

Annual Report for
Escenda Engineering AB
556798-1286

The financial year
2018-04-01 - 2019-03-31

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Certificate of approval

The undersigned member of the board of the Escenda Engineering AB hereby certifies that this copy of the Annual Report is a true duplicate, and that the Income Statement and Balance Sheet were adopted by the AGM on 2019-05- . The meeting also decided to approve the Board of Directors' proposal for distribution of profits.

Gothenburg 2019-05-

Stefan Wedin
Director

Directors' Report

The Board of Directors and the managing director of Escenda Engineering AB, 556798-1286, with its registered office in , may hereby submit the Annual Report for the financial year 2018-04-01 - 2019-03-31.

Company overview

Escenda Engineering AB offers engineering services in product development to a development-intensive industry. Our revenues are generated by hourly fees and fixed price on delivery of development projects.

Development of company operations, result and position

	<i>Amounts in TSEK</i>			
	<i>2019-03-31</i>	<i>2018-03-31</i>	<i>2016-12-31</i>	<i>2015-12-31</i>
Net sales	203 624	216 402	125 059	103 829
Profit/loss after financial items	-5 898	-9 689	10 759	7 767
Balance Sheet Total	114 428	113 137	40 175	34 214
Number of employees	135	130	95	73
Equity/assets ratio	1%	1%	40%	39%

Significant events during the financial year

The fiscal year has largely been characterized by the integration with the owner company Tata Technologies Europe Ltd. After the acquisition, Escenda's revenues have increased mainly due to the transfer of a larger project from the Group. Equity has been strengthened through a shareholder contribution of SEK 4 million.

Significant risks and uncertainty factors

The work during 2019 will largely concentrate on delivering and completing the large project that was transferred from the Group. The margins in the business are expected to increase when the company outsource work to low-cost countries. Demand for the company's services is still expected to be good.

Equity

	<i>Share capital</i>	<i>Premium reserve</i>	<i>Accumulated Profit</i>	<i>Profit f t year</i>	<i>Total equity</i>
Beginning of year	211	1 775	7 421	-7 714	1 693
Allocation	-	-1 775	-5 939	7 714	-
Shareholders' contributions	-	-	4 000	-	4 000
Profit for the year	-	-	-	-4 873	-4 873
End of the year	211	-	5 482	-4 873	820

Proposed allocation of company profit

	<i>Amounts in TSEK</i>
<hr/>	
The Board of Directors proposes that the unappropriated funds:	
Accumulated profit	1 482
Received shareholder contribution	4 000
Profit for the year	-4 873
Total	<hr/> 609
Appropriated for carried forward	<hr/> 609
Total	609

Regarding the results and position in general, reference is made to the subsequent results and balance sheet with the associated notes.

Income Statement

<i>Amounts in TSEK</i>	<i>Note</i>	<i>2018-04-01- 2019-03-31</i>	<i>2017-01-01- 2018-03-31</i>
Net sales	3	203 624	216 402
Other operating income	4	741	497
		<u>204 365</u>	<u>216 899</u>
Operating expenses			
Raw materials and consumables		-119 357	-131 439
Other external costs	5,6	-18 426	-10 173
Employee benefit expenses	7	-70 844	-84 043
Depreciation/amortization and impairment of tangible and intangible assets		-1 302	-987
Operating profit		<u>-5 564</u>	<u>-9 743</u>
Profit from financial items			
Other interest income and similar income	8	-	193
Interest expenses and similar expenses	9	-334	-139
Profit after financial items		<u>-5 898</u>	<u>-9 689</u>
Profit before tax		<u>-5 898</u>	<u>-9 689</u>
Tax on profit for the year	10	1 025	1 975
Net profit for the year		<u>-4 873</u>	<u>-7 714</u>

