

## INDEPENDENT AUDITOR'S REPORT ON RESTATED FINANCIAL INFORMATION

To,

The Board of Directors,  
Sharp Chucks and Machines Limited  
(Formerly known as Sharp Chucks and Machines Private Limited),  
Jalandhar, India.

Dear Sirs,

1. We have examined the attached Restated Financial Statements of Sharp Chucks and Machines Limited (Formerly known as Sharp Chucks and Machines Private Limited), comprising the Restated Statement of Assets and Liabilities for the year ended March 31, 2023, as at 31<sup>st</sup> March 2022 and 31<sup>st</sup> March 2021, the Restated Statements of Profit and Loss, the Restated Cash Flow Statement for the year ended 31<sup>st</sup> March 2023, 31<sup>st</sup> March 2022 and March 31, 2021 respectively, the Summary Statement of Significant Accounting Policies, the Notes and Annexures as forming part of these Restated Financial Statements (collectively, the "Restated Financial Information"), as approved by the Board of Directors of the Company at their meeting held on September 16, 2023 for the purpose of inclusion in the Draft Prospectus/ Prospectus ("Draft Prospectus/Prospectus") prepared by the Company in connection with its proposed SME Initial Public Offer of equity shares ("SME IPO") prepared in terms of the requirements of:
  - a) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act");
  - b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and
  - c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").
2. The Company's Board of Directors is responsible for the preparation of the Restated Financial Information for the purpose of inclusion in the Draft Prospectus/Prospectus to be filed with Securities and Exchange Board of India, relevant stock exchange and Registrar of Companies, Chandigarh in connection with the proposed SME IPO. The Restated Financial Information has been prepared by the management of the Company on the basis of preparation stated in Annexure IV of the Restated Financial Information. The Board of Directors responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Financial Information. The Board of Directors is also responsible for identifying and ensuring that the Company complies with the Companies Act, (ICDR) Regulations and the Guidance Note.



3. We have examined such Restated Financial Information taking into consideration:
  - a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 14<sup>th</sup> December, 2022 in connection with the proposed IPO of the Company;
  - b) The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;
  - c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Financial Information; and
  - d) The requirements of Section 26 of the Act and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the IPO.
4. These Restated Financial Information have been compiled by the management from the Audited Financial Statements of the Company for the year ended March 31, 2023, March 31, 2022 and March 31, 2021 which has been approved by the Board of Directors. The financial statements of the Company for the year ended March 31, 2023, March 31, 2022, and March 31, 2021 is audited by other Auditor.
5. The audit report on the financial statements were modified and included following matter(s) giving rise to modifications on the financial statements as at and for the year ended on March 31, 2023, March 31, 2022 and March 31, 2021: -
  - a) The Restated Financial Information or Restated Summary Financial Statement have been made after incorporating adjustments for the changes in accounting policies retrospectively in respective financial period to reflect the same accounting treatment as per the changed accounting policy for all reporting periods, if any;
  - b) The Restated Financial Information or Restated Summary Financial Statement have been made after incorporating adjustments for prior period and other material amounts in the respective financial period to which they relate and there are no qualifications which require adjustments;
  - c) Extra-ordinary items that need to be disclosed separately in the accounts has been disclosed wherever required;
  - d) There were no qualifications in the Audit Report issued by the Other Statutory Auditors for the year ended March 31, 2023, March 31, 2022 and March 31, 2021 respectively which would require adjustments in this Restated Financial Statements of the Company except the company was required to spend the amount of Rs. 10.49 Lakhs on corporate social responsibility activities for the year ended 31<sup>st</sup> March, 2023 but is still unspent.
  - e) Profits and losses have been arrived at after charging all expenses including depreciation and after making such adjustments/restatements and regroupings as in our opinion are appropriate and are to be read in accordance with the Significant Accounting Policies and Notes to Accounts as set out in ANNEXURE – IV to this report;

- f) Adjustments in Restated Financial Information or Restated Summary Financial Statement have been made in accordance with the correct accounting policies,
  - g) There was no change in accounting policies, which needs to be adjusted in the Restated Financial Information or Restated Summary Financial Statement;
  - h) There are no revaluation reserves, which need to be disclosed separately in the Restated Financial Information or Restated Summary Financial Statement
  - i) The Company has not paid any dividend since its incorporation.
6. In accordance with the requirements of Part I of Chapter III of Act including rules made there under, ICDR Regulations, Guidance Note and Engagement Letter, we report that:
- a) The “Restated Statement of Assets and Liabilities” as set out in ANNEXURE – I to this report, of the Company as at March 31, 2023, March 31, 2022 and March 31, 2021 is prepared by the Company and approved by the Board of Directors. These Restated Summary Statement of Assets and Liabilities, have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to Accounts as set out in ANNEXURE – IV to this Report.
  - b) The “Restated Statement of Profit and Loss” as set out in ANNEXURE – II to this report, of the Company for the year ended - March 31, 2023, March 31, 2022 and March 31, 2021 is prepared by the Company and approved by the Board of Directors. These Restated Summary Statement of Profit and Loss have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to Accounts as set out in ANNEXURE – IV to this Report.
  - c) The “Restated Statement of Cash Flow” as set out in ANNEXURE – III to this report, of the Company for the year ended March 31, 2023, March 31, 2022 and March 31, 2021 is prepared by the Company and approved by the Board of Directors. These Statement of Cash Flow, as restated have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to Accounts as set out in ANNEXURE – IV to this Report.
7. For the purpose of our examination, we have relied on:
- a) Auditors’ reports issued by others dated September 07, 2023, September 19, 2022 and November 30, 2021 on the financial statements of the Company as at for the year ended March 31, 2023, March 31, 2022 and March 31, 2021 respectively as referred in Paragraph 5 above;



8. Based on our examination and according to the information and explanations given to us, we report that the Restated Financial Information have been prepared:
  - a) after incorporating adjustments for the changes in prior period items, accounting policies and regrouping/reclassifications retrospectively, if any in the financial year ended March 31, 2023, March 31, 2022 and March 31 2021 to reflect the same accounting treatment as per the accounting policies and grouping/classifications; and
  - b) in accordance with the Act, ICDR Regulations and the Guidance Note.
  
