

M M NISSIM & CO LLP
CHARTERED ACCOUNTANTS

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**INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED
CONSOLIDATED FINANCIAL STATEMENT**

The Board of Directors

Gala Precision Engineering Limited

A-801, 8th Floor,
Thane One DIL Complex,
Ghodbunder Road Maji wade,
Thane (west), Mumbai 400610
Maharashtra, India

Dear Sirs,

1. We M M Nissim & Co LLP, Chartered Accountants ("we", or "us") have examined the attached Restated Consolidated Financial Statement of **Gala Precision Engineering Limited** ("Company") and its subsidiaries (collectively referred to as 'the Group') which comprise of the Restated Ind AS Consolidated Statement of Assets and Liabilities as at 30 September 2023, 31 March 2023, 31 March 2022 and 31 March 2021, the Restated Ind AS Consolidated Statement of Profit and Loss (including Other Comprehensive Income, as applicable) and the Restated Ind AS Consolidated Statement of Cash Flows for each of the periods / years ended 30 September 2023, 31 March 2023, 31 March 2022 and 31 March 2021 and the Restated Ind AS Consolidated Statement of Changes in Equity for each of the years ended 30 September 2023, 31 March 2023, 31 March 2022 and 31 March 2021 and the summary of significant accounting policies, (collectively, the 'Restated Consolidated Financial Statement'), as approved by the Board of Directors of the Company at their meeting held on November 30, 2023 for the purpose of inclusion in the Offer Documents prepared by the Company in connection with its proposed initial public offer of Equity shares ("IPO") and is prepared in terms of the requirements of:
 - a) Section 26 of Part I of Chapter III of the Companies Act, 2013, as amended (the 'Act')
 - b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the 'ICDR Regulations'); and
 - c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ('ICAI') (the 'Guidance Note').

Management's Responsibility for the Restated Consolidated Financial Statements

2. The Company's Board of Directors is responsible for the preparation of the Restated Consolidated Financial Information for the purpose of inclusion in the DRHP to be filed with Securities and Exchange Board of India, BSE Limited and National Stock Exchange of India Limited (collectively, the "Stock Exchanges") in connection with the IPO. The

Restated Consolidated Financial Information have been prepared by the management of the Company on the basis of preparation stated in Annexure VI to the Restated Consolidated Financial Information. The respective Board of Directors of the companies included in the Group are responsible for designing, implementing, and maintaining adequate internal control relevant to the preparation and presentation of the respective restated financial information, which have been used for the purpose of preparation of this Restated Consolidated Financial Information by the Board of Directors of the Company, as aforesaid. The respective Board of Directors are also responsible for identifying and ensuring that the Group / each company within the Group complies with the Act, the ICDR Regulations and the Guidance Note read with the SEBI Communication, as applicable.

Auditors' Responsibilities

3. We have examined the Restated Consolidated Financial Statement taking into consideration:
 - a) The terms of reference and terms of our engagement agreed upon with you vide our engagement letter dated September 18, 2023 requesting us to carry out work on such Restated Ind AS Consolidated Statements, proposed to be included in the offer documents of the Company in connection with the proposed IPO of the Company;
 - b) The guidance note. The guidance note also requires that we comply with the ethical requirements of code of ethics issued by the institute of Chartered Accountants of India
 - c) Concepts of test checks & materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Ind AS Consolidated Financial Statement; and
 - d) The requirement of Section 26 of the Act & the ICDR Regulations.

Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note read with the SEBI Communication, as applicable, in connection with the IPO.

Restated Consolidated Financial Statements

4. These Restated Consolidated Financial Statement have been compiled by the management from:
 - a) the audited special purpose consolidated interim financial statements of the Group as at and for the six months period ended September 30, 2023 prepared in accordance with the recognition and measurement principles of Indian Accounting Standards (the "Ind AS") 34 "Interim Financial Statements" as prescribed under Section 133 of the Act read with relevant rules thereunder and the other accounting principles generally accepted in India (the "Special Purpose Consolidated Interim Financial Statements"), which have been approved by the Board of Directors at their meeting held on November 30, 2023.
 - b) the audited special purpose consolidated Ind AS financial statements of the Group as at and for the year ended March 31, 2023, March 31, 2022, March 31, 2021 (the "Special Purpose Consolidated Ind AS Financial Statements") prepared in accordance with basis described in Annexure VI of the Restated Consolidated Financial Information, which have been approved by the Board of Directors at their meeting held on November 30, 2023.

