Date: June 16, 2026

To,
The Secretary,
Listing Department
Bombay Stock Exchange Ltd.
Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai – 400 001, MH, IN.

Subject: Regulation 30 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015- Submission of Transcript – Earnings Conference Call

Reference: Security ID: KARBON / Security Code: 544511 / ISIN: INE0V8A01016

Dear Sir/Madam,

This has reference to Regulation 30(6) read with Para A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). In accordance with the Listing Regulations, we hereby enclosed a copy of Transcript of Earnings Call held on Friday, June 12, 2026 at 4:00 P.M. (IST) pertaining to financial result for half year and year ended March 31, 2026 and the same has been uploaded on the website of the Company at https://karbonsteel.com/.

Kindly take note of the same in your records.

Yours Faithfully,

For Karbonsteel Engineering Limited

Siddhi Bharat Parmar
Digitally signed by Siddhi Bharat Parmar
Date: 2026.06.16 18:05:50 +05'30'

Siddhi Parmar
Company Secretary and Compliance Officer
ACS 60563

“Karbonsteel Engineering Limited H2 and FY26 Earnings Conference Call”

June 12, 2026

MANAGEMENT:
MR. SHRENIK KIRIT SHAH - MANAGING DIRECTOR
GANESH BHANDARY - CHIEF FINANCIAL OFFICER (CFO)

Organized by: Moonwalk Capital

Operator: Good day and welcome to Karbonsteel Engineering Ltd. earnings conference call. On the line, we have the management team joining us today. As part of compliance, please note that this call is being recorded. I would now request Mr. Shrinik Shah, the Managing Director of Karbonsteel Engineering Ltd., to give his opening statement.

Management: Hi, good afternoon everyone. Thank you for attending the earnings call of Karbonsteel Engineering Ltd. today. For those who do not know us, we are a heavy and precision structural fabrication company. We work pan-India, delivering solutions to various industries including data centers, infrastructure, power plants, steel plants, metal plants, chemical units, refineries, airports, and more. So far, we have delivered more than 1 lakh tons of structure to various clients and industries.

Thank you again for attending this call. I want to start by saying that FY25 has given us some things to reflect upon, and there are certainly areas we can build from. We faced operational challenges, especially regarding LPG supply and certain cost escalations that developed around March. Despite this, we still worked at 90% production capability. In terms of our order book, we have grown from close to 200 crores to approximately 350 crores as of May. Therefore, we feel very comfortable regarding work visibility.

However, as I mentioned, due to the sudden increase in crude oil and steel prices, there were operational challenges. While we could pass on some costs to our users, especially steel, other costs like transportation, consumables, paint, and LPG became operational challenges. Additionally, we took some strategic decisions this year that had a one-time effect on our results.

Like every challenge, we are learning from this experience. One of our initiatives is to improve how we handle labor challenges faced due to geopolitical conditions. We are planning to increase automation this year, specifically in areas like cutting, automatic beam welding, and the fit-up center. A blasting machine is already under installation. Furthermore, we are installing a 1-megawatt solar plant in two phases.

Since we design many custom fabrications for our clients-some components weighing 200 tons and measuring 7 meters in width and over 100 meters in length-100% automation is difficult. However, we are automating critical processes and bits and pieces where technology is available.

We maintain a strong order book and feel confident about the way forward. We expect production to increase, which should lead to improved operational margins and PAT levels. I will now go through an overview of the year to give investors a better idea.

This year, we crossed 300 crores in revenue, which is a step forward for us. A strategic decision we made was to exit our Khopoli facility. We lacked the area to expand there. Considering our Umargam facility is over 20 acres compared to the 2.5 acres at Khopoli, we faced challenges regarding client acceptability and approvals at the smaller site. It did not match the level of importance we wanted for the projects and clientele we are moving toward. Consequently, we consolidated our team at Umargam.

Regarding our management team, we expanded slightly this year. Satis, a chemical engineer with 20 years of experience, joined as Technical Director. Ganesh, our CFO, is also here. Mr. Sunil Kataria, who has overseen over 1 lakh tons of structural erection for JSW, is part of our guiding team.

