PL Capital PRABHUDAS LILLADHER

Avalon Technologies (AVALON IN)

Q1FY27 Result Update

August 05, 2026

☑ Estimate Change | ☑ Target | ■ Reco.

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	Reduce		Reduce	
Target Price	1,470		1,374	
Sales (INR mn)	21,736	27,851	21,012	27,297
% Chng.	*3.4*	*2.0*		
EBITDA (INR mn)	2,500	3,328	2,311	3,085
% Chng.	*8.2*	*7.9*		
EPS (INR)	23.9	32.6	22.7	30.5
% Chng.	*5.1*	*7.0*		

Key Data AVAL.BO | AVALON IN

BSE Code	543896
NSE Code	AVALON
52-W High / Low	INR 1,859 / INR 777
Face Value	2
Sensex / Nifty	78,581 / 24,625
Market Cap	INR 122 bn / $ 1,280 mn
Shares Outstanding	66.81 mn
3M Avg. Daily Value	INR 889.55 mn

Shareholding Pattern (%)

Promoters	44.39
FIIs	7.81
Mutual Funds	20.87
Domestic Institutions	3.85
Public & Others	23.08
Promoter's Pledge (INR bn)	-

Stock Performance (%)

	1M	3M	6M	12M
Absolute	2.0	55.9	78.7	113.1
Relative	0.9	52.8	89.4	118.9

Key Financials - Consolidated

Y/e Mar	FY25	FY26	FY27E	FY28E
Sales (INR mn)	10,981	16,032	21,736	27,851
EBITDA (INR mn)	1,149	1,733	2,500	3,328
Margin (%)	*10.5*	*10.8*	*11.5*	*12.0*
PAT (INR mn)	634	1,129	1,598	2,179
EV (INR mn)	120,683	122,130	122,382	122,395
Total Debt (INR mn)	1,417	1,834	1,906	1,906
C&C Eq. (INR mn)	1,015	714	533	519
EPS (INR)	9.6	16.9	23.9	32.6
Gr. (%)	*125.7*	*76.4*	*41.5*	*36.4*
DPS (INR)	-	-	-	-
Yield (%)	-	-	-	-
RoE (%)	*10.9*	*16.9*	*19.9*	*22.0*
RoCE (%)	*14.1*	*20.3*	*23.4*	*26.2*
EV/Sales (x)	11.0	7.6	5.6	4.4
EV/EBITDA (x)	105.1	70.5	49.0	36.8
PE (x)	190.1	107.8	76.2	55.9
P/BV (x)	19.7	16.9	13.8	11.1

Long-Term Growth Engines Continue to Accelerate

Quick Pointers

- Management upward revised its revenue growth guidance for FY27 to 26–30% from 24–27%.
- Robust order book of INR 22bn in Q1FY27.
- AVALON to double its revenue from FY26-29.

Avalon Technologies (AVALON IN) has reported robust revenue growth of 49.8% YoY mainly driven from Clean Energy/Mobility/Industrial segments (grew by 141%/44%/~50% YoY). EBITDA margin expanded by 270bps to 12.0%. AVALON has revised FY27 revenue growth guidance upward to 26–30% from 24–27%, while maintaining gross margin guidance of 33–35%. US manufacturing losses narrowed to ~INR 38mn from ~INR 141mn in Q1FY26, with management expecting the business to breakeven during FY27 and contribute around 20% of total revenue over the long term. AVALON achieved its earlier target of doubling revenues from FY24 to FY27 nearly one year ahead of schedule and has set a target to further double revenues between FY26 and FY29. We have revised our FY27/FY28 EPS estimates upward by 5.1%/7.0%. We estimate Revenue/EBITDA/PAT CAGR of 31.8%/38.6%/38.9% over FY26-28E, with EBITDA margin expansion of 110bps. We maintained our 'REDUCE' rating (mainly due to higher valuation) with a TP of INR 1,470 (earlier INR 1,374), valuing at 45x FY28 earnings.

Q1FY27 financial performance: Revenues grew by 49.8% YoY at INR 4.8bn (PLe: INR 4.1bn 18.0%. Gross margins contracted by ~80 bps to 34.7% (PLe: 34.0%). EBITDA grew by ~94% YoY to INR 580mn (PLe: INR 391mn). EBITDA margins expanded by 270bps to 12.0% (PLe: 9.5%). PBT stood at INR 487mn (PLe: INR 323mn). PAT stood at INR 349mn (PLe: INR 241mn).

