



AVANA ELECTROSYSTEMS LIMITED

Retail Research	: IPO Note
Sector	: Electric Vehicles
Price Band (INR)	: 56 to 59
Issue Type	: Bookbuilding

About The Company

Company ka business power sector se linked hai jahan government policies, electricity regulations aur renewable energy policies ka bahut bada role hota hai. Agar power sector ki policies unstable ho jaati hain, government spending me delay hota hai ya political uncertainty badhti hai, to projects delay ho sakte hain, orders cancel ho sakte hain aur overall cash flow par negative impact aa sakta hai.

Company ke products mainly power transmission, substations aur solar–wind projects me use hote hain. Agar power aur infrastructure sector me capex cycle slow ho jaati hai ya naye projects ruk jaate hain, to company ki sales growth directly hit ho sakti hai aur revenue visibility weak ho jaati hai.

Company ke major customers government power utilities aur electricity boards hain. Is segment me payment delays common hote hain, kyunki PSUs me fund release slow hota hai. Saath hi tender-based business hone ki wajah se pricing pressure rehta hai aur order inflow uneven ho sakta hai, jo working capital aur margins par pressure daal sakta hai.

Control aur Relay Panels highly customized products hote hain jisme design, manufacturing, testing aur site commissioning shamil hota hai. Agar design me error ho jaaye, commissioning delay ho ya technical mismatch aa jaaye, to company ko penalties, rework cost aur reputation risk face karna pad sakta hai.

Numerical relays aur automation systems me electronic components, PCBs aur imported parts ka use hota hai. Agar import delays ho jaate hain, component prices badh jaate hain ya supply chain disruption hoti hai (jaise China dependency ya geopolitical issues), to cost structure aur delivery timelines negatively impact ho sakti hain.

Power automation aur protection systems me technology rapidly evolve ho rahi hai, jahan digitalization aur SCADA integration important ho chuka hai. Agar company continuous R&D investment nahi karti ya naye standards aur protocols adopt nahi karti, to uske products outdated ho sakte hain aur competitive position weak ho jaati hai.

Industry me strong competition hai, jisme large MNCs jaise ABB, Siemens, Schneider aur established Indian players shamil hain. Bade players ke paas better pricing power, strong brand recall aur long-term PSU relationships hoti hain, jiski wajah se company ke margins aur order win rate par pressure aa sakta hai.

Company ke dono manufacturing units Peenya Industrial Area, Bengaluru me located hain. Agar kisi bhi tarah ka natural disaster, fire, labour unrest ya power/infrastructure issue aata hai, to company ki complete manufacturing operations disrupt ho sakti hain.

Ye business highly technical hai aur engineers, testing–commissioning experts aur design professionals par depend karta hai. Agar skilled manpower ka attrition badh jaata hai ya key technical employees company chhod dete hain, to execution capability aur product quality dono impact ho sakte hain.

Company ne abhi exports sirf ek customer (Kuwait) ke saath start kiye hain, jo early stage par hai. Is wajah se export revenues stable nahi hain aur country-specific regulatory, currency aur payment risks rehte hain. Initial phase me export growth uncertain reh sakti hai.

Issue Details	
IPO Open Date	12-Jan-26
IPO Close Date	14-Jan-26
Price Band (Rs)	56 to 59
Lot Size	2000 Shares
Issue Size (Rs Cr)	59,70,000 shares
Face Value	RS 10 per share
Sales Type	Fresh Capital & OFS
Issue Type	Bookbuilding IPO
Listing At	BSE, SME
Share Holding Pre Issue	1,74,69,408 shares
Share Holding Post Issue	2,26,45,408 shares
QIB	50.00%
Retail Share	35.00%
NII Share	15.00%
Promoter Holding Pre Issue	100.00%
Promoter Holding Post Issue	73.64%

Shareholding Pattern (%)	
Anantharamaiah Panish	25.43%
S Vinod Kumar	23.72%
Gururaj Dambal	25.43%
K N Sreenath	25.43%

