



Independent Auditor's Report and Financial Statements of

Apollo Tyres (Thailand) Limited

For the Year Ended 31 March 2021



INDEPENDENT AUDITOR'S REPORT

Grant Thornton Limited
11th Floor, Capital Tower
All Season Place
87/1 Wireless Road
Lumpini, Pathumwan
Bangkok 10330, Thailand

T +66 2 205 8222
F +66 2 654 3339

To the Shareholders of Apollo Tyres (Thailand) Limited

Opinion

I have audited the financial statements of Apollo Tyres (Thailand) Limited (the "Company"), which comprise the statement of financial position as at 31 March 2021, the statement of income and changes in shareholders' equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Apollo Tyres (Thailand) Limited as at 31 March 2021 and its financial performance for the year then ended in accordance with the Thai Financial Reporting Standard for Non-Publicly Accountable Entities.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Matter

The financial statements of Apollo Tyres (Thailand) Limited for the year ended 31 March 2020, presented as comparative information, were audited by other auditor who expressed an unmodified opinion thereon in her report dated 30 April 2020. *kesomee.*

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and 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.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai 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 economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, 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 my 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 circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. *itcosamee.*

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Kesamee Srathongphool.

Ms. Kesamee Srathongphool

Certified Public Accountant

Registration No. 9262

Grant Thornton Limited

Bangkok

30 April 2021

APOLLO TYRES (THAILAND) LIMITED
STATEMENT OF FINANCIAL POSITION

		Baht	
	Note	31 March 2021	31 March 2020
<u>ASSETS</u>			
CURRENT ASSETS			
Cash and cash equivalents	4	114,067,521	49,988,692
Trade and other receivables - net	5	157,495,941	179,277,106
Inventories - net	6	62,810,670	68,780,799
Total current assets		334,374,132	298,046,597
NON - CURRENT ASSETS			
Leasehold office improvements and equipment - net	7	11,112,523	14,237,748
Intangible assets - net	8	22,509	26,716
Other non-current assets		1,534,351	604,685
Total non - current assets		12,669,383	14,869,149
TOTAL ASSETS		347,043,515	312,915,746

APOLLO TYRES (THAILAND) LIMITED
STATEMENT OF FINANCIAL POSITION

		Baht	
	Note	31 March 2021	31 March 2020
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
CURRENT LIABILITIES			
Trade and other payables	9	208,081,607	195,939,781
Income tax payable		748,830	-
Provision for warranty claims	10	5,084,455	6,065,256
Other current liabilities		1,596,603	2,308,482
Total current liabilities		<u>215,511,495</u>	<u>204,313,519</u>
NON - CURRENT LIABILITIES			
Liabilities under employee benefits obligation	11	8,329,572	7,710,677
Total non - current liabilities		<u>8,329,572</u>	<u>7,710,677</u>
TOTAL LIABILITIES		<u>223,841,067</u>	<u>212,024,196</u>

APOLLO TYRES (THAILAND) LIMITED
STATEMENT OF FINANCIAL POSITION

		Baht	
	Note	31 March 2021	31 March 2020
LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)			
SHAREHOLDERS' EQUITY			
Share capital - common share at Baht 100 par value			
Authorized 4,000,000 common shares		400,000,000	400,000,000
Issued and called paid-up of Baht 25 each, 4,000,000 common shares		100,000,000	100,000,000
Retained earnings			
- Appropriated for legal reserve	13	3,000,000	3,000,000
- Unappropriated		20,202,448	(2,108,450)
TOTAL SHAREHOLDERS' EQUITY		123,202,448	100,891,550
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		347,043,515	312,915,746

APOLLO TYRES (THAILAND) LIMITED
STATEMENT OF INCOME
FOR THE YEAR ENDED 31 MARCH

		Baht	
	Note	2021	2020
Revenues			
Revenue from sales		833,716,610	1,044,237,982
Gain on foreign exchange rate		4,747,227	4,533,512
Other income		22,056,291	25,186,909
Total revenues		<u>860,520,128</u>	<u>1,073,958,403</u>
Expenses			
Cost of sales		633,048,122	865,753,068
Selling expenses		73,087,244	68,408,625
Administrative expenses		131,323,885	165,974,789
Total expenses		<u>837,459,251</u>	<u>1,100,136,482</u>
Profit (loss) before income tax expenses		23,060,877	(26,178,079)
Income tax	14	(749,979)	-
Profit (loss) for the year		<u>22,310,898</u>	<u>(26,178,079)</u>

APOLLO TYRES (THAILAND) LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 MARCH

	Baht			
	Issued and paid - up share capital	Retained earnings		Total
		Appropriated for legal reserve	Unappropriated	
Balance as at 1 April 2019	100,000,000	3,000,000	24,069,629	127,069,629
Loss for the year	-	-	(26,178,079)	(26,178,079)
Balance as at 31 March 2020	100,000,000	3,000,000	(2,108,450)	100,891,550
Balance as at 1 April 2020	100,000,000	3,000,000	(2,108,450)	100,891,550
Profit for the year	-	-	22,310,898	22,310,898
Balance as at 31 March 2021	100,000,000	3,000,000	20,202,448	123,202,448

The accompanying notes form an integral part of these financial statements.

