

**ANNUAL REPORT  
FOR THE YEAR ENDING ON 31 MARCH 2021**

Gyöngyöshalász, April 26, 2021

  
Prem Chand Ojha  
Managing Director

<b>ASSETS</b>	<b>31/03/2020</b>	<b>31/03/2021</b>
<b>A. INVESTED ASSETS</b>	<b>146 685</b>	<b>144 665</b>
<b><i>I. Intangible assets</i></b>	<b>627</b>	<b>4 391</b>
1. Capitalised value of reorganisation	0	0
2. Capitalised R&D	0	2 117
3. Intellectual properties and rights	627	2 274
4. Softwares	0	0
5. Goodwill	0	0
6. Advance payment to intangibles	0	0
7. Revaluation of intangibles	0	0
<b><i>II. Tangible assets</i></b>	<b>146 058</b>	<b>140 274</b>
1. Land and buildings	48 139	47 848
2. Technological equipments	81 117	87 178
3. Other equipments	5 512	4 779
4. Animals	0	0
5. Fixed assets under construction (CWIP)	11 228	314
6. Advance payments to CWIP	62	155
7. Revaluation of Tangibles	0	0
<b><i>III. Long-term financial assets</i></b>	<b>0</b>	<b>0</b>
1. Permanent holdings in affiliated parties	0	0
2. Long-term loans given to affiliated parties	0	0
3. Long-term, significant holdings	0	0
4. Long-term loans given to companies with significant holdings	0	0
5. Other permanent holdings	0	0
6. Long-term loans given to companies in other holding relationships	0	0
7. Other long-term loans	0	0
8. Securities representing long-term lending	0	0
9. Value adjustment of financial investments	0	0
<b>B. CURRENT ASSETS</b>	<b>28 424</b>	<b>20 353</b>
<b><i>I. Stocks</i></b>	<b>8 899</b>	<b>10 509</b>
1. Raw materials and packagings	3 393	4 299
2. Semi-finished production	843	1 241
3. Living stocks	0	0
4. Finished products	4 571	4 789
5. Commercial goods	92	180
6. Advances to stock	0	0
<b><i>II. Receivables</i></b>	<b>15 828</b>	<b>7 271</b>
1. Trade debtors	0	1
2. Receivables from affiliated parties	13 169	7 101
3. Receivables from companies with significant holdings	0	0
4. Receivables from companies in other shareholding relationships	0	0
5. Bills receivables	0	0
6. Other receivables	2 659	169
<b><i>III. Securities</i></b>	<b>0</b>	<b>0</b>
1. Shares and participations of affiliated parties	0	0
2. Significant holdings	0	0
3. Other participations	0	0
4. Own shares, participation	0	0
5. Securities for sale representing credit relationship	0	0
<b><i>IV. Liquid assets</i></b>	<b>3 697</b>	<b>2 573</b>
1. Cash, checks	0	0
2. Bank deposits	3 697	2 573
<b>C. PREPAYMENT AND ACCRUED ASSETS</b>	<b>39</b>	<b>33</b>
1. Accrued income	0	0
2. Accrued costs and expenses	39	33
3. Deferred expenses	0	0
<b>TOTAL ASSETS</b>	<b>175 148</b>	<b>165 051</b>

Gyöngyöshalász, April 26, 2021


  
 Manager of the company  
 (representative)

**Apollo Tyres (Hungary) Kft.**  
Balance sheet version "A" as at 31 March 2021  
balances in million HUF



<u>LIABILITIES</u>	<u>31/03/2020</u>	<u>31/03/2021</u>
<b>D. SHAREHOLDER'S EQUITY</b>	<b>146 489</b>	<b>138 348</b>
I. Subscribed capital	112	103
of which: repurchased ownership shares at face value	0	0
II. Subscribed but unpaid capital (-)	0	0
III. Capital reserve	142 195	112 204
IV. Retained earnings	0	18 065
V. Tied-up reserve	0	2 117
VI. Valuation reserve	0	0
VII. Profit/Loss after tax	4 182	5 859
<b>E. PROVISIONS</b>	<b>0</b>	<b>0</b>
1. Provisions for expected losses	0	0
2. Provisions for future and contingent liabilities	0	0
3. Other provisions	0	0
<b>F. LIABILITIES</b>	<b>13 209</b>	<b>12 024</b>
I. <u>Subordinated liabilities</u>	<b>0</b>	<b>0</b>
1. Subordinated liabilities to affiliated parties	0	0
2. Subordinated liabilities to companies with significant holdings	0	0
3. Subordinated liabilities to companies with a share-ownership relationship	0	0
4. Subordinated liabilities to other business organizations	0	0
II. <u>Long-term liabilities</u>	<b>0</b>	<b>0</b>
1. Long-term loans	0	0
2. Convertible bonds	0	0
3. Debts on the issuance of bonds	0	0
4. Investment and development credits	0	0
5. Other long-term loans	0	0
6. Long-term liabilities to affiliated parties	0	0
7. Long-term liabilities to companies with significant holdings	0	0
8. Long-term liabilities to companies with another share-ownership relationship	0	0
9. Other long-term liabilities	0	0
III. <u>Short-term liabilities</u>	<b>13 209</b>	<b>12 024</b>
1. Short-term loans	0	0
of which: convertible bonds	0	0
2. Short-term credits	0	0
3. Advances received from customers	0	0
4. Trade creditors	10 700	8 247
5. Bills payable	0	0
6. Short-term liabilities to affiliated parties	1 636	2 759
7. Short-term liabilities to companies with significant holdings	0	0
8. Short-term liabilities to companies with another share-ownership relationship	0	0
9. Other short-term liabilities	873	1 018
<b>G. ACCRUED EXPENSES AND DEFERRED INCOME</b>	<b>15 450</b>	<b>14 679</b>
1. Accrued income	0	0
2. Accrued costs and expenses	764	833
3. Deferred income	14 686	13 846
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>175 148</b>	<b>165 051</b>

