

Apollo Tyres B.V. Annual Accounts 2019-20

REPORT BY THE BOARD OF DIRECTORS	3
CONSOLIDATED FINANCIAL STATEMENTS	13
Consolidated statement of financial position	14
Consolidated statement of income	15
Consolidated statement of comprehensive income	15
Consolidated statement of changes in equity.....	16
Consolidated statement of cash flows.....	17
Notes to the consolidated annual accounts for 2019-20.....	18
COMPANY FINANCIAL STATEMENTS.....	56
Company statement of financial position	57
Company statement of income.....	58
Notes to the separate annual accounts for 2019-20.....	58
OTHER INFORMATION	62
Provisions of the articles of association concerning profit appropriation.....	63
INDEPENDENT AUDITORS REPORT	63
Independent auditor's report	63

Report by the Board of Directors

The board of directors of Apollo Tyres B.V. put on record the company's annual accounts for the year ended March 31, 2020

The company

Apollo Tyres B.V. is a 100% subsidiary of Apollo Cooperatief U.A and ultimately held by Apollo Tyres Ltd, India, a listed multinational organisation and a global tyre manufacturer. The company has two subsidiaries, Apollo Vredestein B.V. & Apollo Tyres Hungary Kft. The company, and its subsidiaries have been referred to as the group in the sections below.

The group focuses on developing, manufacturing, marketing, sales and distribution of tyres across various categories including passenger car, Truck & Bus, agriculture, industrial vehicles and bicycles. The group sells passenger vehicle tyres under two brands, Vredestein and Apollo. The groups European headquarters is based at Amsterdam, Netherlands and production facilities are based in Enschede, Netherlands and in Gyöngyöshalász, Hungary. Sales operations are managed by various subsidiary companies across Europe. The group's distribution network covers Europe, its products are also exported to various other countries. The group is well known for its distinctive designs created in collaboration with the Italian industrial design bureau, Giugiaro Design Company.

Financial information

<i>(in millions of euros)</i>	2019-20	2018-19
Revenue	523.2	509.1
Profit before Interest & Taxes	(7.3)	3.4
Net Financing expenses	4.9	4.1
Taxes	(3.2)	(2.9)
Net result	(9.0)	2.2

Economy & Market Overview

The Europe economy has slowed further in 2019 amid economic slowdown, falling demand, persistent global trade tensions and uncertainties over Brexit etc. Germany & Italy have been hit hardest by these slowdowns reflecting the strong dependence on manufacturing, compounded in case of Germany by greater dependence on Exports. Economies more reliant on domestic demand (such as France) have shown better resistance towards slowdown.

This year, The UK, formally left the EU on 31 January 2020. UK has agreed the terms of its EU departure, however both sides will be deciding on the future relationship during a transition period upto 31 December 2020

The 'Phase One' trade deal between the US and China has helped to reduce downside risks to some extent, but the high degree of uncertainty surrounding US trade policy remains a barrier to a more widespread recovery in business sentiment. Falling oil prices have also resulted in risk of bankruptcy for many oil companies which may disrupt supply

All these have impacted the performance and forced for new growth estimates & forecasts. Labour market did show robust trend in reduction in unemployment resulting in purchasing power gains. However private consumption declined indicating higher household savings amid uncertainties. GDP growth remained subdued, at 1,2% in 2019

Apollo Tyres B.V.

Annual Accounts 2019-2020

The worldwide outbreak of Covid-19 was unprecedented and its impact is looming over economies worldwide. After start in China at end of 2019, the virus outbreak started at Europe during March when most countries went into the lockdown which impacted demand and consumption. Italy and Spain were the initial countries in Europe where the outbreak occurred have been hit hardest but France, UK & Germany have also been hit hard

Industry Structure & Development

As per the Economic & Market Report by European Automobile Manufacturer Associations, new-car registrations in 2019 increased by 1.2% across the European Union, reaching more than 15.3 million units in total and marking the sixth consecutive year of growth. The year started on weak footing due to the lasting impact of the introduction of the WLTP test in September 2018. Yet, the final quarter of 2019, and December in particular, pushed the full-year performance of the EU market into positive territory. Looking at the five major EU markets, Germany (+5.0%) recorded the largest increase last year, followed by France (+1.9%) and Italy (+0.3%). By contrast, both Spain (-4.8%) and the United Kingdom (-2.4%) saw demand fall in 2019. EU maintained its position as the world's second largest producer of passenger cars, increasing its share of global car production from 20.5% in 2018 to 21.9% on 2019

The effect of the Covid-19 has grave consequences for the automobile industry with most automobile manufacturers having announced temporary closures of plants due to collapsing demand, supply shortages and government measures

According to the European Tyre and Rubber Manufacturers' Association (ETRMA) overall, for the whole European Market, the performance of the industry for 2019 was weak. Passenger car tyre replacement market declined 3% but it remained mostly stable for the truck tyre replacement market and moto tyres registering a small increase. Agricultural tyre sales performed poorly and declined for the sixth year in a row. The market pull back was mostly due to extreme drought and consequently poor harvest and financial results for farmers. Expectation of stricter regulations for the farming industry in relation to climate change policies and uncertainties about it dampened consumer sentiments for investment into new equipment & tyres.

The new Eco label proposal with the European Commission is under final rounds of approval and will be effective from May 2021. The change will see a new visual layout including a QR code, Ice grip, among others and will bring the creation of a European database where all tyres will need to be registered before they go on sales. The next date for review of values on the label is set to 2025.

The imports of passenger car tyres from outside Europe are still growing and continue to gain market share. The share of UHP and winter tyres in imports is increasing.

Severe impact of Covid-19 was felt in March 2020 with European replacement passenger vehicle tyres sales declining by 30% (as reported by European Tyre & Rubber Manufacturers Association (ETRMA)). This decline was 15% for both Agricultural & 20% for Commercial Vehicle Tyres respectively

Performance by market

During FY20, Company's Passenger Car Tyre volume marginally decreased (<1%) over the last year, with a gain of market share as Europool market declined by more than 6% at the same time. The PCT volume gain was particularly strong in the UHP and UUHP segments, in all categories (All Season, Summer & Winter). Major progress was achieved in additional nominations from premium European OEM's.

Apollo Tyres B.V.

Annual Accounts 2019-2020

In agricultural segment, our sales slightly increased in volume in a market which declined by about 10%. We have gained market share in all key segments. We increased our presence in the OE market, working with major Key players (John Deere, CNH, Claas among others)

We registered strong gains in TBR closing the year with 74% growth over FY19 with good development in most of the countries across Europe. The company was able to improve our price position in the market and also launched additional sizes to expand the product range and enhancing the market coverage

In bicycle tyres, we have reorganized our supply and are now ready to develop our sales, focusing on premium product, particularly on the E-bike. In moto, we have announced the launch of our new premium "centauro" range, in sport touring segment. Many customers across Europe have already signed partnership to represent our brand.

The company's turnover remained overall flat and grew just about 3 during the financial year. The company continues to be dominantly a replacement market player and its revenue share from that market slightly increased to 80% in FY2019-20 versus 78% last year. Total revenue during the year constituted 79% from Passenger car tyre, 14% from Agriculture tyres & 5% from Commercial vehicle tyres and balance 2% from other categories

Manufacturing capacity in Company's Enschede plant during the year was fully utilized for Agriculture tyres & Spacemaster tyres. Production of Passenger car tyres was again lower this year as compared to last year in accordance with the market demand.

Brand promotion initiatives and new product introductions

As strategic brand enhancement initiatives for our Vredestein Brand, The Company continued its participation as main sponsor of Mille Miglia, one of the most prestigious classic car rallies in the world

During the year, Company introduced phase 2 of its prestigious new product lines in the Passenger Ultra High Performance segment, viz Wintrac Pro being Winter UHP and Quatrac Pro, being All Season UHP. The enhancement of product range in Quatrac Pro segment allows Vredestein to take a leading position in the all-season segment, with the most number of sizes available on the European market. To focus on the Young timer Classic Cars segment, The Company launched additional sizes in the Sprint+ pattern and on the Van tyre segment launched the Comtrac 2, its new generation of light truck summer tyres.

Test Results: During the year the company performed very well on the product quality and won podium positions and accolades on All Season and Winter segment in leading industry magazines/test reports in Europe. The company's products were six times test winners and seven times podium finishes as awards from leading tyre testing magazines in Europe. For passenger cars tyres segment, Vredestein was elected as brand of the year in All Season and 2nd in Summer tyres by German automobile magazine, AutoBild

The Company is leveraging its continuing sponsorship with Manchester United football club to further promote our Apollo Brand. During the course of the year we have further strengthened our recognition in all our major markets through customized trade market initiatives which are well received by our partners in the trade. The company also renewed its existing partnership with the Hungarian sports club and football team - Diósgyőr Sport Club (DVTK).

In the Agricultural tyre segment, The company participated at the prestigious Agritechnica show in Hannover, the world's largest Agriculture show and successfully introduced its following new products:

- Vredestein Traxion 65 tractor tyre range which replaces the Traxion+ 65 series. The new product offers increased traction and operator comfort as well as longer tyre life.

- Vredestein Flotation Trac XL in few sizes specifically for application on heavy slurry tankers. The 900/65R38 size has a world-beating diameter of 2.15 meters, setting new standards in terms of rolling ability and soil preservation.
- Additional sizes in the Vredestein Traxion Optimal tyre range of VF – Very High Flexion tyres

The company also presented results of the test performed by the independent German institute DLG. The results prove that the Traxion XXL has a 50% longer lifespan than tyres from competition. This has been very well received by the market. This product range is at the same time attracting the interest of premium tractor manufacturers. The Company produced a brand movie titled 'Live the Land' to honour the farming life and to promote its agricultural product portfolio. This movie also won the gold award at the Autovision Media Awards at the international motor show (IAA) in Frankfurt during the year

In the Truck & bus (TBR) tyre segment, The Company collaborated with TOR truck racing UK and conducted a pilot test by participating in FIA British Truck racing championship. The responses from Truck industry & truck enthusiasts has been incredible allowing us to take a decision to participate in FIA European truck racing championship in upcoming year for a full season.

The company registered its entry into moto tyre segment and successfully launched its Centauro range of sport touring radial tyres in November 2019. The range includes the Centauro ST, Centauro Road and Staccata scooter tyres. In the bicycle tyre segment, The Company sponsored AG2R La Mondiale, one of the world tour teams, building awareness of Vredestein brand in Europe and worldwide. The company also participated at the Eurobike 2019, where the Fortezza Flower Power bicycle tyre, produced through a new technique using rubber extracted from dandelion roots, was awarded a coveted Eurobike award.

During the year, company further enhanced its focus on digital marketing campaigns on social media platforms e.g. facebook, instagram & linkedin and released its All-season campaigns in Germany and Netherlands

Research & Development

R&D center in Netherlands has been developing products and technology to cater mainly for European market and focuses on the development of Passenger Car tyres. Engineering professionals with very diverse backgrounds form the backbone of our R&D. The development process is strongly linked to Manufacturing, Marketing and Sales. The organization structure is flat to facilitate and enhance cross-functional approaches and drive innovation. Development initiatives are focused on following four main pillars:

Product:

- ❖ Development of new advanced product generation of for PCR, Agri radial and TBR.
- ❖ Development new product lines to support the expansion to new Markets and Geographies.
- ❖ Development and launch of a new product for Motorcycle Radial, a brand new business category in Apollo Europe

Technology:

- ❖ Development of Ultra Low Rolling Resistance, Wet Grip Increase and Noise Reduction (Silent Tyre) to be ready for future tyre performance requirements
- ❖ Research on Vehicle dynamics and Virtual Testing by FEA-Simulations in collaboration with different Universities
- ❖ Development and implementation of Tyre Sensor Technology

Materials:

- ❖ Development and implementation of Innovative Raw Materials in the area of polymers, fillers and resins and on renewable Materials partnering with premium Universities and Suppliers
- ❖ Development of Innovative Compounds and Reinforcement including new generations of polymers, fillers and resins

Design to cost:

- ❖ Optimization of Materials to reduce product costs
- ❖ Optimization of Processes to increase Productivity

During the year, company has spent Euro 26.8 Million on R&D activities.

