

## Administration report

### General information on the company and the business

The company was registered on the 9 of January 2008. The company's business is to trade with seamless tubes and alloy steel.

ISMT Europe is trading in Boilers, OCTG, Bearing, Auto and General sector.

The company is a wholly-owned subsidiary to Structo Hydraulics AB, corporate id no 556574-5568.

The company is situated in Storfors.

#### *Parent company*

The company is a wholly owned subsidiary to Structo Hydraulics AB company no 556574-5568.

### Development of the company, the result and position

<i>Financial overview in tsek</i>	<i>2023/22</i>	<i>2021/22</i>	<i>2020/21</i>	<i>2019/20</i>
Net sales	7 943	55 729	49 545	93 380
Balance	9 990	31 124	31 313	68 589
Return on capital	18	129	787	2 133
Equity ratio, %	100%	32%	31%	13%

For definitions, see note

### Significant events and other important conditions

The parents company's, Structo Hydraulics AB, principal owner, i.e. ISMT Ltd India, has now become part of a large group of Kirloskar Ferrous Industries Ltd, a debt free company with positive net worth. This will help Structo Group to enlarge the business opportunities in the market.

Services in ISMT Europe has been much less during the year though invoicing from June 2022 is done from India.

### Future expected development material risks and uncertainties

Though it's now minimal services in the company is it forward only a few fixed costs and a few commission invoices which will constitute the result.

**Changes in equity**

2023-03-31	Restricted equity			Non restricted equity	
	Share capital	Revaluation-funds	Reservefund	Bal earn. incl. Prof. for the year	Total equity
Opening Balance	100 000	–	–	9 859 522	9 959 522
Profit/loss for the year				–	–
Vid årets utgång	100 000	–	–	9 859 522	9 959 522

**Proposed allocation of the company's profit**

The Board of Directors propose that the non-restricted equity, SEK 9 859 522, is allocated as shown below:

Profit or loss brought forward		9 859 522
	Total	9 859 522

For further information regarding the company's profit and financial position information can be found in the following income statement, balance sheet, cash flow statement and pertaining notes.

**Income statement**

<i>Amounts in SEK</i>	<i>Note</i>	<i>2022-04-01- 2023-03-31</i>	<i>2021-04-01- 2022-03-31</i>
Net sales	2	7 942 859	55 728 794
Other operating income	3	106 505	—
		8 049 364	55 728 794
<b>Operating expenses</b>			
Goods for resale		-7 854 332	-50 208 951
Other external costs		-180 872	-5 012 544
Employee benefit expenses	4	—	—
Other operating expenses	5	—	-178 200
<b>Operating profit/loss</b>		14 160	329 099
<b>Profit/loss from financial items</b>			
Interest expense/exchange diff. and similar profit/loss items	7	3 399	—
<b>Profit/loss after financial items</b>		17 559	329 099
<b>Appropriations</b>			
Group contribution, paid		-17 559	-200 000
<b>Profit/loss before tax</b>		—	129 099
Tax on profit for the year	8	—	—
<b>Net profit/loss for the year</b>		0	129 099

**Balance sheet**

<i>Amounts in SEK</i>	<i>Note</i>	<i>2023-03-31</i>	<i>2022-03-31</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Equipment, tools, fixtures and fittings	9	—	—
<b>Total non-current assets</b>		—	—
<b>Current assets</b>			
<b><i>Current receivables</i></b>			
Accounts receivable - trade		—	14 444 286
Receivables from group companies		9 613 990	12 178 318
Other receivables		996	163 737
Prepaid expenses and accrued income		38 959	37 506
		<u>9 653 945</u>	<u>26 823 847</u>
<b><i>Cash and bank balances</i></b>			
Cash and bank		<u>335 820</u>	<u>4 300 397</u>
		<u>335 820</u>	<u>4 300 397</u>
<b>Total current assets</b>		<u>9 989 765</u>	<u>31 124 244</u>
<b>TOTAL ASSETS</b>		<u>9 989 765</u>	<u>31 124 244</u>

