

### IPO TIMELINE

Events	Date
IPO Opening Date	April 3, 2023
IPO Closing Date	April 6, 2023
Allotment Date	April 12, 2023
Initiation of Refunds	April 13, 2023
Credit of Shares to Demat	April 17, 2023
IPO Listing Date	April 18, 2023

### IPO LOT SIZE

Application	Lots	Shares	Amount
Retail (Min)	1	34	14,824
Retail (Max)	13	442	1,92,712
S-HNI (Min)	14	476	2,07,536
B-HNI (Max)	68	2312	10,08032

### IPO KEY DETAILS

Price Band	₹415 to ₹436
Face Value	₹2 per share
Issue Size	₹ 865 crore
Reservation	QIB 75%, Retail 10%, NII 15%
Listing	BSE, NSE

### FINANCIAL PERFORMANCE (Rs. Cr)

Y/E March	FY20	FY21	FY22
Revenue	642	690	841
Revenue Growth	N/A	7.48%	21.88%
Expenses	577	625	743
EBITDA	65	65	98
EBITDA margin	10.12%	9.42%	11.65%
Other Income	11	6	11
PAT	76	71	109
PAT growth	N/A	-6.6%	53.5%
EPS	2	4	11
Total Assets	449.6	512.5	588
Borrowings	248.5	295.3	294.1
RoE (%)	25.2	40.4	85.9
RoCE(%)	26.8	21.3	27.4

### PEER COMPARISONS (Rs. Cr)

Company Name	Revenue	EPS	P/E(x)
Avalon Technology	841	11	45
Dixon Technology	10,697	32.3	89
Amber Enterprise	4,206	32.4	59
Syrma SGS	1267	5.2	49
Kaynes Technology	706	9.7	43

### Subscribe for listing gains...

**Our Recommendation:** Avalon Technologies reported strong revenue and profit growth of 14.4% and 135% CAGR in last two years respectively. Rising demand for wireless connectivity in various industries and higher per capita electronics consumption augurs well for its growth. The IPO is fairly priced at 45x its FY22 earnings while its peers like Dixon Tech and Amber enterprises are trading at the P/E of 89x and 59x respectively. Investors may subscribe this IPO for listing gains.

**About Company:** Avalon Technologies Limited is a leading fully integrated Electronic Manufacturing Services ("EMS") company. Avalon has end-to-end capabilities in delivering box-build solutions in India, focusing on high-value precision engineered products. The company is one of the leaders in the segment in India in terms of revenue in Fiscal 2022. Through unique global delivery model, Avalon offers a full stack product and solution suite for printed circuit board (PCB) design and assembly to the manufacture of complete electronic systems (Box Build), to certain global original equipment manufacturers (OEMs), including OEMs located in countries like China, Netherlands, United States, and Japan.

**IPO Objectives:** The Company proposes to utilize the Net Proceeds to fund the following objects:

- Prepayment or repayment of all or a portion of outstanding loan availed by the Company.
- Funding the working capital requirements of the Company.
- General corporate purposes.

### Key Strength:

- Avalon Technologies has successfully maintained long-standing relationships with its top clients that accounted for 80% of its revenue.
- Avalon is the only Indian EMS company with a full-fledged manufacturing facility in the USA.

### Key Weaknesses:

- Revenue concentration in top clients: Its top five clients accounted for 50 % of its revenue in FY22. If any of these clients decide to leave then it will significantly impact the company's financials.
- Highly sensitive to macros: As global operations account for 60 % of its revenue, any downturn in the global economy will shrink its topline.

**Strong Financial Performance:** In the last three years, Avalon Technologies grew its revenue and PAT at 14% and 136% per annum respectively. Rising global and domestic demand for wireless connectivity in various industries and higher per capita electronics consumption would help company in its growth. Its three-year average ROE and ROCE are 50.5% and 25.2 respectively.

**Industry Outlook:** Wireless connectivity market is projected to hit 214 billion US dollars at CAGR of 15.2% by 2030, as per Market Research Future. Avalon is well poised to tap this growth due to its presence in US markets and other Asian markets.

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**Disclosure:**

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