

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF GALA PRECISION ENGINEERING PRIVATE LIMITED**  
**Report on the Consolidated Financial Statements**

**Opinion**

We have audited the accompanying Consolidated Financial Statements of **GALA PRECISION ENGINEERING PRIVATE LIMITED** hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") comprising of the Consolidated Balance Sheet as at March 31, 2021, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of other auditor on separate financial statements of a subsidiary as were audited by the other auditor, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs (financial position) of the Group as at 31st March, 2021, its profit (financial performance) and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us along with the consideration of audit report of the other auditor referred to the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated Ind AS financial statements.



### **Other Information**

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report but does not include the Consolidated financial statements and our auditor's report thereon, which are expected to be made available to us after the date of this auditor report.

Our opinion on the Consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done/audit report of other auditors, we conclude that there is a material misstatement of this other information; we are required to report that fact.

### **Management's Responsibility for the Consolidated Financial Statements.**

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read together with Rules thereon. The respective Board of Directors/management of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, , which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.



The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

#### **Auditor's Responsibility for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

A further description of our responsibilities for the audit of the Consolidated Financial Statements is included in appendix A of this auditor's report.

#### **Other Matters**

We did not audit financial statements of a foreign subsidiary which, in the aggregate represent total assets as at March 31, 2021 of Rs. 10,41,64,564/-, total revenue of Rs. 9,99,23,798/- and net Cash outflow of Rs. 35,46,054/- for the year ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us and our report in terms of sub section (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

#### **Report on Other Legal and Regulatory Requirements**

As required by Section 143 (3) of the Act, we report, to the extent applicable that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the Consolidated Financial Statements.
- b) In our opinion, proper books of account, as required by the law relating to preparation of the aforesaid Consolidated Financial Statements, have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt with by this report are in agreement with the relevant books of account, maintained for the purpose of preparation of the Consolidated Financial Statements.



- d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read together with Rules thereon.
- e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2021 taken on record by the Board of Directors, none of the directors of the Holding Company are disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A";
- g) With respect to the other matters to be included in the Auditor's report in accordance with the requirements of Section 197(16) of the Act, as amended.

The Holding Company being a private limited company, the provisions of Section 197 are not applicable to the Company.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the report of the other auditors on separate financial statements, as mentioned in the 'Other Matter' paragraph;
- a. The Group does not have pending litigations;
- b. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company.

**For M M NISSIM & CO LLP**

Chartered Accountants

(Firm Regn. No. 107122W/W100672)

*N. Kashinath*

(N. Kashinath)

Partner

Mem. No.: 036490

Mumbai, 23<sup>rd</sup> July, 2021

UDIN:- 21036490 AAAA HA 3767



**Appendix A- Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. For the entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in 'Other Matters' in this audit report.



We believe that the audit evidence obtained by us along with the consideration of audit report of the other auditors referred to in Other Matters paragraph, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE  
ON THE CONSOLIDATED FINANCIAL STATEMENTS OF GALA PRECISION  
ENGINEERING PRIVATE LIMITED**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section  
143 of the Companies Act, 2013 ("the Act")**

**Opinion**

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2021, we have audited the internal financial controls with reference to these financial statements of **GALA PRECISION ENGINEERING PRIVATE LIMITED** ("the Holding Company").
2. In our opinion, the Holding Company has, in all material respects, an adequate internal financial controls with reference to consolidated Ind AS financial statements and such internal financial controls were operating effectively as at March 31, 2021, based on the internal controls with reference to consolidated financial statements criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

**Management's Responsibility for Internal Financial Controls**

3. The Holding Company's management is responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

4. Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to the consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.



5. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated Ind AS financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Internal Financial Controls with reference to consolidated financial statements.

**Meaning of Internal Financial Controls with reference to consolidated financial statements**

7. A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisation of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

**Inherent Limitations of Internal Financial Controls with reference to consolidated financial statements**

8. Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate





**Other Matters**

9. Our aforesaid report under Section 143(3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these financial statements does not include report in respect of foreign subsidiary company.

**For M M NISSIM & CO LLP**

Chartered Accountants

(Firm Regn. No. 107122W/W100672)

N. Kashinath

Partner

**Mem. No.: 036490**

Mumbai, 23<sup>rd</sup> July, 2021

UDIN:- 21036490 AAAA HA 3767



# Gala Precision Engineering Private Limited

## Consolidated Balance sheet as at 31 March 2021

(Currency : Indian Rupees)

	Note	31 March 2021	31 March 2020
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	25,278,960	25,278,960
Reserves and surplus	4	504,797,512	484,490,114
		530,076,472	509,769,074
<b>Non-current liabilities</b>			
Long-term borrowings	5	301,075,878	243,964,723
Deferred tax liability, net	6	29,592,765	32,212,016
Long-term provisions	7	38,427,743	33,545,936
		369,096,386	309,722,675
<b>Current liabilities</b>			
Short-term borrowings	8	246,863,617	326,575,378
Trade payables	9		
Dues to micro and small enterprises		4,482,155	2,998,010
Dues to Others		101,145,953	141,211,484
Other current liabilities	10	103,632,539	106,496,817
Short-term provisions	7	6,606,883	5,943,830
		462,731,147	583,225,519
		<u>1,361,904,005</u>	<u>1,402,717,268</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	402,396,683	416,144,360
Intangible assets	11	178,890,587	139,866,385
Capital work-in-progress		4,854,415	9,340,552
Intangible assets under development		31,112,753	56,631,650
Investment property	12	3,020,838	3,159,478
Long-term loans and advances	13	35,047,849	39,336,523
		655,323,125	664,478,948
<b>Current assets</b>			
Inventories	14	395,260,111	419,193,909
Trade receivables	15	212,682,430	230,916,695
Cash and bank balances	16	42,218,681	19,629,186
Short-term loans and advances	13	48,905,559	62,013,130
Other current assets	17	7,514,099	6,485,400
		706,580,880	738,238,320
		<u>1,361,904,005</u>	<u>1,402,717,268</u>

### Significant accounting policies

2

The notes referred to above form an integral part of the financial statements

As per our report of even date attached.

