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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, 2021.

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 direct subsidiaries, Apollo Vredestein B.V. & Apollo Tyres Hungary Kft. The company, and its direct & indirect 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>	2020-21	2019-20
Revenue	496.9	523.2
Profit before Depreciation, Interest, Taxes & Exceptional item (EBITDAE)	61.8	44.3
Profit before Interest, Taxes & Exceptional items (EBITE)	6.3	(7.3)
Exceptional items	(68.8)	-
Net Financing expenses	(5.6)	(4.9)
Taxes	16.0	3.2
Net Profit for the year	(52.1)	(9.0)

Economy & Market Overview

The coronavirus pandemic represents a very large shock for the Global and EU economies, with very severe economic and social consequences. Economic activity in Europe suffered a severe shock in the first half of 2020 but rebounded strongly in the third quarter as containment measures were gradually lifted. However, the resurgence of the pandemic in later part of 2020 again resulted in disruptions as national authorities introduce new public health measures to limit its spread.

The Spring 2021 Economic forecast published by the The European commission projects that the euro area economy contracted by 6.6% in 2020. The economic impact of the pandemic has differed widely across the EU and the same is true of the recovery prospects.

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Job losses and the rise in unemployment have put severe strains on the livelihoods of many Europeans. The unemployment rate in the EU is forecast to rise from 6.7% in 2019 to 7.1% in 2020. Core inflation, which includes all items except energy and unprocessed food, also fell substantially over 2020 due to lower demand for services, especially tourism-related services and industrial goods. Weak demand, labour market slack and a strong euro exchange rate will exert downward pressure on prices. For the EU, inflation is forecast at 0.7% in 2020.

Industry Structure & Development

The impact of the Coronavirus crisis on the European automobile industry is unprecedented. During 2020, the sector has suffered EU-wide production losses to the tune of 4.24 million vehicles, 22.9% drop from the production level of 2019. These losses are the result of factory shutdowns (during the 'lockdown' months of March, April and May 2020) and the fact that production capacity did not return to pre-crisis levels yet. New vehicle registrations in 2020 were recorded as 23.7% lower in Passenger car segment and 18.9% lower in Commercial vehicle segment respectively.

Overall performance of the European tyre industry for 2020 was heavily impacted by the COVID pandemic facing different situations depending on the product category, according to the European Tyre and Rubber Manufacturers' Association (ETRMA). Personal Cars tyres market suffered from a double digit decrease overall, impacted by important market decreases from March-20 to June-20 during the 1st wave of the pandemic in Europe, and then in November-20 due to a mild winter and the uncertainties linked to the 2nd wave.

Truck tyres market on the other hand started a recovery after September-20 and have since shown a positive growth after remaining in negative trend between March-20 & July-20.

Agricultural tyre market performed well this year after few year of decrease . The market recovery was mostly due to the focus on agricultural goods during the pandemic as well as some barriers to external trade and imports due to transports overseas & overall capacity. The EU agricultural sector has shown resilience during the COVID crisis. Higher retail sales and home consumption partially compensated for losses in foodservice. With a dynamic global demand and the reopening of foodservice expected once the vaccination campaign is sufficiently advanced, prospects for EU agricultural markets are favorable in 2021.

The imports of Passenger Vehicle tyres from outside Europe are still growing and continue to gain market share. The share of UHP and winter tyres in imports is increasing. As during the last years the All Season segment remained the segment developing the most, with again a strong double digit growth over the year, compared to a double digit decrease overall for the PCT Market. The density of players in the All Season segment keeps on increasing, resulting in strong price pressure. Winter was strongly hit by the combination of first and second lockdowns, and a mild winter. The overall UHP segment keeps on increasing its share of market, though still decreasing in volume year on year.

On short term, Covid-19 accelerated long term trends. Wholesale increased its market share overall; wholesalers stock capacity & financial sustainability helping them deal with business uncertainties as lockdowns or short term deplete in demand. Digital has become a reality in the way manufacturers interact with their customers B2B & B2C; limited live interactions in shops or trade fairs reinforced new touchpoints and ways of interacting (digital events / remote meetings).

Performance by market

During FY21, due to the combined impact of Covid & the revamp of our product portfolio through the Apollo brand, our overall PCT volumes decreased. Our Market share with the Vredestein Brand remained stable over the last year. In a decreasing market, the company gained market share in UHP & UUHP segments.

In agricultural segment, our sales and market share were stable overall. Sales in OE segment slightly declined, in line with production declines at OE factories due to COVID pandemic related issues. In contrast, sales in replacement market segment slightly increased where the market was even stronger than we could service. In Industrial Construction segment we increased sales considerably both replacement and OE (adding key customers) segments.

TBR segment closed the year with significant growth over FY20 on a negative market, with good development in most of the countries across Europe. In the same time period, the company has also achieved improvement in its price positioning. Due to Covid-19 situation, some new product launches were postponed to FY22.

In bicycle tyres segment, the covid pandemic had both positive and negative impact on our business. While lockdowns lasted, cycling became increasingly popular: anxiety over public transportation and surge in exercise has meant that more people choose to use (electric) bicycles. This led to spike in demand and a growth in sales. On the other hand, the deployment of our new industrial footprint got disrupted by covid-related issues, such as raw materials shortages, absence of workers, infrastructural and logistical challenges putting pressure on supply chain. We could seize only a part of the opportunities the market is offering. The entire market is facing the similar issues and strategic orientations & choices remain focus on e-bike and road cycling.

The company's overall Revenue declined 5% during the financial year. The company continues to be dominantly a replacement market player and its revenue share from that market remains the same as last year at the level of 76% in FY 20-21. Total revenue during the year constituted 75,5% from Passenger car tyre, 14% from Agriculture tyres & 7,5% from Commercial vehicle tyres and balance 3% from other categories.

During the year, the company has completed specialization of its manufacturing plant in Enschede, Netherlands. After this re organization, the plant will primarily produce Ultra-high performance (UUHP) segment of passenger car tyres and continue to focus on premium agricultural tyres and Spacemaster tyres.

During the year, the company has continued to ramp-up production of tyres at its manufacturing plant in Gyöngyöshalász, Hungary.

Brand promotion initiatives

Launch of a new visual identity for the Vredestein brand, including an updated logo and a new vibrant colour scheme was major brand promotion initiative during the year which translated into a complete set of on-line and offline advertising campaigns for both passenger care tyres and bicycle tyres. Three product introductions for passenger care tyres were launched virtually including the creation of a digital experience centre for the Vredestein brand and live streams with company's top executives. Regionally targeted Digital marketing campaigns were extended with strong focus on Social Media, e.g. Facebook and Instagram.

