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(Please scan this QR Code to view the Addendum)



PROSTARM INFO SYSTEMS LIMITED

Our Company was originally incorporated as a private limited company under the name “Prostar Micronova Power Systems Private Limited” under the Companies Act, 1956, pursuant to a certificate of incorporation dated January 11, 2008, issued by the Registrar of Companies, Maharashtra, Pune. Thereafter, our Company was converted into a public limited company, as approved by our Board on March 8, 2017, and a special resolution passed by our shareholders at the EGM held on March 17, 2017, and the name of our Company was changed to “Prostar Micronova Power Systems Limited”, and a fresh certificate of incorporation dated May 26, 2017 consequent upon change of name on conversion to public limited company was issued by the Registrar of Companies, Maharashtra, Pune. Subsequently, the name of our Company was changed to “Prostarm Info Systems Limited”, as approved by our Board on June 27, 2017 and a special resolution passed by our shareholders at the EGM held on July 10, 2017, and a fresh certificate of incorporation dated July 28, 2017 consequent upon change of name was issued by the Registrar of Companies, Maharashtra, Pune.

Corporate Identity Number: U31900MH2008PLC368540

Registered Office: Plot No. EL 79, Electronic Zone, TTC, MIDC, Mahape
Navi Mumbai, Thane – 400 710, Maharashtra, India

Contact Person: Sachin Gupta, Company Secretary and Compliance Officer; **Telephone:** 022 4528 0500

E-mail: cs@prostarm.com; **Website:** www.prostarm.com

NOTICE TO THE INVESTORS: ADDENDUM TO THE DRAFT RED HERRING PROSPECTUS DATED SEPTEMBER 28, 2024 FILED ON SEPTEMBER 30, 2024 (“THE ADDENDUM”)

OUR PROMOTERS: RAM AGARWAL, SONU RAM AGARWAL AND VIKAS SHYAMSUNDER AGARWAL

INITIAL PUBLIC OFFERING OF UP TO 1,60,00,000* EQUITY SHARES OF FACE VALUE OF ₹10 EACH (“EQUITY SHARES”) OF PROSTARM INFO SYSTEMS LIMITED (“OUR COMPANY” OR THE “ISSUER”) FOR CASH AT A PRICE OF ₹[●] PER EQUITY SHARE (INCLUDING A SECURITIES PREMIUM OF ₹[●] PER EQUITY SHARE) (“ISSUE PRICE”) AGGREGATING UP TO ₹[●] LAKHS (“THE ISSUE”). THE ISSUE WILL CONSTITUTE [●] % OF OUR POST-ISSUE PAID-UP EQUITY SHARE CAPITAL.

THE FACE VALUE OF THE EQUITY SHARES IS ₹10 EACH AND THE ISSUE PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER AND WILL BE ADVERTISED IN ALL EDITIONS OF [●] (A WIDELY CIRCULATED ENGLISH NATIONAL DAILY NEWSPAPER), ALL EDITIONS OF [●] (A WIDELY CIRCULATED HINDI NATIONAL DAILY NEWSPAPER) AND ALL EDITIONS OF [●] (A WIDELY CIRCULATED MARATHI DAILY NEWSPAPER, MARATHI BEING THE REGIONAL LANGUAGE OF MAHARASHTRA, WHERE OUR REGISTERED OFFICE IS LOCATED), AT LEAST 2 (TWO) WORKING DAYS PRIOR TO THE BID/ISSUE OPENING DATE, AND SHALL BE MADE AVAILABLE TO THE STOCK EXCHANGES FOR THE PURPOSE OF UPLOADING ON THEIR RESPECTIVE WEBSITES IN ACCORDANCE WITH THE SEBI ICDR REGULATIONS.