Company Policy

The company has implemented its strategic policy, which defines its vision, mission and way of doing business as mentioned below:

Vision

The Company is a flexible and market-oriented company that focuses on continuous innovation and the best possible deployment of competencies, aimed at improving business performance and developing talent as a foundation for successful policy.

Mission

The Company is a healthy, profitable business with a steady stream of new and innovative products of the highest quality, created by a challenging and entrepreneurial culture that encourages employees to develop and enjoy their work.

The Apollo Way

Defining values specific to the group means we can attract the right employees, customers and suppliers. It also makes for a more targeted decision-making process, which ensures that we can always act in a dedicated manner. In addition, our actions and methods become more reliable, enhancing trust and creating relationships that are longer lasting. We expect all employees to express these values in their behaviour.

Environmental Issues

There are no environmental issues outstanding.

Risk Management

The group's activities expose it to a variety of risks including market risk, price risk, interest risk, credit risk, currency risk, raw material risk, environmental & regulatory risk, product liability, and liquidity risk etc. The company's overall risk management seeks to minimise potential adverse effects on the company's financial performance.

Foreign Currency Risk: The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises because future commercial transactions are denominated in a foreign currency (not EUR). Forward foreign exchange contracts are executed with the specific intention of minimizing the impact of foreign currency fluctuations on income. The exchange rate risk primary arising on the export of tyres to the United Kingdom, Hungary, Norway, Sweden, Poland, Switzerland and the United States. Companies risk management policy requires up to 50 per cent of net currency exposure anticipated for a period of 6 to 12 months in advanced to be hedged. Derivative counter parties are limited to high-credit-quality financial institutions. Management continually monitors the entity's exposures to foreign currency risks as well as its use of derivative instruments. As of balance sheet date, there are is a limited number of derivatives

or forward contracts.

The company has a management team that continually monitors its exposures to interest rate risks and uses variable rate debt to finance its operations.

Credit risk: Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the company. Company has adopted a policy of only dealing with creditworthy counterparties and does not transact with entities with a below standard credit history. Company's account receivables are largely secured with credit insurance coverage to limit the credit risk. To the extent of uninsured portion, company uses information supplied by credit rating agencies, publicly available financial information and its own trading records to rate its exposure. A credit management team continuously monitors the exposure and the credit ratings of its counterparties.

Liquidity / Cash flow Risk: Board of directors has established an appropriate liquidity risk management framework for the company's short, medium and long-term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves and banking facility, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of the financial assets and liabilities. At balance sheet date the company has a €25 Mill headroom under the working capital facility, and is well within the agreed covenants as defined in the agreement.

Price Risk: The Company's sales and purchase is exposed to inflation and general demand/supply situation. Major raw material is natural rubber and various other petroleum based chemicals. The company is normally able to pass on the impact of inflation to its customers in normal course of business. Management keeps track of price developments in the market based on various industry indices to ensure its competitiveness is not compromised.

Insurance coverage: Bigger risks in respect of property, loss of profits and liability have been brought under a worldwide insurance policy. Risks in the case of claims and legal action are monitored closely and where necessary provisions are made.

Risk management framework: The Company has an established enterprise risk management framework up to the last level of management. A Risk Management Steering Committee, headed by the President of the company, with representations from all functional heads, embraces the identification, assessment, mitigation, monitoring and reporting of material risks faced by the company.

Each business risk is measured on a scale of 1 to 3 for two key parameters likelihood and impact. Combined score of these two criterions is considered to decide the overall risk rating of low, medium or high as under:

Likelihood criterion: How likely in the near future will the event take place

- ❖ Within 6 months: High score of 3
- ❖ 6 to 12 months: Medium score of 2
- ❖ Above 1 year: Low score of 1

Impact criterion: Financial impact on profitability

- ❖ More than Euro 1 Million: High score of 3
- ❖ Euro 400k to Euro 1 Million: Medium score of 2
- ❖ Below Euro 400k: Low score of 1

Overall risk rating (combined score)

- ❖ High: Risk score from 7 to 9
- ❖ Medium: Risk score from 3 to 6
- ❖ Low: Risk score up to 2

The objective of the Committee is to assist the Board of Directors in maintaining high standards of business conduct and good risk management practices to protect the company's assets, achieve sustainable business growth, avoid major surprises and ensure compliance with applicable legal and regulatory requirements. As at 31st March 2020, committee has reported following key risks and mitigation plans to the board:

Risk No.	Category	Function	Risk identified	Likelihood/ Impact	Mitigating controls of management
1.	Strategic	Sales	COVID-19 related uncertainties	High	Revise budget management, adapting new ways of business steering & adjusting cost and production volume as per market demand
2.	Strategic	Sales	High customer concentration	High	Data based enhancement of distribution footprint & Brand strategy to generate pull effect
3.	Operational	Supply Chain Management	Maintain right customer service levels	High	Identify and implement tools & systems in coordination with Sales and Manufacturing
4.	Operational	Supply Chain Management	Sourcing delays from India (Project McFly)	High	Efficient project management and prioritization of resources
5.	Strategic	Manufacturing	Delayed implementation of Enschede specialization project	Medium	Active engagement with works council towards consultation process and timely project implementation

Development in Human Resources & Industrial Relations

Labour market and employment issues

The European labour market was increasingly tight during 2019 with low level of unemployment. A mitigating action plan is put in place across functions & locations as it's challenging to find appropriate candidates with experience in the tyre industry. The company decided to search for employees with the appropriate education and skills to be developed on the job. Also, the company continued on its dual education initiatives which result in a good way to attract, develop and retain capable workforce. These initiatives resulted in quite low iteration levels during the year in a very challenging labor market.

Enschede plant specialization

The company announced on 5th March, 2020 its intention to specialize its Enschede plant in

Apollo Tyres B.V.

the Netherlands. The company intends to specialize the production in Enschede to a level where only high-performance tyres will be produced at a profitable level. Within the current operating environment certain tyre sizes can no longer continue being produced in Enschede at a sustainable and competitive level. The company therefore intends to specialise the plant towards agriculture tyres and high-value niche segment passenger car tyres with a short production run and to secure a sustainable future in the Netherlands. Aligning the plant to the intended specialization and sustainable production level, will unfortunately result in AVBV having to reduce its workforce in the Netherlands by approximately 750 full-time employees, over a period of 24 months.

As the group continues on growth path, human resources are a key factor for success. The company seeks to create a mutually beneficial nurturing environment where employees experience personal and professional growth even as they work towards organisational goals. The average number of employees increased from 2495 as on March-19 to 2528 as on March-20.

Training & Development initiatives

Company's performance management system 'HORIZON' continues to enable the business to survey the training and development needs. HR function continued to collate and facilitate various training & development needs to create the future organisation. To improve the HR processes, a companywide Apollo Grading System was launched to ensure internal and external compensation equity and job comparability.

The company has successfully deployed its digital learning tools "Apollo Virtual Academy" to enhance personal development of the staff across various areas of work. This programme has particularly proven very successful during the COVID

-19 situation where company can continue on the track of training & development despite lockdowns

The Enschede plant focused mainly on first line leadership training and companywide safety programmes during the year. Also, various internal trainings of operators related to rebalancing of production volume were executed successfully

The Hungary plant has set up an e-learning process to focus on the professional knowledge of the shopfloor workers. As an outcome, the competence level of all team shows the healthy normal distribution. Also, a tyre building training facility has been set-up in cooperating with Miskolc University and ten employees are currently studying here to build their tyre-building skills. For senior leadership, an executive development program with external vendors has been developed.

Safety, Health, Wellbeing & Environment

Working in a safe and healthy environment with a maximum focus on wellbeing will continue to be a precondition for the success of our company. We will also continue with the theme of vitality and employability.

Social responsibility and/or corporate philanthropy

The company continued to support the WEP initiative in the Netherlands and this is now part of the social responsibility policy and CLA agreements. It offers unemployed people the opportunity to gain work experience at the company and increase their chances of sustainable employment. The initiative focused on people with a disadvantage on the labour market. On an annual basis we offer working experience to 10 un-employed people within our company

The Enschede plant in Netherlands donated thousands of face masks in the wake of covid-19 pandemic

The Hungary plant focused on CSR under the pillars, Amateur Sport, Environment Protection and Local Community Development. Continuing the success from last year, the company participated in health care activities like organizing blood donation camps, hospital and school charity. The employees participated in several running contests (as like Ultra Balaton). Main goal for FY21 is plantation towards the environment footprint.

Industrial relations

Company in The Netherlands has three Employees' Unions and the Management holds regular meetings with Union representatives to brief them about operational performance of the company and future plans. The company has a Works council, which is involved in the operations and plans. HR team has worked hand in hand with Unions & Works Councils and the relationship continues to be strong and will go a long way to develop the organisation in line with company's strategic ambition.

The company has a diverse composition of employees in nationality, age, gender, education and work background. Currently the Company does not have any female members in the Board. The Company shall be making efforts to appoint female members to its Board.

COVID-19

The COVID-19 pandemic is impacting auto & tyre industry like most of other industries around the world. After start in China at end of 2019, the virus outbreak started at Europe during March when most countries went into the lockdown at some point during the month

In context of the automotive industry, these has been significant reduction in the vehicle mileage during March & April on the roads and consequently resulted in lower sales of vehicles. However, level of impact is estimated to be different for tyre industry as compared to overall auto industry. Within the tyre industry also, level of impact is estimated to be different for OE market vs replacement market and also for various product lines e.g. Passenger Vehicle (PV), Agriculture or Commercial Vehicle (CV)

Drop in sales demand was the main concern within European tyre manufacturers. From early March to end of April, most European tyre manufacturers have announced temporary closure of their manufacturing facilities. Lockdowns have further impacted R&D activities, outdoor testing & homologation activities, and partially sales & retail networks.

Our company had also partially stopped manufacturing of Passenger Car tyres at Enschede plant for about 2 weeks, while production for other product lines has been continued. With customer demands beginning to rise again, the company decided to resume the production to ensure adequate supply to our customers. No disruption for raw material or other supplies have been reported in our plants

Employees Safety: On regular basis, the company is issuing guidelines to the employees to follow local regulations and government advisories in respective countries. Detailed guidelines have been issued about procedures on safe work environments across all work locations.

Government support: Government in The Netherlands and various other European countries have announced various measures to support companies affected by the crisis. Management is regularly reviewing these subsidies or payment deferment possibilities to ensure timely application are processed

Financial impacts / initiatives: Management is continuously reviewing financial situation of the company and has taken necessary measures to maintain the sufficient liquidity in the

Apollo Tyres B.V.

business.

Outlook

Economic Outlook:

COVID19 pandemic is a public health challenge of unprecedented dimensions and has profoundly affected public life around the globe. Under these benign assumptions, EU commission has forecast EU GDP to contract by about 7.5% this year, far deeper than during the Global Financial crisis in 2009. While, economic activity is expected to pick up again with the just-initiated gradual easing of containment measures, the recovery is expected to be gradual ("U-shaped"). EU GDP is forecast to rebound and grow again by 6% in 2021. The euro area unemployment rate is expected to increase from 7.5% last year, its lowest level in more than a decade, to about 9.5% this year and to decrease next year while remaining well above its pre-pandemic level in 2021.

As reported by European Tyre & Rubber Manufacturers Association (ETRMA), European replacement PV tyres sales declined 30% in March. This decline was 15% for both Agriculture & Commercial Vehicle Tyres. As most European countries lockdowns started at different times in March, impact during April is expected to be even higher. LMC Tyre & Rubber Ltd. (LMC) estimates the sale of tyres to be back at normal levels by end of September 2020. . The company is positioned well to further gain the market share backed by launch of new products and strong distribution network.

Sustainability related information

Having due regard to the Company's current financial position together with its forecast results, cash flow and financial position in the coming year, the directors confirm that the company has the resources to continue in operational existence for the foreseeable future. Our aim is to meet the needs of our stakeholders in ways that are economically, environmentally and socially responsible.

Developments after March 31, 2020

Regarding the Enschede specialization intended decision of the management as referred earlier in the report, the company is currently in the consultation process with the works council.

The Board would like to thank all employees, business partners, bankers, customers and other associates for their commitment and efforts in the past year.

