

Apollo Tyres (Greenfield) B.V.

Financial Statements

March 31, 2018

Apollo Tyres (Greenfield) B.V.
Balance sheet as at 31 March 2018

(All amounts are in € unless otherwise stated)

	Notes	As at 31 March 2018	As at 31 March 2017
ASSETS			
Non-current assets			
Financial assets			
i) Investments	3	7,184	7,184
Total non current assets		7,184	7,184
Current assets			
Financial assets			
i) Cash and cash equivalents	4	33,511	41,813
ii) Loan to related party	5	11,781,910	25,026,769
Other current assets	6	3,280	616
Total current assets		11,818,701	25,069,198
Total assets		11,825,885	25,076,382
EQUITY AND LIABILITIES			
Equity			
Equity share capital	7	36,001	36,001
Other equity			
i) Reserves and surplus		341,598	(138,681)
Total equity		377,599	(102,680)
LIABILITIES			
Current liabilities			
Financial liabilities			
i) Borrowings from related party	8	11,434,830	25,179,062
ii) Other financial liabilities	9	13,456	-
Total current liabilities		11,448,286	25,179,062
Total liabilities		11,448,286	25,179,062
Total equity and liabilities		11,825,885	25,076,382
Summary of significant accounting policies and other explanatory information.	1-12		
The accompanying notes form an integral part of the financial statements.			

Apollo Tyres (Greenfield) B.V.
Statement of Profit and Loss for the year ended 31 March 2018

(All amounts are in € unless otherwise stated)

	Notes	For the year ended 31 March 2018	For the year ended 31 March 2017
Revenue	10	1,779,668	176,769
Total income		1,779,668	176,769
Expenses			
Finance costs	11	1,273,191	179,062
Other expenses	12	26,198	136,601
Total expenses		1,299,389	315,663
Profit/(Loss) before tax		480,279	(138,894)
Income tax expense			
Current tax		-	-
Profit/(Loss) for the year		480,279	(138,894)
Earnings per equity share			
a) Basic		9.61	(2.78)
b) Diluted		9.61	(2.78)

Summary of significant accounting policies and other explanatory information. 1-12

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

Apollo Tyres (Greenfield) B.V.

Cash Flow Statement for the year ended 31 March 2018

(All amounts are in € unless otherwise stated)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Cash flows from operating activities		
Profit/(Loss) before tax as per statement of profit and loss	480,279	(138,894)
Adjustments for:		
Interest expense	1,273,191	179,062
Interest income	(1,264,719)	(176,769)
(Gain)/loss on foreign exchange fluctuation	(514,949)	108,598
Operating loss before working capital changes	(26,198)	(28,003)
Other current assets	(2,664)	845
Other financial liabilities	13,456	-
Cash used in operations	(15,406)	(27,158)
Taxes (paid)/refund	-	-
Net cash used in operating activities (A)	(15,406)	(27,158)
Cash flows from investing activities		
Loans repaid by/(advanced to) related parties, net	13,260,000	(24,850,000)
Interest received from related parties	1,249,578	-
Net cash flow from/(used in) investing activities (B)	14,509,578	(24,850,000)
Cash flows from financing activities		
Loans (repaid to)/received from related parties, net	(13,235,051)	24,891,402
Interest paid to related parties	(1,267,423)	-
Net cash (used in)/flow from financing activities (C)	(14,502,474)	24,891,402
Net (decrease)/increase in cash and cash equivalents (A+B+C)	(8,302)	14,244
Opening cash and cash equivalents	41,813	27,569
Closing cash and cash equivalents (Refer note 4)	33,511	41,813

Summary of significant accounting policies and other explanatory information.

