

Apollo Tyres Cooperatief U.A.

Financial Statements

March 31, 2022

Apollo Tyres Cooperatief U.A.
Balance sheet as at 31 March 2022

(All amounts are in € unless otherwise stated)

	Notes	As at 31 March 2022	As at 31 March 2021
ASSETS			
Non-current assets			
Financial assets			
i) Investments	3	795,827,136	794,556,921
Deferred tax asset	13	757,960	631,382
Total non-current assets		796,585,096	795,188,303
Current assets			
Financial assets			
i) Cash and cash equivalents	4	5,070,437	3,276,208
ii) Loans	5	285,123	285,123
iii) Other financial assets	6	328,106	59,273
Total current assets		5,683,666	3,620,604
Total assets		802,268,762	798,808,907
EQUITY AND LIABILITIES			
Equity			
Membership interest	7	306,156,033	306,156,033
Other equity			
i) Reserves and surplus		475,643,477	420,319,909
Total equity		781,799,510	726,475,942
LIABILITIES			
Current liabilities			
Financial liabilities			
i) Borrowings	8	20,244,914	72,199,728
ii) Other financial liabilities	9	224,338	133,237
Total current liabilities		20,469,252	72,332,965
Total equity and liabilities		802,268,762	798,808,907
Summary of significant accounting policies and other explanatory information	1-13		

Apollo Tyres Cooperatief U.A.**Statement of profit and loss for the year ended 31 March 2022***(All amounts are in € unless otherwise stated)*

	Notes	For the year ended 31 March 2022	For the year ended 31 March 2021
Other income	10	55,437,974	5,000,000
Total income		55,437,974	5,000,000
Expenses			
Finance costs	11	470,210	780,759
Other expenses	12	36,102	1,211,147
Total expenses		506,312	1,991,906
Profit before tax		54,931,662	3,008,094
Income tax expense			
Current tax		(265,328)	-
Deferred tax	13	(126,578)	(497,977)
Total tax expense		(391,906)	(497,977)
Profit for the year		55,323,568	3,506,071
Summary of significant accounting policies and other explanatory information	1-13		

Apollo Tyres Cooperatief U.A.

Cash flow statement for the year ended 31 March 2022

(All amounts are in € unless otherwise stated)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Cash flows from operating activities		
Profit before tax as per statement of profit and loss	54,931,662	3,008,094
Adjustment for:		
Finance cost	470,210	780,759
Dividend income	(55,437,974)	(5,000,000)
Operating loss before working capital changes	(36,102)	(1,211,147)
Other current assets (financial and non-financial)	(3,507)	1,127,419
Other financial liabilities (current and non-current)	91,102	(153,971)
Cash generated from / (used in) operations	51,493	(237,699)
Taxes (paid)/refund	-	-
Net cash generated from / (used in) operating activities (A)	51,493	(237,699)
Cash flows from investing activities		
Investment in equity shares of subsidiaries/others	(1,270,215)	(1,708,234)
Dividend received	55,437,974	5,000,000
Net cash generated from investing activities (B)	54,167,759	3,291,766
Cash flows from financing activities		
Finance charges paid	(769,736)	(499,879)
Current borrowings (net)	(51,655,287)	-
Net cash used in from financing activities (C)	(52,425,023)	(499,879)
Net increase in cash and cash equivalents (A+B+C)	1,794,229	2,554,188
Opening cash and cash equivalents	3,276,208	722,020
Closing cash and cash equivalents (Refer note 4)	5,070,437	3,276,208

Summary of significant accounting policies and other explanatory information

1-13

Apollo Tyres Cooperatief U.A.
Statement of Changes in equity for the year ended 31 March 2022

(All amounts are in € unless otherwise stated)

A. Membership Interest	Total
Particulars	
Balance as at 1 April 2020	306,156,033
Changes in membership interest during the year	-
Balance as at 31 March 2021	306,156,033
Changes in membership interest during the year	-
Balance as at 31 March 2022	306,156,033

B. Other equity	Retained earnings	Total
Particulars		
Balance as at 1 April 2020	416,813,838	416,813,838
Profit for the year	3,506,071	3,506,071
Balance as at 31 March 2021	420,319,909	420,319,909
Profit for the year	55,323,568	55,323,568
Balance as at 31 March 2022	475,643,477	475,643,475

Summary of significant accounting policies and other explanatory information

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Apollo Tyres Cooperatief U.A.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

1. Company Overview

Apollo Tyres Cooperatief U.A. ("the Company"), a private limited liability company based in Netherlands is registered at the Chamber of Commerce. The Company has been allotted Unique Identification Number CGJAZ20171196 by the Reserve Bank of India. The Company is a subsidiary Company of Apollo Tyres Limited (holding Company), an Indian listed company with registered address at 3rd floor, Areekal mansion, Panampilly Nagar, 68203, Kochi, India, which prepares its consolidated financial statements under IND AS.

