



IPO NOTE

GALA PRECISION ENGINEERING LIMITED



Rating:

Subscribe

(For listing gains & Long Term)



ISSUE OFFER

Issue Opens on	SEP 2, 2024
Issue Close on	SEP 4, 2024
Total IPO size (cr)	₹167.93
Fresh issue (cr)	₹135.34
Offer For Sale (cr)	₹32.59
Price Band (INR)	503-529
Market Lot	28
Face Value (INR)	₹10
Listing At	NSE, BSE
Market Capitalization (cr)	670.24

ISSUE BREAK-UP (%)

QIB Portion	<div style="width: 50%;"></div>	50%
NII Portion	<div style="width: 15%;"></div>	15%
Retail Portion	<div style="width: 35%;"></div>	35%

PROMOTER HOLDING %

Pre Issue	Post Issue
74.56%	54.64%

INDICATIVE TIMETABLE

Basis of Allotment	05-09-2024
Refunds/Unblocking ASBA Fund	06-09-2024
Credit of Share to Demat A/c	06-09-2024
Listing Date	09-09-2024

Gala Precision Engineering Limited is a precision component manufacturer of technical springs like disc & strip springs including wedge lock washers; coil & spiral springs and special fastening solutions.

OBJECTS OF THE ISSUE

- Setting up a new facility.
- Funding capital expenditure requirements.
- Payment of borrowings.

FINANCIALS (RESTATED CONSOLIDATED)

PARTICULARS (IN CRORE)	FY 2024	FY 2023	FY 2022
Equity Share Capital	10.11	2.52	2.52
Net Worth	104.45	83.66	59.31
ROCE %	19.91%	22.93%	13.85%
Revenue	202.54	165.46	145.27
Operating Profit Margin %	19.86%	17.32%	15.11%
Net Profit of the year	22.33	24.21	6.63

FINANCIAL RATIOS OF FY24



OUTLOOK & VALUATION

- The company has consistently demonstrated robust revenue growth.
- While profitability has experienced minor fluctuations, the overall financial performance remains positive.
- The IPO's valuation aligns with industry benchmarks.
- Investor outlook: Given current market trends and the increasing demand for precision components, GPEL is poised for a successful listing and sustained growth.



COMPANY PROFILE

- Supplies to OEMs, Tier 1s, and channel partners for use in renewable energy, industrial, infrastructure, and mobility sectors.
- Key link in the global supply chain for OEMs.
- The business primarily comprises - (i) the springs technology division and (ii) SFS.
- More than 30 years of experience in developing customized products.
- With a global clientele exceeding 175 customers, it exports to over 25 countries.
- As of March 31, 2024, it has an annual production capacity of 246.46 million units of springs and washers and 0.42 million fasteners.



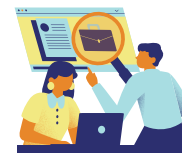
COMPETITIVE STRATEGIES

- Strengthening its core capabilities.
- Moving up the value chain from niche markets to large addressable markets.
- Leverage in-house design and development capabilities.
- Strengthen relationships with its existing customers.
- Expand manufacturing capacity.



KEY CONCERNS

- Do not have any exclusivity arrangements with the customers.
- Industry dependence.
- High manpower and working capital.
- Foreign exchange exposure.
- Patent infringement lawsuit.

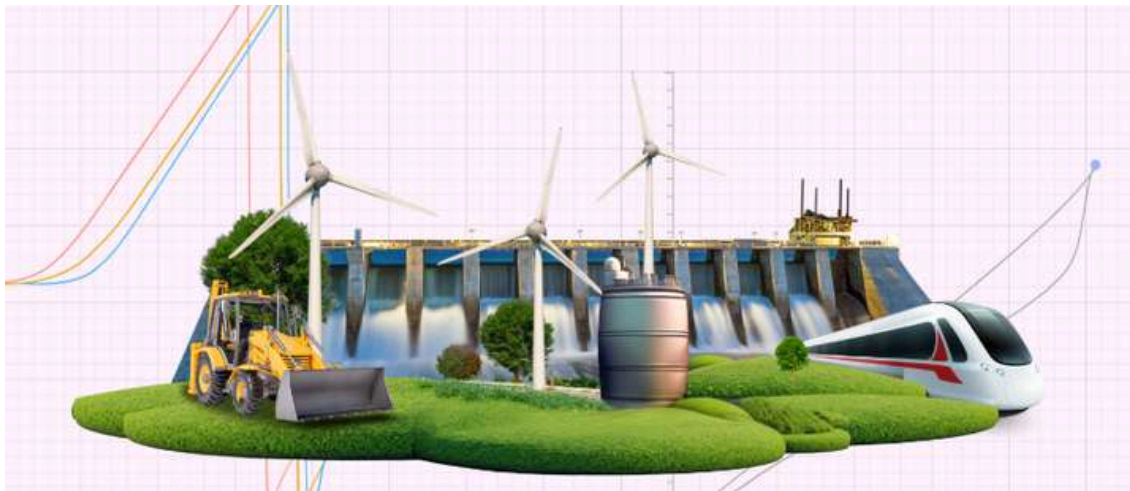


KEY STRENGTHS

- Well-established manufacturer.
- Long-standing customer relationships.
- Well-equipped manufacturing facilities.
- Experienced management team.
- Track record of consistent financial growth.

COMPARISON WITH LISTED INDUSTRY PEERS

Name of the Company	EPS (Basic)	NAV	P/E	TOTAL INCOME (In CR.)	ROCE (%)
Gala Precision Engineering Limited	24.37	103.30	21.70	204.37	21.15
Peer Group					
Harsha Engineers International Limited	12.24	129.09	44.33	1,421.79	11.98
SKF India Limited	111.6	542.63	48.50	4,664.14	27.47
Sundram Fasteners Limited	24.83	162.81	54.49	5,720.47	17.97
Rolex Rings Limited	57.30	329.81	40.83	1,236.81	26.68
Sterling Tools Limited	15.37	124.11	24.70	938.51	14.43
Ratnaveer Precision Engineering Limited	7.61	51.78	24.69	602.4	11.14



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