

PKC Group Ltd

Financial Statements 1.4.2020 – 31.3.2021

Report by the Board of Directors and Financial Statements

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The financial statements is archived for at least 10 years after the end of the financial year (KPL 2:10).
Supporting documentation of the financial year shall be archived for at least 6 years from the end of the year in which the financial year has ended.

Report by the Board of Directors 1.4.2020-31.3.2021

PKC Group Oy leads and supports its subsidiaries business.

PKC Group Oy's business has consisted of providing services to other Group entities.

Net sales and profitability

PKC Group's net sales were EUR 1,0 million (EUR 1,0 million), down 1,99 % on the previous year. The company's net sales consist of intra-group service sales.

The company's equity ratio at the end of the financial year was 36,3 % (36,6 %). Return on equity (ROE) was 15,2 % (-4,4 %) and return on investment (ROI) 6,2 % (2,1 %).

Personnel

The average number of employees during the financial year was 21 (21). At the end of the financial year, the number of employees was 21 (21).

At the end of the financial year personnel expenses totaled was EUR 1,9 million (EUR 2,8 million).

Company's Management and Auditors

PKC Group Oy's President & CEO is Pankaj Mital.

Company's Board of Directors consisted of Matti Ruotsala (Chairman), Gaya Nand Gauba, Andreas Heuser, Robert J. Remenar, Vivek Chaand Sehgal and Pankaj Mital (CEO).

The company's auditor is Ernst & Young Oy, with principal responsibility APA Jari Karppinen.

Estimated future development

PKC Group Oy's operations continue as the Group's parent company, which manages and supports the operations of its subsidiaries.

Board of Directors' proposal for profit distribution

The company's distributable funds are EUR 103,6 million, of which EUR 31,7 million are distributable as dividend. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.85 per share be paid for a total of EUR 20.5 million and that the remainder of the distributable funds be transferred to shareholder's equity. The dividend payment will be settled at the Annual General Meeting held after the end of the financial year. The company's liquidity is good and in the opinion of the Board of Directors the proposed dividend will not put the company's solvency at risk.

Key Indicators for the company's financial position and earnings

EUR	2020-2021	2019-2020
Net sales	1 042 208	1 046 667
Operating profit/loss	-4 297 078	-5 114 253
% net sales	-430,5 %	-488,6 %
Return on equity (ROE), %	15,2 %	4,4 %
Return on investment (ROI), %	6,2 %	2,1 %
Equity ratio, %	36,3 %	36,6 %

Calculation of key indicators

Return on equity (%) (ROE)	100 x	$\frac{\text{Profit/loss for the financial year - appropriations}}{\text{Total equity (average)}}$
Return on investment (%) (ROI)	100 x	$\frac{\text{Profit before appropriations and taxes + financial expenses}}{(\text{Total Equity} + \text{interest bearing financial liabilities}) \text{ (average)}}$
Equity ratio (%)	100 x	$\frac{\text{Total equity}}{\text{Total of balance sheet - advance payments received}}$

Income Statement

EUR	Note	1.4.2020-31.3.2021	1.4.2019-31.3.2020
Net sales	1	1 042 208	1 046 667
Other operating income	2	2 398 119	2 723 254
Staff expenses	3	-1 906 994	-2 816 937
Depreciation, amortisation and impairment	7	-181 144	-125 482
Other operating expenses	4	-5 846 526	-5 941 756
Operating profit/loss		-4 494 337	-5 114 254
Interest and other financial income	5	24 956 330	12 236 272
Interest and other financial expenses	5	-1 957 675	-1 478 314
Foreign exchange differences	5	-2 032	-19 707
Financial income and expenses		22 996 623	10 738 251
Profit/loss before appropriations and taxes		18 502 286	5 623 997
Group contribution		0	8 100 000
Appropriations		0	8 100 000
Income taxes	6	-23 233	-16 614
Other taxes		11	0
Profit/loss for the financial year		18 479 064	13 707 383

