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OBSC PERFECTION LIMITED

Corporate Identification Number: U27100DL2017PLC314606

Our company was originally incorporated as “OBSC Perfection Private Limited” on March 17, 2017, as a private limited company under the provisions of the Companies Act, 2013 pursuant to Certificate of Incorporation issued by RoC, Central Registration Centre. The Company was converted into a public limited company pursuant to shareholders resolution passed at the General Meeting of our Company held on March 26, 2024 and the name of our Company was changed to “OBSC Perfection Limited” and a Fresh Certificate of Incorporation dated June 28, 2024 was issued by Registrar of Companies, Central Registration Centre. The Corporate Identification Number of our Company is U27100DL2017PLC314606. For details of incorporation, change of name and registered office of our Company, please refer to chapter titled “General Information” and “History and Certain Corporate Matters” beginning on page 68 and 154 respectively of this Draft Red Herring Prospectus.

Registered office: 6F, 6th Floor, M-6, Uppal Plaza, Jasola District Centre, South Delhi- 110025, India.

Tel: 011 2697 2586; **E-mail:** ig@obscperfection.com; **Website:** www.obscperfection.com;

Contact Person: Abhishek Kumar Pandey, Company Secretary and Compliance Officer

**ADDENDUM TO THE DRAFT RED HERRING PROSPECTUS DATED JULY 23, 2024:
NOTICE TO INVESTORS (THE “ADDENDUM”)**

INITIAL PUBLIC ISSUE OF UP TO 69,42,000 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH (“EQUITY SHARES”) OF OBSC PERFECTION LIMITED (“COMPANY”) FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) (“ISSUE PRICE”) AGGREGATING UP TO ₹ [●] LAKHS OF WHICH UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ [●] EACH FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF [●] PER EQUITY SHARE AGGREGATING TO ₹ [●] WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER TO THE ISSUE (THE “MARKET MAKER RESERVATION PORTION”). THE ISSUE LESS THE MARKET MAKER RESERVATION PORTION I.E. NET ISSUE OF [●] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH AT A PRICE OF ₹ [●] PER EQUITY SHARE AGGREGATING TO ₹ [●] IS HEREIN AFTER 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 OUR COMPANY.

Potential Bidders may note the following:

1. The section titled “**Risk Factors**” beginning on page 31 of the Draft Red Herring Prospectus has been updated to include or amend or remove the details as mentioned in the risk factor section of this addendum. Please note that all other details in, and updates to the section titled “**Risk Factors**” will be carried out in the Issue document.
2. The section titled “**Objects of the Issue**” beginning on page 93 of the Draft Red Herring Prospectus has been updated to include or remove the details as mentioned in the Objects of the issue section in this addendum. Please note that all other details in, and updates to the section titled “**Objects of the Issue**” will be carried out in the Issue document.
3. The section titled “**Our Management**” beginning on page 158 of the Draft Red Herring Prospectus has been updated to include the updates with regards to the brief profile of Pradeep Harikishan Chabra. Please note that all other details in, and updates to the section titled “**Our Management**” will be carried out in the Issue document.

4. The section titled **“Our Business”** beginning on page 128 of the Draft Red Herring Prospectus has been updated to include or amend the details as mentioned in Our Business section of this addendum. Please note that all other details in, and updates to the section titled **“Our Business”** will be carried out in the Issue document
5. The section titled **“Our Promoters and Promoter Group”** beginning on page 172 of the Draft Red Herring Prospectus has been updated to include the details as mentioned in the Our Promoters And Promoter Group section of this addendum. Please note that all other details in, and updates to the section titled **“Our Promoters And Promoter Group”** will be carried out in the Issue document.
6. The section titled **“Management’s Discussion and Analysis of Financial Position and Results of Operations”** beginning on page 226 of the Draft Red Herring Prospectus has been updated to include Availability and cost of raw materials under Key Factors Affecting our Results of Operations. Please note that all other details in, and updates to the section titled **“Management’s Discussion and Analysis of Financial Position and Results of Operations”** will be carried out in the Issue document.
7. The section titled **“Financial Indebtedness”** beginning on page 233 of the Draft Red Herring Prospectus has been updated to include or amend or remove the details as mentioned in the risk factor section of this addendum. Please note that all other details in, and updates to the section titled **“Financial Indebtedness”** will be carried out in the Issue document

