



A REVOLUTION IN PREMIUM STEEL MANUFACTURING

VISION

The United States of America is the largest exporter of steel scrap to countries such as China, Mexico, Turkey, and India. Once the steel is converted into finished products, American companies re-import the steel to use for construction, infrastructure, and industrial purposes. The logistics of export, import, and shipping make the cost of steel products higher than necessary. Combined with the unnecessary global shipping, the current approach has both financial and environmental drawbacks.

Ashoka Steel Mills (dba ASM Steel) has spent the past 20 years innovating steel manufacturing. They are now setting up the first U.S. based steel mill in Sulphur Springs, Texas. The factory will manufacture 350,000 tons of rebar steel annually, delivering high quality rebar product widely used in construction across residential, commercial, industrial, and infrastructure projects.

Following the \$1.2 trillion bi-partisan infrastructure bill focused on domestic improvements, there are construction projects planned across the country that will require rebar steel.¹ One example that demonstrates the scale of this initiative includes 85 airports which will receive \$1 billion annually for five years to tackle renovations and expansions.²

The key aspect of this factory is the technology which utilizes clean-tech, modern electric-arc based furnace, and net-zero carbon feature, which enables production of **green steel**.³ This factory will NOT use any fossil fuel or mining process, and instead utilizes existing steel scrap available in the market to convert that to the finished rebar product.

¹ <https://edition.cnn.com/2021/07/28/politics/infrastructure-bill-explained/index.html>

² <https://edition.cnn.com/2022/09/12/politics/infrastructure-projects-biden/index.html>

³ <https://bronk-company.com/en/2023/01/forecast-steel-demand->

[2030/#:~:text=The%20model%20predicts%20an%20increase,absolute%20terms%20compared%20with%202020.](https://bronk-company.com/en/2023/01/forecast-steel-demand-2030/#:~:text=The%20model%20predicts%20an%20increase,absolute%20terms%20compared%20with%202020.)



ASHOKA STEEL MILLS

Ashoka Steel Mills is being developed by the owners of the Asian steel factory known as Melwa Group, headquartered in Sri Lanka. Established in 2002, it is a family-owned business dedicated to providing quality steel products. Melwa has been revolutionizing the infrastructure landscape for more than two decades and is the market leader in Sri Lanka.

The company has already built and is operating similar automated steel factories across Asia and Africa. Melwa has a strong partnership with Danieli, an Italian based equipment provider who has over a century of experience in this space, supplying equipment to other U.S. based steel brands such as US Steel, Nucor, Steel Dynamics, and CMC.

Build out of the Ashoka Steel Mills facility in Sulphur Springs, TX will be led by a team of specialists who have been working with Melwa and have deep expertise in developing steel factories.

CHALLENGE

Demand for steel products in the U.S. is strong and is pushing prices higher.⁴ There is increased preference to use domestically produced rebar as companies look to stay nimble while navigating price shifts. Foreign production of rebar with longer supply chains subject to additional costs around exports and imports, along with the extended lead time, have been shifting market trends towards domestic sources.⁵ The extensive shipping required also contributes to higher carbon emissions.



⁴ <https://www.spglobal.com/commodityinsights/en/market-insights/latest-news/metals/031323-us-steel-sentiment-hits-new-high-for-2023-as-mills-increase-finished-prices>

⁵ <https://www.spglobal.com/commodityinsights/en/market-insights/latest-news/metals/010623-us-rebar-imports-decline-as-availability-improves-from-domestic-mills-and-at-the-ports>

Increased steel consumption is running in parallel with the pursuit to lower carbon emissions. The result is a preference in the market for U.S. manufactured steel products.⁶ Domestically manufactured steel products remain the priority as compared to imports, but the American market is consuming far more steel than it can produce.

Consumption is being driven by a number of factors:

- Deformed steel reinforcing offers significant attributes, such as lower slippage and greater bonding with cement.
- Increasing migrant population in North America in search of improved standard of living.
- Escalating home improvement and remodelling activities in North America.
- Reconstruction of bridges is projected to remain a key focus area in the U.S. For instance, around 42% of bridges in the U.S. are at least 50 years old. Rebar is an essential component in bridge building.

SOLUTION

Ashoka Steel Mills will offer locally manufactured, affordable, high quality U.S. steel. It will also support the reuse of steel scrap. This factory will utilize 450,000 tons of steel scrap from domestic market, recycling the metal and putting it back in use, which is one of the largest benefits to environmental initiatives and sustainability.



Create more than **1,100** new
direct and indirect jobs.

Recycle **450,000** tons of steel
scrap for domestic reuse.

Local officials in Hopkins County, Texas, have committed to developing a solar farm as a complementary energy source, reducing the reliance on traditional energy sources. This will enable a more environmentally friendly manufacturing process.

