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### Issue Details

Issue Details	
Issue Size (Value in ₹ million, Upper Band)	1,679.3
Fresh Issue (No. of Shares in Lakhs)	25.6
Offer for Sale (No. of Shares in Lakhs)	6.2
Bid/Issue opens on	2-Sep-24
Bid/Issue closes on	4-Sep-24
Face Value	Rs. 10
Price Band	503-529
Minimum Lot	28

### ➤ Objects of the Issue

#### ➤ Fresh Issue: ₹ 1,353.4 million

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

#### ➤ Offer for sale: ₹ 325.9 million

Book Running Lead Managers	
PL Capital Markets Private Limited	
Registrar to the Offer	
Link Intime India Private Limited	

Capital Structure (₹ million)	Aggregate Value
Authorized share capital	180.00
Subscribed paid up capital (Pre-Offer)	101.12
Paid up capital (post-Offer)	126.70

Share Holding Pattern %	Pre-Issue	Post Issue
Promoters & Promoter group	74.6%	55.4%
Public – Selling Shareholders	25.4%	44.6%
Total	100.0%	100.0%

### Financials

Particulars (₹ In million)	FY24	FY23	FY22
<b>Revenue from operations</b>	<b>2,025.5</b>	<b>1,654.7</b>	<b>1,452.8</b>
Operating expenses	1,637.9	1,381.4	1,256.1
<b>EBITDA</b>	<b>387.6</b>	<b>273.2</b>	<b>196.7</b>
Other Income	18.3	16.2	26.9
Depreciation	68.6	60.8	62.6
<b>EBIT</b>	<b>337.3</b>	<b>228.6</b>	<b>160.9</b>
Interest	61.4	51.6	48.6
<b>PBT</b>	<b>252.8</b>	<b>274.6</b>	<b>112.3</b>
Tax	32.9	32.5	46.0
<b>PAT</b>	<b>223.3</b>	<b>242.1</b>	<b>66.3</b>
<b>EPS</b>	<b>17.6</b>	<b>19.1</b>	<b>5.2</b>
Ratios	FY24	FY23	FY22
EBITDAM	19.1%	16.5%	13.5%
PATM	11.0%	14.6%	4.6%
Sales growth	22.4%	13.90%	

### Company description

Gala Springs Private Limited was incorporated on April 14, 1988. Subsequently it was converted to a Limited Liability Partnership named, Gala Springs LLP under the Limited Liability Partnership Act, 2008.

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 equipment’s, infrastructure and general engineering, mobility segments such as automotive and railways.

Their 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.

Their business primarily comprises of (i) springs technology division, under which they manufacture DSS including wedge lock washers (“WLW”), CSS and (ii) SFS in which they manufacture anchor bolts, studs and nuts.

Their DSS products find applications in renewable energy, railways, automobiles, off highway vehicles, heavy machinery, electrical and power equipment’s. They are a major disc springs manufacturer in domestic market and have a 10% market share in the Indian disc springs market. They have a significant presence in the DSS market for renewable industry with a 70% share in the domestic market and a 3% share in the global market.

The company has two manufacturing facilities in Wada District, Palghar, Maharashtra, with capabilities to design, develop, and manufacture a diverse product portfolio. Additionally, a new manufacturing facility is being set up in Vallam-Vadagal, SIPCOT, Sriperumbudur, Tamil Nadu, focusing on developing high-tensile fasteners to expand the product portfolio with new products like bolts. As of June 30, 2024, the company has 294 permanent employees and 390 contract employees.

### Valuation & outlook

Gala Precision Engineering Ltd. are a well-established manufacturer specializing in precision engineering components, offering a broad and varied product portfolio across multiple markets. They have built enduring relationships with their customers.

They plan to further develop their expertise in the key sectors of renewable energy, industrial, and mobility by continuously reinforcing their core strengths in precision engineering for sustainability. They have expanded their range of fastening solutions for the wind segment, developing high-tensile fasteners as an import substitute for leading global wind turbine manufacturers in India. This expansion has increased their market share by broadening their product range and adding more OEMs, including those for export.

The company's P/E ratio is 30.0 times based on its FY24 earnings, with a market capitalization of ₹6,702 million after the issuance of equity shares and a market cap-to-sales ratio of 3.3 times its FY24 earnings. We believe that the issue is fairly priced, therefore we recommend “**Subscribe – Long Term**” rating to the IPO.

**Company's Operations**

Their business primarily comprises of

- (i) springs technology division, under which they manufacture DSS including wedge lock washers ("WLW"), CSS
- (ii) SFS in which they manufacture anchor bolts, studs and nuts.

They are engaged in the manufacturing of precision component for technical springs and high tensile fasteners supplying to OEMs, in sectors like renewable energy (Wind turbine & hydro power plants), in Industrial sector (electrical, off highway equipment, infrastructure and general engineering), in Mobility (automotive & railways) in India and globally.

Their disc springs confirm to German DIN 2093 standards, bearing series, and customized specifications featuring variety of raw materials and surface coating options. They manufacture strip springs customised for high fatigue applications. They are mainly competing with Muhr und Bender KG, Schnorr GmbH, Christian Bauer GmbH + Co. KG in the global disc springs market and with International Industrial Springs in disc springs in India.

Their CSS products are used in commercial vehicles, passenger vehicles, railways and industrial infrastructure. They have positioned themselves as a key import substitution for European springs suppliers and multinationals looking at PLI Schemes and other incentives offered by the Government. They have also entered in a new related product category called retractor springs. These springs are a critical component for safety of the passenger. They are mainly competing with Stumpp Schuele & Somappa Springs Private Limited, NHK Springs India Limited, and Muhr und Bender KG in the CSS market.

