

# Avalon Technologies Ltd

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## Initiating Coverage

19 Mar 2026

# Spark Initiating Coverage Reports – Rebooted!

## Outlining the framework from our desk

In our new, rejuvenated approach to publishing fundamental research ideas, we aim to balance a traditional, time-tested framework with a contemporary and hopefully refreshing segue into stock-picking. Accordingly, our Initiating Coverage reports will be presented in five sections: **(1) Annual Report Deep-dive, (2) Business Assessment Scores, (3) Valuation Framework, (4) Stock Buzz & Influencing Factors, and (5) Technical Analysis.**

This report is underpinned by three key beliefs: (1) Technical analysis, when combined with fundamentals, leads to better stock calls; (2) business assessment should be separated from valuation frameworks so that equity research can calibrate the mix objectively when making stock calls; and (3) reactions to “buzz” and other factors that influence price action must be identified and given due regard when timing stock calls, particularly in the current environment where information flow is incessant.

### Annual Report Deep-dive

Drawing on the time-tested but sadly, rarely-applied practice of drilling into historical annual reports, we dedicate the opening section to the **Analytical Perspective gleaned** from this exercise. A helpful forensic overlay provides a clearer view of the company’s **historical operating performance, balance sheet behaviour, cash flow quality & governance structure.** By anchoring the analysis in reported numbers and disclosures, this section helps assess earnings quality and risk before progressing to any forward-looking calls with conviction.

### Business Assessment Scores

To address the question of whether a company’s business can emerge as a long-term winner, we draw on Porter’s Five Forces framework to examine key aspects such as revenue models, pricing risks, market positioning, and competitive moats. Our financial analysis and estimates are anchored in our assessment of both the company’s current performance and its long-term potential. To ensure that this assessment remains objective and not influenced by subjective judgment, we employ a scoring model that captures the key drivers of business quality across five composite vectors. The resulting scores form the basis of our call on the business.

### Valuation Framework

We have often observed how markets can make target multiples appear like the proverbial rabbits out of a hat. To avoid the temptation of retrospectively justifying valuations alongside the broader market, we returned to first principles while designing our Valuation Framework. Anchored in market, peer, and historical absolute benchmarks, our valuation scores incorporate Economic Value Added, return profiles, growth prospects, and leadership positions, mapped against relevant valuation multiples. Ultimately, the central question remains: given everything we know about the business, markets, and peers, does the current pricing appear attractive? This question forms the bedrock of stock-picking in equity research.

### Stock Buzz & Influencing Factors

The **Buzz Chart & Liquidity Chart** track stock-specific news flow, events, and market activity to help identify **periods of elevated attention or sentiment shifts**, complementing fundamental and valuation analysis.

### Technical Analysis

The report also includes a **Technical Analysis** section to capture prevailing price trends, momentum, and key support-resistance levels, offering additional insight into **market timing and near-term market behavior.**

Source: Company, Midas Research

# Report in Gist (1/2)

Last Day Close  
Rs. 940

1Y TP  
Rs. 1,379

1Y Upside  
47%

Rating  
BUY

## AVALON Ltd.- About the company

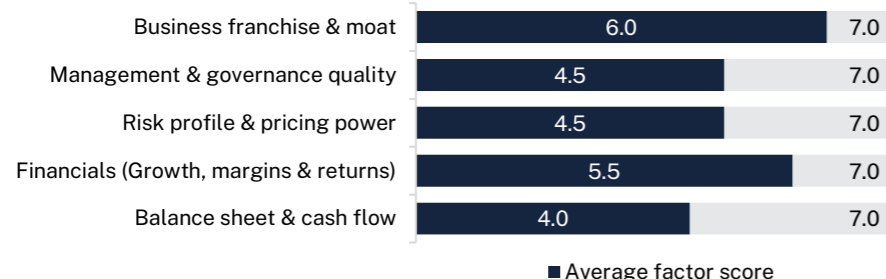
- Avalon Technologies is a vertically integrated Electronics Manufacturing Services (EMS) provider with operations in India and the United States, offering end-to-end capabilities across PCB assemblies, cable and wire harnesses, magnetics, sheet metal, plastics, and high-value system integration (box builds).
- The company operates 15 manufacturing facilities in India and two in the U.S., enabling cost-efficient production with proximity to global customers. It serves a diversified customer base across aerospace, defence, medical, clean energy, electric vehicles, communications and industrial segments, with a focus on complex, high-reliability manufacturing. The revenue mix remains well diversified, led by Industrial (~30%), followed by Mobility/Transportation (~27%), Clean Energy (~20%), Medical & others (~15%), and Communication (~8%).

### Annual Report Deep-dive



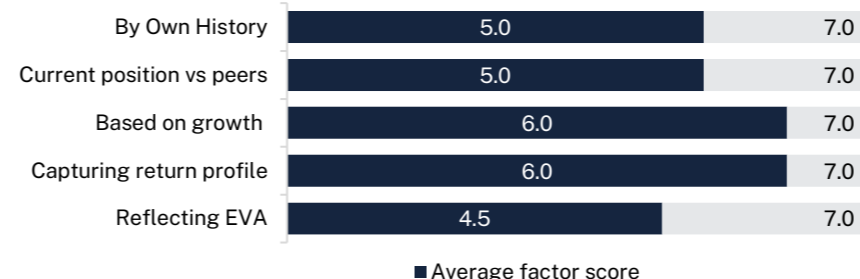
Avalon's earnings profile reflects steady revenue growth, though historically elevated working capital led to weak OCF conversion. However, recent quarters indicate a clear turnaround, with improving working capital efficiency and stronger operating cash flow generation. While governance is supported by a clean audit track record and reasonable remuneration, elevated related-party transactions (~38% of revenue) and high ESOP concentration remain key areas to monitor.

### Business Assessment Scores



■ Average factor score

### Valuation Framework



■ Average factor score

### Financials and Estimates Summary

Particulars (Rs cr)	Revenue	EBITDA %	PAT %	EPS	RoE %	RoCE %	PE	EV/EBITDA	Mcap/Sales
2024	867	7.2	3.2	4.3	5.1	5.6	221.5	100.0	7.1
2025	1,098	10.5	5.8	9.6	10.4	11.5	97.7	54.3	5.6
2026E	1,660	11.1	6.9	17.0	15.7	17.5	54.3	33.6	3.7
2027E	2,185	12.4	8.0	26.1	19.4	22.4	35.5	22.7	2.8
2028E	2,771	12.7	8.3	34.5	20.4	24.3	26.8	17.2	2.2

Source: Company reports, Bloomberg, Midas Research

19 Mar 2026

Industry Electronics Components

### Key Stock Data

Bloomberg	AVALON IN
Shares o/s (cr)	6.6
Market Cap (Rs cr)	6,199
52-wk High-Low	Rs 1318 - Rs 667
20D ADV (In '000)	164.1
Index	BSE SmallCap
F&O	N

### Latest Shareholding (%)

	Dec 25	Sep 25	Jun 25
Promoters	44.4	44.5	44.6
Institutions	33.0	32.8	30.7
Public	22.6	22.7	24.7
Pledge	0.0	0.0	0.0

### Stock Performance (%)

	1M	3M	12M
AVALON IN	(10.8)	(4.9)	40.1
BSE SMLCAP	(8.9)	(9.7)	0.6

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## Report in Gist (2/2)

### Stock Buzz & Influencing Factors



- Price volatility in raw materials remains a business risk for Avalon Technologies. Historically, the stock has demonstrated a weak inverse correlation to sharp movements in copper & aluminum prices.
- Promoter Bhaskar Srinivasan reduced his stake by ~5% (from 14.4% to 9.4% currently) and later stepped down as Non-Executive Director; however, there is currently no indication of a structural promoter exit
- In the absence of significant inorganic plans, Avalon is unlikely to pursue a QIP over the next 2–3 years.



### Technical Analysis



- The stock remains in a strong long-term uptrend, currently offering a "buy on dips" opportunity as it tests key Ichimoku and channel support with a healthy RSI.
- While the broader structure is constructive, investors should monitor the critical **support zone between 770 and 810** to maintain this bullish outlook.



### Investment Rationale

- Avalon is entering a phase of improving profitability, stronger return ratios, and enhanced cash generation. The company maintains moderate leverage and disciplined capex, enabling net profit to closely reflect underlying operating performance.
- Given a projected profit CAGR of ~54% over FY25–28E, the stock appears attractively valued at **27x FY28E P/E** (implying a PEG of 0.50x vs. peer average of 0.68x).
- For valuation, we conservatively assign a **40x FY28E P/E** multiple (implying a PEG of 0.74x), positioned at the lower end of its historical trading range. This results in a **target price of Rs. 1,379 (including dividends)**, implying an **upside of ~47%** from the CMP of Rs. 940.

# CONTENT

## *Research Rebooted*

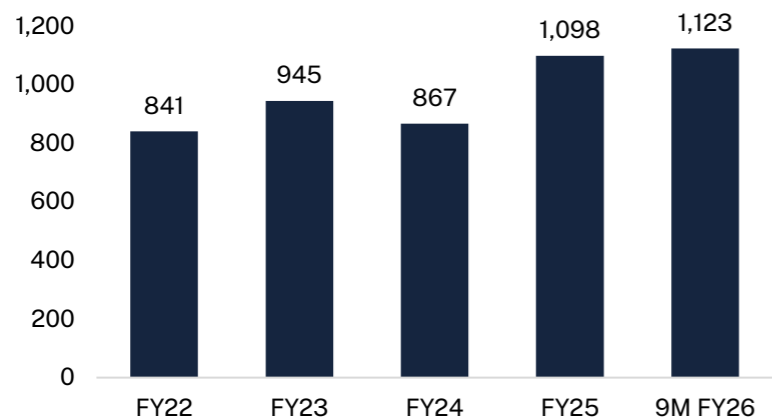
### *Report in Gist*

→	Section 1 - Annual Report Deep-dive	06
→	Section 2 – Business Assessment Scores	09
	2.1 Business Franchise and Moat	11
	2.2 Management and Governance Quality	15
	2.3 Risk Profile and Pricing Power	16
	2.4 Financials	17
	2.5 Balance Sheet and Cash Flow	20
→	Section 3 – Valuation Framework	22
	3.1 By Own History	23
	3.2 Based on Growth	25
	3.3 Capturing Return Profiles	26
	3.4 Reflecting EVA	27
→	Section 4 – Stock Buzz and Influencing Factors	30
→	Section 5 – Technical Outlook	32
→	Annexures	36

# 1 – Annual Report Deep-dive (1/2)

## Quality of earnings drives valuation quality

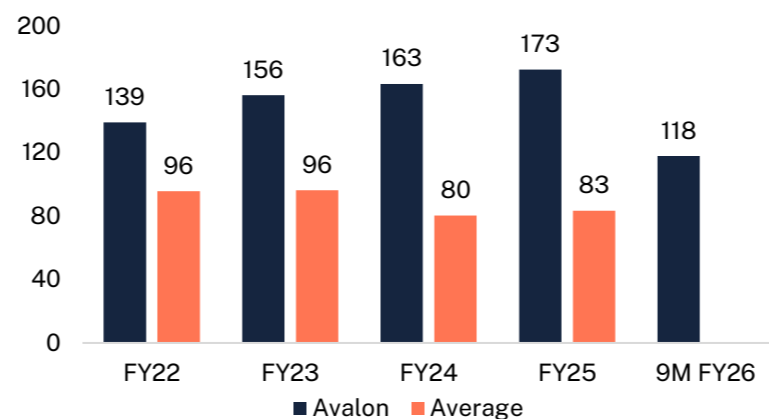
### Net revenue (Rs. cr)



#### Earnings quality

- Revenue grew steadily from ~ Rs. 841 cr in FY22 to ~ Rs. 1,098 cr in FY25, further strengthening to ~ **Rs. 1,123 cr in 9MFY26**, reflecting sustained business momentum.
- The dip in FY24 was primarily driven by **inventory destocking and weaker demand in the clean energy segment**.
- The sharp recovery in FY25 and continued growth in **9MFY26 clearly indicate a reversal in trend**, supported by improving demand visibility and order execution.

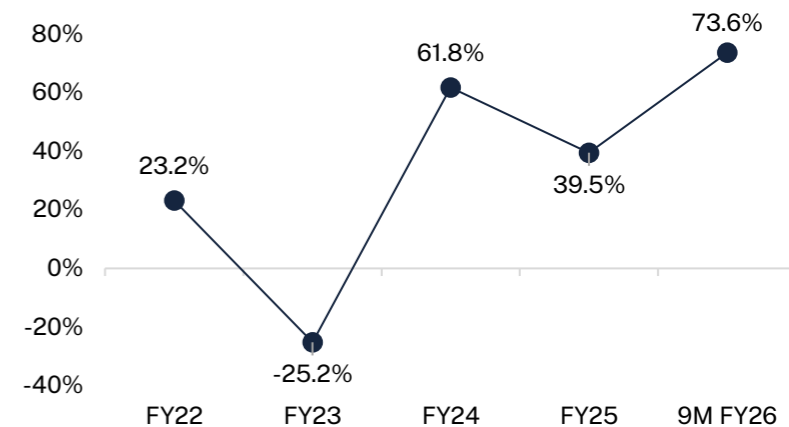
### Net working capital days



#### Working capital intensity

- Net working capital days have historically remained elevated for **Avalon Technologies** due to its focus on complex, high-value box-build programs requiring longer production cycles and higher inventory buffers.
- This had led to working capital pressures in the past; however, the sharp moderation to ~**118 days in 9MFY26** reflects the **management focus on improving working capital efficiency**.
- The improvement was led by optimization in inventory planning and tighter receivables management.

### Operating cash flow/PAT



#### Cash flow integrity

- OCF/PAT has historically shown volatility, largely driven by fluctuations in working capital requirements.
- With the recent improvement in working capital days, **cash conversion has strengthened meaningfully**, as reflected in the sharp rise in OCF/PAT in recent periods.
- The strong ~**74% OCF/PAT in 9MFY26** indicates improving cash flow stability and more efficient operating cash generation.

# 1 – Annual Report Deep-dive (2/2)

## Quality of earnings drives valuation quality

### Auditor and disclosure quality

- The auditor has issued a clean audit report, stating that the company has disclosed the information required under the Companies Act, 2013, in the prescribed manner and that the financial statements give a true and fair view in conformity with Indian Accounting Standards.
- M/s Varma & Varma, Chartered Accountants, has been the statutory auditor of the company since May 2022.

### Management remuneration & governance assessment

- The remuneration of Kunhamed Bicha, Executive Director, stood at 4.3% of PAT (Rs. 2.37 cr), indicating reasonable alignment with the company's profitability levels.
- In comparison, compensation to Bhaskar Srinivasan, former Non-Executive Director, remained below 1.5% of PAT, reflecting a conservative and balanced non-executive pay structure.
- However, during FY25, the company granted 37.7% ESOPs to Shriram Vijayaraghavan (COO) and 19% ESOPs to Suresh Veerappan (CFO), representing a notably high concentration of ESOP allocation among senior management.
- Additionally, 38% of total revenue was derived from transactions with wholly- owned and fellow subsidiaries, indicating a meaningful presence of related-party business exposure.

## 2 – Business Assessment Scores



# Business Assessment Scores - Summary

## Business franchise and moat: 2.1

Avalon's vertically integrated platform, dual-shore manufacturing strategy, and presence in higher-value segments support superior margins and create meaningful entry barriers. Diversified end-markets and long-standing customer relationships provide strong revenue visibility, reinforcing the strength of its business franchise and supporting a **6.0/7.0 moat rating**.

## Management and governance quality: 2.2

The company maintains a largely independent and professionally structured board with stable audit oversight and reasonable remuneration alignment. However, recent board and senior management changes, high ESOP concentration among key executives, and significant related-party transactions introduce governance concerns, leading to a **4.5/7.0 rating**.

## Risk profile and pricing power: 2.3

Avalon benefits from an integrated EMS platform and diversified end-markets, but pricing power remains moderate due to customer concentration and dependence on third-party component suppliers. Exposure to input cost volatility and competitive industry dynamics lead to a moderate risk-reward profile, supporting a **4.5/7.0 rating**.

## Financials (Growth, margins & returns): 2.4

Avalon's financial profile is strengthening, supported by improving order-book visibility, entry into new growth segments, and operating leverage driving margin expansion. While historical growth remained moderate, strong RoE improvement in recent quarters and expectations of sustained earnings growth with margin expansion support a higher **5.5/7.0 rating**.

## Balance sheet and cash flow: 2.5

Avalon's balance sheet remains healthy with negligible leverage and improving working capital efficiency, which has recently started translating into stronger operating cash flow generation. However, historically weak cash conversion, high working capital intensity typical of the EMS industry, and only recent improvement in OCF lead to a conservative **4.0/7.0 rating**.