More than 1,100 new direct and indirect jobs will be created in the North Dallas area, primarily within the low population area of Hopkins County, where Sulphur Springs is located. Employment opportunity and population migration will lead to growth with the local community, including an increase of 500+ children enrolled in county schools.

⁶ <https://www.marketwatch.com/story/steel-dynamics-sees-north-american-steel-demand-increasing-commodity-comment-df7738e0>

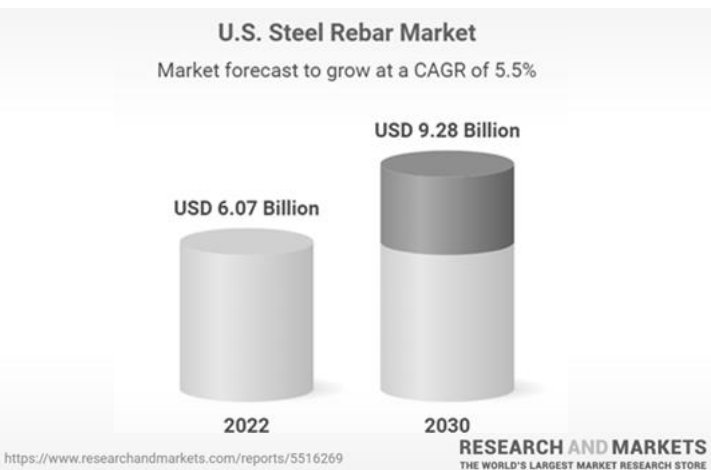
An increase in trucking traffic will drive more toll road revenue, along with growth across the hospitality industry – spending on hotels, food, retail and fuel. Population growth of a thousand households will increase the hospital and healthcare needs, thus requiring more doctors, nurses, and healthcare workers.

Cross-training locals, graduates, students, and professionals into the workforce, which is both skilled and unskilled. Long-term job opportunities will be created, along with skill development, reskilling the workforce into various job opportunities available inside the steel factory.

There will be growth in railroad traffic with 50+ inbound and outbound rail cars expected to deliver steel scrap and ship finished rebar from the factory. Not only will this increase rail utilization, it will also lead to associated employment opportunities.

MARKET & COMPETITION

The U.S. steel rebar market is experiencing significant year over year growth. Over the next several years with the compound annual growth rate (CAGR) in excess of 5%, the market size will reach \$9.28 billion.⁷



The U.S. steel rebar market will reach **\$9.28 billion** by 2030.

In 2022, the U.S. imported 7 million tons of steel products from countries such as China, Mexico, and Turkey, at an estimated \$4.56 billion. Major findings of the steel rebar market report (from Global Market Insights Inc*) include:

- Increasing volume of residential building due to substantial urban expansion in developing economies across the globe has led to escalation of steel rebar demand.
- Major players operating in the steel rebar market are ArcelorMittal, Gerdau SA, Tata Steel, Nippon Steel & Sumitomo Metal, SAIL, Essar Steel, Hyundai Steel, Daido Steel, Mechel OAO, Acerinox S.A., Kobe Steel, Evraz PLC, Jindal Steel & Power Ltd., Commercial Metals Company (CMC), and others.
- Infrastructure development in the U.S. is anticipated to remain a primary factor for the expansion of the rebar market.
- Key players in the rebar market are devising strategies to enhance their capacities through mergers and acquisitions. Increasing production capacity is likely to contribute to the demand for raw materials such as coking coal, ferrous scrap, etc.

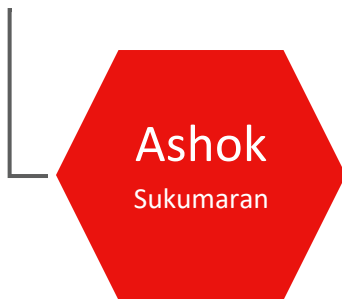
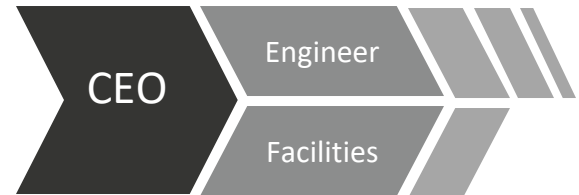
⁷ <https://www.researchandmarkets.com/reports/5516269/u-s-steel-rebar-market-size-share-and-trends>

TEAM

Ashok Sukumaran and PP Anandaraja will be the managing partners overseeing the venture. Together they will oversee the leadership team, factory build, and creation of Ashoka Steel Mills organization. Key personnel for the initial team will be transferred in from the Sri Lanka Steel Mill to reduce execution risk.



