

BASIS FOR OFFER PRICE

Investors should read the following summary with the section titled **“Risk Factors”**, the details about our Company under the section titled **“Our Business”** and its financial statements under the section titled **“Financial Information of the Company”** beginning on page 26, 152 and 208 respectively of the Red Herring Prospectus. The trading price of the Equity Shares of Our Company could decline due to these risks and the investor may lose all or part of his investment.

The Offer Price will be determined by our Company and promoter selling shareholders in consultation with the BRLM on the basis of the quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹ 10.00 each and the Offer Price is ₹ 15.1 times of the face value at the lower end of the price band and 15.9 times of the face value at the upper end of the Price Band.

QUALITATIVE FACTORS

We believe the following business strengths allow us to successfully compete in the industry:

- a) Capabilities to execute large-scale industrial and infrastructure projects
- b) Strong Order Book
- c) In-House manufacturing and testing capabilities
- d) Strong relationship with customers
- e) Experienced Promoters with strong management team having domain knowledge

For a detailed discussion on the qualitative factors which form the basis for computing the price, please refer to sections titled **“Our Business”** beginning on page 152 of the Red Herring Prospectus.

QUANTITATIVE FACTORS

The information presented below relating to our Company is based on the Restated Financial Statements. For details, please refer section titled **“Financial Information of the Company”** on page 208 of the Red Herring Prospectus.

Some of the quantitative factors which may form the basis for calculating the Offer Price are as follows:

1. Basic & Diluted Earnings per share (EPS) (Face value of ₹ 10 each):

As per the Restated Financial Statements:

Sr. No	F.Y.	Basis & Diluted (₹)	Weights
1.	Financial Year ending March 31, 2025	12.78	3
2	Financial Year ending March 31, 2024	9.42	2
3.	Financial Year ending March 31, 2023	5.11	1
	Weighted Average	10.38	6

Notes:

- i. The figures disclosed above are based on the Restated Financial Statements of the Company.
- ii. The face value of each Equity Share is ₹10.00.
- iii. Earnings per Share has been calculated in accordance with **Accounting Standard 20 – “Earnings per Share”** issued by the Institute of Chartered Accountants of India.
- iv. The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Statements as appearing in Annexure IV.
- v. **Basic Earnings per Share** = Net Profit/(Loss) after tax, as restated attributable to equity shareholders / Weighted average number of equity shares outstanding during the year/ period
- vi. **Diluted Earnings per Share** = Net Profit/(Loss) after tax, as restated attributable to equity shareholders / Weighted average number of diluted potential equity shares outstanding during the year/ period.

2. Price Earning (P/E) Ratio in relation to the Price Band of ₹ 151 to ₹ 159 per Equity Share of Face Value of ₹ 10/- each fully paid up:

Particulars	(P/E) Ratio at the Floor Price	(P/E) Ratio at the Cap Price
P/E ratio based on the Basic & Diluted EPS, as restated for period ending March 31, 2025	11.82	12.44
P/E ratio based on the Weighted Average EPS, as restated.	11.82	12.44

Industry P/E Ratio*	(P/E) Ratio
Highest	31.28
Lowest	19.32
Average	25.30

**We have mentioned listed peer which falls in the similar line of business as of our Company for broad comparison purpose, however there is a distinction in the product portfolio between our company and those of our selected peer i.e. Atmastco Limited and Goodluck India Limited.*

Note:

- i) The P/E ratio of peers has been computed by dividing Market price as on August 14, 2025 with EPS for the F.Y. 2024-25.

3. Return on Net worth (RoNW)

Sr. No	Period	RONW	Weights
1.	F.Y. ending March 31, 2025	23.45%	3
2.	F.Y. ending March 31, 2024	21.52%	2
3.	F.Y. ending March 31, 2023	17.77%	1
	Weighted Average	21.86%	6

Note:

- i. The figures disclosed above are based on the Restated Financial Statements of the Company.
ii. The RoNW has been computed by dividing restated net profit after tax (excluding exceptional items) with restated Net worth as at the end of the year
iii. Weighted average = Aggregate of year-wise weighted RoNW divided by the aggregate of weights i.e. (RoNW x Weight) for each year/Total of weights.

