

BASIS FOR OFFER PRICE

The Price Band and the Offer Price will be determined by our Company and Promoter Selling Shareholders in consultation with the BRLM based on an assessment of market demand for the Equity Shares issued through the Book Building Process and on the basis of the qualitative and quantitative factors as described below. The face value of the Equity Shares of our Company is ₹10/- each and the Offer Price is [●] times of the face value.

Investors should read the following basis with the section titled “Risk Factors” and chapters titled “Restated Financial Statements”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Our Business” on pages 31, 217, 254 and 147 respectively, of this Red Herring Prospectus to get a more informed view before making any investment decisions. The trading price of the Equity Shares of our Company could decline due to these risk factors and you may lose all or part of your investments.

QUALITATIVE FACTORS

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

- We have an established relationship with our customers and have built a wide customer base spread across state electricity distribution companies and private companies over the last 15 years of our existence.
- Our insistence on quality has played an important role in the success of our business helping us to retain and satisfy existing customers, attract new customers, build reputation, brand image, and providing us a competitive advantage over our competitors.
- The rich experience in Protection Relay development and Control & Relay panel manufacturing of our Promoter Directors combined with the support of a strong and experienced management team and dedicated employees has provided us a competitive advantage and enables us to function effectively and efficiently.
- Our highly diversified customer base, which includes customers across India including power utilities and industrial conglomerates, allows us to tap into varied revenue streams and mitigate sector-specific risks. The diversity of our customer base enables us to leverage growth opportunities across different geographies and industries.
- Our in-house Research and Development facility staffed with a talented team of 9 Engineers, Firmware and Software Developers enables us to test our Relays as per quality control measures in our labs and also strive to bring out innovation in our existing products.

For further details, refer to heading “Our Competitive Strengths” under the chapter titled “Our Business” on page 147 of this Red Herring Prospectus.

QUANTITATIVE FACTORS

The information presented below relating to the Company is based on the Restated Financial Information of the Company for the period ended September 30, 2025 and for the financial years ended March 31, 2025, March 31, 2024 and March 31, 2023 prepared in accordance with Indian GAAP, the Companies Act, 2013 and restated in accordance with SEBI ICDR Regulations For details, refer section titled “Restated Financial Information” on page 217 of this Red Herring Prospectus.

Some of the quantitative factors, which may form the basis for computing the Offer Price, are as follows:

(1) Basic and Diluted Earnings per Share (“EPS”) at face value of ₹ 10 each

As per Restated Financial Statements – Post Bonus’

Financial Year/period	Basic and Diluted EPS (in ₹)	Weight
Financial Year ended March 31, 2025	4.76	3
Financial Year ended March 31, 2024	2.30	2
Financial Year ended March 31, 2023	0.53	1
Weighted Average		3.23
For the period ended September 30, 2025		3.21

Note: -

- (A) *Basic Earnings per share = Net profit / (loss) after tax for the year/period, as restated attributable to equity shareholders /Weighted average number of equity shares outstanding during the year/period.*

- (B) *Diluted Earnings per share = Net profit after tax for the year/period, as restated attributable to equity shareholders / Weighted average number of potential equity shares outstanding during the year/period.*
- (C) *Weighted average EPS = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. [(EPS x Weight) for each fiscal] / [Total of weights].*
- (D) *Weighted average number of Equity Shares are the number of Equity Shares outstanding at the beginning of the period/ year adjusted by the number of Equity Shares issued during the period/ year multiplied by the time weighing factor. The time weighing factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the period/ year.*
- (E) *Earnings per share calculations are in accordance with the notified Accounting Standard 20'' Earnings per share''.*

(2) Price to Earnings (P/E) ratio in relation to Offer Price of ₹ [●] per Equity Share of face value of ₹10 each fully paid up – Post Bonus

Price to Earnings Ratio (P/E) = Floor Price or Cap Price / Restated Earnings per share

Particulars	P/E ratio at Floor Price (number of times)	P/E ratio at the Cap Price (number of times)
P/E ratio based on Basic & Diluted EPS, as restated for FY 2024-25	11.77	12.39
P/E ratio based on the Weighted Average Basic & Diluted EPS	17.34	18.27