OUR COMPANY, IN CONSULTATION WITH THE BRLM, MAY CONSIDER A PRE-IPO PLACEMENT, AGGREGATING UPTO 10,00,000 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH PRIOR TO FILING OF THE RED HERRING PROSPECTUS WITH THE ROC. THE PRE-IPO PLACEMENT, IF UNDERTAKEN, WILL BE AT A PRICE TO BE DECIDED BY OUR COMPANY, IN CONSULTATION WITH THE BRLM. IF THE PRE-IPO PLACEMENT IS COMPLETED, THE AMOUNT RAISED PURSUANT TO THE PRE-IPO PLACEMENT WILL BE REDUCED FROM THE ISSUE, SUBJECT TO COMPLIANCE WITH RULE 19(2)(B) OF THE SCRR. THE PRE-IPO PLACEMENT, IF UNDERTAKEN, SHALL NOT EXCEED 20% OF THE SIZE OF THE ISSUE. PRIOR TO THE COMPLETION OF THE ISSUE, OUR COMPANY SHALL APPROPRIATELY INTIMATE THE SUBSCRIBERS TO THE PRE-IPO PLACEMENT, PRIOR TO ALLOTMENT PURSUANT TO THE PRE-IPO PLACEMENT, THAT THERE IS NO GUARANTEE THAT OUR COMPANY MAY PROCEED WITH THE ISSUE OR THE ISSUE MAY BE SUCCESSFUL AND WILL RESULT INTO LISTING OF THE EQUITY SHARES ON THE STOCK EXCHANGES. FURTHER, RELEVANT DISCLOSURES IN RELATION TO SUCH INTIMATION TO THE SUBSCRIBERS TO THE PRE-IPO PLACEMENT (IF UNDERTAKEN) SHALL BE APPROPRIATELY MADE IN THE RELEVANT

SECTIONS OF THE RED HERRING PROSPECTUS AND PROSPECTUS.**Subject to finalization of basis of allotment*

This Addendum is in reference to the Draft Red Herring Prospectus filed with SEBI and the Stock Exchanges in relation to the Issue. Potential Bidders may note the following:

1. At the time of filing the Draft Red Herring Prospectus, our Company had identified the following as the objects for utilization of the Net Proceeds ("**Objects**"):

		(₹ in lakhs)
Sr. No.	Particulars	Estimated amount [^]
1.	Funding working capital requirements of our Company	7,250.00
2.	Prepayment or repayment of all or a portion of certain outstanding borrowings availed by our Company	1,800.00
3.	Acquisition of further stake of our Subsidiary to make it a wholly owned subsidiary	900.00
4.	Achieving inorganic growth through unidentified acquisitions and other strategic initiatives and general corporate purposes*	[●]

[^] Our Company, in consultation with the BRLM, may consider a Pre-IPO Placement, prior to filing of the Red Herring Prospectus of an amount *t* aggregating up to 10,00,000 Equity Shares of face value of ₹ 10/- each. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company, in consultation with the BRLM. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Issue, subject to compliance with Rule 19(2)(b) of the SCRR. The Pre-IPO Placement, if undertaken, shall not exceed 20% of the size of the Issue. Prior to the completion of the Issue, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Issue or the Issue may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the RHP and the Prospectus.

*To be finalized on determination of the Issue Price and updated in the Prospectus prior to filing with the ROC. The cumulative amount to be utilized towards inorganic growth through unidentified acquisitions and other strategic initiatives and general corporate purposes shall not exceed 35% of the Gross Proceeds of the Issue. Further, the amount utilized for achieving inorganic growth through unidentified acquisitions and other strategic initiatives shall not exceed 25% of the Gross Proceeds of the Issue. In addition, the amount utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds of the Issue.

Our Company has acquired the balance stake in our Prostarm Energy Systems Private Limited on January 24, 2025 to make it our Wholly-owned Subsidiary by making a full and final payment in discharge of the obligations under the Memorandum of Understanding dated March 7, 2024, vide two demand drafts amounting to ₹900.00 lakhs and ₹81.00 lakhs (net of TDS), respectively. Therefore, our Company is not required to deploy funds towards the acquisition of further stake of Prostarm Energy Systems Private Limited to make it a wholly owned subsidiary as was mentioned in the DRHP.

In light of the said development, our Company pursuant to the resolution passed by our Board dated January 18, 2025 read with the resolution passed by the IPO Committee dated January 30, 2025, has decided to revise the Objects and other consequential changes in the manner detailed below;

		(₹ in lakhs)
Sr. No.	Particulars	Estimated amount [^]
1.	Funding working capital requirements of our Company	7,250.00
2.	Prepayment or repayment of all or a portion of certain outstanding borrowings availed by our Company	1,800.00
3.	Achieving inorganic growth through unidentified acquisitions and other strategic initiatives and general corporate purposes*	[●]

[^] Our Company, in consultation with the BRLM, may consider a Pre-IPO Placement, prior to filing of the Red Herring Prospectus of an amount *t* aggregating up to 10,00,000 Equity Shares of face value of ₹ 10/- each. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company, in consultation with the BRLM. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Issue, subject to compliance with Rule 19(2)(b) of the SCRR. The Pre-IPO Placement, if undertaken, shall not exceed 20% of the size of the Issue. Prior to the completion of the Issue, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Issue or the Issue may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the RHP and the Prospectus.

