

## Apollo Tyres Ltd

Regd. Office: 6th Floor, Cherupushpam Building, Shanmugham Road, Kochi-682 031 (Kerala)  
(CIN-L25111KL1972PLC002449) Tel: +91 4842372767 Fax: +91 4842370351, Web: apollotyres.com

### NOTICE

NOTICE is hereby given that the 41st Annual General Meeting of the members of APOLLO TYRES LTD will be held as under: -

**DAY** : Wednesday  
**DATE** : August 6, 2014  
**TIME** : 10:00 am  
**PLACE** : Kerala Fine Arts Theatre,  
Fine Arts Avenue,  
Foreshore Road, Ernakulam,  
Kochi (Kerala), India

to transact the following businesses:-

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statement of the Company for the financial year ended March 31, 2014 and reports of the Board of Directors and of the Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr P H Kurian (DIN – 00027596), who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration by passing the following resolution as an Ordinary Resolution with or without modification(s):-

"RESOLVED THAT pursuant to the provisions of section 139 of the Companies Act, 2013 and the Rules made thereunder, M/s Deloitte Haskins & Sells, Chartered Accountants (Registration No.008072S), the retiring auditors, be and are hereby re-appointed as auditors of the Company to hold office for a period of 3 (three) years for auditing the accounts of the Company from the financial years 2014-15 to 2016-17 (subject to ratification of the appointment by the members at every annual general meeting to be held during the period) and the Board of Directors/Committee of the Board be and is hereby authorised to fix their remuneration plus travelling and other out of pocket expenses incurred by them in connection with statutory audit and/or continuous audit and also such other remuneration, as may be decided to be paid by the Board/Committee of the Board, for performing duties permissible under the Companies Act, 2013 other than those referred to herein above."

#### SPECIAL BUSINESS:

5. To pay the remuneration to the Cost Auditor for the financial year 2014-15 and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions of section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the cost auditor, M/s N P Gopalakrishnan & Co., Cost Accountants appointed by the Board of Directors of the Company for carrying out Cost Audit of the Company's plants at Perambra, Vadodara and Chennai as well as Company's leased operated plant at Kalamassery for the financial year 2014-15 be paid out a remuneration of ₹ 2.00 lac plus reimbursement of out of pocket expenses.

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

6. To appoint Mr A K Purwar (DIN 00026383), as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

"RESOLVED that pursuant to the provisions of sections 149, 150, 152 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 IV to the Companies Act, 2013, Mr A K Purwar (holding DIN 00026383), Non Executive Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to August 5, 2019."

7. To appoint Mr K Jacob Thomas (DIN 00015603), as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

"RESOLVED that pursuant to the provisions of sections 149, 150, 152 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 IV to the Companies Act, 2013, Mr K Jacob Thomas (holding DIN 00015603), Non Executive Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to August 5, 2019."
8. To appoint Mr Nimesh N Kampani (DIN 00009071), as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

"RESOLVED that pursuant to the provisions of sections 149, 150, 152 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 IV to the Companies Act, 2013, Mr Nimesh N Kampani (holding DIN 00009071), Non Executive director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to August 5, 2019."
9. To appoint Mr Robert Steinmetz (DIN 00178792), as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

"RESOLVED that pursuant to the provisions of sections 149, 150, 152 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 IV to the Companies Act, 2013, Mr Robert Steinmetz (holding DIN 00178792), Non Executive Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to August 5, 2019."
10. To appoint Dr S Narayan (DIN 00094081), as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

"RESOLVED that pursuant to the provisions of sections 149, 150, 152 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 IV to the Companies Act, 2013, Dr S Narayan (holding DIN 00094081), Non Executive Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to August 5, 2019."
11. To appoint Mr Vikram S Mehta (DIN 00041197), as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

"RESOLVED that pursuant to the provisions of sections 149, 150, 152 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 IV to the Companies Act, 2013, Mr Vikram S Mehta (holding DIN 00041197), Non Executive Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to August 5, 2019."
12. To appoint Mr Akshay Chudasama (DIN 00010630), as an Independent Director and in this regard to consider and if thought fit ,to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

"RESOLVED that pursuant to the provisions of sections 149, 150, 152 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 IV to the Companies Act, 2013, Mr Akshay Chudasama (holding DIN 00010630), who was appointed as an Additional Director of the Company by the Board of Directors with effect from November 11, 2013, in terms of section 161(1) of the Companies Act, 2013 whose term of office expires at the ensuing annual general meeting and in respect of whom the Company has received a notice in writing under section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to August 5, 2019."
13. To appoint Ms Pallavi Shroff (DIN 00013580), as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

"RESOLVED that pursuant to the provisions of sections 149, 150, 152 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 IV to the Companies Act, 2013, Ms Pallavi Shroff (holding DIN 00013580), who was appointed as an Additional Director of the Company by the Board of Directors with effect from May 15, 2014, in terms of section 161(1) of the Companies Act, 2013 whose term of office expires at the ensuing annual general meeting and in respect of whom the Company has received a notice in writing under section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to May 14, 2019."
14. To authorise raising of funds through issue of Securities and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:-

"RESOLVED THAT in accordance with the provisions of section 23, 42 and 62(1)(c), as may be applicable, and other applicable provisions, if any, of the Companies Act, 2013 and the rules framed there under ("Act") (including any amendment thereto or re-enactment thereof), and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the Listing Agreement entered into with the stock exchanges where the Equity Shares of the Company are listed ("Stock Exchanges"), Chapter VIII of the

Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009 ("ICDR Regulations"), the Foreign Exchange Management Act, 1999 ("FEMA"), Foreign Exchange Management (Transfer or issue of security by a person resident outside India) Regulations, 2000 and the regulations/guidelines, if any, prescribed by the Securities and Exchange Board of India, Reserve Bank of India, the Stock Exchanges, the Government of India or any other relevant authority from time to time ("Governmental Authorities"), to the extent applicable, and subject to such approvals, consents, permissions and sanctions as may be required from such Governmental Authorities, and subject to such conditions as may be prescribed by such Governmental Authorities while granting such approvals, consents, permissions and sanctions, which the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee(s) constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) is hereby authorised to accept, the Board be and is hereby authorised on behalf of the Company to create, issue, offer and allot, (including the provisions for reservation on firm and/or competitive basis, of such part of issue and for such categories of persons as may be permitted), in the course of one or more public or private offerings with or without a green shoe option, Equity Shares (including Qualified Institutions Placement ("QIP") under ICDR Regulations) and/or Equity Shares through convertible bonds and/or other securities convertible into Equity Shares at the option of the Company and/or the holder(s) of such securities, and/or securities linked to Equity Shares and/or securities including non-convertible debentures with warrants or other securities with or without warrants, which may either be detachable or linked, and which warrant has a right exercisable by the warrant holder to subscribe for the Equity Shares and/or warrants with an option exercisable by the warrant-holder to subscribe for Equity Shares and/or any instruments or securities representing either Equity Shares and/or convertible securities linked to Equity Shares (including the issue and allotment of Equity Shares pursuant to a Green Shoe Option, if any), (all of which are hereinafter collectively referred to as "Securities") to eligible investors under applicable laws, regulations and guidelines (whether residents and/or non-residents and/or institutions/banks and/or incorporated bodies, mutual funds, venture capital funds and Indian and/or multi-lateral financial institutions and/or individuals and/or trustees and/or stabilising agents or otherwise, and whether or not such investors are members of the Company), through prospectus and/or letter of offer or circular and/or on public and/or private/preferential placement basis, such issue and allotment to be made at such time/times, in one or more tranches, for cash, at such price or prices, in such manner and where necessary, in consultation with the Merchant Bankers and/or other Advisors or otherwise, on such terms and conditions as the Board, may, in its absolute discretion, decide at the time of issue of Securities provided that the total amount raised through the issuance of such Securities shall not exceed USD 200 million or its equivalent in one or more currencies, including premium if any as may be decided by the Board, to investors as mentioned above. However, the pricing of the Securities that may be issued to qualified institutional buyers pursuant to a QIP shall be freely determined subject to such price not being less than the price calculated in accordance with Chapter VIII of the ICDR Regulations. The Company may, in accordance with applicable law, offer a discount of not more than 5% or such percentage as permitted under applicable law on the price determined pursuant to the ICDR Regulations.

RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid issue of the Securities may have all or any terms or conditions or combination of terms in accordance with applicable regulations, prevalent market practices etc.

RESOLVED FURTHER THAT in the event the equity shares are issued pursuant to a QIP, the relevant date for the purpose of pricing of the equity shares shall be the date on which the Board of the Company (including a Committee of the Board) decides to open the proposed issue, and in the event that convertible securities (as defined under the ICDR Regulations) are issued pursuant to a QIP, the relevant date for the purpose of pricing of such securities, shall be the date on which the Board of the Company (including a Committee of the Board) decides to open the proposed issue of such convertible securities.

RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot such number of Securities as may be required to be issued and allotted, including issue and allotment of Equity Shares upon conversion of any Securities referred to above or as may be necessary in accordance with the terms of the offer, subject to the provisions of the Memorandum and Articles of Association of the Company all such Equity Shares ranking pari passu inter se and with the then existing Equity Shares of the Company in all respects, including dividend, which shall be subject to relevant provisions in that behalf contained in the Articles of Association of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to any offer, issue or allotment of Equity Shares or Securities or instruments representing the same, as described above, the Board, where required in consultation with the Merchant Bankers and/or other Advisors, be and is hereby authorised on behalf of the Company, to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, including but not limited to the selection of QIBs to whom the Securities are to be offered, issued and allotted, and matters related thereto, and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such issue(s) or allotment(s) as it may, in its absolute discretion, deem fit.

RESOLVED FURTHER THAT the Board be and is hereby authorised to appoint lead managers, underwriters, guarantors, depositories, custodians, registrars, trustees, bankers, lawyers, advisors and all such agencies as may be involved or concerned in such offerings of Securities and to remunerate them by way of commission, brokerage, fees or the like and also to enter into and execute all such arrangements, agreements, memorandum, documents, etc., with such agencies and also to seek the listing of such Securities on stock exchange(s) and the Equity Shares to be issued on conversion of the Securities as set forth in the aforesaid resolution, if any, on any stock exchange(s), authorising any director(s) or any officer(s) of the Company to sign for and on behalf of the Company, the offer document(s), agreement(s), arrangement(s), application(s), authority letter(s), or any other related paper(s) / document(s) and give any undertaking(s), affidavit(s), certificate(s), declaration(s) as the Board may in its absolute discretion deem fit including the authority to amend or modify the aforesaid document(s).

RESOLVED FURTHER THAT the Board be and is hereby authorized to form a committee or delegate all or any of its power to any committee of directors to give effect to the aforesaid resolutions and is authorized to take such steps and to do all such acts, deeds, matters and things and accept any alterations or modification(s) as they may deem fit and proper and give such directions as may be necessary to settle any question or difficulty that may arise in regard to issue and allotment of Equity Shares."

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

"RESOLVED THAT in accordance with the provisions of section 42 and 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) and any other applicable laws including the SEBI (Issue & Listing of Debt Securities) (Amendment) Notification, 2012 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 ₹ 500 crore through Private Placement of Unsecured/Secured Non-Convertible Debentures during the 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 holders 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) including Non-resident Indians, Foreign Institutional Investors (FIIs), Venture Capital Funds, Foreign Venture Capital Investors, State Industrial Development Corporations, Insurance Companies, Development Financial Institutions, Bodies Corporate, Companies, private or public or other entities, authorities and to 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, at 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."


16. To approve the increase in the limits of FIIs Holding in the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:-

"RESOLVED THAT pursuant to the applicable provisions of Foreign Exchange Management Act, 1999, the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 and all other applicable rules, regulations, guidelines and laws (including any statutory modifications or re-enactment thereof, from time to time) and subject to all applicable approvals, permissions and sanctions and subject to such conditions as may be prescribed by any of the concerned authorities while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee(s) constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution), consent of the Company be and is hereby accorded to the Board to permit Foreign Institutional Investors ("FIIs") registered with the Securities and Exchange Board of India ("SEBI") to acquire and hold, on their own account and/or and on behalf of their SEBI approved sub-accounts, equity shares of the Company, provided that the equity shareholding of all such FIIs and sub-accounts put together shall not exceed 45% (Forty five per cent) of the total paid-up Equity Share Capital of the Company, provided however that the shareholding of each FII, on its own account and on behalf of each of the SEBI approved sub-accounts in the Company shall not exceed 10% (Ten per cent) of the total paid-up Equity Share Capital of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this Resolution and for matters connected therewith or incidental thereto including intimating the concerned authorities or other regulatory bodies and delegating all or any of the power conferred herein to any Committee or Directors or officers of the Company."

Place: Gurgaon  
Dated: July 2, 2014

By Order of the Board  
For Apollo Tyres Ltd



(P N Wahal)  
Company Secretary

## NOTES:

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

A person can act as proxy on behalf of members not exceeding 50 (fifty) and holding in the aggregate not more than 10 (ten) percent of the total share capital of the Company carrying voting rights. A member holding more than 10 (ten) percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder

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 their copy of the annual report to the meeting.
3. The Register of Members and Share Transfer Books shall remain closed from July 21, 2014 to August 6, 2014 (both days inclusive) for payment of dividend on equity shares. Dividend shall be paid to the members holding shares as on the record date i.e. July 21, 2014 on 509024770 equity shares of the Company. In respect of shares held in dematerialised form, the dividend will be paid on the basis of beneficial ownership as per details furnished by the respective depositories for this purpose.
4. Corporate members are requested to send a duly certified copy of the Board resolution/authority letter, authorizing their representative(s) to attend and vote on their behalf at the meeting.
5. The relevant explanatory statement pursuant to section 102 of the Companies Act, 2013, in respect of the special businesses set out above is annexed hereto.
6. All documents referred to in the notice are open for inspection at the registered office of the Company between 11.00 am to 5.00 pm on any working day prior to the date of the meeting and will also be available at the meeting venue on the date of the meeting. The register of Director's and Key Managerial Personnel and their shareholding will be available for inspection at the meeting.
7. The Register of Contracts or Arrangements in which Directors are interested, will be available for inspection by the members at the annual general meeting.
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 annual general meeting.
9. The shares of the Company are under compulsory demat list of Securities & Exchange Board of India w.e.f. November 11, 1999. The trading in equity shares can now only be in demat form. In case you do not hold shares in demat form, you may do so by opening an account with a depository participant and complete dematerialisation formalities.
10. Members holding shares in dematerialised mode are requested to intimate all changes with respect to their bank details, mandate, nomination, power of attorney, change of address, e-mail address, change in name etc. to their depository participant. These changes will be automatically reflected in the Company's records which will help the Company to provide efficient and better service to the members.
11. Members holding shares in physical form are requested to intimate changes with respect to their bank account (viz. name and address of the branch of the bank, MICR code of branch, type of account and account number), mandate, nomination, power of attorney, change of address, e-mail address, change in name etc. immediately to the Company.
12. Voting through Electronic Means

I. In compliance with provisions of section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, and clause 35B of the listing agreement the Company is pleased to provide members facility to exercise their right to vote at the 41st annual general meeting by electronic means and the business may be transacted through e-voting services provided by National Securities Depository Limited (NSDL).

The Instructions for e-voting are as under:

- (A) In case of members' receiving e-mail from NSDL;
  - i) Open e-mail and PDF file viz. "ATL e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user id and password for e-voting. Please note that the password is an initial password.
  - ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
  - iii) Click on Shareholder – Login
  - iv) Put user id and password as initial password in step (i) above. Click Login.
  - v) Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.



- vi) Home page of e-voting opens. Click on e-voting: Active Voting Cycles.
  - vii) Select "EVEN" of Apollo Tyres Ltd.
  - viii) Now you are ready for e-voting as Cast Vote page opens.
  - ix) Cast your vote by selecting appropriate option and click on "Submit" and also click "Confirm" when prompted.
  - x) Institutional 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. together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the scrutinizer through e-mail [tenrose@vsnl.com](mailto:tenrose@vsnl.com) or [investors@apolloytyres.com](mailto:investors@apolloytyres.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- (B) In case of members' receiving physical copy of the Notice of annual general meeting and attendance slip:
- (i) Initial password is provided below the attendance slip.
  - (ii) Please follow all steps from Sl. No (ii) to (x) above, to cast vote.
- II. If you are already registered with NSDL for e-voting then you can use your existing user id and password for casting your vote.
- III. The e-voting period commences on August 1, 2014 (9:00 am) and ends on August 2, 2014 (6:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of July 21, 2014, 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 shareholder, the shareholder shall not be allowed to change it subsequently.
- IV. The voting rights of shareholders shall be as per the number of equity shares held by members as on the cut-off date (record date) of July 21, 2014.
- V. Mr P P Zibi Jose, Practicing Company Secretary has been appointed as the scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- VI. The Scrutinizer shall within a period not exceeding 3 (three) working days from the conclusion of the e-voting period unblock the votes in the presence of at least 2 (two) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- VII. The Results shall be declared on or after the annual general meeting of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website [www.apolloytyres.com](http://www.apolloytyres.com). Members may also note that the Notice of the 41<sup>st</sup> annual general meeting and the Annual Report 2014 will be available on the Company's website.

Note: In case of queries/ grievances with regard to e-voting, contact Mr Rajiv Ranjan, NSDL, 4th Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai- 400 013. Email: [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) / [rajivr@nsdl.co.in](mailto:rajivr@nsdl.co.in), Tel:022-24994600/022-249944738.

13. Electronic copy of the Notice of the 41st 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 to all the members whose email IDs are registered with the Company/ Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 41st 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 in the permitted mode.
14. Those members who have so far not encashed their dividend warrants for the below mentioned financial years, may claim or approach the Company for the payment thereof, as the same will be transferred to the "Investor Education and Protection Fund" of the Central Government pursuant to section 205C of the Companies Act, 1956 on the respective dates mentioned there against. Kindly note that after such transfer, the members will not be entitled to claim such dividend.

<b>Financial Year Ended</b>	<b>Due date of Transfer</b>
31.03.2007	25.09.2014
31.03.2008	17.09.2015
31.03.2009	22.09.2016
31.03.2010	28.09.2017
31.03.2011	15.10.2018
31.03.2012	13.10.2019
31.03.2013	06.10.2020

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. Members who have not registered their e-mail address with the Company can now register the same by submitting the duly filled in "E-mail Registration Form", available on the website of the Company, to the Company. Members holding shares in demat form are requested to register their e-mail address with their Depository Participant(s) only. Members of the Company, who have registered their e-mail address, are entitled to receive such communication in physical form upon request.

The Notice of annual general meeting and the copies of audited financial statements, directors' report, auditors' report etc. will also be displayed on the website (www.apollotyres.com) of the Company.

16. As per the provisions of clause 5AII of the listing agreement (SEBI circular no. CIR/CFD/DIL/10/2010 dated December 16, 2010) the unclaimed/undelivered shares lying in the possession of the Company had dematerialised and transferred into an "Unclaimed Suspense Account". 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 the necessary details to enable the Company to take necessary action.
17. 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.
18. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or staying abroad or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participants and holdings should be verified.
19. Details under clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at the annual general meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment and their brief profile forms part of the explanatory statement.
20. Kindly register your email address and contact details with us, by writing to us addressed to the Secretarial Department at our corporate office, or at our e-mail ID: investors@apollotyres.com. This will help us in prompt sending of notices, annual reports and other shareholder communications in electronic form.

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

### **Item No. 5**

The Board at its meeting held on February 12, 2014, on the recommendation of the Audit Committee, had re-appointed M/s N P Gopalakrishnan & Co., Cost Accountants for carrying out Cost Audit of the Company's plants at Perambra, Vadodara and Chennai as well as Company's leased operated plant at Kalamessery for the financial year 2014-15 on remuneration of ₹ 2.00 lac plus reimbursement of out of pocket expenses.

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

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

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

### **Item No. 6**

Mr A K Purwar, aged about 68 years, holds a master's degree in commerce from Allahabad University. He also holds a diploma in business management from Allahabad University. Mr Purwar was the Chairman of the Indian Banks' Association during 2005-06. He is a past member of the advisory board for the Institute of Indian Economics Studies, Waseda University, Tokyo. Mr Purwar received the 'CEO of the Year' award from the Institute for Technology and Management in 2004, 'Outstanding Achiever of the Year' award from Indian Banks' Association in 2004 and 'Finance Man of the Year' award from the Bombay Management Association in 2006. He has over 44 years of experience in the fields of banking and finance. Prior to joining our Company, he has worked at various banking institutions in Japan and India, including State Bank of Patiala and State Bank of India.

He joined the Board of Directors of the Company in the year 2007.

Mr Purwar holds Chairmanship/Directorship in the following companies :-

Chairman - IL & FS Renewable Energy Ltd. and India Ventures Advisors Pvt. Ltd.

Director - Vardhman Textiles Ltd., Reliance Communications Ltd., Jindal Steel & Power Ltd., Jindal Power Ltd., IIFL Holdings Ltd., C&C Constructions Ltd., Sri Kavery Medical Care (Trichy) Ltd., Vardhman Chemtech Limited, ONGC-Tripura Power Co. Ltd., Energy Infratech Pvt. Ltd., Mizuho Securities India Pvt. Ltd., Dr. Ramesh Cardiac & Multispecialty Hospital Pvt. Ltd. and Baroda Medicare Private Ltd.

Mr Purwar also holds Chairmanship/Membership of Committees in the following companies:-

#### Audit Committee

Chairman - Reliance Communications Ltd. and ONGC-Tripura Power Co. Ltd.

Member - Jindal Steel & Power Ltd. and Jindal Power Ltd.

#### Shareholder Grievance Committee

Member - Reliance Communications Ltd.

He is not holding any shares 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 for a further period of 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 new 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.

Mr Purwar is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. However, in terms of section 149(13) of the Companies Act, 2013, an independent director is not liable to retire by rotation. Therefore, in terms of section 149 and other applicable provisions of the Companies Act, 2013, Mr Purwar being eligible and offering himself for appointment is proposed to be appointed as an Independent Director for five consecutive years for a term upto August 5, 2019.

The Company has received from Mr Purwar –

- (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.

In the opinion of the Board, Mr Purwar fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr Purwar as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

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 Purwar as an Independent Director.

This Explanatory Statement may also be regarded as a disclosure under clause 49 of the Listing agreement with the Stock Exchanges.

None of the Directors or KMPs of the Company or their relatives except Mr A K Purwar himself is concerned or interested in the resolution.

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

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

Mr K Jacob Thomas, aged about 78 years is the Managing Director of Vaniampara Rubber Co. Ltd. and Comfoam Ltd. He has vast experience in rubber plantation business. He is on the Board of Apollo Tyres Ltd since incorporation of the Company.

Mr Thomas holds Chairmanship/Directorship in the following companies:-

Director - PTL Enterprises Ltd., Vaniampara Rubber Co. Ltd., Comfoams Ltd. and Vanrub Pvt. Ltd.

Mr Thomas also holds Chairmanship of Audit Committee of PTL Enterprises Ltd.

He is holding 4, 42,050 equity shares 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 for a further period of 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 new 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.

Mr Thomas is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. However, in terms of section 149(13) of the Companies Act, 2013, an independent director is not liable to retire by rotation. Therefore, in terms of section 149 and other applicable provisions of the Companies Act, 2013, Mr Thomas being eligible and offering himself for appointment is proposed to be appointed as an Independent Director for five consecutive years for a term upto August 5, 2019.

The Company has received from Mr Thomas –

- (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.

In the opinion of the Board, Mr Thomas fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr Thomas as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

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 Thomas as an Independent Director.

This Explanatory Statement may also be regarded as a disclosure under clause 49 of the Listing agreement with the Stock Exchanges.

None of the Directors or KMPs of the Company or their relatives except Mr K Jacob Thomas himself is concerned or interested in the resolution.

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

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

Mr Nimesh N Kampani aged about 68 years, holds a bachelor's degree in commerce from Sydenham College, Mumbai and is a qualified Chartered Accountant. He has vast experience in the fields of investment banking, securities trading, merger and acquisitions and providing financial solutions. Prior to joining our company, Mr Kampani has served on various committees of the SEBI and was a member of the Bhagwati Committee on the Takeover Code. He has also served as a Chairman and member of the Financial Services Committee and National Council of the Confederation of Indian Industry. Mr Kampani joined the Board of Directors of the Company in the year 1997.

Mr Nimesh N Kampani holds Chairmanship/Directorship in the following companies:-

Chairman & Managing Director - J.M.Financial Ltd

Chairman - J.M.Financial & Investment Consultancy Services Pvt.Ltd., JM Financial Institutional Securities Ltd., JM Financial Services Ltd., Capital Market Publishers India Pvt. Ltd., Kampani Consultants Ltd. and JM Financial Trustee Company Pvt. Ltd.

Director - Britannia Industries Ltd., Deepak Nitrite Ltd. and KSB Pumps Ltd.

Mr Kampani also holds Chairmanship/Membership of Committees in the following companies:-

#### **Audit Committee**

Chairman - JM Financial Services Ltd., JM Financial Institutional Securities Ltd. and KSB Pumps Ltd.

Member - Britannia Industries Ltd.

#### **Stakeholders' Relationship Committee**

Member - JM Financial Ltd.

#### **Share Transfer & Shareholders/Investors' Grievance and Ethics/Compliance Committee**

Member - Britannia Industries Ltd.

He is not holding any shares 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 for a further period of 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 new 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.

Mr Kampani is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. However, in terms of section 149(13) of the Companies Act, 2013, an independent director is not liable to retire by rotation. Therefore, in terms of section 149 and other applicable provisions of the Companies Act, 2013, Mr Kampani being eligible and offering himself for appointment is proposed to be appointed as an Independent Director for five consecutive years for a term upto August 5, 2019.

The Company has received from Mr Kampani –

- (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.

In the opinion of the Board, Mr Kampani fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr Kampani as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

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 Kampani as an Independent Director.

This Explanatory Statement may also be regarded as a disclosure under clause 49 of the Listing agreement with the Stock Exchanges.

None of the Directors or KMPs of the Company or their relatives except Mr Nimesh N Kampani himself is concerned or interested in the resolution.

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

#### **Item No. 9**

Mr Robert Steinmetz, aged about 74 years, joined the board of your company during 1999. He has been the Chief of International Business Unit of Continental AG, Germany, the past supplier of tyre manufacturing technology to your Company. He has rich experience in International Tyre Business.

He is not holding any shares 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 for a further period of 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 new 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.

Mr Steinmetz retires by rotation at the ensuing annual general meeting under the erstwhile applicable provisions of the Companies Act, 1956. In terms of section 149 and other applicable provisions of the Companies Act, 2013, Mr Steinmetz being eligible and offering himself for appointment is proposed to be appointed as an Independent Director for five consecutive years for a term upto August 5, 2019.

The Company has received from Mr Steinmetz –

- (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.

In the opinion of the Board, Mr Steinmetz fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr Steinmetz as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

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 Steinmetz as an Independent Director.

This Explanatory Statement may also be regarded as a disclosure under clause 49 of the Listing agreement with the Stock Exchanges.

None of the Directors or KMPs of the Company or their relatives except Mr Robert Steinmetz himself is concerned or interested in the resolution.

The Board of Directors recommends resolution set out at item no.9 for your consideration and approval.

#### **Item No. 10**

Dr S Narayan IAS, aged 71 years, is a retired officer from the Indian Administrative Service. He holds a Master's degree in Physics from the University of Madras and also holds Master's degree in Business Management (Finance) from the University of Adelaide, Australia and M. Phil in Development Economics from the University of Cambridge, UK. He holds a Ph. D from Indian Institute of Technology, Delhi. He is a visiting senior research fellow at the Institute of South Asian Studies, National University of Singapore, since 2005. Dr Narayan has held various positions in the GoI, including the Secretary, Ministry of Petroleum and Natural Gas, GoI during 1999-2000 and the Economic Advisor to the Prime Minister during 2003-04.

He joined the Board of Directors of the Company in the year 2005.

Dr S Narayan holds directorship in Godrej Properties Ltd., Dabur India Ltd., Seshasayee Paper Board Ltd., India Infoline Ltd., Castlewood Trading Pvt Ltd. and Yogya Systems Pvt Ltd.

Dr S Narayan also holds membership of Audit Committee of Dabur India Ltd., Seshasayee Paper Board Ltd., and Godrej Properties Ltd. and India Infoline Ltd. He is not holding any shares 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 for a further period of 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 new 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.

Dr Narayan is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. However, in terms of section 149(13) of the Companies Act, 2013, an independent director is not liable to retire by rotation. Therefore, in terms of section 149 and other applicable provisions of the Companies Act, 2013, Dr Narayan being eligible and offering himself for appointment is proposed to be appointed as an Independent Director for five consecutive years for a term upto August 5, 2019.

The Company has received from Dr Narayan –

- (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.

In the opinion of the Board, Dr Narayan fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Dr Narayan as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

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 Dr Narayan as an Independent Director.

This Explanatory Statement may also be regarded as a disclosure under clause 49 of the Listing agreement with the Stock Exchanges.

None of the Directors or KMPs of the Company or their relatives except Dr S Narayan himself is concerned or interested in the resolution.

The Board of Directors recommends resolution set out at item no.10 for your consideration and approval.

#### **Item No. 11**

Mr Vikram S Mehta, aged about 62 years, began his illustrious career as Member of the Indian Administrative Service of the Government of India. He was associated with some of the leading companies like Shell Group of Companies, Philips Petroleum in London and CII. He has held Advisory positions with world –renowned petroleum companies and the Indian Government's Ministry of Petroleum.

