


**ANNUAL REPORT
FOR THE YEAR ENDING ON 31 MARCH 2020**

Gyöngyöshalász, May 12, 2020


Prem Chand Ojha
Managing Director

ASSETS	31/03/2019	31/03/2020
A. INVESTED ASSETS	150 479	146 685
<u>I. Intangible assets</u>	816	627
1. Capitalised value of reorganisation	0	0
2. Capitalised R&D	0	0
3. Intellectual properties and rights	816	627
4. Softwares	0	0
5. Goodwill	0	0
6. Advance payment to intangibles	0	0
7. Revaluation of intangibles	0	0
<u>II. Tangible assets</u>	149 663	146 058
1. Land and buildings	44 182	48 139
2. Technological equipments	70 194	81 117
3. Other equipments	4 620	5 512
4. Animals	0	0
5. Fixed assets under construction (FAUC)	29 776	11 228
6. Advance payment to FAUC	891	62
7. Revaluation of Tangibles	0	0
<u>III. Long-term financial assets</u>	0	0
1. Permanent holdings in affiliated parties	0	0
2. Long-term loans given to affiliated parties	0	0
3. Long-term, significant holdings	0	0
4. Long-term loans given to companies with significant holdings	0	0
5. Other permanent holdings	0	0
6. Long-term loans given to companies in other holding relationships	0	0
7. Other long-term loans	0	0
8. Securities representing long-term lending	0	0
9. Value adjustment of financial investments	0	0
B. CURRENT ASSETS	20 218	28 424
<u>I. Stocks</u>	8 652	8 899
1. Raw materials and packagings	2 648	3 393
2. Semi-finished production	1 377	843
3. Living stocks	0	0
4. Finished products	4 627	4 571
5. Merchandises	0	92
6. Advances to stock	0	0
<u>II. Receivables</u>	7 271	15 828
1. Trade debtors	5	0
2. Receivables from affiliated parties	5 898	13 169
3. Receivables from companies with significant holdings	0	0
4. Receivables from companies in other shareholding relationships	0	0
5. Bills receivables	0	0
6. Other receivables	1 368	2 659
<u>III. Securities</u>	0	0
1. Shares and participations of affiliated parties	0	0
2. Significant holdings	0	0
3. Other participations	0	0
4. Own shares, participation	0	0
5. Securities for sale representing credit relationship	0	0
<u>IV. Liquid assets</u>	4 295	3 697
1. Cash, checks	0	0
2. Bank deposits	4 295	3 697
C. PREPAYMENT AND ACCRUED ASSETS	43	39
1. Accrued income	0	0
2. Accrued costs and expenses	43	39
3. Deferred expenses	0	0
TOTAL ASSETS	170 740	175 148

Gyöngyöshalász, May 12, 2020



Prem Chand Ojha
Managing Director

Apollo Tyres (Hungary) Kft.
Balance sheet version "A" as at 31 March 2020
balances in million HUF



<u>LIABILITIES</u>	<u>31/03/2019</u>	<u>31/03/2020</u>
D. SHAREHOLDER'S EQUITY	101 387	146 489
I. Subscribed capital	112	112
of which: repurchased ownership shares at face value	0	0
II. Subscribed but unpaid capital (-)	0	0
III. Capital reserve	122 353	142 195
IV. Retained earnings	- 19 441	0
V. Fix reserve	0	0
VI. Valuation reserve	0	0
VII. Profit/Loss after tax	- 1 637	4 182
E. PROVISIONS	0	0
1. Provisions for expected losses	0	0
2. Provisions for future and contingent liabilities	0	0
3. Other provisions	0	0
F. LIABILITIES	53 515	13 209
<u>I. Subordinated liabilities</u>	0	0
1. Subordinated liabilities to affiliated parties	0	0
2. Subordinated liabilities to companies with significant holdings	0	0
3. Subordinated liabilities to companies with a share-ownership relationship	0	0
4. Subordinated liabilities to other business organizations	0	0
<u>II. Long-term liabilities</u>	28 069	0
1. Long-term loans	0	0
2. Convertible bonds	0	0
3. Debts on the issuance of bonds	0	0
4. Investment and development credits	28 069	0
5. Other long-term loans	0	0
6. Long-term liabilities to affiliated parties	0	0
7. Long-term liabilities to companies with significant holdings	0	0
8. Long-term liabilities to companies with another share-ownership relationship	0	0
9. Other long-term liabilities	0	0
<u>III. Short-term liabilities</u>	25 446	13 209
1. Short-term loans	0	0
of which: convertible bonds	0	0
2. Short-term credits	8 020	0
3. Advances received from customers	0	0
4. Trade creditors	11 457	10 700
5. Bills payable	0	0
6. Short-term liabilities to affiliated parties	5 165	1 636
7. Short-term liabilities to companies with significant holdings	0	0
8. Short-term liabilities to companies with another share-ownership relationship	0	0
9. Other short-term liabilities	804	873
G. ACCRUED EXPENSES AND DEFERRED INCOME	15 838	15 450
1. Accrued income	0	0
2. Accrued costs and expenses	1 176	764
3. Deferred income	14 662	14 686
TOTAL EQUITY AND LIABILITIES	170 740	175 148