Gyöngyöshalász, April 26, 2021

  
Manager of the company  
(representative)

**Apollo Tyres (Hungary) Kft.**  
 Profit and Loss statement by total cost method for the year ending 31 March 2021  
 balances in million HUF

	<u>31/03/2020</u>	<u>31/03/2021</u>
1. Net domestic sales	1 316	6 178
2. Net external sales	47 527	48 118
<b>I. Net sales revenue</b>	<b>48 843</b>	<b>54 296</b>
3. Change in stocks of finished goods and in work in progress	- 1 505	616
4. Own work capitalized	0	6
<b>II. Work performed by the company for its own purposes and capitalized</b>	<b>- 1 505</b>	<b>622</b>
<b>III. Other operating income</b>	<b>1 109</b>	<b>2 723</b>
of this: impairment loss reversed	0	0
5. Raw materials and consumables	21 007	25 742
6. Value of services consumed	7 523	9 204
7. Value of other services	211	246
8. Cost of goods sold	0	534
9. Value of services sold (mediated)	134	164
<b>IV. Material type costs</b>	<b>28 875</b>	<b>35 890</b>
10. Wages and salaries	4 518	4 812
11. Other personnel costs	1 780	2 041
12. Contributions on wages and salaries	962	955
<b>V. Personnel cost</b>	<b>7 260</b>	<b>7 808</b>
<b>VI. Depreciation</b>	<b>5 982</b>	<b>7 603</b>
<b>VII. Other expenditure</b>	<b>595</b>	<b>578</b>
of this: impairment loss	0	0
<b>A. INCOME FROM OPERATIONS</b>	<b>5 735</b>	<b>5 762</b>
13. Dividend and business interests received (due)	0	0
Of this: received from affiliated companies	0	0
14. Exchange gain on the sale of business interests	0	0
Of this: received from affiliated companies	0	0
15. Interest income and exchange gain from financial investments	0	0
Of this: received from affiliated companies	0	0
16. Other interests and interest type income received	3	29
Of this: received from affiliated companies	1	26
17. Other income from financial transactions	1 719	1 572
<b>VIII. Income from financial transactions</b>	<b>1 722</b>	<b>1 601</b>
18. Expenses and exchange loss on business shares	0	0
Of this: given to affiliated companies	0	0
19. Exchange loss on financial investments	0	0
Of this: given to affiliated companies	0	0
20. Interest payable and type expenses	251	1
Of this: given to affiliated companies	0	0
21. Impairment loss of business interests, securities, bank deposits	0	0
22. Other expenses on financial transactions	2 986	1 450
<b>IX. Expenses on financial transactions</b>	<b>3 237</b>	<b>1 451</b>
<b>B. PROFIT/LOSS ON FINANCIAL TRANSACTIONS</b>	<b>- 1 515</b>	<b>150</b>
<b>C. PRE-TAX PROFIT/LOSS</b>	<b>4 220</b>	<b>5 912</b>
X. Tax expense	38	53
<b>D. PROFIT/LOSS AFTER TAX</b>	<b>4 182</b>	<b>5 859</b>

Gyöngyöshalász, April 26, 2021

  
 Manager of the company  
 (representative)

**APOLLO TYRES (HUNGARY) KFT**  
SUPPLEMENTARY NOTES FOR THE YEAR ENDING ON 31 MARCH 2021  
All amounts are in million forints unless otherwise indicated

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**APOLLO TYRES (HUNGARY) KFT**  
SUPPLEMENTARY NOTES FOR THE YEAR ENDING ON 31 MARCH 2021  
All amounts are in million forints unless otherwise indicated

**1. INTRODUCING THE COMPANY**

Registered office of business of Apollo Tyres (Hungary) Kft. (hereinafter: the Company):	3212 Gyöngyöshalász, Apollo road 106., Hungary
Year of commencing operations:	2014
Company registration number:	10-09-036536
Founders:	Apollo Tyres B.V.
Owners as at 31 March 2021 and their voting power:	Apollo Tyres B.V. - 100,00%
Owner's registered office:	7547 Enschede, Ir. Schiffstraat 370., Netherlands
Subscribed capital as at 31 March 2021:	HUF 103 million
Scope of activity:	Tire, tube manufacturing
Managing Directors of the Company:	<b>Benoit Rene-Marie Rivallant</b> , 1075NB Amsterdam, Cornelis Krusemanstraat 7.3., Netherlands <b>Vishal Kumar Mittal</b> , Elysium, 71 Royston Park Road, Hatch End, Pinner, HA5 4AB Middlesex, United Kingdom <b>Prem Chand Ojha</b> , 1063 Budapest, Szondi street 51. Bld. C., 4th floor, 414. , Hungary
Persons authorized to represent the Company:	<b>Benoit Rene-Marie Rivallant</b> , 1075NB Amsterdam, Cornelis Krusemanstraat 7.3., Netherlands <b>Vishal Kumar Mittal</b> , Elysium, 71 Royston Park Road, Hatch End, Pinner, HA5 4AB Middlesex, United Kingdom <b>Prem Chand Ojha</b> , 1063 Budapest, Szondi street 51. Bld. C., 4th floor, 414. , Hungary

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

Based on the owner's decision the balance sheet date of the company is 31st March, hence the reporting period is between April 1, 2020 and March 31, 2021.