He joined the Board of the Company in the year 2013. He has a BA (Hons) from St. Stephens College, Delhi University, MA (Economics) from Magdalen College, Oxford University and MA (Energy Eco) from the Fletcher School of Law and Diplomacy, Tufts University.

Mr Mehta holds Directorship in the following companies:-

Director - Colgate-Palmolive (I) Ltd., Mahindra & Mahindra Ltd., Hindustan Media Ventures Ltd., United Spirits Ltd., Larsen & Turbo Ltd., Brookings Institution India Center, N.V Advisory Services Pvt. Ltd., Vodafone India Ltd., L&T Hydro Carbon and Thomas Reuters Funders Share Co. Ltd.

Mr Mehta also holds Membership of Committees in the following companies:-

#### **Audit Committee**

Member - Colgate-Palmolive (I) Ltd. and United Spirits Ltd.

He is holding 6000 shares 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 for a further period of 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 new 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.

Mr Mehta is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. However, in terms of section 149(13) of the Companies Act, 2013, an independent director is not

liable to retire by rotation. Therefore, in terms of section 149 and other applicable provisions of the Companies Act, 2013, Mr Mehta being eligible and offering himself for appointment is proposed to be appointed as an Independent Director for five consecutive years for a term upto August 5, 2019.

The Company has received from Mr Mehta –

- (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.

In the opinion of the Board, Mr Mehta fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr Mehta as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

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 Mehta as an Independent Director.

This Explanatory Statement may also be regarded as a disclosure under clause 49 of the Listing agreement with the Stock Exchanges.

None of the Directors or KMPs of the Company or their relatives except Mr Vikram S Mehta himself is concerned or interested in the resolution.

The Board of Directors recommends resolution set out at item no.11 for your consideration and approval.

### **Item No. 12**

Mr Akshay Chudasama, was appointed by the Board as an additional Director on the Board of your Company w.e.f. November 11, 2013, pursuant to section 161(1) of the Companies Act, 2013. Mr Akshay Chudasama, holds office upto the date of the ensuing annual general meeting. A notice under section 160 of the Companies Act, 2013 has been received from a member along with a deposit of ₹ 1 lac proposing the candidature of Mr Akshay Chudasama as a Director of the Company.

Mr Akshay Chudasma aged about 45 years, is the partner of leading legal firm M/s J. Sagar Associates. He has been practicing law since 1994 and specializes in Mergers & Acquisitions, Joint Ventures, Cross Border Investments, Private Equity, Real Estate, Hospitality, Franchising and Media & Entertainment law.

Mr Chudasama, holds directorship in Bata Ltd. and Wyosha Real Estates Pvt. Ltd.

He is not holding any shares in 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 for a further period of 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 new 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.

Mr Chudasma is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. However, in terms of section 149(13) of the Companies Act, 2013, an independent director is not liable to retire by rotation. Therefore, in terms of section 149 and other applicable provisions of the Companies Act, 2013, Mr Chudasma being eligible and offering himself for appointment is proposed to be appointed as an Independent Director for five consecutive years for a term upto August 5, 2019.

The Company has received from Mr Chudasma –

- (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.

In the opinion of the Board, Mr Chudasma fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and he is independent of the management. Copy of the draft letter for appointment of Mr Chudasma as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

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 Chudasma as an Independent Director.

This Explanatory Statement may also be regarded as a disclosure under clause 49 of the Listing agreement with the Stock Exchanges.

None of the Directors or KMPs of the Company or their relatives except Mr Akshay Chudasma himself is concerned or interested in the resolution.

The Board of Directors recommends resolution set out at item no.12 for your consideration and approval.

### **Item No. 13**

Ms Pallavi Shroff, was appointed by the Board as an additional Director on the Board of your Company w.e.f. May 15, 2014, pursuant to section 161(1) of the Companies Act, 2013. Ms Shroff, holds office upto the date of the ensuing annual general meeting. A notice under section 160 of the Companies Act, 2013 has been received from a member along with a deposit of ₹ 1 lac proposing the candidature of Ms Shroff as a Director of the Company.

Ms Shroff, aged about 58 years, serves Partner at Amarchand & Mangaldas & Suresh A. Shroff & Co., Advocates & Solicitors, New Delhi. Ms Shroff experience includes ad-hoc arbitrations and institutional arbitrations under ICC, LCIA, UNCITRAL etc. She has experience in arbitrations arising from shareholders' disputes, construction disputes, and investment related and international arbitrations in the energy sector. She has successfully represented International giants like GE, Coca-Cola, Nestle, Indian Oil Corporation, Videocon, ICICI Bank, Tatas, Apollo Tyres etc. and in various domestic disputes and domestic international arbitrations.

Ms Shroff holds Directorship in the following companies:-

Director - Amarchand Mangaldas Properties Pvt. Ltd., Juniper Hotels Pvt. Ltd., First Commercial Services India Pvt. Ltd., First Full Services Pvt. Ltd, Amarchand Towers Property Holdings Pvt. Ltd., PSNSS Properties Pvt. Ltd., Baghbaan Properties Pvt. Ltd., Maruti Suzuki India Ltd., Trident Ltd., Artemis Medicare Services Ltd., Artemis Healthcare Sciences Ltd., UVAC Centre (India) Pvt. Ltd., First Universal Virtual International Arbitration Centre Pvt. Ltd., Aavanti Realty Pvt. Ltd., GE Capital Service India, Amarchand & Mangaldas & Hiralal Shroff & Co and PTL Enterprises Ltd.

Ms Shroff also holds Membership of Committees in the following companies:-

#### Audit Committee

Member - Maruti Suzuki India Ltd. and Juniper Hotels Pvt. Ltd.

She is not holding any shares 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 for a further period of 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 new 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 the Companies Act, 2013, Ms Shroff being eligible and offering herself for appointment is proposed to be appointed as an Independent Director for five consecutive years for a term upto May 14, 2019.

The Company has received from Ms Shroff –

- (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.

In the opinion of the Board, Ms Shroff fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for her appointment as an Independent Director of the Company and she is independent of the management. Copy of the draft letter for appointment of Ms Shroff as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

The Board considers that her continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Ms Shroff as an Independent Director.

This Explanatory Statement may also be regarded as a disclosure under clause 49 of the Listing agreement with the Stock Exchanges.

None of the Directors or KMPs of the Company or their relatives except Ms Shroff herself is concerned or interested in the resolution.

The Board of Directors recommends resolution set out at item no.13 for your consideration and approval.

### **Item No. 14**

In order to meet Capital expenditure (Capex) requirements including expansion of the Truck & Bus radial tyre capacity at the Chennai plant and conversion of the Company's leased operated plant at Kalamassery from bias truck tyres to specialty/industrial tyres to pursue Company's organic growth opportunities and for other corporate purposes, the Board in its meeting held on July 2, 2014, proposed to raise



funds through Rights issue / Preferential issue /Private placement(s)/QIP/ Public Issue of equity shares at par or premium, Convertible or Non Convertible Debentures with Warrants and/or by way of issue of FCCB's and/or such other instruments and on such terms and conditions as may be decided by the Board or Committee thereof upto USD 200 million as detailed in resolution no. 14 of the Notice.

Consent of the shareholders is sought for issuing Securities as stated in the Resolutions, which would result in issuance of further Equity Shares of the Company in accordance with the terms and nature of the Securities. The Board, in consultation with its Lead Managers, Merchant Bankers and other Advisors, will finalize detailed terms of the issue including the pricing of the issue which will be fixed keeping in view the capital market conditions / practices and guidelines, if any, issued by the Securities and Exchange Board of India (SEBI).The proposed Resolution is an enabling resolution to authorize the Board of Directors to mobilize adequate resources to meet the growing needs of the Company by way of Rights issue / Preferential issue /Private placement(s)/QIP/ Public Issue of equity shares at par or premium, Convertible or Non Convertible Debentures with Warrants and/or by way of issue of FCCB's and/or such other instruments and/or other mechanism on such terms and conditions as may be decided by the Board. In case of QIP, the Company may offer a discount of not more than 5% or such percentage as permitted under applicable law on the price determined pursuant to the ICDR Regulations. Under the proposed Special Resolution, consent of the shareholders is sought pursuant to the provisions of section 62 (1)(c) and all other applicable provisions of the Companies Act, 2013 and the rules framed there under and in terms of the provisions of the Listing Agreements executed by the Company with Stock Exchanges in India where the Company's Securities are listed.

Basis of justification of price: The pricing of the securities to be issues to qualified institutional buyers pursuant to Chapter VIII of the ICDR Regulations shall be determined by the Board subject to such a price not being less than the price calculated in accordance with Regulation 85 of the Chapter VIII of the ICDR Regulations.

Section 62 (1) (c) of the Companies Act, 2013 and clause 23 of the Listing Agreement provide, inter alia, that when it is proposed to increase the issued capital of a Company by allotment of further shares, such further shares shall be offered to the existing shareholders of the Company in the manner laid down in the section unless the shareholders decide otherwise.

Since the Special Resolution proposed may result in issue of Equity Shares of the Company otherwise than to the members of the Company, consent of the Shareholders is being sought pursuant to the provisions of sections 23, 42 and 62(1) (c) and all other applicable provisions of the Companies Act, 2013 and the Listing Agreements.

The Directors or KMPs of the Company or their relatives may be deemed to be concerned or interested in the resolution to the extent of shares held by them in the company and to the extent of further shares that may be offered, if any.

The Special Resolutions at item no. 14 are therefore, placed for approval of the members.

#### **Item No. 15**

In order to augment long term resources for financing the repayment of existing debt and/or for general corporate purposes, the Board in its meeting held on July 2, 2014, proposed to seek the approval of shareholders through special resolution to raise funds not exceeding ₹ 500 crore through Issue of Unsecured/Secured Non-Convertible Debentures (NCDs) through Private Placement, in one or more tranches within overall borrowing limits of the company as approved by the members from time to time, on such terms and conditions as may be decided by the Board or Committee thereof, as detailed in resolution no. 15 of the Notice.

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 Shareholders 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 previous Special Resolution only once in a year for all the offers or invitations for such debentures during the year.

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

The Board of Directors of the Company, at its Meeting held on July 2, 2014 has approved the above proposal and recommends the passing of the proposed Special Resolution as contained in the Notice, by members of the Company.

The approval of the Members is being sought by way of a Special Resolution under Section 42 of the Act 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 at Item No. 15, within the overall borrowing limits of the Company, as approved by the Members from time to time.

The Directors or Key Managerial Personnel or their relatives do not have any concern or interest, financial or otherwise, in passing of the said Special Resolution.

The Board of Directors recommends resolution set out at item no. 15 for your consideration and approval.

### **Item No. 16**

In terms of Foreign Exchange Management Act, 1999 and the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, the Foreign Institutional Investors ("FIIs") registered with SEBI can acquire and hold on their own account and on behalf of their SEBI approved sub-accounts together, up to an aggregate limit of 24% of the paid up Equity Share capital of an Indian Company. The said Regulations further provide that the limit of 24% can be further increased up to the sectoral cap/statutory ceiling as applicable, by passing a Resolution of the Board, followed by a Special Resolution to that effect by its members.

At the annual general meeting of the Company held on July 26, 2007, the Members, by a Special Resolution, had increased the limit for investments by FIIs to 30% of the Company's paid-up Equity Share Capital and further to 40% by passing a resolution through postal ballot on November 6, 2012.

As your Company proposes to raise funds, this would evince potential interest from FIIs in the Company. Therefore, the Board had at its Meeting held on July 2, 2014 decided to increase the aggregate permissible limit of FIIs Equity Shareholding in the Company from 40% to 45% of the paid-up Equity Share Capital of the Company, subject to the approval of the Members.

Accordingly, the Resolution set out at Item no. 16 of the Notice is proposed to enable the FIIs to acquire equity shares of the Company up to the revised ceiling limit of 45% of the paid-up Equity Share Capital of the Company under the Portfolio Investment Scheme of the Reserve Bank of India.

None of the Directors or KMPs of the Company or their relatives is concerned or interested in the resolution.

The Board recommends the passing of the Resolution under Item no. 16 as a Special Resolution.

### **DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGE**

#### **Item No. 3**

Mr P H Kurian, aged about 55 years has been nominated on the Board by Govt. of Kerala with effect from December 11, 2013. He is the Principal Secretary (Industries & IT) Department with Kerala Govt. and a senior bureaucrat with vast experience in civil services. He joined the Board of Directors of the Company in the year 2013.

He is not holding any shares in the Company

Mr Kurian holds Chairmanship/Directorship in the following companies:-

- |          |   |  |
|----------|---|--|
| Chairman | - | Malabar Cements Ltd., Transformers & Electricals Kerala Ltd., Western India Kinfra Ltd., Rubber Park India Pvt. Ltd., ICICI Kinfra Ltd., KINESCO Power & Utilities Pvt. Ltd. and Kottayam Port & Container Terminal Services.  |
| Director | - | Kerala Minerals & Metals Pvt. Ltd., Kerala State IT Infrastructure Ltd., Kerala Gail Gas Ltd., Infrastructure Kerala Ltd., Bharat Petroleum Corporation Ltd., Smart City (Kochi) Infrastructure Pvt. Ltd., Nitta Gelatin India Ltd., Kerala Academy for Skills Excellence Pvt Ltd., Marine Products Infrastructure Development Corporation Ltd., Geojit BNP Paribas Financial Services Ltd., Symphony TV & Entertainments Pvt. Ltd. and PTL Enterprises Ltd. |


None of the Directors or KMPs of the Company or their relatives except Mr Kurian himself is concerned or interested in the resolution.

#### **Item No. 6 to 13**

For the details of Mr A K Purwar, Mr K Jacob Thomas, Mr Nimesh N Kampani, Mr Robert Steinmetz, Dr S Narayan, Mr Vikram S Mehta, Mr Akshay Chudasama and Ms Pallavi Shroff please refer to Item Nos. 6 to 13 of the Special Business in the Explanatory Statement of this Notice.

Place: Gurgaon  
Dated: July 2, 2014

By Order of the Board  
For **Apollo Tyres Ltd**



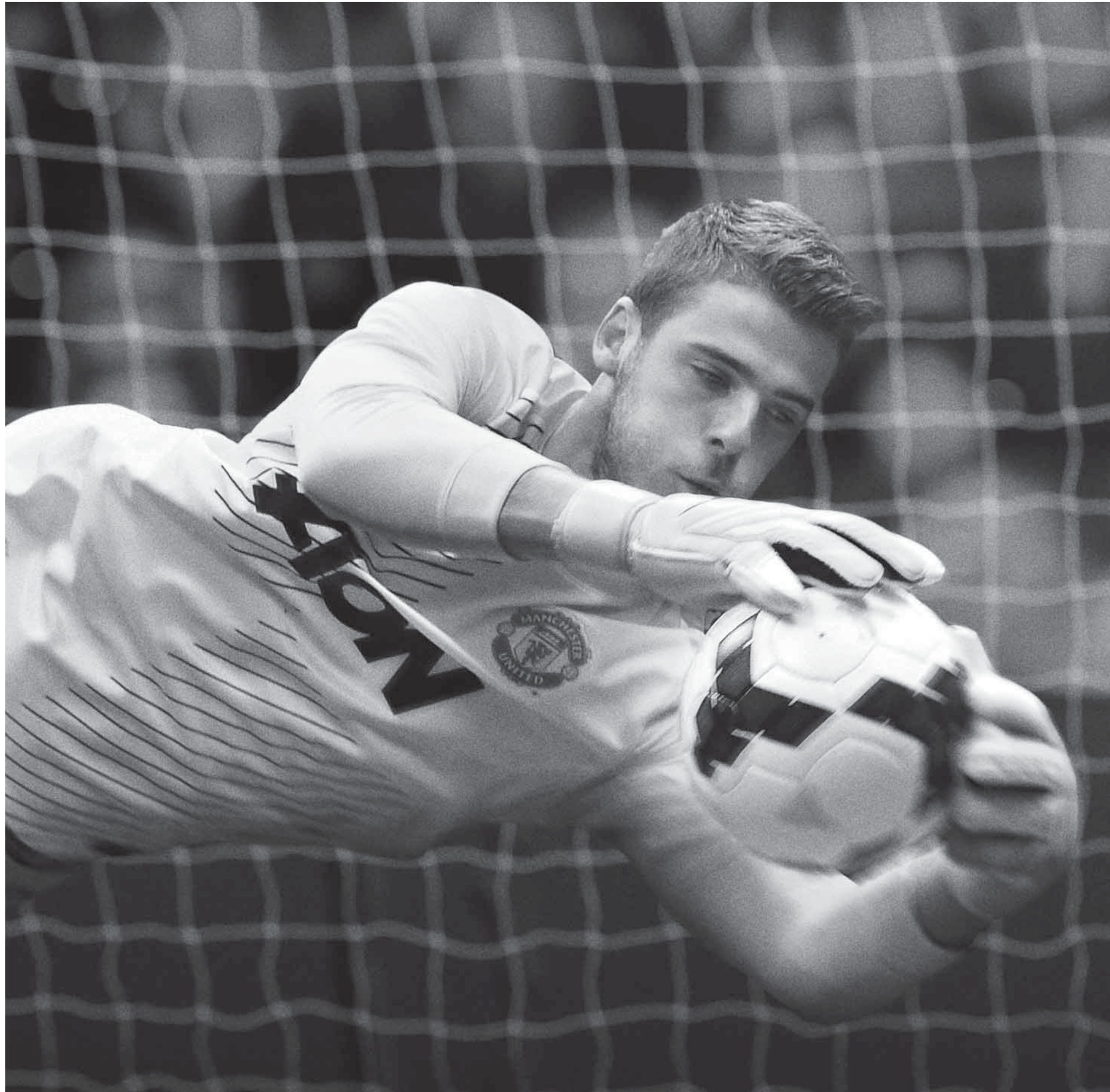
**(P N Wahal)**  
Company Secretary





**ahead of the game**





How does an organisation keep an edge over the competition...seize new opportunities... create new milestones?

At Apollo, we believe in strategic agility, constant awareness and the ability to work on our skills.

Our partnership with Manchester United Club is a testimony of our beliefs.

It is a partnership that aims to create a more exciting, healthy and vibrant lifestyle for the youth of today.

Together with our business and sporting acumen, confidence and creativity, we intend to be ahead of the game.

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# PERFORMANCE

Scoring a goal and creating a winning moment is all about achievement. Our sense of achievement comes from our performance not just in the domestic but international markets too. Today our tyres sell in over 100 countries worldwide. In Europe itself, apart from the existing markets of Germany, UK, Italy and the Netherlands, we are now a name to reckon with in Switzerland, Austria, Denmark and Greece. Our brand portfolio offers a comprehensive range of passenger car, light truck, truck, bus, off highway, bicycle, agriculture tyres and retreaded tyres, which enhance the value of our stakeholders.







## CHAIRMAN'S MESSAGE

Dear Member,

My firm belief has always been to deliver value to you, we have to think and act differently from all others. Your team at Apollo has always worked on that philosophy to ensure that your Company is best poised to capitalise on the opportunities that others see as challenges.

The year gone by has been one of the most difficult ones in recent memory. The economic contraction of the last few years has led to lost jobs and companies which had seemed as vibrant as any other have had to close down. A climate of gloom has pervaded much of the last 12 months.

While no one can predict when we will be able to revert to our earlier growth, there are signs of revival. Since the last quarter of the previous financial year, India has been showing green shoots of recovery across key sectors. I believe, this will continue over the rest of the year. With a new government in place at the Centre and an assurance of stable policy making ahead, we can expect a better economic environment ahead of us.

Last year, we took the bold step of signing a merger agreement with a larger competitor, a step that would have made you, shareholders of the world's 7<sup>th</sup> largest tyre company. The fact that it did not fructify, for reasons outside our control, has not deterred us from continuing to push our organic growth story. We have expanded across geographies, brought new people into the Apollo Family, won new clients and businesses, launched new products, undertaken fresh initiatives and set a course for the future. Today, we are known across the globe as a company that is a force to reckon with.

Our focus continues to remain on three key principles, in good times as well as downturns:

One: A clear focus on maintaining a healthy top and bottom-line by focussing on profitable growth. Growth at any cost is not your Company's way of doing business. And to ensure a comfortable bottom-line, your Company focuses on price and product leadership, the right product mix and continuous brand investment.

Two: Nurturing and adding domestic markets. India is our largest domestic market. But the base needs to be expanded continually to allow for profitable growth and guard against stagnation and complacency. Offices that we have opened in Thailand, Australia and the United Arab Emirates give us a platform to push out into the larger markets that are served from these offices.

And the third, an unwavering focus on cost and quality. Your Company's continuing attention on increasing efficiencies across the board, re-aligning costs to protect margins has paid high dividends over the past year. We continue to relentlessly drive cost out of our

business, as that is the delta between a profitable and a losing organisation in this increasingly global industry.

Your Company continues to re-align itself to new realities. It is this approach that gave your Company the courage to acquire the premium passenger car tyre manufacturer, Vredestein in the Netherlands in 2009. This has been an unqualified success where we have continued to invest and add capacity in a facility, and a part of the world where others are struggling to survive. This success can be gauged from our decision to go ahead with a new plant in Eastern Europe this year, in our effort to continuously grow and stay ahead of the competition.

Your Company has begun a new journey to prepare for the upturn that is inevitable. We are conscious that investments in brands, technologies and people cannot come to a halt during a slowdown. These are the three key pillars, which will allow your Company to leverage opportunities that emerge when the global scenario improves with each passing month.

Our Social Responsibility and Sustainability efforts continue to win us plaudits and laurels, because we undertake these too, with the same passion as our commercial activities. In fact, all our programmes are under-pinned by the belief that they are a part of our strategy, and not something that we are forced to do by regulatory mandate.

On behalf of the Board of Directors, I would like to acknowledge every single employee, network partner and business partner for having stood by Apollo and actively contributed to its success.

I would like to thank each one of you, our valuable shareholders, for having been with us in this exciting journey. The support that we continue to receive from our banks, financial institutions and the various State and National Governments where we operate, enable us to excel.

To end, I quote Harold Geneen, considered by many to be the father of modern business conglomerates; "Leadership is practiced not so much in words, as in attitudes and in actions."

Apollo has always lived this philosophy and continues to do so.

Wishing you all the very best.

Onkar S Kanwar  
Chairman & Managing Director





## VICE CHAIRMAN'S MESSAGE

Dear Member,

Even as the auto industry, global and India, continued to lumber along, at Apollo Tyres one could not complain of slow action as we saw an exhilarating year. Reorganisation of the South African business, proposed merger with the world's 11<sup>th</sup> largest tyre company, operations in new markets, tie-up with a global football club, a new TV campaign, new product launches, strengthening of the commercial R&D centre of excellence in Chennai, rollout of the Apollo values, etc...these were just a few of the many exciting things at Apollo. As you read through the pages, you will get a glimpse of our journey during the year – all focused on enhancing value for our stakeholders.

As tyres move out from being just a 'commodity' purchase, it is becoming important to build a strong tyre brand. For Apollo, the brand building journey started in FY13 and continued in the current fiscal as well. To begin with, we reorganised our South African operations where we sold the Dunlop brand along with other related assets. Going forward, the company will focus on two core brands – Apollo and Vredestein. Even as Apollo has been introduced in Europe, we launched the Vredestein brand in India to an encouraging response from customers and dealers.

The execution of a definitive merger agreement, to acquire Cooper Tire & Rubber Company demonstrated your company's global aspiration for the business. Further, your company's tie up with one of the most successful teams in the world – Manchester United, showed its commitment to build a global brand. I believe that very few sport platforms deliver a global profile and awareness and the impact of this relationship will be significant in helping to make Apollo a globally recognisable brand. This was followed by a high decibel 360 degree 'There are no Shortcuts' brand campaign in India. The campaign has seen an enthusiastic response from various stakeholders and helped us garner a high share of voice in the category.

Apart from creating a strong brand, I feel that the other plank which will take Apollo Tyres to a higher orbit is R&D. On the R&D front, we set up a global R&D centre

of excellence for passenger cars in Enschede, The Netherlands and strengthened the global R&D centre for commercial vehicles in Chennai, India. Both R&D departments are in close contact with OEMs and replacement clients, test centres, raw material suppliers and research institutes. Our unrelenting focus on R&D has been vindicated as we witnessed the benefits emerging from these centres. Last fiscal, we launched the variable front spoiler made with a specially developed EPDM (ethylene propylene diene monomer) rubber and many passenger tyres for the European market from the Enschede R&D centre, while the Chennai centre helped the Indian operations launch the new XMR with LiveBond Steer mile technology which offered the lowest cost of ownership and 10% more total tyre life.

Last fiscal, Apollo continued its focus on its 4 distinct goals – Quality, Innovation, Sustainability and Common Culture. In our innovation journey, employees at all levels have been involved and we have seen suggestions from people resulting in huge cost savings and process enhancements. A laser sharp focus on quality has ensured that we are the OEM suppliers to the top brands in the country. As an organisation, we believe that positive growth should be achieved with environmental and social sustainability. While our sustainability journey is recent, it is a key pillar in our next five year growth journey. To unify employees under a common culture, the 'Apollo way' – a set of 6 values, was rolled out across all operations. Interactive workshops for all employees, creating value champions across operations and an aggressive internal campaign reinforced the value messaging across the organisation.

It has been a great year for everyone at Apollo and I don't see the pressure and excitement ebbing in the near future. While I will continue to update you on an annual basis, I do look forward to be in touch with you.

With best regards,

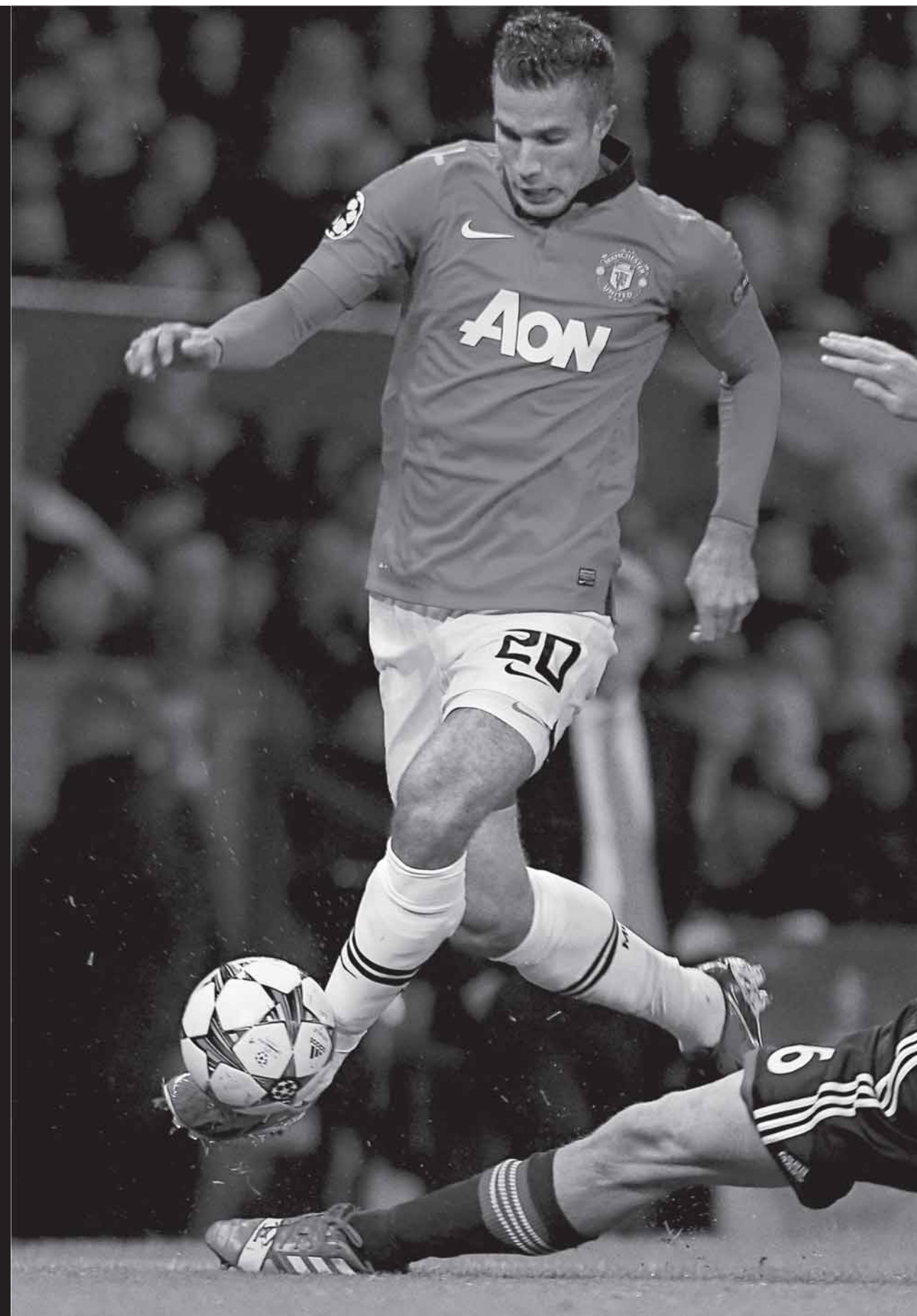
Neeraj Kanwar  
Vice Chairman and Managing Director

# AGILITY

Agility on the field or on the road means being able to manoeuvre quickly while maintaining control and form. Our latest offering, Vredestein tyres, to the Indian market eloquently justifies this claim.

Known for its designer and high quality tyres, Vredestein will primarily cater to the luxury coupes, luxury sedans and the SUVs, complementing our existing passenger vehicle tyre range.

