

**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, 2022, 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, 2022, 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. 7,45,84,705/- (Previous year: Rs. 8,46,44,535) due from the said subsidiary. Gala China's net worth continues to be eroded as at 31st March, 2022 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 2022 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.

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.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2020 ("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.

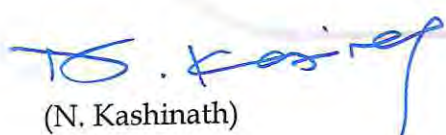
As required by Section 143 (3) of the Act, we report that:

- 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 Statement of Cash Flow 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, 2022 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2022 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;
- g) 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:
 - a. The company has no pending litigations which could have impact on its financial position in the financial statements except as stated in Note 35 to the Standalone Financial Statements;
 - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.



- c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- d. (a) As represented to us by the management and to the best of its knowledge and belief, no funds have been advanced or lend or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities (Intermediaries"), with the understanding whether recorded in writing or otherwise that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (b) As represented to us by the management and to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (c) Based on such audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- e. The Company has not declared any dividend during the year.

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


(N. Kashinath)
Partner

Mem. No.: 036490

Mumbai, 10th July, 2022

UDIN:- 22036490AOVOCA9179



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

- i) a) A) The company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment;
- B) The company has maintained proper records showing full particulars of Intangible Assets;
- b) The Property, Plant & equipment have been physically verified by the management in accordance with a regular programme of verification, which in our opinion is reasonable, considering the size and the nature of its business. The frequency of verification is reasonable and no material discrepancies have been noticed on such physical verification;
- c) Based on our examination of the registered sale deed / transfer deed / conveyance deed / property tax paid documents (which evidences title) provided to us, we report that, the title deeds of all the immovable properties disclosed in the financial statements included in property, plant and equipment are held in the name of the Company as at the balance sheet date.
- d) The company has not revalued its Property, Plant & Equipment and Intangible Assets during the year. Accordingly, provisions clause (i)(d) of Para 3 of the Order are not applicable to the Company.
- e) No proceedings have been initiated during the year or are pending against the Company as at 31st March 2022 for holding any benami property under the Benami Transaction (Prohibition) Act, 1988, as amended and rules made thereunder
- ii) a) The inventory, except for goods in transit, has been physically verified by the management during the year at reasonable intervals. In our opinion, the coverage and procedure of such verification by the management is appropriate having regard to the size of the Company and the nature of its operation. For goods in transit, the goods have been received subsequent to the year-end or confirmation have been obtained. No discrepancies of 10% or more in the aggregate for each class of inventory were noticed on such physical verification of inventory when compared with books of account.
- b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of Rs.5 crores, in aggregate, at any point of time during the year, from banks on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the returns or statements comprising stock statements, book debt statements, credit monitoring arrangement reports, statements on ageing analysis of the debtors / other receivables, and other stipulated financial information filed by the Company with such banks are in agreement with the unaudited books of account of the Company for the respective quarters except for the following;



Particulars*	Jun-21	Sep-21	Dec-21	Mar-22
Current Assets as per Statement filed with Bank <i>Add: Reconciliation of Items not considered in the Statement filed with the bank</i>	51,45,21,000	55,73,82,000	63,02,71,000	66,89,05,000
Related party debtors & Scrap Debtors	10,57,64,566	10,08,73,516	9,19,88,121	8,56,88,000
Advance to debtors	(51,22,000)	(64,59,000)	(59,33,000)	(67,92,000)
Inventory in Transit		(2,88,00,000)	-	(2,28,21,000)
Valuation Difference	3,60,98,000	2,08,54,000	2,08,54,000	2,46,56,434
Balance as per Financial Statements	65,12,61,566	64,38,50,516	73,71,80,121	74,96,36,434

*Nature of Security - Secured by pari passu charge by way of hypothecation of inventories of raw materials and finished goods and book debts, both present and future.

iii) The Company has made investments in other entities. The Company has not provided any guarantee or security, and granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year.

(a) The Company has not provided any loans or advances in the nature of loans or stood guarantee or provided security to any other entity during the year and hence reporting under clauses (iii)(a),(c),(d),(e) and (f) of the order are not applicable.

(b) In our opinion, the investments made in entities are ,prima facie, not prejudicial to the company's interest.

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) In our opinion the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted and amounts deemed to be deposits accepted. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal against the Company in this regard.



- vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the books of account maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained by the Company. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- 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, 2022 for a period of more than six months from the date they became payable.
- b) According to the records of the company, the dues outstanding in respect of income-tax, sales-tax, wealth-tax, service tax, duty of customs, duty of excise, goods and services tax, value added tax and cess on account of any dispute, are as follows;

Statute and nature of dues	Financial year to which the matter pertains	Forum where dispute is pending	Amount in Rs.
Income Tax Act, 1961	2011-12	CIT -Appeals	39,75,595
	2014-15	CIT -Appeals	52,73,850
	2015-16	CIT -Appeals	7,37,720
	2016-17	CIT -Appeals	14,57,950
	2017-18	CIT -Appeals	5,17,640
	2018-19	CIT -Appeals	61,55,880

- viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.
- ix) a) In our opinion, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
- b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- c) To the best of our knowledge and belief, in our opinion, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained.
- d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, *prima facie*, not been used during the year for long-term purposes by the Company.
- e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries or joint ventures or associate companies.



- x) a) The Company has not issued any of its securities (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.
- b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company
- xi) a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report
- c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year and upto the date of this report
- xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable
- xiii) In our opinion, the Company is in compliance with section 188 of the Companies Act for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards. The Company is a private company and hence the provisions of section 177 of the Companies Act, 2013 are not applicable to the Company
- xiv) a) In our opinion, though the Company is not required to have an internal audit system under section 138 of the Companies Act, 2013, it does have the same established for the year.
- b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures
- xv) In our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi) a) 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)(a) of Para 3 of the Order are not applicable to the Company.

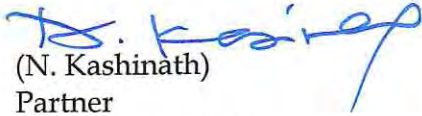


- b) During the year, the Company has not conducted any Non-Banking Financial or Housing Finance activities and accordingly, provisions of clause (xvi)(b) of Para 3 of the Order are not applicable to the Company.
- c) The Company is not a Core Investment Company (CIC) as defined in the Regulations made by the Reserve Bank of India and accordingly the provisions of clause (xvi)(c) of Para 3 of the Order is not applicable to the Company.
- d) The group does not have any CIC as a part of the group and accordingly reporting under clause (xvi)(d) of Para 3 of the Order is not applicable to the Company.
- xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xviii) There has been no resignation of the statutory auditors of the Company during the year.
- xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.



xx) The Company was not having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year and hence, provisions of Section 135 of the Act are not applicable to the Company during the year. Accordingly, reporting under clause 3(xx) of the Order is not applicable for the year.

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


(N. Kashinath)

Partner

Mem. No.: 036490

Mumbai, 10th July, 2022

UDIN:- 22036490AOVOCA9179



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, 2022 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, 2022, based on the internal control over financial reporting 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 is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by Institute of Chartered Accountants of India 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. 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 were 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 with reference to Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Standalone Financial Statements includes obtaining an understanding of such internal financial controls, 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 system with reference to Standalone Financial Statements

Meaning of Internal Financial Controls with reference to Financial Statements

A Company's internal financial control with reference to Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to Financial Statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with 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 financial statements.

