

Certificate for Key performance indicators

To,

The Board of Directors,
Auto Recycling Systems Limited
14 /A33 IIIRD Floor Channa Market Wea,
Karol Bagh, Central Delhi, New Delhi, Delhi, India, 110005

And

Book Running Lead Manager
Finaax Capital Advisors Private Limited
618, East Wing, Venus Stratum, Near Jhansi Ki
Rani, Nehrunagar, Ahmedabad, Gujarat, India –
380015

Dear Sir,

Re: Proposed Initial Public Offer (IPO) of Auto Recycling Systems Limited on SME Platform of BSE Limited i.e. BSE SME (the “Stock Exchange”).

We, M/s. M Parashar & Co., Chartered Accountants, Statutory & Peer review auditor and Expert of the company, have received a request from the Company to certify calculations of the Key performance indicators.

In this regard, we, have reviewed the corporate records of the Company, including the minutes of the meetings of Board of Directors, Restated Financial Statements of the Company, comprising of the Restated Balance as on March 31, 2026, March 31, 2025 and March 31, 2024. and the Restated Profit and Loss of statements for the Financial Year ended March 31, 2026, Financial Year ended March 31, 2025 and Financial Year ended March 31, 2024. and the Restated Cash Flow Statement for the Financial Year ended March 31, 2026, Financial Year ended March 31, 2025 and Financial Year ended March 31, 2024. the Summary Statement of Significant Accounting Policies and other explanatory information (collectively, the “**Restated Financial Statements**”), prepared in accordance with the Companies Act, 2013, as amended (the “**Companies Act**”) and Accounting Standards prescribed under the Companies Act (Accounting Standards) Rules, 2006 and restated in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“**ICDR Regulations**”) and the reports issued thereon.

Accordingly, we the undersigned hereby certify that the Key performance indicators, for the purpose of inclusion in their Draft Red Herring Prospectus / Red Herring Prospectus / Prospectus in relation to the Issue or any other material in connection with the Issue (collectively, the “**Offer Documents**”), as set out in **Annexure – A**, the following information is true, correct and complete as per audited financial statements.

We have conducted our examination in accordance with the “Guidance Note on Reports in Company Prospectuses (Revised 2019)”, issued by the Institute of Chartered Accountants of India, in so far it relates to expert issuing certificates on information included in prospectus. We hereby confirm that while providing this certificate we have complied with the Code of Ethics and the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements, issued by the Institute of Chartered Accountants of India.

We confirm that the information in this certificate is true, fair and correct, and is in accordance with the requirements of the Companies Act, 2013, the SEBI ICDR Regulations and other applicable law, and there is no untrue statement or omission which would render the contents of this certificate misleading in its form or context. We confirm that the information in this certificate is adequate to enable investors to make a well-informed decision, to the extent that such information with respect to us is relevant to the prospective investor to make a well-informed decision.

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Offices: Mumbai • Jalore • Jaipur • Ahmedabad • Barmer • Jodhpur



M PARASHAR & CO.

CHARTERED ACCOUNTANTS

This certificate is for information and for inclusion (in part or full) in the Draft Red Herring Prospectus / Red Herring Prospectus / Prospectus and may be relied upon by the Company, the Book Running Lead Manager and the Legal Advisors appointed in relation to the Issue. We hereby consent to the submission of this certificate as may be necessary to Securities and Exchange Board of India ("SEBI"), the Registrar of Companies ("RoC"), the relevant stock exchange(s), any other regulatory authority and/or for the records to be maintained by the Book Running Lead Manager and in accordance with applicable law. We hereby consent to this certificate may be disclosed, if required; (i) by reason of any law, regulation or order of a court or by any governmental or competent regulatory authority, or (ii) in seeking to establish a defence in connection with, or to avoid, any actual, potential or threatened legal, arbitral or regulatory proceeding or investigation.

We confirm that we will immediately communicate any changes in writing in the above information to the Company and the Book Running Lead Manager until the date when the Equity Shares commence trading on the relevant stock exchange(s) where the Equity Shares are proposed to be listed. In the absence of any such communication from us, it can be assumed that there is no change to the above information until the Equity Shares commence trading on the relevant stock exchange(s) pursuant to the Issue.

The certificate is for the specific purpose of inclusion in the Draft Red Herring Prospectus (DRHP) / Red Herring Prospectus (RHP) / Prospectus and may not be suitable for any other purpose and shall not use for any other purpose without our prior consent.