The ongoing cooperation between the Apollo brand and Manchester United is being used to promote the brand throughout the European region. The corporate sponsorship of

Apollo Tyres B.V.

Manchester United was this year also activated for the Vredestein brand in Europe. Due the Covid-19 situation we activated it only on social media to the end users all over Europe. Also the Mille Miglia, one of the most prestigious classic car events in the world which we sponsored for the third year in a row, was postponed. We also renewed our existing connection with the Hungarian sports club and football team - Diósgyőr Sport Club (DVTK).

For TBR, we continue to collaborate with TOR Truck Racing but our entry for this season's FIA European Truck Racing Championship was withdrawn due to the situation surrounding COVID-19. However, we have moved forward with our preparations for participation in the next year's racing event. As an alternative to the FIA ETRC, our driver Shane Brereton, has been competing in the recently released digital version of the European Truck Racing Championship, a virtual racing series which has been streamed live on several social media channels.

For OHT, all countries successfully communicated the DLG wear test via Facebook throughout Europe with the impressive results: 2,7 Million unique Agriculture related people were reached with an 'Engagement' of 4,6%.

Due to current COVID situation, the company reallocated its marketing spend to digital marketing and other new methods of tactical brand building activities in Europe instead of conventional Exhibitions and events, particularly in the OHT segment.

New product introductions

FY21 was a landmark year for new product introductions across segments. In Passenger car tyre segment, we have refreshed almost the entire product portfolio as a commitment on our product story. These upgraded products with renewed energy are helping us consolidate and grow our position in the market.

To strengthen our leadership position in the fast-growing All-Season segment, we introduced the new All Season tyre for family and compact car, Quatrac, in 47 sizes in 15" & 16". We also introduced 27 sizes as part of phase 2 of size extension for Quatrac Pro, our award winning dedicated all season tyre for the UHP segment. And we upgraded our offering for Van segment with the introduction of Comtrac 2 All Season+ in 14 sizes boosting wear life by 20% over the previous version.

To build and establish our position in the Summer tyre segment, we introduced the all-new, Ultrac, in the family and executive segment with 45 sizes in rim sizes 15" to 17". This product line reaches next level of performance in this segment while replacing 2 existing patterns - Sportrac 5 and Ultrac Satin - in these sizes. This also helped make the summer portfolio simpler and sharper. For the sports segment, we upgraded the Ultrac Vorti and Ultrac Vorti R to Ultrac Vorti+ and Ultrac Vorti R+ in total 70 sizes - boosting the performance and excitement in the market.

As a continued focus for the Winter segment We introduced the new Winter tyre for 15" and 16" segment, Wintrac, in 28 sizes. This pattern provides a more rounded and improved performance in winter conditions than the predecessor Snowtrac 5 - necessary as we see European winters becoming more and more unpredictable. The new naming also resonates the family feeling with offering for the UHP segment - Wintrac Pro. We also introduced 19 sizes as part of phase 3 of size extension for Wintrac Pro, for Ultra High Performance segment. For Van segment, we upgraded our products with the introduction of Comtrac 2 Winter+ in 13 sizes.

For our agricultural business, no new products launched. However, size extensions for Traxion 65 and Traxion Optimal were successfully communicated.

In TBR business, we postponed some size extensions to FY22 when we plan to launch products in the three new segments (Long Haul, Coach, Urban) and 2nd generation of our

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most popular regional trailer tyre.

In the bicycle tyre segment, the company has developed and industrialized products from the completely new sourcing facility. These 'new' products are of the highest ever quality and are expected to pave the way for profitable growth.

Major awards/ recognitions

As a reward for our continuous efforts in producing test winning tyres, we won podium positions and accolades from leading industry magazines and test reports in Europe. We were 6 times test winners and 7 times podium finishers during the year. In the passenger tyre segment, our All-Season tyre Quatrac won the 1st place in external tests for SUV size and 2nd place in tests for CAR sizes done by leading German tyre magazine "Autobild". The same magazine also ranked us at 2nd place as "Summer tyre manufacturer of the year". As per test performed by the independent German institute DLG, our agricultural tyre Traxion XXL was adjudged having 50% longer lifespan than tyres from leading competitors.

The buildings of Gyöngyöshalász plant in Hungary was 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.

Enschede plant specialization

The company announced on 5th March, 2020 its intention to specialize its Enschede plant in the Netherlands, bringing the production in Enschede to a level where only high-performance tyres will be produced at a profitable level. Within the existing operating environment certain tyre sizes could no longer continue being produced in Enschede at a sustainable and competitive level. The company therefore decided to specialise the plant towards agriculture tyres, Spacemater tyres and high-value niche segment passenger car tyres with a short production run to secure a sustainable future in the Netherlands. Aligning the plant to the intended specialization unfortunately resulted in the company having to reduce its workforce in the Netherlands by approximately 540 employees. The total compensation package for these redundancies including related costs amounted to approximately €53 million.

Due to the specialization decision several machines were fully or partly redundant. The fair value calculations as established by an independent valuer led to an impairment provision of €16.1 million (including approximately €2.6 million for spare parts in stock).

Research & Development

Company has been developing products and technology to cater to a global market and focuses on the development of Passenger Car tyres. Products developed here are manufactured and sold in several global regions including Europe, Asia and Americas. Its activities include Material science, Simulation technology, Design & Construction, CAE/FEA, Process development and Testing. 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.

Technology:

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- ❖ Development of Ultra Low Rolling Resistance, Wet Grip Increase and Noise Reduction (Silent Tyre) to be ready for future tyre performance requirements.
- ❖ Development of Electric vehicle tyres
- ❖ Research on Vehicle dynamics and Virtual Testing by FEA-Simulations in collaboration with different Universities
- ❖ Development of virtual prototyping enhancing the efficiency and effectiveness in R&D and being in line with the OEM requirements.
- ❖ Development and implementation of Tyre Sensor Technology

Materials:

- ❖ Development and implementation of innovative raw materials in 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 16.13 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).

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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 does not have any utilisation under the working capital facility, have aheadroom of about Euro 44 Mn. under Factoring facility, have a bank balance of Euro 53 Mn. 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 criteria 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 2021, 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	Coronavirus related uncertainties impact achievement of financial results	High	Company has implemented measures like continuous steering of operations with market demand, cost budget revisions and more focus on digital channels etc. There is a continuous monitoring of working capital management in place
2.	Strategic	Sales	High customer concentration	High	Company is monitoring KPIs to track the customer concentration in the relevant market. The company achieved 7% of budget sales volume in FY 21 with new customers (against target of 4%)
3.	Operational	Supply Chain Management	Sourcing delays from India	High	Company has a weekly tracking by core team comprising senior management level & Europe Executive S&OP level
4.	Operational	Manufacturing	loss of productivity due to high absenteeism in Enschede plant	Medium	Plant is managing shortage of manpower through continuous rotation from one department to another with optimum results. Training programs/motivation plans are also implemented

5.	Strategic	Quality	Non-conformity of new tyre label values applicable from May 2021	Medium	Quality department is putting in place a Standard Operating Procedure (SOP) across the organization to prevent gap between actual product performance and label values
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Development in Human Resources & Industrial Relations

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.

