

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GALA PRECISION ENGINEERING PRIVATE LIMITED**

Report on the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **GALA PRECISION ENGINEERING PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2021, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 Company 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 standalone 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 standalone 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 we have obtained is sufficient and appropriate to provide a basis for our opinion

Emphasis of Matter

We draw attention to Note 30 to the standalone financial statements, the Company has investments aggregating to Rs. 74,571,334/- (Previous year: Rs. 74,571,334) in its wholly owned subsidiary, Gala Precision Components (Shanghai) Private Limited (Gala China). Also, Trade Receivables include Rs. 9,71,69,629/- (Previous year: Rs. 8,60,82,291) due from the said subsidiary. Gala China's net worth continues to be eroded as at 31st March, 2021 as per its audited financial statements. However, for the reasons mentioned in the said Note, including improved performance of the subsidiary for the year ended 31st March 2021 and projected business outlook/plans, management considers the diminution in the value of investment in the subsidiary not to be of permanent nature and is confident of recovering the amounts due and included under Trade Receivables. We have relied upon the management judgement.



Our opinion is not qualified in respect of this matter.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report including annexure to Board's report, but does not include the standalone financial statements and our auditor's report thereon.

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

Management's Responsibility for the Standalone Financial Statements.

The 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 standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability 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 Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.



Auditor's Responsibility for the Audit of the standalone financial statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone financial statements.

A further description of our responsibilities for the audit of the standalone financial statements is included in appendix A of this auditor's report

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act we give in the "Annexure A" - a statement on the matters specified in paragraphs 3 and 4 of the Order.

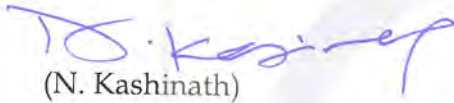
As required by Section 143 (3) of the Act, we report that:

- 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.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone 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 as on 31st March, 2021 taken on record by the Board of Directors, none of the directors 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 Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**;



- 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 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:
- The company has no pending litigations;
 - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For M M NISSIM & CO LLP
Chartered Accountants
(Firm Regn. No. 107122W/W100672)


(N. Kashinath)

Partner

Mem. No.: 036490

Mumbai, 23rd July, 2021

UDIN:- 21036490 AAAAGZ6182



Appendix A- Auditor's Responsibilities for the Audit of the Standalone 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.

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 STANDALONE FINANCIAL STATEMENTS OF GALA PRECISION
ENGINEERING PRIVATE LIMITED**

- i) In respect of its Property, Plant & Equipment:
 - a) The company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant & Equipment;
 - b) The Property, Plant & Equipment have been physically verified by the management, which in our opinion is reasonable, considering the size and the nature of its business. The frequency of verification is reasonable and no discrepancies have been noticed on such physical verification;
 - c) On the basis of our examination of the records of the company, the title deeds of immovable properties are held in the name of the Company.
- ii) As explained to us, the physical verification of inventory has been conducted at reasonable intervals by the management during the year. As informed to us, no material discrepancy was noticed on such physical verification conducted during those intervals.
- iii) The company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the clauses 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
- iv) The Company has not granted any loan nor given any guarantee or security, during the year, covered by the provisions of Sections 185 of the Act. The Company has complied with the provision of Section 186 of the Act in respect of investment made.
- v) The Company has complied with the directives issued by Reserve Bank of India and the Provisions of Section 73 to 76 of the Act, and the rules framed thereunder with regard to deposits accepted from the public. We are informed by the management that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal on the Company.
- vi) We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148 (1) of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

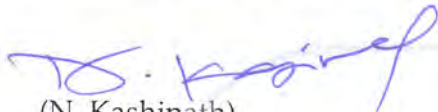


- vii) a) The company is regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales-Tax, Goods and Services Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues with appropriate authorities, where applicable. According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 31st March, 2021 for a period of more than six months from the date they became payable.
- b) According to the records of the company, there are no dues outstanding in respect of Income-Tax, Sales-Tax, Goods And Services Tax, Service Tax, Duty of Customs, Duty of Excise and Value Added Tax and Cess on account of any dispute;
- viii) The company has not defaulted in repayment of its loans or borrowings to banks. The company does not have any borrowings by way of debentures.
- ix) The Company has not raised any moneys by way of Initial public offer or further Public offer (Including debt instruments). Moneys raised by way of Term Loan were applied for the purpose for which those are raised.
- x) On the basis of our examination and according to the information and explanations given to us, no fraud by the Company or any fraud on the company by its officers or employees has been noticed or reported during the year.
- xi) The Company being a private limited company, the provisions of Section 197 read with Schedule V to the Act relating to managerial remuneration are not applicable to the Company, and accordingly provisions of clause (xi) of Para 3 of the Order are not applicable to the Company.
- xii) The company is not a nidhi Company and accordingly provisions of clause (xii) of Para 3 of the Order are not applicable to the Company.
- xiii) On the basis of our examination and according to the information and explanations given to us, we report that all the transaction with the related parties are in compliance with Section 177 and 188 of the Act, to the extent applicable, and the details have been disclosed in the Financial statements in Note No. 34 as required by the applicable accounting standards.
- xiv) The company has not made any preferential allotment or private placement of share or fully or partly convertible debentures during the year and accordingly provisions of clause (xiv) of Para 3 of the Order are not applicable to the Company.



- xv) According to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, provisions of clause (xv) of Para 3 of the Order are not applicable to the company.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and accordingly, provisions of clause (xvi) of Para 3 of the Order are not applicable to the Company.

For M M NISSIM & CO LLP
Chartered Accountants
(Firm Regn. No. 107122W/W100672)



(N. Kashinath)

Partner

Mem. No.: 036490

Mumbai, 23rd July, 2021

UDIN:- 21036490AAAAQZ6182



ANNEXURE - B

TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE 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

We have audited the internal financial controls with reference to Standalone Financial Statements of GALA PRECISION ENGINEERING PRIVATE LIMITED ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to Standalone financial statements and such internal financial controls were operating effectively as at March 31, 2021, based on the internal control with reference to Standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control with reference to Standalone Financial Statements criteria established by the Company 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 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Standalone 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 standalone 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 with reference to Standalone financial statements was established and maintained and if such controls operated effectively in all material respects.



Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls with reference to Standalone Financial Statements included obtaining an understanding of internal financial controls with reference to standalone 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 financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to Standalone financial statements.

Meaning of Internal Financial Controls with reference to Standalone Financial Statements

A company's internal financial control with reference to Standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Ind AS Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to Standalone 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 Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations 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 standalone financial statements.

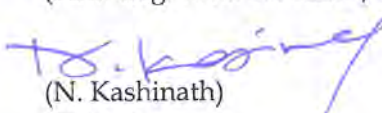
Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to Standalone 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 Standalone financial statements to future periods are subject to the risk that the internal financial control with reference to Standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For M M NISSIM & CO LLP

Chartered Accountants

(Firm Regn. No. 107122W/W100672)


(N. Kashinath)

Partner

Mem. No.: 036490

Mumbai, 23rd July, 2021

UDIN:- 21036490 AAAA GZ 6182



Gala Precision Engineering Private Limited

Balance sheet as at 31 March 2021

(Currency : Indian Rupees)

