

Report on the preparation of the annual financial statements as of March 31, 2018

Apollo Tyres (Germany) GmbH

**Am Prime-Parc 17
65479 Raunheim**

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1 Mandate and Mandate execution

1.1 Mandate preparation

The management of Apollo Tyres (Germany) GmbH, Am Prime-Parc 17, 65479 Raunheim - hereinafter referred to as "the Company" - has instructed us to prepare the annual financial statements of the company as of March 31st, 2018.

The company is a small corporation formed in the framework of § 267 (1) of the German Commercial Code. The structure of the balance sheet and the income statement, which must be clear and concise in accordance with § 243 (2) German Commercial Code, was made on the basis of the rules of classification for small corporations in accordance with the provisions of the German Commercial Code.

The size-dependent facilities for small corporations for the annex pursuant to § 288 HGB were utilized.

The nature and range of our preparation activities are as per the mandate in accordance with the provisions of §§ 242ff. German Commercial Code and the "Principles for the Preparation of Financial Statements" (Statement of the Federal Chamber of Tax Consultants).

Our mandate to prepare the financial statements therefore includes all activities that are required based on the books and stock records submitted to us and the information obtained on the accounting and valuation methods to be applied, making the final accounts, balance sheet and profit and loss account as per the prescribed statutory provisions and creation of the annexes.

An assessment of the accuracy of the accounts and the stock records provided and the information provided by the company was not part of our mandate.

The financial statements prepared by us, comprising the balance sheet, profit and loss account and annexes, can be found in the following chapters. In addition, the legal, economic and fiscal conditions too is presented. The postings of the annual financial statements as of March 31, 2018 are subdivided according to the mandate and elucidated in detail.

The execution of the mandate and our responsibility, including in relation to third parties, are based on the agreed "General Terms of Engagement" as amended in November 2016, which is attached to this report..

1.2 Mandate execution

The annual financial statements were prepared by us in due compliance with the relevant statutory provisions of commercial and tax law, including the supplementary principles of proper accounting and the pertinent provisions of the articles of association.

If special tax provisions are used which are not as per the commercial law, these were taken into account in a separate reconciliation accounting.

We used the accounting documents, the receipts, the account statements of the banks as well as the file and records of the company as preparatory documents.

All information, clarifications and proofs requested by us were rendered to us readily by the management and the employees who have been named for reference.

The nature, extent and result of the preparatory activities we performed are documented in our working papers unless specified in this report.

The financial and asset accounting of the company was done on its own computer system.

When preparing the annual financial statements, we have not identified any inaccuracies or violations of any legal provisions or facts that could jeopardize the Company's existence or materially affect its development or that which constitutes serious statutory breaches or breaches of the Articles of Association by the Directors or employees.

2 Statutory and tax conditions of the company

2.1 Statutory conditions

The following has been reported about the legal basis of the company::

Firm:	Apollo Tyres (Germany) GmbH
Statutory form:	Limited Liability company (GmbH)
Location :	Raunheim
Address:	Am Prime-Parc 17 65479 Raunheim
Established:	am 31.08.2015
Duration of the company:	Unlimited duration
Registration:	Commerce register HRB 103648 Frankfurt am Main
Company objective:	Development of car tires
Financial year:	1.4.2017 - 31.3.2018
Subscribed capital:	€ 25.000,00
Shareholder:	Apollo Tyres Coöperatief U.A.100,00 %
MDs:	Mr V.Kumar Mittal, Mr. C.Mathias Heimann, Mr. Daniele Lorenzetti

There are no significant changes in the legal situation after the balance sheet date.

2.2 Tax conditions

The company conducts business under the tax number 07 228 11769 with the Financial office at Darmstadt.

The VAT accounting of the company takes place according to the regulations of the standard taxation of §§ 16 to 18 UStG.

The accounting was structured for the purposes of VAT so that the records required by § 22 UStG to determine the value added tax and the basis of their calculation can be accessed..

According to § 2 Abs. 1 GewStG the company is subject to business tax liability.

The business tax was calculated, as part of preparing the financial statements

3 Determination and description of accounting

3.1 Accounting

According to § 238 HGB, the company has an accounting obligation. In addition, the special provisions of the Commercial Code apply to corporations.