Balance Sheet

EUR	Note	31.3.2021	31.3.2020
Assets			
Non-current assets			
Intangible assets	7	284 282	359 739
Tangible assets	7	71 330	72 151
Investments	8	58 836 903	58 836 903
Total non-current assets		59 192 515	59 268 793
Current assets			
Long-term receivables	9	164 679 162	164 172 583
Short-term receivables	10	92 858 696	80 936 177
Cash and cash equivalents		16 515 038	31 287 576
Total current assets		274 052 897	276 396 336
Total assets		333 245 411	335 665 129
Equity and liabilities			
Equity			
	11		
Share capital		6 218 429	6 218 429
Share premium account		11 281 570	11 281 570
Invested non-restricted equity fund		71 775 572	71 775 572
Retained earnings		13 184 486	19 983 764
Profit for the financial year		18 479 064	13 707 383
Total equity		120 939 121	122 966 717
Liabilities			
Non-current liabilities	12	41 500 000	33 000 000
Current liabilities	13	170 806 290	179 698 410
Total liabilities		212 306 290	212 698 410
Total equity and liabilities		333 245 411	335 665 127

Cash Flow Statement

	FY21	FY20
Cash flows from operations		
Profit (loss) before extraordinary items	18 502 286	5 623 997
Adjustments:		
Depreciation and amortisation according to plan	181 144	125 482
Financial income and expenses	-22 996 624	-10 757 958
IFRS16 leasing income or expenses presented in investments	-28 183	-15 138
Cash flows before change in working capital	-4 341 377	-5 023 617
Change in working capital		
Change in current non-interest bearing receivables	8 249 436	158 423
Change in current non-interest bearing liabilities	676 945	-339 787
Cash flows from operations before financial items and taxes	4 585 004	-5 204 981
Interests paid and other financial expenses	4 456 992	5 192 589
Interests received and other financial income	-1 959 707	-1 478 314
Income taxes	-24 711	0
Cash flows from operations	7 057 578	-1 490 706
Cash flows from investments		
Investments in intangible and tangible assets	-58 888	-224 672
Proceeds from sale of tangible and intangible assets	0	7 043 682
Dividends received	20 506 579	0
Gains/losses on disposal of subsidiary shares	-7 239	0
Disposals of subsidiaries	0	5 001 501
Loans granted	-41 543 398	-33 340 673
Repayments of loan receivables	20 864 895	40 528 365
Cash flows from investments	-238 051	19 008 203
Cash flows from financial activities		
Dividends paid	-20 506 579	-20 506 579
Proceeds from non-current borrowings	8 500 000	0
Repayment of non current-borrowings	0	-38 835 000
Proceeds from current borrowings	52 074 026	75 681 209
Repayment of current borrowings	-61 659 512	-37 195 410
Received group contribution		10 300 000
Cash flows from financial income and expenses	-21 592 065	-10 555 780
Change in cash	-14 772 538	6 961 717
Cash and cash equivalents at the beginning of the financial year	31 287 576	24 325 857
Cash and cash equivalents at the end of the financial year	16 515 038	31 287 576

Company Information

PKC Group Oy is a Finnish limited company, domiciled in Helsinki, Finland. The registered address is Bulevardi 21, 00180 Helsinki. Company's business ID is 0972280-0.

In 2017, PKC Group Oy's shares have been transferred to MSSL Estonia WH OÜ, the parent company of the company. The company is part of the Samvardhana Motherson Group.

PKC Group Oy is the parent company of the PKC Group. At the balance sheet date, March 31st, 2021 the Group consisted of 39 companies. The figures of PKC Group Oy and its subsidiaries have been consolidated into the consolidated financial statements of MSSL Estonia WH OÜ. Separate consolidated financial statements have not been prepared for PKC Group Oy on the basis of Chapter 6, 1 § of the Accounting Act.

Business Description

PKC Group Oy manages and supports the operations of its subsidiaries. The company's net sales consist of intra-group services sales.

PKC Group Oy's business has consisted of providing services to other Group companies.

Basis of Preparation

PKC Group Oy's financial statements have been prepared in accordance with Finnish accounting and corporate legislation.

Foreign currency items

Foreign currency transactions have been recorded at the exchange rate on the date of the transaction. Balance sheet items outstanding on the closing date of the financial period have been valued using the exchange rates of the balance sheet date. Exchange differences from the translation are recognized in the income statement.

Fixed assets

Fixed assets are valued at the original acquisition cost less accumulated depreciation and impairment. Assets are amortized over their estimated useful lives.