For M M Nissim & Co LLP

Chartered Accountants

Firm's Registration No: 107122W/W100672

For and on behalf of the Board of Directors of

Gala Precision Engineering Private Limited

N. Kashinath

Partner

Membership No. 036490

Mumbai, 23rd July, 2021

UDIN:-

21036490AAAA HA 3767



Kirit Gala

Managing Director

Mumbai, 23rd July, 2021

Balkishan Jalan

Executive Director

Mumbai, 23rd July, 2021

# Gala Precision Engineering Private Limited

## Consolidated Statement of Profit and Loss for the year ended 31 March 2021

(Currency : Indian Rupees)

	Note	31 March 2021	31 March 2020
<b>INCOME</b>			
Revenue from operations	18	1,058,429,002	1,021,599,743
Other income	19	14,899,558	16,073,576
<b>TOTAL INCOME</b>		<b>1,073,328,560</b>	<b>1,037,673,319</b>
<b>EXPENDITURE</b>			
Cost of materials consumed	20	394,097,292	408,663,677
Changes in inventory of finished goods and work-in progress	21	13,222,065	(25,550,875)
Employee benefit Expenses	22	192,803,539	202,667,284
Finance costs	23	56,127,100	54,904,436
Depreciation and amortisation	24	58,478,686	49,446,701
Other expenses	25	338,623,190	343,824,140
<b>TOTAL EXPENSES</b>		<b>1,053,351,872</b>	<b>1,033,955,363</b>
<b>Profit before tax</b>		<b>19,976,688</b>	<b>3,717,956</b>
<b>Less: Provision for taxation</b>			
- Current tax		1,224,548	-
- MAT Credit Entitlement (Including Rs. Nil (Previous Year - Rs. 83,00,000/- of earlier years)		(1,224,548)	(8,300,000)
- Deferred tax charge		(2,619,250)	(293,591)
- Current tax adjustments of earlier years		-	(96,167)
		<b>(2,619,250)</b>	<b>(8,689,758)</b>
<b>Profit for the year</b>		<b>22,595,938</b>	<b>12,407,714</b>
<b>Earnings per equity share of face value of Rs. 10 each</b>			
- Basic earnings per equity share	28	8.94	4.91
- Diluted earnings per equity share	28	8.94	4.91

### Significant accounting policies

2

The notes referred to above form an integral part of the financial statements

As per our report of even date attached.

**For M M Nissim & Co LLP**

Chartered Accountants

Firm's Registration No: 107122W/W100672

For and on behalf of the Board of Directors of

**Gala Precision Engineering Private Limited**

*N. Kashinath*  
  
**N. Kashinath**  
 Partner  
 Membership No. 036490



*Kirit Gala*  
  
**Kirit Gala**  
 Managing Director

*Balkishan Jalan*  
  
**Balkishan Jalan**  
 Executive Director

Mumbai, 23rd July, 2021

Mumbai, 23rd July, 2021

Mumbai, 23rd July, 2021

UDIN:- 21036490AAAAHA3767

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# Gala Precision Engineering Private Limited

## Consolidated Cash flow statement for the year ended 31 March 2021

(Currency : Indian Rupees)

	31 March 2021	31 March 2020
<b>(A) Cash inflow/ (outflow) from operating activities</b>		
Profit before tax	19,976,688	3,717,956
<b>Adjustments for :</b>		
Depreciation and amortisation	58,478,686	49,446,701
(Profit) /loss on sale of asset	-	77,120
Interest income	(1,386,778)	(1,463,196)
Finance costs	56,127,100	54,904,436
Provisions written back	-	-
Unrealised foreign exchange loss/(gain)	8,293,299	6,473,469
Provision for doubtful debts	4,273,567	242,164
Sundry balances written back	(1,229,409)	(2,054,721)
Sundry balances written off	1,382,577	159,801
Bad debts written off	664,595	5,687,884
<b>Operating profit before working capital changes</b>	<b>146,580,325</b>	<b>117,191,614</b>
<b>(Increase)/decrease in working capital</b>		
Inventories	23,933,798	(62,308,932)
Trade receivables	5,002,804	5,863,267
Long Term Loans and advances	4,622,643	(9,737,179)
Short Term Loans and advances	10,819,031	6,377,643
Other Assets	(952,533)	5,511,397
Trade payables	(38,581,386)	10,797,632
Other current liabilities	(4,089,491)	17,877,210
Provisions	5,544,860	(2,817,720)
<b>Net changes in working capital</b>	<b>6,299,726</b>	<b>(28,436,682)</b>
<b>Cash generated from operations</b>	<b>152,880,051</b>	<b>88,754,932</b>
Taxes paid (net of refund)	(334,732)	(925,614)
<b>Net cash inflow from operating activities ( A )</b>	<b>152,545,319</b>	<b>87,829,318</b>
<b>(B) Cash inflow/ (outflow) from investing activities</b>		
Payments for purchase of Property, Plant & Equipment including changes in capital work in progress and capital advances	(53,610,775)	(95,060,599)
Proceeds from sale of property, plant & equipment	-	513,984
Redemption/maturity of bank deposits (Margin Money)	(417,073)	(3,655,490)
Interest received	1,310,612	1,592,819
Investment in property	-	(108,714)
<b>Net cash used in investing activities ( B )</b>	<b>(52,717,236)</b>	<b>(96,718,000)</b>
<b>(C) Cash inflow/ (outflow) from financing activities</b>		
Proceeds from long-term borrowings	72,954,080	62,666,384
Repayment of Long Term Borrowings	(14,659,945)	(61,273,541)
Proceeds/repayment from short-term borrowings	(79,711,761)	46,905,689
Proceeds from issue of share capital (face value)	-	528,000
Share premium received	-	16,896,000
Finance costs paid	(56,238,035)	(56,164,140)
<b>Net cash used in financing activities ( C )</b>	<b>(77,655,661)</b>	<b>9,558,392</b>
<b>Net (decrease) in cash and cash equivalents (A+B+C)</b>	<b>22,172,422</b>	<b>669,710</b>



# Gala Precision Engineering Private Limited

## Consolidated Cash flow statement for the year ended 31 March 2021 (Continued)

(Currency : Indian Rupees)

	31 March 2021	31 March 2020
Cash and cash equivalents at the beginning of the year	2,668,059	1,998,349
Cash and cash equivalents at the end of the year	24,840,481	2,668,059
<b>Cash and cash equivalents comprise</b>		
Cash on hand	914,110	871,095
Balances with scheduled banks in		
- Current account	23,926,371	1,796,964
	<u>24,840,481</u>	<u>2,668,059</u>

As per our report of even date attached.

For M M Nissim & Co LLP

Chartered Accountants

Firm's Registration No: 107122W/W100672

For and on behalf of the Board of Directors of

Gala Precision Engineering Private Limited

N. Kashinath

Partner

Membership No. 036490

Mumbai, 23rd July, 2021

UDIN:- 21036490AAAAHA3767



Kirit Gala

Managing Director

Mumbai, 23rd July, 2021

Balkishan Jalan

Executive Director

Mumbai, 23rd July, 2021

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# Gala Precision Engineering Private Limited

## Notes to consolidated financial statements (Continued)

for the year ended 31 March 2021

(Currency : Indian Rupees)

### 1 Basis of Consolidation

The Consolidated financial statements relate to Gala Precision Engineering Private Limited and its subsidiary. The Company and its subsidiary constitutes the Group.