The above changes are to be read in conjunction with the Draft Red Herring Prospectus and accordingly their references in the Draft Red Herring Prospectus stand updated pursuant to this Addendum. The information in this Addendum supplements the Draft Red Herring Prospectus and updates the information in the Draft Red Herring Prospectus, as applicable. Please note that the information included in the Draft Red Herring Prospectus will be suitably updated, including to the extent stated in this Addendum, as may be applicable in the Red Herring Prospectus and the Prospectus, as and when filed with the RoC, SEBI, and the Stock Exchange. Investors should read the Red Herring Prospectus as and when filed with the RoC, SEBI, and the Stock Exchange before making an investment decision in the Issue. All capitalised terms used in this Addendum shall, unless the context otherwise requires, have the meaning ascribed to them in the Draft Red Herring Prospectus.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”) or the law of any state of the United States, and 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 (as defined in Regulation S under the U.S. Securities Act (“Regulation S”)) and applicable state securities laws in the United States. Accordingly, the Equity Shares are being offered and sold outside the United States in “offshore transactions” as defined and in reliance on Regulation S and the applicable laws of the jurisdictions where such offers and sales are made. There will be no public offering of the Equity Shares in the United States.

For and on behalf of

OBSC Perfection Limited

Place: Delhi

Date: September 26, 2024.

Sd/-

Abhishek Kumar Pandey

Company Secretary and Compliance Officer

BOOK RUNNING LEAD MANAGER	REGISTRAR TO THE ISSUE
 UNISTONE	
UNISTONE CAPITAL PRIVATE LIMITED A/305, Dynasty Business Park, Andheri Kurla Road, Andheri East, Mumbai 400059, Maharashtra Telephone: 022 4604 6494	BIGSHARE SERVICES PRIVATE LIMITED S6-2, 6th Floor, Pinnacle Business Park, Next to Ahura Centre, Mahakali Caves Road, Andheri (East), Mumbai –400 093, Maharashtra, India

Email: mb@unistonecapital.com Website: www.unistonecapital.com Investor grievance email: compliance@unistonecapital.com Contact Person: Brijesh Parekh SEBI registration number: INM000012449 CIN: U65999MH2019PTC330850	Telephone: 022-6263 8200 Facsimile: 022-6263 8299 Email: ipo@bigshareonline.com Investor grievance email: investor@bigshareonline.com Contact Person: Vinayak Mobile Website: www.bigshareonline.com SEBI Registration Number: INR000001385 CIN: U99999MH1994PTC076534
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BID/ISSUE PERIOD

Anchor portion Opens/Closes on⁽¹⁾: [●]	Bid/Issue Opens on⁽¹⁾: [●]	Bid/Issue Closes on⁽²⁾: [●]
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- ⁽¹⁾ Our Company, in consultation with the BRLM, may consider participation by Anchor Investors, in accordance with the SEBI ICDR Regulations. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/Issue Opening Date.
- ⁽²⁾ Our Company, in consultation with the BRLM, may decide to close the Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date, in accordance with the SEBI ICDR Regulations.

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RISK FACTORS

The following shall be updated/amended/removed in the risk factors chapter:

- **Risk factor number 1 will be updated and shall be read as below:**

Risk factor 1: We Our business largely depends upon our top 10 customers which contributed 65.54%, 60.94% and 61.10% in the Fiscal 2024, 2023 and 2022. The loss of any of these customers could have a material adverse effect on our business, financial condition, results of operations and cash flows:

We are engaged in business of precision engineering components. We primarily cater to top original equipment manufacturers (“OEMs”) who ultimately supply various components and parts to top automotive manufacturing companies of India. We are dependent upon our long-term customers, some of whom have been associated with our Company since incorporation. We derive a significant portion of our revenue from our top 10 customers (excluding customers’ contributing to revenue from scrap sales), Loss of all or a substantial portion of sales due to loss of business relationship from any of our top 10 customers, could have an adverse impact on our business, results of operations, financial condition and cash flows. While we believe there has been no loss of any of our top 10 customers in the last three Fiscals, there is no assurance that such instance will not arise in the future:

The following table sets forth revenue from top ten customers in the years indicated:

Sr. No.	Customer s	Financial year ended 2024		Financial year ended 2023		Financial year ended 2022	
		Revenue from Customer s (₹ in Lakhs)	% of Revenue from operation s	Revenue from Customer s (₹ in Lakhs)	% of Revenue from operation s	Revenue from Customer s (₹ in Lakhs)	% of Revenue from operation s
1	Customer 1	1,993.04	17.33%	1,427.62	14.82%	656	11.60%
2	Customer 2	1,727.70	15.02%	1,658.95	17.22%	1,791.58	31.69%
3	Customer 3	777.28	6.76%	10.88	0.11%	0	0.00%
4	Customer 4	619.88	5.39%	642.97	6.67%	230.42	4.08%
5	Customer 5	507.61	4.41%	183	1.90%	0	0.00%
6	Customer 6	450.33	3.91%	251	2.60%	163.88	2.90%
7	Customer 7	404.17	3.51%	513.94	5.33%	192.45	3.40%
8	Customer 8	389.14	3.38%	294.63	3.06%	239.27	4.23%
9	Customer 9	348.90	3.03%	215.07	2.23%	66.89	1.18%
10	Customer 10	321.14	2.79%	674.51	7.00%	114.00	2.02%
	Total of Top 10 Customer s	7,539.20	65.54%	5,872.14	60.94%	3,454.49	61.10%

