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**KARBONSTEEL ENGINEERING**

KARBONSTEEL ENGINEERING LIMITED

Corporate Identification Number: U74120MH2011PLC216558

Our Company was incorporated on April 21, 2011 under the name of "Karbon Steelmart Private Limited", a private limited Company under the provisions of the Companies Act, 1956, pursuant to a Certificate of Incorporation issued by Registrar of Companies, Maharashtra. Further, Pursuant to Special Resolution passed by the shareholders at the Extra-Ordinary General Meeting held on January 15, 2022, the name of our Company was changed from Karbon Steelmart Private Limited to "Karbonsteel Engineering Private Limited" and a fresh Certificate of Incorporation issued by the Registrar of Companies, Mumbai, Maharashtra, on March 2, 2022. Thereafter, our Company was converted from private limited to public limited, pursuant to special resolution passed by the shareholders of the Company at the Extraordinary general meeting held on May 09, 2024 and the name of our Company was changed from "Karbonsteel Engineering Private Limited" to "Karbonsteel Engineering Limited" vide fresh certificate of incorporation dated June 24, 2024 issued by the Registrar of Companies, Central Processing Centre.

Registered Office: B-8; Ratnadeep Cosmopolitan Chs Ltd, 140-141 S.V. Road, Nr. Shoppers Stop, Andheri (W), Mumbai, Maharashtra, India-400058.

Contact Person: Siddhi Bharatbhai Parmar, Company Secretary & Compliance Officer

Tel No: +91-22-61872821 | E-mail: info@karbonsteel.com | Website: https://www.karbonsteel.com/

PROMOTERS OF OUR COMPANY : SHRENIK KIRIT SHAH AND MITTAL KIRIT SHAH

"THE OFFER IS BEING MADE IN ACCORDANCE WITH CHAPTER IX OF THE SEBI ICDR REGULATIONS (IPO OF SMALL AND MEDIUM ENTERPRISES) AND THE EQUITY SHARES ARE PROPOSED TO BE LISTED ON SME PLATFORM OF BSE ("BSE SME")."

BRIEF DESCRIPTION OF THE BUSINESS OF THE COMPANY

We are primarily engaged in structural engineering and fabrication and engaged primarily in the design, fabrication and assembly of heavy and precision steel structures, customized to meet clients' requirements across various industrial and infrastructure segments.

BASIS OF ALLOTMENT

INITIAL PUBLIC OFFER OF UPTO 37,29,600 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH (THE "EQUITY SHARES") OF KARBONSTEEL ENGINEERING LIMITED ("OUR COMPANY" OR "KEL" OR "THE ISSUER") AT AN OFFER PRICE OF ₹ 159 PER EQUITY SHARE FOR CASH, AGGREGATING UP TO ₹ 5930.06 LAKHS ("PUBLIC OFFER") COMPRISING OF A FRESH ISSUE OF UPTO 30,39,600 EQUITY SHARES AGGREGATING TO ₹ 4832.96 LAKHS (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UPTO 6,90,000 EQUITY SHARES BY THE PROMOTER SELLING SHAREHOLDERS, SHRENIK KIRIT SHAH AND MITTAL SHRENIK SHAH ("OFFER FOR SALE") AGGREGATING TO ₹ 1097.10 LAKHS, (HEREINAFTER REFERRED AS "PROMOTER SELLING SHAREHOLDERS") OUT OF WHICH 1,88,000 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH, AT AN OFFER PRICE OF ₹ 159 PER EQUITY SHARE FOR CASH, AGGREGATING ₹ 298.92 LAKHS WILL BE RESERVED FOR SUBSCRIPTION BY THE MARKET MAKER TO THE OFFER (THE "MARKET MAKER RESERVATION PORTION"). THE PUBLIC OFFER LESS MARKET MAKER RESERVATION PORTION I.E. OFFER OF 35,41,600 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH, AT AN OFFER PRICE OF ₹ 159 PER EQUITY SHARE FOR CASH, AGGREGATING ₹ 5631.14 LAKHS IS HEREIN AFTER REFERRED TO AS THE "NET OFFER". THE PUBLIC OFFER AND NET OFFER WILL CONSTITUTE 26.37% AND 25.04 % RESPECTIVELY OF THE POST- OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

