# APOLLO TYRES LTD

Regd. Office: 3rd Floor, Areekal Mansion, Near Manorama Junction, Panampilly Nagar, Kochi-682036(Kerala)
(CIN-L25111KL1972PLC002449) Tel: +91 484 4012046 Fax: +91 484 4012048, Email : investors@apollotyres.com
Web: apollotyres.com

# NOTICE

NOTICE is hereby given that the 44th Annual General Meeting of the members of **APOLLO TYRES LTD** will be held as under: -

| | | |
|---|---|---|
| DAY | : | Wednesday |
| DATE | : | July 5, 2017 |
| TIME | : | 10:00 AM |
| PLACE | : | Kerala Fine Arts Theatre, Fine Arts Avenue, Foreshore Road, Ernakulam, Kochi (Kerala), India |

to transact the following businesses:-

**ORDINARY BUSINESS:**

1. To consider and adopt:

   a. the audited financial statement of the Company for the financial year ended March 31, 2017, the reports of the Board of Directors and Auditors thereon; and

   b. the audited consolidated financial statement of the Company for the financial year ended March 31, 2017.

2. To declare dividend on equity shares.

3. To appoint a Director in place of Mr. Paul Antony (DIN 02239492), who retires by rotation, and being eligible, offers himself for re-appointment.

4. To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

   "RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, as may be applicable and pursuant to the recommendations of the Audit Committee, M/s Walker Chandiok & Co LLP, Chartered Accountants, Firm Registration No. 001076N/N500013 (the firm licenses audit software as well as audit methodology from Grant Thornton International Ltd), be appointed as Statutory Auditors of the Company for a period of 5 years for auditing the accounts of the Company from FY18 to FY22 , in place of retiring auditors M/s. Deloitte Haskins & Sells, Chartered Accountants, Registration No. 008072S, to hold office from the conclusion of this 44th Annual General Meeting (AGM) until the conclusion of the 49th AGM at such remuneration and out of pocket expenses, as may be decided by the Board of Directors of the Company."

**SPECIAL BUSINESS:**

5. To ratify the payment of remuneration to the Cost Auditor for FY18 and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

   "RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Cost Auditor, M/s. N. P. Gopalakrishnan & Co., Cost Accountants appointed by the Board of Directors of the Company for carrying out Cost Audit of the Company's plants at Perambra, Vadodara and Chennai as well as Company's leased operated plant at Kalamassery for FY18 be paid out a remuneration of ₹2.50 lakhs per annum plus reimbursement of out of pocket expenses.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

6. To re-appoint Mr. Onkar S. Kanwar (DIN 00058921) as Managing Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:-

   "RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, 203 and any other applicable provision(s) of the

Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V of the Companies Act, 2013 & the recommendation of the Nomination & Remuneration Committee, Mr. Onkar S. Kanwar (DIN 00058921), Managing Director be and is hereby re-appointed as Managing Director of the Company for a further period of five years with effect from February 1, 2018, on the terms and conditions of appointment and remuneration as set out in the explanatory statement annexed to the notice with liberty and power to the Board of Directors (hereinafter referred to as the "Board" which expression shall also include the 'Nomination and Remuneration Committee' of the Board), to grant increments and to alter and vary from time to time, the terms and conditions of the said appointment, subject to the same not exceeding the limits specified under Schedule V of the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, Mr. Onkar S. Kanwar will be paid the salary and perquisites as minimum remuneration not exceeding the limits specified under Section II of Part II of Schedule V of the Companies Act, 2013, by making such compliances as provided in the schedule.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, things and execute all such documents, instruments, writings as, in its absolute discretion, it may be considered necessary, expedient or desirable, including power to sub-delegate, in order to give effect to the foregoing resolution or otherwise as considered by the Board to be in the best interest of the Company as it may deem fit."

7. To revise the remuneration payable to Mr. Neeraj Kanwar (DIN 00058951), Vice Chairman & Managing Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof), read with Schedule V to the Companies Act, 2013 and subject to the approval of the Members and in partial modification of the relevant resolution passed at the Annual General Meeting of the Company held on August 7, 2013, consent of the Company be and is hereby accorded to the revision in the remuneration of Mr. Neeraj Kanwar, (DIN 00058951), Vice Chairman & Managing Director of the Company, w.e.f. April 1, 2017, as recommended by the Nomination and Remuneration Committee and as set out in the explanatory statement annexed to the notice, for the remaining period of his tenure i.e. upto May 27, 2019.

RESOLVED FURTHER THAT except for the aforesaid revision in remuneration as set out in the explanatory statement annexed to the notice, all other terms and conditions of his appointment as the Managing Director of the Company, as approved by the resolution passed at the Annual General Meeting of the Company, held on August 7, 2013, shall remain unchanged.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to alter or vary the scope of remuneration of Mr. Neeraj Kanwar, Vice Chairman & Managing Director, including the monetary value thereof, to the extent recommended by the Nomination and Remuneration Committee from time to time as may be considered appropriate, subject to the overall limits specified by the Companies Act, 2013.

RESOLVED FURTHER THAT the Company Secretary be and is hereby authorized to do all necessary acts, deeds and things, which may be usual, expedient or proper to give effect to the above resolution."

8. To authorise Private Placement of Non-Convertible Debentures and in this regard to consider and, if thought fit, to pass with or without modification(s), the following as a Special Resolution:-

"RESOLVED THAT in accordance with the provisions of Section 42, 71 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force) read with the rules made thereunder, as may be amended from time to time and any other applicable laws including the SEBI (Issue & Listing of Debt Securities) Regulations, 2008, as amended from time to time and other applicable SEBI regulations and guidelines, the provisions of the Memorandum and Articles of Association of the Company and subject to the receipt of necessary approvals as may be applicable and such other approvals, permissions and sanctions, as may be necessary, consent of the Company be and is hereby accorded to raise funds not exceeding ₹15,000 Million through Private Placement of Unsecured/Secured Non-Convertible Debentures during the period of one year from the date of passing of this resolution within overall borrowing limits of the Company, as approved by the Members from time to time, in one or more tranches, to such person or persons, who may or may not be the debenture holder(s) of the Company, as the Board (or any duly constituted Committee of the Board or such other authority as may be approved by the Board) may at its sole discretion decide, including eligible investors (whether residents and/or non-residents and/or institutions/incorporated bodies and/or individuals and/or trustees and/or banks or otherwise, in domestic and/or one or more international markets) , Non-Resident Indians, Foreign Institutional Investors (FIIs), Foreign Portfolio Investors (FPI), Venture Capital Funds, Foreign Venture Capital Investors, Mutual Funds, State Industrial Development Corporations, Insurance Companies, Development Financial Institutions, Bodies Corporate, Companies, private or public or other entities, authorities and such other persons in one or more combinations thereof through Private Placement in one or more tranches and including the exercise of a green-shoe option (within overall borrowing limits of the Company, as approved by the Members from time to time), if any, on such terms as may be determined under the guidelines as may be applicable, and on such terms and conditions as may be finalized by the Board or any duly constituted Committee of the Board or such other authority as may be approved by the Board.

RESOLVED FURTHER THAT for the purpose of giving effect to Private Placement of Unsecured/Secured Non-Convertible Debentures, the Board of Directors of the Company (the "Board") or any duly constituted Committee of the Board or such other authority as approved by the Board, be and is hereby authorized to determine the terms of the Issue, including the class of investors to whom the Debentures are to be allotted, the number of Debentures to be allotted in each tranche, issue price, tenor, interest rate, premium/discount to the then prevailing market price, amount of issue, discount to issue price to a class of Debenture holders, listing, issuing any declaration/undertaking etc. required to be included in the Private Placement Offer Letter and any other regulatory requirement for the time being in force."

By Order of the Board
For Apollo Tyres Ltd

Place : Gurgaon
Date : May 5, 2017

Seema Thapar

**(SEEMA THAPAR)**
Company Secretary

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.**

   **A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING 50 (FIFTY) AND HOLDING IN THE AGGREGATE NOT MORE THAN 10 (TEN) PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN 10 (TEN) PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR MEMBER.**

   **THE INSTRUMENT OF PROXY IN ORDER TO BE EFFECTIVE, SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, DULY COMPLETED AND SIGNED, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY FORM IS ENCLOSED HERE WITH.**

2. Members/Proxies should fill the Attendance Slip for attending the meeting and bring their Attendance Slip along with the copy of the Annual Report to the meeting.

3. The Register of Members and Share Transfer Books shall remain closed from June 29, 2017 to July 5, 2017 (both days inclusive) for payment of dividend on equity shares. The dividend, as recommended by the Board of Directors, if declared at the meeting, will be paid, within 30 days from the date of declaration, to the members holding shares as on the record date i.e. June 28, 2017 on 50,90,24,770 equity shares of the Company. In respect of shares held in dematerialised form, the dividend will be paid on the basis of beneficial ownership as per details furnished by the respective depositories for this purpose.

4. Corporate Members are requested to send a duly certified copy of the Board resolution/authority letter, authorizing their representative(s) to attend and vote on their behalf at the meeting.

5. The relevant explanatory statement pursuant to Section 102 of the Companies Act, 2013, in respect of the special businesses set out above is annexed hereto.

6. All documents referred to in the notice are open for inspection at the Registered Office of the Company between 11:00 AM to 5:00 PM on any working day prior to the date of the meeting and will also be available at the meeting venue on the date of the meeting.

   Every member entitled to vote at a meeting of the Company, or on any resolution to be moved thereat, shall be entitled during the period beginning twenty-four hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, to inspect the proxies lodged, at any time during the business hours of the Company, provided not less than 3 days' notice in writing of the intention so to inspect is given to the Company.

7. The Register of Contracts or Arrangements in which Directors are interested maintained under Section 189 of the Companies Act, 2013 and the Register of Director and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the Annual General Meeting(AGM).

8. Members intending to require information about accounts to be explained at the meeting are requested to write to the Company at least 10 (ten) days in advance of the AGM.

9. The shares of the Company are under compulsory demat list of Securities & Exchange Board of India w.e.f. November 11, 1999. The trading in equity shares can now only be in demat form. In case you do not hold shares in demat form, you may do so by opening an account with a depository participant and complete dematerialisation formalities.

10. Members holding shares in dematerialised mode are requested to intimate all changes with respect to their bank details, mandate, nomination, power of attorney, change of address, e-mail address, change in name etc. to their depository participant. These changes will be automatically reflected in the Company's records which will help the Company to provide efficient and better service to the members.

11. Members holding shares in physical form are requested to intimate changes with respect to their bank account (viz. name and address of the branch of the bank, MICR code of branch, type of account and account number), mandate, nomination, power of attorney, change of address, e-mail address, change in name etc. immediately to the Company.

12. Voting through Electronic Means:

I. In compliance with Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, substituted by Companies (Management and Administration) Amendment Rules, 2015, and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has provided a facility of casting the votes by the members using an electronic voting system from a place other than venue of AGM **("remote e-voting")** through the electronic voting service facility arranged by National Securities Depository Limited (NSDL).

The facility for voting, through polling paper, will also be made available at the AGM and the members attending the AGM who have not already cast their votes by remote e-voting shall be able to exercise their right at the AGM through polling paper. Members who have cast their votes by remote e-voting prior to the AGM may attend the AGM but shall not be entitled to cast their votes again.

The Instructions for e-voting are as under:

(A) In case of members' receiving e-mail from NSDL;

i. Open E-mail and PDF file viz. "ATL e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user id and password for e-voting. Please note that the password is an initial password.

ii. Launch internet browser by typing the following URL: https://www.evoting.nsdl.com/

iii. Click on Shareholder – Login

iv. Put user id and password as initial password in step (i) above. Click Login.

v. Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

vi. Home page of e-voting opens. Click on e-voting: Active Voting Cycles.

vii. Select "EVEN" of Apollo Tyres Ltd.

viii. Now you are ready for e-voting as Cast Vote page opens.

ix. Cast your vote by selecting appropriate option and click on "Submit" and also click "Confirm" when prompted.

x. Institutional Members (i.e. other than individuals, HUF, NRI etc are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the scrutinizer through e-mail tenrose@vsnl.com or investors@apollotyres.com with a copy marked to evoting@nsdl.co.in.

(B) In case of members receiving physical copy of the Notice of AGM and attendance slip:

i. Initial password is provided below the attendance slip.

ii. Please follow all steps from Sl. No (ii) to (x) above, to cast vote.

II. If you are already registered with NSDL for e-voting then you can use your existing user id and password for casting your vote.

III. The e-voting period commences on July 2, 2017 (10:00 AM) and ends on July 4, 2017 (5:00 PM). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of June 28, 2017, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

IV. The voting rights of Members shall be as per the number of equity shares held by members as on the cut-off date of June 28, 2017.

V. Mr. P. P. Zibi Jose, Practicing Company Secretary, has been appointed as the Scrutinizer to Scrutinize the e-voting process in a fair and transparent manner.

VI. The Scrutinizer shall, immediately after the conclusion of voting at the General Meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than three days of conclusion of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall counter sign the same.

VII. The Results shall be declared by the Chairman or the person authorised by him in writing not later than three days of conclusion of the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website (www.apollotyres.com) and on the website of NSDL (www.evoting.nsdl.com) immediately after the result is declared by the Chairman. Members may also note that the Notice of the $44^{th}$ AGM and the Annual Report 2017, will be available on the website of Company and NSDL.

Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as on the cut-off date i.e. June 28, 2017, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or to the Company.

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password” option available on www.evoting.nsdl.com or contact NSDL at the following Toll free no.: 1800-222-990.

In case of any grievance connected with the facility for voting by electronic means, members can directly contact Mr. Rajiv Ranjan, Assistant Manager, NSDL, $4^{th}$ Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai- 400 013. Email id : evoting@nsdl.co.in or rajivr@nsdl.co.in, Toll free no.: 1800-222-990. Members may also write to the Company Secretary at the Email id: investors@apollotyres.com.

13. Electronic copy of the Annual Report and Notice of the $44^{th}$ AGM of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose Email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report and Notice of the $44^{th}$ AGM of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent through the permitted mode.

14. Those members who have so far not encashed their dividend warrants for the below mentioned financial years, may claim or approach the Company for the payment thereof, as the same will be credited to DEMAT Account of the Investor Education and Protection Fund Authority (“IEPFA”) pursuant to Section 124(6) of the Companies Act, 2013 (“Act”) read with Rule 6 of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (as amended from time to time) (”Rules”) and Regulation 39(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

| **Financial Year Ended** | **Due date of Transfer** |
|---|---|
| 31.03.2010 | 28.09.2017 |
| 31.03.2011 | 15.10.2018 |
| 31.03.2012 | 13.10.2019 |
| 31.03.2013 | 06.10.2020 |
| 31.03.2014 | 05.10.2021 |
| 31.03.2015 | 10.10.2022 |
| 31.03.2016 | 10.10.2023 |

In accordance with the procedure laid down in the rules, if a member does not claim the dividend amount for a consecutive period of seven years or more, then the shares held by him/her shall be transferred to the DEMAT Account of IEPFA. The details of the Members whose shares are liable to be transferred are also posted on the website of the Company i.e. www.apollotyres.com. The unclaimed or unpaid dividend which have already been transferred or the shares which are due to be transferred, if any, can be claimed back by the Members from IEPFA by following the procedure given on its website i.e. http://iepf.gov.in/IEPFA/refund.html

15. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made thereunder, Companies can serve Annual Reports and other communications through electronic mode to those members who have registered their E-mail address with the Company or with the Depository Participant(s). Members who have not registered their E-mail address with the Company can now register the same by submitting the duly filled in “E-mail Registration Form”, available on the website of the Company, to the Company. Members holding shares in demat form are requested to register their E-mail address with their Depository Participant(s) only. Members of the Company, who have registered their E-mail address, are entitled to receive such communication in physical form upon request.

16. The notice of AGM and the copies of audited financial statements, board’s report, auditor’s report etc. will also be displayed on the website (www.apollotyres.com) of the Company.

17. As per the provisions of Regulation 39 (4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with Schedule VI of the Regulations, the unclaimed/undelivered shares lying in possession of the Company had been dematerialised

and transferred into an “Unclaimed Suspense Account”. Members who have not yet claimed their shares are requested to immediately approach the Company by forwarding a request letter duly signed by all the members furnishing the necessary details to enable the Company to take necessary action.

18. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to submit their PAN details to the Company.

19. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or staying abroad or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participants and holdings should be verified.

20. Information under Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 & Secretarial Standard-2 on General Meetings in respect of the Director seeking re-appointment at the AGM, forms integral part of the notice. The concerned Director has furnished the requisite declarations for his re-appointment and his brief profile forms part of the explanatory statement.

21. Kindly register your email address and contact details with us, by writing to us addressed to the Secretarial Department at our Corporate Office, or at our E-mail ID: investors@apollotyres.com. This will help us in prompt sending of notices, annual reports and other shareholder communications in electronic form.

22. The route map of the venue for the AGM is attached herewith and also available on the website of the Company.

23. As per section 118(10) of the Companies Act, 2013, read with the Secretarial Standard 2 on General Meetings issued by Institute of Company Secretaries of India, **“No gifts, gift coupons or cash in lieu of gifts shall be distributed to members at or in connection with the meeting”.**

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

**Item No. 5**

The Board at its meeting held on May 5, 2017, on the recommendation of the Audit Committee, had re-appointed M/s. N.P. Gopalakrishnan & Co., Cost Accountants, for carrying out Cost Audit of the Company's plants at Perambra, Vadodara and Chennai as well as Company's leased operated plant at Kalamassery for the financial year 2017-18 on remuneration of ₹2.50 Lakhs per annum plus reimbursement of out of pocket expenses.

As per Rule 14 of The Companies (Audit and Auditors) Rules, 2014, the remuneration of the Cost Auditors which is recommended by the Audit Committee shall be considered and approved by the Board of Directors and subsequently ratified by the Members.

None of the Directors or Key Managerial Personnel (KMPs) of the Company or their relatives is concerned or interested (financial and otherwise) in the resolution.

The Board of Directors recommends resolution set out at item no.5 for your consideration and ratification.

**Item No. 6**

The members of the Company, through Postal Ballot on April 19, 2013, had approved the re-appointment of Mr. Onkar S. Kanwar as Managing Director of the Company for a period of 5 years effective from February 1, 2013. The present tenure of Mr. Onkar S. Kanwar as Managing Director expires on January 31, 2018.

As per the provisions of Sections 196, 197, 198, 203 read with Schedule V of the Companies Act, 2013, a Company having profits in a financial year, may pay any remuneration to the managerial person(s) by way of salary, perquisites, commission and other allowances which shall not exceed 5% of its net profit for one such managerial person and if there are more than one such managerial person, 10% of its net profits for all of them together.

As recommended by the Nomination & Remuneration Committee of the Board of Directors and in view of the growth achieved by the Company under the able leadership of Mr. Onkar S. Kanwar, the Board of Directors in its meeting held on May 5, 2017, re-appointed Mr. Onkar S. Kanwar as Managing Director (designated as Chairman & Managing Director) of the Company for a further period of 5 years w.e.f. February 1, 2018, subject to the approval of the members of the Company, on the terms and conditions, including minimum remuneration, as detailed hereunder:

1. Salary: ₹60 Lakhs per month with suitable increases as may be determined by the Board of Directors of the Company (which expression shall include a Committee thereof) from time to time, not exceeding 50% increase in salary by way of annual increment each year.

2. Commission: An amount as may be approved by the Board of Directors subject to overall remuneration not to exceed 5% of the net profits of the Company.

3. Perquisites, Allowances & Other Benefits: Mr. Onkar S. Kanwar shall be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance, reimbursement of expenses or allowances for gas, electricity, water, furnishings, repairs, society charges and property tax, servant salary, medical reimbursement, leave travel concession for himself and his family, club fee, medical/accident insurance and such other perquisites and allowances as may be allowed under the Company's rules/schemes and restricted to an amount not exceeding 300% of annual salary.

   The above perquisites shall be allowed in addition to the salary, to be evaluated as per Income Tax Rules, wherever applicable, and in the absence of any such rule, perquisites shall be evaluated at actual cost.

4. Amenities:

   i) Communication facilities: The Company shall provide appropriate telephone, including cellular phone, telefax, internet and other communication facilities to Mr. Onkar S. Kanwar at his residence for discharging his functions effectively.

   ii) The Company shall provide office space required by Mr. Onkar S. Kanwar either at his residence or any other convenient place for discharging his official duties along with the required office support facilities.

   iii) Mr. Onkar S. Kanwar shall be entitled to the reimbursement of expenses incurred on official travel and boarding and lodging (including travel insurance) for his spouse, if considered expedient to accompany him in the Company's interests, during domestic or overseas business trips.

5. Other Benefits:

   i) Contribution to provident fund , superannuation fund or annuity fund will not be included in the computation of the ceiling on perquisites to the extent these, whether singly or put together, are not taxable under the Income Tax Act, 1961. Gratuity payable shall be in accordance with the rules of the Company.

   ii) Earned Leave: On full pay and allowances as per the rules of the Company.

   iii) Encashment of leave at the end of the tenure, in accordance with the Rules of the Company, if any, will not be included in the computation of the ceiling on perquisites.

   iv) Provision of car(s) for use on Company's business.

6. The appointee shall also be entitled to reimbursement of entertainment expenses incurred in the course of business of the Company.

7. The above remuneration payable to Mr. Onkar S. Kanwar is subject to the condition that the total remuneration including Commission and all the perquisites as mentioned above shall not exceed 5% (five percent) of the net profits individually and 10% (ten percent) of the net profits collectively payable to all the Managing Directors/Whole Time Directors as calculated in accordance with Section 197 of the Act, or any amendment thereto or any other provisions as may be applicable.

8. Notwithstanding anything to the contrary contained herein, where in any financial year, during the currency of tenure of the appointee, the Company has no profits or its profits are inadequate, the Company will pay salary and perquisites and allowances as specified in Section II of Part II of Schedule V of the Companies Act, 2013, to Mr. Onkar S. Kanwar as minimum remuneration, subject to other compliances of Schedule V of the Act.

9. The appointee shall, subject to the applicable provisions of the Act (including any statutory modification or re-enactment thereof, for the time being in force), also be eligible for housing, education and medical loan and other loans or facilities as applicable in accordance with the rules of the Company.

   A copy of each of the resolutions passed by the members through Postal Ballot on April 19, 2013, the resolution passed by the Nomination & Remuneration Committee of the Board of Directors and the resolution passed by the Board of Directors in their meeting held on May 5, 2017, are open for inspection of the members, during business hours between 11:00 AM to 5:00 PM on all working days of the Company, upto the date of the meeting, at the registered office of the Company.

   None of the Directors or Key Managerial Personnel (KMPs) of the Company or their relatives, except Mr. Onkar S. Kanwar, Chairman & Managing Director himself and Mr. Neeraj Kanwar, Vice Chairman & Managing Director, being his relative, is concerned or interested (financial & otherwise) in the resolution.

This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013.

The Board of Directors recommends resolution set out at item no.6 for your consideration and approval.

**Item No. 7**

The members at the AGM held on August 7, 2013, had reappointed Mr. Neeraj Kanwar as Vice Chairman & Managing Director of the Company for a period of 5 years with effect from May 28, 2014, at a Salary of ₹24 Lakhs per month with suitable increases as may be determined by the Board of Directors of the Company from time to time, not exceeding 50% increase in salary by way of annual increment each year.

As per the provisions of Sections 196, 197, 198, 203 read with Schedule V of the Companies Act, 2013, a Company having profits in a financial year, may pay any remuneration to the managerial person(s) by way of salary, perquisites, commission and other allowances which shall not exceed 5% of its net profit for one such managerial person and if there are more than one such managerial person, 10% of its net profits for all of them together.

As recommended by the Nomination & Remuneration Committee of the Board of Directors and in recognition of the key initiatives taken by Mr. Neeraj Kanwar in enhancing the competitiveness of the company's operations, the Board of Directors in its meeting held on May 5, 2017, has revised the remuneration of Mr. Neeraj Kanwar, (DIN 00058951), Vice Chairman & Managing Director of the Company, w.e.f. April 1, 2017, for the remaining period of his tenure i.e. upto May 27, 2019, as detailed hereunder:

Salary:

₹36 Lakhs per month with suitable increases as may be determined by the Board of Directors of the Company (which expression shall include a committee thereof) from time to time, not exceeding 50% increase in salary by way of annual increment each year.

· Commission:

An amount as may be approved by the Board of Directors subject to overall remuneration not to exceed 5% of the net profits of the Company.

Amenities:

i. Communication facilities: The Company shall provide appropriate telephone, including cellular phone, telefax, internet and other communication facilities to Mr. Neeraj Kanwar at his residence for discharging his functions effectively.

ii. The Company shall provide office space required by Mr. Neeraj Kanwar either at his residence or any other convenient place for discharging his official duties along with the required office support facilities.

iii. Mr. Neeraj Kanwar shall be entitled to the reimbursement of expenses incurred on official travel and boarding and lodging (including travel insurance) for his family, if considered expedient to accompany him in the Company's interests, during domestic or overseas business trips.

Except for the aforesaid revision in remuneration, all other terms and conditions of his appointment as the Vice Chairman & Managing Director of the Company, as approved by the resolution passed at the Board Meeting of the Company held on May 10, 2013 and approved by the members on August 7, 2013, shall remain unchanged.

Your Directors recommend the resolution set out at item no. 7 of the notice for your approval by way of an Ordinary Resolution.
A copy of the resolution passed by the members at the AGM held on August 7, 2013, the resolution passed by the Nomination & Remuneration Committee of the Board of Directors and the resolution passed by the Board of Directors in their meeting held on May 5, 2017, are open for inspection of the members, during business hours between 11:00 AM to 5:00 PM on all working days of the Company upto the date of the meeting at the registered office of the Company.

None of the Directors or Key Managerial Personnel (KMPs) of the Company or their relatives, except Mr. Neeraj Kanwar, Vice Chairman & Managing Director himself and Mr. Onkar S. Kanwar, Chairman & Managing Director, being his relative, is concerned or interested (financial & otherwise) in the resolution.

The Board of Directors recommends resolution set out at item no.7 for your consideration and approval.

**Item No. 8**

In order to augment long term resources for financing the repayment of existing debt and/or for general corporate purposes, the Members of the Company through Postal Ballot on October 17, 2016 had passed the resolution for raising of funds not exceeding ₹ 7,500 million through Issue of Secured Non-Convertible Debentures (NCDs) through Private Placement, in one or more tranches within overall borrowing limits of the company. The Company had raised ₹3,000 million by allotment of NCDs on October 21, 2016 through Private Placement Offer. The above resolution is valid upto October 16, 2017.

In order to meet Company's ongoing Capex requirements, the Board approved raising of funds through issue of NCDs for not exceeding ₹15,000 million.

In order to enable the Company to further offer or invite subscriptions for Non-Convertible Debentures on a Private Placement basis, in one or more tranches, as per provisions of Section 42 of the Companies Act, 2013, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014, a Company shall not make a Private Placement of its securities unless the proposed offer of securities or invitation to subscribe to securities has been previously approved by the Members of the Company by a Special Resolution for each of the offers or invitations. However, in case of offer or invitation for “Non-Convertible Debentures”, it shall be sufficient if the Company passes a Special Resolution only once in a year for all the offers or invitations for such Debentures during the year.

Further, the Board of Directors of the Company (the “Board”) or any duly constituted Committee of the Board or such other authority as may be approved by the Board, shall be authorized to determine the terms of the Issue, including the class of investors to whom the NCDs are to be allotted, the number of NCDs to be allotted in each tranche, issue price, tenor, interest rate, premium/discount to the then prevailing market price, amount of issue, discount to issue price to a class of bond/debenture holders, listing, issuing any declaration / undertaking etc. required to be included in the Private Placement Offer Letter and any other regulatory requirement for the time being in force.

The Board of Directors of the Company, at its Meeting held on May 5, 2017, had approved the above proposal and recommends the passing of proposed Special Resolution by Members of the Company.

The approval of the Members is being sought by way of a Special Resolution under Section 42 & 71 of the Companies Act, 2013, read with the Rules made there under, to enable the Company to offer or invite subscriptions for NCDs on a private placement basis, in one or more tranches, during the period of one year from the date of passing of the resolution, within the overall borrowing limits of the Company, as approved by the Members from time to time.

None of the Directors or Key Managerial Personnel (KMPs) of the Company or their relatives is concerned or interested (financial & otherwise) in the resolution.

The Board of Directors recommends resolution set out at item no.8 for your consideration and approval.

**DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AS REQUIRED UNDER REGULATION 36 OF THE LISTING REGULATIONS & SECRETARIAL STANDARD-2 ON GENERAL MEETINGS.**

**Item No. 3**

Mr. Paul Antony, Additional Chief Secretary, Govt. of Kerala (Industries & Power), aged about 59 years, has been nominated on the Board by Govt. of Kerala with effect from November 18, 2016. Mr. Paul Antony, belongs to the 1983 batch IAS of the Kerala Cadre with a degree in MA Economics (Delhi School of Economics) and MA Public Economic Management (Birmingham University, UK). He has 33 years of experience in the Indian Administrative Services and was Chairman of Cochin Port Trust from 2011 to 2016.

He is not holding any shares in the Company. He does not draw any other remuneration from the Company. However, sitting fee and commission is paid to Govt. of Kerala.

Mr. Paul Antony holds Directorship in the following other Companies:-

| Sl. No. | Name of the Company | Designation |
|---|---|---|
| 1 | Nitta Gelatin India Ltd. | Director |
| 2 | Bharat Petroleum Corporation Ltd. | Director |
| 3 | Malabar Cements Ltd. | Director |
| 4 | Kerala State Electricity Board Ltd. | Director |
| 5 | Kerala State Industrial Development Corporation Ltd. | Director |
| 6 | Kottayam Port and Container Terminal Services Private Ltd. | Director |

Mr. Paul Antony holds Membership/Chairmanship of Committees in the following other Companies:-

| Sl. No. | Name of the Company | Name of the Committee | Position |
|---|---|---|---|
| 1 | Kerala State Industrial Development Corporation Ltd. | Audit Committee | Chairman |

He has attended one Board Meeting during FY17.

He does not have inter-se relationship with any other Director of the Company.

None of the Directors or Key Managerial Personnel of the Company or their relatives except Mr. Paul Antony himself is concerned or interested in the resolution.

The Board of Directors recommends resolution set out at item no.3 for your consideration and approval.

**Item No. 6**

As the Chairman & Managing Director of Apollo Tyres Ltd, Mr. Onkar S. Kanwar is the chief architect of the Company's vision and value-driven business strategy. Under his able leadership, Apollo became a professionally managed and a globally recognised tyre manufacturer. As a visionary entrepreneur, he plays a critical role in the articulation of Company's business philosophy.

Modernisation, excellence and quality are his guiding principles. Registered in 1972, Apollo Tyres under his guidance transformed itself from an Indian manufacturer of commercial vehicle tyres, to a global entity with a full-fledged product portfolio, spanning 3 continents. Mr. Onkar S. Kanwar is highly regarded for his constant emphasis on bettering the lives of people (be it employees, customers, business partners, shareholders or any other stakeholder) and responsiveness to change and continuous learning.

He is the Past President of the Federation of Indian Chambers of Commerce and Industry (FICCI) and the former Chairman of the Automotive Tyre Manufacturers' Association. Currently, apart from being a member of the Trade Advisory Committee to the Government of India, he is also a Member of the Board of Governors for the Indian Institute of Management (Kozhikode) and the Indian Institute of Information Technology Design & Manufacturing (IIITDM).

A Science and Administration graduate from the University of California, Mr. Onkar S. Kanwar is a widely travelled individual. He devotes a large part of his time to reading and is passionate about learning modern management practices and their successful application in business.

He has been conferred with 'Ernst & Young Entrepreneur of the Year Award – Manufacturing' for the year 2012.

Mr. Onkar S. Kanwar, aged 75 years was first appointed to the Board on March 7, 1982. He has drawn a remuneration of ₹457.37 Million during FY17. The terms and conditions of his appointment are mentioned in the explanatory statement.

Mr. Onkar S. Kanwar is on the Board of the following other Companies:-

| Sl. No. | Name of the Company | Designation |
|---|---|---|
| 1 | PTL Enterprises Ltd. | Chairman |
| 2 | Artemis Health Sciences Ltd. | Chairman |
| 3 | Leto Realtors Private Ltd. | Director |
| 4 | Artemis Medicare Services Ltd. | Chairman |
| 5 | Artemis Global Life Sciences Ltd. | Chairman |
| 6 | Apollo Vredestein B.V. (Supervisory Board) | Director |

Mr. Onkar S. Kanwar also holds Membership/Chairmanship of Committees in the following other Companies :-

| Sl. No. | Name of the Company | Name of the Committee | Position |
|---|---|---|---|
| 1 | PTL Enterprises Ltd. | 1) Stakeholders Relationship Committee<br>2) Nomination & Remuneration Committee<br>3) Risk Management Committee<br>4) CSR Committee | Chairman<br>Member<br>Chairman<br>Chairman |
| 2 | Artemis Medicare Services Ltd. | Nomination & Remuneration Committee | Member |
| 3 | Artemis Health Sciences Ltd. | 1) Audit Committee<br>2) Nomination & Remuneration Committee | Chairman<br>Member |

Mr. Onkar S. Kanwar has attended four meetings of the Board during FY17. Mr. Neeraj Kanwar, Vice Chairman & Managing Director is the son of Mr. Onkar S. Kanwar, Chairman & Managing Director. None of the other Directors are related to each other.

He is holding 8,00,000 shares in the Company.

None of the Directors or Key Managerial Personnel( KMPs) of the Company or their relatives except Mr. Onkar S. Kanwar, Chairman & Managing Director himself and Mr. Neeraj Kanwar, Vice Chairman & Managing Director, being his relative, is concerned or interested (financial & otherwise) in the resolution.

**Item No. 7**

As the Vice Chairman & Managing Director of Apollo Tyres, Mr. Neeraj Kanwar plays a pivotal role in Apollo's journey towards becoming one of the most admired automotive tyre brands. He has pioneered key initiatives in enhancing the competitiveness of the Company's operations and products across the board. He is responsible for crafting Apollo's growth story - taking the Company from US$450 million to US$2 billion within a 5 year time span. Under his able leadership, Apollo acquired Dunlop Tyres International in South Africa in 2006, Vredestein Banden B V in the Netherlands in 2009 and currently a Greenfield facility in Hungary has been set-up - thereby transforming itself into a multi-geography Company with operations across geographies.

Mr. Neeraj Kanwar began his career with Apollo Tyres as Manager, Product & Strategic Planning, where he played a crucial role in creating a bridge between the two key functions of manufacturing and marketing. In 1998, he joined the Board of Directors and was promoted to Chief, Manufacturing and Strategic Planning. His people management skills helped him bring overarching changes in industrial relations, upgradation of technology and benchmarking on product and efficiency parameters. In 2002, he took over as the Chief Operating Officer of the organisation, wherein he introduced value-driven process improvements in human resources and information technology. Mr. Neeraj Kanwar was appointed as Joint Managing Director in 2006 and elevated to Vice Chairman in 2008, and soon after to Managing Director in 2009 for his initiatives in establishing the Company in the global arena.

As a business leader, Mr. Neeraj Kanwar is associated with leading industry associations and was recently the Chairman of the Automotive Tyre Manufacturer's Association, India. Mr. Neeraj Kanwar is a people-centric leader and believes in empowering employees to enable them to undertake effective and efficient decisions at all times. Within Apollo, he is known for his affable management style, and combine work with liberal doses of fun.

An engineering graduate from Lehigh University in Pennsylvania, USA, Mr. Neeraj Kanwar is an avid sportsperson. He prefers to spend his leisure time with his family or playing tennis, swimming and travelling.

Mr. Neeraj Kanwar, aged 46 years, was first appointed to the Board on May 28, 1999. He has drawn a remuneration of ₹308.90 Million during FY17. The terms and conditions of his appointment are mentioned in the explanatory statement.

Mr. Neeraj Kanwar is on the Board of the following other Companies:-

| Sl. No. | Name of the Company | Designation |
|---|---|---|
| 1 | PTL Enterprises Ltd. | Director |
| 2 | Artemis Medicare Services Ltd. | Director |
| 3 | Sunlife Trade Links Pvt Ltd. | Director |
| 4 | Apollo Tyres (UK) Pvt Ltd. | Director |
| 5 | Apollo Tyres (London) Pvt Ltd. | Director |
| 6 | Apollo Vredestein B.V. (Supervisory Board) | Director |

Mr. Neeraj Kanwar also holds Membership/Chairmanship of Committees in the following other Companies:-

| Sl. No. | Name of the Company | Name of the Committee | Position |
|---|---|---|---|
| 1 | PTL Enterprises Ltd. | 1) Stakeholders Relationship Committee<br>2) Nomination & Remuneration Committee<br>3) Audit Committee | Member<br>Member<br>Member |
| 2 | Artemis Medicare Services Ltd. | Audit Committee | Member |

Mr. Neeraj Kanwar has attended four meetings of the Board during FY17. Mr. Neeraj Kanwar, Vice Chairman & Managing Director, is the son of Mr. Onkar S. Kanwar, Chairman & Managing Director. None of the other Directors are related to each other.

He is holding 6,71,380 shares in the Company.

None of the Directors or Key Managerial Personnel( KMPs) of the Company or their relatives except Mr. Neeraj Kanwar, Vice Chairman & Managing Director himself and Mr. Onkar S. Kanwar, Chairman & Managing Director, being his relative, is concerned or interested (financial & otherwise) in the resolution.

By Order of the Board
For Apollo Tyres Ltd

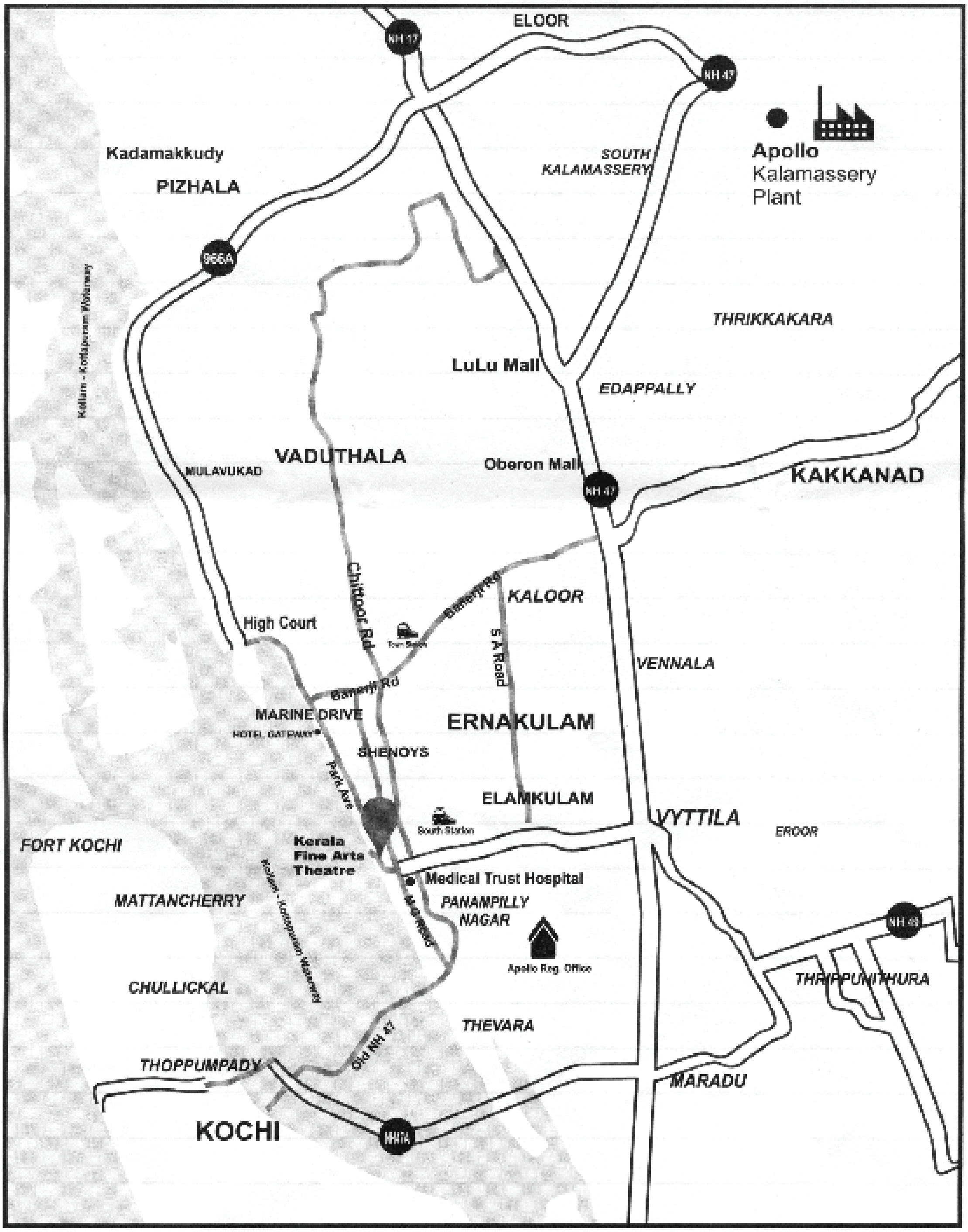
Place : Gurgaon
Date : May 5, 2017

Seema Thapar

**(SEEMA THAPAR)**
Company Secretary

# Route Map to the Venue of the AGM

**Kerala Fine Arts Theatre**
**Fine Arts Avenue**
**Foreshore Road**
**Kochi**





Registered Office: Apollo Tyres Ltd, 3rd Floor, Areekal Mansion, Near Manorama Junction,
Panampilly Nagar, Kochi 682036, India.
(CIN-L25111KL1972PLC002449) Tel: +91 484 4012046
Fax No.: +91 484 4012048 Email: investors@apollotyres.com
Website: www.apollotyres.com

apollo

# Reach the World

## Annual Report 2016-17

# REACH THE WORL

## Corporate Overview



## Statutory Reports



## Financial Statements



## HIGHLIGHTS 2016-17

**₹140.53** Bn
Gross Sales

**₹39.02** Bn
Capital Expenditure

**15.8**%
ROE

**₹10.99** Bn
Net Profit

**₹20.01** Bn
EBITDA

india

hungary

.D

where to next?

At Apollo Tyres, we are building tyres for the future of transportation and mobility. As we do this, we are transforming ourselves both from a product and markets perspective. Building on our core competencies, strength and brand, we are aspiring to 'Reach the World', by manufacturing in different countries, expanding our distribution networks, and growing our brand associations. We are creating a distinctly 'glocal' culture in our organsiation, where we are thinking like a global organisation and yet, aligning ourselves to local needs in each geography we operate. At the same time, we are proud of being an Indian brand, and representing the best of technology, operations and thinking on the world stage.

In FY17, we took many steps that furthered our aim of reaching the world. These include the inauguration of our Hungary plant and the Global R&D centre. These, however, are just stepping stones to achieving our cherished vision. As we do this, we are equally committed to 'reach' each of our stakeholders, and create value for them, in ways that are credible and meaningful.

# Chairman's Message

**Dear Members,**

These are uncertain times. The year gone by saw events which further added to the challenges we face as individuals, organisation and even countries. The US elections, referendums in Britain and Italy, rise of populism across Europe, India's currency reforms... they all led to an increased uncertainty across the globe.

Challenging times for many are also opportunities for others. We, at Apollo Tyres, faced these uncertainties with openness, optimism and believing in our DNA of 'go the distance'.

What has helped your Company in such uncertain times is the sustained focus on its key principles to attain its vision. Since the inception of the Company, in good times and downturns, we have never let go of these principles. These are

- Profitable growth by maintaining a healthy top and bottom-line. It is not your Company's way to focus on the philosophy of growth at all cost. To have a comfortable bottom-line, your Company continues to leverage its strong R&D to ensure that we maintain the right product mix, create a price and product leadership, and continuously invest in building the products brands - Apollo and Vredestein.

- Nurturing existing markets and seeding new ones. While India continues to be our largest market, we have seeded new markets in Asia, the Middle East and other geographies in the world. Your Company is seeing success of this model as it witnesses double-digit growth from most of the new markets. Further, with your Company's first overseas Greenfield plant in Hungary inaugurated recently, it can now focus on expanding its base in Europe and the US.

- An unwavering focus on cost and quality. To have profitable growth, it is important to maintain cost, and your Company has relentlessly focussed on reducing cost and enhancing efficiencies across the organisation. It is my firm belief that we need to do away with unnecessary cost, as that is the delta between a profitable and a loss-making organisation in this increasingly global industry.

Despite the uncertainties, the Indian economy continued to shine brightly in the global economy. Our confidence in the Indian economy saw us continuing our investments in the Chennai plant as we completed the Phase 1 expansion of the Truck-Bus Radial capacity. We have also announced plans to set up our fifth Indian manufacturing plant in the state of Andhra Pradesh to create capacities for the two-wheeler tyre and other emerging product categories.

In these exciting yet demanding times, your Company does not forget its commitment to live by one of its core values – 'Care for Society.' Our Social Responsibility and Sustainability efforts continue to benefit a large base of stakeholders, because we undertake these with the same beliefs and conviction as we do our commercial activities. Our CSR initiatives are not an afterthought but an integral element of Apollo Tyres' corporate strategy. Your Company has taken multiple initiatives in India and Europe to have a positive impact on the everyday lives of its stakeholders.

I see the uncertainties as a way of life, hence it is hard to gaze into the crystal ball and see the future. At such times, I take comfort in the quote of the American President, Abraham Lincoln, who said, "The best way to predict the future is to create it". Your Company will continue to invest heavily and will write its own destiny as it walks down the path of achieving its Vision – 'To be a Premier tyre company with a diversified and multinational presence.' I am confident that team Apollo is firmly guided by its three principles as it sets to create new benchmarks, introduce new products across markets, and expand the distribution network.

I would like to acknowledge every single employee, network partner and business partner for having stood by Apollo and actively contributed to its success. I would like to thank each one of you, our valuable shareholders, for having been with us in this exciting journey. The support that we continue to receive from

our banks, financial institutions and the various State and National Governments where we operate, enable us to excel and we remain grateful as ever.

The next financial year is already upon us and as ever, we at Apollo remain committed and sincere in our efforts to keep delivering ever better value to you, our shareholders. I look forward to having many more exciting updates for you in the new year.

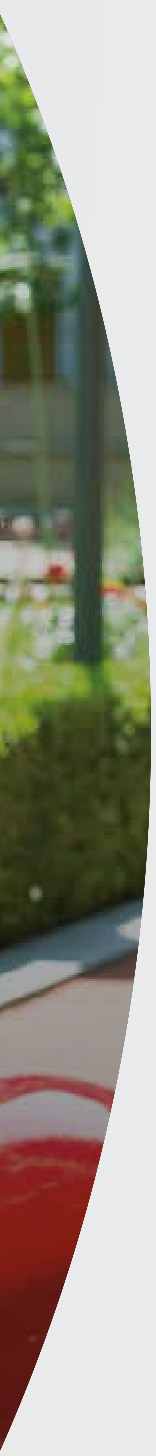
Yours sincerely,

Onkar S. Kanwar
Chairman & Managing Director

# Vice Chairman's Message

**Dear Members,**

It has always been our aim to deliver top financial performance and continue to invest to sustain the long-term profitable growth of the company. In line with this philosophy, FY17 saw a dominant theme running across Apollo Tyres... Reach the world. In the pages that follow, you will get a glimpse of the events and activities that we undertook to ensure that our brands – Apollo and Vredestein, our products and the company have a global reach.



For Apollo Tyres, the year started with rolling out of Vision 2020 – 'To be a Premier tyre company with a diversified and multinational presence'. As a first step to realise Vision 2020, we identified key priorities for the company. These included 'build leadership in India', 'premiumization in Europe', and 'explore strategically attractive markets where we are currently not represented'.

The fiscal saw the Company working overtime to realise its three key projects to ensure an expanded footprint across India and the globe. In April 2015, we had done the groundbreaking ceremony of the new Greenfield plant in Hungary. We had committed that the plant will start commercial production in two years time, an extremely ambitious target given the size of the plant. Sure enough, as the fiscal closed, we were ready for the big inauguration of the plant, with each team living the company's DNA of 'Go the distance'. It was indeed a humbling experience to have the honourable Prime Minister of Hungary inaugurate the commercial production of the plant.

The company has its humble roots in the commercial tyres segment in India and in this category we have attained market leadership over the years. In India, our R&D teams have worked hard over the past years to develop Truck Bus Radial (TBR) tyres suitable to the needs of the market. Despite competition, local and international, continuously knocking on the markets, we have continued to hold on to the lead in this segment. Given the demand from our customers, we have been running at full TBR capacity in the plant. The year saw expansion of this capacity in our Chennai facility by 50% in the second half of 2016 to 9000 units a day.

It has been our aspiration to launch our highly benchmarked truck bus radials (TBR) in Europe, marking the Company's entry in the highly competitive European commercial vehicles segment. Various teams have been working for over five years developing the products and extensively testing over 250 million kilometres across six European countries to ensure that we can offer the best product to the consumers. More importantly, we understand the challenges of entering the market dominated by global majors. We decided on an innovative approach of selling the products online and directly to the consumers, a new approach in the market. We are confident that this approach will help us gain market share despite the late entry into the European market.

At Apollo, life was at full steam beyond these three major projects. We continued to do what we do best – launch new products for a better product mix, seed new markets, expand distribution network and focus on cost and process efficiencies. In the previous fiscal, we had launched Amazer 4G Life in India. I am proud to mention that within a short span of time, the product is a market leader in its segment. Similarly, our marketing and R&D teams have been working to launch country specific products like the specially developed semi-lug commercial vehicle bias tyre for the Bangladesh and Indonesia markets and tyres to cater to the growing SUV markets in the Middle East.

In India and Europe, we continue to grapple with the challenges of the low-cost Chinese truck tyres imports. While the government's demonetisation initiative did see a lull in the imports, they picked up pace in Q4 of the fiscal. I hope that the government takes some action as it may have a direct bearing on the Make in India initiative in the tyre segment.

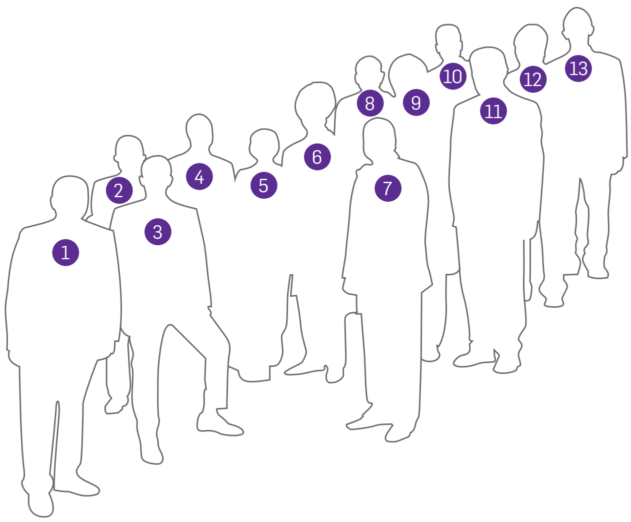
I see the relentless pace continue for each one at Apollo Tyres in FY18. I will continue to update you on a periodic basis and I do look forward to be in touch with you.

With best regards,

Neeraj Kanwar

**Neeraj Kanwar**
Vice Chairman and Managing Director

# Board of Directors



1 **SUNAM SARKAR**
President &
Chief Business Officer
Apollo Tyres Holdings
(Singapore) Pte Ltd

2 **VIKRAM S. MEHTA**
Former Chairman
Shell Group of Companies

3 **NEERAJ KANWAR**
Vice Chairman &
Managing Director

4 **NIMESH N. KAMPANI**
Chairman JM Financial
Group

5 **PALLAVI SHROFF**
Regional Managing Partner
Shardul Amarchand
Mangaldas & Co.

6 **ONKAR S. KANWAR**
Chairman & Managing
Director

7 **ARUN KUMAR PURWAR**
Former Chairman
State Bank of India

8 **VINOD RAI**
Ex-Comptroller and
Auditor General of India

9 **GENERAL BIKRAM SINGH (RETD.)**
Former Chief of
Indian Army

10 **AKSHAY CHUDASAMA**
Regional Managing Partner
Shardul Amarchand
Mangaldas & Co.

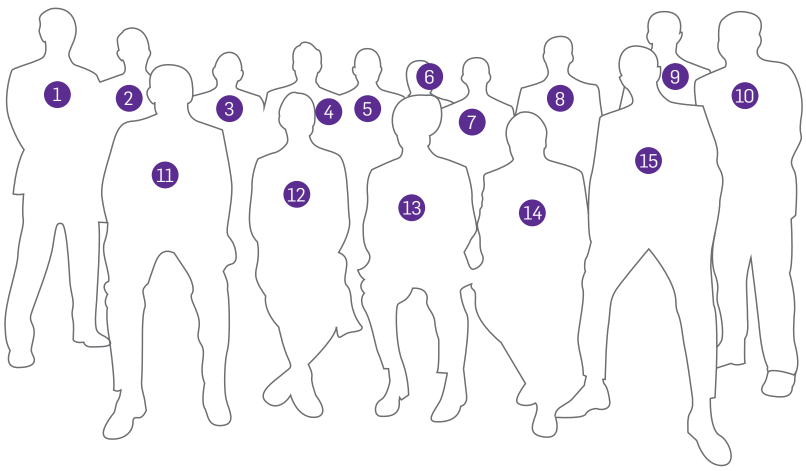
11 **FRANCESCO GORI**
Former CEO
Pirelli Tyre

12 **ROBERT STEINMETZ**
Former Chief of
International Business
Continental AG

13 **Dr. S. NARAYAN**
Former Principal
Secretary to the Prime
Minister of India

14 **PAUL ANTONY**
Nominee Director
Government of Kerala
(Not in picture)

# Management Board



1 **DANIELE LORENZETTI**
Chief Technology Officer

2 **PEDRO MATOS**
Chief Quality Officer

3 **P K MOHAMED**
Chief Advisor, R&D

4 **MARKUS J KORSTEN**
Chief Manufacturing Officer

5 **SATISH SHARMA**
President, APMEA

6 **K PRABHAKAR**
Chief, Projects

7 **GAURAV KUMAR**
Chief Financial Officer

8 **MATHIAS HEIMANN**
President, Europe

9 **MARCO PARACCIANI**
Chief Marketing Officer

10 **SUNAM SARKAR**
President & Chief Business Officer

11 **FRANCESCO GORI**
Advisor for Strategy

12 **MARTHA DESMOND**
Chief Human Resources Officer

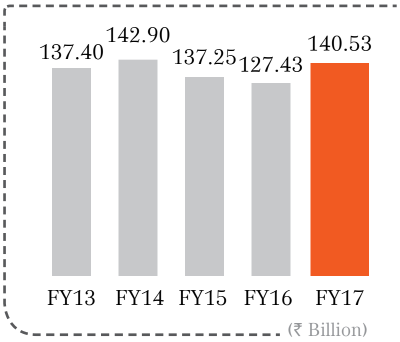
13 **ONKAR S. KANWAR**
Chairman & Managing Director

14 **ROBERT STEINMETZ**
Director

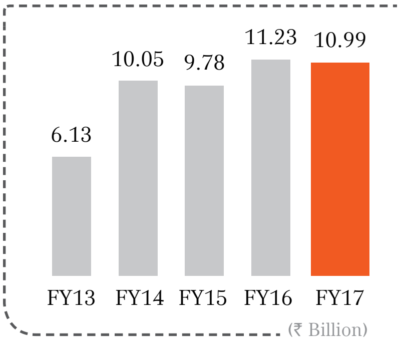
15 **NEERAJ KANWAR**
Vice Chairman & Managing Director

# Performance Highlights

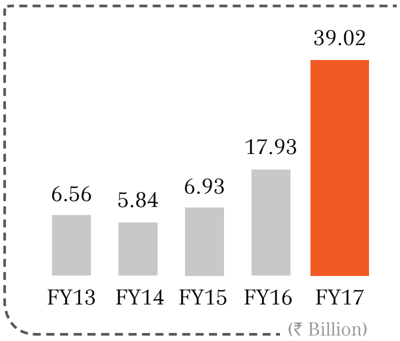
## GROSS SALES



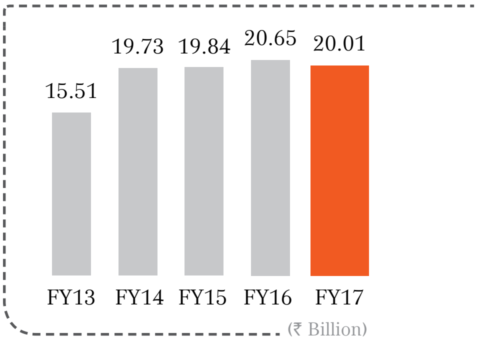

## NET PROFIT



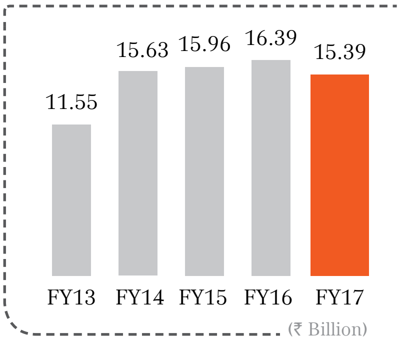

## CAPITAL EXPENDITURE



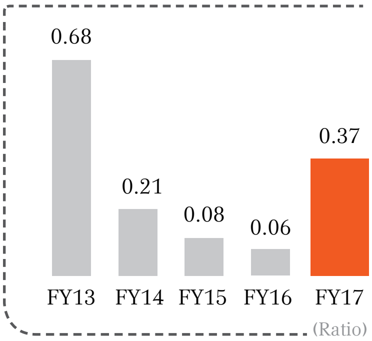

## EBITDA



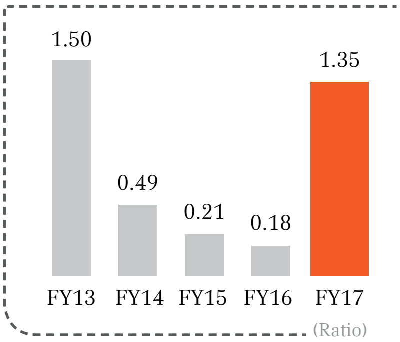

## EBIT



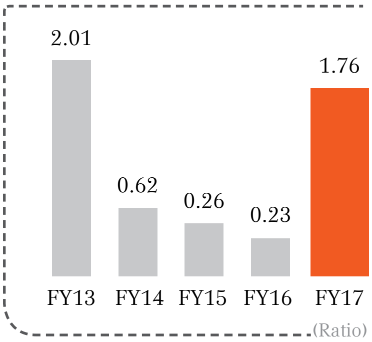

## NET DEBT / EQUITY




## NET DEBT/ EBITDA

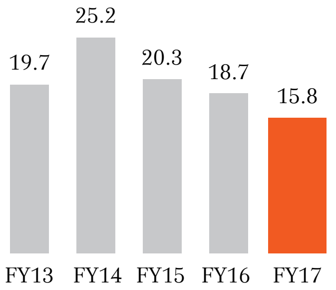



## NET DEBT/ EBIT



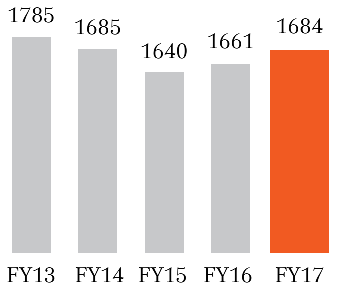

**Note:**
Data for FY13, FY14 & FY15 is as per previous GAAP (ie. iGAAP) and for FY16 & FY17 is as per Ind AS.

## RETURN ON EQUITY

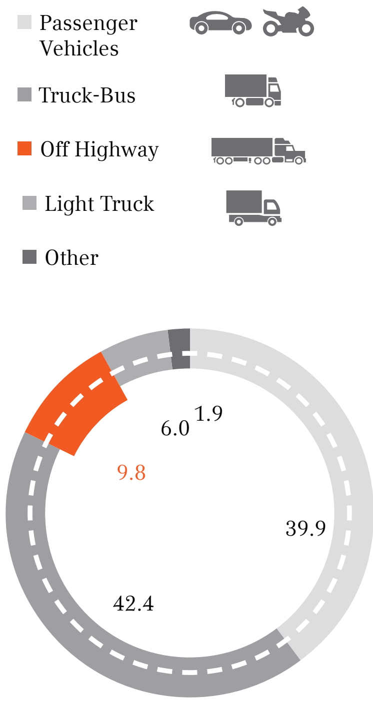



(%)

## CAPACITY (MT/DAY)

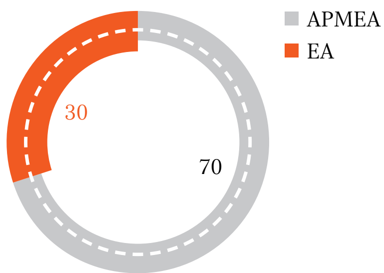



## REVENUE SEGMENTATION BY PRODUCT




(%)

## REVENUE SEGMENTATION BY GEOGRAPHY

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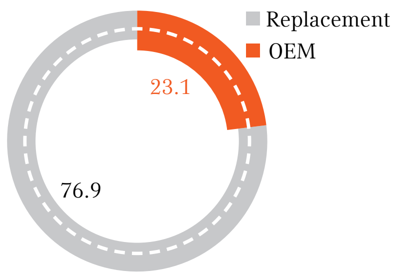
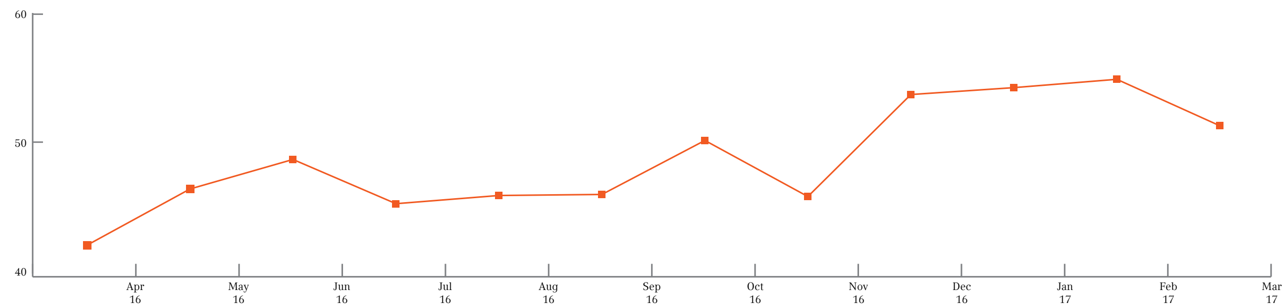
## REVENUE SEGMENTATION BY CUSTOMER




(%)

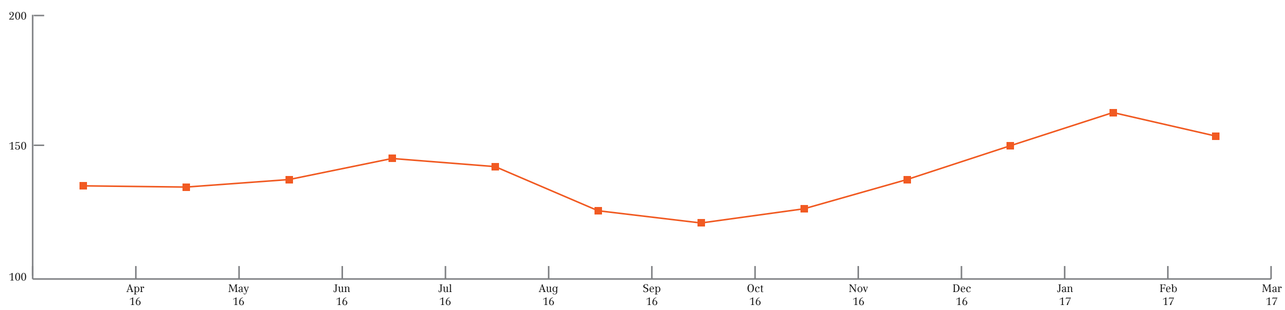
**Note:**
Data for FY13, FY14 & FY15 is as per previous GAAP (ie. iGAAP) and for FY16 & FY17 is as per Ind AS.

## CRUDE OIL PRICE MOVEMENT




(BRENT Crude) ($/Barrel)

## NATURAL RUBBER PRICE MOVEMENT




(₹/Kg)

# Management Discussion and Analysis Report

## 2016-17 - A CHALLENGING YEAR OF UNCERTAINTY

Fiscal 2016-17 (FY17) witnessed an increase in the repository of challenges all over the world. It vitiated the business environment and de-escalated its momentum. US elections, referendums in Britain and Italy, rise of populism across Europe, India's currency reforms... all led to increased uncertainty in the global outlook. The looming impact of Brexit only adds to the sentiment of uncertainty. Its direct impact on the pan-European financial canvas, and its effect on global commerce and trade continue to be a cause of concern.

Further, military conflicts, the lengthening shadow of terrorism, floating dynamics of political alignments, and other realities kept the businesses in a dilemma abour their future moves.

It is expected that the cascading effect of a volatile and dynamic world situation will spill over to the next fiscal also, thus impacting short and medium-term business strategies and outlooks.

## VISION 2020 – 'TO BE A PREMIER TYRE COMPANY WITH A DIVERSIFIED AND MULTINATIONAL PRESENCE'.

The company focused on consolidating position in key markets, expanding market share, enhancing retail presence and becoming a full-range tyre company in India.

### APOLLO – THE OUTLIER

Apollo Tyres, through astute and innovative leadership, has navigated itself to a relatively safer anchoring amidst the troubled waters.

FY17 saw Apollo continuing on its journey to achieve its Vision 2020 – 'To be a premier tyre company with a diversified and multinational presence'. The Company remained focussed on consolidating its position in key markets, expanding market share through introducing new products, focusing on enhancing its retail presence and becoming a full-range tyre company in India.

During the year, the Phase 1 expansion of the Truck and Bus Radial (TBR) capacity in the Chennai plant was completed, and commercial production in the first overseas Greenfield plant in Hungary commenced. It also announced plans for setting up a dedicated two-wheeler plant in Andhra Pradesh, India.

For FY17, the company posted a consolidated revenue of ₹ 140.53 billion, up by 10.3% as compared to previous fiscal. The Company posted a Net Profit of ₹ 10.99 billion as against previous fiscal's profit of ₹ 11.23 billion.

### MARKET OVERVIEW

Despite uncertainty, India continued to remain a beacon of hope and strong performance, retaining its position as the fastest growing economy in the world. The IMF, in its estimates in April 2017, pegs India's growth at 6.8%. This is further validated by India's Central Statistical Organisation (CSO) which pegs India's growth rate at 7.1% for FY17. Sectors such as financial services, real estate, insurance and professional services have outgrown the national average, with an estimated growth rate of 9% for FY17.

India's robust growth was also reflected in commendable numbers reported by the Auto sector, compared to subdued results in the previous year. As per the Society of Indian Automobile Manufacturers (SIAM), with a growth of 6.8% in FY17, the auto industry reported stellar numbers on the back of Passenger Vehicles (PV) and the two wheelers segments. The PV segment continued its 3rd year of sustained growth. It posted growth of 9.2% for FY17, outpacing its last year's growth of 7.2%. However, the Commercial Vehicle (CV) segment grew at a slower pace of 4.2% as against its previous year's double-digit growth of 11.5%. The year also saw major gains made by the two-wheeler segment which grew at 6.8% as compared to 2.8% in FY16.


The strong performance of the tyre industry during this fiscal, was another indicator of India's inherent economic strength. According to the 9-month data from the Automotive Tyre Manufacturers' Association (ATMA), the overall industry shows a volume growth of 12%, led primarily by the PV, Scooters and Motorcycle/Moped segments which account for nearly 77% of the total tyre volume production. The industry followed a similar growth graph for the segment and which accounts for the highest value – CV. While the tyre production for Medium and Heavy Commercial Vehicles (M&HCV) slowed by 3%, the tyre production for Light Commercial Vehicle (LCV) segment grew by 7%. Pick-up in rural demand, thanks to an above-normal monsoon is clearly indicated with the demand for all tractor tyres (front, rear and trailer) growing in double digits.

## EUROPE IN CONSOLIDATION MODE

The European region continued its steady growth in Calendar Year (CY) 2016. The GDP growth for the Euro Zone and European Union (EU) were set at 1.7% and 1.9%, respectively. It points at further strengthening of the economies compared to CY15. Germany continued to lead this growth momentum with a 1.9% expansion. Its growth was accelerated by strong consumer confidence and strong export performance of key industries like the automotive sector. Other EU members like Ireland and Spain have also started to contribute to the overall growth in the region.

This northward growth journey of Europe has positively impacted the automotive sector. In CY16, new passenger car registrations improved by 6.8%, or 14.6 million units, making CY16 the 3rd consecutive year of growth. Despite political instability and economic uncertainty with multiple events like Brexit or the Italian referendum, consumer confidence has remained robust. Italy and Spain had the strongest growth in passenger car segment, at 15.8% and 10.9%, respectively.

The tyre sector partly reflected the gains of the automotive industry. The PV tyres segment grew by 2%, with Original Equipment (OEs) shipments for PV growing by 3%. Demand for winter tyres moved to positive territory – grew by 1% as against a negative 4% in CY15.


The launch of the Altrust range of pickup and van tyres in Thailand.


# € 475 mn

TOTAL INVESTMENTS

## THE HUNGARY PLANT IS THE COMPANY'S FIRST GREENFIELD IN EUROPE.

### INDUSTRY STRUCTURE AND DEVELOPMENTS IN INDIA

The 2-3 wheeler segment dominates the Indian auto sector with an overwhelming volume share of 83%. According to data from SIAM, PV segment inched up its volume share marginally last year by 0.3% to touch 13.9% for FY17. The CV segment has a marginal volume share of 3.3%.

However, the tyre industry does not follow a similar pattern. As per the data from ATMA, tyres sold for two/ three wheeler segment account for 53% followed by tyres for the PV segment with a 26% market share. Sales in the CV segment accounts for around 10% of the total share.

The replacement market continues to support the tyre makers as it accounts for 72% of M&HCV and 57% of PV segments respectively. However, for the past few years, imports, especially the low cost imports from China in the CV space have been a concern for all players in India. The tyre industry has long acknowledged that it is not looking at protectionist measures for normal imports, since the industry has built efficiencies to compete against them. However, the Indian tyre industry's core concern is products dumped by the Chinese tyre-makers. Not only is their unit cost cheap, but their ethical practices are also questionable. They often resort to under-invoicing to reduce the tax burden. Worse, they even circumvent the entire tax liability by making cash deals. This was further ratified, when Chinese tyre imports declined sharply in Q3 and Q4 after the Government's demonetisation move. However, they picked up subsequently.

Demonetisation notwithstanding, these low cost imports have been growing at a rapid pace and now account for a significant share of the truck radial tyres replacement market. Given that the Chinese truck radial tyres are often 25-30% cheaper than the Indian variants, this is resulting in faster decline of the Truck Bus Bias (TBB) segment due to lack of Government intervention and the altered dynamics of the Indian market. The country has already witnessed closure of few tyre plants and others operating at low capacity utilisation because of this unchecked threat. The spike in the raw material prices, along with low cost imports, was a double whammy for the industry during the year. While the year saw a stable raw material regime for the first nine months, there was a sharp increase in Q4 to the tune of 15%. Natural rubber, a key component of the overall raw material basket, saw prices jump by 52% in Q4 FY17 as compared to Q4 FY16. The selling prices did not increase proportionately,

Due to the low cost Chinese imports, the country has already witnessed closure of few tyre plants and others are operating at low capacity utilisation.

**IN THE PREVIOUS FISCAL, THE COMPANY HAD LAUNCHED THE AMAZER 4G LIFE. WITHIN A SHORT SPAN OF TWO YEARS, THE PRODUCT IS THE TOP BRAND IN ITS SEGMENT, A TESTIMONY TO APOLLO'S STRONG R&D SKILLS.**

hence disparity remained between cost inputs and selling price.

Like India, Europe, too, faced the continuing onslaught of the low cost Chinese imports and has become a serious cause of worry for all tyre manufacturers. For CY16, the overall PV tyres segment grew by 2% almost at a similar stride as that of last year. In terms of the double-digit growth, it was the SUV segment which saw an almost 10% growth year-on-year. Given the weather unpredictability, Europe saw a strong focus by all major tyre manufacturers on the all-season segment. Continuing on the trend of CY15, the impact of the internet grew for business-to-business and business-to-consumer. Also, the market saw initiatives from major players to drive vertical integration of the entire value chain. This move positively impacted end-to-end cost cycles of tyres – from manufacturing to sales.

## SWOT ANALYSIS

### STRENGTHS

1. Apollo Tyres has the advantage of a diversified market base across geographies, and therefore, it is not dependent on domestic market alone. Furthermore, the company is working towards establishing and growing operations in other large markets.

2. With the entry in the two-wheeler segment, the company is now a full-range tyre manufacturer in India and can service the large and growing two-wheeler tyre segment.

3. The company is powered by strong product brands in its key markets – Apollo and Vredestein.

4. Apollo Tyres enjoys an extensive distribution network for its products across its two key markets. Acquisition of Reifencom GmbH, one of the significant tyre distributors in Germany, has further enhanced distribution strength in Europe.

5. In Europe, the company's brand 'Vredestein' has an established presence and enjoys a reasonable premium positioning in ultra high performance (UHP), winter and all season passenger car tyre segments.

6. In India, the company is a leading brand in the commercial vehicle segment – which accounts for the bulk of the industry's revenue. Since the company assumed an early lead, it is best positioned to maintain its leadership position in the truck radial segment and drive growth through the same.

7. The company has a global and culturally diversified management team driving growth across geographies.

8. The presence of modern Research & Development facilities for passenger and commercial vehicle tyres will play a key role in bringing cutting-edge technology and innovation to drive growth for the company.

9. Increased spends on building the corporate brand including Apollo Tyres' association with Manchester United is starting to make Apollo a globally recognised brand.

10. The company has long established relationships with global OE manufacturers present in India.

### WEAKNESSES

1. The company is currently not present in the European OEM market for regular passenger car tyres which to a certain extent drives the replacement market sales.

2. The company still needs to establish larger presence in new growing geographies to reach economic sized operations.


Inauguration of the new office in Malaysia, ASEAN region's third largest automotive market.

3. In a rapidly rising raw material cost scenario, at certain times the company is unable to pass on cost escalations to consumers, in a timely fashion, due to intense competition and various market dynamics resulting in pressure on margins.

4. The company is currently not able to deal effectively to block low quality low cost Chinese tyres through Government intervention which has led to pricing pressures in India for truck bias segment.

## OPPORTUNITIES

1. In India, the company has a healthy lead over its competition in terms of capacity and market share in the truck radial segment. This implies healthy growth prospects with increasing 'radialisation.'

2. In India, the Company's two-wheeler tyre product has been widely accepted by the market and there are prospects of scaling up the market share in a fast growing and profitable segment.

3. Company's Greenfield in Hungary, which is a highly automated state of art plant, is now operational and the Company is well positioned to grow in the European market due to a new cost competitive manufacturing facility.

4. The Company is already working towards building up OE capability in Europe and with enhanced capacity and state of art plant, it is well positioned to win OE business, which in turn will generate replacement demand and enhance brand positioning.

5. With the premium positioning of Vredestein brand in Europe and now with modern state of art plant in Hungary, the company has good prospects for improving its product mix towards more profitable premium car tyre segment.

6. The company continues to increase its focus on new geographies like North America and on geographies where the company has already has made some inroads. These include the Middle East and South East Asia. These will be the growth avenues for the future.

7. The company can convert excess bias capacity into more profitable OHT and industrial tyres capacity and tap into a new product segment.

8. The company is working towards launching truck radial tyres in Europe, which will further enhance in revenue and market presence.

## THREATS

1. Economic downturn or slowdown in the key markets (India and Europe) can lead to decreased volumes and capacity utilisation.

2. The coming year will have two large investments coming on stream. There would

A premium positioning of the Vredestein brand in Europe and a modern state of art plant in Hungary, the company has good prospects for improving its product mix towards more profitable premium car tyre segment.

be pressure on margins as the utilisations ramp up gradually.

3. Increased competition from global players like Michelin and Bridgestone in India could impact its growth plans and/or profitability.

4. Increased influx of truck radial imports from China is resulting in a quicker than expected decline in volumes within the truck-bus bias segment. This can lead to redundant capacities which will need investment to convert into other product segments.

5. There is a continued threat of raw material price volatility and this translates into pressure on margins, in case, of a rapid rise in raw material prices.

6. A weak Indian currency can result in pressure on margins, since the company is a net importer.

7. A growing influence of budget tyres, mainly tier 2 and 3 brands from established manufacturers, could further impact business both in India and in Europe

## SEGMENT-WISE PERFORMANCE

The year saw a sharper focus on various regions of the Company's operations. Given the start of the commercial production in the Hungary plant, the Company has ensured that its Europe team is focussed sharply on the European market, even as it has set up a separate small and dedicated team for the American market which is currently mapping the requirements of that market. The third region of interest for the company continues to be Asia Pacific, Middle East and Africa (APMEA).

In FY17, the APMEA operation continued its focus on key themes for the Indian market - consolidating its leadership position and expanding market share by introducing new products across segments. For other countries in the APMEA region, the objectives were to maintain seeding the markets with country specific products, building brand salience and expanding distribution networks.

In the CV segment, the Company continued its leadership position. The first half of the year saw rampant Chinese imports in the country. However, in the second half of the year, the Indian government's Demonetisation initiative threw a spanner in the unchecked imports, the low cost imports of truck tyres still saw a healthy growth of 12% for the fiscal. Despite this, the Company maintained its *numero uno* position in the CV segment with a market share of 25.9%.

Given the company's stellar performance in the truck radial tyres segment and the high market opportunities in this segment, the Company expanded its TBR capacity of its Chennai unit and the Phase 2 of the expansion plan will see a further ramp up of capacity to 12,000 units per day. The total investment for both the phases is pegged at 2,700 crore. Benchmarked on both counts – quality and value, the Company's TBR tyres are the preferred choice for major CV OEMs like Tata Motors, Ashok Leyland, Eicher Motors, Bharat Benz, etc. Importantly, the Company's market share in the export models of OEMs is also inching northwards. Even as the industry acknowledges the leadership of Apollo's TBR tyres in the replacement segment in the Indian market, the products are making inroads in other markets in the APMEA region.

Like the previous fiscal, the direct impact of the low cost truck radial imports has been on the TBB market. This segment continues to see a decline primarily due to increased radialisation and low cost imports. However, the Company continued to invest in this market and introduced premium products like Amar Gold and XT-7. The Company's strategy of 'Premiumisation @ OEMs' paid rich dividends as it continues to lead the market with a dominant share of 26.5%. The Company's product received accolades from its important customers including Tata Motors,


The Company introduced a special edition tyre at Techno Classical and announced partnership in Mille Miglia

Ashok Leyland, Volvo Eicher, etc. To counter the decline in the TBB market, the Company has adopted a strategy of expanding its TBB product portfolio for the other segments. As the Company introduced improved products and enhanced its distribution network, it saw early wins as it strengthened its position in the mining segment with a 26% growth over the previous year. Further, the Company gained market share in the Light Truck Segment, thanks to its superior product performance and increased customer acknowledgement. The Company also created interesting engagement programs to reach out to the LCV owners Union across various towns in the country.

The Company mapped the requirement of the various segments and applications and introduced new TBR products like Apollo Endumile LHD and Apollo Enducomfort CA.

In line with its focus on consolidating its leadership position and expanding market share, the Company mapped the requirement of the various segments and applications. It introduced new TBR products to cater to various applications. These included *Apollo Endumile LHD*, which is the best in class mileage tyre with multiple retreads and improved high speed durability for the long haul application; *Apollo Enducomfort CA* to deliver excellent mileage, superior handling and riding comfort for high speed Volvo, Scania and Mercedes coach applications and *Apollo Endurace RDHD* for higher load carrying, superior mileage and excellent structural integrity.

## DELIVERING SUPERIOR CUSTOMER EXPERIENCE

The Company firmly believes that offering high quality products, which are benchmarked with the best in the world, is only a part of the total customer experience that it spires to deliver. In order to enhance this experience, the company continued to expand its network of Apollo CV zones, which will enable it to offer best-in-class tyre service to commercial truck and bus fleets. The numbers moved to 15 during the year. Another aspect of this journey is to ensure that the customers have the lowest cost per KM. This has been possible with the Apollo Retread Zone which was introduced in the previous fiscal. The Company continued to expand this network, offering the reliable re-treading service to ensure maximum value realisation from the tyres. Clearly, the customers have given a thumb up to this initiative, as this business grew by 24% during the year.

Apart from creating world-class products and ensuring the lowest cost per kilometre, the company continued to actively engage with its customers with a multitude of pan-India initiatives, involving various stakeholders. These included the high impact engagement program 'Apollo Aazadi Ke Rang' in August 2016 to celebrate the Indian Independence day. Further,


a road show was conducted across the country for small commercial vehicle owners in 10 states and over 650 Nakkas/ Stands. Called 'Load ka Champion', the campaign's objective was to create category brand awareness and to reinforce category positioning of 'taking on any load'.

In its other key segment, the Passenger Vehicles (PV) category, the Company outpaced the industry growth and gained market share. The replacement market grew by 7.5% over the previous fiscal, while Apollo's business grew by ~ 12%. Further, the Company continued its strong OE performance.

## AMAZER 4G LIFE – MARKET LEADER

In the previous fiscal, the Company had launched the Amazer 4G Life. Within a short span of two years, the product is the top brand in its segment, a testimony to Apollo's strong R&D skills. The fiscal saw additional focus on this product as the Company increased its offering by adding 13 new sizes. The customers' recognition and appreciation for the tyre, which has established itself as the highest mileage tyre with repeat demand from the commercial/ fleet segment, is evident as the product grew by a whopping 300%+ in this fiscal. In March 2017, Amazer 4G Life achieved another important milestone in the Indian tyre business by selling over 1 lakh tyres in a single month, a proof of its popularity and wholehearted acceptance in the market.

## EXPANDING BRANDED RETAIL POINTS

In its journey of providing a great customer experience, the Company continued to focus on expanding its network of branded retail points. Currently, Apollo gets over 30% of its sales from its branded retail network. In the fiscal, the branded retail network grew by over 26% taking the tally to 290 stores spread across 150 cities.

## EXTENDING THE RURAL OUTREACH

Coupled with the branded Apollo Zones, the Company also enhanced its rural distribution footprint. It introduced two new formats - Apollo Vikas Kendra and Apollo Rural Distributor. These formats along with the existing Apollo Rural Exclusive Dealership format have extended Apollo's reach to the hinterland of India.

## LEADING THE OEM MARKET

From an OEM perspective, FY17 was a very successful year. The Company is now one of the leading suppliers in the OE space with more than 70,000 vehicles rolling out on Apollo tyres per month. With the addition of the new Innova Crysta, the Company's tyres are an OE fitment to 16 of the Top 20 cars on Indian roads.

## ON TARGET WITH OFF-HIGHWAY TYRES

In the Off-Highway Tyres segment, the company continued to focus on Industrial segment with a strengthened product range and targeted distribution network. This has resulted in a stellar 45% growth in this segment.

The Company achieved the growth thanks to multiple engagements in terms of new market activation campaigns targeting retail customers, special focus on infra companies and presence in major exhibition events like Bauma India were key inputs to support the growth. The Company bagged first time-orders from new OEMs like JCB, ECEL and ACE and the relationships are expected to benefit the Company in the future.

Apollo witnessed high growth in this segment as there was a revival of the mining segment. This business grew by 60%+ in this fiscal.

The tyre industry witnessed growth in tractor tyres, thanks to the robust rural economy and good monsoon. Despite demonetisation, the Industry posted a growth of 16% for all tractor tyres. Apollo outgrew the industry by posting 25% growth. A strong product portfolio, engaging customer outreach programs and expanding the rural network, were accountable for this extraordinary growth. The Company's flagship product, Krishak Gold, led this growth.Innovative consumer promotions, participation in various tradeshows & exhibitions across various markets and the customer engagement platform ATOM (Apollo Tractor Owner Meet) acted like growth boosters.

In the FY, the branded retail network grew by over 26% taking the tally to 290 stores spread across 150 cities.

The customer outreach programs included the Company's association with ITC e-Choupal for the 'Apollo Grahak Diwas@ITC,' to reach to the strong customer base of e-Choupals across 4 major states – UP, MP, Rajasthan and Maharashtra. The Company's campaign with Mahindra & Mahindra to showcase its product in 150 locations across Maharashtra, was also successful.

## APOLLO – A FULL-RANGE BRAND

In FY16, the Company had launched its range of tyres for the two-wheeler segment. This launch marked the Company's transition to a full-range tyre brand. The products for this segment have met with high levels of product acceptance in performance and aesthetic parameters. Within the first year of launch, Apollo crossed the 1 million mark in this new category.

## EXPANDING THE GLOBAL FOOTPRINT

Apart from strengthening the product portfolio, the Company expanded its reach in various countries. Apollo Tyres' opened its branded retail outlet in Qatar, and it set up its office in Malaysia, the third largest automotive market in the ASEAN region.

## STRENGTHENING BRAND APOLLO WITH MULTIPLE PROMOTIONS

The year saw significant strides in building brand salience and recall for Brand Apollo. The brand had strong presence in mass media including Television, Print, Out of Home and Digital channels with a basket of multiple advertisements and increased spends. The Company's TV commercials aired to announce the launch of the new two-wheeler tyres has been well received. The recent launch of the Alnac 4G Car Radial tyres TV commercial is also a strong step towards building strong product brands under the Apollo Tyres umbrella.

## STRENGTHENING BONDS WITH MANCHESTER UNITED

Apollo Tyres continued its proud association with Manchester United, one of the top-5 football teams in the world, by extending its global sponsorship by 3 years. This extended sponsorship gives Apollo global access to high profile football events and venues, which are the hub of one of its core target audiences, the adventurous and sporty youth. By aligning with the world's most popular sport, through one of the world's most popular football teams, Apollo makes clear its premium brand value to the world.

## FORAYING IN DIGITAL MARKETING

Digital Marketing is emerging as a potent way


of engaging with end consumers and building brand preference and loyalty. This is especially true with the Gen Z and the millennials.

Apollo debuted in digital marketing this year, and created history. It earned the highest share of e-buzz, or digital brand salience, amongst all tyre brands in India.

## BEYOND INDIA

The ASEAN region saw strong double-digit growth in FY17 in all the key product categories. In Thailand, the Company launched the Altrust range of pickup and van tyres – a key category in the Thailand replacement market. A series of launch events with key business partners helped to increase awareness of the Altrust range and expand distribution footprint throughout Thailand.

The Middle-East witnessed double-digit growth during FY17. Among the key product launches was the introduction of the Apterra HT/2 range for the significant SUV segment in all the GCC (Gulf Cooperation Council) countries.

The Southern Africa region delivered robust growth in FY17 on the back of strong 26% growth in our largest market in Africa: the Republic of South Africa. A key OHT market due to sizable farm and mining sectors, the entire category saw high double-digit growth in the Farm, Industrial and Earthmover sub-categories, positioning us well for the launch of 25-inch range in FY18.

Like in the previous fiscal, the Europe operations began with a big gain. The prestigious AutoBild Allrad gave top ratings to the Company's Vredestein Quatrac 5 all-season tyre. Given the increased sales of all-season tyres in many parts of Europe, this was a significant achievement. It offered Vredestein Quatrac 5 a strong association with car owners who aspire for a safe and comfortable driving experience without changing tyres twice a year. This premium rating is a testimony to the enormous amount of research and thousands of test kilometres which the Company puts into the development of the tyre. Most of the Company's all-season range also features the 'Three Peak Snowflake' symbol that indicates the products' adherence to the guidelines applicable in countries where winter tyres are compulsory.

In the fiscal, with a strong portfolio of all-season, summer and winter tyres, the operations recovered lost grounds from the previous years as it saw a strong 12% growth in the sales volume. This growth translates into 3% market share. Europe saw a milder climate condition and this buoyed the sales of all-season tyres. The Company repeated its all-season success in the summer tyre segment as it outperformed the market. Even though the Company has a well-diversified portfolio and many tyres winning coveted ratings, the operations continue to be dampened by capacity constraints. With the commencement of the commercial production of the Greenfield in Hungary, the operations is expected to have a larger play in the region. The Company's unique and innovative spare tyre concept – 'Space Master' saw a volume growth of 16%.

The operations continued to build on its Agriculture portfolio as it unveiled nine new sizes of the Traxion85 range. The new sizes also meet the growing demand in Europe for wider tyres on large sprayers in controlled traffic farming. The addition of these sizes means that Vredestein will be offering a complete portfolio of 80/85 series tyres for global use.

Given the focus on building capacity and capability to service the OEMs, the Company made inroads with major OE players in the fiscal. The Company's dedicated satellite R&D centre in Raunheim (Frankfurt), Germany, continues to work towards establishing ties with leading German OE customers for both Apollo and Vredestein brands.

The previous fiscal saw the Company acquire the Germany-based tyre distributor reifencom GmbH. In this fiscal, its integration with the Company was completed. However, reifencom continues to function independently. While it is a multi-branded distributor, both the Company's brands – Apollo and Vredestein, continue to leverage on the tyre distributor to fortify the Company's position in Germany.

The year saw the launch of Vredestein Comtrac All Season tyre for the delivery vans and light trucks segments

The Company's dedicated satellite R&D centre in Raunheim (Frankfurt), Germany, worked towards establishing ties with leading German OE customers for both Apollo and Vredestein brands.

After the successful #ROCKTHEROAD campaign in the previous fiscal, the Company continued its marketing and sponsorship activities. The Vredestein brand became the official tyre partner of Mille Miglia. Like the Vredestein, the Company's premium tyre brand which has a pedigree stretching back to 1909, Mille Miglia saw its genesis in the late 1930s as an open-road endurance race in Italy. Later it was reborn as a race for classic and vintage cars.

## OUTLOOK

### GLOBAL CONTEXT

Any outlook for FY18 will have an underlying sentiment of uncertainty triggered by global events. Notwithstanding this fact, in its April 2017 forecast, the IMF raised its outlook for global growth, citing a post-election surge in confidence in the United States, better prospects in large emerging markets, and an uptick in global trade. This is against the earlier forecasts where IMF has been fairly downbeat in terms of the global economy's capacity to deliver sustainable growth. After a lacklustre growth in 2016, economic activity is projected to pick up pace in 2017 and 2018, especially in emerging markets and developing economies. IMF forecasts a growth rate of 3.5 percent for 2017, compared with 3.1 percent in 2016.

According to the European Commission, the Brexit vote and US Presidential election will continue to haunt Europe in 2017 as it lowered the growth rate to 1.6 percent, slower than the 1.7 percent expansion last year. Even as the new U.S. President has taken a more protectionist trade stance, taking a leaf from the Brexit vote, there is unverified talk that some more countries may seek exit from the EU. This will hasten the disintegration of the Union. The recent referendum in Italy confirmed the appeals of populism and anti one-Europe sentiments.

At ground level, many countries in Europe are still struggling to come out of the effects of the debt crisis nearly seven years since the first bailout of Greece. An aggressive Vladimir Putin to its East and the continuing surge of immigrants from the war-ravaged Middle East and the isolation in many countries will have an impact of on economic activities.

### INDIAN PERSPECTIVE

The forecast for India continues to be strong. The IMF, along with other global and local agencies, predicts a 7%+ growth rate in the next fiscal. One of the bigger concerns of the Indian economy, and which directly impacts consumption across the country, is centred on monsoon. Fortunately, normal monsoon is predicted for the next fiscal. This will energize rural economy, spurring demand and consumption, and thereby enhancing cycles of investments.

For the tyre industry, a good monsoon implies strong demand for the CV and Agriculture business. Complementary business enablers such as the Government's thrust on infrastructure development, 24% increase in budget allocation to agriculture and allied industries, increased farm credit, and rural infrastructure development, are expected to spur rural demand in FY18.

Further, the envisaged implementation of the Goods and Service Tax will give a fillip to the overall market sentiment. Post demonetisation,


The Vredestein #ROCKTHEROAD music video won the Golden Dolphin in the Integrated Communication category at the Cannes Corporate Media & TV Awards 2016.

the overall borrowing cost has come down. Softer interest regime will further fuel consumer spending.

However, the dampener to the automobile and tyre industries' growth in the initial part of new fiscal has been the auto industry's transition from BS-III to BS-IV emission norms. This has led to unsold inventory of over 800,000 two-wheelers, commercial vehicles (both small and large), passenger vehicles and three-wheelers compliant with BS-III norms. Of these, around 100,000 were commercial vehicles. The move has resulted in an 8-10% increase in prices of commercial vehicles leading to deferment of purchases.

