

## Apollo Tyres Ltd

### 50<sup>th</sup> Annual General Meeting

Day/ Date: Wednesday, August 02, 2023

Time: 3:00 PM

#### **Present:**

##### **Board of Directors**

Mr. Onkar Kanwar	-	Chairman, Chairman – Corporate Social Responsibility Committee, Stakeholders Relationship Committee
Mr. Neeraj Kanwar	-	Vice Chairman & Managing Director
Mr. Akshay Chudasama	-	Independent Director
Gen. Bikram Singh (Retd.)	-	Independent Director
Mr. Francesco Crispino	-	Independent Director
Mr. Francesco Gori	-	Non-Executive Director
Dr Jaimini Bhagwati	-	Independent Director
Ms. Lakshmi Puri	-	Independent Director
Ms. Pallavi Shroff	-	Independent Director
Mr. Robert Steinmetz	-	Non-Executive Director
Mr. Satish Sharma	-	Whole-time Director
Mr. Sunam Sarkar	-	Non-Executive Director
Mr. Vikram S. Mehta	-	Independent Director
Mr. Vinod Rai	-	Independent Director, Chairman – Audit Committee, Nomination & Remuneration Committee
Mr. Vishal Mahadevia	-	Non-Executive Director

##### **Others**

Mr. Benoit Rivallant	-	President (Europe)
Mr. Gaurav Kumar	-	Chief Financial Officer
Ms. Seema Thapar	-	Company Secretary

**Moderator:** Dear members of Apollo Tyres Ltd, Good Afternoon and welcome to the 50th AGM of the company held through VC. For the smooth conduct of the meeting, members will be in mute mode. For members who had pre-registered to speak at the meeting, the audio and video will be opened when they have to speak. Please note that, as per the requirements, the proceedings of the AGM will be recorded and the transcript will be available on the company's website. The statutory registers required to be there during the AGM for inspection are available on the NSDL website. Now let me hand over to the Chairman, Mr. Onkar Kanwar. Thank you and over to you, sir.

**Onkar Kanwar:** Thank you. Good afternoon to dear members. I will just take the opportunity of introducing all my board members. As the requisite quorum is present, I declare the meeting as valid, convened -- validly convened. Let me now introduce the Board members. First is Nearaj Kanwar, Vice Chairman and Managing Director, Mr. Akshay Chudasama, Independent Director, General Bikram Singh, Retired, Independent Director, Francesco Crispino, Independent Director, Francesco Gori, Non-Executive Director, Dr Jaimini Bhagwati, Independent Director, Ms. Lakshmi Puri, Independent Director, Ms. Pallavi Shroff, Independent Director, Mr. Robert Steinmetz, Non-Executive Director, Mr. Satish Sharma, Whole-time Director, Mr. Sunam Sarkar, Non-Executive Director, Mr. Vikram S. Mehta, Independent Director and Mr. Vinod Rai, Independent Director and the Chairman of Audit and Nomination and Remuneration Committee, Mr. Vishal Mahadevia – Non-Executive Director, Gaurav Kumar, CFO, Seema Thapar, Company Secretary and representative of the Statutory Auditor and Secretarial Auditor are all attending the meeting.

**Moderator:** Thank you, sir. We now request Chairman to address the members, please.

**Onkar Kanwar:** Good afternoon, ladies and gentlemen. It gives me great pleasure to welcome you to the 50<sup>th</sup> Annual General Meeting of Apollo Tyres Ltd. The Director's Report, Audited Accounts for the Financial Year ended March 31, 2023 are with you. With your permission, I shall take them as read. I would like to start the AGM with a quote. Success is not always about greatness, it is about consistency. Consistent, hard work leads to success. Greatness will come. And that has been our mantra, consistency.

I firmly believe that once we chart a path, then success can only come by consistently following the path. I had mentioned earlier that during the pandemic, we made minor course correction as we started working with renewed vigor to further our relentless focus on cost reduction, enhancing manufacturing efficiencies across the organization. Since then, we have continued our focus on keeping a sharp eye on good cost and bad cost. We have been consistently investing in good cost like R&D, marketing and brand, people development while focusing on reducing bad costs.

Along with this, our vision for year 26 brought into focus a return on capital employed, a clear target for sustained profitability. And you have seen the result of this consistent work. I am equally delighted that these steps have had a positive impact on our financial performance. I am immensely proud to mention that your Company has crossed the 3 billion mark. As I look at this number, it reminds me how and where we started this Company. A nearly bankrupt company with one plant in Kerala, India which has blossomed into a 3 billion plus Company with plants in India and Europe.

