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DRONEACHARYA AERIAL INNOVATIONS LIMITED

Our Company was originally incorporated on March 10, 2017 as a Private Limited Company as “Droneacharya Aerial Innovations Private Limited” vide Registration No. 101287 under the provisions of the Companies Act, 2013 with the Registrar of Companies, Bangalore, Karnataka. Subsequently, pursuant to a special resolution of our Shareholders passed in the Extraordinary General Meeting held on August 6, 2022, our Company was converted from a Private Limited Company to Public Limited Company and consequently, the name of our Company was changed to 'Droneacharya Aerial Innovations Limited' and a Fresh Certificate of Incorporation consequent to Conversion was issued on August 23, 2022 by the Registrar of Companies, Bangalore, Karnataka. The Corporate Identification Number of our Company is U29308KA2017PLC101287. For further Details of Incorporation and Change in Registered Office of our Company, please refer to section titled 'Our History and Certain Other Corporate Matters' beginning on page 130 of the Red Herring Prospectus.

Registered Office : Cabin No. - 10, 5th Floor, IndiQube Penta, New No. 51, (Old No.14) Richmond Road, Bangalore – 560025, Karnataka, India.
Corporate Office: 1st & 2nd Floor, Galore Tech IT Park, LMD Square, Bavdhan, Pune -411021, Maharashtra, India
Mobile Number +91- 7758810315; E-mail: cs@droneacharya.com; Website: www.droneacharya.com
Contact Person: Ms. Mukula Jayant Joshi, Company Secretary and Compliance Officer

OUR PROMOTERS : MR. PRATEEK SRIVASTAVA AND MRS. NIKITA SRIVASTAVA

THE ISSUE

PUBLIC ISSUE OF 62,90,000 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF DRONEACHARYA AERIAL INNOVATIONS LIMITED (THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY (THE "ISSUE PRICE") AGGREGATING TO ₹ [●] LAKH ("THE ISSUE") OF WHICH 3,16,000 EQUITY SHARES AGGREGATING TO ₹ [●] LAKH WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER TO THE ISSUE (THE "MARKET MAKER RESERVATION PORTION"). THE ISSUE LESS THE MARKET MAKER RESERVATION PORTION I.E. NET ISSUE OF 59,74,000 EQUITY SHARES AGGREGATING TO ₹ [●] LAKH (THE "NET ISSUE"). THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 26.22% AND 24.90.% RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY.

- QIB PORTION : NOT MORE THAN 50% OF THE NET ISSUE
- RETAIL PORTION : NOT LESS THAN 35% OF THE NET ISSUE
- NON-INSTITUTIONAL PORTION : NOT LESS THAN 15% OF THE NET ISSUE
- MARKET MAKER PORTION : UPTO 3,16,000 EQUITY SHARES OR 5% OF THE ISSUE

PRICE BAND: ₹ 52.00 to ₹ 54.00 PER EQUITY SHARE OF FACE VALUE ₹ 10/- EACH
THE FLOOR PRICE IS 5.2 TIMES OF THE FACE VALUE AND THE CAP PRICE IS 5.4 TIMES OF THE FACE VALUE OF THE EQUITY SHARES BIDS CAN BE MADE FOR A MINIMUM OF 2,000 EQUITY SHARES AND IN MULTIPLES OF 2,000 EQUITY SHARES THEREAFTER

RISKS TO INVESTORS:

- The Merchant Banker associated with the Issue has handled 5 (Five) public issue in the past three years out of which 1 of the Issues closed below the Issue Price on Listing date.
- Average cost of acquisition of Equity Shares for the Promoters ie. Mr. Prateek Srivastava is Rs. 0.016/- and Mrs. Nikita Srivastava is Rs. 0.009/- and the Issue Price at the upper end of the Price Band is Rs. 54 per Equity Share.
- Weighted Average Return on Net worth for Fiscals 2022, 2021 and 2020 is (45.49)%

BASIS FOR ISSUE PRICE

The Issue Price will be determined by our Company in consultation with the BRLM, on the basis of the Book Building Process and the quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹ 10 each and the Issue Price is 5.2 times the face value at the lower end of the Price Band and 5.4 times the face value at the higher end of the Price Band. Investors should refer to "Risk Factors", "Our Business", "Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 20, 102, 154 and 198, respectively, to have an informed view before making an investment decision.