	Note	31 Mar 2021	31 March 2020
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	25,278,960	25,278,960
Reserves and surplus	4	565,401,228	547,084,084
		<u>590,680,188</u>	<u>572,363,044</u>
Non-current liabilities			
Long-term borrowings	5	301,075,878	243,964,723
Deferred tax liability (net)	6	29,592,765	32,212,015
Long-term provisions	7	38,427,743	33,545,939
		<u>369,096,386</u>	<u>309,722,677</u>
Current liabilities			
Short-term borrowings	8	246,863,617	326,575,378
Trade payables			
Dues to micro and small enterprises	9	4,482,155	2,998,010
Dues to Others	9	112,943,808	138,958,230
Other current liabilities	10	102,221,023	106,254,259
Short-term provisions	7	6,606,882	5,943,829
		<u>473,117,485</u>	<u>580,729,706</u>
TOTAL EQUITY AND LIABILITIES		<u>1,432,894,058</u>	<u>1,462,815,426</u>
ASSETS			
Non-current assets			
Property, plant and equipment	11	401,976,789	415,578,246
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
Non-current investments	13	74,571,334	74,571,334
Long-term loans and advances	14	35,047,849	39,336,523
		<u>729,474,565</u>	<u>738,484,168</u>
Current assets			
Inventories	15	340,429,159	356,989,456
Trade receivables	16	269,635,679	281,699,123
Cash and cash equivalents	17	37,996,346	18,952,905
Short-term loans and advances	14	47,844,210	60,204,374
Other current assets	18	7,514,099	6,485,400
		<u>703,419,493</u>	<u>724,331,258</u>
TOTAL ASSETS		<u>1,432,894,058</u>	<u>1,462,815,426</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:-

21036490 AAAAGZ6182





Kirit V. Gala

Managing Director

Mumbai, 23rd July, 2021



Balkishan S. Jalan

Executive Director

Mumbai, 23rd July, 2021

Gala Precision Engineering Private Limited

Statement of Profit and Loss for the Year ended 31 March 2021

(Currency : Indian Rupees)

	<i>Note</i>	31 Mar 2021	31 March 2020
INCOME			
Revenue from operations	19	1,029,738,372	1,009,514,783
Other income	20	13,904,450	20,786,594
TOTAL INCOME		<u>1,043,642,822</u>	<u>1,030,301,377</u>
EXPENSES			
Cost of materials consumed	21	378,833,878	415,409,506
Changes in inventory of finished goods and work-in progress	22	13,222,065	(25,550,875)
Employee benefit Expenses	23	185,288,273	195,165,943
Finance costs	24	56,127,100	54,904,436
Depreciation and amortisation	25&12	58,332,450	49,304,880
Other expenses	26	336,141,162	336,944,766
TOTAL EXPENSES		<u>1,027,944,928</u>	<u>1,026,178,656</u>
Profit before tax		15,697,894	4,122,721
Less: Provision for taxation			
- Current tax		1,224,548	-
- MAT 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)	(293,592)
- Current tax adjustments of earlier years		-	(96,167)
		<u>(2,619,250)</u>	<u>(8,689,759)</u>
Profit for the year		<u>18,317,144</u>	<u>12,812,480</u>
Earnings per equity share of face value of Rs. 10 each			
- Basic earnings per equity share	27	7.25	5.07
- Diluted earnings per equity share		7.25	5.07

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:- 21036490 AAAAGZ 6182




Kirit V. Gala
Managing Director

Mumbai, 23rd July, 2021


Balkishan S. Jalan
Executive Director

Mumbai, 23rd July, 2021

Gala Precision Engineering Private Limited

Cash flow statement for the year ended 31 March 2021

(Currency : Indian Rupees)

	31 Mar 2021	31 March 2020
(A) Cash inflow / (outflow) from operating activities		
Profit before tax	15,697,894	4,122,721
Adjustments for :		
Depreciation and amortisation	58,332,450	49,304,880
(Profit) / loss on sale of property, plant and equipment	-	77,120
Interest income	(1,378,337)	(1,455,694)
Finance costs	56,127,100	54,904,436
Unrealised foreign exchange (gain) / loss	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	299,484	159,801
Bad debts written off	664,595	5,687,884
Operating profit before working capital changes	141,080,643	117,462,060
(Increase) / decrease in working capital		
Inventories	16,560,297	(38,587,855)
Trade receivables	(1,168,017)	(21,840,759)
Long-term loans and advances	4,622,643	(9,737,179)
Short-term loans and advances	12,360,164	7,215,619
Other current assets	(952,533)	5,511,397
Trade payables and other current liabilities	(28,705,633)	29,436,555
Provisions	5,544,857	(2,817,717)
Net changes in working capital	8,261,778	(30,819,939)
Cash generated from operations	149,342,421	86,642,121
Taxes paid (net of refund)	(333,969)	(925,726)
Net cash inflow from operating activities (A)	149,008,452	85,716,395
(B) Cash inflow / (outflow) from investing activities		
Payments for purchase of property, plant and equipment and intangible assets	(53,611,521)	(94,369,498)
Proceeds from sale of property, plant and equipment	-	513,984
Increase / (decrease) in other bank balances	(417,073)	(3,655,490)
Interest received	1,302,171	1,585,317
Investment in property	-	(108,714)
Net cash used in investing activities (B)	(52,726,423)	(96,034,401)
(C) Cash inflow / (outflow) from financing activities		
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 equity shares (face value) including share application money	-	528,000
Share premium received	-	16,896,000
Finance costs	(56,238,035)	(54,280,628)
Net cash used in financing activities (C)	(77,655,661)	11,441,904
Net increase / (decrease) in cash and cash equivalents (A+B+C)	18,626,368	1,123,898



Gala Precision Engineering Private Limited

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

(Currency : Indian Rupees)

	31 Mar 2021	31 March 2020
Cash and cash equivalents at the beginning of the year	1,991,778	867,880
Cash and cash equivalents at the end of the year	20,618,146	1,991,778
Cash and cash equivalents comprise		
Cash on hand	865,721	860,139
Balances with scheduled banks in		
- Current accounts	19,752,425	1,131,639
- Fixed deposits	-	-
	<u>20,618,146</u>	<u>1,991,778</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




Kirit V. Gala
Managing Director


Balkishan S. Jalan
Executive Director

Mumbai, 23rd July, 2021

Mumbai, 23rd July, 2021 Mumbai, 23rd July, 2021

UDIN:- 210 36490 AAAA GZ 6182



Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2021

(Currency : Indian Rupees)

1 Company overview

Gala Precision Engineering Private Limited ('the Company') was incorporated in 2009. The Company purchased disc spring and mass finishing solution business from Gala Precision Technology Private Limited under Business Transfer Agreement dated 26 May 2009 with effect from 1 June 2009. The Company has its production units at Wada in Palghar District, Maharashtra.

2 Significant accounting policies

2.01 Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting and in accordance with the provisions under Companies Act, 2013 and the accounting principles generally accepted in India and comply with the notified accounting standards to the extent applicable.

2.02 Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) in India requires management to make judgement, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of liabilities on the date of the financial statements. Management believes that the estimates made in the preparation of the financial statements are prudent and reasonable. Actual results may differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

2.03 Current-non-current classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realised within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the reporting date; or
- the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

Based on the nature of services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle for the purpose of current – non-current classification of assets and liabilities.



Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2021

(Currency : Indian Rupees)

2 Significant accounting policies (Continued)

2.04 Property, plant and equipment, intangible assets and depreciation/amortisation

Tangible property, plant and equipment

Tangible property, plant and equipment are carried at the cost of acquisition or construction or revalued amounts less accumulated depreciation / amortisation and impairment loss, if any. Cost comprises purchase price, duties, levies and other directly attributable expenses of bringing the asset to its working condition for the intended use. Cost of assets taken over pursuant to the Business Transfer Agreement is based on the value mentioned therein.

Depreciation on tangible property, plant and equipment acquired from Gala Precision Technology Private Limited (GPTPL) under Business Transfer Agreement is calculated based on balance useful life as on the date of acquisition of those assets on straight line basis.

Life of assets taken over from Gala Precision Technology Pvt Ltd, (GPTPL) under Business Transfer Agreement is as follow :-

Sr. No.	Name of Assets	Useful Life
1	Computer	3
2	Dies & Punches	5
3	Electrical Installation	8
4	Furniture & Fixture	5
5	Office Equipment	8
6	Factory Building	25 to 48
7	Plant & Machinery	8
8	Vehicles	5
9	Tools & Equipment	5

Depreciation on tangible property, plant and equipment other than those acquired under Business Transfer Agreement from GPTPL and except as stated below, is provided using the straight-line method based on the revised useful life of the assets and in the manner prescribed in Schedule II of Companies Act, 2013 on prorata basis from the date of additions and/or disposal :

Asset	Useful life
Dies and moulds	5
Leasehold land	Remaining primary period of lease

Assets costing individually Rs. 5,000 or less are depreciated fully in the year of acquisition.