# Company Factsheet

Corporate Snapshot	
<b>Company background</b>	<ul style="list-style-type: none"> <li>Incorporated in 1999, Avalon Technologies Limited provides Electronics Manufacturing Services (EMS) with expertise in printed circuit board (PCB) assembly, custom cables, and wire harnesses. The company offers a full-stack product and solution suite, spanning PCB design, assembly, and Box Build manufacturing, serving global OEMs across the United States, China, the Netherlands, and Japan.</li> <li>In April 2023, the company raised Rs. 865 cr through IPO, comprising a fresh issue of 7,339,449 equity shares aggregating to Rs. 320 cr and an Offer for Sale of 12,499,997 equity shares aggregating to Rs. 545 cr.</li> </ul>
<b>Business verticals</b>	<ul style="list-style-type: none"> <li>The company operates across diverse business verticals, offering a comprehensive product portfolio that includes PCB design and assembly, metals and sheet metal fabrication, and cable assembly and wire harnesses. It also specializes in manufacturing transformers, chokes, and inductors, as well as injection-moulded plastics, enabling the delivery of integrated, end-to-end solutions to customers across industries.</li> </ul>
<b>Manufacturing facilities</b>	<ul style="list-style-type: none"> <li>Avalon operates 15 manufacturing units across the United States and India. In the US, it has facilities in Atlanta (Georgia) and Fremont(California). In India, the company runs ten units in Chennai, one in Kanchipuram (Tamil Nadu), and two in Bengaluru (Karnataka), together providing a strong global manufacturing footprint.</li> </ul>
<b>Key customers</b>	<ul style="list-style-type: none"> <li>Avalon Technologies serves marquee clients across sectors, including Kyosan India and Faiveley Transport (Wabtec) in rail, Collins Aerospace and TransDigm in aerospace, Haas Automation and Zonar Systems in industrial and mobility, Caire Inc. in medical devices, and TMEIC and Ohmium India in clean energy. This diverse customer base underscores Avalon's position as a trusted end-to-end EMS provider.</li> </ul>
<b>Promoter background</b>	<ul style="list-style-type: none"> <li>Kunhamed Bicha (Chairman &amp; Managing Director) - Holds a Bachelor's degree in Mechanical Engineering from PSG College and a Master's degree in Science (Industrial Engineering) from Wichita State University.</li> <li>Bhaskar Srinivasan (Non-executive Director) - Holds an MBA from Cochin University of Science &amp; Technology and a Master's degree in Science (Industrial Engineering) from Wichita State University.</li> </ul>
<b>KMP</b>	<ul style="list-style-type: none"> <li>Shriram Vijayaraghavan (Chief Operating Officer)</li> <li>Suresh Veerappan (Chief Financial Officer)</li> <li>Venky Venkatesh (Chief Sales Officer)</li> <li>Kesavan P (Executive Vice President, Operations)</li> </ul>
<b>Auditors</b>	<ul style="list-style-type: none"> <li>Varma &amp; Varma Chartered Accountants</li> </ul>
<b>IPO details</b>	<ul style="list-style-type: none"> <li>IPO - Issue Date - 21 April 2023; Issue Size - Rs. 865 cr; Price band - Rs. 415 - Rs. 436 per share.</li> </ul>
<b>Employee count</b>	<ul style="list-style-type: none"> <li>Employees - 475</li> <li>Workers - 773</li> </ul>

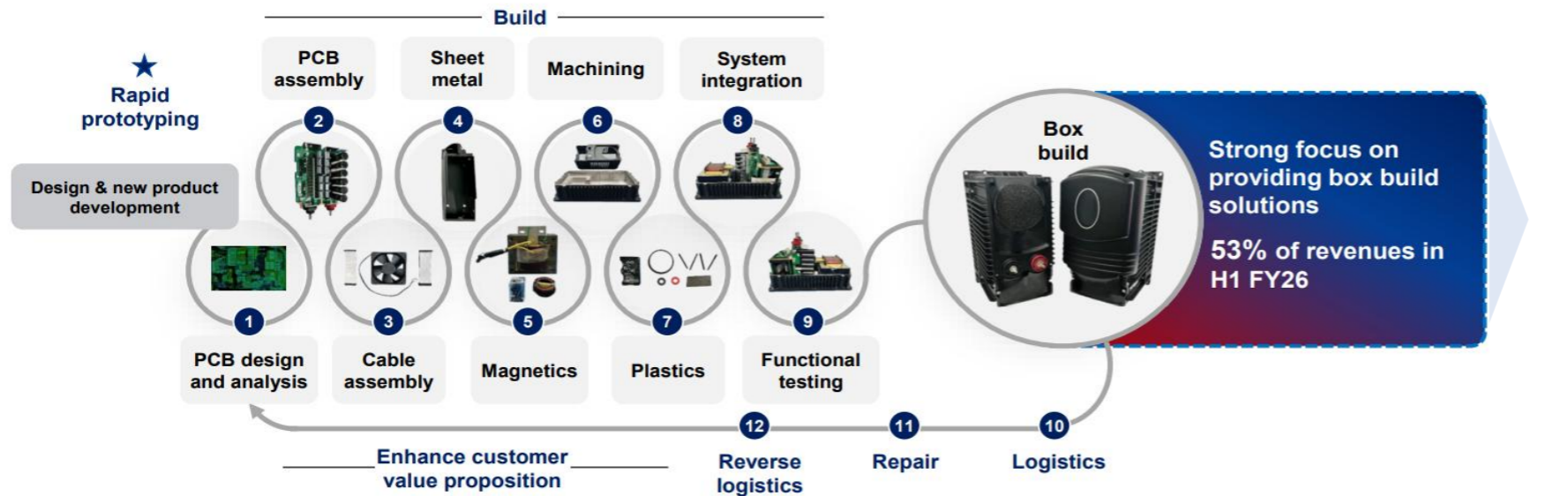
Category (Dec '25)	% Share
Promoter Group	44.42
FII	7.56
DII	25.40
Others (Public)	22.61
<b>Total</b>	<b>100.0</b>

Key Metrics	FY22	FY23	FY24	FY25	9MFY26
Revenue (Rs. cr)	841	945	867	1,098	1,123
Gross Profit (Rs. cr)	287	338	315	393	389
Gross Margin (%)	34.1	35.8	36.3	35.8	34.6
EBITDA (Rs. cr)	98	113	63	115	117
EBITDA Margin (%)	11.6	11.9	7.2	10.5	10.4
PBT (Rs. cr)	86	73	38	87	97
PBT Margin	10.2	7.7	4.4	7.9	8.7
PAT (Rs. cr)	67	53	28	63	72
Net Worth (Rs. cr)	89	537	547	612	NA
Net Debt (Rs. cr)	284	-116	58	40	NA
NWC - Ex Cash (Rs. cr)	257	312	479	490	NA
Total Assets (Rs. cr)	589	1181	925	1040	NA
ROE (%)	76.0	9.8	5.1	10.4	NA
ROCE (%)	20.8	11.0	5.6	11.5	NA

Source: Company, Midas Research

# 2.1 - Business Franchise & Moat (1/4)

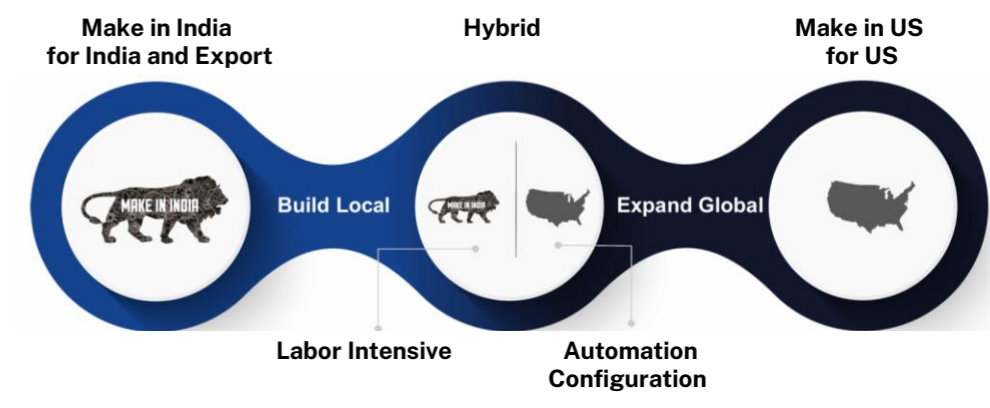
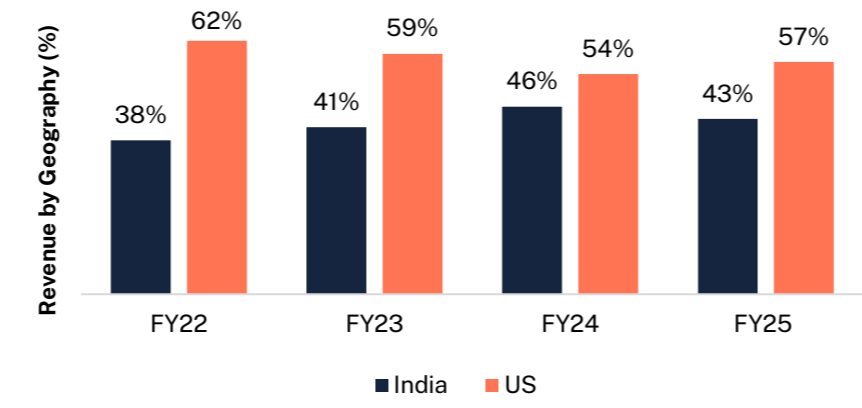
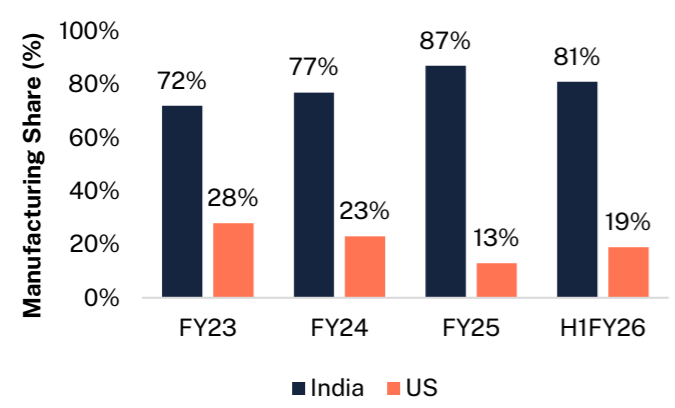
## Vertical integration: A strategic edge



Avalon's vertically integrated platform, dual-shore manufacturing strategy, and presence in higher-value segments support superior margins and create meaningful entry barriers. Diversified end-markets and long-standing customer relationships provide strong revenue visibility, reinforcing the strength of its business franchise.

- Avalon offers **end-to-end EMS capabilities** spanning design, PCB assembly, cables, magnetics, plastics and full system integration.
- Its **vertically integrated platform**, including in-house injection-moulded plastics and sub-assemblies, enables greater participation in box-build solutions.
- This positions Avalon higher in the value chain, deepens customer relationships and creates structural entry barriers versus less integrated EMS peers.

Avalon's dual shore strategy enables rapid prototyping in US and scaling up manufacturing in low-cost region. It also helps in tariff optimization, customer proximity and supply-chain resilience.

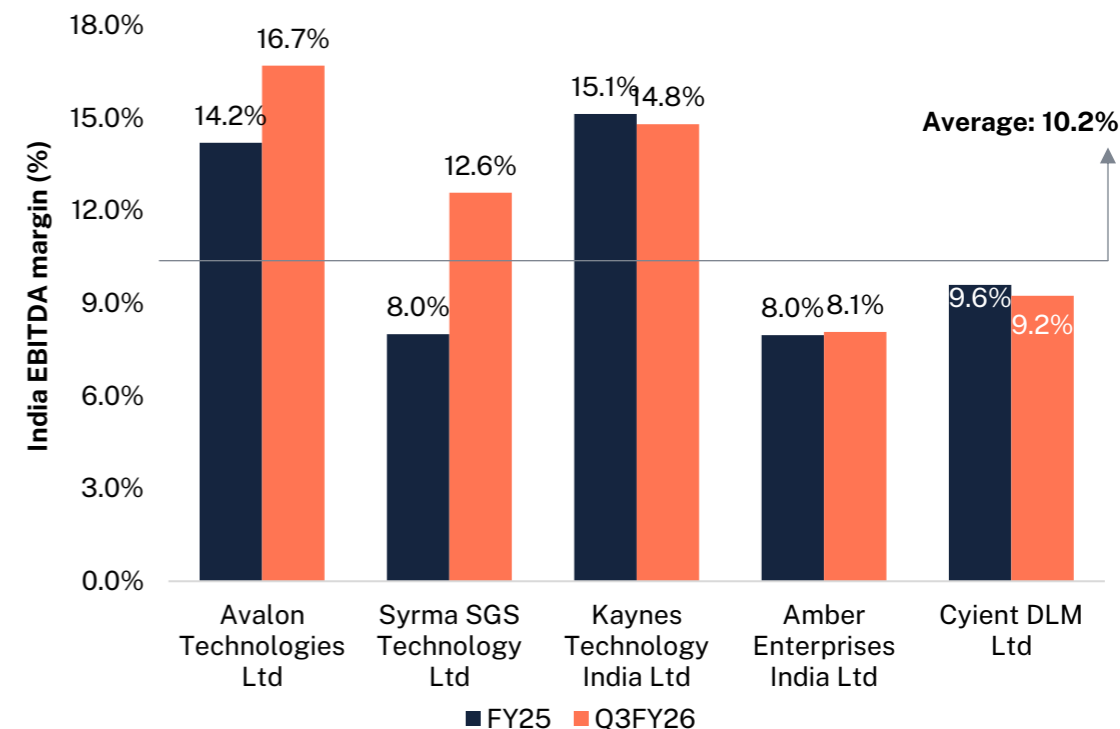


Source: Company, Midas Research

## 2.1 - Business Franchise & Moat (2/4)

Exclusive positioning of high-margin product mix in industry

Industry	Avalon	Dixon	Amber	Syrma	Kaynes	Cyient DLM
<b>Mass Production – Low Margin</b>						
Industrial & EV	✓	✗	✗	✓	✓	✗
Communication	✓	✗	✗	✓	✗	✗
Automotive	✓	✗	✓	✓	✓	✗
IoT / IT, Cons and Others	✗	✗	✗	✓	✓	✗
Consumer	✗	✓	✗	✓	✓	✗
<b>Complex Built – High Margin</b>						
Aerospace & Defence	✓	✗	✗	✗	✓	✓
Medical	✓	✓	✗	✓	✓	✓
Clean Energy	✓	✗	✗	✓	✗	✗
Railways	✓	✗	✓	✗	✓	✓
CEA	✗	✓	✓	✓	✓	✓



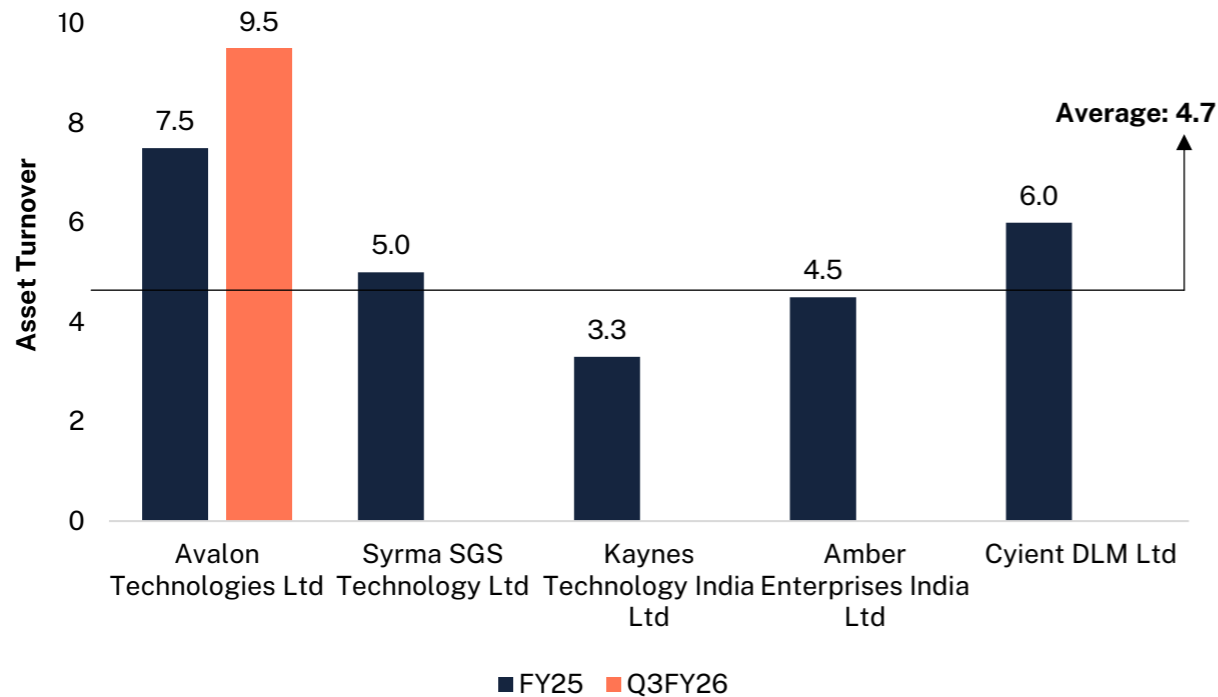
- Avalon operates in complex, high-margin segments such as aerospace, medical, clean energy, and railways, unlike volume-driven EMS peers. This differentiated product mix enables structurally higher realizations and better margin resilience.
- As a result, Avalon's domestic EBITDA margins stood at 14.2% in FY25 versus the peer average of 10.2%, further expanding by ~250 bps to 16.7% in Q3FY26, reflecting strong operating leverage and mix improvement.

