



AFFORDABLE ROBOTIC AND AUTOMATION LIMITED

(Previously Known as Affordable Robotic and Automation Pvt. Ltd)

Gat No 1209, Village Wadaki, Tal Haveli, Pune-Saswad Road, Pune 412308, Maharashtra, India.

● Email: account@arapl.co.in ● Mobile: 7720018914 ● Website : www.arapl.co.in

● CIN : L29299PN2010PLC135298

Date: December 05, 2023

To,
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort
Mumbai - 400001.

Script: 541402

Subject: Intimation on the Outcome of the meeting of the Rights Issue Committee under Regulations 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015

Dear Sir/Madam,

With reference to our letter dated October 06, 2023 filed in relation to the proposed rights issue of the Company (the "**Issue**"), we wish to inform you that the Rights Issue Committee of the Board of Directors, based on the recommendation of the Audit Committee, at its meeting held on December 4, 2023 has considered and approved the restated financial statements as on and for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021 along with the examination record dated November 30, 2023 issued by M/s. Vijay Moondra and Co., Chartered Accountants, the statutory auditor of our Company, each prepared in accordance with applicable accounting standard in India, as restated in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.

Further, the Rights Issue Committee of the Board of Directors, at its meeting held on December 4, 2023 has approved the Draft Letter of Offer dated December 4, 2023 (the "**Draft Letter of Offer**") in relation to the Issue for the purpose of filing with BSE Limited (the "**Stock Exchange**"). The Draft Letter of Offer has been filed with the Stock Exchange for issuing of observations thereon and for seeking their in-principle approval for the proposed Issue and listing of Equity Shares, issued pursuant to the same.

We further wish to inform to you that the Board of Directors in their meeting held on October 6, 2023 had approved the issuance of Equity Shares on rights basis for an amount not exceeding ₹ 5,000 lakhs. In furtherance of the above, the Rights Issue Committee in its meeting held on December 4, 2023 has fixed the issue size of up to ₹ 4,800 lakhs for the proposed rights issue and for disclosure in the Offer Documents.

In addition to the above, the Rights Issue Committee has also approved, adopted and taken on record the (i) materiality threshold for identification of 'material' outstanding dues to creditors; and (ii) the working capital estimations of the Company and its Material Subsidiary, ARAPL RaaS Private Limited, as disclosed in the Draft Letter of Offer.

A copy of the Draft Letter of Offer, as filed with the Stock Exchange is attached herewith for your records.

This is for your information and records.

Thanking you,

For Affordable Robotic & Automation Limited

Milind Manohar Padole
Managing Director
DIN: 02140324



AFFORDABLE ROBOTIC & AUTOMATION LIMITED

Our Company was incorporated on January 12, 2010 as 'Affordable Robotic & Automation Private Limited', a private limited company under the Companies Act, 1956, pursuant to a certificate of incorporation dated January 12, 2010 issued by the Registrar of Companies, Maharashtra at Pune. Further, our Company was converted into a public limited company pursuant to a resolution passed by the Shareholders at an EGM held on January 24, 2018 and consequently the name of our Company was changed to 'Affordable Robotic & Automation Limited' and a fresh certificate of incorporation dated February 2, 2018 was issued by the Registrar of Companies, Pune, Maharashtra. For details of the changes made to the Registered Office of our Company, please refer to the chapter titled "General Information" on page 52 of this Draft Letter of Offer.

Registered Office: Village Wadki, Gat No.1209, Taluka Haveli, Dist. Pune – 412 308, Maharashtra, India;

Tel: +91 772 001 8914; **Facsimile:** N.A.

E-mail: info@arapl.co.in ; **Website:** www.arapl.co.in;

Contact Person: Ruchika Jitendrakumar Shinde, Company Secretary and Compliance Officer;

Corporate Identification Number: L29299PN2010PLC135298

OUR PROMOTER- MILIND MANOHAR PADOLE AND MANOHAR PANDURANG PADOLE

FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF THE COMPANY ONLY

WE HEREBY CONFIRM THAT NEITHER OUR COMPANY NOR OUR PROMOTERS OR ANY OF OUR DIRECTORS ARE IDENTIFIED AS WILFUL DEFAULTER OR A FRAUDULENT BORROWER AS ON DATE OF THIS DRAFT LETTER OF OFFER

ISSUE OF UPTO [●] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("RIGHTS EQUITY SHARES") OF OUR COMPANY FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) (THE "ISSUE PRICE"), AGGREGATING UPTO ₹ 4,800 LAKHS ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF [●] RIGHTS EQUITY SHARE(S) FOR EVERY [●] FULLY PAID-UP EQUITY SHARE(S) HELD BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [●] (THE "ISSUE"). THE ISSUE PRICE FOR THE RIGHTS EQUITY SHARES IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, PLEASE REFER TO THE CHAPTER TITLED "TERMS OF THE ISSUE" ON PAGE 177 OF THIS DRAFT LETTER OF OFFER.

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk with such investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors shall rely on their own examination of our Company and the Issue including the risks involved. The Equity Shares have not been recommended or approved by the Securities and Exchange Board of India ("SEBI") nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of the investors is invited to the section titled "Risk Factors" on page 22 of this Draft Letter of Offer.

OUR COMPANY'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Letter of Offer contains all information with regard to our Company and this Issue, which is material in the context of this Issue, that the information contained in this Draft Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Letter of Offer as a whole or any of such information or the expression of any such opinions or intentions, misleading in any material respect.

LISTING

The existing Equity Shares are listed on SME Platform of BSE Limited ("BSE SME") (the "Stock Exchange"). Our Company has received 'in-principle' approvals from BSE for listing the Rights Equity Shares to be allotted pursuant to this Issue *vide* its letter dated [●]. For the purpose of this Issue, the Designated Stock Exchange is BSE.

LEAD MANAGERS TO THE ISSUE

REGISTRAR TO THE ISSUE



SAFFRON CAPITAL ADVISORS PRIVATE LIMITED
605, Center Point, 6th floor, Andheri Kurla Road, J. B. Nagar, Andheri (East), Mumbai - 400 059, Maharashtra, India.
Telephone: +91 22 49730394
Facsimile: NA
E-mail: rights.issue@saffronadviser.com
Website: www.saffronadviser.com
Investor grievance: investorgrievance@saffronadviser.com
Contact Person: Vipin Gupta/ Saurabh Gaikwad
SEBI Registration Number: INM 000011211
Validity of Registration: Permanent

PHILLIPCAPITAL INDIA PRIVATE LIMITED
18th Floor, Urmi Estate, Ganpatrao Kadam Marg, Opposite Peninsula Business Park, Lower Parel West, Mumbai – 400 013, Maharashtra, India.
Telephone: +91 22 2483 1919
Facsimile: NA
E-mail: kavora@phillipcapital.in
Website: www.phillipcapital.in
Investor grievance: mbcustomeraffairs@phillipcapital.in
Contact Person: Kavita Vora
SEBI Registration Number: INM000012458
Validity of Registration: Permanent

CAMEO CORPORATE SERVICES LIMITED
Subramanian Building, No. 01, Club House Road, Chennai- 600 002, Tamil Nadu, India.
Telephone: +91 44 4002 0700/ 2846 0390
Facsimile: N.A.
Email: rights@cameoindia.com
Website: www.cameoindia.com
Investor grievance e-mail: <https://wisdom.cameoindia.com>
Contact Person: K. Sreepriya
SEBI Registration No.: INR000003753
Validity of Registration: Permanent

ISSUE PROGRAMME

| ISSUE OPENS ON | LAST DATE FOR ON MARKET RENUNCIATION* | ISSUE CLOSES ON** |
|----------------|---------------------------------------|-------------------|
| [●] | [●] | [●] |

* Eligible Equity Shareholders are requested to ensure that renunciation through off market transfer is completed in such a manner that the Rights Entitlements are credited to the demat accounts of the Renounees on or prior to the Issue Closing Date.

** Our Board or the Rights Issue Committee will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Letter of Offer uses certain definitions and abbreviations set forth below, which you should consider when reading the information contained herein. The following list of certain capitalized terms used in this Draft Letter of Offer is intended for the convenience of the reader/prospective investor only and is not exhaustive.

Unless otherwise specified, the capitalized terms used in this Draft Letter of Offer shall have the meaning as defined hereunder. References to any legislations, acts, regulation, rules, guidelines, circulars, notifications, policies or clarifications shall be deemed to include all amendments, supplements or re-enactments and modifications thereto notified from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under such provision.

Provided that terms used in the sections/ chapters titled “Industry Overview”, “Summary of this Draft Letter of Offer”, “Financial Information”, “Statement of Special Tax Benefits”, “Outstanding Litigation and Material Developments” and “Issue Related Information” on pages 69, 19, 108, 66, 162 and 177, respectively, shall, unless indicated otherwise, have the meanings ascribed to such terms in the respective sections/ chapters.

Company Related Terms

| Term | Description |
|-----------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Company”, “our Company”, “the Company”, “the Issuer” or “ARAL” | Affordable Robotic & Automation Limited, a public limited company incorporated under the Companies Act, 1956, having its registered office at Village Wadki, Gat No.1209, Taluka Haveli, Pune – 412 308, Maharashtra, India. |
| “we”, “us”, or “our” | Unless the context otherwise indicates or implies, refers to our Company. |

| Term | Description |
|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Annual Consolidated Audited Financial Statements/ Annual Audited Financial Statements | The audited consolidated financial statements of our Company and our Subsidiaries prepared as per Ind GAAP for Fiscal 2023, Fiscal 2022 and Fiscal 2021, prepared in line with Ind GAAP notified under the Companies Act, 2013, as amended. |
| Articles / Articles of Association / AoA | Articles / Articles of Association of our Company, as amended from time to time. |
| Audit Committee | The committee of the Board of Directors constituted as our Company’s audit committee in accordance with Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“ SEBI Listing Regulations ”) and Section 177 of the Companies Act, 2013. |
| Auditor / Statutory Auditor/ Peer Review Auditor | Statutory and peer review auditor of our Company, namely, M/s. Vijay Moondra and Co., Chartered Accountants. |
| Board / Board of Directors | Board of directors of our Company or a duly constituted committee thereof. |
| Chief Financial Officer / CFO | Sengunthar Dakshnamurthy Kalidass, the Chief Financial Officer of our Company. |
| Company Secretary and Compliance Officer | Ruchika Jitendrakumar Shinde, the Company Secretary and the Compliance Officer of our Company. |
| Corporate Social Responsibility Committee/ CSR Committee | The committee of the Board of directors constituted as our Company’s corporate social responsibility committee in accordance with Section 135 of the Companies Act, 2013. |
| Director(s) | The director(s) on the Board of our Company, unless otherwise specified. |
| Equity Shareholder | A holder of Equity Shares |
| Equity Shares | Fully paid-up Equity shares of our Company of face value of ₹ 10 each. |
| Executive Directors | Executive Directors of our Company. |

| Term | Description |
|---------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Financial Information | Collectively the Annual Audited Financial Statements and Limited Reviewed Financial Information, unless otherwise specified in context thereof. |
| Independent Director(s) | The Independent Director(s) of our Company, in terms of Section 2(47) and Section 149(6) of the Companies Act, 2013. |
| Key Management Personnel / KMP | Key Management Personnel of our Company in terms of the Companies Act, 2013 and the SEBI ICDR Regulations as described in the subsection titled “ <i>Our Management and Organizational Structure – Key Managerial Personnel</i> ” on page 104 of this Draft Letter of Offer. |
| Limited Reviewed Financial Information or Limited Reviewed Financial Statements | The limited reviewed unaudited consolidated financial statements for the six-month period ended September 30, 2023, prepared in accordance with the recognition and measurement principles laid down the Companies Act, 2013, and other accounting principles generally accepted in India. For details, see “ <i>Financial Information</i> ” on page 108 of this Draft Letter of Offer. |
| Materiality Policy | Policy on determination of materiality of events adopted by our Company in accordance with Regulation 30 of the SEBI Listing Regulations. |
| Memorandum of Association / MoA | Memorandum of Association of our Company, as amended from time to time. |
| Nomination and Remuneration Committee | The committee of the Board of directors reconstituted as our Company’s Nomination and Remuneration Committee in accordance with Regulation 19 of the SEBI Listing Regulations and Section 178 of the Companies Act, 2013. |
| Non-Executive and Independent Director | Non-Executive and Independent Directors of our Company, unless otherwise specified. |
| Non-executive Directors | Non-executive Directors of our Company. |
| Promoter Group | Individuals and entities forming part of the promoter and promoter group in accordance with SEBI ICDR Regulations. As on date of this Draft letter of Offer, except for our Promoters, none of the members of our Promoter Group, hold Equity Shares in our Company. |
| Promoter(s) | Milind Manohar Padole and Manohar Pandurang Padole. |
| Registered Office | The Registered Office of our Company located at Village Wadki, Gat No.1209, Taluka Haveli, Pune – 412 308, Maharashtra, India. |
| Registrar of Companies/ RoC | Registrar of Companies, Pune, Maharashtra having its office at PCNTDA Green Building, BLOCK A, 1 st & 2 nd Floor, Near Akurdi Railway Station, Akurdi, Pune– 411 044, Maharashtra, India. |
| Restated Financial Statements/ Restated Financial Information | Restated Consolidated Financial Information of our Company, and its Subsidiaries, which comprises of the Restated Consolidated Statement of Assets and Liabilities as at March 31, 2023, 2022 and 2021, the Restated Consolidated Statements of Profit and Loss (including other comprehensive income), Restated Consolidated Statement of changes in equity and the Restated Consolidated Statement of Cash flows for the years ended March 31, 2023, 2022 and 2021, and the Summary of Significant Accounting Policies and other explanatory information prepared in terms of the requirements of (i) Section 26 of Part 1 of Chapter III of the Companies Act, 2013; (ii) the SEBI ICDR Regulations; and (iii) the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India, as amended from time to time. For details, see “ <i>Financial Information</i> ” on page 108 of this Draft Letter of Offer. |
| Rights Issue Committee | The committee of our Board constituted for purposes of the Issue and incidental matters thereof. |
| Senior Management | Senior management of our Company determined in accordance with Regulation 2(1)(bbbb) of the SEBI ICDR Regulations. For details, see “ <i>Our Management</i> ” on page 93 of this Draft Letter of Offer. |
| Shareholders/ Equity Shareholders | The Equity Shareholders of our Company, from time to time. |
| Stakeholders’ Relationship Committee | The committee of the Board of Directors constituted as our Company’s Stakeholders’ Relationship Committee in accordance with Regulation 20 of the SEBI Listing Regulations. |
| Subsidiaries | The Subsidiaries of our Company, namely, ARAPL Intelligent Equipment Shanghai Co. Ltd, ARAPL North America LLC, Masterji.AI Private Limited, |

| Term | Description |
|------|---------------------------------------------------------------------------------------------------------------------------|
| | ARAPL RaaS US Inc. and ARAPL RaaS Private Limited. The step-down subsidiary of our Company, ARAPL RaaS International LLC. |

Issue Related Terms

| Term | Description |
|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2009 ASBA Circular | The SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009 |
| 2011 ASBA Circular | The SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011 |
| “Abridged Letter of Offer” or “ALOF” | Abridged letter of offer to be sent to the Eligible Equity Shareholders with respect to the Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act. |
| “Allot” or “Allotment” or “Allotted” | Allotment of Rights Equity Shares pursuant to the Issue. |
| Allotment Account | The account opened with the Banker(s) to the Issue, into which the Application Money lying to the credit of the escrow account(s) and amounts blocked by Application Supported by Blocked Amount in the ASBA Account, with respect to successful Applicants will be transferred on the Transfer Date in accordance with Section 40(3) of the Companies Act. |
| Allotment Advice | Note, advice or intimation of Allotment sent to each successful Applicant who has been or is to be Allotted the Rights Equity Shares pursuant to the Issue. |
| Allotment Date | Date on which the Allotment is made pursuant to the Issue. |
| Allottee(s) | Person(s) to whom the Rights Equity Shares are Allotted pursuant to the Issue. |
| Applicant(s) / Investor(s) | Eligible Equity Shareholder(s) and/or Renouncee(s) who make an application for the Rights Equity Shares pursuant to the Issue in terms of this Draft Letter of Offer, including an ASBA Investor. |
| Application | Application made through submission of the Application Form or plain paper Application to the Designated Branch of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process, to subscribe to the Rights Equity Shares at the Issue Price. |
| Application Form | Unless the context otherwise requires, an application form (including online application form available for submission of application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process) used by an Applicant to make an application for the Allotment of Rights Equity Shares in this Issue. |
| Application Money | Aggregate amount payable in respect of the Rights Equity Shares applied for in the Issue at the Issue Price. |
| Application Supported by Blocked Amount/ASBA | Application (whether physical or electronic) used by ASBA Applicants to make an Application authorizing the SCSB to block the Application Money in the ASBA Account |
| ASBA Account | Account maintained with SCSB and specified in the Application Form or plain paper application, as the case may be, for blocking the amount mentioned in the Application Form or the plain paper application, in case of Eligible Equity Shareholders, as the case may be. |
| ASBA Applicant / ASBA Investor | As per the SEBI Master Circular, all investors (including renouncee) shall make an application for a rights issue only through ASBA facility. |
| ASBA Bid | A Bid made by an ASBA Bidder including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations. |
| Banker(s) to the Issue | Collectively, the Escrow Collection Bank and the Refund Banks to the Issue. |
| Bankers to the Issue Agreement | Agreement to be entered into by and among our Company, the Registrar to the Issue, the Lead Managers and the Bankers to the Issue for collection of the Application Money from Applicants/Investors, transfer of funds to the Allotment Account and where applicable, refunds of the amounts collected from Applicants/Investors, on the terms and conditions thereof. |
| Basis of Allotment | The basis on which the Rights Equity Shares will be Allotted to successful applicants in the Issue and which is described in “ <i>Terms of the Issue</i> ” on page 177 of this Draft Letter of Offer. |

| Term | Description |
|---------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Consolidated Certificate | The certificate that would be issued for Rights Equity Shares Allotted to each folio in case of Eligible Equity Shareholders who hold Equity Shares in physical form. |
| “Controlling Branches” “Controlling Branches of the SCSBs” | Such branches of SCSBs which coordinate Bids under the Issue with the Lead Managers, the Registrar to the Issue and the Stock Exchange, a list of which is available on the website of SEBI at http://www.sebi.gov.in . |
| Demographic Details | Details of Investors including the Investor’s address, name of the Investor’s father/husband, investor status, occupation and bank account details, where applicable. |
| Designated SCSB Branches | Such branches of the SCSBs which shall collect the ASBA Forms submitted by ASBA Bidders, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&in tmId=35 , updated from time to time, or at such other website as may be prescribed by SEBI from time to time. |
| Designated Stock Exchange | BSE Limited |
| Depository(ies) | NSDL and CDSL or any other depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 as amended from time to time read with the Depositories Act, 1996. |
| “Draft Letter of Offer” “DLoF”, “DLOF” | This draft letter of offer dated December 4, 2023 filed with the Stock Exchange for its observations and in-principal listing approval. |
| Eligible Equity Shareholders | Existing Equity Shareholders as on the Record Date. Please note that the investors eligible to participate in the Issue exclude certain overseas shareholders. For further details, see “Notice to Investors” on page 12. |
| Escrow Account | One or more no-lien and non-interest-bearing accounts with the Escrow Collection Bank(s) for the purposes of collecting the Application Money from resident investors– eligible equity shareholders as on record date making an Application through the ASBA facility. |
| Escrow Collection Bank | Banks which are clearing members and registered with SEBI as bankers to an issue and with whom Escrow Account(s) will be opened, in this case being [●]. |
| “Issue” or “Rights Issue” | Issue of up to [●] Equity Shares of face value of ₹ 10 each of our Company for cash at a price of ₹ [●] per Rights Equity Share (including a premium of ₹ [●] per Rights Equity Share) aggregating up to ₹ 4,800 lakhs on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of [●] Rights Equity Shares for every [●] Equity Shares held by the Eligible Equity Shareholders of our Company on the Record Date i.e. [●]. |
| Issue Agreement | Issue Agreement dated December 01, 2023 between our Company and the Lead Managers, pursuant to which certain arrangements are agreed to in relation to the Issue. |
| Issue Closing Date | [●] |
| Issue Material | Collectively, the Abridged Letter of Offer, the Common Application Form and Rights Entitlement Letter, and any other material relating to the Issue. |
| Issue Opening Date | [●] |
| Issue Period | The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants/Investors can submit their Applications, in accordance with the SEBI ICDR Regulations. |
| Issue Price | ₹ [●] per Rights Equity Share |
| Issue Proceeds | The Gross proceeds raised through the Issue. |
| Issue Size | Amount aggregating up to ₹ 4,800 lakhs |
| Lead Managers | Saffron Capital Advisors Private Limited and Phillip Capital India Private Limited |
| “Letter of Offer” or “LOF” | The final letter of offer to be filed with the Stock Exchange and SEBI for record purposes. |
| Multiple Application Forms | More than one Application form submitted by an Eligible Equity Shareholder/ Renouncee in respect of the same Rights Entitlement available in their demat account. However additional applications in relation to additional Rights Equity Shares with/without using additional Rights Entitlements will not be treated as multiple application |

| Term | Description |
|-------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Net Proceeds | Proceeds of the Issue less our Company's share of Issue related expenses. For further information about the Issue related expenses, see " <i>Objects of the Issue</i> " on page 60 of this Draft Letter of Offer. |
| "Non-ASBA Investor" or "Non-ASBA Applicant" | Investors other than ASBA Investors who apply in the Issue otherwise than through the ASBA process comprising Eligible Equity Shareholders holding Equity Shares in physical form or who intend to renounce their Rights Entitlement in part or full and Renouncees. |
| "Non-Institutional Bidders" or "NIIs" | An Investor other than a Retail Individual Investor or Qualified Institutional Buyer as defined under Regulation 2(1)(jj) of the SEBI ICDR Regulations. |
| Off Market Renunciation | The renunciation of Rights Entitlements undertaken by the Investor by transferring them through off market transfer through a depository participant in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Depositories, from time to time, and other applicable laws. |
| On Market Renunciation | The renunciation of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchange through a registered stock broker in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Stock Exchange, from time to time, and other applicable laws, on or before [●]. |
| QIBs or Qualified Institutional Buyers | Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations. |
| Record Date | Designated date for the purpose of determining the Equity Shareholders eligible to apply for Rights Equity Shares, to be decided prior to filing of the Letter of Offer, being [●]. |
| Refund Bank(s) | The Banker(s) to the Issue with whom the Refund Account(s) will be opened, in this case being [●]. |
| "Registrar to the Company" | Link Intime India Private Limited |
| "Registrar to the Issue" or "Registrar" | Cameo Corporate Services Limited |
| Registrar Agreement | Agreement dated December 01, 2023 entered into among our Company and the Registrar in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue. |
| Renouncee(s) | Any person(s) who has/have acquired the Rights Entitlement from the Eligible Equity Shareholders on renunciation in accordance with the SEBI Master Circular. |
| Renunciation Period | The period during which the Investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date. Such period shall close on [●], [●] in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date. |
| "Retail Individual Bidders(s)" or "Retail Individual Investor(s)" or "RII(s)" or "RIB(s)" | An individual Investor (including an HUF applying through Karta) who has applied for Rights Equity Shares and whose Application Money is not more than ₹ 2,00,000 in the Issue as defined under Regulation 2(1)(vv) of the SEBI ICDR Regulations. |
| RE ISIN | ISIN for Rights Entitlement i.e., [●] |
| Rights Entitlement | <p>The number of Rights Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by the Eligible Equity Shareholder on the Record Date, being [●] Rights Equity Shares for [●] Equity Shares held on [●], [●].</p> <p>The Rights Entitlements with a separate ISIN: [●] will be credited to your demat account before the date of opening of the Issue, against the equity shares held by the Equity Shareholders as on the record date.</p> |
| Rights Entitlement Letter | Letter including details of Rights Entitlements of the Eligible Equity Shareholders. |
| Rights Equity Shares | Equity Shares of our Company to be Allotted pursuant to this Issue. |
| SEBI Master Circular | Master circular dated June 21, 2023 issued by the Securities and Exchange Board of India in order to enable the stakeholders to have access to all circulars/directions issued under the relevant provisions of the SEBI ICDR Regulations, 2018 at one |

| Term | Description |
|-----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | place. The SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 has been rescinded pursuant to the SEBI Master Circular. |
| Self-Certified Syndicate Banks” or “SCSBs | The banks registered with SEBI, offering services (i) in relation to ASBA (other than through UPI mechanism), a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 or https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 , as applicable, or such other website as updated from time to time, and (ii) in relation to ASBA (through UPI mechanism), a list of which is available on the website of SEBI at https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as updated from time to time |
| Stock Exchange | Stock Exchange where the Equity Shares are presently listed, being SME Platform of BSE Limited. |
| Transfer Date | The date on which the amount held in the escrow account(s) and the amount blocked in the ASBA Account will be transferred to the Allotment Account, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange. |
| Wilful Defaulter(s) or Fraudulent Borrower(s) | Company or person, as the case may be, categorized as a wilful defaulter(s) or fraudulent borrower(s) by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by RBI and in terms of Regulation 2(1)(III) of the SEBI ICDR Regulations. |
| Working Day | All days other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business; provided however, with reference to (a) announcement of Price Band; and (b) Bid/Issue Period, Term Description the term Working Day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; and (c) the time period between the Bid/Issue Closing Date and the listing of the Equity Shares on the Stock Exchange. “Working Day” shall mean all trading days of the Stock Exchange, excluding Sundays and bank holidays, as per the circulars issued by SEBI. |

Business and Industry related Terms or Abbreviations

| Term | Description |
|----------|------------------------------------------------------|
| 3D | Three Dimensional |
| 3PL | Third-party logistics |
| AGV | Automatic Guided Vehicle |
| AI | Artificial intelligence |
| AMC | Annual Maintenance Contracts |
| AMH | Automated material handling |
| B2B | business-to-business |
| B2C | business-to-consumer |
| CAD | Current account deficit |
| CAGR | Compounded Annual Growth Rate |
| CMM | Coordinate Measuring Machine |
| COVID-19 | Coronavirus Disease 2019 |
| CPI | Consumer Price Index |
| ECE | Earthmoving and construction equipment |
| EEPC | Engineering Export Promotion Council of India |
| FDI | Foreign Direct Investment |
| FICCI | Federation of Indian Chambers of Commerce & Industry |
| FMCG | Fast-moving consumer goods |
| FPI | Foreign Portfolio Investment |
| GDP | Gross Domestic Product |

| Term | Description |
|-------------|---------------------------------|
| GII | Global Innovation Index |
| HFI | High-Frequency Indicators |
| IIP | Index of Industrial Production |
| IMF | International Monetary Fund |
| INR | Indian Rupee (₹) |
| IT | Information Technology |
| KVA | Kilo-volt-amperes |
| KW | kilowatt |
| MHI | Ministry of Heavy Industries |
| MSF | Marginal Standing Facility |
| OEM | Original equipment manufacturer |
| PMAY | Pradhan Mantri Awas Yojana |
| PMI | Purchasing Manager's Index |
| REIT | Real Estate Investment Trust |
| SEZ | Special Economic Zone |
| SPM | Special Purpose Machine |
| USA/US | United States of America |
| USD/ US\$ | US Dollar |
| YoY | year-over-year |

Conventional and General Terms or Abbreviations

| Term | Description |
|-------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| A/c | Account |
| AGM | Annual General Meeting |
| AIF | Alternative Investment Fund, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 |
| AS | Accounting Standards issued by the Institute of Chartered Accountants of India |
| BSE | BSE Limited / SME Platform of BSE Limited |
| CAGR | Compounded Annual Growth Rate |
| CDSL | Central Depository Services (India) Limited |
| CFO | Chief Financial Officer |
| CIBIL | Credit Information Bureau (India) Limited |
| CIN | Corporate Identification Number |
| CIT | Commissioner of Income Tax |
| CLRA | Contract Labour (Regulation and Abolition) Act, 1970 |
| Companies Act, 2013 / Companies Act | Companies Act, 2013 along with rules made thereunder |
| Companies Act 1956 | Companies Act, 1956, and the rules thereunder (without reference to the provisions thereof that have ceased to have effect upon the notification of the Notified Sections) |
| CSR | Corporate Social Responsibility |
| Depository(ies) | A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 |
| Depositories Act | The Depositories Act, 1996 |
| DIN | Director Identification Number |
| DP ID | Depository Participant's Identification Number |
| EBITDA | Earnings before Interest, Tax, Depreciation and Amortisation |
| EGM | Extraordinary General Meeting |
| EPF Act | Employees' Provident Fund and Miscellaneous Provisions Act, 1952 |
| EPS | Earnings per share |
| ESI Act | Employees' State Insurance Act, 1948 |
| FCNR Account | Foreign Currency Non Resident (Bank) account established in accordance with the FEMA |
| FEMA | The Foreign Exchange Management Act, 1999 read with rules and regulations thereunder |

| Term | Description |
|-----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| FEMA Regulations | The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 |
| Financial Year/Fiscal | The period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year |
| FPIs | A foreign portfolio investor who has been registered pursuant to the SEBI FPI Regulations, provided that any FII who holds a valid certificate of registration shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 2019 |
| FVCI | Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI |
| GDP | Gross Domestic Product |
| GoI / Government | The Government of India |
| GST | Goods and Services Tax |
| HUF(s) | Hindu Undivided Family(ies) |
| ICAI | Institute of Chartered Accountants of India |
| ICSI | The Institute of Company Secretaries of India |
| IFRS | International Financial Reporting Standards |
| IFSC | Indian Financial System Code |
| Income Tax Act / IT Act | Income Tax Act, 1961 |
| Ind AS | The Indian Accounting Standards referred to in the Companies (Indian Accounting Standard) Rules, 2015, as amended |
| Indian GAAP/ Ind GAAP | Generally Accepted Accounting Principles in India |
| Insider Trading Regulations | Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time |
| Insolvency Code | Insolvency and Bankruptcy Code, 2016, as amended from time to time |
| INR or ₹ or Rs. | Indian Rupee, the official currency of the Republic of India. |
| ISIN | International Securities Identification Number |
| IT | Information Technology |
| MCA | The Ministry of Corporate Affairs, GoI |
| Mn / mn | Million |
| Mutual Funds | Mutual funds registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 |
| N.A. or NA | Not Applicable |
| NAV | Net Asset Value |
| Notified Sections | The sections of the Companies Act, 2013 that have been notified by the MCA and are currently in effect. |
| NSDL | National Securities Depository Limited |
| OCB | A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Issue. |
| p.a. | Per annum |
| P/E Ratio | Price/Earnings Ratio |
| PAN | Permanent Account Number |
| PAT | Profit After Tax |
| Payment of Bonus Act | Payment of Bonus Act, 1965 |
| Payment of Gratuity Act | Payment of Gratuity Act, 1972 |
| RBI | The Reserve Bank of India |
| RBI Act | Reserve Bank of India Act, 1934 |
| SCRA | Securities Contract (Regulation) Act, 1956 |
| SCRR | The Securities Contracts (Regulation) Rules, 1957 |

| Term | Description |
|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SEBI | The Securities and Exchange Board of India constituted under the SEBI Act, as amended |
| SEBI Act | The Securities and Exchange Board of India Act, 1992, as amended |
| SEBI AIF Regulations | Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012, as amended |
| SEBI FPI Regulations | Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended. |
| SEBI ICDR Regulations | The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended |
| SEBI Listing Regulations | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended |
| SEBI Takeover Regulations | The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended |
| SEBI VCF Regulations | Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, since repealed and replaced by the SEBI (AIF) Regulations |
| Securities Act | The United States Securities Act of 1933. |
| STT | Securities Transaction Tax |
| State Government | The Government of a state in India |
| Trademarks Act | Trademarks Act, 1999, as amended |
| TDS | Tax Deducted at Source |
| US\$/ USD/ US Dollar | United States Dollar, the official currency of the United States of America |
| USA/ U.S./ US | United States of America, its territories and possessions, any state of the United States of America and the District of Columbia |
| U.S. GAAP | Generally Accepted Accounting Principles in the United States of America |
| VAT | Value Added Tax |
| VCFs | Venture Capital Funds as defined in and registered with the SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as the case may be |
| w.e.f. | With effect from |
| Year/Calendar Year | Unless context otherwise requires, shall refer to the twelve-month period ending December 31 |

NOTICE TO INVESTORS

The distribution of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, Application Form and Rights Entitlement Letter (collectively **“Issue Material”**) and the issue of Rights Entitlement and Rights Equity Shares to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer, the Abridged Letter of Offer or Application Form may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will electronically dispatch through email or physical dispatch through registered post/speed post the Letter of Offer / Abridged Letter of Offer and Application Form and Rights Entitlement Letter only to Eligible Equity Shareholders who have a registered address in India or who have provided an Indian address to our Company. Further, the Letter of Offer will be provided, through email or physical dispatch through registered post/ speed post, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and in each case who make a request in this regard. Investors can also access the Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of the Registrar, our Company, the Lead Managers, the Stock Exchange.

In case the Eligible Equity Shareholders have provided their valid e-mail address registered with the depositories/ Company, the Issue Materials will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them. Our Company, the Lead Managers, and the Registrar will not be liable for non-dispatch of physical copies of Issue Materials. In case such Eligible Equity Shareholders have provided their valid e-mail address, this Letter of Offer will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then this Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose. Accordingly, the Rights Entitlements or Rights Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer or any offering materials or advertisements in connection with the Issue may not be distributed, in whole or in part, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer, the Letter of Offer or the Abridged Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Draft Letter of Offer, the Letter of Offer and the Abridged Letter of Offer must be treated as sent for information purposes only and should not be acted upon for subscription to the Rights Equity Shares and should not be copied or redistributed. Accordingly, persons receiving a copy of this Draft Letter of Offer, the Letter of Offer or the Abridged Letter of Offer or Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Draft Letter of Offer, the Letter of Offer or the Abridged Letter of Offer to any person outside India where to do so, would or might contravene local securities laws or regulations. If this Draft Letter of Offer, the Letter of Offer or the Abridged Letter of Offer or Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer or the Application Form.

Any person who makes an application to acquire the Rights Entitlements or the Rights Equity Shares offered in the Issue will be deemed to have declared, represented, warranted and agreed that such person is authorised to acquire the Rights Entitlements or the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction. Our Company, the Registrar, the Lead Managers or any other person acting on behalf of our Company reserves the right to treat any Application Form as invalid where they believe that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements and we shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such Application Form. Neither the delivery of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, Application Form and Rights Entitlement Letter nor any sale hereunder, shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Draft Letter of Offer, the Letter of Offer and the Abridged Letter of Offer and the Application Form and Rights Entitlement Letter or the date of such information.

THE CONTENTS OF THIS DRAFT LETTER OF OFFER SHOULD NOT BE CONSTRUED AS BUSINESS, LEGAL, TAX OR INVESTMENT ADVICE. PROSPECTIVE INVESTORS MAY BE SUBJECT TO ADVERSE FOREIGN, STATE OR LOCAL TAX OR LEGAL CONSEQUENCES AS A RESULT OF THE OFFER RIGHTS OF EQUITY SHARES OR RIGHTS ENTITLEMENTS. ACCORDINGLY, EACH INVESTOR SHOULD CONSULT ITS OWN COUNSEL, BUSINESS ADVISOR AND TAX ADVISOR AS TO THE LEGAL, BUSINESS, TAX AND RELATED MATTERS CONCERNING THE OFFER OF EQUITY SHARES. IN ADDITION, NEITHER OUR COMPANY NOR THE LEAD MANAGERS IS MAKING ANY REPRESENTATION TO ANY OFFEREE OR PURCHASER OF THE EQUITY SHARES REGARDING THE LEGALITY OF AN INVESTMENT IN THE EQUITY SHARES BY SUCH OFFEREE OR PURCHASER UNDER ANY APPLICABLE LAWS OR REGULATIONS.

NO OFFER IN THE UNITED STATES

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States of America or the territories or possessions thereof (“**United States**”), except in a transaction not subject to, or exempt from, the registration requirements of the Securities Act and applicable state securities laws. The offering to which this Draft Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States or as a solicitation therein of an offer to buy any of the Rights Equity Shares or Rights Entitlement. There is no intention to register any portion of the Issue or any of the securities described herein in the United States or to conduct a public offering of securities in the United States. Accordingly, this Draft Letter of Offer/ Letter of Offer / Abridged Letter of Offer and the enclosed Application Form and Rights Entitlement Letters should not be forwarded to or transmitted in or into the United States at any time. In addition, until the expiry of 40 days after the commencement of the Issue, an offer or sale of Rights Entitlements or Rights Equity Shares within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act.

Neither our Company nor any person acting on our behalf will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on our behalf has reason to believe is in the United States when the buy order is made. Envelopes containing an Application Form and Rights Entitlement Letter should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Rights Equity Shares Issue and wishing to hold such Equity Shares in registered form must provide an address for registration of these Equity Shares in India. Our Company is making the Issue on a rights basis to Eligible Equity Shareholders and the Draft Letter of Offer/ Letter of Offer / Abridged Letter of Offer and Application Form and Rights Entitlement Letter will be dispatched only to Eligible Equity Shareholders who have an Indian address. Any person who acquires Rights Entitlements and the Rights Equity Shares will be deemed to have declared, represented, warranted and agreed that, (i) it is not and that at the time of subscribing for such Rights Equity Shares or the Rights Entitlements, it will not be, in the United States, and (ii) it is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations.

Our Company reserves the right to treat any Application Form as invalid which: (i) does not include the certification set out in the Application Form to the effect that the subscriber is authorised to acquire the Rights Equity Shares or Rights Entitlement in compliance with all applicable laws and regulations; (ii) appears to us or our agents to have been executed in or dispatched from the United States; (iii) where a registered Indian address is not provided; or (iv) where our Company believes that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such Application Form.

Rights Entitlements may not be transferred or sold to any person in the United States.

The Rights Entitlements and the Equity Shares have not been approved or disapproved by the US Securities and Exchange Commission (the “**US SEC**”), any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Rights Entitlements, the Equity Shares or the accuracy or adequacy of this Draft Letter of Offer. Any representation to the contrary is a criminal offence in the United States.

The above information is given for the benefit of the Applicants / Investors. Our Company and the Lead Managers are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations.

THIS DOCUMENT IS SOLELY FOR THE USE OF THE PERSON WHO RECEIVED IT FROM OUR COMPANY OR FROM LEAD MANAGERS OR FROM THE REGISTRAR. THIS DOCUMENT IS NOT TO BE REPRODUCED OR DISTRIBUTED TO ANY OTHER PERSON.

ENFORCEMENT OF CIVIL LIABILITIES

The Company is a Public Limited (Listed) Company under the laws of India and all the Directors and all Executive Officers are residents of India. It may not be possible or may be difficult for investors to affect service of process upon the Company or these other persons outside India or to enforce against them in courts in India, judgments obtained in courts outside India. India is not a party to any international treaty in relation to the automatic recognition or enforcement of foreign judgments.

However, recognition and enforcement of foreign judgments is provided for under Sections 13, 14 and 44A of the Code of Civil Procedure, 1908, as amended (the “**Civil Procedure Code**”). Section 44A of the Civil Procedure Code provides that where a certified copy of a decree of any superior court (within the meaning of that section) in any country or territory outside India which the Government of India has by notification declared to be a reciprocating territory, is filed before a district court in India, such decree may be executed in India as if the decree has been rendered by a district court in India. Section 44A of the Civil Procedure Code is applicable only to monetary decrees or judgments not being in the nature of amounts payable in respect of taxes or other charges of a similar nature or in respect of fines or other penalties. Section 44A of the Civil Procedure Code does not apply to arbitration awards even if such awards are enforceable as a decree or judgment. Among others, the United Kingdom, Singapore, Hong Kong and the United Arab Emirates have been declared by the Government of India to be reciprocating territories within the meaning of Section 44A of the Civil Procedure Code.

The United States has not been declared by the Government of India to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code. Under Section 14 of the Civil Procedure Code, an Indian court shall, on production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction unless the contrary appears on the record; but such presumption may be displaced by proving want of jurisdiction.

A judgment of a court in any non-reciprocating territory, such as the United States, may be enforced in India only by a suit upon the judgment subject to Section 13 of the Civil Procedure Code, and not by proceedings in execution. Section 13 of the Civil Procedure Code, which is the statutory basis for the recognition of foreign judgments (other than arbitration awards), states that a foreign judgment shall be conclusive as to any matter directly adjudicated upon between the same parties or between parties under whom they or any of them claim litigating under the same title except where:

- The judgment has not been pronounced by a court of competent jurisdiction;
- The judgment has not been given on the merits of the case;
- The judgment appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognize the law of India in cases where such law is applicable;
- The proceedings in which the judgment was obtained are opposed to natural justice;
- The judgment has been obtained by fraud; and/or
- The judgment sustains a claim founded on a breach of any law in force in India.

A suit to enforce a foreign judgment must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. In addition, it is unlikely that an Indian court would enforce foreign judgments if it considered the amount of damages awarded as excessive or inconsistent with public policy or if the judgments are in breach of or contrary to Indian law. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the Reserve Bank of India to repatriate any amount recovered pursuant to execution of such judgment. Any judgment in a foreign currency would be converted into Rupees on the date of such judgment and not on the date of payment and any such amount may be subject to income tax in accordance with applicable laws. The Company cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

PRESENTATION OF FINANCIAL INFORMATION

Certain Conventions

All references to “India” contained in this Draft Letter of Offer are to the Republic of India and its territories and possessions and all references herein to the “Government”, “Indian Government”, “GoI”, Central Government” or the “State Government” are to the Government of India, central or state, as applicable.

Unless otherwise specified or the context otherwise requires, all references in this Draft Letter of Offer to the ‘US’ or ‘U.S.’ or the ‘United States’ are to the United States of America and its territories and possessions.

Unless otherwise specified, any time mentioned in this Draft Letter of Offer is in Indian Standard Time (“IST”). Unless indicated otherwise, all references to a year in this Draft Letter of Offer are to a calendar year.

A reference to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable.

Unless stated otherwise, all references to page numbers in this Draft Letter of Offer are to the page numbers of this Draft Letter of Offer.

Financial Data

Unless stated otherwise or the context otherwise requires, the financial data in this Draft Letter of Offer is derived from the (a) Restated Consolidated Financial Information of our Company, and its Subsidiaries, which comprises of the Restated Consolidated Statement of Assets and Liabilities as at March 31, 2023, 2022 and 2021, the Restated Consolidated Statements of Profit and Loss (including other comprehensive income), Restated Consolidated Statement of changes in equity and the Restated Consolidated Statement of Cash flows for the years ended March 31, 2023, 2022 and 2021, and the Summary of Significant Accounting Policies and other explanatory information prepared in terms of the requirements of (i) Section 26 of Part 1 of Chapter III of the Companies Act, 2013; (ii) the SEBI ICDR Regulations; and (iii) the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India, as amended from time to time; (b) limited reviewed unaudited consolidated financial results of our Company and our Subsidiaries for the six month period ended September 30, 2023, with the comparatives for the six-month period ended September 30, 2022, prepared in accordance with the recognition and measurement principles laid down under the Companies Act, 2013, and other accounting principles generally accepted in India. For further information, see “*Financial Information*” beginning on page 108 of this Draft Letter of Offer.

In this Draft Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off and unless otherwise specified all financial numbers in parenthesis represent negative figures. Our Company has presented all numerical information in this Draft Letter of Offer in “lakh” units or in whole numbers where the numbers have been too small to represent in lakh. One lakh represents 1,00,000 and one million represents 1,000,000.

There are significant differences between Ind AS, Ind GAAP, US GAAP and IFRS. We have not provided a reconciliation of the financial information to Ind AS, IFRS or US GAAP. Our Company has not attempted to also explain those differences or quantify their impact on the financial data included in this Draft Letter of Offer, and you are urged to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the financial information included in this Draft Letter of Offer will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting policies and practices, Ind GAAP the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with these accounting principles and regulations on our financial disclosures presented in this Draft Letter of Offer should accordingly be limited. For further information, see “*Financial Information*” on page 108 of this Draft Letter of Offer.

Certain figures contained in this Draft Letter of Offer, including financial information, have been subject to rounded off adjustments. All figures in decimals (including percentages) have been rounded off to one or two decimals. However, where any figures that may have been sourced from third-party industry sources are rounded off to other than two decimal points in their respective sources, such figures appear in this Draft Letter of Offer rounded-off to such number of decimal points as provided in such respective sources. In this Draft Letter of Offer, (i) the sum or percentage change of certain numbers may not conform exactly to the total figure given; and (ii)

the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Any such discrepancies are due to rounding off.

Currency and Units of Presentation

All references to:

- “Rupees” or “₹” or “INR” or “Rs.” are to Indian Rupee, the official currency of the Republic of India;
- “USD” or “US\$” or “\$” are to United States Dollar, the official currency of the United States of America; and
- “Euro” or “€” are to Euros, the official currency of the European Union.

Our Company has presented certain numerical information in this Draft Letter of Offer in “lakh” or “Lac” units. One lakh represents 1,00,000 and one million represents 1,000,000. All the numbers in the document have been presented in lakh or in whole numbers where the numbers have been too small to present in lakh. Any percentage amounts, as set forth in “*Risk Factors*”, “*Our Business*”, “*Management’s Discussion and Analysis of Financial Conditions and Results of Operation*” and elsewhere in this Draft Letter of Offer, unless otherwise indicated, have been calculated based on our Financial Information.

Exchange Rates

This Draft Letter of Offer contains conversions of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Indian Rupee and other foreign currencies:

| Currency | As on September 30, 2023 [^] (₹) | As on March 31, 2023 (₹) | As on March 31, 2022 (₹) | As on March 31, 2021 (₹) |
|----------|----------------------------------------------|-----------------------------|-----------------------------|-----------------------------|
| 1 USD | 83.06 | 82.63 | 75.81 | 73.50 |

(Source: www.fbil.org.in)

[^]Since, September 30, 2023 was a public holiday, the exchange rate as of September 29, 2023 has been considered.

Industry and Market Data

Unless stated otherwise, industry and market data used in this Draft Letter of Offer has been obtained or derived from publicly available information as well as industry publications and sources.

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured.

Although we believe the industry and market data used in this Draft Letter of Offer is reliable, it has not been independently verified by us, the LMs or any of its affiliates or advisors. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in “*Risk Factors*” on page 22, of this Draft Letter of Offer. Accordingly, investment decisions should not be based solely on such information.

The extent to which the market and industry data used in this Draft Letter of Offer is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which the business of our Company is conducted, and methodologies and assumptions may vary widely among different industry sources.

FORWARD - LOOKING STATEMENTS

This Draft Letter of Offer contains certain “forward-looking statements”. Forward looking statements appear throughout this Draft Letter of Offer, including, without limitation, under the chapters titled “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and “*Industry Overview*”. Forward-looking statements include statements concerning our Company’s plans, objectives, goals, strategies, future events, future revenues or financial performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, our Company’s competitive strengths and weaknesses, our Company’s business strategy and the trends our Company anticipates in the industries and the political and legal environment, and geographical locations, in which our Company operates, and other information that is not historical information. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “continue”, “can”, “could”, “expect”, “estimate”, “intend”, “likely”, “may”, “objective”, “plan”, “potential”, “project”, “pursue”, “shall”, “seek to”, “will”, “will continue”, “will pursue”, “forecast”, “target”, or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our Company’s expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company’s business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Draft Letter of Offer that are not historical facts. These forward-looking statements contained in this Draft Letter of Offer (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industry in which our Company operates and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, the competition in our industry and markets, technological changes, our exposure to market risks, general economic and political conditions in India and globally which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in laws, regulations and taxes, incidence of natural calamities and/or acts of violence. Important factors that could cause actual results to differ materially from our Company’s expectations include, but are not limited to, the following:

- We are yet to obtain consent/ no objection certificate from certain lenders for the Issue.
- Our success and future revenue depend on our ability to secure order while securing order is a lengthy and competitive process, and may not result in actual orders and sales, which would affect our revenue.
- Our Company’s failure to maintain the quality standards of the services and Solution or keep pace with the technological developments could adversely impact our business, results of operations and financial condition.
- Our Company has ventured into robotic warehousing solutions in the year 2022, through our Subsidiaries, ARAPL RaaS Private Limited and ARAPL RaaS International LLC (Direct subsidiary of ARAPL RaaS Private Limited) and therefore has a very limited operating history of our operations with respect to the same, which will make it difficult for the investors to evaluate our historical performance or future prospects.
- We highly depend on Toyota Lift Northwest to market and distribute our machines and solutions under the robotic warehousing solutions. We have not entered into similar arrangements with other intermediaries and therefore we significantly depend on Toyota Lift Northwest for marketing our products.

For further discussion of factors that could cause the actual results to differ from our estimates and expectations, see “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Position and Results of Operations*” beginning on pages 22, 80 and 146, respectively, of this Draft Letter of Offer. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

We cannot assure investors that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

Forward-looking statements reflect the current views of our Company as of the date of this Draft Letter of Offer and are not a guarantee of future performance. These statements are based on the management's beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Neither our Company, our Directors, our Promoters, the LMs, the Syndicate Member(s) nor any of their respective affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

In accordance with the SEBI ICDR Regulations, our Company and the Lead Managers will ensure that investors are informed of material developments from the date of this Draft Letter of Offer until the time of receipt of the listing and trading permissions from the Stock Exchange.

SUMMARY OF THIS DRAFT LETTER OF OFFER

The following is a general summary of the terms of this Issue, and should be read in conjunction with and is qualified by the more detailed information appearing in this Draft Letter of Offer, including the sections titled “Risk Factors”, “The Issue”, “Capital Structure”, “Objects of the Issue”, “Our Business”, “Industry Overview”, “Outstanding Litigation and Material Developments” and “Terms of the Issue” on pages 22, 50, 58, 60, 80, 69, 162 and 177 respectively.

1. Summary of Industry

India’s Capital Goods manufacturing industry serves as a strong base for its engagement across sectors such as Engineering, Construction, Infrastructure and Consumer goods, amongst others. The development of the engineering sector of the economy is also significantly aided by the policies and initiatives of the Indian government. The Indian logistics industry is growing, due to a flourishing e-commerce market and technological advancement. Also, a warehouse is an essential component of corporate infrastructure and one of the primary enablers in the global supply chain. Modern warehouse facilities and technology-driven solutions have changed the warehousing sector in India in recent years. The growth of Real estate sector is well complemented by the growth in the corporate environment and the demand for office space as well as urban and semi-urban accommodation.

For further details, please refer to the chapter titled “Industry Overview” at page 69 of this Draft Letter of Offer.

2. Summary of primary Business

Our Company is in business of providing turnkey automation solution to automotive, semi-automotive and manufacturing industries and is also in the business of manufacturing, assembling and installing automatic multilevel car parking system. The Company programs and automates the functions of machines used in manufacturing process of automobile industry. Further, our Company specializes in analyzing the process which is followed in its manufacturing activity and thereby strives to provide quality automation solution to increase the productivity and client’s satisfaction. Company through its Subsidiary ARAPL RaaS Pvt Ltd provides Warehousing Automation such as Automatic Guided Vehicle (AGV); Autonomous Truck Loading and Unloading Solutions, Conveyor Systems; Carousels and also provides for Robotic Applications for Palletizing De- Palletizing; Stretch-Wrapping; Pick & Place, B2B Solution and warehousing automation solution to E commerce and 3PL.

For further details, please refer to the chapter titled “Our Business” at page 80 of this Draft Letter of Offer.

3. Our Promoters

The Promoters of our Company are Milind Manohar Padole and Manohar Pandurang Padole.

For further details please see chapter titled “Our Promoters” beginning on page 105 of this Draft Letter of Offer.

4. Objects of the Issue

The Net Proceeds are proposed to be used in the manner set out in the following table:

| (₹ in lakhs) | |
|-----------------------------------------------------------------------------------------------------------------------|-----------------|
| Particulars | Amount |
| Investment in our Material Subsidiary i.e., ARAPL RaaS Private Limited for augmenting the working capital requirement | 3,800.00 |
| To augment the existing and incremental working capital requirement of our Company | 850.00 |
| Net proceeds from the Issue* | 4,650.00 |

* Assuming full subscription in the Issue and subject to finalization of the Basis of Allotment and to be adjusted per the Rights Entitlement ratio.

For further details, please see chapter titled “Objects of the Issue” beginning on page 60 of this Draft Letter of Offer.

5. Summary of Financial Information

Following are the details as per the Limited Reviewed Financial Information for the six-month period ended September 30, 2022 and September 30, 2023 and Restated Financial Information as at and for the Financial Years ended on March 31, 2023, 2022 and 2021:

(₹ in lakhs)

| S. No. | Particulars | As of and for the Six-month period ended | | As of and for the Financial Years ended | | |
|--------|----------------------------------|------------------------------------------|--------------------|-----------------------------------------|----------------|----------------|
| | | September 30, 2022 | September 30, 2023 | March 31, 2023 | March 31, 2022 | March 31, 2021 |
| 1. | Share Capital | 1,017.96 | 1,017.96 | 1,017.96 | 1,017.96 | 1,017.96 |
| 2. | Net Worth | 4,720.7 | 5,266.62 | 5,946.04 | 5,326.24 | 4,588.12 |
| 3. | Revenue from operations | 1,813.90 | 4,288.60 | 11,400.39 | 8,123.28 | 5,627.63 |
| 4. | Profit after Tax | (855.60) | (679.42) | 216.13 | 236.92 | (353.33) |
| 5. | Earnings per Share | (8.41)* | (6.67) * | 2.12 | 2.33 | (3.47) |
| 6. | Net Asset Value per equity share | 46.37* | 51.74* | 58.41 | 52.32 | 45.07 |
| 7. | Total borrowings | 3,424.38 | 4,278.04 | 3,827.63 | 3,026.95 | 2,582.65 |

*Not Annualised

For further details, please refer the section titled “Financial Information” on page 108 of this Draft Letter of Offer.

6. Summary of Outstanding Litigation

A summary of the pending tax proceedings and other material litigations involving our Company, our Promoter, our Directors and our Subsidiaries is provided below:

(₹ in lakhs)

| Name of Entity | Criminal Proceedings | Tax Proceedings | Statutory or Regulatory Proceedings | Disciplinary actions by the SEBI or Stock Exchanges against our Promoters | Material Civil Litigation | Aggregate amount involved [#] |
|--------------------------|----------------------|-----------------|-------------------------------------|---------------------------------------------------------------------------|---------------------------|----------------------------------------|
| Company | | | | | | |
| By our Company | 4 | 2 | Nil | Nil | 2 | 266.1 |
| Against our Company | Nil | Nil | Nil | Nil | 4 | 31.19 |
| Directors | | | | | | |
| By our Directors | Nil | Nil | Nil | Nil | Nil | Nil |
| Against our Directors | Nil | Nil | Nil | Nil | Nil | Nil |
| Promoters | | | | | | |
| By our Promoter | Nil | Nil | Nil | Nil | Nil | Nil |
| Against our Promoters | Nil | Nil | Nil | Nil | Nil | Nil |
| Subsidiary | | | | | | |
| By our Subsidiary | Nil | Nil | Nil | Nil | Nil | Nil |
| Against our Subsidiaries | Nil | Nil | Nil | Nil | Nil | Nil |

[#]To the extent quantifiable.

For further details, please refer the chapter titled “Outstanding Litigation and Material Developments” on page 162 of this Draft Letter of Offer.

7. Risk Factors

Please see the chapter titled “Risk Factors” beginning on page 22 of this Draft Letter of Offer.

8. Summary of Contingent Liabilities

There are no contingent liabilities recorded in the Restated Consolidated Financial Statements.

9. Summary of Related Party Transactions

For details regarding our related party transactions for the Financial Years ended 2023, 2022 and 2021, see “*Financial Information – Restated Financial Information – Notes to Restated Financial Statements – Note 29: Related party disclosures*” on page 133 of this Draft Letter of Offer.

10. Issue of equity shares made in last one year for consideration other than cash

Our Company has not issued equity shares in last one year for consideration other than cash.

11. Split or consolidation of Equity Shares in the last one year

Our Company has not undertaken a split or consolidation of Equity Shares in the last one year.

12. Exemption from complying with any provisions of securities laws, if any, granted by the Securities and Exchange Board of India

Our Company has not been granted any exemption from complying with any provisions of securities laws by the Securities and Exchange Board of India.

SECTION II - RISK FACTORS

An investment in the Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Letter of Offer, including the risks and uncertainties described below, before making an investment in the Equity Shares. In making an investment decision, prospective investors must rely on their own examination of us and the terms of the Issue including the merits and risks involved. The risks described below are not the only ones relevant to us, our Equity Shares, the industry or the segment in which we operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may arise or may become material in the future and may also impair our business, results of operations and financial condition. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations, cash flows and financial condition could be adversely affected, the trading price of our Equity Shares could decline, and as prospective investors, you may lose all or part of your investment. You should consult your tax, financial and legal advisors about particular consequences to you of an investment in this Issue. The financial and other related implications of the risk factors, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are certain risk factors where the financial impact is not quantifiable and, therefore, cannot be disclosed in such risk factors.

To obtain a complete understanding, you should read this section in conjunction with the sections “Industry Overview”, “Our Business” and “Management’s Discussion and Analysis of Financial Position and Results of Operations” on pages 69, 80 and 146 of this Draft Letter of Offer, respectively. The industry-related information disclosed in this section has been derived from publicly available documents from various sources believed to be reliable, but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Neither our Company, nor any other person connected with the Issue, including the LMs, has independently verified the information in the industry report or other publicly available information cited in this section.

This Draft Letter of Offer also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and, in the section titled “Forward-Looking Statements” on page 17 of this Draft Letter of Offer.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section. Unless the context requires otherwise, the financial information of our Company has been derived from the Restated Consolidated Financial Information and the Limited Reviewed Financial Information, prepared in accordance with Ind GAAP and the Companies Act and restated in accordance with the SEBI ICDR Regulations.

Materiality:

The Risk Factors have been determined on the basis of their materiality. The following factors have been considered for determining the materiality of Risk Factors:

- *Some events may not be material individually but may be found material collectively;*
- *Some events may have material impact qualitatively instead of quantitatively; and*
- *Some events may not be material at present but may have a material impact in future.*

The financial and other related implications of risks concerned, wherever quantifiable have been disclosed in the risk factors mentioned below. However, there are risk factors where the impact may not be quantifiable and hence, the same has not been disclosed in such risk factors. The numbering of the risk factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk over another.

In this Draft Letter of Offer, any discrepancies in any table between total and sums of the amount listed are due to rounding off.

In this section, unless the context requires otherwise, any reference to “we”, “us” or “our” refers to Affordable Robotic and Automation Limited.

The risk factors are classified as under for the sake of better clarity and increased understanding.

INTERNAL RISK FACTORS

BUSINESS RELATED RISKS

1. *We are yet to obtain consent/ no objection certificate from certain lenders for the Issue.*

Our Company has entered into agreements for fund based and non-fund-based borrowings with various lenders. These agreements include restrictive covenants which mandate certain restrictions in terms of our business operations which *inter-alia* include change in capital structure (including this present proposed Issue), formulation of any scheme of amalgamation or reconstruction, declaring dividends, further expansion of business, granting loans to directors, repaying secured loan and unsecured loans, undertake guarantee obligations, which shall require our Company to obtain prior approval. In accordance with the terms of the loan agreements, our Company has received no objection certificates from Aditya Birla Finance Limited and Neo Growth Credit Private Limited. Our Company has requested Axis Bank Limited, ICICI Bank Limited, PNB Housing Finance Limited to provide us with its consent/no objection certificate to undertake the Issue, however, as of date of this Draft Letter of Offer, we are yet to receive the consent/no objection certificates from the aforementioned lenders. Undertaking the Issue without obtaining consent/no objection certificate from such lenders may constitute a breach of covenant under the relevant financing documents, which could entitle the lenders to consider this Issue as an event of default under the loan agreements, thereby entitling them to take adverse actions against our Company as per their respective agreements. The occurrence of any of the events mentioned above can adversely affect our business, results of operations and financial condition.

2. *Our success and future revenue depend on our ability to secure order while securing order is a lengthy and competitive process, and may not result in actual orders and sales, which would affect our revenue.*

We install our automation solutions at our customers' manufacturing facility. Our Company is also in the business of assembling and installing automatic multilevel car parking system. This system is preferred by residential complexes, shopping malls, commercial buildings and public sector especially in Smart City projects of various Smart Cities Projects in the country. Once the customer is satisfied with the solutions we intend to provide and if it meets our customers' requirements, then only the approval is given pursuant to which the order is secured. This process can be quite lengthy and competitive, our customers may take longer than the expected time to evaluate our solution, further they may face delay in commissioning their commercial production. Due to this lengthy and uncertain process, we may experience significant delay in orders which results in an increase of operating expenses and investments cost adversely affecting our business operations. Our top 10 customers and top 5 customers contributed substantial portion of our total revenues from operations respectively for the six month period ended September 30, 2023 and for the year ended March 31, 2023, 2022 and 2021. Any loss of business from one or more of them may adversely affect our revenues and profitability.

Contribution of our top 10 customers and top 5 customers of our total revenues from operations for the six month period ended September 30, 2023 and for the year ended March 31, 2023, 2022 and 2021 is as under:

| Particulars | September 30, 2023 | | Fiscal 2023 | | Fiscal 2022 | | Fiscal 2021 | |
|------------------|--------------------|--------------------|--------------|--------------------|--------------|--------------------|--------------|--------------------|
| | (₹ in lakhs) | % of total revenue | (₹ in lakhs) | % of total revenue | (₹ in lakhs) | % of total revenue | (₹ in lakhs) | % of total revenue |
| Top 10 customers | 3,722.84 | 86.96% | 8,547.02 | 75.11% | 6,384.08 | 78.72% | 4,566.61 | 81.40% |
| Top 5 customers | 3,243.90 | 75.78% | 6,683.95 | 58.74% | 5,279.51 | 65.10% | 3,929.13 | 70.03% |

Any decline in our quality standards or services, growing competition and any change in the demand, may adversely affect our ability to retain them. We cannot assure that we shall generate the same quantum of business, or any business at all, and the loss of business from one or more of them may adversely affect our revenues and results of operations. Also, our business from customers is highly dependent on our continuing relationship with them, the quality of our solution and our ability to deliver on their orders, and there can be no assurance that such customers will continue to do business with us in the future on commercially acceptable terms or at all. If our customers do not continue to purchase products from us, or reduce the volume of products purchased from us, our business prospects, results of operations and financial condition may be adversely affected. Significant dependence on them may increase the potential volatility of our results

of operations and exposure to individual contract risks. In the event that any of these customers discontinue their business from us, our results of operations and financial condition may be adversely affected.

3. ***Our Company's failure to maintain the quality standards of the services and Solution or keep pace with the technological developments could adversely impact our business, results of operations and financial condition.***

Our products depend on inventions and developments as we need to provide advanced automation solution. Any rapid change in our customers' expectation on account of changes in technology or introduction of new products or for any other reason and failure on our part to meet their expectation could adversely affect our business, result of operation and financial condition. Although we have put in place highly qualified team for the purpose, we cannot assure that our solution will always be able to satisfy our customers' requirements. Any negative publicity regarding our Company or any other unforeseen events could adversely affect our reputation, our operations and our results from operations. While, we believe that we have always provided latest automation solution and also endeavor regularly update our existing technology, our failure to anticipate or to respond adequately to changing technical, market demands and/or client requirements could adversely affect our business and financial results.

4. ***Our Company has ventured into robotic warehousing solutions in the year 2022, through our Subsidiaries, ARAPL RaaS Private Limited and ARAPL RaaS International LLC (Direct subsidiary of ARAPL RaaS Private Limited) and therefore has a very limited operating history of our operations with respect to the same, which will make it difficult for the investors to evaluate our historical performance or future prospects.***

Our Company since its incorporation has been carrying on the business of offering turnkey automation solution to automotive, semi-automotive and manufacturing industries. Our Company is also in the business of manufacturing, assembling and installing automatic multilevel car parking system. This system is preferred by residential complexes, shopping malls, commercial buildings and public sector especially in Smart City projects of various Smart Cities Projects in the country. In the year 2022, our Company successfully diversified its business operations by offering robotic warehousing solutions through our Subsidiaries, ARAPL RaaS Private Limited and ARAPL RaaS International LLC. Due to our limited experience in robotic warehousing solutions, we may not be able to identify the risks involved in such operations and therefore could fail to achieve timely fulfilment of our orders and the quality requirement of our products and services. Since we are not abreast with the market of the said product, we may not be successful in identifying our competitors or keeping up with the trends and the requirement of the customer base. Since, we hold very limited experience in relation to such products; therefore, it could be very difficult for us to understand the nuances of robotic warehousing solutions in the early stages. We may face difficulty in understanding the demand and supply patterns, marketing segments for such products which may pose a risk in running our business operations smoothly. In the event that we fail to understand the market operations and the risks related to the same, our business, financial performance and cash flows may be affected.

5. ***We highly depend on Toyota Lift Northwest to market and distribute our machines and solutions under the robotic warehousing solutions. We have not entered into similar arrangements with other intermediaries and therefore we significantly depend on Toyota Lift Northwest for marketing our products.***

Our Company has entered into Sales and Marketing Agreement dated November 02, 2022 with Toyota Lift Northwest for finding marketing opportunities in USA, to sell the machines of our Company under the robotic warehousing solutions segment. The said agreement is renewable annually subject to our Company having a good marketing standing. We cannot assure you that Toyota Lift Northwest will not terminate such agreement or will renew the agreements in a timely manner. In the event we fail to execute the terms of the said agreement or if we breach any covenant of such agreement, Toyota Lift Northwest may terminate the agreement or initiate legal proceedings against us. Any such litigation could be time consuming and costly and the outcome cannot be guaranteed. While the aforementioned events have not materially occurred in the past, however, occurrence of any such events could materially affected our financial condition, results of operations and prospects.

We cannot assure you that we will be able to continue to renew the said arrangement on terms that are commercially acceptable to us, or at all. We also cannot assure you that Toyota Lift Northwest shall fulfil their obligations under such agreements entirely, or at all, shall not breach certain terms of their arrangements

with us, including with respect to performance of marketing obligations or shall not choose to terminate their arrangements with our Company. While the aforementioned events have not occurred in the past, however, occurrence of any future events could materially affected our financial condition, results of operations and prospects.

6. *Our industry is labour intensive and our business operations may be materially adversely affected by strikes, work stoppages or increased wage demands by our employees.*

We believe that the industry in which we operate faces competitive pressures in recruiting and retaining skilled and unskilled labour. Shortage of skilled/ unskilled personnel or work stoppages caused by disagreements with employees could have an adverse effect on our business and results of operations. We have not experienced any major disruptions to our business operations due to disputes or other problems with our work force in the past; there can be no assurance that we will not experience such disruptions in the future. Such disruptions may adversely affect our business and results of operations and may also divert the management's attention and result in increased costs.