(3) Return on Net Worth ("RoNW")

Financial Year Ended	RoNW, as derived from the Restated Financial Statements (%)	Weightage
Financial Year ended March 31, 2025	38.13	3
Financial Year ended March 31, 2024	29.84	2
Financial Year ended March 31, 2023	9.75	1
Weighted Average		30.64
For the period ended September 30, 2025		20.46%

Notes:

- (1) *Return on Net Worth (%) = Net Profit after tax attributable to equity shareholders, as restated / Net worth as restated as at year end.*
- (2) *Weighted average RoNW = Aggregate of year-wise weighted RoNW divided by the aggregate of weights i.e. (RoNW x Weight) for each year / Total of weights.*
- (3) *Net worth is aggregate value of the paid-up share capital of the Company and other equity, excluding revaluation reserves if any, as per Restated Financial Information.*

(4) Net Asset Value (NAV) per Equity Share of Face Value of ₹ 10 each as per Restated Financial Information: (in ₹)

Financial Year Ended	NAV per equity share derived from the Restated Financial Statements
As on March 31,2025	12.48
As on March 31, 2024	7.72
As on March 31, 2023	5.42
For the period ended September 30, 2025	15.69
After the completion of the Issue	
NAV at Floor Price	24.90
NAV at Cap Price	25.59
Offer Price*	[●]

Notes:

- (1) *Net assets value per share: Net Worth at the end of the year/ Total number of equity shares outstanding at the end of the year*
- (2) **Offer Price per Equity Share will be determined on conclusion of the Book Building Process in consultation with BRLMs Industry Peer Group Comparison*

(5) Comparison with Industry Peers

Name of the Company	Basis	CMP* (in ₹)	Basic EPS	Diluted EPS	P/E Ratio	RON W (%)	NAV ₹ (per share)	Face Value ₹ (per share)	Total revenue from operations (₹ in Lakhs)
Avana Electrosystems Limited (March 31, 2025)	Standalone	[●]	4.76	4.76	[●]	38.13	12.48	10	6,148.58
Peer-Group**									
Danish Power Limited	Consolidated	644.95	34.55	34.55	22.07	18.00	162.51	10	42,670.98
Aartech Solonics Limited	Consolidated	47.40	0.87	0.87	66.86	8.74	19.80	5	3,635.22

* Offer Price of our Company is considered as CMP. Current Market Price for Peer Group Companies is as on December 29 on the NSE; The P/E ratio is as on December 29, 2025. The comparable for the peer group companies is as on March 31, 2025

**Source: www.nseindia.com.

Notes:

- (i) Considering the nature, range of products, turnover and size of business of the Company, the peers are not strictly comparable. However, the above Companies have been included for broad comparison. The figures of Avana Electrosystems Limited are based on the Restated Financial Information for the year ended March 31, 2025
- (ii) The figures for the peer group are for the year ended March 31, 2025 and are from the financial statements filed with the NSE on a consolidated basis.
- (iii) Current Market Price (CMP) is the closing price of the peer group scrip as on December 29, 2025 on NSE
- (iv) NAV is computed as the closing net worth divided by the closing outstanding number of equity shares. Net worth has been computed as the aggregate of share capital and other equity (excluding Revaluation Reserves, if any) and as attributable to the owners of the Company.
- (v) P/E Ratio for the peer has been computed based on the closing market capitalisation of respective peers as on December 29, 2025 as divided by the profit after tax for the financial year 2025.
- (vi) RoNW is computed as net profit after tax, as attributable to the owners of the Company divided by closing net worth. Net worth has been computed as the aggregate of share capital and other equity (excluding Revaluation Reserves, if any) and as attributable to the owners of the Company.
- (vii) Avana Electrosystems Limited is a Book Built Issue.
- (viii) The Offer Price has been determined by the company in consultation with the Book Running Lead Manager and is justified based on the above qualitative and quantitative parameters.