Objects of the Issue	Estimated Amount (INR Cr.)
Capital expenditure towards civil construction, internal electric work and internal plumbing to set up an integrated manufacturing unit	11.55
To meet Working Capital requirements of the Company	8.4

RISK

KIADB Land & Project Delay Risk:

Company apna integrated manufacturing unit KIADB se lease par li hui land par develop kar rahi hai, jisme IPO proceeds ka use hona hai. Production June 2020 tak start hona tha, jo ab tak start nahi hua hai aur May 22, 2026 tak extension mila hai. Agar is deadline tak production start nahi hui, to KIADB agreement violate ho sakta hai, jisse lease cancellation, penalty ya project suspension ka serious risk hai, jo company ke growth plans aur future revenues ko materially impact kar sakta hai.

IPO Funds Dependence Risk:

Company ke capex aur expansion plans largely IPO proceeds par dependent hain aur koi alternate funding source identify nahi kiya gaya hai. Agar IPO se expected funds nahi mile ya fund raising delay hui, to project implementation aur expansion plans postpone ho sakte hain.

Legal Proceedings Risk:

Company kuch ongoing legal proceedings me involved hai. Agar koi case company ke against decide hota hai, to financial loss, reputation damage aur cash flow impact ho sakta hai.

Customer Concentration Risk:

Company ka major revenue limited number of customers se aata hai. Agar koi large customer orders reduce karta hai, payment delay karta hai ya contract terminate karta hai, to company ke revenues aur working capital par sharp negative impact aa sakta hai.

Supplier Concentration Risk:

Raw materials aur components few suppliers se source hote hain. Agar suppliers ne supply restrict kar di, prices badha diye ya competitors ko priority di, to production delay, cost escalation aur margin pressure ho sakta hai.

Strict Quality Compliance Risk:

Company ke customers strict quality standards follow karwate hain. Agar products me defects nikle ya specifications match nahi hui, to order cancellation, rejection, recall aur brand reputation damage ka risk hota hai.

Power Sector Dependency Risk:

Company ke products ki demand power generation, transmission aur distribution capex par directly dependent hai. Power sector slowdown ya infra spending kam hone par order inflow aur revenues volatile ho sakte hain.

Tender & Government Order Risk:

Company government tenders, DISCOMs aur EPC contractors par dependent hai. Tender delays, intense price competition aur slow payment cycles cash flow aur profitability par pressure daal sakte hain.

Private Player Dependency Risk:

Company private EPCs aur panel manufacturers ko bhi supply karti hai. Agar in players ke orders kam ho jaate hain ya relationships weaken hoti hain, to revenue aur margins impact ho sakte hain.

New Project Execution Risk:

New manufacturing unit ke liye civil, electrical aur plumbing contracts abhi award nahi hue hain. Agar contractor finalization ya construction delay hoti hai, to poora project timeline slip ho sakta hai.

Design & Engineering Risk:

Business customized design aur in-house engineering par dependent hai. Design errors ya customer specification mismatch hone par order loss, rework cost aur reputation damage ho sakta hai.

Manufacturing Disruption Risk:

Fire, machinery breakdown, labour issues ya power failures ke kaaran production disrupt ho sakta hai aur deliveries delay ho sakti hain.

High Working Capital Requirement Risk:

Company ka business inventory-intensive hai aur receivable cycle lamba hai. Agar cash inflows delay hue ya working capital funding available nahi hui, to daily operations aur growth negatively impact ho sakti hai.

Leased Property Risk:

Company ke registered office aur manufacturing units leased properties par hain. Agar lease renew nahi hui ya rent sharply badha, to relocation cost aur business disruption ka risk hai.

Statutory Compliance Risk:

Past me statutory dues aur ROC filings me delays hue hain. Agar aisa future me repeat hota hai, to penalties, legal issues aur reputation damage ho sakta hai.

RISK

Order Inflow Risk:

Agar company sufficient new purchase orders secure nahi kar paayi, to revenue growth slow ho sakti hai aur fixed cost pressure badh sakta hai.