Source: Company, Midas Research

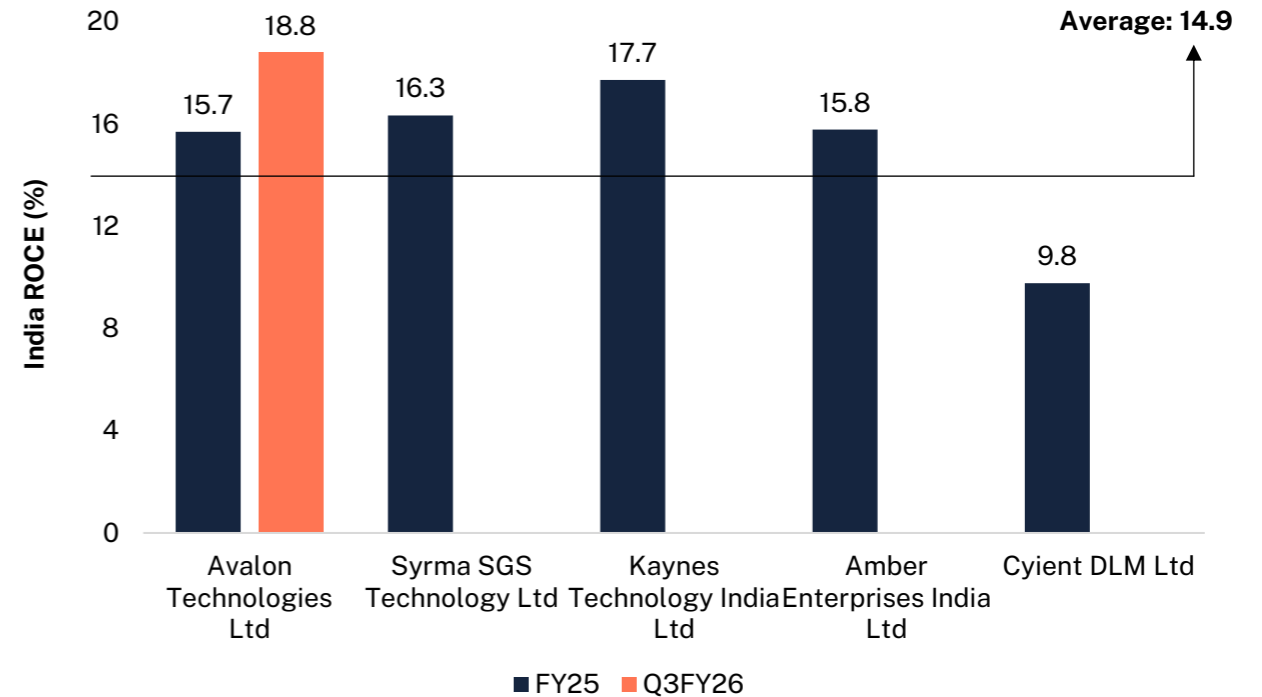
## 2.1 - Business Franchise & Moat (3/4)

High margins, low capex fuel industry-leading RoCE

**Avalon has a low capex need (Rs. 60 cr) and has high asset turnover vs peers**



**Higher EBITDA margins and efficiency drove Avalon's RoCE above industry avg.**



- With annual capex of ~Rs. 60 cr, Avalon maintains a disciplined capital allocation model and has superior asset turnover of 7.5x in FY25 and 9.5x in Q3FY26, significantly ahead of the peer average (~4.7x).
- Higher revenue generated from a relatively low asset base reflects efficient operations and better use of capital compared to peers.

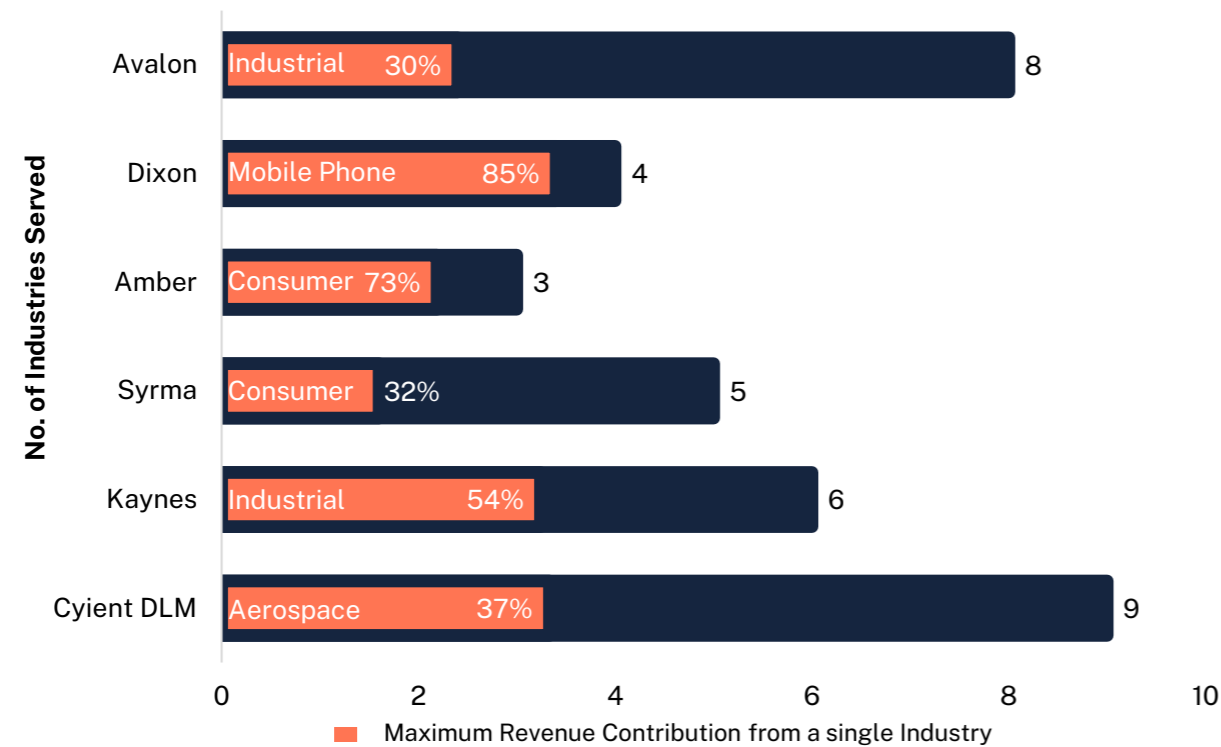
- Strong EBITDA margins combined with high asset turnover drove Avalon's RoCE to 15.7% in FY25 and 18.8% in Q3FY26, outperforming the peer average (~14.9%).
- This reflects the company's ability to generate higher returns on capital through a high-mix product portfolio and efficient asset utilization.

Source: Company, Midas Research

## 2.1 - Business Franchise & Moat (4/4)

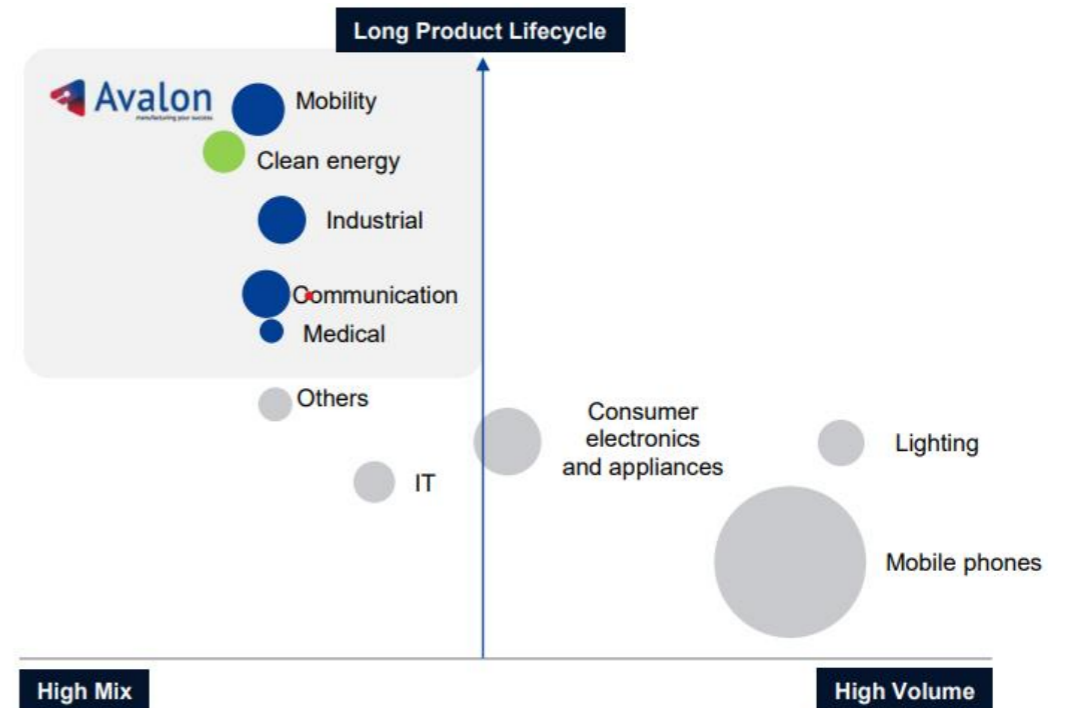
### Diversified presence & sticky customer relationship

Presence in multiple industries with low revenue concentration, leading to diversified revenue



- Avalon operates across eight end-use industries, the second-broadest industry presence among peers after Cyient DLM.
- Avalon's largest end-market (Industrials) contributes ~30% of total revenue, significantly lower than peers' average concentration of ~61%. This provides Avalon greater resilience to industry-specific cycles.

Strong revenue contribution (80%) from long-standing customers (avg. relationship of eight years) aids sustained revenue visibility



- Aerospace contracts have an average gestation period of 15 years, reflecting longer customer stickiness.
- Avalon operates in long-lifecycle segments that require specialized skills and stringent certifications, limiting competition.
- Its early presence and deep talent pool drive strong customer stickiness and repeat business.

## 2.2 - Management & Governance Quality

✔: Positive  
✔: Neutral  
✘: Negative

4.5 / 7.0

The company maintains a largely independent and professionally structured board with stable audit oversight and reasonable remuneration alignment. However, recent board and senior management changes, high ESOP concentration among key executives, and significant related-party transactions introduce governance concerns, leading to a moderated rating.

Rating	Corporate Factsheet
✔ <b>Board of Directors- Independence &amp; diversity</b>	<ul style="list-style-type: none"> <li>The Board of Directors comprises eight members, including one Executive Director, two Non-Executive Non-Independent Directors, and five Non-Executive Independent Directors.</li> <li><b>Out of 5 total Independent Directors, one is a woman director.</b></li> <li>The board is largely composed of seasoned professionals, with no promoter family representation.</li> <li><b>Independent Directors constitute 62.5% of the board.</b></li> </ul>
✔ <b>Board of Directors- changes in directors</b>	<ul style="list-style-type: none"> <li><b>Mr. Bhaskar Srinivasan (Promoter) resigned from the position of Non-Executive Director and currently holds a 9.39% stake in the company.</b></li> <li>Mr. Sareday Seshu Kumar resigned from the position of Non-Executive Non-Independent Director after serving on the board for over seven years..</li> <li>Mr. Anees Ahmed was appointed as an Independent Director by the Board of Directors on October 24, 2024.</li> </ul>
✔ <b>Board of Directors- independence in board committees</b>	<ul style="list-style-type: none"> <li>The Audit Committee comprises three directors, of whom two are Independent Directors</li> <li><b>The Nomination and Remuneration Committee comprises 100% Independent Directors.</b></li> </ul>
✔ <b>Changes in Key Managerial Personnel</b>	<ul style="list-style-type: none"> <li><b>Mr. R. M. Subramanian resigned as Chief Financial Officer on September 20, 2024, after serving the company for over eight years.</b></li> <li>Mr. Suresh Veerappan was appointed Chief Financial Officer on September 27, 2024.</li> <li><b>Mr. Rajesh V resigned as Company Secretary within three years of his appointment.</b></li> <li>Mr. Ajay Shukla was appointed as the Company Secretary and Compliance Officer on February 05, 2025.</li> </ul>
✔ <b>Management continuity</b>	<ul style="list-style-type: none"> <li><b>The company entered into an agreement with Mr. Kunhamed Bicha for his services as Managing Director for a period of five years.</b></li> <li><b>M/s Varma &amp; Varma, Chartered Accountants, has been the statutory auditor of the company since May 2022.</b></li> </ul>
✔ <b>Promoter remuneration</b>	<ul style="list-style-type: none"> <li>Executive Director Mr. Kunhamed Bicha's remuneration stood at Rs. 2.37 cr (4.3% of PAT).</li> <li>Non-Executive Director Mr. Bhaskar Srinivasan's remuneration was below 1.5% of PAT.</li> </ul>
✔ <b>Promoter holding</b>	<ul style="list-style-type: none"> <li><b>Mr. Kunhamed Bicha - 21.61%, Mr. Bhaskar Srinivasan - 9.39%, and K L Bicha Family Private Trust -5.96%.</b></li> </ul>
✘ <b>Stock-based compensation</b>	<ul style="list-style-type: none"> <li><b>The company granted 37.7% of ESOPs to Mr. Shriram Vijayaraghavan (COO) and 19.0% of ESOPs to Mr. Suresh Veerappan (CFO) in FY2025.</b></li> </ul>
✘ <b>Related-party transactions</b>	<ul style="list-style-type: none"> <li><b>38% of total standalone revenue is derived from sales to wholly-owned and fellow subsidiaries.</b></li> </ul>

Source: Company, Midas Research

## 2.3 - Risk Profile & Pricing Power

4.5

7.0

Avalon benefits from an integrated EMS platform and diversified end-markets, but pricing power remains moderate due to customer concentration and dependence on third-party component suppliers. Exposure to input cost volatility and competitive industry dynamics leads to a moderate risk-reward profile.

### Strengths

- 1. Integrated EMS platform** – End-to-end capabilities from design, engineering, manufacturing, testing, to supply-chain management.
- 2. End-market diversification** – Exposure to multiple high-margin, low-volume industries.
- 3. Global manufacturing & delivery footprint** – India and overseas presence enabling customer proximity and execution flexibility.

### Weaknesses

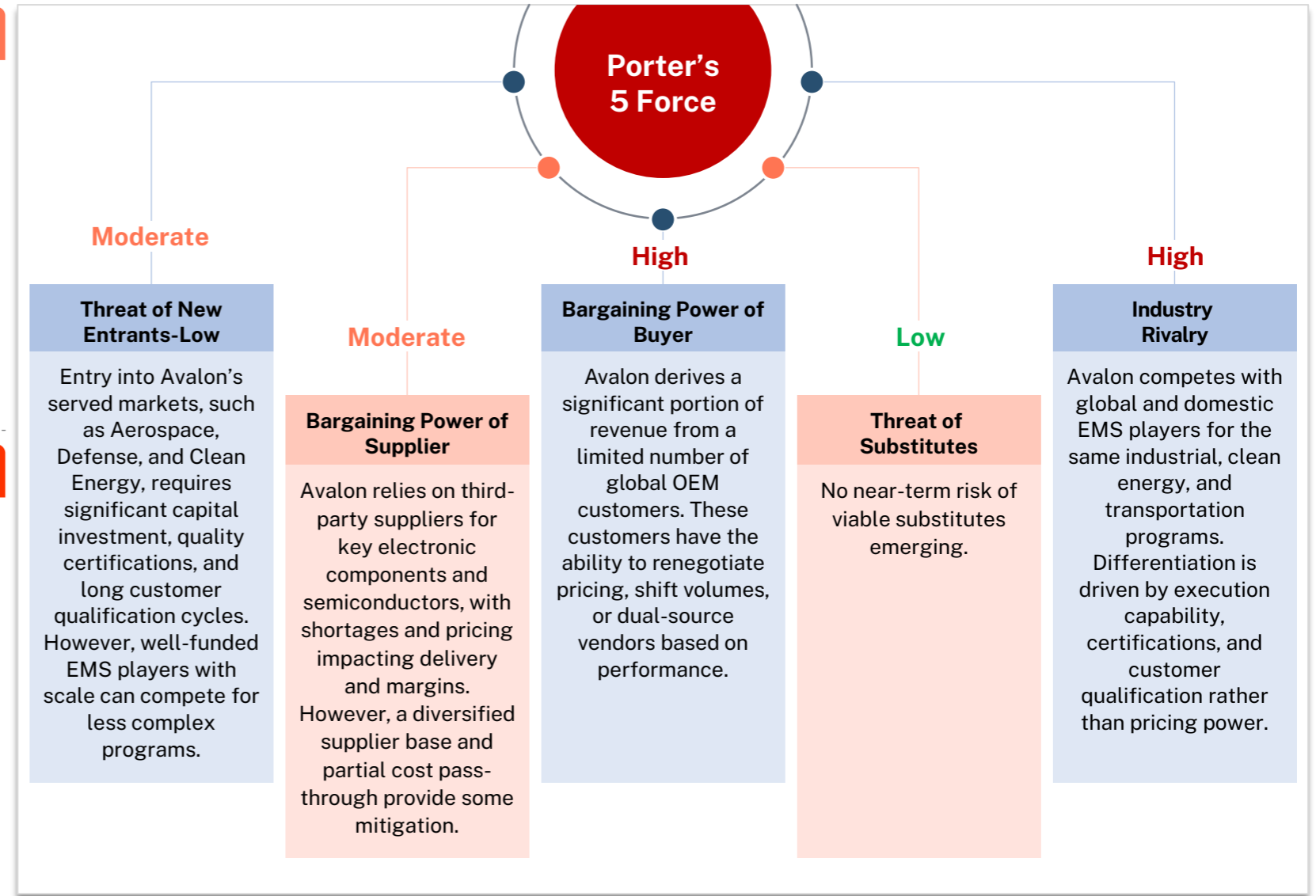
- 1. Working capital-intensive operations** – High dependence on inventory and receivables inherent to EMS.
- 2. Customer revenue concentration** – Reliance on a limited number of large customers.
- 3. Margin Dependency** – Losses in the US region remain a key overhang on margins.