Capital work-in-progress includes the cost of property, plant and equipment that are not ready to use at the balance sheet date.

Intangible assets

Development cost represents expenditure incurred in relation to development of disc springs, Coil spring & Fastening solutions and related process and is amortised over a period of 10 years, being management's estimate of the period over which economic benefit is expected to be derived therefrom.

Lean Improvement represents expenditure incurred in relation to improvisation of business processes and is amortised over a period of 7 years, being management's estimate of the period over which economic benefit is expected to be derived therefrom.



Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2021

(Currency : Indian Rupees)

2 Significant accounting policies (Continued)

2.05 Impairment

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows expected to arise from continuous use of assets and from its disposal at end of its useful life are discounted to their present value based on an appropriate discount factor. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

2.06 Borrowing cost

Borrowing costs, including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs, directly attributable to construction, acquisition or installation of qualifying assets, i.e. those fixed assets which necessarily take a substantial period of time to get ready for their intended use, are capitalised. Other borrowing costs are recognized as an expense.

2.07 Investment property

Investment in land or buildings that are not intended to be occupied substantially for use by, or in operations of the company, or held for rental purpose is classified as investment property. It is measured at cost on initial recognition. Cost includes expenditure that is directly attributable to the acquisition or construction of the investment property. Each investment property is evaluated to provide for diminution in value, which is other than temporary. Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the property) is recognised in Statement of Profit and Loss. The amortisation on investment property is done based on life of the asset.

2.08 Investments

Long term investments are carried at cost less any diminution in value, other than temporary, determined separately for each individual investment.

2.09 Inventories

Raw materials Packing material and stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, packing materials and stores and spares is determined on daily moving weighted average cost basis. Cost of work in progress and finished goods is determined on weighted average basis.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

2.10 Revenue recognition

Revenue from sale of goods is recognised when control of the asset is transferred to the customer, generally on delivery of the goods. Sales are stated net of trade discount and sales tax.

Export Benefit under various schemes notified by the Government is recognized in the Statement of Profit and Loss, when right to receive license as per terms of the scheme is established in respect of exports made and there is no significant uncertainty regarding the ultimate collection of the export proceeds.

Interest income is accrued on time proportion basis.

Dividend income is recognized in the year in which the right to receive dividend is established.



Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2021

(Currency : Indian Rupees)

2 Significant accounting policies (Continued)

2.11 Employee benefits

(a) Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include compensated absences such as paid annual leave and sickness leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized during the period.

(b) Post-employment benefits

Contributions payable to Government administered provident fund scheme, which is a defined contribution scheme, are charged to the Statement of Profit and Loss as incurred.

The Company's gratuity scheme with Life Insurance Corporation of India is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The present value of the obligation under such defined benefit plan is determined as at balance sheet date based on actuarial valuation using the Projected Unit Credit Method by an independent actuary, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government securities as at the balance sheet date. When the calculation results in a benefit to the Company, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan. Actuarial gains and losses are recognized immediately in the Statement of Profit and Loss.

(c) Other long-term employment benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date based on an actuarial valuation carried out by an independent actuary using Projected Unit Credit Method. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government securities as at the balance sheet date.

2.12 Foreign currency transactions

(a) Initial Recognition

Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of transactions.

(b) Subsequent Recognition

Monetary assets and liabilities in foreign currency, which are outstanding as at the year-end, are translated at the year-end at the closing exchange rate and the resultant exchange differences are recognized in the statement of profit and loss. Non monetary items are stated in the balance sheet using the exchange rate at the date of the transaction.

(c) Forward Exchange Contracts

The premium or discount arising at the inception of forward exchange contract entered into to hedge an existing asset / liability, is amortised as expense or income over the life of the contract. Exchange difference on such a contract is recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense for the period.

Forward exchange contracts outstanding as at the year end on account of firm commitment / highly probable forecast transactions are mark-to-market and the gains or losses, if any, are recognised in the Statement of Profit and Loss.



Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2021

(Currency : Indian Rupees)

2 Significant accounting policies (Continued)

2.13 Taxation

Income tax expense comprises current tax expense and deferred tax expense/credit.

Current tax

Provision for current tax is calculated in accordance with the provisions of the Income-tax Act, 1961 and is made annually based on the tax liability computed after considering tax allowances and exemptions.

Deferred tax

Deferred tax assets and liabilities arising on account of timing difference and which are capable of reversal in subsequent periods are recognised using the tax rates and tax laws that have been enacted or substantively enacted. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the company has carry forward unabsorbed depreciation and tax losses, deferred Tax assets are recognised only to the extent there is a virtual certainty supported by convincing evidence that sufficient taxable income will be available against which such deferred tax assets can be realised.

2.14 Minimum Alternate Tax Credit receivable

Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

2.15 Earnings per share

The basic and diluted earnings per share are computed by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of shares that could have been issued on the conversion of all dilutive potential equity shares, unless the results would be anti-dilutive.

2.16 Leases

Lease rentals in respect of assets acquired under operating lease are recognised as an expense in the Statement of Profit and Loss on a straight line basis.

Lease income in respect of assets leased out under an operating lease is recognised over the tenure of the lease on a straight line basis, except where there is uncertainty of ultimate collection.

Assets acquired under finance lease are capitalised at the lower of their fair value and the present value of the minimum lease payments at the inception of the lease. Assets obtained on finance lease are depreciated over the lease period.

2.17 Provisions and Contingencies

The Company creates a provision where there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are neither recognized nor disclosed in the Financial statements.



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Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2021

(Currency : Indian Rupees)

2 Significant accounting policies (Continued)

2.18 Segment information

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

Segment assets and liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash, trade receivables, inventories and fixed assets, net of allowances and provisions which are reported as direct offsets in the balance sheet. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two segments is allocated to the segments on a reasonable basis. Segment liabilities include all operating liabilities and consist principally of trade payables and accrued liabilities. Segment assets and liabilities do not include those relating to income taxes.

Segment revenue

Segment revenue comprises the portion of company's revenue that is directly attributable to a segment or that can be allocated on a reasonable basis to a segment, and intersegment transfers.

Segment expense

Segment expense comprises the expense resulting from the operating activities of a segment that is directly attributable to the segment or that can be allocated on a reasonable basis to the segment and expense relating to transactions with other segments.

Inter-segment transfers

Inter-segment transfers: Segment revenue, segment expense and segment result include transfers between business segments. Such transfers are accounted for at competitive market prices charged to unaffiliated customers for similar goods.

Income and expenses which are not directly attributable to any business segment are shown as unallocated corporate income / expense.

Assets and liabilities that cannot be allocated between the segments are shown as a part of unallocated corporate assets and liabilities respectively.

2.19 Research and Development expenditure

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when all of the following criteria are met:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale.
- There is an intention to complete the asset.
- There is an ability to use or sale the asset.
- The asset will generate future economic benefits.
- Adequate resources are available to complete the development and to use or sell the asset.
- The expenditure attributable to the intangible asset during development can be measured reliably.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use and it is amortised on straight line basis over the estimated useful life.

2.20 Cash and Cash equivalents

Cash and Cash equivalents for the purpose of cash flow statement comprises of Cash at Bank and Cash on Hand.



Gala Precision Engineering Private Limited

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

(Currency : Indian Rupees)

3 Share capital	31 Mar 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>		
2,527,896 [previous year: 2,527,896] 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 Mar 2021		31 March 2020	
	Number	Amount	Number	Amount
Equity shares				
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 Mar 2021		31 March 2020	
	Number	% of total shares in the class	Number	% of total shares in the class
Equity shares of Rs. 10 each, fully paid-up held by-				
- 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	10.30
- Ulhas Gala	165,000	6.53	165,000	6.53
- Pooja Unichem LLP	165,000	6.53	165,000	6.53

3 Share capital (Continued)

d) Details of Buy Back of Shares

During the year 2016-17, the Company has bought back 1,500,000 6% Non-cumulative compulsorily convertible preference shares of Rs. 10 at Rs. 10 each from existing shareholders in terms of Section 68 of the Companies Act, 2013.



Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2021

(Currency : Indian Rupees)

4 Reserves and surplus	31 Mar 2021	31 March 2020
Capital redemption reserve		
<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	-	-
	<u>15,000,000</u>	<u>15,000,000</u>
Securities premium account		
<i>On equity share capital:</i>		
At the commencement of the year	285,239,140	244,067,140
Add: premium received	-	41,172,000
	<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
	<u>52,000,000</u>	<u>52,000,000</u>
Employee Stock Options Outstanding		
Balance as at the beginning and at the end of the year	-	24,276,000
Add: Compensation for the year	-	-
Less: Options issued during the year	-	24,276,000
Balance as at the end of the year	-	-
Surplus in profit or loss		
At the commencement of the year	194,844,944	182,032,464
Add: Profit for the year	18,317,144	12,812,480
	<u>213,162,088</u>	<u>194,844,944</u>
	<u>565,401,228</u>	<u>547,084,084</u>



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Gala Precision Engineering Private Limited

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

(Currency : Indian Rupees)

5 Long-term borrowings

	31 Mar 2021		31 March 2020	
	Non-current portion	Current portion *	Non-current portion	Current portion *
Term loans				
- 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 the 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
Emergency Credit Line Gurantee Scheme				
- 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	-	-
Vehicle finance loan (secured)				
(The loans are repayable in equated monthly installments, 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
	107,610,878	40,639,073	51,024,723	39,456,093



Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2021

(Currency : Indian Rupees)

5 Long-term borrowings (Continued)

Unsecured Loans

- 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	-
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- 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	-
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<u>193,465,000</u>	-	<u>192,940,000</u>	-
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<u>301,075,878</u>	<u>40,639,073</u>	<u>243,964,723</u>	<u>39,456,093</u>
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* Amount disclosed under "Other current liabilities" (Refer Note 10)

6 Deferred tax liability - net

31 Mar 2021

31 March 2020

The components of deferred tax balance are as follows :

Deferred tax liability

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
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<u>70,822,867</u>	<u>53,166,902</u>
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Deferred tax assets

Expenditure under Section 43 B of the Income tax Act, 1961

- Provision for compensated absences

2,708,985	2,479,003
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- Provision for Gratuity

9,819,648	8,507,050
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Provision for bad and doubtful debts

1,257,058	68,151
-----------	--------

Others

(55,640)	55,640
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Unabsorbed depreciation

27,500,051	9,845,043
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<u>41,230,102</u>	<u>20,954,887</u>
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<u>29,592,765</u>	<u>32,212,015</u>
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7 Provisions

31 Mar 2021

31 March 2020

Long-term	Short-term	Long-term	Short-term
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Provision for employee benefits

Compensated absences

8,951,799	785,747	8,189,493	721,375
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Gratuity

29,475,944	5,821,136	25,356,446	5,222,455
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<u>38,427,743</u>	<u>6,606,883</u>	<u>33,545,939</u>	<u>5,943,830</u>
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<u>38,427,743</u>	<u>6,606,883</u>	<u>33,545,939</u>	<u>5,943,830</u>
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Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2021

(Currency : Indian Rupees)

8 Short-term borrowings	31 Mar 2021	31 March 2020
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
	<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.

9 Trade payables	31 Mar 2021	31 March 2020
Trade payables 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	92,000,064	113,071,479
	<u>117,425,963</u>	<u>141,956,240</u>

For dues to micro and small suppliers (Refer Note 36)

10 Other current liabilities	31 Mar 2021	31 March 2020
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
Rent Deposit	1,080,000	480,000
Forward contracts payable (net)	-	10,123,750
Statutory dues :		
Withholding Tax payable	2,952,630	3,500,369
Sales tax payable	524,243	-
GST payable	1,587,331	82,211
Other statutory liabilities	1,596,747	1,391,930
Liabilities revenue expenses	48,979,215	37,132,993
	<u>102,221,023</u>	<u>106,254,259</u>



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Gala Precision Engineering Private Limited

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

(Currency : Indian Rupees)

11 Property, plant and equipment and Intangible assets

Description	Gross block		Accumulated depreciation/amortisation		Net block			
	As at 1 April 2020	Additions during the year	Deductions during the year	As at 1 April 2020	Charge for the year #	On deletions during the year	As at 31 March 2021	As at 31 March 2020
Property, plant and equipment								
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	109,933,495	38,627	-	30,545,361	2,887,101	-	76,523,129	79,388,134
Plant and machinery	320,614,847	24,615,538	-	95,425,039	20,283,691	-	229,522,394	225,189,808
Electrical installation	22,846,450	12,363	-	13,566,700	1,358,173	-	8,003,940	9,279,750
Computers	12,538,046	457,206	-	9,450,650	1,335,132	-	2,209,470	3,087,396
Vehicles	12,463,384	-	-	5,099,415	1,486,862	-	5,277,107	6,763,969
Furniture and fixtures	52,436,601	641,886	-	26,581,873	4,849,919	-	21,646,695	25,854,728
Office equipments	12,029,209	835,738	-	8,324,754	1,297,387	-	3,069,331	3,504,455
Spare, tools and	5,781,705	-	-	3,374,440	663,985	-	1,543,289	2,207,265
Dies and moulds	52,951,831	2,254,971	-	26,553,644	7,614,957	-	20,728,181	26,098,167
	640,322,404	28,916,329	-	669,258,734	224,444,153	-	267,282,684	415,578,251
Intangible assets								
Development cost	177,532,860	56,610,908	-	55,007,676	15,697,841	-	163,132,011	122,525,184
Lean improvement	15,011,888	-	-	11,131	2,144,644	-	12,856,113	15,000,757
Computer Software	7,347,282	814,000	-	5,106,838	598,221	-	2,902,463	2,340,444
	199,892,030	57,424,908	-	60,125,645	18,440,706	-	178,890,587	139,866,385
Total	840,214,434	86,411,237	-	926,615,672	60,979,237	-	580,867,376	555,444,636
Previous year	730,142,421	116,070,249	5,992,138	840,214,433	228,53,390	5,401,034	284,769,802	555,444,631

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. 2,78,428 (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 include::

	31 Mar 2021	31 March 2020
Raw material	391,249	4,448,983
Personnel costs	23,163,834	18,322,686
Process costs	25,951,553	23,017,255
Testing costs	374,955	633,127
Job-work cost	2,353,661	-
Travelling expenses	390,851	-
Technical fees and other expenses	4,004,809	4,832,831
	56,630,909	51,254,882



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Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees)

11 Property, plant and equipment and Intangible assets (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
Property, plant and equipment									
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	-	109,933,495	27,718,038	2,827,323	-	79,388,134	79,835,332
Plant and machinery	286,908,835	35,277,698	1,571,687	320,614,846	77,460,441	19,178,105	1,213,503	225,189,803	209,448,394
Electrical installation	22,483,153	363,297	-	22,846,450	12,133,276	1,433,424	-	9,279,750	10,349,877
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	51,498,650	937,951	-	52,436,601	21,729,686	4,852,187	-	25,854,728	29,768,964
Office equipments	10,545,918	1,479,291	-	12,029,209	7,306,578	1,218,176	-	3,504,455	3,243,340
Spare, tools and equipments	5,695,512	82,193	-	5,781,705	2,870,678	703,762	-	2,207,265	2,828,834
Dies and moulds	46,677,881	6,273,950	-	52,951,831	19,964,709	6,888,955	-	26,098,167	26,713,172
	597,365,161	48,955,479	5,992,138	640,322,403	189,250,423	40,894,768	5,401,034	415,578,246	408,114,738
Intangible assets									
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
Total	730,142,421	116,070,249	5,992,138	840,214,433	228,153,390	62,017,446	5,401,034	284,769,802	501,989,031
Previous year									

Total borrowing costs capitalised during the year is Rs. 3,517,352 (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 financial statements (Continued)

for the year ended 31 March 2021

(Currency : Indian Rupees)

12 Investment property

Cost
Add: Additions during the year
Less: Depreciation

	31 Mar 2021	31 March 2020
	3,918,323	3,809,609
	-	108,714
	897,485	758,845
	<u>3,020,838</u>	<u>3,159,478</u>

13 Non-current investments

(Valued at cost unless stated otherwise)

Investment in wholly owned subsidiary company

(Long term, Trade unquoted)

Gala Precision Components (Shanghai) Private Limited, China

	31 Mar 2021	31 March 2020
	74,571,334	74,571,334
	<u>74,571,334</u>	<u>74,571,334</u>

Aggregate book value of unquoted non-current investments.

