

CG Drives & Automation Sweden AB  
556232-2643

## Annual Report

for the Financial Year 2019-04-01 - 2020-03-31

The Board of Directors and the managing director for CG Drives & Automation Sweden AB hereby submit the following annual financial statement.

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Seat of the Board of Directors: Helsingborg

The company's currency: Swedish Kronor (SEK).

Unless otherwise stated, all amounts are posted in thousands of Swedish Kronor (SEK '000).

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CG Drives & Automation Sweden AB  
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## Directors' Report

### Information about the operations

CG Drives & Automation Sweden AB are the technology partner of energy efficient products and solutions. Devoted to green-tech innovation. We develop, manufacture and market the equipment for control and protection of industrial processes. The group's main product area consists of frequency inverters, turbine power monitors, and softstarters and control systems. Together with key customers, the group creating sustainable, energy efficient solutions based on:

Our smarter dedicated products that reflect robustness ease of use and maximized connectivity.

Our faster, reliable, quality deliveries.

Our leaner approach to services in which we offer customization of products and proactive and integrated services. Manufacturing and assembly is performed at the company's headquarters in Helsingborg. Product Innovation resources are also located in Helsingborg with extended arms at India.

Sale and marketing is performed by own operations in the company's home markets of Scandinavia, Germany, Benelux and Middle east as well as through distributors and partners at multiple markets outside of the home markets.

### Significant events during the financial year and after its closing

COVID19 pandemic affects most the economy and creating disturbance in global supply chain, so far the COVID19 pandemic has a limited impact on company's operations and has not caused any major disruption to its operations. The company takes actions to reduce the risks of having a negative impact on the business and to ensure the health and safety of employees and customers.

The COVID 19 pandemic may have a negative financial impact in the current year due to low demand as deferment of capital investment and continue restriction within cross border. The company has built up a strong balance sheet and is therefore, well placed to cope with turbulent

### Expected future development

We will focus on our own development where we have strong experience and know-how.

1. New range of 480Vac stacked drives (including AFE) from 250kW to 4MW in smaller footprint, utilizing the new 295A and 365A PEBBs.
2. New generation of AFE and low harmonic drives. Target to reduce cabinet space by 40% and develop smart cooling technologies. Develop active filters to optimize design, cost and size.
3. FDU and VFX 3.0 with improved connectivity and faster application engineering.
4. New range of small power drives IP54 and IP20/21 to replace IP2Y and parts of IP2X and IP54 family.

### Research and development

We develop state of the art LV technology above 37KW. Research and development is mainly focused on robustness and competitive energy efficient products which increase connectivity, allow IoT remote access and value added feature based on customer need or enhance standard offering with complete portfolio with drive systems in IP20/IP54 (0.75kW-4MW). We are spending almost 5.5% of total revenue on

### Risk and factors of uncertainty

The largest financial risk is in connection to currency fluctuation, although these are largely eliminated due to the fact that most purchases as well as sales are made in EUR. COVID19 Pandemic bring uncertainty in current financial year and difficult to predict impact on business, to eliminate the risk we are closing monitoring business to take necessary action.

### Ownership

The Indian industrial company CG Power and Industrial Solutions Ltd (L99999MH1937PLC002641), listed on the national stock market in India, is the largest parent company, which establishes a group consolidated annual report, in the group. CG Power and Industrial Solutions Ltd owns CG International B.V (34224124) in Netherlands, the smallest parent company in the group, which establishes an annual report. CG International B.V. owns the parent company CG Industrial Holdings Sweden AB (556852-4119). CG Industrial Holdings Sweden AB is the parent company of CG Drives & Automation Sweden AB. CG Industrial Holdings Sweden AB does not establish a group annual report, in accordance with Arsredovisningslagen chapter 7, § 2. The consolidated group annual report can be downloaded on the group web site:

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**Multi-year overview**

	2019/20	2018/19	2017/18	2016/17
Net turnover	304 084	293 460	244 014	243 039
Profit/loss after financial items	5 497	6 123	-11 507	20 052
Operating margin (%)	2,1%	2,5%	-4,2%	9,5%
Return on equity (%)	2,1%	2,4%	-4,4%	7,8%
Balance sheet total	361 766	385 914	347 824	420 431
Equity/asset ratio (%)	73,7%	67,8%	73,4%	63,5%
Number of employees	74	72	74	71

