

**Apollo Tyres Cooperatief U.A.**

**Financial Statements**

**March 31, 2018**

**Apollo Tyres Cooperatief U.A.**  
**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
<b>ASSETS</b>			
<b>Non-current assets</b>			
Financial assets			
i) Investments	3	685,164,056	566,152,566
ii) Tax receivable		917,188	684,450
iii) Other financial assets	4	122,393	122,393
<b>Total non-current assets</b>		<b>686,203,637</b>	<b>566,959,409</b>
<b>Current assets</b>			
Financial assets			
i) Cash and cash equivalents	5	3,278,618	272,666
ii) Loans	6	263,234	294,626
iii) Other financial assets	7	196,810	131,500
Other current assets	8	498	828
<b>Total current assets</b>		<b>3,739,160</b>	<b>699,620</b>
<b>Total assets</b>		<b>689,942,797</b>	<b>567,659,029</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Membership interest	9	206,591,900	126,194,265
Other equity			
i) Reserves and surplus		402,206,884	401,949,235
<b>Total equity</b>		<b>608,798,784</b>	<b>528,143,500</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
i) Other financial liabilities	10	6,943,460	6,622,000
		<b>6,943,460</b>	<b>6,622,000</b>
<b>Current liabilities</b>			
Financial liabilities			
i) Borrowings	11	74,183,457	32,864,350
ii) Other financial liabilities	12	17,096	29,179
<b>Total current liabilities</b>		<b>74,200,553</b>	<b>32,893,529</b>
<b>Total liabilities</b>		<b>81,144,013</b>	<b>39,515,529</b>
<b>Total equity and liabilities</b>		<b>689,942,797</b>	<b>567,659,029</b>

Summary of significant accounting policies and other explanatory information.

1-15

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

Apollo Tyres Cooperatief U.A.

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	13	1,701,021	3,592,896
<b>Total income</b>		<b>1,701,021</b>	<b>3,592,896</b>
<b>Expenses</b>			
Finance costs	14	1,554,048	1,061,944
Other expenses	15	122,062	2,479,349
<b>Total expenses</b>		<b>1,676,110</b>	<b>3,541,293</b>
<b>Profit before tax</b>		<b>24,911</b>	<b>51,603</b>
<b>Income tax expense</b>			
Current tax		(232,738)	(684,450)
<b>Profit for the year</b>		<b>257,649</b>	<b>736,053</b>

Summary of significant accounting policies and other explanatory information. 1-15

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Apollo Tyres Cooperatief U.A.

Cash flow statement for the year ended 31 March 2017

*(All amounts are in € unless otherwise stated)*

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Cash flows from operating activities</b>		
<b>Profit before tax as per statement of profit and loss</b>	24,911	51,603
Adjustment for:		
Finance cost	1,554,048	1,061,944
Interest income	(9,023)	(6,508)
Provision for impairment of loan to subsidiary	-	2,236,253
Loss/(Gain) on foreign exchange fluctuations	45,449	(228,638)
Dividend income	(1,680,171)	(3,357,750)
<b>Operating loss before working capital changes</b>	<b>(64,786)</b>	<b>(243,096)</b>
Other current assets	330	634
Other financial liabilities	(6,405)	17,351
<b>Cash used in operations</b>	<b>(70,861)</b>	<b>(225,111)</b>
Taxes paid/refund	-	-
<b>Net cash used in operating activities (A)</b>	<b>(70,861)</b>	<b>(225,111)</b>
 <b>Cash flows from investing activities</b>		
Loan advanced to related party	(0)	(50,947)
Proceeds from increase in membership interest	80,397,635	-
Capital reduction in subsidiary	-	4,675,600
Investment in equity in subsidiaries	(119,011,490)	(9,389,355)
Dividend received	1,680,171	3,357,750
<b>Net cash used in investing activities (B)</b>	<b>(36,933,684)</b>	<b>(1,406,952)</b>
 <b>Cash flows from financing activities</b>		
Finance cost paid	(943,790)	(704,725)
Loans received from related parties, net	40,965,000	-
<b>Net cash flow from/(used in) financing activities (C)</b>	<b>40,021,210</b>	<b>(704,725)</b>
 <b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>3,016,665</b>	<b>(2,336,788)</b>
<b>Opening cash and cash equivalents</b>	272,666	2,598,717
Gain/(Loss) on restatement of foreign currency closing cash and cash equivalents	(10,713)	10,737
<b>Closing cash and cash equivalents (Refer note 5)</b>	<b>3,278,618</b>	<b>272,666</b>