Competition Risk:

Industry me large players aur established EPC suppliers ke saath intense competition hai, jisse pricing pressure aur margin compression ka risk rehta hai.

Promoter Personal Guarantee Risk:

Company ke loans promoters ke personal guarantees par secured hain. Loan default hone par promoters ki financial position aur business stability dono impact ho sakti hain.

Order Book Realisation Risk:

Company ka order book estimated hai aur actual execution delays, cancellations ya payment recovery issues ke kaaran profitability aur cash flows adversely impact ho sakte hain.

Unsecured Loan Recall Risk:

Company ke kuch unsecured loans lenders on-demand recall kar sakte hain, jisse sudden cash flow pressure aur working capital disruption ho sakta hai.

Technology Adoption Risk:

Agar company new technologies timely adopt nahi kar paayi ya regulatory changes ke kaaran existing technology obsolete ho gayi, to orders aur competitiveness lose ho sakti hai.

Growth Management Risk:

Rapid expansion ke dauran systems aur processes time par scale nahi hue, to cost control, quality aur profitability adversely impact ho sakti hai.

Skilled Manpower Risk:

Business highly technical manpower par dependent hai. Skilled employees retain na hone par execution delays aur customer dissatisfaction ka risk hota hai.

Logistics & Transportation Risk:

Raw materials aur finished goods third-party transporters ke through move hote hain. Strikes, accidents ya delays ke kaaran production aur delivery commitments impact ho sakti hain.

Capacity Under-Utilization Risk:

Agar orders kam aaye aur capacity fully utilize nahi hui, to fixed costs ke kaaran per-unit cost badhegi aur profitability gir sakti hai.

Related Party Transaction Risk:

Past related party transactions conflict of interest ka perception create kar sakte hain, jo minority shareholders ke liye concern ho sakta hai.

Insurance Coverage Risk:

Company ka insurance cover sab risks ko fully cover nahi karta. Major incidents me losses fully recover na hone ka risk hai.

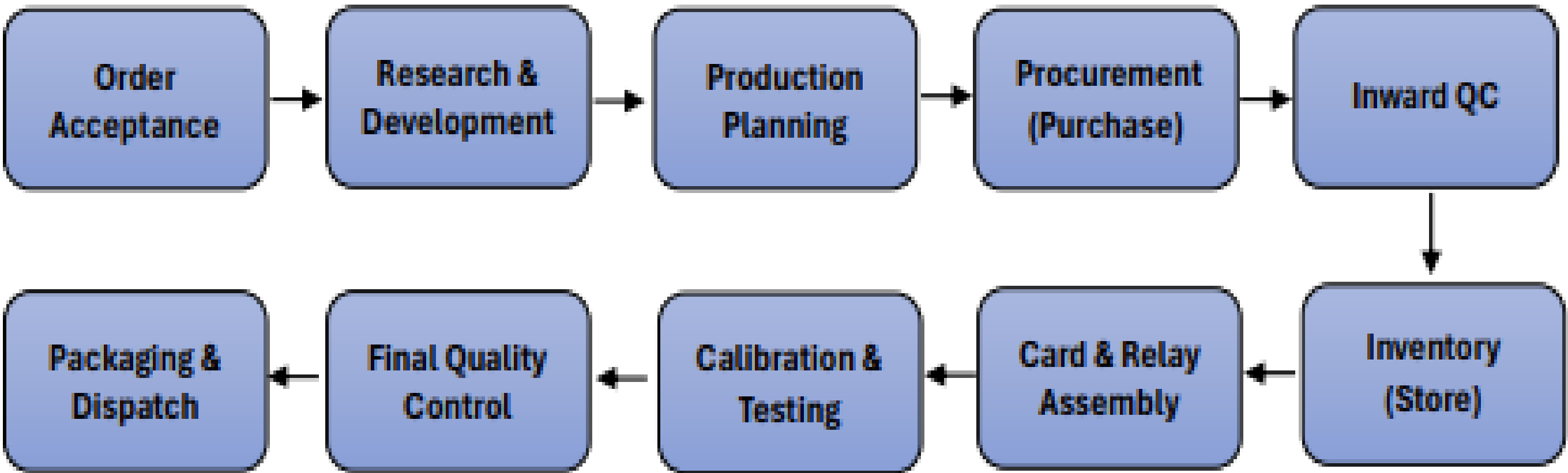
Governance & Disclosure Risks:

Director qualification disclosures, IPO fund monitoring agency absence, unverified data, promoter control, lower acquisition cost, valuation risk, dividend uncertainty aur listed company experience ki kami governance aur investor confidence ko impact kar sakti hai.

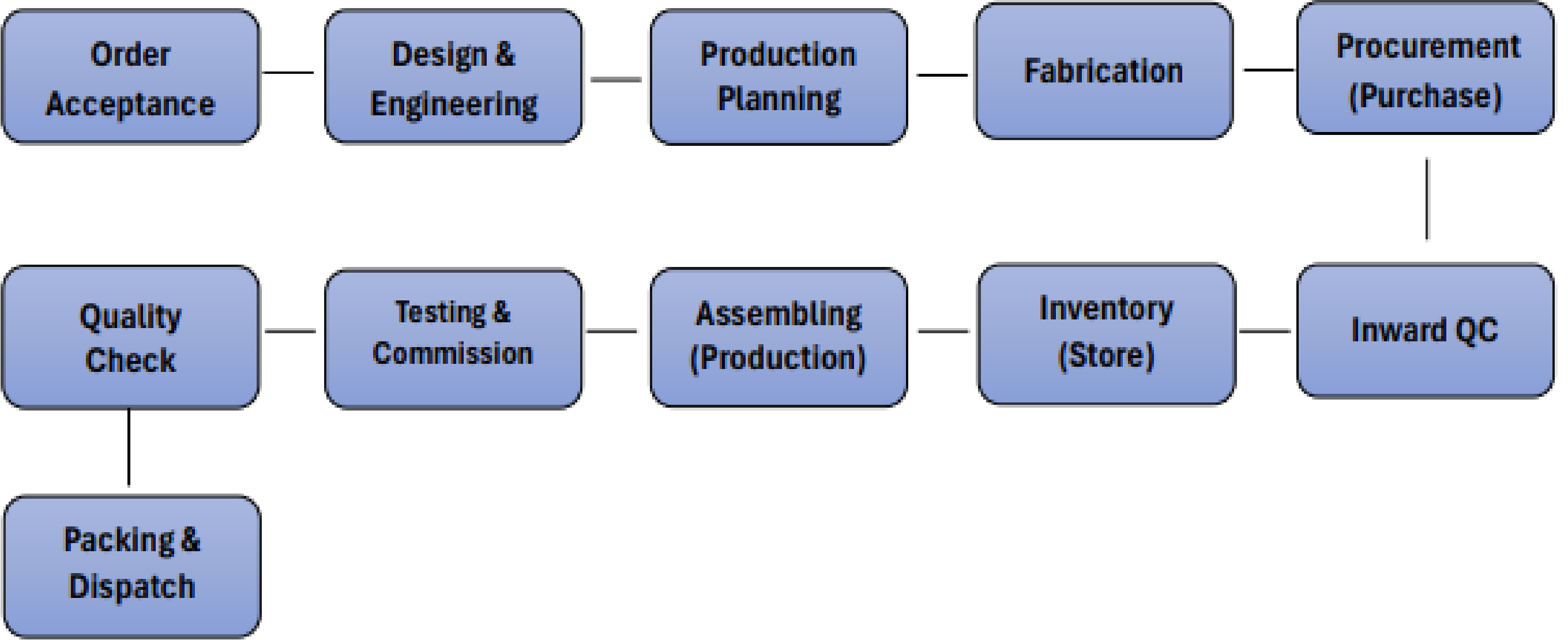
Market & Macro Risks:

Market volatility, macro-economic slowdown, inflation, taxation changes, force majeure events, sovereign rating downgrade aur political changes company ke orders, margins aur share price par adverse impact daal sakte hain.






