

**ANNUAL REPORT**  
**(2021-2022)**

**(Sandhar Technologies Barcelona, SL)**

# M.S. Goyal & Associates

CHARTERED ACCOUNTANTS

301, Prabhat Kiran, 17, Rajendra Place, New Delhi-110008 Ph :011-41538410-111 Telefax; 011-41538412

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## INDEPENDENT AUDITORS' REPORT

To the Members of Sandhar Technologies Barcelona S.L

Report on the Audit of the Consolidated Ind AS Financial Statements

### Opinion

We have audited the consolidated financial statements of Sandhar Technologies Barcelona S.L. ("the Company"), which comprise the balance sheet as at 31 March 2022, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the period for the year then ended, and notes to the Consolidated financial statements, including a summary of the significant accounting policies and other explanatory information (herein referred to as 'Consolidated Ind AS Financial Statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Companies Act, 2013 ("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 of the Company as at 31 March 2022, and profit and other comprehensive income, changes in equity and its cash flows for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs 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 Consolidated Ind AS Financial Statements under the provisions of the Act 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.

### Information Other than the Consolidated Ind AS Financial Statements and Auditor's Report thereon

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report but does not include the Consolidated Ind AS Financial Statements and our auditors' report thereon.

Our opinion on the Consolidated Ind AS 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 Ind AS 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 Ind AS 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. We have nothing to report in this regard.



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## Management's Responsibility for the Consolidated Ind AS Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Consolidated Ind AS Financial Statements that give a true and fair view of the Consolidated financial position, Consolidated financial performance, Consolidated other comprehensive income, Consolidated changes in equity and Consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. 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; and making judgments and estimates that are reasonable and prudent, relevant to the preparation and presentation of the Consolidated Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Ind AS Financial Statements, management and Board of Directors are 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.

Board of Directors of the Company are also responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Ind AS 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 Ind AS Financial Statements.

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

- Identify and assess the risks of material misstatement of the Consolidated Ind AS 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Consolidated Ind AS 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.

# M.S. Goyal & Associates

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- Evaluate the overall presentation, structure and content of the Consolidated Ind AS Financial Statements, including the disclosures, and whether the Consolidated Ind AS 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 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.

## Other Matter

The consolidated financial statements of the Group, for Ind AS, have been prepared in accordance with generally accepted accounting principles in Spain and the auditor SW Audit Control has issued unqualified audit report dated 12<sup>th</sup> May 2022. The consolidated financial statements of the Group have been adjusted for adjustments pursuant to conversion of the books of account maintained under Local Laws to Indian Accounting Standards and conversion from local currency i.e. EURO to Indian Rupees as explained under Note 2 under Basis of Preparation. We have relied on the English translation of the transactions from local language. In our opinion, the Company has maintained proper books of account insofar as appears from our examination of those books.

Our opinion is not modified in respect of this matter.

For M S Goyal & Associates

Chartered Accountants

FRN : 011372N



(M S Goyal)

Partner

Membership no 074042

Place New Delhi

Dated: 13<sup>th</sup> May 2022

Udin: 22074042AJJWQ6913

**Sandhar Technologies Barcelona, SL Consolidated**  
**Ind AS Balance Sheet as at 31 March 2022**

| Particulars                          | Notes | All amount in INR lacs |                        |
|--------------------------------------|-------|------------------------|------------------------|
|                                      |       | As at<br>31 March 2022 | As at<br>31 March 2021 |
| <b>Assets</b>                        |       |                        |                        |
| <b>Non-current assets</b>            |       |                        |                        |
| Property, plant and equipment        | 3     | 18,842.96              | 16,284.75              |
| Right-of-use assets                  | 3     | 5,807.01               | 6,343.83               |
| Capital work-in-progress             | 3A    | 2,395.70               | 716.19                 |
| Intangible assets                    | 4     | 326.11                 | 410.72                 |
| Consolidated Goodwill                |       | 0.95                   | 0.95                   |
| <b>Financial assets</b>              |       |                        |                        |
| - Other financial assets             | 5     | 823.99                 | 205.81                 |
| Other non-current assets             | 7     | 1,579.55               | 135.68                 |
| <b>Total non-current assets</b>      |       | <b>29,776.27</b>       | <b>24,097.93</b>       |
| <b>Current assets</b>                |       |                        |                        |
| Inventories                          | 6     | 9,569.17               | 7,688.14               |
| <b>Financial assets</b>              |       |                        |                        |
| - Loans                              | 5     | 1,420.79               | 1,374.46               |
| - Trade receivables                  | 5     | 4,284.65               | 4,158.36               |
| - Cash and cash equivalents          | 5     | 156.52                 | 358.80                 |
| Other current assets                 | 7     | 2,517.71               | 926.80                 |
| <b>Total current assets</b>          |       | <b>17,948.84</b>       | <b>14,506.56</b>       |
| <b>Total assets</b>                  |       | <b>47,725.11</b>       | <b>38,604.49</b>       |
| <b>Equity and liabilities</b>        |       |                        |                        |
| <b>Equity</b>                        |       |                        |                        |
| Equity share capital                 | 8     | 2,143.37               | 2,143.37               |
| <b>Other equity</b>                  |       |                        |                        |
| - Retained earnings                  | 9     | 2,092.26               | 1,391.04               |
| - Other reserves                     | 9     | 977.82                 | 980.17                 |
| <b>Total equity</b>                  |       | <b>5,213.45</b>        | <b>4,514.58</b>        |
| <b>Non-current liabilities</b>       |       |                        |                        |
| <b>Financial liabilities</b>         |       |                        |                        |
| - Borrowings                         | 10    | 10,231.82              | 9,923.09               |
| - Other financial liabilities        | 13    | 36.89                  | 195.96                 |
| - Lease Liability                    | 13    | 5,781.56               | 6,305.05               |
| Deferred tax liabilities (net)       |       | 638.02                 | 601.51                 |
| <b>Total non current liabilities</b> |       | <b>16,688.29</b>       | <b>17,025.61</b>       |
| <b>Current liabilities</b>           |       |                        |                        |
| <b>Financial liabilities</b>         |       |                        |                        |
| - Borrowings                         | 10    | 12,107.05              | 7,803.67               |
| - Trade payables                     | 11    | 10,115.61              | 5,885.71               |
| - Other financial liabilities        | 13    | 1,948.53               | 1,999.40               |
| - Lease Liability                    | 13    | 491.77                 | 489.83                 |
| Other current liabilities            | 12    | 1,160.41               | 885.69                 |
| <b>Total current liabilities</b>     |       | <b>25,823.37</b>       | <b>17,064.30</b>       |
| <b>Total equity and liabilities</b>  |       | <b>47,725.11</b>       | <b>38,604.49</b>       |

Summary of significant accounting policies 2.5  
 The accompanying notes are an integral part of the consolidated financial statements.

As per our review report of even date

For M S Goyal & Associates  
 Chartered Accountants  
 FRN: 011372N

CA. M S Goyal  
 (Partner)  
 M. No: 074042

Date: 13 May 2022  
 Place:



For and on behalf of  
 Sandhar Technologies Barcelona, SL Consolidated

*(Signature)*  
 Jayant Davar  
 (Director)

**Sandhar Technologies Barcelona, SL Consolidated**  
**Statement of Profit and Loss for the year ended 31 March 2022**

| Particulars   | Notes | All amount in INR lacs              |                                     |
|---|-------|-------------------------------------|-------------------------------------|
|   |       | For the year ended<br>31 March 2022 | For the year ended<br>31 March 2021 |
| <b>I REVENUE</b>  |       |                                     |                                     |
| Revenue From Operations   | 14    | 37,002.45                           | 26,704.86                           |
| Other Income  | 15    | 84.99                               | 154.22                              |
| <b>Total Income (I)</b>   |       | <b>37,087.44</b>                    | <b>26,859.08</b>                    |
| <b>II EXPENSES</b>  |       |                                     |                                     |
| Cost of Material Consumed   | 16    | 11,732.93                           | 6,900.37                            |
| (Increase)/ decrease in inventories of finished goods, work-in-progress, scrap and components | 16    | (1,338.77)                          | 101.55                              |
| Employee Benefits Expense   | 17    | 7,997.01                            | 6,559.01                            |
| Finance Costs   | 20    | 738.96                              | 661.53                              |
| Depreciation and amortization expense   | 18    | 2,355.11                            | 2,358.51                            |
| Other Expenses  | 19    | 14,794.08                           | 9,929.05                            |
| <b>Total expenses (II)</b>  |       | <b>36,279.32</b>                    | <b>26,510.02</b>                    |
| <b>III Profit/(loss) before exceptional items and tax (I-II)</b>                              |       | <b>808.12</b>                       | <b>349.06</b>                       |
| Exceptional item  |       | -                                   | -                                   |
| <b>IV Profit/(loss) before tax</b>  |       | <b>808.12</b>                       | <b>349.06</b>                       |
| <b>V Tax expense:</b>   |       |                                     |                                     |
| (1) Current tax   |       | 250.83                              | (10.20)                             |
| (2) Deferred tax (credit)/ charge   |       | (143.93)                            | 0.03                                |
| <b>VI Profit (Loss) for the period (IV-V)</b>   |       | <b>701.22</b>                       | <b>359.23</b>                       |
| <b>VII Other Comprehensive Income</b>   |       |                                     |                                     |
| a. Items that will be reclassified to profit or loss  |       |                                     |                                     |
| (i) Exchange differences in translating the financial statements of foreign operations        |       | (3.13)                              | 44.08                               |
| -Income tax relating to above   |       | 0.78                                | (11.02)                             |
| <b>Total Other Comprehensive Income</b>   |       | <b>(2.35)</b>                       | <b>33.06</b>                        |
| <b>VIII Total Comprehensive Income for the period (VI+VII)</b>                                |       | <b>698.87</b>                       | <b>392.29</b>                       |
| <b>IX Earnings per equity share:</b>  |       |                                     |                                     |
| (1) Basic   | 21    | 21.59                               | 11.06                               |
| (2) Diluted   | 21    | 21.59                               | 11.06                               |

Summary of significant accounting policies 2.5

The accompanying notes are an integral part of the consolidated financial statements.

As per our review report of even date

For M S Goyal & Associates  
Chartered Accountants  
FRN: 011372N

CA. M S Goyal  
(Partner)  
M. No: 074042



For and on behalf of  
Sandhar Technologies Barcelona, SL Consolidated

*(Signature)*  
Jayant Dagar  
(Director)

Date: 13 May 2022

Place:

**Sandhar Technologies Barcelona, SL Consolidated**  
**Statement of Cash Flows for the year ended 31 March 2022**

| Particulars  | All amount in INR lacs              |                                     |
|--|-------------------------------------|-------------------------------------|
|  | For the year ended<br>31 March 2022 | For the year ended<br>31 March 2021 |
| <b>A Cash Flow from Operating Activities</b>                       |                                     |                                     |
| 1 Profit Before Tax  | 808.12                              | 349.06                              |
| 2 Adjustments for :  |                                     |                                     |
| Depreciation and amortization expense                              | 2,355.11                            | 2,358.51                            |
| (Profit)/Loss on sale of fixed assets                              | -                                   | (4.06)                              |
| Interest expense   | 738.96                              | 661.53                              |
| 3 Operating Profit before Working Capital Changes (1+2)            | 3,902.19                            | 3,365.04                            |
| 4 Change in Working Capital:<br>(Excluding Cash & Bank Balances)   |                                     |                                     |
| Foreign Currency Translation Reserve                               | (2.35)                              | 33.06                               |
| Increase in trade receivables                                      | (126.29)                            | (1,260.14)                          |
| Increase in inventories  | (1,881.03)                          | (298.62)                            |
| Increase in long-term loans and advances                           | (2,062.05)                          | (148.05)                            |
| Increase in short-term loans and advances and other current assets | (1,637.25)                          | (848.98)                            |
| Increase in trade payables   | 4,229.90                            | 741.24                              |
| (Decrease)/ Increase in other long term liabilities                | (682.56)                            | 375.65                              |
| Increase in other current liabilities                              | 225.80                              | 465.54                              |
| Change in Working Capital  | (1,935.83)                          | (940.30)                            |
| 5 Cash Generated From Operations (3+4)                             | 1,966.36                            | 2,424.74                            |
| 6 Less : Taxes paid  | 70.39                               | (8.72)                              |
| 7 Net Cash Flow from Operating Activities (5-6)                    | 1,895.97                            | 2,433.46                            |
| <b>B Cash Flow from Investing Activities:</b>                      |                                     |                                     |
| Purchase of fixed assets   | (6,016.27)                          | (3,260.30)                          |
| Proceeds from sale of fixed assets                                 | 44.87                               | 123.66                              |
| Net Cash used in Investing Activities:                             | (5,971.40)                          | (3,136.64)                          |
| <b>C Net Cash Flow From Financing Activities:</b>                  |                                     |                                     |
| Repayment of long-term borrowings                                  | -                                   | (540.60)                            |
| Proceeds from long-term borrowings                                 | 308.73                              | 9,755.46                            |
| (Repayment)/ proceeds from short-term borrowings (net)             | 4,303.38                            | (7,639.18)                          |
| Finance costs paid   | (738.96)                            | (661.53)                            |
| Net Cash Generated from Financing Activities:                      | 3,873.15                            | 914.15                              |
| <b>D Net Change In Cash &amp; cash equivalents<br/>(A+B+C)</b>     | (202.28)                            | 210.97                              |
| E - 1 Cash & cash equivalents as at end of the year                | 156.52                              | 358.80                              |
| E - 2 Cash & cash equivalents as at the beginning of year          | 358.80                              | 147.83                              |

**Notes:**

- The standalone cash flow statement has been prepared in accordance with "Indirect Method" as set out on Indian Accounting Standard -7 on "Statement on Cash Flows".
- Refer note 2.5 for significant accounting policies.
- Amendment to Ind AS 7: Effective 1 April 2017, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of these standalone financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the standalone financial statements.

