



**Issue Opens – September 2 to September 4, 2024**

**Price Band**  
**₹503 to ₹529**

**Face Value**

₹10 per share

**Lot Size**

28 Shares

**Issue Size**

₹167.93 Cr

**Issue Type**

Book Built

# Important Events



**Issue Size**

**3,174,416 shares / ₹167.93 Cr**

**Fresh Issue**

**2,558,416 shares / ₹135.34 Cr**

**Offer for Sale**

**616,000 shares/ ₹32.59 Cr**

**Basis of Allotment**

**Thursday, September 5, 2024**

**Initiation of Refunds**

**Friday, September 6, 2024**

**Credit of Shares to Demat**

**Friday, September 6, 2024**

**IPO Listing Day**

**Monday, September 9, 2024**

## Objects of The Offer

The Offer comprises a Fresh Issue by the Company and an Offer for Sale by the Selling Shareholders. The objects of the Fresh Issue are :

- 1 Setting up a new facility in Tamil Nadu for manufacturing high tensile fasteners and hex bolts;
- 2 Funding capital expenditure requirements for purchasing equipment, plant and machinery;
- 3 Repayment/ prepayment, in full or part, of certain borrowings availed by Company; and
- 4 General corporate purposes.



# Brief profile of the Directors

**Kirit Vishanji Gala** - [Promoter, Chairman and Managing Director] He holds a bachelor's degree in mechanical engineering and a master's degree in management studies from the University of Bombay. He has been with the Company since its inception and plays a key role in shaping business strategies and marketing. He also speaks on entrepreneurship, change management, and strategy.

**Balkishan Jalan** - [Executive Director] He holds a bachelor's degree in commerce from the University of Bombay and is a chartered accountant. He has been with the Company since its inception and oversees operations, finance, and overall management. Balkishan has 25 years of experience in operations and previously served as Chief Operating Officer at Gala Precision Technology Private Limited.

**Rajendra Gogri** - [Non-executive and non-independent Director] He has been associated with the Company since August 28, 2018. He is currently the chairman and managing director of Aarti Industries Limited. He holds a bachelor degree in chemical engineering from UDCT (now known as ICT), Mumbai (1981). He also holds a masters of science degree with a major in chemical engineering from Iowa State University of Science and Technology (1983). He is also recipient of recipient of UDCT distinguished alumnus award (1995).

**Snehal Shah** - [Independent Director] He has been associated with the Company since November 30, 2023. He holds a bachelor's degree in engineering (electrical) from University of Vallabh Vidyanagar, Gujarat (1992). He also holds a post graduate diploma in management from the Indian Institute of Management, Bangalore (1995). He has previously been associated with Fairwinds Asset Managers Limited as a consultant and ICICI Venture Funds Management Company Limited as a manager.

**Varsha Galvankar** - [Independent Director] She has been associated with the Company since November 30, 2023. She holds a bachelor's degree in commerce from the University of Bombay and she is also a registered income tax practitioner. She has over 31 years of experience across various financial domains at GBCA & Associates LLP, a chartered accountant firm. She also is an active member of the Chamber of Tax Consultants since 2004 and has been part of the managing council of the chamber during the years 2019-2020 and 2020-2021.

# About The Company.



Gala Precision Engineering Limited is a leading manufacturer of high-quality technical springs and fastening solutions for various industries. With a focus on precision and innovation, Gala supplies its products to OEMs and other customers worldwide. The company's product range includes disc and strip springs, coil and spiral springs, and special fastening solutions. Gala has a strong presence in the renewable energy sector, particularly in wind turbine components, and is committed to providing innovative and reliable solutions to its customers.

## Key operation of their Business

They are 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 equipments, infrastructure and general engineering, mobility segments such as automotive and railways (Source: 1Lattice Report).

Company's technical springs and high tensile fasteners have been supplied to customers in countries such as Germany, Denmark, China, Italy, Brazil, USA, Sweden, Switzerland etc. Accordingly, they are a key link in the global supply chain for OEMs.