Summary of significant accounting policies and other explanatory information

1-15

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

Apollo Tyres Cooperatief U.A.  
Statement of Changes in equity for the year ended 31 March 2018

A. Equity share capital

*(All amounts are in € unless otherwise stated)*

Particulars	Balance as at 1 April 2016	Changes in equity share capital during the year	Balance as at 31 March 2017	Changes in equity share capital during the year	Balance as at 31 March 2018
Membership interest	126,194,265	-	126,194,265	80,397,635	206,591,900

B. Other equity

Particulars	Retained earnings	Total
Balance as at 1 April 2016	401,213,182	401,213,182
Profit for the year	736,053	736,053
Balance as at 31 March 2017	401,949,235	401,949,235
Profit for the year	257,649	257,649
Balance as at 31 March 2018	402,206,884	402,206,884

Summary of significant accounting policies and other explanatory information 1-15

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

## **Apollo Tyres Cooperatief U.A.**

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

#### **1. Company Overview**

Apollo Tyres Cooperatief U.A. (“the Company”), a private limited liability company based in Netherlands is registered at the Chamber of Commerce. The Company has been allotted Unique Identification Number CGJAZ20171196 by the Reserve Bank of India. The Company is part of group, headed by Apollo Tyres Limited, an Indian listed company with registered address at 3<sup>rd</sup> floor, Areekal mansion, Panampilly Nagar, 68203, Kochi, India.

#### **2. Summary of significant accounting policies**

##### **(a) Basis of preparation**

The financial statements have been prepared on going concern basis, in accordance with recognition and measurement principles of Indian Accounting Standards (‘Ind AS’) as issued by Institute of Chartered Accountants of India (“ICAI”).

##### **(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) Investment in equity instruments of subsidiaries, joint ventures and associates**

Investment in equity instruments of subsidiaries, joint ventures and associates are stated at cost as per Ind AS 27 ‘Separate Financial Statements’.

##### **(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.

**Apollo Tyres Cooperatief U.A.**

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

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.

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		<i>(All amounts are in € unless otherwise stated)</i>	
		As at	As at
		31 March 2018	31 March 2017
<b>Note 3: Investments</b>			
	<b>Investment in equity instruments of subsidiaries:</b>		
	Apollo Tyres B.V. (18,000 equity shares having face value of € 1 each)	586,884,938	475,884,939
	Apollo Tyres Global R&D B.V. (100 equity shares having face value of € 1 each)	1,900,536	1,900,536
	Apollo Tyres (Thailand) Limited (3,999,998 equity shares having face value of Baht 100 each)	2,552,230	2,552,230
	Apollo Tyres do (Brasil) LTDA (784,800 equity shares having face value of Real 1 each)	311,732	311,732
	Apollo Tyres AG (3,748,652 equity shares having face value of CHF 1 each)	5,885,659	5,885,659
	Apollo Tyres (Middle East) FZE (2 equity shares having face value of AED 1,000,000 each)	3,060,815	3,060,815
	Apollo Tyres Holdings (Singapore) Pte. Ltd. (15,565,383 equity shares having face value of \$ 1 each)	9,714,276	5,242,403
	Apollo Tyres (UK) Pvt Limited (17,001 equity shares having face value of GBP 1 each)	18,837,518	18,837,518
	Apollo Tyres (Germany) GmbH (25,000 equity shares having face value of € 1 each)	600,000	600,000
	Reifencom GmbH, Bielefeld (750,000 equity shares having face value of € 1 each)	46,250,000	46,250,000
	Apollo (South Africa) Holdings Pty. Ltd. (130 equity shares having face value of Rand 1 each)	4,193,881	4,193,881
	Apollo Vredestein Tires, Inc. (100 equity shares having face value of \$ 0.001 each)	2,619,359	44,785
	Saturn F1 Pvt Ltd (12,750,000 equity shares having face value of GBP 0.25 each)	2,353,112	1,388,068
	<b>Aggregate value of investment</b>	<b>685,164,056</b>	<b>566,152,566</b>
	Aggregate amount of unquoted investment	<b>685,164,056</b>	<b>566,152,566</b>
<b>Note 4: Other financial assets</b>			
	<b>Unsecured, considered good</b>		
	Deposit with bank	122,393	122,393
		<b>122,393</b>	<b>122,393</b>
<b>Note 5: Cash and cash equivalents</b>			
	Balance with banks in current account	3,278,618	272,666
		<b>3,278,618</b>	<b>272,666</b>
<b>Note 6: Loans</b>			
	<b>Unsecured, considered good</b>		
	Loans to related parties (including interest accrued) (refer note (a) and (b) below)	263,234	294,626
		<b>263,234</b>	<b>294,626</b>
	<b>(i) Loan to related parties consists of :-</b>		
	Apollo Tyres Do (Brasil) Ltd	263,234	294,626
	Pan Aridus LLC	2,236,253	2,236,253
	Less: Provision for impairment of loan to Pan Aridus LLC	(2,236,253)	(2,236,253)
		<b>263,234</b>	<b>294,626</b>

