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Apollo Tyres AG Baden

Financial Statements for the Year ended March 31, 2020
and Report of the Statutory Auditor on
the Limited Statutory Examination





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Report of the Statutory Auditor on the Limited Statutory Examination

To the General Meeting of the shareholders of
Apollo Tyres AG, Baden

As statutory auditor, we have examined the financial statements (balance sheet, income statement and notes) of Apollo Tyres AG for the year ended March 31, 2020.

These financial statements are the responsibility of the board of directors. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements do not comply with Swiss law and the company's articles of incorporation.

Zurich, May 4, 2020
Grant Thornton AG

Dr. Shqiponja Isufi
Audit expert
Auditor in charge

Tobias Bader
Audit expert

Enclosure:

– Financial statements (balance sheet, income statement and notes)

APOLLO TYRES AG

BALANCE SHEETS AS AT MARCH 31, 2020 AND 2019

	<u>SWISS FRANCS</u>	
<u>NOTES</u>	<u>31.03.2020</u>	<u>31.03.2019</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	3'058'344	1'390'320
Trade accounts receivables - group companies	622'075	996'822
Other short-term receivables	1'173	1'050
Prepaid expenses	311'657	431'869
Total current assets	<u>3'993'249</u>	<u>2'820'061</u>
 TOTAL ASSETS	 <u><u>3'993'249</u></u>	 <u><u>2'820'061</u></u>
 <u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
SHORT-TERM LIABILITIES		
Trade accounts payables	85	43'251
Trade accounts payables - group companies	37'575	82'061
Short-term provisions	23'000	10'000
Total short-term liabilities	<u>60'659</u>	<u>135'313</u>
SHAREHOLDERS' EQUITY		
Share capital	3'748'652	3'748'652
Legal capital reserves		
Reserves from capital contribution	948'400	948'400
Accumulated deficit	<u>(764'462)</u>	<u>(2'012'304)</u>
Total shareholders' equity	<u>3'932'590</u>	<u>2'684'748</u>
 TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	 <u><u>3'993'249</u></u>	 <u><u>2'820'061</u></u>

APOLLO TYRES AG

INCOME STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 AND 2019

		<u>SWISS FRANCS</u>	
	<u>NOTES</u>	<u>31.03.2020</u>	<u>31.03.2019</u>
INCOME			
Royalty	C) 2.	<u>3'193'421</u>	<u>3'522'849</u>
Total operating income		3'193'421	3'522'849
OPERATING EXPENSES			
Directors' fees	C) 4.	(8'000)	(8'000)
Legal and professional expenses	C) 3.	(458'563)	(608'163)
Audit fee		(10'194)	(9'915)
Intercompany administration expenses	C) 3.	(31'500)	(31'500)
Advertisement and publicity expenses	C) 3.	(1'366'839)	(1'693'788)
Miscellaneous expenses		<u>(1'410)</u>	<u>(32'988)</u>
Total operating expenses		(1'876'505)	(2'384'353)
Operating result		1'316'916	1'138'495
OTHER EXPENSES / INCOME			
Financial expenses		(64'322)	13'257
Total other expenses / income		<u>(64'322)</u>	<u>13'257</u>
Profit for the year before taxes		1'252'593	1'151'752
Direct Taxes		(4'751)	(845)
Profit for the year		<u>1'247'842</u>	<u>1'150'907</u>
Accumulated losses, beginning of the year		<u>(2'012'304)</u>	<u>(3'163'211)</u>
Accumulated losses, end of the year		<u><u>(764'462)</u></u>	<u><u>(2'012'304)</u></u>

APOLLO TYRES AG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH, 2020 AND 2019

A) COMPANY INFORMATION

Apollo Tyres AG is registered under number CHE-113.719.058 in the Canton of Aargau. Legal domicile is at Mellingerstrasse 2a, 5400 Baden, Switzerland.

B) SIGNIFICANT ACCOUNTING POLICIES

1. Basis of accounting

These financial statements were prepared according to the principles of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below. It should be noted that the company's financial statements may be influenced by the creation and release of hidden reserves.

2. Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Swiss Francs ("CHF"), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Non-Swiss Franc denominated assets and liabilities of the company are translated into Swiss Francs at year-end rates of exchange. Income and expense items are translated at monthly average rates of exchange or the rate ruling at the date of the transaction. Foreign currency transaction gains and losses, except for unrealized gains, are included in the income statement. Loans granted in foreign currencies are translated at the rate of the balance sheet date, whereby unrealized losses are recorded but unrealized profits are not recognized.

3. Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

4. Operating income

Operating income comprises of royalties from group companies. It is based on contractual agreements and recognized on an accrual basis.

APOLLO TYRES AG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH, 2020
AND 2019

C) NOTES ON ACCOUNTS:

1. Shareholder:

Particulars	2020/19	2019/18
Holding Company	Apollo Tyres Co. Operatief U.A., Amsterdam, Netherlands	Apollo Tyres Co. Operatief U.A., Amsterdam, Netherlands

2. Transactions with Related Parties (Royalties)

Details	Currency	2020/19	2019/18
Invoiced royalty charges as per trademark agreement Apollo Tyres Ltd, Gurgaon, India	CHF	574,473	670,729
Invoiced royalty charges as per trademark agreement Apollo Vredestein B.V., Enschede, The Netherlands	CHF	1,060,432	1,525,580
Invoiced royalty charges as per trademark agreement Apollo Tyres (Middle East) FZE, Dubai, U.A.E	CHF	835,438	552,015
Invoiced royalty charges as per trademark agreement Apollo Tyres Africa (Pty) Ltd., Durban, South Africa	CHF	12,988	19,303
Invoiced royalty charges as per trademark agreement Apollo Tyres Thailand Ltd, Bangkok, Thailand	CHF	557,857	583,480
Invoiced royalty charges as per trademark agreement Apollo Tyres (Malaysia) Sdn Bhd., Petaling Jaya, Malaysia	CHF	152,233	171,741
Total	CHF	3,193,421	3,522,849

APOLLO TYRES AG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH, 2020
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3. Transactions with Related Parties (operating expenses)

Details	Currency	2020/19	2019/18
Administration expenses Apollo Vredestein Schweiz AG, Switzerland	CHF	31,500	31,500
Services IBSF/MU Apollo Tyres (UK) PVT LTD, London, UK	CHF	318,813	484,295
Sponsoring agreement Apollo Tyres Ltd, Gurgaon, India	CHF	1,366,839	1,693,788

4. Payment for Directorship Fee

Details	Currency	2020/19	2019/18
Payment for Director Ship Fee (Mr. Peter Ackermann)	CHF	8,000	8,000

5. Annual average number of full-time equivalents for the reporting years

The company had no employees for the financial years 2020/19 and 2019/18.