What's more, our other significant offering goes beyond tyres. In a first, our R&D team has designed and created a variable front spoiler made with specially developed ethylene propylene diene monomer rubber for a global auto major. Aptly named Air Master by Vredestein, it is a testimony to the skills at Apollo Tyres.





## SUPERVISORY BOARD



**(Sitting L-R):** ■ Vikram S Mehta, Former Chairman, Shell Group of Companies ■ K Jacob Thomas, Managing Director, Vaniamapara Rubber Co. Ltd ■ Nimesh N Kampani, Chairman, JM Financial Group ■ Onkar S Kanwar, Chairman & Managing Director ■ Arun Kumar Purwar, Former Chairman, State Bank of India ■ Dr S Narayan, Principal Secretary to the Former Prime Minister of India

**(Standing L-R):** ■ Sunam Sarkar, Chief Financial Officer & Wholtime Director ■ Akshay Chudasama, Partner, M/s J Sagar Associates ■ Neeraj Kanwar, Vice Chairman & Managing Director ■ Robert Steinmetz, Former Chief of International Business, Continental AG ■ P N Wahal, Company Secretary ■ U S Oberoi, Chief, Corporate Affairs & Wholtime Director

**(Not in picture):** ■ P H Kurian, Principal Secretary (Industries & IT), Government of Kerala ■ Pallavi Shroff, Partner, Amarchand & Mangaldas & Suresh A Shroff & Co



## MANAGEMENT BOARD



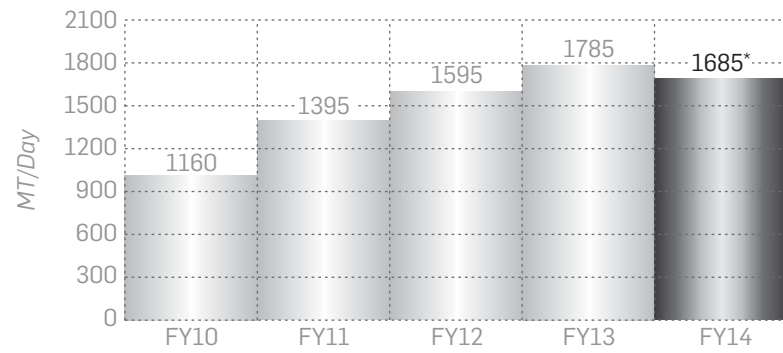
**(Sitting L-R):** ■ Robert Steinmetz, Non Executive Director ■ Neeraj Kanwar, Vice Chairman & Managing Director  
■ Onkar S Kanwar, Chairman & Managing Director ■ P K Mohamed, Chief, R&D (CV)  
**(Standing L-R):** ■ Sunam Sarkar, President and Chief Financial Officer & Wholetime Director ■ Dr Luis C Ceneviz,  
President, ESSAA ■ Satish Sharma, President, APMENA ■ Peter Snel, Chief, R&D (PV)

■ Marco Paracciani, Chief Marketing Officer ■ Markus Korsten, Chief Manufacturing Officer ■ Tapan Mitra, Chief, Human  
Resources ■ P N Wahal, Compay Secretary

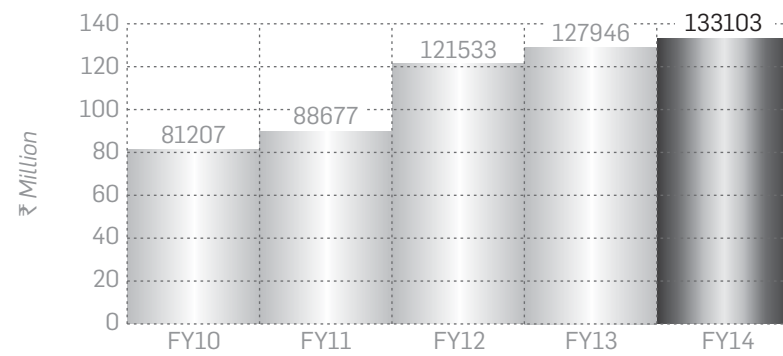
**(Not in picture):** ■ Gaurav Kumar, Group Head, Corporate Strategy & Finance

# PERFORMANCE HIGHLIGHTS

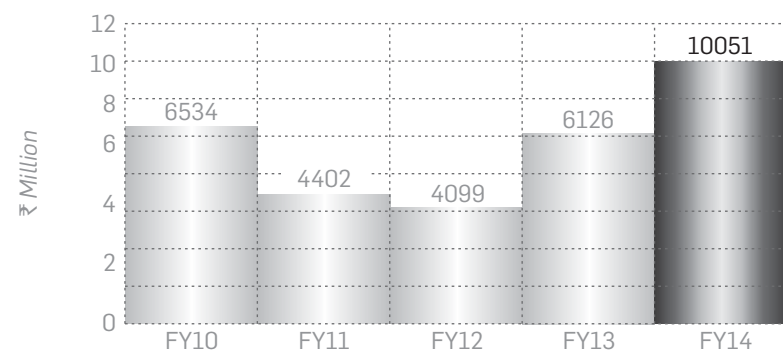
## CAPACITY



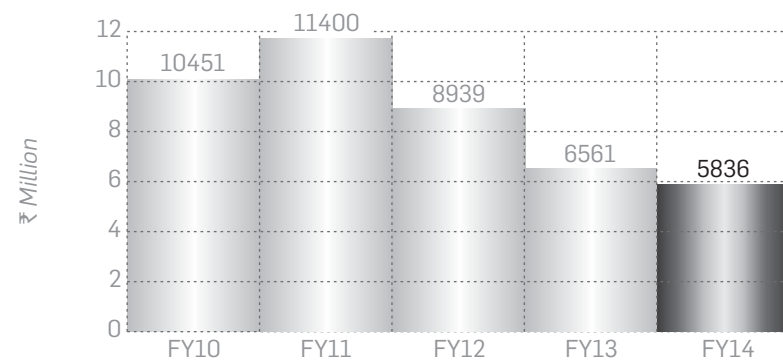
## NET SALES



## NET PROFIT

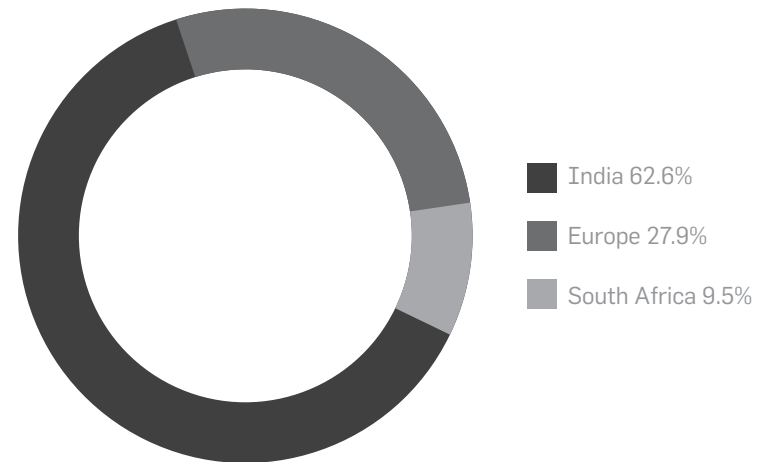


## CAPITAL EXPENDITURE (Capex)

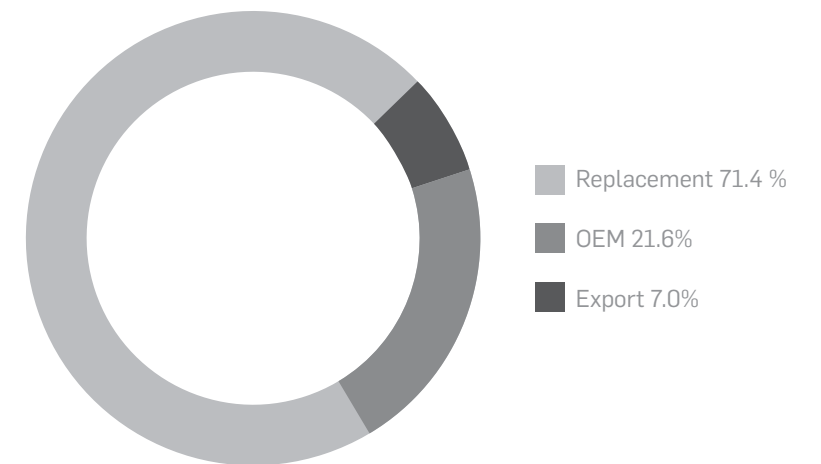


\* After the sale of Ladysmith facility in South Africa

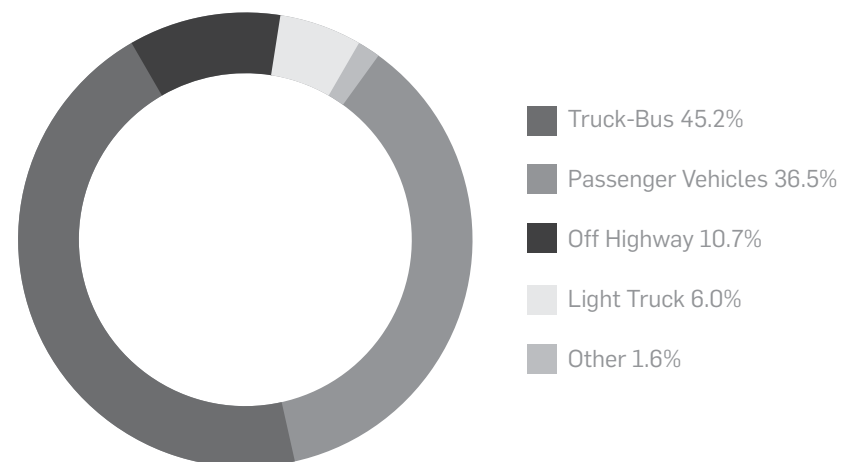
## REVENUE SEGMENTATION BY GEOGRAPHY



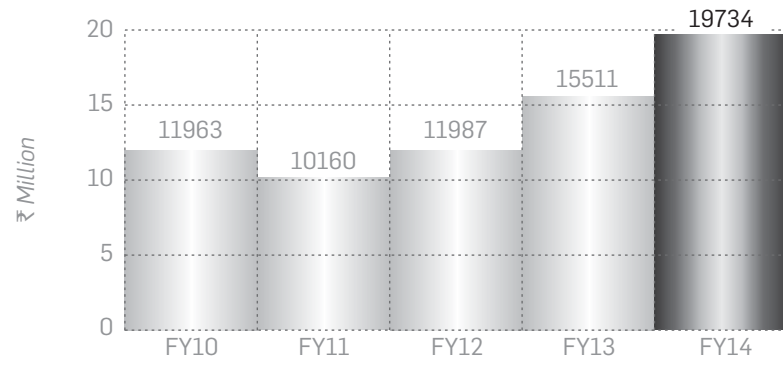
## REVENUE SEGMENTATION BY CUSTOMER



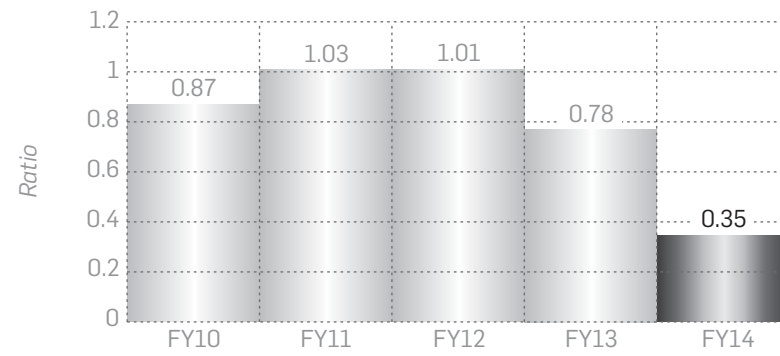
## REVENUE SEGMENTATION BY PRODUCT



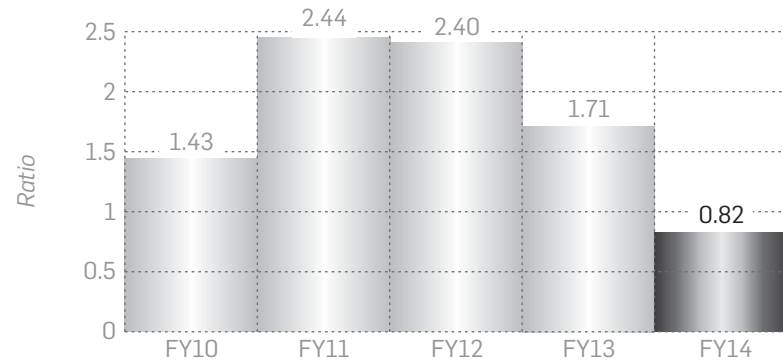
**EBIDTA**



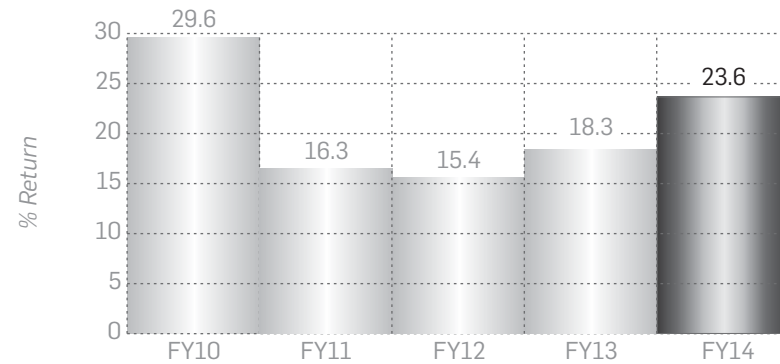
**DEBT: EQUITY**



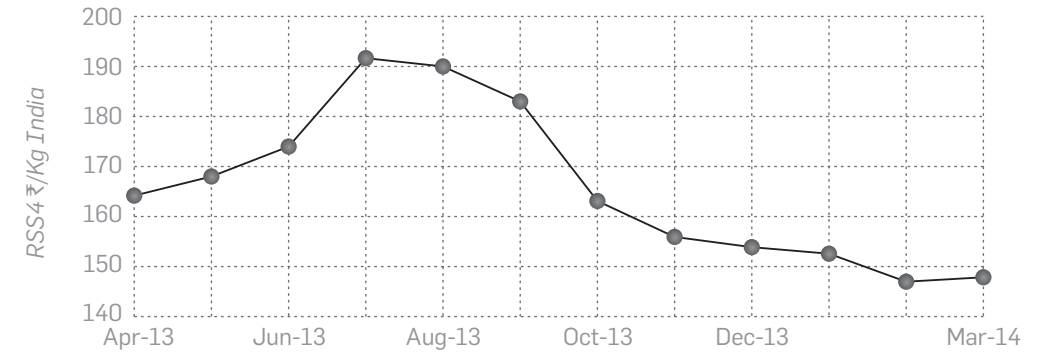
**DEBT: EBITA**



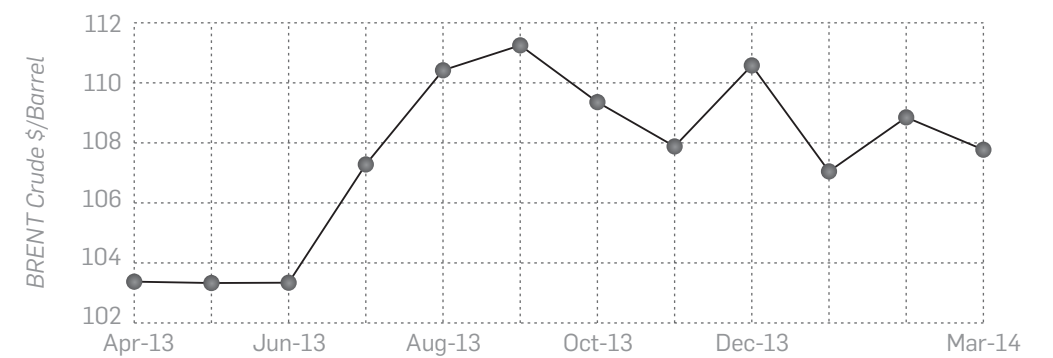
**RETURN ON CAPITAL EMPLOYED**



**NATURAL RUBBER PRICE MOVEMENT**



**CRUDE OIL PRICE MOVEMENT**







Not everyone can think on their feet. Not everyone can innovate to make the most of a situation. We at Apollo Tyres are proud to count amongst ourselves team members who have displayed remarkable flexibility in resolving concerns.

Apollo Innovation Awards recognises and rewards these invaluable players who have gone the distance to make a difference. Converting the 20-25" Tyre Building machine (TBM) to 28" Rear Tractor (RT) Tyre, rectifying bladder leaks on tyres, Truck and Bus Radial (TBR) Flap replacement and more... the list of inventive thinking continues and so do the minds behind them.

# FLEXIBILITY





## MANAGEMENT DISCUSSION & ANALYSIS

It was a good year for the global economy. While the struggles continued, by the end of the year, even the laggards were inching up and it seemed that the nightmarish recession and its after effects had begun to recede. One story was about the structural shift towards the developing region and large economies of Asia (China, India) and Africa saw growth pegged at around 5%. The other was about the strengthening of the recovery story in the developed world. Even as the US saw creation of jobs and the economy speeding up, Germany, France and UK led the growth in Europe.

Despite the uncertainties, Apollo Tyres continued doing what it does best. Introduce products (launch of 4G range of tyres and Vredestein brand in India), expand markets (Thailand, Qatar, Jordan and many more) and continue its focus on building brands (high decibel 'There are no Shortcuts' campaign).

The company closed its FY14 with a 4% increment in revenues with net sales pegged at ₹ 133,103 million. Operating profit at ₹ 19,734 million was up by 27% as compared to the previous year; while Net Profit numbers jumped 64% to close at ₹ 10,051 million.

### MARKET OVERVIEW

In FY14, India's economic growth rate was pegged at 4.9%, a faster pace as compared to the previous year's rate of 4.5%. Improved performance in agriculture and allied sectors at 4.6%, up from 1.4% a year earlier, has led to this growth. Manufacturing sector has registered a contraction of 0.2% in FY14 as compared with a growth of 1.1% in the previous year.

While the economy grew at a faster clip as compared to FY13, the automobile industry continued to reel under a prolonged slump. High interest rates, rising fuel prices, low economic activities and poor sentiments hurt the industry, which suffered its second consecutive year of weak sales. Even though 101 models, including 35 completely new models, were introduced during the year and an excise duty cut which reduced prices, sales of domestic car sales failed to pick up and it fell by nearly 6% to 2.5 million units. The story in the commercial vehicle sector was no different. The stalling of infrastructure development projects, ban in mining activities and overall slowdown in the manufacturing sector hit the commercial vehicles segment. Overall, commercial vehicles posted a decline of 20%, while medium & heavy commercial vehicles and light commercial vehicles segments fell by 25% and 17% respectively. The only silver lining to the dark clouds in

the commercial vehicle segment was the tractor segment which grew at a robust 22%.

The slump in automobile industry hit all related industries. The Indian tyre sector was no different. Based on the data available for nine months, it is estimated that the Indian tyre industry will have a flat year or minor de-growth in FY14 as against a 2% decline in FY13.

On the raw material front, weak demand for natural rubber ensured low prices of the commodity in FY14 and raw material cost declined by 5% over the last year. In India, the customs duty on natural rubber was increased during the year to '₹ 30/kg or 20% whichever is lower' from '₹ 20/kg or 20% whichever is lower'. While this led to an increase in the cost of imported natural rubber but high production and a suppressed global demand saw a fall in global natural rubber prices to around USD 2/kg by the end of the fiscal.

For Europe, the FY14 began with a less than positive prognosis. However, the Euro Zone and EU have made slow and steady progress. Importantly, the pace of growth has been the fastest since the second quarter of 2011 and the recovery is also becoming more broad-based, encompassing core and so-called 'periphery'



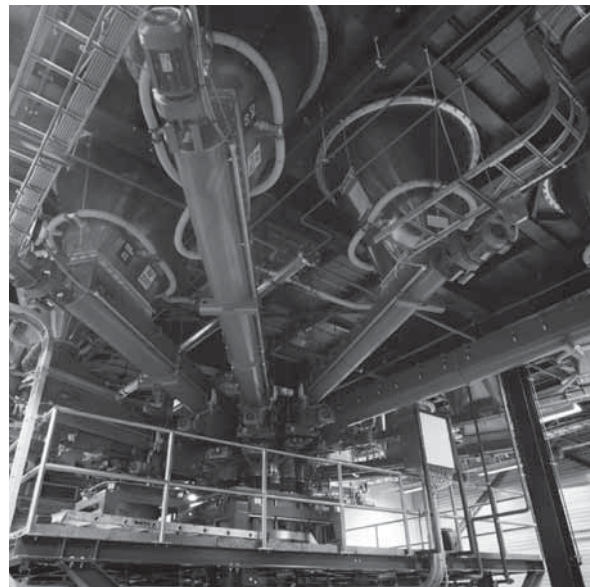
countries alike. However, GDP growth in Euro Zone countries for the Calendar Year (CY) 2013 contracted by 0.4% (CY12 -0.6%). Germany continues to outperform the region with a GDP growth of 0.5% or CY13 as against 0.9% for the previous year.

The change of mood to cautious optimism has been led by multiple factors including debt reduction due to various austerity measures, strengthening of the Euro due to the confidence about continuity of the currency union, etc. A stable monetary policy by the European Central Bank led to interest rates at historic low levels stimulating the economy. However, the challenge is far from over as high unemployment level remains a concern which in turn will lead to low domestic demand.

While new car registrations in Europe dropped by 2% for CY13 as compared to CY12, the second half of the calendar year saw a 4% growth in similar registrations, again confirming the economic recovery.

From the tyre market perspective, despite the gloomy projections, the financial year started on a good note with robust demand for summer tyres. However, weak sales of winter tyres in the previous fiscal resulted in a high leftover inventory impacting the winter tyre sales numbers in Europe in this fiscal. A warm European

*The new Mixer 8 at Apollo Vredestein*



winter compounded the woes of the industry leading to a successive decline for the past two years.

Low rubber demand due to overall industry weakness and the slow pace of the world economy saw raw material prices remaining soft during the year with further decline during the second half of the financial year.

South Africa is slowly recovering from the global financial crisis and recession of 2008-09. While the country has seen positive growth since 2010, the growth has been much below its potential. CY13 saw the economy growing at a muted 1.9% as against 2.5% for CY12. A high rate of unemployment, pegged at 24%, continues to be a worrying factor for the economy and the government.

Like the economy, the automobile industry grew at a lower rate of 4% for CY13 as compared to 9% in the previous calendar year. The growth was led by the non-passenger segment which grew by 6% as against the subdued growth in the passenger vehicle segment which inched by 2% only.

The automotive and ancillary industry is one of South Africa's most important industries, contributing around 6% to the country's GDP. According to the Automotive Industry Export Council, 2010, the automotive and component manufacturing segment directly employs more than 90,000 people and another 200,000 people are employed indirectly in retail and aftermarket activities.

With the effects of the automotive industry felt across the country, the government has identified this industry as a key growth sector. It has already exhibited significant growth under the Motor Industry Development Programme (MIDP), doubling in size since 1994. The successor to MIDP, the Automotive Production and Development Programme, which has been implemented from 2013, aims to stimulate the expansion of local production to 1.2- million vehicles a year by 2020.



*Launch of Vredestein in India*

## INDUSTRY STRUCTURE AND DEVELOPMENTS

According to data available from the industry body, Automotive Tyres Manufacturers' Association, for nine months, it is estimated that the Indian tyre industry will have flat year in FY14 as against the decline of 2% in FY13. Since a major percentage of the tyre sales are related to the health of the automobile industry, the slowdown in the industry has hit the OEM segment hard. Barring the tractor segment (growth of 22%) and the two/three wheeler segment (up by 7%), other segments in the automobile industry remained in the negative zone. Clearly the impact was felt in OEM sales for tyre companies as demand by auto majors fell drastically. However, the auto industry boom in 2009-11 insulated the tyre players from the slower OEM demands as the replacement segment cushioned and offered relief to the tyre companies. As the economic expansion was led by agriculture, the data for nine months shows a strong growth for tractors tyres (rear and trailer).

It was a mixed FY14 for the tyre industry in Europe. After a weak start in the first quarter, the last quarter saw a double digit growth for nearly all segments. The replacement market saw resurgence in demand with a 5% improvement, as per data from Industry Associations in Europe. This was against a contraction in demand in FY13. Countries like France, Italy, UK and Spain led this recovery. However the growth would have been much higher but for the depressed winter tyre sales which declined by 2%. Germany, The Netherlands and Poland continued to be on the descending slope.

The agricultural tyre market showed a better performance compared to FY13, with a 5% growth. Trade data confirms high imports of consumer tyres from China and a significant increase in the imports in the truck segment. In general, imports from outside the European Union are growing in all categories especially in the truck segment, where they constitute about 20% of the total European market.

The five tyre majors in South Africa – Apollo Tyres,



Sumitomo, Bridgestone, Continental and Goodyear, are the dominant players in the South African market. Despite the presence of the global tyre majors, cheaper imports account for more than 55% of tyre sales in the commercial and passenger cars segments for CY13 (data for nine months only). As imports have crept up to an unhealthy level of over 30%, it has impacted the local tyre manufacturers creating excess and idle capacity. Low capacity utilisation has made local tyres less competitive as compared to imported tyres. Compounding the problem of imports and low utilisation, South African tyre manufacturers are grappling with high labour cost which is the most expensive rate per person per ton of raw rubber in the tyre manufacturing industry. Very high power cost is further adding to the woes of the local manufacturers. These challenges have allowed East Asian countries to make substantial inroads into the local market because of their low tyre production costs.

Further, major global automobile manufacturers have established their production or assembly plants in the

country to address the growing domestic and global demand and have continuously launched new vehicle models in the domestic market. Also, active participation from the Government has led to the formation of various trade agreements such as SADC (Southern African Development Community), EAC (East African Community), COMESA (Common Market for Eastern and Southern Africa), etc, and these have helped the country in establishing itself as a manufacturing base for automotive products. However, for the tyre manufacturer, low cost imports continue to be the bugbear and if corrective steps are not taken by the government, the industry can be in a serious jeopardy.

The year saw Apollo Tyres closing the transaction with Sumitomo Rubber Industries (SRI), wherein SRI took over Apollo's subsidiary, Apollo Tyres South Africa, including the Ladysmith passenger car tyre plant, the Dunlop brand rights that Apollo had in 32 countries of Africa and sales and distribution network in South Africa. Apollo Tyres retains its Durban plant which

manufactures Truck & Bus Radial (TBR) tyres and Off Highway tyres (OHT) used in the mining and construction industries.

## SWOT ANALYSIS

### Strengths

1. Apollo Tyres has the advantage of a diversified market base across 3 geographies and is therefore, not dependent on a single domestic market. Furthermore, the company is working to establish operations in other large international markets as well.
2. The company is powered by strong products and brands in its markets – 'Apollo' and 'Vredestein'.
3. Apollo Tyres enjoys an extensive distribution network for its key brands across its domestic markets.
4. In Europe, the company's brand 'Vredestein' has a established presence and enjoys premium positioning in ultra high performance (UHP) and winter passenger car tyre segments.
5. The company is a leading player in the Indian commercial vehicle segment – which accounts for the bulk of the industry's revenue. Simultaneously, since the company assumed a lead early on, Apollo is best positioned to maintain its pole position in the Truck-Bus Radial segment and drive growth through the same.
6. The company's leadership is widely recognised for its dynamism and progressive outlook.
7. The creation of ultra-modern Research & Development facilities for passenger and commercial vehicles will play a key role in bringing cutting-edge technology and innovation in the development of tyres for the company.

### Weaknesses

1. India has a large and growing 2-3 wheeler tyre segment. However, Apollo does not manufacture



tyres for this category and continues to focus on passenger and commercial vehicle tyres.

2. At times, the company is unable to pass on cost escalations to consumers, due to intense competition and various market dynamics. This has a direct impact on the margins.

### Opportunities

1. In India, Apollo Tyres enjoys a first mover advantage in the Truck-Bus Radial segment and has a healthy lead over its competitors in terms of capacity and market share. The company's entry in the said segment has meant that it can now provide its customers with complete solutions for their requirements in the commercial vehicle category – where Apollo Tyres has been an acknowledged leader for a long time.
2. The company's Apollo branded passenger vehicle tyres are being sold in Europe and this could develop into a sizeable market for the same, leveraging its already existing network in Europe.
3. The company is making forays to grow its presence in new geographies like South America, Australia and South East Asia. These could be growth avenues for the future.

*Apollo Alnac 4G, all season and winter tyres, were launched at Reifen Essen, Germany for the European market*







Apollo pavilion at Geneva motor show

4. The company can convert excess bias capacity into industrial tyres capacity and tap into a new product segment.
5. The company is talking to Auto majors for OEM fitments in Europe. This would establish the brand even more strongly and drive significant growth in the European market specifically and subsequently in other global markets.

#### Threats

1. Economic downturn or slowdown in the key markets – Europe and India – can lead to decreased volumes and capacity utilisation.
2. Increased competition from global players like Continental, Michelin and Bridgestone in India, particularly in the truck-bus radial tyre category.
3. A quicker than expected decline in volumes within the truck-bus cross ply segment, resulting in redundant capacities that need investment to convert into other product segments.

4. Continued threat of raw material price volatility translating into pressure on margins during a quick rise in raw material prices.