4. Net Asset Value (NAV) per Equity Share:

Sr. No	NAV Per Equity Share	(Amount in ₹)
1.	As at March 31, 2025	54.47
2.	As at March 31, 2024	43.78
3.	As at March 31, 2023	28.76
	After the Offer	
	At the Floor Price	75.14
	At the Cap Price	76.86
	At the Offer Price*	[●]

* Offer Price per Equity Share will be determined on conclusion of the Book Building Process

*The above NAV has been calculated based on weighted number of shares outstanding at the end of the respective year.

Notes:

- i. The figures disclosed above are based on the Restated Financial Statements of the Company.
ii. NAV per share=Restated Net worth at the end of the year divided by weighted average number of equity shares outstanding at the end of the year

- iii. Net worth is computed as the sum of the aggregate of paid-up equity share capital, all reserves created out of the profits, securities premium account received in respect of equity shares and debit or credit balance of profit and loss account.
- iv. Offer Price per Equity Share will be determined by our Company in consultation with the Book Running Lead Manager.

5. Comparison of Accounting Ratios with Industry Peers

Name of Company	Current Market Price (₹)	Face Value	EPS (Basic/Diluted)	PE	RoNW (%)	Book Value (₹)	Total Revenue (₹ In lakhs)
Karbonsteel Engineering Limited	[●]	10.00	12.78	[●]	23.45%	54.47	27,305.35
Peer Group							
Atmastco Limited	243.95	10.00	7.80	31.28	15.15%	64.14	28,957.04
Goodluck India Limited	978.60	2.00	50.66	19.32	12.63%	461.17*	3,93,589.06

Notes:

- (i) Source – All the financial information for listed industry peer mentioned above is sourced from the Financial Results of the aforesaid companies for the year ended March 31, 2024 and stock exchange data dated August 14, 2025 to compute the corresponding financial ratios.
- (ii) For our Company, we have taken Current Market Price as the Offer price of equity share. Further, P/E Ratio is based on the current market price of the respective scrips.
- (iii) The EPS, NAV, RoNW and total Income of our Company are taken as per Restated Financial Statement for the F.Y. 2024-25.
- (iv) NAV per share is computed as the closing net worth divided by the weighted average number of paid-up equity shares as on March 31, 2025.
- (v) RoNW has been computed as net profit after tax divided by closing net worth.
- (vi) Net worth has been computed in the manner as specifies in Regulation 2(1) (hh) of SEBI (ICDR) Regulations, 2018.
- (vii) The face value of Equity Shares of our Company is ₹ 10/- per Equity Share and the offer price is [●] times the face value of equity share.

6. Key Performance Indicators

The KPIs disclosed below have been used historically by our Company to understand and analyze the business performance, which in result, help us in analyzing the growth of our company.

The KPIs disclosed below have been approved by a resolution of our Audit Committee dated March 21, 2025 and the members of the Audit Committee have verified the details of all KPIs pertaining to our Company. Further, the members of the Audit Committee have confirmed that there are no KPIs pertaining to our Company that have been disclosed to any investors at any point of time during the three years period prior to the date of filing of the Red Herring Prospectus. Further, the KPIs herein have been certified by Rao & Shyam Chartered Accountants, by their certificate dated March 21, 2025.

The KPIs of our Company have been disclosed in the sections titled **“Our Business”** and **“Management’s Discussion and Analysis of Financial Condition and Results of Operations – Key Performance Indicators”** on pages 152 and 290 respectively. We have described and defined the KPIs as applicable in **“Definitions and Abbreviations”** on page 1 of this RHP.

Our Company confirms that it shall continue to disclose all the KPIs included in this section on a periodic basis, at least once in a year (or any lesser period as determined by the Board of our Company), for a duration of one year after the date of listing of the Equity Shares on the Stock Exchange or till the complete utilization of the proceeds of the Fresh Issue as per the disclosure made in the Objects of the Offer, whichever is later or for such other duration as may be required under the SEBI ICDR Regulations. Further, the ongoing KPIs will continue to be certified by a member of an expert body as required under the SEBI ICDR Regulations.