Our presence in over 100 countries, we also saw a good performance for the financial year as we grew more than 17% to close the year at Rs. 24,568 crores. I am glad to mention that revenue for the Indian operation and European version grew by 18% and 11% respectively. Importantly, our consistent above market performance has helped us to increase our shareholders' wealth. If I look only at the last financial year, our market capitalization has gone up by an impressive 64%.

Another area where focus on consistency has given us each dividend is in the quality function. The Company's Chennai plant, among the largest manufacturing facility in Asia, was awarded coveted Deming Prize, which is one of the highest awards for total quality management.

Last year, I had mentioned that we had set up our agenda and we articulated our vision, purpose and values. To make the vision a reality, I had mentioned about our growth pillars - digitalisation, technology and innovation, brand, sustainability and people.

The last two years have seen phenomenal work being done in each of these areas and you can read more about the progress made in the Annual Report. While Apollo Tyres believes that it should be the financial performance, which should do the talking for the Company. We are humbled by the honors receive by independent agencies, a testimony to the progress we are making. Recognizing our work on the people front, we were certified as the Top Employers in Singapore and UK, and a Great Place to Work in India. Your company was featured in ET, now the finest workplace series.

On sustainability, our Chennai plant bagged the Green Champion Award and our manufacturing facilities in Perambra and Kalamassery in Kerala won the prestigious SEEM National Energy Management Award in industry and facilities category. We received the Good Design Award in the Transportation category for our Vredestein products – Pinza HT and Pinza AT by Chicago Museum of Architecture and Design at the European Centre for Architecture, Art Design, Urban Studies.

On the sustainability front, our scores in the S&P Global ESG has jumped and we are now in top 18% of the companies compared to being in the top 35% companies as of last year. These are just a few accolades that we have received during the year, even as we kept the foot on the consistency pedal. Looking ahead, I see uncertainties continue to pose a challenge, especially in Europe, as we see no sign on any respite in the conflict there. Yet I remain bullish about the future of Apollo Tyres in Europe.

Our strategy, along with the best-in-class product mix have time and again helped us to gain market share. India is once again on a growth trajectory, and your Company will certainly benefit. I am equally excited about the work being done in U.S. market and confident that we will see good growth from this market. We have built a strong foundation in past years in each of our growth pillars. For example, on the digitalisation front, we have a single data lake, which is underpinning all our AI and ML initiative. The data lake Industry 4.0, technology and newly set of digital innovation centers will play a very key role in helping deliver our ambitious project of maximizing our asset utilization, minimizing capex.

We are already experiencing these new age technologies have seen a marked increase in the efficiencies of mixers. This in turn has helped us to reduce energy consumption also. We will continue to play on the theme on consistency, invest in our growth pillars. We will continue to work in line with our vision, drive progress together as we take all our stakeholders in the journey of enabling excellence, our purpose, and reason why we exist.

I would like to conclude by thanking each one of you for having been a partner in this ongoing journey. The support that we continue to receive from our banks, financial institutions, and various state governments. We operate in and also national government in various countries, enable us to plan and make our future. Stay safe. Thank you.

**Moderator:** Thank you. We now request the Chairman to proceed with the agenda.

**Onkar Kanwar:** Thank you. Notice along with the Board Report and Audited financial statements have already been sent to the members. I take them as read.

The Auditor's Report on Financial Statements and Secretarial Audit Report of the Company for the financial year ended March 31, 2023, do not contain any qualification, reservation, adverse remarks, or disclaimer. Accordingly, the reports are not required to be read out as provided in the Companies Act.

Now I will explain the objective and implication of each item of the notice.

Item No. 1 relates to the adoption of Audited Financial Statements, report of the Board and Auditors thereon by the Members of the Company. After your approval, the same will be taken on record.

Item No. 2 relates to the declaration of Dividend to the Members. The Board has recommended a final dividend of Rs. 4 per equity share and a special dividend of Rs. 50 paise per equity share on the occasion of 50th Annual General Meeting of the company, aggregating to Rs.4.50 per equity share, which has to be approved by the Members. After approval, payment will be made within stipulated time.

Item No. 3 relates to reappointment of Mr. Francesco Gori, who is retiring by rotation. After approval, he will be reappointed.

Item No. 4 relates to a reappointment of Mr. Vishal Mahadevia, who is retiring by rotation. After your approval, he will be reappointed.