Against this background of this global and Indian outlook, Apollo Tyres will continue its three-pronged strategy:

- To consolidate market position in existing markets and seek new markets/ new segments;
- To continue investment in both the brands – Apollo and Vredestein and capacity expansion via Greenfield facilities; and
- To seek other growth opportunities.

India will continue to be the most important market for the Company as it continues to consolidate its leadership position in the country. As the Company has a premium positioning in the TBR space, the additional capacity available, with the completion of the Phase I of the Chennai plant expansion plan, will add significantly to the top line. As the Company braces for the impact of the raw material price increase in FY18, if it is not offset by an equivalent increase in prices, it will have a direct impact on the margins. The Company continues to work on a war-footing to ensure margins by a higher sweating of the assets, bringing in cost efficiencies and putting strategies for increasing volume and value growth.

Given the Company's ambition to participate in, and later lead, the two-wheeler tyre market, it has announced plans to set up a plant in Andhra Pradesh, India. The Company has defined a clear roadmap to ensure that two/ three wheelers becomes a strong pull for the sales network to complement sales of other products. Further, the Company is working aggressively to leverage part of its existing TBB capacity and cater to the fast growing OHT segment.

The strategy of seeding key markets and expanding the network has worked well for the Company in the APMEA region and it will continue to tread this on this path even as it makes entries into new markets in the region.

For the European operations, it is expected to be a tough year given the regional uncertain-

**INDIA WILL CONTINUE TO BE THE MOST IMPORTANT MARKET FOR THE COMPANY AS IT CONTINUES TO CONSOLIDATE ITS LEADERSHIP POSITION IN THE COUNTRY.**

Apollo's strategic focus on Premiumisation in PV segment in Europe will further see focus in the 17 inch and above segment.

ties and market challenges. These are further compounded on account of the upswing in the raw material prices and the continuing capacity constraints faced by the operations. Low cost imports are a reality in Europe. It is impacting not only the Company but all key players in the region. Nevertheless, the Company is working to counter these uncertainties and ensure continuous growth in the region. The region is expected to increase price to partially offset the raw material impact. Further, with the launch of the commercial production of the Hungarian plant, the Company hopes to ensure a continuous and regular supply of its highly rated tyres to the customers.

The Company will further strengthen its portfolio, especially the all-season range, given the strong industry and Company growth in this segment. Apollo's strategic focus on Premiumisation in PV segment will further see growth in the 17 inch and above segment. Importantly, the Company wants to replicate its TBR success story in Europe and launched a disruptive online model to enter the European CV segment. The Company is the first and only manufacturer to launch its TBR range exclusively online with a new go-to-market approach. The launch is the culmination of a five-year testing and development programme in Europe and the new range has been designed for Europe and extensively tested over 250 million kilometers across six European countries, in a wide range of applications, by around 50 fleets and driver partners.

## RISKS AND CONCERNS

**Risk and Concerns from the point of view of the organisation:**

The key factor in determining a company's capability to create sustainable value, is the risks in which the company operates and its ability to manage them effectively. Many risks exist in a company's operating environment and they emerge on a regular basis. The Company's Risk Management processes focuses on ensuring that these risks are identified promptly, mitigation action plan identified and monitored to address the risk. The Company has constituted a Risk Management Steering Committee which operates with the following objectives:

- Proactively identify and highlight risks to the right stakeholders;
- Facilitate discussions around risk prioritisation and mitigation;
- Provide a framework to assess risk capacity and appetite; develop systems to warn when the appetite is getting breached; and
- Provide an analysis of residual risk.

The Company has identified the key risks as below:

1. **Raw material price volatility**
   a. Natural rubber is an agricultural commodity and subject to price volatility and production concerns. Recently, the prices of Natural Rubber has noticed steep increase globally.

   b. Most other raw materials are crude oil linked and are affected by the movement in crude prices. Any increase in crude oil prices may impact prices of some of some of the raw materials.

   c. Both natural rubber and crude prices are controlled by external environment, therefore beyond reasonable control of the management.

2. **Ability to pass on increasing cost in a timely manner**
   a. Demand supply situation dictates the ability of the industry to undertake price increases.

   b. This is further impacted by competitive activities.

3. **Continued economic growth**
   a. Demand in the tyre industry is dependent on economic growth and/or infrastructure development. Any slowdown in the economic growth across regions impacts the industry.

   b. In Europe, the company's winter tyre sales are further subject to seasonal

requirement, which can be adversely impacted in case of a mild winter season.

4. **Radialisation levels in India**
   a. Slower increase in radialisation level in truck tyre segment, than expected, may impact Indian operations. Excess capacity may result in competitive pressures and an adverse scenario.

   b. At the same time, an unexpected quicker increase in the level of radialisation can result in faster redundancy of cross ply capacities and create a need for fresh investments.

5. **Future Growth**
   a. Lower profitability due to some of the above factors impacts the ability to invest in future growth.

   b. Increased competition from global players in India increases the challenge to continue to outpace the industry.

   c. High levels of Chinese truck tyre imports in India in last few years is impacting company's business in Commercial Vehicle category.

6. **Manpower retention**
   a. Retaining skilled personnel may become increasingly difficult in India.


Apollo Tyres felicitates women achievers

7. **Labour activism**
    a. Increased labour activism across India may pose challenge for any manufacturing organisation.

**Internal Controls and Systems**

The Company believes that internal control is one of the key pillars of governance which provides freedom to the management within a framework of appropriate checks and balances. Apollo Tyres has a robust Internal Control framework, which has been instituted considering the nature, size and risks in the business. The framework comprises, inter alia, of a well-defined organisation structure, roles and responsibilities, documented policies and procedures etc. Information Technology policies and processes also ensure that they satisfy the current business risks. This is complemented by a management information and monitoring system, which ensures compliance to internal processes, as well as, with applicable laws and regulations.

Apollo Tyres has a robust Internal Control framework, which has been instituted considering the nature, size and risks in the business.

The Company's internal control environment provides assurance on efficient conduct of operations, security of assets, prevention and detection of frauds/ errors, accuracy and completeness of accounting records and the timely preparation of reliable financial information. The Company's internal control environment provides assurance on efficient conduct of operations, security of assets, prevention & detection of frauds/ errors, accuracy & completeness of accounting records and the timely preparation of reliable financial information. The Company uses SAP – Enterprise Resource Planning software, as its core IT system. The operating management is not only responsible for revenue and profitability, but also for maintaining financial disciple and hygiene.

To ensure efficient internal control systems, the Company also has a well established independent in-house Internal Audit function that is responsible for providing, assurance on compliance with operating systems, internal policies and legal requirements, as well as, suggesting improvements to systems and processes. The systems and processes are continuously improved by adopting best in class processes, automation and implementing latest Information Technology tools.

## DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The financial statements have been prepared in accordance with the requirement of the Companies Act 2013, and applicable accounting standards issued by the Institute of Chartered Accountants of India. The management of Apollo Tyres Ltd accepts the integrity and objectivity of these financial statements as well as the various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements are reflected in a true and fair manner and also reasonably present the company's state of affairs and profit for the year.

| | | Year Ended | | Year Ended | |
|---|---|---|---|---|---|
| Sl. No. | Particulars | March 31, 2017 | March 31, 2016 | March 31, 2017 | March 31, 2016 |
| | | Standalone | | Consolidated | |
| 1 | Revenue from Operations: | | | | |
| | Gross Sales | 98,066 | 96,515 | 140,529 | 127,429 |
| | Less: Excise Duty | 9,899 | 10,030 | 9,899 | 10,030 |
| | Net Sales | 88,167 | 86,485 | 130,630 | 117,399 |
| | Other Operating Income | 1,171 | 1,087 | 1,171 | 1,087 |
| 2 | Other Income | 1,353 | 2,038 | 1,541 | 680 |
| | Total | 90,691 | 89,610 | 133,342 | 119,166 |
| 3 | Total Expenditure | | | | |
| | a) Decrease / (Increase) in Finished Goods & Work in Progress Work in Process | (3,181) | 1,266 | (2,356) | (52) |
| | b) Consumption of Raw Materials / Purchase of Stock in Trade | 55,342 | 48,655 | 71,257 | 59,600 |
| | c) Employee Benefits Expense | 5,907 | 5,660 | 17,421 | 15,708 |
| | d) Other Expenses | 17,997 | 16,331 | 27,015 | 23,255 |
| | Total | 76,065 | 71,912 | 113,337 | 98,511 |
| 4 | Operating Profit | 14,626 | 17,698 | 20,005 | 20,655 |
| 5 | Finance Costs | 888 | 901 | 1,029 | 926 |
| 6 | Depreciation & Amortization Expenses | 2,882 | 2,652 | 4,618 | 4,268 |
| 7 | Profit before Exceptional Items & Tax | 10,856 | 14,145 | 14,358 | 15,461 |
| 8 | Add: Exceptional Items | - | - | - | 478 |
| 9 | Less: Share of Loss in joint venture | - | - | 3 | 32 |
| 10 | Profit before Tax | 10,856 | 14,145 | 14,355 | 15,907 |
| 11 | Provision for Tax | | | | |
| | - Current | 2,310 | 3,701 | 2,764 | 4,319 |
| | - Deferred | 745 | 423 | 827 | 358 |
| | - MAT Credit | (226) | - | (226) | - |
| | Total | 2,829 | 4,124 | 3,365 | 4,677 |
| 12 | Profit after Tax | 8,027 | 10,021 | 10,990 | 11,230 |

## THE COMPANY WON THE HR DISTINCTION AWARD 2017 UNDER THE 'EMERGING LEADER IN HR' CATEGORY.

The Company also launched a global initiative -Passion in Motion (PIM) 2.0 to achieve strategic priorities and serve as a foundation to Vision 2020.

### DEVELOPMENT IN HUMAN RESOURCES & INDUSTRIAL RELATIONS

People – employees, customers, partners, investors etc – form the bedrock for the success of Apollo Tyres. Employees are one of the key strengths of Apollo Tyres and HR plays an important role of managing, guiding and motivating the Company's workforce. Moreover, HR at Apollo Tyres is viewed as a strategic business partner aligned with the business requirements.

The year saw the announcement of Vision 2020 - "**To be a Premier tyre company with a diversified and multinational presence**," along with aspirations for the APMEA and Europe regions. The four key parameters to determine the success of Vision 2020 include:

- Recognition as a premium brand,
- Preferred partner for our customers,
- High quality products and services, while caring for society
- Attract, empower and retain the best people.

The Company also launched Passion in Motion (PIM) 2.0 to achieve the strategic priorities and serve as a foundation to Vision 2020. The year saw the cascading of the PIM 2.0 projects across the Company. To further aid PIM 2.0 and create a single, unified process with a common timetable and language, Team HR introduced Horizon, a new performance management process. The new system also provided the opportunity for focused career and development conversations between managers and employees. This is in line with the Company's belief that it is important to support its people in realising their career aspirations, as well as empowering them to contribute towards organisational growth.

The Europe region saw a move of its headquarters from Enschede to Amsterdam in the Netherlands. This created some HR challenges. Nevertheless, it has given the Company the opportunity to hire an international workforce to support its European business.

In order to provide a safe and efficient working environment, HR has taken multiple initiatives around health and capability building. It has introduced safety and health measures such as RI (risk inventory) health checks, ergonomic reviews focusing on the ways to reduce work-related fatigue, etc. Given the focus on OE approvals for the Enschede's factory, multiple training programs were conducted to upgrade the staff capabilities to fulfil OE requirements.

The Hungary plant was inaugurated in April 2017. It was a benchmark for the HR team's agile planning and execution, which ensured that engineers, senior staff, and other personnel were adequately trained to commence the plant's operations in a short span of 2 years. This rigorous training required that each new shop floor operator participate in over 190 days of training in technical, theoretical and practical subjects. However, the challenge of training new employees continues, given that there are no specific training modules for tyre manufacturing plants in the country.

For APMEA operation, the Company's HR continues to play a key role in building a strong talent pipeline and capability building. HR at the Indian operations held various programs including Apollo Way of Sales, Apollo Global Citizen, Step Up for Sales Team, etc. Of these, Apollo Way of Sales, has been introduced to identify and develop key capabilities required of an Apollo Field employee to deliver on the organisational strategy.

Aspire, a program launched in 2013, was a step taken towards career progression of the young brigade in the Company. Since its launch, it has yielded outstanding results for Apollo. The program has emerged as a win-win solution for both the Plant as well as for Field Operations. Under this program, high calibre team members from radial plants are selected for Field Sales & Service operation. This addresses the Plants' challenge of retaining and rewarding high performers and also serves the acute need for tyre technical experts in the Field.

The company has won the HR Distinction (HRD) Award 2017 under the 'Emerging Leader in HR' category. The 7th annual HRD Awards celebrates innovatively designed and executed HR strategies that have contributed to outstanding business performance. The event took place in the International Convention Centre, Birmingham, UK.

Labour relations remained conducive in all Indian operations. The plants in Indian operations created multiple opportunities to promote open and supportive work environment and enhance participative decision making. Plant councils, house committees and safety cell were a few of activities conducted in various plants.

## CONTINUED THRUST ON R&D

R&D, has more than 170 people across 4 centres and locations, is one of the strategic pillars of the Company. The company spares no efforts in ensuring that the R&D people are abreast of the latest knowledge, with right skills and also motivated to support its highly ambitions growth plans. HR conducted many activities around capability building and encouraged its people to attend conferences and technical lectures for enhancing their knowledge base and specific Programs rolled out included linguistic, public speaking and presentation skills of the employees.

## CSR

Sustainability and social responsibility are an integral element of Apollo Tyres corporate strategy. The Company's CSR activities aim at bringing a positive impact on the everyday lives of its stakeholders. Currently, both regions have actively undertaken CSR activities. Across all regions, the CSR activities focus on two broad areas 'Environment' and 'Social'. Within Social, there are two sub themes - Health and Community Development.

## ENVIRONMENT

In the fiscal, the Company continued with its multiple activities in the areas of Biodiversity Conservation, Climate Change Mitigation, Watershed Management and Waste Management.

Under Biodiversity Conservation, the Company planted around 0.25 million trees to generate a carbon sink in Tamil Nadu, India. Also, the Company initiated a Mangrove Conservation project in Kerala in partnership with Wildlife Trust of India. The European operation, along with Municipality of Enschede is supporting planting various

Apollo Tyres conferred with BT-CSR Excellence Award 2016

'Clean my Village', an initiative by Apollo Tyres CSR team

The Company has planted around 0.25 million trees to generate a carbon sink in Tamil Nadu, India.

plants and flowers on the slopes of the City Beek. Further, the Hungary operation has set up information boards at the Kékes interpretation trail in one of the biggest National Parks in Hungary.

The Company undertook multiple programs under the Watershed Management theme like the restoration of ponds near the Company's plants in India.

## SOCIAL

Under the Health theme in the Social area, the Company expanded its flagship project, HIV-AIDS awareness and prevention for truck drivers and migrants, to include vision care – a critical aspect related to driving, and other generic health issues. These programmes run across 25 transhipment hubs in 16 states of India. The Company also participated in the Indian Prime Minister's key project on Swachh Bharat Abhiyan by constructing over 300 toilets.

Under the Community Development theme, the focus has been around aiding the livelihood and income generation for women and farmers and improved farming practices. Continued engagement with the community has seen the women in the communities forming their own women cooperative and few have become entrepreneurs creating successful stories. Around 80% of the beneficiaries trained are engaged in income generation activities. The Company also undertook multiple programs around its Hungarian plant including the introduction of a new tutoring pilot project in vocational school, donation of a hydraulic lift to the local special school in order to support the disabled children to join classes. The Company supports the WEP initiative in the Netherlands which offers young unemployed people the opportunity to gain 7 – 12 months working experience at the company to increase their changes on a sustainable job.

# Sustainability Report

This section gives an overview of the Sustainability performance of the Company focused on its key stakeholders. Apollo Tyres Ltd. (hereafter referred to as 'Apollo'/ 'Apollo Tyres'/ 'the Company') has developed its own Sustainability Framework drawing elements from ISO26000, the international standard on Social Responsibility and National Voluntary Guidelines developed by the Government of India.

## PERIOD OF REPORTING

The period covered for the purpose of this report is April 1, 2016 to March 31, 2017.

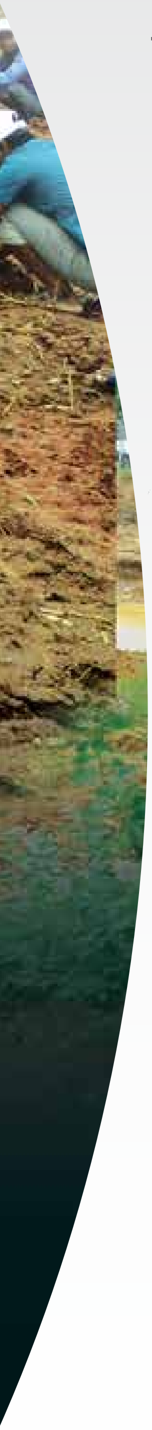
## SCOPE OF THE REPORT

The Company has made all efforts to ensure transparency, accuracy and materiality. The information disclosed in this report relates to the Europe and Asia Pacific Middle East and Africa (APMEA) operations of Apollo Tyres. This report primarily covers manufacturing operations, with the exception of the 'Care for Employees' section, which also discusses non-manufacturing operations. Within this, the project office in Hungary* is added.

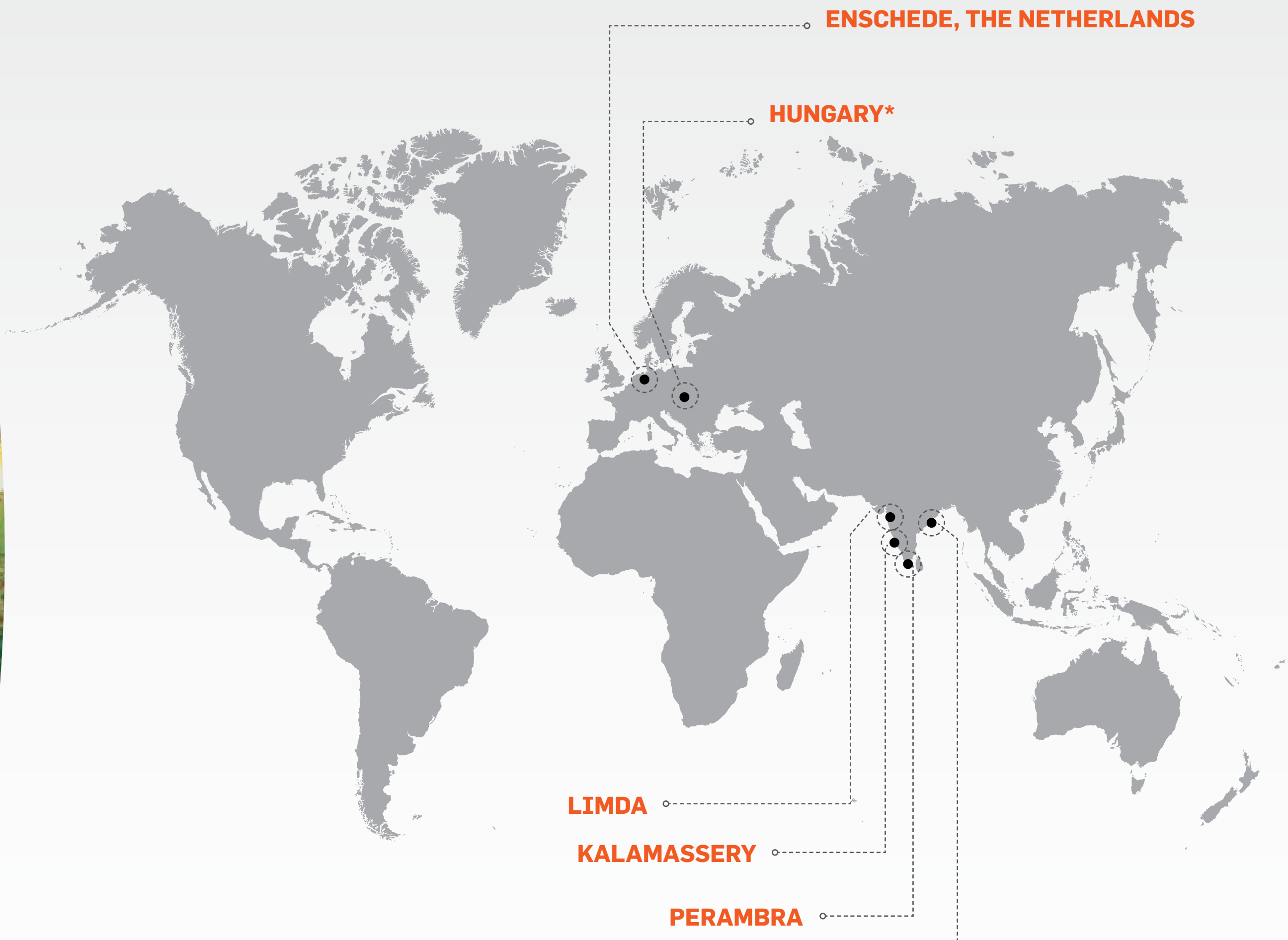
The manufacturing locations are:

- Europe Operations: Enschede in the Netherlands and Hungary*.
- APMEA Operations: Chennai, Limda, Perambra and Kalamassery (leased unit) in India.

*(project site/manufacturing location to be operational in Financial Year FY18



## MANUFACTURING LOCATIONS




Kalamassery location is a leased unit
*Project site / manufacturing location to be operational in 2017

## MANAGEMENT APPROACH TOWARDS SUSTAINABILITY

Apollo Tyres' sustainability strategy is based on creating long-term value for its entire realm of stakeholders. It encompasses conscious approach and effort towards protection of environment, financial growth and stability, and social prosperity. This inclusive approach has made the Company's growth balanced and responsible.

Apollo Tyres follows a well-developed Sustainability Management Framework. It incorporates environmental and social considerations in its day-to-day operations, focusing not only on the product but also on associated processes. Toward this end, a specially formulated Sustainability Committee, with representation from the Board, provides thought leadership and ensures that all of the Company's activities are well aligned with its sustainability goals.

In order to reach out to a wider range of stakeholders and communicate its sustainability performance to them, the Company started making disclosures based on international guidelines

## APOLLO TYRES' SUSTAINABILITY STRATEGY IS BASED ON CREATING LONG-TERM VALUE FOR ITS ENTIRE REALM OF STAKEHOLDERS.

since 2010. These disclosures have helped the Company to assess the actual performance against benchmarked objectives, and strive for continuous improvement in all the domains of triple bottom line - social, environmental and financial.

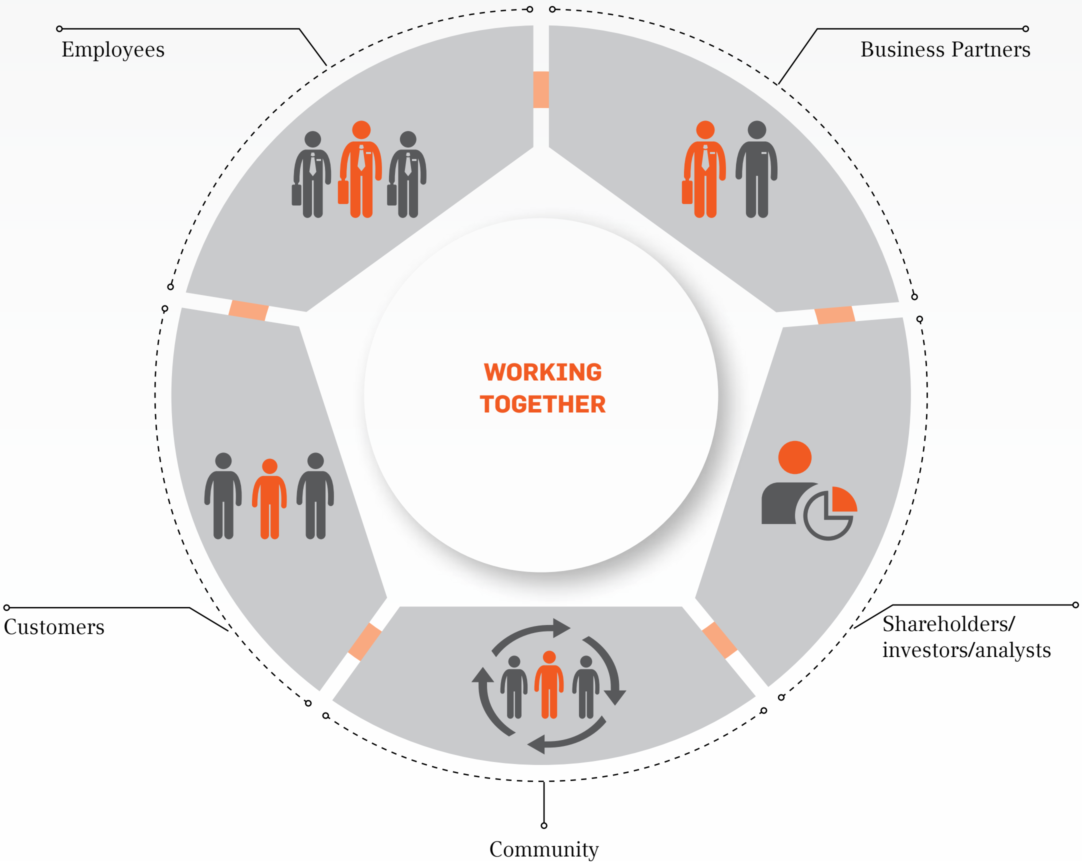
Regular formal and informal interactions with stakeholders have created transparent relationships that reflect honestly on key business risks and opportunities. Outcomes of such engagements have been immensely useful in formulating mitigation strategies.

### WORKING TOGETHER

As a global Company, Apollo is committed to work closely with multiple cross-cultural beneficiaries around the world. The Indian operations continues to work closely with neighbouring communities to identify and implement stakeholder engagement initiatives.

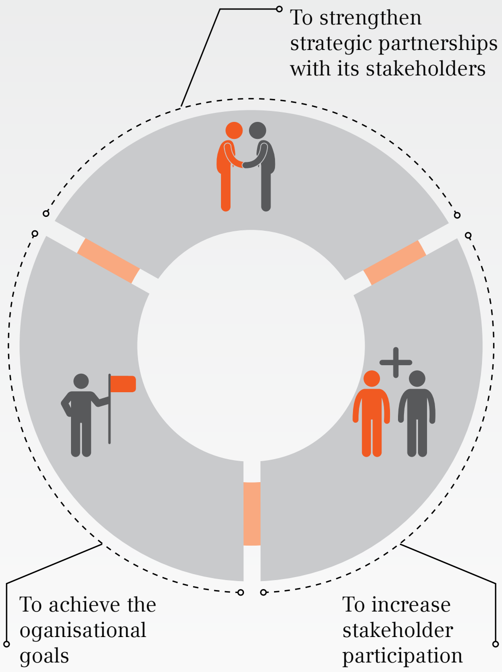
The Company believes that meaningful dialogue with stakeholders is key to better sustainability outcomes. Apollo's stakeholder communication is handled by various functional departments using diverse channels. These details are highlighted in the section **'We Care.'**

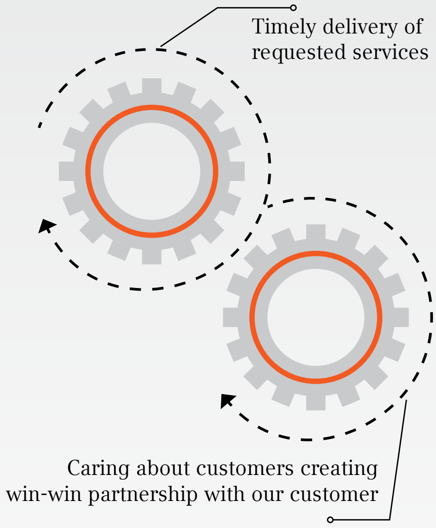
STAKEHOLDER ENGAGEMENT




The various Stakeholders, the Company engages with during various stages like procurement, manufacturing, sales and end of life.

## APOLLO'S THREE–PRONGED STRATEGY FOR STAKEHOLDER ENGAGEMENT




### WE CARE

All-round product excellence is Apollo's legacy, on which it has built strong customer loyalty in various geographies. The Company adopts a customer centric approach by placing its customers at the heart of the Company. Enshrined in its values, 'Customer First' is a true manifestation supporting this belief. It stresses on meeting customer expectations and going beyond in order to achieve their trust and loyalty.

All-round product excellence and customer safety are Apollo's prime considerations in the "Care for Customers" ethos. Apart from this, the Company also includes the right product mix, customer claim redressal, product testing, customer oriented activities, mass customer campaigns, and more, in its customer care activities.

### Core Values

Apollo Tyres is committed to provide its customers superior products and services, empowering them with relevant knowledge and technical expertise, while meeting their demands for right products and services.

In its journey towards building strong and trusted customer relationships, the Company has achieved many milestones and has made a significant transition in the recent past by shifting the focus to a more holistic approach of 'complaint management through customer engagement.' This proactive measure enabled the Company to manage customer redressals from end to end, while taking preventive measures to arrest their recurrence.

The above is true for products as well as allied services. Hence, Apollo's customer service team continued to engage with its various stakeholders like fleet owners and taxi fleets providing them with regular knowledge enhancement, technical assistance and trainings on subjects such as care and maintenance, proper usage of tyres and product life enhancements. Further, the 'Customer Champion Project' was strengthened to extend the reach of product services.


Eco-conservation of Pond in Perambra, Kerala, India

There were no incidents of non-compliance with regards to product safety, labelling, marketing communications or data privacy from any of the operations during the reporting period.

### Customer Safety

Apollo strives to provide the best quality products to its customers along with strict adherence to all safety parameters and international standards/norms. These are ensured through a combination of rigorous systems, procedures and by building a culture for safe operations. Product labelling is critical not only to ensure compliance to applicable rules and legislations but also to ensure that sufficient information is provided to the customers regarding the product safety which helps them to make informed decisions.

In its European operations, company takes all necessary steps to comply with the European Tyre Labelling regulation which requires display of information on fuel efficiency (carbon footprint), wet-grip (road safety) and external rolling noise (environmental pollution) of tyres.

### Customer Satisfaction

Apollo gauges consumer feedback on its products and services on a regular basis through its dedicated customer service team to identify the areas for improvement. However, to understand the relationship and importance of each touch point, tracking the performance with the help of scores and metrics is necessary.

## CARE FOR EMPLOYEES

Employees are Apollo Tyres' key strength and HR plays an important role in enabling business excellence in a dynamic environment through engagement and development of the Apollo family.

### Industrial and Employee Relations

At Apollo, the Management and the workers' Union work collaboratively to ensure workers' safety and welfare. This has resulted in safe shop-floor conditions and congenial work culture. The Company's management took several measures such as appointing plant councils, house committees, and safety cell, which ensured smooth and harmonious relations between the management and the workforce.

Overseas, the Company continues to work with the staff and their social partners in the Netherlands. In Enschede, the Company's focus is on reducing staffing, becoming more flexible and

**THE COMPANY TAKES ALL NECESSARY STEPS TO COMPLY WITH THE EUROPEAN TYRE LABELLING REGULATION WHICH REQUIRES DISPLAY OF INFORMATION ON FUEL EFFICIENCY, WET-GRIP AND EXTERNAL ROLLING NOISE OF TYRES.'**

incorporating OE requirements for stable quality process standards. The overall aim is to create a strong competitive cost base that will sustain jobs in the region.

### Development of the Apollo family

Throughout the year, the Company has invested significantly in technical training programmes, to enhance domain expertise within existing teams. These are designed to have a direct and positive impact on end-products and services.

### Identifying new roles for Apollo workforce

During the year, the Company accelerated its employee exchange initiative between various manufacturing facilities. This exchange was intensified in the Hungary plant, to establish their new processes. The Company has a robust Internal Job Posting system to help employees in furthering their careers.

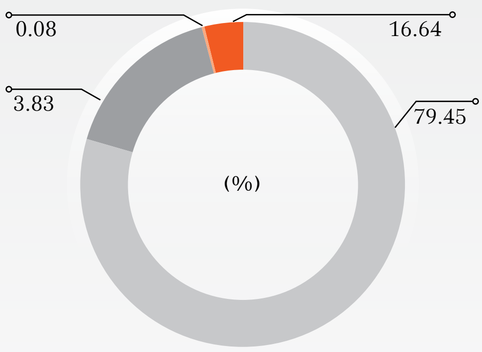
### Celebrating the equality and diversity of the Apollo Family

The basic principles of Human Rights are embedded in our One Family Apollo value. The Company recognises and respects the political, economic, civil and fundamental rights of people in its day-to-day business.

### Employee Strength and Statistics

The total employee strength of Apollo Tyres at the end of the reporting period was 16224.

EMPLOYEE BREAK UP AS PER REGIONS IN FY17




Total Employees 16224

- Corporate 621
- Americas 13
- Europe 2700
- APMEA 12890

Total Employees

Note*: Europe includes Hungary and Reifen.com

The total employee attrition for Apollo Tyres stood at about 7.4% for FY17

## AT APOLLO, EVERY LOST TIME INJURY (LTI) OCCURRENCE IS INVESTIGATED IN PLANTS THROUGH AN 8D PROCESS FOR ROOT CAUSE IDENTIFICATION.

### TRAINING AND CAPABILITY BUILDING – SAMPLE OF PROGRAMMES AND NUMBER OF ATTENDEES

| | Program Title | Brief Description | Target Audience | Key Metrics (Total Man Days & Unique Learners) | Learning Partner |
|---|---|---|---|---|---|
| 1 | Train the Trainer | Partnered with Dale Carnegie for certification | present and potential internal trainers | 50 Man Days 25 Unique Learners | Dale Carnegie |
| 2 | Step Up - For Sales Team | Aligned program design to Biz priorities | Territory Incharges and ABU Managers (C / E) | 648 Man days 119 Unique Learners | Internal Certified Experts |
| 3 | Aspire Selection | Job Rotation and Enrichment Program for Shop floor TMs | Chennai & Limda Plant Radial Team Members | NA | Customer Service HR |
| 4 | Aspire Training | Capability Development Program for Shop floor TMs | Chennai & Limda Plant Radial Team Members | 3560 Man Days 40 Unique Learners | Composite Program |
| 5 | Assorted Individual Nominations | Functional Capability Building | Various | 65 Man Days for 30 Unique Learners | Various External |
| 6 | Step Up (Functional Training) for ACIs | Functional Capability Building | ABU Commercial Incharges (ACI) | 423 Man Days 141 Unique Learners | Combination of Internal & External |
| 7 | Complaint Empowerment Training at RIC | Core Functional Training for Complaint Management | Field Sales and Service Teams | 1180 Man Days 189 Unique Learners | Internal Experts at RIC |
| 8 | RBU Controllers' Training for Infra Projects Business | New Capability Development for Field & Plant Commercial Team | Plant and Field Commercial Controllers | 45 Man Days 15 Unique Learners | External Experts |
| 9 | Apollo Global Citizen | Cross Cultural Competency Building | Finance & Accounts Team | 22 Man Days 11 Unique Learners | External Experts |
| 10 | High Impact Presentations for Finance Teams | Business Presentation Skills | Finance & Accounts Team | 30 Man Days 15 Unique Learners | External Experts |
| 11 | Bekaert - Functional Training | Steel Cord - Functional Training | HO & Plant Purchase Teams | 22 Man Days 11 Unique Learners | External Experts |
| 12 | EY - Apollo Way of Sale Integrated Field Capability Building | Capability Building aligned to Field Strategy | SBU Leadership & RBU Heads | 51 Man Days 17 Unique Learners | External Experts |

### Safety Performance

Apollo Tyres' vision is to ensure safe and healthy operations at all its manufacturing facilities. Health and Safety is fully incorporated in all its operations. The Company continued to focus on deploying behaviour-based safety (BBS) programmes and global safety standards. To achieve these goals, Apollo has adopted a strategic framework.

Health and Safety culture at Apollo Tyres surpasses mere safety precautions and strives for enhanced efficiencies and thus inspire people to excel at their work. This culture leads to improvement in productivity and product quality, and de-escalates cost.

Apollo strives to continuously improve its safety performance by measuring, evaluating and reporting safety-related key performance lagging and leading indicators. At Apollo, every Lost Time Injury (LTI) occurrence is investigated in plants through an 8D process for root cause identification. This is followed up by corrective and preventive measures.

Apollo Tyres has recently developed an in-house all incident management software tool for effective tracking of minor incidents and near-misses as a proactive measure. There are 7 Lagging Indicators and 17 Leading Indicators monitored every month. These measures have already led to improvement in the results in FY17. The total rate of LTI per million hours worked, also called the LTI Frequency Rate (LTIFR), reduced from 12.1 in FY16 to 2.1 in FY17. The Company strives to further reduce this rate by cascading it beyond manufacturing locations. This means extending the safety culture and standards at field level, on the road, in warehouses and in other company offices. Apollo Tyres will also involve its contractors and vendors to ensure they comply with its safety standards.

Along with this, equal consideration is given to process safety and fire safety so as to achieve comprehensive health and safety standards.

### HIV / AIDS Education and Prevention

Apollo's HIV/AIDS related education and prevention programs focus on unbiased health of all its employees. The HIV/AIDS policy governs the actions to be taken under this programme.

## CARE FOR BUSINESS PARTNERS

Suppliers and dealers form the base of sustainable organisations. As a forward looking Company, Apollo percieves its suppliers and dealers as important stakeholders and works closely with them, and continuously engages with them to build long-term associations.

### Supplier Engagement

The Company's engagement with suppliers exists at multiple touch points, such as joint technical projects, quality workshops with natural rubber producers and processors, quality review meets for other major raw materials, CSR workshops at suppliers manufacturing facilities, Memorandum of Understanding for purchasing volumes, and more. The Company also seeks technical collaboration from its suppliers through active participation in various technical seminars and its Technical Leadership Development Programmes.

### Supplier Management Practices:

The following section gives an overview of Apollo's supplier management practices.

- *Supplier Selection*
  Supplier selection is the process by which Apollo identifies, evaluates, and approves the suppliers. Supplier selection process involves in-depth evaluation and approval of supplier systems and capabilities in terms of product quality, production capacity and financial stability.

- *New Material Selection*
  Looking at the end-product requirements and environmental consideration, careful selection of new materials is done through a series of testing at labs and trial runs and those raw material suppliers who qualify on the quality and environmental requirements are selected.

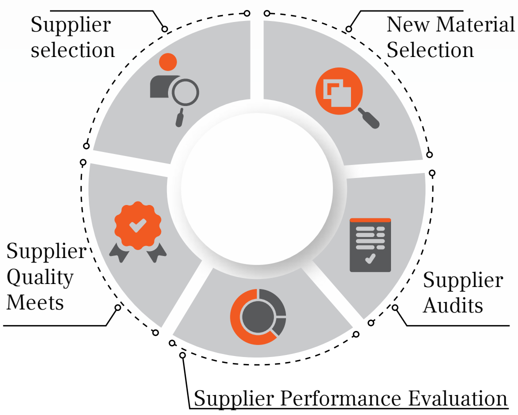
The Global Partner Summit 2017 meet in Hungary which saw participation by over 150 raw material Business Partners from Europe, USA, Korea, Japan, Thailand, China and India.

- *Supplier Audits*
  Supplier audits and on-site assessment of suppliers are conducted at the time of selection of new suppliers and also conducted periodically for existing suppliers as per audit criteria.

  The scope of supplier audit covers various elements like quality management system, environmental standards, occupational health and safety standards and others as per our Green Procurement Standards and Partner Code of Conduct. Our audit teams visit them at regular intervals for compliance check as per the standard audit checklist. The supplier improvement plans are drawn up after the audit, agreed and followed up with the suppliers until closure.

  102 suppliers were audited during the annual audit calendar.

SUPPLIER MANAGEMENT PROCESS




- *Supplier Performance Evaluation*
  Supplier performance evaluation is done on Quality, Delivery and Service performance criteria through a rating system which aims at timely feedback to suppliers to improve their performance at Apollo.

- *Supplier Quality Meet*
  Quality review meetings are conducted periodically with suppliers to share feedback and to jointly work with suppliers for continuous improvement on supply quality.

**Sustainable Supply Chain Policy:**
Apollo Tyres believes that supply chain is a key contributor in the development and implementation of its Corporate Social Responsibility Programme, and expects its business partners to show concern for social and environmental responsibility as they conduct their business.

Apollo's endeavour is to work jointly with all partners to promote and encourage compliance with the Partner Code of Conduct (PCC).

**Corporate Social Responsibility in Supply Chain:**
Apollo has a CSR Program for supply chain partners which was started in 2007-08. Under this Programme, Apollo conducts awareness events at the suppliers' premises on Substance Abuse and HIV / AIDS Prevention. In FY17, 3 workshops were carried out at suppliers' premises covering 53 participants.

**Dealer Engagement**
Dealers are the interface between the buyer and the Company. Their role is crucial, as they can

## BUSINESS PARTNER SERVICE CENTRE ENGAGEMENT INITIATIVE ENABLES DEALERS TO PLACE QUERIES REGARDING ORDERS, PAYMENTS, COMPLAINTS, ETC.

influence the decision of buyers as well as provide feedback to the Company on buyer's references and concerns.

In its endeavour to engage with its business partners to build credibility and offer best-in-class services, Apollo Tyres has always strived to strengthen its business process and enhance dealer-friendly packages and practices. This helps in fostering a culture of healthy competition and belongingness, and promotes ease of doing business with a strong governance system in place.

### Engagement Platforms

The Company has formed a Management Advisory Committee comprising of business partners to collect constructive market feedback and improve organisational performance.

In order to ensure that the buyers' perspective is brought back to the Company, Apollo engages with them on regular basis through various platforms. One such method is Business Partner Service Centre which enables dealers to place queries regarding orders, payments, complaints etc. There is also a periodic governance meeting to monitor the unresolved dealer issues.

Further to this, the Company has introduced two robust IT enabled platforms Business Partner Service Centre, and Sampark, to provide digitalised solutions for all such activities. These online platforms provide a single window to its business partners for all matters related to business transactions, queries, benefits and grievances.

These enablers have helped to improve Dealer experience and turnaround time of services along with strengthening of the product. This has increased the trust level and enhanced ease of doing business.

### CARE FOR COMMUNITIES

At Apollo Tyres, Corporate Social Responsibility (CSR) is embedded in the long-term business strategy to ensure that business priorities co-exist with social commitments in order to

Employment preparedness training with ITI students at Chennai, Tamil Nadu, India


Dairy Cooperative run by women in village near Limda plant, Gujarat, India

drive holistic development of communities. The Company has a CSR policy that reflects the objective of social development aimed at creating a positive impact.

The organisation believes in direct engagement with its communities to be able to better understand their needs. The projects are designed through a participatory approach; wherever required trained development professionals/ agencies are hired for the execution of the CSR activities focussing on the verticals Environment and Social.

The thrust areas of the projects are;

a. Environmental Protection
b. Health Initiatives
c. Community Development

**Environment Initiatives**

The aim of the environmental intervention projects is to reduce the impact of products on environment and society at large at all operational levels.

Various environmental projects are undertaken by Apollo, under the following themes:

1. Biodiversity Conservation
2. Climate Change Mitigation
3. Watershed Management
4. Waste Management.

- **Biodiversity Conservation:**
  Continuing the commitment towards environment sustainability, the organisation has initiated various biodiversity conservation projects. The projects range from establishing theme based gardens such as creation of butterfly zones to apiculture inside the plant and outside in the community in Kerala, India.

- **Climate Change Mitigation**
  The organisation has contributed to conservation of biodiversity and mitigation of climate change with the help of projects like afforestation, mangrove conservation and biogas promotion. Under afforestation project the organisation has planted a to-

Training of Self Help Group members in Limda, Gujarat, India

tal of 2,50,000 trees in the Tamil Nadu for emission reduction. Out of these, 1,50,000 trees were planted in the reporting year. As per the estimations, around 1,600 tonnes of CO2 has been sequestered from these trees since the inception of the project. Total area converted under social foresting is over 350 acres with 355 beneficiaries.

Mangrove conservation is another very important project initiated under this theme. The Company has partnered with Wildlife Trust of India (WTI) to implement the project in Kannur district of Kerala. The project aims to ensure the survival of existing mangroves and increase the acreage of such habitats across.

In Limda, Gujarat, Apollo Tyres is working on bio gas utilisation as a mainstream cooking fuel. To achieve this objective, 50 household level biogas units have been installed. The women have already started realising the benefits as this has freed them from long and arduous search for wood. The time this saved is invested in income generation or as quality family time.

- **Watershed Management**

  To address the issue of water shortage and quality, the organisation has initiated various projects in the villages around its manufacturing locations.

1. Access to purified drinking water: The project aims to provide drinking water to the nearby community in Orgadam village near the manufacturing facility in Chennai.

2. Eco restoration and improvement of water bodies: Within this approach, pond restoration projects are undertaken at Chennai, Limda and Perambra locations. The projects are designed for restoring and enhancing the aqua-biodiversity. The activity includes water quality assessment, cleaning, deepening and bonding of

**IMPROVED FARMING PRACTICE PROGRAMME ENABLES FARMERS TO ACQUIRE NEW KNOWLEDGE AND SKILLS IN MODERN CROP PRACTICES.**

the ponds. It also involves development of surroundings around the pond area.

3. River conservation project: The project mainly focuses on the assessment and conservation of Riparian vegetation and associated Biodiversity of Chalakudy River in Kerala. The project engages school students and local community through awareness generation activities. Students have also got the understanding about the local biodiversity.

- **Waste Management**
  Aligning with India's national agenda of *Swachh Bharat Abhiyan*, Clean My Transport Nagar and Clean My Village, community solid waste management projects were implemented. The initiative targets to improve waste management and cleanliness of identified transhipment hubs and villages in India. The initiative also aims to generate awareness on health and sanitation among stakeholders. The project is running in eight transport locations (Delhi, Mumbai, Chennai, Kolkata, Agra, Jaipur, Jodhpur and Kanpur) and the villages around manufacturing locations. Through this project a total of 1,53,077 kilogrammes of waste was collected and 85,679 people were outreached through various outreach programmes.

**Social purpose**

In the social vertical, Apollo has focussed on livelihood generation of farmers and women, promotion of preventive health practices amongst stakeholders. Under Social category Projects are divided under two themes i.e. Health and Community Development.

Community Park & Herbal Garden in Sennakuppam village, Chennai, Tamil Nadu, India

## THE COMPANY PARTNERED WITH ELTON JOHN AIDS FOUNDATION AND INITIATED HIV-AIDS PREVENTION & AWARENESS PROJECT FOR THE MIGRANTS IN DELHI TRANSPORT NAGAR.

- **Health**
  Health is one of the key areas of intervention, where preventive health services are provided to the vulnerable sections such as truck drivers, and communities around the manufacturing locations.

- *HIV-AIDS Awareness & Prevention Program*
  Apollo Tyres Limited has been addressing this concern through its intervention for vulnerable truck driver community across 25 transhipment hubs of India. The project aims at increasing awareness on STI/HIV which draws alignment with recently released Global Goal 3- Good Health and well-being. The centres offer a spectrum of services including Behaviour Change Communication (BCC), Sexually Transmitted Infection Treatment (STI,) Counselling, etc.

  The Company has also partnered with Elton John AIDS Foundation and started HIV-AIDS Prevention & Awareness project for the migrants in Delhi Transport Nagar.

  In the reporting year 85,077 people availed services at the Centres and 4,85,473 were outreached from awareness programmes.

- *Vision Care*
  Good vision is critical for road safety. Apollo Tyres has started vision care programme for truck drivers. Under this initiative, periodic eye check-up camps are organised for truck drivers in transport nagars. Spectacles are distributed at low cost to the people identified with refractive error issues. Cataract patients are linked with nearby hospitals for further treatment. In the reporting year, 18,130 people were screened through vision testing camps out of which 8,610 were identified with refractive error and 4,299 people received eye glasses. 511 people identified with cataract were further linked with the hospitals for treatment.

- *Promotion of Health & Sanitation*
  Apollo has constructed 333 toilets in Vallakottai, Mathur, Sennakupam and Vallam Panchayath, Chennai, and has thus made its contribution to the Government's *Swachh Bharat Abhiyan.* From June 2016 onwards, Vallakottai Panchayath was declared as Open Defecation Free Panchayath by the Govt. of Tamil Nadu. Apart from constructing the toilets the project also focuses on awareness raising and behaviour change communication.

### Community Development

Under this category projects are defined into two themes i.e. Livelihood & Income Generation Programme and Education

- *Livelihood & Income Generation Programme:*
  Women are trained on livelihood activities so that they need not go out from their villages for income generation. The main objective of this initiative is to create livelihood opportunities and develop entrepreneurship capabilities of underprivileged women. The training includes vocational skills such as apparel making, jewellery designing, nursing, beautician, housekeeping, khakhra making, sanitary napkin making, soap and detergent making, making home cleaning agents, etc. The trained beneficiaries are further linked with the market and service sectors for employment. In the reporting year around 900 women were trained in various income generation activities and linked with market. Under this initiative employment counselling and soft skill training was also provided to the ITI and engineering graduated in selected colleges of Cochin and Chennai.

- *Improved Farming Practice*
  The project engages with and supports local farmers through capacity building activities like livestock care and management and scientific agriculture practices. The main aim of the programme is to enable farmers to acquire new knowledge and skills in modern crop practices. In the reporting period 1547 farmers received

**IN ENSCHEDE, THE COMPANY PARTICIPATED IN A ENVIRONMENTAL PROJECT WITH THE OBJECTIVE TO INCREASE BIODIVERSITY IN THE REGION CLOSE TO THE APOLLO VREDESTEIN PLANT.**

improved farming training and 1,793 farmers received training on livestock care and management.

- *Education*
  Computer Literacy Project
  To impart computer knowledge and enhance digital literacy skills, a computer literacy project was launched for the school children of Mathur, Orgadam, Sennakupam, Eraiyur and Vallakotai villages near Chennai plant. Computer tutors are appointed for these schools, learning modules are also created for children. Totally, 340 students benefitted from the project.

  Road Safety Awareness Programme
  The road safety programme implemented in Perambra, adopted two main subthemes, one was related to awareness on road safety issues to the school students and the other was focused on installation of road safety boards for commuters. Pamphlets and booklets on various road safety issues were developed and distributed as a part of the project.

### Initiatives in Europe

In line with the organisational value “Care for Society”, a strong focus on environment, healthcare and education was continued in Hungary. In cooperation with a local Hospital in Gyöngyös, a Toy Room for in-patient children for treatment was created. As a part of environment initiative, the organisation has placed information boards at the Kékes interpretation trail which is one of the biggest National Parks in Hungary.

In line with the EU2020 strategy, new tutoring pilot project was initiated in those vocational school where Apollo trainings were started. The aim of the project is to minimise the drop-out rate and tutor those students who need additional after-school classes.

The tutoring project involved directly 25 students and 4 teachers. The interpretation trail would be able to introduce the protected area with 11 complex nature information to around 30,000 people.

In Enschede, the organisation has participated in a biodiversity project together with the Municipality of Enschede. Goal of this project is to increase biodiversity in the region close to the Apollo Vredestein plant area.

## ENVIRONMENT CONSCIOUS OPERATIONS

Eco-conscious operations have been central to the manufacturing strategy at Apollo Tyres. The organisation deeply values the significance of a healthy environment and has always made efforts to preserve it.

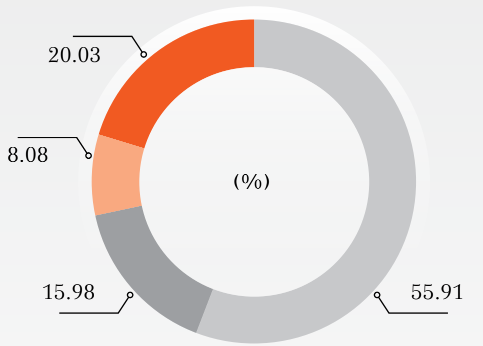
### RAW MATERIAL SOURCING AND MANAGEMENT

Apollo Tyres is very conscious about its carbon footprint and strives to make judicious use of resources. The organisation puts in concerted efforts through dedicated R&D centres to achieve that objective.

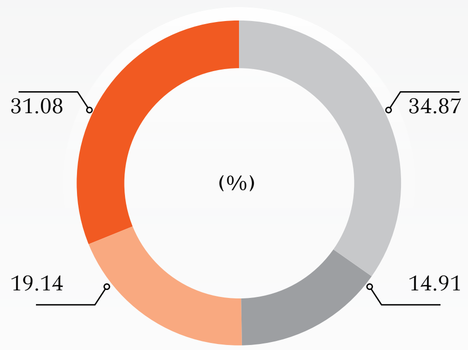
The three main constituents used for manufacturing tyres are natural rubber, synthetic rubber and carbon black. In the reporting period, these three comprised 46.1% of the total raw material consumption. This was higher than the last year when the percentage was 40.5%. In this, natural rubber consumption is more than synthetic rubber. In the APMEA operations, natural rubber constituted 71.2% of the total rubber used. The share of natural rubber use in the Europe region rose to 61.8% in the reporting period as compared to 44.6% in FY16.

**Share of Raw Material Consumed, APMEA and Europe Operations, FY17.**

APMEA




EUROPE REGION




Natural Rubber | Synthetic Rubber
Carbon Black | Other Raw Materials*

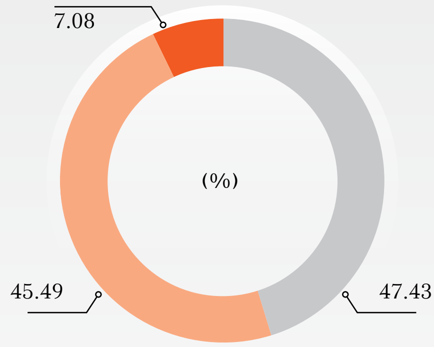
*Other Raw Materials includes associated process materials. In APMEA it also includes Steam used at Limda. Total raw material consumed across all the operations: 7,68,170 metric tonne. Total recycled material: 7,027 metric tonne

In the APMEA operations, the total raw materials consumed were 6,94,582 metric tonne and the total recycled material was 6,169 metric tonne.

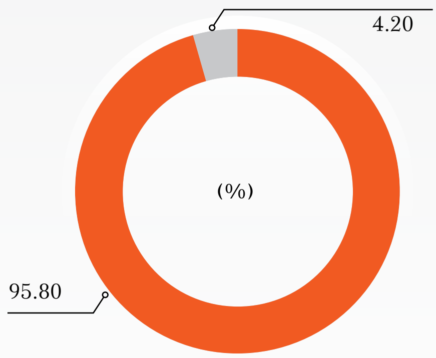
In the Europe operations, the total raw materials consumed were 73,588 metric tonne. The total recycled material was 7,027 metric tonne.

**Break-Up of Recycled Raw Materials by Type, APMEA and Europe Operations, FY17**

APMEA




EUROPE REGION




NR Reclaim | Butyl Reclaim
Ultrafine Reclaim

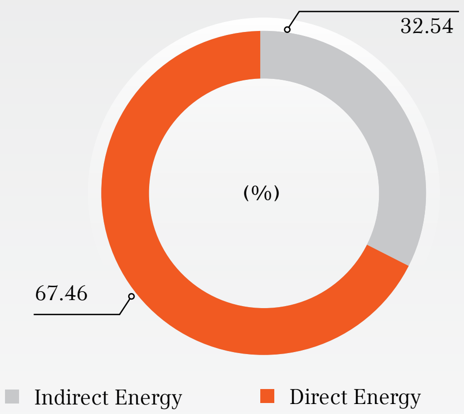
## ENERGY PERFORMANCE

The energy profile of Apollo Tyres consists of direct and indirect energy sources which have a mix of renewable and non-renewable fuel types.

In its India operations, the main source of direct energy used during the reporting period was coal, followed by furnace oil. The source of indirect energy was electricity followed by wind energy.

In the Netherlands, direct energy was sourced from Natural gas. Electricity was the main source of indirect energy.

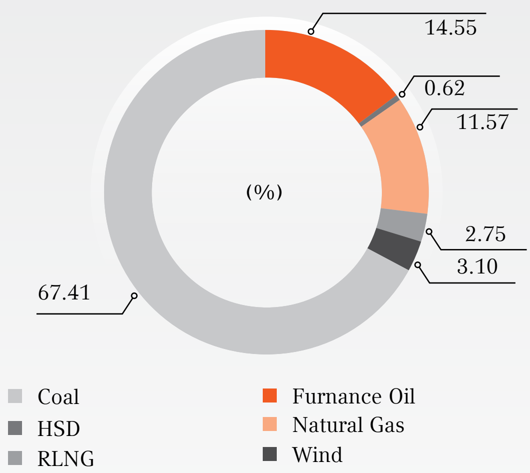
**Share of Direct and Indirect Energy Consumed, FY17**




The total energy consumption (both direct and indirect) for the reporting year was 4007 TJ as compared to 3,395 TJ in FY 15-16. The share of direct energy was 67.46% and that of indirect energy was 32.54%.

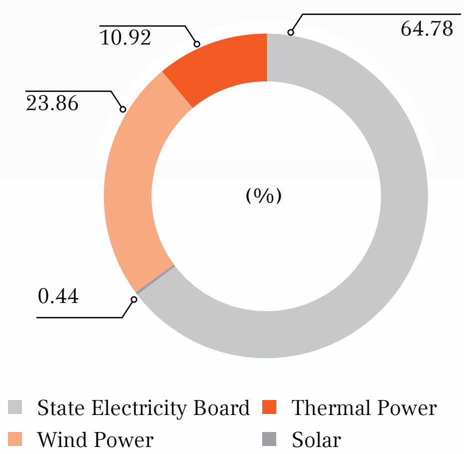
As in the previous year, non-renewable energy sources hold the major share in the total energy consumption. However, the share of renewable energy in the total mix has been 10% in the reporting year. This is higher than the previous year when it stood at 6%.

**Break-Up of Direct Energy by Source, FY17**




Coal is the main source of direct energy, supplying 1,822 TJ, followed by furnace oil (393 TJ) and natural gas including RLNG (387 TJ). The total direct energy consumption was 2,703 TJ.

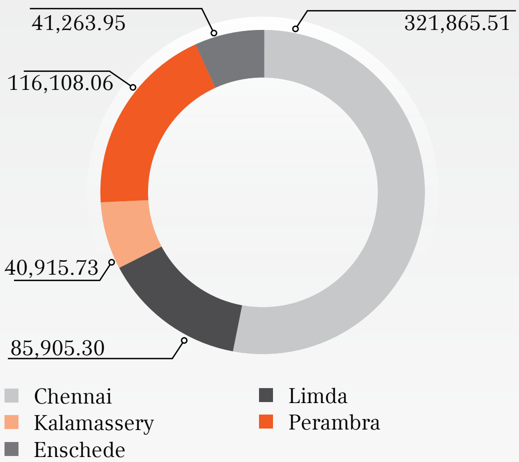
**Break up of Indirect Energy by Source, FY17**



## TOTAL ENERGY CONSUMED IN THE APMEA AND EUROPE OPERATIONS DURING THE REPORTING PERIOD WERE 86.8% AND 13.2% RESPECTIVELY.

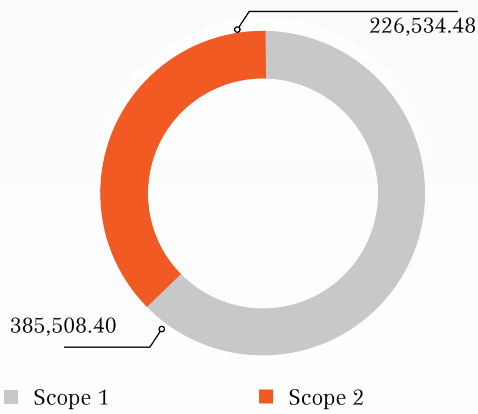
### CARBON EMISSION PROFILE FY17

**FY17Ghg Emissions (tCO2eq)- Location Breakup**




*Imported Thermal Power in India, treated as Grid Power for calculating CO2 emissions [using CEA emission factor Ver. 11]

**FY17Ghg Emissions (tCO2eq)- Scope Breakup**




Indirect energy (overall a total of 1,304 TJ) is primarily sourced from local electricity grids (845 TJ). There has been a significant increase in the share of wind energy which accounted for 311 TJ as compared to 112 TJ for FY16. In the year FY-16, solar energy was also introduced in the energy mix in Chennai and accounted for 0.44 % of the total indirect energy consumed amounting to about 6 TJ.

APMEA operations accounted for 86.8% of the total energy consumed during the reporting period, consuming 3,477 TJ of energy. Though coal remained the leading source of energy [direct], there has been a concerted effort to increase the renewable energy share which accounted for 11.5% of the energy mix in the APMEA operations.

In the Europe operations, energy consumption was 13.2% (530 TJ) of the total energy consumed during the reporting period. In the Netherlands, natural gas is the predominant direct energy source and the main indirect source of energy is electricity.

### Energy Efficiency Initiatives

The organisation embarked on the Energy Management System journey in FY16 with the implementation of ISO 50001 and covered all the operations in the reporting period. There were several initiatives that were undertaken during the reporting period which resulted in energy savings of 53,009 GJ. In the reporting period, major savings were realised from conversions and retrofitting of equipments.

### Green House Gas (GHG) Emissions

At present, the operations mostly depend on non-renewable energy sources. However, uptake of renewable energy has gone up in the reporting period which has positively impacted the overall carbon footprint.

For the purpose of this report, emissions under Scope 1 and Scope 2 have been considered as defined by the GHG Protocol. This year we have also included the emission from the Corporate Office in Gurgaon for calculating the carbon footprint.

# AS PART OF THE ENVIRONMENT PROGRAMME HABITAT APOLLO, SEVERAL ACTIVITIES WERE CARRIED OUT, WITHIN THE PLANTS, TO ENHANCE BIODIVERSITY.

## LIFE CYCLE ASSESSMENT

As a part of the Sustainability initiatives, Life Cycle Assessment (LCA) was carried out for Radial Tyres for Passenger Vehicle - Amazer 3G Max India, manufactured at Oragadam facility, in Chennai. The study was done using sophisticated software based model and was aligned to the International standard ISO 14040.

## WATER SOURCING AND MANAGEMENT

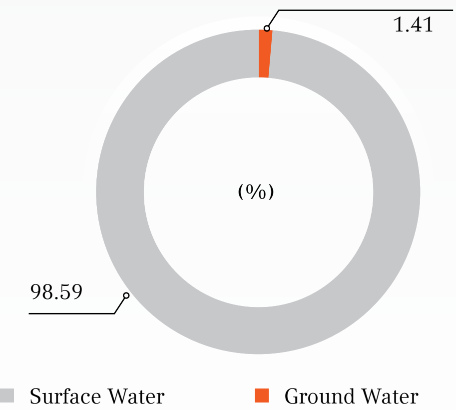
The primary source of water at the operations is surface water, which accounted for 98.4% of total water consumption during FY17. Other sources include ground water and municipal water.

**Total Annual Water Withdrawal (in m3), FY17**

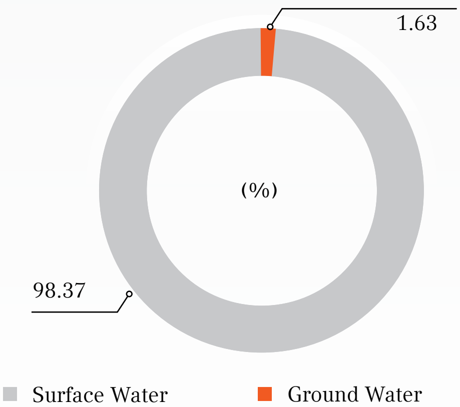
| Plant | Perambra | Kalmassery | Limda | Chennai | Netherlands | Total annual water withdrawal |
|---|---|---|---|---|---|---|
| Annual water withdrawal | 5,43,807 | 2,34,853 | 9,14,960 | 5,69,760 | 39,79,403 | 62,42,783 |

**Share of Water Withdrawal by Source in APMEA and Europe Operations, FY17**

SHARE OF WATER WITHDRAWAL BY SOURCE IN APMEA



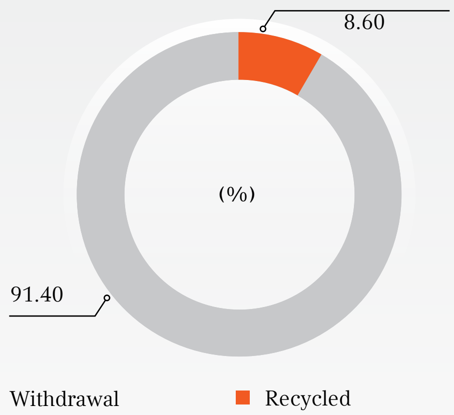

WATER RECYCLED VS WATER WITHDRAWAL




In Europe operations, the source is surface water and water supplied by the local municipal body. For the reporting year, the total annual water withdrawal was 39,79,403 m3.

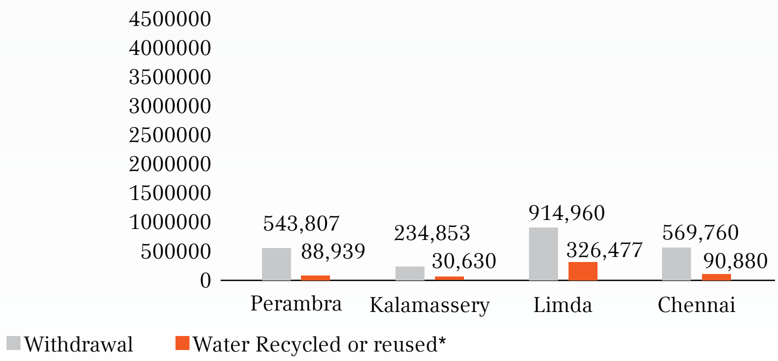
**Break-Up of Total Water Usage in terms of Recycled Water and Fresh Water Withdrawal, FY17**

SHARE OF WATER WITHDRAWAL BY SOURCE IN EUROPE REGION




In the APMEA operations, the total annual water withdrawal was 22,63,380 m3, of which 5,36,926 m3 (23.72%) was recycled or reused.

**Water Recycle, APMEA Operations (in m3), FY17**




## WASTE REDUCTION AND MANAGEMENT

Waste generated from tyre manufacturing process is in solid & liquid form and is classified as hazardous and non-hazardous. This segregation enables us to identify suitable strategies for their safe disposal, thus preventing harm to the environment. The types of waste generated during the reporting period is given in the table below:

**Hazardous and Non-Hazardous Wastes, FY17**

| Hazardous Wastes | Non-Hazardous Wastes |
|---|---|
| Used oil / waste oil | Waste rubber |
| ETP sludge | Scrap tyres |
| Scrap rubber compound | Rubberised fabric |
| Empty Paint Cans | Process / Metal Scrap |
| Oil barrel | Scrap Saw Dust |
| Oil soaked cotton waste | Scarp Rubberised Radial Steel Belt |

The total solid waste generated in the reporting period was 23,325 metric tonne.

**Break-Up of Solid Wastes by Type Generated, FY17**


In the APMEA operations, 712 metric tonnes of hazardous and 17,280 metric tonnes of non-hazardous solid wastes were generated. Hazardous liquid waste generated was 15,825 kilolitres.

In the Europe operations, a total of 159 metric tonnes of hazardous and 5,174 metric tonnes of non-hazardous solid wastes were generated in the reporting period.

One of the initiatives towards waste management is the 'Scrap Attack Programme' in Enschede, which resulted in reduction of 336 metric tonne of waste in the reporting period as compared to the FY16.

## CONSERVATION OF BIODIVERSITY

Protection and enhancement of biodiversity is important from the perspective of the entire value chain. During the reporting period, as part of the environment programme Habitat Apollo, several activities were carried out, within the plants, to enhance biodiversity. While some of these activities were directly aimed at biodiversity conservation, others had indirect benefits.

Formal risk and impact assessment studies to measure impact on biodiversity in the manufacturing locations were conducted by third party agencies. As an outcome of this study, biodiversity conservation projects were initiated at the Perambra and Kalamassery plants.

At Kalamassery these activities included maintaining the existing theme gardens such as butterfly garden, snake repellent plant belt and fruit garden to enhance the biodiversity and increase species of flora and fauna. Apollo Tyres also supports the Kalamassery municipality in maintaining this green cover in an eco-friendly manner.

At Perambra, the initiatives included conservation and restoration of pond ecosystem by developing theme gardens and converting them into a learning centre by placing information boards. Apiculture, for collection of honey from rubber trees within the premises was also continued at Perambra during the reporting period.

## INNOVATION

R&D is currently engaged in numerous new research projects - in-house as well as in collaboration with external partners like National Research Institutes, Universities and RM suppliers, to create the much needed technological edge to the Company in areas of environmental sustainability. Some of the key projects include Nano delaminated clays,

De-proteinised Natural Rubber, Silane modified clays, Self-healing tyre, etc. These projects focus majorly on the three fundamental areas of tyre performance such as lowering rolling resistance, reducing rate of wear and improving wet grip. Some of these projects are now moving to industrialisation phase and some of the projects like new generation carbon black have been already industrialised. Reducing wear rate helps to reduce release of tyre tread particle in air. This reduces air pollution and improves health and safety.

## SUSTAINABILITY IS DEEPLY EMBEDDED IN APOLLO TYRES' CORPORATE GOVERNANCE.

### RETREAD RESEARCH AND TECHNOLOGY DEVELOPMENT

In the tyre industry, a major sustainability-related area is maximising tyre usage through retreading. A customer can use the tyre and then add more life to the tyre by retreading. Apollo has an exclusive research wing for Retread research which develops green and efficient retreading methods to extend productive life of tyres to reduce adverse impact on environment due to land filling of scrap tyres.

### WAY FORWARD

Sustainability is deeply embedded in Apollo Tyres' corporate governance. The Company is constantly striving to improve its track record in this crucial area, and thus accrue long-term gains for its stakeholders. The Company's approach toward this end is scientific and goal-oriented. It has put in place modern hardware and systems that produce better analytics of measures implemented, an also provide vital directions for preparing future roadmaps. This, and other initiatives have provided an enabling environment for sustainability to thrive at Apollo Tyres.

The outcomes so far are not resting spots, but a clarion call for more vigorous and rigorous efforts to build on them.

Dear Member,

On behalf of the Board of Directors of your Company, we share with you the Annual Report along with the audited financial statements of your Company for the financial year ended March 31, 2017.

## FINANCIAL PERFORMANCE

The financial performance of the Company for the financial year ended March 31, 2017 is summarised below:

₹ Million

| Particulars | Year ended | | Year ended | |
|---|---|---|---|---|
| | March 31, 2017 | March 31, 2016 | March 31, 2017 | March 31, 2016 |
| | Standalone | | Consolidated | |
| Net Sales | 88,167 | 86,485 | 130,630 | 117,399 |
| Other Income | 2,524 | 3,125 | 2,712 | 1,767 |
| Operating Profit (EBIDTA) | 14,626 | 17,698 | 20,005 | 20,655 |
| Less: Depreciation/Amortisation Exp. | 2,882 | 2,652 | 4,618 | 4,268 |
| Finance Cost | 888 | 901 | 1,029 | 926 |
| Provision for Tax | 2,829 | 4,124 | 3,365 | 4,677 |
| Net Profit before Exceptional Items | 8,027 | 10,021 | 10,993 | 10,784 |
| Add: Exceptional Items | – | – | – | 478 |
| Less: Share of loss in Joint Ventures | – | – | 3 | 32 |
| Net Profit | 8,027 | 10,021 | 10,990 | 11,230 |

## OPERATIONS

The Indian tyre industry showed a volume growth of 12%, led primarily by the Passenger Vehicles, Scooters and Motorcycle/Moped segments. While the tyre production for Medium and Heavy Commercial Vehicles (M&HCV) de-grew by 3%, the tyre production for Light Commercial Vehicle (LCV) segment grew by 7%. Pick-up in rural demand, thanks to an above-normal monsoon is evident with the demand for all tractor tyres (front, rear and trailer) growing in double digits.

On a standalone basis, your Company achieved a net turnover of ₹ 88,167 million as against ₹ 86,485 million during the previous financial year. EBIDTA was at ₹ 14,626 million as compared to ₹ 17,698 million during the previous financial year. The net profit for the year under review was ₹ 8,027 million, as against ₹ 10,021 million in the previous fiscal.

The consolidated net turnover of your Company was ₹ 130,630 million during FY17, as compared to ₹ 117,399 million in FY16. The consolidated EBIDTA was ₹ 20,005 million for FY17 as compared to ₹ 20,655 million for the previous financial year. On consolidated basis, Apollo Tyres earned a net profit of ₹ 10,990 million for FY17 as against ₹ 11,230 million for the previous financial year.

## RAW MATERIALS

The year under review witnessed the raw material cost increasing by around 3% after 4 years of continued decline in raw material prices.

The first half of FY17 saw raw material prices ruling lower than the corresponding period in the last fiscal. The raw material prices rose sharply in the second half of FY17 over the same period last year putting pressure on the margins.

The OPEC oil pact in November 2016 acted as the trigger for reversal of the softening trend in commodity prices. OPEC members agreed to reduce their output from 33.7 million barrels/ day to 32.5 million barrels/ day. This led to Oil Prices (Brent Crude) breaching the barrier of USD 50/ barrel and prices have stayed in the band of USD 54 – 56/ barrel since then.

Natural Rubber prices started to rise during 2016 on the back of International Tripartite Rubber Council (ITRC) agreeing to continue export cutbacks through the implementation of the Agreed Export Tonnage Scheme (AETS) by major exporting countries. The prices rose sharply from November 2016 onwards due to floods in rubber producing regions of Thailand affecting the availability leading to supply crunch. The international rubber prices for TSR 20 grade touched a level of USD 2.3/kg in February 2017 from a level of USD 1.3/kg in August 2016 representing a 77% rise.

The demand-supply gap in Natural Rubber continued during the year. As per the Indian Rubber Board estimates, the shortfall in production in the country is likely to be around 3,74,000 MT. This shortfall together with the fact that rubber required for radial application needs to be imported from major producing countries such as Thailand and Indonesia leads to a significant dependence on imports of natural rubber.

The other major raw materials such as Synthetic Rubber, Carbon Black, Nylon Fabric also went up in the later part of the year. Synthetic rubber prices in particular spurted by around 40% aided by steep increase in the butadiene prices during the second half of the year.

The antidumping duty continues on imports of major raw materials - Carbon Black from China and Russia, Nylon Fabric from China, Rubber Chemicals from China, EU and Korea. The antidumping duty investigations have been initiated on the imports of Styrene Butadiene Rubber (SBR) and Poly Butadiene Rubber (PBR).

The Company strengthened its sourcing organisation by setting up procurement office in Singapore to work closely with the suppliers in the South East Asian region, having direct business with the manufacturers.

## DIVIDEND

Your Company has a consistent track record of dividend payment. The Directors are pleased to recommend a dividend of ₹ 3/- (300%) per share of ₹ 1/- each on Equity Share Capital of the Company for FY17 for your approval. There will be no tax deduction at source on dividend payments, but those shareholders receiving a dividend income exceeding ₹ 10 lakh, would become liable to pay additional tax @ 10%. Your Company would continue to bear tax on dividend @ 20.36%, inclusive of surcharge.

The dividend, if approved, shall be payable to the members holding shares as on record date, i.e. June 28, 2017.

## RESERVES

The amount available for appropriations, including surplus from previous year amounted to ₹ 33,826 million. Surplus of ₹ 32,731 million has been carried forward to the balance sheet. A debenture redemption reserve of ₹ 94 million and general reserve of ₹ 1,000 million has been provided.

## BOARD OF DIRECTORS

### A) Appointment/Re-appointment of Director

Mr. Paul Antony (DIN: 02239492), IAS, Additional Chief Secretary, was nominated by Government of Kerala as a Director on the Board of the Company in place of Mr. P. H. Kurian (DIN: 00027596) w.e.f. November 18, 2016.

Pursuant to the provisions of Section 152 (6) of the Companies Act, 2013, Mr. Paul Antony, (DIN: 02239492), Nominee Director of the Company, is liable to retire by rotation and being eligible, offers himself for re-appointment.

Mr. Paul Antony is not disqualified under Section 164(2) of the Companies Act, 2013.

### B) Changes in Directors and Key Managerial Personnel

During the year under review, except the nomination of Mr. Paul Antony, IAS, Additional Chief Secretary in place of Mr. P. H. Kurian to the Board of the Company by Government of Kerala w.e.f. November 18, 2016, there were no changes in Directors and Key Managerial Personnel of the Company.

### C) Declaration by Independent Directors

In terms with Section 149 (7) of the Companies Act, 2013, every Independent Director of the Company has submitted a declaration that they meet the criteria of Independence.

### D) Formal Annual Evaluation

Pursuant to the provisions of the Companies Act, 2013, the Board is required to carry out annual evaluation of its own performance and that of its committees and individual Directors. The Nomination and Remuneration Committee of the Board is also required to carry out evaluation of every Director's performance. Accordingly, your Company has carried out the performance evaluation during the year under review.

For annual performance evaluation of the Board as a whole, it's Committee(s) and individual Directors including the Chairman of the Board, the Company has formulated a questionnaire to assist in evaluation of the performance. The questionnaire is based on "Guidance Note on Board Evaluation" as prescribed by SEBI vide its circular dated January 5, 2017. Every Director has to fill the questionnaire related to the performance of the Board, its Committees and individual Directors except himself by rating the performance on each question on the scale of 1 to 5, 1 being Unacceptable and 5 being Exceptionally Good.

On the basis of the response to the questionnaire, a matrix reflecting the ratings was formulated and placed before the Board for formal annual evaluation by the Board of its own performance and that of its Committees and individual Directors. The Board was satisfied with the evaluation results.

### E) Separate Meeting of Independent Directors

In terms of requirements under Schedule IV of the Companies Act, 2013 and Regulation 25 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of the Independent Directors was held on December 16, 2016.

The Independent Directors at the meeting, inter alia, reviewed the following:-

- Performance of Non-Independent Directors and Board as a whole.
- Performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors.
- Assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

**F) Remuneration Policy**

The Board has, on the recommendation of the Nomination & Remuneration Committee, laid down a Nomination & Remuneration Policy for selection and appointment of the Directors, Key Managerial Personnel and Senior Management and their remuneration. The extract of the Nomination and Remuneration Policy provided in the Corporate Governance Report forms part of Board's Report.

## PRODUCT & MARKETING

In FY17, the APMEA operations continued its focus on key themes for the Indian market - consolidating its leadership position and expanding market share by introducing new products across segments. For other countries in the APMEA region, the objectives were to continue seeding the markets with country specific products, building brand salience and expanding the distribution network.

During the year, the Company expanded its TBR capacity of its Chennai unit from 6,000 units per day to 9,000 units per day. Benchmarked on both counts – quality and value, the Company TBR tyres are the preferred choice for major CV OEMs like Tata Motors, Ashok Leyland, Eicher Motors, Bharat Benz, etc.

It introduced new TBR products to cater to various applications including Apollo Endumile LHD, Apollo Enducomfort CA, etc. In the TBB market, the Company introduced premium products like Amar Gold and XT-7. To further enhance the customer experience, the Company expanded its network of Apollo CV zones to 15 and increased the Apollo Retread Zone network in India. The Company did multiple high impact programs like 'Apollo Aazadi Ke Rang' and 'Load ka Champion' to engage with the customers. In the Passenger Car segment, the Company increased the reach for its top selling product - Amazer 4G Life, by another 13 new sizes. Further, the Company's branded retail network increased to 290 stores spread across 150 cities. From an OE perspective, the Company's tyres are an OE fitment to 16 of the Top 20 cars on Indian roads. Within the first year of launch, Apollo crossed the 1 million tyre mark in the two-wheelers category. The Company continued its association with Manchester United as it signed a global sponsorship agreement for another 3 years.

The Europe operations continued to build on its Agriculture portfolio as it unveiled nine new sizes of the Traxion85 range. The Company's dedicated satellite R&D centre in Raunheim (Frankfurt), Germany continues to work towards establishing ties with leading German OE customers for both Apollo and Vredestein brands. Further, the Vredestein brand became official tyre partner of Mille Miglia, a race for classic and vintage cars.

## EXPANSION PROGRAMME AND FUTURE OUTLOOK

Apollo Tyres will continue its three-pronged strategy:

- To consolidate market position in existing markets and seek new markets/ new segments;
- To continue investment in both the brands - Apollo and Vredestein and capacity expansion via Greenfield/ Brownfield facilities; and
- To seek other growth opportunities.

The Company has announced plans to set up a plant in Andhra Pradesh, India.

With the commencement of the commercial production of the Hungarian plant, the Company hopes to increase the continuous and regular supply of its highly rated tyres to the European customers. The Company will further strengthen its portfolio, especially the all-season given the strong industry and Company growth in this segment. The Company strategy around Premiumisation in PV segment will further see growth in the 17 inch and above segment. Importantly, the Company wants to replicate its TBR success story in European market and launched a disruptive online model to enter the European CV segment.

## MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments affecting the financial position of your Company have occurred between the end of the financial year of the Company to which the financial statements relate and on the date of this report.

## SIGNIFICANT MATERIAL ORDERS PASSED BY REGULATORS

No significant material orders have been passed during the year under review by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

## CHANGE IN THE NATURE OF BUSINESS, IF ANY

There is no change in the nature of business of your Company during the year under review.

## INTERNAL FINANCIAL CONTROLS

The Company has identified and documented all key internal financial controls as part of standard operating procedures (SOPs). The SOPs are designed for all critical processes across all plants, warehouses and offices wherein financial transactions are undertaken. The SOPs cover the standard processes, risks, key controls and each process is identified to a process owner. In addition, the Company has a well defined Financial Delegation of Authority (FDOA), which ensures approval of financial transaction by appropriate personnel.

The Company uses SAP-ERP to process financial transactions and maintain its books of accounts. The SAP has been setup to ensure adequacy of financial transactions and integrity & reliability of financial reporting. SAP was implemented in the Europe (Netherlands operation) in the previous year with continued work on the same in the current year and it is under implementation at the Company's Greenfield plant in Hungary.

The financial controls are evaluated for operating effectiveness through Management's ongoing monitoring and review process and independently by Internal Audit. The testing of controls by Internal Audit are divided into three separate categories; a) automated controls within SAP, b) segregation of duties within SAP and restricted access to key transactions, c) manual process controls.

In our view the Internal Financial Controls are adequate and are operating effectively.

## SHIFTING OF REGISTERED OFFICE

The Registered Office of your Company has been shifted to 3rd Floor, Areekal Mansion, Near Manorama Junction, Panampilly Nagar, Kochi – 682036 w.e.f. May 1, 2016.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As required by Regulation 34 (2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a detailed Management Discussion and Analysis Report is presented in a separate section forming part of the Annual Report.

## COMMENCEMENT OF PRODUCTION AT HUNGARY PLANT

The Company's 6th tyre manufacturing unit and second in Europe at Gyongyoshalasz, Hungary was inaugurated by the Honourable Prime Minister of Hungary, Mr. Viktor Orban on April 7, 2017. This is Company's first greenfield facility outside India.

This facility will help the Company to further increase its presence and market share in Europe. From being only a replacement market focussed company in Europe, the Company would soon be starting supplies of passenger car tyres to all the leading OEs in Europe.

## GLOBAL R&D CENTRE, ASIA

The Company's 2nd Global R&D Centre, Asia, just outside the southern Indian city of Chennai, was inaugurated on November 9, 2016. First Global R&D Centre, Europe is in Enschede, the Netherlands, which is operational since 2013. The two Global R&D Centres of Apollo Tyres, in addition to the core research, service the product development needs of the respective regions. The Global R&D Centre, Europe services the Europe and America region while the Global R&D Centre, Asia, services the product development needs for the entire India, Asia Pacific, Middle East & Africa region.

## SUBSIDIARY/ASSOCIATE & JOINT VENTURE COMPANIES

As the Company follows its vision to become a global tyre brand of choice, it created multiple subsidiaries/ associates for facilitating these operations in various countries. As on March 31, 2017, your Company had 42 subsidiaries including step subsidiaries, 1 associate and 1 joint venture.

The Hon'ble High Court of Kerala on August 26, 2016, had sanctioned the scheme of amalgamation of Apollo (Mauritius) Holdings Pvt. Ltd. ("AMHPL"), a wholly owned subsidiary, with the Company. The appointed date of amalgamation was April 1, 2016.

The Corporate and Business Registration Department, Mauritius, vide its letter dated December 7, 2016, had approved the amalgamation of AMHPL with the Company thereby removing the name of AMHPL from its register. AMHPL was amalgamated with the Company with effect from December 7, 2016.

Apollo Tyres Cooperatief U.A. had incorporated Saturn F1 Pvt. Ltd, as its wholly owned subsidiary on September 16, 2016 in United Kingdom.

Apollo Tyres Cooperatief U.A. had incorporated Retail Distribution Holding B.V., as its wholly owned subsidiary on February 14, 2017 in Netherlands.

Apollo Tyres Cooperatief U.A had incorporated Rubber Research LLC, as its wholly owned subsidiary on February 16, 2017 in United States of America.

Apollo Tyres (Cyprus) Pvt. Ltd., wholly owned subsidiary of the Company is under winding up.

Vredestein Norge AS, wholly owned subsidiary of Apollo Vredestein B.V. was wound up on March 21, 2017.

As per the provisions of Section 129 of the Companies Act, 2013, the consolidated financial statements of the Company and its subsidiaries are attached in the Annual Report. A statement containing brief financial details of all the subsidiaries of the Company for the year ended March 31, 2017, forms part of the Annual Report. The annual accounts of subsidiary companies will be made available to shareholders on request and will also be kept for inspection by any shareholder at the Registered Office and Corporate Office of your Company. A statement in Form AOC-1 containing the salient features of the financial statements of the Company's subsidiaries, associate and joint venture is also attached with financial statements.

## DEBENTURES

The following series of Secured Redeemable Non-Convertible Debentures (NCDs) were issued and allotted during the year under review through Private Placement:-

| Sl.No | Series of NCDs | No. of NCDs @ Face Value ₹ 10,00,000 each | Value (₹ in Million) | Date of Allotment |
|---|---|---|---|---|
| 1 | 8.65% Series A, B & C | 3,250 | 3,250 | May 30, 2016 |
| 2 | 7.50% Series A, B & C | 3,000 | 3,000 | October 21, 2016 |

The aforesaid NCDs are listed on the debt segment of the National Stock Exchange of India Limited (NSE).

## DEPOSITS

During the year under review, your Company did not accept deposits covered under Chapter V of the Companies Act, 2013.

## AUDITORS

Pursuant to Section 139 (2) of the Companies Act, 2013, read with Companies (Audit and Auditors) Rules, 2014, the Company at its 41st Annual General Meeting (AGM) held on August 6, 2014, had appointed M/s. Deloitte Haskins & Sells as Statutory Auditors for a period of 3 years i.e, up to the conclusion of the 44th AGM to be held in the year 2017. The present term of M/s. Deloitte Haskins & Sells, Statutory Auditors, would expire at the conclusion of the ensuing AGM.

The Board of Directors of your Company has proposed the appointment of M/s. Walker Chandiok & Associates, Chartered Accountants (Grant Thornton International Ltd.), as the Statutory Auditors of the Company to hold office from the conclusion of this 44th AGM until the conclusion of the 49th AGM.

The Company has received a letter from the Auditors confirming that they are eligible for appointment as Statutory Auditors of the Company under Section 139 of Companies Act, 2013 and meet the criteria for appointment specified in Section 141 of the Companies Act, 2013.

## AUDITORS' REPORT

The comments on statement of accounts referred to in the report of the Auditors are self explanatory. The Auditors' Report does not contain any qualification, reservation or adverse remark.

## COST AUDIT

M/s. N. P. Gopalakrishnan & Co., Cost Accountants, were appointed with the approval of the Board to carry out the Cost Audit in respect of the Company's facilities at Perambra, Vadodara and Chennai as well as Company's lease operated plant at Kalamassery for FY17.

Based on the recommendation of the Audit Committee, M/s. N. P. Gopalakrishnan & Co., Cost Accountants, being eligible, have also been appointed by the Board as the Cost Auditors for FY18 subject to members approval. The Company has received a letter from them to the effect that their re-appointment would be within the limits prescribed under Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified for such re-appointment within the meaning of Section 141 of the Companies Act, 2013.

## MEETING OF THE BOARD OF DIRECTORS

A calendar of meetings is prepared and circulated in advance to the Directors. During the year, four Board meetings were convened and held. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The details of all Board/ Committee meetings held are given in the Corporate Governance Report.

## AUDIT COMMITTEE

The details of the Audit Committee including its composition and terms of reference mentioned in the Corporate Governance Report forms part of Board's Report.

The Board, during the year under review, had accepted all recommendations made to it by the Audit Committee.

## VIGIL MECHANISM WHISTLE BLOWER POLICY

The Company has formulated a vigil mechanism through Whistle Blower Policy to deal with instances of unethical behaviour, actual or suspected, fraud or violation of Company's code of conduct or ethics policy. The details of the policy are explained in the Corporate Governance Report and also posted on the website of the Company.

## COMMITTEES OF BOARD

Pursuant to requirement under Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors has constituted various Committees of Board such as Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee, Business Responsibility Committee and Corporate Social Responsibility Committee. The details of composition and terms of reference of these Committees are mentioned in the Corporate Governance Report.

## SHARE CAPITAL

During the year under review, the Issued, Subscribed and Paid-up Share Capital of the Company was 50,90,24,770 shares of ₹ 1/- each. There was no change in the capital structure of the Company.

a) **Issue of equity shares with differential rights**
Your Company has not issued any equity shares with differential rights during the year under review.

b) **Issue of sweat equity shares**
Your Company has not issued any sweat equity shares during the year under review.

c) **Issue of employee stock options**
Your Company has not issued any employee stock options during the year under review.

d) **Provision of money by company for purchase of its own shares by employees or by trustees for the benefit of employees**
Your Company has not made any provision of money for purchase of its own Shares by employees or by trustees for the benefit of employees during the year under review.

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

During the year under review, your Company has not given any loan or guarantee which is covered under the provisions of Section 186 of the Companies Act, 2013. However, details of investment made during the year, are given under notes to the financial statements.

## RELATED PARTY TRANSACTIONS

All contracts/ arrangements/ transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis and do not attract the provisions of Section 188 of the Companies Act, 2013. During the year, the Company had not entered into any contract/ arrangement/ transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

Suitable disclosure as required by the applicable Accounting Standards has been made in the notes to the financial statements. The Policy on Related Party Transactions as approved by the Board is uploaded on the Company's website.

## MANAGERIAL REMUNERATION

a) The details required pursuant to Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided in the Corporate Governance Report.

b) During the year under review, Mr. Neeraj Kanwar (DIN: 00058951), Vice Chairman & Managing Director also received remuneration from Apollo Tyres (UK) Pvt. Ltd., wholly owned subsidiary of the Company.

## PARTICULARS OF EMPLOYEES

Particulars of employees as required in terms of the provisions of Section 197 of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are set out in Annexure A to the Board's Report.

## SEXUAL HARASSMENT AT WORKPLACE

Your Company has in place a formal policy for prevention of sexual harassment of its employees at workplace.

During the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company has re-appointed M/s. PI & Associates, Company Secretaries as Secretarial Auditor of the Company for FY17 to undertake Secretarial Audit of the Company.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark. Secretarial Audit Report given by Secretarial Auditors is annexed with the report as Annexure I.

## AWARDS AND RECOGNITIONS

In its constant quest for growth and excellence, your Company was honoured and recognised at various forums. The prominent Awards are listed below for your reference.

| Name of the Award | Category | Awarded by |
|---|---|---|
| Best Corporate Citizen Award | CSR initiatives | Kerala Chapter of National Institute of Personnel Management (NIPM) |
| CSR Excellence Award 2016 | Promoting Ecological and Environmental Sustainability | Bureaucracy Today (BT) |
| ICQCC 2016 | Quality | The Association of QC Headquarters of Thailand in co-operation with Department of Industrial Promotion, Ministry of Industry |
| Corporate Talent Championship 2016 | Group Theatre | Engage4more |
| CSR Excellence Award 2016 | CSR initiatives | Quality Circle Forum of India |
| Sparsha Award 2016 | CSR initiatives | National Institute of Industrial Engineering (NITIE) and LakshyaSM |
| Golden Peacock Award for Excellence in Corporate Governance 2016 - Special Commendation | Corporate Governance | India's Corporate Institute of Directors (IOD) |
| NDTV Architecture and Design Award 2016 | Office Category | NDTV Architecture and Design Award for Apollo Tyres R&D Centre |
| 2015/16 Vision Awards | Annual Report;<br>Annual Report - Best Letter to Shareholders;<br>Annual Report - Top 50 Reports Worldwide | League of American Communications Professionals (LACP) |

## RISK MANAGEMENT

The Company has a well laid out Risk Management Policy, covering the process of identifying, assessing, mitigating, reporting and reviewing critical risks impacting the achievement of Company's objectives.