(6) Key Performance Indicators (“KPIs”)

The KPIs disclosed below have been used historically by our Company to understand and analyse the business performance, which in result, help us in analysing the growth of various verticals in comparison to our peers. Our Company considers that the KPIs set forth below are the ones that may have a bearing for arriving at the basis for the Offer Price. The KPIs disclosed below have been approved by a resolution of our Audit Committee dated September 19, 2025 and the members of the Audit Committee have verified the details of all KPIs pertaining to our Company. Further, the members of the Audit Committee have confirmed that there are no KPIs pertaining to our Company that have been disclosed to any investors at any point of time during the three years period prior to the date of filing of this Red Herring Prospectus. Further, the KPIs herein have been certified by our Statutory Auditors Vasanth & Co., Chartered Accountants by their certificate dated September 19, 2025 and December 23, 2025.

The KPIs of our Company have been disclosed in the chapters titled “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Key Performance Indicators” on pages 147 and 255 of this Red Herring Prospectus, respectively. We have described and defined the KPIs, as applicable, in “Definitions and Abbreviations” on page 01 of this Red Herring Prospectus.

Our Company confirms that it shall continue to disclose all the KPIs included in this section on a periodic basis, at least once in a year (or any lesser period as determined by the Board of our Company), for a duration of one year after the date of listing of the Equity Shares on the Stock Exchange or till the complete utilisation of the proceeds of the Offer as per the disclosure made in the chapter titled “Objects of the Offer” on page 96, whichever is later or for such other duration

as may be required under the SEBI ICDR Regulations. Further, the ongoing KPIs will continue to be certified by a member of an expert body as required under the SEBI ICDR Regulations.

The table below sets forth the relevant and material KPIs that have a bearing on arriving at the Offer Price along with a brief explanation of and the importance of these KPIs for our business and operations and how these KPIs have been used by the management to analyse and track the performance of our Company.

Financial Key Performance Indicators of our Company

Particulars	Units	For the half year ended	For the financial year ended March 31,		
		September 30, 2025	2025	2024	2023
Revenue from Operations ⁽¹⁾	(₹ in lakhs)	3,574.71	6,148.58	5,298.77	2,840.65
Growth in Revenue from Operations ⁽²⁾	(YoY%)	-	16.04%	86.53%	36.66%
Gross Profit ⁽³⁾	(₹ in lakhs)	1,644.13	2,939.28	2,054.99	1,216.13
Gross Profit Margin ⁽⁴⁾	(%)	45.99%	47.80%	38.78%	42.81%
EBITDA ⁽⁵⁾	(₹ in lakhs)	762.62	1,251.96	741.97	192.04
EBITDA Margin ⁽⁶⁾	(%)	21.33%	20.36%	14.00%	6.76%
Profit After Tax ⁽⁷⁾	(₹ in lakhs)	560.74	831.23	402.41	92.29
PAT Margin ⁽⁸⁾	(%)	15.69%	13.52%	7.59%	3.25%
RoCE ⁽⁹⁾	(%)	26.69%	53.71%	40.02%	15.31%
RoE ⁽¹⁰⁾	(%)	22.79%	47.11%	35.07%	10.25%
Return on Assets ⁽¹¹⁾	(%)	10.85	19.00%	12.09%	3.80%
Operating Cash Flows ⁽¹²⁾	(₹ in lakhs)	145.88	676.66	94.77	(31.75)
Net Fixed Asset Turnover ⁽¹³⁾	(in times)	10.79	17.90	18.67	14.39

The above figures have been certified by our Statutory Auditors Vasanth & Co., Chartered Accountants pursuant to their Certificate dated September 19, 2025 and December 23, 2025.