THE FACE VALUE OF THE EQUITY SHARE IS ₹ 10 EACH AND ISSUE PRICE IS ₹ 159 EACH.**THE ISSUE PRICE IS 15.9 TIMES OF THE FACE VALUE OF THE EQUITY SHARE.****ANCHOR INVESTOR ISSUE PRICE : ₹ 159 PER EQUITY SHARE THE ISSUE PRICE IS 15.9 TIMES OF THE FACE VALUE.****BID/OFFER PERIOD****ANCHOR INVESTOR BIDDING DATE WAS : SEPTEMBER 04, 2025****BID / OFFER OPENED ON : SEPTEMBER 09, 2025****BID / OFFER CLOSED ON : SEPTEMBER 11, 2025****RISKS TO INVESTORS:**

- Our business is substantially dependent on certain key customers, from whom we derive a significant portion of our revenues. The loss of any significant customer may have a material and adverse effect on our business and results of operations.
- Our business is exposed to risks relating to delays in project execution and cost overruns, which may adversely affect our business, financial condition, results of operations and prospects.
- Our business is dependent on capital investments in industrial and infrastructure sectors and any slowdown in these sectors due to economic conditions, government policies, or project-specific factors may materially and adversely affect our business, financial condition and results of operations.
- Failure to comply with stringent quality standards, inspection requirements and technical specifications may result in rework, delayed payments or termination of contracts, which could adversely affect our business, financial condition and results of operations.
- Our Company does not have long-term agreements with suppliers for our input materials and a significant increase in the cost of, or a shortfall in the availability, or deterioration in the quality, of such input materials could have an adverse effect on our business and results of operations.
- Our business is dependent on and will continue to depend on our Manufacturing Facilities and we are subject to certain risks in our manufacturing process due to the usage of heavy machinery in our manufacturing operations. Any slowdown or shutdown in our manufacturing operations or strikes or work stoppages could have an adverse effect on our business, cash flows, financial condition and results of operations.
- Our industry is labour-intensive which relies on Contract and Skilled Labour and any shortage of skilled labour, labour disputes, or wage cost increases may adversely impact our operations, project execution and financial performance.
- There are outstanding legal proceedings involving our Company. Any adverse decisions could impact our cash flows and profit or loss to the extent of demand amount, interest and penalty, divert management time and attention and have an adverse effect on our business, prospects, results of operations and financial condition.
- Our business is working capital intensive and delays in client payments, retention money, or extended credit terms may strain our liquidity, increase financing costs and impact profitability.
- The number of orders we have received in the past, our current order book and our growth rate may not be indicative of the number of orders we will receive in future.
- The structural steel fabrication industry is highly competitive and increased competition may lead to reduced revenues, pricing pressure, or a loss of market share, which may adversely affect our business, financial condition and results of operations.
- Our business operations are majorly concentrated in certain geographical regions and any adverse developments affecting our operations in these regions could have a significant impact on our revenue and results of operations.
- Expansion of our existing manufacturing facility requires substantial capital outlay before we realize any benefits or returns on investments and is subject to the risk of unanticipated delays.
- Average cost of acquisition of Equity Shares held by the Individual Promoters is:

Sr. No.	Name of Promoters	No of Equity Shares held	Average cost of Acquisition (in ₹)
1	Shrenik Kirit Shah	54,06,240	3.26
2	Mittal Shrenik Shah	21,06,160	2.29

The Offer Price at the upper end of the Price Band is Rs. 159 per Equity Share.

• The Price/Earnings ratio based on Diluted EPS for Fiscal 2025 for the company at the upper end of the Price Band is 12.44 times.

• Weighted Average Return on Net worth for Fiscals 2025, 2024 and 2023 is 21.86%.