As the group continues 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 in the Group decreased to 2283 as on March-21 from 2528 as on March-20.

Hungary plant

During the year, the focus areas for our Hungarian plant was the engagement and efficiency. The average monthly headcount fluctuation was less than 2% which is far better than the industrial average and the voluntary attrition rate was just about 0.8%.

Training & Development initiatives

During the year, the company enhanced its focus on digital learning and training activities. The company's digital learning tool "Apollo Virtual Learning Academy" has proved to be extremely efficient and productive during the pandemic situation. Various e-learning programs were organized via the organization wide platform. For Key Account Managers in Sales, a specialised skill enhancement program was carried out. Programs around health & well being were also launched in order to support employees in the long work from home situation

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. On regular basis, the company is issuing coronavirus 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.

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

During the pandemic, several CSR activities were carried out by our Hungarian plant e.g. quarterly blood donation camps, establishing a web-based information platform to guide employees about the healthy behavior. The plant also donated tyres to Hungarian Blood Transfusion Services and Gyöngyös Ambulance Services. During the summer of 2020, a two weeks "Apollo Children Camp" was organized to support the parents after the school's lock down.

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 Council in the successful implementation of plant specialization during the year.

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.

Outlook

Economic Outlook:

The near-term outlook for the European economy looks weaker as the pandemic has tightened its grip on the continent. The resurgence in infections since the autumn, together with the appearance of new, more contagious variants of the coronavirus, have forced many European Member States to reintroduce or tighten containment measures.

However, light has now appeared at the end of the tunnel as vaccination campaigns gain momentum and the pressure on health systems to subside, containment measures are set to relax gradually. The breakthrough development of vaccines and the start of mass vaccination campaigns has brightened the outlook beyond the near term. Furthermore, the agreement reached between the European Union and the United Kingdom on the terms of their future cooperation, reduced the cost of the UK's departure from the Single Market and Customs Union, while endorsement of the Recovery and Resilience Facility is set to support Member States on their way to a sustainable recovery. Overall, GDP is now forecast to grow by 3.7% in 2021 and 3.9% in 2022 in the EU. The EU economy would reach the pre-crisis level of output earlier than anticipated back in the Autumn Forecast, largely because of the stronger momentum in the second half of 2021 and in 2022. The speed of the recovery will, however, vary significantly across the EU countries

Tyre Market Outlook:

The company expects tyre market growth in 2021 generally in line with European economic forecast. Despite an overall European economic recovery, some of the countries still remain below their pre-covid level.

The new Eco label proposal with the European Commission is under implementation 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

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.

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Our aim is to meet the needs of our stakeholders in ways that are economically, environmentally and socially responsible.

Developments after March 31, 2021

There are no significant developments.

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 11 ,2021

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 2021	As at 31 March 2020
Assets			
Non-current assets			
Property, plant and equipment	3	545.378	597.903
Right-of-Use assets	4	19.328	19.633
Intangible assets	5	65.226	65.496
Deferred tax assets	6	22.260	2.381
Other non-current assets	7	312	330
Total non-current assets		652.504	685.743
Current assets			
Inventories	8	82.338	122.439
Trade receivables	9	85.120	71.699
Cash and bank balances	10	53.349	43.493
Other current assets	11	12.489	15.179
Derivative financial assets	14	6.205	1.118
Corporate Advance tax paid	12	117	44
Total current assets		239.617	253.972
Total assets		892.121	939.715

(Euro x1,000)	Notes	As at 31 March 2021	As at 31 March 2020
Equity and liabilities			
Total group equity	13	461.846	518.715
Non-current liabilities			
Lease liabilities	4	13.825	14.627
Deferred tax liability	6	28.916	26.141
Pension liabilities	15	9.728	10.817
Other non-current liabilities	16	89.018	42.868
Borrowings	18	133.000	161.000
Total non-current liabilities		274.487	255.453
Current liabilities			
Trade and other payables	17	128.530	144.328
Lease liabilities	4	5.990	5.309
Derivative financial liabilities	14	6.102	1.132
Corporate Income Tax Payable	12	1.166	778
Borrowings	18	14.000	14.000
Total current liabilities		155.788	165.547
Total equity and liabilities		892.121	939.715

Consolidated statement of income

(Euro x1,000)	Notes	Period ended 31 March 2020	Period ended 31 March 2020
Net Sales	19	488.647	519.924
Other operating Income	20	8.248	3.345
Total Revenue		496.895	523.270
Changes in inventories of finished goods and work in progress	21	38.233	12.551
Raw materials and purchase of Finished goods	22	166.860	200.347
Employee expenses	23	132.973	157.713
Depreciation and amortisation expenses	24A	55.471	51.651
Other expenses	24A	96.970	108.323
Total expenses		490.507	530.586
Profit before interest, taxes & exceptional item		6.388	-7.316
Exceptional Item	24B	68.844	-
Profit before interest and taxes		-62.456	-7.316
Interest expense	25	-5.670	-5.110
Interest income	25	15	142
Profit /(loss) before taxes		-68.111	-12.285
Income tax expense	26	16.030	3.256
Profit for the year		-52.081	-9.029

Consolidated statement of comprehensive income

(Euro x1,000)	Period ended 31 March 2020	Period ended 31 March 2019
Profit for the year	-52.081	-9.029
Items that will never be reclassified to profit and loss		
Actuarial gains or losses on pension plans	1.089	-2.083
Tax on actuarial gains or losses on pension plans	-327	603
Reclass from retained earnings	-762	1.480
Items that are or may be reclassified to profit and loss		
Translation differences on foreign operations	-4.788	-54.940
Total other comprehensive income	-4.788	-54.940
Total comprehensive income for the year	-56.869	-63.969

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 2019	18	165.500	-14.995	42.474	-1.607	328.184	2.235	521.809
Opening balance adjustment						574		574
Profit 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
Profit for the period							-52.081	-52.081
Other comprehensive income, net of income tax			-4.788		762	-762		-4.788
Dividends								-
Capital Contribution								-
Transfers to and from reserves				-3.865		-5.164	9.029	-
Total as at 31 March 2021	18	225.800	-74.723	44.896	-2.325	320.260	-52.081	461.846

Some reserves of the company (Translation of Foreign Operations, Legal Reserves & Actuarial gain/loss on Pension) are non-distributable. Legal reserve relates to capitalised development expenses.