Company's business primarily comprises of :

(i) springs technology division, under which they manufacture DSS including wedge lock washers, coil & spiral springs and

(ii) Special fastening solution in which they manufacture anchor bolts, studs and nuts.

# Key Business Highlights



The following table sets forth their revenue from operations across offerings for the period indicated, including as a percentage of revenue from operations:

Particulars	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Amount (₹ million)	% of total revenue from operations	Amount (₹ million)	% of total revenue from operations	Amount (₹ million)	% of total revenue from operation
Springs technology	1622.66	80.11	1,388.51	83.92	1,133.25	78.01
Fastening solutions	391.82	19.34	226.35	13.68	214.76	14.78
Surface engineering solutions*	10.97	0.54	39.79	2.40	104.76	7.21
<b>Total</b>	<b>2025.45</b>	<b>100%</b>	<b>1,654.65</b>	<b>100%</b>	<b>1,452.77</b>	<b>100%</b>

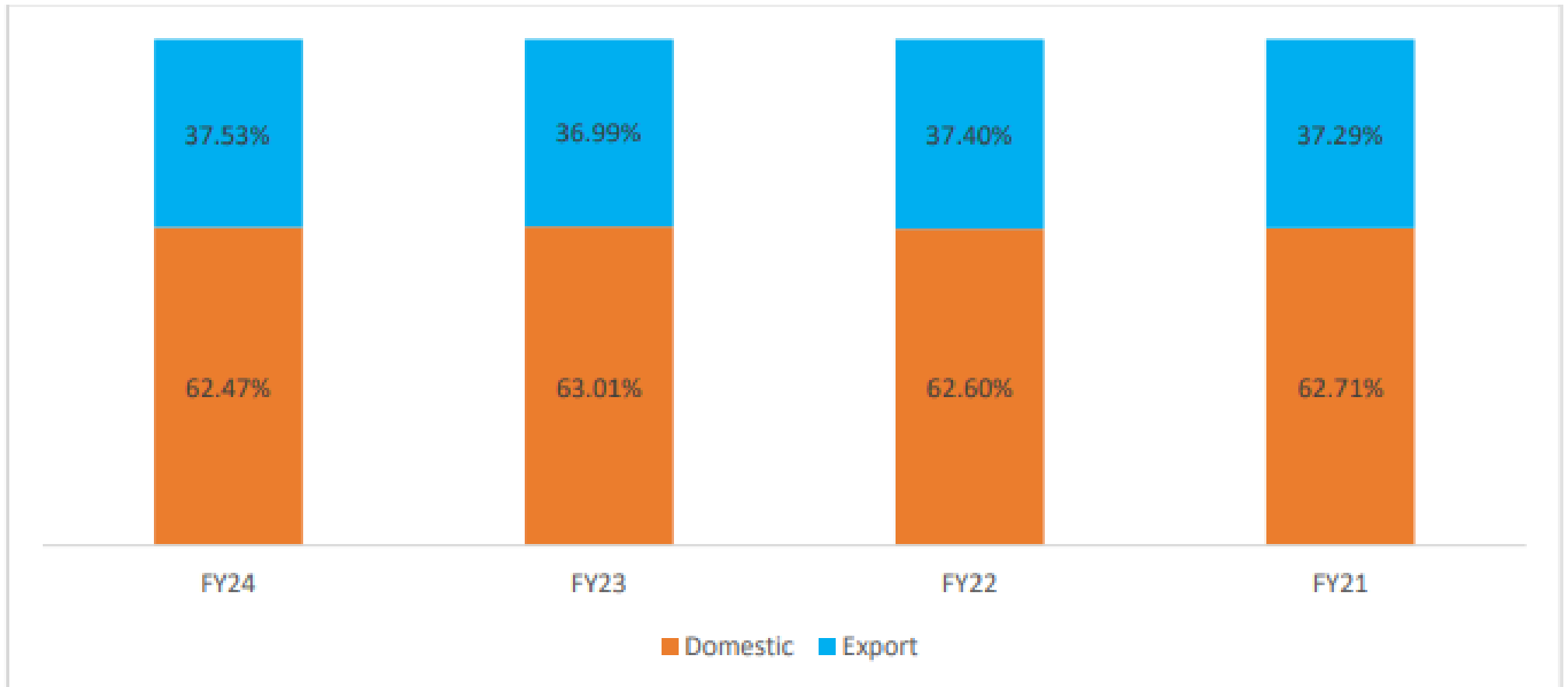
Their key performance indicators for the last three Fiscals are as follows:

Particulars	As of and for the Fiscal		
	2024	2023	2022
Total Income (₹ in million)	2,043.77	1,670.82	1,479.63
EBITDA (₹ in million)	405.89	289.41	223.51
EBITDA margins (%)	19.86	17.32	15.11
PAT before exceptional items (₹ in million)	243.02	144.53	66.31
PAT Margin before exceptional items (%)	11.89	8.65	4.48
PAT after exceptional items (₹ in million)	223.32	242.12	66.31
PAT margin after exceptional items (%)	10.93	14.49	4.48
Return on Net Worth before exceptional items (%)	23.27	17.28	11.18
Return on Net Worth after exceptional items (%)	21.38	28.94	11.18



The following table sets forth a breakdown of their revenue from operations from their business (from India and outside India), in absolute terms and as a percentage of total revenue from operations, for the periods indicated basis the location of the customers:

Particulars	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Revenue from operations (amount in ₹ million)	% of total revenue from operation (%)	Revenue from operations (amount in ₹ million)	% of total revenue from operation (%)	Revenue from operations (amount in ₹ million)	% of total revenue from operation (%)
India	1,265.23	62.47	1,042.57	63.01	909.37	62.60
Outside India	760.22	37.53	612.08	36.99	543.40	37.40
<b>Total</b>	<b>2,025.45</b>	<b>100.00</b>	<b>1,654.65</b>	<b>100.00</b>	<b>1,452.77</b>	<b>100.00</b>





# Statement of Profit and Loss



(₹ in million)

Particulars	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
<b>Income</b>			
Revenue from Operations	2025.45	1,654.65	1,452.77
Other Income	18.32	16.17	26.86
<b>Total Income</b>	<b>2043.77</b>	<b>1,670.82</b>	<b>1,479.63</b>
<b>Expenses</b>			
Cost of Materials Consumed	900.32	713.64	600.81
Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	(72.83)	(45.75)	(8.88)
Employee Benefits Expenses	247.75	232.30	215.12
Finance Costs	61.40	51.60	48.62
Depreciation and Amortization Expense	68.62	60.83	62.61
Other Expenses	562.66	481.22	449.07
<b>Total Expenses</b>	<b>1767.90</b>	<b>1,493.84</b>	<b>1,367.35</b>
<b>Profit Before Exceptional Items and Tax</b>	<b>275.87</b>	<b>176.98</b>	<b>112.28</b>
<b>Exceptional Items</b>	<b>(23.09)</b>	<b>97.59</b>	<b>-</b>
<b>Profit Before Tax and after Exceptional Items</b>	<b>252.78</b>	<b>274.57</b>	<b>112.28</b>
<b>Income Tax Expense</b>			
Current Year	54.09	30.00	32.50
Deferred Tax Charge	(28.42)	(6.18)	1.46
Tax adjustments of earlier years	7.19	8.63	12.01
<b>Total Tax Expense</b>	<b>32.86</b>	<b>32.45</b>	<b>45.97</b>
Non-Controlling Interest	(3.40)	-	-
<b>Profit for the Year</b>	<b>223.32</b>	<b>242.12</b>	<b>66.31</b>
<b>Earnings per Equity Share for Continuing &amp; Discontinuing Operations</b>			
Basic	22.09*	23.98*	6.56
Diluted	21.77*	23.56*	6.44

