

Avalon Technologies (AVALON IN)

**Q4FY26 Result
Update**

May 08, 2026

 Estimate Change | Target | Reco.

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	HOLD		BUY	
Target Price	1,233		1,175	
Sales (INR mn)	21,012	27,297	19,481	25,099
% Chng.	7.9	8.8		
EBITDA (INR mn)	2,311	3,085	2,299	2,987
% Chng.	0.5	3.3		
EPS (INR)	22.7	30.5	22.3	29.1
% Chng.	1.9	4.8		

Key Data

AVAL.BO | AVALON IN

BSE Code	543896
NSE Code	AVALON
52-W High / Low	INR 1,318 / INR 774
Face Value	2
Sensex / Nifty	77,845 / 24,327
Market Cap	INR 84 bn / \$ 889 mn
Shares Outstanding	66.77 mn
3M Avg. Daily Value	INR 235.91 mn

Shareholding Pattern (%)

Promoters	44.41
FIIs	6.42
Mutual Funds	22.34
Domestic Institutions	3.83
Public & Others	22.98
Promoter's Pledge (INR bn)	-

Stock Performance (%)

	1M	3M	6M	12M
Absolute	30.0	22.0	20.7	42.8
Relative	24.6	31.0	29.1	48.2

Key Financials - Consolidated

Y/e Mar	FY25	FY26	FY27E	FY28E
Sales (INR mn)	10,981	16,032	21,012	27,297
EBITDA (INR mn)	1,149	1,733	2,311	3,085
Margin (%)	10.5	10.8	11.0	11.3
PAT (INR mn)	634	1,129	1,520	2,036
EV (INR mn)	83,127	84,227	84,290	84,495
Total Debt (INR mn)	1,417	1,834	1,906	1,906
C&C Eq. (INR mn)	688	712	721	516
EPS (INR)	9.6	16.9	22.8	30.5
Gr. (%)	125.7	76.4	34.6	34.0
DPS (INR)	-	-	-	-
Yield (%)	-	-	-	-
RoE (%)	10.9	16.9	19.1	20.9
RoCE (%)	14.1	20.3	22.4	25.0
EV/Sales (x)	7.6	5.3	4.0	3.1
EV/EBITDA (x)	72.4	48.6	36.5	27.4
PE (x)	130.9	74.2	55.2	41.2
P/BV (x)	13.6	11.6	9.6	7.8

Strong Order Pipeline Supports Long-Term Visibility

Quick Pointers

- Management guided FY27 revenue growth of 24–27%.
- Robust order book of Rs22bn in Q4FY26.
- AVALON to double its revenue from FY26-29.

Avalon Technologies (AVALON IN) has reported robust revenue growth of 40.0% YoY mainly driven from Mobility/Industrial segments (grew by ~35.2%/59.5% YoY). EBITDA margin remained flat at 11.8%, (Mobility/industrials contributes 30%/32% to the revenue). AVALON has guided revenue growth of 24–27% with gross margins expected to remain in the range of 33–35% for FY27. US manufacturing losses narrowed to ~Rs50mn in Q4FY26, with breakeven expected in FY27. 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 1.9%/4.8%. We estimate Revenue/EBITDA/PAT CAGR of 30.5%/33.4%/34.3% over FY26-28E, with EBITDA margin expansion of ~50bps. We downgrade our rating to 'HOLD' from 'BUY' due to recent run up in stock price with revised TP of INR 1,233 (earlier INR 1,175), valuing at 40x FY28 earnings.

Q4FY26 financial performance: Revenues grew by 40.0% YoY at Rs 4.8bn (PLe: Rs 4.2bn) Clean Energy/Mobility& Transportation/Industrials/Medical segment grew by ~76%/35%/60%/9% YoY, whereas Communication segment declined by ~1% in Q4FY26. Gross margins contracted by ~140 bps to 33.7% (PLe: 35.0%). EBITDA grew by 37.5% YoY to Rs 569mn (PLe: Rs 478mn). EBITDA margins remained flat at 11.8% (PLe: 11.5%). PBT stood at Rs 563mn (PLe: Rs 432mn). PAT stood at Rs 412mn (PLe: Rs 323mn). India: US contributes 38%:62% to the revenue in Q4FY26. Box-build revenue grew by 54.0% YoY, contributes 54% revenue (vs 49% in Q4FY25). The Order book grew by 25.0% YoY to Rs 22bn in Q4FY26.

