

## DIRECTORS' REPORT

To  
 The Members,  
**Gala Precision Engineering Private Limited**

Your Directors have pleasure in presenting the 15<sup>th</sup> Annual Report of your Company together with the Audited Financial Statements of Accounts and the Auditors' Report of your Company for the financial year ended, 31<sup>st</sup> March, 2023.

### 1. FINANCIAL RESULTS:

The Financial performance of the Company for the year under review as compared to the previous financial year are summarized below for your consideration:

Particulars	Standalone		Consolidated	
	2022-23	2021-22	2022-23	2021-22
	(Amt in Lakhs)		(Amt in Lakhs)	
Revenue from Operations(Net)	16,378.59	14,368.42	16,582.13	14,571.55
Other Income	160.84	238.01	160.96	266.28
<b>Total Revenue</b>	<b>16,539.43</b>	<b>14,606.43</b>	<b>16,743.09</b>	<b>14,837.83</b>
Total Expenses	14,605.48	13,450.13	14,940.03	13,720.24
<b>Profit Before Exceptional items and Tax</b>	<b>1,933.94</b>	<b>1,156.00</b>	<b>1,803.06</b>	<b>1,117.59</b>
Add: Exceptional Items	240.23	-	975.94	-
<b>Profit Before Tax</b>	<b>2,174.17</b>	<b>1,156.00</b>	<b>2,779.00</b>	<b>1,117.59</b>
Less: (a)Current Tax	300.00	325.00	300.00	325.00
(b) MAT Entitlement	-	-	-	-
(c) Deferred Tax Charge	(53.48)	13.79	(53.48)	13.79
(d)Deferred Tax Earlier years	120.14	-	120.14	-
(e) Current tax adjustments of earlier years	86.30	-	86.30	-
<b>Profit After Taxes</b>	<b>1,721.21</b>	<b>817.21</b>	<b>2,326.04</b>	<b>778.80</b>




## 2. REVIEW OF OPERATIONS AND FUTURE PROSPECTS :

### A. India Operations: (April 2022 to March 2023)

The Company achieved net turnover of Rs. 16,582.13 lakhs in 2022-23 as compared to Rs. 14,571.45 lakhs in 2021-22 resulting in a growth of 13.79 %. Revenue from Operations include Duty Draw Back, RODTEP License. The growth appears muted due to discontinuation of SES (**Surface Engineering Solutions**) business from June'22 onwards. The turnover of SES (**Surface Engineering Solutions**) was only Rs.397.48 lakhs as compared to PY of Rs.1,046.28 lakhs. At Springs & Fasteners level, the growth is around 20%.

We have an extraordinary Income of Rs.975.94 lakhs mainly on account Sale of Thane Office Building & Goodwill of SES (**Surface Engineering Solutions**) Business in Consolidated Financials. In the standalone Financials, we have an extraordinary income (net) of Rs.240.23 Lakhs which is net of write off Investment in WOS in China of Rs. 735.71 lakhs as the said investment was transferred to Gala Springs LLP at a nominal value of Rs.10 lacs resulting in loss of Rs.735.71 lakhs. This has no impact on consolidated financials as the transaction took place within group.

The Profit after tax has grown from Rs. 778.80 lakhs to Rs. 2,326.04 lakhs representing an increase of 198.59%. PAT from operations has grown from Rs.778.80 lacs to Rs. 1,556.54 lacs, an increase of 99.74%

### B. China's Operations:

The Holding Company has undergone a strategic transfer of its investments in subsidiary Gala Precision Components (Shanghai) Private Limited (Gala China) to its group company Gala Springs LLP at a nominal value of Rs. 10 lakhs. The holding company has invested in Gala Springs LLP for 92% stake at Rs. 24 Lakhs. Simultaneously, the company has taken proactive steps to transfer its China business to its distributor. Going forward, the company will sell products to the local distributor who will then sell to Chinese customers. Given the circumstances of the investment transfer, cessation of losses, and the shift to a distributor model, the Holding Company expects to collect outstanding receivables as of March 2023 amounting to Rs 893 Lakhs due from Gala China hence, no provision is considered necessary at this stage by management.

**\*\* (1RMB = 11.9585 INR as at 31<sup>st</sup> Mar'23, Previous Year 1RMB = 11.9705 INR )**

### C. Capital Expenditure in existing & New Product Line & Automation:

The Capital expenditure incurred in last few years has resulted in capacity enhancement, better utilization of resources for new product development & regular operations. As a result, we could get faster customer approvals & ramping up of sales for these products in 2022-23. The Capital expenditure during the year 2022-23 though was controlled but expected to enhance existing capacities further.

Plan to set up a new plant in Chennai for which we have already procured land at Vallam Vadaghal, SIPCOT, Sriperumbudur District, Chennai for around Rs.297 lakhs & soon we will be commencing construction of factory building- Phase I. The Capex expenditure envisaged for Factory Building, Plant & Machineries & other equipment would be around Rs. 3,200 lakhs



(approx.). Our target is to start commercial production by June'24. This plant will cater to only Special fastening Solutions since significant growth is expected in this product line.

### 3. STATE OF COMPANY'S AFFAIRS:

During the year:-

- The Company has undergone a strategic transfer of its investments in subsidiary Gala Precision Components (Shanghai) Private Limited (Gala China) to its group company Gala Springs LLP at a nominal value of Rs. 10 lakhs. Consequently, the remaining investment amount of Rs. 735.71 Lakhs was written off in the books. Simultaneously, the company has taken proactive steps to transfer its China business to its distributor. Going forward, the company will sell products to the local distributor who will then sell to Chinese customers. Given the circumstances of the investment transfer, cessation of losses, and the shift to a distributor model, the Company expects to collect outstanding receivables as of March 2023 amounting to Rs 893 Lakhs due from Gala China hence, no provision is considered necessary at this stage by management.
- The Company also sold off its office building at A-59 , Road no.10, Wagle Industrial Estate, Thane West 400604, for a total consideration of Rs.849.50 lakhs, due to under utilization of office space & also being non-core asset. This will improve the ROCE.
- The Company also Sold off its Goodwill in SES (Surface Engineering Solutions) for a consideration of Rs.300 lacs & discontinued its operation from 1<sup>st</sup> June'23 onwards. This will result in improvement in working capital cycle & ROCE.
- The Registered office of the Company was shifted within the city limit from A-59, Road No. 10, Wagle Industrial Estate Thane - 400604 to A-807, 8<sup>th</sup> Floor, Thane One DIL Complex Ghodbunder Road, Majiwade, Thane (West) – 400610 w.e.f. 1<sup>st</sup> December 2022 in order to carry on the business of the Company more conveniently.

### 4. CHANGE IN NATURE OF BUSINESS:

During the year, there has been no change in the nature of business of the Company.

### 5. DIVIDEND:

The strength of the Company lies in identification, execution and successful implementation of business projects. To strengthen the long term prospectus and sustainable growth in assets and revenue, it is important for the Company to evaluate various opportunities in the different vertical in which Company operates.

The Board of Directors consider this to be in the strategic interest of the Company and believe that this will greatly enhance the long term shareholder value. The Company expects better results for the coming year. In order to fund this development and implementation projects, conservation of fund is of vital importance. Therefore, Directors have not recommended any dividend for the financial year 2022-23.

### 6. AMOUNT TRANSFERRED TO RESERVES:

During the year, The Company has not transferred any amount of profit to the General Reserve of the Company.

**7. ANNUAL RETURN:**

Pursuant to section 134(3)(a) and Section 92(3) of Companies Act, 2013 read with relevant Rules framed thereunder, The Annual Return of the Company is available on the website of the Company at :- [https://galagroup.com/investors/corporate\\_governance](https://galagroup.com/investors/corporate_governance)

**8. NUMBER OF MEETINGS OF THE BOARD:**

The Board of Directors met 7 (Seven) times in the financial year 2022-23.

During the period, your Company has complied with the Secretarial Standards 1 related to Board Meetings and Secretarial Standards 2 related to General Meetings issued by the Institute of Company Secretaries of India respectively

The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

**9. DETAILS OF DIRECTORS/ KEY MANAGERIAL PERSONNEL:**

The Company has 6 (Six) Directors.

Sr. No.	Name of the Directors	Designation
1.	Shri. Vishanji H. Gala	Director (Chairman)
2.	Shri. Kirit V. Gala	Managing Director
3.	Smt. Taramati V. Gala	Director
4.	Shri. Balkishan S. Jalan	Executive Director
5.	Shri. Satish D. Kotwani	Director
6.	Shri Rajendra V Gogri	Director

The Company has received a Declaration in Form DIR-8 from all the Directors stating that they are not disqualified under section 164 of Companies Act, 2013. The Company has also received Form MBP-1 from all the Directors under Section 184 of the Companies Act, 2013.

In view of the applicable provisions of the Companies Act, 2013 the Company is not mandatorily required to appoint any whole time KMPs.

**10. DECLARATION GIVEN BY INDEPENDENT DIRECTOR:**

The provisions of Section 149 pertaining to the appointment of Independent Directors do not apply to the Company.



## 11. DIRECTORS' RESPONSIBILITY STATEMENT:

To the best of the knowledge and belief and information obtained by your Directors, your Directors make the following statement in terms of Section 134 (3) (c) of the Companies Act, 2013:

- a) In the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2023, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Director's had prepared the annual accounts on a going concern basis and,
- e) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 12. PARTICULARS OF LOANS, GUARANTEE AND INVESTMENTS UNDER SECTION 186:

Particulars of Loans, Guarantees and Investments made by the Company as at 31<sup>st</sup> March, 2023 covered under the provision of Section 186 of the Companies Act, 2013, if any, are given in the Notes forming part of the Financial Statements.

### A) Loans Given:

The details of Loans given, if any, to the parties as per section 186 of the Companies Act, 2013 is disclosed in the Note 14 of the Notes to the Financial Statements.

### B) Investments Made:

The details of investments made by the Company as per section 186 of the Companies Act, 2013 is disclosed in the Note 13 of the Notes to the Financial Statements. Further during the period, the Company has not fresh investments.

### B) Guarantees Given:

There are no Guarantees given by the Company to any of the parties as per section 186 of the Companies Act, 2013 other than disclosed in Note 37 to the Financial Statements.

## 13. PARTICULARS OF CONTRACT AND ARRANGEMENT UNDER SECTION 188:

All related party transactions that were entered into during the year under report were on an arm's length basis and in the ordinary course of business.



Details of the contracts / arrangements / transactions with related parties are given in the Note 36 to Financial Statements.

#### **14. SHARES:**

**a) BUY BACK OF SECURITIES:**

The Company has not Bought Back Shares during the year under review.

**b) SWEAT EQUITY:**

The Company has not issued any Sweat Equity Shares during the year under review.

**c) BONUS SHARES:**

No Bonus Shares were issued during the year under review.

**d) EMPLOYEES STOCK OPTION PLAN:**

The Board of Directors at its meeting held on 24<sup>th</sup> December, 2021 approved an Employee Stock Option Plan called as the 'Gala Employees Stock Option Plan 2021' ("ESOP 2021"/ "Plan") and the shareholders of the Company approved the said Scheme at the Extra Ordinary General Meeting held on 14<sup>th</sup> January 2022.

The details of the ESOP under Scheme as on March 31, 2023 is annexed as **Annexure A** to this Report and also disclosed in the accompanying financial statements.

#### **15. MATERIAL CHANGES AFFECTING THE FINANCIAL POSITION OF THE COMPANY:**

There are no material changes and commitments, affecting the financial position of the Company which has occurred during the end of the financial year of the Company i.e. March 31, 2023 except for sale its Goodwill in SES (Surface Engineering Solutions) for a consideration of Rs. 300 lacs & discontinued its operation from 1<sup>st</sup> June'23 onwards. This will result in improvement in working capital cycle & ROCE.

#### **16. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:**

There are no significant and material orders passed by the regulators / courts that would impact the going concern status of the Company and its future operations.

#### **17. COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES:**

The provisions of Section 178(1) relating to constitution of Nomination and Remuneration Committee are not applicable to the Company and hence the Company has not devised any policy relating to appointment of Directors, payment of Managerial remuneration, Directors qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013.



**18. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMAN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

The Company has been employing women employees in various cadres within its office. The Company has in place a policy against Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees are covered under the policy. There was no complaint received from any employee during the financial year 2022-23 and hence no complaint is outstanding as on March 31, 2023 for redressed. Also the Internal Complaints Committee as required to be constituted by the Company has been duly constituted as per policy under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

**19. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014, are as follows:

**Conservation of energy**

- A. Energy Conservation measures taken: The Company uses electricity as major source of energy. Adequate steps for power factor improvement have been taken, wherever feasible, including solar power generating plants under OPEX model in Plot 302. The Solar plant size installed was 520 KWp and solar energy generated during the year was 5,16,038.90 (PY:5,00,471.90) & energy cost saved during the year was **Rs.23.95 lakhs (PY: Rs.19.68 lakhs)**.
- B. Additional investment & proposals, if any, being implemented for reduction of consumption of energy: Solar Power Plant Installation through OPEX model in Plot 295. The Solar Plant to be installed will be of 580 KWp and is expected to generate annually 8,12,000 units & expected annual savings would be Rs.38 lacs

Particulars	2022-23 (Amt in Lakhs)	2021-22 (Amt in Lakhs)
Power Consumption	489.95	428.87
Fuel & Diesel Consumption	44.75	31.40
Generator Hire Charges	NIL	NIL

**Technology absorption**

**A. Future plan of action:**

1.	Continuous New Product Development in springs and fastening solutions.
2.	To continue Investment in Machineries for New Product Lines in 2023-24.
3.	Technology up gradation in existing products.

*(Handwritten signatures)*



4.	Setting up new plant in Chennai for Special Fastening Solutions during 2023-24 for which Land has already been procured in 2022-23.
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**B. Technology absorption, adaptation and innovation:**

1.	Efforts in brief, made:	Continuous technology development & improvement in the process to enhance fatigue life of springs.
2.	Benefits derived as a result of above efforts:	Better springs with high performance/fatigue life. Several customer approvals received.
3.	Technology imported	NIL

**Foreign exchange earnings and Outgo-**

With regard to foreign exchange earnings and outgo for the year 2022-23, the position is as under:

Particulars	2022-23 (Amt in Lakhs)	2021-22 (Amt in Lakhs)
Income in foreign currency	5937.40	5251.88
Expenditure in foreign currency	125.19	37.31
Purchase in foreign currency	2008.27	2315.38

**20. RISK MANAGEMENT POLICY:**

Risk management includes identifying types of risks and its assessment, risk handling and monitoring and reporting. The Company has laid down a well-defined risk management mechanism covering the risk mapping and trend analysis, risk exposure, potential impact and risk mitigation process. A detailed exercise is being carried out to identify, evaluate, manage and monitor the principal risks that can impact its ability to achieve its strategic objectives. The Board periodically reviews the risks and suggests steps to be taken to control and mitigate the same through a properly defined framework.

**21. CORPORATE SOCIAL RESPONSIBILITY:**

Pursuant to Section 135 of the Companies Act, 2013 and the relevant rules, your Company needs to constitute a Corporate Social Responsibility Committee (CSR). The Board has constituted the same under chairmanship of Mr. Kirit Vishanji Gala. The other members of Committee are Mr. Vishanji Harshi Gala.

Details about the policy developed and implemented by the Company on Corporate Social Responsibility initiatives taken during the year. As per "Annexure B".

**22. AUDITORS:**

**i. STATUTORY AUDITOR:**

The Members at the Annual General Meeting held on 30<sup>th</sup> September, 2019 approved the Re-appointment of M/s. M. M. Nissim & Co LLP., Chartered Accountants (Firm Registration No. 107122W), as Statutory Auditors of the Company for a further term of 5 years and to hold the office from the conclusion of that Annual General Meeting until the conclusion of the Annual



General Meeting to be held for financial year 2023-24 on such remuneration as may be fixed by the Board.

ii. **COST AUDITOR:**

Pursuant to Section 148 and other applicable provision if any, of the Companies Act, 2013 along with Companies (Cost Records and Audit) Rules, 2015 and the Companies (Audit and Auditors) Rules, 2014 the Company needs to maintain Cost records for the financial year 2022-23. Hence, M/s. Shekhar Joshi & Co. (Membership Number-10700), is duly appointed to conduct audit of cost records maintained by the Company pertaining to Disc Springs parts & Assemblies, Coil & Spiral Spring & Special Fastening Solutions business for the financial year 2022-23 at a remuneration of Rs. 75,000/- per annum plus Taxes and reimbursement of out of pocket expenses. As required under the Companies Act, 2013, remuneration of Cost Auditors is required to be placed before the Members in the General Meeting for their approval. Your Directors propose ratification of remuneration of M/s. Shekhar Joshi & Co., (Membership Number 10700), for the financial year 2023-24.

23. **EXPLANATIONS OR COMMENTS BY THE BOARD ON EVERY QUALIFICATION, RESERVATION OR ADVERSE REMARKS MADE, IF ANY:**

There are no qualifications, reservations or adverse remarks or disclaimers made by the Auditors in their report on the Financial Statement of the Company for the financial year ended 31<sup>st</sup> March, 2023

24. **INTERNAL FINANCE CONTROL:**

The Board has adopted the policies and procedure for ensuring the orderly and efficient conduct of its business, including adherence to the Company's Policies, the safeguarding of its assets, the prevention and detection of fraud and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.

25. **SUBSIDIARY, JOINT VENTURES AND ASSOCIATE COMPANIES:**

Your Company does not have any joint venture or associates Company. However Company had one wholly owned subsidiary Company ie. Gala Precision Components (Shanghai) Private Limited, China: and which was sold to it's group LLP Gala Springs LLP.

The statement containing the salient features of the financial statement of our subsidiary in the prescribed format AOC-1 is appended as "Annexure C" to the Board's Report.

26. **PUBLIC DEPOSITS:**

During the year, your Company has not accepted any Public Deposits under Chapter V of the Companies Act, 2013. However the Company has accepted unsecured loans from its members and in compliance with Rule (2) (1) (c) (viii) of the Companies (Acceptance of Deposits) Rules, 2014 read with amendment rules thereto, during the year under review, the Company also accepted unsecured loans from the Directors and their relatives in tranches for business purpose along with a declaration in writing from him/her to the effect that the said loan amount is not being given out of



funds acquired by borrowing or accepting loans or deposits from others, details of same are given below:

(Amt in Lakhs)

Sr. No.	Name of the person	Relation with the Company	Opening	Received during the year	Repaid during the year	Outstanding as on 31 <sup>st</sup> Mar, 23
1.	Mr. Vishanji Gala	Director	52.00	24.00	76.00	0
2.	Ms. Taramati Gala	Director	10.00	20.00	30.00	0
3.	Mr. Kirit v. Gala	Managing Director	0	703.50	703.50	0
4.	Ms. Rumie Gala	Relative of Directors	0	52.50	52.50	0
5.	Kirit V. Gala (HUF)	Entity in which Director having substantial interest	11.50	0	11.50	0
6.	Vishanji Gala (HUF)	Entity in which Director having substantially interest	3.25	0	0	3.25
7.	Madhu Ashar	Member	327.00	0	300.00	27.00
8.	Manisha Ashar	Member	58.90	25.00	0	83.90
9.	Vasanji Mamania	Member	400.00	0	0	400.00
10.	Kiran Chheda (HUF)	Member	69.00	0	0	69.00
11.	Paresh Dhirajlal Gala	Member	25.00	0	0	25.00
12.	Priti Deepak Patil	Member	41.00	0	41.00	0
13.	Jayshri Sudhir Gosar	Member	35.00	0	0	35.00
14.	Chandan Bhailal Savla	Member	25.00	0	25.00	0
15.	Sudhir Tokarshi Gosar	Member	25.00	0	0	25.00
16.	Rupa Mehta	Member	25.00	0	0	25.00
17.	Alpa Kiran Chheda	Relative of Directors	92.00	0	0	92.00

**27. PARTICULARS OF EMPLOYEES:**

The statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read along with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not applicable to the Company as no employees were in receipt in remuneration above the limits specified in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.



