

## APOLLO TYRES LTD

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

### NOTICE

NOTICE is hereby given that the 46<sup>th</sup> Annual General Meeting of the Members of **APOLLO TYRES LTD** will be held as under:-

DAY	:	Wednesday
DATE	:	July 31, 2019
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:

- To consider and adopt:
  - the audited financial statement of the Company for the financial year ended March 31, 2019, the reports of the Board of Directors and Auditors thereon; and
  - the audited consolidated financial statement of the Company for the financial year ended March 31, 2019 and report of Auditors thereon.
- To declare dividend of ₹ 3.25 per equity share, for the financial year ended March 31, 2019.
- To appoint Mr. Robert Steinmetz (DIN: 00178792), who retires by rotation, and being eligible, offers himself for re-appointment and in this regard to consider and if thought fit, to pass the following resolution as a Special Resolution:-

“RESOLVED THAT pursuant to provisions of Section 152 and all other applicable provisions of the Companies Act, 2013 and Regulation 17(1A) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, and other applicable provisions, if any, (including any statutory modification(s) or re-enactment thereof, for the time being in force), consent of the Members of the Company be and is hereby accorded to re-appoint, Mr. Robert Steinmetz (DIN: 00178792), Director, aged 79 years, who retires by rotation and being eligible offers himself for re-appointment, as a Director of the Company, liable to retire by rotation.”
- To appoint a Director in place of Mr. Francesco Gori (DIN: 07413105), who retires by rotation, and being eligible, offers himself for re-appointment.

#### SPECIAL BUSINESS:

- To ratify the payment of remuneration to the Cost Auditor for the financial year 2019-20 and in this regard to consider and if thought fit, to pass 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 (Kerala), Limda (Gujarat), Chennai (Tamil Nadu) and Chinnapandur (Andhra Pradesh) as well as Company’s leased operated plant at Kalamassery (Kerala) for the financial year 2019-20 be paid out a remuneration of ₹ 3.00 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.”
- To appoint Mr. Satish Sharma (DIN: 07527148) as Whole-time Director and in this regard to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:-

“RESOLVED THAT pursuant to the provisions of Sections 152, 161 and all other applicable provisions, if any, of the

Companies Act, 2013 (the Act) and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Mr. Satish Sharma (DIN: 07527148) who was appointed as an Additional Director of the Company with effect from April 1, 2019 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a Member proposing the candidature for the office of the Director be and is hereby appointed as Director of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 196, 197 and any other applicable provisions 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 to the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and pursuant to the recommendation of the Nomination & Remuneration Committee, Mr. Satish Sharma (DIN: 07527148) be and is hereby appointed as Whole-time Director of the Company for a period of 5 years with effect from April 1, 2019 to March 31, 2024, with such designation as the Board of Directors (hereinafter referred to as the "Board" which expression shall also include the 'Nomination and Remuneration Committee' of the Board) may decide from time to time, 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, 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 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. Satish Sharma will be paid the salary and perquisites as minimum remuneration in accordance with Section II of Part II of Schedule V of the Companies Act, 2013, by making such compliances as provided in the said schedule.

RESOLVED FURTHER THAT the Board of Directors of the Company, severally and jointly, 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 re-appoint Mr. Akshay Chudasama (DIN: 00010630) as an Independent Director and in this regard to consider and if thought fit, to pass the following resolution as a Special Resolution:-

"RESOLVED THAT pursuant to Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and Companies (Appointment and Qualification of Directors) Rules, 2014 ("the Rules") and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Akshay Chudasama (DIN: 00010630), who was appointed as an Independent Director and who holds office of Independent Director upto August 5, 2019, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of 5(five) consecutive years with effect from August 6, 2019 to August 5, 2024, on the Board of the Company.

RESOLVED FURTHER THAT the Board or any Committee thereof, be and is hereby authorized to do all such things, deeds, matters and acts, as may be required to give effect to this resolution and to do all things incidental and ancillary thereto."

8. To re-appoint Mr. Vikram S. Mehta (DIN: 00041197) as an Independent Director and in this regard to consider and if thought fit, to pass the following resolution as a Special Resolution:-

"RESOLVED THAT pursuant to Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and Companies (Appointment and Qualification of Directors) Rules, 2014 ("the Rules") and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Vikram S. Mehta (DIN: 00041197), who was appointed as an Independent Director and who holds office of Independent Director upto August 5, 2019, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of 5(five) consecutive years with effect from August 6, 2019 to August 5, 2024, on the Board of the Company.

RESOLVED FURTHER THAT the Board or any Committee thereof, be and is hereby authorized to do all such things, deeds, matters and acts, as may be required to give effect to this resolution and to do all things incidental and ancillary thereto."

9. To authorise Private Placement of Non-Convertible Debentures and in this regard to consider and, if thought fit, to pass 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 (FPIs), 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."

Place: Gurgaon  
Date: May 9, 2019

By Order of the Board  
For Apollo Tyres Ltd

**SEEMA THAPAR**  
Company Secretary  
FCS No.: 6690

**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 HERewith.**

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 July 25, 2019 to July 31, 2019 (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 cut off date i.e. July 24, 2019 on 572,049,980 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 ordinary/ special businesses set out above is annexed hereto.
6. All documents referred to in the notice are available for inspection (in physical or electronic form) at the Registered Office and Corporate 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 Directors 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 done 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, as amended 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.

In case of joint holders attending the meeting, only such joint holder who is higher in the order of names, will be entitled to vote at the Meeting.

The Instructions for e-voting are as under:

**How do I vote electronically using NSDL e-Voting system?**

*The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:*

**Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>**

**Step 2 : Cast your vote electronically on NSDL e-Voting system.**

**Details on Step 1 is mentioned below:**

**How to Log-into NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.



3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

*Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.*

4. Your User ID details are given below :

<b>Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical</b>	<b>Your User ID is:</b>
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
- c) How to retrieve your ‘initial password’?
  - (i) If your email ID is registered in your demat account or with the Company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. “ATLe-voting.pdf” file. Open the pdf file. The password to open the pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The pdf file contains your ‘User ID’ and your ‘initial password’.
  - (ii) If your email ID is not registered, your ‘initial password’ is communicated to you on your postal address.

6. If you are unable to retrieve or have not received the “ Initial password” or have forgotten your password:

- a) Click on “Forgot User Details/Password?”(If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- b) Physical User Reset Password?” (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.

7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.

8. Now, you will have to click on “Login” button.

9. After you click on the “Login” button, Home page of e-Voting will open.

**Details on Step 2 is given below:**

### **How to cast your vote electronically on NSDL e-Voting system ?**

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the Companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
3. Select “EVEN” of Company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

### **General Guidelines for shareholders**

1. Institutional shareholders (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. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [tenrose@vsnl.com](mailto:tenrose@vsnl.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
  2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
  3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- II. The e-voting period commences on July 28, 2019 (10:00 AM) and ends on July 30, 2019 (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 July 24, 2019, 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.
- III. The voting rights of Members shall be as per the number of equity shares held by Members as on the cut-off date of July 24, 2019.
- IV. 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.
- V. 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 48 (forty eight) hours 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.
- VI. The Results shall be declared by the Chairman or the person authorised by him in writing not later than 48 (forty eight) hours 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](http://www.apollotyres.com)) and on the website of NSDL ([www.evoting.nsdl.com](http://www.evoting.nsdl.com)) immediately after the result is declared by the Chairman. Members may also note that the Notice of the 46<sup>th</sup> AGM and the Annual Report FY 2019 will be available on 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. July 24, 2019, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or to the Company.

In case of any grievance connected with the facility for voting by electronic means, Members can directly contact Ms. Pallavi Mhatre, NSDL, 4<sup>th</sup> Floor, ‘A’ Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai- 400 013. Email id: [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [pallavid@nsdl.co.in](mailto:pallavid@nsdl.co.in), Toll free no.: 1800-222-990. Members may also write to the Company Secretary at the Email id: [investors@apollotyres.com](mailto:investors@apollotyres.com).

13. Electronic copy of the Annual Report and Notice of the 46<sup>th</sup> 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 Participant(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 46<sup>th</sup> Annual General Meeting 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. Members who have received the Notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the Registration Counter at the AGM.
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 transferred to Investor Education and Protection Fund (IEPF) established pursuant to Section 125(1) of the Companies Act, 2013, if a Member does not claim the dividend amount for a consecutive period of seven years or more.

<b>Financial Year Ended</b>	<b>Due date of Transfer</b>
31.03.2012	09.09.2019
31.03.2013	07.09.2020
31.03.2014	06.09.2021
31.03.2015	11.09.2022
31.03.2016	09.09.2023
31.03.2017	05.08.2024
31.03.2018	01.09.2025

In accordance with Section 124 (6) of the 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), 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](http://www.apollotyres.com). The unclaimed or unpaid dividend which have already been transferred or the shares which were transferred 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>. Both unclaimed dividend amount and the shares transferred can be claimed from the IEPF Authority by making an online application in the prescribed form “IEPF-5” available on <http://iepf.gov.in/IEPFA/refund.html> and by sending the physical copy of the same duly signed along with requisite documents to the Company at the above mentioned address for verification of the claim. The Company Secretary acts as the Nodal Officer for IEPF matters.

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 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](http://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 a long period. The statement of holdings should be obtained from the concerned Depository Participants and holdings should be verified periodically.

20. Information under Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard-2 on General Meetings, in respect of the Directors seeking appointment at the AGM, forms integral part of the notice. The concerned Directors has furnished the requisite declarations for their appointment and their 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@apolloytyres.com. This will help us in prompt sending of notices, annual reports and other shareholder communications in electronic form.
22. Members can also provide their feedback on the shareholder services of the Company using the 'Shareholders Satisfaction Survey' form available on the website of the Company (refer link: <https://corporate.apolloytyres.com/en-in/investors/corporate-governance/?filter=Others> ). This feedback will help the Company in improving Shareholder Service Standards.
23. The route map of the venue for the AGM is attached herewith and also available on the website of the Company.
24. 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. 3

As per the provisions of Section 152 (6) of the Companies Act, 2013, one-third of the two-thirds of the total Non- Independent Directors are liable to retire by rotation at every AGM and on the basis of the dates of appointment of retiring Directors, Mr. Robert Steinmetz being in the office for the longest term is liable to retire by rotation and being eligible, offers himself for re-appointment.

Pursuant to Regulation 17(1A) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, applicable w.e.f. April 1, 2019, no listed Company shall appoint or continue the Directorship of a Non-Executive Director who has attained the age of 75 years unless a special resolution is passed by the Members to that effect and justification thereof is indicated in the explanatory statement annexed to the Notice for such appointment.

The Members of the Company through Postal Ballot dated September 7, 2018 had approved the continuation of Directorship of Mr. Robert Steinmetz, who had attained the age of 75 years to hold office till he is liable to retire by rotation. Mr. Robert Steinmetz is liable to retire by rotation at the ensuing AGM and being eligible, offers himself for re-appointment.

Accordingly, a Special Resolution needs to be passed for the re-appointment of Mr. Robert Steinmetz, who is liable to retire by rotation at the ensuing AGM.

Mr. Robert Steinmetz, aged about 79 years, joined the Board of the Company on September 10, 1999. He has been the Chief of International Business Unit of Continental AG, Germany.

Mr. Robert Steinmetz is known for his unwavering focus on value creation and sound long term business strategy, has almost 40 years of extensive experience in the international tyre manufacturing industry. As an active Member, he not only contributes to discussion but also facilitates discussion by sharing his insightful feedback on various business strategies and consumer behaviour.

He holds a diploma in machinery building and has worked with Continental AG for most of his career.

He is not holding Directorship on the Board of other Companies.

He is a Member of the Audit Committee and Risk Management Committee of the Company. He is not holding any other Committee positions on the Board of other Companies.

He is not holding any shares in the Company either directly or in form of beneficial interest for any other person.

He has attended five Board Meetings during FY2019.

He is not related with any other Director and Key Managerial Personnel (KMP) of the Company.

The sitting fees for attending the Board Meetings and the commission as approved by the Members within the overall ceiling of 1% of the net profits of the Company, is paid to the Directors of the Company other than Managing Directors in proportion to their tenure of Directorship. Mr. Robert Steinmetz is entitled to a remuneration of ₹4.86 million as commission, as approved by the Board, for FY2019.

The Company has received from Mr. Robert Steinmetz, an undertaking that he is not debarred from holding the office of Director pursuant to order of SEBI or any other authority and Intimation in Form DIR 8 in terms of Companies (Appointment and Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Sub Section (2) of Section 164 of the Companies Act, 2013.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Robert Steinmetz.

This Explanatory Statement may also be regarded as a disclosure under Regulation 36 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

None of the Directors or KMP of the Company or their relatives except Mr. Robert Steinmetz is concerned or interested (financial or otherwise) in the resolution.

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

#### **Item No. 5**

The Board at its meeting held on May 9, 2019, 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 (Kerala), Limda (Gujarat), Chennai (Tamil Nadu) and Chinnapandur (Andhra Pradesh) as well as Company's leased operated plant at Kalamassery (Kerala) for the financial year 2019-20 on a remuneration of ₹ 3.00 Lakhs per annum plus reimbursement of out of pocket expenses.

In accordance with provisions of Section 148 of the Companies Act, 2013 read with 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 (KMP) 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**

In recognition of the excellent performance of Mr. Satish Sharma for the past 22 years in the organisation and keeping in view the Company's policy on Board Diversity and to further strengthen the Board, the Board, on the recommendation of the Nomination & Remuneration Committee, at its meeting held on March 26, 2019 had appointed Mr. Satish Sharma, President (APMEA) of the Company as an Additional Director with effect from April 1, 2019. He was also appointed as a Whole-time Director on the Board of the Company w.e.f. April 1, 2019 for a period of 5 years subject to the approval of the Members.

The Company has received from Mr. Satish Sharma, the consent to act as Director and a declaration that he is not disqualified from being appointed as a Director of the Company.

The Company has also received a notice in writing, from a Member under Section 160 of the Act, proposing his candidature for the appointment as Director of the Company.

The terms and conditions of appointment are detailed below:

1. Salary: ₹ 10.91 Lakhs per month (approx.) with suitable annual increases at such rate as may be determined by the Board of Directors of the Company (which expression shall include a Committee thereof) from time to time, commensurate with average percentile increase in the remuneration of employees at one level below the Board of Directors.
2. Perquisites, Allowances & Other Benefits: Mr. Satish Sharma 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 furnishings, repairs & driver salary, medical reimbursement, leave travel concession for himself and his family, club fee, medical/ accident insurance, retiral benefits including provident fund, superannuation fund, gratuity and such other perquisites and allowances as may be allowed under the Company's rules/ schemes and restricted to an amount not exceeding 250% 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.

3. Performance Linked Bonus/ Commission: An amount of ₹ 16.50 Lakhs per month or such other amount as may be approved by the Board of Directors on the recommendation of the Nomination and Remuneration Committee subject to ceiling of 1% of the Profits before Tax (PBT) of the Company on overall annual remuneration (including Salary, Perquisites, Allowances & Other Benefits) payable to Mr. Satish Sharma as per Company's policy.
4. Amenities:
  - i) Communication facilities: The Company shall provide appropriate telephone, including cellular phone, telefax, internet and other communication facilities to Mr. Satish Sharma at his residence for discharging his functions effectively.
  - ii) The Company shall provide office space required by Mr. Satish Sharma either at his residence or any other convenient place for discharging his official duties along with the required office support facilities.



- iii) Mr. Satish Sharma shall be entitled to official travel for himself and his spouse, if considered expedient to accompany him in the Company's interests, during domestic and/ or overseas business trips as per Company's policy.
5. Other benefits:
    - i) Earned Leave: On full pay and allowances as per the rules of the Company.
    - ii) 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.
    - iii) Provision of car(s) for use on Company's business.
    - iv) Housing, education and medical loan and other loans facilities as applicable in accordance with the rules of the Company.
  6. Mr. Satish Sharma 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. Satish Sharma is subject to the condition that the total remuneration shall be within the permissible limits under with Section 197 of the Companies Act, 2013, 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, perquisites and allowances in accordance with Section II of Part II of Schedule V of the Companies Act, 2013, to Mr. Satish Sharma as minimum remuneration, subject to other compliances of Schedule V of the Act."

The copies of the resolutions passed at the Nomination & Remuneration Committee meeting and the Board of Directors meeting held on March 26, 2019 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 and Corporate Office of the Company during normal business hours on any working day, excluding Saturday and at the venue of the meeting.

Mr. Satish Sharma aged 51 years is a Chemical Engineer from the National Institute of Technology, Raipur, Madhya Pradesh. He also holds a post-graduate diploma in Business Management from Institute of Management Technology, Ghaziabad. He is a Member of the Institute of Engineers, Indian Rubber Institute and All India Management Association (AIMA).

He is not holding Directorship on the Board of other Companies.

He is a Member of the Risk Management Committee of the Company. He is not holding any other Committee positions on the Board of other Companies.

He is not related with any other Director and Key Managerial Personnel (KMP) of the Company.

He is not holding any shares in the Company either directly or in form of beneficial interest for any other person.

Mr. Satish Sharma is not debarred from holding the office of Director pursuant to any order of SEBI or any other authority.

None of the Directors or KMP of the Company or their relatives, except Mr. Satish Sharma, himself, 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 and Regulation 36 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

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

#### **Item No. 7**

Mr. Akshay Chudasama was appointed as an Independent Director on the Board of the Company pursuant to the provisions of Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014. He holds office as an Independent Director of the Company up to August 5, 2019 ("first term" in line with the explanation to Sections 149(10) and 149(11) of the Act). The Nomination and Remuneration Committee of the Board of Directors, on the basis of the report of performance evaluation of Independent Director, has recommended re-appointment of Mr. Akshay Chudasama for a second term of 5 (five) consecutive years on the Board of the Company.

The Board, based on the performance evaluation of Independent Director and based on the recommendation of Nomination and Remuneration Committee, considered that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Akshay Chudasama as an Independent Director. Accordingly, it is proposed to re-appoint Mr. Akshay Chudasama as an Independent Director for a second term of 5 (five) consecutive years on the Board of the Company w.e.f. August 6, 2019 to August 5, 2024. The Company has also received a notice in writing from a Member under Section 160 of the Act, proposing his candidature for appointment as Director of the Company.

Mr. Akshay Chudasama, aged about 49 years, holds a Degree in Bachelors of Arts from St. Xavier's College (University of Bombay) and is a Law Graduate from the London School of Economics (University of London), UK. He is enrolled as an Advocate with the Bar Council of Maharashtra and Goa, and as a Solicitor with the Law Society (England and Wales). He is also enrolled with the Bombay Bar Association, International Bar Association and Inter-Pacific Bar Association and is a Member of Entrepreneurs Organization and Young Presidents' Organization.

Mr. Akshay Chudasama is the Managing Partner of Shardul Amarchand Mangaldas & Co. and heads the Firm's practice in the Mumbai Region. He has expertise in cross-border M&A and Private Equity across a range of sectors, particularly, real estate. He advises both Foreign Companies entering India and Indian Companies in their outbound acquisitions.

Mr. Akshay Chudasama has been practicing law since 1994. He was a Partner at AZB & Partners for over 3 years and thereafter at J. Sagar Associates (JSA) for almost 10 years. He has won several awards from various international agencies including Chambers & Partners, Legal 500, Asia Legal and IFLR. He has addressed several prestigious domestic and international seminars and conferences on various aspects related to his practice.

Mr. Akshay Chudasama was first appointed on the Board of the Company on November 11, 2013.

He is on the Board of the following other Companies:-

Sl.No	Name of the Company	Designation
1	Bata India Ltd.	Director
2	Artemis Medicare Services Ltd.	Director
3	Raymond Ltd.	Director
4	Artemis Global Life Sciences Ltd.	Director
5	Wyosha Real Estates Private Ltd.	Director

He is the Member of Audit Committee, Nomination and Remuneration Committee, Business Responsibility Committee and Stakeholders Relationship Committee of the Company.

He is also a Member / Chairman of Committees in the following other Companies:-

Sl.No	Name of the Company	Name of the Committee	Position
1	Bata India Ltd.	Corporate Social Responsibility Committee Audit Committee Nomination and Remuneration Committee	Chairman Member Member
2	Artemis Medicare Services Ltd.	Audit Committee Nomination and Remuneration Committee	Member Member
3	Artemis Global Life Sciences Ltd.	Audit Committee	Member
4	Raymond Ltd.	Stakeholders Relationship Committee	Chairman

He is not holding any shares of the Company either directly or in form of beneficial interest for any other person.

He has attended six meetings of the Board during FY2019.

He is not related with any other Director and Key Managerial Personnel (KMP) of the Company.

Section 149 and Section 152 of the Companies Act, 2013 inter alia specifies that:

- (a) Independent Directors shall hold office for a term of upto five consecutive years, and shall be eligible for re-appointment upto five years, subject to passing of special resolution by the Shareholders in General Meeting; and
- (b) An Independent Director shall not be liable to retire by rotation at the Annual General Meeting.

The provisions further provide that the Independent Directors shall give a confirmation of independence and meeting of the prescribed criteria, as mentioned in Section 149(6) of the Companies Act, 2013.

In terms of Section 149 and other applicable provisions of Companies Act, 2013, Mr. Akshay Chudasama, being eligible and offering himself for re-appointment, is proposed to be appointed as an Independent Director for 5 (five) consecutive years w.e.f. August 6, 2019 to August 5, 2024.

The Company has received from Mr. Akshay Chudasama:-

- (i) Intimation in Form DIR 8 in terms of Companies (Appointment and Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Sub Section (2) of Section 164 of the Companies Act, 2013.

- (ii) A declaration to the effect that he meets the criteria of independence as provided under Sub Section (6) of Section 149 of the Companies Act, 2013.
- (iii) An undertaking that he is not debarred from holding the office of Director pursuant to order of SEBI or any other authority.

The sitting fees for attending the Board Meetings and the commission as approved by the Members within the overall ceiling of 1% of the net profits of the Company, is paid to the Directors of the Company other than Managing Directors in proportion to their tenure of Directorship. Mr. Akshay Chudasama is entitled to a remuneration of ₹ 4.86 million as commission, as approved by the Board, for FY2019.

In the opinion of the Board, Mr. Akshay Chudasama fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, for his re-appointment as an Independent Director of the Company and he is independent of the management. Copy of the draft letter for re-appointment of Mr. Akshay Chudasama as an Independent Director would be available for inspection, without any fee, by the Members at the Registered Office and Corporate Office of the Company during normal business hours on any working day, excluding Saturday.

This Explanatory Statement may also be regarded as a disclosure under Regulation 36 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

None of the Directors or KMP of the Company or their relatives except Mr. Akshay Chudasama himself is concerned or interested (financial or otherwise) in the resolution.

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

#### **Item No. 8**

Mr. Vikram S. Mehta was appointed as an Independent Director on the Board of the Company pursuant to the provisions of Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014. He holds office as an Independent Director of the Company up to August 5, 2019 (“first term” in line with the explanation to Sections 149(10) and 149(11) of the Act). The Nomination and Remuneration Committee of the Board of Directors, on the basis of the report of performance evaluation of Independent Director, has recommended re-appointment of Mr. Vikram S. Mehta for a second term of 5 (five) consecutive years on the Board of the Company.

The Board, based on the performance evaluation of Independent Director and based on the recommendation of Nomination and Remuneration Committee, considered that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Vikram S. Mehta as an Independent Director. Accordingly, it is proposed to re-appoint Mr. Vikram S. Mehta as an Independent Director for a second term of 5 (five) consecutive years on the Board of the Company w.e.f. August 6, 2019 to August 5, 2024. The Company has also received a notice in writing from a Member under Section 160 of the Act, proposing his candidature for appointment as Director of the Company.

Mr. Vikram S. Mehta, aged about 66 years holds B.A. Mathematics honors degree from St. Stephens College, Delhi University, MA economics honors degree from Magdalen College, Oxford University and a post-graduate degree in energy economics from the Fletcher School Of Law and Diplomacy, Tufts University.

Mr. Vikram S. Mehta started his career with the Indian Administrative Service (IAS) in 1978. He resigned in 1980 to join Phillips Petroleum in London as their senior economist. In 1984, he returned to India to join the Government Company, Oil India Ltd. as its advisor, strategic planning. Mr. Mehta joined Shell International in London in 1988. He was appointed as Managing Director of Shell Markets and Shell Chemical Companies in Egypt in 1991 and Chairman of the Shell Group of Companies in India in 1994. Mr. Mehta left Shell in October 2012. He was Chairman of the Hydrocarbon Committee of the Confederation of Indian Industry (CII) and a Member of its National Council.

Mr. Vikram S. Mehta was the recipient of Asia House’s “Businessmen of the year” award for 2010. He also received the Asia Centre for Corporate Governance and Sustainability’s Award for “Best Independent Director“ for 2016.

Mr. Vikram S. Mehta was first appointed on the Board of the Company on February 6, 2013.

He is on the Board of the following other Companies:-

<b>Sl.No</b>	<b>Name of the Company</b>	<b>Designation</b>
1	Colgate Palmolive (I) Ltd.	Director
2	Mahindra & Mahindra Ltd.	Director
3	HT Media Ltd.	Director
4	Larsen and Toubro Ltd.	Director
5	Jubilant Food Works Ltd.	Director

6	N V Advisory Services Pvt Ltd.	Additional Director
7	L & T Hydro Carbon Engineering Ltd.	Director

He is also a Member / Chairman of Committees in the following other Companies:-

Sl.No	Name of the Company	Name of the Committee	Position
1	Larsen and Toubro Ltd.	CSR Committee	Chairman
2	Colgate Palmolive (I) Ltd.	Audit Committee Nomination and Remuneration Committee Risk Management Committee	Member Member Member
3	Mahindra & Mahindra Ltd.	Corporate Social Responsibility Committee Nomination and Remuneration Committee	Member Member
4	Jubilant Food Works Ltd.	Audit Committee Stakeholders Relationship Committee Nomination Remuneration and Compensation Committee	Member Member Member

He is holding 6000 shares of the Company.

He has attended five meetings of the Board during FY2019.

He is not related with any other Director and Key Managerial Personnel (KMP) of the Company.

Section 149 and Section 152 of the Companies Act, 2013 inter alia specifies that:

- Independent Directors shall hold office for a term of upto five consecutive years, and shall be eligible for re-appointment upto five years, subject to passing of special resolution by the Shareholders in General Meeting; and
- An Independent Director shall not be liable to retire by rotation at the Annual General Meeting.

The provisions further provide that the Independent Directors shall give a confirmation of independence and meeting of the prescribed criteria, as mentioned in Section 149(6) of the Companies Act, 2013.

In terms of Section 149 and other applicable provisions of Companies Act, 2013, Mr. Vikram S. Mehta, being eligible and offering himself for re-appointment, is proposed to be appointed as an Independent Director for 5 (five) consecutive years w.e.f. August 6, 2019 to August 5, 2024.

The Company has received from Mr. Vikram S. Mehta:-

- Intimation in Form DIR 8 in terms of Companies (Appointment and Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Sub Section (2) of Section 164 of the Companies Act, 2013.
- A declaration to the effect that he meets the criteria of independence as provided under Sub Section (6) of Section 149 of the Companies Act, 2013.
- An undertaking that he is not debarred from holding the office of Director pursuant to order of SEBI or any other authority.

The sitting fees for attending the Board Meetings and the commission as approved by the Members within the overall ceiling of 1% of the net profits of the Company, is paid to the Directors of the Company other than Managing Directors in proportion to their tenure of Directorship. Mr. Vikram S. Mehta is entitled to a remuneration of ₹4.86 million as commission as approved by the Board, for FY2019.

In the opinion of the Board, Mr. Vikram S. Mehta fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, for his re-appointment as an Independent Director of the Company and he is independent of the management. Copy of the draft letter for re-appointment of Mr. Vikram S. Mehta as an Independent Director would be available for inspection, without any fee, by the Members at the Registered Office and Corporate Office of the Company during normal business hours on any working day, excluding Saturday.

This Explanatory Statement may also be regarded as a disclosure under Regulation 36 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

None of the Directors or KMP of the Company or their relatives except Mr. Vikram S. Mehta himself is concerned or interested (financial or otherwise) in the resolution.

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

## **Item No. 9**

In order to meet funds requirements for Company's growth, the Members of the Company at the Annual General Meeting held on August 1, 2018 had passed the resolution for raising of funds for an amount not exceeding ₹15,000 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 above resolution is valid upto July 31, 2019. During the validity of aforesaid resolution, the Company has not raised any funds through issue of NCDs.

In order to meet the funds requirements for growth/ capex, the Board approved raising of funds through issue of NCDs for an amount not exceeding ₹15,000 million.

In order to enable the Company to 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 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 9, 2019, 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 (KMP) 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.9 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 Nos. 3 and 6 to 8**

For the details of Mr. Robert Steinmetz, Mr. Satish Sharma, Mr. Akshay Chudasama and Mr. Vikram S. Mehta, please refer to item nos. 3 and 6 to 8 under the Explanatory Statement of this Notice.

### **Item No. 4**

Mr. Francesco Gori, aged about 66 years, has a degree in Economics from Università degli Studi in Florence and he possesses experience over 33 years with Pirelli Tyre S.p.A Group in the field of product development, sales & marketing, product management etc. He has had a long and illustrious career in the tyre industry. His last appointment was as the CEO of Pirelli Tyre, a position that he held from 2006 till he left the Company in 2012. He has also served as a Member of the Board of Directors of many companies of Pirelli & C Group. He had joined the Company as "Advisor for Strategy" effective from October 26, 2015 to support the goal of international growth, identification and development of new opportunities and has been Member of Management Board of the Company.

Mr. Francesco Gori was first appointed on the Board of the Company on February 9, 2016.

He is not holding Directorship on the Board of other Companies.

He is a Member of Risk Management Committee of the Company. He is not holding any other Committee positions on the Board of other Companies.



He is not holding any shares in the Company either directly or in from of beneficial interest for any other person.

He has attended six Board Meetings during FY2019.

He is not related with any other Director and Key Managerial Personnel (KMP) of the Company.

The sitting fees for attending the Board Meetings and the commission as approved by the Members within the overall ceiling of 1% of the net profits of the Company, is paid to the Directors of the Company other than Managing Directors in proportion to their tenure of Directorship. Mr. Francesco Gori is entitled to a remuneration of ₹4.86 million as commission, as approved by the Board, for FY2019.

The Company has received from Mr. Francesco Gori, an undertaking that he is not debarred from holding the office of Director pursuant to order of SEBI or any other authority and Intimation in Form DIR 8 in terms of Companies (Appointment and Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Sub Section (2) of Section 164 of the Companies Act, 2013.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Francesco Gori.

None of the Directors or KMP of the Company or their relatives except Mr. Francesco Gori is concerned or interested (financial or otherwise) in the resolution.

The Board of Directors recommends resolution set out at item no.4 for your consideration and approval.

Place: Gurgaon  
Date: May 9, 2019

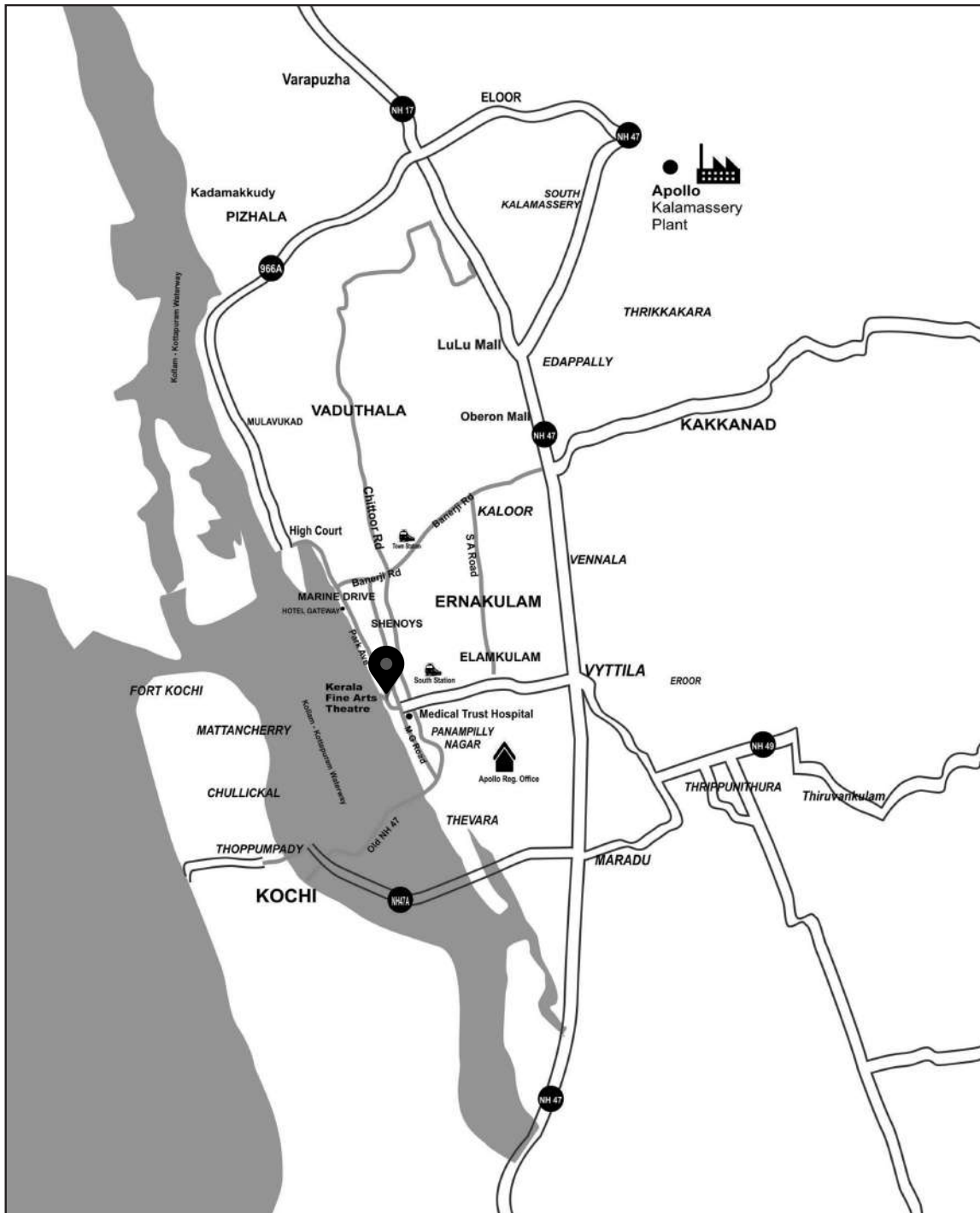
By Order of the Board  
For Apollo Tyres Ltd

**SEEMA THAPAR**  
Company Secretary  
FCS No.: 6690



Kerala Fine Arts Theatre, Fine Arts Avenue,  
Foreshore Road, Ernakulam,  
Kochi (Kerala), India

### Route Map to the Venue of the AGM



Regd. Office: Apollo Tyres Ltd, 3<sup>rd</sup> Floor, Areekal Mansion, Near Manorama Junction,  
Panampilly Nagar, Kochi - 682036, India.

CIN: L25111KL1972PLC002449 Tel: +91 484 4012046

Fax No.: +91 484 4012048 Email: investors@apolloytyres.com

Website: apolloytyres.com



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# UNSTOPPABLE

Since inception, we have worked towards establishing ourselves as a leading player in the sale and manufacture of tyres. We have been persistent in our aim to establishing and maintaining market leadership and be able to achieve unprecedented growth for our stakeholders.

In FY2018-19 (FY2019), we continued to focus on our key revenue generating regions APMEA (Asia Pacific, Middle East and Africa, including India) and Europe. We expanded our presence in Americas by added new territories and increasing our value proposition. The APMEA operation continued its focus on consolidating its leadership and enhancing share in India through the introduction of best in class and technologically advanced products.

We believe growth can be achieved both the organically and inorganically. Following this guiding principle, in the fiscal under review, we continued our steady growth trajectory and reached closer towards achieving our vision.

We believe exciting times are ahead of us and we are working towards capitalising upcoming market opportunities through our 'Vision 2020' strategy.

**We are unstoppable in the pursuit of this vision.**

**We are unstoppable in establishing our leadership across multiple segments.**

Our consistently advancing product range coupled with product innovations are enabling us to achieve the same.

We are unstoppable in working towards achieving cutting edge manufacturing capabilities and world-class R&D.

Increased OEM approvals and increased customer satisfaction evident from our number one rank in the JD Power 2018 India Original Equipment Tyre Customer Satisfaction Index in small cars segment and number two rank in the midsize cars or sedan segment category are proof that we are on the right track and initiatives such as enhancing our technological advancements and unwavering focus on quality fuelling our journey of growth.

We are unstoppable in building brand salience and establish ourselves as a premium player in Europe.

Our strategy of seeding markets with country-specific products and expanding distribution networks are the major drivers helping us in building our brand equity.





## COMPANY OVERVIEW

Headquartered in Gurgaon, India, Apollo Tyres Limited was founded in 1972 and has since been a trusted name in the business of manufacture and sale of tyres.

Headquartered in Gurgaon, India, Apollo Tyres Limited was founded in 1972 and has since been a trusted name in the business of manufacture and sale of tyres.

We cater to over 100 nations across the world and market products under two brands- Apollo and Vredestein. We sell our products across the globe through our extensive network of branded, exclusive and multi-product outlets and source them through our multiple manufacturing units in India, Netherlands and Hungary. We clocked a turnover of ₹17,273 crores at the end of the fiscal under review, backed by our robust global workforce of approximately 17,176 employees.

₹172.73 BN  
Revenues

₹6.80 BN  
Net profit

₹20.82 BN  
Operating profit

12.1 %  
EBITDA margin

₹21.37 BN  
CAP Expenditure



## CHAIRMAN'S MESSAGE

# People First

Dear Shareholders,

As I look back at the tough, uncertain and challenging FY2019, I am reminded of what Kalpana Chawla, American astronaut and the first woman of Indian descent to go to space, once said - **The path from dreams to success does exist. May you have the vision to find it, the courage to get on to it, and the perseverance to follow it.**



For all of us at Apollo Tyres, the year was about moving to achieve our vision of becoming a 'Premier tyre company with a diversified and multinational presence' and continued, with a steadfast resolve, to do what we do best – create best in class products, offer superior value proposition to our customers, work with our partners, support and empower communities, and, in the process, deliver above industry growth and create wealth to you, our shareholders. We had the courage to dream and work on it and I am proud to mention that we are getting close to achieve our 2020 aspirations for India of building market leadership and to achieve our premiumization strategy in Europe. Despite the uncertain times faced in the financial year, our growth is a testimony of achieving the high standards that we set for ourselves. I remain bullish that even with a challenging year ahead, our employees across the globe will put in tremendous work to deliver above industry numbers. This is because, we are committed to our vision and have the perseverance to achieve it in our pursuit to build Apollo Tyres as a world class institution.

It has been my firm belief that every organization needs to focus on its employees in its journey for meaningful success. Personally for me, the Apollo Tyres journey has been exciting and invigorating as we grew from employees who were based only in India to now where we have a multi-cultural and multi-locational employee base. In this long journey, what has certainly not changed is our philosophy of 'People First'. Our team has ensured that we take every step to induct new people from various geographies and ethnicities into the global Apollo family. Despite the diversity, I am proud to say that we have built an Apollo culture of taking on challenging tasks and moving together to achieve the goals. Further, it is this focus on people and building a strong capability of effectively integrating cultures that has helped us to spread our wings far and wide.

'Care for Society' is one of the core values deeply etched in the DNA of your company and therefore our CSR strategy is not an afterthought but

an integral element of Apollo Tyres corporate strategy. The year saw Kerala witnessing one of its worst floods in recent times. Your Company rose to the challenge and contributed money, material and time to bring relief to the people whose lives were severely affected by the calamity. Also, during the financial year, your Company continued with its multiple initiatives and created a real positive impact in the lives of the communities it serves. We received multiple recognition including the CSR Times Award 2018 and CSR Health Impact Award for its Health CSR Project, relating again to the healthcare programme for our truck drivers. As a strong proponent of sustainability, your Company continues to reduce its own carbon footprint and with the Apollo Tyres' Partnership Pact helps and supports its partners to integrate relevant policies and processes related to the environment, occupational health & safety, human rights and labour laws into their business and decision making processes. This is further extending the use of environmentally responsible practices for growing natural rubber within the overall supply chain network.

I take this opportunity to thank all the banks, financial institutions, various Indian State Governments and the Central Governments of India, the Netherlands and Hungary, our network and business partners for their unstinted support and actively contributing to our success. Equally, I am humbled with your continued support and grateful for standing with us in times of prosperity and adversities. We at Apollo Tyres remain ever committed and sincere in our efforts to keep delivering ever better value to you. I look forward to having many more exciting updates for you in the current financial year.

Wishing you all the best.



**Onkar S. Kanwar**  
Chairman and Managing Director

## VICE CHAIRMAN'S MESSAGE

# Unstoppable to achieve our 2020 vision

Dear Shareholders,

The cornerstone for Apollo Tyres' success has been its relentless focus on profitable, sustainable growth. This unceasing focus is what makes each employee of your Company Unstoppable and a reason why we have picked the theme for this year's annual report. In the pages that follow, I hope you get a sense of how we have worked to deliver above industry growth by upping the brand, continuing our intense focus on R&D and launching best in class products, winning new customers and much more. We continue to be unstoppable in our bid to achieve our 2020 vision - 'To be a leading and premier tyre company with a diversified and multinational presence'.

One of the big highlights and an incredibly proud moment for all of us at Apollo Tyres was the two honours bestowed on our Chairman, Onkar Kanwar. The Government of Japan, in its 2018 Autumn Imperial Decorations, conferred upon our chairman the Order of the Rising Sun, Gold and Silver Star. He received this recognition for his contributions towards strengthening the economic relations between Japan and India. Further, our Chairman was awarded with the Officers Cross (Civilian Division) of the 'Order of Merit' of Hungary. This award was conferred upon our Chairman in recognition of his work towards strengthening Hungarian-Indian economic relations through your Company's investment in Hungary, thereby helping create new jobs in Hungary.

The financial year began with a blast for Apollo Tyres as in our bid to further our brand journey and build a stronger brand around sports, we welcomed Sachin Tendulkar, the god of cricket and an icon in the Indian and global cricketing world, to the Apollo family. Our brand will highly benefit for the association as we leverage his huge fan following and popularity as a sports idol and a crusader of safe driving, to drive home the Company's own message of making every journey a safe and inspiring one. Continuing our sports journey and deepening our connect with Hungary, we partnered with DVTK, the leading sports club in Hungary. Currently, your Company is associated with the I-league team, Minerva Punjab FC and the Indian Super League team, Chennaiyin FC and global powerhouse Manchester United as its official tyre partner.

Beyond upping the brand quotient, we continued to aggressively replicate our Indian success of building deeper engagement with Original Equipment (OE) in Europe. In Europe, we added Ford Fiesta to the list which will run on Vredestein Quatrac 5 as a standard fitment. We are already working closely with Volkswagen for Polo, Seat for Ibiza and Ford for its EcoSport vehicle. We will continue to build on these successes and I am confident that with our plants in Europe, we will increase our leadership position in the region.

Further, our global R&D centres continued to support both APMEA and Europe as we launched multiple products in our key markets including the new Wintrac Pro, the new ultra-high-performance winter tyre, and Vredestein Quatrac Pro, the all-season tyre for the ultra-high performance segment and cars such as the Alfa Romeo Stelvio, Volvo XC90 and BMW 5-series. We continued to expand into new markets and became a full range player in multiple markets including Nepal, Sri Lanka, etc. The prowess of our R&D was again demonstrated as the Vredestein Wintrac Pro was rated with the prestigious exemplary (vorbildlich) rating in 2018 Auto Bild test.

Just like the year began, it ended with a high decibel #BadRoadBuddies initiative. The much talked event was a first of its kind event by any tyre company and we see this as building a deeper connect with the community of SUV owners/drivers, one of the fastest growing segment in India. We have continued smaller versions of the initiative across multiple cities and seen a high traction from the community.

FY2019 was a year filled with excitement as we took the challenges head on and powered ahead delivering above industry numbers. While FY2020 will not be an easy year and we have our work cut out to post above average growth, I am confident that we will continue to be unstoppable in our pursuit to achieve our Vision 2020. I will continue to update you on an annual basis and I do look forward to be in touch with you.

With best regards,



**Neeraj Kanwar**  
Vice Chairman and Managing Director







# BOARD OF DIRECTORS

- 1 **Dr. S. Narayan**  
Former Principal Secretary to the Prime Minister of India
- 2 **Onkar S. Kanwar**  
Chairman & Managing Director
- 3 **Anjali Bansal**  
Former Global Partner and MD, TPG Private Equity

- 4 **Nimesh N. Kampani**  
Chairman, JM Financial Group
- 5 **Robert Steinmetz**  
Former Chief of International Business, Continental AG
- 6 **Satish Sharma**  
Whole-time Director

- 7 **Vikram S Mehta**  
Former Chairman, Shell Group of Companies
- A **Francis Crispino**  
Advisor to the Board





**8 Pallavi Shroff**

Regional Managing Partner,  
Shardul Amarchand  
Mangaldas & Co

**9 Francesco Gori**

Former CEO, Pirelli Tyre

**10 Vinod Rai**

Ex-Comptroller and Auditor  
General of India

**11 General Bikram Singh (Retd.)**

Former Chief of Indian Army

**12 Neeraj Kanwar**

Vice Chairman & Managing Director

**13 Akshay Chudasama**

Regional Managing Partner,  
Shardul Amarchand  
Mangaldas & Co

**14 Sunam Sarkar**

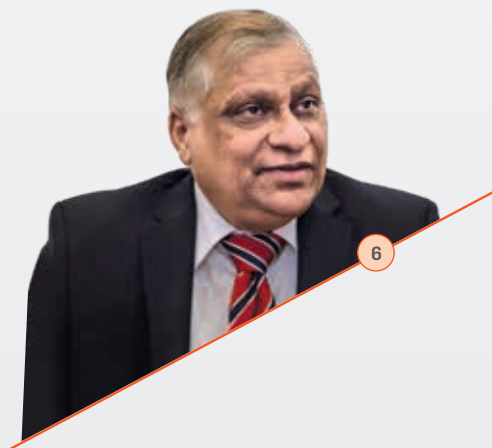
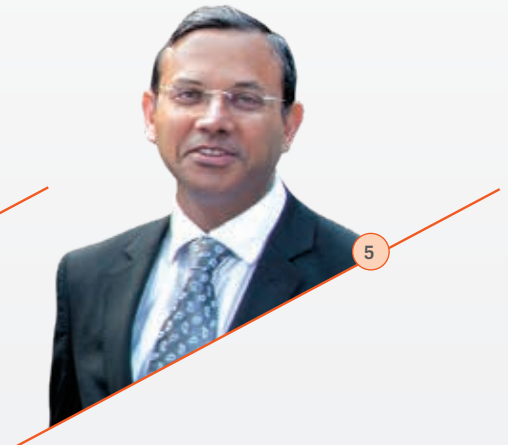
President & Chief Business Officer,  
Apollo Tyres Holdings  
(Singapore) Pte Ltd

**B Gaurav Kumar**

Chief Financial Officer



# MANAGEMENT BOARD



**1) Onkar S. Kanwar**  
Chairman & Managing Director

**2) Neeraj Kanwar**  
Vice Chairman & Managing  
Director

**3) Daniele Lorenzetti**  
Chief Technology Officer

**4) Francesco Gori**  
Director

**5) Gaurav Kumar**  
Chief Financial Officer

**6) K Prabhakar**  
Chief, Projects





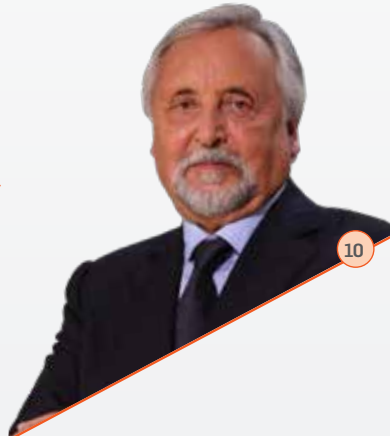
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**7) Markus J Korsten**  
Chief Manufacturing  
Officer

**8) P K Mohamed**  
Chief Advisor, Research  
& Development

**9) Pedro Matos**  
Chief Quality Officer

**10) Robert Steinmetz**  
Director

**11) Satish Sharma**  
President, APMEA  
(Asia Pacific, Middle East & Africa)

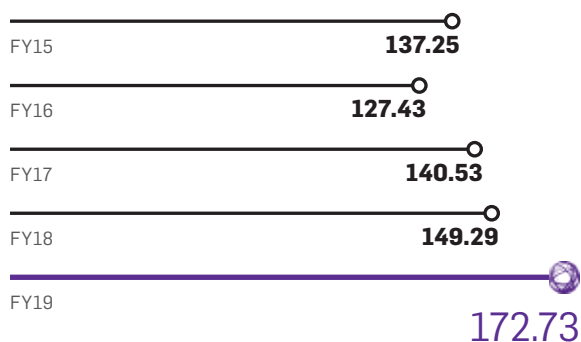
**12) Sunam Sarkar**  
President & Chief  
Business Officer

**13) Benoit Rivallant**  
President, Europe

# KEY PERFORMANCE INDICATORS

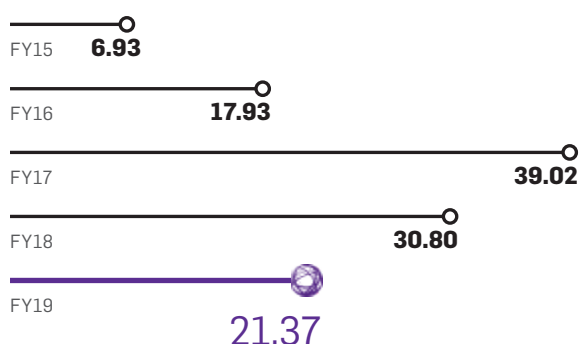
## GROSS SALES

₹BN



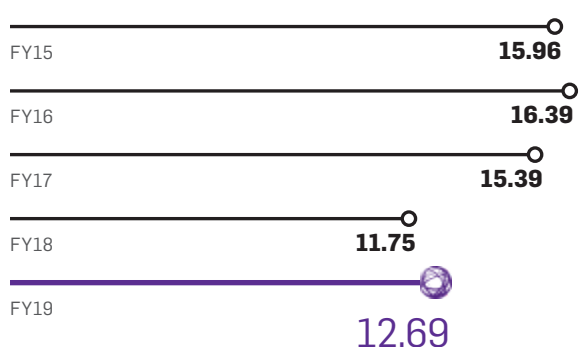
## CAPITAL EXPENDITURE

₹BN



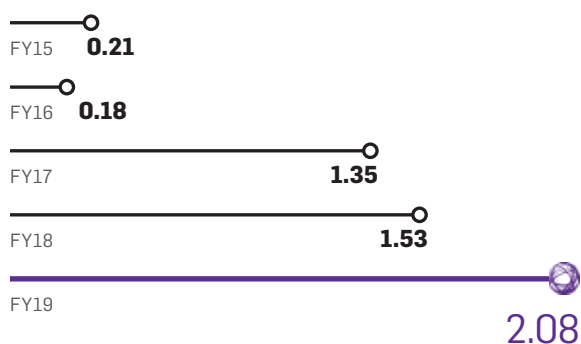
## EBIT

₹BN



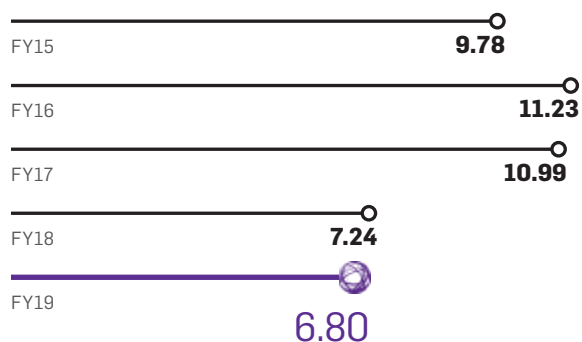
## NET DEBT/ EBITDA

RATIO



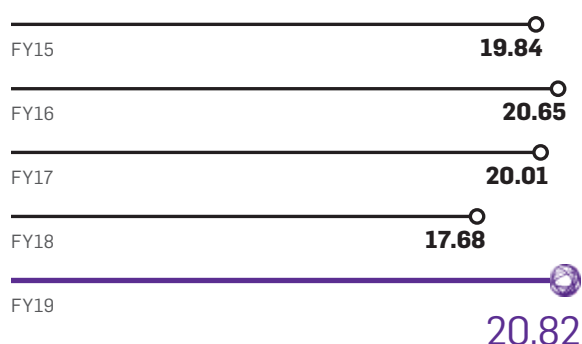
## NET PROFIT

₹BN



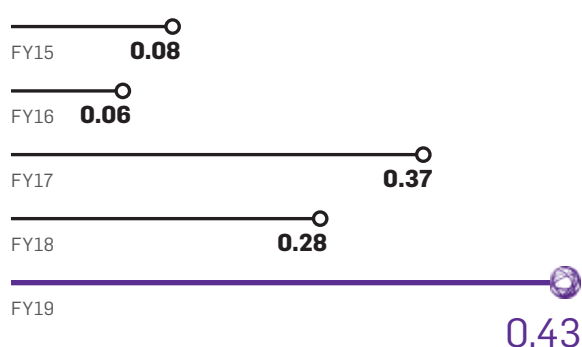
## EBITDA

₹BN



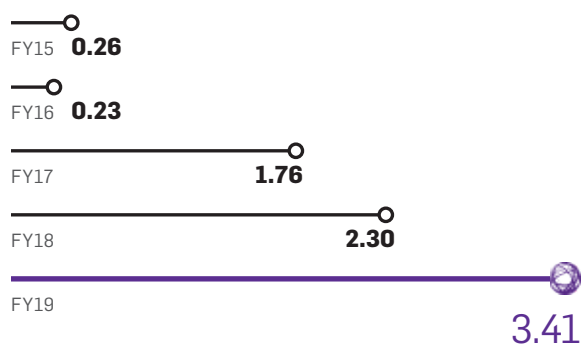
## NET DEBT / EQUITY

RATIO



## NET DEBT/ EBIT

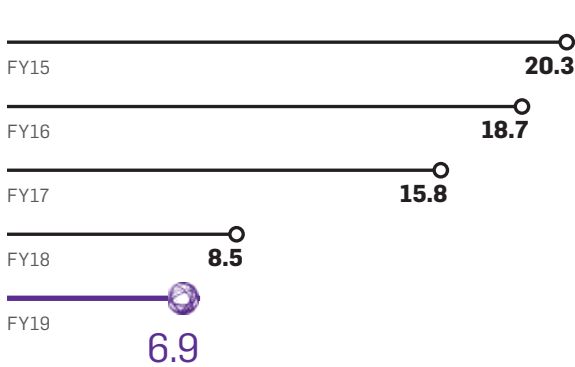
RATIO



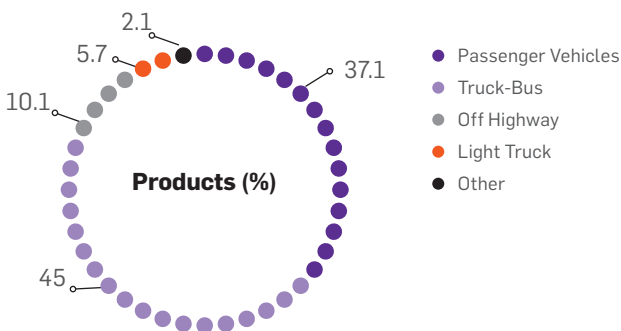
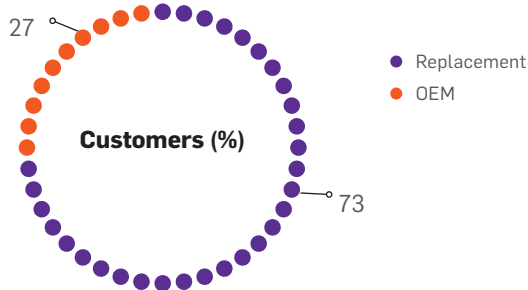
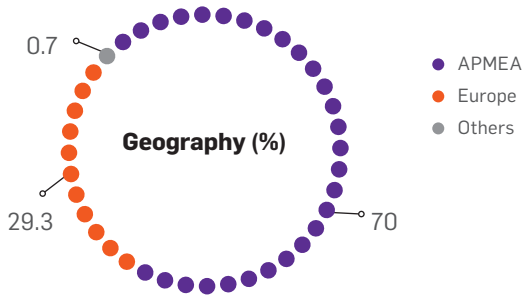
Note: Data for FY15 is as per previous GAAP (ie. IGAAP) and for FY16, FY17, FY18 and FY19 is as per Ind AS.



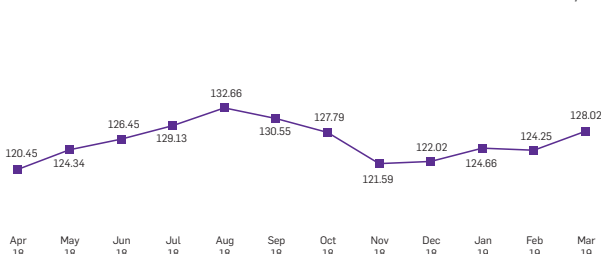
### RETURN ON EQUITY (%)



### REVENUE SEGMENTATION



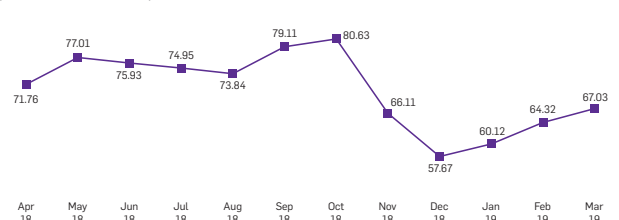
### NATURAL RUBBER PRICE MOVEMENT ₹/KG



### HIGHLIGHTS FY2019

- We roped in Sachin Tendulkar as our brand ambassador and introduced multiple initiatives to ramp up our product portfolio.
- We continued to focus on our key regions APMEA (Asia Pacific, Middle East and Africa) and Europe.
- We maintained our leadership position in the CV tyre segment and further built on our dominant position in the overall TBR market.
- We became the first tyre company in India to introduce a range of fuel-efficient tyres in FY2019 highlighting the role played by our R&D team in creating first-to-market products.
- We became the exclusive supplier to Tata Motors' ultra-electric buses.
- We bagged the prestigious 'TATA Motor's Partner-level Supplier' award and had the distinction of being the only tyre company to receive this award.
- We doubled our Apollo CV zones to 50 along with the expansion of Apollo Retread Zones.
- We introduced SUV tyres—Apterra White Lettered—with white lettering on the sidewall.
- We launched Apollo Alpha—India's first 'zero-degree steel motorcycle radial tyre'— in FY2019.
- We delivered above industry growth of 18% as we posted a consolidated revenue of ₹17,273 crores.

### CRUDE OIL PRICE MOVEMENT (\$/Barrel) (BRENT Crude)



## INTEGRATED REPORT

### ON THE ROAD TO INTEGRATED THINKING WITH VISION 2020

Apollo Tyres' Vision 2020 – 'To be a premier tyre company with a diversified and multinational presence' is the driving force towards integrated thinking.

The organisation has identified key priorities to realise Vision 2020 – 'build leadership in India', 'premiumisation in Europe', and 'explore strategically attractive markets where we are currently not represented.'

These priority areas are integrated within the six capitals and interconnected in order to create value in the short, medium and long-term.



## MATERIALITY

Apollo Tyres has conducted the materiality assessment in the FY2018, according to the Integrated Reporting framework's materiality assessment process. It has conducted materiality through a third-party study and identified the material issues by mapping stakeholder concerns and business priorities.

The process of materiality assessment included establishing process parameters and identification of relevant non-financial topics; evaluating the importance of relevant matters based on magnitude of effect and likelihood of occurrence; survey among key stakeholder groups representing investors, customers, senior management, employees, suppliers, NGOs, institutions, associations and sustainability professionals.





# BUSINESS MODEL

## INPUTS



### Natural Capital

Natural rubber and crude oil linked raw materials



### Human Capital

High performance and skilled people with diverse experience



### Social and Relationship Capital

Integrating needs and requirements of stakeholders into our business processes



### Intellectual Capital

For our competitive advantage- R&D, patents, etc.



### Manufactured Capital

Continuous investments in plants and equipment allow us to operate safely with efforts to reduce environmental footprint



### Financial Capital

Financial strength to run our operations and fund our growth-debt and equity financing- as well as cash generation

GROW STAKEHOLDER VALUE SUSTAINABLY

## VISION 2020

**TO BE A PREMIER TYRE COMPANY WITH A DIVERSIFIED AND MULTINATIONAL PRESENCE**

### THREE PRONGED STRATEGY

1 Consolidate market position in existing markets and seek new markets/ segments

2 Continue investment in core brands and capacity expansion via greenfield facilities

3 Seek growth opportunities



## BUSINESS MODEL

### EXTERNAL ENVIRONMENT

Raw material price and volatility

Economic slowdown in India and European markets

## OUTPUTS

## OUTCOMES

### BUSINESS ACTIVITIES

#### Supply Chain

Raw material procurement from South East Asia Region

#### R&D Locations

Asia and Europe

#### Manufacturing Locations

Asia and Europe

#### 5 Segments



Truck & Bus



Passenger Vehicles



Off Highway



Light Truck



Two Wheeler

#### Global Markets

US  
Europe  
Middle East  
India/Asia



#### Natural Capital

Carbon abated  
Water conserved  
GHG emissions  
Wastewater treated  
Waste generated and disposed  
Used tyres recovered

#### Human Capital

Employee satisfaction  
Safety performance

#### Social and Relationship Capital

Community satisfaction index  
Number of beneficiaries  
Customer satisfaction index

#### Intellectual Capital

No. of IPRs registered  
No. of innovations  
Savings due to innovations  
No. of employees in certified training

#### Manufactured Capital

Production capacity  
Sales revenue

#### Financial Capital

Underlying RoE  
Underlying EPS  
Credit rating

- Working through various initiatives to create a positive impact on the environment
- Reduced environmental impacts by protection and conservation
- Invested in human capital development to upgrade skills capabilities and a responsible remuneration policy
- Expanded market share, strengthened brand value and social prosperity
- Expanded market share by introducing new products in Europe and growing its presence in 2W market
- Safe work places, globally competitive products, value to customers through quality
- Sustainable revenues and focus on cost reduction, leading to healthy RoI and capital buffers for growth opportunities

COMMUNITY  
SHAREHOLDERS  
CUSTOMERS  
STAKEHOLDERS  
DEALERS  
EMPLOYEES  
SUPPLIERS



# NATURAL CAPITAL



Apollo Tyres converts natural capital into financial and societal value by deploying advanced technology and other resources.

Our intervention impacts stakeholders by supporting economic developmental needs by transforming natural capital into high-value products. To minimise negative impacts, the Company continuously invests in emerging technologies to improve performance, enhance resource efficiency, reduce environmental footprint and expand contributions of its products and processes.

INPUTS	APMEA		Europe			
<b>TOTAL RAW MATERIAL CONSUMED*</b>	<b>886,773</b>	<b>80,836</b>			<b>ENERGY CONSUMPTION*</b>	<b>6,010</b>
	METRIC TONNES	METRIC TONNES				TJ
Natural Rubber	22.7%	20.2%			Direct energy	69.5%
Synthetic Rubber	8.8%	18.8%			Indirect energy	30.5%
Carbon Black	15.2%	17.4%				
<b>TOTAL RECYCLED MATERIAL*</b>	<b>5538</b>	<b>716</b>			<b>TOTAL WATER USAGE</b>	<b>64,35,535</b>
	METRIC TONNES	METRIC TONNES			APMEA & Europe	M3
					Annual water withdrawal	

\* for FY2019

OUTPUTS	Emissions: GHG (Scope 1, Scope 2 and Scope 3), NOx, SOx, PM10 (Refer to SR-19 for more details)			
			Hazardous waste generated	<b>1,136</b>
			Solid	MT
			Liquid	<b>21,236</b>
				KL
			Non-hazardous solid waste generated	<b>26,067</b>
				MT

OUTCOMES	Managing Outcomes			
	<ul style="list-style-type: none"> <li>The Company makes conscientious efforts to measure its carbon footprint across domestic and international markets. The Company has also got its carbon footprint externally and independently assured as per ISO 14064 and AA1000</li> <li>Investing in R&amp;D to find innovative solutions related to our processes, products and by-products</li> <li>Partnering municipalities and communities to promote water stewardship, waste management and conservation of biodiversity through various initiatives</li> <li>End of Life Tyres (ELT) playgrounds as a solution to avoid them being disposed in landfill</li> </ul>		<b>ENERGY SAVINGS/ CONSERVED</b>	<b>22,800</b>
				GJ
			<b>RECYCLED/REUSED WATER</b>	<b>8,10,164</b>
				m <sup>3</sup> (APMEA)

## INTERLINKAGE OF NATURAL CAPITAL WITH OTHER CAPITALS

To reduce the impact on **Natural Capital**, the Company invests in community development projects such as environmental protection, thereby increasing **Social & Relationship Capital** through generation of livelihood opportunities for the local community.

# HUMAN CAPITAL



Apollo Tyres is committed to enhance the capabilities of its people through an enabling environment fostering growth.

The skills, experience, diversity and productivity of its employees enable the organisation to operate facilities safely, reliably and sustainably, and deliver on its growth objectives. Apollo Tyres is focused on best safety practices and wellness interventions for its people. The Company invests considerably in employee development to attract and retain high-performing and diverse talent.

## INPUTS

A safe, healthy, engaged and productive workforce of

**17,176**

(as of March 31, 2019)

people with relevant skills, knowledge and experience

A strong leadership team, driving a culture of high performance

## OUTCOMES

### Managing Outcomes

- Passion in Motion (PIM) 2.0 launched to achieve strategic priorities and serve as a foundation to Vision 2020
- Promoting a working environment that allows employees to deliver high performance
- Engaging, enabling and energising teams by embedding the critical behaviours and high-performance culture
- Developing critical skills to drive business performance
- Building leadership capability to enable productivity, high performance and sustainable growth
- Driving a high-performance culture to ensure growth objectives are delivered
- Setting on a transformational journey on Safety with launch of Safety Absolutes – targeted on effective risk identification and response.

### A consistent Great Place to Work-Certified™ Organisation

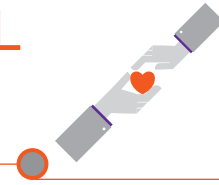
Recognised once again amongst the Top 50 Great Places to Work in India. This year we have further climbed on the rankings by being a high-trust, high-performance workplace with a culture that engages employees and assists in driving better business..

Functional teams identified 30,121 risk reduction opportunities in Safety in the reporting year.

## INTERLINKAGE OF HUMAN CAPITAL WITH OTHER CAPITALS

The Company's **Human Capital** is positively impacted when it invests in skill development initiatives to improve the technical know-how for better operations. This also benefits individuals for career enhancements, and increasing growth prospects, thereby increasing **Social and Relationship Capital** stock and **Intellectual Capital** stock as well positively impacting the **Financial Capital** by enhanced profitability.

# SOCIAL AND RELATIONSHIP CAPITAL



Apollo Tyres travels the extra mile to contribute to socio-economic well-being to enable sustainable partnerships. The Company's primary focus is on developing shared value through collaborations with its wide spectrum of stakeholders, based on mutual trust.

'Care for Society' as a core value, has been embedded in the Company's DNA which defines the purpose of the organisation. Apart from value creation through direct business activities, it also endeavours to enrich the social quotient by means of targeted community intervention. This in turn has created a repository of knowledge emanating out of relationships with stakeholders.

## INPUTS

Promote an employees relations culture that encourages employee inputs and involvement through various initiatives to enable employee engagement. Our core value - "Communicate Openly" further underlines this spirit.

Open channels of communication and constructive relationships with neighbouring communities, NGOs and the media. The Company is actively working in the communities to address issues like environment conservation, healthcare and livelihood generation. The CSR expenditure for FY2019 was ₹213.83 MN.

Collaborative relationships with customers based on mutually agreed terms of engagement and the drive to innovate and excel. In order to improve its products and services, the Company conducts regular customer satisfaction surveys. The Company's customer-centric approach and customer-oriented values have led to the initiative 'Customer Champion Project'

The Company has constructive and informed engagement with government representatives and regulators. It maintain constructive relationships and partnerships with all representative unions and works councils who enjoy consultative or negotiating powers on issues of mutual interest. It has effective partnerships with business peers, sector organisations and research bodies

Sustained confidence of suppliers and dealers in our business have led to building strong and committed partnerships. With a well-defined purchase policy, our suppliers/dealers development and management systems are aligned with our business goals and objectives.

## INTERLINKAGE OF NATURAL CAPITAL WITH OTHER CAPITALS

The Company invests proactively in **Social and Relationship Capital** to enable growth in **Financial Capital** over the long-term.

## OUTCOMES

### Managing Outcomes

- Prioritising social investment projects in skills development, community development, environment, health and livelihood generation where there is a convergence of multiple stakeholder interests to achieve maximum impact in our communities
- Fostering positive employee relations culture, informed by trust and respect. Implementation of 'Horizon' has helped in improving employee's relationship through constructive dialogue with superiors. Building strong Industry-Employee relations, employee health & safety, developing 'Apollo One Family' value system and bringing diversity across cultures are some of the focus areas of Apollo Tyres
- Ensuring consistent and effective engagement with suppliers/dealers with the objective of aligning their expectations with our strategy and targets. Natural Rubbers Suppliers meet, Dealers meets, IT-enabled digitised solution for business transaction, queries, benefits and grievances
- CSR Activities Beneficiaries: 6,74,142 beneficiaries were outreached from healthcare, environment conservation and livelihood generation programmes in the year FY2019. Some beneficiaries may be common to one or more initiatives and hence may have got double counted
- Healthcare Programme outputs: In the reporting year total 4,91,382 people were outreached from awareness activities and 1,60,574 received treatment facility. There is 34.80 % increase in the people treated from the reporting year FY2018. Out of the total treated in the reporting year, 44,741 people opted for HIV testing, 58,128 for vision screening and 43,823 for diabetes testing. Total 966 TB tests were conducted
- In the reporting year total 18,122 people outreached from awareness generation and 24,607 people were outreached from door to door waste collection activities. Total 2,606 metric ton (MT) was collected from CMV and CMTN projects. Out of the collected waste 298 MT was biodegradable and 2,308 MT was non-biodegradable waste
- To promote recycling of waste tyres total 02 new ELT play structures were made using 696 waste tyres
- For safe sanitation 150 toilet cum bathing space in Chennai. Around 600 people are directly benefitted from the newly constructed toilets
- In the reporting year total 2,012 women outreached and 1,158 received income generation training in farming and non-farming activities. Out of the total trained, 1,030 women are engaged in income generation. Around 733 farmers received training in sustainable agriculture
- Total 719 ITI students/graduates received job counselling and skill buliding training

# INTELLECTUAL CAPITAL



Apollo Tyres value proposition is based on its research and development & intellectual capital inputs to achieve technological leadership. The Company has focused on developing its own technology through in-house efforts or through collaborative research.

Key organisational intangibles also include know-how and management systems. Apollo Tyres assesses the extent to which its proprietary or licensed technologies, in combination with team expertise, provide adequate advantage to generate targeted returns on investment. The Company is striving to develop innovative and high-quality products and also protect its proprietary intellectual property.

<b>INPUTS</b>	<p>Skilled, experienced and technically qualified employees, industry thought leaders and experts</p> <p>Started Centre of Excellence as a new function to drive efficiency</p>	<p>Business processes and management systems</p> <p>Investments in innovation partnerships and ventures</p>	<p>Research &amp; Development allocated capex (consolidated) for FY2019 is</p> <p><b>₹1,410.06 MN</b></p>
<b>OUTPUTS</b>	<p>Patent application in last FY in the below mentioned technological area:</p> <ul style="list-style-type: none"> <li>• Self healing materials for sidewall crack resistance</li> <li>• Variable installation TPMS sensor for tyres</li> <li>• Six number of patent applications are in pipeline for current FY.</li> </ul>		<p>Intangible assets worth</p> <p><b>₹314 MN</b> (standalone) in FY2019</p>
<b>OUTCOMES</b>	<ul style="list-style-type: none"> <li>• 21 Truck-Bus Tyre (5 design applied outside India), Indian defence tyre design, Electric commercial vehicle tyre design, 7 Two wheeler, Motorcycle sport touring for Europe, off-highway port tyre &amp; Mining tyre design applied for protection in India so far.</li> <li>• Partnership with various research institutes, universities &amp; OEM partners across the world - Collaboration with Centire USA in tyre research, Dresden university, Twente University, SRM University &amp; BITS-Pilani University.</li> </ul> <p><b>Managing Outcomes</b></p> <ul style="list-style-type: none"> <li>• Prioritising focused research and development activities</li> <li>• Focus on new product development to grow market share</li> <li>• Partnering with academic institutions, research bodies and OEM partners across the world to develop, pilot and implement new technologies</li> <li>• Providing training and technical skills development for engineers and other non-technical employees</li> <li>• Research for new transportation solutions with low impact on environment</li> <li>• Exploring the feasibility of usage of alternate materials for natural rubber including the use of recycled materials</li> </ul>		

## INTERLINKAGE OF INTELLECTUAL CAPITAL WITH OTHER CAPITALS

The Company bolsters investments in stocks of **Intellectual Capital** through modern R&D facilities for passenger and commercial vehicle tyres. This will play a key role in ushering in cutting-edge technology and innovation to drive organisational growth. Consequentially, **Financial Capital**, as well as **Manufactured Capital**, **Natural Capital**, **Human Capital** and **Social & Relationship Capital**, are likely to be enhanced.



# MANUFACTURED CAPITAL



Apollo Tyres relies on its significant fixed assets (property, plant, equipment) to deliver goods and services safely, efficiently, reliably and sustainably.

Apollo Tyres continues to invest to nurture and grow these assets, reducing the environmental footprint of their facilities and enabling compliance with new regulatory requirements. Given the ever-changing environment, the Company has de-risked and re-phased certain projects, while prioritising capital to advance its growth projects in European markets and also beginning to look at US markets. It has also invested in a greenfield in India. Sufficient capital has been allocated for maintenance and sustenance activities to ensure that the business continues to operate sustainably.

## INPUTS

Property, plant and equipment (consolidated) of ₹108.84 BN (net asset value as on March 31, 2019)

Under the operating lease agreements, the Company has acquired assets, office space and warehouses

**Four** MANUFACTURING LOCATIONS IN INDIA (Chennai, Perambra, Limda and Kalamassery). In 2017, the Company announced plans of the fifth Indian manufacturing plant in Andhra Pradesh

**Two** GLOBAL MANUFACTURING LOCATIONS – Netherlands and Hungary

**Two** GLOBAL RESEARCH & DEVELOPMENT CENTERS – Chennai (India) and Enschede the Netherlands

## OUTPUTS

### Installed Capacities: India

**1,85,419** MT  
Limda

**1,13,724** MT  
Perambra

**2,95,792** MT  
Chennai

**35,567** MT  
Kalamassery

### Installed Capacities: Europe

**67,187** MT  
Enshcede

**74,372** MT  
Gyongyose

## OUTCOMES

### Managing Outcomes

- Dedicated satellite R&D office in Raunheim, Germany and Bengaluru, India. R&D Centre in Germany is primarily dedicated to work towards establishing ties with leading German OE customers for both Apollo and Vredestein brands. The R&D centre in Bengaluru focuses on development of advanced solutions for tyre performance
- Apollo's new Malaysia office, ASEAN region's third largest automotive market
- Commercial production at Chennai brownfield expansion
- Commenced production at Hungary (PCR & TBR) greenfield plant
- Continuing to invest in planned maintenance programme to extend the lifespan of assets, enhance operational improvements, and ensure safe, reliable and efficient operations

### CAPITAL EXPENDITURE

**₹21.4** BN

(Consolidated): FY2019

Depreciation and Amortization

**₹8.1** BN

(Consolidated): FY2019

Depreciation and Amortization

**₹4.5** BN

(Standalone): FY2019

Impairment of assets FY2019

**NIL**

## INTERLINKAGE OF MANUFACTURED CAPITAL WITH OTHER CAPITALS

With the Company's strategic focus on growth projects, it increases the stock of **Manufactured Capital**. Increasing capex on manufacturing plants to access domestic as well as global markets impacts financial capital and natural capital in the near term. The enhanced **Manufactured Capital** in terms of new products across segments will help company in achieving its market leadership in India. The Company's commitment to reduce the environmental footprint of its existing facilities will benefit **Natural, Intellectual, Human and Social & Relationship Capital**.

# FINANCIAL CAPITAL



The Company's effective management of the balance sheet and cash flows is of prime importance for consideration in investing to sustain and grow their business.

Delivering a significant positive contribution to financial capital by using advanced technologies, well-defined processes, skilled people and resource management that monetise natural capital. Considering the targeted return on capital, the Company's investment decisions are strategically evaluated. Apart from creating value through its business initiatives, the resulting financial capital is also reinvested in each of the six capitals in a carefully balanced manner. This is done to ensure the most effective and efficient achievements to succeed in the industry.

## INPUTS

Market capitalisation

**₹127.42** BN  
as of March 31, 2019

Net Debt (Consolidated)

**₹43.24** BN  
as of March 31, 2019

Capital Expenditure

**₹21.37** BN  
for FY2019

Capital Employed (Consolidated)

**₹100.40** BN  
as of March 31, 2019

## OUTCOMES

Consolidated Operating profit  
(EBITDA including other income)  
for FY2019

**₹20.82** BN

Cash generated by operating  
activities (Consolidated)

**₹10.71** BN

Net debt to EBITDA (ratio)  
(Consolidated)

**2.08**

Net debt to Equity (ratio)  
(Consolidated)

**0.43**

Earnings per share  
(Consolidated)

**₹11.88**

Return on Equity (Consolidated)

**6.9%**

Dividends paid to shareholders

**300%**

for FY2017-18

Credit ratings: AA+ (CRISIL)  
for Long term, A1+ (CRISIL)  
for Short term; IND AA+  
for Long term, IND A1+ for  
Short term

## Managing Outcomes

- Strategically located Singapore office to work closely with South East Asian region suppliers to address natural rubber price volatility
- Focusing on optimal capital allocation and delivering returns on invested capital
- Considering alternatives to fund capital growth investments – including project financing, bank loans, and other alternatives of financing
- Benefiting from intensified risk management systems to define financial risk appetite and tolerance measures, ensuring business sustainability

# CREATING ENDURING VALUE

## APOLLO TYRES' RESPONSE TO THE VOLATILE MACRO-ECONOMIC ENVIRONMENT

The slowdown of global economic growth, along with oil and natural rubber price volatility continue to adversely impact the domestic tyre manufacturing industry.

### FOCUS AREAS TO CREATE VALUE

- Decline in demand for some products
- Erosion of competitive advantage
- Reduced revenue, margins and earnings
- Curtailed capital investment programme
- Lower return on invested capital resulting in pressure on share price
- Premium positioning of Vredestein brand in Europe

### OUR ACTIONS TOWARDS FOCUS AREAS

- By initiating or intensifying a business performance enhancement program and response plan, the Company conserved financial capital.
- With a diversified market base across geographies, Apollo Tyres is not dependent on domestic market alone and is strategically working towards growth opportunities in other large markets.
- With the entry in 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.
- Advanced R&D facilities will support growth through cutting-edge technology and innovation.
- Highly automated state of art greenfield plant in Hungary is operational and positioned to grow in the European market due to a new cost competitive manufacturing facility.





## CREATING ENDURING VALUE

### APOLLO TYRES' CONTRIBUTION TO PROMOTE SUSTAINABILITY BY DELIVERING SOCIAL AND ECONOMIC VALUE

Apollo Tyres' contribution to social and economic development is critical to create and sustain an enabling environment for investment. This has augmented the Company's positioning as a credible stakeholder partner.

The Company's sustainability agenda is focused on fostering inclusive growth. Social investments towards various programmes provide support to respond directly to the community's desired outcomes and also aligned with the country's economic growth drivers such as livelihood creation, health issues and environment protection, among others.

#### FOCUS AREAS TO CREATE VALUE

- Stimulating economic growth by providing markets for our products and services
- Maintaining production integrity by ensuring responsible supplier management
- Localising and diversifying supply chain / distribution networks
- Developing the skills needed to maintain technological lead

#### OUR ACTIONS TOWARDS FOCUS AREAS

- Promoting social value through business activities and applying financial capital, building trust through effective stakeholder engagement and delivering value through social investment Apollo Tyres built the stocks of human and social and relationship capital.
- Promoting ethical behaviour and respect for human rights also had a positive impact on those capitals, as did its contributions to the communities in which the company operates.
- Apollo Tyres work to empower community to address issues like environment, health and livelihood generation boosted natural capital, social and relationship capital.
- Spent ₹213.83 MN in FY2019 on social investment programmes to uplift communities in which Apollo Tyres operates.
- Continue efforts to build trust and accountability through effective stakeholder engagement
- The Company invested in Health programme for the trucking community, Solid Waste Management and Sanitation, Community Development (Livelihood for women and farmers) and Environment Conservation- Biodiversity & Climate Change





## CREATING ENDURING VALUE

### APOLLO TYRES' CONTRIBUTION TO PROMOTE PEOPLE CENTRIC APPROACH BY ENHANCING HUMAN CAPITAL

Apollo Tyres' human resources policies seek to enable effective delivery of its strategy.

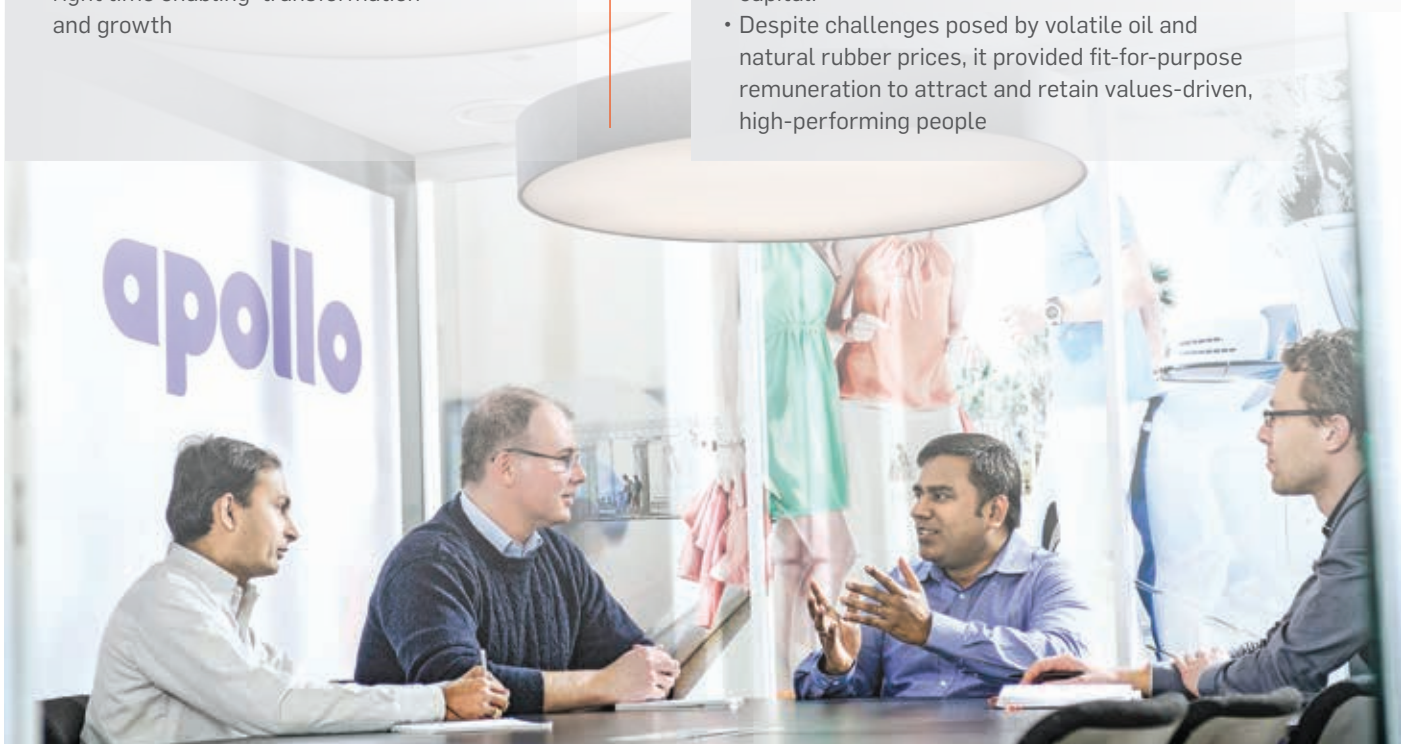
The Company provides a work environment that attracts, develops and retains the best talent, promotes a values-driven, high-performance culture embedding diversity and transformation. The Company has continued to focus on critical skills development to ensure that teams have the right skills base and culture for smoother performance at present and to accelerate future growth. With global operations spanning Europe and Asia, the Company has managed to align cultural diversity to cultivate sound employee relationships.

#### FOCUS AREAS TO CREATE VALUE

- Skilled, experienced, diverse and productive people enable the Company to operate safely, reliably and sustainably
- Pursuing zero accident culture is paramount: safe plants are stable plants, allowing the Company to meet production targets
- Providing a safe work environment where employees are healthy and engaged
- Ensuring that the Company has the right talent in the right place at the right time enabling transformation and growth

#### OUR ACTIONS TOWARDS FOCUS AREAS

- By investing in the safety, health and wellbeing of its employees, Apollo Tyres ensures a culture of high performance and nurturing talent to build the stocks of human and social and relationship capital.
- There has been visible impact of the Safety culture within the organisation. This is manifested in significant rise in proactive risk reduction with functional teams identifying 30,121 risk reduction opportunities in FY2019.
- The transformation of workforce and promoting an inclusive culture is key in protecting Apollo Tyres' human, social and ultimately its financial capital.
- Despite challenges posed by volatile oil and natural rubber prices, it provided fit-for-purpose remuneration to attract and retain values-driven, high-performing people



# MANAGEMENT DISCUSSION AND ANALYSIS







**apollo**  
TYRES

### VISION 2020

'To be a premier tyre company with a diversified and multinational presence'

## MANAGEMENT DISCUSSION AND ANALYSIS

The global economy, led by robust growth in the emerging markets and developing countries, posted a 3.8% growth in Calendar Year 2017 (CY2017) racing past the 3.2% growth in CY2016. The expectations and estimates for CY2018 included better performance than CY2017. While CY2018 did begin on a strong note and posted solid numbers in the first half of the year, the growth engine started sputtering during the second half. Increased trade tensions between the US and China saw major economies posting weaker numbers, impacting the global economy. The trade conflicts also negatively impacted market sentiments leading to a tightening of the financial market for the emerging economies and later for the developed markets, as well. Demand from Asia softened further and affected the Euro-area economies, which was already dealing with the loss of momentum due to weak consumer and business confidence. According to the data from April 2019 edition of IMF's World Economic Outlook, the global economy posted a growth of 3.6%, a shade below the 3.8% in 2017.