Inherent Limitations of Internal Financial Controls with reference to 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, 10th July, 2022

UDIN:- 22036490AOVOCA9179



Gala Precision Engineering Private Limited

Balance sheet as at 31 March 2022

(Currency : Indian Rupees)

	Note	31 Mar 2022	31 Mar 2021
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	25,278,960	25,278,960
Reserves and surplus	4	<u>647,154,309</u>	<u>565,401,228</u>
		672,433,269	590,680,188
Non-current liabilities			
Long-term borrowings	5	237,744,834	301,075,878
Deferred tax liability (net)	6	30,971,633	29,592,765
Long-term provisions	7	<u>39,636,493</u>	<u>38,427,743</u>
		308,352,960	369,096,386
Current liabilities			
Short-term borrowings	8	331,179,625	288,475,008
Trade payables			
Dues to micro and small enterprises	9	3,140,459	4,482,155
Dues to Others	9	137,760,290	112,943,808
Other current liabilities	10	66,489,255	60,609,632
Short-term provisions	7	<u>25,598,388</u>	<u>6,606,882</u>
		564,168,017	473,117,485
		<u>1,544,954,245</u>	<u>1,432,894,058</u>
TOTAL EQUITY AND LIABILITIES			
ASSETS			
Non-current assets			
Property, plant and equipment	11	394,359,853	401,976,789
Intangible assets	11	168,375,195	178,890,587
Capital work-in-progress	11A	1,255,237	4,854,415
Intangible assets under development	11B	29,330,425	31,112,753
Investment property	12	-	3,020,838
Non-current investments	13	74,571,334	74,571,334
Long-term loans and advances	14	<u>35,933,565</u>	<u>35,047,849</u>
		703,825,609	729,474,565
Current assets			
Inventories	15	444,410,528	340,429,159
Trade receivables	16	305,225,906	269,635,679
Cash and cash equivalents	17	23,824,109	37,996,346
Short-term loans and advances	14	60,409,148	47,844,210
Other current assets	18	<u>7,258,945</u>	<u>7,514,099</u>
		841,128,636	703,419,493
		<u>1,544,954,245</u>	<u>1,432,894,058</u>

TOTAL ASSETS

Significant accounting policies

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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, 10th July, 2022
UDIN:-




Kirit V. Gala
Managing Director



Balkishan S. Jalan
Executive Director

Mumbai, 10th July, 2022

Mumbai, 10th July, 2022



Gala Precision Engineering Private Limited

Statement of Profit and Loss for the Year ended 31 March 2022

(Currency : Indian Rupees)

	Note	31 Mar 2022	31 Mar 2021
INCOME			
Revenue from operations	19	1,436,841,826	1,029,738,372
Other income	20	23,801,850	13,904,450
TOTAL INCOME		1,460,643,676	1,043,642,822
EXPENSES			
Cost of materials consumed	21	591,514,938	378,833,878
Changes in inventory of finished goods and work-in progress	22	(8,870,281)	13,222,066
Employee benefit Expenses	23	206,861,516	185,288,273
Finance costs	24	48,614,153	56,127,100
Depreciation and amortisation	25&12	62,455,952	58,332,450
Other expenses	26	444,435,449	336,141,162
TOTAL EXPENSES		1,345,011,727	1,027,944,929
Profit before tax		115,631,949	15,697,893
Less: Provision for taxation			
- Current tax		32,500,000	1,224,548
- MAT Entitlement (Including Rs. Nil (Previous Year - Rs. 12,24,548/- of earlier years)		-	(1,224,548)
- Deferred tax charge		1,378,868	(2,619,250)
		33,878,868	(2,619,250)
Profit for the year		81,753,081	18,317,143
Earnings per equity share of face value of Rs. 10 each			
- Basic earnings per equity share	27	32.34	7.25
- Diluted earnings per equity share		31.78	7.25

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



N. Kashinath

Partner

Membership No. 036490

Mumbai, 10th July, 2022

UDIN:-



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



Kirit V. Gala

Managing Director

Mumbai, 10th July, 2022



Balkishan S. Jalan

Executive Director

Mumbai, 10th July, 2022



Gala Precision Engineering Private Limited

Cash flow statement for the year ended 31 March 2022

(Currency : Indian Rupees)

	31 Mar 2022	31 Mar 2021
(A) Cash inflow / (outflow) from operating activities		
Profit before tax	115,631,949	15,697,893
Adjustments for :		
Depreciation and amortisation	62,455,952	58,332,450
(Profit) / loss on sale of property, plant and equipment	4,395,017	-
Intangible Assets written off	19,050,583	-
Interest income	(1,074,205)	(1,378,337)
Finance costs	48,614,153	56,127,100
Unrealised foreign exchange (gain) / loss	10,112,315	8,293,299
Provision for doubtful debts	227,651	4,273,567
Sundry balances written back	(539,599)	(1,229,409)
Sundry balances written off	-	299,484
Bad debts written off	4,078,055	664,595
Operating profit before working capital changes	262,951,871	141,080,642
(Increase) / decrease in working capital		
Inventories	(103,981,369)	16,560,297
Trade receivables	(50,008,248)	(1,168,017)
Long-term loans and advances	854,319	4,622,643
Short-term loans and advances	(12,564,938)	12,360,164
Other current assets	311,251	(952,533)
Trade payables and other current liabilities	29,894,008	(28,705,633)
Provisions	4,575,444	5,544,857
Net changes in working capital	(130,919,533)	8,261,778
Cash generated from operations	132,032,338	149,342,420
Taxes paid (net of refund)	(18,615,224)	(333,969)
Net cash inflow from operating activities (A)	113,417,114	149,008,451
(B) Cash inflow / (outflow) from investing activities		
Payments for purchase of property, plant and equipment and intangible assets	(60,401,291)	(53,611,521)
Proceeds from sale of property, plant and equipment	1,034,413	-
Increase / (decrease) in other bank balances	(4,037,372)	(417,073)
Interest received	1,018,108	1,302,171
Net cash used in investing activities (B)	(62,386,142)	(52,726,423)
(C) Cash inflow / (outflow) from financing activities		
Proceeds from long-term borrowings	18,264,196	72,954,080
Repayment of long-term borrowings	(85,312,750)	(14,659,945)
Proceeds/repayment from short-term borrowings	46,683,318	(78,739,443)
Finance costs	(48,875,344)	(57,210,353)
Net cash used in financing activities (C)	(69,240,580)	(77,655,661)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(18,209,608)	18,626,367



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Gala Precision Engineering Private Limited

Cash flow statement for the year ended 31 March 2022 (Continued)

(Currency : Indian Rupees)

	31 Mar 2022	31 Mar 2021
Cash and cash equivalents at the beginning of the year	20,618,145	1,991,778
Cash and cash equivalents at the end of the year	2,408,537	20,618,145
Cash and cash equivalents comprise		
Cash on hand	664,589	865,720
Balances with scheduled banks in		
- Current accounts	1,743,948	19,752,425
	<u>2,408,537</u>	<u>20,618,145</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, 10th July, 2022
UDIN:-

Mumbai, 10th July, 2022 Mumbai, 10th July, 2022

Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2022

(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.



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Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2022

(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.



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Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2022

(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.



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Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2022

(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.



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Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2022

(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.



Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2022

(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.



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Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2022

(Currency : Indian Rupees)

3 Share capital	31 Mar 2022	31 Mar 2021
<i>Authorised</i>		
11,000,000 equity shares of Rs. 10 each.	110,000,000	110,000,000
7,000,000 preference shares of Rs. 10 each.	70,000,000	70,000,000
	<u>180,000,000</u>	<u>180,000,000</u>
<i>Issued, subscribed and paid-up</i>		
25,27,896 [previous year: 25,27,896] 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 2022		31 Mar 2021	
	Number	Amount	Number	Amount
Equity shares				
At the commencement of the period	2,527,896	25,278,960	2,527,896	25,278,960
Shares issued including ESOP	-	-	-	-
At the end of the period	<u>2,527,896</u>	<u>25,278,960</u>	<u>2,527,896</u>	<u>25,278,960</u>

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 2022			31 Mar 2021		
	Number	% of total shares in the class	% Change during the year	Number	% of total shares in the class	% Change during the year
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	385,200	15.24	-6.33	411,200	16.27	-
- Rumie Kirit Gala	311,772	12.33	-	311,772	12.33	-
- Taramati V Gala	260,400	10.30	-	260,400	10.30	-
- Ulhas Gala	-	-	-100	165,000	6.53	-
- Pooja Unichem LLP	165,000	6.53	-	165,000	6.53	-

c) Particulars of Promoter Shareholding

	31 Mar 2022			31 Mar 2021		
	Number	% of total shares in the class	% Change during the year	Number	% of total shares in the class	% Change during the year
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	385,200	15.24	-6.33	411,200	16.27	-
- Rumie Kirit Gala	311,772	12.33	-	311,772	12.33	-
- Taramati V Gala	260,400	10.30	-	260,400	10.30	-
- Vishanji Harshi Gala(HUF)	54,400	2.15	-30.19	77,900	3.08	-
- Kirit Vishanji Gala(HUF)	53,400	2.11	-	53,400	2.11	-
- Nayna Gala	50,000	1.98	-	50,000	1.98	-
- Alpa Kiran Chheda	50,000	1.98	-	50,000	1.98	-
- Vaibhavi Gala	50,000	1.98	-	50,000	1.98	-
- Saloni Kirit Gala	22,286	0.88	-	22,286	0.88	-
- Smeeta Kirit Gala	22,286	0.88	-	22,286	0.88	-



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Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2022

(Currency : Indian Rupees)

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.