#### SEGMENT WISE PERFORMANCE

In an otherwise insipid tyre industry story, the replacement market has emerged as the true hero. Further, as the country is witnessing radialisation, Apollo, with its leadership position in the Truck-Bus Radial (TBR) segment, posted a healthy volume growth of 41% in the TBR replacement segment. Positive growth in the passenger car replacement segment at 10% also helped the company to offset the decline in the OEM volumes in almost all segments. In FY14, the Indian operations revenue at ₹ 86,101 million accounted for 62% of the company's total revenue. The subdued Indian auto market saw a flat sales for the Indian operations as it posted a growth of 1.2%. However a better product mix coupled with strong replacement market sales and stable raw material prices helped in increasing the net margins to 5.1%, up from 3.7% in the previous year.

For Apollo Tyres' India operations, the year began with the launch of Apollo 4G range of tyres for passenger vehicles. These tyres are the most advanced range of high technology passenger vehicle tyres across segments. To further strengthen its product offering in India, the Indian operations launched its premium European brand, Vredestein, in India to cater to high-end cars and SUVs. In the Off Highway Tyres segment, an aggressive approach helped the company launch a slew of products for the segment. These included a new farm product range, Krishak Gold, product for the specialty segment Row crop and sub 30 HP tractor among others. The Indian operations also launched the new XMR with livebond steer mile technology which offered the lowest cost of ownership and 10% more total tyre life than any premium bias rib product in the market. This was followed up by a robust trade and consumer programs to ensure a strong growth in the segment. In the commercial vehicles segment, apart from new product introductions, the company launched its Refreshed Network Program to post growth and increase market share in most segments.

The company has been looking at new markets and further consolidated its presence in existing markets. To tap the high potential ASEAN market, Apollo Tyres opened its sales office in Bangkok, Thailand. After Dubai for the Middle East region, this was the second 'Home Market' outside the company's operations in India, The Netherlands and South Africa. Apollo Tyres' concept of 'Home Market' for Thailand has helped move the top line northwards and also strengthen its market position. During the year, the company expanded into new geographies as its products were available in countries like Qatar, Jordan, etc. In line with its strategy of 'the right product for the right market', the company identified and launched products suited to various countries. For instance, while the company focuses on truck-bus bias for Indonesia, it has decided to look at truck-bus radial for Thailand.

The company continued to ramp its branding presence in India and other parts of the world. The company tied up with global football club, Manchester United and launched a high-decibel brand – There are no Shortcuts – campaign in India during the year.

Despite the tough market conditions in Europe, Apollo's European operations managed to achieve a top line growth in FY14 over FY13. Passenger car tyre sales volume grew by 17% and agriculture tyres remained stable. Importantly, the European operations with a better product mix, has reduced its high dependence on winter tyres. A strong growth in summer and all season tyres helped the company to offset lower sales of winter tyres. Further, with a better sales mix, Apollo has managed to increase its average sales price. Predominantly a replacement market player in Europe, 79% of the company's Europe revenues came from this segment while the balance was accounted by the OEM

Apollo pavilion at BITEC, Thailand



Dwight Yorke from Manchester United visiting HO, India







The new passenger car tyre- Wintrac Xtreme S

segment. The passenger car tyre segment constituted 84% of total revenue and agriculture tyres constituted 13% of total revenue.

During the FY14, Apollo's European operations were abuzz with activities with the launch of new products and introduction of size extensions for the passenger tyre segment in Europe. In June 2013, the Vredestein Wintrac Xtereme S was launched during a dealer event at Giugiaro Design in Turin, Italy. Before the onset of the winters for 2013-14, the Apollo Alnac Winter was introduced in the market. Multiple products were launched and size extensions were introduced at the Auto Salon Geneva in March 2014 including the Apollo Apterra (4x4/ SUV), Apollo Apterra HL, Vredestein Sportrac S, Ultrac Vorti and Ultrac Vorti R.

New sizes in Vredestein agricultural and Apollo industrial tyres became available, including a pre-launch of Vredestein Faktor S (the new cross ply tractor rear tyre) at the Agritechnica in Germany. At the Eurobike –Friedrichshafen in Germany, a complete new line of racing bike tyres, the Vredestein Fortezza Senso, was successfully introduced. The company completed the first phase of expansion of production facilities of passenger car and agriculture tyres during the year. Also, the state of the art Tandem mixer was successfully commissioned. Introduction of Tandem mixer in the company's production facilities will enhance the technological offering of the products.

The company launched the project 'Dandelion Rubber and Inulin Valorisation and Exploitation for the EU' (DRIVE4EU) in close collaboration with research organisations and industrial partners. This project aims at the development of the production chain of natural rubber and Inulin from Russian dandelions. Accordingly, the project will demonstrate the economic feasibility of the use of Russian dandelion as a production platform for both natural rubber and Inulin.

During the year, a newly developed and patented, adaptive automotive system was launched in the market. A variable front spoiler made with specially developed EPDM (ethylene propylene diene monomer) rubber was launched. This combines the flexibility to adapt to the required aerodynamics in all weather conditions and ambient temperatures with the strength and elasticity to withstand impact damage from road particles. This development demonstrates our innovative capabilities and creates a new market for our rubber-technology.

Apollo's South African operations saw a drop in sales and production volumes for all segments, if compared to CY12. Due to Apollo's sales of business to SRI, the production and sales numbers for passenger cars are only for 8 months. Further, as per the agreement with SRI, Apollo has started supplying to SRI and hence saw its export volumes and numbers drop and these are partly reflected in the 'domestic' numbers.

Given a strong distribution network in the South African market, bulk of the revenues for Apollo's South African operations came from the replacement segment and accounted for over 67% of total revenues, as against 65% for FY13. Revenues from exports to countries including East & West Africa and Latin America were pegged at 31% of total revenues.

In terms of product segments, the Truck and Bus business was the major contributor to Apollo's South African operations and accounted for 47% of the total business as compared to 40% in FY13.

## OUTLOOK

Leading agencies like the National Council of Applied Economic Research, Asian Development Bank and the World Bank continue to believe in the 'India Growth'

story. According to these agencies, growth for FY15 is projected between 5.1-5.7%. The economic expansion coupled with other factors like interest rate cuts, improvement in the sentiment post the general elections and conversion of deferred purchases in FY14 to actual sales would give a fillip to the automobile segment. This in turn is expected to inject life back into the OEM tyre sales for tyre majors. The tyre industry will continue to rely on the replacement and new export markets to cushion any fall from the OEM segment.

Apollo's Indian operations is expected to grow with the pace of the Indian market and maintain its leadership position. The company has identified segments where it sees growth and will build capacity to cater to those segments. As radialisation becomes pervasive in India, the company will convert its truck bias capacity and move towards other product segments like industrial tyres in the next few years.

In Europe, a double digit growth number in the last quarter for the tyre segment and an overall positive sentiment in the second half of FY14 at an economic

activity level have given the much needed optimism. Further, Europe has emerged from its debt crisis thanks to a series of central bank actions. This is giving confidence to leaders/economists to predict a positive Euro zone GDP growth for CY15. However, high rates of unemployment and the Russia-Ukraine crisis can pose a challenge to the growth story.

The outlook for Apollo Tyres' European operations continues to be positive. Apollo Tyres sees the replacement tyre market continuing on a growth path, albeit in a limited manner. Market expansion for both brands – Apollo and Vredestein, will continue to be the key focus for the company. Even as brand Apollo is being pushed deeper into European markets, leveraging on the strength of the Vredestein brand, the latter is being launched in markets like India, Far East and Middle East. With its premium position, brand Vredestein is well positioned to further strengthen its position in Europe.

The Company's multi-product strategy is further

Apollo Tyres and Manchester United tie-up





supporting its multi-brand strategy even as new products are being developed and introduced in the market, especially in brand Apollo's TBR and Industrial tyres segment.

A laser sharp focus on distribution network expansion, product range enhancement and consumer marketing along with leveraging the Manchester United association will form the core of the sales strategy across all tyre segments.

To be in the market for a long haul and have a higher market share, it is important to build additional capacities in the region. Further, significant investment has also been approved to ensure that the Enschede plant can serve as the OEM hub for the market. The Capex plan for FY15 also focuses on upgradation, efficiency & productivity improvement and cost reductions. The company will be implementing a region wide SAP ERP system to bring in efficiency improvement by eliminating duplicate activities,

improving internal controls, enabling faster decision making and sharing best practices.

While the year saw muted growth in South Africa, the government is keen to boost the economy and has planned a slew of measures over the next five years. The government would focus its efforts on economic growth, backed up by increased investment in electricity and transport infrastructure. Also, the government has a multi-prong strategy to tackle the high rate of unemployment and plans to create six-million work opportunities over the next five years. The government's job-creation plan aims at establishing Special Economic Zones, offering industrial incentives, supporting small agriculture and labour-intensive sectors and stepping up the implementation of the Expanded Public Works Programme, among other steps.

From a tyre industry perspective, the 'South Africa Tyre Market Forecast & Opportunities, 2019', mentions that the South African tyre market is expected to witness

phenomenal growth over the next five years due to increasing exports and domestic sales of automobiles coupled with the demand for tyres in the replacement market. The tyre market in South Africa is projected to grow at a CAGR of around 9% during 2014-19. The presence of major auto OEMs is expected to drive the tyre demand in OEM as well as in the replacement market due to the presence of large vehicle park in the country.

Further, other geographies, where Apollo is present, are set to have growth in the coming years after a long period of sluggish growth due to the economic meltdown. All these geographies have inherent strengths and have a growing middle income class with aspirations.

To cater to the growing demand for the company's products, the company is exploring organic and inorganic options to expand its production capacities across various regions.

## RISKS AND CONCERNS

The impact of the key risks and opportunities listed below has been identified through a formal process driven by Apollo's Risk Management Steering Committees. The company's approach has allowed for a systematic appraisal of the business environment it operates in and a response aimed at capitalising and maximising benefits for all its operations.

### FINANCIAL

1. Raw material price volatility
  - a. Natural rubber is an agricultural commodity and is subject to price volatility and production concerns.
  - b. Most other raw materials are crude linked and are affected by the movement in crude prices. Any increase in crude oil prices may impact prices of some of the raw materials.
  - c. Both natural rubber and crude prices are controlled by external environment and little can be done to control the raw material price

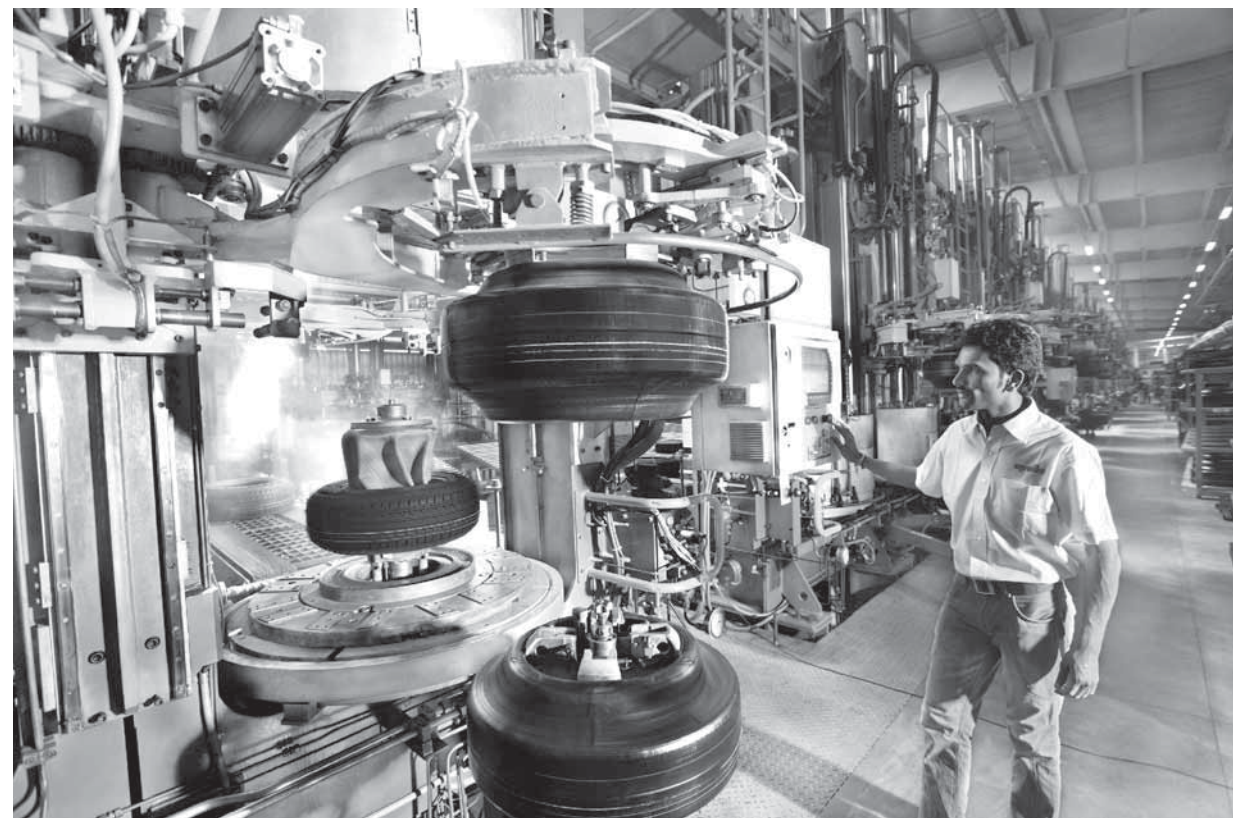


Receiving the SAP ACE Award 2013 for innovation



Receiving the FICCI Award 2013 for manufacturing

2. Ability to pass on increasing cost
  - a. Demand supply situation must remain in favour of the industry to enable it to undertake price increases.
  - b. In India, however, this is impacted by competitive activities and a general reluctance to take quick and significant price hikes.
  - c. In South Africa, imports have a significant market share, across categories, which to an





extent, makes it difficult to roll out 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 fortunes of the industry.

b. In Europe, the company's winter tyre sales are subject to seasonal requirements, which can be impacted in case of a mild winter season.

4. Radialisation levels in India

a. Slower increase in radialisation level in the truck tyre segment, than expected, may impact Indian operations. Excess capacity may result in competitive pressures and decline in profit.

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

5. Future Growth

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

b. Increased competition from global players like Continental, Michelin and Bridgestone in India, particularly in the truck-bus radial tyre category.

**SOCIAL**

6. Manpower retention

a. Retaining skilled personnel may become increasingly difficult in India, due to the entry of global majors like Michelin and Bridgestone in the tyre industry.

7. Labour activism

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

**ENVIRONMENT**

8. Raw material availability

a. Given the high dependence on a single raw

material – natural rubber, lack of alternatives is a cause of concern.

**INTERNAL CONTROL AND SYSTEMS**

Apollo Tyres has a robust Internal Control framework, which has been instituted considering the nature and size of its business. The framework comprises, *inter alia*, of a well-defined organisation structure, roles and responsibilities, documented policies and procedures etc. This is complemented by a management information and monitoring system, which ensures compliance to 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 discipline and hygiene.

In order to ensure efficient Internal Control systems, the company also has a well established 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 Internal Audit prepares a rolling annual internal audit plan, comprising of operational, financial, compliance and information systems audits, covering all the locations 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 Audit reports on a quarterly basis to the Audit Committee, the key internal audit observations and action plan agreed/taken by the management, the status of audits vis-à-vis the approved annual audit plan and status of open audit issues.

The year under consideration also saw a large number of initiatives being undertaken by the Information Services function. Key deliverables for the year included the following:

- a. Deployment of the Plant Detailed Scheduling System at the Gujarat manufacturing unit in India. This programme ensures higher utilisation of equipment by keeping control and traceability of the work-in-progress components, order based manufacturing as well as process control within the plants.
- b. Deployment of SAP and Lotus Notes for the new R&D centre in Enschede, The Netherlands.
- c. Deployment of mobility solutions for the sales team in India. This is for both Sales Force automation as well as Customer Relationship Management. The entire customer information and sales activities planned are now available to the sales team while they are on the move and





interacting with customers.

- d. Sophisticated solutions have been deployed to enhance the security posture of the IT systems and prevent data leakage from within the organisation.
- e. Deployment of Online Security monitoring and response management framework has been established.
- f. Comprehensive SAP deployment has been done for Thailand.
- g. Comprehensive platform created for New Product Development process management.
- h. Activity based costing system deployed at Chennai plant.
- i. Complex delinking of SAP operations and data segregation work done for the hived off entity for South Africa.

### DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The financial statements have been prepared in accordance with the requirements of the Companies Act 1956, and applicable accounting standards issued by the Institute of Chartered Accountants of India. The management of Apollo Tyres Ltd accepts the integrity and objectivity of these financial statements as well as the various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements are reflected in a true and fair manner and also reasonably presents the company's state of affairs and profit for the year.

₹ Million

Sl.	Particulars	Year Ended		Year Ended	
		31.3.2014	31.3.2013	31.3.2014	31.3.2013
		Standalone		Consolidated	
1.	Revenue from Operations:				
	Gross Sales	95,893	94,529	142,895	137,400
	Less: Excise Duty	9,792	9,454	9,792	9,454
	Net Sales	86,101	85,075	133,103	127,946
2.	Other Income	1,809	574	1,995	945
	Total	87,910	85,649	135,098	128,891
3.	Total Expenditure				
a)	Decrease/(Increase) in Finished Goods & Work in Process	(1,158)	(74)	(311)	(441)
b)	Consumption of Raw Materials/Purchase of Stock in Trade	59,746	61,213	78,031	80,410
c)	Employee Benefits Expense	4,867	4,269	16,146	14,714
d)	Other Expenses	12,674	10,685	21,498	18,697
	Total	76,129	76,093	115,364	113,380
4.	Operating Profit	11,781	9,556	19,734	15,511
5.	Finance Costs	2,446	2,610	2,838	3,128
6.	Depreciation & Amortisation	2,480	2,201	4,109	3,966
7.	Profit before Exceptional Items & Tax	6,855	4,745	12,787	8,417
8.	Exceptional Items	711	-	(468)	169
9.	Profit After Exceptional Items & Before Tax	6,144	4,745	12,319	8,586
10.	Provision for Tax				
	- Current	1,327	1,060	1,942	1,665
	- Deferred	391	560	326	783
	Total	1,718	1,620	2,268	2,448
11.	Profit after Tax	4,426	3,125	10,051	6,138
12.	Share of Loss in Associates/Minority Interest	-	-	-	(12)
13.	Net Profit	4,426	3,125	10,051	6,126

## DEVELOPMENTS IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS

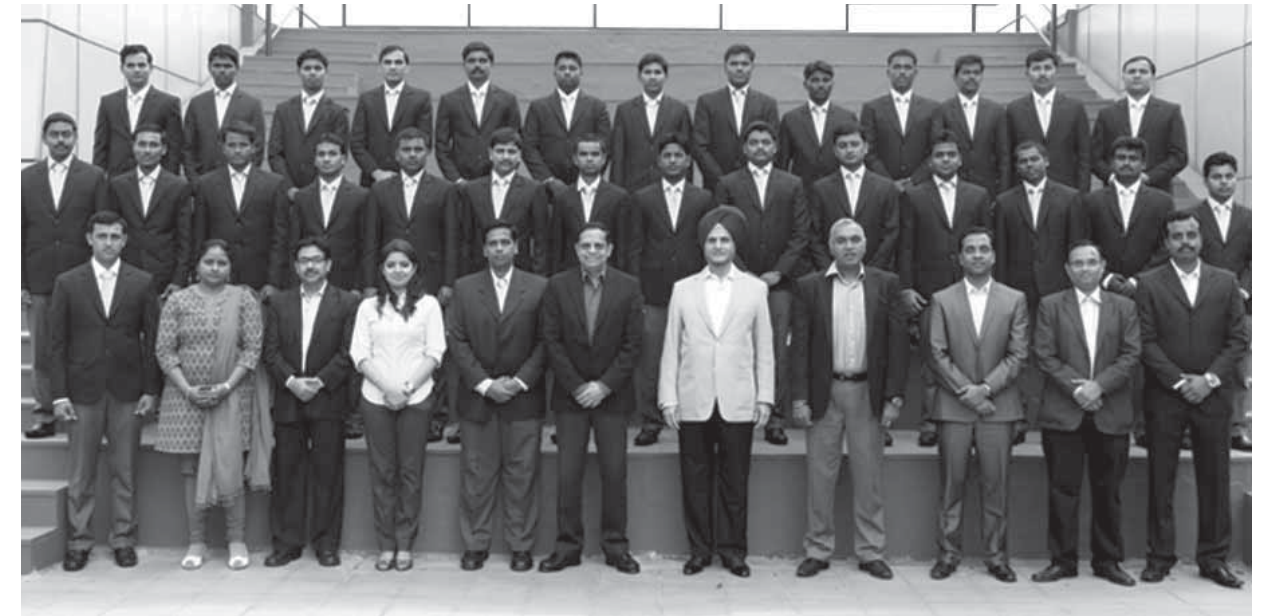
People – employees, customers, partners, investors etc – form the bedrock for the success of Apollo Tyres. Employees are one of the key strengths of Apollo Tyres and HR plays an important role of managing, guiding and motivating employees. Moreover, HR at Apollo Tyres is viewed as a strategic business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

In the previous year, HR had led the process of revisiting the values and crystallised ‘The Apollo Way’, a set of six core values – Customer First, Business Ethics, Care for Society, Empowerment, Communicate Openly and One Family, relevant to all geographies. In FY14, HR saw a pan-organisation rollout of ‘The Apollo Way’, to internalise and integrate the value system across Apollo. Interactive workshops for all employees, creating value champions across all operations and an aggressive

internal campaign reinforced the value messaging across the organisation.

The year also saw an internal realignment of Apollo’s structure in line with its global journey. As part of the process, Apollo is now divided into two key regions - Asia Pacific Middle East and North Africa (APMENA) and Europe, Sub-Sahara Africa and Americas (ESSAA). R&D centers have been set up in two locations – Passenger Vehicle (PV) R&D in Enschede, The Netherlands and Commercial Vehicle R&D in Chennai, India. London, the UK, houses the Global Marketing function and Enschede houses our Global Manufacturing Office. This reorganisation created multiple opportunities for people growth as they moved from one location to another and even functional relocation was part of this new organisation.

After successfully setting the PV R&D centre in The Netherlands, Apollo Tyres has embarked on creating a strong commercial vehicle R&D centre in India. For India operations, HR’s top priority was to build a talent



Aspire programme at Apollo

pool for the R&D function. Students, from various streams like Rubber/Polymer, Automobile and Mechanical, were hired from Indian Engineering colleges. They were further taken through a one year intensive training which included classroom training, shop floor training and projects.

Capability building - functional and technical, was another focus area for HR at Apollo Tyres. Senior managers from the European and South African operations attended management development programmes. HR at the Indian operations held various programs including ‘Technology Leadership Development’ and ‘Step’ to impart relevant training to people in India. Further, it has tied up with the Indian Institute of Management, Calcutta and has designed a two module functional programme for all state managers.

The Indian operations saw HR launching Aspire, a step taken towards career progression of the young brigade. 28 young team members got selected for this programme from Chennai and Limda Radial plant. The aim of this particular programme is to create a strong marketing and sales team equipped with complete knowledge of products.

Labour relations remained conducive in all operations. The plants in the Indian operations created multiple opportunities to promote an open and supportive work environment and enhance participative decision

making. Plant council, house committees and safety cell were just a few of the activities conducted in various plants.

Apollo’s European operations continued its HR Roadmap journey established in the previous year. Based on five main themes - *employer branding, talent management, vitality & employability, lifelong learning and responsible cost development*, the HR Roadmap guides the personnel policy of the European operations. Career and international mobility for employees remained a priority for the operation and few employees were moved to Apollo’s London office to take up new roles and responsibilities.

In line with the ‘Empowerment’ value in Apollo, the European operations introduced the Vitality budget in 2013. Employees are empowered to spend money on chosen activities or tools that will stimulate their own vitality. 946 employees made use of this budget during the year for a wide variety of items. Based on the positive employee feedback, it has been decided to continue with the scheme in 2014. To promote a healthy lifestyle amongst the employees and their families, the operation published a dedicated booklet listing various recommendations for a healthy and balanced lifestyle.

In Apollo’s South African operations, while the management and employees’ union continued to work together for a harmonious relation, there was a brief period of strained relationship due to the illegal strike in the Durban plant for almost 3 weeks in August ‘13. After

**THE SENSORY GUIDE TO**  
The **apollo** Way

**CUSTOMER FIRST**  
We believe that our customers and those whom they serve are central to everything we do.

**BUSINESS ETHICS**  
We act with integrity.

**CARE FOR SOCIETY**  
We actively participate in our local communities to address health, safety, environment and community needs.

**EMPOWERMENT**  
We take ownership for our actions and responsibility for results.

**COMMUNICATE OPENLY**  
We are open and transparent in our communication across geographies and levels.

**ONE FAMILY**  
We celebrate our oneness through building trusting relations, respect for diversity and passion towards common goals.

**It's about our instincts. It's about the way we think. It's the way we interact with the world. It's our common culture. It's a system of values that, like our six senses, defines who we are and how we work.**

apollotyres.com **go the distance™**



this incident, relations remained cordial during the year and in fact, the wage negotiation last year went without a strike in the tyre industry even though the automobile and component industry had suffered industrial action while negotiating and finalising the wage settlement for their respective industries.

The CSR philosophy of the company rests on the principle of sustainability and self reliance. Apollo Tyres' responsibility belief is integrated in its value system i.e 'The Apollo Way' and is linked to its business. Consequently, all CSR projects link to its stakeholders and the issues they face. The core focus areas are *livelihood, health and environment*.

Apollo's India operations focussed on community development initiatives on improving the livelihood and general well being of the people near its manufacturing operations. Initiatives like Project U on vocational training and skill building, improved farming practices, women empowerment, etc. have been taken up by the company. Projects around hygiene and sanitation around its Chennai plant have reached out to 3,500 people for awareness and the initiative saw the community itself constructing and renovating 19 toilets and villagers volunteering to clean up the village. The Health programme saw its continuing work on HIV-AIDS for the trucking community. The company currently runs 22 Health Care Centres across India in transport hubs across India. The programme has reached out to over 3.25 lacs people and more than 3,650 patients have been treated for STI and over 40,290 counselled for HIV- AIDS.

Apollo's European operations conducted various activities as part of its CSR programme. A team of nine employees cycled up to the Mont Ventoux during the Tour du ALS, a cycling event that raises money for urgently needed research into the neurodegenerative disease ALS. The operations sponsored the 'Good Cause Rally' and succeeded in structurally placing several people who have difficulty entering the labour market.

The CSR initiatives by the Indian operations has been

recognised by the World CSR Congress and has been awarded the Asian CSR Leadership Award 2013 and Global Sustainability Leadership Award 2013 for its HIV-AIDS programme. Similarly, the European operations received the Werkpakt hallmark from the municipality of Enschede. The operation was also honoured with the NRK award from the Dutch Federation of Rubber and Plastics Industry for the broad implementation of sustainable business based on a clear market and CSR strategy within our organisation.

#### NOTE

*This report contains forward-looking statements that describe our objectives, plans and goals. All statements that express expectations and projections about the future, including but not limited to, statements about the company's strategy for growth, product development, market position, expenditure and financial results, are forward-looking statements. These are subject to, certain risks and uncertainties, including, but not limited to, governmental action, local economic or political development, technological risks, risks inherent in the company's growth strategy, dependence on certain customers, technical personnel and other factors that could cause actual results to differ materially from those contemplated by the relevant forward-looking statements. Investors should bear this in mind when considering the above statements.*





# PASSION

Passion brings out the best in people... pushing them to the limit, to go that extra mile to create history. For us at Apollo tyres, this is often reflected both within and outside the confines of a boardroom as defined in our sustainability efforts. Sustainability is a way of life in our organisation. Integrated with the business fibre, it is the cornerstone of our environmental and social performance.

A sustainability management framework is already at work to aid planning and implementation of sustainability led initiatives across all our operations. Our responsibility driven approaches have also led to our business partners complying on health, environment and social issues.







## SUSTAINABILITY PERFORMANCE

Apollo Tyres Ltd (ATL) understands and respects its role and responsibility towards ensuring benefits to its stakeholders and society at large. This section gives an overview of the sustainability approach and performance in the manufacturing operations.

### Boundary of section on Sustainability Performance

The information disclosed in this section is restricted to ATL's manufacturing operations.