India has stringent labour legislation that protects the interests of workers, including legislation that sets for the detailed procedures for the establishment of unions, dispute resolution and employee removal and legislation that imposes certain financial obligations on employers upon retrenchment. We are also subject to laws and regulations governing relationships with employees, in such areas as minimum wage and maximum working hours, overtime, working conditions, hiring and terminating of employees and work permits. Although our employees are not currently unionized, there can be no assurance that they will not unionize in the future. If our employees unionize, it may become difficult for us to maintain flexible labour policies, and we may face the threat of labour unrest, work stoppages and diversion of our management's attention due to union intervention, which may have a material adverse impact on our business, results of operations and financial condition.

7. *We depend on a few customers of our products, for a significant portion of our revenue, and any decrease in revenues or sales from any one of our key customers may adversely affect our business and results of operations.*

Our Company is engaged in the business of programs and automates the functions of machines used in manufacturing process of automobile industry. Our business operations are highly dependent on our customers, especially those catered by automated parking division and the loss of any of our customers from any industry which we cater to may adversely affect our sales and consequently on our business and results of operations.

While we typically have long term relationships with our customers, we have not entered into long terms agreements with our customers and the success of our business is accordingly significantly dependent on us maintaining good relationships with our customers and suppliers. The actual sales by our Company may differ from the estimates of our management due to the absence of long term agreements. The loss of one or more of these significant or key customers or a reduction in the amount of business we obtain from them could have an adverse effect on our business, results of operations, financial condition and cash flows. We cannot assure you that we will be able to maintain historic levels of business and/or negotiate and execute long term contracts on terms that are commercially viable with our significant customers or that we will be able to significantly reduce customer concentration in the future.

Further, neither do we have any exclusive agents, dealers, distributors nor have we entered into any agreements with any of the market intermediaries for selling or marketing our products for the automotive and manufacturing industries and for automatic multilevel car parking system. If there occurs any change in the market conditions, requirements of our customers, or if we fail to identify and understand evolving industry trends, preferences or fail to meet our customers' demands, it might have a direct impact on our revenue and customer base. The inability to procure new orders on a regular basis or at all may adversely affect our business, revenues, cash flows and operations.

8. *We rely on our relationships with OEMs (Original Equipment Manufacturers) to enhance our solutions and market position, and our failure to continue to develop and maintain such relationships in the future would harm our ability to get business.*

We develop automotive solution for leading OEMs and tier-1 vendors that manufactures automobiles. For each model, OEMs install our automation solution which becomes basis for their production process. Whenever there is a modification in their design or a whole new design is launched, automation solution has to be modified according to the newer production process. So, our relationship with the OEMs is very important for continuously getting business from them. If our relationships with key industry participants were to deteriorate or if our solutions were not approved by our customers, our market position and revenue could be materially and adversely affected.

9. *If we are unable to source business opportunities effectively, we may not achieve our financial objectives.*

Our ability to achieve our financial objectives will depend on our ability to identify, evaluate and accomplish business opportunities. To grow our business, we will need to hire, train, supervise and manage new employees and to implement systems capable of effectively accommodating our growth. However, we cannot assure you that any such employees will contribute to the success of our business or that we will implement such systems effectively. Our failure to source business opportunities effectively could have a material adverse effect on our business, financial condition and results of operations. It is also possible that the strategies used by us in the future may be different from those presently in use. No assurance can be given that our analyses of market and other data or the strategies we use or plans in future to use will be successful various market conditions.

10. *Any delay or defaults in receipt of payments or dues from our customers could result in a reduction of our profits.*

We regularly commit resources prior to receiving payments from our customer. We may be subject to working capital shortages due to delays or defaults in receipt of payments or dues from such customers. If our customers default in their payments or if any order/ assignment in which we have invested significant resources is delayed, cancelled or curtailed, it could have a material adverse effect on our business, financial condition and results of operations.

11. *The complexity of our solutions may lead to errors, defects and bugs, which could negatively impact our reputation with customers and result in liability.*

Automation solution requires technical and software support which are complex in nature which may contain certain coding, configuration or any other technical errors and defects when installed at customers' manufacturing facility. Our products in the past have not experienced such coding, configuration and/ or any other technical errors and defects. However, there may not be any guarantee of non-occurrence of such events in future. Delivery of automation solution with defects or reliability, quality or compatibility problems could significantly delay or hinder acceptance of the product or result in a costly rework and could damage our reputation.

12. *We rely upon third-party licensed software to design our solutions. Our ability to design our solution is largely dependent on this software.*

Our solution needs licensed software from third parties. Our technical team has the required expertise for using advanced and updated software which is used in providing the automation solution to OEM and Tier-1 vendors. We are dependent on this software for our regular and continuous operations. While we expect to continue to use this software, we may not be able to receive the expected end result from them which may hamper our ability to provide the expected services. Further, we may not be able to use them on reasonably commercial terms which may affect our operations substantially.

13. *We are dependent upon vendors from Pune and Maharashtra for outsourcing the production or procuring small parts. In an eventuality of any unrest, political tension, etc. in this region, our vendors may be unable to deliver us the required materials in a time-bound manner it may have a material adverse effect on our business operations and profitability.*

For the year ended March 31, 2023, vendors from Maharashtra, specifically from Pune contributed around 65% of our purchases respectively. In the event of any incidents in these regions, there may be delay, inadequacy or default in deliveries of the required materials by any of our vendors and we may not be able to source our child parts on an adequate and timely basis or on commercially acceptable terms. A major disruption to the timely and adequate supplies could adversely affect our business, results of operations and

financial condition. Any problems faced by our vendors in their manufacturing facilities resulting in delays or non- adherence to quality requirements could adversely impact our ability to meet our customer's requirements in time and our operations would be affected to the extent we are unable to line up supplies from alternate suppliers.

- 14. We have incurred losses in the recent past. Continuous financial losses incurred by us may be perceived adversely by external parties such as clients and bankers, which could affect our reputation, business, financial condition and results of operation.**

Our Company has incurred losses in the recent past, the details of which are provided below:

| (₹ in lakhs) | | |
|---------------|--------------------|----------------|
| Particulars | September 30, 2023 | March 31, 2021 |
| Loss incurred | (679.42) | (353.33) |

There can be no assurance that we will not incur losses in any future periods, or that there will not be an adverse effect on our reputation or business as a result of such losses. Such losses incurred by us may be perceived adversely by external parties such as customers, bankers, and suppliers, which could affect our reputation.

- 15. Our Company has experienced negative cash flow in the past and may continue to do so in the future, which could have a material adverse effect on our business, prospects, financial condition, cash flows and results of operations.**

Our Company has experienced negative net cash flow in operating, investing and financing activities in the past, the details of which are provided below:

| (₹ in lakhs) | | | | |
|--------------------------------------------------------|-------------------------------------------|----------------|----------------|----------------|
| Particulars | Six month period ended September 30, 2023 | March 31, 2023 | March 31, 2022 | March 31, 2021 |
| Net Cash Flow from/(used in) Operating Activities | (78.61) | (1.60) | 97.30 | 283.54 |
| Net cash generated from/(used in) investing activities | (104.99) | (475.47) | (565.38) | (199.54) |
| Net Cash Flow from/(used in) Financing Activities | (187.88) | 759.35 | 673.28 | (20.31) |

We may incur negative cash flows in the future which could have a material adverse effect on our business, prospects, results of operations and financial condition.

- 16. Presently, our major share of revenue is on the automation solution to automotive industry and any adverse business scenario in this industry may adversely affect our business.**

Besides our expertise in automation business, we also offer automated multilevel car parking solutions to our customers. However, at present w.r.t the multi-level car parking business, our operation is confined in the cities like Mumbai and Pune only. We foresee growth opportunity in these regions and hence intend to focus only in the areas in near future. This strategy of ours may lead to loss of business opportunity available in other areas of the country affecting our business adversely.

- 17. Our Company has not entered into any supply agreement for the major raw materials required for manufacturing of our products and are exposed to risks relating to fluctuations in commodity prices and shortage of raw material.**

Raw material costs are dependent on commodity prices, which are subject to fluctuations. There can be no assurance that strong demand, capacity limitations or other problems experienced by our suppliers will not result in occasional shortages or delays in their supply of raw materials. If we experience a significant or prolonged shortage of raw materials for many of our suppliers and we cannot procure the raw materials from other sources, we would be unable to meet our production schedules in a timely fashion, which would adversely affect our sales, margins and customer relations. In the absence of such supply agreements, we cannot assure that a particular supplier will continue to supply raw materials to us in the future. In the event the prices of such raw materials were to rise substantially or if imports were to be restricted in any manner,

we may find it difficult to make alternative arrangements for supplies of our raw materials, on the terms acceptable to us, which could materially affect our business, results of operations and financial condition.

18. We have operations outside of India and intend to expand our international operations, which exposes us to significant risks.

Currently we have no operations in China and we intend to expand in the United States. The success of our business depends, in large part, on our ability to operate successfully from geographically disparate locations and to further expand our international operations and sales. Operating in international markets requires significant resources and management attention and subjects us to regulatory, economic and political risks that are different from those we face in India. We cannot be sure that further international expansion will be successful and generate enough revenues for our Company. In addition, we face risks in doing business internationally that could expose us to reduced demand for our solution, lower prices for our products or other adverse effects on our operating results.

19. Our automation solution is customer specific and a solution designed cannot be used for multiple customers.

We specialize in providing automation solution to our customers based on their custom and individual preferences. After receiving orders from customers, we dedicate our technically qualified team specially to design automation solution for the customers as per their requirements which are model-specific. A solution designed for a particular model for any customer cannot be used in other models of the same customer or any other customers. This nature of our business requires us to design specifically for each of our orders and we cannot generate repeated sales from one designed automation solution. This may possess operational risk to our business, as completion of any particular order is a lengthy process and requires substantial amount of working capital and human efforts. Our inability to manage them efficiently may possess serious risk to our business.

20. We rely on third parties to manufacture and procure child parts, which exposes us to a number of risks, including reduced control over manufacturing and delivery timing and potential exposure to price fluctuations, which could result in a loss of revenue or reduced profitability.

Our Company being in the business of providing automation solutions, we do not manufacture small machining components. Jigs and fixtures requiring child parts and spares in its structure are out sourced to third parties for the purpose of the procurement or a repurchased directly through third party vendors owing to which our Company does not have any direct control over the quality and timeliness of the delivery of such child parts and their allied products. Subsequently, we are also exposed to price fluctuations in these parts which may affect our business, profitability and financial condition.

21. Any conflict of interest which may occur between our business and any other similar business activities pursued by our Promoters could have a material adverse effect on our business and results of operations.

As of the date of this Draft Letter of Offer, our Promoters, Milind Manohar Padole and Manohar Pandurang Padole are directors on the board of directors of our Subsidiaries, which are engaged in business activities similar to our business, thereby causing a conflict of interest between our Company and our Promoters. We have not entered into a non-compete arrangement with him to address such conflicts. We cannot assure you that a conflict will not arise, or that we will be able to suitably resolve any such conflict without an adverse effect on our business or operations.

22. Our success depends on our ability to attract and retain key employees, and our failure to do so could harm our ability to grow our business and execute our business strategies.

Our performance and success substantially depend on the ability to attract and retain our key employees, including our management team and experienced personnel. Although some of the members of our senior management have been with us for a long period of time, there can be no assurance that any member of our senior management or other key employees will not leave us in the future.

Our success is also highly dependent on our continuous ability to identify, hire, train retain and motivate highly qualified management, technical, sales and marketing personnel. Competition for personnel in the automation industry is intense, and the availability of suitable and qualified candidates is limited. We intend

to attract and hire talents from reputed institutes. However, the loss of services of one or more of our key employees, especially our technical team, or our inability to attract and retain qualified engineers, could harm our operational business and consequently financially.

- 23. *Our growth depends largely on the growth and development of the automobile industry, need of automation of various processes in manufacturing, packaging, and if the market does not develop, we expect, our business prospects may be harmed.***

Our industry is mainly in providing automation solution for manufacturing capital goods for automobile industry. With evolving technologies, industry standards and frequent changing customer demand our business is directly affected. Our success is largely dependent on the growth and evolution of the Automobile industry; hence, our business may suffer as a result of slowing or declining growth in automobile industry. As a result of these factors there may be an adverse effect on the future revenue and income potential of our business.

- 24. *We have only three off shore office or business place to look after our export operations.***

Previously, our business was running in both domestic as well as international markets. A small portion of our revenue from operations is derived from international markets. However, we had only 3 off shore office at China and US. The China office, which was looking after our operations at China, is now closed. The business operations of our Company are mainly handled from our registered office located at Pune. For losing of our inoperative office will require certain amount which will be the future expenses for the company.

- 25. *We have in the past entered into related party transactions and may continue to do so in the future.***

Our Company has entered into various transactions with our Promoters, Directors and their Relatives. While we believe that all such transactions are conducted on arm's length basis, there can be no assurance that we could not have achieved more favorable terms had such transactions were not entered into with related parties. Furthermore, it is likely that we will enter into related party transactions in future in compliance with the applicable law. There can be no assurance that such transactions, individually or in aggregate, will not have an adverse effect on our financial condition and results of operation. For details on the transactions entered by us, please refer to chapter "Financial Information" beginning on page 108 of the Draft Letter of Offer.

- 26. *We are subject to foreign currency exchange rate fluctuations which could have a material and adverse effect on our results of operations and financial conditions.***

Our Company derives less than 5% of revenue from export operations. We provide our service to foreign markets and receive sale proceeds in foreign currency. Our foreign exchange transactions are not hedged. Changes in value of currencies with respect to the Rupee may cause fluctuations in our operating results expressed in Rupees. The exchange rate between the Rupee and other currencies is variable and may continue to fluctuate in future. As our exposures are not hedged, we are exposed to foreign currency fluctuation risk and may affect our Company's results of operations.

- 27. *Our Company has unsecured loans which are repayable on demand. Any demand loan from lenders for repayment of such unsecured loans, may adversely affect our cashflows.***

As on September 30, 2023, our Company has unsecured loans amounting to ₹ 572.31 lakhs as per the Limited Reviewed Unaudited Consolidated Financial Statements from related and other parties. Further, some of these loans are not repayable in accordance with any agreed repayment schedule and may be recalled by the relevant lender at any time. Any such unexpected demand or accelerated repayment may have a material adverse effect on the business, cash flows and financial condition of the borrower against which repayment is sought. Any demand from lenders for repayment of such unsecured loans, may adversely affect our cash flows. For further details of unsecured loans of our Company, please refer the chapter titled "Financial Information" beginning on page 108 of the Draft Letter of Offer.

- 28. *The industry segments in which we operate being fragmented, we face competition from other players, which may affect our business operational and financial conditions.***

The automation business is growing rapidly and hence it is competitive on account of both the small and large players. Players in this industry generally compete with each other on key attributes such as technical competence, quality of solutions, strong clientele, pricing and after sales service. Some of our competitors may have longer industry experience and greater financial, technical and other resources, which may enable them to react faster in changing market scenario and remain competitive. Growing competition may result in a decline in our market share and may affect our margins which may adversely affect our business operations and our financial condition.

29. *Our assembly facility is located at Wadki, Pune. Any shutdown or any interruption for a significant period of time, in this facility may in turn adversely affect our business, financial condition and results of operations.*

Our Company has its facility located at Wadki, Pune. Our success depends on our ability to successfully provide quality automation solution to meet our customer specification. Our assembly facility is susceptible to damage or interruption or operating risks, such as human error, power loss, breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, loss of services of our external contractors, terrorist attacks, acts of war, break-ins, earthquakes, other natural disasters and industrial accidents and similar events. Further, our manufacturing facility is also subject to operating risk arising from compliance with the directives of relevant government authorities. Operating risks may result in personal injury and property damage and in the imposition of civil and criminal penalties. If our Company experiences delays or shutdowns due to any reason, including disruptions caused by disputes with its workforce or any external factors, our Company's operations will be significantly affected, which in turn would have a material adverse effect on its business, financial condition and results of operations.

30. *We are subject to various laws and regulations relating to the handling and disposal of any hazardous materials and wastes being generated from our assembly facility. If we fail to comply with such laws and regulations, we can be subjected to prosecution, including imprisonment and fines or incur costs that could have a material adverse effect on the success of our business.*

We are required to obtain registrations from the relevant State Pollution Control Board to be able to handle and dispose hazardous and wastes. We are also required to take a number of precautionary measures and follow prescribed practices in this regard.

Further, our company is subject to following certain rules and guidelines, but not limited to:

- (a.) The Micro, Small and Medium Enterprises Development Act, 2006;
- (b.) The Maharashtra Industrial Policy 2013;
- (c.) Industrial Disputes Act, 1947 ("ID Act") and Industrial Dispute (Central) Rules, 1957;
- (d.) The Factories Act, 1948;
- (e.) The Environment Protection Act, 1986;
- (f.) Water (Prevention and Control of Pollution) Act, 1974;
- (g.) National Environmental Policy, 2006; and
- (h.) Foreign Exchange Management Act, 1999.

Our failure to comply with these laws could result in us being prosecuted, including our directors and officers responsible for compliance being subjected to imprisonment and fines. We may also be liable for damage caused to the environment. Any such action could adversely affect our business and financial condition. The shortage or non-availability of power facilities may adversely affect our operations and have an adverse impact on our results of operations and financial condition.

Our facility requires substantial amount of power facilities. The quantum and nature of power requirements of our industry and Company is such that it cannot be supplemented/ augmented by alternative / independent sources of power supply since it involves significant capital expenditure and per unit cost of electricity produced is very high in view of increasing oil prices and other constraints. We are mainly dependent on State Government for meeting our electricity requirements. Any defaults or non-compliance of the conditions may render us liable for termination of the agreement or any future changes in the terms of the agreement may lead to increased costs, thereby affecting the profitability. Further, since we are majorly dependent on third party power supply; there may be factors beyond our control affecting the supply of

power. Any disruption / nonavailability of power shall directly affect our production which in turn shall have an impact on profitability and turnover of our Company.

31. *Increased losses due to fraud, employee negligence, theft or similar incidents may have an adverse impact on us.*

Our business and the industry in which we operate are vulnerable to the problem of pilferage by employees, damage, misappropriation of cash and inventory management and logistical errors. An increase in product losses due to such factors at our place of operation may require us to install additional security and surveillance equipment and incur additional expenses towards inventory management and handling. We cannot assure you whether these measures will successfully prevent such losses. Further, there are inherent risks in cash management as part of our operations, which include theft and robbery, employee fraud and the risks involved in transferring cash to banks. Additionally, in case of losses due to theft, financial misappropriation, fire, breakage or damage caused by other casualties, we cannot assure you that we will be able to recover from our insurers the full amount of any such loss in a timely manner, or at all. In addition, if we file claims under an insurance policy it could lead to increases in the insurance premiums payable by us or the termination of coverage under the relevant policy.

32. *The shortage or non-availability of power facilities may adversely affect our operations and have an adverse impact on our results of operations and financial condition.*

Our facility requires substantial amount of power facilities. The quantum and nature of power requirements of our industry and Company is such that it cannot be supplemented/ augmented by alternative / independent sources of power supply since it involves significant capital expenditure and per unit cost of electricity produced is very high in view of increasing oil prices and other constraints. We are mainly dependent on State Government for meeting our electricity requirements. Any defaults or non-compliance of the conditions may render us liable for termination of the agreement or any future changes in the terms of the agreement may lead to increased costs, thereby affecting the profitability. Further, since we are majorly dependent on third party power supply; there may be factors beyond our control affecting the supply of power. Any disruption / nonavailability of power shall directly affect our production which in turn shall have an impact on profitability and turnover of our Company.

33. *We generally do business with our customers on Order basis and do not enter into long term contracts with most of them.*

Our business is dependent on our continuing relationships with our customers. Our Company does not have any long-term contract with any customers. Any change in the design pattern of our customer or disassociation of major customers can adversely affect the business of our Company. The loss of or interruption of work by, a significant customer or a number of significant customers or the inability to procure new orders on a regular basis or at all may have an adverse effect on our revenues, cash flows and operations.

34. *In the past, there have been instances of incorrect filing of certain forms under the Companies Act, 1956 and Companies Act, 2013 with the RoC by our Company.*

In the past, there have been certain instances of incorrect filing of statutory forms as per the reporting requirements under the Companies Act, 1956 and Companies Act, 2013 with the RoC. No show cause notice in respect to the above has been received by our Company till date. The occurrence of instances of delayed or erroneous filings in future may impact our results of operations and financial position.

35. *Some of our Subsidiaries have incurred losses in the past.*

Some of our Subsidiaries have incurred losses in the past, details of which are as under:

(₹ in lakhs)

| Name of the entity | Profit/(Loss) | | | |
|----------------------------|--------------------|----------------|----------------|----------------|
| | September 30, 2023 | March 31, 2023 | March 31, 2022 | March 31, 2021 |
| ARAPL RaaS Private Limited | (180.80) | (231.67) | NIL | NA |

There can be no assurance that our Subsidiaries will not incur losses in any future periods, or that there may not be an adverse effect on our reputation or business as a result of such losses. Such losses incurred by our Subsidiary may be perceived adversely by external parties such as customers, bankers, and suppliers, which may affect our reputation.

36. *Some of our Subsidiaries have experienced negative cash flow in the past and may continue to do so in the future, which could have a material adverse effect on our business, prospects, financial condition, cash flows and results of operations.*

Some of our Subsidiaries have experienced negative net cash flow, the details of which are provided below:

(₹ in lakhs)

| Particulars | March 31, 2023 | March 31, 2022 | March 31, 2021 |
|--------------------------------------------------------|----------------|----------------|----------------|
| ARAPL RaaS Private Limited | | | |
| Net Cash Flow from/(used in) Operating Activities | (197.52) | (74.06) | NA |
| Net cash generated from/(used in) investing activities | (280.67) | (189.07) | NA |
| Net Cash Flow from/(used in) Financing Activities | 779.12 | 477.09 | NA |
| Masterji.AI Private Limited | | | |
| Net Cash Flow from/(used in) Operating Activities | 96.72 | 26.95 | 0.34 |
| Net cash generated from/(used in) investing activities | (1.25) | (33.23) | 0 |
| Net Cash Flow from/(used in) Financing Activities | (92.72) | 6.37 | 0.66 |

37. *Our Company is dependent on third party transportation providers for the delivery of machines/robots and any disruption in their operations or a decrease in the quality of their services could affect our Company's reputation and results of operations.*

Our Company uses third party transportation providers for delivery of machines/ robots to the customers. Though our business has not experienced any disruptions due to transportation strikes in the past, any future transportation strikes may have an adverse effect on our business. In addition, there may be loss or damage in transit for various reasons including occurrence of accidents or natural disasters. There may also be delay in delivery of machines which may also affect our business and results of operation negatively. An increase in the freight costs or unavailability of freight for transportation may have an adverse effect on our business and results of operations. Further, disruptions of transportation services due to weather-related problems, strikes, lock-outs, inadequacies in the road infrastructure, or other events could impair ability to procure raw materials on time. Any such disruptions could materially and adversely affect our business, financial condition and results of operations.

38. *In the past, our Company has been unable to make payment towards certain statutory dues on account of disputes.*

Our Company has been unable to make payment towards certain statutory dues on account of disputes, the details have been added below:

| Name of the statute | Nature of dispute | Amount (₹ in lakhs) | Amount paid under Protest (₹ in lakhs) | Period to which the amount relates | Forum where dispute is pending |
|---------------------|------------------------------------------------------------|---------------------|----------------------------------------|------------------------------------|--------------------------------|
| Service Tax | Central Excise Audit Team has raised Service Tax Liability | 122.73 | 11.14 | FY2014-15 to June-2017 | CESTAT |

| Name of the statute | Nature of dispute | Amount (₹ in lakhs) | Amount paid under Protest (₹ in lakhs) | Period to which the amount relates | Forum where dispute is pending |
|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|----------------------------------------|------------------------------------|--------------------------------|
| | on account of Services Given during that period, while company has paid necessary to be paid on that, still department has raised liability on that, hence we went for appeal. | | | | |
| Income Tax | Income tax demand as per processing at CPC. 154 to be filed for Challans Already Paid but not linked by IT Department | 42.21 | Nil | AY2018-19 | CPC |
| Income Tax | Income tax demand as per processing at CPC. 154 to be filed for Challans Already Paid but not linked by IT Department | 26.51 | Nil | AY2014-15 | CPC |
| Income Tax | Income tax demand as per processing at CPC. 154 to be filed for Challans Already Paid but not linked by IT Department | 51.30 | Nil | AY2019-20 | CPC |
| Income Tax | Income tax demand as per 154 to be filed for Challans Already Paid but not linked by IT Department processing at CPC. | 27.91 | Nil | AY2017-18 | CPC |

Although no show cause notice in respect to the above has been received by our Company till date and no penalty or fine has been imposed by any regulatory authority, it cannot be assured that there will not be such instances in the future or that our Company will not commit any further delays or defaults in relation to the applicable regulatory requirements, or that any penalty or fine will not be imposed by any regulatory authority in respect to the same.

39. Our insurance coverage may not be adequate.

Our Company has obtained insurance coverage in respect of certain risks. We have taken insurance policies to insure our cargo such as Standard Fire and Special Perils Policy. While we believe that we maintain insurance coverage in adequate amounts consistent with size of our business, our insurance policies do not cover all risks, specifically risks like loss of profits, losses due to terrorism, etc. Further, there can be no assurance that our insurance policies will be adequate to cover the losses in respect of which the insurance has been availed. If we suffer a significant uninsured loss or if insurance claim in respect of the subject-matter of insurance is not accepted or any insured loss suffered by us significantly exceeds our insurance coverage, our business, financial condition and results of operations may be materially and adversely affected. For further details, please refer chapter titled “Our Business” beginning on page 80 of this Draft Letter of Offer.

40. Our lenders have charge over our movable and immovable properties in respect of finance availed buys.

We have secured our lenders by creating a charge over our movable and immovable properties in respect of loans / facilities availed by us from banks and financial institutions. The total amounts outstanding and payable by us as secured loans were ₹ 4,265.36 lakhs as on September 30, 2023 as per the Limited Reviewed Unaudited Consolidated Financial Statements. In the event we default in repayment of the loans / facilities

availed by us and any interest thereof, our properties may be forfeited by lenders, which in turn could have significant adverse effect on business, financial condition or results of operations.

41. Our lenders have imposed certain restrictive conditions on us under our financing arrangements.

Under our financing arrangements, we are required to obtain the prior, written lender consent for, among other matters, changes in our capital structure, formulate a scheme of amalgamation or reconstruction and entering into any other borrowing arrangement. Further, we are required to maintain certain financial ratios. There can be no assurance that we will be able to comply with these financial or other loan covenants or that we will be able to obtain the consents necessary to take the actions we believe are necessary to operate and grow our business. Our level of existing debt and any new debt that we incur in the future has important consequences. Any failure to comply with these requirements or other conditions or covenants under our financing agreements that is not waived by our lenders or is not otherwise cured by us, may require us to repay the borrowing in whole or part and may include other related costs. Our Company may be forced to sell some or all of its assets or limit our operations. This may adversely affect our ability to conduct our business and impair our future growth plans.

42. We have taken guarantees from Promoters and members of Promoter Group in relation to debt facilities provided to us.

We have taken guarantees from Promoters and members of Promoter Group in relation to our secured debt facilities availed roomer Bankers. In an event any of the supereons with draw or terminate its/their guarantees, the lender for such facilities may ask for alternate guarantees, repayment of amounts outstanding under such facilities, or even terminate such facilities. We may not be successful in procuring guarantees satisfactory to the lender and as a result may need to repay outstanding amounts under such facilities or seek additional sources of capital, which could adversely affect our financial condition.

43. Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditure and restrictive covenants in our financing arrangements.

We may retain all our future earnings, if any, for use in the operations and expansion of our business. As a result, we may not declare dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board of Directors and will depend on factors that our Board of Directors deem relevant, including among others, our results of operations, financial condition, cash requirements, business prospects and any other financing arrangements. Accordingly, realization of a gain on shareholders investments may largely depend upon the appreciation of the price of our Equity Shares. There can be no assurance that our Equity Shares will appreciate in value. For details of our dividend history, see “Dividend Policy” on page 107 of this Draft Letter of Offer.

44. Our future funds requirements, in the form of issue of capital or securities and/or loans taken buys, may be prejudicial to the interest of the shareholders depending upon the terms on which they are eventually raised.

We may require additional capital from time to time depending on our business needs. Any issue of shares or convertible securities would dilute the shareholding of the existing shareholders and such issuance may be done on terms and conditions, which may not be favourable to the then existing shareholders. If such funds are raised in the form of loans or debt, then it may substantially increase our interest burden and decrease our cash flows, thus prejudicially affecting our profitability and ability to pay dividends to our shareholders.

45. Negative publicity could adversely affect our revenue model and profitability

Our business is dependent on the trust our customers have reposed in the quality of our services. Any negative publicity our Company, service, or our brand due to any other unforeseen events could affect our reputation and our results from operations. Further, our business may also be affected if there is any negative publicity associated with the services which are being rendered by our Company which may indirectly result in erosion of our reputation and goodwill.

46. Our success depends largely upon the services of our Directors, Promoters and other Key Managerial Personnel and our ability to attract and retain them. Demand for Key Managerial Personnel in the industry is intense and our inability to attract and retain Key Managerial Personnel may affect the operations of our Company.

Our success is substantially dependent on the expertise and services of our Directors, Promoter and our Key Managerial Personnel (“KMP”). They provide expertise which enables us to make well informed decisions in relation to our business and our future prospects. Our future performance will depend upon the continued services of these persons. Demand for KMP in the industry is intense. We cannot assure you that we will be able to retain any or all, or that our succession planning will help to replace, the key members of our management. The loss of the services of such key members of our management team and the failure of any succession plans to replace such key members could have an adverse effect on our business and the results of our operations.

47. There are outstanding litigations involving our Company and our Directors, if determined adversely, may adversely affect our business and financial condition.

As on the date of this Draft Letter of Offer, our Company and our Directors are involved in certain legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. The amounts claimed in these proceedings have been disclosed to the extent ascertainable and include amounts claimed jointly and/or severally from us and/or other parties, as the case may be. We cannot assure you that these legal proceedings will be decided in favour of our Company and our Directors, as the case may be, or that no further liability will arise out of these proceedings. We may incur significant expenses in such legal proceedings and we may have to make provisions in our financial statements, which could increase our expenses and liabilities. Any adverse decision may adversely affect our business, results of operations and financial condition.

A summary of the pending tax proceedings and other material litigations involving our Company and our Directors are provided below:

(₹ in lakhs)

| Name of Entity | Criminal Proceedings | Tax Proceedings | Statutory or Regulatory Proceedings | Disciplinary actions by the SEBI or Stock Exchange against our Promoters | Material Civil Litigation | Aggregate amount involved [#] |
|-----------------------|----------------------|-----------------|-------------------------------------|--------------------------------------------------------------------------|---------------------------|----------------------------------------|
| Company | | | | | | |
| By the Company | 4 | 2 | Nil | Nil | 2 | 266.1 |
| Against the Company | Nil | Nil | Nil | Nil | 4 | 31.19 |
| Directors | | | | | | |
| By our Directors | Nil | Nil | Nil | Nil | Nil | Nil |
| Against the Directors | Nil | Nil | Nil | Nil | Nil | Nil |
| Promoters | | | | | | |
| By Promoters | Nil | Nil | Nil | Nil | Nil | Nil |
| Against Promoters | Nil | Nil | Nil | Nil | Nil | Nil |

[#]To the extent quantifiable.

For further details, please refer to the section titled “Outstanding Litigation and Other Material Developments” on page 162 of this Draft Letter of Offer.

48. Our Promoters, Directors, Key Managerial Personnel and Senior Management have interests in our Company other than reimbursement of expenses incurred or normal remuneration or benefits.

Our Promoters, Directors, Key Managerial Personnel and Senior Management, may be deemed to be interested in our Company, in addition to the regular remuneration or benefits, reimbursements of expenses, Equity Shares held by them or their relatives, their dividend or bonus entitlement, benefits arising from their directorship in our Company. Our Promoters, Directors Key Managerial Personnel and Senior Management may also be interested to the extent of any transaction entered into by our Company with any other company or firm in which they are directors or partners. For further details, please see the section titled “Financial Information” at page 108 of this Draft Letter of Offer.

There can be no assurance that our Promoters, Directors, Key Managerial Personnel and Senior Management will exercise their rights as shareholders to the benefit and best interest of our Company. Our Promoters and members of our Promoter Group will continue to exercise significant control over our Company, including being able to control the composition of our Board of Directors and determine decisions requiring simple or special majority voting of shareholders, and our other shareholders may be unable to affect the outcome of such voting. Our Directors Key Managerial Personnel and Senior Management may take or block actions with respect to our business, which may conflict with the best interests of our Company or that of minority shareholders.

49. *Our Promoters and members of the Promoter Group have significant control over the Company and have the ability to direct our business and affairs; their interests may conflict with your interests as a shareholder.*

After the completion of the Issue, our Promoters and the members of the Promoter Group will hold approximately [●]% of the paid-up equity share capital of our Company. While, our Promoters and members of our Promoter Group, have informed us that they may not participate in the Rights Issue. So long as the Promoters have a majority holding, they will be able to elect the entire Board and control most matters affecting us, including the appointment and removal of the officers of our Company, our business strategy and policies and financing. Further, the extent of the Promoters' shareholding in our Company may result in the delay or prevention of a change of management or control of our Company, even if such a transaction may be beneficial to the other shareholders of our Company.

50. *Our success largely depends upon the knowledge and experience of our Promoters, Directors, our Key Managerial Personnel and Senior Management. Loss of any of our Directors and key managerial personnel or our ability to attract and retain them could adversely affect our business, operations and financial condition.*

The growth and success of our Company's future significantly depends upon the experience and continued services and the management skills of our Key Managerial Personnel and Senior Management and the guidance of our Directors for development of business strategies, monitoring its successful implementation and meeting future challenges. We believe the expertise, experience and continued efforts of our Key Managerial Personnel and Senior Management and their inputs are valuable to for the operations of our Company. Our future success and growth depend largely on our ability to attract, motivate and retain the continued service of our highly skilled management personnel. Our Company has never been faced with a challenge of high rate of attrition of our Key Management Personnel and Senior Management in the past, however, any attrition of our experienced Key Managerial Personnel and Senior Management, would adversely impact our growth strategy. We cannot assure you that we will be successful in recruiting and retaining a sufficient number of personnel with the requisite skills to replace those Key Managerial Personnel and Senior Management who leave. In the event we are unable to motivate and retain our key managerial personnel and thereby lose the services of our highly skilled Key Managerial Personnel and Senior Management may adversely affect the operations, financial condition and profitability of our Company and thereby hampering and adversely affecting our ability to expand our business.

51. *The deployment of funds is entirely at our discretion and as per the details mentioned in the chapter titled "Objects of the Issue".*

As the issue size is not more than ₹10,000 lakhs, under Regulation 82 of the SEBI ICDR Regulations it is not required that a monitoring agency be appointed by our Company, for overseeing the deployment and utilisation of funds raised through this Issue. Therefore, the deployment of the funds towards the Objects of this Issue is entirely at the discretion of our Board of Directors and is not subject to monitoring by external independent agency. Our Board of Directors along with the Audit Committee will monitor the utilisation of Issue proceeds and shall have the flexibility in applying the proceeds of this Issue. However, the management of our Company shall not have the power to alter the objects of this Issue except with the approval of the Shareholders of the Company given by way of a special resolution in a general meeting, in the manner specified in Section 27 of the Companies Act, 2013. Additionally, the dissenting shareholders being those shareholders who have not agreed to the proposal to vary the objects of this Issue, our Promoters shall provide them with an opportunity to exit at such price, and in such manner and conditions as may be specified by the SEBI, in respect to the same. For further details, please refer to the chapter titled — "Objects of the Issue" on page 60 of this Draft Letter of Offer.

- 52. *As the securities of our Company are listed on SME Platform of BSE Limited, our Company is subject to certain obligations and reporting requirements under the SEBI Listing Regulations. Any non-compliances/delay in complying with such obligations and reporting requirements may render us liable to prosecution and/or penalties.***

The Equity Shares of our Company are listed on SME Platform of BSE, therefore we are subject to the obligations and reporting requirements prescribed under the SEBI Listing Regulations. There have been instances in the past wherein, our Company has failed to comply with the requirements of the SEBI Listing Regulations in a timely manner.

Our Company endeavours to comply with all such obligations/reporting requirements, there may be non-disclosures/delayed/erroneous disclosures and/or any other violations which might have been committed by us, and the same may result into Stock Exchange and/or SEBI imposing penalties, issuing warnings and show cause notices against us and/or taking actions as provided under the SEBI Act and Rules and Regulations made there under and applicable SEBI Circulars. Any such adverse regulatory action or development could affect our business reputation, divert management attention, and result in a material adverse effect on our business prospects and financial performance and on the trading price of the Equity Shares.

- 53. *We may not be successful in implementing our business strategies effectively or at all.***

The success of our business will depend greatly on our ability to implement our business strategies effectively. Even if we have successfully executed our business strategies in the past, there can be no assurance that we will be able to execute our strategies on time and within the estimated budget, or that we will meet the expectations of targeted clients. We expect the implementation of our strategies to place significant demands on our management and other resources and require us to continue developing and improving our financial, operation and other internal controls. Any inability to manage our business and implement our strategies effectively or at all could have a material adverse effect on our business, financial condition and profitability.

- 54. *We have not commissioned an industry report for the disclosures made in the chapter titled “Industry Overview” and made disclosures on the basis of the data available on the internet and such data has not been independently verified by us.***

We have neither commissioned an industry report, nor sought consent from the quoted website source for the disclosures which need to be made in the chapter titled “*Industry Overview*” of this Draft Letter of Offer. We have made disclosures in the said chapter on the basis of the relevant industry related data available online for which relevant consents have not been obtained. We have not independently verified such data. We cannot assure you that any assumptions made are correct or will not change and, accordingly, our position in the market may differ from that presented in this Draft Letter of Offer. Further, the industry data mentioned in this Draft Letter of Offer or sources from which the data has been collected are not recommendations to invest in our Company. Accordingly, investors should read the industry related disclosure in this Draft Letter of Offer in this context.

- 55. *We could be harmed by employee misconduct or errors that are difficult to detect and any such incidences could adversely affect our financial condition, results of operations and reputation.***

Employee misconduct or errors could expose us to business risks or losses, including regulatory sanctions and cause serious harm to our reputation and goodwill of our Company. There can be no assurance that we will be able to detect or deter such misconduct. Moreover, the precautions we take to prevent and detect such activity may not be effective in all cases. Our employees and agents may also commit errors that could subject us to claims and proceedings for alleged negligence, as well as regulatory actions on account of which our business, financial condition, results of operations and goodwill could be adversely affected.

- 56. *Certain agreements may be inadequately stamped or may not have been registered as a result of which our operations may be adversely affected.***

Few of our agreements may not be stamped adequately or registered. The effect of inadequate stamping is that the document is not admissible as evidence in legal proceedings and parties to that agreement may not be able to legally enforce the same, except after paying a penalty for inadequate stamping. The effect of

nonregistration, in certain cases, is to make the document inadmissible in legal proceedings. Any potential dispute due to non-compliance of local laws relating to stamp duty and registration may adversely impact the operations of our Company.

57. *The business orders which we undertake may be delayed, modified, cancelled, or not fully paid for by our clients and therefore, could materially affect our business, results of operations and financial condition.*

The business orders which we undertake may be cancelled or may be subject to changes in scope or schedule. We may also encounter problems executing the orders or executing them on a timely basis. Moreover, factors beyond our control or the control of our clients may postpone an order or cause its cancellation. Such factors could include delays or failures to obtain necessary permits, right-of-way, or receive performance bonds and other types of difficulties or obstructions. Any delay, failure, or execution difficulty with respect to orders in our Order Book could materially affect our business, results of operations and financial condition.

58. *Our results of operations are likely to vary from year to year and be unpredictable, which could cause the market price of the Equity Shares to be volatile.*

Our results of operations in any given year can be influenced by a number of factors, many of which are outside of our control and may be difficult to predict, including:

- a. our ability to acquire and retain clients for our products & services;
- b. maintaining high levels of customer satisfaction;
- c. costs relating to our operations;
- d. adhering to our high quality and process execution standards;
- e. pricing policies introduced by our competitors;
- f. the timing and nature of, and expenses incurred in, our marketing efforts;
- g. recruiting, training, and retaining sufficient skilled technical and management personnel; and
- h. developing and improving our internal administrative infrastructure, particularly our financial, operational, communications, and other internal systems.

All of these factors, in combination or alone could negatively impact our revenues and may cause significant fluctuations in our results of operations. This variability and unpredictability could materially and adversely affect our results of operations and financial condition.

59. *We may not be able to maintain our current levels of profitability due to increased costs or reduced trading spreads or margins.*

Our business strategy involves a relatively high level of ongoing interaction with our clients. We believe that this involvement is an important part of developing our relationship with our clients, identifying new cross selling opportunities and monitoring our performance. However, this level of involvement also entails higher levels of costs and also requires a relatively higher gross spread, or margin, on the various products we offer in order to maintain profitability. There can be no assurance that we will be able to maintain our current levels of profitability if the gross spreads on our traded products were to reduce substantially, which could adversely affect our results of operations.

60. *If we are unable to establish and maintain an effective system of internal controls and compliances, our business and reputation could be adversely affected.*

We manage our internal compliance by monitoring and evaluating internal controls and ensuring all relevant statutory and regulatory compliances. However, there can be no assurance that deficiencies in our internal controls will not arise or that we will be able to implement and continue to maintain adequate measures to rectify or mitigate any such deficiencies in our internal controls, in a timely manner or at all. If we are unable to establish and maintain an effective system of internal controls and compliances, our business and reputation could be adversely affected.

61. *Our Company requires significant amount of working capital for a continuing growth. Our inability to meet our working capital requirements may adversely affect our results of operations.*

Our business requires a significant amount of working capital. As per our settled business terms, we require our customers to pay the full amount of the consideration only after they receive the order, as a result,


significant amounts of our working capital are often required to finance the purchase of raw materials from our suppliers before payment is received from our customers. Further, we are also required to meet the increasing demand and for achieving the same, adequate stocks are required to be maintained which requires sufficient working capital. In the event, we are unable to source the required amount of working capital for addressing such increased demand of our products, we might not be able to efficiently satisfy the demand of our customers. Even if we are able to source the required amount of funds, we cannot assure you that such funds would be sufficient to meet our cost estimates and that any increase in the expenses will not affect the price of our products.

Further, the objects of this Issue include, investment in our Material Subsidiary i.e., ARAPL RaaS Private Limited for augmenting its working capital requirement; and to augment the existing and incremental working capital requirement of our Company, which is based on management estimates and certain assumptions. For more information in relation to such management estimates and assumptions, please see “*Objects of the Issue*” on page 60. Our working capital requirements may be subject to change due to factors beyond our control including force majeure conditions, an increase in defaults by our customers, non-availability of funding from banks or financial institutions. Accordingly, such working capital requirements may not be indicative of the actual requirements of our Company in the future and investors are advised to not place undue reliance on such estimates of future working capital requirements.

Any delay in processing our payments by our customers may increase our working capital requirement. Further, if a customer defaults in making payments for a product on which we have devoted significant resources, it could affect our profitability and liquidity and decrease the capital reserves that are otherwise available for other uses. We may file a claim for compensation of the loss that we incurred pursuant to such defaults but settlement of disputes generally takes time and financial and other resources, and the outcome is often uncertain. In general, we make provisions for bad debts, including those arising from such defaults based primarily age of the debt and other factors such as special circumstances relating to special customers. There can be no assurance that such payments will be remitted by our clients to us on a timely basis or that we will be able to effectively manage the level of bad debt arising from defaults. We may also have large cash outflows, including among others, losses resulting from environmental liabilities, litigation costs, adverse political conditions, foreign exchange risks and liability claims.

All of these factors may result, in increase in the amount of receivables and short-term borrowings. If we decide to raise additional funds through the incurrence of debt, our interest and debt repayment obligations will increase, and could have a significant effect on our profitability and cash flows and we may be subject to additional covenants, which could limit our ability to access cash flows from operations. Any issuance of equity in our Company or in our Subsidiary, on the other hand, could result in a dilution of your shareholding. Accordingly, continued increases in our working capital requirements may have an adverse effect on our financial condition and results of operations.

62. If our Company is unable to protect its intellectual property, or if our Company infringes on the intellectual property rights of others, our business may be adversely affected.

Our Company’s success largely depends on our brand name and brand image and our trademark is important for differentiating our Company’s products from that of our competitors. Our current trademark and logo  is owned by our Company under the provisions of the Trademarks Act, 1999. Our trademark and logo may be subject to counterfeiting or imitation which would adversely impact our reputation and lead to loss of customer confidence, reduced sales and higher administrative costs. There can be no assurance that third parties will not infringe upon our intellectual property, causing damage to our business prospects, reputation and goodwill. Our efforts to protect our intellectual property may not be adequate and may lead to erosion of our business value and our operations could be adversely affected. We may need to litigate in order to determine the validity of such claims and the scope of the proprietary rights of others. Any such litigation could be time consuming and costly and the outcome cannot be guaranteed. We may not be able to detect any unauthorized use or take appropriate and timely steps to enforce or protect its intellectual property, which could adversely affect our business, results of operations and financial condition. For further details, please refer to the chapters titled “*Our Business*” on page 80 of this Draft Letter of Offer.

63. We do not own certain premises used by our Company. Disruption of our rights as licensee/ lessee or termination of the agreements with our licensors/ lessors would adversely impact our manufacturing operations and, consequently, our business.

As on the date of this Draft Red Herring Prospectus, certain of the properties used by our Company for business purposes are taken on lease from third parties. For further details, please refer to the chapter titled “Our Business” on page 80 of this Draft Letter of Offer. There can be no assurance that our Company will be able to renew the said lease agreements in a timely manner or at all. Further, there can be no assurance that we will not face any disruption of our rights as a lessee/ licensee and that such leave and license and lease agreements will not be terminated prematurely by the licensor/lessor. Any such non-renewal or early termination or any disruption of our rights as lessee / licensee will adversely affect our business operations.

64. *Our inability to receive or renew the necessary licenses, approvals and registrations in a timely manner or at all may lead to interruption of our Company’s operations.*

We require certain statutory and regulatory approvals, licenses, registrations and permissions to operate our trading business, some of which have been granted for a fixed period of time and need to be renewed from time to time. As of date of this Draft Letter of Offer, there are no material pending proceedings, which have been initiated against us by the statutory authorities. We cannot assure you that in the near future there will not be any legal actions taken against us for the same.

Further, our licenses and approvals are subject to several conditions, and our Company cannot assure that it shall be able to continuously meet such conditions or be able to prove compliance with such conditions to statutory authorities, and this may lead to cancellation, revocation or suspension of relevant licenses, approvals and registrations. Failure by our Company to renew, maintain or obtain the required licenses or approvals, or cancellation, suspension, or revocation of any of the licenses, approvals and registrations may result in the interruption of our Company’s operations and may adversely affect our business.

65. *System failures or inadequacy and security breaches in computer systems may adversely affect our business.*

Our business is increasingly dependent on our ability to process transactions and banking data into well managed accounts systems. Our financial, accounting or other data processing systems may fail to operate adequately or become disabled as a result of events that are wholly or partially beyond our control, including a disruption of electrical or communication services. Our ability to operate and remain competitive will depend in part on our ability to maintain and upgrade our information technology systems on a timely and cost-effective basis. The information available to and received by our management through our existing systems may not be timely and sufficient to manage risks or to plan for and respond to changes in market conditions and other developments in our operations. We may experience difficulties in upgrading, developing and expanding our systems quickly enough to accommodate a growing customer base or product portfolio or supplier base. Any failure to effectively maintain or improve or upgrade our management information systems in a timely manner could materially and adversely affect our competitiveness, financial position and results of operations. Moreover, if any of these systems do not operate properly or are disabled or if there are other shortcomings or failures in our internal processes or systems, it could affect our operations or result in financial loss, disruption of our businesses, regulatory intervention or damage to our reputation.

ISSUE SPECIFIC RISKS

66. *We will not distribute this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, Application Form and Rights Entitlement Letter to overseas Shareholders who have not provided an address in India for service of documents.*

In accordance with the SEBI ICDR Regulations and SEBI Master Circular our Company will send, only through email, the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue material to the email addresses of all the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares permitted under laws of such jurisdictions and in each case who make a request in this regard. The Issue Materials will not be distributed to addresses outside India on account of restrictions that apply to circulation of such materials in overseas jurisdictions. However, the Companies Act, 2013 requires companies to serve documents at any address which may be provided by the members as well as through e-mail. Presently, there is lack of clarity under the Companies Act, 2013 and the rules made thereunder with respect to distribution of Issue Materials in overseas jurisdictions where such distribution may be prohibited under the applicable laws of such jurisdictions. While we have requested all the shareholders to provide an

address in India for the purposes of distribution of Issue Materials, we cannot assure you that the regulator or authorities would not adopt a different view with respect to compliance with the Companies Act, 2013 and may subject us to fines or penalties.

67. *SEBI has recently, by way of SEBI Master Circular, streamlined the process of rights issues. You should follow the instructions carefully, as stated in such SEBI circulars, and in this Draft Letter of Offer.*

The concept of crediting Rights Entitlements into the demat accounts of the Eligible Equity Shareholders has recently been introduced by the SEBI. Accordingly, the process for such Rights Entitlements has been recently devised by capital market intermediaries. Eligible Equity Shareholders are encouraged to exercise caution, carefully follow the requirements as stated in the SEBI Master Circular and ensure completion of all necessary steps in relation to providing/updating their demat account details in a timely manner. For details, see “*Terms of the Issue*” on page 177 of this Draft Letter of Offer.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Master Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or suspended for debit or credit or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) credit of the Rights Entitlements returned / reversed / failed; or (e) the ownership of the Equity Shares currently under dispute, including any court proceedings.

68. *The Rights Entitlement of Eligible Equity Shareholders holding Equity Shares in physical form (“Physical Shareholder”) may lapse in case they fail to furnish the details of their demat account to the Registrar.*

In accordance with the circular SEBI Master Circular, the credit of Rights Entitlement and Allotment of Equity Shares shall be made in dematerialised form only. Accordingly, the Rights Entitlements of the Physical Shareholders shall be credited in a suspense escrow demat account opened by our Company during the Issue Period. The Physical Shareholders are requested to furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date to enable the credit of their Rights Entitlements in their demat accounts at least one day before the Issue Closing Date. The Rights Entitlements of the Physical Shareholders who do not furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date, shall lapse. Further, pursuant to a press release dated December 03, 2018 issued by the SEBI, with effect from April 01, 2019, a transfer of listed Equity Shares cannot be processed unless the Equity Shares are held in dematerialized form. For details, please refer chapter “*Terms of the Issue*” on page 177 of this Draft Letter of Offer.

69. *Failure to exercise or sell the Rights Entitlements will cause the Rights Entitlements to lapse without compensation and result in a dilution of shareholding.*

The Rights Entitlements that are not exercised prior to the end of the Issue Closing Date will expire and become null and void, and Eligible Equity Shareholders will not receive any consideration for them. The proportionate ownership and voting interest in our Company of Eligible Equity Shareholders who fail (or are not able) to exercise their Rights Entitlements will be diluted. Even if you elect to sell your unexercised Rights Entitlements, the consideration you receive for them may not be sufficient to fully compensate you for the dilution of your percentage ownership of the equity share capital of our Company that may be caused as a result of the Issue. Renouncees may not be able to apply in case of failure in completion of renunciation through off-market transfer in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees prior to the Issue Closing Date. Further, in case, the Rights Entitlements do not get credited in time, in case of On Market Renunciation, such Renouncee will not be able to apply in this Issue with respect to such Rights Entitlements. For details, see “*Terms of the Issue*” on page 177 of this Draft Letter of Offer.

70. *Any future issuance of Equity Shares, or convertible securities or other equity-linked securities by our*

Company may dilute your shareholding and any sale of Equity Shares by our Promoters or members of our Promoter Group may adversely affect the trading price of the Equity Shares.

Any future issuance of the Equity Shares, convertible securities or securities linked to the Equity Shares by our Company may dilute your shareholding in our Company; adversely affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares. We cannot assure you that we will not issue additional Equity Shares. The disposal of Equity Shares by any of our Promoters and Promoter Group, or the perception that such sales may occur may significantly affect the trading price of the Equity Shares. We cannot assure you that our Promoters and Promoter Group will not dispose of, pledge or encumber their Equity Shares in the future.

71. Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares of an Indian company are generally taxable in India. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Capital gains arising from the sale of the Equity Shares may be partially or completely exempt from taxation in India in cases where such exemption is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on gains made upon the sale of the Equity Shares.

72. Applicants to this Issue are not allowed to withdraw their Applications after the Issue Closing Date.

In terms of the SEBI ICDR Regulations, Applicants in this Issue are not allowed to withdraw their Applications after the Issue Closing Date. The Allotment in this Issue and the credit of such Equity Shares to the Applicant's demat account with its depository participant shall be completed within such period as prescribed under the applicable laws. There is no assurance, however, that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operation, cash flows or financial condition, or other events affecting the Applicant's decision to invest in the Equity Shares, would not arise between the Issue Closing Date and the date of Allotment in this Issue. Occurrence of any such events after the Issue Closing Date could also impact the market price of our Equity Shares. The Applicants shall not have the right to withdraw their applications in the event of any such occurrence. We cannot assure you that the market price of the Equity Shares will not decline below the Issue Price. To the extent the market price for the Equity Shares declines below the Issue Price after the Issue Closing Date, the shareholder will be required to purchase Equity Shares at a price that will be higher than the actual market price for the Equity Shares at that time. Should that occur, the shareholder will suffer an immediate unrealized loss as a result. We may complete the Allotment even if such events may limit the Applicants' ability to sell our Equity Shares after this Issue or cause the trading price of our Equity Shares to decline.

73. Investors will be subject to market risks until the Equity Shares credited to the investors demat account are listed and permitted to trade.

Investors can start trading the Equity Shares allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. Since the Equity Shares are currently traded on the Stock Exchange, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor's demat account or that trading in the Equity Shares will commence in a timely manner.

74. *You may not receive the Equity Shares that you subscribe in the Issue until fifteen days after the date on which this Issue closes, which will subject you to market risk.*

The Equity Shares that you subscribe in the Issue may not be credited to your demat account with the depository participants until approximately 15 days from the Issue Closing Date. You can start trading such Equity Shares only after receipt of the listing and trading approval in respect thereof. There can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence within the specified time period, subjecting you to market risk for such period.

75. *The trading price of our Equity Shares may be subject to volatility and you may not be able to sell your Equity Shares at or above the Issue Price.*

The trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets in general experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could adversely affect the price of our Equity Shares.

76. *Holders of Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.*

Under the Companies Act, any company incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the shares voted on such resolution, unless our Company has obtained government approval to issue without such rights. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interests in us would be reduced.

77. *Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may adversely affect the value of our Equity Shares, independent of our operating results.*

On listing, our Equity Shares will be quoted in Indian Rupees on the Stock Exchange. Any dividends in respect of our Equity Shares will also be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the proceeds received by equity shareholders. For example, the exchange rate between the Rupee and the U.S. dollar has fluctuated substantially in recent years and may continue to fluctuate substantially in the future, which may adversely affect the trading price of our Equity Shares and returns on our Equity Shares, independent of our operating results.

78. *Investors will not have the option of getting the allotment of Equity Shares in physical form.*

In accordance with the SEBI ICDR Regulations, the Equity Shares shall be issued only in dematerialized form. Investors will not have the option of getting the allotment of Equity Shares in physical form. The Equity Shares Allotted to the Applicants who do not have demat accounts or who have not specified their

demat details, will be kept in abeyance till receipt of the details of the demat account of such Applicants. For details, see “*Terms of the Issue*” on page 177 of this Draft Letter of Offer. This may impact the ability of our shareholders to receive the Equity Shares in the Issue.

79. *There is no guarantee that our Equity Shares will be listed, or continue to be listed, on the Indian stock exchanges in a timely manner, or at all, and prospective investors will not be able to immediately sell their Equity Shares on the Stock Exchange.*

In accordance with Indian law and practice, final approval for listing and trading of our Equity Shares will not be applied for or granted until after our Equity Shares have been issued and allotted. Such approval will require the submission of all other relevant documents authorizing the issuance of our Equity Shares. Accordingly, there could be a failure or delay in listing our Equity Shares on the Stock Exchange, which would adversely affect your ability to sell our Equity Shares.

80. *Sale of Equity Shares by our Promoters or other significant shareholder(s) may adversely affect the trading price of the Equity Shares.*

Any instance of disinvestments of equity shares by our Promoters or by other significant shareholder(s) may significantly affect the trading price of our Equity Shares. Further, our market price may also be adversely affected even if there is a perception or belief that such sales of Equity Shares might occur.

81. *Rights of shareholders under Indian laws may be more limited than under the laws of other jurisdictions.*

Indian legal principles related to corporate procedures, directors’ fiduciary duties and liabilities, and shareholders’ rights may differ from those that would apply to a company in another jurisdiction. Shareholders’ rights including in relation to class actions, under Indian law may not be as extensive as shareholders’ rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as shareholder in an Indian company than as shareholder of a corporation in another jurisdiction.

EXTERNAL RISK FACTORS

82. *Significant differences exist between Ind AS, Indian GAAP and other accounting principles, such as US GAAP and International Financial Reporting Standards (“IFRS”), which investors may be more familiar with and consider material to their assessment of our financial condition.*

Our summary statements of assets and liabilities and summary statements of profit and loss (including other comprehensive income), cash flows and changes in equity, as per the Financial Statements, have been prepared in accordance with the Ind GAAP notified under the Companies Act, 2013, read with the applicable Rules, the SEBI Circular and the Prospectus Guidance Note.

We have not attempted to quantify the impact of Ind AS, US GAAP, IFRS or any other system of accounting principles on the financial data included in this Draft Letter of Offer, nor do we provide a reconciliation of our financial statements to those of Ind AS, US GAAP, IFRS or any other accounting principles. US GAAP and IFRS differ in significant respects from Ind AS and Indian GAAP. Accordingly, the degree to which the Financial Information included in this Draft Letter of Offer will provide meaningful information is entirely dependent on the reader’s level of familiarity with Ind AS, Indian GAAP and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Letter of Offer should accordingly be limited.

83. *Political, economic or other factors that are beyond our control may have adversely affect our business and results of operations.*

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors’ reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general. Any of these factors could depress economic activity and restrict our access to capital, which could have an adverse effect on our business, financial

condition and results of operations and reduce the price of our Equity Shares. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of our Equity Shares.

We are dependent on domestic, regional and global economic and market conditions. Our performance, growth and market price of our Equity Shares are and will be dependent to a large extent on the health of the economy in which we operate. There have been periods of slowdown in the economic growth of India. Demand for our products or services may be adversely affected by an economic downturn in domestic, regional and global economies.

Economic growth is affected by various factors including domestic consumption and savings, balance of trade movements, namely export demand and movements in key imports, global economic uncertainty and liquidity crisis, volatility in exchange currency rates, and annual rainfall which affects agricultural production.

Consequently, any future slowdown in the Indian economy could harm our business, results of operations and financial condition. Also, a change in the government or a change in the economic and deregulation policies could adversely affect economic conditions prevalent in the areas in which we operate in general and our business in particular and high rates of inflation in India could increase our costs without proportionately increasing our revenues, and as such decrease our operating margins.

84. *A slowdown in economic growth in India could cause our business to suffer.*

We are incorporated in India, and all of our assets and employees are located in India. As a result, we are highly dependent on prevailing economic conditions in India and our results of operations are significantly affected by factors influencing the Indian economy. A slowdown in the Indian economy could adversely affect our business, including our ability to grow our assets, the quality of our assets, and our ability to implement our strategy.

Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- any increase in Indian interest rates or inflation;
- any scarcity of credit or other financing in India;
- prevailing income conditions among Indian consumers and Indian corporations;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- variations in exchange rates;
- changes in India's tax, trade, fiscal or monetary policies;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighboring countries;
- prevailing regional or global economic conditions; and
- other significant regulatory or economic developments in or affecting India

Any slowdown in the Indian economy or in the growth of the sectors we participate in or future volatility in global commodity prices could adversely affect our borrowers and contractual counterparties. This in turn could adversely affect our business and financial performance and the price of our Equity Shares.

85. *Changing laws, rules and regulations and legal uncertainties, including adverse application of corporate and tax laws, may adversely affect our business, prospects and results of operations.*

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes, including the instances mentioned below, may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy.

The Government of India has issued a notification dated September 29, 2016 notifying Income Computation and Disclosure Standards ("ICDS"), thereby creating a new framework for the computation of taxable income. The ICDS became applicable from the assessment year for Fiscal 2018 and subsequent years. The adoption of ICDS is expected to significantly alter the way companies compute their taxable income, as ICDS deviates from several concepts that are followed under general accounting standards, including Indian GAAP and Ind AS. In addition, ICDS shall be applicable for the computation of income for tax purposes but

shall not be applicable for the computation of income for minimum alternate tax. There can be no assurance that the adoption of ICDS will not adversely affect our business, results of operations and financial condition.

- the General Anti Avoidance Rules (“GAAR”) have been made effective from April 01, 2017. The tax consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefit amongst other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain. If the GAAR provisions are made applicable to our Company, it may have an adverse tax impact on us.
- a comprehensive national GST regime that combines taxes and levies by the Central and State Governments into a unified rate structure, which came into effect from July 01, 2017. We cannot provide any assurance as to any aspect of the tax regime following implementation of the GST. Any future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. If, as a result of a particular tax risk materializing, the tax costs associated with certain transactions are greater than anticipated, it could affect the profitability of such transactions.

In addition, unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations including foreign investment laws governing our business, operations and group structure could result in us being deemed to be in contravention of such laws or may require us to apply for additional approvals. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our business in the future.

Any increase in taxes and levies, or the imposition of new taxes and levies in the future, could increase the cost of production and operating expenses. Taxes and other levies imposed by the central or state governments in India that affect our industry include customs duties, excise duties, sales tax, income tax and other taxes, duties or surcharges introduced on a permanent or temporary basis from time to time. The central and state tax scheme in India is extensive and subject to change from time to time. Any adverse changes in any of the taxes levied by the central or state governments may adversely affect our competitive position and profitability.

86. *Financial instability in both Indian and international financial markets could adversely affect our results of operations and financial condition.*

The Indian financial market and the Indian economy are influenced by economic and market conditions in other countries, particularly in emerging market in Asian countries. Financial turmoil in Asia, Europe, the United States and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors’ reactions to developments in one country can have an adverse effect on the securities of companies in other countries, including India. A loss in investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any global financial instability, including further deterioration of credit conditions in the U.S. market, could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our results of operations and financial condition.

The Indian economy is also influenced by economic and market conditions in other countries. This includes, but is not limited to, the conditions in the United States, Europe and certain economies in Asia. Financial turmoil in Asia and elsewhere in the world in recent years has affected the Indian economy. Any worldwide financial instability may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector and its business.

Although economic conditions vary across markets, loss of investor confidence in one emerging economy may cause increased volatility across other economies, including India. Financial instability in other parts of the world could have a global influence and thereby impact the Indian economy. Financial disruptions in the future could adversely affect our business, prospects, financial condition and results of operations. The global

credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections.

These could include further falls in Stock Exchange's indices and greater volatility of markets in general due to the increased uncertainty. These and other related events could have a significant impact on the global credit and financial markets as a whole, and could result in reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in the global credit and financial markets. There are also concerns that a tightening of monetary policy in emerging markets and some developed markets will lead to a moderation in global growth. In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, have implemented a number of policy measures designed to add stability to the financial markets. However, the overall long-term impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have had the intended stabilizing effects. Any significant financial disruption in the future could have an adverse effect on our cost of funding, loan portfolio, business, future financial performance and the trading price of the Equity Shares.

87. Inflation in India could have an adverse effect on our profitability and if significant, on our financial condition.

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. India has experienced high inflation in the recent past. Increased inflation can contribute to an increase in interest rates and increased costs to our business, including increased costs of salaries, and other expenses relevant to our business.

High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our expenses, which we may not be able to pass on to our customers, whether entirely or in part, and the same may adversely affect our business and financial condition. In particular, we might not be able to reduce our costs or increase our rates to pass the increase in costs on to our customers. In such case, our business, results of operations, cash flows and financial condition may be adversely affected.

Further, the GoI has previously initiated economic measures to combat high inflation rates, and it is unclear whether these measures will remain in effect. There can be no assurance that Indian inflation levels will not worsen in the future.

88. Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.

As an Indian Company, we are subject to exchange controls that regulate borrowing in foreign currencies, including those specified under FEMA. Such regulatory restrictions limit our financing sources for our projects under development and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, or at all. Limitations on foreign debt may adversely affect our business growth, results of operations and financial condition.

Further, under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or fall under any of the exceptions referred to above, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no objection/ tax clearance certificate from the income tax authority. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

89. Any downgrading of India's debt rating by an independent agency may harm our ability to raise financing.

Any adverse revisions to India's credit ratings international debt by international rating agencies may adversely affect our ability to raise additional overseas financing and the interest rates and other commercial

terms at which such additional financing is available. This could have an adverse effect on our ability to fund our growth on favourable terms or at all, and consequently adversely affect our business and financial performance and the price of our Equity Shares.

90. *Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws, may adversely affect our business, prospects and results of operations.*

The regulatory environment in which we operate is evolving and is subject to change. The GoI may implement new laws or other regulations that could affect the insurance industry, which could lead to new compliance requirements, including requiring us to obtain approvals and licenses from the GoI and other regulatory bodies, or impose onerous requirements. New compliance requirements could increase our costs or otherwise adversely affect our business, financial condition and results of operations. Further, the manner in which new requirements will be enforced or interpreted can lead to uncertainty in our operations and could adversely affect our operations. Accordingly, any adverse regulatory change in this regard could lead to fluctuation of price points of various input costs and thereby increase our operational cost.

The Taxation Laws (Amendment) Act, 2019, also prescribes certain changes to the income tax rate applicable to companies in India. According to this Act, companies can henceforth voluntarily opt in favour of a concessional tax regime (subject to no other special benefits/exemptions being claimed), which would ultimately reduce the effective tax rate (on gross basis) for Indian companies from 34.94% to approximately 25.17%. Any such future amendments may affect our ability to claim exemptions that we have historically benefited from, and such exemptions may no longer be available to us. Any adverse order passed by the appellate authorities/ tribunals/ courts would have an effect on our profitability. Due to COVID -19 pandemic, the Government of India had also passed the Taxation and Other Laws (Relaxation of Certain Provisions) Act, 2020, implementing relaxations from certain requirements under, among others, the Central Goods and Service Tax Act, 2017 and Customs Tariff Act, 1975. Furthermore, the Government of India announced the Union Budget for Fiscal 2023 ("**Budget 2023**"), pursuant to which the Finance Bill 2023 (defined below) has proposed various amendments. The Finance Bill, 2023 became the Finance Act, 2023 March 31, 2023 and has come into effect with effect from April 01, 2023. We have not fully determined the impact of these recent and proposed laws and regulations on our business.

