

# All About



Sector - Consumer Durables



Issue Opens - **Apr 3, to Apr 6**

Price Band  
₹415 to ₹436

Face Value  
₹2

Issue Size  
₹865.00Cr.

Lot Size  
34 Shares

Issue Type  
Book Built

[Research@ganeshstock.com](mailto:Research@ganeshstock.com)

# Important Events



Issue Size

19,839,450 shares (₹865.00 Cr)

Fresh Issue

7,339,450 shares (₹320.00 Cr)

Offer for Sale

12,500,000 shares (₹545.00 Cr)

Basis of Allotment

Apr 12, 2023

Initiation of Refunds

Apr 13, 2023

Credit of Shares to Demat

Apr 17, 2023

Avalon Technologies LTD

IPO Listing Date

Apr 18, 2023

## Promoters

- Kunhamed Bicha (Chairmen & Managing Director)
- R M Subramanian (Chief financial officer)
- Dr. Rajesh V (Company Secretary, Compliance Officer)

Promoters collectively hold 51.24% (Post Issue) of the Equity Share.

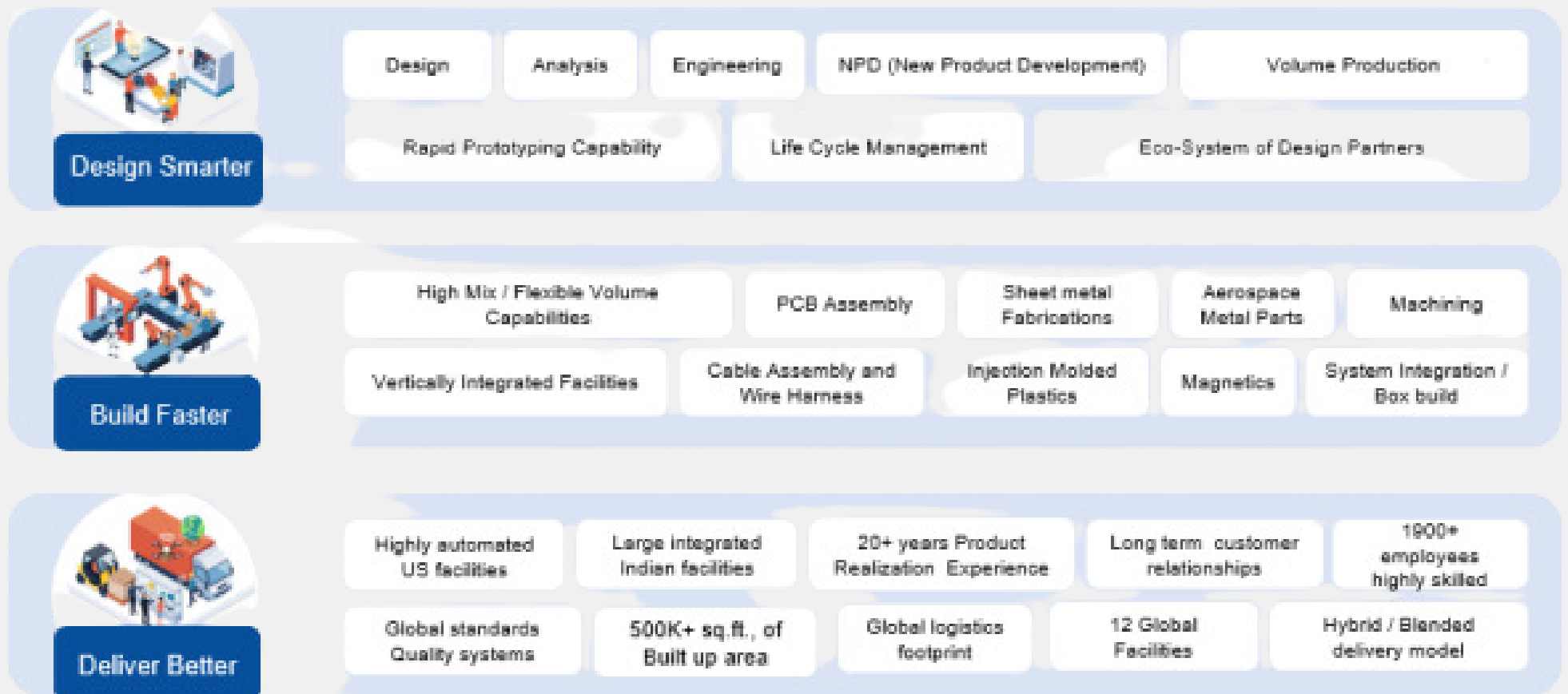
# About Company



- One of the top fully integrated Electronic Manufacturing Services (EMS) businesses with end-to-end operations for providing box build solutions in India is Avalon Technologies Ltd. It offers a full stack of products and solutions, from the assembly and design of printed circuit boards (PCBs) to the production of entire electronic systems (Box Build). It provides to a select group of international original equipment manufacturers (OEMs), including those in the US, China, the Netherlands, and Japan. The company's skills include end-to-end box building for electronic systems, PCB design and assembly, cable assembly and wire harnesses, sheet metal fabrication and machining, magnetics, injection moulded plastics, and magnetics.
- Avalon caters to multiple end-use industries across industrial, mobility, medical devices, solar, EVs, hydrogen and digital communication and infrastructure. Avalon operates through 12 manufacturing facilities located across India and USA. It has 10 facilities in India with 8 at Chennai and 2 in Bengaluru. The facilities in USA are located at Atlanta and California. The Chennai facilities are located in an SEZ which allows the company to import raw materials without duties as long as the finished products are exported. The 13th facility at Chennai is currently under construction.



# Product Portfolio



• Source: DHRP

# Objects of the offer

- Repayment/Prepayment, in full or part, of certain borrowings availed of by the company.
- Funding the working capital requirements.
- Sale of shares upto 7,545,872 shares by the promoter group