Qualitative Factors

Some of the qualitative factors which form the basis for computing the Issue Price are:

- Well equipped with advance technology
- Track record of growth and profitability
- Long term relationship with clients and repeat business
- Experienced Promoters and Technically Sound Operation Team
- First Remote Pilot Training Organizations in Maharashtra

For further details, see "Risk Factors" and "Our Business" on pages 20 and 102, respectively.

Quantitative Factors

The information presented in this section is derived from our Restated Financial Statements. For details, see "Financial Information" on page 154. Investors should evaluate our Company and form their decisions taking into consideration its earnings, and based on its growth strategy. Some of the quantitative factors which may form the basis for computing the Issue price are as follows:

1. Basic and Diluted Earnings per Share (EPS), as adjusted for changes in capital

Year ended	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
FY 2019-20	(0.03)	(0.03)	1
FY 2020-21	(0.13)	(0.13)	2
FY 2021-22	0.35	0.34	3
Weighted Average	0.13	0.13	
June 30, 2022	0.40	0.40	-

Note:

The ratios have been computed as under:

- Basic and diluted EPS: profit for the year attributable to equity shareholders of the Company divided by total weighted average number of equity shares outstanding during the period. Basic and diluted EPS are computed in accordance with Ind AS 33 – Earnings per share post the bonus issue in current financial year;
- Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. (EPS x Weight) for each year/Total of weights
- Basic and diluted EPS for the three months period ended June 30, 2022 are not annualised

2. Price / Earning (P/E) Ratio in relation to Issue Price of ₹ 52 to ₹ 54 per Equity Share

Particulars	P/E at the lower end of the price band (no. of times)	P/E at the higher end of the price band (no. of times)
a) P/E ratio based on Basic and Diluted EPS of ₹ 0.35 as at March 31, 2022	148.57	154.29
b) P/E ratio based on Weighted Average EPS of ₹ 0.13	400.00	415.38

3. Industry Price / Earning (P/E) Ratio

Particulars	P/E Ratio
Highest	Not Ascertainable
Lowest	Not Ascertainable
Average Industry P/E	Not Ascertainable

- The industry high and low has been considered from the industry peer set provided later in this chapter. The industry composite has been calculated as the arithmetic average P/E of the industry peer set disclosed in this section. For further details, see "Comparison with listed industry peers"
- Source: Respective audited financials of the Company, as available, for the Financial Year 2022. Information on industry peer is on a standalone basis.
- There is only one listed peer Company namely Genesys International Corporation Limited. Thus, Genesys International corporation Limited data are used for comparison.
Net worth = Equity share capital + Reserves and surplus (including, Securities Premium, General Reserve and surplus in statement of profit and loss).
Basic earnings per share (Rs.) = $\frac{\text{Net profit after tax as restated for calculating basic EPS}}{\text{Weighted average number of equity shares outstanding at the end of the period or year}}$

4. Return on Net Worth (RONW):

Year ended	RoNW (%)	Weight
FY 2019-20	(252.74)	1
FY 2020-21	(14.30)	2
FY 2021-22	2.80	3
Weighted Average	(45.49)	
June 30, 2022	2.12	-

Return on net worth" (%)	Net profit after tax as restated, attributable to the owners of the company
Net worth	Net worth as restated, including share capital and reserves and surplus, as stated at the end of the year
Net worth	Equity share capital + Reserves and surplus (including, Securities Premium, General Reserve and surplus in statement of profit and loss).