Item No. 5 relates to the ratification of the payment of Remuneration to the Cost Auditor who has been appointed by the Board at the remuneration of Rs. 3.60 Lakhs for the financial year 24. Being interested, I request Mr. Vinod Rai to explain the objective, the implication for the item 6, item 7, item 8. May I, sir?

**Vinod Rai:**

Thank you, Chairman and good afternoon, members. Item No. 6 relates to the fixation of tenure of Mr. Onkar Kanwar as a Non-Executive Director designated as Chairman for a period of five years with the effect from February 1, 2023. After your approval, tenure of Mr. Onkar Kanwar as Non-Executive Director designated as a Chairman will be fixed for five years.

Item No.7 relates to the reappointment of Mr. Neeraj Kanwar as Managing Director for a period of five years, with effect from April 1, 2024. After your approval, he will be reappointed.

Item No.8 relates to the payment of remuneration to Mr. Neeraj Kanwar as Managing Director for a period of five years with effect from April 1, 2024. After your approval, he will be entitled to receive remuneration as the Managing Director. That's all for item number 8. Mr. Chairman, may I request you take over now.

**Onkar Kanwar:**

Thank you. Item No.9, relates to a reappointment of Mr. Satish Sharma as a Whole-time Director for a period of five years with effect from April 1st, 2024. After approval, he'll be reappointed.

Item No. 10, relates to the payment of remuneration to Mr. Satish Sharma as Whole-time Director for a period of five years with effect from April 1, 2024. After your approval, he will be entitled to receive remuneration as Whole-time Director.

All items 1 to 10 of the notice have been voted by the members through remote e-Voting from July 30, 2023 to August 1, 2023. Member present at the meeting who have not done remote e-Voting can now cast their votes using e-Voting platform of NSDL. Mr. P.P. Zibi Jose, will act as a Scrutinizer for the voting process. I now request Neeraj Kanwar to take the questions from the speaker members who have registered in advance.

**Moderator:**

Thank you, sir. We will unmute the members and request them to limit their questions up to two minutes. We now invite speaker shareholder number one, Shalini Govind Navandar, to please accept the prompt on your screen, unmute your audio and video and proceed with your question. Please restrict your questions to a time limit of one to two minutes. Shalini Ma'am, you may unmute yourself and proceed with the question, please.

**Shalini Govind Navandar:**

Yeah, sure. Good afternoon, everyone. I'm Shalini. I'm attending this meeting from Bangalore. Sir, Let me congratulate the management who has performed well during the financial year 23. My following questions to the management, number one question, how is the reception to our E tyre range and this market share in the segment? And the second question is, on the same type,

what's the current status of a radialisation ? What is the outlook going forward? Thank you for giving me an opportunity to put forth my questions to the management. Thank you.

**Moderator:** Thank you. We will now request the next speaker shareholder, Jaydip Bakshi, to please accept the prompt on your screen, unmute your audio and video, and proceed with your question. We request you to please limit your questions to one to two minutes. Please go ahead.

**Jaydip Bakshi:** Good afternoon, Chairman, Board of Directors, myself Jaydip Bakshi, connecting from the city of Kolkata. Thanks to our Company Secretary, Seema Madam and Sanjayji for maintaining investor-friendly relations and presenting a detailed and descriptive Annual Report. Congrats for our exceptional and remarkable financial results both in India and European operations in spite of the challenging situations worldwide. Credit goes to all involved in bringing out this effort.

Sir, in page 8 and page 9 we have delivered our best. The venturing the new areas under our milestones achieved is a great achievement. And congrats for the awards which we have received mentioned in page 14 and also for the highest award for TQM for the Chennai plants. Sir highlight on the waste recycling project and any certificate for the same as we have received for the water recycle and for carbon footprint. Revenue flow for R&D development kindly throws some light and utilization of our reserve fund.

Sir, Health awareness program for raw material sourcing kindly shows some light and inventory of finished goods has increased a bit kindly throws some light also on this. Nothing to add more I have supported all the resolutions and hope our Company will move further in the next years after this Golden Jubilee and continue to grow as a one family with a vision and passion in future. Thank you sir and all stay safe.

**Moderator:** Thank you. Now we will invite the next member Manoj Kumar Gupta to please accept the prompt on your screen, unmute your audio and video and proceed with your question. Please restrict your questions to a time limit of one to two minutes. Manoj Kumar Gupta, you may unmute yourself and proceed, please.