Notes:

- (1) Revenue from Operations means the Revenue from Operations as appearing in the Restated Financial Statements.
- (2) Growth in revenue from operations(yoy%) is calculated by subtracting the previous period's revenue from the current period's revenue, and then dividing that number by the previous period's revenue
- (3) Gross Profit is the Revenue from Operations of the Company as reduced by the cost of materials consumed and Changes in Inventories of finished goods, work in progress and stock-in-trade
- (4) Gross Profit Margin (%) is Gross Profit divided by Revenue from Operations
- (5) EBITDA is calculated as Profit before tax + Depreciation + Interest Cost - Other Income
- (6) EBITDA Margin is calculated as EBITDA divided by Revenue from Operations
- (7) Profit After Tax (PAT) is calculated as Profit before tax – Tax Expenses.
- (8) PAT Margin is calculated as PAT for the year divided by revenue from operations.
- (9) Return on Capital Employed (ROCE) is calculated as EBIT divided by capital employed, which is defined as shareholders' equity plus long-term borrowings deducted by intangible assets.
- (10) Return on Equity (ROE) is ratio of Profit after Tax and average Shareholder Equity
- (11) Return on Assets (ROA) is equal to PAT / average total assets deployed wherein average total assets deployed = (Opening total assets + Closing total assets)/2
- (12) Operating cash flow is extracted from Cash Flow Statement in Restated Financial Statements
- (13) Net Fixed Asset Turnover is equal to net revenue from operations/average fixed assets wherein average fixed assets = (Opening fixed assets + Closing fixed assets)/2

Operating KPIs Monitored by the Company

In addition to the financial KPIs mentioned above, we also monitor the following operational metrics to assess our business performance and identify areas for improvement, with the aim of optimizing both revenue (top line) and profitability (bottom line):

1. Output per day per unit – Relay and Panels

Particulars	September 30, 2025	FY 2025	FY 2024	FY 2023
Total number of Panels produced in a year	313	523	502	478
No. of days Panel unit was operational in a year / period	151	300	300	300
Output per day – Panel Unit [Total number of Panels / No. of days]	2.07	1.74	1.67	1.59
Total number of Relay units produced in a year	33,650	65,840	58,501	27,942
No. of days Relay unit was operational in a year	151	300	300	300
Output per day – relay Unit [Total number of Relay / No. of days]	222.85	219.47	195	93.14

This KPI helps in tracking the output generated per day for our units. It is an indicator of Company's employee efficiency and profitability measure.

2. Calculation of Sales from various sales channels:

Particulars	September 30, 2025		Financial year ended March 31, 2025		Financial year ended March 31, 2024		Financial year ended March 31, 2023	
	₹ in lakhs	% of the total revenue	₹ in lakhs	% of the total revenue	₹ in lakhs	% of the total revenue	₹ in lakhs	% of the total revenue
Tender / Government Orders	818.67	22.90	1007.33	16.38	952.78	17.98	758.75	26.71
Private Parties	2,725.30	76.24	5055.09	82.22	4320.8	81.54	2078.25	73.16
Network of Dealers	30.74	0.86	86.16	1.4	25.19	0.48	3.65	0.13
Total	3,574.71	100	6148.58	100	5298.77	100	2840.65	100

This KPI helps us in tracking the sales registered through various channels like Government Orders / Orders received through the tender process, direct sales to private parties and sales through our distributors and dealers. This helps in understanding under which channel the Company's sales are growing.

The above figures have been certified by our Statutory Auditors, Vasanth & Co., Chartered Accountants pursuant to their Certificate dated September 19, 2025 and December 23, 2025.

Comparison of KPIs with listed industry peers:

(₹ in lakhs)