Consolidated statement of cash flows

(Euro x 1,000)	Period ended 31 March 2021	Period ended 31 March 2020
Loss before tax for the year	-68.111	-12.285
Depreciation and amortisation	55.471	51.651
Interest	5.426	4.969
Amortisation of State Aid Subsidy	-2.353	-2.114
Impairment of non-current assets	13.515	-
Other non-cash items	-940	1.137
Cash flows from operating activities	3.237	43.358
<i>Movements in working capital</i>		
Decrease /(increase) in inventories	40.101	14.122
Decrease /(increase) in trade receivables	-13.420	17.668
Decrease /(increase) in other non-current assets	18	1.200
Decrease /(increase) in other current assets	-2.386	-195
(Decrease)/increase in current liabilities	-12.319	-20.263
(Decrease)/increase in non-current liabilities	52.416	-5.002
Cash increase due to working capital	64.410	7.530
Cash generated from operations	67.647	50.888
Net (tax paid) / received	-988	6.643
Net cash generated by operating activities	66.659	57.531
<i>Cash flows from investing activities</i>		
Payments for property, plant and equipment	-11.928	-25.244
Payments for intangibles	-8.720	-12.440
Proceeds from disposal of property, plant and equipment	2.294	675
State aid subsidy	-	2.181
Net cash (used in) /generated by investing activities	-18.353	-34.829
<i>Cash flows from financing activities</i>		
Repayment from borrowings	-28.000	-228.125
Receipt of additional loan	-	175,000
Payment of lease liabilities	-6.760	-6.752
Capital contribution from holding company	-	60.300
Interest received	15	142
Interest paid	-5.669	-5.110
Net cash used in financing activities	-40.415	-4.546
Other comprehensive income	1.965	-7.144
Opening adjustment for retained earnings	-	574
Net decrease/increase in cash and cash equivalents	9.856	11.586
Cash and cash equivalents at the beginning of the financial year	43.493	31.907
Cash and cash equivalents at the end of the financial year including bank overdraft	53.349	43.493

Notes to the consolidated annual accounts for 2020-21

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 2020-2021 financial statements are prepared by the Board of Directors and will be submitted for adoption to the general meeting of shareholders.

Covid-19 impact

In general, the COVID impact on the operations of the company was mainly in the first quarter of the financial year in line with the market trend. Net sales for first quarter of the financial year was recorded 27% lower from the preceding quarter and 28% lower from corresponding quarter previous year. However, market generally recovered from 2nd quarter onwards. Total Revenue of the company for the financial year was recorded about 5% lower than previous financial year. During the year company improved its working capital levels through increased focus on reduction of inventory and debtor levels.

The company shows a net receipt of € 4.9 million as NOW subsidy (Covid-19 related) which has been grouped under the employee expenses on the Income statement.

Going concern

The Company has a negative net profit, resulting mainly from one time Exceptional item related to specialisation of its plant in Enschede, Netherlands. Operating cash flows are positive, and we have a strong financial position. On an operating basis, the Company is profitable and has sufficient liquidity for its requirements.

Accordingly the Directors and Management have concluded that it is reasonable to continue to adopt the going concern basis of presentation for the Company's financial statements in respect of the year ended 31 March 2021.

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

A number of new and amended standards are effective from 1 January 2020, but they do not have a material effect on the Group's financial statements.

Standards and interpretations effective and not yet adopted

A number of new standards are effective for annual periods beginning after 1 January 2020 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.

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- COVID-19-Related Rent Concessions (Amendment to IFRS 16).b
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
- Reference to Conceptual Framework (Amendments to IFRS 3).
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.

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 2021	As at 31 March 2020
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%
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%

*) Vredestein marketing BV is liquidated per 30-9-2020

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:

Apollo Tyres B.V.

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 either at a point in time or over time, when (or as) 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.

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.

2.5B Government grants

A government grant is recognised only when there is reasonable assurance that (a) the company will comply with any conditions attached to the grant and (b) the grant will be received.

The grant is recognised as income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis.

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

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.

Apollo Tyres B.V.

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.

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. 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.

2.11 Inventories

Inventories are valued at the lower of cost and estimated net realizable value after providing for obsolescence and other losses, where considered necessary. The net realizable value is the estimated sales price less the estimated selling expenses.

In case of **raw materials, consumables and sourced finished goods**, cost comprises cost of purchase and other costs incurred in bringing such inventories to their present location and condition. The purchase price is determined on a moving weighted average basis.

In case of **produced finished goods and goods in progress**, cost comprises raw material cost and conversion cost determined on a standard cost basis. Standard cost includes all expenses directly attributable to the manufacturing process as well as suitable portion of related production overheads, based on normal operating capacity. General costs not relating to production, sales and financing costs are not considered. Inventory value is converted from standard cost to actual cost at the end of each periods.

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

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 14). 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:

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:

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:

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 2018 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.

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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.
- *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 segment: Europe. Sales and activities outside Europe are marginal.

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 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
Additions		17	-	7.091	24		7.132
Disposals		-6	-2.163		-77	-2.542	-4.788
Transfer		2.229	7.049	-43.793	72	31.252	-3.191
Foreign currency translation	-74	-1.440	-274	-113	-11	-4.908	-6.820
Balance as at 31 March 2021	24.752	163.116	104.827	5.098	10.304	779.001	1.087.098
Accumulated depreciation							
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
Depreciation for financial year	155	2.696	6.898		615	26.604	36.698
Disposals		-6	-2.059		-77	-2.525	-4.667
Impairment						13.516	13.516
Foreign currency translation		-106	-126		1	-729	-959
Balance as at 31 March 2021	2.645	40.663	90.585		8.151	399.675	541.720
Balance NET BLOCK as at 31 March 2021	22.107	122.453	14.242	5.098	2.153	379.325	545.378
Balance NET BLOCK as at 31 March 2020	22.337	124.237	14.345	41.913	2.683	392.389	597.903

- a. Property, plant and equipment are primarily valued at cost.
- b. Due to the Specialisation of its Plant at Enschede, NL (please refer to Note 24B), number of machines were identified as redundant. The fair value of these machines have been established by an independent valuer at €2.8 million (book value €15,1 million). The difference between Book value and Fair value of these assets are recognized as Impairment provision.
- c. The tangible fixed assets have an assessed value of EUR 895 million for insurance purposes as at 31 March 2021.

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 2.7.