The Risk Management Steering Committees have been formed for APMEA and Europe regions which are headed by President (APMEA) and President (Europe) as Chairman of the respective Committees and represented by the functional heads as Chief Risk Officers. The Committees review each risk on a quarterly basis and evaluate its impact and plans of mitigation. The risks are documented in form of risk register, which are placed before Audit Committee, at its meeting(s). The Audit Committee of the Company reviews the risks of APMEA and Europe regions and provides its directions to the management, if any. The audit committee updates the Board on the key risks placed before it.

## CORPORATE SOCIAL RESPONSIBILITY

Your Company has been taking initiatives under Corporate Social Responsibility (CSR) for society at large, well before it has been prescribed through the Companies Act, 2013. The Company has a well defined Policy on CSR as per the requirement of Section 135 of the Companies Act, 2013 which covers the activities as prescribed under Schedule VII of the Companies Act, 2013. The Company has an in-house department which is exclusively working towards that Objective. The Company is carrying out its CSR Activities through registered trusts created by the Company for this purpose and which is monitored by CSR Committee.

During the year under review, your Company has carried out activities primarily related to promoting preventive healthcare, ensuring environmental sustainability, livelihood enhancement projects, rural development projects, promoting education and eradication of hunger, poverty & malnutrition.

Corporate Social Responsibility Report, pursuant to clause (o) of sub-section (3) of Section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014 forms part of this Report as Annexure II.

## BUSINESS RESPONSIBILITY REPORT

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandates the top 500 Listed Companies by Market capitalisation to give Business Responsibility Report ("BR Report") in their Annual Report effective from April 1, 2016.

Your Company falls under the top 500 Listed Companies by market capitalisation. Accordingly, a BR Report describing the initiatives taken by the Company from an environmental, social and governance perspective, forms part of this Report as Annexure III.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars required under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo, are given in Annexure IV, forming part of this report.

## EXTRACT OF THE ANNUAL RETURN

The extract of the annual return in Form MGT– 9 is enclosed herewith as Annexure V, forming part of this report.

## CORPORATE GOVERNANCE REPORT

Your Company always places major thrust on managing its affairs with diligence, transparency, responsibility and accountability thereby upholding the important dictum that an organisation's corporate governance philosophy is directly linked to high performance.

The Company is committed to adopting and adhering to established world-class corporate governance practices. The Company understands and respects its fiduciary role and responsibility towards its stakeholders and society at large, and strives to serve their interests, resulting in creation of value and wealth for all stakeholders.

The compliance report on corporate governance and a certificate from M/s. Deloitte Haskins & Sells, Chartered Accountants, Statutory Auditors of the Company, regarding compliance of the conditions of corporate governance, as stipulated under Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is attached herewith as Annexure VI to this report.

## DIRECTORS' RESPONSIBILITY STATEMENT

As required by Section 134(3)(c) of the Companies Act, 2013, your Directors state that:

(a) in the preparation of the annual accounts for the financial year ended March 31, 2017, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

(c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the Directors had prepared the annual accounts on a going concern basis;

(e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

(f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## ACKNOWLEDGEMENT

Your Company's organisational culture upholds professionalism, integrity and continuous improvement across all functions, as well as efficient utilisation of the Company's resources for sustainable and profitable growth.

Your Directors wish to place on record their appreciation to the respective State Governments of Kerala, Gujarat, Haryana and Tamil Nadu, and the National Governments of India, Netherlands and Hungary. We also thank our customers, business partners, members, bankers and other stakeholders for their continued support during the year. We place on record our appreciation for the contribution made by all employees towards the growth of your Company.

For and on behalf of the Board of Directors

Place: Gurgaon (ONKAR S. KANWAR)
Date: May 5, 2017 Chairman & Managing Director

# ANNEXURE I

## SECRETARIAL AUDIT REPORT
### FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Apollo Tyres Limited.
(L25111KL1972PLC002449)

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Apollo Tyres Limited** (hereinafter referred to as "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company, books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent based on the management representation letter/ confirmation, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017, according to the provisions of:

(i) The Companies Act, 2013 ('the Act') and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ***(not applicable during the period of audit)***;

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 ***(not applicable during the period of audit)***; and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 ***(not applicable during the period of audit)***;

(vi) I further report that with respect to the compliance of the below mentioned laws, we have relied on the compliance system prevailing in the Company and on the basis of representation received from the management :

(a) Applicable Labour Laws

(b) Applicable Environment Laws

(c) Applicable Direct and Indirect Tax laws

(d) Arms Act , 1959

(e) Chennai City Municipal Corporation Act 1919 and rules made thereunder

(f) Cigarettes & Other Tobacco Products Act, 2003 & Prohibition of Smoking in Public Places Rules,2008

(g) Electricity Act, 2003, and Indian Electricity Rules, 1956/2005

(h) Explosives Act, 1884 and rules made thereunder

(i) Food Safety and Standards Act, 2006 and rules made thereunder

(j) Foreign Trade ( Development & Regulation) Act, 1992 and Foreign Trade ( Regulation) Rules,1993

(k) Foreign Trade Policy

(l) Gujarat Panchayats, Municipalities, Municipal Corporations Act, 1976 and rules made thereunder

(m) Gujarat Panchayats, Municipalities, Municipal Corporations and State Tax on Act, 1976 and rules made thereunder

(n) Haryana Lifts and Escalators Act, 2008 and rules made thereunder

(o) Information Technology Act , 2000 and rules made thereunder

(p) Kerala Municipality Act , 1994 and rules made thereunder

(q) Legal Metrology Act , 2009 and rules made thereunder

(r) Motor Vehicles Act, 1988 and rules made thereunder

(s) Petroleum Act, 1934 and rules made thereunder

(t) Public Liability Insurance Act, 1991 and rules made thereunder

(u) Punjab Shops and Commercial Establishment Act 1958 and rules made thereunder

(v) Shipping Bill and Bill of Export (Form) Regulations, 1991

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India

(ii) Securities Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned.

**We further report that:** The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period, the following events took place in the Company and details of which are as follows:

i. The Company had passed the special resolutions by way of postal ballot to raise fund of ₹ 7500 million through Private Placement of Unsecured/Secured Non-Convertible Debentures.

ii. The Company had passed the special resolution by way of postal ballot to raise fund of Rs. Rs. 15000 million through equity/equity linked-debt instruments/other instruments with or without warrants.

iii. Hon'ble High Court of Kerala sanctioned the Scheme of Amalgamation/Merger of Apollo (Mauritius) Holding Limited, wholly owned subsidiary, with the Company.

For PI and Associates,
Company Secretaries

Ankit Singhi
(Partner)
ACS/FCS No.:A20642
C P No.: 16274

Place: New Delhi
Date: May 4, 2017

This report is to be read with our letter of even date which is annexed as "Annexure A" and forms an integral part of this report.

# Annexure A

To,
The Members,
Apollo Tyres Limited.

Our Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our Responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulation and happening of events etc.

5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards are the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For PI and Associates,
Company Secretaries

Ankit Singhi
(Partner)
ACS/FCS No.:A20642
C P No.: 16274

Place: New Delhi
Date: May 4, 2017

# ANNEXURE II

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR FY17

**1. Outline of Company's CSR Policy**

CSR initiatives are categorised into Environment and Social, are strategically aligned with local, national and international development goals, and are delivered through **Apollo Tyres Foundation**. These are designed through a participatory approach, keeping in mind the requirements of the community.

Under environment vertical, projects are divided into four themes such as Biodiversity Conservation, Climate Change Mitigation, Watershed Management and Waste Management. In social category, projects are broadly divided in two areas i.e. Health & Community Development. Projects range from enhancing accessibility to drinking water for communities, to restoring degraded ponds, to provide health services for customers in transport hubs and to introducing livelihood initiatives in communities.

CSR policy of Apollo covers all the activities which are mentioned in Schedule VII of Companies Act, 2013 but does not include the following:

- Activities undertaken in pursuance of normal course of business of the Company.
- Activities that benefit only the employees of the Company and their families.
- Contribution to any political party.

**Projects or Programs proposed to be undertaken**

Following are the proposed initiatives which will be undertaken by the Company:

**Environmental Initiatives**

- Tree plantation with objective of carbon sequestering (programme already initiated).
- Pond Management projects around all the manufacturing locations in India (already initiated).
- Waste Management projects in different Transport Nagars (already initiated).
- Water Project around community in Chennai (already initiated).
- Conservation and maintenance of biodiversity parks in Kochi.
- Mangrove Conservation Project in Kannur district, Kerala (already initiated).
- Conservation of Chalakudy River -10 Km stretch, Kochi (already initiated).

**Social Initiatives**

- HIV-AIDS Awareness & Prevention programme for migrants in partnership with Elton John AIDS Foundation, Delhi (already initiated).
- Integration of Vision Care Project in 6 locations.
- Expansion of livelihood initiatives in 9 new villages in Baroda in 2017-18.
- Preventive health and livelihood projects with Tapper's family in Kottayam.
- Toilet construction sanitation projects in the villages around Chennai plant.
- Introduction of improved farming practice in one village near Chennai plant.
- Introduction of job counseling and employability training for ITI & Engineering Graduates in Kochi & Chennai (already started).
- Computer literacy project in five schools around Chennai plant (already started).

**Philanthropic Initiatives**

- Support to Kabliji Hospital for underprivileged.
- Sponsorship of education of underprivileged girls in Uttarakhand (Him Jyoti School).
- Monthly ration support to the underprivileged people (The Earth Saviors Foundation).
- Support to the education of disabled (Madav Rao Scindia Golf Club).
- Feeding the people outside of AIIMS hospital (Delhi Langar Society).

**Web-link**

The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same is placed on the Company's website and the web link for the same is https://corporate.apollotyres.com/en-in/responsibility/policies-documents/.

**2. The Composition of the CSR Committee**

CSR Committee comprising of following Directors:

a. Mr. Onkar S. Kanwar, as Chairman of the Committee.

b. Dr. S. Narayan, as Member of the Committee.

c. Mr. Sunam Sarkar, as Member of the Committee.

d. General Bikram Singh (Retd.), as Member of the Committee.

The Company Secretary acts as the Secretary of the Committee.

3. Average net profit of the Company for last three financial years: ₹ **9218.51 Million.**

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ₹ **184.37 Million.**

5. Details of CSR spent during the financial year: ₹ **184.40 Million.**
   (a) Total amount to be spent for the financial year: ₹ **184.37 Million.**

   (b) Amount unspent, if any: **Nil**

(c) Manner in which the amount spent during the financial year is detailed below:

₹ Million

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|---|---|---|---|---|---|---|---|
| Sl. No. | CSR project or activity identified | Sector in which the Project is covered | Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken | Amount outlay (budget) project or programs wise | Amount spent on the projects or programs Sub–heads: (1) Direct expenditure on projects or programs (2) Overheads | Cumulative expenditure up to the reporting period | Amount spent: Direct or through Implementing agency* |
| 1 | Community Solid Waste Management project; clean my Transport Nagar | Ensuring Environment Sustainability | Clean My Transport Nagar, Agra, Uttar Pradesh | 1.92 | 1.89 | 1.89 | Adarsh Seva Samiti |
| 2 | Community solid waste management project; Clean My Transport Nagar | Ensuring environmental sustainability | Clean My Transport Nagar, Chennai, Tamil Nadu | 3.12 | 3.03 | 3.03 | Citizen consumer and civic Action Group |
| 3 | Community solid waste management project; Clean My Transport Nagar | Ensuring environmental sustainability | Clean My Transport Nagar, Delhi | 3.76 | 3.80 | 3.80 | Apollo Tyres Foundation |
| 4 | Community solid waste management project; Clean My Transport Nagar | Ensuring environmental sustainability | Clean My Transport Nagar, Jaipur, Rajasthan | 2.48 | 2.45 | 2.45 | R K Sansthan |
| 5 | Community solid waste management project; Clean My Transport Nagar | Ensuring environmental sustainability | Clean My Transport Nagar, Jodhpur, Rajasthan | 2.48 | 2.42 | 2.42 | Gramin Swabhiman Sansthan |
| 6 | Community solid waste management project; Clean My Transport Nagar | Ensuring environmental sustainability | Clean My Transport Nagar, Kanpur, Uttar Pradesh | 2.94 | 2.75 | 2.75 | Muskan Jyoti Samiti |
| 7 | Community solid waste management project; Clean My Transport Nagar | Ensuring environmental sustainability | Clean My Transport Nagar, Kolkata, West Bengal | 1.19 | 1.15 | 1.15 | Society For Direct Initiative For Social And Health Action |
| 8 | Community solid waste management project; Clean My Transport Nagar | Ensuring environmental sustainability | Clean My Transport Nagar, Mumbai, Maharashtra | 2.72 | 1.95 | 1.95 | Sampurn (E)arth Environment Solutions Pvt. Ltd. |

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|---|---|---|---|---|---|---|---|
| 9 | Baseline study for solid waste management project at Transport Nagar | Ensuring environmental sustainability | Telangana, West Bengal | 0.26 | 0.26 | 0.26 | Mott MacDonald Pvt. Ltd. |
| 10 | Quality assurance survey for solid waste management | Ensuring environmental sustainability | Clean My Transport Nagar, Delhi | 0.02 | 0.02 | 0.02 | TUV India Pvt. Ltd. |
| 11 | Audit Protocol development for CMTN project | Ensuring environmental sustainability | Clean My Transport Nagar, Delhi | 0.35 | 0.35 | 0.35 | Environmental Resources Foundation |
| 12 | Community solid waste management project; Clean My Village | Ensuring environmental sustainability | Gujarat | 3.29 | 3.29 | 3.29 | Harsidhdhi Corporation Pvt. Ltd. |
| 13 | Pond Restoration project | Ensuring environmental sustainability | Dolapura, Baroda, Gujarat | 0.43 | 0.32 | 0.32 | Parth Uday Shah |
| 14 | Pond Restoration project (Water quality assesment) | Ensuring environmental sustainability | Alwa & Limda, Baroda, Gujarat | 0.63 | 0.63 | 0.63 | Gujarat Ecology Society |
| 15 | Community solid waste management project | Ensuring environmental sustainability | Clean My Village, Chennai, Tamil Nadu | 2.25 | 2.27 | 2.27 | Help Foundation |
| 16 | Baseline study on waste management | Ensuring environmental sustainability | Vallakottai & Eraiyur Panchayat, Chennai, Tamil Nadu | 0.38 | 0.38 | 0.38 | Zion Research & Consulting |
| 17 | Community solid waste management project | Ensuring environmental sustainability | Clean My Village, Chennai, Tamil Nadu | 2.42 | 2.41 | 2.41 | World Heritage Trust |
| 18 | Play structure in Govt. schools | Ensuring environmental sustainability | Oragadam, Sennakuppam & Mathur Village, Kancheepuram District, Chennai, Tamil Nadu | 0.30 | 0.31 | 0.31 | Sri Sun Flower |
| 19 | ELT play ground research | Ensuring environmental sustainability | Chennai, Tamil Nadu | 0.28 | 0.28 | 0.28 | E-Square Solutions |
| 20 | Biodiversity-Greening work near pond and water plant area | Ensuring environmental sustainability | Oragadam, Sennakuppam & Mathur Village, Kancheepuram District, Chennai, Tamil Nadu | 2.66 | 2.67 | 2.67 | Sri Sun Flower, SMB Engineering & B.S. Enterprises |
| 21 | Pond management project | Ensuring environmental sustainability | Nallathanni & Sennanthangal, Kancheepuram District, Chennai, Tamil Nadu | 10.27 | 10.32 | 10.32 | Thrust Geo Consultants Private Limited & SMB Engineering |
| 22 | Project for solar bus stand | Ensuring environmental sustainability | Chennai, Tamil Nadu | 0.29 | 0.29 | 0.29 | Centre for Environmental Research & Education |
| 23 | Tree plantation & Livelihood project | Ensuring environmental sustainability | Sennakuppam & Valakottai panchayat, Chennai, Tamil Nadu | 3.86 | 3.86 | 3.86 | TIST Tree Planting India Private Limited |
| 24 | Community solid waste management project | Ensuring environmental sustainability | Clean My Village, Kodakara Panchayat, Kerala | 3.01 | 3.02 | 3.02 | Plan@ Earth, Maria Engineering Works & Apollo Tyres Foundation |

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|---|---|---|---|---|---|---|---|
| 25 | Pond management project | Ensuring environmental sustainability | Pond management project, Kodakara, Kerala | 5.06 | 4.88 | 4.88 | Tropical Institute of Ecological Science, Delwin Devis, K K Varghese, Rudra Global Business Centre & Santhoshkumar P |
| 26 | Mangrove project | Ensuring environmental sustainability | Thrissur, Kerala | 3.05 | 3.05 | 3.05 | Wildlife Trust of India & Apollo Tyres Foundation |
| 27 | Remote Sensing Study for Mangrove | Ensuring environmental sustainability | Thrissur, Kerala | 0.32 | 0.32 | 0.32 | Nansen Environmental Research Centre (India) |
| 28 | Water conservation project of Chalakudy river | Ensuring environmental sustainability | Chalakudy, Kerala | 0.71 | 0.74 | 0.74 | Tropical Institute of Ecological Science |
| 29 | Chalakudy park maintenance | Ensuring environmental sustainability | Chalakudy, Kerala | 0.27 | 0.27 | 0.27 | Tropical Institute of Ecological Science |
| 30 | Impact Assessment of Brand equity | Ensuring environmental sustainability | Baroda, Gujarat | 1.20 | 1.20 | 1.20 | Knight Frank India Pvt. Ltd. |
| 31 | Monthly Ration support for the under privileged people | Eradication hunger, poverty & malnutrition | Gurgaon, Haryana | 3.00 | 3.21 | 3.21 | The Earth Saviours |
| 32 | Monthly Ration support for the under privileged people | Eradication hunger, poverty & malnutrition | New Delhi | 0.30 | 0.30 | 0.30 | Delhi Langar Seva Society |
| 33 | Skill building & income generation projects for the community | Livelihood enhancement projects | Waghodiya Taluka, Baroda, Gujarat | 4.88 | 5.22 | 5.22 | Apollo Tyres Foundation, Aayush Enterprises, Agomani Sengupta, Jagrutiben Hemant Sawant, Maa Ambica Enterprise, Green Bench Media Pvt. Ltd., Frames Creation, Fables, Live Wire Pvt. Ltd., Sign Plus |
| 34 | Skill building & income generation project for the community | Livelihood enhancement projects | Waghodiya Taluka, Baroda, Gujarat | 0.63 | 0.63 | 0.63 | Vatsalya Foundation |
| 35 | Skill building & income generation project for the community | Livelihood enhancement projects | Waghodiya Taluka, Baroda, Gujarat | 0.33 | 0.33 | 0.33 | S A Mirza |
| 36 | Skill generation in various trades for women | Livelihood Enhancement Projects | Kottayam, Kerala | 1.93 | 1.94 | 1.94 | Jawaharlal Memorial Social Welfare and Public Co-Operation Centre |
| 37 | Terrace farming project in Kodakara panchayat | Livelihood Enhancement Projects | Kodakara Panchayat, Perambra, Kerala | 0.71 | 0.73 | 0.73 | Tropical Institute of Ecological Science & Rajagiri Outreach |
| 38 | Computer literacy to Govt. School children | Promoting Education | Sennakuppam & Valakottai panchayat, Chennai, Tamil Nadu | 1.34 | 1.33 | 1.33 | Bhumi |

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|---|---|---|---|---|---|---|---|
| 39 | Baseline study on computer literacy | Promoting Education | Mathur & Sennakuppam Panchayat, Chennai, Tamil Nadu | 0.28 | 0.28 | 0.28 | Zion Research & Consulting |
| 40 | Skill Development Programme-Youth | Promoting Education | Sennakuppam & Valakottai panchayat, Chennai, Tamil Nadu | 0.38 | 0.38 | 0.38 | TMI E2E Academy Private Limited |
| 41 | Skill Development Programme-Youth | Promoting Education | Kodakara Panchayat, Perambra, Kerala | 0.62 | 0.62 | 0.62 | 3J Consulting Private Limited |
| 42 | Road Safety Awareness Programme | Promoting Education | Kodakara Panchayat, Perambra, Kerala | 0.63 | 0.63 | 0.63 | Swift Systems |
| 43 | Road Safety Awareness Programme | Promoting Education | Kodakara Panchayat, Perambra, Kerala | 0.36 | 0.37 | 0.37 | IL And FS Education And Tech Services Limited, Fables |
| 44 | Education support to under privileged children | Promoting Education | Delhi | 0.45 | 0.45 | 0.45 | Madhavrao Scindia Foundation |
| 45 | Education support to 50 under privileged girls | Promoting Education | Dehradun, Uttarakhand | 3.00 | 3.00 | 3.00 | Himalayan School Society |
| 46 | Education support to under privileged girl | Promoting Education | Mumbai, Maharashtra | 0.19 | 0.09 | 0.09 | Masoom |
| 47 | Education support to under privileged children | Promoting Education | Delhi | 0.60 | 0.60 | 0.60 | Christel House India |
| 48 | Support for Indian Art | Promoting Education | Kerala | 1.00 | 1.00 | 1.00 | Kochi Biennale Foundation |
| 49 | Capacity Building of Staffs & Volunteers | Promoting Education | Delhi | 1.59 | 1.64 | 1.64 | Apollo Tyres Foundation |
| 50 | HIV-AIDS awareness & prevention programme (Targeted Intervention) | Promoting Preventive Health | Apollo Tyres Health Care Centre, Agra, Uttar Pradesh | 2.56 | 2.51 | 2.51 | Jan Chetna Sewa Samiti |
| 51 | HIV-AIDS awareness & prevention programme (Targeted Intervention) | Promoting Preventive Health | Apollo Tyres Health Care Centre, Ankleshwar, Gujarat | 2.06 | 1.93 | 1.93 | Lok Vikas Sanstha |
| 52 | HIV-AIDS awareness & prevention programme (Targeted Intervention) | Promoting Preventive Health | Apollo Tyres Health Care Centre, Bengaluru, Karnataka | 2.68 | 2.72 | 2.72 | Hindustan Latex Family Planning Promotion Trust |
| 53 | HIV-AIDS awareness & prevention programme (Targeted Intervention) | Promoting Preventive Health | Health Care Centre, Barmana, Himachal Pradesh | 1.14 | 1.11 | 1.11 | Himachal Pradesh Voluntary Health Association |
| 54 | HIV-AIDS awareness & prevention programme (Targeted Intervention) | Promoting Preventive Health | Apollo Tyres Health Care Centre, Chennai, Tamil Nadu | 2.05 | 2.03 | 2.03 | Confederation of Surface Transport Tamil Nadu |

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|---|---|---|---|---|---|---|---|
| 55 | HIV-AIDS awareness & prevention programme (Targeted Intervention) | Promoting Preventive Health | Apollo Tyres Health Care Centre, Kochi, Kerala | 2.64 | 2.61 | 2.61 | Rajiv Youth Foundation |
| 56 | HIV-AIDS awareness & prevention programme (Targeted Intervention) | Promoting Preventive Health | Apollo Tyres Health Care Centre, Delhi | 6.20 | 6.08 | 6.08 | Apollo Tyres Foundation |
| 57 | HIV-AIDS awareness & prevention programme (Targeted Intervention) | Promoting Preventive Health | Health Care Centre, Farakka, West Bengal | 1.32 | 1.29 | 1.29 | Ambuja Cement Foundation |
| 58 | HIV-AIDS awareness & prevention programme (Targeted Intervention) | Promoting Preventive Health | Apollo Tyres Health Care Centre, Guwahati, Assam | 2.71 | 2.71 | 2.71 | Global Organisation for Life Development |
| 59 | HIV-AIDS awareness & prevention programme (Targeted Intervention) | Promoting Preventive Health | Apollo Tyres Health Care Centre, Gwalior, Madhya Pradesh | 1.98 | 1.89 | 1.89 | Sambhav Social Service Organisation |
| 60 | HIV-AIDS awareness & prevention programme (Targeted Intervention) | Promoting Preventive Health | Apollo Tyres Health Care Centre, Hyderabad, Telangana | 2.51 | 2.52 | 2.52 | Telugu Network of People Living With HIV/AIDS |
| 61 | HIV-AIDS awareness & prevention programme (Targeted Intervention) | Promoting Preventive Health | Apollo Tyres Health Care Centre, Indore, Madhya Pradesh | 2.69 | 2.68 | 2.68 | Adarsh Jan Seva Sansthan |
| 62 | HIV-AIDS awareness & prevention programme (Targeted Intervention) | Promoting Preventive Health | Apollo Tyres Health Care Centre, Jaipur, Rajasthan | 2.04 | 2.01 | 2.01 | Institute for Global Development |
| 63 | HIV-AIDS awareness & prevention programme (Targeted Intervention) | Promoting Preventive Health | Apollo Tyres Health Care Centre, Jalandhar, Punjab | 2.08 | 2.04 | 2.04 | Pahal |
| 64 | HIV-AIDS awareness & prevention programme (Targeted Intervention) | Promoting Preventive Health | Apollo Tyres Health Care Centre, Jodhpur, Rajasthan | 1.91 | 1.86 | 1.86 | Meera Sansthan |
| 65 | HIV-AIDS awareness & prevention programme (Targeted Intervention) | Promoting Preventive Health | Apollo Tyres Health Care Centre, Kanpur, Uttar Pradesh | 2.36 | 2.36 | 2.36 | Jan Kalyan Maha Samiti |

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|---|---|---|---|---|---|---|---|
| 66 | HIV-AIDS awareness & prevention programme (Targeted Intervention) | Promoting Preventive Health | Health Care Centre, Kolkata, West Bengal | 1.40 | 1.37 | 1.37 | Ambuja Cement Foundation |
| 67 | HIV-AIDS awareness & prevention programme (Targeted Intervention) | Promoting Preventive Health | Apollo Tyres Health Care Centre, Mumbai, Maharashtra | 2.54 | 2.04 | 2.04 | Alert India |
| 68 | HIV-AIDS awareness & prevention programme (Targeted Intervention) | Promoting Preventive Health | Apollo Tyres Health Care Centre, Nagpur, Maharashtra | 2.09 | 2.02 | 2.02 | Young Men's Christian Association |
| 69 | HIV-AIDS awareness & prevention programme (Targeted Intervention) | Promoting Preventive Health | Health Care Centre, Nalagarh, Himachal Pradesh | 1.37 | 1.29 | 1.29 | Ambuja Cement Foundation |
| 70 | HIV-AIDS awareness & prevention programme (Targeted Intervention) | Promoting Preventive Health | Apollo Tyres Health Care Centre, Patna, Bihar | 2.04 | 1.96 | 1.96 | Step Foundation |
| 71 | HIV-AIDS awareness & prevention programme (Targeted Intervention) | Promoting Preventive Health | Apollo Tyres Health Care Centre, Pune, Maharashtra | 2.48 | 2.47 | 2.47 | Magmo Welfare Sanstha |
| 72 | HIV-AIDS awareness & prevention programme (Targeted Intervention) | Promoting Preventive Health | Health Care Centre, Surat, Gujarat | 1.09 | 1.05 | 1.05 | Ambuja Cement Foundation |
| 73 | HIV-AIDS awareness & prevention programme (Targeted Intervention) | Promoting Preventive Health | Apollo Tyres Health Care Centre, Varanasi, Uttar Pradesh | 2.08 | 2.08 | 2.08 | Jan Kalyan Maha Samiti |
| 74 | HIV-AIDS awareness & prevention programme (Targeted Intervention) | Promoting Preventive Health | Apollo Tyres Health Care Centre, Vijayawada, Andhra Pradesh | 2.30 | 2.25 | 2.25 | Vasavya Mahila Mandali |
| 75 | HIV-AIDS awareness & prevention programme (Migrant Project) | Promoting Preventive Health | Apollo Tyres Health Care Centre, Delhi | 1.39 | 1.29 | 1.29 | Apollo Tyres Foundation |
| 76 | Mass Media campaign for HIV/ Vision/ TB awareness | Promoting Preventive Health | Apollo Tyres Health Care Centre, Delhi | 0.60 | 0.60 | 0.60 | Sugandha Natya Manch |
| 77 | Project on eye check up camps organised for truckers and allied population | Promoting Preventive Health | Apollo Tyres Health Care Centre, Agra, Uttar Pradesh | 0.16 | 0.16 | 0.16 | Jan Chetna Sewa Samiti |

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|---|---|---|---|---|---|---|---|
| 78 | Project on eye check up camps organised for truckers and allied population | Promoting Preventive Health | Apollo Tyres Health Care Centre, Chennai, Tamil Nadu | 0.04 | 0.04 | 0.04 | Confederation of Surface Transport Tamil Nadu |
| 79 | Project on eye check up camps organised for truckers and allied population | Promoting Preventive Health | Apollo Tyres Health Care Centre, Kochi, Kerala | 0.04 | 0.02 | 0.02 | Rajiv Youth Foundation |
| 80 | Project on eye check up camps organised for truckers and allied population | Promoting Preventive Health | Apollo Tyres Health Care Centre, Delhi, | 1.11 | 1.05 | 1.05 | Apollo Tyres Foundation |
| 81 | Project on eye check up camps organised for truckers and allied population | Promoting Preventive Health | Apollo Tyres Health Care Centre, Guwahati, Assam | 0.16 | 0.16 | 0.16 | Global Organisation for Life Development |
| 82 | Project on eye check up camps organised for truckers and allied population | Promoting Preventive Health | Apollo Tyres Health Care Centre, Hyderabad, Telangana | 0.09 | 0.09 | 0.09 | Telugu Network of People Living With HIV/AIDS |
| 83 | Project on eye check up camps organised for truckers and allied population | Promoting Preventive Health | Apollo Tyres Health Care Centre, Indore, Madhya Pradesh | 0.13 | 0.12 | 0.12 | Adarsh Jan Seva Sansthan |
| 84 | Project on eye check up camps organised for truckers and allied population | Promoting Preventive Health | Apollo Tyres Health Care Centre, Jaipur, Rajasthan | 0.31 | 0.28 | 0.28 | Vision Spring |
| 85 | Project on eye check up camps organised for truckers and allied population | Promoting Preventive Health | Apollo Tyres Health Care Centre, Jalandhar, Punjab | 0.15 | 0.15 | 0.15 | Pahal |
| 86 | Project on eye check up camps organised for truckers and allied population | Promoting Preventive Health | Apollo Tyres Health Care Centre, Kanpur, Uttar Pradesh | 0.11 | 0.11 | 0.11 | Jan Kalyan Maha Samiti |
| 87 | Project on eye check up camps organised for truckers and allied population | Promoting Preventive Health | Apollo Tyres Health Care Centre, Mumbai, Maharashtra | 0.04 | 0.03 | 0.03 | Alert India |
| 88 | Project on eye check up camps organised for truckers and allied population | Promoting Preventive Health | Apollo Tyres Health Care Centre, Nagpur, Maharashtra | 0.04 | 0.04 | 0.04 | Young Men's Christian Association |
| 89 | Project on eye check up camps organised for truckers and allied population | Promoting Preventive Health | Apollo Tyres Health Care Centre, Patna, Bihar | 0.04 | 0.04 | 0.04 | Step Foundation |
| 90 | Project on eye check up camps organised for truckers and allied population | Promoting Preventive Health | Apollo Tyres Health Care Centre, Pune, Maharashtra | 0.27 | 0.21 | 0.21 | Vision Spring |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 91 | Project on eye check up camps organised for truckers and allied population | Promoting Preventive Health | Apollo Tyres Health Care Centre, Varanasi, Uttar Pradesh | 0.07 | 0.07 | 0.07 | Jan Kalyan Maha Samiti |
| 92 | Project on eye check up camps organised for truckers and allied population | Promoting Preventive Health | Apollo Tyres Health Care Centre, Vijayawada, Andhra Pradesh | 0.04 | 0.04 | 0.04 | Vasavya Mahila Mandali |
| 93 | TB awareness & prevention programme | Promoting Preventive Health | Apollo Tyres Health Care Centre, Delhi | 0.76 | 0.76 | 0.76 | German Leprosy & TB Relief Association - India |
| 94 | Impact Assesment of Targeted Intervention projects at 12 clinics in India | Promoting Preventive Health | Ankleshwar (Gujarat), Bengaluru (Karnataka), Chennai (Tamil Nadu), Kochi (Kerala), Farakka (West Bengal), Guwahati (Assam), Gwalior (Madhya Pradesh), Hyderabad (Telangana), Jalandhar (Punjab), Nagpur (Maharashtra), Patna (Bihar) & Varanasi (Uttar Pradesh) | 0.39 | 0.39 | 0.39 | Jojomon Thomas |
| 95 | Baseline of Targeted Intervention projects at 6 clinics in India | Promoting Preventive Health | Vadodara (Gujarat), Bengaluru (Karnataka), Gwalior (Madhya Pradesh), Jalandhar (Punjab), Chennai (Tamil Nadu), Hyderabad (Telangana), Vadodara (Gujarat), Raipur (Chhattisgarh) & Agartala (Tripura) | 0.69 | 0.68 | 0.68 | Mott MacDonald Pvt. Ltd. & Jojomon Thomas |
| 96 | Program Review/ Capacity Building of project team | Promoting Preventive Health | Delhi | 1.68 | 1.65 | 1.65 | Apollo Tyres Foundation |
| 97 | Anemia control awareness & women health camp,Nutritional food kit | Promoting Preventive Health | Baroda, Gujarat | 1.13 | 1.14 | 1.14 | District CSR Cell, Mitesh Foods Products Private Limited & Apollo Tyres Foundation |
| 98 | Health & Hygiene project for community | Promoting Preventive Health | Kancheepuram district, Chennai, Tamil Nadu | 2.60 | 2.58 | 2.58 | FSL INDIA |
| 99 | Wheel Chair donation to underprivileged people | Promoting Preventive Health | Chennai, Tamil Nadu | 0.14 | 0.14 | 0.14 | Delite Surgicals |
| 100 | Baseline study on sanitation | Promoting Preventive Health | Vallakottai Panchayat, Chennai, Tamil Nadu | 0.52 | 0.52 | 0.52 | Help Foundation |
| 101 | Sanitation project-Toilet construction | Promoting Preventive Health | Vallakottai Panchayat, Chennai, Tamil Nadu | 3.52 | 3.51 | 3.51 | Help Foundation |
| 102 | Skill building & income generation projects for the community | Promoting Preventive Health | Sennakuppam & Valakottai Panchayat, Chennai, Tamil Nadu | 0.45 | 0.45 | 0.45 | Frames Creation & Green Minds |
| 103 | General health program for Tappers community in Perambra | Promoting Preventive Health | General Health Project, Perambra, Kerala | 0.73 | 0.73 | 0.73 | Global Cancer Concern India & Apollo Tyres Foundation |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 104 | Baseline for Tribals in Mattathur Panchayat | Promoting Preventive Health | Mattathur Panchayat, Kerala | 0.33 | 0.33 | 0.33 | Arshabharath Bahujana Bodhavalkarana Grama Vikasana Samithi |
| 105 | General health & eye care treatment support to the under privileged rural community | Promoting Preventive Health | Gurgaon, Haryana | 4.05 | 4.05 | 4.05 | Sardar Ram Singh Kabli and Sardarni Harnam Kaur Trust |
| 106 | General health & cancer treatment support to the under privileged rural community | Promoting Preventive Health | Gurgaon, Haryana | 5.68 | 6.49 | 6.49 | Indian Cancer Society |
| 107 | Bio-gas project | Rural Development projects | Baroda, Gujarat | 2.03 | 2.03 | 2.03 | Sintex Industries Limited |
| 108 | Improved Farming Practices for community | Rural Development projects | Baroda, Gujarat | 4.39 | 4.34 | 4.34 | Gujarat Rural Institute For Socio Economic Reconstruction Vadodara & Apollo Tyres Foundation |
| 109 | Improved Farming Practices for community | Rural Development projects | Baroda, Gujarat | 0.85 | 0.86 | 0.86 | Apollo Tyres Foundation |
| 110 | Sustainable Agriculture project | Rural Development projects | Chennai, Tamil Nadu | 0.80 | 0.79 | 0.79 | National Agro Foundation |
| 111 | Sustainable Agriculture project | Rural Development projects | Beed & Osmanabad | 1.56 | 1.47 | 1.47 | Rain Drop & Environmental Resource Foundation |
| | | | | | **Total** | **175.62** | |
| | | | | | **Administrative Cost 5% of total expense** | **8.78** | |
| | | | | | **Grand Total** | **184.40** | |

6. The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

| | | |
|---|---|---|
| Place: Gurgaon | (ONKAR S. KANWAR) | (NEERAJ KANWAR) |
| Date: May 5, 2017 | Chairman of CSR Committee | Vice Chairman & Managing Director |

# ANNEXURE III

## BUSINESS RESPONSIBILITY REPORT (BRR)

Business Responsibility Report of the Company for the financial year ended on March 31, 2017, pursuant to Regulation 34 (2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is as follows:-

### Section A: General Information about the Company

| | | |
|---|---|---|
| 1 | Corporate Identity Number (CIN) of the Company | L25111KL1972PLC002449 |
| 2 | Name of the Company | APOLLO TYRES LTD. |
| 3 | Registered address | 3rd Floor, Areekal Mansion, Near Manorama Junction, Panampilly Nagar, Kochi- 682 036 (Kerala) |
| 4 | Website | apollotyres.com |
| 5 | E-mail id | investors@apollotyres.com |
| 6 | Financial Year reported | 2016-17 |
| 7 | Sector(s) that the Company is engaged in (industrial activity code-wise) | Tyres manufacturing |
| 8 | List three key products/services that the Company manufactures/provides (as in balance sheet) | Tyres, Tubes and Flaps |
| 9 | Total number of locations where business activity is undertaken by the Company | 138 locations |
| A | Number of International Locations (Provide details of major 5) | Apollo has business activity undertaken in about 102 international locations. The major ones are Netherlands, Hungary, Middle East, Thailand and Singapore. The Company has manufacturing units in Netherlands and Hungary. |
| B | Number of National Locations | Apollo has business activity carried out in about 36 domestic locations. The manufacturing units are located at Gujarat (Limda), Kerala (Perambra and Kalamassery) and Tamil Nadu (SIPCOT Industrial Growth Centre Oragadam, Chennai). |
| 10 | Markets served by the Company – Local/ State/ National/ International | National and International |

### Section B: Financial Details of the Company

1. Paid up Capital (INR) ₹ 509 Million

2. Total Turnover (INR) ₹ 88,167 Million

3. Total profit after taxes (INR) ₹ 8,027 Million

4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) ₹ 184.40 Million

5. List of activities in which expenditure in 4 above has been incurred:-

   During the year under review, the Company has carried out activities primarily related to promoting preventive healthcare, ensuring environmental sustainability, livelihood enhancement projects, rural development projects, promoting education and eradication of hunger, poverty & malnutrition.

### Section C: Other Details

1. **Does the Company have any Subsidiary Company/ Companies?**

   Yes

2. **Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s):**

   At present the BR initiatives have been undertaken at parent Company level.

3. **Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]** :-

   At present the BR initiatives have been undertaken at Company level.

### Section D: BR Information

1. **Details of Director/Directors responsible for BR**

   a. Details of the Director/Director responsible for implementation of the BR policy/policies

      i. DIN Number :- 00058859

      ii. Name :- Mr. Sunam Sarkar

      iii. Designation :- Director

## 2. Details of the BR head

| No. | Particulars | Details |
|---|---|---|
| 1 | DIN Number (if applicable) | NA |
| 2 | Name | Ms. Seema Thapar |
| 3 | Designation | Company Secretary |
| 4 | Telephone number | 0124-2721000 |
| 5 | E-mail id | investors@apollotyres.com |

## LIST OF PRINCIPLES

**Principle 1:** Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

**Principle 2:** Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

**Principle 3:** Businesses should promote the wellbeing of all employees.

**Principle 4:** Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.

**Principle 5:** Businesses should respect and promote human rights.

**Principle 6:** Business should respect, protect and make efforts to restore the environment.

**Principle 7:** Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

**Principle 8:** Businesses should support inclusive growth and equitable development.

**Principle 9:** Businesses should engage with and provide value to their customers and consumers in a responsible manner.

## 2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

| | | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1. | Do you have a policy /policies for.... | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 2. | Has the policy being formulated in consultation with the relevant stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 3. | Does the policy conform to any national /international standards? If yes, specify? (50 words)[(1)] | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 4. | Has the policy being approved by the Board? If yes, has it been signed by MD/ Owner/ CEO/ appropriate Board Director?[(2)] | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 5. | Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?[(3)] | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 6. | Indicate the link for the policy to be viewed online?[(4)] | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 7. | Has the policy been formally communicated to all relevant internal and external stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 8. | Does the Company have in-house structure to implement the policy/policies? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 9. | Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/policies? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 10. | Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency? | Y | Y | Y | Y | Y | Y | Y | Y | Y |

[(1)]The policies are in compliance with applicable national/International laws, rules, regulations, guidelines and standards. The policies are in conformance to the spirit of international standards like ISO 9001,ISO 14001 and OHSAS 18001.
[(2)]As per Company practice the policies that are approved by the Board are posted on the website of the company: www.apollotyres.com
[(3)]The Business Responsibility(BR) Committee shall oversee the Implementation of the policies.
[(4)] https://corporate.apollotyres.com/en-in/investors/corporate-governance/?filter=CodesPolicies

## 2a. If the answer to S. No.1 against any principle, is 'No', please explain why: (Tick upto 2 options)-Not Applicable

| | | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1. | The Company has not understood the Principles | | | | | | | | | |
| 2. | The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles | | | | | | | | | |
| 3. | The Company does not have financial or manpower resources available for the task | | | | | | | | | |
| 4. | It is planned to be done within next 6 months | | | | | | | | | |
| 5. | It is planned to be done within the next 1 year | | | | | | | | | |
| 6. | Any other reason (please specify) | | | | | | | | | |

3. **Governance related to BR**

   (a) **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year**

   The Business Responsibility (BR) Committee reviews the Business performance annually and as an when required.

   (b) **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

   Yes, the Company publishes Annual Sustainability Report as a part of the Annual Report. From FY17, the BR Report shall also form part of the Annual Report. Both BR and Sustainability Report are published on the website https://corporate.apollotyres.com/en-in/responsibility/policies-documents/

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### Principle 1

1. **Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/Joint Ventures/Suppliers/ Contractors/ NGOs/ Others?**

   Yes. The Company has an Ethics, Transparency and Accountability Code to conduct its business with honesty and integrity and in compliance with all applicable legal and regulatory requirements. This Code sets out the fundamental standards to be followed by the Company and its employees in their everyday actions on behalf of the Company.

   The Code is also to act as a deterrent from unethical doings and to promote ethical values and is the manifestation of the Company's commitment to successful operation of the Company's business in the best interest of the shareholders, creditors, employees, other business associates and stakeholders.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

   During the year under review, there were no cases on the violation of the Company's Code of Ethics, Transparency and Accountability. During the past financial year, 8 Shareholders Complaints were received and no complaints are pending as on March 31, 2017. All the Complaints were attended and resolved to the satisfaction of the shareholders.

### Principle 2

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

   At Apollo Tyres, we follow state of the art and efficient manufacturing practices. Our Passenger Car Radial Tyres and Truck/ Bus Radial Tyres are designed to meet all the international norms and are duly certified for that. These tyres do not contain any conflict materials and all materials used for making these tyres are REACH compliant. Also all the tyres are aligned to the requirements of ELV norms.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

   a) **Reduction during sourcing/ production/ distribution achieved since the previous year throughout the value chain?**

   Comparative Details for FY 15-16 and 16-17 against reference of 14-15 on:-

   (i) Steam consumed per kg of product [Kg/kg]:PCR - 7.5% & 14.5% reduction, TBR - 11.4% & 8.7% reduction

   (ii) Electricity consumed per kg of product [KwH/Kg]:PCR - 11.0% & 18.9% reduction, TBR - 17.0% & 20.1% reduction

   (iii) Water consumed per kg of product [Litre/Kg]:PCR - 26.5% & 22.0% reduction, TBR - 24.3% & 19.0% reduction

   b) **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

   The rolling resistance of the PCR tyres are reduced through the year from 13.0 Kg/T to 11.5 Kg/T to 10.0 Kg/T. This translates into reduction of rolling loss and reduce fuel consumption.

   Further, we promote and practice of retreading of Truck tyres to provide extended life cycle of the tyre body material to 2-3 times, thus avoiding the need for frequent replacement.

3. **Does the Company have procedures in place for sustainable sourcing (including transportation)?**

a) **If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

Apollo is conscious about environmental protection therefore utmost care is taken while selecting new materials such that steps are taken for reduction of environmental burden. The Company also has a Sustainable Supply Chain Policy at corporate level. Apollo Tyres believes that supply chain is a key contributor in the development and implementation of its Corporate Social Responsibility Programme, and expects its Business Partners to show concern for social and environmental responsibility as they conduct their business. Apollo's endeavour is to work jointly with Partners to promote and encourage compliance with the Partner Code of Conduct (PCC). Suppliers are expected to comply with Apollo's Partner Code of Conduct (PCC) and integrate environmental, occupational health and safety, and human rights and labour policies into their business and decision-making processes.

Supplier audits are conducted at the time of selection of new suppliers and are also conducted at defined frequency for existing suppliers as per defined audit criteria. The scope of supplier audits covers various elements like quality management system, environmental standards, occupational health and safety standards and others as per our Green Procurement Standards and Partner Code of Conduct. Our audit team visits them at regular intervals for compliance check as per the standard audit checklist. The Supplier improvement plans are drawn up post the audit, agreed and followed up with the suppliers until closure. In the reporting period, 102 suppliers were audited inline with the annual audit calendar.

4. **Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

a) **If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

From the perspective of raw material procurement, the purchasing guidelines at Apollo Tyres, states that other things being equal, the organization prefer domestic suppliers because of benefits like proximity to our plants, lower transit time, lower inventory and carbon footprint.

5. **Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, > 10%). Also, provide details thereof, in about 50 words or so.**

Yes, process reject compounds are used with virgin materials at 10% for usage in lower critical application. Further, reclaimed rubber is also used at 2.5% to replace virgin rubber for compounds.

## Principle 3

1 **Please indicate the Total number of employees**: 8,581

2 **Please indicate the Total number of employees hired on temporary/ contractual/ casual basis**: 4,432

3 **Please indicate the Number of permanent women employees:** 69

4 **Please indicate the Number of permanent employees with disabilities:** 29

5. **Do you have an employee association that is recognised by management?**

Yes

6. **What percentage of your permanent employees is members of this recognised employee association?**

| | |
|---|---|
| Limda | - 55.70% |
| Kalamasserry | - 79% |
| Perambra | - 89% |

7. **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

No complaints relating to child labour, forced labour, involuntary labour, sexual harassment has been received in the last financial year as on March 31, 2017.

8. **What percentage of your under mentioned employees were given safety & skill upgradation training in the last year?**

| | |
|---|---|
| Permanent employees | **80%** |
| Permanent women employees | **Not Captured** |
| Casual/ Temporary/ Contractual Employees | **100%** |
| Employees with Disabilities | **Not Captured** |

## Principle 4

1. **Has the Company mapped its internal and external stakeholders? Yes/No**

Yes, Apollo Tyres has identified employees, customers (OEM), consumers (replacement) and dealers, suppliers, investors and analysts, shareholders, regulatory bodies and community as stakeholders.

2. **Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders.**

   Yes, Apollo Tyres has identified community (Women and Children), consumers (replacement: Truck Drivers) as vulnerable and marginalised stakeholders.

3. **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders. If so, provide details thereof, in about 50 words or so.**

   Yes. Care for society is well engrained in the Company's DNA and is a part of Apollo values. The community engagement is undertaken in a structured process. After a thorough mapping and needs assessment study, a community engagement program is defined and implemented. Some of the Company's community engagement programs are:

   1. General Health and HIV-AIDS awareness project for truck drivers (customers).
   2. Vision care program for truck drivers (customers).
   3. Sanitation and health awareness program in Chennai.
   4. Livelihood and income generation program.
   5. Improved farming practices program.
   6. Computer Literacy project (Chennai).
   7. Road safety awareness project (Perambra).

The Company also does some philanthropic work like:

1) Supporting a hospital for underprivileged rural people.
2) Supporting education for underprivileged girls.
3) Monthly ration support to the underprivileged.
4) Support the education of the disabled children.

### Principle 5

1. **Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/ Suppliers/ Contractors/ NGOs/Others?**

   Respect for human rights is fundamental part of the DNA of the Company and the communities in which we operate. In our Company and across our system, we are committed to ensure that people are treated with dignity and respect. The Company promotes the awareness and realisation of human rights across our value chain and among our stakeholders.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   The Company did not receive any Stakeholder Complaint during the past financial year regarding Human Rights.

### Principle 6

1. **Does the policy related to Principle 6 cover only the Company or extends to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ others?**

   We have an Environment Policy which covers only the Company. The organisation has also implemented and got certified all its manufacturing units to ISO 140001 Environment Management Systems. Upstream Suppliers are subjected to Vendor Assessment Criteria which includes environment indicators.

2. **Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc. ? Y/N. If yes, please give hyperlink for webpage etc.**

   Yes, the Company has strategies to address global environmental issues. The Company also has a sustainability statement that covers the aspects of environment conservation and community development. Various sustainability initiatives taken by the Company includes energy management, waste reduction, emission reduction, water management, and biodiversity conservation. Below are the projects to mitigate climate change.

**a) Tree plantation and Livelihood Generation Programme**

Our afforestation project has a two pronged focus on carbon sequestration and livelihood generation for farmers in the water starved areas of Tamil Nadu. This project is being carried out in Kanchipuram, Tiruvannamalai and Tiruvallur districts in Tamil Nadu. Through this project, a total 1,50,000 plant saplings were planted in the year 2016-17. Since the inception of this project in 2013, We have planted 2,50,000 saplings and have been able to sequester over 1600 tonnes of carbondioxide.

**b) Renewable Energy: Use of Biogas**

Within the Climate Change Mitigation theme of Habitat Apollo, we are promoting the use of Biogas in villages near our manufacturing location in Limda, Gujarat. Apart from providing an eco-friendly alternative source of energy, the programme offers additional benefits of organic manure from slurry, utilisation of cow dung (which is a solid waste) and savings accruing from fuel replacement from LPG to Biogas. We provide individual household type Biogas units. This was started as a pilot project and has been scaled up in the year 2016-17 to 51 beneficiaries.

3. **Does the Company identify and assess potential environmental risks? Y/N**

   Yes, all the units at Apollo Tyres Ltd. have been certified with ISO 14001 /Environmental Management Systems. As part of the same, units have carried out Aspect Impact Analysis to identify and assess environmental risk.

4. **Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

   No

5. **Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. ? Y/N. If yes, please give hyperlink for webpage etc.**

   Yes, combining effective strategy with practical measures is key to achieving successful energy management. We focus on reducing our energy consumption by being energy efficient. There are several initiatives that were undertaken during the reporting period In the Indian operations which resulted in energy savings of 37,375 GJ. We are continuously making efforts to achieve energy efficiency through improvements in our process design, conversion and retrofitting of equipment and use of energy efficient equipment.

6. **Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

   Emissions concentration across all our operating units are under prescribed limit.

7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.?**

   There were no show cause notices issued or pending in the reporting period.

**Principle 7**

1. **Is your Company a member of any trade and chamber or association? If Yes, name only those major ones that your business deals with.**

   Yes. The Company actively engages with Industry bodies. The major bodies in which the Company is a member are listed below:

   a. Confederation of Indian Industry [CII]

   b. Federation of Indian Chamber of Commerce and Industry [FICCI]

   c. PHD Chamber of Commerce and Industry

   d. Society of Indian Automobile Manufacturers

   e. Automotive Tyre Manufacturers' Association

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, Sustainable Business Principles, Others)**

   Yes. The Company through various Industry associations, participates in advocating matters for the advancement of the Industry and public good. As a member of the Automotive Tyre Manufacturers Association (ATMA), the Company strives to be an active participant in policy making process of ATMA and also is a frequent participant in the meetings with the Government departments to discuss the challenges being faced by the industry in the ever-changing economic environment. At present, Mr. Satish Sharma, President (APMEA) of the Company is the Chairman of ATMA.

   The Company has a Public and Regulatory Policy to ensure that the highest standards of business conduct are followed while engaging with aforesaid Trade associations/Industry bodies.

**Principle 8**

1. **Does the Company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.**

   The Company has undertaken various programs aimed at achieving equitable growth and inclusive development. These projects are categorised under two verticals i.e. Environment and Social.

   The Environment vertical projects are further categorised under four themes: Biodiversity Conservation, Waste Management, Watershed Management and Climate Change Mitigation.

- Details of the project under these themes are as follows:

1) **Biodiversity Conservation:** The organisation had mapped its impact on biodiversity in the manufacturing locations through formal risk and impact assessment studies. As an outcome of the study, biodiversity conservation projects have been initiated around the manufacturing location in India. A Mangrove conservation project has been initiated in partnership with Wildlife Trust of India in Kannur region of Kerala. The Kannur Kandal Project – 'Kandal' being the malayalam word for mangroves – aims to ensure the survival of existing mangroves and increase the acreage of such habitats across Kannur, potentially making it a prototype for other coastal districts of Kerala and a model for the rest of the country.

2) **Waste Management:** The organisation had identified waste management as an environmental issue to work upon. Under this initiative solid waste management and recycling projects have been initiated viz.Clean My Transport Nagar & Clean My Village.

   Clean My Transport Nagar (CMTN) projects target to improve waste management and cleanliness of the identified transport nagars (hub) in India, along with generating awareness on health and sanitation amongst stakeholders. Similarly Clean My Village (CMV) is a part of the initiative to create sustainable waste management practices in identified villages around our manufacturing locations in India. The programme offers spectrum of services like waste collection, waste segregation, daily cleaning of the streets and lanes, creating compost from biodegradable waste, waste recycling and creating livelihood opportunities for rag-pickers. CMTN project has been functioning in eight cities i.e. Delhi, Agra, Kanpur, Jodhpur, Jaipur, Chennai, Mumbai and Kolkata, whereas CMV project is working in 3 locations i.e. Baroda, Kochi and Chennai covering 6 wards and 10 villages.

3) **Watershed Management:** Enhancement of water availability is identified as a key initiative under the environmental sustainability journey. Our focus is currently on addressing the issue of shortage of potable water sources in vulnerable communities. Chennai being water starved area and based on a need assessment study in the community, Apollo has piloted a purified drinking water project for communities around our Chennai plant. Eco restoration and improvement of water bodies in the community is another project under watershed management theme aimed at restoring and enhancing the aqua-biodiversity. Within this approach, we have undertaken pond restoration at our locations in Chennai, Limda and Perambra. The activity includes water quality assessment, cleaning, deepening and bunding of the ponds. It also involves development of surroundings around the pond area.

   Chalakudy River conservation (Kerala) is yet another project under this theme, which aims to raise awareness on importance of rivers in supporting aquatic biodiversity and human habitats.

4) **Climate Change Mitigation:** We have contributed to conservation of biodiversity and mitigation of climate change through tree plantation programme in Tamil Nadu state. As a part of the project we have planted 2.5 lakh trees to generate carbon sink.

   Renewable energy proliferation is key to address the issue of climate change. The organisation is promoting the use of Biogas in its communities around the Limda plant in Gujarat.

   For the Social category the projects are divided under Health and Community Development theme:

- **Health** theme covers the preventive health projects for community:

1) **General Health and HIV- AIDS Awareness Programme:** The Company has targeted interventions at 25 Health Care Centres in transport hubs focusing on truck drivers, commercial sex workers, and migrant labour in that location. The centres offer a spectrum of services i.e. Behaviour Change Communication (BCC), Sexually Transmitted Infection Treatment (STI,) Counselling, Peer Education Programme, Condom Promotion, Integrated Counselling and Testing Centre Support, Substance Abuse Integration.

2) **Vision Care:** Long distance vision is one of the major health problem identified in the truck drivers segment. Apollo Tyres has started vision care programme for this segment. Under this initiative periodic eye check up camps are organised for the truck drivers in transport nagars. Spectacles distributed at low cost to the people identified with refractive error issues. Cataract patients are linked with nearby hospitals for further treatment.

3) **Promotion of Health And Sanitation:** As per the identified need of the community in Mathur & Oragadam, Vallakotai and Senakuppam Villages of Chennai location, a project on health and sanitation has been undertaken. The objective of the project is to reduce the habit of open defecation and also increase awareness on personal hygiene. Under this initiative 330 toilets were constructed in partnership with local panchayat and in alignment with national agenda Swach Bharat Abhiyan. Awareness session on menstruation and personal hygiene were conducted with adolescent girls, more than 500 girls were outreached.

- Under **Community development** theme covers the income generation, education related projects:

1) **Livelihood and income generation** - Under this initiative, women are trained on agriculture based livelihood activities so that they need not to go out from their village for income generation. The main objective of this initiative is to create livelihood opportunities and develop entrepreneurship capabilities of underprivileged women. The training includes vocational skills such as apparel making, jewellery designing, nursing, beautician, housekeeping, khakhra making, sanitary napkin making, soap and detergent making, making home cleaning agents etc. The trained beneficiaries are further linked with the market and service sector for employment. In the reporting year around 900 women were trained in various income generation activities and linked with market.

2) **Improved farming practices:**- This project operates in sixteen villages of Waghodia Taluka, Vadodara-Gujarat and one village (Eraiyur - Chennai, Tamil Nadu). The initiative focuses on supporting farmers by training them on modern techniques and ways to increase agricultural productivity that would lead to improved agricultural practices and better crop yield. Basic training related to seed selection, preparation of land, soil testing, organic compost making, methods of irrigation, kitchen gardening practices etc, are delivered. The project also offers services related to livestock care and management. Awareness programmes related to livestock care management practices and breeding camps are also organised under this initiative.

3) **Computer Literacy Project:**- To impart computer knowledge and enhance digital literacy skills, a computer literacy project was launched for the school children of Mathur, Orgadam, Sennakupam, Eraiyur and Vallakotai villages near Chennai plant. The first computer lab was set up in Sennakuppam Adi Dravidar School followed by Eraiyur Middle School and Mathur Primary School. Computer tutors are appointed for these schools, maintenance will be taken care by the implementing agency and modules are also created for training the children.

4) **Road Safety Awareness Programme:**- The road safety programme adopted two main sub-themes, one was related to awareness on road safety issues to the school students and the other was focused on installation of road safety boards for the road users. Various tools/methods were used in the programme, such as pamphlets and booklets on various road safety issues, street plays and banners with slogans on road safety. The program was implemented at the Perambra location.

The Company also does some philanthropic work like -

1) Supporting a hospital for underprivileged

2) Supporting education for children

3) Monthly ration support to the underprivileged

4) Support the education of the disabled children

For more information, please refer CSR booklet https://s3.eu-central-1.amazonaws.com/apolloproducts/3992/csr_brochure_2016.pdf

2. **Are the programmes/ projects undertaken through in-house team/ own foundation/ external NGO/ government structures/ any other organisation?**

The programmes are carried out by the Company's own foundation - Apollo Tyres Foundation. For more information, please refer CSR booklet https://s3.eu-central-1.amazonaws.com/apolloproducts/3992/csr_brochure_2016.pdf

Apollo Tyres, being conscious of the triple bottom line coherence (people, planet and profit), has developed a CSR framework identifying and prioritising its key stakeholders. This framework clearly revolves around the principle of three I's i.e. to Involve, Influence and Impact its key stakeholders-Customers, Employees, Supply Chain Partners, Community and Environment.

All the CSR activities of Apollo Tyres are routed from Apollo Tyres Foundation which was registered in 2008. The clear objective of all the CSR activities is to have a positive impact on everyday lives of our key stakeholders and on business. Though the CSR work is undertaken by ATF but we implement our projects with the help of expert organisations and grassroots level NGOs.

The CSR Programmes and activities are aligned to national and international development goals, in particular related to Health & Environment.

- Environment: The umbrella environment initiative is called Habitat Apollo. As a part of our environmental sustainability journey, we have initiated a number of projects on themes of Biodiversity Conservation, Climate Change Mitigation, Watershed Management and Waste Management.

- Social - The organisation recognises the importance of its stakeholders and the society it operates in. It undertakes initiatives focused on sustainable development. Within this, there are two areas: Health and Community Development.

3. **Have you done any impact assessment of your initiative?**

The programme is evaluated by the external agencies. External research agencies are hired to undertake the mid-line/end line assessments.

Monitoring is undertaken on monthly basis and a monthly report is compiled across centres/locations. Baseline survey is carried out before starting any project. Mid line assessment is conducted after completion of 3 years of project and end line research is conducted after completion of 5 years to understand the impact of the project.

- We have undertaken a perception survey recently in the villages around our Limda plant (Gujarat). The community perception study reveals some interesting facts that showcase the reach of our programme. After our intervention it is highlighted that there is a disappearance of non working group (where women were not working at all earlier) of women as they started some livelihood activity. Further there was also an introduction of a higher income earning category (above ₹ 7,000 a month) within the beneficiaries. This increased by 3 times from the start of the project.

- Respondents claimed to have received training on how to save money, how to do business, how to generate income from business etc. Through these training, women feel more empowered. Caste discrimination has reduced due to these programs and people have also started abandoning old rituals. The role of women in decision making is also seemed to have increased as a result of these programs.

4. **What is your Company's direct contribution to community development projects - Amount in ₹ and the details of the projects undertaken?**

Total amount to be spent on CSR for the FY17 - ₹ 184.40 Million. For more information, please refer CSR booklet https://s3.eu-central-1.amazonaws.com/apolloproducts/3992/csr_brochure_2016.pdf

| Broad Areas of CSR programs | Amount in Million |
|---|---:|
| Ensuring environmental sustainability | 62.31 |
| Eradication of hunger, poverty and malnutrition | 3.51 |
| Livelihood enhancement projects | 18.06 |
| Promoting education | 9.36 |
| Promoting preventive health | 82.38 |
| **Total** | **175.62** |
| Administrative Cost (5% over total expense) | 8.78 |
| **Grand Total** | **184.40** |

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

Livelihood and Income Generation Project: This programme focuses on generating livelihood and improving the well-being of the community around our manufacturing units. Under the banner of Navya programme, skill building and entrepreneur development training is designed and cascaded for women and unemployed youth. The training includes vocational skills such as apparel making, jewellery designing, nursing, beautician, khakhra making etc. As a result of the training, the women in our communities have formed their own women cooperative, and some have become entrepreneurs creating successful stories. So far under this programme we have formed around 77 Self Help Groups with the membership of around 1,090 women. Their total savings from SHG is around ₹ 1,969,400. Around 700 numbers of women and youths were trained in skill building and income generation out of which around 530 (this result is from 2016-17) have started income generation.

**Principle 9**

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year.?**

The Company has a robust system for addressing customer complaints. As on March 31, 2017, there are no Customer Complaint pending. The total number of Legal Cases pending are 282 at Pan India level.

2. **Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/ No/ N.A. /Remarks (additional information)**

The Company adheres to all legal requirements with respect to product labelling and display of product information. All data as per current laws are available on the tyre sidewall. Product labels are available on PCR Tyres as of now basis current laws in India.

3. **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.**

In various Consumer cases complainants allege about unfair trade practice by Apollo on warranty policies. No indent of such complaint in Competition Commission except a pending CCI case initiated on the complaint of a dealers' federation i.e. AITDF.

4. **Did your Company carry out any consumer survey/ consumer satisfaction trends?**

The Company regularly engages with customers to get their feedback on the product and carries out surveys to gauge their satisfaction level.

**Background and Objective :**

- With the presence of multiple players in the market- Indian as well as global, customers have more choices and are keenly evaluating their brand experience across touch points.
- Thus it becomes imperative for the brands to effectively manage customer experience across product and service touch points which will not only drive repeat purchases but also act as brand proponent.
- To measure customer experience which can provide a strategic direction in terms identifying key priorities to improve customer satisfaction.

During the year under review, the Company has carried out a customer satisfaction study for truck customers.

**Following are the objectives of the study:**

- Gauging the strength of relationship between Apollo and its Customers, Dealers.
- Understanding the drivers of satisfaction of customers and evaluating Apollo Tyres performance on them vis-à-vis competition brands.
- Arriving at the action plan keeping in mind relative performance across touch-points as also competition performance.
- Assess the strength of customer relationship.
- Gauge importance /performance expectation attached to each touch point.
- Arriving at Company level /department level action plan keeping in view expectations as well as relative performance.

For and on behalf of the Board of Directors

Place: Gurgaon
Date: May 5, 2017

(ONKAR S. KANWAR)
Chairman & Managing Director

# ANNEXURE IV

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

### A) Conservation of Energy

**(i) The steps taken or impact on conservation of energy**

We implemented Energy Management Standard (EnMS 50001) across all Apollo Plants. There was a re-alignment of activities, course correction of energy conservation projects & migration from pure energy conservation to improving energy performance including energy efficiency, use & consumption during the year. Additional Energy Performance Indicators were identified at work centres both at generation and consumption end, apart from the macro indicators already being monitored. The Synergy Projects (Energy consumption reduction projects) identified for deployment across locations are being completed in timely manner. Real Time Measurement and Monitoring systems were put in place at multiple plants to have an effective control on optimised usage of energy sources and to align to varying manufacturing requirements. Few of the Energy Projects and planned activities completed as a part of the Synergy Projects Initiative being:

- Identification with measurement of most of the critical energy sources at significant energy consumption work centre.
- Benchmarking of efficient operation Performance Indicators to identify opportunities to control variable consumption.
- Mass Balance Study of Steam Distribution system to identify gaps at the generation & distribution network.
- Migrating to Energy Efficient Products for plant lighting, hydraulic systems & compressed air generation.
- Optimised usage of Energy Sources (Direct & In-Direct) to control cost and GJ Input to manufacturing process.
- Monitoring and control for reduction of fixed consumption utilities by prioritising projects based on real time losses.
- Power Quality Improvement at Major Power Load Dispatch Centre in the plant electricity distribution network.
- Improvement Projects at Coal fired Boilers to reduce fixed consumption and increase generation efficiency.
- Improved Insulation products introduced at steam energy consumption centres to reduce fixed radiation losses and optimise variable consumption.

**(ii) Steps taken by the Company for utilising alternate sources of energy**

Energy Sources at each of the locations are mapped and projects were taken up to move towards better diversity, flexibility at operations and at the same time lower $CO_2$ emission in the Tyre manufacturing process. Effective operations and reduced energy usage led close to double digit reduction in specific consumption indicated in GJ per MT of the finished product from 2104-15 level.

Generation of Clean Energy from Solar for the manufacturing process resulted in avoidance of close to 1750 MT of $CO_2$. Tapping of Solar Energy for generating electricity is being further planned for enhancement, which is currently meeting close to 1% of our daily consumption. Additional agreements are signed to buy clean power from state grid to optimise the cost.

**(iii) Additional investment and proposal for reduction of energy usage: (Investment in Energy Front to reduce cost and consumption)**

- Concept of Power Purchase Agreement to tap future Solar Potential is identified across locations for capacity enhancement.
- Power Available for Open Access through State Board Grid will be sustained to the requirement.
- Power Quality Improvement at high load distribution Centre for horizontal deployment.
- Monitoring & Control of Energy Performance Indicators at work Centre to control variable consumption.
- Tapping of Geothermal Energy for improving chiller efficiency. Initial steps to understand feasibility will be taken up to make project detailing ready for capital investment as this technology is reaching to a maturity stage in India.

- Feasibility of procuring steam for the manufacturing process, produced from Bio Mass is being studied to de-risk against depletion of direct energy source.

## B) Technology Absorption

### (i) Efforts made towards Technology Absorption

Global R&D has undertaken and completed many projects in key areas of technology that have a direct bearing on business growth for the Company. Some of them were aimed to minimising cost impact on products due to raw material price fluctuations, through rationalisation and standardisation. Others include new formulation of compounds, specifications and advanced simulation techniques etc. Several new and innovative compounds were developed and industrialised after qualifying the EU regulatory requirement like REACH, PAH etc.

Material research group has embarked on several novel projects for reduction in tyre rolling resistance, such as development of silane treated silicas, silane treated Kaolin clays to lower hysteresis losses in tread compounds. Tyre durability projects like self-healing sidewall and self healing inner liner are initiated along with wear improvement projects like Graphene in treads, which are progressing well. New research also commenced in developing suitable compound envelope for implanting RFID in tyres, silicone rubber based TPMS holder and sealant application in 2/3 wheeler tyres for puncture free tyres etc.

New research projects in collaboration with external partners like National Research Institutes, Universities and RM suppliers are ongoing for development of latex master batches, high yielding variety of alternate natural rubber Guayule, natural resin development, unique test method development etc., all of which add to our company's future growth potential.

Impressive progress has been achieved on simulation and modeling capabilities. Rolling resistance code developed by Dresden University has been adopted in design process and prediction tools of tyre wear is in an advanced stage of development. R&D is also working on wet grip simulation capabilities in collaboration with the German university. Membership with Centire research Centre of Virginia tech., USA, is giving our Company, the access to vehicle level prediction tools. Apollo is currently planning many advanced vehicle level simulations in collaboration with Virginia tech., USA.

R&D's testing department is working with NATRiP on indigenisation of labeling tests and has developed noise test facility in Chennai. It is also developing instrumented vehicles and equipment that can identify tyre related anomalies on vehicle performance. R&D major focus remains on developing technologies for lowering rolling resistance, enhancing wet grip & lowering tyre noise to support business by meeting future regulatory requirements.

All of the above are providing the needed impetus to Apollo's R&D capabilities to create superior products in a much shorter time. Some of the major product development achievements are quoted as below;

### (ii) Key product developments

R&D has developed 20 TBR products for introduction into EU markets this year. All these products have successfully passed all the required qualification tests for introduction in the highly competitive markets of Europe.

Heavy load TBR product RDHD made quick gains in the market through customer acknowledgement as the best tyre in the category. Other products introduced for high speed coach application and long haul drive application have also gained major share in these key business segments. Apollo is also developing TBR tyre for specific defense application.

The Company continues its leadership position in PCR OEM market in India and is the sole supplier to some of the prestigious models of Toyota, Suzuki and Ford. Apollo is a global supplier along with Bridgestone to Suzuki's New Swift and Dezire models for export. Apollo is the only approved supplier to Ford's global model Aspire Sports. Ford's Ecosport platinum version 17" was launched on Apollo. One new model which will roll out on our tyres is going to be Renault Kaptur. R&D is also in discussion with Isuzu and Honda for approvals on their upcoming introductions.

Apollo is also continuing its growth journey in replacement market of PCR. Sale volumes and popularity of products introduced in SUV (Apterra HT2) and 4G life tyres are on a constant rise.

R&D capability helped the Company towards some of the fastest product development for vehicles from Ford USA, GM Korea and M&M USA. Our R&D has perfected the technology of achieving low rolling resistance without compromise on tyre life, which is paying great dividends towards business growth. In recognition of our capabilities and performance, Apollo was given the Zero PPM award by Toyota along with commendation certificates on Quality and Delivery performance.

The Company is growing its presence in 2W market with Acti series range of products in bias category. R&D has also developed high end radial technology for motor cycle tyres and has plans to manufacture tyres in the current year.

R&D has developed a superior product in farm category for hard soil market in India named Virat 23 and launched 8 products EU market in multi plus truck segment. It has also developed 8 products for farm paddling operations in Thailand market. New products are getting ready for underground mines application in South Africa and also for port application in India and export markets.

In the Small Commercial Vehicle (SCV) segment tyres, our Company now has the widest range of tyres in the market.

**(iii) Benefits derived like product improvement, cost reduction or import substitution**

Development of alternative and novel materials & technologies helped in enhancing product quality. Various productivity improvement activities were implemented like reducing mixing cycle; improvement in extrusion speed, optimisation of cure cycle etc. These improvements have considerably improved the performance of our current products in market particularly in Agri and Steer tyres of Commercial vehicles.

Research projects is also undertaken to improve recycling of used tyres and re-use back into the tyre. R&D's Retread Research and Training wing is supporting the user community by providing training in efficient re-treading and end of life tyre usage.

**(iv) Details of imported technology (imported during last 3 years reckoned from the beginning of the financial year)**

- Details of technology imported - No technology was imported during this financial year.
- Year of import – Not applicable.
- Whether the technology been fully absorbed- We are focusing on the development of our own technology through in-house R&D efforts or through collaborative research.
- If not fully absorbed, areas where absorption has not taken place and reasons therefore.

  The present technology is based on our own R&D efforts.

**(v) Expenditure incurred on Research and Development**

| | | (₹ Million) |
|---|---|---|
| a) | Capital | 129.25 |
| b) | Deferred Revenue Expenditure | – |
| c) | Revenue | 1,620.18 |
| d) | Total | 1,749.43 |
| e) | Total R&D expenditure as a % turnover | 1.78% |

## C) Foreign Exchange Earnings And Outgo

| Foreign Exchange Earnings | (₹ Million) |
|---|---|
| On account of direct - export sales from Apollo Tyres Ltd. (FOB value) | 8,069.64 |
| On account of royalty from Foreign Subsidiary Companies | 61.22 |
| On account of interest received from Foreign Subsidiary Companies | 12.41 |
| On account of Cross Charge of Management Expenses from Foreign Subsidiary Companies | 54.20 |
| On account of Reimbursement of Expenses from Foreign Subsidiary Companies | 141.41 |
| Foreign Exchange outgo (other than CIF value of imports) | 3,178.92 |

For and on behalf of the Board of Directors

Place: Gurgaon
Date: May 5, 2017

(ONKAR S. KANWAR)
Chairman & Managing Director

# ANNEXURE - V

## FORM NO. MGT 9
## EXTRACT OF ANNUAL RETURN

as on financial year ended on March 31, 2017
Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014.

## I REGISTRATION & OTHER DETAILS

| | | |
|---|---|---|
| i | CIN | L25111KL1972PLC002449 |
| ii | Registration Date | September 28, 1972 |
| iii | Name of the Company | Apollo Tyres Ltd. |
| iv | Category/Sub-category of the Company | Public Company (Limited By shares) |
| v | Address of the Registered office & contact details | 3rd Floor, Areekal Mansion, Near Manorama Junction, Panampilly Nagar, Kochi - 682 036, Kerala, Ph:-91 484 4012046, 47 |
| vi | Whether listed company | Yes |
| vii | Name, Address & contact details of the Registrar & Transfer Agent, if any. | Apollo Tyres Ltd. Apollo House, 7, Institutional Area, Sector-32, Gurgaon, Haryana - 122 001 |

## II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

| Sl. No. | Name & Description of main products/services | NIC Code of the Product/Service | % to total turnover of the Company |
|---|---|---|---|
| 1 | Tyres, Tubes and Flaps | 25111 | 100 |

## III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

| Sl. No. | Name & Address of the Company | CIN / GLN | Holding/ Subsidiary/ Associate | %of Shares Held | Applicable Section |
|---|---|---|---|---|---|
| 1 | Apollo ( South Africa) Holdings (Pty) Ltd. - 150 Denne Road, Hughes, Boksburg, Gauteng, 1459. | Foreign Company | Subsidiary | 100 | 2(87) |
| 2 | Apollo Tyres (Cyprus) Pvt. Ltd. - Zinonos Sozou, 12, P.C. 1075, nicosia, Cyprus | Foreign Company | Subsidiary | 100 | 2(87) |
| 3 | Apollo Tyres (Greenfield) B.V. - Ir. Schiffstraat 370, 7547 RD Enschede | Foreign Company | Subsidiary | 100 | 2(87) |
| 4 | Apollo Tyres (Hungary) Kft. - HU-1053, Budapest, Karolyiutca 12.3 em. | Foreign Company | Subsidiary | 100 | 2(87) |
| 5 | Apollo Tyres Cooperatief U.A- Ir. Schiffstraat 370, 7547 RD Enschede | Foreign Company | Subsidiary | 100 | 2(87) |
| 6 | Apollo Tyres AG- Mellingerstrassen 2a, 5400 Baden, Switzerland | Foreign Company | Subsidiary | 100 | 2(87) |
| 7 | Apollo Tyres Global R & D B.V.- Colosseum 2, 7521 PT Enschede | Foreign Company | Subsidiary | 100 | 2(87) |
| 8 | Apollo Tyres (Middle East) FZE - Building No.-3, Galleries- Office No.-GB030603, Jebel Ali- Dubai, UAE | Foreign Company | Subsidiary | 100 | 2(87) |
| 9 | Apollo Tyres Holdings (Singapore) Pte. Ltd. - 9 Temasek Boulevard, #42-01, Suntec Tower Two, Singapore 038989 | Foreign Company | Subsidiary | 100 | 2(87) |
| 10 | Apollo Tyres (Thailand) Limited-23FL, KPN Tower, 719, Rama-9 Road, Bang Kapi, Huay Kwang, Bangkok-10310 | Foreign Company | Subsidiary | 100 | 2(87) |
| 11 | Apollo Tyres Do (Brasil) Ltda.- Rua Marques de Paranaguá, 348 9° andar Consolação São Paulo - CEP 01.303-050 SP | Foreign Company | Subsidiary | 100 | 2(87) |
| 12 | Apollo Tyres B.V.- Ir. Schiffstraat 370, 7547 RD Enschede | Foreign Company | Subsidiary | 100 | 2(87) |
| 13 | Apollo Tyres (UK) Pvt. Ltd.- 3rd Floor, Maddox House I, Maddox Street & 215-221, Regent Street London WIS 2PZ | Foreign Company | Subsidiary | 100 | 2(87) |
| 14 | Apollo Tyres (Malaysia) Sdn Bhd - Level 21, Suite 21.01, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur | Foreign Company | Subsidiary | 100 | 2(87) |
| 15 | Apollo Tyres (Germany) GmbH - Am Prime Park 17, 65479 Raunheim | Foreign Company | Subsidiary | 100 | 2(87) |

| Sl. No. | Name & Address of the Company | CIN / GLN | Holding/ Subsidiary/ Associate | %of Shares Held | Applicable Section |
|---|---|---|---|---|---|
| 16 | Reifencom GmbH, Bielefeld - Am Stadtholz 24-26, D-33609 Bielefeld | Foreign Company | Subsidiary | 100 | 2(87) |
| 17 | Reifencom GmbH, Hannover - Südfeldstr. 16, D-30453 Hannover | Foreign Company | Subsidiary | 100 | 2(87) |
| 18 | Reifencom Einkaufsgesellschaft, mbH & Co. OHG, Hannover - Südfeldstr. 16 D-30453 Hannover | Foreign Company | Subsidiary | 100 | 2(87) |
| 19 | Reifencom Tyre (Qingdao) Co., Ltd. - Room 306, International News Center No.50 Hong Kong Middle Road, Shinan Dist Qingdao 266000 P.R. China | Foreign Company | Subsidiary | 100 | 2(87) |
| 20 | Apollo Tyres (London) Pvt. Ltd. - Third Floor, Maddox House 1, Maddox street & 215-221, Regent Street London WIS 2PZ | Foreign Company | Subsidiary | 100 | 2(87) |
| 21 | Apollo Vredestein B.V.- Ir. Schiffstraat 370, 7547 RD Enschede | Foreign Company | Subsidiary | 100 | 2(87) |
| 22 | Apollo Vredestein Kft.- Alkotás út 39/c 1123 Budapest | Foreign Company | Subsidiary | 100 | 2(87) |
| 23 | Apollo Vredestein Belux- Buro&Design Center, Heizel Esplanade bus 6 1020 Brussel | Foreign Company | Subsidiary | 100 | 2(87) |
| 24 | Vredestein Consulting B.V.- Ir. E.L.C. Schiffstraat 370, 7547 RD Enschede | Foreign Company | Subsidiary | 100 | 2(87) |
| 25 | Finlo B.V.- Ir. Schiffstraat 370, 7547 RD Enschede | Foreign Company | Subsidiary | 100 | 2(87) |
| 26 | Vredestein Marketing B.V- Ir. E.L.C. Schiffstraat 370, 7547 RD Enschede | Foreign Company | Subsidiary | 100 | 2(87) |
| 27 | Vredestein Marketing B.V & Co. KG- Schulzendorferstrasse 12, 12529 Schonefeld | Foreign Company | Subsidiary | 100 | 2(87) |
| 28 | Apollo Vredestein GesmbH- Seybelgasse 10-12, 1230 Wien | Foreign Company | Subsidiary | 100 | 2(87) |
| 29 | Apollo Vredestein Schweiz AG- Mellingerstrasse 2A, Postfach 2112, 5402 Baden | Foreign Company | Subsidiary | 100 | 2(87) |
| 30 | Apollo Vredestein S.R.L.- Via Edelweiss Rodriquez Senior n.3 int.13 47900 Rimini (RN) | Foreign Company | Subsidiary | 100 | 2(87) |
| 31 | Apollo Vredestein Ibérica S.A.- Cityparc Edificio Bruselas, Ctra. De Hospitalet 147-149, 08940 Cornella de Llobregat Barcelona | Foreign Company | Subsidiary | 100 | 2(87) |
| 32 | Apollo Vredestein (UK) Ltd.- 1 Beechwood, Cherry Hall Road, Kettering Business Park, Northants NN14 1UE | Foreign Company | Subsidiary | 100 | 2(87) |
| 33 | Apollo Vredestein Nordic AB- Flöjelbergsgatan 18, 431 37 MÖLNDAL, SWEDEN | Foreign Company | Subsidiary | 100 | 2(87) |
| 34 | Apollo Vredestein SAS- 59, Avenue Victor Hugo, 75116, Paris | Foreign Company | Subsidiary | 100 | 2(87) |
| 35 | Apollo Vredestein GmbH- Rheinstrasse 103, Vallendar | Foreign Company | Subsidiary | 100 | 2(87) |
| 36 | Apollo Vredestein Opony Polska sp. Z o.o.- Ul Prosta 32, 00-838 Warszawa | Foreign Company | Subsidiary | 100 | 2(87) |
| 37 | Apollo Vredestein Tires Inc- 13, Bridge Street, Metuchen NJ 08840 | Foreign Company | Subsidiary | 100 | 2(87) |
| 38 | S.C. Vredestein RO S.R.L.- 400071 Cluj-Napoca str. Zrinyi Miklos nr. 7/3-4, Cluj | Foreign Company | Subsidiary | 100 | 2(87) |
| 39 | Apollo Tyres Africa (Pty) Ltd. - 150 Denne Road, Hughes, Boksburg, Gauteng, 1459. | Foreign Company | Subsidiary | 100 | 2(87) |
| 40 | Rubber Research LLC - Paracorp Incorporated, 2140 South DuPont Highway, Camden, DE 19934 | Foreign Company | Subsidiary | 100 | 2(87) |
| 41 | Saturn F1 Pvt Ltd. - 21 St Thomas Street, Bristol, BS1 6JS | Foreign Company | Subsidiary | 100 | 2(87) |
| 42 | Retail Distribution Holding B.V. - Herikerbergweg 5, 1101CN Amsterdam | Foreign Company | Subsidiary | 100 | 2(87) |
| 43 | Pressurite (Pty) Ltd. (RSA)- Unit 1 , Aviation Crescent, Airport City, 7490 | Foreign Company | Associate | 28 | 2(6) |
| 44 | PAN Aridus LLC- PO Box 5134 Carefree, Arizona USA, 85377 | Foreign Company | Joint Venture | 50 | 2(6) |

## IV SHAREHOLDING PATTERN (Equity Share Capital Break Up as % to Total Equity)

### (i) Category-Wise Shareholding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the Year | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | % change during the year |
| **A. Promoters** | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/HUF | 5789791 | 0 | 5789791 | 1.14 | 1683010 | 0 | 1683010 | 0.33 | (0.81) |
| b) Central Govt. or State Govt. | 0 | 0 | 0 | – | 0 | 0 | 0 | – | – |
| c) Bodies Corporates | 216942501 | 7450 | 216949951 | 42.62 | 221049282 | 7450 | 221056732 | 43.43 | 0.81 |
| d) Bank/FI | 0 | 0 | 0 | – | 0 | 0 | 0 | – | – |
| e) Any other | 0 | 0 | 0 | – | 0 | 0 | 0 | – | – |
| **Sub-Total (A) (1):-** | **222732292** | **7450** | **222739742** | **43.76** | **222732292** | **7450** | **222739742** | **43.76** | **(0.00)** |
| (2) Foreign | | | | | | | | | – |
| a) NRI- Individuals | 1977000 | 0 | 1977000 | 0.39 | 1977000 | 0 | 1977000 | 0.39 | – |
| b) Other Individuals | 0 | 0 | 0 | – | 0 | 0 | 0 | – | – |
| c) Bodies Corp. | 0 | 0 | 0 | – | 0 | 0 | 0 | – | – |
| d) Banks/FI | 0 | 0 | 0 | – | 0 | 0 | 0 | – | – |
| e) Any other… | 0 | 0 | 0 | – | 0 | 0 | 0 | – | – |
| **Sub-Total (A) (2) :-** | **1977000** | **0** | **1977000** | **0.39** | **1977000** | **0** | **1977000** | **0.39** | **–** |
| **Total Shareholding of Promoter (A)= (A)(1)+(A)(2)** | **224709292** | **7450** | **224716742** | **44.15** | **224709292** | **7450** | **224716742** | **44.15** | **–** |
| **B. Public Shareholding** | | | | | | | | | |
| (1) Institutions | | | | | | | | | |
| a) Mutual Funds | 35545596 | 744700 | 36290296 | 7.13 | 36790546 | 744700 | 37535246 | 7.37 | 0.24 |
| b) Banks/FI | 2386868 | 610750 | 2997618 | 0.59 | 4007022 | 647750 | 4654772 | 0.91 | 0.33 |
| c) Central Govt. | 0 | 0 | 0 | – | 0 | 0 | 0 | – | – |
| d) State Govt. | 10000000 | 0 | 10000000 | 1.96 | 10000000 | 0 | 10000000 | 1.96 | – |
| e) Venture Capital Fund | 0 | 0 | 0 | – | 0 | 0 | 0 | – | – |
| f) Insurance Companies | 0 | 42000 | 42000 | 0.01 | 0 | 0 | 0 | – | (0.01) |
| g) FIIS | 163512482 | 501880 | 164014362 | 32.22 | 158111133 | 501880 | 158613013 | 31.16 | (1.06) |
| h) Foreign Venture Capital Funds | 0 | 0 | 0 | – | 0 | 0 | 0 | – | – |
| **Sub-Total (B)(1):-** | **211444946** | **1899330** | **213344276** | **41.91** | **208908701** | **1894330** | **210803031** | **41.41** | **(0.50)** |
| (2) Non-Institutions | | | | | | | | | |
| a) i) Individual shareholders holding nominal share capital upto ₹ 2 lakhs | 29169095 | 8357943 | 37527038 | 7.37 | 28543267 | 8082043 | 36625310 | 7.20 | (0.18) |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakhs | 1140000 | 0 | 1140000 | 0.22 | 1120000 | 0 | 1120000 | 0.22 | (0.00) |
| b) Others (specify) | | | | | | | | | |
| NRIs | 1903787 | 575240 | 2479027 | 0.49 | 1722325 | 538740 | 2261065 | 0.44 | (0.04) |
| Foregin National | 700 | 0 | 700 | 0.00 | 0 | 0 | 0 | – | (0.00) |
| Unclaimed Suspense A/c | 1414680 | 0 | 1414680 | 0.28 | 1404300 | 0 | 1404300 | 0.28 | (0.00) |
| Others (balancing figure) | 28165887 | 236420 | 28402307 | 5.58 | 31862402 | 231920 | 32094322 | 5.58 | – |
| **Sub-Total (B)(2):-** | **61794149** | **9169603** | **70963752** | **13.94** | **64652294** | **8852703** | **73504997** | **14.44** | **0.50** |
| | | | | | | | | | |
| **Total Public Shareholding (B)= (B)(1)+(B)(2)** | **273239095** | **11068933** | **284308028** | **55.85** | **273560995** | **10747033** | **284308028** | **55.85** | **–** |
| **C. Shares held by Custodian for GDRs & ADRs** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | – |
| **Grand Total (A+B+C)** | **497948387** | **11076383** | **509024770** | **100.00** | **498270287** | **10754483** | **509024770** | **100.00** | **–** |

### (ii) Shareholding of Promoters

| Sl. No. | Shareholders Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | |
|---|---|---|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the Company | % of shares pledged encumbered to total shares | No. of shares | % of total shares of the Company | % of shares pledged/ encumbered to total shares | % change in share holding during the year |
| 1 | Neeraj Consultants Pvt. Ltd. | 42508142 | 8.35 | 1.05 | 72138999 | 14.17 | 1.05 | 5.82 |
| 2 | Constructive Finance Pvt. Ltd. | 29630857 | 5.82 | 0.38 | 0 | – | 0.00 | (5.82) |
| 3 | Apollo Finance Ltd. | 36759650 | 7.22 | 0 | 36759650 | 7.22 | 1.34 | – |
| 4 | Sunrays Properties & Investment Co. Pvt. Ltd. | 35725648 | 7.02 | 3.63 | 35725648 | 7.02 | 3.46 | – |
| 5 | Apollo International Ltd. | 17527080 | 3.44 | 0 | 984485 | 0.19 | 0 | (3.25) |
| 6 | Motlay Finance Pvt. Ltd. | 12618036 | 2.48 | 1.41 | 16724817 | 3.29 | 1.41 | 0.81 |
| 7 | Sacred Heart Investment Co. Pvt. Ltd. | 9453180 | 1.86 | 0 | 24435180 | 4.80 | 0 | 2.94 |
| 8 | Classic Autotubes Ltd. | 14493500 | 2.85 | 0 | 14493500 | 2.85 | 0 | – |
| 9 | Ganga Kaveri Credit & Holdings Pvt. Ltd. | 7688380 | 1.51 | 0 | 7688380 | 1.51 | 0 | – |
| 10 | Indus Valley Investment & Finance Pvt. Ltd. | 5076040 | 1.00 | 0 | 5076040 | 1.00 | 0 | – |
| 11 | Mr. Onkar S. Kanwar | 4906781 | 0.96 | 0 | 800000 | 0.16 | 0 | (0.81) |
| 12 | Global Capital Ltd. | 3627158 | 0.71 | 0 | 3627158 | 0.71 | 0 | – |
| 13 | Mrs. Shalini Chand Kanwar | 1977000 | 0.39 | 0 | 1977000 | 0.39 | 0 | – |
| 14 | Kenstar Investment & Finance Pvt. Ltd. | 1842280 | 0.36 | 0 | 1842280 | 0.36 | 0 | – |
| 15 | Mr. Neeraj Kanwar | 671380 | 0.13 | 0 | 671380 | 0.13 | 0 | – |
| 16 | Mr. Raaja Kanwar | 180880 | 0.04 | 0 | 180880 | 0.04 | 0 | – |
| 17 | Mrs. Simran Kanwar | 18500 | 0.00 | 0 | 18500 | 0.00 | 0 | – |
| 18 | Mrs. Taru Kanwar | 12250 | 0.00 | 0 | 12250 | 0.00 | 0 | – |
| 19 | Amit Dyechem Pvt. Ltd. | 0 | – | 0 | 1560595 | 0.31 | 0 | 0.31 |
| | **Total** | **224716742** | **44.15** | **6.47** | **224716742** | **44.15** | **7.26** | **–** |