### 2 Significant accounting policies & principles of consolidation:

The financial statements are prepared under the historical cost convention on an accrual basis, in conformity with applicable Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and generally accepted accounting principles and practices.

The significant accounting policies of the company and its subsidiary are largely similar and are set out in the separate financial statements of the company. Appropriate disclosures, as applicable, is made of significant deviations from Company's accounting policies, which have not been adjusted. The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the company's separate financial statements.

#### Principles of consolidation:

- i. The consolidated financial statements have been prepared in accordance with the Accounting Standards-21 on Consolidated Financial Statements notified by the Companies (Accounting Standards) Rules, 2006.

The consolidated financial statements comprise of the financial statements of the Company and the following subsidiary as on March 31, 2021:

Name	Country of incorporation	Proportion of ownership interest	Financial Statement as on
Gala Precision Components (Shanghai) Private Limited	China	100%	31-Mar-21

- ii. The financial statements of the Company and its subsidiary company have been combined on a line-by line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealised profits or losses are fully eliminated.

- iii. The difference between the cost of investment in the subsidiary and the share of net assets at the time of acquisition of shares in the subsidiary, where applicable, is identified in the financial statements as Goodwill or Capital Reserve as the case may be.

- iv. Minority Interest in the net assets of subsidiary consists of:  
- The amount of equity attributable to the minorities at the date on which the investment in subsidiary is made, and  
- The minorities' share of movements in equity since the date – subsidiary relationship came into existence.

- v. The consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the company's separate Financial Statements.

- vi. The audited Financial Statements of foreign subsidiary has been prepared in accordance with the Generally Accepted Accounting Principle of their countries of incorporation/International Financial Reporting Standards. The differences in accounting policies of the company and its subsidiaries are not material.



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# Gala Precision Engineering Private Limited

## Notes to consolidated financial statements (Continued)

for the year ended 31 March 2021

(Currency : Indian Rupees)

3 Share capital	31 March 2021	31 March 2020
<i>Authorised</i>		
11,000,000 equity shares of Rs. 10 each.	110,000,000	110,000,000
7,000,000 preference shares of Rs. 10 each.	70,000,000	70,000,000
	<u>180,000,000</u>	<u>180,000,000</u>
<i>Issued, subscribed and paid-up</i>		
25,278,960 [previous year: Rs. 25,278,960 equity shares of Rs. 10 each, fully paid-up.	25,278,960	25,278,960
	<u>25,278,960</u>	<u>25,278,960</u>

### a) Reconciliation of shares outstanding at the beginning and at the end of the reporting period

	31 March 2021		31 March 2020	
	Number	Amount	Number	Amount
<b>Equity shares</b>				
At the commencement of the period	2,527,896	25,278,960	2,353,716	23,537,160
Shares issued including ESOP	-	-	174,180	1,741,800
At the end of the period	2,527,896	25,278,960	2,527,896	25,278,960

### b) Rights, preferences and restrictions attached to equity shares

The company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the company's residual assets. The equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid. Failure to pay any amount called up on shares may lead to forfeiture of the shares. On winding up of the company, the holders of equity shares will be entitled to receive the residual assets of the company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

### c) Particulars of shareholders holding more than 5% shares of a class of shares

	31 March 2021		31 March 2020	
	Number	% of total shares in the class	Number	% of total shares in the class
<b>Equity shares of Rs. 10 each, fully paid-up held by-</b>				
- Kirit Vishanji Gala	572,872	22.66	572,872	22.66
- Vishanji Harshi Gala	411,200	16.27	411,200	16.27
- Rumie Kirit Gala	311,772	12.33	311,772	12.33
- Taramati V Gala	260,400	10.30	260,300	10.29
- Ulhas Gala	165,000	6.53	165,000	6.53
- Pooja Unichem LLP	165,000	6.53	165,000	6.53



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# Gala Precision Engineering Private Limited

## Notes to consolidated financial statements (Continued)

for the year ended 31 March 2021

(Currency : Indian Rupees)

4 Reserves and surplus	31 March 2021	31 March 2020
<b>Capital redemption reserve</b>		
<i>On buyback of 6% Non-cumulative compulsorily convertible preference shares:</i>		
At the commencement of the year	15,000,000	15,000,000
Transferred from reserves during the year	-	-
Balance as at the end of the year	<u>15,000,000</u>	<u>15,000,000</u>
<b>Securities premium account</b>		
<i>On equity share capital:</i>		
At the commencement of the year	285,239,140	244,067,140
Add : Premium received	-	41,172,000
Balance as at the end of the year	<u>285,239,140</u>	<u>285,239,140</u>
<i>On preference share capital:</i>		
At the commencement and at the end of the year	52,000,000	52,000,000
Balance as at the end of the year	<u>52,000,000</u>	<u>52,000,000</u>
<b>Employee Stock Options Outstanding</b>		
Balance as at the beginning of the year	-	24,276,000
Add: Compensation for the year (Refer Note 31)	-	-
Less: ESOP Exercise	-	24,276,000
Balance as at the end of the year	<u>-</u>	<u>-</u>
<b>Foreign currency translation reserve</b>		
At the commencement of the year	38,714,555	40,598,070
For the year	(2,288,540)	(1,883,515)
Balance as at the end of the year	<u>36,426,015</u>	<u>38,714,555</u>
<b>Surplus (Profit and loss balance)</b>		
At the commencement of the year	93,536,419	81,060,008
Prior period adjustments of subsidiary	-	68,697
Profit for the year	22,595,938	12,407,714
Balance as at the end of the year	<u>116,132,357</u>	<u>93,536,419</u>
	<u>504,797,512</u>	<u>484,490,114</u>



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# Gala Precision Engineering Private Limited

Notes to consolidated financial statements (Continued)  
for the year ended 31 March 2021

(Currency : Indian Rupees)