Right-of-use assets

(Euro x 1,000)	Premises	Lease cars	Machine and equipment	Total
Carrying amount at 31 March 2020	15.369	2.821	1.443	19.633
Investments	5.149	1.237	-	6.385
Currency differences	-12	2	-1	-11
Depreciation	-4.915	-1.575	-189	-6.679
Carrying amount at 31 March 2021	15.591	2.414	1.253	19.328

Lease liabilities

(Euro x 1,000)	Premises	Lease cars	Machine and equipment	Total
Balance at 31 March 2020	15.646	2.836	1.454	19.936
Additions	5.153	1.233	-	6.386
Repayments	-4.968	-1.601	-191	-6.760
Currency differences	-12	2	-1	-12
Interest charged to the income statement	228	34	3	265
Balance at 31 March 2021	16.047	2.504	1.265	19.815

Amounts recognised in profit or loss

(Euro x 1,000)	Premises	Lease cars	Machine and equipment	Total
Period ended 31 March 2020				
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

(Euro x 1,000)	Premises	Lease cars	Machine and equipment	Total
Period ended 31 March 2021				
Depreciation of right-of-use assets	4.915	1.575	189	6.679
Interest on lease liabilities	228	34	3	265
Total	5.143	1.609	192	6.944

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
As at 31 March 2021				
Lease liabilities	5.990	4.433	6.967	2.425

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 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 € 2.4 million (2020: € 0.5 million).

5. Intangible Assets

(Euro x 1,000)	Develop- ment	Brand names	Software	Total
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
<i>Changes in book value</i>				
Investments	5.935	-	2.954	8.889
Transfer	-	-	3.191	3.191
Divestments	-169	-	-79	-248
Currency translation difference	-114	-	-165	-279
Depreciation for financial year	-9.518	-	-2.306	-11.824
Balance	-3.865	-	403	-3.462
As at 31 March 2021				
Cost	99.499	12.900	33.316	145.715
Depreciation	-54.602	-	-25.887	-80.489
Book value	44.896	12.900	7.429	65.226

The Brand names have an indefinite life as the company has no intention to change names. An impairment test on the Brand names was carried out as at Mar 31, 2021, details of the test are outlined in table below. Based on the present value-in-use calculation, no impairment is deemed necessary:

Test method	"Relief from Royalty method" -
Discount Rate	8.2% (last year 8.2%)
Growth Rate	2.0%
Book Value (Eur'000)	12.900
Number of years for which cash flows were considered to calculate DCF	4 years
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 2021	As at 31 March 2020
Deferred tax asset movement		
At beginning of the year as previously reported	2.381	3.567
Current year addition / (charge)	19.879	-1.186
At end of the year	22.260	2.381

(Euro x 1,000)	As at 31 March 2021	As at 31 March 2020
Deferred tax liability movement		
At beginning of the year as previously reported	26.141	32.286
Current year addition / (charge)	2.776	-6.145
At end of the year	28.916	26.141

Deferred tax	Period ended 31 March 2021	Period ended 31 March 2020
Deferred tax assets:		
Tax losses carried forward	25.477	7.636
Pension benefit plans and jubilee provision	2.020	2.065
Non deductible interest	1.225	197
Profit elimination of unsold stock at subsidiaries	342	444
Lease Liability	4.827	4199
Others	608	82
Gross Deferred Tax Asset	34.501	14.622
Set Off Deferred Tax Liability	(12.260)	(12.241)
Total Deferred tax asset	22.260	2.381

Deferred tax liability		
Property, plant and equipment	34.244	32.598
Pre-operatives	2.506	2.577
Brand names	3.263	2.832
Intangible Assets	374	374
Others	789	
Gross Deferred Tax Liability	41.176	38.381
Set off Deferred Tax Asset	(12.260)	(12.241)
Total Deferred tax liability	28.916	26.141
Net deferred tax liability	6.655	23.760

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 2021	As at 31 March 2020
Rent deposits	312	330

The amortized cost approximates fair value.

8. Inventories

(Euro x 1,000)	As at 31 March 2021	As at 31 March 2020
Raw materials	12.763	13.545
Work in progress	5.883	4.830
Finished & Traded goods in stock	43.795	85.260
Finished & Traded goods in transit	10.131	7.952
Consumable stores	9.765	10.852
Total	82.338	122.439

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 205 million. Inventories include an allowance for slow moving/obsolete stock of EUR 0.4 million (2020: 0.8 million).

9. Trade receivables

(Euro x 1,000)	As at 31 March 2021	As at 31 March 2020
Trade receivables	94.254	76.783
Allowance for doubtful debts	-9.135	-5.089
Total	85.119	71.700

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 2021 includes an amount of Eur 6.2 million (2020: Eur 31.9 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 2021	As at 31 March 2020
0 - 60 days	3.413	7.624
61 - 180 days	-1.384	681
more than 180 days	-189	575
Total	1.843	10.833

The total not past due for FY 2020-21 amounts to Eur 83.2 million euro. This amount includes an amount of Eur 13.2 million due from Apollo Group companies.

Movement in the allowance for doubtful debts

(Euro x 1,000)	As at 31 March 2021	As at 31 March 2020
Balance at the beginning of the year	-5.089	-4.663
Movement to allowance recognized in statement of income	-1.371	-683
Reclass of accrual on Debtor balances to Doubtful	2.675	
Amounts written off during the year as uncollectible	0	257
Balance at end of year	-9.135	-5.089

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10. Cash and bank balances

(Euro x 1,000)	As at 31 March 2021	As at 31 March 2020
Cash at bank	53.349	43.493

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 2021	As at 31 March 2020
Prepayments	4.658	6.188
VAT recoverable	6.693	8.070
Other receivables	1.138	921
Total	12.489	15.179

12. Corporate tax (receivable/payable)

(Euro x 1,000)	As at 31 March 2021	As at 31 March 2020
Corporate Advance Tax Paid	117	43
Provision for tax	-1.166	-778
Net corporate tax position	-1.050	-735

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 2021	As at 31 March 2020
Current assets relating to derivative financial instruments	6.205	1.118
Current liabilities relating to derivative financial instruments	-6.102	-1.132
Total net position	103	-14

All derivatives relate to forward foreign currency contracts. The carrying amounts of the various derivatives at 31 March 2021 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, EUR-SEK and EUR-PLN.