The accompanying notes are an integral part of the consolidated financial statements.

As per our review report of even date

For M S Goyal & Associates  
Chartered Accountants  
Firm: 011372N

CA. M S Goyal  
(Partner)  
M. No: 074042

Date: 13 May 2022  
Place:

For and on behalf of  
Sandhar Technologies Barcelona, SL Consolidated

Jayant Davar  
(Director)

**Sandhar Technologies Barcelona, SL Consolidated**  
**Statement of changes in equity for the year ended 31 March 2022**

**A. Equity share capital:**

| Equity shares of EUR 1 each fully paid up issued | Equity Shares |          |
|--|---------------|----------|
|  | No. In lacs   | INR lacs |
| At 1 April 2020                                  | 32.48         | 2,143.37 |
| Increase/(decrease) during the year              | -             | -        |
| At 31 March 2021                                 | 32.48         | 2,143.37 |
| Increase/(decrease) during the year              | -             | -        |
| At 31 March 2022                                 | 32.48         | 2,143.37 |

**B. Other equity**

| Particulars                           | Reserves and Surplus |                  | OCI      | Exchange difference on translating of financial statement of foreign operations | Total |
|---------------------------------------|----------------------|------------------|----------|---|-------|
|                                       | Retained earnings    | Security Premium |          |   |       |
| Balance at the 1 April 2020           | 1,031.81             | 330.64           | 616.47   | 1,978.92  |       |
| Add: Created/reversed during the year | 359.23               | -                | 33.06    | 33.06   |       |
| Add: Profit for the Year              | 1,391.04             | 330.64           | 649.53   | 2,371.21  |       |
| As at 31 March 2021                   | 2,782.08             | 661.28           | 1,305.06 | 4,748.42  |       |
| Add: Created/reversed during the year | -                    | -                | (2.35)   | (2.35)  |       |
| Add: Profit for the year              | 701.22               | -                | -        | 701.22  |       |
| At 31 March 2022                      | 3,483.30             | 661.28           | 1,302.71 | 5,447.29  |       |

**All amount in INR lacs**

Refer note 9 for nature and purpose of other equity  
 The accompanying notes are an integral part of the consolidated financial statements.

As per our review report of even date

For M S Goyal & Associates  
 Chartered Accountants

FRN: 011372N



CA. M S Goyal  
 (Partner)  
 M. No: 074042

Date: 13 May 2022  
 Place:

For and on behalf of  
 Sandhar Technologies Barcelona, SL Consolidated

*(Signature)*  
 Jayant Devati  
 (Director)



**Sandhar Technologies Barcelona, SL Consolidated**  
Notes to financial statements for the year ended 31 March 2022  
(Amount in INR lacs, unless otherwise stated)

**3. Property, plant and equipment**

| Particulars                             | Right-of-use Assets | Freehold Land | Plant and Equipment | Office equipments | Furnitures and Fixtures | Total     |
|---|---------------------|---------------|---------------------|-------------------|-------------------------|-----------|
| <b>Cost</b>                             |                     |               |                     |                   |                         |           |
| At 1 April 2020                         | 6,632               | -             | 20,812.18           | 289.24            | 33.03                   | 27,765.76 |
| Add/Less: FCTR Adjustments              | 295.38              | -             | 926.92              | 12.88             | 1.47                    | 1,235.65  |
| Additions                               | 895.18              | -             | 1,731.09            | 18.49             | -                       | 2,644.76  |
| Add/Less: FCTR Adjustments              | (4.94)              | -             | (9.56)              | (0.10)            | -                       | (14.60)   |
| Disposals                               | -                   | -             | 297.18              | 12.26             | -                       | 309.44    |
| Add/Less: FCTR Adjustments              | (109.03)            | -             | (474.87)            | (0.07)            | (1.71)                  | (592.88)  |
| Foreign currency translation adjustment | 0.60                | -             | 2.63                | (8.98)            | -                       | 3.28      |
| Add/Less: FCTR Adjustments              | 0.60                | -             | 2.63                | 0.05              | -                       | 3.28      |
| As at 31 March 2021                     | 7,709.50            | -             | 22,692.84           | 299.39            | 34.50                   | 30,736.24 |
| Add/Less: FCTR Adjustments              | (174.61)            | -             | (513.95)            | (6.78)            | (0.78)                  | (696.12)  |
| Additions                               | -                   | -             | 4,106.30            | 70.51             | -                       | 4,501.73  |
| Add/Less: FCTR Adjustments              | -                   | -             | (119.80)            | (2.06)            | -                       | (131.34)  |
| Disposals                               | -                   | -             | -                   | -                 | -                       | -         |
| Add/Less: FCTR Adjustments              | -                   | -             | -                   | -                 | -                       | -         |
| Foreign currency translation adjustment | 127.15              | -             | 399.58              | 7.80              | -                       | 534.53    |
| Add/Less: FCTR Adjustments              | (3.71)              | -             | (11.66)             | (0.23)            | -                       | (15.60)   |
| As at 31 March 2022                     | 7,658.33            | 315.44        | 26,448.86           | 368.63            | 33.72                   | 34,824.98 |
| <b>Depreciation</b>                     |                     |               |                     |                   |                         |           |
| At 1 April 2020                         | 667.69              | -             | 5,060.01            | 120.99            | -                       | 5,848.69  |
| Add/Less: FCTR Adjustments              | 29.74               | -             | 225.36              | 5.39              | -                       | 260.49    |
| Charge for the year                     | 678.84              | -             | 1,583.21            | 31.14             | -                       | 2,293.19  |
| Add/Less: FCTR Adjustments              | (3.75)              | -             | (11.37)             | (0.17)            | -                       | (13.29)   |
| Deductions                              | -                   | -             | 177.58              | 12.26             | -                       | 189.84    |
| Add/Less: FCTR Adjustments              | -                   | -             | (0.98)              | (0.07)            | -                       | (1.05)    |
| Foreign translation Adjustment          | (6.89)              | -             | (81.82)             | (2.42)            | -                       | (91.13)   |
| Add/Less: FCTR Adjustments              | 0.04                | -             | 0.45                | 0.01              | -                       | 0.50      |
| As at 31 March 2021                     | 1,365.67            | -             | 6,599.24            | 142.75            | -                       | 8,107.66  |
| Add/Less: FCTR Adjustments              | (30.93)             | -             | (149.46)            | (3.23)            | -                       | (183.62)  |
| Charge for the year                     | 516.05              | -             | 1,700.09            | 32.45             | -                       | 2,248.59  |
| Add/Less: FCTR Adjustments              | (15.06)             | -             | (23.36)             | (0.95)            | -                       | (39.37)   |
| Deductions                              | -                   | -             | 62.72               | -                 | -                       | 62.72     |
| Add/Less: FCTR Adjustments              | -                   | -             | (1.83)              | -                 | -                       | (1.83)    |
| Foreign translation Adjustment          | 16.06               | -             | 87.14               | 2.52              | -                       | 105.72    |
| Add/Less: FCTR Adjustments              | (0.47)              | -             | (2.54)              | (0.07)            | -                       | (3.08)    |
| As at 31 March 2022                     | 1,851.32            | -             | 8,150.22            | 173.47            | -                       | 10,175.01 |
| <b>Net block</b>                        |                     |               |                     |                   |                         |           |
| As at 31 March 2022                     | 5,807.01            | 315.44        | 18,298.64           | 195.16            | 33.72                   | 24,649.97 |
| As at 31 March 2021                     | 6,343.83            | -             | 16,093.60           | 156.64            | 34.50                   | 22,628.58 |

\* Refer note vii under Other Notes



**Sandhar Technologies Barcelona, SL Consolidated**  
**Notes to financial statements for the year ended 31 March 2022**  
**(Amount in INR lacs, unless otherwise stated)**

**Note 3A: Capital Work in Progress**

| Particulars  | As             | At              | As             | At            |
|--|----------------|-----------------|----------------|---------------|
|  | March 31, 2022 |                 | March 31, 2021 |               |
| Capital work in progress                           |                | 2,395.70        |                | 716.19        |
|  |                | <u>2,395.70</u> |                | <u>716.19</u> |
| Breakup of Capital Work in Progress is as follows: |                |                 |                |               |
| Plant and equipment                                |                | 2,395.70        |                | 716.19        |
|  |                | <u>2,395.70</u> |                | <u>716.19</u> |

Capital Work In Progress Aging Schedule

As at 31 March, 2022

| Particulars          | Amount in CWIP for a period of |           |           |                   |                 |
|----------------------|--------------------------------|-----------|-----------|-------------------|-----------------|
|                      | Less than 1 year               | 1-2 years | 2-3 years | More than 3 years | Total           |
| Projects in progress | 2,382.02                       | -         | -         | 13.68             | 2,395.70        |
| Total                | <u>2,382.02</u>                | <u>-</u>  | <u>-</u>  | <u>13.68</u>      | <u>2,395.70</u> |

As at 31 March, 2021

| Particulars          | Amount in CWIP for a period of |             |           |                   |               |
|----------------------|--------------------------------|-------------|-----------|-------------------|---------------|
|                      | Less than 1 year               | 1-2 years   | 2-3 years | More than 3 years | Total         |
| Projects in progress | 693.35                         | 3.35        | -         | 19.49             | 716.19        |
| Total                | <u>693.35</u>                  | <u>3.35</u> | <u>-</u>  | <u>19.49</u>      | <u>716.19</u> |

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**Sandhar Technologies Barcelona, SL Consolidated**  
**Notes to financial statements for the year ended 31 March 2022**  
**(Amount in INR lacs, unless otherwise stated)**

**4. Intangible assets**

| Particulars                              | Computer software | Technical Know How | Total         |
|--|-------------------|--------------------|---------------|
| <b>Gross block</b>                       |                   |                    |               |
| At 1 April 2020                          | 174.78            | -                  | 174.78        |
| Add/Less: FCTR Adjustments               | 7.78              | -                  | 7.78          |
| Additions                                | 21.74             | 373.74             | 395.48        |
| Add/Less: FCTR Adjustments               | (0.12)            | (2.06)             | (2.18)        |
| Disposals                                | -                 | -                  | -             |
| Add/Less: Foreign translation Adjustment | (0.77)            | -                  | (0.77)        |
| Add/Less: FCTR Adjustments               | -                 | -                  | -             |
| <b>As at 31 March 2021</b>               | <b>203.41</b>     | <b>371.68</b>      | <b>575.09</b> |
| Add/Less: FCTR Adjustments               | (4.61)            | (8.42)             | (13.03)       |
| Additions                                | 28.74             | -                  | 28.74         |
| Add/Less: FCTR Adjustments               | (0.84)            | -                  | (0.84)        |
| Disposals                                | -                 | -                  | -             |
| Add/Less: Foreign translation Adjustment | 0.61              | -                  | 0.61          |
| Add/Less: FCTR Adjustments               | (0.02)            | -                  | (0.02)        |
| <b>As at 31 March 2022</b>               | <b>227.29</b>     | <b>363.26</b>      | <b>590.55</b> |
| <b>Amortization</b>                      |                   |                    |               |
| At 1 April 2020                          | 95.55             | -                  | 95.55         |
| Add/Less: FCTR Adjustments               | 4.26              | -                  | 4.26          |
| Charge for the year                      | 34.25             | 31.07              | 65.32         |
| Add/Less: FCTR Adjustments               | (0.19)            | (0.17)             | (0.36)        |
| Disposals                                | -                 | -                  | -             |
| Add/Less: Foreign translation Adjustment | (0.40)            | -                  | (0.40)        |
| Add/Less: FCTR Adjustments               | -                 | -                  | -             |
| <b>As at 31 March 2021</b>               | <b>133.47</b>     | <b>30.90</b>       | <b>164.37</b> |
| Add/Less: FCTR Adjustments               | (3.02)            | (0.70)             | (3.72)        |
| Charge for the year                      | 31.69             | 74.83              | 106.52        |
| Add/Less: FCTR Adjustments               | (0.93)            | (2.18)             | (3.11)        |
| Disposals                                | -                 | -                  | -             |
| Add/Less: Foreign translation Adjustment | 0.37              | -                  | 0.37          |
| Add/Less: FCTR Adjustments               | 0.01              | -                  | 0.01          |
| <b>As at 31 March 2022</b>               | <b>161.59</b>     | <b>102.85</b>      | <b>264.44</b> |
| <b>Net block</b>                         |                   |                    |               |
| As at 31 March 2022                      | 65.70             | 260.41             | 326.11        |
| As at 31 March 2021                      | 69.94             | 340.78             | 410.72        |



|          |  |                 |                 |
|----------|--|-----------------|-----------------|
| <b>B</b> | <b>Prepaid expenses</b>                                |                 |                 |
|          | Prepaid expenses                                       | 113.71          | 56.34           |
|          |  | 113.71          | 56.34           |
| <b>C</b> | <b>Balance with statutory / government authorities</b> |                 |                 |
|          | Unsecured considered good                              | 2,238.35        | 866.96          |
|          |  | 2,238.35        | 866.96          |
|          | Less: Provision for other doubtful advances            | -               | -               |
|          |  | 2,238.35        | 866.96          |
| <b>D</b> | <b>Other assets</b>                                    |                 |                 |
|          | Advance income-tax (net of provision for taxation)     | 165.65          | 3.50            |
|          |  | 165.65          | 3.50            |
|          | <b>Total other assets (A+B+C+D)</b>                    | <b>4,097.26</b> | <b>1,062.48</b> |
|          | Current  | 2,517.71        | 926.80          |
|          | Non-current  | 1,579.55        | 135.68          |