**28. DISCLOSURE OF VIGIL MECHANISM:**

The Company promotes ethical behavior in all its business activities and in line with the best international Governance practices. The Company has established a system under which employees may report unethical behavior, malpractices, wrongful conduct, fraud, violation of Company's code of conduct without fear of reprisal. The Whistle Blower Policy aims to protect the interests of the organization, focusing on its principle values and strengthen the culture of the organization as a whole. The Company has in place a well-defined Whistle Blower Policy / Vigil Mechanism and no redressal cases have been registered for the period under consideration.

**29. MAINTAINANCE OF COST RECORDS:**

Maintenance of cost records as specified by the Central Government under section 148(1) of the Companies Act, 2013, is required to be maintained by the Company and accordingly such accounts and records are made and maintained.

**30. OTHER DISCLOSURES:-**

No disclosures are required in respect of sub rule xi & xii of Rule 8(5) of The Companies (Accounts) Rules, 2014 read with Section 134(3)(q) as the same is not applicable to the Company during the financial year.

**31. ACKNOWLEDGEMENTS:**

Your Directors thank the various Central and State Government Departments, Organizations and Agencies for the continued help and co-operation extended by them. The Directors also gratefully acknowledge all stakeholders of the Company viz. customers, members, dealers, vendors, banks and other business partners for the excellent support received from them during the year. The Directors place on record their sincere appreciation to all employees of the Company for their unstinted commitment and continued contribution to the Company.

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

  
**Kirit V. Gala**  
**Managing Director**  
**DIN: 01540274**

**Address:** 1600, Lodha Aristo 1,  
Easter Express Highway,  
Majiwada, Thane – 400601.



**Balkishan S. Jalan**  
**Director**  
**DIN: 02876873**

**Address:** 1206, 'B' Wing,  
Raj Grandeur CHS,  
Behind Hiranandani Hospital  
Powai, A.S. Marg,  
Mumbai 400075

**Place:** Thane  
**Date:** 12<sup>th</sup> June 2023

V



**ANNEXURE - A**  
**DISCLOSURES ON EMPLOYEE STOCK OPTION PLAN FOR THE FINANCIAL YEAR ENDED**  
**31 MARCH 2023**

**Name of Plan: Gala Employees Stock Option Plan 2021**

Nature of Disclosures	Particulars	
Options Granted	44,600	
Options vested	--	
Options exercised	--	
The total no of shares arising as a result of exercise of options	--	
Options lapsed	--	
Exercise price	--	
Variation of terms of options	Nil	
Money realized by exercise of options	--	
Total no of Options in force	44,600	
<b>Employee wise details of options granted to:</b>	<b>Name of employee</b>	<b>Options granted</b>
	<b>FY-2022-23</b>	
a. Key Managerial Personnel	Balkishan Jalan	6,250
b. Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year.	Satish Kotwani	6,250
	Agadh Chukevar	2,875
	Prasad Core	2,500
	Avadhut Panshikar	3,300
	Krishna Bharadwaj	2,750
	Sunil Kumar Pathak	2,500
	Tukaram Behre	2,750
	Mahesh Patil	3,000
	Rajesh Charjan	3,000
		Other(Pending Allotment)







c. Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	Nil	
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**For and on behalf of the Board  
Gala Precision Engineering Private Limited**



**Kirit V. Gala**  
Managing Director  
DIN: 01540274

**Address:** 1600, Lodha Aristo 1,  
Easter Express Highway, Majiwada,  
Thane - 400601.



**Balkishan S. Jalan**  
Director  
DIN: 02876873

**Address:** 1206, 'B' Wing,  
Raj Grandeur CHS, Behind Hiranandani Hospital  
Powai A.S. Marg, Mumbai 400075.

**Place:** Thane  
**Date:** 12 June 2023



**Annexure B to Director's Report**

**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES**

1. **Brief outline on CSR Policy of the Company:** Your Company is committed to operate and grow its business in a socially responsible way. The Company's vision is to grow its business, whilst reducing the environmental impact of its operations and increasing its positive social impact. Your Company has embraced some of the activities listed in the Schedule VII of Section 135 of the Companies Act, 2013. Pursuant to Section 135(1) of the Companies Act, 2013 read with Companies (Corporate Social Responsibility) Rule, 2014, the board of Directors have constitute a CSR Committee. The board also framed CSR Policy in compliance with the provision of Section 135 of Companies Act, 2013.

2. **Composition of CSR Committee:**

Sr. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Kirit Vishanji Gala	Director (Chairman-CSR Committee)	2	2
2.	Mr. Vishanji Harshi Gala	Director (Member-CSR Committee)	2	2

3. Provide the web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company – [https://galagroup.com/investors/corporate\\_governance](https://galagroup.com/investors/corporate_governance)

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable – N.A.

5. (a) Average net profit of the company as per section 135(5) – Rs. 529.68 /- Lakhs

(b) Two percent of average net profit of the company as per section 135(5) – Rs. 10.597 /- Lakhs

(c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. – N.A.

(d) Amount required to be set off for the financial year, if any – NA

(e) Total CSR obligation for the financial year (5b+5c-5d) – Rs. 10.597 /- Lakhs.





  
 Regd. Office  
**Gala Precision Engineering Private Limited**

A-801, 8th Floor, Thane One, DIL Complex  
 Ghodbunder Road, Majiwada, Thane West . Pincode - 400 610

[www.galagroup.com](http://www.galagroup.com)

CIN No. U29258MH2009PTC190522



6. (a) - Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project)

- Details of CSR amount spent against ongoing projects for the financial year - Nil
- Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Amount spent for the project (in Rs.).	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State	District			Name	CSR Registration number
1.	Medical help, food, clothing, orphanage, water digging bore wells, etc.	as per Schedule VII (i)	Yes	Maharashtra	Mumbai	1,00,000	No	Rotary Charity Trust Mulund	CSR00007038
2	Education & Sports	as per Schedule VII (ii) & (vi)	Yes	Maharashtra	Mumbai	8,59,700	No	Shri Kutchhi Visa Oswal Seva Samaj	CSR00012937
3	Animal Welfare Activity	as per Schedule VII (iv)	Yes	Gujarat	Ahmedabad	1,00,000	No	Samast Mahajan	CSR00004967
<b>Total</b>						<b>10,59,700/-</b>			

(b) Amount spent in Administrative overheads - Nil

(c) Amount spent on Impact Assessment, if applicable – NA.

(d) Total amount spent for the Financial Year (6a+6b+6c) - Rs. 10.597 /- Lakhs

(e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in Rs. In Lakhs)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
10.597 /-	-	-	-	-	-

(f) Excess amount for set off -

Sl. No.	Particular	Amount (Rs. In Lakhs)
(i)	Two percent of average net profit of the company as per section 135(5)	10.597
(ii)	Total amount spent for the Financial Year	10.597
(iii)	Excess amount spent for the financial year [(ii)-(i)]	-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	-

7. Details of Unspent Corporate Social Responsibility amount for the preceding three financial years: - NA

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year). Yes  No





9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5) – NA

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



Kirit V. Gala  
Managing Director  
DIN: 01540274  
(Chairman-CSR Committee)



Vishanji H. Gala  
Director  
DIN: 01540359  
CSR Committee Member

Place: Thane

Date: 12<sup>th</sup> June 2023



Form AOC-1  
 Pursuant to Item 10(a) of the Securities Act of 1933 and Item 10 of the Securities Act of 1933 and Item 10 of the Securities Act of 1933  
 Statement containing certain features of the financial statement of subsidiaries/associated companies/ventures

Sr No	Name of the subsidiary	Reporting period	Currency	Exchange Rate	Share Capital	Reserves & Surplus	Total Assets		Total Liabilities		Investment	Turnover	Profit Before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	% of Shareholding
							Assets	Liabilities									
1	Gala Precision Components (Shanghai) Private Limited	31-Mar-23	CNY	11.5988	£15,55,104.89	-1,17,44,500.07	71,51,931.36	71,51,931.36	-	-	-	75,02,146	-10,53,145.82	-	-10,53,145.82	-	0%
2	Gala Smart LLP	31-Mar-23	INR	-	£2,46,000	13,63,073	20,44,294	20,44,294	22,45,113	-	-	-	-	-	-	-	32%

- Names of Subsidiaries which are not to commence operations - Nil.
- Names of Subsidiaries which have been liquidated or sold during the year - Gala Precision Components (Shanghai) Private Limited, China
- Gala Precision Components (Shanghai) Private Limited became stoploss subsidiary company from subsidiary company during the year.

Part "B", Associated and Joint Ventures  
 Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures  
 Not Applicable

- Names of associates and joint ventures which are not to commence operations - Nil.
- Names of associates and joint ventures which have been liquidated or sold during the year - Nil.

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

  
 Mr. Kiril Gals  
 Managing Director

DN : 0154024  
 Address: 150C, Loda Ardo 1,  
 Ender Express Highway, Mayevada, Thane -  
 400601

  
 Mr. Baskaran Jagan  
 Executive Director

DN : 0261823  
 Address: 026, 'B' Ring,  
 Raj Chandra CHS,  
 Behind Hirwardev Hospital, Powai, A.S. Marg,  
 Mumbai 400075

Place: Thane  
 Date: 12 June 2023



**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, 2023, 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, 2023, 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 31 to the standalone financial statements, the Company has trade Receivables of Rs. 893 Lakhs (Previous year: Rs. 745.85 lakhs) due from Gala Precision Components (Shanghai) Private Limited (Gala China), a step down subsidiary. However, for the reasons mentioned in the said Note, given the circumstances of the investment transfer, cessation of losses, and the shift to a distributor model, management 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, 2023 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2023 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.





- f. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), which provides for maintaining books of account in accounting software having a feature of recording audit trail of each and every transaction, creating an edit log of each change made in books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled, is applicable to the Company only with effect from financial year beginning April 1, 2023, the reporting under clause (g) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), is currently not applicable

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

  
N. Kashinath  
Partner  
Mem. No.: 036490  
Mumbai, 12<sup>th</sup> June, 2023  
UDIN:- 230366A0BGxR ZM7281



**"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 31<sup>st</sup> March 2023 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-22	Sep-22	Dec-22	Mar-23
Current Assets as per Statement filed with Bank	6,638.55	7,460.47	8,062.63	7,750.61
<i>Add: Reconciliation of Items not considered in the Statement filed with the bank</i>				
Related party debtors & Scrap Debtors	864.99	997.85	1,226.77	959.01
Advance to debtors	(36.53)	(40.62)	(66.91)	(14.97)
Inventory in Transit	(234.79)	(346.90)	(216.46)	(251.52)
Valuation Difference	295.24	491.92	97.10	239.48
<b>Balance as per Financial Statements</b>	<b>7,527.46</b>	<b>8,562.72</b>	<b>9,103.13</b>	<b>8,682.61</b>

\*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, 2023 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 Lakhs
Income Tax Act, 1961	2011-12	CIT -Appeals	39.76
	2014-15	CIT -Appeals	52.75
	2015-16	CIT -Appeals	5.90
	2016-17	CIT -Appeals	11.66
	2017-18	CIT -Appeals	55.30
	2018-19	CIT -Appeals	114.29
	2020-21	CIT - Appeals	1.53

- 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) In our opinion and based on our examination, the Company is not required to have a whistle Blower Mechanism as per provisions of the Companies Act 2013. However, as represented to us by the management, there are no whistle blower complaints received by the Company during the year
- 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) In our opinion and based on our examination, the company does not have an internal audit system and is not required to have an internal audit system as per provisions of the Companies Act 2013. Accordingly, provisions of clause (xiv)(b) of Para 3 of the Order are not applicable to the company
- 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 has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (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, 12<sup>th</sup> June, 2023

UDIN:- 2303649084XRZM7281





**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, 2023 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, 2023, 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, 12<sup>th</sup> June, 2023

UDIN:- 23036490BGRZM7281





# Gala Precision Engineering Private Limited

## Balance sheet as at 31 March 2023

(Currency : Indian Rupees)

	Note	31 Mar 2023	(Amt in Lakhs) 31 Mar 2022
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	252.79	252.79
Reserves and surplus	4	8,192.75	6,471.54
		<u>8,445.54</u>	<u>6,724.33</u>
<b>Non-current liabilities</b>			
Long-term borrowings	5	2,049.98	2,377.45
Deferred tax liability (net)	6	376.38	309.72
Long-term provisions	7	459.97	396.36
		<u>2,886.33</u>	<u>3,083.53</u>
<b>Current liabilities</b>			
Short-term borrowings	8	3,809.91	3,311.80
Trade payables			
Dues to micro and small enterprises	9	67.52	31.40
Dues to Others	9	752.49	1,360.34
Other current liabilities	10	981.76	682.16
Short-term provisions	7	61.62	255.98
		<u>5,673.30</u>	<u>5,641.68</u>
		<u>17,005.17</u>	<u>15,449.54</u>
<b>TOTAL EQUITY AND LIABILITIES</b>			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	4,137.25	3,943.58
Intangible assets	11	1,768.00	1,683.77
Capital work-in-progress	11A	125.01	12.55
Intangible assets under development	11B	345.50	293.30
Investment property	12	-	-
Non-current investments	13	24.00	745.71
Long-term loans and advances	14	273.69	359.34
		<u>6,673.45</u>	<u>7,038.25</u>
<b>Current assets</b>			
Inventories	15	5,012.60	4,444.11
Trade receivables	16	3,670.02	3,052.26
Cash and cash equivalents	17	1,170.77	238.24
Short-term loans and advances	14	413.61	604.09
Other current assets	18	64.72	72.50
		<u>10,331.72</u>	<u>8,411.29</u>
		<u>17,005.17</u>	<u>15,449.54</u>

### TOTAL ASSETS

### Significant accounting policies

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, 12th Jun-2023

UDIN:- 23036490BGG1XRZM7281



Kish V. Gala

Managing Director

Mumbai, 12th Jun-2023

Balkishan S. Jalan

Executive Director

Mumbai, 12th Jun-2023



# Gala Precision Engineering Private Limited

## Statement of Profit and Loss for the Year ended 31 March 2023

(Currency : Indian Rupees)

	Note	31 Mar 2023	(Amt in Lakhs) 31 Mar 2022
<b>INCOME</b>			
Revenue from operations	19	16,378.59	14,368.42
Other income	20	160.84	238.01
<b>TOTAL INCOME</b>		<b>16,539.43</b>	<b>14,606.43</b>
<b>EXPENSES</b>			
Cost of materials consumed	21	7,072.77	5,915.15
Changes in inventory of finished goods and work-in progress	22	(457.39)	(88.70)
Employee benefit Expenses	23	2,181.22	2,068.61
Finance costs	24	509.97	486.14
Depreciation and amortisation	25&17	595.41	624.55
Other expenses	26	4,703.52	4,444.38
<b>TOTAL EXPENSES</b>		<b>14,605.49</b>	<b>13,430.13</b>
<b>Profit before exceptional items and tax</b>		<b>1,933.94</b>	<b>1,156.00</b>
<b>Add: Exceptional items</b>	27	<b>240.23</b>	<b>-</b>
<b>Profit before tax and after exceptional items</b>		<b>2,174.17</b>	<b>1,156.00</b>
<b>Less: Provision for taxation</b>			
- Current tax		300.00	325.00
- Deferred tax charge		(53.48)	13.79
- Deferred tax charge of Earlier years		120.14	-
- Tax adjustments of earlier years		86.30	-
		<b>452.96</b>	<b>338.79</b>
<b>Profit after tax for the year</b>		<b>1,721.21</b>	<b>817.21</b>
<b>Profit before tax and after exceptional items from continuing operation</b>		<b>2,009.26</b>	<b>1,156.00</b>
<b>Less: Provision for taxation</b>		<b>452.96</b>	<b>338.79</b>
<b>Profit for the year from continuing operations</b>		<b>1,556.30</b>	<b>817.21</b>
<b>Profit from discontinuing operations before tax</b>	28	<b>164.91</b>	<b>-</b>
<b>Less: Provision for taxation</b>		<b>-</b>	<b>-</b>
<b>Profit from discontinuing operations after tax</b>		<b>164.91</b>	<b>-</b>
<b>Earnings per equity share of face value of Rs. 10 each</b>			
- Basic earnings per equity share	27	<b>68.09</b>	<b>32.34</b>
- Diluted earnings per equity share		<b>66.91</b>	<b>31.78</b>

### 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: 10807704E/10067

N. Kashinath

Partner

Membership No. 036490

Mumbai, 12th Jun-2023

UDIN-23036490RG-xR2M7291

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

Kirit C. Gala

Managing Director

Mumbai, 12th Jun-2023

Balkrishna S. Jalan

Executive Director

Mumbai, 12th Jun-2023

**Gala Precision Engineering Private Limited**  
**Cash flow statement for the year ended 31 March 2023**

(Currency : Indian Rupees)

(Amt in Lakhs)

31 Mar 2023

31 Mar 2022

**(A) Cash inflow / (outflow) from operating activities**

Profit before tax and exceptional items from continuing operations	2,174.17	1,156.32
Adjustments for :		-
Depreciation and amortisation	595.41	624.56
Loss on sale of Investment in Wholly owned subsidiary	735.71	-
(Profit) / loss on sale of property, plant and equipment	(679.09)	43.95
Intangible Assets written off	-	190.51
Interest income	(49.66)	(10.74)
Finance costs	509.97	486.14
Unrealised foreign exchange (gain) / loss	158.84	101.12
Provision for doubtful debts	-	2.28
Sundry balances written back	(0.85)	(5.40)
Bad debts written off	11.67	40.78
<b>Operating profit before working capital changes</b>	<b>3,456.17</b>	<b>2,629.52</b>

**(Increase) / decrease in working capital**

Inventories	(568.49)	(1,039.81)
Trade receivables	(788.27)	(500.08)
Long-term loans and advances	(20.01)	8.54
Short-term loans and advances	190.48	(125.65)
Other current assets	12.49	3.11
Trade payables and other current liabilities	(271.28)	298.94
Provisions	25.48	45.75
<b>Net changes in working capital</b>	<b>(1,419.60)</b>	<b>(1,309.20)</b>

**Cash generated from operations**

	2,036.57	1,320.32
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Taxes paid (net of refund)

	(436.89)	(186.15)
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**Net cash inflow from operating activities ( A )**

	<b>1,599.68</b>	<b>1,134.17</b>
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**(B) Cash inflow / (outflow) from investing activities**

Payments for purchase of property, plant and equipment and intangible assets	(1,209.67)	(604.01)
Proceeds from sale of property, plant and equipment	850.80	10.34
Proceeds from sale of Investment in Wholly Owned Subsidiary	10.00	-
Payment for Acquisition of Subsidiary	(24.00)	-
Increase / (decrease) in other bank balances	(932.78)	(40.37)
Interest received	45.03	10.18

**Net cash used in investing activities ( B )**

	<b>(1,269.63)</b>	<b>(623.86)</b>
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**(C) Cash inflow / (outflow) from financing activities**

Proceeds from long-term borrowings	348.06	182.64
Repayment of long-term borrowings	(670.40)	(853.13)
Proceeds/repayment from short-term borrowings	493.09	466.83
Finance costs	(510.06)	(488.75)
<b>Net cash used in financing activities ( C )</b>	<b>(339.31)</b>	<b>(692.41)</b>

**Net increase / (decrease) in cash and cash equivalents (A+B+C)**

	<b>(0.26)</b>	<b>(182.10)</b>
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*[Handwritten signatures]*

Gala Precision Engineering Private Limited

Cash flow statement for the year ended 31 March 2023 (Continued)

(Currency : Indian Rupees)

(Amt in Lakhs)  
31 Mar 2022

	31 Mar 2023	31 Mar 2022
Cash and cash equivalents at the beginning of the year	24.09	206.18
Cash and cash equivalents at the end of the year	23.83	24.09
<b>Cash and cash equivalents comprise</b>		
Cash on hand	4.37	6.65
Balances with scheduled banks in - Current accounts	19.46	17.44
	<u>23.83</u>	<u>24.09</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, 12th Jun-2023

UDIN:- 23036490861xR2M7281

Mumbai, 12th Jun-2023

Mumbai, 12th Jun-2023





# Gala Precision Engineering Private Limited

## Notes to financial statements (Continued)

for the year ended 31 March 2023

(Currency : Indian Rupee)

### 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 judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of liabilities on the date of the financial statements. Management believes that the estimates made in the preparation of the financial statements are prudent and reasonable. Actual results may differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

#### 2.03 Current-non-current classification

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

##### Assets

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

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

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

All other assets are classified as non-current.

