

9 January 2026

Avana Electrosystems Limited – Subscribe

Company Overview

Avana Electrosystems Limited, founded in 2010 as a private company and converted to public in Dec 2024, is a Bengaluru-based manufacturer of customized electrical control, protection, and automation equipment for the power sector. It operates in two verticals, Control and Relay Panels and Protection Relays, serving power transmission, transformers, substations, and renewables like solar/wind.

Investment Rationale

- Avana is well positioned to capitalize on India's push for 500GW non fossil fuel capacity by 2030, with USD 462 Bn in transmission and distribution investments. Government schemes like Saubhagya, PM Surya Ghar Muft Bijli Yojana, smart meters, and PLI for electrical manufacturing directly drive demand for its control panels and relays.
- Achieved a 47% revenue CAGR from FY23 to FY25, rising from Rs. 28.4 Cr to Rs. 61.5 Cr, reflecting strong market traction. EBITDA margins improved from 6.76% to 20.36%, while PAT surged 9x from Rs. 0.92 Cr to Rs. 8.31 Cr, highlighting operational efficiency. Return metrics excelled with ROE at 47.11% and ROCE at 53.71% in FY25, underscoring superior capital utilization and profitability.
- The new integrated facility at Avverahalli will boost relay capacity by 150% to 175,000 units and panels to 1,500 annually, addressing current constraints. Shifting from leased to owned premises eliminates risks, enables synergies, and supports margin enhancement through better workflows. Set to commence production by Oct 2026, this expansion positions Avana for greater market share in a high growth industry.
- D/E ratio reduced to 0.07x by Sep 2025, with current ratio at 1.93x, indicating improved financial stability. Operating cash flow turned positive to Rs. 6.77 Cr in FY25 from negative in FY23, driven by better working capital management. Cash reserves of Rs. 5.69 Cr provide a buffer for operations and the ongoing capacity expansion plans.

Valuation

Avana is a small cap electrical equipment manufacturer positioned to benefit from India's power sector modernization and renewable energy transition. The company has demonstrated strong operational execution, achieving remarkable revenue growth of 47% CAGR, EBITDA margin expansion (7% to 20%), and profitability improvement like ROE of 47% and ROCE of 54% over FY23–25. Given the strong fundamentals but execution challenges ahead, a fair valuation 12.39x FY25 EPS Rs. 4.76, providing reasonable upside with acceptable risk. We recommend **SUBSCRIBE** for long term investor.

IPO Details

Industry	Heavy Electrical Equipment
Issue Open Date	12-Jan-26
Issue Close Date	14-Jan-26
Price Band	Rs. 56 – 59
Issue Size*	Rs. 3,522 Lacs
Issue Size (Shares)	59,70,000
Bid Lot	2,000 Shares
Listing Exchanges	NSE SME
Face Value	Rs. 10/-

* At highest price band

Issue Details

Fresh Issue*	Rs. 2,877 Lacs
Issue Type	Book Building
Lead Manager	Indcap Advisors
Registrar	Integrated Registry Management Services
Issue structure	Market Maker: 5.03% QIB: 47.20% NII: 14.47% Retail: 33.30%
Allotment	15-Jan-26
Credit of Shares	16-Jan-26
Listing Date	19-Jan-26

Objective of Issue

Particular	Estimated Amt (in Lacs)
Capex	1,155
Working Capital	840
Corporate Purpose	-

Shareholding Pattern

Shareholding (%)	Pre(%)	Post(%)
Promoter	100	73.64
Public & Others	-	26.36

Business Highlights

Product Portfolio:

- **Control and Relay Panels:** 11kV-220kV range for transformers, feeders, bus bars.
- **Protection Relays:** Numerical and electromechanical fault detection systems.
- **Substation Automation (SCADA):** High level supervision and control systems.
- **Low Voltage Systems:** AC/DC distribution, metering panels, OLTC panels.
- **Accessories:** Relay test blocks, LED indicators, specialized testing equipment.

Manufacturing Infrastructure:

- **Unit I (Peenya):** Relay manufacturing 70,000 units/annum capacity.
- **Unit II (Peenya):** Panel manufacturing 600 units/annum capacity.
- **Proposed Integrated Unit (Avverahalli):** 175,000 relays and 1,500 panels/annum (1-acre facility).

Market Position:

- Serves 367 customers across utilities, EPC contractors, and renewable developers.
- Network of 6 dealers for distribution to smaller clients.
- Presence in 15 plus states, strongest in Madhya Pradesh, Maharashtra, Karnataka.
- Reentering exports starting with Kuwait in FY26.