Our plans remain on track, though there has been some delay in execution due to the manpower issues I mentioned. Labor migration started in March due to the LPG crisis, affecting project timelines. We are expanding our current capacity at Umargam from 30,000 tons to 54,000 tons. This expansion is underway, with a revised completion timeline of October 2025. It was initially targeted for March, but civil construction and labor delays necessitated an extension.

In terms of products, most are aware of our work. The key differentiator for Karbonsteel Engineering Ltd. is our ability to produce custom heavy fabrication with high precision. Because of this, 90-95% of our orders are repeat business.

To recap the challenges: cost inflation, specifically a force majeure from our sole LPG supplier starting in early March, affected cutting and cooking gas operations. This led to issues in completing projects during March, which is a critical month. Additionally, labor unrest led to some migration back to hometowns.

For cost escalations, we passed on steel price increases through price variation (PV) clauses. However, there is a fixed portion involving conversion and transport that we are gradually getting clients to accept. We took an impact on this during the first quarter.

Last year, we also performed a conversion job for an important client while expecting a large order. This compressed our revenue by about 40 crores because we had to accommodate the relationship and the fact that they had already purchased the material. Our expansion will be finished by October this year.

We also had an NCLT case decided in FY25, resulting in a 1.65 crore bad debt write-off. Additionally, since the expansion was pushed back, we factored in rental and depreciation costs in these results. However, there is no fundamental problem with our capacity or capability. In terms of volume, including labor jobs, we achieved 22% more production than the previous year.

Our 54,000-ton expansion is progressing. Sheds 1 and 2 are under construction, with 60% completed. We expect to finish everything, including machinery installation, by October 2025.

We have delivered significant tonnages for ArcelorMittal and another major steel company in Maharashtra. This year, we also finished audits for two of India's largest business houses and a major power plant company. These clients will be added starting this year.

As for our projects, the applications are varied. We have worked on Metro projects, data centers, bridges, and structural work for steel and chemical units. We worked on the form traveler for the Vashi bridge and did similar work for the Atal Setu bridge. We prefer projects where heavy structural work and differentiation are required. We cater to a wide geographical territory from our location on the Maharashtra-Gujarat border, particularly regarding our expertise in girders.

We are making girders for power plants that are 300 tons as a single component. Very few companies in India can do this. We have already uploaded one order, and two more of similar value are under negotiation. I will now let Ganesh explain the financials.

Management: As you can see, we crossed 300 crores for the first time. In FY24, we achieved 273 crores, and we have surpassed 300 crores in FY25. Despite input cost pressure, we maintained a healthy 10.86% EBITDA margin. The company remained profitable despite increases in steel prices, paint, consumables, and direct expenses.

We maintained financial costs at 5%. Regarding the balance sheet, we reduced long-term borrowings by 5 crores and short-term borrowings by 10 crores. Our inventory levels improved from 150 days last year to 130 days currently. We have focused more on the collection of receivables and improved our trade payables by providing advances to secure price benefits.

Our PAT was 10.51 crores. This includes a one-time bad debt write-off of 1.65 crores and rental costs of 2.4 crores. Because we were unable to finish the capex plan by March 2025, that 2.4 crore rent has had an effect. There was also a one-time rundown cost for the Khopoli plant involving shifting charges. The normalized PAT should be around 16.56 crores when these one-time costs are added back.

Fortunately, due to our PV clauses, we maintained our health despite steel prices rising nearly 25%. We passed on almost all steel costs. As I mentioned, we could not pass on certain costs like gas, which indirectly impacted labor. Some labor jobs were the reason we did not reach our ideal revenue levels of 340 crores. Once we start production at the new facility, the rental costs will be normalized. The bad debt was a one-time hit following an NCLT ruling.

Operator: Thank you. I will now open the floor for questions. The first question is from the line of Sudhir Bheda from Bheda Family Office.

Sudhir Bheda - Bheda Family Office: Thank you for the opportunity. I noticed several one-off expenses this time, but your presentation suggests margins will only expand by 1% by FY28. I don't understand why, given that these one-offs will disappear and capacity is expanding, the EBITDA margin rise is only 1%.