For Apollo Tyres, FY2019 was a year of enhanced focus on its offerings and brand front. The Company roped in Sachin Tendulkar as its brand ambassador and introduced multiple initiatives to ramp up its product portfolio. These actions

enabled the Company continue towards a northward path as it posted a consolidated revenue of ₹17,273 crore, a growth of 18% over the previous financial year.

### MARKET OVERVIEW

#### India

During financial year 2018-19 (FY2019), India was back on a 7%+ growth track as it shed the residual effects of demonetisation and Goods and Services Tax (GST) implementation. According to the International Monetary Fund (IMF), the real GDP growth was estimated at 7.2% for FY2019; and the industrial segment grew at a faster clip compensating for the deceleration in the services sector. Agriculture growth was robust at 4%. India's story continued to be driven by domestic consumption and the fiscal in review witnessed a rise in contributions by gross fixed capital formation and exports.

#### Auto Segment

Despite India's over 7% growth rate, the automobile segment failed to get traction hitting multiple speed breakers and was forced to shift gear to the slow growth lane. Liquidity concerns and crunch, uncertainty around the forthcoming elections,





price hikes, mandatory insurance and other such challenges took a toll on India's automobile market as it grew by 5.2% in FY2019 vis-à-vis a strong 14.2% and 6.8% in FY2018 and FY2017, respectively. The Passenger Vehicles (PV) segment, the poster child of Indian automobile industry, sputtered as it moved to the slow lane and posted a 2.7% growth rate, against a 7.9%, 9.2% and 7.2% for the previous three financial years. Despite several product launches during the year under review, sales failed to rev up, especially during the second half of the year. However, it is interesting to note that the overall value of purchase has gone up with customers upgrading from entry-level hatchbacks to premium hatchbacks and compact SUVs. While Commercial Vehicles (CV) segment continued to be on a strong footing as it expanded by 17.5% for the financial year, two-wheelers saw a sharp drop in growth to 4.9% as against 14.8% in the previous financial year.

However, like FY2018, the auto sector continued to post strong numbers on the exports front. Overall automobile exports in FY2019 grew by 14.5% as against 16% for FY2018 and negative growth of 4% for FY2017. The growth was led by three-wheelers, which grew at a whopping 49% and two-wheelers growing at 16.5%.

### Tyre Segment

Despite the slow growth in the overall automotive sector, the tyre industry had a good run during FY2019. According to the Automotive Tyre Manufacturers' Association, the tyre industry witnessed double digit growth during FY2019 and posted a growth of nearly 11% to an estimated ₹63,000 crore (US\$ 9 BN\*). In terms of key segments, the CV segment (truck bus tyre) continued to be on a stellar growth path and recorded a 16% growth. However, the PV segment posted a flatish growth for the year. The CV industry, aided by good monsoon and an uptick in the economy, followed a growth path in line with the auto industry. The CV segment continued to account for the highest value within the industry.

FOR FY2019, THE COMPANY POSTED A CONSOLIDATED REVENUE OF ₹17,273 CRORE, A GROWTH OF 18% OVER THE PREVIOUS FINANCIAL YEAR.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Europe

Like the global economy, the European economy in CY2018 was significantly influenced by the uncertainties of Brexit and the trade war between the US and China. Although the migration crisis of the past year calmed down, finding a common and sustainable solution to the issue remained one of the European Union's (EU) major challenges in CY2018. The second half of CY2018 witnessed a softer momentum for Europe's economy. This was primarily due to the introduction of new automobile fuel emission standards in Germany and concerns about sovereign and financial risks weighing on domestic demand in Italy, apart from the weakening financial market sentiment. After six years of uninterrupted growth, EU's GDP grew by 1.9% in CY2018 with the growth dynamics slowed compared to the past three years.

### Auto Segment

CY2018 witnessed Europe posting its fifth consecutive year of growth for the industry. The PV registrations reached 18.1 MN units during the year under review to have a minor growth of 0.1% compared to 3.8% in CY2017. The demand was mostly driven by Central European countries where new car registrations grew by 8.0%. In Western Europe, Spain and France led the growth with 7% and 3%, respectively while Germany saw a fall of 0.2% in registrations, even as Italy and the UK posted negative growth rates of -3.1% and -6.8%, respectively.

As car production in Europe declined by 1.7%, exports could not buck the trend and posted a decline of 1.6%. Interestingly, there was a substantial increase in imports, which was up by 9.3%.

EFFECTIVE LEGISLATIONS ON LOW COST TRUCK BUS RADIAL (TBR) TYRES IMPORTS IN EUROPE RESULTED IN A ROBUST 9% GROWTH IN AFTER MARKET AND 4% GROWTH FOR THE OEM SEGMENT.

### Tyre Segment

According to the European Tyre and Rubber Manufacturers' Association (ETRMA), the performance of the tyre sector was generally stable for CY2018. The European market witnessed a small increase (1%) in the replacement market for passenger car tyres due to a strong increase in the growing market for all-season tyres. The growth for the segment could have been much higher but for imports of PV tyres, which continued to grow and gained market share. In line with the decline in registration and production of cars, the market for consumer tyres from the Original Equipment Manufacturers (OEMs) declined by 4%. Agricultural tyre sales posted its fifth year of negative growth of 4%. Effective legislations hit the imports of Truck Bus Radial (TBR) tyres significantly and resulted in a robust 9% growth in aftermarket and 4% growth for the OEM segments.



The Company's Vredestein Sportrac 5 was one of just two compact car tyre models to receive the coveted 'highly recommended' mark in the latest summer tyre test of ADAC



## INDUSTRY STRUCTURE AND DEVELOPMENTS

### India

India's tyre industry is directly dependent on the auto market and any changes in the latter has an impact on the industry. For instance, new axle load norms were introduced in early part of FY2019 and this led to a drop in the vehicle demand in the second half of the year with a consequent hit on the tyre sales to the CV OEMs. Again the Non Banking Financial Company (NBFC) liquidity crunch impacted the truck purchases of small fleet operators and directly affected the OEM sales in the industry. In FY2018, the government had introduced anti-dumping duty on Chinese tyres leading to drop in imports. During the year, imports did not see a growth indicating that customers were looking at other factors rather than price. In the PV segment, one of the key trends visible was the continued 'uberisation' phenomenon. With the success of ride-hailing services like Uber and Ola and availability of public transport, customers continued to postpone purchase of their second car, instead opting for high-end variant as their first car. This is further validated by the fact that the demand for Compact SUVs and premium cars/hatchbacks is on the rise and consequently demand for such tyres continued unabated during the year.

Concerns around raw material, especially natural rubber, continued to plague the industry. The production of natural rubber in India has been continuously dropping in the last decade, even as consumption has been on the rise. This has led to a huge demand-supply mismatch. During FY2019, the problem was further compounded by the Kerala floods. Over the years, other factors have added to the woes of the industry. Export obligation period has been reduced from 18 months to six months and the pre-import clearance has been made mandatory. Additionally, only two ports, JNPT and the Chennai Port, have been permitted and there are now port restrictions in other ports. Further, the industry continues to grapple with the inverted duty structure. While import of natural rubber is an option, the current inverted duty structure taxes imports of natural rubber at a higher rate of 25% to compared to that of finished tyre, which has a duty of less than 10%. Beyond natural rubber, the variation in oil prices, along with the weakening of the rupee against the US Dollar by 8% also added to the increase in raw material costs.

### Europe

In Europe, the year witnessed a trend in the tyre distribution segment where further vertical and horizontal integration drove market participants into a consolidation process, resulting in fewer and bigger market participants. All major industry players continued to drive initiatives to integrate manufacturing and trade, which in the long term will reduce independent participants in Europe's tyre distribution market.



Given the continued strong demand for the All Season tyres, it posted robust growth in the previous financial year. While there was a slight growth in the Winter tyre segment, it is expected that the All Season growth will cannibalise the market of Winter and Summer tyres in the long term. The financial year in review witnessed a sharp increase in the number of players in the All Season segment resulting in pricing pressure on the existing players. The overall Ultra High Performance (UHP) segment showed a positive trend with a high single-digit growth driven by an increase in winter volumes and All Season volumes.

Imports from China and other countries has become a worry for the industry as FY2019 saw that the low-cost imported tyres are highly visible in the market putting an increasing volume and price pressure on all segments.

THE PRODUCTION OF NATURAL RUBBER IN INDIA HAS BEEN CONTINUOUSLY DROPPING OVER THE LAST DECADE, EVEN AS CONSUMPTION HAS BEEN ON THE RISE. THIS HAS LED TO A HUGE DEMAND-SUPPLY MISMATCH.

## MANAGEMENT DISCUSSION AND ANALYSIS

### SWOT ANALYSIS

#### Strengths

- Apollo Tyres has the advantage of a diversified market base across geographies and therefore, it is not dependent on the Indian market alone. Further, the Company is working towards establishing and growing operations in other large markets.
- With its entry in the two-wheeler segment, the Company is now a full-range tyre player in India and can service the large and growing two-wheeler tyre segment in India and Europe.
- The Company is powered by strong product brands in its key markets – Apollo and Vredestein.
- Apollo Tyres enjoys an extensive distribution network for its products across its two key markets.
- In Europe, the Company's brand, Vredestein, has a heritage of over 110 years and an established presence. It enjoys a reasonable premium positioning, especially in Winter and All Season segments.
- In India, the Company is a leading brand in the CV segment, which accounts for the bulk of the industry's revenue.
- The Company is best positioned to maintain its leadership position in the truck radial segment and drive growth through the same.
- The Company has a global and culturally-diversified management team driving growth across geographies.
- The Company's Research & Development (R&D) facilities for PV and CV tyres will play a key role in bringing cutting-edge technology and innovation to drive growth for the Company.
- Increased spends on building the corporate brand, including Apollo Tyres' association with Manchester United and its association with football in India, is starting to make Apollo a stronger brand in India and a recognised one globally.
- The Company has long established relationships with global OEMs present in India and has forayed into the premium Original Equipment (OE) segments in India.
- The Company is aggressively pursuing its strategy of building OE relationships in Europe and has seen few initial wins.
- In the premium Winter segment, we successfully introduced the new Wintrac Pro that was awarded test winner in a major German specialised press magazine.



Welcoming cricketing legend Sachin Tendulkar to the Apollo Family as its brand ambassador.

### Weaknesses

- In a rapidly-rising raw material cost scenario, 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.
- The necessary improvement of our footprint in Europe will need special focus on the Summer segment, which is needed to supersede competition in a non-growing market. OE homologations are needed to develop the necessary acceptance in the markets, accompanied by good test results compared to other premium manufacturers. Summer tyres are the pinnacle of the UHP strategy, as summer sizes lead the conversion into higher dimensions in Winter and All Season.
- Europe operations have been under strain with a weak market scenario coupled with pricing pressures and our own internal situation of a large investment and a ramping up plant.

### Opportunities

- In India, the Company has a healthy lead over its competition in terms of capacity and market share in the Truck Bus Radial (TBR) segment. This implies healthy growth prospects with increasing 'radialisation'.
- In India, the Company's two-wheeler tyre product has been widely accepted by the market and there are prospects of scaling the market share in a fast-growing and profitable segment. There are also plans to introduce the products in Europe and other parts of the world.
- The Company's highly automated state-of-the-art greenfield plant in Hungary is now operational and it is well-positioned to grow in the European market due to its cost-competitive manufacturing.
- The Company is continuously working towards building OE capability in Europe. With enhanced capacity and a state-of-the-art plant, it is well positioned to win more OE business, which in turn will generate replacement demand and enhance brand positioning.
- With the premium positioning of the Vredestein brand in Europe and the new state-of-the-art plant in Hungary, the Company has good prospects for improving its product mix towards a more profitable premium car tyre segment.
- The Company continues to increase its focus on new geographies such as North America and in geographies where it has already made some inroads, such as in the Association of Southeast Asian Nations (ASEAN) and the Middle East. These geographies will be the growth avenues for future.



Apollo Tyres' Chairman Onkar Kanwar was conferred the Order of the Rising Sun, Gold and Silver Star by the Government of Japan. He was also awarded the Officers Cross (Civilian Division) of the 'Order of Merit' of Hungary.

THE COMPANY HAS THE ADVANTAGE OF A DIVERSIFIED MARKET BASE ACROSS GEOGRAPHIES AND NOT DEPENDENT ON THE INDIAN MARKET ALONE.



## MANAGEMENT DISCUSSION AND ANALYSIS

- The Company has launched truck radial tyres in Europe, which will further enhance revenue and market presence.
- The Company continues to have a focussed approach on increasing its sales channels and distribution expansion.
- The Company has started its deliveries to European OEMs, endorsing the premium position of its Vredestein brand and further strengthening its position in the Summer segment.
- Growth in premium segment of PV (17" and above) in all product segments (Summer/All Season/Winter).
- Anti-dumping measures in EU against Chinese imports will support to expand Apollo's TBR footprint.
- The Company still needs to establish a larger presence in new growing geographies to reach economic-sized operations.

### Threats

- Economic downturn or slowdown in key markets (India and Europe) can lead to decreased volumes and capacity utilisation.
- The coming year will have one large investments on stream. There would be pressure on margins as the utilisations ramp up gradually.
- Increased competition from global players in India could impact the Company's growth plans and/or profitability.
- Tight labour market in Europe and low level of unemployment can make talent acquisition challenging in Hungary.
- 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.
- A weak Indian currency can result in pressure on margins, since the Company is a net importer.
- A growing influence of budget tyres, mainly Tier 2 and 3 brands from established manufacturers, could further impact business, particularly in Europe.

- Economic and political instability factors like Brexit and the trade war between China and the US can impact business in Europe.
- Consolidation in the distribution landscape as independent dealers disappear and wholesalers and company-owned networks are grow may affect the Company's market reach. Internet is playing a major role in the change (vertical and horizontal integration).
- High capital intensity resulting in regular need of large capex for growth puts pressure on free cash flow.

### SEGMENT-WISE PERFORMANCE

The Company continued to focus on its key regions, APMEA (Asia Pacific, Middle East and Africa) including India and Europe. While Apollo Tyres has a small presence in the Americas, it further added new territories in its key regions and offered an expanded product range in these markets.

In FY2019, the APMEA operation continued its focus on key themes for the Indian market: consolidating leadership position and expanding market share by introducing new products across segments. The Vision 2020 for the India business aims at building leadership in multiple industry segments. Committed investments in R&D and brand building continued to fuel the growth journey of the region to attain its vision. The region has seen continued OEMs approvals with high satisfaction, as well as increased customer acknowledgements. For other countries in the APMEA region, the Company continued seeding the markets with country-specific products, building brand salience and expanding distribution networks.

### Commercial Vehicles

In the CV tyre segment, the Company continued its leadership position. It further built on its dominant position in the overall TBR market. In the TBR replacement market, the Company posted strong growth as it increased its market share significantly over the last financial year. Improved product portfolio, network expansion and creating high visibility were the key themes to the Company's success during the year. Apollo Tyres became the first tyre company in India to introduce a range of fuel-efficient tyres in the later part of the FY2019, which highlights the role played by its R&D team in creating first-to-market products. Furthermore, the Company saw lot of action in the light commercial vehicle (LCV) segment as it expanded its 17.5" portfolio in the LCV radial segment with the launch of trailer tyres. Based on the market feedback from the LCV bias segment, R&D helped the team introduce a new and improved rib tyre to further strengthen the Company's position in the segment.

IN THE CV TYRE SEGMENT, THE COMPANY CONTINUED ITS LEADERSHIP POSITION AND FURTHER BUILT ON ITS DOMINANT POSITION IN THE OVERALL TBR MARKET.



The FY saw the Company's successful inaugural edition of #BadRoadBuddies, an initiative to connect with the SUV/4x4 community in India

The Company's best-in-class and robust product portfolio backed by cutting-edge R&D ensured that the OEM business paced ahead at a healthy clip as it continued to maintain and build on its OEM leadership position in the Indian market. With the emergence of electric vehicles, the financial year witnessed the Company becoming the exclusive supplier to Tata Motors' ultra-electric buses. On similar lines, the Company saw its tyres fitted on the 9 mtr electric buses of Ashok Leyland. Both these wins validated the role played by the Company's R&D team. Apollo Tyres was the preferred choice of Indian and global OEMs, including Tata Motors, Ashok Leyland, Eicher Motors and Bharat Benz during the year under review. This has ensured that Apollo Tyres now have high visibility not only in the Indian market but also in the export markets of these OEMs, including the Middle East, Mexico, South Africa, Bangladesh, North and Central Africa. Another notable win for the Company was bagging the prestigious 'TATA Motor's Partner-level Supplier' award as it had the distinction of being the only tyre company to receive this award.

Network expansion remained a key focus for the Company during the year. The Company doubled its Apollo CV zones to take the total number to 50. Further, the Company also expanded its Apollo Retread Zones. This has helped the

Company to offer best-in-class range of tyre services ensuring maximum return on investments to the trucking community.

Beyond the introduction of new products and laser sharp focus on the network, the Company upped its engagement with its customers. It conducted over 100 activities with fleet owners under the banner of 'Apollo Sakushal Sarathi' programme and strengthened its relationship with large- and medium-fleet operators. Further, the Company conducted over 250 'Leaders & Movers Meet' programmes to deeply engage with its customers and support them in their journey of improving efficiencies and reducing cost. For the LCV segment, the Company piloted its innovative and first-of-its-kind school engagement programme called the 'Apollo Safe Scholars'.

ANOTHER NOTABLE WIN FOR THE COMPANY WAS BAGGING THE PRESTIGIOUS 'TATA MOTOR'S PARTNER-LEVEL SUPPLIER' AWARD, THE ONLY TYRE COMPANY TO RECEIVE THIS AWARD.



## MANAGEMENT DISCUSSION AND ANALYSIS



### Passenger Vehicle

The Company continued its market leadership journey in India in the PV segment as well. FY2019 was a year of achieving key milestones from technology and branding perspective. Banking on its cutting-edge R&D, the Company introduced SUV tyres—Apterra White Lettered—with white lettering on the sidewall. A key technological advancement, the offering marks Apollo Tyres' entry into high-visibility tyres market and the distinction of being amongst a few manufacturers in India with this technology capability. The financial year saw the Company expand its co-branded tyre range with Manchester United Football Club (Man Utd) and the tyre was available to Man Utd fans driving fast selling cars like Brezza, Nexon, BRV-WRV, XUV 500, Duster and Scorpio/XUV 500. Further, the Company was extremely successful in growing its premium range—Apollo Alnac 4G—meant for premium hatchbacks and sedans. To make deeper inroads in the luxury tyre segment, the Company expanded its range of Aspire 4G branded tyre. With multiple branding initiatives and a focus on increasing distribution for the brand, the Company grew this business significantly over the corresponding previous financial year.

As part of its long-term strategy, the Company aims to reach the highest echelon of customer preference and has put in ample resources in the last few financial years to achieve this objective. The Company accomplished an important milestone as it ranked #1 in the JD Power 2018 India Original Equipment Tyre Customer Satisfaction Index in small cars segment and #2 in the midsize cars or sedan segment category.

For the PV tyre segment, the financial years ended with a bang as it concluded its inaugural edition of #BadRoadBuddies, an initiative to build and stay connected with the SUV/4x4 community. The event recorded participation of nearly 50

off-roaders, social media influencers and journalists from different parts of India. The community was joined in the final leg of the drive by cricketing legend Sachin Tendulkar—brand ambassador for Apollo Tyres—and the senior leadership team of the Company.

On the OEM front, the Company continued its growth march as the #1 supplier. Its tyres are now standard fitment in the top 8 car brands of the top 10 highest selling cars.

### Off-Highway Tyres

In this segment, the Company focussed on three key sub-segments: Industrial, Earthmovers and Agricultural.

In the Industrial and Earthmovers segments, Apollo Tyres persisted with its focus on the existing market and expanded its product offerings to cater to newer markets, including underground mining, port and loader applications. According to internal estimates, the category grew more than 2x that of the industry growth of ~17%. Again, a best-in-class range helped in bagging new OEMs like Case Construction Equipment and Luigong and the year witnessed an increased demand from existing partners.

IN THE AGRICULTURAL SEGMENT, THE COMPANY INCREASED ITS MARKET SHARE, DESPITE A DEPRESSED YEAR FOR THE SEGMENT.

Further, the Company added a new range to target new segments like compactors and cranes with the existing OEMs.

In the Agricultural segment, the Company increased its market share, despite a depressed year for the segment. The confidence in its products made the Company the first player in the segment to increase standard manufacturing warranty from five to seven years.

As part of its branding strategy for the Industrial segment, the Company participated in various events like Bauma 2018 & IMME 2018 exhibitions. The Company combined its Corporate Social Responsibility (CSR) activity, along with its innovative Industrial tyres van campaign in eight states across India to showcase the product range and help its customers with health and eye check-up camps. For the Agricultural segment, the Company continued with its ATOM platform to engage with its customers. During the financial year in review, the Company conducted more than 300 ATOM events with an outreach to over 20,000 customers. Along with conglomerate ITC Ltd., the Company jointly organised 250+ activations to touch over 10,000 customers. The Company and auto giant Mahindra & Mahindra Ltd. conducted joint campaigns and reached out to the tractor customers across a few states. Apollo Tyres also participated in multiple exhibitions in India, including Agro Vision, Krishithon, Agro World and others. It effectively used wall paintings to enhance its rural reach with over 25 lakh square feet of branded walls across the length and breadth of the country.

### Two-wheelers

With an objective of becoming a full range player, the Company continued to strengthen its brand in the two-wheeler tyres segment even as it continued to expand its range during the year under review. Apollo Alpha—India's first 'zero-degree steel motorcycle radial tyre'—was launched during FY2019. Designed and developed at Apollo Tyres' Global R&D Centre, Chennai, the tyres cater to the biking enthusiasts. The launch was accompanied by a high-voltage campaign #ThrillUpYourBeast.

During the financial year, the Company further expanded its two-wheeler range to cater to premium sports bikes like KTM, Dominar, BMW and TVS Apache. Currently, the Company's portfolio covers the entire market in India. Even though the

Company has a presence only in the replacement market, according to internal estimates, it has now a sizable market share in the category.

### Brand building

FY2019 was a year of focussing on further brand building. The Company adopted a 360-degree approach to strengthen its brand awareness. To target the biking community, the Company used OOH media across major biking routes, including Manali to Leh, Delhi to Chandigarh, Coimbatore to Ooty, Mumbai to Lonavala and others. Similarly, the Company effectively used the same media to target customers in over 30 cities for its Amazer 4G live range and cities with high concentration of luxury cars like Chandigarh, Ludhiana and Cochin for its Aspire brand. Apollo Tyres participated in the Kumbh Mela with wall paintings, parking lots services and safety activations, among others. The Company continued to use its connection with Man Utd and related football associations for social media and on-ground activations. All these brand awareness efforts have yielded results as the Company moved to the #1 position in brand awareness in India and #2 position in overall Brand Equity as per the commissioned Brand Track Study.



THE COMPANY MOVED TO THE #1 POSITION IN BRAND AWARENESS IN INDIA AND #2 POSITION IN OVERALL BRAND EQUITY AS PER THE COMMISSIONED BRAND TRACK STUDY.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Beyond India

Apollo Tyres continued to invest in brand building and range expansion in key countries like Thailand, Malaysia and Vietnam in the APMEA region. In the SAARC regions, the Company witnessed significant gains in Nepal. During the financial year, the Company introduced its two-wheeler range in Nepal, adding it to the list of countries in SAARC where the product is available. Currently, the two-wheeler tyres are also available in Bangladesh and Sri Lanka. The Oceania region continued to show stable growth.

### Europe

For the Europe region, FY2019 was a challenging year, given the slow growth in the automobile and tyre industry. The region continued to focus on introducing new range of PV tyres and Agricultural tyres, seeding the TBR market and getting more OEMs on board. The Company's strategy to move from a replacement-only player and get associated with OEM players in Europe saw major traction as Vredestein Quatrac 5 was chosen as a standard fitment for Ford Fiesta and the Vredestein Quatrac 5 (All Season) and Vredestein Ultrac Satin (Summer tyre) became part of the new Volkswagen Touareg in Europe. With a sharp focus on performance and design, the Company's Vredestein Wintrac Pro was declared winner in 2018 Auto Bild test with the prestigious exemplary (Vorbildlich) rating, a testimony to the R&D prowess of Apollo Tyres.

The financial year saw the region's volumes of PV tyres marginally declining over the previous year, in line with the overall market sentiment. However, a strong improvement in the product mix witnessed revenue growth move to the positive zone for FY2019. The region continued to seed the market with its TBR offering and the reviews of customers and dealers have been positive. In line with the market trend, while the volumes for Agricultural segment declined, again a healthy product mix helped the region to show an uptick in turnover and increase its market share in a declining market. During the financial year, the Company entered the radial compact tractor tyre segment as it introduced 14 sizes from 16" up to 20" in the new Traxion70 and Traxion65 product lines.

The Company renewed its focus on the bicycle segment as it introduced the innovative and sustainable Fortezza Flower Power – the first bicycle tyre in the world to be produced from rubber produced from the roots of the Russian dandelion flowers. Also, the Vredestein brand returned to the highest level of professional bicycle racing as it joined forces with the French World Tour Team AG2R-La Mondiale.

IN EUROPE, THE COMPANY INTRODUCED THE INNOVATIVE AND SUSTAINABLE FORTEZZA FLOWER POWER – THE FIRST BICYCLE TYRE IN THE WORLD TO BE PRODUCED FROM RUBBER PRODUCED FROM THE ROOTS OF THE RUSSIAN DANDELION FLOWERS.



Like the APMEA region, Europe continues to leverage the Man Utd association to promote the Apollo brand throughout the region. Its other key brand, Vredestein, is the main sponsor of the Mille Miglia, one of the most prestigious classic car events. Furthermore, the Vredestein brand was associated with the ISU speed ice skating world championships in Inzell, Germany to create more visibility and build awareness. To celebrate the rich legacy and the 110 years anniversary of the Vredestein brand, the Company created a heritage movie during the introduction of the Quatrac Pro in March 2019.

## OUTLOOK

According to IMF estimates, the world economy will grow 3.3% in CY2019, the weakest since 2009, when the world economy shrank. However, the growth will pick up in CY2020 to 3.6%. The slow growth in the global economy is due to the fall in the growth rate from 2.2% to 1.8% in the Advanced Economies. Nevertheless, the emerging markets and developing economies will continue to grow around 4.4%, albeit a tad slow than that of 2018 at 4.5%.

### Europe

According to European Commission projections, the entire EU's GDP growth is expected to slow to 1.5% in CY2019, before rising slightly to 1.7% in CY2020. Continued uncertainty related to global trade and the slowdown of Chinese economy are expected to have a negative impact on the EU economic growth. Also, the effects of Brexit on the economy are likely to start being felt in 2019. Major economies, including Germany where weak global demand and tougher car-emission standards have hit factory production; France with street protests; and Italy with weak domestic demand and high sovereign-debt spreads continue to dim the growth outlook. Despite the negative outlook, the tyre industry is expected to be relatively stable for the year ahead. It is expected that the All Season tyres will continue to grow. The replacement market for truck is another segment, which should see good growth numbers.

### India

According to IMF estimates, India's growth is expected to accelerate moderately to 7.5% in FY2020, driven by continued investment, improved export performance and resilient consumption. However, Society of Indian Automobile Manufacturers (SIAM) estimates that the automobile sector in FY2020 will continue to be muted for PV sales and the year will end with 5% growth over FY2019. While the first half of FY2020 is expected to remain tepid due to the general elections, the industry can expect a rise in demand in the second half of the year. With BS-VI coming into play in FY2021, the industry is gearing for a jump in prices by ~10-15% for petrol vehicles and ~20-25% for diesel variants. It is expected that customers will prepone buying, thereby bolstering demand in second half of FY2020.

According to rating agency ICRA, the domestic tyre demand is expected to grow in the range of 7-9% over the five-year period from FY2019 to FY2023. This will be hand in hand with investments made by the industry players over the same time frame. Moreover, a forecast of normal monsoon for 2019 will support the CV and Agriculture businesses, especially for the replacement business given the uncertainties of an election year.

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

- To consolidate market position in existing markets and seek new markets/segments
- To continue investment in both brands – Apollo and Vredestein – and capacity expansion via organic expansions
- To seek other growth opportunities

As part of its strategy, the Company will continue to seed existing and new markets in APMEA and will continue to seed other important markets across the globe, including the Americas. However, the Company will stay focussed on its key markets: India and Europe. For Europe region, the focus will remain around premiumisation in the sizes 17" and above for the PV tyres segment and all its sub-categories: Summer, Winter and All Season segments. Importantly, the Company will focus on getting OEMs on board and move away from its replacement-only strategy in the past. With the initial positive feedback of the TBR tyres from its Hungary plant, the region will see an aggressive focus on this segment. However, the region is gearing to pricing pressure for its All Season tyres given increased competition in the segment. The Company has ended the year with a showcase of its highly rated Quatrac Pro for the UHP and Ultra-UHP segments. For India, the Company plans to maintain its leadership position in the TBR segment. With increased brand building activities and on-ground activations around key initiative like #BadRoadBuddies, the Company aims for the leadership position in PV tyres segment. The Company plans to replicate its radialisation success story in the truck/bus segment in the two-wheeler segment with its Alpha range of radial tyres.

ACCORDING TO RATING AGENCY ICRA, THE DOMESTIC TYRE DEMAND IS EXPECTED TO GROW IN THE RANGE OF 7-9% OVER THE FIVE-YEAR PERIOD FROM FY2019 TO FY2023.

# MANAGEMENT DISCUSSION AND ANALYSIS

## RISK MANAGEMENT FRAMEWORK

Apollo Tyres has in place a robust risk management framework that identifies and evaluates business risks and opportunities. The Company recognises that these risks need to be handled effectively and mitigated to protect the interest of the shareholders and stakeholders, to achieve business objectives and create sustainable value and growth. The risk management processes focus on ensuring that the business risks are identified promptly; and a mitigation action plan is evaluated and monitored periodically to ensure that the risks are being addressed accordingly. The Company's risk management infrastructure 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

The list of key risks and opportunities identified by the management are the following:

## FINANCIALS

### 1. Raw material price volatility

- a) Natural rubber is an agricultural commodity and subject to price volatility and production concerns.
- b) Most other raw materials are affected by the movement in crude prices. Any increase in crude oil prices may impact the prices of some of the raw materials.
- c) Both natural rubber and crude prices are controlled by external environment and are, therefore, beyond reasonable control of the management.

### 2. Ability to pass on increasing cost in a timely manner

- a) Demand-supply situation must remain in favour of the industry to enable it to undertake price increases.
- b) The situation is further impacted by competitive activities and a general reluctance by other industry players, to make quick and appropriate price hikes.

### 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 the past few years, the Company has made significant investments to increase in production capacities, both in India and Europe. Any slowdown in economic activities, may adversely impact return on such investments.

- c) In Europe, the Company's tyre sales in winters are subject to seasonal requirement, which can be adversely impacted in case of a mild winter.

### 4. Current investment plans

- a) Apollo Tyres started investment on setting up a new greenfield facility in Andhra Pradesh. This involves a significant capital commitment, along with other investment needs (both growth and maintenance/administrative). These will result in higher leveraging of the balance sheet and a strain on the financials.

### 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 such as Michelin, Bridgestone and others in India, may also hamper growth.

## SOCIAL

### 6. Manpower and Labour

- a) Retaining skilled personnel may become increasingly difficult in India due to the entry of global majors in the Indian tyre industry.
- b) Attracting and retaining manpower in Hungary will continue to be a challenge.
- c) Tyre manufacturing is significantly dependent on availability of skilled labour. Any labour unrest, shortage of labour, diversion of labour to other industries; may impact tyre production.

## 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 infrastructure, which has been instituted considering the nature, size and risks in the business. The framework comprises, inter alia, a well-defined organisation structure, roles and responsibilities, documented policies and procedures, financial delegation of authority and other such elements. IT policies and processes also ensure that they mitigate the current business risks. These policies are complemented by a management information and monitoring systems, which ensure compliance with internal processes, as well as with applicable laws and regulations. The operating management is not only responsible for revenue and profitability, but also for maintaining financial and commercial discipline.

The Company's internal control environment ensures 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 uses SAP—an Enterprise Resource Planning (ERP) software—as its core IT system. The systems and processes are continuously improved by adopting best-in-class processes and automation and implementing the latest IT tools.

The Company 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 Company has also identified and documented key internal financial controls for critical processes across all plants, warehouses and offices wherein financial transactions are undertaken. The financial controls are evaluated for operating effectiveness through management's ongoing monitoring and review process, and independently by Internal Audit.

The Head of Internal Audit reports functionally to the Audit Committee and administratively to the Chairman and Managing

Director of the Company. Key internal audit findings are presented to the Audit Committee at its quarterly meetings.

Most importantly, the senior management sets the tone at the top of 'no tolerance to non-compliance' and promotes a culture of continuous innovation and improvement.

## DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Apollo Tyres prepared the financial statements 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 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 were made on a prudent and reasonable basis, in order that the financial statements are reflected in a true and fair manner and also reasonably represent the Company's state of affairs and profit for the year.

( ₹ MN)

SL.No	Particulars	Year ended		Year ended	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
		Standalone		Consolidated	
1	Revenue from operations				
	Gross sales	120,896	103,881	172,734	149,290
	Less: Excise duty	-	2,549	-	2,549
	Net sales	120,896	101,332	172,734	146,741
	Other operating income	2,642	1,688	2,755	1,688
2	Other income	1,114	1,195	1,231	1,142
	<b>Total</b>	<b>124,652</b>	<b>104,215</b>	<b>176,720</b>	<b>149,571</b>
3	Total expenditure				
a)	Decrease/(Increase) in finished goods & work in process	(2,615)	125	(4,704)	(1,474)
b)	Consumption of raw materials/Purchase of stock in trade	83,194	65,329	105,969	85,430
c)	Employee benefits expense	7,372	7,097	24,562	21,566
d)	Other expenses	20,795	17,972	30,075	26,371
	<b>Total</b>	<b>108,746</b>	<b>90,523</b>	<b>155,902</b>	<b>131,893</b>
4	Operating profit	15,906	13,692	20,818	17,678
5	Finance costs	1,379	1,375	1,811	1,629
6	Depreciation & mortisation expenses	4,463	3,644	8,127	5,926
7	Profit before share of profit in associates/joint venture, exceptional items & tax	10,064	8,673	10,880	10,123
8	Exceptional items	(2,000)	-	(2,000)	-
9	Share of profit in associate/joint venture	-	-	1	0
10	Profit before tax	8,064	8,673	8,881	10,123
11	Provision for tax				
	-Current	1,807	1,885	1,871	2,389
	-Deferred	336	564	212	495
	<b>Total</b>	<b>2,143</b>	<b>2,449</b>	<b>2,083</b>	<b>2,884</b>
12	Profit after tax	<b>5,921</b>	<b>6,224</b>	<b>6,798</b>	<b>7,239</b>



# MANAGEMENT DISCUSSION AND ANALYSIS

## KEY FINANCIAL RATIOS

In accordance with the SEBI (Listing Obligations and Disclosure Requirements 2018) (Amendment) Regulations, 2018, the Company is required to give details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios. Please note that there is no significant change of 25% or more in the Key Ratios viz. Debtors Turnover, Inventory Turnover, Interest Coverage Ratio, Current Ratio Debt Equity Ratio, Operating Profit Margin and Net Profit Margin as compared to the previous year.

### Change in Return on Net Worth

Sl.No	Particulars	FY2019	FY2018	% Change
i)	Return on Net Worth*	7.95	9.89	-20%

\* Return on Net Worth is computed as Net Profit by Average Net Worth. Decline in Return on Net Worth is primarily due to decline in Net Profit from ₹6,223.9 MN to ₹5,921.1 MN.

## INFORMATION TECHNOLOGY (IT)

At Apollo Tyres, the IT function continues to play an important role in ensuring the execution of all operations across the Company. Furthermore, IT is the custodian of the organisation's cyber security and intellectual properties. Additionally, it also guides and supports the organisation through digital transformations that underpin its growth ambitions. FY2019 was a year of stabilising and modernising the IT through various infrastructure and security initiatives, as well as supporting digitisation and technology projects for the business functions. Some of the key initiatives in areas such as infrastructure, compliance and our digital journey, during FY2019, included:

- Data Centre refurbishment
- Continuing our journey to cloud-based applications and landscape to reduce cost of ownership and redundancy of our IT assets
- Disaster recovery enhancement for our critical applications
- Rollout of Managed Security Service to monitor the IT environment from internal and external threats
- Started an initiative for technology enablement journey, including machine learning and artificial intelligence
- Multiple dealer digitisation initiatives to improve access and connection to the Company's dealer network

## GENERAL DATA PROTECTION REGULATION (GDPR)

The Company is implementing its GDPR roadmap with all major compliances in place to ensure protection of personal data at all locations in the organisation. An awareness campaign was rolled out to ensure that data privacy becomes part of its DNA.

## HEALTH AND SAFETY

The Health, Safety and Environmental (HSE) transformation journey gained significant momentum in the previous financial year to achieve the Company's safety vision: 'Committed to highest safety standard to make sure we return safe and healthy to our families'. The impetus was led by the Management Board as it laid down strategic priorities to bring in a culture of safety across the organisation.



India's 1st full-service farm/agriculture tyre outlet in Nashik, Maharashtra, a state-of-the-art service centres with trained personnel including an Agronomist to guide the farmers in the tyre selection process



The Company joined hands with Ashok Leyland to provide healthcare facility to the trucking community in and around Chhindwara, in the central Indian state of Madhya Pradesh.

### Visible leadership

The Chairman, Vice Chairman & MD and the entire Management Board members personally started driving the safety transformation efforts. One of the strategic pillars for the Company is safety. The year saw the formation of the HSE Council headed by the Vice Chairman & MD, Neeraj Kanwar, to review and monitor safety performance. Based on the detailed analysis and review of hazards, risks and incidents in whole value chain, the Company launched its seven Safety Absolutes during the year. Further, the leadership team visited multiple work locations and conducted HSE Gemba to understand the depth of implementation and key issues.

### Functional ownership

The financial year saw the functional leadership team deciding to renew focus on incident reporting and investigation process. The incident investigation is led by respective functional heads and the learning cascaded to the whole organisation. A total of 79 work related Lost Time Incidents were reported during the year.

### Capability Building

Safety training programmes were conducted at various levels. Risk-based training programmes offered to all employees and training effectiveness monitored at functional level. Over 12,000 employees/contractors were trained in Safety Absolutes course.

### Positive reinforcement

During the year, the first Chairman Safety awards for three categories were distributed. The categories include

management, individual and team that had brought a significant change in work culture. Further, plant and function level reward and recognition programme was established at various levels to inspire and motivate employees to participate in the HSE culture transformation.

### Awareness and communication

During the previous financial year, safety messaging was integrated in all formal communication. Further, the messages were reinforced through frequent safety campaigns, messages and awareness drives.

## HUMAN RESOURCES & INDUSTRIAL RELATIONS

In an ever-increasing competitive and challenging world, Apollo Tyres continues to focus on its 'people pillar' as a key to achieve its core objective of sustainable growth and social objectives. The Company acknowledges the role of the Human Resource (HR) community as a strategic business partner in the organisation and continues to invest in a wide variety of HR activities.

During the year under review, the Company continued with its HR strategy and a sharp focus on the following themes:

### Capability Building

Given the lack of technical institutes to teach about tyre technology, the Company has had a sharp focus on building capability since its inception. The Europe region continued with its 'Essential 7' programme to talk to the line manager to support and enhance the line manager's skill. Around 15 workshops were held in FY2019 with a special



## MANAGEMENT DISCUSSION AND ANALYSIS

focus on mentoring, performance management and coaching. The Hungary plant created a self-service platform learning environment for its employees. The platform contains instructions for its various processes and the employee can use multiple learning methods (text, video, pictures and tests). Moreover, for the ease of access, the content is available through smartphone, desktop and tablet. In the Indian plants, initiatives like Signature 2019 was launched where employees were asked to present their Kaizen projects to share their learning. There was also Saksham, a programme, which focusses on the development required during the transition in the new role of an employee.

### Employee Engagement

With 'One Family' as one of the core values of the Company, it actively engages with the employees at all levels. The Company looks at engagement as beyond the traditional event-based engagement programmes and at a holistic engagement initiative where the endeavour is to provide clear job knowledge; clarity about the scope of opportunities (both horizontal and vertical); an environment, which promotes learning and sharing; open communication and others. The Company endeavours to provide an engaging environment

by ensuring that the above parameters are met. A robust Internal Job Posting system ensures that employees are aware of available prospects. The leadership team actively participates in the quarterly 'townhalls' as it answers any and every questions from the employees. Finally, each location has a list of events to continuously engage with the employees and, at times, their families as well. The Hungary plant has a regular programme for employees and their family members called 'Family Factory Visit' and gives an opportunity to the closest relatives of the employees to visit the plant. The Indian plants held various events like festival celebrations, Women's Day celebrations, running and wellness programmes and others.

### Performance Management

The performance management process, 'Horizon', completed its third annual cycle. The Company's performance management system gives ample opportunities to each employee to discuss not only about the performance but also the opportunities available in the organisation.



The Company's Vredestein brand launched the brand-new all-season tyre, the Vredestein Quatrac Pro and is specially designed for the ultra-high performance (UHP) segment and cars such as the Alfa Romeo Stelvio, Volvo XC90 and BMW 5-series.



### Talent Management

In an increasingly competitive world, talent management has become a key focus area for the HR function in the organisation. The Company actively endeavours that its employees look at job enlargement and rotation opportunities. For the Company, supporting such a journey is a win-win arrangement wherein employees discover avenues of growth and the organisation can leverage well-inducted candidates with a deep understanding of its business and culture. Multiple people across the organisation were given the opportunity to work in new functions or move to a new location.

### Industrial and Employee Relations

The Company continuously engages with its unions and work councils across its global locations. In the Indian plants, the Company concluded long-term agreements with its unions. The Company has implemented a structured grievance redressal system in its India plants. A new pension plan for all Netherlands-based employees was agreed upon. The agreement was cost neutral and is innovative in its kind.

### CSR: SOCIAL COMMITMENTS

Apollo Tyres is fully committed to fulfil its responsibility to the society and environment, given the wide range of CSR activities it undertakes within and outside India. While the

Company started its first initiative, Healthcare for the Trucking Community in 2000, it created Apollo Tyres Foundation in 2008 to undertake all its CSR initiatives.

The organisation respects the value of the community by supporting rural livelihood, addressing solid waste management in the community and protecting biodiversity. It also encourages its supply chain partners and employees to be equally conscious of the environment and play their part as responsible citizens. The long trajectory of the organisation in the space has helped it to focus its efforts towards four core areas of work: Healthcare for Trucking Community, Solid Waste Management, Livelihood for Underprivileged Women and Biodiversity Conservation. In addition to these four core areas, a few local initiatives pertaining to watershed management, computer literacy and philanthropy were also undertaken.

During FY2019, the Company managed to achieve some significant milestones. Under its Healthcare for Trucking Community programme, which is rolled out through the 31 centres across 19 states, a 33% increase of beneficiaries availing the service was recorded compared to the previous year. Under the Solid Waste Management programme, the Company set up End-of-Life Tyres playgrounds in rural schools addressing environmental threats of disposal of used tyres.

The Company established a one-of-its-kind 'Farmer Producer' organisation for organic farming for women farmers under the Livelihood for Underprivileged Women initiative. The Company's honey making unit in Kottayam, Kerala got certified to the international standard on Food Safety Systems Certification [FSSC], a rare feat in this area. The Mangrove Conservation programme under its Biodiversity theme hosted its first inter-college quiz competition in Kerala. The Mangrove audio-visual film won an International Woodpeckers Film Festival Award 2018 for the best CSR initiative.

In Europe, the Company joined hands with Municipality of Enschede to solve the existing problems with rainwater and groundwater nuisance and to improve the living environment of the area, called 'Stadsbeek'. The Company participated in the initiative of laying coconut mats along the banks of the stream to grow native plants which will help in increasing various animal species, such as insects and frogs.



THE COMPANY FIRMLY BELIEVES THAT ITS HR IS A STRATEGIC BUSINESS PARTNER AND CONTINUES TO INVEST IN A WIDE VARIETY OF HR ACTIVITIES.

## MANAGEMENT DISCUSSION AND ANALYSIS

During the year, the Kerala floods devastated the state. In a heart-warming gesture, the Company and its employees across the organisation rallied together and provided assistance to the beneficiaries and communities at large in Kerala. Additionally, in Europe, employees of the Company donated a fixed sum and suggested a charity organisation to which the funds could be donated. Last year, the total amount of donations was divided among five foundations.

The Company's sustainability journey has not just been limited to the work in the communities. This year marks Apollo

Tyres' foothold in the space of managing carbon footprint. During FY2019, the organisation received its first external verification of the Corporate Carbon Footprint, in line with International Standards of AA1000 and ISO 14064 for FY2018 and FY2019. This is aligned to our vision to be in the league of forward-looking organisations. The details of all the initiatives listed above are further elaborated in the subsequent section under Sustainability.

THE MANGROVE AUDIO-VISUAL FILM WON AN INTERNATIONAL WOODPECKERS FILM FESTIVAL AWARD 2018 FOR THE BEST CSR INITIATIVE.







apollo  
TYRES







# SUSTAINABILITY SNAPSHOT

This section provides an overview of the sustainability performance of Apollo Tyres, focussed on its key stakeholders.

The Company has developed its own Sustainability Management Framework (SMF), aligned to the global standard of ISO 26000 on social responsibility. It has also commenced on its roadmap to undertake external assurance on the framework according to ISO 26000. As a part of that roadmap, the procedures for core subjects of environment and community development have been externally assured.

The sustainability performance reporting draws elements from globally available and accepted guidelines like the Global Reporting Initiative.

## PERIOD OF REPORTING

The period covered for the purpose of this report is April 1, 2018 to March 31, 2019.

## SCOPE OF THE REPORT

The Company has made comprehensive efforts to ensure transparency, accuracy and materiality in this report. The information disclosed in this report relates to the Company's operations across two geographies – Europe and Asia Pacific Middle East and Africa (APMEA). This report primarily encompasses manufacturing operations, with the exception of the 'Care for Employees' section, which also discusses non-manufacturing operations.

## READ INSIDE



# SUSTAINABILITY SNAPSHOT



## MANUFACTURING LOCATIONS

### Europe Operations

- ① Enschede, Netherlands
- ② Gyöngyöshalász, Hungary

### APMEA Operations

- ① Chennai
- ② Limda
- ③ Perambra
- ④ Kalamassery (leased unit)
- ⑤ Andhra Pradesh





### MANAGEMENT APPROACH TOWARDS SUSTAINABILITY

The Company's sustainability strategy outlines its approach and effort towards syncing its growth agenda with environment conservation, social prosperity and economic wellbeing. It incorporates environmental and social considerations in its day-to-day operations and the sustainability strategy has made its growth balanced and responsible.

While the Company continues to be India's market leader, it aspires to be the global industry leader by pursuing emerging opportunities and continually embedding sustainability into the business model. This is further enhanced through its well-developed and implemented SMF. The Company has identified key priorities as a part of its sustainability journey. It is aspiring to be carbon-neutral, water-positive, energy-efficient and eco-conscious producer, combating challenges around End of Life Tyres.

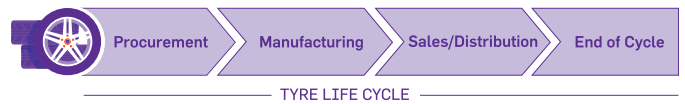
The Company ensures that the sustainability goals are aligned with the business, as it is imperative to create value for all stakeholders. A major shift, over the past few years, has been the integration of sustainability principles into all levels of corporate strategy, business model as well as the value chain. The framework and the associated roadmap are further embedding sustainability principles at the heart of the organisation.

Moreover, to reach out to a wider range of stakeholders and communicate its sustainability performance, the Company started making disclosures based on international guidelines since 2010. The sustainability disclosures were instrumental in assessing actual performance, setting benchmarks and seeking continual improvement towards a better growth trajectory in all domains of the triple-bottom line – social, environmental and financial.

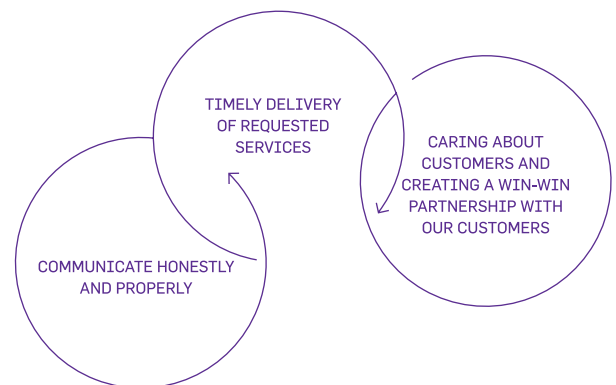
Regular formal and informal interactions with stakeholders over the years have been fruitful in creating enduring stakeholder relationships. Such engagements reflect onto key business risks and opportunities. Sustainability risks are identified through such engagements and strategies are formulated to mitigate these risks.

### STAKEHOLDER ENGAGEMENT

The Company engages with a wide range of stakeholders globally. At the local/regional level, the operations are encouraged to work with communities to identify and implement stakeholder engagement initiatives.



The Company believes in communicating with various stakeholders to understand their concerns and respond with appropriate mechanisms. Various functional departments use diverse communication channels to fulfil this responsibility.



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



# SUSTAINABILITY SNAPSHOT: CENTRE OF EXCELLENCE

## New Initiative towards Efficiency

A key challenge to any growing global organisation is often increasing resource requirements, limited leveraging of skills and scattered investments, this in turn can lead to reduced profits and compromised efficiencies. If this materialises, organisations are often unable to sustain, support and manage future growth & objectives.

In order to overcome this potential risk, it is important to build some form of organisation-wide shared services. In line with this we have embarked on the journey towards an **Apollo Centre of Excellence (CoE)**. This Centre of Excellence will be a strong enabler for our wider business strategy by implementing a best-in-class services organisation which provides support & value added services to every business function.

The Centre of Excellence will allow the Company to leverage a shared talent pool to streamline activities, drive efficiency and enhance organisation-wide control.



### KEY BENEFITS OF CoE

#### Efficiency and effectiveness globally

CoE will enable efficiency by consolidating and streamlining on a global scale.

#### Cost efficiency and leveraging

CoE will enable the company to leverage its resources more efficiently thereby maximising every investment in People and Technology.

#### Foster innovation and knowledge sharing across the organisation

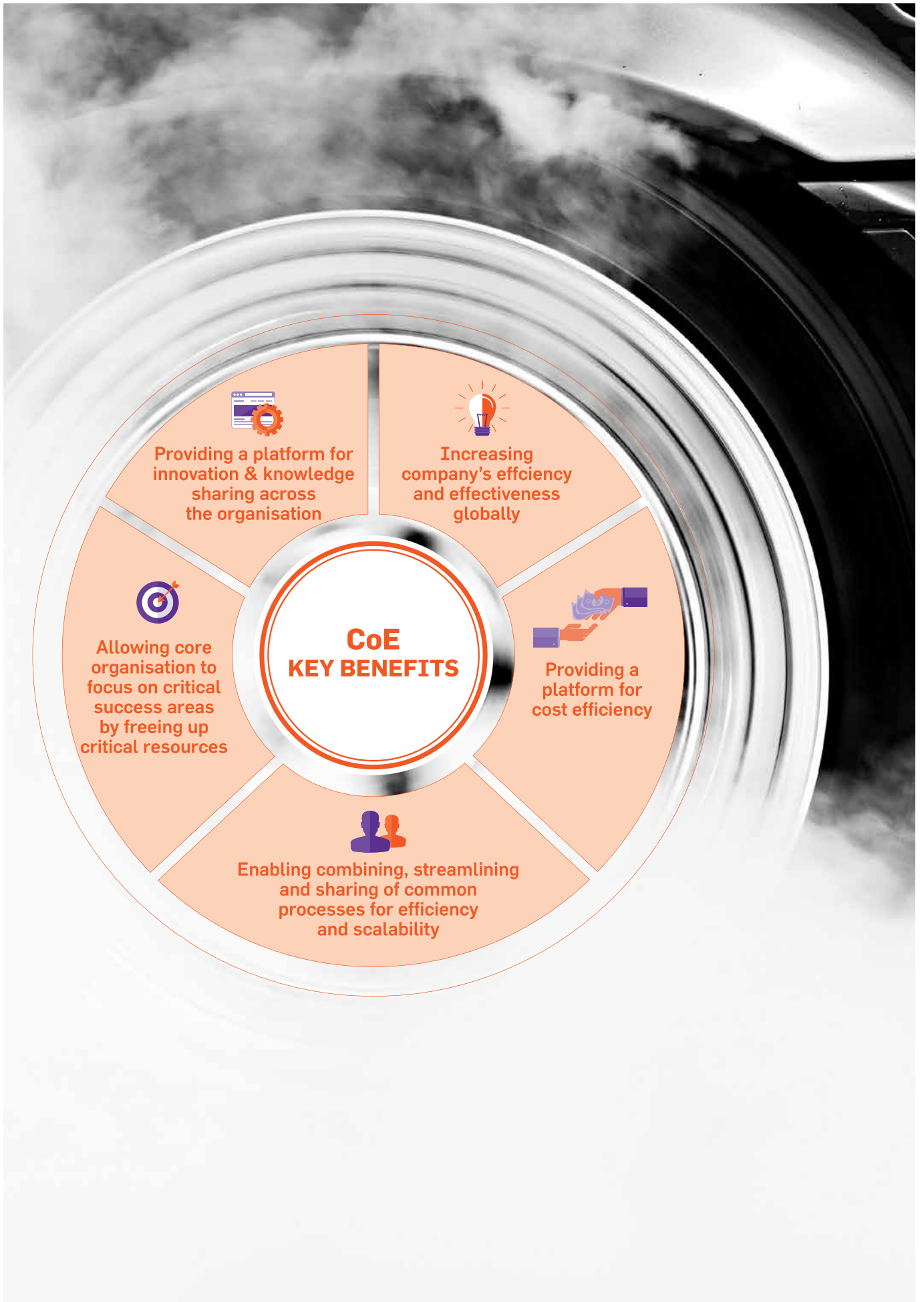
CoE will share best practices, ideas, ways of working from one department, location and region to the other parts of the organisation, enabling a learning organisation and continuous improvement.

#### Enable core organisation to focus on critical success areas

CoE will cater to transactional activities centrally and free up critical skills and resources to enhance our productivity.

#### Streamline and share common processes

CoE will provide shared resources which enables activity streamlining and efficiency gains.





# SUSTAINABILITY SNAPSHOT: CUSTOMERS

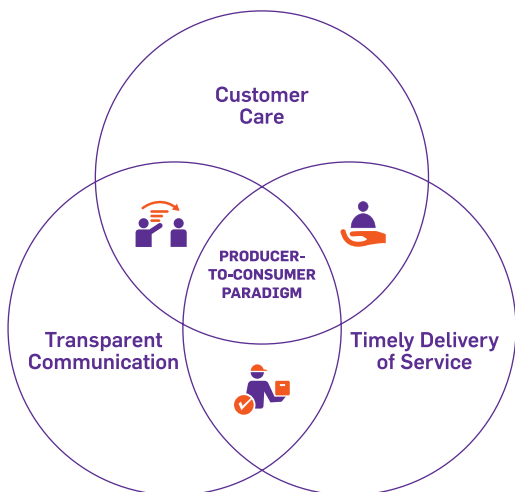
## Customers as the brand ambassadors

Customer centricity has always been critical to everything we do at Apollo Tyres. It is part of our value system as enshrined in the Apollo Way, a philosophy of life advocated by the Company for each and every employee. Our 'Customer First' approach is encapsulated in the words: 'We believe that our customers and those whom they serve are central to everything we do'. It highlights the importance of the customer for each and every employee in the Company.

With the democratisation of information, customers are increasingly becoming well-informed and discerning. For a large number of products, two key factors continue to drive customer's preferences – quality and price. At Apollo Tyres, listening to customers to understand their requirements and identify efficient solutions have been one of the Company's greatest strengths that has enabled us to grow successfully.

### CUSTOMER RELATIONSHIP MANAGEMENT

In the evolving producer-to-consumer paradigm, which is becoming network driven, customers remain a key stakeholder. Customer loyalty begins with the quality of the products and then impacted by the quality of services and the level of engagement. In line with the perspective, the Company has restructured its approach to customer relationship management around three broad themes:



During the year, the Company's specialized CV Forza team continued to engage with the commercial vehicle (CV) fleet owners providing them with regular knowledge updates, technical assistance and trainings on care and maintenance of tyres to ensure their durability.

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



AT APOLLO TYRES, LISTENING TO CUSTOMERS TO UNDERSTAND THEIR REQUIREMENTS AND IDENTIFY EFFICIENT SOLUTIONS HAVE BEEN ONE OF THE COMPANY'S GREATEST STRENGTHS.

Our education drive on Tyre care and maintenance, particularly on vehicle alignment gaps, lead to establishment of CV alignment centers in last 3-4 years.

The Company was successful in increasing its CV Zone footfall by 18% in the fiscal. It initiated the journey by offering the best alignment services to customers and saw a rise of 22% in CV Zone Service Experience by the end of the fiscal. Apollo Tyres continued its initiative to expand its CV Zone centers to cater to the need of truck wheel alignment and more than doubled its CV Zones to 44 at the end of the fiscal.



## CUSTOMER SERVICES

In the tyre industry, beyond quality and a competitive price, quality of services also plays a key role in enhancing customer loyalty. The Company continued to focus on its Customer Services function. The department specialises in providing superior value-added services to customers.

The function plays an important link between multiple departments including sales, marketing, manufacturing and R&D with its robust feedback from the customers. The Company has launched multiple products and services, based on voice of customers.

The function is also supported by the Company's Regional Inspection Centres. These centres conducted inspections and checks on the returned products and the feedback shared with functions like manufacturing and R&D. This, in turn, supports the Company's objective of providing best-in-class products.

Additionally, the CS adopts a 360°-service approach to connect all customer service touchpoints, enriching the overall customer experience. The features of the approach are outlined in the table below:

### Apollo Certified Fitter (ACF)

A fitter engagement and welfare initiative to educate customer to follow recommended fitment practices, inflation pressures for tyre longevity and using right tools and safety measures. The Company increased its network of ACF to 300 in FY2019 a sharp increase from 120 in FY2018.

### Apollo Radial Service Assistance (ARSA)

An initiative to engage with customers to optimise operational efficiency in their fleet. A technically trained and qualified person is allocated to the fleet for standard checks like vehicle inspection, scrap tyre inspection, inflation and other routine work, which leads to an enhancement in operational efficiency by 15-20%.

### Apollo Radial Repair Centre (ARRC)

An initiative to motivate and equip dealers to support customers by repairing damaged tyres, instead of scrapping them.

### Apollo Quick Service (AQS), Tubeless Service Point (TSP)

A programme to provide quick complaint redressal to customer for tubeless tyre puncture through recommended tools and procedure. The Company added 100 AQS centres during the fiscal to take the number to 350 across the country.

### Apollo Tractor Owners Meet (ATOM)

A farmer engagement and welfare initiative to educate tractor owners in tyre care and repair. Over 349 dealers, franchisees, fitters and retreaders are invited to training sessions during the fiscal.

### Apollo Direct (Contact Centre Management)

A 365 days dedicated customer care service center for grievance redressal and addresses queries and complaints in English and regional languages.



## SUSTAINABILITY SNAPSHOT: CUSTOMERS

### TBR Tyre Service Experts: Pilot launch at Uttar Pradesh

The Company launched its high quality TBR products in 2010 supported with 360 degree service approach to manage the entire tyre life cycle. A sustained focus on the approach helped the Company to establish a leadership position in the TBR segment.

As radialisation of truck tyres in India continues to rise, the Company has been an advocate to help understand customers the importance and benefit of radialisation for truck owners. FY2019 saw the Company launch a unique initiative called 'TBR Tyre Service Expert' to help customers make the TBR journey smarter and fruitful for his commercial operation.

The Company provided multiple services including customized recommendation of tyres, monitor tyre performance, improve tyre life, reduce operational cost and quick complaint redressal.

The Company's pilot project in Uttar Pradesh was a big success as the CS function was able to resolve customer queries.



**CUSTOMER SAFETY IS DEEPLY EMBEDDED IN THE COMPANY'S PRODUCT DEVELOPMENT STRATEGY, STARTING FROM THE DESIGN PHASE. IT HAS PUT IN PLACE ROBUST PROCEDURES TO CONDUCT RIGOROUS QUALITY CHECKS AT EACH STAGE OF THE MANUFACTURING PROCESS TO CREATE PRODUCTS, WHICH ARE SAFE, EFFICIENT AND RELIABLE.**

### CUSTOMER ENGAGEMENT

Providing a world-class customer experience is integral to our customer engagement strategy at Apollo Tyres. We continue to engage with our customers through multiple forums to receive inputs and suggestions in order to serve them better. Some of these are as follows:



#### Voice of Market

With a diverse customer base ranging from fitters to retreaders to casing dealer to drivers, feedback from these multiple stakeholders is imperative to understand their requirement and loop it back into the system for product and service improvements; and as inputs to key business decisions. The Company conducts regular studies to capture customer's satisfaction levels, usage practices, product pain areas and new expectations on products and services.



#### Load & Fitment Studies

The Company conducts monthly Load and Fitment studies, which provide a comparative insight into product parameters such as fitment share, brand of choice, current loading trends, usage practices by customers on various tyre brands, among others. The studies were conducted at 11 key locations with Truck / LCV/ SCV and ICV category as a major focus area.



#### CPKM – Real value for Commercial Vehicle users

FY2019 saw the Company kick start the Cost Per Kilometre (CPKM) concept to spread awareness to its wide cross-section of customers on the value a tyre brings to their businesses. Beyond the CS function, the Company also trained about 106 Apollo Exclusive Dealers during the year.





### ENGAGING WITH PV COMMERCIAL FLEET OWNERS

The Company launched a campaign with PV Commercial fleet owners to increase its SOA (Share of Account). Through the initiative, the CS team conducted 1057 activities for fleets owners across the country. The campaign focused on improving customer engagement, enhancing product information and disseminating good safety practices. The campaign highlighted the benefits of the tyre brand '4G Life' and further strengthened the connect with the Apollo brand.

### CUSTOMER SAFETY



Customer safety is deeply embedded in the Company's product development strategy, starting from the design phase. It has put in place robust procedures to conduct rigorous quality checks at each stage of the manufacturing process to create products, which are safe, efficient and reliable. The Company's products adhere to applicable safety standards and are labelled to provide customers with relevant information regarding product safety.

Globally businesses are undergoing dynamic transformations, largely influenced by changing consumer preferences, impact of globalization and increasing use of internet and communication technologies. While a large volume of information about a company, products or a component is easily available, critical data required to take effective decisions are not easily accessible. Acquiring such information requires dedicated investments into market intelligence.

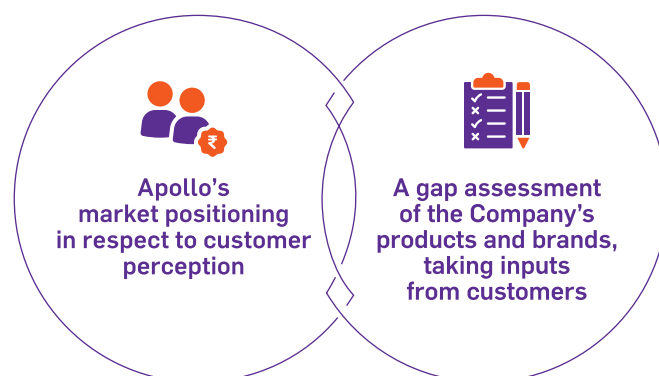
For decades, western markets have depended on market intelligence for introducing products or growing their businesses, but these trends have started emerging in developing economies in recent years. Besides, the methods of conducting market intelligence vary from one region to

region. In Asian markets for example, one-on-one interactions are more prominent and effective.

Responding to the changing dynamics of the business, we initiated our first market intelligence project- 'Customer Value Management' eight years ago. The project objectively targeted the interface points, where the Company's product interacts with customers such as end-users and dealers and where customers form a perception about the Company's tyres.

Through the exercise, we were able to gather crucial information about our customer's preferences, buying capacity, geographic location and experience with a particular brand that influence their buying decisions. The results helped us in designing appropriate strategies to maximize benefits to our customers. The method of quantifying the Voice of Customers and collection of data is scientifically designed to present a value vs price ratio for Apollo and all competitor brands.

Benefits of the Study:

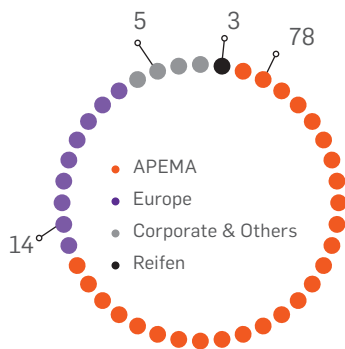


# SUSTAINABILITY SNAPSHOT: WORKFORCE

Apollo Tyres is proud of its people and recognizes that they are a key differentiating factor in achieving business objectives. The company continues to invest in its human resource activities that support the overall growth and success of our employees.

The HR department continues its focus to provide a work culture that creates avenues for professional and personal growth. As of March 31, 2019, the Apollo family has 17,176 permanent and contract employees worldwide

## Region wise employee distribution

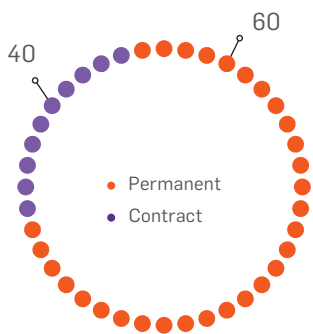


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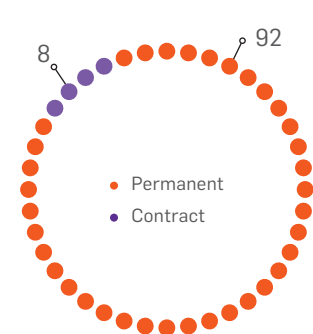
## RECRUITMENT

Our recruitment activities focus on both experienced and emerging talent. For example, through our 2018 Indian GET programme, 105 young engineers from some of the best tech-schools in India joined us as Apollo Tyres Graduate Engineer Trainees. This structured training program, aims to contribute towards the organisational objectives of high productivity, automation, innovation and creativity through team work to become the number one tyre company in India. This specially trained group will meticulously support manufacturing and allied systems to ensure that every single Apollo Tyre adds best-in-class value to the customers' business.

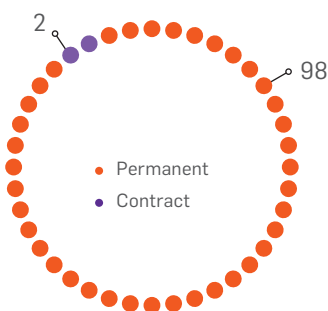
### APMEA



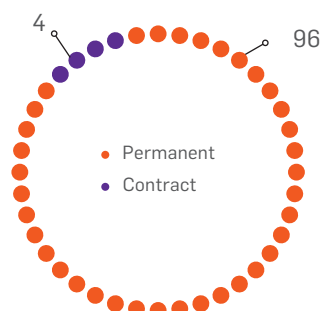
### Europe



### Corporate & Others



### REIFEN



## MANAGING INDUSTRIAL RELATIONS

Apollo Tyres is a proactive organisation and we continue to maintain healthy industrial relations across our global operations. The company has consistently worked in collaboration with Trade Unions and other employee bodies to improve the working environment for our people as well as productivity and cost effectiveness for the company.

As a proactive measure, a structured grievance redressal system has been successfully implemented in our India operations this year. In Europe we successfully renewed our Collective Labour Agreement (CLA) and concluded new pension arrangements through consultation with trade unions and our works council.

Total participants in successful ADMIRE programme

**270**

Employees covered by on-line learning platform worldwide, covering core manufacturing and sales disciplines

**450**

## TRAINING AND DEVELOPMENT

We recognize the importance of developing our people and in FY2019 we ran training programmes covering a broad range of technical and leadership disciplines.

In India our successful ADMIRE programme was attended by 270 frontline field sales employees while our Step-Up programme continues to deliver high quality product and process training for new recruits into our frontline field teams.

We continue to invest in mandatory and safety training and in the ongoing education of our operators. Our Hungary plant has invested in a self-service platform for individual training that allows access to workstation specific videos, pictures and text to aid problem solving and technical development.

In 2018, we launched an on-line learning platform for over 450 employees worldwide covering core manufacturing and sales disciplines as well as core personal and management skills. We will extend this programme in the coming year adding content and expanding access.

Our leadership capability has been expanded through our flagship Technical Leadership Development Programme and through a number of executive coaching programmes aimed at senior leaders.

## JOB ENRICHMENT AND ROTATION

As a growing organisation, the scope for career enhancement within the Company is expanding and evolving at a rapid pace. We always strive to further job enrichment and rotation opportunities to internal talent as a win-win arrangement where employees have opportunities to grow and the organisation can leverage well-inducted candidates with a deep understanding of our business and culture.

Our Enschede plant has developed a programme that provides training to established operators allowing them to work across multiple departments and equipment in order to develop a more flexible workforce.

Talent and succession planning activities at local and functional level provide structure to job rotation identifying opportunities for individuals whilst minimizing operational risk for the organisation.



## EMPLOYEE ENGAGEMENT

Apollo Tyres engages with its employees regularly by providing them innovative platforms to share their skills, knowledge and viewpoints. Exploring various opportunities for keeping the employees engaged has been a key priority.

In India we have been venturing into newer aspects of engagement initiatives in order to keep the employees engaged both "on the job" and "off the job". Activities include competitions, employee forums and interest groups that have proved to be both popular and effective.

In both our European plants we have held various social events for our employees, their friends and families that continue to be well attend.

## APOLLO FOR SPORTS

Apollo Tyres has adopted sports as a medium to inculcate team spirit and healthy competition amongst its employees. It organises various sports events throughout the year where employees are motivated to join.

In India we have introduced a running and wellness programme with the aim of participating in the Airtel Delhi Half Marathon as well as great success at state level corporate cricket tournaments.

## REWARDS & RECOGNITION

Apollo Tyres has adopted various mechanisms to motivate and encourage its employees from 'on-the-spot' recognition with ZOOM coupons to social events that celebrate individual and team success stories.

At a global level, Apollo runs a number of coveted recognition schemes aimed at rewarding employees. The Employee of the Year award is given to a senior level employee in recognition of outstanding contribution to the company. In addition, our Roll of Honour award is given to a number of individuals below Head level from across the organisation in recognition of consistent performance and significant contribution in their respective function. Winners are invited to enjoy a short city break with other winners as a team event. This year 50 winning employees visited Dubai .

The company also applies for various external awards. In FY2019, Chennai Quality Circle won the Regional Level Competition for the QCC project titled 'Loading time reduction in tyre building machine' and in other QCC forum like CCQC and NCQC, Chennai teams participated and won 16 prizes at Chennai.



# SUSTAINABILITY SNAPSHOT: HEALTH & SAFETY

The Health and Safety transformation journey gained significant momentum in FY2019 to achieve the Company's safety vision – 'Committed to highest safety standard to make sure we return safe and healthy to our families'.

The initiative was led by the Management Board to inculcate a culture of safety in the organisation. As a part of the ongoing journey, HSE Council was established at the corporate level, headed by VCMD, Neeraj Kanwar, to review and monitor safety performance. Based on meticulous observation and analysis of critical risks, the organisation launched seven safety absolutes in the World Safety Day programme in 2018, which are applicable to all employees, contractors and partners.



Besides, the leadership team visited work locations and conducted HSE Gemba to understand the depth of implementation and key issues. A total of 313 Safety Gemba walks were conducted to make the operation safer.

## FUNCTIONAL OWNERSHIP

The fiscal saw the functional leadership team deciding to renew focus on incident reporting and investigation process. The incident investigation is led by the respective function head and the learning is cascaded to the whole organisation. A total of 81 work related Lost Time incidents were reported during the year.

Additionally, functional teams identified 1591 near-misses and 28530 BBS observations during the fiscal year, which is significant and demonstrates a proactive behaviour to reduce risks.

The organisation successfully transitioned from ISO 14001:2004 to ISO 14001: 2015 to enhance the environment performance.

## CAPABILITY BUILDING

Safety training programmes were conducted at various levels. Risk-based training programmes were offered to all employees and training effectiveness was monitored at the functional level. Over 12,000 employees /contractors were trained in Safety Absolutes course.

## POSITIVE REINFORCEMENT

During the year, the first Chairman Safety awards for three categories were given. The categories include management, individual and team - who had brought a significant change in the work culture. Additionally, plant and function level reward and recognition programme was established at various levels to inspire and motivate employees to participate in the Health and Safety culture transformation.

## AWARENESS AND COMMUNICATION

During the previous fiscal, safety messaging was integrated in all formal communication. Additionally, the messages were reinforced through frequent safety campaigns, messages and awareness drives. Safety is a critical facet to achieve organisational growth and sustainability, and its prominence has been stressed across all operations.

# SUSTAINABILITY SNAPSHOT: PARTNERS (RAW MATERIAL SUPPLIERS)

Sustainable procurement practices are becoming increasingly integral to organisations globally. By adopting and integrating corporate responsibility principles into procurement processes and decision-making, the organisation is able to meet the requirements of its stakeholders as well as positively impact the environment and society.

While balancing the environmental, social and economic aspects, the focus on the upstream supply chain extends to sourcing of raw materials, their processing and the use in the manufacture of intermediate and final products from the supplier's side.

With a centralised purchase function with footprints in India, Singapore and the Netherlands, the Company works efficiently with its suppliers across Asia, Africa, Europe and USA. The suppliers are constantly expected to ensure that their services and products delivered to the Company comply with all national and other applicable laws and regulations.

## PURCHASE POLICY

Apollo Tyres considers its suppliers as long term business partners and is committed to conducting its business affairs in a fair and ethical manner that promotes open and fair competition in the best interests of Apollo Tyres and its business partners.

The Company strives to continuously enhance customer satisfaction by providing cost-effective and quality materials on a timely basis, while working with its supply chain partners on environmental, economic and social aspects to enable sustainable business practices.



## PURCHASING GUIDELINES

To reap the twin benefits of reduced transportation costs and lower carbon footprint, domestic suppliers are preferred by the Company, considering other factors being equal. In addition, dealing directly with manufacturers enables the Company to understand and react to any quality and logistic issues promptly.

On the other hand, in the areas of new technology and innovation, suppliers outside India have been developed for additional material sources and technical partnerships.

The Company also encourage its suppliers to develop environmental management systems in line with international standards such as ISO14001. Apollo Tyres regularly engages with its supplier community to promote sustainable practices at their respective manufacturing plants, offices and urge them to adopt environmentally compliant policies.

## SUSTAINABLE SUPPLY CHAIN POLICY

Apollo Tyres is conscious about environment protection and has been continually engaging its suppliers to reduce environmental impacts. The focus on the upstream supply chain extends to sourcing of raw materials, their processing, and their use in the manufacture of intermediate and final products. To align its upstream supply chain with this objective, the Company has evolved a Sustainable Supply Chain policy. It articulates elaborate guidelines for conducting business in an environmentally sustainable manner through good governance, ethics and adherence to human rights.

## SUSTAINABILITY SNAPSHOT: PARTNERS (RAW MATERIAL SUPPLIERS)

### GREEN PROCUREMENT

The Company pursues the incorporation of green procurement standards into its procurement activities and encourages an enabling environment to foster sustainable development. As a part of promoting sustainability, the entire purchase order system has been automated and processed digitally. In addition, the Company promotes and encourages its suppliers to embrace eco-friendly practices in production processes, including the use of recycled materials.

The Company also emphasises on the use of environment-friendly, re-usable, recyclable packing material like returnable pallets, metal boxes, metallic spools for the supply of raw material to its multiple manufacturing plants and aims for 'wood-free' packaging.

The Company continues to promote the use of technology, like video conferencing, to balance the need to connect with employees and partners and creating a positive impact on the environment.

### REACH COMPLIANCE

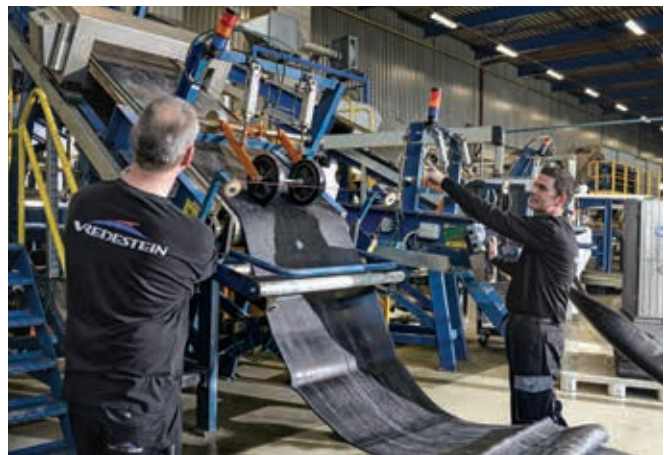
REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) is a European Union regulation adopted to improve the protection of human health and the environment from the risks posed by chemicals. Import of tyres in EU has certain obligations under REACH and companies need to ensure that the tyres do not contain any of the listed SVHCs (substance of very high concern) beyond the specified limits. The Company's suppliers are either registered for REACH or are executing the required activity as prescribed by REACH.

The Company is geared to meet all raw material related requirements with reference to the usage of PAH free materials for the supply of tyres to Europe and other markets.

### APOLLO PARTNERSHIP PACT

Apollo Tyres, in line with its core philosophy of sustainable growth, strives to work continuously with its supply chain partners on environmental, economic and social aspects to enable sustainable raw material supply chain.

Apollo Tyres' Partnership Pact (formally known as Partner Code of Conduct), used successfully since 2008, helps and supports its partners to integrate relevant policies and processes related to the environment, occupational health and safety, human rights and labour laws into their business and decision-making processes. Such a strategy further extends the use of environmentally responsible practices for growing natural rubber within the overall supply chain network.



### TYRE LABELLING REQUIREMENTS

The Company continues to engage with its raw material suppliers to steadily improve the labelling parameters related to its tyre, in line with evolving market requirements and expectations from OEM customers.

### Safety @ Workplace

The Company encourages suppliers to follow all relevant applicable industrial practices to ensure their safety and conducts periodic assessment of prevailing safety practices and development of their workplace conditions.





## SUPPLIER ENGAGEMENT

The Company has multiple initiatives to continuously engage with the supplier community. To mention a few - vendor meets, joint technical projects, quality workshops with natural rubber producers and processors, quality review meets, CSR workshops at suppliers manufacturing facilities, among others.

The following are the supplier engagement framework and key initiatives :



### New Supplier Selection

Supplier selection is the process by which the Company identifies, evaluates and approves the suppliers. It is a stage-wise evaluation and approval process, involving commercial and technical evaluation of the supplier through a cross-functional team of purchase, R&D, plant technology and manufacturing.

### Joint Development Projects

Based on customer's aspirations and concerns, the emerging market requirements and changes in regulatory requirements, Apollo Tyres engages with its supplier or potential new raw material suppliers to initiate the joint development work for new materials and tyres development.

The organisation also seeks technical collaboration from its suppliers through active participation in various technical seminars and its Technical Leadership Development Programmes (TLDPs).

### Supplier Audits

The Company conducts audits of the supplier's Quality Management System, first when a new supplier comes on board and then at defined frequency for existing suppliers. The scope of such audits encompasses various facets including product & process quality, quality management system, environmental standards, occupational health and safety standards, among others as defined by the Company's Green Procurement Standards and Apollo Partnership Pact. The Company's audit teams conduct supplier audits at regular intervals for comprehensive evaluation in accordance with the standard audit checklist.

The supplier improvement plans are drawn up post the audit, agreed and followed up with the suppliers until closure.

### Supplier Performance Evaluation

Supplier performance evaluation is done on quality, delivery and service performance to ensure timely feedback to suppliers to improve their performance at Apollo Tyres. The evaluation outcome is communicated to suppliers periodically, following which action plans are drawn up and implemented.

## SUSTAINABILITY SNAPSHOT: PARTNERS (RAW MATERIAL SUPPLIERS)

### Corporate Social Responsibility in Supply Chain

With a view to support the cause of good health of workers in its upstream supply chain, the Company conducts awareness programmes on HIV / AIDS prevention and the ill effects of substance abuse.

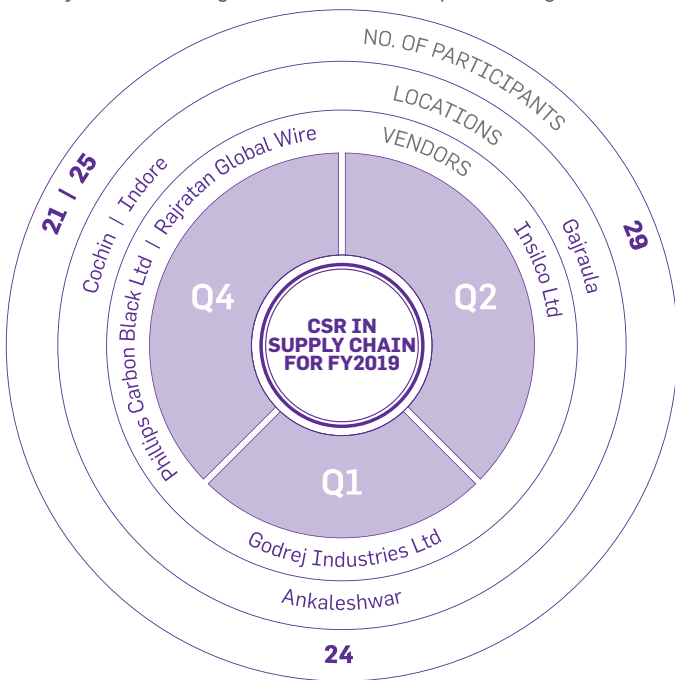
The programme is conducted by internal resources from the Purchase department, who have been trained by the International Labour Organisation (ILO). The programme's objective is to educate workmen at the supplier premises as well as develop peer educators at the supplier end, who can carry this knowledge further in their respective organisations.

### Apollo Natural Rubber Dirt Free Centres

The Company is an industry frontrunner in contributing to the quality improvement of natural rubber in India with establishing 'Dirt Free Centres' where natural rubber sheets sourced from the farmers are graded using international practices making it suitable for critical applications. Importantly, the centres are providing training and livelihood to women.



THE COMPANY HAS MULTIPLE INITIATIVES TO CONTINUOUSLY ENGAGE WITH THE SUPPLIER COMMUNITY INCLUDING VENDOR MEETS, JOINT TECHNICAL PROJECTS, QUALITY WORKSHOPS AND REVIEW MEETS, CSR WORKSHOPS, ETC.



Total Participants

99

### Apollo Natural Rubber Advisory Council meet

The key natural rubber domestic suppliers, which formed the Apollo Natural Rubber Advisory Council, met in Kochi in January 2019, along with key members of Apollo Tyres' R&D, Purchase and Vendor Quality teams. It was an exchange of information ranging from current market trends on demand, supply and increasing the readiness of domestic natural rubber suppliers to meet our volume and quality requirements.

### Natural Rubber Business Partners Summit 2019

The Company invited its key natural rubber suppliers to join the Partners Summit at Kochi in January 2019. The event included a plant tour, presentations on natural rubber quality and discussions. This was followed with an award ceremony. The company created a selfie booth where the NR Business Partners took a selfie with the placard depicting their number of years of association with Apollo Tyres.

66

Along with laying down clear processes to safeguard the environment, Apollo Tyres was the first Company to provide training in sheet rubber grading and to empower women in an otherwise male dominated area.

Additionally, the Company has also established a rubber sheet making unit for the rubber tappers' wives in Kerala. Apollo Tyres, in association with Rubber Board of India, have trained the group of women running this unit on rubber tapping, sheet making, sheet smoking and general entrepreneurial skills. The Company plans to replicate this model soon, which will empower more women, and at the same time, help with getting better quality rubber sheets.



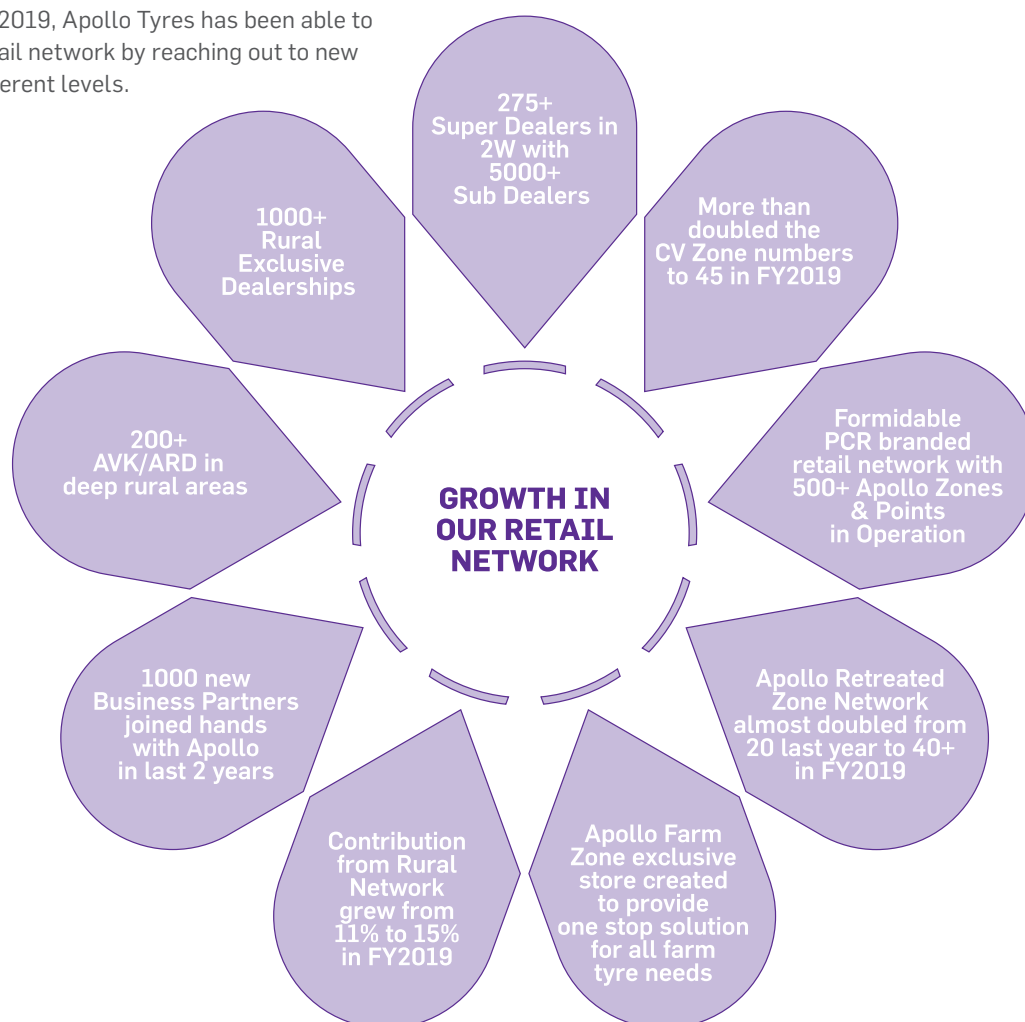
In the last two years, Apollo Tyres has reached out to nearly 600 women in Kottayam, who had very little or no income, and provided them with alternate sources of livelihood. These women have been trained in jackfruit processing, mushroom cultivation, aqua culture, organic farming and apiculture. In addition, the Company continues to provide healthcare facilities by conducting regular health camps and specialised cancer screening camps for around 500 families of rubber tappers.