## 5 Long-term borrowings

	31 March 2021		31 March 2020	
	Non-current portion	Current portion *	Non-current portion	Current portion *
<b>Term loans</b>				
- From HDFC Bank Ltd. (secured) (The loan is repayable in 60 monthly installments from the 7 January 2016. The loans are secured by first and exclusive charge by way of hypothecation on certain specific equipments financed through the loan. The loan carries rate of interest of 9.95% to 10.10% per annum [previous year: 10.50% to 10.70% per annum].)	-	2,293,419	-	6,751,043
(The loan is repayable in 60 monthly installments from 7 April 2016. The loans are secured by first and exclusive charge by way of hypothecation on certain specific equipments financed through the loan. The loan carries rate of interest of 9.95% to 10.10% per annum [previous year: 10.50% to 10.70% per annum].)	-	13,845,577	1,829,961	20,874,270
- From Yes Bank Ltd. (secured) (The loan is repayable in 84 monthly installments from the 5 Jul 2019. The loans are secured by first and exclusive charge by way of hypothecation on certain specific equipments financed through the loan. The loan carries rate of interest of 9.60% per annum. (Previous Year 9.60% per annum))	49,173,125	12,845,668	45,679,268	10,487,116
<b>Emergency Credit Line Gurantee Scheme</b>				
- From HDFC Bank Ltd. (secured) (The loan is repayable in 48 monthly after one year of moratorium i.e. 1 Oct 2021. The loan carries rate of interest of 8.25% per annum.)	29,933,513	6,003,158	-	-
- From Yes Bank Ltd. (secured) (The loan is repayable in 48 monthly after one year of moratorium i.e. 1 Nov 2021. The loan carries rate of interest of 8.60% per annum.)	26,384,444	4,255,556	-	-
<b>Vehicle finance loan (secured)</b> (The loans are repayable in equated monthly instalments, from the month subsequent to disbursement of the loan. The loans are secured against hypothecation of related vehicles taken under the loans. The loan carries rate of interest of 8.46% to 10.50% per annum [previous year: 9.36% to 13.00% per annum].)	2,119,796	1,395,695	3,515,494	1,343,664
	<u>107,610,878</u>	<u>40,639,073</u>	<u>51,024,723</u>	<u>39,456,093</u>
<b>Unsecured Loans</b>				
- Loan from Shareholders / Directors (The loans are repayable by 30/04/2022. The loan carries rate of interest of 9.00% to 13% per annum [previous year: 12.00% to 13.20% per annum])	178,465,000	-	142,940,000	-
- Inter-corporate deposits (The loan is repayable by 30/04/2023. The loan carries rate of interest of 9.00% to 13% per annum [previous year: 12.00% to 13.20% per annum])	15,000,000	-	50,000,000	-
	<u>193,465,000</u>	<u>-</u>	<u>192,940,000</u>	<u>-</u>
	<u>301,075,878</u>	<u>40,639,073</u>	<u>243,964,723</u>	<u>39,456,093</u>

\* Amount disclosed under "Other current liabilities" (Refer Note 10)



Gala Precision Engineering Private Limited

Notes to consolidated financial statements (Continued)  
for the year ended 31 March 2021

(Currency : Indian Rupees)

6 Deferred tax liability - net	31 March 2021	31 March 2020
The components of deferred tax balance are as follows :		
<i>Deferred tax liability</i>		
Excess of depreciation/amortisation on property, plant and equipment and intangible assets under income-tax law over depreciation/amortisation provided in accounts.	70,822,867	53,166,902
	<u>70,822,867</u>	<u>53,166,902</u>
<i>Deferred tax assets</i>		
Expenditure under Section 43 B of the Income tax Act, 1961		
- Provision for compensated absences	2,708,985	2,479,003
- Provision for Gratuity	9,819,648	8,507,049
Provision for bad and doubtful debts	1,257,058	68,151
Others	(55,640)	55,640
Unabsorbed depreciation	27,500,051	9,845,043
	<u>41,230,102</u>	<u>20,954,886</u>
	<u>29,592,765</u>	<u>32,212,016</u>

7 Provisions	31 March 2021		31 March 2020	
	Long-term	Short-term	Long-term	Short-term
<b>Provision for employee benefits</b>				
Compensated absences	8,951,799	785,747	8,189,493	721,375
Gratuity	29,475,944	5,821,136	25,356,443	5,222,455
	<u>38,427,743</u>	<u>6,606,883</u>	<u>33,545,936</u>	<u>5,943,830</u>
	<u>38,427,743</u>	<u>6,606,883</u>	<u>33,545,936</u>	<u>5,943,830</u>



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# Gala Precision Engineering Private Limited

## Notes to consolidated financial statements (Continued)

for the year ended 31 March 2021

(Currency : Indian Rupees)

<b>8 Short-term borrowings</b>	<b>31 March 2021</b>	<b>31 March 2020</b>
Loans repayable on demand		
- Cash credit and overdraft facilities from banks (secured)		
From HDFC Bank Ltd.	153,576,335	219,427,017
From Yes Bank Ltd.	93,287,282	107,148,361
From Kotak Mahindra Bank Ltd.	-	-
	<u>246,863,617</u>	<u>326,575,378</u>

Cash credit and overdraft facilities from HDFC Bank Ltd. carries rate of interest of 9.05% to 9.80% per annum [previous year: 9.55% to 9.95% per annum] and Yes Bank Ltd. carries rate of interest of 9.00% to 9.80% per annum [previous year: 9.80% per annum], computed on a monthly basis on the actual amount utilised, and are repayable on demand. These are secured by pari passu charge by way of hypothecation of inventories of raw materials and finished goods and book debts, both present and future.

<b>9 Trade payables</b>	<b>31 March 2021</b>	<b>31 March 2020</b>
Sundry creditors for goods and services		
- Due to micro and small enterprises	4,482,155	2,998,010
- Due to others		
Acceptances	20,943,744	25,886,751
Trade payables	80,202,209	115,324,733
	<u>105,628,108</u>	<u>144,209,494</u>

<b>10 Other current liabilities</b>	<b>31 March 2021</b>	<b>31 March 2020</b>
Current maturities of long-term debt (Refer Note 5)	40,639,073	39,456,093
Interest accrued and due on borrowings	972,318	1,083,253
Advance received from customers	3,889,466	13,003,660
Security Deposit from Customer	1,080,000	480,000
Forward contracts payable (net)	-	10,123,750
<b>Statutory dues :</b>		
Withholding Tax payable	2,954,686	3,502,376
Sales tax payable	1,337,850	-
GST payable	1,587,331	82,211
Other statutory liabilities	1,596,747	1,391,930
Liabilities for revenue expenditure	49,575,068	37,373,544
	<u>103,632,539</u>	<u>106,496,817</u>



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## Gala Precision Engineering Private Limited

Notes to consolidated financial statements (Continued)  
for the year ended 31 March 2021

(Currency : Indian Rupees)