9. We have also examined the following Notes to the Restated financial information of the Company set out in the Annexure IV, prepared by the management and approved by the Board of Directors on September 16,2023 for the year ended March 31, 2023, March 31, 2022 and March 31, 2021.
  - a) Restated Statement of Share Capital, Reserves and Surplus as appearing in Note 3 and 4 to this report;
  - b) Restated Statement of Long-term borrowings as appearing in Note 5 to this report
  - c) Restated Statement of Deferred Tax (Assets) / Liabilities as appearing in Note 6 to this report;
  - d) Restated Statement of Long-term provisions as appearing in Note 7 to this report;
  - e) Restated Statement of Short-term borrowings as appearing in Note 8 to this report;
  - f) Restated Statement of current maturity of long-term borrowings as appearing in Note 9 to this report;
  - g) Restated Statement of Trade Payables as appearing in Note 10 to this report;
  - h) Restated Statement of Other Current Liabilities as appearing in Note 11 to this report;
  - i) Restated Statement of Short-Term Provisions as appearing in Note 12 to this report;
  - j) Restated Statement of Property Plant & Equipment: Tangible Asset as appearing in Note 13 to this report;
  - k) Restated Statement of Property Plant & Equipment: Intangible Asset as appearing in Note 14 to this report;
  - l) Restated Statement of Capital Work in Progress including Intangible assets under development as appearing in Note 15 to this report;
  - m) Restated Statement of Long-term loans and advances as appearing in Note 16 to this report;
  - n) Restated Statement of Other non-current assets as appearing in Note 17 to this report;
  - o) Restated Statement of Inventories as appearing in Note 18 to this report;
  - p) Restated Statement of Trade Receivables as appearing in Note 19 to this report;
  - q) Restated Statement of Cash and Cash Equivalents as appearing in Note 20 to this report;
  - r) Restated Statement of Short-term loans and advances as appearing in Note 21 to this report





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- s) Restated Statement of Other Current Assets as appearing in Note 22 to this report;
  - t) Restated Statement of Revenue from Operations as appearing in Note 23 to this report;
  - u) Restated Statement of Other Income as appearing in Note 24 to this report;
  - v) Restated Statement of Direct Expenses as appearing in Note 25 to this report;
  - w) Restated Statement of changes in Inventories as appearing in Note 26 to this report
  - x) Restated Statement of Employee Benefit Expenses as appearing in Note 27 to this report;
  - y) Restated Statement of Finance Cost as appearing in Note 28 to this report;
  - z) Restated Statement of Depreciation & Amortization as appearing in Note 13 to this report;
  - aa) Restated Statement of Other Expenses as appearing in Note 29 to this report;
  - bb) Restated Statement of Adjustments to Restated Statements appearing in Annexure V to this report;
  - cc) Restated Statement of Contingent Liabilities as appearing in Annexure VI to this report;
  - dd) Restated Statement of Related Party Transactions as appearing in Note Annexure VII to this report;
  - ee) Restated Statement of Mandatory Accounting Ratios as appearing in Note Annexure VIII to this report;
  - ff) Capitalization Statement as appearing in Annexure IX to this report;
  - gg) Restated Statement of Tax Shelter as appearing in Annexure X to this report;
  - hh) Restated Statement of financials indebtedness as appearing in Annexure XI to this report
10. We, **JMR & Associates LLP** Chartered Accountants have been subjected to the peer review process of the Institute of Chartered Accountants of India (“ICAI”) and holds the peer review certificate dated 28 September 2022 valid till 31 May 2025.
11. The Restated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited financial statements mentioned in paragraph 5 above.
12. The preparation and presentation of the Financial Statements referred to above are based on the Audited financial statements of the Company and are in accordance with the provisions of the Act and ICDR Regulations. The Financial Statements and information referred to above is the responsibility of the management of the Company.
13. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
14. We have no responsibility to update our report for events and circumstances occurring after the date of the report.



15. In our opinion, the above financial information contained in Annexure I to Annexure XI of this report read with the respective Significant Accounting Policies and Notes to Accounts as set out in Annexure IV are prepared after making adjustments and regrouping as considered appropriate and have been prepared in accordance with the Act, ICDR Regulations, Engagement Letter and Guidance Note and give a true and fair view in conformity with the accounting principles generally accepted in India, to the extent applicable.
16. Our report is intended solely for use of the Board of Directors for inclusion in the Draft Prospectus/ Prospectus to be filed with Securities and Exchange Board of India, relevant stock exchange and Registrar of Companies, Chandigarh in connection with the proposed IPO. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

**For JMR & Associates LLP**  
**Chartered Accountants**  
**Firm Registration No. 106912W / W100300**

**Sd/-**  
**CA. Nikesh Jain**  
**Partner**  
**M. No. 114003**  
**UDIN: 23114003BGSCMT5623**  
**Place: Mumbai**  
**Date: September 16,2023**