**Proposals for profit allocation**

The Board of Directors recommends the profit/loss and brought forward profits available for disposition:

Profit/loss carried forward	179 582
This year's profit/loss	4 924
to be distributed so that they are:	<b>184 506</b>
carried over	184 506
	<b>184 506</b>

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## Income Statement

	Note	2019-04-01 -2020-03-31	2018-04-01 -2019-03-31
Net sales	1	304 084	293 460
Work performed by the company for its own use and capitalized		8 725	11 609
Other operating income		907	16
		<b>313 715</b>	<b>305 086</b>
<i>Operating expenses</i>			
Raw material and consumables		-191 240	-184 032
Other external costs	2,3	-27 320	-26 167
Personnel costs	4	-68 655	-70 629
Depreciation of equipment and intangible assets		-20 130	-17 004
		<b>-307 345</b>	<b>-297 833</b>
<b>Operating profit/loss</b>	5	<b>6 370</b>	<b>7 253</b>
<i>Profit/loss from financial items</i>			
Other interest income and similar profit/loss items	6	1 410	1 204
Interest expense and similar profit/loss items	7	-2 283	-2 334
		<b>-874</b>	<b>-1 130</b>
<b>Profit/loss after financial items</b>		<b>5 497</b>	<b>6 123</b>
<b>Pre-tax profit/loss</b>		<b>5 497</b>	<b>6 123</b>
Tax on profit for the financial year	8	-573	0
<b>Net profit/loss for the year</b>		<b>4 924</b>	<b>6 123</b>

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**Balance Sheet**

	Note	2020-03-31	2019-03-31
<b>ASSETS</b>			
<i>Non-current assets</i>			
<i>Intangible fixed assets</i>			
Capitalized expenditure for research and development and similar posts	9	48 001	51 141
Software	10	981	832
Work in progress for research and development	11	13 724	18 270
		<b>62 706</b>	<b>70 243</b>
<i>Tangible fixed assets</i>			
Machinery and equipment	12	4 553	4 408
		<b>4 553</b>	<b>4 408</b>
<i>Financial assets</i>			
Receivables from group companies	13	194 248	198 857
Deferred tax assets	14	5 799	6 372
		<b>200 048</b>	<b>205 229</b>
<b>Total non-current assets</b>		<b>267 306</b>	<b>279 880</b>
<i>Current assets</i>			
<i>Stock-in-trade etc.</i>			
Raw material and consumables		17 041	21 932
Work in progress		7 455	7 792
Finished goods and goods for resale		6 072	6 503
Advances to Suppliers		531	0
		<b>31 099</b>	<b>36 227</b>
<i>Current receivables</i>			
Accounts receivable		27 578	35 273
Receivables from group companies		16 628	20 557
Current tax assets		2 957	2 780
Other receivables		1 060	294
Prepaid expenses and accrued income	15	1 266	903
		<b>49 489</b>	<b>59 807</b>
<i>Cash and bank balances</i>			
	16	13 872	10 001
<b>Total current assets</b>		<b>94 460</b>	<b>106 035</b>
<b>TOTAL ASSETS</b>		<b>361 766</b>	<b>385 915</b>

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**Balance Sheet**

	Note	2020-03-31	2019-03-31
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>	17,24		
<i>Restricted reserves</i>			
Share capital		25 632	25 632
Reserv for development expenses	18	39 007	35 583
Statutory reserve		17 337	17 337
		<b>81 976</b>	<b>78 552</b>
<i>Non-restricted equity</i>			
Retained earnings or losses		179 582	176 883
Profit/loss for the year		4 924	6 123
		<b>184 506</b>	<b>183 006</b>
<b>Total equity</b>		<b>266 482</b>	<b>261 558</b>
<b>Provisions</b>	19		
Other provisions		2 000	1 000
		<b>2 000</b>	<b>1 000</b>
<b>Non-current liabilities</b>			
Liabilities to credit institutions	20	34 739	49 208
Liabilities to group companies	20	13 849	12 996
		<b>48 588</b>	<b>62 204</b>
<b>Current liabilities</b>			
Cheque account with overdraft facility	21,23	0	8 455
Accounts payable		25 523	32 718
Other liabilities		1 964	2 119
Accrued expenses and deferred income	22	17 209	17 859
		<b>44 697</b>	<b>61 152</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>361 766</b>	<b>385 914</b>