The company has compiled a statutory accounting system.

The business transactions were recorded in accordance with the principles of proper accounting.

The organization of accounting, the accounting-related internal control system, the data flow and the document system enable the complete, correct, timely and orderly recording and posting of business transactions. In the course of our audit, we have not made any findings that give rise to doubts about the accuracy of the accounting process.

The balance sheet and the annual report were prepared using the software modules Simba Annual Financial Statements and Simba Report. An attestation about the regularity of the used accounting software is available.

3.2 Annual Financial Statements

The annual financial statements have been prepared on the basis of and in accordance with the commercial and tax accounting, balance sheet accounting, formulation and valuation regulations.

With regard to structure and formation, the provisions of §§ 266 and 275 HGB were applied, which is required by the German Commercial Code for corporations.

Fixed assets were all owned and operated by the company and their economically attributable assets.

Low-value assets of up to € 410 were depreciated in the year of acquisition in accordance with § 6 (2) EStG.

The depreciable fixed assets were valued at acquisition or production costs minus depreciation and non-depreciable fixed assets at cost.

The receivables are specified at their par value.

The liabilities are specified at the repayment amount.

Fundamental changes compared to the previous year in the right of formulation or valuation options were not observed.

The structure and valuation of the postings in the balance sheet and profit and loss statement comply with the statutory provisions. Details can be found in the following descriptions to the individual postings of the annual financial statements.

4 Certificate

Certificate of preparation

In accordance with the mandate, we have prepared the following annual financial statements - comprising the balance sheet, profit and loss statement and annexes - of Apollo Tyres (Germany) GmbH for the financial year from 1.4.2017 to 31.3.2018 in compliance with German commercial law. The basis for the preparation were the receipts, books and stock records submitted to us, which we did not verify as per the order, as well as the information given to us. The accounting and the preparation of the inventory and the annual financial statements in accordance with German commercial law are the responsibility of the legal representatives of the company.

We have executed our mandate in accordance with the statement of the Federal Chamber of Tax Consultants on the principles for the preparation of annual financial statements. This includes the development of the balance sheet and profit and loss statement as well as of the notes on the basis of the accounting and the inventory as well as the specifications of the applicable accounting and valuation methods.

Frankfurt am Main, 18.07.2018

Hans-Peter Maute

Tax consultant

Ina strien Geis

Tax consultant and Advocate

5 Description

5.1 Description of the posting of the Balance sheet

5.1.1 ASSETS

A. Capital assets

Fixed assets	91.635,48	118.074,24
Composition	31.03.2018	31.03.2017
Office equipments	37.590,85	41.010,46
Technical systems and Machines	36.347,14	42.231,09
Other BGA	17.697,49	34.832,69
	<u>91.635,48</u>	<u>118.074,24</u>

B. Current assets

I. Receivables and other assets

	1.629.343,60	912.074,11
Components	31.03.2018	31.03.2017
Receivables of related companies	1.598.117,79	877.748,38
VAT	23.175,00	21.385,74
social security contributions	4.148,66	4.148,66
Claims against personnel	2.515,45	0,00
Receivables from delivery and services	1.386,70	0,00
Tax refund claims from other countries	0,00	1.704,84
Recurrent postings	0,00	7.086,49
	<u>1.629.343,60</u>	<u>912.074,11</u>

II. Cash balance, federal bank credits, Credits from credit institutes and checks

	141.685,74	454.109,42
Composition	31.03.2018	31.03.2017
ABN AMRO Bank N.V.	<u>141.685,74</u>	<u>454.109,42</u>

C. Deferred income	16.118,96	0,00
Composition	31.03.2018	31.03.2017
Asset accruals	<u>16.118,96</u>	<u>0,00</u>
Sum total of assets	1.878.783,78	1.484.257,77

5.1.2 Liabilities

A. Equity

I. Subscribed capital **25.000,00** 25.000,00

Composition	31.03.2018	31.03.2017
Subscribed capital	<u>25.000,00</u>	<u>25.000,00</u>

II. Capital reserve **575.000,00** 575.000,00

Composition	31.03.2018	31.03.2017
Capital reserve	<u>575.000,00</u>	<u>575.000,00</u>