Particulars	Unit	Avana Electrosystems Limited				Danish Power Limited			Aartech Solonics Limited		
		For the Period ended	For the Year ended			For the Year ended			For the Year ended		
		September 30, 2025	2025	2024	2023	2025	2024	2023	2025	2024	2023
Revenue from Operations ⁽¹⁾	(₹ in lakhs)	3574.71	6148.58	5298.77	2840.65	42,670.98	33,247.67	18,870.06	3,635.22	3,274.41	2,168.80
Growth in Revenue from Operations ⁽²⁾	(YoY%)	-	16.04%	86.53%	36.66%	28.34%	76.19%	26.96%	11.02%	50.98%	32.76%
Gross Profit ⁽³⁾	(₹ in lakhs)	1644.13	2939.28	2054.99	1216.13	12,513.70	8,599.68	3,768.27	1,866.48	1,130.20	898.10
Gross Profit Margin ⁽⁴⁾	(%)	45.99%	47.80%	38.78%	42.81%	29.33%	25.87%	19.97%	51.34%	34.52%	41.41%
EBITDA ⁽⁵⁾	(₹ in lakhs)	762.62	1251.96	741.97	192.04	8,279.82	5,513.62	1,629.62	-19.36	47.18	63.11
EBITDA Margin ⁽⁶⁾	(%)	21.33%	20.36%	14.00%	6.76%	19.40%	16.58%	8.64%	-0.53%	1.44%	2.91%
Profit After Tax ⁽⁷⁾	(₹ in lakhs)	560.74	831.23	402.41	92.29	5,759.14	3,772.01	867.20	276.42	131.53	142.17
PAT Margin ⁽⁸⁾	(%)	15.69%	13.52%	7.59%	3.25%	13.50%	11.35%	4.60%	7.60%	4.02%	6.56%
RoCE ⁽⁹⁾	(%)	26.69%	53.71%	40.02%	15.31%	27.10%	56.71%	26.16%	6.17%	9.38%	7.38%
RoE ⁽¹⁰⁾	(%)	22.79%	47.11%	35.07%	10.25%	28.63%	59.39%	21.51%	9.06%	4.50%	5.00%
Return on Assets ⁽¹⁴⁾	(%)	10.85%	19.00%	12.09%	3.80%	19.92%	27.86%	7.72%	6.59%	3.37%	4.08%
Operating Cash Flows ⁽¹⁵⁾	(₹ in lakhs)	145.88	676.66	94.77	-31.75	-1,890.08	2,572.68	1,663.97	-152.16	149.20	-482.26
Net Fixed Asset Turnover ⁽¹⁶⁾	(in times)	10.79	17.90	18.67	14.39	9.99	10.28	8.32	8.06	7.44	5.03

Source: Annual Reports of the respective companies / www.bseindia.com/ www.nseindia.com

The financials of the peer group are on a consolidated basis

*Financials for FY 2023 available on standalone basis

(7) Weighted average cost of acquisition

- a) *The price per share of our Company (as adjusted for corporate actions, including split, bonus issuances) based on the primary/ new issue of Equity Shares or convertible securities (excluding Equity Shares issued under the ESOP Scheme and issuance of Equity Shares pursuant to a bonus issue) during the 18 months preceding the date of this Red Herring Prospectus, where such issuance is equal to or more than 5% of the fully diluted paid up share capital of our Company in a single transaction or multiple transactions combined together over a span of rolling 30 days (“Primary Transactions”)*

Except mentioned below there has been no issuance of Equity Shares, during the 18 months preceding the date of this Red Herring Prospectus, excluding shares issued under ESOP/ESOS and issuance of bonus shares, where such issuance is equal to or more than 5% of the fully diluted paid-up share capital of the Company (calculated based on the pre-issue capital before such transaction(s) and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of 30 days.

Date of Issuance	Name of Allotee	No. of Equity Shares allotted	% of paid-up capital (fully diluted prior to allotment)	Price per Equity Share allotted	Cumulative No. of Equity Shares	Cumulative amount paid for the Equity Shares
NIL	NIL	NIL	NIL	NIL	NIL	NIL
Weighted average cost of acquisition*				N.A.		

- b) *The price per share of our Company (as adjusted for corporate actions, including split, bonus issuances) based on the secondary sale / acquisition of Equity Shares or convertible securities involving any of the Promoters, members of the Promoter Group, Selling Shareholders or Shareholders with rights to nominate directors during the 18 months preceding the date of filing of this Red Herring Prospectus, where the acquisition or sale is equal to or more than 5% of the fully diluted paid-up share capital of our Company, in a single transaction or multiple transactions combined together over a span of rolling 30 days (“Secondary Transactions”)*

Except as set out below, there have been no secondary sale / acquisitions of Equity Shares, where the promoter, members of the promoter group or shareholder(s) having the right to nominate director(s) in the board of directors of the Company are a party to the transaction (excluding gifts), during the 18 months preceding the date of this certificate, where either acquisition or sale is equal to or more than 5% of the fully diluted paid up share capital of the Company (calculated based on the pre-issue capital before such transaction/s and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days.