**Balance sheet**

<i>Amounts in SEK</i>	<i>Note</i>	<i>2023-03-31</i>	<i>2022-03-31</i>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<i>Restricted equity</i>			
Share capital	10, 11	100 000	100 000
		100 000	100 000
<i>Non-restricted equity</i>			
Profit or loss brought forward		9 859 522	9 730 423
Net profit/loss for the year		0	129 099
		9 859 522	9 859 522
		9 959 522	9 959 522
<b>Current liabilities</b>			
Accounts payable		243	–
Accounts payable - trade		–	818 192
Liabilities to group companies		–	20 313 583
Accrued expenses and prepaid income	12	30 000	32 947
		30 243	21 164 722
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>9 989 765</b>	<b>31 124 244</b>

**Cash flow statement**

Amounts in SEK	2022-04-01- 2023-03-31	2021-04-01- 2022-03-31
<b>Operating activities</b>		
Profit/loss after financial items	17 559	129 099
Adjustements for non-cash items, etc.	—	—
	<u>17 559</u>	<u>129 099</u>
<b>Cash flow from operating activities before working capital changes</b>	17 559	129 099
<i>Cash flow from working capital changes</i>		
Increase(-)/Decrease(+) of current receivables	17 152 343	3 662 568
Increase(-)/Decrease(+) of current liabilities	<u>-21 134 479</u>	<u>-317 387</u>
<b>Cash flow from operating activities</b>	<u>-3 964 577</u>	<u>3 474 280</u>
<b>Financing activities</b>		
Repayment of borrowings	—	—
<b>Cash flow from financing activities</b>	<u>—</u>	<u>—</u>
<b>Cash flow for the year</b>	-3 964 577	3 474 280
<b>Cash and cash equivalents at the beginning of the year</b>	<u>4 300 397</u>	<u>826 117</u>
<b>Cash and cash equivalents at the end of the year</b>	13 <u>335 820</u>	<u>4 300 397</u>

## Notes

*Amounts in SEK unless otherwise stated*

### **Note 1                    Accounting principles**

The Annual Report has been prepared in accordance with the Annual Accounts Act and the Swedish Accounting Standards Board's generally accepted accounting principles BFNAR 2012:1 Annual Report and consolidated accounts (K3).

Assets, provisions and liabilities have been valued according to cost of acquisition unless otherwise is stated below.

### **Property, plant and equipment**

Property, plant and equipment are accounted for according to acquisition cost less accumulated depreciations and impairments. The acquisition value includes, besides the purchase price, other expenditures directly attributable to the acquisition.

#### *Additional expenditures*

Additional expenditures that fulfill the criteria of an asset are included in the carrying amount of the asset. Expenditures for ongoing maintenance and repairs are recognised as expenses when incurred.

For some of the property, plant and equipment, the difference in use of significant components have been assessed as essential. Therefore, these components have been divided into components which are depreciated separately.

The useful lives of these components have been assessed to vary between 3-45 years.

#### *Depreciations*

Depreciations are done linearly over the asset's estimated useful life, since it reflects the expected usage of the asset's future economic benefits. The depreciation is recognised as an expense in the income statement.

	<i>Useful life</i>
Equipments, tools, fixtures and fittings	-5 år

### **Impairments - Property, plant, equipment and intangible assets and shares in group companies**

At every closing date, an indication if the asset's value is lower than the carrying value is assessed. If an indication exists, the recoverable amount of the asset is calculated.

The recoverable amount is the highest of the fair value less cost of disposal and the value in use. At the calculation of the value in use, future expected cash flows that the asset is expected to give rise to in the ongoing operations and when it is disposed. The discount rate used is before tax and reflects the marketable assessment of money's time value and the risks attributable to the asset. An earlier impairment is only reversed if the reasons underlying the calculation of the recoverable amount at the latest impairment have changed.

**Leases**

All lease contracts are accounted for as operating lease contracts.