## SUSTAINABILITY SNAPSHOT: PARTNERS (DEALER DEVELOPMENT AND MANAGEMENT)

The dealer community acts as an interface between an organisation and its customers, by strengthening linkages and understanding the customer's expectations to better fulfil those needs.

Apollo Tyres maintains a strong, trustworthy relationship with its dealers. The Company has an efficient dealer management system. Policies such as commercial policy and trade communication policy laid down by it act as guiding tools for dealer management.

During the FY2019, Apollo Tyres has been able to expand its retail network by reaching out to new dealers at different levels.



To provide best consumer experience, a state of art display centre was opened in Chennai. The centre displays both passenger and commercial vehicle tyre range of the Company. During the year, the Company also introduced 'Road Hazard Protection' to boost premium and luxury segment sales in passenger car radial segment. A first of its kind program in the tyre Industry, it includes Optional Paid Protection to cover damages caused by poor road conditions.

Dealer development and growth are essential for the Company's global aspirations. In FY2019, 65% of its Business Partners have grown their Non-Truck sales by 25%. In addition various activities such as Apollo Value Club, FB live sessions, competitions etc. are organized regularly to keep dealers engaged and motivated.



## SUSTAINABILITY SNAPSHOT: PARTNERS (DEALER DEVELOPMENT AND MANAGEMENT)

Further the Company has various mechanisms that promote ease of doing business for its dealers.

### Digital channel finance

It is a unique digital paperless solution to address financing needs of the business partners with features such as enhanced credit limit and credit period. In addition, it also supports end-to-end digital transactions.

### Delivery tracking system

A 100% transparent process, the system facilitates live stock tracking from billing to delivery thereby taking ease of doing business to another level. It also provides an auto update of pending dispatch.

### Privileged Helpdesk

It assures personalised support for all the business transactions of its dealers through Privileged Helpdesk, a dedicated unit that provides priority services on daily business handling needs.

### YourRange Selling Tracker

To ensure that their business partners do not miss sales targets and maximize range selling incentives for them, Apollo Tyres supports its partners through customized softwares such as YourRange Selling Tracker.

### GST Helpdesk

Apollo Tyres has a GST Helpdesk to raise awareness among its dealers on new reforms on Goods and Services Tax (GST) system. The dedicated team conducts webinars and provides CN DN working Support from one platform to enhance the understanding of the dealers on new amendments in GST.

### Digital bidding process

To facilitate transparency in the distribution of Promotional stock, the company has introduced Digital Bidding Process.



These enablers have helped cement the trust between Apollo Tyres and its business partners, resulting in better products and service turnaround time.

The company also rolled out 'Tiger Job Card', focused on providing digital solutions facilitating CV zones to increase revenue, vehicle footfall and improve customer experience.

The company further organised Diamond Boys conclave for various categories including CV, Farm, PV, 2 wheelers categories. Besides these, the Company conducted multiple field activities, campaigns and road shows during the year.

To impart various skills to its dealers and technicians, Apollo Tyres conducts various training programmes. In FY2019, the Company trained 256 technicians under its Star Technician programme. Further, more than 1,000 dealers were trained through 498 sessions on various topics including Tyre care, product awareness to rural dealers, etc.

# SUSTAINABILITY SNAPSHOT: ENVIRONMENT

At Apollo Tyres, we consider environment as a key stakeholder and work towards ensuring environmentally conscious operations. This approach has been developed under the framework of ISO 14001 - Environment Management System. The Company enhanced its manufacturing footprint with the commencement of operations of its Hungary facility in FY2018.

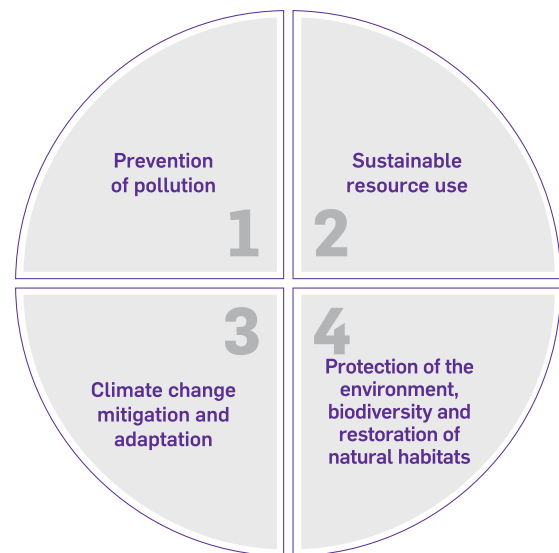
The Company's environment consciousness is not limited to '*within the fence*', but is taken '*beyond the fence*' into the communities in the form of Corporate Social Responsibility programmes. These initiatives aim to promote and raise awareness among communities on environment conservation.

The Company continues to implement its sustainability management framework, according to the international standard on social responsibility, ISO 26000:2010.

Taking the sustainability journey forward, it integrated the provisions of the standards in the form of Standard Operating Procedures for the Core Subject of Environment last year.

The Company also streamlined the reporting parameters in line with the requirements of the Core Subject during the same period. The section presented below follows the above structure.

There are **four environmental issues** identified in the standard stated below:



## ENVIRONMENTALLY CONSCIOUS OPERATIONS

Environment management is integral to the sustainability strategy of Apollo Tyres. The Company is relentlessly focusing on reducing the environmental impact of its products and making its manufacturing process environmentally benign.

## ENVIRONMENTAL ISSUE 1: PREVENTION OF POLLUTION

Apollo Tyres strives towards improving its environmental performance by reducing pollution, including emissions reduction, water management, waste management, usage /disposal of toxic and hazardous chemicals and other identifiable pollution forms.

## SUSTAINABILITY SNAPSHOT: ENVIRONMENT



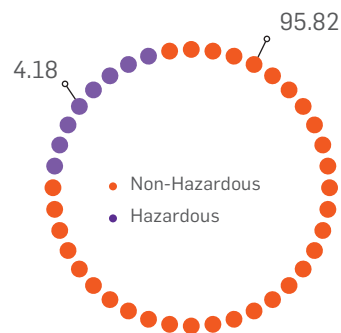
### Emission reduction

The manufacturing operations at Apollo Tyres use state-of-the-art technology to ensure clean operations. The concentration of air emissions across plants was within the prescribed limits throughout the reporting period.

### Waste management

The Company's waste generated from operations, include solid and liquid forms and hazardous and non-hazardous in nature. The total solid waste generated during the reporting period was 27,203 metric tonne.

### Break-up of solid waste by type generated(%), FY2019



In the APMEA operations, 688 metric tonne of hazardous and 18,983 metric tonne of non-hazardous solid wastes were generated. The generated hazardous liquid waste was 21,236 kilo litres.

A total of 448 metric tonne of hazardous and 7,084 metric tonne of non-hazardous solid wastes were generated during the reporting period in the Europe region.

Total solid waste generated during the reporting period

**27,203** METRIC TONNE

### ENVIRONMENTAL ISSUE 2: SUSTAINABLE RESOURCE USE

The Company promotes sustainable use of resources such as energy, fuels, water and raw materials in its manufacturing process.

#### Energy performance

Apollo Tyres utilises both direct and indirect energy sources with a mix of renewable and non-renewable fuel types.

In its India operations, the main source of direct energy continues to be coal, followed by furnace oil. Solar and wind power are the other direct energy sources. In the Europe operations, direct energy is sourced from natural gas.

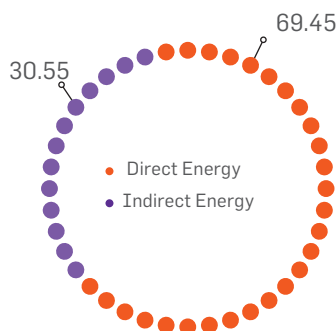
Indirect energy sources in the Company's Indian operations comprised grid electricity, wind and solar energy.





In the Netherlands, electricity is the primary source of indirect energy.

**Share of direct and indirect energy consumed (%), FY2019**



The total energy consumption (both direct and indirect) for the reporting year was 5,939 TJ vis-à-vis 5,093 TJ in FY2018. The share of direct energy was 70.3% (4,174 TJ) and indirect energy (1,765 TJ) accounted for the balance (29.7%).

Non-renewable energy sources contributed to the major share in the total energy consumption. Coal remained the leading source of direct energy at 3,296 TJ, accounting for almost 79% of direct energy consumption.

In the reporting year, the Company's Limda and Chennai facilities contributed captive capacities for solar energy into the renewable sources portfolio.

**Energy efficiency initiatives**



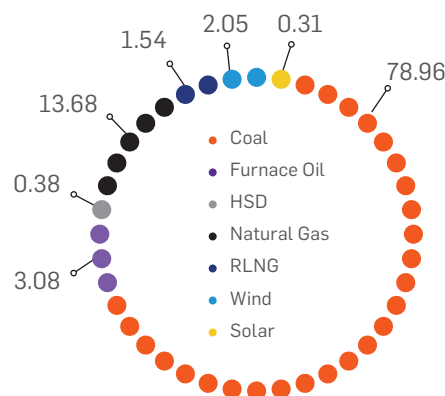
The Company continues to make efforts to achieve energy efficiency through improvements in process design, conversion and retrofitting of equipment and use of energy efficient equipment. Several initiatives were undertaken during the reporting period, which resulted in energy savings of 22,800 GJ.

The table below lists the energy saved across operations during the reporting period.

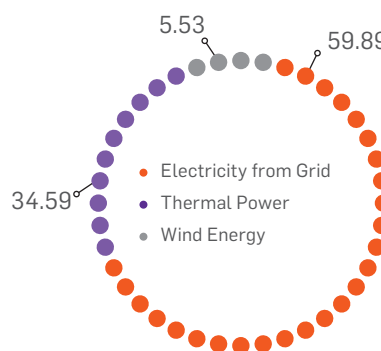
**Energy saved in manufacturing operations from different levers (in GJ), FY2019**

Plants	Particulars			Total Energy Saved
	Process Design	Conversion and Retrofitting Equipment	Use of Energy Efficient Equipment	
Limda	2,996	-	3,350	6,346
Chennai	1,891	4,457	0	6,438
Kalamessery	699	130	119	948
Perambra	6,527	2,344	-	8,871
Netherlands	-	-	197	197
<b>Total Energy Saved 2018-19</b>	<b>12,113</b>	<b>7,021</b>	<b>3,666</b>	<b>22,800</b>

**Break-up of direct energy by source(%), FY2019**



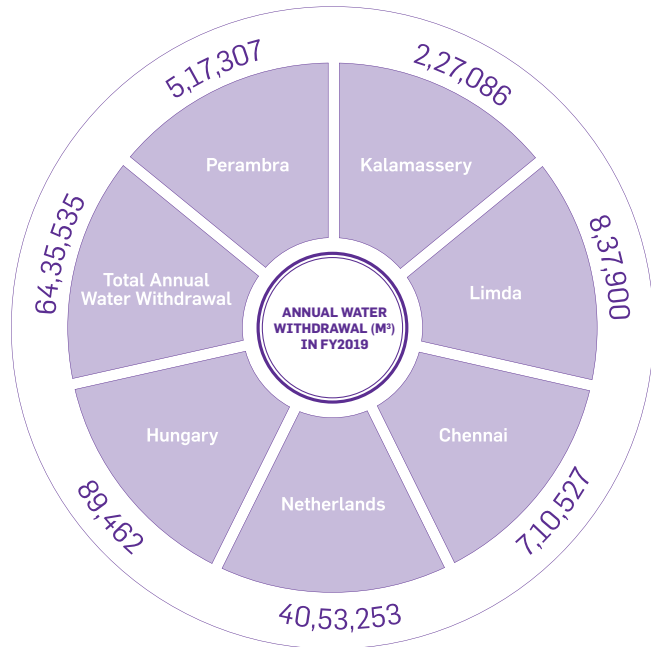
**Break up of indirect energy by source(%), FY2019**



## SUSTAINABILITY SNAPSHOT: ENVIRONMENT

### Water sourcing and management

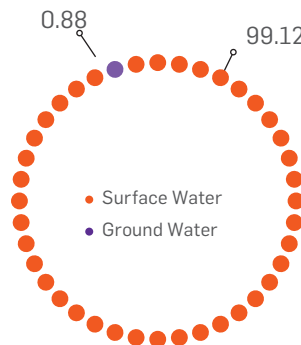
The primary water source during operations is surface water, which accounted for 97.4% of total water consumption during the fiscal. Other sources include ground water and municipal water.



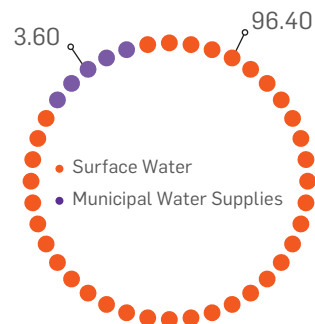
The APMEA operations conducted several initiatives to conserve water in the reporting year. These included:

- Improvements in quality of curing trench water to reuse as process water
- Recycling water recovery up to 95% of fresh effluent through a three-stage reverse osmosis
- Provided cooling tower water to bead extruder TCU instead of fresh water

### Share of water withdrawal by source in APMEA and Europe Operations (%), FY2019



### Share of water withdrawal by source in Europe (%), FY2019



Total recycled or reused water

**8,10,164** M<sup>3</sup>

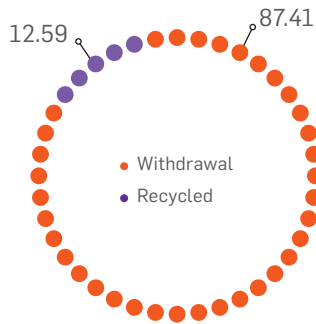
% of water recycled/reused in the reporting year FY2019

**12.6**

% of water recycled/reused in the previous year FY2019

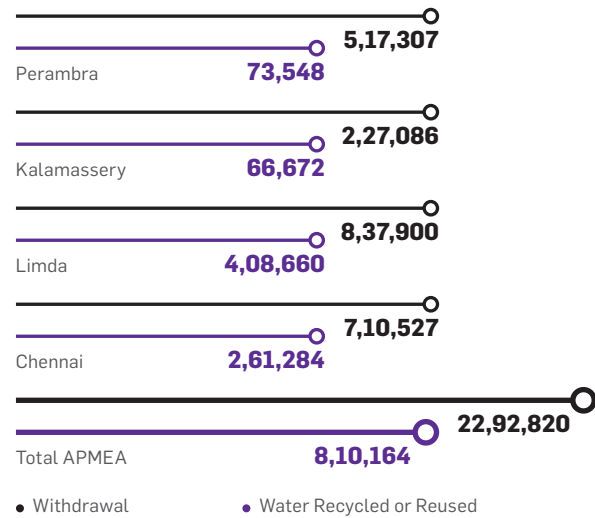
**9.18**

**Break-up of total water usage in terms of recycled water and freshwater withdrawal (%), FY2019**



In the APMEA operations, the total annual water withdrawal was 22,92,820 m<sup>3</sup>, of which 8,10,164 m<sup>3</sup> (35%) was recycled or reused.

**Water Recycle, APMEA Operations (in m<sup>3</sup>), FY2019**



**Raw material sourcing and management**

The three primary constituents for manufacturing tyres are natural rubber, synthetic rubber and carbon black. In the reporting period, these three components amounted close to 47.4% of our total raw material consumption. The APMEA operations reported natural rubber use of 72% of the total rubber used. The share of natural rubber use in the Europe region stood at 52%.

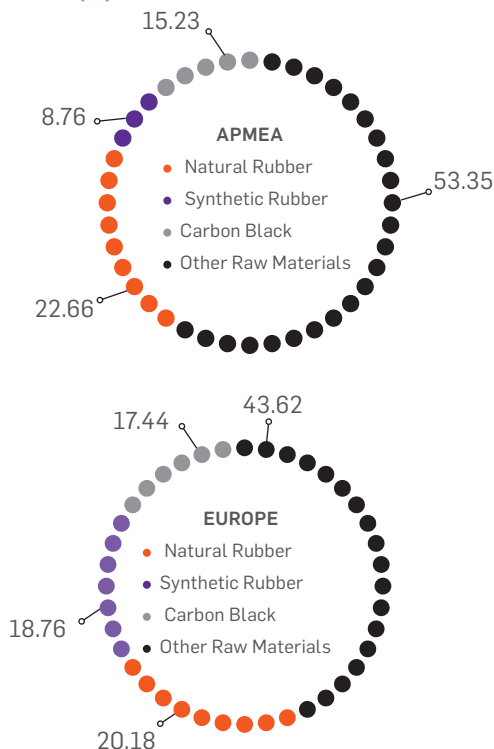
Total raw material consumed across operations: 9,67,609 metric tonne

Total recycled material: 6,254 metric tonne

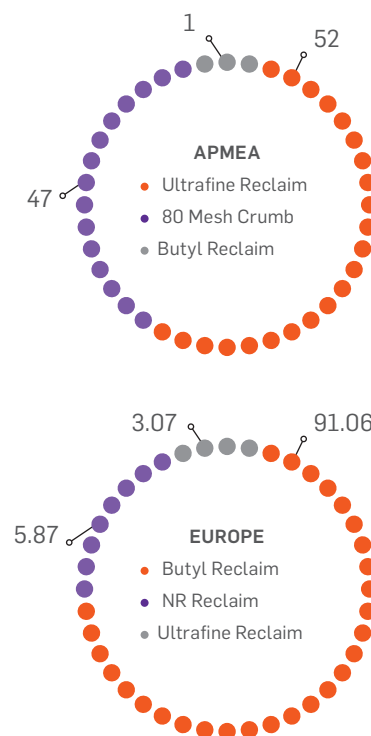
In the APMEA operations the total raw materials consumed was 8,86,773 metric tonne and the total recycled material was 5,538 metric tonne.

In Europe operations, the total raw materials consumed was 80,836 metric tonne. The total recycled material was 716 metric tonne.

**Share of raw material consumed, APMEA and Europe operations(%) in FY2019**



**Break-up of recycled raw materials by Type, APMEA and Europe operations(%) in FY2019**



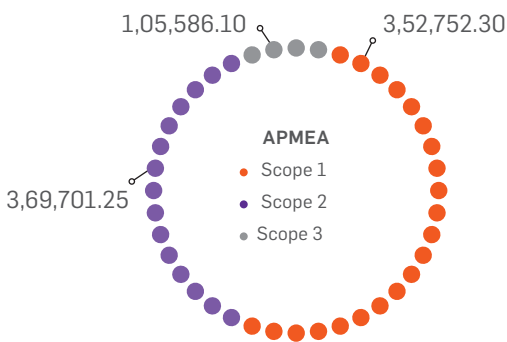
\*Other raw materials include associated process materials. In APMEA it also includes the steam used in Limda.



## SUSTAINABILITY SNAPSHOT: ENVIRONMENT



### GHG Emissions (t CO<sub>2</sub> eq) - Scope Breakup, FY2019



### Environmental Issue 4: Protection of the environment, biodiversity and restoration of natural habitats

Protection and enhancement of biodiversity is important from the perspective of the entire value chain. During the reporting period, as part of the Company's environment programme HabitAt Apollo, several initiatives were conducted 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 the 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 Company's Cochin plants.

### Community initiatives on environment conservation

The Company promotes eco-conscious behaviour among its communities and works closely with them on subjects of environmental conservation as a part of its CSR mandate. These efforts have been detailed below and are aligned to the respective environment issue according to the ISO 26000 standard.

### Environmental Issue 1: Prevention of pollution

India generates over 60 MN tonnes of waste, of which about 69% is collected. The appalling reality is that only 30% of the collected waste is treated and the rest is taken to land fill sites. The 'Swachh Bharat' initiative is the need of the hour, which aims to promote clean hygienic practices and the use of proper sanitation.

### Environmental Issue 3: Climate change mitigation and adaptation

As a responsible corporate citizen, Apollo Tyres continues to measure and report its carbon footprint. It has also undertaken an independent third-party verification for its carbon footprint for FY2019. The verification has been done by TUV India according to ISO 14064 and AA1000 AS standards. To promote climate adaptive manufacturing set up, the Company has invested in renewal energy as well as various energy-saving initiatives.

### Green House Gas (GHG) emissions

At present, the Company's operations mostly depend on non-renewable energy sources. With the addition of manufacturing facility at Hungary, the footprint has increased.

In FY2019, the Company made its GHG footprint estimations more comprehensive by including Scope 3 emissions from upstream supply chain, downstream logistics as well employee air travel. This is, in addition to the Scope 1 and Scope 2, reported as earlier.

At the Kalamassery plant, the activities included maintaining the existing theme gardens such as butterfly garden, snake repellent plant belt and fruit garden to enhance the biodiversity and increase the species of flora and fauna. Apiculture, for collection of honey within the premises, was also continued at Perambra during the reporting period. Additionally, the Company initiated an organic farming project within the plant premises in Limda, Gujarat.



To support the cause, the Company launched its **SPARSH, Swachh Banao** initiative. This initiative aims to provide comprehensive solutions for better health and hygiene, which include proper waste management and promoting the use of toilets.

SPARSH stands for: S – Segregate Waste, P – Practice Composting, A – Awareness Generation, R – Reduce-Reuse-Recycle, S – Safe Sanitation, H – Hygiene for All

Clean My Transport Nagar (CMTN), Clean My Village (CMV), Sanitation Management and End-of-life Tyres (ELT) projects are initiated under the SPARSH umbrella.

The primary features of CMTN and CMV projects comprise door-to-door waste collection, daily cleaning of lanes, segregation of waste, compost creation from wet waste, awareness generation and others.

### Environmental Issue 2: Sustainable resource use

Water crisis has been identified as a key intervention area, as it features in the top 5 global risks. The adverse impacts of population explosion, urbanisation, industrial development and climate change have increased the water demand. The enhancement of water availability is identified as a key initiative under the environmental sustainability journey.

#### Access to purified drinking water

The Company has set up a purified drinking water RO plant at Oragadam village and benefitting over 506 households (2024 people).

#### Eco restoration and improvement of water bodies

The projects are designed for improving water bodies with focus on restoring and enhancing aqua biodiversity. Under this initiative, the Company undertook pond restoration projects at Chennai, Limda and Perambra locations.

#### River conservation project

As a novel community initiative, the Company launched a participatory conservation project for Chalakudy river in Kerala, which was implemented in three phases, spanning a three-year period (2016 to 2019).

During the first year, students and teachers from eight schools were involved in activities such as biodiversity survey, exploring river and riparian biodiversity with related traditional knowledge. The cleaning drive removed plastic debris from the riverbed and banks, planting of bamboo shoots and releasing fingerlings of native fish species.

During the reporting year, the programme reached out to 18,000+ people to spread awareness and 24,000+ people were connected for door-to-door waste collection. A total of 2,606 metric tonne (MT) was collected from CMV and CMTN projects. Of the collected waste, 298 MT was bio-degradable, and 2,308 MT was non-biodegradable waste.

In line with safe sanitation for all, the Company constructed 150 toilet-cum-bathing space in Chennai. Around 600 people continue to directly benefit from the newly constructed toilets.

ELT projects promote the recycle of waste tyres by constructing playgrounds. Apollo Tyres has been strategically evaluating various ways on how to increase the product lifecycle through the expansion of re-treading footprint, which reinforces the Re-use concept. In addition, the Company is also exploring various ways of using the ELT in innovative and yet useful ways such as play structures. A total of two new ELT play structures were made using 696 waste tyres.



During the second year, the Company's community initiatives were introduced. These included awareness generation initiatives such as classes for various community groups, riverbank protection, tree plantation, cleaning drive, rainwater harvesting, promotion activities like recharging wells, among others. During the third year of the reporting fiscal, the activities were extended to the watershed area of the river and restored one rivulet of the river (Thalikalathodu), a tributary of the Chalakudypuzha.



## SUSTAINABILITY SNAPSHOT: ENVIRONMENT

### Environmental Issue 3: Climate change mitigation and adaptation

Apollo Tyres is committed to combating the impacts of global climate change. It has initiated various projects towards the mitigation of climate change. The flagship programme under this initiative is the 'Afforestation Project'. This project helps control carbon emissions and generates livelihood for farmers in water-starved areas of the country. Under the afforestation project, the Company has planted a total of 3,50,000 trees in Tamil Nadu. According to estimates, around 10,100 tonnes of CO2 have been sequestered from these trees.

#### Use of Biogas

The use of renewable energy proliferation is critical to address the issue of climate change, and this project supports the cause. The Company is promoting the use of biogas in its communities around the Limda plant in Gujarat. In the reporting year, 39 biogas units were installed.



### Environmental Issue 4: Protection of the environment, biodiversity and restoration of natural habitats



#### Mangrove conservation

The Company partnered with the Wild Life Trust of India (WTI) for the implementation of its mangrove conservation project. The actual site of the mangrove conservation project is Kunhimangalam village in Kannur district, Kerala's largest mangrove village.

The project has established a hub located in the natural ecosystem for mangrove-based education, serving as an open-air laboratory for research and promoting restoration through community and government participation.



Other aspects of the project include a mangrove nursery and community-based initiatives to enhance public awareness and reduce threats to mangroves. The Company reached out to 26,000+ people through its various awareness initiatives.

The organisation in partnership with WTI organised an Environment and Nature quiz for college students to create awareness in mangrove, environment and nature conservation. In the reporting year, around five acres were planted with mangrove saplings at four locations. Over 6,000 mangrove saplings were raised in the mangrove conservation nursery.



#### Initiatives in Europe

To conserve and promote biodiversity in the vicinity of the factory in Enschede, Apollo Tyres is working on the Stadsbeek project. The project's objective is to address issues related to rainwater and groundwater and improve the surrounding environment. It involves digging of a 'stadsbeek' or city creek, from Bruggertstraat to the Volkspark. The project will be implemented in several phases. A monitoring and evaluation mechanism has been set up to keep track of the project.



# SUSTAINABILITY SNAPSHOT: COMMUNITY INVOLVEMENT AND DEVELOPMENT

The Company's CSR initiatives aim to bring about a positive impact on everyday lives of stakeholders – employees, customers, dealers, suppliers and communities, who are based around our manufacturing locations.

The programmes are developed in partnership with the community to ensure that they cater to specific requirements and to inculcate a sense of ownership among community members.

Apollo Tyres constituted its CSR policy in 2014 in line with the Companies Act, 2013 and complies with the requirements of Section 135 of the Act. The CSR programmes are implemented by the Apollo Tyres Foundation. During FY2019, the Company invested 2% of its net profit in CSR initiatives, amounting to ₹21.4 crore.



The organisation's CSR initiatives are linked with the National and International Development objectives. The Company has categorised its CSR initiatives in two themes - Environment and Social (which has health and community development). Within the two broad themes, the Company works in four core areas.

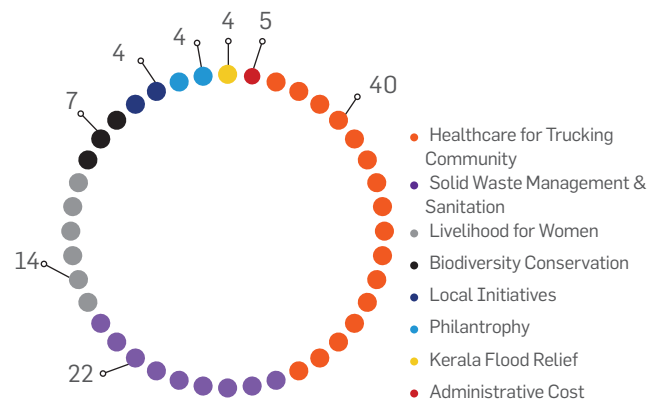
## HEALTHCARE PROGRAMME FOR THE TRUCKING COMMUNITY

This continues to be the Company's flagship programme and caters to its key customers - truck drivers. The preventive healthcare programme is implemented at 31 healthcare centres, based in various transshipment hubs of India. The programme is described in detail below under Issue 6.

## SOLID WASTE MANAGEMENT AND SANITATION

Based on the Environment theme, this initiative is in line with the Company's efforts towards contributing to the government's clarion call - 'Swachh Bharat Abhiyan'. It has been running various projects on solid waste management and safe sanitation to promote a healthy and sustainable lifestyle among local communities. Clean My Transport Nagar, Clean My Village, Sanitation Management and ELT playgrounds are four initiatives initiated under this theme.

## The break-up of the CSR spend(%)



## LIVELIHOOD FOR UNDERPRIVILEGED WOMEN

The Company is committed to creating opportunities for underprivileged women by providing skill-building and income-generation training in farm and non-farm based activities. This is described in detail under Issue 5 below.

## BIODIVERSITY CONSERVATION

Based on the Environment theme, Biodiversity Conservation is a global initiative for Apollo Tyres, wherein projects are undertaken in India, Hungary and the Netherlands. In India, the Company has taken up the Mangrove Conservation project in Kerala. To further contribute towards climate change mitigation, an afforestation project is being implemented in Tamil Nadu.

In addition to the core themes, the Company also conducts local initiatives in a 25-30 km radius of the manufacturing locations and include Watershed Management, Renewable Energy Proliferation, Road Safety Awareness, Educational initiatives viz. computer literacy in schools and ITI-based skilling of young people and philanthropic endeavours. In FY2019, the Company also supported the disaster relief work in Kerala.

## SUSTAINABILITY SNAPSHOT: COMMUNITY INVOLVEMENT AND DEVELOPMENT

The Company continues to implement its sustainability framework according to the international standard on Social Responsibility, ISO 26000:2010. Taking our Sustainability journey forward, we integrated the provisions of the standard in the form of SOP for the Core Subject of Community Involvement and Development last year. We also streamlined the reporting parameters in line with the requirements of the Core Subject in the same period. The section presented below follows the above structure.

Of the seven issues stated in the core subject, the following four have been aligned to our themes of work.

- **Community Involvement and Development Issue 1: Community involvement**
- **Community Involvement and Development Issue 3: Employment creation and skills development**
- **Community Involvement and Development Issue 5: Wealth and income creation**
- **Community Involvement and Development Issue 6: Health**

### Community Involvement and Development Issue 1: Community involvement

The Company engages directly with its communities for mapping their requirements and expectations. The initiatives are designed by involving the local community to ensure that they are aligned to their expectations. At Apollo Tyres, community involvement is aimed at preventing or solving problems and fostering partnerships with local organisations and stakeholders. At the project designing stage, the organisation consults with local leaders, government bodies, community-based organisations, underprivileged community, specially the women groups, through various formal and informal methods.



### Community Involvement and Development Issue 3: Employment creation and skills development



Apollo Tyres considers skill development, accompanied by employment opportunities as a powerful tool to empower individuals, reduce poverty and promote economic and social development. Therefore, the Company has initiated various programmes to develop specialised skills among various community groups.

Under this issue, it provides career counselling, employability skills to ITI and graduate students for better job opportunities at Chennai and Kochi location. This is part of the local initiatives bucket of CSR. During the reporting year, 719 students were trained under this initiative.

### Community Involvement and Development Issue 5: Wealth and income creation



Apollo Tyres contributes positively to wealth and income generation through entrepreneurship programmes, as well as capacity building through wider efforts. The objective is to strengthen economic resources and social relationships that facilitate economic and social welfare or generate community benefits. The issue is a core area of intervention under its Livelihood for underprivileged women – Programme Navya initiative.

Under this programme, Self Help Groups (SHGs) are formed or the Company supports the strengthening of existing SHGs to empower women and address the issues related to women both in livelihood and social sectors. The programme follows the SHG guidelines, objective and functioning, namely savings, credit, thrifts, meetings livelihood and income generation activities and social mobilisation.

Women are trained in agriculture and non-agriculture activities such as rubber sheet making, mushroom cultivation, apiculture (honey production), khakhra making, tailoring, organic farming, livestock care and management and others for income generation.

During the fiscal, various capacity-building sessions were adopted to build the core strengths of beneficiaries. The trained beneficiaries were further linked with the market and service sector for employment.

As an outcome, the beneficiaries started their own business and they are now extending livelihood opportunities to other women, leading to large-scale women empowerment. The programme also provided credit linkage with banks/financial institutions for setting up of the business. The programme has established linkages and leveraging government schemes.

Under livelihood initiative the organisation achieved two significant milestones.

The organisation has achieved Food Safety Certification (FSSC 22000) Ver. 4.1 for a honey production unit in Kottayam. FSSC standard is internationally recognised under food safety and ATF is one of the very few entities and presumably the first CSR Foundation to have achieved this feat.

The second achievement has been the registration of first women organic farming co-operative society at Baroda. A total of 332 active members are part of the co-operative. This

is the first of its kind initiative in Gujarat for organic produce. Around 50 women have received certificates for production and marketing of organic items. In the reporting year, a total of 615 women received training in organic farming.

In addition, a month-long campaign, Ek Naam, was organised to felicitate eight women achievers, who were the change agents selected on the criteria of their intervention in the community by way of providing further livelihood opportunities to more women or by bringing social change in their community. These change agents received award from the Collector and Mayor of Vadodara city. A symposium (Ek Naam) was organised to celebrate International Women's Day with all change agents.

In addition, during the fiscal, a total of 2,012 women were outreached and 1,158 received income generation training in farming and non-farming activities. Of the total trained population, 1,030 women are currently engaged in income generation.

In addition to programme Navya, the Company also provides livelihood support to male farmers by providing technical skills and knowledge in improved farming practise and livestock care and management. During the reporting year, the farmers received training in various composting methods, fodder management, organic farming, cattle rearing and others. Around 733 farmers benefitted during the year.

## Community Involvement and Development Issue 6: Health



The Company acknowledges the need to address the health issues experienced by its key customers, truck drivers. Hence, a preventative healthcare programme for the trucking community was established in 2000.

The programme addresses perils linked to their continuous and long travel, coupled with lack of access to healthcare facilities. To provide healthcare services at their vicinity, the Company has established 31 healthcare centres in the transshipment hubs spanning 18 Indian states. The programme provides



**THE COMPANY ACKNOWLEDGES THE NEED TO ADDRESS THE HEALTH ISSUES EXPERIENCED BY ITS KEY CUSTOMERS, TRUCK DRIVERS. HENCE, A PREVENTATIVE HEALTHCARE PROGRAMME FOR THE TRUCKING COMMUNITY WAS ESTABLISHED IN 2000.**

healthcare services such as prevention of HIV-AIDS, vision care, integration of tuberculosis and other non-communicable diseases such as diabetes, high blood pressure and general treatment facility.

To expand the outreach, mobile medical units (Apollo Tyres Health Care Express) have also been introduced in two locations to improve access to cost-effective and quality healthcare. The Company also organised health camps (Sakushal Saarthi) for employees of its fleet owners.



## SUSTAINABILITY SNAPSHOT: COMMUNITY INVOLVEMENT AND DEVELOPMENT

### Services under healthcare programme

#### HIV-AIDS awareness and prevention programme



The Company's healthcare centres are equipped with qualified doctors, paramedic staff, counsellors and outreach workers for awareness generation. The service provided under HIV awareness and prevention includes behaviour change communication, sexually transmitted infection diagnosis and treatment, counselling, condom promotion, integrated counselling testing centre support and awareness through peer educators (volunteers).

#### Vision Care



- Due to long distance travel and poor working conditions truck drivers are vulnerable to vision related diseases. Apollo Tyres has initiated the vision testing programme in its healthcare centres, where vision testing facility is established; and also periodic eye care camps are organised.
- The major feature of this initiative is that spectacles are distributed at low-cost rate to people identified with refractive error issues. Cataract patients are linked with nearby hospitals for further treatment. During the fiscal, the Company organised a week-long campaign in transshipment hubs in partnership with Essilor Vision Foundation to commemorate the International Sight Day.
- Under this campaign, vision testing camps were organised at all healthcare centres and truck drivers who were identified with refractive error issues received free spectacles. A

total of 13,290 people were screened, of which 10,215 were truck drivers. A total of 6,064 truck driver were detected with refractive errors and 5,413 pair of spectacles were distributed.

#### Awareness on Tuberculosis (TB)

The risk of progressing from latent to active TB is estimated to be between 12 and 20 times greater in people with HIV infection than those without. Truck drivers are more vulnerable to this disease. Under this initiative, services like sputum testing, linking beneficiaries who are found positive with (DOTs) facility and conducting regular awareness sessions to prevent TB are offered. In FY2019, Apollo Tyres partnered with The Union (US AIDS) for technical partnership in creating awareness related to TB. The Union provided technical training related to TB to Apollo Tyres Foundation (ATF) staff. The Union, as a technical partner facilitates the coordination between ATF and the Central TB Division/ state TB cell for hassle-free implementation of the project.

#### Other non-communicable diseases

Due to the nomadic lifestyle of truck drivers, there is an increase in lifestyle related diseases such as diabetes and hypertension. Diabetes and high-blood pressure were identified as two significant risks that challenge truck drivers. To address the problem, the Company added testing facility for both risks and diabetes screening and blood pressure check-ups are conducted during the fiscal.

#### General healthcare and treatment



Other generic treatment facilities are also provided at each healthcare centre such as fever, cough, cold, flu and other basic First Aid features.

In the reporting year, a total of 4,91,382 people were outreached from awareness activities and 1,60,574 received treatment facility, a 34.8% increase in FY2019. Of the total number of people treated in the reporting year, 44,741 opted for HIV testing, 58,128 for vision screening and 43,823 for diabetes testing. A total of 966 TB tests were conducted during the year.

## Other Programmes

### Road safety



Under this initiative, the Company observed road safety week and conducted awareness programmes with school students, truck drivers and commuters, along the 15 km stretch from Perambra plant up to Chalakudy. As a part of the initiative, road safety awareness signboards were installed.

### Computer literacy

The Company's computer literacy project was rolled out in 2016 to provide basic computer education and skills and enable access to the necessary contemporary educational tools and resources to government school students around its manufacturing unit in Orgadam, Chennai. Currently, the project is running at Mathur, Sennakuppam, Vallakottai, Eraiyur and Serapanancheri villages, along with laboratory facility and a tutor to train the students. In the reporting year, 475 students were outreached.

### Philanthropic initiatives

The organisation also supports underprivileged and deprived communities by undertaking philanthropic initiatives through the Taru Foundation. The initiatives range from providing education support to underprivileged girls to providing healthcare facilities for rural people and distributing food items to eradicate hunger and poverty. During the fiscal, the education of 33 underprivileged girls was supported, around 4,383 poor people received healthcare facility and around 525 destitute people received food on a monthly basis.

### Kerala Disaster Relief

The Company provided relief support to Kerala flood victims. Flood relief support was provided in three areas: conducting health camps, organising cleaning drives, distributing food and first aid kits in Chalakudy, Aluva, Kodakara, Kalamassery and Airapuram, Kerala.

Around 750 families received home cleaning and First Aid kits, 1,250 families received food kits. Total 16 free health camps were conducted and around 1,233 people were benefitted. Through waste collection and cleaning drive around 200 families were supported and 200 metric tons (MT) of waste was collected.



# SUSTAINABILITY SNAPSHOT: RESEARCH & DEVELOPMENT

Apollo Tyres is driven by the vision to develop path breaking technology and products that exceed customer expectations. With its two global Research & Development centres in India and Europe, the Company focuses on minimizing the environmental impact of its activities, development of environment friendly materials and innovative ways to reduce the environmental damage caused by the accumulation of end of life tyres.

The Company strives to develop new materials complying with the latest amendments in Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) and Polycyclic-aromatic hydrocarbons (PAH) free materials list. Use of renewable raw materials or recycled materials results in more sustainable products, leading to reduced consumption of natural resources, thereby, reducing the dependency on the fossil fuel based materials. Some of the innovations done by Apollo Tyres are enumerated below.

A new series of fuel efficient tyres known as EnduRace nRG has been developed, reducing the fuel consumption by up to 10%. The series comprises of 10.00R20 EnduRace RA nRG, 10.00R20 EnduRaceRAT nRG, 295/90R20 EnduRace RA nRG.

Further in line with Government of India's plan to promote sustainable mobility through Electric vehicles, Apollo Tyres has developed a complete range of tyres exclusively for Commercial Electric Buses which not only provide superior mileage but also have low rolling resistance and noise.

Apollo works towards harmonising the economic growth with environmental sustainability. In this regard, as an initiative to reduce plastic material usage, the company eliminated application of polythene from gum in apex and sidewall. Cure time reduction by approximately 1.5 minutes created additional production around 12MT / day resulting in huge savings in energy and reduction in CO2 emissions

Apollo Tyres are widely used in the tractors by farmers for agricultural purposes. Tractors in India are put to different terrains supporting soft soil, hard soil and to various purposes including haulage. Understanding these needs of the farmers, Apollo took up the challenging task of developing radial tyres for agricultural vehicles. These tyres can perform equally well on both soft as well as hard soils and for haulage, improving the overall productivity. These tyres also provide an added advantage of puncture resistance, reduced fuel consumption, proper soil compaction, better product life and superior ride comfort.

Underground mining (UGM) tyres with new innovative carcass construction resulting in through cut resistance is expected to strengthen our presence in the UGM segment.

This new product will help the customers to replace the



expensive radial Tyres in UGM. Further, addition of traction pattern in earth-mover segment will help in solving the slippage problems in muddy applications.

## COMPLYING WITH REGULATIONS

We are committed to meet all the current and future tyre labelling requirements as and when applicable. In compliance to REACH, we ensure that all our raw material supplies are tested on Substance of Very High Concern (SVHC) and PAHs and these reports are refreshed on annual basis for revised list of SVHC. New vendors are approved based on the compliance to this regulation. Further, all the tyres being exported to EU are tested and certified by certifying agencies to ensure REACH compliance.

## COMPLIANCE WITH CONFLICT MINERAL RULE

Conflict minerals can be extracted at many different locations around the world including the Democratic Republic of Congo (DRC). SEC rules define conflict minerals as 3TG metals (tantalum, tin, tungsten & gold), wherever extracted. In the SEC rule, 'DRC conflict-free' is defined as minerals that were extracted and did not directly or indirectly benefit armed groups in the covered countries. To ensure compliance with this rule, we enabled our supply chain system for traceability of origin of these minerals supplied to our downstream supplier up to the smelter levels and mines. These updated declarations are submitted to our OEMs annually.



### SUPPORT TO GADSL OBJECTIVES

Global Automotive Declarable Substance List (GADSL) covers declaration of certain information about substances relevant to parts and materials supplied by supply chain to automobile manufacturers. GADSL is a summary list of all substances likely to be in vehicles and which are restricted in some parts of the world. The information is applicable to the use of these parts or materials in the production of a vehicle up to its usage and relevant to the vehicle's re-use or waste disposal, which in turn applicable to tyres as well. In accordance with ELV objectives, the Company supports its OEMs by providing IMDS (International Material Data System) declarations which contains information on the materials and substances in the tyres supplied to them.

### COMPLIANCE TO ROHS

Apollo complies with the Restriction of Hazardous Substances (RoHS) regulation and usage of hazardous substances such as lead, mercury, cadmium and hexavalent chromium in tyres is completely banned.

In addition to the above, the Company ensures none of the Persistent Organic Pollutants (POPs) are used for tyre manufacturing. Some specific effects of POPs can include cancer, allergies and hypersensitivity, damage to the central and peripheral nervous systems, reproductive disorders and disruption of the immune system. These are also considered to be endocrine disrupters which can damage the reproductive and immune systems of exposed individuals as well as their offspring. In addition, they can also have developmental and carcinogenic effects.



### THE NEXT CHAPTER

The Company's journey ahead is about mapping all ongoing initiatives and aligning those with international standards and best practices across the sector. Its Sustainability roadmap 2020 provides directional inputs into driving the agenda across the company including independent assessment of its efforts. As we envisage our roadmap for 2025, we aim to explore collaborations with partners across the value chain on initiatives with a *shared* vision.

The Company shall strive to exercise its goodwill and influence its stakeholders to build a community connected by common purpose giving rise to Sustainability *embedded* operations. It plans to take up a stewardship role as it charts a journey to build a long lasting Institution.



# BOARD'S REPORT

Dear Member,

Your Directors have pleasure in presenting the 46<sup>th</sup> Annual Report on the business and operations of Apollo Tyres Ltd. ("the Company"), together with the audited financial statements for the financial year ended March 31, 2019.

## FINANCIAL PERFORMANCE

The financial performance of the Company for the financial year ended March 31, 2019 is summarised below:

(₹ Million)

Particulars	Year ended		Year ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	Standalone		Consolidated	
Net Sales	120,896	101,332	172,734	146,741
Other Income and Other Operating Income	3,756	2,883	3,986	2,830
Operating Profit (EBIDTA including Other Income)	15,906	13,692	20,818	17,678
Less: Depreciation/Amortisation Exp.	4,463	3,644	8,127	5,926
Finance Cost	1,379	1,375	1,811	1,629
Provision for Tax	2,143	2,449	2,083	2,884
Net Profit before share of Profit in Associate/ Joint Venture and Exceptional Items	7,921	6,224	8,797	7,239
Add: Exceptional Items	(2,000)	-	(2,000)	-
Add: Share of Profit in Associate/ Joint Venture	-	-	1	-
Net Profit	5,921	6,224	6,798	7,239

## OPERATIONS

As the economy stepped back in the 7% plus zone and despite the slow growth by the overall automotive sector, the tyre industry had a good run during FY2019. As per the estimates by ICRA, the revenue growth for tyre industry was pegged at 14-15% for the fiscal, with operating margin and net margin of 14% and 7% respectively. The Commercial Vehicle (CV) industry, aided by good monsoon and an uptick in the economy, followed a growth path in line with the auto industry. The CV segment continues to account for the highest value within the industry.

The European market witnessed a small increase (1%) in the replacement market for passenger car tyres due to a strong increase in the growing market for all-season tyres. However, the market for consumer tyres from the OEMs declined by 4%. Agricultural tyre sales posted its fifth year of negative growth of 4%. Strong legislations hit the imports of Truck Bus Radial (TBR) tyres significantly and resulted in a strong 9% growth in aftermarket TBR tyres and 4% growth for the OEM TBR segment.

On a standalone basis, your Company achieved a net sales of ₹ 120,896 million as against ₹ 101,332 million during the previous financial year. EBIDTA was at ₹ 15,906 million as compared to ₹ 13,692 million during the previous financial year. The Net Profit for the year under review was ₹ 5,921 million, as against ₹ 6,224 million in the previous fiscal.

The consolidated net sales of your Company was ₹ 172,734 million during FY2019, as compared to ₹ 146,741 million in FY2018. The consolidated EBIDTA was ₹ 20,818 million for FY2019 as compared to ₹ 17,678 million for the previous financial year. On consolidated basis, Apollo Tyres earned a Net Profit of ₹ 6,798

million for FY2019 as against ₹ 7,239 million for the previous financial year.

## RAW MATERIALS

This fiscal saw an increase in raw material cost by approx. 5% over last year with rise in Carbon Black, Synthetic Rubber, Nylon Fabric, Steel Cord, Bead Wire and Chemicals prices.

Oil based raw materials were on the increase due to the rise in crude oil prices. Brent Crude prices were 21% higher in FY2019 over FY2018. OPEC together with Russia agreed and implemented production cuts which kept the crude prices buoyant during the year.

The weakening of the rupee against the US Dollar by 8% during the year under review also added to the raw material cost push.

The strong demand in the first half of the year provided a solid momentum to domestic Natural Rubber (NR) requirement. The domestic NR production got impacted by the unfortunate Kerala floods in August 2018. However, the entire NR production value chain bounced back quickly in a couple of weeks time. India had a shortfall of around 5.0 lakhs MT of NR in FY2019 which had to be met through imports. The inverted duty of 25% on NR continued through the year. The shortfall in domestic availability was met through imports from Thailand and Indonesia. The Company in order to improve the quality of domestic NR has set up Dirt Free Centres where loose sheets are sourced, inspected and graded using international practices and made suitable for use in our radial applications. The port restrictions on NR and also the pre import condition on NR imports under Advance Licences continued during the year.

Carbon Black supply situation improved over the last fiscal aided by capacity expansion/ debottlenecking by the local industry towards the fourth quarter and also moderation in automobile demand in the later part of the year. The anti-dumping duty on imports of Carbon Black from China continues.

Nylon fabric and rubber chemicals showed an upward trend in FY2019 owing to increase in crude based derivatives. The customs duty on nylon fabric imports continues at 20%. The anti-dumping duty continues on imports of nylon fabric from China and rubber chemicals from China, Korea and Europe. China's focus on pollution control and bank loan recoveries has forced some companies out of business which will lead to consolidation in the supplier industry in China in the medium term.

The anti-dumping duty imposed on imports of Styrene Butadiene Rubber from Korea, Thailand and Europe in August 2017 continued during the year. The conventional grades of Synthetic Rubber – Styrene Butadiene Rubber (SBR) are being produced in India leading to import substitution. The Solution SBRs used in the manufacture of tyres with low rolling resistance and Ultra High Performance tyres are not produced in India and have to be sourced from Europe and South East Asia.

## DIVIDEND

Your Company has a consistent track record of dividend payment. In compliance with the latest Dividend Distribution Policy of the Company, the Directors are pleased to recommend a dividend of ₹ 3.25 (325%) per share of Re. 1/- each on Equity Share Capital of the Company for FY2019 for your approval. There will be no tax deduction at source on dividend payments, but certain specified shareholders (resident in India) receiving a dividend income exceeding ₹ 1 million, would become liable to pay additional tax @ 10% (plus applicable surcharge and cess). Your Company would continue to bear tax on dividend @ 20.56 %, inclusive of surcharge and cess.

The dividend, if approved, shall be payable to the Members holding shares as on cut-off date, i.e. July 24, 2019.

## RESERVES

The amount available for appropriations, including surplus from previous year amounted to ₹ 39,859 million. Surplus of ₹ 36,208 million has been carried forward to the balance sheet. A debenture redemption reserve of ₹ 410 million and general reserve of ₹ 1,000 million has been provided.

## BOARD OF DIRECTORS

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

Mr. Neeraj Kanwar (DIN: 00058951), Managing Director was re-appointed for a period with effect from May 28, 2019 till March 31, 2024, by way of a Postal Ballot on December 20, 2018. The Company has received approval of Central Government dated April 30, 2019, for appointment of Mr. Neeraj Kanwar as Managing Director of the Company.

Ms. Pallavi Shroff (DIN: 00013580) was re-appointed as an Independent Director of the Company, not liable to retire by

rotation and to hold office for a second term of 5 consecutive years with effect from May 15, 2019 to May 14, 2024, through Postal Ballot on March 18, 2019. The Board noted that her continuous association would be of immense benefit to the Company.

Pursuant to the provisions of Section 161(1) and 178 of the Companies Act, 2013 and rules related thereto, Mr. Satish Sharma (DIN: 07527148) was appointed as an Additional Director (Non-Independent) of the Company with effect from April 1, 2019 to hold office of Director upto the date of the ensuing Annual General Meeting of the Company. He was also appointed as Whole-time Director (Pursuant to the provisions of Sections 196, 197 and any other applicable provisions of the Companies Act, 2013) of the Company for a period of 5 years with effect from April 1, 2019 to March 31, 2024, for which the approval is being sought in the ensuing AGM.

Pursuant to the provisions of Section 152(6) of the Companies Act, 2013, Mr. Robert Steinmetz (DIN: 00178792) and Mr. Francesco Gori (DIN: 07413105) Directors of the Company, are liable to retire by rotation and being eligible offer themselves for re-appointment.

None of the aforesaid Directors are disqualified under Section 164(2) of the Companies Act, 2013. Further, they are not debarred from holding the office of Director pursuant to order of SEBI or any other authority.

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

During the year under review and between the end of the Financial Year and date of this report, the following are the changes in Directors and Key Managerial Personnel of the Company:-

- (i) Resignation of Mr. A. K. Purwar, Independent Director with effect from August 1, 2018, due to personal reasons.
- (ii) Appointment of Mr. Satish Sharma (DIN: 07527148), President (APMEA) as Whole-time Director (Additional Director) with effect from April 1, 2019.
- (iii) Mr. Nimesh N. Kampani & Dr. S. Narayan, Independent Directors, tenure would end on August 5, 2019. They have requested not to propose their re-appointment considering their age and long association with the Company.
- (iv) Re-appointment of Mr. Akshay Chudasama (DIN: 00010630) and Mr. Vikram S. Mehta (DIN: 00041197) Independent Directors, for a further period of 5 years from August 6, 2019 to August 5, 2024, for which the approval is sought at the ensuing AGM.
- (v) The Company has received an order from Government of Kerala (GOK) withdrawing nomination of Dr. M. Beena, IAS pursuant to her appointment as Chairperson, Cochin Port Trust. She ceases to be a Director w.e.f. May 9, 2019.



There are no changes in the Key Managerial Personnel of the Company.

#### C) Declaration by Independent Directors

In terms with Section 149(7) of the Companies Act, 2013, Independent Directors of the Company have submitted declarations that they meet the criteria of Independence. The Independent Directors have also complied with the Code for Independent Directors as per Schedule IV of the Companies Act, 2013.

#### 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 (NRC) of the Board also carries out evaluation of every Director's performance. Accordingly, the Board and NRC of your Company have carried out the performance evaluation during the year under review.

For annual performance evaluation of the Board as a whole, its Committee(s) and individual Directors including the Chairman of the Board, the Company has formulated a questionnaire to assist in evaluation of the performance. 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 March 26, 2019.

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 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.

The Nomination & Remuneration policy of the Company is available on the website of the Company and the weblink is : <https://corporate.apollotyres.com/investors/corporate-governance/?filter=CodesPolicies>

#### G) Code of Conduct for Directors and Senior Management

The Company has formulated a Code of Conduct for Directors and Senior Management Personnel and has complied with all the requirements mentioned in the aforesaid code.

### PRODUCT & MARKETING

In FY2019, the APMEA (Asia Pacific, Middle East and Africa) 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. The Vision 2020 for the Indian business aims at building leadership in multiple segments of the industry. Committed investments in R&D and brand building continued to fuel the growth journey of the region to attain its vision. The region has seen continued OEMs approvals with high satisfaction as well as increased customer acknowledgements. For other countries in the APMEA region, it continued seeding the markets with country specific products, building brand salience and expanding distribution networks.

In the CV segment, the Company became the first tyre Company in India to introduce a range of fuel efficient tyres in the later part of the FY2019 which highlights the role played by its R&D team in creating first to market products. With the emergence of electric vehicles, the fiscal saw the Company becoming the exclusive supplier to the Tata Motors' ultra-electric buses. On similar lines, the Company saw its tyres fitted on the 9 Mtr electric buses of Ashok Leyland - both the wins validating the role played by the Company's R&D team.

In the PV tyres segment, the Company banking on its cutting edge R&D introduced SUV tyres - Apterra White Lettered - with white lettering on the sidewall. A key technology advancement, the Apterra White Lettered tyre marks Apollo Tyres' entry into high visibility SUV tyres market and had the distinction of the few manufacturers in India with this technology capability. The fiscal saw the Company expand its co-branded tyre range with Manchester United Football Club and the tyre was available to Man Utd fans driving fast selling cars like Brezza, Nexon, BRV-WRV, XUV 500, Duster and Scorpio/XUV 500. Further, the Company was extremely successful in growing its premium range - Apollo Alnac 4G, meant for premium hatchbacks and sedans. To make deeper inroads in the luxury tyre

segment, the Company expanded its range of Aspire 4G branded tyre. With multiple branding initiatives and a focus on increasing distribution for the brand, the Company grew this business by 6x over the corresponding previous fiscal. The Company achieved an important milestone as it was ranked #1 in the JD Power 2018 India Original Equipment Tyre Customer Satisfaction Index in small cars segment and #2 in the midsize cars or sedan segment category. For the segment, the fiscal ended with a bang as it concluded its inaugural edition of #BadRoadBuddies, an initiative to build and be connected with the SUV/4x4 community.

In the two-wheelers tyre segment, the year saw the launch of Apollo Alpha, India's first 'zero-degree steel motorcycle radial tyre' in the country. Designed and developed at Apollo Tyres' Global R&D Centre, Asia in Chennai, the tyres cater to the biking enthusiasts. The launch was accompanied by a high-voltage campaign #ThrillUpYourBeast.

The Company adopted a 360 degree approach to strengthen its brand awareness. To target the biking community, the Company used OOH media across major biking routes including Manali to Leh, Mumbai to Lonavala etc. The Company participated in the Kumbh Mela with wall paintings, parking lots service / safety activations. The Company continued to use its association with Man U and related football associations for social media and on-ground activations. All these brand awareness efforts have yielded results as the Company moved to the #1 position in brand awareness in India and #2 position in overall Brand Equity as per the commissioned Brand Track Study.

In Europe, the Company's strategy to move from a replacement only player and get associated with OEM players in Europe saw good traction as Vredestein Quatrac 5 was chosen as a standard fitment for Ford Fiesta and the Vredestein Quatrac 5 (All Season) and Vredestein Ultrac Satin (summer tyre) became part of the new Volkswagen Touareg in Europe. With a sharp focus on performance and design, the Company's Vredestein Wintrac Pro was declared winner in 2018 Auto Bild test with the prestigious exemplary (Vorbildlich) rating, a testimony to the R&D prowess of Apollo Tyres.

## FUTURE OUTLOOK

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

- To consolidate market position in existing markets and seek new markets/segments.
- To continue investment in both brands – Apollo and Vredestein – and capacity expansion via organic expansions.

As part of its strategy, the Company will continue to seed existing and new markets in APMEA and will continue to seed other important markets across the globe including the Americas. However, the Company will stay focussed on its key markets – India and Europe. For Europe region, the focus will remain around premiumization in the sizes 17" and above for the PV tyres

segment and all its sub-categories - summer, winter and All Season segments. Importantly, the Company will focus on getting OEMs on board and move away from its replacement only strategy in the past. With the initial positive feedback of the TBR tyres from its Hungary plant, the region will see an aggressive focus on this segment. However, the region is gearing to pricing pressure for its All Season tyres given increased competition in the segment. The Company has ended the year with a showcase of its highly rated Quatrac Pro for the UHP and Ultra-UHP segments. For India, the Company plans to continue to maintain its leadership position in TBR segment. With increased brand building activities and on-ground activations around key initiative like 'Bad Road Buddies', the Company aims for the leadership position in PV tyres segment. The Company plans to replicate its radialization success story in the truck/ bus segment in the two wheeler segment with its Alpha range of radial tyres.

## 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

Internal Financial Control (IFC) means the policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, timely prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

The Company has identified and documented key internal financial controls as part of standard operating procedures (SOPs). The SOPs are designed for 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 European operations in year 2016. SAP was also implemented at 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.

The SOPs, FDOA, SAP-ERP and independent reviews by the Internal Audit help in establishing adequate internal financial controls with reference to its financial statements and such internal financial controls are operating effectively.

## 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.

## SUBSIDIARY/ ASSOCIATE COMPANIES

As the Company follows its vision to become a global tyre brand of choice, it has multiple Subsidiaries for facilitating these operations in various countries. As on March 31, 2019, your Company had 37 Overseas Subsidiary Companies (including step subsidiaries), 2 Associate Companies and 1 Joint Venture.

Reifencom GmbH, Hannover (RCH), a wholly owned Step Subsidiary was merged into its parent Company, Reifencom GmbH, Bielefeld (RCB) w.e.f. August 16, 2018. Pursuant to the merger, the name of RCB was changed to Reifencom GmbH, Hannover. Also, Reifencom Einkaufsgesellschaft GmbH & Co. OHG, Hannover (equally owned by RCH and RCB) was merged with RCB.

Retail Distribution Holding B.V., wholly owned Subsidiary of Apollo Tyres Cooperatief U.A., was wound up on November 27, 2018.

Apollo Vredestein Italia Srl, a Subsidiary of Apollo Vredestein B.V., was wound up on December 06, 2018.

Apollo Tyres (Cyprus) Pvt Ltd, wholly owned Subsidiary of the Company, was wound up on January 19, 2019.

Vredestein Marketing B.V. & Co. KG, a Subsidiary of Apollo Vredestein GmbH, was wound up on January 31, 2019.

During the year, the Company had invested ₹ 22.50 million in KT Telematic Solutions Private Ltd., an Associate of the Company.

As per the provisions of Section 129 of the Companies Act, 2013, the consolidated financial statements of the Company, its Subsidiaries and Associates are attached in the Annual Report. A statement containing brief financial details of all the Subsidiaries and Associates of the Company for the year ended March 31, 2019, forms part of the Annual Report. The annual accounts of Subsidiaries and Associates 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, Associates and Joint Venture is also attached with financial statements.

## MATERIAL SUBSIDIARIES

Your Company has following material unlisted Subsidiaries viz. Apollo Vredestein B. V., Apollo Tyres (Hungary) Kft., Apollo Tyres B. V., Apollo Tyres Cooperatief U. A. and Apollo Tyres Holdings (Singapore) Pte Ltd. as on March 31, 2019.

Pursuant to Regulation 24(1) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, Mr. Akshay Chudasama, an Independent Director of the Company was nominated as Director on the Board of Apollo Vredestein B.V., Apollo Tyres (Hungary) Kft., Apollo Tyres Holdings (Singapore) Pte Ltd. and Ms. Pallavi Shroff, an Independent Director of the Company was nominated as Director on the Board of Apollo Tyres B. V. & Apollo Tyres Cooperatief U. A, with effect from April 1, 2019.

### a) Apollo Vredestein B.V.

Apollo Vredestein B. V. focuses on manufacturing, marketing, sales and distribution of tyres and supplies tyres for passenger cars, commercial vehicles, agricultural and industrial vehicles and bicycles. The Company's distribution network extends through Europe.

During the FY2019, Company's Passenger Car Tyre volume improved over the last year in line with overall market trend. The Company registered a strong improvement in SUV and Light Truck categories and continued on its strategy of premiumization. The manufacturing capacity in Company's Enschede plant during the year was fully utilized for Agriculture tyres and Spacemaster tyres. The Company achieved overall 7% increased turnover for the year.

The Company has launched two important new product lines in the Passenger Ultra High Performance segment, viz. Wintrac Pro being Winter UHP and Quatrac Pro, being All Season UHP. In agricultural sector, it introduced the new compact tyres and Optimal product range, at prestigious SIMA show in Paris, France. In addition, the Company performed very well on the product quality & performance and was honoured with podium positions by leading auto magazines.

### b) Apollo Tyres (Hungary) Kft.

Apollo Tyres (Hungary) Kft. was established in June 4, 2014 with an aim to set up a 'state of the art' automotive tyre manufacturing facility in Hungary which will produce both passenger car tyres and commercial vehicle tyres.

During FY2019, the Company ramped up the production capacity for passenger car tyres. Full capacity ramp up for this product line is expected to complete by the following



financial year. The commercial vehicle tyre production started during the year and capacity ramp up is expected to continue in the next year.

**c) Apollo Tyres B.V.**

Apollo Tyres B.V. incorporated in Netherlands is a Holding Company with two Subsidiaries, Apollo Vredestein B.V. and Apollo Tyres (Hungary) Kft.

**d) Apollo Tyres Cooperatief U.A.**

Apollo Tyres Cooperatief U.A. a direct Subsidiary of the Company is incorporated in Netherlands. The Company is primarily acting as a holding Company.

**e) Apollo Tyres Holdings (Singapore) Pte. Ltd.**

The Company is a private company limited by shares incorporated and domiciled in Singapore. The principal activities of the Company is that of sourcing raw materials for Apollo manufacturing plants in India and Europe. 50% of the procurement is done for Natural Rubber. Major sourcing countries are Thailand, Indonesia and China.

In addition, Global Supply Chain team based out of Singapore is managing Global Ocean Freights, Transport Optimization, Offtake activities, Supply Chain Cost Reviews, Mould Managements and Certification Projects.

## DEPOSITS

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

## AUDITORS

M/s. Walker Chandio & Co LLP, Chartered Accountants, Firm Registration No. 001076N/N500013 (the firm licenses audit software as well as audit methodology from Grant Thornton International Ltd), had been appointed as Statutory Auditors of your Company for a period of 5 years from FY2018 to FY2022 at the Annual General Meeting held on July 5, 2017.

## AUDITORS' REPORT

The report given by M/s. Walker Chandio & Co LLP, Chartered Accountants, Statutory Auditors on financial statements of the Company for FY2019 is part of the Annual 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.

During the year under review, the Auditors had not reported any matter under Section 143(12) of the Companies Act, 2013 therefore no detail is required to be disclosed under Section 134(3)(ca) of the Companies Act, 2013.

## 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 plants at Perambra (Kerala), Limda (Gujarat) and Chennai (Tamil Nadu) as well as Company's lease operated plant at Kalamassery (Kerala) for FY2019.

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 FY2020 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. The remuneration to be paid to Mr. N.P. Gopalakrishnan & Co. for FY 2020 is subject to ratification by the shareholders at the ensuing AGM.

Cost records as specified by the Central Government under Sub-Section (1) of Section 148 of the Companies Act, 2013 are made and maintained by the Company.

## 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 FY2019 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.

## MEETINGS OF THE BOARD OF DIRECTORS

A calendar of meetings is prepared and circulated in advance to the Directors. During the year, six 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

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, Risk Management 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 572,049,980 equity 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 disclosures as required by the Indian Accounting Standards have 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

- 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.
- 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.

## PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

Your Company has in place a formal policy for prevention of sexual harassment of its employees at workplace and the Company has complied with provisions relating to the constitution of Internal Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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.

## HEALTH, SAFETY & ENVIRONMENT

As a firm commitment to Health, Safety and Environment (HSE), the year saw multiple initiatives to implement and review the HSE plans and achieve the defined KPIs. For details on HSE, please refer to Management Discussion and Analysis Report.

## 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
Excellence in Customer Delight 2017		Hyundai Motors India
FGI Award for Outstanding Work Place	Limda Plant	Federation of Gujarat Industries
Comprehensive Excellence, Consistent High Quality & Systems and Audits		Maruti Suzuki
Tyre Customer Satisfaction	Small Car Segment; Midsize Cars	JD Power
India's Best Companies to Work for 2018	Manufacturing and Production	Great Place to Work
Mahindra Supplier Excellence Award 2018	Vehicle Proprietary Commodity-Automotive Division	Mahindra & Mahindra
Golden Peacock Award for Excellence in Corporate Governance 2018	Corporate Governance and Sustainability	India's Institute of Directors (IoD)
Best Corporate Social Responsibility (CSR) Film		Woodpecker International Film Festival (WIFF)
Kerala State Energy Conservation Award 2018	Large Scale Energy Consumers	Energy Management Centre (EMC) Under Department of Power Govt. of Kerala
Best Overall Performance Award	Tyre Manufacturer	Maruti Suzuki

## RISK MANAGEMENT

The Board at its meeting held on February 5, 2019, had constituted a Risk Management Committee (RMC) of the Board comprising of Directors and Senior Executives of the Company. The terms of reference of the Committee including its composition are mentioned in the Corporate Governance Report which forms part of the Board's Report.

## 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 the Trust is monitored by CSR Committee.

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 and poverty.

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.

The CSR Policy of the Company is available on the website of the Company and the weblink is: - <https://corporate.apollotyres.com/investors/corporate-governance/?filter=CodesPolicies>

## BUSINESS RESPONSIBILITY REPORT

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandates the top 500 Listed Companies by market capitalisation to include Business Responsibility Report ("BR Report") in their Annual Report.

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.



## ANNUAL RETURN

The extract of the Annual Return in Form MGT-9 is enclosed herewith as Annexure V, forming part of this report.

As per Section 134(3)(a) of the Companies Act, 2013, the Annual Return referred to in Section 92(3) has been placed on the website of the Company [www.apollotyres.com](http://www.apollotyres.com) under the Investors Section.

## 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. Walker Chandio & Co LLP, 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, 2019, 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.

## SECRETARIAL STANDARDS

During the year under review, your Company had complied with all the applicable Secretarial Standards.

## 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, Tamil Nadu and Andhra Pradesh 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  
Date: May 9, 2019

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

## FORM NO. MR - 3

## ANNEXURE I

## SECRETARIAL AUDIT REPORT

## FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial 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 March 31, 2019, 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 March 31, 2019, 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, 2018 and amendments from time to time (*not applicable to the Company during the audit period*);
  - d. The Securities and Exchange Board of India (*Share Based Employees Benefits*) Regulations, 2014;
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (*not applicable to the Company during the audit period*);
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 2018 regarding the Companies Act and dealing with client;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (*not applicable to the Company during the audit period*);
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (*not applicable to the Company during the audit period*); and
  - i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (hereinafter referred to as 'LODR/ Listing Regulations, 2015').
- (vi) We, further report that with respect to the Compliance of the below mentioned laws, we have relied on the representation made by the Company and its officers for system and mechanism framed by the Company for compliances under general laws (incl. Labour Laws, Tax Laws, etc.) and the following Specific Laws applicable to the Company:
- a. Pneumatic Tyres and Tubes for Automotive Vehicles (Quality Control), Order, 2009; and
  - b. Bureau of India Standards Act, 1986 and the Rules made thereunder as applicable to Tyre Industry;

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) The Listing Agreements entered into by the Company with the Stock Exchange(s).

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

**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 Company had following events which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

I. That the Company had passed Special Resolution in the Annual General Meeting held on August 01, 2018 for issuance of

Non – Convertible Debentures of ₹ 15,000 Million on private placement basis to be allotted in one or more tranches.

II. That the Company through Postal Ballot passed on December 20, 2018 approved re-appointment of Mr. Neeraj Kanwar (a foreign national of Hungary) as Managing Director with effect from May 28, 2019 to March 31, 2024 for which the Central Government approval has also been obtained.

III. The Adjudicating Officer of SEBI has passed an order on November 22, 2018 wherein a penalty of ₹ 65,00,000/- (Rupees Sixty Five Lakh Only) has been imposed on the Company for violation of the provisions of Regulations 4(1), 5A and 19(7) of the Buy Back Regulations, 1998 pertaining to the buy back scheme launched in the year 2003. Further, the Company has also paid penalty amount under protest to SEBI and simultaneously, an appeal has been filed before Securities Appellate Tribunal against the order which is pending for disposal.

For PI & Associates,  
Company Secretaries

**Ankit Singhi**  
Partner

ACS No.: A20642  
C P No.: 16274

Place: New Delhi  
Date: May 6, 2019

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.

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

- Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulation and happening of events etc.
- 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.
- 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 & Associates,  
Company Secretaries

**Ankit Singhi**  
Partner

ACS No.: A20642  
C P No.: 16274

Place: New Delhi  
Date: May 6, 2019



# ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

## 1. Outline of Company's CSR Policy

Apollo Tyres, has developed a CSR framework of identifying and prioritising its key stakeholders; Customers, Employees, Supply Chain Partners and Community. This framework clearly revolves around the principle of three I's i.e. to Involve, Influence and Impact its key stakeholders, and have a positive impact on their everyday lives. The CSR activities are particularly aligned with International and National Development agenda.

The programmes are categorised into two broad themes: Environment and Social (which has health and community development). Within the themes, there are 4 core areas of work:

1. Healthcare Programme for trucking community
2. Solid Waste Management and Sanitation
3. Livelihood for underprivileged women
4. Biodiversity Conservation

In addition to above, there are few local initiatives around manufacturing locations such as Watershed Management, Renewable Energy Proliferation Projects, Road Safety Awareness and Computer Literacy.

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

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

### Programmes proposed to be undertaken

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

- 1) **Healthcare Programme for trucking community** at 31 transshipment locations (ongoing). (Incorporate more health services at the locations)
- 2) **Solid Waste Management and Sanitation Programme (SPARSH)** in different transshipment hubs and communities around manufacturing locations (ongoing). Introduction of up-cycle products from waste. End of Life Tyre Playgrounds at selected location.

3) **Livelihood for underprivileged women:** Expansion at Baroda and Kottayam location (ongoing). Introduction of agriculture based livelihood project at Chittoor district, Andhra Pradesh.

4) **Biodiversity Conservation:** Mangrove conservation project at Kannur, Kerala. Conservation and maintenance of biodiversity parks in Kochi Tree plantation with objective of carbon sequestration at Tamil Nadu (ongoing).

5) **Local Initiatives:** Expansion of job counselling and employability training for ITI and other Graduates in Kochi and Chennai. Computer literacy projects in the villages around Chennai plant. Road safety awareness project at Perambra. Watershed management project such as pond conservation and drinking water project around manufacturing units.

6) **Philanthropic Initiatives:** Support to Kabiliji Hospital for the treatment of underprivileged rural people, Sponsorship of education of underprivileged girls in Dehradun, Uttarakhand (Himjyoti School), Feeding of people outside AIIMS hospital (Delhi Langar Society), Medicine support to underprivileged (Delhi Commonwealth Women's Association) and others during the year.

### 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.

- A. Mr. Onkar S. Kanwar- Chairman of the CSR Committee
- B. Mr. Sunam Sarkar- Member of the CSR Committee
- C. Mr. General Bikram Singh (Retd.)- Member of the CSR Committee
- D. Ms. Anjali Bansal- Member of the CSR Committee

## 3. Average net profit of the Company for last three financial years:- ₹ 10,690.02 million

## 4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above):- ₹ 213.80 million

## 5. Details of CSR spent during the financial year:- ₹ 213.83 million

- (a) Total amount to be spent for the financial year:- ₹ 213.80 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)
Sr. 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	Play structure in Govt. schools	Ensuring Environmental Sustainability	Chinnapanduru Gram Panchayath	0.68	0.68	0.68	Frames Creations
2	Community solid waste management project; Clean My Village	Ensuring Environmental Sustainability	Clean My Village, Gujarat	5.72	5.64	5.64	Harsidhhi Corporation Pvt. Ltd.
3	Pond Restoration project	Ensuring Environmental Sustainability	Dolapura, Baroda, Gujarat	0.31	0.61	0.61	Sahil Traders
4	Community solid waste management project; Clean My Transport Nagar	Ensuring Environmental Sustainability	Clean My Transport Nagar, Agra, Uttar Pradesh	3.08	3.08	3.08	Adarsh Seva Samiti
5	Community solid waste management project; Clean My Transport Nagar	Ensuring Environmental Sustainability	Clean My Transport Nagar, Chennai, Tamil Nadu	2.03	2.02	2.02	Real Charitable Trust
6	Community solid waste management project; Clean My Transport Nagar	Ensuring Environmental Sustainability	Clean My Transport Nagar, Delhi	4.95	5.23	5.23	Apollo Tyres Foundation
7	Community solid waste management project; Clean My Transport Nagar	Ensuring Environmental Sustainability	Clean My Transport Nagar, Jaipur, Rajasthan	2.13	2.13	2.13	R K Sansthan
8	Community solid waste management project; Clean My Transport Nagar	Ensuring Environmental Sustainability	Clean My Transport Nagar, Jodhpur, Rajasthan	2.03	2.03	2.03	Gramin Swabhimani Sansthan
9	Community solid waste management project; Clean My Transport Nagar	Ensuring Environmental Sustainability	Clean My Transport Nagar, Kanpur, Uttar Pradesh	2.50	2.50	2.50	Adarsh Seva Samiti
10	Community solid waste management project	Ensuring Environmental Sustainability	Clean My Village, Chennai, Tamil Nadu	1.57	1.50	1.50	Help Foundation
11	Community solid waste management project	Ensuring Environmental Sustainability	Clean My Village, Chennai, Tamil Nadu	5.19	4.81	4.81	World Heritage Trust
12	Play structure in Govt. schools	Ensuring Environmental Sustainability	Mehboob Nagar	0.50	0.50	0.50	Anthill Creations Foundation & Frames Creations
13	Play structure in Govt. schools	Ensuring Environmental Sustainability	Oragadam, Sennakuppam & Mathur Village, Kancheepuram District, Chennai, Tamil Nadu	1.69	1.33	1.33	Sri Sun Flower & Frames Creations
14	Biodiversity-Greening work near pond and water plant area	Ensuring Environmental Sustainability	Oragadam, Sennakuppam & Mathur Village, Kancheepuram District, Chennai, Tamil Nadu	1.43	1.39	1.39	Sri Sun Flower

(₹ Million)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. 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
15	Pond & Lake management project	Ensuring Environmental Sustainability	Sennanthangal & Eraiyur, Kancheepuram District, Chennai, Tamil Nadu	2.48	2.48	2.48	Daya Charities, SMB Engineering & Frames Creations
16	Livelihood project for farmers	Ensuring Environmental Sustainability	Sennakuppam & Valakottai panchayat, Chennai, Tamil Nadu	1.20	1.19	1.19	National Agro Foundation
17	Tree plantation & Livelihood project	Ensuring Environmental Sustainability	Sennakuppam & Valakottai panchayat, Chennai, Tamil Nadu	3.38	3.38	3.38	TIST Tree Planting India Private Limited
18	Community solid waste management project;	Ensuring Environmental Sustainability	Clean My Village, Kodakara Panchayat, Kerala	5.32	5.39	5.39	Plan@Earth
19	Community solid waste management project;	Ensuring Environmental Sustainability	Clean My Village, Chalakudy Panchayat, Kerala	2.53	2.53	2.53	Plan@Earth
20	Pond management project	Ensuring Environmental Sustainability	Pond management project, Kodakara, Kerala	0.65	0.65	0.65	Tropical Institute of Ecological Science
21	Mangrove Project	Ensuring Environmental Sustainability	Trissur, Kerala	4.20	5.09	5.09	Wildlife Trust of India & Apollo Tyres Foundation
22	Water conservation project of Chalakudy river	Ensuring Environmental Sustainability	Chalakudy, Kerala	1.04	1.04	1.04	Tropical Institute of Ecological Science
23	Chalakudy park maintenance	Ensuring Environmental Sustainability	Chalakudy, Kerala	0.21	0.21	0.21	Tropical Institute of Ecological Science
24	Baseline for rainwater harvesting project	Ensuring Environmental Sustainability	Kodakara Panchayat, Perambra, Kerala	0.03	0.03	0.03	Tropical Institute of Ecological Science
25	Kerala flood Relief work	Eradication Hunger, Poverty & Malnutrition	Chalakudy, Kerala	15.00	8.22	8.22	Plan@Earth & Apollo Tyres Foundation
26	Monthly Ration support for the under privileged people	Eradication Hunger, Poverty & Malnutrition	New Delhi	1.50	1.50	1.50	Delhi Langar Seva Society
27	Blanket distribution to under privileged rural community	Eradication Hunger, Poverty & Malnutrition	Delhi, Delhi	0.09	0.11	0.11	Taru Foundation
28	Monthly Ration support for the under privileged people	Eradication Hunger, Poverty & Malnutrition	Gurgaon, Haryana	0.90	0.87	0.87	The Earth Saviours Foundation
29	Monthly Ration support for the under privileged people	Eradication Hunger, Poverty & Malnutrition	Delhi, Delhi	0.42	0.38	0.38	DAVO NGO
30	Skill building & income generation projects for the community	Livelihood Enhancement Projects	Waghodiya Taluka, Baroda, Gujarat	9.84	11.39	11.39	Apollo Tyres Foundation
31	Baseline for skill enhancement project	Livelihood Enhancement Projects	Kottayam, Kerala	0.19	0.19	0.19	Tropical Institute of Ecological Science



(₹ Million)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. 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
32	Skill generation in various trades for women	Livelihood Enhancement Projects	Kottayam, Kerala	4.29	4.35	4.35	Jawaharlal Memorial Social Welfare and Public Co-Operation Centre, Quality Certification Advisor, TUV India Pvt. Ltd. & Rubber Board RRII Research Account
33	Terrace farming project in Kodakara panchayat	Livelihood Enhancement Projects	Kodakara Panchayat, Perambra, Kerala	0.11	0.11	0.11	Tropical Institute of Ecological Science
34	Skill generation in various trades for women	Livelihood Enhancement Projects	Kottayam, Kerala	0.15	0.07	0.07	South Asian Rubber & Beta Rubbers
35	Education support to under privileged children	Promoting Education	Delhi	0.70	0.70	0.70	Christel House India
36	Education support to 50 under privileged girls	Promoting Education	Dehradun, Uttrakhand	2.48	2.48	2.48	Himalayan School Society
37	Education support to under privileged children	Promoting Education	Gurgaon, Haryana	0.70	0.70	0.70	Madhavrao Scindia Foundation
38	Skill Development Programme-Youth	Promoting Education	Sennakuppam & Valakottai panchayat, Chennai, Tamil Nadu	2.41	2.13	2.13	Magic Bus, Frames Creations
39	Computer literacy to Govt. School children	Promoting Education	Sennakuppam & Valakottai panchayat, Chennai, Tamil Nadu	1.90	1.80	1.80	Bhumi
40	Skill Development Programme-Youth	Promoting Education	Kodakara Panchayat, Perambra, Kerala	0.74	0.95	0.95	3J Consulting Private Limited
41	Road Safety Awareness Programme	Promoting Education	Kodakara Panchayat, Perambra, Kerala	0.53	0.53	0.53	Graphin Communications
42	HIV-AIDS awareness & prevention programme (Migrant Project)	Promoting Preventive Health	Apollo Tyres Health Care Centre, Delhi, Delhi	2.33	2.34	2.34	Global Organisation for Life Development
43	HIV-AIDS awareness & prevention programme (Targeted Intervention)	Promoting Preventive Health	Apollo Tyres Health Care Centre, Agra, Uttar Pradesh	2.73	2.75	2.75	Jan Chetna Sewa Samiti
44	HIV-AIDS awareness & prevention programme (Targeted Intervention)	Promoting Preventive Health	Apollo Tyres Health Care Centre, Bangalore, Karnataka	3.36	3.01	3.01	Hindustan Latex Family Planning Promotion Trust
45	HIV-AIDS awareness & prevention programme (Targeted Intervention)	Promoting Preventive Health	Health Care Centre, Barmana, Himachal Pradesh	1.15	1.09	1.09	Himachal Pradesh Voluntary Health Association

(₹ Million)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. 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
46	HIV-AIDS awareness & prevention programme (Targeted Intervention)	Promoting Preventive Health	Apollo Tyres Health Care Centre, Chennai, Tamil Nadu	2.52	2.55	2.55	Confederation of Surface Transport Tamil Nadu
47	HIV-AIDS awareness & prevention programme (Targeted Intervention)	Promoting Preventive Health	Apollo Tyres Health Care Centre, Chhindwara, Madhya Pradesh	1.79	3.31	3.31	Young Men's Christian Association & Apollo Tyres Foundation
48	HIV-AIDS awareness & prevention programme (Targeted Intervention)	Promoting Preventive Health	Apollo Tyres Health Care Centre, Delhi, Delhi	8.45	8.26	8.26	Apollo Tyres Foundation
49	HIV-AIDS awareness & prevention programme (Targeted Intervention)	Promoting Preventive Health	Apollo Tyres Health Care Centre, Delhi, Delhi	3.22	3.20	3.20	Nav Srishti
50	HIV-AIDS awareness & prevention programme (Targeted Intervention)	Promoting Preventive Health	Health Care Centre, Farakka, West Bengal	1.34	1.33	1.33	Ambuja Cement Foundation
51	HIV-AIDS awareness & prevention programme (Targeted Intervention)	Promoting Preventive Health	Apollo Tyres Health Care Centre, Guwahati, Assam	3.30	3.25	3.25	Global Organisation for Life Development
52	HIV-AIDS awareness & prevention programme (Targeted Intervention)	Promoting Preventive Health	Apollo Tyres Health Care Centre, Gurgaon, Haryana	1.86	3.19	3.19	Child Survival India & Apollo Tyres Foundation
53	HIV-AIDS awareness & prevention programme (Targeted Intervention)	Promoting Preventive Health	Apollo Tyres Health Care Centre, Gwalior, Madhya Pradesh	2.46	2.45	2.45	Jan Chetna Sewa Samiti
54	HIV-AIDS awareness & prevention programme (Targeted Intervention)	Promoting Preventive Health	Apollo Tyres Health Care Centre, Hyderabad, Telangana	3.01	3.09	3.09	Telugu Network of People Living With HIV/AIDS
55	HIV-AIDS awareness & prevention programme (Targeted Intervention)	Promoting Preventive Health	Apollo Tyres Health Care Centre, Indore, Madhya Pradesh	3.11	3.10	3.10	Adarsh Jan Seva Sansthan
56	HIV-AIDS awareness & prevention programme (Targeted Intervention)	Promoting Preventive Health	Apollo Tyres Health Care Centre, Jaipur, Rajasthan	2.47	2.45	2.45	Institute for Global Development
57	HIV-AIDS awareness & prevention programme (Targeted Intervention)	Promoting Preventive Health	Apollo Tyres Health Care Centre, Jalandhar, Punjab	2.79	2.73	2.73	Pahal
58	HIV-AIDS awareness & prevention programme (Targeted Intervention)	Promoting Preventive Health	Apollo Tyres Health Care Centre, Jodhpur, Rajasthan	2.45	2.36	2.36	Meera Sansthan
59	HIV-AIDS awareness & prevention programme (Targeted Intervention)	Promoting Preventive Health	Apollo Tyres Health Care Centre, Kanpur, Uttar Pradesh	3.30	3.36	3.36	Jan Kalyan Maha Samiti

(₹ Million)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. 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
60	HIV-AIDS awareness & prevention programme (Targeted Intervention)	Promoting Preventive Health	Health Care Centre, Kolkata, West Bengal	1.56	1.56	1.56	Ambuja Cement Foundation
61	HIV-AIDS awareness & prevention programme (Targeted Intervention)	Promoting Preventive Health	Apollo Tyres Health Care Centre, Mumbai, Maharashtra	2.77	2.67	2.67	Alert India
62	HIV-AIDS awareness & prevention programme (Migrant Project)	Promoting Preventive Health	Apollo Tyres Health Care Centre, Delhi, Delhi	3.06	2.94	2.94	Shree Sevanidhi Trust
63	HIV-AIDS awareness & prevention programme (Targeted Intervention)	Promoting Preventive Health	Apollo Tyres Health Care Centre, Nagpur, Maharashtra	2.58	2.58	2.58	Young Men's Christian Association
64	HIV-AIDS awareness & prevention programme (Targeted Intervention)	Promoting Preventive Health	Health Care Centre, Nalagarh, Himachal Pradesh	1.68	1.62	1.62	Ambuja Cement Foundation
65	HIV-AIDS awareness & prevention programme (Migrant Project)	Promoting Preventive Health	Apollo Tyres Health Care Centre, Delhi, Delhi	2.06	2.07	2.07	Confederation of Surface Transport Tamil Nadu
66	HIV-AIDS awareness & prevention programme (Targeted Intervention)	Promoting Preventive Health	Apollo Tyres Health Care Centre, Patna, Bihar	2.81	2.81	2.81	Step Foundation
67	HIV-AIDS awareness & prevention programme (Targeted Intervention)	Promoting Preventive Health	Apollo Tyres Health Care Centre, Pune, Maharashtra	2.34	2.36	2.36	Magmo Welfare Sanstha
68	HIV-AIDS awareness & prevention programme (Targeted Intervention)	Promoting Preventive Health	Apollo Tyres Health Care Centre, Pune, Maharashtra	2.56	2.39	2.39	Indian Society of Healthcare Professionals & Kalyani Social Welfare & Research Organization
69	HIV-AIDS awareness & prevention programme (Targeted Intervention)	Promoting Preventive Health	Health Care Centre, Surat, Gujarat	0.99	0.96	0.96	Ambuja Cement Foundation
70	HIV-AIDS awareness & prevention programme (Targeted Intervention)	Promoting Preventive Health	Apollo Tyres Health Care Centre, Karim Nagar, Telangana	1.58	1.53	1.53	Telugu Network of People Living With HIV/AIDS
71	HIV-AIDS awareness & prevention programme (Targeted Intervention)	Promoting Preventive Health	Apollo Tyres Health Care Centre, Varansi, Uttar Pradesh	2.35	2.41	2.41	Jan Kalyan Maha Samiti
72	HIV-AIDS awareness & prevention programme (Targeted Intervention)	Promoting Preventive Health	Apollo Tyres Health Care Centre, Vijayawada, Andhra Pradesh	3.03	3.03	3.03	Vasavya Mahila Mandali



(₹ Million)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. 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
73	TB awareness & prevention programme	Promoting Preventive Health	Apollo Tyres Health Care Centre, Delhi, Delhi	1.94	1.77	1.77	German Leprosy & TB Relief Association - India
74	Impact Assesment of Targeted Intervention projects at 3 clinics in India	Promoting Preventive Health	Kanpur (Uttar Pradesh), Agra (Uttar Pradesh), Delhi (New Delhi)	0.66	0.66	0.66	Knight Frank India Pvt Ltd & Jojo Thomas
75	Baseline of Targeted Intervention projects at 5 locations in India	Promoting Preventive Health	Namakkal(Tamil Nadu), Mundra Port (Gujarat), Chhindwara (Madhya Pradesh), Gurgaon (Haryana), Karim Nagar (Telangana)	1.22	1.22	1.22	Karvy Insights Limited, Subodh Tondon & Jojo Thomas
76	Sanitation project-Toilet construction & Geo Tagging	Promoting Preventive Health	Chinnapanduru Gram Panchayath	0.25	0.25	0.25	Zion research Consultants, Frames Creations
77	General Health camps for community people	Promoting Preventive Health	Baroda, Gujarat	0.29	0.19	0.19	Apollo Tyres Foundation
78	General health & eye care treatment support to the under privileged rural community	Promoting Preventive Health	Gurgaon, Haryana	3.00	3.00	3.00	Sardar Ram Singh Kabli and Sardarni Harnam Kaur Trust
79	General health treatment support to the under privileged rural community	Promoting Preventive Health	Delhi, Delhi	0.10	0.10	0.10	Delhi Commonwealth Women's Association
80	Sanitation project-Toilet construction & Geo Tagging	Promoting Preventive Health	Mathur & Eraiyur Panchayat, Chennai, Tamil Nadu	6.53	6.42	6.42	Help Foundation, Frames Creations
81	HIV AIDS Awareness Activity	Promoting Preventive Health	General Health Project, Perambra, Kerala	0.03	0.02	0.02	Apollo Tyres Foundation
82	Promoting livelihood generation activities	Rural Development Projects	Chinnapanduru Gram Panchayath	2.52	2.50	2.50	National Agro Foundation
83	Bio-gas project	Rural Development Projects	Baroda, Gujarat	2.22	2.22	2.22	Sintex Industries Limited
84	Improved Farming Practices for community	Rural Development Projects	Baroda, Gujarat	5.75	5.75	5.75	Shrishti Organics
85	Improved Farming Practices for community	Rural Development Projects	Baroda, Gujarat	3.08	3.08	3.08	Shrishti Organics
86	Sustainable Agriculture project	Rural Development Projects	Chennai, Tamil Nadu	1.80	1.80	1.80	National Agro Foundation
<b>Total</b>						<b>203.65</b>	
<b>Administrative Cost 5% of total expense</b>						<b>10.18</b>	
<b>Grand Total</b>						<b>213.83</b>	

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  
Date: May 9, 2019

**ONKAR S. KANWAR**  
Chairman of CSR Committee

**NEERAJ KANWAR**  
Vice Chairman & Managing Director

## ANNEXURE III

# BUSINESS RESPONSIBILITY REPORT (BRR)

Business Responsibility Report of the Company for the financial year ended on March 31, 2019, 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	3 <sup>rd</sup> floor, Areekal Mansion, Near Manorama Junction, Panampilly Nagar, Kochi- 682036 (Kerala)
4	Website	apolloytyres.com
5	E-mail ID	investors@apolloytyres.com
6	Financial Year reported	2018-19
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) ₹ 572.05 million
2. Total Turnover (INR) ₹ 120,896 million
3. Total profit after taxes (INR) ₹ 5,921 million
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) ₹ 213.83 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@apolloyres.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 well-being of all employees.