The statutory auditing of accounting documents is compulsory for the Company. The figures were authenticated by an auditor. The audit fee for financial year 2020-2021 was EUR 35,000.-

Other services performed by the auditor amounted EUR 6,900.- in the current financial year.

The auditor company and the personally responsible auditor:

Grant Thornton Audit Kft.

1134 Budapest, Dévai street 26-28. (ECB Dévai Center)

Company registry number: 01-09-691274

Leveles Ildikó (Chamber of Auditors ID number: 007015)

**APOLLO TYRES (HUNGARY) KFT**  
SUPPLEMENTARY NOTES FOR THE YEAR ENDING ON 31 MARCH 2021  
All amounts are in million forints unless otherwise indicated

**2. BUSINESS CONDITIONS**

The Company was founded by Apollo Tyres group in June 2014 for purpose of setting up a manufacturing facility in Hungary. The group of companies employs approximate 17 thousand persons all around the world and has manufacturing facilities in India and in the Netherlands as well. This greenfield investment in Heves county is the most modern & automated factory in the tyre industry. The company continued to ramp up their production for passenger & commercial tyres during this financial year.

**COVID-19 update on business**

The COVID-19 pandemic has impacted the auto & tyre industry like most of the other industries around the world. During this financial year, the factory was closed for 4 weeks at the start of the financial year to align with sales demand. We have implemented various health safety-related process to ensure our employees are protected and feel safe at the workplace.

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

**3. ACCOUNTING POLICY**

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

**3.1 The basis of accounting**

Both the enclosed balance sheet, reflecting the financial position of the Company as at 31 March 2021, and the income statement from April 1, 2020 to March 31, 2021 have been prepared in accordance with the provisions of the Act.

**3.2 Balance sheet preparation date**

For period ending March 2021, the Company designated April 15 of the year following the balance sheet date as the balance sheet preparation date in accordance with the provisions of the Accounting Policy.

**3.3 Major error**

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

**3.4 Intangible assets**

The Company amortizes software over a period of 5 years or more. Other intangible assets are amortized over the expected useful life.

**APOLLO TYRES (HUNGARY) KFT**  
SUPPLEMENTARY NOTES FOR THE YEAR ENDING ON 31 MARCH 2021  
All amounts are in million forints unless otherwise indicated

**3.5 Tangible assets**

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

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

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

**3.6 Receivables**

**Domestic receivables**

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

**Foreign receivables**

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

**3.7 Inventories**

Raw material inventory is valued at moving average price.

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

**3.8 Liabilities**

**Domestic trade payables**

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

**Foreign trade payables**

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

**3.9 Year-end revaluation of items denominated in foreign currency**

The Company revaluated its items denominated in foreign currency on 31 March 2021.

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

**3.10 Consolidated annual report**

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



**APOLLO TYRES (HUNGARY) KFT**  
**SUPPLEMENTARY NOTES FOR THE YEAR ENDING ON 31 MARCH 2021**  
All amounts are in million forints unless otherwise indicated

**4. FORM OF THE BALANCE SHEET AND THE INCOME STATEMENT**

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

**5. CASH FLOW STATEMENT**

The Company's financial position and liquidity as of 31 March 2021 is illustrated by the following cash-flow statement.

	2020	2021
1a Profit before tax	4,220	5,912
of which: financially settled aid received for operation funding	0	-1,760
1b-1 Adjustments in profit before tax (Non-repayable funds received)	-851	-2,598
1b-2 Adjustments in profit before tax (Revaluation of funds held in foreign currencies)	-34	77
<b>1 Adjusted profit before tax (1a+1b)</b>	<b>3,335</b>	<b>3,391</b>
2 Depreciation	5,982	7,603
3 Impairment loss and reversal	0	0
4 Difference between formation and utilization of provisions	0	0
5 Result of fixed asset sales, (-) gain, (+) loss	-17	-18
6 Changes in accounts payable	-4,286	-1,330
7 Changes in other short-term liabilities	32	145
8 Changes in accrued and deferred liabilities	-412	66
9 Changes in trade receivables	-7,266	6,067
10 Changes in current assets (without receivables and liquid assets)	-1,539	-75
11 Changes in accrued and deferred assets	4	6
12 Tax paid (on profit)	0	-57
13 Dividends and profit-sharing paid	0	-4,000
<b>I. Cash flows from ordinary activities (Operating cash flow)</b>	<b>-4,167</b>	<b>11,798</b>
14 Purchase of fixed assets	-2,385	-5,615
15 Sale of fixed assets	214	50
16 Repayment, termination or redemption of long term loans and bank deposits	0	0
17 Long- and short-term loans and bank deposits	0	-6,326
18 Dividends and profit-sharing received	0	0
<b>II. Investment cash flow</b>	<b>-2,171</b>	<b>-11,891</b>
19 Receipts from shares issue, capital raising (capital increase)	40,920	0
20 Receipts from the issue of bonds and debt securities	0	0
21 Borrowings	0	0
22 Non-repayable assets received	875	1,760
23 Cancellation of shares, disinvestment (capital reduction)	0	-2,715
24 Redeemed bonds and debt securities	0	0
25 Loan installment payments, repayment of loans	-36,089	0
26 Non-repayable liquid assets transferred	0	1
<b>III. Financial cash flow</b>	<b>5,706</b>	<b>-954</b>
<b>IV. Changes in liquid assets (rows I+II+III)</b>	<b>-632</b>	<b>-1,047</b>
27 Revaluation of funds held in foreign currencies	34	-77
<b>V. Changes in funds as shown in the balance sheet (rows IV+27)</b>	<b>-598</b>	<b>-1,124</b>
<i>Opening cash balance (Balance sheet row B/IV. - Liquid assets)</i>	<i>4,295</i>	<i>3,697</i>
<i>Closing cash balance (Balance sheet row B/IV. - Liquid assets)</i>	<i><b>3,697</b></i>	<i><b>2,573</b></i>