74,571,334 74,571,334



R B Y

Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2021

(Currency : Indian Rupees)

14 Loans and advances

	31 Mar 2021		31 March 2020	
	Non-current portion	Current portion	Non-current portion	Current portion
To parties other than related parties				
Capital advances <i>(Unsecured and considered good)</i>	2,079,411	-	6,528,962	-
	<u>2,079,411</u>	<u>-</u>	<u>6,528,962</u>	<u>-</u>
Security deposits (unsecured)				
Considered good	6,444,690	-	6,617,873	-
	<u>6,444,690</u>	<u>-</u>	<u>6,617,873</u>	<u>-</u>
Advances to creditors (unsecured)				
Considered good	-	17,385,733	-	16,001,627
Considered doubtful	-	200,000	-	200,000
Less: Provision for doubtful advance to creditors	-	(200,000)	-	(200,000)
	<u>-</u>	<u>17,385,733</u>	<u>-</u>	<u>16,001,627</u>
<i>Unsecured and considered good</i>				
Loans and advances to employees	-	4,370,092	-	4,608,306
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	-
Minimum alternate tax credit receivable	19,748,305	-	18,523,757	-
Other advances	-	20,591,424	-	20,400,069
	<u>26,123,748</u>	<u>30,458,477</u>	<u>25,789,688</u>	<u>44,202,747</u>
To related parties				
Deposit <i>(Unsecured and considered good)</i>	400,000	-	400,000	-
	<u>400,000</u>	<u>-</u>	<u>400,000</u>	<u>-</u>
	<u>35,047,849</u>	<u>47,844,210</u>	<u>39,336,523</u>	<u>60,204,374</u>



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Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2021

(Currency : Indian Rupees)

15 Inventories	31 Mar 2021	31 March 2020
<i>(Valued at lower of cost and net realisable value)</i>		
Raw material	112,285,088	119,339,223
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
	<u>340,429,159</u>	<u>356,989,456</u>

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

16 Trade receivables	31 Mar 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
	<u>67,773,648</u>	<u>29,872,972</u>
Other receivables		
- Considered good	206,380,572	252,071,124
- Considered doubtful	-	-
Total	<u>206,380,572</u>	<u>252,071,124</u>
Less : Provision for doubtful debts	4,518,541	244,973
	<u>269,635,679</u>	<u>281,699,123</u>

17 Cash and cash equivalents	31 Mar 2021	31 March 2020
Cash and cash equivalents		
- Cash on hand	865,721	860,139
- Balances with scheduled banks in current accounts	19,752,425	1,131,639
	<u>20,618,146</u>	<u>1,991,778</u>
Other bank balances		
- Margin money	17,321,239	16,927,868
- Current account held at a foreign branch	56,961	33,259
	<u>17,378,200</u>	<u>16,961,127</u>
	<u>37,996,346</u>	<u>18,952,905</u>

Amount in current account held at a foreign branch is not freely remittable to the company because of exchange restriction.

18 Other current assets	31 Mar 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
	<u>7,514,099</u>	<u>6,485,400</u>



Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2021

(Currency : Indian Rupees)

19 Revenue from operations	31 Mar 2021	31 March 2020
Sale of products		
Springs, Parts and Assemblies	888,780,799	885,188,794
Surface Engineering Solutions	98,486,470	76,744,453
Sale of products (net)	<u>987,267,269</u>	<u>961,933,247</u>
Sale of services		
Springs, Parts and Assemblies	92,498	267,921
Surface Engineering Solutions	202,932	918,000
	<u>295,430</u>	<u>1,185,921</u>
Other operating income		
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>1,029,738,372</u>	<u>1,009,514,783</u>
20 Other income	31 Mar 2021	31 March 2020
Net gain on foreign currency transactions	-	1,970,950
Insurance claim received	166,764	100,000
Sundry balances written back	1,229,409	2,054,721
Discount on Forward Contracts	9,397,944	11,919,745
Interest on margin money/others	1,378,337	1,455,694
Rent received	1,731,627	3,282,610
Miscellaneous income	369	2,874
	<u>13,904,450</u>	<u>20,786,594</u>



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Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2021

(Currency : Indian Rupees)

21 Cost of materials consumed	31 Mar 2021	31 March 2020
Inventory of materials at the beginning of the year	119,339,223	108,076,857
Add: Purchases during the year	371,779,743	426,671,872
Less : Inventory of materials at the end of the year	112,285,088	119,339,223
	<u>378,833,878</u>	<u>415,409,506</u>



P R J

Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2021

(Currency : Indian Rupees)

22 Changes in inventory of finished goods and work-in progress

	31 Mar 2021			31 March 2020		
	Opening inventory	Closing inventory	(Increase)/ Decrease in inventory	Opening inventory	Closing inventory	(Increase) / Decrease in inventory
Manufactured goods						
Springs, Parts and Assemblies	80,476,237	109,614,186	(29,137,949)	101,866,992	80,476,237	21,390,755
Surface Engineering 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
Work-in-progress						
Springs, Parts and Assemblies	116,476,466	92,722,918	23,753,548	73,288,515	116,476,466	(38,187,951)
Surface Engineering Solutions	22,914,266	6,568,520	16,345,746	13,255,532	22,914,266	(9,658,734)
	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 financial statements (Continued)

for the year ended 31 March 2021

(Currency : Indian Rupees)

23 Employee benefit Expenses	31 Mar 2021	31 March 2020
Salaries, wages and bonus	159,922,243	172,214,113
Contribution to provident and other funds	15,606,415	12,297,740
Staff welfare expense	9,759,615	10,654,090
	<u>185,288,273</u>	<u>195,165,943</u>
24 Finance costs	31 Mar 2021	31 March 2020
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>
25 Depreciation and amortisation	31 Mar 2021	31 March 2020
Depreciation on property, plant and equipment	42,538,531	40,894,769
Amortisation on 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>58,332,450</u>	<u>49,304,880</u>



Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2021

(Currency : Indian Rupees)

26 Other expenses	31 Mar 2021	31 March 2020
Consumption of stores and spare parts	3,14,51,510	3,48,21,735
Packing material consumed	1,39,25,060	1,39,49,059
Power and fuel	3,55,61,349	3,94,41,191
Labour charges	15,38,63,598	13,63,68,835
Testing expenses	44,70,490	50,58,958
Rent	29,07,812	27,56,215
<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	58,67,507	39,35,408
Rates and taxes	16,61,113	20,01,698
Travelling expenses	22,68,426	1,02,09,406
Legal and professional fees	55,13,528	62,11,806
Payment to statutory auditors	7,27,500	4,00,000
Commission	27,65,331	14,97,901
Business promotion	61,12,849	98,42,601
Bank charges	34,46,950	25,98,778
Telephone and other communication expenses	6,46,814	10,16,131
Printing and stationery	5,65,421	7,49,788
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	1,20,39,749	1,57,56,096
Sundry balances written off	2,99,484	1,59,801
Bad debts written-off	- 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
Net loss on foreign currency transactions	53,69,959	-
Miscellaneous expenses	14,60,401	27,96,968
	<u>33,61,41,162</u>	<u>33,69,44,766</u>

Note: Payments to auditors	31 Mar 2021	31 March 2020
As auditor		
Statutory audit	4,00,000	4,00,000
Others services	3,27,500	-
	<u>7,27,500</u>	<u>4,00,000</u>



Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2021

(Currency : Indian Rupees)

27 Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the year ended 31 Mar 2021 was based on the net profit attributable to equity shareholders of Rs. 18,317,144 (previous year: Rs. 12,812,480), and weighted average number of equity shares outstanding of 2,527,896 (previous year: 2,527,896).