Sr. No.	Customers	Financial year ended 2024		Financial year ended 2023		Financial year ended 2022	
		Revenue from Customers (₹ in Lakhs)	% of Revenue from operations	Revenue from Customers (₹ in Lakhs)	% of Revenue from operations	Revenue from Customers (₹ in Lakhs)	% of Revenue from operations
	Total	11,503.03	100.00%	9,635.85	100.00%	5,653.41	100.00%

The following table summarizes the revenue contribution from our customers with longstanding relationships for the Financial Years ended March 31, 2024, March 31, 2023, and March 31, 2022:

Customers being served more than	Financial year ended 2024		Financial year ended 2023		Financial year ended 2022	
	Revenue from Customers (₹ in Lakhs)	% of Revenue from operations	Revenue from Customers (₹ in Lakhs)	% of Revenue from operations	Revenue from Customers (₹ in Lakhs)	% of Revenue from operations
0-3 year	5,321.54	46.26%	4,476.40	46.46%	1,523.81	26.95%
4-6 year	6,181.49	53.74%	5,159.45	53.54%	4,129.60	73.05%

Further, the volume and timing of sales to our top 10 customers may vary due to variation in demand for such customers' products or on account of their manufacturing and growth strategy. Thus, any decrease in the demand for our products from our top 10 customers, or a termination of our arrangements altogether, would adversely impact our results of operations, financial condition and cash flow. These customers may change their outsourcing strategy by moving more work in-house, replace us with our competitors, or replace their existing products with alternative products which we do not supply. Also, these customers may demand price reductions and there is no assurance that we will be able to offset any reduction of prices to these customers with reductions in our costs or by acquiring new customers.

- **The following risk factor will be added as Risk factor number 17 and shall be read as below:**

Risk factor 17: Our success in large part depends upon our KMPs and employees with technical expertise, and if we are unable to recruit and retain such qualified and skilled employees, our business and our ability to operate or grow our business may be adversely affected.

Our success depends on the continued efforts of our KMPs and employees with technical expertise, and the loss of any such senior employee and the inability to find an adequate replacement may impair our relationship with key vendors and customers and our level of technical expertise, which may adversely affect our business, cash flows, financial condition, results of operations and prospects.

Our future success, amongst other factors, will depend upon our ability to continue to attract, train and retain qualified personnel with suitable expertise, know-how and skills that are capable of helping us develop our technology and support key customers and vendors. We may therefore need to increase compensation and other benefits in order to attract and retain personnel in the future, which may adversely affect our business, financial conditions, cash flows and results of operations. The market for qualified professionals is competitive and we may not continue to be successful in our efforts to attract and retain qualified people.

The table below sets forth our employee attrition rate (calculated as total employees who left the organization in the relevant period divided by average number of employees (average of opening and

closing headcounts of employees for the relevant year) during Financial Years 2025(April to July), 2024, 2023 and 2022:

Particulars	FY 25 (April-July)	FY 24	FY 23	FY 22
Employee attrition rate (%)	4.60%	16.47%	7.14%	0%

Detailed below is YoY employee and KMP attrition of on-payroll employees at OBSC Perfection broken into employee category wise.

Particulars	FY22	FY23	FY24	FY25 (Apr-Jul)
Number at beginning of FY	37	59	81	89
Addition	22	27	22	0
Other Employees	21	25	21	0
KMP	1	2	1	0
Resignation	0	5	14	4
Other Employees	0	5	13	4
KMP	0	0	1	0
Number at closing of FY	59	81	89	85

Our inability to hire, train and retain a sufficient number of qualified employees could impair the success of our operations. This could have an adverse effect on our business, financial conditions, cash flows and results of operations. Our success also depends, in part, on key vendors and customers relationships forged by our senior management. If we were to lose these members of the senior management, we cannot assure you that we will be able to continue to maintain key buyer and vendor relationships or renew them, which could adversely affect our business, financial condition, results of operations and cash flows.