Fixed assets depreciation periods:

Intangible assets	3 - 5 years
Buildings and structures	3 - 5 years
Machinery and equipment	5 - 7 years
Other tangible assets	3 - 7 years

Shares in subsidiaries

Subsidiary shares are valued at acquisition cost, adjusted for impairment, if the subsidiary's future cash flows are less than the acquisition cost.

Financial instruments

Financial instruments are valued at acquisition cost.

Net sales

Net sales comprise the service revenue. Net sales are recognized for the period when the service is rendered.

Other operating income

Non-operating income is recognized as other income. Services to Group companies include costs charged to Group companies, eg. telephone, IT, office and marketing and travelling expenses. Items of other operating income include inter alia gains on the sale of fixed assets and compensation from insurance companies.

Leasing rentals

In addition to the acquisition cost of property, plant and equipment, assets leased under finance leases include EUR 17 739 in 2021 (EUR 0 in 2020). The financial statements comply with IFRS16 standard (KPL 5:5b, KiLa 1988/2018)

Pension expenses

Employee pension insurance is managed by external pension insurance companies. Pension expenditure is recognized as an expense in the year in which it is incurred.

Direct taxes

Direct income taxes for the financial year are recognized in the income statement on an accrual basis. Deferred tax assets have not been recognized for tax losses.

Derivatives and liabilities

In the 2016 financial year, the Accounting Board's guideline (KiLa 2016 1963) introduced a method of accounting for the fair value of derivatives. In addition to realized derivative gains or losses, changes in the fair value of derivatives are recognized in profit or loss in the income statement.

Notes to the Financial Statements

1. Net Sales

By market areas

EUR	2020-21	2019-20
Finland	210 181	180 019
Other Europe	457 721	562 458
North America	254 857	304 190
APAC	119 449	0
Total	1 042 208	1 046 667

2. Other Operating Income

EUR	2020-21	2019-20
Services to Group companies	2 396 595	2 721 933
Other income	1 524	1 322
Total	2 398 119	2 723 254

3. Staff Expenses

EUR	2020-21	2019-20
Wages and salaries	1 594 191	2 318 568
Pension expenses	197 326	314 662
Other social security expenses	40 693	42 234
Other staff expenses	74 784	141 473
Total	1 906 994	2 816 937

Number of personnel

	2020-21	2019-20
Average number of personnel	21	21
Personnel at the end of financial year	21	21

4. Other Operating Expenses

EUR	2020-21	2019-20
Outsourced services	814 585	458 265
Outsourced services from Group companies	1 421 012	1 750 514
IT and telecommunications expenses	2 614 651	2 320 720
Administrative expenses	448 305	533 664
Travelling expenses	22 330	199 754
Facility expenses	40 847	70 072
Insurances	285 823	268 639
Vehicle expenses	-586	24 796
Other maintenance expenses	22 370	90 078
Other items	65 076	77 112
Auditors' fees	112 113	148 142
Total	5 846 526	5 941 756

Auditors' fees (Ernst & Young and S.R. Batliboi & Co. LLP)

EUR	2020-21	2019-20
Audit fees	112 113	148 142
Total	112 113	148 142

5. Financial Income and Expenses

Interest and other financial income

EUR	2020-21	2019-20
Gains of disposal of subsidiary shares	-7 241	7 043 682
Dividend distribution	20 506 579	0
Interest and other financial income from Group companies	4 456 972	5 192 411
Interest and other financial income	20	178
Foreign exchange gains		
from trade payables	0	1 617
from other financial instruments	0	13
Total	24 956 330	12 237 902

Interest and other financial expenses

EUR	2020-21	2019-20
Gains of disposal of subsidiary shares	-7 241	7 043 682
Dividend distribution	20 506 579	0
Interest and other financial income from Group companies	4 456 972	5 192 411
Interest and other financial income	20	178
Foreign exchange gains		
from trade payables	0	1 617
from other financial instruments	0	13
Total	24 956 330	12 237 902

EUR	2020-21	2019-20
Group contribution	0	8 100 000
Total	0	8 100 000

6. Income Taxes

EUR	2020-21	2019-20
Income taxes for the financial year	0	-1 476
Adjustments for prior years	-23 233	-15 138
Total	-23 233	-16 614