- The Weighted average cost of acquisition of all Equity Shares transacted in the last one year, 18 months and three years from the date of Prospectus is as given below:

Period	Weighted Average Cost of Acquisition (in ₹)	Issue Price (₹ 159) is 'X' times the Weighted Average Cost of Acquisition	Range of acquisition price: Lowest Price – Highest Price (in ₹)
Last one year	0.00	159	Nil*-145
Last eighteen months	13.13	12.11	Nil*-145
Last three years	9.62	16.53	Nil*-145

*Nil represents the acquisition on account of the bonus issue of 55,51,111 Equity shares allotted on December 09, 2024.

- The Weighted average cost of acquisition compared to Floor Price and Cap Price:

Types of transactions	Weighted Average Cost of Acquisition (₹ per Equity Shares)	Floor Price (i.e. ₹ 151)	Issue price/Cap price (i.e. ₹ 159)
Weighted average cost of acquisition of primary / new issue as per paragraph 8(a) above.	145	1.04	1.09
Weighted average cost of acquisition for secondary sale / acquisition as per paragraph 8(b) above.	Nil	NA	NA

PROPOSED LISTING ON BSE SME : SEPTEMBER 16, 2025*

The Offer is being made through the Book Building Process, in terms of Rule 19(2)(b)(i) of the Securities Contracts (Regulation) Rules, 1957, as amended ("SCRR") read with Regulation 253 of the SEBI ICDR Regulations, as amended, wherein not more than 50% of the Net Offer shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs", the "QIB Portion"), provided that our Company may, in consultation with the Book Running Lead Managers, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations ("Anchor Investor Portion"), of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to QIBs. Further, the SEBI ICDR Regulations read with SEBI ICDR (Amendment) Regulations, 2025, states that not less than 35% of the Net Offer shall be available for allocation to Individual Investors who applies for minimum application size. Not less than 15% of the Net Offer shall be available for allocation to Non-Institutional Investors of which one-third of the Non-Institutional Portion will be available for allocation to Bidders with an application size of more than two lots and up to such lots as equivalent to not more than ₹ 10.00 Lakhs and two-thirds of the Non-Institutional Portion will be available for allocation to Bidders with an application size of more than ₹ 10.00 Lakhs and under-subscription in either of these two sub-categories of Non-Institutional Portion may be allocated to Bidders in the other sub-category of Non-Institutional Portion. Subject to the availability of shares in non-institutional investors' category, the allotment to each Non-Institutional Investor shall not be less than the minimum application size in Non-Institutional Category and the remaining available Equity Shares, if any, shall be allocated on a proportionate basis in accordance with the conditions specified in this regard in Schedule XIII of the SEBI (ICDR) (Amendment) Regulations, 2025. All Potential Bidders, other than Anchor Investors, are required to participate in the Offer by mandatorily utilizing the Application Supported by Blocked Amount ("ASBA") process by providing details of their respective ASBA Account (as defined hereinafter) in which the corresponding Bid Amounts will be blocked by the Self-Certified Syndicate Banks ("SCSBs") or under the UPI Mechanism, as the case may be, to the extent of respective Bid Amounts. Anchor Investors are not permitted to participate in the Offer through the ASBA process. For details, please refer to the chapter titled "Offer Procedure" on page 330 of the Prospectus.

The investors are advised to refer to the Prospectus for the full text of the Disclaimer clause pertaining to BSE. For the purpose of this Offer, the designated Stock Exchange will be the BSE. The trading is proposed to be commenced on September 16, 2025*

*Subject to the receipt of listing and trading approval from the BSE ("BSE SME").