APOLLO TYRES (THAILAND) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

1. GENERAL INFORMATION

Apollo Tyres (Thailand) Limited (“the Company”) was registered as a limited company under the Thai Civil and Commercial Code on 22 January 2013. The Company is principally engaged in trading and generally carrying business of manufacturer in tyres of vehicles. The Company’s registered office is at 719 KPN Tower, Unit A, 23rd Floor, Rama 9 Road, Bangkok, Huaykwang, Bangkok

The Company’s major shareholder is Apollo Tyres Co-operative (U.A.), which is incorporated in the Netherlands, by holding 99.99% of the Company’s shares. The Company’s ultimate shareholder is Apollo Tyres Ltd., which is incorporated in India.

The Company has extensive transactions and relationships with related companies. Accordingly, the financial statements may not necessarily be indicative of the conditions that would have existed or the results of operation that would have occurred if the Company had operated without such affiliations.

2. BASIS OF FINANCIAL STATEMENTS PREPARATION

The financial statements have been officially prepared in Thai in accordance with the Accounting Act B.E. 2543 and Thai Financial Reporting Standards for Non-Publicly Accountable Entities issued under the Accounting Professions Act B.E. 2547. The translation of these financial statements to other language must be in compliance with the official report in Thai.

The financial statements have been prepared on a historical cost basis, except as otherwise disclosed specifically.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

Cash and cash equivalents include cash on hand and highly liquid cash in banks (without restriction for usage) that are readily convertible to cash on maturity date with insignificant risk of change in value.

3.2 Trade receivables and allowance for doubtful accounts

Trade accounts receivable are stated at the net realisable value. The Company provide allowance for doubtful accounts for the estimated losses that may incurred in collection of receivables. The allowances are generally based on collection experiences and analysis of debtor aging, and the likelihood of settlement of debt, on a specific account basis.

3.3 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined using the weighted average method. Cost includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price in the ordinary course of business less all estimated costs necessary to make the sale.

Allowance is made, where necessary, for obsolete, slow-moving and defective inventories in arriving at the net realizable value.

3.4 Leasehold office improvement and equipment

Leasehold office improvement and equipment are recorded at cost less accumulated depreciation and allowance for diminution in value (if any). Cost is measured by the cash or cash equivalent price of obtaining the assets and bringing to the location and condition necessary for its intended use, the costs of dismantling and removing the items and restoring the site on which they are located.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, based on the segregation of components of assets if each part is significant with different useful lives. Estimated useful lives of the assets are as follows:

Leasehold office improvements	5 Years
Moulds	5 Years
Furniture and fixture	5 Years
Office equipment	3 - 5 Years
Vehicles	5 Years

Expenditure for additions, renewals and betterment, which result in a substantial increase in an asset current replacement value, are capitalized. Repair and maintenance costs are recognized as expenses when incurred.

In case permanent devaluation of leasehold office improvements and equipment has occurred, the resultant loss on diminution in value will be recognized as an expense in the statement of income.

3.5 Intangible assets

Intangible asset is software licenses which is stated at cost, net of accumulated amortization and provision for diminution in value, (if any).

Software licenses

5 - 10 Years

If there is an indicator that the value of an intangible asset has permanently declined, the Company shall recognize a loss on diminution in value of an intangible asset in the statement of income.

3.6 Long-term leases

Leases of assets where the Company assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalized at the estimated present value of the underlying lease payments or the present value of the lease payments, whichever is lower. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the outstanding balance. The lease payment obligation under the lease agreement, net of financial interest payment, is recorded as liability under finance lease. The interest element of the finance charge is recognized in statement of income over the lease period. The equipment acquired under finance leasing contract is depreciated over the useful life of the asset.

Leases of assets under which all risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to statement of income on a straight - line basis over the period of the lease. When an operating lease is terminated before expiry date of the lease period, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

3.7 Provision for warranty claim

The provision for warranty claim is estimated by the management based on past experience. The Company recognized warranty claim in the statement of income.

3.8 Employee benefits

Short-term employee benefits

Short-term employee benefits, including salaries, wages, bonuses and contribution to the social security as expenses when incurred.

Post-employment benefit plans

Provident fund

The Company and its employees have jointly established a provident fund under the Provident Fund Act B.E. 2530. The fund is contributed both by the employees and the Company and is managed by outsource fund management. The fund will be paid to the employees upon termination in accordance with the rules of the fund.