7. Non-Current Assets

Intangible assets

EUR	Intangible rights	Acquisitions in progress	Total
Acquisition cost 1.4.2020	3 229 297	18 313	3 247 610
+ Additions	0	58 888	58 888
+/- Reclassifications	30 000	-30 000	0
Acquisition cost 31.3.2021	3 259 297	47 200	3 306 497
Accumulated amortisation and impairments 1.4.2020	2 887 870	0	2 887 870
+ Amortisation	134 345	0	134 345
Accumulated amortisation and impairments 31.3.2021	3 022 215	0	3 022 215
Carrying amount 31.3.2021	237 082	47 200	284 282
Carrying amount 31.3.2020	341 427	18 313	359 740

Tangible assets

EUR	Buildings and constructions	Machinery and equipment	Other tangible assets	Total
Acquisition cost 1.4.2020	136 971	1 198 935	115 912	1 451 818
+ Additions	55 391	0	0	55 391
Acquisition cost 31.3.2021	192 362	1 198 935	115 912	1 507 209
Accumulated depreciation and impairments 1.4.2020	136 971	1 128 421	114 275	1 379 667
- Accumulated depreciation on disposals and reclassifications	0	0	0	0
+ Depreciation	37 652	16 923	1 637	56 212
Accumulated depreciation and impairments 31.3.2021	174 623	1 145 345	115 912	1 435 879
Carrying amount 31.3.2021	17 739	53 590	0	71 330
Carrying amount 31.3.2020	0	70 514	1 636	72 150

8. Investments

EUR	Shares of subsidiaries	Other investments	Total
Acquisition cost 1.4.2020	58 789 140	47 763	58 836 903
- Disposals	0	0	0
Acquisition cost 31.3.2021	58 789 140	47 763	58 836 903
Carrying amount 31.3.2021	58 789 140	47 763	58 836 903
Carrying amount 31.3.2020	63 790 641	47 763	63 838 404

Subsidiaries

Company	Registered office	Parent's holding, %	Parent's vote, %
PKC Wiring Systems Oy	Wiring Systems Kempele, Finland	100	100

9. Long-term Receivables

EUR	2020-21	2019-20
Loan receivables from Group companies	164 678 062	164 171 483
Other non-current receivables	1 100	1 100
Total	164 679 162	164 172 583

10. Short-term Receivables

EUR	2020-21	2019-20
Other receivables	3 556	39 698
Prepayments and accrued income	370 281	379 368
Current tax receivables	32	
Receivables from Group companies		
Interest-bearing loan receivables	91 163 600	70 991 676
Trade receivables	707 972	376 025
Prepayments and accrued income of financial items	613 256	9 149 410
Total	92 858 696	80 936 177

Prepayments and accrued income

EUR	2020-21	2019-20
of staff expenses	7 980	7 980
of other operating expenses	371 281	371 388
Total	379 261	379 368

11. Equity

Restricted equity

EUR	2020-21	2019-20
Share capital at the beginning of the financial year	6 218 429	6 218 429
Share capital at the end of the financial year	6 218 429	6 218 429
Share premium account at the beginning of the financial year	11 281 570	11 281 570
Share premium account at the end of the financial year	11 281 570	11 281 570
Total restricted equity	17 499 999	17 499 999

Distributable equity

EUR	2020-21	2019-20
Invested non-restricted equity fund at the beginning of the financial year	71 775 573	71 775 573
Invested non-restricted equity fund at the end of the financial year	71 775 573	71 775 573
Retained earnings at the beginning of the financial year	33 691 147	40 490 343
Dividends paid	-20 506 579	-20 506 579
Retained earnings adjustment	-82	0
Retained earnings at the end of the financial year	13 184 486	19 983 764
Profit for the financial year	18 479 064	13 707 383
Distributable equity at the end of the financial year	103 439 123	105 466 720
Total equity	120 939 121	122 966 719

EUR	2020-21	2019-20
Invested non-restricted equity fund at the beginning of the financial year	71 775 573	71 775 573
Invested non-restricted equity fund at the end of the financial year	71 775 573	71 775 573
Retained earnings at the beginning of the financial year	33 691 147	40 490 343
Dividends paid	-20 506 579	-20 506 579
Retained earnings adjustment	-82	0
Retained earnings at the end of the financial year	13 184 486	19 983 764
Profit for the financial year	18 479 064	13 707 383
Distributable equity at the end of the financial year	103 439 123	105 466 720
Total equity	120 939 121	122 966 719