All capitalized terms used herein and not specifically defined shall have the same meaning as ascribed to them in the Draft Red Herring Prospectus (DRHP) / Red Herring Prospectus (RHP) / Prospectus.

Yours faithfully,

M/s. M Parashar & Co.

Chartered Accountants

(Firm Registration Number: 110954C)



Amit Parashar

Partner

M. No.:430317

Udin: 26430317GKHKZE7006

Date: 23/09/2026

Place: Mumbai



Annexure – A**1. 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 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 Draft Red Herring Prospectus.

The KPIs of our Company have been disclosed in the chapter titled “*Business Overview*” and “*Management’s Discussion and Analysis of Financial Position and Results of Operations*” of the Red Herring Prospectus. We have described and defined the KPIs as applicable in “*Definitions and Abbreviations*” of the Red Herring Prospectus. Our Company confirms that it shall continue to disclose all the KPIs included in this section on a periodic basis, at 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 Issue, 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 91 SEBI ICDR Regulations.

Details of KPIs as for the period ended financial year ended March 31, 2026, financial year ended March 31, 2025, and financial year ended March 31, 2024:

(₹ in Lakhs except Percentage and Ratio)

Particulars*	Unit of Measurement	For the Year ended on March 31, 2026	For the Year ended on March 31, 2025	For the Year ended on March 31, 2024
Revenue from Operations ⁽¹⁾	In ₹	25,667.19	14,421.53	5,268.67
EBITDA ⁽²⁾	In ₹	1,604.50	885.57	139.57
EBITDA Margin ⁽³⁾	In %	6.25%	6.14%	2.65%
PAT ⁽⁴⁾	In ₹	1,122.02	637.81	28.69
PAT Margin ⁽⁵⁾	In %	4.37%	4.42%	0.54%
Return on equity ⁽⁶⁾	In %	54.94%	55.04%	3.97%
Return on capital employed ⁽⁷⁾	In %	22.17%	20.77%	4.38%
Debt-Equity Ratio ⁽⁸⁾	In Times	1.70	1.75	1.93
Current Ratio ⁽⁹⁾	In Times	1.39	1.28	1.05
Inventory Turnover Ratio ⁽¹⁰⁾	In Times	9.26	11.40	9.56

Notes:

1. Revenue from Operation means revenue from sales.
2. EBITDA is calculated as Profit Before Tax + Finance Cost + Depreciation and Amortization – Other Income.
3. EBITDA Margin is calculated as EBITDA divided by revenue from operations.
4. Profit After Tax (PAT) is calculated as Profit Before Tax – Taxes.
5. Profit after Tax (PAT) Margin is calculated as Profit after Tax divided by revenue from operations.
6. Return on Equity (ROE) is calculated as net profit after tax for the year / period divided by Average Shareholder Equity.
7. Return on Capital Employed (RoCE) is calculated as EBIT divided by capital employed, Capital Employed is defined as shareholders’ equity plus total borrowings [Current & Non – Current].
8. Debt to Equity Ratio is calculated as Total Debt divided by Adjusted Net-Worth as per Restated Financial Statements.
9. Current Ratio is calculated as Current assets divided by Current liabilities.
10. Inventory Turnover Ratio is calculated as Cost of Goods Sold divided by Average Inventories.



Set forth the description of historic use of the KPIs by our Company to analyse, track or monitor the operational and/or financial performance of our Company.

For evaluation our business, we consider that the KPIs, as presented above, as additional measures to review and assess our financial and operating performance. These KPIs have limitations as analytical tools and presentation of these KPIs should not be considered in isolation or as a substitute for the Restated Financial Information.

Further, these KPIs may differ from the similar information used by other companies, including peer companies, and hence their comparability may be limited. Although these KPIs are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that it provides an additional tool for investors to use our operating results and trends and in comparing our financial results with other companies in our industry as it provides consistency and comparability with past financial performance.

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 provides information regarding the operational efficiency of the business.
EBITDA Margin	EBITDA Margin (%) is an indicator of the operational profitability and financial performance of our business.
Profit After Tax	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.
ROE	ROE provides how efficiently our Company generates profits from average shareholders' funds.
ROCE	ROCE provides how efficiently our Company generates earnings from the capital employed in the business.
Debt Equity Ratio	Debt-to-equity (D/E) ratio is used to evaluate a company's financial leverage.
Current Ratio	It tells management how business can maximize the current assets on its balance sheet to satisfy its current debt and other payables.
Inventory Turnover Ratio	Inventory turnover ratio measures how many times a company sells and replaces its inventory over a specific period, typically a year. It reflects how efficiently inventory is managed.



