

GALA PRECISION ENGINEERING LIMITED



<p>+</p> <p>Issue Opens</p> <p>Sep 02, 2024</p>	<p>+</p> <p>Issue Closes</p> <p>Sep 04, 2024</p>	<p>+</p> <p>Total Issue Size (Rs. Cr)</p> <p>167.93</p> <p><small>Including Anchor Investor Portion</small></p>	<p>+</p> <p>Price Band (Rs.)</p> <p>503-529</p>
<p>+</p> <p>Face Value (Rs.)</p> <p>10</p>	<p>+</p> <p>Lot size (No. of units)</p> <p>28</p>	<p>+</p> <p>Listing at</p> <p>BSE, NSE</p>	<p>+</p> <p>Issue Type</p> <p>Book Building</p>

Tentative Timetable

Basis of Allotment Date	September 5, 2024
Initiation of Refunds	September 6, 2024
Credit of Shares to Demat Account	September 6, 2024
IPO Listing Date	September 9, 2024

Application Structure

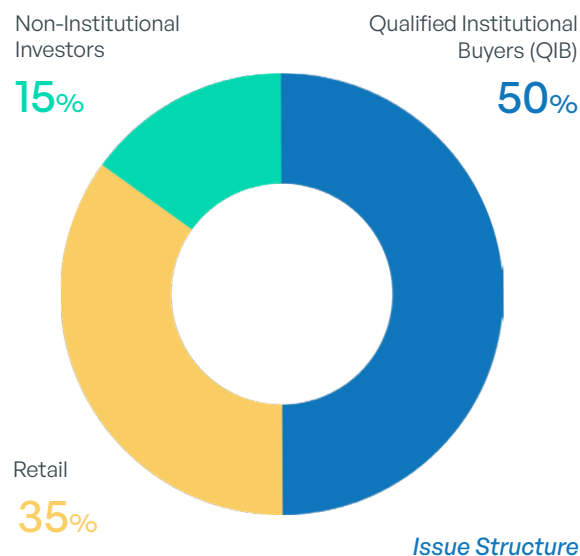
Application	Lot	Shares	Amount
Retail (Min)	1	28	Rs 14,812
Retail (Max)	13	364	Rs 1,92,556

Book Running Lead Managers

PL Capital Markets Private Limited

Registrar

Link Intime India Private Limited





Company Background

Gala Precision Engineering is a precision component manufacturer of technical springs like disc & strip springs (“DSS”) including wedge lock washers; coil & spiral springs (“CSS”) and special fastening solution (“SFS”) supplying to original equipment manufacturers (“OEMs”), Tier 1 and channel partners; used in sectors like renewable energy including wind turbine and hydro power plants, various industrial sectors such as electrical, off highway equipment, infrastructure and general engineering, mobility segments such as automotive and railways.

DSS products find applications in renewable energy, railways, automobiles, off highway vehicles, heavy machinery, electrical and power equipment. CSS products are used in commercial vehicles, passenger vehicles, railways and industrial infrastructure.

The company operates from two manufacturing facilities located in Wada, Palghar, Maharashtra. Further, they are setting up new manufacturing facility in Vallam-Vadagal, SIPCOT, Sriperumbuddur, Tamil Nadu for developing various high tensile fasteners in order to add to its existing product portfolio and new products like bolts. They are a supplier for global and Indian players like Brembo Brake India Pvt Ltd., Bufab India Fasteners Pvt Ltd., Endurance Technologies Ltd., Larsen & Toubro Electrical Automation, Schneider Electric SE, MSL Driveline Systems Ltd., Wuerth Industrial Services Pvt Ltd., General Electric Vernova (GE Vernova), Schaeffler Technologies AG & Co. KG, Hitachi Astemo Ltd., and Legrand India Pvt. Ltd.

Company Business Model

- Springs technology division, under which the company manufactures DSS (disc & strip springs) including wedge lock washers (“WLW”), CSS (coil & spiral springs).
- SFS (special fastening solution) in which the company manufactures anchor bolts, studs and nuts.

Objects of the Issue

- Setting up a new facility at Vallam-Vadagal, SIPCOT, Sriperumbuddur, Tamil Nadu for manufacturing high tensile fasteners and hex bolts.
- Funding capital expenditure requirements towards purchase of equipment, plant and machinery at Wada, Palghar and Maharashtra.
- Repayment/ prepayment, in full or part, of certain borrowings availed by the company.
- General corporate purposes.

Strengths

- Well established manufacturer of precision engineering components with diversified product portfolio and diverse market.
- Long-standing customer relationships with both Indian and global OEM and Tier 1 players.
- Well-equipped manufacturing facilities along with in-house design and other capabilities which offer scale, flexibility, and comprehensive solutions.
- Experienced management team supported by large, diverse and skilled work force.
- Track record of consistent financial growth and performance characterized by operational efficiency and high repeat business.

Risks

- Loss of any of the company’s key customers or significant reduction in its productions and sales of, or demand for its products from key customers may adversely affect business.
- The company does not have any Exclusivity Arrangements with the customers and with the suppliers.
- The company is involved in a patent infringement suit, and an adverse outcome in this proceeding may adversely affect business.
- Revenue is dependent on the springs technology segment of business. Any downturn in the spring technology segment can adversely impact the company.

Profit and Loss

Particulars	For the year/period ended (in Rs. Mn)		
	FY24	FY23	FY22
Revenue from Operation	2,025.45	1,654.54	1,452.77
Other Income	18.32	16.17	26.86
Total Income	2043.77	1670.82	1479.63
EBITDA	405.89	289.41	223.51
EBITDA Margin (%)	19.86%	17.32%	15.11%
Profit Before Tax and Exceptional Items	275.87	176.98	112.28
Exceptional Items	-23.09	97.59	-
Tax	32.86	32.45	45.97
Profit After Tax	223.32	242.12	66.31

CA & CL Key Parameters

Particulars	For the year/period ended (in Rs. Mn)		
	FY24	FY23	FY22
Current Assets			
Trade receivables	469.68	299.63	254.57
Cash and cash equivalents	41	120.03	26.71
Other current assets	37.40	34.43	48.27
Current Liabilities			
Trade Payables	136.7	81.08	138
Other financial Liabilities	63.67	84.33	56.91

Debt Matrices

Particulars	For the year/period ended (in Rs. Mn)		
	FY24	FY23	FY22
Long Term Borrowing	92.06	204.99	237.74
Short Term Borrowing	458.22	380.99	331.18
TOTAL	550.28	585.98	568.92

Cash Flows

Particulars	For the year/period ended (in Rs. Mn)		
	FY24	FY23	FY22
CFO	156.46	160.21	115.94
CFI	-29.92	-123.95	-66.25
CFE	-118.05	-36.21	-69.25

Our View

The Indian market for CSS is expected to grow at a CAGR of 9.8% during FY24-27. The market growth is credited to factors like growing automobile industry & rapid urbanization. Similarly, the Indian market for SFS is expected to grow at a CAGR of 18.0% between FY24-27. This strong growth in the market can be attributed to different factors like growth in the renewable industry & ageing of infrastructure. The company has positioned itself to take advantage of these trends and has developed a notable market share in both its segment, both domestic and global. The company is focusing on strengthening its core capabilities in precision engineering for increased sustainability, along with that, they are moving up their operations up the value chain from niche markets to large addressable markets. The company also plans to leverage in-house design and development capabilities to grow its product offerings and capitalize on future trends. Investors looking to invest can invest in the IPO for the medium to long term.

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