There can be no assurance that we will not be required to comply with additional procedures or obtain additional approvals and licenses from the government and other regulatory bodies or that they will not impose onerous requirements and conditions on our operations in connection with GST. While we are and will comply with the GST rules and regulations, any failure to comply with the same may result in noncompliance with the GST and may adversely affect our business and results of operations. The GoI announced the union budget for fiscal year 2024, following which the Finance Bill, 2023 was introduced in the Lok Sabha on February 01, 2023. The Finance Bill 2023 is yet to receive the assent from the President of India, post which became the Finance Act, 2022 ("**Finance Act 2023**"). We cannot predict whether the amendments made and yet to be notified pursuant to the Finance Act 2023 would have an adverse effect on our business, financial condition, future cash flows and results of operations. Any changes in the Finance Act 2023 or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws that are applicable to our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals.

Changes in other laws may impose additional requirements, resulting in additional expenditure and time cost. For instance, the GoI has announced four labour codes which are yet to come into force as on the date of this Draft Letter of Offer, namely, (i) the Code on Wages, 2019, (ii) the Industrial Relations Code, 2020; (iii) the Code on Social Security, 2020; and (iv) the Occupational Safety, Health and Working Conditions Code, 2020. Such codes will replace the existing legal framework governing rights of workers and labour relations. While the rules for implementation under these codes have not been announced, we are unable to determine the impact of all or some such laws on our business and operations which may restrict our ability to grow our business in the future. For example, the Social Security Code aims to provide uniformity in providing social security benefits to employees which were previously segregated under different acts and had different applicability and coverage. The Social Security Code has introduced the concept of workers outside traditional employer-employee work-arrangements, such as "gig workers" and "platform workers" and provides for the mandatory registration of such workers in order to enable these workers to avail themselves of various employment benefits, such as life and disability cover, health and maternity benefits and old age protection, under schemes framed under the Social Security Code from time to time. Any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the

applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current businesses or restrict our ability to grow our businesses in the future.

91. The occurrence of natural or man-made disasters could adversely affect our results of operations, cash flows and financial condition. Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our business.

The occurrence of natural disasters, including cyclones, storms, floods, earthquakes, tsunamis, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, could adversely affect our results of operations, cash flows or financial condition. Terrorist attacks and other acts of violence or war may adversely affect the Indian securities markets. In addition, any deterioration in international relations, especially between India and its neighbouring countries, may result in investor concern regarding regional stability which could adversely affect the price of the Equity Shares. In addition, India has witnessed local civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse effect on our business.

Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the market price of the Equity Shares.

92. Financial instability in other countries may cause increased volatility in Indian financial markets.

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our business, our future financial performance and the prices of the Equity Shares.

The recent outbreak of Novel Coronavirus has significantly affected financial markets around the world. Any other global economic developments or the perception that any of them could occur may continue to have an adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Any of these factors could depress economic activity and restrict our access to capital, which could have an adverse effect on our business, financial condition and results of operations and reduce the price of our Equity Shares. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of our Equity Shares.

SECTION III – INTRODUCTION

THE ISSUE

This Issue has been authorized through a resolution passed by our Board at its meeting held on October 06, 2023 pursuant to Section 62(1)(a) of the Companies Act. The following is a summary of this Issue, and should be read in conjunction with and is qualified entirely by the information detailed in the chapter titled “*Terms of the Issue*” on page 177 of this Draft Letter of Offer.

| Particulars | Details of Equity Shares |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Equity Shares proposed to be issued | Upto [●] Equity Shares |
| Rights Entitlement | Upto [●] Equity Share(s) for every [●] fully paid-up Equity Share(s) held on the Record Date |
| Fractional Entitlement | For Equity Shares being offered on a rights basis under the Issue, if the shareholding of any of the Eligible Equity Shareholders is less than [●] Equity Shares or is not in multiples of [●], the fractional entitlement of such Eligible Equity Shareholders shall be ignored for computation of the Rights Entitlement. However, Eligible Equity Shareholders whose fractional entitlements are being ignored earlier will be given preference in the Allotment of one additional Equity Share each, if such Eligible Equity Shareholders have applied for additional Equity Shares over and above their Rights Entitlement, if any. |
| Record Date | [●] |
| Face value per Equity Shares* | ₹ 10/- each |
| Issue Price per Rights Equity Shares | ₹ [●]/- |
| Issue Size | Upto [●] Equity Shares of face value of ₹ 10/- each for cash at a price of ₹ [●] (Including a premium of ₹ [●]) per Rights Equity Share not exceeding an amount of ₹ 4,800 lakhs. |
| Voting Rights and Dividend | The Equity Shares issued pursuant to this Issue shall rank <i>pari passu</i> in all respects with the Equity Shares of our Company. |
| Equity Shares issued, subscribed and are outstanding prior to the Issue | 1,01,79,600 Equity Shares. For details, see “ <i>Capital Structure</i> ” beginning on page 58 |
| Equity Shares paid-up and outstanding prior to the Issue | 1,01,79,600 Equity Shares |
| Equity Shares issued, subscribed, paid-up and outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement) | [●] |
| Money payable at the time of Application/ Terms of payment | ₹ [●] |
| Scrip Details | ISIN: INE692Z01013 BSE (SME): 541402^ Symbol: AFFORDABLE Rights Entitlement ISIN: [●] |
| Use of Issue Proceeds | For details please refer to the chapter titled “ <i>Objects of the Issue</i> ” on page 60 of this Draft Letter of Offer. |
| Terms of the Issue | For details please refer to the chapter titled “ <i>Terms of the Issue</i> ” on page 177 of this Draft Letter of Offer. |

^Our Company is listed on the SME Platform of BSE Limited. Our Company has made an application dated July 31, 2023 before BSE Limited for migrating our Company to the Main Board segment of BSE Limited. The said application is currently pending before BSE Limited.

Please refer to the chapter titled “*Terms of the Issue*” on page 177 of this Draft Letter of Offer.

Issue Schedule

The subscription will open upon the commencement of the banking hours and will close upon the close of banking hours on the dates mentioned below:

| Event | Indicative Date |
|-------------------------------------------------------------|-----------------|
| Issue Opening Date | [●] |
| Last Date for On Market Renunciation of Rights Entitlement* | [●] |
| Issue Closing Date** | [●] |

**Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.*

***The Board of Directors or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that the Issue will not remain open in excess of 30 (thirty) days from the Issue Opening Date.*

GENERAL INFORMATION

Our Company was incorporated on January 12, 2010 as '*Affordable Robotic & Automation Private Limited*', a private limited company under the Companies Act, 1956, pursuant to a certificate of incorporation dated January 12, 2010 issued by the Registrar of Companies, Pune, Maharashtra. Further, our Company was converted into a public limited company pursuant to a resolution passed by the Shareholders at an EGM held on January 24, 2018 and consequently the name of our Company was changed to '*Affordable Robotic & Automation Limited*' and a fresh certificate of incorporation dated February 2, 2018 was issued by the Registrar of Companies, Pune, Maharashtra. The corporate identification number of our Company is L29299PN2010PLC135298.

Registered Address of our Company

Affordable Robotic & Automation Limited

Village Wadki, Gat No.1209,
Taluka Haveli, Pune – 412 308,
Maharashtra, India

Telephone: +91 772 001 8914

E-mail: info@arapl.co.in

Facsimile: NA

Investor grievance id: cs@arapl.co.in

Website: www.arapl.co.in

CIN: L29299PN2010PLC135298

As on the date of this Draft Letter of Offer, our Company does not have a corporate office.

Details of change in Registered Office of our Company

At the time of incorporation, the registered office of our Company was situated at BL-M, FL-003, Konark Pooram, PH IV, SN 7/1, Pune-Saswad Road, Kondhwa KD, Pune – 411 048, Maharashtra, India. Subsequently, pursuant to a resolution passed by the Shareholders of our Company in their EGM held on May 5, 2015, the Registered Office of our Company was shifted to Village Wadki, Gat No.1209, Taluka Haveli, Dist. Pune – 412 308, Maharashtra, India with effect from May 5, 2015.

Registrar of Companies

Our Company is registered with the Registrar of Companies, Pune, Maharashtra, which is situated at the following address:

Registrar of Companies, Pune, Maharashtra

PCNTDA Green Building, BLOCK A,
1st & 2nd Floor, Near Akurdi Railway Station,
Akurdi, Pune-411 044,
Maharashtra, India.

Telephone : +91 202 765 1375, 202 765 1378

Facsimile: +91 202 553 0042

Email: roc.pune@mca.gov.in

Board of Directors of our Company

Set forth below are the details of our Board of Directors as on the date of this Draft Letter of Offer:

| S. No. | Name | Designation | DIN | Address |
|--------|--------------------------|--------------------------------|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | Milind Manohar Padole | Chairman and Managing Director | 02140324 | Survey Number 46/ 1A-1B, Villa Number A8, Insignia Brookland Housing Society, Undri-Pisoli Road, Opposite Aysha Masjid, Undri Wadachiwadi, Mohamad Wadi Haveli, Pisoli, Pune – 411 028, Maharashtra, India. |
| 2. | Manohar Pandurang Padole | Whole-Time Director | 02738236 | Survey Number 46/ 1A-1B, Villa Number A8, Insignia Brookland Housing Society, Undri-Pisoli Road, Opposite Aysha Masjid, Undri |

| S. No. | Name | Designation | DIN | Address |
|--------|---------------------------|------------------------|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | | Wadachiwadi, Mohamad Wadi Haveli, Pisoli, Pune – 411 028, Maharashtra, India. |
| 3. | Rahul Milind Padole | Executive Director | 07891092 | Survey Number 46/ 1A-1B, Villa Number A8, Insignia Brookland Housing Society, Undri-Pisoli Road, Opposite Aysha Masjid, Undri Wadachiwadi, Mohamad Wadi Haveli, Pisoli, Pune – 411 060, Maharashtra, India. |
| 4. | Bhagirathi Manohar Padole | Non-Executive Director | 08048862 | Survey Number 46/ 1A-1B, Villa Number A8, Insignia Brookland Housing Society, Undri-Pisoli Road, Opposite Aysha Masjid, Undri Wadachiwadi, Mohamad Wadi Haveli, Pisoli, Pune – 411 028, Maharashtra, India. |
| 5. | Dr. Ajay Vishnu Deshmukh | Independent Director | 02834231 | Flat Number 8, Third Floor, Madhwakrupa, Rajyog Society, Parvati, Pune – 411 009, Maharashtra, India. |
| 6. | Rohan Vijay Akolkar | Independent Director | 08054900 | Sr. No 41A/2/1/1, Plot No. 3, Radheya Bunglow, Nr. Suvidha Dnyanganga Society, Jadhavnagar, Vadgaon, Pune – 411 041, Maharashtra, India. |
| 7. | Bharat Kishore Jhamvar | Independent Director | 00211297 | 481/4B, Shri Kripa Housing Society, Shahu College Road, Opp. BSNL Telephone Exchange, Pune City, Parvati, Pune- 411 009, Maharashtra, India. |
| 8. | Shailesh Shreekant Pandit | Independent Director | 00642265 | Chaitanya Nagar, Near Arihant Nursing Home, Flat No. 11 Down Town-703 Apartment A Wing, Sawarkar Nagar, Nashik - 422 013, Maharashtra, India. |

For detailed profile of our Directors, please refer to the chapter titled “*Our Management*” on page 93 of this Draft Letter of Offer.

Chief Financial Officer

Sengunthar Dakshnamurthy Kalidass, is the Chief Financial Officer of our Company. His contact details are set forth hereunder.

Village Wadki, Gat No.1209,
Taluka Haveli, Pune – 412 308,
Maharashtra, India.

Telephone: +91 772 001 8914

Facsimile: NA

E-mail: info@arapl.co.in

Company Secretary and Compliance Officer

Ruchika Jitendrakumar Shinde, is the Company Secretary and Compliance Officer of our Company. Her contact details are set forth hereunder.

Village Wadki, Gat No.1209,
Taluka Haveli, Pune – 412 308,
Maharashtra, India.

Telephone: +91 772 001 8914

Facsimile: NA

E-mail: cs@arapl.co.in

Details of Key Intermediaries pertaining to this Issue of our Company:

Lead Managers to the Issue

Saffron Capital Advisors Private Limited

605, Sixth Floor, Centre Point, J.B. Nagar,
Andheri (East), Mumbai - 400 059, India

Telephone: +91 22 4973 0394

Fax No.: N.A.
Email id: rights.issue@saffronadvisor.com
Website: www.saffronadvisor.com
Investor grievance: investorgrievance@saffronadvisor.com
SEBI Registration Number: INM 000011211
Contact Person: Vipin Gupta/ Saurabh Gaikwad

PhillipCapital India Private Limited
18th Floor, Urmi Estate, Ganpatrao Kadam Marg,
Opposite Peninsula Business Park, Lower Parel West,
Mumbai – 400 013, Maharashtra, India.
Telephone: +91 22 2483 1919
Fax No.: N.A.
Email id: kavora@phillipcapital.in
Website: www.phillipcapital.in
Investor grievance: mbcustomeraffairs@phillipcapital.in
SEBI Registration Number: INM 000012458
Contact Person: Kavita Vora

Registrar to the Issue

Cameo Corporate Services Limited
Subramanian Building, No. 01,
Club House Road, Chennai- 600 002,
Tamil Nadu, India.
Telephone: +91 44 4002 0700/ 2846 0390
Facsimile: N.A.
Email: rights@cameoindia.com
Website: www.cameoindia.com
Online Investor Grievance Portal: <https://wisdom.cameoindia.com>
Contact Person: K. Sreepriya
SEBI Registration No.: INR000003753

Legal Advisor to the Issue

T&S Law
Door Number 1202, Devika Towers,
Ghaziabad – 201 017,
Uttar Pradesh, India
Telephone: +91 99 5877 5287
Email: info.tandslaw@gmail.com

Statutory and Peer Review Auditor of our Company

M/s. Vijay Moondra and Co.,
Chartered Accountants
201-202, Sarap, Opp. Navjivan Press,
Ashram Road, Ahmedabad-380 014,
Gujarat, India.
Telephone: +91 9979 964 148
Email: vk_moondra@rediffmail.com
Contact Person: CA Vinit Moondra
Membership No.: 119398
Firm Registration No.: 112308W
Peer Review Certificate No.: 014768

Bankers to the Issue/ Refund Bank

The Banker to the Issue/ the Refund Bank shall be appointed prior to filing of the Letter of Offer.

Designated Intermediaries

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process is provided at the website of the SEBI <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> and updated from time to time. For details on Designated Branches of SCSBs collecting the Application Forms, refer to the website of the SEBI <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>. On Allotment, the amount will be unblocked and the account will be debited only to the extent required to pay for the Rights Equity Shares Allotted.

Inter-se Allocation of Responsibilities

The following table sets forth the inter-se allocation of responsibilities for various activities among the Lead Managers:

| S. No. | Activity | Responsibility | Coordination |
|--------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| 1. | Capital structuring with the relative components and formalities such as type of instrument, number of instruments to be issued, etc. | Lead Managers | Both |
| 2. | Coordination for drafting and design of the Letter of Offer as per the SEBI Regulations, Listing Regulations and other stipulated requirements and completion of prescribed formalities with the Stock Exchanges and SEBI. | Lead Managers | Saffron |
| 3. | Coordination with SEBI and Stock Exchanges for their in-principal approvals and observations on the Draft Letter of Offer. | Lead Managers | Saffron |
| 4. | Drafting, design and distribution of the Abridged Letter of Offer, CAF, Rights Entitlement Letter etc. and memorandum containing salient features of the Letter of Offer. | Lead Managers | Saffron |
| 5. | Selection of various agencies connected with the Issue, namely Registrar to the Issue, printers, escrow bank, advertisement agencies, and Monitoring Agency and coordination of execution of related agreements | Lead Managers | Saffron |
| 6. | Drafting and approval of all statutory advertisement | Lead Managers | Saffron |
| 7. | Drafting and approval of all publicity material including corporate advertisement, brochure, corporate films, etc. | Lead Managers | PhillipCapital |
| 8. | Formulating and Coordination of marketing strategy | Lead Managers | PhillipCapital |
| 9. | Formulating retail strategy which will cover, inter alia, distribution of publicity and Issue materials including application form, brochure and Letter of Offer and coordination for queries related to retail investors | Lead Managers | PhillipCapital |
| 10. | Submission of 1% security deposit and formalities for use of online software with stock exchanges | Lead Managers | Saffron |
| 11. | Post-Issue activities, which shall involve essential follow-up steps including follow-up with Bankers to the Issue and the SCSBs to get quick estimates of collection and advising our Company about the closure of the Issue, finalization of the Basis of Allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-issue activity such as Registrar to the Issue, Bankers to the Issue, SCSBs, etc., and coordination for underwriting arrangement, if any | Lead Managers | Saffron |

Expert Opinion

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent dated November 30, 2023 from the Statutory Auditor to include their name as required under Section 26(5) of the Companies Act 2013 read with SEBI ICDR Regulations in this Draft Letter of Offer as an “expert” as defined under Section 2(38) of the Companies Act 2013 to the extent and in its capacity as an independent Statutory Auditor and in respect of its (i) examination report dated November 30, 2023 on our Restated Financial Information for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021; (ii) limited reviewed report dated November 8, 2023 on the Limited Reviewed Financial information

for the six-month period ended September 30, 2023 in this Draft Letter of Offer; and (iii) the statement of tax benefits dated November 30, 2023 in this Draft Letter of Offer and such consent has not been withdrawn as on the date of this Draft Letter of Offer.

Investor grievances

Investors may contact the Company Secretary and Compliance Officer for any pre-Issue/ post-Issue related matters such as non-receipt of Letters of Allotment/ share certificates/ demat credit/ Refund Orders, etc.

Investors are advised to contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre- Issue or post-Issue related problems such as non-receipt of Abridged Letter of Offer/ Application Form and Rights Entitlement Letter/ Letter of Allotment, or Refund Orders, etc. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSBs, giving full details such as name, address of the applicant, ASBA Account number and the Designated Branch of the SCSBs, number of Equity Shares applied for, amount blocked, where the Application Form and Rights Entitlement Letter or the plain paper application, in case of Eligible Equity Shareholder, was submitted by the ASBA Investors through ASBA process.

Credit Rating

As this is an Issue of Equity Shares, credit rating is not required.

Debenture Trustees

As the Issue is of Equity Shares, the appointment of Debenture trustees is not required.

Monitoring Agency

As the net proceeds of the Issue shall not exceed ₹10,000 lakhs, under the SEBI ICDR Regulations, it is not required that a monitoring agency be appointed by our Company.

Filing

SEBI *vide* the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 had amended Regulation 3(b) of the SEBI ICDR Regulations as per which the threshold of filing of Draft Letter of Offer with SEBI for rights issues has been increased. The threshold of the rights issue size under Regulation 3 (b) of the SEBI ICDR Regulations has been increased from Rupees ten crores to Rupees fifty crores. Since the size of this Issue falls below this threshold, the Draft Letter of Offer has been filed with BSE Limited and not with SEBI. However, the Letter of Offer will be submitted with SEBI for information and dissemination and will be filed with the Stock Exchange.

Changes in Auditors during the last three years

There has not been any change in the Statutory Auditor of our Company in last three years.

Underwriting Agreement

This Issue is not underwritten and our Company has not entered into any underwriting arrangement.

Issue Schedule

The subscription will open upon the commencement of the banking hours and will close upon the close of banking hours on the dates mentioned below:

| Event | Indicative Date |
|-------------------------------------------------------------|------------------------|
| Issue Opening Date | [●] |
| Last Date for On Market Renunciation of Rights [#] | [●] |
| Issue Closing Date* | [●] |

**The Board of Directors or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that the Issue will not remain open in excess of 30 (thirty) days from the Issue Opening Date.*

#Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee(s) on or prior to the Issue Closing Date.

The above schedule is indicative and does not constitute any obligation on our Company or the Lead Managers.

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two (2) Working Days prior to the Issue Closing Date, i.e., [●] to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts at least one day before the Issue Closing Date, i.e., [●].

Investors are advised to ensure that the Applications are submitted on or before the Issue Closing Date. Neither our Company nor the Registrar to the Issue will be liable for any loss on account of non-submission of Applications on or before the Issue Closing Date. Further, it is also encouraged that the applications are submitted well in advance before Issue Closing Date. For details on submitting Common Application Forms, see “*Terms of the Issue*” beginning on page 177 of this Draft letter of Offer.

Please note that if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall get lapsed and shall be extinguished after the Issue Closing Date. No Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the amount paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for Equity Shares offered under Rights Issue for subscribing to the Equity Shares offered under Issue.

The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar at <https://rights.cameoindia.com/affordable> after keying in their respective details along with either security control measures implemented there at. For further details, see “*Terms of the Issue*” on page 177 of this Draft Letter of Offer.

Minimum Subscription

The objects of the Issue involve financing other than financing of capital expenditure for a project. However, our Promoters and members of our Promoter Group have *vide* their letters each dated November 30, 2023 informed us that they shall be renouncing their entire Rights Entitlements to third parties. Accordingly, minimum subscription criteria provided under Regulation 86(1) of the SEBI ICDR Regulations shall apply to this Issue. In accordance with Regulation 86 of the SEBI ICDR Regulations, if our Company does not receive the minimum subscription of at least 90% of the Issue of the Equity Shares being offered under this Issue, on an aggregate basis, our Company shall refund the entire subscription amount received within 4 (four) days from the Issue Closing Date in accordance with the SEBI Master Circular. If there is a delay in making refunds beyond such period as prescribed by applicable laws, our Company will pay interest for the delayed period at rates as prescribed under the applicable laws.

CAPITAL STRUCTURE

The Equity Share capital of our Company, as on the date of this Draft Letter of Offer and after giving effect to the Issue is set forth below:

| S. No. | Particulars | (in ₹ Lakhs, except share data) | |
|-----------|-----------------------------------------------------------------------------------|----------------------------------|--------------------------------|
| | | Aggregate value at nominal value | Aggregate value at Issue Price |
| | | | |
| A. | Authorised Share Capital | | |
| | 1,20,00,000 Equity Shares of ₹10/- each | 1,200.00 | |
| | | | |
| B. | Issued, Subscribed and Paid-Up Share Capital before the Issue | | |
| | 1,01,79,600 Equity Shares of face value of ₹10/- each | 1,017.96 | |
| | | | |
| C. | Present Issue in terms of this Draft Letter of Offer⁽¹⁾ | | |
| | Up to [●] Equity Shares of ₹10/- each | [●] | [●] |
| | | | |
| D. | Issued, Subscribed and Paid-Up Share Capital after the Issue⁽²⁾ | | |
| | [●] Equity Shares of face value of ₹10/- each | [●] | |
| | | | |
| E. | Securities Premium Account | | |
| | Before the Issue | 2,523.12 | |
| | After the Issue | [●] | |

⁽¹⁾The present Issue has been authorised vide a resolution passed at the meeting of the Board of Directors dated October 6, 2023. The terms of the Issue including the Record Date and Rights Entitlement Ratio, have been approved by a resolution passed by the Board at its meeting held on [●].

⁽²⁾ Assuming full subscription for and Allotment of Equity Shares. Subject to finalisation of Basis of Allotment, Allotment and deduction of Issue related expenses.

NOTES TO CAPITAL STRUCTURE

1. Details of outstanding instruments as on the date of this Draft Letter of Offer:

Except as mentioned below, as on date of this Draft Letter of Offer, our Company has not issued any Equity Shares under any employee stock option scheme or employee stock purchase scheme:

Affordable Robotic & Automation Limited Employee Stock Option Plan 2021

Our Company has formulated an Affordable Robotic & Automation Limited Employee Stock Option Plan 2021 pursuant to a Board resolution dated April 8, 2021 and a shareholders' resolution passed in a postal ballot meeting held on April 19, 2021, in compliance with Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (the “**ESOP Plan**”). The objective of ESOP Plan is to *inter alia*, (i) reward the eligible employees for their past association and performance as well as to motivate them to contribute to the growth and profitability of the Company; (ii) attract, retain and motivate talented and critical eligible employees; (iii) encourage eligible employees to align individual performance with company objectives; and (iv) encourage eligible employees to create share market value, *etc.* Presently, the ESOP Plan is administered and implemented by the Board of Directors and the Nomination, Remuneration and Compensation Committee. The following table sets forth details in respect of the ESOP Plan as on September 30, 2023:

| Particulars | ESOP Plan |
|---------------------------|-----------|
| Total Number of Options | 1,25,000 |
| Options granted | 10,714 |
| Options vested | NIL |
| Options exercised | NIL |
| Options cancelled | NIL |
| Total options outstanding | 1,14,286 |

Further, our Company has not issued any convertible securities which are outstanding as of date of this Draft Letter of Offer.

2. Intention and extent of participation by our Promoter and Promoter Group in the Issue:

Our Promoters and members of our Promoter Group have *vide* their letters each dated November 30, 2023 (the “**Subscription Letter**”) informed us that they shall be renouncing their entire Rights Entitlements to third parties. Accordingly, minimum subscription criteria provided under Regulation 86(1) of the SEBI ICDR Regulations shall apply to this Issue. In accordance with Regulation 86 of the SEBI ICDR Regulations, if our Company does not receive the minimum subscription of at least 90% of the Equity Shares being offered under this Issue, on an aggregate basis, our Company shall refund the entire subscription amount received within 4 (four) days from the Issue Closing Date in accordance with the SEBI Master Circular. If there is a delay in making refunds beyond such period as prescribed by applicable laws, our Company will pay interest for the delayed period at rates as prescribed under the applicable laws.

3. Shareholding pattern of our Company as per the last quarterly filing with the Stock Exchanges in compliance with the SEBI Listing Regulations

- i. The shareholding pattern of our Company as on September 30, 2023, can be accessed on the website of the BSE at: <https://www.bseindia.com/stock-share-price/affordable-robotic--automation-ltd/affordable/541402/shareholding-pattern/>
- ii. Statement showing shareholding pattern of the Promoters including details of lock-in, pledge of and encumbrance thereon, as on September 30, 2023 can be accessed on the website of the BSE at: <https://www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=541402&qtrid=119.00&QtrName=September%202023>
- iii. Statement showing holding of Equity Shares of persons belonging to the category “Public” including shareholders holding more than 1% of the total number of Equity Shares as on September 30, 2023 can be accessed on the website of the BSE at <https://www.bseindia.com/corporates/shpPublicShareholder.aspx?scripcd=541402&qtrid=119.00&QtrName=September%202023>

4. Details of shares locked-in, pledged, encumbrance by Promoter and promoter group:

As on the date of this Draft Letter of Offer, the shareholding of our Promoters and members of our Promoter Group has not been pledged, locked-in or otherwise encumbered.

5. Details of specified securities acquired by the promoter and promoter group in the last one year immediately preceding the date of filing of the Draft Letter of Offer:

The details of the acquisition made by our Promoters and members of our Promoter Group in the preceding one year can be accessed on the website of BSE at <https://www.bseindia.com/stock-share-price/affordable-robotic--automation-ltd/affordable/541402/disclosures-insider-trading-2015/>.

Except as mentioned above, our Promoters have not acquired any Equity Shares in the last one year immediately preceding the date of filing of the Draft Letter of Offer.

6. Details of the shareholders holding more than 1% of the issued and paid-up Equity Share capital

The table sets forth the details of Equity Shareholders holding more than 1% of the issued and paid-up Equity Share capital of our Company, as of September 30, 2023:

| S. No. | Name of Equity Shareholders | Number of Equity Shares held | Percentage of Equity Shares held (%) |
|--------|-----------------------------|------------------------------|--------------------------------------|
| 1. | Milind Manohar Padole | 47,35,241 | 46.52 |
| 2. | Rahul Milind Padole | 14,22,359 | 13.97 |
| 3. | Vijay Kedia | 10,10,800 | 9.93 |
| 4. | Ravi Parimal Shah | 1,25,600 | 1.23 |

7. The ex-rights price of the Rights Equity Shares as per Regulation 10(4)(b) of the Takeover Regulations is ₹ [●]/- per equity share.
8. At any given time, there shall be only one denomination of the Equity Shares of our Company.
9. All Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Draft Letter of Offer. Further, the Equity Shares allotted pursuant to the Issue, shall be fully paid up.

OBJECTS OF THE ISSUE

Our Company intends to utilize the proceeds from the Issue towards funding of the following objects:

- 1) Investment in our Material Subsidiary i.e., ARAPL RaaS Private Limited for augmenting the working capital requirement; and
- 2) To augment the existing and incremental working capital requirement of our Company (collectively, referred to hereinafter as the “Objects”).

We intend to utilize the gross proceeds raised through the Issue (the “**Issue Proceeds**”) after deducting the Issue related expenses (“**Net Proceeds**”) for the above-mentioned Objects.

The main object clause of the Memorandum of Association of our Company enables us to undertake the existing activities and the activities for which the funds are being raised through the Issue. Further, we confirm that the activities which we have been carrying out till date are in accordance with the object clause of our Memorandum of Association.

Details of Objects of the Issue

The details of objects of the Issue are set forth in the following table:

| (₹ in lakhs) | | |
|------------------------------------|--------------------------------|------------------|
| Sr. No. | Particulars | Estimated Amount |
| 1 | Gross Proceeds from the Issue* | 4,800.00 |
| 2 | Less: Issue related expenses | [●] |
| Net Proceeds from the Issue | | [●] |

**Assuming full subscription in the Issue and subject to finalization of the Basis of Allotment and to be adjusted as per the Rights Entitlement ratio.*

Requirement of Funds and Utilization of Net Proceeds

We intend to utilize the Net Proceeds are set forth in the following table:

| (₹ in lakhs) | | |
|--------------------------------------|-----------------------------------------------------------------------------------------------------------------------|------------------|
| Sr. No. | Particulars | Estimated Amount |
| 1 | Investment in our Material Subsidiary i.e., ARAPL RaaS Private Limited for augmenting the working capital requirement | 3,800.00 |
| 2 | To augment the existing and incremental working capital requirement of our Company | 850.00 |
| Net Proceeds from the Issue** | | 4,650.00 |

***Assuming full subscription in the Issue and subject to finalization of the Basis of Allotment and to be adjusted as per the Rights Entitlement ratio.*

Means of Finance

The funding requirements mentioned above are based on inter alia our Company’s internal management estimates and have not been appraised by any bank, financial institution or any other external agency. They are based on current circumstances of our business and our Company may have to revise these estimates from time to time on account of various factors beyond our control, such as market conditions, competitive environment, costs of commodities, interest or exchange rate fluctuations. Our Company proposes to meet the entire funding requirements for the proposed objects of the Issue from the Net Proceeds and identifiable internal accruals. Therefore, our Company is not required to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Issue.

Proposed Schedule of Implementation and Deployment of Proceeds from the Issue

Our Company proposes to deploy the entire proceeds from the Issue towards the aforesaid objects during Fiscal 2024 and 2025 depending upon various factors including the actual timing of the completion of the Issue and the receipt of the proceeds from the Issue.

(₹ in lakhs)

| Sr. No. | Particulars | Amount to be deployed from Net Proceeds | Estimated deployment of Net Proceeds for the FY 2023-2024 | Estimated deployment of Net Proceeds for the FY 2024-2025 |
|-------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------|
| 1 | Investment in our Material Subsidiary i.e., ARAPL RaaS Private Limited for augmenting the working capital requirement | 3,800.00 | 2,000.00 | 1,800.00 |
| 2 | To augment the existing and incremental working capital requirement of our Company | 850.00 | 850.00 | - |
| Total Net Proceeds from the Issue* | | 4,650.00 | 2,850.00 | 1,800.00 |

*Assuming full subscription in the Issue and subject to finalization of the Basis of Allotment and to be adjusted per the Rights Entitlement ratio;

Our Company's funding requirements and deployment schedules are subject to revision in the future at the discretion of our Board. If additional funds are required for the purposes mentioned above, such requirement may be met through internal accruals, additional capital infusion, debt arrangements or any combination of them. Further, in the event of any shortfall of funds for any of the activities proposed to be financed out of the Net Proceeds, our Company may re-allocate the Net Proceeds to the activities where such shortfall has arisen, subject to compliance with applicable laws. Our Company may also utilize any portion of the Net Proceeds, towards the aforementioned objects of the Issue, ahead of the estimated schedule of deployment specified above. Further, in the event, the Net Proceeds are not utilized (in full or in part) for the objects of the Issue during the period stated above due to any reason, including (i) the timing of completion of the Offer; (ii) market conditions outside the control of our Company; and (iii) any other economic, business and commercial considerations, the remaining Net Proceeds shall be utilized in subsequent periods as may be determined by our Company, in accordance with applicable laws.

In the event that the estimated utilization of the Net Proceeds in a scheduled fiscal year is not completely met, the same shall be utilised in the next fiscal year, as may be determined by our Company, in accordance with applicable laws. If the actual utilization towards any of the Objects is lower than the proposed deployment such balance will be used for future growth opportunities including funding other existing objects, if required and towards general corporate purposes to the extent that the total amount to be utilised towards general corporate purposes will not exceed 25% of the Gross Proceeds in accordance with the SEBI ICDR Regulations.

Details of the objects of the Issue

The details in relation to the objects of the Issue are set forth below:

1) Investment in our Material Subsidiary i.e., ARAPL RaaS Private Limited for augmenting the working capital requirement

Our Company proposes to utilise ₹ 3,800.00 lakhs from the Net proceeds of the Issue towards making an investment in our Material Subsidiary i.e., ARAPL RaaS Private Limited for the purpose of working capital requirement for future growth. Our Company proposes to invest such amounts from the Net Proceeds either directly or indirectly, by way of subscription to equity or in any other manner permitted by law as may be decided by our Board of Directors and management from time to time. The actual mode of Investment has not been finalised as on the date of this Draft Letter of Offer and will be finalized at the time of utilisation of the funds received from the Net Proceeds.

ARAPL RaaS Private Limited is engaged in the business of Warehousing Solutions offerings; AS/RS; (Automatic Guided Vehicle) AGV; Truck Loading and Unloading Solutions; Order Fulfilment; Conveyor Systems; Carousels and also provides for Robotic Applications for Palletizing De-Palletizing; Stretch- Wrapping; Pick & Place;

vertical of Warehouse automation; Robots and Robotic solutions; AI (Artificial intelligent); RaaS (Robotic as a Service).

2) To augment the existing and incremental working capital requirement of our company

We fund the majority of our working capital requirements in the ordinary course of our business from our internal accruals and availed working capital loan from banks and financial institutions. We operate in a competitive and dynamic market conditions and may have to revise our estimates from time to time on account of external circumstances, business or strategy, foreseeable opportunity. Consequently, our fund requirements may also change.

Basis of estimation of working capital requirement

The details of our Company's working capital as at March 31, 2023 and March 31, 2022 and source of funding of the same are provided in the table below:

(₹ in lakhs)

| Sr. No | Particulars | FY 2021-22 | | FY 2022-23 | |
|----------|------------------------------------------------------------------------------|-----------------|--------------------------|------------------|--------------------------|
| | | Amount | Holding period (in days) | Amount | Holding period (in days) |
| A | Current Assets | | | | |
| 1 | Trade receivables | 4,078.73 | 183 | 6,596.85 | 212 |
| 2 | Other current assets | 715.19 | 21 | 690.15 | 12 |
| 3 | Inventories | 3,478.52 | 156 | 4,666.93 | 150 |
| 4 | Cash and cash equivalents (including bank balance) | 226.01 | - | 204.02 | - |
| | Total (A) | 8,498.45 | - | 12,157.95 | - |
| B | Current Liabilities | | | | |
| | Trade payables | 2,546.63 | 114 | 4,875.71 | 157 |
| | Other current liabilities | 850.00 | 50 | 833.73 | 40 |
| | Other Financial Liabilities | 253.61 | - | 420.70 | - |
| | Total (B) | 3,650.24 | - | 6,130.14 | - |
| C | Net Working capital requirement (A-B) | 4,848.21 | - | 6,027.81 | - |
| D | Means of Finance (Existing Funding Pattern) | | | | |
| 1 | Internal Accruals / Equity | 3,420.67 | - | 3,953.49 | - |
| 2 | Current Borrowings (other than current maturities from long-term borrowings) | 1,427.54 | - | 2,074.33 | - |
| | Total (D) | 4,848.21 | | 6,027.81 | |

Note: Pursuant to the certificate dated December 4, 2023 issued by the Independent Chartered Accountants namely M/s. Chhogmal & Co. Chartered Accountant.

On the basis of the existing working capital requirements of the Company and the incremental and proposed working capital requirements, the details of our Company's expected working capital requirements, as approved by the management for the Fiscal 2024 and Fiscal 2025 and funding of the same are as provided in the table below:

Details of Projected Working Capital Requirements

(₹ in lakhs)

| Sr. No | Particulars | FY 2023-24 | | FY 2024-25 | |
|----------|---------------------------|------------------|--------------------------|------------------|--------------------------|
| | | Projected Amount | Holding period (in days) | Projected Amount | Holding period (in days) |
| A | Current Assets | | | | |
| 1 | Trade receivables | 6,980.82 | 130 | 9,863.01 | 120 |
| 2 | Other current assets | 805.48 | 15 | 821.92 | 10 |
| 3 | Inventories | 6,443.84 | 120 | 7,397.26 | 90 |
| 4 | Cash and cash equivalents | 200.00 | - | 250.00 | - |
| | Total (A) | 14,430.14 | - | 18,332.19 | - |

| Sr. No | Particulars | FY 2023-24 | | FY 2024-25 | |
|----------|------------------------------------------------------------------------------|------------------|--------------------------|------------------|--------------------------|
| | | Projected Amount | Holding period (in days) | Projected Amount | Holding period (in days) |
| | | | | | |
| B | Current Liabilities | | | | |
| 1 | Trade payables | 5,369.86 | 100 | 6,164.38 | 75 |
| 2 | Other current liabilities | 1,610.96 | 30 | 2,465.75 | 30 |
| 3 | Other Financial Liabilities | 521.80 | - | 820.80 | - |
| | Total (B) | 7,502.62 | - | 9,450.93 | - |
| | | | | | |
| C | Net Working capital requirement (A-B) | 6,927.52 | - | 8,881.26 | - |
| | | | | | |
| D | Means of Finance | | | | |
| 1 | Net Proceeds from Rights Issue | 850.00 | - | - | |
| 2 | Current Borrowings (other than current maturities of non-current borrowings) | 2,000.00 | - | 3,500.00 | - |
| 3 | Internal accruals | 4,077.52 | - | 5,381.26 | - |
| | Total (D) | 6,927.52 | - | 8,881.26 | - |

Note: Pursuant to the certificate dated December 4, 2023 issued by the Independent Chartered Accountants namely M/s. Chhogmal & Co. Chartered Accountant.

Assumptions for Working Capital Requirements

| Sr No. | Particulars | Assumption |
|--------|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Inventories | Inventory levels are maintained by our Company depending upon the demand and delivery schedules. Historically our Company had Inventory turnover ratio ranging from 150 to 156 days. We are anticipating that the same shall be reduced to in the range of 90-120 days from Fiscal 2024 onwards by focusing on rationalizing our inventory management to meet our future requirement. |
| 2 | Trade Receivable | This is based on the average standard payment terms across our customers. Our Company's general credit terms vary across geographies and type of customer, and our assumptions are based on past trends. Historically, our Company had trade receivables days of 183 days and 212 days for Fiscal 2022 and Fiscal 2023 respectively. We anticipate the same to reduce in the range of 130 days and 120 days for Fiscal 2024 and Fiscal 2025 on account of good longstanding customer relationships and improved Receivables recovery cycle. |
| 3 | Trade Payables | This is based on the standard payment terms of our vendors. Historically, our Trade Payables days were 114 days and 157 days for the Fiscal Year 2022 and Fiscal 2023 respectively. we anticipate the same to reduce to 100 days and 75 days for Fiscal 2024 and Fiscal 2025 based on our strategy of reducing our reliance on more expensive open market credit. |
| 4 | Other Current Assets | Other Current Assets mainly comprise of Advance to Suppliers, Prepaid workmen Comp Insurance, Retention Amount, Prepaid Expenses, Salary Advance, Advance for Site Expenses, Loan paid to staff, Loan to Subsidiary, balances with revenue authorities mainly in the form of TDS and TCS and rental deposits. The level of other current assets was higher in FY 2021-22 mainly on account of increase in advance to suppliers. However, in FY 2022-23 the holding level has come down to around 12 days. We are anticipating a similar trend in the range of around 15 days and 10 days from fiscal 2024 and fiscal 2025 as a conscious measure of improving the working capital cycle. |
| 5 | Other Current Liabilities | Other Current Liabilities include Advance Received from Customers and statutory liabilities due within a year. The levels of other current liabilities are maintained by our company historically ranging from 50-40 days. We are anticipating the same shall be reduced to and maintained in the range of |

| | | |
|--|--|----------------------------------------------------------------------------------------------|
| | | around 30 days in FY 2023-24 and onwards which are mainly in line with the historical range. |
|--|--|----------------------------------------------------------------------------------------------|

Note: Pursuant to the certificate dated December 4, 2023 issued by the Independent Chartered Accountants namely M/s. Chhogmal & Co. Chartered Accountant.

Estimated Issue Related Expenses

The estimated Issue related expenditure is as follows:

(₹ in lakhs)

| Sr. No. | Particulars | Amount | As a % of total expenses | As a % of Gross Issue size |
|------------------------------------------------|----------------------------------------------------------------------------|--------|--------------------------|----------------------------|
| 1 | Fees of the Lead Manager | [●] | [●] | [●] |
| 2 | Fees to the legal advisors, other professional services and statutory fees | [●] | [●] | [●] |
| 3 | Fees of the regulators (including SEBI, Stock Exchange and depositories) | [●] | [●] | [●] |
| 4 | Fees of Registrar to the Issue | [●] | [●] | [●] |
| 5 | Advertising and marketing expenses including shareholder outreach | [●] | [●] | [●] |
| 6 | Other expenses (including miscellaneous expenses and stamp duty) | [●] | [●] | [●] |
| Total estimated Issue related expenses* | | [●] | [●] | [●] |

**Subject to finalisation of Basis of Allotment. In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall be adjusted with the amount allocated towards general corporate purposes. All Issue related expenses will be paid out of the Gross Proceeds from the Issue.*

Bridge Financing Facilities

As on the date of this Draft Letter of Offer, our Company has not availed any bridge loans from any banks or financial institutions towards the objects of the Issue, which are proposed to be repaid from the Net Proceeds.

Interim Use of Net Proceeds

Our Company, in accordance with the policies established by our Board from time to time, will have the flexibility to deploy the Net Proceeds. Pending utilization for the purposes described above, our Company intends to temporarily deposit the funds in the scheduled commercial banks included in the second schedule of Reserve Bank of India Act, 1934 as may be approved by our Board of Directors.

In accordance with Section 27 of the Companies Act, 2013, our Company confirms that, pending utilization of the proceeds of the Issue as described above, it shall not use the funds from the Net Issue Proceeds for any investment in equity and/ or real estate products and/ or equity linked and/ or real estate linked products.

Appraising Entity

None of the purposes for which the Net Proceeds are proposed to be utilized have been financially appraised by any banks or financial institution or any other independent agency.

Financial and Strategic Partners

Our Company does not have any financial or strategic partners to the objects of the Issue as of the date of this Draft Letter of Offer.

Monitoring of Utilization of Funds

Since the Issue is for an amount not exceeding ₹10,000 lakhs, in terms of Regulation 82(1) of the SEBI ICDR Regulations. Our Company is not required to appoint a monitoring agency for the purposes of the Issue. As required under the SEBI Listing Regulations, the Audit Committee appointed by the Board shall monitor the utilization of the proceeds of the Issue. We will disclose the details of the utilization of the Net Proceeds of the Issue, including interim use, under a separate head in our financial statements specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements.

As per the requirements of Regulations 18 of the SEBI Listing Regulations, we will disclose to the Audit Committee the uses/ applications of funds on a quarterly basis as part of our quarterly declaration of results. Further, on an annual basis, we shall prepare a statement of funds utilized for purposes other than those stated in the Letter of Offer and place it before the Audit Committee. The said disclosure shall be made till such time that the Gross Proceeds raised through the Issue have been fully spent. The statement shall be certified by our Auditor.

Further, in terms of Regulation 32 of the SEBI Listing Regulations, we will furnish to the Stock Exchange on a quarterly basis, a statement indicating material deviations, if any, in the use of proceeds from the objects stated in the Letter of Offer. Further, this information shall be furnished to the Stock Exchanges along with the interim or annual financial results submitted under Regulations 33 of the SEBI Listing Regulations and be published in the newspapers simultaneously with the interim or annual financial results, after placing it before the Audit Committee in terms of Regulation 18 of the SEBI Listing Regulations.

Key Industrial Regulations for the Objects of the Issue

No additional provisions of any acts, rules and other laws are or will be applicable to the Company for the proposed Objects of the Issue.

Other Confirmations

- Our Promoter, members of our Promoter Group and our Directors do not have any interests in the objects of the Issue.
- No part of the proceeds from the Issue will be paid by our Company as consideration to its Promoter, Promoter Group or Directors, except in the normal course of its business.
- There are no existing or anticipated transactions in relation to the utilization of Net Proceeds with our Promoter, our Directors or members of the Promoter Group.

STATEMENT OF TAX BENEFITS

Statement of possible special tax benefits available to the Company, its Material Subsidiary and its Shareholders

To,

The Board of Directors
Affordable Robotic & Automation Limited
Village Wadki, Gate No.1209,
Taluka Haveli, District, Pune- 412 308,
Maharashtra, India.

Re: Proposed rights issue of equity shares of face value Rs. 10 each (the “Equity Shares” and such offering, the “Issue”) of Affordable Robotic & Automation Limited (the “Company”) pursuant to Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“SEBI Regulations”) and the Companies Act, 2013, as amended (the “Act”).

We hereby report that the enclosed Statement prepared by Affordable Robotic & Automation Limited (the “Company”) states there is no possible special tax benefits available to the Company and to the shareholders of the Company under the Income-tax Act, 1961 and Income tax Rules, 1962 including amendments made by Finance Act 2023 (hereinafter referred to as “**Income Tax Laws**”), the Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, Customs Act, 1962, Customs Tariff Act, 1975 as amended, the rules and regulations there under, Foreign Trade Policy, presently in force in India, and also to its the Material Subsidiaries of the Company under the respective tax laws of their country as on the signing date, for inclusion in the Draft Letter of Offer and Letter of Offer for the proposed rights issue of the Company to the existing shareholders. These benefits are dependent on the Company or its Material Subsidiaries or the shareholders of the Company fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company or its Material Subsidiaries or the shareholders of the Company to derive the special tax benefits is dependent upon fulfilling such conditions, which is based on business imperatives the Company may face in the future and accordingly, the Company or its Material Subsidiaries or the shareholders of the Company may or may not choose to fulfill.

With respect to the special tax benefits in the overseas jurisdictions in the case of Material Subsidiaries listed below, we have relied upon the Management Representation and confirmation received from the Tax Advisors of the respective Material Subsidiary of the Company as the case may be as listed in **Annexure I**.

Following are the Material Subsidiaries as identified by the Company:

| Sr. No. | Name of the Subsidiary | Principal Activity | Country of Incorporation | Date of Incorporation | Relationship | Status of company | Effective Ownership Interest as on March 31, 2023 |
|---------|----------------------------|-----------------------------------------------------------------------------------------------------|--------------------------|-----------------------|--------------|-------------------|---------------------------------------------------|
| 1. | ARAPL RaaS Private Limited | To Providing Robotic Warehousing Solutions to FMCG, Fashion stores, E-Commerce and like Businesses. | Pune, India | October 17, 2021 | Subsidiary | Active | 83.27% |

The benefits discussed in the enclosed Statement cover only special tax benefits available to the Company, or its Material Subsidiaries and to the shareholders of the Company and are not exhaustive and also do not cover any general tax benefits available to the Company. Further, any benefits available under any other laws within or outside India have not been examined and covered by this Statement.

Further, the preparation of the enclosed Statement and its contents was the responsibility of the management of the Company. We were informed that this Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the

individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed Issue.

We have conducted our examination in accordance with the '*Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)*' and '*Guidance Note on the Reports in Company Prospectuses (revised 2019)*' ('**the Guidance Notes**') issued by the Institute of Chartered Accountants of India ('**ICAI**'). The Guidance Notes require that we comply with ethical requirements of the *Code of Ethics* issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Performs Audits and Reviews of Historical Financial information and Other Assurance and Related Services Engagements

We do not express any opinion or provide any assurance as to whether:

- the Company or its Material Subsidiaries or the shareholders of the Company will continue to obtain these benefits in future; or
- the conditions prescribed for availing the benefits ,where applicable, have been / would be met with.

The contents of the enclosed Statement are based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and its Material Subsidiaries Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this Statement.

This statement is solely for your information and not intended for general circulation or publication and is not to be reproduced or used for any other purpose without our prior written consent, other than for inclusion of extracts of this statement in the Draft Letter of Offer and Letter of Offer and submission of this statement to the Securities and Exchange Board of India, the stock exchange where the Equity Shares of the Company are proposed to be listed, in connection with the proposed Issue, as the case may be.

For and on behalf of M/s. **Vijay Moondra & Co.**

Chartered Accountants

Firm Registration Number: 112308W

Sd/-

CA Vinit Moondra

Partner

ICAI Membership Number: 119398

Date: 30/11/2023

Place: Ahmedabad

UDIN: **23119398BGWBOA4518**

Encl: As above

ANNEXURE I

There is no Such Special Tax Benefit

SECTION IV – ABOUT THE COMPANY

INDUSTRY OVERVIEW

Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information. The information in this section must be read in conjunction with the sections titled “Risk Factors” and “Our Business” beginning on pages 22 and 80, respectively of this Draft Letter of Offer.

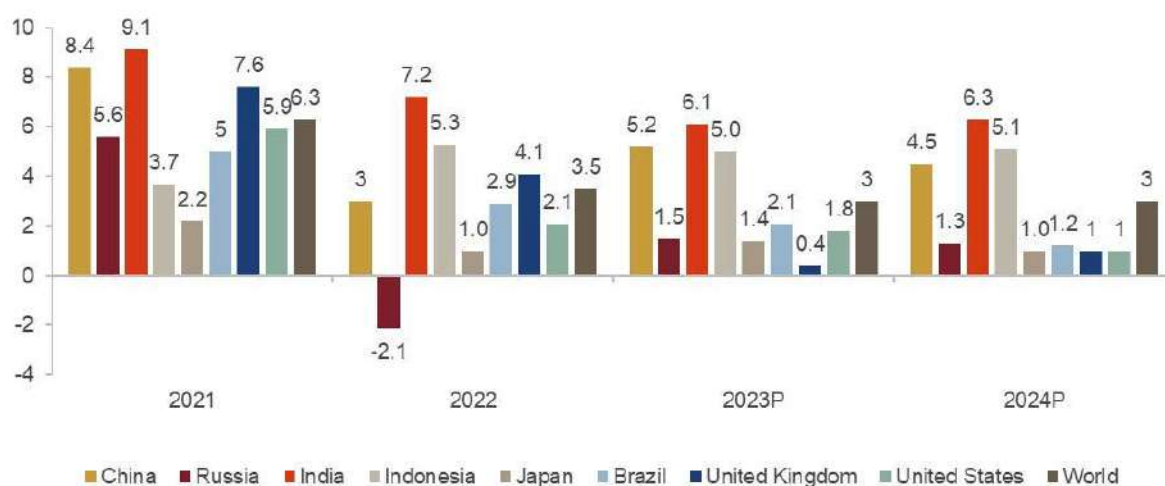
Global Industry Outlook

The global recovery from the COVID-19 pandemic and Russia’s invasion of Ukraine remains slow and uneven. Despite economic resilience earlier this year, with a reopening rebound and progress in reducing inflation from last year’s peaks, it is too soon to take comfort. Economic activity still falls short of its pre-pandemic path, especially in emerging market and developing economies, and there are widening divergences among regions. Several forces are holding back the recovery. Some reflect the long-term consequences of the pandemic, the war in Ukraine, and increasing geo-economic fragmentation. Others are more cyclical in nature, including the effects of monetary policy tightening necessary to reduce inflation, withdrawal of fiscal support amid high debt, and extreme weather events. Global inflation is forecast to rise from 4.7 percent in 2021 to 8.8 percent in 2022 but to decline to 6.5 percent in 2023 and to 4.1 percent by 2024.

Global growth is forecast to slow from 3.5 percent in 2022 to 3.0 percent in 2023 and 2.9 percent in 2024. The projections remain below the historical (2000–19) average of 3.8 percent, and the forecast for 2024 is down by 0.1 percentage point from the July 2023 Update to the World Economic Outlook. For advanced economies, the expected slowdown is from 2.6 percent in 2022 to 1.5 percent in 2023 and 1.4 percent in 2024, amid stronger-than-expected US momentum but weaker-than-expected growth in the euro area. Emerging market and developing economies are projected to have growth modestly decline, from 4.1 percent in 2022 to 4.0 percent in both 2023 and 2024, with a downward revision of 0.1 percentage point in 2024, reflecting the property sector crisis in China. Forecasts for global growth over the medium term, at 3.1 percent, are at their lowest in decades, and prospects for countries to catch up to higher living standards are weak. Global inflation is forecast to decline steadily, from 8.7 percent in 2022 to 6.9 percent in 2023 and 5.8 percent in 2024. But the forecasts for 2023 and 2024 are revised up by 0.1 percentage point and 0.6 percentage point, respectively, and inflation is not expected to return to target until 2025 in most cases.

(Source: <https://www.imf.org/en/Publications/WEO/Issues/2023/10/10/world-economic-outlook-october-2023>)

GDP growth outlook for key economies



Source: International Monetary Fund (IMF July 2023 outlook)

Indian Economy Overview

Strong economic growth in the first quarter of FY23 helped India overcome the UK to become the fifth-largest economy after it recovered from the COVID-19 pandemic shock. Real GDP at constant prices in the second quarter of 2022–23 is estimated at US\$ 1.94 trillion (Rs. 160.06 trillion), showing a growth of 7.2% as compared to the First Revised Estimates of GDP for the year 2021-22 of US\$ 1.81 trillion (Rs. 149.26 trillion), indicating a strong start for India's recovery from the pandemic. Given the release of pent-up demand and the widespread vaccination coverage, the contact-intensive services sector will probably be the main driver of development in 2022–2023. In FY22, India's service exports stood at US\$ 254.4 billion. Furthermore, India's overall exports (services and merchandise) was estimated at US\$ 770.18 billion in FY23. Rising employment and substantially increasing private consumption, supported by rising consumer sentiment, will support GDP growth in the coming months.

Future capital spending of the government in the economy is expected to be supported by factors such as tax buoyancy, the streamlined tax system with low rates, a thorough assessment and rationalisation of the tariff structure, and the digitization of tax filing. In the medium run, increased capital spending on infrastructure and asset-building projects is set to increase growth multipliers, and with the revival in monsoon and the Kharif sowing, agriculture is also picking up momentum. The contact-based services sector has largely demonstrated promise to boost growth by unleashing the pent-up demand over the period of April-December 2022. The sector's success is being captured by a number of HFIs (High-Frequency Indicators) that are performing well, indicating the beginnings of a comeback.

India has emerged as the fastest-growing major economy in the world and is expected to be one of the top three economic powers in the world over the next 10-15 years, backed by its robust democracy and strong partnerships.

India's appeal as a destination for investments has grown stronger and more sustainable as a result of the current period of global unpredictability and volatility, and the record amounts of money raised by India-focused funds in 2022 are evidence of investor faith in the "Invest in India" narrative.

Market Size

India's nominal gross domestic product (GDP) at current prices is estimated to be at US\$ 3.31 trillion (Rs. 272.41 trillion) in FY22. Additionally, the Nominal GDP at current prices in Q3 of 2022-23 was US\$ 874.84 billion (Rs. 71.82 trillion), as against US\$ 792.3 billion (Rs. 65.05 trillion) in 2021-22, estimating a growth of 10.4%. With 115 unicorns valued at more than US\$ 350 billion, as of February 2023, India presently has the third-largest unicorn base in the world. The government is also focusing on renewable sources by achieving 40% of its energy from non-fossil sources by 2030. India is committed to achieving the country's ambition of Net Zero Emissions by 2070 through a five-pronged strategy, 'Panchamrit'. Moreover, India ranked 3rd in the renewable energy country attractive index.

According to the McKinsey Global Institute, India needs to boost its rate of employment growth and create 90 million non-farm jobs between 2023 and 2030 in order to increase productivity and economic growth. The net employment rate needs to grow by 1.5% per annum from 2023 to 2030 to achieve 8-8.5% GDP growth between 2023 and 2030. India's current account deficit (CAD), primarily driven by an increase in the trade deficit, stood at US\$ 1.3 billion, 0.2% of GDP in the fourth quarter of FY23.

Exports fared remarkably well during the pandemic and aided recovery when all other growth engines were losing steam in terms of their contribution to GDP. Going forward, the contribution of merchandise exports may waver as several of India's trade partners witness an economic slowdown. According to Mr. Piyush Goyal, Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Indian exports are expected to reach US\$ 1 trillion by 2030.

Recent Developments

India is primarily a domestic demand-driven economy, with consumption and investments contributing to 70% of the economic activity. With an improvement in the economic scenario and the Indian economy recovering from the Covid-19 pandemic shock, several investments and developments have been made across various sectors of the economy. According to World Bank, India must continue to prioritise lowering inequality while also putting growth-oriented policies into place to boost the economy. In view of this, there have been some developments that have taken place in the recent past. Some of them are mentioned below.

- As of January 6, 2023, India's foreign exchange reserves stood at US\$ 561,583 million.
- 1,261 deals were recorded of more than US\$ 46 billion of Private Equity (PE) – Venture Capitalist (VC) investments in 2022. 111 mega transactions (rounds of US\$ 100 million or more) totalling US\$ 31 billion were completed in 2022.
- Merchandise exports in March 2023 stood at US\$ 38.38 billion, with total merchandise export of US\$ 447.46 billion during the period of April-March 2023. The overall exports (merchandise and service exports) in 2022-23 was estimated at US\$ 770.18, exhibiting a positive growth of 13.84%.
- India ranks 3rd position in the global number of scientific publications further improving India's Global Innovation Index (GII) rank from 81st in 2014 to 40th in 2022.
- PMI Services remained comfortably in the expansionary zone at 57.8 in the month of June 2023.
- In June 2023, the gross Goods and Services Tax (GST) revenue collection stood at US\$ 19.63 billion (Rs.1,61,497 crore), of which CGST is US\$ 3.77 billion (Rs. 31,013 crore), SGST is US\$ 4.65 billion (Rs. 38,292 crore), IGST is US\$ 9.76 billion (Rs. 80,292 crore).
- Between April 2000 – March 2023, cumulative FDI equity inflows to India stood at US\$ 9919.63 billion.
- In May 2023, the overall IIP (Index of Industrial Production) stood at 145. The Indices of Industrial Production for the mining, manufacturing and electricity sectors stood at 128.1, 142.3 and 201.6, respectively, in May 2023.
- According to data released by the Ministry of Statistics & Programme Implementation (MoSPI), India's Consumer Price Index (CPI) based retail inflation reached 4.81% in June 2023.
- In FY23, the Foreign Portfolio Investment (FPI) outflows stood at US\$ 14.81 billion (Rs. 1.21 trillion). As per depository data, Foreign Portfolio Investors (FPIs) invested Rs. 22,000 crore (US\$ 2.67 billion) in India during the first week of July 2023.
- The wheat procurement during RMS 2022-23 was estimated to be 262 lakh metric tonnes and the rice procured in KMS 2022-23 was 624.18 lakh metric tonnes (518 LMT for Kharif crop and 106.18 LMT for Rabi crop). Moreover, in the budget 2022-23, direct payment of (Maximum Selling Price) MSP was launched that estimated to be US\$ 31.74 billion (Rs. 2.37 trillion) in order to boost farmers' income.

Road Ahead

In the second quarter of FY23, the growth momentum of the first quarter was sustained, and high-frequency indicators (HFIs) performed well in July and August of 2022. India's comparatively strong position in the external sector reflects the country's generally positive outlook for economic growth and rising employment rates. India ranked fifth in foreign direct investment inflows among the developed and developing nations listed for the first quarter of 2022.

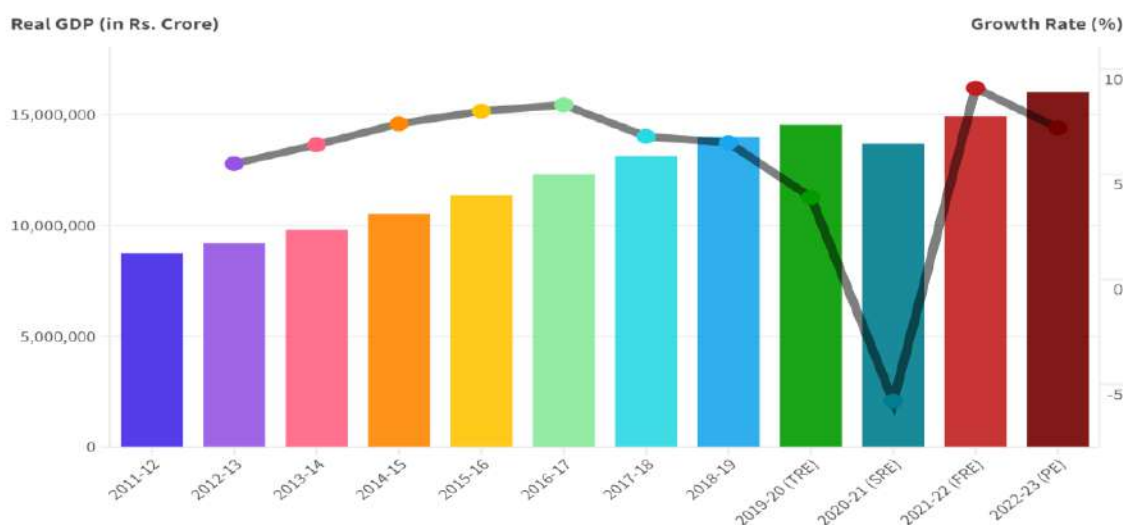
India's economic story during the first half of the current financial year highlighted the unwavering support the government gave to its capital expenditure, which, in FY23 (until August 2022), stood 46.8% higher than the same period last year. The ratio of revenue expenditure to capital outlay decreased from 6.4 in the previous year to 4.5 in the current year, signalling a clear change in favour of higher-quality spending. Stronger revenue generation because of improved tax compliance, increased profitability of the company, and increasing economic activity also contributed to rising capital spending levels.

Since India's resilient growth despite the global pandemic, India's exports climbed at the second-highest rate with a year-over-year (YoY) growth of 8.39% in merchandise exports and a 29.82% growth in service exports till April 2023. With a reduction in port congestion, supply networks are being restored. The CPI-C inflation reduction from June 2022 already reflects the impact. In June 2023 (Provisional), CPI-C inflation was 4.81%, down from 7.01% in June 2022. With a proactive set of administrative actions by the government, flexible monetary policy, and a softening of global commodity prices and supply-chain bottlenecks, inflationary pressures in India look to be on the decline overall.

(Source: <https://www.ibef.org/economy/indian-economy-overview>)

Annual GDP Estimates (in Rs. Crore) and Growth Rates (%) at Constant Prices (Base 2011-12)

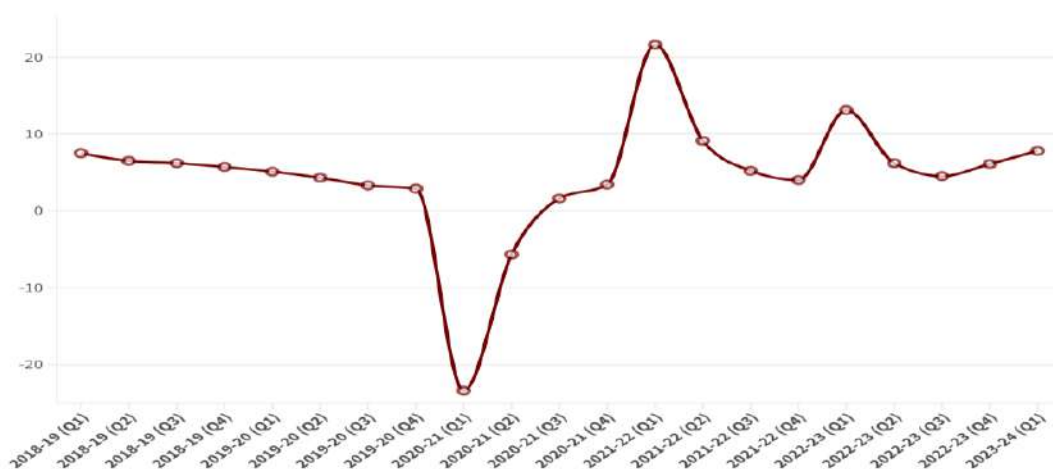
Annual GDP Estimates (in Rs. Crore) and Growth Rates (%) at Constant Prices (Base 2011-12)



(Source: MoSPI, India (Publication: Advance and Quarterly Estimate))

Quarter-wise Real GDP Growth Rates (%) for FY 2018-19 to FY 2022-23 (Constant Prices) (Base 2011-12)

Quarter-wise Real GDP Growth Rates (%) for FY 2018-19 to FY 2022-23 (Constant Prices) (Base 2011-12)



(Source: MoSPI, India (Publication: Advance and Quarterly Estimate))

Overview of Real Estate Industry

The real estate sector is one of the most globally recognized sectors. It comprises of four sub-sectors - housing, retail, hospitality, and commercial. The growth of this sector is well complemented by the growth in the corporate environment and the demand for office space as well as urban and semi-urban accommodation. The construction industry ranks third among the 14 major sectors in terms of direct, indirect and induced effects in all sectors of the economy.

In India, the real estate sector is the second-highest employment generator, after the agriculture sector. It is also expected that this sector will incur more non-resident Indian (NRI) investment, both in the short term and the long term. Bengaluru is expected to be the most favoured property investment destination for NRIs, followed by Ahmedabad, Pune, Chennai, Goa, Delhi and Dehradun.

Market Size

By 2040, real estate market will grow to Rs. 65,000 crore (US\$ 9.30 billion) from Rs. 12,000 crore (US\$ 1.72 billion) in 2019. Real estate sector in India is expected to reach US\$ 1 trillion in market size by 2030, up from US\$ 200 billion in 2021 and contribute 13% to the country's GDP by 2025. Retail, hospitality, and commercial real estate are also growing significantly, providing the much-needed infrastructure for India's growing needs.

In FY23, India's residential property market witnessed with the value of home sales reaching an all-time high of Rs. 3.47 lakh crore (US\$ 42 billion), marking a robust 48% year-on-year increase. The volume of sales also exhibited a strong growth trajectory, with a 36% rise to 379,095 units sold.

Indian real estate developers operating in the country's major urban centres are poised to achieve a significant feat in 2023, with the completion of approximately 558,000 homes.

India's real estate sector saw over 1,700 acres of land deals in top eight cities in the first nine months of FY22. Foreign investments in the commercial real estate sector were at US\$ 10.3 billion from 2017-2021. As of February 2022, Developers expect demand for office spaces in SEZs to shoot up after the replacement of the existing SEZs act.