Management: That 1% increase is specifically attributed to automation alone. There will be other improvements beyond that factor.

Sudhir Bheda - Bheda Family Office: Understood. What would be the normalized margin once you shrug off these one-off expenses and start fresh this year? What is the expected margin?

Management: We expect a normalized margin in the range of 12-13%.

Sudhir Bheda - Bheda Family Office: Great. Given the capacity expansion comes into force from October, what kind of turnover are you expecting for FY26 and FY27?

Management: In terms of production levels, we expect to hit about 40,000 tons on an annual basis, with steel prices at about 100 per kg for sales.

Sudhir Bheda - Bheda Family Office: Understood. Is another expansion planned for FY27, or will you be utilizing this one fully?

Management: Specifically, we have only realized 6 months of the expansion we did this year. For the following year, we intend to reach the full capacity of 54,000 tons.

Sudhir Bheda - Bheda Family Office: Can you throw some light on the pipeline or industry status? Will the majority of turnover still come from heavy fabrication, or are you diversifying into product-based applications?

Management: The current order book is focused on heavy fabrication. We have some product development underway for railways, but that is in very early stages. We will make announcements as we gain more visibility.

Sudhir Bheda - Bheda Family Office: Thank you and all the best.

Operator: The next question is from Marmik Khandelwal from Aarth Growth Fund.

Marmik Khandelwal - Aarth Growth Fund: Thank you for the opportunity. What will be the capital expenditure for the solar capacity you mentioned?

Management: The cost is about 25 to 29 per KVA, so we expect the total cost to be about 3-3.5 crores for the solar expansion.

Marmik Khandelwal - Aarth Growth Fund: How much energy cost will it save?

Management: It should reduce our bills by over 50%. We expect 100% of our power eventually to come from solar.

Marmik Khandelwal - Aarth Growth Fund: What were the energy costs in FY25?

Management: Approximately 25-30 lakhs per month. Regarding automation, we were looking to install a laser cutting machine. While it saves labor, it is power-hungry. We decided that solar is a must before implementing that kind of automation so we don't just replace one cost with another.

Marmik Khandelwal - Aarth Growth Fund: Regarding the NCLT case, you booked a bad debt of 1.65 crores. Was this booked in FY25?

Management: Yes, it was already booked in FY25.

Marmik Khandelwal - Aarth Growth Fund: Is the labor issue resolved now?

Management: We see labor returning, and we expect the situation to normalize by the end of June.

Marmik Khandelwal - Aarth Growth Fund: What are the expected PAT margins for FY26 and FY27?

Management: They should be around 4-5% for FY26 and move above 5% for FY27.

Marmik Khandelwal - Aarth Growth Fund: Do you have further capex plans after FY27?

Management: We have open land available to build further capacity. To reach 800-1,000 crores in revenue and produce 7,000-8,000 tons a month, we will need more expansion post-FY27. This would be funded through internal accruals and equity.

Operator: The next question is from Paras Chheda from Caprize Investment Managers.

Paras Chheda - Caprize Investment Managers: Congratulations on your first investor call. Since this is our first call, could you explain the work we do at Karbonsteel in more detail? How do we differ from general PEB? Also, if we reach 1 lakh tons a year, does that make us a top 3 or top 5 player in the country?

Management: To answer your last point first, at 7,000-8,000 tons a month, you start setting the prices for these jobs. Not many people are capable of operating at the levels we do today.

Regarding the product, we say we start where PEB ends. PEB is a light industry; we deal with made-to-order custom fabrications requiring high precision because of the machinery and plant processes designed around our buildings.

For example, we delivered 4,500 tons for the bullet train span. It required about 3.5 lakh holes to match with a tolerance of less than 2 mm. That bridge was designed for 400 kilometers per hour with significant vibration precision and no support except at the ends. We have also designed blast furnaces and smelter shops for steel plants. A single kettle can handle 200-300 tons of steel. These are critical processes with load-bearing members that are very large, sometimes 7 meters wide and 100 meters long, carrying 200-300 tons.