Gyöngyöshalász, May 12, 2020


 Prem Chand Dija
 Managing Director

Apollo Tyres (Hungary) Kft.
Profit and Loss statement by total cost method for the year ending 31 March 2020
balances in million HUF

	31/03/2019	31/03/2020
1. Net domestic sales	185	1 316
2. Net external sales	31 262	47 527
I. Net sales revenue	31 447	48 843
3. Variation in stocks of finished goods and in work in progress	3 092	- 1 505
4. Own work capitalized	1 329	0
II. Work performed by the company for its own purposes and capitalized	4 421	- 1 505
III. Other income	878	1 109
of this: impairment loss reversed	0	0
5. Raw materials and consumables	17 049	21 007
6. Value of services consumed	7 464	7 523
7. Value of other services	160	211
8. Cost of goods sold	0	0
9. Value of services sold (mediated)	132	134
IV. Material type costs	24 805	28 875
10. Wages and salaries	3 447	4 518
11. Other personnel costs	1 559	1 780
12. Contributions on wages and salaries	858	962
V. Personnel cost	5 864	7 260
VI. Depreciation	4 702	5 982
VII. Other expenditure	1 755	595
of this: impairment loss	0	0
A. INCOME FROM OPERATIONS	- 380	5 735
13. Dividend and business interests received (due)	0	0
Of this: received from affiliated companies	0	0
14. Exchange gain on the sale of business interests	0	0
Of this: received from affiliated companies	0	0
15. Interest income and exchange gain from financial investments	0	0
Of this: received from affiliated companies	0	0
16. Other interests and interest type income received	0	3
Of this: received from affiliated companies	0	1
17. Other income from financial transactions	933	1 719
VIII. Income from financial transactions	933	1 722
18. Expenses and exchange loss on business shares	0	0
Of this: given to affiliated companies	0	0
19. Exchange loss on financial investments	0	0
Of this: given to affiliated companies	0	0
20. Interest payable and type expenses	495	251
Of this: given to affiliated companies	0	0
21. Impairment loss of business interests, securities, bank deposits	0	0
22. Other expenses on financial transactions	1 695	2 986
IX. Expenses on financial transactions	2 190	3 237
B. PROFIT/LOSS ON FINANCIAL TRANSACTIONS	- 1 257	- 1 515
C. PRE-TAX PROFIT/LOSS	- 1 637	4 220
X. Tax expense	0	38
D. PROFIT/LOSS AFTER TAX	- 1 637	4 182

Gyöngyöshalász, May 12, 2020


 Prem Chand Ojha
 Managing Director

APOLLO TYRES (HUNGARY) KFT
SUPPLEMENTARY NOTES FOR THE YEAR ENDING ON 31 MARCH 2020
All amounts are in million forints unless otherwise indicated

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APOLLO TYRES (HUNGARY) KFT
SUPPLEMENTARY NOTES FOR THE YEAR ENDING ON 31 MARCH 2020
All amounts are in million forints unless otherwise indicated

1. INTRODUCING THE COMPANY

Registered office of business of Apollo Tyres (Hungary) Kft. (hereinafter: the Company):	3212 Gyöngyöshalász, Apollo road 106., Hungary
Year of commencing operations:	2014
Company registration number:	10-09-036536
Founders:	Apollo Tyres B.V.
Owners as at 31 March 2020 and their voting power:	Apollo Tyres B.V. 100,00%
Owner's registered office:	7547 Enschede, Ir. Schiffstraat 370., Netherlands
Subscribed capital as at 31 March 2020:	HUF 112 million
Scope of activity:	Tire, tube manufacturing
Managing Directors of the Company:	Vishal Kumar Mittal, Elysium, 71 Royston Park Road, Hatch End, Pinner, HA5 4AB Middlesex, United Kingdom Benoit Rene-Marie Rivallant, GB W10 6JJ London, 12 Basset Road, United Kingdom Prem Chand Ojha, 1063 Budapest, Szondi street 51. Bld. C., 4th floor, 414. , Hungary
Persons authorized to represent the Company:	Vishal Kumar Mittal, Elysium, 71 Royston Park Road, Hatch End, Pinner, HA5 4AB Middlesex, United Kingdom Benoit Rene-Marie Rivallant, GB W10 6JJ London, 12 Basset Road, United Kingdom Prem Chand Ojha, 1063 Budapest, Szondi street 51. Bld. C., 4th floor, 414. , Hungary

Prem Chand Ojha is leading the Finance & Accounting Department of the Company. Balga Szabolcs (chartered accountant registration number: 181624) is responsible for preparing the Company's annual financial statements as specified in Section 150 (2) of the Accounting Act.

