

Apollo Tyres (Greenfield) B.V.

Financial Statements

March 31, 2019

Apollo Tyres (Greenfield) B.V.
Balance sheet as at 31 March 2019

(All amounts are in € unless otherwise stated)

	Notes	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non-current assets			
Financial assets			
i) Investments	3	7,184	7,184
Total non current assets		7,184	7,184
Current assets			
Financial assets			
i) Cash and cash equivalents	4	6,815	33,511
ii) Loans	5	351,229	11,781,910
Other current assets	6	5,544	3,280
Total current assets		363,588	11,818,701
Total assets		370,772	11,825,885
EQUITY AND LIABILITIES			
Equity			
Equity share capital	7	36,001	36,001
Other equity			
i) Reserves and surplus		243,658	256,252
Total equity		279,659	292,253
LIABILITIES			
Current liabilities			
Financial liabilities			
i) Borrowings	8	-	11,434,830
ii) Other financial liabilities	9	5,767	13,456
Current tax liabilities (net)	10	85,346	85,346
Total current liabilities		91,113	11,533,632
Total liabilities		91,113	11,533,632
Total equity and liabilities		370,772	11,825,885
Summary of significant accounting policies and other explanatory information.	1-14		
The accompanying notes form an integral part of the financial statements.			

Apollo Tyres (Greenfield) B.V.
Statement of Profit and Loss for the year ended 31 March 2019

(All amounts are in € unless otherwise stated)

	Notes	For the year ended 31 March 2019	For the year ended 31 March 2018
Other income	11	70,334	1,779,668
Total income		70,334	1,779,668
Expenses			
Finance costs	12	66,186	1,273,191
Other expenses	13	16,742	26,198
Total expenses		82,928	1,299,389
(Loss) / Profit before tax		(12,594)	480,279
Income tax expense			
Current tax		-	85,346
(Loss) / Profit for the year		(12,594)	394,933
Earnings per equity share			
a) Basic	14	(0.25)	7.90
b) Diluted		(0.25)	7.90

Summary of significant accounting policies and other explanatory information. 1-14

The accompanying notes form an integral part of the financial statements.

Apollo Tyres (Greenfield) B.V.

Cash Flow Statement for the year ended 31 March 2019

(All amounts are in € unless otherwise stated)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Cash flows from operating activities		
(Loss) / Profit before tax as per statement of profit and loss	(12,594)	480,279
Adjustments for:		
Interest expense	66,186	1,273,191
Interest income	(70,334)	(1,264,719)
Gain on foreign exchange fluctuation	-	(514,949)
Operating loss before working capital changes	(16,742)	(26,198)
Other current assets	(2,264)	(2,664)
Other financial liabilities	(7,690)	13,456
Cash used in operations	(26,696)	(15,406)
Taxes (paid)/refund	-	-
Net cash used in operating activities (A)	(26,696)	(15,406)
Cash flows from investing activities		
Loan to related parties (net)	11,250,000	13,260,000
Interest received from related parties	251,016	1,249,578
Net cash generated from investing activities (B)	11,501,016	14,509,578
Cash flows from financing activities		
Short-term borrowings repaid (net)	(11,250,000)	(13,235,051)
Interest paid to related parties	(251,016)	(1,267,423)
Net cash used in financing activities (C)	(11,501,016)	(14,502,474)
Net (decrease) in cash and cash equivalents (A+B+C)	(26,696)	(8,302)
Opening cash and cash equivalents	33,511	41,813
Closing cash and cash equivalents (Refer note 4)	6,815	33,511

Summary of significant accounting policies and other explanatory information.

1-14

The accompanying notes form an integral part of the financial statements.

Apollo Tyres (Greenfield) B.V.
Statement of Changes in equity for the year ended 31 March 2019

(All amounts are in € unless otherwise stated)

A. Equity share capital	Total
Particulars	
Balance as at 1 April 2017	36,001
Changes in equity share capital during the year	-
Balance as at 31 March 2018	36,001
Changes in equity share capital during the year	-
Balance as at 31 March 2019	36,001

B. Other equity	Retained earnings	Total
Particulars		
Balance as at 1 April 2017	(138,681)	(138,681)
Profit for the year	394,933	394,933
Balance as at 31 March 2018	256,252	256,252
(Loss) for the year	(12,594)	(12,594)
Balance as at 31 March 2019	243,658	243,658

Summary of significant accounting policies and other explanatory information. 1-14

The accompanying notes form an integral part of the financial statements.

Apollo Tyres (Greenfield) B.V.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

1. Company Overview

Apollo Tyres (Greenfield) B.V. (“the Company”), a private limited liability company based in Netherlands is registered at the Chamber of Commerce. The Company is part of group, headed by Apollo Tyres Limited, an Indian listed company with registered address at 3rd floor, Areekal mansion, Panampilly Nagar, 68203, Kochi, India.

2. Summary of significant accounting policies

(a) Basis of preparation

The financial statements have been prepared 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 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’). Accordingly, these financial statements do not contain 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) Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Apollo Tyres (Greenfield) B.V.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(h) Impairment of financial assets

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. A financial asset is considered to be impaired if objective evidence indicates that one or more events had a negative effect on the estimated future cash flows of that asset.

An impairment loss, in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. All impairment losses are recognised in statement of profit and loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortized cost, the reversal is recognised in statement of profit or loss.

Loans and receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

(i) 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.