We also handle sensitive infrastructure like metros, airports, and bridges where safety is paramount. This is very different from PEB. Regarding our client base, we started with refinery jobs for IOCL and BPCL, but now we cater to data centers and bridges. We are in a position where we have to choose our projects carefully because they are large-tonnage and involve top steel producers and engineering companies. We do not have B or C category clients.

Paras Chheda - Caprize Investment Managers: When aiming for 7,000-8,000 tons a month, do you foresee challenges in sourcing business? When will PAT margins move from 4-5% to 7-8% given the complexity of the work?

Management: Producing 3,500-4,000 tons of custom fabrication is something very few can do. We intend to replicate our model. Automation will help bring 15-20% efficiency. We see savings in labor, power, and fixed costs per ton. As we move into monthly volumes of 5,000 to 8,000 tons that others cannot deliver, there will be a premium. Our aspiration is definitely 7-8% margins going forward.

Operator: The next question is from Nishita Shanklesha from Sapphire Capital.

Nishita Shanklesha - Sapphire Capital: What was the capex amount for the 54,000-ton expansion?

Management: We have 21 crores in work-in-progress, and in the next year, we will invest another 10-15 crores in capex. The first part was for the shed and building, while the second part is for automation.

Nishita Shanklesha - Sapphire Capital: Once the capacity is commissioned, will utilization be around 75% in FY26?

Management: For FY26, we expect it to be around 80-90%. We anticipate manufacturing over 40,000 tons this year at a price of approximately 100 per kg.

Nishita Shanklesha - Sapphire Capital: You mentioned an order pipeline of 150 crores in the presentation. When do you expect to receive these orders?

Management: Around September or October. We have received approval and are waiting for confirmation. The solar plant should also be online by October or November.

Nishita Shanklesha - Sapphire Capital: Why has the PEB segment revenue contribution gone down to 0%?

Management: We are getting better projects than PEB. We prefer to play a major role where we see more traction. Also, we prefer to concentrate on production rather than erection, so PEB will remain a small part of our portfolio.

Operator: The next question is from Madhur Rathi from Counter Cyclical.

Madhur Rathi - Counter Cyclical: You mentioned your work is complicated compared to PEB, but your realizations are 100 per kg while PEB manufacturers realize 115-120. Why is your realization lower?

Management: We are only manufacturing; they are an EPC. PEB is an EPC contract with many other components. It is not an apple-to-apple comparison.

Madhur Rathi - Counter Cyclical: Will your margins increase if steel prices rise?

Management: Steel is a pass-through in most projects. We work with a price variation contract. This year, steel rose from 50-55 per kg to 65-70. Without this principle, the company would have faced losses. We do not speculate in steel.

Madhur Rathi - Counter Cyclical: What is the conversion margin you get per metric ton?

Management: Our usual play is around 30 to 45 per kg depending on the complexity of the job.

Madhur Rathi - Counter Cyclical: Out of the 34,900 tons produced this year, how much was from complex projects versus normal?

Management: Approximately 70-80% is complex work.

Operator: The next question is from Sandeep Bandari, an individual investor.

Sandeep Bhandari- Individual Investor: On the working capital side, is there a way to reduce inventory since that is where major capital is deployed?

Management: We improved from 160 days last year to 130 days in FY25. Our internal goal is 90 to 100 days. However, because we do custom fabrication, the inventory will always be slightly higher.

Sandeep Bhandari- Individual Investor: Is there a way to use bill discounting or TReDS to improve working capital?

Management: We have limits for TReDS and bill discounting of MSME invoices, a letter of credit for 80 crores, and channel financing. Since our listing, we have started taking advances from clients against bank guarantees, which helps our cash flow cycle and reduces overall interest costs.

Sandeep Bhandari- Individual Investor: What is the biggest constraint to reaching 550 crores in revenue?

Management: Building the facility is not a constraint. We do require skilled manpower from regions like MP, Jharkhand, and Bihar. The automation push is intended to mitigate this. Regarding working capital, our banking and self-accruals should handle requirements up to 500 crores.

Operator: The next question is from Pranav Pal from Prudent Equity.

