



Independent Auditor's Report and Financial Statements of

Apollo Tyres (Thailand) Limited

For the Year Ended 31 March 2022



INDEPENDENT AUDITOR'S REPORT

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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 2022, 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 2022 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. *Kesmee.*

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. *Kesamee.*

- 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

29 April 2022

APOLLO TYRES (THAILAND) LIMITED
STATEMENT OF FINANCIAL POSITION

		Baht	
	Notes	31 March 2022	31 March 2021
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	68,981,890	114,067,521
Trade and other receivables - net	5	244,698,410	157,495,941
Inventories - net	6	79,117,792	62,810,670
Total current assets		392,798,092	334,374,132
NON - CURRENT ASSETS			
Leasehold office improvements and equipment - net	7	8,102,894	11,112,523
Intangible assets - net	8	18,303	22,509
Other non-current assets		994,684	1,534,351
Total non - current assets		9,115,881	12,669,383
TOTAL ASSETS		401,913,973	347,043,515

APOLLO TYRES (THAILAND) LIMITED

STATEMENT OF FINANCIAL POSITION

	Notes	Baht	
		31 March 2022	31 March 2021
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
CURRENT LIABILITIES			
Trade and other payables	9	277,442,387	208,081,607
Income tax payable		-	748,830
Provision for warranty claims	10	6,782,267	5,084,455
Other current liabilities		943,967	1,596,603
Total current liabilities		285,168,621	215,511,495
NON - CURRENT LIABILITY			
Liabilities under employee benefits obligation	11	5,295,299	8,329,572
Total non - current liability		5,295,299	8,329,572
TOTAL LIABILITIES		290,463,920	223,841,067

APOLLO TYRES (THAILAND) LIMITED

STATEMENT OF FINANCIAL POSITION

	Note	Baht	
		31 March 2022	31 March 2021
<u>LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)</u>			
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		8,450,053	20,202,448
TOTAL SHAREHOLDERS' EQUITY		111,450,053	123,202,448
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		401,913,973	347,043,515

APOLLO TYRES (THAILAND) LIMITED

STATEMENT OF INCOME

FOR THE YEAR ENDED 31 MARCH

		Baht	
	Note	2022	2021
Revenues			
Revenue from sales		1,174,790,469	833,716,610
Gain on foreign exchange rate		7,626,092	4,747,227
Other income		33,202,808	22,056,291
Total revenues		<u>1,215,619,369</u>	<u>860,520,128</u>
Expenses			
Cost of sales		1,000,236,693	633,048,122
Selling expenses		87,442,892	73,087,244
Administrative expenses		139,692,179	131,323,885
Total expenses		<u>1,227,371,764</u>	<u>837,459,251</u>
Profit (loss) before income tax expenses		(11,752,395)	23,060,877
Income tax	14	-	(749,979)
Net profit (loss) for the year		<u>(11,752,395)</u>	<u>22,310,898</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 2020	100,000,000	3,000,000	(2,108,450)	100,891,550
Net 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
Balance as at 1 April 2021	100,000,000	3,000,000	20,202,448	123,202,448
Net loss for the year	-	-	(11,752,395)	(11,752,395)
Balance as at 31 March 2022	100,000,000	3,000,000	8,450,053	111,450,053

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 2022

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.

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).

Amortization is computed using the straight-line method over the period 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 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 recognizes the reserve for post-employment benefit obligations for employee's retirement in compliance with the Thai labour law. The management calculates estimated post-employment benefits and gradually recognizes as expense through the hiring period. Gains or losses arising from changes in such obligations are recognised in the statements of 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.

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 Related parties

Related parties comprise enterprises or individuals that control or are controlled by the Company, whether directly or indirectly, or which are under common control with the Company. They also included associated companies and individuals which directly and indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, or officers with authority in the planning and directing of the Company's operations.

3.13 Use of accounting estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities. Actual results may differ from the judgement, estimates and assumptions made by management.

3.14 Estimated for liabilities, expenses and contingent assets

Provisions for liabilities and expenses in financial statements are recognized when the Company has a present legal or constructive obligation as a result of past events with probable outflow of resources to settle the obligation and where a reliable estimate of the amount can be made. The contingent assets will be recognized as separate assets only when the realization is virtually certain.

4. CASH AND CASH EQUIVALENTS

	Baht	
	2022	2021
Cash on hand	30,000	29,063
Current account	7,454,352	8,059,507
Savings account	61,497,538	105,978,951
Total	<u>68,981,890</u>	<u>114,067,521</u>

5. TRADE AND OTHER RECEIVABLES - NET

	Baht	
	2022	2021
Trade accounts receivable		
General companies	130,849,895	81,959,693
Related companies	55,428	52,140
Total	130,905,323	81,983,833
<u>Less Allowance for doubtful account</u>	-	(64,168)
Net	130,905,323	81,947,665
Other receivables		
Related companies	106,089,121	66,931,070
Prepaid expenses	2,871,778	2,693,266
Others	4,832,188	5,923,940
Total	113,793,087	75,548,276
Trade and other receivables - net	244,698,410	157,495,941

During the year end 31 March 2022, the Company wrote off trade accounts receivable of general company amounting of Baht 64,168 and wrote off other accounts receivable of related company amounting of Baht 68,225.