**Indian Operations:** Chennai, Kalamassery, Limda and Perambra

**European Operations:** Enschede

**South Africa Operations:** Durban (for FY14) and Ladysmith (from April to November 2013)

*Note: In the last quarter, the Apollo operations have been realigned as mentioned in the MDA.*

### Material Topics

At ATL, material topics and aspects are identified as those having the potential to significantly impact our business and stakeholders. This helps us in identifying, managing and mitigating the risks. The business risks and concerns, outlined in Figure 1, are in line with the Management Discussion & Analysis section of this Annual Report. Inculcating our operations with commitment towards economic, environmental and social development, acknowledging responsibilities towards stakeholders and strengthening good governance help us to shape our key material

Figure 1

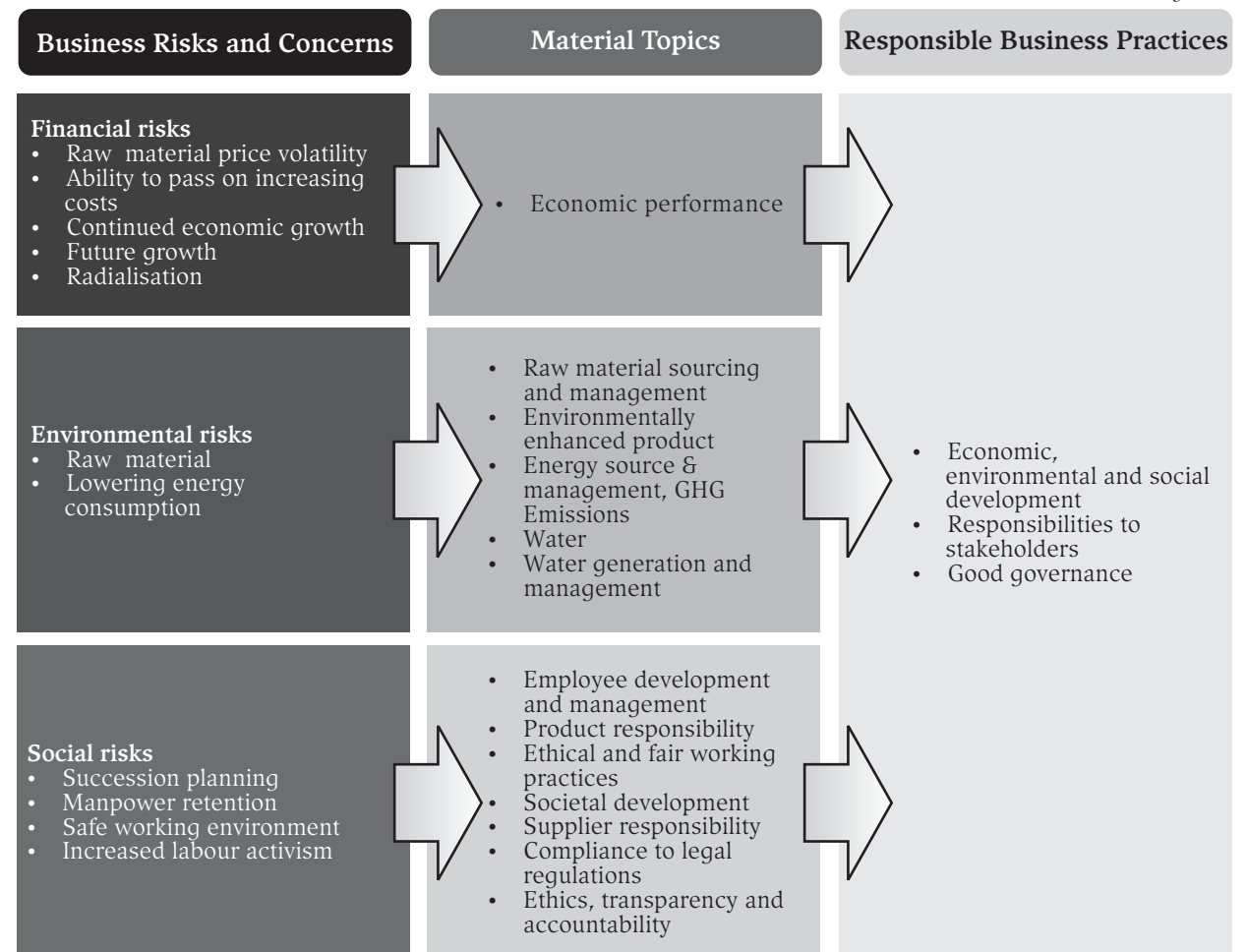
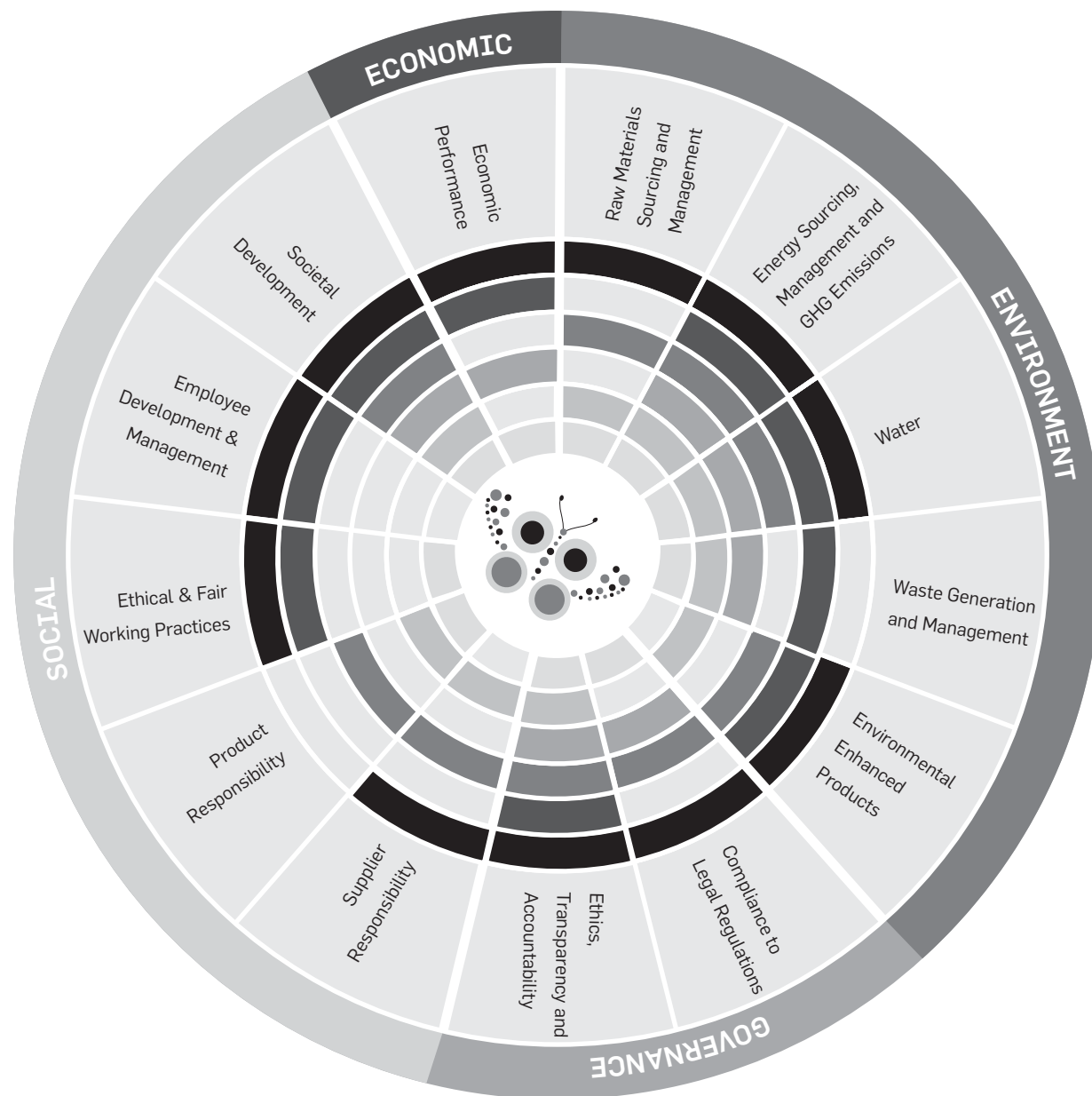




Figure 2



- Investors/Shareholders
- Employees
- Customers/Consumers
- Local Community
- Suppliers
- Regulatory Bodies

topics, moving beyond simply addressing business risks.

The section underlines our journey towards responsible business practices and highlights the progress towards our commitments on economic, environmental and social development. Our good governance aims are also disclosed within the Directors' Report of this Annual Report; along with our responsibility towards various stakeholders which continues to be a key component of Apollo's responsible business practices.

**Stakeholders**

Every material topic has a potential to influence the decision, action and performance of one or more of ATL's key stakeholder groups.

Our key stakeholder groups are identified based on a three point criteria that defines how we interact with them:

- Stakeholders who are indirectly or directly impacted

Key Stakeholder Groups of ATL		
Investors/Shareholders	Employees	Customers
Local Community	Suppliers	Regulatory Bodies

by ATL's operations and activities

- Stakeholders towards whom ATL has a legal, commercial, operational, societal or ethical responsibility
- Stakeholders who can have an impact on ATL's strategy and operational decision making

Figure 2 showcases the identification and prioritisation of the material issues and co-relation with relevant stakeholders.

**Material aspects across the value chain**

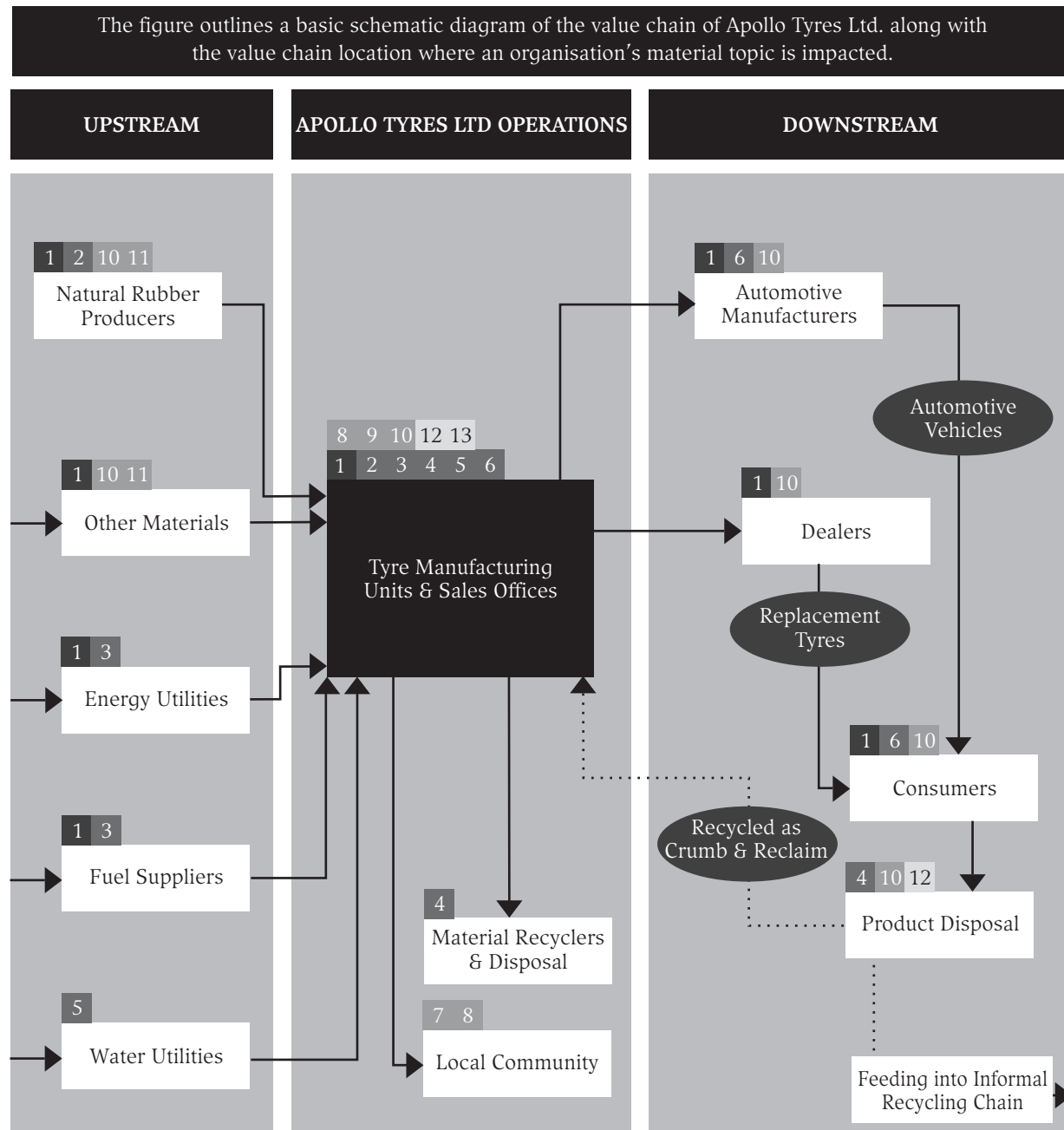
Identification of material topics across the value chain provides ATL with a view of its overall impact. It gives us an opportunity to strengthen our sustainability performance on key material topics with the relevant stakeholders across the value chain. Figure 3 highlights the business areas where material aspects can be impacted.

For the purpose of this report, the sustainability performance indicators are restricted to those pertaining to the operations of ATL – in line with the boundary of our Annual Report – unless stated otherwise.

Community engagement in Limda village



Figure 3



Legend – Material Aspects Occurrence

Economic	Environmental	Social	Governance
1 Economic Performance	2 Raw Material Sourcing and Management	7 Societal Development	12 Compliance to Legal Regulations
	3 Energy Sourcing and Management & GHG Emissions	8 Employee Development and Management	13 Ethics, Transparency and Accountability
	4 Waste Generation and Management	9 Ethical and Fair Working Practices	
	5 Water	10 Product Responsibility	
	6 Environmentally Enhanced Product	11 Supplier Responsibility	

### SUSTAINABILITY MANAGEMENT FRAMEWORK

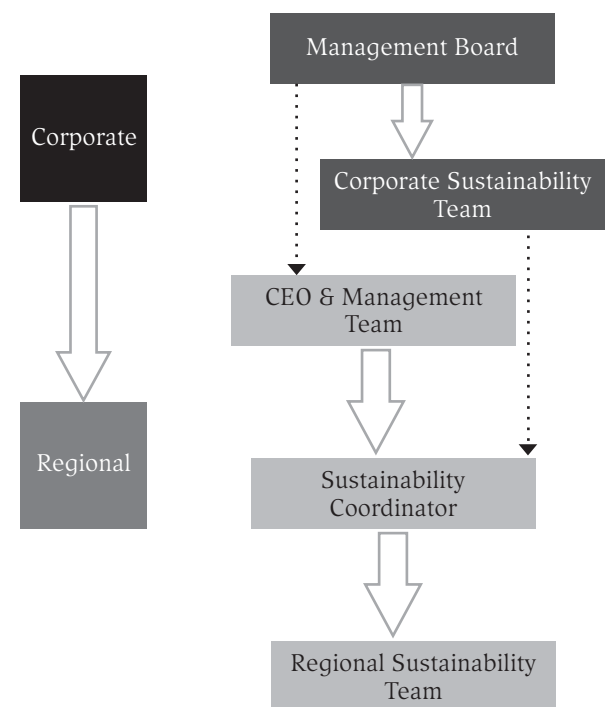
A structured management framework (SMF) allows for continuous improvement through planning, implementation, review and prioritising efficiency in the approach. The SMF, going beyond the compliance requirement, provides for advanced environment, health and safety management systems within our operations. The SMF supports the existing processes for the effective implementation of the systems. It uses the simple quality PDCA (Plan-Do-Check-Act) approach to improve performance on an on-going basis.

#### Sustainability Management Structure

Sustainability is managed through a dual approach involving corporate and regional leadership. ATL Corporate team guides, oversees and defines the sustainability approach and prerogative to be achieved. The involvement of the leadership is important here, as the company-wide strategy for sustainability is built from the local experiences, requirements and expectations of each region.

With a company-wide direction in place, each ATL region implements the defined sustainability approach at their operations – manufacturing and sales locations, tailoring it to the local operational context.

Figure 4



### How we implement sustainability

Figure 5



### SUSTAINABILITY MANAGEMENT FRAMEWORK ACTIVITIES

Planning Sustainability Path and Strategy
Responsibility: Management Board and Regions
Activities
<ul style="list-style-type: none"> <li>• Identification of sustainability issues at corporate level</li> <li>• Identification of material issues to business at regions</li> <li>• Risk and opportunities connecting to sustainability and material issues</li> </ul>
Implementing Sustainability Initiatives
Responsibility: CEOs of each Region
Activities
<ul style="list-style-type: none"> <li>• Stakeholder engagement through value chain process mapping</li> <li>• Sustainability projects and targets</li> <li>• Process documentation</li> <li>• Responsiveness mechanism for stakeholders</li> <li>• Training and communication</li> <li>• Integration with existing business systems</li> </ul>



Monitoring and Corrective Actions of Initiatives
Responsibility: CEOs and Core Teams at Regions
Activities
<ul style="list-style-type: none"> <li>Monitoring and evaluation of initiatives</li> <li>Mitigation of negative impacts through corrective action</li> <li>Internal auditing and assurance of framework and initiatives</li> </ul>

Review & Evaluation of Sustainability Initiatives
Responsibility: Management Board and Regions
Activities
<ul style="list-style-type: none"> <li>Quarterly review and evaluation of framework activities</li> <li>Preparation of evaluation report outlining status of framework and initiatives</li> <li>Provide update to Board of Directors</li> </ul>

## SUSTAINABILITY PERFORMANCE

### Scope

The sustainability performance section only relates to the performance and information from ATL's manufacturing operations in India, South Africa and Europe.

ATL's operational scope has changed impacting disclosures. From mid 2013-14, the Ladysmith plant was no longer part of ATL's South African operations. Due to this change, the complete information across all parameters in indicators is not covered in this section.

### Economic Performance

The economic performance of ATL is described through our financial performance as provided in the other sections of this Annual Report – Performance Highlights, Management Discussion & Analysis and Financials.

Environmental and social aspects have a strong link with economic performance through investments we make on environmental management initiatives and social activities that involve our work with

employees, suppliers, customers, consumers and the community.

The details of these activities are covered in this report with an aim to establish greater linkage between environmental, social and economic factors. This will require a need to understand our relationship with the value chain, as wider environmental and social aspects also have impacts in areas outside the boundary of our operational areas. These wider aspects have the potential to affect our business success and consequent financial performance.

### Environmental Performance

At ATL, environmental material issues are prioritised on areas where its impacts are the most significant, based on the nature of our operations and our product offerings. Our activities for environmental management focuses on key aspects in the operational inputs, manufacturing process and the product output, in which we try to minimise negative environmental impacts and enhance positive ones. This section on environmental performance discusses the key performance indicators for our material environmental aspects, as given in the Figure 6.

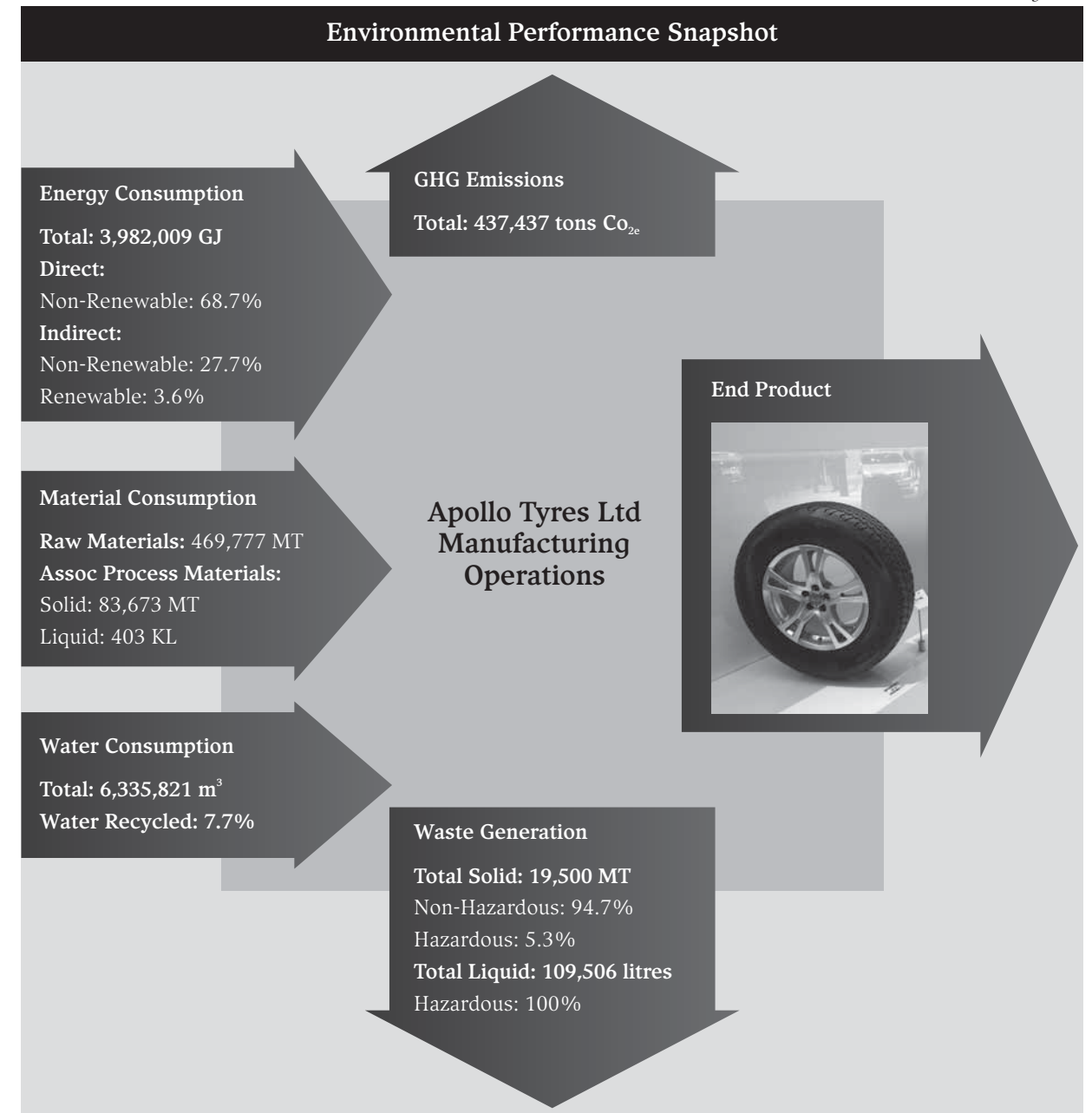
Tyre manufacturing relies on four primary raw materials which dominate the proportion of consumption, both in the manufacturing process and our final product.

#### Natural and Synthetic Rubber

Across our locations, excluding our South African operations for which information cannot be provided at this moment, the proportion of synthetic rubber is 32% of the total rubber used. The usage of natural rubber (extracted from the latex of rubber trees) or synthetic rubber (made from styrene-butadiene co-polymer), is determined through cost and availability considerations. For instance, in European operations, the proportion of synthetic rubber is higher as compared to that of Indian operations. In the Indian and South African operations, natural rubber can be sourced in relative abundance from the surrounding tropical regions.

#### Reducing Material Consumption

Innovations in the design of our tyres have allowed us to reduce the material used in its manufacture without



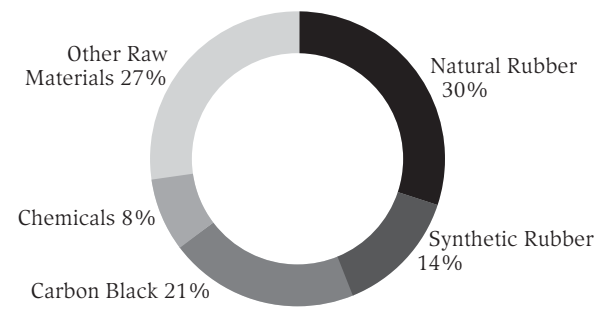
Organic vegetables being grown at Perambra





**Raw Material Sourcing and Management** *Figure 7*  
FY14

Total Raw Materials Consumed : **469,777 MT**



*Only the most important raw materials have been taken into consideration.*

compromising the product quality and safety. The Snowtrac 3 tyres produced in the European Operations have been re-engineered to reduce a total 195 tons of material per year. At Limda plant in the India operations, changes in the production process enabled weight reduction and subsequent lower material consumption across 5 tyre types.

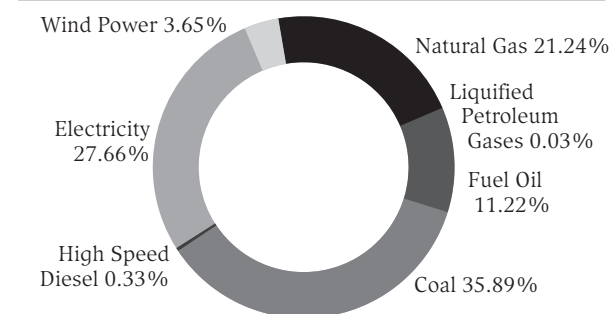
Utilising recycled materials reduces the need to use virgin raw materials. Across the Indian operations, recycled materials (reclaim and crumb) account for approximately 2% of the total material used in the manufacturing of a new tyre. This totals to 7,006 MT for FY 14.

**Energy Sourcing and Management**

Direct energy sources have a direct involvement in the tyre manufacture process. The component preparation and curing processes require intensive heat

**Energy Consumption Sources** *Figure 8*  
FY14

Total Energy Consumed: **3,982,009 GJ**



from energy sources, with heat energy stimulating the chemical reaction between rubber and other materials.

The wide variety of consumption sources in our energy mix takes cognisance of factors such as the required use, availability, price and environmental considerations - where climate change impacts are the most pressing to address.

Coal is the primary source of energy in India and South Africa, dominating the energy mix in both the regions - with 43.7% in India and 55% in South Africa. Natural gas is the second most predominant energy source in India; while in South Africa it is liquid energy sources, such as fuel oil and high speed diesel.

**Wind Power**

In our endeavour to increase the renewable energy mix in the overall consumption, we consider alternate sources of energy.

Our wind power consumption has increased by significantly as compared to FY13, in India. The organisation consciously pays a premium for sourcing of alternate energy options such as wind in these locations.

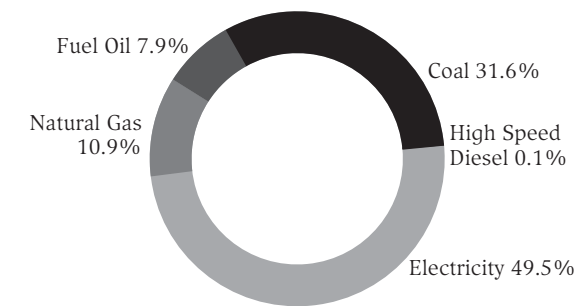
The organisation has been working towards reducing its emission impact in its sustainability journey. Various initiatives to reduce energy consumption, focus on products like reducing rolling resistance and emission in transportation and logistics have been undertaken across geographies.

The proportion of electricity in our Greenhouse Gas (GHG) emissions is significant in relation to its proportion in energy consumption. A heavy fossil fuel dependent electricity grid - primarily coal and other thermal sources - in both Indian and African operations is a major contributor to this.

Electricity emission factors are determined by country specific governments, while direct fossil fuels are computed based on figures of the Inter-governmental Panel for Climate Change (IPCC). The standards and means employed may differ as a result. One aspect that may lead to a skew in the figures is the GHG emissions arising from transmission & distribution (T&D) losses

**Greenhouse Gas Emissions** *Figure 9*  
FY14

Total GHG Emissions: **437,437 tonnes CO<sub>2</sub>**



that governments may include in their electricity grid emission factors. Such losses cannot be tracked and recorded in the energy consumption of the organisation, which can lead to an inflated electricity proportion.

Natural gas as a cleaner fuel is clearly showcased here by the significantly reduced proportion in GHG emissions, by more than half of its proportion of electricity consumption. The adoption of wind power in place of fossil fuel electricity has allowed for a 6.7%

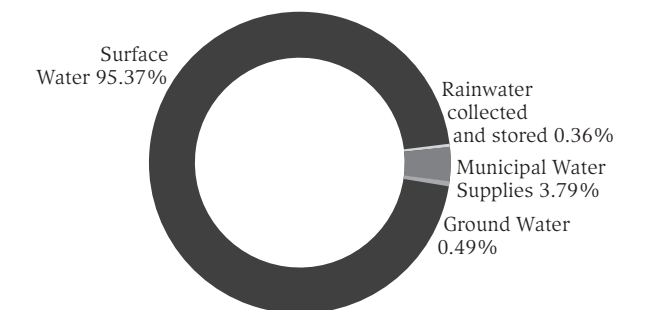
reduction in overall GHG emissions, and specifically reduced electricity emissions by almost 13%.

**Water Management**

Tyre industry, unlike heavy industry, is not water intensive. However recognising water as a critical natural resource, Apollo has been focusing on its water journey. In plants the focus is on reducing the specific water consumption.

**Water Consumption Sources** *Figure 10*  
FY14

Total Water Consumption: **6,335,821 m<sup>3</sup>**





About 7.7% of the water consumed is recycled within our operations. This does not include the water consumption in Europe, where the entire water intake for its operations is discharged back into its source, with minimal loss, after effective treatment applicable as per law.

A hydro geological mapping was undertaken in FY14 across manufacturing locations in India, to understand and estimate the water availability and corresponding risk in the next five years time. In India, Chennai has emerged as a high risk location for the operation with respect to water. Several initiatives including water harvesting have been undertaken in various locations in order to mitigate this.

**Waste Management**

The company has a well defined waste management system in all its manufacturing locations. The system takes into account ISO 14000 requirements and goes beyond mere compliance requirements. Further to Figure 11, waste generated includes waste rubber,

scrap tyres and used oils. All our vendors and recyclers are recognised and authorised under law to collect and recycle different category waste.

The focus is on minimising the waste generated in the plants. For example, at Limda in Indian operations, overall scrap generation reduced by 3.2%.

Apollo's European operation has prioritised reducing the quantity of waste and scrap generated including a 50% reduction in unvulcanised process scrap. In a similar vein, lower graded materials that cannot be used in tyres but can be used in other rubber products have reduced from 5900 kg/day to 1900 kg/day, which also reduces energy consumption. Internal re-used rubbers have also reduced from 58000 kg/week to 34000 kg/week. This has occurred as a result of re-engineering our processes towards maximising efficiency and productivity and reducing wastage, for which such results are indicative of success.

A new study in understanding the End-of-Life Tyre (ELT) journey in India, has been undertaken. The findings of this study will help us plan our ELT journey in India going forward.