### (iii) Change in Promoters' Shareholding

| Sl. No. | DP ID/Client ID | Name of Shareholders | Shareholding at the beginning of the year | | Date of change in shareholding | Increase/ Decrease in shareholding | Reason for increase/ decrease | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|---|---|---|---|
| | | | No. of shares | % of total shares of the Company | | | | No. of shares | % of total shares of the Company |
| 1 | IN30112715045132 | Neeraj Consultants Pvt. Ltd. | 42508142 | 8.35 | 01/04/2016 | – | – | 42508142 | 8.35 |
| | | | | | 24/03/2017 | 29630857 | Transfer | 72138999 | 14.17 |
| | | | | | 31/03/2017 | – | – | 72138999 | 14.17 |
| 2 | IN30011810182874 | Apollo Finance Ltd. | 36759650 | 7.22 | 01/04/2016 | – | – | 36759650 | 7.22 |
| | | | | | 31/03/2017 | – | – | 36759650 | 7.22 |
| 3 | IN30009510124640 | Sunrays Properties & Investment Co. Pvt. Ltd. | 35719198 | 7.02 | 01/04/2016 | – | – | 35719198 | 7.02 |
| | | | | | 31/03/2017 | – | – | 35719198 | 7.02 |
| 4 | IN30011810141101 | Sacred Heart Investment Company Pvt. Ltd. | 9453180 | 1.86 | 01/04/2016 | – | – | 9453180 | 1.86 |
| | | | | | 24/03/2017 | 14982000 | Transfer | 24435180 | 4.80 |
| | | | | | 31/03/2017 | – | – | 24435180 | 4.80 |
| 5 | IN30011810141089 | Motlay Finance Pvt. Ltd. | 12618036 | 2.48 | 01/04/2016 | – | – | 12618036 | 2.48 |
| | | | | | 31/03/2017 | 4106781 | Transfer | 16724817 | 3.29 |
| 6 | IN30236510866463 | Classic Autotubes Limited | 9393500 | 1.85 | 01/04/2016 | – | – | 9393500 | 1.85 |
| | | | | | 31/03/2017 | – | – | 9393500 | 1.85 |
| 7 | IN30009510124658 | Ganga Kaveri Credit & Holdings Pvt. Ltd. | 7688380 | 1.51 | 01/04/2016 | – | – | 7688380 | 1.51 |
| | | | | | 31/03/2017 | – | – | 7688380 | 1.51 |
| 8 | IN30355910011002 | Classic Auto Tubes Limited | 5100000 | 1.00 | 01/04/2016 | – | – | 5100000 | 1.00 |
| | | | | | 31/03/2017 | – | – | 5100000 | 1.00 |
| 9 | IN30112715399078 | Indus Valley Investment And Finance Pvt. Ltd. | 5076040 | 1.00 | 01/04/2016 | – | – | 5076040 | 1.00 |

| Sl. No. | DP ID/Client ID | Name of Shareholders | Shareholding at the beginning of the year | | Date of change in shareholding | Increase/ Decrease in shareholding | Reason for increase/ decrease | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|---|---|---|---|
| | | | No. of shares | % of total shares of the Company | | | | No. of shares | % of total shares of the Company |
| | | | | | 31/03/2017 | – | – | 5076040 | 1.00 |
| 10 | IN30009510124666 | Global Capital Limited | 3626158 | 0.71 | 01/04/2016 | – | – | 3626158 | 0.71 |
| | | | | | 31/03/2017 | – | – | 3626158 | 0.71 |
| 11 | IN30011811277023 | Mrs. Shalini Kanwar Chand | 1977000 | 0.39 | 01/04/2016 | – | – | 1977000 | 0.39 |
| | | | | | 31/03/2017 | – | – | 1977000 | 0.39 |
| 12 | 1201410000007516 | Kenstar Investment & Finance Private Limited | 1842280 | 0.36 | 01/04/2016 | – | – | 1842280 | 0.36 |
| | | | | | 31/03/2017 | – | – | 1842280 | 0.36 |
| 13 | 1201410000017026 | Amit Dyechem Pvt. Ltd. | 0 | 0.00 | 01/04/2016 | – | – | 0 | 0.00 |
| | | | | | 31/03/2017 | 1560595 | Transfer | 1560595 | 0.31 |
| 14 | IN30011810148066 | Apollo International Limited | 17527080 | 3.44 | 01/04/2016 | – | – | 17527080 | 3.44 |
| | | | | | 31/03/2017 | −16542595 | Transfer | 984485 | 0.19 |
| 15 | IN30011810150354 | Mr. Onkar S. Kanwar | 4906781 | 0.96 | 01/04/2016 | – | – | 4906781 | 0.96 |
| | | | | | 24/03/2017 | −3000000 | Transfer | 1906781 | 0.37 |
| | | | | | 31/03/2017 | −1106781 | Transfer | 800000 | 0.16 |
| 16 | IN30011810148832 | Mr. Neeraj Kanwar | 671380 | 0.13 | 01/04/2016 | – | – | 671380 | 0.13 |
| | | | | | 31/03/2017 | – | – | 671380 | 0.13 |
| 17 | IN30011810150320 | Mr. Raaja R. S. Kanwar | 180880 | 0.04 | 01/04/2016 | – | – | 180880 | 0.04 |
| | | | | | 31/03/2017 | – | – | 180880 | 0.04 |
| 18 | IN30011810150311 | Mrs. Simran Kanwar | 18500 | 0.00 | 01/04/2016 | – | – | 18500 | 0.00 |
| | | | | | 31/03/2017 | – | – | 18500 | 0.00 |
| 19 | IN30011811257309 | Mrs. Taru Kanwar | 12250 | 0.00 | 01/04/2016 | – | – | 12250 | 0.00 |
| | | | | | 31/03/2017 | – | – | 12250 | 0.00 |
| 20 | P-0014890 | Sunrays Properties & Investment Co. Pvt. Ltd. | 6450 | 0.00 | 01/04/2016 | – | – | 6450 | 0.00 |
| | | | | | 31/03/2017 | – | – | 6450 | 0.00 |
| 21 | P-0023027 | Global Capital Limited | 1000 | 0.00 | 01/04/2016 | – | – | 1000 | 0.00 |
| | | | | | 31/03/2017 | – | – | 1000 | 0.00 |
| 22 | IN30011810141097 | Constructive Finance Pvt. Ltd. | 29630857 | 5.82 | 01/04/2016 | – | – | 29630857 | 5.82 |
| | | | | | 31/03/2017 | −29630857 | Transfer | 0 | 0.00 |

## (iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters & Holders of GDRs & ADRs)

| Sl. No. | DP ID/Client ID | Name of Shareholders | Shareholding at the beginning of the year | | Date of change in shareholding | Increase/ Decrease in shareholding | Reason for increase/ decrease | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|---|---|---|---|
| | | | No. of shares | % of total shares of the Company | | | | No. of shares | % of total shares of the Company |
| 1 | IN30343810004305 | Franklin Templeton Investment Funds | 18319594 | 3.60 | 01/04/2016 | – | – | 18319594 | 3.60 |
| | | | | | 22/04/2016 | 394804 | Transfer | 18714398 | 3.68 |
| | | | | | 31/03/2017 | – | – | 18714398 | 3.68 |
| 2 | IN30133019132926 | Custodian A/C - Ashwin Shantilal Mehta | 13507300 | 2.65 | 01/04/2016 | – | – | 13507300 | 2.65 |
| | | | | | 31/03/2017 | – | – | 13507300 | 2.65 |
| 3 | IN30005410026602 | Skagen Kon-Tiki Verdipapirfond | 13028865 | 2.56 | 01/04/2016 | – | – | 13028865 | 2.56 |
| | | | | | 14/10/2016 | −63863 | Transfer | 12965002 | 2.55 |
| | | | | | 21/10/2016 | −584814 | Transfer | 12380188 | 2.43 |
| | | | | | 28/10/2016 | −524234 | Transfer | 11855954 | 2.33 |
| | | | | | 31/03/2017 | – | – | 11855954 | 2.33 |
| 4 | IN30005410015680 | Lsv Emerging Markets Equity Fund Lp | 5491000 | 1.08 | 01/04/2016 | – | – | 5491000 | 1.08 |
| | | | | | 31/03/2017 | – | – | 5491000 | 1.08 |

| Sl. No. | DP ID/Client ID | Name of Shareholders | Shareholding at the beginning of the year | | Date of change in shareholding | Increase/ Decrease in shareholding | Reason for increase/ decrease | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|---|---|---|---|
| | | | No. of shares | % of total shares of the Company | | | | No. of shares | % of total shares of the Company |
| 5 | IN30005410016472 | Credit Suisse (Singapore) Limited | 8946047 | 1.76 | 01/04/2016 | – | – | 8946047 | 1.76 |
| | | | | | 08/04/2016 | 194110 | Transfer | 9140157 | 1.80 |
| | | | | | 15/04/2016 | -27061 | Transfer | 9113096 | 1.79 |
| | | | | | 22/04/2016 | -5713 | Transfer | 9107383 | 1.79 |
| | | | | | 29/04/2016 | 29952 | Transfer | 9137335 | 1.80 |
| | | | | | 06/05/2016 | 140448 | Transfer | 9277783 | 1.82 |
| | | | | | 13/05/2016 | -832130 | Transfer | 8445653 | 1.66 |
| | | | | | 27/05/2016 | -46395 | Transfer | 8399258 | 1.65 |
| | | | | | 03/06/2016 | 48191 | Transfer | 8447449 | 1.66 |
| | | | | | 10/06/2016 | 2025 | Transfer | 8449474 | 1.66 |
| | | | | | 17/06/2016 | -15721 | Transfer | 8433753 | 1.66 |
| | | | | | 01/07/2016 | -42876 | Transfer | 8390877 | 1.65 |
| | | | | | 08/07/2016 | 105622 | Transfer | 8496499 | 1.67 |
| | | | | | 22/07/2016 | -167740 | Transfer | 8328759 | 1.64 |
| | | | | | 29/07/2016 | -617901 | Transfer | 7710858 | 1.51 |
| | | | | | 05/08/2016 | -236995 | Transfer | 7473863 | 1.47 |
| | | | | | 12/08/2016 | -184274 | Transfer | 7289589 | 1.43 |
| | | | | | 26/08/2016 | 42738 | Transfer | 7332327 | 1.44 |
| | | | | | 02/09/2016 | 124737 | Transfer | 7457064 | 1.46 |
| | | | | | 09/09/2016 | 24048 | Transfer | 7481112 | 1.47 |
| | | | | | 16/09/2016 | 181343 | Transfer | 7662455 | 1.51 |
| | | | | | 23/09/2016 | 54165 | Transfer | 7716620 | 1.52 |
| | | | | | 30/09/2016 | 54033 | Transfer | 7770653 | 1.53 |
| | | | | | 07/10/2016 | -403960 | Transfer | 7366693 | 1.45 |
| | | | | | 14/10/2016 | -7997 | Transfer | 7358696 | 1.45 |
| | | | | | 04/11/2016 | 14753 | Transfer | 7373449 | 1.45 |
| | | | | | 11/11/2016 | -8664 | Transfer | 7364785 | 1.45 |
| | | | | | 18/11/2016 | -42004 | Transfer | 7322781 | 1.44 |
| | | | | | 25/11/2016 | -391255 | Transfer | 6931526 | 1.36 |
| | | | | | 02/12/2016 | -21047 | Transfer | 6910479 | 1.36 |
| | | | | | 09/12/2016 | -36525 | Transfer | 6873954 | 1.35 |
| | | | | | 16/12/2016 | -40868 | Transfer | 6833086 | 1.34 |
| | | | | | 23/12/2016 | -309000 | Transfer | 6524086 | 1.28 |
| | | | | | 06/01/2017 | -11962 | Transfer | 6512124 | 1.28 |
| | | | | | 13/01/2017 | -64248 | Transfer | 6447876 | 1.27 |
| | | | | | 20/01/2017 | -696747 | Transfer | 5751129 | 1.13 |
| | | | | | 27/01/2017 | -65211 | Transfer | 5685918 | 1.12 |
| | | | | | 03/02/2017 | -41958 | Transfer | 5643960 | 1.11 |
| | | | | | 10/02/2017 | -55656 | Transfer | 5588304 | 1.10 |
| | | | | | 17/02/2017 | -72000 | Transfer | 5516304 | 1.08 |
| | | | | | 24/02/2017 | -3000 | Transfer | 5513304 | 1.08 |
| | | | | | 10/03/2017 | -41571 | Transfer | 5471733 | 1.07 |
| | | | | | 17/03/2017 | -108867 | Transfer | 5362866 | 1.05 |
| | | | | | 24/03/2017 | -153957 | Transfer | 5208909 | 1.02 |

| Sl. No. | DP ID/Client ID | Name of Shareholders | Shareholding at the beginning of the year | | Date of change in shareholding | Increase/ Decrease in shareholding | Reason for increase/ decrease | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|---|---|---|---|
| | | | No. of shares | % of total shares of the Company | | | | No. of shares | % of total shares of the Company |
| | | | | | 31/03/2017 | −82612 | Transfer | 5126297 | 1.01 |
| 6 | IN30005410040054 | Dimensional Emerging Markets Value Fund | 6656396 | 1.31 | 01/04/2016 | – | – | 6656396 | 1.31 |
| | | | | | 08/07/2016 | −158106 | Transfer | 6498290 | 1.28 |
| | | | | | 15/07/2016 | −203123 | Transfer | 6295167 | 1.24 |
| | | | | | 22/07/2016 | −140084 | Transfer | 6155083 | 1.21 |
| | | | | | 11/04/2016 | −151299 | Transfer | 6003784 | 1.18 |
| | | | | | 11/11/2016 | −119627 | Transfer | 5884157 | 1.16 |
| | | | | | 03/03/2017 | −24775 | Transfer | 5859382 | 1.15 |
| | | | | | 10/03/2017 | −293906 | Transfer | 5565476 | 1.09 |
| | | | | | 24/03/2017 | −255172 | Transfer | 5310304 | 1.04 |
| | | | | | 31/03/2017 | −208382 | Transfer | 5101922 | 1.00 |
| 7 | IN30016710011040 | Franklin Templeton Mutual Fund A/C Franklin India Prima Plus | 3750000 | 0.74 | 01/04/2016 | – | – | 3750000 | 0.74 |
| | | | | | 08/07/2016 | 300000 | Transfer | 4050000 | 0.80 |
| | | | | | 15/07/2016 | 1000000 | Transfer | 5050000 | 0.99 |
| | | | | | 22/07/2016 | 600000 | Transfer | 5650000 | 1.11 |
| | | | | | 20/01/2017 | −650000 | Transfer | 5000000 | 0.98 |
| | | | | | 31/03/2017 | – | – | 5000000 | 0.98 |
| 8 | IN30023910150207 | Kerala State Industrial Development Corporation | 5000000 | 0.98 | 01/04/2016 | – | – | 5000000 | 0.98 |
| | | | | | 31/03/2017 | – | – | 5000000 | 0.98 |
| 9 | IN30023910664696 | Governor of Kerala | 5000000 | 0.98 | 01/04/2016 | – | – | 5000000 | 0.98 |
| | | | | | 31/03/2017 | – | – | 5000000 | 0.98 |
| 10 | IN30016710010936 | Franklin Templeton Mutual Fund A/C Franklin India Prima Fund | 3843261 | 0.76 | 01/04/2016 | – | – | 3843261 | 0.76 |
| | | | | | 01/07/2016 | 200000 | Transfer | 4043261 | 0.79 |
| | | | | | 30/09/2016 | 200000 | Transfer | 4243261 | 0.83 |
| | | | | | 07/10/2016 | 200000 | Transfer | 4443261 | 0.87 |
| | | | | | 11/11/2016 | 200000 | Transfer | 4643261 | 0.91 |
| | | | | | 31/03/2017 | – | – | 4643261 | 0.91 |
| 11 | IN30343810004432 | Templeton Global Investment Trust - Templetonemerging Markets Small Cap Fund | 6308724 | 1.24 | 01/04/2016 | – | – | 6308724 | 1.24 |
| | | | | | 23/12/2016 | −103734 | Transfer | 6204990 | 1.22 |
| | | | | | 30/12/2016 | −822041 | Transfer | 5382949 | 1.06 |
| | | | | | 06/01/2017 | −831166 | Transfer | 4551783 | 0.89 |
| | | | | | 31/03/2017 | – | – | 4551783 | 0.89 |
| 12 | IN30343810013442 | Stichting Depositary Apg Emerging Markets Equity Pool | 6339314 | 1.25 | 01/04/2016 | – | – | 6339314 | 1.25 |
| | | | | | 16/12/2016 | −237974 | Transfer | 6101340 | 1.20 |
| | | | | | 06/01/2017 | −237593 | Transfer | 5863747 | 1.15 |
| | | | | | 13/01/2017 | −87753 | Transfer | 5775994 | 1.13 |
| | | | | | 20/01/2017 | −835632 | Transfer | 4940362 | 0.97 |
| | | | | | 27/01/2017 | −529777 | Transfer | 4410585 | 0.87 |

| Sl. No. | DP ID/Client ID | Name of Shareholders | Shareholding at the beginning of the year | | Date of change in shareholding | Increase/ Decrease in shareholding | Reason for increase/ decrease | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|---|---|---|---|
| | | | No. of shares | % of total shares of the Company | | | | No. of shares | % of total shares of the Company |
| | | | | | 10/02/2017 | −124438 | Transfer | 4286147 | 0.84 |
| | | | | | 24/03/2017 | −416312 | Transfer | 3869835 | 0.76 |
| | | | | | 31/03/2017 | – | – | 3869835 | 0.76 |

## (v) Shareholding of Directors & KMPs

| Sl. No. | Name of the Director/KMP | Shareholding at the beginning/end of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the Company | No.of shares | % of total shares of the Company |
| 1 | Mr. Onkar S. Kanwar - Chairman & Managing Director | | | | |
| | At the Beginning of the Year (April 1, 2016) | 4906781 | 0.96% | 4906781 | 0.96% |
| | Transaction (Purchase/ Sale) from April 1, 2016 upto March 31, 2017 | −4106781 | −0.81% | −4106781 | −0.81% |
| | At the end of the year (March 31, 2017) | 800000 | 0.16% | 800000 | 0.16% |
| 2 | Mr. Neeraj Kanwar - Vice Chairman & Managing Director | | | | |
| | At the Beginning of the Year (April 1, 2016) | 671380 | 0.13% | 671380 | 0.13% |
| | Transaction (Purchase/ Sale) from April 1, 2016 upto March 31, 2017 | – | – | – | – |
| | At the end of the year (March 31, 2017) | 671380 | 0.13% | 671380 | 0.13% |
| 3 | Mr. Vikram S Mehta - Director | | | | |
| | At the Beginning of the Year (April 1, 2016) | 6000 | 0.00% | 6000 | 0.00% |
| | Transaction (Purchase/Sale) from April 1, 2016 upto March 31, 2017 | – | – | – | – |
| | At the end of the year (March 31, 2017) | 6000 | 0.00% | 6000 | 0.00% |

The following Directors/Key Managerial Personnel (KMP) did not hold any shares during FY17:

(i) Mr. Akshay Chudasama, Director (ii) Mr. A.K. Purwar, Director (iii) Mr. Nimesh N. Kampani, Director (iv) Mr. Paul Antony, Director (v) Mr. Robert Steinmetz, Director (vi) Mr. Sunam Sarkar, Director (vii) Dr. S. Narayan, Director (viii) Mrs. Pallavi Shroff, Director (ix) General Bikram Singh (Retd.), Director (x) Mr. Vinod Rai, Director (xi) Mr. Francesco Gori, Director (xii) Mr. Gaurav Kumar, CFO-KMP and (xiii) Mrs. Seema Thapar, Company Secretary - KMP

## V INDEBTEDNESS

**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

₹ Million

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| **Indebtness at the beginning of the financial year** | | | | |
| i) Principal Amount | 3418.90 | 3471.22 | | 6890.12 |
| ii) Interest due but not paid | – | – | | – |
| iii) Interest accrued but not due | 53.01 | – | | 53.01 |
| **Total (i+ii+iii)** | **3471.91** | **3471.22** | | **6943.13** |
| | | | | |
| **Change in Indebtedness during the financial year** | | | | |
| Additions | 8959.01 | 19643.66 | | 28602.67 |
| Reduction | 1939.35 | 15434.47 | | 17373.82 |
| Net Change | 7019.66 | 4209.19 | | 11228.85 |
| **Indebtedness at the end of the financial year** | | | | |
| i) Principal Amount | 10112.56 | 7680.41 | | 17792.97 |

₹ Million

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| ii) Interest due but not paid | – | – | | – |
| iii) Interest accrued but not due | 379.01 | – | | 379.01 |
| **Total (i+ii+iii)** | **10491.57** | **7680.41** | | **18171.98** |

## VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole time Director and/or Manager:

₹ Million

| Sl. No. | Particulars of Remuneration | Name of the MD/ WTD/ Manager | | Total |
|---|---|---|---|---|
| 1 | Gross salary | Onkar S. Kanwar | Neeraj Kanwar | |
| | (a) Salary as per provisions contained in Section 17(1) of the Income Tax, 1961 | 113.05 | 76.26 | 189.31 |
| | (b) Value of perquisites u/s 17(2) of the Income tax Act, 1961 | 0.05 | 0.05 | 0.11 |
| | (c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961 | – | – | – |
| 2 | Stock option | – | – | – |
| 3 | Sweat Equity | – | – | – |
| 4 | Commission | 336.00 | 224.00 | 560.00 |
| | as % of profit | | | |
| | others (specify) | – | – | – |
| 5 | Others, please specify | – | – | – |
| | **Total (A)** | **449.10** | **300.31** | **749.41** |
| | **Ceiling as per the Act** | ₹ 1121.68 Million (being 10% of the Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013) | | |

### B. Remuneration to other Directors:

₹ Million

| Sl. No. | Particulars of Remuneration | Name of the Directors | | | | | | | | Total Amount |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Independent Directors | A.K. Purwar | Akshay Chudasama | Gen.Bikram Singh (Rtd.) | Nimesh N. Kampani | Pallavi Shroff | S. Narayan | Vinod Rai | Vikram S. Mehta | |
| (a) | Fee for attending Board/Committee Meetings | 0.50 | 1.20 | 0.70 | 0.60 | 0.40 | 1.00 | 0.50 | 0.50 | 5.40 |
| (b) | Commission | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 40.00 |
| (c) | Others, please specify | – | – | – | – | – | – | – | – | – |
| **Total (1)** | | **5.50** | **6.20** | **5.70** | **5.60** | **5.40** | **6.00** | **5.50** | **5.50** | **45.40** |
| 2 | Other Non-Executive Directors | Francesco Gori | P.H. Kurian/ Paul Antony* | Robert Steinmetz | Sunam Sarkar | | | | | |
| (a) | Fee for attending Board/Committee Meetings | 0.40 | 0.20 | 0.70 | 0.80 | | | | | 2.10 |
| (b) | Commission | 5.00 | 5.00 | 5.00 | 5.00 | | | | | 20.00 |
| (c) | Others, please specify | – | – | – | – | | | | | – |
| **Total (2)** | | **5.40** | **5.20** | **5.70** | **5.80** | | | | | **22.10** |
| **Total (B)=(1+2)** | | | | | | | | | | **67.50** |
| **Total Managerial Remuneration (A+B)** | | | | | | | | | | **816.92** |
| **Overall Ceiling as per the Act** | | ₹ 1233.85 Million (being 11% of the Net Profits of the Company calculated as per Section 198 of the Companies Act,2013) | | | | | | | | |

* Paid to Govt. of Kerala

### C. Remuneration to Key Managerial Personnel other than MD/ Manager/ WTD

₹ Million

| Sl. No. | Particulars of Remuneration | | CFO (Gaurav Kumar) | Company Secretary (Seema Thapar) |
|---|---|---|---|---|
| 1 | Gross Salary | | | |
| | (a) | Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 | 24.61 | 3.89 |
| | (b) | Value of perquisites u/s 17(2) of the Income Tax Act, 1961 | 0.04 | 0.23 |
| | (c) | Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961 | | |
| 2 | Stock Option | | – | – |
| 3 | Sweat Equity | | – | – |
| 4 | Commission | | – | – |
| | as % of profit | | – | – |
| | others, specify | | – | – |
| 5 | Others, please specify | | – | – |
| | **Total** | | **24.65** | **4.13** |

## VII PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES

There were no penalties/ punishment/ compounding of offences under Companies Act, 2013, for the year ended March 31, 2017.

For and on Behalf of the Board of Directors

Place: Gurgaon
Date: May 5, 2017

(ONKAR S. KANWAR)
Chairman & Managing Director

## ANNEXURE - VI

Apollo Tyres' governance framework enjoins the highest standards of ethical and responsible conduct of business to create value for all stakeholders. It continues to focus on good corporate governance, in line with emerging local and global standards. It understands and respects its fiduciary role in the corporate world. Besides adhering to the prescribed corporate governance practices as per Regulation 4 (2) read with Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Company voluntarily governs itself as per highest standards of ethical and responsible conduct of business in all facets of its operations and in all interactions with its stakeholders, including shareholders, employees, consumers, lenders and the community at large.

The prime focus of Companies Act, 2013 is on shareholders' democracy, higher transparency and more disclosures, E-Governance, investor protection /minority shareholders and on Professionals' enhanced role & accountability. The current annual report of your Company contains all the information and disclosures which are required to be given under Companies Act, 2013/Listing Regulations.

This report, along with the report on Management Discussion and Analysis and additional shareholders information provides the details of implementation of the corporate governance code by your Company as contained in the Listing Regulations:

### 1. CORPORATE GOVERNANCE PHILOSOPHY

At Apollo Tyres Ltd., corporate governance brings direction and control to the affairs of the Company in a fashion that ensures optimum return for stakeholders. Corporate governance is the broad framework which defines the way the Company functions and interacts with its environment. It is in compliance with laws and regulations in each of the markets the Company operates, leading to effective management of the organisation. Moreover, Apollo in its journey towards sustainability is integrating sustainability practices in its corporate governance system which goes beyond compliance.

The Company is guided by a key set of values for all its internal and external interactions.

Simultaneously, in keeping with the best practices, your Company seeks to execute the practices of corporate governance by maintaining strong business fundamentals and by delivering high performance through relentless focus on the following:

(a) Transparency by classifying and explaining the Company's policies and actions to those towards whom it has responsibilities, including its employees. This implies the maximum possible disclosures without hampering the interests of the Company and those of its stakeholders. The Company believes in promotion of ethical values and setting up exemplary standards of ethical behaviour in our conduct towards our business partners, colleagues, shareholders and general public;

(b) Accountability is a key pillar, where there cannot be a compromise in any aspect of accountability and full responsibility, even as the management pursues profitable growth for the Company;

(c) Professionalism ensures that management teams at all levels are qualified for their positions, have a clear understanding of their roles and are capable of exercising their own judgement, keeping in view the Company's interests, without being subject to undue influence from any external or internal pressures;

(d) Trusteeship brings into focus the fiduciary role of the management to align and direct the actions of the organisation towards creating wealth and shareholder value in the Company's quest to establish a global network, while abiding with global norms and cultures;

(e) As part of Corporate Responsibility, the Company believes in working towards sustainable development - environmental and social. Though the journey on sustainability is recent, it is already a key pillar in its next five year growth journey;

(f) Safeguarding integrity ensures independent verification and truthful presentation of the Company's financial position. For this purpose, the Company has also constituted an Audit Committee which pays particular attention to the financial management process;

(g) Continuous focus on training and development of employees and workers to achieve the overall corporate objectives while ensuring employee integration across national boundaries.

Your Company is open, accessible and consistent with its communication. Apollo Tyres shares a long term perspective and firmly believes that good corporate governance practices underscore its drive towards competitive strength and sustained performance. Thus, overall corporate governance norms have been institutionalised as an enabling and facilitating business process at the board, management and at all operational levels.

## 2. BOARD OF DIRECTORS (SUPERVISORY BOARD)

At Apollo, we believe that an active, well-informed and independent Board is necessary to ensure highest standards of Corporate Governance. The Board of Directors of Apollo Tyres, being at the core of its Corporate Governance practice, plays the most pivotal role in overseeing how the management serves and protects the long-term interests of all our stakeholders.

Apollo's Board consists of an optimal combination of Executive Directors and Independent Directors, representing a judicious mix of professionalism, knowledge and experience. The Directors bring in expertise in the fields of human resource development, strategy, management, legal, finance and economics, among others. The Board provides leadership, strategic guidance, objective and independent view to the Company's management while discharging its fiduciary responsibilities, thereby ensuring that the management adheres to high standards of ethics, transparency and disclosure.

**(a) Composition of Board:** The size and composition of the Board as on March 31, 2017 meet the requirements of Regulation 17 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company's Board of Directors consists of 14 Executive and Non-Executive Directors, including leading professionals in their respective fields. The following is the percentage of Executive and Non-Executive Directors of the Company:

| Category of Directors | No. of Directors | % of Total no. of Directors |
|---|---|---|
| Executive | 2 | 14 |
| Non-Executive (including independent directors) | 12 | 86 |
| **Total** | **14** | **100** |

The constitution of the Board and attendance record of Directors are given below:

| Name/Designation of Director | Executive/ Non-Executive/ Independent | No. of positions held in Other Companies | | No. of Board Meetings Attended[3] | Attendance at last AGM |
|---|---|---|---|---|---|
| | | Board[1] | Committee[2] | | |
| Mr. Onkar S. Kanwar<br>Chairman & Managing Director | Promoter – Executive | 4 | 2 | 4 | Yes |
| Mr. Neeraj Kanwar<br>Vice Chairman & Managing Director | Executive | 2 | 3 | 4 | Yes |
| Mr. Akshay Chudasama | Non-Executive<br>Independent | 4 | 1 | 4 | Yes |
| Mr. A.K. Purwar | Non-Executive<br>Independent | 8 | 5 | 4 | Yes |
| Mr. Nimesh N. Kampani | Non-Executive<br>Independent | 7 | 6 | 3 | No |
| Mr. Paul Antony[4][5]<br>Nominee Director – Govt. of Kerala (Equity Investor) | Non-Executive<br>Non-Independent | 5 | 1 | 1 | N.A. |
| Mr. Robert Steinmetz | Non-Executive<br>Non-Independent | - | - | 4 | Yes |
| Mr. Sunam Sarkar | Non-Executive<br>Non-Independent | - | - | 4 | Yes |

| Name/Designation of Director | Executive/ Non-Executive/ Independent | No. of positions held in Other Companies | | No. of Board Meetings Attended[3] | Attendance at last AGM |
|---|---|---|---|---|---|
| | | Board[1] | Committee[2] | | |
| Dr. S. Narayan | Non-Executive Independent | 6 | 3 | 2 | Yes |
| Mr. Vikram S. Mehta | Non-Executive Independent | 7 | 1 | 4 | Yes |
| Mrs. Pallavi Shroff | Non-Executive Independent | 3 | 2 | 2 | No |
| Gen. Bikram Singh (Retd.) | Non-Executive Independent | - | - | 4 | Yes |
| Mr. Vinod Rai | Non-Executive Independent | 3 | 4 | 4 | Yes |
| Mr. Francesco Gori | Non-Executive Non-Independent | - | - | 4 | Yes |
| **Ceased to be Director** | | | | | |
| Mr. P. H. Kurian[4] Nominee Director – Govt. of Kerala (Equity Investor) | Non-Executive Non-Independent | 10 | - | 1 | Yes |

(1) This includes Directorships held in Public Ltd. Companies and Subsidiaries of Public Ltd. Companies and excludes Directorships in Private Ltd. Companies and Overseas Companies.

(2) For the purpose of Committees of Board of Directors, only Audit and Stakeholders' Relationship Committees in other Public Ltd. Companies and Subsidiaries of Public Ltd. Companies are considered.

(3) During FY17, four Board Meetings were held.

(4) Govt. of Kerala nominated Mr. Paul Antony as Director of the Company in place of Mr. P.H. Kurian w.e.f. November 18, 2016.

(5) Pursuant to Section 149(6) of the Companies Act, 2013, Mr. Paul Antony shall not be treated as an Independent Director.

None of the Directors of your Company is a member of more than 10 committees or is the Chairman of more than five committees across all the companies in which he/she is a Director.

Mrs. Pallavi Shroff and Mr. Akshay Chudasama are Managing Partners M/s. Shardul Amarchand Mangaldas & Co., Solicitors and Advocates on record, to whom the Company has paid fee of ₹ 11.76 million during FY17 for professional advice rendered by the firm in which they are interested. The Board has determined that such payment in the context of overall expenditure by the Company, is not significant and does not affect their independence.

As required under Regulation 25(3) of the Listing Regulations, a separate meeting of the Independent Directors was held on December 16, 2016. The Independent Directors at the meeting, inter alia, reviewed the following:-

- Performance of Non-Independent Directors and Board as a whole;
- Performance of the Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
- Assessed the quality, quantity and timeliness of flow of information between the Company management and the Board that was necessary for the Board to effectively and reasonably perform their duties.

(b) **Performance evaluation of Independent Directors:** The Company has devised a policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which includes criteria for performance evaluation of the Non-Executive Directors and Executive Directors.

(c) **Board Functioning & Procedure:** Apollo Tyres' Board is committed to ensure good governance through a style of functioning that is self-governing. The members of the Board always have complete liberty to express their opinion and decisions are taken on the basis of consensus arrived at after detailed discussions. They are also free to bring up any matter for discussion at the Board Meetings.

Apollo Tyres' Board meets at least once in every quarter to discuss and review the quarterly results and other items of agenda, including the information required to be placed before the Board, as required under Regulation 17 (7) read with Part A, Schedule II of the Listing Regulations and additional meetings are held as and when required. The meeting dates are usually finalised well before the beginning of the year. The Chairman/Vice Chairman of the Board and the Company Secretary discuss the items to be included in the agenda and the detailed agenda, management reports and other explanatory statements are circulated well in advance of the meeting. Senior Management officials are called to provide additional inputs on the matters being discussed by the Board/Committee. Overseas operating subsidiaries are represented through their CEO's who make detailed presentations about working of their respective Companies.

The Board has an effective post meeting follow up procedure. Items arising out of previous Board Meeting and their follow up action report is placed at the immediately succeeding meeting for information of the Board.

(d) **Relationship amongst Directors:** Mr. Neeraj Kanwar, Vice Chairman & Managing Director is the son of Mr. Onkar S. Kanwar, Chairman & Managing Director. None of the other Directors are related to each other.

(e) **Profile of the Chairman & Managing Director:** As the Chairman of Apollo Tyres, Mr. Onkar S. Kanwar is the chief architect of the Company's vision and value-driven business strategy. Under his able leadership Apollo became a professionally managed and a globally recognised tyre manufacturer. As a visionary entrepreneur, he plays a critical role in the articulation of Company's business philosophy.

Modernisation, excellence and quality are his guiding principles. Registered in 1972, Apollo Tyres under his guidance transformed itself from an Indian manufacturer of commercial vehicle tyres, to a global entity with a full-fledged product portfolio, spanning 3 continents. Mr. Onkar S. Kanwar is highly regarded for his constant emphasis on bettering the lives of people - be it employees, customers, business partners, shareholders or any other stakeholders – and responsiveness to change and continuous learning.

He is the Past President of the Federation of Indian Chambers of Commerce and Industry (FICCI) and a former Chairman of the Automotive Tyre Manufacturers' Association. Currently, he is the Chairman of BRICS Business Council, India. Apart from being a Chairman, he is also a member of the Trade Advisory Committee to the Government of India, Board of Governors for the Indian Institute of Management (Kozhikode), CSR Monitoring Panel to the Government of India and the Indian Institute of Information Technology Design & Manufacturing (IIITDM).

Mr. Onkar S. Kanwar has a keen interest in the field of education and health care. Artemis Health Sciences, promoted by him, is an enterprise focusing on state-of-the-art medical care and runs a cutting edge multi-specialty medical facility which focuses on holistic treatment. An initiative close to his heart is Apollo Tyres' HIV-AIDS awareness and prevention programme for the commercial vehicle driver community, implemented through Apollo Tyres Foundation's Health Care Centres located in large transhipment hubs across India.

A Science and Administration graduate from the University of California, Mr. Onkar S. Kanwar is a widely travelled individual. He devotes a large part of his time to reading and is passionate about learning modern management practices and their successful application in business.

He has been conferred with 'Ernst & Young Entrepreneur of the Year Award – Manufacturing' for the year 2012.

(f) **Profile of the Vice Chairman & Managing Director:** As the Vice Chairman & Managing Director of Apollo Tyres, Mr. Neeraj Kanwar plays a pivotal role in Apollo's journey towards becoming one of the most admired automotive tyre brands. Mr. Neeraj Kanwar has pioneered key initiatives in enhancing the competitiveness of the company's operations and products across the board. He is responsible for crafting Apollo's growth story - taking the Company from US$450 million to US$2 billion within a 5 year time span. Under his able leadership Apollo acquired Dunlop Tyres International in South Africa and Zimbabwe in 2006, Vredestein Banden B V in the Netherlands in 2009, and currently a Greenfield facility in Hungary has been set-up - thereby transforming itself into a multi-geography Company with operations across geographies.

Mr. Neeraj Kanwar began his career with Apollo Tyres as Manager, Product & Strategic Planning, where he played a crucial role in creating a bridge between the two key functions of manufacturing and marketing. In 1998, he joined the Board of Directors and was promoted to Chief, Manufacturing and Strategic Planning. His people management skills helped him bring overarching changes in industrial relations, upgradation of technology and benchmarking on product and efficiency parameters.

In 2002, he took over as the Chief Operating Officer of the organisation, wherein he introduced value-driven process improvements in human resources and information technology. Mr. Neeraj Kanwar was appointed as Joint Managing Director in 2006 and elevated to Vice Chairman in 2008, and soon after to Managing Director in 2009, for his initiatives in establishing the Company in the global arena.

As a business leader, Mr. Neeraj Kanwar is associated with leading industry associations and was recently the Chairman of the Automotive Tyre Manufacturer's Association, India.

Mr. Neeraj Kanwar is a people-centric leader and believes in empowering employees to enable them to undertake effective and efficient decisions at all times. Within Apollo, he is known for his affable management style, and combine work with liberal doses of fun.

An engineering graduate from Lehigh University in Pennsylvania, USA, Mr. Neeraj Kanwar is an avid sportsperson. He prefers to spend his leisure time with his family or playing tennis, swimming and travelling.

(g) **No. & Dates of Board Meetings held:** During FY17, 4 (four) Board Meetings were held on May 11, 2016, August 9, 2016, November 9, 2016 and February 1, 2017. The gap between any two meetings never exceeded 120 days as per the requirements of Regulation 17 (2) of the Listing Regulations.

(h) **Statutory Compliance of Laws:** The Board periodically reviews the compliance report of the laws applicable to the Company as well as steps taken by the Company to rectify the instances of non-compliance, if any.

## 3. MANAGEMENT BOARD

To ensure expedient and effective focus on important issues, the Company has constituted a Management Board with a primary aim to maintaining strong business fundamentals and delivering high performance through relentless focus on the affairs of the Company across all its geographies.

The said Management Board consists of 15 members comprising of the Company's senior management team. The objective of the Management Board is to (i) policy making process for key functions undertaken at corporate level; (ii) sharing & promoting implementation of process improvements and best practices and (iii) analysing certain key operational matters/strategic projects, to enhance stakeholders' value.

The Management Board generally meets once in every quarter to perform its functions.

## 4. AUDIT COMMITTEE

The primary objective of the Audit Committee is to monitor and provide effective supervision of the Management's financial reporting process with a view to ensuring accurate and timely disclosures, with the highest levels of transparency, integrity and quality of financial reporting. The Committee oversees the work carried out in the financial reporting process by the Management, the internal auditors and the independent auditor, and notes the processes and safeguards employed by each. All possible measures are taken by the Committee to ensure the objectivity and independence of the independent auditor.

### (a) Composition & Terms of Reference of Committee

The Board of Directors constituted an Audit Committee in the year 1992. The powers, role and terms of reference of the Audit Committee covers the areas as contemplated under Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013. The present Audit Committee comprises of following four Directors viz. Dr. S. Narayan, Mr. Akshay Chudasama, Mr. Robert Steinmetz and Mr. Nimesh N. Kampani, with the Independent Directors forming the majority. Audit Committee was reconstituted on February 1, 2017 by inducting Mr. Nimesh N. Kampani as a member of the Committee. Dr. S. Narayan, Independent Director, acts as the Chairman of the Committee. All the members are financially literate and possess the requisite financial/business acumen to specifically look into the internal controls and audit procedures. Members have discussions with the Statutory Auditors during the meetings of the committee and the quarterly/ half-yearly and annual audited financials of the Company are reviewed by the Audit Committee before consideration and approval by the Board of Directors. The Committee also reviews Internal Control Systems and IT systems.

As per Regulation 18 (3), read with Part C of Schedule II of the Listing Regulations and Section 177 of the Companies Act, 2013, the Audit Committee has been entrusted with the following responsibilities:-

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval;
- Reviewing matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;

- Reviewing changes, if any, in accounting policies and practices and reasons for the same;
- Reviewing major accounting entries involving estimates based on the exercise of judgement by management;
- Reviewing significant adjustments made in the financial statements arising out of audit findings;
- Reviewing compliance with listing and other legal requirements relating to financial statements;
- Reviewing disclosure of any related party transactions;
- Reviewing qualifications in the draft audit report;
- Reviewing with the management, the quarterly financial statements before submission to the Board for approval;
- Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, right issue, preferential issue etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency, monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up there on;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- Review of the functioning of Whistle Blower Mechanism;
- Approval of appointment of CFO (i.e. the Whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background etc. of the candidate;
- Review of Management Discussion and Analysis of financial condition and results of operations;
- Review statement of significant related party transactions submitted by Management;
- Review of Management Letters/Letters of internal control weaknesses issued by the statutory auditors;
- Review of Internal Audit Reports relating to internal control weaknesses and the appointment, removal and terms of remuneration of the chief internal auditor.

- Review of statement of deviations, if any:-

  a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32 (1).

  b) Annual statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice in terms of Regulation 32 (7).

**(b) Meetings of Audit Committee and attendance of members during the year**

During FY17, 4 (four) Audit Committee Meetings were held on May 10, 2016, August 8, 2016, November 8, 2016 and January 31, 2017.

| Name of Director | Designation | Category of Director | No. of meetings attended |
|---|---|---|---|
| Dr. S. Narayan | Chairman | Non-Executive Independent | 4 |
| Mr. Akshay Chudasama | Member | Non-Executive Independent | 4 |
| Mr. Robert Steinmetz | Member | Non-Executive Non-Independent | 3 |
| Mr. Nimesh N. Kampani (appointed as Member w.e.f. February 1, 2017) | Member | Non-Executive Independent | N.A. |

In addition to the members of the Audit Committee, these meetings were attended by Vice Chairman & Managing Director, Chief Financial Officer, President (APMEA), President (Europe) Group Head (Corporate Accounts), Internal Auditor, Cost Auditor and Statutory Auditor of the Company, wherever necessary, and those executives of the Company who were considered necessary for providing inputs to the Committee.

The Company Secretary acts as Secretary of the Committee.

The Chairman of the Audit Committee, Dr. S. Narayan, was present at the Annual General Meeting of the Company held on August 9, 2016.

**(c) Role of Internal Auditor**

Internal Audit is an independent function within the Company, which provides assurance to the management, on design and operating effectiveness of internal controls and systems. Internal Audit assesses and promotes strong ethics and values within the organisation and facilitates in managing changes in the business and regulatory environment. Internal Audit responsibilities encompass all locations, operating entities and geographies of the Company, in which all aspect of business, viz. operational, financial, information systems and regulatory compliances are reviewed periodically. The Internal Audit has a well laid down internal audit methodology, which emphasis on risk based internal audits using data analytics. The Internal Audit prepares a rolling annual internal audit plan, comprising of operational, financial, compliance and information systems audits, covering all the locations, operations and geographies of the Company. The audit plan for the year is reviewed and approved by the Audit Committee at the beginning of each financial year. Internal Auditor reports to both, the Chairman and Audit Committee of the Company, and therefore it is an independent function from the business.

The Internal Auditor reports on quarterly basis to the Audit Committee, the key internal audit findings, and action plan agreed with the management, the status of audits vis-à-vis the approved annual audit plan and status of open audit issues.

**(d) Subsidiary Companies**

The Company does not have any material non-listed Indian Subsidiary Company.

The Audit Committee of the Company reviews the financial statements, in particular the investments made by all unlisted overseas Subsidiary Companies. Significant issues pertaining to Subsidiary Companies are also discussed at Audit Committee meetings. A summarised statement of important matters reflecting all significant transactions and arrangements entered into by the Subsidiary Companies, included in the minutes of the above overseas Subsidiary Companies are placed before the Board of the Company and are duly noted by it. The performance of all its Subsidiaries is also reviewed by the Board periodically.

## 5. NOMINATION AND REMUNERATION COMMITTEE

### (a) Constitution and Composition of the Committee

The Board of Directors had constituted a Remuneration Committee in the year 2003. The powers, role and terms of reference of the Nomination and Remuneration Committee covers the areas as contemplated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 178 of the Companies Act, 2013. The present Nomination and Remuneration Committee comprises of four members which includes three Non-Executive Independent Directors viz. Dr. S. Narayan, Mr. Nimesh N. Kampani, Mr. Akshay Chudasama and the Chairman & Managing Director, Mr. Onkar S. Kanwar. Dr. S. Narayan is the Chairman of the Committee.

The Nomination and Remuneration Committee has devised a policy on Board diversity in terms with the requirement under Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company Secretary acts as the Secretary of the Committee.

### (b) Brief description of the Terms of Reference

The Nomination and Remuneration Committee has been entrusted with the responsibilities to review and grant annual increments, vary and/or modify the terms and conditions of appointment/ re-appointment including remuneration and perquisites, commission etc. payable to Managing Directors within the overall ceiling of remuneration as approved by the members.

The Committee in its meeting held on May 15, 2014, noted the following terms of reference pursuant to Section 178 of the Companies Act, 2013 & Regulation 19 (4) read with Part D Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:-

- Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and Other Employees.

- Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors.

- Devising a policy on diversity of Board of Directors.

- Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

- To see that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully.

- To see that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

- To see that remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

- The Nomination Committee shall lay down the evaluation criteria for performance evaluation of Independent Directors.

- To decide whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of Independent Directors.

### (c) Policy for appointment and remuneration

In terms of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, this policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP), Senior Management and other employees of the Company has been formulated by the Nomination and Remuneration Committee of the Company and approved by the Board of Directors. The relevant extract of the aforesaid policy are given as below:

#### 1. Criteria for Appointment of Director and Senior Management

The Committee shall consider the following factors for identifying the persons who are qualified to becoming Director and who can be appointed in Senior Management:

1.1 The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director or at Senior Management level and recommend to the Board his/her appointment.

1.2 A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient/ satisfactory for the concerned position.

1.3 An Independent Director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the Company's business.

1.4 The Company may appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years subject to the approval of shareholders by passing a special resolution. The explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such person.

1.5 The Company should ensure that the person so appointed as Director/ Independent Director/ Senior Management Personnel shall not be disqualified under the Companies Act, 2013, rules made thereunder, or any other enactment for the time being in force.

1.6 The Director/ Independent Director/ Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made thereunder, or under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other enactment for the time being in force.

1.7 Independent Director shall meet all criteria specified in Section 149(6) of the Companies Act, 2013 and rules made thereunder and/or as specified in Regulation 16 (b) & 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The term "Senior Management" means the personnel of the Company who are members of its core management team excluding Board of Directors, comprising all members of management one level below the executive directors, including the functional heads.

The Nomination and Remuneration Committee shall have discretion to consider and fix any other criteria or norms for selection of the most suitable candidate(s).

## 2. Criteria for Determining Positive Attributes & Independence of Directors

### Criteria for determining positive attributes:

The Committee shall consider the following factors for determining positive attributes of directors (including Independent Directors):

2.1 Directors are to demonstrate integrity, credibility, trustworthiness, ability to handle conflict constructively, and the willingness to address issues proactively.

2.2 Actively update their knowledge and skills with the latest developments in the Tyre/Automobile industry, market conditions and applicable legal provisions.

2.3 Willingness to devote sufficient time and attention to the Company's business and discharge their responsibilities.

2.4 To assist in bringing independent judgement to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct.

2.5 Ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company.

2.6 To act within their authority, assist in protecting the legitimate interests of the Company, its shareholders and employees.

### Criteria for determining Independence:

The Independent Director shall qualify the criteria of independence mentioned in

Section 149(6) of the Companies Act, 2013 and rules related thereto and in Regulation 16 (b) & 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**3. Remuneration of Directors, Key Managerial Personnel (KMP) and Other Employees**

On the appointment or re-appointment of Managing Director, Whole-time Director and KMPs, the Committee will recommend to the Board for their approval, the remuneration to be paid to them. The remuneration to be paid to the Senior Management Personnel and other employees shall be as per HR policy of the Company.

The annual increment of remuneration for Managing Director/Whole-time Directors shall be made on the basis of the resolution approved by the shareholders. The annual increment in Salary of KMP (other than Managing Director/Whole-time Directors), Senior Management Personnel and other employees shall be made as per HR policy of the Company.

The level and composition of remuneration as determined by the Committee shall be reasonable and sufficient to attract, retain and motivate Directors, Key Managerial Personnel and Senior Management of the quality required to run the Company successfully.

The relationship of remuneration to performance should be clear and meet appropriate performance benchmarks. The remuneration should also involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals:

**3.1 General:**

3.1.1 Nomination and Remuneration Committee shall recommend to the Board for its approval, the remuneration, including the commission based on the net profits of the Company for the Non-Executive Directors and Whole-time Director and other Executive Directors. The remuneration shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

**3.2 Remuneration to Whole-time/ Executive/ Managing Director**

3.2.1 Fixed pay:

The Whole-time Director shall be eligible for remuneration as may be approved by the Shareholders of the Company on the recommendation of the Committee and the Board of Directors. The break-up of the pay scale, performance bonus and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and shall be within the overall remuneration approved by the shareholders and Central Government, wherever required.

3.2.2 Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of the Companies Act, 2013.

3.2.3 Provisions for excess remuneration:

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

**3.3 Remuneration to Non-Executive Independent / Non-Independent Director:**

3.3.1 Sitting Fees:

The Non-Executive/Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed One lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time. The quantum of sitting fees will be determined as per the recommendation of

Nomination and Remuneration Committee and approved by the Board of Directors of the Company. Further, the boarding and lodging expenses shall be reimbursed to the Directors.

3.3.2 Commission:

The profit-linked Commission shall be paid within the monetary limit approved by the Board/Shareholders of the Company subject to the same not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Act.

3.3.3 Stock Options:

Pursuant to the provisions of the Act, an Independent Director shall not be entitled to any stock option of the Company. Only such employees of the Company and its subsidiaries as approved by the Nomination and Remuneration Committee will be granted ESOPs.

Criteria of making payments to Non-Executive Directors are disseminated on the website and same can be viewed at:-https://corporate.apollotyres.com/en-in/investors/corporate-governance/?filter=codepolicies

3.4 Remuneration to KMP, Senior Management Personnel and Other Employees

The KMP, Senior Management Personnel and other employees of the Company shall be paid monthly remuneration as per the Company's HR policies and / or as may be approved by the Committee. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be as per the Company's HR policies.

The annual variable pay of managers is linked to the performance of the Company in general and their individual performance for the relevant year measured against Company's objectives fixed in the beginning of the year.

This Remuneration Policy shall apply to all future/ continuing employment/ engagement(s) with the Company. In other respects, the Remuneration Policy shall be of guidance for the Board.

**(d) Meetings of Nomination and Remuneration Committee and Attendance of members during the year**

During FY17, 2 (two) Nomination and Remuneration Committee Meetings were held on May 11, 2016 and February 1, 2017.

| Name of Director | Designation | Category of Director | No. of meetings attended |
|---|---|---|---|
| Dr. S. Narayan | Chairman | Non-Executive Independent | 1 |
| Mr. Onkar S. Kanwar | Member | Executive | 2 |
| Mr. Akshay Chudasama | Member | Non-Executive Independent | 2 |
| Mr. Nimesh N. Kampani | Member | Non-Executive Independent | 2 |

**(e) Payment of remuneration / sitting fee to the Directors etc.**

The details of remuneration paid to Directors during FY17 are given below.

**(i) Executive Directors/ CFO/ Company Secretary:**

Amount (₹ Million)

| Particulars | Mr. Onkar S. Kanwar, Managing Director | Mr. Neeraj Kanwar, Managing Director |
|---|---|---|
| Salary | 48.00 | 28.80 |
| Contribution to PF/ Superannuation/ Gratuity | 15.27 | 12.71 |
| Commission/Performance Bonus | 336.00 | 224.00 |
| Perquisites | 58.10 | 43.40 |
| **Total Remuneration** | **457.37** | **308.90** |
| Stock Option | N.A | N.A |
| Service contracts, notice period, severance fees | N.A | N.A |

Amount (₹ Million)

| Particulars | Mr. Gaurav Kumar, Chief Financial Officer | Mrs. Seema Thapar, Company Secretary |
|---|---|---|
| Salary | 6.05 | 1.24 |
| Contribution to PF/ Superannuation/ Gratuity | 1.63 | 0.33 |
| Commission/Performance Bonus | 6.48 | 0.84 |
| Perquisites | 11.37 | 2.03 |
| **Total Remuneration** | **25.53** | **4.44** |
| Stock Option | N.A | N.A |
| Service contracts, notice period, severance fees | N.A | N.A |

**Notes:-**

1) Managing Director(s)/Whole-time Director are entitled to performance linked incentive in the form of commission as approved by the members.

2) The ratio of remuneration of each Director to the median remuneration of the employees of the Company for FY17 was as follows: Mr. Onkar S. Kanwar -1123 and Mr. Neeraj Kanwar – 758.

3) There was no percentage increase in the remuneration of Mr. Onkar S. Kanwar and Mr. Neeraj Kanwar during FY17 over the previous financial year due to decrease in commission linked to net profits.

The percentage increase in the remuneration of Mr. Gaurav Kumar, Chief Financial Officer was 6% and Mrs. Seema Thapar, Company Secretary was 20% during FY17 over the previous financial year.

The amount of total commission provided to Non Executive Directors in FY17 was ₹ 600 million against ₹ 500 million paid in FY16. There was no percentage increase in the remuneration by way of commission of Non Executive Directors due to distribution of commission amongst 12 Directors for the full year in FY17 as compared to commission distributed amongst 13 Directors for the full/part of the year in proportion to their tenure of Directorship.

The ratios of remuneration of Non Executive Directors to median remuneration of employees are as under:

| Name of Director | Remuneration for FY17 (₹ Million) | Ratio to median remuneration of employees |
|---|---|---|
| Mr. A. K. Purwar | 5.00 | 12 |
| Mr. Akshay Chudasama | 5.00 | 12 |
| Gen. Bikram Singh (Retd)(1) | 5.00 | 12 |
| Mr. Francesco Gori(2) | 5.00 | 12 |
| Mr. Paul Antony(3) | 5.00 | 12 |
| Mr. Nimesh N. Kampani | 5.00 | 12 |
| Mrs. Pallavi Shroff | 5.00 | 12 |
| Mr. Robert Steinmetz | 5.00 | 12 |
| Dr. S. Narayan | 5.00 | 12 |
| Mr. Sunam Sarkar | 5.00 | 12 |
| Mr. Vikram S. Mehta | 5.00 | 12 |
| Mr. Vinod Rai(2) | 5.00 | 12 |

(1) Appointed w.e.f. August 11, 2015

(2) Appointed w.e.f. February 9, 2016

(3) Govt of Kerala nominated Mr. Paul Antony as Director of the Company in place of Mr. P. H. Kurian w.e.f. November 18, 2016. Payment of Commission is payable to Government of Kerala.

4) The percentage increase in the median remuneration of employees was 10.81%.

5) The total number of employees of Company as on March 31, 2017 were 13,013, out of which 8,581 were permanent employees on the rolls of the Company.

6) Average percentage increase made in the salaries of employees other than the managerial personnel in FY17 was 8% whereas there was no increase in the managerial remuneration in FY17.

7) Remuneration paid to the Directors is in accordance with the remuneration policy of the Company.

**ii) Non-Executives Directors:**

Sitting fee and commission paid/to be paid to the Non-Executive Directors is in pursuance of the resolution passed by the Board.

| Name of Director | Sitting fee (₹ Million) | Commission provided for FY17 (₹ Million) | No. of Shares held as on March 31, 2017 |
|---|---|---|---|
| Mr. A. K. Purwar | 0.50 | 5.00 | - |
| Mr. Akshay Chudasama | 1.20 | 5.00 | - |
| Gen. Bikram Singh (Retd.) | 0.70 | 5.00 | - |
| Mr. Francesco Gori | 0.40 | 5.00 | - |
| Mr. Paul Antony (1)(2)<br>Mr. P. H. Kurian(1)(2) | 0.20 | 5.00 | - |
| Mr. Nimesh N. Kampani | 0.60 | 5.00 | - |
| Mrs. Pallavi Shroff | 0.40 | 5.00 | - |
| Mr. Robert Steinmetz | 0.70 | 5.00 | - |
| Dr. S. Narayan | 1.00 | 5.00 | - |
| Mr. Sunam Sarkar | 0.80 | 5.00 | - |
| Mr. Vikram S. Mehta | 0.50 | 5.00 | 6,000 |
| Mr. Vinod Rai | 0.50 | 5.00 | - |

(1) Govt. of Kerala nominated Mr. Paul Antony as Director of the Company in place of Mr. P. H. Kurian w.e.f. November 18, 2016.
(2) Sitting fee/Commission is payable to Government of Kerala.

An amount of ₹ 60 million be paid and disbursed amongst the Directors of the Company (other than Managing Directors) equally in proportion to their tenure of Directorship for the financial year ended March 31, 2017.

No convertible instruments of the Company were outstanding as on March 31, 2017.

Apart from receiving Directors remuneration, none of the Non-Executive Directors has any pecuniary relationship or transactions vis-a-vis the Company. However, the Company has paid a fee of ₹ 11.76 million during FY17 to M/s. Amarchand Mangaldas & Co., Solicitors & Advocates, in which Mrs. Pallavi Shroff & Mr. Akshay Chudarama are Managing Partners.

## 6. STAKEHOLDERS RELATIONSHIP COMMITTEE

Stakeholders Relationship Committee looks after the share transfer work besides redressal of shareholders complaints.

The Board of Directors of the Company has with a view to expediting the process of share transfers delegated the power of share transfer upto 10,000 shares to Company Secretary who attend to share transfer formalities as and when required. The share transfer requests for shares beyond the aforesaid limits are processed by the Committee itself.

**(a) Constitution and Composition of the Committee**

The present Stakeholders Relationship Committee comprises of following five Directors viz. Dr. S. Narayan, Mr. Onkar S. Kanwar, Mr. Neeraj Kanwar, Mr. Sunam Sarkar and Mrs. Pallavi Shroff. Dr. S. Narayan, Independent Director, acts as the Chairman of the Committee.

Pursuant to Regulation 6 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mrs. Seema Thapar, Company Secretary, acts as the Compliance Officer and Secretary to the Committee.

**(b) Terms of reference**

This Committee has been formed with a view to undertake the following:-

- Approval of transfer/transmission of shares/ debentures issued by the Company, issue of duplicate certificates and certificates after split/consolidation/ replacement.
- Looking into the redressal of shareholders' and investors' complaints and other areas of investor services.

**(c) Meetings of Stakeholders Relationship Committee and attendance of members during the year**

During FY17, 3 (three) meetings of the Stakeholders Relationship Committee were held on May 11, 2016, November 16, 2016 and February 27, 2017.

| Name of Director | Designation | Category of Director | No. of meetings attended |
|---|---|---|---|
| Dr. S. Narayan | Chairman | Non-Executive Independent | 1 |
| Mr. Onkar S. Kanwar | Member | Executive | 2 |
| Mr. Neeraj Kanwar | Member | Executive | 1 |
| Mr. Sunam Sarkar | Member | Non-Executive Non-Independent | 1 |
| Mrs. Pallavi Shroff | Member | Non-Executive Independent | 1 |

**(d) No. of shareholders' complaints received**

During FY17, the Company received 8 complaints. As on date, no complaints are pending other than those, which are under litigation, disputes or court orders. All other complaints were attended and resolved to the satisfaction of the shareholders.

## 7. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

**(a) A brief outline of the Company's CSR Policy**

The Company is committed to incorporating policies, systems and approaches to achieve its positive impact growth objectives. Deeply inherent in our vision statement are the principles of sustainability. The CSR approach stems from our vision statement focusing on "continuously enhancing stakeholder value", which includes the larger society and environment in which the Company operates. The CSR philosophy of the Company rests on the principle of sustainability and self reliance. It also embeds a dimension of philanthropy. At the core of Apollo's responsibility belief is stakeholder engagement. Consequently, all the projects the Company has link to its stakeholders, the issues they face and the issues organisation has identified to support on philanthropy front.

**(b) Composition of CSR Committee**

The Board of Directors had constituted a Corporate Social Responsibility Committee in the year 2014. The present Corporate Social Responsibility Committee comprises of following four Directors viz. Mr. Onkar S. Kanwar, Dr. S. Narayan, Mr. Sunam Sarkar and General Bikram Singh (Retd.). Mr. Onkar S. Kanwar acts as the Chairman of the Committee.

**(c) Meeting of CSR Committee and attendance of members during the year**

During FY17, 2 (two) meetings of CSR Committee was held on May 11, 2016, and February 1, 2017.

| Name of Director | Designation | Category of Director | No. of meetings attended |
|---|---|---|---|
| Mr. Onkar S. Kanwar | Chairman | Executive | 2 |
| Dr. S. Narayan | Member | Non-Executive Independent | 1 |
| Mr. Sunam Sarkar | Member | Non-Executive Non-Independent | 2 |
| Gen. Bikram Singh (Retd.) | Member | Non-Executive Independent | 2 |

Your Company has also laid down a CSR Policy in order to execute its various CSR Initiatives.
The Company Secretary acts as the Secretary to the Committee.

## 8. BUSINESS RESPONSIBILITY (BR) COMMITTEE

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, mandates the top 500 Listed Companies by market capitalisation to provide Business Responsibility Report ("BR Report") in their Annual Report describing the initiatives taken by the Company from an environmental, social and governance perspective in the format specified by the SEBI effective from April 1, 2016.

The Company follows following nine core principles as prescribed by SEBI and the entire BR Report is based on actions taken by the Company for the adoption of these principles:

i. Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

ii. Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

iii. Businesses should promote the wellbeing of all employees.

iv. Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.

v. Businesses should respect and promote human rights.

vi. Business should respect, protect, and make efforts to restore the environment.

vii. Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

viii. Businesses should support inclusive growth and equitable development.

ix. Businesses should engage with and provide value to their customers and consumers in a responsible manner

The Board of Directors at the meeting held on May 10, 2016, had constituted a Business Responsibility (BR) Committee.

**(a) Composition of BR Committee**

The BR Committee comprises of following four Directors viz. Mr. Onkar S. Kanwar, Mr. Neeraj Kanwar, Mr. Sunam Sarkar and Mr. Akshay Chudasama. Mr. Onkar S. Kanwar acts as the Chairman of the Committee.

**(b) Meeting of BR Committee and attendance of members during the year**

During FY17, a meeting of BR Committee was held on January 31, 2017.

| Name of Director | Designation | Category of Director | No. of meetings attended |
|---|---|---|---|
| Mr. Onkar S. Kanwar | Chairman | Executive | 1 |
| Mr. Neeraj Kanwar | Member | Executive | 1 |
| Mr. Sunam Sarkar | Member | Non-Executive Non-Independent | 1 |
| Mr. Akshay Chudasama | Member | Non-Executive Independent | 1 |

The Company Secretary acts as the Secretary to the Committee.

## 9. CEO / CFO CERTIFICATION

The Managing Director and CFO have submitted certificate, in terms of Regulation 17(8) read with Part B of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the Board.

## 10. GENERAL BODY MEETINGS

**(a) The last three Annual General Meetings were held as under:**

| Financial Year | Date | Time | Venue | Special Resolution Passed |
|---|---|---|---|---|
| 2015-2016 | August 9, 2016 | 10:00 AM | Kerala Fine Arts Theatre, Fine Arts Avenue, Foreshore Road, Ernakulam, Kochi (Kerala) | No Special Resolution was passed. |
| 2014-2015 | August 11, 2015 | -do- | -do- | No Special Resolution was passed. |
| 2013-2014 | August 6, 2014 | -do- | -do- | 1) To authorise raising of funds through issue of Securities.<br>2) To authorise placement of Non-Convertible Debentures.<br>3) To approve the increase in the limits of FIIs Holding in the Company. |

**(b) Resolutions passed last year through Postal Ballot:**

Resolution passed during FY17: Pursuant to Section 110 of the Companies Act, 2013, read with the Rule 22 of the Companies (Management and Administration) Rules, 2014, the Company had conducted the following voting through Postal Ballot (Including Electronic Voting) and sent the Postal Ballot form to members. The following resolutions were passed through Postal Ballot:-

1. Authorisation for Private Placement of Non-Convertible Debentures as a Special Resolution

| Last Date of Dispatch of Postal Ballot Forms | Items approved by the shareholders | Date of passing of Resolution | Ordinary/Special Resolution |
|---|---|---|---|
| September 17, 2016 | Authorisation for Private Placement of Non-Convertible Debentures. | October 17, 2016 | Special Resolution |

i. Voting Pattern of the resolution passed through Postal Ballot, are as follows:

| Particulars | Physical | E-Voting | Total |
|---|---|---|---|
| Number of Postal Ballots received | 301 | 745 | 1,046 |
| Total number of valid votes | 145,238 | 381,966,836 | 382,112,074 |
| Votes cast in favour of the Resolution | 133,828 | 381,955,575 | 382,089,403 |
| Votes cast against the Resolution | 11,410 | 11,261 | 22,671 |
| Number of invalid Postal Ballots | 7 | 0 | 7 |
| Number of invalid votes | 2,875 | 0 | 2,875 |

ii. Mr. P. P. Zibi Jose, Practicing Company Secretary, was appointed as the Scrutinizer to conduct the Postal Ballot process in a fair and transparent manner.

iii Procedure for Postal Ballot:- Where a Company is required or decides to pass any resolution by way of Postal Ballot, it shall send a notice to all the shareholders, along with a draft resolution explaining the reasons thereof and requesting them to send their assent or dissent in writing on a Postal Ballot because Postal Ballot means voting by post or through electronic means within a period of thirty days from the date of dispatch of the notice. Your Company has followed the aforesaid procedure stipulated in the Companies Act, 2013 and has carried out Postal Ballot for the item mentioned above.

2. Further Issue of Securities through a Qualified Institutions Placement

| Last Date of Dispatch of Postal Ballot Forms | Items approved by the shareholders | Date of passing of Resolution | Ordinary/Special Resolution |
|---|---|---|---|
| February 10, 2017 | Further Issue of Securities through a Qualified Institutions Placement | March 12, 2017 | Special Resolution |

i. Voting Pattern of the resolution passed through Postal Ballot, are as follows:

| Particulars | Physical | E-Voting | Total |
|---|---|---|---|
| Number of Postal Ballots received | 431 | 916 | 1347 |
| Total number of votes | 150,679 | 387,786,542 | 387,937,221 |
| Total number of valid votes | 145,282 | 387,786,542 | 387,931,824 |
| Votes cast in favour of the Resolution | 142,726 | 354,148,730 | 354,291,456 |
| Votes cast against the Resolution | 2,556 | 33,637,812 | 33,640,368 |
| Number of invalid Postal Ballots | 20 | 0 | 20 |
| Number of invalid votes | 5,397 | 0 | 5,397 |

ii. Mr. P. P. Zibi Jose, Practicing Company Secretary, was appointed as the Scrutinizer to conduct the Postal Ballot process in a fair and transparent manner.

iii Procedure for Postal Ballot:- Where a Company is required or decides to pass any resolution by way of Postal Ballot, it shall send a notice to all the shareholders, along with a draft resolution explaining the reasons thereof and requesting them to send their assent or dissent in writing on a Postal Ballot because Postal Ballot means voting by post or through electronic means within a period of thirty days from the date of dispatch of the notice. Your Company has followed the aforesaid procedure stipulated in the Companies Act, 2013 and has carried out Postal Ballot for the item mentioned above.

As on the date of this report, your Company does not propose to pass any Special Resolution for the time being by way of Postal Ballot.

## 11. DISCLOSURES

### (a) Related Party Transactions

In Compliance with Section 188 of the Companies Act, 2013, Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and rules as applicable, the Company has framed a Policy on Related Party Transactions including policy on materiality of related party transactions. The policy is to regulate transactions between the Company and its related parties based on the laws and regulations applicable to the Company. The policy has become effective from October 1, 2014.

During the year, no transaction of material nature has been entered into by the Company with its Promoters, the Directors or the Management, their subsidiary or relatives etc. that may have a potential conflict with the interests of the Company. Related Parties transactions with them as required under Indian Accounting Standard (Ind AS-24) are furnished under Notes on Accounts attached with the financial statements for the year ended March 31, 2017.

**(b) Disclosure of accounting treatment**

There has not been any change in accounting policies of the Company during the year.

**(c) Risk Management**

The Company's activities expose it to a variety of risks including market risk, sales risk, raw material risk, regulatory risk, product liability and liquidity risk etc. The Company's overall risk management seeks to minimise potential adverse effects on its performance.

A Risk Management Steering Committee of the Company has been formed headed by President (APMEA) as Chairman of the Committee and represented by the functional heads as Chief Risk officers. The Committee embraces the identification, assessment, mitigation, monitoring and reporting of material risks faced by the Company.

The Risk Management Steering Committee meets quarterly and discusses the updated profiles of major risks in each functional area together with possible mitigation controls and action plans. The objective is to assist the Board to maintain high standards of business conduct and to protect the Company's assets, achieve sustainable business growth and ensure compliances with applicable legal and regulatory requirements.

The Company has made its Risk Charter and Risk Register etc. on the basis of comprehensive study undertaken by an independent consultancy firm to frame a risk management policy/internal control frame work. The Board/Audit Committee periodically reviews the risks and opportunities and plans to mitigate the same.

**(d) Compliance by the Company**

The Company has materially complied with the requirements of the SEBI and other statutory authorities on all matters relating to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the stock exchanges, SEBI or any other statutory authorities relating to the above. The Company has developed an integrated compliance dashboard which provides reasonable assurance to the Management and the Board of Directors regarding effectiveness of timely compliances.

The dashboard has been documented to provide a comprehensive view of:

- applicable laws to the Company
- key control points
- allocation of responsibilities

**(e) Transfer of Unclaimed / Undelivered Shares**

In terms with the provisions of Regulation 39 (4) read with Schedule VI of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the unclaimed/undelivered shares lying in the possession of the Company are required to be dematerialised and transferred into a "Unclaimed Suspense Account" held by the Company. The status of unclaimed shares as on March 31, 2017, lying in "Unclaimed Suspense Account" is as under :-

| Particulars | No. of Shareholders | No. of shares |
|---|---|---|
| Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year, i.e. April 1, 2016 | 2,049 | 1,414,680 |
| Number of shareholders who approached to the Company for transfer of shares from suspense account during the year | 15 | 10,380 |
| Number of shareholders to whom shares were transferred from suspense account during the year | 15 | 10,380 |
| Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year, i.e. March 31, 2017 | 2,034 | 1,404,300 |

In terms of Section 124(6) of the Companies Act, 2013 ("Act") read with Rule 6 of Investors Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (as amended from time to time) ("Rules"), if a member does not claim the dividend amount for a consecutive period of seven years or more, then the shares held by him/her shall be transferred to the DEMAT Account of Investors Education and Protection Fund Authority ('IEPFA') constituted in accordance with the Rules.

The details of the shareholders whose shares are liable to be transferred are also posted on the website of the Company i.e. www.apollotyres.com. The unclaimed or unpaid dividend which have already been transferred or the shares which are due to be transferred if any, can be claimed back by the shareholders from IEPFA by following the procedure given on its website i.e. http://iepf.gov.in/IEPFA/refund.html

The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

Shareholders who have not yet claimed their shares are requested to immediately approach the Company by forwarding a request letter duly signed by all the shareholders furnishing aforesaid details to enable the Company to credit/ issue the shares to the rightful owner.

It may be noted that all the corporate benefits accruing on these shares like bonus, splits etc. also will be credited to the said "Unclaimed Suspense Account" and the voting rights on these shares shall remain frozen until the rightful owner has claimed the shares.

**(f) Disclosure in terms of Regulation 34 (3) read with Schedule V Part C of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

There are no inter-se relationships between the Board members except Mr. Onkar S. Kanwar and Mr. Neeraj Kanwar being father and son.

## 12. MEANS OF COMMUNICATION

- As per Regulation 47(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, an extract of the detailed format of Quarterly/Annual Financial Results are filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The results in prescribed format are published in the Newspapers viz. Business Standard/Financial Express (National Daily) and Mangalam/Kerala Kaumudi (Regional Daily). The Quarterly/Annual Financial Results are also available on the Company's website and Stock Exchange websites www.nseindia.com and www.bseindia.com.

- All material information about the Company is promptly sent to the stock exchanges and the Company regularly updates the media and investor community about its financial as well as other organisational developments.

- The transcript of the Analyst/Investor Conference Call is posted on the website of the Company.

## 13. GENERAL SHAREHOLDER INFORMATION

**(a) Registered Office:** 3rd Floor,
Areekal Mansion, Near
Manorama Junction,
Panampilly Nagar,
Kochi - 682 036, Kerala
Ph:-91 484 4012046, 4012047
Fax: 91 484 4012048

**(b) Annual General Meeting:**

| | | |
|---|---|---|
| - Date | : | July 5, 2017 |
| - Day | : | Wednesday |
| - Time | : | 10:00 AM |
| - Venue | : | Kerala Fine Arts Theatre, Fine Arts Avenue, Foreshore Road, Ernakulam, Kochi (Kerala) |
| - Posting of Annual Report | : | On or before June 11, 2017. |
| - Last date of receipt of Proxy form | : | July 3, 2017 before 10:00 AM |

**(c) Financial Calendar for FY18**

Financial Reporting for the quarter ending June 30, 2017: On or before August 14, 2017.

Financial Reporting for the quarter ending September 30, 2017: On or before November 14, 2017.

Financial Reporting for the quarter ending December 31, 2017: On or before February 14, 2018.

Financial Reporting for the quarter/year ending March 31, 2018 : On or before May 30, 2018.

**(d) Dates of Book-Closure**

The dates of the book closure shall be from June 29, 2017 to July 5, 2017 (both days inclusive).

**(e) Dividend Payment**

The dividend of ₹ 3 per equity share for FY17, subject to approval from shareholders, has been recommended by the Board of Directors. The same shall be paid on or after July 5, 2017 but within the statutory time limit.

**(f) Unclaimed Dividends**

In terms of Section 124 (5) of the Companies Act, 2013 ("Act"), if a member does not claim the dividend amount for a consecutive period of 7 years or more, the unclaimed amount shall be transferred to the Investor Education & Protection Fund (IEPF) Established by the Central Government.

During the year, the Company had transferred ₹ 26.80 Lakhs lying unclaimed in Unpaid Dividend Account in respect of Dividend for the year 2008-09 to the said Fund on September 23, 2016.

**(g) Listing at Stock Exchanges**

1) National Stock Exchange of India Ltd.
Exchange Plaza,
Bandra-Kurla Complex,
Bandra (E),
Mumbai - 400 051
T: +91 22 26598100-14
F: +91 22 26598237-38
E: cmlist@nse.co.in

2) BSE Ltd.,
Phiroje Jeejeebhoy Towers,
1st Floor, Dalal Street,
Mumbai - 400 001
T: +91 22 22721233/34
F: +91 22 22721919/3027
E: corp.relations@bseindia.com

The annual listing fee for FY18 has been paid to both stock exchanges.

**(h) Stock Code**

| | |
|---|---|
| BSE Ltd., | 500877 |
| National Stock Exchange of India Ltd. | APOLLOTYRE |

**(i) Stock Market Price Data for the year 2016-17:**
**The Company's share price on NSE and Nifty Index**

| Month | NSE | | | Nifty Index | |
|---|---|---|---|---|---|
| | High (₹) | Low (₹) | Volume (in million) | High | Low |
| April, 2016 | 176.40 | 158.10 | 34.51 | 7,992.00 | 7,516.85 |
| May, 2016 | 163.45 | 147.15 | 47.05 | 8,213.60 | 7,678.35 |
| June, 2016 | 157.70 | 139.35 | 27.17 | 8,308.15 | 7,927.05 |
| July, 2016 | 165.30 | 149.25 | 36.92 | 8,674.70 | 8,287.55 |
| August, 2016 | 190.30 | 154.25 | 79.24 | 8,819.20 | 8,518.15 |
| September, 2016 | 225.00 | 182.00 | 89.22 | 8,968.70 | 8,555.20 |
| October, 2016 | 234.75 | 198.70 | 62.70 | 8,806.95 | 8,506.15 |
| November, 2016 | 209.35 | 173.30 | 58.96 | 8,669.60 | 7,916.40 |
| December, 2016 | 203.20 | 179.60 | 51.85 | 8,274.95 | 7,893.80 |
| January, 2017 | 198.60 | 179.00 | 48.48 | 8,672.70 | 8,133.80 |
| February, 2017 | 189.45 | 171.60 | 54.85 | 8,982.15 | 8,537.50 |
| March, 2017 | 212.50 | 177.80 | 87.75 | 9,218.40 | 8,860.10 |

**The Company's share price on BSE and Sensex**

| Month | BSE | | | SENSEX | |
|---|---|---|---|---|---|
| | High (₹) | Low (₹) | Volume (in million) | High | Low |
| April, 2016 | 176.25 | 158.15 | 3.58 | 26,100.54 | 24,523.20 |
| May, 2016 | 164.90 | 147.00 | 4.77 | 26,837.20 | 25,057.93 |
| June, 2016 | 157.70 | 139.35 | 3.12 | 27,105.41 | 25,911.33 |
| July, 2016 | 165.15 | 149.35 | 7.01 | 28,240.20 | 27,034.14 |
| August, 2016 | 190.00 | 154.65 | 11.98 | 28,532.25 | 27,627.97 |
| September, 2016 | 225.10 | 182.00 | 9.01 | 29,077.28 | 27,716.78 |
| October, 2016 | 235.00 | 198.25 | 7.79 | 28,477.65 | 27,488.30 |
| November, 2016 | 209.30 | 173.30 | 5.67 | 28,029.80 | 25,717.93 |
| December, 2016 | 203.70 | 179.60 | 5.37 | 26,803.76 | 25,753.74 |
| January, 2017 | 198.60 | 179.05 | 5.60 | 27,980.39 | 26,447.06 |
| February, 2017 | 189.30 | 171.60 | 4.66 | 29,065.31 | 27,590.10 |
| March, 2017 | 213.00 | 178.00 | 9.24 | 29,824.62 | 28,716.21 |

**(j) Shares Traded during April 1, 2016 to March 31, 2017**

| Particulars | BSE | NSE |
|---|---|---|
| No. of shares traded (in million) | 77.79 | 678.69 |
| Highest Share Price (in ₹) | 235.00 | 234.75 |
| Lowest Share Price (in ₹) | 139.35 | 139.35 |
| Closing Share Price (as on March 31, 2017) | 208.65 | 208.70 |
| Market Capitalisation (as on March 31, 2017) (in million) | 106,208 | 106,233 |

**(k) Elimination of Duplicate Mailing**

The shareholders who are holding physical shares in more than one folio in identical name, or in joint holder's name in similar order, may send the Share certificate(s), along with request for consolidation of holding in one folio, to avoid mailing of multiple annual reports.

**(l) Share Transfer System**

To expedite the share transfer in physical segment, Stakeholders Relationship Committee has authorised Company Secretary to approve transfer of securities upto 10,000 received from individuals on weekly basis. In case of approval of transfer of securities over 10,000, the Stakeholders Relationship Committee meets at periodical intervals. In any case, all share transfers are completed within the prescribed time limit from the date of receipt, if document meets the stipulated requirement of statutory provisions in all respects. In reference to SEBI directives, the Company is providing the facility for transfer and dematerialisation of securities simultaneously. The total no. of shares transferred during the year were 42,830. All the transfers were completed within stipulated time.

As per the requirement of Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has obtained the half yearly certificates from the Company secretary in practice for due compliance of share transfer formalities.

**(m) Distribution of Shareholding**

The following is the distribution of shareholding of equity shares of the Company as on March 31, 2017:-

| Category | No. of Shareholders | % of Shareholders | No. of Shares Held | % of shareholding |
|---|---|---|---|---|
| UPTO 5,000 | 134,529 | 99.26 | 33,733,059 | 6.63 |
| 5,001 - 10,000 | 447 | 0.33 | 3,310,420 | 0.65 |
| 10,001 - 20,000 | 174 | 0.13 | 2,528,953 | 0.50 |
| 20,001 - 30,000 | 58 | 0.04 | 1,441,655 | 0.28 |
| 30,001 - 40,000 | 32 | 0.02 | 1,146,367 | 0.23 |
| 40,001 - 50,000 | 26 | 0.02 | 1,172,868 | 0.23 |
| 50,001 - 100,000 | 65 | 0.05 | 4,850,906 | 0.95 |
| 100,001 AND ABOVE | 208 | 0.15 | 460,840,542 | 90.53 |
| **Total** | **135,539** | **100.00** | **509,024,770** | **100.00** |

The Promoter and Promoter group hold 224.72 million shares constituting 44.15% of the share capital of the Company as on March 31, 2017.

**(n) Reconciliation of Share Capital Audit**

As stipulated by SEBI, a qualified Company Secretary in practice conducts the Reconciliation of Share Capital Audit of the Company for the purpose of reconciliation of total admitted capital with the depositories, i.e. NSDL and CDSL, and the total issued and listed capital of the Company.

The Company Secretary in practice conducts such audit in every quarter and issues a Reconciliation of Share Capital Audit Certificate to this effect to the Company. A copy of such audit report is submitted to the stock exchanges, where the Company's shares are listed and is also placed before the Board.

**(o) Dematerialisation of Shares and Liquidity**

The equity shares of the Company are being traded under compulsorily demat form as per SEBI notification. The Company's shares are tradable compulsorily in electronic form and are available for trading in the depository systems of both National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). The International Securities Identification Number (ISIN) of the Company, as allotted by NSDL and CDSL, is INE438A01022.

As on March 31, 2017, 97.89% of the share capital stands dematerialised. BSE and NSE have permitted trading of Apollo Tyres' share into future and option (F&O) segment w.e.f. February 19, 2010.

**(p) Share Transfer/Demat Registry work**

All share transfers/demat are being processed in house. The Company has established direct connectivity with NSDL/CDSL for carrying out demat completely in house.

**(q) Share Transfer Department**

All communications regarding change of address for shares held in physical form, dividend etc. should be sent at the Company's corporate office at:-

Apollo Tyres Ltd.
Apollo House, 7, Institutional Area
Sector-32, Gurgaon - 122 001 (Haryana)
T: +91 124 2721000
F: +91 124 238 3351
E: investors@apollotyres.com

**(r) ECS Mandate**

All shareholders are requested to update their bank account details with their respective depositories urgently. This would facilitate transfer of dividend directly to the bank account of the shareholders.

**(s) E-Voting**

To widen the participation of shareholders in Company decisions pursuant to provisions of Section 108 of Companies Act, 2013 read with Rule 20 of The Companies (Management and Administration) Rules, 2014 as amended, the Company has provided e-voting facility to its shareholders, in respect of all shareholder's resolutions to be passed at General Meeting.

**Register e-mail address**

To contribute towards greener environment, the Company proposes to send documents like shareholders meeting notice/other notices, audited financial statements, board's report, auditors' report or any other document, to members in electronic form at the e-mail address provided by them and/or available to the Company by the Depositories.

Members who have not yet registered their e-mail address (including those who wish to change their already registered e-mail address) may get the same registered/updated either with their depository participants or by writing to the Company.

**(t) Plant Location:**

1. Perambra, P O Chalakudy, Trichur 680 689, Kerala
2. Limda, Taluka Waghodia, Dist. Vadodara 391 760, Gujarat
3. SIPCOT Industrial Growth Centre, Oragadam, Chennai, Tamil Nadu
4. Kalamassery, Alwaye, Kerala – 683 104
5. Ir. E.L.C. Schiffstraat 370, 7547 RD Enschede, The Netherlands
6. H-3212 Gyöngyöshalász, Road No.: 3210, Plot No.: 0106, Hungary

| | | |
|---|---|---|
| **(u)** | Address for correspondence for share transfer/ demat of shares, payment of dividend and any other query relating to shares. | Secretarial Department, Apollo Tyres Ltd., Apollo House, 7 Institutional Area, Sector 32, Gurgaon 122 001. Tel: +91 124-2721000 |

**(v)** As on March 31, 2017, there were no outstanding GDRs/ ADRs/ Warrants or any convertible instruments.

**(w) Adoption of mandatory and discretionary requirements of Corporate Governance as specified in Regulations 17 to 27 and Regulation 34 (3) read with Schedule V (C) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

The Company has complied with all mandatory requirements of corporate governance with respect to Regulations 17 to 27 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has adopted following discretionary requirement of Regulation 27 read with Schedule II Part E of the Listing Regulations:-

**Modified Opinion(s) in audit report**

The Company is in the regime of financial statements with unmodified audit opinion.

**Reporting of internal auditor**

The internal auditor is reporting directly to the Audit Committee.

**(x)** As on March 31,2017, our shares were not suspended from trading.

**(y)** There were no commodity price risk or foreign exchange risk and hedging activities during FY17.

## 14. ADDITIONAL INFORMATION

**(a) Investor Relations Section**

The Investors Relations Section is located at the Corporate Office of the Company.

| | | |
|---|---|---|
| Contact person | : | Mrs. Seema Thapar, Compliance Officer |
| Time | : | 10:00 AM to 6:00 PM on all working days of the Company (except Saturdays and Sundays) |
| T: | : | +91 124 2721000 |
| F: | : | +91 124 2383351 |
| E: | : | investors@apollotyres.com |

**(b) Bankers**

Axis Bank Ltd.
Bank of India
BNP Paribas
Canara Bank
Citibank N.A.
DBS Bank Ltd.
ICICI Bank Ltd.
IDBI Bank Ltd.
Kotak Mahindra Bank Ltd.

Standard Chartered Bank
State Bank of India
State Bank of Mysore
State Bank of Travancore
The Bank of Nova Scotia
Union Bank of India

**(c) Auditors**

Deloitte Haskins & Sells, Chennai, Chartered Accountants.

**(d) Cost Auditors**

N.P. Gopalakrishnan & Co., Cost Accountants.

With reference to the General Circular No. 15/2011 – 52/5/CAB-2011 dated April 11, 2011, issued by the Government of India, Ministry of Corporate Affairs, Cost Audit Branch, New Delhi, following are the details of Cost Auditor and filing of cost audit report with Central Government:

| Particulars of the Cost Auditor | Details of Cost Audit Report filed for the period ended March 31, 2016 |
|---|---|
| Mr. N. P. Sukumaran (M No.4503), Apartment No. 311, 4th Floor, D. D. Vyapar Bhawan, K. P. Vallon Road, Kadavanthra P O, Kochi - 682 020 (Kerala), E-mail : npgco@gmail.com | Filing date: September 12, 2016 |

**(e) Code of Conduct for Prevention of Insider Trading**

In compliance with the SEBI regulations on prevention of insider trading, the Company has formulated a comprehensive Code of Conduct for 'Prevention of Insider Trading' in the securities of the Company. This Code of Conduct is applicable to Promoters, Directors, Chiefs, Group Heads, Heads and such other employees of the Company and others who are expected to have access to unpublished price sensitive information.

The Board at its meeting held on May 12, 2015, has approved the revised Code of Conduct for Prevention of Insider Trading, in terms with the SEBI (Prohibition of Insider Trading) Regulations, 2015, effective from May 15, 2015.

The Code of Conduct lays down guidelines advising them on procedures to be followed and disclosures to be made while dealing with the shares of the Company, and cautioning them of consequences of violations. The Company Secretary of the Company is the compliance officer.

**(f) Code of Conduct for Directors and Senior Management**

The Board of Directors of Apollo Tyres Ltd. has laid down a code of business conduct called "The Code of Conduct for Directors and Senior Management". The Code envisages that Board of Directors and Senior Management must act within the bounds of the authority conferred upon them and with a duty to make and keep themselves informed about the development in the industry in which the Company is involved and the legal requirements to be fulfilled.

The Code is applicable to all the Directors and Senior Management of the Company. The Company Secretary of the Company is the Compliance Officer.

**(g) Whistle Blower Policy/ Vigil Mechanism**

Apollo Tyres Ltd. believes in the conduct of its business affair in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour. In order to inculcate accountability and transparency in its business conduct, the Company has been constantly reviewing its existing systems and procedures. Your Company has approved a whistle blower policy which will enable all employees, Directors and other stakeholders to raise their genuine concerns internally in a responsible and effective manner if and when they discover information which they believe shows serious malpractice or irregularity within the Company and/or to report to the management instances of unethical behaviour, actual or suspected, fraud or violation of Company's code of conduct or ethics policy.

In terms with the policy, an Internal Grievance Redressal Committee (IC) has been constituted by the Company, which is headed by the Chairman of the Audit Committee of the Board. Company Secretary of the Company acts as an Ombudsman who, on receipt of Complaint, examines the possible intentions and genuineness of the disclosure in advance before referring it to the IC for investigations. The IC, after investigation, submits a report to the Audit Committee.

**(h) Code of Practices and Procedures for Fair Disclosure**

The Board at its meeting held on May 12, 2015 has approved the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information, in terms with the SEBI (Prohibition of Insider Trading) Regulations, 2015, effective from May 15, 2015.

The Code lays down broad standards of compliance and ethics, as required by SEBI (Listing

Obligations and Disclosure Requirements) Regulations, 2015 and other applicable SEBI regulations. The Code is required to be complied in respect of all corporate disclosures in respect of the Company and/or its subsidiary companies, including overseas subsidiaries.

The Company Secretary of the Company is the Compliance Officer.

**(i) Policy to prevent and deal with sexual harassment**

The Company is an equal employment opportunity employer and is committed to creating a healthy and productive work environment that enables employees to work without fear of prejudice, gender bias and sexual harassment. The Company believes that an act of sexual harassment results in the violation of the fundamental rights. Such acts violate the right to equality, right to life and to live with dignity and right to practice any profession or to carry on any occupation, trade or business, which also includes a right to have a safe and healthy work environment free from sexual harassment.

In keeping with its belief and in terms of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rule thereof, the Company adopts the policy to prevent and deal with sexual harassment at the workplace. The Company is committed to provide to all employees who are present at the workplace, a work environment free from sexual harassment, intimidation and exploitation.

**(j) Declaration by Independent Directors under sub-section (6) of section 149 & Regulation 16 (1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

During FY17, the Company received declaration in terms of the provisions of Section 149(6) & 149(7) of the Companies Act, 2013 and Regulation 16(1) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, from the following Independent Directors viz. Mr. A. K. Purwar, Mr. Akshay Chudasama, Gen. Bikram Singh (Retd.), Ms. Pallavi Shroff , Mr. Nimesh N. Kampani, Dr. S. Narayan, Mr. Vinod Rai and Mr. Vikram S. Mehta.

**(k) Web link for various documents**

The following documents/information are linked with the website of the Company, i.e. www.apollotyres.com:-

| Particulars | Web link |
|---|---|
| Familiarisation programme for Independent Directors | https://corporate.apollotyres.com/en-in/investors/directors-information/?filter=Familiarisation Programme |
| Policy for determining 'material' subsidiaries | https://corporate.apollotyres.com/en-in/investors/corporate-governance/?filter=CodesPolicies |
| Policy on Related Party Transactions | https://corporate.apollotyres.com/en-in/investors/corporate-governance/?filter=CodesPolicies |
| CSR policy | https://corporate.apollotyres.com/en-in/investors/corporate-governance/?filter=CodesPolicies |
| Code of Conduct for Directors and Senior Management | https://corporate.apollotyres.com/en-in/investors/corporate-governance/?filter=CodesPolicies |
| Whistle Blower Policy/Vigil Mechanism | https://corporate.apollotyres.com/en-in/investors/corporate-governance/?filter=CodesPolicies |
| Policy on preservation and archival of documents | https://corporate.apollotyres.com/en-in/investors/corporate-governance/?filter=CodesPolicies |
| Policy on determination of materiality of events or information | https://corporate.apollotyres.com/en-in/investors/corporate-governance/?filter=CodesPolicies |
| Code of Practices and Procedures for Fair Disclosure of UPSI | https://corporate.apollotyres.com/en-in/investors/corporate-governance/?filter=CodesPolicies |
| Dividend Distribution Policy | https://corporate.apollotyres.com/en-in/investors/corporate-governance/?filter=CodesPolicies |

**Declaration Affirming Compliance of provisions of the Code of Conduct**

To the best of my knowledge and belief and on the basis of declarations given to me, I hereby affirm that all the Board members and the Senior Management Personnel have fully complied with the provisions of the Code of Conduct for Directors and Senior Management Personnel during the financial year ended March 31, 2017.

**Declaration Affirming Compliance of Whistle blower policy**

To the best of my knowledge and belief, I hereby affirm that no personnel of the Company has been denied access to the Audit committee during FY17.

For and on behalf of the Board of Directors

Place: Gurgaon.
Date: May 5, 2017

(ONKAR S. KANWAR)
Chairman & Managing Director

To
The Members of
Apollo Tyres Ltd.

## INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

1. This certificate is issued in accordance with the terms of our engagement letter reference no. MKA/APOLLO/16-17/EL dated August 18, 2016.

2. We, Deloitte Haskins & Sells, Chartered Accountants, the Statutory Auditors of Apollo Tyres Ltd.("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31 March 2017, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

**Managements' Responsibility**

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

**Auditor's Responsibility**

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

**Opinion**

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2017.

9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 008072S)

M K ANANTHANARAYANAN
Partner
(Membership No. 19521)

Gurgaon, May 5, 2017

# CEO and CFO Certificate

[Under Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Board of Directors,
Apollo Tyres Ltd.

