



(Scan this code to view Draft Red Herring Prospectus
& Draft Abridged Prospectus)



Draft Abridged Prospectus

Dated: September 28, 2026

100% Book Built Issue

Please read Section 26 and 32 of the Companies Act, 2013

(This Draft Red Herring Prospectus will be updated filing upon ROC)

AUTO RECYCLING SYSTEMS LIMITED

Corporate Identity Numbers: U27200DL2020PLC374942

REGISTERED OFFICE		CORPORATE OFFICE	CONTACT PERSON	TELEPHONE AND EMAIL	WEBSITE
14/A33, IIIrd Floor, Channa Market Wea, Karol Bagh, Central Delhi, New Delhi, Delhi-110005, India		Khasra No 57 Kila No 5/2/1, 6/2,15/2/1/2, Baghola Januali Road, Palwal, Faridabad, Haryana-121102, India	Ms. Jyoti Bala Soni; Company Secretary and Compliance Officer	Tel No: +91 01275-299580; Email Id: info@arsgreen.com	www.arsgreen.com
PROMOTERS OF OUR COMPANY: SANJEEV MALHOTRA AND SARTHAK MALHOTRA					
DETAILS OF THE ISSUE					
TYPE	FRESH ISSUE SIZE (IN ₹ LAKHS)	OFS SIZE (BY NO. OF SHARES OR BY AMOUNT IN ₹)	TOTAL ISSUE SIZE	ELIGIBILITY	
Fresh Issue	Upto 69,00,000 Equity Shares of ₹10/- each aggregating to ₹ [●] Lakhs	Nil	Upto 69,00,000 Equity Shares of ₹10/- each aggregating to ₹ [●] Lakhs	THE ISSUE IS BEING MADE PURSUANT TO REGULATION 229(2) OF CHAPTER IX OF SEBI ICDR REGULATIONS, 2018. AS THE COMPANY'S POST ISSUE PAID-UP CAPITAL IS MORE THAN ₹ 1000 LAKHS AND UPTO ₹ 2500 LAKHS.	
DETAILS OF OFFER FOR SALE, SELLING SHAREHOLDERS AND THEIR AVERAGE COST OF ACQUISITION – NOT APPLICABLE AS THE ENTIRE ISSUE CONSTITUTES FRESH ISSUE OF EQUITY SHARES					
RISK IN RELATION TO THE FIRST ISSUE					
The face value of the Equity Shares is ₹ 10/- each. The Floor Price, the Cap Price and the Issue Price to be determined by our Company in consultation with the BRLM on the basis of the assessment of market demand for our Equity Shares by way of the Book Building Process, as disclosed in “ <i>Basis for Issue Price</i> ” beginning on page no. 93 or in case where, Price Band is not disclosed otherwise, will be advertised in two national daily newspapers (one each in English and in Hindi) with wide circulation and one daily Delhi regional newspaper with wide circulation at least two working days prior to the Bid / Issue Opening Date, should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.					
GENERAL RISKS					
Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue, including the risks involved. The Equity Shares in the Issue have not been recommended or approved by the Securities and Exchange Board of India (“SEBI”), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to chapter titled “ <i>Risk Factors</i> ” beginning on page no. 16 of this Draft Red Herring Prospectus.					
ISSUER'S ABSOLUTE RESPONSIBILITY					
Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this Draft Red Herring Prospectus 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 Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions, misleading in any material respect.					
LISTING					
The Equity Shares issued through Red Herring Prospectus are proposed to be listed on the SME Platform of BSE Limited (BSE SME) in terms of the Chapter IX of the SEBI (ICDR) Regulations, 2018 as amended from time to time. For this Issue, the Designated Stock Exchange will be the BSE Limited (“BSE”).					
BOOK RUNNING LEAD MANAGER TO THE ISSUE					
NAME AND LOGO		CONTACT PERSON		EMAIL & TELEPHONE	
		Mr. Ikshit Shah/Mr. Yash Doshi		Email: info@finaaxcapital.com Tel. No: +91 94295 50695 / 95375 94321	
Finaax Capital Advisors Private Limited					
REGISTRAR TO THE ISSUE					
NAME AND LOGO		CONTACT PERSON		EMAIL & TELEPHONE	
		M Murali Krishna		Email: autorecycling.ipo@kfintech.com Tel. No: +91 40 6716 2222	
KFIN Technologies Limited					
BID/ISSUE PERIOD					
BID/ISSUE OPENS ON: [●]			BID/ISSUE CLOSES ON: [●]		

Our Company in consultation with the Book Running Lead Manager may consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/ Issue Opening Date.