1-12

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

Apollo Tyres (Greenfield) B.V.
Statement of Changes in equity for the year ended 31 March 2018

(All amounts are in € unless otherwise stated)

A. Equity share capital			
Particulars	Balance as at 1 April 2017	Changes in equity share capital during the year	Balance as at 31 March 2018
Equity share capital	36,001	-	36,001

B. Other equity		
Particulars	Retained earnings	Total
Balance as at 1 April 2016	213	213
Loss for the year	(138,894)	(138,894)
Balance as at 31 March 2017	(138,681)	(138,681)
Profit for the year	480,279	480,279
Balance as at 31 March 2018	341,598	341,598

Summary of significant accounting policies and other explanatory information. 1-12

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

Apollo Tyres (Greenfield) B.V.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

1. Company Overview

Apollo Tyres (Greenfield) B.V. (“the Company”), a private limited liability company based in Netherlands is registered at the Chamber of Commerce. The Company is part of group, headed by Apollo Tyres Limited, an Indian listed company with registered address at 3rd floor, Areekal mansion, Panampilly Nagar, 68203, Kochi, India.

2. Summary of significant accounting policies

(a) Basis of preparation

The financial statements have been prepared in accordance with recognition and measurement principles of Indian Accounting Standards (“Ind AS”) as issued by Institute of Chartered Accountants of India (“ICAI”). Further, the financial statements have been prepared on going concern basis since the Company is supported by its parent group company (Apollo Tyres Limited).

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles, i.e., Ind AS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities on the date of the financial statements and reported amount of revenue and expenses during the reporting period. Although these estimates are based upon management’s knowledge of current events and actions, actual results could differ from those estimates and revisions, if any, in accounting estimate is recognized prospectively in the current and future periods.

(c) Other income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

(d) Borrowing costs

Borrowing costs are charged to the statement of profit and loss as incurred.

(e) Taxation

Taxation is based on the result in the annual accounts, taking into account tax losses from previous years and the permanent differences between the profit calculation according to the annual accounts on the one hand and according to profit calculation for tax purposes on the other hand. The calculation is made at the current tax rate.

(f) Foreign currency transactions

The financial statements are presented in Euro which is the functional and presentation currency of the Company.

Monetary assets and liabilities in foreign currencies are converted into the functional currency at the closing exchange rate prevailing at the reporting date with the resulting differences, on subsequent restatement/settlement is recognised in the statement of profit and loss.

(g) Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Apollo Tyres (Greenfield) B.V.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

(h) Impairment of financial assets

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. A financial asset is considered to be impaired if objective evidence indicates that one or more events had a negative effect on the estimated future cash flows of that asset.

An impairment loss, in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. All impairment losses are recognised in statement of profit and loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortized cost, the reversal is recognised in statement of profit or loss.

Loans and receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

(i) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statements comprise cash at bank with an original maturity of three months or less.

(This space has been intentionally left blank)

Apollo Tyres (Greenfield) B.V.