**Manoj Kumar Gupta:** Hello. Good afternoon, respected Chairman, Board of Directors, fellow shareholders. My name is Manoj Gupta. I've joined this meeting from Calcutta. And I thanks to you and your team for the excellent result of the Company. And sir, I attend this meeting to see your smiling face because I have great respect and regards to you. I always ask the Company Secretary, just I want to attend the Apollo meeting through VC, to see our beloved Chairman's smiling face, and to hear his blessings to the investors and the employees, because whenever you see something that impacts the market and the employees and the investors.

And I strongly support resolution number 6, resolution number 7, resolution number 8 and the appointment of your Chairman and Neeraj as Managing Director will boost the morale of the employees and the investors. And sir how you face the challenge of increase the rubber price, rubber prices has gone up. So, how you face that challenge because you could not get return on

expanding the rubber price. You can't increase in such manner of your product price. And also that carbon black prices has also gone up.

So how you face this challenge? And competition is there. How you face this competition and what your future outlook for the tyre business? I want to know from our MD, what's his future outlook for the tyre industry business of the country? And sir, Chennai plant is very exclusive plant, we have several tyre companies are going there in the Ambattu, Parandur and there. I frequently go to Chennai. Can I visit your plant, Chennai, if you allow? So it would be my pleasure to visit the Chennai plant. And I warmly welcome.

We feel proud to see General Bikram Singh in our Board and we know that our Board company will get benefit from their vast experience. And have you any plan to come in the Eastern part? Eastern part is also growing, you have gone in South and West, so have you any plan to come in the Eastern or Central part of the country with a Brownfield or Greenfield project by acquire or anything, we have a cash surplus and sir this is the 50<sup>th</sup> AGM, you should consider something for these shareholders, though especially those are speaking in the AGM, we expect that your time, a highly profiled Chairman should consider something for these shareholders on the eve of 50<sup>th</sup> AGM Golden Jubilee.

And I strongly support all the resolutions and I wish to God for your healthy and prosperous, safe, long life. We want to see you always in your smiling face, sir. And continue a VC meeting so that we can attend and we can see you and see Mr. Neeraj Kanwar in the AGM, sir. Thank you. Thanks to the Company Secretary also for his efforts to help us to join this meeting through VC, sir. Thank you.

**Moderator:** Thank you. We now request the next speaker shareholder, Aspi Bhesania, to please accept the prompt on your screen, unmute your audio and video and proceed with your questions. We request you to restrict your questions to a time limit of one to two minutes. Aspi Bhesania, you are unmuted.

**Aspi Bhesania:** Sir, can you see me and hear me?

**Moderator:** Yes, we can.

**Aspi Bhesania:** Sir, I'm Aspi from Bombay. Thanks for giving me an opportunity to talk and I hope you continue to have hybrid meetings next year when the physical meeting starts. Sir, I am a shareholder since IPO. This is the first time I am attending your meeting, thanks to online meetings. Sir, this is a 50<sup>th</sup> AGM. So how do you propose to celebrate? I'm not expecting a bonus nor a higher dividend. Sir, what are the various sustainability commitments taken by the Company? Sir, what are the various tyre improvements made by the Company to cater to EV?

Mukesh Ambani is spending huge amounts for hydrogen vehicles. Will the tyres for hydrogen vehicles be different from the existing ones? Sir, our roads, especially of Bombay, are so good

that tyres need to be replaced quite regularly. This is a plus point for the tyre industry. Sir, Balkrishna is doing very well in off-highway tyres. So, what are our plans of off-highway tyres?

So, then page 114, you've written about the natural rubber availability in India and you written that the company is partnered with the Government of India for the Northeast region. So will this natural rubber be only for us or for everybody? Then what about reclaimed rubber from old tyres? Are we using it?

So then page 116, so significant material orders passed by Competition Commission of India. Sir, please ask them, where there is competition in internet service providers and still they are not doing anything, government has slowly killed competition and here they want competition.

Sir in page 204 you have transferred during the year 82 lakhs for unclaimed dividend to IEPF. Sir, please ensure that the amount is given to the shareholders rather than transferring to IEPF. The promoter's stake is only 37%. What are your plans for that and please give 10 years highlights. Sir, we are spending one-third of our PBT on interest. We should curtail dividend and become debt free as far as possible.

Sir, how do you propose to compete with MRF in market price? You are competing very well in the market, but not in market price. The MRF equity is only Rs.4 crores and ours is Rs. 63 crores. Sir when is our Q1 result? So thank you very much and all the best for the future.