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(All amounts are in € unless otherwise stated)

	As at 31 March 2019	As at 31 March 2018
FINANCIAL ASSETS (NON-CURRENT)		
Note 3: Investments		
Investment in membership interest of:		
Apollo Tyres Cooperatief U.A (membership interest having face value of € 1,000)	7,184	7,184
Aggregate cost of investment	7,184	7,184
Aggregate amount of unquoted investment	7,184	7,184
FINANCIAL ASSETS (CURRENT)		
Note 4: Cash and cash equivalents		
Balance with banks in current account	6,815	33,511
	6,815	33,511
Note 5: Loans		
Unsecured, considered good		
Loans to related parties (including interest accrued) (refer note below)	351,229	11,781,910
	351,229	11,781,910
Note:		
i) During the previous year, the Company executed two separate loan agreements dated 4 April 2017 and 7 June 2017 with its related party, namely, Apollo Tyres Cooperatief U.A. to grant loan upto € 30 million and \$ 10 million respectively. The Company disbursed € 30 million and \$ 6.65 million respectively under the aforesaid agreements on various dates. These loans are unsecured and are repayable within 1 year from the date of disbursement. These loan carry annual interest calculated at the rate of 12 months Euribor plus a margin of 225 basis points compounded annually and shall be due and payable on the final settlement of the loans. The loan was partially repaid during the current year aggregating to € 11.25 million (previous year € 24.31 million). The interest accrued as at 31 March 2019 amounts to € 0.01 million (previous year: € 0.19 million). The loan outstanding as at 31 March 2019 amounts to € 0.34 million (previous year: € 11.59 million).		
ii) The Company had granted loan amounting to € 24.85 million to its related party, namely, Apollo Tyres B.V. on various dates. The loan was unsecured and was repayable within 1 year from the date of disbursement but was subsequently extended for one year on 10 November 2017. The loan carried annual interest calculated at the rate of 12 months Euribor plus a margin of 225 basis points compounded annually. The entire loan together with interest accrued amounting to € 25.58 million was received by the Company on 23 March 2018.		
NON-FINANCIAL ASSETS (CURRENT)		
Note 6: Other current assets		
VAT receivable	5,544	3,280
	5,544	3,280
Note 7: Equity share capital		
Issued, paid up and subscribed equity share capital		
Equity share capital (50,001 equity shares of € 0.72 each fully paid-up)	36,001	36,001
	36,001	36,001
The share capital of the Company consists of fully paid equity shares with a par value of € 0.72 each.		
FINANCIAL LIABILITIES (CURRENT)		
Note 8: Borrowings		
Unsecured, considered good		
Loan from related parties		
Apollo Tyres Limited (including interest accrued) (refer note below)	-	11,434,830
	-	11,434,830
Note:		
i) The Company executed a borrowing agreement with Apollo Tyres Limited dated 3 April 2017 to obtain funds upto € 30 million. The Company obtained € 18.75 million and € 11.25 million on 4 April 2017 and 7 July 2017 respectively. These loans are unsecured and are repayable within one year from the date of disbursement. These loan carry annual interest calculated at the rate of 12 months Euribor plus a margin of 225 basis points compounded annually and shall be due and payable on the final settlement of the loans. The loan was partially repaid on 27 March 2018 amounting to € 18.75 million along with interest accrued thereon and the remaining loan amounting to € 11.25 along with interest accrued thereon was repaid on 28 June 2018. The interest accrued as at 31 March 2019 amounts to Nil (previous year: € 0.18 million). The loan outstanding as at 31 March 2019 amounts to Nil (previous year: € 11.25 million).		
ii) On 7 June 2017, the Company had executed an agreement with Apollo Tyres Limited and borrowed \$ 6.65 million. The entire loan amount was repaid on 27 March 2018 along with interest thereon.		
iii) The Company had executed a borrowing agreement with Apollo Tyres Limited to obtain funds upto € 25 million. The Company obtained € 10 million and € 15 million on 20 November 2016 and 16 December 2016 respectively. The loan was unsecured and was repayable within one year from date of disbursement and was accordingly repayable by 16 November 2017 and 20 December 2017 respectively. On 15 November 2017, the term of the said loan agreement was further extended for one year. The loan carried annual interest calculated at the rate of 12 months Euribor plus a margin of 225 basis points compounded annually. The entire loan amount was repaid on 23 March 2018 along with interest thereon amounting to € 25.74 million.		
Note 9: Other financial liabilities		
Expenses payable	5,767	13,456
	5,767	13,456
Note 10: Current tax liabilities (net)		
Provision for taxation	85,346	85,346
	85,346	85,346

Apollo Tyres (Greenfield) B.V.

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2019

(All amounts are in € unless otherwise stated)

	For the year ended 31 March 2019	For the year ended 31 March 2018
Note 11: Other income		
Interest income on loan to related parties	70,334	1,264,719
Gain on foreign exchange fluctuation, net	-	514,949
	70,334	1,779,668
Note 12: Finance cost		
Interest expense on loan from related parties	66,186	1,273,191
	66,186	1,273,191
Note 13: Other expenses		
Legal and professional	16,613	25,191
Bank charges	129	58
Miscellaneous	-	949
	16,742	26,198
Note 14: Earnings per share		
Basic and diluted earnings per share		
(Loss) / Profit attributable to the equity shareholders used as numerator (€) - (A)	(12,594)	394,933
Weighted average number of shares outstanding during the year used as denominator - (B)	50,001	50,001
Basic/diluted earnings per share (€) – (A)/(B) (Face value of € 0.72 each)	(0.25)	7.90