**Differences compared to the change in Balance Sheet:**

- \* row 1b-1: +77 million HUF – Revaluation of funds held in foreign currencies (row 27)
- \* row 8: +838 million HUF – reversal of deferred cash subsidy (row 1b-1)
- \* row 8: -1 million HUF – non-repayable liquid assets transferred (row 26)
- \* row 10: -955 million HUF – capital decrease with compensation (row 23)
- \* 10. sor: -4 million HUF – difference of paid and payable corporate income tax (row 12)

**APOLLO TYRES (HUNGARY) KFT**  
**SUPPLEMENTARY NOTES FOR THE YEAR ENDING ON 31 MARCH 2021**  
All amounts are in million forints unless otherwise indicated

**6. INTANGIBLE AND TANGIBLE ASSETS**

As at 31 March 2021, the intangible assets of the Company includes software and R&D related intangibles, this latter one has not been capitalized yet. Changes in capitalized tangible assets and construction in progress are presented in the table below.

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

	Capitalized R&D	Intellect. property	Land	Buildings	Electrical installations	Plant & Machinery	Other machines	Vehicles	Furniture and fixture	Capital work in process	Advance Payments to CWIP	TOTAL
<b>GROSS VALUE</b>												
Balance as at 31 March 2020		1,044	1,863	37,421	11,419	88,784	7,008	11	187	11,228	62	159,027
Additions	2,117	1,929	0	782	223	11,091	277	0	17	1,476	93	18,005
Disposals						-54						-54
Decrease										-12,390		-12,390
Reclassification												0
<b>Balance as at 31 March 2021</b>	<b>2,117</b>	<b>2,973</b>	<b>1,863</b>	<b>38,203</b>	<b>11,642</b>	<b>99,821</b>	<b>7,285</b>	<b>11</b>	<b>204</b>	<b>314</b>	<b>155</b>	<b>164,588</b>
<b>ACCUMULATED DEPRECIATION</b>												
Balance as at 31 March 2020		417	0	1,789	775	7,667	1,598	6	90	0	0	12,342
Depreciation for financial year		282	0	813	483	4,998	1,001	2	24			7,603
Disposals						-22						-22
Reclassification												0
<b>Balance as at 31 March 2021</b>	<b>0</b>	<b>699</b>	<b>0</b>	<b>2,602</b>	<b>1,258</b>	<b>12,643</b>	<b>2,599</b>	<b>8</b>	<b>114</b>	<b>0</b>	<b>0</b>	<b>19,923</b>
<b>NET VALUE</b>												
<b>Balance as at 31 March 2021</b>	<b>2,117</b>	<b>2,274</b>	<b>1,863</b>	<b>35,601</b>	<b>10,384</b>	<b>87,178</b>	<b>4,686</b>	<b>3</b>	<b>90</b>	<b>314</b>	<b>155</b>	<b>144,665</b>
Balance as at 31 March 2020	0	627	1,863	35,632	10,644	81,117	5,410	5	97	11,228	62	146,685

**APOLLO TYRES (HUNGARY) KFT**  
**SUPPLEMENTARY NOTES FOR THE YEAR ENDING ON 31 MARCH 2021**  
All amounts are in million forints unless otherwise indicated

**7. STOCKS**

The Company has the below inventories on stock as at 31/03/2021.

	<u>31/03/2020</u>	<u>31/03/2021</u>
Raw materials	2,493	2,812
Stores and spares	900	1,487
Work in progress and semi-finished goods	843	1,241
Finished products	4,571	4,789
Commercial goods	92	180
<b>Total</b>	<b>8,899</b>	<b>10,509</b>

**8. RECEIVABLES**

**8.1 Trade debtors**

The balance of trade receivables as at 31 March 2021 was as follows:

	<u>31/03/2020</u>	<u>31/03/2021</u>
<b>Trade debtors</b>		
Domestic receivables	0	1
<b>Total</b>	<b>0</b>	<b>1</b>

**8.2 Receivables from affiliated parties**

Receivables from affiliated companies as at 31 March 2021 are as below:

	<u>31/03/2020</u>	<u>31/03/2021</u>
<b>Receivables from affiliated parties</b>		
Apollo Vredestein B.V.	12,007	6,983
Apollo Tyres Ltd., India	336	38
Apollo Tyres Global R&D	108	80
Apollo Tyres B.V.	718	0
<b>Total</b>	<b>13,169</b>	<b>7,101</b>