Segmental Overview: Clean Energy/Mobility& Transportation/Industrials/Medical segment grew by 141%/44%/~50%/7.0% YoY, whereas Communication segment declined by 40.1% in Q1FY27. India: US contributes 41:59 to the revenue in Q1FY27. Box-build revenue grew by 60.5% YoY, contributes 60% revenue (vs 56% in Q1FY26).

Quarter Summary

Y/e Mar	Q1'27E	Q1'27A	*% Var.*	Q1'26A	*YoY gr. (%)*
Net Sales (INR mn)	4,106	4,844	*18.0*	3,233	*50.0*
EBITDA (INR mn)	391	580	*48.0*	299	*94.0*
Margin (%)	*9.5*	*12.0*	*250 bps*	*9.2*	*280 bps*
PAT (INR mn)	241	349	*45.0*	142	*146.0*

Source: Company, PL

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Con call highlights:

- Mgmt revised FY27 revenue growth guidance upward to 26–30% from 24–27%, while maintaining gross margin guidance of 33–35%. The company retained a conservative outlook despite strong order inflows and an expanding opportunity pipeline across geographies and business verticals.

- The company achieved its earlier target of doubling revenues from FY24 to FY27 nearly one year ahead of schedule and has set a target to further double revenues between FY26 and FY29.

- The US manufacturing facility primarily serves as a customer qualification center before production transitions to India and expects the US business to contribute around 20% of total revenue over the long term, with India remaining the primary manufacturing base. Europe and Southeast Asia are expected to become key growth markets and meaningful contributors to the company's export business over the next few years.

- Management views defence as a long-term growth opportunity despite its current small contribution and has strengthened leadership to scale the business over the next 2–3 years, while acknowledging the lumpy nature of defence programs.

- Management identified semiconductor equipment as a key long-term growth driver, with production already commenced for global wafer fabrication equipment customers and revenues expected to ramp up gradually over the coming quarters. The company is also evaluating opportunities under the ISM 2.0 scheme while expanding its Chennai footprint to support future growth.

- The company completed its new Chennai manufacturing facility, with commercial production set to commence in Q2FY27, and is acquiring additional land in Chennai to support long-term growth in advanced electronics and semiconductor equipment through phased capacity expansion.

- Several new programs, including aerospace cabin sub-assemblies, locomotive engine subsystems, the Kavach anti-collision system, semiconductor equipment and HVDC power systems, are progressing toward commercial production, with semiconductor equipment and HVDC revenues already commencing and expected to ramp up gradually over the coming quarters.

- FY26 capex stood at INR 560mn, while Q1FY27 capex amounted to INR 160mn.

Exhibit 1: Quarterly Estimates

(INR mn)	1QFY27	*YoY gr. (%)*	2QFY27E	*YoY gr. (%)*	3QFY27E	*YoY gr. (%)*	4QFY27E	*YoY gr. (%)*
Net Sales	4,844	*49.8%*	4,972	*30.0%*	5,512	*32.0%*	6,409	*33.5%*
EBITDA	580	*93.9%*	567	*46.8%*	639	*33.3%*	758	*33.2%*
Margins (%)	*12%*	*272*	*11%*	*130*	*12%*	*11*	*12%*	*-3*
Adj. PAT	349	*145.3%*	358	*43.2%*	406	*24.6%*	500	*21.6%*