Under their SFS, they manufacture make to order fasteners in the form of studs, anchor bolts and nuts which has end use applications in renewable energy, railways, off-highway vehicles, electrical and heavy machinery industries.

They are a technology driven company with a strong focus on quality, design and tool development, which has allowed them to develop products suited to their customers' requirements. They have the expertise to design and develop advance tooling in-house which enables them to manufacture complex and specialised precision stamped components and have allowed them to diversify their business.

They focus on design and development and application engineering with more than 30 years of experience in developing customised products to meet the evolving needs of their customers. Their design and development capabilities include engineering and precision machining like use of wire cut machines, CNC turning and grinding machines, inspection instruments, fatigue testing machines and load testing machines. They have the ability to design and develop precision engineering solutions for OEMs and tier1 customers meeting precise design, technical and quality specifications, enabling their customer to enhance equipment or vehicle safety, performance, durability and overall efficiency. Over the years they have emphasized developing manufacturing systems that comply with health and safety parameters, as well as environmental and social governance requirements. The following table sets forth their revenue from operations across offerings for the period indicated, including as a percentage of their revenue from operations:

Particulars	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Revenue (In Rs Millions)	As a % of total revenue from operations	Revenue (In Rs Millions)	As a % of total revenue from operations	Revenue (In Rs Millions)	As a % of total revenue from operations
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>

**Foreign Operations**

Particulars	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Revenue (In Rs Millions)	As a % of total revenue from operations	Revenue (In Rs Millions)	As a % of total revenue from operations	Revenue (In Rs Millions)	As a % of total revenue from operations
Foreign Operations	760.22	37.53%	612.08	36.99%	543.40	37.40%

The company operates from two manufacturing facilities located in Wada, Palghar, Maharashtra. Their manufacturing facilities at Wada, Palghar, Maharashtra are certified with international standards such as IATF 16949 for manufacturing of disc springs, spring band clamp, stamped components, coil springs and spiral springs and ISO 9001:2015 certification for manufacturing and supply of disc springs, brush springs, spiral springs, retractor springs and spring cassette assemblies, special fasteners, anchor stud, stud, kit set, Belleville washers, conical springs, plate springs, serrated washers, disc washers, wedge lock washers (Gallock), spring assemblies, spring packs, bearing series. Further, they are setting up new manufacturing facility in Vallam-Vadagal, SIPCOT, Sriperumbudur, Tamil Nadu for developing various high tensile fasteners in order to add to their existing product portfolio and new products like bolts. The electrical panel building, and two security buildings have been constructed. The transformer yard, RMU/RMG/diesel generator yard, and boundary wall (front south and north-east side) are also completed.

They are a technology-driven company with a strong focus on quality, design and tool development, which has allowed them to develop products suited to their customers' requirements. They have the expertise to design and develop advanced tooling in-house which enables them to manufacture complex and specialized precision stamped components and has allowed them to diversify their business. Their DSS operations commenced in the year 1989 by

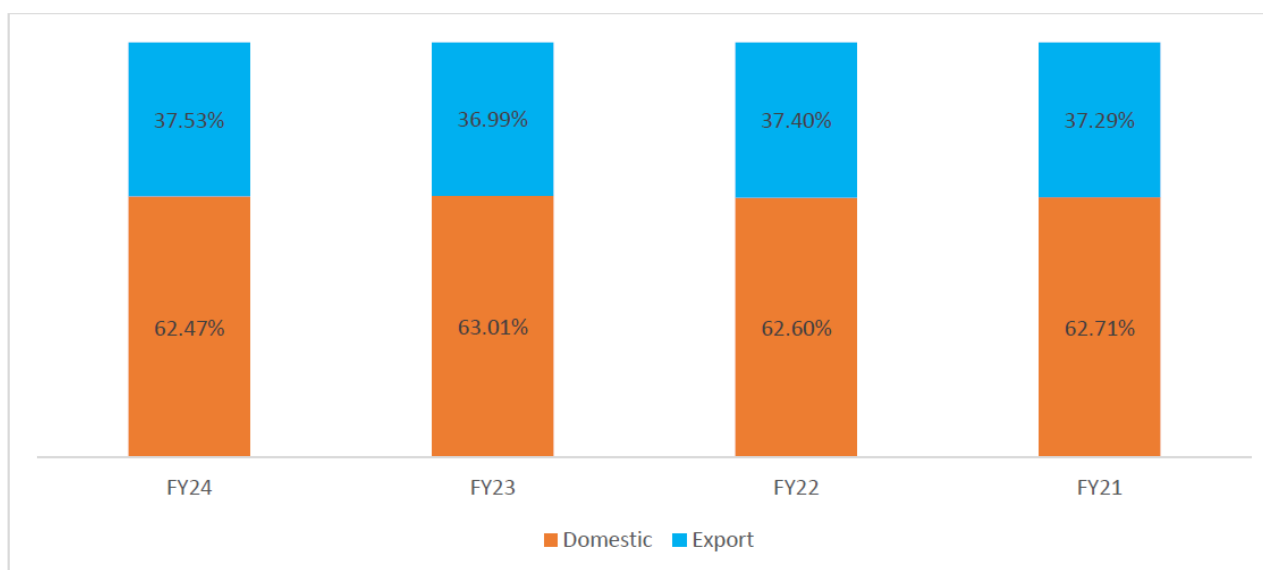
manufacturing disc and strip springs (“DSS”) and have since diversified their operations to include coil and spiral springs (“CSS”) in 2015 and special fastening solution (“SFS”) in 2018.

With a global clientele exceeding 175 customers, they export to over 25 countries, encompassing major markets such as Germany, Denmark, China, Italy, Brazil, USA, Sweden, Switzerland, contributing 37.53% to total sales as of March 31, 2024. Further, they are adding new customers for springs and fasteners in high potential markets such as Europe and the USA.