As per ICRA estimates, Indian firms are expected to raise >Rs. 3.5 trillion (US\$ 48 billion) through infrastructure and real estate investment trusts in 2022, as compared with raised funds worth US\$ 29 billion to date.

The office market in the top eight cities recorded transactions of 22.2 msf from July 2020 to December 2020, whereas new completions were recorded at 17.2 msf in the same period. In terms of share of sectoral occupiers, Information Technology (IT/ITeS) sector dominated with a 41% share in the second half of 2020, followed by BSFI and Manufacturing sectors with 16% each, while Other Services and Co-working sectors recorded 17% and 10%, respectively.

Around 40 million square feet were delivered in India in 2021. It is expected that the country will have a 40% market share in the next 2-3 years. India is expected to deliver 46 million square feet in 2022.

According to Savills India, real estate demand for data centres is expected to increase by 15-18 million sq. ft. by 2025.

In 2020, the manufacturing sector accounted for 24% of office space leasing at 5.7 million square feet. SMEs and electronic component manufacturers leased the most between Pune, Chennai and Delhi NCR, followed by auto sector leasing in Chennai, Ahmedabad and Pune. The 3PL, e-commerce and retail segments accounted for 34%, 26% and 9% of office space leases, respectively. Of the total PE investments in real estate in Q4 FY21, the office segment attracted 71% share, followed by retail at 15% and residential and warehousing with 7% each.

In 2022, office absorption in the top seven cities stood at 38.25 million Sq. ft.

In the first quarter of 2023 (January-March), net office absorption in the top six cities stood at 8.3 million sq. ft.

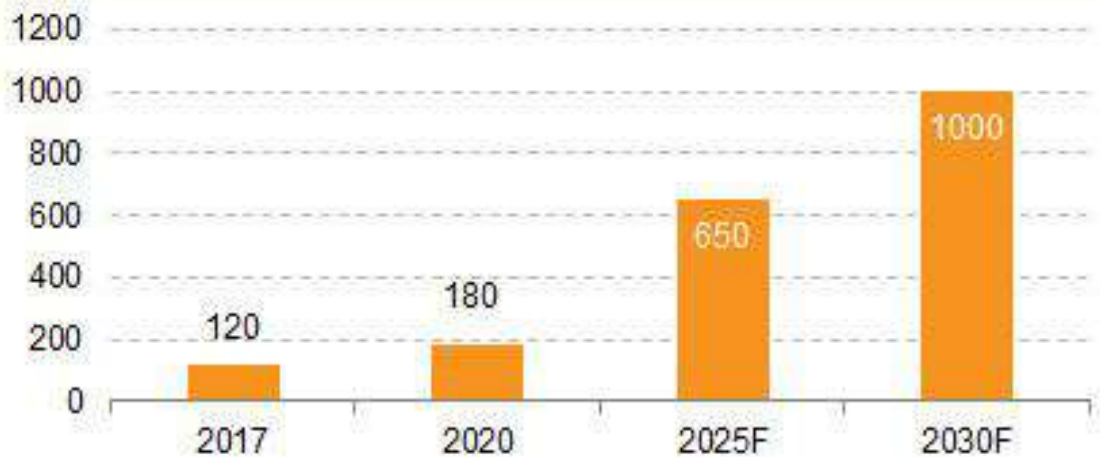
Fresh real estate launches across India's top seven cities grabbed a 41% share in the first quarter of 2023 (January-March), marking an increase from the 26% recorded in the same period four years ago. Out of approximately 1.14 lakh units sold across the top seven cities in the first quarter of 2023, over 41% were fresh launches.

In the third quarter of 2021 (between July 2021-September 2021), new housing supply stood at ~65,211 units, increased by 228% YoY across the top eight cities compared with ~19,865 units launched in the third quarter of 2020.

In 2021-22, the commercial space is expected to record increasing investments. For instance, in October 2021, Chintels Group announced to invest Rs. 400 crore (US\$ 53.47 million) to build a new commercial project in Gurugram, covering a 9.28 lakh square feet area. The transactions of commercial real estate doubled and reached 1.5 million sq. ft. in Q1 of 2023.

According to the Economic Times Housing Finance Summit, about three houses are built per 1,000 people per year compared with the required construction rate of five houses per 1,000 population. The current shortage of housing in urban areas is estimated to be ~10 million units. An additional 25 million units of affordable housing are required by 2030 to meet the growth in the country's urban population.

Market size of real estate in India (US\$ billion)



Road Ahead

The Securities and Exchange Board of India (SEBI) has given its approval for the Real Estate Investment Trust (REIT) platform, which will allow all kind of investors to invest in the Indian real estate market. It would create an opportunity worth Rs. 1.25 trillion (US\$ 19.65 billion) in the Indian market in the coming years. Responding to an increasingly well-informed consumer base and bearing in mind the aspect of globalisation, Indian real estate developers have shifted gears and accepted fresh challenges. The most marked change has been the shift from family-owned businesses to that of professionally managed ones. Real estate developers, in meeting the growing need for managing multiple projects across cities, are also investing in centralised processes to source material and organise manpower and hiring qualified professionals in areas like project management, architecture and engineering.

The residential sector is expected to grow significantly, with the central government aiming to build 20 million affordable houses in urban areas across the country by 2022, under the ambitious Pradhan Mantri Awas Yojana (PMAY) scheme of the Union Ministry of Housing and Urban Affairs. Expected growth in the number of housing units in urban areas will increase the demand for commercial and retail office space.

The current shortage of housing in urban areas is estimated to be ~10 million units. An additional 25 million units of affordable housing are required by 2030 to meet the growth in the country's urban population.

The growing flow of FDI in Indian real estate is encouraging increased transparency. Developers, in order to attract funding, have revamped their accounting and management systems to meet due diligence standards. Indian real estate is expected to attract a substantial amount of FDI in the next two years with US\$ 8 billion capital infusion by FY22.

(Source: <https://www.ibef.org/industry/real-estate-india>)

Overview of the Logistics and Warehousing Industry

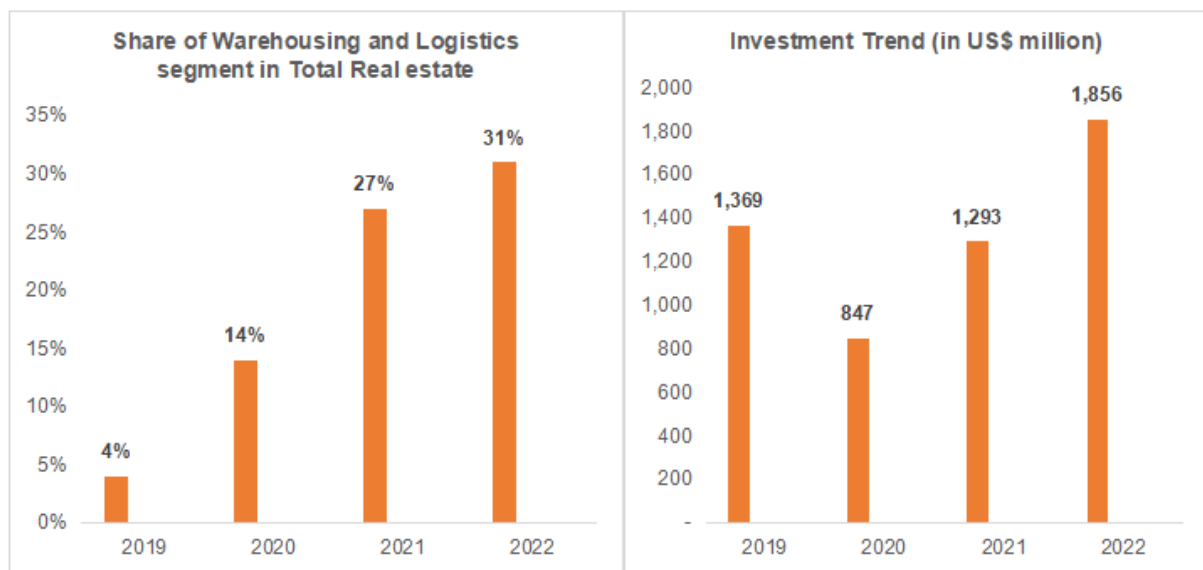
The Indian logistics industry is growing, due to a flourishing e-commerce market and technological advancement. The logistics sector in India is predicted to account for 14.4% of the GDP. The industry has progressed from a transportation and storage-focused activity to a specialised function that now encompasses end-to-end product planning and management, value-added services for last-mile delivery, predictive planning, and analytics, among other things. One of the key drivers of this expansion is projected to be the rise of India's logistics industry, which employs 22 million people and serves as the backbone for various businesses. The logistics sector in India was valued at US\$ 250 billion in 2021, with the market predicted to increase to an astounding US\$ 380 billion by 2025, at a healthy 10%-12% year-on-year growth rate. Moreover, the government is planning to reduce the logistics and supply chain cost in India from 13-14% to 10% of the GDP as per industry standards.

A warehouse is an essential component of corporate infrastructure and one of the primary enablers in the global supply chain. The Indian warehousing market is predicted to reach US\$ 34.99 billion (Rs. 2,872.10 billion), expanding at a CAGR of 15.64% from 2022 to 2027. Modern warehouse facilities and technology-driven solutions have changed the warehousing sector in India in recent years. With increased demand and supply throughout the years, the Indian warehousing industry is gaining traction. The key players are third-party logistics (third-party logistics) and e-commerce enterprises, which are growing into tier 2 and 3 cities and eventually increasing their proportion of secondary marketplaces. Businesses are transitioning to a hub-and-spoke model while also implementing technology to simplify operations, with an eye on the larger picture of ease, efficiency, and sustainability.

Investment Trends

Foreign corporations are actively investing in India's logistics infrastructure to capitalize on the country's strategic location, trained labour, and improved business environment. The development of industrial and logistics parks, as well as data centres, is a new bright spot on the Indian real estate heatmap. In 2022, these two segments received US\$ 1.8 billion in Private Equity (PE)/ Venture Capitalist (VC) investments, representing a 29% increase year on year. The industry garnered investments worth US\$ 1 billion (Rs. 8,257 crore) at the beginning of 2022. The logistics and industrial industries' quarterly average investment was around 1.3 times more in 2021 than it was in 2020 when it was US\$ 335.69 million (Rs. 2,755) crore. Over the last four years (2019-2022), the warehouse and logistics sector has received a total institutional investment of US\$ 5.4 billion, with 2022 accounting for a major 35% portion.

Warehouse investment accounted for the second greatest percentage of institutional real estate investment in both 2021 and 2022, accounting for 27% and 31%, respectively, outperforming other asset classes such as residential and retail. During the four-year period 2019-2022, the western area of the country - led by Mumbai, Pune, and Becharji, (a tiny town in Gujarat) - witnessed the second-greatest institutional investment in warehousing, accounting for 35% of total investment in the industry, demonstrating the increased confidence that investors have in the nation's Tier II cities.



Source: Federation of Indian Chambers of Commerce & Industry (FICCI)

The year 2022, in particular, had a spectacular 44% YoY increase, owing mostly to a US\$ 1 billion contract between Lodha Group, CDPO, and Bain Capital.

| Investor | Partner/Developer | Location | Amount (in US\$ million) | Year |
|--------------------|---------------------------------------|-----------------|--------------------------|------|
| Blackstone | Hiranandani Greenbase | Multiple cities | 351 | 2019 |
| Blackstone | Allcargo Logistics & Industrial Parks | Multiple cities | 53.5 | 2020 |
| IndoSpace | KSH infra | Pune | 134.5 | 2021 |
| InvestCorp Group | NDR Warehousing | Multiple cities | 55 | 2022 |
| CDPQ, Bain Capital | Lodha Group | Multiple cities | 1000 | 2022 |

Source: *Federation of Indian Chambers of Commerce & Industry (FICCI)*

Road Ahead

The warehousing and logistics industry in India is a dynamic and rapidly growing sector that is expected to play an increasingly important role in the country's economy. Despite some challenges, the sector is well-positioned for long-term growth and presents exciting opportunities for investors and businesses. With the government's focus on improving infrastructure and the rise of e-commerce, the sector is expected to be a key driver of economic growth in the country. Moreover, with the increasing adoption of technology and the government's push for a digital economy, there is also significant potential for logistics players to leverage data analytics, artificial intelligence, and machine learning to improve operational efficiency and enhance customer experience. There are also opportunities for foreign investment as international companies look to tap into India's growing logistics market. The government has made it easier for foreign companies to invest in the sector by allowing 100% foreign direct investment in logistics parks and warehouses.

(Source: <https://www.ibef.org/blogs/warehousing-and-logistics-sector-in-india>)

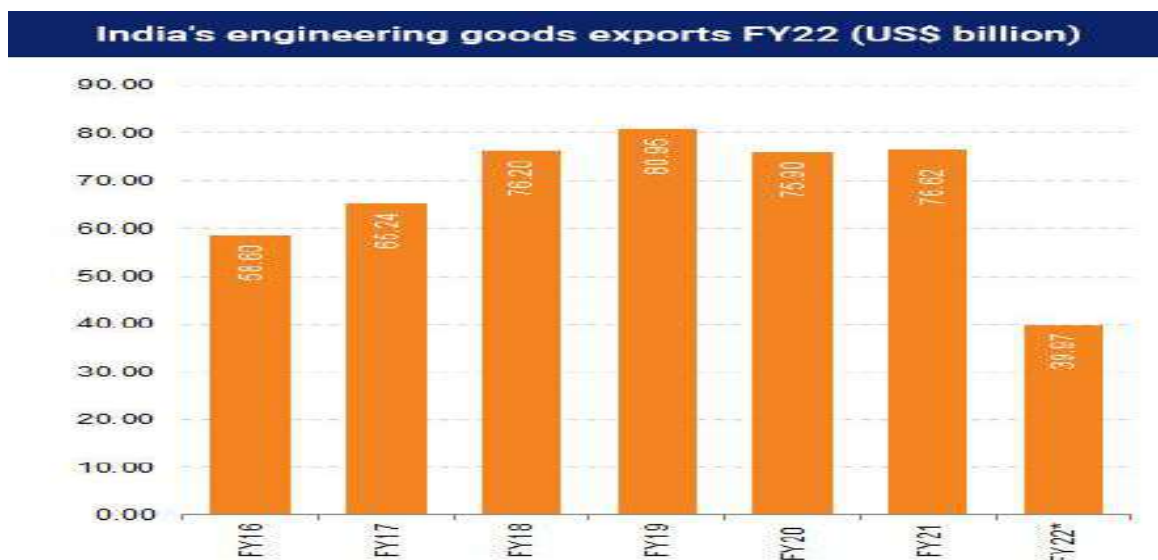
Overview of Engineering and Capital Goods Industry

India's Capital Goods manufacturing industry serves as a strong base for its engagement across sectors such as Engineering, Construction, Infrastructure and Consumer goods, amongst others.

The engineering sector is the largest of the industrial sectors in India. It accounts for 27% of the total factories in the industrial sector and represents 63% of the overall foreign collaborations. Demand for engineering sector services is being driven by capacity expansion in industries like infrastructure, electricity, mining, oil and gas, refinery, steel, automobiles, and consumer durables. India has a competitive advantage in terms of manufacturing costs, market knowledge, technology, and innovation in various engineering sub-sectors. India's engineering sector has witnessed a remarkable growth over the last few years, driven by increased investment in infrastructure and industrial production. The engineering sector, being closely associated with the manufacturing and infrastructure sectors, is of huge strategic importance to India's economy.

The development of the engineering sector of the economy is also significantly aided by the policies and initiatives of the Indian government. The engineering industry has been de-licensed and allows 100% foreign direct investment (FDI). Additionally, it has grown to be the biggest contributor to the nation's overall merchandise exports.

India became a permanent member of the Washington Accord (WA) in June 2014. It is now a part of an exclusive group of 17 countries who are permanent signatories of the WA, an elite international agreement on engineering studies and mobility of engineers.



Government Initiatives

The Indian engineering sector is of strategic importance to the economy owing to its intense integration with other industry segments. The sector has been de-licensed and enjoys 100% FDI. With the aim to boost the manufacturing sector, the government has relaxed the excise duties on factory gate tax, capital goods, consumer durables and vehicles.

- The Ministry of Heavy Industries (MHI) launched two Production Linked Incentive (PLI) Schemes, namely PLI Scheme for Automobile and Auto Component Industry, and PLI Scheme for National Programme on Advanced Chemistry Cell (ACC) Battery Storage. The PLI Scheme for the automobile and auto components industry has been launched with a total budgetary outlay of Rs. 25,938 crore (US\$ 3.17 billion) for a period of five years (FY23 to FY27).
- To increase the employability of engineering graduates in the country, AICTE (All India council of Technical education) leadership is taking a lot of efforts and recommends model curriculum for engineering programs like AI, IoT, Robotics, Block chain, Machine learning, Data Science and Cyber security.
- In 2021, the government is pursuing strategic sale in 22 PSU firms of which 17 are ongoing transactions including BPCL, Shipping Corporation of India, Concor and BEML.
- In October 2022, NSIC Signs MoU with Phillips Machine Tools India Pvt. Ltd. for Skill Development Training in Additive Technologies which is the future of manufacturing.
- In June 2022: Ministry of Heavy Industries (MHI) and Ministry of Skill Development and Entrepreneurship (MSDE) sign MoU to facilitate training in engineering trades to boost capital goods sector. In May 2022, MHI signs an MoU with National Research Development Corporation to facilitate various activities for smooth implementation of the Scheme for Enhancement of Competitiveness in the Indian Capital Goods Sector.
- In Budget 2023-24, Ministry of Railways received its highest-ever allocation of Rs. 2.4 lakh crore (US\$ 28.9 billion), approximately nine times the allocation in 2013-14.
- In Budget 2023-24, Ministry of Road Transport and Highways saw a 36% increase in its budget to about Rs. 2.7 lakh crore (US\$ 32.5 billion).
- The government launched the National Infrastructure Pipeline (NIP) with a forward-looking approach and with a projected infrastructure investment of around Rs. 111 lakh crore (US\$ 1.3 trillion), during FY20-25 to provide high quality infrastructure across the country. The NIP currently has 8,964 projects with a total investment of more than Rs. 108 lakh crore (US\$ 1.3 trillion) under different stages of implementation. Increase in the construction of National Highways (NHs)/roads over time, with 10,993 km of roads constructed in FY23 as compared to 6,061 km in FY16.
- India's national highway network grew by nearly 48% from 97,830 km in 2014-15 to 144,634 km at the end of November, 2022. The pace increased from 12.1 km a day in 2014-15 to 28.6 km per day in FY22.
- Total budgetary support for investment in the sector has been increasing rapidly in the last four years and stood at around Rs. 1.4 lakh crore (US\$ 16.8 billion) during FY23 (as of 31 October 2022).

- In line with the vision of monetization of public sector assets, National Highways Authority of India (NHAI) launched its InvIT in FY22. NHAI InvIT has raised more than Rs. 10,200 crore (US\$ 1.2 billion) from high quality foreign and Indian institutional investors (up to December 2022).
- In Budget 2023, customs duty exemption is being provided to import of specified capital goods and machinery required for manufacture of lithium-ion cells for batteries used in electric vehicles and mobile handsets.
- The electrical machinery industry has been de-licensed, along with 100% FDI allowed in this sector. This has facilitated the entry of major global players into the electrical machinery industry in India.
- Under the Union Budget 2023-24, Government has committed an outlay of Rs. 10 lakh crore (US\$ 120 billion) towards infrastructure capital expenditure compared to Rs. 7.5 lakh crore (US\$ 90 billion) (BE) during 2022–23, which is a 33% year-on-year increase.
- Under Union Budget 2023-24, defence sector has been allocated a budget of Rs. 5.94 lakh crore (\$72 billion).
- In February 2022, the Prime Minister inaugurated Asia's largest bio-CNG plant set up under the Indore Smart City Project.
- In November 2022, Engineering Export Promotion Council of India (EEPC) stated that the government's decision to withdraw the 15% export duty imposed on iron ore and steel products would boost engineering goods exports from the country.
- The All India Council for Technical Education (AICTE) has launched educational books for diploma and under-graduate engineering courses in Marathi language so that students can learn better in their native language.
- The AICTE has entered into collaborations with the MSME ministry, NHAI and DM offices in 150 districts to facilitate engineering internships for students.
- In the Union Budget 2022-23, the government has given a massive push to the infrastructure sector by allocating Rs. 199,107 crore (US\$ 26.52 billion) to enhance the transport infrastructure.
- Prime Minister Mr. Narendra Modi, on the country's 75th Independence Day, announced plans to invest Rs. 100 trillion (US\$ 1.35 trillion) in infrastructure to stimulate economic development and generate employment.
- In October 2021, the Department of Telecommunications (DoT) approved 31 proposals totaling an investment of US\$ 447 million over the next 4.5 years, as part of the PLI scheme for telecom and networking products manufactured in India.
- In September 2021, the government announced its PLI scheme of Rs. 10,683 crore (US\$ 1.4 billion) for textiles, specifically aimed at boosting production of man-made fibre (MMF) fabric, MMF apparel and technical textiles.
- In September 2021, the Indian government announced a PLI scheme for automobiles and auto components worth Rs. 25,938 crore (US\$ 3.49 billion). This scheme is expected to bring investments of Rs. 42,500 crore (US\$ 5.74 billion) by 2026.
- In August 2021, Prime Minister Mr. Narendra Modi launched the Voluntary Vehicle-Fleet Modernisation Program (VVMP), also known as the Vehicle Scrapping Policy. The policy will bring in investments worth Rs. 10,000 crore (US\$ 1.35 billion) to set up 450-500 Automated Testing Stations (ATS) and 60-70 Registered Vehicle Scrapping Facilities (RVSF) across the country. A single window clearance portal is being developed where applications for ATS and RVSF will be catered through a single portal within 60 days.
- The government is taking several steps to boost domestic defence manufacturing. In line with this, between FY17-22 (until June 2021), the Indian government signed 264 contracts for defence equipment procurement, with 159 contracts for armed forces equipment procurement.
- In April 2021, Under the Development cum Production Partner (DcPP) programme, Defence Research and Development Organisation (DRDO) allowed private sector firms to develop and produce missile systems, such as vertical launched surface and air missile system programmes, to promote the domestic defence industry.
- The Indian telecom equipment market is likely to increase owing to the government's Rs. 12,195 crore (US\$ 1.6 billion) PLI scheme approved for telecom gear manufacturing in February 2021.

Road Ahead

The electrical equipment market share in India is expected to increase by US\$ 33.74 billion from 2021 to 2025, and the market's growth momentum will accelerate at a CAGR of 9%.

Investment in engineering R&D sector is expected to reach US\$ 63 billion by 2025.

Market size for the Indian Construction Equipment Market stood at US\$ 5.2 billion in FY22 and is forecasted to grow at a CAGR of 8.9% to reach US\$ 8.7 billion by 2028.

The construction equipment industry is expected to sell 165,097 units by 2028.

The machine tools market is expected to reach US\$ 2.5 billion by 2028, exhibiting a growth rate (CAGR) of 9.4% during 2023-28.

India's expected export of medical devices will reach ~ US\$ 10 billion by 2025.

India steam boiler systems market size is expected to reach nearly US\$ 22.56 billion by 2027 with the CAGR of 4.63% during the forecast period.

The India generator sets market is expected to grow at a CAGR of more than 5% over the period of 2020-25.

The India power transformer market is expected to rise at a CAGR of more than 3% during the forecast period of 2020-2025.

Indian auto components industry, which accounts for 2.3% of India's GDP currently, is set to become the 3rd largest globally by 2025.

Export of engineering goods is expected to reach US\$ 200 billion by 2030.

India plans to spend US\$ 1.4 trillion on infrastructure between 2019-2023 which is predicted to boost the expansive growth of the sector.

The India diesel gensets (generator sets) market is expected to reach US\$ 2.78 billion by 2030 compared to US\$ 1.48 billion by 2022 at a CAGR of 8.20%.

India will become a major exporter of telecom equipment in the next two to three years and the government is working to achieve that goal.

The Ministry of Road Transport and Highways plans to construct around 28,391 km of highways in 25 months at a daily average of around 38 km, starting from March 2022 to the end of the financial year 2023-24.

India's installed nuclear power capacity of 6,780 MW will increase to 22,480 MW by 2031 on progressive completion of projects under construction and accorded sanction.

The Indian automated material handling (AMH) market was valued at US\$ 1353.8 million in 2020 and is expected to go up to US\$ 2,739.34 million by 2026 at a CAGR of 12.7%.

Turnover of the capital goods industry was estimated at US\$ 92 billion in 2019 and is forecast to reach US\$ 115.17 billion by 2025. India's engineering R&D market will increase from US\$ 36 billion in FY19 to US\$ 63 billion by FY25. The export of engineering goods is expected to reach US\$ 200 billion by 2030.

India's earthmoving and construction equipment (ECE) industry has enjoyed strong growth over the last seven years due to rapid economic development, and it has become the third largest construction equipment market in the world. In FY22, the construction equipment industry sold 85,385 units, while the earthmoving sector continues to grow. With development of infrastructure, demand for construction equipment and other machinery is expected to rise significantly.

The material handling equipment sector is expected to gain from robust demand from steel, power, mineral and other infrastructure industries, while demand for machine tools from the capital goods sector (especially automobile and textile industries) is projected to remain high. The 'Make in India' initiative and the government's focus on ease of doing business is likely to present several opportunities in the engineering and capital goods sector in the upcoming years. (Source: <https://www.ibef.org/industry/engineering-india>)

OUR BUSINESS

Some of the information in this section, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. Before deciding to invest in the Equity Shares, Shareholders should read this entire Draft Letter of Offer. An investment in the Equity Shares involves a high degree of risk. For a discussion of certain risks in connection with investment in the Equity Shares, you should read “Risk Factors” beginning on page 22, for a discussion of the risks and uncertainties related to those statements, as well as “Financial Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages 108 and 146, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.

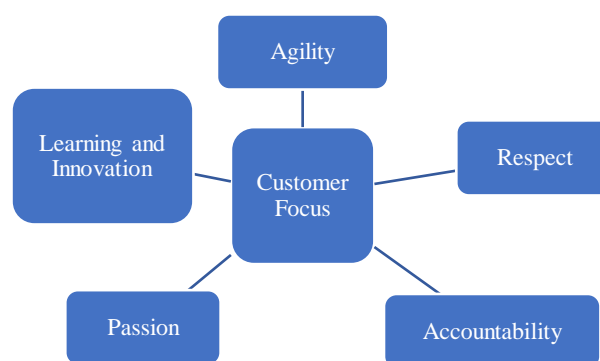
Our Company was originally incorporated as “Affordable Robotic & Automation Private Limited” (ARAPL) at Pune, Maharashtra as a Private Limited Company under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated January 12, 2010, bearing Corporate Identification Number U29299PN2010PTC135298 issued by Registrar of Companies, Pune, Maharashtra. Subsequently, our Company was converted into a Public Limited Company pursuant to a Shareholders’ resolution passed at the Extra-ordinary General Meeting of the Company held on January 24, 2018 and the name of our Company was changed to “Affordable Robotic & Automation Limited” vide a fresh Certificate of Incorporation dated February 02, 2018 issued by the Registrar of Companies, Pune, Maharashtra. The Corporate Identification Number of our Company is L29299PN2010PLC135298 and is currently listed on BSE SME Platform. The Registered office of our Company is located at Village Wadki, Gat No.1209, Taluka Haveli, Pune - 412308, Maharashtra, India.

Promoters of our company initially started the proprietorship concern in the year 2005 and started the services/business of providing turnkey automation solution to automotive, semi-automotive and manufacturing industries. The Company programs and automates the functions of machines used in manufacturing process of automobile industry. The Assembly facility of the Company is situated at Pune, Maharashtra along with the Head office, covering an area of 13,646 sq. meters. The assembly unit is equipped with requisite software, technology, machinery, spares store and other basic amenities for its employees making itself an integrated facility. Our Company is also in the business of assembling and installing automatic multilevel car parking system. This system is preferred by residential complexes, shopping malls, commercial buildings and public sector especially in Smart City projects of various Smart Cities Projects in the Country.

Our Company is promoted by Manohar Padole and Milind Padole. Manohar Padole is the father of Milind Padole. Our individual promoters manage and control the day-to-day affairs of our business operations. Under the leadership of Milind Padole, Managing Director of our Company has seen remarkable growth in its operational performance. Our Promoters have over two decades of experience in the present business. The experience of our promoters and management team is also further reflected in its strong business and financial performance of the Company condition.

Our trained and professional experts are inter alia involved in engineering & design; controls & automation; process study; robotic application; robotic simulation; offline programming; ergonomic study; layout presentation; assembly; material handling design; bulk storage system design; project management; quality and certification; finance & procurement; HR & administration; spares & service support; and training.

Our Company operates on certain core values which are enshrined in the table below. These core values ensures that the Company achieves its end objective without compromising on the quality of the products of the Company.



Further, our Company specializes in analyzing the process which is followed in its manufacturing activity and thereby strives to provide quality automation solution to increase the productivity and client's satisfaction. The Company has an in-house team with technical expertise who does the required programming by using advanced software. Our Company operates with a customer centric approach whereby our Company focuses on continuous training of team which helps us to be innovative and provide quality solution to our customers. We strive to provide the automation solution which is defect free and highly productive. Our customers in automation business are mostly Automobile industries who use our automation solution in their manufacturing processes.

Apart from providing automation solutions, we also manufacture Special Purpose Machine (SPM) as per the requirement of our customers. Foreseeing the growth in car-parking business, our Company by using its automation business expertise has ventured into automated car parking segment which has allowed the Company to gain renowned clients. We are providing various types of highly automated type of parking to our customers suitable to their needs. Company is doing lot of research in various other AI like Vision, Conversation AI & Navigation AI. Future products will have lot of these AIs inbuilt.

In the year 2018, our Company made its maiden an initial public offering of 26,81,600 Equity Shares of face value of ₹10/- each at an issue price of ₹ 85/- (Rupees Eighty Five only) per Equity Shares aggregating to ₹ 2,279.36 Lakhs and consequently the Equity Shares were listed on SME Platform of BSE Limited ("BSE SME"). The market capitalization of our Company as on November 30, 2023 on SME platform of BSE ₹ 567.97 Crores.

Our Consolidated revenues from operations for six months period ended September 30, 2023 was ₹ 4,280.93 Lakhs and Consolidated restated revenues from operations for Fiscals 2023, 2022 and 2021 were ₹ 11,378.68 lakhs, ₹ 8,109.75 lakhs and ₹ 5,610.42 lakhs, respectively. Our Consolidated EBITDA for six months period ended September 30, 2023 was ₹ (461.06) Lakhs and Consolidated restated EBITDA for the Fiscals 2023, 2022 and 2021 were ₹ 785.04 lakhs, ₹ 606.03 lakhs and ₹ 39.28 lakhs, respectively. Our Consolidated profit/(loss) after tax for six months period ended September 30, 2023 was ₹ (679.42) Lakhs and Consolidated restated profit/(loss) after tax for Fiscals 2023, 2022 and 2021 were ₹ 216.13 lakhs, ₹ 236.91 lakhs and ₹ (353.33) lakhs, respectively. For further details, please refer to the section titled "**Financial Information**" on page 108 of this Draft Letter of Offer.

CORPORATE STRUCTURE

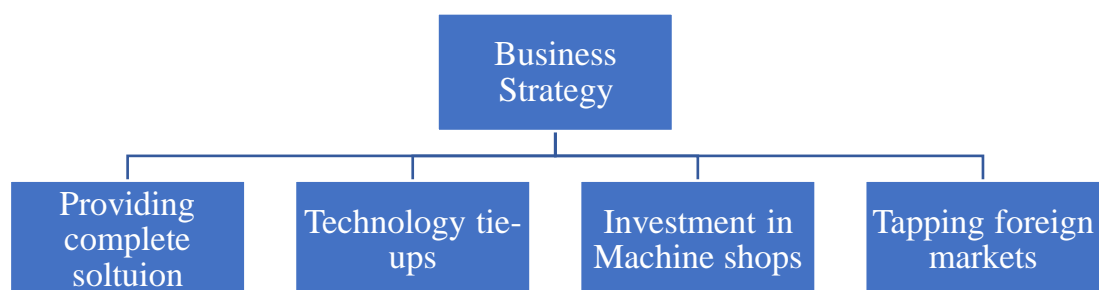
Our Corporate Structure as on March 31, 2023 is as follows:

DETAILS OF SUBSIDIARIES

| Sr. No. | Name of the Subsidiary | Principal Activity | Country of Incorporation | Date of Incorporation | Relationship | Status of company | Effective Ownership Interest as on March 31, 2023 |
|---------|----------------------------------------------|--------------------------------------------------------------------|--------------------------|-----------------------|--------------|-------------------|---------------------------------------------------|
| 1 | ARAPL Intelligent Equipment Shanghai Co. Ltd | The Company is incorporated for carrying on business of Automation | China | March 11, 2016 | Subsidiary | Inactive | 80.00% |

| | | | | | | | |
|---|--------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|---------------------|-------------------|-----------------|--------|---------|
| 2 | ARAPL North America LLC | To carry on business of Automation and Car parking. | Michingan, USA | February 13, 2020 | Subsidiary | Active | 100.00% |
| 3 | Masterji AI Private Limited | To carry on business of cater education market through artificial intelligent based B2B and B2C education and Training Business | Pune, India | December 30, 2020 | Subsidiary | Active | 67.00% |
| 4 | ARAPL RaaS Private Limited | To Providing Robotic Warehousing Solutions to FMCG, Fashion stores, E-Commerce and like Businesses. | Pune, India | October 17, 2021 | Subsidiary | Active | 83.27% |
| 5 | ARAPL RaaS International LLC (Direct subsidiary of ARAPL RaaS Private Limited) | To carry on business to expand Robotic Warehousing. | North Carolina, USA | August 11, 2022 | Step Subsidiary | Active | 81.20% |
| 6 | ARAPL RaaS US, INC | The Company is incorporated for carrying on business of Automation | Delaware, USA | May 19, 2023 | Subsidiary | Active | 79.38% |

OUR BUSINESS STRATEGY



1. Providing complete solution

The need of the hour is have 365 degree solution for the customer's needs. Understanding the need of providing end-to-end automation solution, we continue to focus on the strategies which give us a competitive edge over the other players in the Industry. There are very few players who provide a complete automation solution and we plan to tap the growing need of automation by providing complete automation solution to our customers by capitalising our technical expertise in automation business. We plan to give solution from Press Die Tooling to Weld Shop Tooling which will become a unique point of strength for our Company.

2. Technology tie-ups

To provide high quality automation solution to our customer, we acknowledge that world-class technology is required. Although our country in recent years have advanced a leap forward in technologies, we still lag a step behind few of the most advanced nations in terms of technologies. Understanding this fact, in near future, we plan

to tie-up with few world-class technology companies for exchange of knowledge that will enable our company to stand out in providing turnkey automation solution.




3. Investment in machine-shops

Delivering the solution on time and in compliance with our customers requirements has been our niche, we strive to bank on it in future by investing time and money in improving our machine shops. A technologically modern and advanced machines is a key factor in delivering the solution on time. The investment in machines should be sophisticated and more standardised in terms of designs which shall enable us to execute the orders with a reduced time lag.

4. Tapping foreign markets

To be successful in automation service industry, it is a pre-requisite to have presence in countries which have huge amount of manufacturing activity. Apart from India, country such as Brazil is a big market for automation solution service, manufacturing activity in these countries are enormous and they possess growth opportunities. We plan to tap these markets in near future by expanding our operations at Brazil and setting up a marketing team for Brazil. With these systems in place and our experience in automation, we expect our business would be highly successful in these areas affecting our performance favourably. We intend to expand our existing customer base by reaching out to other geographical areas by increasing our market reach to America and some European countries.

OUR PRODUCTS

| Sr.No | Product | Image | Description |
|-------|--------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Industrial Automation |  | Robotic Welding Automation offerings are Project Management, Supply and Installation of turn-key Robotic Lines, including: Process Study; Ergonomic Study; Layout Preparation; Engineering & Design (Including Material Handling and Bulk Storage System); Assembling; Welding Fixture Manufacturing; Robotic Simulation; Control & Automation; Offline Programming; IOT; Industry 4.0 & Predictive Maintenance Enabled System; Quality & Certification; Training |
| 2 | Multi-level Car Parking |  | Car Parking Automated Solutions offerings are Stack Parking System (Motorized/Hydraulic); Puzzle Parking System (Over ground/Pit); Tower Parking System / Puzzle Tower Parking System; Mini Rotary Parking System; Horizontal Circulation Parking System; Chess Parking System; AGV Based; Annual Maintenance Contracts (AMC). |
| 3 | Warehousing Automation Through our Subsidiary ARAPL RaaS Pvt Ltd. |  | Warehousing Solutions offerings are AS/RS; (Automatic Guided Vehicle) AGV; Autonomous Truck Loading and Unloading Solutions; Order Fulfilment; Conveyor Systems; Carousels and also provides for Robotic Applications for Palletizing De-Palletizing; Stretch-Wrapping; Pick & Place, B2B Solution and warehousing automation solution to E commerce and 3PL. |

OUR BUSINESS PROCESS

The automation is done through a specialised process. These steps include:

1. Requirement understanding:

To provide an automation solution to any process of manufacturing, there has to be a proper understanding of the process which is followed in manufacturing process. We strive for in depth understanding of the process to provide high quality automation solution as per the requirement of our customer. Our experience has led us to a position where we can identify potential opportunities, bottlenecks, manufacturing flexibility limitations, etc. Prior to providing the automation services to our customers, we understand their exact requirement by asking them questions regarding their precise requirements which enables us at our end to understand the level of the process orientation and scale of automation that shall be required to meet the customers desire and demand. We have a dedicated and experienced technical team who understands the importance of automation accuracy and believe in customer centric approach and customer friendly attitude.

2. Process formulation & Designing:

Once we get a clear understanding of the type of automation required, our Process & Designing team work together for formulating a process flow of the machine with automation which includes 3D drawing of the component, production volume and shift schedule, concept and feasibility studies, modelling and material designing. All this enables us to calculate the cycle time required for the completion of the entire process. This process formulation is done by using advanced and modern software, giving results satisfying the needs of our customer. Once a complete process flow is defined and mutually agreed, then designing of the machine/robot is done. Designing is done keeping in mind the process finalised avoiding any faulty outcome.

3. Simulation:

Simulation is a 3D computerised replica of the process designed, it helps in finding out any error or defect in the process. After the process and designing is finalised, our dedicated simulation team does the simulation of the entire designed process. It helps the customer to visualize the end result of the recommendation, and the tangible relationship it will form with the revised manufacturing process. Simulation allows us to observe a real-like situation in our systems which allows us to make, modify if necessary and meet the customer's requirement.

4. Parts Assembling:

Once the designing is finalised and simulation is approved by the customer, we issue the detailed design of parts and components to various vendors for manufacturing. Manufactured parts after being received by vendors are issued to shop floor for assembly. Further, parts which are directly bought from suppliers are also issued to shop floor. In the shop floor, we conduct a proper quality check for all the parts received. Once they pass the quality criteria, it is further used for assembly as per the design approved.

5. Inspections and Corrections:

We believe that our strength lies in the quality of service we provide to our customers. To ensure that we continue to strengthen this trust which is reposed on us, we conduct an in-depth inspection of the assembled machines with the help of various tools and equipment such as CMM Machine, Laser Tracker, etc. Inspection helps us to identify any shortfall in the machines at the right time and find out any area where improvement or modifications are required. Since inspection is one of the most critical step, we deploy a highly professional and experienced team for this purpose giving utmost importance to customer service. Any necessary corrections required are done immediately before we proceed the machine to trail.

6. Trials:

After the inspection and correction step, machines are ready for use for commercial purpose. However, to ensure that our customers do not face any trouble while operating the machine at their site, we conduct a live trial on our shop floor in the presence of our customer so as to avoid any last minute hustle. With the trial, we explain our customer about the working of the machine and automation, all the queries and doubts of the customer are clarified by our technical team. Once the customer is satisfied with the trial operation, we proceed to final step.

7. Approval and Dispatch:

With the successful completion of trial and satisfaction of the customer meeting their exact requirement, final approval from the customer is taken indicating their satisfaction to their requirement. We prepare to dispatch the automated machines to our customer's site. We ensure proper packaging and safe transit of the machines to the customer and help the customer with the installation of the machine at their site.

OUR COMPETITIVE STRENGTHS

1. Quality of solutions

We believe that quality and innovation are the bed-rock of successful strategy. Towards this end we stress on and constantly strive to improve the quality of our service. For high quality automation solutions, we believe we need to have a strong team of professionals having requisite technical expertise and qualifications. Human capital is one of the most important assets in any service industry and to provide a high quality solution, we continuously invest in training our people who use advanced and updated software giving the perfect result.

2. Experienced Promoters and Management

We have an experienced management team including our promoters who have more than two decades of experience in the automation industry. Our Company is led by our promoters Manohar Padole and Milind Padole and has strong experience and knowledge of the industry. They look after the entire operation of the Company and are technically qualified with rich experience. It is through the constant vision and experience of our management team, including the promoters, we have been able to build a sustainable business model and created a strong clientele. We have employed people in different areas of work who have the required technical competence and qualifications. We strongly believe that the success of our organization lies in the efforts of our human resources.

3. In-house facilities

Our Company boasts of having an integrated facility where all the activities involved in providing the automation service is done in-house. From programming to the trial step, our assembly facility provides for all, due to which we are not dependent on any third party. We have a dedicated section for each process with technically qualified people working on it. Our facility has all the required machinery, tools and equipment to carry out the necessary activity. We have a large shop floor which allows us to do complete production-like trials before delivering the machines.

4. Innovation of automation solution

The integration of applications on today's assembly lines is an increasingly complex challenge. Engineers must simultaneously strive for higher quality and work towards reduction in cost, all of which must be completed with limited capital funding. We have been stressing continuous innovation and improvement in the automation solution we provide; we understand the quality of automation solution will define our customer's performance. Giving importance to it, we use our innovative software and technologies to provide the automation solution, like, Sensors which helps in labour safety purpose. Further, we also deploy software in the machine which is used for production monitoring and any error in the process can be rectified on a real-time basis.

5. Technological Skills

The Automation service we provide calls for both hard and soft skills. Human capital is an asset to any Service industry, and we continue to invest in it by different ways. The people employed with us possess skills which are must to provide a high-quality solution to the customers. We give importance to skills such as Programming, Designing and Problem solving, we continuously invest in training our employees so as to develop them with the latest technologies.

6. Strong Customer service

Our Company specialises in providing solutions which are world class. We provide on-site support in the form of consultative Needs Analysis, Automated Facilities Support, Training and Project Integration. We also provide Process Engineers, Installation Engineers, Software Engineers and Project Engineers for project execution purposes. The team is highly competent, qualified and possess required technical expertise to serve our customers at the right time.

DETAILS IN RELATION TO THE PLANT, MACHINERY AND TECHNOLOGY USED BY THE COMPANY

The existing list of major plant and machinery for our expansion is as follows: -

| Particulars | Quantity/Weight/ Area |
|----------------------|-----------------------|
| Miling Machine | 8 |
| M1tr | 4 |
| Lathe Machine 4 Feet | 1 |
| Surface Grinder | 1 |
| Grinding Machine | 7 |
| Tapping Machine | 1 |
| Overhead Crane | 5 |
| CMM Machine | 3 |
| Romar Arm | 1 |
| Plazma Machine | 2 |
| Nash Robotic Gun | 4 |
| Yaskawa Robots | 2 |
| Compressor Machine | 3 |
| Welding Machine | 38 |
| Digi Set Generator | 1 |
| Bandsaw Machine | 1 |
| Cutting Machine | 6 |
| Drill Machine | 8 |
| Press Machine | 1 |

PRODUCT WISE REVENUE BREAK -UP

The gross revenue of the Company and its breakup on the basis of financials are as under:

| Sr. No | Particulars | For the period ended September 30, 2023 | | FY 2022-23 | | FY 2021-22 | | FY 2020-21 | |
|--------|--------------|-----------------------------------------|---------------|------------------|---------------|-----------------|---------------|-----------------|---------------|
| | | Amount | % | Amount | % | Amount | % | Amount | % |
| 1 | Automation | 2,901.04 | 67.65 | 7,361.03 | 64.17 | 5,633.78 | 69.47 | 3,889.10 | 69.32 |
| 2 | Car-Parking | 1,296.42 | 30.23 | 4,000.70 | 35.16 | 2,443.86 | 30.13 | 1,708.56 | 30.45 |
| 3 | Others | 91.14 | 2.12 | 76.35 | 0.67 | 32.11 | 0.40 | 12.76 | 0.23 |
| | Total | 4,288.60 | 100.00 | 1,1378.68 | 100.00 | 8,109.75 | 100.00 | 5,610.42 | 100.00 |

For further details, please refer to the section titled “Financial Information” beginning on page 108 of this Draft Letter of Offer.

OUR MAJOR CUSTOMERS

The following is the revenue breakup on a restated consolidated basis from the top five and top ten customers of our Company for the Fiscal 2023 is as follows:

| Particulars | Fiscal 2023 | |
|------------------|-------------|----------------|
| | Amount | Percentage (%) |
| Top 5 customers | 6,683.95 | 58.74 |
| Top 10 customers | 8,547.02 | 75.11 |

OUR MAJOR SUPPLIERS

The following is the revenue breakup on a restated consolidated basis from the top five and top ten suppliers of our Company for the Fiscal 2023 is as follows:

(₹ in lakhs)

| Particulars | Fiscal 2023 | |
|------------------|-------------|----------------|
| | Amount | Percentage (%) |
| Top 5 suppliers | 1,700.02 | 19.73 |
| Top 10 suppliers | 2,455.97 | 28.51 |

END USERS

We cater to International and Domestic customers. Currently we offer automation solutions by one-to one interaction with our customers. The market for automation can be broadly classified into two categories, on the basis of their end-use:

a) Automotive OEMs

We mostly provide turnkey automation solution to Automobile industries. We customize the manufacturing process and provide the programming and automation solution for full line of production.

b) Builders & Local Bodies

We install automated car parking machines at the site. Car parking systems are of different sizes and designs as per the requirement of clients, which are, Builders and Local bodies.

UTILITIES, INFRASTRUCTURE & LOGISTICS

Power & Fuel

We have a sanctioned load of 559 KW power from Maharashtra State Electricity Board at our factory premises at village wadki, gat no.1209, taluka haveli, dist. Pune - 412308, Maharashtra, India, which is sufficient to meet our power requirement. Our manufacturing processes require uninterrupted supply of power in order to ensure that we are able to manufacture our products in time. To meet power failures, we have an our own 160 KVA generator set up. The Diesel as required for the Generator is procured as and when required and directly used in the Generator.

Water

The present average water requirement at our factory is around 2.5 Lakh to 3.5 Lakh liters per month which is being catered through the local body pipeline and from external vendor who supply us water tankers.

Inventory Management

At present we have an accounting and inventory management software called “clarity” which was developed by Datascan information systems, all the accounting entries, purchase, sales, production and inventory management are done through this software.

Logistics

At present for Logistics, we hire transports from external transporters as and when required on actual basis.

Information Technology

At present we have inhouse Information Technology Set up, comprising of Two (2) dedicated servers at our factory which are being maintained by outsourced IT team.

Quality Control

Our Company has an inhouse team of around 12 People in the Quality department for the quality checking of all the inward Items as well as Outward Items. We have advanced equipment like CMM Machines, Height Gauges, Micrometers, and verniers etc.

COLLABORATIONS/TIE UPS

Our Company does not have any co-operation agreement or collaborations as on the date.

JOINT VENTURE

Our Company does not have a joint venture as on the date.

CAPACITY AND CAPACITY UTILIZATION

We are in the business of manufacturing SPMs on the basis of suggested automation solutions to customers. The SPMs are tailor made and each SPM is different, hence there is no capacity as such which can be quantified in terms of production.

INSURANCE

We generally maintain insurance covering our machinery and assets at such levels that we believe to be appropriate. We have obtained certain policies such as standard fire and special perils policy, group personal accident insurance policy, Director and Officers liability insurance, etc. The standard fire and special perils policy insures inter alia electrical installations, office equipment, computers and accessories, lab equipment, building, plant and machinery, interior decorations, consumables etc. Although, we have taken appropriate insurance cover, there can be no assurance that our insurance policies will be adequate to cover the losses which we may incur due to the occurrence of an accident or a mishap.

MARKETING

The efficiency of the marketing and network is critical to success of our Company. Our success lies in the strength of our relationship with the clients who have been associated with our Company. Our team through their vast experience and good rapport with these clients owing to timely and quality delivery of service plays an instrumental role in creating and expanding a work platform for our Company. Our Marketing team is handled by management who has an industry experience of more than two decade. Our Company has marketing offices in Pune, Faridabad and Mumbai. To get repeat orders from our customers, our team having adequate experience and competencies, regularly interact with them and focus on gaining an insight into the additional needs of customers.

END USERS

We cater to International and Domestic customers. Currently we offer automation solutions by one-to-one interaction with our customers. The market for automation can be broadly classified into two categories, on the basis of their end-use:

a) Automotive OEMs

We mostly provide turnkey automation solution to Automobile industries. We customize the manufacturing process and provide the programming and automation solution for full line of production.

b) Builders & Local Bodies

We install automated car parking machines at the site. Car parking systems are of different sizes and designs as per the requirement of clients, which are, Builders and Local bodies.

COMPETITION

We face competition from organized as well as unorganized players in the domestic market as well as international market. This industry is highly competitive and fragmented. We have a number of competitors offering services similar to us. We believe the principal elements of competition are price and reliability. We compete against our competitors by establishing ourselves as a knowledge-based company with industry expertise in providing services.

HEALTH AND SAFETY

We aim to comply with applicable health and safety regulations and other requirements in our operations and have adopted an environment, health and safety policy ensuring the safety of our employees and the people working

under our management. We have implemented work safety measures to ensure a safe working environment, such measures include general guidelines for health and safety at our offices, accident reporting, wearing safety equipment and maintaining clean and orderly work locations.

HUMAN RESOURCES

Our employees are key contributors to our business success. As on September 30, 2023, we have 331 employees including our Executive Directors, who look after our business operations, factory management administrative, secretarial, marketing and accounting functions in accordance with their respective designated goals.

Following is a department wise employee break-up:

| Department | Number of Employees |
|---------------------------------------|---------------------|
| Top Management | 8 |
| Finance and Accounts | 5 |
| HR and Admin | 5 |
| Corporate Co-ordination | 0 |
| Secretarial | 1 |
| Marketing, Sales and customer service | 6 |
| Operations and Maintenance | 290 |
| Purchase and stores | 14 |
| IT | 1 |
| Legal | 1 |
| Internal Audit | 0 |
| Total | 331 |

LAND AND PROPERTY

Owned Properties:

We have our properties located at following:

| Sr. No | Property description | Area | Purpose |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-------------------------------------------------------------------------------------------|
| 1 | Gat No.1209, Village Wadki, Taluka Haveli, Dist. Pune, Maharashtra -412308, India | 11,200 sq mt. | For Factory Purposes |
| 2 | Gat No.1217, Village Wadki, Taluka Haveli, Dist. Pune, Maharashtra – 412308, India | 2,446 sq mt. | For Factory Purpose |
| 3 | Gat no. 1032, behind Annapurna Ashram Shala, Wadki, Off. Kanifnath Road, Village Wadki, Tal. Haveli, Dist. Pune 412308 | 10,452 sq mt. | For the Purpose of Factory Shed Building and Expansion |
| 4 | Flat No. 110, 1st Floor, Platinum Tower-7, D N Nagar Tirupati CHSL, Behind Shitla Devi Temple, Sitla Devi Temple Road, Off Idgah Lane, Village Andheri, Andheri west, Dist. Mumbai 400047 | 37.34 sq ft. | For the Purpose of Senior Staff & Directors Accommodation to avoid rental and hotel cost. |

Rented Properties:

The following properties are taken on rent by our Company:


| Sr. No | Name of the Licensor | Address of the Property | Period of Agreement | Consideration | Usage |
|--------|-----------------------------------|--------------------------------------------------------------------------------------------------------|---------------------------------------|------------------|-----------------------------------|
| 1 | Santosh Khot & Reena Santosh Khot | Apartment/Flat No: B18, Building Name: RBI Gitanjali chs Ltd, Block Sector: Andheri West Mumbai 400058 | November 10, 2023 to October 09, 2024 | 55,000 per month | Apartment for residential purpose |

| Sr. No | Name of the Licensor | Address of the Property | Period of Agreement | Consideration | Usage |
|--------|--------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------|-----------------------------------|
| 2 | Maheshkumar Dattatray Suthar | Plot No. 196, Row House A-1, Ankita Classic, Yashwant Nagar Colony, Sr No 37 to 45, C.T.S. No. 576 Talegaon Dabhade, Pune, Pin-412106 | September 21, 2023 to July 31, 2024 | 18,150 per month | Apartment for residential purpose |
| 3 | Rajkumar Jain | Flat No. B-906, Floor- 9, Prathamesh Paradise, Keniwadi, Opp. Don Bosco School, Link Road, Boriwali (West), Mumbai Pin-400091 | August 01, 2023 to June 30, 2024 | 3,98,929 per month | Apartment for residential purpose |
| 4 | Bhagwan Sakharam Sable | (16.5 R) Gat No. 1209, Wadki, Tal-Haveli, Dist- Pune, Pin- 412308 | June 01, 2023 to May 31, 2024 | 38,273 per month | Plot used parking purpose |
| 5 | Dattatray Sakharam Sable | (6.31) Gat No. 1209, Wadki, Tal-Haveli, Dist- Pune, Pin- 412308 | April 01, 2023 to February 21, 2024 | 39,200 per month | Wadki Parking Plot |
| 6 | Narendra Vora and Harsha Narendra Vora | Shop No. G-212, Ground Floor, Shree Ashtavinayak CHSL, Ganesh Chowk, D N Nagar, Andheri (West), Mumbai, Pin-400053 | April 01, 2023 to March 31, 2025 | 50,000 per month | Mumbai Shop |
| 7 | Balasaheb Baburao Sabale | Gat No. 1205 & 1210, Wadki, Tal-Haveli, Dist- Pune, Pin- 412308 | March 01, 2023 to February 28, 2028 | 56,0000 per month | Used for Car parking |
| 8 | Vijay Gayabhu Patil and Shital Vijay Patil | Flat No. 3A, Krishnasadan, Plot No. 15, Sr No. 284, Talegaon Dabhade, Pune, Pin- 410506 | November 01, 2022 to September 30, 2023 | 10,000 per month | Talegaon property |
| 9 | Atul Sukhdev Panzade | Row House No. A1-65, Plot No. 38 to 86, Samyak Gardenia Society, Tisgaon, Aurangabad, Pin-431001 | October 01, 2022 to August 31, 2023 | 13,535 per month | Aurangabad Panzade Row House |
| 10 | Shivkumar S Jaiswal and Archana Jaiswal | Row House A1-71, Gat No. 127 Part, Samyak Gardenia Society, Tisgaon, Aurangabad, Pin-431001 | December 15, 2021 to November 14, 2024 | 10600 per month | Talegaon raw house |

INTELLECTUAL PROPERTY

Trademarks registered/Objected/Abandoned in the name of our company

| Sr. No | Brand Name/Logo Trademark | Class | Nature of Trademark | and Registration number | Owner | Date of Application | Authority | Validity |
|--------|------------------------------------------------------------------------------------------------------------|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-----------------------------|-------------------|
| 1. | Device” AFFORDABLE”  | 7 | Industrial robots, machines and machine tools, motors (except for vehicles), machines for cutting glass, metal and stones, grinding, drilling and sharpening machines. | Registered vide application number 3762298 | M/s. Affordable Robotic and Automation Ltd., Gat No. 1209, At Post Wadki, Near Hotel Vijay Executive, Hadapsar-Saswad Highway, Pune 412308 | February 23, 2018 | Trade Mark Registry, Mumbai | February 23, 2028 |
| 2 | Device” AFFORDABLE”  | 9 | Apparatus and instruments for conducting, switching, transforming, accumulating, regulating, controlling and distributing electricity regarding Robots, humanoid robots with artificial intelligence. | Registered vide application number 3762299 | M/s. Affordable Robotic and Automation Ltd., Gat No. 1209, At Post Wadki, Near Hotel Vijay Executive, Hadapsar-Saswad Highway, Pune 412308 | February 23, 2018 | Trade Mark Registry, Mumbai | February 23, 2028 |

| Sr. No | Brand Name/Logo Trademark | Class | Nature of Trademark | and Registrati on number | Owner | Date of Applic ation | Authori ty | Validit y |
|--------|----------------------------------------------------------------------------------------------------------|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|----------------------|-----------------------------|--------------------|
| 3 | Device” AFFORDABLE”  | 42 | Engineerin g research, industrial design, and technologi cal consultanc y services. Scientific and technologi cal services and research and design relating thereto, design and developme nt of computer hardware and software. | Registered vide application number 3762301 | M/s. Affordable Robotic and Automatio n Ltd., Gat No. 1209, At Post Wadki, Near Hotel Vijay Executive, Hadapsar-Saswad Highway, Pune 412308 | Februar y 23,2018 | Trade Mark Registry, Mumbai | Februar y 23,202 8 |

In addition to above licenses and approvals and except as stated in this chapter, it is hereby mentioned that no application has been made for license / approvals required by the Company and no approval is pending in respect of any such application made with any of the authorities.

OUR MANAGEMENT

Our Board of Directors

Our Articles of Association require us to have not less than three (03) and not more than fifteen (15) Directors. As on date of this Draft Letter of Offer, we have eight (08) Directors on our Board, which includes, one (01) Managing Directors, one (01) Whole Time Director, one (01) Executive Director, one (01) Non-Executive Director, who is also a woman director and four (04) Independent Directors.

Set forth below are details regarding our Board as on the date of this Draft Letter of Offer:

| Name, DIN, Date of Birth, Designation, Address, Occupation, Term and Nationality | Age (years) | Other Directorships |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Milind Manohar Padole DIN: 02140324 Date of Birth: November 26, 1972 Designation: Chairman and Managing Director Address: Survey Number 46/ 1A-1B, Villa Number A8, Insignia Brookland Housing Society, Undri-Pisoli Road, Opposite Aysha Masjid, Undri Wadachiwadi, Mohamad Wadi Haveli, Pisoli, Pune – 411 028, Maharashtra, India. Occupation: Business Term: For a period of five (05) years with effect from January 31, 2023 to January 30, 2028 Nationality: Indian | 51 | <p style="text-align: center;"><i>Indian Companies</i></p> <ol style="list-style-type: none"> 1. Masterji.AI Private Limited 2. Arapl Raas Private Limited <p style="text-align: center;"><i>Foreign Companies</i></p> <ol style="list-style-type: none"> 1. ARAPL North America LLC; 2. ARAPL RaaS International LLC; 3. ARAPL RaaS US, INC; and 4. ARAPL Intelligent Equipment Shanghai Co. Ltd. |
| Manohar Pandurang Padole DIN: 02738236 Date of Birth: April 27, 1942 Designation: Whole-Time Director Address: Survey Number 46/ 1A-1B, Villa Number A8, Insignia Brookland Housing Society, Undri-Pisoli Road, Opposite Aysha Masjid, Undri Wadachiwadi, Mohamad Wadi Haveli, Pisoli, Pune – 411 028, Maharashtra, India. Occupation: Business Term: For a period of five (05) years with effect from January 31, 2023 to January 30, 2028 Nationality: Indian | 81 | <p style="text-align: center;"><i>Indian Companies</i></p> <p style="text-align: center;">Nil</p> <p style="text-align: center;"><i>Foreign Companies</i></p> <p style="text-align: center;">Nil</p> |
| Rahul Milind Padole DIN: 07891092 Date of Birth: June 17, 1997 Designation: Executive Director | 26 | <p style="text-align: center;"><i>Indian Companies</i></p> <ol style="list-style-type: none"> 1. Masterji.AI Private Limited 2. Arapl Raas Private Limited <p style="text-align: center;"><i>Foreign Companies</i></p> <p style="text-align: center;">Nil</p> |

| Name, DIN, Date of Birth, Designation, Address, Occupation, Term and Nationality | Age (years) | Other Directorships |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|--------------------------------------------------------------------------------------|
| <p>Address: Survey Number 46/ 1A-1B, Villa Number A8, Insignia Brookland Housing Society, Undri-Pisoli Road, Opposite Aysha Masjid, Undri Wadachiwadi, Mohamad Wadi Haveli, Pisoli, Pune – 411 060, Maharashtra, India.</p> <p>Occupation: Student</p> <p>Term: Liable to retire by rotation</p> <p>Nationality: Indian</p> | | |
| <p>Bhagirathi Manohar Padole</p> <p>DIN: 08048862</p> <p>Date of Birth: June 19, 1947</p> <p>Designation: Non- Executive Director</p> <p>Address: Survey Number 46/ 1A-1B, Villa Number A8, Insignia Brookland Housing Society, Undri-Pisoli Road, Opposite Aysha Masjid, Undri Wadachiwadi, Mohamad Wadi Haveli, Pisoli, Pune – 411 028, Maharashtra, India.</p> <p>Occupation: Homemaker</p> <p>Term: Liable to retire by rotation</p> <p>Nationality: Indian</p> | 76 | <p><i>Indian Companies</i></p> <p>Nil</p> <p><i>Foreign Companies</i></p> <p>Nil</p> |
| <p>Dr. Ajay Vishnu Deshmukh</p> <p>DIN: 02834231</p> <p>Date of Birth: January 7, 1967</p> <p>Designation: Independent Director</p> <p>Address: Flat Number 8, Third Floor, Madhwakrupa, Rajyog Society, Parvati, Pune – 411 009, Maharashtra, India.</p> <p>Occupation: Professor</p> <p>Term: For a period of 5 (five) consecutive years from January 24, 2023 to January 23, 2028</p> <p>Nationality: Indian</p> | 56 | <p><i>Indian Companies</i></p> <p>Nil</p> <p><i>Foreign Companies</i></p> <p>Nil</p> |
| <p>Rohan Vijay Akolkar</p> <p>DIN: 08054900</p> <p>Date of Birth: July 22, 1988</p> <p>Designation: Independent Director</p> <p>Address: Sr. No 41A/2/1/1, Plot No. 3, Radheya Bunglow, Nr. Suvidha Dnyanganga Society, Jadhavnagar, Vadgaon, Pune – 411 041, Maharashtra, India.</p> <p>Occupation: Professional</p> | 35 | <p><i>Indian Companies</i></p> <p>Nil</p> <p><i>Foreign Companies</i></p> <p>Nil</p> |

| Name, DIN, Date of Birth, Designation, Address, Occupation, Term and Nationality | Age (years) | Other Directorships |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Term: For a period of 5 (five) consecutive years from January 24, 2023 to January 23, 2028 Nationality: Indian | | |
| Bharat Kishore Jhamvar DIN: 00211297 Date of Birth: July 21, 1972 Designation: Independent Director Address: 481/4B, Shri Kripa Housing Society, Shahu College Road, Opp. BSNL Telephone Exchange, Pune City, Parvati, Pune- 411 009, Maharashtra, India. Occupation: Business Term: For a period of 5 (five) consecutive years from January 24, 2023 to January 23, 2028 Nationality: Citizen of the United States of America (Overseas Citizen of India) | 51 | <p style="text-align: center;"><i>Indian Companies</i></p> <ol style="list-style-type: none"> 1. Subhash Chemical Industries 2. Suttatti Enterprises Private Limited 3. Sameya Cosmetics Private Limited 4. Jorinco Specialities Private Limited <p style="text-align: center;"><i>Foreign Companies</i></p> <p style="text-align: center;">Nil</p> |
| Shailesh Shreekant Pandit DIN: 00642265 Date of Birth: June 2, 1971 Designation: Independent Director Address: Chaitanya Nagar, Near Arihant Nursing Home, Flat No. 11 Down Town-703 Apartment A Wing, Sawarkar Nagar, Nashik - 422 013, Maharashtra, India. Occupation: Business Term: For a period of 5 (five) consecutive years from July 22, 2023 to July 21, 2028 Nationality: Indian | 52 | <p style="text-align: center;"><i>Indian Companies</i></p> <p style="text-align: center;">Shalaka Shafts Private Limited</p> <p style="text-align: center;"><i>Foreign Companies</i></p> <p style="text-align: center;">Nil</p> |

Brief Biographies of our Directors

Milind Manohar Padole, aged 51 years, is the Promoter and Managing Director of our Company. He has passed the degree examination for bachelor's degree in engineering in production organised by University of Bombay. He has more than twenty years of work experience in field ranging from engineering and design, process study, robotic application, offline programming, assembly, material handling design, offline programming, project management, bulk storage and system design etc. He looks after the research and development along with the new product development. Previously he was associated with, the ordinance factory of Mahindra & Mahindra Limited in the capacity of section engineer; Comau India Private Limited in the capacity of deputy manager – production;

Tata Motors Limited in the car plant – tech & productivity services. He heads the business development and design divisions of our Company and also supervises overall operations.

Manohar Pandurang Padole, aged 81 years, is the Promoter and Whole-time Director of our Company. He has attended Nagpur University to pursue bachelor's degree in arts. He has more than three decades of work experience in management and administration. In the past, he was associated with Ordnance Factory, Ministry of Defence, Government of India, Bhandara in the capacity of a foreman. He heads the finance and accounts division of our Company.

Rahul Milind Padole, aged 26 years, is the Executive Director of our Company. He holds a bachelor's degree in engineering (mechanical engineering) from Coventry University, Singapore. He has been associated with our Company since July 26, 2017 and heads the marketing division of our Company.

Bhagirathi Manohar Padole, aged 76 years, is the Director of our Company. She has attended Nagpur University to pursue bachelor's degree in arts. She has worked for over thirty six years in the Ordnance Factory, Ministry of Defence, Government of India, Bhandara in the capacity of chageman grade - I. She has been associated with our Company since January 31, 2018 and provides advisory services in relation to human resource management and recruitment of our Company.

Dr. Ajay Vishnu Deshmukh, aged 56 years, is an Independent Director of our Company. He holds a bachelor's degree in engineering from Marathwada University. He also holds a master's degree in engineering from Dr. Babasaheb Ambedkar Marathwada University. He also holds a degree in doctor of philosophy from Indian Institute of Technology, Bombay. In the past, he was associated with Indian Institute of Technology, Bombay in the capacity of senior project manager on temporary basis; with Shikshamandal's Bajaj Institute of Technology, Wardha in the capacity of Principal; with Shree Chanakya Education Society's, Indira College of Engineering & Management, Pune in the capacity of principal; with Someshwar Engineering College in the capacity of principal; and with Shree Swami Atmanand Saraswati Institute of Technology in the capacity of principal. He has been associated with our Company with effect from January 24, 2018.

Rohan Vijay Akolkar, aged 35 years, is the Independent Director of our Company. He holds bachelor's degree in commerce from Brihan Maharashtra College of Commerce, University of Pune. He is an associate member of Institute of Chartered Accountant of India, bearing Membership Number 146873. He is a partner in R V K & Associates, Chartered Accountant, Pune since December 1, 2012.