4 Reserves and surplus	31 Mar 2022	31 Mar 2021
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>-</u>	<u>-</u>
	15,000,000	15,000,000
Securities premium account		
<i>On equity share capital:</i>		
At the commencement of the year	285,239,140	285,239,140
Add: premium received	<u>-</u>	<u>-</u>
	285,239,140	285,239,140
<i>On preference share capital:</i>		
At the commencement and at the end of the year	<u>52,000,000</u>	<u>52,000,000</u>
	52,000,000	52,000,000
Surplus in profit or loss		
At the commencement of the year	213,162,088	194,844,944
Add: Profit for the year	<u>81,753,081</u>	<u>18,317,144</u>
	294,915,169	213,162,088
	<u>647,154,309</u>	<u>565,401,228</u>



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Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2022

(Currency : Indian Rupees)

5 Long-term borrowings

	31 Mar 2022		31 Mar 2021	
	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
(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
- 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)	35,082,333	14,069,968	49,173,125	12,845,668
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.)(Previous Year 8.25% per annum)	21,100,965	11,340,377	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 8.88% per annum.)(Previous Year 8.88% per annum)	32,511,111	10,213,333	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: 8.46% to 10.50% per annum].)	6,585,425	1,297,885	2,119,796	1,395,695
	<u>95,279,834</u>	<u>36,921,563</u>	<u>107,610,878</u>	<u>40,639,073</u>



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Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2022

(Currency : Indian Rupees)

5 Long-term borrowings (Continued)

Unsecured Loans

- Loan from Shareholders / Directors

(The loans are repayable by 30/04/2023. The loan carries rate of interest of 9.00% to 13% per annum [previous year: 9.00% to 13% per annum])

119,965,000	-	178,465,000	-
-------------	---	-------------	---

- Inter-corporate deposits

(The loan is repayable by 30/04/2023. The loan carries rate of interest of 9.00% to 13% per annum [previous year: 9.00% to 13% per annum])

22,500,000	-	15,000,000	-
------------	---	------------	---

	-	193,465,000	-
--	---	-------------	---

<u>237,744,834</u>	<u>36,921,563</u>	<u>301,075,878</u>	<u>40,639,073</u>
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* Amount disclosed under "Other current liabilities" (Refer Note 10)

6 Deferred tax liability - net

31 Mar 2022

31 Mar 2021

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

74,608,923	70,822,867
------------	------------

<u>74,608,923</u>	<u>70,822,867</u>
-------------------	-------------------

Deferred tax assets

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

- Provision for compensated absences

3,021,108	2,708,985
-----------	-----------

- Provision for Gratuity

11,425,344	9,819,648
------------	-----------

Provision for bad and doubtful debts

463,977	1,257,058
---------	-----------

Others

(58,240)	(55,640)
----------	----------

Unabsorbed depreciation

28,785,101	27,500,051
------------	------------

<u>43,637,290</u>	<u>41,230,102</u>
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<u>30,971,633</u>	<u>29,592,765</u>
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7 Provisions

31 Mar 2022

31 Mar 2021

31 Mar 2022		31 Mar 2021	
Long-term	Short-term	Long-term	Short-term

Provision for employee benefits

Compensated absences

9,339,367	1,035,318	8,951,799	785,747
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Gratuity

30,297,126	8,938,259	29,475,944	5,821,136
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<u>39,636,493</u>	<u>9,973,577</u>	<u>38,427,743</u>	<u>6,606,883</u>
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Other provisions

Provision for tax (net of advance tax Rs. 1,56,12,157)

15,624,811	-	-	-
------------	---	---	---

<u>15,624,811</u>	<u>-</u>	<u>-</u>	<u>-</u>
-------------------	----------	----------	----------

<u>39,636,493</u>	<u>25,598,388</u>	<u>38,427,743</u>	<u>6,606,883</u>
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Gala Precision Engineering Private Limited

Notes to financial statements (Continued) for the year ended 31 March 2022

(Currency : Indian Rupees)

	31 Mar 2022	31 Mar 2021
8 Short-term borrowings		
Loans repayable on demand		
- Cash credit and overdraft facilities from banks (secured)		
From HDFC Bank Ltd.	195,019,684	153,576,335
From Yes Bank Ltd.	98,527,251	93,287,282
Current maturities of long-term debt (Refer Note 5)	36,921,563	40,639,073
Interest accrued and due on borrowings	711,127	972,318
	<u>331,179,625</u>	<u>288,475,008</u>

Cash credit and overdraft facilities from HDFC Bank Ltd. carries rate of interest of 8.85% to 10.25% per annum [previous year: 9.05% to 9.80% per annum] and Yes Bank Ltd. carries rate of interest of 9.05% to 10.10% per annum [previous year: 9.00% to 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.

The Quarterly returns/statements of current assets filed by the Company with the Banks are in agreement with the books of accounts except for the following:

Particulars	Jun-21	Sep-21	Dec-21	Mar-22
Current Assets as per Statement filed with Bank	514,521,000	557,382,000	630,271,000	668,905,000
Add: Reconciliation of Items not considered in the Statement filed with the bank				
Related party debtors & Scrap Debtors	105,764,566	100,873,516	91,988,121	85,688,000
Advance to debtors	(5,122,000)	(6,459,000)	(5,933,000)	(6,792,000)
Inventory in Transit		(28,800,000)	-	(22,821,000)
Valuation Difference	36,098,000	20,854,000	20,854,000	24,656,434
Balance as per Financial Statements	651,261,566	643,850,516	737,180,121	749,636,434

	31 Mar 2022	31 Mar 2021
9 Trade payables		
Trade payables for goods and services		
- Due to micro and small enterprises	3,140,459	4,482,155
- Due to others		
Acceptances	40,071,456	20,943,744
Trade payables	97,688,834	92,000,064
	<u>140,900,749</u>	<u>117,425,963</u>

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

Trade payable Ageing Schedule As at March 31, 2022

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) MSME	1,411,768	1,389,707	-	-	-	2,801,475
ii) MSME-Disputed	-	-	337,278	1,706	-	338,984
ii) Others	88,281,692	45,535,886	694,395	281,321	2,966,997	137,760,291
Total.....	89,693,460	46,925,593	1,031,673	283,027	2,966,997	140,900,749

Trade payable Ageing Schedule As at March 31, 2021

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) MSME	3,479,292	659,057	-	-	-	4,138,349
ii) MSME-Disputed	113,801	198,166	31,839	-	-	343,806
ii) Others	78,586,730	19,646,443	4,392,160	1,711,247	8,607,227	112,943,808
Total.....	82,179,824	20,503,665	4,423,999	1,711,247	8,607,227	117,425,963



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Gala Precision Engineering Private Limited

Notes to financial statements (Continued)
for the year ended 31 March 2022

(Currency : Indian Rupees)

	31 Mar 2022	31 Mar 2021
10 Other current liabilities		
Advance received from customers	4,168,886	3,889,466
Other advances	1,500,000	-
Rent Deposit	-	1,080,000
Other Deposit	3,000,000	-
Statutory dues :		
Withholding Tax payable	4,309,807	2,952,630
Sales tax payable	524,243	524,243
GST payable	122,854	1,587,331
Other statutory liabilities	1,289,093	1,596,747
Liability for Revenue Expenses	25,428,219	34,746,388
Liability For Employee Benefit Expenses	26,146,153	14,232,827
	<u>66,489,255</u>	<u>60,609,632</u>



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Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2022

(Currency : Indian Rupees)