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2018

		<i>(All amounts are in € unless otherwise stated)</i>	
		As at	As at
		31 March 2018	31 March 2017
Note 3: Non-current investments			
	Investment in membership interest in:		
	Apollo Tyres Cooperatief U.A	7,184	7,184
	(0.001% membership interest having face value of € 1,000)		
	Aggregate value of investment	7,184	7,184
	Aggregate amount of unquoted investment	7,184	7,184
Note 4: Cash and cash equivalents			
	Balance with banks in current account	33,511	41,813
		33,511	41,813
Note 5: Loans			
	Unsecured, considered good		
	Loans to related parties (including interest accrued) (refer note below)	11,781,910	25,026,769
		11,781,910	25,026,769
	Note:		
	i) During the current year, the Company has granted loans amounting to € 30.00 million and USD 6.65 million to its related party, namely, Apollo Tyres Cooperatief U.A. on various dates. The loans were unsecured and were repayable within 1 year from the date of disbursement. On 2 April 2018 and 1 June 2018, the repayment term of the Euro loan and USD loan was extended for a period of one year. The loans carries annual interest calculated at the rate of 12 months Euribor plus a margin of 225 basis points compounded annually and shall be due and payable on the final settlement of the loan. The loans were partially repaid during the year aggregating to € 24.31 million. The interest accrued as at 31 March 2018 amounts to € 191,910 (previous year: Nil). The loan outstanding as at 31 March 2018 amounts to € 11.59 million (previous year: Nil).		
	ii) During the previous year, the Company has granted loan aggregating to € 24.85 million to its related party, namely, Apollo Tyres B.V. on various dates. The loan was unsecured and was repayable within 1 year from the date of disbursement which got further extended for one year on 10 November 2017. The loan carried annual interest calculated at the rate of 12 months Euribor plus a margin of 225 basis points compounded annually. The entire loan together with interest accrued amounting to € 25,581,219 was received by the Company on 23 March 2018.		
Note 6: Other current assets			
	Unsecured considered good		
	VAT receivable	3,280	616
		3,280	616
Note 7: Equity share capital			
	Issued and subscribed equity share capital		
	Equity share capital	36,001	36,001
	(50,001 equity shares of € 0.72 each fully paid-up)		
		36,001	36,001
	The share capital of the Company consists of fully paid equity shares with a par value of € 0.72 each.		
Note 8: Borrowings			
	Unsecured, considered good		
	Current borrowings		
	Loan from related party		
	Apollo Tyres Limited (including interest accrued) (refer note below)	11,434,830	25,179,062
	Total	11,434,830	25,179,062
	Note:		
	i) The Company executed a borrowing agreement with Apollo Tyres Limited dated 03 April 2017 to obtain funds upto € 30 million. The Company obtained € 18.75 million and € 11.25 million on 04 April 2017 and 07 July 2017 respectively. The loan was unsecured and was repayable within one year from the date of disbursement and is accordingly payable on 03 April 2018 and 06 July 2018 respectively. On 02 April 2018, the term of the said loan agreement was further extended for one year. The loan carries annual interest calculated at the rate of 12 months Euribor plus a margin of 225 basis points compounded annually and shall be due and payable on the final settlement of the loan. The loan was partially repaid on 27 March 2018 amounting to € 18.75 million along with interest accrued thereon. The interest accrued as at 31 March 2018 amounts to € 184,830 (previous year: Nil). The loan outstanding as at 31 March 2018 amounts to € 11.25 million (previous year: Nil).		
	ii) On 07 June 2017, the Company executed an agreement with Apollo Tyres Limited and borrowed USD 6.65 million. The entire loan amount was repaid on 27 March 2018 along with interest thereon.		
	iii) During the previous year, the Company executed a borrowing agreement with Apollo Tyres Limited to obtain funds upto € 25 million. The Company obtained € 10 million and € 15 million on 20 November 2016 and 16 December 2016 respectively. The loan was unsecured and was repayable within one year from date of disbursement and was accordingly repayable by 16 November 2017 and 20 December 2017 respectively. On 15 November 2017, the term of the said loan agreement was further extended for one year. The loan carried annual interest calculated at the rate of 12 months Euribor plus a margin of 225 basis points compounded annually. The entire loan amount was repaid on 23 March 2018 along with interest thereon.		
Note 9: Other financial liabilities			
	Expenses payable	13,456	-
		13,456	-

Apollo Tyres (Greenfield) B.V.

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2018

(All amounts are in € unless otherwise stated)

	For the year ended 31 March 2018	For the year ended 31 March 2017
Note 10: Revenue		
Interest income on loan to related parties	1,264,719	176,769
Gain on foreign exchange fluctuation	514,949	
	1,779,668	176,769
Note 11: Finance cost		
Interest expense on loan from related party	1,273,191	179,062
	1,273,191	179,062
Note 12: Other expenses		
Loss on foreign exchange fluctuation	-	108,598
Legal and professional	25,191	21,198
Bank charges	58	422
Miscellaneous	949	6,383
	26,198	136,601

(This space has been intentionally left blank)