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# Report of changes in equity

	Share capital	<i>Restricted reserves</i> Reserv for deve- lopment expenses	Statutory reserve	<i>Non-restricted reserves</i> Retained earnings or losses	Profit/loss for the year	Total
Opening balance 2018-04-01	25 632	25 925	17 337	198 048	-11 507	255 435
Transfer of previous year's gain/loss	0	0	0	-11 507	11 507	0
Capitalized development expenses	0	11 581	0	-11 581	0	0
Depreciation on this year's development expenses	0	-1 923	0	1 923	0	0
Profit/loss	0	0	0	0	6 123	6 123
<b>Closing balance 2019-03-31</b>	<b>25 632</b>	<b>35 583</b>	<b>17 337</b>	<b>176 883</b>	<b>6 123</b>	<b>261 558</b>
Transfer of previous year's gain/loss	0	0	0	6 123	-6 123	0
Capitalized development expenses	0	10 385	0	-10 385	0	0
Depreciation on this year's development expenses	0	-6 961	0	6 961	0	0
This year's loss	0	0	0	0	4 924	4 924
<b>Utgående balans 2020-03-31</b>	<b>25 632</b>	<b>39 007</b>	<b>17 337</b>	<b>179 582</b>	<b>4 924</b>	<b>266 482</b>

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**Cash flow statement**

	Note	2019-04-01 -2020-03-31	2018-04-01 -2019-03-31
<b>Cash flow from operations</b>			
Operating result		6 370	7 253
Adjustment for non-cash flow items			
Depreciation and write-down		20 130	17 004
Currency differences		498	0
		<b>26 999</b>	<b>24 258</b>
Received interest		1 410	1 204
Paid interest		-2 283	-2 334
Paid income tax		0	0
<b>Cashflow from operations</b>		<b>26 125</b>	<b>23 128</b>
<b>before change in working capital</b>			
<i>Cashflow from change in working capital</i>			
Change in inventories		5 128	-5 102
Change in receivables		10 318	-15 293
Change in liabilities		-8 000	5 084
<b>Cash flow from operations</b>		<b>33 571</b>	<b>7 817</b>
<i>Investments</i>			
Investments in tangible assets		-1 424	-1 434
Investments in intangible assets		-10 814	-11 666
<b>Cash flow from investments</b>		<b>-12 238</b>	<b>-13 100</b>
<i>Finance</i>			
Increase/reduction of financial assets/non-current liabilities, group companies		-9 007	10 812
Change cheque account with overdraft facility		-8 455	4 140
<b>Cash flow from finance</b>		<b>-17 462</b>	<b>14 952</b>
<b>Current year cash flow</b>		<b>3 871</b>	<b>9 669</b>
<b>Liquid assets at the beginning of the financial year</b>		<b>10 001</b>	<b>332</b>
<b>Liquid assets at the end of the financial year</b>		<b>13 872</b>	<b>10 001</b>

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## Supplementary information

### Accounting policies etc.

#### Accounting and valuation principles

Arsredovisningslagen (1995:1554) and BFNAR 2012:1 Arsredovisning och koncernredovisning (K3) have been implemented for the annual report.

#### Assessments and estimates

The following estimates made by the Board of Directors have had a substantial effect on the carrying amounts in the annual report: Assessments and estimates effect mainly reserach and development and the posting of deferred tax receivables. The capitalization of expenditures for reserach and development projects is made only when these are expected to generate future revenue. In accounting policies the process for handling reserach and development projects is described from an accounting perspective. The assement for the deferred tax receivables is that it will be utilized within a period of five years.