We hereby certify that :-

a) We have reviewed the financial statements including the cash flow statement of the Company for the year ended as on March 31, 2017 and that to the best of our knowledge and belief:

   i these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii these statements including cash flow statement present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) To the best of our knowledge and belief, there are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

c) We accept the responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors . Further, no deficiencies have been observed in design or operation of such internal controls for the period covered by this report.

d) During the period under review, no significant changes were observed in the internal controls over financial reporting and accounting policies of the Company. Furthermore, no instance of fraud found by management or employees having a significant role in the Company's internal control system over financial reporting.

For Apollo Tyres Limited

| | | |
|---|---|---|
| | **(ONKAR S. KANWAR )** | **(GAURAV KUMAR)** |
| Date : April 27, 2017 | Chairman & Managing Director | Chief Financial Officer |

## Standalone Financial Statements



# Independent Auditor's Report

To,
The Members of Apollo Tyres Ltd.

## REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS

We have audited the accompanying standalone Ind AS financial statements of **Apollo Tyres Ltd.** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE IND AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's Judgement, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

## OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, based on our audit we report that :

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company, and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company other than ₹ 4.99 Million (₹ 4.36 Million as on March 31, 2016 and ₹ 3.60 Million as on April 1, 2015) which has not been transferred as per the orders/ instructions of the Special Court (Trial of offences relating to Transactions in Securities), Mumbai.

iv. The Company has provided requisite disclosures in the standalone Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the November 08, 2016 of the Ministry of Finance, during the period from November 08, 2016 to December 30, 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For** DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 008072S)

M. K. ANANTHANARAYANAN
Partner
(Membership No. 19521)

Place: Gurgaon,
Date: May 5, 2017

# ANNEXURE "A"

## TO THE INDEPENDENT AUDITOR'S REPORT

**(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)**

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Apollo Tyres Ltd. ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

## INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## OPINION

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

**For** DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 008072S)

M. K. ANANTHANARAYANAN
Partner
(Membership No. 19521)

Place: Gurgaon,
Date: May 5, 2017

# ANNEXURE "B"
## TO THE INDEPENDENT AUDITOR'S REPORT

**(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Some of the fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed/ transfer deed/ conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company as at the balance sheet date, except in the case of a land measuring to 124,150 square feet, carrying a cost of ₹ 11.19 Million, acquired by the Company, which is in the name of the vendor and the Company is in the process of getting the title deeds transferred to its name. Immovable properties of land and buildings whose title deeds have been pledged as security for loans are held in the name of the Company based on the confirmations directly received by us from lenders. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.

(vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax and Excise Duty which have not been deposited as on March 31, 2017 on account of disputes are given below:

| Name of Statute | Nature of Dues | Forum where Dispute is Pending | Period to which the Amount Relates | Amount Involved (₹ in Millions) | Amount Unpaid (₹ in Millions) |
|---|---|---|---|---|---|
| Sales Tax Act applicable to various States | Sales tax | Various Appellate Authorities/ Revenue Board/ High Court | Financial Years 1990-91 to 2016-17 | 498.19 | 455.52 |
| Central Excise Act, 1944 | Excise Duty and Additional Excise Duty | Various Appellate Authorities/High Court | 1996-97 to 2014-15 | 988.47 | 981.46 |
| Income Tax Act, 1961 | Income tax | Various Appellate Authorities/High Court | 1987-88 to 2012-13 | 1,371.16 | 1,028.62 |

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government and dues to debenture holders.

(ix) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained. The Company has not raised moneys by way of initial public offer or further public offer.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under Section 45-I of the Reserve Bank of India Act, 1934.

**For** DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 008072S)

M. K. ANANTHANARAYANAN
Partner
(Membership No. 19521)

Place: Gurgaon,
Date: May 5, 2017

# Balance Sheet
## AS AT MARCH 31, 2017

₹ Million

| Particulars | Notes | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|---|
| **A. ASSETS** | | | | |
| **1. Non-Current Assets** | | | | |
| (a) Property, plant & equipments | B1 | 47,709.47 | 32,869.00 | 32,733.43 |
| (b) Capital work-in-progress | | 6,214.76 | 4,163.71 | 1,311.44 |
| (c) Intangible assets | B1 | 242.20 | 129.26 | 105.15 |
| (d) Financial assets | | | | |
| i. Investments | B2 | 10,048.62 | 10,043.21 | 8,439.12 |
| ii. Loans | B3 | 17.11 | 12.81 | 15.05 |
| iii. Other financial assets | B4 | 824.06 | 1,258.83 | 1,433.76 |
| (e) Other non-current assets | B5 | 1,944.63 | 2,505.44 | 1,070.56 |
| **Total Non-Current Assets** | | **67,000.85** | **50,982.26** | **45,108.51** |
| **2. Current Assets** | | | | |
| (a) Inventories | B6 | 17,293.98 | 10,197.49 | 11,820.40 |
| (b) Financial assets | | | | |
| i. Investments | B7 | 3,944.44 | 5,017.68 | 1,083.05 |
| ii. Trade receivables | B8 | 3,864.92 | 2,927.56 | 3,200.12 |
| iii. Cash and cash equivalents | B9 | 1,340.88 | 2,867.68 | 2,202.79 |
| iv. Other bank balances | B10 | 52.93 | 42.06 | 76.92 |
| v. Loans | B11 | 1,755.15 | 18.24 | 14.78 |
| vi. Other financial assets | B12 | 255.39 | 523.98 | 583.95 |
| (c) Other current assets | B13 | 3,295.17 | 2,618.58 | 2,412.67 |
| **Total Current Assets** | | **31,802.86** | **24,213.27** | **21,394.68** |
| **TOTAL ASSETS (1+2)** | | **98,803.71** | **75,195.53** | **66,503.19** |
| **B. EQUITY AND LIABILITIES** | | | | |
| **1. Equity** | | | | |
| (a) Equity share capital | B14 | 509.02 | 509.02 | 509.09 |
| (b) Other equity | | 52,802.87 | 46,069.33 | 37,281.16 |
| **Total Equity** | | **53,311.89** | **46,578.35** | **37,790.25** |
| **LIABILITIES** | | | | |
| **2. Non-Current Liabilities** | | | | |
| (a) Financial liabilities | | | | |
| i. Borrowings | B15 | 8,340.25 | 2,572.90 | 4,104.98 |
| ii. Other financial liabilities | B16 | 47.58 | – | – |
| (b) Provisions | B17 | 57.25 | 69.55 | 78.43 |
| (c) Deferred tax liabilities (net) | C10 | 5,153.08 | 4,445.25 | 4,026.55 |
| (d) Other non-current liabilities | B18 | 2,884.35 | 741.30 | 570.21 |
| **Total Non-Current Liabilities** | | **16,482.51** | **7,829.00** | **8,780.17** |
| **3. Current Liabilities** | | | | |
| (a) Financial liabilities | | | | |
| i. Borrowings | B19 | 7,840.04 | 3,737.18 | 4,768.23 |
| ii. Trade payables | B20 | 10,407.54 | 8,565.68 | 6,103.50 |
| iii. Other financial liabilities | B21 | 4,874.39 | 3,066.87 | 4,917.02 |
| (b) Other current liabilities | B22 | 1,293.96 | 1,370.25 | 1,478.85 |
| (c) Provisions | B23 | 3,564.40 | 2,758.67 | 2,351.95 |
| (d) Current tax liabilities (net) | B24 | 1,028.98 | 1,289.53 | 313.22 |
| **Total Current Liabilities** | | **29,009.31** | **20,788.18** | **19,932.77** |
| **TOTAL EQUITY AND LIABILITIES (1+2+3)** | | **98,803.71** | **75,195.53** | **66,503.19** |
| See accompanying notes forming part of the financial statements | | | | |

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

M. K. ANANTHANARAYANAN
Partner

Gurgaon
May 5, 2017

For and on behalf of the Board of Directors

ONKAR S. KANWAR
Chairman & Managing Director

NEERAJ KANWAR
Vice Chairman & Managing Director

S. NARAYAN
Director

GAURAV KUMAR
Chief Financial Officer

SEEMA THAPAR
Company Secretary

# Statement of Profit and Loss

FOR THE YEAR ENDED MARCH 31, 2017

₹ Million

| Particulars | | Notes | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|---|---|---|---|---|
| **1.** | **Revenue from Operations:** | | | |
| | Gross sales / income from operations | | 98,066.22 | 96,514.81 |
| | Other operating income | B25 | 1,170.67 | 1,086.68 |
| | | | **99,236.89** | **97,601.49** |
| **2.** | **Other Income** | B26 | 1,353.34 | 2,037.89 |
| **3.** | **Total Revenue (1 +2)** | | **100,590.23** | **99,639.38** |
| **4.** | **Expenses :** | | | |
| | (a) Cost of materials consumed | B27 | 53,132.29 | 46,411.33 |
| | (b) Purchase of stock-in-trade | B27 | 2,209.55 | 2,244.04 |
| | (c) Changes in inventories of finished goods, work-in progress & stock-in-trade | B28 | (3,181.54) | 1,266.22 |
| | (d) Excise duty on sales | | 9,899.20 | 10,029.73 |
| | (e) Employee benefits expense | B27 | 5,907.29 | 5,659.42 |
| | (f) Finance costs | B29 | 887.84 | 901.41 |
| | (g) Depreciation & amortisation expense | B1 | 2,881.99 | 2,651.37 |
| | (h) Other expenses | B27 | 17,997.27 | 16,330.61 |
| | **Total expenses** | | **89,733.89** | **85,494.13** |
| **5.** | **Profit before Exceptional items and Tax (3 - 4)** | | 10,856.34 | 14,145.25 |
| **6.** | **Exceptional items** | | – | – |
| **7.** | **Profit before Tax (5 - 6)** | | 10,856.34 | 14,145.25 |
| **8.** | **Tax Expense:** | | | |
| | (a) Current tax expense | | 2,310.28 | 3,700.78 |
| | (b) MAT credit | | (225.74) | – |
| | (c) Net current tax expense | | **2,084.54** | **3,700.78** |
| | (d) Deferred tax | | 744.22 | 422.98 |
| | **TOTAL** | | **2,828.76** | **4,123.76** |
| **9.** | **Profit after Tax (7 - 8)** | | **8,027.58** | **10,021.49** |
| **10.** | **Other Comprehensive Income** | | | |
| | **I** i. Items that will not be reclassified to profit or loss | | | |
| | a. Remeasurements of the defined benefit asset | | 13.53 | 7.43 |
| | ii. Income tax | | (4.68) | (2.57) |
| | | | **8.85** | **4.86** |
| | **II** i. Items that may be reclassified to profit or loss | | | |
| | a. Effective portion of loss on designated portion of hedging instruments in a cash flow hedge | | (118.66) | (19.80) |
| | ii. Income tax | | 41.07 | 6.85 |
| | | | **(77.59)** | **(12.95)** |
| | **Other Comprehensive Income (I + II)** | | (68.74) | (8.09) |
| | **Total Comprehensive Income (9 + 10)** | | **7,958.84** | **10,013.40** |
| | **Earnings per equity share of ₹ 1 each:** | C30 | | |
| | (a) Basic | | 15.77 | 19.69 |
| | (b) Diluted | | 15.77 | 19.69 |
| See accompanying notes forming part of the financial statements | | | | |

In terms of our report attached

For and on behalf of the Board of Directors

For DELOITTE HASKINS & SELLS
Chartered Accountants

ONKAR S. KANWAR
Chairman & Managing Director

NEERAJ KANWAR
Vice Chairman & Managing Director

S. NARAYAN
Director

M. K. ANANTHANARAYANAN
Partner

GAURAV KUMAR
Chief Financial Officer

SEEMA THAPAR
Company Secretary

Gurgaon
May 5, 2017

# Statement of Changes in Equity

## OTHER EQUITY

| Particulars | Reserves and Surplus | | | | | | | | Items of other comprehensive income | | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Securities premium reserve | General reserve | Capital reserve on mauritius merger | Debenture redemption reserve | Capital subsidy | Capital redemption reserve | Capital reserve on forefieture of shares | Retained earnings | Effective portion of cash flow hedge | Revaluation surplus | Actuarial gain / (loss) | |
| **Balance at April 1, 2015** | **6,085.71** | **10,006.63** | **1,383.68** | **958.33** | **25.50** | **44.40** | **–** | **18,643.88** | **14.31** | **31.22** | **87.50** | 37,281.16 |
| Profit for the year | | | | | | | | 10,021.49 | | | | 10,021.49 |
| Other comprehensive income (OCI) for the year | | | | | | | | | (19.80) | | 7.43 | (12.37) |
| Income tax on OCI items | | | | | | | | | 6.85 | | (2.57) | 4.28 |
| Total comprehensive income for the year | | | | | | | | **10,021.49** | **(12.95)** | | **4.86** | **10,013.40** |
| Payment of dividends (₹ 2 per share) | | | | | | | | (1,018.05) | | | | (1,018.05) |
| Tax on Dividend | | | | | | | | (207.25) | | | | (207.25) |
| Forefeited shares transferred | | | | | | | 0.07 | | | | | 0.07 |
| Transfer from retained earnings | | 1,000.00 | | 125.00 | | | | (1,125.00) | | | | – |
| Transfer to retained earnings | | | | (708.33) | | | | 708.33 | | | | – |
| **Balance at March 31, 2016** | **6,085.71** | **11,006.63** | **1,383.68** | **375.00** | **25.50** | **44.40** | **0.07** | **27,023.40** | **1.36** | **31.22** | **92.36** | **46,069.33** |
| Profit for the year | | | | | | | | 8,027.58 | | | | 8,027.58 |
| Items of other comprehensive income (OCI) | | | | | | | | | (118.66) | | 13.53 | (105.13) |
| Income tax on OCI items | | | | | | | | | 41.07 | | (4.68) | 36.39 |
| Total comprehensive income for the year | | | | | | | | **8,027.58** | **(77.59)** | | **8.85** | **7,958.84** |
| Payment of dividends (₹ 2 per share) | | | | | | | | (1,018.05) | | | | (1,018.05) |
| Tax on dividend | | | | | | | | (207.25) | | | | (207.25) |
| Transfer from retained earnings | | 1,000.00 | | 219.12 | | | | (1,219.12) | | | | – |
| Transfer to retained earnings | | | | (125.00) | | | | 125.00 | | | | – |
| **Balance at March 31, 2017** | **6,085.71** | **12,006.63** | **1,383.68** | **469.12** | **25.50** | **44.40** | **0.07** | **32,731.56** | **(76.23)** | **31.22** | **101.21** | **52,802.87** |

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

M. K. ANANTHANARAYANAN
Partner

Gurgaon
May 5, 2017

For and on behalf of the Board of Directors

ONKAR S. KANWAR
Chairman & Managing Director

NEERAJ KANWAR
Vice Chairman & Managing Director

S. NARAYAN
Director

GAURAV KUMAR
Chief Financial Officer

SEEMA THAPAR
Company Secretary

# Cash-Flow Statement

FOR THE YEAR ENDED MARCH 31, 2017

₹ Million

| Particulars | | Year Ended March 31, 2017 | | Year Ended March 31, 2016 | |
|---|---|---|---|---|---|
| **A** | **CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| **(i)** | **Net profit before tax** | | 10,856.34 | | 14,145.25 |
| | **Add: Adjustments for:** | | | | |
| | Depreciation and amortisation expenses | 2,881.99 | | 2,651.37 | |
| | Loss on sale of tangible fixed assets (Net) | 33.96 | | 22.57 | |
| | (Profit) on sale of investments | – | | (0.25) | |
| | Dividend from long-term & current investments | (84.59) | | (1,519.93) | |
| | Diminution in value of investment | – | | 1.31 | |
| | Provision for constructive liability | (10.96) | | (7.79) | |
| | Provision for compensated absences | (22.64) | | 20.44 | |
| | Liabilities / provisions no longer required written back | (63.90) | | (3.24) | |
| | Unwinding of deferred income | (329.87) | | (234.40) | |
| | Finance cost | 887.84 | | 901.41 | |
| | Interest income | (384.73) | | (185.88) | |
| | Provision for contingencies | 365.00 | | – | |
| | Provision for estimated loss on derivatives | 4.93 | | (15.99) | |
| | Unrealised (gain)/loss on foreign exchange fluctuations | (244.98) | 3,032.05 | (26.57) | 1,603.05 |
| **(ii)** | **Operating profit before working capital changes** | | **13,888.39** | | **15,748.30** |
| | **Changes in working capital** | | | | |
| | **Adjustments for (increase)/decrease in operating assets:** | | | | |
| | Inventories | (7,096.49) | | 1,622.91 | |
| | Trade receivables | (951.48) | | 270.35 | |
| | Short-term loans | (1,792.85) | | (3.46) | |
| | Other current financial assets | 6.69 | | 2.18 | |
| | Other current assets | (676.59) | | (205.90) | |
| | Long-term loans | (4.30) | | 2.24 | |
| | Other non-current financial assets | 19.33 | | (125.88) | |
| | Other non-current assets | – | (10,495.69) | **360.18** | 1,922.62 |
| | **Adjustments for increase/(decrease) in operating liabilities:** | | | | |
| | Trade payables | 2,138.16 | | 2,473.89 | |
| | Other financial liabilities | (53.65) | | 145.03 | |
| | Other current liabilities | (76.29) | | (108.60) | |
| | Other long-term liabilities | 6.37 | | 7.52 | |
| | Short-term provisions | 462.03 | 2,476.62 | 392.20 | 2,910.04 |
| **(iii)** | **Cash generated from operations** | | **5,869.32** | | **20,580.96** |
| | Less: direct taxes paid (Net of Refund) | | 2,570.83 | | 2,731.95 |
| | **Net Cash from operating activities** | | **3,298.49** | | **17,849.01** |

# Cash-Flow Statement (Contd.)

## FOR THE YEAR ENDED MARCH 31, 2017

₹ Million

| | Particulars | Year Ended March 31, 2017 | | Year Ended March 31, 2016 | |
|---|---|---|---|---|---|
| **B** | **CASH FLOW FROM INVESTING ACTIVITIES** | | | | |
| | Purchase of fixed assets | (15,584.12) | | (6,935.05) | |
| | Proceeds from sale of fixed assets | 78.74 | | 57.08 | |
| | Investments in Mutual Funds | (2,222.75) | | (134.64) | |
| | Long-term investment made | (3.44) | | (1,606.00) | |
| | Proceeds from sale of long-term investment | 0.11 | | 0.84 | |
| | Long-term fixed term deposits with banks matured | – | | 41.00 | |
| | Investment in inter corporate deposits | 3,300.00 | | (3,800.00) | |
| | Dividends received from long-term & current investments | 78.50 | | 1,519.93 | |
| | Interest Received | 399.15 | | 80.87 | |
| | **Net Cash Used in Investing Activities** | | **(13,953.81)** | | **(10,775.97)** |
| **C** | **CASH FLOW FROM FINANCING ACTIVITIES** | | | | |
| | Long-term borrowings (net of repayments) | 6,718.15 | | (3,187.70) | |
| | Short-term borrowings (net of repayments) | 4,129.21 | | (1,017.89) | |
| | Payment of dividends (including Dividend Tax) | (1,225.30) | | (1,225.30) | |
| | Finance charges paid | (561.58) | | (978.93) | |
| | **Net Cash used in financing activities** | | **9,060.48** | | **(6,409.82)** |
| | **Net increase / decrease in cash & cash equivalents** | | **(1,594.84)** | | **663.22** |
| | Cash & cash equivalents as at the beginning of the year | | **2,867.68** | | **2,202.79** |
| | Less: Cash credits as at the beginning of the year | | 2.55 | | 1.16 |
| | | | **2,865.13** | | **2,201.63** |
| | (Gain) on reinstatement of foreign currency cash & cash equivalents | | (0.34) | | (0.06) |
| | **Adjusted cash & cash equivalents as at beginning of the year** | | **2,864.79** | | **2,201.57** |
| | Cash & cash equivalents as at the end of the year | | 1,340.88 | | 2,867.68 |
| | Less: Cash credits as at the end of the year | | 71.58 | | 2.55 |
| | | | **1,269.30** | | **2,865.13** |
| | (Gain)/loss on reinstatement of foreign currency cash & cash equivalents | | 0.65 | | (0.34) |
| | **Adjusted cash & cash equivalents as at the end of the year** | | **1,269.95** | | **2,864.79** |

In terms of our report attached

For and on behalf of the Board of Directors

For DELOITTE HASKINS & SELLS
Chartered Accountants

ONKAR S. KANWAR
Chairman & Managing Director

NEERAJ KANWAR
Vice Chairman & Managing Director

S. NARAYAN
Director

M. K. ANANTHANARAYANAN
Partner

GAURAV KUMAR
Chief Financial Officer

SEEMA THAPAR
Company Secretary

Gurgaon
May 5, 2017

# A. Notes

FORMING PART OF THE FINANCIAL STATEMENTS

## 1 CORPORATE INFORMATION

The Company's principal business activity is manufacturing and sale of automotive tyres. The Company started its operations in 1972 with its first manufacturing plant at Perambra in Kerala.

The Company's largest operations are in India and comprise of four tyre manufacturing plants - located two in Cochin and one each at Vadodara & Chennai respectively and various sales & marketing offices spread across the country. The Company's European subsidiary Apollo Vredestein BV (AVBV) has a manufacturing plant in the Netherlands and sales & marketing subsidiaries all over Europe. The Company also has sales and marketing subsidiaries in Middle East, Africa and ASEAN region.

## 2 RECENT ACCOUNTING PRONOUNCEMENTS

**Standards issued but not yet effective**

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7 - Statement of cash flows and Ind AS 102 - Share-based payment. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7 - Statement of cash flows and IFRS 2 - Sharebased payment, respectively. The amendments are applicable to the Companies from April 1, 2017.

**Amendment to Ind AS 7 - Statement of cash flows**

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

**Amendment to Ind AS 102 - Share based payment**

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

## 3 BASIS OF ACCOUNTING AND PREPARATION OF FINANCIAL STATEMENTS

### 3.1 Statement of Compliance

The financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as notified under the Companies (Indian Accounting Standards) Rules, 2015.

Beginning April 1, 2016, the Company has for the first time adopted Ind AS with a transition date of April 1, 2015. The financial statements have been prepared in accordance with Ind AS prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable.

### 3.2 Basis of Preparation and Presentation

The financial statements have been prepared on accrual basis under the historical cost convention except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on above basis, except for share-based payment transactions that are within the scope of Ind AS 102 - Share Based Payment, lease transactions that are within the scope of Ind AS 17 - Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 - Inventories or value in use in Ind AS 36 - Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

**The principal accounting policies are set out below:**

### 3.3 Business Combinations

Common control business combinations includes transactions, such as transfer of subsidiaries or businesses, between entities within a group.

Business combinations involving entities or businesses under common control shall be accounted for using the pooling of interests method.

The pooling of interest method is considered to involve the following:

(i) The assets and liabilities of the combining entities are reflected at their carrying amounts.

(ii) No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies.

(iii) The financial information in the financial statements in respect of prior periods should be restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, if business combination had occurred after that date, the prior period information shall be restated only from that date.

(iv) The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee.

### 3.4 Inventories

Inventories are valued at the lower of cost and estimated net realisable value (net of allowances) after providing for obsolescence and other losses, where considered necessary. The cost comprises of cost of purchase, cost of conversion and other costs including appropriate production overheads in the case of finished goods and work-in-progress, incurred in bringing such inventories to their present location and condition. Trade discounts or rebates are deducted in determining the costs of purchase. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

In case of raw materials, stores & spares and traded goods, cost (net of CENVAT/VAT credits wherever applicable) is determined on a moving weighted average basis, and, in case of work-in-progress and finished goods, cost is determined on a First In First Out basis.

### 3.5 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### Current Tax

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable income tax laws of the country in which the respective entities in the Company are incorporated. Taxable profit differs from ‘profit before tax’ as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

**Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the financial statements and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

**Current and Deferred tax for the year**

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

### 3.6 Property, Plant And Equipment (PPE)

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. For qualifying assets, borrowing costs are capitalised in accordance with Ind AS 23 - Borrowing costs. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment are capitalised at costs relating to the acquisition and installation (net of Cenvat /VAT credits wherever applicable) and include finance cost on borrowed funds attributable to acquisition of qualifying fixed assets for the period up to the date when the asset is ready for its intended use, and adjustments arising from foreign exchange differences arising on foreign currency borrowings to the extent they are regarded as an adjustment to interest costs. Other incidental expenditure attributable to bringing the fixed assets to their working condition for intended use are capitalised. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Depreciation is recognised so as to write-off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

The estimated useful life considered for the assets are as under.

| Category of Assets | No. of Years |
|---|---|
| Building | 5 - 60 |
| Plant & Machinery | 5 - 25 |
| Moulds | 4 - 8 |
| Material Handling Equipments | 4 - 15 |
| Computer Hardware | 3 - 5 |
| Motor Vehicles | 4 - 10 |
| Furniture & Fixtures | 4 - 10 |
| Office Equipment | 4 - 10 |

Leasehold land / Improvements thereon are amortised over the primary period of lease.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The company has applied Ind AS 16 - Property, Plant and Equipment retrospectively to its PPE and has not availed deemed cost exemption as available under Ind AS 101 - First-time adoption of Indian Accounting Standards.

### 3.7 Intangible Assets

Intangible assets with finite useful lives are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

The intangible assets are amortised over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use. The amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

**Derecognition of intangible assets**

An intangible asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

The useful life considered for the intangible assets are as under.

| Category of Assets | No. of Years |
|---|---|
| Computer Software | 3-6 |

### 3.8 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for customer returns, taxes on sales, estimated rebates and other similar allowances.

Revenue from sale of goods is recognized when the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership of the goods to the buyer which generally coincides with the delivery of goods,
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over goods sold;
- the amount of revenue can be measured reliably:
- it is probable that the economic benefits associated with the transaction will flow to the Company;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

### 3.9 Other Income

Dividend income from investments is recognised when the right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

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. Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Royalty income is recognised on accrual basis in accordance with the substance of the relavant agreement (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

### 3.10 Employee Benefits

Employee benefits include wages & salaries, provident fund, superannuation fund, employee state insurance scheme, gratuity fund and compensated absences.

**Defined Contribution Plans**

Contributions to defined contribution plans are recognised as an expense when employees have rendered service entitling them to the contributions.

**Defined Benefit Plans**

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the Balance Sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements),
- net interest expense or income; and,
- re-measurement.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

**Other Short-term and long-term employee benefits**

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

### 3.11 Government Grants, Subsidies and Export Incentives

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants / subsidy will be received.

Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the balance sheet and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Revenue grant is recognised as an income in the period in which related obligation is met.

Export Incentives earned in the year of exports are treated as income and netted off from cost of raw material imported.

### 3.12 Foreign Currency Transactions And Translations

Foreign currency transactions are recorded at rates of exchange prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the rate of exchange prevailing at the year-end. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Revenue grant is recognised as an income income in the period in which related obligation is met.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings,
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and,
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

### 3.13 Employee Share Based Payments

Stock appreciation rights (Phantom stock units) are granted to employees under the Cash-settled Employee Share-based Payment Plan (Phantom Stock Plan).

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

### 3.14 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### 3.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

**The Company as lessee**

**Finance lease:**

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

**Operating lease:**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed or the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

### 3.16 Earnings Per Share

**Basic earnings per share** is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) 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 (including the post tax effect of extraordinary items, if any) 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. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits/reverse share splits and bonus shares, as appropriate.

### 3.17 Impairment Of Tangible And Intangible Assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets or cash generating units to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, or whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase

### 3.18 Provisions And Contingencies

A provision is recognised when the Company has a present obligation (legal/constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Contingent liability is disclosed for (i) Possible obligation which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions for the expected cost of sales related obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the management's best estimate of the expenditure required to settle the Company's obligation.

### 3.19 Financial Instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### 3.20 Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### 3.20.1 Classification of financial asset

Financial assets that meet the following conditions are subsequently measured at amortised cost less impairment loss (FVTPL) (except for investments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI) (except for investments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

#### 3.20. 2 Amortised cost and Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the other income.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Dividends on these investments in equity instruments are recognised in profit or loss when the right to receive the dividends is established and it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

### 3.20.3 Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for equity instruments which are not held for trading.

Debt instrument that do not meet the amortised cost criteria or fair value through other comprehensive income criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the fair value through other comprehensive income criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss is included in the other income line item. Dividend on financial assets at FVTPL is recognised when the Company’s right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

### 3.20.4 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial assets, and financials guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instruments.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12-months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12-months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 - Construction Contracts and Ind AS 18 - Revenue, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

**3.20.5 De-recognition of financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On de-recognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

**3.20.6 Foreign Exchange gains and losses**

The fair value of finanacial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in hedging relationship.

**3.21 Financial Liabilities And Equity Instruments**

**3.21.1 Classification as debt or equity**

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**3.21.2 Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

**3.21.3 Financial liabilities**

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company are measured in accordance with the specific accounting policies set out below.

**3.21.3.1 Financial liabilities at FVTPL**

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

it has been incurred principally for the purpose of repurchasing it in the near term; or

on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or

it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

the financial liability forms part of a Company of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the Companying is provided internally on that basis; or

it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109 - Financial Instruments

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

**3.21.3.2 Financial liabilities subsequently measured at amortised cost**

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

**3.21.3.3 Financial guarantee contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at:

the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109 - Financial Instruments; and

the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies of Ind AS 18 - Revenue.

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in the other income.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

#### 3.21.3.4 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

### 3.22 Derivative Financial Instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

### 3.23 Hedge Accounting

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

**Cash flow hedges**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'Other income' line item. Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

In cases where the designated hedging instruments are options and forward contracts, the Company has an option, for each designation, to designate on an instrument only the changes in intrinsic value of the options and spot element of forward contracts respectively as hedges. In such cases, the time value of the options is accounted based on the type of hedged item which those options hedge.

In case of transaction related hedged item in the above cases, the change in time value of the options is recognised in other comprehensive income to the extent it relates to the hedged item and accumulated in a separate component of equity i.e. Reserve for time value of options and forward elements of forward contracts in hedging relationship. This separate component is removed and directly included in the initial cost or other carrying amount of the asset or the liability (i.e. not as a reclassification adjustment thus not affecting other comprehensive income) if the hedged item subsequently results in recognition of a non-financial asset or a non-financial liability. In other cases, the amount accumulated is reclassified to profit or loss as a reclassification adjustment in the same period in which the hedged expected future cash flows affect profit or loss.

In case of time-period related hedged item in the above cases, the change in time value of the options is recognised in other comprehensive income to the extent it relates to the hedged item and accumulated in a separate component of equity i.e. Reserve for time value of options and forward elements of forward contracts in hedging relationship. The time value of options at the date of designation of the options in the hedging relationships is amortised on a systematic and rational basis over the period during which the options' intrinsic value could affect profit or loss. This is done as a reclassification adjustment and hence affects other comprehensive income.

In cases where only the spot element of the forward contracts is designated in a hedging relationship and the forward element of the forward contract is not designated, the Company makes the choice for each designation whether to recognise the changes in forward element of fair value of the forward contracts in profit or loss or to account for this element similar to the time value of an option .

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

**3.24 First-Time Adoption - Mandatory Exceptions & Optional Exemptions**

**3.24.1 Overall Principle**

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required under Ind AS, not recognising items of assets and liabilities which are not permitted under Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

**3.24.2 Classification of debt instruments**

The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

**3.24.3 Determining whether an arrangement contains a lease**

The company has applied Appendix C of Ind AS 17 - Leases determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

**3.25 Critical Accounting Judgements And Key Sources Of Estimation Uncertainty**

The preparation of financial statements in conformity with Ind AS requires management to make certain judgements and estimates that may effect the application of accounting policies, reported amounts and related disclosures.

These judgements and estimates may have an impact on the assets and liabilities, disclosure of contingent liabilities at the date of the financial statements, and income and expense items for the period under review. Actual results may differ from these judgments and estimates.

All assumptions, expectations and forecasts that are used as a basis for judgements and estimates in the financial statements represent as accurately an outlook as possible for the group. These judgements and estimates only represent our interpretation as of the dates on which they were prepared.

Important judgements and estimates relate largely to provisions, pensions, tangible and intangible assets (lives, residual values and impairment), deferred tax assets and liabilities and valuation of financial instruments.

# B. Notes
FORMING AN INTEGRAL PART OF THE ACCOUNTS

## B 1 PROPERTY, PLANT & EQUIPMENTS AND INTANGIBLE ASSETS AS AT MARCH 31, 2017

₹ Million

| Description of Assets | GROSS BLOCK | | | | ACCUMULATED DEPRECIATION / AMORTISATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at March 31, 2016 | Additions | Disposals | As at March 31, 2017 | As at March 31, 2016 | Depreciation / amortisation expense for the year | Eliminated on disposal of assets | As at March 31, 2017 | As at March 31, 2017 | As at March 31, 2016 |
| **A. Property, plant and equipments - owned unless otherwise stated** | | | | | | | | | | |
| **LAND:** | | | | | | | | | | |
| Freehold land | 175.14 | – | – | 175.14 | – | – | – | – | 175.14 | 175.14 |
| Leasehold land* | 189.64 | – | – | 189.64 | 16.27 | 2.12 (a) | – | 18.39 | 171.25 | 173.37 |
| Buildings - own use | 8,300.31 | 2,352.04 (b) | – | 10,652.35 (d) | 2,270.53 | 282.98 | – | 2,553.51 | 8,098.84 (d) | 6,029.78 |
| Plant and equipments** | 42,361.33 | 14,487.32 (b) | 480.10 | 56,368.55 | 17,404.04 | 2,167.15 | 420.98 | 19,150.21 | 37,218.34 | 24,957.30 |
| Electrical installation | 1,545.80 | 435.63 (b) | 0.88 | 1,980.55 | 806.37 | 161.81 | 0.82 | 967.36 | 1,013.19 | 739.43 |
| Furniture & fixtures | 1,290.84 | 311.11 (b) | 7.84 | 1,594.11 | 863.76 | 103.63 | 7.03 | 960.36 | 633.75 | 427.09 |
| Office equipments | 49.31 | 73.21 (b) | 0.13 | 122.39 | 28.91 | 18.19 | 0.12 | 46.98 | 75.41 | 20.41 |
| Vehicles | 576.73 | 130.11 (b) | 119.07 | 587.77 | 230.26 | 100.33 | 66.37 | 264.22 | 323.55 | 346.48 |
| **Total tangible assets** | **54,489.10** | **17,789.42** | **608.02** | **71,670.50** | **21,620.14** | **2,836.21** | **495.32** | **23,961.03** | **47,709.47** | **32,869.00** |
| **B. Intangible Assets** | | | | | | | | | | |
| Computer software | 402.60 | 158.72 (b) | – | 561.32 | 273.34 | 45.78 | – | 319.12 | 242.20 | 129.26 |
| **TOTAL** | **54,891.70** | **17,948.14 (c)** | **608.02** | **72,231.82** | **21,893.48** | **2,881.99** | **495.32** | **24,280.15** | **47,951.67** | **32,998.26** |

## PROPERTY, PLANT & EQUIPMENTS AND INTANGIBLE ASSETS AS AT MARCH 31, 2016

₹ Million

| Description of Assets | GROSS BLOCK | | | | ACCUMULATED DEPRECIATION / AMORTISATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at April 1, 2015 | Additions | Disposals | As at March 31, 2016 | As at April 1, 2015 | Depreciation /amortisation expense for the year | Eliminated on disposal of assets | As at March 31, 2016 | As at March 31, 2016 | As at April 1, 2015 |
| **A Property, plant and equipments - owned unless otherwise stated** | | | | | | | | | | |
| **LAND:** | | | | | | | | | | |
| Freehold land | 175.14 | – | – | 175.14 | – | – | – | – | 175.14 | 175.14 |
| Leasehold land* | 172.19 | 17.45 | – | 189.64 | 14.30 | 1.97 (a) | – | 16.27 | 173.37 | 157.89 |
| Buildings - own use | 7,951.10 | 349.21 (b) | – | 8,300.31 (d) | 1,921.50 | 349.03 | – | 2,270.53 | 6,029.78 (d) | 6,029.60 |
| Plant and equipments** | 40,293.23 | 2,151.38 (b) | 83.28 | 42,361.33 | 15,595.90 | 1,866.80 | 58.67 | 17,404.03 | 24,957.30 | 24,697.33 |
| Electrical installation | 1,468.67 | 80.34 (b) | 3.21 | 1,545.80 | 654.92 | 151.69 | 0.24 | 806.37 | 739.43 | 813.75 |
| Furniture & fixtures | 1,208.59 | 94.16 (b) | 11.91 | 1,290.84 | 740.63 | 133.43 | 10.31 | 863.75 | 427.09 | 467.96 |
| Office equipments | 42.07 | 9.77 | 2.53 | 49.31 | 22.11 | 8.45 | 1.66 | 28.90 | 20.41 | 19.96 |
| Vehicles | 546.70 | 135.71 | 105.68 | 576.73 | 174.90 | 111.43 | 56.08 | 230.25 | 346.48 | 371.80 |
| **Total tangible assets** | **51,857.69** | **2,838.02** | **206.61** | **54,489.10** | **19,124.26** | **2,622.80** | **126.96** | **21,620.10** | **32,869.00** | **32,733.43** |
| **B Intangible assets** | | | | | | | | | | |
| Computer software | 349.92 | 52.68 (b) | – | 402.60 | 244.77 | 28.57 | – | 273.34 | 129.26 | 105.15 |
| **TOTAL** | **52,207.61** | **2,890.70** (c) | **206.61** | **54,891.70** | **19,369.03** | **2,651.37** | **126.96** | **21,893.44** | **32,998.26** | **32,838.58** |

*Leasehold land is net of ₹ **5.39 Million** (₹ 5.39 Million as at March 31, 2016) subleased to Classic Auto Tubes Ltd., a company in which directors are interested during the year 2009-10.

**Plant & Equipments include jointly owned assets with a gross book value of ₹ **311.28 Million** (₹ 311.28 Million as at March 31, 2016) and a net book value of ₹ **263.22 Million** (₹ 275.76 Million as at March 31, 2016) which represents 50% ownership in the asset.

Plant & equipments include assets taken on finance lease with a gross book value of ₹ **400.00 Million** (₹ 400.00 Million as at March 31, 2016), and a net book value of ₹ **200.04 Million** (₹ 216.83 Million as at March 31, 2016).

(a) Represents proportionate lease premium ₹ **2.12 Million** (₹ 1.97 Million as at March 31, 2016) amortised.

(b) Buildings include ₹ **22.66 Million** (₹ 174.33 Million as at March 31, 2016), plant & equipments include ₹ **85.76 Million** (₹ 114.89 Million as at March 31, 2016), electrical installations include ₹ **0.16 Million** (₹ 30.48 Million as at March 31, 2016), furniture & fixtures include ₹ **7.03 Million** (₹ 41.30 Million as at March 31, 2016), office equipments include ₹ **1.46 Millio**n (Nil as at March 31, 2016), vehicles include ₹ **0.13 Million** (Nil as at March 31, 2016) and computer software include ₹ **12.05 Million** (₹ 9.04 Million as at March 31, 2016) relating to research & development. (refer Note C18)

(c) Includes directly attributable expenses capitalised to the extent of ₹ **169.22 Million** (₹ 35.03 Million as at March 31, 2016) and borrowing cost capitalised to the extent of ₹ **233.11 Million** (Nil as at March 31, 2016).

(d) Buildings include buildings constructed on leasehold land with a gross book value of ₹ **9,131.32 Million** (₹ 6,974.19 Million as at March 31, 2016) and net book value of ₹ **6,973.92 Million** (₹ 5,076.62 Million as at March 31. 2016).

(e) Carrying amount of tangible assets are pledged as security for liabilities (refer Note B15(a)).

(f) Capital work-in-progress includes land of ₹ **11.19 Million** (₹ 10.69 Million as at March 31, 2016) acquired by the Company & is in the process of getting the title deeds transferred to its name.

## FINANCIAL ASSETS (NON-CURRENT)
## B 2 INVESTMENTS

₹ Million

| | Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|---|
| **I** | **At fair value through profit and loss** | | | |
| **A** | **Quoted investments** | | | |
| | (a) Investment in equity instruments: | | | |
| | 16,394 (16,394 as at March 31, 2016 and 16,394 as at April 1, 2015) Equity Shares of ₹ 10/- each in Bharat Gears Ltd. - fully paid up | 1.90 | 1.04 | 1.19 |
| | (b) Investment in mutual funds: | | | |
| | 209,965 (193,024 as at March 31, 2016 and 179,562 as at April 1, 2015) units of ₹ 10/- each in "UTI Balanced Fund - dividend plan - reinvestment" | 6.33 | 5.11 | 5.23 |
| **B** | **Unquoted investments** | | | |
| | Investment in equity instruments: | | | |
| | **Other Companies:** | | | |
| | 312,000 (312,000 as at March 31, 2016 and 312,000 as at April 1, 2015) equity shares of ₹ 10 each in Green Infra Wind Power Projects - fully paid up. | 3.12 | 3.12 | 3.12 |
| | Nil (Nil as at March 31, 2016 and 5,500 as at April 1, 2015) equity shares of ₹ 10 each in Suryadev Alloys And Power Pvt Ltd. - fully paid up. | – | – | 0.59 |
| | 620,000 (620,000 as at March 31, 2016 and Nil as at April 1, 2015) equity shares of ₹ 0.10 each in OPGS Power Gujarat Pvt Ltd. - fully paid up. | 0.12 | 0.12 | – |
| | 196,000 (207,000 as at March 31, 2016 and Nil as at April 1, 2015) equity shares of ₹ 10 each in NSL Wind Power Company - fully paid up. | 1.96 | 2.07 | – |
| | 12,500 (12,500 as at March 31, 2016 and Nil as at April 1, 2015) equity shares of ₹ 10 each in Trishul Electric & Powergen Company - fully paid up. | 0.13 | 0.12 | – |
| | 3,032,875 (Nil as at March 31, 2016 and Nil as at April 1, 2015) equity shares of ₹ 10 each in Ind Barath Energies Ltd. - fully paid up. | 3.43 | – | – |
| | 5,000 (5,000 as at March 31, 2016 and 5,000 as at April 1, 2015) equity shares of ₹ 100/- each in Apollo Tyres Employees' Multipurpose Co-operative Society Limited | 0.50 | 0.50 | 0.50 |
| | Investments carried at fair value through Profit and Loss | 17.49 | 12.08 | 10.63 |
| **II** | **At amortised cost** | | | |
| | **Unquoted investments** | | | |
| **(a)** | **Investment in equity instruments:** | | | |
| | **Subsidiary companies:** | | | |
| | Investment in equity shares of Apollo South Africa (Holdings) Proprietary Ltd.* | – | – | 1,151.34 |
| | 800 (800 as at March 31, 2016 and 800 as at April 1, 2015) equity shares of US$ 1 each in Apollo Tyres (Cyprus) Pvt. Ltd. | 174.17 | 174.17 | 174.17 |
| | 50,001 (50,001 as at March 31, 2016 and 50,001 as at April 1, 2015) equity shares of EUR 0.72 each in Apollo Tyres (Green Field) B. V. - fully paid up | 2.74 | 2.74 | – |
| **(b)** | **Investment in membership interest:** | | | |
| | Apollo Tyres (Greenfield) Co-operatief U.A. - wholly owned subsidiary | – | – | 4.05 |
| | Apollo Tyres Co-operatief U.A. - wholly owned subsidiary* | 9,854.22 | 9,854.22 | 7,098.93 |
| | **Investments carried at amortised cost** | **10,031.13** | **10,031.13** | **8,428.49** |
| | | **10,048.62** | **10,043.21** | **8,439.12** |

*Investment in Apollo South Africa (Holdings) Proprietary Ltd. has been transferred to Apollo Tyres Co-operatief U.A. as part of internal restructuring during FY 2015-16.

## B3 LOANS

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Unsecured, considered good** | | | |
| Employee advances - salary loan | 15.47 | 11.07 | 12.85 |
| Prepayments - employee advances - salary loan | 1.64 | 1.74 | 2.20 |
| | **17.11** | **12.81** | **15.05** |

## B4 OTHER FINANCIAL ASSETS

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Security deposits | 104.05 | 89.29 | 72.47 |
| Prepayments - security deposits | 6.66 | 9.39 | 8.33 |
| Security deposits to related parties | 353.98 | 323.45 | 221.28 |
| Prepayments - security deposits to related parties | 143.12 | 177.60 | 182.20 |
| Security deposits with Govt. authorities | 216.25 | 210.48 | 169.24 |
| Derivative assets measured at fair value (refer Note C14) | – | 448.62 | 780.24 |
| | **824.06** | **1,258.83** | **1,433.76** |

## NON-FINANCIAL ASSETS (NON-CURRENT)
## B5 OTHER NON-CURRENT ASSETS

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Capital advances - others | 1,609.86 | 2,427.49 | 628.21 |
| Capital advances to related parties (refer Note C24) | 106.45 | 75.37 | 79.60 |
| Doubtful capital advances | 24.93 | 24.93 | 24.93 |
| | **1,741.24** | **2,527.79** | **732.74** |
| Less: Provision for doubtful advances | 24.93 | 24.93 | 24.93 |
| | **1,716.31** | **2,502.86** | **707.81** |
| Excise duty recoverable | 2.58 | 2.58 | 2.57 |
| MAT credit entitlement | 225.74 | – | – |
| Investment promotion subsidy receivable from | | | |
| Government of Tamil Nadu | – | – | 360.18 |
| | **1,944.63** | **2,505.44** | **1,070.56** |

## CURRENT ASSETS
## B6 INVENTORIES*

(valued at lower of cost and net realizable value)

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **(i) Raw materials** | | | |
| - In hand | 5,828.55 | 2,527.88 | 2,942.90 |
| - In transit | 558.99 | 252.96 | 94.76 |
| | **6,387.54** | **2,780.84** | **3,037.66** |
| **(ii) Work-in-progress#** | 986.06 | 695.72 | 588.67 |
| **(iii) Finished goods** | | | |
| - In hand | 7,500.03 | 4,807.31 | 6,078.18 |
| - In transit | 1,232.88 | 886.05 | 1,129.80 |
| | **8,732.91** | **5,693.36** | **7,207.98** |

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **(iv) Stock-in-trade** | | | |
| - In hand | 256.30 | 161.53 | 157.10 |
| - In transit | 19.06 | 15.45 | 29.65 |
| | **275.36** | **176.98** | **186.75** |
| **(v) Stores and spares** | 912.11 | 850.59 | 799.34 |
| | **17,293.98** | **10,197.49** | **11,820.40** |

*The carrying amount of inventories is pledged as security for borrowings. (refer Note B15(a))
#Work-in-Progress consists of automotive tyres only.

## FINANCIAL ASSETS (CURRENT)
## B7 INVESTMENTS

₹ Million

| Particulars | As at March 31, 2017 | | As at March 31, 2016 | | As at April 1, 2015 | |
|---|---|---|---|---|---|---|
| **At fair value through profit and loss** | | | | | | |
| Investment in mutual funds* | | 3,444.44 | | 1,217.68 | | 1,083.05 |
| **At amortised cost** | | | | | | |
| Investment in inter-corporate deposits | | 500.00 | | 3,800.00 | | – |
| | | **3,944.44** | | **5,017.68** | | **1,083.05** |
| ***Mutual funds** | Number of Units | Value (₹ Million) | Number of Units | Value (₹ Million) | Number of Units | Value (₹ Million) |
| HDFC | 15,599 | 50.06 | – | – | – | – |
| Kotak | 151,876 | 500.81 | – | – | – | – |
| UTI | 413,411 | 1,101.02 | – | – | – | – |
| SBI | 58,454 | 210.28 | 78,005 | 201.33 | 20,000,000 | 216.56 |
| ICICI | 4,747,917 | 1,101.04 | – | – | 25,000,000 | 270.84 |
| Reliance | 121,298 | 481.23 | 59,449,817 | 1,016.35 | 5,000,000 | 54.01 |
| Birla (scheme1) | – | – | – | – | 25,000,000 | 270.90 |
| Birla (scheme2) | – | – | – | – | 25,000,000 | 270.74 |
| | **5,508,555** | **3,444.44** | **59,527,822** | **1,217.68** | **100,000,000** | **1,083.05** |

## B8 TRADE RECEIVABLES*
(Unsecured)

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Outstanding for a period exceeding six months from the date they were due for payment | | | |
| Considered good | 1.09 | 0.87 | 1.12 |
| Considered doubtful | 24.40 | 24.40 | 24.40 |
| Others - considered good** | 3,863.83 | 2,926.69 | 3,199.00 |
| | **3,889.32** | **2,951.96** | **3,224.52** |
| Less: Provision for doubtful trade receivables | 24.40 | 24.40 | 24.40 |
| | **3,864.92** | **2,927.56** | **3,200.12** |

* The carrying amount of trade receivable is pledged as security for liabilities. (refer Note B15(a))
** Includes balances with related parties (refer Note C24)

## FINANCIAL ASSETS
## B9 CASH AND CASH EQUIVALENTS

₹ Million

| Particulars | | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|---|
| (i) | Cash on hand | 1.29 | 1.61 | 1.75 |
| (ii) | Cheques on hand/remittances in transit | 742.28 | 1,136.87 | 1,633.19 |
| (iii) | Balances with banks | | | |
| | Current accounts | 388.39 | 929.20 | 371.69 |
| | Other deposit accounts | | | |
| | - original maturity of 3 months or less | 208.92 | 800.00 | 196.16 |
| | | **1,340.88** | **2,867.68** | **2,202.79** |

## B10 OTHER BANK BALANCES

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Unpaid dividend accounts | 52.92 | 42.05 | 36.98 |
| Deposits with maturity exceeding 3 months | 0.01 | 0.01 | 39.94 |
| | **52.93** | **42.06** | **76.92** |

## B11 LOANS

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Employee advances - salary loan | 22.84 | 18.24 | 14.78 |
| Loan to related parties (refer Note C24) | 1,732.31 | – | – |
| | **1,755.15** | **18.24** | **14.78** |

## B12 OTHER FINANCIAL ASSETS

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Employee advances - others | 6.73 | 13.42 | 15.60 |
| Derivative instruments measured at fair value (refer Note C14) | 220.40 | 434.75 | 567.39 |
| Interest accrued on deposits/loans | 28.26 | 75.81 | 0.96 |
| | **255.39** | **523.98** | **583.95** |

## B13 OTHER CURRENT ASSETS

₹ Million

| Particulars | | | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|---|---|
| a. | Advances given to related parties (refer Note C24) | | 280.26 | 169.32 | 135.77 |
| b. | Trade advances | | 299.89 | 393.73 | 709.17 |
| c. | Employee advances - others | | 60.92 | 91.77 | 99.04 |
| d. | Investment promotion subsidy receivable from | | | | |
| | Government of Tamil Nadu | | 1,000.71 | 536.21 | 375.00 |
| e. | Export obligations - advance licence benefit | | – | 193.49 | – |
| f. | Export incentives recoverable | | 199.11 | 187.35 | 85.87 |
| g. | Balance with Government authorities - | | | | |
| | i. | CENVAT recoverable | 740.03 | 465.72 | 489.72 |
| | ii. | VAT recoverable | 487.72 | 381.56 | 349.18 |
| | iii. | Service tax Recoverable | 108.01 | 117.51 | 91.05 |
| h. | Prepaid expenses | | 118.52 | 81.92 | 77.87 |
| | | | **3,295.17** | **2,618.58** | **2,412.67** |

## B14 EQUITY SHARE CAPITAL

₹ Million

| Particulars | | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|---|
| (a) | **Authorised** | | | |
| | 730,000,000 Nos. (730,000,000 Nos.) Equity Shares of ₹ 1/- each | 730.00 | 730.00 | 730.00 |
| | 200,000 Nos. (200,000 Nos.) cumulative redeemable preference Shares of ₹ 100 each | 20.00 | 20.00 | 20.00 |
| | | **750.00** | **750.00** | **750.00** |
| (b) | **Issued, subscribed, called and fully paid up** | | | |
| | **Equity shares of ₹ 1/- each:** | | | |
| | 509,024,770 (509,024,770 as at March 31, 2016 and 509,024,770) as at March 31, 2015) equity shares | 509.02 | 509.02 | 509.02 |
| | Add: Forfeited shares Nil (Nil as at March 31, 2016 and 13,565 as at April 1, 2015)# | – | – | 0.07 |
| | | **509.02** | **509.02** | **509.09** |

#13,565 shares which were forefeited in prior years of ₹ 0.07 Million have been transferred to capital reserve in previous year ended March 31, 2016.

### (c) Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the year

| | As at March 31, 2017 | | As at March 31, 2016 | | As at April 1, 2015 | |
|---|---|---|---|---|---|---|
| | Number of shares | Amount in ₹ Millions | Number of shares | Amount in ₹ Millions | Number of shares | Amount in ₹ Millions |
| Opening / closing balance | 509,024,770 | 509.02 | 509,024,770 | 509.02 | 509,024,770 | 509.02 |

### (d) Details of shareholders holding more than 5% of the paid up equity share capital of the Company with voting rights

| Name of the Shareholder | As at March 31, 2017 | | As at March 31, 2016 | | As at April 1, 2015 | |
|---|---|---|---|---|---|---|
| | Number of Shares | %age | Number of Shares | %age | Number of Shares | %age |
| Neeraj Consultants Ltd. | 72,138,999 | 14.17% | 42,508,142 | 8.35% | 42,508,142 | 8.35% |
| Apollo Finance Ltd. | 36,759,650 | 7.22% | 36,759,650 | 7.22% | 36,759,650 | 7.22% |
| Sunrays Properties & Investment Co. Pvt. Ltd. | 35,725,648 | 7.02% | 35,725,648 | 7.02% | 35,725,648 | 7.02% |
| Constructive Finance Pvt. Ltd. | – | – | 29,630,857 | 5.82% | 29,630,857 | 5.82% |

### (e) The rights, preferences and restrictions attached to equity shares of the Company

The Company has only one class of issued shares referred to as equity shares having a par value of ₹ 1/- each. The holder of equity shares are entitled to one vote per share.

**(f)** In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

## FINANCIAL LIABILITIES (NON-CURRENT)
## B 15 BORROWINGS

₹ Million

| | Particulars | As at March 31, 2017 | | As at March 31, 2016 | | As at April 1, 2015 | |
|---|---|---|---|---|---|---|---|
| | Measured at amortised cost | | | | | | |
| | **SECURED*** | | | | | | |
| (i) | Debentures | | 6,250.00 | | 1,000.00 | | 1,000.00 |
| (ii) | Term loans | | | | | | |
| | **From banks** | | | | | | |
| | External commercial borrowings (ECB) | | 1,713.03 | | 552.14 | | 1,496.28 |
| | **From others** | | | | | | |
| | International Finance Corporation - Loan A | 324.25 | | 662.55 | | 937.50 | |
| | International Finance Corporation - Loan B | **–** | **324.25** | **294.47** | **957.02** | **555.56** | **1,493.06** |
| (iii) | Finance lease - deferred payment liabilities (refer Note C7) | | | | | | |
| | Deferred payment credit I | 48.38 | | 56.10 | | 107.49 | |
| | Deferred payment credit II | **4.59** | **52.97** | **7.64** | **63.74** | **8.15** | **115.64** |
| | **Total Borrowings** | | **8,340.25** | | **2,572.90** | | **4,104.98** |

*For details regarding repayment terms, interest rate and nature of security on non-current borrowings (refer Note B15(a))

## B15 (a)BORROWINGS
### Debentures

| Particulars | Amount outstanding as at March 31, 2017 (₹ Million) | | Amount outstanding as at March 31, 2016 (₹ Million) | | Amount outstanding as at April 1, 2015 (₹ Million) | | Rate of interest | Terms of repayment | Details of security offered |
|---|---|---|---|---|---|---|---|---|---|
| | Non-current borrowings | Current maturities of non-current borrowings | Non-current borrowings | Current maturities of non-current-borrowings | Non-current borrowings | Current maturities of non-current borrowings | | | |
| 1,000 - 9.40 % Non-convertible debentures of ₹ 1 Million each | – | 1,000.00 | 1,000.00 | – | 1,000.00 | – | 9.40% | Bullet repayment on 10-11-17 | Refer Note A2 & B1 below |
| 1,000 - 10.15 % Non-convertible debentures of ₹ 1 Million each | – | – | – | – | – | 1,000.00 | 10.15% | Bullet Repayment on 16-04-15 | Refer Note A3 & B1 below |
| 1,250 - 11.50 % Non-convertible debentures of ₹ 1 Million each | – | – | – | – | – | 416.67 | 11.50% | Repayment in 3 equal instalments of ₹ 416.67 Million on 02-02-14, 02-02-15 & 02-02-16 respectively. | Refer Note A2 & B1 below |
| 1,050 - 8.65 % Non-convertible debentures of ₹ 1 Million each | 1,050.00 | – | – | – | – | – | 8.65% | Bullet redemption on 30-04-24 | Refer to Note B1 below |
| 1,050 - 8.65 % Non-convertible debentures of ₹ 1 Million each | 1,050.00 | – | – | – | – | – | 8.65% | Bullet redemption on 30-04-25 | Refer to Note B1 below |
| 1,150 - 8.65 % Non-convertible debentures of ₹ 1 Million each | 1,150.00 | – | – | – | – | – | 8.65% | Bullet redemption on 30-04-26 | Refer to Note B1 below |
| 1,050 - 7.50 % Non-convertible debentures of ₹ 1 Million each | 1,050.00 | – | – | – | – | – | 7.50% | Bullet redemption on 21-10-21 | Refer to Note B1 below |
| 1,050 - 7.50 % Non-convertible debentures of ₹ 1 Million each | 1,050.00 | – | – | – | – | – | 7.50% | Bullet redemption on 21-10-22 | Refer to Note B1 below |
| 900 - 7.50 % Non-convertible debentures of ₹ 1 Million each | 900.00 | – | – | – | – | – | 7.50% | Bullet redemption on 20-10-23 | Refer to Note B1 below |
| **Total** | **6,250.00** | **1,000.00** | **1,000.00** | **-** | **1,000.00** | **1,416.67** | | | |

| Particulars | Amount outstanding as at March 31, 2017 (₹ Million) | | Amount outstanding as at March 31, 2016 (₹ Million) | | Amount outstanding as at April 1, 2015 (₹ Million) | | Rate of interest | Terms of repayment | Details of security offered |
|---|---|---|---|---|---|---|---|---|---|
| | Non-current borrowings | Current maturities of non-current borrowings | Non-current borrowings | Current maturities of non-current-borrowings | Non-current borrowings | Current maturities of non-current borrowings | | | |
| **External Commercial Borrowings from Banks** | | | | | | | | | |
| Bank 1 - ECB II | – | – | – | 82.81 | 78.13 | 156.25 | 2-4% above USD-LIBOR | Repayment in 8 equal installments of USD 1.25 Million half yearly started from 17-12-12 | Refer Note A1 & B1 below |
| Bank 2 - ECB III | – | – | – | – | 187.50 | 375.00 | 2-4% above USD-LIBOR | Repayment in 2 half-yearly installments of USD 2.50 Million and then 5 half-yearly installments of USD 3.00 Million from 27-06-13 | Refer Note A1 & B2 below |
| Bank 3 - ECB I | – | – | – | – | – | 312.50 | 1-3% above USD-LIBOR | Repayment in 4 equal annual installments of USD 5 Million started from 03-08-12 | Refer Note A1 & B2 below |
| Bank 3 - ECB II | – | – | – | 207.05 | 195.31 | 195.32 | 2-4% above USD-LIBOR | Repayment in 4 equal annual installments of USD 3.125 Million started from 16-07-13 | Refer Note A1 & B2 below |
| Bank 4 - ECB I | – | 131.84 | 134.69 | 134.65 | 254.08 | 127.02 | 2-4% above USD-LIBOR | Repayment in 3 equal annual installments in USD equivalent to ₹ 100 Million starting from 29-09-15 | Refer Note A1 & B1 below |
| Bank 4 - ECB II | – | 188.10 | 192.18 | 192.11 | 362.51 | 181.23 | 2-4% above USD-LIBOR | Repayment in 3 equal annual installments of USD 2.90 Million starting from 26-10-15 | Refer Note A1 & B1 below |
| Bank 5 - ECB I | – | 220.49 | 225.27 | 218.65 | 418.75 | 206.25 | 2-4% above USD-LIBOR | Repayment in 3 equal annual installments of USD 3.33 Million starting from 28-09-15 | Refer Note A1 & B1 below |
| Bank 6 - ECB I | 963.61 | – | – | – | – | – | 0-1% above USD-LIBOR | Repayment in 6 equal semi-annual installments starting from FY2019-20 | Refer to Note B1 below |
| Bank 6 - ECB II | 374.71 | – | – | – | – | – | 0-1% above USD-LIBOR | Repayment in 6 equal semi-annual installments starting from 30-09-20 | Refer to Note B1 below |
| Bank 6 - ECB III | 374.71 | – | – | – | – | – | 0-1% above USD-LIBOR | Repayment in 6 equal semi-annual installments starting from 30-09-20 | Refer to Note B1 below |
| Total | **1,713.03** | **540.43** | **552.14** | **835.27** | **1,496.28** | **1,553.57** | | | |

| Particulars | Amount outstanding as at March 31, 2017 (₹ Million) | | Amount outstanding as at March 31, 2016 (₹ Million) | | Amount outstanding as at April 1, 2015 (₹ Million) | | Rate of interest | Terms of repayment | Details of security offered |
|---|---|---|---|---|---|---|---|---|---|
| | Non-current borrowings | Current maturities of non-current borrowings | Non-current borrowings | Current maturities of non-current-borrowings | Non-current borrowings | Current maturities of non-current borrowings | | | |
| **Term Loans from Others** | | | | | | | | | |
| IFC - Loan A | 324.25 | 324.25 | 662.55 | 331.28 | 937.50 | 312.50 | 2-4% above USD-LIBOR | Repayment in 12 half-yearly installments of USD 2.50 Million each started from 17-06-13 | Refer Note A1 & B2 below |
| IFC - Loan B | – | – | 294.47 | 294.47 | 555.56 | 277.78 | 2-4% above USD-LIBOR | Repayment in 9 half-yearly installments of USD 2.22 Million each started from 16-12-13 | Refer Note A1 & B2 below |
| Total | 324.25 | 324.25 | 957.02 | 625.75 | 1,493.06 | 590.28 | | | |
| **Finance Lease - Deferred Payment Liabilities** | | | | | | | | | |
| Deferred payment Credit I | 48.38 | 7.71 | 56.10 | 51.39 | 107.49 | 47.84 | 7-8% | Repayment along with Interest in 240 consecutive monthly installments started from 15-05-07 | Wind Mills purchased under the scheme. |
| Deferred payment Credit II | 4.59 | 3.08 | 7.64 | 4.14 | 8.15 | 8.28 | 8-9% | Repayment along with Interest in 20 equal quarterly installments started from April, 2010 | Engineering materials purchased under the scheme |
| **Total** | **52.97** | **10.79** | **63.74** | **55.53** | **115.64** | **56.12** | | | |

## Details of Securities offered to existing Lenders

Note A1 A *pari passu* first charge along with other lenders created by way of mortgage on the Company's land & premises at village Kodakara in Kerala, at village Limda in Gujarat, at SIPCOT Industrial Growth Centre at Oragadam near Chennai, and at head office in Gurgaon, Haryana together with the factory buildings, Plant & machinery & equipments, both present & future.

Note A2 A *pari passu* first charge along with other lenders created by way of mortgage on the Company's land & premises at village Kodakara in Kerala and at village Limda in Gujarat together with the factory buildings, plant & machinery & equipments, both present & future.

Note A3 A *pari passu* first charge along with other lenders created by way of mortgage on the Company's land & premises at village Limda in Gujarat together with the factory buildings, plant & machinery & equipments, both present & future

Note B1 A *pari passu* first charge along with other lenders by way of hypothecation over the movable assets of the Company, both present and future (except stocks & book debts).

Note B2 A *pari passu* first charge on the movable assets and *pari passu* second charge on the current assets of the Company.

## B 16 OTHER FINANCIAL LIABILITIES

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Derivative liabilities measured at fair value (refer Note C14) | **47.58** | – | – |

## B 17 PROVISIONS

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Provision for constructive liability (refer Note C9) | **57.25** | **69.55** | **78.43** |

## B 18 OTHER NON-CURRENT LIABILITIES

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Security deposits received from dealers | 36.70 | 26.17 | 14.53 |
| Security deposits received from employees | 46.33 | 50.49 | 54.61 |
| Deferred revenue arising from government grant (refer Note C11) | 2,801.32 | 664.64 | 501.07 |
| | **2,884.35** | **741.30** | **570.21** |

## FINANCIAL LIABILITIES (CURRENT)
## B 19 BORROWINGS

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Secured* (at amortised cost)** | | | |
| Packing credit | 239.05 | 319.51 | 362.40 |
| Banks - cash credit | 71.58 | 2.55 | 1.16 |
| **Unsecured (at amortised cost)** | | | |
| Commercial paper | 4,500.00 | – | – |
| Loan from related party | – | – | 141.63 |
| Packing credit | 3,029.41 | 3,415.12 | 4,263.04 |
| | **7,840.04** | **3,737.18** | **4,768.23** |

*Cash credits and packing credit are secured by a first charge on raw materials, work-in-progress, stocks, stores and book debts and by a second charge on the Company's land at village Kodakara in Kerala, at Oragadam and Mathur Village in Tamil Nadu and at head office in Gurgaon, Haryana together with the factory buildings, plant & machinery and equipments, both present and future.

## B 20 TRADE PAYABLES

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Payable to micro, small & medium enterprises | 38.44 | 29.77 | 23.81 |
| Acceptances | – | 581.56 | 187.79 |
| Accounts payable - raw materials & services | 5,431.48 | 4,741.53 | 3,587.55 |
| Freight & CHA charges payable | 719.24 | 660.25 | 646.21 |
| Expenses payable | 346.90 | 284.05 | 302.43 |
| Employee related payables** | 1,042.83 | 1,083.03 | 952.16 |
| Payable to related parties (refer Note C24) | 2,828.65 | 1,185.49 | 403.55 |
| | **10,407.54** | **8,565.68** | **6,103.50** |

**Employee related payables includes commission on net profits payable to whole-time directors ₹ **560 Million** (₹ 685 Million as at March 31, 2016 and ₹ 490 Million as at April 1, 2015).

## B 21 OTHER FINANCIAL LIABILITIES

₹ Million

| | Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|---|
| | **Current maturities of non-current borrowings*****| | | |
| | **Secured** | | | |
| (a) | **Debentures** | 1,000.00 | – | 1,416.67 |
| (b) | **Term loan from banks** | | | |
| | External commercial borrowings (ECB) | 540.43 | 835.27 | 1,553.57 |
| (c) | **Term loan from others** | | | |
| | International Finance Corporation - Loan A | 324.25 | 331.28 | 312.50 |
| | International Finance Corporation - Loan B | – | 294.47 | 277.78 |
| | | **324.25** | **625.75** | **590.28** |
| (d) | **Finance lease - deferred payment liabilities (refer Note C7)** | | | |
| | Deferred payment credit I | 7.71 | 51.39 | 47.84 |
| | Deferred payment credit II | 3.08 | 4.14 | 8.28 |
| | | **10.79** | **55.53** | **56.12** |
| | Interest accrued but not due on borrowings | 379.01 | 54.53 | 144.94 |
| | Unclaimed dividends# | 52.92 | 42.05 | 35.91 |
| | Interest payable to micro, small & medium enterprises | 10.58 | 10.58 | 10.58 |
| | Accounts payable - capital | 1,680.22 | 518.25 | 313.08 |
| | Payable to micro, small & medium enterprises - capex vendors | 10.12 | 7.21 | 7.21 |
| | Payable to related companies (refer Note C24) | 35.71 | 26.30 | 47.53 |
| | Security deposits - vendors | 289.33 | 298.30 | 287.85 |
| | Advances received from customers | 401.60 | 458.60 | 302.79 |
| | Derivative financial liabilities measured at fair value (refer Note C14) | 139.43 | 134.50 | 150.49 |
| | | **4,874.39** | **3,066.87** | **4,917.02** |

***For nature of security on current maturity of non-current borrowings (refer Note B15(a)).

#Includes ₹ **4.99 Million** (₹ 4.36 Million as at March 31, 2016 and ₹ 3.60 Million as at April 1, 2015) which has not been transferred to the Investor Education and protection fund under Section 124 of the Companies Act, 2013, as per the orders/instructions of the special court (trial of offences relating to transactions in securities), Mumbai.

## B 22 OTHER CURRENT LIABILITIES

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Excise duty on closing stock | 355.73 | 236.51 | 288.15 |
| Statutory remittances (Contribution to PF & ESIC, VAT, CST, customs duty, service tax and others) | 893.10 | 1,005.69 | 919.68 |
| Export obligations - advance licence benefit | 1.63 | – | 7.67 |
| Gratuity payable (refer Note C12) | 3.04 | 81.14 | 198.25 |
| Security deposits - dealers/employees | 28.77 | 23.90 | 65.02 |
| Others | 11.69 | 23.01 | 0.08 |
| | **1,293.96** | **1,370.25** | **1,478.85** |

## B 23 PROVISIONS*

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Provision for constructive liability | 32.34 | 31.00 | 29.91 |
| Provision for compensated absences | 218.46 | 241.10 | 220.66 |
| Provision for contingencies | 790.00 | 425.00 | 425.00 |
| Provision for wealth tax | – | – | 7.00 |
| Provision for sales related obligations | 2,523.60 | 2,061.57 | 1,669.38 |
| | **3,564.40** | **2,758.67** | **2,351.95** |

* Refer Note C9

## B 24 CURRENT TAX LIABILITIES (NET)

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Provision for taxation | 16,636.71 | 14,326.43 | 10,626.63 |
| Less: advance tax | 15,607.73 | 13,036.90 | 10,313.41 |
| | **1,028.98** | **1,289.53** | **313.22** |

## B 25 OTHER OPERATING INCOME

₹ Million

| Particulars | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|---|---|---|
| | | |
| Investment promotion subsidy from Government of Tamil Nadu | 464.50 | 536.21 |
| Unwinding of deferred income | 329.87 | 234.40 |
| Sale of raw material scrap | 293.36 | 273.95 |
| Early payment discount received from raw material suppliers | 82.94 | 42.12 |
| | **1,170.67** | **1,086.68** |

## B 26 OTHER INCOME

₹ Million

| Particulars | Year Ended March 31, 2017 | | Year Ended March 31, 2016 | |
|---|---|---|---|---|
| **(a) Interest earned on deposits** | | | | |
| - Bank | 49.08 | | 67.26 | |
| - Others | 335.65 | 384.73 | 118.62 | 185.88 |
| **(b) Dividend income from long-term investments** | | | | |
| Subsidiary Apollo (South Africa) Holdings Pty Ltd. | – | | 1,439.50 | |
| Unit Trust of India | 1.81 | 1.81 | – | 1,439.50 |
| **(c) Dividend income from short-term investments** | | | | |
| Mutual Funds | | 82.78 | | 79.72 |
| **(d) Other non-operating income** | | | | |
| Unclaimed credit balances/provisions no longer required written back | 63.90 | | 3.24 | |
| Royalty income | 61.22 | | 64.01 | |
| Profit on sale of investments | – | | 0.25 | |
| Gain on foreign exchange fluctuation (Net) | 655.32 | | 248.27 | |
| Gain on fair value change in investments | – | | 0.71 | |
| Miscellaneous receipts | 103.58 | 884.02 | 16.31 | 332.79 |
| | | **1,353.34** | | **2,037.89** |

## B 27 MANUFACTURING AND OTHER EXPENSES

₹ Million

| Particulars | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|---|---|---|
| **Cost of materials consumed (refer Note C15(B))** | | |
| Opening stock | 2,780.84 | 3,037.66 |
| Add: Purchases | 56,738.99 | 46,154.51 |
| Less: Closing stock | 6,387.54 | 2,780.84 |
| | **53,132.29** | **46,411.33** |
| **Purchase of stock-in-trade:** | | |
| Purchase of finished goods - tyres, tubes & flaps | **2,209.55** | **2,244.04** |

₹ Million

| Particulars | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|---|---|---|
| **Employee benefits expense:** | | |
| Salaries and wages | 4,710.01 | 4,533.00 |
| Contribution to provident and other funds (refer Note C12) | 359.15 | 335.29 |
| Welfare expenses | 838.13 | 787.54 |
| Employees stock appreciation rights (refer Note C13) | – | 3.59 |
| | **5,907.29** | **5,659.42** |
| **Other expenses:** | | |
| Consumption of stores and spare parts | 763.84 | 646.74 |
| Power and fuel | 2,846.23 | 2,821.99 |
| Conversion charges | 1,292.27 | 1,103.04 |
| Repairs and maintenance | | |
| - Machinery | 139.85 | 129.51 |
| - Buildings | 28.41 | 21.84 |
| - Others | 1,011.94 | 770.13 |
| Rent | 420.00 | 387.14 |
| Lease rent - factory | 504.37 | 458.96 |
| Insurance | 66.19 | 75.59 |
| Rates and taxes | 179.76 | 157.91 |
| Directors' sitting fees | 7.50 | 7.50 |
| Commission to non-wholetime directors | 60.00 | 50.00 |
| Loss on sale of tangible fixed assets (Net) | 33.96 | 22.57 |
| Diminution in value of investment | – | 1.31 |
| Travelling, conveyance and vehicle expenses | 1,011.16 | 1,023.13 |
| Postage, telephone and stationery | 116.91 | 114.86 |
| Conference expenses | 114.26 | 103.81 |
| Royalty paid | 12.80 | 12.91 |
| Freight and forwarding | 2,997.81 | 2,706.25 |
| Commission on sales | 114.59 | 87.42 |
| Sales promotion expenses | 1,359.38 | 1,086.98 |
| Advertisement and publicity | 1,085.81 | 1,124.57 |
| Corporate social responsibility expenses (refer Note C23) | 185.00 | 129.57 |
| Research and development (refer Note C18) | 1,620.18 | 1,342.52 |
| Bank charges | 34.35 | 35.20 |
| Statutory auditors remuneration (refer Note C17) | 12.20 | 13.25 |
| Legal and professional expenses | 720.88 | 815.48 |
| Provision for contingencies (refer Note C9) | 365.00 | – |
| Miscellaneous expenses | 892.62 | 1,080.43 |
| | **17,997.27** | **16,330.61** |
| | **79,246.40** | **70,645.40** |

## B 28 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS & STOCK-IN-TRADE

₹ Million

| Particulars | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|---|---|---|
| **Opening stock** | | |
| Work-in-progress | 695.72 | 588.67 |
| Finished goods | 5,693.36 | 7,207.98 |
| Stock-in-trade | 176.98 | 186.75 |
| | **6,566.06** | **7,983.40** |

₹ Million

| Particulars | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|---|---|---|
| Less: | | |
| **Closing stock** | | |
| Work-in-progress | 986.06 | 695.72 |
| Finished goods | 8,732.91 | 5,693.36 |
| Stock-in-trade | 275.36 | 176.98 |
| | **9,994.33** | **6,566.06** |
| Decrease/(increase) | (3,428.27) | 1,417.34 |
| Excise duty on increase/(decrease) of finished goods | 246.73 | (151.12) |
| | **(3,181.54)** | **1,266.22** |

### B 29 FINANCE COSTS

₹ Million

| | Particulars | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|---|---|---|---|
| (a) | **Interest expense** | | |
| | Interest on fixed-term loans | 151.84 | 275.21 |
| | Interest on debentures | 182.42 | 138.73 |
| | Interest on other loans | 529.06 | 484.57 |
| (b) | **Other borrowing costs** | 24.52 | 2.90 |
| | | **887.84** | **901.41** |

# C. Other Notes

FORMING PART OF THE FINANCIAL STATEMENTS

## 1 IND AS 101 - FIRST-TIME ADOPTION OF INDIAN ACCOUNTING STANDARDS RECONCILIATION

### (i) Reconciliation of Balance Sheet

₹ Million

| | Particulars | As at March 31, 2016 | | | As at April 1, 2015 | | |
|---|---|---|---|---|---|---|---|
| | | Previous GAAP | Effect of transition to Ind AS / regroupings | Ind AS | Previous GAAP | Effect of transition to Ind AS / regroupings | Opening Ind AS balance sheet |
| A | **ASSETS** | | | | | | |
| 1 | Non-current assets | | | | | | |
| (a) | Property, plant & equipments | 30,883.83 | 1,985.17 | 32,869.00 | 30,965.27 | 1,768.16 | 32,733.43 |
| (b) | Capital work-in-progress | 3,868.66 | 295.05 | 4,163.71 | 1,296.48 | 14.96 | 1,311.44 |
| (c) | Intangible Assets | 129.26 | – | 129.26 | 105.15 | – | 105.15 |
| (d) | Financial assets | | | | | | |
| | i. Investments | 6,721.14 | 3,322.07 | 10,043.21 | 6,519.19 | 1,919.93 | 8,439.12 |
| | ii. Loans | 3,633.01 | (3,620.20) | 12.81 | 1,780.28 | (1,765.23) | 15.05 |
| | iii. Other financial assets | – | 1,258.83 | 1,258.83 | – | 1,433.76 | 1,433.76 |
| (e) | Other non-current assets | – | 2,505.44 | 2,505.44 | 360.18 | 710.38 | 1,070.56 |
| | **TOTAL NON-CURRENT ASSETS** | **45,235.90** | **5,746.36** | **50,982.26** | **41,026.55** | **4,081.96** | **45,108.51** |

# C. Other Notes

FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

₹ Million

| | Particulars | | As at March 31, 2016 | | | As at April 1, 2015 | | |
|---|---|---|---|---|---|---|---|---|
| | | | Previous GAAP | Effect of transition to Ind AS / regroupings | Ind AS | Previous GAAP | Effect of transition to Ind AS / regroupings | Opening Ind AS balance sheet |
| 2 | **Current assets:** | | | | | | | |
| (a) | Inventories | | 10,228.95 | (31.46) | 10,197.49 | 11,851.86 | (31.46) | 11,820.40 |
| (b) | Financial assets | | | | | | | |
| | i. | Investments | 1,216.35 | 3,801.33 | 5,017.68 | 1,000.00 | 83.05 | 1,083.05 |
| | ii. | Trade receivables | 2,927.56 | – | 2,927.56 | 3,200.10 | 0.02 | 3,200.12 |
| | iii. | Cash and cash equivalents | 2,893.81 | (26.13) | 2,867.68 | 2,078.40 | 124.39 | 2,202.79 |
| | iv. | Other bank balances | – | 42.06 | 42.06 | – | 76.92 | 76.92 |
| | v. | Loans | 5,625.21 | (5,606.97) | 18.24 | 1,681.19 | (1,666.41) | 14.78 |
| | vi. | Other financial assets | – | 523.98 | 523.98 | – | 583.95 | 583.95 |
| (c) | Other current assets | | 612.02 | 2,006.56 | 2,618.58 | 375.96 | 2,036.71 | 2,412.67 |
| | **TOTAL CURRENT ASSETS** | | **23,503.90** | **709.37** | **24,213.27** | **20,187.51** | **1,207.17** | **21,394.68** |
| | **TOTAL ASSETS (1+2)** | | **68,739.80** | **6,455.73** | **75,195.53** | **61,214.06** | **5,289.13** | **66,503.19** |
| **B** | **EQUITY AND LIABILITIES** | | | | | | | |
| 1 | **Equity** | | | | | | | |
| (a) | Equity share capital | | 509.02 | – | 509.02 | 509.09 | – | 509.09 |
| (b) | Other equity | | 39,455.04 | 6,614.29 | 46,069.33 | 32,197.76 | 5,083.40 | 37,281.16 |
| | **TOTAL EQUITY** | | **39,964.06** | **6,614.29** | **46,578.35** | **32,706.85** | **5,083.40** | **37,790.25** |
| | **Liabilities** | | | | | | | |
| 2 | **Non-current liabilities:** | | | | | | | |
| (a) | Financial liabilities | | | | | | | |
| | **Borrowings** | | 2,125.87 | 447.03 | 2,572.90 | 3,339.39 | 765.59 | 4,104.98 |
| (b) | Provisions | | 69.55 | – | 69.55 | 78.43 | – | 78.43 |
| (c) | Deferred tax liabilities (Net) | | 4,496.24 | (50.99) | 4,445.25 | 4,122.42 | (95.87) | 4,026.55 |
| (d) | Other non-current liabilities | | 76.66 | 664.64 | 741.30 | 69.14 | 501.07 | 570.21 |
| | **TOTAL NON-CURRENT LIABILITIES** | | **6,768.32** | **1,060.68** | **7,829.00** | **7,609.38** | **1,170.79** | **8,780.17** |
| 3 | **Current Liabilities:** | | | | | | | |
| (a) | Financial liabilities | | | | | | | |
| | i. | Borrowings | 3,737.18 | – | 3,737.18 | 4,626.60 | 141.63 | 4,768.23 |
| | ii. | Dues to micro enterprises & small enterprises | 36.98 | (36.98) | – | 31.02 | (31.02) | – |
| | iii. | Trade payables | 9,080.29 | (514.61) | 8,565.68 | 6,598.00 | (494.50) | 6,103.50 |
| | iv. | Other financial liabilities | – | 3,066.87 | 3,066.87 | – | 4,917.02 | 4,917.02 |
| (b) | Other current liabilities | | 3,792.45 | (2,422.20) | 1,370.25 | 5,609.71 | (4,130.86) | 1,478.85 |
| (c) | Provisions | | 5,360.52 | (2,601.85) | 2,758.67 | 4,032.50 | (1,680.55) | 2,351.95 |
| (d) | Current tax liabilities (net) | | – | 1,289.53 | 1,289.53 | – | 313.22 | 313.22 |
| | **TOTAL CURRENT LIABILITIES** | | **22,007.42** | **(1,219.24)** | **20,788.18** | **20,897.83** | **(965.06)** | **19,932.77** |
| | **TOTAL EQUITY AND LIABILITIES (1+2+3)** | | **68,739.80** | **6,455.73** | **75,195.53** | **61,214.06** | **5,289.13** | **66,503.19** |

### (ii) Reconciliation of Statement of Profit and Loss:

₹ Million

| | Particulars | Year ended March 31, 2016 | | |
|---|---|---|---|---|
| | | Previous GAAP | Effect of transition to Ind AS / regroupings | Ind AS |
| **1** | **Revenue from Operations** | | | |
| | Gross sales | 96,193.86 | 320.95 | 96,514.81 |
| | Less: excise duty | 10,029.73 | (10,029.73) | – |
| | Other operating income | 852.28 | 234.40 | 1,086.68 |
| | **TOTAL REVENUE FROM OPERATIONS** | **87,016.41** | **10,585.08** | **97,601.49** |
| **2** | **Other income** | 536.44 | 1,501.45 | 2,037.89 |
| **3** | **TOTAL REVENUE (1 + 2)** | 87,552.85 | 12,086.53 | 99,639.38 |

₹ Million

| | Particulars | Year ended March 31, 2016 Previous GAAP | Effect of transition to Ind AS / regroupings | Ind AS |
|---|---|---|---|---|
| **4** | **Expenses** | | | |
| (a) | Cost of materials consumed | 46,411.33 | – | 46,411.33 |
| (b) | Purchase of stock-in-trade | 2,244.04 | – | 2,244.04 |
| (c) | Changes in inventories of finished goods, work-in-progress & stock-in-trade | 1,266.22 | – | 1,266.22 |
| (d) | Excise duty on sales | – | 10,029.73 | 10,029.73 |
| (e) | Employee benefits expense | 5,664.88 | (5.46) | 5,659.42 |
| (f) | Finance costs | 883.31 | 18.10 | 901.41 |
| (g) | Depreciation & amortisation expense | 2,686.09 | (34.72) | 2,651.37 |
| (h) | Other expenses | 15,822.48 | 508.13 | 16,330.61 |
| | **TOTAL EXPENSES** | **74,978.35** | **10,515.78** | **85,494.13** |
| **5** | **PROFIT BEFORE TAX (3 - 4)** | **12,574.50** | **1,570.75** | **14,145.25** |
| **6** | **Tax Expense** | | | |
| (a) | Current tax expense | 3,653.77 | 47.01 | 3,700.78 |
| (b) | Deferred tax expense | 396.10 | 26.88 | 422.98 |
| | **TOTAL TAX EXPENSE** | **4,049.87** | **73.89** | **4,123.76** |
| **7** | **Profit for the year (5 - 6)** | **8,524.63** | **1,496.86** | **10,021.49** |
| **8** | **Other comprehensive income items that will not be reclassified to profit or loss** | | | |
| | Remeasurements of the defined benefit asset | – | 7.43 | 7.43 |
| | Less: Tax expenses | – | (2.57) | (2.57) |
| | | **–** | **4.86** | **4.86** |
| | **Items that may be reclassified to profit or loss** | | | |
| | Effective portion of loss on designated portion of hedging | | | |
| | instruments in a cash flow hedge | – | (19.80) | (19.80) |
| | Less: Tax expenses | – | 6.85 | 6.85 |
| | | **–** | **(12.95)** | **(12.95)** |
| | **Total other comprehensive income for the year (i+ii)** | **–** | **(8.09)** | **(8.09)** |
| | **TOTAL COMPREHENSIVE INCOME FOR THE YEAR (7 + 8)** | **8,524.63** | **1,488.77** | **10,013.40** |

### (iii) Reconciliation of Statement of Cash Flow

₹ Million

| Particulars | Year ended March 31, 2016 Previous Gaap | Effect of transition to Ind AS / regroupings | Ind AS |
|---|---|---|---|
| Net cash flows from operating activities | 17,925.72 | (76.71) | 17,849.01 |
| Net cash flows from investing activities | (10,814.14) | 38.17 | (10,775.97) |
| Net cash flows from financing activities | (6,261.59) | (148.23) | (6,409.82) |
| **Net increase (decrease) in cash and cash equivalents** | **849.99** | **(186.77)** | **663.22** |
| **Cash and cash equivalents at the beginning of the year** | **2,001.42** | **200.15** | **2,201.57** |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | **2,851.41** | **13.38** | **2,864.79** |

### (iv) Reconciliation of cash and cash equivalents

₹ Million

| Particulars | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|
| Cash and cash equivalents for the purpose of statement of cash flows as per previous GAAP | 2,851.41 | 2,001.42 |
| Cash credit which form an integral part of cash management system | (2.55) | (1.16) |
| Increase in cash and cash equivalents due to retrospective application of Apollo (Mauritius) Holdings Pvt. Ltd. (AMHPL / Mauritius) merger | 15.93 | 201.31 |
| **CASH AND CASH EQUIVALENTS FOR THE PURPOSE OF STATEMENT OF CASH FLOWS UNDER IND AS** | **2,864.79** | **2,201.57** |

### (v) Equity reconciliation

₹ Million

| Particulars | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|
| Equity as per previous GAAP | 39,964.06 | 32,706.85 |
| Proposed dividend and dividend tax adjustment | 1,225.30 | 1,225.30 |
| Fair valuation of investment | 4.16 | 86.50 |
| Impact of reinstatement of long term borrowings & MTM of related derivative instruments | 2.08 | 21.90 |
| Impact of discounting of security deposits to its present value | (17.51) | (14.53) |
| Impact of retrospective application of AMHPL merger | 3,765.14 | 2,417.78 |
| Impact of retrospective recognition of Government Grants | 2,679.91 | 2,445.51 |
| Impact of depreciation due to transition adjustment | (1,118.06) | (1,194.92) |
| Deferred tax impact | 73.27 | 95.86 |
| **Equity as per Ind AS** | **46,578.35** | **37,790.25** |

### vi. Reconciliation of net profit

₹ Million

| Particulars | Year ended March 31, 2016 |
|---|---|
| Net profit as per previous GAAP | 8,524.63 |
| Fair Valuation of investments | (82.34) |
| Impact of discounting of security deposits to its present value | (2.98) |
| Reclassification of actuarial gain impact to OCI | (7.43) |
| Impact of retrospective application of AMHPL merger | 1,347.37 |
| Impact of retrospective recognition of government grants | 234.40 |
| Impact of depreciation due to transition adjustment | 34.72 |
| Deferred tax impact | (26.88) |
| **Net Profit as per Ind AS** | **10,021.49** |
| Other comprehensive income (Net of tax) | (8.09) |
| **TOTAL COMPREHENSIVE INCOME (NET OF TAX)** | **10,013.40** |

### vii. Notes to Ind AS 101 - First time Adoption of Indian Accounting Standards reconciliation

**a. Business Combination**

Effect of retrospective application of Ind AS 103- Business Combinations for AMHPL merger during the year ended March 2016. (refer Note C4)

b. Under previous GAAP, there was no concept of Other Comprehensive Income. Under Ind AS, specified items of income, expense, gains or losses are required to be presented in Other Comprehensive Income, which is reported alongwith the other equity.

c. Under previous GAAP, other investments were carried at cost. As per Ind AS, these investments are carried at fair value through profit and loss.

d. Under previous GAAP, foreign currency borrowings were stated at historical rate and derivative contracts were accounted in accordance with AS 11 whereas under Ind AS, the borrowings are restated at closing rate and a corresponding derivative asset/ liability is recognised separately at fair value. The derivatives are accounted for based on mark to market value as on the balance sheet date.

e. Under previous GAAP, the company had accounted the proposed dividend and corresponding dividend tax in the financial year to which it relates as and when the same is proposed by the board of directors, however under Ind AS, the same has to be accounted and reported in the year in which it is approved by the shareholders and paid accordingly.

f. Under previous GAAP, excise duty and certain sales related obligations had been netted off with income from sale of tyres, tubes and flaps, however under Ind AS, these items have been shown under expenses.

g. Under previous GAAP, net interest cost on valuation of defined benefit obligation was recognised as part of employee benefit expense whereas the same is considered as part of finance cost under Ind AS.

h. Under previous GAAP, actuarial gains and losses arising on valuation of defined benefit obligations were recognised in Statement of Profit and Loss as part of employee benefit expense whereas the same has been recognised as a component of Other Comprehensive Income under Ind AS.

i. Under previous GAAP, security deposits were recognised based on historical cost. However under Ind AS, the same has been accounted for as per amortised cost using effective interest rate. Accordingly interest income on such deposits has been recognised as part of other income and unwinding of security deposits has been amortised as a part of expenses.

j. Under the previous gaap, the Export promotion capital goods (EPCG) benefit received was netted off with the value of property, pant & equipment (PPE). Under Ind AS, the value of PPE has been grossed up and the EPCG benefit is treated as deferred revenue to the extent the export obligations are not met. (refer Note C11)

k. Deferred tax has been recalculated in respect of above changes and the deferred tax impact as at the transition date has been recognised in opening reserves and for the year ended March 31, 2016 has been recognised in the Statement of Profit & Loss.

## 2 DIRECTLY ATTRIBUTABLE EXPENSES CAPITALISED / INCLUDED IN CAPITAL WORK-IN-PROGRESS

₹ Million

| Particulars | 2016-17 | 2015-16 |
|---|---|---|
| Raw material consumed | 35.29 | – |
| Salaries, wages and bonus | 32.03 | 16.98 |
| Welfare expenses | 20.80 | 9.29 |
| Rent | 2.25 | 1.40 |
| Travelling, conveyance and vehicle expense | 9.87 | 2.40 |
| Postage, telephone and stationery | 0.33 | 0.21 |
| Power and fuel | 77.62 | 2.31 |
| Insurance | 3.37 | 4.19 |
| Legal & professional expenses | 132.44 | 0.84 |
| Miscellaneous expenses | 2.59 | 1.60 |
| **TOTAL*** | **316.59** | **39.22** |

*Out of the above ₹ **147.37 Million** (₹ 4.19 Million) is included in capital work-in-progress.

**3** Borrowing costs capitalised / transferred to capital work-in-progress during the year is ₹ 297.97 Million (Nil).

## 4 BUSINESS COMBINATION

The Hon'ble High Court of Kerala had sanctioned the Scheme of Amalgamation of AMHPL, a wholly owned subsidiary, with the Company on August 26, 2016. The appointed date of amalgamation is April 1, 2016 and has become effective from December 7, 2016. The merger has been accounted in line with principles prescribed under Ind AS 103 - Business Combinations.

**Assets acquired and Liabilities recognised as at the date of transition**

₹ Million

| Particulars | As at April 1, 2015 |
|---|---|
| **Net Assets arising from business combination** | |
| Investments | 8,424.44 |
| Trade receivables | 0.02 |
| Cash and cash equivalents | 201.31 |
| Other current assets | 0.07 |
| Retained earning | (1,034.10) |
| Borrowings | (141.63) |
| Trade payables | (3.40) |
| Current tax liabilities | (8.46) |
| | **7,438.25** |
| Elimination: | |
| Investments | 6,507.97 |
| Trade payable | (453.40) |
| | **6,054.57** |
| **CAPITAL RESERVE** | **1,383.68** |

## 5 INVENTORIES

i. Out of the total inventories ₹ **17,293.98 Million** (₹ 10,197.49 Million), the carrying amount of inventories carried at fair value less costs to sell ₹ **902.85 Million** (₹121.21 Million).

ii. The amount of write-down of inventories to net realisable value recognised as an expense was ₹ **95.65 Million** (₹ 47.70 Million).

iii. The cost of inventories recognised as an expense during the year in respect of continuing operations was ₹ **52,924.14 Million** (₹ 50,568.33 Million).