Pranav Pal - Prudent Equity: In the H1 results press release, you guided for 30% growth in H2, but you experienced a slight decline. What was the reason?

Management: We exited the Khopoli facility, which reduced our overall capacity by 5,000-6,000 tons. Additionally, for labor jobs, we do not invest in material, so the revenue looks lower because material prices aren't included. A labor job might be 30 per kg while full fabrication is over 100 per kg. We had about 40 crores less revenue due to this labor work. Also, the LPG crisis in March prevented us from finishing structures that we had to complete in April and May.

Pranav Pal - Prudent Equity: What is the execution timeline for the 340 crore order book?

Management: It should be executed within this financial year. We target an order book to revenue ratio where we have at least 500 crores in orders for a 400 crore revenue target, carrying 100 crores over.

Operator: The next question is from Hiren Modi from Balkrishna Family Office.

Hiren Modi - Balkrishna Family Office: How much of the 300 crore revenue was from the bullet train project?

Management: It was nominal, as most of that was realized the year before. Only painting and dispatch were left. While our current bullet train work is complete, we are monitoring new lines for future visibility. We are RDSO approved and were one of the few workshops, alongside Salasar, Good Luck, and Zetwerk, involved in that project.

Hiren Modi - Balkrishna Family Office: Regarding data centers, how are you getting references?

Management: Project teams and inspection teams move in similar circles once projects end. Delivering successful projects leads to technical qualification for new work. We recently signed an MOU for 15,000 tons specifically for data centers.

Hiren Modi - Balkrishna Family Office: Will you monetize the Khopoli land?

Management: It was a rental land, so we simply moved our resources to Umargam.

Operator: The next question is from Gunit Singh from Counter Cyclical PMS.

Gunit Singh - Counter Cyclical PMS: Even accounting for one-time costs, EBITDA margins for H2 seem to be around 10%. Why were they not higher given the steel pass-through?

Management: In March, due to price inflation, we procured consumables and paint for April and May as well. Normalized EBITDA for H2 should have been around 14%.

Gunit Singh - Counter Cyclical PMS: What have utilization levels been in April and May?

Management: We have multiple gas sources now, so supply is not an issue. However, labor migration in March and April affected us. We expect everyone back by the end of June. First quarter utilization was around 80%.

Gunit Singh - Counter Cyclical PMS: Finance costs were 15 crores on borrowings of about 80 crores, which seems high. How should we look at this in FY26?

Management: We paid off some high-interest unsecured business loans. Most of our remaining debt is between 8% and 11%. We expect finance costs to be around 4% of turnover.

Gunit Singh - Counter Cyclical PMS: Could you explain the working capital cycle from procurement to payment?

Management: Once we receive an order, we place it with steel mills, which takes 30-45 days for delivery. We only start production once we have the full material kit. Production takes about 90 days, followed by 15-20 days for painting and dispatch. Credit terms after dispatch range from 30 to 60 days. Retention is usually 5% and is received six months to a year after project completion.

Operator: The next question is from Paras Chheda from Caprize Investment Managers.

Paras Chheda - Caprize Investment Managers: What is your long-term aspiration for the company in three to five years?

Management: Our 1,000 crore aspiration exists because major companies like Reliance still import significant fabrication from China due to the volume requirements. India lacks workshops of that magnitude. Some Chinese workshops produce 25,000 tons per month. We expect 20% of our portfolio to come from railways as new lines are announced. We want to diversify only in similar technologies. As our technical reputation grows, more clients will include us in difficult projects.

Operator: A final question from Keshav Garg from Counter Cyclical PMS.

Keshav Garg - Counter Cyclical PMS: Your CFO mentioned a working capital turnover of 2.2 times. If we add fixed assets, the total asset turnover is approximately two times. With a 5% net profit margin, is this a 10% ROE business?

Management: Our gross block is 61 crores including CWIP. On a 38 crore steady-state fixed asset base, we generate 300 crores in revenue. Most of our limits are non-fund based rather than cash credit. On a 115 crore net worth, our ROE should be in the range of 17% to 19%.

Operator: Thank you, everyone. This concludes the call.

Management: Thank you everyone.

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