FY26 financial performance: Revenues grew by 46.0% YoY at Rs 16.0bn. Clean Energy/Mobility& Transportation/Industrials/Communication segment revenue grew by ~46%/51%/66%/46% YoY, whereas medical segment revenue declined by 2.7% YoY. EBITDA grew by 50.9% YoY to Rs 1.7bn. EBITDA Margin remained flat 10.8%. PBT grew by 77.2% YoY to Rs 1.5bn. PAT grew by 73.4% to Rs1.1bn.

Quarter Summary

Y/e Mar	Q4'26E	Q4'26A	% Var.	Q4'25A	YoY gr. (%)
Net Sales (INR mn)	4,158	4,799	15.0	3,428	40.0
EBITDA (INR mn)	478	569	19.0	414	37.0
Margin (%)	11.5	11.8	30 bps	12.1	-30 bps
PAT (INR mn)	323	412	28.0	243	70.0

Source: Company, PL

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Conference Call Highlights:

- Management guided a revenue growth of 24–27%, with gross margins expected to remain in the range of 33–35% for FY27. The company maintained a conservative outlook despite healthy order inflows and expanding opportunities 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.
- US operations contributed 23% of revenue, while losses in US manufacturing narrowed from ~Rs90mn in Q2FY26 to ~Rs 50mn in Q4FY26. Management expects the business to achieve breakeven in FY27.
- Management highlighted strong progress across new business programs built over the last 2–3 years, including ramp-up in energy storage systems, aerospace sub-assemblies moving toward volume production, commencement of locomotive engine assemblies, and Kavach systems nearing commercial production.
- AVALON has completed the project readiness phase in semiconductor equipment manufacturing with a global partner and expects volume production from FY27. Further, satellite communication control unit prototypes have been completed with volume orders expected from FY27, while new opportunities across aerospace, industrial, defence, Southeast Asia, and Europe continue to expand the company's growth pipeline.
- Company reiterated its focus on high-end complex box-build manufacturing and stated that it currently has no plans to enter component manufacturing such as PCB fabrication, preferring to remain focused on its core competencies.
- Client concentration remained healthy, with the top 10 customers contributing 61% of total revenue in FY26.
- Capex stood at Rs 580mn in FY25 and Rs 560mn in FY26, with management indicating a similar annual capex trend of ~Rs550–600mn in FY27 and no major expansion-related additions planned.

Exhibit 1 : Q4FY26 Result overview: Sales increased by 40.0% YoY, EBITDA margins flat at 11.8%