Amsterdam, The Netherlands, June 23,2020

On behalf of the Board of Directors

Benoit Rivallant

Vishal Kumar Mittal

Pallavi Shroff

Rakesh Dewan

Consolidated financial statements

Consolidated financial statements

Consolidated statement of financial position

Before profit appropriation

(Euro x1,000)	Notes	As at 31 March 2020	As at 31 March 2019
Assets			
Non-current assets			
Property, plant and equipment	3	597.903	670.072
Right-of-Use assets	4	19.633	-
Intangible assets	5	65.496	62.561
Deferred tax assets	6	2.381	3.567
Other non-current assets	7	330	344
Total non-current assets		685.743	736.544
Current assets			
Inventories	8	122.439	136.561
Trade receivables	9	71.699	89.362
Cash and bank balances	10	43.493	31.907
Other current assets	11	15.179	7.777
Derivative financial assets	14	1.118	4.586
Corporate Advance tax paid	12	44	7.251
Total current assets		253.972	277.444
Total assets		939.715	1.013.988
Equity and liabilities			
Total group equity	13	518.715	521.809
Non-current liabilities			
Lease liabilities	4	14.627	
Deferred tax liability	6	26.141	32.286
Pension liabilities	15	10.817	9.456
Other non-current liabilities	16	42.868	47.895
Borrowings	18	161.000	180.208
Total non-current liabilities		255.453	269.846
Current liabilities			
Trade and other payables	17	144.328	169.296
Lease liabilities	4	5.309	
Derivative financial liabilities	14	1.132	4.625
Corporate Income Tax Payable	12	778	495
Borrowings	18	14.000	47.917
Total current liabilities		165.547	222.333
Total equity and liabilities		939.715	1.013.988

Consolidated statement of income

(Euro x1,000)	Notes	Period ended 31 March 2020	Period ended 31 March 2019
Revenue	19	519.924	505.761
Other Income	20	3.345	3.385
Total Income		523.270	509.147
Changes in inventories of finished goods and work in progress	21	12.551	-25.167
Raw materials and purchase of Finished goods	22	200.347	217.940
Employee expenses	23	157.713	156.936
Depreciation and amortisation expenses	24	51.651	39.856
Other expenses	24	108.323	116.151
Total expenses		530.586	505.716
Result before interest and taxes		-7.316	3.431
Interest expense	25	-5.110	-4.089
Interest income	25	142	19
Profit /(loss) before taxes		-12.285	-640
Income tax expense	26	3.256	2.875
Result for the year		-9.029	2.235

Consolidated statement of comprehensive income

(Euro x1,000)	Period ended 31 March 2020	Period ended 31 March 2019
Result for the year	-9.029	2.235
Items that will never be reclassified to profit and loss		
Actuarial gains or losses on pension plans	-2.083	-255
Tax on actuarial gains or losses on pension plans	603	74
Reclass from retained earnings	1.480	181
Items that are or may be reclassified to profit and loss		
Translation differences on foreign operations	-54.940	-12.057
	-54.940	-12.057
Total comprehensive income for the year	-63.969	-9.822

The total comprehensive income is attributable to the owner of the parent company.

Consolidated statement of changes in equity

(Euro x 1,000)	Issued Capital	Share premium reserves	Translation of foreign operations	Legal Reserves	Actuarial gains or losses on pension plans	Retained earnings	Profit for the period	Total Equity
Total as at 31 March 2018	18	126.500	-2.938	36.414	-1.426	325.434	9.438	493.441
Opening balance adjustment						-810		-810
Profit for the period							2.235	2.235
Other comprehensive income, net of income tax			-12.057		-181	181		-12.057
Dividends								-
Capital Contribution		39.000						39.000
Transfers to and from reserves				6.059		3.379	-9.438	-
Total as at 31 March 2019	18	165.500	-14.995	42.474	-1.607	328.184	2.235	521.809
Opening balance adjustment						574		574
Result for the period							-9.029	-9.029
Other comprehensive income, net of income tax			-54.940		-1.480	1.480		-54.940
Dividends								-
Capital Contribution		60.300						60.300
Transfers to and from reserves				6.288		-4.053	-2.235	-
Total as at 31 March 2020	18	225.800	-69.935	48.762	-3.087	326.187	-9.029	518.715

The Legal reserves of the company (Translation of Foreign Operations, Legal Reserves (Development) & Actuarial gain/loss on Pension) are non-distributable.

Consolidated statement of cash flows

(Euro x 1,000)	Period ended 31 March 2020	Period ended 31 March 2019
Loss before tax for the year	-12.285	-640
Depreciation and amortisation	51.651	39.856
Interest	4.969	4.071
Amortisation of State Aid Subsidy	-2.114	-1.611
Other non-cash items	1.137	114
Cash flows from operating activities	43.358	41.789
<i>Movements in working capital</i>		
Decrease /(increase) in inventories	14.122	-31.329
Decrease /(increase) in trade receivables	17.668	31.415
Decrease /(increase) in other non-current assets	1.200	5.732
Decrease /(increase) in other current assets	-195	1.930
(Decrease)/increase in current liabilities	-20.263	22.268
(Decrease)/increase in non-current liabilities	-5.002	-4.814
Cash increase due to working capital	7.530	25.201
Cash generated from operations	50.888	66.990
Net (tax paid) / received	6.643	-2.450
Net cash generated by operating activities	57.531	64.540
Cash flows from investing activities		
Payments for property, plant and equipment	-25.244	-72.916
Capitalization intangibles	-12.440	-11.857
Proceeds from disposal of property, plant and equipment	675	37
State aid subsidy	2.181	10.589
Net cash (used in) /generated by investing activities	-34.829	-74.147
Cash flows from financing activities		
Repayment from borrowings	-228.125	-21.875
Receipt of additional loan	175,000	
Payment of lease liabilities *)	-6.752	-
Capital contribution from holding company	60.300	39.000
Interest received	142	19
Interest paid	-5.110	-3.934
Net cash used in financing activities	-4.546	13.210
Other comprehensive income	-7.144	-235
Opening adjustment for retained earnings	574	-810
Net decrease/increase in cash and cash equivalents	11.586	2.558
Cash and cash equivalents at the beginning of the financial year	31.907	29.349
Cash and cash equivalents at the end of the financial year including bank overdraft	43.493	31.907

* See note 2. The Group initially applied IFRS 16 at 1 April 2019.

Notes to the consolidated annual accounts for 2019-20

1. General information

Apollo Tyres B.V. is a private company with limited liability, incorporated in Enschede, the Netherlands. The registered office address of Apollo Tyres B.V. is IR E L C Schiffstraat 370, 7547 RD Enschede, The Netherlands. The company is registered in the Chamber of Commerce register under number 54806941.

As at reporting date, Apollo Tyres Coöperatief U.A. owns 100% of the shares in Apollo Tyres B.V. The ultimate parent of Apollo Tyres B.V. is Apollo Tyres Ltd., India. Apollo Tyres Ltd. files its annual report with Bombay Stock Exchange (India). Apollo Tyres B.V. concentrates on manufacturing, marketing, sales and distribution of tyres and supplies tyres for passenger cars, agricultural and industrial vehicles and bicycles. The company's distribution network extends through Europe. The company's products are also sold in North America and to sister companies in Asia. The 2019-2020 financial statements are prepared by the Board of Directors and will be submitted for adoption to the general meeting of shareholders.

2. Accounting policies

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards published by the International Accounting Standards Board (IASB) as adopted by the European Union and company financial statements in terms of Title 9 BW 2 of Dutch civil code. The consolidated financial statements have been prepared at historical cost, unless indicated otherwise. The accounting policies outlined below were applied consistently for all the periods presented in these consolidated financial statements. The financial data of subsidiaries are incorporated in the consolidated financial statements. Therefore, an abbreviated income statement is presented for the company under article 2:402 of the Dutch Civil Code. The financial statements have been prepared under the assumption that the Group operates on a going concern basis.

2.1 Application of new and revised International Financial Reporting Standards (IFRS)

New Standards and interpretations

The Group initially applied IFRS 16 from 1 April 2019. A number of other new standards are also effective from 1 April 2019, but they do not have a material effect on the Group's financial statements.

IFRS 16

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 April 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

I. Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or

contained lease under IFRIC 4 Determining whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 3 Significant accounting policies. On transition to IFRS 16, the Group elected to apply the practical expedient for the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 April 2019.

II. As a lessee

As a lessee, the Group leases many assets including property, machines and equipment and vehicles. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of machines and equipment and vehicles, the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

Leases classified as operating leases under IAS 17

Previously, the Group classified property leases as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 April 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. low value machines and equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

III. Impact on financial statements

*Impact on transition**

On transition to IFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

X € 1,000

	BALANCE SHEET AT 1.4.2019
Right-of-use assets	22.202
Lease liabilities	22.202
Retained earnings	-

* For the impact of IFRS 16 on profit or loss for the period, see Note 4.

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 April 2019. The weighted average rate applied is 1.25%.

X € 1,000

	BALANCE SHEET AT 1.4.2019
Operating lease commitments at 31 March 2019 as disclosed under IAS 17 in the Group's consolidated financial statements	20.819
Impact short-term, low-value, extension / termination options, other adjustments	2.466
Gross lease commitment under IFRS 16	23.285
Discounted using the incremental borrowing rate as at 1 April 2019	22.202
Lease liabilities recognised at 1 April 2019	22.202

Standards and interpretations effective and not yet adopted

A number of new standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements. The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

- Amendments to References to the Conceptual Framework in IFRS Standards, effective 1 January 2020
- Amendments to IFRS 3 Business Combinations – Definition of a Business, effective 1 January 2020
- Amendments to IFRS 9 Financial, IFRS 7 Financial Instruments: Disclosures and IAS 39 Financial Instruments: Recognition and measurement- Interest Rate Benchmark Reform, effective 1 January 2020
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of material, effective 1 January 2020

2.2. Basis for Consolidation

The consolidated financial statements include the financial statements of Apollo Tyres B.V. and its subsidiaries, being the entities controlled by Apollo Tyres B.V. Control is achieved where Apollo Tyres B.V. has the power over an investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's return.

The financial data of subsidiaries acquired during the year under review are consolidated

as of the moment that Apollo Tyres B.V. obtains control. The financial data of subsidiaries disposed of during the year under review are included in the consolidation until the moment that Apollo Tyres B.V. loses control. Apollo Tyres B.V. did not lose control of any subsidiary during the reporting period. There are no significant restrictions on the ability of company to access or use the assets and settle the liabilities of the company. There are no contractual arrangements that require the parent or its subsidiaries to provide financial support to a consolidated entity. If necessary, the figures for the subsidiaries' financial statements are adjusted to bring the statements in line with the accounting standards applied by Apollo Tyres B.V. The financial data of the consolidated subsidiaries are fully included in the consolidated financial statements after elimination of all intercompany balances and transactions. Unrealized profits and losses on intercompany transactions are eliminated from the consolidated financial statements. Proportion of ownership interest and voting power held by the group, directly or indirectly are:

	As at 31 March 2020	As at 31 March 2019
Apollo Vredestein B.V.	100%	100%
Apollo Tyres Hungary Kft	100%	100%
Vredestein Consulting B.V., Enschede - The Netherlands	100%	100%
Finlo B.V., Enschede - The Netherlands	100%	100%
Vredestein marketing B.V., Enschede - The Netherlands	100%	100%
Apollo Vredestein Belux SA, Brussels - Belgium	100%	100%
Apollo Vredestein GmbH, Vallendar - Germany	100%	100%
Apollo Vredestein Limited, Kettering - United Kingdom	100%	100%
Apollo Vredestein France SAS, Paris - France	100%	100%
Apollo Vredestein Gesellschaft GmbH, Vienna - Austria	100%	100%
Apollo Vredestein Iberica SA, Cornellà de Llobregat - Spain	100%	100%
Vredestein Nordic AB, Hisings Backa - Sweden	100%	100%
Apollo Vredestein Schweiz AG, Baden -Switzerland	100%	100%
Apollo Vredestein Kft, Budapest - Hungary	100%	100%
Apollo Vredestein Opony Polska, Warschau - Poland	100%	100%
S.C. Vredestein RO S.R.L. Romania*)	-	100%

*) This company was liquidated on 11 November 2019.

Apollo Tyres B.V. is part of the Apollo Tyres Ltd group, based in Gurgaon, India. All transactions with related parties within the Apollo group are based on regular business activities, following at arm's length principle .