# Track Record Of Financial Performance

- Revenue of ATL has increased from Rs.642 Cr. in FY20 to Rs.841 Cr. in FY22 with a CAGR of 9.4% while Net Profit has increased from Rs.12 Cr. in FY20 to Rs.68 Cr. in FY22 with a huge CAGR of 77% majorly due to decrease in finance costs.
- Company has EBITDA margin and Net Profit margin of 11.6% and 8.1% respectively for the FY22.
- PAT was 12cr In FY20, 23 Cr in FY21 and 68Cr in FY 22 with margin 1.895, 3.32%, .
- ROCE & ROE of the company stands at 27.41% and 85.86% respectively for FY22.
- Net Debt of the company has increased over the years and is currently at Rs.304.5 Cr. as of Nov.22 from Rs.222 cr. in FY22.
- Net cash reported for the years 4cr in FY20, 7Cr in FY21 & -24 Cr In FY 22



# Strengths

- The company has grown from a single category to a multi-category stone producing operation.
- A wide variety of products and different designs exported by the company will make up 99.13% of operational income in the fiscal year 2021–2022, and they have grown at a CAGR of 21.60% during the past 11 years.
- Effective quality controls reduce loss.c

# Risks

- The business offers complete integrated solutions for manufacturing and designing electronic and electro-mechanical products.
- Its businesses are well-diversified, which has produced strong growth lines.
- The business has a solid and expanding customer base, and it has developed long-lasting relationships with these customers.

# Valuation and Outlook

The issue's price range, in terms of valuation, is INR 415 -436 per share. A P/E ratio of 38.58x is based on a price range above INR 436 and FY22 EPS of INR 11.32.

The Avalon Technologies Ltd. According to DRHP peers company is listed whose PE Multiple is shown in this table.

S.No.	Company	PE Ratio
1.	Dixon Technologies Limited	72.7
2.	Amber Enterprises Limited	55.7

One of the top fully integrated electronic manufacturing services, Avalon Technologies offers a broad range of products. The EMS industry is sizable both globally and in India, where it is anticipated to expand rapidly. India also benefits from a change in global demand away from China. Avalon Technologies Ltd. is a fully integrated EMS business that offers box-build solutions throughout India.

The company does not intend to use the proceeds from the IPO to fund any additional capital growth. The entire sum will be applied to covering capital needs and debt reduction. Given that the issue is fully valued at a P/E ratio of about 39X, and taking into account all the relevant criteria, we will recommend to subscribe this issue for high risk Investors for long term.