#### 8. Share Capital

##### A. Authorised share capital (Equity)

| Particulars                           | Number | No. of Shares |
|---------------------------------------|--------|---------------|
| At 1 April 2020                       |        |               |
| 32,48,403 Equity shares of EUR 1 each | 32.48  | EUR 3248403   |
| Increase/(decrease) during the year   | -      | -             |
| At 31 March 2021                      | 32.48  | EUR 3248403   |
| Increase/(decrease) during the year   | -      | -             |
| As at 31 March 2022                   | 32.48  | EUR 3248403   |

##### B. Issued, subscribed and fully paid equity capital

| Particulars             | Number | Amount   |
|-------------------------|--------|----------|
| At 1 April 2020         | 32.48  | 2,143.37 |
| Changes during the year | -      | -        |
| At 31 March 2021        | 32.48  | 2,143.37 |
| Changes during the year | -      | -        |
| As at 31 March 2022     | 32.48  | 2,143.37 |

##### C. Aggregate number of bonus of shares issued, share issued for consideration other than cash & share bought back during the period of five years immediately preceding the reporting date

| Name of the shareholder   | 31 March 2022 Amount | 31 March 2021 Amount |
|---|----------------------|----------------------|
| Equity shares allotted as fully paid bonus shares by capitalization of reserves | 6.29                 | 6.29                 |

##### Details of shares held by promoters as at 31 March 2022

| Promoter Name                          | No. of shares at the beginning of the year | Change during the year | No. of shares at the end of the year | % of Total Shares | % change during the year |
|--|--|------------------------|--------------------------------------|-------------------|--------------------------|
| Sandhar Technologies Limited           | 32,48,403.00                               | -                      | 32,48,403.00                         | 100.00%           | 0.00%                    |
| Equity shares of EUR 1 each fully paid |  |                        |                                      |                   |                          |
| <b>Total</b>                           | <b>32,48,403.00</b>                        | <b>-</b>               | <b>32,48,403.00</b>                  | <b>100.00%</b>    | <b>0.00%</b>             |

##### Details of shares held by promoters as at 31 March 2021

| Promoter Name                          | No. of shares at the beginning of the year | Change during the year | No. of shares at the end of the year | % of Total Shares | % change during the year |
|--|--|------------------------|--------------------------------------|-------------------|--------------------------|
| Sandhar Technologies Limited           | 32,48,403.00                               | -                      | 32,48,403.00                         | 100.00%           | 0.00%                    |
| Equity shares of EUR 1 each fully paid |  |                        |                                      |                   |                          |
| <b>Total</b>                           | <b>32,48,403.00</b>                        | <b>-</b>               | <b>32,48,403.00</b>                  | <b>100.00%</b>    | <b>0.00%</b>             |

#### 9. Other equity

| Other equity        | Reserves and Surplus |                  |                                      |                    |
|---------------------|----------------------|------------------|--------------------------------------|--------------------|
|                     | Retained Earnings    | Security Premium | Foreign Currency Translation Reserve | Total other equity |
| As at 31 March 2021 | 1,391.04             | 330.64           | 649.53                               | 2,371.21           |
| As at 31 March 2022 | 2,092.26             | 330.64           | 647.18                               | 3,070.08           |

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|   |                 |                 |
|---|-----------------|-----------------|
| <b>B. Prepaid expenses</b>                                |                 |                 |
| Prepaid expenses  | 113.71          | 56.34           |
|   | 113.71          | 56.34           |
| <b>C. Balance with statutory / government authorities</b> |                 |                 |
| Unsecured, considered good                                | 2,238.35        | 866.96          |
|   | 2,238.35        | 866.96          |
| Less: Provision for other doubtful advances               | -               | -               |
|   | 2,238.35        | 866.96          |
| <b>D. Other assets</b>                                    |                 |                 |
| Advance income-tax (net of provision for taxation)        | 165.65          | 3.50            |
|   | 165.65          | 3.50            |
| <b>Total other assets (A+B+C+D)</b>                       | <b>4,097.26</b> | <b>1,062.48</b> |
| Current   | 2,517.71        | 926.80          |
| Non-current   | 1,579.55        | 135.68          |

#### 8. Share Capital

|   |                             |                             |
|---|-----------------------------|-----------------------------|
| <b>A. Authorised share capital (Equity)</b>   |                             |                             |
| <b>Particulars</b>  | <b>No. in lacs</b>          | <b>Net of Shares</b>        |
| At 1 April 2020   |                             |                             |
| 32,48,403 Equity shares of EUR 1 each   | 32.48                       | EUR 3248403                 |
| Increase/(decrease) during the year   |                             |                             |
| At 31 March 2021  | 32.48                       | EUR 3248403                 |
| Increase/(decrease) during the year   |                             |                             |
| As at 31 March 2022   | 32.48                       | EUR 3248403                 |
| <b>B. Issued, subscribed and fully paid equity capital</b>  |                             |                             |
| <b>Particulars</b>  | <b>No. in lacs</b>          | <b>Amount</b>               |
| At 1 April 2020   | 32.48                       | 2,143.37                    |
| Changes during the year   |                             |                             |
| At 31 March 2021  | 32.48                       | 2,143.37                    |
| Changes during the year   |                             |                             |
| As at 31 March 2022   | 32.48                       | 2,143.37                    |
| <b>C. Aggregate number of bonus of shares issued, share issued for consideration other than cash &amp; share bought back during the period of five years immediately preceding the reporting date</b> |                             |                             |
| <b>Name of the shareholder</b>  | <b>31 March 2022 Amount</b> | <b>31 March 2021 Amount</b> |
| Equity shares allotted as fully paid bonus shares by capitalization of reserves   | 6.29                        | 6.29                        |

#### Details of shares held by promoters as at 31 March 2022

| Promoter Name  | No. of shares at the beginning of the year | Change during the year | No. of shares at the end of the year | % of Total Shares | % change during the year |
|--|--|------------------------|--------------------------------------|-------------------|--------------------------|
| Sandhar Technologies Limited<br>Equity shares of EUR 1 each fully paid | 32,48,403.00                               | -                      | 32,48,403.00                         | 100.00%           | 0.00%                    |
| <b>Total</b>   | <b>32,48,403.00</b>                        | <b>-</b>               | <b>32,48,403.00</b>                  | <b>100.00%</b>    | <b>0.00%</b>             |

#### Details of shares held by promoters as at 31 March 2021

| Promoter Name  | No. of shares at the beginning of the year | Change during the year | No. of shares at the end of the year | % of Total Shares | % change during the year |
|--|--|------------------------|--------------------------------------|-------------------|--------------------------|
| Sandhar Technologies Limited<br>Equity shares of EUR 1 each fully paid | 32,48,403.00                               | -                      | 32,48,403.00                         | 100.00%           | 0.00%                    |
| <b>Total</b>   | <b>32,48,403.00</b>                        | <b>-</b>               | <b>32,48,403.00</b>                  | <b>100.00%</b>    | <b>0.00%</b>             |

#### 9. Other equity

| Other equity        | Reserves and Surplus |               |                                      |                    |
|---------------------|----------------------|---------------|--------------------------------------|--------------------|
|                     | Reserve for shares   | Share Premium | Foreign Currency Translation Reserve | Total other equity |
| As at 31 March 2021 | 1,391.04             | 330.64        | 649.53                               | 2,371.21           |
| As at 31 March 2022 | 2,092.26             | 330.64        | 647.18                               | 3,070.08           |

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**Sandhar Technologies Barcelona, SL Consolidated**  
**Notes to financial statements for the year ended 31 March 2022**  
**(Amount in INR lacs, unless otherwise stated)**

**10. Borrowings**

| Particulars  | 31 March 2022    | 31 March 2021   |
|--|------------------|-----------------|
| <b>A. Non-current borrowings</b>   |                  |                 |
| EUR Loan from Santander (Corporate guarantee from STL)(Unsecured)  | 351.36           | 10.75           |
| EUR loan from Bankinter (Unsecured)  | 588.10           | -               |
| EUR Loan multiple bankers ICO COVID19 (Unsecured)  | 1,576.36         | 2,446.80        |
| EUR Credit multiple bankers ICO COVID19 (Unsecured)  | 2,015.31         | 1,722.25        |
| USD Loan from Banamex (Secured)  | 946.02           | 1,283.00        |
| EUR Loan from ICF (Unsecured)  | 2,502.16         | 2,149.03        |
| EUR Loan from ICICI Bank (Secured)   | 1,082.78         | 1,538.70        |
| EUR loan from BBVA (Secured)   | 650.12           | -               |
| Lease financing loans from financial institutions (Secured)  | 519.61           | 772.56          |
| <b>Total non-current borrowings</b>  | <b>10,231.82</b> | <b>9,923.09</b> |
| Secured  | 3,198.52         | 3,594.27        |
| Unsecured  | 7,033.30         | 6,328.82        |
| <b>B. Current borrowings</b>   |                  |                 |
| EUR Loan from Santander (Corporate guarantee from STL)(Unsecured)  | 73.96            | 59.10           |
| EUR Loan multiple bankers ICO COVID19 (Unsecured)  | 815.02           | 33.57           |
| USD Loan from Banamex (Secured)  | 283.81           | 183.29          |
| EUR Loan from ICF (Unsecured)  | 287.74           | -               |
| EUR Loan from ICICI Bank (Secured)   | 336.86           | -               |
| EUR loan from BBVA (Secured)   | 114.74           | -               |
| Lease financing loans from financial institutions (Secured)  | 236.74           | 453.96          |
| Total Current maturity of foreign currency loan  | 2,148.87         | 729.92          |
| Secured  | 972.15           | 637.25          |
| Unsecured  | 1,176.72         | 92.67           |
| <b>b) Cash credit from banks (Unsecured)*</b>  |                  |                 |
| Cash credit/WCDL/Buyer's line of credit from banks (secured by CL, CGT or SBLC from STL or by invoices financed) | 9,958.18         | 7,073.75        |
| <b>Total current borrowings</b>  | <b>12,107.05</b> | <b>7,803.67</b> |

| Terms of borrowings:  | 31 March 2022 | 31 March 2021 |
|---|---------------|---------------|
| (i) EUR loan from Santander carries interest @ 1.95% p.a. repayable in 24 monthly instalments of Eur 6,250 (plus interest) from May 2020 to April 2022. New loan from Santander carrying interest @ 2.25% repayable in 24 monthly instalments of Eur 21,325.10 (interest included) from Dec. 2022 to Nov. 2024  | 425.32        | 69.85         |
| (ii) 2 EUR loan from ICF for 2,500 Keur and 920 Keur carrying interest @ 2.5% p.a. repayable in 48 monthly Instalments of Eur 54,785 from November 2022 to August 2025 for the first one and 71 Instalments of Eur. 12,777.77 (plus interest) and 1 last instalment of Eur. 12,778.33 (plus interest) from Jan, 2024 to Dec. 2029. Moratory period from Dec. 2021 to Dec, 2023 for this last. | 2,789.90      | 2,149.03      |
| (iii) Lease financing loans from financial institutions (Some of which with Comfort letter from Parent company), carries interest @ 1.75% to 4.28%, monthly instalment ranging from Eur 168 to EUR 8,798. (Secured)   | 756.35        | 1,226.52      |
| (iv) EUR loan multiple bankers ICO COVID19 carry interest @ 1.5% to 3.55% (average 2%), repayable from 3 to 5 years in monthly instalment ranging from Eur 3,222 to EUR 38,000  | 4,406.70      | 4,202.62      |
| (v) USD Loan from Banamex in STM (SBLC guarantee from STL) carries interest of 1 month USD Libor+1.4% payable in 16 quarterly installments of USD 125,000 from July 2021 to January 2025  | 1,229.83      | 1,466.29      |
| (vi) EUR loan from ICICI Bank (Corporate guarantee from Parent company), carries interest of 3.25% repayable from in 17 quarterly installments of EUR 100,240 (plus interest) from March 2022 to March 2026 and a last installment of EUR 85,920 (plus interest) in June 2026   | 1,419.64      | 1,538.70      |
| (vii) EUR loan from BBVA (Corporate guarantee from Parent company), carries interest of 1.90% repayable in 84 months installments o EUR 12,723,38 (including interest) from August 2021 to July 2028  | 764.85        | -             |
| (viii) EUR loan from Bankinter (Unsecured) carries interest @ 2.82% repayable in 60 monthly instalments of Eur 12,522.17 (including interest) from Apr. 2023 to Mar, 2028. It has 1 year moratory period from Apr, 2022 to Mar, 2023.   | 588.10        | -             |

\* The above working capital line of credit from banks are secured by SBLC and Corporate Guarantee provided from Sandhar Technologies Limited and Invoices financed carrying interest ranging from 1% to 4% .