SUBSCRIPTION DETAILS

The bidding for Anchor Investors was opened and closed on September 04, 2025. The Company received 10 Anchor Investor Application Forms from 10 Anchor Investors for 14,38,400 Equity Shares. Such 10 Anchor Investors were allocated 10,60,800 Equity Shares at a price of ₹159/- per Equity Share under the Anchor Investor Portion, aggregating to ₹16,86,67,200/-

The Issue (excluding Anchor Investors Portion) received 45,736 Applications for 19,06,56,800 Equity Shares (after considering invalid bids but before technical rejections) resulting 77.24 times subscription (including reserved portion of market maker and excluding anchor investor portion). The details of the Applications received in the Issue from various categories are as under (before rejections):

Detail of the Applications Received (excluding Anchor Investors Portion):

Category	Number of Applications	No. of Equity Shares applied	Equity Shares Reserved as per Prospectus	No. of times Subscribed	Amount (₹)
Market Maker	2	1,88,000	1,88,000	1	2,98,92,000
Qualified Institutional Buyers (excluding Anchor portion)	57	8,60,52,800	7,08,000	121.54	55,48,03,200
Non-Institutional Bidders 1 (More than 2 lots & up to ₹1,000,000/-)	3,788	94,60,000	1,77,600	52.05	5,42,59,200
Non-Institutional Bidders 2 (More than ₹1,000,000/-)	5,410	3,65,87,200	3,55,200	101.43	29,14,56,000
Individual Investors	36,479	5,83,68,800	12,40,000	46.72	26,11,00,800
TOTAL	45,736	19,06,56,800	26,68,800	77.24	117,25,63,200

Final Demand

A summary of the final demand as per BSE as on the Bid/ Issue Closing Date at different Bid prices is as under:

Sr. No	Bid Price	No. of Equity Shares	% of Total	Cumulative Share	Cumulative % to Total
1	151	175200	0.08	175200	0.08
2	152	16000	0.01	191200	0.09
3	153	3200	0.00	194400	0.09
4	154	3200	0.00	197600	0.10
5	155	50400	0.02	248000	0.12
6	156	11200	0.01	259200	0.13
7	157	45600	0.02	304800	0.15
8	158	77600	0.04	382400	0.19
9	159	205745600	99.81	206128000	100.00
Total		20,61,28,000			100.0000

The Basis of Allotment was finalized in consultation with the designated Stock Exchange, being BSE ("BSE SME") on September 12, 2025.

1) Allotment to Individual Investors (After Rejections): The Basis of Allotment to the Individual Investors, who have Bid at cut-off Price or at the Issue Price of ₹ 159 per Equity Share, was finalized in consultation with BSE. The category has been subscribed to the extent of 46.72 times. The total number of Equity Shares Allotted in this category is 12,40,000 Equity Shares to 775 successful applicants. The details of the Basis of Allotment of the said category are as under:

No. of Shares applied for (Category wise)	No. of Applications received	% of Total	Total No. of Shares Applied	% to Total	No. of Equity Shares Allotted per Applicant	Ratio	Total No. of shares allocated/ allotted
1600	36211	100%	5,79,37,600	100%	1600	775:36211	12,40,000

2) Allotment to Non-Institutional Investors - I (More than 2 lots & up to ₹ 1,000,000/-) (After Rejections): The Basis of Allotment to the Non-Institutional Investors, who have bid for more than 2 lots & up to ₹1,000,000/-, at the Issue Price of ₹ 159 per Equity Share, was finalized in consultation with BSE. The category has been subscribed to the extent of 52.05 times (after rejection). The total number of Equity Shares allotted in this category is 1,77,600 Equity Shares to 74 successful applicants. The details of the Basis of Allotment of the said category are as under:

No. of Shares applied for (Category wise)	Number of applications received	% to total	Total No. of Shares applied in each category	% to total	No of equity shares Allocation per Applicant	Ratio of allottees to applicants	Total No. of shares allocated/ allotted
2400	3502	94.65	8404800	90.93	2400	35:1751	168000
3200	87	2.35	278400	3.01	2400	2:87	4800
4000	25	0.68	100000	1.08	2400	0:1	0
4800	27	0.73	129600	1.40	2400	1:27	2400
5600	59	1.59	330400	3.57	2400	1:59	2400