Financials

Financial Performance:

Particulars (in Lacs)	FY 2023	FY 2024	FY 2025	H1 FY26	CAGR (FY23-25)
Revenue from Operations	2,840.65	5,298.77	6,148.58	3,574.71	47.1%
EBITDA	192.04	741.97	1,251.96	762.62	155.3%
EBITDA Margin	6.76%	14.00%	20.36%	21.33%	
Profit After Tax	92.29	402.41	831.23	560.74	200.1%
PAT Margin	3.25%	7.59%	13.52%	15.69%	

- Revenue demonstrating strong market traction and operational scalability.
- EBITDA margins reflecting operational leverage and improved pricing power.
- PAT indicating the company has achieved critical scale for sustainable profitability.
- H1FY26 performance suggests potential full-year revenue of Rs. 7,000+ Lacs, continuing the growth trajectory.

Balance Sheet:

Particulars	FY2023	FY2024	FY2025	H1FY26	Particulars	FY2023	FY2024	FY2025	H1FY26
Equity & Liabilities					Assets				
Net Worth	946.4	1,348.78	2,180.00	2,740.73	Inventories	770.3	1,193.31	1,470.95	2,105.61
Long Debt	237.09	291.55	126.16	73.80	Trade Rec	1,115.56	1,483.64	2,119.08	1,820.77
Short Debt	496.1	635.8	442.4	494.47	Cash	310.1	378.3	530.7	569.2
Trade Payables	575.65	676.29	927.17	663.48					

- Net worth increased 2.9x from Rs. 946 Lacs to Rs. 2,741 Lacs, driven by retained profits.
- Long term debt reduced from Rs. 291 Lacs to Rs. 74 Lacs; D/E improved to 0.07x.
- Inventory increased from Rs. 1,471 Lacs to Rs. 2,106 Lacs, likely for new project executions.
- Cash position improved consistently from Rs. 310 Lacs to Rs. 569 Lacs.
- Fixed assets of only Rs. 369 Lacs generate Rs. 6,000+ Lacs revenue, indicating capital-efficient operations.

Cash Flow:

Particulars	FY2023	FY2024	FY2025	H1FY26
Net Cash from Operations (A)	(31.75)	94.77	676.66	145.88
Net Cash used in Investing (B)	(119.32)	(109.50)	(74.24)	(59.91)
Net Cash from Financing (C)	231.46	82.92	(450.04)	(47.47)
Net Cash (A+B+C)	80.39	68.19	152.38	38.50

- Operating cash flow is shifted from negative Rs. 31.75 Lacs to robust positive Rs. 676.66 Lacs, demonstrating operational maturity.
- Company actively reduced borrowings by Rs. 358 Lacs in FY25, improving financial health.
- Lower operating cash in H1 due to seasonal working capital build up; expected to normalize by year end.

Key Ratios:

Ratio	FY25
ROE	47.11%
ROCE	53.71%
Net Fixed Asset Turnover	17.9x
Debt-Equity Ratio	0.13x
Interest Coverage	13.48x
Current Ratio	1.74x
EPS	4.76
Net Asset Value	12.48

- ROE and ROCE are significantly above industry averages, indicating superior capital allocation.
- D/E reduced to 0.07x, indicating near debt free status.
- Current ratio above 1.7x provides comfortable working capital cushion.
- Asset turnover of 17.9x demonstrates capital-light, high productivity business model.

Peer Comparison

Metrics (FY25)	Avana Electrosystems	Danish Power Ltd	Aartech Solonics Ltd
Revenue	6,148.58	42,670.98	3,635.22
EBITDA	1,251.96	8,279.82	-19.36
PAT	831.23	5,759.14	276.42
EPS	4.76	34.55	0.87
RONW	38.13%	18.00%	8.74%
NAV	12.48	162.51	19.8
P/E Ratio	12.39	19.54	62.87

Risk & Concern

- Land Lease Dependency:** Integrated unit is on KIADB leased land with commercial production deadline of Oct 26, 2026, failure could result in land forfeiture.
- High Customer Concentration:** Top 10 customers account for 52% of revenue, creating revenue volatility risk.
- Geographic Concentration:** 48.33% of revenue from just three states Madhya Pradesh, Maharashtra, and Karnataka.
- Private Player Dependency:** 76.24% revenue from private clients vs. government tenders, exposing to private sector cyclicality.
- Supplier Concentration:** Top 10 suppliers account for 57.71% of raw material purchases.
- High Working Capital Requirements:** Inventory holding period of 167 days in FY25; significant funds blocked in receivables.
- Leased Premises:** Current facilities and registered office are on lease; 1 lease registered only in November 2025.
- Metal Price Volatility:** Business sensitive to fluctuations in raw material prices.
- Contingent Liabilities:** Rs. 572.67 lakhs, including GST demand of Rs. 29.33 lakhs under contest.

Name

Designation

Sanket Roge

Research Analyst

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Bonanza Portfolio Ltd.

Bonanza House, Plot No. M-2, Cama Industrial Estate, Walbhat Road, Goregaon (E), Mumbai – 400063 Phone: 022-68363794/708 Website:

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33500 [NSDL: a) IN 301477 | b) IN 301688 (Delhi) | PMS: INP 000000985 | AMFI: ARN -0186 | Compliance Officer: Trupti Milind Khot, 022-

62735507, compliance@bonanzaonline.com