#### Group

The Indian industrial company CG Power and Industrial Solutions Ltd, listed on the national stock market in India, is the largest parent company, which establishes a group consolidated annual report, in the group. CG Power and Industrial Solutions Ltd owns via CG Internation B.V (34224124) in Holland, the smallest parent company in the group which establishes an annual report. CG International B.V. owns the parent company CG Industrial Holdings Sweden AB (556852-4119). CG Industrial Holdings Sweden AB is the parent company of CG Drives & Automation Sweden AB. CG Industrial Holdings Sweden AB does not establish a group annual report, in accordance with Arsredovisningslagen chapter 7, § 2. The consolidated group annual report can be downloaded on the group web site: [www.cgglobal.com](http://www.cgglobal.com).

#### Revenue recognition

##### *Sales of goods*

The revenue is recognised at the fair value of what the company has received or will receive. In other words, the company reports revenues at nominal value (amount invoiced) if the company receives payment in the form of liquid funds upon delivery. Deductions are made for discounts

Revenue recognition for the sales of goods is normally made when the substantial risks and benefits connected to ownership of the goods have been transferred from the company to the customers.

#### Lease agreements

##### *The company as leasee*

All lease agreements, financial as well as operational, have been recognised as operational leasing. The cost of operational leasing agreements is distributed linearly over the leasing period.  
See note 3.

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**Compensation to employees**

Compensation to employees consists of all types of compensation given to employees by the company. The compensations is made up of salaries, vacation pay, paid absence, bonus and compensation at termination (pension), amongst others. These are recorded when they are acquired. Compensation to employees after termination consists of pension plans, which are either fee or benefit based. Pension plans for which fixed fees are paid and no obligations, legally or informal, are attached, are classified as benefit based plans. Other pension plans are classified as fee based plans. The company has no other non-current compensation recorded to employees.

The company has benefit based pension plans where a pension fee is paid. These plans are recorded as fee based pension plans in accordance with the simplification rule of BFNAR 2012:1.

**Re-calculation of posts in foreign currency**

Receivables and liabilities in foreign currency has been valued to the exchange rate of the balance sheet date. Exchange rate gains and losses for operating receivables and liabilities are posted as operating income, while exchange rate gains and losses for financial receivables and liabilities are posted as financial posts.

**Taxes**

Total taxes are made up of current tax and deferred tax. Taxes are posted in the income statment, except for when transactions that are posted to equity, where the then occoring tax effect is also posted to equity.

**Current tax**

Current tax consists of income tax for the current year and previous years' income tax, if these have not been regulated. Current tax is calculated from the current tax rate per the balance sheet day.

**Deferred tax**

Deferred tax is an income tax for future years as a result of previous events. This is posted in accordance with the balance sheet method. According to this, deferred tax liability and deferred tax receivables for temporary differences is posted. Temporary differences arise when there is a difference between book value and taxation value for receivables or liabilities or for credits or fiscal losses. Deferred tax receivables and deferred tax liabilities are posted as a net only if they can be regulated through a net payment. Deferred tax liability is calculated according to the current tax rate at the balance sheet date. The effect of changes in current tax rate will effect the income statment in the period during which the tax rate has legally been changed. Deferred tax receivables are reduced by the part which is unlikely to be realized in the conceivable future. Deferred tax receivables are posted as a financial fixed asset and deferred tax liabilities as a provision.

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### Fixed assets

Intangible and tangible fixed assets are posted at the acquisition value less accumulated depreciation and any write-downs.

Tangible fixed assets have been divided up in substantial components when the expected useful life of the components is viewed as being materially different.

Depreciable amount is the net of acquisition value and calculated residual value, should this be substantial. Depreciation is posted linearly over the expected useful life period.

The following depreciation is applied:

#### *Intangible fixed assets*

Capitalized expenditure for research and development and similar posts	5-10 years
Software	5 years

#### *Tangible fixed assets*

Machinery and equipment	3-5 years
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#### *Capitalized expenditure for research and development and similar posts*

The company capitalizes all expenditures which according to the criteria set of BFNAR 2012:1 can be capitalized as intangible assets. These are depreciated over the expected useful life period.

