

# **Apollo Tyres Cooperatief U.A.**

Enschede, the Netherlands

**ANNUAL REPORT 2018/2019**

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## 1. FINANCIAL STATEMENTS

## Apollo Tyres Cooperatief U.A.

### 1.1 Balance sheet as of 31 March 2019

(After result appropriation)

ASSETS	31 March 2019		31 March 2018	
	EUR	EUR	EUR	EUR
<b>Fixed assets</b>				
<i>Financial fixed assets</i>				
Participations in group companies	[1]	726,580,693	685,164,056	
		726,580,693	685,164,056	
<b>Current assets</b>				
<i>Receivables</i>				
Receivables from group companies	[2]	1,370,274	460,044	
Taxes and premiums social insurance		85,608	917,686	
Other prepayments and accrued income		122,393	122,393	
		1,578,275	1,500,123	
<i>Cash and cash equivalents</i>	[3]	930,191	3,278,618	
		729,089,159	689,942,797	

## Apollo Tyres Cooperatief U.A.

### 1.1 Balance sheet as of 31 March 2019

(After result appropriation)

MEMBERS' CAPITAL AND LIABILITIES	31 March 2019		31 March 2018	
	EUR	EUR	EUR	EUR
<b>Members' capital</b>				
Membership Capital I	284,424,233		206,590,900	
Membership Capital II	1,000		1,000	
Other reserves	402,059,335		402,198,679	
		686,484,568		608,790,579
<b>Long-term liabilities</b>				
Borrowings	40,629,002		-	
Debts to group companies	-		6,943,460	
		40,629,002		6,943,460
<b>Current liabilities</b>				
Debts to group companies	1,924,449		74,183,537	
Accrued liabilities	<u>51,140</u>		<u>25,221</u>	
		1,975,589		74,208,758
<b>Total members' capital and liabilities</b>		<u>729,089,159</u>		<u>689,942,797</u>

## Apollo Tyres Cooperatief U.A.

### 1.2 Profit and loss account for the year 1 April 2018 up to 31 March 2019

		31 March 2019		31 March 2018	
		EUR	EUR	EUR	EUR
Interest income	[7]	63		9,023	
Dividends		-		1,680,171	
			63		1,689,194
Interest expenses	[8]		1,715,658		1,232,668
<b>Gross margin</b>			(1,715,595)		456,526
Other operating income	[9]		1,392,771		11,828
<b>Gross operating result</b>			(322,824)		468,354
Other operating costs	[10]	139,130		84,738	
<b>Total operating costs</b>			139,130		84,738
<b>Operating result</b>			(461,954)		383,616
Other financial income	[11]	16,439		-	
Other financial expenses	[12]	(250,759)		366,909	
<b>Total financial income and expenses</b>			(267,198)		366,909
<b>Result before taxation</b>			(194,757)		16,707
Taxation	[13]		55,413		232,738
<b>Result after taxation</b>			(139,344)		249,445

## Apollo Tyres Cooperatief U.A.

### 1.3 Notes to the financial statements

#### General

Apollo Tyres Cooperatief U.A. (the "Cooperative") is a cooperative with exclusion of liability, incorporated under Dutch law on 1 May 2009, having its corporate seat at Enschede, the Netherlands with offices at Ir. Schiffstraat 370, 7547 RD Enschede, the Netherlands.

#### Activities

The activities of Apollo Tyres Cooperatief U.A. primarily consists of holding activities.

#### Group structure

The Company is part of a group, headed by Apollo Tyres Limited. The Company is a cooperative with two members; Apollo Tyres Ltd. and Apollo Tyres (Greenfield) B.V..

#### Consolidation

Consolidated financial statements have not been prepared, as is permitted by Article 408, Book 2 of the Dutch Civil Code. Pursuant to the conditions of this Article, the Company will file with the Trade Register of the Chamber of Commerce in Amsterdam the consolidated Annual Report of its parent company, Apollo Tyres Limited.

#### Comparison previous year

The accounting principles remained unchanged compared to previous year.

#### Impairment of fixed assets

At each balance sheet date is judged whether there is any indication that an asset may be subject to impairment. If any such indication exists, the recoverable amount of the asset is determined. If it is not possible to determine the recoverable amount for an individual asset, the recoverable amount of the transaction to which the asset belongs is determined. An impairment is recognized if the carrying amount of an asset is greater than its recoverable amount, the recoverable amount is the higher of net realizable value and value in use.

#### Financial instruments

Financial instruments include both primary financial instruments, such as receivables and liabilities, and financial derivatives. Reference is made to the treatment per balance sheet item for the principles of primary financial instruments.