**8.3 Other receivables**

The balance of other receivables as at 31 March 2021 was as follows:

	<u>31/03/2020</u>	<u>31/03/2021</u>
Claimable VAT	2,370	0
Advance payments to construction trustee	80	0
Local and other taxes	111	46
Security deposits, bails	52	50
Receivables against employees	13	14
Supplier advances	15	31
Miscellaneous receivables	18	28
<b>Total</b>	<b>2,659</b>	<b>169</b>

**APOLLO TYRES (HUNGARY) KFT**  
 SUPPLEMENTARY NOTES FOR THE YEAR ENDING ON 31 MARCH 2021  
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**9. LIQUID ASSETS**

The Company had the following liquid assets as at 31 March 2021:

	31/03/2020	31/03/2021
HUF bank accounts	665	142
EUR bank accounts	2,964	2,074
USD bank accounts	24	44
GBP bank accounts	44	21
Term deposits	0	292
<b>Total</b>	<b>3,697</b>	<b>2,573</b>

During the year, the company has received HUF 1,458 million subsidy for 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. The above mentioned term deposit was given to the bank in order to issue the above guarantee.

**10. PREPAYMENTS**

The summary of prepayments as at 31 March 2021 is as follows:

	31/03/2020	31/03/2021
Tuition fee	39	33
<b>Total</b>	<b>39</b>	<b>33</b>

**11. SHAREHOLDERS' EQUITY**

Subscribed capital as at 31 March 2021:

Shareholder	Total face value (HUF mn)		Share	
	31/03/2020	31/03/2021	31/03/2020	31/03/2021
Apollo Tyres B.V.	112	103	100%	100%

Change in shareholders' equity in financial year 2020-2021:

	Subscribed capital	Capital reserve	Retained earnings	Tied-up reserve	Profit for the period	Total equity
<b>Total as at 31/03/2020</b>	<b>112</b>	<b>142,195</b>	<b>0</b>	<b>0</b>	<b>4,182</b>	<b>146,489</b>
<b>Profit for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,859</b>	<b>5,859</b>
<b>Share capital increase from capital res.</b>	<b>20,000</b>	<b>-20,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Share capital &amp; capital reserve decrease</b>	<b>-20,009</b>	<b>-9,991</b>	<b>20,000</b>	<b>0</b>	<b>0</b>	<b>-10,000</b>
<b>Tied-up reserve creation - R&amp;D related</b>	<b>0</b>	<b>0</b>	<b>-2,117</b>	<b>2,117</b>	<b>0</b>	<b>0</b>
<b>Transfers of previous year's result</b>	<b>0</b>	<b>0</b>	<b>4,182</b>	<b>0</b>	<b>-4,182</b>	<b>0</b>
<b>Dividend payment</b>	<b>0</b>	<b>0</b>	<b>-4,000</b>	<b>0</b>	<b>0</b>	<b>-4,000</b>
<b>Total as at 31/03/2021</b>	<b>103</b>	<b>112,204</b>	<b>18,065</b>	<b>2,117</b>	<b>5,859</b>	<b>138,348</b>

During the year the Sole Member (Apollo Tyres B.V.) of the Company decided to increase the share capital from capital reserve by HUF 20 billion. After that the Sole Member resolved to decrease the share capital by HUF 20,009 million and the capital reserve by HUF 9,991 million. Out of the HUF 20,009 million capital decrease HUF 20,000 million was utilized to increase the Retained earnings while the Sole Member received the remaining HUF 9 million share capital along with HUF 9,991 million capital reserve. HUF 2,117 million Tied-up reserve decreases the free reserves related to the Capitalized R&D.

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**12. SHORT TERM LIABILITIES**

**12.1 Trade creditors (accounts payable)**

The balance of trade payables as at 31 March 2021:

	<u>31/03/2020</u>	<u>31/03/2021</u>
Domestic trade creditors	3,776	2,883
Foreign trade creditors	6,924	5,364
<b>Total</b>	<b>10,700</b>	<b>8,247</b>

**12.2 Short-term liabilities to affiliated parties**

Short-term liabilities to affiliated parties on 31 March 2021:

<u>Name of affiliated company</u>	<u>31/03/2020</u>	<u>31/03/2021</u>
Apollo Tyres Ltd. India	237	212
Apollo Tyres UK Pvt Ltd.	376	251
Apollo Vredestein B.V.	0	232
Apollo Tyres Global R&D	664	1,316
Apollo Tyres Singapore ( Holdings ) Pte Ltd.	359	748
<b>Total</b>	<b>1,636</b>	<b>2,759</b>

**12.3 Other short-term liabilities**

Other short-term liabilities as at 31 March 2021:

	<u>31/03/2020</u>	<u>31/03/2021</u>
Liabilities towards employees	267	329
Payable VAT	0	430
Liabilities towards government/tax authority	606	259
<b>Total</b>	<b>873</b>	<b>1,018</b>

**13. ACCRUALS**

Accruals on 31 March 2021:

	<u>31/03/2020</u>	<u>31/03/2021</u>
<b>Accrued expenses</b>		
Manufacturing related services	232	232
Electricity & gas	171	215
Bonus accruals	87	155
Transport services	43	36
Meal related costs	127	39
Manpower related	27	74
IT & telecommunication	0	14
Other expense payable	77	68
<b>Total</b>	<b>764</b>	<b>833</b>
<b>Deferred income</b>		
Cash State Subsidy	14,686	13,846
<b>Total</b>	<b>14,686</b>	<b>13,846</b>

The cash subsidy was approved and granted by the Hungarian Government in accordance with the prevailing norms. The subsidy agreement defines contractual obligations and criteria for the Company. The monitoring period started in April 2020 for the period of 5 years.