Based on the owner's decision the balance sheet date of the company is 31st March, hence the reporting period is between April 1, 2019 and March 31, 2020.

The statutory auditing of accounting documents is compulsory for the Company. The figures were authenticated by an auditor. The audit fee for financial year 2019-2020 was EUR 35,000.-

The auditor company and the personally responsible auditor:

Grant Thornton Audit Kft.
1134 Budapest, Dévai street 26-28. (ECB Dévai Center)
Company registry number: 01-09-691274
Leveles Ildikó (Chamber of Auditors ID number: 007015)

In accordance with Section 3:119 of the Civil Code, the company formed a Supervisory Board with effect from April 1, 2019.

2. BUSINESS CONDITIONS

The Company was founded by Apollo Tyres group in June 2014. The group of companies employs an approximate 17 thousand persons all around the world and has manufacturing facilities in India and in the Netherlands as well. This greenfield investment in Heves county is not only the latest operational facility of the group but also most modern & automated factory in tyre industry.

COVID-19 update on business

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

The factory was closed for 4 weeks period starting from last week of March 20 to align with sales demand. We also used this time to make new policies & process for working at the site during this outbreak.

The factory has resumed the production from last week of April 20. As of now, Future impact of Covid 19 seems limited and manageable within available resources and government announced measures.

On the basis of our review and assessment in connection with the above, we have concluded that the impacts identified do not have such significant or materially negative impact on the financial and liquidity position of the Company in the short term (for the period of 12 months following the balance sheet date), on the valuation of the assets presented in the balance sheet, as well as on the business operations of the Company in this period that would materially influence or make significantly uncertain the Company's ability to continue as a going concern, or the evaluation of the above at the time of the balance sheet preparation, with respect to the same period.

3. ACCOUNTING POLICY

The Company keeps its books and records in compliance with the Accounting Act and the accounting principles generally accepted in Hungary. The Company's accounting policy, valuation methods and procedures are summarized as follows:

3.1 The basis of accounting

Both the enclosed balance sheet, reflecting the financial position of the Company as at 31 March 2020, and the income statement from April 1, 2019 to March 31, 2020 have been prepared in accordance with the provisions of the Act.

3.2 Balance sheet preparation date

For period ending March 2020, the Company designated April 15 of the year following the balance sheet date as the balance sheet preparation date in accordance with the provisions of the Accounting Policy.

3.3 Major error

Errors are to be construed as major if, in the year when discovered by audit, the aggregate amount of all errors (whether negative or positive) for the same year and the aftereffects thereof - increasing or decreasing the equity - exceeds 2 per cent of the balance sheet total of the financial year audited, or one million HUF, whichever is higher.

3.4 Intangible assets

The Company depreciates software over a period of 5 years or more.

3.5 Tangible assets

The Company records tangible assets at purchase price/direct production cost. The cost (purchase, manufacturing) of an asset shall mean the expenditure required for the acquisition, creation, installation of the asset incurred before commissioning or delivery thereof to the warehouse, and which may be attached to the asset in question. The cost (original cost) includes the purchase price reduced by any discounts and increased by any premium, the costs and charges paid to intermediaries, or for the delivery, loading, foundation, installation and commissioning services supplied in connection with the purchase, commissioning and delivery of the asset to the warehouse, any commission, as well as the taxes and similar levies, and customs charges.

The Company records tangible assets with an individual purchase price below HUF 100 thousand in one lump sum upon commissioning (capitalization) as ordinary depreciation.

The Company applies the straight-line depreciation method using the expected useful life and residual value of tangible assets. The depreciation rates are determined using the expected useful lives.

3.6 Receivables

Domestic receivables

Domestic trade receivables are recorded in the books at the amounts invoiced and recognized by the partners, reduced by any impairment recognized.

Foreign receivables

Foreign trade receivables are measured in accordance with the provisions of the Accounting Act and the Company's Accounting Policy.

3.7 Inventories

During the year the company changed its accounting policy for raw materials from FIFO to moving average price effective 1st November 2019. The effect of this change is HUF 4.8 million in this annual report.

Finished goods and Work in progress are valued at the lower of actual cost and net selling price. In case the selling price is lower than the actual cost, impairment loss is accounted. Inventories are valued on actual cost or net realizable value, whichever is the lower.

3.8 Liabilities

Domestic trade payables

The Company records domestic trade payables at the amounts invoiced by the partners and recognized by the Company.