III. Profit / loss carried forward **277.039,59** 41.897,50

Composition	31.03.2018	31.03.2017
Profit carried forward before use	<u>277.039,59</u>	<u>41.897,50</u>

IV. Annual net profit/ loss **269.498,27** 235.142,09

= Equity **1.146.537,86** 877.039,59

B. Provisions **315.186,71** 214.416,37

Composition	31.03.2018	31.03.2017
Corporate tax provisions	97.398,27	69.753,62
Business tax provisions	80.159,00	44.156,00
Other provisions	70.987,54	40.506,75
Holiday provisions	54.641,90	52.000,00
Provision for completion and examination costs	12.000,00	8.000,00
	<u>315.186,71</u>	<u>214.416,37</u>

C. Liabilities	417.059,21	392.801,81
Composition	31.03.2018	31.03.2017
Liabilities of related companies	197.990,11	204.916,97
Liabilities from delivery and services	154.632,39	182.833,92
Liabilities from salaries and church tax	53.114,67	0,00
Liabilities from salaries and wages	8.423,96	1.560,59
Settlement accounts travel costs	4.185,18	4.708,19
Liabilities from retention	-1.287,10	-1.217,86
	<u>417.059,21</u>	<u>392.801,81</u>
Total Liabilities	1.878.783,78	1.484.257,77

5.2 Description of postings of profit and loss account

1. Gross profit **4.241.515,55** 3.589.461,17

Composition	17/18	16/17
Revenues from services according to §13b UStG	4.172.536,72	3.556.887,53
Accounting of benefits in kind from car leases	45.543,09	32.573,64
Sale proceeds 19%	23.435,74	0,00
	4.241.515,55	3.589.461,17

2. Personnel expenses

a) Salaries and wages **2.441.685,48** 2.009.074,36

Composition	17/18	16/17
Wages	2.428.862,23	1.999.853,32
Other personnel costs	11.818,25	7.525,00
Contributions to Capital formation	478,56	319,04
Salary for small jobs	337,50	1.350,00
Flat income tax	188,94	27,00
	2.441.685,48	2.009.074,36

b) social security contributions and expenses for pensions and for support **365.848,86** 279.176,26

Composition	17/18	16/17
Statutory social expenses	363.925,35	278.446,50
Pension expenses	1.721,51	729,76
Voluntary social expenses, IT free	202,00	0,00
	365.848,86	279.176,26

3. Depreciation on intangible property items of fixed assets, property, plant and equipments

26.438,76 65.172,51

Composition	17/18	16/17
Depreciation of property plant and equipment without cars and buildings	26.438,76	65.172,51

4. Other operational expenses **1.024.484,87** 899.051,39

Composition	17/18	16/17
Employee commutation costs	363.942,62	389.847,48
Vehicle costs	356.196,51	188.206,49
Rental and incidental rental costs	153.320,90	137.244,73
Other operational expenses	50.501,13	103.901,50
Foreign work (sales)	43.404,07	20.022,43
Legal and consultation costs	26.480,00	35.725,38
Postage, telephone and office supplies	16.983,37	13.428,26
Training costs	8.678,68	6.830,73
Contributions	3.885,75	0,00
Additional costs of financial transactions	1.091,84	3.844,39
	1.024.484,87	899.051,39

5. Other interest and similar income **59,95** 0,00

Composition	17/18	16/17
Other interest income	59,95	0,00

6. Taxes on income and earnings **112.223,63** 96.710,59

Composition	17/18	16/17
Corporation tax	57.373,11	49.814,78
Business tax	51.695,00	44.156,00
Solidarity surcharge	3.155,52	2.739,81
	112.223,63	96.710,59

7. Profit after taxes **270.893,90** 240.276,06

8. Other taxes **1.395,63** 5.133,97

Composition	17/18	16/17
Car tax	1.395,63	5.133,97

9. Annual net profit/ loss **269.498,27** 235.142,09

6 Annex

6.1 General Information

The annual financial statements of Apollo Tires (Germany) GmbH were prepared on the basis of the accounting regulations of the German Commercial Code.

In addition to these regulations, the regulations of the GmbH law had to be complied with.