**Moderator:** Thank you. We now invite Janhvi to please unmute your audio and proceed with your questions. Please restrict your questions to a time limit of one to two minutes please.

**Janhvi:** Good afternoon sir. I am Janhvi from Lucknow, Uttar Pradesh. I have three questions for you. First, what are the reasons for the increase in goodwill amount by Rs.130 million during FY23 when compared to FY22, that is, from Rs.2,158 million to Rs. 2,288 million? Second, what are the reasons for the increase in other investments by Rs.32 million during FY23 when compared to FY22, that is from Rs.259 million to Rs.291 million. And the last question, what are the reasons for the increase in traveling conveyance cost by Rs.582 million during FY23, when compared to FY22, that is from Rs.1,228 million to Rs.1,810 million. Thank you.

**Moderator:** Thank you. We now invite the next speaker shareholder Indergurpreet Singh to kindly accept the prompt on your screen, unmute your audio and video and proceed with your questions. We request you to please restrict your questions to one to two minutes. We will wait for Mr. Singh to unmute the audio and video. Mr. Singh, you are unmuted, please proceed.

**Indergurpreet Singh:** Good afternoon, am I audible?

**Moderator:** Yes, you are audible.

**Indergurpreet Singh:** Good afternoon Chairman sir, Board of Directors, Company Secretary and other members present. Thank you for giving me opportunity as speaker shareholder. My name is Indergurpreet Singh and I am joining from Noida, Uttar Pradesh. I wish to thank the Secretarial Department



of the Company for their efforts on keeping the shareholders on priority and resolving their queries on time.

I have two questions with you, sir. First, in the Chairman's speech, Mr. Chairman has touched upon the US market. Can you talk about the U.S market in more detail over current size and medium term targets?

Second question is, there are fears of global slowdown recession in financial year 24. As a company, how are we preparing for this, especially given over exposure to Europe and growing exposure in U.S markets? Thank you, Chairman sir.

**Moderator:** Thank you. We now request Shripal Mohnot to please accept the prompt in your screen, unmute your audio and video, and proceed with your question. Please restrict your questions to a time limit of one to two minutes. You may proceed, sir.

**Shripal Mohnot:** Respected Chairman Sir, the Company has made great progress in last 50 years under your valuable guidance. For this I would like to congratulate you and your Board. Further, on the occasion of the Golden Jubilee of the Company and Bharat Amrit Mahotsav, I would like to congratulate each one of you and the employees of the Company because of whose hard work & dedication, the Company is celebrating 50<sup>th</sup> Anniversary. Your Company is contributing a lot towards the "Digital India, Make India Mission" as envisioned by our Prime Minister. Because of your good governance and administration, the company is continuously on the golden path. Our company has been shown in the Annual Report as a digital innovation hub. Please explain this in detail. Please tell us in detail what contribution you can make in this regard.

On this golden opportunity, please think about the bonus. All the Board Directors are sitting under one roof, I hope you will think about it in detail. In the coming years, please tell us in detail about the expansion plan and how will you arrange the funds? What is the future plan of R&D and Subsidiary Company? I request you to hold the AGM, EGM and Board meeting through video conferencing in the future. This will save a lot of money, will which will be a big contribution to the company's progress.

Your CFO and the Company Secretary are doing a great job. I got a balance sheet on time. The Company Secretary and her associates have taken out their valuable time to guide us. I thank them for this too. If you can arrange a factory visit on the occasion of company's golden jubilee celebration, it would be really an icing on the cake. Thank you. Jai Hind.

**Moderator:** Thank you. We now invite Arun Jacob Joseph, to kindly accept the prompt on your screen and mute your audio and video and proceed with your questions. Please restrict your questions to a time limit of one to two minutes. Arun Jacob Joseph, we request you to please unmute yourself and proceed with your question.

**Arun Jacob Jospheh:** Good afternoon, respected Chairman, Vice Chairman and other Board members. My name is Arun Jacob and I'm speaking from Thrissur, Kerala. Keeping in view of the limited time

available to each member, I would like to restrict myself to the following questions. The Annual Report highlights the fact that we have successfully established Vredestein in the domestic PCR and two-wheeler space. What is the market share of Vredestein in the domestic PCR and two-wheeler market? What are our medium-term targets with respect to our turnover and market share? And what is the amount of R&D expenditure incurred by the group during FY'23 and 22? Thank you so much, sir.

**Moderator:** Thank you. We now request the next speaker shareholder, Prakashini G. Shenoy, to please unmute the audio and proceed with your questions. Please restrict your questions to a time limit of one to two minutes. You may proceed.