Foreign trade payables

Foreign trade payables are measured in accordance with the provisions of the Accounting Act and the Company's Accounting Policy. The Company records payables invoiced by foreign suppliers in foreign currencies at their book value, reduced by settlements made and adjusted in all cases by aggregated exchange differences.

3.9 Year-end revaluation of items denominated in foreign currency

The Company revaluated its items denominated in foreign currency on 31 March 2020.

The Company converts amounts denominated in foreign currency to HUF using the official currency exchange rates published by the National Bank of Hungary. Based on the principles laid down in the Accounting Policy, the items denominated in foreign currency always get revalued on the balance sheet date.

3.10 Consolidated annual report

The consolidated annual report of the Company is prepared by Apollo Tyres B.V. (registered seat: 7547 Enschede, Ir. Schiffstraat 370., Netherlands). The ultimate owner of the Company is Apollo Tyres Ltd., (registered seat: 3rd Floor, Areekal Mansion, Near Manorma Junction, Panampilly Nagar, Kochi - 682036, India).

APOLLO TYRES (HUNGARY) KFT
SUPPLEMENTARY NOTES FOR THE YEAR ENDING ON 31 MARCH 2020
All amounts are in million forints unless otherwise indicated

4. FORM OF THE BALANCE SHEET AND THE INCOME STATEMENT

The Company prepares version "A" of the balance sheet. The Company determines its profit/loss by applying the total cost method.

5. CASH FLOW STATEMENT

The Company's financial position and liquidity as of 31 March 2020 is illustrated by the following cash-flow statement.

	2019	2020
1a Profit before tax	-1,637	4,220
of which: financially settled aid received for operation funding	0	0
1b-1 Adjustments in profit before tax (Non-repayable funds received)	-846	-851
1b-2 Adjustments in profit before tax (Revaluation of funds held in foreign currencies)	-1,014	-34
1 Adjusted profit before tax (1a+1b)	-3,497	3,335
2 Depreciation write-off	4,702	5,982
3 Impairment loss and reversal	0	0
4 Difference between formation and utilization of provisions	0	0
5 Result of fixed asset sales, (-) gain, (+) loss	0	-17
6 Changes in accounts payable	-1,238	-4,286
7 Changes in other short-term liabilities	314	32
8 Changes in accrued and deferred liabilities	2,974	-412
9 Changes in trade receivables	-1,581	-7,266
10 Changes in current assets (without receivables and liquid assets)	-2,940	-1,539
11 Changes in accrued and deferred assets	-3	4
12 Tax paid (on profit)	0	0
13 Dividends and profit-sharing paid	0	0
I. Cash flows from ordinary activities (Operating cash flow)	-1,269	-4,167
14 Purchase of fixed assets	-13,026	-2,385
15 Sale of fixed assets	0	214
16 Repayment, termination or redemption of long-term loans and bank deposits	0	0
17 Long-term loans and bank deposits	0	0
18 Dividends and profit-sharing received	0	0
II. Investment cash flow	-13,026	-2,171
19 Receipts from shares issue, capital raising (capital increase)	17,351	40,920
20 Receipts from the issue of bonds and debt securities	0	0
21 Borrowings	0	0
22 Non-repayable assets received	846	875
23 Cancellation of shares, disinvestment (capital reduction)	0	0
24 Redeemed bonds and debt securities	0	0
25 Loan installment payments, repayment of loans	-3,994	-36,089
26 Non-repayable liquid assets transferred	0	0
III. Financial cash flow	14,203	5,706
IV. Changes in liquid assets (rows I+II+III)	-92	-632
27 Revaluation of funds held in foreign currencies	1,014	34
V. Changes in funds as shown in the balance sheet (rows IV+27)	922	-598
<i>Opening cash balance (Balance sheet row B/IV. - Liquid assets)</i>	<i>3,373</i>	<i>4,295</i>
<i>Closing cash balance (Balance sheet row B/IV. - Liquid assets)</i>	<i>4,295</i>	<i>3,697</i>

APOLLO TYRES (HUNGARY) KFT
SUPPLEMENTARY NOTES FOR THE YEAR ENDING ON 31 MARCH 2020
All amounts are in million forints unless otherwise indicated

6. INTANGIBLE AND TANGIBLE ASSETS

As at 31 March 2020, the intangible assets of the Company includes software. Changes in capitalized tangible assets and construction in progress are presented in the table below.

The Company officially reported its greenfield investment completed to the Hungarian Government as at 31 Dec 2019. Both Passenger & Commercial vehicle tyres production ramp up was going on during these twelve months.