*RONW for the three months period ended June 30, 2022 are not annualised

5. Net Asset Value (NAV) per Equity Share

Particulars	Rs.
June 30, 2022	18.97
As of March 31, 2022	12.39
As of March 31, 2021	0.89
As of March 31, 2020	(0.01)
NAV post issue:	
At the lower end of the price band of ₹ 52/-	27.63
At the lower end of the price band of ₹ 54/-	28.16
Issue price per share	[-]

Net asset value per equity share	Net worth as restated, including share capital and reserves and surplus, as restated at the end of the year
Basic earnings per share (Rs.)	No. of equity shares outstanding at the end of the year
	Net profit after tax as restated for calculating basic EPS
	Weighted average number of equity shares outstanding at the end of the period or year

6. Comparison of Accounting Ratios with Industry Peers

Sr. No.	Name of Company	For Fiscal 2022						
		Face Value (₹)	Total income (₹ in Lakhs)	Basic EPS (₹)	Diluted EPS (₹)	P/E (based on Diluted EPS)	Ro NW (%)	NAV per share (₹)
1.	Droneacharya Aerial Innovations Limited	10	358.74	0.35	0.34	-	2.80	12.39
Peer Group*								
2.	Genesys International Corporation Limited	5	12,404.04	(27.00)	(25.01)	-	(42.55)	62.60

* Source: Respective audited financials of the Company, as available, for the Financial Year 2022. Information on industry peer is on a Standalone basis.

** Based on restated financial statements of the Company for Financial Year 2022

Based on latest market price as on March 31, 2022 on BSE and EPS for the year ended March 31, 2022, extracted from the respective annual report of the Company, as available on BSE website.

7. The Issue Floor is ₹ 52.00/- which is 5.2 times of the Face Value of the Equity Shares and the Issue Cap Price is ₹ 54.00 which is 5.4 times of the face value.

The price band/floor price/issue price will be determined by the issuer in consultation with the BRLM, on the basis of book-building on the basis of assessment of the market demand from investors for the Equity Shares and shall be justified in view of the above qualitative and quantitative parameters.

Investors should read the above-mentioned information along with "Risk Factors", "Our Business" and "Financial Information" on pages 20, 102 and 154, respectively, to have a more informed view. The trading price of the Equity Shares of our Company could decline due to the factors mentioned in "Risk Factors" and you may lose all or part of your investments.

For further details, please see the chapter titled “Basis for Issue Price” beginning on page 85 of the RHP

BID / ISSUE PROGRAMME

ANCHOR INVESTOR BIDDING DATE* : MONDAY, 12 DECEMBER, 2022

BID/ISSUE OPENS ON : TUESDAY, 13 DECEMBER, 2022

BID/ISSUE CLOSES ON : THURSDAY, 15 DECEMBER, 2022

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

In case of any revision in the Price Band, the Bid/ Issue Period shall be extended for at least three (3) additional Working Days after such revision of the Price Band, subject to the Bid/Issue Period not exceeding a total of ten (10) Working Days. Any revision in the Price Band, and the revised Bid/ Issue Period, if applicable, shall be widely disseminated by notification to the Stock Exchange by issuing a press release and also by indicating the change on the website of the BRLM and at the terminals of the Syndicate Members, and by intimation to Self-Certified Syndicate Banks ("SCSBs"), the Sponsor Banks and other Designated Intermediaries, as applicable. In case of force majeure, banking strike or similar circumstances, the Company may for reasons recorded in writing, extend the Bid/ Issue Period by at least three (3) additional working days subject to the total Bid/Issue Period not exceeding ten (10) Working Days.

The Issue is being made in terms of Rule 19(2)(b)(i) of the Securities Contract (Regulation) Rules, 1957, as amended ("SCRR") read with Regulation 31 of the SEBI ICDR Regulations, the Issue is being made for at least 25% of the post-Issue paid-up Equity Share capital of our Company. The Issue is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Net Issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs" and such portion of the "QIB Portion") provided that our Company in consultation with the BRLM may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with SEBI ICDR Regulations ("Anchor Investor Portion"). One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from the domestic Mutual Funds at or above the Anchor Investor Allocation Price. Further, 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations subject to valid Bids being received at or above the Issue Price. All potential Bidders, other than Anchor Investors, are required to mandatorily utilise the Application Supported by Blocked Amount ("ASBA") process providing details of their respective bank account (including UPI ID in case of RIBs) which will be blocked by the SCSBs, or the bank accounts linked with the UPI ID, as applicable, to participate in the Issue. Anchor Investors are not permitted to participate in the Anchor Investor Portion through the ASBA process. For details, please see the section entitled "Issue Procedure" on page 235.