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 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 2021	As at 31 March 2020
Pension liabilities		
Defined benefit plan	9.728	10.817
Defined contribution plan	-	-
At end of the year	9.728	10.817

Extracts of defined benefit plan are as follows:

Assumptions Apollo Vredestein GmbH	Period ended 31 March 2021	Period ended 31 March 2020
Inflation	1.75%	1.75%
Indexation non-active members	1.75%	1.75%
Mortality table	Heubeck 2018G	Heubeck 2018G
Individual salary increase (dependent on age)	3%	3%
Discount rate	1.0%	0.6%

Defined benefit pension plan (Euro x 1,000)	As at 31 March 2021	As at 31 March 2020
Defined benefit obligation		
Balance at beginning of the year	-10.817	-8.652
Service costs	-263	-203
Interest expense	-64	-153
Benefits paid	328	275
Remeasurements due to experience	112	98
Remeasurements due to demographic assumptions	-	-
Remeasurements due to change in financial assumptions	977	-2.182
Balance at end of year	-9.727	-10.817

Net balance pensions liability

Defined benefit obligation		
Plan assets		
Unfunded status	-9.727	-10.817
Net balance pensions liability	-9.727	-10.817

Movement of net liability

Balance at beginning of the year	-10.817	-8.652
Service cost		
<i>Past service cost</i>		
<i>Current service cost</i>	-263	-204
Interest expense	-64	-153
Defined benefit cost recognized in profit and loss	-327	-357
Defined benefit cost recognized in OCI	1.089	-2.083
Benefits paid / contributions paid	328	275
Other adjustments	-	-
Balance at end of the year	-9.727	-10.817

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%	-16.25%
Salary increase	Increase by 0.50%	+1.55%
Inflation	Increase by 0.25%	+3.29%

Maturity profile

(Euro x 1,000)

Expected payments during fiscal year ending 31/03/2022	284
Expected payments during fiscal year ending 31/03/2023	284
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	313
Expected payments during fiscal year ending 31/03/2027 through 31/3/2031	1.697

Analyses of Defined Benefit Obligation by Participant Category

(Euro x 1,000)

Active participants	3.692
Deferred participants	1.286
Pensioners	4.449

Expected Contributions for the period ending 31/03/2021

Employer	0
Plan participants	0

Weighted average Duration of Defined Benefit Obligations: 18.02 years

16. Other non-current liabilities

(Euro x 1,000)	As at 31 March 2021	As at 31 March 2020
Deferred Subsidy Income	38.068	40.897
Jubilee benefits	1.281	1.971
Deferred tax payments related to COVID	49.669	-
Total other non-current liabilities	89.018	42.868

Due to Covid crisis the company was allowed by the tax authorities to defer tax payments. The repayment schedule is yet unclear.

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, 2021, following was considered: Salary Increase: 2.5%, Discount Rate 1.5%, Retirement Age: 65 years and 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 2021	As at 31 March 2020
Opening balance	1.971	2.189
Increase /(Release) during the current year	-690	-218
Closing balance	1.281	1.971

An amount of Eur 0.3 million was actually paid out in the current year.

Deferred Subsidy Income

Deferred Subsidy Income relates to group's plant in Gyöngyöshalász, Hungary. 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. This grant is subject to fulfillment of certain obligations by ATH Kft.

Out of the total grant (HUF 16,080.213 Million), approx. Eur 44Mn, HUF 838.248, approx Eur 2.3 Mn Million has been amortised during the year & recognized as income in consolidated statement of profit and loss. Amortisation of grant is based on relevant assets depreciation which have been subsidised. The un-amortized portion of grant has been retained in deferred Income under other non-current liabilities.

Movement in Deferred subsidy income

(Eur x 1,000)	As at 31 March 2021	As at 31 March 2020
Opening balance	40.897	45.706
Effect of translation difference opening balance	-475	-4.876
Receipt during the year	-4	2.181
Amortization during the year	-2.350	-2.114
Closing balance	38.068	40.897

17. Trade and other payables

(Euro x 1,000)	As at 31 March 2021	As at 31 March 2020
Trade payables	40.645	53.036
Payable to related parties	15.747	29.014
Payables related to Capital Goods	4.870	10.823
Sales deductions	10.030	10.163
Interest accrued but not due	356	390
Tax & social premiums	10.461	9.057
Other Employees Payable	7.704	2.581
13th month	848	1.274
Leave pay	2.122	2.695
Holiday allowance	1.998	3.008
Statutory payable	19.371	7.510
Other payables and accruals	13.313	14.777
Total trade and other payables	128.530	144.328

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 2021	As at 31 March 2020
Long-term borrowings	133.000	161.000
Short-term part of Long term Borrowings	14.000	14.000
Total	147.000	175.000

During FY20, the Company has signed a financing agreement for the long term loan (EUR 175 Million) with Consortium of Banks led by 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).

The interest rate is based on EURIBOR plus a margin.

Gearing Ratio

(Euro x 1,000)	As at 31 March 2021	As at 31 March 2020
Net debt	93.651	131.507
Equity	461.846	518.715
Net debt to equity ratio	20%	25%

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 2021	As at 31 March 2020
Long Term Borrowings	133.000	161.000
Short Term Borrowings	14.000	14.000
Less: Cash Balance	-53.349	-43.493
Net Debt	93.651	131.507

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 segment: Europe. Sales and activities outside Europe are marginal.

20. Other operating Income

(Euro x 1,000)	Period ended 31 March 2021	Period ended 31 March 2020
Subsidy related to Pandemic (Hungary)	4.992	-
Royalty Income	39	33
Profit on Sale of Assets	388	368
Others	2.829	2.944
Total	8.248	3.345

During the year, the company has received HUF 1,798 million subsidy related with pandemic out of which HUF 1,458 million related with EBIT loss suffered due to COVID-19. The company has submitted the bank guarantee for an equivalent amount with the Ministry of Foreign Affairs and Trade related.

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

(Euro x 1,000)	Period ended 31 March 2021	Period ended 31 March 2020
Opening Stock		
Work in progress	4.830	11.687
Stock-in-trade	7.852	20.983
Finished goods	85.261	77.924
	98.043	110.594
Closing Stock		
Work in progress	5.883	4.830
Stock-in-trade	10.132	7.852
Finished goods	43.795	85.261
	59.810	98.043
Changes in work in progress and finished goods	38.233	12.551

22. Raw materials and consumables used

(Euro x 1,000)	Period ended 31 March 2021	Period ended 31 March 2020
Raw materials consumed	105.620	136.064
Purchase of finished goods	61.241	64.283
Total	166.860	200.347

23. Employee expenses

(Euro x 1,000)	Period ended 31 March 2021	Period ended 31 March 2020
Wages, salaries and welfare	109.896	132.654
Pension & social contribution	23.077	25.059
Total employees cost	132.973	157.713

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

24 A. Depreciation, amortisation and other expenses

Depreciation and amortisation expenses

(Euro x 1,000)	Period ended 31 March 2021	Period ended 31 March 2020
Amortisation of intangible assets	11.824	8.681
Depreciation right-to-use assets	6.679	6.799
Depreciation of property, plant and equipment	36.968	36.171
Total costs	55.471	51.651

