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EPELTONE ENGINEERS LIMITED Corporate Identity Number: U31909DL2002PLC117025

Our Company was originally incorporated as 'Eppeltone Engineers Private Limited' on September 18, 2002 vide Registration no. 117025 (CIN: U31909DL2002PTC117025) under the provisions of the Companies Act, 1956 with the Registrar of Companies, Delhi & Haryana. Further, our Company was converted into a public limited company pursuant to board resolution passed at board of directors meeting held on March 02, 2024 and shareholders resolution passed at the extra-ordinary general meeting of our Company on March 04, 2024 and the name of our Company was changed to "Eppeltone Engineers Limited" and a Fresh Certificate of Incorporation dated June 19, 2024 bearing CIN U31909DL2002PLC117025 issued by the Registrar of Companies, Central Processing Centre. For details of incorporation, change of name and registered office of our Company, please refer to chapter titled 'General Information' and 'History and Corporate Structure' beginning on page 52 and 153 respectively of this Draft Red Herring Prospectus.

Registered Office: A-57, Defence Colony, New Delhi, Delhi, India, 110024;
Telephone No: +91-9811050241; **Website:** www.eppeltone.in **E-mail:** cs@eppeltone.in;
Contact Person: Ms. Megha Sharma, Company Secretary and Compliance Officer

ADDENDUM TO THE DRAFT RED HERRING PROSPECTUS DATED DECEMBER 31, 2024: NOTICE TO THE INVESTORS ("THE ADDENDUM")

INITIAL PUBLIC ISSUE OF UPTO 34,34,000* EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH (THE "EQUITY SHARES") OF EPELTONE ENGINEERS LIMITED ("OUR COMPANY" OR "THE COMPANY") AT AN ISSUE PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING SHARE PREMIUM OF [●] PER EQUITY SHARE) FOR CASH, AGGREGATING UP TO ₹[●] LAKHS ("PUBLIC ISSUE") OUT OF WHICH UPTO [●] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH, AT AN ISSUE PRICE OF ₹ [●] PER EQUITY SHARE FOR CASH, AGGREGATING ₹ [●] LAKHS WILL BE RESERVED FOR SUBSCRIPTION BY THE MARKET MAKER TO THE ISSUE (THE "MARKET MAKER RESERVATION PORTION"). THE PUBLIC ISSUE LESS MARKET MAKER RESERVATION PORTION I.E. ISSUE OF UPTO [●] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH, AT AN ISSUE PRICE OF ₹ [●] PER EQUITY SHARE FOR CASH, AGGREGATING UPTO ₹[●] LAKHS IS HEREIN AFTER REFERRED TO AS THE "NET ISSUE". THE PUBLIC ISSUE AND NET ISSUE WILL CONSTITUTE [●] % AND [●] % RESPECTIVELY OF THE POST- ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY. THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER AND WILL BE ADVERTISED IN ALL EDITIONS OF THE ENGLISH NATIONAL NEWSPAPER I.E. [●], ALL EDITIONS OF THE HINDI NATIONAL NEWSPAPER I.E. [●] AND REGIONAL NEWSPAPER I.E. [●], EACH WITH WIDE CIRCULATION AT THE PLACE WHERE REGISTERED OFFICE OF THE ISSUER IS SITUATED, AT LEAST TWO WORKING DAYS PRIOR TO THE BID/ ISSUE OPENING DATE AND SHALL BE MADE AVAILABLE TO NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE", "STOCK EXCHANGE") FOR THE PURPOSE OF UPLOADING ON THEIR WEBSITE.

*Subject to Finalization of the Basis of Allotment.

Potential Bidders may note the following:

1. The Chapter titled "Risk Factor" beginning on page 28 of the Draft Red Herring Prospectus has been updated;
2. The Chapter titled "Objects of the Issue" beginning on page 73 of the Draft Red Herring Prospectus has been updated;
3. The Chapter titled "Business Overview" beginning on page 13 of the Draft Red Herring Prospectus has been updated;
4. The Chapter titled "History and Certain Corporate Matters" beginning on page 153 of the Draft Red Herring Prospectus has been updated;
5. The Chapter titled "Management's Discussion and Analysis of Financial Conditions and Results of Operations" beginning on page 185 of the Draft Red Herring Prospectus has been updated;
6. The Chapter titled "Government and Other Statutory Approvals" beginning on page 200 of the Draft Red Herring Prospectus has been updated;
7. Please note that all other details in, and updates to the Red Herring Prospectus/ Prospectus with respect to issue price and/or other relevant details will be carried out in the Red Herring Prospectus, as and when filed with ROC, SEBI and the Stock Exchange.

The above is to be read in conjunction with the Draft Red Herring Prospectus and accordingly their references in the Draft Red Herring Prospectus stand amended pursuant to this Addendum. Please note that the changes pursuant to this Addendum will be appropriately included in the Red Herring Prospectus, as and when filed with the RoC, the SEBI and the Stock Exchange. All capitalized 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 United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) within the United States only to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act and referred to in the Draft Red Herring Prospectus as "U.S. QIBs") in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act, and (ii) outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. For the avoidance of doubt, the term "U.S.

QIBs” does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in the Draft Red Herring Prospectus as “QIBs”. The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

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.

Place: New Delhi, India
Dated: April 17, 2025

For and on behalf of **Eppeltone Engineers Limited**

Sd/-

Ms. Megha Sharma
Company Secretary and Compliance Officer

BOOK RUNNING LEAD MANAGER	REGISTRAR TO THE ISSUE
	
Expert Global Consultants Private Limited 1511, RG Trade Tower Netaji Subhash Place, Pitampura - 110 034, New Delhi, India SEBI Registration Number: INM000012874 CIN: U74110DL2010PTC205995 Contact Person: Shobhit R. Agarwal Telephone: +91 11 4509 8234 Email ID: ipo@expertglobal.in Website: www.expertglobal.in Investor Grievance ID: compliance@expertglobal.in	Skyline Financial Services Private Limited A/506, Dattani Plaza, Andheri Kurla Road, Andheri East, Mumbai – 400072, Maharashtra, India SEBI Registration No. : INR000003241 CIN: U74899DL1995PTC071324 Contact Person: Anuj Rana Tel: +91 22 2851 1022 E-mail: ipo@skylinerta.com Investor Grievance Email: grievances@skylinerta.com Website: www.skylinerta.com
BID/ISSUE PROGRAM	
Anchor portion Opens/Closes on⁽¹⁾: ● 	Bid/Issue Opens on⁽¹⁾: ●
	Bid/Issue Closes on⁽²⁾: ● *

(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.