2.3 Foreign currency translation

The balance sheet and income statement are stated in euros, which is the functional currency of Apollo Tyres B.V. and the presentation currency for the consolidated financial statements. Receivables, debts and liabilities in foreign currencies are converted at the exchange rate on the balance sheet date. Assets and liabilities of foreign subsidiaries are translated using the exchange rates at the date of the balance sheet. The income statements of foreign subsidiaries are converted at the average exchange rates applying for the periods involved. These exchange rates approximate the exchange rates at the dates of the transactions. Exchange rate differences arising from interests in foreign subsidiaries have been recorded under the other comprehensive income as a separate item.

2.4 Estimates

Apollo Tyres B.V. makes certain estimates and assumptions when preparing the consolidated financial statements. Use of available information and the application of judgement is inherent in the formation of estimates. These estimates and assumptions have an impact on the assets and liabilities, disclosure of contingent liabilities at the date of the financial statements, and income and expense items for the period under review. Important estimates and assumptions relate largely to provisions, pensions, intangible fixed assets, deferred tax assets and liabilities. Actual results may differ from these estimates and assumptions. All assumptions, expectations and forecasts that are used as a basis for estimates in the consolidated financial statements represent as accurately an outlook as possible for Apollo Tyres B.V. These estimates only represent Apollo Tyres B.V.'s interpretation as of the dates on which they were prepared.

2.5 Net sales / Revenue recognition

Net sales represent the income from the supply of goods, after deduction of discounts, credit notes and the like, taxes levied on revenue, and elimination of intra-group sales.

Revenue arises mainly from the sale of tyres to business customers. To determine whether to recognize revenue, the company follows a 5-step process according to IFRS 15:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised at a point in time, when the company satisfies performance obligations by transferring the promised goods or services to its customers. When the company acts as a principal revenue is recognised in the gross amount of consideration to which it expects to be entitled in exchange for the specified good or service transferred. When the company acts as an agent with a performance obligation to arrange for the provision of the specified good or service by another party, then revenue is recognised in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

The company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the company satisfies a performance obligation before it receives the consideration, the company recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Sale of goods

Revenue from product sales is generally recognised when the product is delivered to the client and when there are no unfulfilled obligations that affect the client's final acceptance of the arrangement. Delivery does not occur until products have been shipped, risk of loss has transferred to the client and client acceptance has been obtained, client acceptance provisions have lapsed, or the company has objective evidence that the criteria specified in the client acceptance provisions are either perfunctory or have been satisfied.

2.6 Taxation

Income tax includes current and deferred tax. Tax expense recognized in profit or loss comprises the sum of deferred and current tax not recognized in other comprehensive income or directly in equity. Current tax is the expected income tax payable or receivable in respect of taxable profit or loss for the year, taking into account tax concessions and non-deductible costs.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. The most significant temporary differences arise from the depreciation differences of property, plant and equipment, measuring the net assets at Cost. A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

2.7 Leases

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

Policy applicable from 1 April 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 April 2019.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of machines and equipment and vehicles, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

- Lease payments included in the measurement of the lease liability comprise the following:
 - fixed payments, including in-substance fixed payments;

- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Policy applicable before 1 April 2019

For contracts entered into before 1 April 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
 - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
 - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
 - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

In the comparative period, as a lessee, the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's consolidated balance sheet. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the

lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

2.8 Property, plant and equipment

Property, plant and equipment include all expenditure of a capital nature and are stated at cost less accumulated depreciation and any impairment losses. Depreciation is calculated according to the straight-line method, with the rate depending on the expected useful life of the asset concerned. No allowance is made for residual values. The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Assets held for sale are valued at the lower of book value and market value, less sales costs. The term of depreciation is generally:

- Accommodations: 25 years
- Buildings: 30 years
- Moulds and formers: 4 years
- Furniture and fixture: 4-10 years
- Plant and machinery: 10-25 years

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

2.9 Intangible assets

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Capitalised costs are written-down over estimated useful lives, which is 6 years. The depreciation takes place on the straight-line basis.

Software is valued at historical cost less accumulated depreciation. It mainly consists of customised software, which is depreciated according to the straight-line method, with the rate depending on the expected useful life of the asset concerned (5 years).

Brand name rights have no foreseeable limit to the period over which they are expected to generate net cash inflows for the entity.

For intangible assets with indefinite lives, no indications for impairment are applicable, but instead every year an impairment test calculation is made.

The residual value, useful life and amortization /depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

2.10 Impairment or disposal of tangible and intangible fixed assets

On each balance sheet date, Apollo Tyres B.V. tests whether there are indications that an individual non-current asset may be subject to impairment. If there are such indications, the recoverable amount of the asset involved is estimated in order to determine the extent to which impairment may apply.

If it is not possible to determine the recoverable amount of the individual asset, then Apollo Tyres B.V. determines the recoverable amount of the cash-generating unit to which the asset belongs. Impairment applies if the carrying value of an asset exceeds its recoverable amount. The recoverable amount is equal to the fair value less cost to sell or value in use (business value), whichever is the greater, the business value being the present value of the expected future cash flows from the use of the asset and its ultimate disposal. Impairment is charged to the income statement in the period in which it occurs, unless it relates to a revalued asset at acquisition date due to an acquisition of an entity or a group of entities. Impairment testing for brand names results in more than significant head room. In that case, the impairment is accounted for as a reduction of revaluation.

2.11 Inventories

Raw materials and consumables are valued at the lower of purchase price and net realizable value. The purchase price is calculated according to the "first in first out" method. Finished products and goods in progress are valued at the lower of cost and net selling price. General costs not relating to production, sales and financing costs are not taken into account.

Standard cost is applied to finished goods and includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity.

Finished goods inventory is valued at the lower of Cost and Net realisable value. Net realisable value is the higher of net selling price and the value in use.

2.12 Financial instruments

I. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

II. Classification and subsequent measurement

Financial assets – Policy applicable from 1 April 2018

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets (see note 13). On initial recognition, the company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment: Policy applicable from 1 April 2018

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Subsequent measurement and gains and losses: Policy applicable from 1 April 2018.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

III. Derecognition

Financial assets

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire. The company also derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

IV. Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis

or to realize the asset and settle the liability simultaneously.

V. Derivative financial instruments and hedge accounting

The company holds derivative financial instruments to hedge its foreign currency risk exposures. Derivatives are initially measured at fair value. Fair value of the derivatives is equal to inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly (level 2). Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss. The company does not apply hedging accounting.

Financial and non-financial contracts may contain terms and conditions that meet the definition of derivative financial instruments. Such an agreement is separated from the host contract if its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms and conditions as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value with changes in fair value recognized in the profit and loss account.

VI. Impairment

Non-derivative financial assets: Policy applicable from 1 April 2018

Financial instruments and contract assets

The company recognises loss allowances for Expected Credit Losses (ECLs) on:

- financial assets measured at amortized cost; and
- contract assets.

The company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

The company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

Credit-impaired financial assets

At each reporting date, the company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the company on terms that the company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The company makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the company's procedures for recovery of amounts due.

2.13 Pension liabilities

Defined contribution plan Apollo Vredestein B.V

At reporting date, employees of Apollo Vredestein B.V. participated in defined contribution pension plan. Under this pension plan, fixed contributions are paid to the Insurance Company. Apollo Vredestein B.V. has no legal or constructive obligation to pay further contributions and the insurance service provider is responsible to hold sufficient assets to pay all employee benefits relating to employee service. Contributions that will not be settled within 12 months are discounted and recognized as liability.

Defined benefit plan Apollo Vredestein GmbH

At reporting date, employees of Apollo Vredestein GmbH participated in defined benefit pension plan. This plan augments the pension provided by the state and provides additional support for the employees in the case of early disability or for surviving relatives in case of the death of an employee. Employees are entitled to this pension plan after 5 years of employment. The benefits of the defined benefit pension plan in Germany are based primarily on years of service and employees' compensation. The mortality level was assessed in accordance with the German Mortality table 2005 G Heubeck. Independent actuary carries out valuation of the obligation under the pension plan on an annual basis. Past service costs are recognised immediately in the P&L. Actuarial gains or losses are recognised in the other comprehensive income. The present value of the DBO was measured using the projected unit credit method. The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets

2.14 Provisions

Provisions are set aside to cover present legal or constructive obligations, arising from events on or before the balance sheet date, where it is probable that the company will have to meet these obligations and to the extent that the obligations can be estimated reliably. The level of the provisions reflects the best estimate of Apollo Tyres B.V. on the balance sheet date, regarding expected expenditures. The liabilities are discounted to their present value if it falls due after 12 months. Provisions are recognized when a legal or constructive obligation has been incurred which will probably lead to an outflow of resources that can be reliably estimated. Provisions are recognized when it is probable that an outflow of economic resources will be required and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

2.15 Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date

2.16 Equity, reserves and dividend payments

Share capital represents the nominal (par) value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits. Other components of equity include the following:

- *Actuarial gains or losses on pension plans* – comprises the actuarial losses from changes in demographic and financial assumptions and the return on plan assets.

Apollo Tyres B.V.

Annual Accounts 2019-2020

- *Translation reserve* – comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into EURO.
- *Retained earnings* include all current and prior period retained profits and share-based employee remuneration.

All transactions with owners of the parent are recorded separately within equity.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

2.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs

2.18 Cash Flow Statement

The cash flow statement is prepared using the indirect method. The cash balance in the cash flow statement consists solely of immediately available cash. Cash flows in foreign currencies are translated using the exchange rate on the transaction date. Cash dividends are included in the cash flow from financing activities. The costs of acquisitions and other investments, as long as paid in cash, are included in cash from investing activities. Currency translation effects on foreign operations are presented in the cash flow statement in order to achieve reconciliation between the cash and cash equivalents at the beginning and the end of the period.

2.19 Information by segment

IFRS 8 requires Apollo Tyres B.V. to identify operational segments separately based on internal reports that are regularly reviewed by the management in order to allocate resources to the segments and to assess their performance. Apollo Tyres B.V. identifies only one operational cash generating unit: Europe. Sales and activities outside Europe are marginal.

2.20 Subsequent events

In view of the current macro economic environment and in order to improve financial performance of the Company, the management has prepared a plan ("the Plan") to change the product mix & sourcing mix and its resultant impact on the current work force of the Company. The management has approached the Works Council for advice on the Plan and this consultation process is currently in progress. Accordingly, no adjustments to these financial statements are considered necessary at this stage.

3. Property, plant and equipment

(Euro x 1,000)	Land & accommodations	Building	Moulds & formers	Assets under construction	Furniture & Fixture	Plant & Machinery	Total
GROSS BLOCK							
Balance as at 31 March 2018	25.560	141.411	102.184	217.169	9.518	625.013	1.120.855
Additions	33	28.328	9.967	-95.141	187	101.189	44.564
Disposals			-12.552		-99	-2.985	-15.635
Transfer		553				-553	-
Foreign currency translation	-168	-2.311	-196	-5.384	2	-5.323	-13.379
Balance as at 31 March 2019	25.425	167.982	99.404	116.644	9.609	717.341	1.136.404
Additions	84	620	206	9.561	352	6.607	17.430
Disposals			-1.380		-41	-112	-1.533
Transfer		6.017	3.314	-72.252	422	63.007	508
Foreign currency translation	-683	-12.302	-1.328	-12.040	-46	-31.644	-58.044
Balance as at 31 March 2020	24.826	162.316	100.216	41.913	10.296	755.198	1.094.765
Accumulated depreciation							
Balance as at 31 March 2018	2.169	32.034	887.128		6.480	322.700	450.511
Depreciation for financial year	160	2.894	6.999		634	21.134	31.821
Disposals			-12.520		-94	-2.985	-15.598
Foreign currency translation		231	-176		6	-463	-401
Balance as at 31 March 2019	2.329	35.158	81.431		7.027	340.387	466.333
Opening balance adjustment						-574	-574
Depreciation for financial year	160	3.064	7.514		624	24.810	36.171
Disposals			-746		-41	-71	-858
Transfer		371	-1.428		7	1.050	-
Foreign currency translation		-514	-900		-4	-2.792	-4.209
Balance as at 31 March 2020	2.489	38.080	85.871		7.613	362.809	496.863
Balance NET BLOCK as at 31 March 2020	22.337	124.237	14.345	41.913	2.683	392.389	597.903
Balance NET BLOCK as at 31 March 2019	23.096	132.823	17.973	116.644	2.582	376.954	670.072

Property, plant and equipment are primarily valued at cost.

