

Avana Electrosystems IPO

By **Dilip Davda** · SEBI Registered Research Analyst · Reg. No. INH000003127

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- The company is engaged in the manufacturing of Controls and Relay panels and Relays for the power sector.
- The company marked steady growth in its top and bottom lines for the reported periods.
- It has an order book worth Rs. 52.24 cr. as of November 30, 2025.
- Based on its recent financial data, the issue appears fully priced.
- The lead manager has a poor track record so far.
- Well-informed investors may park funds for medium to long term.

About the Company

Avana Electrosystems Ltd. (AEL) the company is broadly engaged in the manufacturing of Control and Relay Panels and Relays. Its revenue mix kept changing between these two broad segments. Its capacity utilization has increased over the years. Top ten customers have contributed on an average 58+% in its total revenues.

AEL is a manufacturer of customized Control and Relay Panels ranging from 11kv to 220kv for Power System Monitoring, Control and Protection Applications Transmission Lines, Power Transformers, Bus Bar, Capacitor Bank, etc, for both indoor and outdoor usage, MV and LV Panels, Protection Relays and Substation Automation Systems. These panels are used across various sectors and industries to facilitate the transmission and distribution of electrical power such as in solar power plants, wind power farms, other power generation plants, power transmission stations, electricity board sub-stations, power utilities companies etc. It also manufactures relays, which is a device used in electrical systems to detect faults and protect equipment by analyzing electrical parameters and executing protective actions.

The company operates from two manufacturing units in Bengaluru. Both its manufacturing units are equipped with necessary infrastructure, a team of engineers and technicians who have expertise in the areas of Design, Manufacturing, Testing and Commissioning of Control and Relay Panels, switchgear Panels, Protection Relays and Automation Panels for system voltage for power system applications. Its customer mix primarily include governmental power utilities and private sector energy producers. It has presence across India. The company has commenced export of products to customer in Kuwait in the Fiscal year 2025-2026. As of November 30, 2025, it had an order book of Rs. 52.24 cr., and had 137 employees on its payroll.

Issue Details / Capital History

The company is coming out with its maiden combo IPO of 5970000 equity shares of Rs. 10 each to mobilize Rs. 35.22 cr. at the upper cap. The company has announced the price band of Rs. 56 – Rs. 59 per share. The minimum application to be made is for 4000 shares and in multiples of 2000 shares thereon, thereafter. The IPO consists of 5176000 fresh equity shares and 794000 shares by Offer for Sale (OFS). The issue opens for subscription on January 12, 2026 and will close on January 14, 2026. The IPO constitute 26.36% of the post-IPO paid-up capital of the company. The shares will be listed on NSE SME Emerge. From the net proceeds of the IPO, it will utilize Rs. 11.55 cr. for capex towards civil construction, internal electric work etc for new integrated manufacturing unit, Rs. 8.60 cr. working capital, and the rest for general corporate purposes.

The IPO is solely lead managed by Indcap Advisors Pvt. Ltd., and Integrated Registry Management Services Pvt. Ltd. is the registrar to the issue. Asnani Stock Broker Pvt. Ltd. is the market maker as well as a syndicate member. The IPO is underwritten to the tune of 15.01% by Indcap Advisors and 84.99% by Seren Capital Pvt. Ltd.

The company has issued initial equity capital at par value, and has issued bonus shares in the ratio of 1 for 1 in September 2011, and 21 for 1 in August 2025. The average cost of acquisition of shares by the promoters is Rs. 0.40, and Rs. 1.10 per share.

Post-IPO, company's current paid-up equity capital of Rs. 17.47 cr. will stand enhanced to Rs. 22.65 cr. Based on the upper band of the IPO pricing, the company is looking for a market cap of Rs. 133.61 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted total income / net profit, of Rs. 28.59 cr. / Rs. 0.92 cr. (FY23), Rs. 53.26 cr. / Rs. 4.02 cr. (FY24), Rs. 62.93 cr. / Rs. 8.31 cr. (FY25). For H1 of FY26 ended on September 30, 2025, it posted a net profit of Rs. 5.61 cr. on a total income of Rs. 36.28 cr. Higher trade receivable data raises concern.

For the last three fiscals, the company has reported an average EPS of Rs. 3.23, and an average RoNW of 30.64%. The issue is priced at a P/BV of 3.76 based on its NAV of Rs. 15.69 per share as of September 30, 2025, and at a P/BV of 2.31 based on its post-IPO NAV of Rs. 25.59, at the upper cap.

If we attribute FY26 annualized earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at a P/E of 11.92, and based on FY25 earnings, the P/E stands at 16.08. The issue appears fully priced.

For the reported periods, the company has posted PAT margins of 3.25% (FY23), 7.59% (FY24), 13.52% (FY25), 15.69% (H1-FY26), and RoCE margins of 15.31%, 40.02%, 53.71%, 26.69 %, respectively, for the referred periods.

Dividend Policy

The company has not paid any dividends for the reported periods of the offer document. It will adopt a prudent dividend policy, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown Danish Power, Aartech Solonics, as its listed peers. They are currently trading at a P/E of 19.2 and 51.6 (as of January 09, 2026). However, they are not truly comparable on an apple-to-apple basis. This comparison appears to be an eyewash.

Merchant Banker's Track Record

This is the 3rd mandate from Indcap Advisors in the ongoing fiscal. Out of the last 2 listings, both opened at discount, thus, the lead manager has a poor track record.

Conclusion / Investment Strategy

AEL is engaged in the manufacturing of Controls and Relay panels and Relays for the power sector. The company marked steady growth in its top and bottom lines for the reported periods. It has an order book worth Rs. 52.24 cr. as of November 30, 2025. Based on its recent financial data, the issue appears fully priced. The lead manager has a poor track record so far. Well-informed investors may park funds for medium to long term.

About Dilip Davda

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

SEBI Registered Research Analyst – Mumbai · Registration No.: INH000003127 (Perpetual)

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