The following is a summary of the changes in tangible assets (Capital work in progress and Advance payments) during the year ending on 31 March 2020:

	Intangible Assets	Land	Buildings	Electrical Installations	Plant & Machinery	Other machines	Vehicles	Furniture and fixture	Capital work in process	Advance Payments Capital goods	TOTAL
GROSS VALUE											
Balance as at 31 March 2019	1,024	1,836	35,299	8,448	74,170	5,264	10	140	29,776	891	156,858
Additions	17	27	1,803	2,966	15,211	1,744	1	0	3,204	0	24,973
Disposals					-216						-216
Decrease								-7	-21,752	-829	-22,588
Reclassification	3		319	5	-381			54			0
Balance as at 31 March 2020	1,044	1,863	37,421	11,419	88,784	7,008	11	187	11,228	62	159,027
ACCUMULATED DEPRECIATION											
Balance as at 31 March 2019	208	0	1,043	358	3,976	730	4	60			6,379
Depreciation for financial year	209	0	632	415	3,837	868	2	19			5,982
Disposals					-19						-19
Reclassification			114	2	-127			11			0
Balance as at 31 March 2020	417	0	1,789	775	7,667	1,598	6	90	0	0	12,342
NET VALUE											
Balance as at 31 March 2020	627	1,863	35,632	10,644	81,117	5,410	5	97	11,228	62	146,685
Balance as at 31 March 2019	816	1,836	34,256	8,090	70,194	4,534	6	80	29,776	891	150,479

APOLLO TYRES (HUNGARY) KFT
 SUPPLEMENTARY NOTES FOR THE YEAR ENDING ON 31 MARCH 2020
 All amounts are in million forints unless otherwise indicated

7. STOCKS

The Company has the below inventories on stock as at 31/03/2020.

	<u>31/03/2019</u>	<u>31/03/2020</u>
Raw materials	2,240	2,493
Stores and spares	408	900
Work in progress and semi-finished goods	1,377	843
Finished products	4,627	4,571
Merchandises	0	92
Total	8,652	8,899

8. RECEIVABLES

8.1 Trade debtors

The balance of trade receivables as at 31 March 2020 was as follows:

	<u>31/03/2019</u>	<u>31/03/2020</u>
Trade debtors		
Domestic receivables	5	0
Total	5	0

8.2 Receivables from affiliated parties

Receivables from affiliated companies as at 31 March 2020 are as below:

	<u>31/03/2019</u>	<u>31/03/2020</u>
Receivables from affiliated parties		
Apollo Vredestein B.V.	5,476	12,007
Apollo Tyres Ltd., India	256	336
Apollo Tyres Global R&D	166	108
Apollo Tyres B.V.	0	718
Total	5,898	13,169

8.3 Other receivables

The balance of other receivables as at 31 March 2020 was as follows:

	<u>31/03/2019</u>	<u>31/03/2020</u>
Reclaimable VAT	988	2,370
Advance payments to construction trustee	142	80
Local and other taxes	0	111
Security deposits, bails	56	52
Receivables against employees	7	13
Supplier advances	150	15
Miscellaneous receivables	25	18
Total	1,368	2,659

APOLLO TYRES (HUNGARY) KFT
SUPPLEMENTARY NOTES FOR THE YEAR ENDING ON 31 MARCH 2020
All amounts are in million forints unless otherwise indicated

9. LIQUID ASSETS

The Company had the following liquid assets as at 31 March 2020:

	<u>31/03/2019</u>	<u>31/03/2020</u>
HUF bank accounts	858	665
EUR bank accounts	3,379	2,964
USD bank accounts	49	24
GBP bank accounts	9	44
Total	<u>4,295</u>	<u>3,697</u>

10. PREPAYMENTS

The summary of prepayments as at 31 March 2020 is as follows:

	<u>31/03/2019</u>	<u>31/03/2020</u>
Tuition fee	43	39
Total	<u>43</u>	<u>39</u>

11. SHAREHOLDERS' EQUITY

Subscribed capital as at 31 March 2020:

<u>Shareholder</u>	Total face value (HUF mn)		Share	
	<u>31/03/2019</u>	<u>31/03/2020</u>	<u>31/03/2019</u>	<u>31/03/2020</u>
Apollo Tyres B.V.	112	112	100%	100%

Change in shareholders' equity in financial year 2019-2020:

	Subscribed capital	Capital reserve	Retained earnings	Profit for the period	Total equity
Total as at 31/03/2019	112	122,353	-19,441	-1,637	101,387
Capital increase	0	40,920	0	0	40,920
Profit/Loss for the period	0	0	0	4,182	4,182
Offsetting accumulated loss with capital reserve	0	-21,078	21,078	0	0
Transfers of previous year result	0	0	-1,637	1,637	0
Total as at 31/03/2020	112	142,195	0	4,182	146,489

HUF 40,920 million capital increase was processed in several steps during the year.