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

**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) <sup>(1)</sup>	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? <sup>(2)</sup>	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? <sup>(3)</sup>	Y	Y	Y	Y	Y	Y	Y	Y	Y
6. Indicate the link for the policy to be viewed online? <sup>(4)</sup>	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

<sup>(1)</sup>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.

<sup>(2)</sup>As per Company practice, the policies that are approved by the Board are posted on the website of the Company [www.apolloyres.com](http://www.apolloyres.com).

<sup>(3)</sup>The Business Responsibility(BR) Committee shall oversee the implementation of the Policies.

<sup>(4)</sup><https://corporate.apolloyres.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 and 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 FY2017, the BR Report was also 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?

The Company has designed a global "Code of Conduct Policy" ("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 all employees of the Company including Associates, Subsidiaries and Joint Ventures.

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.

The Company has rolled out Code of Conduct mandatory online training for all the employees. The Code of Conduct explicitly guides our people on ethical dealings with external 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 Conduct. During the past financial year, 19 Shareholders Complaints were received and no complaints are pending as on March 31, 2019. 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. In FY2019, Apollo introduced fuel efficient TBR tyre as nRG range, High life and fuel efficient Van tyre as Altrust and also High performance 2W radial tyres for higher safety. Also, all PCR tyres are tuned to meet European norm of R117 R2 and be ready for implementation of BS VI / CAFÉ 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 FY2019 against reference of FY2018 on

- (i) Steam consumed per kg of product [Kg/kg]: PCR -4.3% reduction
- (ii) Electricity consumed per kg of product [KwH/Kg]: PCR -6.8% reduction
- (iii) Water consumed per kg of product [Litre/Kg]: PCR -15.5% reduction
- (iv) Tyre weight of PCR tyres reduced by 10% progressively: Thus, consumption of Hydrocarbon reduces and reduced carbon footprint per tyre.
- (v) Silica based tyre production for PCR category increased by 200% in last years and reduced fossil fuel based reinforcing agent carbon black consumption.
- (vi) Recycled material usage started for inner liner of PCR tyres to the tune of 25 phr to reduce virgin material consumption.

- 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 8.0Kg/T. This translates into reduction of rolling loss and reduce fuel consumption without compromise in any other performances.

Retreading of Truck tyres is continuously being supported with more efficient techniques to provide extended life cycle of the tyre body material to 2-3 times, thus avoiding the need for frequent replacement.

Introduction of 1 Lakh KM car tyres improved re-use of the non-consumable part of tyres to a longer period.

Product failure rate is reduced by almost 25% for PCR tyres, thus, enhancing the application life of tyres and improve usage of tyres for longer period.

In FY2019, Apollo launched its range of Pick up radial tyres for Light Commercial Vehicles with a low rolling resistance for the category. This would contribute increased fuel efficiency for the pick-up trucks.

### 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.*

The Company has laid down Sustainable Supply Chain Policy for its RM vendors, which includes guidelines for conducting its business by reducing impact on environment, adopting Good Governance, ethics and adhering to Human Rights.

The Company believes that supply chain is a key contributor to the development and implementation of its Corporate Social Responsibility Programme. Apollo Tyres expects its Business Partners to emphasize on social and environmental responsibilities as they conduct their businesses. The focus in the upstream supply chain extends to sourcing of raw materials, their processing, and their use in the manufacture of intermediate and final products.

In order to align its upstream supply chain with this objective, Apollo's Partnership Pact (APP) is enforced. Suppliers are expected to comply with Apollo's Partnership Pact (APP) and integrate environmental, occupational health & safety, human rights as well as labour policies into their business and decision-making processes.

At present, most of the business partners have committed to our Partner code of conduct which consist of suppliers in all raw material categories. The compliances to APP are verified during on-site audits for existing suppliers. The scope of audits covers various elements like quality management system, environment standards, occupational health and safety standards as well as others as per our Green Procurement Standards and Partner Code of Conduct. Supplier audit is conducted by our trained professionals periodically as per the audit criteria.

The Company encourages its suppliers to implement environmental standards at their work place with ultimate objective of getting certified for ISO 14001 – Environmental Management Standard. Currently, most of its suppliers are ISO 14001 certified, complying with local government laws and regulations. Apollo Tyres is continuously working on optimizing transportation, logistics and packaging so as to reduce carbon footprint and environmental impacts. The Company also emphasises on usage of environment friendly, re-usable, recyclable packing material like returnable pallets, returnable metal boxes, returnable metallic spools for the supply of raw material to its manufacturing plant locations globally. The packaging of raw material should be "wood-free". It also ensures that the raw material sourced is free from chemicals impacting environment and complying with international norms.

Along with the guidelines to safeguard the environment, the Company has set-up natural rubber processing units to support the community nearby and empower women. Furthermore, health check-up facilities were provided by the Company to promote socially responsible practices amongst partners in the region.

### 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?*

Apollo's purchasing guiding principles states that all other things being equal, the organisation prefers domestic suppliers because of benefits like proximity to our plants, lower transit time, lower inventory and carbon footprint.

The Company has initiated and established natural rubber collection centres near its plant and provide employment opportunities to the community nearby. The Company has also been providing training to the employees in aforesaid centres to improve their capability.

### 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, the Company has always been encouraging its RM Vendor's consciousness towards reduce, reuse and recycle concepts in their operations. Monitoring the finite resource consumption trends and actions taken to reduce have also been initiated. In addition, reclaimed rubber usage stands at 1-2 % to replace virgin rubber for compounds.

**Principle 3**

1. Please Indicate Total number of employees- 7,691
2. Please indicate the Total number of employees hired on temporary / contractual / casual basis- 4,612
3. Please indicate the Number of permanent women employees- 96
4. Please indicate the Number of permanent employees with disabilities- 25
5. Do you have an employee association that is recognized by management?  
Yes

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

Limda - 53.60%

Perambra - 90%

Chennai - 59.60%

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 during the last financial year ending on March 31, 2019.

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, employees, customers (OEM), consumers (replacement) and dealers, suppliers, investors and analysts, shareholders, regulatory bodies and community are identified stakeholder for the organisation.

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

Yes, community (Women and Children), consumers (replacement: Truck Drivers) are identified as vulnerable and marginalized stakeholders by the organisation.

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

CSR Programmes are undertaken for the identified stakeholders. These are developed in partnership with them to inculcate a sense of ownership and ensure that specific needs are addressed. The CSR programmes and activities are aligned to national and international development goals. The organisation's vision is to create value for its stakeholders by bringing about positive change in their lives through the intervention. A few programmes are -

1. Healthcare for Trucking Community (customers);
2. Sanitation Management in Chennai (community, environment);
3. Livelihood and income generation for underprivileged women (Community);
4. Improved farming practices (Community);
5. Computer Literacy project, Chennai (community).

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.

**Kerala Flood Relief:** In FY2019, the organisation also undertook relief activities for flood affected areas of Chalakudy, Aluva, Kodakara, Kalamassery and Airapuram in Kerala. The organisation provided support in three areas: distribution of supplies such as food and first aid kits, conducting health camps and cleaning drive. Around 750 families received home cleaning and First Aid kits, 1,250 families received food kits. Total 16 free health camps were conducted and around 1,233 people were benefitted. Through waste collection and cleaning drive, around 200 families were benefitted and 200 metric tons (MT) waste was collected.

**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



promote the awareness and realization of human rights across our value chain and among our stakeholders.

The Company believe in core Apollo Value of "One Family" where every individual is respected and is treated equally, regardless of caste, color, nationality etc.

**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.**

Policy related to principle 6 is limited to parent Company. All manufacturing plants are ISO 14001:2015 certified. Environmental indicators are part of vendor assessment criteria for upstream suppliers.

**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 of 350,000 trees have been since the inception of this project in 2013. We have been able to sequester over 10,100 tonnes of CO<sub>2</sub> from the plantation project.

b) *Renewable Energy: Use of Biogas*

Within the Climate change mitigation, 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, utilization 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. In the reporting year, total 39 Biogas units were installed. Since the inception of the project in 2016, total 230 units have been installed.

**3. Does the Company identify and assess potential environmental risks? Y/N**

Yes, environmental aspect & impact is assessed and reviewed periodically by the management. Organization strive to minimize impact on environment by developing environmental improvement programs and operational control procedures. All manufacturing plants are certified for ISO 14001: 2015 and environmental risk and controls reviewed by third party auditors.

**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 web page 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 22,602 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 equipments.

**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 –

- Confederation of Indian Industry [CII]
- Federation of Indian Chamber of Commerce and Industry [FICCI]
- PHD Chamber of Commerce and Industry
- Society of Indian Automobile Manufacturers
- 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. Mr. Satish Sharma, President (APMEA) and Whole-time Director of the Company was the past 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.**

All CSR programmes are developed in partnership with the stakeholders to ensure that they cater to specific needs, and further inculcate a sense of ownership amongst the community members. The CSR programmes and activities are aligned to national and international development goals. CSR activities in India are routed through the Apollo Tyres Foundation (registered in 2008).

The initiatives are categorised in two themes—Environment and Social (which has health and community development). Within the themes, there are 4 core areas of work highlighted below:

1. Healthcare for trucking Community;
2. Solid Waste Management and Sanitation;
3. Livelihood for under privilege women;
4. Biodiversity Conservation.

In addition to the above, there are a few Local Initiatives across around our manufacturing locations. These are Watershed Management and Renewable Energy Proliferation projects under Environment, and Road Safety Awareness, Computer Literacy under Social.

Further, the organisation also undertakes philanthropic initiatives through Taru Foundation.

**1. Healthcare for Trucking Community:**

Apollo Tyres have initiated preventive healthcare programme for its key stakeholder, its customer - truck drivers, who by virtue of the lifestyle associated with the

nature of their work, makes them vulnerable to various health hazards. The programme provides health care services such as Awareness and Prevention of HIV-AIDS, Vision Care, Awareness on Tuberculosis, Detection of other Non-Communicable Diseases such as Diabetes and High Blood Pressure and General Treatment facility.

This programme is one of the biggest initiatives under the Company's CSR work, and is aligned with Sustainable Development Goals (Goal 3- Good Health and well-being). The programme has established 31 Healthcare Centres in large transshipment hubs across the country. The Healthcare Centres (HCC) are staffed with qualified doctors, paramedics, counsellors and outreach workers.

Under HIV Awareness and Prevention, services include Behaviour Change Communication (BCC), Sexually Transmitted Infection (STI) Diagnosis and Treatment, Counselling, Condom Promotion, Integrated Counselling Testing Centre (ICTC) support and awareness through peer educators (volunteers).

Under Vision care, 58,218 beneficiaries were tested, and 29,856 were identified with refractive error issues. The service provides spectacles distribution at low cost to beneficiaries and in addition, the cataract patients are linked with nearby hospitals for further treatment. ATF has partnered with Essilor Foundation for provision of spectacles and training of staff.

Under awareness on Tuberculosis, Healthcare Centre offers services like sputum testing, regular awareness sessions and linkage of beneficiaries who are positive with Directly Observed Treatment Short Term Course (DOTs) facility. The organisation has partnered with The Union (US AID) for technical support and awareness generation activities related to TB.

For Diabetes, there is rapid sugar testing kit at each centre, where based on the signs and symptoms, sugar test is undertaken for the beneficiary. Following that the beneficiary is provided information on further medical help. Similarly for high BP, there is a facility at each centre to detect and subsequently provide medication.

In addition to the above services, there are various other generic treatments provided for seasonal cough, flu, stomach dysentery, and other basic First Aid features.

To enhance connectivity, in the reporting year the organisation also launched mobile medical unit (Apollo Tyres Health Care Express) for the health check of truck drivers and allied population at four locations in Delhi, Nammakkal, Chindwara and Gurugram.

The organisation also conducts health camps for its fleet and their drivers under the banner *SakushalSarathi*.

The important feature of Health programme is Peer Educators (PEs). They are the dhaba owners, mechanics etc. who are based at transshipment locations and remain in close contact with truck drivers. They actively help in reaching out to the target audience to raise awareness on the perils of HIV AIDS. So far, the programme has mobilised 861 active PEs across locations.

In the reporting year, total 491,382 people were outreached from awareness activities and 160,574 received treatment facility. There is 34.80 % increase in the people treated from the reporting year FY2019. Out of the total treated in the reporting year, 44,741 people opted for HIV testing, 58,128 for vision screening and 43,823 for diabetes testing. Total 966 TB tests were conducted (as it was only a pilot in Delhi).

## 2. *Solid Waste Management and Sanitation (SPARSH):*

### *SPARSH stands for –*

S – Segregate Waste; P – Practise Composting; A – Awareness Generation; R – Reduce, Reuse & Recycle; S – Safe Sanitation; H – Hygiene for All The strategy of SPARSH remains to engage with its stakeholders create awareness on the 3 R's, i.e., Reduce, Reuse and Recycle.

There are four projects under SPARSH: Clean My Transport Nagar (CMTN), Clean my Village (CMV), Sanitation Management and End of Life Tyres Playground (ELT). These projects are running under the umbrella Programme SPARSH, SwachhBanao - Our endeavour to promote Waste Conscious Societies in a resource constrained World and Hygienic Lifestyle by Crusading against Open Defecation.

To address the need of solid waste management, the organisation started an initiative named Clean My Transport Nagar (CMTN) and Clean my Village (CMV) in the year 2013. CMTN caters to needs of the customers in transport hubs and CMV targets towards communities around our manufacturing locations. The main features of this initiative are door to door waste collection, cleaning of roads/lanes, segregation of waste, composting from wet waste and awareness generation.

In the reporting year, total 18,122 people were outreached from awareness generation and 24,607 people were outreached from door to door waste collection activities. Total 2,606 metric ton (MT) waste was collected from CMV and CMTN projects. Out of the collected waste, 298 MT was biodegradable and 2,308 MT was non-biodegradable waste.

Further, to support the Swachh Bharat Abhiyan, organisation has also constructed toilet cum bathing space for the underprivileged communities around Chennai manufacturing location. The organisation constructed 150

toilet cum bathing space in Chennai. Around 600 people are directly benefitted from the newly constructed toilets

Last but not the least, to promote recycling of waste the organisation has constructed play grounds made out of end of life tyres (ELT) at Chennai. Total 02 new ELT play structures were made using 696 waste tyres.

## 3. *Livelihood Initiative for underprivileged women (NAVYA):*

To address the problem of poverty and poor social status of women in the community, the organisation decided to start the skill building and income generation programme namely Navya, for the women in the villages around its manufacturing locations (they are agriculture and non-agriculture based initiatives).

Under this, women are reached through Self Help Group (SHGs) formation or strengthening of existing SHGs. Women are trained on financial literacy, book keeping, documentation, leadership etc. through SHGs trainings. The main objective of this initiative is to create livelihood opportunities at door step 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, sheet making, mushroom cultivation, apiculture etc. The trained beneficiaries are further linked with the market and service sector for employment. As a result of this initiative, trained women have started their own business where they are not only supporting their own families but also providing employment opportunities to other women of their villages.

In the reporting year total 2,012 women were outreached and 1,158 received income generation training in farming and non-farming activities. Out of the total trained beneficiaries, 1,030 women are engaged in income generation, about 89% engagement.

In extension to the programme, there is support for the farming community (male farmers) through capacity building activities like livestock care and management and scientific agriculture practices. It strengthens the knowledge of the farmers related to modern techniques of farming, increased crop yield skills and agricultural practices expertise. Programme establishes linkages with the market to ensure direct financial benefit. Around 733 farmers were outreached under sustainable agriculture initiative through trainings and awareness activities.

Further, another extension to the core programme is provision of career counseling, employability skills to the ITI and graduate students for better job opportunity



at Chennai and Kochi location. Total 719 students were trained.

#### 4. Biodiversity Conservation

Mangrove conservation is a key initiative under the Biodiversity theme in the year FY2019. The organisation has partnered with Wildlife Trust of India (WTI) for project implementation. The actual site of the mangrove conservation project is located in Kunhimangalam village in Kannur district, which is the largest mangrove village in Kerala. As a part of the project, a nodal centre has been set up for mangrove-based nature education, research and restoration at project site. A mangrove nursery and community based initiatives to enhance public awareness and reduce threats to mangroves, are other aspects of the project. The organisation engages with youth, local community, researchers, local bodies and policy enforcement personnel for awareness generation. Total 26,000 people outreached from various awareness activities.

The programme organised an Environment and Nature Quiz for college students with the objective of creating awareness on mangrove, environment and nature conservation. In the reporting year, around 5 acre of area outside the project area was planted with mangrove saplings at 4 locations. More than 6,000 mangrove saplings have been raised in mangrove conservation nursery.

The organisation has also contributed towards mitigation of climate change with the help of projects like usage of biogas units and afforestation, whereby the organisation has planted a total of 350,000 teak and red sandal trees in Tamil Nadu for emission reduction. As per estimation, around 10,100 tonnes of CO<sub>2</sub> has been sequestered from these trees.

The usage of biogas units, in communities around the Limda plant in Gujarat, helps to reduce the carbon footprints. The women who are engaged in income generation activities (agriculture based) are linked with this initiative. This helps in saving time and cost in collecting the firewood. Slurry from the biogas is used for organic farming purpose thus, resulting in limited or no use of chemical fertilisers. The use of Renewable energy proliferation is a key to address the issue of climate change, and this project supports the cause. In the reporting year, total 39 Biogas units were installed. (Since the inception of the project in 2016, total 230 units have been installed).

In addition to the above four core themes, within the radius of 25-30 kms of our manufacturing locations, various local initiatives are implemented which are based on

local stakeholder requirement. These include, Watershed Management Projects (*Access to purified drinking water, Eco restoration and improvement of water bodies and River conservation project*), Computer Literacy, Road Safety.

**Philanthropic Initiatives:** The organisation also supports the underprivileged and deprived communities by undertaking philanthropic initiatives through Taru Foundation. The initiative ranges from providing education support to underprivileged girls, to providing healthcare facilities to rural people and distributing food items to eradicate hunger and poverty.

#### 2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

The programmes are carried out by the organisation's own Foundation - Apollo Tyres Foundation (ATF). All the CSR activities of Apollo Tyres are routed from Apollo Tyres Foundation (ATF) which was registered in 2008. The clear objective of CSR activities is to have a positive impact on everyday lives of our key stakeholders and on business. The implementation of the projects is with the help of expert organisations and local Non-Governmental Organisations.

The CSR Programmes and activities are aligned to national and international development goals.

The organisation has also partnered with likeminded corporates and government bodies for technical and programme implementation support. For e.g. under healthcare theme, the organisation has partnered with Ambuja Cement Foundation, ACC Cement and Ashok Leyland, Essilor Foundation for establishing healthcare centres and vision care facilities, whereas for technical partnership is established with The Union (US Aid) for TB control programme and State AIDS Control Society (SACS) for integrated counselling and testing centre facility.

Similarly under environment theme, the organisation has partnered with Wildlife Trust of India (WTI), for mangrove conservation and local municipality for sanitation initiatives in transport nagar. Additionally for rubber crumb research, as a part of End of Life Tyre Management strategy, we have tied up with Rubber Research Institute, Kottayam Kerala focused on establishing usability of crumb rubber for jogging tracks and such use.

Under community development linkages developed with National Rural Livelihood Mission for credit linkage, NABARD for livelihood training for underprivileged women, Agriculture Universities for agriculture and livestock development related trainings and others.

**3. Have you done any impact assessment of your initiative?**

The organisation conducts periodic assessments of the programmes. Initiatives which complete 3 years of work, a mid line assessment is conducted; and initiative which compile 5 years of work, an impact assessment is conducted.

**4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**

Broad Areas of CSR Programs	(₹ Million)
Ensuring environmental sustainability	73.51
Eradication hunger, poverty & malnutrition	2.84
Livelihood enhancement projects	31.60
Promoting Education	6.32
Promoting Preventive Health	89.38
<b>Total</b>	<b>203.65</b>
Administrative Cost (5% over total expense)	10.18
<b>Grand Total</b>	<b>213.83</b>

**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.**

Under Clean My Village programme in the communities around the manufacturing locations, we identified and trained a set of beneficiaries (women) on awareness generation activities. The trained women conduct periodic awareness activities on the field. This initiative has not only provided a livelihood opportunity to women but it also provides a local connect with the community, inculcating community ownership.

**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, 2019, there are no customer complaint pending. The total number of legal cases pending are 245 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 through call center to get their feedback on the resolution provided for complaints registered through various channels to gauge their satisfaction levels. The Company has also empowered dealers with AQS (Apollo Quick Service) App for on the Spot complaint disposition resulting in quick turn around and enhanced satisfaction trends for year under review. The findings of the feedback study are used to improve existing systems & processes in alignment to organizational goals.

For and on behalf of the Board of Directors

Place: Gurgaon  
Date: May 9, 2019

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

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

## A) CONSERVATION OF ENERGY

### (i) The steps taken or impact on conservation of energy

ISO Energy Management Standard (EnMS 50001) deployment activities were also strengthened up across Apollo plants to improve & sustain energy performance at Work Centre & necessary preparation was made for adopting improved version of ISO 50001 from next year.

The Energy Saving Projects (energy consumption reduction, improving utility generation efficiency, heat recovery projects) identified for deployment across locations are nearing completion.

Energy Projects & Activities strengthened up:-

- Study of Utility (Water, Steam & Air) Distribution network to identify gap & opportunities for improvement.
- LED deployment activities strengthened up across plants to reduce fixed consumption.
- Forward planning for optimized usage of energy sources (Direct & indirect) to control cost.
- Monitoring, analysis & control strengthened up to reduce specific consumption in process side as well as utilities side.
- Horizontal deployment of identified energy saving projects analyzed & reviewed for improving group's energy foot prints.
- Improvement opportunity strengthened up at coal fired boilers to improve asset management & performance monitoring.
- Energy saving projects identified last year successfully implemented.
- New Projects related to energy conservation identified.

### (ii) Steps taken by the Company for utilizing alternate sources of energy

In this year Solar Energy generation was increased for the manufacturing process in addition to the capacities built up earlier. An additional indirect benefit of implementing solar roof top projects came as reduction in HVAC power. Overall potential of solar energy is mapped and detailing completed to scale up capacity at right time.

As part of heat recovery projects potential of installing back pressure turbine as energy conservation projects was also looked, reviewed & suitable potential identified.

### (iii) Additional investment and proposal for reduction of energy usage: (Investment in Energy Front to reduce cost and consumption)

This year received a special drive to identify energy saving projects that will improve & sustain Apollo's profitability with a quick payback time.

- Deployment of energy efficient products to reduce fixed consumption.
- Energy saving projects identified for more efficient usage of utilities.
- Replacing old energy inefficient equipments with more energy efficient equipment with quick & attractive payback period along with proper life-cycle assessment done.
- Enhancement of condensate recovery and waste heat recovery to reduce energy requirement at generation source.
- Energy saving projects related to heat conservation identified.

## B) TECHNOLOGY ABSORPTION

### (i) Efforts made towards Technology Absorption

Apollo, as a leading tyre manufacturer with global aspirations considers Research and Development as one of the major pillars of its growth. Developing path breaking technology and creating products that exceed customer expectations being the vision of R&D, customer centric product development is central to Apollo's growth. Apollo's commitment to realizing its vision has led to the development of many innovative products in 2018-19 and the one needs special mention here is Alpha H1, India's first Zero Degree Steel Belted Motorcycle Radial tyre for premium bikes with an assured high performance with safety. This development has fetched our Company, the prestigious and coveted '*Golden Peacock award*' in the innovative product and service category. This award was given to Apollo at a glittering function held at Al Habtoor Palace, Dubai in the presence of eminent personalities and business persons.

The year gone by has seen Apollo achieving a significant growth in PCR OEM market and an undisputed leadership position in supplying more than 5,00,000 tyres to OEM per month in India and also in the fastest growing premium Hatch and Compact SUV segments. Apollo is present in 15 out of the top 20 vehicles (by volume) sold in India. Apollo is the sole supplier



for some large selling vehicles in India and also the single source for many ongoing development projects for some of the prestigious models of Skoda, VW, Hyundai etc. In appreciation of our association, Apollo was given several awards by OEMs- Comprehensive Excellence, Consistent High Quality & Systems and Audits by Maruti Suzuki. Achieved global supplier status from Suzuki, Hyundai and preferred supplier status from Suzuki, Mahindra, Renault, Nissan, Skoda, Volkswagen and Toyota. New OEMs in India like KIA, MG Motors, Peugeot/Citroen etc. have preferred us as a development partner. Several collaborative research work has also been initiated with various reputed universities and institutes in India such as; IITs, BITS, CUSAT, MIT etc., and overseas universities such as; IPF, Centire Virginia Tech etc. As a recognition of partnership with universities, our Chief Advisor of R&D, Mr. P. K. Mohamed was awarded with "Outstanding Industrial Partner" award by the International and Inter University Centre for Nanoscience and Nanotechnology (IIUCNN) of Mahatma Gandhi University in Kottayam, Kerala.

Several novel projects which were kicked off in the previous years are in the final stages like Self Sealant for two wheeler tyres, Development of polymers for airless tyre. Many new compounds are developed using speciality performance chemicals and resins to improve tyre performance. Investigations are progressing with Graphene and its oxide form in rubber compounds to enhance conductivity and tyre grip. Rolling Resistance (RR) is drawing increased attention globally, particularly with the entry of electric vehicles. Break-through research towards reducing rolling resistance has led to introduction of new generation silica (very high surface area), functionalised synthetic rubbers and low gauge and high tensile steel wires. Customized carbon blacks are developed jointly with the suppliers to improve performance and tyre life. Regulations on materials are becoming stringent day by day. Realising the significance of environmental sustainability, new materials are developed to de-risk the production from the ever increasing list of REACH and PAH free materials. Focused research by material group have increased the consumption of greener and more recyclable materials. This helps to keep the environment greener by reducing dependency on materials made out of fossil fuels. Company spends substantial amount of money and resources towards R&D among all the Indian tyre companies.

The Company has moved its Advanced Engineering center last year from Bangalore to its R&D center in Chennai for better coordination of activities and to bring increased focus on research. This has also helped the department to work in proximity with Chennai plant for several process automation activities in line with Company's Industry 4.0 initiatives. The department has completed an Online tread profile measurement system and successfully installed in Chennai plant. The department is currently working on an automatic tyre inspection system employing artificial intelligence and machine learning disciplines. This will be a break-through

development expected to be completed in the current year. The department has also developed BLE (Bluetooth low energy based) TPMS systems for two wheelers with user friendly interfaces and functionalities. These products are scheduled to go to market in the current year. The department is working on several key projects which will drive and spread Apollo's business also to tyre plus products.

The R&D department has also enhanced its technical capability to validate tyre performance by the addition of several new test equipments like Force & Moment tester for commercial vehicle tyres, Flat spot testing for Off Highway tyres, Impact air loss test for PCR tyres. To meet customer demands in improved ride comfort, Commercial vehicle Ride & Handling subjective testing to assess tyre performance. Simulations were developed to assess and find solutions for field failures like Ply separation and Turn-up separation. Two wheeler contact pressure distribution was quantified using a novel test method, which can measure foot print pressure of up to 45 degree lean angle or camber angle. All these developments have resulted in overall reduction of developmental lead time and thus enabling speed to market. R&D indoor lab also secured accreditation certificate of ISO 17025-2005 as technically competent laboratory to perform dimension and rolling resistance test, which is a step towards NABL accreditation.

**(ii) Benefits derived like product improvement, cost reduction, product development or import substitution**

Apollo Alpha H1 India's first Zero Degree Steel Belted Motorcycle Radial tyre (W rated tyres in sizes 110 /70 ZR 17 and 150/60 ZR 17) was launched for premium category of bikes. These tyres employ advanced technology for arresting tyre growth in dynamic conditions, addressing the main drawback of structural deformation of X-ply tyres at high speeds. Advanced compound technology for high grip was achieved by smart blending of silica and carbon black which provides extreme grip in wet and dry condition with enhanced mileage. V-oriented tread grooves impart excellent wet performance and shorter braking distance and enhance safety by faster water evacuation on wet pavements. Mould cavity of this tyre is provided with dual radii for achieving lean angles instantaneously and provide outstanding handling characteristics for sports. Establishing as pioneers in producing steel belted MCR in India, Apollo is embarking on a journey of developing more sizes for India and Europe markets.

In Off Highway segment of tyres, Apollo has developed 14 sizes in 25" Earth mover category to cater to the demands of Surface mines, Underground Mines and Port equipment. The Company also introduced lighter products with aesthetically improved and differentiating designs in applications such as Backhoe Loader. Introduction of 4-Rib farm front tyre will help to strengthen our product basket in Agricultural tyre segment. Besides the new product releases, size extension of deep-lug tyres and orchard special tyres have further strengthened our

presence in OEM. Agri and Industrial segments product groups have undertaken various OEM initiatives and joint projects.

Apollo has become the first Company to launch fuel efficient tyres in CV segment in replacement market with the launching of EnduRace "nRG" series fuel efficient tyres (Durable Fuel efficient technology) with 10% reduction in fuel consumption compared to regular range of products.( 10.00R20 EnduRace RA nRG, 10.00R20 EnduRaceRATnRG, 295/90R20 EnduRace RA nRG). The Company also launched new products for Intermediate Commercial Vehicle(ICV) in 8.25 R20 and 9.00 R20 sizes intended for steer and drive axle fitment in regional application.

In the PCR segment also, Apollo continued its growth in replacement market with the launch of Outlined White Letter sidewall in Apterra HT2 for SUV and introduction of Amazer 4G life Tube type series. Manchester United and HT2 tyres range expanded to capture more vehicle segments. Product performance improved significantly to achieve comparable identity with the performance leader in India. Focussed drive on cost reduction from R&D resulted in an appreciable level of profit from OE business and a significant level of profit from replacement business. OE conversion has also improved significantly to deliver benefit in replacement business as a rub off from OE business.

Development completed for full range of products for Middle East & ASEAN CV markets for 10.00R20, 11R22.5, 295/80R22.5, 315/80R22.5, 12.00R24, 325/95R24 sizes. Tyres are developed for superior durability in heavy load & high speed application. To cater to the increased Axle load in commercial vehicle segment by 15%, 10.00 R20 Endurance MA326+ was developed with reinforced bead area and a new size of 295/90 R20 for increased axle load. To stretch our presence in other Geographies, six SKUs were developed in 11 R22.5 and 295/75 R22.5 sizes for USA. These were mainly designed for steer and drive in regional application. Superior tread compound and new tread pattern design have been adopted to meet the market condition. To support business in EU, 25 SKU's have been released in Europe market meeting R117 Stage 2 norms. We are also on the track of developing Two wheeler sport Touring tyres for exporting to European market with all premium ranges starting from 120 /70 ZR 17 and 180 /55 ZR 17. The Company is also planning to becoming a full range player in Europe with inclusion of ON/OFF tyres.

In the wake of recent environmental issues, special focus was accorded to develop tyres for E-rickshaw application, Tri Star E was launched in January, 2019 for this purpose. For the popular segments of low displacement (50cc-100cc)and high fuel efficient mopeds, Actisteer FM and Actigrip RM launched in February, 2019 to plug the gap in product range. Apollo has also launched two premium products 90/90 -21 Apollo Actigrip F6 and 120/90 -17. Apollo Actigrip R6 which is exclusive for Royal Enfield Himalayan, a premium on/off motorcycle. New product

was developed with innovative tread pattern with tread Block Shuffle Arrestor (BSA) to attain more riding comfort in the On -Off condition with good traction and Grip. Similarly 90/90-18 Actigrip F8 and 120 /80 -16 R8 was developed for Bajaj V15, a premium Executive motor cycle with BSA technology also designed for better mileage. To further increase our market presence, 13 Cross ply products in Motorcycle & Scooter were developed covering 95 % of replacement market.

**(iii) In case of imported technology (imported during last 3 years reckoned from the beginning of the financial year)**

- Details of technology imported
- Year of import
- Whether the technology been fully absorbed.
- If not fully absorbed, areas where absorption has not taken place and reasons therefore.

No technology was imported in the current year. The very purpose of creating our own R&D was to attain self-sufficiency in technology and Apollo can pride in the fact that this objective is ably met by the efforts of the two R&D centres and their satellite centres in Europe and India.

**(iv) Expenditure incurred on Research and Development**

	(₹ Million)
a) Capital	482.80
b) Deferred Revenue Expenditure	-
c) Revenue	1,710.86
d) Total	2,193.66
e) Total R&D expenditure as a % turnover	1.81%

**C) FOREIGN EXCHANGE EARNINGS AND OUTGO**

	(₹ Million)
<b>(i) Foreign Exchange Earnings</b>	
On account of direct - export sales from Apollo Tyres Ltd (FOB value)	10,689.95
On account of royalty from Foreign Subsidiary Companies	60.78
On account of interest received from Foreign Subsidiary Companies	121.14
On account of Cross Charge of Management Expenses from Foreign Subsidiary Companies	84.91
On account of Reimbursement of Expenses from Foreign Subsidiary Companies	601.27
<b>(ii) Foreign Exchange outgo (other than CIF value of imports)</b>	4,165.48

For and on behalf of the Board of Directors

Place: Gurgaon  
Date: May 9, 2019

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

## FORM NO. MGT 9

## ANNEXURE V

## EXTRACT OF ANNUAL RETURN

as on financial year ended on March 31, 2019

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014

## I REGISTRATION &amp; 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	3 <sup>rd</sup> Floor, Areekal Mansion, Panampilly Nagar, Kochi- 682036, Kerala Ph:-91 484 4012046
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- 122001

## 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	22111	100

## III PARTICULARS OF HOLDING , SUBSIDIARY &amp; 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, South Africa	Foreign Company	Subsidiary	100	2(87)
2	Apollo Tyres (Greenfield) B.V. - Ir. Schiffstraat 370, 7547 RD Enschede, The Netherlands	Foreign Company	Subsidiary	100	2(87)
3	Apollo Tyres (Hungary) Kft. - 3212 Gyöngyöshalász, Apollo út 106, Hungary	Foreign Company	Subsidiary	100	2(87)
4	Apollo Tyres Cooperatief U.A- Ir. Schiffstraat 370, 7547 RD Enschede, The Netherlands	Foreign Company	Subsidiary	100	2(87)
5	Apollo Tyres AG- Mellingerstrassen 2a, 5400 Baden, Switzerland	Foreign Company	Subsidiary	100	2(87)
6	Apollo Tyres Global R & D B.V.- Colosseum 2, 7521 PT Enschede, The Netherlands	Foreign Company	Subsidiary	100	2(87)
7	Apollo Tyres (Middle East) FZE - 1907, 19th Floor, Tower A, JAFZA One Building, Near Gate No. 5, Jebel Ali Free Zone, Dubai, UAE.	Foreign Company	Subsidiary	100	2(87)
8	Apollo Tyres Holdings (Singapore) Pte. Ltd- 9 Temasek Boulevard, #42-01, Suntec Tower Two, Singapore 038989	Foreign Company	Subsidiary	100	2(87)
9	Apollo Tyres (Thailand) Limited- 23FL, KPN Tower, 719, Rama-9 Road, Bang Kapi, Huay Kwang, Bangkok-10310 Thailand	Foreign Company	Subsidiary	100	2(87)
10	Apollo Tyres Do (Brasil) Ltda.- Rua Dr. Fernandes Coelho, 85 6º andar -Pinheiros, São Paulo Brasil	Foreign Company	Subsidiary	100	2(87)
11	Apollo Tyres B.V.- Ir. Schiffstraat 370, 7547 RD Enschede, The Netherlands	Foreign Company	Subsidiary	100	2(87)
12	Apollo Tyres (UK) Pvt. Ltd- 1st Floor, 8 Waterloo Place, St James's, London, SW1Y 4BE UK	Foreign Company	Subsidiary	100	2(87)
13	Apollo Tyres (Malaysia) Sdn Bhd - Level 21, Suite 21.01, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia	Foreign Company	Subsidiary	100	2(87)
14	Apollo Tyres (Germany) GmbH - Am Prime Park 17, 65479 Raunheim, Germany	Foreign Company	Subsidiary	100	2(87)
15	Reifencom GmbH, Hannover (formerly Reifencom GmbH, Bielefeld)- Südfeldstr. 16, D-30453 Hannover, Germany	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 Tyre (Qingdao) Co., Ltd. - Room 306, International News Center, No.50 Hong Kong Middle Road, Qingdao 266000 P.R. China	Foreign Company	Subsidiary	100	2(87)
17	Apollo Tyres (London) Pvt Ltd- 1st Floor, 8 Waterloo Place, St James's, London, SW1Y 4BE UK	Foreign Company	Subsidiary	100	2(87)
18	Apollo Vredestein B.V.- Ir. Schiffstraat 370, 7547 RD Enschede, The Netherlands	Foreign Company	Subsidiary	100	2(87)
19	Apollo Vredestein Kft.- Alkotás út 39/c, 1123 Budapest, Hungary	Foreign Company	Subsidiary	100	2(87)
20	Apollo Vredestein Belux- Buro&Design Center, Heizel Esplanade bus 6, 1020 Brussel, Belgium	Foreign Company	Subsidiary	100	2(87)
21	Vredestein Consulting B.V.- Ir. Schiffstraat 370, 7547 RD Enschede, The Netherlands	Foreign Company	Subsidiary	100	2(87)
22	Finlo B.V.- Ir. Schiffstraat 370, 7547 RD Enschede, The Netherlands	Foreign Company	Subsidiary	100	2(87)
23	Vredestein Marketing B.V.- Ir. Schiffstraat 370, 7547 RD Enschede, The Netherlands	Foreign Company	Subsidiary	100	2(87)
24	Apollo Vredestein GesmbH- Seybelgasse 10-12, 1230 Wien, Austria	Foreign Company	Subsidiary	100	2(87)
25	Apollo Vredestein Schweiz AG- Mellingerstrasse 2A, Postfach 2112, 5402 Baden, Switzerland	Foreign Company	Subsidiary	100	2(87)
26	Apollo Vredestein Ibérica S.A.- Cityparc Edificio Bruselas, Ctra. De Hospitalet 147- 08940 Cornellà de Llobregat Barcelona, Spain	Foreign Company	Subsidiary	100	2(87)
27	Apollo Vredestein (UK) Ltd.- 1 Beechwood, Cherry Hall Road, Kettering Business Park, Northants, NN14 1UE England	Foreign Company	Subsidiary	100	2(87)
28	Apollo Vredestein Nordic AB- Flöjelbergsgatan 18, 431 37 MÖLNDAL ,SWEDEN	Foreign Company	Subsidiary	100	2(87)
29	Apollo Vredestein France SAS- 59, Avenue Victor Hugo, 75116, Paris, France	Foreign Company	Subsidiary	100	2(87)
30	Apollo Vredestein GmbH- Rheinstrasse 103, Vallendar, Germany	Foreign Company	Subsidiary	100	2(87)
31	Apollo Vredestein Opony Polska Sp. Zo.o.- Ul Prosta 32, 00-838 Warszawa Poland	Foreign Company	Subsidiary	100	2(87)
32	Apollo Vredestein Tires Inc- 1175 Peachtree Street NE 10th Fl. - Atlanta GA 30361, USA	Foreign Company	Subsidiary	100	2(87)
33	S.C. Vredestein RO S.R.L.- 400071 Cluj-Napoca str. Zrinyi Miklos nr. 7/3-4, Cluj Romania	Foreign Company	Subsidiary	100	2(87)
34	Apollo Tyres Africa (Pty) Ltd - 150 Denne Road, Hughes, Boksburg, Gauteng, 1459, South Africa	Foreign Company	Subsidiary	100	2(87)
35	Rubber Research LLC - 2140 South DuPont Highway, Camden, DE 19934 USA	Foreign Company	Subsidiary	100	2(87)
36	Saturn F1 Pvt Ltd - First Floor, Templeback, 10 Temple back, Bristol, BS1 6FL England	Foreign Company	Subsidiary	100	2(87)
37	ATL Singapore Pte Ltd. - 9 Temasek Boulevard, #42-01, Suntec Tower Two, Singapore 038989	Foreign Company	Subsidiary	100	2(87)
38	Pressurerite (Pty) Ltd. (RSA)- Tacoma Foods, 1 Aviation Crescent, Airport City, Cape Town 7490, South Africa	Foreign Company	Associate	28	2(6)
39	KT Telematic Solutions Pvt. Ltd., 2-1-D5 Stemuns Building, Salem Main Road, Sankari Taluk, Salem - 637301, Tamilnadu India	U74999TZ2016PTC027629	Associate	25	2(6)
40	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				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
<b>A. PROMOTERS</b>										
<b>(1) Indian</b>										
a) Individual/HUF	983010	0	983010	0.17	293130	0	293130	0.05	(0.12)	
b) Central Govt. or State Govt.	0	0	0	-	0	0	0	-	-	
c) Bodies Corporates	227709666	7450	227717116	39.81	231021671	7450	231029121	40.39	0.58	
d) Bank/FI	0	0	0	-	0	0	0	-	-	
e) Any other	0	0	0	-	0	0	0	-	-	
<b>Sub Total (A) (1):-</b>	<b>228692676</b>	<b>7450</b>	<b>228700126</b>	<b>39.98</b>	<b>231314801</b>	<b>7450</b>	<b>231322251</b>	<b>40.44</b>	<b>0.46</b>	
<b>(2) Foreign</b>										
a) NRI- Individuals	1977000	0	1977000	0.35	2666880	0	2666880	0.47	0.12	
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	-	-	
<b>Sub Total (A) (2) :-</b>	<b>1977000</b>	<b>0</b>	<b>1977000</b>	<b>0.35</b>	<b>2666880</b>	<b>0</b>	<b>2666880</b>	<b>0.47</b>	<b>0.12</b>	
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>230669676</b>	<b>7450</b>	<b>230677126</b>	<b>40.32</b>	<b>233981681</b>	<b>7450</b>	<b>233989131</b>	<b>40.90</b>	<b>0.58</b>	
<b>B. PUBLIC SHAREHOLDING</b>										
<b>(1) Institutions</b>										
a) Mutual Funds	106949282	738750	107688032	18.82	113681183	738750	114419933	20.00	1.18	
b) Banks/FI	5926969	631500	6558469	1.15	10065435	631000	10696435	1.87	0.72	
c) Central govt	0	0	0	-	0	0	0	-	-	
d) State Govt.	10000000	0	10000000	1.75	10000000	0	10000000	1.75	-	
e) Venture Capital Fund	0	0	0	-	0	0	0	-	-	
f) Insurance Companies	0	0	0	-	0	0	0	-	-	
g) FIIS	138746512	499500	139246012	24.34	110180855	499500	110680355	19.35	(4.99)	
h) Foreign Venture Capital Funds	0	0	0	-	0	0	0	-	-	
<b>Sub Total (B)(1):-</b>	<b>261622763</b>	<b>1869750</b>	<b>263492513</b>	<b>46.06</b>	<b>243927473</b>	<b>1869250</b>	<b>245796723</b>	<b>42.97</b>	<b>(3.09)</b>	
<b>(2) Non Institutions</b>										
a i) Individual shareholders holding nominal share capital upto ₹ 2 lakhs	26191557	7027918	33219475	5.81	30869045	5996061	36865106	6.44	0.64	
ii) Individuals shareholders holding nominal share capital in excess of ₹ 2 lakhs	1339310	0	1339310	0.23	1738370	0	1738370	0.30	0.07	
b) Others (specify)										
NRIs	1650998	409760	2060758	0.36	1790062	347300	2137362	0.37	0.01	
Foregin National	0	0	0	-	0	0	0	-	-	
Investor Education and Protection Fund Authority	2037549	0	2037549	0.36	2615795	0	2615795	0.46	0.10	
Unclaimed Suspense A/c	300540	0	300540	0.05	196920	0	196920	0.03	(0.02)	
Trusts	25134820	0	25134820	4.39	24714454	0	24714454	4.32	(0.07)	
Clearing Members	899122	0	899122	0.16	655199	0	655199	0.11	(0.04)	
Bodies Corporates	12389768	208670	12598438	2.20	22510153	203170	22713323	3.97	1.77	
Others	290329	0	290329	0.05	627597	0	627597	0.11	0.06	
<b>Sub Total (B)(2):-</b>	<b>70233993</b>	<b>7646348</b>	<b>77880341</b>	<b>13.56</b>	<b>85717595</b>	<b>6546531</b>	<b>92264126</b>	<b>16.13</b>	<b>2.57</b>	
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>331856756</b>	<b>9516098</b>	<b>341372854</b>	<b>59.68</b>	<b>329645068</b>	<b>8415781</b>	<b>338060849</b>	<b>59.10</b>	<b>(0.58)</b>	
<b>C. SHARES HELD BY CUSTODIAN FOR ADRS AND GRDS</b>										
	0	0	0	0	0	0	0	-	-	
<b>Grand Total (A+B+C)</b>	<b>562526432</b>	<b>9523548</b>	<b>572049980</b>	<b>100.00</b>	<b>563626749</b>	<b>8423231</b>	<b>572049980</b>	<b>100.00</b>	<b>-</b>	

**(ii) Shareholding of Promoters**

Sl. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during 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	
1	Neeraj Consultants Pvt. Ltd.	73827161	12.91	1.67	73827161	12.91	1.14	0.00
2	Apollo Finance Ltd.	39381872	6.88	2.05	39778872	6.95	1.25	0.07
3	Sunrays Properties & Investment Co. Pvt. Ltd.	36307648	6.35	2.34	36307648	6.35	1.33	0.00
4	Sacred Heart Investment Co. Pvt. Ltd.	24435180	4.27	0	24435180	4.27	0	0.00
5	Motlay Finance Pvt. Ltd.	16942817	2.96	1.01	16942817	2.96	2.00	0.00
6	Classic Autotubes Ltd.	14493500	2.53	0	15523505	2.71	0	0.18
7	Ganga Kaveri Credit & Holding Pvt. Ltd.	7688380	1.34	0	7688380	1.34	0	0.00
8	Indus Valley Investment & Finance Pvt. Ltd.	5076040	0.89	0	5076040	0.89	0	0.00
9	Global Capital Ltd	3627158	0.63	0	3627158	0.63	0	0.00
10	PTL Enterprises Ltd.	1550000	0.27	0	3435000	0.60	0	0.33
11	Ms. Shalini Chand Kanwar	1977000	0.35	0	1977000	0.35	0	0.00
12	Kenstar Investment & Finance Pvt. Ltd.	1842280	0.32	0	1842280	0.32	0	0.00
13	Amit Deycham Pvt. Ltd.	1560595	0.27	0	1560595	0.27	0.27	0.00
14	Apollo International Ltd.	984485	0.17	0	984485	0.17	0.17	0.00
15	Mr. Neeraj Kanwar	671380	0.12	0	671380	0.12	0	0.00
16	Mr. Raaja R S Kanwar	180880	0.03	0	180880	0.03	0	0.00
17	Mr. Onkar S. Kanwar	100000	0.02	0	100000	0.02	0	0.00
18	Ms. Simran Kanwar	18500	0.00	0	18500	0.00	0	0.00
19	Ms. Taru Kanwar	12250	0.00	0	12250	0.00	0	0.00
<b>Total</b>		<b>230677126</b>	<b>40.32</b>	<b>7.07</b>	<b>233989131</b>	<b>40.90</b>	<b>6.16</b>	<b>0.58</b>

**(iii) Change in Promoters' Shareholding**

Sl. No.	Folio / DP-ID & Client ID	Name of Shareholder	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 Shareholding				No. of Shares	% of total Shareholding
1	N-IN300118/10148832	Mr. Neeraj Kanwar	671380	0.12	01-04-2018	-	-	671380	0.12
					31-03-2019	-	-	671380	0.12
2	N-IN300118/10150311	Ms. Simran Kanwar	18500	0.00	01-04-2018	-	-	18500	0.00
					31-03-2019	-	-	18500	0.00
3	N-IN300118/10150320	Mr. Raaja R S Kanwar	180880	0.03	01-04-2018	-	-	180880	0.03
					31-03-2019	-	-	180880	0.03
4	N-IN300118/10150354	Mr. Onkar S. Kanwar	100000	0.02	01-04-2018	-	-	100000	0.02
					31-03-2019	-	-	100000	0.02
5	N-IN300118/11257309	Ms. Taru Kanwar	12250	0.00	01-04-2018	-	-	12250	0.00
					31-03-2019	-	-	12250	0.00
6	N-IN300118/11277023	Ms. Shalini Chand Kanwar	1977000	0.35	01-04-2018	-	-	1977000	0.35
					31-03-2019	-	-	1977000	0.35
7	P-0014890	Sunrays Properties & Investment Co. Pvt. Ltd.	6450	0.00	01-04-2018	-	-	6450	0.00
					31-03-2019	-	-	6450	0.00
8	P-0023027	Global Capital Ltd.	1000	0.00	01-04-2018	-	-	1000	0.00
					31-03-2019	-	-	1000	0.00

Sl. No.	Folio / DP-ID & Client ID	Name of Shareholder	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 Shareholding				No. of Shares	% of total Shareholding
9	N-IN300095/10124640	Sunrays Properties & Investment Co. Pvt. Ltd.	36301198	6.35	01-04-2018	-	-	36301198	6.35
					31-03-2019	-	-	36301198	6.35
10	N-IN300095/10124658	Ganga Kaveri Credit & Holding Pvt. Ltd.	7688380	1.34	01-04-2018	-	-	7688380	1.34
					31-03-2019	-	-	7688380	1.34
11	N-IN300095/10124666	Global Capital Ltd.	3626158	0.63	01-04-2018	-	-	3626158	0.63
					31-03-2019	-	-	3626158	0.63
12	N-IN300118/10141089	Mottlay Finance Pvt. Ltd.	16942817	2.96	01-04-2018	-	-	16942817	2.96
					31-03-2019	-	-	16942817	2.96
13	N-IN300118/10141101	Sacred Heart Investment Co. Pvt. Ltd.	24435180	4.27	01-04-2018	-	-	24435180	4.27
					31-03-2019	-	-	24435180	4.27
14	N-IN300118/10148066	Apollo International Ltd.	984485	0.17	01-04-2018	-	-	984485	0.17
					31-03-2019	-	-	984485	0.17
15	N-IN300118/10182874	Apollo Finance Ltd.	39381872	6.88	01-04-2018	-	-	39381872	6.88
					06-04-2018	330000	Transfer	39711872	6.94
					13-04-2018	67000	Transfer	39778872	6.95
					31-03-2019	-	-	39778872	6.95
16	N-IN300118/11621581	PTL Enterprises Ltd.	1550000	0.27	01-04-2018	-	-	1550000	0.27
					14-09-2018	530000	Transfer	2080000	0.36
					21-09-2018	225000	Transfer	2305000	0.40
					29-09-2018	100000	Transfer	2405000	0.42
					12-10-2018	475000	Transfer	2880000	0.50
					22-02-2019	210000	Transfer	3090000	0.54
					01-03-2019	345000	Transfer	3435000	0.60
		31-03-2019	-	-	3435000	0.60			
17	N-IN301127/15045132	Neeraj Consultants Pvt. Ltd.	73827161	12.91	01-04-2018	-	-	73827161	12.91
					31-03-2019	-	-	73827161	12.91
18	N-IN301127/15399078	Indus Valley Investment & Finance Pvt. Ltd.	5076040	0.89	01-04-2018	-	-	5076040	0.89
					31-03-2019	-	-	5076040	0.89
19	N-IN302365/10866463	Classic Autotubes Ltd.	9393500	1.64	01-04-2018	-	-	9393500	1.64
					07-09-2018	150000	Transfer	9543500	1.67
					05-10-2018	485000	Transfer	10028500	1.75
					12-10-2018	325000	Transfer	10353500	1.81
					19-10-2018	70005	Transfer	10423505	1.82
		31-03-2019	-	-	10423505	1.82			
20	N-IN303559/10011002	Classic Autotubes Ltd.	5100000	0.89	01-04-2018	-	-	5100000	0.89
					31-03-2019	-	-	5100000	0.89
21	C-014100/1201410000007516	Kenstar Investment & Finance Pvt. Ltd.	1842280	0.32	01-04-2018	-	-	1842280	0.32
					31-03-2019	-	-	1842280	0.32
22	C-014100/1201410000017026	Amit Deycham Pvt. Ltd.	1560595	0.27	01-04-2018	-	-	1560595	0.27
					31-03-2019	-	-	1560595	0.27

## (iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters &amp; Holders of GDRs &amp; 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	IN303438/10004305	Franklin Templeton Investment Funds	30241086	5.29	01-04-2018	-	-	30241086	5.29
					27-04-2018	-449860	Transfer	29791226	5.21
					01-06-2018	-53055	Transfer	29738171	5.20
					08-06-2018	-4380546	Transfer	25357625	4.43
					10-08-2018	-27768	Transfer	25329857	4.43
					21-09-2018	-268800	Transfer	25061057	4.38
					28-09-2018	-87306	Transfer	24973751	4.37
					30-11-2018	-3126159	Transfer	21847592	3.82
					07-12-2018	-12417	Transfer	21835175	3.82
					21-12-2018	-536966	Transfer	21298209	3.72
					11-01-2019	-38204	Transfer	21260005	3.72
					18-01-2019	-1630587	Transfer	19629418	3.43
					25-01-2019	-527269	Transfer	19102149	3.34
					08-03-2019	-110556	Transfer	18991593	3.32
		31-03-2019	-	-	18991593	3.32			
2	IN300126/11209306	HDFC Trustee Company Ltd - A/C HDFC Mid-Cap Opportunities Fund	14611372	2.55	01-04-2018	-	-	14611372	2.55
					01-06-2018	929660	Transfer	15541032	2.72
					15-06-2018	400000	Transfer	15941032	2.79
					14-09-2018	660000	Transfer	16601032	2.90
					21-09-2018	1080000	Transfer	17681032	3.09
					28-09-2018	753000	Transfer	18434032	3.22
					31-03-2019	-	-	18434032	3.22
3	IN301330/19132926	Custodian A/C - Ashwin Shantilal Mehta	13507300	2.36	01-04-2018	-	-	13507300	2.36
					31-03-2019	-	-	13507300	2.36
4	IN300142/10753517	Kotak Funds - India Midcap Fund	8066930	1.41	01-04-2018	-	-	8066930	1.41
					27-04-2018	200000	Transfer	8266930	1.45
					04-05-2018	80945	Transfer	8347875	1.46
					11-05-2018	170000	Transfer	8517875	1.49
					01-06-2018	114023	Transfer	8631898	1.51
					08-06-2018	500000	Transfer	9131898	1.60
					15-06-2018	450000	Transfer	9581898	1.68
					22-06-2018	68918	Transfer	9650816	1.69
					29-06-2018	34711	Transfer	9685527	1.69
					20-07-2018	621220	Transfer	10306747	1.80
					17-08-2018	200000	Transfer	10506747	1.84
					09-11-2018	320000	Transfer	10826747	1.89
					16-11-2018	228506	Transfer	11055253	1.93
					30-11-2018	200000	Transfer	11255253	1.97
		31-03-2019	-	-	11255253	1.97			
5	IN300054/10009134	HDFC Trustee Company Limited - HDFC Prudent Fund	7865959	1.38	01-04-2018	-	-	7865959	1.38
					06-04-2018	461000	Transfer	8326959	1.46
					18-05-2018	368000	Transfer	8694959	1.52
					14-12-2018	287000	Transfer	8981959	1.57
					31-03-2019	-	-	8981959	1.57
6	IN300126/11218322	ICICI Prudential Balanced Advantage Fund	6847649	1.20	01-04-2018	-	-	6847649	1.20
					20-04-2018	-279346	Transfer	6568303	1.15
					27-04-2018	-47000	Transfer	6521303	1.14
					04-05-2018	-715654	Transfer	5805649	1.01
					10-08-2018	-514624	Transfer	5291025	0.92
					12-10-2018	778345	Transfer	6069370	1.06
					26-10-2018	880508	Transfer	6949878	1.21



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
					02-11-2018	-894116	Transfer	6055762	1.06
					16-11-2018	-2292968	Transfer	3762794	0.66
					30-11-2018	-819000	Transfer	2943794	0.51
					08-02-2019	117396	Transfer	3061190	0.54
					31-03-2019	-	-	3061190	0.54
7	IN303438/10007517	T. Rowe Price New Asia Fund	6557763	1.15	01-04-2018	-	-	6557763	1.15
					04-05-2018	-133661	Transfer	6424102	1.12
					11-05-2018	-151962	Transfer	6272140	1.10
					01-06-2018	-1118083	Transfer	5154057	0.90
					03-08-2018	-280620	Transfer	4873437	0.85
					14-09-2018	-828359	Transfer	4045078	0.71
					21-12-2018	-69381	Transfer	3975697	0.69
					31-03-2019	-	-	3975697	0.69
8	IN303438/10004432	Templeton Global Investment Trust - Templeton Emerging Markets Small Cap Fund	6432450	1.12	01-04-2018	-	-	6432450	1.12
					31-03-2019	-	-	6432450	1.12
9	IN300167/10011040	Franklin Templeton Mutual Fund A/C Franklin India Prima Plus	6200000	1.08	01-04-2018	-	-	6200000	1.08
					24-08-2018	300000	Transfer	6500000	1.14
					31-08-2018	500000	Transfer	7000000	1.22
					07-09-2018	300000	Transfer	7300000	1.28
					12-10-2018	200000	Transfer	7500000	1.31
					31-03-2019	-	-	7500000	1.31
10	IN300167/10000262	Reliance Capital Trustee Company Limited A/C Reliance Growth Fund	3641176	0.64	01-04-2018	-	-	3641176	0.64
					08-06-2018	127000	Transfer	3768176	0.66
					29-06-2018	513000	Transfer	4281176	0.75
					20-07-2018	530000	Transfer	4811176	0.84
					27-07-2018	-66000	Transfer	4745176	0.83
					03-08-2018	-39000	Transfer	4706176	0.82
					10-08-2018	-600000	Transfer	4106176	0.72
					17-08-2018	-201000	Transfer	3905176	0.68
					31-08-2018	-204000	Transfer	3701176	0.65
					21-09-2018	968460	Transfer	4669636	0.82
					25-01-2019	200000	Transfer	4869636	0.85
					01-02-2019	500000	Transfer	5369636	0.94
					22-02-2019	500000	Transfer	5869636	1.03
					31-03-2019	-	-	5869636	1.03
11	IN300167/10010936	Franklin Templeton Mutual Fund A/C Franklin India Prima Fund	5993261	1.05	01-04-2018	-	-	5993261	1.05
					01-06-2018	400000	Transfer	6393261	1.12
					20-07-2018	533110	Transfer	6926371	1.21
					27-07-2018	168533	Transfer	7094904	1.24
					17-08-2018	100000	Transfer	7194904	1.26
					07-09-2018	300000	Transfer	7494904	1.31
					05-10-2018	200000	Transfer	7694904	1.35
					30-11-2018	399	Transfer	7695303	1.35
					25-01-2019	99601	Transfer	7794904	1.36
					31-03-2019	-	-	7794904	1.36
12	IN300054/10076881	Government Pension Fund Global	5292599	0.93	01-04-2018	-	-	5292599	0.93
					22-06-2018	-41763	Transfer	5250836	0.92
					29-06-2018	-300000	Transfer	4950836	0.87
					03-08-2018	1000000	Transfer	5950836	1.04
					26-10-2018	-300000	Transfer	5650836	0.99
					09-11-2018	-381116	Transfer	5269720	0.92

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
					16-11-2018	-600000	Transfer	4669720	0.82
					30-11-2018	-2282617	Transfer	2387103	0.42
					07-12-2018	-77572	Transfer	2309531	0.40
					01-03-2019	677397	Transfer	2986928	0.52
					30-03-2019	-	-	2986928	0.52
13	IN300239/10150207	Kerala State Industrial Development Corporation	5000000	0.87	01-04-2018	-	-	5000000	0.87
					31-03-2019	-	-	5000000	0.87
14	IN300239/10664696	Governor of Kerala	5000000	0.87	01-04-2018	-	-	5000000	0.87
					31-03-2019	-	-	5000000	0.87
15	IN300054/10028173	DSP Blackrock Midcap Fund	3089920	0.54	01-04-2018	-	-	3089920	0.54
					18-05-2018	404649	Transfer	3494569	0.61
					25-05-2018	200337	Transfer	3694906	0.65
					20-07-2018	305232	Transfer	4000138	0.70
					27-07-2018	410530	Transfer	4410668	0.77
					31-03-2019	-	-	4410668	0.77
16	IN300167/10034152	Franklin Templeton Mutual Fund A/C Franklin India High Growth Companies Fund	4200000	0.73	01-04-2018	-	-	4200000	0.73
					01-06-2018	-500000	Transfer	3700000	0.65
					08-06-2018	-1200000	Transfer	2500000	0.44
					15-06-2018	-2316616	Transfer	183384	0.03
					31-03-2019	-	-	183384	0.03
17	IN300167/10142910	HDFC Standard Life Insurance Company Limited	4016480	0.70	01-04-2018	-	-	4016480	0.70
					13-04-2018	-310359	Transfer	3706121	0.65
					20-04-2018	200000	Transfer	3906121	0.68
					11-05-2018	-95028	Transfer	3811093	0.67
					18-05-2018	100000	Transfer	3911093	0.68
					25-05-2018	150000	Transfer	4061093	0.71
					01-06-2018	47769	Transfer	4108862	0.72
					08-06-2018	149751	Transfer	4258613	0.74
					15-06-2018	-1415	Transfer	4257198	0.74
					22-06-2018	19433	Transfer	4276631	0.75
					29-06-2018	220234	Transfer	4496865	0.79
					06-07-2018	75000	Transfer	4571865	0.80
					13-07-2018	1686	Transfer	4573551	0.80
					20-07-2018	6644	Transfer	4580195	0.80
					27-07-2018	33312	Transfer	4613507	0.81
					03-08-2018	-100000	Transfer	4513507	0.79
					10-08-2018	380675	Transfer	4894182	0.86
					17-08-2018	166958	Transfer	5061140	0.88
					24-08-2018	150000	Transfer	5211140	0.91
					31-08-2018	148301	Transfer	5359441	0.94
					07-09-2018	300000	Transfer	5659441	0.99
					14-09-2018	150000	Transfer	5809441	1.02
					21-09-2018	75997	Transfer	5885438	1.03
					28-09-2018	156320	Transfer	6041758	1.06
					05-10-2018	265471	Transfer	6307229	1.10
					12-10-2018	202253	Transfer	6509482	1.14
					19-10-2018	8901	Transfer	6518383	1.14
					26-10-2018	638684	Transfer	7157067	1.25
					02-11-2018	-27852	Transfer	7129215	1.25
					09-11-2018	911	Transfer	7130126	1.25
					16-11-2018	19176	Transfer	7149302	1.25
					23-11-2018	11995	Transfer	7161297	1.25

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
					30-11-2018	19676	Transfer	7180973	1.26
					07-12-2018	143939	Transfer	7324912	1.28
					14-12-2018	75786	Transfer	7400698	1.29
					21-12-2018	153	Transfer	7400851	1.29
					28-12-2018	109121	Transfer	7509972	1.31
					04-01-2019	329339	Transfer	7839311	1.37
					11-01-2019	63533	Transfer	7902844	1.38
					18-01-2019	187558	Transfer	8090402	1.41
					25-01-2019	140	Transfer	8090542	1.41
					01-02-2019	310308	Transfer	8400850	1.47
					08-02-2019	97695	Transfer	8498545	1.49
					15-02-2019	-246565	Transfer	8251980	1.44
					22-02-2019	-37810	Transfer	8214170	1.44
					01-03-2019	-8832	Transfer	8205338	1.43
					15-03-2019	241	Transfer	8205579	1.43
					29-03-2019	215	Transfer	8205794	1.43
					31-03-2019	-	-	8205794	1.43
18	IN303438/10003257	Vanguard Total International Stock Index Fund	3443808	0.60	01-04-2018	-	-	3443808	0.60
					01-06-2018	161076	Transfer	3604884	0.63
					08-06-2018	185386	Transfer	3790270	0.66
					14-09-2018	188958	Transfer	3979228	0.70
					30-03-2019	-	-	3979228	0.70

**(v) Shareholding of Directors & KMPs**

Sl. No.	Name of the Director/KMP	Shareholding at the beginning/end of the year		Cumulative Shareholding at the beginning/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 01, 2018)	100000	0.02	100000	0.02
	Transaction (Purchase/Sale) from April 01, 2018 upto March 31, 2019)	-	-	-	-
	At the end of the year (March 31, 2019)	100000	0.02	100000	0.02
2	Mr. Neeraj Kanwar - Vice Chairman & Managing Director				
	At the beginning of the year (April 01, 2018)	671380	0.12	671380	0.12
	Transaction (Purchase/Sale) from April 01, 2018 upto March 31, 2019)	-	-	-	-
	At the end of the year (March 31, 2019)	671380	0.12	671380	0.12
3	Mr. Vikram S Mehta - Director				
	At the beginning of the year (April 01, 2018)	6000	0.00	6000	0.00
	Transaction (Purchase/Sale) from April 01, 2018 upto March 31, 2019)	-	-	-	-
	At the end of the year (March 31, 2019)	6000	0.00	6000	0.00
4	Mr. A.K. Purwar - Director*				
	At the beginning of the year (April 01, 2018)	5000	0.00	*	*

\* Mr. A.K. Purwar resigned as a Director w.e.f. August 01, 2018.

The following Directors /Key Managerial Personnel (KMP) did not hold any shares during FY2019:

(i) Mr. Akshay Chudasama, Director (ii) Ms. Anjali Bansal, Director (iii) Mr. Nimesh N. Kampani, Director (iv) Dr. M. Beena, Director (v) Mr. Robert Steinmetz, Director (vi) Mr. Sunam Sarkar, Director (vii) Dr. S. Narayan, Director (viii) Ms. 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) Ms. 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
<b>Indebtedness at the beginning of the financial year (01.04.18)</b>				
i) Principal Amount	19,975	5,331	-	25,306
ii) Interest Due but not paid	-	-	-	-
iii) Interest Accrued but not due	666	-	-	666
<b>Total (i+ii+iii)</b>	<b>20,641</b>	<b>5,331</b>	<b>-</b>	<b>25,972</b>
<b>Change in indebtedness during the financial year</b>				
i) Addition	9,688	27,219	-	36,908
ii) Reduction	(4,682)	(30,648)	-	(35,330)
<b>Total</b>	<b>5,007</b>	<b>(3,429)</b>	<b>-</b>	<b>1,578</b>
<b>Indebtedness at the end of the financial year (31.03.19)</b>				
i) Principal Amount	25,478	1,902	-	27,380
ii) Interest Due but not paid	-	-	-	-
iii) Interest Accrued but not due	671	-	-	671
<b>Total (i+ii+iii)</b>	<b>26,149</b>	<b>1,902</b>	<b>-</b>	<b>28,050</b>

## 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 Act, 1961.	143.16	101.81	244.97
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.05	0.04	0.09
	(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	248.90	243.20	492.10
	others (specify)	-	-	-
5	Others, please specify	-	-	-
	<b>Total (A)</b>	<b>392.11</b>	<b>345.05</b>	<b>737.16</b>
	Ceiling as per the Act	₹ 907.58 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	Anjali Bansal	Gen.Bikram Singh(Retd.)	Francesco Gori	Dr.M.Beena/* Paul Antony	
	(a) Fee for attending Board/ Committee Meetings	0.20	1.50	0.80	0.80	0.60	0.10	5.30
	(b) Commission	1.64	4.86	4.86	4.87	4.86	4.86	30.81
	(c) Others, please specify	-	-	-	-	-	-	-
	<b>Total (1)</b>	<b>1.84</b>	<b>6.36</b>	<b>5.66</b>	<b>5.67</b>	<b>5.46</b>	<b>4.96</b>	<b>36.11</b>



(₹ Million)

Sl. No.	Particulars of Remuneration	Name of the Directors						Total Amount
2	Other Non Executive Directors	Pallavi Shroff	Robert Steinmetz	Sunam Sarkar	Dr.S. Narayan	Vikram S.Mehta	Vinod Rai	
	(a) Fee for attending Board/ Committee Meetings	0.65	0.90	1.00	1.30	0.55	0.55	4.95
	(b) Commission	4.87	4.86	4.87	4.86	4.86	4.87	29.19
	(c) Others, please specify.	-	-	-	-	-	-	-
	<b>Total (2)</b>	<b>5.52</b>	<b>5.76</b>	<b>5.87</b>	<b>6.16</b>	<b>5.41</b>	<b>5.42</b>	<b>34.14</b>
	<b>Total (B)=(1+2)</b>							<b>70.25</b>
	<b>Total Managerial Remuneration</b>							<b>807.41</b>
	Overall Ceiling as per the Act.	₹ 998.34 Millions (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	Name of KMP	
1	Gross Salary	CFO (Gaurav Kumar)	Company Secretary (Seema Thapar)
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	35.76	5.43
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.09	0.32
	(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	-	-
	<b>Total</b>	<b>35.85</b>	<b>5.75</b>

**VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**

There were no penalties/ punishment/ compounding of offences under Companies Act for the year ended March 31, 2019.

For and on behalf of the Board of Directors

Place: Gurgaon  
Date: May 9, 2019**ONKAR S. KANWAR**  
Chairman & Managing Director

# CORPORATE GOVERNANCE REPORT

## 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. ("Apollo"), 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 judgment, 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's 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 strategy, management, human resource development, 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 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 as on March 31, 2019:

Category of Directors	No. of Directors	% of Total no. of Directors
Executive	2	14
Non-Executive (including Independent Directors)	12	86
<b>Total</b>	<b>14</b>	<b>100</b>

Note:- 1) Mr. Satish Sharma was appointed as a Whole-time Director (Additional Director) w.e.f. April 1, 2019.

2) Dr. M. Beena, Nominee Director, ceased to be a Director w.e.f. May 9, 2019.

The constitution of the Board and attendance record of Directors for FY2019 are given below:

Name/Designation of Director	Executive/ Non-Executive/ Independent	No. of positions held in Other Companies		Directorship in listed Company(s)		No. of Board Meetings Attended <sup>(3)</sup>	Attendance at last AGM
		Board <sup>(1)</sup>	Committee <sup>(2)</sup>	Name of the Company	Position Held		
Mr. Onkar S. Kanwar Chairman & Managing Director	Promoter – Executive	5	2	PTL Enterprises Ltd. Artemis Global Life Sciences Ltd.	Chairman-NED Chairman-NED	6	Yes
Mr. Neeraj Kanwar Vice Chairman & Managing Director	Executive	3	3	PTL Enterprises Ltd. Artemis Global Life Sciences Ltd.	NED NED	6	Yes
Mr. Akshay Chudasama	Non-Executive Independent	4	3	Bata India Ltd. Raymond Ltd. Artemis Global Life Sciences Ltd.	ID ID ID	6	Yes
Ms. Anjali Bansal	Non-Executive Independent	8	1	Bata India Ltd. Glaxo Smithkline Pharmaceuticals Ltd. The Tata Power Co. Ltd.	ID ID ID	6	Yes
Gen. Bikram Singh (Retd.)	Non-Executive Independent	-	-	None	-	6	Yes
Mr. Francesco Gori	Non-Executive Non-Independent	-	-	None	-	6	No
Dr. M. Beena <sup>(4)</sup> Nominee Director – Govt. of Kerala (Equity Investor)	Non-Executive Non-Independent	4	-	None	-	1	Yes
Mr. Nimesh N. Kampani	Non-Executive Independent	7	6	Britania Ind. Ltd. Deepak Nitrite Ltd. Chambal Fertilisers & Chemicals Ltd. JM Financial Ltd.	ID ID ID Chairman – NE NID	5	Yes
Ms. Pallavi Shroff	Non-Executive Independent	4	2	Trident Ltd. Maruti Suzuki India Ltd.	ID ID	6	Yes
Mr. Robert Steinmetz	Non-Executive Non-Independent	-	-	None	-	5	Yes
Mr. Sunam Sarkar	Non-Executive Non-Independent	-	-	None	-	6	Yes
Dr. S. Narayan	Non-Executive Independent	7	5	Dabur India Ltd. IIFL Finance Ltd. Seshasayee Paper & Boards Ltd. Artemis Global Life Sciences Ltd.	ID ID ID ID	6	Yes

Name/Designation of Director	Executive/ Non-Executive/ Independent	No. of positions held in Other Companies		Directorship in listed Company(s)		No. of Board Meetings Attended <sup>(3)</sup>	Attendance at last AGM
		Board <sup>(1)</sup>	Committee <sup>(2)</sup>	Name of the Company	Position Held		
Mr. Vikram S. Mehta	Non-Executive Independent	6	1	Colgate Palmolive I Ltd. Mahindra & Mahindra Ltd. HT Media Ltd. L & T Ltd. Jubilant Foodworks Ltd.	ID ID ID ID ID	5	Yes
Mr. Vinod Rai	Non-Executive Independent	3	3	IDFC Ltd.	ID	5	Yes
Mr. Satish Sharma (appointed w.e.f. April 1, 2019)	Executive	-	-	None	-	-	N.A.
<b>Ceased to be Director</b>							
Mr. A.K. Purwar (Ceased w.e.f. August 1, 2018)	Non-Executive Independent	7	6	Reliance Communication Ltd. Jindal Steel & Power Ltd. IIFL Holdings Ltd. Alkem Laboratories Ltd. Balaji Telefilms Ltd.	ID ID ID ID ID	2	Yes.

<sup>(1)</sup>This includes Directorships held in Public Ltd. Companies and Subsidiaries of Public Ltd. Companies and excludes Directorships in Private Ltd. Companies and Overseas Companies.

<sup>(2)</sup> 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.

<sup>(3)</sup> During FY2019, six Board Meetings were held.

<sup>(4)</sup> Pursuant to Section 149(6) of the Companies Act, 2013, Dr. M. Beena shall not be treated as an Independent Director. She ceases to be a Director w.e.f. May 9, 2019.

None of the Directors of your Company is a member of more than 10 Committees or is the Chairman of more than 5 Committees across all the Companies in which he/ she is a Director.

Ms. Pallavi Shroff and Mr. Akshay Chudasama are Managing Partners of M/s. Shardul Amarchand Mangaldas & Co., Solicitors and Advocates on record, to whom the Company has paid fee of ₹ 8.81 million during FY2019 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 March 26, 2019. 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.

In addition to formal meetings, interactions outside the Board Meetings also take place between the Chairman and Independent Directors to discuss the issues and concerns, if any.

#### (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



finalized well before the beginning of the year. The Chairman/ Vice Chairman of the Board, Chief Financial Officer 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 President of respective regions who make detailed presentations about working of their respective Companies.

**Paperless Board Meetings:** With a view to leverage technology and reducing paper consumption, the Company has adopted a web-based application for transmitting Board/ Committee Agenda. The Directors of the Company receive the Agenda in electronic form through this application, which can be accessed through Browsers or iPads. The application meets high standards of security and integrity that is required for storage and transmission of Board/Committee Agenda in electronic form.

**Post Meeting follow up procedure:** The Board has an effective post meeting follow up procedure. Items arising out of previous Board Meeting and their follow up action report are placed at the immediately succeeding meeting for information of the Board.

#### (d) Information placed before the Board of Directors

The Board has complete access to all the information available within the Company. The following information, inter-alia, is provided periodically by the management to the Board for its review:

- Quarterly/Half yearly/Yearly financial results (consolidated & standalone) and items arising out of Annual Accounts.
- Proceedings of various Committees of the Board (on quarterly basis).
- Minutes of the Subsidiaries (on quarterly basis).
- Internal/External Audit findings & recommendations (on quarterly basis).
- Report on Share Capital Audit (on quarterly basis).
- Secretarial Audit Report (on Annual basis).
- Related Parties Transactions (on quarterly basis).

- Information on Cost Audit (on Annual basis).
- Compliance certificates on applicable laws of ATL & its Subsidiaries (on quarterly basis).
- Compliance Reports: Share Capital Audit, Investors Complaints, Corporate Governance, Transfer/Transmission/ Demat of shares (on quarterly basis).
- Foreign Exchange exposure & steps taken to limit the risk (on quarterly basis).
- Material legal cases (on quarterly basis).
- Investment/deployment of funds & borrowings (on quarterly basis).
- Annual Report (on Annual basis).
- Capital and Revenue Budgets (on Annual basis).
- Overall business scenario, operations of the Company (on quarterly basis).
- Growth & Expansion plans at various operations, capital spend, business/financial justification and time frame (as and when required).
- Sales Forecast, Margin outlook etc. (on quarterly basis).
- Banking facilities and its utilization (on quarterly basis).
- Review of Material Events and Transactions (on quarterly basis).
- Global growth plans (as and when required).
- Codes and Policies (as and when required).
- Investment in Subsidiary Companies & providing guarantee etc. (as and when required).
- Update on statutory compliance requirements and implementation process (as and when required).

The Chairman, Vice Chairman, CFO and Company Secretary keep the members of the Board informed about any material development/business update through various modes viz. emails, letters, telecon etc. from time to time.

**(e) Expertise/ Skills of Directors**

Sl. No.	Name of the Director	Expertise/ Skills
1	Mr. Onkar S. Kanwar	Refer the detailed profile in point 2 (g) under this report.
2	Mr. Neeraj Kanwar	Refer the detailed profile in point 2(g) under this report.
3	Mr. Akshay Chudasama	A lawyer, specialized in Mergers and Acquisitions, Joint Ventures, Cross Border Investments, Private Equity etc.
4	Ms. Anjali Bansal	Expert in Strategy, International Finance and Business and Human Resource Development.
5	Gen. Bikram Singh (Retd.)	Former Chief of Indian Army and an expert in Administration & Strategy.
6	Mr. Francesco Gori	Expert in the field of International Strategy, Product Development & Management, Sales and Marketing.
7	Mr. Nimesh N. Kampani	Expert in the fields of Investment Banking, Securities Trading, Mergers and Acquisitions and providing financial solutions.
8	Ms. Pallavi Shroff	A lawyer, with an expertise in ad-hoc arbitrations and institutional arbitrations and handling legal disputes.
9	Mr. Robert Steinmetz	Expert in International Tyre Business and Technical Operations.
10	Mr. Sunam Sarkar	Expert in Sourcing of Raw Materials, HR, IT/CoE, Business Operations and Corporate Strategy.
11	Dr. S. Narayan	Retired IAS officer having expertise in Business Management, Finance and Economics.
12	Mr. Satish Sharma	Expert in the field of key functions like manufacturing, sales and marketing, projects and R&D.
13	Mr. Vikram S. Mehta	Expert in the field of Sales/Marketing, Strategy and Management.
14	Mr. Vinod Rai	Ex-Comptroller and Auditor General of India. Expert in Audit, Banking, Finance and Corporate Governance.

**(f) 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.

**(g) Profile of the Chairman & Managing Director:** As the Chairman 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 a former Chairman of the Automotive Tyre Manufacturers' Association. Currently, apart from being the Chairman of BRICS Business Council, India.

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-speciality 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 transshipment 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. He has recently been awarded with Hungarian 'Order of Merit', and Government of Japan's 'Order of the Rising Sun, Gold and Silver Star'.

**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 the latest in the list is the setting up of a Greenfield facility in Hungary 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 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.

- (h) **No. & Dates of Board Meetings held:** During the FY2019, 6 (six) Board Meetings were held on May 10, 2018, August 1, 2018, October 1, 2018, November 13, 2018, February 5, 2019 and March 26, 2019. The gap between any two meetings never exceeded 120 days as per the requirements of Regulation 17(2) of the Listing Regulations.
- (i) **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.
- (j) **Recommendation of Committees:** During the FY2019, the Board has accepted all the recommendations of the Committees, which were mandatorily required.
- (k) **Compliance by Independent Directors:** In the opinion of the Board, the Independent Directors fulfill the conditions specified in regulations and are independent of the management.
- (l) **Resignation by Independent Director:** During the year, Mr. A.K. Purwar, Independent Director resigned from the Directorship due to some personal reasons with effect from August 1, 2018.

- (m) **Total fee paid to Statutory Auditors on consolidated basis:** An amount of ₹ 14.26 million was paid to Statutory Auditors for all services provided to the Company and its Subsidiaries, on a consolidated basis and all entities in the network firm/ network entity of which the Statutory Auditor is a part.

### 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 13 members mainly comprising of the Company's Senior Management team. The objective of the Management Board is to carry out (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.

### 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 Audit Committee comprises of following four Directors viz. Dr. S. Narayan, Mr. Akshay Chudasama, Mr. Robert Steinmetz and Mr. Nimesh N. Kampani, with two-thirds of the members as Independent Directors. 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 judgment 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 modified opinion(s) 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 utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency, monitoring the utilization 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 thereon;
- 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 Chief Financial Officer after assessing the qualifications, experience and background etc. of the candidate;
- Review of investments made by the unlisted Subsidiary;
- Reviewing the utilisation of loans and/or advances from/ investment by the Holding Company in the Subsidiary exceeding ₹ 100 Crore or 10% of the asset size of the Subsidiary, whichever is lower, including existing loans/ advances/investments;
- 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 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 utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

The Chairman of the Audit Committee has confirmed to the Board that the Audit Committee during the year under review has complied with all the roles assigned to it pursuant to the Companies Act, 2013 and Listing Regulations.

#### (b) Meetings of Audit Committee and attendance of members during the year

During the FY2019, 4 (four) Audit Committee Meetings were held on May 9, 2018, July 31, 2018, November 12, 2018 and February 4, 2019.

Name of Director	Designation	Category of Director	No. of meetings attended
Dr. S. Narayan	Chairman	Non- Executive Independent	3
Mr. Akshay Chudasama	Member	Non- Executive Independent	4
Mr. Robert Steinmetz	Member	Non- Executive Non- Independent	4
Mr. Nimesh N. Kampani	Member	Non- Executive Independent	4

The Committee was reconstituted on May 9, 2019 and comprises of Mr. Vinod Rai (Chairman), Ms. Pallavi Shroff (Member), Mr. Akshay Chudasama (Member) and Mr. Robert Steinmetz (Member).

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 1, 2018.

The Committee invites the Directors who are not the members of the Committee, to attend the meeting as an invitee.

#### (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, as well as suggest improvements to systems and processes. 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.