*The UPI mandate end time and date shall be at 5:00 p.m. on Bid/Issue Closing Day.

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SECTION III – RISK FACTORS

- We have obtained some of our contracts through government tenders, unavailability or any failure to secure these tenders in the future may adversely affect our business operations and financial conditions.***

Our Company generates a significant portion of revenue from the contracts through government tenders. In the past, our Company has done various projects which are secured by us through government tenders process, our inability to secure them or if we lose any existing contract, or the unavailability of these tender, in the future may adversely affect our business operations and financial conditions.

The revenue bifurcation of projects undertaken by the Company in the last three financial years is as follows:

(Amount in Lakhs, except %)

Particulars	For the period ended on September 30, 2024	For the year ended on March 31, 2024	For the year ended on March 31, 2023	For the year ended on March 31, 2022
Total revenue from electric meters	5,016	2,181	4,590	7,846
Government projects	4,143	1,591	3,443	6,963
% of revenue	82.49	72.98	75.02	88.75
Other projects	873.44	590	1,147	882
% of revenue	17.41	27.02	24.98	11.25

- We do not have long-term contracts with our suppliers and therefore, there may be potential unavailability of raw materials in future, which may adversely affect our business operations.***

Our ability to manufacture and make timely deliveries of our products is dependent upon the availability of raw materials and the cost incurred over them.

Our raw material expenditure for the following period are as follows:

(₹ in Lakhs, except %)

Particulars	For the period ended on September 30, 2024	For the year ended on March 31, 2024	For the year ended on March 31, 2023	For the year ended on March 31, 2022
Purchase of Raw Material	4,777.58	5,493.72	3,142.67	1,532.32
% of Revenue from energy meters segment	99.68	70.02	68.47	70.26

We generally do not enter into agreements with our suppliers and transact with them on an order-by-order basis, and we cannot assure you that we will continue to enjoy uninterrupted relationships with our suppliers in the future. We cannot assure you that we will be able to procure such specific raw materials in a timely manner or at commercially acceptable terms, or at all, resulting in delays in production and delivery of our products.

If we are unable to obtain adequate supplies of raw materials in a timely manner or on commercially acceptable terms, the cost of raw material consumption can increase, which could have an adverse effect on our business, prospects, results of operations and financial condition.

- Significant portion of our revenue has been generated from some states of India, any loss of business from these states may adversely affect our revenues and profitability.***

Though our Company supply its products on PAN India basis across all the states in India. However, a significant portion of our revenue is concentrated in some states across India. Any factors relating to political and geographical changes, growing competition and any change in the demand for our service by customers of these states may adversely affect our ability to retain them.

We cannot assure that we shall generate the same quantum of business, or any business at all, from these states, and loss of business from one or more of them may adversely affect our revenues and profitability.

The contribution of top five states in our total revenue is as follows:

(Amount in Lakhs, except %)

State Name	For the Period ended September 30, 2024	For the year ended on March 31, 2024	For the year ended on March 31, 2023	For the year ended on March 31, 2022
Gujarat	1,425.62	2451.85	0.56	-
Madhya Pradesh	1,336.31	1882.48	1434.14	993.38
Uttar Pradesh	834.66	1396.17	128.25	-
Chhatisgarh	451.44	1115.82	1660.51	561.31
Karnataka	421.08	532.87	573.91	423.56
Total	4,469.11	7379.19	3797.37	1978.25
% of Total Revenue from meters	89.09	94.50	82.74	92.22
Total Revenue from meters	5016.53	7808.61	4589.66	2145.04
Revenue from Trading of Securities	-	-	2674.81	6079.92
Other Unallocated Revenue	-	36.93	-	36.00
Total revenue as per financials	5016.53	7845.54	7264.47	8260.96

15. Our Company has delayed in complying with certain statutory forms under various laws. Such delayed compliance /lapses may attract certain penalties.

Our Company is required to make filings under various rules and regulations as applicable under the applicable provisions of the Companies Act, 2013 which is usually done within the prescribed time period by the Company. However, in some instances delay has occurred in filing RoC filings like MGT-14 (resolution for allotment of shares through private placement) for FY 2023-24, SH-7 (increase in authorised share capital) for FY 2023-24 and PAS-3 (allotment of securities through private placement) for FY 2023-24.

Due to delays in filings pursuant to non-functionality of MCA, our Company had, on some occasions, paid the requisite late fees. No show cause notice in respect of the above has been received by the Company till date, however any penalty imposed for such non-compliance in future by any regulatory authority could affect our financial conditions to that extent. Any delay / non-compliance in the past or future may render us liable to statutory penalties / actions.

20. Inability to Recruit, Retain, and Manage Skilled Manufacturing Personnel.

Our business depends on skilled and creative personnel to effectively operate and grow our manufacturing operations. We directly employ factory labor on our payroll rather than relying on contractual labor, which requires significant time, resources, and investment in training and development.

While we have maintained an attrition rate of 8-15% over the past three years, which is consistent with the industry standard, we cannot assure you that we will continue to maintain this rate or that we will be able to recruit and retain the skilled personnel necessary for our future growth. Details of our employees and attrition rate for the previous three financial years and stub period is as follows:

Particulars	For the Period ended September 30, 2024	For the year ended on March 31, 2024	For the year ended on March 31, 2023	For the year ended on March 31, 2022
Number of employees				
- Opening	60	42	37	35
- Hired during the year	85	26	10	5
- Left during the year	8	8	5	3
- Closing	137	60	42	37
Attrition rate (%)	8.12%	15.69%	12.66%	8.33%

High attrition and competition for skilled labour in the manufacturing industry may limit our ability to attract and retain the talent required to sustain our operations. Our success is highly dependent on our ability to recruit, train, and retain qualified personnel. If we are unable to do so, our ability to meet production targets, maintain product quality, or execute on our growth objectives could be adversely affected, which may harm our business, financial condition, results of operations, and future prospects.