Note (a): The Company has executed two separate loan agreements dated 3 September 2013 and 20 January 2014 and granted loan of \$ 200,000 (€ 148,416) and \$ 100,000 (€ 73,727) respectively to its related party, namely, Apollo Tyres Do (Brasil) Limited. The former loan is unsecured and is repayable on demand. The loan carries interest at the rate of Euribor plus 300 basis point per annum which shall be charged after grace period of 36 months and is due and payable on demand. The later loan is unsecured and is repayable on demand. The loan carries interest at the rate of Euribor plus 350 basis points per annum and is due and payable on demand. The amount including interest accrued for both loans is outstanding as at 31 March 2018 amounting to € 263,127 (€ 294,626).

Note (b): The Company executed agreement with Pan Aridus LLC on 1 February 2013 and granted several loans aggregating to \$ 2.58 million on various dates beginning from the year 2012-13 carrying interest at the rate of 5.5% per annum. During the previous year, the Company has recorded an impairment loss of the entire loan amount including accrued interest as on 31 March 2017.

*(All amounts are in € unless otherwise stated)***Note 7: Other financial assets****Unsecured, considered good**

Receivable from related party

	As at 31 March 2018	As at 31 March 2017
	196,810	131,500
	<b>196,810</b>	<b>131,500</b>

**Note 8: Other current assets****Unsecured, considered good**

Government dues recoverable

	498	828
	<b>498</b>	<b>828</b>

**Note 9: Membership interest****a) Membership interest held by:**

Apollo Tyres Limited

Apollo Tyres (Greenfield) B.V.

	206,590,900	126,193,265
	1,000	1,000
	<b>206,591,900</b>	<b>126,194,265</b>

The Honorable High Court of Kerala, India had sanctioned a scheme of amalgamation of Apollo (Mauritius) Holdings Pvt. Ltd. ("AMHPL"), a wholly owned subsidiary, with Apollo Tyres Limited on 26 August 2016. The appointed date of amalgamation was 1 April 2016 and the merger became effective from 7 December 2016. As a result of this merger, AMHPL has ceased to exist and Apollo Tyres Cooperatief U.A, the subsidiary of AMHPL, has become direct subsidiary of Apollo Tyres Limited.

**Note 10: Other financial liabilities**

Deferred consideration payable on acquisition of subsidiary

	6,943,460	6,622,000
	<b>6,943,460</b>	<b>6,622,000</b>

During the year ended 31 March 2016, the Company acquired the entire equity stake in an entity, namely, Reifencom GmbH, Bielefeld for a purchase consideration of € 40 million and an additional variable earnout payment of maximum € 8 million. Based on settlement agreement, the Management had recorded deferred consideration payable amounting to € 7.2 million, whose present value is disclosed above.