3) Allotment to Non-Institutional Investors - II (More than ₹1,000,000/-) (After Rejections): The Basis of Allotment to the Non-Institutional Investors, who have bid for more than ₹1,000,000/- at the Issue Price of ₹159 per Equity Share, was finalized in consultation with BSE. The category has been subscribed to the extent of 101.43 times (after rejection). The total number of Equity Shares allotted in this category is 3,55,200 Equity Shares to 148 successful applicants. The details of the Basis of Allotment of the said category (on sample basis) are as under:

No. of Shares applied for (Category wise)	Number of applications received	% to total	Total No. of Shares applied in each category	% to total	No of equity shares Allocation per Applicant	Ratio of allottees to applicants	Total No. of shares allocated/ allotted
6400	5122	96.19	32780800	90.99	2400	71:2561	3,40,800
7200	66	1.24	475200	1.32	2400	1:33	4800
8000	77	1.45	616000	1.71	2400	2:77	4800
9600	6	0.11	57600	0.16	0	0:1	0
24000	2	0.04	48000	0.13	0	0:1	0
316000	1	0.02	316000	0.88	0	0:1	0
4800 Additional share was allotted to successful allottees from Sr no. 4 to 30 = 2400 shares in ratio of 2:27						2:27	4800

4) Allotment to Market Maker: The Basis of Allotment to Market Maker who have bid at Issue Price of ₹ 159/- per Equity Share, was finalized in consultation with BSE. The category was subscribed by 1.00 times i.e. for 1,88,000 Equity shares, the total number of shares allotted in this category is 1,88,000 Equity Shares. The category wise details of the Basis of Allotment are as under:

No. of Shares Applied for (Category wise)	No. of Applications received	% to total	Total No. of Equity Shares applied in this Category	% of total	No. of Equity Shares allocated/ allotted per Applicant	Ratio	Total No. of shares allocated/ allotted
93,600	1	50.00	93,600	50.00	93,600	1:1	93,600
94,400	1	50.00	94,400	50.00	94,400	1:1	94,400

5) Allotment to QIBs excluding Anchor Investors (After Rejections): Allotment to QIBs, who have bid at the Issue Price of ₹ 159/- per Equity Share has been done on a proportionate basis in consultation with BSE. This category has been subscribed to the extent of 121.54 times of QIB portion. The total number of Equity Shares allotted in the QIB category is 7,08,000 Equity Shares, which were allotted to 11 successful Applicants:

Category	FIS/BANK'S	MFS	IC'S	NBFC'S	AIF	FPI	OTHERS	TOTAL
QIB	20,000	0	8,000	1,77,600	3,11,200	1,80,800	10,400	7,08,000

6) Allotment to Anchor Investors (After Technical Rejections): The Company in consultation with the BRLM has allocated 10,60,800 Equity Shares to 10 Anchor Investors at the Anchor Investor Issue Price of ₹ 159 per Equity Shares in accordance with the SEBI (ICDR) Regulations. This represents upto 60% of the QIB Category:

Category	FIS/BANKS	MFS	IC'S	NBFC'S	AIF	FPI	VC'S	TOTAL
ANCHOR	-	-	-	2,36,800	4,42,400	3,81,600	-	10,60,800

The Board of Directors of our Company at its meeting held on September 12, 2025 has taken on record the basis of allotment of Equity Shares approved by the designated Stock Exchange, being BSE and has allotted the Equity Shares to various successful applicants. The Allotment Advice Cum Refund Intimation will be dispatched to the address of the investors as registered with the depositories. Further, instructions to the SCSBs have been dispatched / mailed for unblocking of funds and transfer to the Public Issue Account on or before September 15, 2025. In case the same is not received within ten days, investors may contact the Registrar to the Issue at the address given below. The Equity Shares allotted to the successful allottees shall be uploaded on September 15, 2025 for credit into the respective beneficiary accounts subject to validation of the account details with the depositories concerned. The Company is in the process of obtaining the listing and trading approval from BSE and the trading of the Equity Shares is expected to commence trading on September 16, 2025.

Note: All capitalized terms used and not defined herein shall have the respective meanings assigned to them in the Prospectus dated September 12, 2025 filed with the Registrar of Companies, Mumbai, Maharashtra, ("RoC").

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