SECTION IV – INTRODUCTION

OBJECTS OF THE ISSUE

Means of Finance

The fund requirements for all the Objects of the Issue are proposed to be entirely funded from the Net Proceeds and Internal Accruals. Accordingly, we confirm that we are in compliance with the requirement to make firm arrangements of finance under Regulation 230(1)(e) of the SEBI ICDR Regulations 2018 and Clause 9(C) of Part A of Schedule VI of the SEBI ICDR Regulations 2018 through verifiable means towards at least 75% of the stated means of finance, excluding the amounts to be raised through the Issue or through existing identifiable internal accruals.

In case of any increase in the actual utilization of funds earmarked for the Objects, such additional funds for a particular activity will be met by way of means available to our Company, including from internal accruals. If the actual utilization towards any of the Objects is lower than the proposed deployment such balance will be used for future growth opportunities including funding existing objects, if required. In case of delays in raising funds from the Issue, our Company may deploy certain amounts towards any of the above-mentioned Objects through a combination of Internal Accruals or Unsecured Loans (Bridge Financing) and in such case the Funds raised shall be utilized towards repayment of such unsecured Loans or recouping of Internal Accruals. However, we confirm that no bridge financing has been availed as on date, which is subject to being repaid from the Issue Proceeds.

As we operate in competitive environment, our Company may have to revise its business plan from time to time and consequently our fund requirements may also change. Our Company's historical expenditure may not be reflective of our future expenditure plans. Our Company may have to revise its estimated costs, fund allocation and fund requirements owing to various factors such as economic and business conditions, increased competition and other external factors which may not be within the control of our management.

This may entail rescheduling or revising the planned expenditure and funding requirements, including the expenditure for a particular purpose at the discretion of the Company's management.

For further details on the risks involved in our business plans and executing our business strategies, please see the section titled **"Risk Factors"** beginning on page 28 of the Draft Red Herring Prospectus.

Details of the Objects

a) Funding incremental working capital requirements of our Company

Basis of estimation of working capital requirement

(Rs in Lakhs)

Particulars	Audited			Estimated		
	31-Mar-22	31-Mar-23	31-Mar-24	30-Sep-24	31-Mar-25	31-Mar-26
Inventories	1,170.01	1,162.07	1,471.07	3,264.35	2,398.11	5,580.32
Trade receivables	809.60	1,655.71	2,733.05	3,457.93	4,931.51	10,479.45
Loans and Advances	38.52	150.04	59.63	71.62	286.95	243.94
Advance to suppliers	122.31	118.75	351.22	392.02	575.55	1,116.06
Other current assets	212.43	156.81	111.12	361.36	166.68	250.02
Total Current Assets	2,352.87	3,243.38	4,726.09	7,547.28	8,358.8	17,669.79
Trade payables	786.70	1,590.89	2,428.77	4,066.60	3,241.87	8,470.02
Provisions	24.20	34.00	252.82	391.09	613.45	827.02
Advance from Customers	303.11	99.40	101.31	7.86	156.00	300.00
Other current liabilities	100.54	195.18	121.16	106.66	144.00	50.00
Total Current Liability	1,214.55	1,919.47	2,904.06	4,572.21	4,155.31	9,647.04
Net Working Capital	1,138.32	1,323.91	1,822.03	2,975.07	4,203.49	8,022.75
Incremental working capital		185.59	498.12	1,153.04	1,228.42	3,819.26
Sources:						
Working Capital Funding from Banks	1,074.57	1,242.76	1,254.93	1,209.82	1,311.90	850.00
Net worth/Internal Accruals	63.75	81.15	567.10	1,765.25	1,291.59	4,172.75
Funding from net IPO Proceeds	-	-	-	-	1,600.00	3,000.00

Assumptions

The table below sets forth the details of holding levels (in days) for the period ended on September 30, 2024, Financial Year 2024, Financial Year 2023 and Financial Year 2022 as well as the estimated holding levels (in days) financial year 2026 and financial year 2025:

Particulars	(In days)					
	March 31, 2022 (Audited)	March 31, 2023 (Audited)	March 31, 2024 (Audited)	September 30, 2024# (Audited)	March 31, 2025 (Estimated)	March 31, 2026 (Estimated)
Inventories	231	119	93	135	81	76
Trade Receivable	224	98	102	113	108	94
Trade Payable	226	122	134	119	108	96
Operating Cycle	228	95	61	129	81	74

#Annualized

Note: The holding periods have been calculated assuming that Company operates in electric meters segment only, i.e., revenue and cost of trading of securities have not been considered for the calculations.

Inventory

The inventory levels were abnormally high during the year ended March 31, 2022. The Company is reliant on imports for its production activities and heavy restrictions were imposed on the import of goods during COVID and post COVID periods. The Company gradually cleared the inventory in FY 2022-23. The inventory for stub period is high due to the Company's aggressive production plans for the year ended March 31, 2025.

The excess inventory was a strategic decision taken by the Company to avoid stockouts and meet the existing demands of its customers. The Company aims to manage inventory better in the future by implementing inventory management practices like Just-in-time (JIT), Economic Order Quantity (EOQ), etc. to improve its inventory turnover ratio while sustaining production at optimum capacity.

Trade receivables

The trade receivables holding period is calculated by dividing the company's turnover/revenue by its average trade receivables for the financial year. Historically, this period has ranged from 3 to 4 months due to a customer base primarily consisting of government entities as detailed on page number 120 of the DRHP. Collections from these government clients generally take longer because of an extended cycle that includes order procurement, invoicing, and subsequent payment collection. The Company estimates that such collection will improve in the future years due to entry of private companies in the electric meter industry, commonly known as Automated Metering Infrastructure Service Providers (AMISPs).