The tangible fixed assets have an assessed value of EUR 972 million for insurance purposes as at 31 March 2020. For the company's Hungarian subsidiary, all the assets under construction have also been insured under the All Risk Insurance cover.

4. Leases

The Group distinguishes three types of leases:

- Premises: warehouses and offices. Contracts typical run for multiple year periods and have extension options.
- Machines and equipment: comprise different types of operational and warehousing machines and equipment
- Lease cars.

Information about leases for which the Group is a lessee is presented below. For accounting policy see Note 2.

Right-of-use assets

(Euro x 1,000)	Premises	Lease cars	Machine and equipment	Total
Carrying amount at 1 April 2019	-	-	-	-
Recognition of right-of-use assets on initial application of IFRS 16	18.562	2.838	802	22.202
Adjusted balance at 1 April 2019	18.562	2.838	802	22.202
Investments	584	1.561	2.085	4.230
Depreciation	-3.777	-1.578	-1.444	-6.798
Carrying amount at 31 March 2020	15.369	2.821	1.443	19.633

Lease liabilities

(Euro x 1,000)	Premises	Lease cars	Machine and equipment	Total
Balance at 1 April 2019	-	-	-	-
Recognition of lease liabilities on initial application of IFRS 16	18.562	2.838	802	22.202
Adjusted balance at 1 April 2019	18.562	2.838	802	22.202
Additions	584	1.561	2.085	4.230
Repayments	-3.689	-1.595	-1.468	-6.752
Interest charged to the income statement	189	32	35	256
Balance at 31 March 2020	15.646	2.836	1.454	19.936

Amounts recognised in profit or loss

(Euro x 1,000)	Premises	Lease cars	Machine and equipment	Total
Depreciation of right-of-use assets	3.777	1.578	1.444	6.798
Interest on lease liabilities	189	32	35	256
Total	3.966	1.610	1.479	7.055

Ageing of lease liabilities

(Euro x 1,000)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
As at 31 March 2020				
Lease liabilities	5.309	4.558	6.639	3.430

EXTENSION OPTIONS

Some leases contain extension options exercisable by the Group. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

LEASE EXPENSES IN OUR OPERATING EXPENSES

The total amount in our operating expenses related to short-term leases, low value assets and expenses related to variable lease payments not included in the measurement of lease liabilities is € 0.5 million.

5. Intangible Assets

(Euro x 1,000)	Develop- ment	Brand names	Software	Total
As at 31 March 2018				
Cost	70.101	12.900	27.850	110.852
Depreciation	-33.687	-	-18.428	-52.115
Book value	36.414	12.900	9.425	58.737
<i>Changes in book value</i>				
Investments	11.460	-	397	11.857
Divestments				
- Acquisition value			-26	-26
- Depreciation			26	26
Depreciation for financial year	-5.401	-	-2.634	-8.035
Balance	6.059	-	-2.237	3.822
As at 31 March 2019				
Cost	81.561	12.900	28.224	122.685
Depreciation	-39.088	-	-21.036	-60.124
Book value	42.474	12.900	7.188	62.561
<i>Changes in book value</i>				
Investments	12.285	-	156	12.440
Transfer			-452	-452
Divestments			-	
Currency translation difference			136	136
Depreciation for financial year	-5.997	-	-2.684	-8.681
Balance	6.288	-	-2.845	3.443
As at 31 March 2020				
Cost	93.846	12.900	27.420	134.166
Depreciation	-45.085	-	-23.585	-68.669
Book value	48.762	12.900	3.835	65.496

An impairment test on the Brand names was carried out as at Mar 31, 2020, details of the test are outlined in table below. Based on the present value calculation, no impairment is deemed necessary

Test method	"Relief from Royalty method" -
Discount Rate	8.2%
Growth Rate	0% - 2.0%
Book Value (Eur'000)	12.900
Number of years for which cash flows were considered to calculate DCF	5 year
Test Result	No Impairment Loss

Management is not currently aware of any other reasonably possible changes to key assumptions that would cause a unit's carrying amount to exceed its recoverable amount.

6. Deferred tax

(Euro x 1,000)	As at 31 March 2020	As at 31 March 2019
Deferred tax asset movement		
At beginning of the year as previously reported	3.567	7.956
Current year charge	-1.186	-4.389
At end of the year	2.381	3.567

(Euro x 1,000)	As at 31 March 2020	As at 31 March 2019
Deferred tax liability movement		
At beginning of the year as previously reported	32.286	36.839
Current year charge	-6.145	-4.553
At end of the year	26.141	32.286

Deferred tax	Period ended 31 March 2020	Period ended 31 March 2019
Deferred tax assets:		
Tax losses carried forward	7.636	1.448
Pension benefit plans and jubilee provision	2.065	1.436
Non deductible interest	197	-
Profit elimination of unsold stock at subsidiaries	444	324
Lease Liability	4199	
Others	82	359
Gross Deferred Tax Asset	14.622	3.567
Set Off Deferred Tax Liability	(12.241)	-
Total Deferred tax asset	2.381	3.567
Deferred tax liability		
Property, plant and equipment	32.598	28.109
Pre-operatives	2.577	3.469
Brand names	2.832	707
Intangible Assets	374	-
Gross Deferred Tax Liability	38.381	32.286
Set off Deferred Tax Asset	(12.241)	-
Total Deferred tax liability	26.141	32.286
Net deferred tax liability	23.760	28.719

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. The

most significant temporary differences arise from the depreciation differences of property, plant and equipment, pension liability and taxable losses carried forward. Brand names have no fiscal value.

7. Other non-current assets

(Euro x 1,000)	As at 31 March 2020	As at 31 March 2019
Rent deposits	330	344

The amortized cost approximates fair value.

8. Inventories

(Euro x 1,000)	As at 31 March 2020	As at 31 March 2019 (*)
Raw materials	13.545	15.941
Work in progress	4.830	11.687
Finished & Traded goods in stock	85.260	91.148
Finished & Traded goods in transit	7.952	7.759
Consumable stores	10.852	10.026
Total	122.439	136.561

*) Reclassified for comparison purposes

Part of inventories have been ceded as security for liabilities of the company. The cost of inventories recognized as an expense during the year in respect of continuous operations was EUR 213 million. Inventories include an allowance for slow moving/obsolete stock of EUR 0.8 million (2019:1.1 million).

9. Trade receivables

(Euro x 1,000)	As at 31 March 2020	As at 31 March 2019
Trade receivables	76.783	94.025
Allowance for doubtful debts	-5.089	-4.663
Total	71.700	89.362

All trade receivables shorter than a year are valued at nominal value, which is a reasonable approximation of fair value of the receivables. The credit period generally ranges from 14 days to 90 days and customer loses the incentive if not paid in time. Apollo Tyres B.V. has no significant concentrations on credit risks. It has a policy which prevent sales to customers with a below standard credit history. Apollo Tyres B.V. has also a good credit management team, which is responsible for overdue receivables. Credit limit is granted after assessing the credit worthiness of customer. Credit report from independent credit rating agency like Credit Safe or equivalent is used. Trade receivables disclosed above include amounts that are past due at the end of the reporting period for which no allowance for doubtful debts has been recognized because there has not been a significant change in credit quality and the amounts are still considered recoverable.

Receivable balances that are held to collect are subsequently measured at amortized cost and are subject to impairment as explained in the impairment section of this note. The company derecognizes receivables on entering into factoring transactions if the company has transferred substantially all risks and rewards or if the company does not retain control over those receivables.

The Net Receivable position as at 31 Mar 2020 includes an amount of Eur 31.9 million (2019: Eur 32.3 million) received under the Non recourse Purchase of Eligible Receivables agreement

Ageing of past due but not impaired receivables

(Euro x 1,000)	As at 31 March 2020	As at 31 March 2019
0 - 60 days	7.624	11.023
61 - 180 days	681	1.674
more than 180 days	575	169
Total	10.833	12.866

The total not past due for FY 2019-20 amounts to Eur 60.9 million euro. This amount includes an amount of Eur 13.1 million due from Apollo Group companies.

Movement in the allowance for doubtful debts

(Euro x 1,000)	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of the year	-4.663	-4.808
Movement to allowance recognized in statement of income	-683	-257
Amounts written off during the year as uncollectible	257	401
Balance at end of year	-5.089	-4.663

10. Cash and bank balances

(Euro x 1,000)	As at 31 March 2020	As at 31 March 2019
Cash at bank	43.493	31.907

Cash is at free disposal of the company. Negative balances are included as debt (see note 18).

11. Other current assets

(Euro x 1,000)	As at 31 March 2020	As at 31 March 2019
Prepayments	6.188	2.937
VAT recoverable	8.070	4.269
Other receivables	921	572
Total	15.179	7.777

12. Corporate tax (receivable/payable)

(Euro x 1,000)	As at 31 March 2020	As at 31 March 2019
Corporate Advance Tax Paid	43	7.251
Provision for tax	-778	-495
Net corporate tax position	-735	6.755

The corporate income tax position is netted by country and jurisdiction.

13. Total group equity

Reference is made to the note on shareholders' equity in the company financial statements for a detailed note on the share of the legal entity in the group equity.

14. Derivative financial assets and liabilities

(Euro x 1,000)	As at 31 March 2020	As at 31 March 2019
Current assets relating to derivative financial instruments	1.118	4.586
Current liabilities relating to derivative financial instruments	-1.132	-4.625
Total net position	-14	-39

All derivatives relate to forward foreign currency contracts. The carrying amounts of the various derivatives at 31 March 2020 were equal to their fair values.

Forward exchange contracts hedge the risk of volatility of future trade activities in foreign currencies. The amount disclosed relates mainly to positions in EUR-GBP.

See note 29 for more information on risk management and financial instruments. We do not apply hedge accounting for derivative financial instruments.

15. Pension Liabilities

The pension liability as recorded in the balance sheet relates to the defined benefit plan of Apollo Vredestein GmbH in Germany and defined contribution plan of Apollo Vredestein B.V. in the Netherlands. For the defined benefit plan an actuary of a certified actuarial firm performed plan of Apollo Vredestein GmbH an actuarial calculation.

At reporting date, employees of Apollo Vredestein B.V. participated in defined contribution pension plan. Under this pension plan, fixed contributions are paid to the Insurance

Apollo Tyres B.V.

Company. Apollo Vredestein B.V. has no legal or constructive obligation to pay further contributions and the insurance service provider is responsible to hold sufficient assets to pay all employee benefits relating to employee service. Contributions that will not be settled within 12 months are discounted and recognized as liability.

The pension liability Apollo Vredestein GmbH is valued using the German Law on Modernisation of Accounting Regulations (BilMoG). The entity has no specific (governance) responsibilities with regards to the plan. As the plan is state operated, no entity specific / plan specific risk are applicable other than described above. The valuation method applied is based on the project unit credit method. The 2018 G Standard Tables of Prof. Dr. Heubeck are used as biometric basis. The service period is limited to 40 years resulting in a maximum yearly entitlement (for the first 5 years of credited service) of 0.60% of Average Pay up to the final average social security contribution ceiling (SSCC) and 15% of Average pay exceeding the final average SSCC. For each year of credited service exceeding 5 years there is an entitlement of 0.40% of Average Pay up to the final average SSCC and 1% of Average pay exceeding the final average SSCC. For each year of credited service there is an entitlement of 0.40% of Average Pay up to the final average SSCC and 1.20% of Average pay exceeding the final average SSCC.