The notes to the specific items of the balance sheet disclose the fair value of the related instrument if this deviates from the carrying amount. If the financial instrument is not recorded in the balance sheet the information on the fair value is disclosed in the notes to the 'Off-balance sheet incorporated rights and obligations'.

#### Estimates

The preparation of the financial statements requires management to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. The actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed.

## 1.3 Notes to the financial statements

### Currency

The annual accounts have been prepared in Euros. Receivables, debts and obligations in foreign currencies are converted at the rate as of the balance sheet date. Foreign currency transactions during the reporting period are processed in the annual accounts at the settlement rate. Any rate differences are incorporated in the profit and loss account.

### BALANCE SHEET VALUATION POLICIES

#### General

The financial statements are prepared in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code. The financial statements are prepared under the historical cost convention and presented in Euros (EUR). Valuation of assets and liabilities and determination of the result take place under the historical cost convention. Unless mentioned otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are presented at face value.

#### Financial fixed assets

##### *Participations in group companies*

Participations in group companies are stated at acquisition cost or, in case of a permanent impairment of the value of the shares, at lower equity value as determined on the basis of the financial statements of the participation.

#### Receivables

Upon initial recognition the receivables are recorded at the fair value and subsequently valued at the amortized cost. The fair value and amortized cost equal the face value. Provisions deemed necessary for doubtful accounts are deducted. These provisions are determined by individual assessment of the receivables.

#### Cash and cash equivalents

Cash and cash equivalents are valued at nominal value and, insofar as not stated otherwise, is at the free disposal of the company. Cash and cash equivalents relate to immediately due and payable withdrawal claims against credit institutions and cash resources.

#### Long-term liabilities

On initial recognition long-term debts are recognised at fair value. Transaction costs which can be directly attributed to the acquisition of the long-term debts are included in the initial recognition. After initial recognition long-term debts are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs.

The difference between stated book value and the mature redemption value is accounted for as interest cost in the income statement on the basis of the effective interest rate during the estimated term of the long-term debts.

#### Current liabilities

Current liabilities concern debts with a term of less than one year. Upon initial recognition the current liabilities are recorded at the fair value and subsequently valued at the amortized cost.



### **1.3 Notes to the financial statements**

#### **PRINCIPLES FOR THE DETERMINATION OF THE RESULT**

##### **General**

The result is the difference between the realisable value of the services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

##### **Gross margin**

The gross margin represents the spread on interest and dividend income for to the year.

##### **Operating costs**

Costs are attributed to the financial year to which they relate. Profits are accounted for in the year in which goods have been provided or services have been performed. Losses are assumed in the year in which these are foreseeable.

##### **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. The difference in the tax due, based on the profit calculation for tax purposes, is reflected in the provision for deferred tax liabilities.

#### **PRINCIPLES FOR THE PREPARATION OF THE CASH FLOW STATEMENT**

The Company takes advantage of section 360.104 of the Richtlijnen voor Jaarverslaggeving and does not prepare a cashflow statement as the consolidated financial statements of Apollo Tyres Ltd. are publicly available on the internet.

## Apollo Tyres Cooperatief U.A.

### 1.4 Notes to the balance sheet

#### ASSETS

##### FIXED ASSETS

##### Financial fixed assets [1]

##### Participations in associated companies

The participations in associated companies are specified in Appendix 1.

##### CURRENT ASSETS

##### Receivables [2]

##### Receivables from group companies

Apollo Vredestein B.V.

Apollo Tyres B.V.

Apollo Tyres do Brasil Ltda.

*Apollo Tyres do Brasil Ltda.*

Value as of 1 April

Other movements

Loans and exchange differences adjustments

Value as of 31 March

##### Taxes

Corporate income tax

Value added tax

##### Other prepayments and accrued income

Rent deposits

##### Cash and cash equivalents [3]

Cooperatieve Rabobank U.A. EUR account

Cooperatieve Rabobank U.A. USD account

Cooperatieve Rabobank U.A. GBP account

	<u>31-03-2019</u>	<u>31-03-2018</u>
	EUR	EUR
	1,019,341	131,000
	65,810	65,810
	285,123	263,234
	<u>1,370,274</u>	<u>460,044</u>
	<u>2018/2019</u>	<u>2017/2018</u>
	EUR	EUR
	263,234	243,457
	21,889	19,777
	<u>285,123</u>	<u>263,234</u>
	<u>31-03-2019</u>	<u>31-03-2018</u>
	EUR	EUR
	84,260	917,188
	1,348	498
	<u>85,608</u>	<u>917,686</u>
	<u>31-03-2019</u>	<u>31-03-2018</u>
	EUR	EUR
	122,393	122,393
	<u>31-03-2019</u>	<u>31-03-2018</u>
	EUR	EUR
	902,351	3,263,860
	13,628	539
	<u>14,211</u>	<u>14,219</u>
	<u>930,191</u>	<u>3,278,618</u>

The balance of the cash and cash equivalents is available to the Company without any restrictions.