Trade payables

The trade payables holding period is calculated by dividing the net purchases of the company by its average trade payables for the financial year. The trade payables holding period has historically been high due to the fact that the company procures materials from various vendors locally and internationally which is detailed on page number 134 of the DRHP. Further the company has long-term relationships with almost all of its vendors. This allows the company to negotiate extended payment terms to manage its cash flow better. The company aims to reduce the payment cycle and avail better terms and trade discounts to further improve its gross and net margin.

Rationale for existing working capital requirement for past three years

The operating cycle of the Company has historically reduced from 228 days in Fiscal 2022 to 95 days in Fiscal 2023 and to only 61 days in Fiscal 2024. This is mainly because of its rapid growth strategies and better policies in managing inventory levels. Apart from the regular manufacturing activity, the Company also engaged in trading of raw materials and finished goods in Fiscal 2022 and Fiscal 2023 with low margins and high inventory levels which also affected the overall operating cycle.

Fiscal 2022 was a period which was affected by the COVID pandemic and therefore the Company had an abnormal operating cycle which consisted of higher inventory levels, higher trade receivable turnover days and higher trade payables turnover days. The high inventory levels were due to over-stocking of inventory as the Company is heavily reliant on imports for its production activities and heavy restrictions were imposed on the import of goods during COVID and post COVID periods. The realization from customers were delayed as businesses were not able to function in the normal course and similarly payment to suppliers were also delayed to manage the overall cash flow of the Company.

Business was normalized in Fiscal 2023 with better inventory turnover ratio and timely realization from customers. Consequently, payment to suppliers were also made on time with a target to manage overall cash flows of the Company. The cost of goods sold was relatively higher due to import restrictions and inflation effects of the post COVID period during the year.

The Company did not engage in trading of raw materials and finished goods in Fiscal 2024 and focused only on its manufactured products. This resulted in better inventory holding period (reduced inventory levels). Trade receivables turnover ratio increased marginally during this period. The trade payables holding period increased due to non-payment of dues to some suppliers on account of disputes related to inferior quality, mismatch in delivered quantity and other invoicing matters.

Rationale for increase in working capital from FY 2022 to FY 2024 and stub period is provided as below:

Particulars	2021-22 Audited	2022-23 Audited	2023-24 Audited	30-Sep-24 Audited
Revenue from electric meters (₹ in Lakhs)	2,181	4,590	7,846	4,793
Growth in revenue (%)	-	110.43	70.94	28%**
Net working capital (₹ in Lakhs)	1,148	1,338	2,281	2,982
Working capital turnover ratio (in times)*	1.75	3.69	4.34	3.81**

*Working capital turnover ratio is calculated by dividing revenue from operations by average net working capital.

**Annualized

The data presented highlights the Company's rapid growth over the last three financial years, with significant increases in both revenue and working capital requirements. This substantial growth in revenue has created a corresponding need for higher levels of net working capital, driven by the necessity to invest in inventory, manage receivables, and optimize payables. As the company expands, effective liquidity management becomes increasingly vital, especially in the manufacturing sector, where maintaining an adequate stock of products is crucial to keep the production going and meet consumer demand. This ensures the prevention of stockouts, which can lead to lost sales and negatively impact customer satisfaction.

The Company's ability to scale effectively while managing its working capital is evidenced by its improving working capital turnover and inventory turnover ratios. For each rupee of working capital invested in the company, it generated 1.75, 3.69, 4.34 and 3.81 of revenue for FY 2021-22, FY 2022-23, FY 2023-24 and 6-month period ended September 30, 2024 respectively. These metrics indicate that the company is handling its financial resources efficiently, converting its investments in inventory and receivables into revenue at an accelerating pace. The improved performance in these areas suggests that the company has developed sound operational processes and controls to manage the complexities of rapid growth, positioning it well for continued expansion. By balancing its investment in working capital with its operational needs, the company is demonstrating a strong capacity to navigate the challenges of growth.

Justifications for projected working capital

The growth in revenue is estimated basis the Company's past performance in the manufacturing of electricity meters segment. Revenue from electric meters segment increased from ₹ 1,730.69 lakhs in year ended March 31, 2022 to ₹ 7,845.54 lakhs in year ended March 31, 2024, achieving a compounded annual growth rate (CAGR) of 66% and average year-on-year (YoY) growth of 107%. The Company estimates to continue growing at such pace for years ending March 31, 2025 and March 31, 2026.

Further the Company currently has approximately ₹ 65,425 lakhs worth of orders in hand from various DISCOMs and AMISPs across India. The Company is already approved by over 30 state government utilities, many central public sector undertakings across various states in India and by many blue-chip private turnkey contractors. The Company plans to apply additional tenders in the future and leverage their long-term relationships with their existing customers for more business opportunities. This will further strengthen the growth prospects of the Company to achieve the target revenue for years ending March 31, 2025 and March 31, 2026.

Product type	2023-24 (Actual)	2024-25 (Estimated)	2025-26 (Estimated)
Single Phase Meter	20,00,000 units p.a.	25,00,000 units p.a.	30,00,000 units p.a.
Three Phase Meter	1,00,000 units p.a.	1,50,000 units p.a.	1,50,000 units p.a.

To achieve the above-mentioned revenue targets, the Company requires additional working capital and manufacturing capabilities. The Company has already initiated the work for setting up a new manufacturing facility in Greater Noida, Uttar Pradesh. The Company has identified a land and already advanced approximately ₹ 70 lakhs for its purchase. This new manufacturing facility will enhance the Company's installed capacity as detailed below:

The Company plans to increase the capacity utilization to approximately 75-80% of the installed capacity as compared to existing utilization of approximately 50% in order to fulfill the market demand. The Government has a target to install a total of 250 million energy meters by FY 2026 out of which tenders for only 108.1 million meters have been awarded and only 8.6 million meters have been installed (Source: National Grid Mission, Ministry of Power, as on end of Jan 2024). Hence the Company has a great opportunity to expand its operations and achieve additional orders.