Y/e March (Rs mn)	Q4FY26	Q4FY25	YoY gr. (%)	Q4FY26E	%Var.	Q3FY26	QoQ gr. (%)	FY26	FY25	YoY gr. (%)
Net Sales	4,799	3,428	40.0	4,158	15.4	4,175	14.9	16,032	10,981	46.0
Expenditure										
Operating & Manufacturing Expenses	3,183	2,225	43.0	2,704	17.7	2,749	15.8	10,528	7,055	49.2
% of Net Sales	66.3	64.9		65.0		65.8		65.7	64.2	
Gross Profit	1,616	1,203	34.4	1,453	11.2	1,427	13.3	5,504	3,927	40.2
Gross Margin (%)	33.7	35.1	- 1.41	35.0	- 1.28	34.2		34.3	35.8	
Personnel Cost	774	570	35.9	700	10.7	700	10.6	2,807	1,986	41.4
% of Net Sales	16.1	16.6		16.8		16.8		17.5	18.1	
Other Expenses	273	219	24.6	275	-0.7	247	10.8	963	792	21.5
% of Net Sales	5.7	6.4		6.6		5.9		6.0	7.2	
Total Expenditure	4,230	3,014	40.3	3,679	15.0	3,696	14.5	14,299	9,832	45.4
EBITDA	569	414	37.5	478	18.9	480	18.6	1,733	1,149	50.9
Margin (%)	11.8	12.1	- 0.21	11.5	0.35	11.5	0.4	10.8	10.5	0.35
Depreciation	83	77	7.6	81	2.8	79	4.6	336	286	17.6
EBIT	486	336	44.4	397	22.2	400	21.3	1,397	863	61.9
Other income	119	32	275.2	71	67.8	74	60.4	289	171	69.1
Interest	42	42	-0.6	37	13.8	30	42.2	150	167	(10.2)
PBT	563	326	72.7	432	30.4	445	26.5	1,536	867	77.2
Total Taxes	151	83	82.2	108	39.8	119	27.1	407	233	74.9
ETR (%)	26.9	25.5		25.1		26.7		26.5	26.8	
Adj. PAT	412	243	69.5	323	27.2	326	26.2	1,129	634	78.0
Exceptional Items	-	-		-		-		-	(17)	
Reported PAT	412	243	69.5	323	27.2	326	26.2	1,129	652	73.4

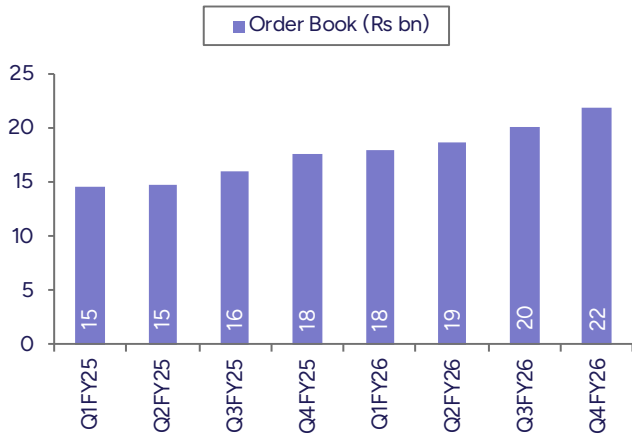
Source: Company, PL

Exhibit 2 : Segmental breakup: Mobility/Transportation & Industrials contributed ~62% to the Topline in Q4FY26

Y/e March (Rs mn)	Q4FY26	Q4FY25	YoY gr. (%)	Q3FY26	QoQ gr. (%)	FY26	FY25	YoY gr. (%)
Revenues								
Clean Energy	1,072	610	75.7	864	24.1	3,206	2,196	46.0
Mobility / Transportation	1,456	1,077	35.2	1,127	29.2	4,489	2,965	51.4
Industrials	1,519	953	59.5	1,532	(0.8)	5,451	3,294	65.5
Communication	272	274	(1.0)	305	(11.0)	1,283	879	46.0
Medical & Others	480	439	9.4	347	38.3	1,603	1,647	(2.7)
Total	4,799	3,428	40.0	4,175	14.9	16,032	10,981	46.0