### Opportunity

- 1. China+1 opportunity:** Supply-chain diversification is driving EMS outsourcing to India, supporting scalable growth and access to global programs.
- 2. Box-build revenue:** More than 54% of revenue from box-builds enables deeper Industry 4.0 integration, improving margins and revenue stability.
- 3. Large U.S. market:** USD 180–200 bn market with low current penetration provides significant scale-up headroom.

### Threats

- 1. Supply chain disruptions** – Component shortages and logistics challenges impacting operations.
- 2. Stiff competition** – Pressure from domestic and international EMS players.
- 3. Geopolitical & trade risks** – Exposure to regulatory changes and export policies.



Source: Company, Midas Research

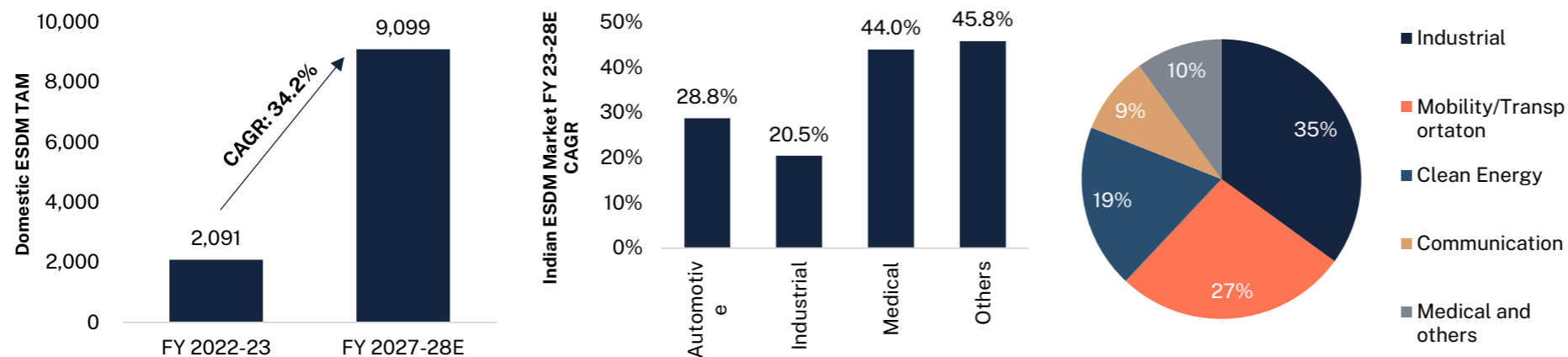
## 2.4 – Financials (1/3)

### Robust domestic growth and market share gains in US to drive revenue

5.5 7.0

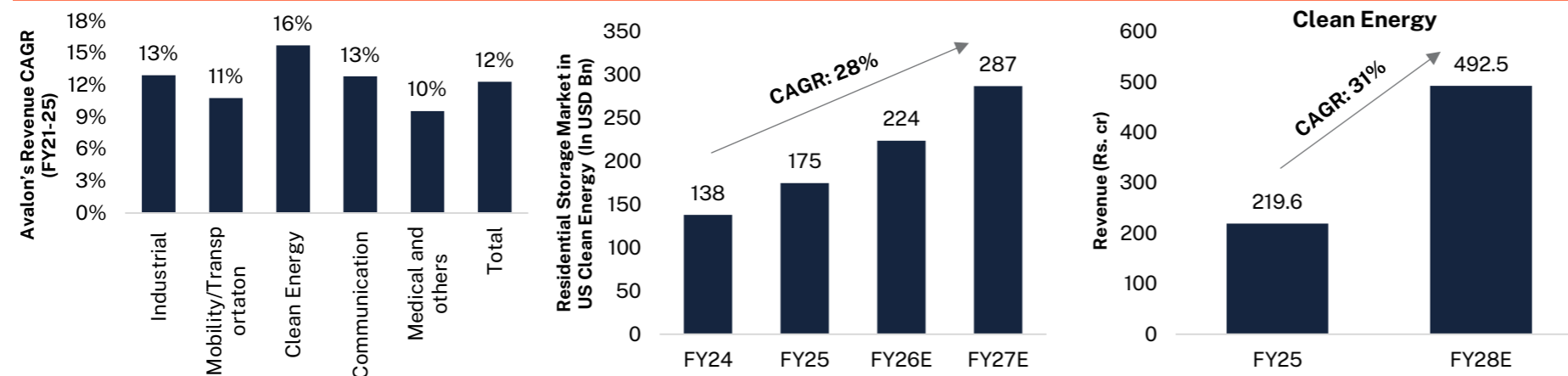
Avalon's financial profile is strengthening, supported by improving order-book visibility, entry into new growth segments, and operating leverage driving margin expansion. While historical growth remained moderate, strong RoE improvement in recent quarters and expectations of sustained earnings growth with margin expansion support a higher rating.

#### Avalon is well-positioned in India to align its revenue growth with industry growth



Avalon's revenue mix is skewed toward structurally faster-growing end markets. In India, early design engagement, expanding box-build capabilities, and cross-selling across long-standing OEM relationships support market-share retention and enable industry-aligned revenue growth.

#### The clean energy segment has outperformed other sectors (FY22–25 CAGR). We expect the segment to grow faster than the industry, driven by demand in the US residential storage market.

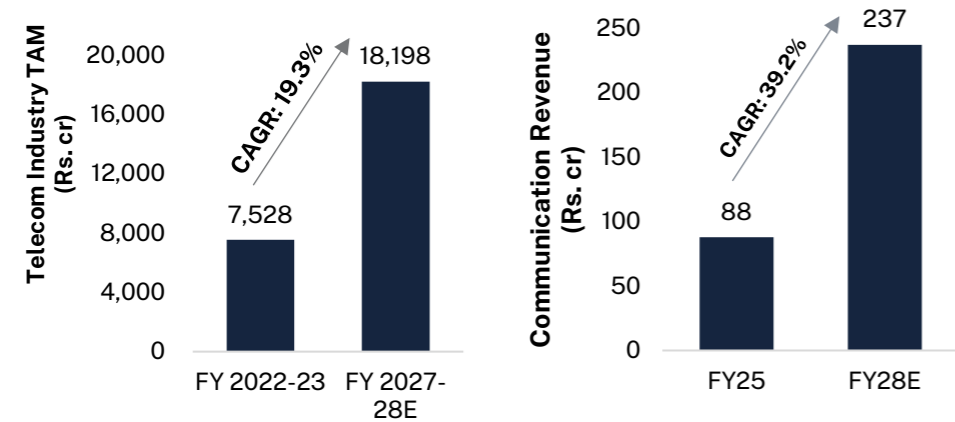


- **Business mix & demand:** ~70% of Avalon's clean energy revenues are derived from solar energy storage components, with U.S. demand supported by rapid growth in residential energy storage (USD 175 mn in 2025; ~28% CAGR to USD 603 mn by FY30E).
- **Structural tailwinds:** Growth is driven by low penetration of solar energy storage in the U.S. and cost advantages from IRA-linked renewable manufacturing incentives.
- **Growth outlook:** These factors support an expected ~31% CAGR in clean energy revenues, scaling from Rs. 219.6 cr to Rs. 492.5 cr.

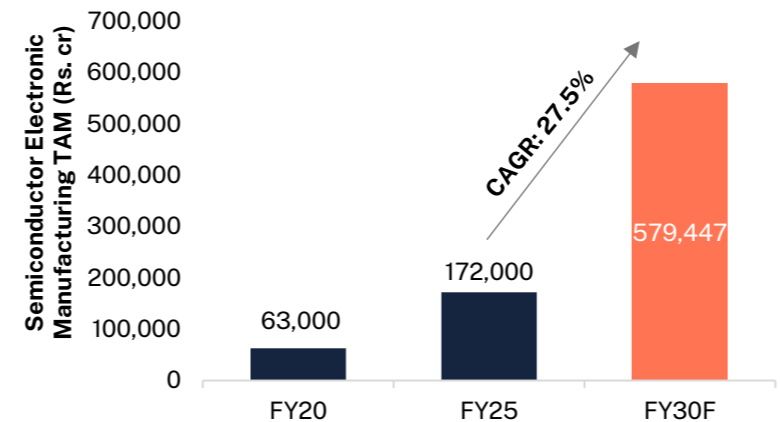
## 2.4 – Financials (2/3)

Forays into newer industries and robust order book: Key growth drivers

**Communication segment growth to outpace the industry, driven by order book conversion, 5G rollout, and a low base**



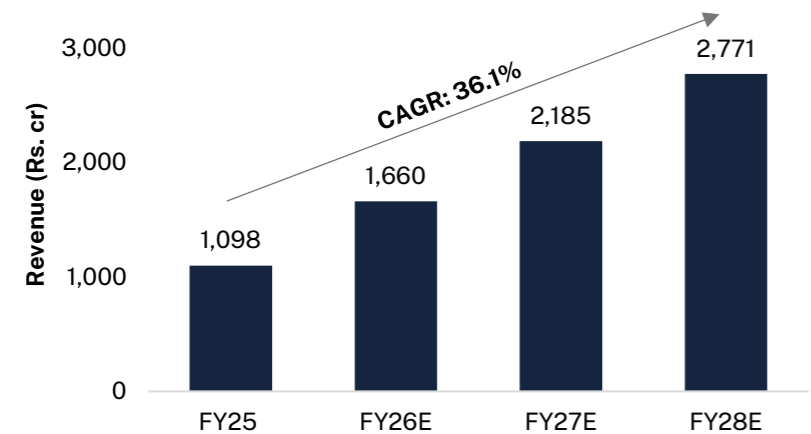
**Semiconductor equipment to emerge as a new growth engine, with revenue visibility by H1FY27E**



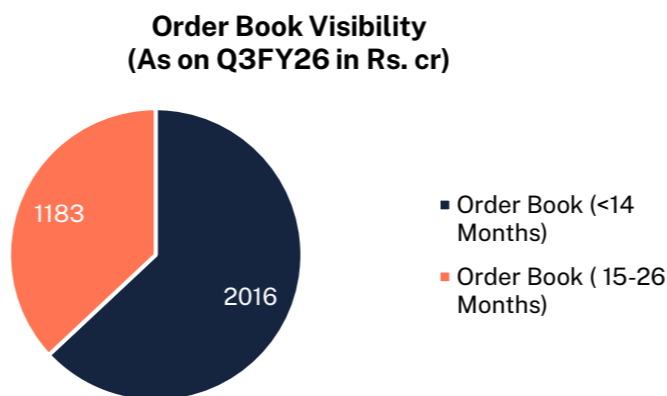
- Avalon has partnered with a global leader to deliver Industry 4.0-compliant complex box-build systems for semiconductor equipment.
- This leverages its high-mix, system-level integration strength (~49% of FY25 revenue).
- The company is also positioned to benefit from India's semiconductor-focused PLI (ISM 2.0), enhancing long-term growth visibility.

- Over the last three quarters of FY26, Avalon's revenue growth has outpaced order book growth, indicating backlog execution, improved visibility, and strengthening execution — supporting our revenue forecast.

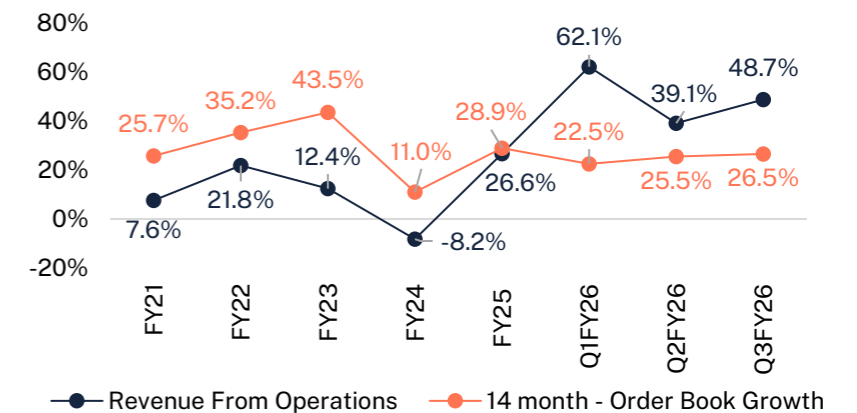
**Sector tailwinds and strong execution drive consolidated revenue**



**A balanced mix of near-term and long-duration orders supports steady revenue visibility**



**Order book CAGR of 29.1% (FY21–25) aids future growth**

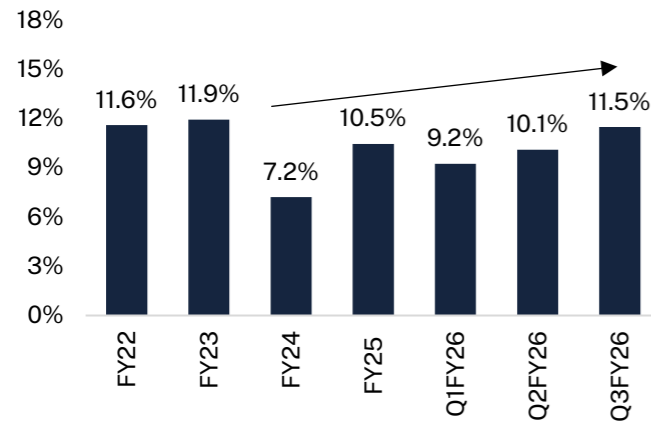


Source: Company, Midas Research

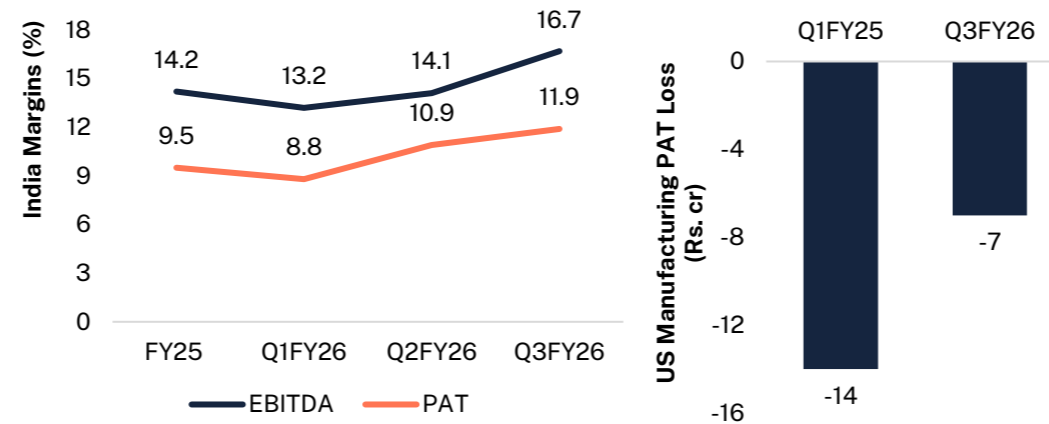
## 2.4 – Financials (3/3)

### Operating leverage and rising box-build share to drive margins

#### EBITDA margins rebound after US expansion impact



#### India operations show strong operating leverage; US losses are narrowing as utilization improves



#### Why margins fell earlier:

- US manufacturing expansion increased fixed costs
- Employee cost peaked at 21.3% (of sales) in FY24
- New program diluted operating leverage

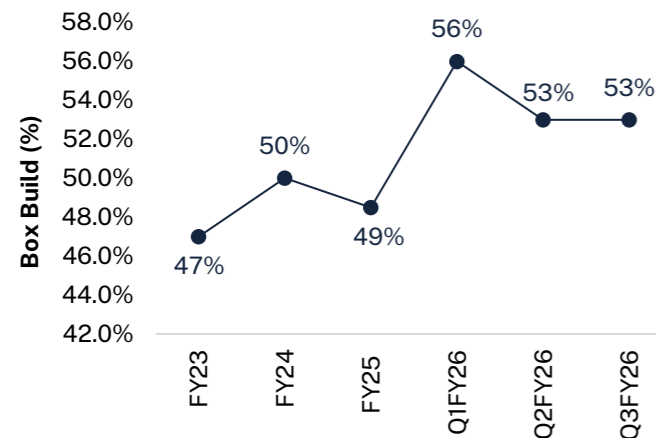
#### Why margins are improving now:

- India margins expanding with scale (16.7% EBITDA in Q3FY26)
- US losses narrowing every quarter
- Employee costs declining as % of sales
- Box-build share rising (53% vs 47% in FY23)

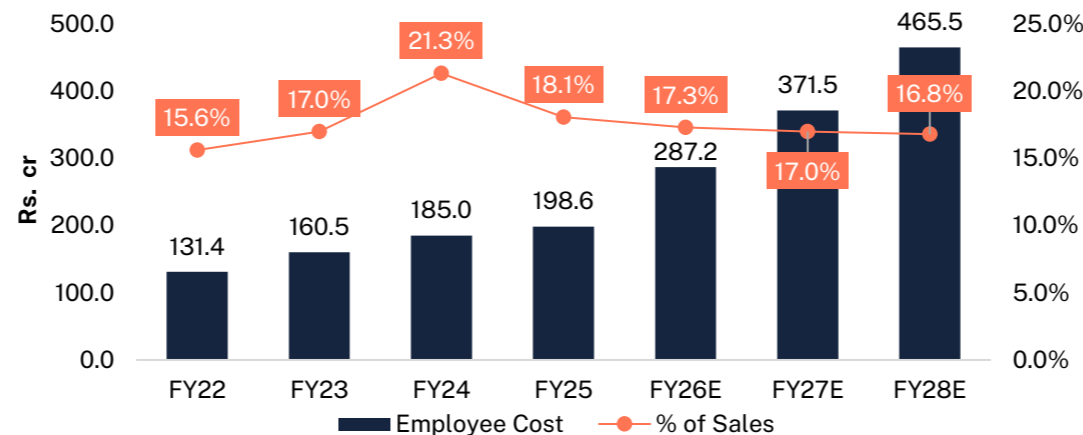
#### Why margins can continue expanding:

- Fixed cost base largely built
- Revenue growing faster than headcount
- US turning profitable improves consolidated margins
- Higher system-level integration improves mix

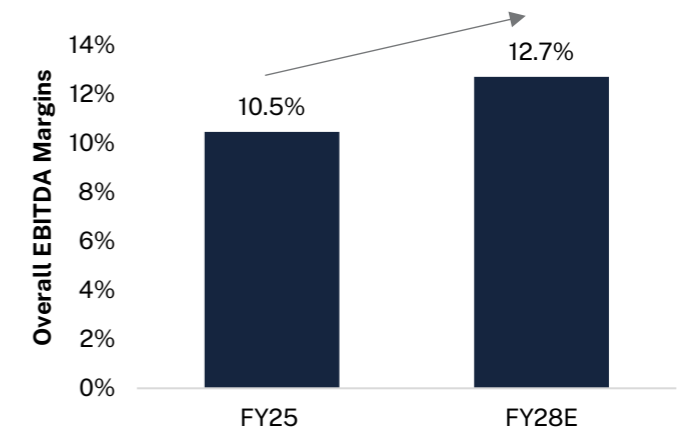
#### Higher box-build mix supports structural margin expansion



#### Employee cost normalizing as revenue scales up



#### Visible path to margin expansion

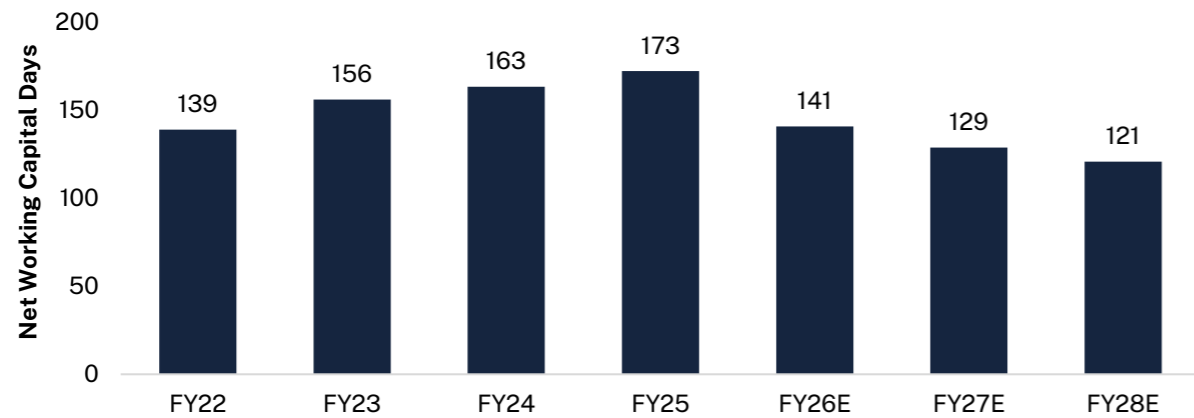


Source: Company, Midas Research

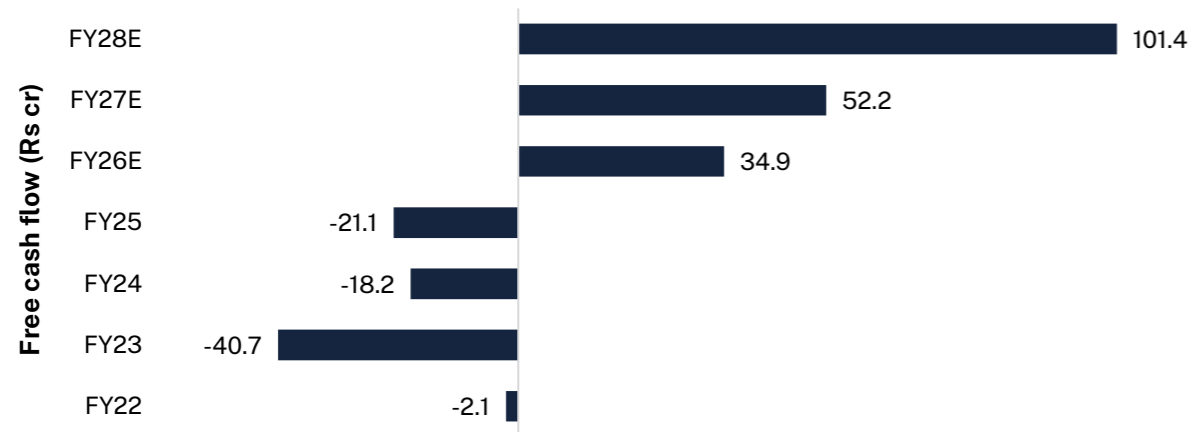
# 2.5 - Balance Sheet & Cash Flow

Revenue is vanity, profit is sanity, but cash is reality

Working capital improvement turned OCF positive; WC days are expected to fall to ~121 (vs. 141), with management guiding ~110 by FY28E, supporting OCF/EBITDA

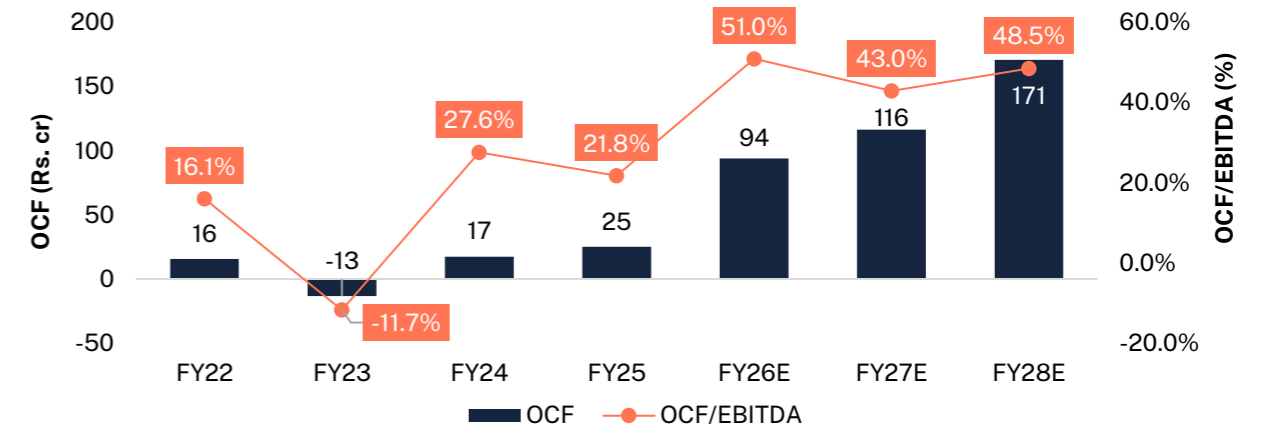


Lower capex and improving OCF to support free cash flow turnaround from FY26E

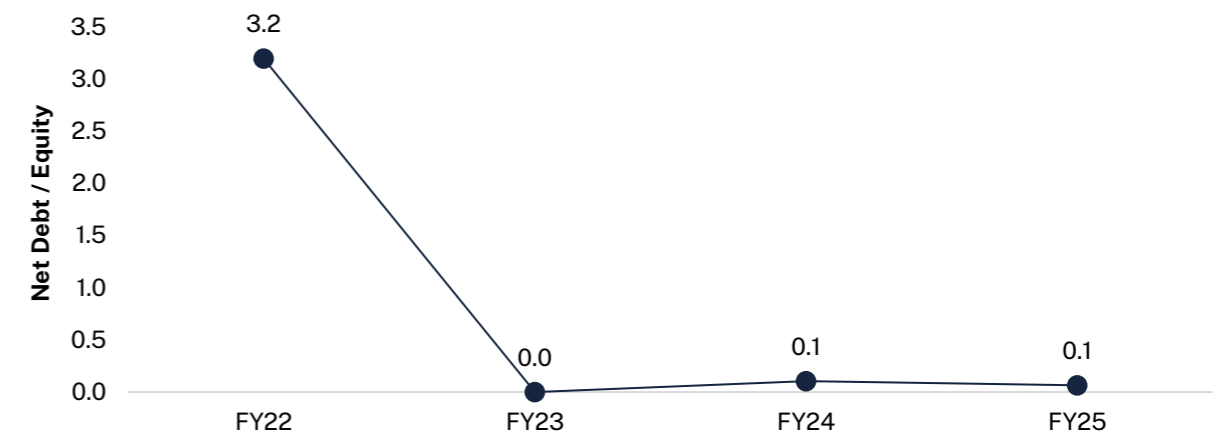


Avalon's balance sheet remains healthy with negligible leverage and improving working capital efficiency, which has recently started translating into stronger operating cash flow generation. However, historically weak cash conversion, high working capital intensity typical of the EMS industry, and only recent improvement in OCF lead to a conservative rating.

Operating cash flow strengthening with working capital efficiency



Strong balance sheet provides flexibility amid industry working capital volatility



Source: Company, Midas Research

# 3 – Valuation Framework



# Valuation Framework - Summary

## By Own History:

3.1

Valuation multiples have normalized from earlier elevated levels and currently trade around or below historical mid-cycle ranges. With improving earnings visibility and return ratios, the stock offers reasonable valuation comfort, **supporting a 5.0/7.0 rating.**

## Current Position vs Peers:

3.2

Avalon currently trades broadly in line with peers despite having one of the highest growth expectations over FY25–28E. While performance has improved since FY25, the rating remains balanced, given historical underperformance versus peers, **supporting a 5.0/7.0 rating.**

## Based on Growth:

3.3

Avalon combines one of the highest growth trajectories with reasonable relative valuations, positioning it favorably among peers. The strong growth visibility supports a higher rating, although full re-rating depends on consistent execution, **leading to a 6.0/7.0 rating.**

## Capturing Return Profiles:

3.4

Avalon is expected to deliver industry-leading RoE by FY28E, supported by strong recent execution. Despite this, it trades in line with peers with lower return expectations, indicating re-rating potential. However, as return ratios were weaker till FY25 and cash conversion is still improving, **the rating is moderated to 6.0/7.0.**

## Reflecting EVA:

3.5

EVA spread appears better than most peers, many of whom remain significantly negative; however, Avalon's EVA is still negative and saw a sharp decline post the capex. While recovery is underway, some uncertainty remains, **leading to a 4.5/7.0 rating.**

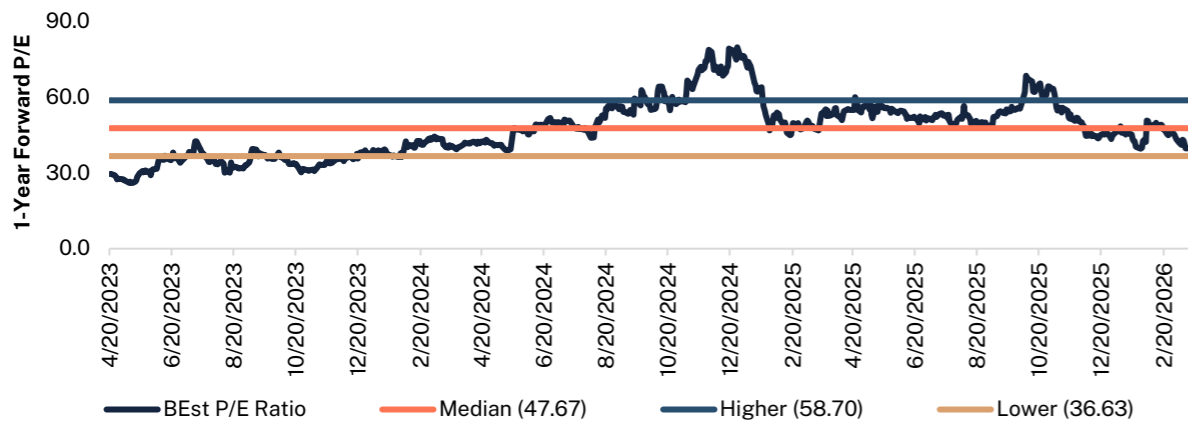


# 3.1 – By Own History (in charts)

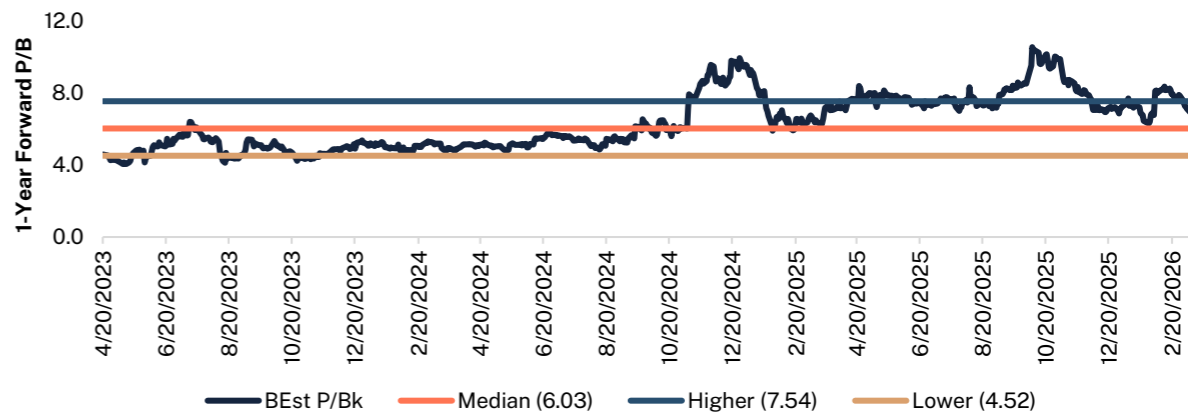
5.0 7.0

Valuation multiples have normalized from earlier elevated levels and currently trade around or below historical mid-cycle ranges. With improving earnings visibility and return ratios, the stock offers reasonable valuation comfort.

