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(Please scan the QR to view the Red Herring Prospectus)



AVANA ELECTROSYSTEMS LIMITED

(Formerly known as Avana Electrosystems Private Limited)
CIN: U31400KA2010PLC054508

Our Company was originally incorporated as a private limited company under Companies Act 1956, in the name and style of 'Avana Electrosystems Private Limited' under the Companies Act, 1956, pursuant to a Certificate of Incorporation dated July 16, 2010 issued by the Registrar of Companies, Bengaluru, Karnataka (RoC). Pursuant to a special resolution passed by our shareholders in the Extra Ordinary General Meeting held on December 09, 2024, our Company has been converted into a public limited company and the name of our Company was changed to 'Avana Electrosystems Limited' and a fresh Certificate of Incorporation dated December 17, 2024 has been issued to our Company by the Central Processing Centre. For further details on the change in name and registered office of our Company, see "History and Certain Corporate Matters" on page 191 of the Red Herring Prospectus.

Registered Office: No. 8, KIADB, Plot No. 35, 1st Main Road, 2nd Phase, Peenya Industrial Area, Nelagadranahalli Village, Peenya Small Industries, Bengaluru – 560 058, Karnataka, India;
Contact Person: Amrutha Naveen, Company Secretary and Compliance Officer; E-mail: cs@avanaelectrosystems.com; Tel: +91 80 4123 3386; Website: www.avanaelectrosystems.com

PROMOTERS OF OUR COMPANY: ANANTHARAMAIAH PANISH, GURURAJ DAMBAL, S VINOD KUMAR AND K N SREENATH.

THE OFFER

INITIAL PUBLIC OFFER OF UPTO 59,70,000 EQUITY SHARES OF FACE VALUE OF ₹10 EACH ("EQUITY SHARES") OF AVANA ELECTROSYSTEMS LIMITED (THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [•] PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹ [•] PER EQUITY SHARE (THE "OFFER PRICE") AGGREGATING TO ₹ [•] LAKHS ("THE OFFER") COMPRISING OF A FRESH ISSUE OF UPTO 51,76,000 EQUITY SHARES AGGREGATING TO ₹ [•] LAKHS (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UPTO 7,94,000 EQUITY SHARES BY THE PROMOTER SELLING SHAREHOLDERS ("OFFER FOR SALE") AGGREGATING TO ₹ [•] LAKHS OF WHICH UPTO 3,00,000 EQUITY SHARES AGGREGATING TO ₹ [•] LAKHS WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER TO THE OFFER (THE "MARKET MAKER RESERVATION PORTION"). THE OFFER LESS THE MARKET MAKER RESERVATION PORTION I.E. NET OFFER OF UPTO 56,70,000 EQUITY SHARES AGGREGATING TO ₹ [•] LAKHS (THE "NET OFFER"). THE FRESH OFFER AND THE NET OFFER WILL CONSTITUTE 26.36% AND 25.04% RESPECTIVELY OF THE POSTOFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

(For further details please see section titled "Offer Procedure" beginning on page 314 of the Red Herring Prospectus). A copy of Red Herring Prospectus is delivered for filing to the Registrar of Companies as required under section 26(4) of the Companies Act, 2013.)

DETAILS OF THE SELLING SHAREHOLDERS, OFFER FOR SALE AND WEIGHTED AVERAGE COST OF ACQUISITION:

Name of selling Shareholder	Type	Number of Shares Offered	WACA in Rs. Per equity shares
Anantharamaiah Panish	Promoter Selling Shareholder	2,01,875	1.10
Gururaj Dambal	Promoter Selling Shareholder	2,01,875	1.10
S Vinod Kumar	Promoter Selling Shareholder	1,88,375	0.40
K N Sreenath	Promoter Selling Shareholder	2,01,875	1.10

PRICE BAND: ₹ 56 TO ₹ 59 PER EQUITY SHARE OF FACE VALUE ₹ 10/- EACH

THE FLOOR PRICE IS 5.6 TIMES THE FACE VALUE OF THE EQUITY SHARES AND THE

CAP PRICE IS 5.9 TIMES THE FACE VALUE OF THE EQUITY SHARES.

THE PRICE TO EARNING RATIO BASED ON DILUTED EPS FOR FISCAL 2024-2025 AT THE

FLOOR PRICE IS 11.76 TIMES AND AT THE CAP PRICE IS 12.39 TIMES.

BIDS CAN BE MADE FOR A MINIMUM OF 2000 EQUITY SHARES AND IN MULTIPLES OF 2000 EQUITY SHARES THEREAFTER

BID / OFFER PROGRAMME

ANCHOR INVESTOR BIDDING DATE: Friday, January 09, 2026*

BID/OFFER OPENS ON: Monday, January 12, 2026**

BID/ OFFER CLOSES ON: Wednesday, January 14, 2026#**

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

** Our Company, in consultation with the Book Running Lead Manager, may consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/ Offer Closing Date in accordance with the SEBI ICDR Regulation.

#UPI mandate end time and date shall be 5.00pm on the Bid/Offer Closing date

BRIEF DESCRIPTION OF THE BUSINESS OF OUR COMPANY

We are a manufacturer of customised Control and Relay Panels ranging from 11kv to 220kv for Power System Monitoring, Control and Protection Applications Transmission Lines, Power Transformers, Bus Bar, Capacitor Bank, etc, for both indoor and outdoor usage, MV and LV Panels, Protection Relays and Substation Automation Systems. These panels are used across various sectors and industries to facilitate the transmission and distribution of electrical power.

We also manufacture relays, which is a device used in electrical systems to detect faults and protect equipment by analysing electrical parameters and executing protective actions.

