

Issue Detail	
Type	100% Book Building
Issue Size	Rs.129 Crore
Offer Price	*Rs (205 - 207)/Equity Share
Min App Size	70 Shares
Issue Open	14-Sep-16
Issue Close	16-Sep-16
Shares Offer	0.630
Face Value	Rs 10
Lead Mgrs	Ambit Private Limited , PNB Investment Services Ltd
Listing	NSE,BSE
Registrar	Link Intima India Pvt. Ltd.
Market Cap (Post Issue)	440.0

No of shares (Post & Pre Issue)	
No of Shares (Pre Issue)	15,165,400
Offer for Sale	
Fresh Issue made	6,300,000
No of Shares (Post Issue)	21465400

Bid allocation pattern	
QIB	50%
Non-Institutional	15%
Retail	35%

Objects of the Issue:

- 1) Purchase of plant and machinery
- 2) To meet working capital requirements
- 3) General corporate purposes

Company Overview

GNA Axles Ltd was incorporated in 1993 in Punjab . It is manufacturers of rear axle shafts, other shafts and spindles used in on-highway and off-highway vehicular segments in India. Company mainly engaged in manufactures and sells auto components for the four-wheeler industry. Information in this paragraph is provided by chittorgarh.com, India's No. 1 IPO Investment Portal. The company manufactures and supplies a range of rear axle shafts, other shafts, and spindles for the on-highway segment vehicles, including light commercial vehicles, medium commercial vehicles, and heavy commercial vehicles, as well as other transport vehicles, such as buses .GNA Axles made over 2.26 million components in 2016. In Fiscal 2016, GNA Axles domestic sales and export sales constituted 45.29% and 54.71% of revenue.

Company Strategies

- > Company manufacture a diverse range of rear axle shafts, other shafts and spindles and have the capacity to manufacture rear axle shafts of up to 165 kg input weight
- > Company have a strong and established relationship with our customers . our domestic customers such as Mahindra & Mahindra Limited have been our customers since 1995. The long term relationships with our key customers allow us to understand and cater to their diverse requirements, including the development of new products
- > Company has full service capabilities across the product manufacturing value chain, including engineering, forging, machining, and quality testing .

Competitive Risk

- > Company is Winding up petitions against our Company and GNA Gears Limited are currently pending before the High Court of Punjab & Haryana. Any adverse determination in these matters may adversely impact business, financial position and reputation.
- > There are certain income tax and indirect tax proceedings pending against our Company. Any adverse determination by the tax authorities in these matters could increase our tax liability and subject us to monetary penalties.
- > The business is dependent on certain principal customers and the loss of, or a significant reduction in, purchases by such customers could adversely affect business.

Financial Performance :

	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12
Revenue	508.9	430.6	404.2	349.1	398.7
EBITDA	82.8	61.0	51.0	44.0	51.8
PAT	26.0	21.6	13.3	4.8	16.9
Post Issue Diluted EPS	12.13	10.09	6.20	2.25	7.91
P/E(upper price band)	16.90				
P/E(lower price band)	17.07				
ROE %	11%	19%	14%	6%	23%

Recommendation

GNA Axles manufactures and supplies a range of rear axle shafts, other shafts, and spindles for the on-highway segment vehicles. More than 50% of sales of the company is through exports that makes its fortune dependent on global demand and currency movement though has marquee clients like John Deere, Dana Ltd, Kubota Corporation. The company post listing is expected to have an RoE of 12% and is being offered at a p/b of 1.5. The company's listing will be in the T group so speculative activities post listing is ruled out. But looking at strong clientele and higher return ratio than peers, we recommend Subscribe for long term investment.