Diluted earnings per share

The calculation of diluted earnings per share for the year ended 31 Mar 2021 was based on the net profit attributable to equity shareholders of Rs. 18,317,144 (previous year: Rs. 12,812,480), and weighted average number of equity shares outstanding after adjustment for the effects of all dilutive potential equity shares of 2,527,896 (previous year: 2,527,896).

Earnings

	31 Mar 2021	31 March 2020
(a) Net profit attributable to equity shareholders	18,317,144	12,812,480
(b) Number of shares outstanding	2,527,896	2,527,896
(c) Basic EPS	7.25	5.07
(d) Diluted earnings per share	7.25	5.07

28 Employee benefits

(i) Contribution to provident fund

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund, which is a defined contribution plan. The company has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The amount recognised as an expense towards contribution to Provident Fund for the year aggregated to amount of Rs. 8,165,368 (previous year: Rs. 7,788,403).



Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2021

(Currency : Indian Rupees)

28 Employee benefits (Continued)

(ii) Defined Benefit Plans

The Company operates one post-employment defined benefit plans that provide gratuity. The gratuity plan entitles an employee, who has rendered atleast five years of continuous service, to receive one-half month's salary for each year of completed service at the time of retirement/exit. The Schemes are funded by the plan

Gratuity	31 Mar 2021	31 March 2020
Fair value of plan assets	8,022,422	6,721,633
Present value of obligations	43,319,497	37,300,529
Asset/(Liability) recognised in balance sheet	(35,297,080)	(30,578,901)

Classification into current / non-current

The asset/(liability) in respect of each of the two plans comprises of the following non-current and current

	31 Mar 2021	31 March 2020
Non-Current	29,475,944	25,356,446
Current	5,821,136	5,222,455
	<u>35,297,080</u>	<u>30,578,901</u>

Composition of plan assets

	31 Mar 2021	31 March 2020
Qualifying insurance policies	8,022,422	6,721,633

Movement in present values of defined benefit obligations

	31 Mar 2021	31 March 2020
Defined benefit obligation at 1 April	37,300,529	35,324,337
Current service cost	3,707,295	3,874,519
Interest cost	2,272,149	2,500,684
Past service cost (vested benefits)	-	-
Actuarial (gains) / losses	1,433,720	(1,731,025)
Benefits paid by the plan	(1,394,196)	(2,667,986)
Defined benefit obligation at 31 March	<u>43,319,497</u>	<u>37,300,529</u>

Movement in fair value of plan assets

	31 Mar 2021	31 March 2020
Fair value of plan assets at 1 April	6,721,633	6,540,798
Contributions paid into the plan	2,137,988	2,291,968
Benefits paid by the plan	(1,394,196)	(2,667,986)
Expected return on plan assets	544,290	588,662
Actuarial (losses) / gains	12,707	(31,809)
Fair value of plan assets at 31 March	<u>8,022,422</u>	<u>6,721,633</u>



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Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2021

(Currency : Indian Rupees)

28 Employee benefits (Continued)

Expense recognised in Statement of Profit and Loss

	31 Mar 2021	31 March 2020
Current service cost	3,707,295	3,874,519
Interest on obligation	2,272,149	2,500,684
Past service cost (vested benefits)	-	-
Expected return on plan assets	(544,290)	(588,662)
Curtailment loss	1,421,013	(1,699,216)
Total included in 'employee benefits'	<u>6,856,167</u>	<u>4,087,325</u>

Actual return on plan assets

	31 Mar 2021	31 March 2020
Expected return on plan assets	544,290	588,662
Actuarial gain/(loss) on plan assets	12,707	(31,809)
Actual return on plan assets	<u>556,997</u>	<u>556,853</u>

Principal actuarial assumptions

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages):

	31 Mar 2021	31 March 2020
Discount rate as at 31 March	6.78%	6.55%
Expected return on plan assets as at 1 April	9.00%	9.00%
Future salary increases	8.00%	8.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Assumptions regarding future mortality are based on published statistics and mortality tables. The calculation of the defined benefit obligation is sensitive to the mortality assumptions.

Previous-year information

Amounts for the current and previous periods are as follows:

	31 Mar 2021	31 March 2020	31 March 2019	31 March 2018
Gratuity				
Defined benefit obligation	43,319,497	37,300,529	31,202,219	16,529,394
Fair value of plan assets	8,022,422	6,721,633	6,240,216	2,811,035
(Surplus) / deficit in the plan	(35,297,080)	(30,578,901)	(24,962,005)	(13,718,359)
Experience adjustments arising on plan liabilities	(1,433,720)	1,731,025	(1,616,414)	313,403
Experience adjustments arising on plan assets	(12,707)	31,809	9,416	(11,973)

The Company expects Rs.2,634,420/- in contribution to be paid to its defined benefit plans in the next year (previous year:Rs.2,353,333)

Principal actuarial assumptions for compensated absences

	31 Mar 2021	31 March 2020
Discount rate as at 31 March	6.78%	6.55%
Future salary increases	8.00%	8.00%
Amount debited to Statement of Profit and Loss	<u>1,066,789</u>	<u>(915,333)</u>



Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2021

(Currency : Indian Rupees)

29 Leases

Operating leases as lessor

The Company has leased out some of its buildings. The lease term is of 3 years. The carrying amounts of buildings given on operating leases and depreciation thereon for the period are:

The future minimum lease receivables under non-cancellable operating leases are as follows:

	31 Mar 2021	31 March 2020
Receivable within one year	2,290,322	2,735,500
Receivable between one and three years	4,800,000	6,565,200
Total	7,090,322	9,300,700

During the year, an amount of Rs. 1,731,627 was recognised as rental income in the Statement of Profit and Loss (previous year: Rs. 3,282,608).

Operating leases as lessee

The Company has taken residential properties on lease.

The future minimum lease payables under non-cancellable operating leases are as follows:

	31 Mar 2021	31 March 2020
Payable within one year	1,800,000	1,800,000
Payable between one and five years	-	3,600,000
Total	1,800,000	5,400,000

During the year, an amount of Rs. 1,800,000 was recognised as rent expense in the Statement of Profit and Loss (previous year: Rs. 1,800,000).

30 Investments in and dues from Gala Precision Components (Shanghai) Private Limited, China. ('Gala China' or 'the subsidiary')

The Company has investments aggregating to Rs. 74,571,334 (previous year: Rs. 74,571,334) in its wholly-owned subsidiary, Gala Precision Components (Shanghai) Private Limited. Also, Trade receivables include Rs. 84,644,536 (previous year: Rs. 86,082,291) respectively, due from the said subsidiary. Gala China's net-worth continues to be eroded as at 31 March 2021 as per its audited financial statements. However, considering that Gala China is relatively new to the market in China, management believes that there is a potential for business in this market and is in the process of establishing a foothold and continuously expanding the operations of the subsidiary. Management is confident that the subsidiary will be able to meet its long term business plan and generate profits going forward. Accordingly, management considers the diminution in the value of investment in the subsidiary not be of a permanent nature and is confident of recovering the amounts due; hence, no provision is considered necessary at this stage by management.

31 Change in Useful Life of Intangible Assets

During the year, the Company has revised useful life of Development Cost to 10 Years from 5 Years being management's estimate of the period over which economic benefit is expected to be derived therefrom. As a result of this change, the depreciation charge for the year ended 31st March, 2021 is lower by Rs. 14,330,118/- and the assets and reserves & surplus being higher by the said amount



Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2021

(Currency : Indian Rupees)

32 Share Based Payment

Employee Stock Option Scheme

The Shareholders of the Company had approved on 29th September, 2013 an Employee Stock Option Scheme ("Gala ESOP 2014"), formulated by the Company, under which the Company issued 121,380 options to its permanent employees in the management cadre, including Wholetime Directors of the Company. The Gala ESOP 2014 is administered by the Compensation Committee of the Board of Directors of the Company.