The issue is being made pursuant to Chapter IX Initial Public Offer by Small and Medium Enterprises of the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2018, as amended from time to time (SEBI ICDR Regulations).

THE EQUITY SHARES OF THE COMPANY WILL GET LISTED ON EMERGE Platform OF THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED. THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED SHALL BE THE DESIGNATED STOCK EXCHANGE. A copy of Red Herring Prospectus is filed with Registrar of Companies, Bengaluru as required under section 26 and 32 of Companies Act 2013.

ALLOCATION OF THE OFFER

- QIB PORTION: NOT MORE THAN 50% OF NET OFFER
- INDIVIDUAL BIDDER PORTION: NOT LESS THAN 35% OF NET OFFER
- NON-INSTITUTIONAL PORTION: NOT LESS THAN 15% OF NET OFFER
- MARKET MAKER PORTION: Up to 3,00,000 EQUITY SHARES or 5.03% OF OFFER SIZE

IN MAKING AN INVESTMENT DECISION, POTENTIAL INVESTORS MUST ONLY RELY ON THE INFORMATION INCLUDED IN THE RED HERRING PROSPECTUS AND THE TERMS OF THE OFFER, INCLUDING THE RISKS INVOLVED AND NOT RELY ON ANY OTHER EXTERNAL SOURCES OF INFORMATION ABOUT THE OFFER AVAILABLE IN ANY MANNER.

In accordance with the Recommendation of the Independent Directors of the Company, pursuant to their resolution dated December 31, 2025 / January 5, 2026 the above provided price is justified based on quantitative factors/KPIs disclosed in the chapter "Basis for Offer Price" beginning on page 112 of the Red Herring Prospectus vis-a-vis the weighted average cost of acquisition(WACA) of primary and secondary transaction as applicable and disclosed in the chapter "Basis for Offer Price" beginning on page 112 of the Red Herring Prospectus and provided below in this advertisement.

RISK TO INVESTORS:

Summary description of key risk factor based on materiality:

- We intend to set up our integrated manufacturing unit on land taken on leave and license from Karnataka Industrial Areas Development Board (KIADB) and a part of the IPO proceeds is proposed to be utilised for the same. As per the lease agreement entered with KIADB, there are certain prescribed conditions and timelines pertaining to commencement and completion of work. Our Company was required to start the commercial productions by June 01, 2020. Our Company didn't start the commercial production by the given date. Subsequently, we have been granted one year extension of time by KIADB for the commercial productions i.e. till October 26, 2026. In case we fail to start our commercial production by October 26, 2026, we may face consequences of non-adherence of the terms and conditions of KIADB, which could have an adverse impact on our growth plans and our business and financial condition.
- We have not identified any alternate source of funding to meet our capital expenditure requirements and hence any failure or delay on our part to mobilize the required resources or any shortfall in the Net Issue proceeds may delay the implementation schedule.
- We derive a significant portion of our revenue from operations from limited number of customers, and the loss of one or more such customers, the deterioration of their financial condition or prospects, or a reduction in their demand for our products could adversely affect our business, results of operations, financial condition and cash flows. Any adverse change in the business relationship with one or more of our top 5 and top 10 customers, including a reduction in order volume, changes in contract terms, delayed payments, or termination, could materially and adversely affect our revenue, cash flows, and overall financial performance.
- A significant portion of our revenue from operations is generated from three states (Madhya Pradesh, Maharashtra and Karnataka). Any adverse development affecting our business operations in these regions could have a negative impact on our revenue and results of operations.
- We depend on the Tender / Government Orders from State owned Power Distribution and Transmission Companies, Private Players engaged in panel manufacturing / EPC Contractors and Dealers for selling of our products. Our significant dependence on Private Players for supply of our products may affect our revenue from operation and profits.
- Our reliance for raw materials/components is highly dependent on a few limited numbers of suppliers and the loss of one or more such suppliers, the deterioration of their financial condition or prospects, or higher demand from our competitors could adversely affect our supplies from these suppliers. Any adverse change in our business relationship with one or more of our top 5 and top 10 suppliers, including a reduction in materials supplied, changes in supply terms, changes in payment terms, or termination of our orders, could materially and adversely affect our revenue, cash flows, and overall financial performance and also expose us to risks of supply disruptions, pricing volatility which may adversely impact our production schedules and financial performance.
- We do not possess the information, consents, confirmations, or undertakings from the immediate relative (R. Manoharan -father-in-law) of one of our Promoters i.e., S. Vinod Kumar. R. Manoharan is considered as a part of the Promoter Group as per Regulation 2(1)(pp) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, and the details of him, along with any entities associated with him as part of our Company's "promoter group", are required to be disclosed in the Offer Documents.
- We are subject to strict quality requirements by our customers any product defect issues, and any failure by us to comply with these requirements may lead to the cancellation of existing and future orders, recalls and product rejections.
- We do not own both our manufacturing units and the Registered Office from where we operate. Both our manufacturing units including registered office has been taken on lease basis. Further, the lease deed of our manufacturing units is not registered.
- The Company may face the likelihood of time overrun and cost overrun during the relocation of our two manufacturing units into one integrated unit is subject to various risks and uncertainties, and any time overrun, cost overrun or failure in implementation may adversely affect our business, financial condition, and results of operations.

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:-

- 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.
- 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.
- 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].
- 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.
- 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

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/period	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:-

- Return on Net Worth (%) = Net Profit after tax attributable to equity shareholders, as restated / Net worth as restated as at year end.
- 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.
- 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.
- 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:

- 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
- *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	RoNW (%)	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

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