AVALON TECHNOLOGIES LIMITED

INITIAL PUBLIC OFFERING OF UP TO \( \star \) EQUITY SHARES OF FACE VALUE OF T2 EACH ("EQUITY SHARES") OF AVALON TECHNOLOGIES LIMITED (OUR "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF \( \star \) PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF \( \star \) PER EQUITY SHARE) (THE "OFFER PRICE") AGGREGATING UP TO 7,650.00 MILLION (THE "OFFER") COMPRISING A FRESH ISSUE OF UP TO \( \star \) EQUITY SHARES (OUR "COMPANY" AGGREGATING UP TO 7,380.00 MILLION (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO \( \star \) EQUITY SHARES AGGREGATING UP TO 15,450.00 MILLION.

<table>
<thead>
<tr>
<th>Name of Selling Shareholder</th>
<th>Type of Selling Shareholder</th>
<th>Number of Equity Shares held as on the date of RHP</th>
<th>Offer for Sale of up to ( \star ) EQUITY SHARES aggregating up to</th>
<th>Weighted average cost of acquisition per Equity Share on a fully diluted basis (in ( \text{₹} ))</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kunhamed Bicha</td>
<td>Promoter</td>
<td>17,430,799</td>
<td>1,310.00 million</td>
<td>2.15</td>
</tr>
<tr>
<td>Bhaskar Srinivasan</td>
<td>Promoter</td>
<td>13,505,309</td>
<td>1,070.00 million</td>
<td>2.33</td>
</tr>
<tr>
<td>T P Anathshamad</td>
<td>Promoter Group</td>
<td>1,050,587</td>
<td>1,000.00 million</td>
<td>2.01</td>
</tr>
<tr>
<td>Mariyam Bicha</td>
<td>Promoter Group</td>
<td>482,650</td>
<td>100.00 million</td>
<td>3.79</td>
</tr>
<tr>
<td>Anand Kumar</td>
<td>Others</td>
<td>4,184,792</td>
<td>755.00 million</td>
<td>23.90</td>
</tr>
<tr>
<td>Saredy Seshu Kumar</td>
<td>Others</td>
<td>3,390,079</td>
<td>650.00 million</td>
<td>0.01</td>
</tr>
<tr>
<td>Lalumun Vedda Ediyaram</td>
<td>Others</td>
<td>5,380,842</td>
<td>755.00 million</td>
<td>61.59</td>
</tr>
</tbody>
</table>


The Offer is being made in accordance with Regulation 6(2) of the SEBI (ICDR) Regulations.

QIB Portion: Not less than 75% of the Offer | Non-Institutional Portion: Not more than 15% of the Offer | Retail Portion: Not more than 10% of the Offer

PRICE BAND: \( \star \) TO \( \star \) PER EQUITY SHARE OF FACE VALUE OF T2 EACH.

THE FLOOR PRICE IS 207.50 TIMES THE FACE VALUE OF THE EQUITY SHARES AND THE CAP PRICE IS 218.00 TIMES THE FACE VALUE OF THE EQUITY SHARES.

BIDS CAN BE MADE FOR A MINIMUM OF 34 EQUITY SHARES AND IN MULTIPLES OF 34 EQUITY SHARES THEREAFTER.

OUR COMPANY, IN CONSULTATION WITH THE BRLMs, HAS UNDERTAKEN TWO PRE-IPO PLACEMENTS OF EQUITY SHARES AGGREGATING TO APPROXIMATELY 730.00 MILLION AND APPROXIMATELY 500.00 MILLION, RESPECTIVELY. THE SIZE OF THE FRESH ISSUE HAS BEEN REDUCED BY 730.00 MILLION PURSUANT TO THE PRE-IPO PLACEMENTS. ACCORDINGLY, THE REVISED FRESH ISSUE SIZE IS UP TO 730.00 MILLION.

Details of the Pre-IPO Placements:

<table>
<thead>
<tr>
<th>Date of allotment in Pre-IPO Placements</th>
<th>Name of the allottee</th>
<th>Number of Equity Shares issued</th>
<th>Issue price per Equity Share (in ( \text{₹} ))</th>
<th>Amount raised (in ( \text{₹} ) millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 20, 2022</td>
<td>UNIFI Financial Private Limited</td>
<td>798,339</td>
<td>375.78</td>
<td>300.00</td>
</tr>
<tr>
<td>February 20, 2023</td>
<td>Astha India Equity Investment Trust Pte. Ltd.</td>
<td>1,703,543</td>
<td>426.06</td>
<td>500.00</td>
</tr>
</tbody>
</table>

In accordance with the recommendation of a Committee of Independent Directors of our Company, pursuant to their resolution dated March 23, 2023, the above provided price band is justified based on quantitative factors/KPIs disclosed in the 'Basis of the Offer Price' section of the RHP via a-a via the WACMA of Primary and Secondary transactions disclosed in 'Basis for the Offer Price' section on page 141 of the RHP.

RISKS TO INVESTORS

- Our past profitability ratios have been low. There is no guarantee that the profitability ratios will improve in future and our company will be able to generate higher returns.

- Our results can be adversely affected by any disruptions in the industries which we cater to.

- In the eight months ended November 30, 2022 and November 30, 2021 and Fiscals 2022, 2021 and 2020, our revenue from operations outside India was 57.86%, 64.24%, 62.19%, 62.65% and 62.26% of our total income, respectively. In eight months ended November 30, 2022 and November 30, 2021 and Fiscals 2022, 2021 and 2020, we imported 49.34%, 42.66%, 43.07%, 45.74% and 45.68% of our raw materials, respectively.