## 6 CASH FLOW HEDGE RESERVE

The cash flow hedge reserve represents the cumulative effective portion of gain or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or losses arising on changes in fair value of the designated portion of the hedging instruments that are recognised and accumulated under the heading of cash flow hedge reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item. For moment in the reserve, refer Statement of Changes in Equity.

## 7 FINANCE LEASE - DEFERRED PAYMENT LIABILITIES

**The Company has entered into finance lease arrangements for certain Assets. The schedule of future minimum lease payments in respect of non-cancellable finance leases is set out below:**

₹ Million

| Particulars | Total minimum lease payments | | | Present value of lease payments | | |
|---|---|---|---|---|---|---|
| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
| Within one year of the balance sheet date | 12.45 | 63.41 | 68.31 | 10.79 | 55.53 | 56.12 |
| Due in a period between one year and five years | 38.07 | 36.84 | 94.31 | 27.02 | 32.58 | 75.21 |
| Due after five years | 30.35 | 37.78 | 52.65 | 25.95 | 31.16 | 40.43 |
| **TOTAL** | **80.88** | **138.03** | **215.27** | **63.76** | **119.27** | **171.76** |
| Less: future finance charges | (17.11) | (18.76) | (43.51) | | | |
| **Present value of minimum lease payments** | **63.76** | **119.27** | **171.76** | | | |

**Break up of finance lease liability recognised in balance sheet between current and non-current is as below:**

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Non-current (refer Note B15) | 52.97 | 63.74 | 115.64 |
| Current (refer Note B21) | 10.79 | 55.53 | 56.12 |
| **TOTAL** | **63.76** | **119.27** | **171.76** |

## 8 OPERATING LEASES

The Company has acquired assets under the operating lease agreements that are renewable on a periodic basis at the option of both the lessor and lessee. Rental expenses under those leases were ₹ **504.37 Million** (₹ 458.96 Million).

The schedule of future minimum lease payments in respect of non-cancellable operating leases is set out below

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Within one year of the balance sheet date | 500.00 | 500.00 | 400.00 |
| Due in a period between one year and five years | 2,000.00 | 2,500.00 | 2,000.00 |
| Due after five years | – | – | 400.00 |

## 9 PROVISIONS - NON-CURRENT / CURRENT

₹ Million

| Particulars | Non-current | Current | | | | |
|---|---|---|---|---|---|---|
| | Provision for constructive liability | Provision for compensated absences | Provision for sales related obligation* | Provision for constructive liability | Provision for contingencies | Provision for wealth tax |
| **Opening as at April 1, 2015** | **78.43** | **220.66** | **1,669.38** | **29.91** | **425.00** | **7.00** |
| Addition during financial year 2015-16 | 5.39 | 20.44 | 2,223.68 | 1.09 | | |
| Utilisation/reversal during financial year 2015-16 | (14.27) | | (1,831.48) | | | (7.00) |
| **Closing as at March 31, 2016** | **69.55** | **241.10** | **2,061.58** | **31.00** | **425.00** | **–** |
| Addition during financial year 2016-17 | | | 2,860.70 | 1.34 | 365.00 | |
| Utilisation/ reversal during financial year 2016-17 | (12.30) | (22.64) | (2,398.68) | | | |
| **Closing as at March 31, 2017** | **57.25** | **218.46** | **2,523.60** | **32.34** | **790.00** | **–** |

*Represents estimates for payments to be made in future for sales related obligations.

## 10 INCOME TAXES

### i. Reconciliation between average effective tax rate and applicable tax rate

₹ Million

| Particulars | Year ended March 31, 2017 | | Year ended March 31, 2016 | |
|---|---|---|---|---|
| | ₹ Million | Rate (%) | ₹ Million | Rate (%) |
| **Profit before tax** | **10,856.34** | | **14,145.25** | |
| Income tax using the Company's domestic tax rate | 3,757.38 | 34.61% | 4,896.00 | 34.61% |
| **Tax effect of :** | | | | |
| Non-deductible expenses | 49.52 | 0.46% | 38.80 | 0.27% |
| Tax exempt income | (29.28) | –0.27% | (559.29) | –3.95% |
| Tax incentives and concessions | (994.52) | –9.16% | (374.77) | –2.65% |
| Changes in recognised deductible temporary differences | 33.60 | 0.31% | 133.48 | 0.94% |
| Others | 12.06 | 0.11% | (10.46) | –0.07% |
| **Income tax expenses recognised in statement of profit and loss** | **2,828.76** | **26.06%** | **4,123.76** | **29.15%** |

### ii. Components of deferred tax liability (net)

₹ Million

| Particulars | Year ended March 31, 2017 | | | | Year ended March 31, 2016 | | | |
|---|---|---|---|---|---|---|---|---|
| | Opening Balance | Recognised in statement of profit and loss | Recognised in other comprehensive income | Closing Balance | Opening Balance | Recognised in statement of profit and loss | Recognised in other comprehensive income | Closing Balance |
| **Tax effect of items constituting deferred tax liabilities** | | | | | | | | |
| Employee benefits | 3.69 | 6.95 | 4.68 | 15.32 | – | 1.12 | 2.57 | 3.69 |
| Depreciation | 4,825.17 | 851.95 | – | 5,677.12 | 4,453.68 | 371.49 | – | 4,825.17 |
| Others | 57.32 | 13.45 | – | 70.77 | – | 57.32 | – | 57.32 |
| **Gross deferred tax liability (a)** | **4,886.18** | **872.35** | **4.68** | **5,763.21** | **4,453.68** | **429.93** | **2.57** | **4,886.18** |
| **Tax effect of items constituting deferred tax assets** | | | | | | | | |
| Employee benefits | 123.42 | 1.80 | – | 125.22 | 116.47 | 6.95 | – | 123.42 |
| Provision for doubtful debts/advances | 15.56 | 126.33 | – | 141.89 | 15.56 | – | – | 15.56 |
| Others | 301.95 | – | 41.07 | 343.02 | 295.10 | – | 6.85 | 301.95 |
| **Gross deferred tax asset (b)** | **440.93** | **128.13** | **41.07** | **610.13** | **427.13** | **6.95** | **6.85** | **440.93** |
| **Net deferred tax liability (a - b)** | **4,445.25** | **744.22** | **(36.39)** | **5,153.08** | **4,026.55** | **422.98** | **(4.28)** | **4,445.25** |

## 11 GOVERNMENT GRANTS

### (a) Investment promotion subsidy from Government of Tamilnadu

The Company has established radial tyre manufacturing facility in SIPCOT industrial park, Oragadam near Chennai and availed incentives from the state Government of Tamil Nadu for establishing such project. The construction of first phase of the new green field radial tyre plant was completed as per project schedule, which commenced operations from March 11, 2010. The truck/bus radial segment has commenced operations from May 11, 2010.

Pursuant to the Memorandum of Understanding (MoU) dated August 7, 2006 read along with a supplementary MoU dated January 11, 2011, executed between the Government of Tamil Nadu (GoTN) and the Company, GoTN sanctioned a Structured Package of Assistance to the Company in terms of the New Industrial Policy,

2007. As per this Structured Package of Assistance, the Company is entitled, interalia, for refund of an amount equal to net output VAT + CST paid by the Company to GoTN in the form of investment promotion subsidy for a period of 14 years (which can be extended by another 4 years), from the date of commencement of commercial production or till the cumulative availment of the said subsidy reaches 50% of the investment made in eligible fixed assets during the approved investment period as defind by the MoU, whichever is earlier. This eligiblity is subject to fulfillment of certain obligations by the Company.

As the Company has fulfilled the relevant obligations, the Company has recognised subsidy income of ₹ **464.50 Million** (₹ 536.21 Million) as other operating income, being the eligible amount of refund of net output VAT + CST paid by the Company to GoTN.

**(b) Export promotion capital goods**

The Company had imported property, plant and equipment under the export promotion capital goods (EPCG) scheme wherein the Company is allowed to import capital goods including spares without customs duty, subject to certain export obligations which should be fulfilled within specified time period. Since the Company has recomputed cost as per Ind AS 16, it has made the following adjustments to meet the requirements of Ind AS 16 - Property, Plant & Equipment and Ind AS 20 - Accounting for Government Grants and disclosure of Government assistance:

1) The custom duty benefit received as deferred revenue included in other non-current liabilities with a corresponding increase in the value of property, plant and equipment and capital work-in-progress is ₹ **2,466.55 Million** (₹ 397.97 Million as at March 31, 2016 and ₹ 2,946.58 Million as at April 1, 2015)

2) The grant of ₹ **2,445.51 Million** for which the extent the export obligations were met by April 01, 2015 was recognized in the opening reserve and the grant of ₹ **329.87 Million** (₹ 234.40 Million) was recognized in Statement of Profit and Loss as other operating income. The portion of grant for which the export obligation has not been met is retained in deferred revenue under other non current liabilities.

3) The additional depreciation of ₹ **809.52 Million** on the increase in the value of property, plant and equipment till the transition date was recognized in the opening reserve and ₹ **184.68 Million** (₹ 132.73 Million) was charged to the Statement of Profit and Loss.

## 12 EMPLOYEE BENEFIT LIABILITY

### A. Defined contribution plans

a. **Superannuation plan:** The Company contributes a sum equivalent to 15% of the eligible employees basic salary to a superannuation fund administered and maintained by Life Insurance Corporation of India (LIC). The Company has no liability for future superannuation fund benefits other than its annual contribution and recognises such contributions as an expense in the year incurred. The amount of contribution paid by the Company to superannuation fund is ₹ **69.05 Million** (₹ 62.58 Million).

b. **Provident Fund:** Contributions are made to the Company's employees provident fund trust/regional provident fund in accordance with the fund rules. The interest rate payable to the beneficiaries every year is being notified by the Government.

In the case of contribution to the trust, the Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate and recognises such obligation as an expense.

The amount of contribution made by the Company to employees provident fund trust/regional provident fund is ₹ **222.61 Million** (₹210.59 Million)

### B. Defined Benefit Plans

**Gratuity**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service receives gratuity on leaving the Company as per the Payment of Gratuity Act, 1972. The scheme is funded with Life Insurance Corporation of India.

The following table summarises the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plan:

### Statement of Profit and Loss:

₹ Million

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Current service cost^ | 67.49 | 62.50 |
| Interest cost on benefit obligation* | 71.66 | 68.22 |
| Actual return on plan assets* | (69.87) | (55.33) |
| Expense recognized in the statement of profit & loss | 69.28 | 75.39 |

^Included in employee benefit expense
*Included in finance cost

### Other Comprehensive Income (experience adjustments)

₹ Million

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Actuarial gain for the year on present benefit obligation | 9.02 | 5.28 |
| Actuarial gain for the year on plan asset | 4.51 | 2.15 |
| **TOTAL** | **13.53** | **7.43** |

### Balance Sheet:

Net asset/(liability) recognised in the Balance Sheet

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Fair value of plan assets at the end of the year (a) | 950.96 | 814.58 | 654.55 |
| Present value of defined benefit obligation at the end of the year (b) | 954.00 | 895.72 | 852.80 |
| **ASSET/(LIABILITY) RECOGNISED IN THE BALANCE SHEET (A - B)** | **(3.04)** | **(81.14)** | **(198.25)** |

### Changes in the present value of the defined benefit obligation

₹ Million

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Present value of obligations as at the beginning of the year | 895.72 | 852.80 |
| Interest cost | 71.65 | 68.22 |
| Current service cost | 67.49 | 62.51 |
| Benefits paid | (71.84) | (82.53) |
| Actuarial (gain)/loss on obligation | (9.02) | (5.28) |
| **Present value of obligations as at the end of the year** | **954.00** | **895.72** |

### Changes in the fair value of plan assets

₹ Million

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Fair value of plan assets at beginning of the year | 814.58 | 654.83 |
| Expected return on plan assets | 69.88 | 57.48 |
| Contributions | 138.34 | 184.80 |
| Benefits paid | (71.84) | (82.53) |
| Fair value of plan assets as at the end of the year | **950.96** | **814.58** |

The Company's gratuity funds are managed by the Life Insurance Corporation of India and therefore the composition of the fund assets in not presently ascertained.

### Principal assumptions for gratuity

| | Particulars | As at March 31, 2017 Rate (%) | As at March 31, 2016 Rate (%) | As at April 1, 2015 Rate (%) |
|---|---|---|---|---|
| a) | Discount rate | 7.54 | 8.00 | 8.00 |
| b) | Future salary increase* | 6.00 | 6.00 | 6.00 |
| c) | Expected rate of return on plan assets | 8.40 | 8.45 | 9.15 |
| d) | Retirement age (years) | 58.00 | 58.00 | 58.00 |
| e) | Mortality table | IALM (2006-2008) | IALM (2006-2008) | IALM (2006-2008) |
| f) | Ages (withdrawal rate %) | | | |
| | Up to 30 Years | 3.00 | 3.00 | 3.00 |
| | From 31 to 44 Years | 2.00 | 2.00 | 2.00 |
| | Above 44 Years | 1.00 | 1.00 | 1.00 |

*The estimates of future salary increase take into account inflation, seniority, promotion and other relevant factors.

Estimated amount of contribution in the immediate next year is ₹ **90.93 Million** (₹ 83.69 Million as at March 31, 2016 and ₹ 98.72 Million as at April 1, 2015)

### Sensitivity analysis of the defined benefit obligation

₹ Million

| Impact of change in | Discount rate | Salary increase | Attrition rate |
|---|---|---|---|
| Present Value of Obligation as on March 31, 2017 | 954.00 | 954.00 | 954.00 |
| Impact due to increase of 0.50% | (38.53) | 42.17 | 9.84 |
| Impact due to decrease of 0.50% | 41.74 | (39.24) | (11.27) |

### C. Other long-term employee benefits

**Long term compensated absences**

Principal assumption for long-term compensated absences

| | Particulars | As at March 31, 2017 Rate (%) | As at March 31, 2016 Rate (%) | As at April 1, 2015 Rate (%) |
|---|---|---|---|---|
| a) | Discount rate | 7.54 | 8.00 | 8.00 |
| b) | Future salary increase* | 6.00 | 6.00 | 6.00 |
| c) | Retirement age (years) | 58.00 | 58.00 | 58.00 |
| d) | Mortality table | IALM (2006-2008) | IALM (2006-2008) | IALM (2006-2008) |
| e) | Ages (withdrawal rate %) | | | |
| | Up to 30 Years | 3.00 | 3.00 | 3.00 |
| | From 31 to 44 Years | 2.00 | 2.00 | 2.00 |
| | Above 44 Years | 1.00 | 1.00 | 1.00 |

*The estimates of future salary increase take into account inflation, seniority, promotion and other relevant factors.

## 13 EMPLOYEES STOCK APPRECIATION RIGHTS (EMPLOYEES PHANTOM STOCK PLAN 2010)

a) During the year 2010-11, the Company had announced cash-settled employee share-based payment plan (Phantom stock plan) for the eligible employees of the Company. Under the scheme, 1,200,000 phantom stock units have been granted on April 1, 2010, 900,000 Phantom stock units have been granted on April 1, 2011 and another 75,000 Units have been granted on April 1, 2012 by the board appointed committee. All three options will be vested as per the following schedule:

| Percentage of Grant | Vesting Schedule |
|---|---|
| 25% | On 1st anniversary of respective grant date |
| 25% | On 2nd anniversary of respective grant date |
| 25% | On 3rd anniversary of respective grant date |
| 25% | On 4th anniversary of respective grant date |

Pursuant to the above scheme, the eligible employees are entitled to get cash compensation upon exercise of the phantom stock unit within seven years of the vesting date

b) Details of the expense recognised during the year and outstanding phantom stock units of the Company under the Phantom stock plan 2010 are as under:

| | As at March 31, 2017 | | | As at March 31, 2016 | | |
|---|---|---|---|---|---|---|
| Date of grant | 01.04.2010 | 01.04.2011 | 01.04.2012 | 01.04.2010 | 01.04.2011 | 01.04.2012 |
| Phantom stock units outstanding | – | – | – | – | 197,500 | 75,000 |
| Phantom stock units exercised | | 197,500 | 75,000 | 1,200,000 | 702,500 | – |
| Exercise price of share (₹) | – | – | – | – | 50.00 | 50.00 |
| Market price of share (₹) | – | – | – | – | 174.90 | 174.90 |
| Fair value of share (₹) | – | – | – | – | 130.21 | 129.71 |
| Amount charged to Statement of Profit & Loss | – | – | – | – | ₹ 2.54 Million | ₹ 1.05 Million |
| Liability | – | – | – | – | ₹ 35.22 Million | ₹ 9.37 Million |

Phantom stock outstanding units summary sheet is as follows -

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Opening phantom stock units | 272,500 | 366,250 | 927,500 |
| Number of units issued during the year | – | – | – |
| Number of units vested during the year | 272,500 | 93,750 | 561,250 |
| Closing phantom stock units | – | 272,500 | 366,250 |

**The details of variables used for fair valuation under the Black-Scholes Model**

The options from Vest 1, Vest 2, Vest 3 & Vest 4 of all the three grants have been completely exercised and therefore don't have to be valued.

**Phantom stock scheme - proforma P&L and EPS**

Had compensation cost for the phantom stock units granted under the scheme been determined based on fair value approach, the Company's net profit and earnings per share would have been as per the proforma amounts indicated below:

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| **Impact on Net Profit (₹ Million)** | | |
| Net profit (as reported) | 8,027.58 | 10,021.49 |
| Add:- Cash based employee compensation expense included in net profit | – | 3.59 |
| Less:- Cash based compensation expense determined under fair value based method (proforma) | – | 1.99 |
| Net profit (proforma) | 8,027.58 | 10,023.09 |
| **Impact on Earnings per Share (₹)** | | |
| **Basic / Diluted:** | | |
| Earnings per Share of ₹ 1/- each (as reported) | 15.77 | 19.69 |
| Earnings per Share of ₹ 1/- each (proforma) | 15.77 | 19.69 |

## 14 FINANCIAL INSTRUMENT

### A. Capital risk management

The capital structure of the Company consists of debt, cash and cash equivalents and equity attributable to equity shareholders of the Company which comprises issued share capital (including premium) and accumulated reserves disclosed in the Statement of Changes in Equity. The Company's capital management objective is to achieve an optimal weighted average cost of capital while continuing to safeguard the Company's ability to meet its liquidity requirements (including its commitments in respect of capital expenditure) and repay loans as they fall due.

### B. Financial Risk Management

### a. Market risk

The Company's activities expose it primarily to the financial risk of changes in foreign currency exchange rates and changes in interest rates. The Company enters into a variety of derivate financial instrument to manage its exposure to foreign currency and interest rates. There have been no changes to the Company's exposure to market risk or the manner in which it manages and measures the risk in recent past.

**i) Currency risk**

The Company's exposure arises mainly on import (of raw material and capital items) and export (of finished goods). The Company follows a policy of matching of import and export exposures (natural hedge) to reduce the net exposure in any foreign currency. Whenever the natural hedge is not available or is not fully covering the foreign currency exposure of the Company, management uses certain derivative instruments to manage its exposure to the foreign currency risk. Foreign currency transactions are managed within approved policy parameters.

**ii) Interest rate risk**

The Company is exposed to interest rate risk as the Company borrows funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings. The use of interest rate swaps are also entered into, especially to hedge the floating rate borrowings or to convert the foreign currency floating interest rates to the domestic currency floating interest rates.

### b) Credit risk

Credit risk is the risk that counterparty will default on its contractual obligations resulting in financial loss to the company. The Company has adopted a policy of only dealing with creditworthy customers.

In many cases an appropraite advance or letter of credit / bank guarentee is taken from the customers to cover the risk . In other cases credit limit is granted to customer after assessing the credit worthiness based on the information supplied by credit rating agencies, publicly available financial information or its own past trading records and trends.

At March 31, 2017, the company did not consider there to be any significant concentration of credit risk which had not been adequately provided for. The carrying amount of the financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the maximum exposure to credit risk.

**Currency wise net exposure of the company**

₹ Million

| Currency | As at March 31, 2017 | Sensitivity +1% | Sensitivity −1% | As at March 31, 2016 | Sensitivity +1% | Sensitivity −1% | As at April 1, 2015 | Sensitivity +1% | Sensitivity −1% |
|---|---|---|---|---|---|---|---|---|---|
| USD | (9,235.21) | −92.35 | 92.35 | (8,296.84) | −82.97 | 82.97 | (9,079.44) | −90.79 | 90.79 |
| Euro | 442.78 | 4.43 | −4.43 | (289.52) | −2.90 | 2.90 | 161.26 | 1.61 | −1.61 |
| GBP | (110.84) | −1.11 | 1.11 | (176.62) | −1.77 | 1.77 | (141.48) | −1.41 | 1.41 |
| Others | 99.56 | 1.00 | (1.00) | 135.14 | 1.35 | (1.35) | (49.91) | (0.50) | 0.50 |

**c) Liquidity Risk**

The Company manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities for the Company.

The Company has established an appropriate liquidity risk management framework for it's short-term, medium term and long-term funding requirement.

**The below tables summarise the maturity profile of the Company's financial assets and financial liabilities-**

**i. Non-derivative financial assets** ₹ Million

| Particulars | As at March 31, 2017 | | | As at March 31, 2016 | | | As at April 1, 2015 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Less than 1 year | 1 to 5 years | 5 years and above | Less than 1 year | 1 to 5 years | 5 years and above | Less than 1 year | 1 to 5 years | 5 years and above |
| Non-interest bearing | 8,523.81 | 841.17 | 10,048.62 | 6,286.63 | 313.05 | 10,553.18 | 6,357.16 | 258.60 | 8,849.09 |
| Fixed interest rate instruments | 2,469.50 | – | – | 4,675.82 | – | – | 237.06 | – | – |

**ii. Non-derivative financial liabilities** ₹ Million

| Particulars | As at March 31, 2017 | | | As at March 31, 2016 | | | As at April 1, 2015 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Less than 1 year | 1 to 5 years | 5 years and above | Less than 1 year | 1 to 5 years | 5 years and above | Less than 1 year | 1 to 5 years | 5 years and above |
| Non-interest bearing | 12,888.02 | – | – | 9,345.41 | – | – | 7,062.29 | – | – |
| Finance lease - deferred payment liabilities | 10.80 | 27.02 | 25.95 | 55.53 | 32.58 | 31.16 | 56.12 | 75.21 | 40.43 |
| Variable interest rate instruments | 4,512.15 | 895.26 | 1,142.02 | 5,250.18 | 1,509.16 | – | 6,914.23 | 2,989.34 | – |
| Fixed interest rate instruments | 5,571.58 | 1,050.00 | 5,200.00 | 584.11 | 1,000.00 | – | 1605.62 | 1,000.00 | – |

iii. **Derivative assets/(liabilities)**

₹ Million

| Particulars | As at March 31, 2017 | | | As at March 31, 2016 | | | As at April 1, 2015 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Less than 1 year | 1 to 5 years | 5 years and above | Less than 1 year | 1 to 5 years | 5 years and above | Less than 1 year | 1 to 5 years | 5 years and above |
| **Net settled:** | | | | | | | | | |
| Foreign currency forward contracts, futures & options | (139.42) | – | – | (134.50) | – | – | (150.49) | – | – |
| **Gross settled:** | | | | | | | | | |
| Cross currency swaps | 220.40 | (15.86) | (31.72) | 434.74 | 448.62 | – | 567.39 | 780.24 | – |
| **TOTAL** | **80.98** | **(15.86)** | **(31.72)** | **300.25** | **448.62** | **–** | **416.90** | **780.24** | **–** |

### d) The below tables summarise the fair value of the financial assets/liabilities

### i. Fair value of derivative instruments carried at fair value

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 | Fair value hierarchy (Level 1, 2 or 3)* |
|---|---|---|---|---|
| **Derivative financial assets (a)** | | | | |
| - Cross Currency rate swaps | 220.40 | 883.36 | 1,347.63 | 2 |
| **Derivative financial liabilities (b)** | | | | |
| - Foreign currency forward contracts | 98.89 | 121.72 | 149.12 | 2 |
| - Cross currency rate swaps | 47.58 | – | – | 2 |
| - Futures and options | 40.53 | 12.78 | 1.37 | 2 |
| **TOTAL** | **187.00** | **134.50** | **150.49** | |
| **Net derivate financial assets / (liabilities) (a - b)** | 33.40 | 748.86 | 1,197.14 | |

### ii. Fair value of financial assets (other than derivative instruments) carried at fair value

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 | Fair value hierarchy (Level 1, 2 or 3)* |
|---|---|---|---|---|
| **Financial assets** | | | | |
| - Current investments- mutual funds | 3,444.44 | 1,217.68 | 1,083.05 | 1 |
| - Non-current investments - quoted | 8.23 | 6.15 | 6.42 | 1 |
| - Non-current investments - un quoted | 9.26 | 5.93 | 4.21 | 3 |
| **TOTAL** | **3,461.93** | **1,229.76** | **1,093.68** | |

### iii. Fair value of financial assets/liabilities ( other than investment in subsidiaries) that are not measured at fair value

The management considers that the carrying amount of financial assets and financial liabilities recognised at amortised cost in the balance sheet approximates their fair value.

* Level 1 - Quoted price in an active market.

* Level 2 - Discounted cash flow. Future cash flows are estimated based on forward exchange rates and contract rates, discounted at a rate that reflects the credit risk of various counterparties.

* Level 3 - Discounted cash flow method is used to capture the present value of the expected future economic benefits that will flow to the company.

### e) Details of outstanding forward exchange contracts #

| Currency pair | Currency | Currency value (Million) | Average exchange rate | Nominal value (Million) | Buy/Sell |
|---|---|---|---|---|---|
| **As at March 31, 2017** | | | | | |
| USD / INR | US Dollar | 56.50 | 67.34 | 3,804.90 | Buy |
| EUR / INR | Euro | 25.00 | 73.61 | 1,840.19 | Sell |
| USD / ZAR | US Dollar | 2.38 | 14.03 | 33.40 | Sell |
| **As at March 31, 2016** | | | | | |
| USD / INR | US Dollar | 68.48 | 65.50 | 4,485.19 | Buy |
| USD / ZAR | US Dollar | 0.25 | 13.17 | 3.29 | Sell |
| **As at April 1, 2015** | | | | | |
| USD / INR | US Dollar | 74.00 | 61.18 | 4,526.97 | Buy |
| EUR / INR | Euro | 6.00 | 77.58 | 465.48 | Sell |

# For fair value of forward exchange contracts, refer Note C14 (d)(i).

## 15 (A) TURNOVER AND STOCK OF FINISHED GOODS & STOCK-IN-TRADE

₹ Million

| Particulars | Opening Stock | | Turnover | | Closing Stock | |
|---|---|---|---|---|---|---|
| | As at March 31, 2017 | As at March 31, 2016 | Year ended March 31, 2017 | Year ended March 31, 2016 | As at March 31, 2017 | As at March 31, 2016 |
| **Automobile tyres, tubes and flaps** | 5,715.18 | 7,252.83 | 97,312.80 | 95,978.37 | 8,851.66 | 5,715.18 |
| **Others** | 155.16 | 141.90 | 753.42 | 536.44 | 156.61 | 155.16 |
| **TOTAL** | **5,870.34** | **7,394.73** | **98,066.22** | **96,514.81** | **9,008.27** | **5,870.34** |

### (B) Raw materials consumed

₹ Million

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Fabric | 6,967.47 | 5,787.78 |
| Rubber | 27,995.96 | 24,336.13 |
| Chemicals | 5,470.03 | 4,626.16 |
| Carbon black | 5,914.70 | 5,546.46 |
| Others | 6,784.13 | 6,114.80 |
| **TOTAL** | **53,132.29** | **46,411.33** |

### (C) Break-up of consumption

| Particulars | | Year ended March 31, 2017 | | Year ended March 31, 2016 | |
|---|---|---|---|---|---|
| | | % | ₹ Million | % | ₹ Million |
| Raw material | -imported | 40.60% | 21,571.98 | 42.58% | 19,760.54 |
| | - indigenous | 59.40% | 31,560.31 | 57.42% | 26,650.79 |
| | | **100.00%** | **53,132.29** | **100.00%** | **46,411.33** |
| Stores & Spares | - imported | 7.21% | 55.09 | 8.22% | 53.15 |
| | - indigenous | 92.79% | 708.75 | 91.78% | 593.59 |
| | | **100.00%** | **763.84** | **100.00%** | **646.74** |

**(D) C.I.F. Value of Imports**

₹ Million

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Raw material | 23,245.86 | 19,648.14 |
| Stores & spares | 56.39 | 62.17 |
| Capital goods | 10,518.38 | 1,737.74 |

**(E) Expenditure in foreign currency (remitted)**
(Excluding value of imports)

₹ Million

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Interest | 216.11 | 321.09 |
| Dividend for the year 2016-17 (2015-16)* | 3.96 | 3.96 |
| Royalty | 12.55 | 12.21 |
| Others (including cross-charge of R & D expenses and management expenses paid to foreign subsidiary companies) | 2,946.30 | 2,353.42 |

*Number of non-resident shareholders – 2 (2), number of shares held by non resident shareholders - 1,978,000 (1,978,000).

## 16 EARNINGS IN FOREIGN EXCHANGE (GROSS)

₹ Million

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| FOB value of exports | 8,069.64 | 7,392.91 |
| Interest received | 12.41 | 15.76 |
| Royalty received | 61.22 | 64.01 |
| Cross charge of management expenses | 54.20 | 57.82 |
| Reimbursement of expenses received | 141.41 | 345.96 |

## 17 STATUTORY AUDITORS' REMUNERATION

₹ Million

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| For audit | 6.00 | 6.00 |
| For company law matters | 0.40 | 0.40 |
| For quarterly review & consolidation | 2.74 | 2.60 |
| For other services | 3.06 | 4.25 |
| **TOTAL** | **12.20** | **13.25** |

## 18 RESEARCH AND DEVELOPMENT EXPENDITURES

₹ Million

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| **(A) Revenue expenditure** | | |
| Materials | – | 34.41 |
| Employee benefit expenses | 300.52 | 190.24 |
| Travelling, conveyance and vehicle expenses | 45.42 | 20.07 |
| Others | 1,274.24 | 1,097.80 |
| **TOTAL** | **1,620.18** | **1,342.52** |
| **(B) Capital expenditure** | 129.25 | 370.04 |
| **TOTAL (A+B)** | **1,749.43** | **1,712.56** |

## 19 CONTINGENT LIABILITIES

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Sales tax | 39.64 | 40.05 | 76.17 |
| Income tax# | 265.80 | 392.90 | 451.30 |
| Claims against the Company not acknowledged as debts – Employee related | 58.18 | 58.18 | 48.64 |
| – Others | 61.69 | 49.00 | 43.00 |
| Provision for security (bank deposits pledged with a bank against which working capital loan has been availed by Apollo Finance Ltd, a company in which directors are interested) | – | – | 37.97 |
| Excise Duty* | 137.50 | 137.61 | 57.93 |

#Excludes amount of ₹ **441.66 Million** (₹ 441.66 Million as at March 31,2016 and ₹ 441.66 Million as at March 31,2015) in appeals which have been decided by Appellate authorities in Company's favour but on which the department has gone for further appeal and a demand of ₹ 663.70 Million relating to the adjustments made in MAT computation, which in the opinion of the Company, is not sustainable and the probability of cash outflow is considered remote.

*Excludes demand of ₹ **532.12 Million** (₹ 532.12 Million as at March 31,2016 and ₹ 532.12 Million as at March 31,2015) raised on one of the Company's units relating to issues which have been decided by the Appellate Authority in Company's favour in appeals pertaining to another unit of the Company. Show-cause notices received from various Government Agencies pending formal demand notices have not been considered as contingent liabilities.

In the opinion of the management, no provision is considered necessary for the disputes mentioned above on the ground that there are fair chances of successful outcome of appeals.

## 20 CAPITAL COMMITMENTS

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account and not provided for* | 4,450.95 | 3,980.32 | 800.14 |
| **Other commitments:** | | | |
| Non-disposal of investments in indirect subsidiary, Apollo Tyres (Middle East) FZE, through Apollo Tyres Co -operatief U.A., Netherlands, Value of investment as at March 31, 2017 is ₹ **35.19 Million** (₹ 36.09 Million as at March 31, 2016 and ₹ 34.14 Million as on April 1, 2015) | | | |
| The Company has provided financial support commitments to certain subsidiaries. | | | |
| **TOTAL** | **4,450.95** | **3,980.32** | **800.14** |

*Includes ₹ 4.03 Million payable to NSL Wind Power Company towards additional 402,805 shares allotted and ₹ 0.06 Million payable to OPGS Power Gujarat Pvt. Ltd. towards additional 310,000 shares allotted under Group Captive Scheme. All the additional shares were allotted during FY 2016-17 but payments for additional shares are made after March 31, 2017. Total investment by the Company is 598,805 shares of NSL Wind Power Company and 930,000 shares of OPGS Power Gujarat Pvt. Ltd. as at March 31, 2017.

**21** The Company has international transactions with related parties. For the current year, the management confirms that it maintains documents as prescribed by the Income tax Act, 1961 to prove that these international transactions are at arm's length and the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

## 22 DISCLOSURES REQUIRED UNDER SECTION 22 OF THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| (i) Principal amount remaining unpaid to any supplier as at the end of the accounting year | 48.56 | 36.98 | 31.02 |
| (ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year | 10.58 | 10.58 | 10.58 |
| (iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day | – | – | – |
| (iv) The amount of interest due and payable for the year | – | – | – |
| (v) The amount of interest accrued and remaining unpaid at the end of the accounting year | 10.58 | 10.58 | 10.58 |
| (vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid | 10.58 | 10.58 | 10.58 |

Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. This has been relied upon by the auditors.

## 23 CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES-

₹ Million

| Particulars | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|---|---|---|
| Total expenditure towards CSR activities | 185.00 | 129.57 |
| Amount required to be spent u/s 135 of the Companies Act, 2013 | 184.37 | 129.32 |
| (Excess)/shortfall | (0.63) | (0.25) |

**24** Disclosure of Related party transactions in accordance with the mandatory accounting standards Ind AS 24 - Related Party Disclosures

**Name of the related parties**

| Particulars | 2016-17 | 2015-16 |
|---|---|---|
| Subsidiaries | Apollo (South Africa) Holdings Pty Ltd. (ASHPL) (Subsidiary through ATCOOP) | Apollo (South Africa) Holdings Pty Ltd. (ASHPL) (Subsidiary through ATCOOP) |
| | Apollo Tyres Africa (PTY) Ltd. (Subsidiary through ASHPL) | Apollo Tyres Africa (PTY) Ltd. (Subsidiary through ASHPL) |
| | Apollo Tyres (Cyprus) Pvt. Ltd. (ATCPL), Cyprus | Apollo Tyres (Cyprus) Pvt. Ltd. (ATCPL), Cyprus |
| | Apollo Tyres AG, Switzerland (AT AG) (Subsidiary through Apollo Coop) | Apollo Tyres AG, Switzerland (AT AG) (Subsidiary through Apollo Coop) |
| | Apollo Tyres Holdings (Singapore) PTE. Ltd., (ATHS), Singapore (Subsidiary through Apollo Coop) | Apollo Tyres Holdings (Singapore) PTE. Ltd., (ATHS), Singapore (Subsidiary through Apollo Coop) |
| | Apollo Tyres Middle East FZE (ATFZE), Dubai (Subsidiary through Apollo Coop) | Apollo Tyres Middle East FZE (ATFZE), Dubai (Subsidiary through Apollo Coop) |
| | Apollo Tyres Co-operatief U.A., Netherlands (Apollo Coop) | Apollo Tyres Co-operatief U.A., Netherlands (Apollo Coop) |
| | Apollo Tyres B.V. (ATBV), Netherlands (Subsidiary through Apollo Coop) | Apollo Tyres B.V. (ATBV), Netherlands (Subsidiary through Apollo Coop) |
| | Apollo Tyres (UK) Pvt. Ltd., United Kingdom (Subsidiary through Apollo Coop) | Apollo Tyres (UK) Pvt. Ltd., United Kingdom (Subsidiary through Apollo Coop) |
| | Apollo Tyres (Brasil) LTDA, Brazil (Subsidiary through Apollo Coop and ATBV) | Apollo Tyres (Brasil) LTDA, Brazil (Subsidiary through Apollo Coop and ATBV) |
| | Apollo Tyres Global R&D B.V., Netherlands (Subsidiary through Apollo Coop) | Apollo Tyres Global R&D B.V., Netherlands (Subsidiary through Apollo Coop) |
| | Apollo Tyres (Thailand) Limited, Thailand (Subsidiary through Apollo Coop) | Apollo Tyres (Thailand) Limited, Thailand (Subsidiary through Apollo Coop) |
| | Apollo Vredestein B.V., Netherlands (AVBV) (Subsidiary through ATBV) | Apollo Vredestein B.V., Netherlands (AVBV) (Subsidiary through ATBV) |

| Particulars | 2016-17 | 2015-16 |
|---|---|---|
| | Apollo Tyres (Greenfield) B.V. | Apollo Tyres (Greenfield) B.V. |
| | Apollo Tyres (London) Pvt. Ltd. (Subsidiary through ATUK) | Apollo Tyres (London) Pvt. Ltd. (Subsidiary through ATUK) |
| | Reifencom GmbH, Bielefeld (Subsidiary through ATCOOP) | Reifencom GmbH, Bielefeld (Subsidiary through ATCOOP) |
| | Reifencom GmbH, Hannover (Subsidiary through Reifencom GmbH, Bielefeld) | Reifencom GmbH, Hannover (Subsidiary through Reifencom GmbH, Bielefeld) |
| | Reifencom Einkaufsgesellschaft, mbH & Co. OHG, Hannover (Subsidiary through Reifencom GmbH, Bielefeld & Reifencom GmbH, Hannover) | Reifencom Einkaufsgesellschaft, mbH & Co. OHG, Hannover (Subsidiary through Reifencom GmbH, Bielefeld & Reifencom GmbH, Hannover) |
| | Reifencom Tyre (Qingdao) Co., Ltd. (Subsidiary through Reifencom Einkaufsgesellschaft, mbH & Co. OHG, Hannover) | Reifencom Tyre (Qingdao) Co., Ltd. (Subsidiary through Reifencom Einkaufsgesellschaft, mbH & Co. OHG, Hannover) |
| | Apollo Tyres (Malaysia) Sdn Bhd (Subsidiary through ATHS) | Apollo Tyres (Malaysia) Sdn Bhd (Subsidiary through ATHS) |
| | Apollo Tyres (Germany) GmbH (Subsidiary through ATCOOP) | Apollo Tyres (Germany) GmbH (Subsidiary through ATCOOP) |
| | Apollo Tyres (Hungary) KFT. (Subsidiary through ATBV) | Apollo Tyres (Hungary) KFT. (Subsidiary through ATBV) |
| | Apollo Vredestein Tires Inc., USA (Subsidiary through ATCOOP) | Apollo Vredestein Tires Inc., USA (Subsidiary through ATCOOP) |
| | Vredestein Marketing B.V. & Co. KG, Germany (Subsidiary through Apollo Vredestein GmbH) | Vredestein Marketing B.V. & Co. KG, Germany (Subsidiary through Apollo Vredestein GmbH) |
| | S.C. Vredesetin R.O. Srl, Romania (Subsidiary through Apollo Vredestein Kft, Hungary) | S.C. Vredesetin R.O. Srl, Romania (Subsidiary through Apollo Vredestein Kft, Hungary) |
| | Saturn F1 Pvt. Ltd. (Subsidiary through ATCOOP) - Note (a) | NA |
| | Retail Distribution Holding BV (Subsidiary through ATCOOP) - Note (a) | NA |
| | Rubber Research LLC (Subsidiary through ATCOOP) - Note (a) | NA |
| | Subsidiaries of Apollo Vredestein B.V (AVBV): | Subsidiaries of Apollo Vredestein B.V (AVBV): |
| | Apollo Vredestein GmbH, Germany | Apollo Vredestein GmbH, Germany |
| | Vredestein Norge A.S., Norway | Vredestein Norge A.S., Norway |
| | Apollo Vredestein U.K. Limited, United Kingdom | Apollo Vredestein U.K. Limited, United Kingdom |
| | Apollo Vredestein Belux SA, Belgium | Apollo Vredestein Belux SA, Belgium |
| | Apollo Vredestein Gesellschaft m.b.H., Austria | Apollo Vredestein Gesellschaft m.b.H., Austria |
| | Apollo Vredestein Schweiz A.G., Switzerland | Apollo Vredestein Schweiz A.G., Switzerland |
| | Vredestein Nordic A.B., Sweden | Vredestein Nordic A.B., Sweden |
| | Apollo Vredestein Iberica SA, Spain | Apollo Vredestein Iberica SA, Spain |
| | Apollo Vredestein Kft, Hungary | Apollo Vredestein Kft, Hungary |
| | Apollo Vredestein Srl, Italy | Apollo Vredestein Srl, Italy |
| | Apollo Vredestein Opony Polska Sp. Zo.o., Poland | Apollo Vredestein Opony Polska Sp. Zo.o., Poland |
| | Apollo Vredestein SAS., France | Apollo Vredestein SAS., France |
| | Vredestein consulting B.V.,Netherlands | Vredestein consulting B.V., Netherlands |
| | Finlo B.V.. Netherlands | Finlo B.V.. Netherlands |
| | Vredestein Marketing B.V., Netherlands | Vredestein Marketing B.V., Netherlands |
| Associate | Pressurite (Pty) Ltd. South Africa | Pressurite (Pty) Ltd. South Africa |
| Joint venture | PanAridus LLC, USA (JV through ATHS) | PanAridus LLC, USA (JV through ATHS) |
| Companies in which directors are interested | Apollo International Ltd. (AIL) | Apollo International Ltd. (AIL) |
| | Apollo International Trading LLC, Middle East | Apollo International Trading LLC, Middle East |
| | Encorp E Services Ltd. | Encorp E Services Ltd. |
| | UFO Moviez India Ltd. | UFO Moviez India Ltd. |
| | Landmark Farms & Housing (P) Ltd. | Landmark Farms & Housing (P) Ltd. |
| | Sunlife Tradelinks (P) Ltd. | Sunlife Tradelinks (P) Ltd. |

| Particulars | 2016-17 | 2015-16 |
|---|---|---|
| | Bespoke Tours & Travels Ltd. | Bespoke Tours & Travels Ltd. |
| | Dusk Valley Technologies Ltd. | Dusk Valley Technologies Ltd. |
| | Classic Auto Tubes Ltd. | Classic Auto Tubes Ltd. |
| | PTL Enterprises Ltd. (PTL) | PTL Enterprises Ltd. (PTL) |
| | Apollo Finance Ltd. | Apollo Finance Ltd. |
| | Artemis Medicare Services Ltd. | Artemis Medicare Services Ltd. |
| | Artemis Health Sciences Ltd. | Artemis Health Sciences Ltd. |
| | Shardul Amarchand Mangaldas & Co. | Shardul Amarchand Mangaldas & Co. |
| | NA | J Sagar & Asscociates-Note (b) |
| | Regent Properties | Regent Properties |
| | Swaranganga Consultants Pvt. Ltd. | Swaranganga Consultants Pvt. Ltd. |
| | J & S Systems Corporation, U.K. | J & S Systems Corporation, U.K. |
| | Sacred Heart Investment Co. Pvt. Ltd. | Sacred Heart Investment Co. Pvt. Ltd. |
| | Milers Global Pvt. Ltd. | Milers Global Pvt. Ltd. |
| | NA | Travel Tracks Ltd. - Note (b) |
| | NA | Apollo Fiege Integrated Logistics Pvt. Ltd.-Note (b) |
| Key management personnel | Mr. Onkar S. Kanwar | Mr. Onkar S. Kanwar |
| | Mr. Neeraj Kanwar | Mr. Neeraj Kanwar |
| | NA | Mr. Sunam Sarkar Note (c) |
| Relatives of key managerial personnel | Mr. Raaja Kanwar | Mr. Raaja Kanwar |

Notes: Related parties and their relationships are as identified by the management and relied upon by the auditors.

(a) Incorporated during the year.

(b) Ceased during the year.

(c) Ceased to be whole-time director w.e.f. August 11, 2015.

## Transactions and balances with Related Parties FY 2016-17

₹ Million

| Particulars | Subsidiaries | Companies in which directors are interested | Key management personnel | Total |
|---|---|---|---|---|
| **Description of transactions:** | | | | |
| **Sales: Finished goods** | | | | |
| Apollo Intl. Trading LLC, Dubai | | 2.40 | | 2.40 |
| Apollo International Ltd. | | 1,236.31 | | 1,236.31 |
| Apollo Tyres Global R&D B.V | 1.02 | | | 1.02 |
| Apollo Vredestein B.V. | 1,975.75 | | | 1,975.75 |
| Apollo Tyres Middle East Fze. | 1,488.59 | | | 1,488.59 |
| Apollo Tyres Thailand Ltd. | 1,870.76 | | | 1,870.76 |
| Apollo Tyres Africa (Pty) Ltd | 588.77 | | | 588.77 |
| Apollo Tyres (Malaysia) Sdn Bhd | 230.85 | | | 230.85 |
| | **6,155.74** | **1,238.71** | | **7,394.45** |
| **Sales: Raw materials** | | | | |
| Classic Auto Tubes Ltd. | | 21.42 | | 21.42 |
| **Sales: Semi finished goods** | | | | |
| Apollo Vredestein B.V. | 6.36 | | | 6.36 |
| **Royalty income:** | | | | |
| Apollo Tyres Middle East Fze. | 14.18 | | | 14.18 |
| Apollo Tyres Thailand Ltd. | 22.10 | | | 22.10 |
| Apollo Tyres Africa (Pty) Ltd. | 24.61 | | | 24.61 |
| Apollo Tyres (Malaysia) Sdn Bhd | 0.33 | | | 0.33 |
| | **61.22** | | | **61.22** |

₹ Million

| Particulars | Subsidiaries | Companies in which directors are interested | Key management personnel | Total |
|---|---|---|---|---|
| **Cross charge of management & other expenses received#** | | | | |
| Apollo Vredestein B.V. | 22.13 | | | 22.13 |
| Apollo Tyres Middle East Fze. | 1.56 | | | 1.56 |
| Apollo Tyres Global R & D B.V. | 4.53 | | | 4.53 |
| Apollo Tyres (UK) Pvt. Ltd. | 3.36 | | | 3.36 |
| Apollo Tyres Thailand Ltd. | 2.11 | | | 2.11 |
| PTL Enterprises Ltd. | | 0.87 | | 0.87 |
| Classic Auto Tubes Ltd. | | 1.74 | | 1.74 |
| Apollo Tyres Africa (Pty) Ltd. | 0.87 | | | 0.87 |
| Artemis Medicare Services Ltd. | | 0.63 | | 0.63 |
| Apollo Tyres (Hungary) Kft | 14.94 | | | 14.94 |
| Apollo Tyres Holdings (Singapore) Pte Ltd. | 1.46 | | | 1.46 |
| | **50.96** | **3.24** | | **54.20** |
| **Rent received:** | | | | |
| PTL Enterprises Ltd. | | 0.33 | | 0.33 |
| Bespoke Tours & Travels Ltd. | | 0.23 | | 0.23 |
| Classic Auto Tubes Ltd. | | 0.10 | | 0.10 |
| | | **0.66** | | **0.66** |
| **Interest received:** | | | | |
| Apollo Tyres (Greenfield) Co-operatief U.A. | 12.41 | | | 12.41 |
| **Reimbursement of expenses received:** | | | | |
| Apollo Vredestein B.V. | 168.24 | | | 168.24 |
| Apollo Tyres Middle East Fze. | 4.29 | | | 4.29 |
| Apollo Tyres Global R & D B.V. | 25.61 | | | 25.61 |
| Apollo Tyres Thailand Ltd. | 2.76 | | | 2.76 |
| Apollo Tyres (UK) Pvt. Ltd. | 11.61 | | | 11.61 |
| Classic Auto Tubes Ltd. | | 6.95 | | 6.95 |
| Apollo Tyres Africa (Pty) Ltd. | 0.86 | | | 0.86 |
| PTL Enterprises Ltd. | | 0.02 | | 0.02 |
| Apollo International Ltd. | | 0.15 | | 0.15 |
| Apollo Tyres (Hungary) Kft | 197.66 | | | 197.66 |
| Apollo Tyres Holdings (Singapore) Pte Ltd. | 1.84 | | | 1.84 |
| Apollo Tyres AG, Switzerland | 108.72 | | | 108.72 |
| Apollo Tyres (Malaysia) Sdn Bhd | 1.38 | | | 1.38 |
| Reifencom GmbH | 0.39 | | | 0.39 |
| Apollo Vredestein Tyres North America | 0.91 | | | 0.91 |
| Apollo Tyres Co-operatief U.A | 1.33 | | | 1.33 |
| | **525.60** | **7.12** | | **532.72** |
| **Freight & insurance recovered:** | | | | |
| Apollo Tyres Middle East Fze. | 23.65 | | | 23.65 |
| Apollo Tyres Thailand Ltd. | 16.50 | | | 16.50 |
| Apollo Tyres Africa (Pty) Ltd. | 17.46 | | | 17.46 |
| Apollo Vredestein B.V. | 81.33 | | | 81.33 |
| Apollo Tyres Global R&D B.V. | 1.16 | | | 1.16 |
| Apollo Tyres (Malaysia) Sdn Bhd | 1.31 | | | 1.31 |
| | **141.41** | | | **141.41** |

₹ Million

| Particulars | Subsidiaries | Companies in which directors are interested | Key management personnel | Total |
|---|---|---|---|---|
| **Royalty paid:** | | | | |
| Apollo Tyres AG, Switzerland | 12.80 | | | **12.80** |
| **Purchases:** | | | | |
| Apollo Vredestein B.V. | 85.95 | | | 85.95 |
| Classic Auto Tubes Ltd. | | 823.77 | | 823.77 |
| Apollo Tyres Holdings (Singapore) Pte Ltd. | 13,556.16 | | | 13,556.16 |
| Bespoke Tours & Travels Ltd. | | 2.01 | | 2.01 |
| | **13,642.11** | **825.78** | | **14,467.89** |
| **Legal and professional charges paid:** | | | | |
| Shardul Amarchand Mangaldas & Co. | | 11.76 | | 11.76 |
| **Reimbursement of expenses paid:** | | | | |
| PTL Enterprises Ltd. | | 552.58 | | 552.58 |
| Classic Auto Tubes Ltd. | | 371.39 | | 371.39 |
| Apollo Vredestein B.V. | 3.42 | | | 3.42 |
| Apollo Tyres Thailand Ltd. | 15.78 | | | 15.78 |
| Apollo Tyres Middle East Fze. | 7.82 | | | 7.82 |
| Apollo Tyres (UK) Pvt. Ltd. | 56.61 | | | 56.61 |
| Apollo Tyres Global R & D B.V. | 9.49 | | | 9.49 |
| Apollo Tyres Africa (Pty) Ltd. | 4.82 | | | 4.82 |
| Apollo Tyres AG, Switzerland | 1.77 | | | 1.77 |
| Apollo Tyres (Malaysia) Sdn Bhd | 1.43 | | | 1.43 |
| | **101.14** | **923.97** | | **1,025.11** |
| **Payment for services received:** | | | | |
| Artemis Medicare Services Ltd. | | 17.28 | | 17.28 |
| Classic Auto Tubes Ltd. | | 0.62 | | 0.62 |
| | | **17.90** | | **17.90** |
| **Cross charge of R & D expenses paid:** | | | | |
| Apollo Tyres Global R & D B.V. | 871.03 | | | 871.03 |
| **Cross charge of other expenses paid:** | | | | |
| Apollo Tyres (UK) Pvt. Ltd. | 577.24 | | | 577.24 |
| Apollo Tyres Holdings (Singapore) Pte Ltd. | 173.22 | | | 173.22 |
| | **750.46** | | | **750.46** |
| **Lease rent paid:** | | | | |
| PTL Enterprises Ltd. | | 504.38 | | 504.38 |
| **Rent paid:** | | | | |
| Sunlife Tradelinks | | 27.19 | | 27.19 |
| Land Mark Farms & Housing | | 24.00 | | 24.00 |
| Regent Properties | | 21.60 | | 21.60 |
| Classic Auto Tubes Ltd. | | 0.12 | | 0.12 |
| Milers Global Pvt. Ltd. | | 3.03 | | 3.03 |
| | | **75.94** | | **75.94** |
| **Conversion charges paid:** | | | | |
| Classic Auto Tubes Ltd. | | 1,008.29 | | 1,008.29 |
| **Mixing charges paid:** | | | | |
| Classic Auto Tubes Ltd. | | 315.65 | | 315.65 |
| **Travelling expenses paid:** | | | | |
| Bespoke Tours & Travels Ltd. | | 71.41 | | 71.41 |
| **Conference expenses:** | | | | |
| Bespoke Tours & Travels Ltd. | | 7.06 | | 7.06 |

₹ Million

| Particulars | Subsidiaries | Companies in which directors are interested | Key management personnel | Total |
|---|---|---|---|---|
| **Commssion on sales paid:** | | | | |
| Apollo Tyres Thailand Ltd. | 26.16 | | | 26.16 |
| Apollo Tyres Middle East Fze. | 47.33 | | | 47.33 |
| Apollo Tyres (Malaysia) Sdn Bhd | 2.09 | | | 2.09 |
| | **75.58** | | | **75.58** |
| **Sale of assets:** | | | | |
| Classic Auto Tubes Ltd. | | 3.00 | | 3.00 |
| **Loan given:** | | | | |
| Apollo Tyres (Greenfield) B.V. | 1,732.31 | | | 1,732.31 |
| **Managerial remuneration:** | | | | |
| Mr. Onkar S. Kanwar | | | 457.37 | 457.37 |
| Mr. Neeraj Kanwar | | | 308.90 | 308.90 |
| | | | **766.27** | **766.27** |
| **Amount outstanding:** | | | | |
| **Trade payable:** | | | | |
| Apollo Tyres AG, Switzerland | 2.61 | | | 2.61 |
| Apollo Vredestein B.V. | 14.13 | | | 14.13 |
| Apollo Tyres (UK) Pvt. Ltd. | 115.40 | | | 115.40 |
| Apollo Tyres Global R&D | 53.55 | | | 53.55 |
| Apollo Tyres Middle East Fze. | 3.54 | | | 3.54 |
| Classic Auto Tubes Ltd. | | 31.26 | | 31.26 |
| Apollo Tyres (Thailand) Ltd. | 16.47 | | | 16.47 |
| Apollo Tyres Holdings (Singapore) Pte Ltd. | 2,590.84 | | | 2,590.84 |
| Apollo Tyres (Malaysia) Sdn Bhd | 0.85 | | | 0.85 |
| | **2,797.39** | **31.26** | | **2,828.65** |
| **Other current liabilities:** | | | | |
| Classic Auto Tubes Ltd. | | 27.37 | | 27.37 |
| Apollo Vredestein Tires Inc. | 0.06 | | | 0.06 |
| Apollo Tyres Global R&D B.V | 8.28 | | | 8.28 |
| | **8.34** | **27.37** | | **35.71** |
| **Other non-current assets (financial/non-financial):** | | | | |
| PTL Enterprises Ltd. | | 500.00 | | 500.00 |
| Sunlife Tradelinks | | 5.86 | | 5.86 |
| Land Mark Farms & Housing | | 6.00 | | 6.00 |
| Regent Properties | | 5.40 | | 5.40 |
| Milers Global Pvt. Ltd. | | 0.75 | | 0.75 |
| Classic Auto Tubes Ltd. | | 106.45 | | 106.45 |
| | | **624.46** | | **624.46** |
| **Trade receivable:** | | | | |
| Apollo Vredestein B.V. | 411.16 | | | 411.16 |
| Apollo Tyres Africa (Pty) Ltd. | 92.41 | | | 92.41 |
| Apollo Tyres Middle East Fze. | 101.43 | | | 101.43 |
| Classic Auto Tubes Ltd. | | 1.54 | | 1.54 |
| Apollo International Ltd. | | 116.03 | | 116.03 |
| Apollo Tyres (Thailand) Ltd. | 229.68 | | | 229.68 |
| Apollo Tyres (Malaysia) Sdn Bhd | 28.98 | | | 28.98 |
| | **863.66** | **117.57** | | **981.23** |
| **Other current assets (financial/non-financial):** | | | | |
| Apollo Tyres Africa (Pty) Ltd. | 13.78 | | | 13.78 |

₹ Million

| Particulars | Subsidiaries | Companies in which directors are interested | Key management personnel | Total |
|---|---|---|---|---|
| Apollo Vredestein B.V. | 78.73 | | | 78.73 |
| PTL Enterprises Ltd. | | 56.43 | | 56.43 |
| Apollo International Ltd. | | 0.15 | | 0.15 |
| Classic Auto Tubes Ltd. | | 0.62 | | 0.62 |
| Apollo Tyres (Hungary) Kft | 128.23 | | | 128.23 |
| Apollo Tyres Co-operatief U.A | 1.33 | | | 1.33 |
| Apollo Vredestein Tyres North America | 0.91 | | | 0.91 |
| Reifencom GmbH | 0.08 | | | 0.08 |
| Apollo Tyres (Greenfield) B.V. | 1,732.31 | | | 1,732.31 |
| | **1,955.37** | **57.20** | | **2,012.57** |

**FY 2015-16**

₹ Million

| Particulars | Subsidiaries | Companies in which directors are interested | Key management personnel | Total |
|---|---|---|---|---|
| **Description of transactions:** | | | | |
| **Sales: Finished goods** | | | | |
| Apollo Intl. Trading LLC, Dubai | | 23.26 | | 23.26 |
| Apollo International Ltd. | | 1,015.97 | | 1,015.97 |
| Apollo Tyres Global R&D B.V | 1.25 | | | 1.25 |
| Apollo Vredestein B.V. | 2,029.48 | | | 2,029.48 |
| Apollo Tyres Middle East Fze. | 1,328.76 | | | 1,328.76 |
| Apollo Tyres Thailand Ltd. | 2,282.24 | | | 2,282.24 |
| Apollo Tyres Africa (Pty) Ltd. | 389.32 | | | 389.32 |
| | **6,031.05** | **1,039.23** | | **7,070.28** |
| **Sales: Raw materials:** | | | | |
| Classic Auto Tubes Ltd. | | 26.99 | | 26.99 |
| **Sales: Semi finished goods:** | | | | |
| Apollo Vredestein B.V. | 9.50 | | | 9.50 |
| **Royalty income:** | | | | |
| Apollo Tyres Middle East Fze. | 16.60 | | | 16.60 |
| Apollo Tyres Thailand Ltd. | 31.76 | | | 31.76 |
| Apollo Tyres Africa (Pty) Ltd. | 15.65 | | | 15.65 |
| | **64.01** | | | **64.01** |
| **Cross charge of management & other expenses received#** | | | | |
| Apollo Vredestein B.V. | 41.50 | | | 41.50 |
| Apollo Tyres Middle East Fze. | 1.75 | | | 1.75 |
| Apollo Tyres Global R & D B.V. | 4.81 | | | 4.81 |
| Apollo Tyres (UK) Pvt. Ltd. | 1.58 | | | 1.58 |
| Apollo Tyres Thailand Ltd. | 2.36 | | | 2.36 |
| PTL Enterprises Ltd. | | 0.88 | | 0.88 |
| Classic Auto Tubes Ltd. | | 1.75 | | 1.75 |
| Apollo Tyres Africa (Pty) Ltd | 0.40 | | | 0.40 |
| Artemis Medicare Services Ltd. | | 0.60 | | 0.60 |
| Apollo Tyres (Hungary) Kft | 3.48 | | | 3.48 |
| Apollo Tyres Holdings (Singapore) Pte Ltd. | 1.94 | | | 1.94 |

₹ Million

| Particulars | Subsidiaries | Companies in which directors are interested | Key management personnel | Total |
|---|---|---|---|---|
| | **57.82** | **3.23** | | **61.05** |
| **Rent received:** | | | | |
| PTL Enterprises Ltd. | | 0.12 | | 0.12 |
| Bespoke Tours & Travels Ltd. | | 1.26 | | 1.26 |
| Classic Auto Tubes Ltd. | | 0.11 | | 0.11 |
| | | **1.49** | | **1.49** |
| **Interest received:** | | | | |
| Apollo Tyres (Greenfield) Co-operatief U.A. | 15.76 | | | 15.76 |
| **Reimbursement of expenses received:** | | | | |
| Apollo Vredestein B.V. | 148.94 | | | 148.94 |
| Apollo Tyres Middle East Fze. | 4.16 | | | 4.16 |
| Apollo Tyres Global R & D B.V. | 48.78 | | | 48.78 |
| Apollo Tyres Thailand Ltd. | 2.86 | | | 2.86 |
| Apollo Tyres (UK) Pvt. Ltd. | 13.06 | | | 13.06 |
| Classic Auto Tubes Ltd. | | 5.55 | | 5.55 |
| Apollo Tyres Africa (Pty) Ltd. | 0.60 | | | 0.60 |
| PTL Enterprises Ltd. | | 1.85 | | 1.85 |
| Apollo International Ltd. | | 2.37 | | 2.37 |
| Apollo Tyres (Hungary) Kft | 116.21 | | | 116.21 |
| Apollo Tyres Holdings (Singapore) Pte Ltd. | 11.35 | | | 11.35 |
| | **345.96** | **9.77** | | **355.73** |
| **Freight & insurance recovered:** | | | | |
| Apollo Tyres Middle East Fze. | 27.00 | | | 27.00 |
| Apollo Tyres Thailand Ltd. | 29.14 | | | 29.14 |
| Apollo Tyres Africa (Pty) Ltd. | 15.67 | | | 15.67 |
| Apollo Vredestein B.V. | 66.43 | | | 66.43 |
| Apollo Tyres Global R&D B.V | 1.59 | | | 1.59 |
| | **139.83** | | | **139.83** |
| **Royalty paid:** | | | | |
| Apollo Tyres AG, Switzerland | 12.90 | | | 12.90 |
| **Purchases:** | | | | |
| Apollo Vredestein B.V. | 140.30 | | | 140.30 |
| Classic Auto Tubes Ltd. | | 509.40 | | 509.40 |
| Apollo Tyres Holdings (Singapore) Pte Ltd. | 6,363.05 | | | 6,363.05 |
| | **6,503.35** | **509.40** | | **7,012.75** |
| **Clearing charges paid:** | | | | |
| Apollo Fiege Integrated Logistics Pvt. Ltd. | | 26.34 | | 26.34 |
| **Warehouse management charges paid:** | | | | |
| Apollo Fiege Integrated Logistics Pvt. Ltd. | | 69.28 | | 69.28 |
| **Legal and professional charges paid:** | | | | |
| Amarchand and Mangaldas | | 0.65 | | 0.65 |
| J Sagar & Associates | | 4.82 | | 4.82 |
| Shardul Amarchand Mangaldas & Co. | | 5.76 | | 5.76 |
| | | **11.23** | | **11.23** |
| **Reimbursement of expenses paid:** | | | | |
| PTL Enterprises Ltd. | | 634.62 | | 634.62 |

₹ Million

| Particulars | Subsidiaries | Companies in which directors are interested | Key management personnel | Total |
|---|---|---|---|---|
| Classic Auto Tubes Ltd. | | 364.09 | | 364.09 |
| Apollo Vredestein B.V. | 3.70 | | | 3.70 |
| Apollo Tyres Thailand Ltd. | 14.14 | | | 14.14 |
| Apollo Tyres Middle East Fze. | 5.32 | | | 5.32 |
| Apollo International Ltd. | | 0.32 | | 0.32 |
| Apollo Tyres (UK) Pvt. Ltd. | 0.55 | | | 0.55 |
| Apollo Tyres Africa (Pty) Ltd. | 1.06 | | | 1.06 |
| Apollo Tyres (Hungary) Kft | 10.46 | | | 10.46 |
| Apollo Tyres Holdings (Singapore) Pte Ltd. | 0.42 | | | 0.42 |
| Apollo Vredestein Italia S.r.l | 0.46 | | | 0.46 |
| Apollo Vredestein Schweiz AG | 0.44 | | | 0.44 |
| | **36.55** | **999.03** | | **1,035.58** |
| **Payment for services received:** | | | | |
| Artemis Medicare Services Ltd. | | 10.08 | | 10.08 |
| Classic Auto Tubes Ltd. | | 0.63 | | 0.63 |
| | | **10.71** | | **10.71** |
| **Cross charge of R & D expenses paid:** | | | | |
| Apollo Tyres Global R & D B.V. | 905.24 | | | 905.24 |
| **Cross charge of other expenses paid:** | | | | |
| Apollo Tyres (UK) Pvt. Ltd. | 751.56 | | | 751.56 |
| Apollo Tyres Holdings (Singapore) Pte Ltd. | 133.05 | | | 133.05 |
| | **884.61** | | | **884.61** |
| **Lease rent paid:** | | | | |
| PTL Enterprises Ltd. | | 458.96 | | 458.96 |
| **Rent paid:** | | | | |
| Sunlife Tradelinks | | 24.06 | | 24.06 |
| Land Mark Farms & Housing | | 24.00 | | 24.00 |
| Regent Properties | | 21.60 | | 21.60 |
| Classic Auto Tubes Ltd. | | 0.12 | | 0.12 |
| Milers Global Pvt. Ltd. | | 3.01 | | 3.01 |
| | | **72.79** | | **72.79** |
| **Conversion charges paid:** | | | | |
| Classic Auto Tubes Ltd. | | 964.34 | | 964.34 |
| **Mixing charges paid:** | | | | |
| Classic Auto Tubes Ltd. | | 275.76 | | 275.76 |
| **Travelling expenses paid:** | | | | |
| Bespoke Tours & Travels Ltd. | | 273.62 | | 273.62 |
| **Conference expenses:** | | | | |
| Bespoke Tours & Travels Ltd. | | 67.28 | | 67.28 |
| **Security deposits given:** | | | | |
| PTL Enterprises Ltd. | | 100.00 | | 100.00 |
| **Commision received:** | | | | |
| Apollo Finance Ltd. | | 0.52 | | 0.52 |
| **Commssion on sales paid** | | | | |
| Apollo Tyres Thailand Ltd. | 30.18 | | | 30.18 |

₹ Million

| Particulars | Subsidiaries | Companies in which directors are interested | Key management personnel | Total |
|---|---|---|---|---|
| Apollo Tyres Middle East Fze. | 22.63 | | | 22.63 |
| | **52.81** | | | **52.81** |
| **Short-term advances given:** | | | | |
| Apollo Tyres (Greenfield) Co-operatief U.A. | 2,916.08 | | | 2,916.08 |
| **Refund of short-term advances:** | | | | |
| Apollo Tyres (Greenfield) Co-operatief U.A. | 2,916.08 | | | 2,916.08 |
| **Managerial remuneration:** | | | | |
| Mr. Onkar S. Kanwar | | | 532.77 | 532.77 |
| Mr. Neeraj Kanwar | | | 352.32 | 352.32 |
| Mr. Sunam Sarkar | | | 5.39 | 5.39 |
| | | | **890.48** | **890.48** |
| **Amount outstanding** | | | | |
| **Trade payable:** | | | | |
| Apollo Tyres AG, Switzerland | 2.64 | | | 2.64 |
| Apollo Vredestein B.V. | 2.78 | | | 2.78 |
| Apollo Tyres (UK) Pvt. Ltd. | 131.32 | | | 131.32 |
| Apollo Tyres Global R&D | 134.74 | | | 134.74 |
| Apollo Tyres Middle East Fze. | 16.24 | | | 16.24 |
| Classic Auto Tubes Ltd. | | 32.33 | | 32.33 |
| Apollo Tyres (Thailand) Ltd. | 6.75 | | | 6.75 |
| Apollo Fiege Integrated Logistics Pvt. Ltd. | | 8.14 | | 8.14 |
| Artemis Medicare Services Ltd. | | 0.01 | | 0.01 |
| J Sagar Associates | | 0.32 | | 0.32 |
| Apollo Tyres Holdings (Singapore) Pte Ltd. | 849.78 | | | 849.78 |
| Apollo Vredestein Schweiz AG | 0.44 | | | 0.44 |
| | **1,144.69** | **40.80** | | **1,185.49** |
| **Other current liabilities:** | | | | |
| Apollo Vredestein B.V. | 4.60 | | | 4.60 |
| Classic Auto Tubes Ltd. | | 21.64 | | 21.64 |
| Apollo Vredestein Tires Inc. | 0.06 | | | 0.06 |
| | **4.66** | **21.64** | | **26.30** |
| **Other Non-current assets (financial/non-financial):** | | | | |
| PTL Enterprises Ltd. | | 500.00 | | 500.00 |
| Sunlife Tradelinks | | 5.86 | | 5.86 |
| Land Mark Farms & Housing | | 6.00 | | 6.00 |
| Regent Properties | | 5.40 | | 5.40 |
| Milers Global Pvt. Ltd. | | 0.75 | | 0.75 |
| Classic Auto Tubes Ltd. | | 75.37 | | 75.37 |
| | | **593.38** | | **593.38** |
| **Trade receivable:** | | | | |
| Apollo Vredestein B.V. | 233.46 | | | 233.46 |
| Apollo Tyres Africa (Pty) Ltd. | 90.82 | | | 90.82 |
| Apollo Tyres Middle East Fze. | 90.95 | | | 90.95 |
| Classic Auto Tubes Ltd. | | 36.48 | | 36.48 |
| Apollo International Ltd | | 62.04 | | 62.04 |
| Apollo Intl. Trading LLC, Dubai | | 1.27 | | 1.27 |

₹ Million

| Particulars | Subsidiaries | Companies in which directors are interested | Key management personnel | Total |
|---|---|---|---|---|
| Apollo Tyres (Thailand) Ltd. | 205.71 | | | 205.71 |
| Apollo Tyres Global R & D B.V. | 1.23 | | | 1.23 |
| | **622.17** | **99.79** | | **721.96** |
| **Other current assets:** | | | | |
| Apollo Tyres Africa (Pty) Ltd. | 7.57 | | | 7.57 |
| Apollo Vredestein B.V. | 57.46 | | | 57.46 |
| PTL Enterprises Ltd. | | 77.45 | | 77.45 |
| Apollo International Ltd. | | 0.39 | | 0.39 |
| Classic Auto Tubes Ltd. | | 4.12 | | 4.12 |
| Bespoke Tours & Travels Ltd. | | 6.01 | | 6.01 |
| Apollo Tyres (Hungary) Kft | 16.32 | | | 16.32 |
| | **81.35** | **87.97** | | **169.32** |

#Cross charge of management expenses received includes recovery of salary adjusted in employee benefit expenses ₹ **50.96 Million** (₹ 57.82 Million)

## 25 DISCLOSURE REQUIRED BY REGULATION 33 OF SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 REGARDING THE RELATED PARTIES

Amount of loans/advances in the nature of loans outstanding from subsidiaries and companies in which directors are interested

₹ Million

| Particulars | Outstanding as at the end of the year | Maximum amount outstanding during the year | Investments in shares of the Company |
|---|---|---|---|
| **Subsidiaries** | | | |
| **2016-17** | | | |
| Apollo Tyres (Green Field) B.V. | 1,732.31 | 1,732.31 | – |
| **2015-16** | | | |
| Apollo Tyres (Green Field) B.V. | – | – | 2.74 |
| Apollo Tyres Co-operatief U.A. - wholly owned subsidiary* | – | – | 2,755.29 |
| **2014-15** | | | |
| Apollo Tyres (Green Field) Co-operatief U.A. | – | – | 4.05 |
| Apollo South Africa (Holdings) Proprietary Ltd.* | – | – | 1,151.34 |
| Apollo Tyres (Cyprus) Pvt Ltd. | – | – | 174.17 |
| Apollo Tyres Co-operatief U.A. - wholly owned subsidiary* | – | – | 7,098.93 |
| **Companies in which directors are interested** | | | |
| **PTL Enterprises Ltd. (PTL)** | | | |
| 2016-17 (Trade advance) | 56.43 | 56.43 | – |
| 2015-16 (Trade advance) | 77.45 | 77.45 | – |
| 2014-15 (Trade advance) | 31.84 | 31.84 | – |

*Investment in Apollo South Africa (Holdings) Proprietary Ltd. has been transferred to Apollo Tyres Co-operatief U.A. as part of internal restructuring during FY 2015-16.

## 26 SEGMENT REPORTING

The company has opted to provide segment information in its consolidated Ind AS financial statement in accordance with para 4 of Ind AS 108 - Operating Segments.

## 27 DISCLOSURE IN RESPECT OF SPECIFIED BANK NOTES (SBN) AS SPECIFIED BY MINISTRY OF CORPORATE AFFAIRS (MCA) VIDE NOTIFICATION NO. G.S.R. 308(E) DATED MARCH 30, 2017

₹ Million

| Particulars | SBN | Other denomination notes | Total |
|---|---|---|---|
| Closing cash in hand as on November 8, 2016 | 1.59 | 0.61 | 2.20 |
| Add: Permitted receipts | 0.15 | 8.50 | 8.65 |
| Less: Permitted payments | 0.32 | 6.57 | 6.89 |
| Less: Amount deposited in Banks | 1.42 | 0.03 | 1.45 |
| Closing cash in hand as on December 30, 2016 | - | 2.51 | 2.51 |

## 28 EVENTS AFTER BALANCE SHEET DATE

The Board of Directors have recommended a final dividend of ₹ 3.00 per share amounting to ₹ 1,527.07 Million on Equity Shares of ₹ 1/- each for the year, subject to approval from Shareholders. Dividend distribution tax on the same amounts to ₹ 310.88 Million.

## 29 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved for issue by the board of directors on May 5, 2017.

## 30 EARNINGS PER SHARE (EPS) – THE NUMERATOR AND DENOMINATOR USED TO CALCULATE BASIC AND DILUTED EARNINGS PER SHARE

| Particulars | 2016-17 | 2015-16 |
|---|---|---|
| **Basic & Diluted Earnings Per Share** | | |
| Profit attributable to the equity shareholders used as numerator (₹ Million) - (A) | 8,027.58 | 10,021.49 |
| The weighted average number of equity shares outstanding during the year used as denominator - (B) | 509,024,770 | 509,024,770 |
| Basic/diluted earnings per share (₹) – (A) / (B) (Face value of ₹ 1 each) | 15.77 | 19.69 |

For and on behalf of the Board of Directors

ONKAR S. KANWAR
Chairman & Managing Director

NEERAJ KANWAR
Vice Chairman & Managing Director

S. NARAYAN
Director

GAURAV KUMAR
Chief Financial Officer

SEEMA THAPAR
Company Secretary

Gurgaon
May 5, 2017

## Consolidated Financial Statements



# Independent Auditor's Report

TO THE MEMBERS OF APOLLO TYRES LTD.

## REPORT ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

We have audited the accompanying consolidated Ind AS financial statements of **Apollo Tyres Ltd.** (hereinafter referred to as "the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), its associate and its joint venture, comprising the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

## MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

The Parent's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and statement of changes in equity of the Group including its Associate and Joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associate and joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate and its joint venture and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Parent, as aforesaid.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

## OPINION

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on the subsidiaries, associate and joint venture referred to below in the Other Matters paragraph, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associate and joint venture as at

March 31, 2017, and their consolidated profit, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

## OTHER MATTERS

(a) We did not audit the financial statements of 41 subsidiaries, whose financial statements reflect total assets of ₹ 71,107.39 Million as at March 31, 2017, total revenues of ₹ 62,147.61 Million and net cash outflows amounting to ₹ 1,062.07 Million for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of net loss of ₹ 3.05 Million for the year ended March 31, 2017, as considered in the consolidated Ind AS financial statements, in respect of an associate and a joint venture, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint venture and associate, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, joint venture and associate is based solely on the reports of the other auditors.

(b) We did not audit the financial statements of a subsidiary, whose financial statements reflect total assets of ₹ 1,731.74 Million as at March 31, 2017, total revenues of Nil and net cash inflows amounting to ₹ 0.81 Million for the year ended on that date, as considered in the consolidated Ind AS financial statements. This financial statement is unaudited and has been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, this financial statement is not material to the Group.

Our opinion on the consolidated Ind AS financial statements above, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Parent as on March 31, 2017 taken on record by the Board of Directors of the Parent, none of the directors of the Parent company is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the parent. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Parent's internal financial controls over financial reporting. The parent company does not have any subsidiary companies, associates and joint ventures incorporated in India.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associate and joint venture.

ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Parent other than ₹ 4.99 Million (₹ 4.36 Million as on March 31, 2016 and ₹ 3.60 Million as on April 1, 2015) which has not been transferred as per the orders/instructions of the Special Court (Trial of Offences relating to Transactions in Securities), Mumbai. The Parent does not have any subsidiary companies, associates and joint venture companies incorporated in India.

iv. The Parent has provided requisite disclosures in the consolidated Ind AS financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the November 08, 2016 of the Ministry of Finance, during the period from November 08, 2016 to December 30, 2016 of the Parent Company. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the relevant books of accounts maintained by the parent Company for the purpose of preparation of the consolidated Ind AS financial statements and as produced to us by the management of the Parent Company. The Parent Company does not have any subsidiary companies, associates and joint venture companies incorporated in India.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 008072S)

M. K. ANANTHANARAYANAN
Partner
(Membership No. 19521)

Gurgaon,
May 5, 2017

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# ANNEXURE "A"
## TO THE INDEPENDENT AUDITORS' REPORT

**(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)**

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Apollo Tyres Ltd. (hereinafter referred to as "the parent") as of that date. The parent does not have any subsidiary companies, associates and joint venture companies incorporated in India.

### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Board of Directors of the parent is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the parent's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the parent's internal financial controls system over financial reporting.

## MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

## INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## OPINION

In our opinion to the best of our information and according to the explanations given to us, the parent has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 008072S)

M. K. ANANTHANARAYANAN
Partner
(Membership No. 19521)

Gurgaon,
May 5, 2017

# Consolidated Balance Sheet

AS ON MARCH 31, 2017

₹ Million

| Particulars | Notes | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|---|
| **A. ASSETS** | | | | |
| **1. Non-Current Assets** | | | | |
| (a) Property, plant & equipments | B1 | 60,381.65 | 45,559.49 | 45,613.91 |
| (b) Capital work-in-progress | | 28,723.43 | 9,694.07 | 2,197.02 |
| (c) Goodwill | C4 | 1,773.58 | 1,982.37 | – |
| (d) Other intangible assets | B1 | 4,759.77 | 4,594.20 | 1,979.15 |
| (e) Intangible assets under development | | 427.49 | 242.29 | – |
| (f) Financial assets | | | | |
| i. Investment in joint venture | C20 | – | 29.70 | 58.27 |
| ii. Other investments | B2 | 17.49 | 12.08 | 10.63 |
| iii. Loans | B3 | 24.14 | 21.50 | 15.05 |
| iv. Other financial assets | B4 | 973.82 | 1,421.76 | 1,560.61 |
| (g) Deferred tax assets (net) | C11 | 629.26 | 602.08 | 319.69 |
| (h) Other non-current assets | B5 | 5,199.24 | 6,357.35 | 1,072.25 |
| **Total Non-Current Assets** | | **102,909.87** | **70,516.89** | **52,826.58** |
| **2. Current Assets** | | | | |
| (a) Inventories | B6 | 26,455.26 | 19,390.88 | 17,636.13 |
| (b) Financial assets | | | | |
| i. Investments | B7 | 3,944.44 | 5,017.68 | 1,083.05 |
| ii. Trade receivables | B8 | 11,274.96 | 10,843.48 | 9,589.52 |
| iii. Cash and cash equivalents | B9 | 3,308.94 | 5,899.93 | 5,868.98 |
| iv. Other bank balances | B10 | 60.23 | 42.06 | 76.92 |
| v. Loans | B11 | 38.94 | 36.95 | 14.78 |
| vi. Other financial assets | B12 | 410.76 | 810.45 | 971.75 |
| (c) Other current assets | B13 | 4,601.36 | 3,503.98 | 2,791.93 |
| **Total Current Assets** | | **50,094.89** | **45,545.41** | **38,033.06** |
| **3. Assets held for sale** | | – | 475.93 | 492.56 |
| **TOTAL ASSETS (1+2+3)** | | **153,004.76** | **116,538.23** | **91,352.20** |
| **B. EQUITY AND LIABILITIES** | | | | |
| **1. Equity** | | | | |
| (a) Equity share capital | B14 | 509.02 | 509.02 | 509.09 |
| (b) Other equity | | 72,390.52 | 65,537.13 | 53,681.27 |
| **Total Equity** | | **72,899.54** | **66,046.15** | **54,190.36** |
| **LIABILITIES** | | | | |
| **2. Non-Current Liabilities** | | | | |
| (a) Financial liabilities | | | | |
| i Borrowings | B15 | 21,559.04 | 6,492.72 | 4,104.98 |
| ii Other financial liabilities | B16 | 504.97 | 521.27 | 1.59 |
| (b) Provisions | B17 | 343.75 | 364.36 | 402.97 |
| (c) Deferred tax liabilities (net) | C11 | 7,661.14 | 7,011.84 | 6,110.48 |
| (d) Other non-current liabilities | B18 | 5,217.17 | 1,628.72 | 1,391.67 |
| **Total Non-Current Liabilities** | | **35,286.07** | **16,018.91** | **12,011.69** |
| **3. Current Liabilities** | | | | |
| (a) Financial liabilities | | | | |
| i. Borrowings | B19 | 10,886.27 | 7,398.99 | 4,666.36 |
| ii. Trade payables | B20 | 17,317.56 | 15,431.67 | 8,909.97 |
| iii. Other financial liabilities | B21 | 8,945.65 | 4,224.34 | 5,219.76 |
| (b) Other current liabilities | B22 | 2,553.23 | 2,657.93 | 2,903.99 |
| (c) Provisions | B23 | 4,042.67 | 3,291.67 | 2,845.06 |
| (d) Current tax liabilities (net) | B24 | 1,073.77 | 1,468.57 | 605.01 |
| **Total Current Liabilities** | | **44,819.15** | **34,473.17** | **25,150.15** |
| **TOTAL EQUITY AND LIABILITIES (1+2+3)** | | **153,004.76** | **116,538.23** | **91,352.20** |
| See accompanying notes forming part of the financial statements | | | | |

In terms of our report attached

For and on behalf of the Board of Directors

For DELOITTE HASKINS & SELLS
Chartered Accountants

ONKAR S. KANWAR
Chairman & Managing Director

NEERAJ KANWAR
Vice Chairman & Managing Director

S. NARAYAN
Director

M. K. ANANTHANARAYANAN
Partner

GAURAV KUMAR
Chief Financial Officer

SEEMA THAPAR
Company Secretary

Gurgaon
May 5, 2017

# Consolidated Statement of Profit & Loss

## FOR THE YEAR ENDED MARCH 31, 2017

₹ Million

| Particulars | | Notes | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|---|---|
| **1.** | **Revenue from Operations** | | | |
| | Gross sales | | 140,528.89 | 127,428.64 |
| | Other operating income | B25 | 1,170.67 | 1,086.68 |
| | | | **141,699.56** | **128,515.32** |
| **2.** | **Other Income** | B26 | 1,541.27 | 679.80 |
| **3.** | **Total Revenue (1 +2)** | | **143,240.83** | **129,195.12** |
| **4.** | **Expenses** | | | |
| | (a) Cost of materials consumed | B27 | 60,449.61 | 53,542.17 |
| | (b) Purchase of stock-in-trade | B27 | 10,807.37 | 6,057.54 |
| | (c) Changes in inventories of finished goods, work-in progress & stock-in-trade | | (2,356.44) | (51.82) |
| | (d) Excise duty on sales | | 9,899.20 | 10,029.73 |
| | (e) Employee benefits expense | B27 | 17,420.70 | 15,707.87 |
| | (f) Finance costs | B28 | 1,028.81 | 926.01 |
| | (g) Depreciation & amortisation expense | B1 | 4,618.13 | 4,267.87 |
| | (h) Other expenses | B27 | 27,014.95 | 23,255.22 |
| | **Total Expenses** | | **128,882.33** | **113,734.59** |
| **5.** | **Profit before Exceptional items and Tax (3 - 4)** | | 14,358.50 | 15,460.53 |
| **6.** | **Exceptional items** | | – | 477.71 |
| **7.** | **Share of loss in Joint Venture** | | (3.05) | (31.75) |
| **8.** | **Profit before Tax (5 + 6 + 7)** | | **14,355.45** | **15,906.49** |
| **9.** | **Tax Expense** | C11 | | |
| | (a) Current tax expense | | 2,763.88 | 4,318.77 |
| | (b) MAT credit | | (225.74) | – |
| | (c) Net current tax expense | | **2,538.14** | **4,318.77** |
| | (d) Deferred tax | | 827.32 | 358.12 |
| | Total | | **3,365.46** | **4,676.89** |
| **10.** | **Profit after Tax (8 - 9)** | | 10,989.99 | 11,229.60 |
| **11.** | **Other Comprehensive Income** | | | |
| I | i. Items that will not be reclassified to profit or loss | | | |
| | (a) Remeasurement of defined benefit plans | | (9.22) | 57.56 |
| | ii. Income tax | | 2.15 | (2.57) |
| | | | **(7.07)** | **54.99** |
| II | i. Items that may be reclassified to profit or loss | | | |
| | (a) Exchange differences in translating the financial statements of foreign operations | | (2,815.14) | 1,885.77 |
| | (b) Effective portion of loss on designated portion of hedging instruments in a cash flow hedge | | (118.66) | (19.80) |
| | | | **(2,933.80)** | **1,865.97** |
| | ii. Income tax | | 41.07 | 6.85 |
| | | | **(2,892.73)** | **1,872.82** |
| | **Other Comprehensive Income (I + II)** | | **(2,899.80)** | **1,927.81** |
| | **Total Comprehensive Income (10 + 11)** | | **8,090.19** | **13,157.41** |
| | **Earnings per equity share of ₹ 1 each:** | C28 | | |
| | (a) Basic | | 21.59 | 22.06 |
| | (b) Diluted | | 21.59 | 22.06 |
| | See accompanying notes forming part of the financial statements | | | |

In terms of our report attached

For and on behalf of the Board of Directors

For DELOITTE HASKINS & SELLS
Chartered Accountants

ONKAR S. KANWAR
Chairman & Managing Director

NEERAJ KANWAR
Vice Chairman & Managing Director

S. NARAYAN
Director

M. K. ANANTHANARAYANAN
Partner

GAURAV KUMAR
Chief Financial Officer

SEEMA THAPAR
Company Secretary

Gurgaon
May 5, 2017

# Consolidated Statement of Changes in Equity

## OTHER EQUITY

₹ Million

| Particulars | Reserves and Surplus | | | | | | | | | Items of other comprehensive income | | | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Securities premium reserve | General reserve | Capital reserve on consolidation | Capital reserve on Mauritius merger | Debenture redemption reserve | Capital subsidy | Capital redemption reserve | Capital reserve on forfeiture of shares | Retained earnings | Revaluation surplus | Foreign currency translation reserve | Actuarial gain/ (loss) | Cash flow hedge reserve | |
| **Balance at April 1, 2015** | **6,085.71** | **10,006.63** | **2,664.95** | **1,383.68** | **958.33** | **25.50** | **44.40** | **–** | **36,814.72** | **31.22** | **(3,889.01)** | **(459.17)** | **14.31** | **53,681.27** |
| Profit for the year | | | | | | | | | 11,229.60 | | | | | 11,229.60 |
| Other comprehensive income (OCI) for the year | | | | | | | | | | | 1,885.77 | 57.56 | (19.80) | 1,923.53 |
| Income tax on OCI items | | | | | | | | | | | | (2.57) | 6.85 | 4.28 |
| **Total comprehensive income for the year** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **11,229.60** | **–** | **1,885.77** | **54.99** | **(12.95)** | **13,157.41** |
| Payment of dividend (₹ 2 per share) | | | | | | | | | (1,018.05) | | | | | (1,018.05) |
| Tax on dividend | | | | | | | | | (283.57) | | | | | (283.57) |
| Forefeited shares transferred (refer note B 14) | | | | | | | | 0.07 | | | | | | 0.07 |
| Transfer from/(to) retained earnings | | 1,000.00 | | | (583.33) | | | | (416.67) | | | | | – |
| **Balance at March 31, 2016** | **6,085.71** | **11,006.63** | **2,664.95** | **1,383.68** | **375.00** | **25.50** | **44.40** | **0.07** | **46,326.03** | **31.22** | **(2,003.24)** | **(404.18)** | **1.36** | **65,537.13** |
| Profit for the year | | | | | | | | | 10,989.99 | | | | | 10,989.99 |
| Items of other comprehensive income (OCI) | | | | | | | | | | | (2,815.14) | (9.22) | (118.66) | (2,943.02) |
| Income tax on OCI items | | | | | | | | | | | | 2.15 | 41.07 | 43.22 |
| **Total comprehensive income for the year** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **10,989.99** | **–** | **(2,815.14)** | **(7.07)** | **(77.59)** | **8,090.19** |
| Payment of dividend (₹ 2 per share) | | | | | | | | | (1,018.05) | | | | | (1,018.05) |
| Tax on dividend | | | | | | | | | (218.75) | | | | | (218.75) |
| Transfer from/(to) retained earnings | | 1,000.00 | | | 94.12 | | | | (1,094.12) | | | | | – |
| **Balance at March 31, 2017** | **6,085.71** | **12,006.63** | **2,664.95** | **1,383.68** | **469.12** | **25.50** | **44.40** | **0.07** | **54,985.10** | **31.22** | **(4,818.38)** | **(411.25)** | **(76.23)** | **72,390.52** |

In terms of our report attached

For and on behalf of the Board of Directors

For DELOITTE HASKINS & SELLS
Chartered Accountants

ONKAR S. KANWAR
Chairman & Managing Director

NEERAJ KANWAR
Vice Chairman & Managing Director

S. NARAYAN
Director

M. K. ANANTHANARAYANAN
Partner

GAURAV KUMAR
Chief Financial Officer

SEEMA THAPAR
Company Secretary

Gurgaon
May 5, 2017

# Consolidated Cash Flow Statement

FOR THE YEAR ENDED MARCH 31, 2017

₹ Million

| Particulars | Year ended March 31, 2017 | | Year ended March 31, 2016 | |
|---|---|---|---|---|
| **A CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| **(i) Net profit before tax** | | 14,355.45 | | 15,906.49 |
| **Add: Adjustments for** | | | | |
| Depreciation and amortisation expenses | 4,618.13 | | 4,267.87 | |
| Loss on sale of tangible fixed assets (net) | 35.17 | | 23.91 | |
| Exceptional items | – | | (477.71) | |
| (Profit) on sale of investments | – | | (0.25) | |
| Dividend from long-term & current investments | (84.59) | | (79.72) | |
| Provision made for doubtful trade receivables/advances | – | | 86.84 | |
| Provision for impairment of investment & loan in joint venture | 185.99 | | – | |
| Provision for constructive liability | (10.96) | | (7.79) | |
| Provision for compensated absences & superannuation | (18.13) | | 47.02 | |
| Liabilities/provisions no longer required written back | (67.66) | | (3.24) | |
| Provision for jubilee benefits | (9.98) | | 34.46 | |
| Finance cost | 1,028.81 | | 926.01 | |
| Interest income | (389.91) | | (199.94) | |
| Provision for estimated loss on derivatives | 7.05 | | (34.40) | |
| Unwinding of deferred income | (329.87) | | (234.40) | |
| Share of loss in joint venture | 3.05 | | 31.75 | |
| Unrealised (gain)/loss on foreign exchange fluctuations | (278.49) | **4,688.61** | (15.36) | **4,365.05** |
| **(ii) Operating profit before working capital changes** | | **19,044.06** | | **20,271.54** |
| **Changes in working capital** | | | | |
| Adjustments for (increase)/decrease in operating assets | | | | |
| Inventories | (7,827.86) | | (163.77) | |
| Trade receivables | (1,114.08) | | (256.47) | |
| Short term loans | (3.53) | | (22.17) | |
| Other financial assets | (45.80) | | 146.37 | |
| Other current assets | (1,176.85) | | (302.15) | |
| Long-term loans | (3.35) | | (6.45) | |
| Other non current financial assets | 19.10 | | (149.13) | |
| Other non-current assets | – | **(10,152.37)** | 370.90 | **(382.87)** |
| Adjustments for increase/(decrease) in operating liabilities | | | | |
| Trade payables | 2,743.18 | | 3,820.75 | |
| Other financial liabilities | 38.38 | | 142.37 | |
| Other current liabilities | (89.51) | | (539.14) | |
| Other non-current liabilities | (128.69) | | (70.46) | |
| Other non-current financial liabilities | (20.89) | | 19.43 | |
| Long-term provisions | 39.98 | | (86.34) | |
| Short-term provisions | 814.48 | **3,396.93** | 302.80 | **3,589.41** |
| **(iii) Cash generated from operations** | | **12,288.62** | | **23,478.08** |
| Less: Direct taxes paid (net of refund) | 3,264.08 | | 3,913.62 | |
| Add: Exceptional item | – | **3,264.08** | (1,660.51) | **2,253.11** |
| **Net Cash Flow from Operating Activities (A)** | | **9,024.54** | | **21,224.97** |
| **B CASH FLOW FROM INVESTING ACTIVITIES** | | | | |
| Purchase of fixed assets | (33,189.89) | | (16,212.86) | |
| Proceeds from sale of fixed assets | 77.53 | | 55.16 | |
| Proceeds from sale of assets held for sale | 475.93 | | – | |
| Investment on acquisition of subsidiary | – | | (2,893.37) | |
| Investments in mutual funds | (2,226.76) | | (134.63) | |
| Long-term investment made | (5.52) | | (2.04) | |
| Proceeds from sale of long-term investment | 0.11 | | 0.84 | |
| Long-term fixed term deposits with banks matured | 7.30 | | 39.93 | |
| Investment in inter corporate deposits | 3,300.00 | | (3,800.00) | |
| Dividends received from long-term & current investments | 84.59 | | 79.72 | |
| State aid subsidy received | 1,653.43 | | – | |

# Consolidated Cash Flow Statement (Contd.)

FOR THE YEAR ENDED MARCH 31, 2017

₹ Million

| Particulars | Year ended March 31, 2017 | | Year ended March 31, 2016 | |
|---|---|---|---|---|
| Interest received | 404.33 | | 39.61 | |
| **Net Cash used in Investing Activities (B)** | | **(29,418.95)** | | **(22,827.64)** |
| **C CASH FLOW FROM FINANCING ACTIVITIES** | | | | |
| Long-term borrowings (net of repayments) | 15,781.36 | | 582.25 | |
| Short-term borrowings (net of repayments) | 5,060.02 | | (880.37) | |
| Payment of dividends (including dividend tax) | (1,236.80) | | (1,301.62) | |
| Finance charges paid | (658.28) | | (946.87) | |
| **Net Cash Flow from/(used in) Financing Activities (C)** | | **18,946.30** | | **(2,546.61)** |
| **D EFFECT OF FOREIGN CURRENCY FLUCTUATION ARISING OUT OF CONSOLIDATION (D)** | | (640.28) | | 59.92 |
| Net decrease in cash & cash equivalents (A+B+C+D) | | **(2,088.39)** | | **(4,089.36)** |
| Cash & cash equivalents as at the beginning of the year | | 5,899.93 | | 5,868.98 |
| Less: Cash credits/bank overdrafts as at the beginning of the year | | 3,624.12 | | 1.16 |
| | | **2,275.81** | | **5,867.82** |
| Loss/(gain) on reinstatement of foreign currency cash & cash equivalents | | 4.36 | | (6.57) |
| **Adjusted cash & cash equivalents as at beginning of the year** | | **2,280.17** | | **5,861.25** |
| Cash & cash equivalents acquired on acquisition of subsidiary during the year | | – | | 508.28 |
| Cash & cash equivalents as at the end of the year | | 3,308.94 | | 5,899.93 |
| Less: Cash credits/bank overdrafts as at the end of the year | | 3,117.81 | | 3,624.12 |
| | | **191.13** | | **2,275.81** |
| Loss/(gain) on reinstatement of foreign currency cash & cash equivalents | | 0.65 | | 4.36 |
| **Adjusted cash & cash equivalents as at the end of the year** | | **191.78** | | **2,280.17** |

In terms of our report attached

For and on behalf of the Board of Directors

For DELOITTE HASKINS & SELLS
Chartered Accountants

ONKAR S. KANWAR
Chairman & Managing Director

NEERAJ KANWAR
Vice Chairman & Managing Director

S. NARAYAN
Director

M. K. ANANTHANARAYANAN
Partner

GAURAV KUMAR
Chief Financial Officer

SEEMA THAPAR
Company Secretary

Gurgaon
May 5, 2017

# A. Notes
## FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

**1. GROUP CORPORATE INFORMATION**

The Apollo Tyres Group consists of Apollo Tyres Limited (the 'Company'), the ultimate holding company with several foreign subsidiaries, an associate and a joint venture (together the 'Group'). Established in 1972, the Group is in the business of manufacture and sale of tyres. The Group has its headquarters in Gurgaon, India and operations all across the globe.