##### Liabilities

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

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

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

All other liabilities are classified as non-current.

##### Operating cycle

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

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



# Gala Precision Engineering Private Limited

## Notes to financial statements (Continued)

for the year ended 31 March 2023

(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 & Fixtures	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 pro-rata 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 die 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 improvoviation 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 2023

(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 2023

(Currency : Indian Rupees)

## 2 Significant accounting policies (Continued)

### 2.11 Employee benefits

#### (a) Short-term employee benefits

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

#### (b) Post-employment benefits

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

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

#### (c) Other long-term employment benefits

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

### 2.12 Foreign currency transactions

#### (a) Initial Recognition

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

#### (b) Subsequent Recognition

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

#### (c) Forward Exchange Contracts

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

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



# Gala Precision Engineering Private Limited

## Notes to financial statements (Continued)

for the year ended 31 March 2023

(Currency : Indian Rupee)

## 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 recognised nor disclosed in the financial statements.



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# Gala Precision Engineering Private Limited

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

(Currency : Indian Rupee)

## 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.

#### Intersegment 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.

### 2.21 Ministry of Corporate Affairs (MCA) vide notification dated 24th March 2021, has amended Schedule III to the Companies Act, 2013 to enhance the disclosure requirements in financial statements. The financial statements have been prepared after incorporating the amendments to the extent they are applicable



V

B



## Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2023

(Currency - Indian Rupee)

(Amount in Lakhs)

3 - Share capital	31 Mar 2023	31 Mar 2022
<i>Authorised</i>		
11,000,000 equity shares of Rs. 10 each	1,100	1,100
7,000,000 preference shares of Rs. 10 each	700	700
	<u>1,800</u>	<u>1,800</u>
<i>Issued, subscribed and paid-up</i>		
2,527,896 (previous year: 2,527,896) equity shares of Rs. 10 each, fully paid-up	252.79	252.79
	<u>252.79</u>	<u>252.79</u>

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

	31 Mar 2023		31 Mar 2022	
	Number	Amount	Number	Amount
<b>Equity shares</b>				
At the commencement of the period	25,27,896	252.79	25,27,896	252.79
Shares issued including ESOP	-	-	-	-
At the end of the period	<u>25,27,896.00</u>	<u>252.79</u>	<u>25,27,896</u>	<u>252.79</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 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 1% shares of a class of shares

	31 Mar 2023			31 Mar 2022		
	Number	% of total shares in the class	% Change during the year	Number	% of total shares in the class	% Change during the year
<b>Equity shares of Rs. 10 each, fully paid-up held by-</b>						
- Kiril Vishvajit Gala	5,72,872	22.66	-	5,72,872	22.66	-
- Vishvajit Harshil Gala	3,85,200	15.24	-	3,85,200	15.24	(6.33)
- Sameer Kiril Gala	3,11,772	12.33	-	3,11,772	12.33	-
- Tarunesh V Gala	2,66,400	10.30	-	2,66,400	10.30	-
- Preya Umeshan LLP	1,65,000	6.53	-	1,65,000	6.53	-

### c) Particulars of Promoter Shareholding

	31 Mar 2023			31 Mar 2022		
	Number	% of total shares in the class	% Change during the year	Number	% of total shares in the class	% Change during the year
<b>Equity shares of Rs. 10 each, fully paid-up held by-</b>						
- Kiril Vishvajit Gala	5,72,872	22.66	-	5,72,872	22.66	-
- Vishvajit Harshil Gala	3,85,200	15.24	-	3,85,200	15.24	(6.33)
- Sameer Kiril Gala	3,11,772	12.33	-	3,11,772	12.33	-
- Tarunesh V Gala	2,66,400	10.30	-	2,66,400	10.30	-
- Vishvajit Harshil Gala(HUF)	54,400	2.15	-	54,400	2.15	(38.19)
- Kiril Vishvajit Gala(HUF)	53,400	2.11	-	53,400	2.11	-
- Neeraj Gala	50,000	1.98	-	50,000	1.98	-
- Alpa Kisan Chheda	50,000	1.98	-	50,000	1.98	-
- Vathare Gala	50,000	1.98	-	50,000	1.98	-
- Subram Kiril Gala	22,296	0.88	-	22,296	0.88	-
- Sameer Kiril Gala	22,286	0.88	-	22,286	0.88	-



Gala Precision Engineering Private Limited

Notes to financial statements (Continued)  
for the year ended 31 March 2023

(Currency: Indian Rupee)

(Unit in Lakhs)

	31 Mar 2023	31 Mar 2022
<b>4 Reserves and surplus</b>		
<b>Capital redemption reserve</b>		
<i>On buyback of 0% Non-cumulative compulsorily convertible preference shares:</i>		
At the commencement of the year	150.00	150.00
Transferred from reserves during the year	-	-
	<u>150.00</u>	<u>150.00</u>
<b>Securities premium account</b>		
<i>On equity share capital</i>		
At the commencement of the year	2,852.39	2,852.39
Add: premium received	-	-
	<u>2,852.39</u>	<u>2,852.39</u>
<i>On preference share capital:</i>		
At the commencement and at the end of the year	520.00	520.00
	<u>520.00</u>	<u>520.00</u>
<b>Surplus in profit or loss</b>		
At the commencement of the year	2,949.15	2,131.62
Add: Profit for the year	1,721.24	817.53
	<u>4,670.39</u>	<u>2,949.15</u>
	<u>8,192.75</u>	<u>6,471.54</u>



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Gala Precision Engineering Private Limited

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

(Currency : Indian Rupee)

(Amount in Lakhs)

5 Long-term borrowings:

	31 Mar 2022		31 Mar 2021	
	Non-current portion	Current portion *	Non-current portion	Current portion *
<b>Term loans</b>				
- From HDFC Bank Ltd. (secured)				
(The loan is repayable in 32 monthly (including moratorium) installments from the 7 Jan 2022. 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 8.95% to 10.70% per annum.)	167.96	34.25	-	-
- From Yes Bank Ltd. (secured)				
(The loan is repayable in 86 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 8.80% to 11.10% per annum. (Previous Year 8.60% per annum.)	251.56	101.33	350.82	140.70
<b>Emergency Credit Line Guarantee Scheme</b>				
- From HDFC Bank Ltd. (secured)				
(The loan is repayable in 48 monthly after one year of moratorium i.e. 1 Oct 2021. The loan carries rate of interest of 8.25% to 9.25% per annum. (Previous Year 8.25% per annum.)	199.11	113.12	211.01	117.40
- 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 8.64% to 9.25% per annum. (Previous Year 8.00% per annum.)	122.09	101.15	123.11	102.13
<b>Vehicle finance loan (secured)</b>				
(The loans are repayable in equal monthly installments, from the month subsequent to disbursement of the loans. The loans are secured against hypothecation of related vehicles taken under the loans. The loan carries rate of interest of 8.40% to 10.30% per annum (previous year; 8.40% to 10.30% per annum.)	57.48	13.48	65.83	12.98
	<u>1,819.83</u>	<u>374.15</u>	<u>952.89</u>	<u>369.22</u>



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# Gala Precision Engineering Private Limited

Notes to financial statements (Continued)  
for the year ended 31 March 2023

Currency (Indian Rupees)

(Amount in Lakhs)

	31 Mar 2023	31 Mar 2022
<b>8 Short-term borrowings</b>		
Loans repayable on demand		
- Cash credit and overdraft facilities from banks (secured)		
From HDFC Bank Ltd.	1,456.25	1,956.29
From Yes Bank Ltd.	971.31	985.27
Current maturities of long-term debt (Refer Note 5)	374.35	314.22
Interest accrued and due on borrowings	7.80	7.11
	<u>3,809.71</u>	<u>3,263.89</u>

Cash credit and overdraft facilities from HDFC Bank Ltd. carries rate of interest of 8.25% to 10.50% per annum (previous year: 8.85% to 10.25% per annum) and Yes Bank Ltd. carries rate of interest of 8.90% to 10.50% per annum (previous year: 9.05% to 10.10% per annum), computed on a monthly basis on the actual amount utilized, and are repayable on demand. These are secured by part payment charge by way of hypothecation of inventory 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	Jan-23	Sep-22	Dec-22	Mar-23
Current Assets as per Statement filed with Bank	8,638.55	7,460.47	8,062.63	7,758.61
Add: Reconciliation of Items not considered in the Statement filed with the bank	-	-	-	-
Related party debtors & Scrap Debtors	854.99	997.85	1,226.77	959.01
Advance to debtors	(36.57)	(40.62)	(96.91)	(14.97)
Inventory in Transit	(234.79)	(346.90)	(216.46)	(251.52)
Valuation Difference	295.24	491.92	97.18	239.48
Balance as per Financial Statements	<u>7,527.48</u>	<u>8,562.72</u>	<u>9,103.13</u>	<u>8,682.61</u>

	31 Mar 2023	31 Mar 2022
<b>9 Trade payables</b>		
Trade payables for goods and services		
- Due to micro and small enterprises	67.52	31.40
- Due to others		
Acceptances	65.66	400.71
Trade payables	688.83	951.62
	<u>820.81</u>	<u>1,383.74</u>

For dues to micro and small suppliers (Refer Note 38)

Trade payable Aging Schedule  
As at March 31, 2023

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	50.67	16.85	-	-	-	67.52
(ii) MSME-Disputed	-	-	-	-	-	-
(i) Others	445.26	242.98	43.58	1.08	15.59	752.49
Total	<u>495.93</u>	<u>259.83</u>	<u>43.58</u>	<u>1.08</u>	<u>15.59</u>	<u>820.81</u>

Trade payable Aging 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	14.12	13.90	-	-	-	28.01
(ii) MSME-Disputed	-	-	3.37	0.02	-	3.39
(i) Others	873.13	455.36	4.20	2.81	14.83	1,348.34
Total	<u>887.25</u>	<u>469.26</u>	<u>7.57</u>	<u>2.83</u>	<u>14.83</u>	<u>1,381.74</u>



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## Gala Precision Engineering Private Limited

### Notes to financial statements (Continued)

for the year ended 31 March 2022

(Currency : Indian Rupee)

(Amt in Lakhs)

#### 10 Other current liabilities

	31 Mar 2021	31 Mar 2022
Advance received from customers	32.64	41.68
Other advances	-	15.00
Other Deposit	65.98	30.00
Forward contracts payable (net)	284.27	-
<b>Statutory dues :</b>		
Withholding Tax payable	47.62	49.10
Sales tax payable	-	5.24
GST payable	8.01	1.23
Other statutory liabilities	11.26	12.89
Liability for Revenue Expenses	342.23	254.28
Liability For Employee Benefit Expenses	258.27	261.40
Other Payables	22.46	17.28
	<b>981.76</b>	<b>682.16</b>



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## Gala Precision Engineering Private Limited

### Notes to financial statements (Continued)

for the year ended 31 March 2023

(Currency : Indian Rupees)

(Amt in Lakhs)

#### 11 Property, plant and equipment and Intangible assets

Description	Gross block			Accumulated depreciation/amortisation		Net block	
	As at 1 April 2022	Additions during the year	Deductions during the year	As at 1 April 2022	Charge for the year #	As at 31 March 2023	As at 31 March 2022
<b>Property, plant and equipment</b>							
Borewell	1.85	-	-	0.08	0.35	0.43	1.42
Freehold land	86.85	-	-	-	-	-	86.85
Leasehold land	143.93	287.57	143.93	32.90	1.75	0.69	286.88
Leasehold improvements	156.49	36.09	-	27.55	4.99	32.54	160.04
Factory building	1,140.90	2.31	73.39	373.57	28.50	369.34	767.33
Plant and machinery	3,581.94	325.37	10.57	1,311.49	299.28	1,531.68	2,270.45
Effluent Treatment Plant	15.05	-	-	0.40	0.71	1.11	14.65
Electrical installation	228.10	8.08	19.93	150.92	13.24	147.08	49.17
Computers	123.55	22.44	6.58	105.69	11.88	111.02	27.99
Vehicles	115.68	9.22	19.40	25.77	13.90	26.86	78.64
Furniture and fixtures	516.33	19.52	142.13	332.14	34.36	234.04	184.19
Office equipments	102.19	13.76	11.22	79.41	6.92	75.03	22.78
Spares, tools and	49.66	10.20	0.98	40.59	5.76	45.37	9.07
Dies and moulds	461.02	33.76	1.56	299.46	71.33	369.23	123.99
	<b>6,723.54</b>	<b>768.32</b>	<b>430.19</b>	<b>2,779.97</b>	<b>402.97</b>	<b>2,924.42</b>	<b>4,137.25</b>
<b>Intangible assets</b>							
Development cost	1,976.94	291.95	-	436.80	185.92	623.72	1,646.17
Lean Improvement	150.12	-	-	43.00	21.45	64.45	107.12
Computer Software	99.18	7.65	0.55	62.68	7.98	70.12	36.50
	<b>2,226.24</b>	<b>299.60</b>	<b>0.55</b>	<b>542.48</b>	<b>215.35</b>	<b>757.29</b>	<b>1,768.09</b>
<b>Total</b>	<b>8,949.78</b>	<b>1,067.92</b>	<b>430.74</b>	<b>3,322.45</b>	<b>618.32</b>	<b>3,681.71</b>	<b>5,985.25</b>

#### 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 containing evidence of legal ownership of the Buildings.

ii) Total borrowing costs capitalised during the year is Rs. 8.39 Lakhs (previous year: Rs. 2.91 Lakhs).

iii) The Company has capitalised depreciation of Rs. 22.9 Lakhs (previous year: Rs. 24.56 Lakhs) and transferred to capital work-in-progress, hence net depreciation of Rs. 595.41 Lakhs is treated as a charge to Statement of Profit and Loss.



## Gala Precision Engineering Private Limited

for the year ended 31 March 2023

(Amt in Lakhs)

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

v) Development costs capitalised during the year includes:

	31 Mar 2023	31 Mar 2022
Raw material	3.48	1.58
Personnel costs	178.18	172.17
Process costs	33.09	59.16
Testing costs	2.50	1.01
Job-work cost	40.77	37.46
Technical fees and other expenses	33.84	35.14
	291.86	311.12

	31 Mar 2023	31 Mar 2022
	125.01	12.55

### 11A. Capital Work in Progress

CWIP aging schedule as at 31st Mar-23

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	114.50	-	0.85	-	9.57	125.01
	(2.98)	-	-	(6.26)	(3.31)	(12.55)

\*Figures in brackets are in respect of previous year

### 11B. Intangible assets under development

Intangible assets under development aging schedule as at 31st Mar-23

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	345.50	-	-	-	-	345.50
	(293.30)	-	-	-	-	(293.30)

\*Figures in brackets are in respect of previous year



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## Gala Precision Engineering Private Limited

### Notes to financial statements (Continued)

for the year ended 31 March 2022

(Currency: Indian Rupees)

(Amt in Lakhs)

### II. Property, plant and equipment and Intangible assets (previous year figures)

Description	Gross block		Accumulated depreciation/amortisation			Net block			
	As at 1 April 2021	Reclassification to assets * during the year	Additions during the year	Reductions during the year	As at 31 March 2022	Charge for the year	On deletions during the year	As at 31 March 2022	As at 31 March 2021
<b>Property, plant and equipment</b>									
Boosevell	-	-	1.85	-	-	0.08	-	0.08	-
Froehold land	86.85	-	86.85	-	-	-	-	-	86.85
Leasehold land	143.93	-	143.93	-	-	2.64	-	32.90	111.03
Leasehold improvements	156.49	-	156.49	-	-	4.98	-	27.55	128.94
Factory building	1,099.56	39.18	1,140.91	0.04	334.32	30.27	0.01	373.56	767.35
Plant and machinery	3,452.30	-	197.77	68.13	1,157.09	201.32	46.91	1,311.59	2,270.44
Effluent Treatment Plant	-	-	15.05	-	-	0.40	-	0.40	14.65
Electrical installation	229.29	-	13.07	12.26	149.25	13.27	11.59	156.03	77.17
Computers	120.95	-	9.14	15.54	123.55	12.60	14.76	105.79	17.85
Vehicles	124.63	-	67.64	76.59	71.86	9.54	55.63	25.77	89.91
Furniture and fixtures	530.78	-	3.98	18.43	516.33	35.01	17.20	532.13	164.20
Office equipments	128.91	-	2.83	20.56	68.22	9.27	28.08	79.41	32.77
Spares, tools and	57.82	-	0.08	8.24	42.38	-	5.64	46.58	9.08
Dues and rentals	552.07	-	43.10	134.14	461.03	81.62	126.85	299.46	161.57
	6,692.58	39.18	354.72	362.91	6,723.55	406.94	308.77	2,779.97	3,943.58
<b>Intangible assets</b>									
Development cost	2,314.38	-	311.13	672.56	1,976.95	705.55	213.31	436.80	1,540.15
Lease improvement	150.12	-	-	-	150.12	21.56	-	43.01	107.11
Computer Software	85.08	-	16.56	2.45	99.19	57.55	7.44	62.68	36.51
	2,573.58	-	327.69	675.01	2,226.26	784.66	-	542.49	1,683.77
<b>Total</b>	<b>9,266.16</b>	<b>39.18</b>	<b>682.41</b>	<b>1,037.94</b>	<b>8,949.81</b>	<b>3,657.48</b>	<b>649.14</b>	<b>3,322.46</b>	<b>5,627.35</b>
Previous year	8,402.14	-	804.01	-	9,206.16	2,847.70	-	3,457.49	5,748.67

#### Notes

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

ii) Total borrowing costs capitalised during the year is Rs. 2.91 Lakhs (previous year: Rs. 18.66 Lakhs).