The Sole Member (Apollo Tyres B.V.) of the Company decides that HUF 4,000 million shall be paid to the owner of the Company as dividend from the financial year's profit.

APOLLO TYRES (HUNGARY) KFT
SUPPLEMENTARY NOTES FOR THE YEAR ENDING ON 31 MARCH 2020
All amounts are in million forints unless otherwise indicated

12. LONG TERM LIABILITIES

The company entered into a long term loan facility agreement in 2015 for its greenfield investment funding. The entire amount of loan (both matured & un-matured portion) were repaid during the year. This repayment was funded through capital infusion.

	31/03/2019	31/03/2019	31/03/2020	31/03/2020
	EUR th	HUF mn	EUR th	HUF mn
Hungarian Export-Import Bank	43,750	14,035	0	0
Raiffeisen Bank	29,167	9,356	0	0
UniCredit Bank	14,583	4,678	0	0
Total	87,500	28,069	0	0

Security arrangement made for original project loan was cancelled during the year on pre-payment of project loan. Apollo Tyres B.V. (ATBV), the Parent Company has taken the new loan facility during the year. The new loan taken by ATBV is also guaranteed by Apollo Tyres (Hungary) Kft. The Company has given pledge over certain movable tangible assets including mortgage over the Real Estate, pledge of rights & receivables and its Bank accounts and also there is a pledge on the shares of the Company owned by ATBV.

13. SHORT TERM LIABILITIES

13.1 Short term credits

The current portion of the above mentioned long term loan was shown here last year. Given that the full loan was repaid, there is no short term portion anymore to be presented.

	31/03/2019	31/03/2019	31/03/2020	31/03/2020
	EUR th	HUF mn	EUR th	HUF mn
Hungarian Export-Import Bank	12,500	4,010	0	0
Raiffeisen Bank	8,333	2,673	0	0
UniCredit Bank	4,167	1,337	0	0
Total	25,000	8,020	0	0

13.2 Trade creditors (accounts payable)

The balance of trade payables as at 31 March 2020:

	31/03/2019	31/03/2020
	Domestic trade creditors	6,197
Foreign trade creditors	5,260	6,924
Total	11,457	10,700

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13.3 Short-term liabilities to affiliated parties

Short-term liabilities to affiliated parties on 31 March 2020:

<u>Name of affiliated company</u>	<u>31/03/2019</u>	<u>31/03/2020</u>
Apollo Tyres B.V. - unregistered capital increase	3,162	0
Apollo Tyres Ltd. India	420	237
Apollo Tyres UK Pvt Ltd.	469	376
Apollo Vredestein B.V.	30	0
Apollo Tyres Global R&D	588	664
Apollo Vredestein GmbH	71	0
Apollo Tyres Singapore (Holdings) Pte Ltd.	425	359
Total	5,165	1,636

13.4 Other short-term liabilities

Other short-term liabilities as at 31 March 2020:

	<u>31/03/2019</u>	<u>31/03/2020</u>
Liabilities towards employees	279	267
Liabilities towards government/tax authority	525	606
Total	804	873

14. ACCRUALS

Accruals on 31 March 2020:

<u>Accrued expenses</u>	<u>31/03/2019</u>	<u>31/03/2020</u>
Manufacturing related services	301	232
Bonus accruals	211	87
Leased manpower	117	27
Transport services	5	43
Meal related	0	127
Electricity & gas	299	171
Facility loan interest and fees	89	0
Other expense payable	154	77
Total	1,176	764
 <u>Deferred income</u>		
Cash State Subsidy	14,662	14,686
Total	14,662	14,686

The cash subsidy was approved and granted by the Hungarian Government in accordance with the prevailing norms. The subsidy agreement defines contractual obligations and criteria for the Company. The Company received the last portion of subsidy in March 2020. Monitoring period of subsidy starts from 1st April 2020 for the period of 5 years.

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15. SALES REVENUE

15.1 Net sales revenue

The net sales revenue is as below for the year ending on 31 March 2020.

	<u>2019</u>	<u>2020</u>
Tyre sales	30,476	47,916
Mediated services/ cross charges	925	926
Other revenue	46	1
Total	31,447	48,843
	<i>of which sales to ultimate parent company</i>	<i>459</i>
	<i>of which sales to other related company</i>	<i>30,803</i>

<u>Revenue breakdown by region</u>	<u>2019</u>	<u>2020</u>
Hungary	185	1,316
Within European Union	31,045	47,411
Out of European Union	217	116
Total	31,447	48,843

15.2 Other income

Other income in the year ending on 31 March 2020:

	<u>2019</u>	<u>2020</u>
Cash Subsidy	516	699
Job Creation Subsidy	330	152
Fixed asset sales	0	214
Other income	32	44
Total	878	1,109