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	62.6
Outside India	760.22	37.53	612.08	36.99	543.4	37.4
<b>Total</b>	<b>2,025.45</b>	<b>100</b>	<b>1,654.65</b>	<b>100</b>	<b>1,452.77</b>	<b>100</b>

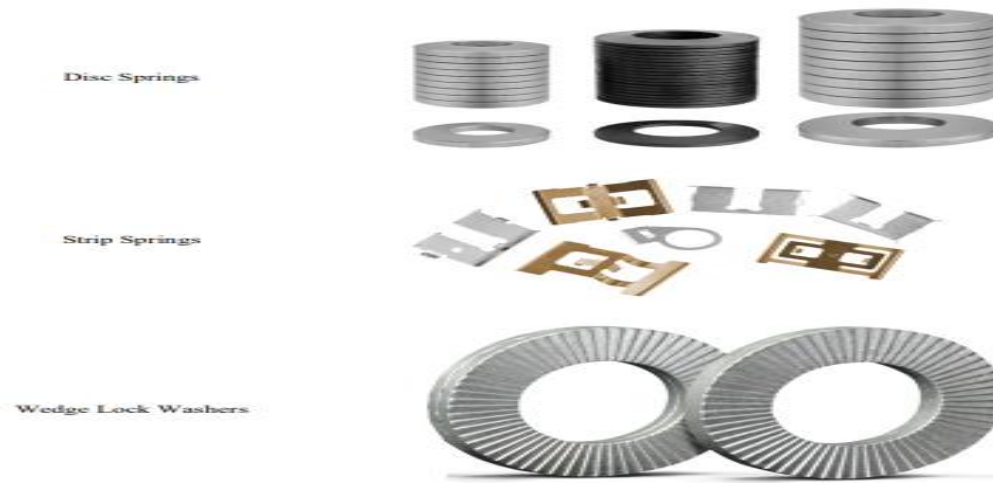


Their products are critical components for the clients who operate in diverse industries like renewable energy, railways, automobile, off highway vehicles, electrical and power equipment, heavy machinery, commercial vehicle, and passenger vehicle.

**Product Portfolio**

**Disc Spring, Strip Spring and Wedge Lock Washer.**

They manufacture disc springs, strip springs and wedge lock washers that are critical for renewable energy, industrial and mobility sectors. Disc springs are springs and fastening solutions used for industrial applications when mechanical devices are required to apply force. Disc springs deliver powerful springs forces in a compact space. Their unique layouts in stacks boost both forces and deflections. Adjusting component geometry allows precise control of the load/deflection curve which is a major advantage. Strip springs are precision stamped and formed metal components made either from spring steel or stainless steel that store and release energy when deflected by an external load.



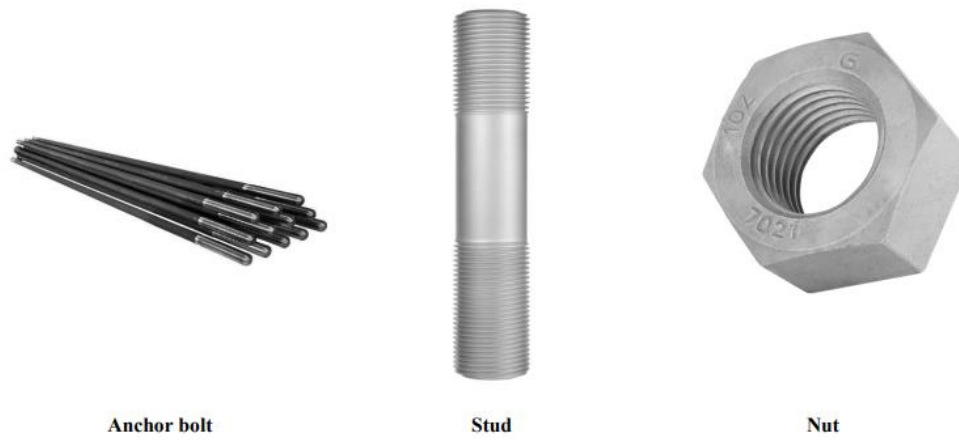
**Coil and spiral springs**

Coil spring is a mechanical device that stores potential energy. It is made from a wire that is twisted into a spiral shape. Coil springs can be made from a variety of steels with different characteristics to meet customer’s specific requirements. Spiral springs are a specific type of springs made from rectangular metal strips that are wound into a flat spiral. Spiral springs are designed to store and release rotational energy in the form of torque.



**Special Fastening Solutions:**

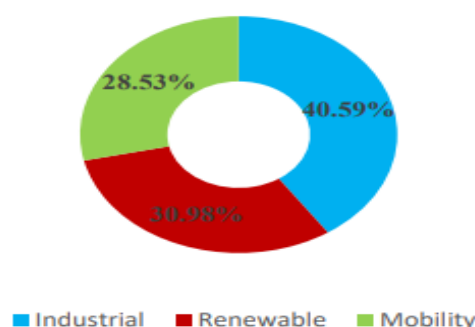
Fastener is a hardware device that mechanically joins or affixes two or more objects together. In general, fasteners are used to create non-permanent joints; that is, joints that can be removed or dismantled without damaging the joining components. Some examples of fasteners include: Anchor bolts, studs and nuts.



**Strengths:**

**Well established manufacturer of precision engineering components with diversified product portfolio and diverse market:**

They have experience in designing, manufacturing and application engineering of high-performance standardised and customised disc springs and strip springs. Their products include disc and strip springs, wedge lock washers, coil and spirals springs, fastening solutions like anchor bolts, nuts and studs, etc. Their precision components and high tensile fasteners are used in sectors like renewable energy (including wind turbine and hydro plants), in various industrial sector such as electrical, off highway equipment, infrastructure and general engineering, in mobility segments such as automotive and railways.