- **The following risk factor will be added as Risk factor no. 31 and other Risk factor shall be shifted accordingly:**

Risk Factor no.31: Our Company's management will have flexibility in utilizing the net proceeds from the issue and the deployment of the net proceeds from the issue is not subject to any monitoring by any independent agency:

As the issue size shall be less than ₹10,000 lacs, under Regulation 41 of the SEBI ICDR Regulations it is not required that a monitoring agency be appointed by our Company, for overseeing the deployment and utilization of funds raised through this Issue. Therefore, the deployment of the funds towards the Objects of this Issue is entirely at the discretion of our Board of Directors and is not subject to monitoring by external independent agency. Our Board of Directors along with the Audit Committee will monitor the utilization of Issue proceeds and shall have the flexibility in applying the proceeds of this Issue. However, the management of our Company shall not have the power to alter the objects of this Issue except with the approval of the Shareholders of the Company given by way of a special resolution in a general meeting, in the manner specified in Section 27 of the Companies Act, 2013. Additionally, the dissenting shareholders being those shareholders who have not agreed to the proposal to vary the objects of this Issue, our Promoters shall provide them with an opportunity to exit at such price, and in such manner and conditions as may be specified by the SEBI, in respect to the same. For further details, please refer to the chapter titled — “Objects of the Issue” on page 93 of this Draft Red Herring Prospectus.

- **Risk factor number 38 will be updated and shall be read as below:**

Risk factor 38: Significant failure or disruption of our information technology systems could adversely impact our business, results of operations and financial condition:

We have implemented various information technology (“IT”), enterprise resource planning (“ERP”) solutions to cover key areas of our operations, R&D, quality control, procurement, dispatch and accounting. We also have various automation systems and software that automate our manufacturing and production. Although we have not had any material incidents in Fiscal 2024, Fiscal 2023 and Fiscal 2022, these systems are potentially vulnerable to damage or interruption from a variety of sources, which could result from (among other causes) cyber-attacks on or failures of such infrastructure or compromises to its physical security, as well as from damaging weather or other acts of nature. A significant or large-scale malfunction or interruption of one or more of our IT, ERP or manufacturing automation systems could adversely affect our ability to keep our operations running efficiently and affect product availability, particularly in the country, region or functional area in which the malfunction occurs, and wider or sustained disruption to our business cannot be excluded. In addition, it is possible that a malfunction of our data system security measures could enable unauthorized persons to access sensitive business data, including information relating to our business strategy or those of our customers. Such malfunction or disruptions could cause economic losses for which we could be held liable or cause damage to our reputation. Any of these developments, alone or in combination, could have a material adverse effect on our business, results of operations and financial condition. Further, unavailability of, or failure to retain, well trained employees capable of constantly servicing our IT, manufacturing automation systems and/or ERP systems may lead to inefficiency or disruption of our operations and thereby adversely affecting our business, results of operations and financial condition. **However, there are no significant failure or disruption of our information technology systems could have adversely impacted our business, results of operations and financial condition in the past.”**

- **Risk factor 26 will be shifted to Risk factor 14 and the other risk factors shall be shifted accordingly.**

Risk factor 14: Conflict of interest may arise as our Promoter group entities and Group entities are authorized to carry on similar line of business as our Company which may lead to real or potential conflicts of interest for our Promoters or Directors

Our Promoter and Promoter group entities namely, Omega Bright Steel & Component Private Limited (“OBSCPL”), Omega Bright Steel Private Limited (“OBSPL”), Gopalsons Steels Private Limited, Special Steel Corporation (Partnership firm) and Perfection Engineers, are engaged in similar line of a business according to main object of Memorandum of Association and Partnership deed. However, as on date of draft red herring prospectus, they are manufacturer and trader of High/Low Carbon steel bright bars. Therefore, there may be conflict of interest in allocating business opportunities between us, and our Promoter or our promoter group entities. We cannot assure you that there will not be any conflict of interest between our Company and our Promoters or promoter group entities in future. We have not entered into any non-compete agreements with such our Promoters or promoter group entities and there can be no assurance that such entities will not compete with our existing business or any future business that we might undertake or that we will be able to suitably resolve such a conflict without an adverse effect on our business and financial performance. While necessary procedures and practices may be adopted as permitted by law to address any instances of conflict of interest, if and when they may arise, we cannot assure you that these or other conflicts of interest will be resolved in an impartial manner.

- **Risk factor 33 to will be shifted to Risk factor no. 15 and the other risk factors shall be shifted accordingly.**

Risk factor 15: We engage contract workers for carrying out functions of our business operations. In the event of non-availability of such contract workers at reasonable cost, any adverse regulatory

orders or any default on payments to them by the agencies could lead to disruption of the manufacturing facilities and our business operations.