Key performance indicators of our Company:

(₹ In Lakhs except percentages and ratios)

Key Financial Performance	FY 2024-25	FY 2023-24	FY 2022-23
Revenue from operations ⁽¹⁾	27,305.35	21,833.76	15,558.03
EBITDA ⁽²⁾	3,660.93	2,578.80	1,622.17
EBITDA Margin ⁽³⁾	13.41%	11.81%	10.43%
PAT ⁽⁴⁾	1,415.93	942.49	510.70
PAT Margin ⁽⁵⁾	5.19%	4.32%	3.28%
RoE(%) ⁽⁶⁾	27.19%	25.99%	19.51%
RoCE (%) ⁽⁷⁾	24.63%	22.93%	19.05%
Order Book	19,892.46	16,632.88	6,487.99

Notes:

⁽¹⁾ Revenue from operation means revenue from sale of products & services and other operating revenues

⁽²⁾ EBITDA is calculated as Profit before tax + Depreciation + Finance Cost - Other Income (here finance cost include all interest expenses, loan processing charges, letter of credit charges, bill discounting charges and other borrowing costs, as these are directly attributable to financing arrangements and form part of finance costs in accordance with Schedule III of the Companies Act, 2013 and the Guidance Note issued by the ICAI.)

⁽³⁾ 'EBITDA Margin' is calculated as EBITDA divided by Revenue from Operations

⁽⁴⁾ PAT is calculated as Profit before tax – Tax Expenses

⁽⁵⁾ 'PAT Margin' is calculated as PAT for the period/year divided by revenue from operations.

⁽⁶⁾ Return on Equity is ratio of Profit after Tax and Average Shareholder Equity

⁽⁷⁾ Return on Capital Employed is calculated as EBIT divided by capital employed, which is defined as Shareholders Fund + Long term borrowing + Short term borrowing+ Deferred Tax Liability.

Explanation for KPI metrics:

KPI	Explanations
Revenue from Operations	Revenue from Operations is used by our management to track the revenue profile of the business and in turn helps to assess the overall financial performance of our Company and volume of our business
EBITDA	EBITDA is Calculated as Profit before tax + Depreciation + Finance Cost - Other Income (here finance cost include all interest expenses, loan processing charges, letter of credit charges, bill discounting charges and other borrowing costs, as these are directly attributable to financing arrangements and form part of finance costs in accordance with Schedule III of the Companies Act, 2013 and the Guidance Note issued by the ICAI.)
EBITDA Margin (%)	EBITDA Margin (%) is an indicator of the operational profitability and financial performance of our business
PAT	Profit after tax provides information regarding the overall profitability of the business.
PAT Margin (%)	PAT Margin (%) is an indicator of the overall profitability and financial performance of our business.
Net Worth	Net worth is used by the management to ascertain the total value created by the entity and provides a snapshot of current financial position of the entity.
RoE (%)	RoE provides how efficiently our Company generates profits from shareholders' funds.
RoCE(%)	Return on Capital Employed is calculated as EBIT divided by capital employed, which is defined as Shareholders Fund + Long term borrowing + Short term borrowing+ Deferred Tax Liability.

7. Set forth below are the details of comparison of key performance of indicators with our listed industry peer:

(₹ In Lakhs except percentages and ratios)

Key Financial Performance	ATMASTCO Limited			Goodluck India Limited		
	FY 2024-25	FY 2023-24	FY 2022-23	FY 2024-25	FY 2023-24	FY 2022-23
Revenue from operations ⁽¹⁾	28,957.04	22,400.57	24,195.06	3,93,589.06	3,52,477.58	3,07,200.76
EBITDA ⁽²⁾	4,286.53	3,845.90	3098.583	31,083.97	28,224.13	20437.1
EBITDA Margin (%) ⁽³⁾	14.80%	17.17%	12.81%	7.90%	8.01%	6.65%
PAT ⁽⁴⁾	1,928.38	1634.56	1277.50	16562.81	13,226.79	8780.09
PAT Margin (%) ⁽⁵⁾	6.66%	7.30%	5.28%	4.21%	3.75%	2.86%
RoE (%) ⁽⁶⁾	16.40%	20.04%	26.19%	13.63%	15.21%	16.17%
RoCE (%) ⁽⁷⁾	19.71%	19.36%	21.68%	13.50%	14.70%	14.93%