**Sandhar Technologies Barcelona, SL Consolidated**  
**Notes to financial statements for the year ended 31 March 2022**  
**(Amount in INR lacs, unless otherwise stated)**

**11. Trade payables**

| Particulars                 | 31 March 2022    | 31 March 2021   |
|-----------------------------|------------------|-----------------|
| Trade payable               | 10,115.61        | 5,885.71        |
| <b>Total trade payables</b> | <b>10,115.61</b> | <b>5,885.71</b> |

**Trade Payables ageing schedule as on March 31, 2022**

| Particulars                 | Outstanding for following periods from due date of payment |             |             |                   | Total     |
|-----------------------------|--|-------------|-------------|-------------------|-----------|
|                             | Less than 1 Year   | 1 - 2 Years | 2 - 3 Years | More than 3 Years |           |
| (i) MSME                    | -  | -           | -           | -                 | -         |
| (ii) Others                 | 10,115.54  | -           | -           | 0.07              | 10,115.61 |
| (iii) Disputed dues — MSME  | -  | -           | -           | -                 | -         |
| (iv) Disputed dues — Others | -  | -           | -           | -                 | -         |

**Trade Payables ageing schedule as on March 31, 2021**

| Particulars                 | Outstanding for following periods from due date of payment |             |             |                   | Total    |
|-----------------------------|--|-------------|-------------|-------------------|----------|
|                             | Less than 1 Year   | 1 - 2 Years | 2 - 3 Years | More than 3 Years |          |
| (i) MSME                    | -  | -           | -           | -                 | -        |
| (ii) Others                 | 5,883.59   | 2.12        | -           | -                 | 5,885.71 |
| (iii) Disputed dues — MSME  | -  | -           | -           | -                 | -        |
| (iv) Disputed dues — Others | -  | -           | -           | -                 | -        |

**12. Other liabilities**

| Particulars     | 31 March 2022   | 31 March 2021 |
|-----------------|-----------------|---------------|
| Other payables: |                 |               |
| Current         |                 |               |
| Statutory dues  | 438.28          | 325.52        |
| Other Payables  | 722.13          | 560.17        |
| <b>Total</b>    | <b>1,160.41</b> | <b>885.69</b> |

**13. Other financial liabilities**

| Particulars  | 31 March 2022   | 31 March 2021   |
|--|-----------------|-----------------|
| <b>A. Financial liabilities at amortised cost</b>    |                 |                 |
| Payables for capital goods                           | 345.31          | 559.07          |
| Advance from customers                               | 1,640.11        | 1,636.29        |
| Lease Liabilities-current                            | 491.77          | 489.83          |
| Lease Liabilities-non current                        | 5,781.56        | 6,305.05        |
| <b>Total financial liabilities at amortised cost</b> | <b>8,258.75</b> | <b>8,990.24</b> |
| <b>Current</b>                                       | <b>2,440.30</b> | <b>2,489.23</b> |
| <b>Non-current</b>                                   | <b>5,818.45</b> | <b>6,501.01</b> |



**Sandhar Technologies Barcelona, SL Consolidated**  
**Notes to financial statements for the year ended 31 March 2022**  
**(Amount in INR lacs, unless otherwise stated)**

**14. Revenue From Operations**

| Particulars             | 31 March 2022    | 31 March 2021    |
|-------------------------|------------------|------------------|
| Sale of products        | 36,539.25        | 26,455.90        |
| Sale of services        | -                | 16.87            |
| Other operating revenue |                  |                  |
| Scrap sale              | 463.20           | 232.09           |
| Total                   | <u>37,002.45</u> | <u>26,704.86</u> |
| <b>Total</b>            | <b>37,002.45</b> | <b>26,704.86</b> |

**15. Other income**

| Particulars                             | 31 March 2022 | 31 March 2021 |
|---|---------------|---------------|
| Other non-operating income              |               |               |
| Profit on sale of fixed assets          | -             | 4.06          |
| Foreign exchange fluctuation gain (net) | 72.77         | -             |
| Government grant                        | 1.20          | 1.13          |
| Others                                  | 11.02         | 149.03        |
|   | <u>84.99</u>  | <u>154.22</u> |

**16. Cost of raw material and components consumed**

**A. Raw material and components consumed**

| Particulars                                  | 31 March 2022    | 31 March 2021   |
|--|------------------|-----------------|
| Inventory at the beginning of the year       | 424.63           | 310.65          |
| Add: Purchases                               | 11,681.40        | 7,003.58        |
|  | <u>12,106.03</u> | <u>7,314.23</u> |
| Less: Inventory at the end of the year       | 368.46           | 424.63          |
| Cost of raw material and components consumed | <u>11,737.57</u> | <u>6,889.60</u> |
| Adjustment on account of exchange difference | (4.64)           | 10.77           |
| Cost of raw material and components consumed | <u>11,732.93</u> | <u>6,900.37</u> |

**B. (Increase)/ decrease in inventories of finished goods, work-in-progress, scrap and components**

| Particulars                                  | 31 March 2022          | 31 March 2021          |
|--|------------------------|------------------------|
| Closing inventories                          |                        |                        |
| Finished goods                               | 2,065.19               | 1,456.52               |
| Work in progress                             | 2,980.44               | 2,326.80               |
| Adjustment on account of exchange difference | 125.14                 | 44.22                  |
| Opening inventories                          |                        |                        |
| Finished goods                               | 1,456.52               | 1,400.61               |
| Work in progress                             | 2,326.80               | 2,353.71               |
| Adjustment on account of exchange difference | 48.68                  | 174.77                 |
| <b>Net Increase/ (Decrease)</b>              | <u><b>1,338.77</b></u> | <u><b>(101.55)</b></u> |

**17. Employee Benefits Expense**





| Particulars                    | 31 March 2022   | 31 March 2021   |
|--------------------------------|-----------------|-----------------|
| Salaries, bonus and allowances | 6,074.40        | 4,926.87        |
| Social Security Expense        | 1,454.06        | 1,253.00        |
| Staff welfare expenses         | 468.55          | 379.14          |
|                                | <u>7,997.01</u> | <u>6,559.01</u> |

### 18. Depreciation and amortization expense

| Particulars                                      | 31 March 2022   | 31 March 2021   |
|--|-----------------|-----------------|
| Depreciation on tangible fixed assets (note 3)   | 1,732.54        | 1,614.35        |
| Depreciation of Right-of-use assets (note 3)     | 516.05          | 678.84          |
| Amortisation on intangible fixed assets (note 4) | 106.52          | 65.32           |
|  | <u>2,355.11</u> | <u>2,358.51</u> |

### 19. Other expenses

| Particulars                             | 31 March 2022    | 31 March 2021   |
|---|------------------|-----------------|
| Consumption of stores and spares        | 5,247.06         | 3,289.96        |
| Packing material                        | 379.86           | 259.91          |
| Job work charges                        | 2,328.50         | 1,917.86        |
| Rent                                    | 59.45            | 44.83           |
| Vehicle Hire Charges                    | 49.81            | 47.24           |
| Rates and taxes                         | 80.39            | 76.50           |
| Insurance                               | 174.20           | 164.47          |
| Freight and forwarding charges          | 575.43           | 552.09          |
| Power and fuel                          | 3,681.24         | 1,759.71        |
| Repairs and maintenance                 |                  |                 |
| - Buildings                             | 102.27           | 71.58           |
| - Plant & machinery                     | 749.67           | 493.28          |
| - Others                                | 389.91           | 276.69          |
| Legal & professional charges            | 298.79           | 275.29          |
| Travelling and conveyance               | 57.24            | 15.38           |
| Payment to auditor*                     | 26.86            | 19.93           |
| Provision for Bad & Doubtful Debts      | -                | 23.47           |
| Foreign exchange fluctuation loss (net) | -                | 42.92           |
| Miscellaneous expenses                  | 593.40           | 597.94          |
| Total other expenses                    | <u>14,794.08</u> | <u>9,929.05</u> |

### Payment to auditors:

| Particulars | 31 March 2022 | 31 March 2021 |
|-------------|---------------|---------------|
| As auditor: |               |               |
| - Audit fee | 26.86         | 19.93         |
|             | <u>26.86</u>  | <u>19.93</u>  |

### 20. Finance Costs

| Particulars                   | 31 March 2022 | 31 March 2021 |
|-------------------------------|---------------|---------------|
| Interest to banks on          |               |               |
| - Term loan                   | 234.82        | 195.23        |
| - Others                      | 209.86        | 217.32        |
|                               | <u>444.68</u> | <u>412.55</u> |
| Interest to others            | 0.01          | -             |
| Cash discounting charges      | 14.01         | 16.30         |
| Bank charges                  | 103.07        | 95.00         |
| Interest on lease liabilities | 177.19        | 137.68        |
| Total finance costs           | <u>738.96</u> | <u>661.53</u> |



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**21. Earnings Per Share (EPS)**

Basic and Diluted EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

The following reflects the income and share data used in the basic and diluted EPS computations:

| Particulars   | 31 March 2022 | 31 March 2021 |
|---|---------------|---------------|
| Profit attributable to equity holders of the parent   | 701.22        | 359.23        |
| Weighted average number of equity shares used for computing Earning per Share (Basic & Diluted) | 32.48         | 32.48         |
| Earning Per Share (Basic and Diluted) (Rs)  | 21.59         | 11.06         |
| Face value per share  | EUR 1/- each  | EUR 1/- each  |

**Reconciliation of weighted average number of equity shares for calculation of Basic and Diluted earnings per share:**

| Particulars                                      | Number of equity shares | Weighted average number of shares |
|--|-------------------------|-----------------------------------|
| Equity shares of face value of Rs. 10 per share: |                         |                                   |
| As at 1 April 2021                               | 32.48                   | 32.48                             |
| Issued during the year 2021-22                   | -                       | -                                 |
| As at 31 March 2022                              | 32.48                   | 32.48                             |

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**Sandhar Technologies Barcelona, SL Consolidated**  
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**(Amount in INR lacs, unless otherwise stated)**

**22. Ratios**

| Ratio                                   | Numerator  | Denominator   | For the year ended 31 March 2022 | For the year ended 31 March 2021 | % Variance | Reason for variance(Mandatorily required if variance exceeds 25%)  |
|---|--|---|----------------------------------|----------------------------------|------------|--|
| <i>Current ratio</i>                    | Total current assets   | Total current liabilities   | 0.70                             | 0.85                             | -8.24%     | Not Applicable   |
| <i>Debt-equity ratio</i>                | Total Debt   | Shareholder's equity  | 4.28                             | 3.93                             | 9.12%      | Not Applicable   |
| <i>Debt service coverage ratio</i>      | Net profit after tax (excluding Other Comprehensive Income)+ Depreciation & amortizations +Interest on loans+Loss on sale of PPE | Total amount of interest, lease payments & principle repayments of loan payable or paid during the period | 5.91                             | 0.37                             | 1480.06%   | Debt Service Ratio compare to previous year increased due to increase of debt in current year.                         |
| <i>Return on equity ratio</i>           | Net profit after tax*100   | Average Shareholder's equity  | 14.42%                           | 8.32%                            | 73.31%     | Variance in return on equity ratio is due to increase in net profit after tax as compare to previous year.             |
| <i>Inventory turnover ratio</i>         | Cost of goods sold   | (Opening inventory+closing inventory)/2   | 1.20                             | 0.93                             | 29.70%     | Average inventory has been increased from ₹7,538.83 lakhs to ₹8,617.25 lakhs due to increase in sales in current year. |
| <i>Trade receivables turnover ratio</i> | Total Net Revenue  | Average Account Receivables (Opening+Closing)/2   | 8.77                             | 7.57                             | 15.81%     | Not Applicable   |
| <i>Trade payables turnover ratio</i>    | Total Purchases  | Average Account Payables (Opening+Closing)/2  | 1.46                             | 1.27                             | 14.97%     | Not Applicable   |
| <i>Net Capital turnover ratio</i>       | Total Net Revenue from operations  | Working capital (Current Assets-Current liabilities)  | (4.70)                           | (10.44)                          | -54.99%    | Variance in net capital turnover ratio is due to increase in sales as compare to previous year.                        |
| <i>Net Profit ratio</i>                 | Net Profit after tax*100   | Net Revenue from operations   | 1.90%                            | 1.35%                            | 40.88%     | Net profit Ratio Compare to previous year increased due to increase of sales in the current year.                      |
| <i>Return on capital employed</i>       | Earning Before interest and Tax  | Capital Employed (Tangible Net worth+ Total Debt+ Deferred tax liability)                                 | 0.06                             | 0.05                             | 23.24%     | Not Applicable   |
| <i>Return on Investment</i>             | Interest Income  | Average Investment  | -                                | -                                | 0.00%      | Not Applicable   |



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**1. Group Activity**

Sandhar Technologies Barcelona, S.L., (the dominant company hereinafter STB) was incorporated under the denomination Meplerson, SL the 18th May 2007 and remained inactive until it was purchased on the 9th July 2007 by nominee of Sandhar Technologies Limited (hereinafter STL). On 17th July 2007, the board approved the change of the name to the current one.

On the same day of purchase, 9<sup>th</sup> July 2007, STB purchased the 100% of the stakes of Breniar Project, SL, (hereinafter Breniar) incorporated the 25<sup>th</sup> April 2007 and remained inactive until it was purchased. On the 1<sup>st</sup> August 2007 Sandhar Technologies Barcelona, S.L., in the name of STL, in public writing fulfilled the order of the courts and purchased the assets of TECFISA, and Breniar purchased the assets of VETEC, subrogating each one its lease and labour contracts.