The Compensation Cost of Stock options granted to employees have been accounted by the Company using the intrinsic value method.

Disclosures Information required to be disclosed as per the guidance note issued by The Institute of Chartered Accountants of India.

Sr. No.	Particulars	Gala ESOP 2014
1	Terms & conditions of various options granted under Gala ESOP 2014	
	Exercise Price	Rs. 10/-
	Vesting period	100% vesting on 20 Aug 2014
	Exercise Period	5 years from the date of grant
2	ESOP Summary	
	Number of Options granted	121,380
	Number of Options vested	-
	Number of Options unvested	-
	Number of Options lapsed / forfeited	-
	Number of Options exercised	121,380
	Number of Options in force	-
3	ESOP Summary (transactions during the year)	
	Options outstanding at the beginning	121,380
	Number of Options granted	-
	Number of Options lapsed / forfeited	-
	Number of Options exercised	121,380
	Number of Options expired	-
	Options outstanding at the end	-
	Options exercisable at the end	-
4	Weighted average exercise price for:	
	Options outstanding at the beginning of the year	10
	Options granted during the year	N.A.
	Options forfeited during the year	N.A.
	Options exercised during the year	10
	Options expired during the year	N.A.
	Options outstanding at the end of the year	N.A.
	Options exercisable at the end of the year	N.A.
5	Range of exercise price of options outstanding at the end of the year	Rs. 10/- per Option
6	Weighted average contractual life of Options outstanding at the end of the year	1.75 years



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Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2021

(Currency : Indian Rupees)

32 Share Based Payment (Continued)

At grant date, the estimated fair value of stock options granted under Gala ESOP 2014 is Rs. 210. The fair valuation of stock options have been done by an independent valuer using Black and Sholes Model. The details of stock options granted and key assumptions taken into account for fair valuation are as under:

Particulars	Assumptions
1) No of options granted	121,380
2) Grant Date	1 st January, 2014
3) Risk-free interest rate	7.85%
4) Expected Life	2.50 years
5) Expected Volatility	0.001%
6) Expected Dividend Yield	Nil
7) Fair market value of underlying share	Rs. 210/-
8) Exercise Price	Rs. 10/-

On 24th November-2018, 121380 options were exercised at an exercise Price of Rs. 10/- & payment for the same were received on 30th March-2019. Further the shares have been allotted on 5th Apr-2019.



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Gala Precision Engineering Private Limited

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

(Currency : Indian Rupees)

33 Segment information

	Springs, Parts and Assemblies		Surface Engineering Solutions		Unallocated		Total	
	31 Mar 2021	31 March 2020	31 Mar 2021	31 March 2020	31 Mar 2021	31 March 2020	31 Mar 2021	31 March 2020
REVENUE								
External sales and service income	930,136,879	931,599,220	99,601,495	77,915,563	-	-	1,029,738,372	1,009,514,783
Less: Inter-segment sales	-	-	-	-	-	-	-	-
Total revenue	930,136,879	931,599,220	99,601,495	77,915,563	-	-	1,029,738,372	1,009,514,783
RESULT								
Segment result	134,666,549	133,951,040	(4,509,106)	(25,619,005)	-	-	130,157,443	108,332,035
Unallocated corporate expenses								
Financial charges	52,188,663	50,489,778	3,938,437	4,414,658	-	-	56,127,100	54,904,436
Depreciation	54,425,735	46,203,051	3,906,715	3,101,829	-	-	58,332,450	49,304,880
Profit before tax	28,052,151	37,258,211	(12,354,258)	(33,135,492)	-	-	15,697,894	4,122,721
Less: Current tax	-	-	-	-	-	-	1,224,548	-
Add: MAT Entitlement	-	-	-	-	-	-	(1,224,548)	(8,300,000)
Add: Deferred tax	-	-	-	-	-	-	(2,619,250)	(293,592)
Add: Current tax adjustments of ₹	-	-	-	-	-	-	-	(96,167)
Profit after tax	-	-	-	-	-	-	18,317,144	12,812,480



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Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2021

(Currency : Indian Rupees)

33 Segment information (continued)

	Springs, Parts and Assemblies		Surface Engineering Solutions		Unallocated		Total	
	31 Mar 2021	31 March 2020	31 Mar 2021	31 March 2020	31 Mar 2021	31 March 2020	31 Mar 2021	31 March 2020
OTHER INFORMATION								
Segment assets	1,198,025,156	1,162,065,258	88,188,689	112,755,423	147,572,526	177,032,050	1,433,786,376	1,451,852,732
Segment liabilities	183,046,529	178,454,186	26,721,385	29,903,774	635,439,894	633,498,578	845,207,808	841,856,538
Secured Loans	-	-	-	0	395,113,566	417,056,194	395,113,568	417,056,194
Unsecured Loans	-	-	-	-	193,465,000	192,940,000	193,465,000	192,940,000
Total liabilities	183,046,529	178,454,186	26,721,385	29,903,774	1,224,018,460	1,243,494,772	1,433,786,376	1,451,852,732
Provision for doubtful debts	2,042,067	242,164	2,476,474	2,809	-	-	4,518,541	244,973
Profit/(Loss) on sale/write off of assets	-	55,201	-	(132,321)	-	-	-	(77,120)
Capital Expenditure	84,420,360	101,602,797	821,041	1,425,477	(28,845,015)	4,189,000	56,396,386	107,217,274

Business Segments: For management purposes, the company is organised on a worldwide basis into two major operating divisions - Springs, Parts and Assemblies and Surface Engineering Solutions. The divisions are the basis on which the company reports its primary segment information. The Springs, Parts and Assemblies segment produces a broad range of disc springs for wind mill, transformers, turbines, railways, automobiles and off high way vehicles. The Surface Engineering Solutions segment manufactures centrifugal finishing machines, washing systems and media chemicals.

Geographical segments: The company's operating divisions are managed from India. In India, its home country, the company produces and sells a broad range of disc springs, coil springs, fastening solutions, washers, media chemical and machines and washing systems.



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Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2021

(Currency : Indian Rupees)

33 Segment information (continued)

The company has disclosed Geographical Segment as the secondary segment.

Sales by market: The following table shows the distribution of the company's sales and service income by geographical market.

	31 Mar 2021	31 March 2020
Sales Revenue by geographical market		
- within India	664,543,289	587,970,243
- outside India	365,195,083	421,544,540
Total revenue	<u>1,029,738,372</u>	<u>1,009,514,783</u>

Assets by market: The following table shows the distribution of the company's assets by geographical market.

	31 Mar 2021	31 March 2020
Assets by geographical market		
- within India	1,308,304,806	1,325,952,963
- outside India	124,589,253	136,598,079
	<u>1,432,894,058</u>	<u>1,462,551,041</u>



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Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2021

(Currency : Indian Rupees)

34 Related party disclosures

A) List of related parties

Parties where control exists

- Wholly-owned subsidiary

Gala Precision Components (Shanghai) Private Limited

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

- Key Managerial Personnel

Mr. Kirit Gala - Managing Director
Mr. Balkishan Jalan, Executive Director
Mr. Satish Kotwani, Business Development Director

- Entity in which Directors having substantial interest

Visharaji H. Gala - HUF
Kirit V. Gala - HUF
Gala Springs Private Limited
Workamp Spaces Pvt. Ltd.
Balkishan Jalan - HUF

- Relatives of Key Managerial personnel

Mrs. Taramati V Gala - Mother of Mr. Kirit V Gala
Mrs. Rumie K Gala - Wife of Mr. Kirit V Gala
Mrs. Alpa Chheda - Sister of Mr. Kirit V Gala
Mrs. Neyna Gala - Sister of Mr. Kirit V Gala



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Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2021

(Currency : Indian Rupees)