**Note 11: Borrowings****Current borrowings****(i) Loan from related parties**

Apollo Tyres (Greenfield) B.V.

Apollo Tyres Limited

Apollo Tyres B.V. (refer note (c) below)

Apollo tyres (Cyprus) Private limited (refer note (d) below)

Interest accrued but not due on borrowings

	11,590,000	-
	60,000,000	-
	-	30,625,000
	2,124,642	2,124,642
	468,815	114,708
	<b>74,183,457</b>	<b>32,864,350</b>

**Note (a):** The Company executed agreements dated 04 April 2017 and 07 June 2017 with Apollo Tyres Greenfield B.V. to obtain funds upto € 30 million and USD 10 million. The Company borrowed funds aggregating to € 35.90 million and subsequently paid off € 24.31 million. The loans were unsecured and were repayable on demand. The loans carries interest rate of Euribor plus a margin of 225 basis points calculated on annual basis and is due and payable on demand. The amount of interest accrued on such loans as at 31 March 2018 amounts to € 191,830 (Nil).

**Note (b):** The Company executed agreements dated 12 December 2017, 26 December 2017 and 26 March 2018 with Apollo Tyres Limited to obtain funds upto € 60 million. The loans were unsecured and were repayable on demand. The loan carries interest rate of Euribor plus a margin of 225 basis points calculated on annual basis and is due and payable on demand. The amount of interest accrued on such loan as at 31 March 2018 amounts to € 146,438 (Nil).

**Note (c):** The Company executed an agreement dated 15 March 2016 with Apollo Tyres B.V. to obtain funds upto € 30 million. The loan was unsecured and was repayable within one year from date of disbursement which was further extended to be repaid by 14 March 2018. The loan carries an annual interest rate of 3 months Euribor plus a margin of 200 basis points calculated on quarterly basis and is due and repayable on quarterly basis in the first fortnight of the month immediately succeeding the last quarter. The Company also executed another agreement dated 28 May 2014 with Apollo Tyres B.V. to obtain funds upto € 625,000. The loan was unsecured and was repayable within one year from the date of disbursement which was further extended for one year and then to be extended automatically for further successive periods of one year each, until repaid. The loan carries an annual interest rate of 3 months Euribor plus a margin of 225 basis points calculated on quarterly basis which is due and payable on final settlement of the loan. The entire loan including interest accrued thereon was repaid in the current year.

**Note (d):** The Company executed an agreement dated 23 March 2016 with Apollo Tyres (Cyprus) Private Limited to obtain funds upto € 2,124,642. The loan is unsecured and is repayable on demand. The loan carries interest rate of 3.5% per annum and is due and payable on demand. The amount of interest accrued on such loan as at 31 March 2018 amounts to € 130,547 (€ 56,185).

**Note 12: Other financial liability**

Payable to related parties

Expenses payable

	-	29,179
	17,096	-
	<b>17,096</b>	<b>29,179</b>

**Apollo Tyres Cooperatief U.A.**

**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)*

	<b>For the year ended 31 March 2018</b>	<b>For the year ended 31 March 2017</b>
<b>Note 13: Revenue</b>		
Interest income on loan to related party	9,023	6,508
Dividend income from investments in:		
- Apollo Tyres Global R&D B.V	-	2,000,000
- Apollo Tyres (Thailand) Limited	-	1,357,750
- Apollo Tyres Holdings (Singapore) Pte. Ltd.	1,680,171	-
Liabilities no longer required written back	11,827	-
Gain on foreign exchange fluctuations, net	-	228,638
	<b>1,701,021</b>	<b>3,592,896</b>
<b>Note 14: Finance cost</b>		
Interest on loan	1,232,588	763,384
Interest on deferred consideration payable	321,460	298,560
	<b>1,554,048</b>	<b>1,061,944</b>
<b>Note 15: Other expenses</b>		
Provision for impairment of loan to related party (refer note 6)	-	2,236,253
Legal and professional	72,096	240,229
Bank charges	4,517	2,867
Loss on foreign exchange fluctuations, net	45,449	-
	<b>122,062</b>	<b>2,479,349</b>

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