On the 6th August 2012 Sandhar Technologies Barcelona SL has acquired Arding Investments sp. zo.o. (100 shares, 100% of the company equity), which later became Sandhar Technologies Poland sp. z o.o., (hereinafter STP) taking over the employees of a former subcontractor of STB.

On December 2014 STB acquired the shares of Sandhar Technologies de México S de RL de CV (hereinafter STM), by increasing the equity of the company.

On 4th March 2021 Sandhar Technologies Ro, SRL (hereinafter STR) was incorporated, being STB its sole shareholder.

Breniar Project was liquidated the 23 April 2021.

The main activity of the group, formed by STB, the head of the group and dominant company is the manufacture of aluminium high pressure die cast parts for the automotive sector.

Consolidation is done with the global integration method.

None of the companies of the group is listed.

**2. Principles of Conversion of the Financial Statement from IGAAP to Indian GAAP**

**2.1** The consolidated financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 based on the material accounting policies of the Parent Company and after translating the reporting currency of STB group i.e. Euro to Indian Rupees, following the principles for translation of the financial statements of Non-Integral Foreign operations as laid down in the Indian Accounting Standard (Ind AS) 21 viz. The effects of changes in foreign exchange rates. The Company has prepared its consolidated financial statements on the reporting package of the Parent Company.

| S. No. | Name of the Subsidiary Company                     | Nature of relation | Ownership in % either directly or through subsidiaries |                     | Country of Incorporation |
|--------|--|--------------------|--|---------------------|--------------------------|
|        |  |                    | As at 31 March 2022                                    | As at 31 March 2021 |                          |
| 1.     | Sandhar Technologies Barcelona S.L. (STB)          | Parent Company     | 100  | 100                 | Spain                    |
| A      | Breniar Project, SL (BP)                           | Subsidiary         | 100  | 100                 | Spain                    |
| B      | Sandhar Technologies Poland sp. Zoo (STP)          | Subsidiary         | 100  | 100                 | Poland                   |
| C      | Sandhar Technologies de Mexico S de RL de CV (STM) | Subsidiary         | 100  | 100                 | Mexico                   |
| D      | Sandhar Technologies Ro SRL (w.e.f. 4 March 2021)  | Subsidiary         | 100  | 100                 | Romania                  |

Functional currency of the Sandhar Technologies Barcelona, S.L, i.e. Euro has been translated into the reporting currency of the STL i.e. Indian Rupees as under



## Sandhar Technologies Barcelona, SL Consolidated

### Notes to the Consolidated Financial Statements for the year ended 31 March 2022

(Rupees in lacs, except share data, per share data and unless otherwise stated)

- ❖ All assets and liabilities are converted at the rates prevailing at the end of the year.
  - ❖ Items in Statement of Profit & Loss are converted at the period average rate.
  - ❖ Share capital has been converted on the rate prevailing at the date of investment.
  - ❖ Reserves & Surplus is the balance derived from statement of Profit & Loss for each year, hence has been converted at average exchange rate for the period.
  - ❖ The resulting exchange difference is accumulated in foreign currency translation reserve until the disposal of net investment.
  - ❖ Functional currency i.e. Euro has been converted into reporting currency i.e. INR as under:-
    - Closing rate at 84.0142
    - Opening rate at 85.9611
    - Average Period rate during the year at 86.5389
- 2.2 Consolidated financial Statements of the STB Group has been audited by SW Audit Control and submitted their report dated 12 May 2022. Consolidation of the accounts of STB (Group) has been done under the global integration method. e.g.
- ❖ Elimination of Investment and arriving of goodwill on consolidation, Capital Reserve on Consolidation.
  - ❖ Elimination of income from Intercompany transactions.
  - ❖ Elimination of intercompany dividends.
  - ❖ Eliminations of credit/debit balances arising from operations or financial transactions between group companies.
  - ❖ Eliminations of expenses and revenue arising from intercompany transactions.
- 2.3 In view of different set of environments in which the Subsidiaries operate, the accounting policies followed for estimated useful life of the components of the fixed assets and its determination of depreciation on fixed assets is different from the accounting policies of the Company. This variation is in the nature of estimation of the useful life. However, depreciation on fixed assets has been calculated under Straight Line Method which is in accordance with the accounting policy of the Parent Company. (Amount involved is Rs. 22.49 Crore)  
Further, inventory of Spare Parts has been valued at Cost whereas spare parts are valued at lower of Cost or NRV as per the accounting policy of the Parent Company. In the opinion of the Management, impact of this different accounting is negligible in view of the in-house consumption of the spare parts. (Amount involved is Rs 42.01 Crore).

## 2.4 Significant Accounting Policies

### 2.4.1 Basis of preparation

#### (i) Statement of compliance

These consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under Section 133 of Companies Act, 2013, (the 'Act'), read with Companies (Indian Accounting Standards) (Amendment) Rules as amended from time to time and other relevant provisions of the Act.

Effective 1 April 2016, the Company had transitioned to Ind AS while the financial statements were being prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (previous GAAP) till 31 March 2017 and the transition was carried out in accordance of Ind AS 101 "First time adoption of Indian Accounting Standards". While carrying out transition, in addition to the mandatory exemptions, the Company had elected to certain exemption which are listed as below:

#### a) Business Combination:

Company has opted for exemption under Ind AS 101 with respect to Business Combinations whereby Company has elect not to apply Ind AS 103 retrospectively to past business combinations i.e. to (business combinations that occurred before the date of transition to Ind ASs).

#### b) Deemed cost exemption on Property, Plant and Equipment

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment and investment property as recognised in the financial statements as at the date of transition to Ind



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AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

**c) Leases:**

Ind AS 101 permits that if there is any land lease newly classified as finance lease then the first time adopter may recognise assets and liability at fair value on that date; and any difference between those fair values is recognized in retained earnings.

Company has therefore classified land leases with multi decade lease periods as finance lease as on transition date.

*(ii) Functional and presentation currency*

The consolidated financial statements are presented in Indian Rupees (INR) in lakhs, except when otherwise indicated.

*(iii) Basis of measurement*

The consolidated financial statements have been prepared on a historical cost basis.

The accounting policies adopted in the preparation of the Consolidated Financial Statements are in accordance with the accounting policies of the Parent Company i.e. Sandhar Technologies Ltd. The accounting policies adopted in the preparation of the Consolidated Financial Statements are consistent with those of the previous year except for items prescribed under Note on first time adoption of Ind AS for e.g., goodwill, grant. Consolidated financial statements have been prepared on the reporting package of the Parent Company.

*(iv) Use of estimates and judgements*

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. These include recognition and measurement of financial instruments, estimates of useful lives and residual value of Property, Plant and Equipment and intangible assets, valuation of inventories, measurement of recoverable amounts of cash-generating units, measurement of employee benefits, actuarial assumptions, provisions etc.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The Company continually evaluates these estimates and assumptions based on the most recently available information. Revisions to accounting estimates are recognized prospectively in the Statement of Profit and Loss in the period in which the estimates are revised and in any future periods affected.

*(v) Measurement of fair values*

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows,



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Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

## **2.5 Summary of Significant Accounting Policies**

### **a. Property, plant and equipment**

#### ***(i) Recognition and Measurement***

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment includes its purchase price, non-refundable taxes purchase taxes, duties or levies, after deducting trade discounts and rebates, any other directly attributable cost of bringing the asset to its working condition for its intended use and estimated cost of dismantling and removing the items and restoring the site on which it is located. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

An item of property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognized.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.



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The Company does not adjust exchange differences arising on translation/settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset but charges the same to the Statement of Profit and Loss in the year in which such gain/loss arises.

A property, plant and equipment is eliminated from the consolidated financial statements on disposal or when no further benefit is expected from its use and disposal. Assets retired from active use and held for disposal are generally stated at the lower of their net book value and net realizable value. Any gain or losses arising disposal of property, plant and equipment is recognized in the Statement of Profit and Loss.

Once classified as held-for-sale, property, plant and equipment are no longer depreciated.

Gains or losses arising from de-recognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

**(ii) Subsequent expenditure**

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

**Depreciation**

Depreciation on property, plant and equipment is calculated on a straight-line basis to allocate their cost, net of their estimated residual values, over the estimated useful lives and is recognized in the Statement of Profit and Loss. The identified components are depreciated over their useful life, the remaining asset is depreciated over the life of the principal asset.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation on fixed assets is provided at the rates of the Spanish Tax Tables.

| Asset                        | Current Year |       |     |
|------------------------------|--------------|-------|-----|
|                              | STB          | STM   | STP |
| Foundry Machinery            | 5.56%        | 5%    | N/A |
| Machining Machinery          | 7.14%        | 7.14% | N/A |
| Other Machinery              | 10%          | -     | -   |
| Installations                | 5%           | 5%    | 10% |
| Furniture & Fixtures         | 5%           | 5%    | 10% |
| Vehicles                     | -            | 10%   | 14% |
| Computers                    | 25%          | 25%   | 25% |
| Dies, Tools, and Instruments | 16.67%       | 20%   | 10% |

**b. Activities with environment incidence**

The costs of acquisition of equipment, systems or installations for the elimination, reduction or control of the possible environment impacts of the business are capitalized as environment fixed assets. The rest of expenses are accounted as expenses of the period.





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**c. Intangible assets**

**(i) Recognition and Measurement**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use and disposal. Losses arising from retirement and gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss.

**(ii) Subsequent expenditure**

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

**(iii) Amortization**

Intangible assets consist of software purchased by the Company which is amortised on a pro-rata to the period of use over 4 years on a straight-line basis in all companies.

**- Goodwill**

Goodwill is not amortized but will be tested for impairment annually.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

Amortization method, useful lives and residual lives are reviewed at the end of each financial year and adjusted, if appropriate.

**d. Leases**

The Company has applied Ind AS 116 w.e.f. 01 April 2019 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17.

**Policy applicable from 1 April 2019 – Ind AS 116**

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**As a lessee –**

The Company's lease asset classes primarily consist of leases for land and buildings. The Company, at the inception of a contract, assesses whether the contract is a lease or not. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered on or after 1 April 2019.

The Company elected to use the following practical expedients on initial application:

- Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.



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- Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Statement of Profit and Loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases- The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**Policy applicable before 1 April 2019 – Ind AS 17**

*(i) Determining whether an arrangement contains a lease*

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement



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is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognized at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognized using the incremental borrowing rate.

*(ii) Assets held under lease*

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Subsequent to the initial recognition, the assets are accounted for in accordance with the accounting policies applicable to similar owned assets. Assets held under leases that do not transfer to the Company substantially all the risk and rewards of ownership (i.e. operating lease) are not recognized in the Company's Balance Sheet.

*(iii) Lease payments*

Operating lease payments are not straight lined in cases where the escalation is expected to increase in line with the expected general inflation to compensate for the lessor's expected inflationary cost.

Payments made under finance lease are allocated between the outstanding liability and finance cost. The finance cost is charged to the statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

**e. Borrowing Cost**

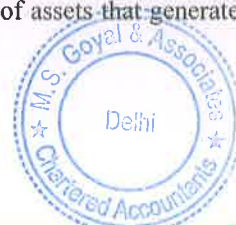
Borrowing cost includes interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs), amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they are incurred.

**f. Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest Group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.



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An asset's recoverable amount is the higher of an individual asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

The Company's corporate assets do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses, if any, are recognized in the Statement of Profit and Loss. Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation surplus.

In regard to assets for which impairment loss has been recognized in prior period, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

An assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of Profit and Loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

**g. Government grant**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.



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When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments.

#### **h. Inventories**

Work in progress, Raw materials, sub-assemblies and components including goods in transit are carried at lower of cost and net realisable value. Cost is determined on 'first in first out' basis.

Stores and spare parts are valued at cost.

Finished goods are carried at lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials and components: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost of raw material, components, stores and spares is determined on first in, first out basis.
- Finished goods and work in progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity. Cost is determined on first in, first out basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The net realizable value of work-in-progress is determined with reference to the selling prices of related finished products.

The comparison of cost and net realizable value is made on an item-by-item basis

#### **Moulds done for the clients**

The expenses for moulds to be invoiced to the clients are capitalized until they are finally sold. Sales of moulds are recognised when they are homologated by the client.

#### **i. Foreign Currencies**

##### **Functional and presentational currency**

Company's consolidated financial statements are presented in Indian Rupees (INR). Company's functional currency is Euro (EUR).

##### **Transactions and balances**

Transactions in foreign currencies are initially recorded by the Company at functional currency spot rates at the date the transaction first qualifies for recognition or an average rate if the average rate approximates the actual rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date (Refer Note 2.1). Exchange differences arising on settlement or translation of monetary items are recognized in statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or the statement of profit and loss are also recognized in OCI or the statement of profit and loss, respectively).

#### **j. Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the



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fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The specific recognition criteria described below must also be met before revenue is recognised.

Sales of parts are recognised on shipment to customers and includes net amount excluding value added tax.

In consignment stocks at the client's warehouse, sales are recognised upon self-billing/consumption advice from the client.

Sales of moulds are recognised when they are homologated by the client.

**Dividends**

Revenue is recognized when the Company's right to receive the payment is established by the reporting date.

**Operating cycle**

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. Where the normal operating cycle cannot be identified, it is assumed to have a duration of twelve months.

**k. Income tax**

Income tax expense comprises current and deferred tax. It is recognized in Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognized directly in equity or in other comprehensive income.

**Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognized amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

**Deferred tax**

Deferred tax is provided using the Balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized on carry forward of unused tax credits and any unused tax losses.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized. Deferred tax



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assets – unrecognized or recognized, are reviewed at each reporting date and are recognized/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Provisions for taxation have been made in accordance with Dutch corporate income tax law.

**l. Segment reporting**

***Basis for segmentation***

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. The Company is primarily engaged in the manufacture of aluminium high pressure die cast parts for the automotive sector. All operating segments' operating results are reviewed regularly by the Company's Chief to make decisions about resources to be allocated to the segments and assess their performance. Further export turnover of the Company is less than 10% of the total turnover; therefore, disclosure relating to geographical segment is also not applicable.

**m. Earnings per share**

Basic earnings / (loss) per share are calculated by dividing the net profit or loss for the year attributable to the shareholders of the Company by the weighted average number of equity shares outstanding at the end of the reporting period. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, if any, that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earning per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares except where the results will be anti-dilutive.

**n. Provisions (Other than employee benefits)**

**General provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed the expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. Expected future operating losses are not provided for.



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If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

**Other provision**

Accidental environmental liabilities are covered by the liability insurance.

**Contingent liability**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably.

**o. Employee benefits**

According to the sector social agreement (Convenio Side rometalúrgico de la provinciade Barcelona) the company pays 2 additional payrolls in June and December. The 2 additional payments, as well as the holidays payroll are provisioned every month on accrual basis.

**p. Cash flow statement**

Cash flows are reported using indirect method, whereby net profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals and accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

**q. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks, cash on hand and cheques on hand, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash at bank, cash on hand and cheques on hand as they are considered an integral part of the Company's cash management.

**r. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

***i. Recognition and initial measurement***

Trade receivables and debt securities are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss ('FVTPL'), transaction costs that are directly attributable to its acquisition or issue.

***ii. Classification and subsequent measurement***

***Financial assets***

On initial recognition, a financial asset is classified as measured at:

- Amortized cost;
- Fair Value through Other Comprehensive Income ('FVOCI') – debt instrument;
- FVOCI – equity investment; or
- FVTPL





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Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On de-recognition of the asset, cumulative gain or loss previously recognized in OCI is re-classified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

*Financial assets: Business model assessment*

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.



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Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

*Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest*

For the purpose of this assessment 'Principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:

- contingents events that would change the amounts or timings of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non - recourse features)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, as feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

*Financial assets: Subsequent measurement and gains and losses*

|                                    |   |
|------------------------------------|---|
| Financial assets at FVTPL          | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.  |
| Financial assets at amortized cost | These assets are subsequently measured at amortized cost using the effective interest method. Interest income, foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.   |
| Debt investment at FVOCI           | These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. |
| Equity investment at FVOCI         | These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are not reclassified to profit or loss.  |

*Financial liabilities: Classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.



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**iii. Derecognition**

*Financial assets*

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

*Financial liabilities*

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in profit or loss.

**iv. Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

*Impairment of financial assets*

The Company recognizes loss allowances for expected credit losses on:

- Financial assets measured at amortized cost; and
- Financial assets measured at FVOCI – debt instruments.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt instruments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit – impaired includes the following observable data:

For recognition of impairment loss on financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

*Presentation of allowance for expected credit losses in the balance sheet*

Loss allowance for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

*Write-off*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with Company's procedures for the recovery of amount due.



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In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for the measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a. Financial assets that are debt instruments, and are measured at amortized cost e.g., deposits and advances
- b. Trade receivables that result from transactions that are within the scope of Ind AS 115
- c. Financial guarantee contracts which are not measured as at FVTPL.

The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortized cost and contractual revenue receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

**s. Recent accounting pronouncements:**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022, as below.

Ind AS 16 – Property Plant and equipment - The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022.



**Sandhar Technologies Barcelona, SL Consolidated**  
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**(Rupees in lacs, except share data, per share data and unless otherwise stated)**

Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets – The amendment specifies that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022.

**Other Notes**

**(i) Segment Reporting**

The Company is primarily engaged in the manufacture of aluminium high pressure die cast parts for the automotive sector. All operating segments’ operating results are reviewed regularly by the Company’s Chief to make decisions about resources to be allocated to the segments and assess their performance. The operating segment of the Company is identified to be “Automotive components” as the Company’s Chief reviews business performance at an overall Company level as one segment. Further export turnover of the Company is less than 10% of the total turnover; therefore, disclosure relating to geographical segment is also not applicable.

Accordingly, as the company operates in a single business and geographical segment, the reporting requirements for primary and secondary disclosures under Indian Accounting Standard - 108 Operating Segment have not been provided in the financial statements.

**(ii) Related Party disclosures**

Name of the major related parties and related party relationship:

|                                |  |
|--------------------------------|--|
| Parent Company                 | Sandhar Technologies Limited   |
| Subsidiaries of Parent company | Sandhar Tooling Private Limited  |
|                                | Sandhar Strategic System Pvt Ltd (under process of Striking off)   |
|                                | Sandhar Automotive Systems Pvt Ltd. (w.e.f 28 December 2021)   |
|                                | Sandhar Engineering Private Limited (w.e.f 14 October 2021)  |
|                                | Sandhar Auto Casting Private Limited (w.e.f 1 October 2021)  |
|                                | Sandhar Auto Electric Solutions Private Limited  |
| Joint Ventures                 | Indo Tooling Pvt Limited (upto 9 October 2020)   |
|                                | Sandhar Han Sung Technologies Pvt Ltd  |
|                                | Sandhar Ecco Green Energy Pvt Ltd.   |
|                                | Jinyoung Sandhar Mechatronics Pvt Ltd  |
|                                | Sandhar Amkin Industries Pvt Ltd   |
|                                | Sandhar Daewha Automotive Systems Pvt Ltd. (till 27 December 2021)   |
|                                | Sandhar Daeshin Auto Systems Private Limited   |
|                                | Sandhar Whetron Electronics Private Limited  |
|                                | Kwangsung Sandhar Technologies Private Limited   |
|                                | Winnercom Sandhar Technologies Private Limited   |
|                                | Sandhar Han Shin Automotive Private Limited  |
|                                | Kwangsung Sandhar Automotive Systems Private Limited<br>(Subsidiary of Kwangsung Sandhar Technologies Private Limited) |
|                                | Sandhar Han Shin Auto Technologies Private Limited   |
|                                | Sandhar Daeshin Technologies Private Limited<br>(w.e.f. 29 July 2020 till 30 September 2021)                           |
|                                | Sandhar Auto Electric Technologies Private Limited   |



**Sandhar Technologies Barcelona, SL Consolidated**  
**Notes to the Consolidated Financial Statements for the year ended 31 March 2022**  
**(Rupees in lacs, except share data, per share data and unless otherwise stated)**

|   |   |
|---|---|
|   | (Formerly Known as Daewha India Private Limited)(w.e.f. 29 January 2021)      |
|   | Sandhar Autotech Private Limited (w.e.f. 27 January 2021)                     |
| Enterprises under common control  | Sanjeevani Impex Private Limited  |
|   | Sandhar Intelli-Glass Solutions Limited                                       |
|   | Sandhar Info Systems Limited  |
|   | Sandhar Estate Private Limited  |
|   | YSG Estates Private Limited   |
|   | Sandhar Enterprises   |
|   | KDB Investment Private Limited  |
|   | Jubin Finance & Investment Limited  |
|   | Haridwar Estates Private Limited  |
|   | Raasaa Retail Private Limited   |
|   | Supanavi Trading Private Limited  |
| Individual owning an interest in the voting power of parent company that gives them significant influence over the Company  | Mr Jayant Davar   |
| Key Managerial Personnel of parent company  | Mr. Jayant Davar (Co-Chairman and Managing Director)                          |
|   | Mr. Yashpal Jain (Chief Financial Officer) (appointed w.e.f. 16th March 2021) |
|   | Ms. Komal Malik (Company Secretary) (appointed w.e.f. 6th November 2020)      |
| Relatives of Key Managerial Personnel of parent company and relatives of Individual owning an interest in the voting power of reporting enterprise that gives them significant influence over the Company | Mr. D.N. Davar-Chairman   |
|   | Mrs. Monica Davar   |
|   | Master Neeljay Davar  |
|   | Mrs. Santosh Davar  |
|   | Mrs. Poonam Juneja  |
| Enterprises over which relatives of Key Managerial Personnel are able to exercise significant influence   | Swaran Enterprises (Mrs.Santosh Davar is a partner)                           |
|   | Shorah Realty LLP   |

**a) Transactions that have taken place during the period 1st April 2021 to 31st March 2022 with related parties by the Company.**

| Nature of Transactions   | Subsidiaries of parent company | Parent company | Total          |
|--|--------------------------------|----------------|----------------|
| <b>Reimbursement of financial charges</b>  |                                |                |                |
| STL (Reimbursement of charges for providing SBLC in connection with Term Loan / Working Capital facilities being availed by STB. |                                | (NIL)<br>(NIL) | (NIL)<br>(NIL) |

**b) Outstanding balances as at 31st March 2022 with related parties**

| Nature of Balance (EUR)      | Parent company | Total          |
|------------------------------|----------------|----------------|
| <b>Outstanding Payable</b>   |                |                |
| Sandhar Technologies Limited | 39.32<br>(NIL) | 39.32<br>(NIL) |

Note: Figures in brackets represent amounts for the year ended 31 March 2021.

**(iii) Commitments and Contingent Liabilities:**

There are no claims against the Company not acknowledged as debts. There are no legal disputes, except for some minor labour claims.



**Sandhar Technologies Barcelona, SL Consolidated**  
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**(Rupees in lacs, except share data, per share data and unless otherwise stated)**

**Year Ended 31 March 2022**

| Case    | Description                                      | Type & ID No.                   | Status   | Amount of Dispute |
|---------|--|---------------------------------|--|-------------------|
| MCM     | Claim to cancel permanent disablement benefits   | 122/2022                        | The Insurance company claims that the disability benefits should end. Trial for January 2023 | Nil               |
| J.L.A.J | Claim of redundancy and amount                   | 019414/2022                     | Pending to schedule  | 30,211 EUR        |
| JGR     | Claim to increase permanent disablement benefits | EXP.TR0026-36-1-2022/007.404-14 | Pending of Social security Institute assessment  | undefined         |

The estimated amount of the contracts remaining to be executed on capital account (net of advances) is:

| SUPPLIER                           | Amt. In INR |
|------------------------------------|-------------|
| 1959 MUNTATGES LA NAU, S.L.        | 414.88      |
| ALROTEC TECNOLOGY, S.L.U.          | 0.73        |
| AMAZON EU S.A.R.L. SUCURSAL ESPAÑA | 0.02        |
| ARGOLOGIC, S.A.                    | 1.76        |
| AXELENT SPAIN, S.A.U.              | 13.54       |
| BERG, S.L.U.                       | 0.53        |
| BITMAKERS S.L.                     | 0.01        |
| BRAMMER IBERICA, S.A.              | 0.29        |
| BRECNEEDS, S.L.                    | 8.52        |
| BUHLER, S.A.                       | 0.39        |
| CARGO FLET BLASANT, S.L.           | 0.34        |
| COMPUTER PC-21, S.L.               | 9.17        |
| DISEÑO, CONSTRUCCION Y REPARACION  | 9.54        |
| DISEÑO, PROGRAMACION Y REPARACION  | 28.53       |
| DYNAMIK DIGITAL BUSINESS S.L.      | 4.30        |
| ELECTRICA GUELL, S.A.              | 0.38        |
| ENGIND II, S.L.                    | 3.33        |
| ENTERPRISE QUALITY MANAGEMENT, S.L | 224.54      |
| FANUC IBERIA, S.L.U.               | 0.02        |
| FERRETERIA INDUSTRIAL MARTI, S.A.  | 3.58        |
| FUNDACIO PRIVADA CENTRE CIM        | 0.15        |
| GEOINERTE, LDA                     | 0.36        |
| HIDRO TARRACO, S.A.                | 0.11        |
| IBERDROLA CLIENTES                 | 556.34      |
| JFI. DIECASTING S.I..              | 6.11        |
| LUQUE RODRIGUEZ JOSE MIGUEL        | 8.66        |



**Sandhar Technologies Barcelona, SL Consolidated**  
**Notes to the Consolidated Financial Statements for the year ended 31 March 2022**  
**(Rupees in lacs, except share data, per share data and unless otherwise stated)**

|   |                 |
|---|-----------------|
| MARTIN CONTENEDORES PARA LOGISTICA,         | 0.10            |
| MECANO PENEDES, S.L.                        | 0.44            |
| METROLOGIA SARIKI, S.A.                     | 1.23            |
| PENEDES INDUSTRIAL, S.L.                    | 1.74            |
| RAGA ENGINEERS                              | 11.49           |
| ROBOTIZME, INDUSTRIAL ROBOTICS AND          | 2.78            |
| ROSLER INTERNATIONAL GMBH & CO              | 18.05           |
| SERVEIS ELECTRICS IND.CONNECT, S.L.         | 1.32            |
| SINERGES TECMON, S.A.                       | 2.87            |
| SPRAYING SYSTEMS SPAIN, S.L.                | 0.12            |
| TALLERS SOLER, S.L.                         | 0.67            |
| TECNICAL ANOIA, S.A.                        | 5.73            |
| TOOL TEMP ESPAÑA, S.L.                      | 2.71            |
| KROWNSA MEXICANA                            | 30.46           |
| AXIOM ACHIMNERY                             | 39.73           |
| RÖSLER INTERNATIONAL GMBH & CO. KG (SPAIN)  | 28.98           |
| BUHLER AG                                   | 1,354.76        |
| KROWN SERVICIOS INTEGRALES DE FUNDICION,S.A | 692.23          |
| AED AUTOMATION GMBH                         | 285.53          |
| GUNVOR GROUP                                | 2,105.58        |
| ATLAS COPCO                                 | 80.45           |
| SCHNEIDER ROMANIA                           | 72.73           |
| C&G IBERICA                                 | 71.04           |
| ICCO INSTAL                                 | 890.75          |
| ASIMO                                       | 72.07           |
| FANUC                                       | 315.05          |
| DIESSE PRESSE                               | 340.26          |
| EWT   | 97.02           |
| <b>Total</b>                                | <b>7,822.00</b> |