**APOLLO TYRES (HUNGARY) KFT**  
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**14. SALES REVENUE**

**14.1 Net sales revenue**

The net sales revenue is as below for the year ending on 31 March 2021.

	<u>2020</u>	<u>2021</u>
Tyre sales	47,916	53,443
Mediated services/ cross charges	926	850
Other revenue	1	3
<b>Total</b>	<b>48,843</b>	<b>54,296</b>
	<i>of which sales to ultimate parent company</i>	<i>105</i>
	<i>of which sales to other related company</i>	<i>41</i>
	<b>48,579</b>	<b>54,058</b>

**Revenue breakdown by region**

	<u>2020</u>	<u>2021</u>
Hungary	1,316	6,178
Within European Union	47,411	48,073
Out of European Union	116	45
<b>Total</b>	<b>48,843</b>	<b>54,296</b>

**14.2 Other operating income**

Other operating income in the year ending on 31 March 2021:

	<u>2020</u>	<u>2021</u>
Cash Subsidy	699	838
Subsidy received related to pandemic	0	1,798
Job Creation Subsidy	152	0
Fixed asset sales	214	50
Miscellaneous income	44	37
<b>Total</b>	<b>1,109</b>	<b>2,723</b>

**15. MATERIAL TYPE COSTS**

**15.1 Raw materials and consumables**

Raw material costs in the year ending on 31 March 2021:

	<u>2020</u>	<u>2021</u>
Raw material	18,036	22,405
Engineering material	1,078	1,291
Electricity	1,313	1,438
Gas	381	428
Other	199	180
<b>Total</b>	<b>21,007</b>	<b>25,742</b>

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**15.2 Value of services consumed**

Services consumed in the year ending on 31 March 2021:

	<u>2020</u>	<u>2021</u>
Group management charges - R&D	854	3,149
Group management charges - other	1,303	1,003
Transport, internal movement	2,511	2,080
Travel costs	101	15
Maintenance	956	1,259
Leased manpower	576	266
Legal, professional and recruitment fees	135	90
Cleaning, gardening & security	337	383
Rental fees (office, car)	163	367
Freight	46	86
Environmental protection related (waste removal & consultancy)	218	254
Other material type services	323	252
<b>Total</b>	<b>7,523</b>	<b>9,204</b>
	<i>of which services rendered by ultimate parent company</i>	<i>560</i>
	<i>of which services rendered by other related company</i>	<i>1,644</i>
		<i>424</i>
		<i>3,728</i>

**15.3 Other services**

Other services used in the year ending on 31 March 2021:

	<u>2020</u>	<u>2021</u>
Insurance	139	184
Bank charges	58	61
Duties, fees of authorities	14	1
<b>Total</b>	<b>211</b>	<b>246</b>

**15.4 Value of services sold (mediated)**

The value of mediated services is HUF 163 million in the year ending on 31 March 2021 (HUF 134 million in the previous financial year). Out of HUF 163 million the rental fee of real properties amounts to HUF 142 million.

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**16. PERSONNEL COSTS**

Wages, salaries and other personnel costs paid in financial year 2020-2021:

	<u>2020</u>	<u>2021</u>
Wages and salaries	4,518	4,812
Other personnel costs	1,780	2,041
Contributions on wages and salaries	962	955
<b>Total</b>	<b><u>7,260</u></b>	<b><u>7,808</u></b>

	<u>2020</u>	<u>2021</u>
<b>Wage contributions</b>		
Social Contribution Tax	868	836
Healthcare Contribution	-16	0
Vocational Training Contribution	54	60
Rehabilitation Contribution	56	59
<b>Total</b>	<b><u>962</u></b>	<b><u>955</u></b>

<b>Actual year</b>	<b>Wages and salaries</b>	<b>Other personnel costs</b>	<b>Average statistical headcount</b>
Technicians/team members	3,695	553	641
Professional qualified staff	1,117	1,488	262
<b>Total</b>	<b><u>4,812</u></b>	<b><u>2,041</u></b>	<b><u>903</u></b>

The data of professional qualified staff colleagues include individuals seconded to our Company by the Indian parent company (Apollo Tyres Ltd., India) Their average statistical headcount is 59 in the actual year (it was 53 in the previous financial year).