### 11 Property, Plant & Equipment

Description	Gross block		Accumulated depreciation/amortisation		Net block			
	As at 1 April 2020	Additions during the year ending 31 March 2021	Deductions during the year ending 31 March 2021	As at 1 April 2020	Charge for the year ending 31 March 2021	On deletions during the year ending 31 March 2021	As at 31 March 2021	As at 31 March 2020
<b>Tangible Assets</b>								
Freehold land	8,685,000	-	-	-	-	-	8,685,000	8,685,000
Leasehold land	14,393,230	-	-	2,762,585	263,626	-	11,367,019	11,630,645
Leasehold improvements	15,648,606	-	-	1,759,672	497,698	-	13,391,236	13,888,934
Factory building	109,939,594	58,627	-	30,543,361	2,887,101	-	76,565,759	79,394,233
Plant and machinery	320,880,855	24,615,538	-	95,476,956	20,283,691	-	229,735,746	225,403,899
Electrical installation	26,603,219	82,363	-	17,037,550	1,504,409	-	8,203,623	9,625,669
Computers	12,538,046	457,206	-	12,995,252	1,335,132	-	2,209,470	3,087,396
Vehicles	12,463,384	-	-	5,699,415	1,486,862	-	5,277,107	6,763,969
Furniture and fixtures	52,436,602	641,886	-	26,581,873	4,849,919	-	21,646,696	25,854,729
Office equipments	12,029,209	825,738	-	8,524,754	1,297,387	-	3,032,806	3,504,455
Spares, tools and	5,781,704	-	-	3,574,440	663,985	-	1,543,279	2,207,264
Dies and moulds	52,951,831	2,254,971	-	55,206,802	7,614,957	-	20,738,181	26,098,167
	644,411,280	28,936,329	-	673,347,609	228,266,920	-	402,395,922	416,144,360
<b>Intangible assets</b>								
Development cost	177,455,329	56,630,908	-	234,086,237	15,697,841	-	162,747,477	121,814,410
Lean Improvement	15,011,888	-	-	15,011,888	2,144,644	-	12,856,113	15,000,757
Computer Software	7,424,813	834,000	-	8,258,813	598,221	-	3,286,997	3,051,218
	199,892,030	57,464,908	-	257,356,938	18,440,706	-	178,890,587	139,866,385
<b>Total</b>	<b>844,303,310</b>	<b>86,401,237</b>	<b>-</b>	<b>930,704,547</b>	<b>61,125,473</b>	<b>-</b>	<b>581,286,509</b>	<b>556,010,745</b>
Previous year	733,540,197	116,755,251	5,992,138	844,303,310	231,534,219	5,401,034	288,292,565	556,010,745

Total borrowing costs capitalised during the year is Rs. 1,866,136 (previous year: Rs. 3,517,052).

# The Company has capitalised depreciation of Rs. 2,785,428 (previous year: Rs. 12,847,776) and transferred to capital work-in-progress, hence net depreciation of Rs. 58,332,450 is treated as a charge in Statement of Profit and Loss.

a) Development costs capitalised during the year includes:

	31-Mar-21	31-Mar-20
Raw material	391,240	4,448,983
Personnel costs	23,163,838	18,322,686
Process costs	25,951,553	23,017,255
Testing costs	374,955	633,127
Job-work cost	2,353,663	-
Travelling expenses	390,851	-
Technical fees and other expenses	4,004,808	4,832,831
	56,630,908	51,254,882



# Gala Precision Engineering Private Limited

## Notes to consolidated financial statements (Continued)

for the period ended 31 March 2020

(Currency : Indian Rupees)

### 11 Property, Plant & Equipment (previous year figures)

Description	Gross block			Accumulated depreciation/amortisation			Net block		
	As at 1 April 2019	Additions during the year	Deductions during the year	As at 31 March 2020	As at 1 April 2019	Charge for the year	On deletions during the year	As at 31 March 2020	As at 31 March 2019
<b>Tangible assets</b>									
Freehold land	8,685,000	-	-	8,685,000	-	-	-	8,685,000	8,685,000
Leasehold land	14,393,230	-	-	14,393,230	2,498,959	263,626	-	11,630,645	11,894,271
Leasehold improvements	15,648,606	-	-	15,648,606	1,262,224	497,448	-	13,888,934	14,386,382
Factory building	107,553,370	2,386,224	-	109,939,594	27,718,038	2,827,323	-	79,394,233	79,835,332
Plant and machinery	287,174,844	35,277,698	1,571,687	320,880,855	77,506,255	19,184,204	1,213,503	225,403,899	209,668,589
Electrical installation	25,614,920	1,048,299	-	26,663,219	15,468,291	1,569,259	-	9,625,669	10,146,629
Computers	10,383,171	2,154,875	-	12,538,046	8,386,835	1,063,815	-	3,087,396	1,996,336
Vehicles	16,883,835	-	4,420,451	12,463,384	7,918,999	1,967,947	4,187,531	6,763,969	8,964,836
Furniture and fixtures	51,498,651	937,951	-	52,436,602	21,729,686	4,852,187	-	25,854,729	29,768,965
Office equipments	10,549,918	1,479,291	-	12,029,209	7,306,578	1,218,176	-	3,504,455	3,243,340
Spare parts, tools and	5,699,511	82,193	-	5,781,704	2,870,678	703,762	-	2,207,264	2,828,833
Dies and moulds	46,677,881	6,273,950	-	52,951,831	19,964,709	6,888,955	-	26,098,167	26,713,172
	600,762,937	49,640,481	5,992,138	644,411,280	192,631,252	41,036,702	5,401,034	416,144,360	408,131,685
<b>Intangible assets</b>									
Development cost	126,200,447	51,254,882	-	177,455,329	34,980,178	20,660,741	-	121,814,410	91,220,269
Lean Improvement	-	15,011,888	-	15,011,888	-	11,131	-	15,000,757	-
Computer Software	6,576,813	848,000	-	7,424,813	3,922,789	450,806	-	3,051,218	2,654,024
	132,777,260	67,114,770	-	199,892,030	38,902,967	21,122,678	-	139,866,385	93,874,293
<b>Total</b>	<b>733,540,197</b>	<b>116,755,251</b>	<b>5,992,138</b>	<b>844,303,310</b>	<b>231,534,219</b>	<b>62,159,380</b>	<b>5,401,034</b>	<b>556,010,745</b>	<b>502,005,978</b>
Previous year	606,253,338	128,698,402	1,411,543	733,540,197	185,817,066	46,986,818	1,269,665	502,005,978	

Total borrowing costs capitalised during the year is Rs. 3,517,052 (previous year: Rs. 3,671,882).

# The Company has capitalised depreciation of Rs. 12,847,776 (previous year: Rs. 6,957,296) and transferred to capital work-in-progress, hence net depreciation of Rs. 49,304,880 is treated as a charge in Statement of Profit and Loss.