*To be finalized on determination of the Issue Price and updated in the Prospectus prior to filing with the ROC. The cumulative amount to be utilized towards inorganic growth through unidentified acquisitions and other strategic initiatives and general corporate purposes shall not exceed 35% of the Gross Proceeds of the Issue. Further, the amount utilized for achieving inorganic growth through unidentified acquisitions and other strategic initiatives shall not exceed 25% of the Gross Proceeds of the Issue. In addition, the amount utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds of the Issue.

2. As Prostarm Energy Systems Private Limited became our wholly owned subsidiary by way of acquisition of shares held by Radhakrishnan Nair ("**Nair**"), all the agreements entered into with Nair except the Memorandum of Understanding dated March 7, 2024 between Radhakrishnan Nair, our Company and Prostarm Energy Systems Private Limited ("**MoU**") in relation to his shareholding and interest in Prostarm Energy Systems Private Limited stand terminated and fully discharged. Accordingly, all such terminated agreements mentioned under "**Shareholders Agreement and other agreements – A - Agreements between our Company, our Subsidiary, Radhakrishnan Nair and Aarcchor Innovations Private Limited**" mentioned in chapter titled "**History and Other Corporate Matters**" on page 232 of the DRHP stands deleted from the DRHP.

3. To reflect the changes relating to acquisition of 100% stake in Prostarm Energy Systems Private Limited and updated Objects of the Issue, included through this Addendum, the chapters titled “**Definitions and Abbreviations**”, “**Summary of the Offer Document**”, “**Risk Factors**”, “**Objects of the Offer**”, “**Our Business**”, “**History and Certain Corporate Matters**” and “**Material Contracts and Documents for Inspection**” beginning on pages 1, 26, 34, 107, 175, 223 and 487 respectively has been suitably updated.

Potential Bidders may note that in order to assist Bidders to obtain a complete understanding of the updated information, the updated relevant portions of the sections titled “**Definitions and Abbreviations**”, “**Summary of the Offer Document**”, “**Risk Factors**”, “**Objects of the Offer**”, “**Our Business**”, “**History and Certain Corporate Matters**” and “**Material Contracts and Documents for Inspection**” have been included in this Addendum.

The above changes are to be read in conjunction with the Draft Red Herring Prospectus and accordingly their references in the Draft Red Herring Prospectus stand updated pursuant to this Addendum. All updated information forming part of this Addendum will be suitably incorporated, as may be applicable, in the Red Herring Prospectus and the Prospectus, as and when filed with the Registrar of Companies, the Securities and Exchange Board of India and the Stock Exchanges. However, potential Bidders must note that this Addendum does not reflect all the changes that have occurred between the date of filing of the Draft Red Herring Prospectus and the date hereof, and accordingly does not include all the changes and/or updates that will be included in the Red Herring Prospectus and the Prospectus. Potential Bidders should read the Red Herring Prospectus as and when filed with the RoC, the SEBI, and the Stock Exchanges before making an investment decision in the Issue.

All capitalised terms used in this Addendum shall, unless the context otherwise requires, have the meaning ascribed to them in the Draft Red Herring Prospectus.



The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in ‘offshore transactions’ in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdictions where such offers and sales are made.

This Addendum which has been filed with SEBI and the Stock Exchanges shall be made available to the public for comments, if any, for a period of at least 21 days, from the date of such filing with SEBI and will be available on SEBI’s website at www.sebi.gov.in, the websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com, the website of the Company at www.prostarm.com, and the websites of Book Running Lead Manager Choice Capital Advisors Private Limited at www.choiceindia.com/merchant-investment-banking.