### Inventories

The inventories are valued at the lower of acquisition cost and net realisable value on the balance sheet date. In order to determine the acquisition cost, a weighted average calculation is used. The net realisable value refers to the calculated sales price of the products less selling costs. Deduction for inventory obsolescence has been made after individual assessment.

### Receivables, liabilities and provisions

When nothing else has been specified above, current receivables are valued to the lowest of acquisition value and the amount by which they are expected to be regulated. Non-current receivables and non-current liabilities are valued to accrued acquisition value. Other liabilities and provision are valued to the amount by which they are expected to be regulated. Other receivables are posted at acquisition value, provided nothing else is specified.

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## Notes

### Note 1 Distribution of net sales

The net sales are distributed over the following geographical markets:

	2019/20	2018/19
Germany	84 639	84 676
Benelux	38 364	32 592
Nordic	82 390	81 189
Russia	27 238	17 676
China	3 849	8 549
Chile	10 864	11 910
Rest of the world	56 742	56 868
<b>Sum</b>	<b>304 084</b>	<b>293 460</b>

### Note 2 Auditor fee

	2019/20	2018/19
Financial year audit	312	392
<b>Sum</b>	<b>312</b>	<b>392</b>

### Note 3 Leasing agreement - leasee

	2019/20	2018/19
Expensed leasing fees regarding operational leasing agreements	3 926	4 199
Future minimum leasing fees regarding non-terminable operational lease agreements		
To be paid within 1 year	4 148	4 278
To be paid within 2-5 years	7 608	3 630
To be paid after 5 years	0	0
<b>Sum</b>	<b>11 757</b>	<b>7 908</b>

The company has entered into the following agreements which are posted as operational lease agreements:

The substantial lease agreements that the company has entered are related to lease for premises for office and production.  
The length of the lease is three years. The rent is determined yearly through index regulation related to the consumer price index.

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#### Note 4 Employees and personnel costs

##### Average number of employees

	2019/20	2018/19
Women	20	19
Men	54	53
<b>Sum</b>	<b>74</b>	<b>72</b>

##### Salaries and other contributions

	2019/20	2018/19
Board of Directors and CEO	3 669	4 015
Other employees	42 495	41 167
<b>Sum</b>	<b>46 164</b>	<b>45 183</b>

Bonus payment to the Board of Directors and CEO	233	203
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##### Pensions and other similar costs

Pension costs for the Board of Directors and CEO	811	782
Pension costs for other employees	5 951	6 928
Other costs, regulated by law or agreement	12 683	12 720
<b>Sum</b>	<b>19 445</b>	<b>20 430</b>

Outstanding pension liabilities  
to the Board of Directors and CEO

2020-03-31 2019-03-31

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##### Gender distribution among the directors

Women on the board	0%	33%
Men on the board	100%	66%
Women among the directors	33%	17%
Men among the directors	67%	83%

#### Note 5 Transactions among group entities

	2019/20	2018/19
Percentage of total purchases for the year made from other group entities	9%	8%
Percentage of total sales for the year made to other group entities	39%	38%

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**Note 6 Other interest income and similar profit/loss items**

	2019/20	2018/19
Interest income from group entities	1 409	1 203
Other interest income	1	1
<b>Sum</b>	<b>1 410</b>	<b>1 204</b>

**Note 7 Interest expense and similar profit/loss items**

	2019/20	2018/19
Interest expense from group entities	-70	-78
Other interest expense	-1 526	-1 624
Exchange rate differences	-575	-512
Other financial expenses	-112	-120
<b>Sum</b>	<b>-2 283</b>	<b>-2 334</b>

**Note 8 Tax on profit for the financial year**

	2019/20	2018/19
Change in deferred tax	573	0
<b>Sum posted tax</b>	<b>573</b>	<b>0</b>

<b>Average effective tax rate</b>	<b>10,4%</b>	<b>-</b>
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**Reconciliation of effective tax rate**