IN THE NATURE OF DRAFT ABRIDGED PROSPECTUS - MEMORANDUM CONTAINING SALIENT FEATURES OF THE DRAFT RED HERRING PROSPECTUS



Please scan this QR code to view the Draft Red Herring Prospectus and the Draft Abridged Prospectus

The following is a general summary of certain disclosures in the Draft Red Herring Prospectus and the terms of the Issue and is not exhaustive, nor does it purport to contain a summary of all the disclosures in the Draft Red Herring Prospectus or all details relevant to prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by the more detailed information appearing elsewhere in the Draft Red Herring Prospectus, which is available at the websites of BSE Limited at <https://www.bseindia.com/>, the Company at www.arsgreen.com and the BRLM at <https://finaaxcapital.com/>. References below to page numbers are to page numbers of the Draft Red Herring Prospectus dated September 28, 2026. Unless otherwise specified all capitalized terms used herein and not specifically defined bear the same meaning as ascribed to them in the Draft Red Herring Prospectus.

1. SUMMARY OF THE PRIMARY BUSINESS

A. Business Overview

Our Company is engaged in the business of manufacturing aluminium ingots using recycled aluminium scrap as the primary raw material. In addition to our manufacturing operations, we are also involved in the trading of aluminium scrap and other non-ferrous scrap materials, as well as the scrap and wastage generated from our manufacturing process. We manufacture aluminium ingots in various grades, including standard and customized alloys such as ADC 12, ALSI12 Fe, and other customer-specific compositions. Our products are supplied to B2B customers operating in industries such as automotive, electrical, and engineering. Aluminium is widely used metal due to its lightweight, corrosion resistance, conductivity, and recyclability. The secondary aluminium industry, which involves recycling of aluminium scrap, plays a critical role in reducing energy consumption and promoting sustainability. Our operations carried out by our in-house manufacturing facility which is equipped with melting furnaces with controlled temperature systems, alloying and refining capabilities, in-house laboratory for chemical and physical testing, moulding and casting infrastructure, storage and handling facilities for raw material and finished goods. The facility is designed to handle various grades of aluminium scrap and produce ingots with consistent quality. Our Manufacturing unit is located at Khasra No 57 Kila No 5/2/1, 6/2,15/2/ 1/2, Baghola Januali Road, Palwal, Faridabad, Haryana- 121102, India, with an installed capacity of 15,200 MT for processing aluminium scrap. Our in house trained professionals undertake quality checks at various stages of manufacturing, including raw material inspection, in-process monitoring and final testing, to maintain consistency, reliability, compliance across our manufacturing process and to ensure conformity with customer specifications and applicable standards. Our Company has accreditations such as ISO 9001:2015 for quality management system and ISO 14001:2015 for environmental management systems. We supply our products domestically in the state of Haryana, Rajasthan, Uttar Pradesh, Delhi, Uttarakhand, Gujarat, Tamilnadu, Karnataka, Punjab, Himachal Pradesh and Madhya Pradesh.

B. Product wise Revenue:

(₹ in Lakhs)

Particulars**	For the Financial Year ended					
	March 31, 2026*		March 31, 2025*		March 31, 2024*	
	Amount	% of total revenue from operations	Amount	% of total revenue from operations	Amount	% of total revenue from operations
A) Manufacturing of Aluminium Ingots						
ADC 12	12,378.30	48.23	8,691.14	60.27	591.13	11.22
ALDC-3	7,950.79	30.98	1,880.21	13.04	1,646.30	31.25
JED029 M3	33.83	0.13	-	-	-	-
ALSI12 Fe	753.12	2.93	48.48	0.34	-	-
A380	128.25	0.50	-	-	-	-
JED029 M1	1,153.64	4.49	760.15	5.27	28.10	0.53
Total (A)	22,397.93	87.26	11,379.98	78.91	2,265.52	43.00
B) Trading						
Aluminum Scrap	1,917.83	7.47	2,099.04	14.55	2,226.08	42.25
HMS iron Scrap	151.44	0.59	356.64	2.47	554.49	10.52
Iron Scrap	-	-	-	-	73.91	1.40
Copper Scrap	986.33	3.84	414.66	2.88	54.65	1.04
Aluminum Ingot	-	-	-	-	37.20	0.71
Other Metal Scrap	2.50	0.01	1.93	0.01	31.54	0.60
Stainless Steel Scrap	-	-	-	-	18.99	0.36