16. MATERIAL TYPE COSTS

16.1 Raw materials and consumables

Raw material costs in the year ending on 31 March 2020:

	<u>2019</u>	<u>2020</u>
Raw material	14,175	18,036
Engineering material	1,148	1,078
Electricity	1,121	1,313
Gas	407	381
Other	198	199
Total	17,049	21,007

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16.2 Value of services consumed

Services consumed in the year ending on 31 March 2020:

	<u>2019</u>	<u>2020</u>
Group management charges	2,848	2,157
Transport, internal movement	1,743	2,511
Costs of business trips	197	101
Maintenance	701	956
Leased manpower	550	576
Legal, professional and recruitment fees	164	135
Cleaning, gardening & security	375	337
Rental fees (office, car)	297	163
Freight	145	46
Environmental protection related (waste removal & consultancy)	264	218
Other material type services	180	323
Total	7,464	7,523
	<i>of which services rendered by ultimate parent company</i>	<i>987</i>
	<i>of which services rendered by other related company</i>	<i>1,861</i>
		<i>560</i>
		<i>1,644</i>

16.3 Other services

Other services used in the year ending on 31 March 2020:

	<u>2019</u>	<u>2020</u>
Insurance	112	139
Bank charges	43	58
Duties, fees of authorities	5	14
Total	160	211

16.4 Value of services sold (mediated)

The value of mediated services is HUF 134 million in the year ending on 31 March 2020 (HUF 132 million in the previous financial year). It is the rental fee of real properties.

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17. PERSONNEL COSTS

Wages, salaries and other personnel costs paid in financial year 2019-2020:

	<u>2019</u>	<u>2020</u>
Wages and salaries	3,447	4,518
Other personnel costs	1,559	1,780
Contributions on wages and salaries	858	962
Total	<u>5,864</u>	<u>7,260</u>

	<u>2019</u>	<u>2020</u>
Wage contributions		
Social Contribution Tax	707	868
Healthcare Contribution	74	-16
Vocational Training Contribution	32	54
Rehabilitation Contribution	45	56
Total	<u>858</u>	<u>962</u>

Actual year	Wages and salaries	Other personnel costs	Average statistical headcount
Technicians/team members	2,539	579	551
Professional qualified staff	1,979	1,201	326
Total	<u>4,518</u>	<u>1,780</u>	<u>877</u>

The data of professional qualified staff colleagues include individuals seconded to our Company by the Indian parent company (Apollo Tyres Ltd., India) Their average statistical headcount is 53 in the actual year (it was 50 in the previous financial year).

18. OTHER EXPENDITURE

Other expenditure in the year ending on 31 March 2020:

	<u>2019</u>	<u>2020</u>
Work in progress & R&D material scrapping	1,497	91
Book value of fixed assets sold	0	197
Other taxes	242	294
Miscellaneous expenditure	16	13
Total	<u>1,755</u>	<u>595</u>

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19. PROFIT/LOSS ON FINANCIAL TRANSACTIONS

Financial income and expenditure in the year ending on 31 March 2020:

	2019	2020
<u>Income from financial transactions</u>		
Realised foreign exchange gain	933	847
Unrealised foreign exchange gain on revaluation	0	872
Other interests and interest type income received	0	3
Of this: received from affiliated companies	0	1
Total	933	1,722
<u>Expenses on financial transactions</u>		
Interest payable and type expenses	495	251
Realised foreign exchange loss	1,154	2,986
Unrealised foreign exchange loss on revaluation	541	0
Total	2,190	3,237
Profit/loss on financial transactions	-1,257	-1,515

20. CORPORATE INCOME TAX

Taxable income and pre-tax profit as per the Corporate Income Tax Act in the years ended on 31 March 2020:

	2019	2020
Pre-tax profit/loss	-1,637	4,220
Depreciation recognized as per the Accounting Act	4,702	5,982
Net value of disposed of assets according to the accounting act	0	197
Penalties from authorities	0	9
Charity and donation	13	2
Total additions to taxable income	4,715	6,190
Depreciation recognized as per the Corporate income tax Act	4,702	5,982
Net value of disposed of assets according to the corporate income tax act	0	197
Students involved in training from vocational schools	14	12
Total deductions from the taxable income	4,716	6,191
Tax base for the current year	-1,638	4,219
Loss from previous years	0	-2,110
Final tax base	-1,638	2,109
Calculated corporate income tax	0	190
Development tax allowance	0	-152
PAYABLE CORPORATE INCOME TAX	0	38

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21. HAZARDOUS WASTE INVENTORY

The change in the hazardous waste inventory for this financial year is detailed below.