MANUFACTURING PROCESS






DESCRIPTION OF THE MANUFACTURING PROCESS OF CONTROL AND RELAY PANELS



PRODUCTS

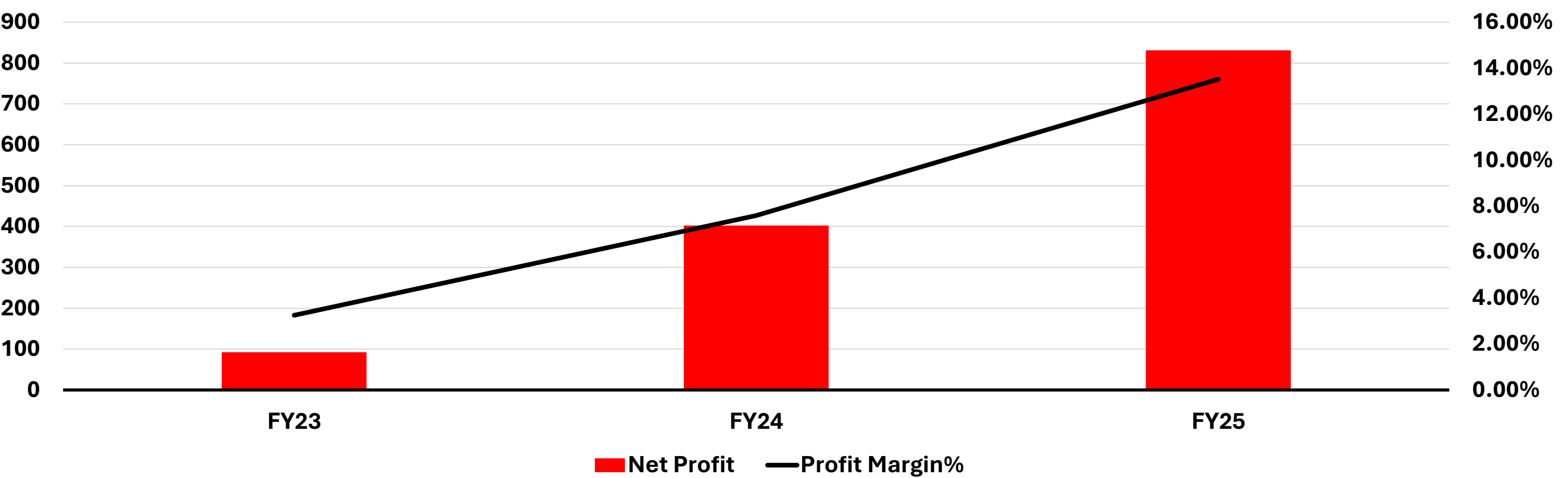
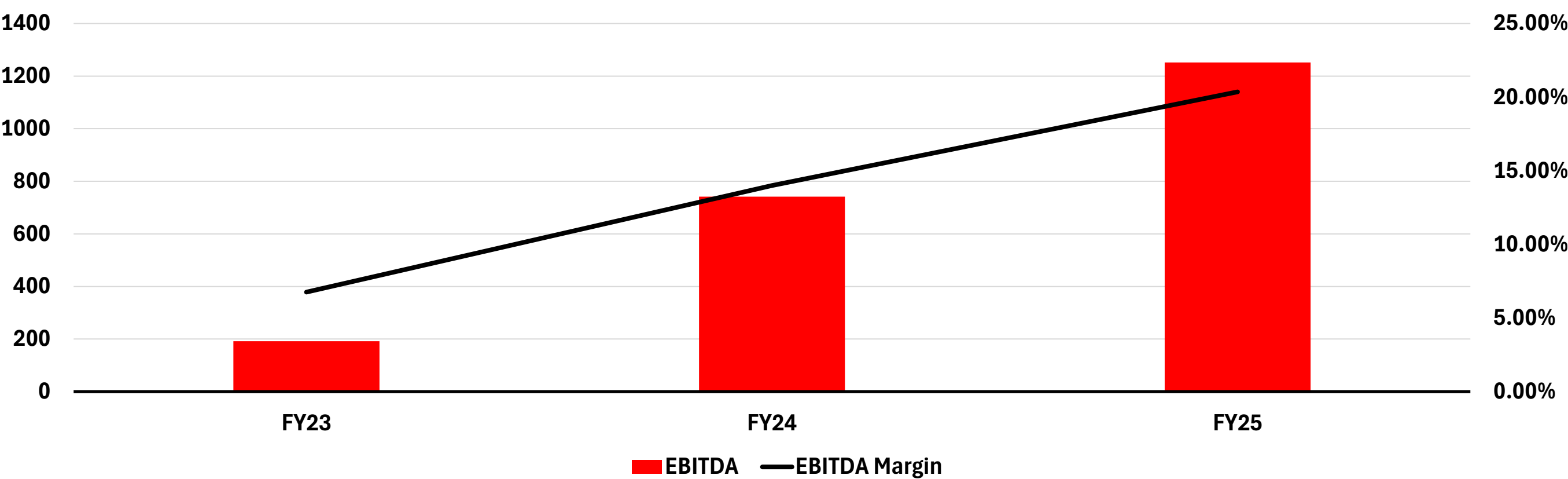
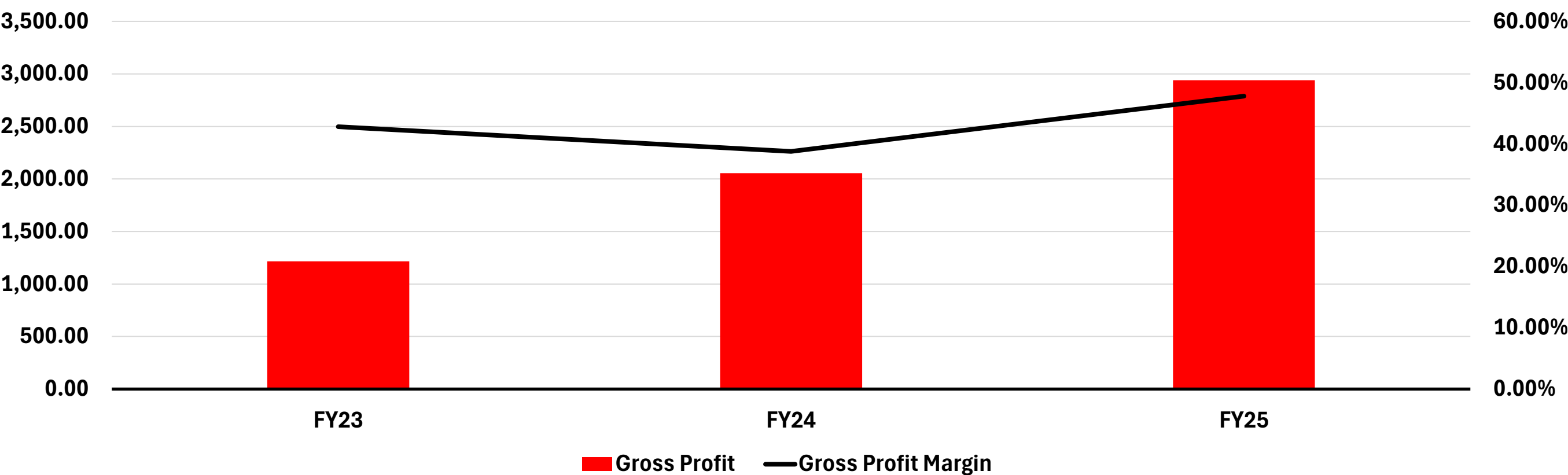
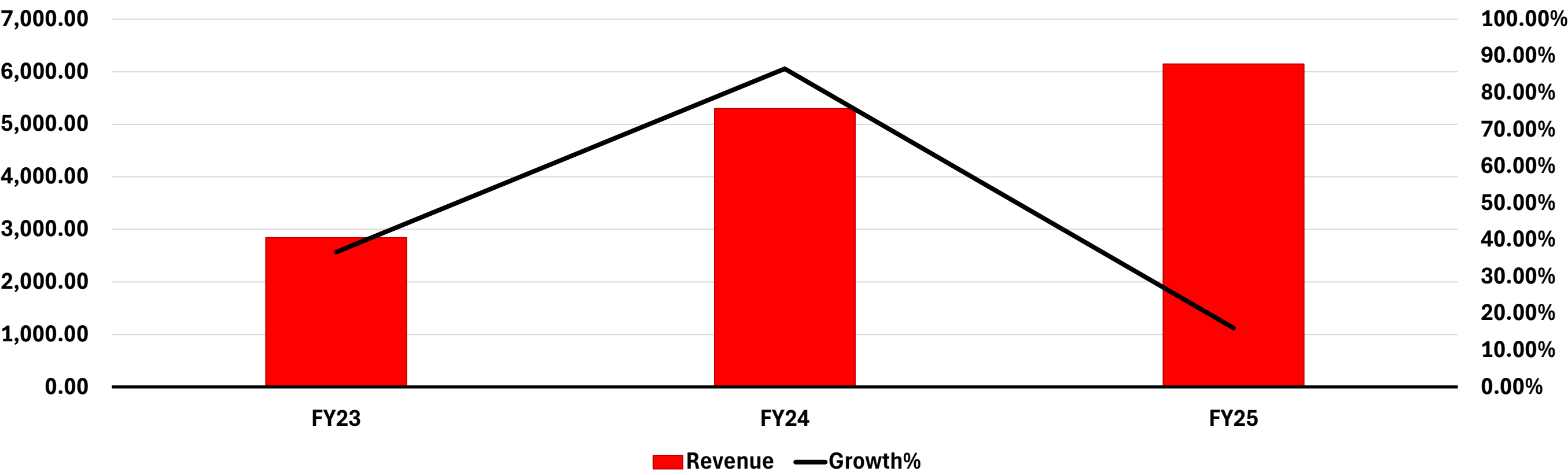
Sl No	Type of Product	Product Type	Description of the product
1	Indoor Type Control and Relay Panel		These are electrical cabinets that house protection relays, metering instruments, control switches, and wiring. Additionally, they act as the brain of the substation. These panels are installed in control rooms of substations and help manage electrical faults.
2	Numerical Protection Relays		A numerical protection relay is a sophisticated device used in electrical systems to detect faults and protect equipment by analysing electrical parameters and executing protective actions. We have about 50,000 relays in service and they are SCADA compatible and in compliance with IEC 60255 standards
3	Electromechanical Relays		Electromechanical relays are devices that use an electromagnetic coil to mechanically operate a switch, allowing low-power signals to control high-power circuits. We have about 1.25 lakh relays in service and they in compliance with IEC 60255 standards.
4	Substation Automation Panel		Substation Automation System along with SCADA (Supervisory Control & Data Acquisition) is a control system architecture comprising Automation Panels with Relays, computers, networked data communications and graphical user interfaces for high-level supervision of Substations & its Power Equipment.
5	Relay Test Block and Test Plug		They are designed for on-load testing of relays and meters without disturbing panel wiring.