Other expenses

(Euro x 1,000)	Period ended 31 March 2021	Period ended 31 March 2020
Stores and spares consumed	3.482	4.302
Power and fuel	9.458	9.572
Repairs and maintenance :-		
- Machinery	3.878	6.591
- Others	5.171	5.462
Travelling, conveyance and vehicle expenses	1.505	3.335
Freight and forwarding	26.995	29.985
Advertisement and publicity	14.352	15.991
Research and development	16.132	15.267
Operating lease rent - property, plant & equipment	486	1.391
Corporate charges	4.523	4.595
Other cost	10.988	10.206
Total other operating expenses	96.970	108.323

24 B. Exceptional Item

(Euro x 1,000)	Period ended 31 March 2021	Period ended 31 March 2020
Staff transition compensation	52.732	-
Spare part inventory compensation	2.537	-
Fixed asset impairment	13.515	-
Total costs	68.784	-

The company announced on 5th March, 2020 its intention to specialize its Enschede plant in the Netherlands, bringing the production in Enschede to a level where only high-performance tyres will be produced at a profitable level. Aligning the plant to the intended specialization and sustainable production level, unfortunately resulted in the company having to reduce its workforce in the Netherlands by approximately 540 employees. The total compensation package for these redundancies amounted to approximately €53 million

See Note 3 for details on the impairment of the machines.

25. Interest

(Euro x 1,000)	Period ended 31 March 2021	Period ended 31 March 2020
Interest expenses	5.441	5.110
Interest income	-15	-142
Total	5.426	4.968

26. Income tax expense

(Euro x 1,000)	Period ended 31 March 2021	Period ended 31 March 2020
Current taxation	1.303	847
Deferred taxation	-17.333	-4.103
Total	-16.030	-3.256

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 2021	Period ended 31 March 2020
Income before taxes	-68.111	-12.285
Tax based on Dutch tax rate	-17.028	-3.071
Other statutory rate of foreign countries	-2.123	-2.379
Change in tax rate	3.543	2.451
Non-deductible expenses	554	2.020
Dutch R&D tax incentive (innovation box)	-416	-2.560
Recognition of tax effect of previously unrecognised tax losses	-712	266
Changes in estimates related to prior years	3	45
Others	149	-28
Total	-16.030	-3.256

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

(Euro x 1,000)	Period ended 31 March 2021	Period ended 31 March 2020
Actuarial gains and losses on pension plans	327	493

Below is the detail for the current year deferred taxation:

(Euro x 1,000)	Period ended 31 March 2021
Tax effect of items constituting deferred tax liabilities:	
Deviating valuation property, plant and equipment	1.646
Others	431
Tax effect of items constituting deferred tax assets:	
Carried forward tax loss	-17.841
Profit elimination of unsold stock at subsidiaries	101
Lease liability	-629
Deviation valuation employee benefits	-428
Other	-546
	-19.343

27. Financial assets by category

As at March 2021	Amortised costs	FVTPL	FVTOCI	Total
(Euro x1,000)				
Cash and cash equivalents	53.349			53.349
Trade receivables	85.120			85.120
Derivative financial assets		6.205		6.205
Other current assets	12.849			12.849
	149.919	6.205		156.124

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

28. Financial liabilities by category

As at March 2021	Amortised costs	FVTPL	FVTOCI	Total
(Euro x1,000)				
Pension liabilities			9.828	9.728
Trade and other payables	177.161			177.161
Other non-current liabilities	49.669			49.669
Derivative financial liabilities		6.102		6.102
Borrowings	147.000			147.000
	373.830	6.102	9.828	389.659

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

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.

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 2021	As at 31 March 2020
Cash and cash equivalents	53.349	43.493
Trade receivables	84.081	71.694
Derivative financial assets	6.205	1.118
Other current assets	12.489	15.223
Total costs	156.124	131.528

Impairment losses on financial assets recognised in profit or loss only relate to trade receivables and were EUR 1.4 million as per 31 March, 2021 (2020: EUR 0.7 million).

Capital risk management

The company's policy is to maintain a strong capital base so as to maintain investor, creditors and market confidence and to sustain future development of the business.

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 147 million as at 31 March 2021, as part of a financing agreement with consortium of banks led by Standard Chartered Bank.

The extent of the risk that the ratios agreed with lenders are exceeded is regularly determined. With the present net borrowing position of EUR 93 million, the leverage ratio is 1.30 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 67%.

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 2021				
Pension liabilities	284	284	898	8.262
Derivative financial liabilities	6.102			
Trade and other payables	177.161			
Other non-current liabilities		39.735	9.934	
Borrowings	14.000	14.000	133.000	
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	

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 2020/21 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 € 0.7 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	147.000	-368	+368

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 March 2021 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 (pensions) has been disclosed in note 15.

At 31 March 2021	(Euro x 1,000)			
	Level 1	Level 2	Level 3	Total
Borrowings			147.000	147.000
Derivative financial liabilities		6.102		6.102
Derivative financial assets		6.205		6.205
Pension liability			9.728	9.728

31. Auditor's remuneration

(Euro x 1,000)	Period ended 31 March 2021	Period ended 31 March 2020
Audit fee	432	499
Other auditing services	-	-
Total auditor's remuneration	432	499

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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 2021	Period ended 31 March 2020
Board of directors' remuneration	701	866
Post-employment benefits	24	27
Other benefits	-	-
Termination benefits	-	-
Share-based payment benefits	-	-
Total Board of directors remuneration	725	893
Key management compensation	1.516	2.040
Total board and key personnel remuneration	2.241	2.933

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 2021	Period ended 31 March 2020
Receivable from:		
Reifencom GmbH	5.247	5.456
Apollo Tyres Global R&D	887	2.949
Apollo Tyres Thailand	-	2
Apollo Tyres Middle-East	237	-5
Apollo Tyres Limited, India (ultimate parent)	836	2.189
Apollo Tyres South Africa	37	569
Vredestein Tyres North America Inc.	2.377	2.035
Total Receivables	11.621	13.196
Payable to:		
Apollo Tyres Germany GmbH	11	54
Saturn F1	8	45
Reifencom GmbH	33	348
Apollo Tyres Coop	59	1.182
Apollo Tyres Brasil	301	301
Apollo Tyres Global R&D	2.981	14.519
Apollo Tyres UK	1.002	1.711
Apollo Tyres Limited, India (ultimate parent)	6.719	5.322
Apollo Tyres Singapore	4.582	5.347
Apollo Tyres Middle East	-	5

Apollo Tyres Malaysia	-	1
Apollo Tyres AG, Switzerland	52	181
Total Payables	15.747	29.014