II Property, plant and equipment and Intangible assets

Description	Gross block			Accumulated depreciation/amortisation			Net block				
	As at 1 April 2021	Reclassification to assets *	Additions during the year	Deductions during the year	As at 31 March 2022	1 April 2021	Reclassification to assets *	Charge for the year #	On deletions during the year	As at 31 March 2022	As at 31 March 2021
<i>Property, plant and equipment</i>											
Borewell	-	-	184,680	-	184,680	-	-	7,595	-	177,085	-
Freehold land	8,685,000	-	-	-	8,685,000	-	-	-	-	8,685,000	8,685,000
Leasehold land	14,393,230	-	-	-	14,393,230	3,026,211	-	263,626	-	11,103,393	11,367,019
Leasehold improvements	15,648,606	-	-	-	15,648,606	2,257,370	-	497,698	-	12,893,538	13,391,236
Factory building	109,955,591	3,918,323	220,663	4,461	114,090,116	33,432,462	898,291	3,027,491	1,283	76,733,155	76,523,129
Plant and machinery	345,230,385	-	19,776,823	6,812,940	358,194,268	115,708,730	-	20,131,592	4,691,231	227,045,916	229,521,655
Effluent Treatment Plant	-	-	1,505,250	-	1,505,250	-	-	39,766	-	1,466,223	-
Electrical installation	22,928,813	-	1,106,886	1,225,889	22,809,810	14,924,873	-	1,326,594	1,159,487	7,717,830	8,003,940
Computers	12,995,252	-	913,636	1,554,183	12,354,705	10,785,782	-	1,260,135	1,476,473	1,785,261	2,209,470
Vehicles	12,463,384	-	6,763,786	7,659,021	11,568,149	7,186,277	-	954,086	5,563,473	8,991,259	5,277,107
Furniture and fixtures	53,078,487	-	397,557	1,842,554	51,633,490	31,431,792	-	3,501,456	1,719,557	18,419,799	21,646,695
Office equipments	12,891,479	-	283,430	2,956,072	10,218,837	9,822,141	-	927,071	2,808,047	2,277,672	3,069,338
Spares, tools and	5,781,705	-	8,000	823,835	4,965,870	4,238,425	-	593,844	773,582	907,183	1,543,280
Dies and moulds	55,206,802	-	4,309,614	13,414,443	46,101,973	34,468,621	-	8,162,180	12,685,299	29,945,502	20,738,181
	669,258,734	3,918,323	35,470,325	36,293,398	672,353,984	267,282,684	898,291	40,693,134	30,878,432	277,995,677	394,359,785
<i>Intangible assets</i>											
Development cost	233,837,528	-	31,112,753	67,256,314	197,693,967	70,555,356	-	21,330,634	48,205,731	43,680,259	154,013,708
Lean Improvement	15,011,888	-	-	-	15,011,888	2,155,775	-	2,144,644	-	4,300,419	10,711,469
Computer Software	8,507,522	-	1,656,238	245,450	9,918,330	5,755,220	-	744,078	230,986	6,268,312	3,650,018
	257,356,938	-	32,769,011	67,501,764	222,624,185	78,466,351	-	24,219,356	48,436,717	54,248,990	168,375,195
Total	926,615,672	3,918,323	68,239,336	103,795,162	894,978,169	345,749,035	898,291	64,912,490	79,315,149	332,244,667	562,734,980
Previous year	840,214,434	-	86,401,237	-	926,615,672	284,769,798	-	60,979,237	-	345,749,035	580,866,637

Notes

i) Title deeds of Freehold Land are held in the name of the Company. Title deeds in respect of Buildings on immovable properties which are constructed on company's Freehold/Leasehold Land is based on documents constituting evidence of legal ownership of the Buildings.

ii) Total borrowing costs capitalised during the year is Rs. 290,813 (previous year: Rs. 1,866,136).

iii) The Company had leased out some of its buildings under operating leases till 31 March 2021, which has been reclassified from Investment property. The gross carrying amount of such buildings given on operating leases as at 31 March 2021 is Rs. 39,18,323 and accumulated depreciation is Rs.8,97,485/-

iv) The Company has capitalised depreciation of Rs. 24,56,539 (previous year: Rs. 2,785,428) and transferred to capital work-in-progress, hence net depreciation of Rs. 6,24,55,952 is treated as a charge in Statement of Profit and Loss.



Gala Precision Engineering Private Limited
for the year ended 31 March 2022

11 Property, plant and equipment and Intangible assets (Continued)

v) Development costs capitalised during the year includes:

	31 Mar 2022	31 Mar 2021
Raw material	157,757	391,240
Persomel costs	17,217,185	23,163,838
Process costs	5,916,393	25,951,553
Testing costs	161,087	374,955
Job-work cost	3,745,872	2,353,663
Travelling expenses	-	390,851
Technical fees and other expenses	3,914,458	4,004,808
	31,112,753	56,630,908

11A Capital Work in Progress

CWIP aging schedule as at 31st Mar-22

CWIP	Amount in CWIP for a period of						Total
	Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years		
Projects in progress	298,284	-	-	625,685	331,268	1,255,237	
	(3,224,253)	-	(682,811)	(947,351)	-	(4,854,415)	

*Figures in brackets are in respect of previous year

11B Intangible assets under development

Intangible assets under development aging schedule as at 31st Mar-22

Intangible assets under development	Amount in CWIP for a period of						Total
	Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years		
Projects in progress	29,330,425	-	-	-	-	29,330,425	
	(31,112,753)	-	-	-	-	(31,112,753)	

*Figures in brackets are in respect of previous year



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 (previous year figures)

Description	Gross block		Accumulated depreciation/amortisation		Net block		
	As at 1 April 2020	Additions during the year ending 31 March 2021	Deductions during the year ending 31 March 2021	As at 1 April 2020	Charge for the year ending 31 March 2021	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	58,627	-	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	82,363	-	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	-	-	5,699,415	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	825,738	-	8,524,754	1,297,387	3,069,338	3,504,455
Spares, tools and	5,781,705	-	-	3,574,440	663,985	1,543,280	2,207,265
Dies and moulds	52,951,831	2,254,971	-	26,853,664	7,614,957	20,738,181	26,098,167
	640,322,404	28,936,329	-	224,744,153	42,538,531	401,976,789	415,578,251
Intangible assets							
Development cost	177,532,860	56,630,908	-	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	834,000	-	5,006,838	598,221	2,902,463	2,340,444
	199,892,030	57,464,908	-	60,025,645	18,440,706	178,890,587	139,866,385
Total	840,214,434	86,401,237	-	284,769,798	60,979,237	580,867,376	555,444,636
Previous year							

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

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



Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2022

(Currency : Indian Rupees)

12 Investment property	31 Mar 2022	31 Mar 2021
Cost	3,918,323	3,918,323
Less: Reclassification of Investment Property to Property, Plant & Equipment	3,918,323	-
Less: Depreciation	-	897,485
	<u>-</u>	<u>3,020,838</u>
	<u>-</u>	<u>3,020,838</u>
13 Non-current investments	31 Mar 2022	31 Mar 2021
<i>(Valued at cost unless stated otherwise)</i>		
<i>(Long term, Trade unquoted)</i>		
Investment in wholly owned subsidiary company		
Gala Precision Components (Shanghai) Private Limited, China	74,571,334	74,571,334
	<u>74,571,334</u>	<u>74,571,334</u>
	<u>74,571,334</u>	<u>74,571,334</u>
Aggregate book value of unquoted non-current investments.	74,571,334	74,571,334







Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2022

(Currency : Indian Rupees)

14 Loans and advances

	31 Mar 2022		31 Mar 2021	
	Non-current portion	Current portion	Non-current portion	Current portion
To parties other than related parties				
Capital advances <i>(Unsecured and considered good)</i>	4,434,705	-	2,079,411	-
	<u>4,434,705</u>	<u>-</u>	<u>2,079,411</u>	<u>-</u>
Security deposits (unsecured)				
Considered good	6,109,952	-	6,444,690	-
	<u>6,109,952</u>	<u>-</u>	<u>6,444,690</u>	<u>-</u>
Advances to creditors (unsecured)				
Considered good	-	19,666,991	-	17,385,733
Considered doubtful	-	200,000	-	200,000
Less: Provision for doubtful advance to creditors	-	(200,000)	-	(200,000)
	<u>-</u>	<u>19,666,991</u>	<u>-</u>	<u>17,385,733</u>
<i>Unsecured and considered good</i>				
Loans and advances to employees	-	2,871,893	-	4,370,092
CENVAT credit receivable	86,093	-	86,093	-
Income tax receivable (net of Provision)	-	-	370,916	-
GST receivable	-	19,291,025	-	5,496,961
VAT receivable	3,443,559	-	5,918,434	-
Minimum alternate tax credit receivable	21,859,256	-	19,748,305	-
Other advances	-	5,062,441	-	4,317,307
Export benefits receivable	-	13,516,798	-	16,274,117
	<u>25,388,908</u>	<u>40,742,157</u>	<u>26,123,748</u>	<u>30,458,477</u>
To related parties				
Deposit <i>(Unsecured and considered good)</i>	-	-	400,000	-
	<u>-</u>	<u>-</u>	<u>400,000</u>	<u>-</u>
	<u>35,933,565</u>	<u>60,409,148</u>	<u>35,047,849</u>	<u>47,844,210</u>



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Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2022

(Currency : Indian Rupees)

15 Inventories	31 Mar 2022	31 Mar 2021
<i>(Valued at lower of cost and net realisable value)</i>		
Raw material	200,402,930	112,285,088
Work-in-progress	110,662,587	99,291,438
Finished goods [including in-transit] *	108,044,299	110,545,167
Stores and spares	25,600,712	18,307,466
	<u>444,710,528</u>	<u>340,429,159</u>
Less: Provision for non-moving stock	300,000	-
	<u>444,410,528</u>	<u>340,429,159</u>