Their wide range of products and their varied applications have helped them to develop a broad customer base across geographies and across industries. They have the ability to develop various products and solutions to meet design and specifications of their customers, as well as to cross sell multiple products to them and thereby increase their wallet share. In order to add new products in their fastener division, they are currently setting up a manufacturing facility in Vallam Vadagal, SIPCOT, Sriperumbudur, Tamil Nadu for developing various high tensile fasteners and new products like bolts. Having a wide range of products not only enables them to meet the trends and ever-changing demands of their customers but also gives their Company an edge to effectively compete with their competitors.

**Long-standing customer relationships with both Indian and global OEM and Tier 1 players:**

Over three decades of operations, they have established long-standing relationships with their customers. Their business originally commenced in the year 1989 and subsequently taken over by their Company through a BTA in the year 2009. Their diverse product portfolio helps cater to a broad range of customers and they have served over 175 customers in 25 countries. Their long-standing relationships with their customers indicate their commitment to high quality products and comprehensive solutions.

Key factors leading to strong customer relationships are high quality products, reliability in supplies, development collaboration and meeting international standards. They engage with their clients through the different stages of product development, from the design and validation stages, until testing, final manufacturing, and delivery. They also provide customised packaging and kitting solutions to their customers. This helps them identify their requirements better and results in increased customer satisfaction. They have long-standing relationships with OEMs, Tier 1 and channel partners customers ranging from 4 years to more than 15 years.

**Well-equipped manufacturing facilities along with in-house design and other capabilities which offer scale, flexibility, and comprehensive solutions:**

They operate in two manufacturing facilities at Wada District Palghar, Maharashtra, which are equipped with capabilities to design, develop, and manufacture diverse product portfolios. Further, they are setting up new manufacturing facility in Vallam-Vadagal, SIPCOT, Sriperumbudur, Tamil Nadu for developing various high tensile fasteners in order to add to their existing product portfolio and new products like bolts.

Their in-house process includes tool design and development, blanking and forming, coiling, heat treatment, shot peening, surface finishing, springs grinding and chamfering, scragging, load testing along with inspection, quality control and surface treatments and coatings. This helps them to provide comprehensive solutions to their customers and manufacture high precision components with control over the processes. Their manufacturing facilities being in India, they hold a significant cost advantage in comparison to their European competitors. They are focused on undertaking dedicated design and development activity in their existing products and development of new products and designs in areas where there is significant growth potential and would cater to needs of their customers. They host state-of-the-art CNC machines, wafio Coiler from Germany and multi-side machines to ensure they meet stringent coiling bending and forming tolerances as per customer specifications. They utilize software that enables them to automate some of their processes and eliminate errors in manufacturing. Their ability to supply high precision and multi-purpose products is greatly enhanced by their in-house product development team situated at their manufacturing facilities. This team currently uses design and development tools such as CAD software and iQbestspeed software for automatically detecting the ideal production speed and process safety of the springs to be produced.

**Experienced management team supported by large, diverse and skilled work force:**

They are led by their Promoter, Chairman and Managing Director, Kirit Vishanji Gala who has helped expand their operations within India and globally and has been associated with their Company since incorporation. Kirit Vishanji Gala has more than three decades of experience in engineering and manufacturing activities. Under his leadership they have been able to expand their operations and have established a significant presence in Indian and global markets. They also have an experienced senior management team. Their industry experience has enabled them to anticipate and capitalize on changing market trends, manage and grow their operations and leverage and deepen customer relationships. Their leadership team has strong understanding of customer requirements combined with technical know-how that enables product innovation and new product development.

**Track record of consistent financial growth and performance characterized by operational efficiency and high repeat business:**

They have showcased a consistent track record of growth and profitability. During Fiscal 2022 to Fiscal 2024, their total income registered CAGR of 17.53% to reach ₹2043.77 million in fiscal 2024. From Fiscal 2022 to Fiscal 2024 their gross profit margins has remained consistent at 59.26 % in Fiscal 2022 to 59.15 % in Fiscal 2024.

**Strategies**

**Strengthening their core capabilities in precision engineering for sustainability:**

They are a precision component manufacturer of technical springs and high tensile fasteners supplied to original equipment manufacturers (“OEMs”), Tier 1 and channel partners. They intend to continue to enhance their capabilities across the focus industries renewable energy, industry and mobility by continuing to strengthen their core capabilities in precision engineering for sustainability. They are major disc springs manufacturer in domestic market and have a 10% market share in the Indian disc springs market. They have a significant presence in the DSS market for renewable industry with a 70% share in the domestic market and a 3% share in the global market. They are manufacturing disc springs for more than 15 years used in yaw brakes of wind turbine and supplied to global OEMs and brake manufacturers in India and overseas. Further, they diversified their business almost 6 years ago and introduced fastening element products such as wedge lock washers and high tensile fasteners used in wind energy and hydro power plants. The majority of revenue from sale of wedge lock washers and high tensile fasteners are from renewable energy sectors. They supply products in the domestic market and to the global OEMs in Europe and the USA.

Their strip springs are also used in brakes of two wheelers electric vehicle, and they intend to continue to penetrate more deeply by offering strip springs and fasteners for two wheelers and four wheelers electric vehicle, buses etc in order to increase their revenue and strengthening their core capabilities in precision engineering. There has been prevalent growth in the mobility sector with automobiles contributing a major portion of it. This growth is primarily attributed to the increasing adoption of electric vehicles in the automobile industry, along with increased demand of passenger vehicle in developing countries like Brazil and India.