Place: Mumbai
Date: January 30, 2025

For **Prostarm Info Systems Limited**
On behalf of the Board of Directors
Sd/-

Sachin Gupta
Company Secretary and Compliance Officer

BOOK RUNNING LEAD MANAGER		REGISTRAR TO THE ISSUE			
 Choice <small>The Joy of Earning</small>		 KFINTECH <small>EXPERIENCE TRANSFORMATION</small>			
Choice Capital Advisors Private Limited Sunil Patodia Tower, Plot No. 156-158 J.B. Nagar, Andheri (East), Mumbai – 400 099, Maharashtra, India Telephone: +91 22 6707 9999 / 7919 (ext.) Email: ipo.pisl@choiceindia.com Investor Grievance Email: investorgrievances_advisors@choiceindia.com Website: www.choiceindia.com/merchant-investment-banking Contact Person: Nimisha Joshi / Shreya Poddar SEBI Registration No: INM000011872		KFin Technologies Limited Selenium, Tower-B, Plot No- 31 and 32, Financial District Nanakramguda, Serilingampally, Hyderabad – 500 032, Telangana, India Telephone: +91 40 6716 2222 / 1800 309 4001 Email: pisl.ipo@kfintech.com Investor grievance email: einward.ris@kfintech.com Contact person: M Murali Krishna Website: www.kfintech.com SEBI Registration no.: INR000000221			
BID / OFFER PROGRAMME					
ANCHOR INVESTOR BID/ISSUE PERIOD	[●] ^{(1)*}	BID/ISSUE OPENS ON	[●] ⁽²⁾	BID/ISSUE CLOSSES ON	[●] ⁽²⁾⁽³⁾⁽⁴⁾

*Subject to finalization of basis of allotment

⁽¹⁾Our Company may, in consultation with the BRLM, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bidding Date shall be 1 (one) Working Day prior to the Bid/Issue Opening Date.

⁽²⁾Our Company may, in consultation with the BRLM, consider closing the Bid/Issue Period for QIBs 1 (one) Working Day prior to the Bid/Issue Closing Date in accordance with the SEBI ICDR Regulations.

⁽³⁾The UPI mandate end time and date shall be at 5:00 p.m. on Bid/Issue Closing Day.

⁽⁴⁾Our Company, in consultation with the BRLM, may consider a Pre-IPO Placement, aggregating up to 10,00,000 Equity Shares of face value of ₹10 each prior to filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company, in consultation with the BRLM. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Issue, subject to compliance with Rule 19(2)(b) of the SCRR. The Pre-IPO Placement, if undertaken, shall not exceed 20% of the size of the Issue. Prior to the completion of the Issue, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Issue or the Issue may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the Red Herring Prospectus and Prospectus.

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DEFINITIONS AND ABBREVIATIONS

Company Related Terms

Term	Description
“Subsidiary” / “Wholly-owned Subsidiary”	Our wholly-owned subsidiary, Prostarm Energy Systems Private Limited. <i>Note: Our Company has acquired the balance stake in Prostarm Energy Systems Private Limited and consequently, it became our wholly-owned Subsidiary. For details, see “Our Subsidiaries - History and Other Corporate Matters” on page 234.</i>

SUMMARY OF THE OFFER DOCUMENT

The table appearing under the heading "*Utilization of Net Proceeds*" on page 27 of the Draft Red Herring Prospectus shall stand revised, as below:

Utilization of Net Proceeds

Our Company proposes to utilise the Net Proceeds towards funding the following objects:

No.	Objects	Estimated Amount (₹ in Lakhs) [#]
1.	Funding working capital requirements of our Company	7,250.00
2.	Prepayment or repayment of all or a portion of certain outstanding borrowings availed by our Company	1,800.00
3.	Achieving inorganic growth through unidentified acquisitions and other strategic initiatives and general corporate purposes ^{*^}	[•]
Total utilization of net proceeds		[•]

^{*}To be finalised upon determination of the Issue Price and updated in the Prospectus prior to filing with the RoC.

[^]The cumulative amount to be utilized towards inorganic growth through unidentified acquisitions and other strategic initiatives and general corporate purposes shall not exceed 35% of the Gross Proceeds. Further, the amount utilized for funding inorganic growth through acquisitions and other strategic initiatives shall not exceed 25% of the Gross Proceeds. In addition, the amount to be utilized towards general corporate purposes alone shall not exceed 25% of the Gross Proceeds.

[#]Includes the proceeds, if any, received pursuant to the Pre-IPO Placement which may be undertaken by our Company aggregating upto 10,00,000 Equity Shares of face value of ₹ 10/- each, in consultation with the BRLM. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Issue, subject to compliance with Rule 19(2)(b) of the SCRR. The details of the Pre-IPO Placement, if undertaken, shall be included in the Red Herring Prospectus with RoC. Upon allotment of Equity Shares pursuant to the Pre-IPO Placement, we may utilize the proceeds from the Pre-IPO Placement towards the Objects as set out in this section. The Pre-IPO Placement shall not exceed 20% of the size of the Issue.