Balance Sheet

<i>Amounts in TSEK</i>	<i>Note</i>	<i>2019-03-31</i>	<i>2018-03-31</i>
ASSETS			
Fixed assets			
<i>Intangible assets</i>			
Concessions, patents, licences, trademarks and similar rights	11	44	170
		44	170
<i>Tangible assets</i>			
Equipment, tools, fixtures and fittings	12	2 540	171
		2 540	171
<i>Financial assets</i>			
Deferred tax asset	10,13	3 000	1 975
Other long-term receivables	14,15	442	-
		3 442	1 975
Total fixed assets		6 026	2 316
Current assets			
<i>Current receivables</i>			
Accounts receivable - trade		58 301	57 447
Current tax assets		175	1 625
Receivables due from customers	16	27 011	21 986
Other receivables		655	534
Prepaid expenses and accrued income	17	10 137	2 930
		96 279	84 522
<i>Cash and bank balances</i>		12 123	26 299
Total current assets		108 402	110 821
TOTAL ASSETS		114 428	113 137

Balance Sheet

<i>Amounts in TSEK</i>	<i>Note</i>	<i>2019-03-31</i>	<i>2018-03-31</i>
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital		211	211
		<u>211</u>	<u>211</u>
<i>Non-restricted equity</i>			
Profit or loss brought forward		5 482	9 196
Profit for the year		-4 873	-7 714
		<u>609</u>	<u>1 482</u>
Total equity		<u>820</u>	<u>1 693</u>
Provisions			
Provisions for pensions and similar obligations	18	442	442
		<u>442</u>	<u>442</u>
Current liabilities			
Accounts payable - trade		9 899	74 086
Liabilities to group companies		75 475	16 819
Other current liabilities		5 889	10 168
Accrued expenses and deferred income	19	21 903	9 929
		<u>113 166</u>	<u>111 002</u>
TOTAL EQUITY AND LIABILITIES		<u>114 428</u>	<u>113 137</u>

Cash flow statement

<i>Amounts in TSEK</i>	<i>Note</i>	<i>2018-04-01- 2019-03-31</i>	<i>2017-01-01- 2018-03-31</i>
Operating activities			
Profit after financial items		-5 898	-9 689
Adjustments for items not included in cash flow, etc.		1 302	2 962
		-4 596	-6 727
Paid income tax		1 449	-
Cash flow from operating activities before changes in working capital		-3 147	-6 727
<i>Cash flow from changes in working capital</i>			
Increase(-)/Decrease (+) in operating receivables		-13 649	-56 186
Increase (+)/Decrease (-) in operating liabilities		6 202	87 487
Cash flow from operating activities		-10 594	24 574
Investing activities			
Acquisition of intangible assets		-34	-
Acquisition of tangible assets		-3 511	-37
Cash flow from investing activities		-3 545	-37
Financing activities			
Amortisation of loan		-37	-
Change in financial assets		-	421
Dividend		-	-6 811
Cash flow from financing activities		-37	-6 390
Cash flow for the year		-14 176	18 147
Cash and cash equivalents at the beginning of the year		26 299	8 152
Cash and cash equivalents at the end of the year		12 123	26 299

Notes

Note 1 Accounting principles

Amounts in TSEK unless otherwise stated

General accounting principles

The annual report has been prepared in accordance with the Annual Accounts Act and the Accounting Standards Board's general guidelines BFNAR 2012:1 Annual and Group Reports (K3). The accounting principles are unchanged compared to previous year.

Note Miscellaneous information for cash flow analysis

The cash flow statement is prepared according to indirect method. The reported cash flow includes only transactions involving deposits or payments. Cash and bank balances are classified as cash and cash equivalents.

Valuation principles etc

Assets, provisions and liabilities are valued based on cost unless otherwise stated.

Intangible assets

Property, plant and equipment are reported at cost less depreciation. The acquisition value is included expenses directly attributable to the acquisition of the asset.

When a component in a fixed asset is replaced, any remaining part of the old component is eliminated and the new component's acquisition value is capitalized.

Additional expenses relating to assets that are not divided into components are added to the acquisition value to that part asset performance increases in relation to asset value at acquisition date.

