

The Board of Directors of

ISMT Europe AB

Corporate identity number 556748-6039

Submit the following

Annual report

For the financial year 1 April 2019 - 31 March 2020

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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>2019/20</i>	<i>2018/19</i>	<i>2017/18</i>	<i>2016/17</i>
Net sales	93 380	136 093	189 574	72 915
Balance	68 589	79 803	62 551	37 197
Return on capital	2 133	1 558	1 858	496
Equity ratio, %	13%	9%	9%	9%

For definitions, see note

Significant events and other important conditions

The business to US has seen some reduction due to imposition of antidumping duties. Also towards the end of the year there was a global pandemic of Covid -19. This has affected the business towards the end of the year.

Future expected development material risks and uncertainties

Covid-19 will have an impact of the business level during the Financial Year 20/21.

Changes in equity

2020-03-31	Restricted equity			Non restricted equity	Total equity
	Share capital	Revaluation-funds	Reservfund	Bal eam. incl. Prof. for the year	
Opening Balance	100 000	--	--	6 810 692	6 910 692
Profit/loss for the year				2 132 786	2 132 786
Transfer in equity					
Revaluation reserve	--	--	--	--	--
Dissolution of revaluations funds	--	--	--	--	--
Vid årets utgång	100 000	--	--	8 943 478	9 043 478

Proposed allocation of the company's profit

The Board of Directors propose that the non-restricted equity (accumulated deficit), SEK 8 943 478, is allocated as shown below:

Profit or loss brought forward		<u>8 943 478</u>
	Total	<u>8 943 478</u>

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>2020-04-01- 2019-03-31</i>	<i>2018-04-01- 2019-03-31</i>
Net sales	3	93 380 319	136 093 147
Other operating income		—	—
		<u>93 380 319</u>	<u>136 093 147</u>
Operating expenses			
Goods for resale		-84 450 348	-124 936 224
Other external costs		-6 022 412	-9 185 331
Employee benefit expenses	4	—	—
Other operating expenses	5	<u>-774 693</u>	<u>-279 934</u>
Operating profit/loss		<u>2 132 866</u>	<u>1 691 658</u>
Profit/loss from financial items			
Interest expense/exchange diff. and similar profit/loss items	7	<u>-80</u>	<u>-133 396</u>
Profit/loss after financial items		<u>2 132 786</u>	<u>1 558 262</u>
Deferred tax	8	—	—
Tax on profit for the year	8	<u>—</u>	<u>—</u>
Net profit/loss for the year		<u>2 132 786</u>	<u>1 558 262</u>

Balance sheet

<i>Amounts in SEK</i>	<i>Note</i>	<i>2020-03-31</i>	<i>2019-03-31</i>
ASSETS			
Non-current assets			
Equipment, tools, fixtures and fittings	9	--	--
Total non-current assets		--	--
Current assets			
Current receivables			
Accounts receivable - trade		17 456 209	13 068 744
Receivables from group companies		18 756 346	18 988 427
Other receivables		108 817	65 418
Prepaid expenses and accrued income		19 962	39 813
		<u>36 341 334</u>	<u>32 162 402</u>
Cash and bank balances			
Cash and bank		<u>32 248 132</u>	<u>47 640 766</u>
		<u>32 248 132</u>	<u>47 640 766</u>
Total current assets		<u>68 589 466</u>	<u>79 803 168</u>
TOTAL ASSETS		<u>68 589 466</u>	<u>79 803 168</u>

Balance sheet

Amounts in SEK	Note	2020-03-31	2019-03-31
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>	17, 18		
Share capital		100 000	100 000
		<u>100 000</u>	<u>100 000</u>
<i>Non-restricted equity</i>			
Profit or loss brought forward		6 810 692	5 252 430
Net profit/loss for the year		2 132 786	1 558 262
		<u>8 943 478</u>	<u>6 810 692</u>
		9 043 478	6 910 692
Current liabilities			
Factoring	12	—	—
Bank overdrafts	12	—	—
Advance payments from customers		435 415	454 555
Accounts payable - trade		778 359	782 625
Liabilities to group companies		54 575 021	67 634 545
Accrued expenses and prepaid income	13	3 757 193	4 020 751
		<u>59 545 988</u>	<u>72 892 476</u>
TOTAL EQUITY AND LIABILITIES		68 589 466	79 803 168

Cash flow statement

Amounts in SEK	2020-04-01- 2019-03-31	2018-04-01- 2019-03-31
Operating activities		
Profit/loss after financial items	2 132 786	1 558 262
Adjustments for non-cash items, etc.	—	—
	<u>2 132 786</u>	<u>1 558 262</u>
Cash flow from operating activities before working capital changes	2 132 786	1 558 262
<i>Cash flow from working capital changes</i>		
Increase(-)/Decrease(+) of current receivables	-4 178 932	27 411 067
Increase(-)/Decrease(+) of current liabilities	-13 346 488	23 689 524
Cash flow from operating activities	<u>-15 392 634</u>	<u>52 658 853</u>
Financing activities		
Repayment of borrowings	—	-7 995 212
Cash flow from financing activities	<u>—</u>	<u>-7 995 212</u>
Cash flow for the year	-15 392 634	44 663 641
Cash and cash equivalents at the beginning of the year	<u>47 640 766</u>	<u>2 977 125</u>
Cash and cash equivalents at the end of the year	14 <u>32 248 132</u>	<u>47 640 766</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.