Bharat Kishore Jhamvar, aged 51 years, is an Additional Independent Director of our Company. He has passed the degree examination BS organised by University of Pune, he holds master's degree in science from University of Maryland, University College and has also holds master's degree in Business Administration (MBA) from University of Maryland, University College. Previously he was associated with Booz Allen Hamilton, Aspen Systems Corporation, Rockville, MD (USA), CAIS Inc. (Washington DC) and Digex, Inc., Beltsville, MD (USA) in the capacity of consultant sr. – finance. He has been associated with our Company with effect from January 24, 2018.

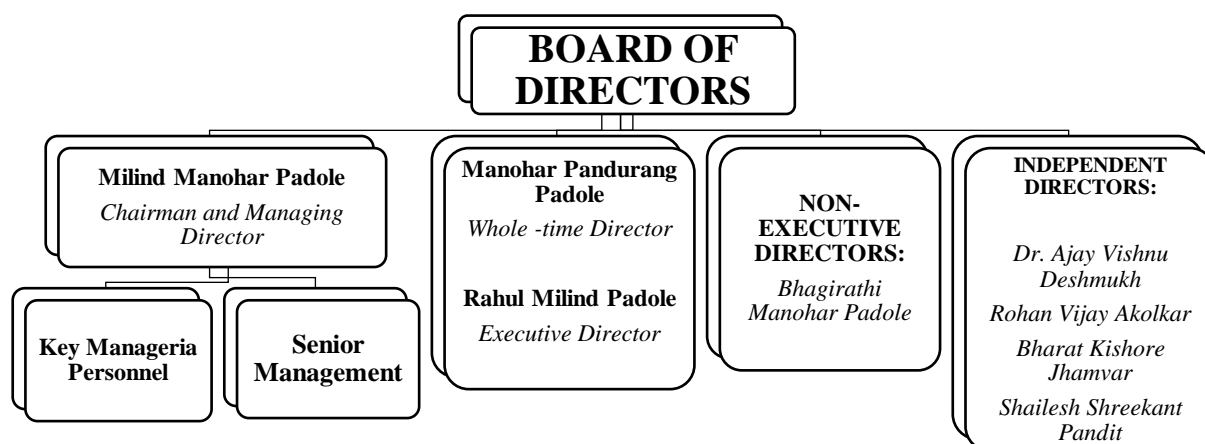
Shailesh Shreekant Pandit, aged 52 years, is the Independent Director of our Company. He holds a bachelor's degree in engineering (in the product branch) from Veermata Jijabai Technological Institute of University of Bombay. He has experience of instrumental in modernising the activities and achieving export growth. He is a director on the board of Shalaka Shafts Private Limited since 2005.

Confirmations

1. None of our Directors of our Company have held or currently hold directorship in any listed company whose shares have been or were suspended from being traded on any of the stock exchanges in the five years preceding the date of filing of this Draft Letter of Offer, during the term of his/ her directorship in such company.
2. Further, none of our Directors of our Company are or were associated in the capacity of a director with any listed company which has been delisted from any stock exchange(s) at any time in the past.

Management Organization Structure

Set forth is the organization structure of our Company:



Corporate Governance

The provisions of the SEBI Listing Regulations and the Companies Act with respect to corporate governance are applicable to us.

We are in compliance with the requirements of the applicable regulations, including the SEBI Listing Regulations, Companies Act and the SEBI (ICDR) Regulations, in respect of corporate governance including the constitution of our Board and Committees thereof. Our corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board Committees, as required under law.

Our Board undertakes to take all necessary steps to continue to comply with all the requirements of the SEBI Listing Regulations and the Companies Act. Our Board functions either directly, or through various committees constituted to oversee specific operational areas.

Committees of our Board

Our Board has constituted following committees in accordance with the requirements of the Companies Act and SEBI Listing Regulations:

- Audit Committee.
- Stakeholders' Relationship Committee;
- Nomination and Remuneration Committee; and
- Corporate Social Responsibility Committee.

Details of each of these committees are as follows:

(a) Audit Committee

The Audit Committee was constituted by a resolution of our Board dated February 2, 2018. It is in compliance with Section 177 of the Companies Act and Regulation 18 of the SEBI Listing Regulations. The current constitution of the Audit committee is as follows:

| Name of the Director | Designation in the Committee | Nature of Directorship |
|------------------------|------------------------------|------------------------|
| Rohan Vijay Akolkar | Chairperson | Independent Director |
| Bharat Kishore Jhamvar | Member | Independent Director |
| Milind Manohar padole | Member | Managing Director |

The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI Listing Regulations. Its terms of reference are as follows:

A. Powers of Audit Committee

The Audit Committee shall have powers, including the following:

- (1) to investigate any activity within its terms of reference;
- (2) to seek information from any employee;
- (3) to obtain outside legal or other professional advice;
- (4) to secure attendance of outsiders with relevant expertise, if it considers necessary; and
- (5) such other powers as may be prescribed under the Companies Act and SEBI Listing Regulations.

B. Role of Audit Committee

The role of the Audit Committee shall include the following:

- (1) oversight of financial reporting process and the disclosure of financial information relating the Company to ensure that the financial statements are correct, sufficient and credible;
- (2) recommendation for appointment, re-appointment, replacement, remuneration and terms of appointment of auditors of the Company and the fixation of the audit fee;
- (3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (4) formulation of a policy on related party transactions, which shall include materiality of related party transactions;
- (5) reviewing, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given;
- (6) examining and reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements;
 - f. Disclosure of any related party transactions; and
 - g. Modified opinion(s) in the draft audit report.
- (7) reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
- (8) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the Issue document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board of directors of the Company to take up steps in this matter;
- (9) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

- (10) approval of any subsequent modification of transactions of the Company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company, subject to the conditions as may be prescribed;

Explanation: The term "related party transactions" shall have the same meaning as provided in Clause 2(zc) of the SEBI Listing Regulations and/or the applicable Accounting Standards and/or the Companies Act, 2013.

- (11) scrutiny of inter-corporate loans and investments;
- (12) valuation of undertakings or assets of the Company, wherever it is necessary;
- (13) evaluation of internal financial controls and risk management systems;
- (14) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (15) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (16) discussion with internal auditors of any significant findings and follow up there on;
- (17) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board
- (18) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (19) recommending to the board of directors the appointment and removal of the external auditor, fixation of audit fees and approval for payment for any other services;
- (20) monitoring the end use of funds raised through public offers and related matters;
- (21) looking into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (22) reviewing the functioning of the whistle blower mechanism;
- (23) monitoring the end use of funds raised through public offers and related matters;
- (24) overseeing the vigil mechanism established by the Company, with the chairman of the Audit Committee directly hearing grievances of victimization of employees and directors, who used vigil mechanism to report genuine concerns in appropriate and exceptional cases;
- (25) approval of appointment of chief financial officer (i.e., the whole-time finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- (26) reviewing the utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding ₹ 1,00,00,00,000 or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances/ investments existing as on the date of coming into force of this provision;
- (27) To formulate, review and make recommendations to the Board to amend the Terms of Reference of Audit Committee from time to time;
- (28) consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders; and

- (29) carrying out any other functions required to be carried out by the Audit Committee as contained in the SEBI Listing Regulations, Companies Act, 2013, uniform listing agreements and/or any other applicable law, as and when amended from time to time.

The Audit Committee shall mandatorily review the following information:

1. management discussion and analysis of financial condition and results of operations;
2. management letters / letters of internal control weaknesses issued by the statutory auditors;
3. internal audit reports relating to internal control weaknesses;
4. the appointment, removal and terms of remuneration of the chief internal auditor;
5. statement of deviations in terms of the SEBI Listing Regulations:
 - a. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) where the Equity Shares are proposed to be listed in terms of the SEBI Listing Regulations; and
 - b. annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of the SEBI Listing Regulations.
6. review the financial statements, in particular, the investments made by any unlisted subsidiary;
7. such information as may be prescribed under the Companies Act and SEBI Listing Regulations.

The Company Secretary of our Company shall serve as the secretary of the Audit Committee.

The Audit Committee is required to meet at least four times in a year under Regulation 18(2)(a) of the SEBI Listing Regulations. The quorum for a meeting of the Audit Committee shall be two members or one third of the members of the audit committee, whichever is greater, with at least two independent directors.

(b) Nomination, Remuneration and Compensation Committee

The Nomination, Remuneration and Compensation committee was constituted by a resolution of our Board dated February 2, 2018. The Nomination, Remuneration and Compensation Committee is in compliance with Section 178 of the Companies Act and Regulation 19 of the SEBI Listing Regulations. The current constitution of the Nomination, Remuneration and Compensation committee is as follows:

| Name of Director | Position in the Committee | Designation |
|--------------------------|---------------------------|----------------------|
| Dr. Ajay Vishnu Deshmukh | Chairperson | Independent Director |
| Rohan Vijay Akolkar | Member | Independent Director |
| Bharat Kishore Jhamvar | Member | Independent Director |

The scope and function of the Nomination, Remuneration and Compensation Committee is in accordance with Section 178 of the Companies Act, 2013, read with Regulation 19 of the SEBI Listing Regulations. Its terms of reference are as follows:

- (1) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors of the Company a policy relating to the remuneration of the directors, key managerial personnel and other employees ("**Remuneration Policy**").

the Nomination and Remuneration Committee, while formulating the above policy, should ensure that:

- (i) the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run our Company successfully;
 - (ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - (iii) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short- and long-term performance objectives appropriate to the working of the Company and its goals.
- (2) for every appointment of an independent director, evaluating the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, preparing a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable

candidates, the Nomination and Remuneration Committee may: (a) use the services of an external agencies, if required; (b) consider candidates from a wide range of backgrounds, having due regard to diversity; and (c) consider the time commitments of the candidates.

- (3) formulation of criteria for evaluation of independent directors and the Board;
- (4) devising a policy on Board diversity;
- (5) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and carrying out evaluation of every director's performance (including independent director);
- (6) analysing, monitoring and reviewing various human resource and compensation matters;
- (7) deciding whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- (8) determining the Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;
- (9) recommending to the board, all remuneration, in whatever form, payable to senior management and other staff, as deemed necessary;
- (10) carrying out any other functions required to be carried out by the Nomination and Remuneration Committee as contained in the SEBI Listing Regulations or any other applicable law, as and when amended from time to time;
- (11) reviewing and approving the Company's compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
- (12) perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, if applicable;
- (a) to administer the employee stock option scheme/plan approved by the Board and shareholders of the Company in accordance with the terms of such scheme/plan ("**ESOP Scheme**") including the following:
 - i. determining the eligibility of employees to participate under the ESOP Scheme;
 - ii. determining the quantum of option to be granted under the ESOP Scheme per employee and in aggregate;
 - iii. date of grant;
 - iv. determining the exercise price of the option under the ESOP Scheme;
 - v. the conditions under which option may vest in employee and may lapse in case of termination of employment for misconduct;
 - vi. the exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period;
 - vii. the specified time period within which the employee shall exercise the vested option in the event of termination or resignation of an employee;
 - viii. the right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
 - ix. re-pricing of the options which are not exercised, whether or not they have been vested if stock option rendered unattractive due to fall in the market price of the equity shares;
 - x. the grant, vest and exercise of option in case of employees who are on long leave;
 - xi. allow exercise of unvested options on such terms and conditions as it may deem fit;
 - xii. the procedure for cashless exercise of options;
 - xiii. forfeiture/ cancellation of options granted;
 - xiv. formulating and implementing the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others. In this regard following shall be taken into consideration:
 - the number and the price of stock option shall be adjusted in a manner such that total value of the option to the employee remains the same after the corporate action;

- for this purpose, follow global best practices in this area including the procedures followed by the derivative markets in India and abroad may be considered; and
 - the vesting period and the life of the option shall be left unaltered as far as possible to protect the rights of the employee who is granted such option.
- (13) construing and interpreting the ESOP Scheme and any agreements defining the rights and obligations of the Company and eligible employees under the ESOP Scheme, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the ESOP Scheme.
- (14) frame suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time, including:
- (a) the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
 - (b) the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, by the trust, the Company and its employees, as applicable.
- (15) perform such other activities as may be delegated by the Board or specified/ provided under the Companies Act, 2013 to the extent notified and effective, as amended or by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended or by any other applicable law or regulatory authority.
- (16) to consider any other matters as may be requested by the Board; and
- (17) to make available its terms of reference and review annually those terms of reference and its own effectiveness and recommend any necessary changes to the Board.
- (18) the committee is authorised by the Board to:
- (a) investigate any activity within its terms of reference;
 - (b) seek any information from any employee of the Company or any associate or subsidiary, joint venture Company in order to perform its duties and all employees are directed by the Board to co-operate with any request made by the Committee; and
 - (c) call any director or other employee to be present at a meeting of the Committee as and when required.
- (19) if the Committee considers it necessary so to do it is authorised to obtain appropriate external advice including but not limited to legal and professional advice to assist it in the performance of its duties and to secure the services of outsiders with relevant experience and expertise and to invite those persons to attend at meetings of the Committee. The cost of obtaining any advice or services shall be paid by the Company within the limits as authorised by the Board.

The Nomination, Remuneration and Compensation Committee is required to meet at least once in a year under Regulation 19(3A) of the SEBI Listing Regulations.

The quorum for a meeting of the Nomination, Remuneration and Compensation shall be two members or one third of the members of the committee, whichever is greater, including at least one independent director.

(c) Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee was constituted by a resolution of our Board dated February 2, 2018. The Stakeholders' Relationship Committee is in compliance with Section 178 of the Companies Act and Regulation 20 of the SEBI Listing Regulations. The current constitution of the Stakeholders' Relationship Committee is as follows:

| Name of Director | Position in the Committee | Designation |
|---------------------------|----------------------------------|------------------------|
| Dr. Ajay Vishnu Deshmukh | Chairman | Independent |
| Manohar Pandurang Padole | Member | Whole-time Director |
| Bhagirathi Manohar Padole | Member | Non-executive Director |

The scope and function of the Stakeholders' Relationship Committee is in accordance with Regulation 20 of the SEBI Listing Regulations. Its terms of reference are as follows:

- (1) resolving the grievances of the security holders of the listed entity including complaints related to transfer of shares or debentures, including non-receipt of share or debenture certificates and review of cases for refusal of transfer/transmission of shares and debentures, non-receipt of annual report or balance sheet, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc. and assisting with quarterly reporting of such complaints;
- (2) review of measures taken for effective exercise of voting rights by shareholders;
- (3) investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities
- (4) giving effect to all transfer/transmission of shares and debentures, dematerialisation of shares and re-materialisation of shares, split and issue of duplicate/consolidated share certificates, compliance with all the requirements related to shares, debentures and other securities from time to time
- (5) review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the registrar and share transfer agent of the Company and to recommend measures for overall improvement in the quality of investor services;
- (6) review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company;
- (7) to approve allotment of shares, debentures or any other securities as per the authority conferred / to be conferred to the Committee by the Board of Directors from time to time;
- (8) to approve requests for transfer, transposition, deletion, consolidation, sub-division, change of name, dematerialization, rematerialisation etc. of shares, debentures and other securities;
- (9) to monitor and expedite the status and process of dematerialization and rematerialisation of shares, debentures and other securities of the Company;
- (10) carrying out such other functions as may be specified by the Board from time to time or specified/provided under the Companies Act or SEBI Listing Regulations, or by any other regulatory authority; and
- (11) such terms of reference as may be prescribed under the Companies Act and SEBI Listing Regulations.

The Stakeholders' Relationship Committee is required to meet at least once in a year under Regulation 20(3A) of the SEBI Listing Regulations.

Additionally, our Company has constituted various operational committees such as the Rights Issue Committee.

(d) Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee was constituted by a resolution of our Board dated February 2, 2018. The Corporate Social Responsibility Committee is in compliance with Section 135 of the Companies Act. The current constitution of the Corporate Social Responsibility Committee is as follows:

| Name of the Director | Designation in the Committee | Nature of Directorship |
|-----------------------------|-------------------------------------|-------------------------------|
| Dr. Ajay Vishnu Deshmukh | Chairman | Independent |
| Manohar Pandurang Padole | Member | Whole-time Director |
| Bhagirathi Manohar Padole | Member | Non-executive Director |
| Milind Manohar Padole | Member | Managing Director |

The Company Secretary and Compliance Officer of the Company would act as the Secretary to the Corporate and Social Responsibility Committee.

The terms of reference of the Committee shall include the following:

- i. To formulate, revise and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per the Companies Act, 2013;
- ii. To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the company;
- iii. To monitor the CSR policy of the Company from time to time; and
- iv. Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

Additionally, our Company has constituted various operational committees such as Rights Issue Committee.

Our Key Managerial Personnel

In addition to our Managing Directors and Whole-time Director, whose details have been provided under paragraph above titled '*Brief Profile of our Directors*', set forth below are the details of our Key Managerial Personnel as on the date of filing of this Letter of Offer:

Sengunthar Dakshnamurthy Kalidass, aged 34 years, is the Chief Financial Officer of our Company. He holds bachelor's degree and a master's degree in commerce from Gujarat University. He also attended Mahatma Gandhi University to pursue master's degree in business administration. In the past, he was associated with La-Gajjar Pumps Private Limited in the capacity of sr. general executive – general; with Passavant Energy & Environment India Private Limited; and Venture Lighting India Limited in the capacity of assistant manager. He has been associated with our Company since January 25, 2018 in the capacity of our Chief Financial Officer.

Ruchika Jitendrakumar Shinde, aged 37 years, is the Company Secretary and Compliance Officer of our Company. She holds a bachelor's degree in commerce from the Maharaja Sayajirao University of Baroda. She is an associate member of the Institute of Company Secretary of India. In the past, she was associated with M. Shaikhji & Associates in the capacity of an associate company secretary. She has been associated with our Company since October 1, 2022.

All our Key Managerial Personnel are permanent employees of our Company.

None of our Key Managerial Personnel are entitled to receive any termination or retirement benefits.

Our Senior Managerial Personnel

Satish Dnyanoba Chavan, aged 50 years, is Director – Technical (Global) of our Company. He holds bachelor's degree in engineering from Amravati University. In the past he was associated with Comau India Private Limited in the capacity of senior management – production; with Fiat India Automobiles Limited in the capacity of deputy manager in manufacturing technology department; with General Motors India Private Limited in the capacity of senior manager – quality; with Mahindra & Mahindra Limited, Mumbai in the capacity of deputy manager – quality BIW, and with Tal Manufacturing Solutions Limited in the capacity of senior engineer – assembly & erection. He has significant experience in automobile sector. He has been associated with our Company since May 2, 2017.

All our Senior Management are permanent employees of our Company.

None of our Senior Management are entitled to receive any termination or retirement benefits.

Relationship of Key Managerial Personnel and Senior Management with other Key Managerial Personnel and Senior Management

None of the Key Managerial Personnel and Senior Management are related to each other.

OUR PROMOTERS

Our Promoters are Milind Manohar Padole and Manohar Pandurang Padole.

The details of the shareholding of our Promoters, as on date of this Draft Letter of Offer, have been provided below:

| S. No. | Name of the Promoter | Number of Equity Shares held | % of the total number of shares |
|--------------|--------------------------|------------------------------|---------------------------------|
| 1. | Milind Manohar Padole | 47,35,241 | 46.52 |
| 2. | Manohar Pandurang Padole | 1,00,000 | 0.98 |
| Total | | 48,35,241 | 47.50 |

Our Company confirms that the permanent account number(s), bank account number(s) and passport number(s) of our Promoters shall be submitted to the Stock Exchange at the time of filing this Draft Letter of Offer.

For details of the educational qualifications, experience, other directorships, positions / posts held by Milind Manohar Padole and Manohar Pandurang Padole, please see the chapter titled “*Our Management*” on page 93 of this Draft Letter of Offer.

Confirmations

1. Our Promoters have not been declared as wilful defaulters or fraudulent borrowers by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past or are currently pending against them.
2. Our Promoters have not been declared as a Fugitive Economic Offender under Section 12 of the Fugitive Economic Offenders Act, 2018.
3. Our Promoters have not been debarred or prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority. Our Promoters are not and have never been promoter(s), director(s) or person(s) in control of any other company, which is/are debarred or prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.
4. Except as stated in the chapter titled “*Outstanding Litigation and Material Developments*” on page 162, there are no litigation or legal action pending or taken by any ministry, department of the Government or statutory authority during the last 5 (five) years preceding the date of the Issue against our Promoters.

RELATED PARTY TRANSACTIONS

For details regarding our related party transactions for the six-month period ended September 30, 2023 and for the Financial Years ended 2023, 2022 and 2021, see “*Financial Information – Restated Financial Information – Notes to Restated Financial Information – Note 29: Related Party and Key Managerial Personnel*” on page 133 of this Draft Letter of Offer.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by the Board of Directors and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act. The dividend, if any, will depend on a number of factors, including but not limited, net operating profit after tax, working capital requirements, capital expenditure requirements, cash flow required to meet contingencies, outstanding borrowings, and applicable taxes payable by our Company. In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under loan or financing arrangements our Company is currently availing of or may enter into to finance our fund requirements for our business activities. In accordance with Regulation 43A of the SEBI Listing Regulations, our Company is not mandated to adopt a dividend distribution policy.

Dividends paid on Equity Shares:

Our Company has not declared dividends on the Equity Shares in each of the Financial Years ending 2021, 2022 and 2023 and the six-month period ended September 30, 2023 and the period between October 01, 2023 and the filing of the DLOF. There is no guarantee that any dividends will be declared or paid in future. For details in relation to the risk involved, see “*Risk Factor No. 43 – Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditure and restrictive covenants in our financing arrangements*” on page 34 of this Draft Letter of Offer.

SECTION V – FINANCIAL INFORMATION

FINANCIAL INFORMATION

| S. No. | Details | Page Number |
|--------|-----------------------------------------------------------------------------------------------------------------------------|-------------|
| 1. | Unaudited Limited Reviewed Consolidated Financial Statements for the six-month period ended September 30, 2023 | 109 |
| 2. | Restated Consolidated Financial Statements as at and for the years ended March 31, 2023, March 31, 2022 and March 31, 2021. | 116 |
| 3. | Accounting Ratios | 142 |
| 4. | Statement of Capitalization | 145 |

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Independent Auditor's Review Report On consolidated unaudited half yearly financial results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

TO THE BOARD OF DIRECTORS OF

Affordable Robotic & Automation Limited

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of Affordable Robotic & Automation Limited ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), and its share of the net profit/(loss) after tax and total comprehensive income / loss of its associates and joint ventures for the half year ended 30th September, 2023 and for the period from 01.04.2023 to 30.09.2023 ("the Statement"), being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. Attention is drawn to the fact that the consolidated figures for the corresponding half year ended 30th September, 2023 and the corresponding period from 01.04.2023 to 30.09.2023, as reported in these financial results have been approved by the Parent's Board of Directors, but have not been subjected to review.

2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.



4. The Statement includes the results of the following entities: (indicate list of entities included in the consolidation similar to the requirement for audited consolidated results)

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of the branch auditors and other auditors referred to in paragraph 7 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. Our conclusion is not modified in respect of this matter.

7. We did not review the interim financial statements / financial information / financial results of Subsidiary / branches and joint operations included in the standalone unaudited / audited interim financial statements / financial information / financial results of the entities included in the Group, whose results reflect total assets of Rs.158,20,26,391.19/- as at 30th September, 2023 and total net revenues of Rs.42,88,59,978.76/- and Rs. (- 6,79,41,780.57/-) Total Net Loss after tax and for the period from 01.04.2023 to 30.09.2023 respectively, and cash flows (net) of Rs. (-3,71,47,774.61) for the period from 01.04.2023 to 30.09.2023, as considered in the respective standalone unaudited / audited interim financial statements / financial information / financial results of the entities included in the Group. The interim financial statements / financial information / financial results of these branches and joint operations have been reviewed by the branch auditors and other auditors whose reports have been furnished to us or other auditors, and our conclusion in so far as it relates to the amounts and disclosures included in respect of these branches and joint operations, is based solely on the report of such branch auditors and other auditors and the procedures performed by us as stated in paragraph 3 above.

We did not review the interim financial statements / financial information / financial results of subsidiaries included in the consolidated unaudited financial results, whose interim financial statements / financial information / financial results reflect total assets of Rs.158,20,26,391.19/- as at 30th September, 2023 and total net revenues of Rs.42,88,59,978.76/- and Rs. (- 6,79,41,780.57/-) Total Net Loss after tax and for the period from 01.04.2023 to 30.09.2023 respectively, and cash flows (net) of Rs. (-3,71,47,774.61) for the period from 01.04.2023 to 30.09.2023, as considered in the consolidated unaudited financial results. The consolidated unaudited financial results also includes the Group's share of net profit/(loss) after tax of Rs. (-4,98,62,296.67/-) and Rs.42,69,39,748.40/- and total comprehensive income for the half year ended 30th September, 2023 and for the period from 01.04.2023 to 30.09.2023, respectively, as considered in the consolidated unaudited financial results, in respect of associates and joint ventures, whose interim financial statements / financial information / financial results have not been reviewed by us. These interim financial statements / financial information / financial results have been reviewed by other auditors whose reports have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and joint ventures, is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.

Our conclusion on the Statement is not modified in respect of the above matters.



8. The consolidated unaudited financial results includes the interim financial statements/ financial information/ financial results of subsidiaries which have not been reviewed/audited by their auditors, whose interim financial statements/ financial information/ financial results reflect total assets of Rs.158,20,26,391.19/- as at 30.09.2023 and total revenue of Rs.42,88,59,978.76/- and Rs. (- 6,79,41,780.57/-) total net Loss after tax for the half year ended 30th September, 2023 and for the period from 01.04.2023 to 30.09.2023, respectively, and cash flows (net) of Rs. (-3,71,47,774.61) for the period from 01.04.2023 to 30.09.2023, as considered in the consolidated unaudited financial results, in respect of associates and joint ventures, based on their interim financial statements/ financial information/ financial results which have not been reviewed/audited by their auditors. According to the information and explanations given to us by the Management, these interim financial statements / financial information / financial results are not material to the Group.

Our conclusion on the Statement is not modified in respect of the above matter.

For M/s. Vijay Moondra & Co.
Chartered Accountants
FRN: 112308W



CA Vinit Moondra
Partner
M. No.: 119398



UDIN: **23119398BGWBNM7136**

Date: 08.11.2023
Place: Ahmedabad

AFFORDABLE ROBOTIC AND AUTOMATION LTD.

Regn. No. L29299PN2010PLC135298

Gat No.1209, Village Wadki, Taluka Haveli, Dist. Pune, Pune 412308

Consolidated Balance Sheet as at 30.09.2023

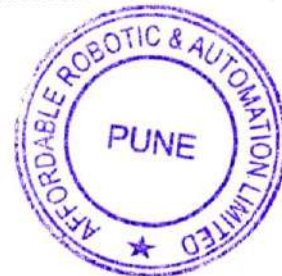
| Sr. No. | Particulars | Note No. | INR In Lakhs | INR In Lakhs |
|----------------------------------------------------------------------------------|-------------|-------------|---------------------|---------------------|
| | | | As on 30.09.2023 | As on 31.03.2023 |
| I) EQUITY & LIABILITIES | | | | |
| 1) Shareholder's Funds | | | | |
| a) Share Capital | 1 | 1,017.96 | 1,017.96 | |
| b) Reserves & Surplus | 2 | 4,248.66 | 4,248.66 | 4,928.08 |
| c) Money received against share warrants | | | | |
| 2) Share Application Money Pending Allotment | | | | |
| 3) Non Current Liabilities | | | | |
| a) Long term borrowings | 3 | 1,584.20 | 1,584.20 | 1,611.38 |
| b) Deferred Tax Liabilities (Net) | 4 | - | - | 0.02 |
| c) Other Long term liabilities | 5 | 559.63 | 559.63 | 562.35 |
| d) Long term provisions | | - | - | - |
| 4) Current Liabilities | | | | |
| a) Short term borrowings | 6 | 2,693.83 | 2,693.83 | 2,216.25 |
| b) Trade payables | 7 | - | - | - |
| (a) Total Outstanding dues of micro enterprises and small enterprises | | 325.17 | 325.17 | 918.00 |
| (b) Total Outstanding dues of other than micro enterprises and small enterprises | | 3,851.70 | 3,851.70 | 4,012.59 |
| c) Other current liabilities | 8 | 1,207.00 | 1,207.00 | 909.18 |
| d) Short term provisions | 9 | 332.09 | 332.09 | 425.40 |
| TOTAL | | | 15,820.26 | 16,601.21 |
| II) ASSETS | | | | |
| 1) Non Current assets | | | | |
| a) Property, Plant and Equipment and Intangible Assets | | | | |
| i) Property, Plant and Equipment | 10 | 1,200.12 | 1,200.12 | 1,227.31 |
| ii) Intangible assets | | 13.43 | 13.43 | 14.57 |
| iii) Capital work-in-progress PPE | | 2,143.42 | 2,143.42 | 2,071.94 |
| iv) Intangible assets under development | | 9.83 | 9.83 | 9.83 |
| b) Non current Investments | 11 | 210.04 | 210.04 | 210.04 |
| c) Deferred Tax Assets (Net) | 12 | 4.38 | 4.38 | 3.50 |
| d) Long term loans and advances | 12(a) | 10.00 | 10.00 | 10.00 |
| e) Other non current assets | 13 | 70.79 | 70.79 | 70.79 |
| 2) Current assets | | | | |
| a) Current Investments | | - | - | - |
| b) Inventories | 14 | 4,988.39 | 4,988.39 | 4,666.93 |
| c) Trade receivables | 15 | 5,149.79 | 5,149.79 | 6,622.73 |
| d) Cash & cash equivalents | 16 | 351.87 | 351.87 | 723.35 |
| e) Short term Loans & Advances | 17 | 131.66 | 131.66 | 216.17 |
| f) Other current assets | 18 | 1,536.55 | 1,536.55 | 754.04 |
| TOTAL | | | 15,820.26 | 16,601.21 |

For and on behalf of the Board of Directors of
Affordable Robotic And Automation Ltd.

Manohar P. Padole

Manohar P. Padole
Whole Time Director
DIN: 02738236

Place: Pune
Date: 08.11.2023



AFFORDABLE ROBOTIC AND AUTOMATION LTD.

Regn. No. L29299PN2010PLC135298

Gat No.1209, Village Wadki, Taluka Haveli, Dist. Pune, Pune 412308

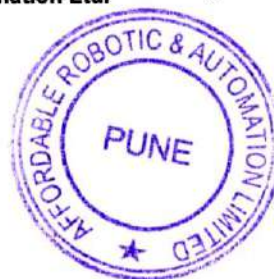
Consolidated Profit & Loss Statement for the year ended on 30.09.2023

| Sr. No. | Particulars | Note No. | INR In Lakhs | INR In Lakhs |
|---------|----------------------------------------------------------------------|----------|------------------|------------------|
| | | | As on 30.09.2023 | As on 31.03.2023 |
| I | Revenue from operations | 19 | | |
| | Gross Sales | | 5,119.81 | 13,402.66 |
| | Less: Duties, Taxes and Other | | 838.88 | 2,023.98 |
| | Net Sales | | 4,280.93 | 11,378.68 |
| II | Other Income | 20 | 7.67 | 21.70 |
| III | Total Income (I+II) | | 4,288.60 | 11,400.39 |
| IV | Expenses : | | | |
| | Cost of materials consumed | 21 | 2,991.49 | 7,485.80 |
| | Employee benefits expense | 22 | 974.26 | 1,652.96 |
| | Finance costs | 23 | 157.99 | 272.68 |
| | Depreciation & amortization expense | 24 | 61.25 | 141.30 |
| | Other Expenses | 25 | 783.90 | 1,476.58 |
| | Total Expenses | | 4,968.90 | 11,029.33 |
| V | Profit before exceptional and extraordinary items and tax (III-IV) | | (680.30) | 371.06 |
| VI | Exceptional items | | - | - |
| VII | Profit before extraordinary items & tax (V-VI) | | (680.30) | 371.06 |
| VIII | Extraordinary items | | - | - |
| IX | Profit before tax (VII-VIII) | | (680.30) | 371.06 |
| X | Tax Expenses: | | | |
| | 1) Current Tax | | - | 153.05 |
| | 2) Deferred Tax Charges (Revenue) | 12 | (0.88) | 1.88 |
| XI | Profit / (Loss) for the period from continuing operations (IX-X) | | (679.42) | 216.13 |
| XII | Profit / (Loss) from discontinuing operations | | - | - |
| XIII | Tax expense of discontinuing operations | | - | - |
| XIV | Profit / (Loss) from discontinuing operations (after tax) (XII-XIII) | | - | - |
| XV | Profit and loss for the period (XI+XIV) | | (679.42) | 216.13 |
| XVI | Earnings per equity share: | | | |
| | 1) Basic | | (6.67) | 2.12 |
| | 2) Diluted | | (6.67) | 2.12 |

For and on behalf of the Board of Directors of
Affordable Robotic And Automation Ltd.

Manohar P. Padole

Manohar P. Padole
Whole Time Director
DIN: 02738236



Place: Pune
Date: 08.11.2023

AFFORDABLE ROBOTIC AND AUTOMATION LTD.
Regn. No. L29299PN2010PLC135298
Gat No.1209, Village Wadki, Taluka Haveli, Dist. Pune, Pune 412308

Consolidated Cash Flow Statement for the year ending on 30.09.2023

| Particulars | INR in lakhs 30.09.2023 | INR in lakhs 31.03.2023 |
|--------------------------------------------------------|----------------------------|----------------------------|
| A CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit Before Tax | (680.30) | 371.06 |
| Adjustments for: | | |
| Depreciation | 61.25 | 136.33 |
| Short Provision of IT | - | 4.97 |
| (Profit)/loss on sale of Assets | - | - |
| Interest & Finance Charges | 157.99 | - |
| Interest on FD | (3.83) | 272.68 |
| Previous year Income | - | (7.11) |
| Dividend Income | - | - |
| | 215.41 | 406.87 |
| Operating Profit before Working Capital Changes | (464.88) | 777.93 |
| Adjustments for changes in working capital: | | |
| Decrease/(Increase) in Current Assets | | |
| Current Investments | - | - |
| Inventories | (321.46) | (1,188.41) |
| Trade receivables | 1,472.94 | (2,544.00) |
| Short term Loans & Advances | 84.51 | (38.96) |
| Other current assets (Excluding Misc Exp) | (782.51) | (121.33) |
| Increase/(Decrease) in Current Liabilities | | |
| Short Term Borrowings | 477.58 | 680.80 |
| Trade payables | (753.72) | 2,372.60 |
| Other current liabilities | 302.23 | 48.08 |
| Short term provisions | (93.30) | 164.74 |
| | 386.27 | (626.48) |
| Cash generated from operations | (78.61) | 151.45 |
| Income Tax paid | - | 153.05 |
| Net Cash flow from Operating activities | (78.61) | (1.60) |
| B CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (37.34) | (82.67) |
| Sale of Fixed Assets | - | - |
| Capital work in Progress | (71.47) | (384.90) |
| Long Term Advances | - | - |
| Non Current Assets | - | (15.01) |
| Non Current Investment | - | - |
| Interest on FD | 3.83 | 7.11 |
| Net Cashflow from Investing activities | (104.99) | (475.47) |
| C CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from Long term Borrowings | (29.89) | 628.56 |
| Cash Received from Capital Increase | - | - |
| Cash Received from Share Premium | - | 403.47 |
| Interest paid | (157.99) | (272.68) |
| Net Cash flow from financing activities | (187.88) | 759.35 |
| Net increase in cash & Cash Equivalents | (371.48) | 282.28 |
| Cash and Cash equivalents as at 01.04.23 | 723.35 | 441.07 |
| Cash and Cash equivalents as at 30.09.2023 | 351.87 | 723.35 |

AFFORDABLE ROBOTIC AND AUTOMATION LTD.

Regn. No. L29299PN2010PLC135298

Gat No.1209, Village Wadki, Taluka Haveli, Dist. Pune, Pune 412308

Consolidated Cash Flow Statement for the year ending on 30.09.2023

INR in lakhs

INR in lakhs

| | As on | |
|----------------------------------------------|---------------|---------------|
| | 30.09.2023 | 31.03.2023 |
| Cash & Cash Equivalents | | |
| Cash in Hand | 12.53 | 14.01 |
| Cash at Bank | 158.77 | 521.81 |
| Fixed Deposits and Accrued Interest | 180.58 | 187.53 |
| Cash & Cash equivalents as stated | 351.87 | 723.35 |

For and on behalf of the Board of Directors of
Affordable Robotic And Automation Ltd.



Manohar P. Padole
Whole Time Director
DIN: 02738236

Place: Pune
Date:08.11.2023





V. K. MOONDRA - 09825 303 998
VINIT MOONDRA - 09979 964 148
NEHA SHAH - 09624 439 956

201-202, 'SARAP', Opp. Navjivan Press, Ashram Road, Ahmedabad - 380 014.
Phone (O) : 079 - 2754 1569 | TeleFax : 079 - 2754 0550 | (R) : 079 - 2676 9402
Email : vk_moondra@rediffmail.com | Website : www.vijaymoondra.com

M/s. Vijay Moondra & Co.
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON RESTATED CONSOLIDATED FINANCIAL INFORMATION

The Board of Directors AFFORDABLE ROBOTIC AND AUTOMATION LTD.

Dear Sirs,

1. We have examined (refer paragraph 7 and 8 Below), the attached Restated Consolidated Financial Information of **AFFORDABLE ROBOTIC AND AUTOMATION LTD.** (the "Company"), and its subsidiaries (collectively, the "Group"), which comprises of the Restated Consolidated Statement of Assets and Liabilities as at March 31, 2023, 2022 and 2021, the Restated Consolidated Statements of Profit and Loss (including other comprehensive income), Restated Consolidated Statement of changes in equity and the Restated Consolidated Statement of Cash flows for the years ended March 31, 2023, 2022 and 2021, and the Summary of Significant Accounting Policies and other explanatory information (collectively, the "Restated Consolidated Financial Information") as approved by the Board of Directors of the Company ("the Board") at their meeting held on 6th October, 2023 for the purpose of inclusion in the Draft Letter of Offer and the Letter of Offer (collectively, the "Offer Documents") prepared by the Company in connection with its proposed Rights Issue of equity shares of the Company (the "Issue") prepared in terms of the requirements of :
 - a) Section 26 of Part 1 of Chapter III of the Companies Act, 2013 ("the Act");
 - b) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "ICDR Regulations"); and
 - c) the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").
2. The Company's Board of Directors is responsible for the preparation of the Restated Consolidated Information for the purpose of inclusion in the Offer Documents to be filed with Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and Registrar of Companies, Pune in connection with the proposed Issue. The Restated Consolidated Financial Information have been prepared by the Management of the Company on the basis of preparation stated in Note 1 to 38 to Restated Consolidated Financial Information. The Responsibility of the respective Board of Directors of the companies included in the Group includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the restated consolidated financial information. The respective Board of Directors are

also responsible for identifying and ensuring that the Group complies with the Act, ICDR Regulations and the Guidance Note.

3. We have examined these Restated Consolidated Financial Information taking into consideration:
 - a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 16th October, 2023 in connection with the proposed Issue of the Company;
 - b) The Guidance Note which also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;
 - c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Consolidated Financial Information; and
 - d) The requirements of Section 26 of the Act and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and Guidance Note in connection with the Issue.
4. These Restated Consolidated Financial Information have been compiled by the Management from the audited consolidated financial statements of the Group as at and for the years ended March 31, 2023, 2022 and 2021, prepared in accordance with the Indian Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time and other accounting principles generally accepted in India which have been approved by the Board at their meetings held on 30/05/2023, 30/05/2022 and 30/06/2021.
5. For the purpose of our examination, we have relied on reports issued by us dated 30/05/2023, 30/05/2022 and 30/06/2021 on the consolidated financial statements of the Group as at and for the years ended March 31, 2023, 2022 and 2021, respectively, as referred in Paragraph 4 above. These reports were containing unmodified opinion for each of the years and included the following emphasis of matter paragraphs.
 - a) For the year ended March 31, 2023

There are no any matters of emphasis to report.

Our opinion is not modified in respect of above matters.
 - b) For the year ended March 31, 2022

There are no any matters of emphasis to report.

Our opinion is not modified in respect of above matters.
 - c) For the year ended March 31, 2021

There are no any matters of emphasis to report.

Our opinion is not modified in respect of above matters.

6. As indicated in our audit reports referred above,

- a) We did not audit the financial statements of 5 subsidiaries for the years ended March 31, 2023, 4 subsidiaries for the year ended March 31, 2022 and 3 subsidiaries for the year ended March 31, 2021 whose financial statements reflect group's share of total assets, group's share of total revenues, group's share of total net profit/(loss) after tax and net cash inflows / (outflows) included in the Restated Consolidated Financial Information, for the relevant years as tabulated below, which have been audited by other auditors and whose reports have been furnished to us by the Company's management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these components, is based solely on the reports of the other auditors:

(Rs. in lakhs)

| Particulars | As at/ for the year ended March 31, 2023 | As at/ for the year ended March 31, 2022 | As at/ for the year ended March 31, 2021 |
|---------------------------------|---------------------------------------------------|---------------------------------------------------|---------------------------------------------------|
| Total assets | 3323.65 | 2997.54 | 2730.93 |
| Total revenue | 11400.39 | 8123.28 | 5627.63 |
| Net profit/(loss) after tax | 216.13 | 236.92 | (353.33) |
| Net cash inflows/ (outflows) | 282.28 | 204.94 | 63.69 |

These other auditors of certain subsidiaries, as mentioned above, have examined the restated financial information and have confirmed that the restated financial information:

Other auditors report are yet to receive, expected in due course

7. Based on our examination and according to the information and explanations given to us and also as per the reliance placed on the reports submitted by other auditors on their audit/ examination of financial statements restated financial information of certain subsidiaries mentioned in paragraph 6 above, we report that the Restated Consolidated Financial Information:

- a) Do not require any adjustment for modification as there is no modification in the underlying audit reports; and
- b) Have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

8. The Restated Consolidated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited consolidated financial statements mentioned in paragraph 4 above.
9. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
10. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
11. Our report is intended solely for use of the Board of Directors for inclusion in the Offer Documents to be filed with Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and Registrar of Companies, Chennai in connection with the proposed issue. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For M/s. Vijay Moondra & Co.
Chartered Accountants
Firm's Registration No.: 112308W

CA Vinit Moondra
Partner
Membership No.: 119398
UDIN: **23119398BGWBOD8237**

Place: Ahmedabad
Date: 30/11/2023

AFFORDABLE ROBOTIC AND AUTOMATION LTD.
Regn. No. L29299PN2010PLC135298
Gat No.1209, Village Wadki, Taluka Haveli, Dist. Pune, Pune 412308

| Restated Consolidated Financial Information | | | | | |
|---------------------------------------------------------------------|----------------------------------------------------------------------------------|----------|------------------|------------------|------------------|
| Restated Consolidated Balance Sheet as at 31st March of the year | | | | | |
| (All amounts are in Indian Rupees in Lakhs unless otherwise stated) | | | | | |
| Sr. No. | Particulars | Note No. | 2023 | 2022 | 2021 |
| I) EQUITY & LIABILITIES | | | | | |
| 1) Shareholder's Funds | | | | | |
| | a) Share Capital | 1 | 1,017.96 | 1,017.96 | 1,017.96 |
| | b) Reserves & Surplus | 2 | 4,928.08 | 4,308.48 | 3,570.16 |
| | c) Money received against share warrants | | | | |
| 2) Share Application Money Pending Allotment | | | | | |
| 3) Non Current Liabilities | | | | | |
| | a) Long term borrowings | 3 | 1,611.38 | 1,491.49 | 1,102.48 |
| | b) Deferred Tax Liabilities (Net) | 4 | 0.02 | - | - |
| | c) Other Long term liabilities | 5 | 562.35 | 53.68 | 50.20 |
| | d) Long term provisions | | - | - | - |
| 4) Current Liabilities | | | | | |
| | a) Short term borrowings | 6 | 2,216.25 | 1,535.46 | 1,480.17 |
| | b) Trade payables | 7 | - | - | - |
| | (a) Total Outstanding dues of micro enterprises and small enterprises | | 918.00 | 490.14 | 0.35 |
| | (b) Total Outstanding dues of other than micro enterprises and small enterprises | | 4,012.59 | 2,068.03 | 2,600.82 |
| | c) Other current liabilities | 8 | 909.18 | 861.10 | 1,176.62 |
| | d) Short term provisions | 9 | 425.40 | 260.65 | 165.20 |
| | TOTAL | | 16,601.21 | 12,086.97 | 11,163.96 |
| II) ASSETS | | | | | |
| 1) Non Current assets | | | | | |
| | a) Property, Plant and Equipment and Intangible Assets | | | | |
| | i) Property, Plant and Equipment | 10 | 1,227.31 | 1,282.16 | 1,383.29 |
| | ii) Intangible assets | | 14.57 | 18.50 | 22.83 |
| | iii) Capital work-in-progress PPE | | 2,071.94 | 1,648.81 | 1,324.81 |
| | iv) Intangible assets under development | | 9.83 | 48.07 | - |
| | b) Non current Investments | 11 | 210.04 | 210.04 | 44.79 |
| | c) Deferred Tax Assets (Net) | 12 | 3.50 | 5.38 | 7.66 |
| | d) Long term loans and advances | 12(a) | 10.00 | 10.00 | - |
| | e) Other non current assets | 13 | 70.79 | 55.78 | 55.78 |
| 2) Current assets | | | | | |
| | a) Current Investments | | - | - | - |
| | b) Inventories | 14 | 4,666.93 | 3,478.52 | 3,475.41 |
| | c) Trade receivables | 15 | 6,622.73 | 4,078.73 | 4,215.54 |
| | d) Cash & cash equivalents | 16 | 723.35 | 441.07 | 236.13 |
| | e) Short term Loans & Advances | 17 | 216.17 | 177.21 | 125.47 |
| | f) Other current assets | 18 | 754.04 | 632.71 | 272.24 |
| | TOTAL | | 16,601.21 | 12,086.97 | 11,163.96 |

Notes on Financial Statements 1 To 38
Notes referred to above form an integral part of the Balance Sheet.
This is the Balance Sheet referred to in our report of even date.

In terms of our report attached

For, Vijay Moondra & Co.
Chartered Accountants
(FRN 112308W)

For and on behalf of the Board of Directors of
Affordable Robotic And Automation Ltd.

CA Vinit Moondra
Partner
M No - 119398

Manohar P. Padole
Whole Time Director
DIN: 02738236

Milind M. Padole
Managing Director
DIN : 02140324

Place : Ahmedabad
Date: 30/11/2023
Udin: 23119398BGWBOD8237

Dakshnamurthy K.
Chief Financial Officer

Ruchika Shinde
Company Secretary

Place : Pune
Date: 30/11/2023

AFFORDABLE ROBOTIC AND AUTOMATION LTD.
 Regn. No. L29299PN2010PLC135298
 Gat No.1209, Village Wadki, Taluka Haveli, Dist. Pune, Pune 412308

| Restated Consolidated Financial Information | | | | | |
|----------------------------------------------------------------------------------------------|----------------------------------------------------------------------|-----------------|------------------|-----------------|-----------------|
| Restated Consolidated Profit & Loss Statement for the year ended on 31st March of | | | | | |
| <i>(All amounts are in Indian Rupees in Lakhs unless otherwise stated)</i> | | | | | |
| Sr. No. | Particulars | Note No. | 2023 | 2022 | 2021 |
| I | Revenue from operations | 19 | | | |
| | Gross Sales | | 13,402.66 | 9,632.22 | 6,585.12 |
| | Less: Duties, Taxes and Other | | 2,023.98 | 1,522.47 | 974.70 |
| | Net Sales | | 11,378.68 | 8,109.75 | 5,610.42 |
| II | Other Income | 20 | 21.70 | 13.53 | 17.20 |
| III | Total Income (I+II) | | 11,400.39 | 8,123.28 | 5,627.63 |
| IV | Expenses : | | | | |
| | Cost of materials consumed | 21 | 7,485.80 | 5,057.19 | 3,705.54 |
| | Employee benefits expense | 22 | 1,652.96 | 1,422.33 | 1,108.52 |
| | Finance costs | 23 | 272.68 | 218.94 | 222.99 |
| | Depreciation & amortization expense | 24 | 141.30 | 141.41 | 176.44 |
| | Other Expenses | 25 | 1,476.58 | 1,037.73 | 774.28 |
| | Total Expenses | | 11,029.33 | 7,877.60 | 5,987.78 |
| V | Profit before exceptional and extraordinary items and tax (III-IV) | | 371.06 | 245.68 | (360.16) |
| VI | Exceptional items | | - | - | - |
| VII | Profit before extraordinary items & tax (V-VI) | | 371.06 | 245.68 | (360.16) |
| VIII | Extraordinary items | | - | - | - |
| IX | Profit before tax (VII-VIII) | | 371.06 | 245.68 | (360.16) |
| X | Tax Expenses: | | | | |
| | 1) Current Tax | | 153.05 | 6.48 | 0.00 |
| | 2) Deferred Tax Charges (Revenue) | 12 | 1.88 | 2.29 | (6.82) |
| XI | Profit / (Loss) for the period from continuing operations (IX-X) | | 216.13 | 236.92 | (353.33) |
| XII | Profit / (Loss) from discontinuing operations | | - | - | - |
| XIII | Tax expense of discontinuing operations | | - | - | - |
| XIV | Profit / (Loss) from discontinuing operations (after tax) (XII-XIII) | | - | - | - |
| XV | Profit and loss for the period (XI+XIV) | | 216.13 | 236.92 | (353.33) |
| XVI | Earnings per equity share: | | | | |
| | 1)Basic | | 2.12 | 2.33 | (3.47) |
| | 2)Diluted | | 2.12 | 2.33 | (3.47) |

Notes on Financial Statements 1 To 38

Notes referred to above form an integral part of the Profit and Loss Account.

This is the Profit and Loss Account referred to in our report of even date.

In terms of our report attached

**For and on behalf of the Board of Directors of
Affordable Robotic And Automation Ltd.**

**For, Vijay Moondra & Co.
Chartered Accountants
(FRN 112308W)**

**CA Vinit Moondra
Partner
M No - 119398**

**Manohar P. Padole
Whole Time Director
DIN: 02738236**

**Milind M. Padole
Managing Director
DIN : 02140324**

**Place : Ahmedabad
Date: 30/11/2023
Udin: 23119398BGWBOD8237**

**Dakshnamurthy K.
Chief Financial Officer
Place : Pune
Date: 30/11/2023**

**Ruchika Shinde
Company Secretary**

AFFORDABLE ROBOTIC AND AUTOMATION LTD.
Regn. No. L29299PN2010PLC135298
Gat No.1209, Village Wadki, Taluka Haveli, Dist. Pune, Pune 412308

Restated Consolidated Financial Information

Restated Consolidated Cash Flow Statement for the year ending on 31st March,

(All amounts are in Indian Rupees in Lakhs unless otherwise stated)

| Particulars | 2023 | 2022 | 2021 |
|--------------------------------------------------------|-----------------|-----------------|-----------------|
| A CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Net Profit Before Tax | 371.06 | 245.68 | -360.15 |
| Adjustments for: | | | - |
| Depreciation | 136.33 | 141.41 | 176.44 |
| Preliminary Exp Written Off | 4.97 | - | - |
| Short Provision of IT | - | - | - |
| (Profit)/loss on sale of Assets | - | - | - |
| Interest & Finance Charges | 272.68 | 218.94 | 222.99 |
| Interest on FD | (7.11) | (7.89) | (7.87) |
| Previous year Income | - | 1.68 | 0.06 |
| Dividend Income | - | - | - |
| | 406.87 | 354.13 | 391.62 |
| Operating Profit before Working Capital Changes | 777.93 | 599.82 | 31.46 |
| Adjustments for changes in working capital: | | | |
| Decrease/(Increase) in Current Assets | | | |
| Current Investments | - | - | - |
| Inventories | (1,188.41) | (3.11) | 649.12 |
| Trade receivables | (2,544.00) | 136.81 | (317.81) |
| Short term Loans & Advances | (38.96) | (51.74) | 40.67 |
| Other current assets (Excluding Misc Exp) | (121.33) | (370.47) | 20.12 |
| Increase/(Decrease) in Current Liabilities | | | - |
| Short Term Borrowings | 680.80 | 55.28 | (10.47) |
| Trade payables | 2,372.60 | (43.01) | (689.29) |
| Other current liabilities | 48.08 | (315.52) | 706.67 |
| Short term provisions | 164.74 | 95.45 | (146.95) |
| | (626.48) | (496.31) | 252.07 |
| Cash generated from operations | 151.45 | 103.51 | 283.54 |
| Income Tax paid | 153.05 | 6.48 | |
| Net Cash flow from Operating activities | (1.60) | 97.03 | 283.54 |
| B CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Purchase of Fixed Assets | (82.67) | (30.83) | (52.06) |
| Sale of Fixed Assets | - | - | - |
| Capital work in Progress | (384.90) | (377.19) | (115.21) |
| Long Term Advances | - | - | (0.10) |
| Non Current Assets | (15.01) | - | - |
| Non Current Investment | - | (165.25) | (40.04) |
| Interest on FD | 7.11 | 7.89 | 7.87 |
| Net Cashflow from Investing activities | (475.47) | (565.38) | (199.54) |
| C CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Proceeds from Long term Borrowings | 628.56 | 392.49 | 202.68 |
| Cash Received from Capital Increase | - | - | - |
| Cash Received from Share Premium | 403.47 | 499.73 | - |
| Interest paid | (272.68) | (218.94) | (222.99) |
| Net Cash flow from financing activities | 759.35 | 673.28 | (20.31) |
| Net increase in cash & Cash Equivalents | 282.28 | 204.94 | 63.69 |
| Cash and Cash equivalents as at beginning of year | 441.07 | 236.13 | 172.44 |
| Cash and Cash equivalents as at end of year | 723.35 | 441.07 | 236.13 |

AFFORDABLE ROBOTIC AND AUTOMATION LTD.
Regn. No. L29299PN2010PLC135298
Gat No.1209, Village Wadki, Taluka Haveli, Dist. Pune, Pune 412308

Restated Consolidated Financial Information

Restated Consolidated Cash Flow Statement for the year ending on 31st March,

(All amounts are in Indian Rupees in Lakhs unless otherwise stated)

| Cash & Cash Equivalents | As on | | |
|----------------------------------------------|---------------|---------------|---------------|
| | 31.03.2023 | 31.03.2022 | 31.03.2021 |
| Cash in Hand | 14.01 | 4.16 | 5.54 |
| Cash at Bank | 521.81 | 223.49 | 13.12 |
| Fixed Deposits and Accrued Interest | 187.53 | 213.42 | 217.47 |
| Cash & Cash equivalents as stated | 723.35 | 441.07 | 236.13 |

In terms of our report attached

For, Vijay Moondra & Co.
Chartered Accountants
(FRN 112308W)

For and on behalf of the Board of
Directors of Affordable Robotic And

CA Vinit Moondra
Partner
M No - 119398

Manohar P. Padole **Milind M. Padole**
Whole Time Director **Managing Director**
DIN: 02738236 **DIN : 02140324**

Place : Ahmedabad
Date: 30/11/2023
Udin: 23119398BGWBOD8237

Dakshnamurthy K. **Ruchika Shinde**
Chief Financial Officer **Company Secretary**
Place : Pune
Date: 30/11/2023

AFFORDABLE ROBOTIC AND AUTOMATION LTD.

Regn. No. L29299PN2010PLC135298

Gat No.1209, Village Wadki, Taluka Haveli, Dist. Pune, Pune 412308

Restated Consolidated Financial Information

Restated Consolidated Balance Sheet as at 31st March of the year

(All amounts are in Indian Rupees in Lakhs unless otherwise stated)

A. Equity Share Capital

| Balance at the 01 April, 2022 | Changes in Equity share capital due to prior period errors | Restated balance as at 01 April, 2022 | Changes in equity share capital during the year | Balance as at 31 March, 2023 |
|----------------------------------|---------------------------------------------------------------------|---------------------------------------------|-------------------------------------------------------|---------------------------------|
| 1,017.96 | 0 | 1,017.96 | 0 | 1,017.96 |

| Balance at the 01 April, 2021 | Changes in Equity share capital due to prior period errors | Restated balance as at 01 April, 2021 | Changes in equity share capital during the year | Balance as at 31 March, 2022 |
|----------------------------------|---------------------------------------------------------------------|---------------------------------------------|-------------------------------------------------------|---------------------------------|
| 1,017.96 | 0 | 1,017.96 | 0 | 1,017.96 |

| Balance at the 01 April, 2020 | Changes in Equity share capital due to prior period errors | Restated balance as at 01 April, 2020 | Changes in equity share capital during the year | Balance as at 31 March, 2021 |
|----------------------------------|---------------------------------------------------------------------|---------------------------------------------|-------------------------------------------------------|---------------------------------|
| 1,017.96 | 0 | 1,017.96 | 0 | 1,017.96 |

B. Reserves and Surplus

| Particulars | Reserves and Surplus | | | Other Comprehensive Income | | | Total | Non Controllin g Interest | Total Equity |
|-------------------------------------------------------------------------|-------------------------------------|-----------------------|----------------------|--------------------------------------------|-------------------------------------------------------|------------------|-----------------|---------------------------------|-----------------|
| | Capital Reserve on Consolidation | Securities premium | Retained Earnings | Foreign currency translation reserve | Re-measurement of defined benefit obligation | Hedge Reserve | | | |
| Balance at 01 April, 2022 | 0.00 | 3,022.85 | 1,285.63 | 0.00 | 0.00 | 0.00 | 4,308.48 | 0.00 | 4,308.48 |
| Changes in Equity share capital due to prior period errors | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Restated balance at 01 April, 2022 | 0.00 | 3,022.85 | 1,285.63 | 0.00 | 0.00 | 0.00 | 4,308.48 | 0.00 | 4,308.48 |
| Addition/Profit/(Loss) for the year | 0.00 | 403.47 | 216.13 | 0.00 | 0.00 | 0.00 | 619.60 | 0.00 | 619.60 |
| Other comprehensive income/(loss) for the year, net of income tax | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

| | | | | | | | | | |
|-------------------------------------------------------------------|-------------|-----------------|-----------------|-------------|-------------|-------------|-----------------|-------------|-----------------|
| Total comprehensive Income/(Loss) for the year | 0.00 | 403.47 | 216.13 | 0.00 | 0.00 | 0.00 | 619.60 | 0.00 | 619.60 |
| Balance at 31 March, 2023 | 0.00 | 3,426.32 | 1,501.76 | 0.00 | 0.00 | 0.00 | 4,928.08 | 0.00 | 4,928.08 |
| Balance at 01 April, 2021 | 0.00 | 2,523.13 | 1,047.03 | 0.00 | 0.00 | 0.00 | 3,570.16 | 0.00 | 3,570.16 |
| Changes in Equity share capital due to prior period errors | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Restated balance at 01 April, 2021 | 0.00 | 2,523.13 | 1,047.03 | 0.00 | 0.00 | 0.00 | 3,570.16 | 0.00 | 3,570.16 |
| Addition/Profit/(Loss) for the year | 0.00 | 499.73 | 238.59 | 0.00 | 0.00 | 0.00 | 738.32 | 0.00 | 738.32 |
| Other comprehensive income/(loss) for the year, net of income tax | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total comprehensive Income/(Loss) for the year | 0.00 | 499.73 | 238.59 | 0.00 | 0.00 | 0.00 | 738.32 | 0.00 | 738.32 |
| Balance at 31 March, 2022 | 0.00 | 3,022.86 | 1,285.63 | 0.00 | 0.00 | 0.00 | 4,308.48 | 0.00 | 4,308.48 |
| Balance at 01 April, 2020 | 0.00 | 2,523.13 | 1,400.31 | 0.00 | 0.00 | 0.00 | 3,923.43 | 0.00 | 3,923.43 |
| Changes in Equity share capital due to prior period errors | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Restated balance at 01 April, 2020 | 0.00 | 2,523.13 | 1,400.31 | 0.00 | 0.00 | 0.00 | 3,923.43 | 0.00 | 3,923.43 |
| Addition/Profit/(Loss) for the year | 0.00 | 0.00 | (353.27) | 0.00 | 0.00 | 0.00 | (353.27) | 0.00 | (353.27) |
| Other comprehensive income/(loss) for the year, net of income tax | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total comprehensive Income/(Loss) for the year | 0.00 | 0.00 | (353.27) | 0.00 | 0.00 | 0.00 | (353.27) | 0.00 | (353.27) |
| Balance at 31 March, 2021 | 0.00 | 2,523.13 | 1,047.03 | 0.00 | 0.00 | 0.00 | 3,570.16 | 0.00 | 3,570.16 |

In terms of our report attached

For, Vijay Moondra & Co.
Chartered Accountants
(FRN 112308W)

CA Vinit Moondra
Partner
M No - 119398

Place : Ahmedabad
Date: 30/11/2023
Udin: 23119398BGWBOD8237

For and on behalf of the Board of Directors of
Affordable Robotic And Automation Ltd.