5. For the purpose of our examination, we have relied on:
 - a. Auditor's report issued by us dated November 30, 2023 on the Special Purpose Consolidated Interim Financial Statements of the Group as at and for the six months period ended September 30, 2023 as referred to in paragraph 4(a) above.
 - b. Auditor's report issued by us dated November 30, 2023 on the Special Purpose Consolidated Ind AS Financial Statements of the Group as at and for the year ended March 31, 2023, March 31, 2022 and March 31, 2021 as referred in paragraph 4(c) above, which included an Emphasis of Matter paragraph as mentioned below:

Emphasis of Matter: "We draw attention to Note 1 to the special Purpose Consolidated Ind AS Financial Statements, which describes the purpose and basis of preparation. The Special Purpose Consolidated Ind AS Financial Statements have been prepared by the Company solely for the purpose of preparation of the restated consolidated financial information in relation to the proposed initial public offering of the Company. As a result, the Special Purpose Consolidated Ind AS Financial Statements may not be suitable for any another purpose. The Special Purpose Consolidated Ind AS Financial Statements cannot be referred to or distributed or included in any offering document or used for any other purpose except with our prior consent in writing. Our report is intended solely for the purpose of preparation of the restated consolidated financial information and to comply with SEBI Communication and is not to be used, referred to or distributed for any other purpose without our prior written consent. Our opinion is not modified in respect of this."

The statutory audits of the consolidated financial statements of the Group as at and for the years ended March 31, 2023, March 31, 2022 and 2021 prepared in accordance with the accounting standards notified under the section 133 of the Act ("Indian GAAP") (the "Statutory Consolidated Indian GAAP Financial Statements"), which were approved by Board at their meeting held on 12th June, 2023, 10th July, 2022 and 23rd July, 2021 respectively, were conducted by us.

6. As indicated in our audit reports referred in paragraphs 5(a) and 5(b) above
 - a. we did not audit the financial statements of the subsidiary company located in India for each of the period/ year ended September 30, 2023 and March 31, 2023 whose financial statements reflect total assets, total revenues and net cash flows included in the Consolidated Ind AS financial statements for the period/year is as tabulated below, which have been certificated by the management and our opinion on the Special Purpose Consolidated Interim Financial Statements and on the Consolidated Ind AS Financial Statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on the accounts given by the Management.

(Amount in million)

Particulars	As at / for the six month period ended September 30, 2023	As at/ for the year ended March 31, 2023
Total Assets	2.61	2.64
Total Revenue	-	-
Net Cash inflow/ (outflows)	(0.04)	(0.84)

7. We did not audit financial statements / financial information of a subsidiary located outside India for each of the period/ year ended September 2023, 31 March 2023, 31 March 2022 and 31 March 2021 whose share of total assets, total revenues and net cash inflows / (outflows) included in the Special Purpose Consolidated Interim Financial Statements and Consolidated Ind AS Financial Statements, is tabulated below, which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion on the Special Purpose Consolidated Interim Financial Statements and on the Consolidated Ind AS Financial Statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary located outside India, is based solely on the report of the other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

(Amount in million)

Particulars	As at / for the six month period ended September 30, 2023	As at/ for the year ended March 31, 2023
Total Assets	44.09	86.94
Total Revenue	49.17	94.51
Net Cash inflow/ (outflows)	1.70	-0.18

(Amount in million)

Particulars	As at / for the six month period ended March 31, 2022	As at/ for the year ended March 31, 2021
Total Assets	83.95	104.17
Total Revenue	10.33	99.92
Net Cash inflow/ (outflows)	-1.20	-3.55

8. Based on our examination and according to the information and explanations given to us, we report that the Restated Consolidated Financial Information:
- have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the years ended March 31, 2023, 2022 and 2021 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed by the Group as at and for the six month period ended September 30, 2023, to the extent applicable;
 - do not require any adjustment for modification as there is no modification in the underlying audit reports; and
 - have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note read with the SEBI Communication, as applicable.
9. The Restated Consolidated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited Special Purpose

Consolidated Interim Financial Statements, Restated Consolidated Ind AS Financial Statements, Special Purpose Consolidated Ind AS Financial Statements, Statutory Consolidated Indian GAAP Financial Statements as at and for the years ended March 31, 2023, March 31, 2022, and 2021 mentioned in paragraph 4 above.

10. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us , nor should this report be construed as a new opinion on any of the financial statements referred to herein.
11. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
12. Our report is intended solely for use of the Board of Directors for inclusion in the DRHP to be filed with Securities and Exchange Board of India, BSE Limited and National Stock Exchange of India Limited (collectively, the "Stock Exchanges") in connection with the proposed IPO. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For, M M Nissim & Co LLP
Chartered Accountants
(FRNo:107122W/W100672)

Sd/-
N Kashinath
Partner
Membership No: 036490
UDIN: 23036490BGXSGK6492
Date: 30th November 2023
Place: Mumbai