good figure that our foundry is in a very good shape, and the overall growth is there for everybody to see. All right, I think we have come to the last part of our presentation. These are the standard terms and conditions. I think you are better knowing all this than me. And, yeah, so I'll stop sharing this screen then.

Finportal: Thank you, sir, for the insightful remarks. Now we'll... we have received a lot of questions in the Q&A box, so we will begin the Q&A. I will read out the questions for you. So the first question is, sir, what is the current revenue contribution from the railway segment, and what is the expected contribution going forward?

Mr. Atish Agrawal: Just not to put any exact numbers to this data, I'll say that around 70 or 70 to 80% of our revenues come from the Indian Railways, and we are seeing this trend to continue in the future as well. I think, yes, 70-80% would be a safe bet to say that this kind of revenue is coming from the railways, and it should continue for the next couple of seasons.

Finportal: And what kind of margin do we earn from the railway segment?

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Mr. Atish Agrawal: Margins are... see, if 70-80% of the revenue is coming from a single sector; we can assume that the overall margin is roughly around the same what we have quoted in the H1. So, most of our products are going to be in the same margin. There are very few products which are giving us a very high margin of about 20% or even 30% margin. Some of the products are there. But, ultimately, a few products are there which are having very less margin, or, which are having no margin at all, just to be, keep our customer at bay. So, overall, the margin is what we have given in our financial statement. The same margin is there for all the regular products as well.

Finportal: The next question is what is the current capacity utilization, and what is the peak capacity utilization post the capacity modernization?

Mr. Atish Agrawal: Okay, so currently, we are operating at around 30-40% capacity utilization is there. I cannot give you the exact number, but this has been there for the past couple of years, and including this year also, we are expecting it to be in the same range. Post this, expansion or modernization is there. Post this modernization, we are expecting this, capacity utilization to increase up to 100%. Since we have been filling up the gaps that was there in our manufacturing facilities. Now, it is up to us that how we increase this efficiency. Then, we won't have any infrastructure, backlog or infrastructure problem to go for the higher capacity utilization. Eventually, I should say that gradually, when we'll increase... start increasing our utilization, it should easily go up to 80-90% without any problem.

Finportal: Okay, the next question is what is the current order book?

Mr. Atish Agrawal: It has been in the range of 20-30 Cr for the past, couple of years. Right now, also, it's between 20 to 25 Cr. It's a healthy order book going on. We're not getting very big orders, but a lot of small orders, which is keeping the order book healthy, and let's see how we can increase it even further.

Finportal: Okay. The revenue for the last three halves has been around 35 crore, so what are the major reasons that the revenue is not able to increase?

Mr. Atish Agrawal: Same thing, we are already at some level, we have maintained this level for the past, 2 years or so, and, so that is the maximum performance that our foundry can give at the, current infrastructure. Once the new infrastructure kicks in, and we get the new facilities working on a full-time basis, we get approvals from the... all the different sections of railways and other sectors, then only we'll see a next shift in the growth, or next target that we have kept in our... for ourselves for next financial years or so. Then only we'll see... start seeing some effect of those expansions.

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Finportal: Okay. And your DRHP mentions that your products can cater to the international customer as well, but there has not been much export business from the company yet.

Mr. Atish Agrawal: Yes, we have exported, on almost every financial year, we... we had some exports, not a major quantity of our goes into the exports. We have got a very few selected customers, whom we export, on a regular basis, or, let's say, which have been there with us for the past few years. Ultimately, the problem is that, we didn't have the marketing facilities to, project ourselves or to advertise us in the export segments. We are working on this, most probably in this financial year, in the coming financial year. We'll participate in some, trade fairs, outside of India. And, we are already in talks with a couple of, big, OEM companies, whom, who are interested for our products. And they have given a very positive feedback, so most probably we'll see an uptick in exports in the next financial year or so.

Finportal: Okay. In railway sector, what percentage of revenue is derived by supplying directly to Indian railways, and what percent is derived from the OEMs? And following that, how does the company benefit from selling to OEMs compared to direct customer?