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 Lakhs and accumulated depreciation is Rs.8.87 Lakhs.

iv) The Company has capitalised depreciation of Rs. 24.57 Lakhs (previous year: Rs. 27.85 Lakhs) and transferred to capital work-in-progress, lease net depreciation of Rs. 624.56 Lakhs 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 2023

(Currency : Indian Rupees)

(Amt in Lakhs)

	31 Mar 2023	31 Mar 2022
<b>12 Investment property</b>		
Cost	-	39.18
Less: Reclassification of Investment Property to Property, Plant & Equipment	-	39.18
	<u>-</u>	<u>-</u>
<b>13 Non-current investments</b>	<b>31 Mar 2023</b>	<b>31 Mar 2022</b>
<i>(Valued at cost unless stated otherwise)</i>		
<i>(Long term, Trade unquoted)</i>		
<b>Investment in wholly owned subsidiary company</b>		
Gala Precision Components (Shanghai) Private Limited, China	-	745.71
<b>Investment in Subsidiary</b>		
Gala Springs LLP	24.00	-
<u>Name of partner</u>		
Gala Precision Eng Pvt Ltd	<u>Share</u>	
Sweet Kirit Gala	92%	
	8%	
	<u>24.00</u>	<u>745.71</u>
Aggregate book value of unquoted non-current investments.	24.00	745.71



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# Gala Precision Engineering Private Limited

## Notes to financial statements (Continued)

for the year ended 31 March 2023

(Currency : Indian Rupees)

(Amt in Lakhs)

### 14 Loans and advances

	31 Mar 2023		31 Mar 2022	
	Non-current portion	Current portion	Non-current portion	Current portion
<b>To parties other than related parties</b>				
Capital advances <i>(Unsecured and considered good)</i>	62.99	-	44.35	-
	<u>62.99</u>	<u>-</u>	<u>44.35</u>	<u>-</u>
<b>Security deposits (unsecured)</b>				
Considered good	97.77	-	61.10	-
	<u>97.77</u>	<u>-</u>	<u>61.10</u>	<u>-</u>
<b>Advances to creditors (unsecured)</b>				
Considered good	-	177.43	-	196.67
Considered doubtful	-	2.00	-	2.00
Less: Provision for doubtful advance to creditors	-	(2.00)	-	(2.00)
	<u>-</u>	<u>177.43</u>	<u>-</u>	<u>196.67</u>
<i>Unsecured and considered good</i>				
Loans and advances to employees	-	61.37	-	28.72
Balances with Statutory Authorities	-	81.58	35.30	192.91
Minimum alternate tax credit receivable	5.90	-	218.59	-
Income tax receivable (net of Provision)	107.04	-	-	-
Prepaid Expenses	-	61.55	-	50.62
Export benefits receivable	-	31.68	-	135.17
	<u>112.93</u>	<u>236.18</u>	<u>253.89</u>	<u>407.42</u>
	<u>273.69</u>	<u>413.61</u>	<u>359.34</u>	<u>604.09</u>



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# Gala Precision Engineering Private Limited

## Notes to financial statements (Continued)

for the year ended 31 March 2023

(Currency : Indian Rupees)

(Amt in Lakhs)

15 Inventories	31 Mar 2023	31 Mar 2022
<i>(Valued at lower of cost and net realisable value)</i>		
Raw material	2,022.86	2,004.03
Work-in-progress	1,398.51	1,106.63
Finished goods [including in-transit] *	1,245.97	1,080.44
Stores and spares	345.26	256.01
	<u>5,012.60</u>	<u>4,447.11</u>
Less: Provision for non-moving stock	-	3.00
	<u>5,012.60</u>	<u>4,444.11</u>

\* including goods-in-transit Rs. 571.87 Lakhs (previous year: Rs. 408.64 Lakhs)

16 Trade receivables	31 Mar 2023	31 Mar 2022
<i>(Unsecured)</i>		
Trade Receivables, Unsecured		
- Considered good	3,670.02	3,052.26
- Considered doubtful	-	15.93
	<u>3,670.02</u>	<u>3,068.19</u>
Less : Provision for doubtful debts	-	15.93
	<u>3,670.02</u>	<u>3,052.26</u>

### Trade receivables Ageing Schedule As at March 31, 2023

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	1,816.80	1,476.76	272.27	36.09	36.17	31.92	3,670.02
Undisputed Trade receivables - considered doubtful	-	-	-	-	-	-	-
<b>Total.....</b>	<b>1,816.80</b>	<b>1,476.76</b>	<b>272.27</b>	<b>36.09</b>	<b>36.17</b>	<b>31.92</b>	<b>3,670.02</b>

### 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	1,410.18	1,395.83	141.39	55.77	17.07	32.02	3,052.26
Undisputed Trade receivables - considered doubtful	-	-	-	2.05	6.71	7.18	15.93
<b>Total.....</b>	<b>1,410.18</b>	<b>1,395.83</b>	<b>141.39</b>	<b>57.82</b>	<b>23.78</b>	<b>39.19</b>	<b>3,068.19</b>



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# Gala Precision Engineering Private Limited

## Notes to financial statements (Continued)

for the year ended 31 March 2023

(Currency : Indian Rupees)

(Amt in Lakhs)

17 Cash and cash equivalents	31 Mar 2023	31 Mar 2022
Cash and cash equivalents		
- Cash on hand	4.37	6.65
- Balances with scheduled banks in Current accounts	<u>19.46</u>	<u>17.44</u>
	<u>23.83</u>	<u>24.09</u>
Other bank balances		
- Margin money	1,136.49	214.16
- Current account held at a foreign branch	<u>10.45</u>	<u>-</u>
	<u>1,146.94</u>	<u>214.16</u>
	<u>1,170.77</u>	<u>238.24</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 2023	31 Mar 2022
<i>(Unsecured, considered good unless otherwise stated)</i>		
Interest accrued on margin deposits	6.85	2.22
Forward contracts receivable (net)	-	39.05
Deferred premium on forward contracts	<u>57.87</u>	<u>31.32</u>
	<u>64.72</u>	<u>72.59</u>




# Gala Precision Engineering Private Limited

## Notes to financial statements (Continued)

for the year ended 31 March 2023

(Currency : Indian Rupees)

(Amt in Lakhs)

19 Revenue from operations	31 Mar 2023	31 Mar 2022
<b>Sale of products</b>		
Springs, Parts and Assemblies	15,218.76	12,708.04
Surface Engineering Solutions	389.51	1,031.08
Sale of products (net)	15,608.27	13,739.12
<b>Sale of services</b>		
Springs, Parts and Assemblies	7.54	17.53
Surface Engineering Solutions	3.41	2.13
	10.95	19.66
<b>Other operating income</b>		
Sale of Scrap	648.08	530.04
Export Incentive Incomes	111.29	79.60
	759.37	609.64
	16,378.59	14,368.42

20 Other income	31 Mar 2023	31 Mar 2022
Net gain on foreign currency transactions	-	105.65
Profit on sale of fixed assets (net)	3.14	-
Insurance claim received	-	2.24
Sundry balances written back	0.85	5.40
Discount on Forward Contracts	103.26	95.08
Interest on margin money/others	49.66	10.74
Rent received	-	18.90
Miscellaneous income	3.93	-
	160.84	238.01



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# Gala Precision Engineering Private Limited

## Notes to financial statements (Continued)

for the year ended 31 March 2023

(Currency : Indian Rupees)

(Amt in Lakhs)

### 21 Cost of materials consumed

Inventory of materials at the beginning of the year  
Add: Purchases during the year  
Less : Inventory of materials at the end of the year

31 Mar 2023	31 Mar 2022
2,004.03	1,122.85
7,091.59	6,796.33
2,022.85	2,004.03
<u>7,072.77</u>	<u>5,915.15</u>



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## Gala Precision Engineering Private Limited

### Notes to financial statements (Continued)

for the year ended 31 March 2023

(Currency : Indian Rupees)

(Amt in Lakhs)

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

	31 Mar 2023			31 Mar 2022		
	Opening inventory	Closing inventory	(Increase) / Decrease in inventory	Opening inventory	Closing inventory	(Increase) / Decrease in inventory
<b>Manufactured goods</b>						
Springs, Parts and Assemblies	1,041.85	1,242.71	(200.86)	1,006.14	1,041.85	54.29
Surface Engineering Solutions	38.59	3.26	35.33	9.31	38.59	(29.28)
	<u>1,080.44</u>	<u>1,245.97</u>	<u>(165.53)</u>	<u>1,105.45</u>	<u>1,080.44</u>	<u>25.01</u>
<b>Work-in-progress</b>						
Springs, Parts and Assemblies	1,064.91	1,400.24	(335.33)	927.23	1,064.91	(137.68)
Surface Engineering Solutions	41.72	(1.75)	43.47	65.69	41.72	23.97
	<u>1,106.63</u>	<u>1,398.49</u>	<u>(291.86)</u>	<u>992.91</u>	<u>1,106.63</u>	<u>(113.71)</u>
	<u>2,187.07</u>	<u>2,644.46</u>	<u>(457.39)</u>	<u>2,098.37</u>	<u>2,187.07</u>	<u>(88.70)</u>



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## Gala Precision Engineering Private Limited

### Notes to financial statements (Continued)

for the year ended 31 March 2023

(Currency : Indian Rupees)

(Amt in Lakhs)

	31 Mar 2023	31 Mar 2022
<b>23 Employee benefit Expenses</b>		
Salaries, wages and bonus	1,940.03	1,836.83
Contribution to provident and other funds	119.11	149.83
Staff welfare expense	122.08	81.95
	<u>2,181.22</u>	<u>2,068.61</u>
<b>24 Finance costs</b>		
Interest expense		
- on term loans	113.53	104.91
- on working capital	222.38	179.16
- on unsecured loans	157.11	186.77
Finance charges	16.95	15.30
	<u>509.97</u>	<u>486.14</u>
<b>25 Depreciation and amortisation</b>		
Depreciation on property, plant and equipment	402.97	406.93
Amortisation on intangible assets	215.34	242.19
Less: Transferred to Capital Work in Progress (Refer Note 11)	(22.90)	(24.57)
	<u>595.41</u>	<u>624.55</u>



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# Gala Precision Engineering Private Limited

## Notes to financial statements (Continued)

for the year ended 31 March 2023

(Currency : Indian Rupees)

(Amt in Lakhs)

26 Other expenses	31 Mar 2023	31 Mar 2022
Consumption of stores and spare parts	608.53	480.89
Packing material consumed	224.74	198.60
Power and fuel	532.67	458.15
Labour charges	2,026.22	1,833.71
Testing expenses	56.68	67.50
Rent	26.38	10.32
Repairs and maintenance		
- Building	30.22	14.32
- Plant and machinery	40.42	31.68
- Others	66.79	56.98
Insurance	84.55	69.18
Rates and taxes	34.34	22.15
Travelling expenses	103.54	41.61
Legal and professional fees	68.91	84.99
Payment to statutory auditors	4.58	5.05
Commission	5.74	11.17
Business promotion	108.78	86.58
Bank charges	29.32	21.98
Telephone and other communication expenses	6.30	7.05
Printing and stationery	9.27	12.68
Provision for doubtful debts	-	2.28
Loss on sale of property, plant and equipment (net)	-	43.95
Intangible Assets written off	-	190.51
Conveyance and vehicle expenses	163.93	169.18
Bad debts written-off	27.60	-
Less: Provision for Doubtful Debts written back	(15.93)	40.78
Recruitment	4.45	0.46
Freight outward	283.08	312.10
Computer expenses	43.90	38.77
Security expenses	37.10	34.61
Interest on Statutory Dues	5.92	6.61
Discounts to customers	35.59	43.87
Donation	0.99	0.72
CSR Activity Expenses	10.60	-
Net loss on foreign currency transactions	21.13	-
FPS License expenses	-	26.31
Miscellaneous expenses	17.18	19.64
	<u>4,703.52</u>	<u>4,444.38</u>
Note: Payments to auditors	31 Mar 2023	31 Mar 2022
As auditor		
Statutory audit	4.00	4.00
Others services	0.58	1.05
	<u>4.58</u>	<u>5.05</u>
27 Exceptional Items	31 Mar 2023	31 Mar 2022
Profit on Sale of Property, Plant & Equipment (Refer Note 45)	675.94	-
Loss on sale of Investment in Wholly owned subsidiary (Refer Note 31)	(735.71)	-
Income from Sale of Intangible assets of SES business (Refer Note 28)	300.00	-
	<u>240.23</u>	<u>-</u>





# Gala Precision Engineering Private Limited

## Notes to financial statements (Continued)

for the year ended 31 March 2023

(Currency: Indian Rupees)

(Unit in Lakhs)

### 27 Earnings per share

#### Basic earnings per share

The calculation of basic earnings per share for the year ended 31 Mar 2023 was based on the net profit attributable to equity shareholders of Rs. 1,721.21 Lakhs (previous year: Rs. 817.21 Lakhs), 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 2023 was based on the net profit attributable to equity shareholders of Rs. 1,721.21 Lakhs (previous year: Rs. 817.21 Lakhs), 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: 25,72,496).

#### Earnings

	31 Mar 2023	31 Mar 2022
(a) Net profit attributable to equity shareholders	1,721.21	817.21
(b) Face value per share	10	10
(c) Net profit attributable to equity shareholders	1,721	817
(d) Number of shares outstanding	25,27,896	25,27,896
(e) Basic EPS	68.89	0.00
(f) Diluted earnings per share	66.91	0.00

#### Shares

Particulars	31 Mar 2023	31 Mar 2022
Number of shares considered as basic weighted average shares outstanding	25,27,896	25,27,896
Add: Effect of ESOP granted	44,600	44,600
Number of shares considered as weighted average shares and potential shares outstanding	25,72,496	25,72,496

### 28 Discontinuing Operations:

On 23rd June, 2022, the Board of Directors ratified the decision of the management to dispose of Company's Surface Engineering Solutions division, which is also a separate segment as per AS 17, Segment Reporting. The disposal is consistent with the company's long-term strategy to focus its activities in the areas of Springs, Pumps, Fasteners and Assemblies, and to divest unrelated activities. On 31st May, 2022, the Company signed a contract to sell the SES Division to S M Systems Pvt Ltd for Rs. 300 Lakhs.

The Company sold the intangible assets of SES business relating to Deburring & Polishing Systems & related Media Chemicals and remaining Property, Plant & Equipment has been put to use for other business units during the year ended 31st Mar, 2023. The amounts of other assets comprising of "Assets and Liabilities" are regular business transactions which in view of the management are likely to be settled or disposed in due course of time.

"The amount of revenue and expenses in respect of the ordinary activities attributable to the discontinuing operation during the current half year are as under"

Particulars	31 Mar 2023
Revenue from operations	164.91
Profit Before Tax	164.91

As per Management, only those income & expenses directly attributable to the discontinuing operations are considered for disclosure.

### 29 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. 77.39 Lakhs (previous year: Rs. 78.77 Lakhs).



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Gala Precision Engineering Private Limited

Notes to financial statements (Continued)  
for the year ended 31 March 2023

(Currency - Indian Rupees)

(Amount in Lakhs)

29 Employee benefits (Continued)

(B) Defined Benefit Plan

The Company operates one post-employment defined benefit plan 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 2023	31 Mar 2022
Fair value of plan assets	26.63	82.59
Present value of obligations	407.71	454.51
Asset/(Liability) recognised in balance sheet	(401.52)	(342.35)

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 2023	31 Mar 2022
Non-Current	350.82	302.97
Current	50.70	89.34
	<u>401.52</u>	<u>392.35</u>

Composition of plan assets

	31 Mar 2023	31 Mar 2022
Qualifying insurance policies	26.63	82.59

Movement in present value of defined benefit obligations

	31 Mar 2023	31 Mar 2022
Defined benefit obligation at 1 April	454.51	413.43
Current service cost	39.76	38.27
Interest cost	29.47	27.40
Fast service cost (vested benefits)	-	-
Actuarial (gain) / losses	(30.51)	1.68
Benefits paid by the plan	(85.52)	(26.27)
Defined benefit obligation at 31 March	<u>407.71</u>	<u>454.51</u>

Movement in fair value of plan assets

	31 Mar 2023	31 Mar 2022
Fair value of plan assets at 1 April	82.59	75.42
Contributions paid into the plan	27.46	26.27
Benefits paid by the plan	(85.52)	(26.27)
Expected return on plan assets	3.88	6.27
Actuarial (losses) / gains	(1.79)	(2.10)
Fair value of plan assets at 31 March	<u>26.63</u>	<u>82.59</u>



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## Gala Precision Engineering Private Limited

Notes to financial statements (Continued)  
for the year ended 31 March 2023

Currency: Indian Rupee

(Amount in Lakhs)

### 29 Employee benefits (Continued)

#### Expense recognized in Statement of Profit and Loss

	31 Mar 2023	31 Mar 2022
Current service cost	39.76	38.27
Interest on obligation	29.47	27.40
Past service cost (vested benefits)	-	-
Expected return on plan assets	(3.88)	(6.27)
Actuarial loss	(28.71)	3.77
Total included in 'employee benefits'	<u>36.63</u>	<u>63.17</u>

#### Actual return on plan assets

	31 Mar 2023	31 Mar 2022
Expected return on plan assets	3.88	6.27
Actuarial gain/(loss) on plan assets	(1.79)	(2.19)
Actual return on plan assets	<u>2.09</u>	<u>4.17</u>

#### Principal actuarial assumptions

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

	31 Mar 2023	31 Mar 2022
Discount rate as at 31 March	7.16%	6.86%
Expected return on plan assets as at 1 April	7.09%	7.88%
Future salary increases	8.09%	8.09%

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 2023	31 March 2022	31 March 2021	31 March 2020
<b>Gratuity</b>				
Defined benefit obligation	487.71	454.51	413.43	312.02
Fair value of plan assets	28.63	82.59	78.42	62.40
(Surplus) / deficit in the plan	(481.52)	(372.33)	(305.79)	(249.62)
Experience adjustments arising on plan liabilities	38.51	(3.08)	(18.34)	(18.16)
Experience adjustments arising on plan assets	1.79	2.10	(0.33)	0.00

The Company expects Rs.2,341,146/- in contribution to be paid to its defined benefit plans in the next year (previous year:Rs.2,708,291/-)

#### Principal actuarial assumptions for compensated absences

	31 Mar 2023	31 Mar 2022
Discount rate as at 31 March	7.16%	6.86%
Future salary increases	8.09%	8.09%
Amount debited to Statement of Profit and Loss	<u>57.37</u>	<u>12.07</u>



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## Gala Precision Engineering Private Limited

Notes to financial statements (Continued)  
for the year ended 31 March 2023

(Currency - Indian Rupee)

(Amount in Lakhs)

### 30 Leases

#### Operating leases as lessee

The Company had taken office Building on lease.