- Our Company will not receive any proceeds from the Offer for Sale portion of the Offer.

- We had negative cash flows from operating activities in the past, details of which are given below. Negative cash flows over extended periods, or significant negative cash flows in the short term, could materially affect our ability to operate our business and implement our growth plans.

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Average cost of acquisition of equity shares for the Selling Shareholders in IPO is as follows:

<table>
<thead>
<tr>
<th>Name of Selling Shareholders</th>
<th>Average cost of acquisition per Equity Share (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promoters / Promoter Selling Shareholders</td>
<td>2.17</td>
</tr>
<tr>
<td>Kishorlal Bhat</td>
<td>2.23</td>
</tr>
<tr>
<td>Chandra Bhushan</td>
<td>2.30</td>
</tr>
<tr>
<td>Mahendra Bhat</td>
<td>2.71</td>
</tr>
<tr>
<td>Other Selling Shareholders</td>
<td>1.01</td>
</tr>
<tr>
<td>Anand Kumar</td>
<td>18.90</td>
</tr>
<tr>
<td>Sardar Sai Kumar</td>
<td>29.61</td>
</tr>
<tr>
<td>Laxman Vashisht</td>
<td>1.01</td>
</tr>
</tbody>
</table>

Note: Pursuant to the certificate dated March 22, 2022, issued by Mohan & Venkataraman, Chartered Accountants, the Average cost of acquisition of Equity Shares held by the Selling Shareholders ranges from Rs. 10 to Rs. 12 per Equity Share and Price Offer at upper end of the Price Band is Rs. 436 per Equity Share.

- Weighted average cost of acquisition, floor price and cap price
  - Past transactions
    - Weighted average cost of acquisition per Equity Share (in %)
      - Nil
    - Floor Price in Rs. 415
      - Nil
    - Cap Price in Rs. 436
      - Nil
  - Weighted average cost of primary new issue during 18 months prior to RHP
    - Nil
  - Weighted average cost of acquisition for secondary sale during 18 months prior to RHP
    - Nil
  - Weighted average cost of primary issuances for 3 years prior to RHP
    - Rs. 16.72 per equity
  - Weighted average cost of acquisition for secondary sale during 3 years prior to RHP
    - Rs. 55.23 per equity
  - Average cost of acquisition of primary issue during 18 months prior to RHP
    - Rs. 16.72 per equity
  - Average cost of acquisition of secondary sale during 18 months prior to RHP
    - Rs. 55.23 per equity

Note: There has been no primary issue (Equity Shares / convertible securities), excluding the issuance of bonus shares and there have been no secondary sale / acquisitions (Equity Shares / convertible securities) where the Promoters, members of the Business Group or Shareholders exercising the right to nominate directors on the board of directors of the Company are a party to the transaction (excluding gifts), in last 18 months prior to the date of the RHP where such issuance is equal to or more than 5% of the shareholding on the capital of the Company.

Since there were no primary or secondary acquisitions of equity shares of the Company during the 18 months preceding the date of RHP, information for last five primary or secondary transactions (secondary transactions where Promoter / Promoter Group entities or Selling Shareholders or shareholder(s) having the right to nominate director(s) in the Board of Directors of our Company, are a party to the transaction), not older than 7 years prior to the filing of the RHP irrespective of the size of transactions has been considered.

The Offer Price, Enterprise Value to EBITDA, Market capitalization to revenue from operations and Market capitalization to tangible assets of our Company may not be indicative of the market price of the Equity Shares on listing.

Fiscal 2022

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Avalon Technologies Limited</th>
<th>Avalon Technologies Limited</th>
<th>Syntex Technology Limited</th>
<th>Industry average of listed peers of the Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>EV to EBITDA</td>
<td>30.85</td>
<td>32.09</td>
<td>60.04</td>
<td>37.17</td>
</tr>
<tr>
<td>Market capitalization to revenue from operations</td>
<td>3.24</td>
<td>3.19</td>
<td>7.83</td>
<td>3.60</td>
</tr>
<tr>
<td>Market capitalization to tangible assets</td>
<td>29.83</td>
<td>31.16</td>
<td>80.91</td>
<td>16.71</td>
</tr>
</tbody>
</table>

Notes: (1) Market Data as of March 16, 2023, sourced from BSE.

2) Industry average of listed peers has been calculated as an average of Syntex Technology Limited, Syntex Technologies Limited, Dixon Technologies Limited and Ambe Enterprises Limited.

The four BRLMs associated with the Offer have handled 73 public issues in the past three years, out of which 25 issues closed below the offer price on listing date.

Name of BRLMs: Total Issues | Issues Closed Below IPO Price on Listing Date
---|---
JIM Financial Limited | 16 | 3
DAM Capital Advisors Limited | 5 | 3
IFL Securities Limited | 7 | 3
Nomura Financial Advisory and Securities (India) Private Limited | 8 | 3
Common issues handled by the BRLMs | 27 | 3

Average Weighted Return on Net Worth for Fiscals 2022, 2021 & 2020 is 60.58% and as on November 30, 2022 is 28.17% (not annualized).

BID/OFFER CLOSES TODAY

Details of the Memorandum of Association of our Company as regards to the incorporation of our Company, the Company's objects, its memorandum and articles of association, the rights of the members of our Company, its maximum liability, and other essential matters are indicated in the Memorandum of Association of our Company.

The Articles of Association of our Company as regards to the rights of the auditors of our Company, the auditors' fees, the manner of appointment and removal of auditors, the powers and duties of the auditors, and other essential matters are indicated in the Articles of Association of our Company.

No shares are held in custody in any of the nominee accounts in their names.

The BID/OFFER Closes Today.

BID/offer closes today.