<b>Net result before tax</b>	<b>5 497</b>	<b>6 123</b>
Tax on net result, current tax rate (22 %):	1 176	1 347
<b>Tax effect from:</b>		
Other non-deductible expenses	306	403
Obsolescence	0	-12
Changes deficit deduction	-1 482	-1 739
<b>Sum posted tax</b>	<b>0</b>	<b>0</b>

<b>Effective tax rate</b>	<b>-</b>	<b>-</b>
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*Information about deferred tax receivables and tax liabilities*  
For change in deferred tax liability, see note 14

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**Note 9 Capitalized expenditure for research and development and similar posts**

	2020-03-31	2019-03-31
Acquisition value, opening balance	176 736	150 070
Sales/Scrapping	2 230	2 602
Reclassifications	12 701	24 064
<b>Accumulated acquisition value, closing balance</b>	<b>191 667</b>	<b>176 736</b>
Depreciations, opening value	-125 595	-110 789
Depreciation for the year	-18 071	-14 806
<b>Accumulated depreciation, closing balance</b>	<b>-143 666</b>	<b>-125 595</b>
<b>Book value, closing balance</b>	<b>48 001</b>	<b>51 141</b>

**Note 10 Software**

	2020-03-31	2019-03-31
Acquisition value, opening balance	10 751	10 665
Purchase	429	86
Sales/Scrapping	0	0
<b>Accumulated acquisition value, closing balance</b>	<b>11 180</b>	<b>10 751</b>
Depreciations, opening value	-9 919	-8 694
Sales/Scrapping	0	0
Depreciation for the year	-280	-1 225
<b>Accumulated depreciation, closing balance</b>	<b>-10 199</b>	<b>-9 919</b>
<b>Book value, closing balance</b>	<b>981</b>	<b>832</b>

**Not 11 Work in progress for research and development**

	2020-03-31	2019-03-31
Acquisition value, opening balance	18 270	33 355
Purchase	8 155	8 979
Reclassifications	-12 701	-24 064
<b>Accumulated acquisition value, closing balance</b>	<b>13 724</b>	<b>18 270</b>
<b>Book value, closing balance</b>	<b>13 724</b>	<b>18 270</b>

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**Note 12 Machinery and equipment**

	2020-03-31	2019-03-31
Acquisition value, opening balance	29 609	28 175
Purchase	1 424	1 434
<b>Accumulated acquisition value, closing balance</b>	<b>31 033</b>	<b>29 609</b>
Depreciations, opening value	-25 201	-24 228
Sales/Scrapping	0	0
Depreciation for the year	-1 279	-973
<b>Accumulated depreciation, closing balance</b>	<b>-26 480</b>	<b>-25 201</b>
<b>Book value, closing balance</b>	<b>4 553</b>	<b>4 408</b>

**Note 13 Receivables from group companies**

	2020-03-31	2019-03-31
Acquisition value, opening balance	201 066	189 135
Added receivables	348	11 931
Amortisation	-7 166	0
<b>Accumulated acquisition value, closing balance</b>	<b>194 248</b>	<b>201 066</b>
Amortisation, opening balance	-2 209	-2 209
Reclassifications	2 209	0
<b>Accumulated depreciation, closing balance</b>	<b>0</b>	<b>-2 209</b>
<b>Book value, closing balance</b>	<b>194 248</b>	<b>198 857</b>

**Note 14 Deferred tax receivables**

	2020-03-31	2019-03-31
Opening balance	6 372	6 372
Reversed tax receivables	-573	0
<b>Sum</b>	<b>5 799</b>	<b>6 372</b>

See also note 8 Tax on profit for the financial year.