**Moving up the value chain from niche markets to large addressable markets:**

Their operations commenced in the year 1989 by manufacturing disc and strip springs and have since diversified to include coil and spiral springs in 2015 and special fastening solution in 2018. They are a precision component manufacturer of technical springs and high tensile fasteners supplying to OEMs, Tier 1 and channel partners. They believe their experience and manufacturing capabilities will help them to address customers from niche markets to large addressable markets. CSS and SFS introduced by their Company were mainly focused on end industry segments like renewable energy, industrial and mobility sectors where they had a strong presence owing to decades of experience. CSS has major applications in automotive, transmission, brakes sitting and safety, in railways and industrial applications like flow control. The fastener industry is crucial across sectors, supplying essential components like screws, bolts, nuts, etc. for construction, renewables, aerospace, etc.

They have widened their offering of fastening solutions for the wind segment and developed high tensile fasteners as an import substitute for leading global wind turbines manufacturers in India and increased their wallet by expanding product range and subsequently adding more OEMs including exports. They intend to further expand their products in wind segment, industrial and Railways for India and global markets and increase serviceable obtainable market substantially in coming years by setting up new manufacturing facility in Vallam-Vadagal, SIPCOT, Sriperumbuddur, Tamil Nadu for developing various high tensile fasteners in order to add to their existing product portfolio and new products like bolts.

**Leverage in-house design and development capabilities to grow their product offerings and capitalize on future trends:**

They are a technology driven company focused on using appropriate cost-effective technologies for different volumes and varieties of products, to become single point solution provider to their customers for their different needs of type of technical springs and high tensile fasteners. Their design and development teams are focused on adopting emerging technologies, which improves their efficiency and their product portfolio in line with customer expectations and industry developments and standards.

They plan to continue expanding their development, engineering, tool design and manufacturing, process improvements, lean manufacturing techniques, and automate them to optimize manpower to ensure zero defect products. Their dedicated product development team at their manufacturing facilities in Wada, Palghar, in Maharashtra has strengthened their ability to meet customer demands in accordance with delivery schedule. Over the past five years the product development and innovation centre has developed more than 200 products for different technical springs and high tensile fasteners.

With their expertise in design and manufacturing complex tooling components in house, they have engaged with their customers, developed and delivered over 750 stock keeping units ("SKU") of products allowing them to meet changing customer requirements. Their in-house design and development capabilities seek to capitalize on emerging trends in renewable energy, industrial and mobility (such as automotive and railways) sectors. Their Company has taken steps towards better utilization of resources and maximising efficiency by increasing level of automation by having an in-house automation team for the optimization of resources, reduction of human error and achieving economies of scale with significantly higher precision.

**Strengthen relationships with their existing customers and expand customer base:**

They have been expanding / developing new products leveraging existing customer relations in existing end industry segments. They intend to continue to expand their product portfolio by leveraging their relationship with their existing customers in India and globally, while simultaneously pursuing opportunities to develop new relationships. They aim to continue to maintain their strong track-record of repeat orders from their existing customers as well as expand and strengthen their relationships as part of their organic growth efforts.

Further, they are intending to increase their focus on emerging sectors such as renewable energy including wind turbine and hydro power plants, other industrial sectors such as electrical, off highway equipments and mobility segments such as automotive and railways. They believe that this will result in adding new customers and in an increase in the wallet share of each existing customer, including their revenues, margins, and profitability. Further, in the manufacturing ecosystem for the industries they serve, they manufacture highly complex parts which allows them to easily manufacture items which are less complex in nature and at scale, ensuring longevity of relationships with their customers. They plan to leverage their knowledge of the industry and engineering capabilities, in protecting and increasing their margins.

**Expand manufacturing capacity at their existing facilities and set-up additional strategically located facility:**

They have two manufacturing facilities located in Wada, Palghar, Maharashtra. In order to support their growth strategy across India, they intend to set up an additional manufacturing facility at Vallam-Vadagal, SIPCOT, Sriperumbuddur, Tamil Nadu for developing various high tensile fasteners in order to add to their existing product portfolio and new products like bolts.

They believe their strategically located facility near Chennai will help them to cater to OEMs in renewable energy sector located in South India. Also, their facility is near the port and help them to substantially reduce their transportation cost and ensure smooth delivery's to their export customers. They also intend to increase the manufacturing capacity of DSS and CSS products at their existing manufacturing facilities at Wada, Palghar, Maharashtra.

**Industry Snapshot**

**The coil & spiral springs (CSS) market will witness growth due to the surge in demand of EV vehicles in India**

The Indian market for CSS was valued at US\$ 459M in FY24 and 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. The major consumption of CSS happens in the mobility largely applied in the commercial vehicles, automobiles & railways. Coil springs are used in EVs to reduce the overall vehicle weight.