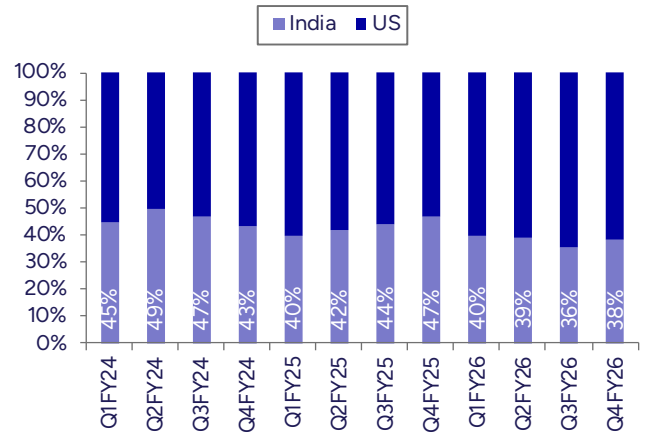
Source: Company, PL

Exhibit 3 : Order book grew by 25% YoY to Rs 22bn in Q4FY26



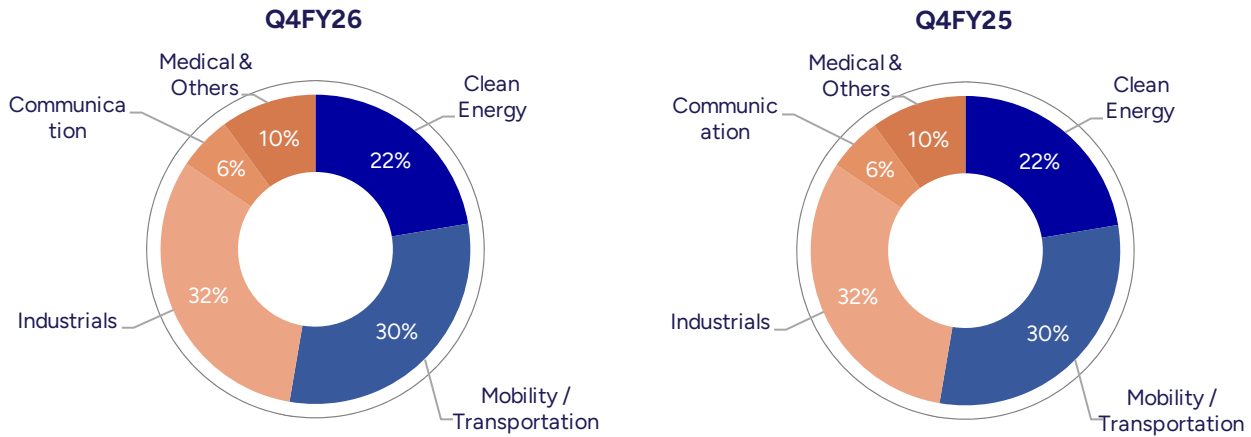
Source: Company, PL

Exhibit 4 : Geography-wise revenue contribution (%)



Source: Company, PL

Exhibit 5 : 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	21,012	27,297
YoY gr. (%)	26.6	46.0	31.1	29.9
Cost of Goods Sold	7,055	10,528	13,826	17,907
Gross Profit	3,927	5,504	7,186	9,390
Margin (%)	35.8	34.3	35.0	35.0
Employee Cost	1,986	2,807	3,572	4,640
Other Expenses	792	963	1,303	1,665
EBITDA	1,149	1,733	2,311	3,085
YoY gr. (%)	83.9	50.9	33.3	33.5
Margin (%)	10.5	10.8	11.0	11.3
Depreciation and Amortization	286	336	372	428
EBIT	863	1,397	1,939	2,657
Margin (%)	7.9	8.7	9.2	9.7
Net Interest	167	150	168	178
Other Income	171	289	269	254
Profit Before Tax	867	1,536	2,040	2,733
Margin (%)	7.9	9.6	9.7	10.0
Total Tax	233	407	520	697
Effective Tax Rate (%)	26.8	26.5	26.0	26.0
Profit After Tax	634	1,129	1,520	2,036
Minority Interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	634	1,129	1,520	2,036
YoY gr. (%)	127.2	78.0	34.6	34.0
Margin (%)	5.8	7.0	7.2	7.5
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	634	1,129	1,520	2,036
YoY gr. (%)	127.2	78.0	34.6	34.0
Margin (%)	5.8	7.0	7.2	7.5
Other Comprehensive Income	(17)	-	-	-
Total Comprehensive Income	617	1,129	1,520	2,036
Equity Shares O/s (mn)	66	67	67	67
EPS (INR)	9.6	16.9	22.8	30.5