Date of Secondary Sale/Acquisition	Name of Transferor and Transferee	No. of Equity Shares Sold/Acquired	% of paid-up capital	Price per Equity Shares sold/acquired	Cumulative No. of Equity Shares sold/acquired	Cumulative amount paid/received for the Equity Shares
Promoter & Selling Shareholders - Anantharamaiah Panish						
December 05, 2024	Transferor- Anantharamaiah Panish Transferee- Rama Subramanyam	1	0.0001	Nil	1	Nil
Promoter & Selling Shareholders - Gururaj Dambal						
December 05, 2024	Transferor- Gururaj Dambal Transferee- Smita Dambal	1	0.0001	Nil	1	Nil
Promoter & Selling Shareholders - S. Vinod Kumar						

Date of Secondary Sale/Acquisition	Name of Transferor and Transferee	No. of Equity Shares Sold/Acquired	% of paid-up capital	Price per Equity Shares sold/acquired	Cumulative No. of Equity Shares sold/acquired	Cumulative amount paid/received for the Equity Shares
December 05, 2024	Transferor- S Vinod Kumar Transferee- Nithya M	1	0.0001	Nil	1	Nil
Promoter & Selling Shareholders - K. N. Sreenath						
December 05, 2024	Transferor- K.N. Sreenath Transferee- Usha G	1	0.0001	Nil	1	Nil
Other Shareholders having the right to appoint nominee directors on the board of directors of the Company						
	Nil	Nil	Nil	Nil		
Total		100		Nil		
Weighted average cost of transfer				Nil		

- c) Since there are no eligible transactions of our Company reported in (a) above in accordance with paragraph (9)(K)(4)(a) of the SEBI ICDR Regulations, the price per Equity Share of our Company based on the last five primary or secondary transactions in Equity Shares (secondary transactions where the Promoter/ Promoter Group entities or Shareholders having the right to nominate director on the Board are a party to the transaction) not older than 3 years prior to the date of filing of this Red Herring Prospectus is ₹ 10 per share.

1) Weighted average cost of acquisition, Floor Price and Cap Price

Based on the disclosures in (a) above, the weighted average cost of acquisition of Equity Shares as compared with the Floor Price and Cap Price is set forth below:

Type of Transactions	Weighted average cost of acquisition (₹ per Equity Shares)*	Offer Price
I. Weighted average cost of acquisition for last 18 months for primary / new issue of shares (equity / convertible securities), excluding shares issued under an employee stock option plan / employee stock option scheme and issuance of bonus shares, during the 18 months preceding the date of filing of this Draft Prospectus, where such issuance is equal to or more than 5% of the fully diluted paid-up share capital of the Company (calculated based on the pre- offer capital before such transaction/s and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days.	NA	[•] times

<p>II. Weighted average cost of acquisition for last 18 months for secondary sale/acquisition of shares equity/convertible securities, where promoter/ promoter group entities or selling shareholders or shareholder(s) having the right to nominate director(s) or selling shareholder in the Board area party to the transaction, during the 18 months preceding the date of filing of this Red Herring Prospectus, where either acquisition nor sale is equal to or more than five percent of the fully diluted paid-up share capital of the Company (calculated based on the pre- offer capital before such transaction/s and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days</p>	<p>Nil</p>	<p>[●] times</p>
<p>III. Since there are no such transactions to report to under (I) and (II) above, the information has been disclosed for price per share of our Company based on the last five primary or secondary transactions where our Promoters/members of our Promoter Group or Shareholder(s) having the right to nominate director(s) on the Board of our Company, are a party to the transaction, during the three years prior to the date of filing of this Red Herring Prospectus irrespective of the size of the transaction, is as below.</p>	<p>10.00</p>	<p>[●] times</p>