RISK IN RELATION TO THE FIRST ISSUE

Bidders / Applicants should note that on the basis of PAN, DP ID and Client ID as provided in the Bid cum Application Form, the Bidders/Applicants may be deemed to have authorized the Depositories to provide to the Registrar to the Issue, any requested Demographic Details of the Bidders/Applicants as available on the records of the depositories. These Demographic Details may be used, among other things, for or unblocking of ASBA Account or for other correspondence(s) related to an Issue. Bidders/Applicants are advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Applicants' sole risk. Bidders / Applicants should ensure that PAN, DP ID and the Client ID are correctly filled in the Bid cum Application Form. The PAN, DP ID and Client ID provided in the Bid cum Application Form should match with the PAN, DP ID and Client ID available in the Depository database, otherwise, the Bid cum Application Form is liable to be rejected. Bidders/Applicants should ensure that the beneficiary account provided in the Bid cum Application Form is active.

CONTENTS OF THE MEMORANDUM OF ASSOCIATION OF THE COMPANY AS REGARDS ITS OBJECTS: For information on the main objects and other objects of our Company, see "History and Certain Corporate Matters" on page 130 of the Red Herring Prospectus and Clause III of the Memorandum of Association of our Company. The Memorandum of Association of our Company is a material document for inspection in relation to the Issue. For further details, see the section "Material Contracts and Documents for Inspection" on page 278 of the Red Herring Prospectus.

LIABILITY OF MEMBERS AS PER MEMORANDUM OF ASSOCIATION: The Liability of the members of the Company is Limited.

AMOUNT OF SHARE CAPITAL OF THE COMPANY AND CAPITAL STRUCTURE: The Authorised share capital of the Company is Rs. 30,00,00,000 divided into 3,00,00,000 Equity Shares of Rs. 10 each. The issued, subscribed and paid-up share capital of the Company before the Issue is Rs. 17,69,86,000 divided into 1,76,98,600 Equity Shares of Rs. 10 each. For details of the Capital Structure, see "Capital Structure" on the page 45 of the Red Herring Prospectus.

NAMES OF THE SIGNATORIES TO THE MEMORANDUM OF ASSOCIATION OF THE COMPANY AND THE NUMBER OF EQUITY SHARES SUBSCRIBED BY THEM: Given below are the names of the signatories of the Memorandum of Association of the Company and the number of Equity Shares subscribed for by them at the time of signing of the Memorandum of Association of our Company:

Name of the subscriber	No. of shares subscribed
Mr. Prateek Srivastava	9,000 Equity Shares
Mr. Amit Avinash Takte	1,000 Equity Shares

Details of the main objects of the Company as contained in the Memorandum of Association, see "History and Certain Corporate Matters" on page 130 of the Red Herring Prospectus. For details of the share capital and capital structure of the Company see "Capital Structure" on page 45 of the Red Herring Prospectus.

LISTING : The Equity Shares offered through the 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. Our Company has received an In-Principle approval letter dated November 25, 2022 from BSE Limited for using its name in this offer document for listing of our shares on the BSE SME. For the purpose of this Issue, the Designated Stock Exchange will be the BSE Limited.

DISCLAIMER CLAUSE OF SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI): Since the Issue is being made in terms of Chapter IX of the SEBI (ICDR) Regulations, 2018, the Red Herring Prospectus has been filed with SEBI. In terms of the SEBI Regulations, the SEBI shall not issue any observation on the Offer Document. Hence there is no such specific disclaimer clause of SEBI. However, investors may refer to the entire Disclaimer Clause of SEBI beginning on page 215 of the Red Herring Prospectus.

DISCLAIMER CLAUSE OF BSE SME (THE DESIGNATED STOCK EXCHANGE): It is to be distinctly understood that the permission given by BSE Limited ("BSE") should not in any way be deemed or construed that the contents of the Prospectus or the price at which the equity shares are offered has been cleared, solicited or approved by BSE, nor does it certify the correctness, accuracy or completeness of any of the contents of the Prospectus. The investors are advised to refer to the Prospectus for the full text of the Disclaimer clause pertaining to BSE.

CREDIT RATING: This being the issue of Equity Shares, no credit rating is required.

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