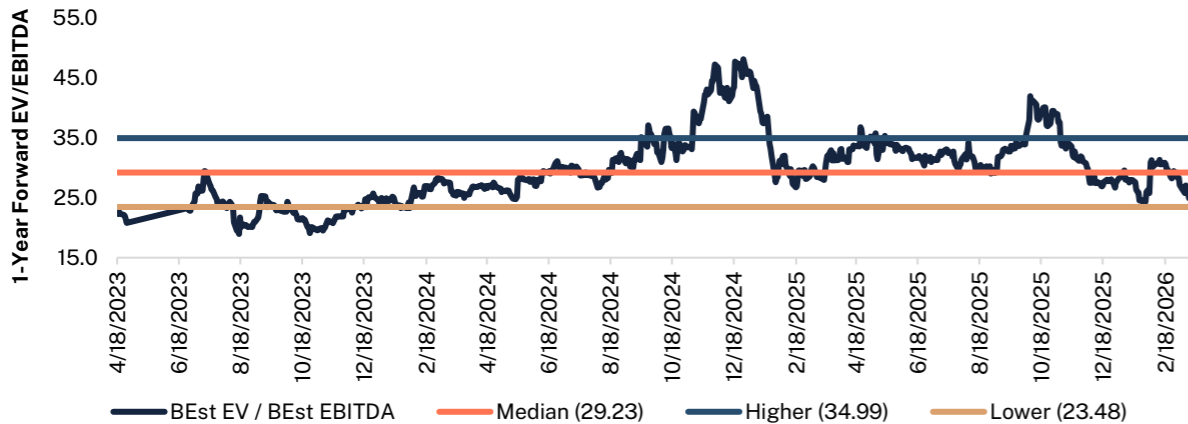
**Decline in EBITDA margins and elevated working capital led to moderation in P/E**



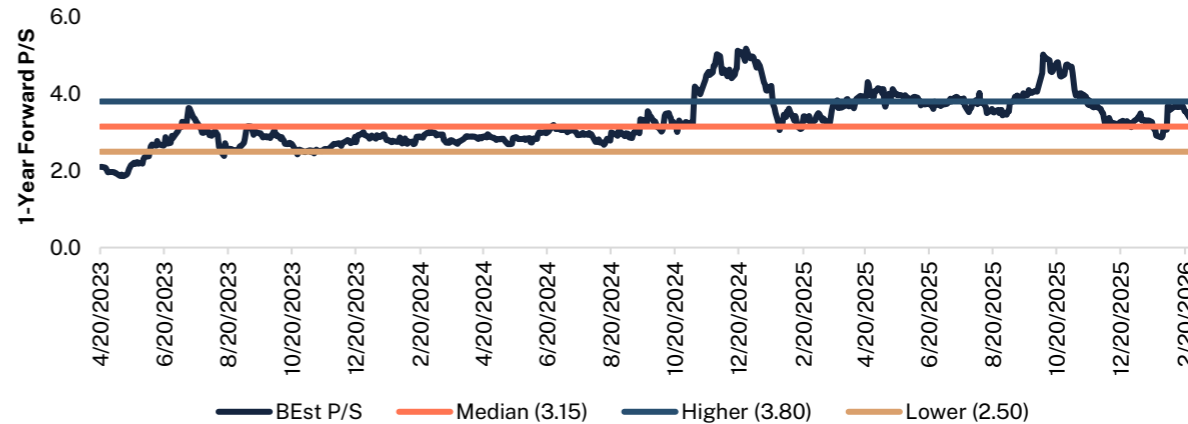
**P/B remains above its historical range, reflecting expectations of sustained improvement in return ratios**



**Decline in EBITDA margins and elevated working capital led to moderation in EV/EBITDA**



**Price-to-Sales remains close to its median range of its historical band, reflecting sustained revenue growth expectations**



Note: Higher Line - +1 S/D & Lower Line - -1 S/D  
Source: Company, Bloomberg, Midas Research

## 3.2 – Current Position vs Peers

5.0

7.0

Avalon trades broadly in line with peers, with its valuation reflecting improving earnings visibility and return ratios. While the company has one of the stronger growth outlooks ahead and a visible turnaround since FY25, we maintain a balanced rating given its historical underperformance and the need for sustained execution

AVALON currently trades broadly in line with peers, with its FY28E P/E reflecting only a marginal discount. Historically, the company had delivered lower earnings growth compared to peers, which contributed to this valuation gap. However, recent performance reflects a clear turnaround, with earnings growth now outpacing peer averages and narrowing the discount meaningfully.

Importantly, Avalon's ROE of 22.3% by FY28E stands well above the peer average of 14.2%, supported by superior PAT growth of 54% versus industry peers of 40% over FY25-28E. With stronger earnings expansion and improving capital efficiency, the implied PEG of ~0.7x at our target multiple indicates that the stock remains attractively valued relative to its growth trajectory. Accordingly, we value AVALON at 40x FY28E P/E, arriving at a target price of Rs. 1,379 (including dividends), implying ~47% upside. The selected multiple remains positioned toward the lower end of its historical trading range, providing valuation comfort while retaining upside potential as operating leverage strengthens and return ratios continue to improve.

Company	CMP Rs.	Mkt cap Rs. cr	Revenue (Rs. cr)			EBITDA(Rs. cr)			PAT(Rs. cr)			EBITDA Margin		RoE		P/E
			FY25	FY28E	CAGR	FY25	FY28E	CAGR	FY25	FY28E	CAGR	FY25	FY28E	FY25	FY28E	FY28E
Avalon Technologies Ltd	940	6,199	1098	2,771	36%	115	352	45%	63	231	54%	10%	13%	10.4	22.3	27.3
Kaynes Technology India Ltd	3716	24,909	2,722	8,523	46%	412	1,386	50%	287	856	44%	15%	16%	11.0	15.2	29.1
Cyient DLM Ltd	314	2,490	1,520	2,036	10%	137	231	19%	68	138	27%	9%	11%	7.3	11.4	17.5
Amber Enterprises India Ltd	6850	24,106	9,674	17,992	23%	771	1,597	27%	265	719	39%	8%	9%	11.8	14.6	33.3
Syrma SGS Technology Ltd	784	15,127	3,716	8,123	30%	297	841	41%	152	515	50%	8%	10%	10.1	15.2	29.0
<b>Average</b>					<b>27%</b>			<b>34%</b>			<b>40%</b>	<b>10%</b>	<b>12%</b>	<b>10.1</b>	<b>14.1</b>	<b>27.2</b>

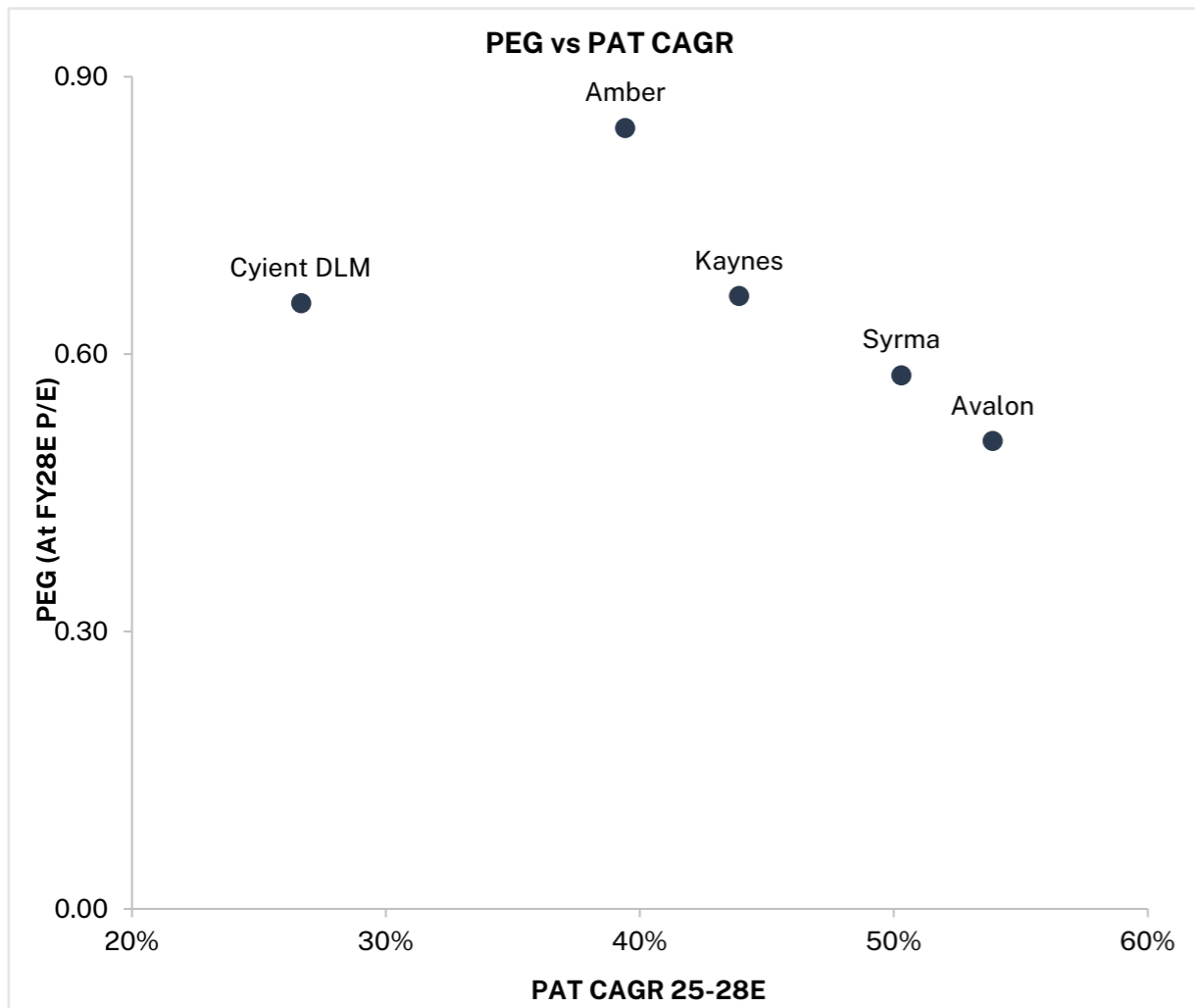
Source: Company, Bloomberg, Midas Research

# 3.3 – Based on Growth

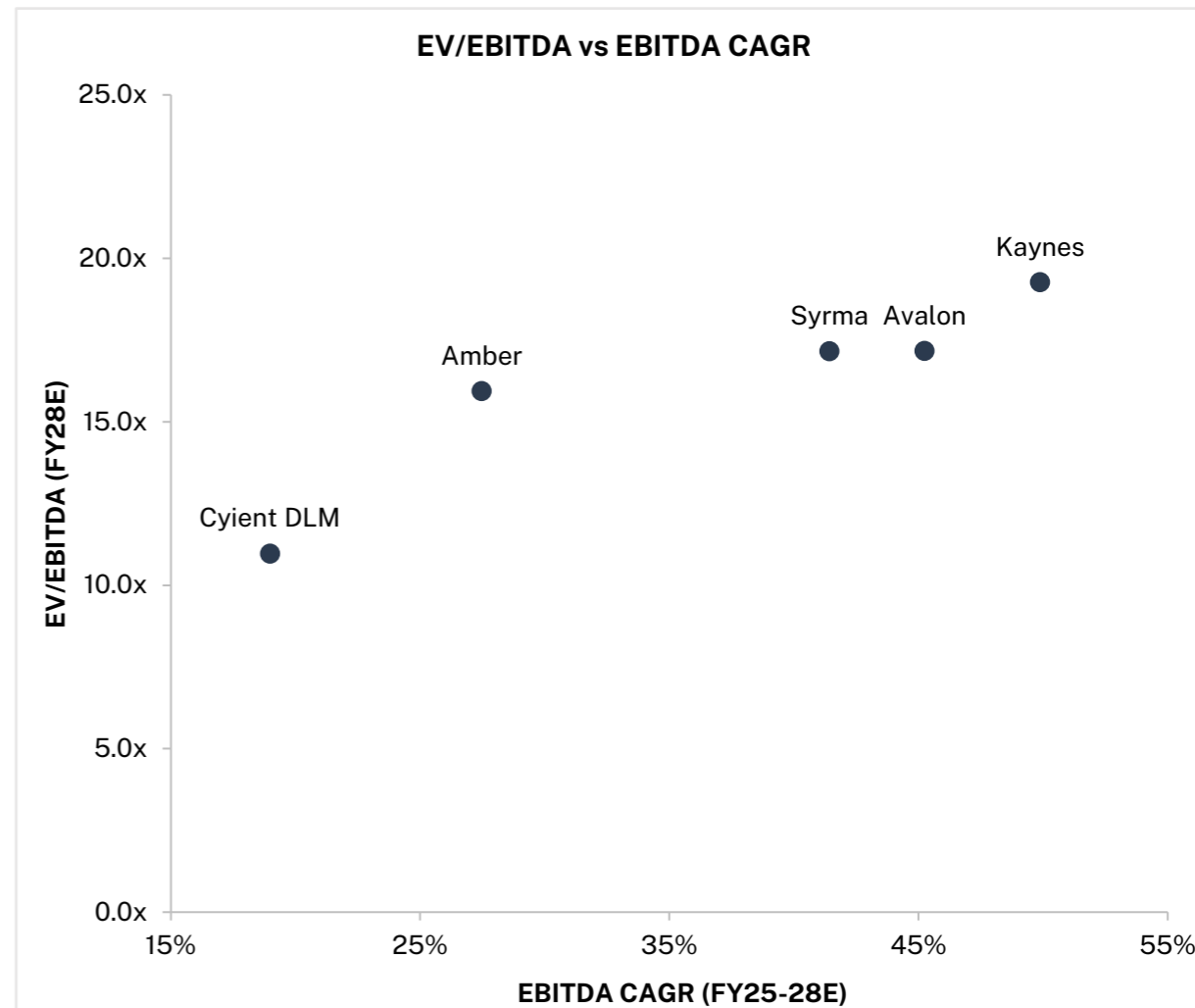


Avalon combines one of the highest growth trajectories with reasonable relative valuations, positioning it favorably among peers. The strong growth visibility supports a higher rating, although full re-rating depends on consistent execution.

**Avalon offers one of the strongest earnings growth profiles while trading at a relatively attractive PEG among peers**



**Avalon’s valuation remains broadly in line despite higher growth, indicating scope for re-rating with sustained execution**



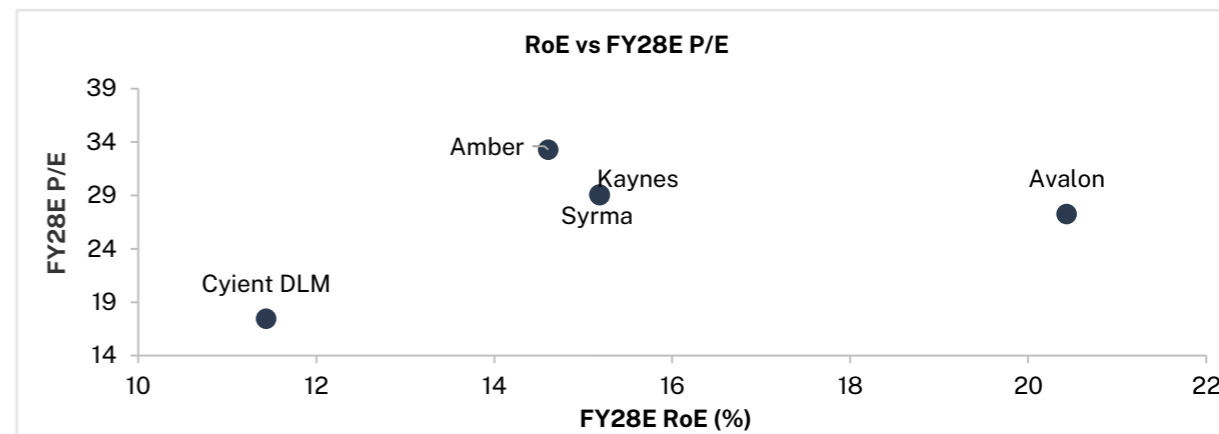
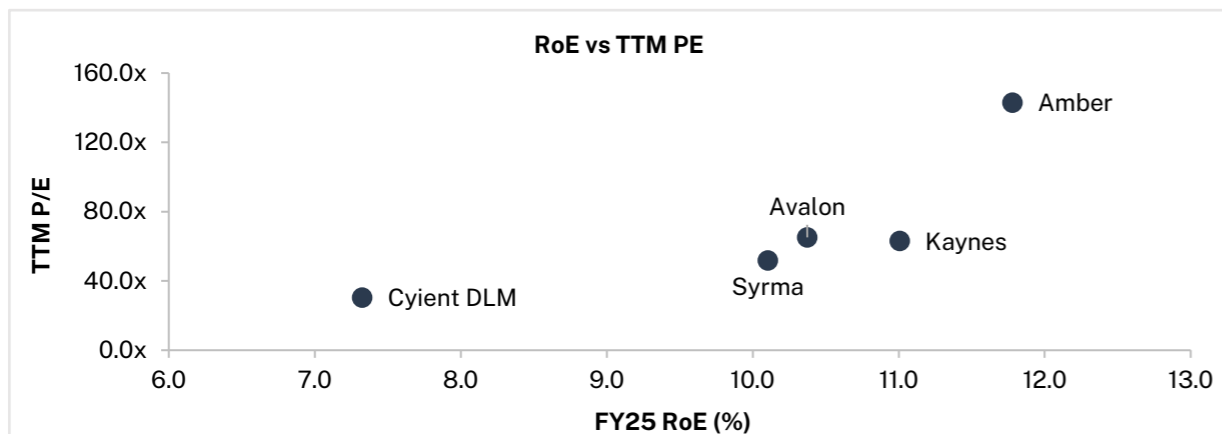
Source: Company, Bloomberg, Midas Research

# 3.4 - Capturing Return Profiles

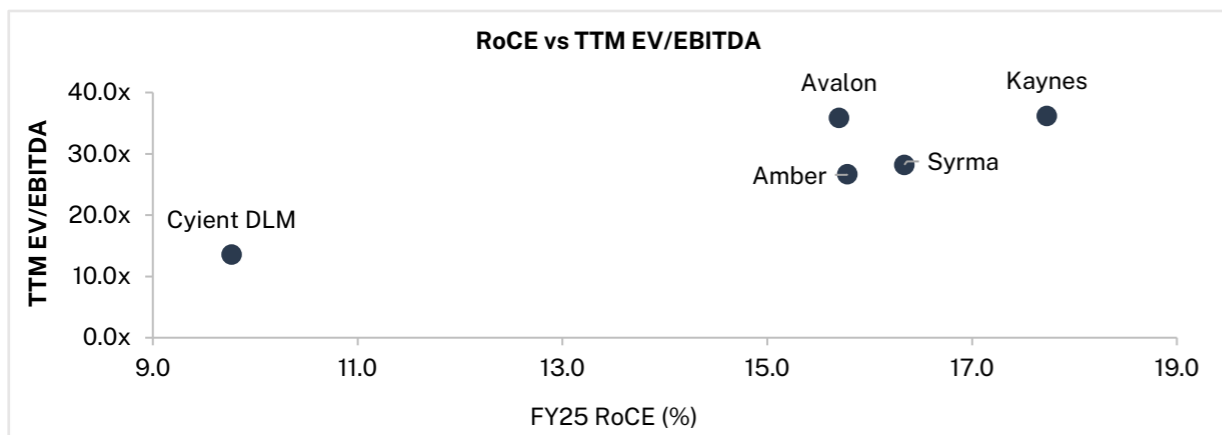
6.0 7.0

Avalon is expected to deliver industry-leading RoE by FY28E, supported by strong recent execution. Despite this, it trades in line with peers with lower return expectations, indicating re-rating potential. As return ratios were weaker till FY25 and cash conversion is still improving; a marginally conservative rating is given.