# Gala Precision Engineering Private Limited

## Notes to consolidated financial statements (Continued)

for the year ended 31 March 2021

(Currency : Indian Rupees)

### 12 Investment property

	31 March 2021	31 March 2020
Cost	3,918,323	3,809,609
Add: Additions during the year	-	108,714
Less: Depreciation	897,485	758,845
	<u>3,020,838</u>	<u>3,159,478</u>



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# Gala Precision Engineering Private Limited

## Notes to consolidated financial statements (Continued)

for the year ended 31 March 2021

(Currency : Indian Rupees)

### 13 Loans and advances

	31 March 2021		31 March 2020	
	Non-current portion	Current portion	Non-current portion	Current portion
<b>To parties other than related parties</b>				
Capital advances (Unsecured and considered good)	2,079,411	-	6,528,962	-
	<u>2,079,411</u>	<u>-</u>	<u>6,528,962</u>	<u>-</u>
<b>Security deposits (unsecured)</b>				
Considered good	6,444,690	167,400	6,617,873	159,569
	<u>6,444,690</u>	<u>167,400</u>	<u>6,617,873</u>	<u>159,569</u>
<b>Advances to creditors (unsecured)</b>				
Considered good	-	17,937,204	-	16,479,428
Considered doubtful	-	200,000	-	200,000
Less: Provision for doubtful advance to creditors	-	(200,000)	-	(200,000)
	<u>-</u>	<u>17,937,204</u>	<u>-</u>	<u>16,479,428</u>
<b>Unsecured and considered good</b>				
Loans to employees	-	4,481,692	-	4,514,127
CENVAT credit receivable	86,093	-	86,093	-
Income tax receivable (net of Provision)	370,916	-	1,261,495	-
GST receivable	-	5,496,961	-	19,194,372
VAT receivable	5,918,434	-	5,918,343	1,235,815
Minimum alternate tax credit receivable	19,748,305	-	18,523,757	-
Other advances	-	20,822,302	-	20,429,819
	<u>26,123,748</u>	<u>30,800,955</u>	<u>25,789,688</u>	<u>45,374,133</u>
<b>To related parties</b>				
Deposit (Unsecured and considered good)	400,000	-	400,000	-
	<u>400,000</u>	<u>-</u>	<u>400,000</u>	<u>-</u>
	<u>35,047,849</u>	<u>48,905,559</u>	<u>39,336,523</u>	<u>62,013,130</u>



## Gala Precision Engineering Private Limited

### Notes to consolidated financial statements (Continued) for the year ended 31 March 2021

(Currency : Indian Rupees)

14 Inventories	31 March 2021	31 March 2020
<i>(Valued at the lower of cost and net realisable value)</i>		
Raw material	167,116,040	181,543,676
Work-in-progress	99,291,438	139,390,732
Finished goods [including in-transit] *	110,545,167	83,667,939
Stores and spares	18,307,466	14,591,562
	395,260,111	419,193,909

\* including goods-in-transit Rs. 56,024,626 (previous year: Rs. 18,096,728)

15 Trade receivables	31 March 2021	31 March 2020
<i>(Unsecured)</i>		
Receivables outstanding for a period exceeding six months from the date they became due for payment		
- Considered good	63,255,107	29,627,999
- Considered doubtful	4,518,541	244,973
	67,773,648	29,872,972
Other receivables		
- Considered good	149,427,323	201,288,696
- Considered doubtful	-	-
Total	149,427,323	201,288,696
Less : Provision for doubtful debts	4,518,541	244,973
	212,682,430	230,916,695

16 Cash and bank balances	31 March 2021	31 March 2020
Cash and cash equivalents		
- Cash on hand	914,110	871,095
- Balances with scheduled banks in		
On current accounts	23,926,371	1,796,964
	24,840,481	2,668,059
Other bank balances		
- Margin Money	17,321,239	16,927,868
- Current account held at a foreign branch	56,961	33,259
	17,378,200	16,961,127
	42,218,681	19,629,186

Amount in Current account held at a foreign branch is not freely remittable to the company because of Exchange Restrictions.

17 Other current assets	31 March 2021	31 March 2020
<i>(Unsecured, considered good unless otherwise stated)</i>		
Interest accrued on margin deposits	165,973	89,807
Other receivables	-	224,164
Forward contracts receivable (net)	3,791,141	-
Deferred premium on forward contracts	3,556,985	6,171,429
	7,514,099	6,485,400





# Gala Precision Engineering Private Limited

## Notes to consolidated financial statements (Continued)

for the year ended 31 March 2021

(Currency : Indian Rupees)

<b>18 Revenue from operations</b>	<b>31 March 2021</b>	<b>31 March 2020</b>
<b>Sale of products</b>		
Springs, Parts and Assemblies	917,471,429	897,273,754
Surface Engineering Solutions	98,486,470	76,744,453
	<u>1,015,957,899</u>	<u>974,018,207</u>
<b>Sale of services</b>		
Springs, Parts and Assemblies	92,498	267,921
Surface Engineering Solutions	202,932	918,000
	<u>295,430</u>	<u>1,185,921</u>
<b>Other operating income</b>		
Sale of Scrap	28,893,206	29,206,330
Duty Drawback income	5,434,237	6,618,352
FPS License income	7,848,230	10,570,933
	<u>42,175,673</u>	<u>46,395,615</u>
	<u>1,058,429,002</u>	<u>1,021,599,743</u>
<b>19 Other income</b>		
	<b>31 March 2021</b>	<b>31 March 2020</b>
Exchange gain (net)	986,667	8,215,411
Insurance claim received	166,764	100,000
Sundry balances written back	1,229,409	2,054,721
Discount on Forward Contract	9,397,944	947,461
Interest on margin money/others	1,386,778	1,463,196
Rent received	1,731,627	3,282,610
Miscellaneous income	369	10,177
	<u>14,899,558</u>	<u>16,073,576</u>



# Gala Precision Engineering Private Limited

## Notes to consolidated financial statements (Continued)

for the year ended 31 March 2021

(Currency : Indian Rupees)

### 20 Cost of materials consumed

	31 March 2021	31 March 2020
Opening stock	181,543,676	146,560,233
Add: Purchases during the year	379,669,656	443,647,120
Less : Closing stock	167,116,040	181,543,676
	<u>394,097,292</u>	<u>408,663,677</u>



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# Gala Precision Engineering Private Limited

## Notes to consolidated financial statements (Continued)

for the year ended 31 March 2021

(Currency : Indian Rupees)

### 21 Changes in inventory of finished goods and work-in progress

	31 March 2021			31 March 2020		
	Opening inventory	Closing inventory	Increase / (Decrease) in inventory	Opening inventory	Closing inventory	Increase / (Decrease) in inventory
<b>Manufactured goods</b>						
Disc Springs	80,476,237	109,614,186	(29,137,949)	101,866,992	80,476,237	21,390,755
Mass Finishing Solutions	3,191,702	930,982	2,260,720	4,096,757	3,191,702	905,055
	83,667,939	110,545,168	(26,877,229)	105,963,749	83,667,939	22,295,810
<b>Work-in-progress</b>						
Disc Springs	116,476,466	92,722,918	23,753,548	78,288,515	114,476,466	(36,187,951)
Mass Finishing Solutions	22,914,266	6,568,520	16,345,746	13,255,532	24,914,266	(11,658,734)
	139,390,732	99,291,438	40,099,294	91,544,047	139,390,732	(47,846,685)
	223,058,671	209,836,606	13,222,065	197,507,796	223,058,671	(25,550,875)



# Gala Precision Engineering Private Limited

## Notes to consolidated financial statements (Continued)

for the year ended 31 March 2021

(Currency : Indian Rupees)