Chairman of MELWA Group, he has been eminent in the growth of Melwire Rolling Pvt. Ltd to be the steel giant in Sri Lanka. Other notable accomplishments include signing a prestigious agreement with Hilton to set up a chain of hotels all around Sri Lanka, including locations such as Negombo, Yala, Kosgoda, Kandy, Nuwereliya.



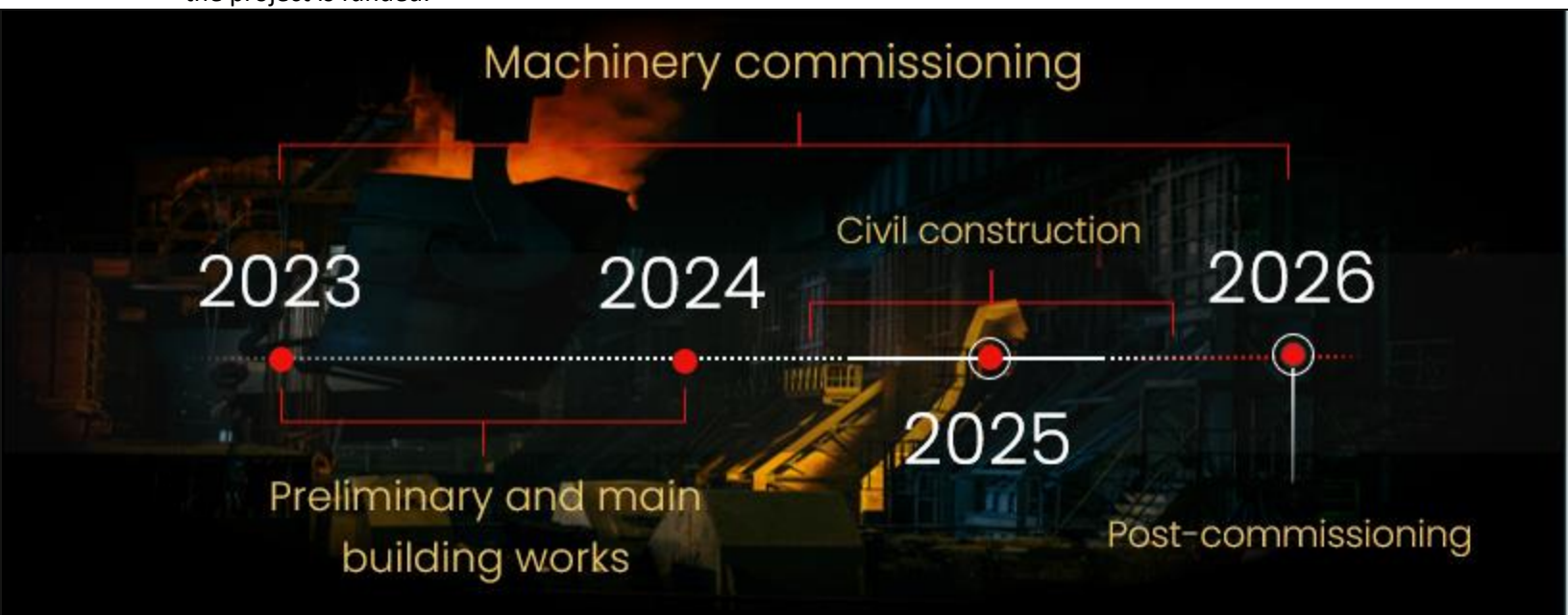
Seasoned entrepreneur and business owner with track record of success achieving revenue, profit, and business growth objectives within start-up and rapid-change environments.

Expertise with highly engineered systems across multiple markets and industries. Led worldwide teams comprised of more than 2,000 employees. Managed business divisions exceeding \$1.25 billion USD in revenue and had several successful M&A exits valued over \$200 million USD in last five years.



MILESTONES

Based on established agreements with the local county officials, progress on the factory could begin once the project is funded.



FINANCIALS

Principal Ashok Sukumaran is seeking \$300 million to progress the construction of the steel mill in Sulphur Springs, TX. In addition to the forecast, financial assertions are substantiated through Melwa Group financial statements audited by Ernst & Young.