Expenses for ongoing repairs and maintenance are reported as expenses.

Depreciation

Depreciation takes place lineally over the asset's useful life. Depreciation is reported as a cost in the Profit and Loss Account.

The following depreciation periods are applied:

	<i>Years</i>
Intangible assets	3-5
Machinery and other technical facilities	3-5
Inventories, tools and installations	3-5
Improvement expense in another's property	5
<i>Acquired intangible assets</i>	

Leasing

All leases where the company is a lessee are reported as operating leases (lease agreement), regardless of whether the agreements are financial or operational. The leasing fee is reported as a cost linearly over the lease period.

Foreign currency

Receivables and liabilities in foreign currency have been recalculated at the closing day rate. Exchange rate differences arising on the settlement or recalculation of monetary items are recognized in the income statement in the financial year in which they arise.

Employee compensation

Short-term benefits: Short-term benefits in the company consist of salary, social security contributions, paid holiday, paid sick leave, health care and bonuses. Short-term benefits are reported as an expense and a liability when there is a legal or informal obligation to pay a compensation.

Compensations to employees after terminated employment

Employees are only covered by defined contribution plans. In defined contribution plans, the company pays charges to another company and do not have any legal or informal obligation to pay anything further though other company cannot fulfill its commitment. The company's income is charged for expenses as employees' pensionable services are performed.

Compensations for dismissal

Compensation for termination expires when the company decides to terminate an employment prior to the normal date of termination of employment or when an employee accepts an offer for voluntary resignation in return for such compensation. If the remuneration does not give the company any future economic benefit, a liability and a cost is reported when the company has one legal or informal obligation to provide such compensation. The compensation is valued at the best estimate of it compensation that would be required to settle the liability on the balance sheet date.

Tax

Current taxes are valued on the basis of the tax rates and tax rules that apply on the balance sheet date. Deferred taxes are valued on the basis of the tax rates and tax rules that have been decided before the balance sheet date. Deferred tax assets relating to loss carry-forwards or other future tax deductions are recognized to the extent that it is probable that the deduction can be offset against surplus in future taxation. Receivables and liabilities are reported net only when there is a legal right to set-off.

Current tax, as well as change in deferred tax, is reported in the income statement unless the tax is attributable to an event or transaction that is recognized directly in equity. In such cases, the tax effect is also reported in equity.

Revenue

The influx of financial benefits the company has received or will receive for its own account is reported as income. Revenues are valued as the fair value of what that received or to be received with deduction for discounts offered.

Work in progress

Time and material and fixed price assignments are reported according to the general rule. The percentage of completion is calculated as committed contract expenses for work performed on the balance sheet date in relation to estimated total assignment expenses.

Financial assets and liabilities

Financial assets and liabilities are reported in accordance with Chapter 11 (Financial instruments valued based on the acquisition value) in BFNAR 2012: 1.

Accounting in and removal from the balance sheet

A financial asset or financial liability is recognized in the balance sheet when the company becomes a party to the instrument's contractual terms. A financial asset is removed from the balance sheet when the contractual right to the cash flow from the asset has ceased or been settled. The same applies when the risks and benefits associated with the holding have in all material respects been transferred to another party and the company no longer has control over the financial asset. A financial liability is derecognized from the balance sheet when the contractual obligation is fulfilled or terminated.

Valuation of financial assets

Financial assets are valued at acquisition value at initial cost, including any transaction costs that are directly attributable to the acquisition of the asset. Financial current assets are valued at the lower of acquisition value and net realizable value on the balance sheet date after the first reporting date. Accounts receivable and other receivables that constitute current assets are valued individually at the amount that is expected to be received.

Valuation of financial liabilities

Financial liabilities are valued at amortized cost. Expenses that are directly attributable to the raising of loans correct the loan's acquisition value and are accrued according to the effective interest method.