For further details, see "*Objects of the Issue*" on page **Error! Bookmark not defined.**

RISK FACTORS

The risk factor numbers 28, 38, 46 and 55 appearing in the section entitled “*Risk Factors*” on pages 53, 58, 63 and 67, respectively, of the Draft Red Herring Prospectus shall stand deleted and replaced by the revised risk factor below.

28. *Growing our business through acquisitions may expose us to additional risks that could adversely impact our business, financial condition, cash flows, operational results, and future prospects.*

In the past, we have resorted to acquisitions for expansion of our business activities and we may continue to pursue strategic acquisitions or similar arrangements. For instance, we acquired technology know-how, assets, and employees from Aarcchor Innovations Private Limited through our Subsidiary, as well as from Transfield Transformers and Electronics Private Limited. For more details, see “*Our Business*” on page **Error! Bookmark not defined.**

Our Company intends to utilize a portion of Net Proceeds for unidentified inorganic acquisitions. For details, see “*Objects of the Issue*” on page **Error! Bookmark not defined.** However, the successful integration of acquired business depends on our ability to implement necessary changes in their operations or personnel, which may involve significant capital expenditure. We may face challenges in integrating processes, systems, and employees in a timely and cost-effective manner. Additionally, we could encounter difficulties in establishing effective management information and financial control systems, assimilating differing corporate cultures, and addressing unforeseen legal, regulatory, contractual, or other issues. Any future acquisitions or arrangements carry risks that could materially and adversely affect our business, particularly if these acquisitions do not yield the expected investment results.

38. *An inability to effectively manage our growth and expansion may have a material adverse effect on our business prospects and future financial performance.*

The success of our business heavily relies on our ability to effectively implement our growth strategy. Achieving this growth will depend on various factors, including regulatory challenges, our capacity to identify industry trends and demands, competition from existing companies, maintaining effective quality control, and recruiting and training qualified personnel.

Many of these factors are beyond our control, and there is no guarantee that we will succeed in executing our strategies. For instance, in 2018, we established a solar products manufacturing unit in Ahmedabad, Gujarat, to produce solar PV panels. However, due to intense competition from the overseas market and rising manufacturing costs, this unit became economically unfeasible and subsequently ceased operations. Further, in the past, we had certain commercial disputes with Radhakrishnan Raghavan Nair, the other shareholder of our Subsidiary Prostarm Energy Systems Private Limited which resulted in arbitration application. However, the same was withdrawn and our Company has offered to buy out Radhakrishnan Raghavan Nair’s stake of 49% in our Subsidiary, to which Radhakrishnan Raghavan Nair agreed and consequently our Company has on January 24, 2025 bought out the entire stake of Radhakrishnan Raghavan Nair, thereby making Prostarm Energy Systems Private Limited, our wholly-owned subsidiary thereby allowing us to exercise better control.

Our future growth will also hinge on expanding our sales network into new markets and geographies through different sales channels, which carries increased risks. We may encounter difficulties in hiring, training, and retaining qualified employees, as well as in sourcing reliable suppliers that meet our quality standards. Consequently, products introduced in new markets may be more costly to produce and distribute, potentially leading to longer timelines for achieving expected sales and profit levels compared to our existing markets.

Furthermore, our growth could strain our managerial, operational, and financial resources. Effectively managing future growth will depend on our ability to implement and enhance operational, financial, and management information systems, as well as internal controls in a timely manner. We will also need to expand, train, and motivate our workforce, which may impose significant demands on our management and resources. We cannot assure you that our personnel, systems, procedures, and controls will be sufficient to support our growth.

Failure to effectively manage our expansion could lead to increased costs, reduced profitability, and negatively impact our growth prospects. There is no assurance that we will achieve our business strategy within the expected timeframe or budget, or that our expansion efforts will enhance profitability. Our inability to manage our business and implement our growth strategy could materially adversely affect our financial condition and profitability.

46. *Our funding requirements and the proposed deployment of Net Proceeds have not been appraised by any bank or financial institution or any other independent agency and our management will have broad discretion over the use of the Net Proceeds.*

We intend to use Net Proceeds from the Issue towards (a) funding working capital requirements of our Company; (b) prepayment or repayment of all or a portion of certain outstanding borrowings availed by our Company; and (c) achieving inorganic growth through unidentified acquisitions and other strategic initiatives and general corporate purposes. For details of the objects of the Issue, see “*Objects of the Issue*” on page **Error! Bookmark not defined.** The funding requirement and deployment of the Net Proceeds mentioned as a part of the Objects of the Issue are based on current circumstances of our business, prevailing market conditions estimates received from the third-party agencies, and are subject to changes in external circumstances or costs, or in other financial condition, business or strategy, as discussed further below. The estimates for the proposed expenditure are based on several variables, a significant variation in any one or a combination of which could have an adverse effect. Furthermore, the deployment of funds has not been appraised by any bank or financial institution.