Source: Company, PL

Exhibit 2: Q1FY27 Result overview

Y/e March (Rs mn)	Q1FY27	Q1FY26	YoY gr. (%)	Q1FY27E	% Var.	Q4FY26	QoQ gr. (%)	FY27E	FY26	YoY gr. (%)
Net Sales	**4,844**	**3,233**	**49.8**	**4,106**	**18.0**	**4,799**	**0.9**	**21,736**	**16,032**	**35.6**
Expenditure										
Operating & Manufacturing Expenses	3,165	2,085	51.8	2,710	16.8	3,183	-0.6	14,237	10,528	35.2
% of Net Sales	65.3	64.5		66.0		66.3		65.5	65.7	
Gross Profit	**1,679**	**1,148**	**46.3**	**1,396**	**20.3**	**1,616**	**3.9**	**7,499**	**5,504**	**36.3**
Gross Margin (%)	34.7	35.5	- 0.85	34.0	0.67	33.7		34.5	34.3	
Personnel Cost	834	634	31.6	750	11.2	774	7.7	3,652	2,807	30.1
% of Net Sales	17.2	19.6		18.3		16.1		16.8	17.5	
Other Expenses	266	216	23.2	255	4.1	273	-2.8	1,348	963	39.9
% of Net Sales	5.5	6.7		6.2		5.7		6.2	6.0	
Total Expenditure	4,265	2,934	45.3	3,715	14.8	4,230	0.8	19,237	14,299	34.5
EBITDA	**580**	**299**	**93.9**	**391**	**48.2**	**569**	**1.9**	**2,500**	**1,733**	**44.2**
Margin (%)	12.0	9.2	2.72	9.5	2.44	11.8	0.1	11.5	10.8	0.69
Depreciation	86	85	1.3	93	-7.8	83	3.2	375	336	11.6
EBIT	**494**	**214**	**130.6**	**298**	**65.7**	**486**	**1.7**	**2,125**	**1,397**	**52.1**
Other income	28	17	70.0	67	-58.1	119	-76.4	189	289	(34.6)
Interest	35	38	-8.2	42	-17.8	42	-17.8	169	150	12.9
PBT	**487**	**193**	**152.4**	**323**	**50.8**	**563**	**-13.4**	**2,145**	**1,536**	**39.6**
Total Taxes	139	51	172.3	82	68.3	151	-8.2	547	407	34.4
ETR (%)	28.5	26.4		25.5		26.9		25.5	26.5	
Adj. PAT	349	142	145.3	241	44.8	412	-15.3	1,598	1,129	41.5
Exceptional Items	-	-		-		-		-	-	
Reported PAT	**349**	**142**	**145.3**	**241**	**44.8**	**412**	**-15.3**	**1,598**	**1,129**	**41.5**

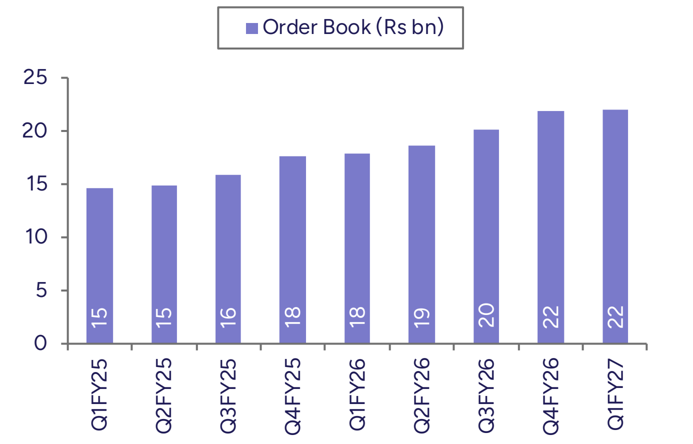
Source: Company, PL

Exhibit 3: Segmental breakup: Mobility/Transportation & Industrials contributed 57% to the Topline in Q1FY27

Y/e March (Rs mn)	Q1FY27	Q1FY26	YoY gr. (%)	Q4FY26	QoQ gr. (%)	FY27E	FY26	YoY gr. (%)
Revenues								
Clean Energy	1,405	582	141.4	1,072	31.0	4,649	3,206	45.0
Mobility / Transportation	1,211	841	44.1	1,456	(16.8)	6,060	4,489	35.0
Industrials	1,550	1,035	49.8	1,519	2.0	7,250	5,451	33.0
Communication	194	323	(40.1)	272	(28.7)	1,308	1,283	2.0
Medical & Others	484	453	7.0	480	0.9	2,469	1,603	54.0
Total	**4,844**	**3,233**	**49.8**	**4,799**	**0.9**	**21,736**	**16,032**	**35.6**