Over view of End-of-Life Tyre cutting unit - Study of End-of-Life Tyre management in India



**Environmentally Enhanced Products**

Improving environmental performance at our locations is a first step. ATL believes this journey should provide its customers the benefit of improved environmental performance. We have adopted stringent standards prioritising environmental improvements to ensure that our tyres meet global standards. Our focus remains on the fuel efficiency, weight reduction and improved life of tyres. All the products in our European market are adhering to the required EU tyre labeling norms.

Examples of Environmentally Enhanced Products:

- Alnac 4G, a fuel efficient passenger car tyre, has been developed with an aim to reduce CO<sub>2</sub> by reducing the rolling resistance. 220,486 tyres were manufactured at our Limda location in FY14.
- Quatrac Lite, which has low rolling resistance as a key feature, has shown great potential and demand among passenger car customers. In light of this, we have increased production of the tyre by 35% for a total of 23,100 tyres during FY14.

**Social Performance**

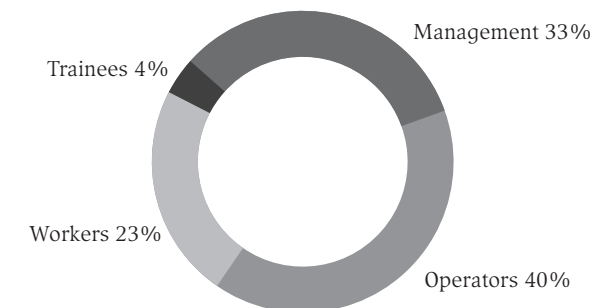
This section provides a brief overview of the organisation's interaction with its employees and community.

**Labour and Decent Work**

FY14 saw a significant change in the total number of employees in the organisation. The change in the South African operations of Ladysmith moving out of Apollo operations, on one hand resulted in the plant workers

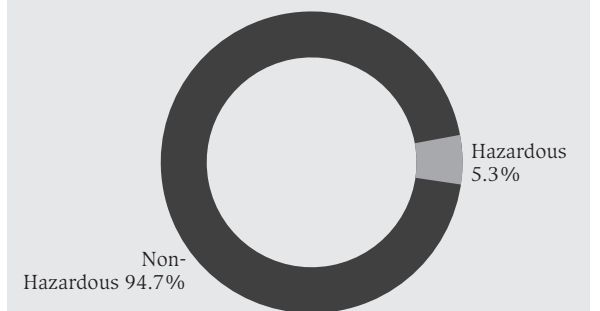
**Employee Categories Breakdown** Figure 12  
FY14

Total Employees: **9,713**



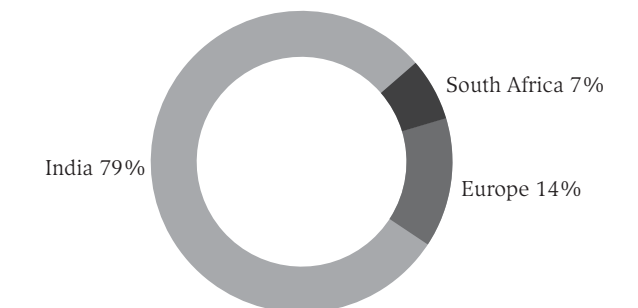
**Solid Waste Composition** Figure 11  
FY14

Total solid waste composition is **19500 MT**, with an additional **109.51 KI** of hazardous liquid waste



**Employee Regional Breakdown** Figure 13  
FY14

Total Employees: **9,713**





and the corporate Dunlop employees moving to Sumitomo Rubber Industries. On the other, have also added a few employees as a result of opening one new sales office in Middle East and another in Australia.

Figure 12 does not include information from Europe, where employee categories are broken down as indirect (management capacity) and direct (operators and workers) with respect to production activities.

### Employee Turnover

Employee Turnover in FY14: 6.78% of total workforce

The overall employee turnover at all operations continues to be low. This is something that is common in manufacturing locations, where worker heavy units tend to show little change in employee turnover, primarily because the majority of these workers are employed from the local community, where they would have established roots for a long period of time. This also strengthens ATL's relationship with the local community, where we are aware that the local community is populated by our workers' families, and consequently is dependent on us for their livelihood.

In Africa, turnover rate due to the change is almost 25%. We have experienced high turnover rates over the past few years in this region primarily on account of retirements, employee movements and growing opportunity in a developing economy. In India and Europe, the turnover has been low at 6% and 2% respectively, which is reflective of a more stable workforce.

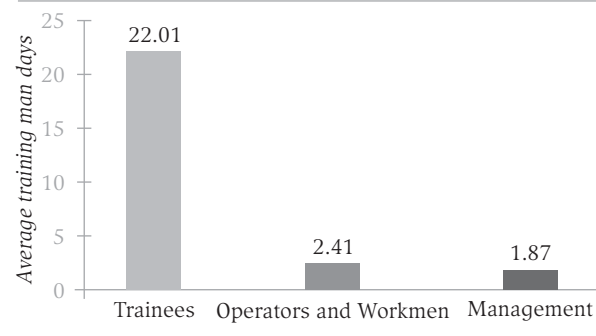
### Employee Learning and Development

Employee development is integral to Apollo's growth journey. The training requirements are assessed at departmental level within the organisation for both functional as well as behavioural training. The training calendar is developed basis the assessment. There is a feedback mechanism to assess the efficacy of the training. Our in-house programme, 'Apollo Laureate'

**Employee Training in Indian Operations** Figure 14  
FY14

Average training man days in India:

**2.95 man days/employees**



focuses on building the leadership potential of fast trackers. The employees also have advantage of an e-library from where they can pick books for the purposes of capacity building or recreation.

In Europe, we do not track training man days per employee, but ensure that training needs for employees are identified and provided to ensure employee development is in line with the individuals and the organisation's growth.

In our South African operations, we have a robust training system that provides targeted capacity building offerings based on the role and employment category of employees. The average training man days in our South African operations has been 5.41 for FY 14.



Training employees on connecting the dots with environmental sustainability

### Employee Health and Safety

The organisation follows international standards of health and safety. The focus is on driving behavior based safety across the manufacturing locations. Indian and South African operations are certified under OHSAS 18001.

No fatalities were reported in any of our manufacturing locations.

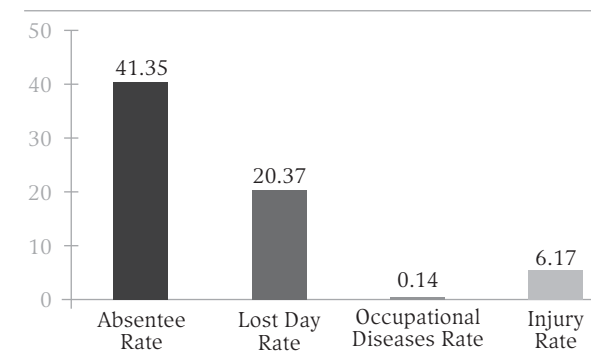
### Employee Engagement on Environment

Ongoing employee engagement on environment awareness and sustainability aims to promote environmental sustainability through formal education and mass awareness programme. The objective of the programme is to create awareness on environment and climate change, and to cultivate a pervasive culture of sustainability across locations in India.

As a result of these trainings, employees themselves have identified green projects to conserve the environment. Few initiatives like introducing drip irrigation to reduce water wastage, introducing recycled paper stationery for office work, reusing scrap boxes are examples of projects initiated by employees in the reporting year. Another initiative around organic farming for plants saw a production of 2283 Kgs of vegetables.

HabitAT Apollo, the umbrella programme on environmental sustainability focuses on advocacy and conservation activities within the ATL operations. The focus of these activities is to increase awareness on environmental issues and increase recycling initiatives within the company. For example, the Green O Bin

**Health and Safety Indicators** Figure 15  
FY14







Cycle rally on world water day by employees- Chennai (employee engagement on environment sustainability)

paper recycling initiative has recycled about 25,000 kg of paper. According to the US Environment Protection Agency, this implies saving of 723,826 litres of water, 464 mature trees and 109266 KWH of energy.

#### Human Rights and Ethical and Fair Working Practices

Apollo recognises and is sensitive to all human rights related issues. As a responsible organisation, it adheres to all compliance issues and is working towards incorporating international norms of business in its practise. There was no incident with relation to child labour, forced labour and discrimination reported during the year and hence there were no substantiated and unresolved incidences of discrimination reported in FY14.

#### Anti-Corruption

Employees are made aware of the expectation to not engage in corrupt practices in any of their business dealings. There is some risk of such incidents as we have day to day dealings with outside contractors but we have faced no incidents during FY14.

In our South African operations, 8 of our business

functions have been analysed for corruption risks. As we had identified the Ladysmith and Durban locations with a medium risk of corruption due to day-to-day dealings with contractors, 42% of management employees and 26% of non-management employees have been given dedicated anti-corruption training. Further, all employees are made aware about the Company Code of Ethics.

Likewise in Europe, we have identified that the sales offices are the locations most susceptible to incidents of corruption, and accordingly have analysed all 14 sales offices for corruption risks.

#### Product Responsibility

##### Product Health & Safety

The quality standards on product performance and health and safety have been a differentiator for our brands in the market. The products are designed keeping the safety measures in mind. In Europe, the Life Cycle Study has been completed and will help the company to design newer and safer high quality products.

#### Supplier Responsibility

Apollo is working with its suppliers in improving the sustainability practices in their operations thereby strengthening the supply chain and reducing the risks. The company has a Partner Code of Conduct for all its suppliers with emphasis on social and environmental performance. The CSR audits undertaken by the company's supply chain team has resulted in some of our partners going in for improved environment and health and safety standards.

#### Community Development

This section provides information on community initiatives in India operations.

ATL's community development initiatives focus on improving the livelihood and general well being of the people near our manufacturing operations. The nature of community projects differs in each location. Our community initiatives follow a clear and well defined strategy to ensure that the key needs of these communities are met.

#### Structured Approach of ATL's Community Development Strategy

1. Understanding needs and requirements of the community
2. Developing priority areas and aims based on community needs

Project U beneficiaries celebrating Womens Day at Limda



3. Planning, implementing and monitoring projects under the identified priority areas
4. Reviewing outcomes and understanding impacts of implemented activities for further improvement

#### Community Development Priority Areas

- Income and Livelihood Generation
- Health, Hygiene and Sanitation
- Education
- Environment

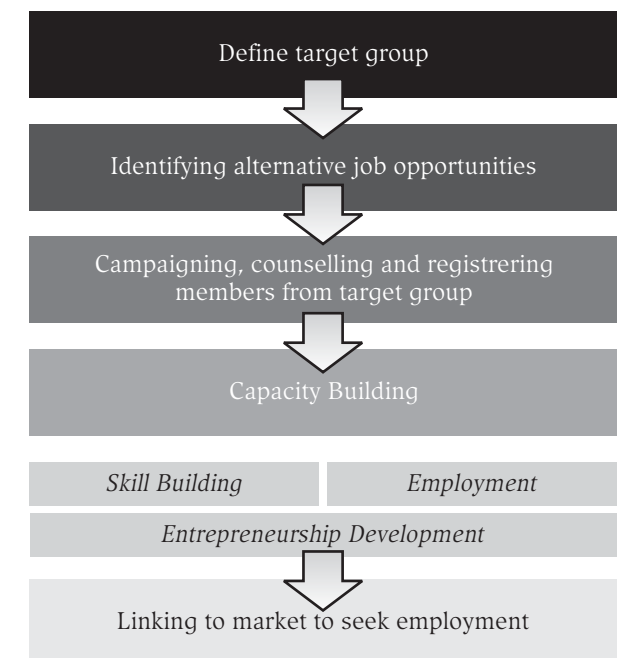
#### Community Development Key Activities

##### Income and Livelihood Generation

#### 1. Project U

Project U is aimed at skill-building and livelihood generation activities for the underprivileged youth and women in the communities around our manufacturing plants.

Project U Approach:



In the reporting period, a total 472 men and women were trained in various vocational skills. The income generation training covers modules in catering, bouquet making, cotton waste product for industrial use, beautician course, tailoring, making of home cleaning agents etc.





Women farmer at field - Improved Farming Practise

## 2. Improved Farming Practices

This project is based on the findings of an agriculture based need assessment undertaken in the Limda village, Vadodara. The aim of the project is to enable farmers to acquire new knowledge and skills in modern crop practices to increase their productivity and income. The project not only strengthens the knowledge about modern techniques of farming, increased crop yield skills and expertise of the farmers; but also establishes linkages with the market to ensure direct financial benefits. The objective is to help them increase their productivity and income; thereby improve their standard of living. A total of 120 farmers have benefited from the programme in FY14.

## 3. Employee Wives Forum

An engagement programme with the wives of employees in Perambra, Kalamassery and Limda plant was launched in 2012. The objective is to make the women self-reliant, develop their entrepreneurial skills and thereby improve their family's livelihood. A total of 300 family members have benefitted from the Women's Forum Programme.

Skill building training for women at Chennai



## Health, Hygiene and Sanitation

### 1. Hygiene and Sanitation

A project on health and sanitation has been undertaken, as per the identified need of the community in Mathur and Orgadam villages around the Chennai plant. The idea is to change the habit of open defecation among the community including that of children in balwadi or crèche. A total of 3500 people were reached out in the community during awareness stage. As a result, the community itself has constructed and renovated 19 toilets; almost 35 women started using sanitary complex; and around 41 people volunteered and cleaned the partial area of the village.

### 2. HIV-AIDS Awareness and Prevention

We recognise HIV-AIDS as a business and development issue, having potential of affecting not just truckers but all our stakeholders. Four key stakeholder segments i.e. Customers (truckers), Employees, Supply Chain Partners and Local Community are covered under the programme. It is the most comprehensive and biggest initiative of the company under CSR work.



In the reporting period, from trucker targeted intervention programmes, over 716019 people have been reached out to through one-to-one and one-to-group awareness sessions, mid media and peer educator network. More than 3800 patients have been treated for STI and over 41000 counselled for HIV AIDS. HIV tests undertaken amounted to 23166 out of which 136 tested positive.

Workplace programme reached out to more than 4000 employees in current year. The programme with supply chain partner also covered 3 companies with approximately 75 peer educators trained, who have in



Asian CSR Leadership Awards

turn reached out to approximately 665 employees. In total, the supply chain programme on HIV has touched 31 companies till date. The customer targeted intervention initiative on HIV-AIDS was awarded in the category of Community Action for the Asia region by World CSR Congress.

### 3. Clean My Transport Nagar

Clean My Transport Nagar a solid waste management project by the Indian operations, was launched as a pilot in FY13 in Sanjay Gandhi Transport Nagar (SGTN), Delhi. SGTN, a halt point for truck drivers near Delhi, lacks waste management facilities and general cleanliness. Blocked drainage, littering, scattered waste

Stakeholder advocacy on greening the Transport Nagar - Clean My Transport Nagar Project







Road cleaning and waste collection - Clean My Transport Nagar Project

and poor water quality are very common features of this area. There are visible issues of sanitation, water logging, stench, mosquitoes, flies, dirt, mud and lack of greenery.

The objective of the 'Clean My Transport Nagar' programme is to improve waste management and cleanliness of the area and to generate integrated awareness on health and sanitation amongst stakeholders. Apollo already runs a STI treatment and HIV-AIDS awareness clinic in that area. The environment programme is essentially linked with the health and well being of the stakeholders.

Through this programme, a total of 8546 kg of biodegradable waste was recycled and 3629 kg non biodegradable waste was collected. The project has also started drawing linkage with the government authorities for institutionalising recycling systems and putting them in place. In 2013, Agra was identified as the second location to start a similar project. Initial baseline survey has been completed of Agra Transport Nagar.

#### 4. Alcoholism

The objective of the programme is to reduce absenteeism among workmen, strengthening family

relations and ensuring high productivity, by treating and dissuading them from alcoholism which is prevalent in the manufacturing locations around our Chennai, Kalamassery and Perambara locations. In the reporting year, the programme has covered 465 employees, out of which 9 employees were rehabilitated.

Road show on Alcoholism awareness-Kalamassery plant employees







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## DIRECTORS' REPORT

Dear Member,

On behalf of the Board of Directors of your Company, we share with you the Annual Report along with the audited financial statements of your Company for the financial year ended March 31, 2014.

### FINANCIAL PERFORMANCE

₹ Million

Particulars	Year ended		Year ended	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
	Standalone		Consolidated	
Net Sales	86,101	85,075	133,103	127,946
Other Income	1,809	574	1,995	945
Operating Profit (EBIDTA)	11,781	9,556	19,734	15,511
Less: Depreciation/Amortisation Exp.	2,480	2,201	4,109	3,966
Finance Cost	2,446	2,610	2,838	3,128
Provision for Tax	1,718	1,620	2,268	2,448
Net Profit before Exceptional Items	5,137	3,125	10,519	5,969
Add: Exceptional Items	(711)	-	(468)	169
Less: Share of loss of associates/ minority interest	-	-	-	12
<b>Net Profit</b>	<b>4,426</b>	<b>3,125</b>	<b>10,051</b>	<b>6,126</b>

### OPERATIONS

It was a tough year for tyre makers and this is reflected in sales growth numbers at Apollo Tyres Ltd which witnessed an increase of 4.03% during FY14.

On a standalone basis, your Company achieved a net turnover of ₹ 86,101 million as against ₹ 85,075 million during the previous financial year. EBIDTA was at ₹ 11,781 million as compared to ₹ 9,556 million during the previous financial year. The net profit for the year under review was ₹ 4,426 million, as against ₹ 3,125 million in the previous fiscal, a growth of almost 41.63%.

The consolidated net turnover of your Company increased to ₹ 133,103 million during FY14, as compared to ₹ 127,946 million in FY13. The consolidated EBITDA was ₹ 19,734 million for FY14 as compared to ₹ 15,511 million for the previous financial year. On consolidated basis, Apollo Tyres earned net profit of ₹ 10,051 million for FY14 as against ₹ 6,126 million for the previous financial year, a growth of 64.07%.

The amount available for appropriations, including surplus from previous year amounted to ₹ 12,313 million. Surplus of ₹ 10,383 million has been carried forward to the balance sheet after providing for dividend of ₹ 378 million, dividend tax of ₹ 64 million, debenture redemption reserve of ₹ 488 million and general reserve of ₹ 1,000 million.

In the year under consideration, Apollo Tyres entered new markets, launched high performing products for both the passenger and commercial vehicle categories and redesigned its R&D structure, with focus on profitability, internal efficiencies and customer delight.

### PRODUCTION

During the year under review, your Company's production has shown a consolidated output of 525,205 metric tonnes (MT) as against 525,062 MT in the previous year.

### RAW MATERIALS

During the year, the raw material cost declined by 5% over the last year. Natural Rubber prices ruled lower in FY 14 due to weak demand. The demand supply gap of rubber in India continued to grow and imports of rubber from Thailand, Malaysia and Indonesia were necessary to offset the shortfall in domestic supplies. The customs duty on Natural Rubber was increased during the year to "₹ 30/kg or 20% whichever is lower" from "₹ 20/kg or 20% whichever is lower". While this led to an increase in the cost of imported natural rubber, high production and a suppressed global demand saw a fall in global natural rubber prices to around USD 2/kg by the end of the fiscal.

Economic fundamentals continued to keep the crude prices under check. The Brent crude prices were in the range of USD 105 - 110 per barrel in FY 14. Synthetic Rubber prices remained subdued in the year under review, with most

producers lowering their plant operating rates to match the weak demand. Other crude based raw materials such as nylon tyre cord fabric, carbon black etc. remained steady. Rubber chemicals prices rose during the year on availability concerns and plant shutdowns. The anti-dumping duty continued on imports of nylon tyre cord fabric from China and Belarus, and carbon black imports from Thailand, Russia and China.

The sharp devaluation of the rupee against the dollar from Q2 onwards has arrested the benefit of the softening in imported commodity prices. The exchange rate has weakened by around 11% on an annualised basis.

The Company's focus on liquidity management and risk mitigation through alternate source development continued during the year.

The commodity prices are expected to remain steady in the coming quarter with economic recovery, thereafter, will lead to hardening of commodity prices. In India, the raw material prices are likely to recover in the later part of the year with improvement in automobile demand and pick up in economic activity.

## **DIVIDEND**

Your Company has a consistent track record of dividend payment. The Directors are pleased to recommend a dividend of ₹ 0.75 (75%) per share on Equity Share Capital of the Company for FY14 for your approval. There will be no tax deduction at source on dividend payments, but your Company will have to bear tax on dividend @ 16.995 %, inclusive of surcharge.

The dividend, if approved, shall be payable to the shareholders registered in the books of the Company and to the beneficial owners as per details furnished by the depositories, determined with reference to the book closure from July 21, 2014 to August 6, 2014 (both days inclusive).

## **MARKETING**

For Apollo Tyres' India operations, the year began with the launch of Apollo 4G range of tyres for passenger vehicles. To further strengthen its product offering in India, the Indian operations launched its premium European brand, Vredestein, in India to cater to high-end cars and SUVs. In the Off highway tyres segment, an aggressive approach helped the Company launch a slew of products for the segment. These included a new Farm product range, Krishak Gold, product for the specialty segment row crop and sub 30 HP tractor and the new XMR with Live Bond Steer mile technology.

To tap the high potential ASEAN market, Apollo Tyres opened its sales office in Bangkok, Thailand. After Dubai for the Middle East region, this was the second 'home market' outside Company's operations in India, The Netherlands and South Africa.

The Company continued to ramp its branding presence in India and other parts of the world. The Company tied up with global football club, Manchester United and launched a high-decibel brand –'There are no Shortcuts' – campaign in India during the year.

During the FY14, Apollo was abuzz with activities with the launch of new products and introduction of size extensions for the passenger tyre segment in Europe. In June 2013, the Vredestein Wintrac Xtereme S was launched during a dealer event at Giugiaro Design in Turin, Italy. Before the onset of the winters for 2013-14, the Apollo Alnac Winter was introduced in the market. Multiple products were launched and size extensions were introduced at the Auto Salon Geneva in March 2014 including the Apollo Apterra (4x4/ SUV), Apollo Apterra HL, Vredestein Sportrac 5, Ultrac Vorti and Ultrac Vorti R.

New sizes in Vredestein agricultural and Apollo industrial tyres became available, including a pre-launch of Vredestein Faktor S at the Agritechnica in Germany (the new cross ply tractor rear tyre). At the Eurobike –Friedrichshafen in Germany, a complete new line of racing bike tyres, the Vredestein Fortezza Senso, was successfully introduced.

## **EXPORTS**

Apollo Tyres exports to over 100 countries across the globe. The products, including heavy and light commercial tyres, passenger car tyres, etc. are finding acceptance in many markets due to the high product quality.

In FY14, the South African operations saw a healthy exports number contributing about 31% of its total revenues. While the European operations continued to focus on domestic market, their entry into various export markets has demonstrated a favourable response.

## **EXPANSION PROGRAMME AND FUTURE OUTLOOK**

The Company seeks a higher market share in the European region. Currently, the Company is unable to meet the demand in Europe for its tyres due to capacity constraints. Further, the Company sees a huge potential in the ASEAN region. As a way forward, the Company will continue to follow its stated policy of seeking opportunities organically and inorganically. The Company will look at capacity expansion, Greenfields and Brownfields in line with its overall growth strategy.

One of the key pillars for the Company's success will be technology. To further strengthen this, the Company has setup a commercial vehicle R&D facility in Chennai, India, as well as a passenger vehicle R&D centre in the Netherlands.

Your Board approved a Greenfield Project in Eastern Europe, at a project cost of approximately Euro 500 million over the next 4 years, to be funded with accruals and debt at the European subsidiary level. The planned capacity is expected to be 16,000 Passenger Car Tyres (PCR) per day and 3,000 Truck Bus Radial Tyres (TBR) per day.

## **ACQUISITION/RESTRUCTURING**

As the Company had set its target of joining the elite league of top 10 tyre companies globally, it was looking at achieving its goal with a mix of organic and inorganic growth.

As part of this strategy, in FY14, the Company had executed a definitive merger agreement under which a wholly-owned subsidiary of Apollo was to acquire Cooper Tire & Rubber Company(Cooper) in an all-cash transaction valued at approximately ₹ 14,500 crores (USD 2.5bn). The strategic combination would have brought together two companies with highly complementary brands, geographic presence and technological expertise to create a global leader in tyre manufacturing and distribution.

However, the deal could not go through due to the differences inter-alia between Cooper Tire and its joint venture company Cooper Chengshan (Shandong) Tire Co. Ltd. in China. The Company continues to focus on its two global brands Apollo and Vredestein. In line with this strategy, the Company closed the transaction with Sumitomo Rubber Industries (SRI), wherein SRI took over Apollo Tyres South Africa (Pty) Ltd including the Ladysmith passenger car tyre plant, the Dunlop brand rights that Apollo had in 32 countries of Africa and sales and distribution network in South Africa. Company retains the Durban plant which manufactures Truck & Bus Radial (TBR) tyres and Off Highway tyres (OHT) used in the mining and construction industries.

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

As required by clause 49 of the listing agreement with the Stock Exchanges, a detailed Management Discussion and Analysis Report is presented in a separate section forming part of the annual report.

## **SUBSIDIARY COMPANIES**

As the Company follows its global ambition to become a global tyre brand of choice, it had to create multiple subsidiaries for facilitating these operations in various countries. As on March 31, 2014 your Company had 38 subsidiaries including step subsidiaries.

During the year under review, Apollo Tyres BV, had incorporated Apollo Acquisition Corp. as its wholly owned subsidiary on June 7, 2013 in USA to acquire Cooper by means of merger of such subsidiary into Cooper.

Apollo (South Africa) Holdings (Pty) Ltd had incorporated subsidiary with the name of Apollo Durban (Pty) Ltd w.e.f. July 29, 2013 for the purpose of transfer of Durban Plant, Durban sales, branch, Head Office (including employees of Durban plant and some specific employees from Head office) and brands other than "Dunlop" to it, from Apollo Tyres South Africa (Pty) Ltd(ATSA) on restructuring of South Africa operations with Sumitomo Rubber Industries Ltd.

As the restructuring transaction with SRI concluded on December 2, 2013, SRI took over ATSA including the Ladysmith Plant along with DUNLOP brand rights in 32 countries in Africa and sales and distribution network in Africa including transfer of employees (except few specified). ATSA ceased to be a subsidiary of the Company w.e.f. December 1, 2013.

Apollo Tyres (Lao) Co. Ltd wholly owned subsidiary of Apollo Tyres Holdings (Singapore) Pte Ltd is under winding up.

As per the provisions of section 212 of the Companies Act, 1956 your Company is required to attach the Directors' Report, Balance Sheet, Profit & Loss Account and other information of subsidiary companies to its Balance Sheet. However, the Ministry of Corporate Affairs, Government of India has, vide its General Circular No. 2 and 3 dated February 8, 2011 and February 21, 2011 respectively, granted a general exemption from compliance with section 212(8) of the Companies Act, 1956 from attaching the Annual Accounts of subsidiaries in the annual published accounts of the Company subject to fulfilment of conditions stipulated in the said circulars. Your Company meets all the conditions stated in the aforesaid circulars and, therefore, the standalone financial statements of each subsidiary are not annexed with the annual report for the FY 14.

The consolidated financial statements of the Company and its subsidiaries are attached in the annual report. A statement containing brief financial details of all the subsidiaries of the Company for the year ended March 31, 2014 forms part of the annual report. As required, pursuant to the provisions of section 212 of the Companies Act, 1956, a statement of the



holding company's interest in subsidiary companies forms part of the annual report. The annual accounts of subsidiary companies will be made available to shareholders on request and will also be kept for inspection by any shareholder at the registered office and corporate headquarters of your Company, and its subsidiaries.

In view of the ongoing economic uncertainty in Zimbabwe and the restriction on financial repatriation, the accounts of Zimbabwe based entities have not been consolidated under Accounting Standard (AS-21) 'Consolidated Financial Statements'. Please refer to Note A2.2 of the consolidated accounts.

## DEBENTURES

11.5% 1250 Non Convertible Debentures of ₹ 1 million each were required to be redeemed in 3 equal annual installments of ₹ 416.67 million starting February 2, 2014.

During FY14, NCD's amounting to ₹ 416.67 Million were redeemed on February 2, 2014.

## FIXED DEPOSITS

During the year under review, your Company did not accept fixed deposits from the public/ shareholders.

## AUDITORS

M/s. Deloitte Haskins & Sells, Chennai, Chartered Accountants, Statutory Auditors of your Company, will retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment as Statutory Auditors for FY15.

Under section 139 of the Companies Act, 2013, Statutory Auditors of every listed Company who have completed a term of 10 years or more will not be eligible for re-appointment as Statutory Auditors. However, the existing companies have been allowed to comply with the new requirements of this Section within 3 years from the date of commencement of the Companies Act, 2013.

The existing Statutory Auditors of the Company have already completed a term of more than 10 years.

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

Based on the recommendations of the Audit Committee, the Board of Directors of the Company proposes the re-appointment of M/s. Deloitte Haskins & Sells, Chennai, chartered accountants, as the Statutory Auditors of the Company for a period of 3 years from FY15 to FY17.

## AUDITORS' REPORT

The comments on statement of accounts referred to in the report of the auditors are self explanatory.

## COST AUDIT

M/s. N P Gopalakrishnan & Co., cost accountants, were appointed with the approval of the Central Government to carry out the cost audit in respect of the Company's facilities at Perambra, Vadodara and Chennai as well as Company's leased operated plant at Kalamassery for the FY14. They will submit their report to the Board of Directors, before forwarding it to the Ministry of Corporate Affairs, Government of India.