We operate in a highly competitive and dynamic industry and we may have to revise our funding requirements and deployment from time to time on account of various factors beyond our control, such as availability of material, customer confidence, inflation, employment levels, demographic trends, technological changes, changing customer preferences, increasing regulations or changes in government policies, our Board’s analysis of economic trends and business requirements, competitive landscape, as well as general factors affecting our business, results of operations, financial condition and access to capital such as credit availability and interest rate levels.

Our Company, in accordance with the policies established by the Board from time to time, will have flexibility to deploy the Net Proceeds. Furthermore, pending utilization of Net Proceeds towards the Objects of the Issue, our Company will have the flexibility to deploy the Net Proceeds and to deposit the Net Proceeds temporarily in deposits with one or more scheduled commercial banks included in Second Schedule of Reserve Bank of India Act, 1939, as may be approved by our Board. Accordingly, prospective investors in the Issue will need to rely upon our management’s judgment with respect to the use of Net Proceeds and there can be no assurance that we will earn significant interest income on, or that we will not suffer unanticipated diminution in the value of, such temporary deposits. Furthermore, various risks and uncertainties, such as economic trends and business requirements, competitive landscape, as well as general factors affecting our results of operations, financial condition and access to capital and including those set forth in this section, may limit or delay our efforts to use the Net Proceeds to achieve profitable growth in our business.

55. *Any variation in the utilization of the Net Proceeds would be subject to certain compliance requirements, including prior shareholders’ approval.*

We intend to use Net Proceeds from the Issue towards (a) funding working capital requirements of our Company; (b) prepayment or repayment of all or a portion of certain outstanding borrowings availed by our Company; and (c) achieving inorganic growth through unidentified acquisitions and other strategic initiatives and general corporate purposes. For further details of the proposed objects of the Issue, see “*Objects of the Issue*” on page **Error! Bookmark not defined.** At this stage, we cannot determine with any certainty if we would require the Net Proceeds to meet any other expenditure or fund any exigencies arising out of competitive environment, business conditions, economic conditions or other factors beyond our control. In accordance with Section 13(8) and 27 of the Companies Act, 2013, we cannot undertake any variation in the utilization of the Net Proceeds without obtaining the shareholders’ approval by way of a special resolution. In the event of any such circumstances that require us to undertake variation in the disclosed utilization of the Net Proceeds, we may not be able to obtain the shareholders’ approval in a

timely manner, or at all. Any delay or inability in obtaining such shareholders' approval may adversely affect our business or operations.

Further, our Promoters would be required to provide an exit opportunity to the Shareholders who do not agree with our proposal to change the objects of the Issue or vary the terms of such contracts, at a price and manner as prescribed by SEBI. Additionally, the requirement on Promoters or controlling shareholders to provide an exit opportunity to such dissenting shareholders may deter the Promoters or controlling shareholders from agreeing to the variation of the proposed utilization of the Net Proceeds, even if such variation is in the interest of our Company. Further, we cannot assure you that the Promoters or the controlling shareholders of our Company will have adequate resources at their disposal at all times to enable them to provide an exit opportunity at the price prescribed by SEBI.

In light of these factors, we may not be able to undertake variation of objects of the Issue to use any unutilized proceeds of the Issue, if any, or vary the terms of any contract referred to in this Draft Red Herring Prospectus, even if such variation is in the interest of our Company. This may restrict our Company's ability to respond to any change in our business or financial condition by re-deploying the unutilized portion of Net Proceeds, if any, or varying the terms of contract, which may adversely affect our business and results of operations.

OBJECTS OF THE OFFER

The details of our Objects along with the headings "**Requirement of Funds and Utilization of Net Proceeds**" and "**Proposed schedule of Implementation and Utilization of Net Proceeds**" on pages 107 and 108 of the Draft Red Herring Prospectus shall stand deleted and replaced by the extracts below. Further, the heading "**Acquisition of Further Stake in our Subsidiary to make it a Wholly-owned Subsidiary**" on page 117 of the Draft Red Herring Prospectus shall stand deleted.