The Internal Auditor reports to both, the Chairman and the Audit Committee of the Company. On quarterly basis, the Internal Auditor reports 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. Direct reporting to the Chairman and the Audit Committee establishes Internal Audit as a function independent from the business.

#### (d) Subsidiary Companies

The Company does not have any material non-listed Indian Subsidiary Company. However, the Company has 5 material non-listed Overseas Subsidiaries.

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 Directors 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 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 had 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.
- 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.
- Recommend to the Board, all remuneration, in whatever form, payable to Senior Management.

#### (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 mainly 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 officers/ personnel of the Company who are members of its core management team excluding Board of Directors, comprising of all members of management one level below the Chief Executive Officer/Managing Director/ Whole Time Director/ Manager (including Chief Executive Officer/Manager, in case they are not part of the Board) and shall specifically include Company Secretary and Chief Financial Officer.

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 judgment 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 Committee shall recommend to the Board, all remuneration to be paid to the Senior Management Personnel. The remuneration to all 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 shall be recommended by the Committee to the Board. The annual increment in salary for all 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=CodesPolicies>

### 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 FY2019, 5 (five) Nomination and Remuneration Committee Meetings were held on May 9, 2018, August 1, 2018, November 13, 2018, February 4, 2019 and March 26, 2019.

Name of Director	Designation	Category of Director	No. of meetings attended
Dr. S. Narayan	Chairman	Non- Executive Independent	5
Mr. Onkar S. Kanwar	Member	Executive	5
Mr. Akshay Chudasama	Member	Non- Executive Independent	5
Mr. Nimesh N. Kampani	Member	Non- Executive Independent	5

The Committee was reconstituted on May 9, 2019 and comprises of Mr. Vinod Rai (Chairman), Ms. Pallavi Shroff (Member) and Mr. Akshay Chudasama (Member).

### (e) Payment of remuneration/sitting fee to the Directors etc.

The details of remuneration paid to Directors during FY2019 are given below.



## (i) Executive Directors/CFO/Company Secretary:

(₹ Million)

Particulars	Mr. Onkar S. Kanwar, Managing Director	Mr. Neeraj Kanwar, Managing Director
Salary	60.75	41.65
Contribution to PF/ Superannuation/ Gratuity	19.32	13.25
Commission/ Performance Bonus	248.90	243.20
Perquisites	73.54	54.13
<b>Total Remuneration</b>	<b>402.51</b>	<b>352.23</b>
Stock Option	N.A	N.A
Service contracts, notice period, severance fees	N.A	N.A

As per Section 198 of the Companies Act, 2013, Net Profit of the Company is amounting to ₹ 9075.80 Million.

(₹ Million)

Particulars	Mr. Gaurav Kumar, Chief Financial Officer	Mrs. Seema Thapar, Company Secretary
Salary	8.00	1.54
Contribution to PF/ Superannuation/ Gratuity	2.16	0.42
Commission/ Performance Bonus	10.79	1.37
Perquisites	16.00	2.76
<b>Total Remuneration</b>	<b>36.96</b>	<b>6.09</b>
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 FY2019 was as follows: Mr. Onkar S. Kanwar – 537 and Mr. Neeraj Kanwar – 470.
- 3) The percentage decrease in the remuneration of Mr. Onkar S. Kanwar was 19 % and Mr. Neeraj Kanwar was 21% during FY2019 over the previous financial year, due to voluntary surrender of partial remuneration.

The percentage increase in the remuneration of Mr. Gaurav Kumar, Chief Financial Officer was 21% and

Ms. Seema Thapar, Company Secretary was 13% during FY2019 over the previous financial year.

The amount of total commission provided to Non-Executive Directors in FY2019 was ₹ 60 million against ₹ 60 million paid in the FY2018. There was 0.55% increase in the remuneration by way of commission of Non-Executive Directors to be distributed amongst 13 Directors 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 FY2019 (₹ Million)	Ratio to median remuneration of employees
Mr. A. K. Purwar <sup>(1)</sup>	1.64	NA.
Mr. Akshay Chudasama	4.86	6.48
Ms. Anjali Bansal	4.86	6.48
Gen. Bikram Singh (Retd)	4.87	6.48
Mr. Francesco Gori	4.86	6.48
Dr. M. Beena <sup>(2)</sup>	4.86	6.48
Mr. Nimesh N. Kampani	4.86	6.48
Ms. Pallavi Shroff	4.87	6.48
Mr. Robert Steinmetz	4.86	6.48
Dr. S. Narayan	4.86	6.48
Mr. Sunam Sarkar	4.87	6.48
Mr. Vikram S. Mehta	4.86	6.48
Mr. Vinod Rai	4.87	6.48

<sup>(1)</sup> Ceased w.e.f. August 1, 2018.

<sup>(2)</sup> Payment of Commission is payable to Government of Kerala.

- 4) The percentage increase in the median remuneration of employees was 11%.
- 5) The total number of employees of Company as on March 31, 2019 were 12,303 out of which 7,691 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 FY2019 was 8% whereas there was 20% decrease in the managerial remuneration in FY2019.
- 7) Remuneration paid to the Directors is in accordance with the remuneration policy of the Company.

## ii) Non-Executive Directors:

Sitting fees 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 FY2019 (₹ Million)	No. of Shares held as on March 31, 2019
Mr. A.K.Purwar <sup>(1)</sup>	0.20	1.64	NA
Mr. Akshay Chudasama	1.50	4.86	-
Ms. Anjali Bansal	0.80	4.86	-
Gen. Bikram Singh (Retd.)	0.80	4.87	-
Mr. Francesco Gori	0.60	4.86	-
Dr. M. Beena <sup>(2)</sup>	0.10	4.86	-
Mr. Nimesh N.Kampani	1.30	4.86	-
Ms. Pallavi Shroff	0.65	4.87	-
Mr. Robert Steinmetz	0.90	4.86	-
Dr. S. Narayan	1.30	4.86	-
Mr. Sunam Sarkar	1.00	4.87	-
Mr. Vikram S. Mehta	0.55	4.86	6,000
Mr. Vinod Rai	0.55	4.87	-

<sup>(1)</sup>Ceased w.e.f. August 1, 2018.

<sup>(2)</sup>Sitting fee/Commission is payable to Government of Kerala.

An amount of ₹ 60 million be paid and disbursed among the Directors of the Company (other than Managing Directors) equally in proportion to their tenure of Directorship for the financial year ended March 31, 2019.

No convertible instruments of the Company were outstanding as on March 31, 2019.

Apart from receiving Directors Remuneration, none of the Non-Executive Directors has any pecuniary relationships or transactions vis-a-vis the Company. However, the Company has paid a fee of ₹ 8.81 million during FY2019 to M/s. Shardul Amarchand Mangaldas & Co., Solicitors & Advocates, in which Ms. Pallavi Shroff & Mr. Akshay Chudasama are Managing Partners.

## 4. Directors and Officers Liability Insurance (D&O)

As per the provisions of the Companies Act, 2013, the Company has taken a Directors and Officers Liability Insurance (D&O) on behalf of all Directors including Independent Directors, Officers, Managers and Employees of the Company for indemnifying any of them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the Company.

## 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 three Directors viz. Mr. Onkar S. Kanwar, Mr. Sunam Sarkar and Mr. Akshay Chudasama. Mr. Sunam Sarkar, Non-Executive Non-Independent Director, acts as the Chairman of the Committee.

Pursuant to Regulation 6 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Ms. Seema Thapar, Company Secretary, acts as the Compliance Officer of the Company 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.
- Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings etc.

- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/statutory notices by the shareholders of the Company.

**(c) Meetings of Stakeholders Relationship Committee and attendance of members during the year**

During FY2019, 2(two) meetings of the Stakeholders Relationship Committee were held on April 27, 2018 and February 4, 2019.

Name of Director	Designation	Category of Director	No. of meetings attended
Dr. S. Narayan (Ceased as Member w.e.f. May 10, 2018)	Chairman	Non-Executive Independent	Nil
Mr. Onkar S. Kanwar	Member	Executive	2
Mr. Neeraj Kanwar (Ceased as Member w.e.f. May 10, 2018)	Member	Executive	1
Mr. Sunam Sarkar (Appointed as Chairman w.e.f. May 10, 2018)	Chairman	Non-Executive Non-Independent	2
Ms. Pallavi Shroff (Ceased as Member w.e.f. May 10, 2018)	Member	Non-Executive Independent	Nil
Mr. Akshay Chudasama (Appointed as Member w.e.f. May 10, 2018)	Member	Non-Executive Independent	1

**(d) No. of shareholders' complaints received**

During FY2019, the Company received 19 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 organization 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, Ms. Anjali Bansal, 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 FY2019, 2(two) meetings of CSR Committee were held on May 10, 2018 and February 5, 2019.

Name of Director	Designation	Category of Director	No. of meetings attended
Mr. Onkar S. Kanwar	Chairman	Executive	2
Ms. Anjali Bansal	Member	Non-Executive Independent	2
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.

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 marginalized.
- 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 FY2019, a meeting of BR Committee was held on May 10, 2018.

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. RISK MANAGEMENT COMMITTEE

The Board of Directors at their meeting held on February 5, 2019 has constituted a Risk Management Committee (RMC) of

the Board. The Committee comprises of the following Director/ Officials of the Company:-

Name of Director	Designation	Category of Director/ Official	No. of meetings attended
Mr. Sunam Sarkar	Chairman	Non-Executive Non-Independent	NA
Mr. Francesco Gori	Member	Non-Executive Non-Independent	NA
Mr. Robert Steinmetz	Member	Non-Executive Non-Independent	NA
Mr. Satish Sharma	Member	Executive	NA
Mr. Benoit Rivallant	Member	President (Europe)	NA

\* No meeting was held from February 5, 2019 to March 31, 2019. The first meeting of the RMC was held on May 8, 2019.

The Committee was reconstituted on May 9, 2019 by inducting Mr. Gaurav Kumar, Chief Financial Officer as Member.

Ms. Seema Thapar, Company Secretary acts as Secretary to the Committee.

The roles and responsibilities of the Risk Management Committee are as follows:-

- Develop and maintain Risk Management charter and policies.
- Advise business units and corporate functions on risk initiatives.
- Spearhead Risk Management initiative within the Company.
- Monitor emerging issues and share best practices.
- Improve Risk Management techniques and enhances awareness.
- Set standards for risk documentation and monitoring.
- Recommend training programs for relevant official with specific Risk Management responsibilities.
- Assess and manage risk for Company as a whole at global level.
- Review and approve the Risk Register prepared by the Chief Risk Officers.
- Any other role or responsibility as may be delegated by the Board of Directors from time to time.



## 10. CEO/CFO CERTIFICATION

The Chairman & 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.

## 11. GENERAL BODY MEETINGS

### (a) The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Venue	Special Resolution Passed
2017-18	August 1, 2018	10:00 AM	Kerala Fine Arts Theatre, Fine Arts Avenue, Foreshore Road, Ernakulam, Kochi (Kerala)	Authorization for Private Placement of NCDs.
2016-17	July 5, 2017	-do-	-do-	The following resolutions were passed as Special Resolution:- 1) Re-appointment of Mr. Onkar S. Kanwar as Managing Director. 2) Authorization for Private Placement of NCDs.
2015-16	August 9, 2016	-do-	-do-	No Special Resolution was passed.

### (b) Resolutions passed last year through Postal Ballot:

Resolution passed during FY2019: 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) Resolutions passed on September 7, 2018

Last Date of Dispatch of Postal Ballot Forms	Items approved by the shareholders	Date of passing of Resolution	Ordinary/Special Resolution
August 8, 2018	1. Continuation of Dr. S. Narayan (DIN 00094081) as an Independent Director. 2. Continuation of Mr. Robert Steinmetz (DIN 00178792) as Non Executive Director.	September 7, 2018	Special Resolutions

#### i. Voting Pattern of the resolution passed through Postal Ballot, are as follows:

##### *Continuation of Dr. S. Narayan (DIN 00094081) as an Independent Director.*

Particulars	Physical	E-voting	Total
Number of Postal Ballots received	331	1012	1343
Total number of votes	1,41,556	44,95,58,214	44,96,99,770
Total number of valid votes	1,30,984	44,95,58,214	44,96,89,198
Votes cast in favour of the Resolution	1,29,834	40,96,52,872	40,97,82,706
Votes cast against the Resolution	1,150	3,99,05,342	3,99,06,492
Number of invalid Postal Ballots	8	0	8
Number of invalid votes	10,572	0	10,572

##### *Continuation of Mr. Robert Steinmetz (DIN 00178792) as Non-Executive Director.*

Particulars	Physical	E-voting	Total
Number of Postal Ballots received	331	1018	1349
Total number of votes	1,41,556	45,38,22,649	45,39,64,205
Total number of valid votes	1,30,984	45,38,22,649	45,39,53,633
Votes cast in favour of the Resolution	1,29,353	36,51,01,044	36,52,30,397
Votes cast against the Resolution	1,631	8,87,21,605	8,87,23,236
Number of invalid Postal Ballots	8	0	8
Number of invalid votes	10,572	0	10,572

- 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) Resolution passed on December 20, 2018

Last Date of Dispatch of Postal Ballot Forms	Items approved by the shareholders	Date of passing of Resolution	Ordinary/Special Resolution
November 20, 2018	Re-appointment of Mr. Neeraj Kanwar (DIN 00058951) as Managing Director	December 20, 2018	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	403	888	1291
Total number of votes	1,61,342	42,27,00,271	42,28,61,613
Total number of valid votes	1,59,341	42,27,00,271	42,28,59,612
Votes cast in favour of the Resolution	1,49,596	40,88,38,461	40,89,88,057
Votes cast against the Resolution	9,745	1,38,61,810	1,38,71,555
Number of invalid Postal Ballots	5	0	5
Number of invalid votes	2,001	0	2,001

- 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.

## (3) Resolution passed on March 18, 2019

Last Date of Dispatch of Postal Ballot Forms	Items approved by the shareholders	Date of passing of Resolution	Ordinary/Special Resolution
February 16, 2019	Re-appointment of Ms. Pallavi Shroff (DIN 00013580) as an Independent Director	March 18, 2019	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	417	1044	1461
Total number of votes	1,66,947	45,14,06,730	45,15,73,677
Total number of valid votes	1,66,907	45,14,06,730	45,15,73,637
Votes cast in favour of the Resolution	1,61,215	35,69,54,121	35,71,15,336
Votes cast against the Resolution	5,692	9,44,52,609	9,44,58,301
Number of invalid Postal Ballots	1	0	1
Number of invalid votes	40	0	40

- 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 date of this report, your Company does not propose to pass any Special Resolution for the time being by way of Postal Ballot.

## 12. 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, 2019.

### (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 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. During the year under review, the risk assessment and mitigation procedures are periodically updated to the Board through the Audit Committee.

The Company has an internal Risk Management Steering Committees which review risk registers for APMEA and Europe regions 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 for mitigation. Few cross functioning teams have been formed to share the common risks between dependent functions to avoid overlap of risks. The risks duly aligned with the organisation objectives, documented in form of risk register are placed before Audit Committee. The Audit Committee of the Company reviews the risks of APMEA and Europe regions and provides its directions to the management, if any.

The Board at its meeting held on February 5, 2019, has constituted a Risk Management Committee (RMC) of the Board comprising of Directors and Senior Executive of the Company. Henceforth, the risk assessment and mitigation procedures shall be periodically updated to the Board through the RMC.

In the opinion of the Board, there has been no identified element of risk that may threaten the existence of the Company.

### (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 except that for an old case, the Company has deposited the penalty amount of ₹ 6.5 million under protest with SEBI and for which an appeal has also been filed with SAT. 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. All the Compliances applicable to the Company have been captured in the Dashboard and are mapped amongst the respective users. The time lines are fixed based on the legal requirement and the system is aligned in such a manner that it alerts the users on a timely manner.

The Company in order to further strengthen its compliance reporting and management system for its overseas subsidiaries, had also rolled out a Global Regulatory Compliance System ("Compliance Management System/Tool").

The Compliance dashboard captures the compliances applicable to the Company at Indian level as well as the international laws applicable to the overseas subsidiaries. The Compliance dashboard also covers the compliances relating to the codes and policies.

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, 2019 lying in "Unclaimed Suspense Account"/"Transferred to IEPFA 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, 2018	301	3,00,540
Number of shareholders who approached to the Company for transfer of shares from suspense account during the year	5	2,710
Number of shareholders to whom shares were transferred from suspense account during the year	5	2,710
Shares transferred to IEPFA Account	79	1,00,910
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year, i.e. March 31, 2019	217	1,96,920

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"), members whose dividend amount has not been paid or claimed for seven consecutive years or more, shares held by them shall be credited to the DEMAT Account of the Investor Education and Protection Fund Authority (IEPFA). During FY2019, 250,601 shares held by aforesaid members, were transferred to the DEMAT Account of IEPFA constituted in accordance with the Rules, on October 10, 2018.

The unclaimed or unpaid dividend which have already been transferred and the shares which are transferred, 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>

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"/"Demat Account" and the voting rights on these shares shall remain frozen until the rightful owner has claimed the shares.

Nodal Officer:- Pursuant to Rule 7(2A) of the IEPF Rules, Ms. Seema Thapar, Company Secretary & Compliance Officer, is appointed as Nodal Officer of the Company.

**(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.

**13. 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. 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](http://www.nseindia.com) and [www.bseindia.com](http://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.

#### 14. GENERAL SHAREHOLDER INFORMATION

- (a) Registered Office                      3rd Floor,  
Areekal Mansion, Near Manorama  
Junction, Panampilly Nagar,  
Kochi- 682 036, Kerala, India  
Ph:-91 484 4012046, 4012047  
Fax: 91 484 4012048

#### (b) Annual General Meeting:

- Date : July 31, 2019
- 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 July 7, 2019.
- Last date of receipt of Proxy form : July 29, 2019 before 10:00 AM

#### (c) Financial Calendar for FY2020

Quarter	Period ending	Date / Period
First quarter	June 30, 2019	On or before August 14, 2019
Second quarter/ half yearly	September 30, 2019	On or before November 14, 2019
Third quarter	December 31, 2019	On or before February 14, 2020
Fourth quarter/ year	March 31, 2020	On or before May 30, 2020

#### (d) Trading window closure

The trading restriction period shall be made applicable from the end of every quarter till 48 hours after the declaration of financial results.

#### (e) Dates of Book-Closure

The dates of the book closure shall be from July 25, 2019 to July 31, 2019 (both days inclusive).

#### (f) Dividend Payment

The dividend of ₹ 3.25/- per equity share for the FY2019, subject to approval from shareholders, has been recommended by the Board of Directors. The same shall be paid on or before 30 days from July 31, 2019.

#### (g) 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 seven years or more, the unclaimed amount shall be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government.

During the year, the Company had transferred ₹ 22,28,798/- lying unclaimed in Unpaid Dividend Account in respect of Dividend for the year 2010-11 to the said Fund on October 10, 2018.

#### (h) Listing at Stock Exchanges

1. National Stock Exchange of India Ltd	2. BSE Ltd
Exchange Plaza, Bandra- Kurla Complex, Bandra (E), Mumbai- 400 051	Phiroje Jeejeebhoy Towers, 1 <sup>st</sup> Floor, Dalal Street Mumbai- 400 001
T: +91 22 26598100-14	T: +91 22 22721233/34
F: +91 22 26598237- 38	F: +91 22 22721919/3027
E: cmlist@nse.co.in	E: corp.relations@bseindia.com

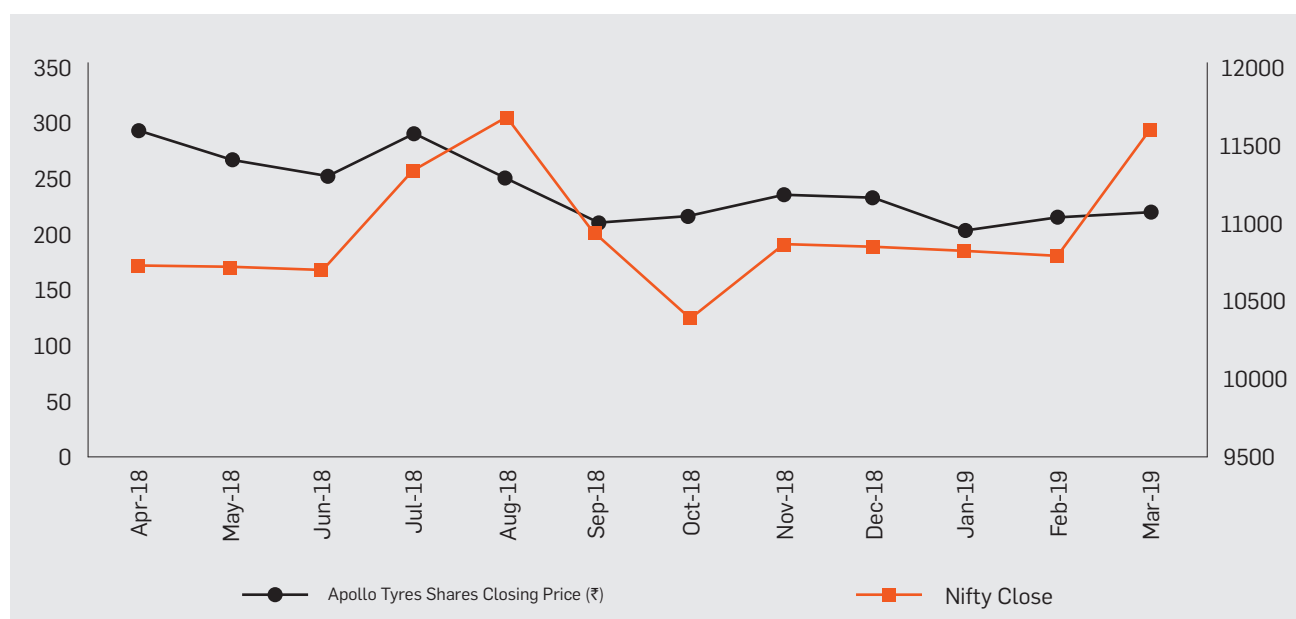
The annual listing fee for FY2019 has been paid to all the aforesaid stock exchanges.

#### (i) Stock Code

BSE Ltd.	500877
National Stock Exchange of India Ltd.	APOLLOTYRE

**(j) Stock Market Price Data for FY2019:****The Company's share price on NSE and Nifty Index**

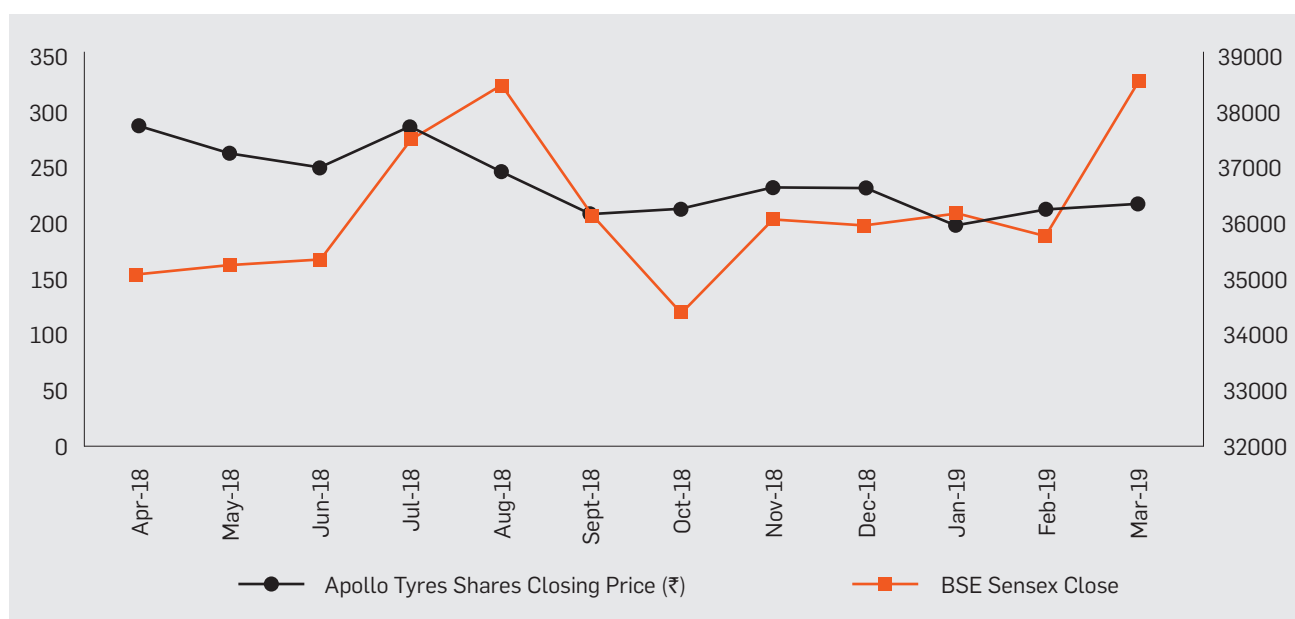
Month	NSE			Nifty Index	
	High (₹)	Low (₹)	Volume (in million)	High	Low
April, 2018	307.25	271.30	64.32	10,759.00	10,111.30
May, 2018	300.70	266.25	52.79	10,929.20	10,417.80
June, 2018	279.00	246.35	44.30	10,893.25	10,550.90
July, 2018	296.10	246.65	62.92	11,366.00	10,604.65
August, 2018	299.50	248.70	79.95	11,760.20	11,234.95
September, 2018	254.50	205.55	64.84	11,751.80	10,850.30
October, 2018	223.95	192.05	61.17	11,035.65	10,004.55
November, 2018	241.00	211.90	81.40	10,922.45	10,341.90
December, 2018	244.85	220.75	49.64	10,985.15	10,333.85
January, 2019	236.50	199.30	38.06	10,987.45	10,583.65
February, 2019	218.00	193.80	54.60	11,118.10	10,585.65
March, 2019	235.00	210.00	52.43	11,630.35	10,817.00

**Apollo Tyres Shares Closing Price (₹) vis-à-vis NSE Nifty Close**

### The Company's share price on BSE and Sensex

Month	BSE			SENSEX	
	Volume	Low(₹)	Volume (in million)	High	Low
April, 2018	307.15	273.45	4.60	35,213.30	32,972.56
May, 2018	300.40	266.20	3.00	35,993.53	34,302.89
June, 2018	279.00	246.85	2.70	35,877.41	34,784.68
July, 2018	296.55	246.75	3.00	37,644.59	35,106.57
August, 2018	299.80	248.80	4.60	38,989.65	37,128.99
September, 2018	254.80	206.10	3.80	38,934.35	35,985.63
October, 2018	225.00	192.10	4.20	36,616.64	33,291.58
November, 2018	240.65	212.00	5.80	36,389.22	34,303.38
December, 2018	244.90	220.00	2.60	36,554.99	34,426.29
January, 2019	236.85	199.65	2.70	36,701.03	35,375.51
February, 2019	279.90	229.60	4.60	37,172.18	35,287.16
March, 2019	235.70	210.30	2.80	38,748.54	35,926.94

### Apollo Tyres Shares Closing Price vis-à-vis BSE Sensex Close



### (k) Shares Traded during April 1, 2018 to March 31, 2019

Particulars	BSE	NSE
No. of shares traded (in million)	44.40	706.43
Highest Share Price (in ₹)	307.15	307.25
Lowest Share Price (in ₹)	192.10	192.05
Closing Share Price (as on March 31, 2019)	221.75	222.75
Market Capitalisation (as on March 31, 2019) (₹ in million)	1,26,852.08	1,27,424.13

### (l) 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.

### (m) 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 documents meets the stipulated requirement of statutory provisions in all respects. In reference to SEBI directives, the Company is providing the facility for transfer and dematerialization of securities simultaneously. The total no. of shares transferred during the year were 102,630. 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.

#### (n) Distribution of Shareholding

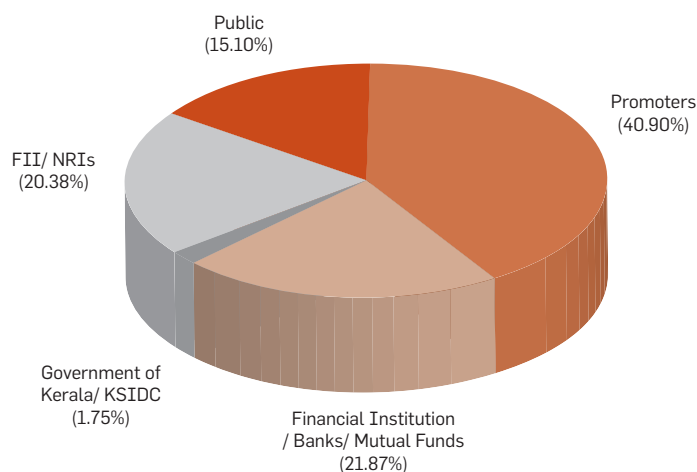
The following is the distribution of shareholding of equity shares of the Company as on March 31, 2019:-

Category	No. of Shareholders	% of Shareholders	No. of Shares Held	% of shareholding
UPTO 5000	1,64,154	99.40	3,44,81,898	6.028
5001 - 10000	447	0.27	32,87,685	0.575
10001 - 20000	169	0.10	24,60,361	0.430
20001 - 30000	47	0.03	11,53,185	0.202
30001 - 40000	36	0.02	12,74,752	0.223
40001 - 50000	20	0.01	9,10,703	0.159
50001 - 100000	69	0.04	51,18,041	0.895
100001 AND ABOVE	206	0.13	52,33,63,355	91.489
<b>Grand Total</b>	<b>1,65,148</b>	<b>100.000</b>	<b>57,20,49,980</b>	<b>100.000</b>

The Promoter and Promoter group hold 233.99 million shares constituting 40.90% of the share capital of the Company as on March 31, 2019.

#### Categories of shareholders as on March 31, 2019

Category	No. of shares	% of Shareholders
Promoters	23,39,89,131	40.90
Financial Institutions/Banks/Mutual Funds	12,51,16,368	21.87
Government of Kerala/KSIDC	1,00,00,000	1.75
FII/NRIs	11,65,57,295	20.38
Public	8,63,87,186	15.10
<b>Total</b>	<b>57,20,49,980</b>	<b>100.00</b>





**(o) 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.

**(p) 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, 2019, 98.53% 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.

**(q) 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.

**(r) 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@apolloytyres.com

**(s) 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.

**(t) 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.

**(u) 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

- |   |  |
|---|--|
| <b>(v)</b> Address for correspondence   | Secretarial Department   |
| for share transfer/demat of shares, payment of dividend and any other query relating to shares. | Apollo Tyres Ltd.<br>Apollo House, 7, Institutional Area,<br>Sector 32, Gurgaon 122001<br>Tel: +91 124 2721000 |

- (w)** As on March 31, 2019, there were no outstanding GDRs/ADRs/Warrants or any convertible instruments.

**(x) 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 and clauses (b) to (i) of Sub- Regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

*CG Compliances*

Particulars	Regulation	Compliance Status (Yes/NO/NA)
Independent Director(s) have been appointed in terms of specified criteria of 'independence' and/or 'eligibility'	16(1)(b) & 25(6)	Yes
Board Composition	17(1)	Yes
Meeting of Board of Directors	17(2)	Yes
Review of Compliance Reports	17(3)	Yes
Plans for orderly succession for appointments	17(4)	Yes
Code of Conduct	17(5)	Yes
Fees/compensation	17(6)	Yes
Minimum Information to be placed before Board of Directors	17(7)	Yes
Compliance Certificate by CEO and CFO	17(8)	Yes
Risk Assessment & Management	17(9)	Yes
Performance Evaluation of Independent Directors	17(10)	Yes
Explanatory Statement annexed to notice of general meeting	17(11)	Yes
Maximum Directorship & Tenure	17A	Yes
Composition of Audit Committee	18(1)	Yes
Meeting of Audit Committee	18(2)	Yes
Role of Audit Committee	18(3)	Yes
Composition of Nomination & Remuneration Committee	19(1) & 19(2)	Yes
Meeting of Nomination & Remuneration Committee	19(3A)	Yes
Role of Nomination & Remuneration Committee	19(4)	Yes
Composition of Stakeholder Relationship Committee	20(1) & 20(2)	Yes
Meeting of Stakeholder Relationship Committee	20(3A)	Yes
Composition of Risk Management Committee	21(1)	Yes
Meeting of Risk Management Committee	21(3A)	Yes
Vigil Mechanism	22(1)	Yes
Policy for Related Party Transaction	23(1)	Yes
Prior or Omnibus approval of Audit Committee for all related party transactions	23(2) & 23(3)	Yes
Approval of shareholders for material related party transactions	23(4)	Yes
Other Corporate Governance requirements with respect to subsidiary of listed entity	24(2), (3), (4), (5), (6), (7)	Yes
Secretarial Audit Report & Annual Secretarial Compliance Report	24A	Yes
Tenure of Independent Directors	25(2)	Yes
Meeting of Independent Directors	25(3) & 25(4)	Yes
Familiarization of Independent Directors	25(7)	Yes
Declaration of Independence from Independent Directors	25(8) & 25(9)	Yes
Directors & Officers Insurance	25(10)	Yes
Memberships in Committees	26(1) & 26(2)	Yes
Affirmation with compliance to code of conduct from Members of Board of Directors and Senior Management Personnel	26(3)	Yes
Disclosure of Shareholding by Non- Executive Directors	26(4)	Yes
Other Corporate Governance requirements	27	Yes

The Company has adopted following discretionary requirements 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.

(y) As on March 31, 2019, our shares were not suspended from trading.

(z) Commodity price risk or foreign exchange risk and hedging activities during the FY2019.

The Company enters into a variety of derivative financial instruments like options, forwards & futures contract and currency & interest rate swaps, to hedge foreign exchange rate risk and interest rate risk. The hedging is done as per the Board approved policy. The Company, at all the times, comply with all the RBI hedging guidelines that are prescribed from time to time.

The Company's exchange rate risk arises mainly from import (of raw material and capital items) and export (of finished goods) and 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, the Company uses the above mentioned derivative instruments to manage its exposure.

The Company's interest rate risk arises as the Company borrows funds at both fixed and floating interest rates. Some amount of this risk is managed by the Company

through maintaining an appropriate mix of fixed and floating rate borrowings and also through an appropriate amount of interest rate swaps, especially, to hedge the floating rate borrowings to fixed one.

## 15. ADDITIONAL INFORMATION

### (a) Investor Relations Section

The Investors Relations Section is located at the Corporate Office of the Company.

Contact person : Ms. Seema Thapar, Compliance Officer  
Time : 10:00AM to 6:00PM on all working days of the Company (except Saturdays and Sundays)

Tel No.: : +91 124 2721000

Fax No: : +91 124 2383351

E-mail: : investors@apolotyres.com

### (b) Bankers

Axis Bank Ltd.  
Bank of India  
BNP Paribas  
Canara Bank  
Citibank N.A.  
Federal Bank  
ICICI Bank Ltd.  
IDBI Bank Ltd.  
Kotak Mahindra Bank Ltd.  
Mizuho Bank Ltd.  
Standard Chartered Bank  
State Bank of India  
Sumitomo Mitsui Banking Corporation  
The Bank of Nova Scotia  
MUFG Bank Ltd.  
The Hongkong and Shanghai Banking Corporation Limited  
Union Bank of India  
RBL Bank Ltd.

### (c) Credit Rating

During the year, the following rating agencies, rated our bank facilities and other debt programs as under:-

Details of Debts	Rating	Rated by	Date
Long Term Rating	AA+/Stable(Reaffirmed)	CRISIL	May 30, 2018
Short Term Rating	A1+ (Reaffirmed)	CRISIL	May 30, 2018
Long Term Rating	AA+/Stable (Reaffirmed)	CRISIL	June11, 2018
Short Term Rating	A1+ (Reaffirmed)	CRISIL	June11, 2018
Commercial Paper	IND A1+	India Ratings & Research	October 24, 2018
Non-convertible Debentures	IND AA+/ Stable	India Ratings & Research	March 5, 2019
Commercial Paper	IND A1+	India Ratings & Research	March 5, 2019

### (d) Auditors

M/s. Walker Chandio & Co LLP, Chartered Accountants.

### (e) Cost Auditors

M/s. 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, 2018
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: August 17, 2018

### Declaration by CEO 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, 2019.

**ONKAR S. KANWAR**

Chairman & Managing Director

#### (f) 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 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.

Pursuant to SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 which was effective from April 1, 2019, the existing Code of Conduct to Regulate, Monitor and Report Trading by Insiders was amended to align with the SEBI (Prohibition of Insider Trading) Amendment Regulations, 2018. The revised Code of Conduct to Regulate, Monitor and Report Trading by Designated persons was approved/ratified by the Board on May 9, 2019.

#### (g) 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.

#### (h) 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.

No personnel of the Company has been denied access to the Audit Committee.

#### (i) 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.

Pursuant to SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 which was effective from April 1, 2019, the existing Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information was amended to align with the SEBI (Prohibition of Insider Trading) Amendment Regulations, 2018. The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information was approved/ratified by the Board on May 9, 2019.

The Board has also approved/ratified the Policy and Procedure for reporting and inquiry in case of leak or suspected leak of unpublished price sensitive information as per SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018.

**(j) 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 Rules 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.

Status of the Complaint received relating to Sexual harassment during FY2019 :-

Particulars	No. of Complaints
Number of complaints filed during the financial year	Nil
Number of complaints disposed off during the financial year	N.A.
Number of complaints pending as on end of the financial year	N.A.

**(k) Familiarisation Programme for Independent Directors**

The Company has adopted a familiarisation programme for Independent Directors with an objective of making the Independent Directors of the Company accustomed with the business and operations of the Company through various structured oriented programme. The familiarisation programme also intends to update the Directors on a regular basis on any significant changes therein so as to be in a position to take well informed and timely decision.

The details of familiarisation programme imparted to Independent Directors during FY2019 are available on the website of the Company. The weblink is <https://s3.eu-central-1.amazonaws.com/apollononproducts/CMSOriginal/3984/details-of-familiarisation-programme-fy2019.pdf>

**(l) Succession Policy**

In terms with the Nomination & Remuneration Policy of the Company, the Nomination & Remuneration Committee periodically reviews the succession policy and assist the Board in ensuring that the plans are in place for succession for appointments to the Board and to Senior Management.

**(m) Shareholders Satisfaction Survey**

An online survey is posted on the Company's website at <https://s3.eu-central-1.amazonaws.com/apolloproducts/3985/shareholder-satisfaction-survey.pdf>. Shareholders who have not yet participated in the survey can go to the above link and take part in the survey and provide us their valuable feedback.

**(n) Dividend Distribution Policy**

The Company has formulated a Dividend Distribution Policy in compliance of Regulations 43A of Listing Regulations which inter-alia specifies the external and internal factors including financial parameters that shall be considered while declaring dividend and the circumstances under which the shareholders of the Company may or may not expect dividend. Dividend Distribution Policy is attached as Annexure A to the Corporate Governance Report.

The dividend declared in last five years are as follows:

Period	Dividend (%)
FY2018	300
FY2017	300
FY2016	200
FY2015	200
FY2014	75

**(o) Global Code of Conduct**

The Company has designed a global "Code of Conduct Policy" ("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 all employees of the Company including Associates, Subsidiaries and Joint Venture. The Company has rolled out mandatory online training of all the employees for successful implementation of the Code.

We have analysed the regulations, their applicability and impact on our organization and have a roadmap to ensure we address any gaps which require remediation to ensure compliance. We have updated our policies and are in process on preparing/ updating various processes to ensure compliance to the EU GDPR requirements.

**(p) Governance of Subsidiary Companies**

The Company has a well-established corporate governance framework to create sound governance practices and promote best practices for its various Subsidiaries in multiple jurisdictions across the world. The Company ensures that the governance of Subsidiaries especially the material Subsidiaries reflect the same values, ethics, controls and processes as being followed at the parent Company level.

The Company maintains close relationship with the Subsidiaries' Board and regularly review and encourage regular feedback on the operation of subsidiary governance framework. The Company follows a fair, transparent and ethical governance practices for its overseas Subsidiaries which is essential for achieving long term corporate goals and to enhance stakeholder's value.

**(r) 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 FY2019, 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. Akshay Chudasama, Ms. Anjali Bansal, Gen. Bikram Singh (Retd.), Mr. Nimesh N. Kampani, Ms. Pallavi Shroff, Dr. S. Narayan, Mr. Vinod Rai and Mr. Vikram S. Mehta.

**(q) General Data Protection Regulation (GDPR)****(s) Name of the Debenture Trustee**

Vistra ITCL (India) Limited  
The IL&FS Financial Centre,  
Plot C- 22, G Block, 7th Floor,  
Bandra Kurla Complex  
Bandra (East), Mumbai-400051,  
Tel No. (022) 26533535  
Fax No. (022) 26533297

**(t) Web link for various documents**

The following documents/information are linked with the website of the Company, i.e. [www.apollotyres.com](http://www.apollotyres.com):-

Particulars	Web link
Familiarization programme for Independent Directors	<a href="https://corporate.apollotyres.com/en-in/investors/directors-information/?filter=FamiliarisationProgramme">https://corporate.apollotyres.com/en-in/investors/directors-information/?filter=FamiliarisationProgramme</a>
Policy for determining 'material' subsidiaries	<a href="https://corporate.apollotyres.com/en-in/investors/corporate-governance/?filter=CodesPolicies">https://corporate.apollotyres.com/en-in/investors/corporate-governance/?filter=CodesPolicies</a>
Policy on Related Party Transactions	<a href="https://corporate.apollotyres.com/en-in/investors/corporate-governance/?filter=CodesPolicies">https://corporate.apollotyres.com/en-in/investors/corporate-governance/?filter=CodesPolicies</a>
CSR policy	<a href="https://corporate.apollotyres.com/en-in/investors/corporate-governance/?filter=CodesPolicies">https://corporate.apollotyres.com/en-in/investors/corporate-governance/?filter=CodesPolicies</a>
Code of Conduct for Directors and Senior Management	<a href="https://corporate.apollotyres.com/en-in/investors/corporate-governance/?filter=CodesPolicies">https://corporate.apollotyres.com/en-in/investors/corporate-governance/?filter=CodesPolicies</a>
Whistle Blower Policy/Vigil Mechanism	<a href="https://corporate.apollotyres.com/en-in/investors/corporate-governance/?filter=CodesPolicies">https://corporate.apollotyres.com/en-in/investors/corporate-governance/?filter=CodesPolicies</a>
Policy on preservation and archival of documents	<a href="https://corporate.apollotyres.com/en-in/investors/corporate-governance/?filter=CodesPolicies">https://corporate.apollotyres.com/en-in/investors/corporate-governance/?filter=CodesPolicies</a>
Policy on determination of materiality of events or information	<a href="https://corporate.apollotyres.com/en-in/investors/corporate-governance/?filter=CodesPolicies">https://corporate.apollotyres.com/en-in/investors/corporate-governance/?filter=CodesPolicies</a>
Code of Practices and Procedures for Fair Disclosure of UPSI	<a href="https://corporate.apollotyres.com/en-in/investors/corporate-governance/?filter=CodesPolicies">https://corporate.apollotyres.com/en-in/investors/corporate-governance/?filter=CodesPolicies</a>
Dividend Distribution Policy	<a href="https://corporate.apollotyres.com/en-in/investors/corporate-governance/?filter=CodesPolicies">https://corporate.apollotyres.com/en-in/investors/corporate-governance/?filter=CodesPolicies</a>
Annual Return under Section 92(3) of the Companies Act, 2013	<a href="https://corporate.apollotyres.com/en-in/investors/corporate-governance/?filter=Others">https://corporate.apollotyres.com/en-in/investors/corporate-governance/?filter=Others</a>

**(u) Details of Utilisation of funds raised through QIP.**

During the year, the Company has fully utilised the funds of ₹ 15,000 million raised through QIP during FY2018, details of which are as under :-

Particulars	₹ Million
Fees paid to BRLMs	235
Europe Capex	7,175
India Capex	5,590
General Corporate Purposes	2,000
<b>Total</b>	<b>15,000</b>

**(v) Certificate from Practicing Company Secretary**

The Company has received a certificate from M/s. PI & Associates, Practicing Company Secretaries, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing

as Directors of Companies by the Board/Ministry of Corporate Affairs or any such authority.

The certificate is attached as Annexure B to the Corporate Governance Report.

**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 FY2019.

For and on behalf of the Board of Directors

Place: Gurgaon  
Date: May 9, 2019

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

# DIVIDEND DISTRIBUTION POLICY

The Board of Directors (the “**Board**”) of Apollo Tyres Ltd (the “**Company**”) has adopted the Dividend Distribution Policy (the “**Policy**”) of the Company as required in terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “**Listing Regulations**”) at its meeting held on November 9, 2016.

## 1. EFFECTIVE DATE

The Policy shall become effective from the date of its adoption by the Board i.e. November 9, 2016.

## 2. PURPOSE, OBJECTIVES AND SCOPE

The Securities and Exchange Board of India (“SEBI”) vide its Notification dated July 8, 2016 has amended the Listing Regulations by inserting Regulation 43A in order to make it mandatory to have a Dividend Distribution Policy in place by the top five hundred listed companies based on their market capitalisation calculated as on the 31st day of March of every financial year. Considering the provisions of the aforesaid Regulation 43A, the Board of the Company recognizes the need to lay down a broad framework for considering decisions by the Board, with regard to distribution of dividend to its shareholders and/ or retaining its profits. The Policy sets out the circumstances and different factors for consideration by the Board at the time of taking such decisions of distribution or of retention of profits, in the interest of providing transparency to the shareholders.

Declaration of dividend on the basis of parameters in addition to the elements of this Policy or resulting in amendment of any element of the Policy will be regarded as deviation. Any such deviation on elements of this Policy in extraordinary circumstances, when deemed necessary in the interests of the Company, along with the rationale will be disclosed in the manner set out in paragraph 9 below.

The Policy reflects the intent of the Company to reward its shareholders by sharing a portion of its profits after retaining sufficient funds for future growth of the Company. The Company shall pursue this Policy, to pay, subject to the circumstances and factors enlisted hereon, progressive dividend, which shall be consistent with the performance of the Company over the years.

The Policy shall not apply to distribution of Dividend by Subsidiaries/Associates/Joint Ventures of Apollo Tyres Ltd.

## 3. APPLICABLE LAWS

The Company will adhere with the requirements of all the applicable provisions of Companies Act, 2013 (the “Act”) and Rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; as amended from time to time and such other act, rules or regulations which provides for distribution of dividend.

## 4. DECLARATION AND PAYMENT OF DIVIDEND

The declaration and payment of dividend shall be in accordance with the provisions of the Listing Regulations, Section 123 to 127 of the Act and any other provisions as may be applicable. The Company shall declare dividend for any financial year subject to the following:

- a) out of the profits of the Company for that year arrived after providing for depreciation; or
- b) out of the profits of the Company for any previous financial year(s) arrived at after providing for depreciation and remaining undistributed; or
- c) out of both (a) and (b).

The dividend shall be declared or paid by the Company out of its free reserves.

## 5. FINANCIAL PARAMETERS

The Dividend payout may be in the range of 15% to 30% of Consolidated Net Profit every year:

- i. In line with the trend of Global Tyre Industry and Indian auto component industry;
- ii. Higher than trend of the Indian Tyre Industry.

The Board shall consider the following parameters, while taking decisions for declaration and payment of dividend during a particular year-

- i. Balance sheet strength;
- ii. Overall economic scenario;
- iii. Near future cash flow needs of the Company; and
- iv. Any other relevant factors and material events.

## 6. FACTORS FOR DECLARATION OF DIVIDEND

The Board shall also consider the following internal and external factors before declaring or recommending the dividend to the shareholders:

### 6.1 Internal Factors

- i. Mid-term growth projects before the Company;
- ii. Agreements with lending institutions;
- iii. Debt payments coming up next year;
- iv. Expectations of major stakeholders, including small shareholders; and
- v. Any other prudential requirements

### 6.2 External Factors

- i. Prevailing statutory provisions under Companies Act, 2013, tax laws including dividend distribution tax and other regulatory concerns;
- ii. Macroeconomic conditions/overall economic/ business scenario;
- iii. Capital market conditions;
- iv. Relevant industry practice; and
- v. Any other factor as deemed fit by the Board.



## 7. MANNER OF UTILISATION OF RETAINED EARNINGS

The Board may retain its earnings in order to make alternative use of the available funds and increase the value of the shareholders in the long run. The decision of utilization of the retained earnings of the Company shall be based on the following factors:

- i. Growth projects;
- ii. Modernization plan;
- iii. Diversification of business;
- iv. Long term strategic plans;
- v. Replacement of capital assets;
- vi. Anticipation of future capital being difficult to raise or being costly; and
- vii. Other such criteria as the Board may deem fit from time to time.

## 8. CIRCUMSTANCES UNDER WHICH SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

The Board shall consider the factors provided above before determination of any dividend after analyzing the prospective opportunities and threats, viability of the options of dividend distribution or retention etc. The decision of dividend may be based on the aforesaid factors considering the balanced interest of the shareholders and the Company.

Under the following circumstances, the dividend may not be expected by the shareholders:

- a) Whenever the Company proposes to utilize surplus cash for buyback of securities;
- b) In the event of loss or inadequacy of profits;
- c) Whenever the Company undertakes or proposes to undertake a large expansion project requiring higher allocation of capital.

## 9. PARAMETERS WITH REGARDS TO VARIOUS CLASSES OF SHAREHOLDERS

At present the Company has only one class of shareholder i.e. equity shareholders. The Policy shall be reviewed and amended if the Company issues shares to any other class of shareholders.

## 10. MANNER OF DIVIDEND

### In case of final dividend

- i. Recommendation, if any, shall be done by the Board, usually in the Board meeting that considers and approves the annual financial statements, subject to approval of the shareholders of the Company;

- ii. The dividend as recommended by the Board shall be approved/declared at the annual general meeting of the Company;
- iii. The payment of dividend shall be made within 30 days from the date of declaration to the shareholders entitled to receive the dividend on the record date as per the applicable law.

### In case of interim dividend

- i. Interim dividend, if any, shall be declared by the Board;
- ii. Before declaring interim dividend, the Board shall consider the financial position of the Company whether it allows the payment of such dividend;
- iii. The payment of dividends shall be made within 30 days from the date of declaration to the shareholders entitled to receive the dividend on the record date as per the applicable laws;
- iv. The dividend as declared by the Board shall be confirmed at the annual general meeting of the Company. In case no final dividend is declared, interim dividend will be regarded as final dividend in the annual general meeting.

## 11. DISCLOSURE

The Company shall make appropriate disclosures as per the Listing Regulations and/or other applicable laws.

The Company shall disclose this Policy on its website ([www.apollotyres.com](http://www.apollotyres.com)) and in its Annual Report and shall also update the Policy on its website and in its Annual Report, as and when any changes are made in the Policy.

If the Company proposes to declare dividend on the basis of any additional parameters, it shall disclose such changes along with the rationale for the same on its website and in its Annual Report.

## 12. REVIEW

This policy shall be reviewed periodically (every 3 years) to factor in the industry trend / Company needs.

## 13. CONFLICT OF POLICY

In the event of Policy being inconsistent with any regulatory provision, such regulatory provision shall prevail upon the corresponding provision of this Policy.

## 14. AMENDMENT

The Board may review and amend the Policy, as and when required to give effect to any changes/amendments notified by any regulator under the applicable law from time to time.

## ANNEXURE B

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members of  
**Apollo Tyres Limited**  
3<sup>rd</sup> Floor, Areekal Mansion, Panampilly Nagar,  
Kochi, Ernakulam, Kerala- 682036.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Apollo Tyres Limited** having CIN L25111KL1972PLC002449 and having registered office at 3<sup>rd</sup> floor, Areekal Mansion, Panampilly Nagar, Kochi, Ernakulam, Kerala- 682036 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with the Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company and the respective Directors, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

S. No.	DIN	Name of Director	Date of appointment in Company
1.	00058921	Mr. Onkar S. Kanwar	03/06/1982
2.	00058951	Mr. Neeraj Kanwar	28/05/1999
3.	00010630	Mr. Akshay N. Chudasama	11/11/2013
4.	00207746	Ms. Anjali Bansal	01/11/2017
5.	07259060	Gen. Bikram Singh (Retd.)	11/08/2015
6.	03483417	Ms. Beena Mahadevan	30/01/2018
7.	07413105	Mr. Francesco Gori	09/02/2016
8.	00009071	Mr. Nimesh N Kampani	22/11/1997
9.	00013580	Ms. Pallavi Shardul Shroff	15/05/2014
10.	00178792	Mr. Robert Steinmetz	10/09/1999
11.	00094081	Mr. Subbaraman Narayan	14/02/2005
12.	00058859	Mr. Sunam Sarkar	28/01/2004
13.	00041197	Mr. Vikram Singh Mehta	06/02/2013
14.	00041867	Mr. Vinod Rai	09/02/2016

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For PI & Associates,  
Company Secretaries

**Nitesh Latwal**  
Partner  
ACS No.: A32109  
C P No.: 16276

Date: May 1, 2019  
Place: New Delhi

# INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

## To the Members of Apollo Tyres Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated 31 July 2018.
2. We have examined the compliance of conditions of corporate governance by Apollo Tyres Limited ('the Company') for the year ended on 31 March 2019, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2), and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

## MANAGEMENT'S RESPONSIBILITY

3. The compliance of conditions of corporate governance is the responsibility of the management. This responsibility includes the designing, implementing and maintaining operating effectiveness of internal control to ensure compliance with the conditions of corporate governance as stipulated in the Listing Regulations.

## AUDITOR'S RESPONSIBILITY

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion as to whether the Company has complied with the conditions of corporate governance as stated in paragraph 2 above. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the relevant records of the Company in accordance with the applicable Generally Accepted Auditing Standards in India, the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India ('ICAI'), and 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.

6. 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.

## INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE (CONT'D)

### Opinion

7. Based on the procedures performed by us and to the best of our information and according to the explanations provided to us, in our opinion, the Company has complied, in all material respects, with the conditions of corporate governance as stipulated in the Listing Regulations during the year ended 31 March 2019.

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.

### RESTRICTION ON USE

8. This certificate is issued solely for the purpose of complying with the aforesaid regulations and may not be suitable for any other purpose.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm Registration No. 001076N/N500013

Place: Gurgaon  
Date: 09 May 2019

per **David Jones**  
Partner  
Membership No.: 98113

# CEO AND CFO CERTIFICATE

[Under Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

The Board of Directors,  
Apollo Tyres Ltd.,  
3<sup>rd</sup> floor,  
Areekal Mansion,  
Near Manorama Junction,  
Panampilly Nagar,  
Kochi- 682 036 (Kerala)

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, 2019 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 Ltd.

Place : Gurgaon  
Date : April 25, 2019

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

**GAURAV KUMAR**  
Chief Financial Officer





## **FINANCIAL STATEMENTS**

Standalone Financial Statements

# INDEPENDENT AUDITOR'S REPORT

To  
The Members of Apollo Tyres Limited

## REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

### OPINION

1. We have audited the accompanying standalone financial statements of Apollo Tyres Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2019, 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.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2019, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### BASIS FOR OPINION

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### KEY AUDIT MATTERS

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p><b>A. Provision for sales related obligations</b></p> <p>As at 31 March 2019, the Company carries provisions for sales related obligations amounting to ₹ 1,280.31 million (Refer note C8).</p> <p>Such provision is recognised based on past trends, frequency, expected cost of obligations, management estimates regarding possible future incidences and appropriate discount rates for non-current portion of the obligations.</p> <p>These estimates require high degree of management judgement with respect to the underlying assumptions, thus giving rise to inherent subjectivity in determining the amounts to be recorded in the financial statements.</p> <p>Considering the materiality of the above matter to the financial statements, complexities and judgement involved, and the significant auditor attention required to test such management's judgement, we have identified this as a key audit matter for current year audit.</p>	<p>Our audit procedures included, but were not limited to the following:</p> <ol style="list-style-type: none"> <li>a) Obtained an understanding from the management with respect to process and controls followed by the Company to ensure appropriateness of recognition, measurement and completeness of the sales related obligations.</li> <li>b) Tested the management's computation of sales related obligations by evaluating the reasonability of the key assumptions, reviewing the contractual terms, comparing the assumptions to historical data and analysing the expected costs of incidences.</li> <li>c) Traced the inputs used in the computations, to the relevant accounting records, including discussions with the relevant management personnel and tested the arithmetical accuracy of the computation.</li> <li>d) Compared the amounts recognized as provision in the past years with the corresponding settlements and assessed whether the aggregate provisions recognized as at the current year-end were sufficient to cover expected costs in light of known and expected incidences and standard return periods provided.</li> <li>e) Performed sensitivity analysis on the management's computation by evaluating the impact of change on the obligation by changing certain key assumptions such as discount rates used.</li> <li>f) Assessed and validated the adequacy and appropriateness of the disclosures made by the management in the standalone financial statements.</li> </ol>

Key audit matter	How our audit addressed the key audit matter
<p><b>B. Litigations and claims: provisions and contingent liabilities</b></p> <p>As disclosed in Note C17 [contingent liability note] and Note C8 [Provision for contingencies note] to the standalone financial statements, the Company is involved in direct and indirect tax litigations ('litigations') amounting to ₹ 3,147.53 million that are pending with various tax authorities.</p> <p>Whether a liability is recognised or disclosed as a contingent liability in the financial statements is inherently judgmental and dependent on a number of significant assumptions and assessments. These include assumptions relating to the likelihood and/or timing of the cash outflows from the business and the interpretation of local laws and pending assessments at various levels of the statute. We placed specific focus on the judgements in respect to these demands against the Company.</p> <p>Determining the amount, if any, to be recognised or disclosed in the standalone financial statements, is inherently subjective. The amounts involved are potentially significant and due to the range of possible outcomes and considerable uncertainty around the various claims the determination of the need for creating a provision in the financial statements is inherently subjective and therefore is considered to be a key audit matter in the current year</p>	<p>Our procedures included, but were not limited to, the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding from the management with respect to process and controls followed by the Company for identification and monitoring of significant developments in relation to the litigations, including completeness thereof.</li> <li>• Obtained the list of litigations from the management and reviewed their assessment of the likelihood of outflow of economic resources being probable, possible or remote in respect of the litigations. This involved assessing the probability of an unfavorable outcome of a given proceeding and the reliability of estimates of related amounts</li> <li>• Performed substantive procedures including tracing from underlying documents / communications from the tax authorities and re-computation of the amounts involved.</li> <li>• Assessed management's conclusions through discussions held with the in house legal counsel and understanding precedents in similar cases;</li> <li>• Obtained and evaluated the independent confirmations from the consultants representing the Company before the various authorities.</li> <li>• Engaged auditor's experts, who obtained an understanding of the current status of the litigations, conducted discussions with the management, reviewed independent legal advice received by the Company, if any and considered relevant legal provisions and available precedents to validate the conclusions made by the management.</li> <li>• Assessed and validated the adequacy and appropriateness of the disclosures made by the management in the standalone financial statements.</li> </ul>

## INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion & Analysis, Report on Corporate Governance and Director's Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE STANDALONE FINANCIAL STATEMENTS

7. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments 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 financial statements that give a true and

fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the

audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

15. As required by section 197(16) of the Act, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
16. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.



17. Further to our comments in Annexure I, as required by section 143(3) of the Act, 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 purpose 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 standalone financial statements dealt with by this report are in agreement with the books of account;
  - d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;
  - e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of section 164(2) of the Act;
  - f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 9 May 2019 as per Annexure II expressed unmodified opinion;
  - 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, as detailed in note C17 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2019;
    - ii. the Company has made provision, as required under the applicable law or Ind AS, 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 ₹ 3.74 million (31 March 2018: ₹ 3.18 million) pertaining to amount of dividend which has not been transferred as per the orders/ instructions under the Special Court (Trial of Offences Relating to Transactions in Securities) Act, 1992; and
    - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**David Jones**  
Partner  
Membership No.: 98113

Place: Gurgaon  
Date: 9 May 2019

## ANNEXURE I

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties are held in the name of the Company, except for certain lands included under the head 'Capital work in progress', [admeasuring 8,836,150 square feet and carrying a cost of ₹ 245.35 million], the title deeds to which, according to the information and explanation given to us, are yet to be transferred in the name of the Company. Immovable properties in the nature of land whose title deeds have been pledged as security for loans are held in the name of the Company, which is verified from confirmations directly received by us from lenders. In respect of immovable properties in the nature of land that have been taken on lease and disclosed under the head property, plant and equipment in the standalone financial statements, the lease agreements are in the name of the Company, where the Company is the lessee as per the agreement.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.
- (b) The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

### Statement of disputed dues

Name of the statute	Nature of dues	Amount (₹ million)	Amount paid under protest (₹ million)	Period to which the amount relates	Forum where dispute is pending
Sales Tax Act applicable to various states	Sales tax	241.97	61.96	1992-93 to 2017-18	Various appellate authorities/ Revenue board/ High Court
Central Excise Act, 1944	Excise duty and additional excise duty	514.20	4.02	2002-03 to 2017-18	Various appellate authorities/ Supreme Court
Finance Act, 1994	Service tax	529.13	32.69	2004-05 to 2015-16	Various appellate authorities
Income tax Act, 1961	Income tax	1,898.92	110.71	1988-89 to 2013-14	Various appellate authorities/ High Court

- (viii) The Company has not defaulted in repayment of loans or borrowings to any financial institution or a bank or any dues to debenture-holders during the year. The Company has no loans or borrowings payable to government.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained, though idle/surplus funds which were not required for immediate utilisation have been invested in liquid investments, payable on demand.
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) Managerial remuneration has been provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**David Jones**  
Partner  
Membership No.: 98113

Place: Gurgaon  
Date: 9 May 2019

## ANNEXURE II

### Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of Apollo Tyres Limited ('the Company') as at and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as of that date.

#### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

2. The Company's Board of Directors 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 ('the Guidance Note') 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 the Company's business, including adherence to the 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 Act.

#### AUDITOR'S RESPONSIBILITY

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. 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 IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, 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.
5. 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 IFCoFR.

#### MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

6. A company's IFCoFR 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 IFCoFR include 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

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### OPINION

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2019, based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandio & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**David Jones**  
Partner  
Membership No.: 98113

Place: Gurgaon  
Date: 9 May 2019



# BALANCE SHEET

as on March 31, 2019

₹ Million

Particulars	Notes	As on March 31, 2019	As on March 31, 2018
<b>A. ASSETS</b>			
<b>1. Non-current assets</b>			
(a) Property, plant and equipment	B1	63,680.79	56,793.23
(b) Capital work-in-progress		6,491.73	6,717.86
(c) Intangible assets	B1	314.39	345.45
(d) Intangible assets under development		57.27	-
(e) Financial assets			
i. Investments	B2	22,325.73	16,393.76
ii. Other financial assets	B3	1,210.57	882.92
(f) Other non-current assets	B4	7,304.50	1,523.34
<b>Total non-current assets</b>		<b>101,384.98</b>	<b>82,656.56</b>
<b>2. Current assets</b>			
(a) Inventories	B5	20,514.79	17,214.91
(b) Financial assets			
i. Investments	B6	-	13,390.47
ii. Trade receivables	B7	6,198.22	5,501.46
iii. Cash and cash equivalents	B8	2,103.80	2,544.51
iv. Bank balances other than (iii) above	B9	71.85	60.72
v. Loans	B10	-	5,718.10
vi. Other financial assets	B11	283.38	433.10
(c) Other current assets	B12	4,335.62	3,905.95
<b>Total current assets</b>		<b>33,507.66</b>	<b>48,769.22</b>
<b>Total assets (1+2)</b>		<b>134,892.64</b>	<b>131,425.78</b>
<b>B. EQUITY AND LIABILITIES</b>			
<b>1. Equity</b>			
(a) Equity share capital	B13	572.05	572.05
(b) Other equity		75,839.56	72,034.06
<b>Total equity</b>		<b>76,411.61</b>	<b>72,606.11</b>
<b>Liabilities</b>			
<b>2. Non-current liabilities</b>			
(a) Financial liabilities			
i. Borrowings	B14	24,438.55	18,643.88
ii. Other financial liabilities	B15	15.34	131.60
(b) Provisions	B16	498.82	450.73
(c) Deferred tax liabilities (net)	C9	5,754.60	5,443.36
(d) Other non-current liabilities	B17	2,879.47	3,433.39
<b>Total non-current liabilities</b>		<b>33,586.78</b>	<b>28,102.96</b>
<b>3. Current Liabilities</b>			
(a) Financial liabilities			
i. Borrowings	B18	2,925.07	6,474.24
ii. Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	C20	128.55	133.27
- Total outstanding dues of creditors other than micro enterprises and small enterprises	B19	13,558.05	14,992.45
iii. Other financial liabilities	B20	2,975.89	3,193.21
(b) Other current liabilities	B21	2,842.88	2,341.96
(c) Provisions	B22	1,659.79	2,651.16
(d) Current tax liabilities (net)	B23	804.02	930.42
<b>Total current liabilities</b>		<b>24,894.25</b>	<b>30,716.71</b>
<b>Total equity and liabilities (1+2+3)</b>		<b>134,892.64</b>	<b>131,425.78</b>

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 **Walker Chandiook & Co LLP**

Chartered Accountants

Firm's Registration No. 001076N/N500013

**David Jones**

Partner

Membership No. 98113

Gurgaon

May 9, 2019

**ONKAR S. KANWAR**

Chairman & Managing Director

DIN 00058921

**NEERAJ KANWAR**

Vice Chairman & Managing Director

DIN 00058951

**GAURAV KUMAR**

Chief Financial Officer

**Dr. S. NARAYAN**

Director

DIN 00094081

**SEEMA THAPAR**

Company Secretary

Membership No- FCS 6690

# STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2019

₹ Million

Particulars	Notes	Year ended March 31, 2019	Year ended March 31, 2018
<b>1. REVENUE FROM OPERATIONS:</b>			
Sales		120,895.83	103,881.26
Other operating income	B24	2,641.82	1,687.92
		<b>123,537.65</b>	<b>105,569.18</b>
<b>2. OTHER INCOME</b>	B25	1,114.70	1,195.18
<b>3. TOTAL INCOME (1 +2)</b>		<b>124,652.35</b>	<b>106,764.36</b>
<b>4. EXPENSES :</b>			
(a) Cost of materials consumed	B26	75,838.42	62,811.50
(b) Purchase of stock-in-trade	B26	7,355.28	2,517.58
(c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	B27	(2,614.66)	125.46
(d) Excise duty on sales	C24	-	2,548.91
(e) Employee benefits expense	B26	7,372.42	7,096.78
(f) Finance costs	B28	1,378.55	1,375.41
(g) Depreciation and amortisation expense	B1	4,463.32	3,643.81
(h) Other expenses	B26	20,795.10	17,971.80
<b>Total expenses</b>		<b>114,588.43</b>	<b>98,091.25</b>
<b>5. PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX (3 - 4)</b>		10,063.92	8,673.11
<b>6. EXCEPTIONAL ITEMS</b>	C30	2,000.00	-
<b>7. PROFIT BEFORE TAX (5 - 6)</b>		8,063.92	8,673.11
<b>8. TAX EXPENSE:</b>			
(a) Current tax expense		1,806.52	1,884.66
(b) Deferred tax		336.31	564.57
<b>Total</b>		<b>2,142.83</b>	<b>2,449.23</b>
<b>9. NET PROFIT FOR THE YEAR (7 - 8)</b>		<b>5,921.09</b>	<b>6,223.88</b>
<b>10. OTHER COMPREHENSIVE INCOME</b>			
I i. Items that will not be reclassified to profit or loss			
a. Remeasurements of the defined benefit plans		27.94	(106.18)
ii. Income tax		(9.76)	36.75
		<b>18.18</b>	<b>(69.43)</b>
II i. Items that may be reclassified to profit or loss			
a. Effective portion of gain / (loss) on designated portion of hedging instruments in a cash flow hedge		(99.69)	204.43
ii. Income tax		34.83	(70.75)
		<b>(64.86)</b>	<b>133.68</b>
Other comprehensive income/ (loss) (I + II)		(46.68)	64.25
<b>Total comprehensive income for the year (9 + 10)</b>		<b>5,874.41</b>	<b>6,288.13</b>
Earnings per equity share of Re 1 each -	C31		
(a) Basic (₹)		10.35	11.55
(b) Diluted (₹)		10.35	11.55

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 **Walker Chandio & Co LLP**

Chartered Accountants

Firm's Registration No. 001076N/N500013

**David Jones**

Partner

Membership No. 98113

Gurgaon

May 9, 2019

**ONKAR S. KANWAR**

Chairman & Managing Director  
DIN 00058921

**NEERAJ KANWAR**

Vice Chairman & Managing Director  
DIN 00058951

**GAURAV KUMAR**

Chief Financial Officer

**Dr. S. NARAYAN**

Director

DIN 00094081

**SEEMA THAPAR**

Company Secretary

Membership No- FCS 6690

# STATEMENT OF CHANGES IN EQUITY

## OTHER EQUITY

₹ Million

Particulars	Reserves and surplus (refer note C4)					Items of other comprehensive income			Total		
	Securities premium	General reserve	Capital reserve on AMHPL merger	Debt redemption reserve	Capital subsidy	Capital redemption reserve	Capital reserve on forfeiture of shares	Retained earnings		Effective portion of cash flow hedge	Revaluation surplus
<b>Balance as on March 31, 2017</b>	6,085.71	12,006.63	1,383.68	469.12	25.50	44.40	0.07	32,832.77	(76.23)	31.22	52,802.87
Profit for the year								6,223.88			6,223.88
Effective portion of cash flow hedge									204.43		204.43
Income tax on effective portion of cash flow hedge									(70.75)		(70.75)
Remeasurements of the defined benefit plans								(106.18)			(106.18)
Income tax on Remeasurements of the defined benefit plans								36.75			36.75
<b>Total comprehensive income for the year</b>								<b>6,154.45</b>	<b>133.68</b>		<b>6,288.13</b>
Security premium on issue of shares, net	14,781.01										14,781.01
Transaction with owners in their capacity as owners											
Payment of dividend (₹ 3 per share)								(1,527.07)			(1,527.07)
Tax on dividend								(310.88)			(310.88)
Transfer from retained earnings		1,000.00		410.19				(1,410.19)			-
Transfer to retained earnings				(250.00)				250.00			-
<b>Balance as on March 31, 2018</b>	<b>20,866.72</b>	<b>13,006.63</b>	<b>1,383.68</b>	<b>629.31</b>	<b>25.50</b>	<b>44.40</b>	<b>0.07</b>	<b>35,989.08</b>	<b>57.45</b>	<b>31.22</b>	<b>72,034.06</b>
Profit for the year								5,921.09			5,921.09
Effective portion of cash flow hedge									(99.69)		(99.69)
Income tax on effective portion of cash flow hedge									34.83		34.83
Remeasurements of the defined benefit plans								27.94			27.94
Income tax on Remeasurements of the defined benefit plans								(9.76)			(9.76)
<b>Total comprehensive income for the period</b>								<b>5,939.27</b>	<b>(64.86)</b>		<b>5,874.41</b>
Transaction with owners in their capacity as owners											
Payment of dividend (₹ 3 per share)								(1,716.15)			(1,716.15)
Tax on dividend								(352.76)			(352.76)
Transfer from retained earnings		1,000.00		410.19				(1,410.19)			-
<b>Balance as on March 31, 2019</b>	<b>20,866.72</b>	<b>14,006.63</b>	<b>1,383.68</b>	<b>1,039.50</b>	<b>25.50</b>	<b>44.40</b>	<b>0.07</b>	<b>38,449.25</b>	<b>(7.41)</b>	<b>31.22</b>	<b>75,839.56</b>

In terms of our report attached

For **Walker Chandiook & Co LLP**  
Chartered Accountants

Firm's Registration No. 001076N/N500013

**David Jones**  
Partner  
Membership No. 98113

Gurgaon  
May 9, 2019

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**Dr. S. NARAYAN**  
Director  
DIN 00094081

**SEEMA THAPAR**  
Company Secretary  
Membership No- FCS 6690

For and on behalf of the Board of Directors

# CASH FLOW STATEMENT

for the year ended March 31, 2019

₹ Million

Particulars	Year ended March 31, 2019		Year ended March 31, 2018
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>			
(i) <b>Net profit before tax</b>		8,063.92	8,673.11
<b>Add: Adjustments for:</b>			
Depreciation and amortisation expenses	4,463.32		3,643.81
(Profit) on sale of property, plant and equipment (net)	(8.30)		(1.85)
(Profit) on sale of investments	-		(0.47)
Dividend from non-current and current investments	(50.83)		(45.82)
Provision for constructive liability	34.46		95.66
Provision for compensated absences	11.27		(21.14)
Provision for superannuation	2.50		22.50
Change in fair value of investments	(0.04)		(140.68)
Liabilities/provisions no longer required written back	(367.13)		(23.31)
Unwinding of deferred income	(1,438.44)		(788.13)
Finance cost	1,378.55		1,375.41
Interest income	(349.89)		(440.87)
Inter corporate deposit written off	2,000.00		-
Provision for estimated loss on derivatives	(184.62)		(77.68)
Unrealised (gain)/loss on foreign exchange fluctuations	103.09	5,593.94	(56.95)
			3,540.48
<b>(ii) Operating profit before working capital changes</b>		<b>13,657.86</b>	<b>12,213.59</b>
<b>Changes in working capital</b>			
<b>Adjustments for (increase) / decrease in operating assets:</b>			
Inventories	(3,299.88)		79.07
Trade receivables	(800.11)		(1,553.20)
Loan and advances given (current and non current)	-		(4,016.14)
Other financial assets (current and non current)	(63.62)		(60.10)
Other current assets	(390.36)	(4,553.97)	(615.53)
			(6,165.90)
<b>Adjustments for increase / (decrease) in operating liabilities:</b>			
Trade payables	(1,436.73)		4,714.45
Other financial liabilities	296.51		187.79
Other liabilities (current and non current)	522.47		983.46
Provision for contingencies	(365.00)		-
Provisions for sales related obligations	(261.51)	(1,244.26)	(616.78)
			5,268.92
<b>(iii) Cash generated from operations</b>		<b>7,859.63</b>	<b>11,316.61</b>
Less: Direct taxes paid (net of refund)		1,932.92	1,983.22
<b>Net cash generated from operating activities</b>		<b>5,926.71</b>	<b>9,333.39</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	(16,423.05)		(12,432.20)
Proceeds from sale of fixed assets	97.24		311.99
Proceeds from/ (Investments) in Mutual Funds	3,640.48		(49.41)
Investment in non-current investment	(206.94)		(6,350.62)
Inter corporate deposits matured, net	7,750.00		-
Investments in inter corporate deposits, net	-		(9,250.00)
Dividends received from current and non-current investments	50.83		45.82
Interest received	524.31		183.93
<b>Net cash used in investing activities</b>		<b>(4,567.13)</b>	<b>(27,540.49)</b>



# CASH FLOW STATEMENT

for the year ended March 31, 2019 (Contd.)

₹ Million

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares (net)	-	14,761.49
Proceeds from non-current borrowings	5,438.31	10,588.11
Repayment of non-current borrowings	(256.87)	(1,647.28)
Repayment of Current borrowings (net)	(3,528.95)	(1,437.61)
Payment of dividend (including dividend tax)	(2,068.91)	(1,837.95)
Finance charges paid	(1,363.65)	(1,088.48)
<b>Net cash generated from financing activities</b>	<b>(1,780.07)</b>	<b>19,338.28</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(420.49)</b>	<b>1,131.17</b>
Cash and cash equivalents as at the beginning of the year	2,544.51	1,340.88
Less: Cash credits as at the beginning of the year	143.39	71.58
	<b>2,401.12</b>	<b>1,269.30</b>
(Gain)/ Loss on re-statement of foreign currency cash and cash equivalents	-	0.65
<b>Adjusted cash and cash equivalents as at beginning of the year</b>	<b>2,401.12</b>	<b>1,269.95</b>
Cash and cash equivalents as at the end of the year	2,103.80	2,544.51
Less: Cash credits as at the end of the year	123.17	143.39
<b>Adjusted cash and cash equivalents as at the end of the year</b>	<b>1,980.63</b>	<b>2,401.12</b>

In terms of our report attached

For and on behalf of the Board of Directors

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No. 001076N/N500013

**David Jones**

Partner

Membership No. 98113

Gurgaon

May 9, 2019

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Chief Financial Officer

**Dr. S. NARAYAN**

Director

DIN 00094081

**SEEMA THAPAR**

Company Secretary

Membership No- FCS 6690

# A. NOTES

forming Part of the Financial Statements

## 1 CORPORATE INFORMATION

The principal business activity of Apollo Tyres Limited ('the Company') 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 comprises four tyre manufacturing plants, two located in Cochin and one each at Vadodara and Chennai and various sales and marketing offices spread across the country. The Company's European subsidiaries Apollo Vredestein BV ('AVBV') and Apollo Tyres (Hungary) Kft. have a manufacturing plant in the Netherlands and Hungary respectively and has sales and 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 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 via notification dated 30 March 2019 to further amend Companies (Indian Accounting Standards) Rules, 2015, notifying a new lease standard Ind AS 116, 'Leases'. This amendment replaces Ind AS 17, 'Leases'. An insertion of Appendix C, 'Uncertainty over Income Tax Treatments' to Ind AS 12, 'Income taxes has also been notified. These amendments are applicable to the Company from April 1, 2019.

#### • IND AS 116 "Leases"

*This standard replaces Ind AS 17, Leases. Key changes include:*

- a. Eliminates the requirement to classify a lease as either operating or finance lease in the books of lessee.
- b. Introduces a single lessee accounting model, whereby requires lessee to recognize assets and liabilities for all leases. Entity may elect not to apply this accounting requirement to short term leases and leases for which underlying asset is of low value.
- c. Requires lessee to classify cash payments for principal and interest portion of lease arrangement within financing activities and financing/operating activities respectively in the cash flow statements.
- d. Requires entities to determine whether a contract conveys the right to control the use of an identified asset to assess whether that contract is, or contains, a lease.

#### • IND AS 12 "Insertion of Appendix C to Income Taxes"

Ind AS 12 provides the recognition and measurement principles for current and deferred tax assets and liabilities. However, it does not provide guidance in relation to accounting of an uncertain tax treatment, pending decision by a relevant taxation authority or court, while measuring current and deferred taxes. The entities would now be required to assess

the effect of uncertainties on income tax treatment of items or transactions and depending on the likelihood of the taxation authorities accepting the treatment in the tax return, the entity would either disclose the uncertainty in the financial statements or include an adjustment for the same in the tax provision for that year.

The insertion does not introduce any new disclosure requirements, but strengthens the need to comply with the significant disclosure requirements under Ind AS 1, Presentation of Financial Statements, and Ind AS 12.

The insertion is to be applied to the determination of taxable profit, tax bases, unused tax losses, unused tax credits and tax rates, where there is uncertainty over income tax treatments under Ind AS 12.

Furthermore, if an entity considers a particular amount payable or receivable for interest and penalties, associated with uncertain tax treatment, to be an income tax, then that amount is within the scope of this Interpretation and where a company instead applies Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets, to these amounts, then it does not apply this Interpretation. The Interpretation would also apply to uncertainty affecting deferred tax assets and liabilities arising out of business combinations.

The Company is evaluating the requirements of the amendments and its impact if any, on the financial statements.

## 3 BASIS OF ACCOUNTING AND PREPARATION OF FINANCIAL STATEMENTS

### 3.1 Statement of Compliance

The financial statements have been prepared to comply in all material respects with the Indian Accounting Standards (Ind AS) as notified by Ministry of Corporate Affairs under Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act.

The financial statements are presented in Indian Rupee ('INR'), which is also the functional currency of the Company.

The financial statements for the year ended March 31, 2019 were authorised and approved for issue by the Board of Directors on May 09, 2019.

### 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 Company.

Business combinations involving entities or businesses under common control are 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 is 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 realizable value (net of allowances) after providing for obsolescence and other losses, where considered necessary. The cost comprises 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 and spares and traded goods, cost (net of tax 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 recognised in Standalone Statement of Profit and Loss comprised the sum of deferred tax and current tax except the ones recognised in other comprehensive income or directly in equity.

#### 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 India. Taxable profit differs from 'profit before tax' as reported in the standalone 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.

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.

Minimum alternate tax ('MAT') credit entitlement is recognised as an asset only when and to the extent there is convincing evidence that normal income tax will be paid during the specified period. In the year in which MAT credit becomes eligible to be recognised as an asset is created by way of a credit to the Standalone Statement of Profit and Loss and shown as MAT credit entitlement. This is reviewed at each balance sheet date and the carrying amount of MAT credit entitlement is written down to the extent it is not reasonably certain that normal income tax will be paid during the specified period.

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 the Statement of Profit and 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.

## 3.6 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 tax 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 useful life considered for the assets are as under.

Category of assets	Number of years
Building	5 - 60
Plant and equipment	3 - 25
Electrical installations	1 - 10
Furniture and fixtures	4 - 10
Vehicles	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 the Statement of Profit and Loss.

### 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 tax 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 amortized 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 the Statement of Profit and 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

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the Statement of Profit and Loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. The adoption of the standard did not have any material impact to the financial statements of the Company.

In accordance with Ind AS 115, the Company recognizes the amount as revenue from contracts with customers, which is received for the transfer of promised goods to customers in exchange for those goods. The relevant point in time or period of time is the transfer of control of the goods (control approach). Revenue is reduced for customer returns, taxes on sales, estimated rebates and other similar allowances. To determine when to recognize revenue and at what amount, the five-step model is applied. By applying the five-step model distinct performance obligations are identified. The transaction price is determined and allocated to the performance obligations according to the requirements of Ind AS 115. Performance obligations are deemed to have been met when the control of goods is transferred to the customer, i.e., generally when the goods have been delivered to the customer.

Revenues for services are recognised when the service rendered has been completed.

### 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 relevant 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 and 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. The re-measurements of the net defined benefit liability are recognised directly in the other comprehensive income in the period in which they arise. Past service cost is recognised in the Statement of Profit and 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:

- a. service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- b. net interest expense or income; and
- c. 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 current and non-current 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 the Statement of Profit and Loss as and when the related obligations are met.

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 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.

Exchange differences on monetary items are recognised in the Statement of Profit and Loss in which they arise except for:

- a. 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;
- b. exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- c. 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 the Statement of Profit and Loss on repayment of the monetary items.

According to Appendix B of Ind AS 21 "Foreign currency transactions and advance consideration," Purchase or sale transactions must be translated at the exchange rate prevailing on the date, the asset or liability is initially recognised. In practice, this is usually the date on which the advance payment is paid or received. In the case of multiple advances, the exchange rate must be determined for each payment and collection transaction. The interpretation is mandatory for financial year beginning on or after April 01, 2018. It's adoption did not have any significant impact on the company's financial statements.

### 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 the Statement of Profit and Loss.

### 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 the Statement of Profit and Loss in the period in which they are incurred. Other finance costs includes interest on other contractual obligations.

### 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 the Statement of Profit and 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 Company 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 the Statement of Profit and 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 the Statement of Profit and 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 recognized 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 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 and 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 and loss are recognised immediately in the Statement of Profit and 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

##### a. *Loans and receivable*

Financial assets that meet the following conditions are subsequently measured at amortised cost less impairment loss (except for investments that are designated as at FVTPL on initial recognition):

- i. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- ii. 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.

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 the Statement of Profit and Loss and is included in the 'Other Income' line item.

##### b. *Assets available for sale*

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 FVTPL on initial recognition):

- i. the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- ii. 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.

**c. Assets held for trading**

A financial asset is held for trading if:

- i. it has been acquired principally for the purpose of selling it in the near term; or
- ii. 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
- iii. 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 the Statement of Profit and 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.

**d. Financial assets at fair value through profit and 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 the Statement of Profit and Loss. The net gain or loss recognised in the Statement of Profit and 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.

**3.20.2 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 115 - Revenue from contracts

with customers, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses. Credit impaired balances are disclosed under provision for doubtful debts.

### 3.20.3 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 the Statement of Profit and Loss if such gain or loss would have otherwise been recognized in the Statement of Profit and 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 the Statement of Profit and Loss if such gain or loss would have otherwise been recognized in the Statement of Profit and 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.

### 3.20.4 Foreign Exchange gains and losses

The fair value of financial 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 the Statement of Profit and 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:

- i. it has been incurred principally for the purpose of repurchasing it in the near term; or
- ii. 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
- iii. 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:

- i. such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- ii. 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

- iii. 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 liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in the Statement of Profit and 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:

- i. amount of loss allowance determined in accordance with impairment requirements of Ind AS 109 - Financial Instruments; and
- ii. amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies of Ind AS 115 - Revenue from contracts with customers.

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' line item.

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 the Statement of Profit and 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 the Statement of Profit and 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 options, 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 the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Statement of Profit and 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 the Statement of Profit and Loss, and is included in the 'Other income' / 'Other expense' line item. Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to the Statement of Profit and Loss in the periods when the hedged item affects the Statement of Profit and 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 the Statement of Profit and Loss as a reclassification adjustment in the same period in which the hedged expected future cash flows affect the Statement of Profit and 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 the Statement of Profit and 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 the Statement of Profit and 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 the Statement of Profit and Loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the Statement of Profit and Loss.

### 3.24 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term balances, as defined above, net of outstanding cash credits as they are considered an integral part of the Company's cash management. The cash flow statement is prepared using indirect method.

### 3.25 Rounding off amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest millions as per the requirements of Schedule III of the Act unless otherwise stated.

### 3.26 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 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 judgments and estimates in the financial statements represent as accurately an outlook as possible for the Company. These judgements and estimates only represent the interpretation of the Company as of the dates on which they were prepared.