Provisions

AA provision is recognized in the balance sheet when the company has a legal or informal obligation as a result of an event that has occurred and it is probable that an outflow of resources is required to settle the obligation and a reliable estimate of the amount can be made. At initial recognition, provisions are valued at the best estimate of the amount that will be required to settle the obligation on the balance sheet date. Provisions are reviewed every balance sheet date.

Group contributions and shareholders' contributions

Shareholder contributions left without the issue of shares or other equity instruments in exchange are reported on the Balance Sheet as an increase the reported share value.

Repaid shareholder contributions are reported as a reduction of equity once a decision has been made concerning repayment.

Note 2 Estimations and assessments

The use of loss carryforwards is dependent on future taxable profits.

Valuation of work in progress (fixed price) is dependent on estimates of estimated costs corresponding to the actual costs incurred.

Note 3 Net sales by business segment and geographic market

Net sales by geographic market

	2018-04-01- 2019-03-31	2017-01-01- 2018-03-31
Sweden	199 902	196 163
Other EU	3 722	20 170
Outside the EU	-	69
Total	203 624	216 402

Note 4 Other operating income

	2018-04-01- 2019-03-31	2017-01-01- 2018-03-31
Rental income	532	445
Capital gains	107	138
Capital losses	-106	-86
Staff contribution	208	
Total	741	497

Note 5 Remuneration to, and expenses of, auditors

	2018-04-01- 2019-03-31	2017-01-01- 2018-03-31
Trevi Revision AB	-	65
KPMG AB	96	-

Audit assignments refer to statutory audit of the annual accounts and the accounts, as well as the administration of the board and the managing director, as well as auditing and other audits carried out in accordance with agreement or agreement.

Note 6 Operational leasing

	2018-04-01- 2019-03-31	2017-01-01- 2018-03-31
<i>Future minimum leasing fees with respect to non-redeemable operational leasing agreement:</i>		
Within one year	4 864	4 704
Between one and five years	3 867	5 582
	<u>8 731</u>	<u>10 286</u>
The financial year's expensed leasing fees	4 864	2 831

The operational leasing contracts essentially consists of leased properties / premises. The agreement for the Swedish office properties runs for three years with automatic extension for further three years at a time.

Note 7 Employees and personnel costs

Average number of employees

	2018-04-01- 2019-03-31	2017-01-01- 2018-03-31
Men	108	96
Women	27	34
Total	135	130

Reporting of gender distribution in the management group

	Count	Whereof	Count	Whereof
<i>Proportion of women</i>	2019-03-31	men	2018-03-31	men
Board of Directors	4	100%	4	100%
Managing director	-	100%	1	100%

Salaries and other remunerations and social costs, including retirement costs

	2018-04-01- 2019-03-31	2017-01-01- 2018-03-31
Board of Directors and managing director	1 004	1 036
Other employees	50 850	58 371
Total	51 854	59 407
Social costs	17 054	17 396
(of which pension expenses)	4 355	5 452

Note 8 Interest incomes and similar result items

	2018-04-01- 2019-03-31	2017-01-01- 2018-03-31
Result on sale of short-term investments	-	165
Interest income, other	-	28
Total	-	193

Note 9 Interest expenses and similar result items

	2018-04-01- 2019-03-31	2017-01-01- 2018-03-31
Interest costs, group companies	-334	-119
Interest costs, other	-	-20
Total	-334	-139

Note 10 Tax on annual profit

	2018-04-01- 2019-03-31	2017-01-01- 2018-03-31
Current tax expense	-	-
Deferred tax	1 025	1 975
	1 025	1 975

Reconciliation of effective tax

	2018-04-01- 2019-03-31		2017-01-01- 2018-03-31	
	Percent	Amounts	Percent	Amounts
Profit before tax			-7 714	-9 689
Tax according to applicable tax rate			-1 215	-2 132
Non-deductible expenses			64	156
Non-taxable income			-	-
Effect of revised tax rates/and tax legislation			126	-
Reported tax expense			-1 025	-1 975