Sl No	Type of Product	Product Type	Description of the product
			
6	Semaphores		Our Control Panel Accessory and have LED Semaphore indicators.
7	Bus Bar Protection Panel		Control Relay Panels are also known as Protection Panels and are installed in HV & EHV Substations for the purpose of fault detection and protection of other valuable substation equipment such as Transformers, Feeders, etc. We manufacture these panels for substations of voltages from 11KV to 220 KV

AVANA ELECTROSYSTEMS



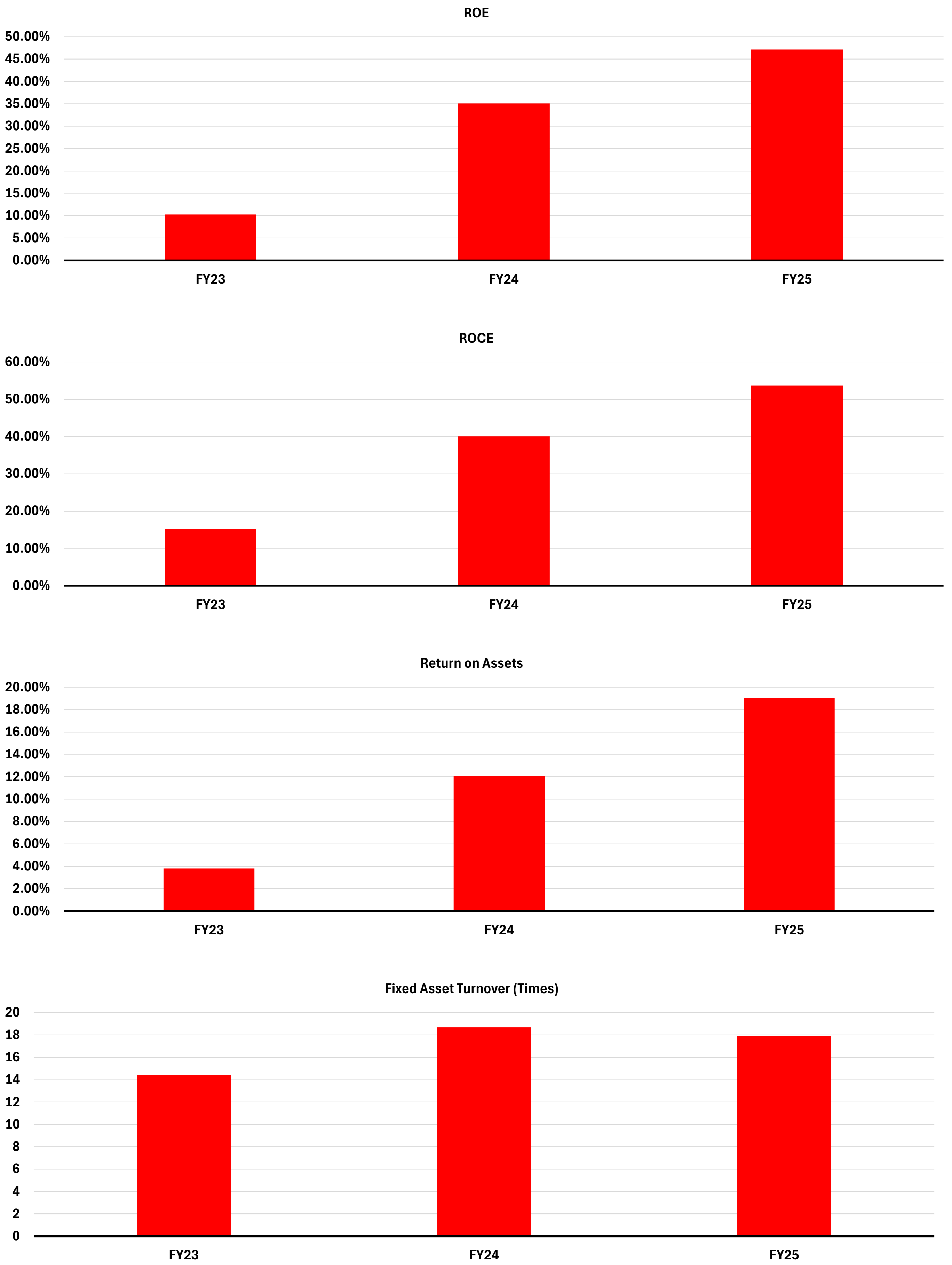
FINANCIAL ANALYSIS (INR in Lakhs)



AVANA ELECTROSYSTEMS



FINANCIAL ANALYSIS (INR in Lakhs)



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