# Strengths



- **Extensive global presence:** Gala Precision Engineering exports to over 25 countries and serves 175+ clients worldwide.
- **Strong market share:** The company has a 10% market share in the Indian disc springs market.
- **In-house R&D and manufacturing capabilities:** Gala Precision has in-house R&D and manufacturing capabilities that enable it to develop innovative products and maintain quality standards.
- **Diversified product portfolio:** The company offers a broad range of precision components including disc & strip springs (DSS), coil & spiral springs (CSS), and special fastening solutions (SFS) catering to diverse industries.
- **Experienced management team:** Gala Precision has an experienced management team with significant industry expertise.
- **Growing market opportunity:** The global DSS & WLW market was valued at ~US\$ 891 million in CY23 and is projected to grow at a CAGR of 6.1% during CY23-26. The Indian DSS & WLW market is expected to register a CAGR of 6.6% during FY24-27.
- **Strong financial performance:** Gala Precision's revenue from operations grew by 22.41% to Rs 202.55 crore in FY 2023-24, while profit after tax stood at Rs 22.33 crore.



# Threats



- **Dependence on Key Customers:** The company relies heavily on a small number of significant customers for a substantial portion of its revenue, making it vulnerable to fluctuations in demand. A reduction in orders from these customers could adversely affect sales and disrupt operations.
- **Patent Infringement Litigation:** Gala Precision is currently involved in a patent infringement lawsuit concerning its Wedge-Lock technology. An unfavorable outcome in this litigation could lead to financial losses and impact the company's operational capabilities.
- **Market Vulnerability:** The company's revenue is closely tied to the springs technology sector. A downturn in this market could significantly impact its financial performance, cash flow, and overall business stability..
- **Lack of Long-Term Contracts:** Gala Precision does not have long-term contracts or exclusive agreements with its suppliers, which could lead to challenges if there are increases in input costs or shortages in material availability. This lack of stability in supply could negatively affect production and profitability.
- **Operational Risks:** As the company plans to establish new facilities and expand its manufacturing capabilities, any delays or issues in setting up these operations could hinder growth and affect financial outcomes



# Valuation and Outlook

Gala Precision Engineering Limited IPO is expected to be priced between ₹503 to ₹529 per share. At this price, the company shows a Price-to-Earnings (P/E) ratio of 23.94x with an FY24 EPS of Rs 22.09 and whereas the Industry P/E of 39.59x.

Name of the company	Face value per equity share (₹)	Total income (in ₹ million)	EPS		NAV (₹ per share)	P/E	CMP (₹)	RoNW (%)
			(Basic) (₹)	(Diluted) (₹)				
Gala Precision Engineering Limited (EPS & RoNW before exceptional items)	10	2,043.77	24.37	24.02	103.30	[•]	[•]	23.27
(EPS & RoNW after exceptional items)		2,043.77	22.09	21.77				21.38
Harsha Engineers International Limited	10	14,217.90	12.24	12.24	129.09	44.33	542.60	9.48
SKF India Limited	10	46,641.40	111.6	111.6	542.63	48.50	5413.05	20.57
Sundram Fasteners Limited	1	57,204.70	24.83	24.83	162.81	54.49	1352.90	15.37
Rolex Rings Limited	10	12,368.19	57.30	57.30	329.81	40.83	2339.50	17.37
Sterling Tools Limited	2	9,385.11	15.37	15.35	124.11	24.70	379.15	12.38
Ratnaveer Precision Engineering Limited	10	6,024.00	7.61	7.61	51.78	24.69	187.87	12.32

Gala Precision Engineering Limited is set to benefit from its strong position in the precision components industry, particularly with the growth in renewable energy and automotive sectors. The company's revenue has grown by 18% annually from FY 2022 to FY 2024, reaching INR 2,044 million in FY 2024, with steady profit margins and a 57% annual increase in profit before tax, showing strong financial health.

Investments in new facilities in Maharashtra and Tamil Nadu have expanded production and export capacity. The company's advanced design and technology provide a competitive edge, helping it capture more market share both in India and abroad. Despite minor fluctuations in profitability, overall financial performance is solid, and the IPO valuation is reasonable.

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