* including goods-in-transit Rs. 4,08,63,944 (previous year: Rs. 5,60,24,626)

16 Trade receivables	31 Mar 2022	31 Mar 2021
<i>(Unsecured)</i>		
Trade Receivables, Unsecured		
- Considered good	305,225,906	269,635,679
- Considered doubtful	1,593,326	4,518,541
	<u>306,819,232</u>	<u>274,154,220</u>
Less : Provision for doubtful debts	1,593,326	4,518,541
	<u>305,225,906</u>	<u>269,635,679</u>

Trade receivables Ageing Schedule As at March 31, 2022

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months to 1 year	1-2 Years	2-3 years	More than 3 years	
Undisputed Trade receivables - considered good	141,017,958	139,582,651	14,139,357	5,782,223	2,377,745	3,919,297	306,819,232
Undisputed Trade receivables - considered doubtful	-	-	-	204,895	670,818	717,614	1,593,326
Total.....	141,017,958	139,582,651	14,139,357	5,577,328	1,706,927	3,201,683	305,225,906

As at March 31, 2021

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months to 1 year	1-2 Years	2-3 years	More than 3 years	
Undisputed Trade receivables - considered good	94,427,610	113,277,967	44,227,181	11,217,822	6,165,957	4,837,682	274,154,219
Undisputed Trade receivables - considered doubtful		12,577	443	1,024,086	2,147,168	1,334,266	4,518,539
Total.....	94,427,610	113,265,390	44,226,738	10,193,736	4,018,789	3,503,416	269,635,679



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Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2022

(Currency : Indian Rupees)

17 Cash and cash equivalents	31 Mar 2022	31 Mar 2021
Cash and cash equivalents		
- Cash on hand	664,589	865,721
- Balances with scheduled banks in current accounts	1,743,948	19,752,425
	<u>2,408,537</u>	<u>20,618,146</u>
Other bank balances		
- Margin money	21,415,572	17,321,239
- Current account held at a foreign branch	-	56,961
	<u>21,415,572</u>	<u>17,378,200</u>
	<u>23,824,109</u>	<u>37,996,346</u>

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

18 Other current assets	31 Mar 2022	31 Mar 2021
<i>(Unsecured, considered good unless otherwise stated)</i>		
Interest accrued on margin deposits	222,070	165,973
Forward contracts receivable (net)	3,904,781	3,791,141
Deferred premium on forward contracts	3,132,094	3,556,985
	<u>7,258,945</u>	<u>7,514,099</u>



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Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2022

(Currency : Indian Rupees)

19 Revenue from operations	31 Mar 2022	31 Mar 2021
Sale of products		
Springs, Parts and Assemblies	1,270,804,073	888,780,799
Surface Engineering Solutions	<u>103,107,905</u>	<u>98,486,470</u>
Sale of products (net)	1,373,911,978	987,267,269
Sale of services		
Springs, Parts and Assemblies	1,753,074	92,498
Surface Engineering Solutions	<u>212,971</u>	<u>202,932</u>
	1,966,045	295,430
Other operating income		
Sale of Scrap	53,004,051	28,893,206
Duty Drawback income	7,959,752	5,434,237
FPS License income	-	7,848,230
	<u>60,963,803</u>	<u>42,175,673</u>
	<u>1,436,841,826</u>	<u>1,029,738,372</u>
20 Other income	31 Mar 2022	31 Mar 2021
Net gain on foreign currency transactions	10,565,331	-
Insurance claim received	223,957	166,764
Sundry balances written back	539,599	1,229,409
Discount on Forward Contracts	9,508,147	9,397,944
Interest on margin money/others	1,074,205	1,378,337
Rent received	1,890,322	1,731,627
Miscellaneous income	289	369
	<u>23,801,850</u>	<u>13,904,450</u>



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Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2022

(Currency : Indian Rupees)

	31 Mar 2022	31 Mar 2021
21 Cost of materials consumed		
Inventory of materials at the beginning of the year	112,285,088	119,339,223
Add: Purchases during the year	679,632,780	371,779,743
Less : Inventory of materials at the end of the year	200,402,930	112,285,088
	<u>591,514,938</u>	<u>378,833,878</u>



Gala Precision Engineering Private Limited

Notes to financial statements (Continued)
for the year ended 31 March 2022

(Currency : Indian Rupees)

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

	31 Mar 2022			31 Mar 2021		
	Opening inventory	Closing inventory	(Increase) / Decrease in inventory	Opening inventory	Closing inventory	(Increase) / Decrease in inventory
Manufactured goods						
Springs, Parts and Assemblies	109,614,186	104,185,154	5,429,032	80,476,237	109,614,186	(29,137,949)
Surface Engineering Solutions	930,981	3,859,145	(2,928,164)	3,191,702	930,981	2,260,721
	<u>110,545,167</u>	<u>108,044,299</u>	<u>2,500,868</u>	<u>83,667,939</u>	<u>110,545,167</u>	<u>(26,877,228)</u>
Work-in-progress						
Springs, Parts and Assemblies	92,722,918	106,490,302	(13,767,884)	116,476,466	92,722,918	23,753,548
Surface Engineering Solutions	6,568,520	4,171,785	2,396,735	22,914,266	6,568,520	16,345,746
	<u>99,291,438</u>	<u>110,662,587</u>	<u>(11,371,149)</u>	<u>139,390,732</u>	<u>99,291,438</u>	<u>40,099,294</u>
	<u>209,836,605</u>	<u>218,706,886</u>	<u>(8,870,281)</u>	<u>223,058,671</u>	<u>209,836,605</u>	<u>13,222,066</u>

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Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2022

(Currency : Indian Rupees)

	31 Mar 2022	31 Mar 2021
23 Employee benefit Expenses		
Salaries, wages and bonus	183,683,055	159,922,243
Contribution to provident and other funds	14,983,112	15,606,415
Staff welfare expense	8,195,349	9,759,615
	<u>206,861,516</u>	<u>185,288,273</u>
24 Finance costs	31 Mar 2022	31 Mar 2021
Interest expense		
- on term loans	10,491,497	10,460,289
- on working capital	17,916,119	15,219,865
- on unsecured loans	18,676,672	28,364,219
Finance charges	1,529,865	2,082,727
	<u>48,614,153</u>	<u>56,127,100</u>
25 Depreciation and amortisation	31 Mar 2022	31 Mar 2021
Depreciation on property, plant and equipment	40,693,135	42,538,531
Amortisation on intangible assets	24,219,356	18,440,706
Depreciation on investment property	-	138,641
Less: Transferred to Capital Work in Progress (Refer Note 11)	(2,456,539)	(2,785,428)
	<u>62,455,952</u>	<u>58,332,450</u>



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Gala Precision Engineering Private Limited

Notes to financial statements (Continued) for the year ended 31 March 2022

(Currency : Indian Rupees)

	31 Mar 2022	31 Mar 2021
26 Other expenses		
Consumption of stores and spare parts	48,089,269	31,451,510
Packing material consumed	19,860,421	13,925,060
Power and fuel	45,815,225	35,561,349
Labour charges	183,371,084	153,863,598
Testing expenses	6,750,315	4,470,490
Rent	1,031,976	2,907,812
<i>Repairs and maintenance</i>		
- Building	1,431,836	340,336
- Plant and machinery	3,167,688	2,855,934
- Others	5,697,655	3,729,100
Insurance	6,917,955	5,867,507
Rates and taxes	2,214,573	1,661,113
Travelling expenses	4,160,719	2,268,426
Legal and professional fees	8,499,215	5,513,528
Payment to statutory auditors	505,000	727,500
Commission	1,117,196	2,765,331
Business promotion	8,657,774	6,112,849
Bank charges	2,197,709	3,446,950
Telephone and other communication expenses	704,783	646,814
Printing and stationery	1,267,526	565,421
Provision for doubtful debts	227,651	4,273,567
Loss on sale of property, plant and equipment (net)	4,395,017	-
Intangible Assets written off	19,050,583	-
Conveyance and vehicle expenses	16,918,097	12,039,749
Sundry balances written off	-	299,484
Bad debts written-off	6,775,620	664,595
Less: Provision for Doubtful Debts written back	<u>(2,697,564)</u>	-
Recruitment	46,389	2,286,800
Freight outward	31,209,515	19,413,201
Computer expenses	3,876,844	3,253,779
Security expenses	3,461,472	3,182,152
Interest on Statutory Dues	660,505	358,184
Discounts to customers	4,386,902	4,772,045
Sales tax	-	-
Donation	71,801	86,618
Net loss on foreign currency transactions	-	5,369,959
FPS License expenses	2,631,068	-
Miscellaneous expenses	1,963,631	1,460,401
	<u>444,435,449</u>	<u>336,141,162</u>

Note: Payments to auditors	31 Mar 2022	31 Mar 2021
As auditor		
Statutory audit	400,000	400,000
Others services	105,000	327,500
	<u>505,000</u>	<u>727,500</u>



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Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2022

(Currency : Indian Rupees)

27 Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the year ended 31 Mar 2022 was based on the net profit attributable to equity shareholders of Rs. 8,17,53,081 (previous year: Rs. 1,83,17,143), and weighted average number of equity shares outstanding of 25,27,896 (previous year: 25,27,896).

