



# Vasanth & Co.,

## Chartered Accountants

Partners:

J. Vasanth Kumar, B.Com., F.C.A., L.L.B.,  
 N. Amarnath, B.Com., F.C.A.,  
 D.R. Vijanth Kumar, B.Com., F.C.A., Reg. Valuer (SFA)

Date: 28<sup>th</sup> November, 2025

To

**The Board of Directors**

**Avana Electrosystems Limited**

No. 8, Plot No.35, 1st Main Road,  
 2nd Phase Peenya Industrial Area, Nelagadarahalli Village,  
 Peenya Small Industries, Bangalore – 560058.

AND

**Indcap Advisors Private Limited**

Suite 1201, 12<sup>th</sup> Floor, Aurora Waterfront,  
 GN Block, Sector V, Bidhannagar- 700 091,  
 West Bengal, India.

*(Indcap Advisors Private Limited referred to as the "Book Running Lead Manager")*

Dear Sir,

**Sub: Addendum to our Examination Report dated September 19, 2025 to be read with Restated Financial Statements dated September 19, 2025 and corresponding notes to accounts**

We, the peer reviewed and statutory auditors of the Company - **Avana Electrosystems Limited**, have after issuance of the above captioned Examination Report become aware of some inconsistencies which we want to rectify through this certificate and request the BRLM to take its effect in the Red Herring Prospectus and/or any other offer related documents of the Company to be filed with the stock exchange.

Based on our verification of the underlying books and the audited standalone financial statements, corresponding Restated Financial Statements and notes to accounts thereto, we hereby provide our detailed clarifications as under.

### **1. Inventory Classification in the Restated Financial Statements**

This is with reference to the inconsistency noted in the inventory of work-in-progress and finished goods for FY 2022-23 and FY 2023-24.

Upon detailed re-verification by the Company along with the auditors' working papers and the signed standalone financial statements read with the restated financial statements, we confirm that the inconsistency arose solely due to an inadvertent clerical misclassification of inventory heads in the restated financial statements compilation stage, and not from any inaccuracy in the audited financial statements or the underlying accounting records.

The details of classification error are as below:

<b>Note: 9 RESTATED STATEMENT OF INVENTORIES</b>	<i>(Rs. in Lakhs)</i>			
	<b>As per RFS</b>	<b>As per SFS</b>		
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Work-in-progress				
Opening Balance	256.61	76.58	37.58	34.05
Closing Balance	29.53	256.61	29.53	37.58
Finished Goods				
Opening Balance	37.58	-	256.61	42.53
Closing Balance	283.68	37.58	283.68	256.61

This mapping error created the impression that the Finished Goods inventory increased from nil to Rs. 37.58 lakhs, which in turn appeared inconsistent with relay production and sales during the year. The error was purely mechanical in nature, arising from mapping of inventory heads during the spreadsheet compilation process for the RFS.



**No Impact on Audited Financial Statements**

We categorically confirm that:

- The signed audited standalone financial statements for FY 2022–23, FY 2023–24, and FY 2024–25 carry the correct classification and values of Raw Materials, Work-in-Progress, and Finished Goods.
- The underlying books of account, physical inventory records, valuation workings, and cost sheets reflect the correct and consistent balances.
- The issue is restricted only to the presentation within the RFS and does not affect revenue, cost of production, profit, or any other element of the financial statements.

We reaffirm that:

- The misstatement was purely an inadvertent clerical/presentation-level error occurring only in the spreadsheet used to compile the RFS.
- There is no financial impact on any audited figure or on the economic substance of the Company's operations.
- The corrected classification has shall be incorporated in the Restated Financial Statements for the period ended September 30, 2025, and will accordingly flow into the Red Herring Prospectus that will be submitted by the Company to the exchange.

**2. Director Incentive Not Captured in Related Party Disclosure:**

During the internal reconciliation of Employee Benefit Expenses with the Related Party Transactions (RPT) reported, we identified an inadvertent omission relating to the Director Performance Incentive of Rs. 1.55 crores for the financial year ended March 31, 2025.

While the said amount has been correctly accounted for in the standalone audited financial statements through an audit journal voucher under Employee Benefit Expenses, the corresponding disclosure in the note on related part transaction, of the Restated Financial Statement inadvertently omitted this amount.

This occurred due to a totaling error in the compilation workings, wherein the specific line item titled "Performance Incentive" was not picked up, resulting in the aggregate managerial remuneration disclosure being understated.

This is solely a disclosure-level clerical error and does not affect the financial statement of the Company, where the expense is already recognized and verified.

**Corrected Related party Disclosure for FY 2024-25 is as below,**

Particulars	Nature of Transaction	Amount (Rs. in Lakhs) 31-03-2025
<b>(I)</b>	<b>Transactions with Directors</b>	
Panish Anantha Ramaiah	Director Renueration	61.20
Kondahalli Nagaraj Sreenath	Director Renueration	38.16
Gururaj Dambal	Director Renueration	47.28
Vinod Kumar S	Director Renueration	38.76
<b>(II)</b>	<b>Transactions with Directors</b>	
Panish Anantha Ramaiah	Performance Incentives	38.75
Kondahalli Nagaraj Sreenath	Performance Incentives	38.75
Gururaj Dambal	Performance Incentives	38.75
Vinod Kumar S	Performance Incentives	38.75



(III)	Relatives of Director	
Smitha Dambal	Professional Fees	18.00
Nithya V	Professional Fees	18.00
G Usha	Professional Fees	18.00
Rama S	Professional Fees	18.00
Ramabai Dambal	Professional Fees	6.00
<b>Total</b>		<b>418.40</b>

We confirm the following corrective actions:

1. The RPT disclosure as per the table above will be updated at the time of providing half yearly restated financial statement for the period ended September 30, 2025.

### **3. R&D Expenditure Disclosure:**

With respect to the observation regarding disclosure of Research & Development (R&D) expenditure as a separate expense item in the financial statement, we clarify as under:

The Company does not undertake standalone or capital-intensive R&D activities that require separate accounting or disclosure under a dedicated Research & Development expense head nor does it avail any tax benefit under the Income Tax Act on account of such R&D activity conducted by the Company. However, it has employed 9 employees on its payrolls for the purpose of carrying out R&D activity in order to improve its product performance and for the betterment of the product.

The expense on the R&D activity done by the Company for the past three financial years pertains solely to the salaries of the 9 in-house team employed by it and the same is as follows:

Fiscal Year	Salaries of Employees involved in R&D activities
FY2023	Rs 19.22 lakhs
FY2024	Rs 26.16 lakhs
FY2025	Rs 33.53 lakhs

These R&D activities are operational in nature and form part of the normal course of business. The related expenditure pertains primarily to employee salaries and benefits, which has appropriately been classified under Employee Benefit Expenses in the Statement of Profit and Loss.

Based on the above, we confirm that the issues identified relate exclusively to inadvertent clerical errors within the Restated Financial Statements and do not affect the audited standalone and / or restated financial statements of the Company.

Yours sincerely,

**For Vasanth & Co.,  
Chartered Accountants**

ICAI Firm Registration No.: 0032048  
  
**N. Amarnath**  
 Partner  
 Membership No:510064  
 UDIN: 25510064BMIBVE6700

Place: Bangalore