2. Summary of significant accounting policies

(a) Basis of preparation

The financial statements have been prepared on going concern basis, in accordance with recognition and measurement principles of Indian Accounting Standards ('Ind AS') as issued by Institute of Chartered Accountants of India ("ICAI") solely to assist Apollo Tyres Limited a. in filing the annual performance report of the Company as required by RBI to comply with the clause iii of Para 15 of the Reserve Bank of India (the "RBI") Notification No. FEMA 120/RB-2004 dated 7 July 2004 (the 'Notification') and b. for submission to the banks in order to comply with the loan facility agreements entered between the Company and the lenders. Accordingly, these financial statements do not contain the disclosures required by Ind AS or Schedule III of the Companies Act, 2013.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles, i.e., Ind AS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities on the date of the financial statements and reported amount of revenue and expenses during the reporting period. Although these estimates are based upon management's knowledge of current events and actions, actual results could differ from those estimates and revisions, if any, in accounting estimate is recognized prospectively in the current and future periods.

(c) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

(d) Borrowing costs

Borrowing costs are charged to the statement of profit and loss as incurred.

(e) Taxation

Taxation is based on the result in the annual accounts, taking into account tax losses from previous years and the permanent differences between the profit calculation according to the annual accounts on the one hand and according to profit calculation for tax purposes on the other hand. The calculation is made at the current tax rate.

(f) Foreign currency transactions

The financial statements are presented in Euro which is the functional and presentation currency of the Company.

Monetary assets and liabilities in foreign currencies are converted into the functional currency at the closing exchange rate prevailing at the reporting date with the resulting differences, on subsequent restatement/settlement is recognised in the statement of profit and loss.

(g) Investment in equity instruments of subsidiaries, joint ventures and associates

Investment in equity instruments of subsidiaries, joint ventures and associates are stated at cost as per Ind AS 27 'Separate Financial Statements'.

(h) Financial instruments

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in consolidated statement of profit and loss.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial asset

Loans and receivable

Financial assets that meet the following conditions are subsequently measured at amortised cost less impairment loss (except for investments that are designated as at fair value through profit or loss (FVTPL) on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in statement of profit and loss and is included in the 'Other Income' line item

Financial liabilities

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the finance costs line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Apollo Tyres Cooperatief U.A.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2022

(i) Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables, other contractual rights to receive cash or other financial assets not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instruments.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12- month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

(j) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statements comprise cash at bank with an original maturity of three months or less.

FINANCIAL ASSETS (NON-CURRENT)

		<i>(All amounts are in € unless otherwise stated)</i>	
		As at	As at
		31 March 2022	31 March 2021
Note 3:	Investments		
	At cost		
	Subsidiary companies:		
	Investment in equity instruments:		
	Apollo Tyres (Europe) B.V. (Formerly known as Apollo Tyres B.V.) (18,000 (18,000) equity shares having face value of € 1 each)	686,184,938	686,184,938
	Apollo Tyres Global R&D B.V. (100 (100) equity shares having face value of € 1 each)	1,900,536	1,900,536
	Apollo Tyres (Thailand) Limited (3,999,998 (3,999,998) equity shares having face value of Baht 100 each)	2,552,230	2,552,230
	Apollo Tyres do (Brasil) LTDA (784,800 (784,800) equity shares having face value of Real 1 each)	311,732	311,732
	Apollo Tyres AG (3,748,652 (3,748,652) equity shares having face value of CHF 1 each)	5,885,659	5,885,659
	Apollo Tyres (Middle East) FZE (2 (2) equity shares having face value of AED 1,000,000 each)	3,060,815	3,060,815
	Apollo Tyres Holdings (Singapore) Pte. Ltd. (15,565,383 (15,565,383) equity shares having face value of \$ 1 each)	9,714,276	9,714,276
	Apollo Tyres (UK) Holdings Ltd. (Formerly known as Apollo Tyres (UK) Pvt. Ltd.) (18,501 (18,501) equity shares having face value of GBP 1 each)	20,522,289	20,522,289
	Apollo Tyres (R&D) Gmbh (Formerly known as Apollo Tyres (Germany) Gmbh) (25,000 (25,000) equity shares having face value of € 1 each)	600,000	600,000
	Reifencom GmbH Hannover (750,000 (750,000) equity shares having face value of € 1 each)	46,250,000	46,250,000
	Apollo (South Africa) Holdings Pty. Ltd. (130 (130) equity shares having face value of Rand 1 each)	4,193,881	4,193,881
	Apollo Tires (US) Inc. (Formerly known as Apollo Vredestein Tires Inc) (100 (100) equity shares having face value of \$ 0.01 each)	10,140,063	10,140,063
	Saturn F1 Pvt Ltd (12,750,000 (12,750,000) equity shares having face value of GBP 0.25 each)	2,353,112	2,353,112
	A	793,669,531	793,669,531
	At fair value through profit and loss		
	Other companies:		
	Investment in preferred stock:		
	Click Diagnostics Inc. * (49,358 (49,358) Series C preferred stock having face value of \$ 0.0001 each)	887,390	887,390
	B		
	Other investments		
	MHA Capital LP - Series OL	1,270,215	-
	C		
	A + B + C	795,827,136	794,556,921
	Aggregate amount of unquoted investment	795,827,136	794,556,921
	* Cost of unquoted preferred stock has been considered as an appropriate estimate of fair value		