Mr. Atish Agrawal: There are some positives and negatives for both this part. Maybe a few people are not knowing this, so I'll explain it a bit. Our business with Indian Railways is being confronted on two ends. One is directly supplying to the Indian Railways and their zonal offices, and second is through OEMs. OEMs, they buy some product from us, they make the complete assembly, and then supply it to the railways. So, revenue, if we try to split, although we don't, keep those data separately, but, it should be around, 40-60 or 50-50, almost equal share of, supply being made directly to the railways and the supply being made to the OEMs. So, revenue is there. Now we talk about the advantages and disadvantages of, supplying directly to railways and direct, to OEMs. I'll talk about the advantages first. If we supply directly to railways, we get a huge order. Big orders are there. The quantity is good. The payment is also good, because in Indian railways, we are getting a timely payment for now, touchwood. And, the sector is almost well-oiled. We may face some difficulty for post-payment system, but overall, if we supply directly to railways, we get big orders, and the payment is also good. Now, when we go for the OEMs, for OEMs, the order size is smaller. We get smaller orders, so it's a batch order, so it's difficult, to cater all to the... all batch orders. Secondly, the point is that we can define a better margin in these products when we're going for OEM. See, OEM has a restriction that they can buy products only from RDSO or railway-approved sources. So, if they've got 10 options, they don't try to squeeze into the last factor. It's not that the price is not the governing factor here. One who supplies the quality, or one who gives them the better delivery terms? Those get priority over the rest of the suppliers. So, that way, in OEM cases, we can demand a better price than the market just because of our quality and timely delivery, and that favors the OEMs.

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But, sometimes the payment is the problem with OEMs. And, so that is a negative factor as well. So, we can't say that who is better as the OEM or railways, and we'll try to keep it that way, that we get a fixed revenue from railways as well as from the OEMs.

Finportal: Okay, the next question is what percent of revenue is contributed from the top 5 customers?

Mr. Atish Agrawal: Sorry, I don't... I haven't checked it, for the, current year, but, mostly it's around 60... 60% of our revenues come from the top 5 customers. I don't know, I don't have the exact figure for that.

Finportal: So the next question is, how much time will it take to get approvals after the capacity modernization? Can we get approvals by September 2026?

Mr. Atish Agrawal: Yes, we are planning to get it even before that. For a couple of items, we have already put in our application. For rest of the items, the application would be put in in this quarter. So, the application part should be completed within this quarter. In the next quarter, we are expecting the approvals to kick in. If not all, we'll get at least most of the approvals before September 26.

Finportal: Okay, so can you provide an update on your current bidding pipeline and give us some visibility into the order book for the upcoming quarters?

Mr. Atish Agrawal: Sorry, I missed it, please repeat.

Finportal: Can you provide an update on your current bidding pipeline, and give us some visibility into the order book for the upcoming quarters?

Mr. Atish Agrawal: Bidding pipeline. Okay, again, we don't monitor that how many bids are there under consideration, or how many quotations we have, put in. But, what I feel right now is we have been consistently in the bracket of 20 to 30 Cr, and I think that it will continue for the next, one or two quarters, unless until our new projects start kicking in.

Finportal: Okay. What will be the margins of the new products that Abha will be able to make after the post-graduation..., post-upgradation?

Mr. Atish Agrawal: Right? Definitely, we are trying to improve our margins. It would be higher than what we have been going on with right now. I don't want to put a figure to it, but it would be a good double-digit margin should be there.

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Finportal: Okay. The next question is, employee benefit expenses have increased sharply from, 361.44 lakh in FY24 to 547.56 lakhs in FY25, representing a growth of over 50%, while interest costs have declined during the same period. Additional inventory levels show a significant increase as reflected by the negative change in the inventory. Can management explain the rationale behind the increase in the manpower cost, whether this reflects permanent capacity expansion or temporary operational requirement, and how these cost structures will impact margin and cash flows going forward?

Mr. Atish Agrawal: Okay, so this data is a bit old because we are talking about FY25. We are already almost finishing FY26. Anyway, the point is first regarding the employee benefits scheme. For the past couple of years, we have been trying to improve our manpower, man-force behind it, and we are on a continuous lookout for a better management. We have started making some value-added products, which requires very special manpower. And that has increased, our cost of the, employee benefits. Which is also evident in our products also. Despite having the same turnovers, we are increasing our margins. In the FY25, we have increased our margin on the basis that we have gone for the higher value products. This employee benefit, expenses have increased further in HYFY26 as well, because we have employed, further, more staff for the expansion project as well. So, we look at that, we look at this, cost factor, in a very positive way, that we have got some good manpower with us or good team with us, which will help us to have a very robust growth in future as well. Now, coming to the expenses... sorry, could you repeat the second part? What was it?