Justifications for increase in cash and cash equivalents as of March 31, 2024

The increase in the Company's cash and cash equivalents in the projected years is primarily driven by multiple strategic and operational factors. These include the infusion of funds through private placement of equity shares undertaken in April 2024 and June 2024, as well as the anticipated unutilized proceeds from the proposed Initial Public Offering (IPO), particularly those allocated under the general corporate purposes category. In addition, the Company expects to retain a portion of its internal accruals, which further contributes to the overall liquidity position.

The Company aims to maintain an optimal level of liquidity in the form of cash and cash equivalents to ensure the continuity of its day-to-day operations without disruption. Such financial prudence will support timely settlement of statutory liabilities, operational payables, and other financial obligations. Maintaining adequate cash reserves also provides the Company with the flexibility to respond to unforeseen market developments, fund its strategic initiatives, and invest in operational enhancements or capital expenditure, as may be required from time to time.

As of March 31, 2024, the Company held cash and cash equivalents amounting to ₹459 lakhs. With the expected inflow of funds from both equity and operational sources, the Company intends to deploy these resources judiciously while maintaining a strong liquidity buffer. This approach aligns with its long-term objective of sustaining financial stability and operational efficiency while supporting future growth and expansion plans.

b) Funding Capital Expenditure towards installation of additional plant and machinery

(Rs. in lakhs)

Sr. No.	Name of the Machinery/ Equipment	Particulars/ Machine Type	Quantity	Total Estimated Cost	Potential Vendor	Date of Quotation	Validity
1	SMT pick & Place Machine and Accessories for PCB Assembly	YSM20R-2	01	107.08	Yueqing Onbom Electronic Co. Ltd	April 09, 2025	Up to March 31, 2026
2	Automatic Solder Paste Printer and Accessories for PCB Assembly	YCP10	01	40.49	Yueqing Onbom Electronic Co. Ltd	April 09, 2025	Up to March 31, 2026
3	Automatic Optical Inspection System for PCB Assembly	YSI-V	01	69.10	Yueqing Onbom Electronic Co. Ltd	April 09, 2025	Up to March 31, 2026
4	Injection Moulding Machine	ONBOM	02	73.69	Yueqing Onbom Electronic Co. Ltd	April 09, 2025	Up to March 31, 2026
5	Single Phase Energy Meter Test Bench	-	02	109.57	Yueqing Onbom Electronic Co. Ltd	April 09, 2025	Up to March 31, 2026
6	Three Phase Energy Meter Test Bench	-	02	126.94	Yueqing Onbom Electronic Co. Ltd	April 09, 2025	Up to March 31, 2026
7	Injection Moulding Machine	100, 180 & 250 Ton	01	96.90	Shibaura Machine India Pvt. Ltd.	April 09, 2025	Up to 175 days from Quotation
8	SMD Stencil Printer for PCB Assembly from Yamaha Motors Japan	YCP10	01	41.69	Leaptech Corporation	April 09, 2025	Up to September 30, 2025
9	Automatic Optical Inspection System for PCB Assembly	YSI-V	01	77.10	Leaptech Corporation	September 23, 2024	Up to September 30, 2025
10	SMT pick & Place Machine and Accessories for PCB Assembly	YRM20	01	161.03	Leaptech Corporation	September 23, 2024	Up to September 30, 2025
	Total			903.59			

Notes:

- Company has identified a piece of land for the establishment of a new manufacturing facility using above mentioned additional plant and machinery. This planned expansion is aimed at enhancing the Company's installed production capacity in the coming years.

➤ Vendor identification:

- Leapttech Corporation:
 - Website: <https://leapttech.in/index.html>
 - The Company was established in the year 2003 to help Electronics, Semiconductor and Automotive manufacturing companies in India achieve global standards by adopting the latest technologies available worldwide. It has 3 subsidiaries which offer various categories of products to their clients.
 - The Company has catered to top companies like Schneider Electric, Motherson, Minda, Siemens, Bajaj, Wipro, Orient Electric and more.
 - The Company had supplied Eppeltone Engineers Limited with 3 machines in December 2023. The capital expenditure was funded by loan from SIDBI who made payments directly after verification of all the relevant documents.
- Shibaura Machine India Private Limited:
 - Website: <https://www.shibauramachine.co.in/>
 - The Company was established in the year 1990 and is a wholly owned subsidiary of Shibaura Machine Company of Japan. It has received several awards and accolades including the India Manufacturing Excellence Award in 2010, 2011, 2012, 2019 and 2021 in the gold category. The Company has a history of excellence working with industry leaders like L&T and Toshiba.
 - The Company has an active customer base all over the world including USA, Mexico, Brazil, Middle East, Italy, Australia, Russia and more.
 - The Company had supplied Eppeltone Engineers Limited with Injection Moulding Machines in December 2023. The capital expenditure was funded by loan from SIDBI who made payments directly after verification of all the relevant documents.
- Yueqing Onbom Electronic Co. Limited:
 - Website: The Company is located in the mainland of China and therefore we were not able to locate the website.
 - The Company has exported to India and Vietnam in the past.
 - The Company has a continued business relationship with Eppeltone Engineers Limited as they supply them with various raw materials like LCD Indicators, Bare printed circuit boards for PCBs, etc.

➤ Quotation Assessment: Each of the three quotations was carefully reviewed to confirm alignment with the specifications of the machinery outlined in the DRHP.

Rationale for installation of additional plant and machinery:

The rationale for installing additional plant and machinery despite the current capacity not being fully utilized stems from significant changes in order volume and component size, as well as the need to modernize production processes to handle these new demands effectively.

1. Increase in Order Volume and Component Size: The Company has seen a substantial increase in the volume and dimensions of orders. Previously, components were sized at approximately 120mm x 80mm; they now average around 220mm x 120mm. This increase requires larger space for storage and assembly and need for expanded plant capacity for manufacturing different dimensions.

2. Requirement for Advanced Machinery: The new, larger-sized components demand more robust machinery. Previously, the company used moulding machines up to 60T capacity, but the new components require machines in the 180-300T range to process them effectively. This upgrade is necessary to accommodate the increased size and weight of components, ensuring production efficiency and quality.