**17. OTHER EXPENDITURE**

Other expenditure in the year ending on 31 March 2021:

	<u>2020</u>	<u>2021</u>
Work in progress & R&D material scrapping	91	129
Book value of fixed assets sold	197	32
Other taxes	294	311
Detention charges	0	96
Miscellaneous expenditure	13	10
<b>Total</b>	<b><u>595</u></b>	<b><u>578</u></b>



**APOLLO TYRES (HUNGARY) KFT**  
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**18. PROFIT/LOSS ON FINANCIAL TRANSACTIONS**

Financial income and expenditure in the year ending on 31 March 2021:

	2020	2021
<b><u>Income from financial transactions</u></b>		
Realised foreign exchange gain	847	1,572
Unrealised foreign exchange gain on revaluation	872	0
Other interests and interest type income received	3	29
Of this: received from affiliated companies	1	26
<b>Total</b>	<b>1,722</b>	<b>1,601</b>
<b><u>Expenses on financial transactions</u></b>		
Interest payable and type expenses	251	1
Realised foreign exchange loss	2,986	967
Unrealised foreign exchange loss on revaluation	0	483
<b>Total</b>	<b>3,237</b>	<b>1,451</b>
<b>Profit/loss on financial transactions</b>	<b>-1,515</b>	<b>150</b>

**19. CORPORATE INCOME TAX**

Taxable income and pre-tax profit as per the Corporate Income Tax Act in the years ended on 31 March 2021:

	2020	2021
<b>Pre-tax profit/loss</b>	<b>4,220</b>	<b>5,912</b>
Depreciation recognized as per the Accounting Act	5,982	7,603
Net value of disposed of assets according to the accounting act	197	32
Penalties from authorities	9	5
Charity and donation	2	1
<b>Total additions to taxable income</b>	<b>6,190</b>	<b>7,641</b>
Depreciation recognized as per the Corporate income tax Act	5,982	7,603
Net value of disposed of assets according to the corporate income tax act	197	32
Students involved in training from vocational schools	12	15
<b>Total deductions from the taxable income</b>	<b>6,191</b>	<b>7,650</b>
<b>Tax base for the current year</b>	<b>4,219</b>	<b>5,903</b>
Loss from previous years	-2,110	-2,952
<b>Final tax base</b>	<b>2,109</b>	<b>2,951</b>
<b>Calculated corporate income tax</b>	<b>190</b>	<b>266</b>
Development tax allowance	-152	-213
<b>PAYABLE CORPORATE INCOME TAX</b>	<b>38</b>	<b>53</b>

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**20. HAZARDOUS WASTE INVENTORY**

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

Hazardous waste type	EWC code	Opening (kg)	Generated (kg)	Dispatched (kg)	Closing (kg)
Waste additive containing hazardous substances	070214*	0	12,360	12,360	0
Waste oil	130205*	0	1,300	1,300	0
Oil-water sludge	130502*	11,800	82,100	84,060	9,840
Packaging waste containing or contaminated with hazardous substances	150110*	0	53,000	51,920	1,080
Filter materials, cloth contaminated with hazardous substances	150202*	0	970	920	50
Liquid waste containing hazardous substances	161001*	13,000	25,150	37,180	970

**21. FEES OF EXECUTIVE OFFICERS**

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

Gyöngyöshalász, April 26, 2021

Prem Chand Ojha  
Managing Director



**APOLLO TYRES (HUNGARY) Kft.**

**Address:** H-3212 Gyöngyöshalász,  
Apollo road 106.

**Postal address:** 3201 Gyöngyös,  
PO Box.133

[www.apollotyres.com](http://www.apollotyres.com)



## **BUSINESS REPORT**

### **FOR THE YEAR ENDING 31 MARCH 2021**

#### **1. Ownership**

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

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

#### **2. Production**

The Company continued to ramp up its production capacity during the year for both Passenger & Commercial tyres production line.

The Company produces a wide range of passenger car tyres under Apollo & Vredestein brand for replacement as well OE market.

Commercial vehicle tyres were produced in Apollo Brand.

#### **3. Employment**

The average statistical headcount of the Company was 903 in financial year 2020-2021 and we closed FY 2020-2021 (March 31, 2021) with 941 – together with the leased and foreign colleagues it is 1001. We successfully integrated the internal material movement, earlier this activity was outsourced.

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To keep our headcount we received financial aid from the Hungarian Government that we could utilize.

During the year, the focus areas were the engagement and the efficiency: The average monthly attrition is less than 2% which is far better than the industrial average. The voluntary leaving rate is about 0.8%

We successfully insourced the payroll activities, the preparation for online self-service HR solutions have been started.

## **CSR**

Due the pandemic, CSR activities were focused on managing COVID. Our colleagues participated quarterly blood donations.

We supported the Hungarian Blood Transfusion Services and Gyöngyös Ambulance Services with tyre donation.

We established a web-based information platform too that helps employees to get to know the right / healthy behaviour.

During summer we organized 2 weeks "Apollo Children Camp" to help parents after the schools' lock down.

## **Award, recognition:**

Even though we radically decreased the physical meetings, we wanted to keep our recognition habits: we congratulated colleagues who had service anniversary and those who were elected to be "Employee of the year".

## **4. COVID-19 update on business**

The COVID-19 pandemic has impacted the auto & tyre industry like most of the other industries around the world.

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The factory was closed for 4 weeks period starting at the beginning of the financial year to align with sales demand.

The Company has implemented new policies related to health safety to ensure employees working in the company are protected and they feel safe during work.

Management is continuously reviewing the market situation and more precisely the local lockdowns introduced by various countries from time to time.

We do not foresee any material impact on our operation based on our assessment of the current market situation.

## 5. Other

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

During the year, the company paid a dividend of HUF 4 billion based on the profit of the previous financial year. In addition to this, the company has also made capital repayment for HUF 10 billion to its parent company.

The above payments were made from internal accrual.

The company has further allocated HUF 20 billion as a free reserve from the capital reserve which can be used for future dividend distribution if required.

Gyöngyöshalász, April 26, 2021

Prem Chand Ojha  
Managing Director

A handwritten signature in blue ink, appearing to read 'Prem Chand Ojha', is written over a vertical line that serves as a signature line. The signature is stylized and cursive.