Equipments, tools, fixtures and fittings

Useful life
-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 Estimates and judgements

One of the company's major asset items is accounts receivable. These are reported, after individual assessment of value, to the amount the company expects to receive in payment. The assessment is based on those conditions that are known to the company at the end of the financial year.

Note 3 Net sales by geographic segments

	2020-04-01- 2019-03-31	2018-04-01- 2019-03-31
<i>Net sales by geographic segments</i>		
Sweden	1 620 628	576 853
Other EU	25 924 309	26 784 982
Outside EU	<u>65 835 382</u>	<u>108 731 312</u>
	93 380 319	136 093 147

Note 4 Employees, personnel costs and remunerations to Board of Directors and auditors

Average number of employees	<i>whereof</i>		<i>whereof</i>	
	2020-04-01- 2019-03-31	men	2018-04-01- 2019-03-31	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

	2020-03-31 <i>Proportion of women</i>	2019-03-31 <i>Proportion of women</i>
Board of Directors	33%	33%

Audit fees and expenses

	2020-04-01- 2019-03-31	2018-04-01- 2019-03-31
<i>KPMG</i>		
Audit services	30 000	30 000
Other services	-	5 000

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

	2020-04-01- 2019-03-31	2018-04-01- 2019-03-31
Exchange losses on operating receivables/liabilities	-774 693 <u>-774 693</u>	-279 934 <u>-279 934</u>

Note 6 Operating lease**Lease contracts where the Company is the lessee**

	2020-03-31	2019-03-31
<i>Future minimum lease payments regarding non-cancellable operating lease contracts</i>		
Within one year	-300 000 <u>-300 000</u>	-300 000 <u>-300 000</u>
	2020-04-01- 2019-03-31	2018-04-01- 2019-03-31
The financial year's recognised lease expenses	-300 000	-300 000

Note 7 Interest expense and similar profit/loss items

	2020-04-01- 2019-03-31	2018-04-01- 2019-03-31
Interest expense, other	80 <u>-80</u>	-133 396 <u>-133 396</u>

Note 8 Tax on profit for the year

	2020-04-01- 2019-03-31	2018-04-01- 2019-03-31
Deferred tax	-	-

Reconciliation of effective tax rate

	2020-04-01- 2019-03-31		2018-04-01- 2019-03-31	
	Per cent	Amount	Per cent	Amount
Profit/loss before tax		2 132 706		1 558 282
Tax according to current tax rate for the parent company	21,4%	-456 416	22,0%	-342 818
Non-deductible expenses	0,0%	-	-1,0%	-
Non-taxable income	0,0%	-	0,0%	-
Use of earlier not recognised loss carry-forward	-21,4%	456 416	-22,0%	342 818
Reported effective tax	-0,0%	-	-22,0%	-

Note 9 Equipment, tools, fixtures and fittings

	2020-03-31	2019-03-31
<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
Carrying amount at the end of the year	-	-

Note 10 Number of shares and quota value

	2020-03-31	2019-03-31
<i>A-shares (one share team)</i>		
Numbers of shares	1 000	1 000
Quota value	100	100

Note 11 Proposed allocation of the company's profit

	2020-03-31	2019-03-31
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The Board of Directors propose that the non-restricted equity (accumulated deficit), SEK 8 943 478, is allocated as shown below:

Profit or loss brought forward	8 943 478
Total	8 943 478

Note 12 Bank overdrafts and factoring

	2020-03-31	2019-03-31
<i>Credit limit, overdraft</i>		
Unused	-	3 000 000
Utilised credit amount	-	-3 000 000
<i>Credit limit, factoring usable</i>		
Unused	6 042 161	5 732 145
	-6 042 161	-5 732 145

Note 13 **Accrued expenses and prepaid income**

	<u>2020-03-31</u>	<u>2019-03-31</u>
Accrued commissions	3 757 193	4 020 751
	<u>3 757 193</u>	<u>4 020 751</u>

Note 14 **Cash equivalents**

	<u>2020-03-31</u>	<u>2019-03-31</u>
<i>The following sub-components are included in cash equivalents:</i>		
Bank balance	32 248 132	47 640 766
	<u>32 248 132</u>	<u>47 640 766</u>

Note 15 **Group information**

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

Purchases and sales within the group

Of the Company's total purchases and sales in SEK, 99% of the purchases and 7% of the sales refer to other Companies within the group that that the Company belongs to.

Note 16 **Pledged securities and contingent liabilities**

	<u>2020-03-31</u>	<u>2019-03-31</u>
Corporate mortgage	5 000 000	5 000 000
	<u>5 000 000</u>	<u>5 000 000</u>
Contingent liabilities	None	None

ISMT Europe AB

Corporate identity number: 556748-6039

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Storfors

Rajiv Goel
Chairman of the board

Kishore Bharambe

Kerstin Rienas

My audit report has been submitted

Mattias Eriksson
Authorized public accountant