	31 March 2021	31 March 2020
<b>22 Employee benefit Expenses</b>		
Salaries, wages and bonus	167,287,832	179,337,372
Contribution to provident and other funds	15,606,415	12,297,740
Staff welfare	9,909,292	11,032,172
	<u>192,803,539</u>	<u>202,667,284</u>
<b>23 Finance costs</b>		
Interest expense		
- on term loans	10,460,289	6,219,828
- on working capital	15,219,865	12,436,199
- on unsecured loans	28,364,219	34,164,336
Finance charges	2,082,727	2,084,073
	<u>56,127,100</u>	<u>54,904,436</u>
<b>24 Depreciation and amortisation</b>		
Depreciation on property, plant and equipment	42,684,767	41,036,590
Amortisation of intangible assets	18,440,706	21,122,678
Depreciation on Investment Property	138,641	135,209
Less: Transferred to Capital Work in Progress (Refer Note 11)	(2,785,428)	(12,847,776)
	<u>58,478,686</u>	<u>49,446,701</u>



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# Gala Precision Engineering Private Limited

## Notes to consolidated financial statements (Continued)

for the year ended 31 March 2021

(Currency : Indian Rupees)

25 Other expenses	31 March 2021	31 March 2020
Consumption of stores and spare parts	3,17,24,621	3,49,65,030
Packing material consumed	1,39,25,060	1,39,49,059
Power and fuel	3,57,77,269	3,96,31,579
Labour charges	15,38,63,598	13,63,68,835
Testing expenses	50,74,368	53,15,379
Rent	55,36,406	36,48,961
<i>Repairs and maintenance</i>		
- Building	3,40,336	4,60,953
- Plant and machinery	28,55,934	19,38,622
- Others	37,29,100	45,58,730
Insurance	63,69,176	58,99,914
Rates and taxes	17,61,257	20,70,582
Travelling expenses	30,37,578	1,16,10,896
Legal and professional fees	61,86,178	70,18,000
Payment to auditors	10,53,348	4,96,063
Commission	27,65,331	14,97,901
Business promotion	61,12,849	98,42,601
Bank charges	36,13,991	28,20,681
Telephone and other communication expenses	9,42,214	13,19,144
Printing and stationery	7,06,223	9,20,219
Provision for doubtful debts	42,73,567	2,42,164
Loss on sale of property, plant and equipment (net)	-	77,120
Conveyance and vehicle expenses	1,20,90,278	1,58,08,598
Sundry balances written off	13,82,577	1,59,801
Bad debts	6,64,595	56,87,884
Recruitment	22,86,800	4,87,966
Freight outward	1,94,13,201	1,86,34,315
Computer expenses	32,53,779	32,66,312
Security expenses	31,82,152	34,23,714
Interest on Statutory Dues	3,58,184	15,60,001
Discounts to customers	47,72,045	52,58,078
Sales tax	-	13,36,998
Donation	86,618	4,39,534
Miscellaneous expenses	14,84,557	31,08,506
	<u>33,86,23,190</u>	<u>34,38,24,140</u>

Note: Payments to auditors

As auditor

Statutory audit

Others services

31 March 2021

31 March 2020

7,25,848

4,96,063

3,27,500

-

10,53,348

4,96,063



## Gala Precision Engineering Private Limited

### Notes to consolidated financial statements (Continued) for the year ended 31 March 2021

(Currency : Indian Rupees)

#### 26 Contingent liabilities and commitments

##### Contingent liabilities

- (a) Bank guarantees  
(b) Letters of credit

	31 March 2021	31 March 2020
(a) Bank guarantees	7,250,163	11,526,709
(b) Letters of credit	10,417,345	14,521,182
	<u>17,667,508</u>	<u>26,047,891</u>

##### Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net)

	31 March 2021	31 March 2020
	855,228	3,217,733

27 The Notes to these consolidated financial statements are disclosed to the extent necessary for presenting a true and fair view of the consolidated financial statements, as clarified vide circular no. 39/2014 dated 14th October 2014.

#### 28 Earnings Per Share

##### Earnings

- (a) Net profit attributable to equity shareholders  
(c) Number of shares outstanding (Face value Rs. 10/-)  
(d) Basic EPS  
(e) Diluted earnings per share

	31 March 2021	31 March 2020
(a) Net profit attributable to equity shareholders	22,595,938	12,407,714
(c) Number of shares outstanding (Face value Rs. 10/-)	2,527,896	2,527,896
(d) Basic EPS	8.94	4.91
(e) Diluted earnings per share	8.94	4.91

##### Particulars

Number of shares considered as basic weighted average shares outstanding

Add: Effect of dilutive issue of shares

Number of shares considered as weighted average shares and potential shares outstanding

	31 March 2021	31 March 2020
Number of shares considered as basic weighted average shares outstanding	2,527,896	2,527,896
Add: Effect of dilutive issue of shares	-	-
Number of shares considered as weighted average shares and potential shares outstanding	<u>2,527,896</u>	<u>2,527,896</u>



## Gala Precision Engineering Private Limited

Notes to consolidated financial statements (Continued)  
for the year ended 31 March 2021

(Currency : Indian Rupees)

29 Consolidated Employee benefit disclosures are not materially different from the employee benefit disclosures of the standalone financial statements of the Company.

### 30 Related party disclosures

Consolidated Related Party transactions after elimination of transactions with Subsidiary Companies are as follows:

#### List of related parties

*Other related parties with whom transactions have taken place during the year*

- Entity in which Directors
  - Vishanji H. Gala - HUF
  - Kirit V. Gala - HUF
  - Gala Springs Private Limited
  - Workamp Spaces Pvt. Ltd.
  - Balkishan Jalan (HUF)
- Relatives of Key
  - Mrs. Taramati Gala - Mother of Mr. Kirit Gala
  - Mrs. Rumie Gala - Wife of Mr. Kirit Gala
  - Mrs. Alpa Chheda - Sister of Mr. Kirit Gala
  - Mrs. Nayna Gala - Sister of Mr. Kirit Gala
- Key Managerial Personnel
  - Mr. Kirit Gala, Managing Director (also holds more than 20% of the substantial interest in the
  - Mr. Balkishan Jalan, Executive Director
  - Mr. Satish Kotwani, Business Development Director



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Gala Precision Engineering Private Limited

Notes to consolidated financial statements (Continued)  
for the year ended 31 March 2021

(Currency : Indian Rupees)