6. INVENTORIES - NET

	Baht	
	2022	2021
Finished goods	42,536,837	44,187,280
Goods in transit	39,204,878	19,546,240
Total	81,741,715	63,733,520
<u>Less Allowance for decline in value of inventories</u>	(2,623,923)	(922,850)
Net	79,117,792	62,810,670

The movements in allowance for decline in value of inventories for the years ended 31 March 2022 and 2021 are as follows:

	Baht	
	2022	2021
Balance as at 1 April	922,850	2,122,663
Allowance (reversal of allowance) for decline in value of inventories	1,701,073	(1,199,813)
Balance as at 31 March	2,623,923	922,850

7. LEASEHOLD OFFICE IMPROVEMENTS AND EQUIPMENT - NET

	Baht					
	Leasehold office improvements	Moulds	Furniture and fixtures	Office equipment	Vehicles	Total
Cost						
1 April 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
Purchase	-	-	-	127,647	1,426,000	1,553,647
Disposal	-	-	-	-	(1,945,000)	(1,945,000)
31 March 2022	4,418,114	13,795,104	2,518,888	7,192,212	3,902,897	31,827,215
Accumulated depreciation						
1 April 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
Depreciation	82,254	2,759,021	25,224	482,114	697,296	4,045,909
Disposal	-	-	-	-	(1,427,633)	(1,427,633)
31 March 2022	4,418,114	8,802,818	2,518,888	6,434,976	1,549,525	23,724,321
Net book value						
31 March 2021	82,254	7,751,307	25,224	1,111,703	2,142,035	11,112,523
31 March 2022	-	4,992,286	-	757,236	2,353,372	8,102,894
Depreciation for the year 2021 - Administrative expenses						4,418,618
Depreciation for the year 2022 - Administrative expenses						4,045,909

As at 31 March 2022 and 2021, the Company has leasehold office improvements and equipment which have been fully depreciated but are still in use. The original cost before deducting accumulated depreciation of those assets amounted to Baht 12.38 million and Baht 9.96 million, respectively.

8. INTANGIBLE ASSETS - NET

	Baht
	Computer Software licenses
Cost	
1 April 2020 and 31 March 2021 and 31 March 2022	126,683
Accumulated amortization	
1 April 2020	99,967
Amortization	4,207
31 March 2021	104,174
Amortization	4,206
31 March 2022	108,380
Net Book value	
31 March 2021	22,509
31 March 2022	18,303
Amortization for the year 2021 - Administrative expenses	4,207
Amortization for the year 2022 - Administrative expenses	4,206

9. TRADE AND OTHER PAYABLES

	Baht	
	2022	2021
Trade accounts payable		
Related companies	110,142,308	62,884,300
Other payables		
Other payables - related companies	32,853,862	14,828,267
Other payables - other companies	13,105,056	12,682,507
Other payables - the Revenue Department	-	1,036,762
Accrued promotional expenses	89,388,942	84,980,788
Accrued bonus	3,542,687	6,143,098
Accrued transportation expenses	2,383,568	3,215,528
Other accrued expenses	26,025,964	22,310,357
Total	167,300,079	145,197,307
Trade and other payables	277,442,387	208,081,607

10. PROVISION FOR WARRANTY CLAIMS

Movements of provision for warranty claims for the years ended 31 March 2022 and 2021 are as follows:

	Baht	
	2022	2021
Balance as at 1 April	5,084,455	6,065,256
<u>Add</u> Addition during the year - recognized as expenses	1,848,323	1,523,984
<u>Less</u> Paid during the year	(150,511)	(2,504,785)
Balance as at 31 March	<u>6,782,267</u>	<u>5,084,455</u>

11. LIABILITIES UNDER EMPLOYEE BENEFITS OBLIGATION

	Baht	
	2022	2021
Balance as at 1 April	8,329,572	7,710,677
Expenses recognized in the statement of income	965,727	618,895
Benefit paid during the year	(4,000,000)	-
Balance as at 31 March	<u>5,295,299</u>	<u>8,329,572</u>

12. PROVIDENT FUND

The Company has a provident fund for those employees who indicated their willingness to size. 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 2022 and 2021, the Company paid the provident fund contributions and recorded as an expense in the statements of income amount Baht 3.57 million and Baht 4.12 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.

15. SIGNIFICANT AGREEMENT

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 2022 and 2021, the Company has commitment on office premises rental and utilities agreements with minimum future lease and service payments as follows.

	Baht	
	2022	2021
Within 1 year	199,837	2,398,044
1 - 5 years	-	199,837
Total	199,837	2,597,881

17. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved for issuing by the Company's authorized directors on 29 April 2022.