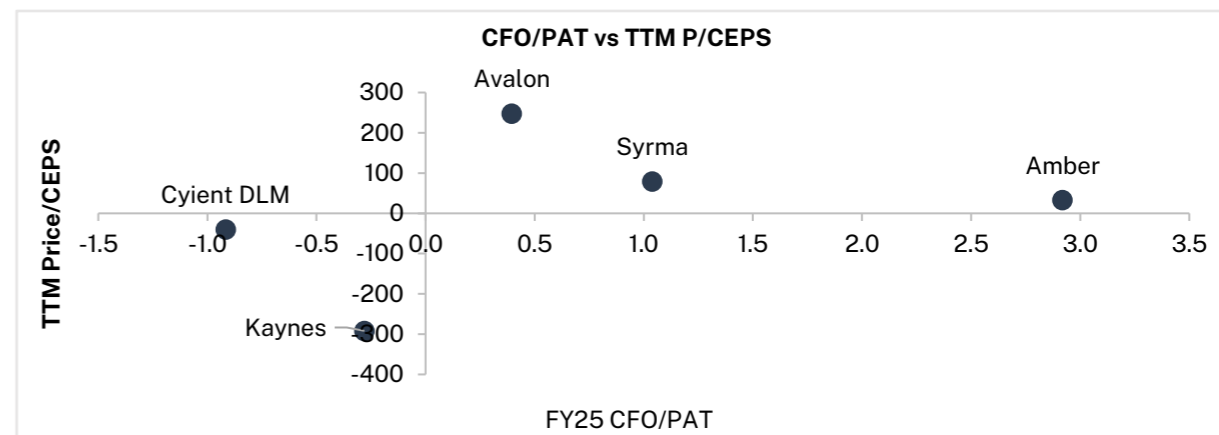
RoE has shown robust improvement post FY25, with a clear inflection visible in recent quarters. By FY28E, Avalon is expected to deliver the highest RoE among peers, while valuation remains benign.



Valuation premium is supported by improving RoCE, with further upside (in RoCE) to support premium valuation



Healthy cash conversion relative to peers, with valuation reflecting recent performance and further improvement potential



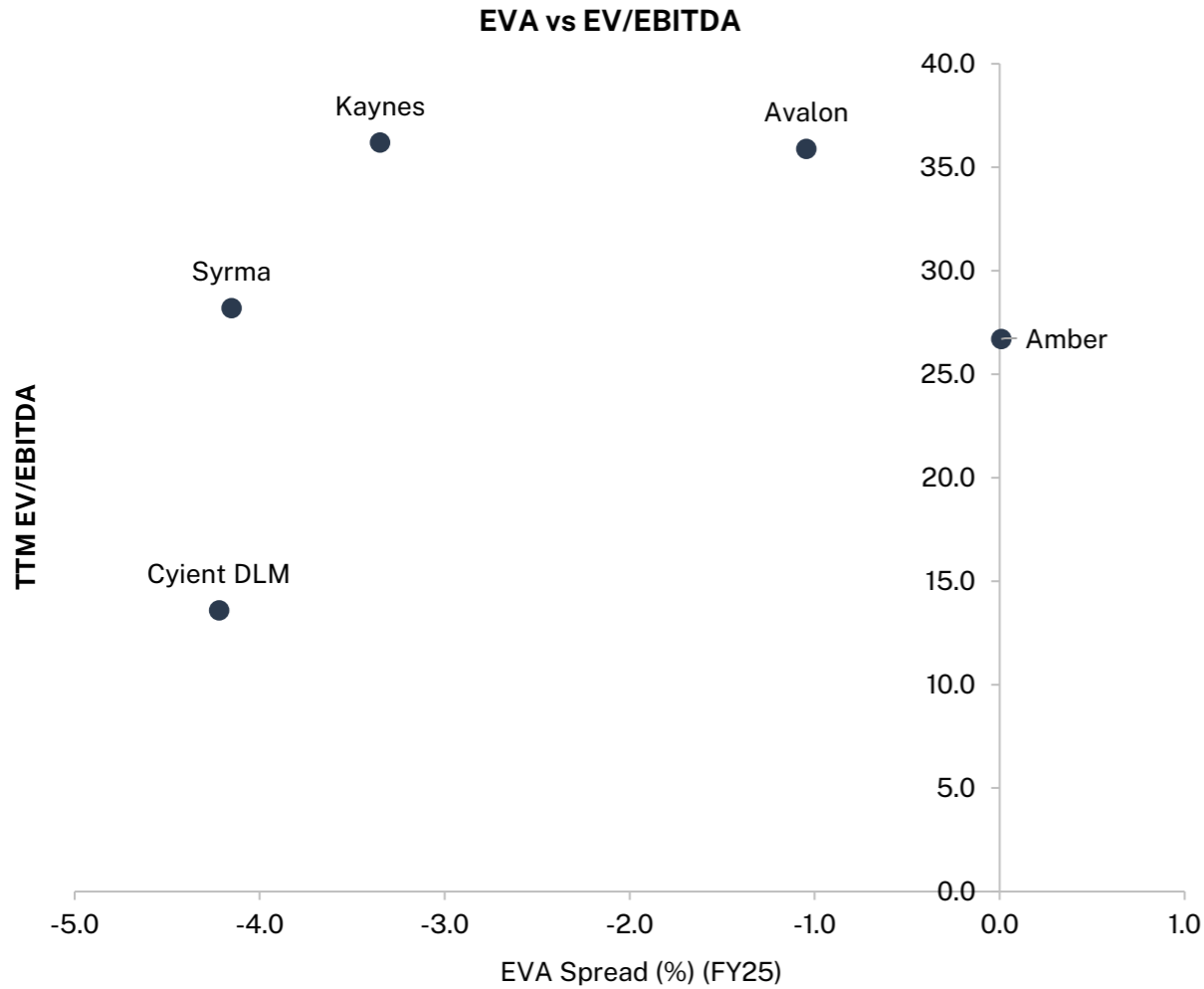
Source: Company, Bloomberg, Midas Research

# 3.5 – Reflecting EVA

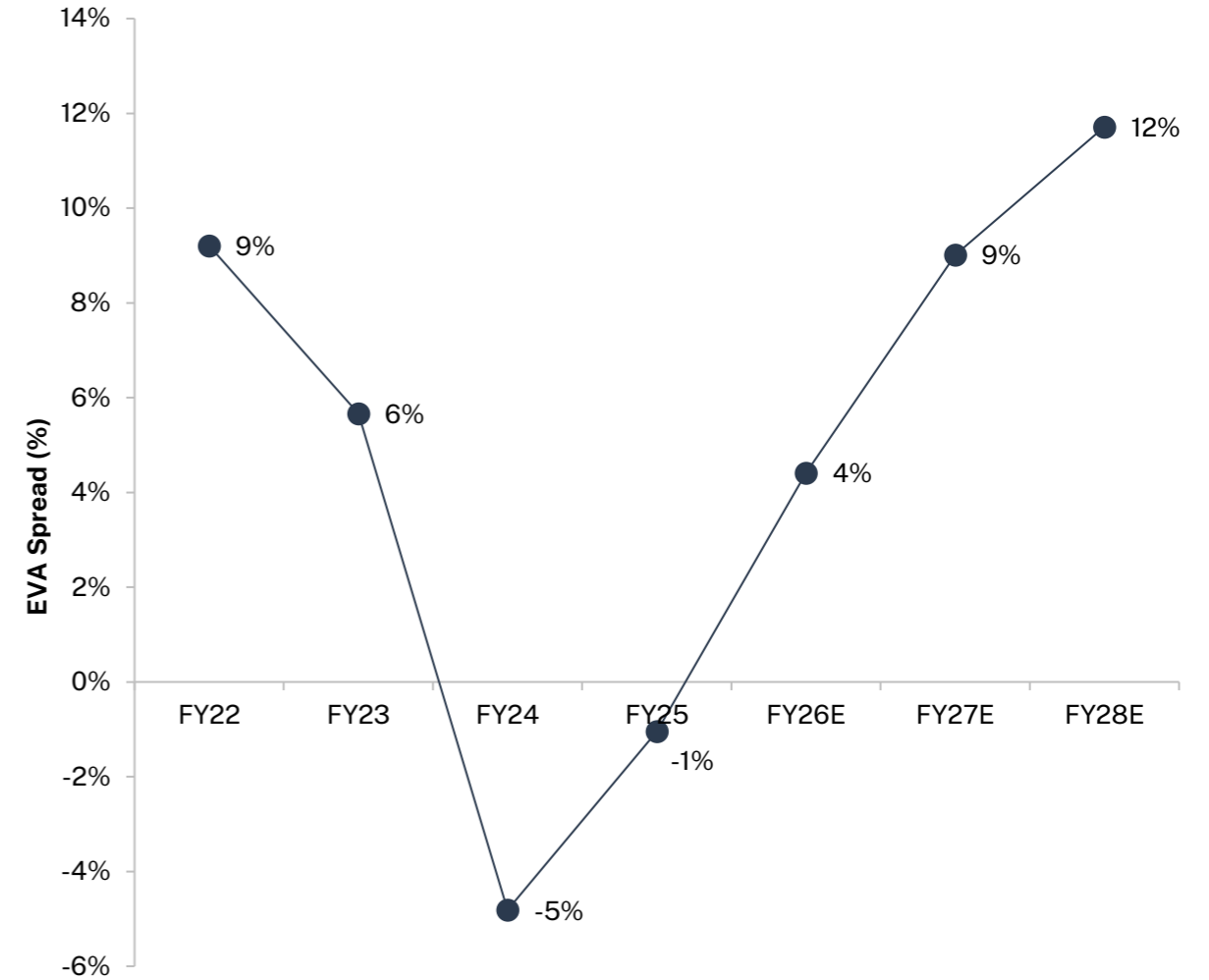
4.5 7.0

EVA spread appears relatively better than most peers, many of whom remain significantly negative; however, Avalon's EVA is still negative and saw a sharp decline post capex. While recovery is underway, some uncertainty remains, leading to a 4.5/7 rating.

EVA spread stronger than peers in FY25, supporting valuation premium



EVA spread improving in FY25, expected to turn positive by FY26E and expand further by FY28E



Source: Company, Bloomberg, Midas Research

# Valuation Rationale

## Conclusion

We value AVALON at 40x FY28E P/E, arriving at a target price of Rs. 1,379 (incl. dividends), implying a 1-year upside of 47%.

### Why do we use P/E as the Valuation Metric

- Avalon is entering a phase of improving profitability, stronger return ratios, and better cash generation, making earnings a more relevant measure of shareholder value.
- The company operates with moderate leverage and disciplined capex, allowing net profit to fairly reflect operating performance.
- We have used both P/E and PEG frameworks for valuation, as earnings growth is a key driver in this high-growth EMS business, and P/E aligns well with peer benchmarking.

### Rationale for 40x P/E multiple

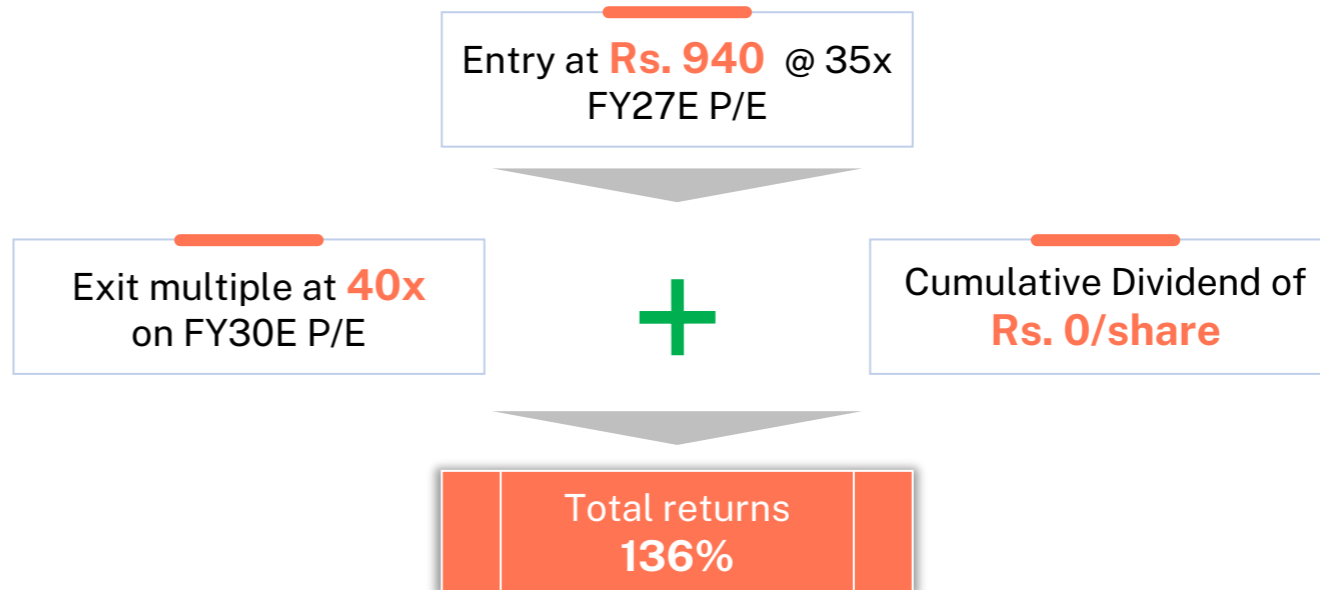
- With PAT expected to grow at ~54% CAGR (Vs Peer Average of 40%) over FY25–28E, Avalon is positioned to deliver faster profit expansion than peers, justifying a valuation aligned with industry averages.
- At 40x (Target Multiple) FY28E P/E, the implied PEG of ~0.7x places the stock at the lower end of growth-adjusted valuation metrics, indicating the multiple remains conservative relative to its earnings trajectory.
- Improving RoE (22.3% vs Peer Average of 14.1%) enhance earnings quality, while positioning the multiple toward the lower end of its historical trading range incorporates execution risks and balances valuation comfort with growth visibility.



# Future Lens

AVALON's aerospace and defence contracts typically span up to 10 years, providing strong long-term revenue visibility and margin stability. Its strategic entry into semiconductor equipment electronics further strengthens its positioning for sustained long-term growth.

In our view, while aerospace programs are reflected in the order book in shorter executable phases, their inherently long-term nature provides strong revenue visibility. The healthy executable order book of 15–26 months further strengthens confidence in steady growth with disciplined execution. Additionally, accelerating China+1 manufacturing shifts toward India supports long-term demand tailwinds beyond FY28E. We expect revenue and PAT to grow at a CAGR of 31% and 42%, respectively, over FY25–FY30E.