30 Related party disclosures (Continued)

Particulars	Entity in which Directors having substantial interest		Relatives of Key Managerial personnel		Key Managerial Personnel		Total	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
<b>Interest Expense:</b>								
Vishanji H Gala	-	-	1,698,215	2,639,565	-	-	1,698,215	2,639,565
Taramati V Gala	-	-	658,463	1,570,474	-	-	658,463	1,570,474
Kirit V Gala	-	-	-	-	3,832,965	4,597,953	3,832,965	4,597,953
Rumie K Gala	-	-	320,778	426,999	-	-	320,778	426,999
Kirit V. Gala (HUF)	1,924,672	1,657,316	-	-	-	-	1,924,672	1,657,316
Alpa Chheda	-	-	13,611	-	-	-	13,611	-
Nayna Gala	-	-	537,534	600,000	-	-	537,534	600,000
Satish Kotwani	-	-	-	-	204,262	228,000	204,262	228,000
Balkishan Jalan (HUF)	295,643	330,000	-	-	-	-	295,643	330,000
Vishanji H Gala (HUF)	82,472	39,361	-	-	-	-	82,472	39,361
<b>Remuneration:</b>								
Kirit Gala - Managing Director	-	-	-	-	6,045,995	6,045,995	6,045,995	6,045,995
Balkishan Jalan - Executive Director	-	-	-	-	6,728,951	7,149,532	6,728,951	7,149,532
Satish Kotwani - Business Development Director	-	-	-	-	5,321,462	5,654,140	5,321,462	5,654,140
<b>Rent Paid:</b>								
Vishanji Gala	-	-	900,000	900,000	-	-	900,000	900,000
Taramati Gala	-	-	600,000	600,000	-	-	600,000	600,000
Rumie Gala	-	-	300,000	300,000	-	-	300,000	300,000
<b>Rent Received:</b>								
Workamp Spaces Pvt. Ltd	1,641,305	3,282,608	-	-	-	-	1,641,305	3,282,608
<b>Rent deposit:</b>								
Vishanji Gala	-	-	200,000	200,000	-	-	200,000	200,000
Taramati Gala	-	-	150,000	150,000	-	-	150,000	150,000
Rumie Gala	-	-	50,000	50,000	-	-	50,000	50,000



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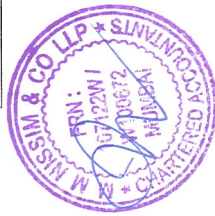
Gala Precision Engineering Private Limited

Notes to consolidated financial statements (Continued)  
for the year ended 31 March 2021

(Currency : Indian Rupees)

30 Related party disclosures (Continued)

Particulars	Entity in which Directors having substantial interest		Relatives of Key Managerial personnel		Key Managerial Personnel		Total	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
<b>Loan repaid:</b>								
Vishanji H Gala	-	-	96,00,000	2,88,00,000	-	-	96,00,000	2,88,00,000
Taramati V Gala	-	-	70,50,000	1,44,00,000	-	-	70,50,000	1,44,00,000
Kirit V Gala	-	-	-	-	6,57,00,000	5,86,00,000	6,57,00,000	5,86,00,000
Rumie K Gala	-	-	12,00,000	52,50,000	-	-	12,00,000	52,50,000
Kirit V. Gala (HUF)	2,14,50,000	2,55,50,000	-	-	-	-	2,14,50,000	2,55,50,000
Vishanji Gala (HUF)	45,00,000	6,00,000	-	-	-	-	45,00,000	6,00,000
<b>Loan received:</b>								
Vishanji H Gala	-	-	1,96,00,000	2,88,00,000	-	-	1,96,00,000	2,88,00,000
Taramati V Gala	-	-	87,50,000	1,44,00,000	-	-	87,50,000	1,44,00,000
Kirit V Gala	-	-	-	-	7,68,50,000	5,86,00,000	7,68,50,000	5,86,00,000
Rumie K Gala	-	-	34,50,000	52,50,000	-	-	34,50,000	52,50,000
Kirit V. Gala (HUF)	2,21,50,000	2,55,50,000	-	-	-	-	2,21,50,000	2,55,50,000
Alpa Chheda	-	-	92,00,000	-	-	-	92,00,000	-
Vishanji Gala (HUF)	45,75,000	6,00,000	-	-	-	-	45,75,000	6,00,000
<b>Balance:</b>								
Vishanji Gala	-	-	1,00,00,000	-	-	-	1,00,00,000	-
Taramati Gala	-	-	17,00,000	-	-	-	17,00,000	-
Kirit Gala	-	-	-	-	1,11,50,000	-	1,11,50,000	-
Rumie Gala	-	-	22,50,000	-	-	-	22,50,000	-
Kirit V. Gala (HUF)	7,00,000	-	-	-	-	-	7,00,000	-
Alpa Chheda	-	-	92,00,000	-	-	-	92,00,000	-
Nayna Gala	-	-	50,00,000	50,00,000	-	-	50,00,000	50,00,000
Sansh Kortwani	-	-	-	-	19,00,000	19,00,000	-	19,00,000
Vishanji Gala (HUF)	7,25,000	-	-	-	-	-	7,25,000	-
Balkishan Jalan (HUF)	27,50,000	27,50,000	-	-	-	-	27,50,000	27,50,000
<b>Trade receivables:</b>								
Workamp Spaces Pvt Ltd	42,99,022	80,15,241	-	-	-	-	42,99,022	80,15,241
<b>Trade payable:</b>								
Workamp Spaces Pvt Ltd	-	9,61,488	-	-	-	-	-	9,61,488



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**Gala Precision Engineering Private Limited**

**Notes to consolidated financial statements (Continued)**

for the year ended 31 March 2021

(Currency : Indian Rupees)

**31 Disclosure of additional information pertaining to the Parent Company and its Subsidiary**

Name of Entity in the Group	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit or Loss	
	Year	As % of consolidated net assets	Amount	As % of consolidated Profit or Loss
<b>Parent Company</b>				
Gala Precision Engineering Private Limited	31 March 2021	111.43%	590,680,187	81.06%
	31 March 2020	112.28%	572,363,043	103.26%
<b>Foreign Subsidiary</b>				
Gala Precision Components (Shanghai) Private Limited	31 March 2021	-11.43%	(60,603,715)	18.94%
	31 March 2020	-12.28%	(62,593,669)	-3.26%
	31 March 2021	100.00%	530,076,472	100.00%
	31 March 2020	100.00%	509,769,074	100.00%

32 Previous year figures have been regrouped wherever necessary to make them comparable with those of the current year.

For M M Nissim & Co LLP  
Chartered Accountants  
Firm's Registration No. 107122W/W/100672



*N. Kashinath*  
N. Kashinath  
Partner  
Membership No. 036490

Mumbai, 23rd July, 2021

UDIN:- 21036490AFAA14A 3767

For and on behalf of the Board of Directors of  
Gala Precision Engineering Private Limited

*Kirit Gala*  
Kirit Gala  
Managing Director

*Balkishan Jalan*  
Balkishan Jalan  
Executive Director

Mumbai, 23rd July, 2021

Mumbai, 23rd July, 2021

*FR*