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**Note 15 Prepaid expenses and accrued income**

	2020-03-31	2019-03-31
Prepaid rent expenses	284	269
Other prepaid expenses	982	634
<b>Sum</b>	<b>1 266</b>	<b>903</b>

**Note 16 Cash and bank**

	2020-03-31	2019-03-31
Petty cash	1	1
Bank balance	13 871	10 000
<b>Sum</b>	<b>13 872</b>	<b>10 001</b>

**Note 17 Numer of shares and ratio value**

	Number of shares	Ratio value
Number of A-shares	19 454 590	1
Number of B-shares	6 177 395	1
<b>Sum</b>	<b>25 631 985</b>	

**Note 18 Reserv for development expenses**

	2020-03-31	2019-03-31
Opening balance	35 583	25 925
Allocation to reserve	10 385	11 581
Transfer	-6 961	-1 923
<b>Sum</b>	<b>39 007</b>	<b>35 583</b>

**Note 19 Provisions**

	2020-03-31	2019-03-31
<i>Other provisions</i>		
Opening balance	1 000	1 000
Provisions for the year	1 000	0
<b>Sum</b>	<b>2 000</b>	<b>1 000</b>
<i>Specification other provisions</i>		
Warranty	2 000	1 000
<b>Sum</b>	<b>2 000</b>	<b>1 000</b>

**Note 20 Non-current liabilities**

	2020-03-31	2019-03-31
<b>To be paid after 5 years</b>		
Liabilities to credit institutions	34 739	49 208
Liabilities to group entities	13 849	12 996
<b>Sum</b>	<b>48 588</b>	<b>62 204</b>

CG Drives & Automation Sweden AB  
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**Not 21 Cheque account with overdraft facility**

	2020-03-31	2019-03-31
Approved credit	0	10 000
Used credit	0	-8 455

**Note 22 Accrued expenses and deferred income**

	2020-03-31	2019-03-31
Accrued vacation salaries	4 913	5 111
Accrued social security contribution	3 393	3 188
Accrued salaries	2 153	2 278
Other accrued expenses	6 750	7 282
<b>Sum</b>	<b>17 209</b>	<b>17 859</b>

**Not 23 Collateral pledged**

	2020-03-31	2019-03-31
<b>Collateral pledged</b>		
Chattels mortgage	110 000	110 000
Guarantee to Tullverket (Swedish Import services)	70	70
<b>Sum Collateral pledged</b>	<b>110 070</b>	<b>110 070</b>

Floating charges has been given to EXIM-Bank of India for future potential loans.

**Not 24 Proposals for profit allocation**

	2020-03-31	2019-03-31
Profit/loss carried forward	179 582	176 883
This year's profit/loss	4 924	6 123
	<b>184 506</b>	<b>183 006</b>
to be distributed so that they are:		
carried over	184 506	183 006
	<b>184 506</b>	<b>183 006</b>

**Not 25 Definition key ratios**

*Operating margin*

Operating result in percent of net turnover

*Adjusted equity*

Equity deducted by deferred tax on untaxed reserves

*Return on equity*

Gain/loss after financial items in percent of average adjusted equity

*Equity/asset ration*

Adjusted equity in percent of total balance

39 18

CG Drives & Automation Sweden AB  
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Helsingborg



Lloyd Pinto  
Chairman



Kapil Agrawal



Claes Bjäreholt  
CEO

Employee representative

Our audit opinion has been given

LR Revision i Falkenberg AB

Roger Qvarnström  
Authorized public accountant

## Auditor's report

To the general meeting of the shareholders of CG Drives & Automation Sweden AB, corporate identity number 556232-2643

### Report on the annual accounts

#### *Opinions*

We have audited the annual accounts of CG Drives & Automation Sweden AB for the year 2019-04-01 – 2020-03-31.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of CG Drives & Automation Sweden AB as of 31 March 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet.

#### *Basis for Opinions*

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of CG Drives & Automation Sweden AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

#### *Responsibilities of the Board of Directors and the Managing Director*

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

#### *Auditor's responsibility*

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden 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 annual accounts.

*EQ*

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

- Identify and assess the risks of material misstatement of the annual accounts, 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 opinions. 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.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any 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 annual accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts. 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.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

## **Report on other legal and regulatory requirements**

### *Opinions*

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the Managing Director of CG Drives & Automation Sweden AB for the year 2019-04-01 – 2020-03-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

### *Basis for Opinions*

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of CG Drives & Automation Sweden AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions. *FA*





### *Responsibilities of the Board of Directors and the Managing Director*

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

### *Auditor's responsibility*

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Falkenberg 2020-

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Roger Qvarnström

Authorized Public Accountant

*RQ*