*Operating lease contracts*

The leasing fees according to the operating lease contracts, including raised first-time rent but excluding expenditures for services such as insurance and maintenance, are accounted for as expenses linearly over the lease term.

**Foreign currencies***Items in foreign currencies*

Monetary items in foreign currencies are recalculated to the balance sheet date's rate.

Non-monetary items are not recalculated, instead they are recognised according to the rate at the time of the acquisition.

Foreign currency differences that arise due to regulation or recalculation of monetary items are recognised in the income statement for the fiscal year they occur.

**Financial assets and liabilities**

Financial assets and liabilities are accounted for in accordance with chapter 11 (Financial instruments valued according to acquisition cost) in BFNAR 2012:1.

*Accounting in and derecognition from the balance sheet*

A financial asset or financial liability is recognised in the balance sheet when the Company becomes a part of the financial instrument's contractual agreement. A financial asset is derecognised from the balance sheet when the contractual right to the cash flow from the asset has expired or been settled. The same goes for when the risks and benefits that are associated with the holding in all material aspects are transferred to another party and the Company does not possess any control over the financial asset. A financial liability is derecognised from the balance sheet when the contractual obligation has been fulfilled or expired.

*Valuation of financial assets*

Financial assets are at the first recognition date valued according to their acquisition cost, including possible transaction expenditures that are directly attributable to the acquisition of the asset.

Financial current assets are at the first recognition date valued to the lowest of the acquisition cost and the net selling price at the balance sheet date.

Accounts receivable and other receivables that form current assets are valued individually according to the amount expected to be received.

Financial non-current assets are after the first recognition date valued according to acquisition cost with deduction of potential impairments and with addition of potential revaluations.

Interest bearing financial assets are valued according to amortised cost with the application of the effective interest method.

*Valuation of financial liabilities*

Financial liabilities are valued according to amortised cost. Expenditures that are directly attributable to borrowings are adjusted in the loans acquisition value and are allocated to a particular period according to the effective interest method.

**Tax**

Tax on profit for the year in the income statement consists of current tax and deferred tax. Current tax is the income tax for the current financial year which refer to the year's taxable profit and the part of earlier financial years' income tax which have not been recognised. Deferred tax is the income tax for taxable profits referring to future financial years due to earlier transactions or happenings.

Deferred tax liabilities are recognised for all taxable temporary differences, however, deferred tax attributable to untaxed reserves are not separated since untaxed reserves are accounted for as a separate item in the balance sheet. Deferred tax assets are recognised for tax-deductible temporary differences and for the possibility to in the future use taxable loss carry-forwards. The valuation is based on the carrying amount for the corresponding asset or liability that is expected to be recovered or settled. The amounts are based on the tax rates and tax laws that are determined before the balance sheet date and have not been estimated according to their present value.

Deferred tax liabilities that have arisen due to pure acquisitions of substance are calculated according to their present value if the value of the deferred tax liability is a substantial part of the deal and there is a documented relationship between the purchase price and the buyer's valuation of the deferred tax liability. A pure acquisition of substance is an acquisition of shares in a Company where the main identifiable assets are buildings and lands and where the purchase price almost exclusively relates to the asset with deduction for property mortgages and deferred tax.

Deferred tax assets have been valued according to the highest amount possibly recovered based on current and future taxable profits. The valuation is reviewed every balance sheet date.

**Contingent liabilities**

A contingent liability is recognised within the line when there exist:

- A potential obligation attributable to past events and which existence only will be confirmed by one or several uncertain events, which are not within the Company's control, occur or absent, or
- A existing obligation due to past events, but has not been recognised as a liability or provision since it is not probable that an outflow of resources will be needed to settle the obligation or the obligation's size cannot be estimated with sufficient reliability.

**Revenues**

The inflow of financial benefits that the Company receives or will receive on its own behalf are recognised as revenues. Revenues are valued according to fair value of what has been received or will be received, with deductions for rebates.

***Sale of goods***

For sale of goods, the revenue is recognised at delivery.