(Euro x 1,000)	As at 31 March 2020	As at 31 March 2019
Pension liabilities		
Defined benefit plan	10.817	8.652
Defined contribution plan	-	804
At end of the year	10.817	9.456

Extracts of defined benefit plan are as follows:

Assumptions Apollo Vredestein GmbH	Period ended 31 March 2020	Period ended 31 March 2019
Inflation	1.75%	1.75%
Indexation non-active members	1.75%	1.75%
Mortality table	Heubeck 2018G	Heubeck 2005G
Individual salary increase (dependent on age)	3%	3%
Discount rate	0.6%	1.80%

Defined benefit pension plan (Euro x 1,000)	As at 31 March 2020	As at 31 March 2019
Defined benefit obligation		
Balance at beginning of the year	-8.652	-8.286
Service costs	-203	-222
Interest expense	-153	-155
Benefits paid	275	265
Remeasurements due to experience	98	-6
Remeasurements due to demographic assumptions	-	-96
Remeasurements due to change in financial assumptions	-2.182	-152
Balance at end of year	-10.817	-8.652

Net balance pensions liability

Defined benefit obligation		
Plan assets		
Unfunded status	-10.817	-8.652
Net balance pensions liability	<u>-10.817</u>	<u>-8.652</u>

Movement of net liability

Balance at beginning of the year	-8.652	-8.286
Service cost		
<i>Past service cost</i>		
<i>Current service cost</i>	-204	-222
Interest expense	-153	-155
Defined benefit cost recognized in profit and loss	<u>-357</u>	<u>-377</u>
Defined benefit cost recognized in OCI	-2.083	-181
Benefits paid / contributions paid	275	265
Other adjustments	-	-73
Balance at end of the year	<u>-10.817</u>	<u>-8.652</u>

The defined benefit cost recorded in profit and loss is recognized in the income statement. The key assumptions regarding the calculation of the defined benefit obligation are included below. These summarize the effects on the defined benefit obligation if there would be a change in the assumption mentioned.

Sensitivity analysis	Change in assumption	Change in defined benefit obligation
Discount rate	Increase by 1.00%	-17.27%
Salary increase	Increase by 0.50%	+1.69%
Inflation	Increase by 0.25%	+3.46%

Maturity profile (Euro x 1,000)

Expected payments during fiscal year ending 31/03/2021	281
Expected payments during fiscal year ending 31/03/2022	284
Expected payments during fiscal year ending 31/03/2023	283
Expected payments during fiscal year ending 31/03/2024	289
Expected payments during fiscal year ending 31/03/2025	296
Expected payments during fiscal year ending 31/03/2026 through 31/3/2030	1.667

Analyses of Defined Benefit Obligation by Participant Category (Euro x 1,000)

Active participants	4.015
Deferred participants	1.860
Pensioners	4.943

Expected Contributions for the period ending 31/03/2020

Apollo Tyres B.V.

Annual Accounts 2019-2020

Employer	0
Plan participants	0

Weighted average Duration of Defined Benefit Obligations: 19.17 years

Asset information	Allocation percentage 31/03/2020 Quoted	Allocation percentage 31/03/2020 Unquoted	Allocation percentage 31/03/2020 Total
Equity and debt securities			
Cash and cash equivalents			
Derivatives			
Other		100%	100%
Total		100%	100%

16. Other non-current liabilities

(Euro x 1,000)	As at 31 March 2020	As at 31 March 2019
Deferred Subsidy Income	40.897	45.706
Jubilee benefits	1.971	2.189
Total Provisions	42.868	47.895

Jubilee Benefits

There is a jubilee scheme in place for all employees of Apollo Tyres B.V. on Dutch payroll. For 12.5, 25 and 40 years of service, benefits are paid to the personnel.

For the provision as at Mar 31, 2020, following was considered: Salary Increase: 2.5%, Discount Rate: 1.5%, Retirement Age: 65 years & Retention rate: 6.4%

Risks in the case of claims and legal action are monitored closely and where necessary provisions are made.

Movement in the Jubilee provision

(Eur x 1,000)	As at 31 March 2020	As at 31 March 2019
Opening balance	2.189	2.124
Increase /(Release) during the current year	-218	65
Closing balance	1.971	2.189

Deferred Subsidy Income

The group has successfully completed its greenfield project in Gyöngyöshalász, Hungary for manufacturing of Passenger car & Commercial vehicle tyres. For this project Apollo Tyres (Hungary) Kft. (ATH Kft) had entered into an agreement for grant with the Ministry of National Development, Government of Hungary on June 30, 2014. The Project start date for this investment is June 23, 2014 and the Investment completion date is December 31, 2019. ATH Kft has informed to the authority for project completion within original stipulated time. The plant is under production ramp up phase. This grant is subject to fulfillment of certain obligations by ATH Kft.

As ATH Kft has fulfilled its periodical obligations as per the incentive agreement, an amount of HUF 722 Million (2019: HUF 3.394 Million) has been received during the year, being the eligible amount of grant during the year. This amount has been accounted as deferred revenue included in Other non-current liabilities.

Out of the total grant, HUF 699 Million (2019: HUF 517 Million) has been amortized during the year to profit & loss account as other income. Amortisation of grant is based on relevant assets depreciation which have been subsidised. The un-amortized portion of grant is HUF 14.686 Million (2019:HUF 14.662 Million) has been retained in deferred revenue under Other non-current liabilities.

Movement in Deferred subsidy income

(Eur x 1,000)	As at 31 March 2020	As at 31 March 2019
Opening balance	45.706	37.703
Effect of translation difference opening balance	-4.876	-975
Receipt during the year	2.181	10.589
Amortization during the year	-2.114	-1.611
Closing balance	40.897	45.706

17. Trade and other payables

(Euro x 1,000)	As at 31 March 2020	As at 31 March 2019
Trade payables	53.036	57.293
Payable to related parties	29.014	40.439
Payables related to Capital Goods	10.823	18.637
Sales deductions	10.163	9.958
Interest accrued but not due	390	653
Tax & social premiums	9.057	6.170
Other Employees Payable	2.581	2.839
13th month	1.274	1.291
Leave pay	2.695	2.661
Holiday allowance	3.008	3.045
Statutory payable	7.510	8.768
Other payables and accruals	14.777	17.541
Total trade and other payables	144.328	169.296

The credit period on purchases generally ranges from 15 days to 60 days. Apollo Tyres B.V. has financial risk management policies put in place to ensure that all payables are paid within the pre-agreed credit terms.

No interest is calculated with respect to the payables to related parties given the short term character and periodic settling of balances. No pledges and or securities are applicable.

18. Borrowings

(Euro x 1,000)	As at 31 March 2020	As at 31 March 2019
Long-term borrowings	161.000	180.208
Short-term part of Long term Borrowings	14.000	47.917
Total	175.000	228.125

During the year, the Company and its subsidiary Apollo Tyres (Hungary) Kft. repaid in full the facility loan which was taken previously from a consortium of banks (ABN AMRO Bank N.V., Magyar Export Import Bank Zrt, Raiffeisen Bank Zrt, Standard Chartered Bank and Unicredit Bank Zrt) . During the year, the Company has signed a new financing agreement for the long term loan (EUR 175 Million) with Standard Chartered Bank, the proceeds for which were utilized for repayment of the previous facility loan

Company's subsidiary, Apollo Vredestein B.V has provided guarantee for the loan which is secured by a pledge on the movable tangible assets (other than stock in trade, raw materials and trade receivables) and a mortgage of its Real Estate being the Land and Buildings located in the Netherlands. Company's other subsidiary, Apollo Tyres (Hungary) Kft. has also provided guarantee for the loan which is secured by a pledged of Fixed Assets and movable tangible assets (other than stock in trade, raw materials and trade receivables).

1. The interest rate is based on EURIBOR plus a margin.

Gearing Ratio

(Euro x 1,000)	As at 31 March 2020	As at 31 March 2019
Net debt	131.507	196.218
Equity	518.715	521.809
Net debt to equity ratio	25%	38%

Net debt is defined as the sum of the borrowings and cash and bank balances (see note below). The borrowings include the long-term and short-term borrowings.

Net Debt

(Euro x 1,000)	As at 31 March 2020	As at 31 March 2019
Long Term Borrowings	161.000	180.208
Short Term Borrowings	14.000	47.917
Less: Cash Balance	-43.493	-31.907
Net Debt	131.507	196.218

19. Revenue

IFRS 15 requires Apollo Tyres B.V. to identify operational segments separately based on internal reports that are regularly reviewed by the management in order to allocate resources to the segments and to assess their performance. Apollo Tyres B.V. identifies only one operational cash generating unit: Europe. Sales and activities outside Europe are marginal.

20. Other Income

(Euro x 1,000)	Period ended 31 March 2020	Period ended 31 March 2019
Job Creation Subsidy	462	1.029
Investment Subsidy	2.114	1.611
Royalty Income	33	31
Profit on Sale of Assets	331	48
Others	405	666
Total	3.345	3.385

21. Changes in inventories of finished goods and work in progress

(Euro x 1,000)	Period ended 31 March 2020	Period ended 31 March 2019
Opening Stock		
Work in progress	11.687	6.642
Stock-in-trade	20.983	22.053
Finished goods	77.924	56.732
	110.594	85.427
Closing Stock		
Work in progress	4.830	11.687
Stock-in-trade	7.852	7.759
Finished goods	85.261	91.148
	98.043	110.594
Changes in work in progress and finished goods	12.551	-25.167

22. Raw materials and consumables used

(Euro x 1,000)	Period ended 31 March 2020	Period ended 31 March 2019
Raw materials consumed	136.064	137.075
Purchase of finished goods	64.283	80.865
Total	200.347	217.940

23. Employee expenses

(Euro x 1,000)	Period ended 31 March 2020	Period ended 31 March 2019
Wages, salaries and welfare	132.654	130.689
Pension & social contribution	25.059	26.247
Total employees cost	157.713	156.936

Pension & social contribution include company pension expenses (see note 15).

24. Depreciation, amortisation and other expenses

Depreciation and amortisation expenses

(Euro x 1,000)	Period ended 31 March 2020	Period ended 31 March 2019
Amortisation of intangible assets	8.681	8.035
Depreciation right-to-use assets	6.799	-
Depreciation of property, plant and equipment	36.171	31.821
Total costs	51.651	39.856

Other expenses

(Euro x 1,000)	Period ended 31 March 2020	Period ended 31 March 2019
Stores and spares consumed	4.302	4.762
Power and fuel	9.572	9.594
Repairs and maintenance :-		
- Machinery	6.591	6.876
- Others	5.462	4.855
Travelling, conveyance and vehicle expenses	3.335	3.194
Freight and forwarding	29.985	26.990
Advertisement and publicity	15.991	14.615
Research and development	15.267	17.373
Operating lease rent - property, plant & equipment	1.391	8.815
Corporate charges	4.595	5.468
Other cost	10.206	10.996
Total other operating expenses	108.323	116.151

25. Interest

(Euro x 1,000)	Period ended 31 March 2020	Period ended 31 March 2019
Interest expenses	5.110	4.089
Interest income	-142	-19
Total	4.968	4.071

26. Income tax expense

(Euro x 1,000)	Period ended 31 March 2020	Period ended 31 March 2019
Current taxation	847	-1.513
Deferred taxation	-4.103	-1.361

Total	-3.256	-2.875
--------------	---------------	---------------

Apollo Tyres B.V. forms part of the fiscal unity with Apollo Coöperatief U.A., head of the fiscal unity. Apollo Tyres B.V. is therefore jointly and severally liable for the liabilities of the fiscal unity. The corporate income tax is calculated as if the company was separately liable for tax. The taxation according to the profit and loss account is calculated at applicable rates taking into account permanent and temporary differences. A reconciliation of income tax expense to the tax based on the Dutch statutory rate is as follows:

(Euro x 1,000)	Period ended 31 March 2020	Period ended 31 March 2019
Income before taxes	-12.285	-640
Tax based on Dutch tax rate	-3.071	-160
Other statutory rate of foreign countries	-2.379	-104
Reduction in tax rate	2.451	-2.562
Non-deductible expenses	2.020	311
Dutch R&D tax incentive (innovation box)	-2.560	-61
Recognition of tax effect of previously unrecognised tax losses	266	-149
Changes in estimates related to prior years	45	-144
Others	-28	-6
Total	-3.256	-2.875

The tax effects related to components of other comprehensive income is:

(Euro x 1,000)	Period ended 31 March 2020	Period ended 31 March 2019
Actuarial gains and losses on pension plans	493	74

Below is the detail for the current year deferred taxation:

(Euro x 1,000)	Period ended 31 March 2020
Tax effect of items constituting deferred tax liabilities:	
Deviating valuation property, plant and equipment	1.531
Deviating valuation intangible assets	-38
Pre-operative expenses	-568
Capitalised Interest cost	52
Others	1
Tax effect of items constituting deferred tax assets:	
Carried forward tax loss	-5.848
Profit elimination of unsold stock at subsidiaries	-120
Non-deductible interest	-197

Lease liability		1.326
Deviation valuation employee benefits		-25
Other		-216
		-4.103

27. Financial assets by category

As at March 2020	Amortised costs	FVTPL	FVTOCI	Total
(Euro x1,000)				
Cash and cash equivalents	43.493			43.493
Trade receivables	71.694			71.694
Derivative financial assets		1.118		1.118
Other current assets	15.223			15.223
	130.410	1.118		131.528

As at March 2019	Amortised costs	FVTPL	FVTOCI	Total
(Euro x1,000)				
Cash and cash equivalents	31.907			31.907
Trade receivables	89.362			89.362
Derivative financial assets		4.586		4.586
Other current assets	7.777			7.777
	129.046	4.586		133.632

28. Financial liabilities by category

As at March 2020	Amortised costs	FVTPL	FVTOCI	Total
(Euro x1,000)				
Pension liabilities			10.817	10.817
Trade and other payables	144.323			144.323
Derivative financial liabilities		1.132		1.132
Borrowings	175.000			175.000
	319.323	1.132	10.817	331.272

As at March 2019	Amortised costs	FVTPL	FVTOCI	Total
(Euro x1,000)				
Pension liabilities			9.456	9.456
Trade and other payables	169.296			169.296
Derivative financial liabilities		4.625		4.625
Borrowings	228.125			228.125
	397.421	4.625	9.456	411.502

29. Risk management

General

As a strategy, we target long-term growth in net sales and EBITDA. In addition, we set financial targets for return on average capital employed (based on the operating result). An enabling condition in our policy is a healthy financing structure that maintains a balance between adequate solvency, the leverage of loan capital and sufficient available funding. Our cash flows are strong.

