

Monitoring Agency Report
for
Gala Precision Engineering Limited
for the quarter ended
December 31, 2025

CRL/MAR/ GLPEPL/2025-26/1699

February 06, 2026

To

Gala Precision Engineering Limited

A-801, 8th Floor, Thane One DIL Complex,

Ghodbunder Road Majiwade,

Thane (West), Maharashtra-400610

Dear Sir,


Monitoring Agency Report for the quarter ended December 31, 2025, - in relation to the Initial Public Offer ("IPO") of Gala Precision Engineering Limited ("the Company")

Pursuant to Regulation 41(2) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations") and Monitoring Agency Agreement dated August 14, 2024, enclosed herewith the Monitoring Agency Report, issued by Crisil Ratings Limited, Monitoring Agency, as per Schedule XI of the SEBI ICDR Regulations towards utilization of proceeds of IPO for the quarter ended December 31, 2025.

Request you to kindly take the same on records.

Thanking you,

For and on behalf of Crisil Ratings Limited


Shounak Chakravarty
Director, Ratings (LCG)

Report of the Monitoring Agency (MA)**Name of the issuer:** Gala Precision Engineering Limited**For quarter ended:** December 31, 2025**Name of the Monitoring Agency:** Crisil Ratings Limited

(a) Deviation from the objects: Not applicable

(b) Range of Deviation: Not applicable

Declaration:

We declare that this report provides an objective view of the utilization of the issue proceeds in relation to the objects of the issue based on the information provided by the Issuer and information obtained from sources believed by it to be accurate and reliable. The MA does not perform an audit and undertakes no independent verification of any information/ certifications/ statements it receives. This Report is not intended to create any legally binding obligations on the MA which accepts no responsibility, whatsoever, for loss or damage from the use of the said information. The views and opinions expressed herein do not constitute the opinion of MA to deal in any security of the Issuer in any manner whatsoever. Nothing mentioned in this report is intended to or should be construed as creating a fiduciary relationship between the MA and any issuer or between the agency and any user of this report. The MA and its affiliates also do not act as an expert as defined under Section 2(38) of the Companies Act, 2013.

The MA or its affiliates may have credit rating or other commercial transactions with the entity to which the report pertains and may receive separate compensation for its ratings and certain credit-related analyses. We confirm that we do not perceive any conflict of interest in such relationship/interest while monitoring and reporting the utilization of the issue proceeds by the issuer.

We have submitted the report herewith in line with the format prescribed by SEBI, capturing our comments, where applicable. There are certain sections of the report under the title "Comments of the Board of Directors", that shall be captured by the Issuer's Management / Audit Committee of the Board of Directors subsequent to the MA submitting their report to the issuer and before dissemination of the report through stock exchanges. These sections have not been reviewed by the MA, and the MA takes no responsibility for such comments of the issuer's Management/Board.

Signature: **Name and designation of the Authorized Signatory:** Shounak Chakravarty**Designation of Authorized person/Signing Authority:** Director, Ratings (LCG)

1) Issuer Details:

Name of the issuer: Gala Precision Engineering Limited

Names of the promoter: a. Mr. Kirit Vishanji Gala
b. Mr. Smeet Kirit Gala

Industry/sector to which it belongs: Other Industrial Products

2) Issue Details

Issue Period: Monday, September 2, 2024, to Wednesday, September 4, 2024

Type of issue (public/rights): Initial Public Offer (IPO)

Type of specified securities: Equity Shares

IPO Grading, if any: NA

Issue size: Fresh issuance of Rs 1,353.40 million (Refer Note)

Note:

Particulars	Amount (Rs in million)
Gross Proceeds	1,353.40*
Less: Offer Expenses	141.05 (Refer Note 1)
Net Proceeds	1,212.35

*Crisil Ratings shall be monitoring the gross proceeds.

3) Details of the arrangement made to ensure the monitoring of issue proceeds:

Particulars	Reply	Source of information/ certifications considered by Monitoring Agency for preparation of report	Comments of the Monitoring Agency	Comments of the Board of Directors
Whether all utilization is as per the disclosures in the Offer Document?	Yes	Peer-reviewed Independent Chartered Accountant certificate [^] , Management undertaking, Prospectus dated September 05, 2024, Bank Statements	Proceeds are utilised towards object 1 and object 2 as disclosed in the Prospectus	No Comments