**Note 2 Net sales by geographic segments**

	2022-04-01- 2023-03-31	2021-04-01- 2022-03-31
<i>Net sales by geographic segments</i>		
Sweden	–	1 140 219
Other EU	773 079	46 798 999
Outside EU	212 066	7 789 576
	<u>7 942 859</u>	<u>55 728 794</u>

**Note 3 Other operating income**

	2022-04-01- 2023-03-31	2021-04-01- 2022-03-31
Exchange gains on operating receivables/liabilities	106 505	–

**Note 4 Employees, personnel costs and remunerations to Board of Directors and auditors****Average number of employees**

	2022-04-01- 2023-03-31	whereof men	2021-04-01- 2022-03-31	whereof men
Sweden	–	0%	–	0%
Total	–	0%	–	0%

The Company does not have any employees. No remuneration to the Board members was paid during the Financial year.

**Disclosure of gender distribution in the company's management**

	2023-03-31 Proportion of women	2022-03-31 Proportion of women
Board of Directors	50%	33%

**Audit fees and expenses**

	2022-04-01- 2023-03-31	2021-04-01- 2022-03-31
<i>KPMG</i>		
Audit services	30 000	30 000

Audit services refer to the legally required examination of the annual report and the book-keeping, the Board of Director's and the Managing Director's management and other audit and examinations agreed-upon or determined by contract.

This includes other work assignments which rest upon the Company's auditor to conduct, and advising or other support justified by observations in the course of examination or execution of such other work assignments.

**Note 5            Other operating expenses**

	<i>2022-04-01- 2023-03-31</i>	<i>2021-04-01- 2022-03-31</i>
Exchange losses on operating receivables/liabilities	<u>          —</u>	<u>     -178 200</u>
	—	-178 200

**Note 9            Equipment, tools, fixtures and fittings**

	<i>2023-03-31</i>	<i>2022-03-31</i>
<i>Accumulated acquisition costs</i>		
At the beginning of the year	494 129	494 129
At the end of the year	494 129	494 129
<i>Accumulated depreciation</i>		
Depreciation during the year	-494 129	-494 129
At the end of the year	-494 129	-494 129
<b>Carrying amount at the end of the year</b>	—	—

**Note 10            Number of shares and quota value**

	<i>2023-03-31</i>	<i>2022-03-31</i>
A-shares (one share team)		
Numbers of shares	1 000	1 000
Quota value	100	100

**Note 11            Proposed allocation of the company's profit**

	<i>2023-03-31</i>	<i>2022-03-31</i>
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The Board of Directors propose that the non-restricted equity, SEK 9 859 522, is allocated as shown below:

Profit or loss brought forward		9 859 522
	Total	9 859 522

**Note 12**      **Accrued expenses and prepaid income**

	<i>2023-03-31</i>	<i>2022-03-31</i>
Other items	30 000	32 947
	<u>30 000</u>	<u>32 947</u>

**Note 13**      **Cash equivalents**

	<i>2023-03-31</i>	<i>2022-03-31</i>
<i>The following sub-components are included in cash equivalents:</i>		
Bank balance	335 820	4 300 397
	<u>335 820</u>	<u>4 300 397</u>

**Note 14**      **Group information**

ISMT Europe AB is a wholly owned subsidiary of Structo Hydraulics AB, Sweden  
The ultimate company is Kirloskar Ferrons Industries Ltd

*Purchases and sales within the group*

Of the Company's total purchases and sales in SEK, 93% of the purchases and 3% of the sales refer to other Companies within the group that that the Company belongs to.

**Note 15**      **Pledged securities and contingent liabilities**

	<i>2023-03-31</i>	<i>2022-03-31</i>
Corporate mortgage	—	5 000 000
	<u>—</u>	<u>5 000 000</u>
<b>Contingent liabilities</b>	None	None

**Storfors**

Kishore Bharambe  
*Chairman of the board*

Anne Karlsson

My audit report has been submitted

Mattias Eriksson  
*Authorized public accountant*