Information that can be provided either in the balance sheet, in the profit and loss statement or in the remarks is shown in the annex.

Insofar as there are options for disclosures in the balance sheet, in the profit and loss statements or in the annex, the remarks were selected on the balance sheet or in the profit and loss account.

The total cost method was chosen for the profit and loss statement.

6.2 Special features of the nature of the annual financial statements **Size classes**

According to the size classes specified in section 267 (1) HGB, the company is a small corporation.

6.3 Information on accounting and valuation including tax law measures

Accounting and valuation principles

Acquired intangible assets were estimated at acquisition cost and, if they were subject to wear and tear, depreciated by scheduled amortization.

Property, plant and equipment were estimated at acquisition or production cost and, insofar as they could be worn out, depreciated by scheduled amortization.

Depreciation was calculated on a straight-line basis over the probable useful life of the assets and in accordance with tax regulations.

Receivables were accounted for considering all identifiable risks.

The tax provisions include taxes not yet assessed for the financial year.

The other provisions were formed for all further unrecognized liabilities.
All identifiable risks were taken into account.

Liabilities were accounted at the repayment amount. If the daily value was above the redemption amount, the liabilities were accounted for at the higher daily value.

6.4 Other obligatory information

Proposal for the use of profits

The management proposes in accordance with the shareholders the following profit appropriation::

The annual profit is € 269,498.27.

Including the profit carried forward of € 277,039.59, this results in a distributable profit of € 546,537.86. This will be carried forward to a new account.

Number of employees

The company employed an average of 31 workers per year.

Names of the managing directors

During the past financial year, the business of the company was managed by the following persons:

Mr. Vishal Kumar Mittal

Mr. Caspar Mathias Heimann

Mr. Daniele Lorenzetti

7 Annexes

Balance from 01.04.2017 to 31.03.2018

Apollo Tyres (Germany) GmbH
 65479 Raunheim

ACTIVE

	Financial year		Previous year
	EUR	EUR	EUR
A. Fixed assets			
Property, plant and equipments		91.635,48	118.074,24
B. Current assets			
I. Receivables and other asset Items	1.629.343,60		912.074,11
II Cash balance, federal bank credits, Credits from credit institutes and checks	<u>141.685,74</u>	1.771.029,34	454.109,42 1.366.183,53
C. Deferred accruals		16.118,96	0,00
		<u>1.878.783,78</u>	<u>1.484.257,77</u>

Balance from 01.04.2017 to 31.03.2018

Apollo Tyres (Germany) GmbH
 65479 Raunheim

Liabilities

	Financial year		Previous year
	EUR	EUR	EUR
A. Equity			
I. Subscribed capital		25.000,00	25.000,00
II. Capital reserve		575.000,00	575.000,00
III. profit/ loss carried forward		277.039,59	41.897,50
IV. Annual net profit/ loss		269.498,27	235.142,09
		<u>1.146.537,86</u>	<u>877.039,59</u>
B. Accruals		315.186,71	214.416,37
C. Liabilities		417.059,21	392.801,81
		<u>1.878.783,78</u>	<u>1.484.257,77</u>

Profit and loss account from 01.04.2017 to 31.03.2018

Apollo Tyres (Germany) GmbH
65479 Raunheim

	Financial year		Previous year
	EUR	EUR	EUR
1. Gross profit		4.241.515,55	3.589.461,17
2. Personnel expenses			
a) Salaries and wages	2.441.685,48		2.009.074,36
b) Social security contributions And expenses for pensions And support			
	<u>365.848,86</u>		279.176,26
		2.807.534,34	2.288.250,62
3. Depreciation on intangible property items of Fixed assets, property plant And equipments		26.438,76	65.172,51
4. Other operational Expenses		1.024.484,87	899.051,39
5. Other income and similar Proceedings		59,95	0,00
6. Tax from income And proceedings		112.223,63	96.710,59
7. Profits after tax		<u>270.893,90</u>	<u>240.276,06</u>
8. Other taxes		1.395,63	5.133,97
9. Annual net profit/ loss		<u><u>269.498,27</u></u>	<u><u>235.142,09</u></u>

Signature of the management

Place, Date

Signature