As a result of its activities, Apollo Tyres B.V. is exposed to various financial risks. We apply a group-wide treasury policy for adequate management of our cash flows and financing flows and the financial risks relating to them, including (re)financing risks, currency risks and interest rate risks.

A summary is provided below of the main financial risks relating to our objectives, categorised as liquidity risks, currency risks, interest rate risks and credit risks. We also state how we manage these risks.

Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the company. Apollo Tyres B.V. has adopted a policy of only dealing with creditworthy counterparties. The entity does not transact with entities with a below standard credit history. Apollo Tyres B.V. uses information supplied by credit rating agencies, publicly available financial information and its own trading records to rate its major counterparties. A credit management team continuously monitors the exposure of Apollo Tyres B.V. and the credit ratings of its counterparties. A Risk Management Steering Committee, headed by the President of the company, with representations from all functional heads, embraces the assessment, mitigation and monitoring of credit risks faced by the company. The management steering committee also uses credit insurance in various countries to limit the credit risk.

Trade receivables consist of a large number of customers, spread across diverse geographical areas. It has a policy which prevent sales to customers with a below standard credit history. Credit limit is granted after assessing the credit worthiness of customer. Credit report from independent credit rating agency like D&B or equivalent is used. The credit risk on liquid funds and derivatives is limited because the counterparties are banks with high credit rating assigned by international credit rating agencies.

The company does not require collateral in respect of trade and other receivables. The company does not have trade receivable for which no loss allowance is recognized because of collateral.

The company uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different geographic regions and customer segments.

Apollo Tyres B.V.

Loss rates are based on actual credit loss experience over past periods, adjusted for current conditions and the company's view of economic conditions over the expected lives of the receivables.

The maximum credit risk is equal to the carrying amount of each financial instrument on the balance sheet and relates to the following items :

(Euro x 1,000)	As at 31 March 2020	As at 31 March 2019
Cash and cash equivalents	43.493	31.907
Trade receivables	71.694	89.362
Derivative financial assets	1.118	4.586
Other current assets	15.223	15.028
Total costs	131.528	140.883

Impairment losses on financial assets recognised in profit or loss only relate to trade receivables and were EUR 0.7 million as per 31 March, 2019 (2019: EUR 0.3 million).

Liquidity risk management

Liquidity risk is the risk that Apollo Tyres B.V. is unable at the required time to meet its financial obligations. Ultimate responsible for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the company's short, medium and long-term funding and liquidity management requirements. Apollo Tyres B.V. manages liquidity risk by maintaining adequate reserves and banking facility, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of the financial assets and liabilities. Note 18 set out the details of the borrowing agreements with the banks.

Our borrowings amounted to EUR 175 million as at 31 March 2020, as part of a new financing agreement with Standard Chartered Bank.

The extent of the risk that the ratios agreed with lenders are exceeded is regularly determined. With the present borrowing position of EUR 175 million, the leverage ratio is 2.97 This is within the limit agreed with the various lenders of a maximum debt cover of 4.25 The agreed maximum leverage of 4.5 would be reached if the operating result fell by 30%.

Table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

(Euro x 1,000)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
As at 31 March 2020				
Pension liabilities	1.330	284	868	8.335
Derivative financial liabilities	1.132			
Trade and other payables	144.323			
Borrowings	14.000	14.000	147.000	
As at 31 March 2019				
Pension liabilities	1.085	282	857	7.232

Derivative financial liabilities	4.625		
Trade and other payables	169.296		
Borrowings	47.917	56.250	123.958

Exchange rate risk

Foreign exchange risk arises because future commercial transactions are denominated in a foreign currency (not EUR). The management monitors continually the entity's exposures to foreign currency risks

In addition to the above mentioned transaction related currency risk, the company is also subject to translation related currency risk as a result of consolidation of business units with different functional currencies. The translation related currency risks are not hedged by means of derivatives.

The sensitivity of the operating result of 2019/20 in respect of the currency risk of our positions outside the euro area to a 10% change in the exchange rate of the euro is positive € 1.1 million.

Within the operating result, the negative impact of appreciated foreign currencies on cost of goods sold (transaction impact) are offset by the positive impact of appreciated foreign currencies in translating the operating result of non-EUR business (translation impact). Gains or losses on forward currency contracts (reported in operating result) offset the currency risk from purchasing contracts in foreign currencies from a cash and net profit perspective

Interest rate risk

The company has a management team that continually monitors its exposures to interest rate risks and uses variable rate debt to finance its operations.

Table below presents the impact on profit for the interest-bearing assets and liabilities assuming a market interest rate shift of 0.25%.

Sensitivity analysis		(Euro x 1,000)	
Movement interest rate risk		-0.25%	+0.25%
	Carrying amount	Profit before tax	Profit before tax
Borrowings	175.000	-438	+438

30. Fair value information

Financial instruments by category

The table in note 28 sets out the carrying amount of the various financial instruments by category as at the balance sheet date

Method for fair value measurement of financial instruments

We use a three-level fair value hierarchy:

Level 1

The financial asset at fair value through profit or loss is measured by reference to quoted prices in an active market. At the end of 2020 the company had no assets in this category.

Level 2

As there are no external market prices on which to base the value of receivables, and borrowings, their fair value is determined from generally accepted valuation models. The value determined in this way is equal to the price at which the derivative can be sold in a transparent market. We set the values regularly in consultation with accepted external market parties.

For the valuation of forward currency contracts, the future cash flows in the contract currency are discounted at a rate based on the term and contract currency. The present value at the balance sheet date in the contract currency is translated at the closing exchange rate ruling on the same day.

Level 3

Financial instruments carried at fair value determined by reference to input that is not based on observable market data only apply to the pension liabilities in relation to the defined benefit plans in Germany.

The other receivables, borrowings and commitments are carried at amortised cost. The fair value of the long-term bank liabilities does not materially differ from the carrying amount as the margins were adjusted to market levels in 2015. The fair values of the other items do not differ materially from their carrying amount.

The following table summarizes the assets and liabilities categorized by this hierarchy. The table summarizes only the fair value measurement that has not been previously disclosed. The valuation technique used to describe level 3 measurements has been disclosed in note 15.

At 31 March 2020				(Euro x 1,000)
	Level 1	Level 2	Level 3	Total
Borrowings			175.000	175.000
Derivative financial liabilities		1.132		1.132
Derivative financial assets		1.118		1.118
Pension liability			10.817	10.817

31. Auditor's remuneration

(Euro x 1,000)	Period ended 31 March 2020	Period ended 31 March 2019
Audit fee	499	484
Other auditing services	-	26
Total auditor's remuneration	499	510

The auditor's remuneration is charged to the financial year for which the audit was performed.

32. Board of directors and all key personnel's remuneration

(Euro x 1,000)	Period ended 31 March 2020	Period ended 31 March 2019
Board of directors' remuneration	866	1.314
Post-employment benefits	27	61
Other benefits	-	-
Termination benefits	-	-
Share-based payment benefits	-	-
Total Board of directors remuneration	893	1.375

Key management compensation	2.040	1.551
Total board and key personnel remuneration	2.933	2.926

No loans, advances or guarantees have been issued in favour of members of the board.

33. Related parties

33.1 Related party indebtedness

This note is related to intercompany balances between Apollo Tyres B.V. and companies that are ultimately controlled by Apollo Tyres Ltd (ultimate parent). Intercompany balances between Apollo Tyres B.V. and its subsidiaries (other related transactions) have been eliminated. Related party transactions were made on terms equivalent to transactions with third parties. Management has assessed the collectability of receivables from related parties.

(Euro x 1,000)	Period ended 31 March 2020	Period ended 31 March 2019
Receivable from:		
Reifencom GmbH	5.456	6.698
Apollo Tyres AG Switzerland	-	7
Apollo Tyres (Germany) GmbH	-	23
Apollo Tyres Global R&D	2.949	4.556
Apollo Tyres Thailand	2	-
Apollo Tyres Middle-East	-5	13
Apollo Tyres Limited, India (ultimate parent)	2.189	958
Apollo Tyres South Africa	569	452
Vredestein Tyres North America Inc.	2.035	3.507
Total Receivables	13.196	16.215
Payable to:		
Apollo Tyres Germany GmbH	54	181
Saturn F1	45	140
Reifencom GmbH	348	-
Apollo Tyres Coop	1.182	1.085
Apollo Tyres Brasil	301	301
Apollo Tyres Global R&D	14.519	16.387
Apollo Tyres UK	1.711	2.109
Apollo Tyres Limited, India (ultimate parent)	5.322	12.275
Apollo Tyres Singapore	5.347	7.588
Apollo Tyres Middle East	5	
Apollo Tyres Malaysia	1	
Apollo Tyres AG, Switzerland	181	372
Total Payables	29.014	40.439

No interest is calculated with respect to the payables to related parties given the short term character and periodic settling of balances. No pledges and or securities are applicable.

33.2 Related party transactions – Income

Apollo Tyres B.V.

Annual Accounts 2019-2020

(Euro x 1,000)	Period ended 31 March 2020	Period ended 31 March 2019
Apollo Tyres South Africa	299	542
Apollo Tyres Middle-East	410	379
Apollo Tyres Thailand	79	4
Apollo Tyres Limited, India (ultimate parent)	1.495	2.719
Vredestein Tyres North America Inc.	11.313	11.572
Apollo Tyres Malaysia	22	-
Reifencom GmbH	17.494	14.195
Total	31.112	29.410

33.3 Related party transactions – Expenses

(Euro x 1,000)	Period ended 31 March 2020	Period ended 31 March 2019
Apollo Tyres UK	5.127	7.775
Apollo Tyres Global R&D (sister)	27.195	27.901
Apollo Tyres Limited, India (ultimate parent)	27.510	33.360
Apollo Tyres AG, Switzerland (sister)	957	1.342
Apollo Tyres Singapore	23.156	24.237
Apollo Tyres Germany GmbH	774	895
Reifencom GmbH	155	494
Saturn F1	92	268
Total	84.966	96.272

34. Average number of employees

	Period ended 31 March 2020	Period ended 31 March 2019
Direct departments (production)	1.948	1.850
Non-direct departments	411	476
Total in the Netherlands	2.359	2.326
Other countries	169	169
Total average number of employees	2.528	2.495

35. Capital commitment

35.1 Capital commitment

(Euro x 1,000)	Period ended 31 March 2020	Period ended 31 March 2019
Capital commitment	10.431	13.338

35.2 Other commitments not shown in the balance sheet

The Group initially applied IFRS 16 at 1 April 2019, using the modified retrospective approach. Under this approach, comparative information is not restated (see Note 4). In 2019, Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most of its leases, i.e. these leases are on-balance sheet. As of 31 March 2019, under IAS 17, the contractual obligation under the leases contracts were included in the commitments not shown in the balance sheet as presented in the table below.