Source: Company, PL

Balance Sheet (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
Non-Current Assets				
Gross Block	2,767	3,178	3,710	4,250
Tangibles	2,014	2,358	2,837	3,315
Intangibles	752	819	873	935
Acc: Dep / Amortization	918	1,254	1,626	2,054
Tangibles	541	737	984	1,276
Intangibles	377	517	642	778
Net Fixed Assets	1,849	1,924	2,085	2,197
Tangibles	1,474	1,622	1,853	2,040
Intangibles	375	302	231	157
Capital Work In Progress	104	239	239	239
Goodwill	-	-	-	-
Non-Current Investments	74	153	197	230
Net Deferred Tax Assets	137	105	120	120
Other Non-Current Assets	48	33	48	62
Current Assets				
Investments	332	717	717	717
Inventories	3,379	4,633	6,045	7,852
Trade Receivables	3,160	3,813	4,893	6,357
Cash & Bank Balance	1,015	714	722	517
Other Current Assets	275	292	292	292
Total Assets	10,399	12,644	15,365	18,590
Equity				
Equity Share Capital	132	134	134	134
Other Equity	5,983	7,084	8,603	10,640
Total Network	6,115	7,217	8,737	10,773
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	3,293	4,278
Other Current Liabilities	560	724	1,029	1,158
Total Equity & Liabilities	10,399	12,644	15,365	18,590

Source: Company, PL

Cash Flow (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
PBT	867	1,536	2,040	2,733
Add. Depreciation	286	336	372	428
Add. Interest	143	145	168	178
Less Financial Other Income	171	289	269	254
Add. Other	32	(56)	(295)	(262)
Op. Profit before WC Changes	1,327	1,961	2,286	3,077
Net Changes-WC	(883)	(1,049)	(1,444)	(2,205)
Direct Tax	(194)	(340)	(520)	(697)
Net Cash from Op. Activities	251	572	321	175
Capital Expenditures	(462)	(536)	(533)	(540)
Interest / Dividend Income	44	(29)	269	254
Others	955	(70)	(44)	(32)
Net Cash from Inv. Activities	538	(636)	(308)	(318)
Issue of Share Cap. / Premium	-	10	-	-
Debt Changes	(1)	265	-	-
Dividend Paid	(427)	(6)	(168)	(178)
Interest Paid	(111)	(114)	-	-
Others	15	(77)	164	116
Net Cash from Fin. Activities	(523)	79	(5)	(62)
Net Change in Cash	266	15	9	(205)
Free Cash Flow	251	572	321	175

Source: Company, PL

Quarterly Financials (INR mn)

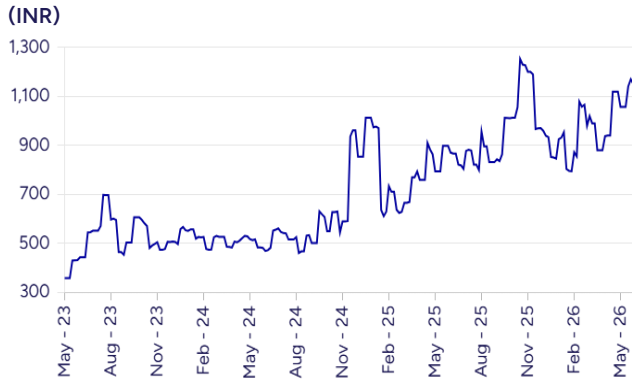
Y/e Mar	Q1FY26	Q2FY26	Q3FY26	Q4FY26
Net Revenues	3,233	3,825	4,175	4,799
YoY gr. (%)	62.1	39.1	48.7	40.0
Raw Material Expenses	2,085	2,512	2,749	3,183
Gross Profit	1,148	1,313	1,427	1,616
Margin (%)	35.5	34.3	34.2	33.7
EBITDA	299	386	480	569
YoY gr. (%)	583.4	28.1	38.5	37.5
Margin (%)	9.2	10.1	11.5	11.8
Depreciation / Depletion	85	89	79	83
EBIT	214	297	400	486
Margin (%)	6.6	7.8	9.6	10.1
Net Interest	38	41	30	42
Other Income	17	79	74	119
Profit before Tax	193	336	445	563
Margin (%)	6.0	8.8	10.7	11.7
Total Tax	51	86	119	151
Effective Tax Rate (%)	26.4	25.6	26.7	26.9
Profit After Tax	142	250	326	412
Minority Interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	142	250	326	412
YoY gr. (%)	(716.1)	42.9	35.9	69.5
Margin (%)	4.4	6.5	7.8	8.6
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	142	250	326	412
YoY gr. (%)	(716.1)	42.9	35.9	69.5
Margin (%)	4.4	6.5	7.8	8.6
Other Comprehensive Income	-	(24)	(12)	-
Total Comprehensive Income	142	225	314	412
Avg. Shares O/s (mn)	66	67	67	67
EPS (INR)	2.1	3.7	4.9	6.2