## Apollo Tyres Cooperatief U.A.

### 1.4 Notes to the balance sheet

#### MEMBERS' CAPITAL AND LIABILITIES

##### MEMBERS' CAPITAL [4]

	2018/2019	2017/2018
	EUR	EUR
<b>Membership Capital I: Apollo Tyres Limited</b>		
Value as of 1 April	206,590,900	126,193,265
Contributions	77,833,333	80,397,635
Value as of 31 March	284,424,233	206,590,900
	2018/2019	2017/2018
	EUR	EUR
<b>Membership Capital II: Apollo Tyres (Greenfield) B.V.</b>		
Value as of 31 March	1,000	1,000
	2018/2019	2017/2018
	EUR	EUR
<b>Other reserves</b>		
Value as of 1 April	402,198,679	401,949,235
Appropriation of result	(139,344)	249,444
Adjustments previous years		
Value as of 31 March	402,059,335	402,198,679

#### **Appropriation of result for the financial year 2018/2019**

In accordance to Article 22 sub 1 of the Articles of Association the result of 2018/2019, being a loss of 139,344 EUR, is fully transferred and allocated to the other reserves. The other reserves are freely distributable by the general members' assembly. Any distribution of the other reserves will be done in accordance to the share held by each member in the membership capital.

#### **Appropriation of result for the financial year 2017/2018**

The annual accounts for 2017/2018 were adopted at the general meeting held on 28 March, 2019. The general meeting determined the appropriation of the result in accordance with the motion tabled for that purpose.

## Apollo Tyres Cooperatief U.A.

### 1.4 Notes to the balance sheet

#### LONG-TERM LIABILITIES [5]

	31-03-2019	31-03-2018
	EUR	EUR
<b>Debts to group companies</b>		
Deferred consideration payable	-	6,943,460

Deferred consideration balance payable in relation to acquisition of equity stake in Reifencom GmbH was fully settled as on 31 March 2019.

	31-03-2019	31-03-2018
	EUR	EUR
<b>Borrowings</b>		
<b>Secured</b>		
Term loan from banks (including interest accrued) - Loan A	29,784,397	-
Term loan from banks (including interest accrued) - Loan B	10,844,605	-
	40,629,002	-

During the current year, the Company executed an agreement with a bank to raise funds upto € 30 million (Loan A). Entire amount was drawn till the year end. This loan is secured by the corporate guarantee provided by parent Company, Apollo Tyres Limited. The loan is repayable on 6 August 2021. The gross amount of loan outstanding as at 31 March 2019 amounts to € 30 million.

During the current year, the Company executed an agreement with a bank to raise funds upto € 42 million (Loan B). Out of this, the Company has drawn € 11 million till the year end. This loan is secured by the corporate guarantee provided by parent Company, Apollo Tyres Limited. The loan is repayable on 21 March 2022. The gross amount of loan outstanding as at 31 March 2019 amounts to € 11 million.

#### CURRENT LIABILITIES [6]

	31-03-2019	31-03-2018
	EUR	EUR
<b>Debts to group companies</b>		
Accrued interest on short term loans	1,584,449	468,895
Apollo Tyres (Greenfield) B.V.	340,000	11,590,000
Apollo Tyres Ltd.	-	60,000,000
Apollo Tyres (Cyprus) Private Limited	-	2,124,642
	1,924,449	74,183,537

	31-03-2019	31-03-2018
	EUR	EUR
<b>Accrued liabilities</b>		
Accrued expenses	51,140	25,221

## Apollo Tyres Cooperatief U.A.

### Off-balance sheet incorporated rights and obligations

#### Conditional rights

##### *Fiscal unity for corporate income tax*

The company forms part of the fiscal unity for corporate income tax with Apollo Vredestein B.V., Vredestein Consulting B.V., Finlo B.V., Apollo Tyres B.V. and Apollo Tyres Global R&D B.V.. As a result, the company is jointly and severally liable for the corporate income tax of the fiscal unity as a whole.