Whether shareholder approval has been obtained in case of material deviations from expenditures disclosed in the Offer Document?	NA	Peer-reviewed Independent Chartered Accountant certificate [^] , Management undertaking	No Comments	No Comments
Whether the means of finance for the disclosed objects of the issue has changed?	No		No Comments	No Comments
Is there any major deviation observed over the earlier monitoring agency reports?	No		No Comments	No Comments
Whether all Government/statutory approvals related to the object(s) have been obtained?	Yes		Refer note below	No Comments
Whether all arrangements pertaining to technical assistance/collaboration are in operation?	NA		No Comments	No Comments
Are there any favorable events improving the viability of these object(s)?	No		No Comments	No Comments
Are there any unfavorable events affecting the viability of the object(s)?	No		No Comments	No Comments
Is there any other relevant information that may materially affect the decision making of the investors?	No		No Comments	No Comments

NA represents Not Applicable

Note: The Company has taken following government approvals related to the object:

	Department	Name of the activity	Approval Status
1	Tamil Nadu Pollution Control Board (TNPCB)	Consent to Operate (CTO)	Yes
2	Fire and Rescue Services	Fire License (covered with fire hydrant scope of work)	Yes
3	Directorate of Industrial Safety and Health (DISH)	As build drawing approval	Yes
4	Directorate of Industrial Safety and Health (DISH)	Building stability Certificate by competent person	Yes
5	Directorate of Industrial Safety and Health	Obtaining Factory license	Yes
6	Directorate of Industrial Safety and Health	Registration of Contractor (RC)	Yes
7	BDO	Obtaining Machinery running license	Yes
8	Health & Preventive medicine	Sanitary and Suitability Certificate (2 certificate)	Yes

[^] Certificate dated January 19, 2026, issued by M/s M M Nissim & Co LLP., Chartered Accountants (Firm Registration Number: 107122W / W100672), Peer Reviewed Independent Chartered Accountant.

4) Details of object(s) to be monitored:
i. Cost of the object(s):

Sr. No.	Item Head	Source of information/certification considered by MA for preparation of report	Original cost (as per the Offer Document) (Rs in million)	Revised Cost (Rs in million)	Comment of the Monitoring Agency	Comments of the Board of Directors		
						Reason of Cost revision	Proposed financing option	Particulars of firm arrangements made
1	Setting up a new facility at Vallam-Vadagal, SIPCOT, Sriperumbuddur, Tamil Nadu for manufacturing high tensile fasteners and hex bolts	Peer-reviewed Independent Chartered Accountant certificate [^] , Management undertaking, Prospectus	370.00	370.00	No revision	No revision		
2	Funding capital expenditure requirements towards purchase of equipment, plant and machinery at Wada, Palghar, Maharashtra;		110.69	110.69	No revision	No revision		
3	Repayment/prepayment, in full or part, of certain borrowings availed by the Company		454.30	454.30	No revision	No revision		
4	General corporate purposes (GCP)*		279.14	277.36	Refer Note 1	No Comments		
5	Issue Expenses		139.27	141.05	Refer Note 1	No Comments		
	Tota;		1,353.40	1,353.40				

Note 1: During the quarter ended December 31, 2024, actual utilisation towards offer related expenses was more than the estimated amount disclosed in the Prospectus, hence the surplus amount of Rs 1.78 million from offer related expenses were adjusted with GCP object resulting in decrease in GCP amount to Rs 277.36 million and consequential decrease in the net proceeds amount.

*The amount utilised for general corporate purposes does not exceed 25% of the Gross Proceeds (amounting to Rs 338.35 million) from the Fresh Issue.

[^]Certificate dated January 19, 2026, issued by M/s M M Nissim & Co LLP., Chartered Accountants (Firm Registration Number: 107122W/W100672), Peer Reviewed Independent Chartered Accountant.

ii. Progress in the object(s):

Sr. No.	Item Head#	Source of information/certifications considered by Monitoring Agency for preparation of report	Amount as proposed in the Offer Document (Rs in million)	Amount utilized (Rs in million)			Total unutilized amount (Rs in million)	Comments of the Monitoring Agency	Comments of the Board of Directors	
				As at beginning of the quarter	During the quarter	At the end of the quarter			Reasons for idle funds	Proposed course of action
1	Setting up a new facility at Vallam-Vadagal, SIPCOT, Sriperumbuddur, Tamil Nadu for manufacturing high tensile fasteners and hex bolts (Refer Note 2)	Peer-reviewed Independent Chartered Accountant certificate ^, Management undertaking, Prospectus, Bank Statements	370.00	198.16	47.69	245.85	124.15	The Company has utilized proceeds towards land development cost, building, plant and machinery, electrical installation, furniture & miscellaneous expenses	As and when required	
2	Funding capital expenditure requirements towards purchase of equipment, plant and machinery at Wada, Palghar, Maharashtra (Refer Note 3)		110.69	61.27	21.80	83.07	27.62	The Company has utilized the funds towards installation of new plant and machinery	As and when required	
3	Repayment/prepayment, in full or part, of certain borrowings availed by the Company		454.30	454.30	Nil	454.30	Nil	The Company has fully utilized the proceeds for this object during the quarter ended Sep 30, 2024.	Not applicable	