Manohar P. Padole
Whole Time Director
DIN: 02738236

Dakshnamurthy K.
Chief Financial Officer

Place : Pune
Date: 30/11/2023

Milind M. Padole
Managing Director
DIN : 02140324

Ruchika Shinde
Company Secretary

| AFFORDABLE ROBOTIC AND AUTOMATION LTD. | | | | | |
|-----------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|-------------------------------|-------------------------------|-----------------------------|-------|
| Regn. No. L29299PN2010PLC135298 | | | | | |
| Gat No.1209, Village Wadki, Taluka Haveli, Dist. Pune, Pune 412308 | | | | | |
| Restated Consolidated Financial Information | | | | | |
| NOTES FORMING PART OF RESTATED CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31 st March of the year | | | | | |
| (All amounts are in Indian Rupees in Lakhs unless otherwise stated) | | | | | |
| Sr. No. | Particulars | 2023 | 2022 | 2021 | |
| 1 | Share Capital | | | | |
| | a) Authorized Share Capital - | | | | |
| | 1,20,00,000 Equity Shares of Rs.10/- each | 1,200.00 | 1,200.00 | 1,200.00 | |
| | TOTAL Authorised Capital | 1,200.00 | 1,200.00 | 1,200.00 | |
| | b) Issued,Subscribed & Paid Up Capital - | | | | |
| | 1,01,79,600 Equity Shares of Rs.10/- each, as fully paid up | 1,017.96 | 1,017.96 | 1,017.96 | |
| | | 1,017.96 | 1,017.96 | 1,017.96 | |
| Sr.no. | Name of Shareholders more than 5% | No. | % | No. | % |
| 1 | Milind Padole | 4735241 | 46.52 | 4735241 | 46.52 |
| 2 | Rahul Milind Padole | 1422359 | 13.97 | 1422359 | 13.97 |
| 3 | Vijay Kedia | 1228800 | 12.07 | 1440000 | 14.15 |
| 4 | Manohar Padole | 100000 | 0.98 | 100000 | 0.98 |
| | Changes in Promoter Holdings | 2022-23 | | | |
| Sr.no. | Name of Shareholders | No of Shares As on 31.03.2023 | No of Shares As on 31.03.2022 | Increase %/ (Decrease %) | |
| 1 | Milind Padole | 47,35,241.00 | 47,35,241.00 | 0.00% | |
| 2 | Manohar Padole | 1,00,000.00 | 1,00,000.00 | 0.00% | |
| | Changes in Promoter Holdings | 2021-22 | | | |
| Sr.no. | Name of Shareholders | No of Shares As on 31.03.2022 | No of Shares As on 31.03.2021 | Increase %/ (Decrease %) | |
| 1 | Milind Padole | 47,35,241.00 | 31,24,600.00 | 51.55% | |
| 2 | Manohar Padole | 1,00,000.00 | 31,32,900.00 | (96.81%) | |
| | Changes in Promoter Holdings | 2020-21 | | | |
| Sr.no. | Name of Shareholders | No of Shares As on 31.03.2021 | No of Shares As on 31.03.2020 | Increase %/ (Decrease %) | |
| 1 | Milind Padole | 31,24,600.00 | 31,24,600.00 | 0.00% | |
| 2 | Manohar Padole | 31,32,900.00 | 31,32,900.00 | 0.00% | |
| 2 | Reserves & Surplus | | | | |
| | a) Other Reserve | | | | |
| | General Reserve | - | - | - | |
| | b) Share Premium Account | | | | |
| | Opening Balance | 3,022.85 | 2,523.13 | 2,523.13 | |
| | Addition During the Year | 403.47 | 499.73 | 0.00 | |
| | | 3,426.32 | 3,022.86 | 2,523.13 | |
| | c) Retained Profit / (Loss) | | | | |
| | Opening Balance | 1,285.63 | 1,047.03 | 1,400.31 | |
| | Add : Excess Provision of IT | - | 1.68 | 0.06 | |
| | Add : Profit transferred from Profit & Loss Statement | 216.13 | 236.91 | (353.33) | |
| | Surplus - Closing balance | 1,501.76 | 1,285.63 | 1,047.03 | |
| | Total (a+b) | 4,928.08 | 4,308.48 | 3,570.16 | |
| 3 | Long Term Borrowings | | | | |
| | Term Loans | | | | |
| | From Banks & NBFC: | | | | |
| | Secured | | | | |
| | Loan for From KBL (26501) | - | 0.24 | 2.86 | |
| | Aditya Birla Finance Ltd | 671.87 | 474.96 | 0.00 | |
| | PNB Housing Finance Limited | 912.12 | 912.12 | 912.12 | |
| | ECLG Loan (Axis) 1178 | 27.39 | 104.17 | 187.50 | |
| | Total | 1,611.38 | 1,491.49 | 1,102.48 | |

NOTES FORMING PART OF RESTATED CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31st March of the year
(All amounts are in Indian Rupees in Lakhs unless otherwise stated)

| Sr. No. | Particulars | 2023 | 2022 | 2021 |
|---------|-------------|------|------|------|
|---------|-------------|------|------|------|

3.1 Term loan and Securities

| Term Loan from | Securities 1.Primary 2.Collateral | Rate of Interest | No of Emi outstanding as on 31/03/2023 |
|-------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------------------------------------|
| Aditya Birla Finance Limited Sanction Limit Rs.6 Crore Charge in ROC appraising of Rs.6 Crore | 1. Land at Gat No 1032B at Wadaki, Pune 2. Mutual Fund purchased in April 22. 2. Mr. Manohar Padole, Mr. Milind Padole are Co-Borrowers | 12.90% | 177 |
| Aditya Birla Finance Limited Sanction Limit Rs.1.25 Crore Charge in ROC appraising of Rs.1.25 Crore | 1. 110, Platinum Tower 7, DN Nagar, Tirupati Co-op Society Ltd. , Andheri West, Mumbai 2. Mr. Manohar Padole, Mr. Milind Padole, Mr . Rahul Padole are Co-Borrowers | 12.90% | 166 |
| PNB Housing Finance Limited Sanction Limit Rs.10.66 Crore Charge to be created | 1. Loan Against Property for Parinee I, Unit 601,602,603 2. Mr. Manohar Padole, Mr. Milind Padole are Co-Borrowers | 13.30% | 189 |
| NeoGrowth Credit Pvt. Ltd. Sanction Limit Rs.51.50 Lakhs | Unsecured | 18.90% | 11 |
| ECLG Term Loan (Axis) 1178 Sanction Limit Rs.1.47 Crore (Rundown Balance) Charge of whole limit appraising in ROC Rs.29 Crore | 1.Extension of Security for Working Capital Finance 2.Extension of Collateral Security for Working Capital Fianance, Gurantee of National Credit Guarantee Trustee Company Ltd 3. PG of Mr. Manohar Padole, Mr. Milind Padole, Mrs. Bhagirathi Padole, Mrs. Shabri Padole | 9.25% | 16 |

4 Deferred Tax Liability

Balance as per last Balance Sheet
Add: Current Year Deferred Tax Charge

Total

| | | |
|-------------|---|---|
| - | - | - |
| 0.02 | - | - |
| 0.02 | - | - |

5 Other Long Term Liabilities

a) Unsecured Loan from Others

9% Compulsorily Convertible Debenture

| | | |
|---------------|---|---|
| 519.76 | - | - |
| 519.76 | - | - |

b) Unsecured Loan from Directors/Shareholders

Milind Padole
Manohar Padole
Vijay Kedia

Total

| | | |
|---------------|--------------|--------------|
| 2.09 | 13.62 | 20.10 |
| 40.50 | 40.01 | 30.10 |
| - | 0.05 | - |
| 42.59 | 53.68 | 50.20 |
| 562.35 | 53.68 | 50.20 |

NOTES FORMING PART OF RESTATED CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31st March of the year
(All amounts are in Indian Rupees in Lakhs unless otherwise stated)

| Sr. No. | Particulars | | 2023 | 2022 | 2021 |
|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-----------------|-----------------|-----------------|
| 6 | Short Term Borrowings | Rate of Interest | | | |
| | a) Short Tem Borrowings - Secured | | | | |
| | Axis Bank OD A/c 918030019832738 | 11.15% | 1,391.74 | 1,371.47 | 1,318.81 |
| | Axis Bank Corporate Card No 7158 | | | | 30.03 |
| | ICICI Bank OD A/c 346105000914 | 11.15% | 55.18 | 56.06 | 51.37 |
| | LC Limit Utilised | | 627.41 | - | - |
| | | | 2,074.33 | 1,427.54 | 1,400.22 |
| | b) Current Maturities of Long Term Debt | | | | |
| | <u>Secured</u> | | | | |
| | Karnataka Bank Ltd (26501) | | 0.00 | 2.46 | 1.91 |
| | Aditya Birla Finance Ltd | | 28.27 | 22.12 | 0.00 |
| | ECLG Loan (Axis) 1178 | | 83.33 | 83.33 | 62.50 |
| | <u>Unsecured</u> | | | | |
| | Bajaj Finance Ltd | | | | 15.55 |
| | NeoGrowth Credit Pvt. Ltd. | | 30.32 | - | - |
| | | | 141.93 | 107.92 | 79.96 |
| | Total | | 2,216.25 | 1,535.46 | 1,480.17 |
| 6.1 | <p>1. Axis Bank OD A/c: The Cash Credit of Axis Bank Ltd is secured against PAID Stock and Debtors and collateral Security of Plant and Machinery, Properties Located at 1) Industrial Property of Land admeasuring 5600Sq.Mtr & Building/Shed Constructed there on at Gat No.1209,Situated at Village Wadki, Taluka Haveli Dist Pune. 2) AEM of Flat No.302 on 3rd Floor, C building Namely: Krome Citronea Complex, Having Built up Area of 1800 SqFt. Situated in Survey no.16/12 Undri Pune, Tal Haveli Dist Pune. 3) Industrial Plot in the name of Company Area 2450Sq Mtr. at Gat no.1217, Wadki, Pune, Which is Adjoining to the Factory Land and Building at Gat No.1209 along with personal guarantee of Directors. CC of Rs 14 Crore, BG limit of Rs. 8.5 Crore and ECLGS Limit of Rs.1.47 Crore(Run down Balance) has been sanctioned by Axis Bank on 21.12.2022 In addition to guarantee of directors, other guarantors are Mrs Baghirathi Padole & Mrs Shabri Padole.</p> <p>2. ICICI Bank OD A/c : The Overdraft facility of Rs.57 lakh is secured by Residential Property situated at Vila 8, Insignia Brookland,</p> | | | | |
| 7 | Trade Payables | | | | |
| | a) Trade Payable - MSME (Schedule No 1 & 1: | | 917.27 | 489.56 | 0.00 |
| | b) Trade Payable - Others | | 4,012.59 | 2,068.03 | 2,600.82 |
| | b) Minority Interest - Masterji.AI Pvt Ltd | | 0.33 | 0.35 | 0.35 |
| | c) Minority Interest - ARAPL RaaS Pvt Ltd | | 0.40 | 0.22 | 0.00 |
| | Total | | 4,930.60 | 2,558.16 | 2,601.17 |
| 7.1 | <p>Balances of above Trade Payables are subject to confirmation and reconciliation,if any Including reco with GSTR2A</p> <p>Segregation of trade payables into dues of MSME and other - Schedule 11</p> <p>Segregation of trade payables into dues of MSME and other - Schedule 11 not applicable in 2020-21</p> | | | | |
| 8 | Other Current Liabilities | | | | |
| 8.1 | Short Term Loan and Advances | | | | |
| | GOKRU LLC | | 57.55 | - | - |
| | Parag Dighe | | 0.08 | - | - |
| | | | 57.63 | - | - |
| 8.2 | Statutory Payable | | | | |
| | PF Payable | | 10.44 | 9.14 | 6.21 |
| | Adminstration charges payable | | 1.38 | 0.16 | 0.13 |
| | Prof Tax Payable | | 1.04 | 1.44 | 0.52 |
| | ESI Payable A/c | | 0.65 | 0.51 | 0.61 |
| | TDS and TCS Payable (Schedule-5) | | 111.34 | 109.48 | 108.85 |
| | GST PAYABLE | | 616.93 | 560.35 | 425.75 |
| | VAT | | 1.38 | 1.38 | 0.00 |
| | Income Tax Payable | | - | 48.39 | 48.39 |
| | Interest Payable to CCD Holder | | 3.00 | - | - |
| | | | 746.16 | 730.85 | 590.46 |

NOTES FORMING PART OF RESTATED CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31st March of the year
(All amounts are in Indian Rupees in Lakhs unless otherwise stated)

| Sr. No. | Particulars | 2023 | 2022 | 2021 |
|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|-----------------|-----------------|
| 8.3 | Advance Received from Customers | 105.39 | 130.25 | 586.16 |
| | | 909.18 | 861.10 | 1,176.62 |
| 9 | Short Term Provisions | | | |
| | a) Provision for Income Tax | 153.05 | 6.48 | 0.00 |
| | b) Provisions for employee benefit Salary Payable | 191.27 | 212.45 | 136.25 |
| | | 191.27 | 212.45 | 136.25 |
| | c) Other Provisions | | | |
| | Communication Expenses | 0.10 | 0.14 | 0.09 |
| | Electricity Charges Payable | 5.17 | 3.83 | 4.27 |
| | Provision for Expenses | 59.44 | 27.82 | 15.57 |
| | RoC fees Payable | 0.15 | 0.26 | 0.06 |
| | Audit Fees Payable | 7.87 | 6.95 | 6.85 |
| | Site Exp Payable | 5.63 | - | - |
| | Professional Fees Payable | 2.72 | 2.72 | 2.11 |
| | | 81.08 | 41.72 | 28.95 |
| | Total (a+b+c) | 425.40 | 260.65 | 165.20 |
| 10 | Non Current assets | | | |
| | Property, Plant and Equipment | | | |
| | i) PPE and Intangible Assets | | | |
| | Gross Block | 2,435.85 | 2,353.18 | 2,322.35 |
| | Less: Depreciation | 1,193.97 | 1,057.63 | 916.23 |
| | Net Block | 1,241.88 | 1,295.54 | 1,406.12 |
| | (As per Separate Sheet Attached herewith) | | | |
| 10.01 | Property, Plant and Equipment of the company have not been revalued during the year under review. | | | |
| 10.02 | It is explained by the management that the company has assessed recoverable value of assets, which worked out to higher than corresponding book value of net assets. Hence no impairment loss has been recognized. | | | |
| 11 | Non - Current Investments | | | |
| | Dheeyantra Research Labs Pvt Ltd (195 Equity Shares of Rs 10 each at premium of Rs. 20535.75 per share) | Unlisted - Less than 1.5% | 40.04 | 40.04 |
| | Masterji.Ai Private Limited (6700 Equity Sahres of Rs 10 each) | Holding Unlisted - | - | - |
| | Shares in Baramati Sah Bank Ltd (37500 Shares of Rs 20 each) | Measured at cost | 7.50 | - |
| | ARAPL RaaS Pvt Ltd-Investment (19,999 Eq. Shares of Rs 10 each) | Measured at cost | - | - |
| | Flat-Platinum_Tirupati Gruh_Mumbai | Vacant Flat Unlisted - | 142.75 | - |
| | Rajratna Chit Fund Pvt Ltd | Measured at cost Current market value is Rs 15.88 Lakh - Measured at | 4.75 | 4.75 |
| | Aditya Birla Sun Life Mutual Fund_Lien to ABFL | | 15.00 | - |
| | | | 210.04 | 210.04 |
| | | | | 44.79 |
| 11.01 | Masterji AI Pvt Ltd is a subsidiary company of Affordable Robotic and Automation Ltd, holding 65% of Stake (Current Holding is 67%). The Company is incorporated in earlier year for carrying on business of formal and informal education to train students in both india and abroad for various educational programs through e-learnings. To Enhance education by developing Products using latest technoloy tools using different mediums including internet, satelite, television, mobile, tablets, Holograms, AGV and AI etc. | | | |
| 11.02 | The Company has formed ARAPL North America LLC, but no investment is done till date in this subsidiary. - (100% Holding of | | | |
| 11.03 | The company Arapl Intelligent Equipment Shanghai Co. Ltd. Which is a subsidiary is inoperative during FY 2022-23 (80% Holding of ARAPL), The Investment in this company has been already written off in earlier years. | | | |
| 11.04 | ARAPL RaaS Pvt Ltd is a subsidiary company of Affordable Robotic Automation Ltd, holding 81.2% of Stake . The Company is incorporated in earlier year for carrying on business of Warehousing Automation Solution on the concept of Robot as a Service and out right solution. | | | |
| | ARAPL RaaS International LLC (USA) is a subsidiary company of ARAPL RaaS Pvt Ltd, holding 100% of Stake, for expansion of the | | | |
| 11.05 | The Shares in Baramati Sah Bank Limited were acqired as a pre-requisite for getting loan from Bank, The loan taken was repaid. The shares surrender application is pending with bank for approval. | | | |

NOTES FORMING PART OF RESTATED CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31st March of the year
(All amounts are in Indian Rupees in Lakhs unless otherwise stated)

| Sr. No. | Particulars | 2023 | 2022 | 2021 |
|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|----------------------|-------------------------------------|
| 12 | Deferred Tax Asset | | | |
| | Balance as per last Balance Sheet | 5.38 | 7.66 | 0.84 |
| | Less: Current Year Deferred Tax Exp | 1.88 | 2.29 | 6.82 |
| | Total | 3.50 | 5.38 | 7.66 |
| 12.01 | The deferred tax Revenue for the current period is of Rs.6.8 Lacs has been Credited to the Profit & Loss Statement. | | | |
| | Particulars | Deferred Tax (Liability)/ Asset as | Current year Revenue | Deferred Tax Asset as at 31.03.2021 |
| | Fixed Assets | 0.84 | 6.82 | 7.66 |
| | Total | 0.84 | 6.82 | 7.66 |
| | As a result of Accounting Standard (AS) 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, current year Loss has been reduced by Rs.6.82 Lacs | | | |
| 12.02 | The deferred tax Exp for the current period is of Rs.2.29 Lakh has been Debited to the Profit & Loss Statement. | | | |
| | Particulars | Deferred Tax (Liability)/ Asset as | Current year Charge | Deferred Tax Asset as at 31.03.2022 |
| | Fixed Assets | 7.66 | 2.29 | 5.38 |
| | Total | 7.66 | 2.29 | 5.38 |
| | As a result of Accounting Standard (AS) 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, current year Profit has been decreased by Rs.2.29/- Lakh | | | |
| 12.03 | The deferred tax Exp for the current period is of Rs.1.88 Lakh has been Debited to the Profit & Loss Statement. | | | |
| | Particulars | Deferred Tax (Liability)/ Asset as at 01.04.2022 | Year 2023 Charge | Deferred Tax Asset as at 31.03.2023 |
| | Fixed Assets - Depreciation Difference | 5.38 | 1.88 | 3.50 |
| | Total | 5.38 | 1.88 | 3.50 |
| | As a result of Accounting Standard (AS) 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, current year Profit has been decreased by Rs.1.88/- lakh | | | |
| 12(a) | Long Term Loan and Advances | | | |
| | Breakerwala & Associates - Supplier (Disputed) | 10.00 | 10.00 | 0.00 |
| 13 | Other Non Current Assets (Unsecured - Considered Good) | | | |
| | a) Loans & Advances to Others | - | - | - |
| | b) Capital Advances | | | |
| | Advance for Land - Raj Rane | 55.00 | 55.00 | 55.00 |
| | c) Deposits | | | |
| | Deposit for Indian Gas | 0.20 | 0.20 | 0.20 |
| | Deposit for Unique Gas | 0.24 | 0.24 | 0.24 |
| | Security Depo of Maharashtra Gas Co | 0.06 | 0.06 | 0.06 |
| | Deposite-Vandana Bharatgas | 0.12 | 0.12 | 0.12 |
| | Security Deposit of Sai Gases | 0.06 | 0.06 | 0.06 |
| | Deposit-Jay Ambe Agency (Water Jar) | 0.01 | - | - |
| | Deposit-Balasaheb Sabale (Godown) | 15.00 | - | - |
| | Grampanchayat Wadki (Water) | 0.10 | 0.10 | 0.10 |
| | Total | 15.79 | 0.78 | 0.78 |
| | Total | 70.79 | 55.78 | 55.78 |
| 14 | Inventories | | | |
| | Raw Material, WIP and Stores | 4,598.21 | 3,409.80 | 3,406.70 |
| | Masterji.AI Project WIP | 68.72 | 68.72 | 68.72 |
| | Total | 4,666.93 | 3,478.52 | 3,475.41 |
| 14.01 | Closing Stock is taken as valued and certified by the Management. | | | |
| 15 | Trade receivables | | | |
| | Trade Receivable - Less Than 6 Months | 5,186.48 | 3,282.76 | 3,485.17 |
| | Trade Receivable - 6 Months to 1 Year | 83.64 | 35.31 | 730.37 |
| | Trade Receivable - 1 Year to 2 Year | 340.77 | 198.37 | - |
| | Trade Receivable - 2 Year to 3 Year | 452.55 | 49.11 | - |
| | Trade Receivable - More than 3 Year | 559.30 | 513.17 | - |
| | Total | 6,622.73 | 4,078.73 | 4,215.54 |
| 15.01 | Balances of above Trade Receivables are subject to confirmation and reconciliation,if any. | | | |
| 16 | Cash & cash equivalents | | | |
| | Cash in Hand | 14.01 | 4.16 | 5.54 |
| | State Bank of India - Current Account | - | - | 0.01 |
| | Axis Bank Limited- Current Account. | 1.69 | 6.67 | 12.11 |
| | Baramati Sahkari Bank-Current Account | 1.75 | 1.75 | - |
| | ICICI Bank Ltd | 4.44 | 1.10 | 1.00 |
| | Union Bank of India | 473.59 | 213.96 | - |
| | Banks of America | 40.34 | - | - |
| | Fixed Depsoit - Axis Bank _ Lien | 187.53 | 213.42 | 217.47 |
| | Total | 723.35 | 441.07 | 236.13 |

NOTES FORMING PART OF RESTATED CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31st March of the year
(All amounts are in Indian Rupees in Lakhs unless otherwise stated)

| Sr. No. | Particulars | 2023 | 2022 | 2021 |
|-----------------------------------------------------------------------------------------|-----------------------------------------------|------------------|-----------------|-----------------|
| 17 | Short Term Loans Advances | | | |
| | Salary Advance | 16.21 | 20.10 | 10.07 |
| | Advance for Site Expenses | 0.04 | 0.68 | 0.63 |
| | Loan paid to staff and other | 0.26 | 0.58 | 0.53 |
| | Loan to Masterji.ai Pvt Ltd (Subsidiary) | - | - | 0.00 |
| | Deposit for Rent | 25.81 | 12.84 | 7.84 |
| | VAT | - | - | 55.57 |
| | GST Receivable | 99.08 | 38.05 | 0.00 |
| | 2% Vat TDS Receivable | - | 0.28 | 0.28 |
| | Tender EMD | 13.00 | 32.75 | 34.00 |
| | TDS and TCS | 61.77 | 71.94 | 16.55 |
| | Total | 216.17 | 177.21 | 125.47 |
| 18 | Other Current Assets | | | |
| | Prepaid Expenses | 5.61 | 7.51 | 9.31 |
| | Insurance Premium Recoverable | | | 1.79 |
| | Prepaid workmen Comp Insurance | 0.29 | 0.48 | 0.52 |
| | Retention Amount-Customer | 152.02 | 158.93 | 0.00 |
| | Advance to Suppliers | 241.18 | 339.76 | 247.11 |
| | | 399.11 | 506.68 | 258.73 |
| Balances of above current assets are subject to confirmation and reconciliation,if any. | | | | |
| | Miscellaneous Expenditure | | | |
| | (to the extent not written off or adjusted) | | | |
| | - Preliminary Expenses | | | |
| | Balance as per last Balance Sheet | 3.18 | 3.10 | 0.00 |
| | Incurred During the year | - | 0.09 | 3.10 |
| | Less : 1/5 th Written off | 0.02 | - | - |
| | | 3.17 | 3.18 | 3.10 |
| | - Preoperative Expenses | | | |
| | Balance as per last Balance Sheet | 122.85 | 0.00 | 0.00 |
| | Incurred During the year | 233.87 | 122.85 | 8.66 |
| | Less : 1/5 th Written off | 4.95 | | |
| | | 351.77 | 122.85 | 8.66 |
| | Share Capital Increase Expenses | | | |
| | - Opening Balance | - | 1.76 | 3.51 |
| | Less : 1/5 th Written off | - | 1.76 | 1.76 |
| | | - | - | 1.76 |
| | Total | 754.04 | 632.71 | 272.24 |
| 19 | Revenue from Operations | | | |
| | Sales- Automation | 8,542.67 | 6,660.60 | 4,627.05 |
| | Sales - Car Parking | 4,695.25 | 2,933.48 | 1,940.43 |
| | Sales-Export | 107.45 | - | 0.00 |
| | Sales - RaaS USA | 41.11 | | |
| | Sales-Scrap | 16.18 | 38.14 | 17.64 |
| | Gross Sales | 13,402.66 | 9,632.22 | 6,585.12 |
| | Less-GST | 2,023.82 | 1,520.87 | 971.63 |
| | Less: TCS | 0.16 | 1.60 | 3.07 |
| | Total | 11,378.68 | 8,109.75 | 5,610.42 |
| 20 | Other Income | | | |
| | Interest on fixed Deposit | 7.11 | 7.89 | 7.87 |
| | Unrealised Foreign Exchange Gain | 13.76 | 5.65 | 8.01 |
| | Misc Income | 0.83 | - | 1.31 |
| | Total | 21.70 | 13.53 | 17.20 |
| 21 | Cost of Materials Consumed | | | |
| | Opening Stock | 3,478.52 | 3,475.41 | 4,124.54 |
| | Add: Purchases | 8,674.21 | 5,060.30 | 3,056.42 |
| | | 12,152.73 | 8,535.71 | 7,180.95 |
| | Less: Closing Stock | 4,666.93 | 3,478.52 | 3,475.41 |
| | Total | 7,485.80 | 5,057.19 | 3,705.54 |

NOTES FORMING PART OF RESTATED CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31st March of the year

(All amounts are in Indian Rupees in Lakhs unless otherwise stated)

| Sr. No. | Particulars | 2023 | 2022 | 2021 |
|--------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|-----------------|-----------------|-----------------|
| 22 | Employee Benefits Expense | | | |
| | Administration Charges (PF) | 2.06 | 1.89 | 1.11 |
| | Director Remuneration | 118.87 | 118.02 | 107.41 |
| | Salary and Wages | 1,429.65 | 1,203.99 | 941.36 |
| | Provident Fund | 51.31 | 42.40 | 27.73 |
| | Garuity Paid | 2.06 | 15.00 | 0.00 |
| | Labour Welfare | 31.17 | 22.94 | 15.58 |
| | Workmen Compensation Insurance | 0.79 | 1.03 | 0.74 |
| | ESIC | 4.58 | 4.26 | 4.08 |
| | Security | 12.46 | 12.80 | 10.51 |
| | Total | 1,652.96 | 1,422.33 | 1,108.52 |
| 23 | Finance Costs | | | |
| | Bank Charges and Commission | 19.82 | 18.76 | 22.73 |
| | Bank Interest -Term Loan | 15.54 | 35.54 | 32.40 |
| | Bank Interest -Working Capital Fin | 148.57 | 132.60 | 150.33 |
| | Bank Loan Processing Fees | 11.75 | 21.63 | 12.25 |
| | Other Interest - Business Loan | 73.68 | 10.41 | 5.28 |
| | Interest on 9% CCD | 3.33 | - | - |
| | Total | 272.68 | 218.94 | 222.99 |
| 24 | Depreciation and amortization expense | | | |
| | Depreciation | 136.33 | 141.41 | 176.44 |
| | Preliminary Expenses W/off | 0.02 | - | - |
| | Preoperative Expenses W/off | 4.95 | - | - |
| | Total | 141.30 | 141.41 | 176.44 |
| The depreciation has been provided as per schedule II of the Companies Act, 2013 on pro-rata basis on written down value | | | | |
| 25 | Other Expenses | | | |
| | <u>a) Manufacturing Expenses</u> | | | |
| | Carriage Inward | 66.36 | 49.17 | 26.76 |
| | Outside Labour | 199.66 | 81.45 | 107.48 |
| | Rent, Rates and Taxes | 44.92 | 30.74 | 31.56 |
| | Repairs & Maintenance | 17.81 | 6.67 | 3.93 |
| | Power and Fuel Charges | 63.22 | 52.25 | 46.93 |
| | Factory Expenses | 1.50 | 2.34 | 1.30 |
| | Site Expenses | 169.88 | 145.73 | 176.18 |
| | Crane Hire Charges | 34.58 | 33.19 | 24.33 |
| | Conveyance (Vendor) | 1.87 | 1.20 | 0.84 |
| | Total (a) | 599.80 | 402.74 | 419.31 |
| | <u>b) Office and Administration Cost</u> | | | |
| | Interest on Statutory Dues | 81.78 | 66.02 | 44.53 |
| | Postage & Telephone | 4.27 | 3.99 | 2.04 |
| | Repair and Maintenance | 2.09 | 1.82 | 2.63 |
| | Profession Tax | 0.03 | 0.03 | 0.03 |
| | Courier Charges | 0.53 | 0.08 | 0.61 |
| | Diesel & Petrol Exp. | 6.00 | 4.22 | 2.53 |
| | Insurance | 19.10 | 13.55 | 20.32 |
| | Office Exp. | 7.69 | 5.57 | 3.88 |
| | Printing & Stationery | 2.10 | 1.63 | 1.76 |
| | Professional Fees and Consultancy Charges | 218.80 | 140.98 | 122.76 |
| | Statutory Audit Fees | 4.60 | 3.50 | 3.50 |
| | Tax Audit Fees | 0.50 | 0.50 | 0.50 |
| | Preliminary Expenses W/off | - | 1.76 | 1.76 |
| | GST Audit Fees | 0.75 | 0.75 | 0.75 |
| | Legal charges | 2.31 | 4.91 | 5.80 |
| | IT Expenses-AMC | 10.39 | 12.37 | 9.51 |
| | Rent - Car | 4.80 | 4.80 | 4.80 |
| | RoC Fees | 0.07 | 0.03 | 0.03 |
| | Duties and Taxes | 15.81 | 214.53 | 0.00 |
| | Loss on Sales of Property | - | - | 23.68 |
| | Local Grampanchayat Tax | 4.78 | 4.78 | 4.43 |
| | Sundry Balances Write Off | 17.89 | 0.51 | 10.60 |
| | Fees & Subscription | 4.03 | 3.64 | 2.40 |
| | Warranty Expenses | 2.43 | - | - |
| | Foreign Exchange Loss | 1.12 | - | - |
| | Discount Allowed | 134.88 | 39.54 | 4.30 |
| | Donation | 0.66 | - | 1.98 |
| | Business Development Expenses | 132.40 | 0.72 | 9.00 |
| | Total (b) | 679.80 | 530.21 | 284.13 |

NOTES FORMING PART OF RESTATED CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31st March of the year
(All amounts are in Indian Rupees in Lakhs unless otherwise stated)

| Sr. No. | Particulars | 2023 | 2022 | 2021 |
|---------|-----------------------------------------|-----------------|-----------------|---------------|
| | C) Selling and Distribution Cost | | | |
| | Sales Promotion | 3.67 | 5.57 | 8.87 |
| | Carriage Outward | 131.49 | 66.74 | 48.23 |
| | Commission | 14.20 | 9.25 | 3.50 |
| | Travelling and Conveyance | 47.63 | 23.21 | 10.24 |
| | Total (c) | 196.98 | 104.78 | 70.84 |
| | Total (a+b+c) | 1,476.58 | 1,037.73 | 774.28 |

26 Figures of previous year have been regrouped and rearranged, wherever necessary.

27 Sitting fees have been paid to Independent directors of the Company during the year.

28 As per amendment to Schedule III disclosure for MSME Creditors has been done to the extent data available.

| 29 | Related Party (RP) and Key Managerial Personnels (KMP) | 2023 | 2022 | 2021 |
|----|--------------------------------------------------------|----------|---------------------------|---------------------------|
| | Mr. Milind Manohar Padole | RP & KMP | Managing Director | Managing Director |
| | Mr. Manohar Pandurang Padole | RP & KMP | Whole Time | Whole Time |
| | Mr. Dakshnamurthy Kalidass | KMP | CFO | CFO |
| | Mr. Abhijeet Shitole | KMP | - | CS and Compliance Officer |
| | Mr. Ruchika Shinde | KMP | CS and Compliance Officer | - |
| | Mr. Rahul Milind Padole | RP & KMP | Director | Director |
| | Mrs Bhagirathi Manohar Padole | RP & KMP | Director | Director |
| | Masterji.AI Pvt Ltd | RP | Subsidiary Company | Subsidiary Company |
| | ARAPL North America LLC | RP | Subsidiary Company | Subsidiary Company |
| | ARAPL RaaS Pvt Ltd. | RP | Subsidiary Company | Subsidiary Company |
| | ARAPL RaaS International LLC | RP | Step 2 Subsidiary Company | - |
| | Arapl Intelligent Equipment Shanghai Co. Ltd. | RP | Subsidiary Company | Subsidiary Company |
| 30 | Related Party Transactions | 5 | 4 | 3.00 |

30.01 for the year ended 31st March 2023 and Balance as on 31.03.2023

| Particulars | Particulars | During the Year Amt Rs (Lakh) | Balance As on 31.03.2023 (Amt in Lakh) |
|-----------------------------------------------|--------------------|----------------------------------|-----------------------------------------------|
| Mr. Milind Manohar Padole | Dir. Remuneration | 83.76 | 2.09 |
| Mr. Manohar Pandurang Padole | Dir. Remuneration | 29.76 | 40.50 |
| Mr. Milind Manohar Padole | Car Rent | 4.80 | 0.00 |
| Mr. Rahul Padole - Salary | Salary | 15.72 | 0.00 |
| Masterji.AI Pvt Ltd | Loans and Advances | 97.04 | 0.00 |
| Masterji.AI Pvt Ltd | Loans and Advances | 1.50 | 0.00 |
| ARAPL North America LLC | Nil | 0.00 | 0.00 |
| ARAPL RaaS Pvt Ltd. | Sales | 84.53 | 0.00 |
| ARAPL RaaS Pvt Ltd. | Loans and Advances | 341.82 | 0.00 |
| ARAPL RaaS Pvt Ltd. | Loans and Advances | 341.82 | 0.00 |
| Masterji.AI Pvt Ltd | Investment | 0.00 | 0.00 |
| ARAPL RaaS Pvt Ltd. | Investment | 0.00 | 0.00 |
| Arapl Intelligent Equipment Shanghai Co. Ltd. | Nil | 0.00 | 0.00 |

30.02 for the year ended 31st March 2022

| Particulars | Expenses | Amount Rs in Lakh | Balance As on 31.03.2022 |
|-----------------------------------------------|-------------------|-------------------|-----------------------------|
| Mr. Milind Manohar Padole | Dir. Remuneration | 84.00 | 13.62 |
| Mr. Manohar Pandurang Padole | Dir. Remuneration | 30.00 | 40.01 |
| Mr. Milind Manohar Padole | Car Rent | 4.80 | 0.00 |
| Mr. Rahul Padole - Salary | Salary | 13.27 | 0.00 |
| Masterji.AI Pvt Ltd | Loans and | 104.46 | 115.87 |
| ARAPL North America LLC | Nil | 0.00 | 0.00 |
| ARAPL RaaS Pvt Ltd. | Sales | 185.42 | 4.16 |
| Arapl Intelligent Equipment Shanghai Co. Ltd. | Nil | 0.00 | 0.00 |
| Total | | 421.95 | 421.95 |

30.03 for the year ended 31st March 2021

| Particulars | Expenses | Amount Rs in Lakh | Balance As on 31.03.2021 |
|---------------------------|-------------------|-------------------|-----------------------------|
| Mr. Milind Manohar Padole | Dir. Remuneration | 77.00 | 20.10 |

NOTES FORMING PART OF RESTATED CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31st March of the year
(All amounts are in Indian Rupees in Lakhs unless otherwise stated)

| Sr. No. | Particulars | 2023 | 2022 | 2021 |
|---------|-----------------------------------------------|-------------------|--------------|-------|
| | Mr. Manohar Pandurang Padole | Dir. Remuneration | 27.50 | 30.10 |
| | Mr. Milind Manohar Padole | Car Rent | 4.80 | - |
| | Mr. Rahul Padole - Salary | Salary | 5.40 | - |
| | Masterji.AI Pvt Ltd | Nil | - | - |
| | ARAPL North America LLC | Nil | - | - |
| | Arapl Intelligent Equipment Shanghai Co. Ltd. | Nil | - | - |
| | Total | 114.70 | 50.20 | |

31 Independent Directors

| 2023 | 2022 | 2021 |
|--------------------|--------------------|--------------------|
| Dr. Ajay Deshmukh | Dr. Ajay Deshmukh | Dr. Ajay Deshmukh |
| CA Rohan Akolkar | CA Rohan Akolkar | CA Rohan Akolkar |
| Mr. Bharat Jhamvar | Mr. Bharat Jhamvar | Mr. Bharat Jhamvar |

32 Directors Sitting Fees (INR in Lakh)

32.01 FY 2022-23

| Particulars | Dr. Ajay Deshmukh | CA Rohan Akolkar | Mr. Bharat Jhamvar |
|-------------------------------------|-------------------|------------------|--------------------|
| Board Meetings | 1.10 | 1.10 | 1.10 |
| Audit Committee meetings | 0.00 | 0.55 | 0.55 |
| Stakeholders Relationship Committee | 0.20 | 0.00 | 0.00 |
| Nomination & Remuneration Committee | 0.20 | 0.20 | 0.20 |
| Corporate Social Committee | 0.15 | 0.00 | 0.00 |
| Total | 1.65 | 1.85 | 1.85 |
| Grand Total | | | 5.35 |

No Sitting Fees are paid to Directors other than Independent Directors

32.02 FY 2021-22

| Particulars | Dr. Ajay Deshmukh | CA Rohan Akolkar | Mr. Bharat Jhamvar |
|-------------------------------------|-------------------|------------------|--------------------|
| Board Meetings | 0.90 | 0.90 | 0.90 |
| Audit Committee meetings | 0.00 | 0.45 | 0.45 |
| Stakeholders Relationship Committee | 0.20 | 0.00 | 0.00 |
| Nomination & Remuneration Committee | 0.15 | 0.15 | 0.15 |
| Corporate Social Committee | 0.20 | 0.00 | 0.00 |
| Total | 1.45 | 1.50 | 1.50 |
| Grand Total | | | 4.45 |

No Sitting Fees are paid to Directors other than Independent Directors

32.03 FY 2020-21

| Particulars | Dr. Ajay Deshmukh | CA Rohan Akolkar | Mr. Bharat Jhamvar |
|-------------------------------------|-------------------|------------------|--------------------|
| Board Meetings | 0.70 | 0.70 | 0.70 |
| Audit Committee meetings | 0.00 | 0.35 | 0.35 |
| Stakeholders Relationship Committee | 0.10 | 0.00 | 0.00 |
| Nomination & Remuneration Committee | 0.10 | 0.10 | 0.10 |
| Corporate Social Committee | 0.15 | 0.00 | 0.00 |
| Total | 1.05 | 1.15 | 1.15 |
| Grand Total | | | 3.35 |

No Sitting Fees are paid to Directors other than Independent Directors

NOTES FORMING PART OF RESTATED CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31st March of the year
(All amounts are in Indian Rupees in Lakhs unless otherwise stated)

| Sr. No. | Particulars | 2023 | 2022 | 2021 |
|---------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|-------------------|------|
| 33 | Transactions with struck off Companies u/s 248 or 560 - NIL | | | |
| 34 | Charges yet to be registered with Registrar of Companies - Limits with Punjab National Bank as reported in Note No 3 is pending due to non receipt of relevant documents and for ICICI Bank Limited OD as reported in Note no.6 (a) no separate charge created as it is already secured by Residential Property as mentioned in Note No. | | | |
| 35 | The Company has not traded or invested in Crypto Currency or virtual currency during the year | | | |
| 36 | No proceedings are initiated or pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988). | | | |
| 37 | Balance Sheet abstract and company's general business profile | | | |
| I] | Particulars of Company: | | | |
| | CIN NO | L29299PN2010PLC135298 | | |
| | Date of Registration : | January 12, 2010 | | |
| | PAN No : | AAICA1955B | | |
| | Nature of business : | Manufacturing of Robotic and Semi Robotic Material Handling Machinery, Multilevel Car Parking Solutions | | |
| II] | Capital raised during the year (Rs. In Lacs) | FY 2022-23,2021- | | |
| | Public Issue | Nil | Right Issue | Nil |
| | Bonus Issue | Nil | Private Placement | Nil |
| | Security Premium | Nil | | |

38 Significant Accounting Policies

38.01 Method of Accounting

The accounts of the Company are prepared in accordance with the accounting principles generally accepted in India. The Company has maintained its accounts on mercantile system of accounting.

38.02 Basis for preparation of financial statements

- a The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the Act).

These financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting except for certain financial assets and liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies stated out below.

The Financial statements have been prepared on a going concern basis. Accounting policies have been consistently applied except where newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

b Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakh as per the requirement of schedule III (except per share data), unless otherwise stated. " 0 " (zero) denoted less than

c Principles of Consolidation

The consolidated financial statements incorporate the financial statements of ARAPL RaaS Pvt Ltd and entity controlled by ARAPL RaaS Pvt Ltd

The financial statements of the Group are consolidated on a line-by-line basis and intragroup balances and transactions including unrealized gain / loss from such transactions are eliminated upon consolidation. These financial statements are prepared by applying uniform accounting policies in use at the Group.

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary (as listed in the table below).

| Name of the Subsidiaries | Principal place of Business | Proportion of Interest 2023 | Proportion of Interest 2022 | Proportion of Interest 2021 |
|----------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Direct Subsidiary | | | | |
| Masterji.AI Pvt Ltd | Pune, India | 67.00% | 67.00% | 67.00% |
| ARAPL RaaS Pvt Ltd | Pune, India | 81.20% | 81.20% | - |
| ARAPL North America LLC | Michingan, USA | 100.00% | 100.00% | - |
| Arapl Intelligent Equipment Shanghai Co. Ltd | Shanghai, PRC | 80.00% | 80.00% | 80.00% |
| Step 2 Subsidiary | | | | |
| ARAPL RaaS International LLC | North Carolina, USA | 81.20% | - | - |

38.03 Property, Plant and Equipment and Intangible Assets

Property, Plant and Equipment and Intangible Assets are stated at cost of acquisition / construction less accumulated depreciation. None of the Fixed Assets have been revalued during the year under review.

38.04 Depreciation

Depreciation on Property, Plant and Equipment is calculated on a Written Down Value Method using the rates arrived at based on the useful lives estimated by the management commensurate with The Companies Act, 2013

38.05 Investments

Investments are stated at cost of acquisition, if any.

38.06 Revenue recognition

NOTES FORMING PART OF RESTATED CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31st March of the year
(All amounts are in Indian Rupees in Lakhs unless otherwise stated)

| Sr. No. | Particulars | 2023 | 2022 | 2021 |
|----------------|--------------------|-------------|-------------|-------------|
|----------------|--------------------|-------------|-------------|-------------|

Sales are accounted for on the basis of dispatch to customers, which excludes indirect taxes and duties and other income is recognized on accrual basis.

38.07 Inventories

The inventories of Raw material, Stores and WIP are valued by the management at cost or market price whichever is lower and on FIFO basis of physical verification of stock at the end of the year.

| Particulars | 2023 | 2022 | 2021 |
|-------------------------|-----------------|-----------------|-----------------|
| Raw Material | 1,558.69 | 1,364.46 | 1,215.32 |
| WIP | 2,994.24 | 1,995.54 | 2,142.58 |
| WIP-Masterji.AI Project | 68.72 | 0.00 | 68.72 |
| Stores | 45.28 | 49.80 | 48.80 |
| Total | 4,666.93 | 3,409.80 | 3,475.41 |

NOTES FORMING PART OF RESTATED CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31st March of the year
(All amounts are in Indian Rupees in Lakhs unless otherwise stated)

| Sr. No. | Particulars | 2023 | 2022 | 2021 |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|------|------|
| 38.08 | Current Assets, Loans and Advances In the opinion of the management, the value of all current assets, loans, advances and other realizable are not less than their realizable value in the ordinary course of business. | | | |
| 38.09 | Employee benefit 2023 Retirement Benefits in the form of provident fund contributions are charged to the Profit & Loss Account of the period when the contributions to the fund are due. There are no obligations other than the contribution payable to the fund. Provision of Gratuity Act ,1972 are applicable to the company . As per the actuarial valuation report taken, the company should provide for Gratuity of Rs.1,60,31,384/- up to the current year. The provision for FY 22 -23 as per actuarial report comes to Rs 44.22 lacs. The Company has not provided for the same in its books of Account and estimation for leave encashment could not be done. 2022 Retirement Benefits in the form of provident fund contributions are charged to the Profit & Loss Account of the period when the contributions to the fund are due. There are no obligations other than the contribution payable to the fund. Provision of Gratuity Act ,1972 are applicable to the company . As per the actuarial valuation report taken, the company should provide for Gratuity of Rs.1,32,78,099 up to the current year. The provision for FY 21-22 as per actuarial report comes to Rs 38.78 lacs. The Company has not provided for the same in its books of Account. 2021 Retirement Benefits in the form of provident fund contributions are charged to the Profit & Loss Account of the period when the contributions to the fund are due. There are no obligations other than the contribution payable to the fund. Provision of Gratuity Act ,1972 are applicable to the company . As per the actuarial valuation report taken, the company should provide for Gratuity of Rs. 87,94,219 up to the current year. The provision for FY 20-21 as per actuarial report comes to (-) Rs 31.31 lacs, being negative 0. The Company has not provided for the same in its books of Account. | | | |
| 38.10 | Accounting for taxes on Income Income Tax comprises of current tax, deferred tax. Provision for current income tax is made on the assessable income/benefits at the rate applicable to relevant assessment year. Deferred tax asset & liabilities are recognised for the future tax consequences of timing differences, subject to the consideration of prudence. Deferred tax assets & liabilities are measured using the tax rates enacted or substantively enacted by the Balance Sheet date. The carrying amount of deferred tax asset/liability are reviewed at each Balance Sheet date & recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised. | | | |
| 38.11 | Borrowing Costs Borrowing costs that are directly attributable to acquisition of assets has been capitalized and other borrowing costs has been treated as an expense during the period in which they have incurred. Interest cost related to capital wip has been capitalised. | | | |
| 38.12 | Contingencies & events occurred after the Balance Sheet date 2023 a) No such liabilities were noticed which are contingent in nature, other than those specified in indepent auditors report and CARO b) There are no such events except mentioned above that have occurred after the Balance Sheet date which will have bearing on profitability and / or state of affairs of the company. c) The Company is planning for migration from BSE SME platform to BSE & NSE Main board, for the same EGM Conducted on 13.04.2023 to get approval from shareholder. d) As on 31.03.2023, Bank Gurantee Issued by the company is Rs.80.60 Lac 2022, 2021 a) No such liabilities were noticed which are contingent in nature, other than those specified in indepent auditors report. b) There are no such events except mentioned above that have occurred after the Balance Sheet date which will have bearing on profitability and / or state of affairs of the company. | | | |
| 38.13 | Foreign Exchange Transactions Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of transaction. Exchange difference arising on the foreign exchange transaction settled during the period are recognised in the Profit & Loss Account. Monetary items outstanding on date of Balancesheet have been accounted at exchange rate as on that date and difference has | | | |
| 38.14 | Cash Flow Statement Cash Flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of Income or Expense associated with investing or financing cash flows. | | | |
| 38.15 | Impairment of Assets The company on annual basis tests the carrying amount of assets for impairment so as to determine a) The provision for impairment loss, if any, or b) the reversal, if any, required on account of impairment loss recognized in previous periods. | | | |
| 38.16 | Earnings Per Share Basic Earning Per Share is calculated by dividing the Net Profit attributable to the Shareholders by the total weighted average number of Equity Shares outstanding at the end of the year. | | | |
| 38.17 | Ratio Analysis Detailed Ratio Analysis given in Schedule No.13 | | | |

In terms of our report attached

For and on behalf of the Board of Directr
Affordable Robotic And Automation Ltd.

NOTES FORMING PART OF RESTATED CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31st March of the year
(All amounts are in Indian Rupees in Lakhs unless otherwise stated)

| Sr. No. | Particulars | 2023 | 2022 | 2021 |
|----------------|-------------------------------------------------------------------------------------------------------------------|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| | For Vijay Moondra & Co. Chartered Accountants (FRN 112308W) | | | |
| | CA Vinit Moondra Partner M No - 119398 Place : Ahmedabad Date: 30/11/2023 Udin: 23119398BGWBOD8237 | | Manohar P. Padole Milind M. Padole Whole Time Director Managing Director DIN: 02738236 DIN : 02140324 Dakshnamurthy K. Ruchika Shinde Chief Financial Officer Company Secretary Place : Pune Date: 30/11/2023 | |

Affordable Robotic and Automation Ltd.

Schedule 6 : Property, Plant and Equipment Schedule for the Month of ending on March 31, 2023, as per Companies Act, 2013

INR in Lakhs

| Sr. No. | Assets | Gross Block | | | | Depreciation | | | | | Net Block | |
|---------|-------------------------------------|-----------------|--------------------------|---------------------------|-----------------|--------------|--------------------------|--------------------------|---------------------------|-----------------|--------------------------|--------------------------|
| | | Op Bal | Addition during the year | Discarded during the year | Total | Rate | Accumulated Depreciation | Dr to Accumulated Profit | Depreciation for the year | Total | Balance as on 31-03-2023 | Balance as on 31-03-2022 |
| 1 | Land | 595.14 | 0.00 | - | 595.14 | 0.00% | - | - | 0.00 | 0.00 | 595.14 | 595.14 |
| 2 | Plant and Machinery | 800.83 | 25.39 | - | 826.21 | 18.10% | 449.50 | - | 64.95 | 514.44 | 311.77 | 351.33 |
| 3 | Generator | 9.45 | 0.00 | - | 9.45 | 18.10% | 7.27 | - | 0.40 | 7.67 | 1.78 | 2.18 |
| 4 | Mobile | 0.76 | 0.00 | - | 0.76 | 45.07% | 0.58 | - | 0.08 | 0.66 | 0.10 | 0.18 |
| 5 | Office Equipments | 11.62 | 0.13 | - | 11.75 | 45.07% | 9.73 | - | 0.77 | 10.50 | 1.25 | 1.89 |
| 6 | Furniture and Fixture | 79.10 | 2.45 | - | 81.55 | 25.89% | 61.57 | - | 4.77 | 66.34 | 15.21 | 17.53 |
| 7 | Computer | 86.30 | 34.28 | - | 120.58 | 63.16% | 69.99 | - | 14.92 | 84.90 | 35.68 | 16.32 |
| 8 | Electrical Installations | 55.89 | 0.00 | - | 55.89 | 25.89% | 47.53 | - | 2.16 | 49.69 | 6.19 | 8.36 |
| 9 | Factory Building | 408.43 | 0.00 | - | 408.43 | 9.50% | 176.27 | - | 22.05 | 198.33 | 210.10 | 232.15 |
| 10 | Overhead Crane (P&M) | 115.92 | 0.00 | - | 115.92 | 18.10% | 64.55 | - | 9.30 | 73.85 | 42.07 | 51.37 |
| 11 | Motor Car | 37.90 | 0.00 | - | 37.90 | 31.23% | 34.64 | - | 1.02 | 35.66 | 2.24 | 3.26 |
| 12 | CC TV Camera (Office Equipment) | 1.35 | 0.00 | - | 1.35 | 45.07% | 1.27 | - | 0.01 | 1.28 | 0.07 | 0.08 |
| 13 | Water Coller (Office Equipment) | 1.34 | 0.00 | - | 1.34 | 45.07% | 1.10 | - | 0.09 | 1.19 | 0.15 | 0.24 |
| 14 | Air Conditioner | 13.94 | 2.13 | - | 16.07 | 45.07% | 12.47 | - | 0.71 | 13.18 | 2.89 | 1.47 |
| 15 | Motor Vehicle -Scooter | 1.01 | 0.00 | - | 1.01 | 25.89% | 0.34 | - | 0.30 | 0.64 | 0.37 | 0.67 |
| 16 | Computer - RaaS | 0.00 | 2.78 | - | 2.78 | 63.16% | - | - | 0.48 | 0.48 | 2.29 | 0.00 |
| | PPE | 2,218.96 | 67.15 | 0.00 | 2,286.11 | | 936.80 | 0.00 | 122.00 | 1,058.80 | 1,227.31 | 1,282.16 |
| 16 | Computer Software | 85.48 | 0.00 | - | 85.48 | 63.16% | 78.26 | - | 1.89 | 80 | 5.33 | 7.22 |
| 17 | Payroll Software | 0.35 | 0.00 | - | 0.35 | 63.16% | 0.33 | - | 0.00 | 0 | 0.02 | 0.02 |
| 18 | Design Software | 48.39 | 15.52 | - | 63.91 | 63.16% | 42.25 | - | 12.44 | 55 | 9.22 | 6.14 |
| | Intangible Assets | 134.22 | 15.52 | 0.00 | 149.74 | | 120.84 | | 14.33 | 135.17 | 14.57 | 13.38 |
| | | | | | | | | | | | | |
| | | 2,353.18 | 82.67 | 0.00 | 2,435.85 | | 1,057.63 | 0.00 | 136.33 | 1,193.97 | 1,241.88 | 1,295.54 |
| | Previous Year 2021-22 | 2,322.35 | 30.83 | 0.00 | 2,353.18 | | 916.23 | - | 141.41 | 1,057.63 | 1,295.54 | 1,406.12 |
| | | | | | | | | | | | | |
| 1 | Mumbai Office [C WIP] | 1,459.74 | 116.14 | - | 1,575.89 | | - | | - | - | 1,575.89 | 1,459.74 |
| 2 | New ERP Software - WIP | 4.43 | 0.00 | - | 4.43 | | - | | - | - | 4.43 | 4.43 |
| 3 | Design Software | 15.52 | 0.00 | 15.52 | 0.00 | | - | | - | - | 0.00 | 15.52 |
| 4 | Masterji -Intangible Assets WIP | 5.12 | 0.28 | | 5.40 | | | | | | 5.40 | 5.12 |
| 5 | Masterji -Tangible Assets WIP | 0.98 | 28.11 | - | 29.09 | | - | | - | - | 29.09 | 0.98 |
| 6 | RaaS -Intangible Assets WIP | 277.90 | 189.07 | - | 466.96 | | - | | - | - | 466.96 | 277.90 |
| | CWIP Total | 1,763.70 | 333.60 | 15.52 | 2,081.78 | | 0.00 | | 0.00 | 0.00 | 2,081.78 | 1,763.70 |
| | Previous Year 2021-22 - CWIP | 1,324.81 | 154.89 | - | 1,479.70 | | - | | - | - | 1,479.70 | 1,324.81 |

| Ageing Schedule of C-WIP | | No of days | | | | |
|--------------------------|-----------------------------|------------------|---------------|---------------|-------------------|-----------------|
| | | Less than 1 year | 1 -2 Years | 2 -3 Years | More than 3 Years | Total Amt |
| 1 | Mumbai Office [C WIP] | 116.14 | 137.74 | 112.42 | 1,209.59 | 1,575.89 |
| 2 | New ERP Software - WIP | - | 1.63 | 2.80 | 0.00 | 4.43 |
| 3 | Design Software | - | 0.00 | 0.00 | 0.00 | 0.00 |
| 4 | Masterji -Intangible Assets | 0.28 | 5.12 | | | 5.40 |
| 5 | RaaS -Intangible Assets WIP | 189.07 | 277.90 | | | 466.96 |
| | | 305.48 | 422.39 | 115.22 | 1,209.59 | 2,052.69 |

Affordable Robotic and Automation Ltd.

Schedule 6 : Property,Plant and Equipement Schedule for the Month of ending on March 31, 2022, as per Companies Act, 2013

INR in Lakh

| Sr. No. | Assets | Gross Block | | | | Depreciation | | | | | Net Block | |
|---------|---------------------------------|-----------------|--------------------------|---------------------------|-----------------|--------------|--------------------------|--------------------------|---------------------------|-----------------|--------------------------|--------------------------|
| | | Op Bal | Addition during the year | Discarded during the year | Total | Rate | Accumulated Depreciation | Dr to Accumulated Profit | Depreciation for the year | Total | Balance as on 31-03-2022 | Balance as on 31-03-2020 |
| 1 | Land | 579.15 | 16.00 | - | 595.14 | 0.00% | - | | 0.00 | 0 | 595.14 | 579.15 |
| 2 | Plant and Machinery | 799.76 | 1.07 | - | 800.83 | 18.10% | 371.76 | | 77.73 | 449 | 351.33 | 428.00 |
| 3 | Generator | 9.45 | 0.00 | - | 9.45 | 18.10% | 6.78 | | 0.49 | 7 | 2.18 | 2.67 |
| 4 | Mobile | 0.76 | 0.00 | - | 0.76 | 45.07% | 0.43 | | 0.15 | 1 | 0.18 | 0.33 |
| 5 | Office Equipments | 11.27 | 0.35 | - | 11.62 | 45.07% | 8.55 | | 1.18 | 10 | 1.89 | 2.72 |
| 6 | Furniture and Fixture | 78.41 | 0.69 | - | 79.10 | 25.89% | 55.73 | | 5.84 | 62 | 17.53 | 22.68 |
| 7 | Computer | 74.11 | 12.19 | - | 86.30 | 63.16% | 64.57 | | 5.41 | 70 | 16.32 | 9.54 |
| 8 | Electrical Installations | 55.89 | 0.00 | - | 55.89 | 25.89% | 44.61 | | 2.92 | 48 | 8.36 | 11.28 |
| 9 | Factory Building | 408.43 | 0.00 | - | 408.43 | 9.50% | 151.90 | | 24.37 | 176 | 232.15 | 256.52 |
| 10 | Overhead Crane (P&M) | 115.92 | 0.00 | - | 115.92 | 18.10% | 53.20 | | 11.35 | 65 | 51.37 | 62.72 |
| 11 | Motor Car | 37.90 | 0.00 | - | 37.90 | 31.23% | 33.16 | | 1.48 | 35 | 3.26 | 4.74 |
| 12 | CC TV Camera (Office Equipment) | 1.35 | 0.00 | - | 1.35 | 45.07% | 1.26 | | 0.02 | 1 | 0.08 | 0.09 |
| 13 | Water Coller (Office Equipment) | 1.34 | 0.00 | - | 1.34 | 45.07% | 0.94 | | 0.16 | 1 | 0.24 | 0.40 |
| 14 | Air Conditioner | 13.40 | 0.54 | - | 13.94 | 45.07% | 11.93 | | 0.55 | 12 | 1.47 | 1.48 |
| 15 | Motor Vehicle -Scooter | 1.01 | 0.00 | - | 1.01 | 25.89% | 0.03 | | 0.31 | 0 | 0.67 | 0.98 |
| | PPE | 2,188.13 | 30.83 | 0.00 | 2,218.96 | | 804.84 | 0.00 | 131.95 | 936.80 | 1,282.16 | 1,383.29 |
| 16 | Computer Software | 85.48 | 0.00 | - | 85.48 | 63.16% | 70.73 | | 7.53 | 78 | 7.22 | 14.75 |
| 17 | Payroll Software | 0.35 | 0.00 | - | 0.35 | 63.16% | 0.33 | | 0.00 | 0 | 0.02 | 0.02 |
| 18 | Design Software | 48.39 | 0.00 | - | 48.39 | 63.16% | 40.32 | | 1.93 | 42 | 6.14 | 8.07 |
| | Intangible Assets | 134.22 | 0.00 | 0.00 | 134.22 | | 111.38 | | 9.46 | 120.84 | 13.38 | 22.83 |
| | | | | | | | | | | | | |
| | | 2,322.35 | 30.83 | 0.00 | 2,353.18 | | 916.23 | 0.00 | 141.41 | 1,057.63 | 1,295.54 | 1,406.12 |
| 1 | Mumbai Office [C WIP] | 1,322.01 | 137.74 | - | 1,459.74 | | - | | - | - | 1,459.74 | 1,322.01 |
| 2 | New ERP Software - WIP | 2.80 | 1.63 | - | 4.43 | | - | | - | - | 4.43 | 2.80 |
| 3 | Design Software | 0.00 | 15.52 | - | 15.52 | | - | | - | - | 15.52 | 0.00 |
| 4 | Masterji. AI Software | 0.00 | 33.24 | - | 33.24 | | - | | - | - | 33.24 | 0.00 |
| 5 | Experience Zone-ARAPL RaaS | 0.00 | 189.07 | - | 189.07 | | - | | - | - | 189.07 | 0.00 |
| | CWIP Total | 1,324.81 | 377.19 | 0.00 | 1,702.00 | | 0.00 | 0.00 | 0.00 | 0.00 | 1,702.00 | 1,324.81 |
| | | | | | | | | | | | | |
| | Previous Year 2020-21 | 2,270.29 | 52.06 | 0.00 | 2,322.35 | | 739.78 | 0.00 | 176.44 | 916.23 | 1,406.12 | 1,530.51 |

| Ageing Schedule of C-WIP | | No of days | | | | |
|--------------------------|----------------------------|------------------|---------------|--------------|-------------------|-----------------|
| | | Less than 1 year | 1 -2 Years | 2 -3 Years | More than 3 Years | Total Amt |
| 1 | Mumbai Office [C WIP] | 137.74 | 112.41 | 83.58 | 1,126.01 | 1,459.74 |
| 2 | New ERP Software - WIP | 1.63 | 2.80 | 0.00 | 0.00 | 4.43 |
| 3 | Design Software | 15.52 | 0.00 | 0.00 | 0.00 | 15.52 |
| 4 | Masterji. AI Software | - | 0.00 | 0.00 | 0.00 | 0.00 |
| 5 | Experience Zone-ARAPL RaaS | - | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 154.89 | 115.21 | 83.58 | 1,126.01 | 1,479.69 |

Schedule 6 : Property,Plant and Equipement Schedule for the Month of ending on March 31, 2021, as per Companies Act, 2013

INR

| | | Gross Block | | | | Depreciation | | | | | Net Block | |
|--|--|-------------|--|--|--|--------------|--|--|--|--|-----------|--|
|--|--|-------------|--|--|--|--------------|--|--|--|--|-----------|--|

| Sr. No. | Assets | Op Bal | Addition during the year | Discarded during the year | Total | Rate | Accumulated Depreciation | Dr to Accumulated Profit | Depreciation for the year | Total | Balance as on 31-03-2021 | Balance as on 31-03-2020 |
|------------------------------|---------------------------------|-----------------|--------------------------|---------------------------|-----------------|--------------|--------------------------|--------------------------|---------------------------|---------------|--------------------------|--------------------------|
| 1 | Land | 578.01 | 1.13 | - | 579.15 | 0.00% | 0.00 | | 0.00 | 0 | 579.15 | 578.01 |
| 2 | Plant and Machinery | 759.33 | 40.43 | - | 799.76 | 18.10% | 279.58 | | 92.18 | 372 | 428.00 | 479.75 |
| 3 | Generator | 9.45 | 0.00 | - | 9.45 | 18.10% | 6.18 | | 0.60 | 7 | 2.67 | 3.27 |
| 4 | Mobile | 0.66 | 0.09 | - | 0.76 | 45.07% | 0.23 | | 0.20 | 0 | 0.33 | 0.44 |
| 5 | Office Equipments | 10.72 | 0.55 | - | 11.27 | 45.07% | 6.54 | | 2.01 | 9 | 2.72 | 4.18 |
| 6 | Furniture and Fixture | 78.41 | 0.00 | - | 78.41 | 25.89% | 47.90 | | 7.83 | 56 | 22.68 | 30.51 |
| 7 | Computer | 70.53 | 3.58 | - | 74.11 | 63.16% | 55.72 | | 8.86 | 65 | 9.54 | 14.81 |
| 8 | Computer Software | 81.58 | 3.90 | - | 85.48 | 63.16% | 56.40 | | 14.33 | 71 | 14.75 | 25.18 |
| 9 | Payroll Software | 0.35 | 0.00 | - | 0.35 | 63.16% | 0.33 | | 0.00 | 0 | 0.02 | 0.02 |
| 10 | Design Software | 48.39 | 0.00 | - | 48.39 | 63.16% | 37.50 | | 2.82 | 40 | 8.07 | 10.89 |
| 11 | Electrical Installations | 55.89 | 0.00 | - | 55.89 | 25.89% | 40.67 | | 3.94 | 45 | 11.28 | 15.22 |
| 12 | Factory Building | 408.43 | 0.00 | - | 408.43 | 9.50% | 124.98 | | 26.93 | 152 | 256.52 | 283.45 |
| 13 | Overhead Crane (P&M) | 115.92 | 0.00 | - | 115.92 | 18.10% | 39.34 | | 13.86 | 53 | 62.72 | 76.58 |
| 14 | Motor Car | 37.90 | 0.00 | - | 37.90 | 31.23% | 31.01 | | 2.15 | 33 | 4.74 | 6.89 |
| 15 | CC TV Camera (Office Equipment) | 1.35 | 0.00 | - | 1.35 | 45.07% | 1.23 | | 0.03 | 1 | 0.09 | 0.12 |
| 16 | Water Coller (Office Equipment) | 0.84 | 0.50 | - | 1.34 | 45.07% | 0.79 | | 0.14 | 1 | 0.40 | 0.04 |
| 17 | Air Conditioner | 12.54 | 0.86 | - | 13.40 | 45.07% | 11.40 | | 0.52 | 12 | 1.48 | 1.14 |
| 18 | Motor Vehicle -Scooter | 0.00 | 1.01 | - | 1.01 | 25.89% | 0.00 | | 0.03 | 0 | 0.98 | 0.00 |
| | | | | | | | | | | | | |
| | | 2,270.29 | 52.06 | 0.00 | 2,322.35 | | 739.78 | 0.00 | 176.44 | 916.23 | 1,406.12 | 1,530.51 |
| 19 | Mumbai Office [C WIP] | 1,209.60 | 112.41 | 0.00 | 1,322.01 | 0.00% | - | - | 0.00 | 0 | 1,322.01 | 1,209.60 |
| 20 | New ERP Software - WIP | 0 | 2.80 | | 2.80 | 0.00% | - | - | 0.00 | 0 | 2.80 | 2.80 |
| Pervious Year 2019-20 | | 1,786.21 | 484.08 | 0.00 | 2,270.29 | 0.00% | 568.86 | - | 171 | 739.78 | 1,530.51 | 1,217.35 |

| Schedule 13 : Consolidated_ Analytical Ratios for Financial Year 2022-23 | | | | | | | | |
|--------------------------------------------------------------------------|----------------------------------------|----------|-----------|-------------|--------------------|---------------------|------------|-------------------------------------------|
| Sr No | Ratio | Year | Numerator | Denominator | Current Year Ratio | Previous Year Ratio | % Variance | Reason for Variance |
| 1 | Current ratio | Current | 12,983 | 8,481 | 1.53 | 1.69 | -9% | No Major Variance |
| | | Previous | 8,808 | 5,215 | | | | |
| 2 | Debt-Equity ratio | Current | 4,390 | 5,946 | 0.74 | 0.58 | 28% | No Major Variance |
| | | Previous | 3,081 | 5,326 | | | | |
| 3 | Debt service coverage ratio | Current | 0 | 304 | 0.00 | 0.00 | 0% | Improvement in DSCR Due to Better Margins |
| | | Previous | 0 | 286 | | | | |
| 4 | Return on equity ratio | Current | 216 | 5,946 | 3.63% | 4.45% | -18% | Better Margins Earned |
| | | Previous | 237 | 5,326 | | | | |
| 5 | Inventory turnover ratio (days) | Current | 4,667 | 11,379 | 149.70 | 156.56 | -4% | No Major Variance |
| | | Previous | 3,479 | 8,110 | | | | |
| 6 | Trade receivables turnover ratio(days) | Current | 6,623 | 11,379 | 212.44 | 183.57 | 16% | No Major Variance |
| | | Previous | 4,079 | 8,110 | | | | |
| 7 | Trade payables turnover ratio(days) | Current | 4,931 | 11,379 | 158.16 | 115.14 | 37% | Increase in Trade Payable |
| | | Previous | 2,558 | 8,110 | | | | |
| 8 | Net capital turnover ratio | Current | 5,946 | 11,379 | 52.3% | 65.7% | -20% | No Major Variance |
| | | Previous | 5,326 | 8,110 | | | | |
| 9 | Net profit ratio | Current | 216 | 11,379 | 1.90% | 2.92% | -35% | Better Margins Earned |
| | | Previous | 237 | 8,110 | | | | |
| 10 | Return on capital employed | Current | 489 | 10,336 | 4.73% | 5.42% | -13% | Better Margins Earned |
| | | Previous | 456 | 8,407 | | | | |
| 11 | Return on investment | Current | 489 | 10,336 | 4.73% | 5.42% | -13% | Better Margins Earned |
| | | Previous | 456 | 8,407 | | | | |

Analytical Ratios for Financial Year 2021-22

| Sr No | Ratio | Year | Numerator | Denominator | Current Year Ratio | Previous Year Ratio | % Variance | Reason for Variance |
|-------|----------------------------------|----------|-----------|-------------|--------------------|---------------------|------------|---------------------|
| 1 | Current ratio | Current | 8,833.24 | 5,215.36 | 1.69 | 1.54 | 0.10 | No Major Variance |
| | | Previous | 8,324.80 | 5,423.16 | | | | |
| 2 | Debt-Equity ratio | Current | 1,545.17 | 5,326.44 | 0.29 | 0.25 | 0.15 | No Major Variance |
| | | Previous | 1,152.68 | 4,588.12 | | | | |
| 3 | Debt service coverage ratio | Current | 473.43 | 285.85 | 1.66 | 0.00 | 0.00 | No Major Variance |
| | | Previous | -111.06 | 285.85 | | | | |
| 4 | Return on equity ratio | Current | 236.92 | 5,326.44 | 0.04 | 0.00 | 0.00 | No Major Variance |
| | | Previous | -353.33 | 4,588.12 | | | | |
| 5 | Inventory turnover ratio | Current | 3,478.52 | 8,109.75 | 156.56 | 226.10 | -0.31 | No Major Variance |
| | | Previous | 3,475.41 | 5,610.42 | | | | |
| 6 | Trade receivables turnover ratio | Current | 4,078.73 | 8,109.75 | 183.57 | 274.25 | -0.33 | No Major Variance |
| | | Previous | 4,215.54 | 5,610.42 | | | | |
| 7 | Trade payables turnover ratio | Current | 2,558.16 | 8,109.75 | 115.14 | 169.23 | -0.32 | No Major Variance |
| | | Previous | 2,601.17 | 5,610.42 | | | | |
| 8 | Net capital turnover ratio | Current | 5,326.44 | 8,109.75 | 0.66 | 0.82 | -0.20 | No Major Variance |
| | | Previous | 4,588.12 | 5,610.42 | | | | |
| 9 | Net profit ratio | Current | 236.92 | 8,109.75 | 0.03 | 0.00 | 0.00 | No Major Variance |
| | | Previous | -353.33 | 5,610.42 | | | | |
| 10 | Return on capital employed | Current | 236.92 | 6,817.93 | 0.03 | 0.00 | 0.00 | No Major Variance |
| | | Previous | -353.33 | 5,690.60 | | | | |
| 11 | Return on investment | Current | 236.92 | 5,326.44 | 0.04 | 0.00 | 0.00 | No Major Variance |
| | | Previous | -353.33 | 4,588.12 | | | | |

| Schedule 11 - Segregation of trade payables into dues of MSME and other -FY 2022-23 | | | | | |
|-------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|---------------|--------------|-------------------|-----------------|
| Particulars | Outstanding for following periods from due date of payment (Amt in INR Lakhs) | | | | Total |
| | Less Than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Disputed Dues-MSME | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| MSME | 861.62 | 18.21 | 24.22 | 13.22 | 917.27 |
| Others | 3,754.17 | 134.27 | 54.69 | 69.46 | 4,012.59 |
| Grand Total | 4,615.80 | 152.48 | 78.91 | 82.68 | 4,929.87 |

| Schedule 11 - Segregation of trade payables into dues of MSME and other -FY 2021-22 | | | | | |
|-------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|---------------|---------------|-------------------|-----------------|
| Particulars | Outstanding for following periods from due date of payment (Amt in INR Lakhs) | | | | Total |
| | Less Than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Disputed Dues-MSME | 0.00 | 0.92 | 6.77 | 0.00 | 7.69 |
| MSME | 382.04 | 48.36 | 51.47 | 0.00 | 481.87 |
| Others | 1,721.87 | 158.36 | 128.05 | 48.78 | 2,057.06 |
| Grand Total | 2,103.91 | 207.64 | 186.29 | 48.78 | 2,546.63 |

For 2020-21- Not Applicable

Schedule 12 : Trade Receivables ageing schedule FY- 2022-23

| Particulars | Outstanding for following periods from due date of payment (Amt in INR Lakhs) | | | | | Total |
|---------------------------------------------------------|----------------------------------------------------------------------------------|------------------|---------------|---------------|-------------------|-----------------|
| | Less than 6 months | 6 months -1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Undisputed Trade receivables – considered good | 5,166.94 | 77.90 | 332.76 | 361.17 | 332.63 | 6,271.40 |
| (ii) Undisputed Trade Receivables – considered doubtful | | | | | | 0.00 |
| (iii) Disputed Trade Receivables considered good | 6.09 | 0.00 | 0.00 | 91.39 | 78.95 | 176.43 |
| (iv) Disputed Trade Receivables considered doubtful | 13.45 | 5.74 | 8.01 | 0.00 | 147.71 | 174.91 |
| Grand Total | 5,186.48 | 83.64 | 340.77 | 452.55 | 559.30 | 6,622.73 |

Provision not done for Undisputed Trade receivable considered doubtful.