Note 11 Concessions, patents, licences, trademarks and similar rights

	2019-03-31	2018-03-31
<i>Accumulated cost of acquisitions</i>		
- At beginning of year	1 233	1 233
-Miscellaneous investments	35	-
At the end of the year	1 268	1 233
<i>Accumulated depreciation</i>		
- At beginning of year	-1 064	-546
-Depreciation for the year	-160	-518
At the end of the year	-1 224	-1 064
Carrying amount at year-end	44	169

Note 12 Machinery and other technical equipment

	2019-03-31	2018-03-31
<i>Accumulated cost of acquisitions</i>		
- At beginning of year	1 133	1 096
- New acquisitions	3 511	37
At the end of the year	4 644	1 133
<i>Accumulated depreciation</i>		
- At beginning of year	-962	-492
-Depreciation for the year	-1 142	-470
At the end of the year	-2 104	-962
Carrying amount at year-end	2 540	171

Note 13 Net sales by business segment

	2018-04-01- 2019-03-31	2017-01-01- 2018-03-31
Segment B	3 000	1 975
Total	3 000	1 975

Total loss carried forward is -14 564 TSEK

Note 14 Other long-term receivables

	2019-03-31	2018-03-31
Accumulated acquisition costs:		
- Additional receivables	442	-
Carrying amount at year-end	442	-

Note 15 Pledged assets and contingent liabilities

Securities pledged

	2019-03-31	2018-03-31
<i>For own liabilities and provisions</i>		
Bonds and other securities	442	442
Total pledged assets	442	442

Note 16 Receivables due from customers

	2019-03-31	2018-03-31
Recognised income	118 843	96 024
Invoiced amount	-91 832	-74 038
	27 011	21 986

The sum withheld by the purchaser, which has been progress billed in compliance with an established plan and which the purchaser withholds in compliance with agreed conditions until all the conditions stipulated in the agreement have been fulfilled or errors rectified amounts to XX (XX).

Note 17 Prepayments and accrued income

	2019-03-31	2018-03-31
Prepaid expenses	2 404	2 930
Revenue accrued, not invoiced	7 733	21 986
	10 137	24 916

Note 18 Other provisions

	2019-03-31	2018-03-31
Other provisions pension	442	442
Total	442	442

(type of allocation)

Carrying amount at year-start

Provisions made during the year *

* (incl. increases of existing provisions)

Note 19 Accruals and prepaid income

	2019-03-31	2018-03-31
Accrued holiday pay	6 747	7 264
estimated social charges	3 007	2 048
Accruals subcontractors	10 883	-
Other interim debts	1 267	616
	21 904	9 928

Note 20 Allocation of company profit or loss

Proposed allocation of company profit or loss

The Board of Directors proposes that non-restricted equity, 609TSEK is appropriated as follows:

	<i>2019-03-31</i>
Carried forward	609
	609

Note 21 Number of shares and quota value

	<i>2019-03-31</i>	<i>2018-03-31</i>
Number of shares	105669	105669
quota value	2	2

Note 22 Significant events after the end of the financial year

No significant events have occurred after the end of the financial year.

Note 23 Information about the group

The company is a wholly owned subsidiary of Tata Technologies Europe Ltd, reg no. 2016440 with its registered office in Warrick, United Kingdom. The parent company is part of a group in which Tata Technologies Ltd, CIN: U72200PN1994PLC013313, based in Mumbai India, prepares consolidated financial statements.

Purchases and sales within the Group

Of the company's total purchases and sales, 34% refers to TSEK 47,310 of total purchases and 0.3%, which is TSEK 559 of total sales to other companies within the corporate group to which the company belongs.

Note 24 Definitions of key ratios

Equity / assets ratio is calculated as equity and untaxed reserves adjusted for deferred tax, in relation to total assets.

Signatures

Gothenburg 2019-05-

Praveen Purushottam Kadle
Chairman of the Board

Stefan Henrik Wedin
Director

Steven John Haywood
Director

Warren Kevin Harris
Director

Our Audit report has been issued 2019-05-

KPMG AB
Max Enskog
Authorized public accountant