3. Technological Advancements for SMT (Surface Mount Technology) Machines: To meet evolving product requirements, the company needs to adopt the latest SMT technology. The new machines will support smaller component sizes, such as “0402” and “0201”, which are becoming standard in the industry. Additionally, implementing automatic optical inspection machines, automatic paste printers, and other advanced tools will streamline the manufacturing process and enhance product quality, reducing the likelihood of defects.

4. Enhanced Manufacturing Quality and Efficiency: Installing new machinery with modern features will enable the company to improve both the speed and quality of production, ultimately leading to greater competitiveness. The advanced technology is expected to contribute to higher throughput and lower rejection rates, aligning with the company’s strategic goals.

These investments in additional plant and advanced machinery will not only meet the immediate requirements of increased order sizes and specifications but also future-proof the company against evolving industry standards and customer expectations.

Benefits to be arises out of installation of such plant and machinery:

As per the report titled “Industry report on Electricity Infrastructure in India & Electricity Meters” dated August 27, 2024 prepared by Duns & Bradstreet provided on page 94 of the DRHP dated December 31, 2024:

The projected electrical energy requirements of India are expected to surge from 1,626 billion units (BU) in FY 2023 to 1,907 BU in FY 2027 and further to 2,473 BU in FY 2032. To cater for the same, In FY 2024 (January 2024), India added 9,985 circuit kilometers (ckm) of transmission line and increased its transformation capacity by 44,908 MVA. Over a period of last 5 years (FY 2019 – FY 2023), India has annually added an average of 16,074 ckm in transmission line, and 70,679 MVA in transformation capacity. Additionally, the Government of India has a target to install a total of 250 million smart meters by FY 2026 out of which tenders for only 108.1 million meters have been awarded and only 8.6 million meters have been installed (*Source: National Grid Mission, Ministry of Power, as on end of Jan 2024*).

The Company aims to participate in such installations by supplying the smart meters to the Indian Government, DISCOMs, AMISPs and other corporates.

List of approval/licenses required to be obtained along with their tentative timelines once the land for the establishment of a new manufacturing facility is finalized and implemented:

Sr. No	Description	Applicable laws	Authority	Tentative Time line for obtaining the approvals
1.	Land registered document/ registered lease deed	-	-	Approx 4-5 months i.e. August 2025
2.	Construction of shed and building	-	-	Approx 3-4 months i.e November 2025
3.	Certificate of Registration and License to Work a Factory	Section 6 of Factories Act 1948. Rule 7(1) of Uttar Pradesh Factories Rules 1950	Labour Department, Uttar Pradesh	Will apply around September 2025
4.	Consent for emission of air pollutants vide Factory	Section 21, 22 of Air (Prevention and Control of Pollution) Act, 1981	U P Pollution Control Board	Will tentatively apply CTE - September 2025 CTO – December 2025
5.	Consent for emission of Water Pollutants vide Factory	Section 25, 26 of Water (Prevention and Control of Pollution) Act, 1974	U P Pollution Control Board	Will tentatively apply CTE - September 2025 CTO – December 2025
6.	No Objection Certificate for emission of Non Abnoxious and Non Hazardous Pollutant in environment	Water (Prevention and Control of Pollution) Act, 1974 and Air (Prevention and Control of Pollution) Act, 1981	District Industries & Enterprises Promotion Centre Greater Noida	Will tentatively apply in December 2025
9.	Permission to use Transformer	Central Electricity Authority (Measures relating to Safety and Electric Supply) Regulations, 2010	Directorate of Electrical Safety, Uttar Pradesh	Will apply around October 2025
10.	Permission to use GENSET	Central Electricity Authority (Measures relating to Safety and Electric Supply) Regulations, 2010	Directorate of Electrical Safety, Uttar Pradesh	Will apply around November 2025
11.	Registration Certificate for Producer of Waste/ Used Battery	Battery Waste Management Rules, 2022	Central Pollution Control Board (Ministry of Environment, Forest and Climate Change)	Will apply around November 2025
10.	No Objection Certificate Fire department	National Building Code and IS Code under Bureau of Indian Standards	Fire Department, U.P.	Will apply around September 2025
11.	Registration for manufacturing Electric Meters	The Legal Metrology Act, 2009	Department of Consumer Affairs Weights and Measures Unit	Will apply around October 2025

SECTION V- ABOUT THE COMPANY

BUSINESS OVERVIEW

OUR BUSINESS

Product wise bifurcation of revenue:

(Rs. in lakhs)

Particulars	30-Sep-24	FY 2024	FY 2023	FY 2022
1 Phase Meter	3,818.59	5,848.15	3,449.39	1,490.93
3 Phase Meter	676.00	1,126.34	107.67	86.31
Spares*	298.24	833.26	1,032.61	567.80
Services	-	36.93	-	36.00
Other traded goods	223.70	0.86		
Trading of securities	-	-	2,674.81	6,079.92
Total revenue	5,016.53	7,845.54	7,264.48	8,260.97
Other income	86.39	158.64	34.62	18.54
Total income	5,102.92	8,004.18	7,299.10	8,279.51

*Spares include control cards (both single-phase and three-phase), transformers, resistors, batteries, backlights, diodes, and various other small components.

CAPACITY UTILIZATION:

The following table sets forth certain information relating to capacity utilization of our manufacturing facility at Greater Noida, Uttar Pradesh, calculated on the basis of total installed production capacity and actual production for the periods indicated:

Particulars	For the Period ended September 30, 2024	For the period ended March 31, 2024	For the period ended March 31, 2023	For the period ended March 31, 2022
Installed Capacity (In Units)*				
Single Phase Meter	10,00,000	20,00,000	10,00,000	10,00,000
Three Phase Meter	50,000	1,00,000	50,000	20,000
Capacity Utilisation (In Units)				
Single Phase Meter	5,46,166	8,91,285	4,92,945	3,03,258
Three Phase Meter	37,579	63,109	12,355	7,038
Capacity Utilisation (In %)				
Single Phase Meter	54.62%	44.56%	49.29%	30.33%
Three Phase Meter	75.16%	63.11%	24.71%	35.19%

*Installed capacity proportionately for 6 months

Notes:

- 1) The information relating to the installed capacity of the manufacturing facility as of the dates included above are based on various assumptions and estimates that have been taken into account for calculation of the installed capacity.
- 2) Capacity w.r.t Plot No. - 559, Pocket / Block-T, Area – 500 Sq. Mtrs., Sector-20, YEIDA Area, Gautam Budh Nagar, Uttar Pradesh is not considered above, as said plot has been acquired by the Company for investment purposes only.