We engage independent contractors through whom we engage contract workers for performance of certain functions at our manufacturing units. While we have not faced any breach of agreements executed with such independent contractors in the last three Fiscals and in the current Fiscal until the date of this Draft Red Herring Prospectus, there is no assurance that such breach will not occur in the future. Further, while we have not encountered such instance in the past, we cannot assure that we will be able to renew the engagement with our independent contractors at commercially viable terms or at all. As of July 12, 2024 we engaged a total of 567 contract workers/ temporary employees. Although we do not engage these contract workers directly, we are responsible for any wage payments to be made to such labourers in the event of default by their respective independent contractors. Any requirement to fund such defaulted wage requirements may have an adverse impact on our business, results of operations, financial condition, cash flows and future prospects.

Our industry is labour intensive and our dependence on contract labour may result in significant risks for our operations, relating to the cost, availability and skill of such contract labourers in India, as well as contingencies affecting availability of such contract labour during peak periods in labour intensive industries such as ours. There can be no assurance that we will have adequate access to skilled and unskilled workmen at reasonable rates. Any increase in the cost of labour or failure to procure availability of labour due to any other reason, will adversely affect our business, results of operations, financial condition, cash flows and future prospects.

In addition, pursuant to the Contract Labour (Regulation and Abolition) Act, 1970, as amended, the appropriate government may, after consultation with the Central Advisory Contract Labour Board or the State Advisory Contract-Labour Board, as the case may be prohibit, by notification, the employment of contract labour in any process, operation or other work in any establishment. We cannot assure you that such a notification will not be issued by the appropriate government in respect of the locations of our manufacturing facilities. If such a notification prohibiting the employment of contract labour is issued with respect to our operations, it will have an adverse impact on our ability to employ contract labour in our manufacturing and other operations, and may adversely affect our business, results of operations, financial condition, cash flows and future prospects.

- **Following Risk factor will be added in top 3 risk factor:**

Risk factor 3: A downgrade in credit ratings of our promoter group entity, Omega Seiki Mobility Private Limited.

Omega Seiki Mobility Private Limited had undertaken credit rating exercise in October 2023 from CARE Ratings Limited (CARE) and was assigned CARE BB- rating. In the month of June 2024, one EMI was paid on June 11, 2024 which was due on June 10, 2024. Hence, rating agencies downgraded it to CARE D for a temporary period as per the guidelines of the Credit Rating Agency. As per the policy of CARE, after passing a cure period of 3 months of timely repayment of EMI, credit rating is re-instated to earlier rating, which is CARE BB-. The three months period was successfully completed on September 10, 2024 with timely payment of EMIs which were due on July 10, 2024, August 10, 2024 and September 10, 2024. Application for reinstatement of credit rating is submitted to credit rating agency and the same is now under process of reinstatement.

Omega Seki Mobility Private Limited is non-related to the Company's business and does not have any business transactions with the Company. Any upgrade or downgrade of credit rating of Omega Seki Mobility Private Limited does not have any impact whatsoever on the business, operations, financials of our Company.

The impact in the credit rating of our Promoter group entity may have an impact on our Promoter.

OBJECTS OF THE ISSUE

- *The following information shall be modified and added under Key justifications for holding levels*

Inventories	From FY 2022 to FY 2024, we have maintained our inventory days in the range of 29 days to 39 days. <u>Our inventories increased by 120% from ₹ 677.41 lakhs in FY 2022 to ₹ 1,490.56 lakhs in FY 2024. This is primarily due to increase in our revenue from operations which has also doubled from FY 2022 to FY 2024. However, from FY 2022 to FY 2024, we maintained inventory days in largely the same in range of 29 days to 39 days. This was primarily driven by consistent demand for auto components. We prioritized our requirements ensuring that enough raw materials and finished products were available to meet customer demands, which resulted in relatively high absolute inventory levels.</u> From FY 2025 onwards, we expect a reduction in our inventory days. We estimated our inventory days to be 31 days in FY 2025 and further reduce to 22 days in FY 2026. This reduction in estimate of inventory days is due to improved inventory management and faster turnover and substantial improvements in our production processes by strategically locating facilities close to our customers. <u>This will be achieved through added focus on managing inventory and efficiently managing supply chain.</u> Also, it will be achieved through optimizing batch sizes for smaller, more efficient runs, closely collaborating with suppliers to ensure timely deliveries and reduce lead times and employing automated systems and RFID/barcode technologies for accurate, real-time tracking <u>of raw materials and finished goods.</u> By strategically investing in state-of-the-art machinery, including advanced Swiss turning machines with full automation capabilities. This, combined with efficient production planning and timely delivery of goods, will enable us to maintain a faster inventory turnover. Also, since we purchase raw materials from our promoter group entity, it will also help us in maintaining better inventory management.
Trade Receivables	<u>In FY 2022, when our revenue from operations were ₹ 5,653.41 lakhs, we had a trade receivables day of 90 days. Giving a 90 day credit to our customers was a result of our strategy to offer extended credit terms to our customers in order to build strong business relationships. This approach helped us gain traction and encouraged more orders, which contributed to our faster growth which resulted in our revenue from operations increased by 70% from ₹ 5,653.41 lakhs in FY 2022 to ₹ 9,635.85 lakhs in FY 2023. From FY 2023 onwards, post substantial increase in our revenue from operations, we had improved our trade receivables days from 90 days FY 2022 to 67 days in FY 2023 and 66 days in FY 2024. As customer relationships matured and since our company had already established itself with marquee customer, our company could enforce better payment terms subsequently bringing it as per industry standards. This led to a reduction in the time it took to collect payments, improving overall cash flow.</u> <u>In FY 2025 and FY 2026 we expect our trade receivables days to be in the range of 64 days to 65 days. Our company will continue to manage its credit collection mechanism in the same manner while maintaining strong relationships with customers. We also intend to diversify our customer</u>