**(iv) Remuneration to Directors**

Nil

**(v) Audit fees**

|            | 31 <sup>st</sup> March 2022 | 31 <sup>st</sup> March 2021 |
|------------|-----------------------------|-----------------------------|
| Audit Fees | 26.86                       | 19.93                       |

**(vi) Production, Sales and Stock of Finished Goods**

**31 March 2022**

| Description                      | Opening (Nos.)<br>31/03/2021 | Production<br>(Nos.) | Closing (No.)<br>31/03/2022 | Sales Quantity<br>(Nos.) | Sales Value<br>(INR) |
|----------------------------------|------------------------------|----------------------|-----------------------------|--------------------------|----------------------|
| Seat belts retractors components | 45.35                        | 338.06               | 45.17                       | 338.24                   | 16,884.73            |
| Wiper systems components         | 16.26                        | 67.79                | 19.01                       | 65.05                    | 7,076.28             |
| Others Components                | 6.29                         | 60.75                | 9.20                        | 57.83                    | 8,604.77             |
| <b>Total</b>                     | <b>67.90</b>                 | <b>466.60</b>        | <b>73.38</b>                | <b>461.12</b>            | <b>32,565.78</b>     |





**Sandhar Technologies Barcelona, SL Consolidated**  
**Notes to the Consolidated Financial Statements for the year ended 31 March 2022**  
**(Rupees in lacs, except share data, per share data and unless otherwise stated)**

(vii) **Leases**

- (i) The Company has adopted Ind AS 116 'Leases' effective from 1 April 2019 and applied the standard to its leases. In adopting Ind AS 116, the Company has applied the below practical expedients:

The Company has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

- (ii) The Company has discounted lease payments using the applicable incremental borrowing rate as at 1 April 2019, which is 2.18% (STB) and 3.45% (STM) for measuring the lease liability.
- (iii) Impact of Ind AS 116 on the statement of profit and loss:

| Particulars   | For the ended<br>31 March 2022 | For the ended<br>31 March 2021 |
|---|--------------------------------|--------------------------------|
| Interest on Lease liabilities (refer note 20)       | 177.19                         | 137.68                         |
| Depreciation of Right-of-use assets (refer note 18) | 516.05                         | 678.84                         |
| <b>Impact on the statement of profit and loss</b>   | <b>693.24</b>                  | <b>816.52</b>                  |

- (iv) Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

| Right of Use Assets             | For the ended<br>31 March 2022 | For the ended<br>31 March 2021 |
|---------------------------------|--------------------------------|--------------------------------|
| Opening Balance                 | 6,343.83                       | 5,964.62                       |
| Addition                        | -                              | 895.18                         |
| FCTR Adjustment on addition     | (51.17)                        | 182.01                         |
| Depreciation Expense            | (516.05)                       | (678.84)                       |
| FCTR Adjustment on depreciation | 30.38                          | (19.14)                        |
| As at 31 March 2022             | <b>5,807.01</b>                | <b>6,343.83</b>                |

- (v) Set out below are the carrying amounts of lease liabilities and the movements during the year:

| Lease Liability          | For the ended<br>31 March 2022 | For the ended<br>31 March 2021 |
|--------------------------|--------------------------------|--------------------------------|
| As at 1 April 2021       | 6,794.88                       | 6,408.95                       |
| Addition                 | -                              | 895.18                         |
| Accretion of interest    | 177.19                         | 137.68                         |
| Payments during the year | (698.74)                       | (646.63)                       |
| As at 31 March 2022      | <b>6,273.33</b>                | <b>6,794.88</b>                |

- (vi) Refer note viii for contractual maturities of lease liabilities.

(viii) **Financial Instruments- Fair Values**

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

| Particulars                  | Carrying value         |                        | Fair value             |                        |
|------------------------------|------------------------|------------------------|------------------------|------------------------|
|                              | As at<br>31 March 2022 | As at<br>31 March 2021 | As at<br>31 March 2022 | As at<br>31 March 2021 |
| <b>Financial assets</b>      |                        |                        |                        |                        |
| <b>A. Amortised Cost:</b>    |                        |                        |                        |                        |
| Security deposit paid        | 823.99                 | 205.81                 | 823.99                 | 205.81                 |
| Other advances               | 1,420.79               | 1,374.46               | 1,420.79               | 1,374.46               |
| <b>Total</b>                 | <b>2,244.78</b>        | <b>1,580.27</b>        | <b>2,244.78</b>        | <b>1,580.27</b>        |
| <b>Financial liabilities</b> |                        |                        |                        |                        |
| <b>B. Amortised Cost:</b>    |                        |                        |                        |                        |
| <b>Borrowings</b>            |                        |                        |                        |                        |
| Loans                        | 22,338.87              | 17,726.76              | 22,338.87              | 17,726.76              |
| Lease liabilities            | 6,273.33               | 6,794.88               | 6,273.33               | 6,794.88               |
| <b>Total</b>                 | <b>28,612.20</b>       | <b>24,521.64</b>       | <b>28,612.20</b>       | <b>24,521.64</b>       |



**Sandhar Technologies Barcelona, SL Consolidated**  
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**(Rupees in lacs, except share data, per share data and unless otherwise stated)**

The management assessed that the fair values of short term financial assets and liabilities significantly approximate their carrying amounts largely due to the short-term maturities of these instruments. Accordingly, management has not disclosed fair values for financial instruments such as trade receivables, trade payables, cash and cash equivalents, other current assets, interest accrued on fixed deposits, other current liabilities etc.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

All financial instruments for which fair value is recognised or disclosed are categorised with in the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

**Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

**A. Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2022:**

| Particulars  | Total     | Fair value measurement using    |                               |                                 |
|--|-----------|---------------------------------|-------------------------------|---------------------------------|
|  |           | Quoted prices in active markets | Significant observable inputs | Significant unobservable inputs |
|  |           | (Level 1)                       | (Level 2)                     | (Level 3)                       |
| <b>Assets measured at FVTPL:</b>   |           |                                 |                               |                                 |
| Investment in Unquoted Equity Shares   | -         | -                               | -                             |                                 |
| <b>Assets measured at amortised cost for which fair values are disclosed (refer note ix):</b>      |           |                                 |                               |                                 |
| Security deposit paid  | 823.99    | -                               | -                             | 823.99                          |
| Other advances   | 1,420.79  | -                               | -                             | 1,420.79                        |
| <b>Liabilities measured at amortised cost for which fair values are disclosed (refer note ix):</b> |           |                                 |                               |                                 |
| Loans  | 22,338.87 | -                               | -                             | 22,338.87                       |
| Lease liabilities  | 6,273.33  | -                               | -                             | 6,273.33                        |

During the year ended 31 March 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

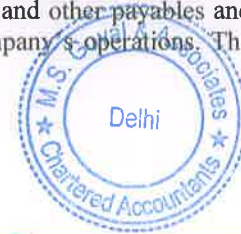
**B. Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2021:**

| Particulars  | Total     | Fair value measurement using    |                               |                                 |
|--|-----------|---------------------------------|-------------------------------|---------------------------------|
|  |           | Quoted prices in active markets | Significant observable inputs | Significant unobservable inputs |
|  |           | (Level 1)                       | (Level 2)                     | (Level 3)                       |
| <b>Assets measured at FVTPL:</b>   |           |                                 |                               |                                 |
| Investment in Unquoted Equity Shares   | -         | -                               | -                             |                                 |
| <b>Assets measured at amortised cost for which fair values are disclosed (refer note ix):</b>      |           |                                 |                               |                                 |
| Security deposit paid  | 205.81    | -                               | -                             | 205.81                          |
| Other advances   | 1,374.46  | -                               | -                             | 1,374.46                        |
| <b>Liabilities measured at amortised cost for which fair values are disclosed (refer note ix):</b> |           |                                 |                               |                                 |
| Loans  | 17,726.76 | -                               | -                             | 17,726.76                       |
| Lease liabilities  | 6,794.88  | -                               | -                             | 6,794.88                        |

During the year ended 31 March 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

**(ix) Financial risk management objectives and policies**

The Company is primarily engaged in the manufacturing and assembling of automotive components such as lock-set, mirrors and various sheet metal components including cabins for two wheelers, four wheelers and off road vehicle industry. The Company's principal financial liabilities, comprises loans and borrowings, trade and other payables and finance lease obligation. The main purpose of these financial liabilities is to support the Company's operations. The



## Sandhar Technologies Barcelona, SL Consolidated

### Notes to the Consolidated Financial Statements for the year ended 31 March 2022

(Rupees in lacs, except share data, per share data and unless otherwise stated)

Company's principal financial assets include investments in equity, employee advances, trade and other receivables, security deposits, cash and short-term deposits that derive directly from its operations. The Company also enters into derivative transactions viz. CCIRS and Principal Swaps.

The Company has exposure to the following risks arising from financial instruments

- Market risk (see (b));
- Credit risk (see (c)); and
- Liquidity risk (see (d)).

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements.

#### a) Risk Management Framework

The Company's activities make it susceptible to various risks. The company has taken adequate measures to address such concerns by developing adequate systems and practices. The Company's overall risk management program focuses on the unpredictability of markets and seeks to manage the impact of these risks on the Company's financial performance.

The Company's senior management oversee the management of these risks and advises on financial risks and the appropriate financial risk governance framework for the Company. The board provides assurance to the shareholders that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

The Company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and company's activities. The company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's audit committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements

| Risk           | Exposure arising from  | Measurement                                 | Management of risk  |
|----------------|--|---|---|
| Credit Risk    | Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost. | Ageing analysis, Credit ratings             | Diversification of bank deposits, credit limits and letter of credit. |
| Liquidity Risk | Borrowings and liabilities   | Cash flow forecasting, Sensitivity analysis | Availability of borrowing facilities.                                 |

#### b) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises following types of risk: interest rate risk, currency risk, price risk, and commodity risk. Financial instruments affected by market risk include loans and borrowings, investment, deposits, advances and derivative financial instruments.

#### c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with fixed interest rates.



**Sandhar Technologies Barcelona, SL Consolidated****Notes to the Consolidated Financial Statements for the year ended 31 March 2022****(Rupees in lacs, except share data, per share data and unless otherwise stated)****Interest Rate sensitivity**

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

| Particulars                  | Increase / decrease in basic points | Profit or loss | Profit or loss (net of tax) |
|------------------------------|-------------------------------------|----------------|-----------------------------|
| <b>31 March 2022</b>         |                                     |                |                             |
| Secured term loan from banks | 100                                 | 41.71          | 31.21                       |
| Cash credit from bank        | 100                                 | 99.58          | 74.51                       |
| Other borrowings             | 100                                 | 82.10          | 61.43                       |
| Secured term loan from banks | (100)                               | (41.71)        | (31.21)                     |
| Cash credit from bank        | (100)                               | (99.58)        | (74.51)                     |
| Other borrowings             | (100)                               | (82.10)        | (61.43)                     |
| <b>31 March 2021</b>         |                                     |                |                             |
| Secured term loan from banks | 100                                 | 42.32          | 31.67                       |
| Cash credit from bank        | 100                                 | 70.74          | 52.93                       |
| Other borrowings             | 100                                 | 64.21          | 48.05                       |
| Secured term loan from banks | (100)                               | (42.32)        | (31.67)                     |
| Cash credit from bank        | (100)                               | (70.74)        | (52.93)                     |
| Other borrowings             | (100)                               | (64.21)        | (48.05)                     |

**Currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and borrowings in foreign currency (ECB borrowings).

**Details of unhedged foreign currency exposures:****Import Trade Payables**

|              | Foreign Currency |               | INR (Rs.)     |               |
|--------------|------------------|---------------|---------------|---------------|
|              | 31 March 2022    | 31 March 2021 | 31 March 2022 | 31 March 2021 |
| USD          | 2.67             | 0.23          | 201.82        | 16.67         |
| EURO         | 5.75             | -             | 482.69        | -             |
| MXN          | -                | -             | -             | -             |
| <b>TOTAL</b> |                  |               | <b>684.51</b> | <b>16.67</b>  |

**Export Trade Receivable**

|              | Foreign Currency |               | INR (Rs.)     |               |
|--------------|------------------|---------------|---------------|---------------|
|              | 31 March 2022    | 31 March 2021 | 31 March 2022 | 31 March 2021 |
| MXN          | 54.86            | 54.87         | 208.28        | 196.06        |
| EUR          | 0.37             | 0.07          | 30.92         | 6.15          |
| <b>TOTAL</b> |                  |               | <b>239.20</b> | <b>202.21</b> |