Important judgments 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 AND EQUIPMENT AND INTANGIBLE ASSETS AS ON MARCH 31, 2019

Description of assets	Gross block				Accumulated Depreciation / Amortisation			Net block	
	As on March 31, 2018	Additions	Disposals	As on March 31, 2019	As on March 31, 2018	Depreciation / amortisation expense	Eliminated on disposal of assets	As on March 31, 2019	As on March 31, 2018
<b>A. Property, plant and equipment - owned unless otherwise stated</b>									
Land:									
Freehold land	175.14	-	-	175.14	-	-	-	175.14	175.14
Leasehold land *	189.64	6.45	-	196.09	20.51	2.15	-	22.66	173.43
Buildings	12,272.11	1,061.08	1.14	13,332.05	2,892.86	394.84	-	3,287.70	10,044.35
Plant and equipment **	66,054.11	9,361.27	217.66	75,197.72	21,627.10	3,291.37	160.04	50,439.29	44,427.01
Electrical installations	2,281.87	208.06	11.87	2,478.06	1,171.92	234.73	11.87	1,394.78	1,083.28
Furniture and fixtures	1,974.11	290.51	42.67	2,221.95	1,109.43	214.00	40.79	1,282.64	939.31
Vehicles	670.87	204.71	69.97	805.61	282.74	102.54	42.29	342.99	462.62
Office equipment	378.23	224.29	1.28	601.24	98.29	140.24	0.66	237.87	363.37
<b>Total tangible assets</b>	<b>83,996.08</b>	<b>11,356.37</b>	<b>344.59</b>	<b>95,007.86</b>	<b>27,202.85</b>	<b>4,379.87</b>	<b>255.65</b>	<b>31,327.07</b>	<b>63,680.79</b>
<b>B. Intangible assets:</b>									
Computer software	725.08	52.39	-	777.47	379.63	83.45	-	463.08	314.39
<b>TOTAL (A + B)</b>	<b>84,721.16</b>	<b>11,408.76</b>	<b>344.59</b>	<b>95,785.33</b>	<b>27,582.48</b>	<b>4,463.32</b>	<b>255.65</b>	<b>31,790.15</b>	<b>63,995.18</b>

## PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS AS ON MARCH 31, 2018

Description of assets	Gross block			Accumulated Depreciation / Amortisation			Net block		
	As on March 31, 2017	Additions	Disposals	As on March 31, 2018	As on March 31, 2017	Depreciation / amortisation expense	Eliminated on disposal of assets	As on March 31, 2018	As on March 31, 2017
<b>A Property, plant and equipment - owned unless otherwise stated</b>									
Land:									
Freehold land	175.14	-	-	175.14	-	-	-	175.14	175.14
Leasehold land *	189.64	-	-	189.64	18.39	2.12	-	20.51	169.13
Buildings	10,652.35	1,671.01	51.25	12,272.11	2,553.51	347.91	8.56	2,892.86	9,379.25
Plant and equipment **	56,368.55	10,174.64	4,890.8	66,054.11	19,150.21	2,726.23	249.34	21,627.10	44,427.01
Electrical installations	1,980.55	304.42	3.10	2,281.87	967.36	207.41	2.85	1,171.92	1,109.95
Furniture and fixtures	1,594.11	387.22	7.22	1,974.11	960.36	155.26	6.19	1,109.43	864.68
Vehicles	587.77	183.60	100.50	670.87	264.22	92.97	74.45	282.74	388.13
Office equipment	122.39	256.31	0.47	378.23	46.98	51.40	0.09	98.29	279.94
<b>Total tangible assets</b>	<b>71,670.50</b>	<b>12,977.20</b>	<b>651.62</b>	<b>83,996.08</b>	<b>23,961.03</b>	<b>3,583.30</b>	<b>341.48</b>	<b>27,202.85</b>	<b>56,793.23</b>
<b>B Intangible assets:</b>									
Computer software	561.32	163.76	-	725.08	319.12	60.51	-	379.63	345.45
<b>TOTAL (A + B)</b>	<b>72,231.82</b>	<b>13,140.96</b>	<b>651.62</b>	<b>84,721.16</b>	<b>24,280.15</b>	<b>3,643.81</b>	<b>341.48</b>	<b>27,582.48</b>	<b>57,138.68</b>

\* Leasehold land is net of ₹ 5.39 Million (₹ 5.39 Million) subleased to Classic Auto Tubes Ltd., a Company in which directors are interested since the year ended 2009-10.

\*\* Plant and equipment include jointly owned assets with gross book value of ₹ 311.28 Million (₹ 311.28 Million) and net book value of ₹ 238.15 Million (₹ 250.69 Million) which represents 50% ownership in the asset.

(a) Plant and equipment include assets taken on finance lease with gross book value of ₹ 400.00 Million (₹ 400.00 Million), and net book value of ₹ 166.47 Million (₹ 183.25 Million).

(b) Represents proportionate lease premium ₹ 2.15 Million (₹ 2.12 Million) amortised.

(c) Buildings include ₹ 205.06 Million (₹ 13.33 Million), plant and equipment include ₹ 253.99 Million (₹ 164.23 Million), electrical installations include ₹ 18.95 Million (Nil), furniture and fixtures include

₹ 0.07 Million (₹ 0.01 Million), vehicles include ₹ 1.59 Million (Nil), office equipment include Nil (₹ 0.04 Million) and computer software include ₹ 3.14 Million (₹ 129.70 Million) relating to research and development (refer note C16).

(d) Includes directly attributable expenses capitalised to the extent of ₹ 241.28 Million (₹ 674.90 Million) including Nil (₹ 147.37 Million) capitalised from CWIP of previous year and borrowing cost capitalised to the extent of

₹ 519.11 Million (₹ 583.78 Million) including Nil (₹ 64.86 Million) capitalised from CWIP of previous year.

(e) Buildings include buildings constructed on leasehold land with gross book value of ₹ 11,550.06 Million (₹ 10,549.38 Million) and net book value of ₹ 8,709.35 Million (₹ 8,072.96 Million).

(f) Carrying amount of tangible assets are pledged as security for liabilities (refer note B14 (a)).

(g) Capital work-in-progress includes land of ₹ 245.35 Million (₹ 11.19 Million) acquired by the Company which is in the process of getting the title deeds transferred to its name.

## FINANCIAL ASSETS (NON-CURRENT)

## B 2 INVESTMENTS

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
<b>I At fair value through profit and loss</b>		
<b>A Quoted investments *</b>		
Investment in equity instruments:		
<b>16,394</b> (16,394) equity shares of ₹ 10/- each in Bharat Gears Limited - fully paid up	2.79	2.76
	<b>2.79</b>	<b>2.76</b>
<b>B Unquoted investments **</b>		
Investment in equity instruments:		
Other companies:		
<b>312,000</b> (312,000) equity shares of ₹ 10 each in Green Infra Wind Power Projects Limited - fully paid up	3.12	3.12
<b>239,000</b> (1,389,000) equity shares of ₹ 0.19 each in Bhadreshwar Vidyut Private Limited (Formerly known as OPGS Gujarat Private Limited) - fully paid up	0.05	0.26
<b>399,100</b> (399,100) equity shares of ₹ 10 each in NSL Wind Power Company (Phoolwadi) Private Limited - fully paid up	3.99	3.99
<b>6,000</b> (6,000) equity shares of ₹ 30 each in Suryadev Alloys and Power Private Limited - fully paid up	0.18	0.18
<b>292,000</b> (104,600) equity shares of ₹ 11.50 each in OPG Power Generation Private Limited - fully paid up	3.36	1.20
<b>5,000</b> (5,000) equity shares of ₹ 100/- each in Apollo Tyres Employees' Multipurpose Co-operative Society Limited - fully paid up	0.50	0.50
	<b>11.20</b>	<b>9.25</b>
<b>Investments carried at fair value through profit and loss</b>	<b>13.99</b>	<b>12.01</b>
<b>II At cost</b>		
<b>Unquoted investments **</b>		
<b>(a) Investment in equity instruments:</b>		
Subsidiary companies:		
Nil (800) equity shares of US\$ 1 each in Apollo Tyres (Cyprus) Private Limited - fully paid up #	-	174.17
<b>50,001</b> (50,001) equity shares of EUR 0.72 each in Apollo Tyres (Green Field) B. V. - fully paid up	2.74	2.74
Associate company:		
<b>3,334</b> (1,667) equity shares of ₹ 13,500 each in KT Telematic Solutions Private Limited - fully paid up	45.01	22.50
<b>(b) Investment in membership interest:</b>		
Apollo Tyres Co-operatief U.A. - wholly owned subsidiary	22,263.99	16,182.34
<b>Investments carried at cost</b>	<b>22,311.74</b>	<b>16,381.75</b>
	<b>22,325.73</b>	<b>16,393.76</b>
*Aggregate amount of quoted investments at cost	0.36	0.36
Aggregate amount of quoted investments at market value	2.79	2.76
**Aggregate amount of unquoted investments at cost	22,322.94	16,391.00

# Liquidated effective January 19, 2019.

**B3 OTHER FINANCIAL ASSETS**

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
<b>(Unsecured, considered good unless otherwise stated)</b>		
Employee advances - salary loan	14.03	19.87
Security deposits	175.87	130.68
Security deposits to related parties (refer note C 22)	230.81	215.99
Security deposits with statutory authorities	267.28	262.14
Derivative assets measured at fair value (refer note C12)	522.58	254.24
	<b>1,210.57</b>	<b>882.92</b>

**NON-FINANCIAL ASSETS (NON-CURRENT)****B4 OTHER NON - CURRENT ASSETS**

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
<b>(Unsecured, considered good unless otherwise stated)</b>		
Capital advances	6,008.45	1,070.39
Capital advances to related parties (refer note C22)	956.30	73.89
Doubtful capital advances	-	24.93
Provision for doubtful capital advances	-	(24.93)
	<b>6,964.75</b>	<b>1,144.28</b>
Statutory balances recoverable	2.58	2.58
Others	337.17	376.48
	<b>7,304.50</b>	<b>1,523.34</b>

**CURRENT ASSETS****B5 INVENTORIES \***

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
(valued at lower of cost and net realisable value)		
(i) Raw materials		
- In hand	7,404.73	6,424.57
- In transit	491.38	918.75
	<b>7,896.11</b>	<b>7,343.32</b>
(ii) Work-in-progress #	1,415.13	1,069.24
(iii) Finished goods		
- In hand	8,267.55	6,988.44
- In transit	594.75	639.81
	<b>8,862.30</b>	<b>7,628.25</b>
(iv) Stock-in-trade		
- In hand	1,172.51	202.20
- In transit	66.53	2.12
	<b>1,239.04</b>	<b>204.32</b>
(v) Stores and spares	1,102.21	969.78
	<b>20,514.79</b>	<b>17,214.91</b>

\* The carrying amount of inventories are pledged as security for borrowings (refer note B14 (a)).

# Work-in-progress consists of only automotive tyres.



**FINANCIAL ASSETS (CURRENT)****B6 INVESTMENTS**

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
<b>At fair value through profit and loss:</b>		
Investment in mutual funds (quoted) *	-	3,640.47
<b>At amortised cost:</b>		
Investment in inter-corporate deposits (unquoted) #	-	9,750.00
	-	<b>13,390.47</b>

* Mutual Funds	As on March 31, 2019		As on March 31, 2018	
	Number of Units	Amount (₹ Million)	Number of Units	Amount (₹ Million)
ICICI Prudential Savings Fund - Direct Plan - Growth	-	-	6,744,803	1,823.42
Reliance Medium Term Fund - Direct Growth Plan	-	-	48,842,555	1,817.05
	-	-	<b>55,587,358</b>	<b>3,640.47</b>

# Given for business purpose (refer note C30).

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
Aggregate amount of quoted investments at cost	-	3,500.00
Aggregate amount of quoted investments at market value	-	3,640.47
Aggregate amount of unquoted investments at cost	-	9,750.00

**B7 TRADE RECEIVABLES \***

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
(Unsecured)		
Outstanding for a period exceeding six months from the date they were due for payment:		
Considered good	1.91	1.41
Considered doubtful	24.40	24.40
Others - Considered Good **	6,196.31	5,500.05
	<b>6,222.62</b>	<b>5,525.86</b>
Provision for doubtful trade receivables	(24.40)	(24.40)
	<b>6,198.22</b>	<b>5,501.46</b>

\* The carrying amount of trade receivable is pledged as security for borrowings (refer note B14 (a)).

\*\* Includes balances with related parties (refer note C22)

**B8 CASH AND CASH EQUIVALENTS**

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
(i) Balances with banks:		
Current accounts	425.14	170.96
Other deposit accounts		
- original maturity of 3 months or less	462.41	1,003.34
(ii) Cheques on hand / remittances in transit	1,214.77	1,369.05
(iii) Cash on hand	1.48	1.16
	<b>2,103.80</b>	<b>2,544.51</b>

## B9 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
Unpaid dividend accounts *	71.84	60.71
Deposits with maturity exceeding 3 months but less than 12 months	0.01	0.01
	<b>71.85</b>	<b>60.72</b>

\* These balances are not available for use by the Company and corresponding balance is disclosed as unclaimed dividend in note B 20.

## B10 LOANS \*

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
<b>(Unsecured, considered good unless otherwise stated)</b>		
Loans to related parties (refer note C22)	-	5,718.10
	-	<b>5,718.10</b>

\* Given for business purpose

## B11 OTHER FINANCIAL ASSETS

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
Employee advances	33.34	26.99
Derivative assets measured at fair value (refer note C12)	124.81	102.06
Interest accrued on deposits / loans	124.88	299.30
Others	0.35	4.75
	<b>283.38</b>	<b>433.10</b>

## NON-FINANCIAL ASSETS (CURRENT)

### B12 OTHER CURRENT ASSETS

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
<b>(Unsecured, considered good unless otherwise stated)</b>		
a. Advances given to related parties (refer note C22)	439.90	280.93
b. Trade advances- considered good	542.26	389.94
Doubtful trade advances	20.56	20.56
Provision for doubtful trade advances	(20.56)	(20.56)
	<b>542.26</b>	<b>389.94</b>
c. Employee advances	34.74	59.44
d. Investment promotion subsidy receivable from Government of Tamil Nadu	560.64	757.74
e. Export obligations - advance licence benefit	259.18	236.35
f. Export incentives recoverable	454.22	260.79
g. Balance with statutory authorities	1,860.73	1,842.65
h. Gratuity (refer note C11)	44.36	-
i. Prepaid expenses	139.59	78.11
	<b>4,335.62</b>	<b>3,905.95</b>

**B13 EQUITY SHARE CAPITAL**

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
<b>(a) Authorised</b>		
<b>730,000,000 Nos.</b> (730,000,000 Nos.) equity shares of Re.1 each	730.00	730.00
<b>200,000 Nos.</b> (200,000 Nos.) cumulative redeemable preference shares of ₹100 each	20.00	20.00
	<b>750.00</b>	<b>750.00</b>
<b>(b) Issued, subscribed, called and fully paid up</b>		
<b>Equity shares of Re 1 each:</b>		
<b>572,049,980 Nos.</b> (572,049,980 Nos.) equity shares	572.05	572.05
	<b>572.05</b>	<b>572.05</b>

**(c) Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the year**

Particulars	As on March 31, 2019		As on March 31, 2018	
	Number of shares	Amount (₹ Million)	Number of shares	Amount (₹ Million)
Opening balance	572,049,980	572.05	509,024,770	509.02
Add: Issued during the year (refer note C5)	-	-	63,025,210	63.03
Closing balance	572,049,980	572.05	572,049,980	572.05

**(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 on March 31, 2019		As on March 31, 2018	
	Number of shares	%age	Number of shares	%age
Neeraj Consultants Limited	73,827,161	12.91%	73,827,161	12.91%
Apollo Finance Limited	39,381,872	6.88%	39,381,872	6.88%
Sunrays Properties and Investment Company Private Limited	36,307,648	6.35%	36,307,648	6.35%
Franklin Templeton Investment Funds	-	-	30,241,086	5.29%
HDFC Mid - Cap Opportunities Fund	33,145,291	5.79%	-	-

\* As per the records of the Company including its register of member.

**(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 Re. 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.

(g) Over the period of five years immediately preceding March 31, 2019 and March 31, 2018, neither any bonus shares were issued nor any shares were allotted for consideration other than cash. Further, no shares were bought back during the said period.

**NON-CURRENT LIABILITIES****B14 BORROWINGS**

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
<b>Measured at amortised cost</b>		
<b>Secured *</b>		
(i) Debentures	10,740.25	10,737.85
(ii) Term loans		
<b>From banks:</b>		
External commercial borrowings (ECB)	9,967.35	6,136.36
Foreign currency non-resident term loan	1,693.68	1,721.74
Rupee term loan	1,995.58	-
(iii) Finance lease - deferred payment liabilities (refer note C6)		
Deferred payment credit I	40.44	44.57
Deferred payment credit II	1.25	3.36
<b>Total borrowings</b>	<b>24,438.55</b>	<b>18,643.88</b>

\* For details regarding repayment terms, interest rate and nature of security on non current borrowings (Note B14 (a))

**B14 (a) BORROWINGS**

Particulars	Amount outstanding as on March 31, 2019 (₹ Million)		Amount outstanding as on March 31, 2018 (₹ Million)		Rate of interest per annum	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			
<b>Non-convertible debentures</b>							
1,150 - 8.65 % Non-convertible debentures of ₹ 1 Million each	1,150.00	-	1,150.00	-	8.65%	Bullet payment on April 30, 2026	Refer note B1 below
1,050 - 8.65 % Non-convertible debentures of ₹ 1 Million each	1,050.00	-	1,050.00	-	8.65%	Bullet payment on April 30, 2025	Refer note B1 below
1,050 - 8.65 % Non-convertible debentures of ₹ 1 Million each	1,050.00	-	1,050.00	-	8.65%	Bullet payment on April 30, 2024	Refer note B1 below
1,500 - 7.80 % Non-convertible debentures of ₹ 1 Million each	1,496.75	-	1,495.95	-	7.80%	Bullet payment on April 30, 2024	Refer note B1 below
900 - 7.50 % Non-convertible debentures of ₹ 1 Million each	900.00	-	900.00	-	7.50%	Bullet payment on October 20, 2023	Refer note B1 below
1,500 - 7.80 % Non-convertible debentures of ₹ 1 Million each	1,496.75	-	1,495.95	-	7.80%	Bullet payment on April 28, 2023	Refer note B1 below
1,050 - 7.50 % Non-convertible debentures of ₹ 1 Million each	1,050.00	-	1,050.00	-	7.50%	Bullet payment on October 21, 2022	Refer note B1 below
1,500 - 7.80 % Non-convertible debentures of ₹ 1 Million each	1,496.75	-	1,495.95	-	7.80%	Bullet payment on April 29, 2022	Refer note B1 below
1,050 - 7.50 % Non-convertible debentures of ₹ 1 Million each	1,050.00	-	1,050.00	-	7.50%	Bullet payment on October 21, 2021	Refer note B1 below
<b>Total</b>	<b>10,740.25</b>	<b>-</b>	<b>10,737.85</b>	<b>-</b>			
<b>External commercial borrowings (ECB) from banks</b>							
Bank 1 - ECB I	1,717.08	-	1,614.90	-	0-1% above USD-LIBOR	3 equal annual installments starting from FY 2022-23	Refer note B1 below
Bank 2 - ECB I	1,716.74	-	1,614.52	-	0.25-1.25% above USD-LIBOR	3 equal annual installments starting from FY 2022-23	Refer note B1 below
Bank 3 - ECB I	1,717.95	-	1,615.97	-	0-1% above USD-LIBOR	3 equal annual installments starting from FY 2022-23	Refer note B1 below
Bank 4 - ECB I	1,372.85	-	1,290.97	-	0.25-1.25% above USD-LIBOR	3 equal annual installments starting from FY 2022-23	Refer note B1 below
Bank 5 - ECB I	3,442.73	-	-	-	0.75% above USD-LIBOR	Bullet payment on March 21, 2022	Refer note B1 below
<b>Total</b>	<b>9,967.35</b>	<b>-</b>	<b>6,136.36</b>	<b>-</b>			



Particulars	Amount outstanding as on March 31, 2019 (₹ Million)		Amount outstanding as on March 31, 2018 (₹ Million)		Rate of interest per annum	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			
<b>Foreign currency non-resident (FCNR) term loan from banks</b>							
Bank 1 - FCNR I	512.30	-	376.62	-	0-1% above USD-LIBOR	Repayment in 6 equal semi-annual installments starting from September 30, 2020	Refer note B1 below
Bank 1 - FCNR II	515.35	-	376.62	-	0-1% above USD-LIBOR	Repayment in 6 equal semi-annual installments starting from September 30, 2020	Refer note B1 below
Bank 1 - FCNR III	666.03	133.20	968.50	-	0-1% above USD-LIBOR	Repayment in 6 equal semi-annual installments starting from December 31, 2019	Refer note B1 below
<b>Total</b>	<b>1,693.68</b>	<b>133.20</b>	<b>1,721.74</b>	<b>-</b>			
<b>Rupee term loans from Banks</b>							
Bank 1 - Rupee Term Loan	1,495.58	-	-	-	0.17% above One year MCLR	12 quarterly installment of 18.75 Million, 4 quarterly installment of 37.50 Million, 6 quarterly installment of 75 Million, 6 quarterly installment of 112.50 Million beginning from July 30, 2022	Refer note A1 and B1 below
Bank 2 - Rupee Term Loan	500.00	-	-	-	1.13% above One year T-bill	Bullet payment on March 29, 2022	Refer note A1 and B1 below
<b>Total</b>	<b>1,995.58</b>	<b>-</b>	<b>-</b>	<b>-</b>			
<b>Term loans from others</b>							
IFC - loan A	-	-	-	325.90	2-4% above USD-LIBOR	Repayment in 12 half-yearly installments of USD 2.50 Million each started from June 17, 2013	Refer note A1 and B2 below
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>325.90</b>			
<b>Finance lease - deferred payment liabilities</b>							
Deferred payment credit I	40.44	4.13	44.57	3.82	7-8%	Repayment along with interest in 240 consecutive monthly installments started from May 15, 2007	Wind Mills purchased under the deferred consideration payment plan
Deferred payment credit II	1.25	1.83	3.36	1.61	8-9%	Repayment along with Interest in 20 equal quarterly installments started from January 31, 2011	Engineering materials purchased under the Parts Management Agreement (PMA) scheme
<b>Total</b>	<b>41.69</b>	<b>5.96</b>	<b>47.93</b>	<b>5.43</b>			

**Details of securities offered to existing lenders**

Note A1 A pari passu first charge created by way of mortgage on the Company's land and 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 and equipments, both present and future.

Note B1 A pari passu first charge by way of hypothecation over the movable plant and equipment of the Company, both present and future (except stocks and book debts).

Note B2 A pari passu first charge on the movable property, plant and equipment and pari passu second charge on the current assets of the Company.

**NON-CURRENT LIABILITIES****B 15 OTHER FINANCIAL LIABILITIES**

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
Derivative liabilities measured at fair value (refer note C12)	15.34	131.60

**B 16 PROVISIONS**

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
Provision for constructive liability (refer note C8)	169.29	146.70
Provision for sales related obligations (refer note C8)	329.53	304.03
	<b>498.82</b>	<b>450.73</b>

**B 17 OTHER NON-CURRENT LIABILITIES**

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
Security deposits received from dealers	59.93	42.03
Security deposits received from employees	58.35	82.64
Deferred revenue arising from government grant	2,761.19	3,308.72
	<b>2,879.47</b>	<b>3,433.39</b>

**CURRENT LIABILITIES****B 18 BORROWINGS \***

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
<b>At amortised cost</b>		
<b>Secured **</b>		
From banks - cash credit	123.17	143.39
- Working capital demand loan	900.00	1,000.00
<b>Unsecured</b>		
From banks - packing credit	1,901.90	3,030.85
- Working capital demand loan	-	2,300.00
	<b>2,925.07</b>	<b>6,474.24</b>

\* Cash credits, packing credits and working capital demand loans are repayable on demand. The interest rate on these loans are in the range of 1.29% p.a to 11.00% p.a (0.69% p.a to 12.10% p.a.)

\*\* 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 and machinery and equipment, both present and future.

**B 19 TRADE PAYABLES**

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
Acceptances	781.43	600.02
Accounts payable - raw materials and services	5,558.32	6,685.44
Freight and custom house agent charges payable	929.34	880.71
Expenses payable	556.97	645.73
Employee related payables ***	1,139.42	1,212.33
Payable to related parties (refer note C22)	4,592.57	4,968.22
	<b>13,558.05</b>	<b>14,992.45</b>

\*\*\* Employee related payables include commission on net profits payable to whole-time directors ₹ 492.10 Million (₹ 605.00 Million).

**CURRENT LIABILITIES****B 20 OTHER FINANCIAL LIABILITIES**

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
<b>Current maturities of non current borrowings *</b>		
<b>Secured</b>		
(a) Term loan from banks:		
Foreign currency non-resident term loan	133.20	-
(b) Term loan from others:		
International Finance Corporation - Loan A	-	325.90
(c) Finance lease - deferred payment liabilities (refer note C6)		
Deferred payment credit I	4.13	3.82
Deferred payment credit II	1.83	1.61
	<b>5.96</b>	<b>5.43</b>
Interest accrued but not due on borrowings	670.80	665.94
Unclaimed dividends **	71.84	60.71
Accounts payable - capital	770.92	1,024.52
Payable to Micro, Small and Medium Enterprises - capital (refer note C20)	45.82	17.71
Interest payable to Micro, Small and Medium Enterprises (refer note C20)	10.58	10.58
Payable to related parties (refer note C22)	395.00	76.64
Security deposits - vendors	339.72	288.00
Advances received from customers	440.53	542.20
Derivative liabilities measured at fair value (refer note C12)	91.52	175.58
	<b>2,975.89</b>	<b>3,193.21</b>

\* For nature of security on current maturities of non current borrowings (refer note B14 (a))

\*\* Includes ₹ 3.74 Million (₹ 3.18 Million) 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) Act, 1992.

**B 21 OTHER CURRENT LIABILITIES**

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
Statutory dues payable	2,789.64	2,141.50
Gratuity payable (refer note C11)	-	158.79
Others	53.24	41.67
	<b>2,842.88</b>	<b>2,341.96</b>

**B 22 PROVISIONS**

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
Provision for constructive liability (refer note C8)	50.42	38.55
Provision for compensated absences (refer note C8 and C11)	208.59	197.32
Provision for superannuation (refer note C11)	25.00	22.50
Provision for contingencies (refer note C8)	425.00	790.00
Provision for sales related obligations (refer note C8)	950.78	1,602.79
	<b>1,659.79</b>	<b>2,651.16</b>

**B 23 CURRENT TAX LIABILITIES (NET)**

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
Provision for taxation	20,314.40	18,507.88
Advance tax	(19,510.38)	(17,577.46)
	<b>804.02</b>	<b>930.42</b>

**B 24 OTHER OPERATING INCOME**

₹ Million

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Investment promotion subsidy from Government of Tamil Nadu (refer note C10)	235.93	393.32
Unwinding of deferred income (refer note C10)	1,438.44	788.13
Sale of raw material scrap	532.23	388.73
Liabilities/provisions no longer required written back	367.13	23.31
Others	68.09	94.43
	<b>2,641.82</b>	<b>1,687.92</b>

**B 25 OTHER INCOME**

₹ Million

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>(a) Interest earned on deposits</b>		
- Bank	22.16	40.64
- Inter corporate deposit	173.41	263.61
- Others	154.32	136.62
	349.89	440.87
<b>(b) Dividend income from non current investments - Fair value through profit and loss</b>		
Unit Trust of India	-	0.06
<b>(c) Dividend income from current investments - Fair value through profit and loss</b>		
Mutual funds	50.83	45.76
<b>(d) Others</b>		
Profit on sale of property, plant and equipment (net)	8.30	1.85
Gain on foreign currency transactions and translations (net)	589.78	485.28
Gain on fair value change in investments	0.04	140.68
Miscellaneous	115.86	708.49
	<b>713.98</b>	<b>1,195.18</b>
	<b>1,114.70</b>	<b>1,195.18</b>

**B 26 MANUFACTURING AND OTHER EXPENSES**

₹ Million

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>Cost of materials consumed (refer note C13 (B)) *</b>		
Opening stock	6,424.57	5,828.55
Add: Purchases	76,818.58	63,407.52
Less: Closing stock	7,404.73	6,424.57
	<b>75,838.42</b>	<b>62,811.50</b>
<b>Purchase of stock-in-trade:</b>		
Purchase of finished goods - tyres, tubes and flaps	7,355.28	2,517.58
<b>Employee benefits expense: *</b>		
Salaries and wages	5,929.25	5,817.75
Contribution to provident and other funds (refer note C11)	476.61	399.58
Staff welfare expenses	966.56	879.45
	<b>7,372.42</b>	<b>7,096.78</b>
<b>Other expenses: *</b>		
Consumption of stores and spare parts	999.43	798.65
Power and fuel	4,041.37	3,234.62
Conversion charges	808.25	1,445.10
Repairs and maintenance		
- Machinery	204.14	144.88
- Buildings	42.37	33.42
- Others	1,372.87	1,237.09



**B 26 MANUFACTURING AND OTHER EXPENSES (CONTD.)**

₹ Million

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Rent (refer note C7)	633.01	459.35
Lease rent - factory (refer note C7)	633.29	600.13
Insurance	119.94	97.60
Rates and taxes	67.08	93.47
Sitting fees to non-executive directors (refer note C22)	10.25	12.70
Commission to non-executive directors (refer note C22)	60.00	60.00
Travelling, conveyance and vehicle expenses	1,253.97	1,078.30
Postage, telephone and stationery	105.82	111.98
Conference	108.48	81.14
Royalty	53.36	13.63
Freight and forwarding	4,101.72	3,507.99
Commission on sales	199.41	73.86
Sales promotion	824.77	656.53
Advertisement and publicity	1,955.52	1,421.86
Corporate social responsibility (refer note C21)	213.83	215.68
Bank charges	36.74	20.60
Statutory auditors' remuneration (refer note C15)	12.05	14.50
Legal and professional	940.88	693.34
Miscellaneous	1,996.55	1,865.38
	<b>20,795.10</b>	<b>17,971.80</b>
	<b>111,361.22</b>	<b>90,397.66</b>

\* Includes expense towards research and development (refer note C16)

**B 27 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS**

₹ Million

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>Opening Stock</b>		
Work in progress	1,069.24	986.06
Finished goods	7,628.25	8,732.91
Stock-in-trade	204.32	275.36
	<b>8,901.81</b>	<b>9,994.33</b>
<b>Less:</b>		
<b>Closing Stock</b>		
Work in progress	1,415.13	1,069.24
Finished goods	8,862.30	7,628.25
Stock-in-trade	1,239.04	204.32
	<b>11,516.47</b>	<b>8,901.81</b>
<b>Decrease / (increase)</b>		
Excise duty on increase / (decrease) of finished goods	(2,614.66)	1,092.52
	<b>(2,614.66)</b>	<b>125.46</b>

**B 28 FINANCE COSTS**

₹ Million

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>(a) Interest expense:</b>		
Interest on fixed-term loans	145.70	215.55
Interest on debentures	516.59	538.62
Interest on current loans	171.87	201.19
Others	525.87	408.35
<b>(b) Other borrowing costs</b>	18.52	11.70
	<b>1,378.55</b>	<b>1,375.41</b>

## C. OTHER NOTES

forming part of the Financial Statements

### 1 DIRECTLY ATTRIBUTABLE EXPENSES CAPITALIZED / INCLUDED IN CAPITAL WORK IN PROGRESS

₹ Million

Particulars	2018-19	2017-18
Raw material consumed	98.07	238.98
Salaries, wages and bonus	92.05	30.67
Welfare expenses	14.05	24.42
Rent	0.66	1.92
Travelling, conveyance and vehicle expenses	8.31	9.11
Postage, telephone and stationery	0.14	0.20
Power and fuel	17.93	211.09
Insurance	2.75	3.51
Legal and professional	2.96	3.16
Miscellaneous	4.37	4.47
<b>Total</b>	<b>241.28</b>	<b>527.53</b>

2 Borrowing costs capitalized / transferred to capital work in progress during the year is ₹ **791.15 Million** (₹ 562.53 Million) and the capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Company's general borrowings during the year, in this case **7.20%** (6.75%).

### 3 INVENTORIES

- Out of the total inventories ₹ **20,514.79 Million** (₹ 17,214.91 Million), the carrying amount of inventories carried at fair value less costs to sell amounted to ₹ **197.27 Million** (₹ 367.35 Million).
- The amount of write-down of inventories to net realizable value recognized as an expense was ₹ **92.75 Million** (₹ 65.68 Million).
- The cost of inventories recognised as an expense during the year in respect of continuing operations was ₹ **81,578.47 Million** (₹ 66,253.19 Million).

### 4 DESCRIPTION OF NATURE AND PURPOSE OF EACH RESERVE

#### i. Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve will be utilised in accordance with provisions of the Act.

#### ii. General reserve

General reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purpose. General reserve is created by transfer from one component of equity to another and is not an item of other comprehensive income.

#### iii. Capital reserve on Apollo (Mauritius) Holdings Private Limited ("AMHPL") merger

AMHPL erstwhile (subsidiary company) was merged with the Company resulting in a capital reserve.

#### iv. Debenture redemption reserve

The Company is required to create a debenture redemption reserve out of the profits which are available for redemption of debentures.

#### v. Capital subsidy

This balance represents subsidy received under New Industrial Policy 2007 of the Government of Tamil Nadu for expansion and employment generation within SIPCOT Industrial park.

#### vi. Capital redemption reserve

This balance has been created in accordance with provision of the Act for the buy back of equity shares from the market.

#### vii. Capital reserve on forfeiture of shares

This reserve was created on forfeiture of shares by the Company. The reserve is not available for the distribution to the shareholders.

#### viii. Retained earnings

Retained earnings are created from the profit of the Company, as adjusted for distribution to owners, transfer to other reserve, remeasurement of defined benefit plan, etc.

5 During the previous year, the Company had issued and allotted 63,025,210 equity shares of Re. 1 each (amounting to ₹ 63.03 Million) to Qualified Institutional Buyers on October 10, 2017 at an issue price of ₹ 238 per equity share including a premium of ₹ 237 per equity share (amounting to ₹ 14,781.01 Million net of share issue expenses), aggregating to ₹ 14,844.04 Million net of share issue expenses. Pursuant to the allotment of equity shares in the Qualified Institutional Placement, the paid up equity share capital of the Company was increased to ₹ 572.05 Million.

## 6 FINANCE LEASE - DEFERRED PAYMENT LIABILITIES

The Company has executed certain 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 on March 31, 2019	As on March 31, 2018	As on March 31, 2019	As on March 31, 2018
Within one year of the balance sheet date	9.62	9.62	5.96	5.43
Due in a period between one year and five years	31.05	33.56	21.35	21.97
Due after five years	22.93	30.35	20.34	25.96
<b>Total</b>	<b>63.60</b>	<b>73.53</b>	<b>47.65</b>	<b>53.36</b>
Future finance charges	(15.96)	(20.17)		
<b>Present value of minimum lease payments</b>	<b>47.65</b>	<b>53.36</b>		

Break up of finance lease liability recognised in balance sheet between current and non current is as below :

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
Non current (refer note B14)	41.69	47.93
Current (refer note B20)	5.96	5.43
<b>Total</b>	<b>47.65</b>	<b>53.36</b>

## 7 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 debited to statement of profit and loss was ₹ **1,266.30 Million** (₹ 1,059.48 Million) net of rental income amounting to ₹ **1.51 Million** (₹ 18.15 Million). There are no contingent rent / purchase options or restrictions imposed by lessors. Renewals, including escalations, wherever applicable, are based on mutually agreed terms.

The schedule of future minimum lease payments in respect of non-cancellable operating leases is set out below

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
Within one year of the balance sheet date	688.72	663.02
Due in a period between one year and five years	2,475.07	2,400.00
Due after five years	3,600.00	4,200.00

## 8 PROVISIONS - NON CURRENT / CURRENT

₹ Million

Particulars	Non current			Current		
	Provision for sales related obligation *	Provision for constructive liability	Provision for compensated absences	Provision for sales related obligation *	Provision for constructive liability	Provision for contingencies
<b>As on March 31, 2017</b>	<b>334.46</b>	<b>57.25</b>	<b>218.46</b>	<b>2,189.14</b>	<b>32.34</b>	<b>790.00</b>
Addition during the year	-	89.45	-	2,425.69	6.21	-
Utilisation/ reversal during the year	(30.43)	-	(21.14)	(3,012.04)	-	-
<b>As on March 31, 2018</b>	<b>304.03</b>	<b>146.70</b>	<b>197.32</b>	<b>1,602.79</b>	<b>38.55</b>	<b>790.00</b>
Addition during the year	25.50	22.59	11.27	-	11.87	-
Utilisation/ reversal during the year	-	-	-	652.01	-	365.00
<b>As on March 31, 2019</b>	<b>329.53</b>	<b>169.29</b>	<b>208.59</b>	<b>950.78</b>	<b>50.42</b>	<b>425.00</b>

\* Represents estimates for payments to be made in future for sales related obligations (including warranties).

## 9 INCOME TAXES

### i. Reconciliation between average effective tax rate and applicable tax rate

Particulars	2018-19		2017-18	
	₹ Million	Rate (%)	₹ Million	Rate (%)
<b>Profit before tax</b>	<b>8,063.92</b>		<b>8,673.11</b>	
Income tax using the Company's domestic tax rate	2,817.53	34.94%	3,001.76	34.61%
<b>Tax effect of :</b>				
Non deductible expenses	132.66	1.65%	88.25	1.02%
Tax exempt income	(515.93)	-6.40%	(288.68)	-3.33%
Tax incentives and concessions	(182.87)	-2.27%	(288.06)	-3.32%
Others	(108.56)	-1.35%	(64.04)	-0.74%
<b>Income tax expenses recognised in the statement of profit and loss</b>	<b>2,142.83</b>	<b>26.57%</b>	<b>2,449.23</b>	<b>28.24%</b>

### ii. Components of deferred tax liability (net)

Particulars	Year ended March 31, 2019				Year ended March 31, 2018				Closing Balance
	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	Recognised directly in equity	
<b>Tax effect of items constituting deferred tax liabilities</b>									
Employee benefits	16.86	-	9.76	26.62	15.32	1.54	-	-	16.86
Depreciation and amortisation	7,074.62	1,113.54	-	8,188.16	5,677.12	1,397.50	-	-	7,074.62
Others	264.39	249.89	-	514.28	70.77	122.87	70.75	-	264.39
<b>Gross deferred tax liabilities (a)</b>	<b>7,355.87</b>	<b>1,363.43</b>	<b>9.76</b>	<b>8,729.06</b>	<b>5,763.21</b>	<b>1,521.91</b>	<b>70.75</b>	<b>-</b>	<b>7,355.87</b>
<b>Tax effect of items constituting deferred tax assets</b>									
Employee benefits	187.76	15.96	-	203.72	125.22	25.79	36.75	-	187.76
Provision for doubtful debts / advances	141.89	-	-	141.89	141.89	-	-	-	141.89
Minimum alternate tax entitlement	1,147.95	1,004.83	-	2,152.78	225.74	922.21	-	-	1,147.95
Others	434.91	6.34	34.83	476.08	343.02	9.34	-	82.55	434.91
<b>Gross deferred tax assets (b)</b>	<b>1,912.51</b>	<b>1,027.13</b>	<b>34.83</b>	<b>2,974.47</b>	<b>835.87</b>	<b>957.34</b>	<b>36.75</b>	<b>82.55</b>	<b>1,912.51</b>
<b>Net deferred tax liability (a - b)</b>	<b>5,443.36</b>	<b>336.31</b>	<b>(25.07)</b>	<b>5,754.60</b>	<b>4,927.34</b>	<b>564.57</b>	<b>34.00</b>	<b>(82.55)</b>	<b>5,443.36</b>

## 10 GOVERNMENT GRANTS

### (a) Investment promotion subsidy from Government of Tamil Nadu

Pursuant to the Memorandum of Understanding (MoU) executed between the Government of Tamil Nadu (GoTN) and the Company, the Company is entitled, inter alia, for refund of an amount equal to Net Output (VAT + CST) / GST paid by the Company to GoTN in the form of Investment Promotion Subsidy.

As the Company has fulfilled the relevant obligations, the Company has recognized subsidy income of ₹ 235.93 Million (₹ 393.32 Million) as other operating income, being the eligible amount of refund of Net Output (VAT + CST) / GST 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 payment of customs duty, subject to certain export obligations which should be fulfilled within specified time period. During the year, the custom duty benefit received amounts to ₹ 890.91 Million (₹ 1,295.52 Million) with a corresponding increase in the value of property, plant and equipment and Capital Work in Progress. The grant amounting to ₹ 1438.44 Million (₹ 788.13 Million) where export obligations have been met, have been recognized in Statement of Profit and Loss as other operating income. At the year end, the portion of grant for which the export obligation has not been met is retained in deferred revenue under other non current liabilities.



## 11 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 the Life Insurance Corporation of India (LIC). The Company has no liability for future superannuation fund benefits other than its annual contribution and recognizes such contributions as an expense in the year incurred. The amount of contribution paid by the Company to Superannuation Fund is ₹ **89.03 Million** (₹ 81.38 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 ₹ **256.47 Million** (₹238.22 Million).

### B. Defined benefit plans

#### Gratuity

The Company operates 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 Payments of Gratuity Act, 1972. The scheme is funded with LIC.

The following table summarizes the components of net benefit expense recognized in the Statement of Profit and Loss and the funded status and amounts recognized in the balance sheet for the respective plan:

#### Statement of profit and loss:

Particulars	₹ Million	
	2018-19	2017-18
Current service cost <sup>^</sup>	83.42	79.98
Interest cost on benefit obligation <sup>*</sup>	86.86	71.93
Actual return on plan assets <sup>*</sup>	(79.14)	(68.61)
<b>Expense recognized in the statement of profit and loss</b>	<b>91.14</b>	<b>83.30</b>

<sup>^</sup> Included in employee benefit expense

<sup>\*</sup> Included in finance cost

#### Other comprehensive income (experience adjustment)

Particulars	₹ Million	
	2018-19	2017-18
Actuarial (gain)/loss for the year on defined benefit obligation	(23.94)	102.90
Actuarial (gain)/loss for the year on plan asset	(4.00)	3.28
<b>Total</b>	<b>(27.94)</b>	<b>106.18</b>

#### Balance sheet:

##### Net asset / (liability) recognised in the balance sheet

Particulars	₹ Million	
	As on March 31, 2019	As on March 31, 2018
Fair value of plan assets at the end of the year (a)	1,206.66	969.30
Present value of defined benefit obligation at the end of the year (b)	1,162.30	1,128.09
<b>Asset / (liability) recognized in the balance sheet (a - b)</b>	<b>44.36</b>	<b>(158.79)</b>

#### Changes in the present value of the defined benefit obligation

Particulars	₹ Million	
	2018-19	2017-18
Present value of obligations as at the beginning of the year	1,128.09	954.00
Interest cost	86.86	71.93
Current service cost	83.42	79.98
Benefits paid	(112.13)	(80.72)
Actuarial loss/(gain) on obligation	(23.94)	102.90
<b>Present value of obligations as at the end of the year</b>	<b>1,162.30</b>	<b>1,128.09</b>

### Changes in the fair value of plan assets

Particulars	₹ Million	
	2018-19	2017-18
Fair value of plan assets at beginning of the year	969.30	950.96
Actual return on plan assets	79.14	68.61
Contributions	266.35	33.73
Benefits paid	(112.13)	(80.72)
Actuarial (loss)/gain on plan assets	4.00	(3.28)
Fair value of plan assets as at the end of the year	<b>1,206.66</b>	<b>969.30</b>

The Company's gratuity funds are managed by the LIC and therefore the composition of the fund assets is not presently ascertained

### Principal assumptions for gratuity

Particulars	₹ Million	
	As on March 31, 2019 Rate (%)	As on March 31, 2018 Rate (%)
a) Discount rate	7.65	7.70
b) Future salary increase*	6.00	6.00
c) Expected rate of return on plan assets	7.85	8.00
d) Retirement age (years)	58.00	58.00
e) Mortality table	IALM (2006-2008)	IALM (2006-2008)
f) Ages (withdrawal rate %)		
Up to 30 Years	3.00	3.00
From 31 to 44 Years	2.00	2.00
Above 44 Years	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 ₹ **86.94 Million** (₹ 94.70 Million)

### Sensitivity analysis of the defined benefit obligation

Impact of change in	₹ Million		
	Discount rate	Salary increase	Attrition rate
Present value of obligation as on March 31, 2019	1,162.30	1,162.30	1,162.30
Impact due to increase of 0.50%	(49.39)	54.13	11.59
Impact due to decrease of 0.50%	53.52	(50.36)	(12.98)

Impact of change in	₹ Million		
	Discount rate	Salary increase	Attrition rate
Present value of obligation as on March 31, 2018	1,128.09	1,128.09	1,128.09
Impact due to increase of 0.50%	(45.43)	49.82	11.15
Impact due to decrease of 0.50%	49.25	(46.34)	(12.25)

**C. Other long term employee benefits****Long term compensated absences**

Principal assumptions for long term compensated absences

Particulars	As on March 31, 2019 Rate (%)	As on March 31, 2018 Rate (%)
a) Discount rate	7.65	7.70
b) Future salary increase*	6.00	6.00
c) Retirement age (years)	58.00	58.00
d) Mortality table	IALM (2006-2008)	IALM (2006-2008)
e) Ages (withdrawal rate %)		
Up to 30 Years	3.00	3.00
From 31 to 44 Years	2.00	2.00
Above 44 Years	1.00	1.00

\* The estimates of future salary increase take into account inflation, seniority, promotion and other relevant factors.

**12 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.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is debt divided by total equity. The Company's policy is to keep an optimum gearing ratio. The Company includes within debt, interest bearing loans and borrowings.

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
Borrowings (refer note B14 and B18)	27,363.62	25,118.12
Current maturities of non current borrowings (refer note B20)	139.16	331.33
<b>Debt (a)</b>	<b>27,502.78</b>	<b>25,449.45</b>
Equity (refer note B13)	572.05	572.05
Other equity	75,839.56	72,034.06
<b>Total equity (b)</b>	<b>76,411.61</b>	<b>72,606.11</b>
<b>Debt to equity ((a) / (b))</b>	<b>0.36</b>	<b>0.35</b>

**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 derivative 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.

#### Currency wise net exposure of the Company

₹ Million

Currency	As on March 31, 2019	Sensitivity +1%	Sensitivity -1%	As on March 31, 2018	Sensitivity +1%	Sensitivity -1%
USD	(15,668.88)	(156.69)	156.69	(14,613.99)	(146.14)	146.14
Euro	3,492.70	34.93	(34.93)	5,795.69	57.96	(57.96)
GBP	(80.38)	(0.80)	0.80	(308.99)	(3.09)	3.09
Others	329.14	3.29	(3.29)	149.46	1.49	(1.49)

#### 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 appropriate advance or letter of credit / bank guarantee 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 the year end, 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.

#### 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 its 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 on March 31, 2019			As on March 31, 2018		
	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	7,944.79	687.99	22,325.73	10,770.81	628.68	16,393.76
Fixed interest rate instruments	587.30	-	-	16,770.75	-	-

#### ii. Non derivative financial liabilities

₹ Million

Particulars	As on March 31, 2019			As on March 31, 2018		
	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	14,979.58	-	-	16,546.06	-	-
Finance lease - deferred payment liabilities	5.96	21.35	20.34	5.43	21.97	25.96
Variable interest rate instruments	2,705.90	1,0138.97	3,517.64	4,022.69	3,767.20	4,090.90
Fixed interest rate instruments	1,804.60	8,540.25	2,200.00	4,043.41	4,495.95	6,241.90



## iii. Derivative assets / (liabilities)

₹ Million

Particulars	As on March 31, 2019			As on March 31, 2018		
	Less than 1 year	1 to 5 years	5 years and above	Less than 1 year	1 to 5 years	5 years and above
<i>Net settled:</i>						
Foreign currency forward contracts, futures and options	(91.52)	-	-	(175.58)	-	-
Foreign currency forward contracts, futures and options	124.81	-	-	6.19	-	-
<i>Gross settled:</i>						
Cross currency interest rate swaps	-	(15.34)	-	-	-	-
Cross currency interest rate swaps	-	34.20	488.38	95.87	(131.60)	254.24
<b>Total</b>	<b>33.29</b>	<b>18.86</b>	<b>488.38</b>	<b>(73.52)</b>	<b>(131.60)</b>	<b>254.24</b>

## 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 on March 31, 2019	As on March 31, 2018	Fair value hierarchy (Level 1, 2 or 3)*
<i>Derivative financial assets (a)</i>			
- Foreign currency forward contracts, futures and options	124.81	6.19	2
- Cross currency interest rate swaps	522.58	350.11	2
<b>Total</b>	<b>647.39</b>	<b>356.30</b>	
<i>Derivative financial liabilities (b)</i>			
- Foreign currency forward contracts	91.52	175.58	2
- Cross currency interest rate swaps	15.34	131.60	2
<b>Total</b>	<b>106.86</b>	<b>307.18</b>	
<b>Net derivate financial assets (a - b)</b>	<b>540.53</b>	<b>49.12</b>	

## ii. Fair value of financial assets (other than derivative instruments) carried at fair value

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018	Fair value hierarchy (Level 1, 2 or 3)*
<i>Financial assets</i>			
- Current investments- mutual funds	-	3,640.47	1
- Non current investments - quoted	2.79	2.76	1
- Non current investments - unquoted	11.20	9.25	3
<b>Total</b>	<b>13.99</b>	<b>3,652.48</b>	

## 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 - Inputs other than quoted prices included within liability Level 1 that are observable or the asset or liability, either directly or indirectly.

\* Level 3 - Unobservable inputs for asset or liability.

## e) Details of outstanding contracts #

Currency pair	Currency	Currency value (Million)	Average exchange rate	Nominal value (Million)	Buy/Sell
As on March 31, 2019					
Foreign currency forward contracts					
USD / INR	US Dollar	37.26	69.16	2,576.85	Buy
USD / THB	US Dollar	6.00	31.71	190.24	Buy
USD / ZAR	US Dollar	2.25	14.48	32.57	Buy
Futures and options					
USD / INR	US Dollar	8.00	69.16	553.28	Buy
Cross currency interest swaps					
USD / INR	US Dollar	171.42	69.16	11,855.08	Buy
As on March 31, 2018					
Foreign currency forward contracts					
USD / INR	US Dollar	48.50	65.18	3,161.23	Buy
EUR / INR	Euro	31.25	80.25	2,507.94	Sell
USD / ZAR	US Dollar	2.25	11.84	26.64	Sell
Futures and options					
USD / INR	US Dollar	34.00	65.18	2,216.12	Buy
Cross currency interest swaps					
USD / INR	US Dollar	126.42	65.18	8,240.06	Buy

# For fair value of outstanding contracts, refer note C12 (d)(i).

## 13 (A) Turnover and stock of finished goods and stock in trade

₹ Million

Particulars	Opening Stock		Turnover		Closing Stock	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Automobile tyres, tubes and flaps	7,647.29	8,851.66	120,131.25	103,153.21	9,979.13	7,647.29
Others	185.28	156.61	764.58	728.05	122.21	185.28
<b>Total</b>	<b>7,832.57</b>	<b>9,008.27</b>	<b>120,895.83</b>	<b>103,881.26</b>	<b>10,101.34</b>	<b>7,832.57</b>

## (B) Raw materials consumed

₹ Million

Particulars	2018-19	2017-18
Fabric	10,163.66	7,064.86
Rubber	37,205.99	33,284.22
Chemicals	9,558.48	6,911.36
Carbon black	12,210.30	7,858.46
Others	6,699.99	7,692.60
<b>Total</b>	<b>75,838.42</b>	<b>62,811.50</b>

## (C) Break-up of consumption

Particulars	2018-19		2017-18	
	%	₹ Million	%	₹ Million
Raw material - Imported	43.31%	32,842.32	41.30%	25,941.82
- Indigenous	56.69%	42,996.10	58.70%	36,869.68
	<b>100.00%</b>	<b>75,838.42</b>	<b>100.00%</b>	<b>62,811.50</b>
Stores and spares - Imported	8.07%	80.61	7.72%	61.66
- Indigenous	91.93%	918.82	92.28%	736.99
	<b>100.00%</b>	<b>999.43</b>	<b>100.00%</b>	<b>798.65</b>

**(D) C.I.F. value of imports**

₹ Million		
Particulars	2018-19	2017-18
Raw material	33,401.43	28,657.42
Stores and spares	106.95	64.02
Capital goods	1,719.55	5,258.39

**(E) Expenditure in foreign currency (remitted)  
(Excluding value of imports)**

₹ Million		
Particulars	2018-19	2017-18
Interest	595.68	479.84
Dividend for the year 2017-18 (2016-17)*	5.93	5.93
Royalty	41.17	13.63
Others (including cross-charge of research and development expenses and management expenses paid to foreign subsidiary companies)	3,522.70	2,535.66

\*Number of non-resident shareholders – 1 (1), Number of shares held by non resident shareholders - **1,977,000** (1,977,000).

**14 EARNINGS IN FOREIGN EXCHANGE (GROSS)**

₹ Million		
Particulars	2018-19	2017-18
FOB value of exports	10,689.95	8,954.90
Interest received	121.14	114.87
Royalty received	60.78	56.79
Cross charge of management expenses	84.91	69.03
Reimbursement of expenses received	601.27	537.12

**15 STATUTORY AUDITORS' REMUNERATION**

₹ Million		
Particulars	2018-19	2017-18
For audits and quarterly reviews	8.50	8.50
For taxation matters	0.37	0.57
For other services * #	3.18	9.06
<b>Total</b>	<b>12.05</b>	<b>18.13</b>

\* Includes ₹ 3.63 Million expense paid in relation to qualified institutional placement process (debited to securities premium) during the previous year.

# Includes payment to erstwhile auditor amounting to ₹ 4.77 Million, during the previous year.

**16 RESEARCH AND DEVELOPMENT EXPENDITURE**

₹ Million		
Particulars	2018-19	2017-18
<b>(A) Revenue expenditure</b>		
Materials	1.53	34.29
Employee benefits expense	313.66	271.15
Travelling, conveyance and vehicle expense	108.21	87.38
Others	1,287.46	859.63
<b>Total</b>	<b>1,710.86</b>	<b>1,252.45</b>
<b>(B) Capital expenditure</b>	482.80	307.31
<b>Total (A+B)</b>	<b>2,193.66</b>	<b>1,559.76</b>

## 17 CONTINGENT LIABILITIES

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
Sales tax	174.97	220.27
Income tax #	784.80	42.20
Claims against the Company not acknowledged as debts – employee related	158.93	74.02
– others	30.60	29.60
Excise duty and service tax *	581.62	167.05

# Excludes amount of ₹ 442.43 Million (₹ 441.66 Million) in appeals which have been decided by Appellate authorities in the Company's favour but on which the department has gone for further appeal and a demand of ₹ 671.71 Million (₹ 671.71 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.

\* 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.

## 18 CAPITAL AND OTHER COMMITMENTS

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
<b>A Capital commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for	39,958.30	2,820.24
<b>B Other commitments</b>		
Corporate guarantee given (refer note C22 )	3,290.41	-

19 The Company conducts international transactions with associated enterprises. For the current year, the management maintained necessary documents as prescribed by the Income tax Act, 1961 to establish 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.

## 20 DISCLOSURES REQUIRED UNDER SECTION 22 OF THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	174.37	150.98
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	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
(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

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.



## 21 EXPENDITURE TOWARDS CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES -

In accordance with the provisions of section 135 of the Act, the Board of Directors of the Company had constituted a CSR committee. The details for CSR activities are as follows:

	₹ Million	
Particulars	2018-19	2017-18
i) Gross amount required to be spent by the Company during the year	213.83	215.66
ii) Amount spent during the year on the following:		
(a) Construction/acquisition of any asset	-	-
(b) On purposes other than (a) above	213.83	215.68
<b>Total</b>	<b>213.83</b>	<b>215.68</b>

## 22 DISCLOSURE OF RELATED PARTY TRANSACTIONS IN ACCORDANCE WITH IND AS 24 - RELATED PARTY DISCLOSURES

### Name of the Related Parties

Particulars	2018-19	2017-18
Subsidiaries	Apollo Tyres Cooperatief U.A.,(AT Coop), Netherlands	Apollo Tyres Cooperatief U.A.,(AT Coop), Netherlands
	Apollo Tyres (Cyprus) Private Limited (ATCPL), Cyprus (note (a))	Apollo Tyres (Cyprus) Private Limited (ATCPL), Cyprus
	Apollo Tyres (Greenfield) B.V., Netherlands	Apollo Tyres (Greenfield) B.V., Netherlands
	Apollo (South Africa) Holdings (Pty) Ltd. (ASHPL) (Subsidiary through AT Coop)	Apollo (South Africa) Holdings (Pty) Ltd. (ASHPL) (Subsidiary through AT Coop)
	Apollo Tyres Africa (Pty) Ltd. (Subsidiary through ASHPL)	Apollo Tyres Africa (Pty) Ltd. (Subsidiary through ASHPL)
	Apollo Tyres (Thailand) Limited, Thailand (Subsidiary through AT Coop)	Apollo Tyres (Thailand) Limited, Thailand (Subsidiary through AT Coop)
	Apollo Tyres (Middle East) FZE (ATFZE), Dubai (Subsidiary through AT Coop)	Apollo Tyres (Middle East) FZE (ATFZE), Dubai (Subsidiary through AT Coop)
	Apollo Tyres Holdings (Singapore) Pte. Ltd., (ATHS), Singapore (Subsidiary through AT Coop)	Apollo Tyres Holdings (Singapore) PTE. Ltd., (ATHS), Singapore (Subsidiary through AT Coop)
	Apollo Tyres (Malaysia) SDN. BHD (Subsidiary through ATHS)	Apollo Tyres (Malaysia) SDN. BHD (Subsidiary through ATHS)
	Apollo Tyres (UK) Pvt. Ltd., United Kingdom (Subsidiary through AT Coop)	Apollo Tyres (UK) Pvt. Ltd., United Kingdom (Subsidiary through AT Coop)
	Apollo Tyres (London) Pvt. Ltd. (Subsidiary through ATUK)	Apollo Tyres (London) Pvt. Ltd. (Subsidiary through ATUK)
	Apollo Tyres Global R&D B.V., Netherlands (Subsidiary through AT Coop)	Apollo Tyres Global R&D B.V., Netherlands (Subsidiary through AT Coop)
	Apollo Tyres (Germany) GmbH (Subsidiary through AT Coop)	Apollo Tyres (Germany) GmbH (Subsidiary through AT Coop)
	Apollo Tyres AG, Switzerland (AT AG) (Subsidiary through AT Coop)	Apollo Tyres AG, Switzerland (AT AG) (Subsidiary through AT Coop)
	Apollo Tyres do (Brasil) LTDA, Brazil (Subsidiary through AT Coop and ATBV)	Apollo Tyres do (Brasil) LTDA, Brazil (Subsidiary through AT Coop and ATBV)
	Apollo Tyres B.V. (ATBV), Netherlands (Subsidiary through AT Coop)	Apollo Tyres B.V. (ATBV), Netherlands (Subsidiary through AT Coop)
	Apollo Tyres (Hungary) Kft (Subsidiary through ATBV)	Apollo Tyres (Hungary) Kft (Subsidiary through ATBV)
	Reifencom GmbH, Bielefeld (now Reifencom GmbH, Hannover) (Subsidiary through AT Coop) (note (d))	Reifencom GmbH, Bielefeld (Subsidiary through AT Coop)
	Reifencom GmbH, Hannover (Subsidiary through Reifencom GmbH, Bielefeld) (note (d))	Reifencom GmbH, Hannover (Subsidiary through Reifencom GmbH, Bielefeld)
	Reifencom Einkaufsgesellschaft, mbH & Co. OHG, Hannover (note (d))	Reifencom Einkaufsgesellschaft, mbH & Co. OHG, Hannover (Subsidiary through Reifencom GmbH, Bielefeld & Reifencom GmbH, Hannover)
	Reifencom Tyre (Qingdao) Co., Ltd. (Subsidiary through Reifencom GmbH, Hannover) (note (e))	Reifencom Tyre (Qingdao) Co., Ltd. (Subsidiary through Reifencom Einkaufsgesellschaft, mbH & Co. OHG, Hannover)
	Saturn F1 Pvt Ltd (Subsidiary through AT Coop)	Saturn F1 Pvt Ltd (Subsidiary through AT Coop)
	Retail Distribution Holding B.V. (Subsidiary through AT Coop) (note (a))	Retail Distribution Holding B.V. (Subsidiary through AT Coop)
	Rubber Research LLC (Subsidiary through AT Coop)	Rubber Research LLC (Subsidiary through AT Coop)

Particulars	2018-19	2017-18
	ATL Singapore Pte Limited	ATL Singapore Pte Limited (note (b))
	Apollo Vredestein Tires Inc., USA (Subsidiary through AT Coop)	Apollo Vredestein Tires Inc., USA (Subsidiary through AT Coop)
	Apollo Vredestein B.V., Netherlands (AVBV) (Subsidiary through ATBV)	Apollo Vredestein B.V., Netherlands (AVBV) (Subsidiary through ATBV)
	<b>Subsidiaries of Apollo Vredestein B.V (AVBV):</b>	<b>Subsidiaries of Apollo Vredestein B.V (AVBV):</b>
	Apollo Vredestein GmbH, Germany	Apollo Vredestein GmbH, Germany
	Vredestein Marketing B.V. & Co. KG, Germany (Subsidiary through Apollo Vredestein GmbH) (note (c))	Vredestein Marketing B.V. & Co. KG, Germany (Subsidiary through Apollo Vredestein GmbH)
	Apollo Vredestein Nordic A.B., Sweden	Apollo Vredestein Nordic A.B., Sweden
	Apollo Vredestein U.K. Limited, United Kingdom	Apollo Vredestein U.K. Limited, United Kingdom
	Apollo Vredestein SAS, France	Apollo Vredestein SAS, France
	Apollo Vredestein Belux, Belgium	Apollo Vredestein Belux, Belgium
	Apollo Vredestein Gesellschaft m.b.H., Austria	Apollo Vredestein Gesellschaft m.b.H., Austria
	Apollo Vredestein Schweiz AG, Switzerland	Apollo Vredestein Schweiz AG, Switzerland
	Apollo Vredestein Srl, Italy (note (a))	Apollo Vredestein Srl, Italy
	Apollo Vredestein Iberica SA, Spain	Apollo Vredestein Iberica SA, Spain
	Apollo Vredestein Kft, Hungary	Apollo Vredestein Kft, Hungary
	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)
	Apollo Vredestein Opony Polska Sp. Zo.o., Poland	Apollo Vredestein Opony Polska Sp. Zo.o., Poland
	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
Associates	Pressurite (Pty) Ltd, South Africa	Pressurite (Pty) Ltd, South Africa
	KT Telematic Solutions Private Limited	KT Telematic Solutions Private Limited (note (f))
Joint venture	PanAridus LLC, USA (JV through ATHS)	PanAridus LLC, USA (JV through ATHS)
Companies in which directors are interested	Apollo International Limited	Apollo International Limited
	Apollo International Trading LLC, Middle East	Apollo International Trading LLC, Middle East
	Apollo International FZC	N.A.*
	Landmark Farms & Housing Pvt. Ltd.	Landmark Farms & Housing Pvt. Ltd.
	SunLife Tradelinks (P) Ltd.	SunLife Tradelinks (P) Ltd.
	Classic Auto Tubes Ltd.	Classic Auto Tubes Ltd.
	PTL Enterprises Ltd.	PTL Enterprises Ltd.
	Artemis Medicare Services Ltd.	Artemis Medicare Services Ltd.
	Shardul Amarchand Mangaldas & Co.	Shardul Amarchand Mangaldas & Co.
	Regent Properties	Regent Properties
	Milers Global Pvt. Ltd.	Milers Global Pvt. Ltd.
	Raymond Limited	Raymond Limited
	The Tata Power Company Limited	The Tata Power Company Limited
	One97 Communication Limited	One97 Communication Limited
Key management personnel	Mr. Onkar S. Kanwar	Mr. Onkar S. Kanwar
	Mr. Neeraj Kanwar	Mr. Neeraj Kanwar
	Mr. Akshay Chudasama	Mr. Akshay Chudasama
	Mr. A.K. Purwar	Mr. A.K. Purwar
	Gen. Bikram Singh (Retd.)	Gen. Bikram Singh (Retd.)
	Mr. Francesco Gori	Mr. Francesco Gori
	N.A.	Mr. Paul Antony
	Mr. Nimesh N. Kampani	Mr. Nimesh N. Kampani
	Ms. Pallavi Shroff	Ms. Pallavi Shroff
	Mr. Robert Steinmetz	Mr. Robert Steinmetz
	Mr. Sunam Sarkar	Mr. Sunam Sarkar
	Dr. S. Narayan	Dr. S. Narayan
	Mr. Vikram S. Mehta	Mr. Vikram S. Mehta
	Mr. Vinod Rai	Mr. Vinod Rai
	Ms. Anjali Bansal	Ms. Anjali Bansal
	Dr. M Beena	Dr. M Beena

Notes: Related parties and their relationships are as identified by the management and relied upon by the auditors.

(a) Liquidated during the year

(b) Incorporated during the previous year.

(c) Merged with Apollo Vredestein GmbH.

- (d) Reifencom GmbH, Hannover (RCH), a wholly owned step down subsidiary was merged into its parent company, Reifencom GmbH, Bielefeld (RCB) with effect from August 16, 2018. Pursuant to the merger, the name of RCB was changed to Reifencom GmbH, Hannover. Also Reifencom Einkaufsgesellschaft, mbH & Co. OHG, Hannover (equally owned by RCH and RCB) was merged with RCB.
- (e) Subsequent to the merger as per (d) above, Reifencom Tyre (Qingdao) Co., Ltd. became a wholly owned subsidiary of Reifencom GmbH, Hannover (formerly Reifencom GmbH, Bielefeld).
- (f) Became an associate of the Company with effect from February 21, 2018.
- \* No transaction during the previous year.

### Transactions and balances with Related Parties: FY 2018-19

₹ Million

Particulars	Subsidiaries	Companies in which Directors are interested	Associate	Key Management Personnel	Total
<b>Description of Transactions:</b>					
<i>Sales: Finished Goods</i>					
Apollo Vredestein B.V.	2,414.72				2,414.72
Apollo Tyres (Middle East) FZE	2,044.59				2,044.59
Apollo Tyres (Thailand) Limited	1,878.56				1,878.56
Apollo Tyres Africa (Pty) Ltd.	789.04				789.04
Apollo International Ltd.		631.97			631.97
Apollo Tyres (Malaysia) SDN. BHD	368.11				368.11
Apollo International Trading LLC, Middle East		39.53			39.53
Apollo International FZC		24.63			24.63
Apollo Tyres Global R&D B.V.	2.98				2.98
	<b>7,498.00</b>	<b>696.13</b>			<b>8,194.13</b>
<i>Sales: Raw Materials</i>					
Classic Auto Tubes Ltd.		1,200.93			1,200.93
Apollo Tyres (Hungary) Kft	12.74				12.74
	<b>12.74</b>	<b>1,200.93</b>			<b>1,213.67</b>
<i>Sales: Semi Finished Goods</i>					
Apollo Vredestein B.V.	36.61				36.61
<i>Royalty Income:</i>					
Apollo Tyres (Middle East) FZE	15.83				15.83
Apollo Tyres (Thailand) Limited	15.58				15.58
Apollo Tyres Africa (Pty) Ltd.	28.45				28.45
Apollo Tyres (Malaysia) SDN. BHD	0.92				0.92
	<b>60.78</b>				<b>60.78</b>
<i>Cross Charge of Management &amp; Other Expenses Received #:</i>					
Apollo Tyres Holdings (Singapore) Pte. Ltd.	29.98				29.98
Apollo Vredestein B.V.	28.46				28.46
Apollo Tyres (Hungary) Kft	13.15				13.15
Apollo Tyres Global R&D B.V.	3.09				3.09
Apollo Tyres (Thailand) Limited	2.98				2.98
Apollo Tyres (UK) Pvt. Ltd.	2.30				2.30
Apollo Tyres (Middle East) FZE	2.20				2.20
Apollo Tyres Africa (Pty) Ltd.	1.91				1.91
Classic Auto Tubes Ltd.		1.69			1.69
PTL Enterprises Ltd.		0.85			0.85
Apollo Tyres (Malaysia) SDN. BHD	0.84				0.84
Artemis Medicare Services Ltd.		0.60			0.60
	<b>84.91</b>	<b>3.14</b>			<b>88.05</b>
<i>Rent Received:</i>					
Classic Auto Tubes Ltd.		1.06			1.06
PTL Enterprises Ltd.		0.37			0.37
		<b>1.43</b>			<b>1.43</b>

₹ Million

Particulars	Subsidiaries	Companies in which Directors are interested	Associate	Key Management Personnel	Total
<b>Interest income:</b>					
Apollo Tyres Cooperatief U.A.	115.88				115.88
Apollo Tyres (Greenfield) B.V.	5.26				5.26
	<b>121.14</b>				<b>121.14</b>
<b>Reimbursement of Expenses Received:</b>					
Apollo Tyres (Hungary) Kft	263.97				263.97
Apollo Vredestein B.V.	154.70				154.70
Apollo Tyres AG, Switzerland	120.62				120.62
Apollo Tyres Global R&D B.V.	31.52				31.52
Apollo Tyres (UK) Pvt. Ltd.	12.99				12.99
Classic Auto Tubes Ltd.		12.40			12.40
Apollo Tyres (Thailand) Limited	5.75				5.75
Apollo Tyres Holdings (Singapore) Pte. Ltd.	5.07				5.07
Reifencom GmbH	2.11				2.11
Apollo Tyres Africa (Pty) Ltd.	1.96				1.96
Apollo Tyres (Middle East) FZE	1.41				1.41
Apollo Tyres (Malaysia) SDN. BHD	0.94				0.94
PTL Enterprises Ltd.		0.82			0.82
Apollo Vredestein Tires Inc.	0.23				0.23
	<b>601.27</b>	<b>13.22</b>			<b>614.49</b>
<b>Freight and insurance recovered:</b>					
Apollo Vredestein B.V.	94.12				94.12
Apollo Tyres (Middle East) FZE	33.23				33.23
Apollo Tyres Africa (Pty) Ltd.	27.78				27.78
Apollo Tyres (Thailand) Limited	15.08				15.08
Apollo Tyres Global R&D B.V.	4.06				4.06
Apollo Tyres (Malaysia) SDN. BHD	1.75				1.75
	<b>176.02</b>				<b>176.02</b>
<b>Guarantee commission received</b>					
Apollo Tyres Co-Operatief U.A	2.75				2.75
<b>Royalty Paid:</b>					
Apollo Tyres AG, Switzerland	53.36				53.36
<b>Purchase of raw material / bought out</b>					
Apollo Tyres Holdings (Singapore) Pte. Ltd.	33,264.95				33,264.95
Classic Auto Tubes Ltd.		3,268.10			3,268.10
Apollo Vredestein B.V.	158.34				158.34
Apollo Tyres (Hungary) Kft	60.72				60.72
Raymond Limited		3.05			3.05
	<b>33,484.01</b>	<b>3,271.15</b>			<b>36,755.16</b>
<b>Legal and professional charges paid:</b>					
Shardul Amarchand Mangaldas & Co		8.81			8.81
<b>Reimbursement of expenses paid:</b>					
PTL Enterprises Ltd.		691.93			691.93
Apollo Tyres (Thailand) Limited	77.39				77.39
Apollo Tyres (Hungary) Kft	61.57				61.57
Apollo Tyres Global R&D B.V.	35.32				35.32
Apollo Tyres (Middle East) FZE	34.73				34.73
Apollo Tyres (Malaysia) SDN. BHD	27.13				27.13
Apollo Tyres Africa (Pty) Ltd.	9.71				9.71
Apollo Vredestein Tires Inc.	7.70				7.70

₹ Million

Particulars	Subsidiaries	Companies in which Directors are interested	Associate	Key Management Personnel	Total
Apollo Vredestein B.V.	7.39				7.39
Classic Auto Tubes Ltd.		6.84			6.84
Apollo Tyres (UK) Pvt. Ltd.	1.60				1.60
Reifencom GmbH	0.80				0.80
Milers Global Pvt. Ltd.		0.43			0.43
	<b>263.34</b>	<b>699.20</b>			<b>962.54</b>
Payment for services received:					
Artemis Medicare Services Ltd.		21.32			21.32
One97 Communication Ltd.		0.36			0.36
The Tata Power Company Limited		0.09			0.09
		<b>21.77</b>			<b>21.77</b>
Cross Charge of R & D expenses paid:					
Apollo Tyres Global R&D B.V	788.48				788.48
Cross charge of other expenses paid:					
Apollo Tyres (UK) Pvt. Ltd.	705.97				705.97
Apollo Tyres Holdings (Singapore) Pte. Ltd.	204.38				204.38
	<b>910.35</b>				<b>910.35</b>
Lease rent paid:					
PTL Enterprises Ltd.		600.00			600.00
Rent paid:					
Sunlife Tradelinks (P) Ltd.		27.62			27.62
Land Mark Farms & Housing (P) Ltd.		19.80			19.80
Regent Properties		23.76			23.76
Classic Auto Tubes Ltd.		0.12			0.12
Milers Global Pvt. Ltd.		2.25			2.25
		<b>73.55</b>			<b>73.55</b>
Conversion charges paid:					
Classic Auto Tubes Ltd.		273.18			273.18
Mixing charges Paid:					
Classic Auto Tubes Ltd.		294.13			294.13
Commission on Sales paid					
Apollo Tyres (Thailand) Limited	66.11				66.11
Apollo Tyres (Middle East) FZE	84.51				84.51
	<b>150.62</b>				<b>150.62</b>
Refund of Security Deposits Given:					
Land Mark Farms & Housing		6.00			6.00
Milers Global Pvt. Ltd.		0.75			0.75
		<b>6.75</b>			<b>6.75</b>
Purchase of assets					
Classic Auto Tubes Ltd.		775.53			775.53
Artemis Medicare Services Ltd.		43.78			43.78
		<b>819.31</b>			<b>819.31</b>
Sale of assets					
Apollo Tyres (Hungary) Kft	41.08				41.08
Loan given					
Apollo Tyres Cooperatief U.A	1,490.69				1,490.69
Refund of loan given					
Apollo Tyres Co-Operatief U.A *	6,230.90				6,230.90
Apollo Tyres (Greenfield) B.V.	830.72				830.72
	<b>7,061.62</b>				<b>7,061.62</b>



₹ Million

Particulars	Subsidiaries	Companies in which Directors are interested	Associate	Key Management Personnel	Total
<b>Investments Made:</b>					
Apollo Tyres Co-Operatief U.A *	6,081.65				6,081.65
KT Telematic Solutions Private Ltd.			22.51		22.51
	<b>6,081.65</b>		<b>22.51</b>		<b>6,104.16</b>
<b>Liquidation Proceeds Received</b>					
Apollo Tyres (Cyprus) Pvt Ltd.	178.13				178.13
<b>Corporate guarantee given</b>					
Apollo Tyres Co-operatief U.A	3290.41				<b>3290.41</b>
<b>Managerial remuneration:</b>					
Mr. Onkar S. Kanwar				402.51	402.51
Mr. Neeraj Kanwar				352.23	352.23
				<b>754.74</b>	<b>754.74</b>
<b>Sitting fees:</b>					
Mr. Akshay Chudasama				1.50	1.50
Mr. A.K. Purwar				0.20	0.20
Ms. Anjali Bansal				0.80	0.80
Gen. Bikram Singh (Retd.)				0.80	0.80
Mr. Francesco Gori				0.60	0.60
Dr. M Beena				0.10	0.10
Mr. Nimesh N. Kampani				1.30	1.30
Ms. Pallavi Shroff				0.65	0.65
Mr. Robert Steinmetz				0.90	0.90
Mr. Sunam Sarkar				1.00	1.00
Dr. S. Narayan				1.30	1.30
Mr. Vikram S. Mehta				0.55	0.55
Mr. Vinod Rai				0.55	0.55
				<b>10.25</b>	<b>10.25</b>
<b>Commission:</b>					
Mr. Akshay Chudasama				4.86	4.86
Mr. A.K. Purwar				1.64	1.64
Ms. Anjali Bansal				4.86	4.86
Gen. Bikram Singh (Retd.)				4.87	4.87
Mr. Francesco Gori				4.86	4.86
Mr. Nimesh N. Kampani				4.86	4.86
Ms. Pallavi Shroff				4.87	4.87
Dr. M Beena				4.86	4.86
Mr. Robert Steinmetz				4.86	4.86
Mr. Sunam Sarkar				4.87	4.87
Dr. S. Narayan				4.86	4.86
Mr. Vikram S. Mehta				4.86	4.86
Mr. Vinod Rai				4.87	4.87
				<b>60.00</b>	<b>60.00</b>
<b>Amount outstanding</b>					
<b>Other Non current financial assets**:</b>					
PTL Enterprises Ltd.		600.00			600.00
Sunlife Tradelinks (P) Ltd.		5.86			5.86
Regent Properties		5.40			5.40
		<b>611.26</b>			<b>611.26</b>
<b>Other Non current assets:</b>					
Classic Auto Tubes Ltd.		956.30			956.30
<b>Trade Receivable:</b>					
Apollo Vredestein B.V.	812.25				812.25

₹ Million

Particulars	Subsidiaries	Companies in which Directors are interested	Associate	Key Management Personnel	Total
Apollo Tyres (Thailand) Limited	280.78				280.78
Apollo Tyres (Middle East) FZE	181.04				181.04
Apollo Tyres Africa (Pty) Ltd.	175.11				175.11
Apollo Tyres Global R&D B.V.	2.89				2.89
Apollo Tyres (Malaysia) SDN. BHD	13.21				13.21
	<b>1,465.28</b>				<b>1,465.28</b>
Other current assets (financial / non financial):					
Apollo Tyres (Hungary) Kft	130.66				130.66
Apollo Tyres Cooperatief U.A	124.75				124.75
Classic Auto Tubes Ltd.		97.24			97.24
PTL Enterprises Ltd.		42.51			42.51
Apollo Tyres (Thailand) Limited	46.90				46.90
Apollo Tyres Africa (Pty) Ltd.	46.68				46.68
Apollo Vredestein B.V.	42.57				42.57
Apollo Tyres Global R&D B.V	14.23				14.23
Apollo Tyres Holdings (Singapore) Pte Ltd.	7.76				7.76
Apollo Tyres (Middle East) FZE	5.28				5.28
Apollo Tyres (UK) Pvt. Ltd.	2.19				2.19
Reifencom GmbH	1.81				1.81
Artemis Medicare Services Ltd.		0.71			0.71
Apollo International Ltd		0.67			0.67
Apollo Tyres (Malaysia) SDN. BHD	0.45				0.45
Apollo Vredestein Tires Inc.	0.24				0.24
	<b>423.52</b>	<b>141.13</b>			<b>564.65</b>
Trade Payable:					
Apollo Tyres Holdings (Singapore) Pte. Ltd.	3,544.90				3,544.90
Classic Auto Tubes Ltd.		411.66			411.66
Apollo Tyres (Thailand) Limited	192.41				192.41
Apollo Tyres Global R&D B.V.	123.21				123.21
Apollo Tyres (UK) Pvt. Ltd.	115.22				115.22
Apollo Tyres (Hungary) Kft	90.99				90.99
Apollo Tyres (Middle East) FZE	58.92				58.92
Apollo Tyres (Malaysia) SDN. BHD	13.50				13.50
Apollo Tyres AG, Switzerland	13.36				13.36
Apollo Vredestein B.V.	12.30				12.30
Apollo Tyres Africa (Pty) Ltd.	9.29				9.29
Apollo Vredestein Tires Inc.	6.58				6.58
One97 Communications Ltd		0.23			0.23
	<b>4,180.68</b>	<b>411.89</b>			<b>4,592.57</b>
Other Current Liabilities (Financial):					
Classic Auto Tubes Ltd.		349.39			349.39
Apollo International FZC		35.36			35.36
Apollo International Trading LLC		8.73			8.73
Apollo Tyres Global R&D B.V.	0.93				0.93
Apollo International Ltd.		0.52			0.52
Apollo Vredestein Tires Inc.	0.07				0.07
	<b>1.00</b>	<b>394.00</b>			<b>395.00</b>

## FY 2017-18

₹ Million

Particulars	Subsidiaries	Companies in which Directors are interested	Associate	Key Management Personnel	Total
<b>Description of Transactions:</b>					
<i>Sales: Finished Goods</i>					
Apollo International Ltd.		721.21			721.21
Apollo Tyres Global R&D B.V.	3.14				3.14
Apollo Vredestein B.V.	2,018.77				2,018.77
Apollo Tyres Middle East Fze.	1,468.51				1,468.51
Apollo Tyres Thailand Ltd.	1,886.19				1,886.19
Apollo Tyres Africa (Pty) Ltd	709.70				709.70
Apollo Tyres (Malaysia) Sdn Bhd	365.34				365.34
	<b>6,451.65</b>	<b>721.21</b>			<b>7,172.86</b>
<i>Sales: Raw Materials</i>					
Classic Auto Tubes Ltd.		62.04			62.04
<i>Sales: Semi Finished Goods</i>					
Apollo Vredestein B.V.	10.79				10.79
<i>Royalty Income:</i>					
Apollo Tyres Middle East Fze.	10.70				10.70
Apollo Tyres Thailand Ltd.	19.43				19.43
Apollo Tyres Africa (Pty) Ltd	25.91				25.91
Apollo Tyres (Malaysia) Sdn Bhd	0.76				0.76
	<b>56.80</b>				<b>56.80</b>
<i>Cross Charge of Management &amp; Other Expenses Received #:</i>					
Apollo Vredestein B.V.	21.32				21.32
Apollo Tyres Middle East Fze.	1.82				1.82
Apollo Tyres Global R & D B.V.	2.73				2.73
Apollo Tyres (UK) Pvt. Ltd.	1.92				1.92
Apollo Tyres Thailand Ltd.	2.61				2.61
PTL Enterprises Ltd.		0.85			0.85
Classic Auto Tubes Ltd.		1.71			1.71
Apollo Tyres Africa (Pty) Ltd	1.44				1.44
Artemis Medicare Services Ltd.		0.71			0.71
Apollo Tyres (Hungary) Kft	13.83				13.83
Apollo Tyres Holdings (Singapore) Pte Ltd.	22.62				22.62
Apollo Tyres (Malaysia) Sdn Bhd	0.73				0.73
	<b>69.02</b>	<b>3.27</b>			<b>72.29</b>
<i>Rent Received:</i>					
PTL Enterprises Ltd.		0.37			0.37
Classic Auto Tubes Ltd.		1.06			1.06
		<b>1.43</b>			<b>1.43</b>
<i>Interest Received:</i>					
Apollo Tyres (Greenfield) Co-operatief U.A.	11.75				11.75
Apollo Tyres (Greenfield) B.V.	103.12				103.12
	<b>114.87</b>				<b>114.87</b>
<i>Reimbursement of Expenses Received:</i>					
Apollo Vredestein B.V.	148.45				148.45
Apollo Tyres Middle East Fze.	2.47				2.47
Apollo Tyres Global R & D B.V.	27.80				27.80
Apollo Tyres Thailand Ltd.	6.13				6.13

₹ Million

Particulars	Subsidiaries	Companies in which Directors are interested	Associate	Key Management Personnel	Total
Apollo Tyres (UK) Pvt. Ltd.	10.86				10.86
Classic Auto Tubes Ltd.		7.44			7.44
Apollo Tyres Africa (Pty) Ltd	2.09				2.09
Apollo International Ltd.		0.60			0.60
Apollo Tyres (Hungary) Kft	208.65				208.65
Apollo Tyres Holdings (Singapore) Pte Ltd.	22.06				22.06
Apollo Tyres AG, Switzerland	106.43				106.43
Apollo Tyres (Malaysia) Sdn Bhd	0.94				0.94
Reifencom GmbH	1.25				1.25
	<b>537.13</b>	<b>8.04</b>			<b>545.17</b>
Freight & Insurance recovered:					
Apollo Tyres Middle East Fze.	25.37				25.37
Apollo Tyres Thailand Ltd.	15.54				15.54
Apollo Tyres Africa (Pty) Ltd	22.73				22.73
Apollo Vredestein B.V.	87.88				87.88
Apollo Tyres Global R&D B.V	4.19				4.19
Apollo Tyres (Malaysia) Sdn Bhd	1.84				1.84
	<b>157.55</b>				<b>157.55</b>
Royalty Paid:					
Apollo Tyres AG, Switzerland	13.63				13.63
Purchase of raw material					
Apollo Vredestein B.V.	81.47				81.47
Apollo Tyres Holdings (Singapore) Pte Ltd.	25,940.31				25,940.31
Raymond Limited		2.63			2.63
	<b>26,021.78</b>	<b>2.63</b>			<b>26,024.41</b>
Purchase of assets					
Classic Auto Tubes Ltd.		872.57			872.57
Artemis Medicare Services Ltd.		23.44			23.44
		<b>896.01</b>			<b>896.01</b>
Legal and Professional Charges Paid:					
Shardul Amarchand Mangaldas & Co		12.84			12.84
Reimbursement of Expenses paid:					
PTL Enterprises Ltd.		588.74			588.74
Classic Auto Tubes Ltd.		188.57			188.57
Apollo Vredestein B.V.	3.71				3.71
Apollo Tyres Thailand Ltd.	33.72				33.72
Apollo Tyres Middle East Fze.	8.88				8.88
Apollo Tyres (UK) Pvt. Ltd.	7.36				7.36
Apollo Tyres Global R & D B.V.	1.57				1.57
Apollo Tyres Africa (Pty) Ltd	0.53				0.53
Apollo Tyres Holdings (Singapore) Pte Ltd.	0.07				0.07
Saturn F1 Pvt Ltd	3.14				3.14
Apollo Tyres (Malaysia) Sdn Bhd	2.14				2.14
Milers Global Pvt. Ltd.		0.12			0.12
	<b>61.12</b>	<b>777.43</b>			<b>838.55</b>
Payment for Services Received:					
Artemis Medicare Services Ltd.		20.34			20.34
One97 Communications Limited		11.50			11.50
The Tata Power Company Limited		0.08			0.08

₹ Million

Particulars	Subsidiaries	Companies in which Directors are interested	Associate	Key Management Personnel	Total
Classic Auto Tubes Ltd.		1.69			1.69
		<b>33.61</b>			<b>33.61</b>
Cross Charge of R & D Expenses paid:					
Apollo Tyres Global R & D B.V.	557.75				557.75
Cross Charge of Other Expenses paid:					
Apollo Tyres (UK) Pvt. Ltd.	543.69				543.69
Apollo Tyres Holdings (Singapore) Pte Ltd.	162.60				162.60
	<b>706.29</b>				<b>706.29</b>
Lease Rent paid:					
PTL Enterprises Ltd.		567.92			567.92
Rent Paid:					
Sunlife Tradelinks		27.01			27.01
Land Mark Farms & Housing		24.20			24.20
Regent Properties		21.60			21.60
Classic Auto Tubes Ltd.		0.12			0.12
Milers Global Pvt. Ltd.		3.01			3.01
		<b>75.94</b>			<b>75.94</b>
Conversion charges Paid:					
Classic Auto Tubes Ltd.		1,097.45			1,097.45
Mixing Charges Paid:					
Classic Auto Tubes Ltd.		250.38			250.38
Commssion on Sales paid					
Apollo Tyres Thailand Ltd.	21.36				21.36
Apollo Tyres Middle East Fze.	19.39				19.39
	<b>40.75</b>				<b>40.75</b>
Sale of Assets					
Apollo Tyres (Hungary) Kft	6.72				6.72
Loan Given					
Apollo Tyres Co-Operatief U.A	4,734.79				4,734.79
Apollo Tyres (Greenfield) B.V.	2,557.20				2,557.20
	<b>7,291.99</b>				<b>7,291.99</b>
Refund of Loan Given					
Apollo Tyres (Greenfield) B.V.	3,911.22				3,911.22
Investments Made:					
Apollo Tyres Co-Operatief U.A	6,328.12				6,328.12
KT Telematic Solutions Private Ltd.			22.50		22.50
	<b>6,328.12</b>		<b>22.50</b>		<b>6,350.62</b>
Security Deposit given					
PTL Enterprises Ltd.		100.00			100.00
Managerial Remuneration:					
Mr. Onkar S. Kanwar				495.82	495.82
Mr. Neeraj Kanwar				446.40	446.40
				<b>942.22</b>	<b>942.22</b>
Sitting fees:					
Mr. Akshay Chudasama				1.70	1.70
Mr. A.K. Purwar				0.70	0.70
Ms. Anjali Bansal				0.50	0.50
Gen. Bikram Singh (Retd.)				0.90	0.90
Mr. Francesco Gori				0.60	0.60
Dr. M Beena				0.10	0.10
Mr. Nimesh N. Kampani				1.10	1.10
Ms. Pallavi Shroff				0.90	0.90



₹ Million

Particulars	Subsidiaries	Companies in which Directors are interested	Associate	Key Management Personnel	Total
Mr. Paul Antony				0.30	0.30
Mr. Robert Steinmetz				1.00	1.00
Mr. Sunam Sarkar				2.00	2.00
Dr. S. Narayan				1.60	1.60
Mr. Vikram S. Mehta				0.60	0.60
Mr. Vinod Rai				0.70	0.70
				<b>12.70</b>	<b>12.70</b>
<b>Commission:</b>					
Mr. Akshay Chudasama				4.83	4.83
Mr. A.K. Purwar				4.83	4.83
Ms. Anjali Bansal				2.00	2.00
Gen. Bikram Singh (Retd.)				4.84	4.84
Mr. Francesco Gori				4.83	4.83
Mr. Nimesh N. Kampani				4.83	4.83
Ms. Pallavi Shroff				4.84	4.84
Mr. Paul Antony / Dr. M Beena				4.83	4.83
Mr. Robert Steinmetz				4.83	4.83
Mr. Sunam Sarkar				4.84	4.84
Dr. S. Narayan				4.83	4.83
Mr. Vikram S. Mehta				4.83	4.83
Mr. Vinod Rai				4.84	4.84
				<b>60.00</b>	<b>60.00</b>
<b>Amount Outstanding</b>					
<b>Other Non current financial assets**</b>					
PTL Enterprises Ltd.		600.00			600.00
Sunlife Tradelinks (P) Ltd.		5.86			5.86
Land Mark Farms & Housing (P) Ltd.		6.00			6.00
Regent Properties		5.40			5.40
Milers Global Pvt. Ltd.		0.75			0.75
		<b>618.01</b>			<b>618.01</b>
<b>Other Non current assets:</b>					
Classic Auto Tubes Ltd.		73.89			73.89
<b>Trade Receivable:</b>					
Apollo Vredestein B.V.	769.06				769.06
Apollo Tyres Africa (Pty) Ltd.	153.77				153.77
Apollo Tyres (Middle East) FZE	126.47				126.47
Classic Auto Tubes Ltd.		8.14			8.14
Apollo International Ltd		44.17			44.17
Apollo Tyres (Thailand) Limited	168.87				168.87
Apollo Tyres Global R&D B.V.	5.42				5.42
Apollo Tyres (Malaysia) SDN. BHD	38.73				38.73
	<b>1,262.32</b>	<b>52.31</b>			<b>1,314.63</b>
<b>Other current assets (financial / non financial):</b>					
Apollo Tyres Africa (Pty) Ltd.	24.34				24.34
Apollo Vredestein B.V.	13.24				13.24
Apollo Tyres (Thailand) Limited	21.20				21.20
PTL Enterprises Ltd.		36.31			36.31
Apollo International Ltd		0.67			0.67
Classic Auto Tubes Ltd.		1.46			1.46

₹ Million

Particulars	Subsidiaries	Companies in which Directors are interested	Associate	Key Management Personnel	Total
Artemis Medicare Services Ltd.		0.71			0.71
Apollo Tyres (Hungary) Kft	120.78				120.78
Apollo Tyres (Middle East) FZE	5.05				5.05
Apollo Tyres Cooperatief U.A	4,826.99				4,826.99
Apollo Tyres (UK) Pvt. Ltd.	2.53				2.53
Apollo Tyres (Greenfield) B.V.	917.76				917.76
Apollo Tyres Global R&D B.V	27.25				27.25
Apollo Vredestein Tires Inc.	0.88				0.88
Apollo Tyres Holdings (Singapore) Pte Ltd.	24.99				24.99
Apollo Tyres (Malaysia) SDN. BHD	0.49				0.49
Reifencom GmbH	1.03				1.03
	<b>5,986.53</b>	<b>39.15</b>			<b>6,025.68</b>
<b>Trade Payable:</b>					
Apollo Tyres AG, Switzerland	2.62				2.62
Apollo Vredestein B.V.	19.88				19.88
Apollo Tyres (UK) Pvt. Ltd.	89.95				89.95
Apollo Tyres Global R&D B.V.	51.20				51.20
Apollo Tyres (Middle East) FZE	17.57				17.57
Classic Auto Tubes Ltd.		99.73			99.73
Apollo Tyres (Thailand) Limited	62.03				62.03
Apollo Tyres Africa (Pty) Ltd.	0.56				0.56
Apollo Tyres Holdings (Singapore) Pte. Ltd.	4,617.47				4,617.47
Saturn F1 Pvt Ltd	3.10				3.10
Reifencom GmbH	0.15				0.15
Land Mark Farms & Housing (P) Ltd.		1.98			1.98
One97 Communications Limited		0.19			0.19
Milers Global Private Limited		0.12			0.12
Apollo Tyres (Malaysia) SDN. BHD	1.67				1.67
	<b>4,866.20</b>	<b>102.02</b>			<b>4,968.22</b>
<b>Other Current Liabilities (Financial):</b>					
Classic Auto Tubes Ltd.		69.66			69.66
Apollo International Ltd.		0.52			0.52
Apollo Vredestein Tires Inc.	0.06				0.06
Apollo Tyres Global R&D B.V.	6.40				6.40
	<b>6.46</b>	<b>70.18</b>			<b>76.64</b>

Certain KMPs also participate in post employment benefits plans provided by the Company. The amount in respect of these towards the KMPs can not be segregated as these are based on actuarial valuation for all employees of the Company.