Post-employment benefit obligation

The Company has obligations in respect of the severance payments they must make to employees upon retirement under the labour law.

The obligations under the defined benefit plan are determined by the actuarial technique computed by a qualified independent actuary, using the projected unit credit method.

Actuarial gains or losses for the computation of post-employment benefits are presented under other comprehensive income.

3.9 Revenue and expenses recognition

Revenue from domestic sales are recognized when goods are delivered to customers.

In the case of export sales, revenues are recognized when goods are shipped and titles are passed to the buyers. Titles are passed to the buyers when the Company delivers the goods to the common carriers who act as agents for the buyers.

Interest income, other income and expenses are recognized on an accrual basis.

3.10 Income tax

The income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date.

3.11 Foreign currency transactions

Transactions in foreign currencies are translated into Thai Baht at the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Thai Baht at the exchange rates prevailing at the year-end date. Gains and losses on exchange are included in the statement of income.

3.12 Use of accounting estimates

The preparation of financial statements in conformity with TFRS for NPAEs and accounting practices generally accepted in Thailand also requires the Company's management to exercise judgment in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the last date of the reporting period and the reported amounts of revenue and expense during the reporting period. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

4. CASH AND CASH EQUIVALENTS

	Baht	
	2021	2020
Cash on hand	29,063	29,532
Current account	8,059,507	6,316,949
Savings account	105,978,951	43,642,211
Total	<u>114,067,521</u>	<u>49,988,692</u>

5. TRADE AND OTHER RECEIVABLES - NET

	Baht	
	2021	2020
Trade accounts receivable		
General companies	81,959,693	103,806,602
Related companies	52,140	54,379
Total	<u>81,983,493</u>	<u>103,860,981</u>
<u>Less</u> Allowance for doubtful account	(64,168)	(64,168)
Net	<u>81,947,665</u>	<u>103,796,813</u>
Other receivables		
Related companies	66,931,070	72,994,467
Prepaid expenses	2,693,266	1,716,689
Others	5,923,940	769,137
Total	<u>75,548,276</u>	<u>75,480,293</u>
Trade and other receivables - net	<u>157,495,941</u>	<u>179,277,106</u>

6. INVENTORIES - NET

	Baht	
	2021	2020
Finished goods	44,187,280	67,389,365
Goods in transit	19,546,240	3,514,097
Total	63,733,520	70,903,462
<u>Less</u> Allowance for devaluation in value of inventories	(922,850)	(2,122,663)
Net	62,810,670	68,780,799

The movements in allowance for decline in value of inventories for the years ended 31 March 2021 and 2020 are as follows:

	Baht	
	2021	2020
Balance as at 1 April	2,122,663	3,057,239
<u>Less</u> Reversal of allowance for decline in value	(1,199,813)	(934,576)
Balance as at 31 March	922,850	2,122,663

7. LEASEHOLD OFFICE IMPROVEMENTS AND EQUIPMENT - NET

	Baht					
	Leasehold office improvements	Moulds	Furniture and fixtures	Office equipment	Vehicles	Total
Cost						
1 April 2019	4,418,114	13,795,104	2,518,888	6,374,848	4,256,095	31,363,049
Purchase	-	-	-	330,792	883,897	1,214,689
Disposal	-	-	-	-	(843,095)	(843,095)
31 March 2020	4,418,114	13,795,104	2,518,888	6,705,640	4,296,897	31,734,643
Purchase	-	-	-	358,925	1,059,000	1,417,925
Disposal	-	-	-	-	(934,000)	(934,000)
31 March 2021	4,418,114	13,795,104	2,518,888	7,064,565	4,421,897	32,218,568
Accumulated depreciation						
1 April 2019	3,815,549	525,755	2,247,282	4,588,997	2,099,607	13,277,190
Depreciation	269,953	2,759,021	152,061	714,610	872,071	4,767,716
Disposal	-	-	-	-	(548,011)	(548,011)
31 March 2020	4,085,502	3,284,776	2,399,343	5,303,607	2,423,667	17,496,895
Depreciation	250,358	2,759,021	94,321	649,255	665,663	4,418,618
Disposal	-	-	-	-	(809,468)	(809,468)
31 March 2021	4,335,860	6,043,797	2,493,664	5,952,862	2,279,862	21,106,045

	Baht					
	Leasehold office improvements	Moulds	Furniture and fixtures	Office equipment	Vehicles	Total
Net book value						
31 March 2020	332,612	10,510,328	119,545	1,402,033	1,873,230	14,237,748
31 March 2021	82,254	7,751,307	25,224	1,111,703	2,142,035	11,112,523
Depreciation for the year 2020 - Administrative expenses						4,767,716
Depreciation for the year 2021 - Administrative expenses						4,418,618

As at 31 March 2021 and 2020, leasehold office improvements and equipment have been fully depreciated but are still in use. The original cost before deducting accumulated depreciation of those assets amounted to Baht 9.96 million and Baht 7.82 million, respectively.