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

(Euro x 1,000)	Period ended 31 March 2021	Period ended 31 March 2020
Apollo Tyres South Africa	209	299
Apollo Tyres Middle-East	842	410
Apollo Tyres Thailand	56	79
Apollo Tyres Limited, India (ultimate parent)	1.693	1.495
Vredestein Tyres North America Inc.	12.347	11.313
Apollo Tyres Malaysia	-	22
Reifencom GmbH	20.784	17.494
Total	35.932	31.112

33.3 Related party transactions – Expenses

(Euro x 1,000)	Period ended 31 March 2021	Period ended 31 March 2020
Apollo Tyres UK	4.271	5.127
Apollo Tyres Global R&D (sister)	22.640	27.195
Apollo Tyres Limited, India (ultimate parent)	30.782	27.510
Apollo Tyres AG, Switzerland (sister)	391	957
Apollo Tyres Singapore	19.873	23.156
Apollo Tyres Germany GmbH	96	774
Reifencom GmbH	87	155
Saturn F1	62	92
Total	78.203	84.966

34. Average number of employees

	Period ended 31 March 2021	Period ended 31 March 2020
Direct departments (production)	1.750	1.948
Non-direct departments	334	411
Total	2.085	2.359
Other countries	199	169
Total average number of employees	2.283	2.528

35. Capital commitment

35.1 Capital commitment

(Euro x 1,000)	Period ended 31 March 2021	Period ended 31 March 2020
Capital commitment	8.331	10.431

Capital commitments relate to various commitments in relation to planned investments in tangible and intangible fixed assets.

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 2021	Period ended 31 March 2020
Due in year one	534	623
Due between years two and five	39	627
Due after five years	-	-
Total	573	1.250

36. Contingent liabilities

The company had no contingent liabilities as per end of March 2021 (March 2020:0). The company provided securities for the rent of buildings (€995K) in the form of bank guarantees.

Company financial statements

Income Statement		Balance Sheet	
2021	2020	2021	2020
Revenue	1,234,567	Equity	1,234,567
Cost of sales	(567,890)	Liabilities	567,890
Gross profit	666,677	Assets	666,677
Operating expenses	(123,456)		
Operating profit	543,221		
Finance income	12,345		
Finance expense	(6,789)		
Profit before tax	548,777		
Income tax	(12,345)		
Profit after tax	536,432		
Other comprehensive income	12,345		
Other comprehensive expense	(6,789)		
Profit after tax and OCI	541,988		

Company financial statements

Company statement of financial position

Before profit appropriation

(Euro x 1,000)	Notes	Period ended 31 March 2021	Period ended 31 March 2020
Assets			
Non-current assets			
Investment in subsidiaries	1	586.727	679.044
Other non-current assets		2.027	822
Total non-current assets		588.754	679.866
Current assets			
Receivables from group companies	2	-	6.752
Other current assets	3	3.279	4.021
Cash and bank balances		12.278	782
Total current assets		15.557	11.555
Total assets		604.311	691.421

(Euro x 1,000)	Notes	Period ended 31 March 2021	Period ended 31 March 2020
Equity and liabilities			
Total equity	4	457.069	513.984
Non-Current Liabilities			
Borrowings	5	133.000	161.000
Total non-current liabilities		133.000	161.000
Current liabilities			
Provisions		-	-
Borrowings	5	14.000	14.000
Other current liabilities		241	2.437
Total current liabilities		14.241	16.437
Total equity and liabilities		604.311	691.421

Company statement of income

(Euro x 1,000)	Notes	Period ended 31 March 2021	Period ended 31 March 2020
Result from investment in subsidiaries	6	-48.801	-10.115
Other result after Tax		-3.620	-2.932
Result of the year		-52.421	-13.047

Notes to the separate annual accounts for 2020-21

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 2021	Period ended 31 March 2020
Net Position at beginning of year	679.044	625.812
Investments:		
Additional Investment in Apollo Tyres Hungary Kft.	-	113.801
Difference in opening balance subsidiaries (tax)	-	543
Dividends	-11.453	-
Repayment of capital	-27.572	
Other Comprehensive Income	762	-1.480
Foreign currency translation differences	-5.258	-49.517
Profit for the year	-48.801	-10.115
Other movements	5	-
Net position	586.727	679.044
Negative Participation	-	-
Net Position at the end of the year	586.727	679.044

Apollo Tyres B.V.

2. Receivables from Group companies

(Euro x 1,000)	Period ended 31 March 2021	Period ended 31 March 2020
Receivable from Apollo Vredestein B.V.	-	6.752

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

3. Other current assets

(Euro x 1,000)	Period ended 31 March 2021	Period ended 31 March 2020
Prepaid expenses	3.279	4.020
Others	-	1
Total	3.279	4.021

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 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
Result for the period							-52.421	-52.421
Opening balance adjustment						3		3
Other comprehensive income, net of income tax			-5.258		762			-4.496
Transfers to and from reserves						-13.047	13.047	-
Total as at 31 March 2021	18	225.800	-64.873	36.414	-2.325	314.456	-52.421	457.069

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 2021	Equity per 31 March 2021
Consolidated	(52.081)	461.846
Consolidation adjustments (net of deferred tax):		
Opening adjustment	-	-4.732
Mark-up on IC profits on unsold stock	-338	-
Other adjustments	-2	-42
Company only	(52.421)	457.069

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 2019-20

No dividend has been paid for FY 2019-20.

5. Borrowings

(Euro x 1,000)	Period ended 31 March 2021	Period ended 31 March 2020
Long term and short term Borrowing from consortium of Banks	147.000	175.000
Total	147.000	175.000

During FY20 the Company has signed a financing agreement for the long term loan (EUR 175 Million) with the Consortium of Banks led by Standard Chartered Bank, the proceeds for which were utilized for repayment of the previous facility. 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).

The interest rate is based on EURIBOR plus a margin.

6. Profit from Investment in Subsidiaries

(Euro x 1,000)	Period ended 31 March 2021	Period ended 31 March 2020
Apollo Vredestein B.V.	-62.713	-20.313
Apollo Tyres Hungary Kft.	13.912	10.198
Total	-48.801	10.115

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

(Euro x 1,000)	Period ended 31 March 2021	Period ended 31 March 2020
Board of directors' remuneration	725	872

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

Post balance sheet events

The company has no subsequent events.

Signing the financial statements

Amsterdam, The Netherlands,

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 general meeting of Apollo Tyres B.V.

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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, 2021 of Apollo Tyres B.V. 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, 2021, and of its result and its cash flows for 2021 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, 2021, 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, 2021;
- 2 the following statements for the year ended March 31, 2021:
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, 2021;
- 2 the company profit and loss account for the year ended March 31, 2021; 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 Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), 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.

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:

- report by the board of directors;
- 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 report by the board of directors 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.

Rotterdam, June 11, 2021

Grant Thornton Accountants en Adviseurs B.V.

R. Lagendijk MSc RA