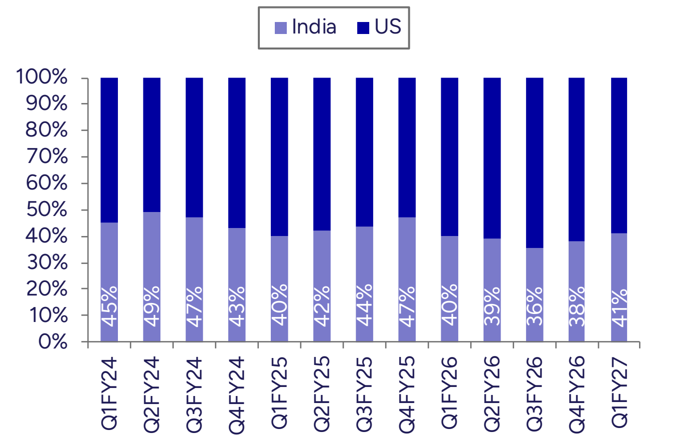
Source: Company, PL

Exhibit 4: Order book grew by 23.4% YoY to Rs 22bn in Q1FY27



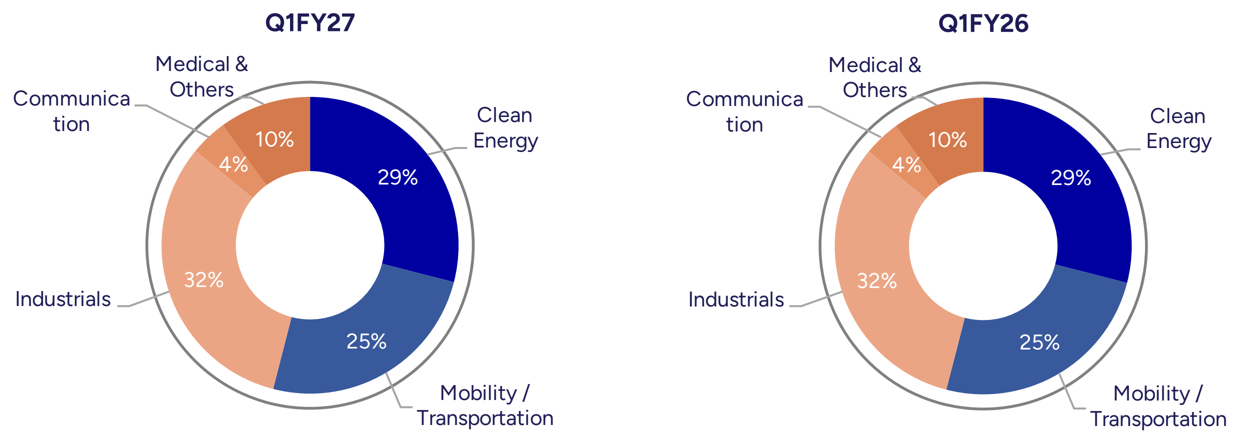
Source: Company, PL

Exhibit 5: Geography-wise revenue contribution (%)



Source: Company, PL

Exhibit 6: Revenue breakup Segment wise (%)



Source: Company, PL

Financials

Income Statement (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
Net Revenues	**10,981**	**16,032**	**21,736**	**27,851**
YoY gr. (%)	*26.6*	*46.0*	*35.6*	*28.1*
Cost of Goods Sold	7,055	10,528	14,237	18,131
Gross Profit	3,927	5,504	7,499	9,720
Margin (%)	*35.8*	*34.3*	*35.0*	*35.0*
Employee Cost	1,986	2,807	3,652	4,693
Other Expenses	792	963	1,348	1,699
EBITDA	**1,149**	**1,733**	**2,500**	**3,328**
YoY gr. (%)	*83.9*	*50.9*	*44.2*	*33.1*
Margin (%)	*10.5*	*10.8*	*11.5*	*12.0*
Depreciation and Amortization	286	336	375	417
EBIT	**863**	**1,397**	**2,125**	**2,911**
Margin (%)	*7.9*	*8.7*	*9.8*	*10.5*
Net Interest	167	150	169	175
Other Income	171	289	189	189
Profit Before Tax	**867**	**1,536**	**2,145**	**2,925**
Margin (%)	*7.9*	*9.6*	*9.9*	*10.5*
Total Tax	233	407	547	746
Effective Tax Rate (%)	*26.8*	*26.5*	*26.0*	*26.0*
Profit After Tax	**634**	**1,129**	**1,598**	**2,179**
Minority Interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	**634**	**1,129**	**1,598**	**2,179**
YoY gr. (%)	*127.2*	*78.0*	*41.5*	*36.4*
Margin (%)	*5.8*	*7.0*	*7.4*	*7.8*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**634**	**1,129**	**1,598**	**2,179**
YoY gr. (%)	*127.2*	*78.0*	*41.5*	*36.4*
Margin (%)	*5.8*	*7.0*	*7.4*	*7.8*
Other Comprehensive Income	(17)	-	-	-
Total Comprehensive Income	617	1,129	1,598	2,179
Equity Shares O/s (mn)	**66**	**67**	**67**	**67**
EPS (INR)	**9.6**	**16.9**	**23.9**	**32.6**

