

Abha Power and Steel Limited IPO

About Company —

- Abha Power and Steel Limited operates both iron and steel foundries within its manufacturing facility in Bilaspur, Chhattisgarh. 20% of the revenue is generated from the state of Chhattisgarh.
- The combined total installed capacity of both the iron and steel foundries is 14,400 metric tonnes per annum (7,200 MT each).

Name of major Customer (Industry wise) – FY 24 —

- Railways (69.87% of Revenue)**
Northern Railway
Vishal Nirmiti Pvt Ltd
- Steel (10.79% of Revenue)**
Tata Steel
SAIL
- Cement: (2.12% of Revenue)**
Ultratech Cement Ltd
Nuvoco Vistas Corp Ltd
- Power: (5.11% of Revenue)**
DB Power Ltd
NTPC Ltd.
- Others (12.10% of Revenue)**

Break up of revenue between Public and Private Sector (FY 2024) —

- Public 11.83%
- Private 88.17%

Geography wise revenue (FY 2024) —

- India 99.78%
- Export 0.22%

A higher export revenue share reflects the strong acceptability of products but in this case export is almost nil.

Bifurcation of sales between Iron Foundry and Steel Foundry (FY 2024) —

- Iron Foundry 67.30%
- Steel Foundry 32.70%

Capacity Utilization of the Manufacturing Facility —

Products	Total Installed Capacity (MT/Annum)	Oct 15 2024 Capacity Utilization (%)	FY 2024 Capacity Utilization (%)	FY 2023 Capacity Utilization (%)	FY 2020 Capacity Utilization (%)
Casting	14400	46%	37%	40%	45%

Financials —

(Fig in Cr)

Particulars	15 October 2024	FY'24	FY'23	FY'22
Revenue	37.20	51.74	54.69	54.51
EBITDA	6.30	8.14	3.33	1.64
EBITDA Margin	16.93%	15.73%	6.08%	3%
PAT	3.61	3.78	1.40	(0.71)
PAT Margin	9.70%	7.30%	2.55%	(1.30%)
CFOA(OCF)	2.54	4.69	7.95	(6.76)
Cash Conversion Ratio (OCF/ EBITDA)	40.31%	57.61%	238%	Negative

Positive and Negative Points —

Positive Points

- Good Clientele List.
- Positive CFOA.
- Decent EBITDA per tonne.
- Approved vendor for Indian Railways.

Negative Points

- Concentrated sales from a company named Vishal Nirmiti Pvt Ltd having a share of 30% of revenue.
- No growth in revenue.
- Variation in EBITDA and PAT margins.
- High debts and High D/E ratio.
- Low capacity utilization.
- Export revenue is nearly negligible.

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Peer Comparison —

Companies	Revenue	EBITDA	EBITDA /Tonne	PAT	D/E Ratio	Mcap	P/E
Abha Power and Steel Ltd. (FY 2024)	51.74 Cr.	8.14 Cr. (15.73%)	15277/-	3.78 Cr. (7.30%)	1.35	139.40 Cr.	36.88
Bhagwati Autocast Limited (TTM)	126 Cr.	10 Cr (7.93%).	Not Available	6 Cr. (4.76%)	0.28	134 Cr.	22
Nelcast Limited (TTM)	1,246 Cr.	83 Cr. (6.66%)	11,800/-	48 Cr. (3.85%)	0.57	966 Cr.	31.30

Conclusion —

Abha Power and Steel Limited operates in the steel and power sectors, **offering diverse products** and holding certifications like ISO 9001:2015, reflecting strong quality standards. Positive factors include its advanced manufacturing facility, export capabilities, and focus on high-value products like railway components. However, the company faces challenges such as **negligible export revenue**, dependency on raw material costs, and reliance on a single manufacturing location.

Additionally, **its high P/E ratio** compared to peers raises concerns about valuation. While the IPO provides growth opportunities, investors must weigh its strengths and risks carefully before committing.



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