Brass Scrap	71.20	0.28	13.82	0.10	4.13	0.08
Stainless Steel	-	-	2.39	0.02	2.16	0.04
MS turning Scrap	0.99	0.00	148.23	1.03	-	-
Zinc Scrap	138.97	0.54	4.84	0.03	-	-
Total (B)	3,269.26	12.74	3,041.55	21.09	3,003.15	57.00
Total Revenue from Operations (A+B)	25,667.19	100.00	14,421.53	100.00	5,268.67	100.00

*Rounded Off.

** As certified by Statutory and Peer Review Auditor, M/s. M Parashar & Co., Chartered Accountants, vide their certificate dated September 23, 2026.

C. Description of Business Model of the Company:

➤ **Manufacturing:**

Our core business activity is the manufacturing of aluminium ingots using recycled aluminium scrap as the primary raw material. The manufacturing process involves procurement of various grades of aluminium scrap, segregation, melting, alloying, refining, and casting into ingots of specified chemical composition and dimensions as per customer requirements. We procure raw materials from a diversified network of domestic suppliers and, where required, through imports. The raw material mix typically includes aluminium scrap, aluminium bike rim scrap, aluminium car rim scrap, aluminium brake shoe scrap, aluminium purja scrap, zorba, silicon, copper, taint tabor, twitch and tense. These materials are processed in our furnaces through controlled melting and refining processes, supported by in-house laboratory testing to ensure quality consistency. Our manufacturing operations are supported by in-house quality control and testing facilities, standardized production process and skilled technical personnel.

➤ **Trading:**

In addition to manufacturing, our Company is engaged in the trading of aluminium scrap and other scrap materials, including non-ferrous scrap. This segment complements our manufacturing operations and allows us to leverage our sourcing capabilities, supplier relationships, and market understanding. We procure scrap materials from domestic and international market. Materials include aluminium scrap, copper scrap and other recyclable metals. The procured scrap is either sold directly to third-party customers or supplied to other manufacturers and recyclers. Also during the course of our manufacturing operations, certain wastage materials are generated. These include dross, skimmings, rejected or off specification material, furnaces residues and other recoverable or non-recoverable scrap. These materials are also sold to other recyclers. This trading activity enables us to optimize procurement volumes and pricing efficiencies, maintain strong supplier relationships through continuous engagement, generate additional revenue streams independent of manufacturing capacity utilization, contributes to environmentally sustainable operations through recycling and reuse and reduction in disposal costs.

D. Key geographies served:

(₹ in Lakhs)

Sr. No.	Name of State**	For the Financial Year ended					
		March 31, 2026*		March 31, 2025*		March 31, 2024*	
		Amount	% of total revenue from operations	Amount	% of total revenue from operations	Amount	% of total revenue from operations
1	Haryana	18,160.84	70.76	9,860.78	68.37	3,171.04	60.19
2	Rajasthan	6,379.79	24.86	2,871.73	19.91	46.65	0.89
3	Uttar Pradesh	332.03	1.29	996.10	6.91	1,160.65	22.03
4	Delhi	261.39	1.02	44.75	0.31	261.98	4.97
5	Uttarakhand	87.45	0.34	407.73	2.83	357.37	6.78
6	Gujarat	0.32	0.00	53.14	0.37	63.27	1.20
7	Tamil Nadu	61.03	0.24	-	-	-	-
8	Karnataka	383.34	1.49	-	-	-	-
9	Punjab	-	-	142.15	0.99	184.28	3.50
10	Himachal Pradesh	0.99	0.00	45.16	0.31	-	-
11	Madhya Pradesh	-	-	-	-	23.44	0.44
Total		25,667.19	100.00	14,421.53	100.00	5,268.67	100.00

*Rounded Off.