The following significant exchange rates were applied at the year-end:

| Particulars | Year-end rates      |                     |
|-------------|---------------------|---------------------|
|             | As at 31 March 2022 | As at 31 March 2021 |
| INR/ USD    | 75.5199             | 73.2973             |
| INR/ EUR    | 84.0142             | 85.9611             |
| INR/ MXN    | 3.7966              | 3.5734              |



**Sandhar Technologies Barcelona, SL Consolidated**

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**(Rupees in lacs, except share data, per share data and unless otherwise stated)**

*Sensitivity Analysis*

Any changes in the exchange rate of foreign currency against INR is not expected to have significant impact on the Company's profit due to the short credit period. Accordingly, a 1% appreciation/depreciation of the INR as indicated below, against the USD, EUR, MXN would have increased/reduced profit by the amounts shown below. This analysis is based on the foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variable remains constant.

| Particulars         | Change in currency rate  | Nature of Exposure    | Year-end rates | Changes in rates | Net exposure USD | Effect on profit before tax (INR) | Effect on profit after tax (INR) |
|---------------------|--------------------------|-----------------------|----------------|------------------|------------------|-----------------------------------|----------------------------------|
| As at 31 March 2022 | INR/USD Increases by 1 % | Import Trade payables | 75.5199        | 0.7552           | 2.67             | (2.02 )                           | (1.51 )                          |
|                     | INR/USD Decreases by 1 % |                       | 75.5199        | (0.7552)         | 2.67             | 2.02                              | 1.51                             |
| As at 31 March 2021 | INR/USD Increases by 1 % |                       | 73.2973        | 0.7330           | 0.23             | (0.17)                            | (0.12)                           |
|                     | INR/USD Decreases by 1 % |                       | 73.2973        | (0.7330)         | 0.23             | 0.17                              | 0.12                             |

| Particulars         | Change in currency rate   | Nature of Exposure    | Year-end rates | Changes in rates | Net exposure EURO | Effect on profit before tax (INR) | Effect on profit after tax (INR) |
|---------------------|---------------------------|-----------------------|----------------|------------------|-------------------|-----------------------------------|----------------------------------|
| As at 31 March 2022 | INR/EURO Increases by 1 % | Import Trade payables | 84.0142        | 0.8401           | 5.75              | (4.83)                            | (3.61)                           |
|                     | INR/EURO Decreases by 1 % |                       | 84.0142        | (0.8401)         | 5.75              | 4.83                              | 3.61                             |
| As at 31 March 2021 | INR/EURO Decreases by 1 % |                       | 85.9611        | 0.8596           | -                 | -                                 | -                                |
|                     | INR/EURO Decreases by 1 % |                       | 85.9611        | (0.8596)         | -                 | -                                 | -                                |

| Particulars         | Change in currency rate  | Nature of Exposure    | Year-end rates | Changes in rates | Net exposure MXN | Effect on profit before tax (INR) | Effect on profit after tax (INR) |
|---------------------|--------------------------|-----------------------|----------------|------------------|------------------|-----------------------------------|----------------------------------|
| As at 31 March 2022 | INR/MXN Increases by 1 % | Import Trade payables | 3.7966         | 0.0380           | -                | -                                 | -                                |
|                     | INR/MXN Decreases by 1 % |                       | 3.7966         | (0.038)          | -                | -                                 | -                                |
| As at 31 March 2021 | INR/MXN Increases by 1 % |                       | 3.5734         | 0.0357           | -                | -                                 | -                                |
|                     | INR/MXN Decreases by 1 % |                       | 3.5734         | (0.0357)         | -                | -                                 | -                                |

| Particulars         | Change in currency rate  | Nature of Exposure       | Year-end rates | Changes in rates | Net exposure MXN | Effect on profit before tax (INR) | Effect on profit after tax (INR) |
|---------------------|--------------------------|--------------------------|----------------|------------------|------------------|-----------------------------------|----------------------------------|
| As at 31 March 2022 | INR/MXN Increases by 1 % | Export Trade Receivables | 3.7966         | 0.0380           | 54.86            | 2.08                              | 1.56                             |
|                     | INR/MXN Decreases by 1 % |                          | 3.7966         | (0.0380)         | 54.86            | (2.08)                            | (1.56)                           |
| As at 31 March 2021 | INR/MXN Decreases by 1 % |                          | 3.5734         | 0.0357           | 54.87            | 1.96                              | 1.47                             |
|                     | INR/MXN Decreases by 1 % |                          | 3.5734         | (0.0357)         | 54.87            | (1.96)                            | (1.47)                           |



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| Particulars         | Change in currency rate   | Nature of Exposure       | Year-end rates | Changes in rates | Net exposure EUR | Effect on profit before tax (INR) | Effect on profit after tax (INR) |
|---------------------|---------------------------|--------------------------|----------------|------------------|------------------|-----------------------------------|----------------------------------|
| As at 31 March 2022 | INR/EURO Increases by 1 % | Export Trade Receivables | 84.0142        | 0.8401           | 0.37             | 0.31                              | 0.23                             |
|                     | INR/EURO Decreases by 1 % |                          | 84.0142        | (0.8401)         | 0.37             | (0.31)                            | (0.23)                           |
| As at 31 March 2021 | INR/EURO Decreases by 1 % |                          | 85.9611        | 0.8596           | 0.07             | 0.06                              | 0.05                             |
|                     | INR/EURO Decreases by 1 % |                          | 85.9611        | (0.8596)         | 0.07             | (0.06)                            | (0.05)                           |

**Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables), including foreign exchange transactions and other financial instruments.

**Trade receivables**

Ind AS requires expected credit losses to be measured through a loss allowance. The Company assesses at each date of statements of financial position whether a financial asset or a company of financial assets is impaired. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

Before accepting any new customer, the Company assesses the potential customer's credit quality and defines credit limits to customer. Limits and scoring attributed to customers are reviewed on periodic basis. The Company performs credit assessment for customers on an annual basis and recognizes credit risk, on the basis lifetime expected losses and where receivables are due for more than six months.

**Financial instruments and cash deposits**

Credit risk from balances with banks and financial institutions is managed by the finance department in accordance with the Company's policy. Investments of surplus funds are made only in schemes of alternate investment fund/or other appropriate avenues including term and recurring deposits with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company places its cash and cash equivalents and term deposits with banks with high investment grade ratings, limits the amount of credit exposure with any one bank and conducts ongoing evaluation of the credit worthiness of the banks with which it does business. Given the high credit ratings of these banks, the Company does not expect these banks to fail in meeting their obligations.

**d) Liquidity risk**

Liquidity risk refers to the risk that the company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, buyers credit and bank loans. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.



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(x) CIF Value of imports

| Particulars            | Year ended |      | Year ended |      |
|------------------------|------------|------|------------|------|
|                        | 31.03.2022 |      | 31.03.2021 |      |
|                        | EUR        | USD  | EUR        | USD  |
| Tools and Spares (STB) | 2.55       | 0.04 | 1.93       | 0.16 |
| Capex (STM)            | 2.21       | -    | -          | -    |
| Capex (STB)            | 0.29       | -    | 0.19       | 1.30 |
| Raw Material (STM)     | 1.47       | -    | -          | -    |
| Stores & Spares (STM)  | 0.81       | 0.48 | 0.19       | 0.36 |

(xi) Expenditure incurred in foreign currency

| Particulars                             | Period ended |       |     |        | Period ended |        |      |        |
|---|--------------|-------|-----|--------|--------------|--------|------|--------|
|   | 31.03.2022   |       |     |        | 31.03.2021   |        |      |        |
|   | USD          | EUR   | GBP | MXN    | USD          | EUR    | GBP  | MXN    |
| Store and Spares (STB)                  | 0.04         | -     | -   | -      | 0.07         | -      | -    | -      |
| Raw Material (STM)                      | -            | 1.20  | -   | -      | -            | -      | -    | -      |
| Legal Services (STM)                    | -            | 0.07  | -   | 20.50  | -            | 0.03   | -    | 24.06  |
| Plant Rental (STM)                      | -            | -     | -   | 2.70   | -            | -      | -    | 2.26   |
| Job Work (STB)                          | 0.03         | -     | -   | -      | 0.35         | -      | -    | -      |
| Job Work (STM)                          | -            | -     | -   | 10.72  | -            | -      | -    | 9.33   |
| Stores & Spares (STM)                   | -            | -     | -   | -      | -            | 0.38   | -    | 4.79   |
| Insurance (STM)                         | -            | 0.34  | -   | 0.15   | -            | -      | -    | 15.65  |
| Repair & Maintenance P&M (STM)          | -            | 0.11  | -   | 71.77  | -            | 0.08   | -    | 41.79  |
| Repairs and maintenance Buildings (STM) | -            | -     | -   | 6.41   | -            | -      | -    | 5.81   |
| Repairs and maintenance Others (STM)    | -            | 1.92  | -   | 16.04  | -            | (0.01) | -    | 0.26   |
| Freight (STM)                           | -            | -     | -   | -      | -            | -      | -    | 0.03   |
| CAPEX (STM)                             | -            | 2.38  | -   | 91.17  | -            | 1.75   | -    | 41.21  |
| CAPEX (STB)                             | -            | -     | -   | -      | 1.30         | -      | -    | -      |
| CAPEX (STR)                             | -            | 13.25 | -   | -      | 1.30         | -      | -    | -      |
| SBLC expenses (STM)                     | -            | -     | -   | -      | -            | -      | -    | -      |
| Bank charges (STM)                      | -            | 0.02  | -   | 1.47   | -            | -      | -    | 1.24   |
| Bank charges (STB)                      | 0.01         | -     | -   | -      | 0.02         | -      | -    | -      |
| Interest to banks (STM)                 | -            | 0.37  | -   | -      | -            | 0.38   | -    | -      |
| Interest to banks (STB)                 | 0.06         | -     | -   | -      | -            | -      | -    | -      |
| Salary, wages and bonus (STM)           | -            | -     | -   | 275.60 | -            | -      | -    | 188.75 |
| Social security expenses (STM)          | -            | -     | -   | 45.25  | -            | -      | -    | 37.67  |
| Staff welfare expenses (STM)            | -            | -     | -   | 78.05  | -            | -      | -    | 51.91  |
| Rates and taxes (STM)                   | -            | -     | -   | 59.36  | -            | -      | -    | 2.92   |
| Miscellaneous expenses (STM)            | -            | 0.01  | -   | 20.94  | -            | -      | -    | 12.67  |
| Travelling and conveyance (STM)         | -            | 0.03  | -   | 2.65   | -            | -      | -    | 1.12   |
| Environmental expenses (STM)            | -            | -     | -   | 17.61  | -            | -      | -    | 5.86   |
| Power and fuel (STM)                    | -            | -     | -   | 126.55 | -            | -      | -    | 86.38  |
| Vehicle hire charges (STM)              | -            | -     | -   | 2.19   | -            | -      | -    | 2.20   |
| Freight and forwarding charges (STM)    | -            | -     | -   | 0.94   | -            | -      | -    | -      |
| Legal & professional (STB)              | -            | -     | -   | -      | 0.004        | -      | 0.01 | -      |
| Interest expense (STB)                  | -            | -     | -   | -      | 0.03         | -      | -    | -      |
| Packaging (STM)                         | -            | -     | -   | 24.07  | -            | 0.01   | -    | 16.25  |
| Consumables (STM)                       | -            | 3.42  | -   | 85.35  | -            | 1.12   | -    | 52.31  |

(xii) Sales in foreign currency

| Particulars                      | Year ended |     |      |            |     |      |
|----------------------------------|------------|-----|------|------------|-----|------|
|                                  | 31.03.2022 |     |      | 31.03.2021 |     |      |
|                                  | USD        | EUR | MXN  | USD        | EUR | MXN  |
| Sale of Tools (STB)              | 7.56       | -   | -    | 6.14       | -   | -    |
| Sale of Parts (STB)              | 18.38      | -   | -    | 13.90      | -   | -    |
| Sale of Parts (STM)              | -          | -   | -    | -          | -   | -    |
| Sale of Scrap (STM)              | -          | -   | 9.52 | -          | -   | 6.68 |
| Other non-operating income (STM) | -          | -   | -    | -          | -   | 0.30 |



**Sandhar Technologies Barcelona, SL Consolidated**  
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**(xiii) Dividends**

The Company has not declared/remitted any dividends during the period.

**(xiv) Gurantees given to third Parties**

Nil

- (xv) The company has assessed the impact that may result from COVID 19 on its liquidity position, carrying amounts of tangible assets, investments, and other assets / liabilities. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the company has considered internal and external information available till the date of approval these financial statements and has assessed its situation.

In that context and based on the current estimates, the Company believes that COVID 19 is not likely to have any material impact on its financial statements, liquidity or ability to service its debt or other obligations. However, the overall economic environment, being uncertain due to COVID 19, may affect the underlying assumptions and estimates in future, which may differ from those considered as at the date of approval of these financial statements. The Company would closely monitor such developments in future economic conditions and consider their impact on the financial statements of the relevant periods.

**(xvi) Previous year figures**

Previous year figures have been regrouped/reclassified, where necessary, to conform to this year's classification.

**For M S Goyal & Associates**  
**Chartered Accountants**  
**FRN: 011372N**



**CA. M S Goyal**  
**(Partner)**  
**M.NO: 074042**  
**Date: - 13 May 2022**  
**Place: -**

**For and on behalf of**  
**Sandhar Technologies Barcelona, SL Consolidated**



**Jayant Davar**  
**(Director)**