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 FY15 subject to shareholder's 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.

## BOARD OF DIRECTORS

The Government of Kerala withdrew the nomination of Dr V P Joy w.e.f. November 11, 2013. They also nominated Mr P H Kurian in place of Mr K S Srinivas on the Board of the Company w.e.f. December 11, 2013. The Board placed on record its appreciation for the contribution made by Dr V P Joy and Mr K S Srinivas during their tenure of directorship.

Mr M R B Punja and Mr Shardul S Shroff resigned from the directorship of the Company w.e.f. March 28, 2014 and May 15, 2014 respectively. The Board placed on record its appreciation for the contribution made by them during their tenure of directorship.

Mr Akshay Chudasama and Ms Pallavi Shroff were appointed as additional directors of the Company w.e.f. November 11, 2013 and May 15, 2014 respectively to hold the office till the date of the ensuing annual general meeting. The Company has received requisite notice together with deposit of Rupees One Lakh each, as provided under section 160 of the Companies Act, 2013, from the shareholders proposing the appointment of Mr Akshay Chudasama and Ms Pallavi Shroff as Independent directors not liable to retire by rotation.

Pursuant to the provisions of section 152 of the Companies Act, 2013 and in accordance with provisions of Articles of Association of the Company, Mr P H Kurian, Director of the Company, is liable to retire by rotation and being eligible, offer himself for re-appointment.

None of the Directors are disqualified under section 164(2) of the Companies Act, 2013.

## AWARDS AND RECOGNITIONS

In its constant quest for growth and achievement, 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
Global Sustainability Leadership Awards 2014	Best Community Action	World CSR Congress
ABK AOTS CUMI 5S Awards 2013	Large Scale Manufacturing Industry	ABK and AOTS
Agribex Exhibitor Award 2013	Stands up to 150 square meters	Agribex
Good Design Award 2013	New consumer products	The Chicago Athenaeum Museum of Architecture and Design
KwaZulu-Natal (KZN) Exporter of the Year 2013	Exports into Africa	Durban Chamber of Commerce
SAP Award for Customer Excellence	Special Award	SAP
Gold Award	Marketing Communication	Cannes Corporate Media & TV Awards
Best Employer 2013 Awards	Best Employer Award	Effactory and Intermediar

## CORPORATE SOCIAL RESPONSIBILITY(CSR)

Corporate responsibility of the organisation stems from its value system and vision statement. The organisation believes that positive growth should be achieved with environmental and social sustainability. Though the journey on sustainability is recent, it is already a key pillar in its next five year growth journey.

The CSR strategy focuses on combining corporate goals with development goal. The strategy is to enable inclusive growth by building on key partnerships and linkages to optimize the existing resources in reaching out to more people. The organization is conscious of the sustainable triple bottom line coherence (people, planet and profit) and thus has developed a CSR framework identifying and prioritizing its key stakeholders. This framework clearly revolves around the principle of three 'I's i.e. Involve, Influence and Impact its stakeholders. To achieve this, all activities are routed through Apollo Tyres Foundation, which was registered in April 2008.

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

Particulars required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo, are given in Annexure A, forming part of this report.

## CORPORATE GOVERNANCE REPORT

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

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

The compliance report on corporate governance and a certificate from M/s. Deloitte Haskins & Sells, Chennai, chartered accountants, Statutory Auditors of the Company, regarding compliance of the conditions of corporate governance, as stipulated under clause 49 of the listing agreement with the stock exchanges, is attached herewith as Annexure B to this report.

#### **PARTICULARS OF EMPLOYEES**

Particulars of employees as required in terms of the provisions of section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, are set out in Annexure C to the Directors' Report.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

As required by section 217 (2AA) of the Companies Act, 1956, your Directors state that:

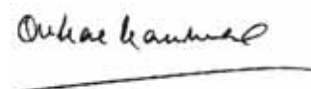
- i) In preparation of the annual accounts for the year ended March 31, 2014, the applicable accounting standards have been followed and there has been no material departure;
- ii) The selected accounting policies were applied consistently and the Directors made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as of March 31, 2014, and of the profit of the Company for the year ended as on date;
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) The annual accounts have been prepared on a 'going concern' basis.

#### **ACKNOWLEDGEMENT**

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

Your Directors wish to place on record their appreciation to the respective State Governments of Kerala, Gujarat, Haryana and Tamil Nadu, and the National Governments of India, South Africa and the Netherlands. 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



(Onkar S Kanwar)

Chairman & Managing Director

Place: Gurgaon

Date : May 15, 2014

## **ANNEXURES TO DIRECTORS' REPORT**

**ANNEXURE - A**

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

The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

Information under section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended March 31, 2014.

#### **A) CONSERVATION OF ENERGY:**

Energy is precious and considering the environmental impact, by way of Green House Gas(GHG) emissions, and also due to its high impact on product cost, this is always an area under focus. We continue to be best in energy efficiency Giga Joules(GJ) used per Ton of production amongst the major Indian Tyre Industries.

##### **a) Efficient utilisation of energy:**

The Company continuously strives to reduce energy consumption by improving its energy utilization efficiency. This is achieved by optimizing the process parameters using energy efficient technologies, eliminating wastages etc. Some of the major energy conservative measures are as follows:

- Reduced usage of mixing mills through the usage of compound slitters;
- Improvement in the boiler efficiency through online monitoring of key parameters and usage of mixture of low calorific value coal along with high calorific value coals;
- Replacing low efficiency pumps with multiple low capacity high efficient Pumps along with VFD, running in cascade in more and more applications;
- Reduced the steam demand peaking by improved process controls for reducing the starting of back up Furnance Oil (FO) boiler, for cost saving ;
- Changing from chilled water to normal water in mixers and mills;
- Usage of Variable Frequency Drives in Feed mills and Hold mills;
- Compressed air dead loss was monitored and reduced continuously, for energy saving;
- Chilled water temperature optimized for energy reduction;
- Reduction in thermal energy continues through the improvement of Insulation, more recovery of condensate, good maintenance of steam traps, reducing steam leaks, improved cure cycle specifications, Isolation of idle machines etc;
- Reduction in energy consumption for lighting through use of natural lighting wherever possible, use of high efficiency light fixtures using the LED and induction technologies;
- We are continuously looking at reducing high pressure air usage and are putting in systems to take care of this;
- Improved waste heat utilization which has resulted in reduction of energy consumption and also has helped in reducing the GHG emissions.

##### **(b) Additional investment and proposal for reduction of energy usage:**

Considering the environmental impact of energy consumption by means of GHG emission and for the future energy security from the escalating energy cost, the Company is moving towards the use of more and more renewable sources as and when the right technology is available. Constant efforts of the Company have resulted in increase in electricity generation from wind energy, which is more environment friendly. Electricity generation from wind energy is 14% of total consumption.

Various endeavours are being taken, from time to time, at all the plants of the Company to continuously improve on power and fuel consumption levels. The up-gradation of low efficiency equipments to higher efficiency is continuing. The efforts of the Company such as benchmarking various manufacturing locations of the Company with each other, Inter-facility energy audits and on-line energy monitoring system have started to provide positive results.

To sustain the energy efficiently and to accelerate the process, the Company is implementing ISO 50001 standard in our plants. This will bring more structured approach to energy management by establishing and improving various processes required for energy management. This has already started in the Limda plant.

The following proposals are being considered for further reduction in energy consumption.

- Usage of renewable sources for thermal and electrical energy:
  - Biomass for generation of steam
  - Wind and solar for electrical energy



- Energy efficiency will be the criteria for selection of equipments in all future requirements.
- Continuous efforts will be made for optimising the energy used for various processes.

**(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:**

The energy conservation measures indicated above have helped the Company to restrict the impact of increase in the cost of energy, thereby reducing the cost of production of products to that extent.

**(d) Total energy consumption and energy consumption per unit of production:**

**FORM A**

PARTICULARS	Unit Measure	Total	
		2013-14	2012-13
<b>A POWER/FUEL CONSUMPTION</b>			
1. Electricity			
a. Purchased Units	(Million)	265.96	260.81
Total Amount	(₹ Million)	1,407.30	1,316.38
Rate per Unit	(₹)	5.29	5.05
b. Own Generation			
i) Total Captive Generation			
- Units	(Million)	1.21	2.28
- Units/Ltr. of Diesel/Furnace oil		3.89	4.06
- Cost/Unit	(₹)	14.82	13.30
ii) Through steam turbine/generator (Gas)			
- Units	(Million)	25.13	28.17
- Units/M <sup>3</sup> of Gas		5.08	5.01
- Cost / Unit	(₹)	8.28	6.27
iii) Through steam			
- Units	(Million)	15.01	0.92
- Units/ MT of Steam		152.11	132.39
- Cost / Unit	(₹)	2.43	4.86
2. Coal			
Quantity	(MT)	59,245.49	54,149.86
Total amount	(₹ Million)	307.44	291.60
Average Rate	(₹/Kg)	5.19	5.39
3. Furnace oil/LSHS			
Quantity	(K.Ltrs)	18,284.83	22,631.93
Total Amount	(₹ Million)	731.08	769.11
Average rate	(₹)	39.98	33.98
4. Other/internal generation	-	-	-
<b>B CONSUMPTION PER UNIT OF PRODUCTION</b>			
Electricity	(KWH/MT)	782.73	802.94
Furnace Oil/LSHS	(Ltrs/MT)	48.96	62.39
Coal & Others	(Kg/MT)	0.159	0.150

The increase, wherever applicable, has been caused as a result of hike in tariff/prices of electricity/furnace oil/gas.

**B) TECHNOLOGY ABSORPTION**

**Efforts made in technology absorption as per form B**

**I) Research & Development:**

(1) Specific areas in which R&D is carried out by the Company:

Technology leadership is at the core of all Research & Development activities of the company. R&D centre ensures timely development of tailor-made quality products suitable to specific vehicle, geographical climate, operating and road conditions. Primarily activities of R&D are focussed on improvement in key tyre performance parameters like mileage, durability, grip, wet grip & lower rolling resistance along with economical & sustainable manufacturing.

New EU laws on mandatory usages of winter tyre, Tyre labelling, REACH, Conflict minerals etc. led to introduction of new materials and deployment of innovative compounding technology & modern design in the product. External Research programs with our suppliers on Innovative technologies like Nano materials, environmental friendly chemicals & oils, Non petroleum based materials, New generation Silanes, Nano clays & Super active carbon black have resulted in application of more efficient, cost effective & novel materials in new product development. Mid-term & long-term strategic partnership projects with Institutes and Universities on areas like filler master batches, FE and tyre simulations, etc are initiated. Voice of the customer is used in development of first ever traction tyre in OTR Bias category – 24.00-35 E4 and 710/75 R38 Traxion XXL.

(2) Benefits derived as a result of R&D:

Efforts of R&D have resulted in making the company to become the first manufacturer to produce an all-season tyre using European natural rubber or Russian Dandelion & Guayule, as a part of the EU-PEARLS project. This project was undertaken to reduce the dependence of tyre manufacturers on Natural rubber (Hevea) trees which are mostly grown in Asia.

Activities of advanced tyre research group helped in developing new tyres with Lean Development Cycle and Enhanced Product Performance Characteristics. In the TBR basket, besides improvement in mileage, chipping & chunking resistant compound suitable to Indian road conditions, tread compound with low Rolling Resistance for European market & new Sidewall compounds are developed to add aesthetic value. Under the OHT category, Puncture and Cut & Chip Resistant Farm Tyre tread compound, Super Heat Resistant tread compound, high mileage Flotation Radial tread & more durable Breaker compound are introduced to get an edge over the competition. In TBB segment, High mileage Rib Tread compound & high separation resistant Breaker compounds were developed to achieve the market leadership. Bloom free and non-carcinogenic Tube compound, High Scorch stable Cushion gum compound for Retreading operation, Mileage and Cut & Chip resistance improvement of Pre-cured Retread for TBR is developed to fulfil emerging customer needs. Apollo Excavators and Skid steers are the other noticeable developments in the Industrial sector.

(3) Future plan of action:

R&D is geared up for key challenges emerging from continuous need of fuel efficiency, various environmental, health & safety related legislations and demand of sustainable developments.

Your company constantly strives to keep its members highly motivated through trainings and other knowledge and skill enhancement programmes to enable them to deliver to the best of their abilities. Technology Leadership Development Programme (TLDP) is one such programme conducted in Tyre Engineering, Compounding & Manufacturing extending over a period of three years with an objective of imparting latest technology available in the world to the R&D scientists.

(4) Expenditure on R&D:

	₹ Million
(a) Capital	186.14
(b) Deferred revenue expenditure	-
(c) Revenue	757.50
(d) Total	<u>943.64</u>
(e) Total R&D expenditure as a % of turn over	1.10%

**II) Technology absorption, adaptation and innovation**

(1) Efforts towards technology absorption, adaptation and innovation:

External Research projects were carried out with prominent suppliers, Universities and institutes across the globe. New projects have been introduced to knit modern technology in the product development and

manufacturing. Rationalisation and standardization of Raw materials, compounds, specifications, simulation techniques etc across all locations were continued to ensure consistency of the product. R&D partnership approach with top technological automotive industries like Toyota, Volvo, MAN, Volkswagen, Ford, Honda and Tata helped in development of product suitable to meet future automobile innovations.

Sophisticated tools enabled us to try out very innovative concepts in virtual proving ground and fine tune them for the real application like performance improvement of tractor tyre in hard soil application, performance improvement of TBR tyre in Steer position, TKPH in OTR tyres with optimized traction.

In partnership with Porsche, R&D has developed the new variable front spoiler branded as 'Air Master for Porsche 911 Turbo & 911 Turbo S.

(2) Benefits derived as a result of the above efforts:

Extensive research has resulted in development of more fuel efficient, high mileage and high performance tyres which also provide cost efficient, comfortable & safer journey. Accordingly a host of new products were introduced which has paid rich dividends by helping company to improve market share and customer satisfaction.

TBR group's journey into the Global OEMs crossed the first milestone with product approvals secured in the Indian subsidiaries of Volvo and MAN. Endurance LD established as the TBR pattern with the highest consumer demand in India. Endurance MA is now the pan India key driver for front axle radialisation. To support the growing LCV & SCV segment, new sizes were developed. In LCV category, new products were launched in overload segment (LSS XP). Premium mileage tyres for rated load segment (XT-100) and extra premium rib (XMR) for steer axle has been developed & evaluated. In SCV category, 14" sizes with section widths of 185 & 215 are being developed & tested. Also in 12" category, new premium offerings in section width of 155 have been process proved.

In order to meet the customer demands of low CPKM in Load & Mileage segment of TBB tyres, Innovative Multilayer 'MMT' tread technology has been implemented. This has resulted in 10% mileage superiority over competition. To facilitate effective implementation of 'MMT' technology, tread Extrusion process was redesigned.

To improve market share of Apollo in ASEAN markets, region specific All Wheel fitment tyres (AWR-HD) in TBB & LTB has been developed. IF 800/70 R32 CFO is the first IF (Improved Flexion) technology tyre waiting on the wings is outcome of one of the most innovative and challenging technology in OHT segment.

Development of lean design concept in curing mould assembly by optimizing the shoulder gauges employing chamfer design, sufficient material reductions are achieved which directly contributed to tremendous material savings (~ 11% weight reduction in 45" size), better heat input at shoulder area & better handling of the assembly. Curing efficiency is improved through new container technology for segmented moulds by designing additional heat chamber at bottom plate of container thus sufficient heat input is maintained during mould opening process.

Vredestein Wintrac xtreme S is new winter tyre launched, designed with Internal Sipe Locking Technology (ISLT), a special rubber compound and unique tread design. ISLT ensures that the sipes - which are essential for achieving grip on snow and ice - experience virtually no deformation, even at high speeds. Apterra range of tyres for SUV's has a tread consisting of a multi-polymer compound for total safety, even at higher speeds, in line with the demands of high performance vehicle drivers. Apterra H/P gives it an extra load capacity, making it ideal for heavier SUVs, such as the Audi Q5 and BMW X3 and X5.

(3) Technology imported:

- No technology was imported during this financial year.
- Year of import – not applicable
- Has the technology been fully absorbed – We are focusing on the development of our own technology through in house R&D efforts
- The present technology is based on our own R&D efforts.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO:	₹ Million
i) Foreign Exchange Earnings:	
-On account of direct - export sales from Apollo Tyres Ltd (FOB value)	8,142.28
-On account of royalty from Foreign Subsidiary Companies	57.28
-On account of Cross Charge of Management Expenses from Foreign Subsidiary Companies	28.10
-On account of Reimbursement of Expenses from Foreign Subsidiary Companies	30.10
ii) Foreign Exchange outgo (other than CIF value of imports)	1,953.22

## CORPORATE GOVERNANCE REPORT

**ANNEXURE - B**

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 clause 49 of the listing agreement, 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 Companies Act, 2013 became effective from April 1, 2014. 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. Your Company is in the process of transformation from Companies Act, 1956 to Companies Act, 2013 in a phased manner. The next annual report of your Company shall contain all the additional information and disclosures which are required to be given under Companies Act, 2013.

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 clause 49 of the listing agreement:

### 1. Corporate Governance Philosophy

At Apollo Tyres Ltd (the Company), corporate governance brings direction and control to the affairs of the Company in a fashion that ensures optimum return for stakeholders. Corporate governance is a broad framework which defines the way the Company functions and interacts with its environment. It is compliance with laws and regulations in each of the markets the Company operates in 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:

- 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 shareholders. 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.
- 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.
- 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.
- Trusteeship brings into focus the fiduciary role of the management to align and direct the actions of the organisation towards creating wealth and shareholder value in the Company's quest to establish a global network, while abiding with global norms and cultures.
- 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.
- 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.
- 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 (i.e. Supervisory Board) of Apollo Tyres, being at the core of its corporate governance practice, plays the most pivotal role in overseeing how the management serves and protects the long – term interests of all our stakeholders.



Apollo's Board consists of an optimal combination of Executive Directors and Independent Directors, representing a judicious mix of professionalism, knowledge and experience. The Directors bring in expertise in the fields of human resource development, strategy, management, legal, finance and economics, among others. The Board provides leadership, strategic guidance, objective and independent view to the Company's management while discharging its fiduciary responsibilities, thereby ensuring that the management adheres to high standards of ethics, transparency and disclosure.

- (a) **Composition of Board:** The size and composition of the Board as on March 31, 2014 exceeds the requirements of clause 49 of the listing agreement with the stock exchanges. The Company's Board of Directors consist of 13 Executive and Non Executive Directors, including leading professionals in their respective fields. The following is the percentage of Executive and Non Executive Directors of the Company:

Category of Directors	No. of Directors	% of Total no. of Directors
Executive	4	31
Non Executive	9	69
Total	13	100

The constitution of the Board and attendance record of Directors is given below:

Name/Designation of Director	Executive/ Non-Executive/ Independent	No. of positions held in Other Companies		No. of Board Meetings Attended	Attendance at last AGM
		Board#	Committee##		
Mr Onkar S Kanwar Chairman & Managing Director	Promoter – Executive	8	2	8	Yes
Mr Neeraj Kanwar Vice Chairman & Managing Director	Executive	2	3	6	No
Mr Akshay Chudasama (w.e.f. November 11, 2013)	Non-Executive Independent	1	-	2	N.A.
Mr A K Purwar	Non-Executive Independent	9	4	5	Yes
Mr K Jacob Thomas	Non-Executive Independent	3	1	7	Yes
Mr Nimesh N Kampani	Non-Executive Independent	7	5	5	Yes
Mr P H Kurian* Nominee Director – Govt of Kerala (Equity Investor)	Non-Executive Independent**	12	-	1	N.A.
Mr Robert Steinmetz	Non-Executive Independent	-	-	6	Yes
Mr Sunam Sarkar Chief Financial Officer & Whole Time Director	Executive	-	-	6	Yes
Mr Shardul S Shroff @	Non-Executive Independent	6	3	4	No
Dr S Narayan	Non-Executive Independent	4	1	6	Yes
Mr U S Oberoi Chief (Corporate Affairs) & Whole Time Director	Executive	2	-	8	Yes
Mr Vikram S Mehta	Non-Executive Independent	9	2	3	Yes

#### Ceased to be Director

Dr V P Joy* Nominee Director – Govt of Kerala (Equity Investor)	Non-Executive Independent	3	-	2	No
Mr K S Srinivas* Nominee Director – Govt of Kerala (Equity Investor)	Non-Executive Independent	7	-	2	Yes
Mr M R B Punja (w.e.f. March 28,2014)	Non-Executive Independent	4	1	6	Yes

#This includes directorships held in public ltd. companies and subsidiaries of public ltd. companies and excludes directorships in private ltd. companies and overseas companies.

##For the purpose of committees of Board of Directors, only Audit and Shareholders' Grievance Committees in other public ltd. companies and subsidiaries of public ltd. companies are considered.

\*Govt of Kerala withdrew the nomination of Dr V P Joy from the Board of the Company w.e.f. November 11, 2013. They also nominated Mr P H Kurian as Director of the Company in place of Mr K S Srinivas w.e.f. December 11, 2013.

\*\* Pursuant to section 149(6) of the Companies Act, 2013, Mr P H Kurian shall not be treated as Independent Director w.e.f. April 1, 2014.

@ Mr Shardul S Shroff resigned from the Board of the Company and Ms Pallavi Shroff was co-opted as an Additional Director on the Board of the Company w.e.f May 15, 2014.

Mr Shardul S Shroff, Managing Partner & Ms Pallavi Shroff, Partner of M/s. Amarchand & Mangaldas & Suresh A. Shroff & Co., carrying out practice of solicitors and advocates on record, to whom the Company has paid fee of ₹ 45.77 million for FY14 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.

Mr Akshay Chudasama is the Partner of J Sagar Associates, carrying out practice of solicitors and advocates on record, to whom the Company has paid fee of ₹ 202.46 million for the FY14 for professional advice rendered by the firm in which he is interested. The Board has determined that such payment in the context of overall expenditure by the Company, is not significant and does not affect his independence.

None of the Directors of your Company is a member of more than 10 committees or is the Chairman of more than five committees across all the companies in which he is a Director.

- (b) **Board Functioning & Procedure:** Apollo Tyres' Board is committed to ensuring 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 Annexure 1A of clause 49 of listing agreement, 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 and the Company Secretary discuss the items to be included in the agenda and the detailed agenda, management reports and other explanatory statements are circulated well in advance of the meeting. Senior management officials are called to provide additional inputs on the matters being discussed by the Board/Committee. Overseas operating subsidiaries are represented through their CEO's who make detailed presentations about working of their respective companies.

The Board has an effective post meeting follow up procedure. Items arising out of previous Board Meeting and their follow up action report is placed at the immediately succeeding meeting for information of the Board.

- (c) **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.

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

Modernisation, excellence and quality are his guiding principles. Registered in 1972, Apollo Tyres under his guidance transformed itself from an Indian manufacturer of commercial vehicle tyres, to a global entity with a full-fledged product portfolio, spanning three 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 a member of the Trade Advisory Committee to the Government of India and the President of Indian Rubber Manufacturers Research Association (IRMRA), he is also a Member of the Board of Governors for the Indian Institute of Management (Kozhikode) and the Indian Institute of Information Technology Design & Manufacturing (IIITDM).

In February 2013, Mr Onkar S Kanwar was honoured as the Entrepreneur of the Year 2012 under the Manufacturing category at the Ernst & Young Entrepreneur of the Year Awards.

Mr Onkar S Kanwar has a keen interest in the field of education and health care. 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.

**(e) 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 USD 450 million to USD 2 billion within a 5 year time span. Under his able leadership Apollo acquired Dunlop Tyres International in South Africa and Zimbabwe in 2006 and Vredestein Banden B V in the Netherlands in 2009 -- thereby transforming itself into a multi-geography Company with operations in 3 continents.

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.

**(f) No. & Dates of Board Meetings held:** During the FY 14, 8 (eight) Board meetings were held on April 8, 2013, May, 10, 2013, May 29, 2013, June 12, 2013, August 7, 2013, November 11, 2013, February 12, 2014 and March 28, 2014. The gap between any two meetings never exceeded 4 months as per the requirements of clause 49 of listing agreement.

**(g) Statutory Compliance of Laws:** The Board periodically reviews the compliance report of the laws applicable to the Company as well as steps taken by the Company to rectify the instances of non-compliance, if any.

**3. Management Board:** To ensure expedient and effective focus on important issues, the Company has constituted a Management Board with a primary aim to follow the best practices of corporate governance with a view to maintaining strong business fundamentals and delivering high performance through relentless focus on the affairs of the Company across all its domestic geographies.

The said Management Board consists of 12 members comprising of the Company's senior management team. The objective of the Management Board is to (i) bring uniformity in 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 /new projects, to enhance stakeholders' value.

The Management Board generally meets once in every quarter to perform its functions.

Mr P N Wahal, Company Secretary, acts as the Secretary to the Management Board.

**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 clause 49 of the listing agreement and section 292A of the Companies Act, 1956. The present Audit Committee comprises of following three Non-Executive and Independent Directors viz. Dr S Narayan, Mr K Jacob Thomas and Mr Akshay Chudasama and one Executive Director viz. Mr U S Oberoi. Mr M R B Punja, who acted as a Chairman of the committee resigned as a Director of the Company w.e.f. March 28, 2014. Consequently, Mr Akshay Chudasama was inducted as a member of the Committee and Dr S Narayan, existing member of the Committee was appointed as Chairman of the Committee w.e.f. March 28, 2014. All the members are financially literate and possess the requisite financial/accounting 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, IT systems and conduct of the Internal Audit.

The Audit Committee has been entrusted with the following responsibilities:-

- Overview of the Company's financial reporting process and disclosure of its financial information.
- Recommend the appointment/ removal of external auditors, nature and scope of audit and their fee.
- Review with the management, the quarterly/ half yearly and annual financial statements before submission to the Board.
- Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.
- Discussion and review of the Internal audit reports and the reports of the external auditors with the management and follow up thereon.
- Review of the adequacy and effectiveness of internal audit function, the internal control system of the Company, compliance with the Company's policies and applicable laws and regulations.
- Discussions with external auditors about the scope of audit including the observations of the auditors.
- Discussion with internal auditors about significant findings and follow up thereon.
- The Audit Committee may also review such matters as are considered appropriate by it or referred to it by the board

The Committee in its meeting held on May 14, 2014, noted the following terms of reference pursuant to section 177 of the Companies Act, 2013:-

- the recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- review and monitor the auditor's independence and performance, and effectiveness of audit process;
- examination of the financial statement and the auditors' report thereon;
- 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;
- monitoring the end use of funds raised through public offers and related matters



**(b) Meetings of Audit Committee and attendance of members during the year**

During the FY14, 4 (four) Audit Committee meetings were held on May 10, 2013, August 6, 2013, November 11, 2013 and February 12, 2014.

Name of Director	Designation	Category of Director	No. of meetings attended
Dr S Narayan (appointed as Chairman w.e.f. March 28, 2014)	Chairman	Non- Executive Independent	4
Mr Akshay Chudasama (w.e.f. March 28, 2014)	Member	Non- Executive Independent	N.A.
Mr K Jacob Thomas	Member	Non- Executive Independent	4
Mr U S Oberoi	Member	Executive	4

**Ceased to be Member**

Mr M R B Punja (w.e.f. March 28, 2014)	Chairman	Non-Executive Independent	4
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In addition to the members of the Audit Committee, these meetings were attended by Vice Chairman & Managing Director, Chief Financial Officer, Chief (India Operations), Group Head (Corporate Accounts) and other functional heads, 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.

Mr P N Wahal, Company Secretary, acts as the secretary of the Committee.

The previous Chairman of the Audit Committee, Mr M R B Punja was present at the Annual General Meeting of the Company held on August 7, 2013.

**(c) Role of Internal Auditor**

Internal Audit assesses and promotes strong ethics and values within the organisation and serves as an educational resource regarding changes and trends in the business and regulatory environment.

Apollo Tyres considers its internal audit department as a powerful tool with clear focus on risk control and governance. The internal audit team aims at audit of the organisation which is reflected by quality review of all major functional areas - Production, Marketing, Sales, Technical, Commercial and Finance. Besides legal and compliance issues, Internal audit function supports in evaluation of Internal Control Systems and locating all other important issues, which contribute to organisational objectives of customer delight, employee satisfaction, operating profit margin increase and revenue growth.

Internal audit also provides objective assurance to the Board on all the major findings during their audit.

**(d) Subsidiary Companies**

The Company does not have any material non-listed Indian subsidiary company and hence, it is not required to have an Independent Director of the Company on the Board of such subsidiary company.

The Audit Committee of the Company reviews the financial statements, in particular the investments made by all unlisted overseas subsidiary companies. Significant issues pertaining to subsidiary companies are also discussed at Audit Committee meetings. A summarised statement of important matters reflecting all significant transactions and arrangements entered into by the subsidiary companies, included in the minutes of the above overseas subsidiary companies are placed before the Board of Directors of the Company and are duly noted by them. 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 Board at its meeting held on March 28, 2014, had approved the change in name of the committee to Nomination & Remuneration Committee, in accordance with section 178 of the Companies Act, 2013. The Nomination and Remuneration Committee comprises of three non-executive Independent Directors viz Dr S Narayan, Mr K Jacob Thomas and Mr Akshay Chudasama. Dr S Narayan is the Chairman of the Committee. Mr P N Wahal, Company Secretary, acts as the secretary of the Committee.

Mr Akshay Chudasama was inducted as a member and Dr S Narayan was appointed as the Chairman of the Committee on March 28, 2014, consequent to resignation of Mr M R B Punja as a Director of the Company, who was also the Chairman of this Committee.