	<u>base and increase exports revenue. By spreading out the risk and reducing dependence on a few customers, our company will improve collection efficiency. With a growing scale of operations, better manufacturing facilities, quality products, our company will be able to bargain for better credit terms. As the business becomes more financially stable, our company will have more leverage to enforce quicker payment terms with both new and existing customers</u>
Trade Payables	<u>In FY 2022, our company had trade payables turnover days of 131 days. The support from our suppliers on extended payment cycle allowed our company to conserve cash and focus on growing its operations. As our company's operations grew more stable, we began to reduce our trade payables days to 95 days in FY 2023 and 105 days in FY 2024. This was part of a strategic effort to strengthen supplier relationships and gain access to occasional discounts for early payments.</u> Looking ahead, we anticipate a decrease in our trade payables turnover days to 73 days in FY 2025 and 74 days in FY 2026, ,993 <u>due to our increased financial stability ensuring timely payments and optimizing working capital management. Timely payments will further enhance our company's relationships with suppliers, leading to better negotiation terms for future orders and faster delivery times.</u>

- The following information will be added for Object no. 2: ***Funding capital expenditure requirements towards purchase of machinery for our existing manufacturing facility at Pune, Maharashtra. ("Proposed Expansion at Unit IV")***

Our current facilities at Pune Unit I and Unit II are operating at optimal capacity. To meet the anticipated rise in demand for precision engineering components, we plan to invest in new machinery for Unit IV. This strategic investment aims to maximize production efficiency and capitalize on economies of scale at Unit IV, located at Gat No. 417, Nighoje, near Hotel Maha Laxmi and Mess, Nighoje, Chakan, Pune- 410501, Maharashtra, Taluka-Khed, with a total manufacturing area of 12,000 square feet, has been leased for five years starting from March 01, 2024. The civil and structural work at this site has been completed using the company's internal funds. The next step is to purchase the necessary machinery to commence commercial production of precision engineering components. **No second-hand or used machinery are proposed to be purchased out of the Net Proceeds.**

- ***The following information will be added under Basis of estimation of working capital requirement:***

Our working capital requirements have increased from FY 2022 to FY 2024 on account of increase in revenue from operations which has more than doubled from FY 2022 to FY 2024 i.e. ₹ 5,653.41 lakhs in FY 2022 to ₹ 11,503.03 lakhs in FY 2024. This has translated into a CAGR growth of 42.64% from FY 2022 to FY 2024. This growth in revenue from FY 2022 to FY 2024 can be attributed to increase in production, serving new customers, increasing share of business from our existing customers.

Below are the reasons for increase in revenue from operations:

- Increased in production

Below are the year wise details of production done by us and growth rate in production:

Products	Units	FY 2021-22	FY 2022-23	FY 2023-24
Unit I				
Machined Components	Nos	45,70,000	1,28,90,000	1,45,70,000
<i>Growth in production (in %)</i>			182.06%	13.03%
Unit II				
Investment casting	M Tone	-	360	360
<i>Growth in production (in %)</i>		-	-	NIL
Machined Components	Nos	-	21,60,000	30,00,000
<i>Growth in production (in %)</i>		-	-	38.89%
Unit III				
Machined Components	Nos	-	-	10,20,000
<i>Growth in production (in %)</i>		-	-	-

- Increase in number of customers

Over the last 3 financial years, our customer base has also increased:

Particulars	FY 2021-22	FY 2022-23	FY 2023-24
Existing Customers	14	26	51
New Customers	12	25	21
No. of unique customers	26	51	72