### 1.5 Notes to the profit and loss account

	2018/2019	2017/2018
	EUR	EUR
<b>Interest income [7]</b>		
Intercompany interest incomes	63	9,023
<b>Dividends</b>		
Apollo Tyres Holdings (Singapore) Pte. Ltd.	-	1,680,171
<b>Interest expenses [8]</b>		
Intercompany & other interest expenses	1,715,658	1,232,668
<b>Other operating income [9]</b>		
Liabilities written back	1,392,771	11,828
<b>Operating costs [10]</b>		
General costs	139,130	84,738
<b>General costs</b>		
Auditor's costs	20,036	17,125
Legal & professional cost	62,542	63,096
Rate & Taxes	18,136	-
Bank charges	3,026	4,517
Corporate guarantee fees	35,390	-
	139,130	84,738
<b>Financial income and expenses</b>		
<b>Other financial income [11]</b>		
Exchange gains	16,439	-
<b>Other financial expenses [12]</b>		
Interest on deferred consideration	(250,759)	321,460
Exchange losses	-	45,449
	(267,198)	366,909

## Apollo Tyres Cooperatief U.A.

### 1.5 Notes to the profit and loss account

	<u>2018/2019</u> EUR	<u>2017/2018</u> EUR
<b>Taxation [13]</b>		
Corporate income tax	(55,413)	(232,738)

#### Number of employees and employment costs

Neither during the year nor in the previous year did the Company have any employees. Hence, it did not pay any wages and related social security contributions in the current or previous year.

#### Subsequent events

No events have occurred since balance sheet date, which would change the financial position of the Company and which would require adjustments of or disclosure in the annual accounts now presented.

#### Legal exemption

The Company has made use of the possibility of audit exemption under Article 396 (7), Book 2 of the Dutch Civil Code.

Enschede, the Netherlands

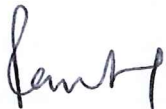
Apollo Tyres Cooperatief U.A.



V.K. Mittal 26.09.2019



B.M. Rivallant



R. Dewan 27.09.2019

## Apollo Tyres Cooperatief U.A.

### 2.1 Appendix 1: Participations

#### Participations in group companies [1]

Participations in group companies can be divided as follows:

Name	Place of business	Share in capital	Equity in accordance with last annual account	Result in accordance with last annual account
		%	EUR	EUR
Apollo Tyres B.V.	Netherlands	100.00	521,809,000	2,235,000
Apollo Tyres Global R&D B.V.	Netherlands	100.00	12,461,741	1,938,020
Apollo Tyres (Thailand) Limited	Thailand	100.00	3,570,021	120,467
Apollo Tyres do Brasil Ltda.	Brasil	99.37	38,718	(38,546)
Apollo Tyres AG	Switzerland	100.00	2,364,687	990,257
Apollo Tyres (Middle East) FZE	Dubai	100.00	2,063,709	474,073
Apollo Tyres Holdings (Singapore) Pte. Ltd.	Singapore	100.00	28,420,193	9,658,588
Apollo Tyres (UK) Pvt Limited	United Kingdom	100.00	20,374,443	640,105
Apollo Tyres (Germany) GmbH	Germany	100.00	1,436,075	289,537
Reifencom GmbH	Germany	100.00	2,725,914	61,191
Apollo Tyres (South Africa) Holdings Pty Ltd	South Africa	100.00	4,042,022	3,935
Apollo Vredestein Tires, Inc.	USA	100.00	(2,864,243)	(3,391,369)
Saturn F1 Pvt Ltd	United Kingdom	100.00	2,497,366	(271,601)

Participations in group companies	31-03-2019	31-03-2018
	EUR	EUR
Apollo Tyres B.V.	625,884,938	586,884,938
Apollo Tyres Global R&D B.V.	1,900,536	1,900,536
Apollo Tyres (Thailand) Limited	2,552,230	2,552,230
Apollo Tyres do Brasil Ltda.	311,732	311,732
Apollo Tyres AG	5,885,659	5,885,659
Apollo Tyres (Middle East) FZE	3,060,815	3,060,815
Apollo Tyres Holdings (Singapore) Pte. Ltd.	9,714,276	9,714,276
Apollo Tyres (UK) Pvt Limited	19,958,147	18,837,518
Apollo Tyres (Germany) GmbH	600,000	600,000
Reifencom GmbH	46,250,000	46,250,000
Apollo Tyres (South Africa) Holdings Pty Ltd	4,193,881	4,193,881
Apollo Vredestein Tires, Inc.	3,915,367	2,619,359
Saturn F1 Pvt Ltd	2,353,112	2,353,112
	726,580,693	685,164,056