Comparison of our key performance indicators with listed industry peers for the Financial Years/ periods included in the Restated Financial Information:

(₹ In Lakhs except Percentage and Ratio)

Particulars*	Unit of Measurement	Auto Recycling Systems Limited			Arfin India Limited			CMR Green Technologies Limited			Nupur Recyclers Limited			Baheti Recycling Industries Limited		
		For the Year ended on March 31, 2026	For the Year ended on March 31, 2025	For the Year ended on March 31, 2024	For the Year ended on March 31, 2026	For the Year ended on March 31, 2025	For the Year ended on March 31, 2024	For the Year ended on March 31, 2026	For the Year ended on March 31, 2025	For the Year ended on March 31, 2024	For the Year ended on March 31, 2026	For the Year ended on March 31, 2025	For the Year ended on March 31, 2024	For the Year ended on March 31, 2026	For the Year ended on March 31, 2025	For the Year ended on March 31, 2024
Revenue from Operations ⁽¹⁾	In ₹	25,667.19	14,421.53	5,268.67	62,489.58	61,575.38	53,515.59	5,07,065.00	4,59,476.10	4,28,045.71	13,575.71	13,404.08	18,081.81	72,485.97	52,430.68	42,934.49
EBITDA ⁽²⁾	In ₹	1,604.50	885.57	139.57	4,456.79	3,826.31	3,219.74	24,294.00	19,195.02	(69,394.22)	1,124.23	989.48	1,008.22	6,152.82	4,086.57	2,043.61
EBITDA Margin ⁽³⁾	In %	6.25%	6.14%	2.65%	7.13%	6.21%	6.02%	4.79%	4.17%	(16.21)%	8.28%	7.38%	5.58%	8.49%	7.80%	4.76%
PAT ⁽⁴⁾	In ₹	1,122.02	637.81	28.69	1,359.71	915.09	822.04	12,680.00	9,609.47	(56,345.47)	813.51	702.16	1,055.04	2,706.21	1,800.98	720.08
PAT Margin ⁽⁵⁾	In %	4.37%	4.42%	0.54%	2.18%	1.49%	1.54%	2.50%	2.09%	(13.00)%	5.99%	5.24%	5.83%	3.73%	3.43%	1.68%
Return on equity ⁽⁶⁾	In %	54.94%	55.04%	3.97%	8.07%	5.84%	8.53%	9.00%	7.00%	(34.00)%	6.74%	6.00%	12.00%	36.09%	35.75%	18.93%
Return on capital employed ⁽⁷⁾	In %	22.17%	20.77%	4.38%	14.97%	13.98%	14.90%	9.00%	9.00%	7.00%	6.74%	6.00%	12.00%	18.22%	19.54%	13.79%
Debt-Equity Ratio ⁽⁸⁾	In Times	1.70	1.75	1.93	0.77	0.75	1.24	0.47	0.28	0.21	NA	NA	NA	2.45	2.41	2.38
Current Ratio ⁽⁹⁾	In Times	1.39	1.28	1.05	1.64	1.73	1.38	1.42	1.73	1.72	13.20	25.28	5.38	1.28	1.31	1.30
Inventory Turnover Ratio ⁽¹⁰⁾	In Times	9.26	11.40	9.56	3.16	2.92	3.02	10.52	11.00	11.34	52.68	38.63	17.75	3.90	4.52	6.01



Notes:

1. *Revenue from Operation means revenue from sales.*
2. *EBITDA is calculated as Profit Before Tax + Finance Cost + Depreciation and Amortization – Other Income.*
3. *EBITDA Margin is calculated as EBITDA divided by revenue from operations.*
4. *Profit After Tax (PAT) is calculated as Profit Before Tax – Taxes.*
5. *Profit after Tax (PAT) Margin is calculated as Profit after Tax divided by revenue from operations.*
6. *Return on Equity (ROE) is calculated as net profit after tax for the year / period divided by Average Shareholder Equity.*
7. *Return on Capital Employed (RoCE) is calculated as EBIT divided by capital employed, Capital Employed is defined as shareholders' equity plus total borrowings [Current & Non – Current].*
8. *Debt to Equity Ratio is calculated as Total Debt divided by Adjusted Net-Worth as per Restated Financial Statements.*
9. *Current Ratio is calculated as Current assets divided by Current liabilities.*
10. *Inventory Turnover Ratio is calculated as Cost of Goods Sold divided by Average Inventories.*