The Company's overall installed capacity for Single Phase Meters is 2,000,000 units, and for Three Phase Meters, it is 100,000 units over a 12-month period. However, since a stub period of 6 months is considered (till September 30, 2024), the installed and actual utilization capacity for the Company is adjusted proportionately for this 6-month period. Therefore, the capacity for Single Phase Meters is considered at 50% (1,000,000 units), and for Three Phase Meters, it is also considered at 50% (50,000 units) for the 6-month period.

INSURANCE POLICIES:

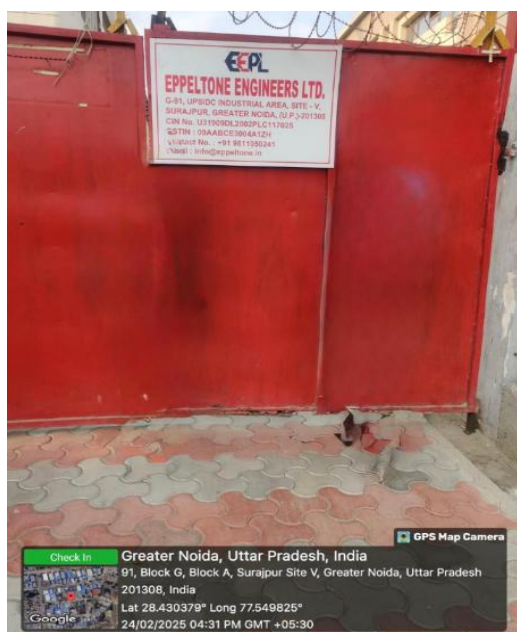
We have taken insurance policies insuring major risks relating to the stocks and other assets of the company as mentioned below:

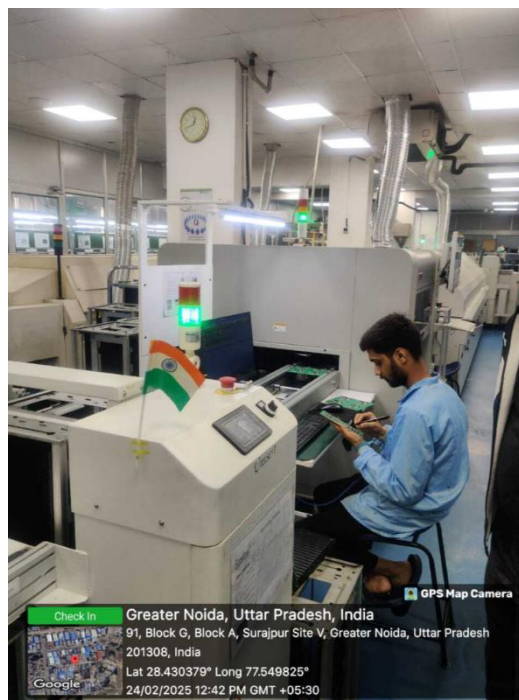
Name of Insurer	Type of Policy	Validity Period	Policy No.	Sum Insured (₹ in Lakhs)	Premium p.a (₹)
HDFC ERGO General	Building Insurance	June 17,	2949 2065 6749	127.00	13,021

Name of Insurer	Type of Policy	Validity Period	Policy No.	Sum Insured (₹ in Lakhs)	Premium p.a (₹)
Insurance Company Limited		2025	8300 000		
HDFC ERGO General Insurance Company Limited	Stock Insurance	April 23, 2025	2949 2053 9695 1201 000	352.56	70,631
HDFC ERGO General Insurance Company Limited	Stock Insurance	August 20, 2025	2949 2068 9562 4800 000	413.68	76,150
IFFCO TOKIO General Insurance Co. Ltd.	Marine Open Policy	November 26, 2025	22K76086	5,300.00	188,506
TATA AIG General Insurance Co. Ltd.	Brezza Insurance	May 7, 2025	6202867408 00 00	7.90	15,283
TATA AIG General Insurance Co. Ltd.	Honda City Insurance	June 25, 2025	6200 4102 500200	4.96	6,107
TATA AIG General Insurance Co. Ltd.	Private Car Insurance (Hyundai-Aura)	April 21, 2025	6201404451 01 00	5.96	12,374
TATA AIG General Insurance Co. Ltd.	Private Car Insurance (Hyundai-Verna)	January 11, 2026	3001/O/375827859/00/000	16.51	20,816
Liberty General Insurance Limited	Creta Insurance	December 4, 2025	2011 2001 0224 7016 2830 2000	6.21	21,560
ICICI Lombard General Insurance Company Limited	Private Car Insurance (Mercedes)	April 11, 2025	3001/MB-157539/00/000	58.76	140,000
ICICI Lombard General Insurance Company Limited	Private Car Insurance (Mercedes)	January 27, 2026	2302 2071 3086 3200 000	16.87	53,989

BACKGROUND OF THE BUSINESS

Below is a glimpse of our manufacturing facility which is situated at G-91, UPSIDC Site V, Industrial Area, Surajpur Kasna Road, Greater Noida, Uttar Pradesh - 201306:





The Company has historically outsourced basic moulding work to job workers on per unit basis. The amounts paid for job work have been as follows:

(₹ in Lakhs)

Particulars	30-Sep-24	FY 2024	FY 2023	FY 2022
Job Work	545.79	132.76	30.64	7.55

However, with the Company rapid growth and the increasing procurement of new orders, the management has decided to shift from outsourcing this work to manufacturing the same in-house. This strategic decision is driven by the requirement of growing order book and need to enhance control over production quality, reduce dependency on external vendors and improve overall operational efficiency.