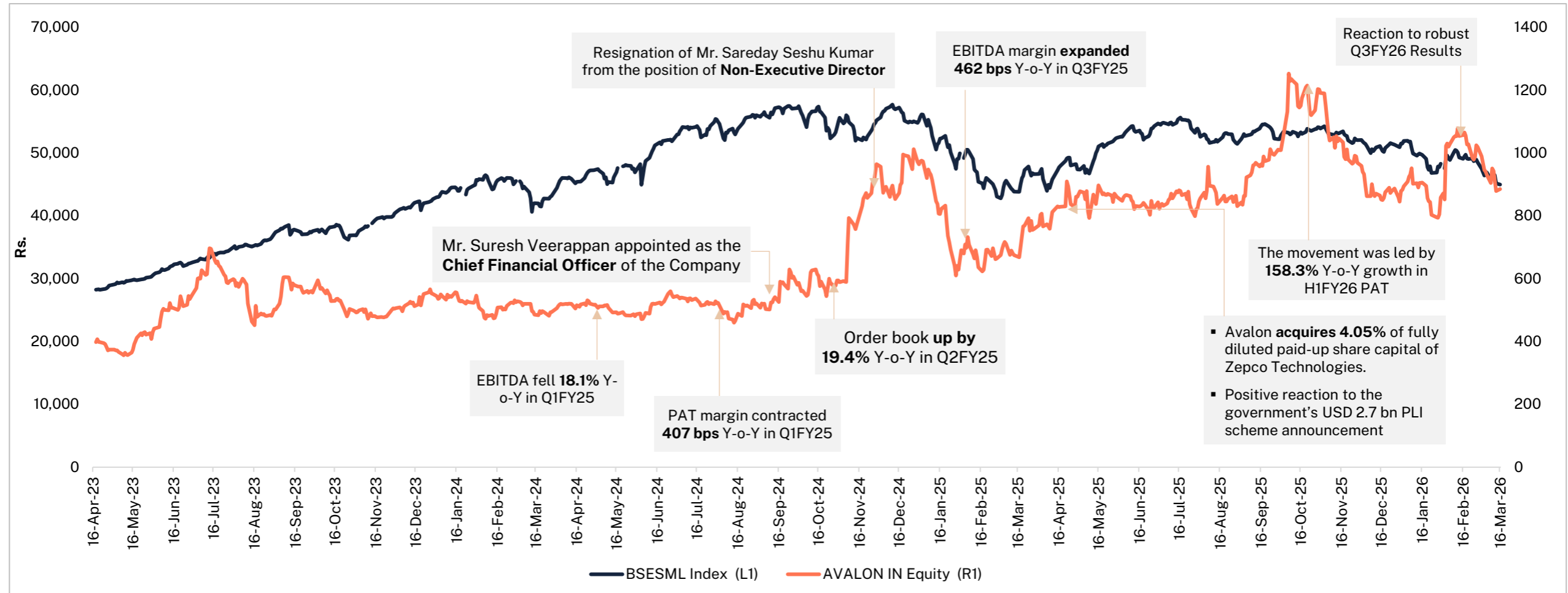


## Sensitivity of 3-yr TP

PE Multiple	EPS	Target Price	Dividend	Total Upside
38x	56	2,111	0	125%
40x	56	2,223	0	136%
42x	56	2,334	0	148%

# 4 - Stock Buzz & Influencing Factors (1/2)

Follow the money

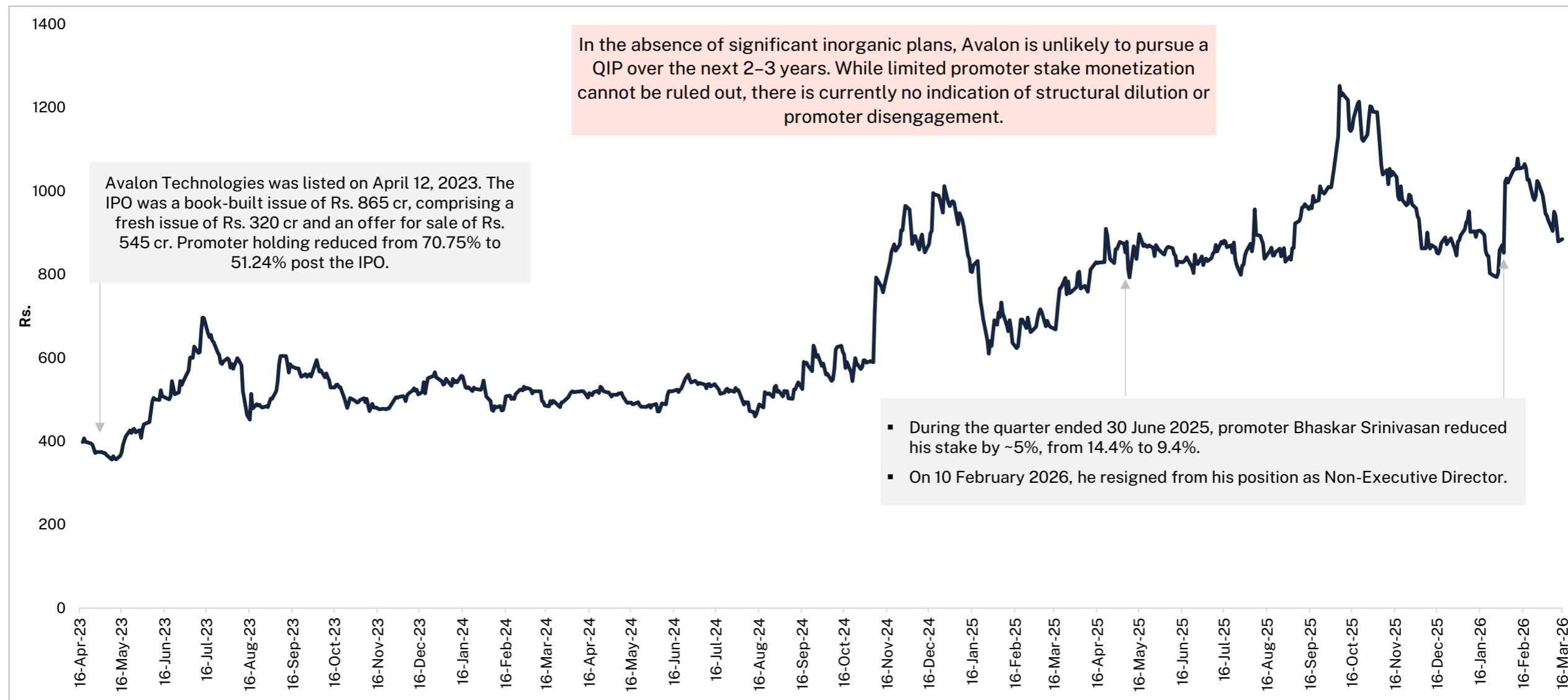


Price volatility in raw materials remains a business risk for Avalon Technologies. Historically, the stock has demonstrated a weak inverse correlation to sharp movements in copper & aluminium prices.

Source: Company, Bloomberg, Midas Research

# 4 - Stock Buzz & Influencing Factors (2/2)

## Follow the money



Source: Company, Bloomberg, Midas Research

# 5 - Technical Analysis

Favourable Buy-on-Dips and Hold opportunity



## Technical View

- The stock maintains a robust bullish structure on the weekly timeframe, consistently printing **higher highs and higher lows**.
- On the daily chart, price action is currently navigating within a well-defined **Rising Channel**, while simultaneously testing the **Ichimoku Cloud** support on the weekly scale.
- This confluence of support is bolstered by the **RSI oscillator**, which remains in the neutral-to-positive zone across both daily and weekly intervals.
- Consequently, the broader setup remains constructive, offering a classic **"buy on dips"** opportunity; investors should monitor the **770–810 zone as crucial support**, while resistance on upside is placed at 1300–1320 levels.

Electricals

Reco/View

Buy

Last Day Close

Rs. 940

RESEARCH ANALYST

Riches M. Vanara  
riches.v@sparkcapital.in

Source: Falcon, Midas Research

Avalon Technologies

Midas  
Equities and Research

# Financial Summary

All figures in Rs. cr

- Revenue is expected to scale at ~36% CAGR over FY25–28E, supported by strong execution on a healthy order book, increasing wallet share from existing clients, and ramp-up in newer segments.
- EBITDA is likely to grow at a faster ~45% CAGR, driven by operating leverage, improving utilization, a higher share of box-built revenues, and gradual improvement in US margins as losses narrow, resulting in ~220 bps margin expansion.
- PAT is projected to grow at ~54% CAGR, led by margin expansion and stable finance costs, translating into a sharp improvement in overall profitability.

- Historically, Avalon's operating cash flows have been weak due to high working capital requirements. However, since FY25, improved execution and better working capital management have led to positive OCF in recent quarters. We expect this trend to sustain, supporting stronger cash flow generation ahead.
- Return ratios are set to improve meaningfully, with RoE and RoCE expanding on the back of higher earnings and better capital efficiency, indicating a transition toward a stronger and more sustainable financial profile.

Particulars	FY24	FY25	FY26E	FY27E	FY28E
<b>Profit &amp; Loss</b>					
Revenue	867	1,098	1,660	2,185	2,771
Gross profit	315	393	573	776	984
EBITDA	63	115	184	271	352
Depreciation	23	29	35	41	48
EBIT	40	86	150	230	303
Other Income	15	17	20	23	27
Interest expense	16	17	14	14	14
Exceptional items	0	0	0	0	0
PBT	38	87	156	239	316
Reported PAT (after minority interest)	28	63	114	175	231
Adj PAT	28	63	114	175	231
EPS (Rs.)	4.3	9.6	17.0	26.1	34.5
<b>Balance Sheet</b>					
Net Worth	547	612	726	900	1,132
Total debt	164	142	130	123	118
Other liabilities and provisions	213	287	357	480	563
Total Net worth and liabilities	925	1,040	1,212	1,503	1,813
Gross Fixed assets	210	277	334	396	463
Net fixed assets	147	185	207	228	246
Capital work-in-progress	20	10	13	15	17
Intangible Assets	0	0	0	0	0
Investments	0	2	9	9	9
Cash and bank balances	107	102	137	180	274
Loans & advances and other assets	0	0	0	0	0
Net working capital	652	741	847	1,071	1,266
Total assets	925	1,040	1,212	1,503	1,813
Capital Employed	711	753	855	1,023	1,249
Invested Capital (CE - cash - CWIP)	585	641	706	828	958
Net debt	58	40	-8	-58	-157
<b>Cash Flows</b>					
Cash flows from Operations (Pre-tax)	34	44	136	181	256
Cash flows from Operations (post-tax)	17	25	94	116	171
Capex	-36	-46	-59	-64	-69
Free cashflows	-18	-21	35	52	101
Free cashflows (post interest costs)	-35	-38	21	38	87
Cash flows from Investing	-146	54	-45	-64	-69
Cash flows from Financing	-251	-52	-13	-9	-8
Total cash & liquid investments	107	102	137	180	274

Particulars	FY24	FY25	FY26E	FY27E	FY28E
<b>Growth ratios (%)</b>					
Revenue	-8.2	26.6	51.2	31.6	26.8
EBITDA	-44.5	83.7	60.4	47.0	29.9
Adj PAT	-46.7	126.7	79.9	53.1	32.4
<b>Margin ratios</b>					
Gross	36.3%	35.8%	34.5%	35.5%	35.5%
EBITDA	7.2%	10.5%	11.1%	12.4%	12.7%
Adj PAT	3.2%	5.8%	6.9%	8.0%	8.3%
<b>Performance ratios</b>					
Pre-tax OCF/EBITDA	53.9%	38.7%	73.7%	66.6%	72.6%
OCF/IC (%)	3.0%	3.9%	13.3%	14.1%	17.8%
RoE (%)	5.1%	10.4%	15.7%	19.4%	20.4%
RoCE (%)	5.6%	11.5%	17.5%	22.4%	24.3%
Fixed asset turnover (x)	4.1	4.0	5.0	5.5	6.0
Total asset turnover (x)	0.9	1.1	1.4	1.5	1.5
<b>Financial stability ratios</b>					
Net Debt to Equity (x)	0.1	0.1	N.a.	N.a.	N.a.
Net Debt to EBITDA (x)	0.9	0.3	N.a.	N.a.	N.a.
Interest cover (x)	2.4	5.2	11.0	16.5	20.9
Working capital days	163	173	141	129	121
<b>Valuation metrics</b>					
Fully Diluted Shares (Cr)	6.5	6.6	6.7	6.7	6.7
Market cap (INR Cr)		6,199.5			
P/E (x)	221.5	97.7	54.3	35.5	26.8
P/OCF(x)	358.6	247.4	66.0	53.2	36.3
EV (Rs.Cr) (ex-CWIP)	6,257.1	6,239.6	6,192.0	6,141.7	6,042.9
EV/ EBITDA (x)	100.0	54.3	33.6	22.7	17.2
EV/ OCF(x)	361.9	249.0	65.9	52.7	35.4
FCF Yield	-0.6%	-0.6%	0.3%	0.6%	1.4%
Price to BV (x)	11.33	10.14	8.54	6.89	5.48
Dividend pay-out (%)	0.0	0.0	0.0	0.0	0.0
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Cash as a % of CE	15.0%	13.5%	16.0%	17.6%	22.0%

Source: Company, Midas Research

# Key Risks

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## High working capital intensity

Elevated inventory and receivables can strain cash flows, with inconsistent conversion despite improving operating performance

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## Execution-led growth risk

Sustaining recent growth and margin expansion depends on consistent execution across new segments and scaling operations effectively

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## Increasing competition in EMS space

Rising competition from domestic and global players may lead to pricing pressure and limit margin expansion

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Source: Company, Midas Research

# Glossary




CAPEX	Capital Expenditure
MT	Metric Ton
Bn	Billion
CAGR	Compounded Annual Growth Rate
CMP	Current Market Price
EBIT	Earning Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
EPS	Earnings Per Share
EV	Enterprise Value
FCF	Free Cash Flow
P/E	Price to Earnings
PBT	Profit Before Tax
RoE	Return on Equity

RoCE	Return on Capital Employed
RoIC	Return on Invested Capital
R&D	Research and Development
PBT	Profits Before Tax
ROA	Return on Assets
DTL	Deferred Tax Liabilities
Avg	Average
CF	Cash Flow
QoQ	Quarter on Quarter
RM	Raw Material
CoGS	Cost of Goods Sold
Crs	Crores
DCF	Discounted Cash Flow

# Annexures






# Product Overview

Product	Description	End-user Industries
 <p><b>Printed circuit board</b></p>	<ul style="list-style-type: none"> <li>Provides end-to-end solutions from concept and prototyping to production, ensuring time and cost efficiency.</li> <li>Advanced assembly of complex multilayer PCBAs (up to 32 layers), high-density packages (POP/BGA/QFN/Discrete), up to 56 BGAs per board.</li> <li>Handling high-power, rigid, and rigid-flex PCBAs with protective coatings and encapsulation.</li> </ul>	<ul style="list-style-type: none"> <li>Consumer Electronics</li> <li>Automotive &amp; EVs</li> <li>Industrial Equipment</li> <li>Telecommunications</li> <li>Medical Devices</li> </ul>
 <p><b>Sheet metal fabrication</b></p>	<ul style="list-style-type: none"> <li>Strong sheet metal fabrication capabilities, from simple to complex builds.</li> <li>Expertise in box-build and reverse engineering.</li> <li>Supported by in-house tool design and development.</li> </ul>	<ul style="list-style-type: none"> <li>Industrial Machinery</li> <li>Electrical Panels</li> <li>Automotive</li> <li>Aerospace</li> </ul>
 <p><b>Cable &amp; wire harness</b></p>	<ul style="list-style-type: none"> <li>Expertise in complex wiring looms, terminal blocks, and fan tray assemblies.</li> <li>Capabilities include flat ribbon and RF cable assemblies, overmolding, potting, routing board harnesses, conduit and braided harnesses, panel wiring, and cabinet/cubicle assembly and testing.</li> <li>Strengths in electromechanical assembly, ultrasonic welding, and crimp cross-section analysis.</li> </ul>	<ul style="list-style-type: none"> <li>Electrical Equipment</li> <li>Automotive &amp; EV</li> <li>Industrial Machinery</li> <li>Aerospace</li> </ul>

Source: Company, Midas Research

# Product Overview

Product	Description	End-user Industries
 <p><b>Injection molded plastics</b></p>	<ul style="list-style-type: none"> <li>Injection molding capabilities, including over molding and insert molding.</li> <li>Expertise in plastic part assembly.</li> <li>Skilled in ultrasonic welding and surface treatments.</li> <li>Works with a wide range of plastics, including high-performance, engineering, and commercial grades.</li> </ul>	<ul style="list-style-type: none"> <li>Consumer Electronics</li> <li>Automotive</li> <li>Medical Devices</li> <li>Industrial Equipment</li> <li>Appliances</li> </ul>
 <p><b>Magnetics</b></p>	<ul style="list-style-type: none"> <li>Comprehensive winding solutions, including linear and toroidal winding with various copper wire sizes.</li> <li>Varnishing capabilities using VPI and dip systems.</li> <li>Testing of electromagnetic components with automatic transformer analyzers, tailored to customer requirements.</li> </ul>	<ul style="list-style-type: none"> <li>Power Transformers</li> <li>Electric Motors</li> <li>Industrial Machinery</li> <li>Automotive</li> <li>Renewable Energy</li> </ul>
 <p><b>End-to-end box build</b></p>	<ul style="list-style-type: none"> <li>Provides end-to-end system integration under its box-build vertical, the most complex and value-accretive part of EMS.</li> <li>Integrates multiple in-house capabilities: PCB assemblies, cable &amp; wire harnesses, sheet metal, plastics, magnetics, final assembly &amp; testing.</li> <li>Acts as a “one-stop shop”, covering the entire value chain from prototyping and design to large-scale manufacturing, logistics, and after-market support.</li> </ul>	<ul style="list-style-type: none"> <li>Aerospace &amp; Defence</li> <li>Clean Energy &amp; EVs</li> <li>Semiconductors</li> <li>Medical Equipment</li> <li>Industrial &amp; Mobility</li> </ul>

Source: Company, Midas Research

# Disclaimer (1/2)

## Absolute Rating Interpretation

<b>BUY</b>	Stock expected to provide positive returns of >15% over a 1-year horizon	<b>REDUCE</b>	Stock expected to provide returns of <5% – -10% over a 1-year horizon
<b>ACCUMULATE</b>	Stock expected to provide positive returns of >5% – <15% over a 1-year horizon	<b>SELL</b>	Stock expected to fall >10% over a 1-year horizon

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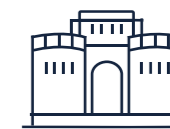
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