Schedule 12 : Trade Receivables ageing schedule FY- 2021-22

| Particulars | Outstanding for following periods from due date of payment (Amt in INR Lakhs) | | | | | Total |
|---------------------------------------------------------|----------------------------------------------------------------------------------|------------------|---------------|--------------|-------------------|-----------------|
| | Less than 6 months | 6 months -1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Undisputed Trade receivables – considered good | 3,277.03 | 35.31 | 97.11 | 16.72 | 282.13 | 3,708.30 |
| (ii) Undisputed Trade Receivables – considered doubtful | 5.74 | 0.00 | 0.00 | 0.00 | 155.72 | 161.46 |
| (iii) Disputed Trade Receivables considered good | 0.00 | 0.00 | 101.26 | 32.40 | 72.61 | 206.27 |
| (iv) Disputed Trade Receivables considered doubtful | 0.00 | 0.00 | 0.00 | 0.00 | 2.71 | 2.71 |
| Grand Total | 3,282.76 | 35.31 | 198.37 | 49.11 | 513.17 | 4,078.73 |

Provision not done for Undisputed Trade receivable considered doubtful.

CAPITALISATION STATEMENT

| Particulars | Pre-Issue as on September 30, 2023 | Post-Issue** |
|-------------------------------------------------|---------------------------------------|--------------|
| Debt | | |
| Long-term Borrowing (A) | 1584.20 | [●] |
| Short-term Borrowing (B) | 2583.82 | [●] |
| Add: Current maturities of long-term borrowings | 110.02 | [●] |
| Total Debts (C) | 4278.04 | [●] |
| Shareholders' Funds | | |
| Equity Share Capital | 1017.96 | [●] |
| Reserves and Surplus | 4248.66 | [●] |
| Total Shareholders' funds (D) | 5266.62 | [●] |
| Long Term Debt/Equity (C/D) | 0.81 | [●] |

**** Post Issue details will be updated before filing of Letter of Offer.**

Notes:

- 1) Current maturities of long-term borrowings indicate portion of long-term borrowings payable within 12 months.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our Restated Consolidated Financial Statements as of and for the Fiscal 2023, 2022 and 2021 and our Limited Reviewed Unaudited Consolidated Financial Results as of and for six-month period ended September 30, 2023 and corresponding six-month period ended September 30, 2022 included in this Draft Letter of Offer. Our Restated Consolidated Financial Statements for Fiscal 2023, 2022 and 2021, all prepared in accordance with the Companies Act and Indian GAAP and restated in accordance with the SEBI ICDR Regulations including the schedules, annexures and notes thereto and the reports thereon, included in the section titled “Financial Information” on page 108. Unless otherwise stated, the financial information used in this chapter is derived from the Restated Consolidated Financial Statements of our Company.

Our fiscal year ends on March 31 of each year, so all references to a particular “fiscal year” and “Fiscal” are to the twelve (12) month period ended March 31 of that fiscal year.

In this section, unless the context otherwise requires, any reference to “we”, “us” or “our” refers to Affordable Robotic & Automation Limited, our Company. Unless otherwise indicated, financial information included therein are based on our “Restated Consolidated Financial Statements” for the Fiscal 2023, 2022 and 2021 along with Limited Reviewed Unaudited Consolidated Financial Results for the six-month ended September 30, 2023 and corresponding six-month period ended September 30, 2022 included in this Draft Letter of offer beginning on page 108 of this Draft Letter of Offer.

This discussion contains forward looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward looking statements as a result of certain factors such as those set forth in the sections titled “Risk Factors” and “Forward-Looking Statements” on pages 22 and 17, respectively.

OVERVIEW OF OUR BUSINESS

Our Company was originally incorporated as “Affordable Robotic & Automation Private Limited” (ARAPL) at Pune, Maharashtra as a Private Limited Company under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated January 12, 2010, bearing Corporate Identification Number U29299PN2010PTC135298 issued by Registrar of Companies, Pune, Maharashtra. Subsequently, our Company was converted into a Public Limited Company pursuant to a Shareholders’ resolution passed at the Extra-ordinary General Meeting of the Company held on January 24, 2018 and the name of our Company was changed to “Affordable Robotic & Automation Limited” vide a fresh Certificate of Incorporation dated February 02, 2018 issued by the Registrar of Companies, Pune, Maharashtra. The Corporate Identification Number of our Company is L29299PN2010PLC135298 and is currently listed on BSE SME Platform. The Registered office of our Company is located at Village Wadki, Gat No.1209, Taluka Haveli, Pune - 412308, Maharashtra, India.

In the year 2018, our Company made its maiden an initial public offering of 26,81,600 Equity Shares of face value of ₹10/- each at an issue price of ₹ 85/-per Equity Shares aggregating to ₹ 2,279.36 Lakhs and consequently the Equity Shares were listed on SME Platform of BSE Limited (“BSE SME”). The market capitalization of our Company as on November 30, 2023 on SME platform of BSE ₹ 567.97 Crores.

Promoters of our company initially started the proprietorship concern in the year 2005 and started the services/ business of providing turnkey automation solution to automotive, semi-automotive and manufacturing industries. The Company programs and automates the functions of machines used in manufacturing process of automobile industry. The Assembly facility of the Company is situated at Pune, Maharashtra along with the Head office, covering an area of 13,646 sq. meters. The assembly unit is equipped with requisite software, technology, machinery, spares store and other basic amenities for its employees making itself an integrated facility. Our Company is also in the business of assembling and installing automatic multilevel car parking system. This system is preferred by residential complexes, shopping malls, commercial buildings and public sector especially in Smart City projects of various Smart Cities Projects in the Country.

Our Company is promoted by Manohar Padole and Milind Padole. Manohar Padole is the father of Milind Padole. Our individual promoters manage and control the day-to-day affairs of our business operations. Under the leadership of Milind Padole, Managing Director of our Company has seen remarkable growth in its operational performance. Our Promoters have over two decades of experience in the present business. The experience of our promoters and management team is also further reflected in its strong business and financial performance of the

Company condition. Our trained and professional experts are inter alia involved in engineering & design; controls & automation; process study; robotic application; robotic simulation; offline programming; ergonomic study; layout presentation; assembly; material handling design; bulk storage system design; project management; quality and certification; finance & procurement; HR & administration; spares & service support; and training.

Further, our Company specializes in analyzing the process which is followed in its manufacturing activity and thereby strives to provide quality automation solution to increase the productivity and client's satisfaction. The Company has an in-house team with technical expertise who does the required programming by using advanced software. Our Company operates with a customer centric approach whereby our Company focuses on continuous training of team which helps us to be innovative and provide quality solution to our customers. We strive to provide the automation solution which is defect free and highly productive. Our customers in automation business are mostly Automobile industries who use our automation solution in their manufacturing processes. Apart from providing automation solutions, we also manufacture Special Purpose Machine (SPM) as per the requirement of our customers. Foreseeing the growth in car-parking business, our Company by using its automation business expertise has ventured into automated car parking segment which has allowed the Company to gain renowned clients. We are providing various types of highly automated type of parking to our customers suitable to their needs. Company is doing lot of research in various other AI like Vision, Conversation AI & Navigation AI. Future products will have lot of these AIs inbuilt.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our financial condition and results of operations are affected by numerous factors and uncertainties, including those discussed in the section entitled '*Risk Factors*' on page 22 of this Draft Letter of Offer. The following is a discussion of certain factors that have had, and we expect will continue to have, a significant effect on our financial condition and results of operations:

- Any adverse changes in central or state government policies;
- Any adverse development that may affect our operations in India;
- Any qualifications or other observations made by our statutory auditors which may affect our results of operations;
- Loss of one or more of our key customers and/or suppliers;
- An increase in the productivity and overall efficiency of our competitors;
- Our ability to maintain and enhance our brand image;
- Our reliance on third party suppliers for our products;
- General economic and business conditions in the markets in which we operate and in the local, regional and national economies;
- Changes in technology and our ability to manage any disruption or failure of our technology systems;
- Our ability to attract and retain qualified personnel;
- Changes in political and social conditions in India or in countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- The performance of the financial markets in India and globally;
- Any adverse outcome in the legal proceedings in which we are involved;
- Occurrences of natural disasters or calamities affecting the areas in which we have operations;
- Market fluctuations and industry dynamics beyond our control;
- Our ability to compete effectively, particularly in new markets and businesses;
- Changes in foreign exchange rates or other rates or prices;
- Inability to collect our dues and receivables from, or invoice our unbilled services to, our customers, our results of operations;
- Other factors beyond our control;
- Our ability to manage risks that arise from these factors;
- Conflict of interest with our Individual Promoter and other related parties;
- Changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry;
- Termination of customer contracts without cause and with little or no notice or penalty; and
- Inability to obtain, maintain or renew requisite statutory and regulatory permits and approvals or noncompliance with and changes in, safety, health and environmental laws and other applicable regulations, may adversely affect our business, financial condition, results of operations and prospects.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been applied consistently to the periods presented in the Restated Consolidated Financial Statements for Fiscals 2023, 2022 and 2021. For details of our significant accounting policies, please refer section titled “*Financial Information*” on page 108 of this Draft Letter of Offer.

CHANGE IN ACCOUNTING POLICIES IN PREVIOUS 3 YEARS

Except as mentioned in chapter “*Financial Information*” on page 108 of this Draft Letter of Offer, there has been no change in accounting policies in last 3 years.

RESERVATIONS, QUALIFICATIONS AND ADVERSE REMARKS

The auditor has not given any reservation, qualification and adverse remarks on the financial statements of the Company. For details, see section titled “*Financial Information*” on page 108 of this Draft Letter of Offer.

PRINCIPAL COMPONENTS OF OUR STATEMENT OF PROFIT AND LOSS ACCOUNT

The following descriptions set forth information with respect to the key components of the Restated Consolidated Financial Statements for the fiscals 2023, 2022 and 2021.

Total income

Our revenue comprises of:

Revenue from operations

Our revenue from operations is predominantly from revenue by way of charges from sale of services by way of programming and designing the process to be followed by machines/robots used in automobile manufacturing process. It also includes revenue from construction & sale of multi-level parking.

Other Income

Other income comprises non-operating recurring income such as interest on term deposits and non-recurring incomes such as written back of sundry balances, foreign exchange gain/loss, interest income on loan & advances made, custom duty draw-back, discount income and misc. income as applicable.

Expenses

Our expenses primarily comprise of Cost of materials consumed, changes in inventories of work-in-progress and finished goods, Employee Benefit Expenses, Finance Costs, Depreciation & Amortization, Other Expenses.

Cost of materials consumed

Cost of materials consumed consist of consumption of steel fabrications, metal plates, machined steel components, mechanical, pneumatic, hydraulic parts & accessories, electrical & control material, safety equipment & devices, and robots.

Employee benefit expenses

Employee benefit expense consists of salary and wages, bonus, contribution to provident fund, conservancy charges, professional tax, provision for gratuity, labour welfare expenses, directors’ remuneration, workmen compensation insurance expenses and contribution to ESIC.

Finance cost

Finance cost comprises of interest on term loans and working capital facility taken from banks and financial institutions and interest on unsecured loans taken from related parties. Our finance costs also include bank charges on loan and loan processing fees.

Depreciation and Amortization Expense

Depreciation and amortization expense comprises of depreciation on tangible fixed assets and amortization of intangible assets.

Other expenses

Other expenses comprises of rent & maintenance expenses, designing charges, outside labour charges, GST, electricity charges, insurance charges, site expenses, carriage outward, professional fees and consultancy charges, machinery repair & maintenance, payment to auditors, carriage inward expenses, business development expenses, LPG gas expenses, loading and unloading charges, factory expenses, accounting charges, crane hire charges, DG Set rent expenses, interest on statutory dues, regulatory fees paid to ROC, BSE, conveyance charges, postage & telephone, courier charges, diesel & petrol expenses, donations, office expenses, printing & stationery expenses, travelling expenses, GST audit fees, legal charges, car rent, business tour expenses, payment of statutory dues, sundry balances written off, penalties on statutory dues, advertisement, sales promotion, discount, commission expenses, expenses etc., among others.

Tax expenses

Tax expense comprises of current tax and deferred tax. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with applicable tax rates and the provisions of applicable tax laws. Deferred tax liability or asset is recognized based on the difference between taxable profit and book profit due to the effect of timing differences and treatment of expenses. Our deferred tax is measured based on the applicable tax rates and tax laws that have been enacted or substantively enacted as at the relevant balance sheet date.

RESULTS OF OPERATIONS

The following table sets forth, for the limited reviewed unaudited consolidated financial results for the six month ended September 30, 2023 and September 30, 2022, expressed in absolute terms and as a percentage of our total income for the periods indicated.

(₹ in Lakhs)

| Particulars | For the Six month ended September 30, 2023 | | For the Six month ended September 30, 2022 | |
|------------------------------------------------------|-----------------------------------------------|----------------|-----------------------------------------------|----------------|
| | Amount | (%)* | Amount | (%)* |
| Income | | | | |
| Revenue from Operations | 4,280.93 | 99.82 | 1,813.48 | 99.98 |
| Other Incomes | 7.67 | 0.18 | 0.42 | 0.02 |
| Total Income | 4,288.60 | 100.00 | 1,813.90 | 100.00 |
| Expenses: | | | | |
| Cost of materials consumed | 2,991.49 | 69.75 | 1,352.61 | 74.57 |
| Employee Benefit Expenses | 974.26 | 22.72 | 656.95 | 36.22 |
| Finance Costs | 157.99 | 3.68 | 113.57 | 6.26 |
| Depreciation & Amortization | 61.25 | 1.43 | 62.29 | 3.49 |
| Other Expenses | 783.90 | 18.28 | 488.09 | 26.91 |
| Total Expenses | 4,968.89 | 115.86 | 2,673.51 | 147.45 |
| Profit/(Loss) before exceptional item and Tax | (680.30) | (15.86) | (859.60) | (47.39) |
| Exceptional Items | - | - | - | - |
| Profit/(Loss) before Tax | (680.30) | (15.86) | (859.60) | (47.39) |
| Tax Expenses: | | | | |
| (i) Current tax | - | - | - | - |
| (ii) Deferred Tax | (0.88) | (0.02) | (4.00) | (0.22) |
| Profit/ (Loss) After Tax | (679.42) | (15.84) | (855.60) | (47.17) |
| Other Comprehensive Income | | | | |

| | | | | |
|---------------------------------------------------------------------------------|-----------------|----------------|-----------------|----------------|
| a) Items that will not be reclassified to profit or loss | - | - | - | - |
| b) Income tax relating to items that will not be reclassified to profit or loss | - | - | - | - |
| Total Comprehensive Income | - | - | - | - |
| Total Comprehensive Income/(Loss) for the period | (679.42) | (15.84) | (855.60) | (47.17) |

*(%) column represents percentage of total income.

COMPARISION OF SIX MONTHS ENDED SEPTEMBER 30, 2023 WITH SIX MONTHS ENDED SEPTEMBER 30, 2022

Total income

Our total income has increased by 136.43% to ₹ 4,288.60 lakhs for the period ended September 30, 2023 from ₹ 1,813.90 lakhs for the period ended September 30, 2022, bifurcated into revenue from operations and other income.

Revenue from operations

Our revenue from operations for period ended September 30, 2023 was ₹ 4,280.93 lakhs from ₹ 1,813.48 lakhs for the period ended September 30, 2022, representing an increase of 136.06%. The increase in total revenue from operations was primarily on account of revenue received on account of charges from programming and designing of process to be followed by automated industrial machines and robots and also by construction & sales of multi-level parking structures.

Other Income

Our other income for the period ended September 30, 2023 was ₹ 7.67 lakhs from ₹ 0.42 lakhs for the period ended September 30, 2022 representing an increase of 1726.19%. This increase was primarily due to Interest received from the Fixed deposits.

Total Expenses

Our total expenses increased to ₹ 4,968.89 lakhs for the period ended September 30, 2023 from ₹ 2,673.51 lakhs for the period ended September 30, 2022 representing an increase of 85.79%. Bifurcated in varied expenses as explained below:

Cost of Material Consumed

Cost of materials consumed for the period ended September 30, 2023 was ₹ 2,991.49 lakhs as compared to ₹ 1,352.61 lakhs for the period ended September 30, 2022 representing an increase of 121.16%. The increase in Cost of Material Consumed was primarily due to increase in Revenue.

Employee Benefit Expenses

Our Company has incurred ₹ 974.26 lakhs of employee benefit expenses for the period ended September 30, 2023, as compared to ₹ 656.95 lakhs for the period ended September 30, 2022, reflecting an increase of 48.30%. The increase in Employee Benefit Expenses was primarily due to increase in manpower.

Finance Cost

Finance costs increased to ₹ 157.99 lakhs for the period ended September 30, 2023 from ₹ 113.57 lakhs for the period ended September 30, 2022, representing an increase of 39.11%. The increase in Finance Cost was primarily due to growth in Business.

Depreciation & Amortization expense

Depreciation and amortization expenses was decreased to ₹ 61.25 lakhs for the period ended September 30, 2023 from ₹ 62.29 lakhs for the period ended September 30, 2022, representing a decrease of 3.22%. The decrease in Depreciation & Amortization expense was primarily due to No additional Capex incurred during the period.

Other expense

Our other expenses was increased to ₹ 783.90 lakhs for the period ended September 30, 2023 from ₹ 488.09 lakhs for the period ended September 30, 2022 representing an increase of 60.61%. This increase was primarily due to increase in the revenue and its increase in variable Growth.

Profit / (Loss) before Tax

Our Loss before tax for the period ended September 30, 2023 was ₹ 680.30 lakhs as compared to a loss before tax of ₹ 859.60 lakhs for the period ended September 30, 2022 representing a decrease of 20.86%. The decrease in profit/loss account was primarily due to increase in the revenue during the period.

Taxation

Our Deferred tax asset for period ended September 30, 2023 was ₹ 0.88 lakhs and ₹ 4.00 lakhs for the period ended September 30, 2022.

Profit/Loss after Tax

Our Loss after tax for the period ended September 30, 2023 was ₹ 679.42 lakhs as compared to a loss before tax of ₹ 855.60 lakhs, for the period ended September 30, 2022, representing a decrease of 20.59%. This is mainly due to increase in the revenue during the period.

The following table sets forth, for the periods indicated, certain items from our restated consolidated financial statements, in each case also stated as a percentage of our total income:

(₹ in Lakhs)

| Particulars | For the Year Ended March 31, 2023 | | For the Year Ended March 31, 2022 | | For the Year Ended March 31, 2021 | |
|----------------------------------------------------------|--------------------------------------|---------------|--------------------------------------|---------------|--------------------------------------|---------------|
| | Amount | (%)* | Amount | (%)* | Amount | (%)* |
| Revenue | | | | | | |
| Revenue from Operations | 11,378.68 | 99.81 | 8,109.75 | 99.83 | 5,610.42 | 99.69 |
| Other Incomes | 21.70 | 0.19 | 13.53 | 0.17 | 17.20 | 0.31 |
| Total Revenue | 11,400.38 | 100.00 | 8,123.28 | 100.00 | 5,627.62 | 100.00 |
| Expenses: | | | | | | |
| Cost of materials consumed | 7,485.80 | 65.66 | 5,057.19 | 62.26 | 3,705.54 | 65.85 |
| Employee Benefit Expenses | 1,652.96 | 14.50 | 1,422.33 | 17.51 | 1,108.52 | 19.70 |
| Finance Costs | 272.68 | 2.39 | 218.94 | 2.70 | 222.99 | 3.96 |
| Depreciation & Amortization | 141.30 | 1.24 | 141.41 | 1.74 | 176.44 | 3.14 |
| Other Expenses | 1,476.58 | 12.95 | 1,037.73 | 12.77 | 774.28 | 13.76 |
| Total Expenses | 11,029.32 | 96.75 | 7,877.60 | 96.98 | 5,987.77 | 106.40 |
| Profit/(Loss) before exceptional item and Tax | 371.06 | 3.25 | 245.68 | 3.02% | (360.15) | (6.40) |
| Exceptional Items | - | - | - | - | - | - |
| Profit before Tax | 371.06 | 3.25 | 245.68 | 3.02 | (360.15) | (4.43) |
| Tax Expenses: | | | | | | |
| (i) Current tax | 153.05 | 1.34 | 6.48 | 0.08 | - | - |
| (ii) Deferred Tax | 1.88 | 0.02 | 2.29 | 0.03 | (6.82) | (0.08) |
| Profit/ (Loss) After Tax | 216.13 | 1.90 | 236.91 | 2.92 | (353.33) | (4.35) |
| Other Comprehensive Income | | | | | | |
| a) Items that will not be reclassified to profit or loss | - | - | - | - | - | - |

| Particulars | For the Year Ended March 31, 2023 | | For the Year Ended March 31, 2022 | | For the Year Ended March 31, 2021 | |
|---------------------------------------------------------------------------------|--------------------------------------|-------------|--------------------------------------|-------------|--------------------------------------|---------------|
| | Amount | (%)* | Amount | (%)* | Amount | (%)* |
| b) Income tax relating to items that will not be reclassified to profit or loss | - | - | - | - | - | - |
| Total Comprehensive Income | - | - | - | - | - | - |
| Total Comprehensive Income for the period | 216.13 | 1.90 | 236.91 | 2.92 | (353.33) | (4.35) |

* (%) column represents percentage of total revenue.

COMPARISON OF HISTORICAL RESULTS OF OPERATIONS

COMPARISION OF FISCAL 2023 WITH FISCAL 2022

Total Income

Our total revenue for the Fiscal 2023 was ₹ 11,400.38 lakhs as compared to ₹ 8,123.28 lakhs for the Fiscal 2022, representing an increase of 40.34%. Bifurcated into revenue from operations and other income:

Revenue from operations

Our revenue from operations for the Fiscal 2023 was ₹ 11,378.68 lakhs as compared to ₹ 8,109.75 lakhs for the Fiscal 2022, representing an increase of 40.31%. The increase in Revenue from operations was primarily due to increase in the sales of automation and car parking business.

Other Income

Our other income for the Fiscal 2023 was ₹ 21.70 lakhs as compared to ₹ 13.53 lakhs for the Fiscal 2022, representing an increase of 60.38%. The increase in other income was primarily due to Increase in the receipt of interest on Fixed Deposits with the Bank.

Total Expenses

Our Total Expenses for the Fiscal 2023 was ₹ 11,029.32 lakhs as compared to ₹ 7,877.60 lakhs for the Fiscal 2022, representing an increase of 40.01%. Bifurcated in varied expenses as explained below:

Cost of materials consumed

Cost of materials consumed for the Fiscal 2023 was ₹ 7,485.80 lakhs as compared to ₹ 5,057.19 lakhs for the Fiscal 2022 representing an increase of 48.02%. The increase in Cost of materials consumed was primarily due to increase in purchases of material consumed by the Company.

Employee benefits Expenses

Our employee benefit expenses for the Fiscal 2023 was ₹ 1,652.96 lakhs as compared to ₹ 1,422.33 lakhs for the Fiscal 2022, representing an increase of 16.22%. The increase in Employee benefits expenses was primarily due to Team expansion and increase in the annual compensation to the existing employee.

Finance costs

Finance costs for the Fiscal 2023 was ₹ 272.68 lakhs as compared to ₹ 218.94 lakhs for the Fiscal 2022 representing an increase of 24.55%. The increase in finance costs was primarily due to increase in interest on working capital loan by bank, bank charges, and bank interest on term loan.

Depreciation and amortization Expenses

Our depreciation and amortization expenses for the Fiscal 2023 was ₹ 141.30 lakhs as compared to ₹ 141.41 lakhs for the Fiscal 2022, representing a decrease of 0.08%. The decrease in Depreciation and amortization expenses was primarily due to No additional Capex incurred during the period.

Other expenses

Our other expenses for the Fiscal 2023 was ₹ 1,476.58 lakhs as compared to ₹ 1,037.73 Lakhs for the Fiscal 2022, representing an increase of 42.28%. This increase pertains to proportionate increase of variable expenses.

Profit/Loss before Tax

The profit before tax for the Fiscal 2023 was ₹ 371.06 lakhs as compared to ₹ 245.68 lakhs for the Fiscal 2022, representing an increase of 51.03%. The increase in profit before tax was primarily due to Increase in the revenue and Growth in the Business.

Taxation

Total tax expense for the Fiscal 2023 was ₹ 154.93 lakhs as compared to ₹ 8.77 lakhs for the Fiscal 2022, representing an increase of 1666.59%. The increase was primarily due to Increase in the revenue and Profit.

Profit/Loss after Tax

As a result of the aforesaid, Our Company earned a profit for the year on a basis for the Fiscal 2023 was ₹ 216.13 lakhs as compared to ₹ 236.91 lakhs for the Fiscal 2022, representing a decrease of 8.77%. The decrease was primarily due to loss occurred in the subsidiaries during the period.

COMPARISON OF HISTORICAL RESULTS OF OPERATIONS

COMPARISION OF FISCAL 2022 WITH FISCAL 2021

Total Income

Our total revenue for the Fiscal 2022 was ₹ 8,123.28 lakhs as compared to ₹ 5,627.62 lakhs for the Fiscal 2021, representing an increase of 44.35%. Bifurcated into revenue from operations and other income:

Revenue from operations

Our revenue from operations for the Fiscal 2022 was ₹ 8,109.75 lakhs as compared to ₹ 5,610.42 lakhs for the Fiscal 2021, representing an increase of 44.55%. The increase in Revenue from operations was primarily due to increase in the sales of automation and car parking business.

Other Income

Our other income for the Fiscal 2022 was ₹ 13.53 lakhs as compared to ₹ 17.20 lakhs for the Fiscal 2021, representing a decrease of 21.34%. The decrease in other income was primarily due to decrease in the interest on Fixed Deposit with the Bank.

Total Expense

Our Total Expense for the Fiscal 2022 was ₹ 7,877.60 lakhs as compared to ₹ 5,987.77 lakhs for the Fiscal 2021, representing an increase of 31.56%, bifurcated in varied expenses as explained below:

Cost of materials consumed

Cost of materials consumed for the Fiscal 2022 was ₹ 5,057.19 lakhs as compared to ₹ 3,705.54 lakhs for the Fiscal 2021 representing an increase of 36.48% The increase in Cost of materials consumed was primarily due to increase in purchases of material consumed by the Company.

Employee benefits Expenses

Our employee benefit expenses for the Fiscal 2022 was ₹ 1,422.33 lakhs as compared to ₹ 1,108.52 lakhs for the Fiscal 2021, representing an increase of 28.31%. The increase in Employee benefits expenses was primarily due to Team expansion and increase in the Annual compensation to the employee.

Finance costs

Finance costs for the Fiscal 2022 was ₹ 218.94 lakhs as compared to ₹ 222.99 lakhs for the Fiscal 2021 representing a decrease of 1.82%. The decrease in finance cost was primarily due to lower utilisation of Funds happened due to lower interest on working capital loan by bank, reduction in bank charges, and reduction of bank interest on term loan.

Depreciation and amortization Expenses

Our depreciation and amortization expenses for the Fiscal 2022 was ₹ 141.41 lakhs as compared to ₹ 176.44 lakhs for the Fiscal 2021, representing a decrease of 19.85%. The decrease in Depreciation and amortization expenses was primarily due to No additional Capex incurred during the period.

Other Expenses

Our other expenses for the Fiscal 2022 was ₹ 1,037.73 lakhs as compared to ₹ 774.28 Lakhs for the Fiscal 2021, representing an increase of 34.03%. This increase pertains to variable Expenses increased to the proportion of Revenue increase.

Profit/Loss before Tax

The profit before tax for the Fiscal 2022 was ₹ 245.68 lakhs as compared to loss before the tax of ₹ 360.15 lakhs for the Fiscal 2021, representing an increase of 168.22%. The Profit for Fiscal 2022 was mainly due to Increase in the Revenue.

Taxation

Total tax expense for the Fiscal 2022 was ₹ 8.77 lakhs and a deferred tax income for the Fiscal 2021 was ₹ 6.82 lakhs, The was due to difference in the calculation of Depreciation as per IT Act and Companies Act.

Profit/Loss after Tax

As a result of the aforesaid, Our Company earned a profit for the year on a basis for the Fiscal 2022 was ₹ 236.91 lakhs as compared to loss after tax of ₹ 353.33 lakhs for the Fiscal 2021, representing an increase of 167.05%. The increase in profit before tax was primarily due to Increase in the Revenue.

CASH FLOWS

Comparison of Cash Flow for the period ended September 30, 2023, September 30, 2022 and September 30, 2021

The table below summaries our cash flows from our Limited Reviewed Unaudited Consolidated Financial Information for the six months ended September 30, 2023, September 30, 2022 and September 30, 2021.

| <i>(₹ in lakhs)</i> | | | |
|-------------------------------------------------------------------|----------------------------------------------------|----------------------------------------------------|----------------------------------------------------|
| Particulars | For the six months ended September 30, 2023 | For the six months ended September 30, 2022 | For the six months ended September 30, 2021 |
| Net (loss)/profit before tax | (680.30) | (859.60) | 41.58 |
| Net cash generated from/ (used in) operating activities | (78.61) | (129.16) | 115.97 |
| Net cash generated from/ (used in) investing activities | (104.99) | (224.88) | (16.47) |
| Net cash generated from/ (used in) financing activities | (187.88) | 237.57 | (104.10) |
| Net increase/ (decrease) in cash and cash equivalents | (371.48) | (116.47) | (4.60) |
| Cash and cash equivalents at the beginning of the year | 723.35 | 456.07 | 235.13 |
| Cash and cash equivalents for the period ended September 30, 2023 | 351.87 | 339.60 | 230.53 |

Operating Activities

Our net cash used in operating activities was ₹ 78.61 lakhs for the six months ended September 2023. Our operating loss/profit before working capital changes was ₹ 464.88 lakhs for the six months ended September 2023 which was primarily adjusted for Working Capital Utilisation.

Our net cash used in operating activities was ₹ 129.16 lakhs for the six months ended September 2022. Our operating loss/profit before working capital changes was ₹ 683.74 lakhs for the six months ended September 2022 which was primarily adjusted for Working Capital Utilisation.

Our net cash generated from operating activities was ₹ 115.97 lakhs for the six months ended September 2021. Our operating profit before working capital changes was ₹ 195.03 lakhs for the six months ended September 2021 which was primarily adjusted for Working Capital Utilisation.

Investing activities

Net cash used in investing activities was ₹ 104.99 lakhs for the six months ended September 2023. This was primarily on account of Increase in Capital Work in Progress and purchase of assets.

Net cash used in investing activities was ₹ 224.88 lakhs for the six months ended September 2022. This was primarily on account of Increase in Capital Work in Progress and purchase of assets.

Net cash used in investing activities was ₹ 16.47 lakhs for the six months ended September 2021. This was primarily on account of purchase of assets.

Financing activities

Net cash used in financing activities for the six months ended September 2023 was ₹ 187.88 lakhs. This was on account of Interest Payment and Repayment of Borrowings.

Net cash generated from financing activities for the six months ended September 2022 was ₹ 237.57 lakhs. This was on account of Increase in the Equity Capital.

Net cash used in financing activities for the six months ended September 2021 was ₹ 104.10 lakhs. This was on account of Interest Payment and Repayment of Borrowings.

Comparison of Cash Flow for the Fiscal 2023, Fiscal 2022 and Fiscal 2021:

The table below summaries our cash flows from our Restated Consolidated Financial Information for the financial year ended March 31, 2023, March 31, 2022 and March 31, 2021:

(₹ in lakhs)

| Particulars | Fiscal 2023 (Consolidated) | Fiscal 2022 (Consolidated) | Fiscal 2021 (Consolidated) |
|--------------------------------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Net (loss) / profit before tax | 371.06 | 245.68 | (360.15) |
| Net cash generated from/ (used in) operating activities | (1.60) | 97.03 | 283.54 |
| Net cash generated from/ (used in) investing activities | (475.47) | (565.38) | (199.54) |
| Net cash generated from/ (used in) financing activities | 759.35 | 673.28 | (20.31) |
| Net increase/ (decrease) in cash and cash equivalents | 282.28 | 204.93 | 63.69 |
| Cash and cash equivalents at the beginning of the fiscal | 441.07 | 236.13 | 172.44 |
| Cash and cash equivalents at fiscal end | 723.35 | 441.06 | 236.13 |

Operating Activities

Operating activities comprise of profit/(loss) for the year before interest, depreciation and finance charges, changes in working capital and further adjustment of non-cash items.

Net cash used in operating activities was ₹ 1.60 lakhs for the financial year 2022-23. Our operating profit before working capital changes was ₹ 777.93 lakhs for the financial year 2022-23 which was primarily adjusted for Working Capital requirements.

Net cash generated from operating activities was ₹ 97.03 lakhs for the financial year 2021-22. Our operating profit before working capital changes was ₹ 599.82 lakhs for the financial year 2021-22 which was primarily adjusted for Working Capital requirements.

Net cash generated from operating activities was ₹ 283.54 lakhs for the financial year 2020-21. Our operating profit before working capital changes was ₹ 31.46 lakhs for the financial year 2020-21 which was primarily adjusted for Working Capital requirements.

Investing Activities

Investing activities comprises of Purchase of Fixed Assets, Sale of Fixed Assets, Capital work in Progress, Long Term Advances, Non Current Assets, Non Current Investment, Interest on FD.

Net cash used in investing activities was ₹ 475.47 lakhs for the financial year 2022-23. This was primarily on account of Increase in Capital Work in Progress and purchase of assets.

Net cash used in investing activities was ₹ 565.38 lakhs for the financial year 2021-22. This was primarily on account of Increase in Capital Work in Progress and purchase of assets.

Net cash used in investing activities was ₹ 199.54 lakhs for the financial year 2020-21. This was primarily on account of Increase in Capital Work in Progress and purchase of assets.

Financing Activities

Financing activities comprises of Proceeds from Long term Borrowings, Cash Received from Share Premium and Interest paid.

Net cash generated from financing activities for the financial year 2022-23 was ₹ 759.35 lakhs. This was on account of Long Terms Borrowings and Increase in the Share Capital Premium.

Net cash generated from financing activities for the financial year 2021-22 was ₹ 673.28 lakhs. This was on account of Long Terms Borrowings and Increase in the Share Capital Premium.

Net cash used in financing activities for the financial year 2020-21 was ₹ 20.31 lakhs. This was on account of payment of interest.

Financial Indebtedness

Our total outstanding secured and unsecured borrowing from banks & financial institutions is bifurcated into following manner for the period mentioned below:

(₹ in lakhs)

| Category of Borrowings | O/s as on September 30, 2023 | O/s as on March 31, 2023 | O/s as on March 30, 2022 | O/s as on March 30, 2021 |
|-------------------------------|------------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Long Term Borrowings | 2,143.84 | 2,173.73 | 1,545.17 | 1,152.68 |
| - Term Loans* | 1,584.20 | 1,611.38 | 1,491.49 | 1,102.48 |
| - Other Non-Current liability | 559.63 | 562.35 | 53.68 | 50.20 |
| Short Term Borrowings | 2,693.83 | 2,216.25 | 1535.46 | 1480.17 |
| Total | 4,837.67 | 4,389.98 | 3,080.62 | 2,632.85 |

Contingent Liabilities

The Company does not have any contingent liabilities or other commitments as on the balance sheet date.

Off-Balance Sheet Arrangements

We do not have any other off-balance sheet arrangements or other relationships with unconsolidated entities, such as special purpose vehicles, that have been established for the purposes of facilitating off-balance sheet arrangements.

Capital Expenditure

Our capital expenditures are mainly related to the Setting up of Experience Zone of ARAPL RaaS, Machinery Procurement, Software procurement and capitalisation of interest payments on the loan of Capital WIP. The primary source of financing for our capital expenditures has been cash generated from our Internal accruals. For the Financial Year 2023, the Financial Year 2022 and the Financial Year 2021, we incurred capital expenditure of ₹ 416.27 lakhs, ₹ 408.02 lakhs and ₹ 167.27 lakhs respectively.

Qualitative Disclosure about Market Risk

The Company's financial liabilities comprise mainly of borrowings, trade, other payables and financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables. The Company is exposed to Market risk, Credit risk and Liquidity risk. The Board of the Company monitors the risk as per risk management policy. Further, the Audit Committee has additional oversight in the area of financial risks and controls. For further details of such risk, refer chapter titled "*Financial Information*" beginning on page 108 of this Draft Letter of Offer.

Reservations, qualifications and adverse remarks

There have been no reservations, qualifications and adverse remarks however there are some key audit matters. Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. The same has been addressed in chapter titled "*Financial Information*" beginning on page 108 of this Draft Letter of Offer.

Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations

Other than as described in the section titled "*Risk Factors*" and chapter titled "*Management's Discussion and Analysis of Financial Conditions and Results of Operations*" beginning on pages 22 and 146, respectively, to our knowledge there are no known trends or uncertainties that have or are expected to have a material adverse impact on our income from continuing operations.

Unusual or Infrequent Events or Transactions

Except as described elsewhere in this Draft Letter of Offer, there have been no unusual or infrequent events or transactions including unusual trends on account of business activity, unusual items of income, change of accounting policies and discretionary reduction of expenses.

Significant economic/regulatory changes

Government policies governing the sector in which we operate as well as the overall growth of the Indian economy has a significant bearing on our operations. Major changes in these factors can significantly impact income from continuing operations.

There are no significant economic changes that materially affected our Company's operations or are likely to affect income except as mentioned in the section titled "*Risk Factors*" on page 22 of this Draft Letter of Offer.

Except as disclosed in this Draft Letter of Offer, to our knowledge, there are no significant regulatory changes that materially affected or are likely to affect our income from continuing operations.

Expected future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known

Other than as described in the section titled "*Risk Factors*" and chapter titled "*Management's Discussion and Analysis of Financial Conditions and Results of Operations*" beginning on pages 22 and 146, respectively, and elsewhere in this Draft Letter of Offer, there are no known factors to our knowledge which would have a material adverse impact on the relationship between costs and income of our Company. Our Company's future costs and revenues will be determined by demand/supply situation and government policies.

The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices

The increase in revenue is by and large linked to due to increase in the sales of automation and car parking business.

Competitive Conditions

We expect competition in the sector from existing and potential competitors to vary. However, on account of our core strengths like customer relationship management, active price negotiations and effective machine availability, we are able to stay competitive. For further details, kindly refer the chapter titled “*Our Business*” beginning on page 80 of this Draft Letter of Offer.

Total Turnover of Each Major Business Segment

Our business is limited to a single reportable segment.

New Product or Business Segment

Except as disclosed in “*Our Business*” on page 80 of this Draft Letter of Offer, we have not announced and do not expect to announce in the near future any new products or business segments.

Seasonality of Business

Our Business is not seasonal in nature.

Significant dependence on a Single or Few Suppliers or Customers

Other than as described in this Draft Letter of Offer, particularly in sections “*Risk Factors*” on page 22 of this Draft Letter of Offer, to our knowledge, there is no significant dependence on a single or few customers or suppliers.

Related Party Transactions

Related party transactions with certain of our promoters, directors and their entities and relatives primarily relate to purchase and sale of products, remuneration, sitting fees, borrowings, deposits, rent, interest, etc. For further details of such related parties under AS-18, refer chapter titled “*Financial Information*” beginning on page 108 of this Draft Letter of Offer.

Subsidiary Company

The list of direct and step-down subsidiaries of the company are given below:

| Sr. No. | Name of the Subsidiary | Principal Activity | Country of Incorporation | Relationship | Effective Ownership Interest as at | | |
|---------|----------------------------------------------|----------------------------------------------------------------------------------|--------------------------|-------------------|------------------------------------|----------------|----------------|
| | | | | | March 31, 2023 | March 31, 2022 | March 31, 2021 |
| 1 | ARAPL Intelligent Equipment Shanghai Co. Ltd | The Company is incorporated for carrying on business of Automation | China | Subsidiary | 80.00% | 80.00% | 80.00% |
| 2 | ARAPL North America LLC | To carry on business of Automation and Car parking | Michigan, USA | Subsidiary | 100.00% | 100.00% | 100.00% |
| 3 | Masterji AI Private Limited | To carry on business of cater education market thru artificial intelligent based | Pune, India | December 30, 2020 | Subsidiary | Active | 67.00% |

| | | | | | | | |
|---|--------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|---------------------|------------------|-----------------|--------|--------|
| | | B2B and B2C education and Training Business | | | | | |
| 4 | ARAPL RaaS Private Limited | To Providing Robotic Warehousing Solutions to FMCG, Fashion stores, E-Commerce and like Businesses. | Pune, India | October 17, 2021 | Subsidiary | Active | 83.27% |
| 5 | ARAPL RaaS International LLC (Direct subsidiary of ARAPL RaaS Private Limited) | To carry on business to expand Robotic Warehousing. | North Carolina, USA | August 11, 2022 | Step Subsidiary | Active | 81.20% |
| 6 | ARAPL RaaS US, INC | The Company is incorporated for carrying on business of Automation | Delaware, USA | May 19, 2023 | Subsidiary | Active | 79.38% |

Associate Company

Our Company does not have any Associate Company as on the date of this Draft Letter of Offer.

Key management personnel (KMP) of the reporting entity:

| Sr. No | Name | Designation |
|--------|-----------------------------------|-------------------------|
| 1 | Sengunthar Dakshnamurthy Kalidass | Chief Financial Officer |
| 2 | Ruchika Jitendrakumar Shinde | Company Secretary |

Significant Developments since last balance sheet date

Except as disclosed above and in this Draft Letter of Offer, including under “*Our Business*” and “*Risk Factors*” on pages 80 and 22, respectively, to our knowledge no circumstances have arisen since September 30, 2023, the date of the last financial information disclosed in this Draft Letter of Offer which materially and adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

MARKET PRICE INFORMATION

Our Company's Equity Shares have been listed and actively being traded on SME Platform of BSE Limited only from June 04, 2018.

- a) Year is a Financial Year;
- b) Average price is the average of the daily closing prices of the Equity Shares for the year, or the month, as the case may be;
- c) High price is the maximum of the daily high prices and low price is the minimum of the daily low prices of the Equity Shares, as the case may be, for the year, or the month, as the case may be; and
- d) In case of two days with the same high / low / closing price, the date with higher volume has been considered.

Stock Market Data of the Equity Shares

The high, low and average market closing prices recorded on the Stock Exchange during the last three years and the number of Equity Shares traded on these days are stated below:

BSE Limited

| Financial Year | High (₹) | Date of high | No. of shares traded on date of high | Total volume traded on date of high (in ₹) | Low (₹) | Date of low | No. of shares traded on date of low | Total volume of traded on date of low (in ₹) | Average price for the year (₹) |
|----------------|----------|--------------|--------------------------------------|--------------------------------------------|---------|-------------|-------------------------------------|----------------------------------------------|--------------------------------|
| 2023 | 404.00 | 23-01-2023 | 64,800 | 2,60,35,960 | 106.10 | 21-06-2022 | 34,400 | 37,93,120 | 196.78 |
| 2022 | 208.50 | 21-01-2022 | 8,000 | 16,68,000 | 83.80 | 19-04-2021 | 25,600 | 21,72,160 | 125.09 |
| 2021 | 111.70 | 22-02-2021 | 41,600 | 46,45,600 | 19.55 | 14-05-2020 | 3,200 | 62,560 | 54.58 |

(Source: www.bseindia.com)

Notes:

High, low and average prices are based on the daily closing prices.

In case of two days with the same high or low price, the date with the high volume has been considered.

Market Prices for the last six calendar months

The total number of days trading during the past six months, from June 2023 to November 2023 was 125. The average volume of Equity Shares traded on the BSE was 34,395 per day.

The high and low prices and volume of Equity Shares traded on the respective date on the BSE during the last six months preceding the date of filing of this Draft Letter of Offer are as follows:

BSE Limited

| Month | Date of high | High (₹)* | Volume (No. of shares) | Total volume traded on date of high (in ₹) | Date of low | Low (₹)* | Volume (No. of shares) | Total volume traded on date of low (in ₹) | Average price for the month (₹)** |
|----------|--------------|-----------|------------------------|--------------------------------------------|-------------|----------|------------------------|-------------------------------------------|-----------------------------------|
| Nov 2023 | 03-11-2023 | 646.60 | 14,400 | 93,12,820 | 28-11-2023 | 539.05 | 61,400 | 3,22,03,820 | 595.34 |
| Oct 2023 | 16-10-2023 | 701.50 | 42,000 | 2,87,36,960 | 23-10-2023 | 636.45 | 29,200 | 1,89,15,840 | 657.39 |
| Sep 2023 | 01-09-2023 | 777.15 | 28,000 | 2,18,78,640 | 28-09-2023 | 630.35 | 15,600 | 1,00,15,620 | 689.12 |
| Aug 2023 | 28-08-2023 | 841.40 | 62,400 | 5,18,16,300 | 02-08-2023 | 520.00 | 15,600 | 81,82,440 | 682.45 |
| Jul 2023 | 11-07-2023 | 562.65 | 84,800 | 4,84,91,560 | 05-07-2023 | 473.75 | 48,400 | 2,28,27,780 | 515.89 |
| Jun 2023 | 30-06-2023 | 499.10 | 54,000 | 2,70,55,360 | 01-06-2023 | 357.80 | 47,600 | 1,70,62,140 | 423.97 |

(Source: www.bseindia.com)

* High and low prices are based on the high and low of the daily closing prices.

**Average of the daily closing prices.

In the event the high or low or closing price of the Equity Shares are the same on more than one day, the day on which there has been higher volume of trading has been considered for the purposes of this chapter.

The Board of our Company has approved the Issue at their meeting held on October 06, 2023. The high and low prices of our Company's shares as quoted on the BSE on October 09, 2023, the day on which the trading happened immediately following the date of the Board meeting is as follows:

| Date | Volume (No of equity Shares) | Highest Price (₹) | Low price (₹) |
|-------------------|-------------------------------------|--------------------------|----------------------|
| BSE | | | |
| October 09, 2023* | 21,600 | 675.00 | 641.45 |

Source: www.bseindia.com

Note: October 07, 2023 and October 08, 2023 fall on Saturday and Sunday respectively, which is a trading holidays. Hence, consider October 09, 2023 trading details in the above table.

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND DEFAULTS

Except as stated in this section, there are no outstanding (i) criminal proceedings involving our Company, Subsidiaries, Directors or Promoters; (ii) actions by any statutory or regulatory authorities involving our Company, Subsidiaries, Directors or Promoters; or (iii) claim involving our Company, Subsidiaries, Directors or Promoters for any direct or indirect tax liabilities (disclosed in a consolidated manner giving the total number of claims and total amounts involved), (iv) proceeding involving our Company, Subsidiaries, Directors or Promoters (other than proceedings covered under (i) to (iii) above) which has been determined to be “material” pursuant to our Company’s ‘Policy on determination of materiality of events’ framed in accordance with Regulation 30 of the SEBI Listing Regulations (“Materiality Policy”).

In terms of the Materiality Policy, other than outstanding criminal proceedings, actions taken by any statutory or regulatory authority and claims for any direct or indirect tax liabilities mentioned in point (i) to (iii) above, all other pending litigation:

A. involving our Company and Subsidiaries (“Relevant Parties”):

- i. where the aggregate monetary claim made by or against the Relevant Parties, in any pending civil litigation proceeding exceeds the lower of the following: (a) two percent of turnover, as per the last Restated Financial Statements of the listed entity; (b) two percent of net worth, as per the last Restated Financial Statements of the listed entity, except in case the arithmetic value of the net worth is negative; (c) five percent of the average of absolute value of profit or loss after tax, as per the last three Restated Financial Statements of the listed entity shall be considered material and will be disclosed in the Offer Documents. Five percent of the average of absolute value of profit or loss after tax, as per the last three Restated Financial Statements being ₹ 1.66 lakhs. Accordingly, all outstanding civil litigation proceedings where the aggregate monetary claim made by or against the Relevant Parties, in any such pending litigation proceeding is in excess of ₹ 1.66 lakhs shall be considered material;*
- ii. where the monetary liability is not quantifiable, or which does not fulfil the threshold specified in (i) above, but the outcome of which could, nonetheless may have a material adverse effect on the position, business, operations, prospects or reputation of our Company will be considered “material” and will be disclosed in the Offer Documents.*

B. involving our Directors and our Promoters (individually or in aggregate), the outcome of which would materially and adversely affect the business, operations, prospects, financial position or reputation of our Company, irrespective of the amount involved, has been considered as material.

Further, except as disclosed in this section, there are no disciplinary action taken against any of our Promoters by SEBI or the Stock Exchange in the five Fiscals preceding the date of this Draft Letter of Offer.

Further, in accordance with the Materiality Policy, a creditor of our Company, shall be considered to be material creditor (except banks and financial institutions from whom our Company has availed financing facilities) for the purpose of disclosure in the offer documents, if amounts due to such creditor exceeds 1 per cent of the total trade payables of our Company as per the most recently completed Fiscal as per the Restated Financial Information. Accordingly, we have disclosed consolidated information of outstanding dues owed to any creditors of our Company, separately giving details of number of cases and amount for all dues where each of the dues exceed ₹ 40.00 lakhs (being approximately 1% of total trade payables of our Company as at September 30, 2023 as per the Limited Reviewed Unaudited Consolidated Financial Information) (“Material Dues”). Further, in accordance with the Materiality Policy for the disclosure of the outstanding dues to any party which is a micro, small or a medium enterprise (“MSME”) will be based on information available with our Company regarding status of the creditor as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended.

Unless stated to the contrary, the information provided in this section is as of the date of this Draft Letter of Offer. All terms defined in a summary pertaining to a particular litigation shall be construed only in respect of the summary of the litigation where such term is used.

1. LITIGATION INVOLVING OUR COMPANY

i. Litigation against our Company

1. Criminal Proceedings

Nil

2. Actions taken by Statutory/Regulatory Authorities

Nil

3. Tax Proceedings

Below are the details of pending tax cases involving our Company, specifying the number of cases pending and the total amount involved:

(₹ in lacs)

| Particulars | Number of cases | Amount involved* |
|---------------------------------|-----------------|------------------|
| Indirect Tax | | |
| Sales Tax/VAT | 1 | 27.35 |
| Central Excise | Nil | Nil |
| Customs | Nil | Nil |
| Service Tax | 1 | 123.00 |
| GST | Nil | Nil |
| Total | 2 | 150.35 |
| Direct Tax | | |
| Cases filed against our Company | Nil | Nil |
| Cases filed by our Company | Nil | Nil |
| Total | Nil | Nil |

*To the extent quantifiable

4. Other Material Litigations

- A civil suit was filed by M/s Talkd Private Limited (“**Plaintiff**”) before the Civil Court of Senior Division at Pune, against our Company for recovery of payment owed by our Company to Plaintiff (the “**Suit**”). The Suit was filed by the Plaintiff to recover an amount of ₹ 5.19 lakhs along with 24% interest per annum from our Company, payable towards the services provided by the Plaintiff. The Plaintiff prayed the Hon’ble Court to pass a decree directing our Company to pay an amount of ₹ 5.19 lakhs along with cost of Suit and future interest at the rate of 24 % per annum. The Hon’ble Court has pursuant to an order dated September 30, 2022 issued summons to our Company. The matter is currently pending before the Civil Court of Senior Division at Pune.
- A commercial suit was filed by B. Kantilal (“**Plaintiff**”) before the City Civil Court Mumbai, against our Company for recovery of payment owed by our Company to Plaintiff (the “**Suit**”). The Suit was filed by the Plaintiff to recover an amount of ₹ 24.00 lakhs along with interest from our Company, payable towards the products and services provided by the Plaintiff. The Plaintiff prayed the Hon’ble Court to pass a decree directing our Company to pay an amount of ₹ 24.00 lakhs along with cost of Suit and future interest at the rate. The matter is currently pending before the City Civil Court Mumbai.
- A complaint under Section 5, 9 and 10 of the Maharashtra Recognition of Trade Unions and Prevention of Unfair Labor Laws Practices Act, 1971 (the “**Act**”) was filed before the Industrial Court Pune, by Yogesh Kolpe (“**Complainant**”) against our Company. The Complainant was appointed as an employee of our Company and as per the appointment letter, his appointment was transferrable to any place in India. Our Company had ordered him to relocate to Pant Nagar for official purposes, however the Complainant resigned from his position and filed the complaint. The Complainant pursuant to the complaint has prayed for an order directing our Company (i) to retain the Complainant in his *erstwhile* position; and (ii) pay salary amounting to ₹ 2.00 lakhs for the interim period. The matter is currently pending.
- A complaint under Section 5, 9 and 10 of the Maharashtra Recognition of Trade Unions and Prevention of Unfair Labor Laws Practices Act, 1971 (the “**Act**”) was filed before the Industrial Court Pune, by Santosh Thopte (“**Complainant**”) against our Company. The Complainant was appointed as an

employee of our Company and as per the appointment letter, his appointment was transferrable to any place in India. Our Company had ordered him to relocate to Faridabad for official purposes, however the Complainant resigned from his position and filed the complaint. The Complainant pursuant to the complaint has prayed for an order directing our Company (i) to retain the Complainant in his *erstwhile* position; and (ii) pay salary amounting for the interim period. The matter is currently pending.

5. *Disciplinary action against our Company by SEBI or any stock exchange in the last five Fiscals*

Nil

ii. Litigation by our Company

1. Criminal Proceedings

- a) A complaint was filed by our Company before the Court of Hon'ble Judicial Magistrate First Class at Pune, against Murari Amre ("**Accused**") under Section 406, 408, 415, 417, 418, 420, 107, 499, 500 of the Indian Penal Code of 1860 ("**Complaint**"). The Complaint was filed on account of an alleged breach of a non-disclosure agreement executed between the Accused and our Company and an alleged violation of the terms and conditions of the Appointment Letter issued to the Accused. Our Company had employed the Accused, for marketing, sales and business development of car parking systems manufactured by our Company. Further, in accordance with the appointment letter issued by our Company to the Accused, was barred from disclosing any confidential information of our Company to third parties. Our Company *vide* the Complaint alleged that during the course of his employment, the Accused shared certain confidential information about the work orders of our Company with third parties and diverted the projects of our Company to our competitors, which amounted to a breach of the terms and conditions agreed upon in the appointment letter and non-disclosure agreement. Our Company has pursuant to the Complaint prayed before the Hon'ble Judicial Magistrate First Class at Pune to direct the Loni Kalbhor police station to register a FIR against the Accused and make thorough investigation/enquiry of Accused and punish the Accused under sections 406, 408, 415, 415, 417, 418, 420, 107, 499, 500 of the Indian Penal Code of 1860. The matter is currently pending before the Hon'ble Court of Chief Judicial Magistrate at Pune.
- b) A complaint was filed by our Company before the Court of Hon'ble Judicial Magistrate First Class at Pune, against Sagar Ashok Shinde and Biranshi Engineers Private Limited ("**Accused**") under Section 405, 406, 408, 415, 417, 418, 419, 420, 120A, 120B, 107, 378, 379, 499, 500 of the Indian Penal Code of 1860 ("**Complaint**"). The Complaint was filed on account of an alleged breach of a non-disclosure agreement and violation of the terms and conditions of the appointment letter entered into between the Company and the Accused. Our Company had employed the Accused, Sagar Ashok Shinde, for undertaking PLC programming for various car parking project in Mumbai. Further, in accordance with the appointment letter issued by our Company to the Accused, was barred from disclosing any confidential information of our Company to third parties and from entering into a dual employment during his tenure with the Company. Our Company *vide* the Complaint alleged that during the course of his employment with the Company, the Accused, Sagar Ashok Shinde began a dual employment as a director at Biranshi Engineers Private Limited, wherein he defamed our Company before our customers and urged them to divert their projects to Biranshi Engineers Private Limited. Our Company further alleged that the Accused, Sagar Ashok Shinde, during the lockdown period did not redress the complaints relating to break down of car parking systems, with the intent of defaming our Company and requested our customers to give their projects to Biranshi Engineers Private Limited, which would provide immediate assistance to them, as opposed to our Company. It was further alleged that the Accused, Sagar Ashok Shinde shared certain confidential information about the Company with third parties, which amounted to a breach of confidentiality and cheating. Our Company has pursuant to the Complaint prayed before the Hon'ble Judicial Magistrate First Class to pass an order for *inter alia*, (i) punishing the Accused for stealing the laptop provided by our Company, the PLC programs developed for our Company and for avoiding to handover passwords of the PLC programs to our Company; (ii) for defaming our Company before our clients; (iii) for criminal conspiracy against our Company with a view to earn profits for their personal company and (iv) for criminal breach of trust. The matter is currently pending before the Hon'ble Court of Chief Judicial Magistrate at Pune.
- c) A complaint was filed by our Company before the Hon'ble Court of Judicial magistrate, First Class, Pune, against Ravindra Dharangaonkar ("**Accused**") under Section 138 of the Negotiable Instruments

Act, 1881. The Complaint was filed on account of dishonor of cheque bearing No. 018628 dated November 12, 2023 for a sum of ₹ 1.30 lakhs issued towards refund of advance taken from our Company for marketing expenses, however had allegedly misused the said amount. Our Company has pursuant to the Complaint prayed before the Hon'ble Court of Judicial magistrate, First Class, Pune, to try and punish the Accused under Section 138 of the Negotiable Instruments Act, 1881 and pass necessary orders directing the Accused to make payment towards the amount of impugned cheque along with interest accrued thereon and the expenses incurred by our Company. The matter is currently pending before the Hon'ble Court of Judicial magistrate, First Class, Pune,.

- d) A complaint under Section 138 of Negotiable Instruments Act, 1881 was filed by our Company before JMFC Cantonment Court, Pune against Potddar Housing Developments Private Limited (the "**Accused**"). The complaint was filed on account of dishonor of cheques issued by the Accused of an amount of ₹ 40 lakhs, issued towards the services provided by our Company. Our Company has prayed the Hon'ble Court to pass an order punishing and sentencing the Accused in accordance with the Section 138 of Negotiable Instruments Act, 1881. The matter is currently pending.

2. *Civil and other Material Litigations*

- a) A civil suit for specific performance of the contract and injunction was filed by our Company before the Court of Hon'ble Civil Judge, Senior Division at Pune, against Sanju Aamod Jha ("**Defendant**") ("**Suit**"). The Suit was filed on account of an alleged breach of a non-disclosure agreement and violation of the terms and conditions of the appointment letter entered into between the Company and the Defendant. Further, in accordance with the appointment letter issued by our Company to the Defendant, she was barred from disclosing any confidential information of our Company to third parties and from entering into a dual employment during his tenure with the Company. Our Company alleged that the Defendant has allegedly used her personal email address instead of the official email address provided by our Company. Our Company filed the Suit to restrict the Defendant from copying and spreading confidential information with any third party that the Defendant collected and saved from time to time during her course of employment with our Company. Our Company has prayed the Hon'ble Court to pass a decree directing the Defendants to not to disclose any confidential data of our Company to any third party and act strictly act as per the contract executed between the Defendant and Company. The Hon'ble Court has pursuant to an order dated October 10, 2019 issued summons to the Defendants. The matter is currently pending before Hon'ble Civil Judge, Senior Division at Pune.
- b) A civil suit for specific performance of the contract was filed by our Company before the Court of Hon'ble Civil Judge, Senior Division at Pune, against Murari Amre ("**Defendant**") ("**Suit**"). The Suit was filed on account of an alleged breach of a non-disclosure agreement and violation of the terms and conditions of the appointment letter entered into between the Company and the Defendant. Further, in accordance with the appointment letter issued by our Company to the Defendant, he was barred from disclosing any confidential information of our Company to third parties and from entering into a dual employment during his tenure with the Company. Our Company alleged that the Defendant has allegedly diverted orders of our Company to third parties. Our Company has prayed the Hon'ble Court to pass a decree directing the Defendant to (i) pay ₹ 34.00 lakhs with 10% interest thereon until realization of amounts; (ii) pay ₹ 14.75 lakhs with 10% interest thereon against salary paid to Defendant for the period between October 2018 to April 2019; (iii) pay ₹ 30.00 lakhs with 10% interest against loss of 1% profit margin for less order booking during April 2, 2018 to March 31, 2019; (iv) pay ₹ 37.00 lakhs with 10% interest thereon till the realization of amount to Plaintiff against loss of 1% profit margin for less order booking during April 2019 to July 2019. The matter is currently pending before Hon'ble Civil Judge, Senior Division at Pune.

2. LITIGATION INVOLVING OUR PROMOTERS

Cases filed against our Promoters

1. *Criminal Proceedings*

Nil

2. *Actions taken by Statutory/Regulatory Authorities*

Nil

3. Tax Proceedings

Below are the details of pending tax cases involving our Promoters, specifying the number of cases pending and the total amount involved:

(₹ in lakhs)

| Particulars | Number of cases | Amount involved* |
|-----------------------------------|-----------------|------------------|
| Indirect Tax | | |
| Sales Tax/VAT | Nil | Nil |
| Central Excise | Nil | Nil |
| Customs | Nil | Nil |
| Service Tax | Nil | Nil |
| Total | Nil | Nil |
| Direct Tax | | |
| Cases filed against our Promoters | Nil | Nil |
| Cases filed by our Promoters | Nil | Nil |
| Total | Nil | Nil |

*To the extent quantifiable

4. Other Material Litigations

Nil

Cases filed by our Promoters

1. Criminal Proceedings

Nil

2. Other Material Litigations

Nil

Disciplinary action against our Promoters by SEBI or any stock exchange in the last five Fiscals

As on date of this Draft Red Herring Prospectus, no disciplinary action including penalty imposed by SEBI or stock exchanges has been initiated against our Promoters in the last five Fiscals including any outstanding action.

3. LITIGATION INVOLVING OUR DIRECTORS

Cases filed against our Directors

1. Criminal Proceedings

Nil

2. Actions taken by Statutory/Regulatory Authorities

Nil

3. Tax Proceedings

Below are the details of pending tax cases involving our Directors, specifying the number of cases pending and the total amount involved:

(₹ in lakhs)

| Particulars | Number of cases | Amount involved* |
|---------------------|-----------------|------------------|
| Indirect Tax | | |
| Sales Tax/VAT | Nil | Nil |
| Central Excise | Nil | Nil |
| Customs | Nil | Nil |
| Service Tax | Nil | Nil |
| Total | Nil | Nil |
| Direct Tax | | |

| Particulars | Number of cases | Amount involved* |
|-----------------------------------|-----------------|------------------|
| Cases filed against our directors | Nil | Nil |
| Cases filed by our directors | Nil | Nil |
| Total | Nil | Nil |

**To the extent quantifiable*

3. *Disciplinary action by SEBI or any stock exchange in the last five Fiscals*

Nil

4. *Other Material Litigations*

Nil

Cases filed by our Directors

1. *Criminal Proceedings*

Nil

2. *Other Material Litigations*

Nil

3. *Disciplinary action against our Promoters by SEBI or any stock exchange in the last five Fiscals*

Nil

4. LITIGATION INVOLVING OUR SUBSIDIARIES

Cases filed against our Subsidiaries

1. *Criminal Proceedings*

Nil

2. *Actions taken by Statutory/Regulatory Authorities*

Nil

3. *Tax Proceedings*

Below are the details of pending tax cases involving our Subsidiaries, specifying the number of cases pending and the total amount involved:

(₹ in lakhs)

| Particulars | Number of cases | Amount involved* |
|--------------------------------------|-----------------|------------------|
| Indirect Tax | | |
| Sales Tax/VAT | Nil | Nil |
| Central Excise | Nil | Nil |
| Customs | Nil | Nil |
| Service Tax | Nil | Nil |
| Total | Nil | Nil |
| Direct Tax | | |
| Cases filed against our Subsidiaries | Nil | Nil |
| Cases filed by our Subsidiaries | Nil | Nil |
| Total | Nil | Nil |

**To the extent quantifiable*

4. *Disciplinary action by SEBI or any stock exchange in the last five Fiscals*

Nil

5. *Other Material Litigations*

Nil

Cases filed by our Subsidiaries

1. *Criminal Proceedings*

Nil

2. *Other Material Litigations*

Nil

3. *Disciplinary action against our Promoters by SEBI or any stock exchange in the last five Fiscals*

Nil

5. Outstanding dues to creditors

As per the Materiality Policy, a creditor of our Company, shall be considered to be material (“**Material Creditors**”) for the purpose of disclosure in this Draft Letter of Offer, if amounts due to such creditor by our Company is in excess of 1% of the trade payables of our Company as at the end of the latest period included in the ‘*Limited Reviewed Unaudited Consolidated Financial Statements*’ (i.e., as at September 30, 2023). Accordingly, a creditor has been considered ‘material’ by our Company if the amount due to such creditor exceeds ₹ 40.00 lakhs as on September 30, 2023.

As of September 30, 2023, outstanding dues to Material Creditors, micro, small and medium enterprises and other creditors were as follows:

| S. No. | Type of creditor | No. of creditors | Amount outstanding (₹ in lakhs) |
|--------|---------------------------------------------|------------------|------------------------------------|
| 1. | Dues to micro, small and medium enterprises | 82 | 324.44 |
| 2. | Dues to Material Creditors | 19 | 1,396.15 |
| 3. | Dues to other creditors | 353 | 2,456.28 |
| | Total | 452 | 4,176.87 |

The details pertaining to outstanding dues to Material Creditors, along with the name and amount involved for each such Material Creditor, are available on the website of our Company at www.arapl.co.in. It is clarified that such details available on our Company’s website do not form a part of this Draft Letter of Offer and should not be deemed to be incorporated by reference. Anyone placing reliance on any source of information including our Company’s website, www.arapl.co.in would be doing so at their own risk.

6. Disclosures pertaining to wilful defaulters

Neither our Company, nor our Promoters, and Directors have been categorized or identified as wilful defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.

There are no violations of securities laws committed by them in the past or are currently pending against any of them.

7. Material Developments

Except as disclosed in “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on page 146, there have been no material developments, since the date of the last financial statements disclosed in this Draft Letter of Offer, any circumstances, which materially and adversely affect, or are likely to affect our trading or profitability of our Company or the value of our assets or our ability to pay our liabilities within the next 12 months.

GOVERNMENT AND OTHER STATUTORY APPROVALS

Our Company has obtained necessary consents, licenses, permissions and approvals from governmental and regulatory authorities that are material for carrying on our present business activities. Some of the approvals and licenses that our Company requires for our business operations may expire in the ordinary course of business, and our Company will apply for their renewal from time to time.