FINANCIAL ASSETS (CURRENT)

Note 4:	Cash and cash equivalents		
	Balance with banks in current account	5,070,437	3,276,208
		5,070,437	3,276,208
Note 5:	Loans		
	Unsecured, considered good		
	Loans to related party (including interest accrued) (refer note below)	285,123	285,123
		285,123	285,123

Note: The Company has executed two separate loan agreements dated 3 September 2013 and 20 January 2014 and granted loan of \$ 0.20 million (€ 0.15 million) and \$ 0.10 million (€ 0.07 million) respectively to its related party, namely, Apollo Tyres Do (Brasil) Limited. Both the loans are unsecured and are repayable on demand. The former loan carries interest at the rate of Euribor plus 300 basis point per annum. The latter loan carries interest at the rate of Euribor plus 350 basis points per annum and is due and payable on demand. The balance of loans outstanding as at 31 March 2022 amounts to € 0.29 million (previous year € 0.29 million).

		<i>(All amounts are in € unless otherwise stated)</i>	
		As at	As at
		31 March 2022	31 March 2021
Note 6:	Other financial assets		
	Unsecured, considered good		
	Receivable from related parties	328,106	59,273
		328,106	59,273
NON-FINANCIAL ASSETS (CURRENT)			
Note 7:	Membership interest		
	Membership interest held by:		
	Apollo Tyres Limited	306,155,033	306,155,033
	Apollo Tyres (Greenfield) B.V.	1,000	1,000
		306,156,033	306,156,033
FINANCIAL LIABILITIES (CURRENT)			
		<i>(All amounts are in € unless otherwise stated)</i>	
		As at	As at
		31 March 2022	31 March 2021
Note 8:	Borrowings		
	Secured		
	Term loan from banks (including interest accrued) - Loan B *	19,980,663	-
	Current maturities of non-current borrowings (secured)		
	Term loan from banks (including interest accrued) - Loan A	-	29,987,440
	Term loan from banks (including interest accrued) - Loan B	-	41,953,740
	Unsecured		
	Loan from related party (including interest accrued)		
	Apollo Tyres (Greenfield) B.V. **	264,251	258,548
		20,244,914	72,199,728
<p>* During the year ended 31 March 2019, the Company executed an agreement with a bank to raise funds upto € 42 million (Loan B). This loan is secured by the corporate guarantee provided by parent Company, Apollo Tyres Limited. The loan was repayable in March 2022. In the month of March 2022, the Company has repaid € 22 million and the balance € 20 million was refinanced for another one year and carries interest rate 0 to 1% per annum above Euribor. The gross amount of loan outstanding as at 31 March 2022 amounts to € 20 million (previous year € 42 million).</p> <p>** The Company executed loan agreement dated 07 June 2017 with its related party, namely, Apollo Tyres Greenfield B.V. to obtain funds upto \$ 10 million. The Company obtained \$ 6.65 million under the aforesaid agreement. The loan is unsecured and is repayable (on demand) within 1 year from the date of disbursement. The loan carries interest rate of Euribor plus a margin of 225 basis points calculated on annual basis and is due and payable on final settlement of the loan. The interest accrued as at 31 March 2022 amounts to € 0.01 million (previous year: € 0.01 million).</p>			
Note 9:	Other financial liabilities		
	Payable to related parties	209,841	113,854
	Expenses payable	14,497	19,383
		224,338	133,237

Apollo Tyres Cooperatief U.A.**Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2022***(All amounts are in € unless otherwise stated)*

	For the year ended 31 March 2022	For the year ended 31 March 2021
Note 10: Other income		
Dividend income from investment in subsidiaries	55,437,974	5,000,000
	55,437,974	5,000,000
Note 11: Finance cost		
Interest on loans	377,374	651,027
Other borrowing cost *	92,836	129,732
	470,210	780,759
* represents corporate guarantee fees payable to the Holding Company.		
Note 12: Other expenses		
Legal and professional (including Corporate Cross Charges)	34,735	1,197,380
Rates and taxes	-	1,283
Bank charges	1,367	1,027
Loss on foreign exchange fluctuations, net	-	11,457
	36,102	1,211,147

Note 13: The Company has created deferred tax asset on net taxable losses in both the years.