Diluted earnings per share

The calculation of diluted earnings per share for the year ended 31 Mar 2022 was based on the net profit attributable to equity shareholders of Rs. 8,17,53,081 (previous year: Rs. 1,83,17,143), and weighted average number of equity shares outstanding after adjustment for the effects of all dilutive potential equity shares of 25,72,496 (previous year: 25,27,896).

Earnings

	31 Mar 2022	31 Mar 2021
(a) Net profit attributable to equity shareholders	81,753,081	18,317,143
(b) Number of shares outstanding	2,527,896	2,527,896
(c) Basic EPS	32.34	7.25
(d) Diluted earnings per share	31.78	7.25

Shares

Particulars	31 Mar 2022	31 Mar 2021
Number of shares considered as basic weighted average shares outstanding	2,527,896	2,527,896
Add: Effect of ESOP granted	44,600	-
Number of shares considered as weighted average shares and potential shares outstanding	2,572,496	2,527,896

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. 78,77,570 (previous year: Rs. 8,165,368).



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Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2022

(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 2022	31 Mar 2021
Fair value of plan assets	8,259,213	7,841,587
Present value of obligations	45,450,922	41,343,305
Asset/(Liability) recognised in balance sheet	(39,235,385)	(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 2022	31 Mar 2021
Non-Current	30,297,126	25,356,446
Current	8,938,259	5,222,455
	<u>39,235,385</u>	<u>30,578,901</u>

Composition of plan assets

	31 Mar 2022	31 Mar 2021
Qualifying insurance policies	8,259,213	7,841,587

Movement in present values of defined benefit obligations

	31 Mar 2022	31 Mar 2021
Defined benefit obligation at 1 April	41,343,305	35,324,337
Current service cost	3,827,011	3,707,295
Interest cost	2,739,725	2,272,149
Past service cost (vested benefits)	-	-
Actuarial (gains) / losses	167,763	1,433,720
Benefits paid by the plan	(2,626,882)	(1,394,196)
Defined benefit obligation at 31 March	<u>45,450,922</u>	<u>41,343,305</u>

Movement in fair value of plan assets

	31 Mar 2022	31 Mar 2021
Fair value of plan assets at 1 April	7,841,587	6,540,798
Contributions paid into the plan	2,627,120	2,137,988
Benefits paid by the plan	(2,626,882)	(1,394,196)
Expected return on plan assets	626,895	544,290
Actuarial (losses) / gains	(209,507)	12,707
Fair value of plan assets at 31 March	<u>8,259,213</u>	<u>7,841,587</u>



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Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2022

(Currency : Indian Rupees)

28 Employee benefits (Continued)

Expense recognised in Statement of Profit and Loss	31 Mar 2022	31 Mar 2021
Current service cost	3,827,011	3,707,295
Interest on obligation	2,739,725	2,272,149
Past service cost (vested benefits)	-	-
Expected return on plan assets	(626,895)	(544,290)
Curtailment loss	377,270	1,421,013
Total included in 'employee benefits'	<u>6,317,111</u>	<u>6,856,167</u>

Actual return on plan assets	31 Mar 2022	31 Mar 2021
Expected return on plan assets	626,895	544,290
Actuarial gain/(loss) on plan assets	(209,507)	12,707
Actual return on plan assets	<u>417,388</u>	<u>556,997</u>

Principal actuarial assumptions

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

	31 Mar 2022	31 Mar 2021
Discount rate as at 31 March	6.86%	6.55%
Expected return on plan assets as at 1 April	7.00%	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 2022	31 March 2021	31 March 2020	31 March 2019
Gratuity				
Defined benefit obligation	45,450,922	41,343,305	41,343,305	31,202,219
Fair value of plan assets	8,259,213	7,841,587	7,841,587	6,240,216
(Surplus) / deficit in the plan	(39,235,385)	(30,578,901)	(30,578,901)	(24,962,005)
Experience adjustments arising on plan liabilities	(167,763)	(1,433,720)	(1,433,720)	(1,616,414)
Experience adjustments arising on plan assets	209,507	(12,707)	(12,707)	9,416

The Company expects Rs.2,768,291/- in contribution to be paid to its defined benefit plans in the next year (previous year:Rs.2,634,420)

Principal actuarial assumptions for compensated absences

	31 Mar 2022	31 Mar 2021
Discount rate as at 31 March	6.86%	6.78%
Future salary increases	8.00%	8.00%
Amount debited to Statement of Profit and Loss	1,206,578	(915,333)



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Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2022

(Currency : Indian Rupees)

29 Leases

Operating leases as lessor

The Company had 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 2022	31 Mar 2021
Receivable within one year	-	2,290,322
Receivable between one and three years	-	4,800,000
Total	-	7,090,322

During the year, an amount of Rs. 18,90,322 was recognised as rental income in the Statement of Profit and Loss (previous year: Rs. 32,82,608).

Operating leases as lessee

The Company had taken residential properties on lease.

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

	31 Mar 2022	31 Mar 2021
Payable within one year	-	1,800,000
Payable between one and five years	-	-
Total	-	1,800,000

During the year, an amount of Rs. 0,000 was recognised as rent expense in the Statement of Profit and Loss (previous year: Rs. 18,00,000).

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. 7,45,71,334 (previous year: Rs. 7,45,71,334) in its wholly-owned subsidiary, Gala Precision Components (Shanghai) Private Limited. Also, Trade receivables include Rs. 7,45,84,706 (previous year: Rs. 8,46,44,536) respectively, due from the said subsidiary. Gala China's net-worth continues to be eroded as at 31 March 2022 as per its audited financial statements. The year ended Mar'21 & Mar'22 have been challenging for our subsidiary in China. The topline majorly got impacted due to the ensuing pandemic resulting in more than estimated losses. In the Current year the trends would be reversing & we should be seeing healthy topline & some positivity in the profits also. Considering the Business potential for Gala China in this market, management is looking to continuously expand 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 Previous 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



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Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2022

(Currency : Indian Rupees)

32 Ratios		31 Mar 2022	31 Mar 2021	
1	Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	1.49	1.49
2	Debt-Equity Ratio	$\frac{\text{Total Debts}}{\text{Shareholder'S Equity}}$	0.85	1.00
3	Debt Service Coverage Ratio*	$\frac{\text{Earning Before Tax+ Finance Cost}}{\text{Finance Cost + Principal Repayment due next year}}$	1.92	0.74
4	Return On Equity (%) **	$\frac{\text{Net Profit After Tax}}{\text{Average Shareholder Equity}}$	12.94%	3.15%
5	Inventory Turnover Ratio	$\frac{\text{Total Sales}}{\text{Average Inventory}}$	3.66	2.95
6	Trade Receivables Turnover Ratio**	$\frac{\text{Total Sales}}{\text{Avg Accounts Receivable}}$	5.00	3.74
7	Trade Payables Turnover Ratio****	$\frac{\text{Purchases During The Year}}{\text{Average Trade Payables}}$	5.26	2.87
8	Net Capital Turnover Ratio***	$\frac{\text{Net Sales}}{\text{Average Working Capital Loan}}$	2.19	1.65
9	Net Profit Ratio (%) **	$\frac{\text{Net Profit After Tax}}{\text{Net Sales}}$	5.69%	1.78%
10	Return On Capital Employed (%) **	$\frac{\text{Earning Before Interest And Tax}}{\text{Capital Employed}}$	12.52%	5.75%

* Increase in profit for the year contributed to improved Debt Service Coverage Ratio

** Increase in profit and turnover for the year contributed to improved net profit ratio, return on capital employed and return on equity

*** Increase in turnover lead to improvement in net capital turnover ratio

**** Increase in purchases due to increase in sales/production lead to increase in Trade Payables Turnover Ratio



Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2022

(Currency : Indian Rupees)