**** As certified by Statutory and Peer Review Auditor, M/s. M Parashar & Co., Chartered Accountants, vide their certificate dated September 23, 2026.**

E. Revenue concentration among top 10 customers;

(₹ in Lakhs)

Particulars**#	For the Financial Year ended					
	March 31, 2026*		March 31, 2025*		March 31, 2024*	
	Amount	%	Amount	%	Amount	%
Top Customer 1	6,320.41	24.62%	4,726.16	32.77%	605.86	11.50%
Top Customer 2	5,805.17	22.62%	2,869.42	19.90%	542.62	10.30%
Top Customer 3	3,044.26	11.86%	1,844.06	12.79%	305.46	5.80%
Top Customer 4	2,786.60	10.86%	1,378.20	9.56%	302.91	5.75%
Top Customer 5	1,298.80	5.06%	429.57	2.98%	244.43	4.64%
Top Customer 6	1,029.87	4.01%	396.19	2.75%	228.95	4.35%
Top Customer 7	971.21	3.78%	285.83	1.98%	224.40	4.26%
Top Customer 8	968.05	3.77%	280.89	1.95%	217.84	4.13%
Top Customer 9	331.89	1.29%	251.22	1.74%	174.54	3.31%
Top Customer 10	237.87	0.93%	250.39	1.74%	173.71	3.30%
Total	22,794.13	88.81%	12,711.93	88.15%	3,020.72	57.33%

#Name of our customers has not been separately disclosed to preserve confidentiality.

*Rounded Off

**** As certified by Statutory and Peer Review Auditor, M/s. M Parashar & Co., Chartered Accountants, vide their certificate dated September 23, 2026.**

F. Key manufacturing or other facilities;

Description	Address
Registered Office	14/A33 III rd Floor Channa Market Wea, Karol Bagh, Central Delhi, New Delhi, Delhi-110005.
Corporate Office and Manufacturing Unit	Khasra No 57 Kila No 5/2/1, 6/2,15/2/ 1/2, Baghola Januali Road, Palwal, Faridabad, Haryana-121102.

G. Our Competitive Strengths:

Strengths

- Experienced Promoters and Senior Management Team
- In-house manufacturing facility supported by technology driven process
- Stringent quality control mechanism ensuring standardized product quality
- Established Customer Relationship and Repeat Orders
- Diversified and established raw material sourcing network

Our Business Strategies

- Focus on expanding production capacity and operational efficiency
- Focus on consistently meeting quality standards
- Continue to strengthen our relationship with the customers
- Emphasis on cost optimization and margin improvement

For further details, please refer to chapter titled **“Business Overview”** beginning on Page No. 147 of the Draft Red Herring Prospectus.

2. SUMMARY OF THE INDUSTRY

Part A – Automotive Industry

The automotive industry is one of the largest and most dynamic industries in the world, encompassing the design, manufacture, assembly and sale of motor vehicles across a wide range of segments including passenger vehicles, commercial vehicles, two-wheelers and three-wheelers, along with the broader ecosystem of components, ancillaries and aftermarket services that support vehicle production and ownership. The industry serves as a cornerstone of modern economic activity, driving large-scale manufacturing, generating widespread employment across skilled and unskilled categories, fostering technological innovation and supporting the mobility needs of individuals, businesses and governments across geographies. In India, the automotive industry has grown into one of the largest in the world, supported by a sizeable domestic market, a well-established manufacturing base, a diverse and capable ancillary ecosystem and a policy environment that has consistently prioritised the sector's development. India's automobile production has demonstrated a consistent upward trajectory over the period from FY 2020-21 to FY 2025-26, rising from 2.27 crore units in FY 2020-21 to 3.47 crore units in FY 2025-26, reflecting sustained recovery and

growth momentum across vehicle segments. Production is further projected to reach 4.88 crore units by FY 2029-30, underscoring the robust long-term growth outlook for the Indian automotive manufacturing sector. India's automotive exports have recorded consistent growth over the period from FY 2020-21 to FY 2025-26, rising from USD 13,640.34 million to USD 25,973.36 million, reflecting the growing global competitiveness of India's automotive manufacturing sector and the expanding international presence of domestic original equipment manufacturers across key markets in Asia, Africa, Latin America and Europe.