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

	31 Mar 2023	31 Mar 2022
Payable within one year	45.58	-
Payable between one and five years	177.89	-
<b>Total</b>	<b>223.47</b>	<b>-</b>

During the year, an amount of Rs. 14.82 Lakhs was recognised as rent expense in the Statement of Profit and Loss (previous year: Rs. Nil).

### 31 Due from Gala Precision Components (Shanghai) Private Limited, China. ('Gala China' or 'Step down subsidiary')

The Company has undergone a strategic transfer of its investments in subsidiary Gala Precision Components (Shanghai) Private Limited (Gala China) to its group company Gala Springs LLP at a nominal value of Rs. 10 lacs. Consequently, the remaining investment amount of Rs. 735.71 Lakhs was written off in the books. Simultaneously, the company has taken proactive steps to transfer its China business to its distributor. Going forward, the company will sell products to the local distributor who will then sell to Chinese customers. Given the circumstances of the investment transfer, cessation of losses, and the shift to a distributor model, the Company expects to collect outstanding receivables as of March 2023 amounting to Rs. 893 Lakhs due from Gala China hence, no provision is considered necessary at this stage by management.

As required by section 135 of Companies Act, 2013 and Rules thereon, a Corporate social responsibility committee has been formed by the Company. The Company has spent the following amount during the year towards corporate social responsibility (CSR) for activities listed under schedule VII of the Companies Act, 2013.

	31 Mar 2023
Gross amount required to be spent by the Company	18.60
Amount spent by the Company during the year on purpose other than construction/ acquisition of assets	18.60
Shortfall at the end of the year	(0.00)
Total of previous year short fall	NA
Reason for shortfall	NA
Nature of CSR Activities	Education



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# Gala Precision Engineering Private Limited

## Notes to financial statements (Continued)

for the year ended 31 March 2023

(Currency : Indian Rupees)

33 Ratios		31 Mar 2023	31 Mar 2022	
1	Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	1.82	1.49
2	Debt-Equity Ratio	$\frac{\text{Total Debts}}{\text{Shareholder'S Equity}}$	0.69	0.85
3	Debt Service Coverage Ratio*	$\frac{\text{Earning Before Tax+ Finance Cost}}{\text{Finance Cost + Principal Repayment due next year}}$	2.76	1.92
4	Return On Equity (%) **	$\frac{\text{Net Profit After Tax}}{\text{Average Shareholder Equity}}$	22.69%	12.94%
5	Inventory Turnover Ratio	$\frac{\text{Total Sales}}{\text{Average Inventory}}$	3.46	3.66
6	Trade Receivables Turnover Ratio**	$\frac{\text{Total Sales}}{\text{Avg Accounts Receivable}}$	4.87	5.00
7	Trade Payables Turnover Ratio****	$\frac{\text{Purchases During The Year}}{\text{Average Trade Payables}}$	6.41	5.26
8	Net Capital Turnover Ratio***	$\frac{\text{Net Sales}}{\text{Average Working Capital Loan}}$	2.16	2.19
9	Net Profit Ratio (%) **	$\frac{\text{Net Profit After Tax}}{\text{Net Sales}}$	10.51%	5.69%
10	Return On Capital Employed (%) **	$\frac{\text{Earning Before Interest And Tax}}{\text{Capital Employed}}$	16.14%	12.52%

\* 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



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## Gala Precision Engineering Private Limited

### Notes to financial statements (Continued)

for the year ended 31 March 2023

(Currency: Indian Rupees)

#### 34 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 Whistleblower 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	<b>Terms &amp; conditions of various options granted under Gala ESOP 2021</b>	
	Exercise Price	Rs. 350/-
	Vesting period	100% vesting on 14th January 2024
	Exercise Period	5 years from the date of grant
2	<b>ESOP Summary:</b>	
	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	<b>ESOP Summary (transactions during the year)</b>	
	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	<b>Weighted average exercise price for:</b>	
	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	<b>Range of exercise price of options outstanding at the end of the year</b>	Rs. 350/- per Option
6	<b>Weighted average contractual life of Options outstanding at the end of the year</b>	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 2023

(Currency : Indian Rupee)

(And in Lakhs)

35 Segment information

	Springs, Parts, Fasteners and Assemblies		Surface Engineering Solutions		Unallocated		Total	
	31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022
<b>REVENUE</b>								
External sales and service income	15,980.64	13,320.80	397.95	1,047.62	-	-	16,378.59	14,369.42
Less: Inter-segment sales	-	-	-	-	-	-	-	-
Total revenue	15,980.64	13,320.80	397.95	1,047.62	-	-	16,378.59	14,369.42
<b>RESULT</b>								
Segment result	3,125.47	2,277.55	(86.14)	(10.53)	-	-	3,039.31	2,267.02
Unallocated corporate expenses								
Financial charges	475.45	452.20	34.50	33.88	-	-	509.95	486.14
Depreciation	580.99	397.72	14.43	26.84	-	-	595.42	624.56
Profit before exceptional items and tax	2,069.03	1,227.57	(135.09)	(71.25)	-	-	1,933.94	1,156.32
Add: Exceptional items	-	-	300.00	-	(59.77)	-	240.23	-
Profit before tax	-	-	-	-	-	-	2,174.17	1,156.32
Less: Current tax	-	-	-	-	-	-	306.00	325.00
Add: MAT Entitlement	-	-	-	-	-	-	-	(21.11)
- Deferred tax charge	-	-	-	-	-	-	(53.48)	13.79
- Deferred tax charge of Earlier years	-	-	-	-	-	-	126.14	-
Add: Current tax adjustments of earlier years	-	-	-	-	-	-	86.30	21.31
<b>Profit for the Year</b>							1,721.21	817.83
Income from discontinuing operations	-	-	164.91	-	-	-	164.91	-
<b>Profit from Continuing operations</b>							1,556.30	817.83

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Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2023

(Currency - Indian Rupee)

(Amt in Lakhs)

35 Segment information (continued)

	Springs, Parts, Fasteners and Assemblies		Surface Engineering Solutions		Unallocated		Total	
	31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022
<b>OTHER INFORMATION</b>								
Segment assets	14,926.28	15,194.74	477.18	1,862.74	1,311.97	1,188.02	16,715.35	15,454.54
Segment liabilities	1,693.33	2,069.16	178.69	264.63	8,991.51	7,426.51	10,858.53	9,760.30
Secured Loans	-	-	-	-	4,849.74	4,264.59	4,849.74	4,266.59
Unsecured Loans	-	-	-	-	1,016.15	1,424.63	1,016.15	1,424.63
Total liabilities	1,693.33	2,069.16	178.69	264.63	14,851.40	13,315.76	16,715.41	15,451.34
Provision for doubtful debts	(0.83)	3.16	8.03	32.77	-	-	-	15.93
Profit/(Loss) on sale/write off of assets	(0.84)	(226.38)	(1.82)	(8.08)	-	-	(1.83)	(234.46)
Capital Expenditure	1,217.59	672.34	-	(137.58)	-	91.82	1,217.59	628.58

**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, tubulars, railways, automobiles and off high way vehicles. The Surface Engineering Solutions segment manufactures centrifugal finishing machines, washing systems and media chemicals. During the year, the company has sold the intangible assets of Surface Engineering Solutions business relating to Deburring & Polishing Systems & related Media Chemicals and remaining Property, Plant & Equipment has been put to use for other business units during the year ended 31st Mar, 2023 and hence the said division is discontinued.

**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.

35 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.

Sales Revenue by geographical market	31 Mar 2023	31 Mar 2022
- within India	10,441.59	9,116.54
- outside India	5,937.00	3,251.88
Total revenue	16,378.59	14,368.42

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

Assets by geographical market	31 Mar 2023	31 Mar 2022
- within India	15,242.10	13,978.90
- outside India	1,763.88	1,470.65
	17,005.98	15,449.54





Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2023

(Currency - Indian Rupee)

(Amt in Lakhs)

36 Related party disclosures

A) List of related parties

Parties whose control exists

- Subsidiary

Gala Springs LLP wef 31st Mar-23

Gala Precision Components (Shanghai) Private Limited (Wholly own subsidiary upto 31st Mar-

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

- Key Managerial Personnel

Mr. Kiran Gala - Managing Director

Mr. Balkrishan Jalan, Executive Director

Mr. Satish Koriwani, Business Development Director

- Entity in which Directors having substantial interest

Vishangi H. Gala - HUF

Kirit V. Gala - HUF

Workamp Spaces Pvt. Ltd.

Balkrishan Jalan - HUF

- Relatives of Key Managerial personnel

Mrs. Tamara V Gala - Mother of Mr. Kiran V Gala

Mrs. Ramesh K Gala - Wife of Mr. Kiran V Gala

Mrs. Alpa Chheda - Sister of Mr. Kiran V Gala

Mrs. Nayna Gala - Sister of Mr. Kiran V Gala

Mr. Smart Kiran Gala - Son of Mr Kiran V Gala



Gala Precision Engineering Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2023

(Currency : Indian Rupee)

(Amount in Lakhs)

36 Related party disclosures (Continued)

B) Transactions with Related Parties

Particulars	Entity in which Directors having substantial interest		Subsidiary		Other Related Party		Key Managerial Personnel		Total	
	31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022
<b>Sale of goods:</b>										
Gala Precision Components (Shanghai) Private Limited	-	-	741.45	801.76	-	-	-	-	741.45	801.76
<b>Purchase of goods:</b>										
Gala Precision Components (Shanghai) Private Limited	-	-	-	21.65	-	-	-	-	-	21.65
<b>Other Expenses:</b>										
Workamp Spaces Pvt. Ltd.	3.54	0.60	-	-	-	-	-	-	3.54	0.60
<b>Other Income:</b>										
State Workspaces Private	-	22.61	-	-	-	-	-	-	-	22.61
<b>Interest Expense:</b>										
Vishanji H Gala	-	-	-	-	4.20	6.69	-	-	4.20	6.69
Tanavati V Gala	-	-	-	-	1.67	1.16	-	-	1.67	1.16
Kari V Gala	-	-	-	-	-	-	28.12	32.20	28.12	32.20
Raviraj K Gala	-	-	-	-	3.33	3.05	-	-	3.33	3.05
Kirti V. Gala (HUF)	0.90	0.62	-	-	-	-	-	-	0.90	0.62
Alpa Chheda	-	-	-	-	8.28	8.28	-	-	8.28	8.28
Nayna Gala	-	-	-	-	-	2.61	-	-	-	2.61
Satish Katiwari	-	-	-	-	-	-	-	0.79	-	0.79
Balvishnu Jalan (HUF)	-	1.14	-	-	-	-	-	-	-	1.14
Vishanji H Gala (HUF)	0.29	0.60	-	-	-	-	-	-	0.29	0.60



Gala Precision Engineering Private Limited

Notes to financial statements (Continued)  
for the year ended 31 March 2023

(Currency : Indian Rupee)

(Amt in Lakhs)

## Related party disclosures (Continued)

Particulars	Entity in which Directors having substantial interest		Subsidiary		Other Related Party		Key Managerial Personnel		Total	
	31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022
<b>Remuneration*</b>										
Kirti V Gala - Managing	-	-	-	-	-	-	64.78	50.21	64.78	50.21
Balishan Jalan - Executive Director	-	-	-	-	-	-	86.21	73.58	86.21	73.58
Satish Kotharam - Business Development Director	-	-	-	-	-	-	67.47	58.08	67.47	58.08
Sneet Gala - AVP - Business Development	22.06	15.35	-	-	-	-	-	-	22.06	15.35
<b>Loan repaid:</b>										
Vishnuji H Gala	-	-	-	-	76.00	73.00	-	-	76.00	73.00
Taranati V Gala	-	-	-	-	36.00	10.50	-	-	36.00	10.50
Kirti V Gala	-	-	-	-	-	-	703.50	700.00	703.50	700.00
Ronak K Gala	-	-	-	-	82.50	45.50	-	-	82.50	45.50
Kirti V. Gala (HUF)	11.50	5.00	-	-	-	-	-	-	11.50	5.00
Nayna Gala	-	-	-	-	-	50.00	-	-	-	50.00
Balishan Jalan (HUF)	-	-	-	-	-	27.50	-	-	-	27.50
Satish Kotharam	-	-	-	-	-	19.00	-	-	-	19.00
Vishnuji Gala (HUF)	-	9.00	-	-	-	-	-	-	-	9.00



## Gala Precision Engineering Private Limited

### Notes to financial statements (Continued)

for the year ended 31 March 2023

(Currency : Indian Rupee)

(Amt in Lakhs)

#### ## Related party disclosures (Continued)

Particulars	Entity in which Directors having substantial interest		Subsidiary		Other Related Party		Key Managerial Personnel		Total	
	31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022
<b>Loans received:</b>										
Vishaji H Gala	-	-	-	-	76.00	23.00	-	-	76.00	23.00
Taranjit V Gala	-	-	-	-	30.00	3.50	-	-	30.00	3.50
Kirit V Gala	-	-	-	-	-	-	703.50	597.50	703.50	597.50
Ranjeet K Gala	-	-	-	-	52.50	23.00	-	-	52.50	23.00
Kirit V. Gala (HUF)	11.50	9.50	-	-	-	-	-	-	11.50	9.50
Vishaji Gala (HUF)	-	5.00	-	-	-	-	-	-	-	5.00
<b>Sale of stake in wholly owned subsidiary</b>										
Gala Springs LLP	-	-	10.00	-	-	-	-	-	10.00	-
<b>Balances:</b>										
Vishaji Gala	-	-	-	-	-	52.00	-	-	-	52.00
Taranjit Gala	-	-	-	-	-	10.00	-	-	-	10.00
Kirit V. Gala (HUF)	-	11.50	-	-	-	-	-	-	-	11.50
Alpa Chheda	-	-	-	-	92.00	92.00	-	-	92.00	92.00
Vishaji Gala (HUF)	3.25	3.25	-	-	-	-	-	-	3.25	3.25
<b>Investment in shares:</b>										
Gala Precision Components (Shanghai) Private Limited	-	-	-	745.71	-	-	-	-	-	745.71
Gala Springs LLP	-	-	24.00	-	-	-	-	-	24.00	-
<b>Other Advance:</b>										
Gala Springs LLP	-	2.79	-	-	-	-	-	-	-	2.79
<b>Trade receivables:</b>										
Gala Precision Components (Shanghai) Private Limited	-	-	893.00	745.85	-	-	-	-	893.00	745.85
Workamp Spaces Pvt Ltd	37.59	37.59	-	-	-	-	-	-	37.59	37.59
Sistem Workspaces Private Limited	8.71	11.35	-	-	-	-	-	-	8.71	11.35

\* Reimbursement 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 2023, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2022: 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.



# Gala Precision Engineering Private Limited

## Notes to financial statements (Continued)

for the year ended 31 March 2023

(Currency : Indian Rupees)

(Amt in Lakhs)

### 37 Contingent liabilities and commitments

	31 Mar 2023	31 Mar 2022
<i>Contingent Liabilities not provided for:</i>		
(a) Disputed Income Tax Demands	329.68	183.13
<i>Capital commitments</i>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	158.00	119.94
<i>Other Commitments</i>		
(a) Bank guarantees	84.28	32.27
(b) Letters of credit	62.54	112.83
	<u>146.83</u>	<u>145.10</u>

### 38 Dues to micro and small enterprises

The disclosures in respect of the amounts payable to the micro and small enterprises as at 31 March 2023 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 2023	31 Mar 2022
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
- Principal	67.52	31.40

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

### 39 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.

Forward exchange contracts (to hedge trade receivables)	31 Mar 2023		31 Mar 2022	
	Amount in lakhs (in original currency)	Amount (in INR Lakhs)	Amount in lakhs (in original currency)	Amount (in INR Lakhs)
USD	9.64	786.24	6.45	493.02
EURO	34.32	2,978.50	20.87	1,862.52



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# Gala Precision Engineering Private Limited

## Notes to financial statements (Continued)

for the year ended 31 March 2023

(Currency : Indian Rupees)

(Amt in Lakhs)

### 40 Unhedged foreign currency exposures

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

	31 Mar 2023		31 Mar 2022	
	Amount in lakhs (in original currency)	Amount (in INR Lakhs)	Amount in lakhs (in original currency)	Amount (in INR Lakhs)
<b>Trade receivables</b>				
USD	11.50	945.04	10.12	764.17
EURO	8.23	735.68	6.96	584.37
GBP	0.00	0.36	0.14	13.93
<b>Advances received</b>				
USD	0.10	8.68	0.13	9.48
EURO	0.05	3.70	0.03	2.34
<b>Trade payables</b>				
USD	0.89	73.27	5.43	410.66
EURO	0.09	8.24	0.02	1.36
<b>Advances given</b>				
USD	1.10	90.61	1.38	104.02
EURO	-	-	0.05	3.94
JPY	0.34	0.21	0.34	0.21

Note: Above amount excludes Investment.

### 41 Details of imported and indigenous raw materials consumed

	31 Mar 2023		31 Mar 2022	
	Value in Lakhs	% of total consumption	Value in Lakhs	% of total consumption
<b>Raw materials</b>				
Imported	2,111.27	29.85	2,007.73	33.94
Indigenous	4,961.49	70.15	3,907.42	66.06
	<u>7,072.76</u>	<u>100.00</u>	<u>5,915.15</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 2023

(Currency : Indian Rupees)

(Amt in Lakhs)

	31 Mar 2023	31 Mar 2022
<b>42 Value of imports on CIF basis</b>		
Raw materials	1,951.96	2,336.28
Capital goods	251.11	76.45
	<u>2,203.07</u>	<u>2,412.74</u>
<b>43 Expenditure in foreign currency</b>		
Travelling expenses	17.67	5.61
Business promotion	98.62	22.37
Professional fees	8.74	9.24
Others	0.15	0.09
	<u>125.19</u>	<u>37.31</u>
<b>44 Earnings in foreign currency</b>		
Exports of goods calculated on FOB basis	5,922.49	5,187.46
Freight	14.91	64.42

45 During the current financial year, the company has successfully completed the sale of the land and building located at Thane. The decision to sell the property was based on company's strategic objectives, including optimizing its asset portfolio and reallocating resources to support its core business activities. Considering the significance of this transaction, the gain from the sale has been classified as an exceptional item and separately disclosed.