The net proceeds of the Issue, i.e. gross proceeds of the Issue less the issue expenses to the extent applicable to the Issue ("Net Proceeds") are proposed to be utilized for the following objects:

1. Funding working capital requirements of our Company;
2. Prepayment or repayment of all or a portion of certain outstanding borrowings availed by our Company; and
3. Achieving inorganic growth through unidentified acquisitions and other strategic initiatives and General Corporate Purposes

(Collectively, referred to herein as the "Objects")

Net Proceeds

The details of the Net Proceeds of the Issue are summarized in the table below:

Particulars	Amount (₹ in lakhs)
Gross Proceeds ⁽¹⁾	[●]
Less: Issue related expenses ⁽²⁾	[●]
Net Proceeds ⁽³⁾	[●]

⁽¹⁾ Our Company, in consultation with the BRLM, may consider a Pre-IPO Placement, prior to filing of the Red Herring Prospectus of an amount aggregating up to 10,00,000 Equity Shares of face value of ₹ 10/- each. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company, in consultation with the BRLM. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Issue, subject to compliance with Rule 19(2)(b) of the SCRR, as amended. Details of the Pre-IPO Placement, if undertaken, shall be included in the Red Herring Prospectus. Upon allotment of specified securities pursuant to the Pre-IPO Placement, we may utilize the proceeds from the Pre-IPO Placement towards the Objects as set out in this section.

⁽²⁾ See "Issue Related Expenses" below.

⁽³⁾ To be finalized upon determination of the Issue Price and updated in the Prospectus prior to the filing with the RoC.

Requirement of Funds and Utilization of Net Proceeds

The Net Proceeds are proposed to be utilized in accordance with the details set forth below:

Sr. No.	Particulars	Estimated amount [^] (₹ in lakhs)
1.	Funding working capital requirements of our Company	7,250.00
2.	Prepayment or repayment of all or a portion of certain outstanding borrowings availed by our Company	1,800.00
3.	Achieving inorganic growth through unidentified acquisitions and other strategic initiatives and general corporate purposes*	[●]

[^] Our Company, in consultation with the BRLM, may consider a Pre-IPO Placement, prior to filing of the Red Herring Prospectus of an amount aggregating up to 10,00,000 Equity Shares of face value of ₹ 10/- each. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company, in consultation with the BRLM. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Issue, subject to compliance with Rule 19(2)(b) of the SCRR. The Pre-IPO Placement, if undertaken, shall not exceed 20% of the size of the Issue. Prior to the completion of the Issue, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Issue or the Issue may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the RHP and the Prospectus.

*To be finalized on determination of the Issue Price and updated in the Prospectus prior to filing with the ROC. The cumulative amount to be utilized towards inorganic growth through unidentified acquisitions and other strategic initiatives and general corporate purposes shall not exceed 35% of the Gross Proceeds of the Issue. Further, the amount utilized for achieving inorganic growth through unidentified acquisitions and other strategic initiatives shall not exceed 25% of the Gross Proceeds of the Issue. In addition, the amount utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds of the Issue.

Proposed schedule of Implementation and Utilization of Net Proceeds

We propose to deploy the Net Proceeds for the aforesaid purposes in accordance with the estimated schedule of Implementation and deployment of funds set forth in the table below.

(₹ in lakhs)

Sr. No.	Particulars	Amount to be funded from the Net Proceeds	Amount to be deployed from the net proceeds in Fiscal 2025 ⁽²⁾	Amount to be deployed from the net proceeds in Fiscal 2026 ⁽²⁾
1.	Funding working capital requirements of our Company	7,250.00	5,200.00	2,050.00
2.	Prepayment or repayment of all or a portion of certain outstanding borrowings availed by our Company	1,800.00	1,800.00	-
4.	Achieving inorganic growth through unidentified acquisitions and other strategic initiatives and general corporate purposes ⁽¹⁾	[●]	[●]	[●]
	Total Net Proceeds	[●]	[●]	[●]

⁽¹⁾To be finalized on determination of the Issue Price and updated in the Prospectus prior to filing with the ROC. The cumulative amount to be utilized towards inorganic growth through unidentified acquisitions and other strategic initiatives and general corporate purposes shall not exceed 35% of the Gross Proceeds of the Issue. Further, the amount utilized for achieving inorganic growth through unidentified acquisitions and other strategic initiatives shall not exceed 25% of the Gross Proceeds of the Issue. In addition, the amount utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds of the Issue.