\* Refund of loan given to Apollo Tyres Co-Operatief U.A includes ₹ 6,081.65 Million converted to investments during the year.

\*\* This represents undiscounted value.

## 23 DISCLOSURE REQUIRED BY REGULATION 34 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 outstanding and maximum balance during the year
<b>Subsidiaries</b>			
<b>2018-19</b>			
Apollo Tyres Co-op UA	-	5,907.91	22,263.99
Apollo Tyres (Green Field) B.V.	-	917.75	2.74
<b>2017-18</b>			
Apollo Tyres Co-op UA	4,826.99	4,826.99	16,182.34
Apollo Tyres (Green Field) B.V.	917.76	4,345.14	2.74
Apollo Tyres (Cyprus) Private Limited	-	-	174.17
<b>Companies in which directors are interested</b>			
<b>PTL Enterprises Ltd. (PTL)</b>			
2018-19 (Trade advance)	42.51	143.97	N.A.
2017-18 (Trade advance)	36.31	53.76	N.A.

At the year end, Apollo Tyres (Green Field) B.V. hold 1 unit in Apollo Tyres Co-op UA amounting to EURO 7,184 having face value of EURO 1,000.

- 24** Revenue for the year ended March 31, 2018 is net of Goods and Service Tax (GST) which is applicable from July 1, 2017, however, revenue for the period upto June 30, 2017 is net of VAT but gross of excise duty. Accordingly, revenue for the year ended March 31, 2019 is not comparable with the previous year presented in these financial statements. Similarly, cost of goods sold and expenses are also not comparable.

## 25 SEGMENT REPORTING

The company has opted to provide segment information in its consolidated Ind AS financial statements in accordance with para 4 of Ind AS 108 - Operating Segments.

## 26 EVENTS AFTER THE BALANCE SHEET DATE

- The Board of Directors have recommended a final dividend of ₹ **3.25** (₹ 3.00) per share amounting to ₹ **1,859.16 Million** (₹ 1,716.15 Million) on Equity Shares of Re. 1/- each for the year, subject to approval from Shareholders. Dividend distribution tax on such dividend amounts to ₹ **382.16 Million** (₹ 352.77 Million).
- Apollo (South Africa) Holdings (Pty) Ltd has executed a sale of shares agreement with Tacoma Foods (Pty) Ltd. to sell its entire stake in Pressurite (Pty) Limited effective from May 31, 2019.

## 27 INFORMATION ON DETAILS OF LOANS, GUARANTEES AND INVESTMENTS UNDER SECTION 186 OF THE ACT READ WITH COMPANIES (MEETINGS OF BOARD AND ITS POWERS) RULES, 2014

- Details of investments made are given in note B2 and B6.\*
- Details of loans given by the Company are given in note B10.
- There are no guarantees issued by the Company in accordance with Section 186 of the Act read with rules issued thereunder.

\*All transactions are in the ordinary course of business

## 28 RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES

Effective April 1, 2017 the Company adopted the amendment to Ind AS-7, which require 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 requirements. The adoption of the amendment did not have any material impact on the financial statements and accordingly, the reconciliation is not disclosed.

- 29 Effective 1 April, 2018. The Company has adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative effect. The application of Ind AS 115 did not have any significant impact on recognition and measurement of revenue in the financial statements of the Company.

The Company's revenue disaggregated by geographical markets is as follows:

Particulars	₹ Million	
	Year ended March 31, 2019	Year ended March 31, 2018
India	1,10,205.88	94,926.36
Rest of the world	10,689.95	8,954.90
	<b>1,20,895.83</b>	<b>1,03,881.26</b>

The Company has applied the practical expedient and has not disclosed the transaction price allocated to the remaining performance obligations as the Company does not have any open contract for which the expected duration is more than one year as at the reporting period.

- 30 The Company holds unsecured, short term intercorporate deposit of ₹ 2,000 million with IL&FS Financial Services Ltd ("IL&FS"). The said deposit was due for maturity on October 22, 2018, however, IL&FS has defaulted on its repayment. The interest accrued and due on this investment of ₹ 80.33 Million till October 22, 2018 has not been recorded. As a result of increased credit risk in relation to outstanding balances from IL&FS and the uncertainty prevailing due to the proceedings pending with the NCLT, the entire amount of ₹ 2,000 million has been written off and disclosed as an exceptional item in the financial statements.

### 31 EARNINGS PER SHARE (EPS) – THE NUMERATOR AND DENOMINATOR USED TO CALCULATE BASIC AND DILUTED EARNINGS PER SHARE

Particulars	2018-19	2017-18
<b>Basic and diluted earnings per share</b>		
Profit attributable to the equity shareholders used as numerator (₹ Million) - (A)	5,921.09	6,223.88
The weighted average number of equity shares outstanding during the year used as denominator - (B)	572,049,980	538,896,993
Basic and diluted earnings per share (₹) – (A) / (B) (Face value of Re 1 each)	10.35	11.55

For and on behalf of the Board of Directors

**ONKAR S. KANWAR**  
Chairman & Managing Director  
DIN 00058921

**NEERAJ KANWAR**  
Vice Chairman & Managing Director  
DIN 00058951

**Dr. S. NARAYAN**  
Director  
DIN 00094081

**GAURAV KUMAR**  
Chief Financial Officer

**SEEMA THAPAR**  
Company Secretary  
Membership No- FCS 6690

Gurgaon  
May 9, 2019



## **FINANCIAL STATEMENTS**

Consolidated Financial Statements



# INDEPENDENT AUDITOR'S REPORT

To  
The Members of Apollo Tyres Limited

## REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

### OPINION

- We have audited the accompanying consolidated financial statements of Apollo Tyres Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associates and joint venture, which comprise the Consolidated Balance Sheet as at 31 March 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
- In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, associates and joint venture, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the consolidated state of affairs (consolidated financial position) of the Group as at 31 March 2019, and its consolidated profit (consolidated financial performance including other comprehensive income), its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

### BASIS FOR OPINION

- We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 15 of the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our opinion.

### KEY AUDIT MATTERS

- Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, associates and joint venture, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
- We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p><b>A. Recoverability of goodwill, trademarks and other intangibles having indefinite useful life ('intangibles') pertaining to acquisition of Reifencor GmbH, Hannover ('Reifencor')</b></p> <p>As detailed in Note C3 to the consolidated financial statement, the Group carries goodwill amounting to ₹ 1,993.25 million and intangibles amounting to ₹ 1,359.27 million (pertaining to Reifencor) in its consolidated balance sheet as at March 31, 2019. These goodwill and Intangibles were recorded on the acquisition of Reifencor GmbH, Germany, a multi-channel distributor for tyres and allied services, which has been determined as a cash generating unit ('CGU') by the management.</p> <p>In terms with Indian Accounting Standard 36, Goodwill and indefinite lived assets are tested for impairment annually at the CGU level, whereby the carrying amount of the CGU (including goodwill) is compared with the recoverable amount of the CGU.</p>	<p>Our audit procedures included:</p> <ol style="list-style-type: none"> <li>Obtained an understanding from the management with respect to process and controls followed by the Group to perform annual impairment test related to goodwill and intangibles.</li> <li>Obtained the impairment analysis model from the management and reviewed their conclusions, including reading the report provided by an independent valuation expert engaged by the management.</li> <li>Tested the inputs used in the Model by examining the underlying data and validating the future projections by comparing past projections with actual results, including discussions with management relating to these projections.</li> <li>We reconciled the cash flow projections to the business plans approved by the Company's board of directors;</li> </ol>

Key audit matter	How our audit addressed the key audit matter
<p>The recoverable amount is determined on the basis of the value in use which is the present value of future cash flows of the CGU using discounted cash flow model ('Model'), which involves estimates pertaining to expected business and earnings forecasts and key assumptions including those related to discount and long-term growth rates. These estimates require high degree of management judgement resulting in inherent subjectivity.</p>	<p>e) We assessed the reasonableness of the assumptions used and appropriateness of the valuation methodology applied. Tested the discount rate and long-term growth rates used in the forecast including comparison to economic and industry forecasts where appropriate;</p> <p>f) Assessed the professional competence, objectivity and capabilities of the third party expert considered by the management for performing the required valuations to estimate the recoverable value of the goodwill and intangibles;</p>
<p>The management has concluded that the recoverable amount of the CGU is higher than its carrying amount and accordingly, no impairment provision has been recorded as at 31 March, 2019. Considering the materiality of the amount involved and significant degree of judgement and subjectivity involved in the estimates and assumptions used in determining the cash flows used in the impairment evaluation, we have determined impairment of such goodwill and intangibles arising from the business combination as a key audit matter for the current year audit.</p>	<p>g) Engaged our valuation specialists to assess the appropriateness of the significant assumptions used in the Model, which included comparing the underlying parameters of the discount and long term growth rates used with the publicly available information.</p> <p>h) Performed sensitivity analysis on these key assumptions to assess potential impact of downside in the underlying cash flow forecasts and assessed the possible mitigating actions identified by management.</p> <p>i) Assessed and validated the adequacy and appropriateness of the disclosures made by the management in the consolidated financial statements.</p>
<p><b>B. Recoverability of trademarks (other than those considered in A above)</b></p>	<p>Our audit procedures included:</p>
<p>As at 31 March 2019, the Group carries these trademarks amounting to ₹ 1,001.19 million in its consolidated balance sheet.</p>	<p>a) Obtained an understanding from the management with respect to process and controls followed by the Group to perform annual impairment tests related to the trademarks.</p>
<p>These trademarks were recorded on the acquisition of Apollo Vredestein B.V. ('AVBV') in the Netherlands.</p>	<p>b) Reviewed the work performed by the other auditors of AVBV who have conducted the following procedures:</p>
<p>The trademarks are tested for impairment annually at the CGU level, whereby the carrying amount of the CGU (including goodwill) is compared with the recoverable amount of the CGU.</p>	<p>i. Obtained the Model from the management and reviewed their conclusions;</p>
<p>The recoverable amount is determined on the basis of the value in use which is the present value of future cash flows of the CGU using discounted cash flow model ('Model'), which involves estimates pertaining to expected business and earnings forecasts and key assumptions including those related to discount and long-term growth rates. These estimates require high degree of management judgement resulting in inherent subjectivity.</p>	<p>ii. Tested the inputs used in the Model by examining the underlying data and validating the future projections by comparing past projections with actual results, including discussions with management relating to these projections;</p>
<p>As explained in note C3, the management has concluded that the recoverable amount of the CGU is higher than its carrying amount.</p>	<p>iii. Assessed the appropriateness of the significant assumptions used in the Model, which included comparing the underlying parameters of the discount and long term growth rates used with the publicly available information; and</p>
	<p>iv. Performed sensitivity analysis on these key assumptions to assess potential impact of downside in the underlying cash flow forecasts and assessed the possible mitigating actions identified by management.</p>
<p><b>C. Provision for sales related obligations</b></p>	<p>c) Assessed and validated the adequacy and appropriateness of the disclosures made by the management in the consolidated financial statements.</p>
<p>As at 31 March 2019, the Group carries provisions for sales related obligations amounting to ₹ 2,100.23 million (Refer note C10).</p>	<p>Our audit procedures included, but were not limited to the following:</p>
<p>Such provision is recognized based on past trends, frequency, expected cost of obligations, management estimates regarding possible future incidences and appropriate discount rates for non-current portion of the obligations.</p>	<p>a) Obtained an understanding from the management with respect to process and controls followed by the Group to ensure appropriateness of recognition, measurement and completeness of the sales related obligations.</p>
	<p>b) Tested the management's computation of sales related obligations by evaluating the reasonability of the key assumptions, reviewing the contractual terms, comparing the assumptions to historical data and analysing the expected costs of incidences.</p>

Key audit matter	How our audit addressed the key audit matter
<p>These estimates require high degree of management judgement with respect to the underlying assumptions, thus giving rise to inherent subjectivity in determining the amounts to be recorded in the financial statements.</p> <p>Considering the materiality of the above matter to the financial statements, complexities and judgement involved, and the significant auditor attention required to test such management's judgement, we have identified this as a key audit matter for current year audit.</p>	<p>c) Traced the inputs used in the computations, to the relevant accounting records, including discussions with the relevant management personnel and tested the arithmetical accuracy of the computation.</p> <p>d) Compared the amounts recognized as provision in the past years with the corresponding settlements and assessed whether the aggregate provisions recognized as at the current year-end were sufficient to cover expected costs in light of known and expected incidences and standard return periods provided.</p> <p>e) Performed sensitivity analysis on the management's computation by evaluating the impact of change on the obligation by changing certain key assumptions such as discount rates used.</p> <p>f) Assessed and validated the adequacy and appropriateness of the disclosures made by the management in the consolidated financial statements.</p>
<p><b>D. Litigations and claims: provisions and contingent liabilities</b></p> <p>As disclosed in Note C17 [contingent liability note] and Note C10 [Provision for contingencies note] to the consolidated financial statements, the Group is involved in direct and indirect tax litigations ('litigations') amounting to ₹ 3,147.53 million that are pending with various tax authorities.</p> <p>Whether a liability is recognized or disclosed as a contingent liability in the financial statements is inherently judgmental and dependent on a number of significant assumptions and assessments. These include assumptions relating to the likelihood and/or timing of the cash outflows from the business and the interpretation of local laws and pending assessments at various levels of the statute. We placed specific focus on the judgements in respect to these demands against the Group.</p> <p>Determining the amount, if any, to be recognized or disclosed in the consolidated financial statements, is inherently subjective. The amounts involved are potentially significant and due to the range of possible outcomes and considerable uncertainty around the various claims the determination of the need for creating a provision in the financial statements is inherently subjective and therefore is considered to be a key audit matter in the current year</p>	<p>Our procedures included, but were not limited to, the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding from the management with respect to process and controls followed by the Group for identification and monitoring of significant developments in relation to the litigations, including completeness thereof.</li> <li>• Obtained the list of litigations from the management and reviewed their assessment of the likelihood of outflow of economic resources being probable, possible or remote in respect of the litigations. This involved assessing the probability of an unfavorable outcome of a given proceeding and the reliability of estimates of related amounts.</li> <li>• Performed substantive procedures including tracing from underlying documents / communications from the tax authorities and re-computation of the amounts involved.</li> <li>• Assessed management's conclusions through discussions held with the in house legal counsel and understanding precedents in similar cases;</li> <li>• Obtained and evaluated the independent confirmations from the consultants representing the Group before the various authorities.</li> <li>• Engaged auditor's experts, who obtained an understanding of the current status of the litigations, conducted discussions with the management, reviewed independent legal advice received by the Group, if any and considered relevant legal provisions and available precedents to validate the conclusions made by the management.</li> <li>• Assessed and validated the adequacy and appropriateness of the disclosures made by the management in the consolidated financial statements.</li> </ul>

## INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

6. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion & Analysis, Report on Corporate Governance and Director's Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material

misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

7. The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated changes in equity and consolidated cash flows of the Group including its associates and joint venture in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act, the respective Board of Directors /management of the companies included in the Group, and its associate companies and joint venture company covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.
8. In preparing the consolidated financial statements, the Board of Directors of the companies included in the Group and of its associates and joint venture are responsible for assessing the ability of the respective companies included in the Group and of its associates and joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors of the parent company either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
9. The Board of Directors of the companies included in the Group and of its associates and joint venture are responsible for overseeing the financial reporting process of the respective companies included in the Group and of its associates and joint venture.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint venture to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
  13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
  14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### OTHER MATTER

15. We did not audit the financial statements of 33 subsidiaries, whose financial statements reflects total assets of ₹ 94,851.51 million and net assets of ₹ 46,998.68 million as at 31 March 2019, total revenues of ₹ 96,414.58 million and net cash inflows amounting to ₹ 421.73 million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit (including other comprehensive income) of ₹ 1.16 million for the year ended 31 March 2019, as considered in the consolidated financial statements, in respect of one associate, 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 financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries 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 and associate, is based solely on the reports of the other auditors.

Further, all subsidiaries are located outside India whose financial statements and other financial information have been

prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion, and matters identified and disclosed under key audit matters section above, in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

16. As required by section 197(16) of the Act, based on our audit, we report that the Holding Company paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to one associate company covered under the Act, since such company is not a public company as defined under section 2(71) of the Act.
17. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries and associate, 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 purpose of our audit of the aforesaid consolidated financial statements;
  - b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
  - c) the consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;



- d) in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act;
- e) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditor of its associate company covered under the Act, none of the directors of the Holding company and its associate company covered under the Act, are disqualified as on 31 March 2019 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 Holding Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure I';
- 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 and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, associates and joint venture:
- i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and joint venture as detailed in Note C17 to the consolidated financial statements;
  - ii. provision has been made in these consolidated financial statements, as required under the applicable law or Ind AS, 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 Holding Company other than ₹ **3.74 million** (31 March 2018: ₹ 3.18 million) pertaining to amount of dividend which has not been transferred as per the orders/ instructions under the Special Court (Trial of Offences Relating to Transactions in Securities) Act, 1992. There was no amount which was required to be transferred to the Investor Education and Protection Fund by an associate company covered under the Act; and
- iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandok & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**David Jones**  
Partner  
Membership No.: 98113

Place: Gurgaon  
Date: 9 May 2019

# CONSOLIDATED BALANCE SHEET

as on March 31, 2019

₹ Million

Particulars	Notes	As on March 31, 2019	As on March 31, 2018
<b>A. ASSETS</b>			
<b>1. Non-current assets</b>			
(a) Property, plant and equipment	B1	108,838.86	95,286.84
(b) Capital work-in-progress		15,200.66	22,682.20
(c) Goodwill	C3	1,993.25	2,060.71
(d) Other intangible assets	B1	6,708.07	6,683.20
(e) Intangible assets under development		192.35	358.49
(f) Financial assets			
i. Investment in associates / joint venture	B2	46.18	22.51
ii. Other investments	B3	13.99	12.01
iii. Other financial assets	B4	1,311.62	1,063.77
(g) Deferred tax assets (net)	C11	525.08	955.71
(h) Other non-current assets	B5	8,318.04	3,417.42
<b>Total non-current assets</b>		<b>143,148.10</b>	<b>132,542.86</b>
<b>2. Current assets</b>			
(a) Inventories	B6	34,840.86	29,453.51
(b) Financial assets			
i. Investments	B7	-	13,390.47
ii. Trade receivables	B8	11,546.83	14,350.30
iii. Cash and cash equivalents	B9	5,554.66	5,931.17
iv. Bank balances other than (iii) above	B10	71.85	60.72
v. Other financial assets	B11	427.59	762.24
(c) Other current assets	B12	4,847.35	5,041.18
<b>Total current assets</b>		<b>57,289.14</b>	<b>68,989.59</b>
<b>Total Assets (1+2)</b>		<b>200,437.24</b>	<b>201,532.45</b>
<b>B. EQUITY AND LIABILITIES</b>			
<b>1. Equity</b>			
(a) Equity share capital	B13	572.05	572.05
(b) Other equity		99,826.14	97,194.67
<b>Total equity</b>		<b>100,398.19</b>	<b>97,766.72</b>
<b>LIABILITIES</b>			
<b>2. Non-current liabilities</b>			
(a) Financial liabilities			
i. Borrowings	B14	41,663.26	37,002.20
ii. Other financial liabilities	B15	15.34	688.73
(b) Provisions	B16	1,470.57	1,487.54
(c) Deferred tax liabilities (net)	C11	8,231.85	8,388.62
(d) Other non-current liabilities	B17	6,489.20	6,578.39
<b>Total non-current liabilities</b>		<b>57,870.22</b>	<b>54,145.48</b>
<b>3. Current liabilities</b>			
(a) Financial liabilities			
i. Borrowings	B18	3,743.50	7,454.48
ii. Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	C19	128.55	133.27
- Total outstanding dues of creditors other than micro enterprises and small enterprises	B19	22,354.13	24,337.51
iii. Other financial liabilities	B20	8,243.87	8,864.62
(b) Other current liabilities	B21	4,232.93	4,379.44
(c) Provisions	B22	2,517.21	3,381.28
(d) Current tax liabilities (net)	B23	948.64	1,069.65
<b>Total current liabilities</b>		<b>42,168.83</b>	<b>49,620.25</b>
<b>Total equity and liabilities (1+2+3)</b>		<b>200,437.24</b>	<b>201,532.45</b>

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 Walker Chandiok &amp; Co LLP

Chartered Accountants

Firm's Registration No. 001076N/N500013

**ONKAR S. KANWAR**Chairman & Managing Director  
DIN 00058921**NEERAJ KANWAR**Vice Chairman & Managing Director  
DIN 00058951**Dr. S. NARAYAN**Director  
DIN 00094081**David Jones**

Partner

Membership No. 98113

**GAURAV KUMAR**

Chief Financial Officer

**SEEMA THAPAR**Company Secretary  
Membership No- FCS 6690Gurgaon  
May 9, 2019

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2019

₹ Million

Particulars	Notes	Year ended March 31, 2019	Year ended March 31, 2018
<b>1. REVENUE FROM OPERATIONS</b>			
Sales		172,733.92	149,289.52
Other operating income	B24	2,754.51	1,687.92
		<b>175,488.43</b>	<b>150,977.44</b>
<b>2. OTHER INCOME</b>	B25	1,231.23	1,142.08
<b>3. TOTAL INCOME (1+2)</b>		<b>176,719.66</b>	<b>152,119.52</b>
<b>4. EXPENSES:</b>			
(a) Cost of materials consumed	B26	86,143.04	71,889.70
(b) Purchase of stock-in-trade	B26	19,825.58	13,539.79
(c) Changes in inventories of finished goods, stock-in-trade and work-in-progress		(4,703.86)	(1,474.46)
(d) Excise duty on sales		-	2,548.91
(e) Employee benefits expense	B26	24,562.12	21,566.46
(f) Finance costs	B27	1,810.70	1,629.20
(g) Depreciation and amortisation expense	B1	8,126.71	5,925.54
(h) Other expenses	B26	30,075.24	26,371.08
<b>Total expenses</b>		<b>165,839.53</b>	<b>141,996.22</b>
<b>5. PROFIT BEFORE SHARE OF PROFIT IN ASSOCIATES / JOINT VENTURE, EXCEPTIONAL ITEMS AND TAX (3 - 4)</b>		10,880.13	10,123.30
<b>6. SHARE OF PROFIT IN ASSOCIATES / JOINT VENTURE</b>		1.16	0.01
<b>7. PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX (5 + 6)</b>		10,881.29	10,123.31
<b>8. EXCEPTIONAL ITEMS</b>	C31	2,000.00	-
<b>9. PROFIT BEFORE TAX (7 - 8)</b>		<b>8,881.29</b>	<b>10,123.31</b>
<b>10. TAX EXPENSE:</b>			
(a) Current tax expense		1,871.09	2,389.22
(b) Deferred tax		211.80	495.27
<b>Total</b>	C11	<b>2,082.89</b>	<b>2,884.49</b>
<b>11. NET PROFIT FOR THE YEAR (9 - 10)</b>		<b>6,798.40</b>	<b>7,238.82</b>
<b>12. OTHER COMPREHENSIVE INCOME:</b>			
I			
i. Items that will not be reclassified to profit or loss			
(a) Remeasurement of defined benefit plans		104.53	(61.99)
ii. Income tax		(33.00)	23.88
		<b>71.53</b>	<b>(38.11)</b>
II			
i. Items that will be reclassified to profit or loss			
(a) Exchange differences in translating the financial statements of foreign operations		(2,104.69)	4,526.70
(b) Effective portion of gain / (loss) on designated portion of hedging instruments in a cash flow hedge		(99.69)	204.43
ii. Income tax		34.83	(70.75)
		<b>(2,169.55)</b>	<b>4,660.38</b>
<b>Other comprehensive income / (loss) (I + II)</b>		<b>(2,098.02)</b>	<b>4,622.27</b>
<b>Total comprehensive income for the year (11 + 12)</b>		<b>4,700.38</b>	<b>11,861.09</b>
<b>Earnings per equity share of ₹ 1 each:</b>	C32		
(a) Basic (₹)		11.88	13.43
(b) Diluted (₹)		11.88	13.43

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 **Walker Chandiook & Co LLP**

Chartered Accountants

Firm's Registration No. 001076N/N500013

**David Jones**

Partner

Membership No. 98113

Gurgaon

May 9, 2019

**ONKAR S. KANWAR**

Chairman & Managing Director  
DIN 00058921

**NEERAJ KANWAR**

Vice Chairman & Managing Director  
DIN 00058951

**GAURAV KUMAR**

Chief Financial Officer

**Dr. S. NARAYAN**

Director  
DIN 00094081

**SEEMA THAPAR**

Company Secretary  
Membership No- FCS 6690

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## OTHER EQUITY

₹ Million

Particulars	Reserves and surplus (refer note C6)						Items of other comprehensive income				Total		
	Securities premium	General reserve	Capital reserve on consolidation	Capital reserve on AMHPL merger	Debt redemption reserve	Capital subsidy	Capital redemption reserve	Capital reserve on forfeiture of shares	Retained earnings	Effective portion of cash flow hedge		Revaluation surplus	Foreign currency translation reserve
<b>Balance as on March 31, 2017</b>	6,085.71	12,006.63	2,664.95	1,383.68	469.12	25.50	44.40	0.07	54,573.85	(76.23)	31.22	(4,818.38)	72,390.52
Profit for the year	-	-	-	-	-	-	-	-	7,238.82	204.43	-	4,526.70	7,238.82
Other Comprehensive Income (OCI) for the year	-	-	-	-	-	-	-	-	-	(70.75)	-	-	4,731.13
Income tax on OCI items	-	-	-	-	-	-	-	-	-	(61.99)	-	-	(70.75)
Remeasurement of defined benefit plans	-	-	-	-	-	-	-	-	-	-	-	-	-
Income tax on remeasurement of defined benefit plans	-	-	-	-	-	-	-	-	23.88	-	-	-	23.88
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	-	-	<b>7,200.71</b>	<b>133.68</b>	-	<b>4,526.70</b>	<b>11,861.09</b>
Securities premium on issue of shares, net as owners	14,781.01	-	-	-	-	-	-	-	-	-	-	-	14,781.01
Transaction with owners in their capacity as owners	-	-	-	-	-	-	-	-	-	-	-	-	-
Payment of dividend (₹ 3 per share)	-	-	-	-	-	-	-	-	(1,527.07)	-	-	-	(1,527.07)
Tax on dividend	-	-	-	-	-	-	-	-	(310.88)	-	-	-	(310.88)
Transfer from retained earnings	-	1,000.00	-	-	410.19	-	-	-	(1,410.19)	-	-	-	-
Transfer to retained earnings	-	-	-	-	(250.00)	-	-	-	250.00	-	-	-	-
<b>Balance as on March 31, 2018</b>	<b>20,866.72</b>	<b>13,006.63</b>	<b>2,664.95</b>	<b>1,383.68</b>	<b>629.31</b>	<b>25.50</b>	<b>44.40</b>	<b>0.07</b>	<b>58,776.42</b>	<b>57.45</b>	<b>31.22</b>	<b>(291.68)</b>	<b>97,194.67</b>
Profit for the year	-	-	-	-	-	-	-	-	6,798.40	(99.69)	-	(2,104.69)	6,798.40
Other Comprehensive Income (OCI) for the year	-	-	-	-	-	-	-	-	-	34.83	-	-	34.83
Income tax on OCI items	-	-	-	-	-	-	-	-	-	-	-	-	-
Remeasurement of defined benefit plans	-	-	-	-	-	-	-	-	104.53	-	-	-	104.53
Income tax on remeasurement of defined benefit plans	-	-	-	-	-	-	-	-	(33.00)	-	-	-	(33.00)
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	-	-	<b>6,869.93</b>	<b>(64.86)</b>	-	<b>(2,104.69)</b>	<b>4,700.38</b>
Transaction with owners in their capacity as owners	-	-	-	-	-	-	-	-	-	-	-	-	-
Payment of dividend (₹ 3 per share)	-	-	-	-	-	-	-	-	(1,716.15)	-	-	-	(1,716.15)
Tax on dividend	-	-	-	-	-	-	-	-	(352.76)	-	-	-	(352.76)
Transfer from retained earnings	-	1,000.00	-	-	410.19	-	-	-	(1,410.19)	-	-	-	-
<b>Balance as on March 31, 2019</b>	<b>20,866.72</b>	<b>14,006.63</b>	<b>2,664.95</b>	<b>1,383.68</b>	<b>1,039.50</b>	<b>25.50</b>	<b>44.40</b>	<b>0.07</b>	<b>62,167.25</b>	<b>(7.41)</b>	<b>31.22</b>	<b>(2,396.37)</b>	<b>99,826.14</b>

In terms of our report attached  
For **Walker Chandiook & Co LLP**  
Chartered Accountants  
Firm's Registration No. 001076N/N500013

**David Jones**  
Partner  
Membership No. 98113  
Gurgaon  
May 9, 2019

For and on behalf of the Board of Directors

**ONKAR S. KANWAR**  
Chairman & Managing Director  
DIN 00058921

**Dr. S. NARAYAN**  
Director  
DIN 00094081

**NEERAJ KANWAR**  
Vice Chairman & Managing Director  
DIN 00058951

**SEEEMA THAPAR**  
Company Secretary  
Membership No- FCS 6690

**GAURAV KUMAR**  
Chief Financial Officer

# CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2019

₹ Million

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>(i) Net profit before tax</b>	<b>8,881.29</b>	<b>10,123.31</b>
<b>Adjustments for</b>		
Depreciation and amortisation expenses	8,126.71	5,925.54
(Profit) on sale of property, plant and equipment (net)	(15.98)	(8.13)
(Profit) on sale of investments	-	(0.47)
Dividend from non-current and current investments	(50.83)	(45.82)
Change in fair value of investments	(0.04)	(140.68)
Provision for doubtful debts / advances	52.08	160.14
Provisions / Liabilities no longer required written back	(479.82)	(23.31)
Provision for constructive liability	34.46	95.66
Provision for compensated absences	14.22	1.77
Provision for superannuation	2.50	22.50
Provision for jubilee benefits	9.89	0.11
Finance cost	1,810.70	1629.20
Interest income	(234.16)	(333.87)
Provision for estimated loss on derivatives	(91.28)	(40.80)
Unwinding of deferred income	(1,438.44)	(788.13)
Unwinding of state aid subsidy	(130.37)	(41.92)
Inter corporate deposits written off	2,000.00	-
Share of (profit) in associates / joint venture	(1.16)	(0.01)
Unrealized (gain) on foreign exchange fluctuations	(85.66)	(27.35)
<b>(ii) Operating profit before working capital changes</b>	<b>18,404.11</b>	<b>16,507.74</b>
<b>Changes in working capital</b>		
<b>Adjustments for (increase) / decrease in operating assets</b>		
Inventories	(5,793.49)	(1,496.05)
Trade receivables	2,292.33	(1,834.73)
Other financial assets (current and non-current)	80.47	(308.73)
Other assets (current and non-current)	160.60	(197.02)
<b>Adjustments for increase / (decrease) in operating liabilities</b>		
Trade payables	(1,489.75)	5,606.15
Other financial liabilities (current and non-current)	(58.83)	197.27
Other liabilities (current and non-current)	(142.40)	1,671.15
Provisions (current and non-current)	(542.50)	(484.23)
<b>(iii) Cash generated from operations</b>	<b>12,910.54</b>	<b>19,661.55</b>
Direct taxes paid (net of refund)	(2,199.38)	(2,464.82)
<b>Net cash from operating activities</b>	<b>10,711.16</b>	<b>17,196.73</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(22,931.69)	(31,017.19)
Proceeds from sale of property, plant and equipment	192.15	345.32
Proceeds from / (investments in) mutual funds	3,640.48	(49.41)
Non-current investment made	(24.46)	(22.50)
Fixed term deposits with banks matured	-	7.30
Proceeds from / (investment in) inter corporate deposits, net	7,750.00	(9,250.00)
Dividends received (current and non-current investments)	50.83	45.82
State aid subsidy received	856.77	1,223.04
Interest received	506.67	89.48
<b>Net cash used in investing activities</b>	<b>(9,959.25)</b>	<b>(38,628.14)</b>



# CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2019

₹ Million

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares (net)	-	14,761.49
Proceeds from non-current borrowings	8,836.59	15,037.93
Repayment of non-current borrowings	(2,026.85)	(1,696.16)
Repayment of current borrowings (net)	(3,544.32)	(1,733.47)
Payment of dividend (including dividend tax)	(2,068.91)	(1,837.95)
Finance charges paid	(1,818.60)	(1,323.03)
<b>Net cash (used in) / from financing activities</b>	<b>(622.09)</b>	<b>23,208.81</b>
<b>D EFFECT OF FOREIGN CURRENCY FLUCTUATION ARISING OUT OF CONSOLIDATION</b>		
	(313.93)	2,836.97
<b>Net (decrease) / increase in cash &amp; cash equivalents (A+B+C+D)</b>	<b>(184.11)</b>	<b>4,614.37</b>
Cash & cash equivalents as at the beginning of the year	5,931.17	3,308.94
Less: Cash credits / bank overdrafts as at the beginning of the year	1,123.63	3,117.81
	<b>4,807.54</b>	<b>191.13</b>
(Gain) / loss on reinstatement of foreign currency cash & cash equivalents	(1.39)	0.65
<b>Adjusted cash &amp; cash equivalents as at the beginning of the year</b>	<b>4,806.15</b>	<b>191.78</b>
Cash & cash equivalents as at the end of the year	5,554.66	5,931.17
Less: Cash credits/bank overdrafts as at the end of the year	941.60	1,123.63
	<b>4,613.06</b>	<b>4,807.54</b>
(Gain) / loss on reinstatement of foreign currency cash & cash equivalents	8.98	(1.39)
<b>Adjusted cash &amp; cash equivalents as at the end of the year</b>	<b>4,622.04</b>	<b>4,806.15</b>

In terms of our report attached

For and on behalf of the Board of Directors

For Walker Chandiok & Co LLP  
Chartered Accountants

Firm's Registration No. 001076N/N500013

David Jones  
Partner  
Membership No. 98113Gurgaon  
May 9, 2019ONKAR S. KANWAR  
Chairman & Managing Director  
DIN 00058921NEERAJ KANWAR  
Vice Chairman & Managing Director  
DIN 00058951GAURAV KUMAR  
Chief Financial OfficerDr. S. NARAYAN  
Director  
DIN 00094081SEEMA THAPAR  
Company Secretary  
Membership No- FCS 6690

# 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, associates and a joint venture (together referred to as the 'Group'). Established in 1972, the Group is in the business of manufacturing and sale of tyres. The Group has its headquarter in Gurgaon, India and operations spread all across the Globe.

The product portfolio of the Group consists of 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 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 via notification dated March 30, 2019 to further amend Companies (Indian Accounting Standards) Rules, 2015, notifying a new lease standard Ind AS 116, '*Leases*'. This amendment replaces Ind AS 17, '*Leases*'. An insertion of Appendix C, '*Uncertainty over Income Tax Treatments*' to Ind AS 12, '*Income taxes*' has also been notified. These amendments are applicable to the Group from April 1, 2019.

### IND AS 116 "*Leases*"

This standard replaces Ind AS 17, '*Leases*'. Key changes include:

- a) Eliminates the requirement to classify a lease as either operating or finance lease in the books of lessee.
- b) Introduces a single lessee accounting model, whereby requires lessee to recognize assets and liabilities for all leases. Entity may elect not to apply this accounting requirement to short term leases and leases for which underlying asset is of low value.
- c) Requires lessee to classify cash payments for principal and interest portion of lease arrangement within financing activities and financing/operating activities respectively in the cash flow statements.
- d) Requires entities to determine whether a contract conveys the right to control the use of an identified asset to assess whether that contract is, or contains, a lease.

### IND AS 12 "*Insertion of Appendix C to Income Taxes*"

Ind AS 12 provides the recognition and measurement principles for current and deferred tax assets and liabilities. However, it does not provide guidance in relation to accounting of an uncertain tax treatment, pending decision by a relevant taxation authority or court, while measuring current and deferred taxes. The entities would now be required to assess

the effect of uncertainties on income tax treatment of items or transactions and depending on the likelihood of the taxation authorities accepting the treatment in the tax return, the entity would either disclose the uncertainty in the financial statements or include an adjustment for the same in the tax provision for that year.

The insertion does not introduce any new disclosure requirements, but strengthens the need to comply with the significant disclosure requirements under Ind AS 1, '*Presentation of Financial Statements*', and Ind AS 12.

The insertion is to be applied to the determination of taxable profit, tax bases, unused tax losses, unused tax credits and tax rates, where there is uncertainty over income tax treatments under Ind AS 12.

Furthermore, if an entity considers a particular amount payable or receivable for interest and penalties, associated with uncertain tax treatment, to be an income tax, then that amount is within the scope of this Interpretation and where a company instead applies Ind AS 37, '*Provisions, Contingent Liabilities and Contingent Assets*', to these amounts, then it does not apply this Interpretation. The Interpretation would also apply to uncertainty affecting deferred tax assets and liabilities arising out of business combinations.

The Group is evaluating the requirements of the amendments and its impact if any, on the consolidated financial statements.

## 3. BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Statement of compliance

The consolidated financial statements have been prepared to comply in all material respects with Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs under Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act.

The consolidated financial statements are presented in Indian Rupee ('INR'), which is also the functional currency of the Company.

The consolidated financial statements for the year ended March 31, 2019 were authorised and approved for issue by the Board of Directors on May 9, 2019.

### 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 realizable 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 includes the financial statements of the Company, its subsidiaries and the entities controlled by the Group as at March 31, 2019. Control is achieved when the Group:

- 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 Group 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 Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated statement of profit and loss from the date the Group gains control until the date when the Group 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.

The Group combines the financial statements of the Company and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses.

### 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 recognized in consolidated statement of profit and loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized 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 recognized in consolidated statement of profit and 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 recognized in consolidated statement of profit and loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to consolidated statement of profit and loss where such treatment would be appropriate if that interest were disposed off.

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 recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Business combinations involving entities or businesses under common control are 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 recognize 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 is 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 venture

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 recognized in the consolidated balance sheet at cost and adjusted thereafter to recognize 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 recognizing its share of further losses. Additional losses are recognized 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 recognized 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 recognized 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 recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized 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 recognized 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 off the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate or joint venture would be reclassified to consolidated statement of profit and

loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to consolidated statement of profit and 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 consolidated statement of profit and loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to consolidated statement of profit and 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 recognized 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 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 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 realizable 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 and spares and traded goods, cost (net of tax 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.

### 3.7 Taxation

Income tax expense recognized in consolidated statement of profit and loss comprises of the sum of deferred tax and current tax except the ones recognized in other comprehensive income or directly in equity.

#### 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 recognized for all taxable temporary differences. Deferred tax assets are generally recognized 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 recognized 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 recognized 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 recognized 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.

Minimum alternate tax ('MAT') credit entitlement is recognized as an asset only when and to the extent there is convincing evidence that normal income tax will be paid during the specified period. In the year in which MAT credit becomes eligible to be recognized as an asset is created by way of a credit to the consolidated statement of profit and loss. This is reviewed at each balance sheet date and the carrying amount of MAT credit entitlement is written down to the extent it is not reasonably certain that normal income tax will be paid during the specified period.

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 realized, 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 recognized in consolidated statement of profit and loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized 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.

## 3.8 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 recognized 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 tax 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 recognized 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
Buildings	5 - 60
Plant and equipment	3 - 25
Electrical Installations	1 - 10
Furniture and fixtures	4 - 10
Vehicles	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 derecognized 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 recognized in consolidated statement of profit and loss.

### 3.9 Intangible assets

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 tax 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 recognized 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.

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

#### a) Derecognition of intangible assets

An intangible asset is derecognized 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 recognized in the consolidated statement of profit and loss when the asset is derecognized.

#### b) Research and development expenses

Internally generated intangible assets – Expenditure on research activities is recognized 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 recognized 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 recognized 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 recognized, development expenditure is recognized in consolidated statement of profit and 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.

#### c) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized 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.

### 3.10 Revenue recognition

Effective April 1, 2018, the Group has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognized. Ind AS 115 replaces Ind AS 18 *Revenue* and Ind AS 11 *Construction Contracts*. The Group has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognized at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the consolidated statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. The adoption of the standard did not have any material impact to the financial statements of the Group.

In accordance with Ind AS 115, the Group recognizes the amount as revenue from contracts with customers, which is received for the transfer of promised goods to customers in exchange for those goods. The relevant point in time or period of time is the transfer of control of the goods (control approach). Revenue is reduced for customer returns, taxes on sales, estimated rebates and other similar allowances. To determine when to recognize revenue and at what amount,

the five-step model is applied. By applying the five-step model distinct performance obligations are identified. The transaction price is determined and allocated to the performance obligations according to the requirements of Ind AS 115. Performance obligations are deemed to have been met when the control of goods is transferred to the customer, i.e., generally when the goods have been delivered to the customer.

### 3.11 Other income

Dividend income from investments is recognized 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 recognized 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.

### 3.12 Employee benefits

Employee benefits include wages and salaries, provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, social security cost and other pension costs incurred by the group.

#### Defined contribution plans

Contributions to defined contribution plans are recognized 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 recognized in other comprehensive income in the period in which they occur. The re-measurements of the net defined benefit liability are recognized directly in the other comprehensive income in the period in which they arise. Past service cost is recognized in consolidated statement of profit and 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 recognized 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 recognized 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 recognized 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.

### 3.13 Government grants, subsidies and export incentives

Government grants and subsidies are recognized 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 recognized as deferred revenue in the consolidated balance sheet and transferred to consolidated statement of profit and loss as and when the related obligations are met.

Revenue grant is recognized 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.

### 3.14 Foreign currency transaction 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 recognized in consolidated statement of profit and 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 recognized initially in other comprehensive income and reclassified from equity to consolidated statement of profit and loss on repayment of the monetary items.

According to Appendix B of Ind AS 21 "*Foreign currency transactions and advance consideration*", purchase or sale transactions must be translated at the exchange rate prevailing on the date the asset or liability is initially recognized. In practice, this is usually the date on which the advance payment is paid or received. In the case of multiple advances, the exchange rate must be determined for each payment and collection transaction. The interpretation is mandatory for financial years beginning on or after April 1, 2018. Its adoption did not have any significant impact on the Group's consolidated financial statements.

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 recognized 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 consolidated statement of profit and 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 recognized in the consolidated statement of profit and 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 consolidated statement of profit and 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 recognized in other comprehensive income.

### 3.15 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 recognized 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 recognized in consolidated statement of profit and loss.

### 3.16 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 recognized in consolidated statement of profit and loss in the period in which they are incurred. Other finance costs includes interest on other contractual obligations.

### 3.17 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 Group as a lessee

Finance lease:

Assets held under finance leases are initially recognized 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 recognized immediately in consolidated statement of profit and 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 recognized as expenses in the periods in which they are incurred.

Operating lease:

Operating lease payments are recognized 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 recognized 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 recognized as a liability. The aggregate benefit of incentives is recognized 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.

### 3.18 Earnings per share

Basic earnings per share is computed by dividing the consolidated 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.

### 3.19 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 recognized immediately in consolidated statement of profit and 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 recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in consolidated statement of profit and 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.

### 3.20 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 recognized 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 recognized 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 are recognized 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.

### 3.21 Financial instruments

Financial assets and financial liabilities are recognized 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 recognized immediately in consolidated statement of profit and loss.

### 3.22 Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized 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 recognized financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### 3.22.1 Classification of financial asset

##### a) Loans and receivable

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.

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 recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognized in consolidated statement of profit and loss and is included in the 'Other Income' line item.

b) Assets available for sale

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 FVTPL 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.

c) Assets held for trading

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 recognized in consolidated statement of profit and 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.

d) 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 recognizing 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 recognized in consolidated statement of profit and loss. The net gain or loss recognized in consolidated statement of profit and loss is included in the other income line item. Dividend on financial assets at FVTPL is recognized 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.

### 3.22.2 Impairment of financial assets

The Group applies the expected credit loss model for recognizing 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 115 - *Revenue from contracts with customers*, the Group always measures the loss allowance at an amount equal to lifetime expected credit losses. Credit impaired balances are disclosed under provision for doubtful debts.

### 3.22.3 De-recognition of financial assets

The Group derecognizes 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 recognizes 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 recognize the financial asset and also recognizes 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 recognized in other comprehensive income and accumulated in equity is recognized in consolidated

statement of profit and loss if such gain or loss would have otherwise been recognized in consolidated statement of profit and loss on disposal of that financial asset.

On de-recognition 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 recognize under continuing involvement, and the part it no longer recognizes 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 recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in consolidated statement of profit and loss if such gain or loss would have otherwise been recognized in consolidated statement of profit and loss on disposal of that financial asset. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

### 3.22.4 Foreign exchange gains and losses

The fair value of financial 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 recognized in consolidated statement of profit and loss except for those which are designated as hedging instruments in hedging relationship.

## 3.23 Financial liabilities and equity instruments

### 3.23.1 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.

### 3.23.2 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 recognized at the proceeds received, net of direct issue costs.

### 3.23.3 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:

### 3.23.3.1 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 recognized in consolidated statement of profit and loss.

### 3.23.3.2 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.

### 3.23.3.3 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 recognized less, where appropriate, cumulative amortisation recognized in accordance with the revenue recognition policies of Ind AS 115 *Revenue from Contracts with Customers*.

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 recognized 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 recognized in consolidated statement of profit and loss.

### 3.23.3.4 Derecognition of financial liabilities

The Group derecognizes 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 derecognized and the consideration paid and payable is recognized in consolidated statement of profit and loss.

## 3.24 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, options and cross currency swaps.

Derivatives are initially recognized 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 recognized in consolidated statement of profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in consolidated statement

of profit and loss depends on the nature of the hedging relationship and the nature of the hedged item.

### 3.25 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 Group 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 recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in consolidated statement of profit and loss, and is included in the 'Other income'/'Other expense' line item. Amounts previously recognized in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to consolidated statement of profit and loss in the periods when the hedged item affects profit or loss, in the same line as the recognized 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 recognized 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 consolidated statement of profit and 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 recognized 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 recognize 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 recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in consolidated statement of profit and loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in consolidated statement of profit and loss.

### 3.26 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 recognized directly in consolidated statement of profit and loss. An impairment loss recognized 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.

### 3.27 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term balances, as defined above, net of outstanding cash credits as they are considered an integral part of the Groups's cash management. The cash flow statement is prepared using indirect method.

### 3.28 Rounding off amounts

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest millions as per the requirements of Schedule III of the Act unless otherwise stated.

## 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 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 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 of the Group 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 AND EQUIPMENT AND OTHER INTANGIBLE ASSETS AS ON MARCH 31, 2019

Description of assets	Gross block				Accumulated Depreciation / Amortisation				Net block		
	As on March 31, 2018	Additions (c)	Disposals/ Adjustments	Effect of foreign currency translation (e)	As on March 31, 2019	As on March 31, 2018	Depreciation / amortisation expense	Eliminated on disposal of assets/ Adjustments	Effect of foreign currency translation (e)	As on March 31, 2019	As on March 31, 2018
<b>A. Property, plant and equipment - owned unless otherwise stated</b>											
Land:											
Freehold land	2,609.12	46.28	-	(80.67)	2,574.73	-	-	-	-	2,574.73	2,609.12
Leasehold land*	189.64	6.45	-	-	196.09	20.51	2.15	-	-	173.43	169.13
Buildings	24,181.49	3,585.84	0.94	(660.71)	27,105.68	5,547.85	720.99	11.76	(98.78)	6,158.30	18,633.64
		(b)		(d)							(d)
Plant and equipment**	123,598.28	17,797.86	1,363.86	(2,562.43)	137,469.85	55,044.05	5,616.24	1,434.88	(1,164.62)	58,060.79	68,554.23
		(b)									
Electrical installations	4,076.50	836.39	11.87	(129.19)	4,771.83	1,196.12	313.31	11.94	(4.57)	1,492.92	2,880.38
		(b)									
Furniture and fixtures	3,068.91	403.40	88.85	(30.19)	3,353.27	1,780.66	294.95	71.48	(20.93)	1,983.20	1,288.25
		(b)									
Vehicles	1,027.06	214.38	79.22	(10.13)	1,152.09	592.57	115.40	51.46	(9.41)	647.10	434.49
		(b)									
Office equipment	1,432.69	291.38	318.58	(28.37)	1,377.12	715.09	205.34	105.63	(17.97)	796.83	580.29
		(b)									
<b>Total tangible assets</b>	<b>160,183.69</b>	<b>23,181.98</b>	<b>1,863.32</b>	<b>(3,501.69)</b>	<b>178,000.66</b>	<b>64,896.85</b>	<b>7,268.38</b>	<b>1,687.15</b>	<b>(1,316.28)</b>	<b>69,161.80</b>	<b>95,286.84</b>
<b>B. Other intangible assets</b>											
Computer software	3,888.82	178.44	1.99	(133.41)	3,931.86	2,580.82	408.17	1.99	(104.76)	2,882.24	1,308.00
		(b)									
Trademarks	2,151.26	0.97	-	(69.20)	2,083.03	45.04	0.24	-	(0.87)	44.41	2,038.62
Capitalised development	5,624.80	927.26	-	(221.96)	6,330.10	2,703.01	436.98	-	(106.33)	3,033.66	2,921.79
		(b)									
Other intangibles	347.19	-	-	(11.36)	335.83	-	12.94	-	(0.50)	12.44	323.39
<b>Total other intangible assets</b>	<b>12,012.07</b>	<b>1,106.67</b>	<b>1.99</b>	<b>(435.93)</b>	<b>12,680.82</b>	<b>5,328.87</b>	<b>858.33</b>	<b>1.99</b>	<b>(212.46)</b>	<b>5,972.75</b>	<b>6,708.07</b>
<b>Total (A + B)</b>	<b>172,195.76</b>	<b>24,288.65</b>	<b>1,865.31</b>	<b>(3,937.62)</b>	<b>190,681.48</b>	<b>70,225.72</b>	<b>8,126.71</b>	<b>1,689.14</b>	<b>(1,528.74)</b>	<b>75,134.55</b>	<b>101,970.04</b>

## PROPERTY, PLANT AND EQUIPMENT AND OTHER INTANGIBLE ASSETS AS ON MARCH 31, 2018

Description of assets	Gross block				Accumulated Depreciation / Amortisation				Net block		
	As on March 31, 2017	Additions (c)	Disposals/ Adjustments	Effect of foreign currency translation (e)	As on March 31, 2018	As on March 31, 2017	Depreciation / amortisation expense	Eliminated on disposal of assets/ Adjustments	Effect of foreign currency translation (e)	As on March 31, 2018	As on March 31, 2017
<b>A. Property, plant and equipment - owned unless otherwise stated</b>											
Land:											
Freehold land	2,189.94	116.84	3.14	305.48	2,609.12	-	-	-	-	2,609.12	2,189.94
Leasehold land*	189.64	-	-	-	189.64	18.39	2.12	-	-	20.51	171.25
Buildings	14,578.06	8,654.26	61.44	1,010.61	24,181.49	4,685.79	514.04	18.75	366.77	5,547.85	9,892.27
Plant and equipment**	92,392.48	25,348.17	890.63	6,748.26	123,598.28	46,933.58	4,211.15	633.76	4,533.08	55,044.05	68,554.23
		(b)			(d)						(d)
Electrical installations	1,980.55	2,007.95	3.10	91.10	4,076.50	967.36	230.06	2.85	1.55	1,196.12	2,880.38
Furniture and fixtures	2,480.63	455.55	13.47	146.20	3,068.91	1,468.16	233.76	12.44	91.18	1,780.66	1,288.25
		(b)									
Vehicles	878.44	215.51	112.67	45.78	1,027.06	526.78	107.23	83.16	41.72	592.57	434.49
		(b)									
Office equipment	888.04	516.89	87.55	115.31	1,432.69	596.07	115.90	83.85	86.97	715.09	717.60
		(b)									
<b>Total tangible assets</b>	<b>115,577.78</b>	<b>37,315.17</b>	<b>1,172.00</b>	<b>8,462.74</b>	<b>160,183.69</b>	<b>55,196.13</b>	<b>5,414.26</b>	<b>834.81</b>	<b>5,121.27</b>	<b>64,896.85</b>	<b>95,286.84</b>
<b>B. Other intangible assets</b>											
Computer software	2,840.06	654.36	-	394.40	3,888.82	2,007.70	288.57	-	284.55	2,580.82	1,308.00
		(b)									
Trademarks	1,854.47	0.15	-	296.64	2,151.26	41.11	0.08	-	3.85	45.04	2,106.22
Capitalised development	3,937.93	987.05	-	699.82	5,624.80	2,122.70	222.63	-	357.68	2,703.01	1,815.23
		(b)									
Other intangibles	298.82	-	-	48.37	347.19	-	-	-	-	-	347.19
<b>Total other intangible assets</b>	<b>8,931.28</b>	<b>1,641.56</b>	<b>-</b>	<b>1,439.23</b>	<b>12,012.07</b>	<b>4,171.51</b>	<b>511.28</b>	<b>-</b>	<b>646.08</b>	<b>5,328.87</b>	<b>6,683.20</b>
<b>Total (A + B)</b>	<b>124,509.06</b>	<b>38,956.73</b>	<b>1,172.00</b>	<b>9,901.97</b>	<b>172,195.76</b>	<b>59,367.64</b>	<b>5,925.54</b>	<b>834.81</b>	<b>5,767.35</b>	<b>70,225.72</b>	<b>101,970.04</b>

\* Leasehold land is net of ₹ 5.39 Million subleased to Classic Auto Tubes Ltd., a Company in which directors are interested since the year ended 2009-10.

\*\* Plant and equipment include jointly owned assets with gross book value of ₹ 311.28 Million (₹ 311.28 Million) and net book value of ₹ 238.15 Million (₹ 250.69 Million) which represents 50% ownership in the asset. Plant and equipment include assets taken on finance lease with gross book value of ₹ 400.00 Million (₹ 400.00 Million), and net book value of ₹ 166.47 Million (₹ 183.25 Million).

(a) Represents proportionate lease premium ₹ 2.15 Million (₹ 2.12 Million) amortised.

(b) Buildings include ₹ 205.06 Million (₹ 13.33 Million), plant and equipment include ₹ 253.99 Million (₹ 164.23 Million), electrical installations include ₹ 18.95 Million (Nil), furniture and fixture include ₹ 0.07 Million (₹ 0.01 Million), vehicles include ₹ 1.59 Million (Nil), office equipment include Nil (₹ 0.04 Million), computer software include ₹ 3.14 Million (₹ 129.70 Million) and capitalised development include ₹ 927.26 Million (₹ 987.05 Million) for capital expenditure on research and development (refer note C16).

(c) Includes directly attributable expenses capitalised to the extent of ₹ 1,310.09 Million (₹ 3,352.87 Million) including ₹ 1,068.81 Million (₹ 2,742.62 Million) capitalised from capital work-in-progress (CWIP) of previous year and borrowing cost capitalised to the extent of ₹ 789.18 Million (₹ 1,065.21 Million) including ₹ 270.07 Million (₹ 464.77 Million) capitalised from CWIP of previous year.

(d) Buildings include buildings constructed on leasehold land with gross book value of ₹ 11,550.06 Million (₹ 10,549.38 Million) and net book value of ₹ 8,709.35 Million (₹ 8,072.96 Million).

(e) Represents exchange rate adjustment arising on consolidation of foreign subsidiaries due to difference in opening, average and closing conversion rates.

(f) Carrying amount of tangible assets are pledged as security for liabilities (refer note B14(a)).

(g) Capital work-in-progress includes land of ₹ 245.35 Million (₹ 11.19 Million) acquired by the Company, which is in the process of getting the title deeds transferred to its name.

**FINANCIAL ASSETS (NON-CURRENT)****B2 INVESTMENT IN ASSOCIATES / JOINT VENTURE**

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
<b>(a) Investment in associates:</b>		
3,334 (1,667) equity shares of ₹ 13,500 each in KT Telematic Solutions Private Limited - fully paid up *	46.18	22.51
99 (99) equity shares of Rand 1 each in Pressurite (Pty) Limited, fully impaired	-	-
<b>(b) Investment in joint venture:</b>		
9,550 (9,550) units in Pan Aridus LLC, fully impaired	-	-
	<b>46.18</b>	<b>22.51</b>

\* includes Company's cumulative share in profit of ₹ 1.17 Million (₹ 0.01 Million).

**B3 OTHER INVESTMENTS**

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
(At fair value through profit and loss)		
<b>A Quoted Investments*</b>		
<b>Investment in equity instruments:</b>		
16,394 (16,394) equity shares of ₹ 10/- each in Bharat Gears Limited - fully paid up	2.79	2.76
	<b>2.79</b>	<b>2.76</b>
<b>B Unquoted investments **</b>		
<b>Investment in equity instruments:</b>		
312,000 (312,000) equity shares of ₹ 10 each in Green Infra Wind Power Projects Limited - fully paid up	3.12	3.12
239,000 (1,389,000) equity shares of ₹ 0.19 each in Bhadreswar Vidyut Private Limited (Formerly known as OPGS Gujarat Private Limited) - fully paid up	0.05	0.26
399,100 (399,100) equity shares of ₹ 10 each in NSL Wind Power Company (Phoolwadi) Private Limited - fully paid up	3.99	3.99
6,000 (6,000) equity shares of ₹ 30 each in Suryadev Alloys and Power Private Limited - fully paid up	0.18	0.18
292,000 (104,600) equity shares of ₹ 11.50 each in OPG Power Generation Private Limited - fully paid up	3.36	1.20
5,000 (5,000) equity shares of ₹ 100/- each in Apollo Tyres Employees' Multipurpose Co-operative Society Limited - fully paid up	0.50	0.50
	<b>11.20</b>	<b>9.25</b>
<b>Investments carried at fair value through profit and loss (A+B)</b>	<b>13.99</b>	<b>12.01</b>
*Aggregate amount of quoted investments at cost	0.36	0.36
Aggregate amount of quoted investments at market value	2.79	2.76
**Aggregate amount of unquoted investments at cost	11.20	9.25

**B4 OTHER FINANCIAL ASSETS**

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
<b>(Unsecured, considered good unless otherwise stated)</b>		
Employee advances - salary loan	23.67	19.87
Security deposits	267.28	311.53
Security deposits to related parties (refer note C22)	230.81	215.99
Security deposits with statutory authorities	267.28	262.14
Derivative assets measured at fair value (refer note C14)	522.58	254.24
	<b>1,311.62</b>	<b>1,063.77</b>

**NON-FINANCIAL ASSETS (NON-CURRENT)****B5 OTHER NON-CURRENT ASSETS**

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
<b>(Unsecured, considered good unless otherwise stated)</b>		
Capital advances	6,400.99	2,555.46
Capital advances to related parties (refer note C22)	956.30	73.89
Doubtful capital advances	-	24.93
Provision for doubtful capital advances	-	(24.93)
	<b>7,357.29</b>	<b>2,629.35</b>
Statutory balances recoverable	2.58	2.58
Pension asset (refer note C13)	27.47	-
Advance tax (net)	593.53	409.01
Others	337.17	376.48
	<b>8,318.04</b>	<b>3,417.42</b>

**CURRENT ASSETS****B6 INVENTORIES \***

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
(valued at lower of cost and net realizable value)		
(i) Raw materials		
- In hand	8,395.25	7,129.78
- In transit	2,050.46	2,515.24
	<b>10,445.71</b>	<b>9,645.02</b>
(ii) Work-in-progress #	2,322.16	1,602.14
(iii) Finished goods		
- In hand	14,733.90	12,191.48
- In transit	965.11	948.32
	<b>15,699.01</b>	<b>13,139.80</b>
(iv) Stock-in-trade		
- In hand	3,882.34	2,906.73
- In transit	585.25	460.25
	<b>4,467.59</b>	<b>3,366.98</b>
(v) Stores and spares	1,906.39	1,699.57
	<b>34,840.86</b>	<b>29,453.51</b>

\* The carrying amount of inventories are pledged as security for borrowings (refer note B14(a)).

# Work-in-progress consists of only automotive tyres.

**FINANCIAL ASSETS (CURRENT)****B7 INVESTMENTS**

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
<b>At fair value through profit and loss:</b>		
Investment in mutual funds (quoted) *	-	3,640.47
<b>At amortised cost:</b>		
Investment in inter-corporate deposits (unquoted) #	-	9,750.00
	-	<b>13,390.47</b>



* Mutual Funds	As on March 31, 2019		As on March 31, 2018	
	Number of Units	Amount (₹ Million)	Number of Units	Amount (₹ Million)
ICICI Prudential Savings Fund - Direct Plan - Growth	-	-	6,744,803	1,823.42
Reliance Medium Term Fund - Direct Growth Plan	-	-	48,842,555	1,817.05
	-	-	<b>55,587,358</b>	<b>3,640.47</b>

# Given for business purpose. Also refer note C31.

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
Aggregate amount of quoted investments at cost	-	3,500.00
Aggregate amount of quoted investments at market value	-	3,640.47
Aggregate amount of unquoted investments at cost	-	9,750.00

## B8 TRADE RECEIVABLES \*

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
(Unsecured)		
Outstanding for a period exceeding six months from the date they were due for payment		
Considered good	1.91	1.41
Considered doubtful	439.62	466.31
Others - considered good **	11,544.92	14,348.89
	<b>11,986.45</b>	<b>14,816.61</b>
Provision for doubtful trade receivables (refer note C5)	(439.62)	(466.31)
	<b>11,546.83</b>	<b>14,350.30</b>

\* The carrying amount of trade receivables is pledged as security for borrowings (refer note B14(a)).

\*\* Includes balances with related parties (refer note C22).

## B9 CASH AND CASH EQUIVALENTS

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
(i) Balances with banks:		
Current accounts	3,851.22	3,537.06
Other deposit accounts		
- original maturity of 3 months or less	462.41	1,003.34
(ii) Cheques on hand / remittances in transit	1,234.11	1,385.48
(iii) Cash on hand	6.92	5.29
	<b>5,554.66</b>	<b>5,931.17</b>

## B10 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
Unpaid dividend accounts *	71.84	60.71
Deposits with maturity exceeding 3 months but less than 12 months	0.01	0.01
	<b>71.85</b>	<b>60.72</b>

\* These balances are not available for use by the Company and corresponding balance is disclosed as unclaimed dividend in note B20.

**B11 OTHER FINANCIAL ASSETS**

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
Employee advances	41.24	34.76
Derivative assets measured at fair value (refer note C14)	125.61	110.24
Security deposits	204.83	273.10
Interest accrued on deposits / loans	0.14	272.65
Loan (including interest accrued) given to joint venture	159.34	159.34
Less: Provision for impairment	159.34	159.34
Others	55.77	71.49
	<b>427.59</b>	<b>762.24</b>

**NON-FINANCIAL ASSETS (CURRENT)****B12 OTHER CURRENT ASSETS**

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
<b>(Unsecured, considered good unless otherwise stated)</b>		
a) Advances given to related parties (refer note C22)	141.13	39.15
b) Trade advances: considered good	554.10	404.38
Doubtful advances	20.56	20.56
Provision for doubtful advances	(20.56)	(20.56)
	<b>554.10</b>	<b>404.38</b>
c) Employee advances - others	47.85	66.94
d) Investment promotion subsidy receivable from Government of Tamil Nadu	560.64	757.74
e) Export obligations - advance licence benefit	259.18	236.35
f) Export incentives recoverable	454.22	260.79
g) Balance with statutory authorities	2,291.88	2,650.70
h) Gratuity (refer note C13)	44.36	-
i) Prepaid expenses	493.99	625.13
	<b>4,847.35</b>	<b>5,041.18</b>

**B13 EQUITY SHARE CAPITAL**

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
<b>(a) Authorised</b>		
<b>730,000,000 Nos.</b> (730,000,000 Nos.) equity shares of ₹ 1 each	730.00	730.00
<b>200,000 Nos.</b> (200,000 Nos.) cumulative redeemable preference shares of ₹ 100 each	20.00	20.00
	<b>750.00</b>	<b>750.00</b>
<b>(b) Issued, subscribed, called and fully paid up</b>		
<b>Equity shares of ₹ 1 each:</b>		
<b>572,049,980 Nos.</b> (572,049,980 Nos.) equity shares	572.05	572.05
	<b>572.05</b>	<b>572.05</b>

**(c) Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the year**

Particulars	As on March 31, 2019		As on March 31, 2018	
	Number of shares	Amount (₹ Million)	Number of shares	Amount (₹ Million)
Opening balance	572,049,980	572.05	509,024,770	509.02
Add: Issued during the year (refer note C7)	-	-	63,025,210	63.03
Closing balance	572,049,980	572.05	572,049,980	572.05

**(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 on March 31, 2019		As on March 31, 2018	
	Number of shares	%age	Number of shares	%age
Neeraj Consultants Limited	73,827,161	12.91%	73,827,161	12.91%
Apollo Finance Limited	39,381,872	6.88%	39,381,872	6.88%
Sunrays Properties and Investment Company Private Limited	36,307,648	6.35%	36,307,648	6.35%
Franklin Templeton Investment Funds	-	-	30,241,086	5.29%
HDFC Mid - Cap Opportunities Fund	33,145,291	5.79%	-	-

\* As per the records of the Company including its register of member.

**(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.
- (g) Over the period of five years immediately preceding March 31, 2019 and March 31, 2018, neither any bonus shares were issued nor any shares were allotted for consideration other than cash. Further, no shares were bought back during the said period.

**NON-CURRENT LIABILITIES****FINANCIAL LIABILITIES (NON-CURRENT)****B14 BORROWINGS**

Particulars	₹ Million	
	As on March 31, 2019	As on March 31, 2018
<b>At amortised cost</b>		
<b>Secured *</b>		
(i) Debentures	10,740.25	10,737.85
(ii) Term loans		
From banks:		
External commercial borrowings (ECB)	9,967.35	6,136.36
Rupee term loans	1,995.58	-
Foreign currency non-resident term loans	1,693.68	1,721.74
Euro term loans	13,806.92	13,814.67
From others:		
Magyar Import-Export Bank ZRT	3,395.50	4,513.39
(iii) Finance lease - deferred payment liabilities (refer note C8):		
Deferred payment credit I	40.44	44.57
Deferred payment credit II	1.25	3.36
Deferred payment credit III	22.29	30.26
	<b>41,663.26</b>	<b>37,002.20</b>

\* For details regarding repayment terms, interest rate and nature of security on non-current borrowings (refer note B14(a)).

**NOTE B14(A)**

Particulars	Amount outstanding as on March 31, 2019 (₹ Million)		Amount outstanding as on March 31, 2018 (₹ Million)		Rate of interest per annum	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			
<b>Non-convertible debentures</b>							
1,150 - 8.65 % Non-convertible debentures of ₹ 1 Million each	1,150.00	-	1,150.00	-	8.65%	Bullet payment on April 30, 2026	Refer note B1 below
1,050 - 8.65 % Non-convertible debentures of ₹ 1 Million each	1,050.00	-	1,050.00	-	8.65%	Bullet payment on April 30, 2025	Refer note B1 below
1,050 - 8.65 % Non-convertible debentures of ₹ 1 Million each	1,050.00	-	1,050.00	-	8.65%	Bullet payment on April 30, 2024	Refer note B1 below
1,500 - 7.80 % Non-convertible debentures of ₹ 1 Million each	1,496.75	-	1,495.95	-	7.80%	Bullet payment on April 30, 2024	Refer note B1 below
900 - 7.50 % Non-convertible debentures of ₹ 1 Million each	900.00	-	900.00	-	7.50%	Bullet payment on October 20, 2023	Refer note B1 below
1,500 - 7.80 % Non-convertible debentures of ₹ 1 Million each	1,496.75	-	1,495.95	-	7.80%	Bullet payment on April 28, 2023	Refer note B1 below
1,050 - 7.50 % Non-convertible debentures of ₹ 1 Million each	1,050.00	-	1,050.00	-	7.50%	Bullet payment on October 21, 2022	Refer note B1 below
1,500 - 7.80 % Non-convertible debentures of ₹ 1 Million each	1,496.75	-	1,495.95	-	7.80%	Bullet payment on April 29, 2022	Refer note B1 below
1,050 - 7.50 % Non-convertible debentures of ₹ 1 Million each	1,050.00	-	1,050.00	-	7.50%	Bullet payment on October 21, 2021	Refer note B1 below
<b>Total</b>	<b>10,740.25</b>	<b>-</b>	<b>10,737.85</b>	<b>-</b>			
<b>External commercial borrowings (ECB) from banks</b>							
Bank 1 - ECB I	1,717.08	-	1,614.90	-	0-1% above USD-LIBOR	3 equal annual installments starting from FY 2022-23	Refer note B1 below
Bank 2 - ECB I	1,716.74	-	1,614.52	-	0.25-1.25% above USD-LIBOR	3 equal annual installments starting from FY 2022-23	Refer note B1 below
Bank 3 - ECB I	1,717.95	-	1,615.97	-	0-1% above USD-LIBOR	3 equal annual installments starting from FY 2022-23	Refer note B1 below
Bank 4 - ECB I	1,372.85	-	1,290.97	-	0.25-1.25% above USD-LIBOR	3 equal annual installments starting from FY 2022-23	Refer note B1 below
Bank 5 - ECB I	3,442.73	-	-	-	0.75% above USD-LIBOR	Bullet payment on March 21, 2022	Refer note B1 below
<b>Total</b>	<b>9,967.35</b>	<b>-</b>	<b>6,136.36</b>	<b>-</b>			

Particulars	Amount outstanding as on March 31, 2019 (₹ Million)		Amount outstanding as on March 31, 2018 (₹ Million)		Rate of interest per annum	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			
<b>Foreign currency non-resident (FCNR) term loan from banks</b>							
Bank 1 - FCNR I	512.30	-	376.62	-	0-1% above USD-LIBOR	Repayment in 6 equal semi-annual installments starting from September 30, 2020	Refer note B1 below
Bank 1 - FCNR II	515.35	-	376.62	-	0-1% above USD-LIBOR	Repayment in 6 equal semi-annual installments starting from September 30, 2020	Refer note B1 below
Bank 1 - FCNR III	666.03	133.20	968.50	-	0-1% above USD-LIBOR	Repayment in 6 equal semi-annual installments starting from December 31, 2019	Refer note B1 below
<b>Total</b>	<b>1,693.68</b>	<b>133.20</b>	<b>1,721.74</b>	<b>-</b>			
<b>Rupee term loans from banks</b>							
Bank 1 - Rupee Term Loan	1,495.58	-	-	-	0.17% above One year MCLR	12 quarterly installment of 18.75 Million, 4 quarterly installment of 37.50 Million, 6 quarterly installment of 75 Million, 6 quarterly installment of 112.50 Million beginning from July 30, 2022	Refer note A1 and B2 below
Bank 2 - Rupee Term Loan	500.00	-	-	-	1.13% above One year T-bill	Bullet payment on March 29, 2022	Refer note A1 and B2 below
<b>Total</b>	<b>1,995.58</b>	<b>-</b>	<b>-</b>	<b>-</b>			
<b>Euro term loans from banks</b>							
Bank 1	68.90	4.65	-	-	1.95%	Monthly payment till April 30, 2033	Secured by mortgage on land and building at Hamburg & Celle, Germany
Bank 2	-	-	18.09	3.42	2.04%	Monthly payment till August 30, 2024	Secured by mortgage on land and building at Bielefeld, Germany
Bank 3	2,398.41	592.87	3,092.50	250.74	EURIBOR + 2.25%	Repayment in 8 semi-annual installments started from February 11, 2019	Refer note C1 below
Bank 4	2,398.41	592.87	3,092.50	250.74	EURIBOR + 2.25%	Repayment in 8 semi-annual installments started from February 11, 2019	Refer note C1 below



Particulars	Amount outstanding as on March 31, 2019 (₹ Million)		Amount outstanding as on March 31, 2018 (₹ Million)		Rate of interest per annum	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			
Bank 5	2,398.41	592.87	3,092.50	250.74	EURIBOR + 2.25%	Repayment in 8 semi-annual installments started from February 11, 2019	Refer note C1 below
Bank 6	2,263.67	646.76	3,008.93	334.33	EURIBOR + 1.85%	Repayment in 10 equal semi-annual installments started from February 11, 2019	Refer note C1 below
Bank 7	1,131.83	323.38	1,504.47	167.17	EURIBOR + 1.85%	Repayment in 10 equal semi-annual installments started from February 11, 2019	Refer note C1 below
Bank 8	841.50	-	-	-	EURIBOR + 0.73%	Bullet payment on March 21, 2022	Secured by Corporate Guarantee from the Company
Bank 9	2,305.06	-	-	-	EURIBOR + 0.53%	Bullet payment on August 6, 2021	Secured by Corporate Guarantee from the Company
Bank 10	0.73	0.51	1.27	0.53	3.90%	Monthly payment till July 31, 2021	Secured by mortgage on Cars
Bank 11	-	4.74	4.41	6.41	4.25%	Monthly payment till November 30, 2019	Secured by mortgage on land and building at Cologne, Germany
<b>Total</b>	<b>13,806.92</b>	<b>2,758.65</b>	<b>13,814.67</b>	<b>1,264.08</b>			
<b>Term loan from others</b>							
Magyar Import-Export Bank ZRT	3,395.50	970.14	4,513.39	501.49	EURIBOR + 1.85%	Repayment in 10 equal semi-annual installments started from February 11, 2019	Refer note C1 below
IFC - Loan A	-	-	-	325.90	2-4% above USD-LIBOR	Repayment in 12 half-yearly installments of USD 2.50 Million each started from June 17, 2013	Refer note A1 and B2 below
<b>Total</b>	<b>3,395.50</b>	<b>970.14</b>	<b>4,513.39</b>	<b>827.39</b>			

Particulars	Amount outstanding as on March 31, 2019 (₹ Million)		Amount outstanding as on March 31, 2018 (₹ Million)		Rate of interest per annum	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			
<b>Finance lease - deferred payment liabilities</b>							
Deferred payment credit I	40.44	4.13	44.57	3.82	7-8%	Repayment along with interest in 240 consecutive monthly installments started from May 15, 2007	Wind Mills purchased under the deferred consideration payment plan
Deferred payment credit II	1.25	1.83	3.36	1.61	8-9%	Repayment along with interest in 20 equal quarterly installments started from January 31, 2011	Engineering materials purchased under the Parts Management Agreement (PMA) scheme
Deferred payment credit III	22.29	29.65	30.26	57.86	Average 5-6%	Monthly repayments	Items of plant and equipment and other assets taken on lease
<b>Total</b>	<b>63.98</b>	<b>35.61</b>	<b>78.19</b>	<b>63.29</b>			

**Details of securities offered to existing lenders**

Note A1 A *pari passu* first charge created by way of mortgage on the Company's land and 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 and equipments, both present and future.

Note B1 A *pari passu* first charge by way of hypothecation over the movable plant and equipment of the Company, both present and future (except stocks and book debts).

Note B2 A *pari passu* first charge on the movable property, plant and equipment and *pari passu* second charge on the current assets of the Company.

Note C1 The facility is secured by a pledge on the shares of Apollo Tyres (Hungary) Kft. and a pledge on the bank accounts of Apollo Tyres B.V..

Apollo Tyres (Hungary) Kft. and Apollo Vredestein B.V. has given additional securities for the loan in the form of pledge over certain movable tangible assets including mortgage over the real estate, pledge of rights and receivables of Apollo Tyres (Hungary) Kft. and its bank accounts.

**B15 OTHER FINANCIAL LIABILITIES**

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
Deferred consideration payable on acquisition of subsidiary	-	557.13
Derivative liabilities measured at fair value (refer note C14)	15.34	131.60
	<b>15.34</b>	<b>688.73</b>

**NON-FINANCIAL LIABILITIES (NON-CURRENT)****B16 PROVISIONS**

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
<b>(a) Provision for employee benefits</b>		
Jubilee benefits (refer note C10(i))	183.21	179.60
Pension benefits (refer note C13)	671.48	722.83
<b>(b) Other provisions</b>		
Provision for constructive liability (refer note C10(i))	286.35	281.08
Provision for sales related obligations (refer note C10(i))	329.53	304.03
	<b>1,470.57</b>	<b>1,487.54</b>

**B17 OTHER NON-CURRENT LIABILITIES**

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
Security deposits received from dealers	59.93	42.03
Security deposits received from employees	58.35	82.64
Pension liability	62.43	119.78
Deferred revenue arising from government grant	6,308.49	6,333.94
	<b>6,489.20</b>	<b>6,578.39</b>

**CURRENT LIABILITIES****FINANCIAL LIABILITIES (CURRENT)****B18 BORROWINGS**

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
<b>At amortised cost</b>		
<b>Secured</b>		
From banks:		
Cash credit*	123.17	143.39
Working capital demand loan*	900.00	1,000.00
Bank overdrafts#	818.43	980.24
<b>Unsecured**</b>		
From banks:		
Packing credit	1,901.90	3,030.85
Working capital demand loan	-	2,300.00
	<b>3,743.50</b>	<b>7,454.48</b>

\* Cash credits and working capital demand loans are repayable on demand and 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 and machinery and equipment, both present and future. The interest rate on these loans are in the range of 1.29% p.a to 11.00% p.a (previous year 0.69% p.a to 12.10% p.a.)

# Overdraft facility availed by one of the subsidiaries, Reifencom GmbH, is secured by a first charge on stock and receivables of Reifencom, both present and future and further supported by corporate guarantee issued by Apollo Tyres Cooperatief U.A. The interest rate on these loans is Euribor + 1.5% (previous year Euribor + 1.5%).

\*\* Packing credit and working capital demand loans are repayable on demand. The interest rate on these loans are in the range of 1.29% p.a to 11.00% p.a (previous year 0.69% p.a to 12.10% p.a.)

**B19 TRADE PAYABLES**

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
<b>(Total outstanding dues of creditors other than micro enterprises and small enterprises)</b>		
Acceptances	2,644.50	3,982.84
Accounts payable - raw materials and services	13,748.24	14,498.78
Freight and custom house agent charges payable	933.28	884.84
Expenses payable	2,581.27	2,806.27
Employee related payables**	2,034.95	2,062.76
Payable to related parties (refer note C22)	411.89	102.02
	<b>22,354.13</b>	<b>24,337.51</b>

\*\* Employee related payables includes commission on net profits payable to whole-time directors ₹ 492.10 Million (₹ 605 Million).

**B20 OTHER FINANCIAL LIABILITIES**

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
<b>Current maturities of non-current borrowings***</b>		
<b>(a) Term loan from banks:</b>		
Foreign currency non-resident term loans	133.20	-
Euro term loans	2,758.65	1,264.08
<b>(b) Term loan from others:</b>		
International Finance Corporation (IFC) - Loan A	-	325.90
Magyar Import-Export Bank ZRT	970.14	501.49
<b>(c) Finance lease - deferred payment liabilities (refer note C8):</b>		
Deferred payment credit I	4.13	3.82
Deferred payment credit II	1.83	1.61
Deferred payment credit III	29.65	57.86
	<b>3,897.60</b>	<b>2,154.76</b>
Interest accrued but not due on borrowings	729.00	736.90
Unclaimed dividends ##	71.84	60.71
Accounts payable - capital vendors	2,218.21	4,795.33
Payable to Micro, Small and Medium Enterprises - capital (refer note C19)	45.82	17.71
Interest payable to Micro, Small & Medium Enterprises (refer note C19)	10.58	10.58
Payable to related parties (refer note C22)	394.00	70.18
Security deposits - vendors	339.72	288.00
Advances received from customers	440.53	542.20
Derivative liabilities measured at fair value (refer note C14)	96.57	187.85
Others	-	0.40
	<b>8,243.87</b>	<b>8,864.62</b>

\*\*\* For details regarding repayment terms, interest rate and nature of security on current maturities of non-current borrowings (refer note B14(a)).

## Includes ₹ 3.74 Million (₹ 3.18 Million) 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 under the Special Court (Trial of Offences Relating to Transactions in Securities) Act, 1992.