Finportal: The rationale behind the increase in manpower cost, whether this reflects permanent capacity expansion or temporary operational requirements, and how this cost structure will impact margins and cash flows going forward.

Mr. Atish Agrawal: Okay, so this higher employee cost will always help us. We have already done some recruitment for our upcoming project also, and we are starting to see some positive results. As I shared in my presentation as well, that we have been lucky enough to finally get our product cleared by one of the OEMs as a very critical item. So, this kind of complicated projects can be handled only if you have a very capable team at our hands, and we are very lucky to have this kind of team even before our expansion has kicked in. So, we'll try to keep the man force going, manpower going in the same way. And also, this, what do you say, this cost will increase further in the coming quarters, just because we are continuously trying to upgrade ourselves and try to enter the higher value items. So, when you see at the margins level, this cost will always push our margins to a better level. So, I think it's a positive thing to go on.

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Finportal: Okay, so how do you differentiate your technical capabilities from the other players, and who are those other players, and what is the current competitive intensity? And lastly, what is your roadmap for diversifying?

Mr. Atish Agrawal: All right, competitively... competitiveness is a big thing. We are highly competitive on our pricing, we are a very basic company, we don't have any extravagant expenses, we don't have very high debt, there is no big loans to cater to, or our margins have been fairly good enough. In the terms of technical capabilities, I'll say once our new plant comes in, we'll be, at par with one of the... in... with any of the best foundries in India, you can compare it, compare us with them. And, the kind of technical capabilities we are, we are showing right now. We are producing very difficult products, which many foundries have tried and failed in the recent past, and even in the present. Not many foundries are able to produce what we are producing, without much hiccups. So, I think we are quite technically favorable to handle complicated orders or the complex structures of the railway business, as well as the other business. Yeah, ours is a very unique foundry, I'll say. I don't encounter any other foundry of our type in India, because, 99% or almost all of the foundries will define themselves as a steel foundry or an iron foundry. But this is a unique proposition. We are the only vendor in the whole world for L&T, who has been, who has been approved as a supplier to them for both steel casting and iron casting. So this kind of thing is there, that we are in a very unique position. We are having all kind of technical capabilities to produce the casting of both iron and steel, and I think we could be compared with any big companies, and we can see eye to eye to them.

Finportal: Okay, so despite hiring additional manpower for value-based products, margins have not shown the improvements. So, could you explain the key challenges and the timeline for the margin expansion?

Mr. Atish Agrawal: Yeah, see, we are not waiting for the things to happen, and we are trying to grab the things as they come. We have improved our manpower, we have, employed some, good, head of businesses in our department, in different departments, and it is giving us the result in the form of that we are, we have started our application process, we have put in the papers for registration of a lot of other products, and also we have started the developmental part. So, margins have been pressurized in this H1 sector due to many other reasons as well, but the growth of the foundry is still there. We are still producing some challenging products; we are improving technically and, efficiency-wise. It is not showing in the margin; part, for this, for this year or so. But whenever new, project comes in, that time; we don't have to reinvent each and everything. We'll be ready with our... all the processes, and most probably, we just need a go-ahead and we'll start performing up to the mark.

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Finportal: Okay, sir, so we have taken all the questions from the Q&A box, so with that, I would, request you to give the closing remarks.

Mr. Atish Agrawal: Alright, Drishti, first of all, I would like to thank all the investors and the people who have joined us in this Value Portal. It's a nice gesture that you have been listening to all of our sayings and what this company is doing and where we are going. It's great to have so many people, standing behind you and, helping, encouraging you to go ahead and do what we have, said that we are going to do in the coming years. I thank Finportal for this Value Portal, and it's a good, good stage for all the companies to showcase that what they are offering into the market, and where the company stands, and where they want to be in the next couple of years. And, with that, I put this session into an end, and I thank everybody for their valuable time. Thank you.

Finportal: Thank you, sir. On behalf of Finportal, Investments, I would like to express our gratitude to Mr. Atish Agrawal and the team at Abha Power and Steel for taking the time to join us and provide such detailed responses to the questions. So, we also appreciate all the participants for their engagement. If any questions has been remained unanswered, please feel free to reach out to us. And with that, you may disconnect now. Thank you. Thank you, sir.

Mr. Atish Agrawal: Thank you, have a good day, bye.