46 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.

47 Previous year's figures have been re-grouped/re-classified wherever necessary.

For M M Nissim & Co LLP

Chartered Accountants

Firm's Registration No: 107122W/W100672

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

  
**N. Kashinath**  
Partner  
Membership No. 036490  
Mumbai, 12th Jun-2023  
UDIN:- 23036490861xR2M7281



  
**Kirit V. Gala**  
Managing Director



**Balkishan S. Jalan**  
Executive Director

Mumbai, 12th Jun-2023

Mumbai, 12th Jun-2023





## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF GALA PRECISION ENGINEERING PRIVATE LIMITED

#### Report on the Consolidated Financial Statements

##### Opinion

We have audited the accompanying Consolidated Financial Statements of GALA PRECISION ENGINEERING PRIVATE LIMITED hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the Consolidated Balance Sheet as at March 31, 2023, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of other auditor on separate financial statements of a subsidiary as were audited by the other auditor, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs (financial position) of the Group as at 31st March, 2023, its profit (financial performance) and its cash flows for the year ended on that date.

##### Basis for Opinion

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

##### Other Information

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

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





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

**Management's Responsibility and Those Charged with Governance for the Consolidated Financial Statements**

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

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

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

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

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

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





**Other Matters**

We did not audit financial statements of a foreign subsidiary which, in the aggregate represent total assets as at March 31, 2023 of Rs. 869.36 Lakhs, total revenue of Rs. 945.09 Lakhs and net Cash outflow of Rs. 1.82 Lakhs for the year ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us and our report in terms of sub section (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.

We did not audit the financial statements of a subsidiary whose financial statements reflect total assets of Rs. 26.44 Lacs as at 31st March, 2023, total revenues of Rs. Nil and net cash outflow of Rs. 6.04 Lacs for the year ended on that date. These financial statements are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

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

**Report on Other Legal and Regulatory Requirements**

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the Consolidated Financial Statements.
- b) In our opinion, proper books of account, as required by the law relating to preparation of the aforesaid Consolidated Financial Statements, have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt with by this report are in agreement with the relevant books of account, maintained for the purpose of preparation of the Consolidated Financial Statements.
- d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read together with Rules thereon.
- e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2023 taken on record by the Board of Directors, none of the directors of the Holding Company are disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A";





- g) With respect to the other matters to be included in the Auditor's report in accordance with the requirements of Section 197(16) of the Act, as amended.

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

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the report of the other auditors on separate financial statements, as mentioned in the 'Other Matter' paragraph;

a. The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 26(a) to the consolidated financial statements;

b. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company.

d. (a) As represented to us by the management of the Holding Company 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 Holding 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 Holding 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 of the Holding Company 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 Holding Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding 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 Holding Company has not declared any dividend during the year.



- f. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), which provides for maintaining books of account in accounting software having a feature of recording audit trail of each and every transaction, creating an edit log of each change made in books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled, is applicable to the Group only with effect from financial year beginning April 1, 2023, the reporting under clause (g) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), is currently not applicable
- g. According to the information and explanations given to us, and based on the CARO report issued by and the information provided by the auditors of the companies included in the consolidated financial statements of the Company we report that CARO is applicable only to the holding company and to no other company included in the consolidated financial statements. We have not reported any qualifications or adverse remarks in the CARO report of the holding company.

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

  
N. Kashinath  
Partner

Mem. No.: 036490

Mumbai, 12<sup>th</sup> June, 2023

UDIN:- 23036490BG1X5AL8356





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

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

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

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



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

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





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

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

**Opinion**

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2023, we have audited the internal financial controls with reference to these financial statements of **GALA PRECISION ENGINEERING PRIVATE LIMITED** ("the Holding Company").
2. In our opinion, the Holding Company has, in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at March 31, 2023, based on the internal controls with reference to Consolidated Financial Statements reporting criteria established by the Holding 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 ICAI.

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

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

**Auditors' Responsibility**

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





5. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Internal Financial Controls with reference to consolidated financial statements.

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

6. 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 authorisation of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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





**Other Matters**

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

**For M M Nissim & Co LLP**

*Chartered Accountants*

(Firm Regn. No. 107122W/W100672)

  
N. Kashinath  
Partner  
Mem. No.: 036490  
Mumbai, 12<sup>th</sup> June, 2023  
UDIN:- 23036490BGXSAL8356



# Gala Precision Engineering Private Limited

## Consolidated Balance sheet as at 31 March 2023

(Currency : Indian Rupees)

	Note	31 March 2023	(Amt in Lakhs) 31 March 2022
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	252.44	252.79
Reserves and surplus	4	8,116.12	5,798.92
Non Controlling Interest		0.26	-
		<u>8,368.82</u>	<u>6,051.71</u>
<b>Non-current liabilities</b>			
Long-term borrowings	5	2,049.99	2,377.44
Deferred tax liability, net	6	376.37	309.72
Long-term provisions	7	459.96	396.36
		<u>2,886.32</u>	<u>3,083.52</u>
<b>Current liabilities</b>			
Short-term borrowings	8	3,809.92	3,311.80
Trade payables	9		31.40
Dues to micro and small enterprises		67.52	
Dues to Others		743.25	1,348.31
Other current liabilities	10	991.11	684.48
Short-term provisions	7	61.62	255.98
		<u>5,673.42</u>	<u>5,631.97</u>
		<u>16,928.56</u>	<u>14,767.20</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	4,139.84	3,946.25
Intangible assets	11	1,768.66	1,683.76
Capital work-in-progress		125.02	12.55
Intangible assets under development		345.50	293.30
Investment property	12	-	-
Non-current investments	13	0.17	-
Long-term loans and advances	14	273.69	359.34
		<u>6,652.88</u>	<u>6,295.20</u>
<b>Current assets</b>			
Inventories	15	5,575.72	4,972.31
Trade receivables	16	2,996.34	2,545.74
Cash and bank balances	17	1,200.31	267.08
Short-term loans and advances	14	438.58	614.28
Other current assets	18	64.73	72.59
		<u>10,275.68</u>	<u>8,472.00</u>
		<u>16,928.56</u>	<u>14,767.20</u>

### Significant accounting policies

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, 12th Jun, 2023

UDIN:- 23036490BGXSAL8356

Kirit Gala  
Managing Director

Mumbai, 12th Jun, 2023

Balkishan Jalan  
Executive Director

Mumbai, 12th Jun, 2023

# Gala Precision Engineering Private Limited

## Consolidated Statement of Profit and Loss for the year ended 31 March 2023

(Currency : Indian Rupees)

	Note	31 March 2023	(Amt in Lakhs) 31 March 2022
<b>INCOME</b>			
Revenue from operations	19	16,582.13	14,571.55
Other income	20	160.96	266.28
<b>TOTAL INCOME</b>		<b>16,743.09</b>	<b>14,837.83</b>
<b>EXPENDITURE</b>			
Cost of materials consumed	21	7,136.47	6,008.08
Changes in inventory of finished goods and work-in progress	22	(457.41)	(88.70)
Employee benefit Expenses	23	2,294.22	2,154.11
Finance costs	24	509.95	486.14
Depreciation and amortisation	25	597.02	626.08
Other expenses	26	4,859.78	4,534.53
<b>TOTAL EXPENSES</b>		<b>14,940.03</b>	<b>13,720.24</b>
<b>Profit before exceptional items and tax</b>		<b>1,803.06</b>	<b>1,117.59</b>
<b>Add: Exceptional items</b>	27	<b>975.94</b>	<b>-</b>
<b>Profit before tax and after exceptional items</b>		<b>2,779.00</b>	<b>1,117.59</b>
<b>Less: Provision for taxation</b>			
- Current tax		300.00	325.00
- Deferred tax charge		(53.48)	13.79
- Deferred tax charge of Earlier years		120.14	-
- Tax adjustments of earlier years		86.30	-
		<b>452.96</b>	<b>338.79</b>
<b>Profit after tax for the year</b>		<b>2,326.04</b>	<b>778.80</b>
<b>Profit before tax and after exceptional items from continuing operations</b>		<b>2,009.26</b>	<b>-</b>
<b>Less: Provision for taxation</b>		<b>452.96</b>	<b>-</b>
<b>Profit for the year from continuing operations</b>		<b>1,556.30</b>	<b>-</b>
<b>Profit from discontinuing operations before tax</b>		<b>164.91</b>	<b>-</b>
<b>Less: Provision for taxation</b>		<b>-</b>	<b>-</b>
<b>Profit from discontinuing operations after tax</b>		<b>164.91</b>	<b>-</b>
<b>Earnings per equity share of face value of Rs. 10 each</b>			
- Basic earnings per equity share	28	92.14	30.81
- Diluted earnings per equity share	28	90.54	30.27

### Significant accounting policies

2

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

As per our report of even date attached.


For M M Nissim & Co LLP

Chartered Accountants

Firm's Registration No: 107122W/W100672

For and on behalf of the Board of Directors of

Gala Precision Engineering Private Limited

  
N. Kashinath  
Partner  
Membership No. 036490



  
Kirit Gala  
Managing Director

  
Balkishan Jalan  
Executive Director

Mumbai, 12th Jun, 2023

UDIN:- 23036490BGXSAL8356

Mumbai, 12th Jun, 2023

Mumbai, 12th Jun, 2023





# Gala Precision Engineering Private Limited

## Consolidated Cash flow statement for the year ended 31 March 2023

(Currency : Indian Rupees)

	31 March 2023	(Amt in Lakhs) 31 March 2022
<b>(A) Cash inflow/ (outflow) from operating activities</b>		
Profit before tax and after exceptional items from continuing operations	2,779.00	1,117.59
<b>Adjustments for :</b>		
Depreciation and amortisation	597.02	626.08
(Profit) /loss on sale of asset	(3.15)	43.95
Profit on Sale of Property, Plant & Equipment	(675.94)	
Intangible Assets written off	-	190.51
Interest income	(49.77)	(10.87)
Finance costs	509.95	486.14
Unrealised foreign exchange loss/(gain)	158.84	101.12
Provision for doubtful debts	-	2.28
Sundry balances written back	(0.85)	(5.40)
Bad debts written off	11.67	44.32
<b>Operating profit before working capital changes</b>	<b>3,326.77</b>	<b>2,595.72</b>
<b>(Increase)/decrease in working capital</b>		
Inventories	(603.41)	(1,019.71)
Trade receivables	(621.11)	(566.64)
Long Term Loans and advances	20.00	8.54
Short Term Loans and advances	176.68	(155.43)
Other Assets	12.49	3.11
Trade payables	(568.94)	323.43
Other current liabilities	307.48	69.67
Provisions	25.49	45.74
<b>Net changes in working capital</b>	<b>(1,251.31)</b>	<b>(1,291.29)</b>
<b>Cash generated from operations</b>	<b>2,075.46</b>	<b>1,304.43</b>
Taxes paid (net of refund)	(438.36)	(186.15)
<b>Net cash inflow from operating activities ( A )</b>	<b>1,637.10</b>	<b>1,118.28</b>
<b>(B) Cash inflow/ (outflow) from investing activities</b>		
Payments for purchase of Property, Plant & Equipment including changes in capital work in progress and capital advances	(1,210.36)	(604.01)
Proceeds from sale of property, plant & equipment	850.80	10.34
Redemption/maturity of bank deposits (Margin Money)	(932.78)	(40.38)
Interest received	45.14	10.31
<b>Net cash used in investing activities ( B )</b>	<b>(1,247.20)</b>	<b>(623.74)</b>
<b>(C) Cash inflow/ (outflow) from financing activities</b>		
Proceeds from long-term borrowings	349.65	182.64
Repayment of Long Term Borrowings	(670.40)	(853.13)
Proceeds/repayment from short-term borrowings	493.11	466.83
Minority Interest	0.26	-
Acquisition of control in Subsidiary	(52.01)	-
Prior Period Adjustment of Subsidiary	-	2.28
Finance costs paid	(510.06)	(488.75)
<b>Net cash used in financing activities ( C )</b>	<b>(389.45)</b>	<b>(690.12)</b>
<b>Net (decrease) in cash and cash equivalents (A+B+C)</b>	<b>0.45</b>	<b>(195.59)</b>



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# Gala Precision Engineering Private Limited

## Consolidated Cash flow statement for the year ended 31 March 2023 (Continued)

(Currency : Indian Rupees)

	31 March 2023	(Amt in Lakhs) 31 March 2022
Cash and cash equivalents at the beginning of the year	52.92	248.40
Cash and cash equivalents at the end of the year	53.37	52.82
<b>Cash and cash equivalents comprise</b>		
Cash on hand	5.05	6.90
Balances with scheduled banks in		
- Current account	48.32	46.02
	<u>53.37</u>	<u>52.92</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 Gala**  
*Managing Director*

  
**Balkishan Jalan**  
*Executive Director*

Mumbai, 12th Jun, 2023

UDIN:- 23036490BQXSAL8356

Mumbai, 12th Jun, 2023

Mumbai, 12th Jun, 2023



# Gala Precision Engineering Private Limited

## Notes to consolidated financial statements (Continued)

for the year ended 31 March 2023

(Currency : Indian Rupees)

(Amt in Lakhs)

### 1 Basis of Consolidation

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

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

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

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

#### Principles of consolidation:

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

The consolidated financial statements comprise of the financial statements of the Company and the following subsidiary as on March 31, 2023:

Name	Country of incorporation	Proportion of ownership interest	Financial Statement as on
Gala Springs LLP (w.e.f 31.03.2023)	India	92%	31-Mar-23
Gala Precision Components (Shanghai) Private Limited - Step Down subsidiary (Wholly owned subsidiary till 30.03.2023)	China	92%	31-Mar-23

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

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

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

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

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





# Gala Precision Engineering Private Limited

## Notes to consolidated financial statements (Continued)

for the year ended 31 March 2023

(Currency : Indian Rupees)

(Amt in Lakhs)

3 Share capital	31 March 2023	31 March 2022
<i>Authorised</i>		
11,000,000 equity shares of Rs. 10 each.	1,100.00	1,100.00
7,000,000 preference shares of Rs. 10 each.	700.00	700.00
	<u>1,800.00</u>	<u>1,800.00</u>
<i>Issued, subscribed and paid-up</i>		
25,24,396 [previous year: 25,27,896 equity shares of Rs. 10 each, fully paid-up.	252.44	252.79
	<u>252.44</u>	<u>252.79</u>

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

	31 March 2023		31 March 2022	
	Number	Amount	Number	Amount
<b>Equity shares</b>				
At the commencement of the period	25,27,896	252.79	25,27,896	252.79
Less: Intergroup Elimination	(3,500)	(0.35)	-	-
At the end of the period	<u>25,24,396</u>	<u>252.44</u>	<u>25,27,896</u>	<u>252.79</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 March 2023			31 March 2022		
	Number	% of total shares in the class	% Change during the year	Number	% of total shares in the class	% Change during the year
<b>Equity shares of Rs. 10 each, fully</b>						
- Kirit Vishanji Gala	5,72,872	22.66	-	5,72,872	22.66	-
- Vishanji Harshi Gala	3,85,200	15.24	-	3,85,200	15.24	(6.33)
- Rumie Kirit Gala	3,11,772	12.33	-	3,11,772	12.33	-
- Taramati V Gala	2,60,400	10.30	-	2,60,400	10.30	-
- Pooja Unichem LLP	1,65,000	6.53	-	1,65,000	6.53	-

### c) Particulars of Promoter Shareholding

	31 March 2023			31 March 2022		
	Number	% of total shares in the class	% Change during the year	Number	% of total shares in the class	% Change during the year
<b>Equity shares of Rs. 10 each, fully paid-up held by-</b>						
- Kirit Vishanji Gala	5,72,872	22.66	-	5,72,872	22.66	-
- Vishanji Harshi Gala	3,85,200	15.24	-	3,85,200	15.24	(6.33)
- Rumie Kirit Gala	3,11,772	12.33	-	3,11,772	12.33	-
- Taramati V Gala	2,60,400	10.30	-	2,60,400	10.30	-
- Vishanji Harshi Gala(HUF)	54,400	2.15	-	54,400	2.15	(30.19)
- 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	-
- Smeet Kirit Gala	22,286	0.88	-	22,286	0.88	-



Handwritten signatures in blue ink.