Sr. No.	Item Head#	Source of information/certifications considered by Monitoring Agency for preparation of report	Amount as proposed in the Offer Document (Rs in million)	Amount utilized (Rs in million)			Total unutilized amount (Rs in million)	Comments of the Monitoring Agency	Comments of the Board of Directors	
				As at beginning of the quarter	During the quarter	At the end of the quarter			Reasons for idle funds	Proposed course of action
4	GCP		277.36	6.90	Nil	6.90	273.17	No proceeds were utilized towards GCP during the reported quarter.	No comments	
	Sub-total		1,212.35	720.63	69.49	790.12	422.23			
5	Issue expenses		141.05	141.05	Nil	141.05	Nil	The Company has fully utilized the proceeds for issue related expenses during the quarter ended December 31, 2024.	Not applicable	
	Total		1,353.40	861.68	48.80	931.17	422.23			

^ Certificate dated January 19, 2026, issued by M/s M M Nissim & Co LLP., Chartered Accountants (Firm Registration Number: 107122W / W100672), Peer Reviewed Independent Chartered Accountant.

Note 2 - The Prospectus of the Company dated September 05, 2024, states that -
"The Company envisages that there might be price fluctuations, and the currently estimated project cost may increase on account of factors beyond our control, including increase in cost of machinery and associated transportation or other charges or taxes. The quantity of machinery to be purchased will be based on management estimates and our business requirements. The Company shall have the flexibility to deploy such machinery according to the business requirements of our Company and based on estimates of our management. The list of machinery items provided is based on the current estimates & there can be variations in the cost at the actual ordering of the machines. Apart from this there can be variations in the nature of machines depending upon the business requirements at the time of actual procurement. As a result, the list of machines will undergo change. The Company envisages that there might be price fluctuations and the currently estimated project cost may increase on account of factors beyond the Company's control, this additional cost will be covered from contingency reserve".

In accordance with the disclosures provided in the Prospectus, the Company has utilised the contingency reserves to adjust the additional cost incurred towards purchasing and installation of new equipments which were not part of the Prospectus. Furthermore, the contingency reserve has also been utilized to cover the incremental costs associated with the purchase of machinery from the existing list of equipment outlined in the Prospectus. This is consistent with the disclosures made in the Prospectus.

Note 3 - The Company had provided indicative list of plant and machinery to be purchased out of the net proceeds in the Prospectus. Further, the Prospectus of the Company states that-

*“The Company have not entered into any definitive agreements with any of these vendors and there can be no assurance that the same vendors would be engaged to eventually supply the machinery or at the same costs. The quantity of machinery to be purchased will be based on management estimates and the business requirements. The Company shall have the flexibility to deploy such machinery according to the business requirements of the Company and based on estimates of the management. The list of machinery items provided is based on the current estimates & there can be variations in the cost at the actual ordering of the machines. Apart from this **there can be variations in the nature of machines depending upon the business requirements at the time actual procurement. As a result, the list of machines may undergo change. Hence, there can addition of new machines or deletion from existing list. The list of machinery items provided is based on the current estimates & there can be variations in the cost at the actual ordering of the machines”.***

In line with the disclosures in the Prospectus, during the quarter, the Company has purchased additional machinery, which replaced some of the machinery in the indicative list provided. Furthermore, due to changes in business requirements, the Company procured plant and machinery from different vendors than those specified in the Prospectus for Object 3 of the offer. These changes are consistent with the disclosures made in the Prospectus.

#Brief description of objects:

Object of the Issue	Description of objects as per the offer document filed by the issuer
Setting up a new facility at Vallam-Vadagal, SIPCOT, Sriperumbuddur, Tamil Nadu for manufacturing high tensile fasteners and hex bolts	As part of the growth strategy and with a view to expanding its capacity of special fastening solutions for products like foundation studs, nascelle fasteners, hex bolts, nuts etc,. The Company is setting up a new manufacturing facility at Vallam-Vadagal, SIPCOT, Sriperumbuddur, Tamil Nadu (" Proposed Project ").
Funding capital expenditure requirements towards purchase of equipment, plant and machinery at Wada, Palghar, Maharashtra	As a part of its strategy to enhance market position with focus on additional capacity for manufacturing of hex bolts, operational efficiency, improve safety, IT set up and quality capabilities. Accordingly, in furtherance of the aforesaid, The Company intends to utilize up to ₹ 110.69 million towards purchase of machinery for additional capacity for manufacturing of hex bolts at its existing production facilities in Wada, Palghar, Maharashtra in order to increase the automated processes available at such facilities as well as for the replacement of existing machinery, for facility improvisations.
Repayment/ prepayment, in full or part, of certain borrowings availed by the Company	The Company proposes to utilise an estimated amount of ₹454.30 million from the Net Proceeds towards full or partial repayment or pre-payment of certain borrowings availed by the Company. It may avail further loans and/or draw down further funds under existing loans from time to time. The selection of borrowings proposed to be repaid/pre-paid amongst our borrowing arrangements availed is based on various factors including (i) cost of borrowing, including applicable interest rates, (ii) any conditions attached to the borrowings restricting the ability to prepay the borrowings and time taken to fulfil or obtain waiver for such requirements, and (iii) other commercial considerations including, among others, the amount of the loans outstanding and the remaining tenor of the loan.
GCP	The general corporate purposes for which the Company proposes to utilise Net Proceeds include, without limitation, business development initiatives, design and development, meeting any expense including salaries and wages, rent, administration costs, insurance premiums, repairs and maintenance, payment of taxes and duties, inorganic opportunities and similar other expenses incurred in the ordinary course of the business any of the other Objects, payment of liabilities, capital expenditure or towards any exigencies. The quantum of utilisation of funds towards each of the above purposes will be determined by the Board of the Company, based on the amount actually available under this head and the business requirements of the Company, from time to time, subject to compliance with applicable law.

iii. Deployment of unutilised proceeds^:

(Rs in million)

Sr. No.	Type of instrument and name of the entity invested in	Amount invested Rs Millions	Maturity date	Earning*	Return on Investment (%)	Market value as at the end of quarter (if the market value is not feasible, provide NAV/NRV/Book value of the same)
1.	Fixed Deposit no 50301192262200 - HDFC Bank	50.00	24/01/2026	0.76	6.00	50.76
2.	Fixed Deposit no 50301266598589 - HDFC Bank	50.00	23/06/2026	0.08	6.00	50.08
3.	Fixed Deposit no 50301192255881 - HDFC Bank	50.00	23/07/2026	0.78	6.15	50.78
4.	Fixed Deposit no 50301249778526 - HDFC Bank	50.00	21/11/2026	0.35	6.25	50.35
5.	Fixed Deposit no 007740300023618- YES Bank	15.00	08/04/2026	0.28	8.00	15.28
6.	Fixed Deposit no 007740300023638 - YES Bank	20.00	09/04/2026	0.37	8.00	20.37
7.	Fixed Deposit no 007740300024414 - YES Bank	49.90	22/11/2026	0.28	6.75	50.28
8.	Fixed Deposit no 007740300024291- YES Bank	49.90	21/09/2026	0.01	6.75	50.01
9.	Fixed Deposit no 007740600028724 - YES Bank	25.00	08/10/2026	1.08	7.75	26.08
10.	Fixed Deposit no 007740600028714 - YES Bank	20.00	11/10/2026	1.35	7.75	21.35
11.	Fixed Deposit no 007740300024301 - YES Bank	39.95	21/09/2026	0.04	6.75	39.99
12.	Balance Lying in monitoring account	2.48	-	-	-	2.48
		422.23	-	3.97	-	427.81

* Monitoring the deployment of Interest Income earned from unutilised issue proceeds does not form part of the scope of Monitoring Agency report.

^ On the basis of management undertaking and certificate dated January 19, 2026, issued by M/s M M Nissim & Co LLP., Chartered Accountants (Firm Registration Number: 107122W/W100672), Peer Reviewed Independent Chartered Accountant.

iv. Delay in implementation of the object(s):

Object(s)	Completion Date		Delay (no. of days/ months)	Comments of the Board of Directors	
	As per the Offer Document	Actual		Reason of delay	Proposed course of action
Not Applicable^					

^Not applicable on the basis of management undertaking and certificate dated January 19, 2026, issued by M/s M M Nissim & Co LLP., Chartered Accountants (Firm Registration Number: 107122W/W100672), Peer Reviewed Independent Chartered Accountant.

5) Details of utilization of proceeds stated as General Corporate Purpose amount in the offer document:

Not applicable on the basis of management undertaking and certificate dated January 19, 2026, issued by M/s M M Nissim & Co LLP., Chartered Accountants (Firm Registration Number: 107122W/W100672), Peer Reviewed Independent Chartered Accountant.

Disclaimers:

- a) *This Report is prepared by Crisil Ratings Limited (hereinafter referred to as "Monitoring Agency" / "MA" / "CRL"). The MA has taken utmost care to ensure accuracy and objectivity while developing this Report based on the information provided by the Issuer and information obtained from sources believed by it to be accurate and reliable. The views and opinions expressed herein do not constitute the opinion of MA to deal in any security of the Issuer in any manner whatsoever.*
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