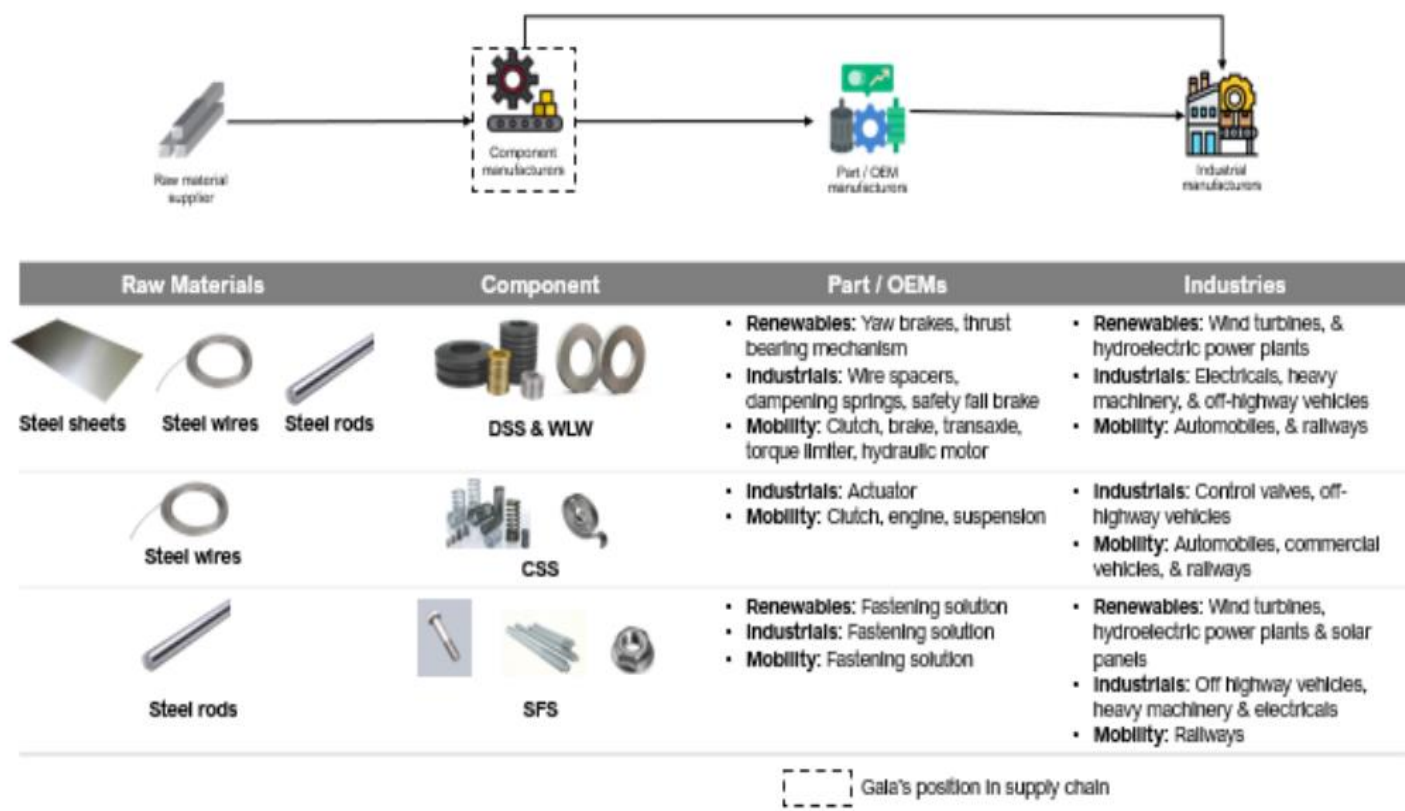
Penetration of EVs in the 2-wheeler market stands at 5% and in 4-wheeler market is 1% as of FY23 in India. This growing penetration will largely increase the demand. After mobility, the major consumption happens in the Industrials sector. Here, the focus on Indian government to develop India's Industrials participation through schemes like PLI, Urban Infrastructure Development scheme is boosting growth.

**Ageing of infrastructure & growth in renewable market will lead to high demand for Special Fasteners Solutions (SFS)**

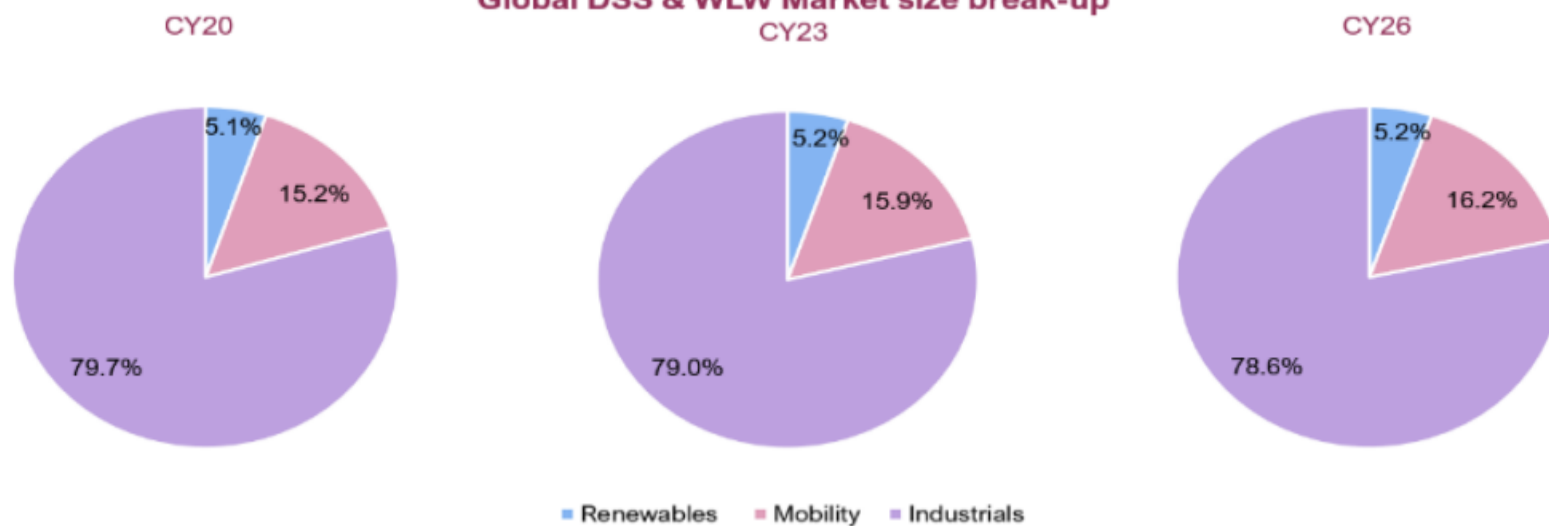
The global market for SFS was valued at US\$ 97,326M in CY23 and is expected to grow at a CAGR of 6.7% during CY23-26. The Indian market for SFS was valued at US\$ 6,580M in FY24 and is expected to grow at a CAGR of 18.0% between FY24-27. This strong growth in the market can be attributed to different factors like growth in the renewable industry & ageing of infrastructure. Globally, most of the revenue is currently contributed by the mobility sector in which demand is majorly in the automobile sector. The Industrials sector contributes almost equivalent revenue to the mobility sector, in which the majority of demand comes from heavy machinery. The policy support from different countries focusing on development of clean energy is a key growth driver for the renewable sector.