We are not required to obtain any licenses or approvals from any government or regulatory authority for the objects of this Issue. For further details, please refer to the chapter titled “*Objects of the Issue*” at page 60 of this Draft Letter of Offer.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Board of Directors in its meeting dated October 6, 2023 have authorized this Issue under Section 62(1)(a) of the Companies Act, 2013.

The Draft Letter of Offer was approved by the Rights Issue Committee of our Board of Directors pursuant to its resolution dated December 4, 2023. The Letter of Offer was approved by our Board pursuant to its resolution dated [●]. Our Board of Directors has, at its meeting held on [●], determined the Issue Price as ₹ [●] per Rights Equity Share in consultation with the Lead Managers, and the Rights Entitlement as [●] ([●]) Rights Equity Share for every [●] ([●]) Equity Shares held on the Record Date.

Our Company has received 'in-principle' approvals for listing of the Rights Equity Shares to be Allotted pursuant to Regulation 28 of SEBI Listing Regulations, *vide* a letter dated [●] issued by BSE for listing of the Rights Equity Shares to be Allotted pursuant to the Issue.

Prohibition by SEBI or other Governmental Authorities

Our Company, our Promoters, our Directors and persons in control of our Company have not been prohibited from accessing the capital market or debarred from buying or selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any jurisdiction or any authority/court as on date of this Draft Letter of Offer.

Further, our Promoters and our Directors are not promoter(s) or director(s) of any other company which is debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

There are no outstanding action initiated against our Directors and our Company by SEBI in the five years preceding the date of filing of this Draft Letter of Offer.

Neither our Promoter(s) nor our Directors have been declared as fugitive economic offenders under Section 12 of Fugitive Economic Offenders Act, 2018 (17 of 2018).

Prohibition by RBI

Neither our Company nor our Promoters or any of our Directors have been identified or categorized as Wilful Defaulter(s) or Fraudulent Borrower(s).

Compliance with Companies (Significant Beneficial Ownership) Rules, 2018

Our Company and our Promoter are in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018, to the extent it may be applicable to them as on date of this Draft Letter of Offer.

Eligibility for the Issue

Our Company is a listed company, incorporated under Companies Act, 1956. The Equity Shares of our Company are presently listed on SME Platform of BSE. Our Company has made an application dated July 31, 2023 before BSE Limited for migrating our Company to the Main Board segment of BSE Limited. The said application is currently pending before BSE Limited.

We are eligible to undertake the Issue in terms of Chapter III of the SEBI ICDR Regulations. Pursuant to Clauses (1) and (2) of Part B of Schedule VI to the SEBI ICDR Regulations, our Company is required to make disclosures in accordance with Part B-1 of Schedule VI to the SEBI ICDR Regulations.

Compliance with Regulations 61 and 62 of the SEBI ICDR Regulations

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI

ICDR Regulations, our Company undertakes to make an application to the Stock Exchange for listing of the Rights Equity Shares to be issued pursuant to the Issue. BSE Limited is the Designated Stock Exchange for the Issue.

DISCLAIMER CLAUSE OF SEBI

The Draft Letter of Offer has not been filed with SEBI in terms of SEBI ICDR Regulations as the size of issue is up to ₹ 4,800 lakhs. The present Issue being of less than ₹ 5,000 lakhs, our Company is in compliance with first proviso to Regulation 3 of the SEBI ICDR Regulations and our Company shall file a copy of the Letter of Offer prepared in accordance with the SEBI ICDR Regulations with SEBI for information and dissemination on the website of SEBI i.e. www.sebi.gov.in.

Disclaimer from our Company, our Directors and the Lead Managers

Our Company, our Directors and the Lead Managers accept no responsibility for statements made otherwise than in this Draft Letter of Offer or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website www.arapl.co.in or an affiliate of our Company would be doing so at his or her own risk.

All information shall be made available by our Company and the Lead Managers to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at bidding centers or elsewhere.

Investors will be required to confirm and will be deemed to have represented to our Company, Lead Managers and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Lead Managers and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

No information which is extraneous to the information disclosed in this Draft Letter of Offer or otherwise shall be given by our Company or any member of the Issue management team or the syndicate to any particular section of investors or to any research analyst in any manner whatsoever, including at road shows, presentations, in research or sales reports or at bidding centers.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Draft Letter of Offer. You must not rely on any unauthorized information or representations. This Draft Letter of Offer is an offer to sell only the Rights Equity Shares and the Rights Entitlement, but only under circumstances and in the applicable jurisdictions. Unless otherwise specified, the information contained in this Draft Letter of Offer is current only as at its date.

Disclaimer in respect of Jurisdiction

This Draft Letter of Offer has been prepared under the provisions of Indian law and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Maharashtra, India only.

Disclaimer Clause of BSE

As required, a copy of this Draft Letter of Offer has been submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to the filing with BSE.

Designated Stock Exchange

The Designated Stock Exchange for the purposes of the Issue is BSE Limited.

Listing

Our Company will apply to the Stock Exchange for final approval for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the

Rights Equity Shares or the price at which the Rights Equity Shares offered under the Issue will trade after the listing thereof.

Selling Restrictions

This Draft Letter of Offer is solely for the use of the person who has received it from our Company or from the Registrar. This Draft Letter of Offer is not to be reproduced or distributed to any other person.

The distribution of this Draft Letter of Offer/ Letter of Offer, Abridged Letter of Offer, Application Form and the Rights Entitlement Letter and the issue of Rights Entitlements and Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer/ Letter of Offer, Abridged Letter of Offer Application Form and the Rights Entitlement Letter may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders of our Company and will dispatch the Draft Letter of Offer/ Letter of Offer, Abridged Letter of Offer Application Form and the Rights Entitlement Letter only to Eligible Equity Shareholders who have provided an Indian address to our Company.

No action has been or will be taken to permit the Issue in any jurisdiction, or the possession, circulation, or distribution of this the Draft Letter of Offer, Abridged Letter of Offer or any other material relating to our Company, the Equity Shares or Rights Entitlement in any jurisdiction, where action would be required for that purpose, except that this Draft Letter of Offer has been filed with BSE.

Accordingly, the Rights Entitlement or Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer or any offering materials or advertisements in connection with the Issue or Rights Entitlement may not be distributed or published in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer.

This Draft Letter of Offer and its accompanying documents are being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose. If this Draft Letter of Offer is received by any person in any jurisdiction where to do so would or might contravene local securities laws or regulation, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlement referred to in this Draft Letter of Offer. Investors are advised to consult their legal counsel prior to applying for the Rights Entitlement and Equity Shares or accepting any provisional allotment of Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Equity Shares or Rights Entitlement.

Neither the delivery of this Draft Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as of any time subsequent to this date or the date of such information. Each person who exercises Rights Entitlements and subscribes for Equity Shares, or who purchases Rights Entitlements or Equity Shares shall do so in accordance with the restrictions set out below.

NO OFFER IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE RIGHTS ENTITLEMENTS AND EQUITY SHARES REFERRED TO IN THE DRAFT LETTER OF OFFER ARE BEING OFFERED IN INDIA, BUT NOT IN THE UNITED STATES. THE OFFERING TO WHICH THE DRAFT LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY EQUITY SHARES OR RIGHTS ENTITLEMENTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, THE DRAFT LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO THE UNITED STATES AT ANY TIME.

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States when the buy order is made. Envelopes

containing an Application Form should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer under this Draft Letter of Offer. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and this Draft Letter of Offer, Letter of Offer/ Abridged Letter of Offer, Application Form and the Rights Entitlement Letter will be dispatched to the Eligible Equity Shareholders who have provided an Indian address to our Company. Any person who acquires the Rights Entitlements and the Equity Shares will be deemed to have declared, represented, warranted and agreed, by accepting the delivery of the Letter of Offer, (i) that it is not and that, at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States when the buy order is made; and (ii) is authorized to acquire the Rights Entitlements and the Equity Shares in compliance with all applicable laws, rules and regulations.

Our Company, in consultation with the Lead Managers, reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in or dispatched from the United States of America; (ii) does not include the relevant certification set out in the Application Form headed "Overseas Shareholders" to the effect that the person accepting and/or renouncing the Application Form does not have a registered address (and is not otherwise located) in the United States, and such person is complying with laws of the jurisdictions applicable to such person in connection with the Issue, among others; (iii) where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; or (iv) where a registered Indian address is not provided, and our Company shall not be bound to allot or issue any Equity Shares or Rights Entitlement in respect of any such Application Form.

None of the Rights Entitlements or the Equity Shares have been, or will be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or any state securities laws in the United States. Accordingly, the Rights Entitlements and Equity Shares are being offered and sold only outside the United States in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales are made.

NO OFFER IN ANY JURISDICTION OUTSIDE INDIA

NO OFFER OR INVITATION TO PURCHASE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES IS BEING MADE IN ANY JURISDICTION OUTSIDE OF INDIA, INCLUDING, BUT NOT LIMITED TO AUSTRALIA, BAHRAIN, CANADA, THE EUROPEAN ECONOMIC AREA, GHANA, HONG KONG, INDONESIA, JAPAN, KENYA, KUWAIT, MALAYSIA, NEW ZEALAND, SULTANATE OF OMAN, PEOPLE'S REPUBLIC OF CHINA, QATAR, SINGAPORE, SOUTH AFRICA, SWITZERLAND, THAILAND, THE UNITED ARAB EMIRATES, THE UNITED KINGDOM AND THE UNITED STATES. THE OFFERING TO WHICH THIS DRAFT LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENT FOR SALE IN ANY JURISDICTION OUTSIDE INDIA OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, THIS DRAFT LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO ANY OTHER JURISDICTION AT ANY TIME.

Consents

Consents in writing of: our Directors, Company Secretary and Compliance Officer, Chief Financial Officer, the Lead Managers, legal advisor, the Registrar to the Issue and the Bankers to the Issue* to act in their respective capacities, have been obtained and such consents have not been withdrawn up to the date of this Draft Letter of Offer.

**Will be obtained at the time of filing of the Letter of Offer*

Our Company has received written consent dated November 30, 2023 from the Statutory Auditor to include their name as required under Section 26(5) of the Companies Act 2013 read with SEBI ICDR Regulations in this Draft Letter of Offer as an "expert" as defined under Section 2(38) of the Companies Act 2013 to the extent and in its capacity as an independent Statutory Auditor and in respect of its (i) examination report dated November 30, 2023 on our Restated Financial Information for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021; (ii) limited reviewed report dated November 8, 2023 on the Limited Reviewed Financial information for the six-month period ended September 30, 2023 in this Draft Letter of Offer; and (iii) the statement of tax benefits dated November 30, 2023 in this Draft Letter of Offer and such consent has not been withdrawn as on the date of this Draft Letter of Offer.

Expert Opinion

Our Company has received written consent dated November 30, 2023 from the Statutory Auditor to include their name as required under Section 26(5) of the Companies Act 2013 read with SEBI ICDR Regulations in this Draft Letter of Offer as an “expert” as defined under Section 2(38) of the Companies Act 2013 to the extent and in its capacity as an independent Statutory Auditor and in respect of its (i) examination report dated November 30, 2023 on our Restated Financial Information for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021; (ii) limited reviewed report dated November 8, 2023 on the Limited Reviewed Financial information for the six-month period ended September 30, 2023 in this Draft Letter of Offer; and (iii) the statement of tax benefits dated November 30, 2023 in this Draft Letter of Offer and such consent has not been withdrawn as on the date of this Draft Letter of Offer.

Except for the abovementioned documents, provided by our Statutory Auditor our Company has not obtained any expert opinions.

Performance vis-à-vis objects – Public/Rights Issue of our Company

Our Company has not made any rights issues or public issues during the five years immediately preceding the date of this Draft Letter of Offer. There have been no instances in the past, wherein our Company has failed to achieve the objects in its previous issues.

Performance vis-à-vis objects – Last issue of listed Subsidiaries or Associates

As on date of this Draft Letter of Offer, the securities of our Subsidiaries are not listed on any stock exchanges in India or abroad. Further, as on the date of this Draft Letter of Offer, our Company does not have any associate companies.

Stock Market Data of the Equity Shares

Our Equity Shares are listed and traded on SME Platform of BSE Limited. For details in connection with the stock market data of the Stock Exchange, please refer to the chapter titled “*Market Price Information*” on page 160 of this Draft Letter of Offer.

NOTICE TO INVESTORS

NO ACTION HAS BEEN TAKEN OR WILL BE TAKEN THAT WOULD PERMIT A PUBLIC OFFERING OF THE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES TO OCCUR IN ANY JURISDICTION OTHER THAN INDIA, OR THE POSSESSION, CIRCULATION OR DISTRIBUTION OF THIS DRAFT LETTER OF OFFER OR ANY OTHER MATERIAL RELATING TO OUR COMPANY, THE RIGHTS ENTITLEMENTS OR THE RIGHTS EQUITY SHARES IN ANY JURISDICTION WHERE ACTION FOR SUCH PURPOSE IS REQUIRED. ACCORDINGLY, THE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS DRAFT LETTER OF OFFER NOR ANY OFFERING MATERIALS OR ADVERTISEMENTS IN CONNECTION WITH THE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES MAY BE DISTRIBUTED OR PUBLISHED IN OR FROM ANY COUNTRY OR JURISDICTION EXCEPT IN ACCORDANCE WITH THE LEGAL REQUIREMENTS APPLICABLE IN SUCH COUNTRY OR JURISDICTION. THIS ISSUE WILL BE MADE IN COMPLIANCE WITH THE APPLICABLE SEBI REGULATIONS. EACH PURCHASER OF THE RIGHTS ENTITLEMENTS OR THE RIGHTS EQUITY SHARES IN THIS IS SUE WILL BE DEEMED TO HAVE MADE ACKNOWLEDGMENTS AND AGREEMENTS.

Filing

SEBI *vide* the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 had amended Regulation 3(b) of the SEBI ICDR Regulations as per which the threshold of filing of Draft Letter of Offer with SEBI for rights issues has been increased. The threshold of the rights issue size under Regulation 3 (b) of the SEBI ICDR Regulations has been increased from Rupees ten crores to Rupees fifty crores. Since the size of this Issue falls below this threshold, the Draft Letter of Offer will be filed with BSE Limited and not with SEBI. However, the Letter of Offer will be submitted with SEBI for information and dissemination and will be filed with the Stock Exchange.

Mechanism for Redressal of Investor Grievances

Our Company has adequate arrangements for redressal of investor grievances in compliance with the SEBI Listing Regulations. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/ OIAE/ 2/ 2011 dated June 3, 2011. Consequently, investor grievances are tracked online by our Company.

Our Company has a Stakeholders Relationship Committee which meets at least once a year and as and when required. Its terms of reference include considering and resolving grievances of Shareholders in relation to transfer of shares and effective exercise of voting rights. Link Intime India Private Limited is the Registrar to the Company, however our Company has appointed Cameo Corporate Services Limited as the Registrar to the Issue. All investor grievances received by us have been handled by the Registrar to the Issue in consultation with the Company Secretary and Compliance Officer.

Our Company endeavors to dispose investor complaints within 15 days from the receipt of the complaint.

Investor Grievances arising out of this Issue

Investors may contact the Registrar to the Issue or our Company Secretary for any pre-Issue or post-Issue related matters. All grievances relating to the ASBA process may be addressed to the Registrar, with a copy to the SCSBs, giving full details such as name, address of the Applicant, contact number(s), e mail address of the sole/ first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip. For details on the ASBA process, see “*Terms of the Issue*” beginning at page 177 of this Draft Letter of Offer. The contact details of our Registrar to the Issue and our Company Secretary are as follows:

Registrar to the Issue

Cameo Corporate Services Limited

Subramanian Building, No. 01,
Club House Road, Chennai- 600 002,
Tamil Nadu, India.

Telephone: +91 44 4002 0700/ 2846 0390

Facsimile: N.A.

Email: rights@cameoindia.com

Website: www.cameoindia.com

Online Investor Grievance Portal: <https://wisdom.cameoindia.com>

Contact Person: K. Sreepriya

SEBI Registration No.: INR000003753

Investors may contact the Company Secretary and Compliance Officer at the below mentioned address for any pre-Issue/ post-Issue related matters such as non-receipt of Letters of Allotment / share certificates/ demat credit/ Refund Orders etc.

Ruchika Jitendrakumar Shinde, Company Secretary and Compliance Officer of our Company. Her contact details are set forth hereunder.

Village Wadki, Gat No.1209,
Taluka Haveli, Pune – 412 308,
Maharashtra, India.

Telephone: +91 772 001 8914

Facsimile: NA

E-mail: cs@arapl.co.in

SECTION VII – ISSUE INFORMATION

TERMS OF THE ISSUE

This section is for the information of the Investors proposing to apply in the Issue. Investors should carefully read the provisions contained in this Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company and the Lead Managers are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Investors are advised to make their independent investigation and ensure that the Application Form is accurately filled up in accordance with instructions provided therein and this Draft Letter of Offer. Unless otherwise permitted under the SEBI ICDR Regulations read with the SEBI Master Circular, Investors proposing to apply in the Issue can apply only through ASBA or by mechanism as disclosed in this Draft Letter of Offer.

Investors are requested to note that application in the Issue can only be made through ASBA or any other mode which may be notified by SEBI.

The Rights Entitlement on the Equity Shares, the ownership of which is currently under dispute and including any court proceedings or are currently under transmission or are held in a demat suspense account and for which our Company has withheld the dividend, shall be held in abeyance and the Application Form along with the Rights Entitlement Letter in relation to these Rights Entitlements shall not be dispatched pending resolution of the dispute or court proceedings or completion of the transmission or pending their release from the demat suspense account. On submission of such documents /records confirming the legal and beneficial ownership of the Securities with regard to these cases on or prior to the Issue Closing Date, to the satisfaction of our Company, our Company shall make available the Rights Entitlement on such Equity Shares to the identified Eligible Equity Shareholder. The identified Eligible Equity Shareholder shall be entitled to subscribe to the Rights Equity Shares pursuant to the Issue during the Issue Period with respect to these Rights Entitlement and subject to the same terms and conditions as the Eligible Equity Shareholder.

The Issue is proposed to be undertaken on a rights basis and is subject to the terms and conditions contained in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, the FEMA, the FEMA Rules, the SEBI ICDR Regulations, the SEBI LODR Regulations and the guidelines, notifications, circulars and regulations issued by SEBI, the RBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from RBI or other regulatory authorities, the terms of the Listing Agreements entered into by our Company with Stock Exchanges and the terms and conditions as stipulated in the Allotment Advice.

I. DISPATCH AND AVAILABILITY OF ISSUE MATERIALS

In accordance with the SEBI ICDR Regulations and SEBI Master Circular, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent/ dispatched only to the Eligible Equity Shareholders who have provided their Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them. Further, this Draft Letter of Offer and the Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders who have provided Indian address and who have made a request in this regard. In case such Eligible Equity Shareholders have provided their valid e-mail address, this Letter of Offer will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then this Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Investors can access this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable laws) on the websites of:

- (i) our Company at www.arapl.co.in;

- (ii) the Registrar at <https://rights.cameoindia.com/affordable>;
- (iii) the Lead Managers at www.saffronadvisor.com and www.phillipcapital.in; and
- (iv) the Stock Exchange at www.bseindia.com.

In case the Eligible Equity Shareholders have provided their valid e-mail address, this Letter of Offer will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then this Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., <https://rights.cameoindia.com/affordable>) by entering their DP ID and Client ID or folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company (i.e., www.arapl.co.in).

Further, our Company along with the Lead Managers will undertake all adequate steps to reach out the Eligible Equity Shareholders who have provided their Indian address through other means, as may be feasible. Please note that neither our Company nor the Registrar nor the Lead Managers shall be responsible for not sending the physical copies of Issue materials, including this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form or delay in the receipt of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the email addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.

The distribution of this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that this Draft Letter of Offer is being filed with the Stock Exchange. Accordingly, the Rights Entitlements and Rights Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with the Issue may not be distributed, in any jurisdiction, except in accordance with and as permitted under the legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed. Accordingly, persons receiving a copy of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject our Company or its affiliates or the Lead Managers or their respective affiliates to any filing or registration requirement (other than in India). If this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form.

Any person who makes an application to acquire Rights Entitlements and the Rights Equity Shares offered in the Issue will be deemed to have declared, represented and warranted that such person is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for our Company or our affiliates or the Lead Managers or their respective affiliates to make any filing or registration (other than in India).

Our Company is undertaking the Issue on a rights basis to the Eligible Equity Shareholders and will send this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer, the Application Form and other applicable Issue materials primarily to email addresses of Eligible Equity Shareholders who have provided a valid email addresses and an Indian address to our Company.

This Draft Letter of Offer is being provided, primarily through e-mail, by the Registrar on behalf of our Company or the Lead Managers to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard.

II. PROCESS OF MAKING AN APPLICATION IN THE ISSUE

In accordance with Regulation 76 of the SEBI ICDR Regulations, the SEBI Master Circular, all Investors desiring to make an Application in the Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.

The Application Form can be used by the Eligible Equity Shareholders as well as the Renouncees, to make Applications in the Issue basis the Rights Entitlement credited in their respective demat accounts or demat suspense escrow account, as applicable. For further details on the Rights Entitlements and demat suspense escrow account, see “- *Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*” on page 188 of this Draft Letter of Offer.

Please note that one single Application Form shall be used by Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in the Issue, as applicable. In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

Investors may apply for the Rights Equity Shares by submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein the ASBA Account in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB.

Applicants should note that they should very carefully fill-in their depository account details and PAN in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Please note that incorrect depository account details or PAN or Application Forms without depository account details shall be treated as incomplete and shall be rejected. For details, see “- *Grounds for Technical Rejection*” on page 184 of this Draft Letter of Offer.

Our Company, the Lead Managers, the Registrar and the SCSBs shall not be liable for any incomplete or incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in the Issue by making plain paper Applications. Please note that SCSBs shall accept such applications only if all details required for making the application as per the SEBI ICDR Regulations are specified in the plain paper application and that Eligible Equity Shareholders making an application in the Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see “- *Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*” on page 181 of this Draft Letter of Offer.

- *Options available to the Eligible Equity Shareholders*

The Rights Entitlement Letter will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to. Details of each of the Eligible Equity Shareholders’ Rights Entitlement will be sent to the Eligible Equity shareholder separately along with the Application Form and would also be available on the website of the Registrar to the Issue at <https://rights.cameoindia.com/affordable> and link of the same would also be available on the website of our Company at www.arapl.co.in. Respective Eligible Equity Shareholder can check their entitlement by keying their requisite details therein.

If the Eligible Equity Shareholder applies in the Issue, then such Eligible Equity Shareholder can:

1. apply for its Rights Equity Shares to the full extent of its Rights Entitlements; or
2. apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or
3. apply for Rights Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or
4. apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for Additional Rights Equity Shares; or
5. renounce its Rights Entitlements in full.

Making of an Application through the ASBA process

An Investor, wishing to participate in the Issue through the ASBA facility, is required to have an ASBA enabled bank account with SCSBs, prior to making the Application. Investors desiring to make an Application in the Issue through ASBA process, may submit the Application Form in physical mode to the Designated Branches of the SCSB or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form and have provided an authorisation to the SCSB, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34. Please note that subject to SCSBs complying with the requirements of the SEBI circular bearing reference number CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs. Further, in terms of the SEBI circular bearing reference number CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in the Issue and clear demarcated funds should be available in such account for such an Application.

The Lead Managers, our Company, their directors, employees, affiliates, associates and their respective directors and officers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc., in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Investors applying through the ASBA facility should carefully read the provisions applicable to such Applications before making their Application through the ASBA process.

Do's:

- (a) Ensure that the necessary details are filled in the Application Form including the details of the ASBA Account.
- (b) Ensure that the details about your Depository Participant, PAN and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be Allotted in the dematerialized form only.
- (c) Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.
- (d) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including Additional Rights Equity Shares) applied for} X {Application Money of Rights Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.
- (e) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application Form and have signed the same.

- (f) Ensure that you have a bank account with SCSBs providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.
- (g) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.
- (h) Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and the Rights Entitlement Letter.
- (i) Ensure that your PAN is linked with Aadhaar and you are in compliance with CBDT notification dated Feb 13, 2020 read with press release dated June 25, 2021 and September 17, 2021.

Don'ts:

- (a) Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.
- (b) Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or vice versa.
- (c) Do not send your physical Application to the Lead Managers, the Registrar, the Banker to the Issue, a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.
- (d) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process upon making the Application.
- (e) Do not submit Application Form using third party ASBA account.
- (f) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.
- (g) Do not submit multiple Applications.
- (h) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- (i) Do not pay the Application Money in cash, by money order, pay order or postal order.

Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process

An Eligible Equity Shareholder in India who is eligible to apply under the ASBA process may make an Application to subscribe to the Issue on plain paper in case of non-receipt of Application Form as detailed above and only such plain paper applications which provide all the details required in terms of Regulation 78 of SEBI ICDR Regulations shall be accepted by SCSBs. In such cases of non-receipt of the Application Form through physical delivery (where applicable) and the Eligible Equity Shareholder not being in a position to obtain it from any other source may make an Application to subscribe to the Issue on plain paper with the same details as per the Application Form that is available on the website of the Registrar, the Stock Exchanges or the Lead Managers.

An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any Eligible Equity Shareholder who has not provided an Indian address.

Please note that the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently. The Application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his/her

bank, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

1. Name of our Company, being Affordable Robotic & Automation Limited;
2. Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);
3. Folio number (in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP and Client ID;
4. Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue;
5. Number of Equity Shares held as on Record Date;
6. Allotment option – only dematerialised form;
7. Number of Rights Equity Shares entitled to;
8. Number of Rights Equity Shares applied for within the Rights Entitlements;
9. Number of Additional Rights Equity Shares applied for, if any (applicable only if entire Rights Entitlements have been applied for);
10. Total number of Rights Equity Shares applied for;
11. Total amount paid at the rate of ₹[●] per Rights Equity Share;
12. Details of the ASBA Account such as the SCSB account number, name, address and branch of the relevant SCSB;
13. In case of non-resident Eligible Equity Shareholders making an application with an Indian address, details of the NRE / FCNR/ NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
14. Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
15. Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB); and
16. All such Eligible Equity Shareholders shall be deemed to have made the representations, warranties and agreements set forth in “*Restrictions on Foreign Ownership of Indian Securities*” on page 203, of this Draft Letter of Offer and shall include the following:

“I/ We hereby make representations, warranties and agreements set forth in “Restrictions on Foreign Ownership of Indian Securities” on page 203 of the Draft Letter of Offer.

I/ We acknowledge that the Company, the Lead Managers, its affiliates and others will rely upon the truth and accuracy of the representations, warranties and agreements set forth therein.”

In cases where Multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense escrow account, as applicable, including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Company, the Lead Managers and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at <https://rights.cameoindia.com/affordable>.

Our Company, the Lead Managers and the Registrar shall not be responsible if the Applications are not uploaded by the SCSB or funds are not blocked in the Investors’ ASBA Accounts on or before the Issue Closing Date.

Making of an Application by Eligible Equity Shareholders holding Equity Shares in physical form

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Master Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Rights Equity Shares in the Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two clear Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Prior to the Issue Opening Date, the Rights Entitlements of those Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company.

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in the Issue:

- (a) The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, e-mail address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by e-mail, post, speed post, courier, or hand delivery so as to reach to the Registrar no later than two clear Working Days prior to the Issue Closing Date;
- (b) The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;
- (c) The remaining procedure for Application shall be same as set out in “- *Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*” on page 181 of this Draft Letter of Offer.

In accordance with the SEBI Master Circular, Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date will not be allowed to renounce their Rights Entitlements in the Issue. However, such Eligible Equity Shareholders, where the dematerialized Rights Entitlements are transferred from the suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for Additional Rights Equity Shares while submitting the Application through ASBA process.

PLEASE NOTE THAT THE ELIGIBLE EQUITY SHAREHOLDERS, WHO HOLD EQUITY SHARES IN PHYSICAL FORM AS ON RECORD DATE AND WHO HAVE NOT FURNISHED THE DETAILS OF THEIR RESPECTIVE DEMAT ACCOUNTS TO THE REGISTRAR OR OUR COMPANY AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE, SHALL NOT BE ELIGIBLE TO MAKE AN APPLICATION FOR RIGHTS EQUITY SHARES AGAINST THEIR RIGHTS ENTITLEMENTS WITH RESPECT TO THE EQUITY SHARES HELD IN PHYSICAL FORM.

Application for Additional Rights Equity Shares

Investors are eligible to apply for Additional Rights Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Equity Shares under applicable law and they have applied for all the Rights Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of Additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for Additional Rights Equity Shares shall be considered, and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner as set out in “-*Basis of Allotment*” on page 196.

Eligible Equity Shareholders who renounce their Rights Entitlements in full or part, cannot apply for Additional Rights Equity Shares. Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for Additional Rights Equity Shares.

Additional general instructions for Investors in relation to making of an Application

- (a) Please read this Draft Letter of Offer carefully to understand the Application process and applicable settlement process.
- (b) Please read the instructions on the Application Form sent to you. Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.
- (c) In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under “*Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*” on page 181.
- (d) Applications should be submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that on the Issue Closing

Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by BSE.

- (e) Applications should not be submitted to the Banker to the Issue, our Company or the Registrar or the Lead Managers.
- (f) All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be “suspended for credit” and no Allotment and credit of Rights Equity Shares pursuant to the Issue shall be made into the accounts of such Investors.
- (g) Ensure that the demographic details such as address, PAN, DP ID, Client ID, folio number, bank account details and occupation (“**Demographic Details**”) are updated, true and correct, in all respects. Investors applying under the Issue should note that on the basis of name of the Investors, DP ID and Client ID provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Therefore, Investors applying under the Issue should carefully fill in their Depository Account details in the Application. These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. The Allotment Advice and the intimation on unblocking of ASBA Account or refund (if any) would be mailed to the address of the Investor as per the Indian address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, Registrar or the Lead Managers shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay. In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) DP ID, and (c) Client ID, then such Application Forms are liable to be rejected.
- (h) By signing the Application Forms, Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.
- (i) For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.
- (j) Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, the Lead Managers, SCSBs or the Registrar will not be liable for any such rejections.
- (k) In case of joint Applicants, reference, if any, will be made in the first Applicant’s name and all communication will be addressed to the first Applicant.
- (l) All communication in connection with Application for the Rights Equity Shares, including any change in contact details of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in the Issue quoting the name of the first/sole Applicant, folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP ID and Client ID and Application Form number, as applicable. In case of any change in contact details of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.
- (m) Investors are required to ensure that the number of Rights Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.
- (n) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.
- (o) An Applicant being an OCB is required not to be under the adverse notice of RBI and in order to apply for the Issue as an incorporated non-resident must do so in accordance with the FDI Policy and FEMA Rules.
- (p) Ensure that your PAN is linked with Aadhaar and you are in compliance with CBDT notification dated Feb 13, 2020 and press release dated June 25, 2021 and September 17, 2021.

Grounds for Technical Rejection

Applications made in the Issue are liable to be rejected on the following grounds:

- (a) DP ID, folio number and Client ID mentioned in Application does not match with the DP ID, folio number and Client ID records available with the Registrar.
- (b) Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar.
- (c) Sending an Application to our Company, the Lead Managers, Registrar, Banker to the Issue, to a branch of a SCSB which is not a Designated Branch of the SCSB.
- (d) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.
- (e) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.
- (f) Account holder not signing the Application or declaration mentioned therein.
- (g) Submission of more than one Application Form for Rights Entitlements available in a particular demat account.
- (h) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.
- (i) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).
- (j) Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the Demographic Details provided by the Depositories.
- (k) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.
- (l) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and this Draft Letter of Offer.
- (m) Physical Application Forms not duly signed by the sole or joint Investors, as applicable.
- (n) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.
- (o) If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.
- (p) Applications which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States (other than from persons in the United States who are U.S. QIBs and “qualified purchasers” (as defined under the U.S. Investment Company Act of 1940, as amended and referred to in this Draft Letter of Offer as “QPs”) or other jurisdictions where the offer and sale of the Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is (a) both a U.S. QIB and a QP, if in the United States or a U.S. Person or (b) outside the United States and is a non-U.S. Person, and in each case such person is eligible to subscribe for the Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with this Issue; and our Company shall not be bound to issue or allot any Equity Shares in respect of any such Application Form.
- (q) Applications which have evidence of being executed or made in contravention of applicable securities laws.
- (r) Application from Investors that are residing in U.S. address as per the depository records (other than from persons in the United States who are U.S. QIBs and QPs).
- (s) Applicants not having the requisite approvals to make application in the Issue.
- (t) **IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THIS ISSUE TO APPLY THROUGH THE ASBA PROCESS, TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE. ALL INVESTORS APPLYING UNDER THIS ISSUE SHOULD MENTION THEIR DEPOSITORY PARTICIPANT’S NAME, DP ID AND BENEFICIARY ACCOUNT NUMBER/ FOLIO NUMBER IN THE APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE APPLICATION FORM OR PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.**
- (u) Investors applying under this Issue should note that on the basis of name of the Investors, Depository Participant’s name and identification number and beneficiary account number provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic

Details from the Depository. Hence, Investors applying under this Issue should carefully fill in their Depository Account details in the Application.

- (v) These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. By signing the Application Forms, the Investors would be deemed to have authorized the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.
- (w) The Allotment advice and the email intimating unblocking of ASBA Account or refund (if any) would be emailed to the address of the Investor as per the email address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs or the Registrar shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay.
- (x) In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such Application Forms are liable to be rejected.
- (y) Application forms supported by the amount blocked from a third party bank account.

Multiple Applications

In case where multiple Applications are made using same demat account in respect of the same Rights Entitlement, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialized form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. Further, additional applications in relation to additional Rights Equity Shares with/without using additional Rights Entitlements will not be treated as multiple application. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications. For details, see “- *Procedure for Applications by Mutual Funds*” on page 187.

In cases where Multiple Application Forms are submitted, including cases where (a) an Investor submits Application Forms along with a plain paper Application or (b) multiple plain paper Applications (c) or multiple applications through ASBA, such Applications shall be treated as multiple applications and are liable to be rejected, other than multiple applications submitted by our Promoter to meet the minimum subscription requirements applicable to the Issue as described in “*General Information – Minimum Subscription*” on page 52.

Procedure for Applications by certain categories of Investors

Procedure for Applications by FPIs

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the multiple entities having common ownership, directly or indirectly, of more than 50% or common control) must be below 10% of our post- Issue Equity Share capital. Further, in terms of FEMA Rules, the total holding by each FPI shall be below 10% of the total paid-up equity share capital of a company on a fully-diluted basis and the total holdings of all FPIs put together shall not exceed 24% of the paid-up equity share capital of a company on a fully diluted basis.

Further, pursuant to the FEMA Rules the investments made by a SEBI registered FPI in a listed Indian company will be reclassified as FDI if the total shareholding of such FPI increases to more than 10% of the total paid-up equity share capital on a fully diluted basis or 10% or more of the paid up value of each series of debentures or preference shares or warrants.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. FPIs who wish to participate in the Issue are advised to use the Application Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed

to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons registered as Category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI); (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iv) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to inter alia the following conditions: (a) such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and (b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre – approved by the FPI.

Procedure for Applications by AIFs, FVCIs, VCFs and FDI route

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in the Issue. Further, venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in the Issue. Other categories of AIFs are permitted to apply in the Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

Procedure for Applications by NRIs

Investments by NRIs are governed by the FEMA Rules. Applications will not be accepted from NRIs that are ineligible to participate in the Issue under applicable securities laws. As per the FEMA Rules, an NRI or Overseas Citizen of India (“**OCI**”) may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject to the conditions, inter alia, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid-up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

Further, in accordance with press note 3 of 2020, the FDI Policy has been amended to state that all investments by entities incorporated in a country which shares land border with India or where beneficial owner of an investment into India is situated in or is a citizen of any such country (“**Restricted Investors**”), will require prior approval of the Government of India. It is not clear from the press note whether or not an issue of the Rights Equity Shares to Restricted Investors will also require prior approval of the Government of India and each Investor should seek independent legal advice about its ability to participate in the Issue. In the event such prior approval has been obtained, the Investor shall intimate our Company and the Registrar about such approval within the Issue Period.

Procedure for Applications by Mutual Funds

Applications made by asset management companies or custodians of Mutual Funds should clearly and specifically state names of the concerned schemes for which such Applications are made.

In case of a Mutual Fund, a separate Application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Procedure for applications by Systemically Important NBFCs

In case of application made by Systemically Important NBFCs registered with the RBI, (i) the certificate of registration issued by the RBI under Section 45 –IA of the RBI Act, 1934 and (ii) networth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Last date for Application

The last date for submission of the duly filled in the Application Form or a plain paper Application is [●], [●], i.e., Issue Closing Date. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchanges and the Application Money is not blocked with the SCSB, on or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in this Draft Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Equity Shares hereby offered, as set out in “- Basis of Allotment” on page 196.

Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by BSE. Please ensure that the Application Form and necessary details are filled in. In place of Application number, Investors can mention the reference number of the e-mail received from Registrar informing about their Rights Entitlement or last eight digits of the demat account. Alternatively, SCSBs may mention their internal reference number in place of application number.

Withdrawal of Application

An Investor who has applied in the Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted. However, no Investor, applying through ASBA facility, may withdraw their Application post 5.00 p.m. (Indian Standard Time) on the Issue Closing Date.

Disposal of Application and Application Money

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branches of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form.

Our Board reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto. In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Rights Equity Shares Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within a period of four days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

III. CREDIT OF RIGHTS ENTITLEMENTS IN DEMAT ACCOUNTS OF ELIGIBLE EQUITY SHAREHOLDERS

- **Rights Entitlements**

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialised form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity Shares held in physical form, as on the Record Date, you may be entitled to subscribe to the number of Rights Equity Shares as set out in the Rights Entitlement Letter.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., <https://rights.cameoindia.com/affordable>) by entering their DP ID and Client ID or folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company (i.e., www.arapl.co.in).

In this regard, our Company has made necessary arrangements with NSDL and CDSL for crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialized form. A separate ISIN for the Rights Entitlements has also been generated which is [●]. The said ISIN shall remain frozen (for debit) until the Issue Opening Date. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the demat suspense escrow account to the Stock Exchanges after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat.

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. Further, if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall lapse and shall be extinguished after the Issue Closing Date. No Rights Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the premium paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for Rights Equity Shares offered under Issue for subscribing to the Rights Equity Shares offered under Issue.

If Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two clear Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (i.e. <https://rights.cameoindia.com/affordable>). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Master Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only.

Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account (namely, "AFFORDABLE ROBOTICS & AUTOMATION LIMITED RIGHTS ISSUE SUSPENSE ESCROW DEMAT ACCOUNT") opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in the account of the IEPF authority; or (b) the demat accounts of the Eligible Equity Shareholder which are frozen or the Equity Shares which are lying in the unclaimed suspense account (including those pursuant to Regulation 39 of the SEBI LODR Regulations) or details of which are unavailable with our Company or with the Registrar on the Record Date; or (c) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (d) credit of the Rights Entitlements returned/reversed/failed; or (e) the ownership of the Equity Shares currently under dispute, including any court proceedings, if any; or (f) non-institutional equity shareholders in the United States.

Eligible Equity Shareholders are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to our Company or the Registrar not later than two clear Working Days prior to the Issue Closing Date, i.e., by [●], [●] to enable the credit of their Rights Entitlements by way of transfer from the

demat suspense escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in the Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard.

Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Company or the Registrar is active to facilitate the aforementioned transfer.

IV. RENUNCIATION AND TRADING OF RIGHTS ENTITLEMENT

- Renouncees

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to the Issue shall apply to the Renouncee(s) as well.

- Renunciation of Rights Entitlements

The Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and vice versa shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

The renunciation of Rights Entitlements credited in your demat account can be made either by sale of such Rights Entitlements, using the secondary market platform of the Stock Exchanges or through an off market transfer.

- Procedure for Renunciation of Rights Entitlements

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchanges (the “**On Market Renunciation**”); or (b) through an off market transfer (the “**Off Market Renunciation**”), during the Renunciation Period. The Investors should have the demat Rights Entitlements credited / lying in his/her own demat account prior to the renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

In accordance with the SEBI Master Circular, the resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date shall be required to provide their demat account details to our Company or the Registrar to the Issue for credit of REs not later than two Working Days prior to Issue Closing Date, such that credit of REs in their demat account takes place at least one day before Issue Closing Date, thereby enabling them to renounce their Rights Entitlements through Off Market Renunciation.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock-broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

- Payment Schedule of Rights Equity Shares

₹[●] per Rights Equity Share (including premium of ₹[●] per Rights Equity Share) shall be payable on Application.

The Lead Managers and our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.

(a) **On Market Renunciation**

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchanges through a registered stock-broker in the same manner as the existing Equity Shares of our Company. In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Master Circular, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the the Stock Exchanges under ISIN: [●] subject to requisite approvals. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchanges for trading of Rights Entitlements. No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. The details for trading in Rights Entitlements will be as specified by the Stock Exchanges from time to time.

The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is 1 (one) Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from [●], [●] to [●], [●] (both days inclusive). The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock-brokers by quoting the ISIN: [●] and indicating the details of the Rights Entitlements they intend to trade. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of the Stock Exchanges under automatic order matching mechanism and on T+1 rolling settlement basis', where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock-broker will issue a contract note in accordance with the requirements of the Stock Exchanges and the SEBI.

(b) Off Market Renunciation

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only. Eligible Equity Shareholders are requested to ensure that renunciation through off market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date to enable Renouncees to subscribe to the Rights Equity Shares in the Issue.

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN: [●], the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants.

The detailed rules for transfer of Rights Entitlements through off market transfer shall be as specified by the NSDL and CDSL from time to time.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and *vice versa* shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

V. MODE OF PAYMENT

All payments against the Application Forms shall be made only through ASBA facility. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility.

The Investor agrees to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor's ASBA Account. The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth in this Draft Letter of Offer.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar, of the receipt of minimum subscription and pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account(s) which shall be a separate bank account maintained by our Company in accordance with sub-section (3) of Section 40 of the Companies Act, 2013. The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest scheme has been withdrawn. Hence, payment through stock invest would not be accepted in the Issue.

Mode of payment for Resident Investors

All payments on the Application Forms shall be made only through ASBA facility. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Investors

As regards the Application by non-resident Investors, payment must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by RBI and subject to the following:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income tax Act. However, please note that conditions applicable at the time of original investment in our Company by the Eligible Equity Shareholder including repatriation shall not change and remain the same for subscription in the Issue or subscription pursuant to renunciation in the Issue.
2. Subject to the above, in case Rights Equity Shares are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.
3. In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.
4. Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money and Allotment.
5. In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account.
6. Non-resident Renouncees who are not Eligible Equity Shareholders must submit regulatory approval for applying for Additional Rights Equity Shares.

VI.BASIS FOR THE ISSUE AND TERMS OF THE ISSUE

The Rights Equity Shares are being offered for subscription to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of our Equity Shares held in dematerialised form and on the register of members of our Company in respect of our Equity Shares held in physical form at the close of business hours on the Record Date.

For principal terms of Issue such as face value, Issue Price, Rights Entitlement ratio, see "*The Issue*" beginning on page 50.

Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to Eligible Equity Shareholders in the ratio of [●] Rights Equity Shares for every [●] Equity Shares held on the Record Date. For Equity Shares being offered on a rights basis under the Issue, if the shareholding of any of the Eligible Equity Shareholders is less than [●] Rights Equity Shares or not in the multiple of [●], the fractional entitlement of such Eligible Equity Shareholders shall be ignored in the computation of the Rights Entitlement. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored, will be given preferential consideration for the allotment of one additional Equity Share each if they apply for additional Equity Shares over and above their rights entitlement, if any.

For example, if an Eligible Equity Shareholder holds [●] Equity Shares, such Equity Shareholder will be entitled to [●] Equity Share and will also be given a preferential consideration for the Allotment of one Additional Rights Equity Share if such Eligible Equity Shareholder has applied for Additional Rights Equity Shares, over and above his/her Rights Entitlements, subject to availability of Rights Equity Shares in the Issue post allocation towards Rights Entitlements applied for.

Further, the Eligible Equity Shareholders holding less than [●] Equity Shares shall have 'zero' entitlement in the Issue. Such Eligible Equity Shareholders are entitled to apply for additional Equity Shares and will be given preference in the allotment of one additional Equity Share if, such Eligible Equity Shareholders apply for the additional Equity Shares. However, they cannot renounce the same in favour of third parties and the application forms shall be non-negotiable.

Ranking

The Rights Equity Shares to be issued and Allotted pursuant to the Issue shall be subject to the provisions of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, 2013, FEMA, the SEBI ICDR Regulations, the SEBI LODR Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice. The Rights Equity Shares to be issued and Allotted under the Issue shall rank *pari passu* with the existing Equity Shares, in all respects including dividends.

Listing and trading of the Rights Equity Shares to be issued pursuant to the Issue

Subject to receipt of the listing and trading approvals, the Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on BSE. Unless otherwise permitted by the SEBI ICDR Regulations, the Rights Equity Shares Allotted pursuant to the Issue will be listed as soon as practicable and all steps for completion of necessary formalities for listing and commencement of trading in the Rights Equity Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company has received in-principle approval from the BSE through its letter bearing reference number [●] dated [●]. The Equity Shares of our Company have not been listed on NSE. Our Company will apply to the Stock Exchange for final approval for the listing and trading of the Rights Equity Shares subsequent to its Allotment.

No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under the Issue will trade after the listing thereof. The existing Equity Shares are listed and traded on SME Platform of BSE Limited (Scrip Code: 541402) under the ISIN: INE692Z01013. The Equity Shares of our Company have not been listed on NSE. The Rights Equity Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing/ trading approvals from the Stock Exchanges.

Upon receipt of such listing and trading approvals, the Rights Equity Shares shall be debited from such temporary ISIN and credited to the new ISIN for the Rights Equity Shares and thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

The listing and trading of the Rights Equity Shares issued pursuant to the Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

In case our Company fails to obtain listing or trading permission from BSE, our Company shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within four days of receipt of intimation from BSE, rejecting the application for listing of the Rights Equity Shares, and if any such money is not refunded/ unblocked within four days after our Company becomes liable to repay it, our Company and every director of our Company who is an officer-in-default shall, on and from the expiry of the fourth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

- Subscription to the Issue by our Promoter and members of the Promoter Group

For details of the intent and extent of subscription by our Promoter, see “*Capital Structure – Intention and extent of participation by our Promoter and Promoter Group in the Issue*” on page 58.

VII. GENERAL TERMS OF THE ISSUE

- Market Lot

The Equity Shares of our Company shall be tradable only in dematerialized form. The market lot for Equity Shares in dematerialised mode is one Equity Share.

- Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in our Articles of Association. In case of Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered as valid for allotment of Equity Shares offered in the Issue.

- Nomination

Nomination facility is available in respect of the Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014. Since the Allotment is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be Allotted in the Issue. Nominations registered with the respective DPs of the Investors would prevail. Any Investor holding Equity Shares in dematerialised form and desirous of changing the existing nomination is requested to inform its Depository Participant.

- Arrangements for Disposal of Odd Lots

The Equity Shares shall be traded in dematerialised form only and, therefore, the marketable lot shall be one Equity Share and hence, no arrangements for disposal of odd lots are required.

- Restrictions on transfer and transmission of shares and on their consolidation/splitting

There are no restrictions on transfer and transmission and on their consolidation/splitting of shares issued pursuant to this Issue. However, the Investors should note that pursuant to provisions of the SEBI LODR Regulations, with effect from April 1, 2019, except in case of transmission or transposition of securities, the request for transfer of securities shall not effected unless the securities are held in the dematerialized form with a depository.

- Notices

In accordance with the SEBI ICDR Regulations and the SEBI Master Circular, and MCA General Circular No. 21/2020 dated May 11, 2020, our Company will send through email and speed post, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent/ dispatched only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such

Eligible Equity Shareholders have not provided their e-mail address, then, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, one Hindi language national daily newspaper with wide circulation and one regional Marathi daily newspaper with wide circulation (Marathi also being the regional language in the place where our Registered is located).

This Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the the Stock Exchange for making the same available on its website.

- **Offer to Non-Resident Eligible Equity Shareholders/Investors**

As per Rule 7 of the FEMA Rules, RBI has given general permission to a person resident outside India and having investment in an Indian company to make investment in rights equity shares issued by such company subject to certain conditions. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by RBI, non-residents may, amongst other things, subject to the conditions set out therein (i) subscribe for additional shares over and above their rights entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Rights Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice.

If a non-resident or NRI Investor has specific approval from RBI or any other governmental authority, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar at priya@cameoindia.com. It will be the sole responsibility of the investors to ensure that the necessary approval from the RBI or the governmental authority is valid in order to make any investment in the Issue and the Lead Managers and our Company will not be responsible for any such allotments made by relying on such approvals.

The Abridged Letter of Offer, the Rights Entitlement Letter and Application Form shall be sent only to the Indian addresses of the non-resident Eligible Equity Shareholders on a reasonable efforts basis, who have provided an Indian address to our Company and located in jurisdictions where the offer and sale of the Rights Equity Shares may be permitted under laws of such jurisdictions. Eligible Equity Shareholders can access this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of the Registrar, our Company, the Lead Managers and the Stock Exchanges.

Further, Application Forms will be made available at Registered and Corporate Office of our Company for the non-resident Indian Applicants. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Allotment. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Rights Equity Shares are issued on rights basis. In case of change of status of holders, i.e., from resident to non-resident, a new demat account must be opened.

Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company and the Lead Managers.

ALLOTMENT OF THE RIGHTS EQUITY SHARES IN DEMATERIALIZED FORM

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR IN THE ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE. FOR DETAILS, SEE “- ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS” ON PAGE 197.

VIII. ISSUE SCHEDULE

| | |
|---------------------------|--|
| Issue Opening Date | |
|---------------------------|--|

| | |
|---------------------------------------------------------------------------------------------|-----|
| Last date for receiving requests for Application Form and Rights Entitlement Letter# | [●] |
| Issue Closing Date | [●] |
| Finalising the basis of allotment with the Designated Stock Exchange | [●] |
| Date of Allotment (on or about) | [●] |
| Initiation of refunds | [●] |
| Date of credit (on or about) | [●] |
| Date of listing (on or about) | [●] |

**Our Board may, however, decide to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).*

***Investors are advised to ensure that the Application Forms are submitted on or before the Issue Closing Date. Our Company, the Lead Managers and/or the Registrar to the Issue will not be liable for any loss on account of non-submission of Application Forms or on before the Issue Closing Date.*

#Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee(s) on or prior to the Issue Closing Date.

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two clear Working Days prior to the Issue Closing Date, i.e., [●], [●] to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date, i.e., [●], [●].

IX. BASIS OF ALLOTMENT

Subject to the provisions contained in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, the Articles of Association and the approval of the Designated Stock Exchange, our Board will proceed to Allot the Rights Equity Shares in the following order of priority:

- (a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Rights Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for Rights Equity Shares renounced in their favour, in full or in part, as adjusted for fraction entitlement.
- (b) Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in allotment of one Additional Rights Equity Share each if they apply for Additional Rights Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (a) above. If number of Rights Equity Shares required for Allotment under this head are more than the number of Rights Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.
- (c) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of the Issue, have also applied for Additional Rights Equity Shares. The Allotment of such Additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Rights Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.
- (d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for Additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares will be made on a proportionate basis in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.
- (e) Allotment to any other person, subject to applicable laws, that our Board may deem fit, provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the Investors who have been allocated Rights Equity Shares in the Issue, along with:

1. The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for the Issue, for each successful Application;
2. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
3. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

Further, the list of Applicants eligible for refund with corresponding amount will also be shared with Banker to the Issue to refund such Applicants.

X. ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS

Our Company will send/ dispatch Allotment advice, refund intimations or demat credit of securities and/or letters of regret, only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, Allotment advice, refund intimations or demat credit of securities and/or letters of regret will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Allotment advice, refund intimations or demat credit of securities and/or letters of regret will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them; along with crediting the Allotted Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or in a demat suspense account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or issue instructions for unblocking the funds in the respective ASBA Accounts, if any, within a period of 1 day from the finalisation of Basis of allotment T+1, T being the date of approval of basis of allotment. In case of failure to do so, our Company and our Directors who are "officers in default" shall pay interest at 15% p.a. and such other rate as specified under applicable law from the expiry of such 1 day' period.

The Rights Entitlements will be credited in the dematerialized form using electronic credit under the depository system and the Allotment advice shall be sent, through a mail, to the Indian mail address provided to our Company or at the address recorded with the Depository.

In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, unblocking refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Where an Applicant has applied for Additional Rights Equity Shares in the Issue and is Allotted a lesser number of Rights Equity Shares than applied for, the excess Application Money paid/blocked shall be refunded/unblocked. The unblocking of ASBA funds / refund of monies shall be completed be within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

XI. PAYMENT OF REFUND

- Mode of making refunds

In case of Applicants not eligible to make an application through ASBA process, the payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through any of the following modes:

- (a) Unblocking amounts blocked using ASBA facility.
- (b) NACH – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by RBI, where such facility has been made available. This would be subject to availability of

complete bank account details including a Magnetic Ink Character Recognition (“**MICR**”) code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where Applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.

- (c) National Electronic Fund Transfer (“**NEFT**”) – Payment of refund shall be undertaken through NEFT wherever the Investors’ bank has been assigned the Indian Financial System Code (“**IFSC Code**”), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
- (d) Direct Credit – Investors having bank accounts with the Banker to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.
- (e) RTGS – If the refund amount exceeds ₹2,00,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Application Form. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the Refund Bank for the same would be borne by our Company. Charges, if any, levied by the Investor’s bank receiving the credit would be borne by the Investor.
- (f) For all other Investors, the refund orders will be dispatched through speed post or registered post subject to applicable laws. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.
- (g) Credit of refunds to Investors in any other electronic manner, permissible by SEBI from time to time.

- Refund payment to non-residents

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

XII. ALLOTMENT ADVICE OR DEMAT CREDIT OF SECURITIES

The demat credit of securities to the respective beneficiary accounts will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

- Receipt of the Rights Equity Shares in Dematerialized Form

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR UNDER THE ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO CLEAR WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS ON THE RECORD DATE, OR (C) DEMAT SUSPENSE ACCOUNT PENDING RECEIPT OF DEMAT ACCOUNT DETAILS FOR RESIDENT ELIGIBLE EQUITY SHAREHOLDERS HOLDING EQUITY SHARES FORM/ WHERE THE CREDIT OF THE RIGHTS ENTITLEMENTS RETURNED/REVERSED/FAILED.

Investors shall be Allotted the Rights Equity Shares in dematerialized (electronic) form. Our Company has signed two agreements with the respective Depositories and the Registrar to the Issue, which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates: tripartite agreements dated March 23, 2018 and March 15, 2018 amongst our Company, NSDL and CDSL, respectively, and the Registrar to the Issue.

INVESTORS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Rights Equity Shares in the Issue in the dematerialised form is as under:

1. Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.
2. It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.
3. The responsibility for correctness of information filled in the Application Form vis-a-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in Application Form should be the same as registered with the Investor's depository participant.
4. If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected.
5. The Rights Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders holding Equity Shares in physical form/ with Investor Education and Protection Fund (IEPF) authority/ in suspense, etc.). Allotment advice, refund order (if any) would be sent through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.
6. Non-transferable Allotment advice/ refund intimation will be directly sent to the Investors by the Registrar, through physical dispatch.
7. Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in the Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.
8. Dividend or other benefits with respect to the Equity Shares held in dematerialized form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.
9. Resident Eligible Equity Shareholders, who hold Equity Shares in physical form and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, shall not be able to apply in this Issue

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who:

- (i) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (ii) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (iii) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*

shall be liable for action under Section 447.”

The liability prescribed under Section 447 of the Companies Act, 2013 for fraud involving an amount of at least ₹ 10 lacs or 1% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to ten years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. Where such fraud (i) involves an amount which is less than ₹ 10 lacs or 1% of the turnover of the Company, whichever is lower, and (ii) does not involve public interest, then such fraud is punishable with imprisonment for a term extending up to five years or fine of an amount extending up to ₹ 50 lacs or with both.

Utilization of Issue Proceeds

Our Board of Directors declares that:

- (a) All monies received out of the Issue shall be transferred to a separate bank account;
- (b) Details of all monies utilized out of the Issue shall be disclosed, and shall continue to be disclosed until the time any part of the Issue Proceeds remains unutilized, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized;
- (c) Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested; and
- (d) Our Company may utilize the funds collected in the Issue only after final listing and trading approvals for the Rights Equity Shares Allotted in the Issue is received.

Undertakings by our Company

Our Company undertakes the following:

- (i) The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.
- (ii) All steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges where the Rights Equity Shares are to be listed will be taken within the time prescribed by the SEBI.
- (iii) The funds required for making refunds to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.
- (iv) Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
- (v) Other than any Equity Shares that may be issued pursuant to exercise options under the ESOP 2016 and ESOP 2018, no further issue of securities affecting our Company's Equity Share capital shall be made until the Rights Equity Shares are listed or until the Application Money is refunded on account of non-listing, under subscription etc.
- (vi) In case of unblocking of the application amount for unsuccessful Applicants or part of the application amount in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.
- (vii) Adequate arrangements shall be made to collect all ASBA Applications and to consider them similar to non-ASBA Applications while finalizing the Basis of Allotment.
- (viii) At any given time, there shall be only one denomination for the Rights Equity Shares of our Company.
- (ix) Our Company shall comply with all disclosure and accounting norms specified by the SEBI from time to time.
- (x) Our Company accepts full responsibility for the accuracy of information given in this Draft Letter of Offer and confirms that to the best of its knowledge and belief, there are no other facts the omission of which makes any statement made in this Draft Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.

Minimum Subscription

The objects of the Issue involve financing other than financing of capital expenditure for a project. However, our Promoters and members of our Promoter Group have *vide* their letters each dated November 30, 2023 informed us that they shall be renouncing their entire Rights Entitlements to third parties. Accordingly, minimum

subscription criteria provided under Regulation 86(1) of the SEBI ICDR Regulations shall apply to this Issue. In accordance with Regulation 86 of the SEBI ICDR Regulations, if our Company does not receive the minimum subscription of at least 90% of the Issue of the Equity Shares being offered under this Issue, on an aggregate basis, our Company shall refund the entire subscription amount received within 4 (four) days from the Issue Closing Date in accordance with the SEBI Master Circular. If there is a delay in making refunds beyond such period as prescribed by applicable laws, our Company will pay interest for the delayed period at rates as prescribed under the applicable laws.

Filing

SEBI *vide* the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 has amended Regulation 3(b) of the SEBI ICDR Regulations as per which the threshold of filing of Draft Letter of Offer with SEBI for Rights Issues has been increased. The threshold of the rights issue size under Regulation 3 (b) of the SEBI ICDR Regulations has been increased from Rupees ten crores to Rupees fifty crores. Since the size of this Issue falls below this threshold, the Draft Letter of Offer shall be filed with BSE Limited and not with SEBI. However, the Letter of Offer shall be submitted with SEBI for information and dissemination purposes and shall be filed with the Stock Exchange.

Withdrawal of the Issue

Subject to provisions of the SEBI ICDR Regulations, the Companies Act and other applicable laws, our Company in consultation with the Lead Managers, reserves the right not to proceed with the Issue at any time before the Issue Opening Date without assigning any reason thereof.

If our Company withdraws the Issue any time after the Issue Opening Date, a public notice within two (2) Working Days of the Issue Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Issue shall be issued by our Company. The notice of withdrawal will be issued in the same newspapers where the pre-Issue advertisement has appeared and the Stock Exchanges will also be informed promptly.

The Lead Managers, through the Registrar to the Issue, will instruct the SCSBs to unblock the ASBA Accounts within one (1) working Day from the day of receipt of such instruction. Our Company shall also inform the same to the Stock Exchanges.

If our Company withdraws the Issue at any stage including after the Issue Closing Date and subsequently decides to proceed with an Issue of the Equity Shares, our Company will file a fresh offer document with the Stock Exchanges where the Equity Shares may be proposed to be listed.

Important

Please read this Draft Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of the Draft Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected. It is to be specifically noted that this Issue of Rights Equity Shares is subject to the risk factors mentioned in “*Risk Factors*” on page 22.

All enquiries in connection with this Draft Letter of Offer or Application Form and the Rights Entitlement Letter must be addressed (quoting the Registered Folio Number or the DP and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and super scribed “**Affordable Robotic & Automation Limited– Rights Issue**” on the envelope to the Registrar at the following address:

Cameo Corporate Services Limited

Subramanian Building, No. 01,
Club House Road, Chennai- 600 002,
Tamil Nadu, India.

Telephone: +91 44 4002 0700/ 2846 0390

Facsimile: N.A.

Email: rights@cameoindia.com

Website: www.cameoindia.com

Online Investor Grievance Portal: <https://rights.cameoindia.com/affordable> /<https://wisdom.cameoindia.com>

Contact Person: K. Sreepriya
SEBI Registration No.: INR000003753

The Issue will remain open for a minimum period of 7 (seven) days. However, our Board will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date (inclusive of the Issue Closing Date).

The Investors can visit following links for the below-mentioned purposes:

- (a) Frequently asked questions are available on the website of the Registrar (<https://rights.cameoindia.com/affordable>) or call helpline numbers (+91-44-40020700 (5 Lines)) and online/electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: ;
- (b) Updation of email address/ mobile number in the records maintained by the Registrar or our Company: <https://rights.cameoindia.com/affordable>
- (c) Updation of Indian address can be sent to Registrar at email id Priya@cameoindia.com or by way of Registered post/Courier at Cameo Corporate Services, No 1 Subramaniam Building, Club House Road, Chennai – 600002 .
- (d) Updation of demat account details by Eligible Equity Shareholders holding shares in physical form: <https://rights.cameoindia.com/affordable>.
- (e) Submission of self-attested PAN, client master sheet and demat account details by non- resident Eligible Equity Shareholders at investor@cameoindia.com

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991, of the Government of India and FEMA. While the Industrial Policy, 1991, of the Government of India, prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. The Union Cabinet, as provided in the Cabinet Press Release dated May 24, 2017, has given its approval for phasing out the FIPB. Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Accordingly, the process for foreign direct investment (“**FDI**”) and approval from the Government of India will now be handled by the concerned ministries or departments, in consultation with the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as the Department of Industrial Policy and Promotion) (“**DPIIT**”), Ministry of Finance, Department of Economic Affairs, FIPB section, through a memorandum dated June 05, 2017, has notified the specific ministries handling relevant sectors.

The Government has, from time to time, made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated FDI Policy Circular of 2017 (“**FDI Circular 2017**”), which, with effect from August 28, 2017, consolidated and superseded all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on August 28, 2017. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Circular 2017 will be valid until the DPIIT issues an updated circular.

The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict between FEMA and such policy pronouncements, FEMA prevails. The Consolidated FDI Policy, issued by the DIPP, consolidates the policy framework in place as on August 27, 2017, and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP that were in force and effect as on August 27, 2017. The Government proposes to update the consolidated circular on FDI Policy once every year and therefore the Consolidated FDI Policy will be valid until the DIPP issues an updated circular.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

As per the existing policy of the Government of India, erstwhile OCBs cannot participate in this Issue.

The above information is given for the benefit of the Applicants / Investors. Our Company and the Lead Managers are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

SECTION VIII – STATUTORY AND OTHER INFORMATION

Please note that the Rights Equity Shares applied for under this Issue can be allotted only in dematerialized form and to (a) the same depository account/ corresponding pan in which the Equity Shares are held by such Investor on the Record Date, or (b) the depository account, details of which have been provided to our Company or the Registrar at least two working days prior to the Issue Closing Date by the Eligible Equity Shareholder holding Equity Shares in physical form as on the Record Date i.e. [●].

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Draft Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of the documents for inspection referred to hereunder, would be available on the website of the Company at www.arapl.co.in from the date of this Draft Letter of Offer until the Issue Closing Date.

1. Material Contracts for the Issue

- (i) Issue Agreement dated December 01, 2023 entered into between our Company and the Lead Managers.
- (ii) Registrar Agreement dated December 01, 2023 entered into amongst our Company and the Registrar to the Issue.
- (iii) Escrow Agreement dated [●] amongst our Company, the Lead Managers, the Registrar to the Issue and the Bankers to the Issue.

2. Material Documents

- (i) Certified copies of the updated Memorandum of Association and Articles of Association of our Company as amended from time to time.
- (ii) Annual Reports of the Company for the past five years.
- (iii) Certificate of incorporation dated January 12, 2010.
- (iv) Fresh certificate of incorporation dated February 02, 2018 issued pursuant to conversion of our Company.
- (v) Resolution of the Board of Directors dated October 06, 2023 in relation to the Issue.
- (vi) Resolution of the Rights Issue Committee of the Board of Directors dated December 4, 2023 approving and adopting this Draft Letter of Offer.
- (vii) Resolution of the Board of Directors dated [●] approving and adopting the Letter of Offer.
- (viii) Resolution of our Board dated [●], finalizing the terms of the Issue including Issue Price, Record Date and the Rights Entitlement Ratio.
- (ix) Consent of our Directors, Company Secretary and Compliance Officer, Chief Financial Officer, Statutory Auditor, Lead managers, Bankers to the Issue*, Legal Advisor, the Registrar to the Issue for inclusion of their names in the Draft Letter of Offer in their respective capacities.
**To be obtained at the time of filing of the Letter of Offer.*
- (x) The examination reports dated November 30, 2023 of the Statutory Auditor, on our Company's Restated Financial Statements, included in this Draft Letter of Offer.
- (xi) The limited review report dated November 08, 2023 of the Statutory Auditor on the unaudited financial statements for the six-month period ended September 30, 2023 included in this Draft Letter of Offer.
- (xii) Statement of Tax Benefits dated November 30, 2023 from the Statutory Auditor included in this Draft Letter of Offer.
- (xiii) Tripartite Agreement dated March 23, 2018 between our Company, NSDL and the Registrar to the Issue.
- (xiv) Tripartite Agreement dated March 15, 2018 between our Company, CSDL and the Registrar to the Issue.
- (xv) In principle listing approvals dated [●] issued by BSE.

Any of the contracts or documents mentioned in this Draft Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We hereby declare that all relevant provisions of the Companies Act 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Letter of Offer is contrary to the provisions of the Companies Act 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder, as the case may be. We further certify that all the statements and disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTORS OF OUR COMPANY

Sd/-

Milind Manohar Padole
(Managing Director)

Sd/-

Manohar Pandurang Padole
(Whole-Time Director)

Sd/-

Rahul Milind Padole
(Executive Director)

Sd/-

Bhagirathi Manohar Padole
(Non-Executive Director)

Sd/-

Dr. Ajay Vishnu Deshmukh
(Independent Director)

Sd/-

Rohan Vijay Akolkar
(Independent Director)

Sd/-

Bharat Kishore Jhamvar
(Independent Director)

Sd/-

Shailesh Shreekant Pandit
(Independent Director)

Sd/-

Sengunthar Dakshnamurthy Kalidass
(Chief Financial Officer)

Place: Pune

Date: December 4, 2023