**Prakashini G. Shenoy:** I'm Prakashini Ganesha Shenoy from Bombay. Respected Honorable Chairman, other Dignitaries on the Board and my fellow shareholders, good afternoon to all of you. I received the Annual Report well in time, which is colorful, transparent, informative, knowledgeable and contains all the information as per the Corporate Governance. I thank Ms. Komal and her team for the same. I should not forget to thank her once again for reminding me of today's meeting and giving me the link for the same.

The Chairman has given a beautiful picture regarding its working in all parameters. I am thankful to the Chairman for the same. Sir, I have few questions. My first question is, the Company has received ISO 20400 certification for sustainable procurement. How do you see the contributing to the Company's sustainability journey?

How are we planning to increase revenue? What is the roadmap for the next two years? What is the capex program for the same? How are we planning for the digital future? With the rise in prices of raw materials, what impact it would have on our profitability? What is the total strength of the Company and what is the percentage of women folk? Please let me know.

Last but not the least, I request the Chairman to please continue with VC so that people all over the world will have an opportunity to express their views, etc. I wish the Company good luck for a bright future and pray God that the profit of the Company shall reach the peak in due course.

Sir, I strongly and wholeheartedly support all the resolutions put forth in today's meeting. Thank you, Chairman Sir.

**Moderator:** Thank you. We'll take the last question from Anil Mehta. We request you to please accept the prompt on your screen, unmute your audio and video and proceed with your question. We request you to please limit your questions to a time limit of one to two minutes. Anil Mehta, we request you to please accept the prompt, unmute your audio and proceed with your question. We will wait for Mr. Anil Mehta to accept the prompt and proceed with his questions. Mr. Anil Mehta, we request you to please unmute yourself and proceed with your questions. Anil Mehta you have been unmuted, please proceed with your questions. As there is no response, we now request Mr. Neeraj Kanwar to answer the questions, please.

**Neeraj Kanwar:** Thank you, shareholders, and good afternoon to everyone. I'll try and answer some of the questions and wherever required, I'll ask my fellow colleagues to take on the questions that you've asked. So, let me begin with I think Shalini was the first shareholder who asked this question about reception to our EV tyre range and what is our market share in the segment? And what is the radialization in India on this CV side? So can I request Satish and Benoit to just explain briefly about our EV tyre going on in India and Europe, please? Satish, can you take on first? And Satish, in that also, please answer the CV radialization in India.

**Satish Sharma:** Sure, will do. Thank you, Nearaj. So Shalini, we've pioneered the EV tyres, both in the PV segment as well as the two-wheelers in India. We have also developed EV tyres for the CV category. But it's now confirmed that the penetration of eviation in tyres is going to go only through the OEM route. And I'm happy to inform you that as far as car is concerned, we are in, Tata has got about 75% of the market and we are there in practically all models of Tata EV cars, like Tata Punch, Tiago, Tigor. We are also there on XUV400, which is a hot selling electric vehicle.

And we are working on a host of upcoming EV projects with the OEMs. The reception in the replacement market is a little lukewarm, and it will only grow with time, over time. Likewise, in CV, we are supplying electric tyres for buses to both Tata Motors and Ashok Leyland, and it's also in the infancy stage of market development.

As regards the radialization question that you have asked on the CV side. OEM is practically about 90% plus radialized already. The replacement market is currently at 55%. And over the midterm, it is expected to go and grow up to 70% to 75% and let's say in the next two years to three years. Thank you.

**Neeraj Kanwar:** Benoit, would you like to come in on EV in Europe?

**Benoit Rivallant:** Yes, with pleasure. So, Ms. Shalini, if we look at Europe today, the new generation of cars which are developed, either hybrid or electric. We focus our effort with German car makers and we are gaining new homologation for this new generation of vehicle. If we look at the replacement market, we were the first one to introduce in January this year a dedicated all-season EV tyre called the Quatrac Pro EV with 7 SKUs. And looking at our sales 6 months history, we are above our business plan. And we are also expanding the range with an extra 12 sizes, which means that we will have a total of close to 20 SKUs.

**Neeraj Kanwar:** Okay, thank you, Benoit. The next question was from Jaydip. So, he asked three questions. One was a highlight on waste recycling project, also the health awareness of raw material sourcing. Sunam, would you like to take this on?