| Operating Statements | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|--------------------------------------|--------------------|---------------------|--------------------|-------------------|-------------------|
| Revenue | | | | | |
| Revenue | - | - | - | - | 175,000,000 |
| Cost of Materials | - | - | - | - | 85,500,000 |
| Cost of Production | - | - | - | - | 17,500,000 |
| Net Income | - | - | - | - | 72,000,000 |
| Operating Expenses | | | | | |
| Utility (Power - Electric & Solar) | 500,000 | 1,000,000 | 1,000,000 | 500,000 | 15,050,000 |
| Utility (Water, Gas, Data) | 131,250 | 262,500 | 262,500 | 131,250 | 3,150,000 |
| Railway Overheads | - | - | - | - | 500,000 |
| Corporate Expenses | 50,000 | 100,000 | 100,000 | 50,000 | 140,000 |
| Office Overheads | 50,000 | 100,000 | 100,000 | 50,000 | 450,000 |
| Operating Expenses | 70,000 | 140,000 | 140,000 | 70,000 | 1,400,000 |
| Legal | 50,000 | 25,000 | 25,000 | 12,500 | 250,000 |
| Insurance | 50,000 | 50,000 | 50,000 | 25,000 | 1,500,000 |
| Employee Salaries | 600,000 | 1,200,000 | 1,200,000 | 600,000 | 7,500,000 |
| Management Salaries | - | 480,000 | 480,000 | - | 1,200,000 |
| Software / Computer / Networking | - | - | 1,500,000 | - | 200,000 |
| Logistics | - | - | - | - | 1,000,000 |
| Contingencies | - | - | - | - | 4,060,200 |
| Other Expenses | 8,750 | 12,000 | 12,000 | 12,250 | 1,000,000 |
| Total Operating Expenses | 1,510,000 | 3,369,500 | 4,869,500 | 1,451,000 | 37,400,200 |
| Pre-Tax Income | -1,510,000 | -3,369,500 | -4,869,500 | -1,451,000 | 34,599,800 |
| Source and Use of Funds | | | | | |
| Source of Funds | | | | | |
| Investors | 300,000,000 | | | | |
| Use of Funds | | | | | |
| Land & Land Development | -14,550,000 | - | - | - | - |
| Construction | -46,940,000 | -43,630,500 | -29,130,500 | -4,549,000 | - |
| Machinery | -20,000,000 | -130,000,000 | - | - | - |
| Machinery - Spare Parts | - | - | - | - | - |
| Profit sharing with investors | | | | | |
| <i>30% of pre-tax income</i> | | | | | -10,379,940 |
| | -81,490,000 | -173,630,500 | -29,130,500 | -4,549,000 | -10,379,940 |
| Operating Income/ (Losses) | -1,510,000 | -3,369,500 | -4,869,500 | -1,451,000 | 34,599,800 |
| Total Operating Expenses | -83,000,000 | -177,000,000 | -34,000,000 | -6,000,000 | 24,219,860 |
| Net Change | 217,000,000 | -177,000,000 | -34,000,000 | -6,000,000 | 24,219,860 |
| Cash at Beginning of Period | 0 | 217,000,000 | 40,000,000 | 6,000,000 | 0 |
| Net Change | 217,000,000 | -177,000,000 | -34,000,000 | -6,000,000 | 24,219,860 |
| Cash at End of Period | 217,000,000 | 40,000,000 | 6,000,000 | 0 | 24,219,860 |

INVESTMENT STRATEGY

Ashoka Steel Mills will be offering this investment opportunity through Fairmint funding portal, using an exciting new investment model called the Continuous Agreement for Future Equity (CAFE). The minimum investment is 25,000 tokens at \$10 per token, and the investor must hold these tokens for a minimum of 12 months before reselling. \$300,000,000 will be raised using CAFE.

12 Reasons a CAFE is a Better Fundraising Option

For Entrepreneurs

- Perpetual Offering
- Fixed Dilution
- Seamlessly integrated with company website
- Operates standalone or in tandem with other fundraising activities
- Diverse investor community
- Unlimited, unrestricted solicitation

For Investors

- Invest frequently
- Digital tokens registered on the Blockchain
- Automated market system:
 - *Fast-track verification*
 - *Liquidity*
 - *24/7/365 Reporting*

CONCLUSIONS

Ashoka Steel Mills, a company within global steel manufacturer Melwa Group, will be setting up first of five steel factories in the U.S. It will be a ground-up steel mill that produces 350,000 metric tons of steel rebars annually in the Sulphur Springs, TX, north of the Dallas area.

The steel factory will be a clean-tech, modern electric arc furnace (EAF) based **green steel** production, with maximum decarbonization possibilities. Our technology and engineering partner, Danieli Italy, is a century-old company with expertise in converting steel scrap into steel rebar. Recycling is a major U.S. industry dedicated to transforming end-of-life products and industrial scrap into new commodity-grade materials. In 2021, US has exported 16.8 million metric tons of scrap which is valued at USD 4.7 Billion. EAF based technology will increase domestic production, while decreasing scrap exports and finished steel imports.

Ashoka Steel Mills will be valued at \$750 million USD once fully operational.

We are looking to raise \$300 million USD through private investors. The pace and size of the capital raise will be managed carefully to ensure stability across the organization to the benefit of key stakeholders – clients, employees, and investors.

Forge the future with the next revolution in American steel.

AMERICAN STEEL. JOIN THE REVOLUTION.

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5th Avenue Capital

Private Funding from \$10M to \$2B