The Group used a practical expedient when applying IFRS 16 for low value and short-term leases. Commitments on low value leases and short term leases are therefore still included in the commitments not shown in the balance sheet as at 31 March 2020.

Furthermore the commitments not shown in the balance sheet comprise of other operating commitments, committed capital expenditure and other financial commitments. The commitments not shown in the balance sheet amounted to almost zero at 31 March 2020.

(Euro x 1,000)	Period ended 31 March 2020	Period ended 31 March 2019
Due in year one	623	6.047
Due between years two and five	627	11.235
Due after five years	-	3.537
Total	1.250	20.819

36. Contingent liabilities

The company had no contingent liabilities as per end of March 2020 (March 2019:0). The company provided securities for the rent of buildings (€995K) in the form of bank guarantees.

Company financial statements

Company financial statements

Company statement of financial position

Before profit appropriation

(Euro x 1,000)	Notes	Period ended 31 March 2020	Period ended 31 March 2019
Assets			
Non-current assets			
Investment in subsidiaries	1	679.044	625.812
Other non-current assets		822	1
Total non-current assets		679.866	625.813
Current assets			
Receivables from group companies	2	6.752	6.959
Other current assets	3	4.021	2
Cash and bank balances		782	384
Total current assets		11.555	7.345
Total assets		691.421	633.158

(Euro x 1,000)	Notes	Period ended 31 March 2020	Period ended 31 March 2019
Equity and liabilities			
Total equity	4	513.984	517.184
Non-Current Liabilities			
Borrowings	5	161.000	92.708
Total non-current liabilities		161.000	92.708
Current liabilities			
Provisions		-	347
Borrowings	5	14.000	22.917
Other current liabilities		2.437	2
Total current liabilities		16.437	23.266
Total equity and liabilities		691.421	633.158

Company statement of income

(Euro x 1,000)	Notes	Period ended 31 March 2020	Period ended 31 March 2019
Result from investment in subsidiaries	6	-10.115	616
Other result after Tax		-2.932	-2.273
Result of the year		-13.047	-1.658

Notes to the separate annual accounts for 2019-20

Valuation principals and accounting policies relating to the determination of the result

The company financial statements of the company are prepared in accordance with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code. We utilise the option afforded by Section 362(8) of Book 2 of the Dutch Civil Code to apply the accounting policies used for the consolidated financial statements to the holding company financial statements, with exception of the valuation for investments in subsidiaries, see Note 1. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs). The policies include those covering the presentation of financial instruments as equity or loan capital. The financial data of Apollo Tyres B.V. are incorporated in the consolidated financial statements. Therefore, an abbreviated income statement is presented for the company under article 2:402 of the Dutch Civil Code.

1. Investments in subsidiaries

Subsidiaries

In accordance with article 2:362 (8) of the Dutch Civil Code, subsidiaries that are included in the consolidation are stated at net asset value, but not lower than nil. Subsidiaries with negative equity value are valued at nil. When the company partially or in whole is liable for the debts of such subsidiary, or has the factual obligation to facilitate that subsidiary for payments of its debts, a provision is formed. This provision is calculated taking into account any bad debt provisions already formed for receivables on such subsidiary. The equity and results of the subsidiaries have been determined in accordance with the accounting policies of Apollo Tyres B.V.

(Euro x 1,000)	Period ended 31 March 2020	Period ended 31 March 2019
Net Position at beginning of year	625.812	607.650
Investments:		
Additional Investment in Apollo Tyres Hungary Kft.	113.801	54.002
Opening FCTR on investment	-	-2.932
Difference in opening balance subsidiaries (tax)	543	-3.045
Dividends	-	-22.900
Other Comprehensive Income	-1.480	-181
Foreign currency translation differences	-49.517	-8.402
Profit for the year	-10.115	616
Adjustment for Negative Participation	-	1.004
Net position	679.044	625.812
Negative Participation	-	-
Net Position at the end of the year	679.044	625.812

Apollo Tyres B.V.

Annual Accounts 2019-2020

- 58 -

--this document is signed digitally--

2. Receivables from Group companies

(Euro x 1,000)	Period ended 31 March 2020	Period ended 31 March 2019
Receivable from Apollo Vredestein B.V.	6.752	6.959

The increase in Group receivables is purely on account of fiscal unity tax allocations.

3. Other current assets

(Euro x 1,000)	Period ended 31 March 2020	Period ended 31 March 2019
Prepaid expenses	4.020	-
Others	1	2
Total	4.021	2

4. Equity

Ordinary shares

Issued

Ordinary shares: 18.000 ordinary shares of EUR 1,00 each.

All shares issued are fully paid and registered.

There were no changes in the share capital.

(Euro x 1,000)	Issued Capital	Share premium reserves	Translation of foreign operations	Legal Reserves	Actuarial gains or losses on pension plans	Retained earnings	Result for the period	Total Equity
Total as at 31 March 2018	18	126.500	-1.696	36.414	-1.426	324.193	7.901	491.904
Result for the period							-1.658	-1.658
Opening balance adjustment						-3.479		-3.479
Other comprehensive income, net of income tax			-8.402		-181			-8.583
Transfers to and from reserves						7.901	-7.901	-
Capital Contribution		39.000						39.000
Total as at 31 March 2019	18	165.500	-10.098	36.414	-1.607	328.615	-1.658	517.184
Result for the period							-13.047	-13.047
Opening balance adjustment						543		543
Other comprehensive income, net of income tax			-49.517		-1.480			-50.997
Transfers to and from reserves						-1.658	1.658	-
Capital Contribution		60.300						60.300
Total as at 31 March 2020	18	225.800	-59.615	36.414	-3.087	327.500	-13.047	513.983

The company's legal reserve amounts to EUR 36.4 million (2019: EUR 36.4). The legal reserves consist of investments in development activities. The legal reserves are non-distributable.

Reconciliation consolidated equity and results to company only equity and results:

(Euro x 1,000)	Result period ended 31 March 2020	Equity per 31 March 2020
Consolidated	(9.029)	518,715
Consolidation adjustments (net of deferred tax):		
Foreign exchange booked on consolidation	-4.468	-
Capitalisation of interest costs charges to the P&L	151	-5.258
Mark-up on IC profits on unsold stock	293	607
Other adjustments	6	-81
Company only	(13.047)	513.983

Proposal for Profit appropriation

The Board of directors did not propose a dividend payout for the current year. The Board of Directors had proposed to add the profit for the financial year to the other reserves of the company.

Appropriation of result for Financial year 2018-19

No dividend has been paid for FY 2018-19.

5. Borrowings

(Euro x 1,000)	Period ended 31 March 2020	Period ended 31 March 2019
Long term and short term Borrowing from consortium of Banks	175.000	115.625
Total	175.000	115.625

During the year, the Company and its subsidiary Apollo Tyres (Hungary) Kft. repaid in full the facility loan which was taken previously from a consortium of banks (ABN AMRO Bank N.V., Magyar Export Import Bank Zrt, Raiffeisen Bank Zrt, Standard Chartered Bank and Unicredit Bank Zrt). During the year, the Company has signed a new financing agreement for the long term loan (EUR 175 Million) with Standard Chartered Bank, the proceeds for which were utilized for repayment of the previous facility loan

Company's subsidiary, Apollo Vredestein B.V has provided guarantee for the loan which is secured by a pledge on the movable tangible assets (other than stock in trade, raw materials and trade receivables) and a mortgage of its Real Estate being the Land and Buildings located in the Netherlands. Company's other subsidiary, Apollo Tyres (Hungary) Kft. has also provided guarantee for the loan which is secured by a pledged of Fixed Assets and movable tangible assets (other than stock in trade, raw materials and trade receivables).

Apollo Tyres B.V.

6. Profit from Investment in Subsidiaries

(Euro x 1,000)	Period ended 31 March 2020	Period ended 31 March 2019
Apollo Vredestein B.V.	-20.313	6.678
Apollo Tyres Hungary Kft.	10.198	-6.062
Total	10.115	616

7. Board of directors and all key personnel's' remuneration

There was no remuneration paid to the Directors of the company in their capacity as Directors. No loans, advances or guarantees have been issued in favour of members of the board.

Post balance sheet events

In view of the current macro economic environment and in order to improve financial performance of the Company, the management has prepared a plan ("the Plan") to change the product mix & sourcing mix and its resultant impact on the current work force of the Company. The management has approached the Works Council for advice on the Plan and this consultation process is currently in progress. Accordingly, no adjustments to these financial statements are considered necessary at this stage.

Signing the financial statements

Amsterdam, The Netherlands, June 23, 2020

The Board of directors:

Benoit Rivallant



Vishal Kumar Mittal



Pallavi Shroff



Rakesh Dewan



Other information

Other information

Provisions of the articles of association concerning profit appropriation

Article 32: profit and distribution of profits

1. The profits shall be at the disposal of the shareholders meeting, subject to the following provisions:
 - a. the company may only make distributions of profits to shareholders to the extent that the shareholders' equity exceeds the paid and called up part of its capital plus the reserves, which are required to be maintained by law;
 - b. distribution of profits may only be made after adoption of the annual accounts showing that the distribution is permissible.
2. The company may make interim distributions provided that the requirements of paragraph I sub a have been met.
3. The shares that the company holds in its own capital shall not be included for the purpose of calculating the profit distribution, unless a right of usufruct has been established on those shares in favour of persons other than the company or if depositary receipts were issued for those shares.
4. As of one month after the declaration, the dividend shall be at the disposal of the shareholders, unless the shareholders meeting determines another term. After five years have passed, the claims shall expire. Dividends that are not disposed of within five years after their becoming available for payment shall revert to the company.
5. A loss may only be offset against the reserves which are prescribed by law to the extent that it is permitted by law.

Independent auditors report

The independent auditors report is stated on the following pages.

To: the shareholders and board of directors
of Apollo Tyres B.V.

Grant Thornton
Accountants en Adviseurs B.V.
Flemingweg 10
P.O. Box 2259
2400 CG Alphen aan den Rijn
The Netherlands
T 088 - 676 90 00
F 088 - 676 90 10
www.gt.nl

INDEPENDENT AUDITOR'S REPORT

A. Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements for the year ended March 31, 2020 of Apollo Tyres B.V., as set out on pages 3 to 61. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Apollo Tyres B.V. as at March 31, 2020, and of its result and its cash flows for 2020 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- the accompanying company financial statements give a true and fair view of the financial position of Apollo Tyres B.V. as at March 31, 2020, and of its result in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- 1 the consolidated statement of financial position as at March 31, 2020;
- 2 the following statements for the year ended March 31, 2020:
the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows; and
- 3 the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- 1 the company balance sheet as at March 31, 2020;
- 2 the company profit and loss account for the year ended March 31, 2020; and
- 3 the notes comprising a summary of the accounting policies and other explanatory information.

Basis for Our Opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the “Our responsibilities for the audit of the financial statements” section of our report.

We are independent of Apollo Tyres B.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern due to Coronavirus

The outbreak of Covid-19 has an impact on Apollo Tyres B.V. We draw attention to page 11 of the financial statements, where management has disclosed the impact the virus already had on Apollo Tyres B.V. and what further impact it expects to have on the company. Management indicates that there is a material uncertainty to continue as a going concern. It also discloses the measures which management has already taken and the measures it intends to take, as well as the facilities made available by the government which it expects to use. The explanatory notes show that it is not reasonably certain to estimate the impact of Covid-19 and significant uncertainties still exist.

We have audited the disclosure on the situation and the related uncertainties and believe that the disclosure is adequate given the situation. There is uncertainty about the ultimate economic impact the Coronavirus will have, due to this there is also a lot of uncertainty from this disclosure. Based on the procedures performed by us and the audit evidence obtained, we believe that taking into account the uncertainties that exist at the time of issuing this auditor's report, the company appropriately discloses the situation in its financial statements and properly reports its financial statements based on the ability to continue as a going concern. Considering this situation, we have issued an unqualified opinion on the financial statements in this auditor's report, in accordance with the audit standards.

B. Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information, that consists of:

- the management board's report;
- other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the management board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

C. Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements .

Our Responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amsterdam, June 23, 2020

Grant Thornton Accountants en Adviseurs B.V.

N.H.B. Jonker
Registeraccountant