Notes:

⁽¹⁾ Revenue from operation means revenue from sales, service and other operating revenues

⁽²⁾ EBITDA is calculated as Profit before tax + Depreciation + Interest - Other Income

⁽³⁾ EBITDA Margin is calculated as EBITDA divided by Revenue from Operations

⁽⁴⁾ PAT is calculated as Profit before tax – Tax Expenses

⁽⁵⁾ PAT Margin is calculated as PAT for the period/year divided by revenue from operations.

⁽⁶⁾ Return on Equity is ratio of Profit after Tax and Average Shareholder Equity

⁽⁷⁾ Return on Capital Employed is calculated as EBIT divided by capital employed, which is defined as shareholders' equity plus Long term borrowings and Short term borrowings+ deferred tax liability (net).

8. Weighted average cost of acquisition

- a) Price per share of our Company (as adjusted for corporate actions, including split) based on primary issuances of Equity Shares or convertible securities (excluding Equity Shares issued under employee stock option schemes and issuance of Equity Shares pursuant to a bonus issue) during the eighteen months preceding the date of the Red Herring Prospectus, where such issuance is equal to or more than 5% of the fully diluted paid-up share capital of our Company (calculated based on the pre-Offer capital before such transaction(s) and excluding ESOPs granted but not vested) in a single transaction or multiple transactions combined together over a span of rolling 30 days ("Primary Issuances").

The details of such Primary Issuances made by our Company is mentioned below:

Date of Allotment	No. of equity Shares having Face value of Rs. 10 each allotted	Issue price per equity share (₹)	Nature of allotment	Nature of consideration	Total Consideration (in ₹ lakhs)
March 27, 2024	3,88,578	Rs. 145/-	Preferential Allotment	Cash	563.43
April 22, 2024	1,66,533	Rs. 145/-	Preferential Allotment	Cash	241.47

- b) Price per share of our Company (as adjusted for corporate actions, including split) based on secondary sale or acquisition of equity shares or convertible securities (excluding gifts) involving our Promoters, members of the Promoter Group, Selling Shareholder, or Shareholder(s) having the right to nominate Director(s) on our Board

during the eighteen months preceding the date of filing of the Red Herring Prospectus, where the acquisition or sale is equal to or more than 5% of the fully diluted paid-up share capital of our Company (calculated based on the pre-Offer capital before such transaction/s and excluding ESOPs granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days (“Secondary Transactions”)

There have been no Secondary Transactions of the Equity Shares or convertible securities of our Company during the eighteen months preceding the date of the Red Herring Prospectus, where such issuance is equal to or more than 5% of the fully diluted paid-up share capital of our Company in a single transaction or multiple transactions combined together over a span of rolling 30 days.

Based on the above transactions, below are the details of the weighted average cost of acquisition, as compared to the Floor Price and the Cap Price:

Weighted average cost of acquisition & Issue price:

Types of transactions	Weighted average cost of acquisition (₹ per Equity Shares)	Floor Price* (i.e. ₹ 151)	Cap price* (i.e. ₹ 159)
Weighted average cost of acquisition of primary / new issue as per paragraph 8(a) above.	145	0.91 times	0.96 times
Weighted average cost of acquisition for secondary sale / acquisition as per paragraph 8(b) above.	NA	NA	NA

** To be updated at Prospectus stage.*

This is a Book Built Issue and the price band for the same shall be published 2 working days before opening of the Issue in all editions of Financial Express the English national daily newspaper and all editions of Jansatta, a Hindi national daily newspaper and all edition of Pratahakal, a regional newspaper each with wide circulation where the registered office of the company is situated.