The product portfolio of the Group consists tyres of passenger car, sports utility vehicle, multi utility vehicle, light truck, truck–bus, agriculture, industrial, specialty, bicycle and off highway tyres, retreading material and tyres, alloy wheels and two wheeler tyres.

**2. RECENT ACCOUNTING PRONOUNCEMENTS STANDARDS ISSUED BUT NOT YET EFFECTIVE**

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7 *Statement of cash flows* and Ind AS 102 *Share-based payment.* These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7 *Statement of cash flows* and IFRS 2 *Share-based payment* respectively. The amendments are applicable to the Group from April 1, 2017.

**Amendment to Ind AS 7 *Statement of cash flows***

The amendment to Ind AS 7 *Statement of cash flows* requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

**Amendment to Ind AS 102 *Share-based payment***

The amendment to Ind AS 102 *Share-based payment* provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

**3. BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Statement of Compliance**

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified under the Companies (Indian Accounting Standards) Rules, 2015.

Beginning April 1, 2016, the Group has for the first time adopted Ind AS with a transition date of April 1, 2015. The financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable.

**3.2 Basis of Preparation and Presentation of Consolidated Financial Statements**

The consolidated financial statements have been prepared on accrual basis under the historical cost convention except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/

or disclosure purposes in these consolidated financial statements is determined on above basis, except for share-based payment transactions that are within the scope of Ind AS 102 *Share Based Payment*, lease transactions that are within the scope of Ind AS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 *Inventories* or value in use in Ind AS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below:

### 3.3 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;

- has the ability to use its power to affect its return; and

- is exposed, or has rights, to variable returns from its involvement with the investee.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

### 3.4 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange of control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 *Income Taxes* and Ind AS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill or capital reserve, as the case maybe. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at fair values at subsequent reporting dates with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Business combinations involving entities or businesses under common control has been accounted for using the pooling of interests method.

The pooling of interest method is considered to involve the following:

(i) The assets and liabilities of the combining entities are reflected at their carrying amounts.

(ii) No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies.

(iii) The financial information in the financial statements in respect of prior periods has been restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the business combination.

(iv) The identity of the reserves has been preserved and appear in the financial statements of the transferee in the same form in which they appeared in the financial statements of the transferor.

### 3.5 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with Ind AS 105 *Non-current Assets Held for Sale and Discontinued Operations.* Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit and loss of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised directly in equity as capital reserve in the period in which the investment is acquired.

After application of the equity method of accounting, the Group determines whether there is any objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment in an associate or a joint venture and that event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. If there exists such an objective evidence of impairment, then it is necessary to recognize impairment loss with respect to the Groups investment in an associate or a joint venture.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with Ind AS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with Ind AS 36 *Impairment of Assets* to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with Ind AS 109 *Financial Instruments.* The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

**3.6 Non-current assets held for sale**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or joint venture.

After the disposal takes place, the Group accounts for any retained interest in the associate or joint venture in accordance with Ind AS 109 *Financial Instruments* unless the retained interest continues to be an associate or a joint venture, in which case the Group uses the equity method.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

**3.7 Inventories**

Inventories are valued at the lower of cost and estimated net realizable value (net of allowances) after providing for obsolescence and other losses, where considered necessary. The cost comprises of cost of purchase, cost of conversion and other costs including appropriate production overheads in the case of finished goods and work-in-progress, incurred in bringing such inventories to their present location and condition. Trade discounts or rebates are deducted in determining the costs of purchase. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

In case of raw materials, stores & spares and traded goods, cost (net of Cenvat/VAT credits wherever applicable) is determined on a moving weighted average basis, and, in case of work-in-progress and finished goods, cost is determined on a First In First Out basis.

**3.8 Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

**Current Tax**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable income tax laws of the country in which the respective entities in the group are incorporated. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

**Deferred tax**

Deferred tax is recognized on temporary differences between the carrying amount of assets and liabilities in the financial statements and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which the temporary differences can be utilised and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

**Current and Deferred tax for the year**

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

**3.9 Property, Plant and Equipment (PPE)**

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. For qualifying assets, borrowing costs are capitalised in accordance with the Ind AS 23 *Borrowing Costs.* Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment are capitalised at costs relating to the acquisition and installation (net of Cenvat/VAT credits wherever applicable) and include finance cost on borrowed funds attributable to acquisition of qualifying fixed assets for the period up to the date when the asset is ready for its intended use, and adjustments arising from foreign exchange differences arising on foreign currency borrowings to the extent they are regarded as an adjustment to interest costs. Other incidental expenditure attributable to bringing the fixed assets to their working condition for intended use are capitalized. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

The estimated average useful life considered for the assets are as under.

| Category of Assets | No. of Years |
|---|---|
| Building | 5 - 60 |
| Plant & Machinery | 5 - 25 |
| Moulds | 4 - 8 |
| Material Handling Equipments | 4 - 15 |
| Computer Hardware | 3 - 5 |
| Motor Vehicles | 4 - 10 |
| Furniture & Fixtures | 4 - 10 |
| Office Equipment | 4 - 10 |

Leasehold land/Improvements thereon are amortized over the primary period of lease.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The Company has applied Ind AS 16 *Property, Plant and Equipment* retrospectively to its PPE and has not availed deemed cost exemption as available under Ind AS 101 *First-time Adoption of Indian Accounting Standards.*

## 3.10 Intangible Assets

**a)** Intangible assets with finite useful lives are carried at cost less accumulated amortisation and impairment losses, if any. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase/ completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

The intangible assets are amortised over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the group for its use. The amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

### Derecognition of intangible assets

An intangible asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

**b) Research and Development Expenses**

Internally generated intangible assets -Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Development costs of products are also charged to the Consolidated Statement of Profit and Loss unless a product's technological feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Property, Plant and Equipment utilised for research and development are capitalised and depreciated in accordance with the policies stated for Property, Plant and Equipment.

The estimated average useful life considered for the major intangible assets are as under.

| Category of Assets | No. of Years |
|---|---|
| Computer Software | 3 - 6 |
| Capitalised Development | 6 |

### c) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

### 3.11 Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16 *Property, Plant and Equipment* requirements for cost model, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with Ind AS 105 *Non-current Assets Held for Sale and Discontinued Operations.*

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the investment property (calculated as the difference between the net disposal proceeds and the net carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

### 3.12 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for customer returns, taxes on sales, estimated rebates and other similar allowances.

Revenue from sale of goods is recognized when the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership of the goods to the buyer which generally coincides with the delivery of goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over goods sold;
- the amount of revenue can be measured reliably:
- it is probable that the economic benefits associated with the transaction will flow to the Company;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from services is recognised when it is probable that the economic benefits associated with the transactions will flow to the group and related services have been rendered.

### 3.13 Other Income

Dividend income from investments is recognised when the right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

### 3.14 Employee Benefits

Employee benefits include wages & salaries, social security cost and other pension costs incurred by the group.

**Defined Contribution Plans**

Contributions to defined contribution plans are recognised as an expense when employees have rendered service entitling them to the contributions.

**Defined Benefit Plans**

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the consolidated balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement

The retirement benefit obligation recognised in the consolidated balance sheet represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

**Other Short-term and long-term employee benefits**

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

### 3.15 Government Grants, Subsidies and Export Incentives

Government grants and subsidies are recognised when there is reasonable assurance that the Group will comply with the conditions attached to them and the grants/subsidy will be received. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated balance sheet and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Revenue grant is recognised as an income in the period in which related obligation is met.

Export Incentives earned in the year of exports are treated as income and netted off from cost of raw material imported.

### 3.16 Foreign Currency Transactions and Translations

Foreign currency transactions are recorded at rates of exchange prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the rate of exchange prevailing at the year-end. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation) are translated into Indian Rupees using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising on translation, if any, are recognised in other comprehensive income and accumulated in equity.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In addition, in relation to a partial disposal of subsidiary that includes a foreign operation that does not result in the group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to the non controlling interests and are not recognised in the profit or loss. For all other partial disposals (i.e partial disposals of associates or joint arrangements that do not result in the group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to the identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

### 3.17 Employee Share Based Payments

Stock appreciation rights (Phantom stock units) are granted to employees under the Cash-settled Employee Share-based Payment Plan (Phantom Stock Plan).

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

### 3.18 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### 3.19 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

**Finance Lease (The Group as lessee)**

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

**Operating Lease (The Group as lessee)**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed or the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

### 3.20 Earnings per Share

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) 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 (including the post tax effect of extraordinary items, if any) 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. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits/reverse share splits and bonus shares, as appropriate.

### 3.21 Impairment of Tangible and Intangible Assets Other than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets or cash generating units to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, or whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**3.22 Provisions and Contingencies**

A provision is recognized when the Group has a present obligation (legal/constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Contingent liability is disclosed for (i) Possible obligation which will be confirmed only by future events not wholly within the control of the Group or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions for the expected cost of sales related obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the management's best estimate of the expenditure required to settle the group's obligation.

**3.23 Financial Instruments**

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

**3.24 Financial Assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

**3.24.1 Classification of financial asset**

Financial assets that meet the following conditions are subsequently measured at amortised cost less impairment loss [except for investments that are designated as at fair value through profit or loss (FVTPL) on initial recognition]:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI) (except for investments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and

- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

### 3.24.2 Amortised cost and Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the Other Income.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or

- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

### 3.24.3 Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Group irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for equity instruments which are not held for trading.

Debt instrument that do not meet the amortised cost criteria or fair value through other comprehensive income criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the fair value through other comprehensive income criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss is included in the other income line item. Dividend on financial assets at FVTPL is recognised when the group's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

### 3.24.4 Impairment of financial assets

The Group applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial assets, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the group expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The group estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instruments.

The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12-months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12-months.

If the group measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Group again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Group uses the change in the risk of a default occurring over the expected life of the financial instrument. To make that assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11, *Construction contracts* and Ind AS 18, *Revenue* the Group always measures the loss allowance at an amount equal to lifetime expected credit losses.

### 3.24.5 De recognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

### 3.24.6 Foreign Exchange gains and losses

The fair value of finanacial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL,the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in hedging relationship.

### 3.25 Financial Liabilities and Equity Instruments

#### 3.25.1 Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

#### 3.25.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

#### 3.25.3 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

#### 3.25.3.1 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or

- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 *Financial Instruments* permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109 *Financial Instruments*.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

#### 3.25.3.2 Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the finance costs line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

#### 3.25.3.3 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109 *Financial Instruments*; and

- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies of Ind AS 18 *Revenue*.

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in the Other income.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

**3.25.3.4 Derecognition of financial liabilities**

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

**3.26 Derivative Financial Instruments**

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

**3.27 Hedge Accounting**

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

**Cash flow hedges**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the Other income line item. Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

In cases where the designated hedging instruments are options and forward contracts, the Group has an option, for each designation, to designate on an instrument only the changes in intrinsic value of the options and spot element of forward contracts respectively as hedges. In such cases, the time value of the options is accounted based on the type of hedged item which those options hedge.

In case of transaction related hedged item in the above cases, the change in time value of the options is recognised in other comprehensive income to the extent it relates to the hedged item and accumulated in a separate component of equity i.e. Reserve for time value of options and forward elements of forward contracts in hedging relationship. This separate component is removed and directly included in the initial cost or other carrying amount of the asset or the liability (i.e. not as a reclassification adjustment thus not affecting other comprehensive income) if the hedged item subsequently results in recognition of a non-financial asset or a non-financial liability. In other cases, the amount accumulated is reclassified to profit or loss as a reclassification adjustment in the same period in which the hedged expected future cash flows affect profit or loss.

In case of time-period related hedged item in the above cases, the change in time value of the options is recognised in other comprehensive income to the extent it relates to the hedged item and accumulated in a separate component of equity i.e. Reserve for time value of options and forward elements of forward contracts in hedging relationship. The time value of options at the date of designation of the options in the hedging relationships is amortised on a systematic and rational basis over the period during which the options' intrinsic value could affect profit or loss. This is done as a reclassification adjustment and hence affects other comprehensive income.

In cases where only the spot element of the forward contracts is designated in a hedging relationship and the forward element of the forward contract is not designated, the Group makes the choice for each designation whether to recognise the changes in forward element of fair value of the forward contracts in profit or loss or to account for this element similar to the time value of an option .

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

**3.28 Goodwill**

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash – generating units (or groups of cash-generating units). A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

**3.29 First-time adoption - mandatory exceptions and optional exemptions**

**3.29.1 Overall principle**

The Group has prepared the opening consolidated balance sheet as per Ind AS as of April 1, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required under Ind AS, not recognising items of assets and liabilities which are not permitted under Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Group as detailed below.

**3.29.2 Classification of debt instruments**

The Group has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

**3.29.3 Determining whether an arrangement contains a lease**

The group has applied Appendix C of Ind AS 17 *Determining whether an Arrangement contains a Lease* to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

**Optional Exemptions:**

**3.29.4 Past business combinations**

The Group has elected not to apply Ind AS 103 *Business Combinations* retrospectively to past business combinations that occurred before the date of April 1, 2009. Consequently,

- The Group has kept the same classification for those business combinations as in its previous financial statements.
- The Group has not recognised assets and liabilities that were not recognised in accordance

with the previous GAAP in the consolidated balance sheet of the acquirer and would also not qualify for recognition in accordance with Ind AS in the separate balance of the acquiree;

- The Group has excluded from its opening balance sheet those items recognised in accordance with previous GAAP that do not qualify for recognition as an asset or liability under Ind AS;
- The effect of the above adjustments have been given to the measurement of deferred tax.

**3.29.5 Accounting for Pan Aridus**

Pan Aridus was accounted for using the proportionate consolidation method under previous GAAP whereas it needs to be accounted using the equity method under Ind AS. Therefore, as required by Ind AS 101 *First-time Adoption of Indian Accounting Standards*, the Group has:-

- On the transition date, recognised investment in Pan Aridus by measuring it at the aggregate of the carrying amount of the assets and liabilities that the Group had proportionately consolidated under previous GAAP as of the transition date.
- The investment amount has been deemed to be the cost of investment at initial recognition.
- The Group has tested the investment in Pan Aridus for impairment as of the transition date.
- After initial recognition at the transition date, the Group has accounted for Pan Aridus using the equity method in accordance with Ind AS 28 *Investments in Associates and Joint Ventures; and*
- The breakdown of assets and liabilities of Pan Aridus that have been aggregated into the single line investment balance at the transition date is below.

₹ Million

| | As at April 01, 2015 |
|---|---|
| **Assets** | |
| Property, plant and equipment | 159.04 |
| Other non-current assets | 0.24 |
| Current assets | 0.67 |
| **Total** | **159.95** |
| Eliminations | (55.76) |
| Net Assets (a) | 104.19 |

₹ Million

| | As at April 01, 2015 |
|---|---|
| **Liabilities** | |
| Borrowings | 65.02 |
| Lease liability | 1.95 |
| Other current liabilities | 39.77 |
| **Total** | **106.74** |
| Elimination | (67.44) |
| Net liabilities (b) | 39.30 |
| Foreign exchange translation difference (c) | (6.62) |
| Net investment (a - b + c) | 58.27 |

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with Ind AS requires management to make certain judgments and estimates that may effect the application of accounting policies, reported amounts and related disclosures.

These judgments and estimates may have an impact on the assets and liabilities, disclosure of contingent liabilities at the date of the financial statements, and income and expense items for the period under review. Actual results may differ from these judgements and estimates.

All assumptions, expectations and forecasts that are used as a basis for judgements and estimates in the consolidated financial statements represent as accurately an outlook as possible for the group. These judgements and estimates only represent our interpretation as of the dates on which they were prepared.

Important judgements and estimates relate largely to provisions, pensions, tangible and intangible assets (lives, residual values and impairment), deferred tax assets and liabilities and valuation of financial instruments.

# B. Notes
## FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### B1 PROPERTY, PLANT & EQUIPMENTS AND OTHER INTANGIBLE ASSETS AS AT MARCH 31, 2017

₹ Million

| Description of Assets | GROSS BLOCK | | | | | | ACCUMULATED DEPRECIATION/AMORTIZATION | | | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at March 31, 2016 | Additions (c) | Additions through business combinations | Disposals | Effect of foreign currency translation (e) | As at March 31, 2017 | As at March 31, 2016 | Depreciation/ amortisation expense for the year | Additions through business combinations | Eliminated on disposal of assets | Effect of foreign currency translation (e) | As at March 31, 2017 | As at March 31, 2017 | As at March 31, 2016 |
| **A. Property, Plant & Equipments** | | | | | | | | | | | | | | |
| Freehold land** | 2,419.24 | – | – | – | (229.30) | 2,189.94 | – | – | – | – | – | – | 2,189.94 | 2,419.24 |
| Leasehold land* | 189.64 | – | – | – | – | 189.64 | 16.27 | 2.12 (a) | – | – | – | 18.39 | 171.25 | 173.37 |
| Buildings** | 12,540.46 | 2,406.01 (b) | – | – | (368.41) | 14,578.06 | 4,511.91 | 357.42 | – | – | (183.54) | 4,685.79 | 9,892.27 (d) | 8,028.55 |
| Plant and equipment** | 79,210.58 | 16,834.79 (b) | – | 500.87 | (3,152.02) | 92,392.48 | 46,545.57 | 3,317.01 | – | 441.75 | (2,487.25) | 46,933.58 | 45,458.90 | 32,665.01 |
| Electrical installation | 1,545.80 | 435.63 (b) | – | 0.88 | – | 1,980.55 | 806.37 | 161.81 | – | 0.82 | – | 967.36 | 1,013.19 | 739.43 |
| Furniture & fixtures** | 2,224.47 | 358.94 (b) | – | 20.82 | (81.96) | 2,480.63 | 1,345.38 | 185.16 | – | 20.01 | (42.37) | 1,468.16 | 1,012.47 | 879.09 |
| Office equipments | 851.38 | 105.28 (b) | – | 0.72 | (67.90) | 888.04 | 574.83 | 70.00 | – | 0.71 | (48.05) | 596.07 | 291.97 | 276.55 |
| Vehicles** | 880.02 | 154.98 (b) | – | 130.81 | (25.75) | 878.44 | 501.77 | 126.36 | – | 78.11 | (23.24) | 526.78 | 351.66 | 378.25 |
| **Total Tangible Assets** | **99,861.59** | **20,295.63** | **-** | **654.10** | **(3,925.34)** | **115,577.78** | **54,302.10** | **4,219.88** | **-** | **541.40** | **(2,784.45)** | **55,196.13** | **60,381.65** | **45,559.49** |
| **B. Other Intangible Assets** | | | | | | | | | | | | | | |
| Computer software | 2,803.29 | 239.11 (b) | – | – | (202.34) | 2,840.06 | 1,925.55 | 208.14 | – | – | (125.99) | 2,007.70 | 832.36 | 877.74 |
| Trademarks# | 2,018.80 | 1.76 | – | – | (166.09) | 1,854.47 | 43.77 | 0.07 | – | – | (2.73) | 41.11 | 1,813.36 | 1,975.03 |
| Capitalised development | 3,534.58 | 739.68 (b) | – | – | (336.33) | 3,937.93 | 2,118.74 | 190.04 | – | – | (186.08) | 2,122.70 | 1,815.23 | 1,415.84 |
| Other intangibles# | 325.59 | – | – | – | (26.77) | 298.82 | – | – | – | – | – | – | 298.82 | 325.59 |
| **Total Other Intangible Assets** | **8,682.26** | **980.55** | **–** | **–** | **(731.53)** | **8,931.28** | **4,088.06** | **398.25** | **–** | **–** | **(314.80)** | **4,171.51** | **4,759.77** | **4,594.20** |

## B1 PROPERTY, PLANT & EQUIPMENTS AND OTHER INTANGIBLE ASSETS AS AT MARCH 31, 2016

₹ Million

| Description of Assets | GROSS BLOCK | | | | | | ACCUMULATED DEPRECIATION/AMORTISATION | | | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at April 1, 2015 | Additions (c) | Additions through business combinations | Disposals | Effect of foreign currency translation (e) | As at March 31, 2016 | As at April 1, 2015 | Depreciation/ amortisation expense for the year | Additions through business combinations | Eliminated on disposal of assets | Effect of foreign currency translation (e) | As at March 31, 2016 | As at March 31, 2016 | As at April 1, 2015 |
| **A. Property, Plant & Equipments** | | | | | | | | | | | | | | |
| Freehold land** | 2,286.19 | 5.50 | 29.50 | 110.71 | 208.76 | 2,419.24 | – | – | – | – | – | – | 2,419.24 | 2,286.19 |
| Leasehold land* | 172.19 | 17.45 | – | – | – | 189.64 | 14.30 | 1.97 (a) | – | – | – | 16.27 | 173.37 | 157.89 |
| Buildings** | 11,996.50 | 414.05 (b) | 84.93 | 350.82 | 395.80 | 12,540.46 | 4,025.67 | 424.93 | 16.67 | 158.38 | 203.02 | 4,511.91 | 8,028.55 (d) | 7,970.83 |
| Plant and equipment** | 74,987.76 | 2,487.93 (b) | 551.76 | 2,215.07 | 3,398.20 | 79,210.58 | 41,986.77 | 2,853.26 | 446.67 | 1,400.11 | 2,658.98 | 46,545.57 | 32,665.01 | 33,000.99 |
| Electrical installation | 1,468.67 | 80.34 (b) | – | 3.21 | – | 1,545.80 | 654.92 | 151.69 | – | 0.24 | – | 806.37 | 739.43 | 813.75 |
| Furniture & fixtures** | 2,023.43 | 152.42 (b) | 45.35 | 77.34 | 80.61 | 2,224.47 | 1,167.75 | 167.41 | 35.33 | 64.81 | 39.70 | 1,345.38 | 879.09 | 855.68 |
| Office equipments | 167.02 | 10.46 (b) | 637.47 | 2.53 | 38.96 | 851.38 | 40.48 | 30.93 | 482.78 | 1.65 | 22.29 | 574.83 | 276.55 | 126.54 |
| Vehicles** | 808.90 | 138.07 (b) | 12.51 | 107.63 | 28.17 | 880.02 | 406.86 | 121.56 | 6.15 | 57.84 | 25.04 | 501.77 | 378.25 | 402.04 |
| **Total Tangible Assets** | **93,910.66** | **3,306.22** | **1,361.52** | **2,867.31** | **4,150.50** | **99,861.59** | **48,296.75** | **3,751.75** | **987.60** | **1,683.03** | **2,949.03** | **54,302.10** | **45,559.49** | **45,613.91** |
| **B. Other Intangible Assets** | | | | | | | | | | | | | | |
| Computer software | 1,519.93 | 853.19 (b) | 439.08 | 158.76 | 149.85 | 2,803.29 | 1,300.53 | 283.73 | 348.43 | 125.71 | 118.57 | 1,925.55 | 877.74 | 219.40 |
| Trademarks# | 904.31 | 5.75 | 965.44 | – | 143.30 | 2,018.80 | 33.95 | 7.50 | – | – | 2.32 | 43.77 | 1,975.03 | 870.36 |
| Capitalised development | 2,645.35 | 584.58 (b) | – | – | 304.65 | 3,534.58 | 1,755.96 | 169.36 | – | – | 193.42 | 2,118.74 | 1,415.84 | 889.39 |
| Other intangibles# | – | – | 312.99 | – | 12.60 | 325.59 | – | – | – | – | – | – | 325.59 | – |
| **Total Other Intangible Assets** | **5,069.59** | **1,443.52** | **1,717.51** | **158.76** | **610.40** | **8,682.26** | **3,090.44** | **460.59** | **348.43** | **125.71** | **314.31** | **4,088.06** | **4,594.20** | **1,979.15** |

₹ Million

| Particulars | Year ended | |
|---|---|---|
| | March 31, 2017 | March 31, 2016 |
| Depreciation and amortisation on property, plant & equipments | 4,219.88 | 3,751.75 |
| Depreciation and amortisation on other intangible assets | 398.25 | 460.59 |
| Depreciation/diminution in value of assets held for sale | – | 55.53 |
| Depreciation and amortisation charged to the consolidated statement of profit & loss | 4,618.13 | 4,267.87 |

* Leasehold land is net of ₹ **5.39 Million** (₹ 5.39 Million as at March 31, 2016) subleased to Classic Auto Tubes Ltd., a company in which directors are interested during the year 2009-10.

** Plant & equipment, Land, Buildings, Furniture & fixtures and Vehicles includes Fixed assets held for sale with a gross book value of **Nil** (Nil as at March 31, 2016 and ₹ 2,198.19 Million as at April 1, 2015), **Nil** (Nil as at March 31, 2016 and ₹ 115.44 Million as at April 1, 2015), **Nil** (Nil as at March 31, 2016 and ₹ 365.80 Million as at April 1, 2015), **Nil** (Nil as at March 31, 2016 and ₹ 68.23 Million as at April 1, 2015) & **Nil** (Nil as at March 31, 2016 and ₹ 2.03 Million as at April 1, 2015) and a net book value of **Nil** (Nil as at March 31, 2016 and ₹ 824.10 Million as at April 1, 2015), **Nil** (Nil as at March 31, 2016 and ₹ 115.44 Million as at April 1, 2015), **Nil** (Nil as at March 31, 2016 and ₹ 200.65 Million as at April 1, 2015), **Nil** (Nil as at March 31, 2016 and ₹ 11.39 Million as at April 1, 2015) & **Nil** (Nil as at March 31,2016 and ₹ 0.19 Million as at April 1, 2015) respectively.

Plant & equipment includes jointly owned assets with a gross book value of ₹ **311.28 Million** (₹ 311.28 Million as at March 31, 2016) and a net book value of ₹ **263.22 Million** (₹ 275.76 Million as at March 31, 2016) which represents 50% ownership in the asset.

Plant & equipment includes assets taken on finance lease with a gross book value of ₹ **400.00 Million** (₹ 400.00 Million as at March 31, 2016), and a net book value of ₹ 2**00.04 Million** (₹ 216.83 Million as at March 31, 2016).

# Trademarks includes amount of ₹ 1,812.59 Million (₹ 1,974.97 Million as at March 31, 2016 and ₹ 870.36 Million as at April 1, 2015) and other intangibles of ₹ 298.82 Million (₹ 325.59 Million as at March 31, 2016 and Nil as at April 1, 2015) have been determined to have indefinite useful life.

(a) Represents proportionate lease premium ₹ **2.12 Million** (₹ 1.97 Million as at March 31, 2016) amortised.

(b) Buildings include ₹ **22.66 Million** (₹ 174.33 Million as at March 31, 2016), Plant & equipment includes ₹ **85.76 Million** (₹ 114.89 Million as at March 31, 2016), Electrical installations include ₹ **0.16 Million** (₹ 30.48 Million as at March 31, 2016), Furniture & fittings include ₹ **7.03 Million** (₹ 41.30 Million as at March 31, 2016), office equipment include ₹ **1.46 Million** (Nil as at March 31, 2016), Vehicles include ₹ **0.13 Million** (Nil as at March 31, 2016), Computer software include ₹ **12.05 Million** (₹ 9.04 Million as at March 31, 2016) and Capitalised development includes ₹ **739.68 Million** (₹ 584.58 Million as at March 31, 2016) for capital expenditure on Research & development (refer Note C17)

(c) Includes directly attributable expenses capitalised to the extent of ₹ **169.22 Million** (₹ 35.03 Million as at March 31, 2016) and borrowing cost capitalised to the extent of ₹ **233.11 Million** (Nil as at March 31, 2016)

(d) Buildings include Buildings constructed on Leasehold Land with a gross book value of ₹ **9,131.32 Million** (₹ 6,974.19 Million as at March 31, 2016) and net book value of ₹ **6,973.92 Million** (₹ 5,076.62 Million as at March 31. 2016)

(e) Represents exchange rate adjustment arising on consolidation of foreign subsidiaries due to difference in opening and closing conversion rates.

(f) Carrying amount of tangible assets are pledged as security for liabilities (refer Note B15 (a)).

(g) Capital work-in-progress includes land of ₹ **11.19 Million** (₹ 10.69 Million as at March 31, 2016) acquired by the Company & is in the process of getting the title deeds transferred to its name.

## FINANCIAL ASSETS (NON-CURRENT)
## B2 OTHER INVESTMENTS

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **At fair value through profit and loss** | | | |
| **I Quoted Investments** | | | |
| **(a) Investment in Equity Instruments** | | | |
| 16,394 (16,394 as at March 31, 2016 and 16,394 as at April 1, 2015) Equity shares of ₹ 10/- each in Bharat Gears Ltd. - Fully paid up | 1.90 | 1.04 | 1.19 |
| **(b) Investment in Mutual Funds** | | | |
| 209,965 (193,024 as at March 31, 2016 and 179,562 as at April 1, 2015) units of ₹ 10 each in "UTI Balanced Fund - Dividend Plan - Reinvestment" | 6.33 | 5.11 | 5.23 |
| **Total Quoted Investments (a+b)** | **8.23** | **6.15** | **6.42** |
| **II Unquoted Investments** | | | |
| **(c) Investment in Equity Instruments** | | | |
| 312,000 (312,000 as at March 31, 2016 and 312,000 as at April 1, 2015) Equity shares of ₹ 10 each in Green Infra Wind Power Projects Ltd. - Fully paid up. | 3.12 | 3.12 | 3.12 |
| Nil (Nil as at March 31, 2016 and 5,500 as at April 1, 2015) Equity shares of ₹ 10 each in Suryadev Alloys And Power Pvt Ltd. - Fully paid up. | - | - | 0.59 |
| 620,000 (620,000 as at March 31, 2016 and Nil as at April 1, 2015) Equity shares of ₹ 0.10 each in OPGS Power Gujarat Pvt Ltd. - Fully paid up. | 0.12 | 0.12 | - |
| 196,000 (207,000 as at March 31, 2016 and Nil as at April 1, 2015) Equity shares of ₹ 10 each in NSL Wind Power Company Ltd. - Fully paid up. | 1.96 | 2.07 | - |
| 12,500 (12,500 as at March 31, 2016 and Nil as at April 1, 2015) Equity shares of ₹ 10 each in Trishul Electric & Powergen Company Ltd. - Fully paid up. | 0.13 | 0.12 | - |
| 3,032,875 (Nil as at March 31, 2016 and Nil as at April 1, 2015) Equity shares of ₹ 10 each in Ind Barath Energies Ltd. - Fully paid up | 3.43 | - | - |
| **(d) Others** | | | |
| Investment in 5,000 (5,000 as at March 31, 2016 and 5,000 as at April 1, 2015) Equity shares of ₹ 100/- each in Apollo Tyres Employees' Multipurpose Co-operative Society Limited | 0.50 | 0.50 | 0.50 |
| **Total Unquoted Investments (c+d)** | **9.26** | **5.93** | **4.21** |
| **Investments carried at fair value through profit and loss (I+II)** | **17.49** | **12.08** | **10.63** |

## B3 LOANS

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Unsecured, Considered Good** | | | |
| Employee advances–salary loan | 22.50 | 19.76 | 12.85 |
| Prepayments-employee Advance-salary loan | 1.64 | 1.74 | 2.20 |
| | **24.14** | **21.50** | **15.05** |

## B4 OTHER FINANCIAL ASSETS

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Security deposits | 253.81 | 252.22 | 199.32 |
| Prepayments-security deposits | 6.66 | 9.39 | 8.33 |
| Security deposits to related parties | 353.98 | 323.45 | 221.28 |
| Prepayments– Security deposits to related parties | 143.12 | 177.60 | 182.20 |
| Security deposits with govt. authorities | 216.25 | 210.48 | 169.24 |
| Derivative assets measured at fair value (refer note C15) | – | 448.62 | 780.24 |
| | **973.82** | **1,421.76** | **1,560.61** |

## NON-FINANCIAL ASSETS (NON-CURRENT)
## B5 OTHER NON-CURRENT ASSETS

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Capital advances-others | 4,566.48 | 6,070.30 | 628.21 |
| Capital advances to related parties (refer Note C22) | 106.45 | 75.37 | 79.60 |
| Doubtful capital advances | 24.93 | 24.93 | 24.93 |
| | **4,697.86** | **6,170.60** | **732.74** |
| Less: Provision for doubtful advances | 24.93 | 24.93 | 24.93 |
| | **4,672.93** | **6,145.67** | **707.81** |
| Excise duty recoverable | 2.58 | 2.58 | 2.57 |
| Investment promotion subsidy receivable from government of Tamil Nadu | – | – | 360.18 |
| MAT credit entitlement | 225.74 | – | – |
| Advance tax (net) | 297.99 | 209.10 | 1.69 |
| | **5,199.24** | **6,357.35** | **1,072.25** |

## CURRENT ASSETS
## B6 INVENTORIES *

(valued at lower of cost and net realisable value)

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| (i) Raw materials | | | |
| - In hand | 6,576.92 | 2,882.30 | 3,447.77 |
| - In transit | 1,912.79 | 583.24 | 94.76 |
| | **8,489.71** | **3,465.54** | **3,542.53** |
| (ii) Work-in-progress# | 1,232.84 | 1,023.51 | 936.04 |
| (iii) Finished goods | | | |
| - In hand | 11,313.65 | 9,406.22 | 9,034.72 |
| - In transit | 1,542.08 | 1,098.97 | 1,151.57 |
| | **12,855.73** | **10,505.19** | **10,186.29** |
| (iv) Stock-in-trade | | | |
| - In hand | 2,233.24 | 2,924.10 | 1,611.11 |
| - In transit | 145.03 | 15.45 | 65.47 |
| | **2,378.27** | **2,939.55** | **1,676.58** |
| (v) Stores and spares | 1,498.71 | 1,457.09 | 1,294.69 |
| | **26,455.26** | **19,390.88** | **17,636.13** |

*The carrying amount of inventories is pledged as security for liabilities (refer note B15(a)).
#Work-in-progress consists of Automotive Tyres only.

## FINANCIAL ASSETS (CURRENT)
## B7 INVESTMENTS

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **At fair value through profit and loss** | | | |
| Investment in mutual funds* | 3,444.44 | 1,217.68 | 1,083.05 |
| **At amortised cost** | | | |
| Investment in inter-corporate deposits | 500.00 | 3,800.00 | - |
| | **3,944.44** | **5,017.68** | **1,083.05** |

| * Mutual Funds | As at March 31, 2017 | | As at March 31, 2016 | | As at April 1, 2015 | |
|---|---|---|---|---|---|---|
| | Number of Units | Value (₹ Million) | Number of Units | Value (₹ Million) | Number of Units | Value (₹ Million) |
| HDFC | 15,599 | 50.06 | – | – | – | – |
| Kotak | 151,876 | 500.81 | – | – | – | – |
| UTI | 413,411 | 1,101.02 | – | – | – | – |
| SBI | 58,454 | 210.28 | 78,005 | 201.33 | 20,000,000 | 216.56 |
| ICICI | 4,747,917 | 1,101.04 | – | – | 25,000,000 | 270.84 |
| Reliance | 121,298 | 481.23 | 59,449,817 | 1,016.35 | 5,000,000 | 54.01 |
| Birla (Scheme1) | – | – | – | – | 25,000,000 | 270.90 |
| Birla (Scheme 2) | – | – | – | – | 25,000,000 | 270.74 |
| **Total** | **5,508,555** | **3,444.44** | **59,527,822** | **1,217.68** | **100,000,000** | **1,083.05** |

## B8 TRADE RECEIVABLES*

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| (Unsecured) | | | |
| Outstanding for a period exceeding six months from the date they were due for payment | | | |
| Considered good | 1.09 | 0.87 | 1.12 |
| Considered doubtful | 299.43 | 413.57 | 337.63 |
| Others - considered good** | 11,273.87 | 10,842.61 | 9,588.40 |
| | **11,574.39** | **11,257.05** | **9,927.15** |
| Less: Provision for doubtful trade receivables (refer Note C6) | 299.43 | 413.57 | 337.63 |
| | **11,274.96** | **10,843.48** | **9,589.52** |

*The carrying amount of trade receivables is pledged as security for liabilities (refer Note B15(a)).
**includes balances with related parties (refer Note C22)

## B9 CASH AND CASH EQUIVALENTS

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| (i) Cash on hand | 4.24 | 5.01 | 4.02 |
| (ii) Cheques on hand/Remittances in transit | 742.28 | 1,136.87 | 1,633.19 |
| (iii) Balances with banks | | | |
| Current accounts | 2,291.19 | 3,958.05 | 4,035.61 |
| Other deposit accounts | | | |
| - original maturity of 3 months or less | 271.23 | 800.00 | 196.16 |
| | **3,308.94** | **5,899.93** | **5,868.98** |

## B10 OTHER BANK BALANCES

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Unpaid dividend accounts | 52.92 | 42.05 | 36.98 |
| Deposits with maturity exceeding 3 months | 7.31 | 0.01 | 39.94 |
| | **60.23** | **42.06** | **76.92** |

## B11 LOANS

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Employee advances - salary loan | 38.94 | 36.95 | 14.78 |
| | **38.94** | **36.95** | **14.78** |

## B12 OTHER FINANCIAL ASSETS

₹ Million

| Particulars | As at March 31, 2017 | | As at March 31, 2016 | | As at April 1, 2015 | |
|---|---|---|---|---|---|---|
| Employee advances - others | | 6.73 | | 13.42 | | 15.60 |
| Derivative assets measured at fair value (refer Note C15) | | 220.40 | | 441.61 | | 567.39 |
| Security deposits | | 110.17 | | 62.34 | | 6.09 |
| Interest accrued on deposits | | 28.26 | | 75.81 | | 0.96 |
| Loan (including interest accrued) given to joint venture | 159.34 | | 143.08 | | 126.88 | |
| Less: Provision for impairment (refer Note C20) | 159.34 | – | – | 143.08 | – | 126.88 |
| Others | | 45.20 | | 74.19 | | 254.83 |
| | | **410.76** | | **810.45** | | **971.75** |

## NON-FINANCIAL ASSETS (CURRENT)
## B13 OTHER CURRENT ASSETS

₹ Million

| Particulars | | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|---|
| a. | Advances given to related parties (refer Note C22) | 57.20 | 87.97 | 45.68 |
| b. | Trade advances | 354.22 | 443.07 | 723.71 |
| c. | Employee advances - others | 60.92 | 99.59 | 99.23 |
| d. | Investment promotion subsidy receivable from government of Tamil Nadu | 1,000.71 | 536.21 | 375.00 |
| e. | Export obligations - advance licence benefit | – | 193.49 | – |
| f. | Export incentives recoverable | 199.11 | 187.35 | 167.87 |
| g. | Balance with government authorities | | | |
| | i. CENVAT recoverable | 740.03 | 465.72 | 489.72 |
| | ii. VAT recoverable | 1,517.60 | 864.65 | 565.82 |
| | iii. Service tax recoverable | 108.01 | 117.51 | 91.05 |
| h. | Prepaid expenses | 563.56 | 508.42 | 233.85 |
| | | **4,601.36** | **3,503.98** | **2,791.93** |

## B14 EQUITY SHARE CAPITAL

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **(a) Authorised** | | | |
| **730,000,000** Nos. (730,000,000 Nos. as at March 31, 2016 and 730,000,000 Nos. as at April 1, 2015) Equity shares of ₹ 1 each | 730.00 | 730.00 | 730.00 |
| **200,000** Nos. (200,000 Nos. as at March 31, 2016 and 200,000 Nos. as at April 1, 2015) Cumulative Redeemable Preference Shares of ₹ 100 each | 20.00 | 20.00 | 20.00 |
| | **750.00** | **750.00** | **750.00** |
| **(b) Issued, subscribed, called and fully paid up** | | | |
| **Equity Shares of ₹ 1 each** | | | |
| **509,024,770** (509,024,770 as at March 31, 2016 and 509,024,770 as at April 1, 2015) Equity shares | 509.02 | 509.02 | 509.02 |
| Add: Forfeited shares: Nil (Nil as at March 31, 2016 and 13,565 as at April 1, 2015) # | – | – | 0.07 |
| | **509.02** | **509.02** | **509.09** |

# 13,565 shares which were forfeited in prior years of ₹ 0.07 Million have been transferred to Capital reserve in previous year ended March 31, 2016.

### (c) Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the year

| Particulars | As at March 31, 2017 | | As at March 31, 2016 | | As at April 1, 2015 | |
|---|---|---|---|---|---|---|
| | Number of shares | Amount in ₹ Million | Number of shares | Amount in ₹ Million | Number of shares | Amount in ₹ Million |
| Opening/Closing balance | 509,024,770 | 509.02 | 509,024,770 | 509.02 | 509,024,770 | 509.02 |

### (d) Details of shareholders holding more than 5% of the paid up equity share capital of the Company with voting rights

| Name of the Shareholder | As at March 31, 2017 | | As at March 31, 2016 | | As at April 1, 2015 | |
|---|---|---|---|---|---|---|
| | Number of shares | %age | Number of shares | %age | Number of shares | %age |
| Neeraj Consultants Ltd. | 72,138,999 | 14.17% | 42,508,142 | 8.35% | 42,508,142 | 8.35% |
| Apollo Finance Ltd. | 36,759,650 | 7.22% | 36,759,650 | 7.22% | 36,759,650 | 7.22% |
| Sunrays Properties & Investment Co. Pvt. Ltd. | 35,725,648 | 7.02% | 35,725,648 | 7.02% | 35,725,648 | 7.02% |
| Constructive Finance Pvt. Ltd. | – | – | 29,630,857 | 5.82% | 29,630,857 | 5.82% |

### (e) The rights, preferences and restrictions attached to equity shares of the company

The Company has only one class of issued shares referred to as equity shares having a par value of ₹ 1 each. The holder of equity shares are entitled to one vote per share.

**(f)** In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

## NON-CURRENT LIABILITIES
## FINANCIAL LIABILITIES (NON-CURRENT)
## B15 BORROWINGS

(measured at amortised cost)

₹ Million

| | Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|---|
| | **Secured*** | | | |
| (i) | Debentures | 6,250.00 | 1,000.00 | 1,000.00 |
| (ii) | Term loans | | | |
| | **From banks** | | | |
| | External commercial borrowings (ECB) | 1,713.03 | 552.14 | 1,496.28 |
| | Other foreign currency loans | 9,867.98 | 2,862.57 | – |
| | **From others** | | | |
| | International Finance Corporation -Loan A | 324.25 | 662.55 | 937.50 |
| | International Finance Corporation - Loan B | – | 294.47 | 555.56 |
| | Magyar Import-Export Bank Zrt - Loan C | 3,280.29 | 942.16 | – |
| (iii) | Finance lease - deferred payment liabilities (refer Note C8) | | | |
| | Deferred payment credit I | 48.38 | 56.10 | 107.49 |
| | Deferred payment credit II | 4.59 | 7.64 | 8.15 |
| | Deferred payment credit III | 70.52 | 115.09 | – |
| | | **21,559.04** | **6,492.72** | **4,104.98** |

* For details regarding repayment terms, interest rate and nature of security on non-current borrowings (refer note B15 (a)).

## NOTE B 15(a)
### Debentures

| Particulars | Amount outstanding as at March 31, 2017 (₹ Million) | | Amount outstanding as at March 31, 2016 (₹ Million) | | Amount outstanding as at April 1, 2015 (₹ Million) | | Rate of interest | Terms of repayment | Details of security offered |
|---|---|---|---|---|---|---|---|---|---|
| | Non-current borrowings | Current maturities of non-current borrowings | Non-current borrowings | Current maturities of non-current borrowings | Non-current borrowings | Current maturities of non-current borrowings | | | |
| 1,000 - 9.40 % Non-Convertible Debentures of ₹ 1 Million each | – | 1,000.00 | 1,000.00 | – | 1,000.00 | – | 9.40% | Bullet repayment on 10-11-17 | Refer Note A2 & B1 below |
| 1,000 - 10.15 % Non-Convertible Debentures of ₹ 1 Million each | – | – | – | – | – | 1,000.00 | 10.15% | Bullet repayment on 16-04-15 | Refer Note A3 & B1 below |
| 1,250 - 11.50 % Non-Convertible Debentures of ₹ 1 Million each | – | – | – | – | – | 416.67 | 11.50% | Repayment in 3 equal instalments of ₹ 416.67 Million on 02-02-14, 02-02-15 & 02-02-16 respectively. | Refer Note A2 & B1 below |
| 1,050 - 8.65 % Non-Convertible Debentures of ₹ 1 Million each | 1,050.00 | – | – | – | – | – | 8.65% | Bullet redemption on 30-04-24 | Refer Note B1 below |
| 1,050 - 8.65 % Non-Convertible Debentures of ₹ 1 Million each | 1,050.00 | – | – | – | – | – | 8.65% | Bullet redemption on 30-04-25 | Refer Note B1 below |
| 1,150 - 8.65 % Non-Convertible Debentures of ₹ 1 Million each | 1,150.00 | – | – | – | – | – | 8.65% | Bullet redemption on 30-04-26 | Refer Note B1 below |
| 1,050 - 7.50 % Non-Convertible Debentures of ₹ 1 Million each | 1,050.00 | – | – | – | – | – | 7.50% | Bullet redemption on 21-10-21 | Refer Note B1 below |
| 1,050 - 7.50 % Non-Convertible Debentures of ₹ 1 Million each | 1,050.00 | – | – | – | – | – | 7.50% | Bullet redemption on 21-10-22 | Refer Note B1 below |
| 900 - 7.50 % Non-Convertible Debentures of ₹ 1 Million each | 900.00 | – | – | – | – | – | 7.50% | Bullet redemption on 20-10-23 | Refer Note B1 below |
| **Total** | **6,250.00** | **1,000.00** | **1,000.00** | **–** | **1,000.00** | **1,416.67** | | | |

## External Commercial Borrowings from Banks

| Particulars | Amount outstanding as at March 31, 2017 (₹ Million) | | Amount outstanding as at March 31, 2016 (₹ Million) | | Amount outstanding as at April 1, 2015 (₹ Million) | | Rate of interest | Terms of repayment | Details of security offered |
|---|---|---|---|---|---|---|---|---|---|
| | Non-current borrowings | Current maturities of non-current borrowings | Non-current borrowings | Current maturities of non-current borrowings | Non-current borrowings | Current maturities of non-current borrowings | | | |
| Bank 1 - ECB II | – | – | – | 82.81 | 78.13 | 156.25 | 2-4% above USD-LIBOR | Repayment in 8 equal installments of USD 1.25 Million half yearly started from 17-12-12 | Refer Note A1 & B1 below |
| Bank 2 - ECB III | – | – | – | – | 187.50 | 375.00 | 2-4% above USD-LIBOR | Repayment in 2 half-yearly installments of USD 2.50 Million and then 5 half-yearly installments of USD 3.00 Million from 27-06-13 | Refer Note A1 & B2 below |
| Bank 3 - ECB I | – | – | – | – | – | 312.50 | 1-3% above USD-LIBOR | Repayment in 4 equal annual installments of USD 5 Million started from 03-08-12 | Refer Note A1 & B2 below |
| Bank 3 - ECB II | – | – | – | 207.05 | 195.31 | 195.32 | 2-4% above USD-LIBOR | Repayment in 4 equal annual installments of USD 3.125 Million started from 16-07-13 | Refer Note A1 & B2 below |
| Bank 4 - ECB I | – | 131.84 | 134.69 | 134.65 | 254.08 | 127.02 | 2-4% above USD-LIBOR | Repayment in 3 equal annual installments in USD equivalent to ₹ 100 Million started from 29-09-15 | Refer Note A1 & B1 below |
| Bank 4 - ECB II | – | 188.10 | 192.18 | 192.11 | 362.51 | 181.23 | 2-4% above USD-LIBOR | Repayment in 3 equal annual installments of USD 2.90 Million started from 26-10-15 | Refer Note A1 & B1 below |
| Bank 5 - ECB I | – | 220.49 | 225.27 | 218.65 | 418.75 | 206.25 | 2-4% above USD-LIBOR | Repayment in 3 equal annual installments of USD 3.33 Million started from 28-09-15 | Refer Note A1 & B1 below |
| Bank 6 - ECB I | 963.61 | – | – | – | – | – | 0-1% above USD-LIBOR | Repayment in 6 equal semi-annual installments starting from FY2019-20 | Refer Note B1 below |
| Bank 6 - ECB II | 374.71 | – | – | – | – | – | 0-1% above USD-LIBOR | Repayment in 6 equal semi-annual installments starting from 30-09-20 | Refer Note B1 below |
| Bank 6 - ECB III | 374.71 | – | – | – | – | – | 0-1% above USD-LIBOR | Repayment in 6 equal semi-annual installments starting from 30-09-20 | Refer Note B1 below |
| **Total** | **1,713.03** | **540.43** | **552.14** | **835.27** | **1,496.28** | **1,553.57** | | | |

## Other Foreign Currency Loans

| Particulars | Amount outstanding as at March 31, 2017 (₹ Million) | | Amount outstanding as at March 31, 2016 (₹ Million) | | Amount outstanding as at April 1, 2015 (₹ Million) | | Rate of interest | Terms of repayment | Details of security offered |
|---|---|---|---|---|---|---|---|---|---|
| | Non-current borrowings | Current maturities of non-current borrowings | Non-current borrowings | Current maturities of non-current borrowings | Non-current borrowings | Current maturities of non-current borrowings | | | |
| Bank 1 | 6,560.59 | – | 1,881.14 | – | – | – | EURIBOR + 2.25% | Repayment in 8 semi-annual instalments starting from 11-02-19 | Refer Note C1 below |
| Bank 2 | 3,280.29 | - | 942.16 | – | – | – | EURIBOR + 1.85% | Repayment in 10 equal semi-annual instalments starting from 11-02-19 | Refer Note C1 below |
| Bank 3 | 18.23 | 2.62 | 22.72 | 2.92 | - | – | 2.04% | Monthly payment till 30-08-24 | Secured by mortgage on land and building at Bielefeld, Germany |
| Bank 4 | 8.87 | 5.08 | 16.55 | 5.51 | – | – | 4.25% | Monthly payment till 30-11-19 | Secured by mortgage on land and building at Cologne, Germany |
| Bank 5 | – | 2.00 | – | – | – | – | 3.90% | Monthly payment till 31-07-21 | Secured by mortgage on Cars |
| **Total** | **9,867.98** | **9.70** | **2,862.57** | **8.43** | **–** | **–** | | | |

## Term Loan from Others

| Particulars | Amount outstanding as at March 31, 2017 (₹ Million) | | Amount outstanding as at March 31, 2016 (₹ Million) | | Amount outstanding as at April 1, 2015 (₹ Million) | | Rate of interest | Terms of repayment | Details of security offered |
|---|---|---|---|---|---|---|---|---|---|
| | Non-current borrowings | Current maturities of non-current borrowings | Non-current borrowings | Current maturities of non-current borrowings | Non-current borrowings | Current maturities of non-current borrowings | | | |
| IFC - Loan A | 324.25 | 324.25 | 662.55 | 331.28 | 937.50 | 312.50 | 2-4% above USD-LIBOR | Repayment in 12 half-yearly instalments of USD 2.50 Million each started from 17-06-13 | Refer Note A1 & B2 below |
| IFC - Loan B | – | – | 294.47 | 294.47 | 555.56 | 277.78 | 2-4% above USD-LIBOR | Repayment in 9 half-yearly instalments of USD 2.22 Million each started from 16-12-13 | Refer Note A1 & B2 below |
| Magyar Import-Export Bank Zrt - Loan C | 3,280.29 | – | 942.16 | – | – | – | EURIBOR + 1.85% | Repayment in 10 equal semi-annual instalments of Euro 15 Million starting from 11-02-19 | Refer Note C1 below |
| **Total** | **3,604.54** | **324.25** | **1,899.18** | **625.75** | **1,493.06** | **590.28** | | | |

## Finance Lease - Deferred Payment Liabilities

| Particulars | Amount outstanding as at March 31, 2017 (₹ Million) | | Amount outstanding as at March 31, 2016 (₹ Million) | | Amount outstanding as at April 1, 2015 (₹ Million) | | Rate of interest | Terms of repayment | Details of security offered |
|---|---|---|---|---|---|---|---|---|---|
| | Non-current borrowings | Current maturities of non-current borrowings | Non-current borrowings | Current maturities of non-current borrowings | Non-current borrowings | Current maturities of non-current borrowings | | | |
| Deferred Payment Credit I | 48.38 | 7.71 | 56.10 | 51.39 | 107.49 | 47.84 | 7-8% | Repayment along with Interest in 240 consecutive monthly instalments started from 15-05-07 | Wind Mills purchased under the scheme. |
| Deferred Payment Credit II | 4.59 | 3.08 | 7.64 | 4.14 | 8.15 | 8.28 | 8-9% | Repayment along with Interest in 20 equal quarterly instalments started from April, 2010 | Engineering materials purchased under the scheme |
| Deferred Payment Credit III | 70.52 | 35.03 | 115.09 | 50.04 | - | - | Average 5-6% | Monthly repayments | Items of Plant & Machinery purchased under the lease |
| **Total** | **123.49** | **45.82** | **178.83** | **105.57** | **115.64** | **56.12** | | | |

## Details of security offered to existing lenders

Note A1 A *pari passu* first charge along with other lenders created by way of mortgage on the Company's Land & premises at village Kodakara in Kerala, at village Limda in Gujarat, at SIPCOT Industrial Growth Centre at Oragadam near Chennai, and at Head Office in Gurgaon, Haryana together with the factory buildings, Plant & machinery & Equipments, both present & future.

Note A2 A *pari passu* first charge along with other lenders created by way of mortgage on the Company's Land & premises at village Kodakara in Kerala and at Village Limda in Gujarat together with the factory buildings, Plant & machinery & Equipments, both present & future.

Note A3 A *pari passu* first charge along with other lenders created by way of mortgage on the Company's Land & premises at village Limda in Gujarat together with the factory buildings, Plant & machinery & Equipments, both present & future

Note B1 A *pari passu* first charge along with other lenders by way of hypothecation over the movable assets of the Company, both present and future (except stocks & book debts).

Note B2 A *pari passu* first charge on the movable assets and *pari passu* second charge on the current assets of the Company.

Note C1 The facility is secured on the current & future fixed assets of the ATH Kft and AVBV. In addition, the facility is also secured by the pledge on : i) the share of ATH Kft; ii) rights and receivables of ATH Kft under project agreements; iii) rights and receivables including insurance receivables, intercompany receivables and shareholder loans (other than trade receivables) of AVBV, ATBV and ATH Kft; and iv) bank accounts of ATBV and ATH Kft.

## B16 OTHER FINANCIAL LIABILITIES

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Lease escalation | 0.08 | 1.10 | 1.59 |
| Deferred consideration payable on acquisition of subsidiary (refer Note C4) | 457.31 | 520.17 | – |
| Derivatve liabilties measured at fair value (refer Note C15) | 47.58 | – | – |
| | **504.97** | **521.27** | **1.59** |

## NON-FINANCIAL LIABILITIES (NON-CURRENT)
## B17 PROVISIONS (REFER NOTE C10)

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **(a) Provision for employee benefits** | | | |
| Jubilee benefits | 154.59 | 178.64 | 129.08 |
| **(b) Other provisions** | | | |
| Provision for constructive liability | 189.16 | 185.72 | 273.89 |
| | **343.75** | **364.36** | **402.97** |

## B18 OTHER NON-CURRENT LIABILITIES

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Security deposits received from dealers | 36.70 | 26.17 | 14.53 |
| Security deposits received from employees | 46.33 | 50.49 | 54.61 |
| Pension liability | 781.57 | 887.42 | 821.46 |
| Deferred revenue arising from government grant (refer Note C12) | 4,352.57 | 664.64 | 501.07 |
| | **5,217.17** | **1,628.72** | **1,391.67** |

## CURRENT LIABILITIES
## FINANCIAL LIABILITIES (CURRENT)
## B19 BORROWINGS

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Secured (at amortised cost)** | | | |
| Packing credit* | 239.05 | 319.51 | 362.40 |
| Cash credit* | 71.58 | 2.55 | 1.16 |
| Bank overdrafts# | 3,046.23 | 3,621.57 | – |
| Short-term loan from banks** | – | 40.24 | 39.76 |
| **Unsecured (at amortised cost)** | | | |
| Commercial paper | 4,500.00 | – | – |
| Packing credit | 3,029.41 | 3,415.12 | 4,263.04 |
| | **10,886.27** | **7,398.99** | **4,666.36** |

* Cash credits and packing credit are secured by a first charge on raw materials, work-in-progress, stocks, stores and book debts and by a second charge on the Company's land at Village Kodakara in Kerala, at Oragadam and Mathur Village in Tamil Nadu and at Head Office in Gurgaon, Haryana together with the Factory Buildings, Plant & Machinery and Equipments, both present and future.

** Short-term Loan taken at LIBOR+4% p.a. secured by hypothecation of stocks lying in Jebel Ali Warehouse and a demand promissory note for USD 10 Million repayable within 120 days from the date of drawdown of each tranche.

# Loans taken by Reifencom are secured by a first charge on stock & receivables of Reifencom, both present and future and further supported by corporate guarantee issued by Apollo Tyres Cooperatief U.A. Loans taken by AVBV are secured by a charge on bank balances, inventories & receivables of AVBV.

## B20 TRADE PAYABLES

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Payable to Micro, Small & Medium Enterprises | 38.44 | 29.77 | 23.81 |
| Acceptances | 2,636.00 | 1,580.57 | 187.79 |
| Accounts payable - raw materials & services | 10,421.37 | 9,766.85 | 5,505.43 |
| Freight & CHA charges payable | 723.87 | 660.25 | 646.21 |
| Expenses payable | 1,641.26 | 1,457.92 | 835.84 |
| Employee related payables*** | 1,825.37 | 1,895.51 | 1,679.22 |
| Payable to related parties (refer Note C22) | 31.25 | 40.80 | 31.67 |
| | **17,317.56** | **15,431.67** | **8,909.97** |

*** Employee related payables includes commission on net profits payable to whole-time directors ₹ **560 Million** (₹ 685 Million as at March 31, 2016 and ₹ 490 Million as at April 1, 2015).

## B21 OTHER FINANCIAL LIABILITIES

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Current Maturities of Non-Current Borrowings** **** | | | |
| **Secured** | | | |
| (a) Debentures | 1,000.00 | – | 1,416.67 |
| (b) Term loan from banks | | | |
| External commercial borrowings (ECB) | 540.43 | 835.27 | 1,553.57 |
| Others | 9.70 | 8.43 | – |
| (c) Term loan from others | | | |
| International Finance Corporation - Loan A | 324.25 | 331.28 | 312.50 |
| International Finance Corporation - Loan B | – | 294.47 | 277.78 |
| (d) Finance lease - deferred payment liabilities (refer Note C8) | | | |
| Deferred payment credit I | 7.71 | 51.39 | 47.84 |
| Deferred payment credit II | 3.08 | 4.14 | 8.28 |
| Deferred payment credit III | 35.03 | 50.04 | – |
| **Total Current Matutities of Non-Current Borrowings** | **1,920.20** | **1,575.02** | **3,616.64** |
| | | | |
| Interest accrued but not due on borrowings | 430.73 | 61.98 | 151.06 |
| Unclaimed dividends## | 52.92 | 42.05 | 35.91 |
| Interest payable to Micro, Small & Medium Enterprises | 10.58 | 10.58 | 10.58 |
| Accounts payable - capital | 5,660.76 | 1,614.13 | 595.57 |
| Payable to Micro, Small & Medium Enterprises - capex vendors | 10.12 | 7.21 | 7.21 |
| Payable to related parties (refer Note C22) | 27.37 | 21.64 | 43.15 |
| Security deposits - vendors | 289.73 | 298.54 | 287.85 |
| Advances received from customers | 401.60 | 458.60 | 302.79 |
| Derivative liabilities measured at fair value (refer Note C15) | 141.55 | 134.50 | 168.90 |
| Lease escalation | 0.09 | 0.09 | 0.10 |
| | **8,945.65** | **4,224.34** | **5,219.76** |

**** For details regarding repayment terms, interest rate and nature of security on current maturities of non-current borrowings (refer Note B15 (a)).

## Includes ₹ **4.99 Million** (₹ 4.36 Million as at March 31, 2016 and ₹ 3.60 Million as at April 1, 2015) which has not been transferred to the Investor Education and Protection Fund under Section 124 of the Companies Act, 2013, as per the orders/ instructions of the special court (trial of offences relating to transactions in securities), Mumbai.

## NON-FINANCIAL LIABILITIES (CURRENT)
## B22 OTHER CURRENT LIABILITIES

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Excise duty on closing stock | 355.73 | 236.51 | 288.15 |
| Statutory remittances (contribution to PF & ESIC, VAT, CST, custom duty, Service tax, Social security and others) | 1,981.52 | 2,055.30 | 2,063.27 |
| Export obligations - advance licence benefit | 1.63 | – | 7.67 |
| Gratuity payable (refer Note C13) | 3.04 | 81.14 | 198.25 |
| Security deposits - dealers/employees | 28.77 | 23.90 | 66.27 |
| Deferred revenue | 54.21 | 55.84 | 24.76 |
| Others | 128.33 | 205.24 | 255.62 |
| | **2,553.23** | **2,657.93** | **2,903.99** |

## B23 PROVISIONS (REFER NOTE C10)

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Provision for employee benefits** | | | |
| Provision for compensated absences | 251.60 | 272.60 | 224.14 |
| **Others** | | | |
| Provision for constructive liability | 32.34 | 31.00 | 29.91 |
| Provision for contingencies | 790.00 | 425.00 | 425.00 |
| Provision for wealth tax | – | – | 7.00 |
| Provision for sales related obligations | 2,968.73 | 2,563.07 | 2,159.01 |
| | **4,042.67** | **3,291.67** | **2,845.06** |

## B24 CURRENT TAX LIABILITIES (NET)

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Provision for taxation | 16,690.02 | 15,471.97 | 11,475.05 |
| Less: Advance tax | 15,616.25 | 14,003.40 | 10,870.04 |
| | **1,073.77** | **1,468.57** | **605.01** |

## B25 OTHER OPERATING INCOME

₹ Million

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Investment promotion subsidy from government of Tamil Nadu | 464.50 | 536.21 |
| Unwinding of deferred subsidy income | 329.87 | 234.40 |
| Sale of raw material scrap | 293.36 | 273.95 |
| Early payment discount received from raw material suppliers | 82.94 | 42.12 |
| | **1,170.67** | **1,086.68** |

## B26 OTHER INCOME

₹ Million

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| **(a) Interest earned on deposits** | | |
| - Bank | 66.67 | 94.28 |
| - Others | 323.24 | 105.66 |
| **(b) Dividend income from long-term investments** | | |
| Unit trust of india | 1.81 | – |
| **(c) Dividend income from short-term investments** | | |
| Mutual funds | 82.78 | 79.72 |
| **(d) Other non-operating income** | | |
| Unclaimed credit balances/provisions no longer required written back | 67.66 | 3.24 |
| Profit on sale of investments | – | 0.25 |
| Gain on fair value change in investments | – | 0.71 |
| Gain on foreign exchange fluctuation (net) | 680.84 | 214.04 |
| Miscellaneous receipts | 318.27 | 181.90 |
| | **1,541.27** | **679.80** |

## B27 MANUFACTURING AND OTHER EXPENSES

₹ Million

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| **Cost of materials consumed** | | |
| Raw materials consumed | 60,449.61 | 53,542.17 |
| **Purchase of stock-in-trade** | | |
| Purchase of finished goods - tyres, tubes & flaps | 10,807.37 | 6,057.54 |
| **Employee benefits expense** | | |
| Salaries and wages | 14,070.72 | 12,570.26 |
| Contribution to provident and other funds | 2,314.59 | 2,142.48 |
| Welfare expenses | 1,035.39 | 991.54 |
| Employees stock appreciation rights | – | 3.59 |
| | **17,420.70** | **15,707.87** |
| **Other expenses** | | |
| Consumption of stores and spare parts | 1,284.11 | 1,118.88 |
| Power and fuel | 3,251.78 | 3,290.01 |
| Conversion charges | 1,292.27 | 1,103.04 |
| Repairs and maintenance | | |
| - Machinery | 550.55 | 431.86 |
| - Buildings | 28.41 | 22.11 |
| - Others | 1,254.72 | 945.06 |
| Rent | 1,887.37 | 1,348.69 |
| Lease rent - factory | 504.37 | 458.96 |
| Insurance | 212.41 | 198.98 |
| Rates and taxes | 218.43 | 214.35 |
| Directors' sitting fees | 8.04 | 8.04 |
| Commission to non-wholetime directors | 60.00 | 50.00 |
| Loss on sale of tangible fixed assets (net) | 35.17 | 23.91 |
| Provision for impairment of investment & loan in joint venture (refer Note C20) | 185.99 | – |

## B27 MANUFACTURING AND OTHER EXPENSES (CONTD.)

₹ Million

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Travelling, conveyance and vehicle expenses | 1,418.52 | 1,417.68 |
| Postage, telephone and stationery | 294.31 | 263.53 |
| Conference expenses | 121.39 | 104.57 |
| Freight and forwarding | 5,202.53 | 4,191.74 |
| Commission on sales | 41.04 | 36.42 |
| Sales promotion expenses | 1,290.83 | 764.87 |
| Advertisement and publicity | 2,772.17 | 2,824.50 |
| Corporate social responsibility expenses | 185.00 | 129.57 |
| Research and development (refer Note C17) | 2,709.04 | 2,239.77 |
| Bank charges | 147.37 | 84.38 |
| Statutory auditors remuneration (refer Note C16) | 58.11 | 54.21 |
| Doubtful receivables / advances provision and written off | – | 86.84 |
| Legal and professional expenses | 741.33 | 731.15 |
| Provision for contingencies (refer Note C10) | 365.00 | – |
| Miscellaneous expenses | 894.69 | 1,112.10 |
| | **27,014.95** | **23,255.22** |
| | **115,692.63** | **98,562.80** |

## B28 FINANCE COSTS

₹ Million

| Particulars | | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|---|
| | | | |
| **(a)** | **Interest expense** | | |
| | Interest on fixed-term loans | 151.84 | 275.21 |
| | Interest on debentures | 182.42 | 138.73 |
| | Interest on other Loans | 627.84 | 506.98 |
| **(b)** | **Other borrowing costs** | 66.71 | 5.09 |
| | | **1,028.81** | **926.01** |

# C. Others Notes

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 IND AS 101 *FIRST TIME ADOPTION OF INDIAN ACCOUNTING STANDARDS* RECONCILIATION

### i) Reconciliation of consolidated balance Sheet

Rs. Million

| | Particulars | As at March 31, 2016 | | | As at April 1, 2015 | | |
|---|---|---|---|---|---|---|---|
| | | Previous GAAP | Effect of transition to Ind AS / Regroupings | Ind AS | Previous GAAP | Effect of transition to Ind AS / Regroupings | Opening Ind AS balance sheet |
| **A.** | **ASSETS** | | | | | | |
| 1. | Non-Current Assets | | | | | | |
| (a) | Property, plant & equipments | 41,092.03 | 4,467.46 | 45,559.49 | 41,559.02 | 4,054.89 | 45,613.91 |
| (b) | Capital work-in-progress | 9,749.82 | (55.75) | 9,694.07 | 2,182.06 | 14.96 | 2,197.02 |
| (c) | Goodwill | 4,711.40 | (2,729.03) | 1,982.37 | 1,165.13 | (1,165.13) | - |
| (d) | Other intangible assets | 2,199.29 | 2,394.91 | 4,594.20 | 1,096.33 | 882.82 | 1,979.15 |
| (e) | Intangible assets under development | - | 242.29 | 242.29 | - | - | - |
| (f) | Financial assets | | | | | | |
| | i. Investment in joint venture | - | 29.70 | 29.70 | - | 58.27 | 58.27 |
| | ii. Other investments | 9.26 | 2.82 | 12.08 | 7.17 | 3.46 | 10.63 |
| | iii. Loans | 7,447.62 | (7,426.12) | 21.50 | 1,907.37 | (1,892.32) | 15.05 |
| | iv. Other financial assets | - | 1,421.76 | 1,421.76 | - | 1,560.61 | 1,560.61 |
| (g) | Deferred tax assets (net) | 405.92 | 196.16 | 602.08 | 296.95 | 22.74 | 319.69 |
| (h) | Other non-current assets | - | 6,357.35 | 6,357.35 | 360.18 | 712.07 | 1,072.25 |
| | **Total Non-Current assets** | **65,615.34** | **4,901.55** | **70,516.89** | **48,574.21** | **4,252.37** | **52,826.58** |
| 2. | Current Assets | | | | | | |
| (a) | Inventories | 19,454.31 | (63.43) | 19,390.88 | 17,782.06 | (145.93) | 17,636.13 |
| (b) | Financial assets | | | | | | |
| | i. Investments | 1,216.35 | 3,801.33 | 5,017.68 | 1,000.00 | 83.05 | 1,083.05 |
| | ii. Trade receivables | 10,843.48 | - | 10,843.48 | 9,589.43 | 0.09 | 9,589.52 |
| | iii.Cash and cash equivalents | 5,941.99 | (42.06) | 5,899.93 | 5,945.90 | (76.92) | 5,868.98 |
| | iv. Other bank balances | - | 42.06 | 42.06 | - | 76.92 | 76.92 |
| | v. Loans | 6,886.37 | (6,849.42) | 36.95 | 2,534.63 | (2,519.85) | 14.78 |
| | vi. Other financial assets | - | 810.45 | 810.45 | - | 971.75 | 971.75 |
| (c) | Other current assets | 1,087.95 | 2,416.03 | 3,503.98 | 868.51 | 1,923.42 | 2,791.93 |
| | **Total current assets** | **45,430.45** | **114.96** | **45,545.41** | **37,720.53** | **312.53** | **38,033.06** |
| 3. | Assets classified as held for sale | - | 475.93 | 475.93 | - | 492.56 | 492.56 |
| | **TOTAL ASSETS (1+2+3)** | **111,045.79** | **5,492.44** | **116,538.23** | **86,294.74** | **5,057.46** | **91,352.20** |
| **B.** | **EQUITY AND LIABILITIES** | | | | | | |
| 1. | Equity | | | | | | |
| (a) | Equity share capital | 509.02 | - | 509.02 | 509.09 | - | 509.09 |
| (b) | Other equity | 61,313.07 | 4,224.06 | 65,537.13 | 49,913.88 | 3,767.39 | 53,681.27 |
| | **Total Equity** | **61,822.09** | **4,224.06** | **66,046.15** | **50,422.97** | **3,767.39** | **54,190.36** |
| | **LIABILITIES** | | | | | | |
| 2. | Non-Current Liabilities | | | | | | |
| (a) | Financial liabilities | | | | | | |
| | i. Borrowings | 6,095.73 | 396.99 | 6,492.72 | 3,339.39 | 765.59 | 4,104.98 |
| | ii. Other financial liabilities | - | 521.27 | 521.27 | - | 1.59 | 1.59 |
| (b) | Provisions | 1,337.16 | (972.80) | 364.36 | 1,257.82 | (854.85) | 402.97 |
| (c) | Deferred tax liabilities (net) | 5,961.75 | 1,050.09 | 7,011.84 | 5,208.95 | 901.53 | 6,110.48 |
| (d) | Other non current liabilities | 681.31 | 947.41 | 1,628.72 | 72.68 | 1,318.99 | 1,391.67 |
| | **Total Non-Current liabilities** | **14,075.95** | **1,942.96** | **16,018.91** | **9,878.84** | **2,132.85** | **12,011.69** |
| 3. | Current Liabilities | | | | | | |
| (a) | Financial liabilities | | | | | | |
| | i. Borrowings | 7,400.93 | (1.94) | 7,398.99 | 4,666.36 | - | 4,666.36 |
| | ii.Trade payables | 15,487.57 | (55.90) | 15,431.67 | 8,926.47 | (16.50) | 8,909.97 |
| | iii. Other financial liabilities | - | 4,224.34 | 4,224.34 | - | 5,219.76 | 5,219.76 |
| (b) | Other current liabilities | 5,566.15 | (2,908.22) | 2,657.93 | 6,934.35 | (4,030.36) | 2,903.99 |
| (c) | Provisions | 6,693.10 | (3,401.43) | 3,291.67 | 5,465.75 | (2,620.69) | 2,845.06 |
| (d) | Current tax liabilities (net) | - | 1,468.57 | 1,468.57 | - | 605.01 | 605.01 |
| | **Total Current Liabilities** | **35,147.75** | **(674.58)** | **34,473.17** | **25,992.93** | **(842.78)** | **25,150.15** |
| | **TOTAL EQUITY AND LIABILITIES (1+2+3)** | **111,045.79** | **5,492.44** | **116,538.23** | **86,294.74** | **5,057.46** | **91,352.20** |

## ii) Reconciliation of consolidated statement of profit and loss

₹ Million

| Particulars | | Year ended March 31, 2016 Previous GAAP | Effect of transition to Ind AS / Regroupings | Ind AS |
|---|---|---|---|---|
| **1** | **Revenue from operations** | | | |
| | Gross sales | 127,107.69 | 320.95 | 127,428.64 |
| | Less: Excise duty | 10,029.73 | (10,029.73) | – |
| | Other operating income | 852.28 | 234.40 | 1,086.68 |
| | **Total revenue from operations** | **117,930.24** | **10,585.08** | **128,515.32** |
| **2** | **Other income** | 700.38 | (20.58) | 679.80 |
| **3** | **Total revenue (1 + 2)** | **118,630.62** | **10,564.50** | **129,195.12** |
| **4** | **Expenses** | | | |
| (a) | Cost of materials consumed | 53,628.60 | (86.43) | 53,542.17 |
| (b) | Purchase of stock-in-trade | 6,057.54 | – | 6,057.54 |
| (c) | Changes in inventories of finished goods, work-in-progress & stock-in-trade | (51.82) | – | (51.82) |
| (d) | Excise duty on sales | – | 10,029.73 | 10,029.73 |
| (e) | Employee benefits expense | 15,869.60 | (161.73) | 15,707.87 |
| (f) | Finance costs | 915.55 | 10.46 | 926.01 |
| (g) | Depreciation & amortisation expense | 4,238.89 | 28.98 | 4,267.87 |
| (h) | Other expenses | 22,743.93 | 511.29 | 23,255.22 |
| | **Total expenses** | **103,402.29** | **10,332.30** | **113,734.59** |
| **5** | **Profit before exceptional items & tax (3 - 4)** | 15,228.33 | 232.20 | 15,460.53 |
| **6** | **Exceptional items** | 477.71 | – | 477.71 |
| **7** | **Share of loss in joint venture** | – | (31.75) | (31.75) |
| **8** | **Profit before tax (5 - 6)** | **15,706.04** | **200.45** | **15,906.49** |
| **9** | **Tax expense** | | | |
| (a) | Current tax expense | 4,318.77 | – | 4,318.77 |
| (b) | Deferred tax expense | 457.08 | (98.96) | 358.12 |
| | **Total** | **4,775.85** | **(98.96)** | **4,676.89** |
| **10** | **Profit for the year (7 - 8)** | **10,930.19** | **299.41** | **11,229.60** |
| **11** | **Other Comprehensive Income** | | | |
| I | i) Items that will not be reclassified to profit or loss | | | |
| | a) Remeasurement of defined benefit plans | – | 57.56 | 57.56 |
| | ii) Income tax | – | (2.57) | (2.57) |
| | | **–** | **54.99** | **54.99** |
| II | i) Items that may be reclassified to profit or loss | | | |
| | a) Exchange differences in translating the financial statements of foreign operations | – | 1,885.77 | 1,885.77 |
| | b) Effective portion of loss on designated portion of hedging instruments in a cash flow hedge | – | (19.80) | (19.80) |
| | | **–** | **1,865.97** | **1,865.97** |
| | ii) Income tax | – | 6.85 | 6.85 |
| | | **–** | **1,872.82** | **1,872.82** |
| | **Other Comprehensive Income (I + II)** | **–** | **1,927.81** | **1,927.81** |
| | **Total Comprehensive Income (10 + 11)** | **10,930.19** | **2,227.22** | **13,157.41** |

### iii) Reconciliation of consolidated statement of cash flows

₹ Million

| Particulars | Year ended March 31, 2016 | | |
|---|---|---|---|
| | Previous Gaap | Effect of transition to Ind AS / Regroupings | Ind AS |
| Net cash flows from operating activities | 22,007.06 | (782.09) | 21,224.97 |
| Net cash flows from investing activities | (23,914.22) | 1,086.58 | (22,827.64) |
| Net cash flows from financing activities | 1,607.62 | (4,154.23) | (2,546.61) |
| Effect of foreign currency fluctuation arising out of consolidation | (166.86) | 226.78 | 59.92 |
| **Net increase (decrease) in cash and cash equivalents** | **(466.40)** | **(3,622.96)** | **(4,089.36)** |
| **Cash and cash equivalents at the beginning of the period** | **5,868.98** | **(1.16)** | **5,867.82** |
| Cash & cash equivalents acquired on acquisition of subsidiary during the year | 508.28 | – | 508.28 |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | (6.57) | – | (6.57) |
| **Cash and cash equivalents at end of period** | **5,904.29** | **(3,624.12)** | **2,280.17** |

### iv) Reconciliation of cash and cash equivalents

₹ Million

| Particulars | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|
| **Cash and cash equivalents for the purpose of statement of cash flows as per previous GAAP** | 5,904.29 | 5,862.41 |
| Bank overdrafts which form an integral part of cash management system | (3,624.12) | (1.16) |
| **Cash and cash equivalents for the purpose of statement of cash flows under Ind AS** | **2,280.17** | **5,861.25** |

### v) Equity reconciliation

₹ Million

| Particulars | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|
| **Equity as per previous GAAP** | **61,822.09** | **50,422.97** |
| Proposed dividend and dividend tax adjustment | 1,225.30 | 1,225.30 |
| Impact due to retrospective application of business combination | 1,100.99 | 1,180.50 |
| Fair valuation of investment | 4.15 | 86.50 |
| Impact of restatement of long-term borrowings & MTM of related derivative instruments | 2.08 | 21.90 |
| Impact of discounting of security deposits to its present value | (17.51) | (14.53) |
| Deferred tax impact | 224.14 | 120.91 |
| Impact of retrospective recognition of government grant | 2,679.91 | 2,445.51 |
| Impact of depreciation due to transition adjustment | (1,118.06) | (1,194.92) |
| Others | 123.06 | (103.78) |
| **Equity as per Ind AS** | **66,046.15** | **54,190.36** |

### vi) Reconciliation of net profit

₹ Million

| Particulars | Year ended March 31, 2016 |
|---|---|
| Net profit as per previous GAAP | **10,930.19** |
| Fair valuation of investments | (82.34) |
| Reclassification of actuarial gain impact to other comprehensive income | (57.56) |
| Deferred tax impact | 98.96 |
| Impact of retrospective application of Apollo (Mauritius) Holding Pvt.Ltd. (AMHPL) merger | 67.32 |
| Impact of retrospective recognition of government grant | 234.40 |
| Impact of depreciation due to transition adjustment | 34.72 |
| Others | 3.91 |
| **Net profit as per Ind AS** | **11,229.60** |
| Other Comprehensive Income (net of tax) | 1,927.81 |
| **Total Comprehensive Income (net of tax)** | **13,157.41** |

**vii) Notes to Ind AS 101 *First time Adoption of Indian Accounting Standards* reconciliation**

**a Business Combinations**

Effect of retrospective application of Ind AS 103 *Business Combinations* for AVBV acquisition and AMHPL merger and the effect of application of Ind AS 103 *Business Combinations* for acquisition of Reifencom Gmbh during the year ended March 2016 (refer Note C4).

**b Investment in joint venture**

Under previous GAAP, Group had accounted its interest in the joint venture in the consolidated financial statement on proportionate consolidation method

On transition to Ind AS the Group has assessed and determined that joint venture has to be accounted for using the equity method as against proportionate consolidation method.

For the application of equity method, the initial investment, as at the date of transition, is regarded as a deemed cost and measured as the aggregate of carrying amount of assets and liabilities that the Group had previously proportionately consolidated including any goodwill arising on acquisition.

**c** Under previous GAAP, there was no concept of other comprehensive income. Under Ind AS, specified items of income, expense, gains or losses are required to be presented in other comprehensive income, which is reported alongwith the other equity.

**d** Under previous GAAP, other investments were carried at cost. As per Ind AS, these investments are carried at fair value through profit and loss.

**e** Under previous GAAP, in respect of a subsidiary, raw material inventories were valued using First in First Out basis whereas the Group accounting policy for inventory valuation is moving weighted average. Under Ind AS, the subsidiary's policy has been aligned with the Group accounting policy.

**f** Under previous GAAP, foreign currency borrowings were stated at historical rate and derivative contracts were accounted in accordance with AS 11 *The Effects of Changes in Foreign Exchange Rates* whereas under Ind AS, the borrowings are restated at closing rate and a corresponding derivative asset/ liability is recognised separately at fair value. The derivatives are accounted for based on mark to market value as on the balance sheet date.

**g** Under previous GAAP, the Company had accounted the proposed dividend and corresponding dividend tax in the financial year to which it relates as and when the same is proposed by the board of directors, however under Ind AS, the same has to be accounted and reported in the year in which it is approved by the shareholders and paid.

**h** Under previous GAAP, excise duty and certain sales related obligations had been netted off with income from sale of Tyres, Tubes and Flaps, however under Ind AS, these items have been shown under expenses.

**i** Under previous GAAP, net interest cost on valuation of defined benefit obligation was recognised as part of employee benefit expense whereas the same is considered as part of finance cost under Ind AS.

**j** Under previous GAAP, actuarial gains and losses arising on valuation of defined benefit obligations were recognised in consolidated statement of profit and loss as part of employee benefit expense whereas the same has been recognised as a component of other comprehensive income under Ind AS.

**k** Under previous GAAP, security deposits were recognised based on historical cost. However under Ind AS, the same has been accounted for as per amortised cost using effective interest rate. Accordingly interest income on such deposits has been recognised as part of other income and unwinding of security deposits has been amortised as a part of other expenses.

**l** Under previous GAAP, Deferred tax asset was not recognised on business losses incurred by subsidiaries in the absence of virtual certainity of having future profits. As per Ind AS, Deferred tax asset can be recognised if it is probable that the current losses will be recovered with future profits, accordingly the deferred tax asset has been recognised on such losses.

**m** Under the previous GAAP, the EPCG benefit received was netted off with the value of Property, Plant & Equipment (PPE). Under Ind AS, the value of PPE has been grossed up and the same is treated as deferred revenue to the extent the export obligations are not met (refer Note C12).

**n** Deferred tax has been recalculated in respect of above changes and the deferred tax impact as at the transition date has been recognised in opening reserves and for the year ended March 31, 2016 has been recognised in the consolidated statement of profit & loss.

## 2 DIRECTLY ATTRIBUTABLE EXPENSES CAPITALISED / INCLUDED IN CAPITAL WORK-IN-PROGRESS DURING THE YEAR

₹ Million

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Raw material consumed | 35.29 | – |
| Salaries, wages and bonus | 695.76 | 368.80 |
| Welfare expenses | 73.76 | 30.09 |
| Rent | 6.27 | 1.40 |
| Travelling, conveyance and vehicle expenses | 177.20 | 76.91 |
| Postage, telephone and stationery | 5.38 | 4.96 |
| Power and fuel | 79.08 | 5.50 |
| Insurance | 3.37 | 4.19 |
| Legal & professional expenses | 229.86 | 65.32 |
| Miscellaneous expenses | 403.93 | 264.17 |
| **TOTAL*** | **1,709.90** | **821.34** |

* Out of the above ₹ **1,540.66 Million** (₹ 786.30 Million) is included in capital work in progress.

**3** Borrowing costs (including commitment charges) capitalised/transferred to capital work-in-progress during the year is ₹ **573.53 Million** (₹ 89.72 Million).

## 4 BUSINESS COMBINATION

### a) Apollo Vredestein B.V. (AVBV)

The Group has elected to apply Ind AS 103 *Business Combinations* retrospectively to past business combinations that occurred on or after the date of April 1, 2009. Consequently the impact of AVBV acquisition has been retrospectively restated by considering the fair value of various assets (including the effect of additional depreciation thereon) and liabilities acquired has been adjusted in opening reserves as on April 1, 2015 resulting in recognition of Capital reserve on consolidation.

### b) Apollo (Mauritius) Holdings Pvt. Ltd.

The Hon'ble High Court of Kerala had sanctioned the Scheme of Amalgamation of Apollo (Mauritius) Holdings Pvt. Ltd. (AMHPL/Mauritius), a wholly owned subsidiary, with the Company on August 26, 2016. The appointed date of amalgamation was April 1, 2016 and has become effective from December 7, 2016. As per Ind AS 103, *Business Combinations* arising between common control entities has to be accounted for retrospectively. Accordingly the results of AMHPL subsidiary has been merged with the company retrospectively resulting in a capital reserve in opening consolidated balance sheet as on April 1, 2015 on account of knock off of the equity share capital and the investment with the corresponding effect in foreign currency translation reserve (FCTR) and for the transactions during the year ended March 31, 2016, the FCTR recognised in equity under the previous GAAP has now been included in the consoldiated Statement of profit and loss under Ind AS.

### c) Reifencom Gmbh

The Group acquired 100% shareholding of Reifencom Gmbh, one of the largest tyre distributor in Germany on January 1, 2016. Deferred consideration payable on acquisition of subsidiary, payable to erstwhile members of Reifencom Gmbh and the fair value of the assets acquired and intangibles recognised has been considered as a part of purchase consideration for computation of goodwill.

### i) Goodwill

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|---|---|---|
| Opening balance | 1,982.37 | – |
| Add: On acquisition of subsidiary during the year | – | 1,904.43 |
| Add: Effect of change in value of deferred consideration payable | (45.79) | – |
| Add: Foreign exchange translation difference | (163.00) | 77.94 |
| **Closing balance** | **1,773.58** | **1,982.37** |

### ii) Effect of acquisition of subsidiary on the financial position and results as included in the consolidated financial statement is as given below

| Particulars | ₹ Million |
|---|---|
| Assets as at (date of acquisition) | |
| Current Assets | 2,355.98 |
| Non-Current Assets | 2,184.36 |
| Liabilities as at (date of acquisition) | |
| Current Liabilities | 2,827.76 |
| Non-Current Liabilities | 723.63 |
| Revenue for the period ended (including other income) | 1,706.90 |
| Expenses for the period ended | 1,859.65 |
| Loss before tax for the period ended | (152.75) |
| Loss after tax for the period ended | (101.72) |

## 5 INVENTORIES

i. The amount of write down of inventories to net realisable value recognised as an expense was ₹ **107.36 Million** (₹ 54.05 Million).

ii. The cost of inventories recognised as an expense during the year in respect of continuing operations was ₹ **70,184.65 Million** (₹ 60,666.77 Million).

## 6 MOVEMENT OF PROVISION FOR DOUBTFUL TRADE RECEIVABLES

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Opening** | **413.57** | **337.63** | **410.90** |
| Addition during the year | 12.90 | 112.16 | 11.42 |
| Utilisation/Reversal during the year | (103.52) | (46.69) | (44.61) |
| Foreign exchange translation differences | (23.52) | 10.47 | (40.08) |
| **Closing** | **299.43** | **413.57** | **337.63** |

## 7 OTHER EQUITY

i) The cash flow hedge reserve represents the cumulative effective portion of gain or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or losses arising on changes in fair value of the designated portion of the hedging instruments that are recognised and accumulated under the heading of cash flow hedge reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item. For movement in the reserves, refer "Statement of Changes in Equity."

ii) Exchange differences relating to the transaction of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency are recognised directly in other comprehensive income and accumulated in foreign currency translation reserve. Gains or losses on derivatives that are designated as hedging instruments for hedges of net investments in foreign operations are included in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve (in respect of translating both the net assets of the foreign operations and hedges of foreign operation) are reclassified to profit or loss on the disposal of the foreign operations.