Part B –Metal Recycling Industry

India's metal recycling industry is an important component of the country's broader transition towards a circular economy, with ferrous scrap forming the largest and most established segment of the recycling ecosystem. The sector is supported by the growing generation of end-of-life metal scrap from automobiles, construction and infrastructure, industrial equipment, consumer durables and manufacturing activities. The scale of scrap utilisation in India has increased in recent years. According to the Ministry of Steel, steel scrap consumption increased from 25.58 million tonnes (MT) in FY2019 to 33.36 MT in FY2024, while domestic scrap generation increased by 5.65 MT during the same period. The non-ferrous recycling segment, particularly aluminium, also represents a significant opportunity. The Indian Bureau of Mines estimates India's overall metal recycling rate at around 25% and notes that aluminium scrap recovery has historically been dominated by the unorganised sector, particularly in utensil and casting applications. Recycled aluminium production from old scrap increased from around 1 MT in 1980 to 20 MT in 2019, while the proportion of recycled aluminium is expected to increase further with greater formalisation of scrap collection and recycling. Overall, India's metal recycling industry remains relatively underpenetrated but structurally attractive, supported by rising metal consumption, increasing end-of-life scrap generation, expansion of scrap-based steelmaking, vehicle scrappage and greater policy emphasis on resource efficiency

For further details, please refer to the chapter titled ***“Industry Overview”*** beginning on Page No. 106 of the Draft Red Herring Prospectus.

3. PROMOTERS OF THE COMPANY

S. No.	Name	Individual/ Corporate	Experience & Educational Qualification
1.	Sanjeev Malhotra	Individual	Sanjeev Malhotra, aged 69 years, Chairman and Managing Director of our Company. He has completed Diploma in Business Management from Punjab Agriculture University and Diploma in Production Management from Punjabi University. He has also completed Second Semester in Bachelor of Textiles (Textile Technology) from Maharshi Dayanand University. He is having an experience of more than 9 years in Metal trading, manufacturing & recycling Industry in addition to this he also has an experience of more than 20 years in Building material industry and Real estate industry. He overlooks Admininstration, Human Resource and Maintenance department of the Company.
2.	Sarthak Malhotra	Individual	Sarthak Malhotra, aged 35 years, is Whole-Time Director of our Company. He has completed Bachelor of Science in Accounting and Finance from University of Bradford and Master of Banking and Finance from Monash University. He is having an experience of more than 9 years in the Metal trading, manufacturing and recycling Industry. He overlooks Accounts, Dispatch, Marketing, Production, Quality, Sales and Storage department of the Company.

For further details, see ***“Our Promoters and Promoters Group”*** beginning on page 201 of the Draft Red Herring Prospectus.

4. OBJECTS OF THE ISSUE

The Issue comprises of entirely a fresh Issue of upto 69,00,000 Equity Shares of our Company at an Issue Price of ₹ [●] per Equity Share. We intend to utilize the proceeds of the Issue to meet the following objects: -

(₹ in Lakhs)

Sr. No.	Particulars	Amount (₹ in lakhs)
1.	Funding Capital Expenditure towards Purchase of Plant and Machineries	772.37
2.	Funding for Capital Expenditure towards a Pre-Engineered Building for an Industrial Shed	103.76
3.	Funding Working Capital Requirements	6,350.00
4.	General Corporate Purposes*	[●]**
	Net Proceeds	[●]**

*The amount utilized for General Corporate Purposes will not exceed 15% of the Gross Proceeds from the Issue or ₹ 1,000.00 lakhs, whichever is lower.

** To be finalized on determination of the Issue Price and updated in the Prospectus prior to filing with the ROC.

5. PRE-OFFER AND POST-OFFER SHAREHOLDING OF OUR PROMOTERS, MEMBERS OF OUR PROMOTER GROUP AND ADDITIONAL TOP 10 SHAREHOLDERS

The aggregate shareholding, of each of the (A) Promoter(s), (B) Members of the Promoter Group and (C) top 10 Shareholders (other than the Promoter and Promoter Group) as on the date of draft offer document / offer document and as at allotment as per the below mentioned format:

Sr. No.	Name of shareholders	Pre issue		Post issue	
		No. of equity shares	As a % of Issued Capital*	No. of equity shares	As a % of Issued Capital*
A. Promoters					
1.	Sanjeev Malhotra	1,52,46,200	95.29	1,52,46,200	[●]
2.	Sarthak Malhotra	7,52,100	4.70	7,52,100	[●]
Total - A		1,59,98,300	99.99	1,59,98,300	[●]
B. Promoters' Group					
1.	Ranjana Malhotra	900	0.01	900	[●]
2.	Prerna Malhotra	200	Negligible	200	[●]
3.	Kanwer Surrinder Malhotra	200	Negligible	200	[●]
4.	Tanya Dhir	200	Negligible	200	[●]
Total - B		1,500	0.01	1,500	[●]
C. Top 10 Shareholders (other than A & B above)					
1.	Namit Soni	200	Negligible	200	[●]
Total - C		200	Negligible	200	[●]
D. Public					
1.	Others-Public	0	0.00	[●]**	[●]
Total-D		0	0.00	[●]	[●]
Total Promoters and Promoters' Group and Public (A+B+C+D)		1,60,00,000	100.00	[●]	[●]

* Rounded off

** [●] to be allotted to Public Shareholders under Initial Public Offer.

6. SUMMARY OF RESTATED FINANCIAL STATEMENTS

Following are the details as per the Restated Financial Statement for the Financial Year ended on March 31, 2026, Financial Year ended March 31, 2025, and for the Period ended March 31, 2024.

(₹ in Lakhs except %)

Particulars	Year Ended 31 st March, 2026	Year Ended 31 st March, 2025	Period Ended 31 st March, 2024
Share capital	800.00	800.00	800.00
Net Worth	2,603.28	1,481.14	836.32
Revenue	25,667.19	14,421.53	5,268.67
EBITDA	1,604.50	885.57	139.57
Profit after Tax	1,122.02	637.81	28.69
Basic Earnings per share	14.03	7.97	0.36
Diluted earnings per share	14.03	7.97	0.36
Return on Equity	54.94%	55.04%	3.97%
Net asset value per equity share	32.54	18.51	10.45
Total borrowings	4,423.48	2,585.56	1,610.42
Cash Flow from Operating Activities	(1,480.08)	(608.83)	(961.75)
Cash Flow from Investing Activities	(148.49)	(95.72)	(15.82)
Cash Flow from Financial Activities	1,680.90	691.50	1,060.30

For details, see “*Restated Financial Statements*” and “*Other Financial Information*” on pages 207 and 245 respectively, of the Draft Red Herring Prospectus.

7. SUMMARY OF KEY PERFORMANCE INDICATORS

(₹ in Lakhs except Percentage and Ratio)

Particulars*	Unit of Measurement	For the Year ended on March 31, 2026	For the Year ended on March 31, 2025	For the Year ended on March 31, 2024
Revenue from Operations ⁽¹⁾	In ₹	25,667.19	14,421.53	5,268.67
EBITDA ⁽²⁾	In ₹	1,604.50	885.57	139.57
EBITDA Margin ⁽³⁾	In %	6.25%	6.14%	2.65%
PAT ⁽⁴⁾	In ₹	1,122.02	637.81	28.69
PAT Margin ⁽⁵⁾	In %	4.37%	4.42%	0.54%
Return on equity ⁽⁶⁾	In %	54.94%	55.04%	3.97%
Return on capital employed ⁽⁷⁾	In %	22.30%	21.57%	4.43%
Debt-Equity Ratio ⁽⁸⁾	In Times	1.68	1.64	1.89
Current Ratio ⁽⁹⁾	In Times	1.39	1.28	1.05
Inventory Turnover Ratio ⁽¹⁰⁾	In Times	9.26	11.40	9.56

*As certified by Statutory and Peer Review Auditor, M/s M Parashar & Co., Chartered Accountants, by their certificate dated September 23, 2026.

Notes:

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

For further details, please refer to the section titled **“Basis for the Issue”** beginning on Page No. 93 of the Draft Red Herring Prospectus.