34 Related party disclosures (Continued)

Particulars	Entity in which Directors having substantial interest		Wholly owned subsidiary		Other Related Party		Key Managerial Personnel		Total	
	31 Mar 2021	31 March 2020	31 Mar 2021	31 March 2020	31 Mar 2021	31 March 2020	31 Mar 2021	31 March 2020	31 Mar 2021	31 March 2020
Sale of goods:										
Gala Precision Components (Shanghai) Private Limited	-	-	64,868,101	112,335,094	-	-	-	-	64,868,101	112,335,094
Purchase of goods:										
Gala Precision Components (Shanghai) Private Limited	-	-	4,282,380	3,600,798	-	-	-	-	4,282,380	3,600,798
Rent received :										
Worksp Spaces Pvt. Ltd.	1,641,305	3,282,608	-	-	-	-	-	-	1,641,305	3,282,608
Interest Expense:										
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



Gala Precision Engineering Private Limited

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

(Currency : Indian Rupees)

34 Related party disclosures (Continued)

Particulars	Entity in which Directors having substantial interest		Wholly owned subsidiary		Other Related Party		Key Managerial Personnel		Total	
	31 Mar 2021	31 March 2020	31 Mar 2021	31 March 2020	31 Mar 2021	31 March 2020	31 Mar 2021	31 March 2020	31 Mar 2021	31 March 2020
Remuneration:										
Kirti V 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
Rent Paid:										
Vishanji H Gala	-	-	-	-	900,000	900,000	-	-	900,000	900,000
Taramati V Gala	-	-	-	-	600,000	600,000	-	-	600,000	600,000
Rumie K Gala	-	-	-	-	300,000	300,000	-	-	300,000	300,000
Rent deposit:										
Vishanji H Gala	-	-	-	-	200,000	200,000	-	-	200,000	200,000
Taramati V Gala	-	-	-	-	150,000	150,000	-	-	150,000	150,000
Rumie K Gala	-	-	-	-	50,000	50,000	-	-	50,000	50,000
Loan repaid:										
Vishanji H Gala	-	-	-	-	9,600,000	28,800,000	-	-	9,600,000	28,800,000
Taramati V Gala	-	-	-	-	7,050,000	14,400,000	-	-	7,050,000	14,400,000
Kirti V Gala	-	-	-	-	-	-	65,700,000	58,600,000	65,700,000	58,600,000
Rumie K Gala	-	-	-	-	1,200,000	5,250,000	-	-	1,200,000	5,250,000
Kirti V. Gala (HUF)	21,450,000	25,550,000	-	-	-	-	-	-	21,450,000	25,550,000
Vishanji Gala (HUF)	4,500,000	600,000	-	-	-	-	-	-	4,500,000	600,000



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Gala Precision Engineering Private Limited

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

(Currency - Indian Rupees)

34 Related party disclosures (Continued)

Particulars	Entity in which Directors having substantial interest		Wholly owned subsidiary		Other Related Party		Key Managerial Personnel		Total	
	31 Mar 2021	31 March 2020	31 Mar 2021	31 March 2020	31 Mar 2021	31 March 2020	31 Mar 2021	31 March 2020	31 Mar 2021	31 March 2020
Loan received:										
Vishanji H Gala	-	-	-	2,88,00,000	1,96,00,000	2,88,00,000	-	-	1,96,00,000	2,88,00,000
Taramati V Gala	-	-	-	1,44,00,000	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	-	-	-	52,50,000	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
Balance:										
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	50,00,000
Satish Konwani	-	-	-	-	-	-	19,00,000	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
Investment in shares:										
Gala Precision Components (Shanghai) Private Limited	-	-	7,45,71,334	7,45,71,334	7,45,71,334	7,45,71,334	-	-	7,45,71,334	7,45,71,334
Trade receivables:										
Gala Precision Components (Shanghai) Private Limited	-	-	8,46,44,536	8,60,82,291	8,46,44,536	8,60,82,291	-	-	8,46,44,536	8,60,82,291
Workamp Spaces Pvt Ltd	42,99,022	80,15,241	-	-	-	-	-	-	42,99,022	80,15,241
Trade payable:										
Gala Precision Components (Shanghai) Private Limited	-	-	1,49,91,004	35,80,493	1,49,91,004	35,80,493	-	-	1,49,91,004	35,80,493
Workamp Spaces Pvt Ltd	-	9,61,488	-	-	-	-	-	-	-	9,61,488



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Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2021

(Currency : Indian Rupees)

35 Contingent liabilities and commitments

<i>Contingent liabilities</i>	31 Mar 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>
 <i>Capital commitments</i>	 31 Mar 2021	 31 March 2020
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	855,228	3,217,733

36 Dues to micro and small enterprises

The disclosures in respect of the amounts payable to the micro and small enterprises as at 31 March 2021 have been made in the financial statements, to the extent of available information in this regard. In view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act to these and the other enterprises who have not yet responded to the Company's letter is not expected to be material.

	31 Mar 2021	31 March 2020
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
- Principal	4,482,155	2,998,010

Note: Other information / disclosures relating to payments made beyond the appointed date, interest accrued and paid and cumulative interest are not applicable being nil.

37 Derivative instruments

The Company enters into forward exchange contracts which are not intended for trading or speculative purposes, but for hedging purposes, to establish the amount of reporting currency required or available at the date of settlement of certain receivables.

	31 Mar 2021		31 March 2020	
	Amount (in original currency)	Amount (in INR)	Amount (in original currency)	Amount (in INR)
Forward exchange contracts (to hedge trade receivables)				
USD	598,838	45,644,195	640,000	46,924,458
EURO	2,125,774	193,623,703	1,960,000	164,007,250



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Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2021

(Currency : Indian Rupees)

38 Unhedged foreign currency exposures

Foreign currency exposures on account of trade receivables / trade payables not hedged by derivative instruments are as follows:

	31 Mar 2021		31 March 2020	
	Amount (in original currency)	Amount (in INR)	Amount (in original currency)	Amount (in INR)
Trade receivables				
USD	1,263,376	92,524,742	1,302,074	97,788,480
EURO	374,440	29,793,942	382,013	31,722,473
GBP	19,328	1,945,990	13,673	1,272,570
Advances received				
USD	14,615	1,070,340	21,956	1,648,935
EURO	957	82,275	4,945	410,615
Trade payables				
USD	362,256	26,579,134	229,783	17,288,229
EURO	3,227	277,927	7,151	595,033
JPY	-	-	2,188	1,527
CNY	-	-	12,850	136,260
Advances given				
USD	97,233	7,134,055	34,764	2,615,540
EURO	9,718	837,017	19,023	1,582,796

Note: Above amount excludes Investment.

39 Details of imported and indigenous raw materials consumed

	31 Mar 2021		31 March 2020	
	Value	% of total consumption	Value	% of total consumption
Raw materials				
Imported	145,367,781	38.37	143,344,952	34.51
Indigenous	233,466,097	61.63	272,061,554	65.49
	378,833,878	100.00	415,409,506	100.00



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Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2021

(Currency : Indian Rupees)

40 Value of imports on CIF basis	31 Mar 2021	31 March 2020
Raw materials	140,208,655	144,918,896
Capital goods	9,261,858	20,257,168
	<u>149,470,514</u>	<u>165,176,064</u>

41 Expenditure in foreign currency	31 Mar 2021	31 March 2020
Travelling expenses	-	311,651
Business promotion	1,583,469	948,644
Professional fees	575,026	1,843,153
Others	-	-
	<u>2,158,495</u>	<u>3,103,448</u>

42 Earnings in foreign currency	31 Mar 2021	31 March 2020
Exports of goods calculated on FOB basis	363,571,306	419,785,972
Freight	1,623,776	1,758,568

43 Previous year figures are regrouped / rearranged wherever necessary.


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




Kirit V. Gala
 Managing Director


Balkishan S. Jalan
 Executive Director

Mumbai, 23rd July, 2021

UDIN:- 21036490 AAAAGZ 6182

Mumbai, 23rd July, 2021

Mumbai, 23rd July, 2021