Hazardous waste type	EWC code	Opening (kg)	Generated (kg)	Dispatched (kg)	Closing (kg)
Oily sludge	050106*	4,500	7,120	11,620	0
Waste additive containing hazardous substances	070214*	2,500	16,480	18,980	0
Oil-water sludge	130502*	0	0	14,760	11,800
Sludge from oil-water separator	130508*	0	8 m ³	8 m ³	0
Packaging waste containing or contaminated with hazardous substances	150110*	2,000	42,380	44,380	0
Filter materials, cloth contaminated with hazardous substances	150202*	300	1,160	1,460	0
Liquid waste containing hazardous substances	161001*	4,000	62,880	66,880	13,000

22. FEES OF EXECUTIVE OFFICERS

Two Managing Directors of the Company, by name Vishal Kumar Mittal and Benoit Rene-Marie Rivallant are not present in Hungary. The third Director, Prem Chand Ojha resides in Hungary in secondment, our Company bears the cost of all his salary. Nevertheless none of the Managing Directors get any remuneration regarding their executive mandate.

Gyöngyöshalász, May 12, 2020

Prem Chand Ojha
 Managing Director

APOLLO TYRES (HUNGARY) Kft.

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Apollo road 106.

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BUSINESS REPORT FOR THE YEAR ENDING 31 MARCH 2020

1. Ownership

Apollo Tyres (Hungary) Kft. (hereinafter referred to as: Company) is a 100% subsidiary of Apollo Tyres B.V and ultimately held by Apollo Tyres Ltd, India, a listed multinational organisation and a global tyre manufacturer.

The Company was established on June 4, 2014 with aim to set up a 'state of the art' automotive tyre manufacturing facility in Hungary which will produce both passenger car tyres and commercial vehicle tyres.

2. Project

During Financial year 2019-20, the Company has reported to authority for completion of project.

Production ramp for both for passenger car tyres and Commercial vehicle tyres has been continued.

The products produced in this plant cater to both OE and replacement markets in Europe and other markets.

3. Production

During the financial year various sizes of passenger car tyres were produced for both Apollo & Vredestein brand.

Commercial vehicle tyres were produced in Apollo Brand.

4. Employment

The average statistical headcount of the Company was 877 in FY2019-2020, and it was 680 in the previous financial year.

During the year, main focus areas have been the quality of workforce and engagement.

Various measures initiated on employee retention front resulted in substantially lower attrition levels in a very challenging labor market.

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Focus was also put on professional knowledge improvement of all team members through e-learning platform and other shop floor training programs which resulted improved skill levels in all categories.

Successful tie up with Miskolc University for customised courses were made and currently multiple employees are participating in an ongoing study program.

During the year, Hungary plant also aligned with Corporate grading system. This will enable us to map employee competency on similar terms used across the organisation.

CSR:

Our CSR program focuses on Amateur Sport, Environment Protection and Local Community Development.

Continuing with last year's trend, Hungary plant participated in health care activities like organizing the blood donation camps, hospital and school charity. We strengthened our existing connection with Diósgyőr Sport Club (DVTK). Hungary plant also encouraged employee participation in Ultra Balaton running competition.

Award, recognition:

The buildings of Gyöngyöshalász plant have been awarded the Construction Award for Excellence at the annual meeting of the National Association of Construction Entrepreneurs in the category of energetics and industrial buildings.

5. COVID-19 update on business

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

The factory was closed for 4 weeks period starting from last week of March 20 to align with sales demand. We also used this time to make new policies & processes for working at the site during this outbreak.

The factory has resumed the production from the last week of April 20.

We have revised our business plan for FY 2020-21 to include the impact of shut down and reduction in sales demand due to COVID -19 outbreak.

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Management is continuously reviewing the financial situation, we are monitoring the short term liquidity of the company as well taken various steps to improve the liquidity position including applying for Government support wherever applicable.

On the basis of our review and assessment in connection with the above, we have concluded that the impacts identified do not have such significant or materially negative impact on the financial and liquidity position of the Company in the short term (for the period of 12 months following the balance sheet date), on the valuation of the assets presented in the balance sheet, as well as on the business operations of the Company in this period that would materially influence or make significantly uncertain the Company's ability to continue as a going concern, or the evaluation of the above at the time of the balance sheet preparation, with respect to the same period.

6. Other

Environmental protection is treated by our Company with special emphasis in compliance with all relevant legal requirements.

The Company has repaid its entire loan during the year which was funded by the capital infusion.

In accordance with Section 3:119 of the Civil Code, the company has formed a Supervisory Board with effect from April 1, 2019. The Supervisory Board has the following members:

Mr. Neeraj Kanwar

Mr. Akshay Chudasama

Mr. Chilukuri Krishnakumar

Gyöngyöshalász, May 12, 2020

Prem Chand Ojha
Managing Director

A handwritten signature in blue ink, appearing to read 'Prem Chand Ojha', is written over a horizontal line.