Source: Company, PL

Balance Sheet (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
Non-Current Assets				
Gross Block	**2,767**	**3,178**	**3,747**	**4,282**
Tangibles	2,014	2,358	2,837	3,315
Intangibles	752	819	910	967
Acc: Dep / Amortization	**918**	**1,254**	**1,629**	**2,046**
Tangibles	541	737	984	1,260
Intangibles	377	517	645	786
Net Fixed Assets	**1,849**	**1,924**	**2,119**	**2,236**
Tangibles	1,474	1,622	1,853	2,055
Intangibles	375	302	266	181
Capital Work In Progress	104	239	239	239
Goodwill	-	-	-	-
Non-Current Investments	74	153	201	233
Net Deferred Tax Assets	137	105	120	120
Other Non-Current Assets	48	33	50	64
Current Assets				
Investments	332	717	717	717
Inventories	3,379	4,633	6,253	8,012
Trade Receivables	3,160	3,813	5,062	6,486
Cash & Bank Balance	1,015	714	533	519
Other Current Assets	275	292	292	292
Total Assets	**10,399**	**12,644**	**15,593**	**18,924**
Equity				
Equity Share Capital	132	134	134	134
Other Equity	5,983	7,084	8,681	10,860
Total Networth	**6,115**	**7,217**	**8,815**	**10,994**
Non-Current Liabilities				
Long Term Borrowings	184	112	184	184
Provisions	103	150	150	150
Other Non Current Liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	1,233	1,723	1,723	1,723
Trade Payables	1,894	2,513	3,407	4,365
Other Current Liabilities	560	724	1,057	1,179
Total Equity & Liabilities	**10,399**	**12,644**	**15,593**	**18,924**

Source: Company, PL

Cash Flow (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
PBT	867	1,536	2,145	2,925
Add. Depreciation	286	336	375	417
Add. Interest	143	145	169	175
Less Financial Other Income	171	289	189	189
Add. Other	32	(56)	(216)	(197)
Op. Profit before WC Changes	1,327	1,961	2,473	3,321
Net Changes-WC	(883)	(1,049)	(1,686)	(2,149)
Direct Tax	(194)	(340)	(547)	(746)
Net Cash from Op. Activities	**251**	**572**	**241**	**426**
Capital Expenditures	(462)	(536)	(570)	(535)
Interest / Dividend Income	44	(29)	189	189
Others	955	(70)	(48)	(32)
Net Cash from Invt. Activities	**538**	**(636)**	**(428)**	**(377)**
Issue of Share Cap. / Premium	-	10	-	-
Debt Changes	(1)	265	-	-
Dividend Paid	(427)	(6)	(169)	(175)
Interest Paid	(111)	(114)	-	-
Others	15	(77)	177	113
Net Cash from Fin. Activities	**(523)**	**79**	**7**	**(63)**
Net Change in Cash	**266**	**15**	**(180)**	**(14)**
Free Cash Flow	251	572	241	426

Source: Company, PL

Quarterly Financials (INR mn)

Y/e Mar	Q2FY26	Q3FY26	Q4FY26	Q1FY27
Net Revenues	**3,825**	**4,175**	**4,799**	**4,844**
YoY gr. (%)	*39.1*	*48.7*	*40.0*	*49.8*
Raw Material Expenses	2,512	2,749	3,183	3,165
Gross Profit	1,313	1,427	1,616	1,679
Margin (%)	*34.3*	*34.2*	*33.7*	*34.7*
EBITDA	**386**	**480**	**569**	**580**
YoY gr. (%)	*28.1*	*38.5*	*37.5*	*93.9*
Margin (%)	*10.1*	*11.5*	*11.8*	*12.0*
Depreciation / Depletion	89	79	83	86
EBIT	**297**	**400**	**486**	**494**
Margin (%)	*7.8*	*9.6*	*10.1*	*10.2*
Net Interest	41	30	42	35
Other Income	79	74	119	28
Profit before Tax	**336**	**445**	**563**	**487**
Margin (%)	*8.8*	*10.7*	*11.7*	*10.1*
Total Tax	86	119	151	139
Effective Tax Rate (%)	*25.6*	*26.7*	*26.9*	*28.5*
Profit After Tax	**250**	**326**	**412**	**349**
Minority Interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	**250**	**326**	**412**	**349**
YoY gr. (%)	*42.9*	*35.9*	*69.5*	*145.3*
Margin (%)	*6.5*	*7.8*	*8.6*	*7.2*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**250**	**326**	**412**	**349**
YoY gr. (%)	*42.9*	*35.9*	*69.5*	*145.3*
Margin (%)	*6.5*	*7.8*	*8.6*	*7.2*
Other Comprehensive Income	(24)	(12)	-	7
Total Comprehensive Income	**225**	**314**	**412**	**356**
Avg. Shares O/s (mn)	67	67	67	66
EPS (INR)	**3.7**	**4.9**	**6.2**	**5.2**