**Industry Position: Component supply chain & end-user industries**

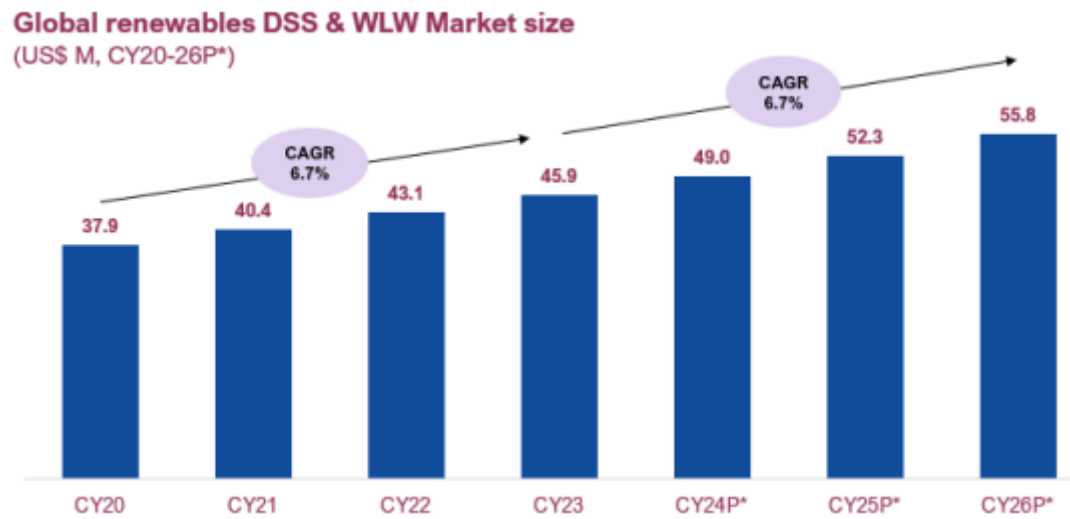
Gala Precision Engineering is positioned as a precision component manufacturer in the supply chain, supplying specialized fastening solutions, disc springs, strip springs, coils springs, spiral springs, and wedge lock washers. Their primary clientele consists of major OEMs, tier 1 & channel partners, spanning diverse industries including renewable energy, railways, automotive, electrical, and more.



**Global DSS & WLW Market size break-up**



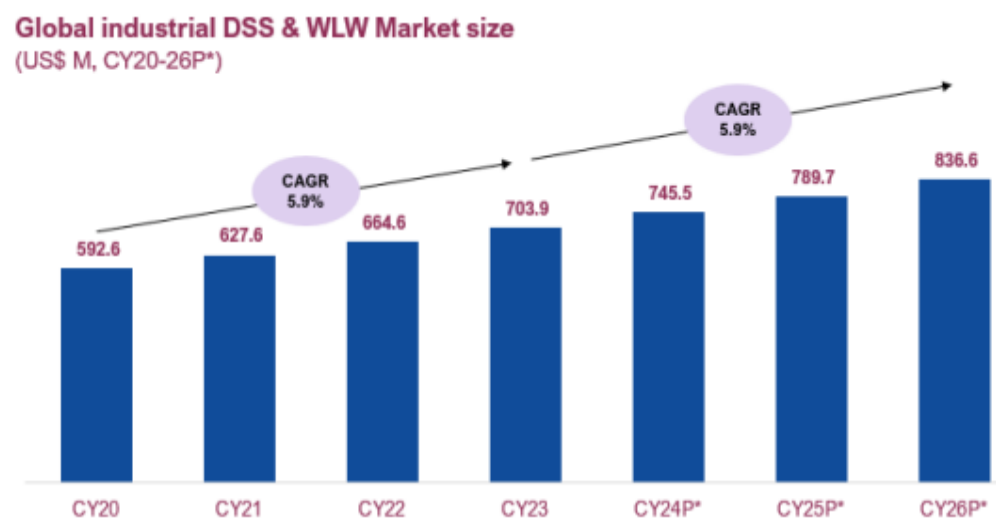
**Renewable Industry**



The renewable energy industry is subjected to growth due to government policies focusing on mitigating international climate change. Regions like the European Union and China have aimed to increase their renewable energy production capacity significantly. This increase in demand for renewables will lead to an increase in consumption of DSS & WLW. Increased energy production, Government favourable policy action in US, EU and incremental demand in hydroelectricity will lead to growth in renewable energy industry.