33 Share Based Payment

Employee Stock Option Scheme

The Shareholders of the Company had approved on 14th January, 2022 an Employee Stock Option Scheme ("Gala ESOP 2021"), formulated by the Company, under which the Company issued 44,600 options to its permanent employees, including Wholtime Directors of the Company. The Gala ESOP 2021 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 2021
1	Terms & conditions of various options granted under Gala ESOP 2021	
	Exercise Price	Rs. 350/-
	Vesting period	100% vesting on 16th January 2022
	Exercise Period	5 years from the date of grant
2	ESOP Summary	
	Number of Options granted	44,600
	Number of Options vested	-
	Number of Options unvested	-
	Number of Options lapsed / forfeited	-
	Number of Options exercised	-
	Number of Options in force	44,600
3	ESOP Summary (transactions during the year)	
	Options outstanding at the beginning	-
	Number of Options granted	44,600
	Number of Options lapsed / forfeited	-
	Number of Options exercised	-
	Number of Options expired	-
	Options outstanding at the end	44,600
	Options exercisable at the end	-
4	Weighted average exercise price for:	
	Options outstanding at the beginning of the year	N.A
	Options granted during the year	350/-
	Options forfeited during the year	N.A.
	Options exercised during the year	N.A
	Options expired during the year	N.A
	Options outstanding at the end of the year	350/-
	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. 350/- per Option
6	Weighted average contractual life of Options outstanding at the end of the year	5 Years

33 Share Based Payment (Continued)

At grant date, the estimated fair value of stock options granted under Gala ESOP 2021 is Rs. 350. The fair valuation of stock options have been done by an independent valuer using Income Approach Method. 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	44,600
2) Grant Date	14th January, 2022
3) Risk-free interest rate	6.70%
4) Expected Life	5 Years
5) Expected Volatility	0.001%
6) Expected Dividend Yield	Nil
7) Fair market value of underlying share	Rs. 350/-
8) Exercise Price	Rs. 350/-



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Gala Precision Engineering Private Limited

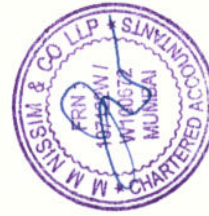
Notes to financial statements (Continued)

for the year ended 31 March 2022

(Currency Indian Rupees)

34 Segment information

	Springs, Parts, Fasteners and Assemblies		Surface Engineering Solutions		Unallocated		Total	
	31 Mar 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021
REVENUE								
External sales and service income	1,332,079,971	930,136,879	104,761,854	99,601,495	-	-	1,436,841,826	1,029,738,372
Less: Inter-segment sales	-	-	-	-	-	-	-	-
Total revenue	1,332,079,971	930,136,879	104,761,854	99,601,495	-	-	1,436,841,826	1,029,738,372
RESULT								
Segment result	227,754,832	134,666,549	(1,052,777)	(4,509,106)	-	-	226,702,055	130,157,443
Unallocated corporate expenses								
Financial charges	45,225,807	52,188,663	3,388,348	3,938,437	-	-	48,614,155	56,127,100
Depreciation	59,771,758	54,425,735	2,684,194	3,906,715	-	-	62,455,952	58,332,450
Profit before tax	122,757,267	28,052,151	(7,125,319)	(12,354,258)	-	-	115,631,948	15,697,894
Less: Current tax	-	-	-	-	-	-	32,500,000	1,224,548
Add: MAT Entitlement	-	-	-	-	-	-	(2,110,951)	(1,224,548)
Add: Deferred tax	-	-	-	-	-	-	1,378,868	(2,619,250)
Add: Current tax adjustments of ₹	-	-	-	-	-	-	2,110,951	-
Profit after tax	-	-	-	-	-	-	81,753,080	18,317,144



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Gala Precision Engineering Private Limited

Notes to financial statements (Continued) for the year ended 31 March 2022

(Currency - Indian Rupees)

34 Segment information (continued)

	Springs, Parts, Fasteners and Assemblies		Surface Engineering Solutions		Unallocated		Total	
	31 Mar 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021
OTHER INFORMATION								
Segment assets	1,319,878,244	1,198,025,156	106,274,228	88,188,689	118,801,773	146,680,208	1,544,954,245	1,432,894,058
Segment liabilities	206,915,652	183,046,529	26,462,828	26,721,385	742,651,306	633,575,258	976,029,786	843,343,172
Secured Loans	-	-	-	-	426,459,459	396,085,884	426,459,459	396,085,886
Unsecured Loans	-	-	-	-	142,465,000	193,465,000	142,465,000	193,465,000
Total liabilities	206,915,652	183,046,529	26,462,828	26,721,385	1,311,575,765	1,224,018,460	1,544,954,245	1,432,894,058
Provision for doubtful debts	316,261	2,042,067	1,277,065	2,476,474	-	-	1,593,326	4,518,541
Profit/(Loss) on sale/write off of assets	(22,637,564)	-	(808,035)	-	-	-	(23,445,599)	-
Capital Expenditure	67,233,611	84,420,360	(13,757,864)	821,041	9,382,082	(28,845,015)	62,857,829	56,396,386

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 2022

(Currency - Indian Rupees)

34 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 2022	31 Mar 2021
Sales Revenue by geographical market		
- within India	911,653,602	664,543,289
- outside India	525,188,224	365,195,083
Total revenue	<u>1,436,841,826</u>	<u>1,029,738,372</u>

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

	31 Mar 2022	31 Mar 2021
Assets by geographical market		
- within India	1,397,889,625	1,308,304,806
- outside India	147,064,621	124,589,253
	<u>1,544,954,246</u>	<u>1,432,894,058</u>



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Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2022

(Currency: Indian Rupees)

35 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

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

- 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. Nayna Gala - Sister of Mr. Kirit V. Gala
Mr. Smeet Kirit Gala - Son 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 2022

(Currency Indian Rupees)

35 Related party disclosures (Continued)

B) Transactions with Related Parties

Particulars	Entity in which Directors having substantial interest		Wholly owned subsidiary		Other Related Party		Key Managerial Personnel		Total	
	31 Mar 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021
Sale of goods:										
Gala Precision Components (Shanghai) Private Limited	-	-	80,176,324	64,868,101	-	-	-	-	80,176,324	64,868,101
Purchase of goods:										
Gala Precision Components (Shanghai) Private Limited	-	-	2,164,985	4,282,380	-	-	-	-	2,164,985	4,282,380
Rent received :										
Workamp Spaces Pvt. Ltd.	-	1,641,305	-	-	-	-	-	-	-	1,641,305
Other Income :										
Slate Workspaces Private	2,261,195	421,304	-	-	-	-	-	-	2,261,195	421,304
Interest Expense:										
Vishanji H Gala	-	-	-	-	668,689	1,698,215	-	-	668,689	1,698,215
Taramati V Gala	-	-	-	-	116,435	658,463	-	-	116,435	658,463
Kirrit V Gala	-	-	-	-	-	-	3,220,002	3,832,965	3,220,002	3,832,965
Rumie K Gala	-	-	-	-	305,112	320,778	-	-	305,112	320,778
Kirrit V Gala (HUF)	62,457	1,924,672	-	-	-	-	-	-	62,457	1,924,672
Alpa Chheda	-	-	-	-	828,000	13,611	-	-	828,000	13,611
Nayna Gala	-	-	-	-	260,877	537,534	-	-	260,877	537,534
Satish Kotwari	-	-	-	-	-	-	78,707	204,262	78,707	204,262
Balkishan Jalan (HUF)	113,918	295,643	-	-	-	-	-	-	113,918	295,643
Vishanji H Gala (HUF)	60,355	82,472	-	-	-	-	-	-	60,355	82,472



Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2022

(Currency - Indian Rupees)