**Sunam Sarkar:** Yes, I will. Thank you. And there was another question on sustainability. So, with your permission, I'll address all of them. Good afternoon, everybody. And thank you to the shareholders for your questions and your interest in the company. As far as waste management and handling of waste is concerned, we have a number of projects. We use waste tyres in our go

the distance football pitches, which in association with Manchester United, we are putting in disadvantaged communities for children to be able to play.

We have challenged our suppliers to use recycled content in their raw materials. We ourselves are using a lot of crumb rubber in our new tyres, subject, of course, to technical guidelines and commitments. We have received a certificate for all of our plants in India for the complete removal of single use plastics in the plants and we do wastewater recycling, which is again used in our plants. In fact, 41% of our water is completely reused within the plants.

In terms of health awareness from our raw material suppliers, we've actually run TB and HIV AIDS awareness programs for the staff of our suppliers. We've been able to cover more than 70 suppliers in the last year, and we propose to continue this journey. Talking about our overall sustainability goals, we are signatories to the ISO 26,000 sustainability framework, which is the most comprehensive guideline as far as sustainability initiatives are concerned.

Within that, the ISO 20400 is specifically for raw material procurement. It is basically our endeavor to pass onto or to share with our suppliers and our vendors, the obligations that we as a primary organization have to meet the sustainability goals. The ESG indicators are shared with our suppliers. We monitor them regularly and our commitment to be carbon neutral includes work to reduce the scope three emissions. Hence, we have to include the entire supply chain in our sustainability initiatives. Thank you.

**Neeraj Kanwar:** Thank you, Sunam. Gaurav, would you like to throw some light on finished goods inventory?

**Gaurav Kumar:** Yeah, good afternoon to all shareholders. The finished goods inventory has increased by about Rs. 275 crores. I would only want to highlight that in this period, the turnover also increased from about Rs.20,000 crores to Rs.24,000 crores. So, in terms of number of days of inventory, it in fact, we brought about efficiencies, it reduced from 74 days of sales to 67 days. So, the increase in value is only on account of company growing.

**Neeraj Kanwar:** Okay, thank you Gaurav. The next question was from Manoj. And I'll try and answer most of them. Firstly, smiling faces on the Chairman. I think Chairman is always smiling and thank you for that 50th AGM and he's smiling more. So, that's a good news to all of you. Future outlook for the tyre industry in India is very promising, very optimistic. As you know, the government is investing a lot in highways, a lot in infrastructure. So, you will see CV demand going up. Passenger car demand is also up. Agri is cyclical, but we see an upswing there. So, future demand in India is very, very promising.

As far as NR and carbon prices are concerned, you've seen we have corrected our prices as we've gone along and you've seen the profitability also increase last year. So, we are keeping an eye on these prices. Just for your information, prices have come down and have flattened out. So, you will see better performances from the company. As far as you visiting Chennai plant, we'll be very happy to organize a visit. You can get in touch with Seema or Gaurav. We'll be very happy.

Lastly, we do not have any plans on a Greenfield project anymore in India. And we are just right now trying to consolidate all the capex investments that we've made in the past several years with three new plants coming up. There's a lot, someone also asked me about digital innovation hubs. That is one of the new innovations that we've come up with. We have one in the UK and one in Hyderabad, where we are looking at artificial intelligence and machine learning through which a lot of data has been thrown up whereby we can increase our productivity without making huge investments in capex.

So, the goal of the company is to look at these new methods of increasing our productivity from the same equipment and therefore we go capex light for the next several years without making investments increase our production and therefore our cost of manufacturing will come down and profitability should go up.

Next question was from Janhvi and Gaurav, she had three financial questions, if you can just quickly take them out.

**Gaurav Kumar:**

The reasons for increase in goodwill by Rs.130 million, that relates to the reifencom subsidiary in Europe. And the reason for increase is only the change in currency between Euro and the Indian rupee. There is no other addition to that. The second question related to the increase in investments by Rs.32 million. That relates to a small investment made in an IT startup along with our digital initiatives. This startup is helping us with some of the digital initiatives across our plants. So, we made a small investment in this startup.

The next question was regarding the increase in traveling and conveyance cost. This is totally on accounts of business needs and with a certain amount of normalcy returning with business growing. And hence, the travelling costs have gone up. They are still well lower than what used to be the traveling cost in the past and a lot of business needs are being taken through virtual meetings, etc, back to you, sir.