## Independent Auditor's Report

**To the owner of Apollo Tyres (Hungary) Kft.**

### Opinion

We have audited the Annual Report of Apollo Tyres (Hungary) Kft. („the Company”) for the year 2020/2021, which Annual Report comprises the balance sheet made at the balance sheet date of 31 March 2021 – presenting the balance sheet total of assets and liabilities in equal amount of million HUF 165,051 and the after-tax result of million HUF 5,859 (profit) -, the income statement for the financial year then ended and the supplementary notes, including also a summary of significant elements of accounting policies.

In our opinion the attached Annual Report provides a true and fair view of the assets and financial position of the Company as at 31 March 2021, as well as its income position for the financial year then ended in accordance with the provisions in force in Hungary of the Act C of 2000 on Accounting (hereinafter: „Accounting Act”).

### Basis for opinion

We conducted our audit in accordance with the Hungarian National Standards on Auditing and the respective laws and other regulations applicable to auditing in Hungary. Our responsibilities under those standards are further described in the „Auditor's responsibilities for the audit of the Annual Report” section of our report.

We are independent of the Company in accordance with the requirements laid down in relevant legislation in force in Hungary and in the “Regulations on the code of conduct (ethical rules) of the audit profession and the disciplinary procedures” of the Chamber of Hungarian Auditors, as well as in respect of issues not settled therein, with the requirements of the “The International Code of Ethics for Professional Accountants (including International Independence Standards)” issued by the International Ethics Standards Board for Accountants (the IESBA Code). and also comply with additional ethical requirements contained within the same standards.

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

### Other information: The Business Report

Other information consists of the 2020/2021 Business Report of Apollo Tyres (Hungary) Kft. The management is responsible for the preparation of the Business Report in accordance with the relevant provisions set out in the accounting act and other legislation. Our independent auditor's opinion expressed on the Annual Report in the „Opinion” section of our report does not cover the Business Report.

In the context of the audit carried out by us concerning the Annual Report, our responsibility is to read through the Business Report and during it to make a judgement whether the Business Report is significantly at odds with the Annual Report or with our knowledge obtained during the audit, or otherwise it seems that a material misstatement is contained therein. If, based on

the work we have performed, we conclude that there is a material misstatement contained in other information, we are required to report this fact and the nature of the misstatement.

On the basis of the Accounting Act, we are also responsible for making a judgement, whether the Business Report is consistent with the relevant provisions of the Accounting Act and other legislations and for expressing an opinion on this and as well as on the consistency of the Business Report and the Annual Report.

In our opinion, the Business Report for the year 2020/2021 of Apollo Tyres (Hungary) Kft., in all material respects, is consistent with the Annual Report for the 2020/2021 of Apollo Tyres (Hungary) Kft. and the relevant provisions of the Accounting Act. As there is no other legislation providing for additional requirements for the Company regarding the Business Report, so we do not express an opinion in this regard.

No material contradiction or material misstatement of other nature has been brought to our knowledge either in the Business Report, so thus we have nothing to report in this regard.

### **Responsibilities of Management and those charged with governance for the Annual Report**

The management is responsible for the preparation and fair presentation of the Annual Report in accordance with the provisions of the Act on Accounting and for such internal controls as the management determines as necessary to enable the preparation of the Annual Report that is free from material misstatement, whether due to fraud or error.

In preparing the Annual Report, the management is responsible for assessing the Company's ability to continue as a going concern and for disclosing of information related to going concern as appropriate in the given circumstances and the management is also responsible for compiling of the Annual Report based on the principle of going concern. The management shall take the going concern principle as a starting point, unless enforcing of this principle is prevented by a different provision, or such a factor or circumstance exists that is inconsistent with the continuation of the business activity.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the audit of the Annual Report**

The objectives of our audit are to obtain reasonable assurance about whether the Annual Report as a whole is free from material misstatements, whether due to fraud or error, and based on it to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Hungarian National Standards on Auditing will always detect a material misstatement when it exists. 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 users' economic decisions taken on the basis of the given Annual Report.

Throughout the audit conducted in accordance with the Hungarian National Standards on Auditing we exercise professional judgement and maintain professional scepticism.

We also:

- Identify and assess the risks of material misstatements of the Annual Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the given circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Draw a conclusion, whether using of going concern as a basis, the compilation of the Annual Report by management is appropriate, and based on the audit evidence obtained also whether any material uncertainty exists in connection with such events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If it is concluded that there is a material uncertainty, then in our independent auditor's report we have to call the attention to the related disclosures in the Annual Report, or if the disclosures are not appropriate in this respect, then we have to issue a qualified opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause that the Company will not be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Annual Report, including the disclosures made in the supplementary notes, and also whether the Annual Report represents the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance – among other matters – the planned scope and timing of the audit and the significant audit findings, including any significant deficiencies in internal control that we identify during our audit, if there were any.

Budapest, 26 April 2021

Waltraud Körbler  
Grant Thornton Audit Kft.  
1134 Budapest Dévai utca 26-28.  
Company Court Registration Number: 000168

Ildikó Leveles  
Registered Auditor  
Chamber Membership Reg. No.: 007015

“This Report has been prepared originally in Hungarian language and the Hungarian original version has been signed by the Parties. In case of disputes the Hungarian version shall prevail.”