⁽²⁾Our Company, in consultation with the BRLM, may consider a Pre-IPO Placement, prior to filing of the Red Herring Prospectus of an amount aggregating upto 10,00,000 Equity Shares of face value of ₹ 10/- each. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company, in consultation with the BRLM. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Issue, subject to compliance with Rule 19(2)(b) of the SCRR. The Pre-IPO Placement, if undertaken, shall not exceed 20% of the size of the Issue. Prior to the completion of the Issue, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Issue or the Issue may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the RHP and the Prospectus.

OUR BUSINESS

The headings last paragraph of "*Our Strategies - Expanding our capabilities through inorganic and organic growth*" on page 193 of the Draft Red Herring Prospectus shall stand deleted and replaced by the extracts below and the second paragraph of "*Our Strategies - Focus on Operational efficiency*" and 194 of the Draft Red Herring Prospectus shall stand deleted.

Our Strategies

Expanding our capabilities through inorganic and organic growth.

To support our growth and expansion, we continue to assess strategic investment opportunities in domestic markets, aiming to further increase our market share and diversify our product portfolio. Further, we will pursue acquisitions or partnerships that add value for our business, stakeholders, and customers. These growth opportunities may include acquisitions, joint ventures, and strategic alliances. Accordingly, we intend to allocate a portion of the proceeds from the Issue towards carrying out potential unidentified acquisitions. For details, see "*Objects of the Issue*" on page **Error! Bookmark not defined.**

HISTORY AND CERTAIN CORPORATE MATTERS

The headings "*Major events and milestones of our Company*" on page 231 of the Draft Red Herring Prospectus shall stand updated and "*Shareholders Agreement and other agreements*" and "*Our Subsidiaries – Shareholding Pattern*" on pages 232 and 234 of the Draft Red Herring Prospectus shall stand deleted and replaced by the extracts below.

Major events and milestones of our Company

The table below sets forth some of the key events in the history of our Company:

Calendar Year	Events
2025	Acquired the balance stake in our Subsidiary thereby making it our Wholly-owned Subsidiary

Shareholders Agreement and other agreements

Our Company has not entered into any shareholders' agreements. Further, except as set out below, our Company has not entered into any other agreements other than in the ordinary course of business, as on the date of this Draft Red Herring Prospectus.

A. *Agreements between our Company, our Subsidiary, Radhakrishnan Nair and Aarcchor Innovations Private Limited*

1. **Memorandum of Understanding dated March 7, 2024 between Radhakrishnan Nair ("Nair"), Prostarm Info Systems Limited ("Company") and Prostarm Energy Systems Private Limited ("PESPL / Subsidiary")**

Our Company entered into a Memorandum of Understanding dated March 7, 2024 with Nair and PESPL ("**New MoU**") with view to amicably settle the dispute and acquisition of remaining stake of Nair in PESPL by the Company. Following are the major terms of the New MOU:

- Our Company paid Nair an amount of ₹3,63,00,000 (Rupees three crore sixty-three lakhs) subsequent to which he resigned from the board of directors of PESPL;
- Our Company shall pay an amount of ₹9,00,00,000 (Rupees nine crores) to Nair upon receipt of proceeds from the proposed Issue of our Company;
- Subsequent to the payment of the total compensation of ₹12,63,00,000 (Rupees twelve crores sixty-three lakhs), Nair shall transfer his entire shareholding in PESPL to our Company which would result in PESPL becoming our wholly-owned subsidiary.
- Upon fulfilment of compliance under New MOU, the Original MOU dated October 13, 2021, TA dated September 9, 2021 and TTA dated September 9, 2021 shall stand terminated.

Our Subsidiaries

Our Company has one (1) Subsidiary as on the date of this Draft Red Herring Prospectus. Information in relation to our Subsidiary are set out below:

(i) **Prostarm Energy Systems Private Limited**

Shareholding Pattern

Name of the shareholder	Number of equity shares (of face value of ₹10 each) held	Percentage of issued, subscribed and paid-up share capital (%)
Prostarm Info Systems Limited	67,79,999	100
Ram Agarwal	1*	Negligible

*held on behalf of our Company

SECTION IX – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The para 18 under the heading "*Material Documents*" on page 488 of the Draft Red Herring Prospectus shall stand deleted and replaced by the extracts below.

18. Memorandum of Understanding dated March 7, 2024.