## 8 FINANCE LEASE - DEFERRED PAYMENT LIABILITIES

### i) The group has entered into finance lease arrangements for certain assets. The schedule of future minimum lease payments in respect of non-cancellable finance leases is set out below

₹ Million

| Particulars | Total minimum lease payments | | | Present value of minimum lease payments | | |
|---|---|---|---|---|---|---|
| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
| Within one year of the balance sheet date | 51.06 | 121.80 | 68.31 | 45.82 | 105.57 | 56.12 |
| Due in a period between one year and five years | 113.42 | 161.07 | 94.31 | 96.84 | 146.92 | 75.21 |
| Due after five years | 31.11 | 38.61 | 52.65 | 26.65 | 31.91 | 40.43 |
| **Total** | **195.59** | **321.48** | **215.27** | **169.31** | **284.40** | **171.76** |
| Less: Future finance charges | (26.28) | (37.08) | (43.51) | – | – | – |
| Present value of minimum lease payments | 169.31 | 284.40 | 171.76 | – | – | – |

### ii) Break up of finance lease liability recognised in balance sheet between current and non-current is as below

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Non-Current (refer Note B15) | 123.49 | 178.83 | 115.64 |
| Current (refer Note B21) | 45.82 | 105.57 | 56.12 |
| **Total** | **169.31** | **284.40** | **171.76** |

## 9 OPERATING LEASES

i) The Group has acquired assets, office space and warehouses under the operating lease agreements. Rental expense under those lease were **₹ 1,991.70 Milion** (₹ 1,434.20 Million).

ii) The schedule of future minimum lease payments in respect of non-cancellable operating leases is set out below

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Within one year of the balance sheet date | 1,567.27 | 1,433.24 | 885.48 |
| Due in a period between one year and five years | 3,781.63 | 4,588.42 | 3,008.50 |
| Due after five years | 565.97 | 818.61 | 433.98 |

## 10 PROVISIONS - NON CURRENT/CURRENT

### i) Movement of non current provisions during the year ended March 31, 2017 and March 31, 2016

₹ Million

| Particulars | Provision for Jubilee benefits * | Others # |
|---|---|---|
| **Opening as at April 1, 2015** | **129.08** | **273.89** |
| Addition during the year | 34.45 | 12.18 |
| Utilisation/Reversal during the year | – | (86.81) |
| Foreign exchange translation differences | 15.11 | (13.54) |
| **Closing as at March 31, 2016** | **178.64** | **185.72** |
| Addition during the year | 8.27 | 26.95 |
| Utilisation/Reversal during the year | (18.25) | (12.30) |
| Foreign exchange translation differences | (14.07) | (11.21) |
| **Closing as at March 31, 2017** | **154.59** | **189.16** |

* There is a jubilee scheme in place for the employees of Apollo Vredestein B.V. and Apollo Tyres Global R&D B.V. For 12.50, 25 and 40 years of service benefits are paid to the employees. Risks in the case of claims and legal action are monitored closely and where necessary provisions are made.

# Others consists of provision for constructive liability of the Company on account of lease contracts and provision for constructive liability of Apollo Tyres Africa (Pty) Ltd. on account of post employment medical benefit obligation.

### ii) Movement of current provisions during the year ended March 31, 2017 and March 31, 2016

₹ Million

| Particulars | Provision for compensated absences | Provision for sales related obligation * | Provision for constructive liability | Provision for contingencies | Provision for wealth tax |
|---|---|---|---|---|---|
| **Opening as at April 1, 2015** | **224.14** | **2,159.01** | **29.91** | **425.00** | **7.00** |
| Addition during the year | 54.28 | 2,266.43 | 1.09 | – | – |
| Utilisation/Reversal during the year | (7.26) | (1,912.84) | – | – | (7.00) |
| Foreign exchange translation differences | 1.44 | 50.47 | – | – | – |
| **Closing as at March 31, 2016** | **272.60** | **2,563.07** | **31.00** | **425.00** | – |
| Addition during the year | 33.88 | 2,927.19 | 1.34 | 365.00 | – |
| Utilisation/Reversal during the year | (55.77) | (2,481.29) | – | – | – |
| Foreign exchange translation differences | 0.89 | (40.24) | – | – | – |
| **Closing as at March 31, 2017** | **251.60** | **2,968.73** | **32.34** | **790.00** | - |

* Represents estimates for payments to be made in future for sales related obligations.

## 11 INCOME TAXES

### i) Reconciliation between average effective tax rate and applicable tax rate

| Particulars | Year ended March 31, 2017 | | Year ended March 31, 2016 | |
|---|---|---|---|---|
| | ₹ Million | Rate (%) | ₹ Million | Rate (%) |
| **Profit before tax** | **14,355.45** | | **15,906.49** | |
| Income tax using the Company's domestic tax rate | 4,968.42 | 34.61% | 5,505.61 | 34.61% |
| **Tax effect of** | | | | |
| Effect of different tax rates in foreign jurisdictions | (352.80) | (2.46%) | (357.15) | (2.25%) |
| Non deductible expenses | 97.91 | 0.68% | 46.24 | 0.29% |
| Tax exempt income | (29.28) | (0.20%) | (92.97) | (0.58%) |
| Tax incentives and concessions | (1,180.35) | (8.22%) | (506.68) | (3.19%) |
| Changes in recognised deductible temporary differences | 33.60 | 0.23% | 133.48 | 0.84% |
| Others | (172.04) | (1.20%) | (51.64) | (0.32%) |
| **Income tax expense recognised in consolidated statement of profit and loss** | **3,365.46** | **23.44%** | **4,676.89** | **29.40%** |

### ii) Components of deferred tax liability (net)

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Tax effect of items constituting deferred tax liabilities** | | | |
| Property, plant and equipments | 7,764.92 | 7,064.30 | 6,216.19 |
| Intangible assets | 222.60 | 243.08 | 219.36 |
| Employee benefits | 15.32 | 3.69 | – |
| Others | 286.13 | 148.07 | 102.46 |
| **Gross deferred tax liability (a)** | **8,288.97** | **7,459.14** | **6,538.01** |
| **Tax effect of items constituting deferred tax assets** | | | |
| Employee benefits | 125.22 | 123.42 | 116.47 |
| Provisions for doubtful debt/advances | 141.89 | 15.56 | 15.56 |
| Others | 360.72 | 308.32 | 295.50 |
| **Gross deferred tax asset (b)** | **627.83** | **447.30** | **427.53** |
| **Deferred tax liability (net) (a - b)** | **7,661.14** | **7,011.84** | **6,110.48** |

### iii) Components of deferred tax asset (net)

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Tax effect of items constituting deferred tax liabilities** | | | |
| Property, plant and equipments | – | – | 144.94 |
| Others | – | – | 27.69 |
| Gross deferred tax liability (a) | – | – | 172.63 |
| **Tax effect of items constituting deferred tax assets** | | | |
| Carry forward tax losses | 339.17 | 426.95 | 217.05 |
| Others | 290.09 | 175.13 | 275.27 |
| **Gross deferred tax asset (b)** | **629.26** | **602.08** | **492.32** |
| **Deferred tax asset (net) (b-a)** | **629.26** | **602.08** | **319.69** |

### (iv) Components of deferred tax expense

₹ Million

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| **Tax effect of items constituting deferred tax liabilities** | | |
| Property, plant and equipments | 886.87 | 601.23 |
| Intangible assets | (0.52) | 0.39 |
| Employee benefits | 6.95 | 1.12 |
| Others | 121.52 | 52.88 |
| **Sub-total (a)** | **1,014.82** | **655.62** |
| **Tax effect of items constituting deferred tax assets** | | |
| Employee benefits | 20.02 | 12.85 |
| Provisions for doubtful debt/advances | 126.33 | (0.07) |
| Carry forward tax losses | 28.44 | 261.31 |
| Others | 12.71 | 23.41 |
| **Sub-total (b)** | **187.50** | **297.50** |
| **Total (a - b)** | **827.32** | **358.12** |

## 12 GOVERNMENT GRANTS

### a) Investment Promotion Subsidy from Government of Tamilnadu

The Company has established radial tyre manufacturing facility in SIPCOT Industrial Park, Oragadam near Chennai and availed incentives from the State Government of Tamil Nadu for establishing such project. The construction of first phase of the new green field radial tyre plant was completed as per project schedule, which commenced operations from March 11, 2010. The truck/bus radial segment has commenced operations from May 11, 2010.

Pursuant to the Memorandum of Understanding (MoU) dated August 7, 2006 read along with a Supplementary MoU dated January 11, 2011, executed between the Government of Tamil Nadu (GoTN) and the Company, GoTN sanctioned a Structured Package of Assistance to the Company in terms of the New Industrial Policy, 2007. As per this Structured Package of Assistance, the Company is entitled, interalia, for refund of an amount equal to Net Output VAT + CST paid by the Company to GoTN in the form of Investment Promotion Subsidy for a period of 14 years (which can be extended by another 4 years), from the date of commencement of commercial production or till the cumulative availment of the said subsidy reaches 50% of the investment made in eligible fixed assets during the approved investment period as defind by the MoU, whichever is earlier. This eligiblity is subject to fulfillment of certain obligations by the Company.

As the Company has fulfilled the relevant obligations, the Company has recognized subsidy income of ₹ **464.50 Million** (₹ 536.21 Million) as Other operating income, being the eligible amount of refund of Net Output VAT + CST paid by the Company to GoTN.

### b) Export Promotion Capital Goods

The Company had imported Property, plant and equipment under the Export Promotion Capital Goods (EPCG) scheme wherein the Company is allowed to import capital goods including spares without customs duty, subject to certain export obligations which should be fulfilled within specified time period. Since the Company has recomputed cost as per Ind AS 16, *Property,Plant & Equipment* it has made the following adjustments to meet the requirements of Ind AS 16 *Property,Plant & Equipment* and Ind AS 20 *Accounting for Government Grants and Disclosure of Government Assistance:*

1) The customs duty benefit received as deferred revenue included in Other non-current liabilities with a corresponding increase in the value of Property, plant and equipment and Capital work-in-progress is ₹ **2,466.55 Million** (₹ 397.97 Million as at March 31, 2016 and ₹ 2,946.58 Million as at April 1, 2015)

2) The grant of ₹ **2,445.51 Million** for which the extent the export obligations were met by April 01, 2015 was recognised in the opening reserve and the grant of ₹ **329.87 Million** (₹ 234.40 Million) was recognised in consolidated statement of profit and loss as other operating income. The portion of grant for which the export obligation has not been met is retained in deferred revenue under Other non-current liabilities.

3) The additional depreciation of ₹ 809.52 Million on the increase in the value of Property, plant and equipment till the transition date was recognized in opening reserve and ₹ 184.68 Million (₹ 132.73 Million) was charged to the consolidated statement of profit and loss.

**c)** The group is in process of establishing a new green field radial tyre manufacturing facility in Gyöngyöshalász, Hungary through its subsidiary Apollo Tyres Hungary Kft (ATH Kft). For this purpose ATH Kft has entered into an agreement for grant with the Ministry of National Development, Government of Hungary on June 30, 2014. The Project start date for this investment is June 23, 2014 and the Investment completion date is December 31, 2019. The construction of the new green field radial tyre plant is under progress as per project schedule.This grant is subject to fulfillment of certain obligations by ATH Kft.

As ATH Kft has fulfilled its periodical obligations as per the incentive agreement, an amount of ₹ **1,553.15 Million** (Nil) has been received during the year, being the eligible amount of grant during the year. This amount has been accounted as deferred revenue included in Other non-current liabilities.

Out of the total grant, ₹ **1.89 Million** (Nil) for which the capitalisation of Property, Plant and Equipment (PPE) is completed has been recognised as income in consolidated statement of profit and loss. The portion of grant for which the capitalisation of PPE is under construction phase amounting to ₹ **1,551.25 Million** (Nil) has been retained in Deferred revenue under Other non-current liabilities.

## 13 EMPLOYEE BENEFITS

### i. Defined Contribution Plans

### A. Indian Operations

a. **Superannuation Plan**: The Company contributes a sum equivalent to 15% of the eligible employees basic salary to a superannuation fund administered and maintained by Life Insurance Corporation of India (LIC). The Company has no liability for future superannuation fund benefits other than its annual contribution and recognises such contributions as an expense in the year incurred. The amount of contribution paid by the company to Superannuation Fund is ₹ **69.05 Million** (₹ 62.58 Million).

b. **Provident Fund**: Contributions are made to the company's Employees Provident Fund Trust/Regional Provident Fund in accordance with the fund rules. The interest rate payable to the beneficiaries every year is being notified by the Government.

In the case of contribution to the Trust, the Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate and recognises such obligation as an expense.

The amount of contribution made by the Company to Employees Provident Fund Trust/Regional Provident Fund is ₹ **222.61 Million** (₹ 210.59 Million).

### B. Foreign Operations

Apollo Vredestein B.V operates defined contribution 'Stichting Pensioenfonds Vredestein Banden' for all qualifying employees in the Netherlands. The assets of the plans are held separately from those of Apollo Vredestein B.V. in funds under the control of trustees. Where employees leave the plans prior to fulfilling of vesting conditions of the plan, the contribution payable by Apollo Vredestein B.V. is reduced by the amount of forfeited contributions.Contributions related to the defined contribution plan in the Netherlands that will not be settled within 12 months are discounted and recognised as liability.

The other foreign subsidiaries in the group have contributed to various defined contribution plans as per the local laws of the respective countries.

The amount of contribution made by various foreign subsidiaries is ₹ **145.73 Million** (₹ 80.55 Million).

### ii. Defined Benefit Plans

### A. Indian Operations

Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service receives gratuity on leaving the Company as per the Payment of Gratuity Act, 1972. The scheme is funded with Life Insurance Corporation of India.

The following table summarises the components of net benefit expense recognised in the consolidated statement of profit and loss and the funded status and amounts recognised in the consolidated balance sheet for the respective plan:

#### Consolidated Statement of Profit and Loss

**Net employee benefit expenses** ₹ Million

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Current service cost^ | 67.49 | 62.50 |
| Interest cost on benefit obligation* | 71.66 | 68.22 |
| Actual return on plan assets* | (69.87) | (55.33) |
| Expense recognised in the consolidated statement of profit and loss | 69.28 | 75.39 |

^ Included in employee benefit expense

* Included in finance cost

**Other Comprehensive Income (Experience adjustment)** ₹ Million

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Actuarial gain for the year on present benefit obligation | 9.02 | 5.28 |
| Actuarial gain for the year on plan assets | 4.51 | 2.15 |
| **TOTAL** | **13.53** | **7.43** |

## Consolidated Balance Sheet

**Net asset/(liability) recognised in the consolidated balance sheet** ₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Fair value of plan assets as at the end of the year (a) | 950.96 | 814.58 | 654.55 |
| Present value of defined benefit obligation as at the end of the year (b) | 954.00 | 895.72 | 852.80 |
| **Asset/(liability) recognised in the consolidated balance sheet (a - b)** | **(3.04)** | **(81.14)** | **(198.25)** |

**Changes in the present value of the defined benefit obligation** ₹ Million

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Present value of obligation as at the beginning of the year | 895.72 | 852.80 |
| Interest cost | 71.65 | 68.22 |
| Current service cost | 67.49 | 62.51 |
| Benefits paid | (71.84) | (82.53) |
| Actuarial (gain)/loss on obligation | (9.02) | (5.28) |
| **Present value of obligation as at the end of the year** | **954.00** | **895.72** |

**Changes in the fair value of plan assets** ₹ Million

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Fair value of plan assets as at the beginning of the year | 814.58 | 654.83 |
| Expected return on plan assets | 69.88 | 57.48 |
| Contributions | 138.34 | 184.80 |
| Benefits paid | (71.84) | (82.53) |
| **Fair value of plan assets as at the end of the year** | **950.96** | **814.58** |

The Company's gratuity funds are managed by the Life Insurance Corporation of India and therefore the composition of the fund assets is not presently ascertained.

**Principal assumptions for Gratuity**

| | Particulars | As at March 31, 2017 Rate (%) | As at March 31, 2016 Rate (%) | As at April 1, 2015 Rate (%) |
|---|---|---|---|---|
| a) | Discount rate | 7.54 | 8.00 | 8.00 |
| b) | Future salary increase* | 6.00 | 6.00 | 6.00 |
| c) | Expected rate of return on plan assets | 8.40 | 8.45 | 9.15 |
| d) | Retirement age (years) | 58 | 58 | 58 |
| e) | Mortality table | IALM (2006-2008) | IALM (2006-2008) | IALM (2006-2008) |
| f) | Ages (withdrawal rate %) | | | |
| | Up to 30 years | 3.00 | 3.00 | 3.00 |
| | From 31 to 44 Years | 2.00 | 2.00 | 2.00 |
| | Above 44 years | 1.00 | 1.00 | 1.00 |

* The estimates of future salary increase take into account inflation, seniority, promotion and other relevant factors.

Estimated amount of contribution in the immediate next year is ₹ **90.93 Million** (₹ 83.69 Million as at March 31, 2016 and ₹ 98.72 Million as at April 1, 2015).

**Sensitivity analysis of the defined benefit obligation** ₹ Million

| Impact of change in | Discount rate | Salary increase | Attrition rate |
|---|---|---|---|
| Present value of obligation as at March 31, 2017 | 954.00 | 954.00 | 954.00 |
| Impact due to increase of 0.50% | (38.53) | 42.17 | 9.84 |
| Impact due to decrease of 0.50% | 41.74 | (39.24) | (11.27) |

**B. Foreign Operations**

The pension liability as recorded in the consolidated balance sheet relates to the defined benefit plan of Apollo Vredestein GmbH and Reifencom Gmbh. For the defined benefit plan of Apollo Vredestein Gmbh and Reifencom Gmbh an actuarial calculation was performed by certified actuarial firms.

1. Apollo Vredestein GmbH

**Principal assumptions**

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Inflation | 1.75% | 1.75% | 1.75% |
| Indexation non-active members | 1.75% | 1.75% | 1.75% |
| Mortality table | Heubeck 2005G | Heubeck 2005G | Heubeck 2005G |
| Individual salary increase (dependent on age) | 3% | 3% | 3% |
| Discount rate | 1.80% | 1.90% | 3.10% |

**Changes in the present value of the defined benefit obligation** ₹ Million

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| **Defined benefit obligation** | | |
| Present value of obligation as at the beginning of the year | 607.91 | 582.75 |
| Service cost | 14.06 | 16.74 |
| Interest cost | 11.11 | 9.16 |
| Benefits paid | 0.96 | (11.12) |
| Remeasurements due to experience | 0.44 | 1.37 |
| Remeasurements due to change in financial assumptions | 0.52 | (51.50) |
| | **635.00** | **547.40** |
| Foreign exchange translation differences | (51.66) | 60.51 |
| **Present value of obligation as at the end of the year** | **583.34** | **607.91** |

**Net asset/ (liability) recognised in the consolidated balance sheet** ₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Fair value of plan assets as at the end of the year (a) | – | – | – |
| Present value of defined benefit obligation as at the end of the year (b) | 583.34 | 607.91 | 582.75 |
| Asset/ (liability) recognised in the consolidated balance sheet (a - b) | (583.34) | (607.91) | (582.75) |

**Sensitivity analysis**

| Particulars | Change in assumption | Change in defined benefit obligation |
|---|---|---|
| Discount rate | Increase by 1% | (16.02%) |
| Salary increase | Increase by 0.5% | 1.91% |
| Inflation | Increase by 0.25% | 3.19% |

2. Reifencom Gmbh

**Principal assumptions**

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Inflation | 1.75% | 1.75% | – |
| Mortality table | Heubeck 2005G | Heubeck 2005G | – |
| Discount rate | 1.9% | 1.9% | – |

**Changes in the present value of the defined benefit obligation** ₹ Million

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Present value of obligation as at the beginning of the year/acquisition date | 179.41 | 167.08 |
| Service cost | 7.90 | 1.90 |
| Interest cost | 3.33 | 0.79 |
| Remeasurements due to experience | (0.54) | – |
| Remeasurements due to change in financial assumptions | (20.46) | 2.58 |
| | **169.64** | **172.35** |
| Foreign exchange translation difference | (14.14) | 7.06 |
| **Present value of obligation as at the end of the year** | **155.50** | **179.41** |

**Changes in the fair value of plan assets** ₹ Million

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Fair value of plan assets as at the beginning of the year | 115.48 | 110.48 |
| Return on plan assets | 0.79 | – |
| Interest Income | 2.15 | 0.46 |
| | **118.42** | **110.94** |
| Foreign exchange translation difference | (9.67) | 4.54 |
| **Fair value of plan assets as at the end of the year** | **108.75** | **115.48** |

**Net asset/ (liability) recognised in the consolidated balance sheet** ₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Fair value of plan assets as at the end of the year (a) | 108.75 | 115.48 | – |
| Present value of defined benefit obligation as at the end of the year (b) | 155.50 | 179.41 | – |
| **Asset/ (Liability) recognised in the consolidated balance sheet (a - b)** | **(46.75)** | **(63.93)** | **–** |

**Sensitivity analysis**

| Particulars | Change in assumption | Change in defined benefit obligation |
|---|---|---|
| Discount rate | Increase by 1.0% | (22.19%) |
| Inflation | Increase by 0.25% | 1.52% |

### (iii) Other Long-term Employee Benefits

**Long-term Compensated Absences**

**Principal assumptions for long-term compensated absences**

| Particulars | As at March 31, 2017 Rate (%) | As at March 31, 2016 Rate (%) | As at April 1, 2015 Rate (%) |
|---|---|---|---|
| a) Discount rate | 7.54 | 8.00 | 8.00 |
| b) Future salary increase* | 6.00 | 6.00 | 6.00 |
| c) Retirement age (years) | 58 | 58 | 58 |
| d) Mortality table | IALM (2006-2008) | IALM (2006-2008) | IALM (2006-2008) |
| e) Ages (withdrawal rate %) | | | |
| Up to 30 years | 3.00 | 3.00 | 3.00 |
| From 31 to 44 years | 2.00 | 2.00 | 2.00 |
| Above 44 years | 1.00 | 1.00 | 1.00 |

* The estimates of future salary increase take into account inflation, seniority, promotion and other relevant factors.

## 14 EMPLOYEES STOCK APPRECIATION RIGHTS (EMPLOYEES PHANTOM STOCK PLAN 2010)

a) During the year 2010-11, the Company had announced cash-settled employee share-based payment plan (phantom stock plan) for the eligible employees of the Company. Under the scheme, 1,200,000 phantom stock units have been granted on April 1, 2010, 900,000 phantom stock units have been granted on April 1, 2011 and another 75,000 units have been granted on April 1, 2012 by the board appointed committee. All three options will be vested as per the following schedule:

| Percentage of grant | Vesting schedule |
|---|---|
| 25% | On 1st anniversary of respective grant date |
| 25% | On 2nd anniversary of respective grant date |
| 25% | On 3rd anniversary of respective grant date |
| 25% | On 4th anniversary of respective grant date |

Pursuant to the above scheme, the eligible employees are entitled to get cash compensation upon exercise of the phantom stock unit within seven years of the vesting date.

b) Details of the expense recognised during the year and outstanding phantom stock units of the Company under the Phantom Stock Plan 2010 are as under

| Particulars | As at March 31, 2017 | | | As at March 31, 2016 | | |
|---|---|---|---|---|---|---|
| Date of grant | 01.04.2010 | 01.04.2011 | 01.04.2012 | 01.04.2010 | 01.04.2011 | 01.04.2012 |
| Phantom stock units outstanding | – | – | – | – | 197,500 | 75,000 |
| Phantom stock units exercised | | 197,500 | 75000 | 1,200,000 | 702,500 | – |
| Exercise price of share (₹) | – | – | – | – | 50.00 | 50.00 |
| Market price of share (₹) | – | – | – | – | 174.90 | 174.90 |
| Fair value of share (₹) | – | – | – | – | 130.21 | 129.71 |
| Amount charged to consolidated statement of profit & loss | – | – | – | – | ₹ 2.54 Million | ₹ 1.05 Million |
| Liability | – | – | – | – | ₹ 35.22 Million | ₹ 9.37 Million |

Phantom stock outstanding units summary sheet is as follows

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Opening phantom stock units | 272,500 | 366,250 | 927,500 |
| Number of units issued during the year | – | – | – |
| Number of units vested during the year | 272,500 | 93,750 | 561,250 |
| Closing phantom stock units | – | 272,500 | 366,250 |

**The details of variables used for fair valuation under the Black-Scholes Model**

The options from Vest 1, Vest 2, Vest 3 & Vest 4 of all the three grants have been completely exercised and therefore don't have to be valued.

**Phantom Stock Scheme- Proforma P&L and EPS**

Had compensation cost for the phantom stock units granted under the scheme been determined based on fair value approach, the Group's net profit and earnings per share would have been as per the proforma amounts indicated below

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| **Impact on net profit (₹ Million)** | | |
| Net profit (as reported) | 10,989.99 | 11,229.60 |
| Add:- Cash based employee compensation expense included in net profit | – | 3.59 |
| Less:- Cash based compensation expense determined under fair value based method (proforma) | – | 1.99 |
| Net profit (proforma) | **10,989.99** | **11,231.20** |
| **Impact on earnings per share (₹)** | | |
| **Basic/diluted** | | |
| Earnings per share of ₹ 1 each (as reported) | 21.59 | 22.06 |
| Earnings per share of ₹ 1 each (proforma) | 21.59 | 22.06 |

## 15 FINANCIAL INSTRUMENT

### A) Capital risk management

The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to equity shareholders which comprises issued share capital (including premium) and accumulated reserves disclosed in the consolidated statement of changes in equity.

The Group's capital management objective is to achieve an optimal weighted average cost of capital while continuing to safeguard the Group's ability to meet its liquidity requirements (including its commitments in respect of capital expenditure) and repay loans as they fall due.

### B) Financial risk management

### a) Market risk

The Group has its head office in India and has business interest all across the globe. At present, the major operations and investment of the Group are in India and in Europe (Netherland and Hungary).

The primary market risk of the Group can be identified as changes in foreign currency exchange rates and changes in interest rates. The Group enters into a variety of derivate financial instrument to manage its exposure to foreign currency and interest rates.

There have been no major changes to the Group's exposure to market risk or the manner in which it manages and measures the risk in recent past.

#### i) Currency risk

The Group's exposure arises mainly on import (of raw material and capital items) and export (of finished goods). Wherever possible, the Group follows a policy of matching of import and export exposures (natural hedge) to reduce the net exposure in any foreign currency. However in European operations and at certain other subsidiaries, the natural hedge may not be available. Depending upon the risk and amount involved, certain derivatives are taken to minimise the impact of foreign currency fluctuations on the operations of the Group. Derivative counter parties are limited to high credit quality financial institutions. The local management continuously monitors the entity's exposure to foreign currency risk as well as its use of derivative instruments as per the risk management policy of the respective entity.

#### ii) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrows funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. The use of interest rate swaps are also entered into, especially to hedge the floating rate borrowings or to convert the foreign currency floating interest rates to the domestic currency floating interest rates.

**b) Credit risk**

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

All entities in the Group have their approved commercial policy based on which the credit risk is managed. The Group has adopted a policy of only dealing with creditworthy customers.

Trade receivables comprise a widespread customer base and each entity undertakes on going credit evaluations of the financial condition of its customers, which may be based on the information supplied by the credit rating agencies, publicly available financial information and its own trading records and trends. In most of the cases, an appropriate advance is taken from the customer. In other cases, the entities use various methods to limit the credit risk viz. credit insurance, bank guarantee, post dated cheques etc.

At March 31, 2017, the Group did not consider there to be any significant concentration of credit risk which had not been adequately provided for. The carrying amount of the financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the maximum exposure to credit risk.

**Currency wise net exposure of the Group**

₹ Million

| Currency | As at March 31, 2017 | Sensitivity +1% | Sensitivity –1% | As at March 31, 2016 | Sensitiviy +1% | Sensitiviy –1% | As at April 1, 2015 | Sensitiviy +1% | Sensitiviy –1% |
|---|---|---|---|---|---|---|---|---|---|
| USD | (6,738.00) | (67.38) | 67.38 | (7,856.18) | (78.56) | 78.56 | (9,310.77) | (93.11) | 93.11 |
| EURO | (8,742.24) | (87.42) | 87.42 | (2,554.95) | (25.55) | 25.55 | 147.06 | 1.47 | (1.47) |
| GBP | 128.33 | 1.28 | (1.28) | (79.03) | (0.79) | 0.79 | 237.20 | 2.37 | (2.37) |
| Others | 717.00 | 7.17 | (7.17) | (63.68) | (0.64) | 0.64 | 1,298.15 | 12.98 | (12.98) |

**c) Price risk**

One of the subsidiary in the Group has entered into rubber swap and future contracts with the purpose of managing market exposure to adverse price movements in the rubber commodity.

The derivative financial instrument are measured at fair value through profit and loss and classified under Level 1 of the fair value measurement hierarchy.

**d) Liquidity risk**

The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities for each entity.

The Group has established an appropriate liquidity risk management framework for each entity's short-term, medium-term and long-term funding requirement.

**The below tables summarise the maturity profile of the Group's financial assets and financial liabilites**

**i) Non-derivative financial assets**

₹ Million

| Particulars | As at March 31, 2017 | | | As at March 31, 2016 | | | As at April 1, 2015 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Less than 1 year | 1 to 5 years | 5 years and above | Less than 1 year | 1 to 5 years | 5 years and above | Less than 1 year | 1 to 5 years | 5 years and above |
| Non-interest bearing | 18,011.07 | 997.96 | 17.49 | 17,390.04 | 484.67 | 551.75 | 16,673.67 | 385.45 | 478.87 |
| Fixed interest rates instruments | 806.80 | – | – | 4,818.90 | – | – | 363.94 | – | – |

ii) **Non-derivative financial liabilties**

₹ Million

| Particulars | As at March 31, 2017 | | | As at March 31, 2016 | | | As at April 1, 2015 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Less than 1 year | 1 to 5 years | 5 years and above | Less than 1 year | 1 to 5 years | 5 years and above | Less than 1 year | 1 to 5 years | 5 years and above |
| Non-interest bearing | 21,134.73 | 457.31 | – | 16,305.05 | 520.17 | – | 10,006.94 | – | – |
| Finance lease - deferred payment liabilities | 45.82 | 96.84 | 26.65 | 105.57 | 146.92 | 31.91 | 56.12 | 75.21 | 40.43 |
| Variable interest rate instruments | 10,246.10 | 10,080.16 | 5,078.37 | 9,917.35 | 3,392.98 | 1,882.72 | 6,958.52 | 2,990.92 | – |
| Fixed interest rates instruments | 5,581.28 | 1,077.10 | 5,200.00 | 592.54 | 1,039.28 | – | 1,605.62 | 1,000.00 | – |

iii) **Derivative assets / (liabilities)**

₹ Million

| Particulars | As at March 31, 2017 | | | As at March 31, 2016 | | | As at April 1, 2015 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Less than 1 year | 1 to 5 years | 5 years and above | Less than 1 year | 1 to 5 years | 5 years and above | Less than 1 year | 1 to 5 years | 5 years and above |
| **Net settled** | | | | | | | | | |
| – commodity future contract | – | – | – | 3.87 | – | – | – | – | – |
| – foreign currency forward contracts, futures & options | (141.55) | – | – | (134.50) | – | – | (168.90) | – | – |
| – foreign currency forward contracts, futures & options | – | – | – | 3.00 | – | – | – | – | – |
| **Gross settled** | | | | | | | | | |
| – cross currency swaps | 220.40 | (15.86) | (31.72) | 434.74 | 448.62 | – | 567.39 | 780.24 | – |
| **Total** | **78.85** | **(15.86)** | **(31.72)** | **307.11** | **448.62** | **–** | **398.49** | **780.24** | **–** |

## e) The below tables summarise the fair value of the financial asset / liabilities

### i) Fair value of derivative instruments carried at fair value

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 | Fair value hierarchy (Level 1, 2 or 3)* |
|---|---|---|---|---|
| **Derivative financial assets** | | | | |
| - Foreign currency forward contracts | – | 3.00 | – | 2 |
| - Cross currency rate swaps | 220.40 | 883.36 | 1,347.63 | 2 |
| - Commodity future contract | – | 3.87 | – | 1 |
| **Total (a)** | **220.40** | **890.23** | **1,347.63** | |
| **Derivative financial liabilities** | | | | |
| - Foreign currency forward contracts | 101.02 | 121.72 | 167.53 | 2 |
| - Cross currency rate swaps | 47.58 | – | – | 2 |
| - Futures and options | 40.53 | 12.78 | 1.37 | 2 |
| **Total (b)** | **189.13** | **134.50** | **168.90** | |
| **Net derivate financial asset / (liability) (a- b)** | **31.27** | **755.73** | **1,178.73** | |

**ii) Fair Value of financial assets/ liabilities (other than derivative instruments) carried at fair value**

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 | Fair value hierarchy (Level 1, 2 or 3)* |
|---|---|---|---|---|
| **Financial assets** | | | | |
| - Current investments- Mutual funds | 3,444.44 | 1,217.68 | 1,083.05 | 1 |
| - Non current investments - Quoted | 8.23 | 6.15 | 6.42 | 1 |
| - Non current investments - Un quoted | 9.26 | 5.93 | 4.21 | 3 |
| **Total** | **3,461.93** | **1,229.76** | **1,093.68** | |
| **Financial liabilities** | | | | |
| - Deferred consideraion payable | 457.31 | 520.17 | – | 3 |
| **Total** | **457.31** | **520.17** | **–** | |

**iii) Fair value of financial assets/liabilities (other than Investment in joint venture) that are not measured at fair value**

The management considers that the carrying amount of financial assets and financial liabilities recognised at amortised cost in the consolidated balance sheet approximates their fair value.

* Level 1 - quoted price in an active market.
Level 2 - Discounted cash flow. Future cash flows are estimated based on forward exchange rates and contract rates, discounted at a rate that reflects the credit risk of various counter parties.
Level 3 - Discounted cash flow method is used to capture the present value of the expected future economic benefits that will flow to the Group.

**f) Details of outstanding forward exchange contracts#**

| Currency pair | Currency | Currency value (Million) | Average exchange rate | Nominal value (Million) | Buy / Sell |
|---|---|---|---|---|---|
| **As at March 31, 2017** | | | | | |
| USD / INR | US Dollar | 56.50 | 67.34 | 3,804.90 | Buy |
| EUR / INR | Euro | 25.00 | 73.61 | 1,840.19 | Sell |
| USD / ZAR | US Dollar | 2.38 | 14.03 | 33.40 | Sell |
| USD / THB | US Dollar | 2.00 | 35.10 | 70.20 | Buy |
| EUR / USD | Euro | 0.92 | 1.08 | 1.00 | Sell |
| **As at March 31, 2016** | | | | | |
| USD / INR | US Dollar | 68.48 | 65.50 | 4,485.19 | Buy |
| USD / ZAR | US Dollar | 0.25 | 13.17 | 3.29 | Sell |
| EUR / USD | Euro | 0.84 | 1.09 | 0.92 | Sell |
| **As at April 1, 2015** | | | | | |
| USD / INR | US Dollar | 74.00 | 61.18 | 4,526.97 | Buy |
| EUR / INR | Euro | 6.00 | 77.58 | 465.48 | Sell |
| GBP / EUR | Great British Pound | 2.60 | 1.39 | 3.60 | Sell |
| USD / EUR | US Dollar | 17.94 | 0.93 | 16.68 | Buy |
| SEK / EUR | Swedish Krona | 22.17 | 0.11 | 2.39 | Sell |
| CHF / EUR | Swiss Francs | 2.23 | 0.96 | 2.14 | Sell |
| NOK / EUR | Norwegian Kroner | 7.20 | 0.12 | 0.83 | Sell |
| PLN / EUR | Polish Zlotych | 6.98 | 0.24 | 1.71 | Sell |
| HUF / EUR | Hungarian Forint | 157.33 | 0.003 | 0.52 | Sell |

#For fair value of forward exchange contracts, refer Note C15 (e)(i).

## 16 STATUTORY AUDITOR'S REMUNERATION

₹ Million

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| For audit | 46.65 | 41.75 |
| For company law matters | 0.40 | 0.40 |
| For quarterly review and certification | 5.17 | 4.77 |
| For other services | 5.89 | 7.29 |
| **Total** | **58.11** | **54.21** |

## 17 RESEARCH & DEVELOPMENT EXPENDITURE

₹ Million

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| **(A) Revenue expenditure** | | |
| Materials | 32.44 | 61.28 |
| Employee benefit expenses | 1,422.96 | 1,214.13 |
| Rent | – | – |
| Travelling, conveyance and vehicle expenses | 216.26 | 154.61 |
| Repair & maintenance | – | – |
| Legal & professional expenses | – | – |
| Others | 1,037.38 | 809.75 |
| **Sub-total** | **2,709.04** | **2,239.77** |
| **(B) Capital expenditure** | 868.93 | 954.62 |
| **Total (A + B)** | **3,577.97** | **3,194.39** |

## 18 CONTINGENT LIABILITIES

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Sales tax | 39.64 | 40.05 | 76.17 |
| Income tax# | 265.80 | 392.90 | 451.30 |
| Claims against the Group not acknowledged as debt | | | |
| Employee related | 58.18 | 58.71 | 48.64 |
| Others | 67.77 | 56.14 | 48.90 |
| Provision for security (bank deposits pledged with a bank against which working capital loan has been availed by Apollo Finance Ltd, a company in which directors are interested) | – | – | 37.97 |
| Excise duty* | 137.50 | 137.61 | 57.93 |

# Excludes amount of ₹ **441.66 Million** (₹ 441.66 Million as at March 31, 2016 and ₹ 441.66 Million as at April 1, 2015) in appeals which have been decided by Appellate authorities in Company's favour but on which the department has gone for further appeal and a demand of ₹ 663.70 Million relating to the adjustments made in MAT computation, which in the opinion of the Company, is not sustainable and the probability of cash outflow is considered remote.

* Excludes demand of ₹ **532.12 Million** (₹ 532.12 Million as at March 31, 2016 and ₹ 532.12 Million as at April 1, 2015) raised on one of the Company's units relating to issues which have been decided by the Appellate Authority in Company's favour in appeals pertaining to another unit of the Company. Show-cause notices received from various Government Agencies pending formal demand notices have not been considered as contingent liabilities.

In the opinion of the management, no provision is considered necessary for the disputes mentioned above on the ground that there are fair chances of successful outcome of appeals.

## 19 CAPITAL COMMITMENTS

₹ Million

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account and not provided for* | 15,471.55 | 25,642.47 | 1,806.85 |

*Includes ₹ 4.03 Million payable to NSL Wind Power Company towards additional 402,805 shares allotted and ₹ 0.06 Million payable to OPGS Power Gujarat Pvt. Ltd. towards additional 310,000 shares allotted under Group Captive Scheme. All the additional shares were allotted during FY 2016-17 but payment for additional shares is made after March 31,2017. Total investment by the group is 598,805 shares of NSL Wind Power Company and 930,000 shares of OPGS Power Gujarat Pvt. Ltd as at March 31, 2017.

**20** The management has provided an impairment loss of ₹ 185.99 Million during the year to fully impair its investment and loans (including interest accrued) in the joint venture (Pan Aridus LLC) as the joint venture entity is persistently making losses.

**21** Following subsidiaries, joint venture & associate have been considered in the preparation of the consolidated financial statements

| Name of the Company | Relationship | Country of incorporation | Ownership held by | % of holding and voting power either directly or indirectly through subsidiary | | | Remarks |
|---|---|---|---|---|---|---|---|
| | | | | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 | |
| Apollo Tyres (Greenfield) B.V. | Subsidiary | Netherlands | Apollo Tyres Ltd. | 100% | 100% | – | Note (a) |
| Apollo Tyres (Greenfield) Cooperatief U.A | Subsidiary | Netherlands | Apollo Tyres Ltd. & Apollo Tyres (Cyprus) Pvt. Ltd. | – | – | 100% | Note (a) |
| Apollo (South Africa) Holdings (Pty) Ltd. (ASHPL) | Subsidiary | South Africa | Apollo Coop | 100% | 100% | 100% | Note (b) |
| Apollo Tyres Africa (Pty) Ltd. | Subsidiary | South Africa | ASHPL | 100% | 100% | 100% | |
| Apollo Tyres (Cyprus) Pvt. Ltd. | Subsidiary | Cyprus | Apollo Tyres Ltd. | 100% | 100% | 100% | Note (c) & (d) |
| Apollo Tyres AG | Subsidiary | Switzerland | Apollo Coop | 100% | 100% | 100% | |
| Apollo Tyres Holdings (Singapore) Pte. Ltd. (ATHS) | Subsidiary | Singapore | Apollo Coop | 100% | 100% | 100% | |
| Apollo Tyres (Middle East) FZE | Subsidiary | Dubai | Apollo Coop | 100% | 100% | 100% | |
| Apollo Tyres Cooperatief U.A. (Apollo Coop) | Subsidiary | Netherlands | Apollo Tyres Ltd. & Apollo Tyres (Greenfield) B.V. | 100% | 100% | 100% | Note (d) |
| Apollo Tyres Do (Brasil) Ltda | Subsidiary | Brazil | Apollo Coop & ATBV | 100% | 100% | 100% | |
| Apollo Tyres Global R&D B.V. | Subsidiary | Netherlands | Apollo Coop | 100% | 100% | 100% | |
| Apollo Tyres (Thailand) Limited | Subsidiary | Thailand | Apollo Coop | 100% | 100% | 100% | |
| Apollo Tyres B.V. (ATBV) | Subsidiary | Netherlands | Apollo Coop | 100% | 100% | 100% | |
| Apollo Tyres (Hungary) KFT. (ATH Kft) | Subsidiary | Hungary | ATBV | 100% | 100% | 100% | |
| Apollo Tyres (UK) Pvt. Ltd. (ATUK) | Subsidiary | United Kingdom | Apollo Coop | 100% | 100% | 100% | |
| Apollo Tyres (London) Pvt. Ltd. | Subsidiary | United Kingdom | ATUK | 100% | 100% | 100% | Note (e) |
| Apollo Vredestein B.V. (AVBV) | Subsidiary | Netherlands | ATBV | 100% | 100% | 100% | |
| Apollo Vredestein GmbH (AV GmbH) | Subsidiary | Germany | AVBV | 100% | 100% | 100% | |

| Name of the Company | Relationship | Country of incorporation | Ownership held by | % of holding and voting power either directly or indirectly through subsidiary | | | Remarks |
|---|---|---|---|---|---|---|---|
| | | | | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 | |
| Vredestein Marketing B.V. & Co. KG | Subsidiary | Germany | AV GmbH | 100% | 100% | 100% | |
| Apollo Vredestein Nordic A.B. | Subsidiary | Sweden | AVBV | 100% | 100% | 100% | |
| Vredestein Norge A.S. | Subsidiary | Norway | AVBV | – | 100% | 100% | Note (f) |
| Apollo Vredestein UK Limited | Subsidiary | United Kingdom | AVBV | 100% | 100% | 100% | |
| Apollo Vredestein SAS | Subsidiary | France | AVBV | 100% | 100% | 100% | |
| Apollo Vredestein Belux | Subsidiary | Belgium | AVBV | 100% | 100% | 100% | |
| Apollo Vredestein Gesellschaft m.b.H. | Subsidiary | Austria | AVBV | 100% | 100% | 100% | |
| Apollo Vredestein Schweiz AG | Subsidiary | Switzerland | AVBV | 100% | 100% | 100% | |
| Apollo Vredestein Srl | Subsidiary | Italy | AVBV | 100% | 100% | 100% | |
| Apollo Vredestein Iberica SA | Subsidiary | Spain | AVBV | 100% | 100% | 100% | |
| Apollo Vredestein Tires Inc. | Subsidiary | USA | Apollo Coop | 100% | 100% | 100% | Note (g) |
| Apollo Vredestein Kft (AV Kft) | Subsidiary | Hungary | AVBV | 100% | 100% | 100% | |
| S.C. Vredestein R.O. Srl | Subsidiary | Romania | AV Kft | 100% | 100% | 100% | |
| Apollo Vredestein Opony Polska Sp. Zo.o. | Subsidiary | Poland | AVBV | 100% | 100% | 100% | |
| Vredestein Consulting B.V. | Subsidiary | Netherlands | AVBV | 100% | 100% | 100% | |
| Finlo B.V. | Subsidiary | Netherlands | AVBV | 100% | 100% | 100% | |
| Vredestein Marketing B.V. | Subsidiary | Netherlands | AVBV | 100% | 100% | 100% | |
| Reifencom GmbH, Bielefeld | Subsidiary | Germany | Apollo Coop | 100% | 100% | – | Note (h) |
| Reifencom GmbH, Hannover | Subsidiary | Germany | Reifencom GmbH, Bielefeld | 100% | 100% | – | Note (h) |
| Reifencom Einkaufsgesellschaft, mbH & Co. OHG, Hannover | Subsidiary | Germany | Reifencom GmbH, Bielefeld & Reifencom GmbH, Hannover | 100% | 100% | – | Note (h) |
| Reifencom Tyre (Qingdao) Co., Ltd. | Subsidiary | China | Reifencom Einkauf sgesellschaft, mbH & Co. OHG, Hannover | 100% | 100% | – | Note (h) |
| Apollo Tyres (Malaysia) Sdn Bhd | Subsidiary | Malaysia | ATHS | 100% | 100% | – | Note (i) |
| Apollo Tyres (Germany) GmbH | Subsidiary | Germany | Apollo Coop | 100% | 100% | – | Note (i) |
| Saturn F1 Pvt. Ltd. | Subsidiary | United Kingdom | Apollo Coop | 100% | – | – | Note (j) |
| Retail Distribution Holding BV | Subsidiary | Netherlands | Apollo Coop | 100% | – | – | Note (j) |
| Rubber Research LLC | Subsidiary | USA | Apollo Coop | 100% | – | – | Note (j) |
| PanAridus LLC | Joint Venture | USA | ATHS | 50.00% | 50.00% | 50.00% | Note (k) |
| Pressurite (Pty) Ltd. | Associate | South Africa | ASHPL | 28.00% | 28.00% | 28.00% | Note (l) |

**Notes**

(a) During the previous year ended March 31, 2016, Apollo Tyres (Greenfield) Cooperatief U.A. was converted to Apollo Tyres (Greenfield) B.V.

(b) During the previous year ended March 31, 2016, investment in Apollo (South Africa) Holdings (Pty) Ltd. was transferred by Apollo (Mauritius) Holdings Pvt. Ltd. to Apollo Coop as a part of group restructuring.

(c) Under liquidation

(d) During the previous years, Apollo (Mauritius) Holdings Pvt. Ltd. (AMHPL), subsidiary of Apollo Tyres Ltd. was holding investment in Apollo Tyres (Cyprus) Pvt. Ltd. and Apollo Coop. During current year, subsequent to the merger of AMHPL, these investments were transferred in the name of Apollo Tyres Ltd.
(e) During the previous year ended March 31, 2016, name of the subsidiary, Apollo Tyres Propvest (UK) Pvt. Ltd. was changed to Apollo Tyres (London) Pvt. Ltd.
(f) Wound up during the year.
(g) During the year, investment in Apollo Vredestein Tires Inc. was transferred by AVBV to Apollo Coop as a part of group restructuring.
(h) Acquired on January 1, 2016.
(i) Incorporated during the previous year ended March 31, 2016.
(j) Incorporated during the year.
(k) During the year, provision has been made for impairment of the investment in Pan Aridus LLC.
(l) The investment in Pressurite (Pty) Ltd., an associate of ASHPL, has been fully impaired in the prior years and the group discontinued recognising further losses in accordance with Ind AS 28 – *Accounting for Investments in Associates*. Further, the group does not have any further obligations to satisfy with regard to this associate.

## 22 Disclosure of Related Party Transactions in accordance with Ind AS 24 *Related Party Disclosures*

### I) Name of the Related Parties

| Particulars | 2016-17 | 2015-16 |
|---|---|---|
| Companies in which directors are interested | Apollo International Ltd. (AIL) | Apollo International Ltd. (AIL) |
| | Apollo International Trading LLC, Middle East | Apollo International Trading LLC, Middle East |
| | Encorp E Services Ltd. | Encorp E Services Ltd. |
| | UFO Moviez India Ltd. | UFO Moviez India Ltd. |
| | Landmark Farms & Housing (P) Ltd. | Landmark Farms & Housing (P) Ltd. |
| | Sunlife Tradelinks (P) Ltd. | Sunlife Tradelinks (P) Ltd. |
| | Bespoke Tours & Travels Ltd. | Bespoke Tours & Travels Ltd. |
| | Dusk Valley Technologies Ltd. | Dusk Valley Technologies Ltd. |
| | Classic Auto Tubes Ltd. | Classic Auto Tubes Ltd. |
| | PTL Enterprises Ltd. (PTL) | PTL Enterprises Ltd. (PTL) |
| | Apollo Finance Ltd. | Apollo Finance Ltd. |
| | Artemis Medicare Services Ltd. | Artemis Medicare Services Ltd. |
| | Artemis Health Sciences Ltd. | Artemis Health Sciences Ltd. |
| | Regent Properties | Regent Properties |
| | Swaranganga Consultants Pvt. Ltd. | Swaranganga Consultants Pvt. Ltd. |
| | J & S Systems Corporation, U.K. | J & S Systems Corporation, U.K. |
| | Sacred Heart Investment Co. Pvt. Ltd. | Sacred Heart Investment Co. Pvt. Ltd. |
| | Milers Global Pvt. Ltd. | Milers Global Pvt. Ltd. |
| | Shardul Amarchand Mangaldas & Co. | Shardul Amarchand Mangaldas & Co. |
| | N.A. | J Sagar & Associates (note a) |
| | N.A. | Travel Tracks Ltd. (note a) |
| | N.A. | Apollo Fiege Integrated logistics pvt. Ltd. (note a) |
| Associate | Pressurite (Pty) Ltd. | Pressurite (Pty) Ltd. |
| Joint venture | Pan Aridus LLC | Pan Aridus LLC |
| Key management personnel | Mr. Onkar S. Kanwar | Mr. Onkar S. Kanwar |
| | Mr. Neeraj Kanwar | Mr. Neeraj Kanwar |
| | N.A. | Mr. Sunam Sarkar (note b) |
| Relatives of key management personnel | Mr. Raaja Kanwar | Mr. Raaja Kanwar |

Notes
(a) Ceased during the year.
(b) Ceased to be a Whole time director w.e.f. August 11, 2015.

Related parties and their relationships are as identified by the management and relied upon by the auditors.

## II) Transactions & Balances with Related Parties
FY 2016-17

₹ Million

| Particulars | Companies in which directors are interested | Key management personnel | Total |
|---|---|---|---|
| **Description of transactions** | | | |
| **Sales: finished goods** | | | |
| Apollo Intl. Trading LLC, Dubai | 2.40 | | 2.40 |
| Apollo International Ltd. | 1,236.31 | | 1,236.31 |
| | **1,238.71** | | **1,238.71** |
| **Sales: raw materials** | | | |
| Classic Auto Tubes Ltd. | **21.42** | | **21.42** |
| **Cross charge of management & other expenses received** | | | |
| PTL Enterprises Ltd. | 0.87 | | 0.87 |
| Classic Auto Tubes Ltd. | 1.74 | | 1.74 |
| Artemis Medicare Services Ltd. | 0.63 | | 0.63 |
| | **3.24** | | **3.24** |
| **Rent received** | | | |
| PTL Enterprises Ltd. | 0.33 | | 0.33 |
| Bespoke Tours & Travels Ltd. | 0.23 | | 0.23 |
| Classic Auto Tubes Ltd. | 0.10 | | 0.10 |
| | **0.66** | | **0.66** |
| **Reimbursement of expenses received** | | | |
| Classic Auto Tubes Ltd. | 6.95 | | 6.95 |
| PTL Enterprises Ltd. | 0.02 | | 0.02 |
| Apollo International Ltd. | 0.15 | | 0.15 |
| | **7.12** | | **7.12** |
| **Purchases** | | | |
| Classic Auto Tubes Ltd. | 823.77 | | 823.77 |
| Bespoke Tours & Travels Ltd. | 2.01 | | 2.01 |
| | **825.78** | | **825.78** |
| **Legal and professional charges paid** | | | |
| Shardul Amarchand Mangaldas & Co. | **11.76** | | **11.76** |
| **Reimbursement of expenses paid** | | | |
| PTL Enterprises Ltd. | 552.58 | | 552.58 |
| Classic Auto Tubes Ltd. | 371.39 | | 371.39 |
| | **923.97** | | **923.97** |
| **Payment for services received** | | | |
| Artemis Medicare Services Ltd. | 17.28 | | 17.28 |
| Classic Auto Tubes Ltd. | 0.62 | | 0.62 |
| | **17.90** | | **17.90** |
| **Lease rent paid** | | | |
| PTL Enterprises Ltd. | 504.38 | | 504.38 |
| **Rent paid** | | | |
| Sunlife Tradelinks | 27.19 | | 27.19 |
| Land Mark Farms & Housing | 24.00 | | 24.00 |
| Regent Properties | 21.60 | | 21.60 |
| Classic Auto Tubes Ltd. | 0.12 | | 0.12 |
| Milers Global Pvt. Ltd. | 3.03 | | 3.03 |
| | **75.94** | | **75.94** |
| **Conversion charges paid** | | | |
| Classic Auto Tubes Ltd. | **1,008.29** | | **1,008.29** |

₹ Million

| Particulars | Companies in which directors are interested | Key management personnel | Total |
|---|---|---|---|
| **Mixing charges paid** | | | |
| Classic Auto Tubes Ltd. | **315.65** | | **315.65** |
| **Travelling expenses paid** | | | |
| Bespoke Tours & Travels Ltd. | **71.41** | | **71.41** |
| **Conference expenses** | | | |
| Bespoke Tours & Travels Ltd. | **7.06** | | **7.06** |
| **Sale of assets** | | | |
| Classic Auto Tubes Ltd. | **3.00** | | **3.00** |
| **Managerial remuneration** | | | |
| Mr. Onkar S. Kanwar | | 457.37 | 457.37 |
| Mr. Neeraj Kanwar | | 308.90 | 308.90 |
| | | **766.27** | **766.27** |
| **Amount outstanding** | | | |
| **Trade payable** | | | |
| Classic Auto Tubes Ltd. | **31.25** | | **31.25** |
| **Other current liabilities (financial)** | | | |
| Classic Auto Tubes Ltd. | **27.37** | | **27.37** |
| **Other non-current assets (financial/non financial)** | | | |
| PTL Enterprises Ltd. | 500.00 | | 500.00 |
| Sunlife Tradelinks | 5.86 | | 5.86 |
| Land Mark Farms & Housing | 6.00 | | 6.00 |
| Regent Properties | 5.40 | | 5.40 |
| Milers Global Pvt. Ltd. | 0.75 | | 0.75 |
| Classic Auto Tubes Ltd. | 106.45 | | 106.45 |
| | **624.46** | | **624.46** |
| **Trade receivables** | | | |
| Classic Auto Tubes Ltd. | 1.54 | | 1.54 |
| Apollo International Ltd. | 116.03 | | 116.03 |
| | **117.57** | | **117.57** |
| **Other current assets** | | | |
| PTL Enterprises Ltd. | 56.43 | | 56.43 |
| Apollo International Ltd. | 0.15 | | 0.15 |
| Classic Auto Tubes Ltd. | 0.62 | | 0.62 |
| | **57.20** | | **57.20** |

**FY 2015-16**

₹ Million

| Particulars | Companies in which directors are interested | Key management personnel | Total |
|---|---|---|---|
| **Description of transactions** | | | |
| **Sales: finished goods** | | | |
| Apollo Intl. Trading LLC, Dubai | 23.26 | | 23.26 |
| Apollo International Ltd. | 1,015.97 | | 1,015.97 |
| | **1,039.23** | | **1,039.23** |
| **Sales: raw materials** | | | |
| Classic Auto Tubes Ltd. | **26.99** | | **26.99** |
| **Cross charge of management & other expenses received** | | | |
| PTL Enterprises Ltd. | 0.88 | | 0.88 |
| Classic Auto Tubes Ltd. | 1.75 | | 1.75 |

₹ Million

| Particulars | Companies in which directors are interested | Key management personnel | Total |
|---|---|---|---|
| Artemis Medicare Services Ltd. | 0.60 | | 0.60 |
| | **3.23** | | **3.23** |
| **Rent received** | | | |
| PTL Enterprises Ltd. | 0.12 | | 0.12 |
| Bespoke Tours & Travels Ltd. | 1.26 | | 1.26 |
| Classic Auto Tubes Ltd. | 0.11 | | 0.11 |
| | **1.49** | | **1.49** |
| **Reimbursement of expenses received** | | | |
| Classic Auto Tubes Ltd. | 5.55 | | 5.55 |
| PTL Enterprises Ltd. | 1.85 | | 1.85 |
| Apollo International Ltd. | 2.37 | | 2.37 |
| | **9.77** | | **9.77** |
| **Purchases** | | | |
| Classic Auto Tubes Ltd. | 509.40 | | 509.40 |
| **Clearing charges paid** | | | |
| Apollo Fiege Integrated Logistics Pvt Ltd | 26.34 | | 26.34 |
| **Warehouse management charges paid** | | | |
| Apollo Fiege Integrated Logistics Pvt Ltd | 69.28 | | 69.28 |
| **Legal and professional charges paid** | | | |
| Amarchand & Mangaldas & Suresh A Shroff & Co. | 0.65 | | 0.65 |
| J Sagar & Associates | 4.82 | | 4.82 |
| Shardul Amarchand Mangaldas & Co. | 5.76 | | 5.76 |
| | **11.23** | | **11.23** |
| **Reimbursement of expenses paid** | | | |
| PTL Enterprises Ltd. | 634.62 | | 634.62 |
| Classic Auto Tubes Ltd. | 364.09 | | 364.09 |
| Apollo International Ltd. | 0.32 | | 0.32 |
| | **999.03** | | **999.03** |
| **Payment for services received** | | | |
| Artemis Medicare Services Ltd. | 10.08 | | 10.08 |
| Classic Auto Tubes Ltd. | 0.63 | | 0.63 |
| | **10.71** | | **10.71** |
| **Lease rent paid** | | | |
| PTL Enterprises Ltd. | **458.96** | | **458.96** |
| **Rent paid** | | | |
| Sunlife Tradelinks | 24.06 | | 24.06 |
| Land Mark Farms & Housing | 24.00 | | 24.00 |
| Regent Properties | 21.60 | | 21.60 |
| Classic Auto Tubes Ltd. | 0.12 | | 0.12 |
| Milers Global Pvt. Ltd. | 3.01 | | 3.01 |
| | **72.79** | | **72.79** |
| **Conversion charges paid** | | | |
| Classic Auto Tubes Ltd. | **964.34** | | **964.34** |
| **Mixing charges paid** | | | |
| Classic Auto Tubes Ltd. | **275.76** | | **275.76** |
| **Travelling expenses paid** | | | |
| Bespoke Tours & Travels Ltd. | **273.62** | | **273.62** |
| **Conference expenses** | | | |
| Bespoke Tours & Travels Ltd. | **67.28** | | **67.28** |
| **Security deposits given** | | | |

₹ Million

| Particulars | Companies in which directors are interested | Key management personnel | Total |
|---|---|---|---|
| PTL Enterprises Ltd. | **100.00** | | **100.00** |
| **Commision received** | | | |
| Apollo Finance Ltd. | **0.52** | | **0.52** |
| **Managerial Remuneration** | | | |
| Mr. Onkar S. Kanwar | | 532.77 | 532.77 |
| Mr. Neeraj Kanwar | | 352.32 | 352.32 |
| Mr. Sunam Sarkar | | 5.39 | 5.39 |
| | | **890.48** | **890.48** |
| **Amount outstanding** | | | |
| **Trade payable** | | | |
| Apollo Fiege Integrated Logistics Pvt. Ltd. | 8.14 | | 8.14 |
| Classic Auto Tubes Ltd. | 32.32 | | 32.32 |
| Artemis Medicare Services Ltd. | 0.01 | | 0.01 |
| J Sagar Associates | 0.33 | | 0.33 |
| | **40.80** | | **40.80** |
| **Other current liabilities (financial)** | | | |
| Classic Auto Tubes Ltd. | **21.64** | | **21.64** |
| **Other non-current assets (financial/non-financial)** | | | |
| PTL Enterprises Ltd. | 500.00 | | 500.00 |
| Sunlife Tradelinks | 5.86 | | 5.86 |
| Land Mark Farms & Housing | 6.00 | | 6.00 |
| Regent Properties | 5.40 | | 5.40 |
| Milers Global Pvt. Ltd. | 0.75 | | 0.75 |
| Classic Auto Tubes Ltd. | 75.37 | | 75.37 |
| | **593.38** | | **593.38** |
| **Trade receivables** | | | |
| Classic Auto Tubes Ltd. | 36.48 | | 36.48 |
| Apollo International Ltd. | 62.04 | | 62.04 |
| Apollo Intl. Trading LLC, Dubai | 1.27 | | 1.27 |
| | **99.79** | | **99.79** |
| **Other current assets** | | | |
| PTL Enterprises Ltd. | 77.45 | | 77.45 |
| Apollo International Ltd. | 0.39 | | 0.39 |
| Classic Auto Tubes Ltd. | 4.12 | | 4.12 |
| Bespoke Tours & Travels Ltd | 6.01 | | 6.01 |
| | **87.97** | | **87.97** |

## 23 SEGMENTAL REPORTING

The Group's operations comprise of only one business segment - Automobile Tyres, Automobile Tubes & Automobile Flaps in the context of reporting business/ geographical segment as required under Ind AS 108 *Operating Segments*.

Based on the "management approach" as defined in Ind AS 108 *Operating Segments*, the Chief Operating Decision Maker evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segment. Accordingly, information has been presented along these business segments which have been defined based on the geographical presence of various entities:

APMEA (Asia Pacific, Middle East and Africa)
EA (Europe and Americas)
Others

APMEA segment includes manufacturing and sales operation through India and include entities in UAE, Thailand, Malaysia and South Africa. EA segment includes manufacturing and sales operation through the entities in Europe and Americas. Others segment includes all other corporate entities.

The accounting principles used in the preparation of the financial statements are consistently applied in individual segment to prepare segment reporting.

₹ Million

| Particulars | APMEA | | EA | | Others | | Eliminations | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Year ended March 31, 2017 | Year ended March 31, 2016 | Year ended March 31, 2017 | Year ended March 31, 2016 | Year ended March 31, 2017 | Year ended March 31, 2016 | Year ended March 31, 2017 | Year ended March 31, 2016 | Year ended March 31, 2017 | Year ended March 31, 2016 |
| **1. REVENUE** | | | | | | | | | | |
| Total revenue | 101,121.22 | 99,204.07 | 43,052.65 | 31,737.28 | 14,641.47 | 6,516.49 | (17,115.78) | (8,942.52) | 141,699.56 | 128,515.32 |
| Inter segment revenue | (1,975.75) | (2,029.48) | (498.56) | (396.55) | (14,641.47) | (6,516.49) | 17,115.78 | 8,942.52 | – | – |
| **External revenue** | **99,145.47** | **97,174.59** | **42,554.09** | **31,340.73** | **–** | **–** | **–** | **–** | **141,699.56** | **128,515.32** |
| **2. RESULT** | | | | | | | | | | |
| Segment result | 11,781.50 | 13,623.16 | 3,041.13 | 2,421.84 | 463.35 | 205.25 | 101.33 | 136.29 | 15,387.31 | 16,386.54 |
| Interest expense | (889.16) | (906.28) | (106.70) | (18.66) | (109.86) | (19.26) | 76.91 | 18.19 | (1,028.81) | (926.01) |
| Share of loss in joint venture | – | – | – | – | (3.05) | (31.75) | – | – | (3.05) | (31.75) |
| Exceptional item | – | 477.71 | – | – | – | – | – | – | – | 477.71 |
| Income taxes | (2,819.83) | (4,134.00) | (513.27) | (519.24) | (32.36) | (23.65) | – | – | (3,365.46) | (4,676.89) |
| **Net profit after tax** | **8,072.51** | **9,060.59** | **2,421.16** | **1,883.94** | **318.08** | **130.59** | **178.24** | **154.48** | **10,989.99** | **11,229.60** |
| 3. OTHER INFORMATION | | | | | | | | | | |
| Depreciation and amortisation | 2,895.46 | 2,673.78 | 1,623.55 | 1,448.86 | 99.12 | 145.23 | – | – | 4,618.13 | 4,267.87 |

₹ Million

| Particulars | APMEA | | | EA | | | Others | | | Eliminations | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
| Segment assets | 88,614.69 | 66,486.62 | 60,778.46 | 61,867.72 | 47,475.44 | 28,905.00 | 6,830.41 | 4,796.77 | 3,495.14 | (4,308.06) | (2,220.60) | (1,826.40) | 153,004.76 | 116,538.23 | 91,352.20 |
| Segment liabilities | 46,342.14 | 29,195.89 | 29,470.43 | 33,550.01 | 21,691.89 | 8,535.86 | 4,476.65 | 1,676.42 | 547.10 | (4,263.58) | (2,072.12) | (1,391.55) | 80,105.22 | 50,492.08 | 37,161.84 |
| Capital employed | 42,272.55 | 37,290.73 | 31,308.03 | 28,317.71 | 25,783.55 | 20,369.14 | 2,353.76 | 3,120.35 | 2,948.04 | (44.48) | (148.48) | (434.85) | 72,899.54 | 66,046.15 | 54,190.36 |
| Non-current assets* | 55,894.82 | 39,651.76 | 36,080.38 | 41,715.68 | 25,159.36 | 13,192.02 | 1,354.77 | 1,424.60 | 1,225.50 | – | – | – | 98,965.27 | 66,235.72 | 50,497.90 |

*Non-current assets consists of property, plant & equipment, other intangible assets, capital work-in-progress, intangible assets under development and capital advances.

**Information about major customers** None of the individual customer accounted for more than 10% of the consolidated revenue for the years ended March 31, 2017 and March 31, 2016.

## 24 ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013 OF ENTITIES CONSOLIDATED

| S. No | Name of the Entity | Net assets As at March 31, 2017 | | Share in profit or loss (Profit after tax) for the year ended March 31, 2017 | |
|---|---|---|---|---|---|
| | | As a % of consolidated Net assets | ₹ Million | As a % of consolidated profit or (loss) | ₹ Million |
| | **Company** | | | | |
| 1 | Apollo Tyres Limited | 73.13 | 53,311.89 | 73.05 | 8,027.58 |
| | **Subsidiaries** | | | | |
| 2 | Apollo Tyres (Cyprus) Pvt. Ltd. | 0.21 | 150.99 | 0.03 | 2.80 |
| 3 | Apollo Tyres (Greenfield) B.V. | (0.01) | (7.09) | (0.09) | (10.22) |
| 4 | Apollo Tyres Co operatief U.A. (refer Note 1 below) | 137.77 | 100,436.71 | 17.20 | 1,890.41 |
| | **Joint Venture** | | | | |
| | Pan Aridus LLC | – | – | (0.03) | (3.05) |
| | Add/ (Less): Effect of intercompany adjustments/ eliminations | (111.10) | (80,992.96) | 9.84 | 1,082.47 |
| | **Total** | **100.00** | **72,899.54** | **100.00** | **10,989.99** |

**Note:**

1. Apollo Tyres Cooperatief U.A.

₹ Million

| S. No. | Name of the entity | Net assets | Share in profit or loss (profit after tax) |
|---|---|---|---|
| 1 | Apollo Tyres Cooperatief U.A. | 38,137.55 | (176.25) |
| 2 | Apollo (South Africa) Holdings (Pty) Ltd. | 314.37 | 0.41 |
| 3 | Apollo Tyres Africa (Pty) Ltd. | 232.56 | (8.69) |
| 4 | Apollo Tyres (Thailand) Limited | 246.25 | (35.10) |
| 5 | Apollo Tyres (Middle East) FZE | 182.85 | 22.22 |
| 6 | Apollo Tyres Holdings (Singapore) Pte. Ltd. | 488.96 | 95.89 |
| 7 | Apollo Tyres (Malaysia) SDN. BHD | 76.91 | (19.55) |
| 8 | Apollo Tyres (UK) Pvt. Ltd. | 1,247.59 | 46.62 |
| 9 | Apollo Tyres (London) Pvt. Ltd. | 845.47 | – |
| 10 | Apollo Tyres Global R&D B.V. | 512.38 | 157.11 |
| 11 | Apollo Tyres (Germany) GmbH | 76.15 | 33.58 |
| 12 | Apollo Tyres AG | 141.71 | (21.57) |
| 13 | Apollo Tyres do (Brazil) Ltda | 6.74 | (1.52) |
| 14 | Apollo Tyres B.V. | 23,557.34 | (34.53) |
| 15 | Apollo Tyres (Hungary) Kft | 11,672.82 | (1,297.83) |
| 16 | Apollo Vredestein B.V. | 17,792.97 | 1,936.42 |
| 17 | Apollo Vredestein GmbH | 5,106.18 | 1,177.72 |
| 18 | Vredestein Marketing B.V. & Co. KG | (2,377.18) | (42.47) |
| 19 | Vredestein Nordic A.B. | 53.33 | 27.36 |
| 20 | Apollo Vredestein UK Limited | 118.57 | 31.04 |
| 21 | Apollo Vredestein SAS | 419.55 | 38.45 |
| 22 | Apollo Vredestein Belux | 127.72 | 26.95 |
| 23 | Apollo Vredestein Gesellschaft m.b.H. | 40.33 | 29.62 |
| 24 | Apollo Vredestein Schweiz AG | 284.55 | 19.00 |
| 25 | Apollo Vredestein Srl | (75.64) | (124.66) |
| 26 | Apollo Vredestein Iberica SA | 329.69 | 26.33 |
| 27 | Apollo Vredestein Tires Inc. | (25.26) | (52.94) |
| 28 | Apollo Vredestein Kft | 9.62 | 6.88 |
| 29 | S.C. Vredestein R.O. Srl | – | – |

₹ Million

| S. No. | Name of the entity | Net assets | Share in profit or loss (profit after tax) |
|---|---|---|---|
| 30 | Apollo Vredestein Opony Polska Sp. Zo.o. | 122.20 | 6.29 |
| 31 | Vredestein Norge A.S. | 0.07 | (0.54) |
| 32 | Vredestein Consulting B.V. | 245.49 | 32.24 |
| 33 | Finlo B.V. | (15.54) | – |
| 34 | Vredestein Marketing B.V. | 1.73 | – |
| 35 | Reifencom GmbH, Bielefeld | 160.56 | 11.56 |
| 36 | Reifencom GmbH, Hannover | 177.34 | (14.87) |
| 37 | Reifencom Einkaufsgesellschaft, mbH & Co. OHG, Hannover | 112.01 | 1.77 |
| 38 | Reifencom Tyre (Qingdao) Co., Ltd. | (0.61) | 0.50 |
| 39 | Saturn F1 Pvt. Ltd. | 89.38 | (7.03) |
| 40 | Retail Distribution Holding B.V. | – | – |
| 41 | Rubber Research LLC | – | – |
| | **Total** | **100,436.71** | **1,890.41** |

## 25 DISCLOSURE IN RESPECT OF SPECIFIED BANK NOTES (SBN) AS SPECIFIED BY MINISTRY OF CORPORATE AFFAIRS (MCA) VIDE NOTIFICATION NO. G.S.R. 308(E) DATED MARCH 30, 2017

₹ Million

| Particulars | SBN | Other denomination notes | Total |
|---|---|---|---|
| Closing cash in hand as on November 8, 2016 | 1.59 | 0.61 | 2.20 |
| Add: Permitted receipts | 0.15 | 8.50 | 8.65 |
| Less: Permitted payments | 0.32 | 6.57 | 6.89 |
| Less: Amount deposited in Banks | 1.42 | 0.03 | 1.45 |
| **Closing cash in hand as on December 30, 2016** | **-** | **2.51** | **2.51** |

The above disclosure is in respect of the Parent Company since there are no Subsidiaries, Associates or Joint Ventures incorporated in India.

## 26 EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors have recommended a final dividend of ₹ 3.00 Per Share amounting to ₹ 1,527.07 Million on Equity Shares of ₹ 1/- each for the year, subject to approval from Shareholders. Dividend distribution tax on the same amounts to ₹ 310.88 Million.

## 27 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved for issue by the board of directors on May 5, 2017.

**28** Earnings Per Share (EPS) The numerator and denominator used to calculate Basic and Diluted Earnings Per Share:

| Particulars | 2016-17 | 2015-16 |
|---|---|---|
| Basic & Diluted Earnings Per Share | | |
| Profit attributable to the equity shareholders used as numerator (₹ Million) - (A) | 10,989.99 | 11,229.60 |
| The weighted average number of equity shares outstanding during the year used as denominator - (B) | 509,024,770 | 509,024,770 |
| Basic/Diluted earnings per share (₹) – (A) / (B) (Face value of ₹ 1 each) | 21.59 | 22.06 |

For and on behalf of the Board of Directors

ONKAR S. KANWAR
Chairman & Managing Director

NEERAJ KANWAR
Vice Chairman & Managing Director

S. NARAYAN
Director

GAURAV KUMAR
Chief Financial Officer

SEEMA THAPAR
Company Secretary

Gurgaon
May 5, 2017

## FORM AOC 1

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of companies (Accounts) rules, 2014)

### Statement containing salient features of the financial statement of subsidiaries/ associate/ joint venture
### Part A: Subsidiaries

₹ Million

| S. No. | Name of the subsidiary | Reporting currency | Exchange rate as on 31.03.2017 | As at March 31, 2017 | | | | | Year ended March 31, 2017 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Share capital | Reserves & surplus | Total assets | Total liabilities | Investment (other than subsidiary) | Turnover (including other income) | Profit before tax | Tax expense | Profit after tax |
| 1 | Apollo Tyres Cooperatief U.A. | EURO | 69.06 | 8,714.81 | 29,422.74 | 40,385.34 | 2,247.79 | – | – | (226.63) | (50.38) | (176.25) |
| 2 | Apollo (South Africa) Holdings (Pty) Ltd. | ZAR | 4.81 | – | 314.37 | 314.54 | 0.17 | – | 0.63 | 0.57 | 0.16 | 0.41 |
| 3 | Apollo Tyres Africa (Pty) Ltd. | ZAR | 4.81 | 1,925.36 | (1,692.80) | 711.53 | 478.97 | – | 1,268.08 | (11.97) | (3.28) | (8.69) |
| 4 | Apollo Tyres (Thailand) Limited | THB | 1.88 | 187.84 | 58.41 | 828.26 | 582.01 | – | 3,151.55 | (44.70) | (9.60) | (35.10) |
| 5 | Apollo Tyres (Middle East) FZE | AED | 17.60 | 35.19 | 147.66 | 394.57 | 211.72 | – | 1,976.26 | 22.22 | – | 22.22 |
| 6 | Apollo Tyres Holdings (Singapore) Pte. Ltd. | USD | 64.65 | 524.29 | (35.33) | 4,542.52 | 4,053.56 | – | 14,826.21 | 129.02 | 33.13 | 95.89 |
| 7 | Apollo Tyres (Malaysia) SDN. BHD | MYR | 14.61 | 94.73 | (17.82) | 131.65 | 54.74 | – | 321.18 | (19.55) | – | (19.55) |
| 8 | Apollo Tyres (UK) Pvt. Ltd. | GBP | 80.72 | 1,187.93 | 59.66 | 1,379.42 | 131.83 | – | 1,261.05 | 63.22 | 16.60 | 46.62 |
| 9 | Apollo Tyres (London) Pvt. Ltd. | GBP | 80.72 | 847.59 | (2.12) | 846.03 | 0.56 | – | – | – | – | – |
| 10 | Apollo Tyres Global R&D B.V. | EURO | 69.06 | 0.01 | 512.37 | 789.81 | 277.43 | – | 2,232.70 | 188.21 | 31.10 | 157.11 |
| 11 | Apollo Tyres (Germany) GmbH | EURO | 69.06 | 1.73 | 74.42 | 90.44 | 14.29 | – | 261.81 | 34.85 | 1.27 | 33.58 |
| 12 | Apollo Tyres AG | CHF | 64.58 | 303.35 | (161.64) | 149.79 | 8.08 | – | 142.99 | (21.57) | – | (21.57) |
| 13 | Apollo Tyres do (Brazil) Ltda | BRL | 20.52 | 16.21 | (9.47) | 29.43 | 22.69 | – | – | (1.52) | – | (1.52) |
| 14 | Apollo Tyres B.V. | EURO | 69.06 | 1,071.65 | 22,485.69 | 33,646.31 | 10,088.97 | – | – | (13.02) | 21.51 | (34.53) |
| 15 | Apollo Tyres (Hungary) Kft | HUF | 0.22 | 14,026.20 | (2,353.38) | 24,558.38 | 12,885.56 | – | – | (1,297.83) | – | (1,297.83) |
| 16 | Apollo Vredestein B.V. | EURO | 69.06 | 2.93 | 17,790.04 | 26,962.26 | 9,169.29 | – | 28,950.27 | 2,252.38 | 315.96 | 1,936.42 |
| 17 | Apollo Vredestein GmbH | EURO | 69.06 | 35.36 | 5,070.82 | 8,186.09 | 3,079.91 | – | 10,404.99 | 1,438.44 | 260.72 | 1,177.72 |
| 18 | Vredestein Marketing B.V. & Co. KG | EURO | 69.06 | – | (2,377.18) | 2,557.13 | 4,934.31 | – | 703.42 | (46.50) | (4.03) | (42.47) |
| 19 | Vredestein Nordic A.B. | SEK | 7.23 | 8.24 | 45.09 | 665.95 | 612.62 | – | 1,116.73 | 30.70 | 3.34 | 27.36 |
| 20 | Apollo Vredestein UK Limited | GBP | 80.72 | 80.80 | 37.77 | 461.24 | 342.67 | – | 1,432.10 | 39.85 | 8.81 | 31.04 |
| 21 | Apollo Vredestein SAS | EURO | 69.06 | 2.90 | 416.65 | 588.14 | 168.59 | – | 1,495.71 | 30.10 | (8.35) | 38.45 |
| 22 | Apollo Vredestein Belux | EURO | 69.06 | 4.28 | 123.44 | 286.05 | 158.33 | – | 1,493.19 | 72.53 | 45.58 | 26.95 |
| 23 | Apollo Vredestein Gesellschaft m.b.H. | EURO | 69.06 | 2.51 | 37.82 | 718.07 | 677.74 | – | 2,098.79 | 40.58 | 10.96 | 29.62 |
| 24 | Apollo Vredestein Schweiz AG | CHF | 64.58 | 193.75 | 90.80 | 316.53 | 31.98 | – | 839.85 | 22.47 | 3.47 | 19.00 |
| 25 | Apollo Vredestein Srl | EURO | 69.06 | 13.81 | (89.45) | 61.06 | 136.70 | – | 326.82 | (124.66) | – | (124.66) |
| 26 | Apollo Vredestein Iberica SA | EURO | 69.06 | 214.17 | 115.52 | 440.88 | 111.19 | – | 954.57 | 35.14 | 8.81 | 26.33 |
| 27 | Apollo Vredestein Tires Inc. | USD | 64.65 | 113.13 | (138.39) | 133.90 | 159.16 | – | 395.76 | (52.94) | – | (52.94) |
| 28 | Apollo Vredestein Kft | HUF | 0.22 | 0.67 | 8.95 | 226.86 | 217.24 | – | 519.32 | 7.92 | 1.04 | 6.88 |
| 29 | S.C. Vredestein R.O. Srl * | EURO | 69.06 | – | – | – | – | – | – | – | – | – |

₹ Million

| S. No. | Name of the subsidiary | Reporting currency | Exchange rate as on 31.03.2017 | As at March 31, 2017 | | | | | Year ended March 31, 2017 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Share capital | Reserves & surplus | Total assets | Total liabilities | Investment (other than subsidiary) | Turnover (including other income) | Profit before tax | Tax expense | Profit after tax |
| 30 | Apollo Vredestein Opony Polska Sp. Zo.o. | PLN | 16.35 | 0.82 | 121.38 | 481.34 | 359.14 | – | 741.10 | 14.14 | 7.85 | 6.29 |
| 31 | Vredestein Norge A.S. | NOK | 7.53 | 0.75 | (0.68) | 0.08 | 0.01 | – | – | (0.54) | – | (0.54) |
| 32 | Vredestein Consulting B.V. | EURO | 69.06 | 1.57 | 243.92 | 253.45 | 7.96 | – | 52.85 | 38.57 | 6.33 | 32.24 |
| 33 | Finlo B.V. | EURO | 69.06 | 0.62 | (16.16) | 14.99 | 30.53 | – | – | – | – | – |
| 34 | Vredestein Marketing B.V. | EURO | 69.06 | 1.73 | – | 1.73 | – | – | – | – | – | – |
| 35 | Reifencom GmbH, Bielefeld | EURO | 69.06 | 51.79 | 108.77 | 609.72 | 449.16 | – | 2,756.16 | 19.80 | 8.24 | 11.56 |
| 36 | Reifencom GmbH, Hannover | EURO | 69.06 | 106.07 | 71.27 | 1,473.92 | 1,296.58 | – | 7,468.94 | (17.52) | (2.65) | (14.87) |
| 37 | Reifencom Einkaufsgesellschaft, mbH & Co. OHG, Hannover | EURO | 69.06 | 112.01 | – | 2,754.62 | 2,642.61 | – | 6,875.89 | 7.44 | 5.67 | 1.77 |
| 38 | Reifencom Tyre (Qingdao) Co., Ltd. | CNY | 9.31 | 4.59 | (5.20) | 1.04 | 1.65 | – | 3.98 | 0.50 | – | 0.50 |
| 39 | Saturn F1 Pvt. Ltd. | GBP | 80.72 | 95.86 | (6.48) | 99.75 | 10.37 | – | – | (8.53) | (1.50) | (7.03) |
| 40 | Retail Distribution Holding B.V. | EURO | 69.06 | – | – | – | – | – | – | – | – | – |
| 41 | Rubber Research LLC | USD | 64.65 | – | – | – | – | – | – | – | – | – |
| 42 | Apollo Tyres (Cyprus) Pvt. Ltd. | EURO | 69.06 | 138.92 | 12.07 | 152.23 | 1.24 | – | 5.47 | 3.44 | 0.64 | 2.80 |
| 43 | Apollo Tyres (Greenfield) B.V. | EURO | 69.06 | 2.49 | (9.58) | 1,731.74 | 1,738.83 | – | 5.02 | (10.22) | – | (10.22) |

* It is a non-operating entity.

Note 1 Name of subsidiaries which are yet to commence operations

- Retail Distribution Holding BV
- Rubber Research LLC

Note 2 Name of subsidiaries which have been liquidated or sold during the year - None. During the year, one of the subsidiary, Apollo (Mauritus) Holdings Pvt. Ltd. was merged with the Company.

Note 3 Financial period for all the subsidiaries is April to March.

Note 4 There is no proposed dividend in any subsidiary as on March 31, 2017.

Note 5 The shareholding in all subsidiaries is 100%.

**Part B: Joint Venture & Associates**

₹ Million

| S. No. | Name of Joint Venture | | PanAridus LLC |
|---|---|---|---|
| 1 | Latest balance sheet date | | 31.12.16 |
| 2 | Shares of joint ventures held by the company at the year end | | |
| | No. | | 9,550 |
| | Extent of Holding % | | 50% |
| | Amount of Investment in Joint Venture | 26.65 | |
| | Less : Provision for Impairment | (26.65) | – |
| 3 | Description of how there is significant influence | | Extent of Holding equals to 50% |
| 4 | Reason why the joint venture is not consolidated | | Refer note 1 below |
| 5 | Net worth attributable to Shareholding as per latest Balance Sheet | | (128.04) |
| 6 | Profit/(Loss) upto December 31, 2016 | | |
| | i. Considered in consolidation (upto 50% of our shareholding) | | (3.05) |
| | ii. Not considered in consolidation | | (3.05) |

**Note 1** Our share of loss is consolidated till December 31, 2016. In Quarter 4, provision for impairment for investment in Joint Venture has been made in the books.

**Note 2** The investment in Pressurite, an associate of ASHPL, has been fully impaired in the prior years and the group discontinued recognising further losses in accordance with Ind AS 28 *Accounting for Investments in Associates*. Further, the group does not have any further obligations to satisfy with regard to this associate.

**Note 3** **Name of associates or joint ventures which are yet to commence operations**

None

**Note 4** **Name of associates or joint ventures which have been liquidated or sold during the year**

None

For and on behalf of the Board of Directors

ONKAR S. KANWAR
Chairman & Managing Director

NEERAJ KANWAR
Vice Chairman & Managing Director

S. NARAYAN
Director

GAURAV KUMAR
Chief Financial Officer

SEEMA THAPAR
Company Secretary

Gurgaon
May 5, 2017

# REACH THE WORLD

apollo

go the distance™

Apollo Tyres Ltd
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www.apollotyres.com

Registered Office: Apollo Tyres Ltd, 3rd Floor, Areekal Mansion,
Panampilly Nagar, Kochi 682036, India
T: +91 484 4012046 | F: +91 484 4012048 | E: investors@apollotyres.com
CIN: L25111KL1972PLC002449

concept, content and design at aicl [info@aicl.in]

ANNEXURE - A

# APOLLO TYRES LTD

Information as per Section 197 of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and forming part of the Board's Report for the Year ended March 31, 2017

| Name | Designation | Qualification | D.O.J. | Age | Exp. | Remuneration (Rs. in Million) | Previous Employment | Last Designation |
|---|---|---|---|---|---|---|---|---|
| **Employed throughout the year** | | | | | | | | |
| 1 Mr. Anil Chopra | Group Head - Corporate Accounts | B.Com., A.C.A. | August 18, 1992 | 62 | 36 | 15.50 | Altos India Ltd. | Manager - Finance |
| 2 Mr. Gaurav Kumar | Chief Financial Officer | B.Tech., M.B.A. | March 1, 2004 | 47 | 24 | 25.53 | HCL Technologies Ltd. | AVP - Mergers & Acquisitions |
| 3 Mr. Harish Bahadur | Head - Corporate Investments | B.Com. (H) | February 2, 1975 | 65 | 42 | 38.16 | – | – |
| 4 Mr. Neeraj Kanwar | Vice Chairman & Managing Director | B.Sc., ACMS | February 24, 1997 | 45 | 22 | 308.90 | Apollo Finance Ltd. | Joint President |
| 5 Mr. Onkar S. Kanwar | Chairman & Managing Director | B.Sc., Bach. of Admn. | February 1, 1988 | 74 | 56 | 457.37 | Bst Manufacturing Ltd. | Managing Director |
| 6 Mr. Piush Bansal | Unit Head - Limda Plant | B.E. (Mech.), PGDBM | August 20, 2013 | 51 | 31 | 10.31 | Moser Bear India | Vice President |
| 7 Mr. P. K. Mohamed | Chief Advisor - Research & Development | B.Sc., LPRI | February 19, 2001 | 76 | 53 | 29.56 | Ceat Ltd. | Executive Director - Technical |
| 8 Mr. Pramesh Arya | Group Head - Marketing (APMEA) | PGDBM, B.Sc. (Engg) | December 15, 2014 | 50 | 26 | 14.84 | Kohler India | Director - Marketing |
| 9 Mr. Rajesh Dahiya | Group Head - Sales (India, SAARC & OCEANIA) | B.Com., M.B.A. | August 20, 1990 | 51 | 28 | 19.64 | Indian Express | Business Executive |
| 10 Mr. Satish Sharma | President - APMEA | B.E., PGDBM | October 15, 1997 | 49 | 28 | 39.94 | Jk Industries Ltd. | Manager |
| 11 Mr. T.R. Gopalakrishnan | Group Head-Corporate Technology (TBR) | B.Sc., B.E. | June 16, 1980 | 63 | 36 | 14.38 | Jk Industries Ltd. | Asstt. Technical Officer |
| 12 Mr. Teera Makanontchai | Head- Fleet Marketing & Sales Training | M.B.A., B.A. | November 24, 2014 | 44 | 16 | 11.16 | Michelin Siam Co. Ltd. | Norm & Regulation Coordinator |
| **Employed part of the year** | | | | | | | | |
| 1 Mr. Dheeraj Prasad Sinha | Group Head - Corporate Management Services | B.E. | February 9, 2004 | 46 | 24 | 10.03 | Infovergix Technologies Ltd. | G.M. - E-Business Services |

**Note :**

1. None of the above is related to any Director of the Company except Mr. Onkar S. Kanwar & Mr. Neeraj Kanwar being father and son.
2. All appointments are contractual.

Place : Gurgaon
Date : May 5, 2017

For and on behalf of the Board of Directors

**(ONKAR S. KANWAR)**
Chairman & Managing Director

## APOLLO TYRES LTD

**(CIN-L25111KL1972PLC002449)**

**Regd. Office: 3rd Floor, Areekal Mansion, Near Manorama Junction, Panampilly Nagar, Kochi-682036(Kerala)**
**Tel: +91 484 4012046 Fax: +91 484 4012048, Email : investors@apollotyres.com**
**Web: apollotyres.com**

### 44th ANNUAL GENERAL MEETING- JULY 5, 2017

### ATTENDANCE SLIP

| | |
|---|---|
| Folio/DP ID Client ID No.* | No. of Shares held: |
| Name of the Member(s) & Registered address: | |

* Applicable for the Member(s) holding shares in Electronic Form.

I being a Member/ Proxy for the Member of the Company, hereby record my presence at the 44th Annual General Meeting of the Company at **Kerala Fine Arts Theatre, Fine Arts Avenue, Foreshore Road, Ernakulam, Kochi (Kerala)** on Wednesday, July 5, 2017 at 10:00 AM.

| Name of the Member/Proxy # | Signature of the Member/Proxy # |
|---|---|
| | |

\# Strikeout whichever is not applicable

1. Please hand over the attendance slip at the entrance of the meeting venue.
2. This attendance is valid only in case shares are held on the date of meeting.
3. As per Section 118(10) of the Companies Act, 2013 read with the Secretarial Standards for General Meetings issued by Institute of Company Secretaries of India **"No gifts, gift coupons or cash in lieu of gifts shall be distributed to members at or in connection with the meeting".**

### E-VOTING PARTICULARS

| E-Voting Event Number | USER ID | PASSWORD |
|---|---|---|
| | | |

Note: Please read instructions given out at Note no. 12 of the Notice of the 44th Annual General Meeting of the Company before casting your vote through e-voting.


## APOLLO TYRES LTD

**(CIN-L25111KL1972PLC002449)**

**Regd. Office: 3rd Floor, Areekal Mansion, Near Manorama Junction, Panampilly Nagar, Kochi-682036(Kerala)**
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### PROXY FORM

*[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]*

**44th ANNUAL GENERAL MEETING- July 5, 2017**

| |
|---|
| Folio/DP ID Client ID No.* |
| Name of the Member(s) & Registered address: |
| E-mail Id: |

* Applicable for the Member(s) holding shares in Electronic Form.

I/We, being the member(s) of ............................holding.............shares of Apollo Tyres Ltd, hereby appoint:

1) Name: .......................... Address: ..........................

E-mail Id: .......................... Signature:..........................,or failing him

2) Name: .......................... Address: ..........................

E-mail Id: .......................... Signature:..........................,or failing him

3) Name: .......................... Address: ..........................

E-mail Id: .......................... Signature:..........................

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 44th Annual General Meeting of the Company, to be held on Wednesday, July 5, 2017 at 10:00 AM at **Kerala Fine Arts Theatre, Fine Arts Avenue, Foreshore Road, Ernakulam, Kochi (Kerala)** and at any adjournment thereof in respect of such resolutions as are indicated below:

| Sl.No. | Resolutions |
|---|---|
| 1 | To consider and adopt:<br>(a) the audited financial statement of the Company for the financial year ended March 31, 2017, the reports of the Board of Directors and Auditors thereon; and<br>(b) the audited consolidated financial statement of the Company for the financial year ended March 31, 2017. |
| 2 | To declare dividend on equity shares. |
| 3 | To appoint a Director in place of Mr. Paul Antony (DIN-02239492), who retires by rotation, and being eligible offers himself for re-appointment. |
| 4 | To appoint Auditors and fix their remuneration. |
| 5 | To ratify the payment of the remuneration to the Cost Auditor for FY18. |
| 6 | To re-appoint Mr. Onkar S. Kanwar (DIN-00058921) as Managing Director. |
| 7 | To revise the remuneration payable to Mr. Neeraj Kanwar(DIN-00058951), Vice-Chairman & Managing Director. |
| 8 | To authorise Private Placement of Non-Convertible Debentures. |

Signed this.................. day of ................. 2017

Affix Revenue Stamp of not less than ₹1/-

Signature of the Member ..........................

Signature of the Proxy holder(s) ..........................

**Notes:**

1. **This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.**
2. This Form of Proxy shall be signed by the member or his duly authorised attorney, or if the member is a body corporate, it shall be duly sealed and signed by an officer or an attorney. The Proxy Form which is unstamped or inadequately stamped or where the stamp has not been cancelled or is undated or which does not state the name of the Proxy shall not be considered valid.
3. Proxy need not be a member of the Company. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total share capital of the Company. Members holding more than ten percent of the total share capital of the Company may appoint a single person as proxy, who shall not act as proxy for any other member.
4. The submission by a member of this form of proxy will not preclude such member from attending in person and voting at the meeting. If both member and proxy attend the meeting, the proxy shall stand automatically revoked.