Increase in our revenue from operations has also resulted in increase in our inventories and trade receivables. Our inventories have increased by 120% from ₹ 677.41 lakhs in FY 2022 to ₹ 1,490.56 lakhs in FY 2024. However, we have maintained our inventory turnover ratio in the range of 9.27 times in FY 2022, 12.52 times in FY 2023 and 9.78 times in FY 2024. Our trade receivables have increased by 38% from ₹ 1,558.10 lakhs in FY 2022 to ₹ 2,152.94 lakhs in FY 2024. However, we have maintained our trade receivables turnover ratio in the range of 4.08 times in FY 2022, 5.42 times in FY 2023 and 5.54 times in FY 2024. This has resulted in increase in overall working capital requirements of our Company from FY 2022 to FY 2024.

OUR MANAGEMENT

- *The following information will be modified under the section ‘Brief profiles of our directors’*

Pradeep Harikishan Chabra aged 67, has been an Independent Director at our company since May 2024. He holds a master’s degree in commerce from DAV College, Dehradun University, and has over 40 years of experience in the automotive sector. He is skilled in business development, stakeholder management, organizational governance, compliance, and risk management. He previously worked with Acey Engineering Private Limited **and Shah Concab Private Limited**.

- *The following information will be added to **Changes in Our Company’s Key Managerial Personnel during the last three (3) years***

Name of KMP	Designation	Date of Appointment	Date of resignation	Reason
Ankita Kabra	Company Secretary	April 01, 2021	February 01, 2024	Due to personal reason

OUR BUSINESS

- The Picture of CNC machine is added under the heading “***Machine and Turning***”



- The below are the details of the number of customers and the sector in which we operate in for the last 3 financial years. The table will be added before heading “**Business Operations**”

Sector wise customer details:

Particulars	FY 2024	FY 2023	FY 2022
No. of unique customers	72	51	26
No. of customers in Automotive	63	45	23
No. of customers in Defence	1	1	-
No. of customers in Marine	7	5	3
No. of customers in Telecommunications	1	-	-

OUR PROMOTERS AND PROMOTER GROUP

- **B) Companies / entities forming part of the Promoter Group**

The name OSM Nitol Niloy Limited is replaced with “*OSM-Nitol Bangladesh Limited*”

- **Modification in the Profile of Pascal Blum:**

Pascal Blum, aged 35 years, is the promoter of our company. He holds an MSc in Management from the University of Edinburgh. He has around 10 years of experience in Business Development. **He is a member of the Board of Directors in Bluwat AG since February 2013.**

- **The following information is added/modified under ‘Our Promoter Group’ section:**

Name of the Promoter	Name of Relative	Relationship with the Promoter
Richard Blum	Late Alois Blum	Father
	Jorg Weiss	Spouse's Brother
	Berit Weiss	Spouse's Sister

Name of the Promoter	Name of Relative	Relationship with the Promoter
Adrianne Blum	Werner Blum	Spouse's Brother
	Karin Blum	Spouse's Sister

Name of the Promoter	Name of Relative	Relationship with the Promoter
Sanjeev Verma	Kusum Madhok	Spouse's Sister

- **The members of the Promoter group named Rani Arora, Vipin Verma, Alois Blum, Marlies Blum are deceased. Late word is added before their name.**

Name of the Promoter	Name of Relative	Relationship with the Promoter
Asha Narang	Late Rani Arora	Spouse's Sister

Name of the Promoter	Name of Relative	Relationship with the Promoter
Rajni Verma	Late Vipin Verma	Spouse

Name of the Promoter	Name of Relative	Relationship with the Promoter
Richard Blum	Adrienne Blum	Spouse
	Late Alois Blum	Father
	Late Marlies Blum	Mother
	Werner Blum	Brother
	Karin Blum	Sister
	Pascal Blum	Children
	Simon Blum	Children
	Late Kurt Weiss	Spouse's Father
	Late Berit Weiss	Spouse's Mother
	Jorg Weiss	Spouse's Brother
	Berit Weiss	Spouse's Sister

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

- The following information will be added under the section 'Key Factors Affecting the Results of Operations':

4. Availability and cost of raw materials.

- **Rationale for increase in revenue and reduction of PAT margin in FY 23 as compared to FY 2022 to be added under sub-heading 'Comparison of Financial Year 2023 with Financial Year 2022:**

Revenue from operations increased from ₹5,653.41 lakhs in FY22 to ₹9,635.85 lakhs in FY23, primarily due to the acquisition of new customers and an increased share of business from existing ones. The number of customers grew significantly from 26 in FY22 to 51 in FY23.