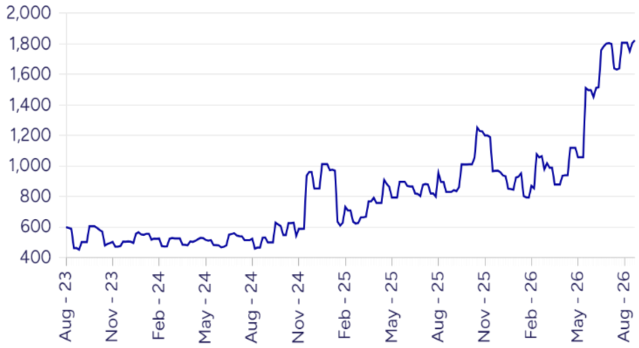
Source: Company, PL

Key Financial Metrics

Y/e Mar	FY25	FY26	FY27E	FY28E
Per Share (INR)				
EPS	9.6	16.9	23.9	32.6
CEPS	13.9	21.9	29.5	38.9
BVPS	92.4	108.1	132.0	164.7
FCF	3.8	8.6	3.6	6.4
DPS	-	-	-	-
Return Ratio (%)				
RoCE	14.1	20.3	23.4	26.2
ROIC	10.6	15.0	18.3	20.5
RoE	10.9	16.9	19.9	22.0
Balance Sheet				
Net Debt : Equity (x)	-	0.1	0.1	0.1
Net Working Capital (Days)	154	135	133	133
Valuation (x)				
PER	190.1	107.7	76.1	55.8
P/B	19.7	16.8	13.8	11.0
P/CEPS	131.0	83.0	61.7	46.8
EV/EBITDA	105.0	70.4	48.9	36.7
EV/Sales	10.9	7.6	5.6	4.3
Dividend Yield (%)	-	-	-	-
FCFF Yield (%)	0.2	0.4	0.1	0.3
PEG Ratio	1.5	1.4	1.8	1.5

Source: Company, PL

Price Chart



Recommendation History

No.	Date	Rating	TP (INR)	Share Price (INR)
1	06-Jul-26	REDUCE	1374	1788
2	08-May-26	Hold	1233	1256
3	07-Apr-26	BUY	1175	963
4	06-Feb-26	BUY	1175	1021
5	06-Jan-26	BUY	1100	908
6	07-Nov-25	Hold	1083	1062
7	07-Oct-25	Hold	1083	1253
8	06-Aug-25	Accumulate	943	878
9	04-Jul-25	Accumulate	927	838
10	08-May-25	Accumulate	927	879

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Amber Enterprises India	BUY	9375	7485
2	Astral	BUY	1779	1363
3	Avalon Technologies	REDUCE	1374	1788
4	Bajaj Electricals	Accumulate	382	329
5	Cello World	BUY	503	367
6	Century Plyboard (I)	Accumulate	878	770
7	Cera Sanitaryware	BUY	7430	6476
8	Crompton Greaves Consumer Electricals	BUY	319	271
9	Cyient DLM	HOLD	635	623
10	Finolex Industries	Accumulate	207	176
11	Greenpanel Industries	BUY	325	190
12	Havells India	Accumulate	1319	1187
13	Kajaria Ceramics	BUY	1403	1198
14	Kaynes Technology India	Accumulate	3506	3334
15	KEI Industries	Accumulate	6001	5500
16	LG Electronics India	Accumulate	1690	1548
17	Polycab India	BUY	10764	9215
18	Premier Energies	Accumulate	1138	1025
19	R R Kabel	HOLD	2596	2525
20	Supreme Industries	BUY	4610	3395
21	Syrma SGS Technology	HOLD	1409	1378
22	Vikram Solar	Accumulate	226	183
23	Voltas	Hold	1308	1280
24	Waaree Energies	BUY	3280	2625

PL's Recommendation Nomenclature (Absolute Performance)

BUY	:	> 15%
Accumulate	:	5% to 15%
Hold	:	+5% to -5%
Reduce	:	-5% to -15%
Sell	:	< -15%
Not Rated (NR)	:	No specific call on the stock
Under Review (UR)	:	Rating likely to change shortly

ANALYST CERTIFICATION

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