# Gala Precision Engineering Private Limited

## Notes to consolidated financial statements (Continued)

for the year ended 31 March 2023

(Currency : Indian Rupees)

(Amt in Lakhs)

4 Reserves and surplus	31 March 2023	31 March 2022
<b>Capital redemption reserve</b>		
<i>On buyback of 6% Non-cumulative compulsorily convertible preference shares:</i>		
At the commencement of the year	150.00	150.00
Transferred from reserves during the year	-	-
Balance as at the end of the year	<u>150.00</u>	<u>150.00</u>
<b>Securities premium account</b>		
<i>On equity share capital:</i>		
At the commencement of the year	2,852.39	2,852.39
For the year	-	-
Balance as at the end of the year	<u>2,852.39</u>	<u>2,852.39</u>
<i>On preference share capital:</i>		
At the commencement and at the end of the year	520.00	520.00
Balance as at the end of the year	<u>520.00</u>	<u>520.00</u>
<b>Foreign currency translation reserve</b>		
At the commencement of the year	334.13	364.26
For the year	0.79	(30.13)
Balance as at the end of the year	<u>334.92</u>	<u>334.13</u>
<b>Surplus (Profit and loss balance)</b>		
At the commencement of the year	1,942.40	1,161.32
Prior period adjustments of subsidiary	-	2.28
Share of Subsidiary in Reserves	(11.48)	-
Share of Non Controlling Interest	1.85	-
Profit for the year	<u>2,326.04</u>	<u>778.80</u>
Balance as at the end of the year	<u>4,258.81</u>	<u>1,942.40</u>
	<u>8,116.12</u>	<u>5,798.92</u>



Y B E

# Gala Precision Engineering Private Limited

## Notes to consolidated financial statements (Continued)

for the year ended 31 March 2023

(Currency : Indian Rupees)

(Amt in Lakhs)

### 5 Long-term borrowings

	31 March 2023		31 March 2022	
	Non-current portion	Current portion *	Non-current portion	Current portion *
<b>Term loans</b>				
- From HDFC Bank Ltd. (secured) (The loan is repayable in 72 monthly (Including moratorium) installments from the 7 Jun 2022. 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 8.95% to 10.70% per annum.	267.95	34.29	-	-
- 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 8.88% to 11.10% per annum. (Previous Year 9.60% per annum)	251.90	101.33	350.82	140.70
<b>Emergency Credit Line Gurantee Scheme</b>				
- From HDFC Bank Ltd. (secured) (The loan is repayable in 48 monthly after one year of moratorium i.e. 1 Oct 2021. The loan carries rate of interest of 8.25% to 9.25% per annum.)(Previous Year 8.25% per annum)	239.11	123.12	211.01	113.40
- 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 8.64% to 9.25% per annum.)(Previous Year 8.88% per annum)	222.98	102.13	325.11	102.13
<b>Vehicle finance loan (secured)</b> (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].)	57.90	13.46	65.85	12.98
	<b>1,039.84</b>	<b>374.33</b>	<b>952.79</b>	<b>369.21</b>
<b>Unsecured Loans</b>				
- Loan from Shareholders / Directors (The loans are repayable by 30/04/2024. The loan carries rate of interest of 9.00% to 10% per annum [previous year: 9.00% to 10% per annum])	785.15	-	1,199.65	-
- Inter-corporate deposits (The loan is repayable by 30/04/2024. The loan carries rate of interest of 9.00% per annum [previous year: 9.00% per annum])	225.00	-	225.00	-
	<b>1,010.15</b>	<b>-</b>	<b>1,424.65</b>	<b>-</b>
	<b>2,049.99</b>	<b>374.33</b>	<b>2,377.44</b>	<b>369.21</b>

\* Amount disclosed under "Short Term Borrowings" (Refer Note 8)



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# Gala Precision Engineering Private Limited

## Notes to consolidated financial statements (Continued) for the year ended 31 March 2023

(Currency : Indian Rupees)

(Amt in Lakhs)

6 Deferred tax liability - net	31 March 2023	31 March 2022
The components of deferred tax balance are as follows :		
<i>Deferred tax liability</i>		
Excess of depreciation/amortisation on property, plant and equipment and intangible assets under income-tax law over depreciation/amortisation provided in accounts.	635.79	746.09
	<u>635.79</u>	<u>746.09</u>
<i>Deferred tax assets</i>		
Expenditure under Section 43 B of the Income tax Act, 1961		
- Provision for compensated absences	30.22	30.21
- Provision for Gratuity	101.06	114.25
Provision for bad and doubtful debts	-	4.64
Others	(0.50)	(0.58)
Unabsorbed depreciation	128.64	287.85
	<u>259.42</u>	<u>436.37</u>
	<u>376.37</u>	<u>309.72</u>

7 Provisions	31 March 2023		31 March 2022	
	Long-term	Short-term	Long-term	Short-term
<b>Provision for employee benefits</b>				
Compensated absences	109.15	10.91	93.39	10.35
Gratuity	350.81	50.71	302.97	89.38
	<u>459.96</u>	<u>61.62</u>	<u>396.36</u>	<u>99.73</u>
<b>Other provisions</b>				
Provision for tax (net of advance tax Rs. 374.78 Lakhs )	-	-	-	156.25
	<u>-</u>	<u>-</u>	<u>-</u>	<u>156.25</u>
	<u>459.96</u>	<u>61.62</u>	<u>396.36</u>	<u>255.98</u>



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# Gala Precision Engineering Private Limited

## Notes to consolidated financial statements (Continued)

for the year ended 31 March 2023

(Currency : Indian Rupees)

(Amt in Lakhs)

8 Short-term borrowings	31 March 2023	31 March 2022
Loans repayable on demand		
- Cash credit and overdraft facilities from banks (secured)		
From HDFC Bank Ltd.	2,456.25	1,950.20
From Yes Bank Ltd.	972.33	985.27
Current maturities of long-term debt (Refer Note 5)	374.34	369.22
Interest accrued and due on borrowings	7.00	7.11
	<u>3,809.92</u>	<u>3,311.80</u>

Cash credit and overdraft facilities from HDFC Bank Ltd. carries rate of interest of 8.25% to 10.50% per annum [previous year: 8.85% to 10.25% per annum] and Yes Bank Ltd. carries rate of interest of 8.90% to 10.50% per annum [previous year: 9.05% to 10.10% per annum], computed on a monthly basis on the actual amount utilised, and are repayable on demand. These are secured by pari passu charge by way of hypothecation of inventories of raw materials and finished goods and book debts, both present and future.

9 Trade payables	31 March 2023	31 March 2022
Sundry creditors for goods and services		
- Due to micro and small enterprises	67.52	31.40
- Due to others		
Acceptances	63.66	400.71
Trade payables	679.59	947.60
	<u>810.77</u>	<u>1,379.71</u>

### Trade payable Ageing Schedule As at March 31, 2023

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	16.85	-	-	-	50.67	67.52
ii) MSME-Disputed	-	-	-	-	-	-
ii) Others	233.74	43.58	1.08	19.59	445.26	743.25
<b>Total.....</b>	<b>250.59</b>	<b>43.58</b>	<b>1.08</b>	<b>19.59</b>	<b>495.93</b>	<b>810.77</b>

### 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	14.12	13.90	-	-	-	28.01
ii) MSME-Disputed	-	-	3.37	0.02	-	3.39
ii) Others	853.53	455.36	6.94	2.81	29.67	1,348.31
<b>Total.....</b>	<b>867.65</b>	<b>469.26</b>	<b>10.31</b>	<b>2.83</b>	<b>29.67</b>	<b>1,379.71</b>



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# Gala Precision Engineering Private Limited

## Notes to consolidated financial statements (Continued)

for the year ended 31 March 2023

(Currency : Indian Rupees)

(Amt in Lakhs)

### 10 Other current liabilities

	31 March 2023	31 March 2022
Advance received from customers	32.65	41.69
Other advances	-	15.00
Other Deposits	65.00	30.00
Forward contracts payable (net)	204.26	-
<b>Statutory dues :</b>		
Withholding Tax payable	43.68	43.12
Sales tax payable	0.04	1.19
GST payable	-	1.23
Other statutory liabilities	13.61	12.89
Liabilities for revenue expenditure	351.14	260.63
Liability For Employee Benefit Expenses	258.27	261.46
Other Payables	22.46	17.27
	<u>991.11</u>	<u>684.48</u>



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## Gala Precision Engineering Private Limited

### Notes to consolidated financial statements (Continued)

for the year ended 31 March 2023

(Currency: Indian Rupees)

(Amt in Lakhs)

### II Property, Plant & Equipment

Description	Gross block			Accumulated depreciation/amortisation			Net block					
	As at 1 April 2022	Reclassification to assets *	Additions during the year	Deductions during the year	As at 31 March 2023	As at 1 April 2022	Reclassification to assets *	Charge for the year	On deletions during the year	As at 31 March 2023	As at 31 March 2022	
<b>Tangible Assets</b>												
Borewell	1.85	-	-	-	1.85	0.08	-	0.35	-	0.43	1.42	1.77
Freehold land	86.85	-	-	-	86.85	-	-	-	-	-	86.85	86.85
Leasehold land	143.93	-	287.57	143.93	287.57	32.90	-	1.75	33.96	0.69	286.88	111.03
Leasehold improvements	156.49	-	36.09	-	192.58	27.55	-	4.99	-	32.54	160.04	128.94
Factory building	1,141.33	-	2.31	73.39	1,070.25	373.57	-	28.50	32.73	369.35	700.90	767.76
Plant and machinery	3,584.60	-	325.37	10.57	3,894.40	1,312.01	-	209.28	9.09	1,512.20	2,387.20	2,272.59
Effluent Treatment Plant	15.05	-	-	-	15.05	0.40	-	0.71	-	1.11	13.94	14.65
Electrical installation	266.27	-	8.09	19.93	254.42	187.07	-	14.86	17.08	184.85	69.57	77.66
Computers	123.55	-	22.44	6.98	139.00	105.69	-	11.88	6.55	111.02	27.98	17.86
Vehicles	115.68	-	9.22	19.40	105.51	25.77	-	13.90	12.81	26.86	78.65	89.91
Furniture and fixtures	516.33	-	19.52	142.13	393.72	332.14	-	34.36	132.46	234.04	159.68	184.19
Office equipments	101.82	-	13.76	11.32	104.26	79.41	-	6.92	11.30	75.03	29.23	22.41
Spares, tools and equipments	49.66	-	10.20	0.98	58.88	40.59	-	5.76	0.98	45.37	13.51	9.07
Dies and moulds	461.02	-	33.76	1.56	493.21	299.46	-	71.33	1.56	369.22	123.99	161.56
	6,764.43	-	768.33	430.21	7,102.55	2,816.64	-	404.60	258.51	2,962.71	4,139.84	3,946.25
<b>Intangible assets</b>												
Development cost	1,979.43	-	291.95	-	2,271.38	436.80	-	185.92	-	622.72	1,648.66	1,542.63
Lean Improvement	150.12	-	-	-	150.12	43.01	-	21.45	-	64.46	85.66	107.11
Computer Software	96.70	-	7.65	0.55	103.80	62.68	-	7.97	0.54	70.11	33.69	34.02
Goodwill on Consolidation	2,226.25	-	300.25	0.55	2,525.95	542.49	-	215.34	0.54	757.29	1,768.66	1,683.76
<b>Total</b>	8,990.68	-	1,068.59	430.76	9,628.50	3,359.13	-	619.94	259.05	3,720.00	5,908.50	5,630.01
Previous year	9,307.05	39.18	682.39	1,037.95	8,990.68	3,494.18	8.98	650.65	793.15	3,359.13	-	-

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. 8.38 Lakhs (previous year: Rs. 2.90 Lakhs).

iii) The Company has capitalised depreciation of Rs. 22.90 Lakhs (previous year: Rs. 24.56 Lakhs) and transferred to capital work-in-progress, hence net depreciation of Rs. 595.41 Lakhs is treated as a charge in Statement of Profit and Loss.

a) Development costs capitalised during the year includes:

	31-Mar-23	31-Mar-22
Raw material	3.48	1.38
Personnel costs	178.18	172.17
Process costs	33.09	59.16
Testing costs	2.50	1.61
Job-work cost	40.77	37.46
Technical fees and other expenses	33.94	39.14
	291.95	311.13





## Gala Precision Engineering Private Limited

### Notes to consolidated financial statements (Continued) for the period ended 31 March 2022

(Currency: Indian Rupees)

(Amt in Lakhs)

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

Description	As at		Reclassification		Gross block		Deductions		As at		Accumulated depreciation/amortisation		Net block	
	1 April 2021	As at 1 April 2021	to assets *	to assets *	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	As at 31 March 2022	As at 31 March 2021
<b>Tangible assets</b>														
Borewell	-	-	-	-	1.85	1.85	-	-	0.08	-	0.08	-	1.77	-
Freehold land	86.85	86.85	-	-	-	86.85	-	-	-	-	-	-	86.85	86.85
Leasehold land	143.93	143.93	-	-	-	143.93	30.26	-	2.64	-	32.90	-	111.03	113.67
Leasehold improvements	156.49	156.49	-	-	-	156.49	22.57	-	4.98	-	27.55	-	128.94	133.91
Factory building	1,099.98	1,141.33	39.18	8.98	2.21	1,141.33	334.32	8.98	30.27	0.01	373.57	767.76	765.66	
Plant and machinery	3,454.96	3,584.60	-	-	197.77	3,584.60	1,157.61	-	201.32	46.91	1,312.01	2,272.59	2,297.36	
Effluent Treatment Plant	-	-	-	-	15.05	15.05	-	-	0.40	-	0.40	-	14.65	-
Electrical installation	267.46	267.46	-	-	11.07	266.27	185.42	-	14.79	11.59	188.61	77.66	77.66	82.04
Computers	129.95	123.55	-	-	9.14	123.55	107.86	-	12.60	14.76	105.69	17.86	17.86	22.09
Vehicles	124.63	115.68	-	-	67.64	115.68	71.86	-	9.54	55.63	25.77	89.91	89.91	52.77
Furniture and fixtures	530.78	516.33	-	-	3.98	516.33	314.32	-	35.01	17.20	332.14	184.19	184.19	216.47
Office equipments	128.55	101.82	-	-	2.83	101.82	98.22	-	9.27	28.08	79.41	22.41	22.41	30.33
Spares, tools and	57.82	49.66	-	-	0.08	49.66	42.38	-	5.94	7.74	40.59	9.07	9.07	15.43
Dies and moulds	552.07	461.02	-	-	43.10	461.02	344.69	-	81.62	126.85	299.46	161.56	161.56	207.38
	6,733.48	6,764.43	39.18	8.98	354.70	6,764.43	2,709.52	8.98	408.45	308.78	2,818.18	3,946.25	3,946.25	4,023.96
<b>Intangible assets</b>														
Development cost	2,340.86	1,979.43	-	-	311.13	1,979.43	705.55	-	213.31	482.06	436.80	1,542.63	1,542.63	1,635.31
Lease Improvement	150.12	150.12	-	-	-	150.12	21.56	-	21.45	-	43.01	107.11	107.11	128.56
Computer Software	82.59	96.70	-	-	16.56	96.70	57.55	-	7.44	2.31	62.68	34.02	34.02	25.04
	2,573.57	2,226.25	-	-	327.69	2,226.25	784.67	-	242.19	484.37	542.49	1,683.76	1,683.76	1,788.90
<b>Total</b>	<b>9,307.05</b>	<b>8,990.68</b>	<b>39.18</b>	<b>8.98</b>	<b>682.39</b>	<b>8,990.68</b>	<b>3,494.18</b>	<b>8.98</b>	<b>650.65</b>	<b>793.15</b>	<b>3,360.67</b>	<b>5,630.01</b>	<b>5,630.01</b>	<b>5,812.86</b>
Previous year	8,443.03	9,307.05	-	-	864.01	9,307.05	2,882.93	-	611.25	-	3,494.18	5,812.87	5,812.87	5,560.11

i) Title deeds of Freehold Land are held in the name of the Holding 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. 2.90 Lakhs (previous year: Rs. 18.66 Lakhs).

iii) The Holding 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 Lakhs and accumulated depreciation is Rs.8.98 Lakhs

iv) The Holding Company has capitalised depreciation of Rs. 24.56 Lakhs (previous year: Rs. 27.85 Lakhs) and transferred to capital work-in-progress, hence net depreciation of Rs. 624.55 Lakhs is treated as a charge in Statement of Profit and Loss.



# Gala Precision Engineering Private Limited

## Notes to consolidated financial statements (Continued) for the year ended 31 March 2023

(Currency : Indian Rupees)

	(Amt in Lakhs)	
	31 March 2023	31 March 2022
<b>12 Investment property</b>		
Cost	39.18	39.18
Less: Reclassification of Investment Property to Property, Plant & Equipment	(39.18)	(39.18)
Less: Depreciation	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
<b>13 Non-current investments</b>		
<i>(Valued at cost unless stated otherwise)</i>		
<b>Investment in Equity Instruments</b>		
Prestige H M Polymers Ltd.	0.05	-
Dhatu Sanskar Ltd	0.06	-
V P Poycon Limited	0.01	-
HMG Industries Limited	0.04	-
<b>Investment in Debentures</b>		
HMG Industries Limited - NCD	0.01	-
	<u>0.17</u>	<u>-</u>
	<u>0.17</u>	<u>-</u>
	<u>0.17</u>	<u>-</u>



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# Gala Precision Engineering Private Limited

## Notes to consolidated financial statements (Continued)

for the year ended 31 March 2023

(Currency : Indian Rupees)

### 14 Loans and advances

(Amt in Lakhs)

	31 March 2023		31 March 2022	
	Non-current portion	Current portion	Non-current portion	Current portion
<b>To parties other than related parties</b>				
Capital advances (Unsecured and considered good)	62.98	-	44.35	-
	<u>62.98</u>	<u>-</u>	<u>44.35</u>	<u>-</u>
<b>Security deposits (unsecured)</b>				
Considered good	97.77	1.79	61.10	1.80
	<u>97.77</u>	<u>1.79</u>	<u>61.10</u>	<u>1.80</u>
<b>Advances to creditors (unsecured)</b>				
Considered good	-	182.98	-	202.59
Considered doubtful	-	2.00	-	2.00
Less: Provision for doubtful advance to creditors	-	(2.00)	-	(2.00)
	<u>-</u>	<u>182.98</u>	<u>-</u>	<u>202.59</u>
<i>Unsecured and considered good</i>				
Loans to employees	-	62.59	-	29.92
Balances with Statutory Authorities	-	81.58	35.30	192.91
Minimum alternate tax credit receivable	5.91	15.16	218.59	-
Income tax receivable (net of Provision)	108.47	-	-	-
Prepaid Expenses	-	62.80	-	51.89
Export benefits receivable	-	31.68	-	135.17
	<u>114.38</u>	<u>253.81</u>	<u>253.89</u>	<u>409.89</u>
	<u>275.13</u>	<u>438.58</u>	<u>359.34</u>	<u>614.28</u>



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# Gala Precision Engineering Private Limited

Notes to consolidated financial statements (Continued)  
for the year ended 31 March 2023

(Currency : Indian Rupees)

(Amt in Lakhs)

## 15 Inventories

(Valued at the lower of cost and net realisable value)

	31 March 2023	31 March 2022
Raw material	2,585.98	2,532.23
Work-in-progress	1,398.52	1,106.63
Finished goods [including in-transit] *	1,245.96	1,080.44
Stores and spares	345.26	256.01
	<u>5,575.72</u>	<u>4,975.31</u>
Less: Provision for non-moving stock	-	3.00
	<u>5,575.72</u>	<u>4,972.31</u>

\* including goods-in-transit Rs. 571.86 Lacs (previous year: Rs. 408.64)

## 16 Trade receivables

(Unsecured)

	31 March 2023	31 March 2022
Trade Receivables, Unsecured		
- Considered good	2,996.34	2,545.74
- Considered doubtful	-	17.09
	<u>2,996.34</u>	<u>2,562.83</u>
Less : Provision for doubtful debts	-	17.09
	<u>2,996.34</u>	<u>2,545.74</u>

Trade receivables Ageing Schedule  
As at March 31, 2023

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months 1 year	1-2 Years	2-3 years	More than 3 years	
Undisputed Trade receivables - considered good	1,639.62	1,194.56	57.91	36.09	36.17	31.98	2,996.34
Undisputed Trade receivables - considered doubtful	-	-	-	-	-	-	-
<b>Total.....</b>	<b>1,640</b>	<b>1,195</b>	<b>58</b>	<b>36</b>	<b>36</b>	<b>31.98</b>	<b>2,996.34</b>

As at March 31, 2022

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months 1 year	1-2 Years	2-3 years	More than 3 years	
Undisputed Trade receivables - considered good	1,328.76	1,020.93	90.02	55.77	17.07	33.18	2,545.74
Undisputed Trade receivables - considered doubtful	-	-	-	2.05	6.71	8.33	17.09
<b>Total.....</b>	<b>1,328.76</b>	<b>1,020.93</b>	<b>90.02</b>	<b>57.82</b>	<b>23.78</b>	<b>41.51</b>	<b>2,562.83</b>



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# Gala Precision Engineering Private Limited