35 Related party disclosures (Continued)

Particulars	Entity in which Directors having substantial interest		Wholly owned subsidiary		Other Related Party		Key Managerial Personnel		Total	
	31 Mar 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021
Remuneration:*										
Kirrit V Gala - Managing Director	-	-	-	-	-	-	5,020,597	6,045,995	5,020,597	6,045,995
Balkishan Jalan - Executive Director	-	-	-	-	-	-	7,357,687	6,728,951	7,357,687	6,728,951
Satish Kotwani - Business Development Director	-	-	-	-	-	-	5,807,891	5,321,462	5,807,891	5,321,462
Smeeta Gala - AVP - Business Development	1,535,330	-	-	-	-	-	-	-	1,535,330	-
Rent Paid:										
Vishanji H Gala	-	-	-	-	-	900,000	-	-	-	900,000
Taramati V Gala	-	-	-	-	-	600,000	-	-	-	600,000
Rumie K Gala	-	-	-	-	-	300,000	-	-	-	300,000
Rent deposit:										
Vishanji H Gala	-	-	-	-	-	200,000	-	-	-	200,000
Taramati V Gala	-	-	-	-	-	150,000	-	-	-	150,000
Rumie K Gala	-	-	-	-	-	50,000	-	-	-	50,000
Loan repaid:										
Vishanji H Gala	-	-	-	-	7,300,000	9,600,000	-	-	7,300,000	9,600,000
Taramati V Gala	-	-	-	-	1,050,000	7,050,000	-	-	1,050,000	7,050,000
Kirrit V Gala	-	-	-	-	-	-	70,900,000	65,700,000	70,900,000	65,700,000
Rumie K Gala	-	-	-	-	4,550,000	1,200,000	-	-	4,550,000	1,200,000
Kirrit V Gala (HUF)	500,000	21,450,000	-	-	-	-	-	-	500,000	21,450,000
Nayna Gala	-	-	-	-	5,000,000	-	-	-	5,000,000	-
Balkishan Jalan (HUF)	-	-	-	-	2,750,000	-	-	-	2,750,000	-
Satish Kotwani	-	-	-	-	1,900,000	-	-	-	1,900,000	-
Vishanji Gala (HUF)	900,000	4,500,000	-	-	-	-	-	-	900,000	4,500,000



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Gala Precision Engineering Private Limited

Notes to financial statements (Continued)
for the year ended 31 March 2022

(Currency: Indian Rupees)

55 Related party disclosures (Continued)

Particulars	Entity in which Directors having substantial interest		Wholly owned subsidiary		Other Related Party		Key Managerial Personnel		Total	
	31 Mar 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021
Loan received:										
Vishanji H Gala	-	-	-	-	2,500,000	19,600,000	-	-	2,500,000	19,600,000
Taramati V Gala	-	-	-	-	350,000	8,750,000	-	-	350,000	8,750,000
Kirti V Gala	-	-	-	-	-	-	59,750,000	76,850,000	59,750,000	76,850,000
Rumie K Gala	-	-	-	-	2,300,000	3,450,000	-	-	2,300,000	3,450,000
Kirti V Gala (HUF)	950,000	22,150,000	-	-	-	-	-	-	950,000	22,150,000
Alpa Chheda	-	-	-	-	-	9,200,000	-	-	-	9,200,000
Vishanji Gala (HUF)	500,000	4,575,000	-	-	-	-	-	-	500,000	4,575,000
Balance:										
Vishanji Gala	-	-	-	-	5,200,000	10,000,000	-	-	5,200,000	10,000,000
Taramati Gala	-	-	-	-	1,000,000	1,700,000	-	-	1,000,000	1,700,000
Kirti Gala	-	-	-	-	-	-	11,150,000	-	-	11,150,000
Rumie Gala	-	-	-	-	-	2,250,000	-	-	-	2,250,000
Kirti V Gala (HUF)	1,150,000	700,000	-	-	-	-	-	-	1,150,000	700,000
Alpa Chheda	-	-	-	-	9,200,000	9,200,000	-	-	9,200,000	9,200,000
Nayna Gala	-	-	-	-	-	5,000,000	-	-	-	5,000,000
Satish Kotwani	-	-	-	-	-	-	1,900,000	-	-	1,900,000
Vishanji Gala (HUF)	325,000	725,000	-	-	-	-	-	-	325,000	725,000
Balvishan Jain (HUF)	-	2,750,000	-	-	-	-	-	-	-	2,750,000
Investment in shares:										
Gala Precision Components (Shanghai) Private Limited	-	-	74,571,334	74,571,334	-	-	-	-	74,571,334	74,571,334
Other Advance										
Gala Springs LLP	278,920	-	-	-	-	-	-	-	278,920	-
Trade receivables:										
Gala Precision Components (Shanghai) Private Limited	-	-	74,584,706	84,644,536	-	-	-	-	74,584,706	84,644,536
Workamp Spaces Pvt Ltd	3,759,022	4,299,022	-	-	-	-	-	-	3,759,022	4,299,022
Slate Workspaces Private Limited	1,134,646	288,225	-	-	-	-	-	-	1,134,646	288,225
Trade payable:										
Gala Precision Components (Shanghai) Private Limited	-	-	-	14,991,004	-	-	-	-	-	14,991,004

* Remuneration does not include provisions made for gratuity as it is determined on an actuarial basis for the Company as a whole

C) Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. For the year ended 31 March 2022, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2021: Rs. Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.



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Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2022

(Currency - Indian Rupees)

36 Contingent liabilities and commitments

	31 Mar 2022	31 Mar 2021
<i>Contingent Liabilities not provided for:</i>		
(a) Disputed Income Tax Demands	18,312,545	-
<i>Capital commitments</i>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	11,993,719	855,228
<i>Other Commitments</i>		
(a) Bank guarantees	3,227,222	7,250,163
(b) Letters of credit	11,283,230	10,417,345
	14,510,452	17,667,508

37 Dues to micro and small enterprises

The disclosures in respect of the amounts payable to the micro and small enterprises as at 31 March 2022 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 2022	31 Mar 2021
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
- Principal	3,140,459	4,482,155

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

38 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 2022		31 Mar 2021	
	Amount (in original currency)	Amount (in INR)	Amount (in original currency)	Amount (in INR)
Forward exchange contracts (to hedge trade receivables)				
USD	645,000	49,302,300	598,838	45,644,195
EURO	2,086,806	186,251,739	2,125,774	193,623,703



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Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2022

(Currency : Indian Rupees)

39 Unhedged foreign currency exposures

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

	31 Mar 2022		31 Mar 2021	
	Amount (in original currency)	Amount (in INR)	Amount (in original currency)	Amount (in INR)
Trade receivables				
USD	1,012,008	76,416,724	1,263,376	92,524,742
EURO	696,245	58,437,306	374,440	29,793,942
GBP	14,050	1,393,106	19,328	1,945,990
Advances received				
USD	12,550	947,614	14,615	1,070,340
EURO	2,779	233,659	957	82,275
Trade payables				
USD	542,874	41,065,725	362,256	26,579,134
EURO	1,609	135,584	3,227	277,927
JPY	-	-	-	-
CNY	-	-	-	-
Advances given				
USD	137,507	10,401,732	97,233	7,134,055
EURO	4,681	394,349	9,718	837,017
JPY	34,494	21,405	-	-

Note: Above amount excludes Investment.

40 Details of imported and indigenous raw materials consumed

	31 Mar 2022		31 Mar 2021	
	Value	% of total consumption	Value	% of total consumption
Raw materials				
Imported	200,773,189	33.94	145,367,781	38.37
Indigenous	390,741,749	66.06	233,466,097	61.63
	<u>591,514,937</u>	<u>100.00</u>	<u>378,833,878</u>	<u>100.00</u>



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Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2022

(Currency : Indian Rupees)

41 Value of imports on CIF basis	31 Mar 2022	31 Mar 2021
Raw materials	233,628,334	140,208,655
Capital goods	7,645,248	9,261,858
	<u>241,273,582</u>	<u>149,470,514</u>
42 Expenditure in foreign currency	31 Mar 2022	31 Mar 2021
Travelling expenses	560,659	-
Business promotion	2,237,108	1,583,469
Professional fees	924,195	575,026
Others	9,479	-
	<u>3,731,440</u>	<u>2,158,495</u>
43 Earnings in foreign currency	31 Mar 2022	31 Mar 2021
Exports of goods calculated on FOB basis	518,745,904	363,571,306
Freight	6,442,320	1,623,776
44 The company did not have any material transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956 during the financial year.		
45 Previous year's figures have been re-grouped/re-classified to confirm to the requirements of the amended schedule III to the Companies Act, 2013 effective 01st, April 2021.		

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



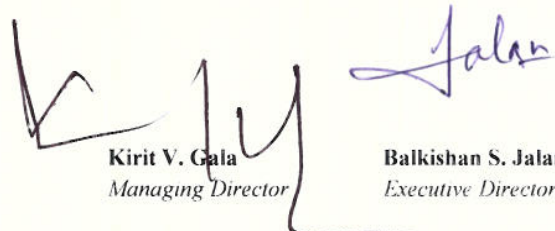
N. Kashinath

Partner

Membership No. 036490

Mumbai, 10th July, 2022

UDIN:-

Kirit V. Gala

Managing Director

Balkishan S. Jalan

Executive Director

Mumbai, 10th July, 2022

Mumbai, 10th July, 2022