To support this shift, the Company has hired additional employees in the Production department to handle the increased workload and ensure smooth in-house manufacturing. As a result, a significant portion of the moulding work that was previously outsourced will now be manufactured internally in house, allowing the Company to better manage production timelines, costs and quality standards.

HISTORY AND CERTAIN CORPORATE STRUCTURE

There are no other agreements/ arrangements and clauses / covenants which are material and which needs to be disclosed or non-disclosure of which may have bearing on the investment decision, other than the ones which have already disclosed in the offer document.

SECTION VI- FINANCIAL INFORMATION

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

Principal components of our statement of Profit and Loss Account

The Company has historically outsourced basic molding work to job workers on per unit basis. The amounts paid for job work have been as follows: Rs 7,54,752 in FY 2022, Rs 30,64,215 in FY 2023, Rs 1,32,76,114 in FY 2024, and Rs 54,57,925 for the period ending September 30, 2024. However, with the Company rapid growth and the increasing procurement of new orders, the management has decided to shift from outsourcing this work to manufacturing the same in-house.

This strategic decision is driven by the requirement of growing order book and need to enhance control over production quality, reduce dependency on external vendors and improve overall operational efficiency. To support this shift, the Company has hired additional employees in the Production department to handle the increased workload and ensure smooth in-house manufacturing. As a result, a significant portion of the molding work that was previously outsourced will now be manufactured internally in house, allowing the Company to better manage production timelines, costs and quality standards.

Financial Year 2024 compared to Financial Year 2023

The PAT margin for FY 2024 is significantly higher than that of FY 2023. The profit after tax (PAT) increased by approximately 677%, rising from INR 108.56 Lakhs in FY 2023 to INR 843.20 Lakhs in FY 2024. This increase is primarily attributable to the improvement in the Company's gross margin, as detailed below:

1. Significant Improvement in Gross Margin

The increase in PAT margin for FY 2024 compared to FY 2023 is primarily due to a shift in the company's revenue mix, with a greater focus on its core business of manufacturing and selling electric meters. In FY 2024, the company significantly increased its sales volume, particularly for three-phase electric meters, while also achieving a higher average selling price across its product range. This led to a substantial rise in gross margins, contributing to overall profitability as reflected below:

(INR in Lakhs)		
Particulars	2023-24	2022-23
Total revenue from operations	7,845.54	7,264.54
- Electric Meters	7,845.54	4,124.43
- Trading of goods	-	465.24
- Trading of securities	-	2,674.81
Gross profit	2,660.82	1,025.96
- Electric Meters	2,660.82	973.81
- Trading of goods	-	52.15
- Trading of securities	-	(0.52)
Gross Margin	34%	14%
- Electric Meters	34%	24%
- Trading of goods	-	11%
- Trading of securities	-	(0%)

As indicated by the above data, the overall gross margin increased from 14% in FY 2023 to 34% in FY 2024. This is due to change in product mix of the company wherein the company focused more on its core business of manufacturing and selling electric meters as compared to other operating revenue derived from trading of shares and securities.

Further after the onset of the Russia-Ukraine war in early FY 2023, global inflation impacted raw material prices. To mitigate potential cost increases, the Company adopted a proactive strategy by quoting higher margins in tenders, securing orders at a premium price in FY 2023, and delivering them in FY 2024. This approach resulted in a higher selling price without a corresponding increase in raw material costs, thereby improving gross margins.

2. Additional Financial Considerations

Additionally, operational efficiencies improved as the company scaled its manufacturing and streamlined processes, allowing it to maintain cost levels while generating higher revenues. The increase in revenue also resulted from strategic business decisions, including expansion into new markets and securing higher-value contracts.

While other expenses, finance costs, and tax expenses increased due to business expansion and higher borrowings, these were offset by the overall revenue growth and improved margins. The company's ability to secure higher-margin sales and maintain stable input costs played a key role in enhancing profitability.

The increase in gross profit was partially offset by higher expenses related to operations, financing, and taxation:

Particulars	2023-24	% of revenue	2022-23	% of revenue
Total Gross Profit	2,660.82	34%	1,025.44	14%
Add: Other Income	158.64	2%	34.61	0%
Less: Employee benefits expense	370.50	5%	267.55	4%
Less: Other expenses	983.61	13%	466.45	6%
EBITDA	1,465.35	19%	326.05	4%
Less: Depreciation and Amortization expense	76.90	1%	71.96	1%
EBIT	1,388.45	18%	254.09	3%
Less: Finance Cost	213.28	3%	103.92	1%
Profit before tax	1,175.17	15%	150.17	2%
Less: Tax expense	331.99	4%	41.61	1%
Profit after tax	843.18	11%	108.56	1%

Key Observations:

- **Other expenses** as a percentage of revenue increased from 6% in FY 2023 to 13% in FY 2024, primarily due to a significant increase in legal and professional expenses from ₹ 15.88 Lakhs to ₹ 469.07 Lakhs.
- **Finance costs** increased from 1% to 3% due to loans taken from NBFCs at higher interest rates.
- **Tax expenses** increased from 1% to 4% in FY 2024 due to the higher taxable income of the Company.

Given these factors, the PAT margin increased significantly in FY 2024.

SECTION VII- LEGAL AND OTHER INFORMATION

GOVERNMENT AND OTHER STATUTORY APPROVALS

C. LABOUR LAW RELATED APPROVALS:

Sr. No.	Description	Applicable Laws	Authority	Registration Number	Date of Certificate	Date of Expiry
4.	Registration for Interstate Migrant workmen	The Inter-State Migrant Workmen (Regulation of Employment And Conditions of Service) Act, 1979	Labour Department, Uttar Pradesh	UPISMA10000053	September 23, 2024	Valid until cancelled

V. KEY APPROVALS REQUIRED BUT NOT OBTAINED OR APPLIED BY OUR COMPANY

There are no such approvals or licenses that are required but not obtained or applied by our Company as on the date of the Draft Red Herring Prospectus.