Source: Company, PL

Key Financial Metrics

Y/e Mar	FY25	FY26	FY27E	FY28E
Per Share (INR)				
EPS	9.6	16.9	22.8	30.5
CEPS	13.9	21.9	28.3	36.9
BVPS	92.4	108.1	130.9	161.4
FCF	3.8	8.6	4.8	2.6
DPS	-	-	-	-
Return Ratio (%)				
RoCE	14.1	20.3	22.4	25.0
ROIC	10.6	15.0	17.2	19.0
RoE	10.9	16.9	19.1	20.9
Balance Sheet				
Net Debt : Equity (x)	-	0.1	0.1	0.1
Net Working Capital (Days)	154	135	133	133
Valuation (x)				
PER	130.9	74.2	55.1	41.1
P/B	13.5	11.6	9.5	7.7
P/CEPS	90.2	57.1	44.3	34.0
EV/EBITDA	72.3	48.5	36.4	27.3
EV/Sales	7.5	5.2	4.0	3.0
Dividend Yield (%)	-	-	-	-
FCFF Yield (%)	0.3	0.6	0.3	0.2
PEG Ratio	1.0	0.9	1.5	1.2

Source: Company, PL

Price Chart

Recommendation History

No.	Date	Rating	TP (INR)	Share Price (INR)
1	07-Apr-26	BUY	1175	963
2	06-Feb-26	BUY	1175	1021
3	06-Jan-26	BUY	1100	908
4	07-Nov-25	Hold	1083	1062
5	07-Oct-25	Hold	1083	1253
6	06-Aug-25	Accumulate	943	878
7	04-Jul-25	Accumulate	927	838
8	08-May-25	Accumulate	927	879
9	04-Apr-25	Accumulate	900	807
10	07-Feb-25	BUY	900	733

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Amber Enterprises India	BUY	8646	6405
2	Astral Ltd.	BUY	1876	1554
3	Avalon Technologies	BUY	1175	963
4	Bajaj Electricals	BUY	449	349
5	Cello World	BUY	621	405
6	Century Plyboard (I)	BUY	841	720
7	Cera Sanitaryware	BUY	6747	4677
8	Crompton Greaves Consumer Electricals	BUY	344	232
9	Cyient DLM	HOLD	370	358
10	Finolex Industries	BUY	203	159
11	Greenpanel Industries	BUY	370	182
12	Havells India	Accumulate	1505	1349
13	Kajaria Ceramics	Accumulate	1323	1188
14	Kaynes Technology India	BUY	5444	3707
15	KEI Industries	Accumulate	5660	5018
16	LG Electronics India	BUY	1813	1319
17	Polycab India	BUY	10282	8416
18	Premier Energies	Hold	905	943
19	R R Kabel	BUY	1964	1571
20	Supreme Industries	BUY	4626	3692
21	Syrma SGS Technology	BUY	905	809
22	Vikram Solar	BUY	232	186
23	Voltas	Accumulate	1423	1235
24	Waaree Energies	BUY	3713	3119

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

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