8. INTANGIBLE ASSETS - NET

	Baht
	Computer Software licenses
Cost	
1 April 2019 and 31 March 2020 and 31 March 2021	126,683
Accumulated amortization	
1 April 2019	95,760
Amortization	4,207
31 March 2020	99,967
Amortization	4,207
31 March 2021	104,174
Net Book value	
31 March 2020	26,716
31 March 2021	22,509
Amortization for the year 2020 - Administrative expenses	4,207
Amortization for the year 2021 - Administrative expenses	4,207

9. TRADE AND OTHER PAYABLES

	Baht	
	2021	2020
Trade accounts payable		
Related company	62,884,300	53,573,213
General companies	-	396,534
Total	<u>62,884,300</u>	<u>53,969,747</u>
Other payables		
Other payables - related company	14,828,267	36,483,590
Other payables - other companies	12,682,507	8,660,154
Other payables - the Revenue department	1,036,762	1,099,570
Accrued promotional expenses	84,980,788	74,397,452
Accrued bonus	6,143,098	5,647,468
Accrued transportation expenses	3,215,528	3,545,862
Other accrued expenses	22,310,357	12,135,938
Total	<u>145,197,307</u>	<u>141,970,034</u>
Trade and other payables	<u>208,081,607</u>	<u>195,939,781</u>

10. PROVISION FOR WARRANTY CLAIMS

Movements of provision for warranty claims for the years ended 31 March 2021 and 2020 are as follows:

	Baht	
	2021	2020
Balance as at 1 April	6,065,256	6,093,680
<u>Add</u> Addition during the year - recognized as expenses	1,523,984	634,657
<u>Less</u> Paid during the year	(2,504,785)	(663,081)
Balance as at 31 March	<u>5,084,455</u>	<u>6,065,256</u>

11. LIABILITIES UNDER EMPLOYEE BENEFITS OBLIGATION

	Baht	
	2021	2020
Balance as at 1 April	7,710,677	6,711,837
Expenses recognized in the statement of income	618,895	998,840
Balance as at 31 March	<u>8,329,572</u>	<u>7,710,677</u>

On 5 April 2019, the National Legislative Assembly published Labor Protection Act No.7 B.E. 2019 in the Government Gazette which entitles employees who have worked for a consecutive period of 20 years or more to receive 400 days based on their salary as at the date of retirement. This change is considered an amendment to post-employment benefits. For the year ended 31 March 2020, the Company reflected the effect of such change by recognizing loss from change in estimate as an expense amount Baht 0.54 million in the statement of income.

12. PROVIDENT FUND

The Company has a provident fund for those employees who indicated their willingness to save. The contributions from employees are deducted from the employee's monthly salaries, with the Company's contribution at 10% with minimum contribution of 3% from employees. The fund is managed by an authorized fund manager in accordance with the Provident Fund Act B.E. 2530.

For the year ended 31 March 2021 and 2020, the Company paid the provident fund contributions and recorded as an expense in the statements of income amount Baht 4.12 million and Baht 4.29 million, respectively.

13. LEGAL RESERVE

Under the provisions of the Civil and Commercial Code, the Company is required to set aside as legal reserve at least 5% of its net profit at each dividend declaration until the reserve reaches 10% of the authorized share capital. Such reserve is not available for dividend distribution.

14. INCOME TAX

For the year ended 31 March 2021, effective tax rate was different from the corporate income tax rate specified by the Revenue Code because the Company has adjusted certain revenue and expense in calculating income tax in accordance with the Revenue Code (2020 : None).

15. SIGNIFICANT AGREEMENTS

On 1 June 2013, the Company entered into Trademark License & Royalty Agreement with the ultimate parent company of the group and the related companies, for the latter to grant the Company to commercially exploit the Trademarks for the sale of tyres as specified in the agreements. In this regard, the Company agreed to pay royalty fee at the rates specified in the agreements which shall be effective from 1 June 2013 to 31 March 2014 and thereafter it shall be renewed automatically, for further successive periods of 1 year each unless either party notifies the termination to the other in writing at least 6 months.

16. Commitments

As at 31 March 2021 and 2020, the Company has commitment on office premises rental and utilities agreements with minimum future lease and service payments as follows.

	Baht	
	2021	2020
Within 1 year	2,398,044	2,398,044
1 - 5 years	199,837	2,597,880
Total	2,597,881	4,995,924

17. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved for issuing by the Company's Directors on 30 April 2021.



Grant Thornton

grantthornton.co.th

© 2021 Grant Thornton Limited. All rights reserved.

Grant Thornton Limited is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions. Please see www.granthornton.co.th for further details.