**Neeraj Kanwar:**

Thank you, Gaurav. The next few questions from Aspi, and I'll try and answer some of them. We are looking at the OHT market, as you mentioned, BKT is strong here. And as you know, we have forayed into this market. In Europe, our Vredestein brand commands a premium position in OHT, and we'll continue to make small investments and grow in this industry. As far as reclaimed tyre and sustainability is concerned, Gaurav, I mean, Sunam has already answered to you. Our next Q1 results are on 10th of August. Promoters take a 37%. We intend to keep it at 37%. That's all as far as Aspi is concerned.

The next question was from Indergurpreet and you asked about the U.S market and what are our plans. So, we have entered the U.S market two years ago. We are very bullish about the US market we've introduced the Vredestein car tyre brand and the Apollo truck tyre band, and we are getting a very good response from the customer our tyres are performing at number one, number two position. Our pricing is also at a premium level. So, we are seeing good demand coming for our both brands. It's too early to suggest a way forward here, but yes, we are looking at the U.S market that's our focus area.

Second question was on the recession and how we are planning to tackle this in Europe. Benoit, can I ask you to take that, please?

**Benoit Rivallant:**

Yes, so speaking about the situation in Europe, I think it's good that everyone acknowledges that we are moving forward in a complex environment. We are cognizant of current environment and keeping a close eye on the happening across product line and across geographies because it can be very different by business nature and by country. We, however, believe that profitability can be achieved in difficult market conditions and I can share with you some of the measures that we have already taken in order to look at some business principles.

Number one, I would say is that we have regular and timely review of the operation and the financial position for which each of our operations. The second one is regarding the monitoring of the business fundamentals, which is a steering towards profitability, inventory management and I would say market share because if we maintain our market share or we increase our market share, even in a very difficult market, this is very good for the future and we will be ready when the economy will rebound.

And the last one is about cost optimization as the Chairman mentioned about bad cost. So, definitely we are working on containment of bad cost, which also a close eye on our cash flow improvement and capex realignment. So, that's the way we operate in these difficult environments.

**Neeraj Kanwar:**

Thank you, thank you Benoit. And the next question was from Shripal about innovation hubs and future expansion plans, which I've already mentioned to you. We do not have any plans for a Greenfield. We are looking at consolidation and using our innovation hubs to increase productivity. Future plans of R&D and sub-companies. R&D, as you know, we have two R&D centers where we are investing a lot today. We are just about under 3% of R&D cost-to-sales.

We will keep on investing in R&D because our belief is technology is changing and today we have around 350 scientists, engineers across India and Europe and these are the guys who are really giving us the premium brands and the premium products with leading products in various markets. So, R&D is going to be the top of Apollo's agenda.

Next question was from Arun, which was on highlighting Vredestein domestic car and two-wheeler space, and our market share and respected turnover. Satish, can you take on this?

**Satish Sharma:**

Yeah, with pleasure. So, Arun the Vredestein brand has been very well received in both the segments of car and two-wheeler. As you would perhaps already know that it's restricted to the very ultra high performance segment of the market, which is not a very big segment, it's a niche in India. And of the addressable market, we currently stand at 8% market share in car and 20% market share in the two-wheelers. And both are growing at a rapid rate, and we hope to have a quarter of the market in both the categories in the near time.

We are also working with a leading German Europe OEM for the Vredestein car products. And maybe within a nearest time, our Vredestein will be showed on some very high performance luxury cars in India. So, that's the progress on the Vredestein brand. Back to you, Neeraj.

**Neeraj Kanwar:** Okay, thank you. And last question was on amount of R&D expenditure incurred in the group, Gaurav.

**Gaurav Kumar:** The current amount of expenditure incurred on R&D is about Rs.390 crores. It has been consistent in terms of as a percentage of sales, and hence while growing as we grow on sales, but maintaining at a certain percentage of sales to support the growth of the company.

**Neeraj Kanwar:** Okay, thank you, Gaurav. So, with this, our Q&A comes to an end and I wish all the shareholders healthy and stay safe and hope to see you next year. Thank you all. Over to you, Chairman.

**Onkar Kanwar:** Thank you, Neeraj and all the other colleagues. I think you've taken all the questions. I'm very happy that all of them have been very inquisitive asking various questions, and I'm so glad that they've been clear. So, I'll just say, as we have carried all the items mentioned in the Notice of AGM, I would like to thank all the participants who have attended the 50th AGM of the company. Once again, good to see all of you and thank you very much and stay safe.

**Moderator:** Thank you, sir. The members who have not cast their votes can still cast their votes using e-Voting platform of NSDL until 15 minutes from now. Thank you.