## Notes to consolidated financial statements (Continued)

for the year ended 31 March 2023

(Currency : Indian Rupees)

(Amt in Lakhs)

### 17 Cash and bank balances

	31 March 2023	31 March 2022
Cash and cash equivalents		
- Cash on hand	5.05	6.90
- Balances with scheduled banks in On current accounts	48.32	46.02
	<u>53.37</u>	<u>52.92</u>
Other bank balances		
- Margin Money	1,136.49	214.16
- Current account held at a foreign branch	10.45	-
	<u>1,146.94</u>	<u>214.16</u>
	<u>1,200.31</u>	<u>267.08</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

(Unsecured, considered good unless otherwise stated)

	31 March 2023	31 March 2022
Interest accrued on margin deposits	6.85	2.22
Forward contracts receivable (net)	-	39.05
Deferred premium on forward contracts	57.88	31.32
	<u>64.73</u>	<u>72.59</u>



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# Gala Precision Engineering Private Limited

## Notes to consolidated financial statements (Continued)

for the year ended 31 March 2023

(Currency : Indian Rupees)

(Amt in Lakhs)

<b>19 Revenue from operations</b>	<b>31 March 2023</b>	<b>31 March 2022</b>
<b>Sale of products</b>		
Springs, Parts and Assemblies	15,422.30	12,911.17
Surface Engineering Solutions	<u>389.50</u>	<u>1,031.08</u>
	<b>15,811.80</b>	<b>13,942.25</b>
<b>Sale of services</b>		
Springs, Parts and Assemblies	7.54	17.53
Surface Engineering Solutions	<u>3.41</u>	<u>2.13</u>
	<b>10.95</b>	<b>19.66</b>
<b>Other operating income</b>		
Sale of Scrap	648.08	530.04
Export Incentive Incomes	<u>111.30</u>	<u>79.60</u>
	<b>759.38</b>	<b>609.64</b>
	<b>16,582.13</b>	<b>14,571.55</b>
		(0.00)
<b>20 Other income</b>		
	<b>31 March 2023</b>	<b>31 March 2022</b>
Net gain on foreign currency transactions	-	133.78
Profit on sale of fixed assets (net)	3.15	-
Insurance claim received	-	2.24
Sundry balances written back	0.85	5.40
Discount on Forward Contract	103.26	95.08
Interest on margin money/others	49.77	10.87
Rent received	-	18.90
Miscellaneous income	<u>3.93</u>	<u>0.01</u>
	<b>160.96</b>	<b>266.28</b>



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# Gala Precision Engineering Private Limited

## Notes to consolidated financial statements (Continued)

for the year ended 31 March 2023

(Currency : Indian Rupees)

(Amt in Lakhs)

### 21 Cost of materials consumed

	31 March 2023	31 March 2022
Opening stock	2,532.23	1,671.16
Add: Purchases during the year	7,190.22	6,869.15
Less : Closing stock	2,585.98	2,532.23
	<u>7,136.47</u>	<u>6,008.08</u>



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## Gala Precision Engineering Private Limited

**Notes to consolidated financial statements (Continued)**  
for the year ended 31 March 2023

(Currency : Indian Rupees)

(Amt in Lakhs)

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

	31 March 2023			31 March 2022		
	Opening inventory	Closing inventory	Increase / (Decrease) in inventory	Opening inventory	Closing inventory	Increase / (Decrease) in inventory
<b>Manufactured goods</b>						
Disc Springs	1,041.85	1,242.70	(200.85)	1,096.14	1,041.85	54.29
Mass Finishing Solutions	38.59	1.51	37.08	9.31	38.59	(29.28)
	<u>1,080.44</u>	<u>1,244.21</u>	<u>(163.77)</u>	<u>1,105.45</u>	<u>1,080.44</u>	<u>25.01</u>
<b>Work-in-progress</b>						
Disc Springs	1,064.91	1,400.27	(335.36)	927.23	1,064.91	(137.68)
Mass Finishing Solutions	41.72	-	41.72	65.69	41.72	23.97
	<u>1,106.63</u>	<u>1,400.27</u>	<u>(293.64)</u>	<u>992.92</u>	<u>1,106.63</u>	<u>(113.71)</u>
	<u>2,187.07</u>	<u>2,644.48</u>	<u>(457.41)</u>	<u>2,098.37</u>	<u>2,187.07</u>	<u>(88.70)</u>



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# Gala Precision Engineering Private Limited

## Notes to consolidated financial statements (Continued)

for the year ended 31 March 2023

(Currency : Indian Rupees)

(Amt in Lakhs)

	31 March 2023	31 March 2022
<b>23 Employee benefit Expenses</b>		
Salaries, wages and bonus	2,050.40	1,919.82
Contribution to provident and other funds	119.12	149.83
Staff welfare	124.70	84.46
	<u>2,294.22</u>	<u>2,154.11</u>
<b>24 Finance costs</b>		
Interest expense		
- on term loans	113.53	104.91
- on working capital	222.37	179.16
- on unsecured loans	157.11	186.77
Finance charges	16.94	15.30
	<u>509.95</u>	<u>486.14</u>
<b>25 Depreciation and amortisation</b>		
Depreciation on property, plant and equipment	404.58	408.45
Amortisation of intangible assets	215.34	242.19
Less: Transferred to Capital Work in Progress (Refer Note 11)	(22.90)	(24.57)
	<u>597.02</u>	<u>626.08</u>



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# Gala Precision Engineering Private Limited

## Notes to consolidated financial statements (Continued)

for the year ended 31 March 2023

(Currency : Indian Rupees)

(Amt in Lakhs)

### 26 Other expenses

	31 March 2023	31 March 2022
Consumption of stores and spare parts	610.38	482.83
Packing material consumed	224.74	198.60
Power and fuel	534.70	460.27
Labour charges	2,026.23	1,833.71
Testing expenses	57.76	71.51
Rent	57.83	38.46
<i>Repairs and maintenance</i>		
- Building	30.22	14.32
- Plant and machinery	40.42	31.68
- Others	66.77	56.98
Insurance	104.88	83.27
Rates and taxes	40.32	24.22
Travelling expenses	109.92	53.51
Legal and professional fees	68.89	93.34
Payment to auditors	7.96	6.20
Commission	5.75	11.17
Business promotion	108.78	86.58
Bank charges	32.40	28.35
Telephone and other communication expenses	9.96	10.48
Printing and stationery	11.98	14.73
Provision for doubtful debts	-	2.28
Loss on sale of property, plant and equipment (net)	-	43.95
Intangible Assets written off	-	190.51
Conveyance and vehicle expenses	164.45	170.03
Sundry balances written off	-	-
Bad debts	27.60	-
Less: Provision for doubtful debts written back	(15.93)	11.67
Recruitment	4.45	0.46
Freight outward	283.11	312.10
Computer expenses	43.89	38.77
Security expenses	37.10	34.61
Interest on Statutory Dues	5.92	6.61
Discounts to customers	35.59	43.87
Donation	0.99	0.72
Foreign Exchange Loss (Net)	94.66	-
CSR Activity Expenses	10.60	-
FPS License expenses	-	26.31
Miscellaneous expenses	17.46	19.78
	<b>4,859.78</b>	<b>4,534.53</b>

Note: Payments to auditors

As auditor

Statutory audit

Others services

	31 March 2023	31 March 2022
Statutory audit	7.39	5.15
Others services	0.58	1.05
	<b>7.96</b>	<b>6.20</b>

### 27 Exceptional Items

Profit on Sale of Property, Plant & Equipment (Refer Note 37)

Income from Sale of Intangible assets of SES business (Refer Note 35)

Profit on Sale of Property, Plant & Equipment (Refer Note 37)	675.94	-
Income from Sale of Intangible assets of SES business (Refer Note 35)	300.00	-
	<b>975.94</b>	<b>-</b>



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Gala Precision Engineering Private Limited

Notes to consolidated financial statements (Continued)  
for the year ended 31 March 2023

(Currency : Indian Rupees)

28 Contingent liabilities and commitments

Contingent Liabilities not provided for:

(a) Disputed Income Tax Demands

(Amt in Lakhs)

31 March 2023	31 March 2022
329.68	183.13

Capital commitments

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

(b) Bank guarantees

(c) Letters of credit

31 March 2023	31 March 2022
158.00	119.94
84.28	32.27
62.54	112.83
<u>304.82</u>	<u>265.04</u>

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

30 Earnings Per Share

Earnings

(a) Net profit attributable to equity shareholders

(c) Number of shares outstanding (Face value Rs. 10/-)

(d) Basic EPS

(e) Diluted earnings per share

31 March 2023	31 March 2022
1,590.33	778.80
25,24,396	25,27,896
63.00	30.81
61.90	30.27

Particulars

Number of shares considered as basic weighted average shares outstanding

Add: Effect of dilutive issue of shares

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

31 March 2023	31 March 2022
25,24,396	25,27,896
44,600	44,600
25,68,996	25,72,496



Gala Precision Engineering Private Limited

Notes to consolidated financial statements (Continued)  
for the year ended 31 March 2023

(Currency : Indian Rupees)

(Amit in Lakhs)

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

**32 Related party disclosures**

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

**List of related parties**

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

- Entry in which Directors  
Vishanji H. Gala - HUF  
Kirit V. Gala - HUF  
Gala Springs LLP  
Workamp Spaces Pvt. Ltd.  
Balkishan Jalan (HUF)

- Relatives of Key  
Managerial personnel

Mr. Vishanji H Gala - Father of Mr. Kirit V Gala  
Mrs. Tarunati V Gala - Mother of Mr. Kirit V  
Mrs. Rumi 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. Smeert Kirit Gala - Son of Mr Kirit V Gala

- Key Managerial Personnel

Mr. Kirit Gala, Managing Director (also holds more than 20% of the substantial interest in the Company)  
Mr. Balkishan Jalan, Executive Director  
Mr. Satish Kotwani, Business Development Director





Gala Precision Engineering Private Limited

Notes to consolidated financial statements (Continued)  
for the year ended 31 March 2023

(Currency : Indian Rupees)

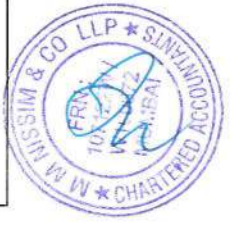
(Amt in Lakhs)

33 Related party disclosures (Continued)

Particulars	Entity in which Directors having substantial interest		Relatives of Key Managerial personnel		Key Managerial Personnel		Total	
	31 March 2023	31-Mar-22	31 March 2023	31-Mar-22	31 March 2023	31-Mar-22	31 March 2023	31 March 2022
<b>Other Income :</b>								
Slate Workspaces Private	-	22.61	-	-	-	-	-	22.61
<b>Interest Expense:</b>								
Vishanji H Gala	-	-	4.20	6.69	-	-	4.20	6.69
Taranvati V Gala	-	-	1.67	1.16	-	-	1.67	1.16
Kirti V Gala	-	-	-	-	28.12	32.20	28.12	32.20
Rumie K Gala	-	-	3.33	3.05	-	-	3.33	3.05
Kirti V. Gala (HUF)	0.96	0.62	-	-	-	-	0.90	0.62
Alpa Chhedra	-	-	8.28	8.28	-	-	8.28	8.28
Nayna Gala	-	-	-	2.61	-	-	-	2.61
Satish Kotwani	-	-	-	-	-	0.79	-	0.79
Balkishan Jalan (HUF)	-	1.14	-	-	-	-	-	1.14
Vishanji H Gala (HUF)	-	0.60	-	-	-	-	-	0.60
<b>Remuneration:</b>								
Kirti Gala - Managing Director	-	-	-	-	64.78	50.21	64.78	50.21
manishan jalan - Executive Director	-	-	-	-	86.21	73.58	86.21	73.58
Satish Kotwani - Business Development Director	-	-	-	-	67.47	58.08	67.47	58.08
Sneet Gala - AVP - Business Development	22.06	15.35	-	-	-	-	22.06	15.35
<b>Other Advance</b>								
Gala Springs LLP	-	2.79	-	-	-	-	-	2.79
<b>Trade receivables:</b>								
Workamp Spaces Pvt Ltd	37.59	37.59	-	-	-	-	37.59	37.59
Slate Workspaces Pvt Ltd	8.71	11.35	-	-	-	-	8.71	11.35
<b>Other Expenses :</b>								
Workamp Spaces Pvt. Ltd	3.54	0.60	-	-	-	-	3.54	0.60

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Gala Precision Engineering Private Limited

Notes to consolidated financial statements (Continued)  
for the year ended 31 March 2023

(Currency: Indian Rupees)

(Amt in Lakhs)

33 Related party disclosures (Co.

Particulars	Entity in which Directors having substantial interest		Relatives of Key Managerial personnel		Key Managerial Personnel		Total	
	31 March	0.45	31 March	31-Mar-22	31 March	31-Mar-22	31 March 2023	31 March 2022
<b>Loan repaid:</b>								
Vishanji H Gala	-	-	76.00	73.00	-	-	76.00	73.00
Taramati V Gala	-	-	30.00	10.50	-	-	30.00	10.50
Kirit V Gala	-	-	-	-	703.50	709.00	703.50	709.00
Rumic K Gala	-	-	52.50	45.50	-	-	52.50	45.50
Kirit V. Gala (HUF)	11.50	5.00	-	-	-	-	11.50	5.00
Nayna Gala	-	-	-	50.00	-	-	-	50.00
Balkishan Jalan (HUF)	-	-	-	27.50	-	-	-	27.50
Satish Kotwani	-	-	-	19.00	-	-	-	19.00
Vishanji Gala (HUF)	-	9.00	-	-	-	-	-	9.00
<b>Loan received:</b>								
Vishanji H Gala	-	-	76.00	25.00	-	-	76.00	25.00
Taramati V Gala	-	-	30.00	3.50	-	-	30.00	3.50
Kirit V Gala	-	-	-	-	703.50	597.50	703.50	597.50
Rumic K Gala	-	-	52.50	23.00	-	-	52.50	23.00
Kirit V. Gala (HUF)	11.50	9.50	-	-	-	-	11.50	9.50
Alpa Chheda	-	-	-	92.00	-	-	-	92.00
Vishanji Gala (HUF)	-	5.00	-	-	-	-	-	5.00
<b>Balance:</b>								
Vishanji Gala	-	-	-	52.00	-	-	-	52.00
Taramati Gala	-	-	-	10.00	-	-	-	10.00
Kirit V. Gala (HUF)	-	11.50	-	-	-	-	-	11.50
Alpa Chheda	-	-	92.00	92.00	-	-	92.00	92.00
Vishanji Gala (HUF)	3.25	3.25	-	-	-	-	3.25	3.25

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

a) 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 2023, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2022: 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 consolidated financial statements (Continued)

for the year ended 31 March 2023

(Currency: Indian Rupees)

#### 34 Disclosure of additional information pertaining to the Parent Company and its Subsidiary

(Amit in Lakhs)

Name of Entity in the Group	Net Assets, i.e. Total Assets minus Total Liabilities		Share in Profit or Loss	
	As % of consolidated net assets	Amount	As % of consolidated Profit or Loss	Amount
Year				
<b>Parent Company</b>				
Gala Precision Engineering Private Limited	100.61%	8,445.54	108.24%	1,721.21
31 March 2023				
31 March 2022	111.11%	6,724.33	104.97%	817.53
<b>Indian Subsidiary</b>				
Gala Springs LLP	0.31%	25.90	-0.01%	(0.20)
31 March 2023				
<b>Foreign Subsidiary</b>				
Gala Precision Components (Shanghai) Private Limited	-0.91%	(76.72)	-8.23%	(130.88)
31 March 2023				
31 March 2022	-11.11%	(672.62)	-4.97%	(38.73)
31 March 2023	100.00%	8,394.72	100.00%	1,590.13
31 March 2022	100.00%	6,051.71	100.00%	778.80

35 The Holding 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.

#### 36 Discontinuing Operations:

On 22nd June, 2022, the Board of Directors ratified the decision of the management to dispose of Holding Company's Surface Engineering Solutions division, which is also a separate segment as per AS 17, Segment Reporting. The disposal is consistent with the Holding company's long-term strategy to focus its activities in the areas of Springs, Parts, Fasteners and Assemblies, and to divest unrecited activities. On 31st May, 2022, the Holding Company signed a contract to sell the SES Division to S M Systems Pvt Ltd for Rs 300 Lakhs.

The Holding Company sold the Intangible assets of SES business relating to Deburring & Polishing Systems & related Media Chemicals and remaining Property, Plant & Equipment has been put to use for other business units during the year ended 31st Mar. 2023. The amounts of other assets comprising of "Assets and Liabilities" are regular business transactions which in view of the management are likely to be settled or disposed in due course of time.

"The amount of revenue and expenses in respect of the ordinary activities attributable to the discontinuing operation during the current half year are as under"

Particulars	31 March 2023
Revenue from operations	164.91
Profit Before Tax	164.91

As per Management, only those income & expenses directly attributable to the discontinuing operations are considered for disclosure



## Gala Precision Engineering Private Limited

Notes to consolidated financial statements (Continued)  
for the year ended 31 March 2023

(Currency : Indian Rupees)

(Amt in Lakhs)

### 37 Dues from Gala Precision Components (Shanghai) Private Limited, China, ('Gala China' or ' Step down subsidiary')

The Holding Company has undergone a strategic transfer of its investments in subsidiary Gala Precision Components (Shanghai) Private Limited (Gala China) to its group company Gala Springs LLP at a nominal value of Rs. 10 lacs. The holding company has invested in Gala Springs LLP for 92% stake at Rs. 24 Lacs. Simultaneously, the company has taken proactive steps to transfer its China business to its distributor. Going forward, the company will sell products to the local distributor who will then sell to Chinese customers. Given the circumstances of the investment transfer, cessation of losses, and the shift to a distributor model, the Holding Company expects to collect outstanding receivables as of March 2023 amounting to Rs 893 Lakhs due from Gala China hence, no provision is considered necessary at this stage by management.

38 During the current financial year, the Holding company has successfully completed the sale of the land and building located at Thane. The decision to sell the property was based on Holding company's strategic objectives, including optimizing its asset portfolio and reallocating resources to support its core business activities. Considering the significance of this transaction, the gain from the sale has been classified as an exceptional item and separately disclosed.

39 Ministry of Corporate Affairs (MCA) vide notification dated 24th March 2021, has amended Schedule III to the Companies Act, 2013 to enhance the disclosure requirements in financial statements. The financial statements have been prepared after incorporating the amendments to the extent they are applicable

40 Previous year's figures have been re-grouped/re-classified wherever necessary

For M M Nissim & Co LLP  
Chartered Accountants  
Firm's Registration No. 107122W/W100672



N. Kashinath  
Partner  
Membership No. 036490

Mumbai, 12th Jun, 2023

UDIN:- 23036490B6X5A18356

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

  
Kirft Gala  
Managing Director

Balkishan Jalan  
Executive Director

Mumbai, 12th Jun, 2023

Mumbai, 12th Jun, 2023