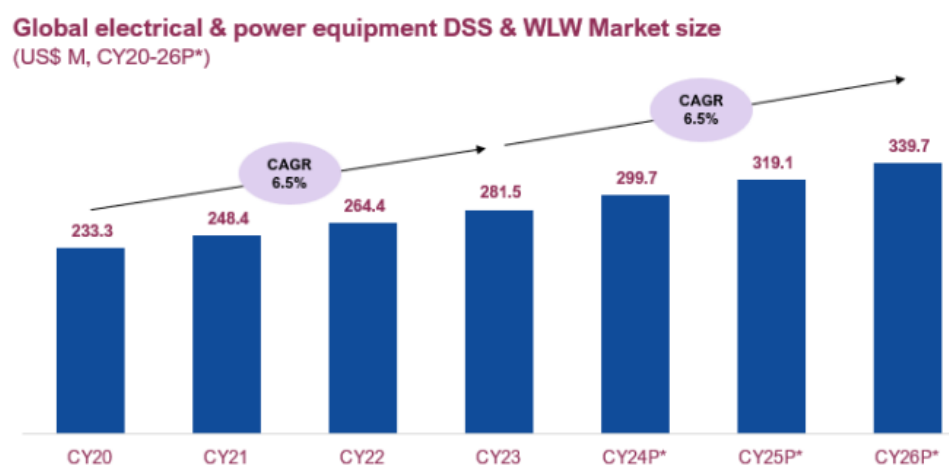
**INDUSTRIALS:**

DSS & WLW play a crucial role in various internal components of off-highway vehicles, including transaxles, torque limiters, and hydraulic motors. Additionally, DSS & WLW find applications in transmission lines, transformers, and elevators. The projected value of the overall DSS & WLW market for Industrials is anticipated to reach US\$ 837M by the end of CY26P. This growth is primarily attributed to substantial investments by governments in infrastructure, construction, and the renewable industry. The Industrials sector is expected to experience future growth, with a CAGR of 6% during the period from CY23-26P.



**ELECTRICAL POWER EQUIPMENT:**

Electrical power equipment refers to the critical elements of electricity generation and transmission such as electricity generation plants and transmission lines. DSS & WLW have various use cases such as the dampening of vibrations in high voltage transformers and as a component of spacers between individual electricity transmission lines.



**Comparison With Listed Peers**

Name of the company	Total Income (in Rs Million)	Face Value (Rs per Share)	Basic EPS	NAV Per Share	P/E Ratio	RoNW (%)
Gala Precision Engineering Limited	2,043.77	10	17.6	103.3	30.0	21.4
<b>Listed Peers</b>						
Harsha Engineers International Limited	14,217.90	10	12.2	129.0	44.3	9.5
SKF India Limited	46,641.40	10	111.6	542.6	48.5	20.6
Sundram Fasteners Limited	57,204.70	1	24.8	162.8	54.5	15.4
Rolex Rings Limited	12,368.19	10	57.3	329.8	40.8	17.4
Sterling Tools Limited	9,385.11	2	15.4	124.1	24.7	12.4
Ratnaveer Precision Engineering Limited	6,024.00	10	7.6	51.8	24.7	12.3

Note – All the information for the company and all the peers is till March 31, 2024.

**Key Risks**

- The loss of any of their key customers or significant reduction in their productions and sales of, or demand for their products from their significant customers may adversely affect their business, results of operations and financial condition.
- The Business and revenue from operations of their Company is dependent on demand of customer's products. Any loss of, or a significant reduction in purchases by such customers due to the reduction in demand for their customers' products could adversely affect their business.
- They do not have any Exclusivity Arrangements with the customers and with the suppliers.
- Their revenue is dependent on the spring's technology segment of their business. Any downturn in the spring technology segment can adversely impact their business, results of operations, cash flow and financial condition of their Company.
- Their business is dependent on the performance of the application industries with a large portion of revenue being derived from a select few application industries. Any downturn in the application industries can adversely impact their business, results of operations, cash flow and financial condition of their Company.
- Their Company's operations are subject to varied business risks and their Company's insurance cover may prove inadequate to cover the economic losses of their Company.
- Their business is manpower intensive. Their business may be adversely affected by work stoppages, increased wage demands by their employees, or increase in minimum wages across various states, and if they are unable to engage new employees on commercially attractive terms.
- Their Company has a high working capital requirement and if their Company is unable to raise sufficient working capital the operations of their Company will be adversely affected.
- Their manufacturing facilities are dependent on adequate and uninterrupted supplies of electricity, water and fuel; shortage or disruption in electricity or fuel supplies may lead to disruption in operations, higher operating cost and consequent decline in operating margins.
- They export their products to various countries including, Germany, Switzerland, Finland, Italy, Denmark, USA, China, Brazil. Any adverse events affecting these countries including any exchange rate fluctuations, depreciation in the India Rupee and compliance with a wide range of regulatory requirement and foreign laws could have an adverse impact on their business, financial condition and results from operations.

**Valuation & Outlook**

Gala Precision Engineering Ltd. are a well-established manufacturer specializing in precision engineering components, offering a broad and varied product portfolio across multiple markets. They have built enduring relationships with their customers.

They plan to further develop their expertise in the key sectors of renewable energy, industrial, and mobility by continuously reinforcing their core strengths in precision engineering for sustainability. They have expanded their range of fastening solutions for the wind segment, developing high-tensile fasteners as an import substitute for leading global wind turbine manufacturers in India. This expansion has increased their market share by broadening their product range and adding more OEMs, including those for export.

The company's P/E ratio is 30.0 times based on its FY24 earnings, with a market capitalization of ₹6,702 million after the issuance of equity shares and a market cap-to-sales ratio of 3.3 times its FY24 earnings. We believe that the issue is fairly priced, therefore we recommend **"Subscribe – Long Term"** rating to the IPO.

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<b>Large Caps (Top 100 companies)</b>	>15%	0%-15%	Below 0%
<b>Mid-Caps (101st-250th company)</b>	>20%	0%-20%	Below 0%
<b>Small Caps (251st company onwards)</b>	>25%	0%-25%	Below 0%

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