Statement of distributable funds

EUR	2020-21	2019-20
Retained earnings	13 184 486	19 983 764
Profit for the financial year	18 479 064	13 707 383
Invested non-restricted equity fund	71 775 573	71 775 573
Total	103 439 123	105 466 720

12. Non-Current Liabilities

EUR	2020-21	2019-20
Loans from MSSL	41 500 000	33 000 000
To Group companies		
Interest-bearing borrowings	0	0
Total non-current liabilities	41 500 000	33 000 000
of which interest-bearing	41 500 000	33 000 000

Loans falling due later than five years do not exist.

13. Current Liabilities

EUR	2020-21	2019-20
Loans from financial institutions	17 898	41 000 000
Interest-bearing commercial papers	23 000 000	43 000 000
Trade payables	214 949	667 695
Accruals and deferred income	2 035 365	853 210
Other liabilities	23 844	29 075
To Group companies		
Interest-bearing cash pool	105 417 926	94 003 412
Trade payables	96 308	145 018
Total	170 806 290	179 698 410

Accruals and deferred income

EUR	2020-21	2019-20
from staff expenses	490 174	549 541
from other operating expenses	976 798	116 669
from financial items	568 393	187 000
Total	2 035 365	853 210

Other liabilities

EUR	2020-21	2019-20
from staff expenses	23 844	27 599
from taxes	0	1 476
Total	23 844	29 075

14. Commitments and Other Obligations

Other liabilities

EUR	2020-21	2019-20
Given on behalf of other Group companies	24 592 953	7 676 267
Total	24 592 953	7 676 267

In addition PKC Group has given 26,0 million Euro guarantee related to its subsidiary's factoring agreement. Company considers that the potential guaranteed liability is immaterial.

Lease obligations related to current premises

EUR	2020-21	2019-20
For the current financial period	0	141 735
Falling due at a later date	0	17 964
Total	0	159 699

Other lease obligations

EUR	2020-21	2019-20
For the current financial period	0	0
Falling due at a later time	37 652	0
Total	37 652	0

IFRS16 leasing agreement

EUR	2020-21	2019-20
Acquisition cost 1.4.2020	0	0
Additions	55 391	0
Accumulated depreciation on IFRS16 leasing	37 652	0
Total	93 043	0

IFRS16 lease liabilities maturities

	Minimum lease payments		The present value of minimum lease payments	
	FY2021	FY2020	FY2021	FY2020
For the current financial period	17 964	0	17 898	0
In more than one year but not more than five years	0	0	0	0
Total	17 964	0	17 898	0
Accrued financial expenses in the future	66	0	0	0
The present value of financial lease liability	17 964	0	0	0
Expenses related to short term lease contracts	39 102	0	0	0
	0	0	0	0
Expenses related to low value asset contracts	0	0	0	0

Board of Director's Proposal for the Profit Distribution

Company's distributable equity is EUR 103 439 123 of which EUR 31 663 550 is distributable as dividends, including the net profit for the financial year EUR 18 668 914. There are 24 125 387 shares with dividend rights.

The Board of Directors proposes to the Annual General Meeting that the distributable funds be disposed as follows:

- A dividend of EUR 0,85 per share be paid, totaling	EUR 20 506 579
- The remaining be retained in shareholders' equity	EUR 82 932 544
Total	EUR 103 439 123

The dividend payment will be settled at the Annual General Meeting held after the end of the financial year.

The company's liquidity is good and in the opinion of the Board of Directors the proposed dividend will not put the company's solvency at risk.

19th of May 2021

Matti Ruotsala
Chairman of the Board of
Directors

Gaya Nand Gauba
Board member

Andreas Heuser
Board member

Robert J. Remenar
Board member

Vivek Chaand Sehgal
Board member

Pankaj Mital
CEO
Board member

Auditor's Note

A report of the audit has been submitted today.

Ernst & Young Oy
Authorised Public Accountants

Jari Karppinen
APA

List of Accounting Books

Journals	electronic archive
General ledger	electronic archive
Account payable	electronic archive
Accounts receivable	electronic archive
Payroll	electronic archive
Balance sheet book	electronic archive
Itemisations of balance sheet	electronic archive