As a result of this expansion, the PAT also rose from ₹360.11 lakhs in FY22 to ₹457.39 lakhs in FY23. However, the PAT margin declined by 1.63%, from 6.35% in FY22 to 4.72% in FY23. Similarly, the PBT margin dropped by 1.11%, from 7.62% in FY22 to 6.51% in FY23.

The decrease in margins can be attributed to several factors. Firstly, a portion of the revenue was derived from the purchase and processing of finished goods, which typically yield lower margins, thus impacting the overall PAT margins. Secondly, the cost of raw materials was relatively higher. Total purchases as a percentage of revenue increased by 3.74%, reaching 66.84% in FY23 compared to 63.10% in FY22. Following the COVID-19 pandemic, the steel industry experienced a rise in steel prices, leading to higher raw material costs for our company. Additionally, in FY23, the higher PBT figure resulted in an additional tax impact of 0.52% compared to FY22, which further contributed to the lower PAT margin despite the increase in the PAT figure.

- **Rationale for increase in revenue and profit margin In Financial Year 2024 as compared to Financial Year 2023 to be added under sub-heading 'Comparison of Financial Year 2024 with Financial Year 2023:**

In Financial year 2024, Company's profit and profit margins improved with a modest revenue increase. This was driven by significant investments in plant and machinery, leading to enhanced efficiency and reduced production costs. The export share increased to 16.91%, and raw material costs fell due to lower steel prices, contributing to higher margins.

- **Rationale for Increase in the revenue from export and the cost of acquisition of raw materials for the past 3 financial years. To be added above the head "Cash flow"**

In Financial year 2024, export revenue, which generally carries higher margins compared to domestic market sales, increased. The export share rose from 13.24% in Financial year 2023 to 16.91% in Financial year 2024, representing a 3.68% increase, translating to an additional ₹668 lakhs in revenue.

Prices for key raw materials such as Bright Bar Steel, Aluminum, Stainless Steel, and Brass decreased in Financial Year 2024 compared to Financial Year 2023, resulting in lower raw material costs for our company. These factors contributed to improved PAT margins in Financial year 2024.

Cost of acquisition of raw materials for past 3 years are as under:

(₹ in Lakhs)

Particulars	Financial year ended 2024	Financial year ended 2023	Financial year ended 2022
Purchases	4,773.04	5,638.01	3,324.93
Purchases - Finished /Traded goods	1,979.67	802.33	242.14
Total Purchases of Raw Materials	6,752.71	6,440.34	3,567.05
% to Revenue from Operations	58.70%	66.84%	63.10%

FINANCIAL INDEBTEDNESS

- The following mentioned details will be added under “*Principal terms of the borrowings availed by our Company*”:

The term loans taken from Kotak Mahindra Bank and Tata Capital are for the purchase of plant and machinery equipment.

DECLARATION

I hereby certify and declare that all relevant provisions under the Companies Act and the rules, regulations or guidelines issued by the Government or the regulations, rules or guidelines issued by SEBI established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this addendum to Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or the rules or regulations made thereunder or guidelines issued, as the case may be. I further certify that all disclosures made in this Addendum to Draft Red Herring Prospectus are true and correct.

SIGNED BY THE MANAGING DIRECTOR

Saksham Leekha
Managing Director

Place: Pune
Date: September 26, 2024

DECLARATION

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SIGNED BY THE NON-EXECUTIVE DIRECTOR

Asha Narang
Chairman and Non-Executive Director

Place: Delhi
Date: September 26, 2024

DECLARATION

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SIGNED BY THE EXECUTIVE DIRECTOR

Ashwani Leekha
Executive Director

Place: Delhi
Date: September 26, 2024

DECLARATION

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SIGNED BY THE NON- EXECUTIVE INDEPENDENT DIRECTOR

Sanjeev Verma
Executive Director and CFO

Place: Delhi
Date: September 26, 2024

DECLARATION

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SIGNED BY THE INDEPENDENT DIRECTOR

Ravi Ramniranjan Khandelwal
Independent Director

Place: Delhi

Date: September 26, 2024

DECLARATION

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SIGNED BY THE INDEPENDENT DIRECTOR

Pradeep Chabra
Independent Director

Place: Delhi
Date: September 26, 2024

DECLARATION

I hereby certify and declare that all relevant provisions under the Companies Act and the rules, regulations or guidelines issued by the Government or the regulations, rules or guidelines issued by SEBI established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this addendum to Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or the rules or regulations made thereunder or guidelines issued, as the case may be. I further certify that all disclosures made in this Addendum to Draft Red Herring Prospectus are true and correct.

SIGNED BY THE COMPANY SECRETARY AND COMPLIANCE OFFICER

Abhishek Kumar Pandey
Company Secretary and Compliance Officer

Place: Delhi

Date: September 26, 2024