**NON-FINANCIAL LIABILITIES (CURRENT)****B21 OTHER CURRENT LIABILITIES**

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
Statutory dues payable	4,062.34	4,047.18
Gratuity payable (refer note C13)	-	158.79
Deferred revenue	46.13	43.74
Others	124.46	129.73
	<b>4,232.93</b>	<b>4,379.44</b>

**B22 PROVISIONS**

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
<b>Provision for employee benefits</b>		
Provision for compensated absences (refer note C10(ii) and C13)	246.09	235.21
Provision for superannuation	25.00	22.50
<b>Others (refer note C10(ii))</b>		
Provision for constructive liability	50.42	38.55
Provision for contingencies	425.00	790.00
Provision for sales related obligations	1,770.70	2,295.02
	<b>2,517.21</b>	<b>3,381.28</b>

**B23 CURRENT TAX LIABILITIES (NET)**

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
Provision for taxation	20,475.76	18,654.09
Advance tax	(19,527.12)	(17,584.44)
	<b>948.64</b>	<b>1,069.65</b>

**B24 OTHER OPERATING INCOME**

₹ Million

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Investment promotion subsidy from Government of Tamil Nadu (refer note C12)	235.93	393.32
Unwinding of deferred income (refer note C12)	1,438.44	788.13
Sale of raw material scrap	532.23	388.73
Provisions / Liabilities no longer required written back	479.82	23.31
Others	68.09	94.43
	<b>2,754.51</b>	<b>1,687.92</b>

**B25 OTHER INCOME**

₹ Million

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>(a) Interest earned on deposits:</b>		
- Bank	30.44	48.51
- Inter corporate deposit	173.41	263.61
- Others	30.31	21.75
<b>(b) Dividend income from non current investments - fair value through profit and loss</b>		
Unit Trust of India	-	0.06
<b>(c) Dividend income from current investments - fair value through profit and loss</b>		
Mutual funds	50.83	45.76
<b>(d) Others</b>		
Gain on foreign exchange fluctuation (net)	564.54	459.22
Gain on fair value change in investments	0.04	140.68
Profit on sale of property, plant and equipment (net)	15.98	8.13
Miscellaneous	365.68	154.36
	<b>1,231.23</b>	<b>1,142.08</b>



**B26 MANUFACTURING AND OTHER EXPENSES**

₹ Million

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>Cost of materials consumed:</b>		
Raw materials consumed	86,143.04	71,889.70
<b>Purchase of stock-in-trade:</b>		
Purchase of finished goods - tyres, tubes and flaps	19,825.58	13,539.79
<b>Employee benefits expense: *</b>		
Salaries and wages	19,752.51	17,587.00
Contribution to provident and other funds	3,240.44	2,678.69
Staff welfare	1,569.17	1,300.77
	<b>24,562.12</b>	<b>21,566.46</b>
<b>Other expenses: *</b>		
Consumption of stores and spare parts	1,395.78	1,382.53
Power and fuel	4,823.08	3,791.62
Conversion charges	808.25	1,445.10
Repairs and maintenance		
- Machinery	760.54	641.54
- Buildings	42.37	33.42
- Others	2,047.20	1,780.94
Rent (refer note C9)	2,226.48	1,963.19
Lease rent - factory (refer note C9)	633.29	600.13
Insurance	336.02	274.56
Rates and taxes	203.87	183.09
Sitting fees to non-executive directors (refer note C22)	10.25	12.70
Commission to non-executive directors (refer note C22)	60.00	60.00
Travelling, conveyance and vehicle	1,886.52	1,665.95
Postage, telephone and stationery	297.83	294.80
Conference	113.74	92.74
Freight and forwarding	7,130.02	5,707.93
Commission on sales	50.51	34.04
Sales promotion	759.09	459.53
Advertisement and publicity	3,786.57	2,888.97
Corporate social responsibility (refer note C20)	213.83	215.68
Bank charges	175.56	144.38
Statutory auditors remuneration (refer note C15)	68.18	71.10
Provision for doubtful debts / advances (refer note C5)	52.08	160.14
Legal and professional	767.14	749.97
Miscellaneous	1,427.04	1,717.03
	<b>30,075.24</b>	<b>26,371.08</b>

\* Includes expense towards research and development (refer note C16).

**B27 FINANCE COSTS**

₹ Million

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>(a) Interest expense:</b>		
Interest on fixed-term loans	442.65	312.06
Interest on debentures	516.59	538.62
Interest on current loans	316.12	314.99
Others	516.82	408.35
<b>(b) Other borrowing costs</b>	18.52	55.18
	<b>1,810.70</b>	<b>1,629.20</b>

## C. OTHER NOTES

forming part of the Consolidated Financial Statements

### 1 DIRECTLY ATTRIBUTABLE EXPENSES CAPITALISED / INCLUDED IN CAPITAL WORK-IN-PROGRESS:

	₹ Million	
Particulars	2018-19	2017-18
Raw material consumed	136.74	298.07
Salaries, wages and bonus	215.29	549.74
Welfare expenses	24.48	68.03
Rent	0.93	29.74
Travelling, conveyance and vehicle	40.68	111.18
Postage, telephone and stationery	1.26	4.02
Power and fuel	32.04	276.15
Insurance	2.75	4.51
Legal and professional	7.08	46.98
Miscellaneous	154.20	550.43
<b>Total *</b>	<b>615.45</b>	<b>1,938.85</b>

\* Out of the above ₹ 374.17 Million (₹ 1,328.60 Million) is included in capital work-in-progress.

- 2 Borrowing costs capitalised / transferred to capital work in progress during the year is ₹ 926.90 Million (₹ 867.99 Million) and the capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Company's general borrowings during the year, in this case 7.20% (6.75%).

### 3 IMPAIRMENT TESTING OF INTANGIBLES WITH INDEFINITE LIFE

Intangibles with indefinite useful life comprises goodwill, trademarks and other intangible assets.

For the purpose of annual impairment testing, goodwill is allocated to the cash generating units expected to benefit from the synergies of the business combinations in which the goodwill arises. 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 net assets acquired and intangibles recognized has been considered as a part of purchase consideration for computation of goodwill. In addition to goodwill, certain trademarks and other intangible assets were also recognized in the consolidated financial statements which were not recorded in the separate financial statement of the acquiree. Further, there are certain other trademarks that were acquired as part of acquisition of AVBV.

As on March 31, 2019, the carrying value of other intangible assets amounting to ₹ 323.39 million (₹ 347.19 million) have been determined to have indefinite useful life (refer note B1).

Changes in the net carrying amount of trademarks is summarized as below:

	₹ Million	
Particulars	As on March 31, 2019	As on March 31, 2018
Opening balance	2,106.01	1,812.59
Foreign exchange translation difference	(68.94)	293.42
<b>Closing balance</b>	<b>2,037.07</b>	<b>2,106.01</b>

Changes in the net carrying amount of goodwill is summarized as below:

	₹ Million	
Particulars	As on March 31, 2019	As on March 31, 2018
Opening balance	2,060.71	1,773.58
Foreign exchange translation difference	(67.46)	287.13
<b>Closing balance</b>	<b>1,993.25</b>	<b>2,060.71</b>

## Impairment

An impairment test was carried out as on March 31, 2019 and as on March 31, 2018, details of the test are as outlined below:

Particulars	Trademarks#	Goodwill, Trademarks and Other intangibles*
Discount Rate	9.10%	8.20%
Growth Rate	0% - 2%	2%
Number of years for which cash flows were considered	5	4
Test Result	No Impairment Loss	No Impairment Loss

# pertains to AVBV acquisition

\* pertains to Reifencom GmbH acquisition

## Growth rates

The growth rates used are in line with the growth rate of the industry and the countries in which the entities operates and are consistent with internal / external sources of information.

## Discount rates

The discount rates takes into consideration market risk and specific risk factors of the cash generating unit. The cash flow projections are based on the forecasts made by the management.

## Sensitivity

The management believes that any reasonable possible changes in the key assumptions would not cause the cash generating unit's carrying amount to exceed its recoverable amount.

## 4 INVENTORIES

- Out of the total inventories of ₹ **34,840.86 Million** (₹ 29,453.51 Million), the carrying amount of inventories carried at fair value less costs to sell amounted to ₹ **447.47 Million** (₹ 496.21 Million).
- The amount of write down of inventories to net realizable value recognized as an expense was ₹ **136.78 Million** (₹ 87.99 Million).
- The cost of inventories recognized as an expense during the year in respect of continuing operations was ₹ **102,660.54 Million** (₹ 85,337.56 Million).

## 5 CHANGES IN PROVISION FOR DOUBTFUL TRADE RECEIVABLES:

Particulars	₹ Million	
	As on March 31, 2019	As on March 31, 2018
<b>Opening balance</b>	<b>466.31</b>	<b>299.43</b>
Addition during the year	52.08	160.14
Utilisation / reversal during the year	(63.97)	(42.93)
Foreign exchange translation difference	(14.80)	49.67
<b>Closing balance</b>	<b>439.62</b>	<b>466.31</b>

## 6 DESCRIPTION OF NATURE AND PURPOSE OF EACH RESERVE

### i. Securities premium

Securities premium is used to record the premium on issue of shares. The reserve will be utilised in accordance with provisions of the Act.

### ii. General reserve

General reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purpose. General reserve is created by transfer from one component of equity to another and is not an item of other comprehensive income.

**iii. Capital reserve on consolidation**

This balance represents excess of net assets of AVBV acquired at fair value over the purchase consideration.

**iv. Capital reserve on Apollo (Mauritius) Holdings Private Limited ("AMHPL") merger**

AMHPL erstwhile (subsidiary company) was merged with the Company resulting in a capital reserve.

**v. Debenture redemption reserve**

The Company is required to create a debenture redemption reserve out of the profits which are available for redemption of debentures.

**vi. Capital subsidy**

This balance represents subsidy received under New Industrial Policy 2007 of the Government of Tamil Nadu for expansion and employment generation within SIPCOT Industrial park.

**vii. Capital redemption reserve**

This Reserve has been created in accordance with provision of the Act for the buy back of equity shares from the market.

**viii. Capital reserve on forfeiture of shares**

This reserve was created on forfeiture of shares by the Company. The reserve is not available for the distribution to the shareholders.

**ix. Retained earnings**

Retained earnings are created from the profit of the Group, as adjusted for distribution to owners, transfer to other reserve, remeasurement of defined benefit plans etc.

**x. Foreign currency translation reserve**

This balance represents exchange rate adjustment arising on consolidation of foreign subsidiaries due to difference in opening, average and closing conversion rates.

**7** During the previous year, the Company issued and allotted 63,025,210 equity shares of ₹ 1 each (amounting to ₹ 63.03 Million) to Qualified Institutional Buyers on October 10, 2017 at an issue price of ₹ 238 per equity share including a premium of ₹ 237 per equity share (amounting to ₹ 14,781.01 Million net of share issue expenses), aggregating to ₹ 14,844.04 Million net of share issue expenses. Pursuant to the allotment of equity shares in the Qualified Institutional Placement, the paid up equity share capital of the Company was increased to ₹ 572.05 Million.

**8 FINANCE LEASE - DEFERRED PAYMENT LIABILITIES**

i) The Group has executed certain finance lease arrangements for certain assets. The schedule of future minimum lease payments in respect of non-cancellable finance leases is set out below:

Particulars	Total minimum lease payments		Present value of minimum lease payments	
	As on March 31, 2019	As on March 31, 2018	As on March 31, 2019	As on March 31, 2018
	Within one year of the balance sheet date	45.44	71.24	35.61
Due in a period between one year and five years	52.83	63.41	43.18	51.75
Due after five years	23.39	30.91	20.80	26.44
<b>Total</b>	<b>121.66</b>	<b>165.56</b>	<b>99.59</b>	<b>141.48</b>
Future finance charges	(22.07)	(24.08)		
<b>Present value of minimum lease payments</b>	<b>99.59</b>	<b>141.48</b>		

₹ Million

ii) Break up of finance lease liability recognized in balance sheet between current and non current is as below:

Particulars	As on March 31, 2019	As on March 31, 2018
Non-current (refer note B14)	63.98	78.19
Current (refer note B20)	35.61	63.29
<b>Total</b>	<b>99.59</b>	<b>141.48</b>

₹ Million

## 9 OPERATING LEASES

i) The Group has acquired assets, office space and warehouses under the operating lease agreements that are renewable on a periodic basis at the option of both the lessor and lessee. Rental expense under those lease debited to consolidated statement of profit and loss was ₹ **2,859.77 Million** (₹ 2,563.32 Million) net of rental income amounting to ₹ **1.51 Million** (₹ 18.15 Million). There are no contingent rent / purchase options or restrictions imposed by lessors. Renewals, including escalations, wherever applicable, are based on mutually agreed terms.

ii) The schedule of future minimum lease payments in respect of non-cancellable operating leases is set out below:

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
Within one year of the balance sheet date	1,741.41	1,705.32
Due in a period between one year and five years	4,978.65	4,293.78
Due after five years	4,093.87	4,578.27

## 10 PROVISIONS - NON-CURRENT / CURRENT

i) Changes in non-current provisions is as below:

₹ Million

Particulars	Provision for sales related obligations *	Provision for constructive liability #	Provision for jubilee benefits ##
<b>As on March 31, 2017</b>	<b>334.46</b>	<b>189.16</b>	<b>154.59</b>
Addition during the year	-	89.45	0.11
Utilisation / reversal during the year	(30.43)	(14.80)	(0.15)
Foreign exchange translation difference	-	17.27	25.05
<b>As on March 31, 2018</b>	<b>304.03</b>	<b>281.08</b>	<b>179.60</b>
Addition during the year	25.50	22.59	9.89
Utilisation / reversal during the year	-	(0.06)	-
Foreign exchange translation difference	-	(17.26)	(6.28)
<b>As on March 31, 2019</b>	<b>329.53</b>	<b>286.35</b>	<b>183.21</b>

\* Represents estimates for payments to be made in future for sales related obligations (including warranties).

# Provision for constructive liability represents an obligation of the Company to reimburse post employment benefits of certain sub-contracted workers and provision on account of post employment medical benefit obligation of ex-employees in case of Apollo Tyres Africa (Pty) Ltd.

## Pursuant to a jubilee scheme for the employees of Apollo Vredestein B.V. and Apollo Tyres Global R&D B.V., the said employees are eligible for benefit upon completion of 12.50, 25 and 40 years of service. Risks in the case of claims and legal action are monitored closely and where necessary provisions are made.

ii) Changes in current provisions is as below:

₹ Million

Particulars	Provision for compensated absences	Provision for sales related obligation *	Provision for constructive liability	Provision for contingencies
<b>As on March 31, 2017</b>	<b>251.60</b>	<b>2,634.27</b>	<b>32.34</b>	<b>790.00</b>
Addition during the year	1.77	3,851.97	6.21	-
Utilisation / reversal during the year	(23.42)	(4,273.07)	-	-
Foreign exchange translation difference	5.26	81.85	-	-
<b>As on March 31, 2018</b>	<b>235.21</b>	<b>2,295.02</b>	<b>38.55</b>	<b>790.00</b>
Addition during the year	14.22	1,999.29	11.87	-
Utilisation / reversal during the year	(2.28)	(2,495.47)	-	(365.00)
Foreign exchange translation difference	(1.06)	(28.14)	-	-
<b>As on March 31, 2019</b>	<b>246.09</b>	<b>1,770.70</b>	<b>50.42</b>	<b>425.00</b>

\* Represents estimates for payments to be made in future for sales related obligations (including warranties).



## 11 INCOME TAXES

### i) Reconciliation between average effective tax rate and applicable tax rate

Particulars	2018-19		2017-18	
	₹ Million	Rate (%)	₹ Million	Rate (%)
<b>Profit before tax</b>	<b>8,881.29</b>		<b>10,123.31</b>	
Income tax using the Company's domestic tax rate	3,103.48	34.94	3,503.68	34.61
<b>Tax effect of</b>				
Effect of different tax rates in foreign jurisdictions	(171.02)	-1.93	126.50	1.23
Reduction in tax rates in foreign jurisdictions	(207.28)	-2.33	-	-
Non-deductible expenses	175.33	1.97	106.55	1.05
Tax exempt income	(515.93)	-5.81	(290.01)	-2.86
Tax incentives and concessions	(261.75)	-2.94	(467.34)	-4.61
Others	(39.94)	-0.45	(94.89)	-0.94
<b>Income tax expense recognized in the consolidated statement of profit and loss</b>	<b>2,082.89</b>	<b>23.45</b>	<b>2,884.49</b>	<b>28.48</b>

### ii) Components of deferred tax liability (net)

Particulars	₹ Million	
	As on March 31, 2019	As on March 31, 2018
<b>Tax effect of items constituting deferred tax liabilities</b>		
Property, plant and equipments and Intangible assets	10,698.21	9,944.54
Employee benefits	26.62	16.86
Others	481.48	339.73
<b>Gross deferred tax liability (a)</b>	<b>11,206.31</b>	<b>10,301.13</b>
<b>Tax effect of items constituting deferred tax assets</b>		
Employee benefits	203.72	187.76
Provisions for doubtful debt / advances	141.89	141.89
Minimum alternate tax entitlement	2,152.78	1,147.95
Others	476.07	434.91
<b>Gross deferred tax asset (b)</b>	<b>2,974.46</b>	<b>1,912.51</b>
<b>Deferred tax liability (net) (a - b)</b>	<b>8,231.85</b>	<b>8,388.62</b>

### iii) Components of deferred tax asset (net)

Particulars	₹ Million	
	As on March 31, 2019	As on March 31, 2018
<b>Tax effect of items constituting deferred tax assets</b>		
Carry forward tax losses	275.08	699.63
Others	250.00	256.08
<b>Deferred tax asset (net)</b>	<b>525.08</b>	<b>955.71</b>

One of the subsidiary companies has net carry forward losses on which deferred tax asset has not been recognized amounting to ₹ 136.43 Million as on March 31, 2019 (₹ 107.90 Million as on March 31, 2018) which has a 15-20 year carry forward period. Based on prudent principles, the subsidiary company has currently concluded that it is more likely than not that this loss carry forward will not be fully utilized in future years by generation of future taxable income.

## (iv) Components of deferred tax expense

₹ Million

Particulars	2018-19	2017-18
<b>Tax effect of items constituting deferred tax liabilities</b>		
Property, plant and equipments and Intangible assets	1,111.12	1,595.61
Employee benefits	8.62	1.54
Others	229.00	128.41
<b>Sub-total (a)</b>	<b>1,348.74</b>	<b>1,725.56</b>
<b>Tax effect of items constituting deferred tax assets</b>		
Employee benefits	-	89.55
Carry forward tax losses	92.37	218.53
Minimum alternate tax entitlement	1,004.83	922.21
Others	39.74	-
<b>Sub-total (b)</b>	<b>1,136.94</b>	<b>1,230.29</b>
<b>Total (a - b)</b>	<b>211.80</b>	<b>495.27</b>

## v) The movement in net deferred tax liability is as follows:

₹ Million

Particulars	2018-19	2017-18
Net deferred tax liability at the beginning of the year	7,432.91	6,806.14
Deferred tax expense recognized in the consolidated statement of profit and loss	211.80	495.27
Deferred tax expense / (income) recognized in other comprehensive income	(1.83)	46.87
Deferred tax expense / (income) recognized directly in equity	-	(82.55)
Foreign exchange translation difference	63.89	167.18
<b>Net deferred tax liability at the end of the year</b>	<b>7,706.77</b>	<b>7,432.91</b>

## 12 GOVERNMENT GRANTS

## a) Investment promotion subsidy from Government of Tamil Nadu

Pursuant to the Memorandum of Understanding (MoU) executed between the Government of Tamil Nadu (GoTN) and the Company, the Company is entitled, *inter alia*, for refund of an amount equal to Net Output (VAT + CST) / GST paid by the Company to GoTN in the form of Investment Promotion Subsidy.

As the Company has fulfilled the relevant obligations, the Company has recognized subsidy income of ₹ **235.93 Million** (₹ 393.32 Million) as other operating income, being the eligible amount of refund of Net Output (VAT + CST) / GST 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 payment of customs duty, subject to certain export obligations which should be fulfilled within specified time period. During the year, the custom duty benefit received amounts to ₹ **890.91 Million** (₹ 1,295.52 Million) with a corresponding increase in the value of property, plant and equipment and capital work-in-progress. The grant amounting to ₹ **1,438.44 Million** (₹ 788.13 Million) where export obligations have been met, have been recognized in consolidated statement of profit and loss as other operating income. At the year end, the portion of grant for which the export obligation

has not been met is retained in deferred revenue under other non current liabilities.

- 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 executed an agreement for grant with the Ministry of National Development, Government of Hungary on June 30, 2014. The project start date for this investment was June 23, 2014 and the investment completion date is December 31, 2019. Passenger car tyre facility production was started during the previous year and commercial tyres facility production was started during the year. 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 ₹ **856.77 Million** (₹ 1,223.04 Million) 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, ₹ **130.37 Million** (₹ 41.92 Million) for which the capitalisation of property, plant and equipment (PPE) is completed, has been recognized as income in consolidated statement of profit and loss. The portion of grant for which the capitalisation of PPE is under construction phase has been retained in deferred revenue under other non-current liabilities.

### 13 EMPLOYEE BENEFIT LIABILITY

#### 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 the Life Insurance Corporation of India (LIC). The Company has no liability for future superannuation fund benefits other than its annual contribution and recognizes such contributions as an expense in the year incurred. The amount of contribution paid by the Company to Superannuation Fund is ₹ **89.03 Million** (₹ 81.38 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 contributions 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 recognizes such obligation as an expense.

The amount of contributions made by the Company to employees' provident fund trust / regional provident fund is ₹ **256.47 Million** (₹238.22 Million).

#### B. Foreign operations

At reporting date, employees of Apollo Vredestein B.V. participated in defined contribution pension plan. Under this pension plan, fixed contributions are paid to the pension fund. Apollo Vredestein B.V. has no legal or constructive obligation to pay further contribution if the pension fund does not hold sufficient assets to pay all employee benefits relating to employee service. Contributions that will not be settled within 12 months are discounted and recognized 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 ₹ **175.48 Million** (₹ 156.45 Million).

#### ii. Defined benefit plans

##### A. Indian operations

###### Gratuity

The Company operates 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 Payments of Gratuity Act, 1972. The scheme is funded with LIC.

The following table summarizes the components of net benefit expense recognized in the consolidated statement of profit and loss and the funded status and amounts recognized in the consolidated balance sheet for the respective plan:

#### Consolidated statement of profit and loss

Particulars	₹ Million	
	2018-19	2017-18
Current service cost <sup>^</sup>	83.42	79.98
Interest cost on benefit obligation <sup>*</sup>	86.86	71.93
Actual return on plan assets <sup>*</sup>	(79.14)	(68.61)
Expense recognized in the consolidated statement of profit and loss	91.14	83.30

<sup>^</sup> Included in employee benefit expense

<sup>\*</sup> Included in finance cost

#### Other comprehensive income (experience adjustment)

Particulars	₹ Million	
	2018-19	2017-18
Actuarial (gain) / loss for the year on defined benefit obligation	(23.94)	102.90
Actuarial (gain) / loss for the year on plan asset	(4.00)	3.28
<b>Total</b>	<b>(27.94)</b>	<b>106.18</b>

#### Consolidated balance sheet

##### Net asset / (liability) recognized in the consolidated balance sheet

Particulars	₹ Million	
	As on March 31, 2019	As on March 31, 2018
Fair value of plan assets at the end of the year (a)	1,206.66	969.30
Present value of defined benefit obligation at the end of the year (b)	1,162.30	1,128.09
<b>Net Asset/(liability) recognized in the consolidated balance sheet (a - b)</b>	<b>44.36</b>	<b>(158.79)</b>

**Changes in the present value of the defined benefit obligation**

₹ Million

Particulars	2018-19	2017-18
Present value of obligations as at the beginning of the year	1,128.09	954.00
Interest cost	86.86	71.93
Current service cost	83.42	79.98
Benefits paid	(112.13)	(80.72)
Actuarial loss / (gain) on obligation	(23.94)	102.90
<b>Present value of obligation as at the end of the year</b>	<b>1,162.30</b>	<b>1,128.09</b>

**Changes in the fair value of plan assets**

₹ Million

Particulars	2018-19	2017-18
Fair value of plan assets at beginning of the year	969.30	950.96
Actual return on plan assets	79.14	68.61
Contributions	266.35	33.73
Benefits paid	(112.13)	(80.72)
Actuarial (loss)/gain on plan assets	4.00	(3.28)
<b>Fair value of plan assets as at the end of the year</b>	<b>1,206.66</b>	<b>969.30</b>

The Company's gratuity funds are managed by the LIC and therefore the composition of the fund assets is not presently ascertained.

**Principal assumptions for gratuity**

Particulars	As on March 31, 2019 Rate (%)	As on March 31, 2018 Rate (%)
a) Discount rate	7.65	7.70
b) Future salary increase*	6.00	6.00
c) Expected rate of return on plan assets	7.85	8.00
d) Retirement age (years)	58	58
e) Mortality table	IALM (2006-2008)	IALM (2006-2008)
f) Ages (withdrawal rate %)		
Up to 30 years	3.00	3.00
From 31 to 44 years	2.00	2.00
Above 44 years	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 ₹ **86.94 Million** (₹ 94.70 Million).

**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, 2019	1,162.30	1,162.30	1,162.30
Impact due to increase of 0.50%	(49.39)	54.13	11.59
Impact due to decrease of 0.50%	53.52	(50.36)	(12.98)

₹ Million

Impact of change in	Discount rate	Salary increase	Attrition rate
Present value of obligation as on March 31, 2018	1,128.09	1,128.09	1,128.09
Impact due to increase of 0.50%	(45.43)	49.82	11.15
Impact due to decrease of 0.50%	49.25	(46.34)	(12.25)

## B. Foreign operations

The pension liability as recorded in the consolidated balance sheet relates to the defined benefit plan of Apollo Vredestein GmbH and Reifencor GmbH where the actuarial calculation was performed by certified actuarial firms.

### 1 Apollo Vredestein GmbH Principal assumptions

Particulars	As on March 31, 2019 Rate (%)	As on March 31, 2018 Rate (%)
Inflation	1.75	1.75
Indexation non-active members	1.75	1.75
Mortality table	Heubeck 2005G	Heubeck 2005G
Individual salary increase (dependent on age)	3.00	3.00
Discount rate	1.80	1.90

### Changes in the present value of the defined benefit obligation

Particulars	2018-19	2017-18
₹ Million		
<b>Defined benefit obligation</b>		
Present value of obligation as at the beginning of the year	664.84	583.34
Service cost	17.95	22.08
Interest cost	12.53	11.29
Benefits paid	(21.49)	(20.31)
Remeasurements due to experience	0.51	(13.74)
Remeasurements due to change in financial assumptions	12.34	(24.53)
Remeasurements due to change in demographic assumptions	7.71	-
	<b>694.39</b>	<b>558.13</b>
Foreign exchange translation differences	(22.91)	106.71
<b>Present value of obligation as at the end of the year</b>	<b>671.48</b>	<b>664.84</b>

### Net asset / (liability) recognized in the consolidated balance sheet

Particulars	As on March 31, 2019	As on March 31, 2018
₹ Million		
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)	671.48	664.84
<b>Net (liability) recognized in the consolidated balance sheet (a - b)</b>	<b>(671.48)</b>	<b>(664.84)</b>

### Sensitivity analysis

Particulars	Change in assumption	Change in defined benefit obligation	Change in assumption	Change in defined benefit obligation
	2018-19	2018-19	2017-18	2017-18
Discount rate	Increase by 1.00%	-15.65%	Increase by 1.00%	-15.78%
Salary increase	Increase by 0.50%	1.55%	Increase by 0.50%	1.74%
Inflation	Increase by 0.25%	3.15%	Increase by 0.25%	3.14%



## 2 Reifencom Gmbh

### Principal assumptions

Particulars	As on March 31, 2019 Rate (%)	As on March 31, 2018 Rate (%)
Inflation	1.75	1.75
Mortality table	Heubeck 2018G	Heubeck 2005G
Retirement age (years)	65	65
Discount rate	1.80	1.90

### Changes in the present value of the defined benefit obligation

Particulars	2018-19	2017-18
Present value of obligation as at the beginning of the year / acquisition date	187.70	155.50
Service cost	8.94	8.44
Interest cost	3.60	3.06
Remeasurements due to experience	(96.40)	(0.49)
Remeasurements due to change in financial assumptions	1.25	(4.41)
Remeasurements due to change in demographic assumptions	(0.22)	-
	<b>104.87</b>	<b>162.10</b>
Foreign exchange translation difference	(2.79)	25.60
<b>Present value of obligation as at the end of the year</b>	<b>102.08</b>	<b>187.70</b>

### Changes in the fair value of plan assets

Particulars	2018-19	2017-18
Fair value of plan assets as at the beginning of the year	129.71	108.75
Actuarial gain on plan assets	1.78	1.02
Interest income	2.49	2.14
	<b>133.98</b>	<b>111.91</b>
Foreign exchange translation difference	(4.43)	17.80
<b>Fair value of plan assets as at the end of the year</b>	<b>129.55</b>	<b>129.71</b>

### Net asset / (liability) recognized in the consolidated balance sheet

Particulars	As on March 31, 2019	As on March 31, 2018
Fair value of plan assets as at the end of the year (a)	129.55	129.71
Present value of defined benefit obligation as at the end of the year (b)	102.08	187.70
<b>Net Asset/(liability) recognized in the consolidated balance sheet (a - b)</b>	<b>27.47</b>	<b>(57.99)</b>

### Sensitivity analysis

Particulars	Change in assumption	Change in defined benefit obligation	Change in assumption	Change in defined benefit obligation
	2018-19	2018-19	2017-18	2017-18
Discount rate	Increase by 1.0%	-11.06%	Increase by 1.0%	-21.41%
Discount rate	Decrease by 1.0%	12.68%	Decrease by 1.0%	28.66%
Inflation	Increase by 0.25%	0.18%	Increase by 0.25%	1.59%
Inflation	Decrease by 0.25%	-0.18%	Decrease by 0.25%	-1.52%

### iii Other long-term employee benefits

#### Long-term compensated absences

Principal assumptions for long-term compensated absences

Particulars	As on March 31, 2019 Rate (%)	As on March 31, 2018 Rate (%)
a) Discount rate	7.65	7.70
b) Future salary increase*	6.00	6.00
c) Retirement age (years)	58	58
d) Mortality table	IALM (2006-2008)	IALM (2006-2008)
e) Ages (withdrawal rate %)		
Up to 30 years	3.00	3.00
From 31 to 44 years	2.00	2.00
Above 44 years	1.00	1.00

\* The estimates of future salary increase take into account inflation, seniority, promotion and other relevant factors.

## 14 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.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is debt divided by total equity. The Group's policy is to keep an optimum gearing ratio. The Group includes within debt, interest bearing loans and borrowings.

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
Borrowings (refer note B14 and B18)	45,406.76	44,456.68
Current maturities of non current borrowings (refer note B20)	3,897.60	2,154.76
<b>Debt (a)</b>	<b>49,304.36</b>	<b>46,611.44</b>
Equity (refer note B13)	572.05	572.05
Other equity	99,826.14	97,194.67
<b>Total equity (b)</b>	<b>100,398.19</b>	<b>97,766.72</b>
<b>Debt to equity ratio (a) / (b)</b>	<b>0.49</b>	<b>0.48</b>

### B) Financial risk management

#### a) Market risk

The Group's activities expose it primarily to the financial risk of changes in foreign currency exchange rates and changes in interest rates. The Group enters into a variety of derivative 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. Whenever the natural hedge is not available or is not fully covering the foreign currency exposure of the Group, management uses certain derivative instruments to manage its exposure to the foreign currency risk. 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.

## Currency-wise net exposure of the Group

₹ Million

Currency	As on March 31, 2019	Sensitivity +1%	Sensitivity -1%	As on March 31, 2018	Sensitivity +1%	Sensitivity -1%
USD	(12,739.20)	(127.39)	127.39	(11,218.44)	(112.18)	112.18
EURO	(12,928.87)	(129.29)	129.29	(13,605.89)	(136.06)	136.06
GBP	(135.49)	(1.35)	1.35	(95.64)	(0.96)	0.96
Others	953.87	9.54	(9.54)	471.70	4.72	(4.72)

## 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 many 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 the year end, 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.

## c) Price risk

One of the subsidiaries in the Group has executed commodity future contracts which are transacted in standardized amounts on regulated exchanges. 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 forecasts 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 liabilities

i) Non derivative financial assets

₹ Million

Particulars	As on March 31, 2019			As on March 31, 2018		
	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	17,012.76	789.04	60.17	23,358.66	686.32	157.73
Fixed interest rates instruments	462.56	-	-	11,026.00	-	-

ii) Non derivative financial liabilities

₹ Million

Particulars	As on March 31, 2019			As on March 31, 2018		
	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	23,358.88	-	-	26,272.76	557.13	-
Finance lease - deferred payment liabilities	35.61	43.18	20.80	63.29	51.75	26.44
Variable interest rate instruments	9,164.49	24,125.20	3,517.64	10,211.92	21,068.51	5,093.88
Fixed interest rates instruments	1,814.50	11,756.44	2,200.00	4,054.06	4,519.72	6,241.90

iii) Derivative assets / (liabilities)

₹ Million

Particulars	As on March 31, 2019			As on March 31, 2018		
	Less than 1 year	1 to 5 years	5 years and above	Less than 1 year	1 to 5 years	5 years and above
<b>Net settled:</b>						
- commodity future contract	-	-	-	1.38	-	-
- commodity future contract	(1.24)	-	-	(7.70)	-	-
- foreign currency forward contracts, futures and options	152.87	-	-	(180.15)	-	-
- foreign currency forward contracts, futures and options	250.42	-	-	12.99	-	-
<b>Gross settled:</b>						
- cross currency interest rate swaps	-	(15.34)	-	-	-	-
- cross currency interest rate swaps	-	34.20	488.38	95.87	(131.60)	254.24
<b>Total</b>	<b>402.05</b>	<b>18.86</b>	<b>488.38</b>	<b>(77.61)</b>	<b>(131.60)</b>	<b>254.24</b>

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 on March 31, 2019	As on March 31, 2018	Fair value hierarchy (Level 1, 2 or 3) *
<b>Derivative financial assets (a)</b>			
- Foreign currency forward contracts, futures and options	250.42	12.99	2
- Cross currency interest rate swaps	522.58	350.11	2
- Commodity future contract	-	1.38	1
<b>Total</b>	<b>773.00</b>	<b>364.48</b>	
<b>Derivative financial liabilities (b)</b>			
- Foreign currency forward contracts, futures and options	(152.87)	180.15	2
- Cross currency interest rate swaps	15.34	131.60	2
- Commodity future contract	1.24	7.70	1
<b>Total</b>	<b>(136.29)</b>	<b>319.45</b>	
<b>Net derivative financial asset (a- b)</b>	<b>909.29</b>	<b>45.03</b>	

## ii) Fair Value of financial assets (other than derivative instruments) carried at fair value:

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018	Fair value hierarchy (Level 1, 2 or 3) *
<b>Financial assets</b>			
- Current investments - mutual funds	-	3,640.47	1
- Non-current investments - quoted	2.79	2.76	1
- Non-current investments - unquoted	11.20	9.25	3
<b>Total</b>	<b>13.99</b>	<b>3,652.48</b>	

iii) Fair value of financial assets / liabilities (other than investment in joint venture and associates) that are not measured at fair value  
The management considers that the carrying amount of financial assets and financial liabilities recognized at amortised cost in the consolidated balance sheet approximates their fair value.

\* Level 1 - Quoted price in an active market.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the asset or liability.

## f) Details of outstanding forward exchange contracts

Currency pair	Currency	Currency value (Million)	Average exchange rate	Nominal value (Million)	Buy / Sell
<b>As on March 31, 2019</b>					
USD / INR	US Dollar	37.26	69.16	2,576.85	Buy
USD / THB	US Dollar	6.00	31.71	190.24	Buy
USD / ZAR	US Dollar	2.25	14.48	32.57	Buy
USD / MYR	US Dollar	0.60	4.08	2.45	Buy
USD / GBP	British Pound	1.50	1.32	1.98	Sell
EUR / GBP	British Pound	2.50	1.14	2.85	Sell
<b>Futures and options</b>					
USD / INR	US Dollar	8.00	69.16	553.28	Buy
<b>Cross currency interest rate swaps</b>					
USD / INR	US Dollar	171.42	69.16	11,855.08	Buy
Commodity future contract	US Dollar	0.83	69.56	57.73	Buy / Sell
<b>As on March 31, 2018</b>					
USD / INR	US Dollar	48.50	65.18	3,161.23	Buy
EUR / INR	Euro	31.25	80.25	2,507.94	Sell
USD / ZAR	US Dollar	2.25	11.84	26.64	Sell
USD / MYR	US Dollar	0.50	3.94	1.97	Buy
USD / EUR	US Dollar	3.65	0.82	3.00	Buy
EUR / CHF	Swiss Franc	0.90	0.85	0.76	Sell
EUR / GBP	British Pound	1.18	1.12	1.31	Sell
EUR / PLN	Polish Zloty	6.50	0.24	1.54	Sell
EUR / SEK	Swedish Krona	18.75	0.10	1.91	Sell
<b>Futures and options</b>					
USD / INR	US Dollar	34.00	65.18	2,216.12	Buy
<b>Cross currency interest rate swaps</b>					
USD / INR	US Dollar	126.42	65.18	8,240.06	Buy
Commodity future contract	US Dollar	3.13	65.18	204.01	Buy / Sell

For fair value of forward exchange contracts, refer note C14 (e)(i).



## 15 STATUTORY AUDITOR'S REMUNERATION

₹ Million

Particulars	2018-19	2017-18
For audit and quarterly reviews	60.45	56.68
For taxation matters	2.42	1.18
For other services*#	5.31	16.87
<b>Total</b>	<b>68.18</b>	<b>74.73</b>

\* Includes ₹ 3.63 Million expense paid in relation to qualified institutional placement process (debited to securities premium) during the previous year.

# Includes payment to erstwhile auditor amounting to ₹ 4.77 Million, during the previous year.

## 16 RESEARCH AND DEVELOPMENT EXPENDITURE

₹ Million

Particulars	2018-19	2017-18
<b>(A) Revenue expenditure</b>		
Employee benefit expense	1,371.83	1,119.38
Travelling, conveyance and vehicle	211.74	186.37
Others	1,120.17	627.29
<b>Total</b>	<b>2,703.74</b>	<b>1,933.04</b>
<b>(B) Capital expenditure</b>	1,410.06	1,294.36
<b>Total (A + B)</b>	<b>4,113.80</b>	<b>3,227.40</b>

## 17 CONTINGENT LIABILITIES

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
Sales tax	174.97	220.27
Income tax #	784.80	42.20
Claims against the Group not acknowledged as debt		
- Employee related	158.93	74.02
- Others	36.18	33.30
Excise duty and service tax *	<b>581.62</b>	<b>167.05</b>

# Excludes amount of ₹ 442.43 Million (₹ 441.66 Million) in appeals which have been decided by Appellate authorities in the Company's favour but on which the department has gone for further appeal and a demand of ₹ 671.71 Million (₹ 671.71 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.

\* 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.

## 18 CAPITAL COMMITMENTS

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
Estimated amount of contracts remaining to be executed on capital account and not provided for	40,993.31	7,311.53

## 19 DISCLOSURES REQUIRED UNDER SECTION 22 OF THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

₹ Million

Particulars	As on March 31, 2019	As on March 31, 2018
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	174.37	150.98
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	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
(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

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.

## 20 EXPENDITURE TOWARDS CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

In accordance with the provisions of Section 135 of the Act, the Board of Directors of the Company had constituted a CSR committee. The details for CSR activities are as follows:

		₹ Million	
Particulars		2018-19	2017-18
i)	Gross amount required to be spent by the Company during the year	213.83	215.66
ii)	Amount spent during the year on the following:		
	(a) Construction / acquisition of any asset	-	-
	(b) On purposes other than (a) above	213.83	215.68
<b>Total</b>		<b>213.83</b>	<b>215.68</b>

## 21 FOLLOWING SUBSIDIARIES, JOINT VENTURE AND ASSOCIATES HAVE BEEN CONSIDERED IN THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS:

Sl. No.	Name of the entity	Relationship	Country of incorporation	Ownership held by	% of holding and voting power either directly or indirectly through subsidiary		Remarks
					As on March 31, 2019	As on March 31, 2018	
1	Apollo Tyres (Cyprus) Pvt. Ltd.	Subsidiary	Cyprus	Apollo Tyres Ltd.	-	100%	Note (a)
2	Apollo Tyres (Greenfield) B.V.	Subsidiary	Netherlands	Apollo Tyres Ltd.	100%	100%	
3	Apollo Tyres Cooperatief U.A. (Apollo Coop)	Subsidiary	Netherlands	Apollo Tyres Ltd. and Apollo Tyres (Greenfield) B.V.	100%	100%	
4	Apollo (South Africa) Holdings (Pty) Ltd. (ASHPL)	Subsidiary	South Africa	Apollo Coop	100%	100%	
5	Apollo Tyres Africa (Pty) Ltd.	Subsidiary	South Africa	ASHPL	100%	100%	
6	Apollo Tyres (Thailand) Limited	Subsidiary	Thailand	Apollo Coop	100%	100%	
7	Apollo Tyres (Middle East) FZE	Subsidiary	Dubai	Apollo Coop	100%	100%	
8	Apollo Tyres Holdings (Singapore) Pte Ltd. (ATHS)	Subsidiary	Singapore	Apollo Coop	100%	100%	
9	ATL Singapore Pte Ltd.	Subsidiary	Singapore	ATHS	100%	100%	Note (b)
10	Apollo Tyres (Malaysia) SDN BHD	Subsidiary	Malaysia	ATHS	100%	100%	
11	Apollo Tyres (UK) Pvt. Ltd. (ATUK)	Subsidiary	United Kingdom	Apollo Coop	100%	100%	
12	Apollo Tyres (London) Pvt. Ltd.	Subsidiary	United Kingdom	ATUK	100%	100%	
13	Apollo Tyres Global R&D B.V.	Subsidiary	Netherlands	Apollo Coop	100%	100%	
14	Apollo Tyres (Germany) GmbH	Subsidiary	Germany	Apollo Coop	100%	100%	
15	Apollo Tyres AG	Subsidiary	Switzerland	Apollo Coop	100%	100%	
16	Apollo Tyres Do (Brasil) Ltda	Subsidiary	Brazil	Apollo Coop and ATBV	100%	100%	
17	Apollo Tyres B.V. (ATBV)	Subsidiary	Netherlands	Apollo Coop	100%	100%	
18	Apollo Tyres (Hungary) Kft. (ATH Kft)	Subsidiary	Hungary	ATBV	100%	100%	
19	Apollo Vredestein B.V. (AVBV)	Subsidiary	Netherlands	ATBV	100%	100%	
20	Apollo Vredestein GmbH (AV GmbH)	Subsidiary	Germany	AVBV	100%	100%	
21	Vredestein Marketing B.V. & Co. KG	Subsidiary	Germany	AV GmbH	-	100%	Note (c)

Sl. No.	Name of the entity	Relationship	Country of incorporation	Ownership held by	% of holding and voting power either directly or indirectly through subsidiary		Remarks
					As on March 31, 2019	As on March 31, 2018	
22	Apollo Vredestein Nordic A.B.	Subsidiary	Sweden	AVBV	100%	100%	
23	Apollo Vredestein UK Limited	Subsidiary	United Kingdom	AVBV and Finlo B.V.	100%	100%	
24	Apollo Vredestein France SAS	Subsidiary	France	AVBV and Finlo B.V.	100%	100%	
25	Apollo Vredestein Belux	Subsidiary	Belgium	AVBV and Finlo B.V.	100%	100%	
26	Apollo Vredestein Gesellschaft m.b.H.	Subsidiary	Austria	AVBV	100%	100%	
27	Apollo Vredestein Schweiz AG	Subsidiary	Switzerland	AVBV	100%	100%	
28	Apollo Vredestein Italia Srl	Subsidiary	Italy	AVBV and Finlo B.V.	-	100%	Note (a)
29	Apollo Vredestein Iberica SA	Subsidiary	Spain	AVBV	100%	100%	
30	Apollo Vredestein Tires Inc.	Subsidiary	USA	Apollo Coop	100%	100%	
31	Apollo Vredestein Kft (AV Kft)	Subsidiary	Hungary	AVBV	100%	100%	
32	S.C. Vredesetin R.O. Srl	Subsidiary	Romania	AV Kft	100%	100%	
33	Apollo Vredestein Opony Polska Sp. Zo.o.	Subsidiary	Poland	AVBV and AV GmbH	100%	100%	
34	Vredestein Consulting B.V.	Subsidiary	Netherlands	AVBV	100%	100%	
35	Finlo B.V.	Subsidiary	Netherlands	AVBV	100%	100%	
36	Vredestein Marketing B.V.	Subsidiary	Netherlands	AVBV	100%	100%	
37	Reifencom GmbH, Bielefeld (now Reifencom GmbH, Hannover)	Subsidiary	Germany	Apollo Coop	100%	100%	Note (d)
38	Reifencom GmbH, Hannover	Subsidiary	Germany	Reifencom GmbH, Bielefeld	-	100%	Note (d)
39	Reifencom Einkaufsgesellschaft, mbH & Co. OHG, Hannover	Subsidiary	Germany	Reifencom GmbH, Bielefeld and Reifencom GmbH, Hannover	-	100%	Note (d)
40	Reifencom Tyre (Qingdao) Co., Ltd.	Subsidiary	China	Reifencom GmbH, Bielefeld	100%	100%	Note (e)
41	Saturn F1 Pvt. Ltd.	Subsidiary	United Kingdom	Apollo Coop	100%	100%	
42	Retail Distribution Holding B.V.	Subsidiary	Netherlands	Apollo Coop	-	100%	Note (a)
43	Rubber Research LLC	Subsidiary	USA	Apollo Coop	100%	100%	
44	Pan Aridus LLC	Joint Venture	USA	ATHS	50.00%	50.00%	Note (f)
45	Pressurite (Pty) Limited	Associate	South Africa	ASHPL	28.00%	28.00%	Note (g)
46	KT Telematic Solutions Private Limited	Associate	India	Apollo Tyres Ltd.	25.00%	14.00%	Note (h)

**Notes:**

- (a) Liquidated during the year.
- (b) Incorporated during the previous year.
- (c) Merged with Apollo Vredestein GmbH during the year.
- (d) Reifencom GmbH, Hannover (RCH), a wholly owned step subsidiary was merged into its parent company, Reifencom GmbH, Bielefeld (RCB) w.e.f. August 16, 2018. Pursuant to the merger, the name of RCB was changed to Reifencom GmbH, Hannover. Also, Reifencom Einkaufsgesellschaft GmbH & Co. OHG, Hannover (equally owned by RCH and RCB) was merged with RCB.
- (e) Subsequent to the merger as per (d) above, Reifencom Tyre (Qingdao) Co., Ltd. became a wholly owned subsidiary of Reifencom GmbH, Bielefeld (now Reifencom GmbH, Hannover).
- (f) During the prior years, provision has been made for impairment of investment and loans (including interest accrued) in Pan Aridus LLC.
- (g) The investment in Pressurite (Pty) Ltd, an associate of ASHPL, has been fully impaired in the prior years and the Group discontinued recognizing further losses in accordance with Ind AS 28 *Investments in Associates and Joint Ventures*. The Group does not have any further obligations to satisfy with regard to this associate.  
Apollo (South Africa) Holdings (Pty) Ltd has executed a sale of shares agreement with Tacoma Foods (Pty) Ltd to sell its entire stake in Pressurite (Pty) Limited effective from May 31, 2019.
- (h) Became an associate of the Company w.e.f. February 21, 2018. During the year, the Company has invested ₹ 22.51 million in the said associate.

## 22 DISCLOSURE OF RELATED PARTY TRANSACTIONS IN ACCORDANCE WITH IND AS 24 RELATED PARTY DISCLOSURES

### i) Name of the related parties

Particulars	2018-19	2017-18
Companies in which directors are interested	Apollo International Limited	Apollo International Limited
	Apollo International Trading LLC, Middle East	Apollo International Trading LLC, Middle East
	Apollo International FZC	N.A.*
	Landmark Farms & Housing Pvt. Ltd.	Landmark Farms & Housing Pvt. Ltd.
	Sunlife Tradelinks (P) Ltd.	Sunlife Tradelinks (P) Ltd.
	Classic Auto Tubes Ltd.	Classic Auto Tubes Ltd.
	PTL Enterprises Ltd.	PTL Enterprises Ltd.
	Artemis Medicare Services Ltd.	Artemis Medicare Services Ltd.
	Shardul Amarchand Mangaldas & Co.	Shardul Amarchand Mangaldas & Co.
	Regent Properties	Regent Properties
	Milers Global Pvt. Ltd.	Milers Global Pvt. Ltd.
	Raymond Limited	Raymond Limited
	The Tata Power Company Limited	The Tata Power Company Limited
	One97 Communication Limited	One97 Communication Limited
	Associates	Pressurite (Pty) Ltd.
KT Telematic Solutions Private Limited		KT Telematic Solutions Private Limited
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
	Mr. Akshay Chudasama	Mr. Akshay Chudasama
	Mr. A.K. Purwar	Mr. A.K. Purwar
	Gen. Bikram Singh (Retd.)	Gen. Bikram Singh (Retd.)
	Mr. Francesco Gori	Mr. Francesco Gori
	N.A.	Mr. Paul Antony
	Mr. Nimesh N. Kampani	Mr. Nimesh N. Kampani
	Ms. Pallavi Shroff	Ms. Pallavi Shroff
	Mr. Robert Steinmetz	Mr. Robert Steinmetz
	Mr. Sunam Sarkar	Mr. Sunam Sarkar
	Dr. S. Narayan	Dr. S. Narayan
	Mr. Vikram S. Mehta	Mr. Vikram S. Mehta
	Mr. Vinod Rai	Mr. Vinod Rai
	Ms. Anjali Bansal	Ms. Anjali Bansal
Dr. M. Beena	Dr. M Beena	

Note: Related parties and their relationships are as identified by the management and relied upon by the auditors.

\* No transaction during the previous year.

### ii) Transactions and balances with related parties

#### a) Companies in which directors are interested

₹ Million

Particulars	FY 2018-19	FY 2017-18
Description of transactions:		
Sales: finished goods		
Apollo International Trading LLC, Middle East	39.53	-
Apollo International Limited	631.97	721.21
Apollo International FZC	24.63	-
	<b>696.13</b>	<b>721.21</b>
Sales: raw materials		
Classic Auto Tubes Ltd.	<b>1,200.93</b>	<b>62.04</b>
Cross charge of management & other expenses received:		
PTL Enterprises Ltd.	0.85	0.85
Classic Auto Tubes Ltd.	1.69	1.71
Artemis Medicare Services Ltd.	0.60	0.71
	<b>3.14</b>	<b>3.27</b>

₹ Million

Particulars	FY 2018-19	FY 2017-18
Rent received:		
PTL Enterprises Ltd.	0.37	0.37
Classic Auto Tubes Ltd.	1.06	1.06
	<b>1.43</b>	<b>1.43</b>
Reimbursement of expenses received:		
Classic Auto Tubes Ltd.	12.40	7.44
PTL Enterprises Ltd.	0.82	-
Apollo International Limited	-	0.60
	<b>13.22</b>	<b>8.04</b>
Purchase of raw material / bought out		
Classic Auto Tubes Ltd.	3,268.10	-
Raymond Limited	3.05	2.63
	<b>3,271.15</b>	<b>2.63</b>
Purchase of assets:		
Classic Auto Tubes Ltd.	775.53	872.57
Artemis Medicare Services Ltd.	43.78	23.44
	<b>819.31</b>	<b>896.01</b>
Legal and professional charges paid:		
Shardul Amarchand Mangaldas & Co.	8.81	12.84
Reimbursement of expenses paid:		
PTL Enterprises Ltd.	691.93	588.74
Classic Auto Tubes Ltd.	6.84	188.57
Milers Global Pvt. Ltd.	0.43	0.12
	<b>699.20</b>	<b>777.43</b>
Payment for services received:		
Artemis Medicare Services Ltd.	21.32	20.34
Classic Auto Tubes Ltd.	-	1.69
One97 Communication Limited	0.36	11.50
The Tata Power Company Limited	0.09	0.08
	<b>21.77</b>	<b>33.61</b>
Lease rent paid:		
PTL Enterprises Ltd.	<b>600.00</b>	<b>567.92</b>
Rent paid:		
Sunlife Tradelinks (P) Ltd.	27.62	27.01
Landmark Farms & Housing Pvt. Ltd.	19.80	24.20
Regent Properties	23.76	21.60
Classic Auto Tubes Ltd.	0.12	0.12
Milers Global Pvt. Ltd.	2.25	3.01
	<b>73.55</b>	<b>75.94</b>
Conversion charges paid:		
Classic Auto Tubes Ltd.	<b>273.18</b>	<b>1,097.45</b>
Mixing charges paid:		
Classic Auto Tubes Ltd.	<b>294.13</b>	<b>250.38</b>
Security deposits given:		
PTL Enterprises Ltd.	-	<b>100.00</b>
Refund of Security Deposits Given:		
Landmark Farms & Housing Pvt. Ltd.	6.00	-
Milers Global Pvt. Ltd.	0.75	-
	<b>6.75</b>	-



₹ Million

Particulars	FY 2018-19	FY 2017-18
Amount outstanding:		
Other non current financial assets*:		
PTL Enterprises Ltd.	600.00	600.00
Sunlife Tradelinks (P) Ltd.	5.86	5.86
Landmark Farms & Housing Pvt. Ltd.	-	6.00
Regent Properties	5.40	5.40
Milers Global Pvt. Ltd	-	0.75
	<b>611.26</b>	<b>618.01</b>
Other non current assets:		
Classic Auto Tubes Ltd.	956.30	73.89
Trade receivable:		
Classic Auto Tubes Ltd.	-	8.14
Apollo International Limited	-	44.17
	-	<b>52.31</b>
Other current assets:		
PTL Enterprises Ltd.	42.51	36.31
Apollo International Limited	0.67	0.67
Classic Auto Tubes Ltd.	97.24	1.46
Artemis Medicare Services Ltd.	0.71	0.71
	<b>141.13</b>	<b>39.15</b>
Trade payable:		
Classic Auto Tubes Ltd.	411.66	99.73
Landmark Farms & Housing Pvt. Ltd.	-	1.98
Milers Global Pvt. Ltd.	-	0.12
One97 Communication Limited	0.23	0.19
	<b>411.89</b>	<b>102.02</b>
Other current financial liabilities:		
Classic Auto Tubes Ltd.	349.39	69.66
Apollo International Limited	0.52	0.52
Apollo International Trading LLC	8.73	-
Apollo International FZC	35.36	-
	<b>394.00</b>	<b>70.18</b>

## b) Associates

₹ Million

Particulars	FY 2018-19	FY 2017-18
Investments made:		
KT Telematic Solutions Private Limited	22.51	22.50

## c) Key management personnel (KMP)

₹ Million

Particulars	FY 2018-19	FY 2017-18
Managerial remuneration:		
Mr. Onkar S. Kanwar	402.51	495.82
Mr. Neeraj Kanwar	352.23	446.40
	<b>754.74</b>	<b>942.22</b>
Sitting fees:		
Mr. Akshay Chudasama	1.50	1.70
Mr. A.K. Purwar	0.20	0.70
Ms. Anjali Bansal	0.80	0.50
Gen. Bikram Singh (Retd.)	0.80	0.90
Mr. Francesco Gori	0.60	0.60
Dr. M. Beena	0.10	0.10

₹ Million

Particulars	FY 2018-19	FY 2017-18
Mr. Nimesh N. Kampani	1.30	1.10
Ms. Pallavi Shroff	0.65	0.90
Mr. Paul Antony	-	0.30
Mr. Robert Steinmetz	0.90	1.00
Mr. Sunam Sarkar	1.00	2.00
Dr. S. Narayan	1.30	1.60
Mr. Vikram S. Mehta	0.55	0.60
Mr. Vinod Rai	0.55	0.70
	<b>10.25</b>	<b>12.70</b>
Commission:		
Mr. Akshay Chudasama	4.86	4.83
Mr. A.K. Purwar	1.64	4.83
Ms. Anjali Bansal	4.86	2.00
Gen. Bikram Singh (Retd.)	4.87	4.84
Mr. Francesco Gori	4.86	4.83
Mr. Nimesh N. Kampani	4.86	4.83
Ms. Pallavi Shroff	4.87	4.84
Mr. Paul Antony / Dr. M. Beena	-	4.83
Dr. M. Beena	4.86	-
Mr. Robert Steinmetz	4.86	4.83
Mr. Sunam Sarkar	4.87	4.84
Dr. S. Narayan	4.86	4.83
Mr. Vikram S. Mehta	4.86	4.83
Mr. Vinod Rai	4.87	4.84
	<b>60.00</b>	<b>60.00</b>

Certain KMPs also participate in post employment benefits plans provided by the Company. The amount in respect of these towards the KMPs can not be segregated as these are based on actuarial valuation for all employees of the Company.

\* This represents undiscounted value.

## 23 SEGMENTAL REPORTING

The Group's operations comprise 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)
- Europe
- Others

APMEA segment includes manufacturing and sales operation through India and include entities in UAE, Thailand, Malaysia and South Africa. Europe segment includes manufacturing and sales operation through the entities in Europe. Others segment includes sales operations in Americas and all other corporate entities.

The accounting principles used in the preparation of the consolidated financial statements are consistently applied in individual segment to prepare segment reporting.

Particulars	APMEA		Europe		Others		Eliminations		Total	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
<b>1. REVENUE</b>										
Total revenue	125,272.71	106,908.92	52,729.21	46,291.91	35,832.44	28,081.69	(38,345.93)	(30,305.08)	175,488.43	150,977.44
Inter segment revenue	(2,454.32)	(2,029.57)	(1,224.70)	(904.08)	(34,666.91)	(27,371.43)	38,345.93	30,305.08	-	-
<b>External revenue</b>	<b>122,818.39</b>	<b>104,879.35</b>	<b>51,504.51</b>	<b>45,387.83</b>	<b>1,165.53</b>	<b>710.26</b>	-	-	<b>175,488.43</b>	<b>150,977.44</b>
<b>2. RESULT</b>										
Segment result	11,447.75	9,863.84	289.01	1,208.39	1,066.63	953.72	(112.56)	(273.45)	12,690.83	11,752.50
Interest expense	(1,379.69)	(1,375.55)	(325.68)	(220.43)	(231.09)	(208.84)	125.76	175.62	(1,810.70)	(1,629.20)
Share of profit in associate / joint venture	1.16	0.01	-	-	-	-	-	-	1.16	0.01
Exceptional items	(2,000.00)	-	-	-	-	-	-	-	(2,000.00)	-
Income taxes	(2,119.75)	(2,458.43)	243.00	(306.63)	(199.44)	(116.66)	(6.70)	(2.77)	(2,082.89)	(2,884.49)
<b>Net profit after tax</b>	<b>5,949.47</b>	<b>6,029.87</b>	<b>206.33</b>	<b>681.33</b>	<b>636.10</b>	<b>628.22</b>	<b>6.50</b>	<b>(100.60)</b>	<b>6,798.40</b>	<b>7,238.82</b>
<b>3. OTHER INFORMATION</b>										
Depreciation and amortisation	4,475.99	3,656.34	3,444.09	2,128.41	206.63	140.79	-	-	8,126.71	5,925.54

Particulars	APMEA		Europe		Others		Eliminations		Total	
	As on March 31, 2019	As on March 31, 2018	As on March 31, 2019	As on March 31, 2018	As on March 31, 2019	As on March 31, 2018	As on March 31, 2019	As on March 31, 2018	As on March 31, 2019	As on March 31, 2018
Segment assets	113,644.70	110,667.46	84,768.14	87,930.71	10,049.46	10,443.97	(8,025.06)	(7,509.69)	200,437.24	201,532.45
Segment liabilities	58,987.49	59,477.94	43,784.50	45,099.09	5,140.41	6,590.87	(7,873.35)	(7,402.17)	100,039.05	103,765.73
Capital employed	54,657.21	51,189.52	40,983.64	42,831.62	4,909.05	3,853.10	(151.71)	(107.52)	100,398.19	97,766.72
Non-current assets*	77,565.26	65,022.86	59,021.19	60,988.67	1,710.78	1,628.55	-	-	138,297.23	127,640.08

\*Non-current assets consists of property, plant and 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, 2019 and March 31, 2018.

## 24 ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III TO THE ACT

Sl. No.	Name of the entity	Net assets as on March 31, 2019		Share in profit or loss for the year ended March 31, 2019		Share in other comprehensive income for the year ended March 31, 2019		Share in total comprehensive income for the year ended March 31, 2019	
		As a % of consolidated net assets	₹ Million	As a % of consolidated profit or (loss)	₹ Million	As a % of consolidated other comprehensive income	₹ Million	As a % of consolidated total comprehensive income	₹ Million
<b>Company</b>									
1	Apollo Tyres Limited	76.11	76,411.61	87.10	5,921.09	2.22	(46.68)	124.98	5,874.41
<b>Foreign subsidiaries</b>									
2	Apollo Tyres (Cyprus) Pvt. Ltd.	-	-	0.02	1.43	-	-	0.03	1.43
3	Apollo Tyres (Greenfield) B.V.	0.02	24.57	0.02	1.50	-	-	0.03	1.50
4	Apollo Tyres Cooperatief U.A. & Others (refer Note 1 below)	149.48	150,070.22	12.37	840.69	(2.54)	53.35	19.02	894.04
<b>Indian associate</b>									
5	KT Telematics Solutions Private Limited	-	-	0.02	1.16	-	-	0.02	1.16
<b>Foreign associate</b>									
6	Pressurite (Pty) Ltd	-	-	-	-	-	-	-	-
<b>Foreign joint venture</b>									
7	Pan Aridus LLC	-	-	-	-	-	-	-	-
8	Add/ (Less): Effect of adjustments / eliminations arising out of consolidation	(125.61)	(126,108.21)	0.47	32.53	100.32	(2,104.69)	(44.08)	(2,072.16)
<b>Total</b>		<b>100.00</b>	<b>100,398.19</b>	<b>100.00</b>	<b>6,798.40</b>	<b>100.00</b>	<b>(2,098.02)</b>	<b>100.00</b>	<b>4,700.38</b>

## Note 1 Apollo Tyres Cooperatief U.A. and Others:

₹ Million

S. No	Name of the entity	Net assets as on March 31, 2019	Share in profit or loss for the year ended March 31, 2019	Share in other comprehensive income for the year ended March 31, 2019	Share in total comprehensive income for the year ended March 31, 2019
1	Apollo Tyres Cooperatief U.A. (Apollo Coop)	53,278.89	20.28	-	20.28
2	Apollo (South Africa) Holdings (Pty) Ltd (ASHPL)	313.70	0.31	-	0.31
3	Apollo Tyres Africa (Pty) Ltd	123.66	(60.75)	-	(60.75)
4	Apollo Tyres (Thailand) Limited	277.08	9.90	-	9.90
5	Apollo Tyres (Middle East) FZE	160.17	38.89	-	38.89
6	Apollo Tyres Holdings (Singapore) Pte Ltd (ATHS)	2,205.73	792.30	-	792.30
7	ATL Singapore Pte Ltd.	312.31	(9.71)	-	(9.71)
8	Apollo Tyres (Malaysia) SDN BHD	54.56	(19.16)	-	(19.16)
9	Apollo Tyres (UK) Pvt. Ltd. (ATUK)	1,581.29	51.74	-	51.74
10	Apollo Tyres (London) Pvt. Ltd.	944.57	-	-	-
11	Apollo Tyres Global R&D B.V.	967.18	156.81	-	156.81
12	Apollo Tyres (Germany) GmbH	111.64	23.63	-	23.63
13	Apollo Tyres AG	183.52	81.06	-	81.06
14	Apollo Tyres Do (Brasil) Ltda	3.00	(3.10)	-	(3.10)
15	Apollo Tyres B.V. (ATBV)	40,139.43	(134.14)	-	(134.14)
16	Apollo Tyres (Hungary) Kft. (ATH Kft)	24,529.40	(413.21)	-	(413.21)
17	Apollo Vredestein B.V. (AVBV)	19,594.19	400.36	-	400.36
18	Apollo Vredestein GmbH (AV GmbH)	3,527.77	21.38	(14.65)	6.73
19	Vredestein Marketing B.V. & Co. KG	-	-	-	-
20	Apollo Vredestein Nordic A.B.	79.69	10.76	-	10.76
21	Apollo Vredestein UK Limited	182.67	32.82	-	32.82
22	Apollo Vredestein France SAS	267.62	20.29	-	20.29
23	Apollo Vredestein Belux	89.52	20.67	-	20.67
24	Apollo Vredestein Gesellschaft m.b.H.	(37.40)	30.60	-	30.60
25	Apollo Vredestein Schweiz AG	283.39	20.02	-	20.02
26	Apollo Vredestein Italia Srl	-	11.01	-	11.01
27	Apollo Vredestein Iberica SA	392.50	15.72	-	15.72
28	Apollo Vredestein Tires Inc.	(222.30)	(278.20)	-	(278.20)
29	Apollo Vredestein Kft (AV Kft)	14.06	4.99	-	4.99
30	S.C. Vredesetin R.O. Srl	-	-	-	-
31	Apollo Vredestein Opony Polska Sp. Zo.o.	146.27	8.20	-	8.20
32	Vredestein Consulting B.V.	281.18	5.49	-	5.49
33	Finlo B.V.	(17.46)	-	-	-
34	Vredestein Marketing B.V.	1.94	-	-	-
35	Reifencom GmbH, Bielefeld (now Reifencom GmbH, Hannover)	211.56	4.95	68.00	72.95
36	Reifencom GmbH, Hannover	-	-	-	-
37	Reifencom Einkaufsgesellschaft, mbH & Co. OHG, Hannover	-	-	-	-
38	Reifencom Tyre (Qingdao) Co., Ltd.	(1.22)	(1.26)	-	(1.26)
39	Saturn F1 Pvt. Ltd.	90.11	(21.96)	-	(21.96)
40	Retail Distribution Holding B.V.	-	-	-	-
41	Rubber Research LLC	-	-	-	-
<b>Total</b>		<b>150,070.22</b>	<b>840.69</b>	<b>53.35</b>	<b>894.04</b>



- 25** Revenue for the period ended March 31, 2018 is net of Goods and Service Tax (GST) which is applicable from July 1, 2017, however, revenue for the period upto June 30, 2017 is net of VAT but gross of excise duty. Accordingly, revenue for the year ended March 31, 2019 is not comparable with the previous year presented in these financial statements. Similarly, cost of goods sold and expenses are also not comparable.
- 26** The Company conducts international transactions with associated enterprises. For the current year, the management maintained necessary documents as prescribed by the Income tax Act, 1961 to establish that these international transactions are at arm's length and the aforesaid legislation will not have any impact on the consolidated financial statements, particularly on the amount of tax expense and that of provision for taxation.

## 27 EVENTS AFTER THE BALANCE SHEET DATE

- a) The Board of Directors have recommended a final dividend of ₹ **3.25** (₹ 3.00) per share amounting to ₹ **1,859.16 Million** (₹ 1,716.15 Million) on Equity Shares of ₹. 1/- each for the year, subject to approval from Shareholders. Dividend distribution tax on such dividend amounts to ₹ **382.16 Million** (₹ 352.77 Million).
- b) Apollo (South Africa) Holdings (Pty) Ltd has executed a sale of shares agreement with Tacoma Foods (Pty) Ltd to sell its entire stake in Pressurite (Pty) Limited.

## 28 INFORMATION ON DETAILS OF LOANS, GUARANTEES AND INVESTMENTS UNDER SECTION 186 OF THE ACT READ WITH COMPANIES (MEETINGS OF BOARD AND ITS POWERS) RULES, 2014

- i) Details of investments made are given in note B2, B3 and B7.\*
- ii) There are no loans given by the Company (other than to wholly-owned subsidiary) in accordance with Section 186 of the Act read with rules issued thereunder.
- iii) There are no guarantees issued by the Company in accordance with Section 186 of the Act read with rules issued thereunder.

\* All transactions are in the ordinary course of business

## 29 RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES

Effective April 1, 2017, the Group adopted the amendment to Ind AS-7, which require 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 consolidated balance sheet for liabilities arising from financing activities, to meet the disclosure requirements. The adoption of the amendment did not have any material impact on the consolidated financial statements and accordingly, the reconciliation is not disclosed.

- 30** Effective April 1, 2018, the Group has adopted Ind AS 115 "*Revenue from Contracts with Customers*" using the cumulative effect. The application of Ind AS 115 did not have any significant impact on recognition and measurement of revenue from customers in the consolidated financial statements of the Group.

The Group's revenue disaggregated by geographical markets has been disclosed in note C23.

The Group has applied the practical expedient and has not disclosed the transaction price allocated to the remaining performance obligations in relation to the open contracts as the Group does not have any open contract for which the expected duration is more than one year as at the reporting period.

- 31** The Company holds unsecured, short-term intercorporate deposit of ₹ 2,000 million with IL&FS Financial Services Ltd ("IL&FS"). The said deposit was due for maturity on October 22, 2018, however, IL&FS has defaulted on its repayment. The interest accrued and due on this investment of ₹ 80.33 Million till October 22, 2018 has not been recorded. As a result of increased credit risk in relation to outstanding balances from IL&FS and the uncertainty prevailing due to the proceedings pending with the NCLT, the entire amount of ₹ 2,000 million has been written off and disclosed as an exceptional item in the financial statements.

**32 EARNINGS PER SHARE (EPS) – THE NUMERATOR AND DENOMINATOR USED TO CALCULATE BASIC AND DILUTED EARNINGS PER SHARE:**

Particulars	2018-19	2017-18
<b>Basic and diluted earnings per share</b>		
Profit attributable to the equity shareholders used as numerator (₹ Million) - (A)	6,798.40	7,238.82
The weighted average number of equity shares outstanding during the year used as denominator - (B)	572,049,980	538,896,993
Basic / Diluted earnings per share (₹) – (A) / (B) (Face value of ₹ 1 each)	11.88	13.43

For and on behalf of the Board of Directors

**ONKAR S. KANWAR**  
Chairman & Managing Director  
DIN 00058921

**NEERAJ KANWAR**  
Vice Chairman & Managing Director  
DIN 00058951

**Dr. S. NARAYAN**  
Director  
DIN 00094081

**GAURAV KUMAR**  
Chief Financial Officer

**SEEMA THAPAR**  
Company Secretary  
Membership No- FCS 6690

Gurgaon  
May 9, 2019

**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**

Sl. No.	Name of the Subsidiary	Date on which subsidiary was acquired / incorporated	Reporting currency	Exchange rate as on 31.03.2019	As on March 31, 2019									
					Share capital	Reserves & surplus	Total assets	Total liabilities	Investment (other than in subsidiary)	Turnover (including other income)	Profit before tax	Tax expense	Profit after tax	
1	Apollo Tyres (Cyprus) Pvt. Ltd.	August 14, 2009	EURO	77.61	-	-	-	-	-	-	2.22	1.72	0.29	1.43
2	Apollo Tyres (Greenfield) B.V.	June 4, 2014	EURO	77.61	2.79	21.78	30.86	6.29	-	-	7.81	1.10	(0.40)	1.50
3	Apollo Tyres Cooperatief U.A. (Apollo Coop)	May 1, 2009	EURO	77.61	22,074.67	31,204.22	56,579.21	3,300.32	-	-	114.08	(15.98)	(36.26)	20.28
4	Apollo (South Africa) Holdings (Pty) Ltd (ASHPL)	September 29, 2006	ZAR	4.79	-	313.70	314.30	0.60	-	-	0.72	0.65	0.34	0.31
5	Apollo Tyres Africa (Pty) Ltd	July 29, 2013	ZAR	4.79	1,917.97	(1,794.31)	637.95	514.29	-	-	1,369.36	(60.75)	-	(60.75)
6	Apollo Tyres (Thailand) Limited	January 22, 2013	THB	2.18	218.05	59.03	879.16	602.08	-	-	2,610.94	10.97	1.07	9.90
7	Apollo Tyres (Middle East) FZE	January 2, 2011	AED	18.57	37.15	123.02	551.83	391.66	-	-	2,393.00	38.89	-	38.89
8	Apollo Tyres Holdings (Singapore) Pte Ltd (ATHS)	September 8, 2010	USD	68.22	894.39	1,311.34	7,417.37	5,211.64	-	-	34,876.66	880.56	88.26	792.30
9	ATL Singapore Pte Ltd.	May 11, 2017	USD	68.22	341.10	(28.79)	313.70	1.39	-	-	7.60	(9.71)	-	(9.71)
10	Apollo Tyres (Malaysia) SDN BHD	March 15, 2016	MYR	16.74	108.58	(54.02)	172.39	117.83	-	-	579.53	(25.88)	(6.72)	(19.16)
11	Apollo Tyres (UK) Pvt. Ltd. (ATUUK)	March 16, 2012	GBP	90.18	1.62	1,579.67	1,811.06	229.77	-	-	1,528.13	77.35	25.61	51.74
12	Apollo Tyres (London) Pvt. Ltd.	December 12, 2014	GBP	90.18	0.09	944.48	952.05	7.48	-	-	-	-	-	-
13	Apollo Tyres Global R&D B.V.	January 2, 2013	EURO	77.61	0.01	967.17	1,866.05	898.87	-	-	3,173.20	261.53	104.72	156.81
14	Apollo Tyres (Germany) GmbH	November 11, 2015	EURO	77.61	1.94	109.70	155.14	43.50	-	-	376.40	33.75	10.12	23.63
15	Apollo Tyres AG	July 4, 2007	CHF	68.36	256.25	(72.73)	192.78	9.26	-	-	249.13	81.12	0.06	81.06
16	Apollo Tyres Do (Brasil) Ltda	September 15, 2011	BRL	17.63	13.92	(10.92)	24.81	21.81	-	-	-	(3.09)	0.01	(3.10)
17	Apollo Tyres B.V. (ATBV)	March 2, 2012	EURO	77.61	1.40	40,138.03	49,140.38	9,000.95	-	-	113.47	(214.21)	(80.07)	(134.14)
18	Apollo Tyres (Hungary) Kft. (ATH Kft)	June 4, 2014	HUF	0.24	27.10	24,502.30	41,308.55	16,779.15	-	-	8,394.88	(413.21)	-	(413.21)
19	Apollo Vredestein B.V. (AVBV)	May 15, 2009	EURO	77.61	3.34	19,590.85	32,438.58	12,844.39	-	-	36,903.06	(155.19)	(555.55)	400.36
20	Apollo Vredestein GmbH (AV GmbH)	May 15, 2009	EURO	77.61	39.74	3,488.03	5,045.94	1,518.17	-	-	10,091.55	(296.00)	(317.38)	21.38
21	Vredestein Marketing B.V. & Co. KG	May 15, 2009	EURO	77.61	-	-	-	-	-	-	-	-	-	-
22	Apollo Vredestein Nordic A.B.	May 15, 2009	SEK	7.37	7.00	72.69	503.11	423.42	-	-	972.92	14.28	3.52	10.76

₹ Million

Sl. No.	Name of the Subsidiary	Date on which subsidiary was acquired / incorporated	Reporting currency	Exchange rate as on 31.03.2019	As on March 31, 2019					Year ended March 31, 2019				
					Share capital	Reserves & surplus	Total assets	Total liabilities	Investment (other than in subsidiary)	Turnover (including other income)	Profit before tax	Tax expense	Profit after tax	
23	Apollo Vredestein UK Limited	May 15, 2009	GBP	90.18	90.27	92.40	719.25	536.58	-	2,461.87	42.43	9.61	32.82	
24	Apollo Vredestein France SAS	May 15, 2009	EURO	77.61	3.25	264.37	937.36	669.74	-	2,189.03	29.79	9.50	20.29	
25	Apollo Vredestein Belux	May 15, 2009	EURO	77.61	4.81	84.71	481.75	392.23	-	2,103.74	35.27	14.60	20.67	
26	Apollo Vredestein Gesellschaft m.b.H.	May 15, 2009	EURO	77.61	2.82	(40.22)	936.63	974.03	-	2,452.03	32.46	1.86	30.60	
27	Apollo Vredestein Schweiz AG	May 15, 2009	CHF	68.36	153.81	129.58	330.08	46.69	-	1,026.98	23.66	3.64	20.02	
28	Apollo Vredestein Italia Srl	May 15, 2009	EURO	77.61	-	-	-	-	-	13.75	11.01	-	11.01	
29	Apollo Vredestein Iberica SA	May 15, 2009	EURO	77.61	240.69	151.81	576.29	183.79	-	1,501.45	31.31	15.59	15.72	
30	Apollo Vredestein Tires Inc.	May 15, 2009	USD	68.22	426.38	(648.68)	206.56	428.86	-	1,167.01	(278.11)	0.09	(278.20)	
31	Apollo Vredestein Kft (AV Kft)	May 15, 2009	HUF	0.24	0.73	13.33	372.63	358.57	-	845.95	6.52	1.53	4.99	
32	S.C. Vredesetin R.O. Srl	August 18, 2010	EURO	77.61	-	-	-	-	-	-	-	-	-	
33	Apollo Vredestein Opony Polska Sp. Zo.o.	May 15, 2009	PLN	18.03	0.90	145.37	632.05	485.78	-	940.32	13.15	4.95	8.20	
34	Vredestein Consulting B.V.	May 15, 2009	EURO	77.61	1.76	279.42	295.84	14.66	-	11.34	5.49	-	5.49	
35	Finlo B.V.	May 15, 2009	EURO	77.61	0.70	(18.16)	-	17.46	-	-	-	-	-	
36	Vredestein Marketing B.V.	May 15, 2009	EURO	77.61	1.94	-	1.94	-	-	-	-	-	-	
37	Reifencom GmbH, Bielefeld (now Reifencom GmbH, Hannover)	January 1, 2016	EURO	77.61	58.21	153.35	3,469.39	3,257.83	-	13,126.88	22.50	17.55	4.95	
38	Reifencom GmbH, Hannover	January 1, 2016	EURO	77.61	-	-	-	-	-	-	-	-	-	
39	Reifencom Einkaufsgesellschaft, mbH & Co. OHG, Hannover	January 1, 2016	EURO	77.61	-	-	-	-	-	-	-	-	-	
40	Reifencom Tyre (Qingdao) Co., Ltd.	January 1, 2016	CNY	10.31	5.08	(6.30)	0.12	1.34	-	1.77	(1.26)	-	(1.26)	
41	Saturn F1 Pvt. Ltd.	September 16, 2016	GBP	90.18	183.75	(93.64)	96.67	6.56	-	61.33	(24.50)	(2.54)	(21.96)	
42	Retail Distribution Holding B.V.	February 14, 2017	EURO	77.61	-	-	-	-	-	-	-	-	-	
43	Rubber Research LLC	February 16, 2017	USD	68.22	-	-	-	-	-	-	-	-	-	

Note 1 Name of subsidiaries which are yet to commence operations/non-operating:

- S.C. Vredesetin R.O. Srl

- Finlo B.V.

- Vredestein Marketing B.V.

- Rubber Research LLC

Note 2 For details of shareholding and name of subsidiaries which have been liquidated/sold/merged during the year, refer note C21

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, 2019.

## Part B: Joint Venture & Associates

1	Name of the Associate	KT Telematic Solutions Private Limited
2	Latest Balance Sheet date	March 31, 2019
3	Shares of associate entity held by the Company at the year end	
	No.	3,334
	Extent of Holding %	25%
	Amount of Investment in associate entity (₹ Million)	45.01
4	Description of how there is significant influence	Refer note 1 below
5	Reason why the associate is not consolidated	Not applicable
6	Net worth attributable to Shareholding as per latest Balance Sheet (₹ Million)	13.36
7	Profit / (Loss) for the year	
	i. Considered in Consolidation (₹ Million)	1.16
	ii. Not Considered in Consolidation (₹ Million)	6.34

**Note 1** By virtue of significant influence in certain business decisions under an agreement, KT Telematic Solutions Private Limited had become an associate of the Company w.e.f. February 21, 2018.

**Note 2** The management has provided an impairment loss of ₹ 185.99 Million during the prior years to fully impair its investment and loans (including interest accrued) in the joint venture (Pan Aridus LLC) and the group discontinued recognizing further losses in accordance with Ind AS 28 *Investments in Associates and Joint Ventures*. Further, the group does not have any further obligations to satisfy with regard to this joint venture.

**Note 3** The investment in Pressurite (Pty) Ltd, an associate of ASHPL, has been fully impaired in the prior years and the group discontinued recognizing further losses in accordance with Ind AS 28 *Investments in Associates and Joint Ventures*. Further, the group does not have any further obligations to satisfy with regard to this associate.

**Note 4** Name of associates or joint ventures which are yet to commence operations  
None

**Note 5** 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  
DIN 00058921

**NEERAJ KANWAR**  
Vice Chairman & Managing Director  
DIN 00058951

**Dr. S. NARAYAN**  
Director  
DIN 00094081

Gurgaon  
May 9, 2019

**GAURAV KUMAR**  
Chief Financial Officer

**SEEMA THAPAR**  
Company Secretary  
Membership No- FCS 6690













## Apollo Tyres Ltd.

### Corporate Office

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### Registered Office

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## 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, 2019

Name	Designation	Qualification	D.O.J.	Age	Exp.	Remuneration (₹ Million)	Previous Employment	Last Designation	
<b>Employed throughout the year</b>									
1	Mr. Aneet Chaku	Head - Customer Service (APMEA)	Executive Program in Mgmt, BBH (HM)	September 8, 2015	49	28	11.20	Vodafone India Ltd.	AVP-Quality
2	Mr. Anil Chopra	Group Head - Corporate Accounts	B.Com, A.C.A.	August 18, 1992	64	38	20.00	Altos India Ltd.	Manager - Finance
3	Mr. Davendra Mittal	Head - Corporate Finance	MBA, B.E.	March 21, 2013	50	25	10.73	Lanco Infratech Ltd.	Sr. Vice President - Projects Finance
4	Mr. Gaurav Kumar	Chief Financial Officer	B.Tech., M.B.A.	March 1, 2004	49	26	36.96	HCL Technologies Ltd.	AVP - Mergers & Acquisitions
5	Mr. Harish Bahadur	Head - Corporate Investments	B.Com (H)	February 2, 1975	66	44	25.60	-	-
6	Ms. Harshita Pande	Group Head - HR (APMEA)	M.Sc. (Sustainability), Dip. In CSR	March 18, 2002	52	26	10.24	Discovery Communications India	Associate Director
7	Ms. Lisa Britt Zinn	Group Head-Global Business Services & IT	PG Diploma in Management	January 1, 2018	38	19	10.47	Apollo Tyres Global R&D B.V.	Head - Corporate Business & IT
8	Mr. Masatoshi Kawaguchi	Head - R&D (Process Technology)	B.E.	January 22, 2018	66	42	12.02	Bridgestone Corporation	Vice President, Technical Director
9	Mr. Neeraj Kanwar	Vice Chairman & Managing Director	B.Sc, ACMS	February 24, 1997	47	24	352.23	Apollo Finance Ltd.	Joint President
10	Mr. Onkar S. Kanwar	Chairman & Managing Director	B.Sc, Bach. of Admn.	February 1, 1988	76	58	402.51	BST Manufacturing Ltd.	Managing Director
11	Mr. Pius Bansal	Unit Head - Limda Plant	B.E.(Mech.), PGDBM	August 20, 2013	53	33	14.47	Moser Bear India	Vice President
12	Mr. Pravin Tripathi	Group Head - Purchase	MBA, ICWA	October 15, 1990	49	29	10.70	-	-
13	Mr. P. K. Mohamed	Chief Advisor - Research & Development	B.Sc, LPRI	February 19, 2001	78	55	29.02	Ceat Ltd.	Executive Director - Technical
14	Mr. Rajesh Dahiya	Group Head - Sales (India, SAARC & OCEANIA)	B.Com, M.B.A.	August 20, 1990	52	30	21.53	Indian Express	Business Executive
15	Mr. Rohit Arora	Group Head - Accounts (APMEA)	A.C.A.	September 19, 2000	47	25	12.47	ACC Ltd.	Asst. Manager - Accounts
16	Mr. Satish Sharma	President - APMEA and Whole-time Director	B.E., PGDBM	October 15, 1997	51	30	51.62	Jk Industries Ltd.	Manager
<b>Employed part of the year</b>									
1	Mr. John Devadason	Unit Head - Chennai Plant	MS, B.E.	November 8, 2010	55	34	7.40	TVS Sundram Fasteners Ltd.	General Manager - KPM
2	Mr. K. Prabhakar	Chief - Projects	B.Tech., PGD Ind. Engg. ICWA	March 1, 2019	64	38	3.59	Apollo Tyres (Hungary) Kft.	Managing Director
3	Ms. Leenaja EM Janardanan Nambiar	Head - Controlling (Manufacturing & Projects)	CIMA	October 1, 2018	48	23	5.59	Apollo Tyres Global R&D B.V.	Head - Manufacturing Controlling
4	Mr. Ravi Kumar Shingari	Group Head - Corporate Taxation & Accounts	A.C.A., B.Com (H)	September 28, 2018	40	19	6.08	KPMG	National Head-India Japan Corridor

**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.

For and on behalf of the Board of Directors

Place : Gurgaon  
Date : May 9, 2019

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

**APOLLO TYRES LTD**  
(CIN-L25111KL1972PLC002449)

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



**46<sup>th</sup> ANNUAL GENERAL MEETING-JULY 31, 2019**

**ATTENDANCE SLIP**

Folio/DP ID Client ID No.*	No. of Shares held
Name of 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 46<sup>th</sup> Annual General Meeting of the Company at **Kerala Fine Arts Theatre, Fine Arts Avenue, Foreshore Road, Ernakulam, Kochi (Kerala)** on Wednesday, July 31, 2019 at 10:00 AM.

Name of the Member/Proxy #	Signature of the Member/Proxy #

# Strikeout whichever is not applicable

- Please hand over the attendance slip at the entrance of the meeting venue.
- This attendance is valid only in case shares are held on the date of meeting.
- 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 46<sup>th</sup> Annual General Meeting of the Company before casting your vote through e-voting.

**APOLLO TYRES LTD**  
(CIN-L25111KL1972PLC002449)

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Tel: +91 484 4012046 Fax: +91 484 4012048, Email: investors@apolloytyres.com  
Web: apolloytyres.com



**PROXY FORM**

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

**46<sup>th</sup> ANNUAL GENERAL MEETING-JULY 31, 2019**

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) holding.....shares of Apollo Tyres Ltd, hereby appoint:

- Name: ..... Address: .....  
E-mail ID: ..... Signature:.....or failing him/her
- Name: ..... Address: .....  
E-mail ID: ..... Signature:.....or failing him/her
- 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 46<sup>th</sup> Annual General Meeting of the Company, to be held on Wednesday, July 31, 2019 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:

S. No.	Resolutions
1	To consider and adopt: (a) the audited financial statement of the Company for the financial year ended March 31, 2019, 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, 2019 and report of Auditors thereon.
2	To declare dividend of ₹3.25 per equity share, for the financial year ended March 31, 2019.
3	To appoint Mr. Robert Steinmetz (DIN: 00178792) who retires by rotation, and being eligible, offers himself for re-appointment
4	To appoint a Director in place of Mr. Francesco Gori (DIN: 07413105) who retires by rotation, and being eligible, offers himself for re-appointment.
5	To ratify the payment of the remuneration to the Cost Auditor for the financial year 2019-20.
6	To appoint Mr. Satish Sharma (DIN: 07527148) as Whole-time Director.
7	To re-appoint Mr. Akshay Chudasama (DIN: 00010630) as an Independent Director.
8	To re-appoint Mr. Vikram S. Mehta (DIN: 00041197) as an Independent Director.
9	To authorise Private Placement of Non- Convertible Debentures.

Signed this..... day of ..... 2019

Signature of the Member .....

Signature of the Proxy holder(s) .....

Affix Revenue Stamp of not less than ₹1/-

**Notes:**

- 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.
- 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.
- 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.
- 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.