8. INTERNAL RISK FACTORS

The below mentioned risks are the top 10 internal risk factors as per the Draft Red Herring Prospectus:

1. The company relies on a limited number of customers for its sales, and the loss of any major customer could adversely impact our revenue and profitability.
2. The company relies on a limited number of suppliers for product procurement, and the loss of any key supplier could impact our business operations.
3. There are outstanding legal proceedings against our Company and certain of our Directors. Any adverse decision in such proceedings may render us/them liable to liabilities/penalties and may adversely affect our business, results of operations and financial condition.
4. Our Company has reported certain negative cash flows from its operating activity, investing activity and financing activity, details of which are given below. Sustained negative cash flows could impact our growth and business.
5. We depend on a limited number of States for a significant portion of our revenue from operations. The loss of any of our major customer in these States due to any adverse development or significant reduction in business from our major customer may adversely affect our business, financial condition, results of operations and future prospects.
6. Our trademark applications for “ARS” and “ARS Green” are currently under the status “Objected” and “Ready for Examination”, respectively, and we may not be able to obtain registration of these trademarks, which may adversely affect our ability to protect our brands and business.
7. Our Registered Office from where we operate is not owned by us but taken on rent basis. Our inability to renew the rent agreement or any adverse impact on the title or ownership rights of our owner/landlord in relation to these premises may impede our operations.
8. Our Company is yet to place orders for the Plant & Machinery for the setup of new manufacturing facility. Any delay in placing orders or procurement of such machinery may delay the schedule of implementation and possibly increase the cost of commencing operations.
9. Our Manufacturing facility relies on specialized machinery and any significant breakdown or delay in maintenance could disrupt our production
10. Our business operations are subject to fluctuations in raw material prices.

For further details, please refer to the section titled **“Risk Factors”** beginning on Page No. 16 of the Draft Red Herring Prospectus.

9. THE DETAILS OF WEIGHTED AVERAGE COST OF ACQUISITION OF SHARES FOR PROMOTER

Names of Promoters	Number of Equity Shares*	WACA per equity share (in ₹)*	WACA per equity shares acquired in last one year*
Sanjeev Malhotra	7,52,100	Nil	Nil
Sarthak Malhotra	1,52,46,200	Nil	Nil

Notes - There are no Selling Shareholders of our Company.

Weighted average cost of acquisition of all shares transacted in the one year and three years preceding the date of offer document / offer document.

Period	Weighted Average Cost of Acquisition (in `)	Cap Price (₹ [•]) is 'X' times the Weighted Average Cost of Acquisition	Range of acquisition price: Lowest Price – Highest Price (in ₹)
Last one year preceding the date of the Draft Red Herring Prospectus	79,99,150	Nil	NA
Last three years preceding the date of the Draft Red Herring Prospectus	79,99,150	Nil	NA

10. BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Sr. No.	Name of Director	Designation
Board of Directors		
1.	Sanjeev Malhotra	Chairman and Managing Director
2.	Sarthak Malhotra	Whole-Time Director
3.	Ranjana Malhotra	Non-Executive Director
4.	Sunaina Ahuja	Independent Director
5.	Ram Kumar Sharma	Independent Director
Key Managerial Personnel		
7.	Jyoti Bala Soni	Company Secretary and Compliance Officer
8.	Meenakshi Gupta	Chief Financial Officer

For further details, see “**Our Management**” beginning on page 184 of the Draft Red Herring Prospectus.

11. AUDITORS QUALIFICATION

There are no audit qualifications which have not been given effect to in the Restated Financial Statements. For details, see “**Restated Financial Statements**” on page 207 of the Draft Red Herring Prospectus.

12. SUMMARY TABLE OF OUTSTANDING LITIGATIONS

Name of Entity	Criminal Proceedings	Tax Proceedings	Statutory or Regulatory Proceedings	Disciplinary actions by the SEBI or Stock Exchanges against our Promoters	Material Civil Litigations	Aggregate amount involved (Rs in Lakhs)
Company						
By the Company	3	-	-	-	-	95.75
Against the Company	-	2	-	-	-	932.34
Directors (other than our Promoters)						
By our Directors	-	-	-	-	-	-
Against the Directors	-	1	-	-	-	0.42
Promoters*						
By Promoters	-	-	-	-	-	-
Against Promoters	-	-	-	-	-	-

For further details, please refer to the chapter titled “***Outstanding Litigations & Material Developments***” beginning on page no. 266 of this Draft Red Herring Prospectus.

DECLARATION BY THE COMPANY

We hereby declare that all relevant provisions of the Companies Act, 1956, the Companies Act, 2013 and the guidelines/ regulations issued by the Government of India or the guidelines/regulations issued by the Securities and Exchange Board of India, 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 the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulation issued there under, as the case may be. We further certify that all statements in the Draft Red Herring Prospectus are true and correct.