**(b) Brief description of the Terms of Reference**

The Nomination and Remuneration Committee has been entrusted with the responsibilities to review and grant annual increments, vary and/or modify the terms and conditions of appointment/re-appointment including remuneration and perquisites, commission etc. payable to Managing Directors within the overall ceiling of remuneration as approved by the members.

The Committee in its meeting held on May 15, 2014, noted the following terms of reference pursuant to Section 178 of the Companies Act, 2013.

- Formulate 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 Independent Directors and the Board.
- Devising a policy on Board diversity.
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- To see that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully.
- To see that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- To see that remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
- The Nomination Committee shall lay down the evaluation criteria for performance evaluation of independent directors

**(c) Meetings of Nomination and Remuneration Committee and Attendance of members during the year**

During the FY14, 2 (two) Nomination and Remuneration Committee meetings were held on May 10, 2013 and March 28, 2014.

Name of Director	Designation	Category of Director	No. of meetings attended
Dr S Narayan (appointed as Chairman w.e.f. March 28, 2014)	Chairman	Non- Executive Independent	1
Mr Akshay Chudasama (w.e.f. March 28, 2014)	Member	Non- Executive Independent	N.A.
Mr K Jacob Thomas	Member	Non- Executive Independent	2

**Ceased to be Member**

Mr M R B Punja (w.e.f. March 28, 2014)	Chairman	Non-Executive Independent	2
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**(d) Payment of remuneration/sitting fee to the Directors**

The details of remuneration paid to Directors during FY14 are given below.

(i) Executive Directors:

₹ Million

Name of Director	Salary	Contribution to PF/ Superannuation/ Gratuity	Commission/ Performance Bonus	Perquisites	Total Remuneration
Mr Onkar S Kanwar	48.00	29.78	168.00	58.30	304.08
Mr Neeraj Kanwar	28.80	12.98	60.00	40.34	142.12
Mr U S Oberoi	2.82	0.90	3.49	3.13	10.34
Mr Sunam Sarkar	6.74	3.00	9.93	18.78	38.45
<b>Total</b>	<b>86.36</b>	<b>46.66</b>	<b>241.42</b>	<b>120.55</b>	<b>494.99</b>

The remuneration policy of the Company is to remain competitive in the industry to attract and retain talent and appropriately reward them on their contribution towards growth of the Company.

(ii) Non-Executives Directors: Sitting fee and commission paid/to be paid to the Non-Executive Directors is in pursuance of the resolution passed by the Board/Shareholders.

Name of Director	Sitting fee (₹ Million)	Commission provided for the FY14 (₹ Million)	No. of Shares held as on March 31, 2014
Mr A K Purwar	0.10	3.01	-
+Mr Akshay Chudasama	0.04	1.16	-
@ Dr V P Joy @@ Mr K S Srinivas ++Mr P H Kurian	0.10*	4.78*	-
Mr K Jacob Thomas	0.32	3.01	442050
Mr M R B Punja	0.24	2.99	-
Mr Nimesh N Kampani	0.10	3.01	-
Mr Robert Steinmetz	0.12	3.01	-
Dr S Narayan	0.22	3.01	-
Mr Shardul S Shroff	0.08	3.01	-
Mr Vikram S Mehta	0.06	3.01	6000

\*Sitting fee/Commission payable to Government of Kerala

+ Appointed w.e.f. November 11, 2013

@ Ceased w.e.f. November 11, 2013.

@@ Ceased w.e.f. December 11, 2013

++ Appointed w.e.f. December 11, 2013.

#### 6. Shareholders Relationship Committee

Shareholders'/Investors' Transfer/ Grievance Committee looks after the share transfer work besides redressal of shareholder complaints.

The Board at its meeting held on March 28, 2014, approved the change in name of the committee from Shareholders'/ Investors' Transfer/ Grievance Committee to Stakeholder Relationship Committee in pursuance of Section 178 of the Companies Act, 2013.

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 Whole time Directors and/or 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

Stakeholders Relationship Committee comprises of four Directors viz. Mr K Jacob Thomas, Mr Neeraj Kanwar, Mr Sunam Sarkar and Mr U S Oberoi. Mr K Jacob Thomas, an Independent Director acts as Chairman of the Committee.

Mr P N Wahal, Company Secretary, is acting as the Secretary to the Committee as well as the Compliance Officer pursuant to clause 47(a) of the listing agreement with stock exchanges.

##### (b) Terms of reference

This Committee has been formed with a view to undertake the following: -

- Approval of transfer/transmission of shares/debentures issued by the Company, issue of duplicate certificates and certificates after split/consolidation/ replacement.
- Looking into the redressal of shareholders' and investors' complaints and other areas of investor services.

##### (c) Meetings of Stakeholders Relationship Committee and attendance of members during the year

During the year, 12 (twelve) meetings of the Stakeholders Relationship Committee were held on April 8, 2013, May 10, 2013, June 3, 2013, June 26, 2013, August 19, 2013, September 13, 2013, October 7, 2013, November 11, 2013, January 10, 2014, January 31, 2014, March 11, 2014 and March 31, 2014.

Name of Director	Designation	Category of Director	No. of meetings attended
Mr K Jacob Thomas	Chairman	Non- Executive Independent	3
Mr Neeraj Kanwar	Member	Executive	5
Mr Sunam Sarkar	Member	Executive	10
Mr U S Oberoi	Member	Executive	11

##### (d) No. of shareholders' complaints received

During FY 14, the Company received 36 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 Committee

As per Section 135 of the Companies Act, 2013, all companies having net worth of ₹ 5,000 Million or more, or turnover of ₹ 10,000 Million or more or net profit of ₹ 50 Million or more during any financial year will be required to constitute a corporate social responsibility (CSR) committee of the Board consisting three or more directors, at least one of whom will be an independent.

Accordingly, the Board of Directors at its meeting held on March 28, 2014 constituted the "Corporate Social Responsibility Committee" comprising of following Directors:

Name of Director	Designation
Mr Onkar S Kanwar	Chairman
Dr S Narayan	Member
Mr Sunam Sarkar	Member

Mr P N Wahal, Company Secretary, will act as the secretary of the Committee.

#### 8. CEO/CFO Certification

The Managing Director and CFO have submitted certificate, in terms of clause 49 of the listing agreement, to the Board.

#### 9. General Body Meetings

##### (a) The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Venue	Special Resolution Passed
2012-2013	07.08.2013	10.00 A.M.	Kerala Fine Arts Theatre, Fine Arts Avenue, Foreshore Road, Ernakulam, Kochi (Kerala)	No Special Resolution was passed
2011-2012	09.08.2012	- do -	- do -	No Special Resolution was passed.
2010-2011	29.07.2010	- do -	- do -	Payment of Commission to Non-whole Time Directors for 5 years w.e.f. April 1, 2012.

##### (b) Resolutions passed during the year through postal ballot:

In FY14, the Company had conducted the following voting through postal ballot and sent the postal ballot form to shareholders. The Company complied with the procedure for the postal ballot in terms of the Companies (Passing of Resolution by Postal Ballot) Rules, 2011 and the amendments thereto. The following resolutions were passed through postal ballot :-

S.No.	Last Date of Dispatch of Postal Ballot Forms	Items approved by the shareholders	Date of passing of resolution	Ordinary /Special resolution
1	18.03.2013	Re-appointment of Mr Onkar S Kanwar	19.04.2013	Special Resolution



## 10. Disclosures

### (a) Related Party Transactions

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. The Register of Contracts containing transactions, in which Directors are interested, is placed before the board regularly. Related Parties transactions with them as required under Accounting Standard (AS-18) are furnished under Note No. C-22 of the Notes on Accounts attached with the financial statements for the year ended March 31, 2014.

### (b) Disclosure of accounting treatment

There has not been any change in accounting policies of the Company during the year.

### (c) Risk Management

The Company's activities expose it to a variety of risks including market risk, sales risk, raw material risk, regulatory risk, product liability and liquidity risk etc. The Company's overall risk management seeks to minimise potential adverse effects on its performance.

A Risk Management Steering Committee of the Company has been formed headed by Chief (India Operations) as Chairman of the Committee and represented by the functional heads as Chief Risk officers. The Committee embraces the identification, assessment, mitigation, monitoring and reporting of material risks faced by the Company.

The Risk Management Steering Committee meets quarterly and discusses the updated profiles of major risks in each functional area together with possible mitigation controls and action plans. The objective is to assist the Board to maintain high standards of business conduct and to protect the Company's assets, achieve sustainable business growth and ensure compliances with applicable legal and regulatory requirements.

In terms of sub-clause IVC of clause 49 of the listing agreement, the Company has made its Risk Charter and Risk Register etc. on the basis of comprehensive study undertaken by Deloitte Touche Tohmatsu Private Limited to frame a risk management policy/internal control frame work. The Board/Audit Committee periodically reviews the risks and opportunities and plans to mitigate the same.

### (d) Compliance by the Company

The Company has materially complied with the requirements of the Stock Exchanges, 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. Your Company has developed an integrated compliance dashboard which provides reasonable assurance to the Management and the Board of Directors regarding effectiveness of timely compliances.

The dashboard has been documented to provide a comprehensive view of:

- applicable laws to the Company
- key control points
- allocation of responsibilities

### (e) Transfer of Unclaimed/Undelivered Shares

As per the provisions of clause 5AII of the listing agreement (SEBI circular no. CIR/CFD/DIL/10/2010 dated December 16, 2010) 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. In compliance with the said amendment, the Company has sent three letters to such shareholders whose share certificates are in undelivered form and hence remained unclaimed, by requesting them to update correct details viz. postal addresses, PAN details etc. registered with the Company in order to avoid transfer of such unclaimed shares to the "Unclaimed Suspense Account." The Company has initiated the process of dematerialisation and transfer of said unclaimed/undelivered shares into an "Unclaimed Suspense Account" As on March 31, 2014, the total unclaimed equity shares are 14.59 lacs (approx.).

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 dispatch the said share certificate(s) to the rightful owner.

It may be noted that all the corporate benefits accruing on these shares like bonus, splits etc. also will be credited to the said "Unclaimed Suspense Account" and the voting rights on these shares shall remain frozen until the rightful owner has claimed the shares.

## 11. Means of communication

- The quarterly/half yearly and annual financial results of the Company are normally published in Business Standard (national Daily) and Kerala Kaumudi (regional daily). In addition to the above, quarterly and annual

results are displayed at our website at [www.apolloytyres.com](http://www.apolloytyres.com) for the information of all shareholders.

- 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.

## 12. General Shareholder Information

### a) Registered Office

6th Floor  
Cherupushpam Building  
Shanmugham Road  
Kochi, 682031, Kerala  
Ph: +91 484 2381808, 2372767

### b) Annual General Meeting

- Date : August 6, 2014
- Day : Wednesday
- Time : 10.00 a.m.
- Venue : Kerala Fine Arts Theatre  
Fine Arts Avenue  
Foreshore Road  
Ernakulam, Kochi (Kerala).
- Posting of Annual Report : On or before July 7, 2014
- Last date of receipt of proxy form : August 4, 2014 before 10.00 a.m.

### c) Financial Calendar for FY 2014-2015

- Financial Reporting for the quarter ending June 30, 2014: On or before August 14, 2014
- Financial Reporting for the quarter ending September 30, 2014: On or before November 14, 2014
- Financial Reporting for the quarter ending December 31, 2014: On or before February 14, 2015
- Financial Reporting for the quarter ending March 31, 2015 : On or before May 30, 2015

### d) Dates of Book-Closure

The dates of the book closure shall be from July 21, 2014 to August 6, 2014 (both days inclusive).

### e) Dividend Payment

The dividend of ₹ 0.75 per equity share for the FY 14, subject to approval from shareholders, has been recommended by the Board of Directors. The same shall be paid on or after August 6, 2014 but within the statutory time limit.

### f) Unclaimed Dividends

As provided in section 205A and 205C of the Companies Act, 1956, dividend for the financial year ended March 31, 2007 and thereafter, which remain unpaid or unclaimed for a period of 7 years, will be transferred to the Investor Education and Protection Fund (IEP Fund) established by the Central Government, and no payments shall be made in respect of any such claims by the IEP Fund.

During the year, the Company had transferred ₹ 16.34 lac lying unclaimed in Unpaid Dividend Account in respect of Dividend for the year 2005-06 to the said Fund on October 25, 2013.

### g) Listing at Stock Exchanges

- |   |  |
|---|--|
| 1. National Stock Exchange of India Ltd.<br>Exchange Plaza, Bandra Kurla Complex<br>Bandra (E), Mumbai – 400 051<br>T: +91 22 26598100-14<br>F: +91 22 26598237-38<br>E: <a href="mailto:cmlist@nse.co.in">cmlist@nse.co.in</a> | 2. Bombay Stock Exchange Ltd.<br>Phiroze Jeejeebhoy Towers<br>1st Floor, Dalal Street<br>Mumbai - 400 001<br>T: +91 22 22721233/34<br>F: +91 22 22721919/3027<br>E: <a href="mailto:corp.reations@bseindia.com">corp.reations@bseindia.com</a> |
|---|--|

3. Cochin Stock Exchange Ltd.

MES, Dr P K Abdul Gafoor Memorial  
Cultural Complex, 36/1565, 4th Floor  
Judges Avenue, Kaloor  
Kochi - 682 017  
T: +91 484 2400044, 2401898  
F: +91 484 2400330  
E: cse1@vsnl.com

The annual listing fee for FY15 has been paid to all the aforesaid stock exchanges.

**h) Stock Code**

Bombay Stock Exchange Ltd. 500877  
National Stock Exchange of India Ltd. APOLLOTYRE

**i) Stock Market Price Data for the year 2013-2014: ATL share price on NSE and Nifty Index**

Month	NSE			Nifty Index	
	High (₹)	Low (₹)	Volume (in million)	High	Low
April, 2013	97.60	87.50	24.92	5962.30	5477.20
May, 2013	101.55	85.00	41.86	6229.45	5910.95
June, 2013	94.20	54.60	238.29	6011.00	5566.25
July, 2013	71.90	56.40	146.84	6093.35	5675.75
August, 2013	68.25	59.40	77.33	5808.50	5118.85
September, 2013	74.65	61.65	60.96	6142.50	5318.90
October, 2013	73.00	60.70	62.74	6309.05	5700.95
November, 2013	83.05	68.00	116.26	6342.95	5972.45
December, 2013	116.55	77.50	263.33	6415.25	6129.95
January, 2014	118.55	101.05	255.34	6358.30	6027.25
February, 2014	133.30	109.15	125.77	6282.70	5933.30
March, 2014	166.15	125.00	131.16	6730.05	6212.25

**ATL share price on BSE and Sensex**

Month	BSE			SENSEX	
	High (₹)	Low (₹)	Volume (in million)	High	Low
April, 2013	97.70	81.80	2.93	19622.68	17010.16
May, 2013	101.50	85.00	5.38	20443.62	15809.71
June, 2013	94.10	54.60	47.37	19860.19	15748.98
July, 2013	71.85	56.60	26.91	20351.06	16598.48
August, 2013	68.15	59.55	10.56	19569.20	17448.71
September, 2013	74.50	61.60	9.38	20739.69	18166.17
October, 2013	73.00	61.00	8.58	20205.44	19264.72
November, 2013	83.10	68.05	20.78	21321.53	20137.67
December, 2013	113.00	77.50	40.91	21483.74	20568.70
January, 2014	118.70	100.00	40.85	21409.66	20343.78
February, 2014	133.20	109.10	16.29	21140.51	19963.12
March, 2014	166.20	125.00	17.70	22467.21	20920.98

**j) Shares Traded during April 1, 2013 to March 31, 2014**

	BSE	NSE
No. of shares traded (in million)	247.64	1,544.80
Highest Share Price (in ₹)	166.20	166.15
Lowest Share Price (in ₹)	54.60	54.60
Closing Share Price (as on March 31, 2014)	159.30	159.60
Market Capitalisation (as on March 31, 2014) (in million)	80,291.15	80,442.35

**k) Elimination of Duplicate Mailing**

The shareholders who are holding physical shares in more than one folio in identical name, or in joint holder's name in similar order, may send the Share certificate(s), along with request for consolidation of holding in one folio, to avoid mailing of multiple annual reports.

**l) Share Transfer System**

To expedite the share transfer in physical segment, Stakeholders Relationship Committee has authorised Whole-time Director and Company Secretary to approve transfer of securities upto 10,000 received from individuals and transfers pertaining to shares of notified parties lodged by the Office of Custodian on weekly basis. In case of approval of transfer of securities over 10,000, the Stakeholders Relationship Committee meets at periodical intervals. In any case, all share transfers are completed within the prescribed time limit from the date of receipt, if document meets the stipulated requirement of statutory provisions in all respects. In reference to SEBI directives, the Company is providing the facility for transfer and dematerialisation of securities simultaneously. The total no. of shares transferred during the year were 1,56,204. All the transfers were completed within stipulated time.

As per the requirement of clause 47 (c) of the listing agreement with the stock exchanges, the Company has obtained the half yearly certificates from a company secretary in practice for due compliance of share transfer formalities.

**m) Distribution of Shareholding**

The following is the distribution of shareholding of equity shares of the Company as on March 31, 2014:-

Category	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholding
1-5000	103443	98.99	33072102	6.56
5001-10000	467	0.45	3469154	0.69
10001-20000	192	0.19	2827555	0.56
20001-30000	75	0.07	1880696	0.37
30001-40000	32	0.03	1127036	0.22
40001-50000	19	0.02	886513	0.18
50001-100000	56	0.05	4335504	0.86
100001 & above	212	0.20	456426210	90.56
<b>Total</b>	<b>104496</b>	<b>100.00</b>	<b>504024770</b>	<b>100.00</b>

The Promoter and Promoter group hold 219.25 million shares constituting 43.50% of the share capital of the Company as on March 31, 2014.

**n) Reconciliation of Share Capital Audit**

As stipulated by SEBI, a qualified company secretary in practice conducts the Reconciliation of Share Capital Audit of the Company for the purpose of reconciliation of total admitted capital with the depositories, i.e. NSDL and CDSL, and the total issued and listed capital of the Company.

The company secretary in practice conducts such audit in every quarter and issues a Reconciliation of Share Capital Audit Certificate to this effect to the Company. A copy of such audit report is submitted to the stock exchanges, where the Company's shares are listed and is also placed before the Stakeholders Relationship Committee and the Board.



**o) Dematerialisation of Shares and Liquidity**

The equity shares of the Company are being traded under compulsorily demat form as per SEBI notification. The Company's shares are tradable compulsorily in electronic form and are available for trading in the depository systems of both National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). The International Securities Identification Number (ISIN) of the Company, as allotted by NSDL and CDSL, is INE438A01022.

As on March 31, 2014, 97.63% of the share capital stands dematerialised. BSE and NSE have permitted trading of Apollo Tyres' share into future and option (F&O) segment with effect from February 19, 2010.

**p) Share Transfer/Demat Registry work**

All share transfers/demat are being processed in house. The Company has established direct connectivity with NSDL/CDSL for carrying out demat completely in house.

**q) Share Transfer Department**

All communications regarding change of address for shares held in physical form, dividend etc. should be sent at the Company's corporate office at:-

Apollo Tyres Ltd., Apollo House, 7, Institutional Area, Sector-32, Gurgaon-122 001(Haryana)

T: +91 124 272 1000 F: +91 124 238 3351, E: investors@apolloytyres.com

**r) ECS Mandate**

All shareholders are requested to update their bank account details with their respective depositories urgently. This would facilitate transfer of dividend directly to the bank account of the shareholders.

**s) E- voting**

To widen the participation of shareholders in company decisions, section 108 of Companies Act, 2013 read with Rule 20 of The Companies (Management and Administration) Rules, 2014 has directed every listed companies to provide e-voting facility to its shareholders, in respect of all shareholder's resolutions to be passed at general meetings.

**Register e-mail address**

To contribute towards greener environment, the Company proposes to send documents like shareholders meeting notice/other notices, audited financial statements, director's report, auditors' report or any other document, to members in electronic form at the e-mail address provided by them and/or available to the Company by the Depositories.

**Members who have not yet registered their e-mail address (including those who wish to change their already registered e-mail address) may get the same registered/updated either with their depository participants or by writing to the Company.**

**t) Plant Location:**

1. Perambra, P O Chalakudy  
Trichur 680689, Kerala
2. Limda, Taluka Waghodia  
Dist. Vadodara 391760, Gujarat
3. SIPCOT Industrial Growth Centre  
Oragadam, Tamil Nadu

**u) Address for correspondence** : Secretarial Department  
for share transfer/demat Apollo Tyres Ltd.  
of shares, payment of dividend Apollo House, 7 Institutional Area  
and any other query relating Sector 32, Gurgaon 122001  
to shares. Tel: +91 124-2721000

**13. Additional Information**

**a) Investor Relations Section**

The Investors Relations Section is located at the corporate office of the Company.

Contact person : Mr P N Wahal, Compliance Officer

Time : 10.00 am to 6.00 pm on all working days of the Company (Saturdays and Sundays closed)

T: : +91 124 2721000

F: : +91 124 2383351

E: : investors@apolloytyres.com

**b) Bankers**

Axis Bank Ltd.	Bank of India
BNP Paribas	Canara Bank
Citibank N.A.	Corporation Bank
Credit Agricole	CIB DBS Bank Ltd.
Deutsche Bank	HDFC Bank Ltd.
HSBC	ICICI Bank Ltd.
IDBI Bank Ltd.	ING Vysya Bank Ltd.
Kotak Mahindra Bank Ltd.	Standard Chartered Bank
State Bank of India	State Bank of Mysore
State Bank of Travancore	The Bank of Nova Scotia
Union Bank of India	Yes Bank Ltd.

**c) Auditors**

Deloitte Haskins & Sells, Chennai, Chartered Accountants.

**d) Cost Auditors**

N P Gopalakrishnan & Co., Cost Accountants.

With reference to the General Circular No. 15/2011 – 52/5/CAB-2011 dated April 11, 2011 issued by the Government of India, Ministry of Corporate Affairs, Cost Audit Branch, New Delhi, following are the details of Cost Auditor and filing of cost audit report with Central Government:

Particulars of the Cost Auditor	Details of Cost Audit Report filed for the period ended March 31, 2013
Mr N P Sukumaran (M No.4503) Apartment No.311 4th Floor, DD Vyapar Bhawan, K.P.Vallon Road, Kadavanthra P O Kochi - 682 020(Kerala) E mail : npgco@sify.com	Filing date : September 9, 2013

**e) Code of Conduct for 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 Trusts, Promoters, Promoters group, Directors, Departmental Chiefs, Group Heads, Heads, Divisional Heads and such other employees of the Company and outside who are expected to have access to unpublished price sensitive information.

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 Company, and cautioning them of consequences of violations. Mr P N Wahal, Company Secretary, has been appointed as Compliance Officer.

**f) Code of Conduct for Directors and Senior Management**

The Board of Directors of Apollo Tyres has laid down a code of business conduct called "The Code of Conduct for Directors and Senior Management". The Code envisages that Board of Directors and Senior Management must act within the bounds of the authority conferred upon them and with a duty to make and keep themselves informed about the development in the industry in which the Company is involved and the legal requirements to be fulfilled.

The Code is applicable to all the Directors and Senior Management of the Company. The Company Secretary of the Company is the compliance officer.

**g) Whistle Blower Policy**

Apollo Tyres believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior. 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 behavior, actual or suspected, fraud or violation of Company's code of conduct or ethics policy.

**h) Code of Corporate Disclosure Practices**

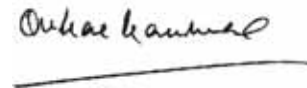
The Code lays down broad standards of compliance and ethics, as required by the listing agreement(s) and other applicable SEBI regulations. The Code is required to be complied in respect of all corporate disclosures in respect of the Company and/or its subsidiary companies, including overseas subsidiaries.

The Code is applicable to the designated officers of the Company. The Company Secretary of the Company is the compliance officer.

**Declaration Affirming Compliance of provisions of the Code of Conduct**

To the best of my knowledge and belief and on the basis of declarations given to me, I hereby affirm that all the Board members and the Senior Management Personnel have fully complied with the provisions of the Code of Conduct for Directors and Senior Management Personnel during the financial year ended March 31, 2014.

For and on behalf of the Board of Directors



(Onkar S Kanwar)

Chairman & Managing Director

Place: Gurgaon

Date : May 15, 2014

**COMPLIANCE:**

The certificate dated May 15, 2014 obtained from statutory auditors, M/s. Deloitte Haskins & Sells, Chennai forms part of this annual report and the same is given herein:

**AUDITORS' CERTIFICATE  
AS PER CLAUSE 49 OF THE LISTING AGREEMENT**

To the Members of Apollo Tyres Ltd.

We have examined the compliance of conditions of Corporate Governance by Apollo Tyres Ltd. (the Company) for the year ended on March 31, 2014, as stipulated in Clause 49 of the Listing Agreement of said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm Registration No.008072S)

sd/-

M.K. Ananthanarayanan  
Partner

(Membership No.19521)

Place: Chennai

Date : May 15, 2014.



**STANDALONE ACCOUNTS  
INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF APOLLO TYRES LTD.**

**Report on the Financial Statements**

We have audited the accompanying financial statements of APOLLO TYRES LTD. ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs).
- (e) On the basis of the written representations received from the directors as on March 31, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm Registration No.008072S)

sd/-

M.K. Ananthanarayanan  
Partner

(Membership No.19521)

Place: Chennai

Date : May 15, 2014.

## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) Having regard to the nature of the Company's business / activities / results during the year, clauses (xii), (xiii), (xiv), (xvi), (xviii), (xix) and (xx) of paragraph 4 of the Order are not applicable to the Company.
- (ii) In respect of its fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventories:
- (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals. Inventories lying with third parties have been physically verified/confirmed at year end.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
- (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
- (b) Where each of such transaction is in excess of ₹ 5 lakhs in respect of any party and having regard to our comments in paragraph (v) above, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
- (vii) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 58A & 58AA or any other relevant provisions of the Companies Act, 1956.
- (viii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.
- (ix) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (x) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

- (b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2014 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2014 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (₹) Million
Sales Tax Act applicable to various states	Sales tax	Various Appellate Authorities /Revenue Board/ High Court.	Assessment Years 1991-92 to 2003-04, 2005-06 to 2007-08 and 2011-12	135.56*
Central Excise Act, 1944	Excise Duty and Additional Excise Duty	Various Appellate Authorities/ High Court.	Assessment Years 1995-96 to 2010-2011	691.50**
Income Tax Act, 1961	Income tax	Various Appellate Authorities/ High Court.	Assessment Years 1988-89 to 2013-2014	180.46

\* Net of Deposits of ₹ 70.17 Million

\*\* Net of Deposits of ₹ 3.23 Million

- (xi) The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, financial institutions and debenture holders.
- (xiii) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not, prima facie, prejudicial to the interests of the Company including bank deposits pledged by the Company as referred to in Note B 8 to the financial statements.
- (xiv) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, prima facie, not been used during the year for long-term investment.
- (xv) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm Registration No.008072S)

sd/-

M.K. Ananthanarayanan  
Partner

(Membership No.19521)

Place: Chennai

Date : May 15, 2014.



**BALANCE SHEET  
AS AT MARCH 31, 2014**

	Notes	As at March 31, 2014 ₹ Million	As at March 31, 2013 ₹ Million
<b>A. EQUITY &amp; LIABILITIES:</b>			
<b>1. Shareholders' Funds :</b>			
(a) Share Capital	B1	504.09	504.09
(b) Reserves and Surplus	B2	26,786.32	22,802.39
(c) Money Received against Share Warrants	C7	107.75	107.75
		<u>27,398.16</u>	<u>23,414.23</u>
<b>2. Non-Current Liabilities:</b>			
(a) Long-term Borrowings	B3	7,137.33	13,383.68
(b) Deferred Tax Liabilities (Net)	C18	3,909.45	3,518.40
(c) Other Long Term Liabilities	B3	129.73	124.10
		<u>11,176.51</u>	<u>17,026.18</u>
<b>3. Current Liabilities:</b>			
(a) Short-term Borrowings	B4	1,806.73	5,394.15
(b) Trade Payables		8,983.41	6,000.24
(c) Other Current Liabilities		8,907.38	4,914.33
(d) Short-term Provisions		2,847.82	1,911.63
		<u>22,545.34</u>	<u>18,220.35</u>
<b>TOTAL</b>		<u><u>61,120.01</u></u>	<u><u>58,660.76</u></u>
<b>B. ASSETS</b>			
<b>1. Non-Current Assets:</b>			
(a) Fixed Assets	B5		
(i) Tangible Assets		32,421.61	30,633.90
(ii) Intangible Assets		114.21	79.64
(iii) Capital Work-in-Progress		349.71	2,489.73
		<u>32,885.53</u>	<u>33,203.27</u>
(b) Non-Current Investments	B6	6,514.64	6,126.95
(c) Long-term Loans & Advances	B7	1,230.38	1,689.94
		<u>40,630.55</u>	<u>41,020.16</u>
<b>2. Current Assets:</b>			
(a) Inventories	B8	12,836.92	11,208.26
(b) Trade Receivables	B8	2,405.45	3,020.06
(c) Cash & Cash Equivalents	B8	2,211.10	1,541.92
(d) Short Term Loans & Advances	B9	2,445.80	1,869.66
(e) Other Current Assets	B10	590.19	0.70
		<u>20,489.46</u>	<u>17,640.60</u>
<b>TOTAL</b>		<u><u>61,120.01</u></u>	<u><u>58,660.76</u></u>

See accompanying notes forming part of the financial statements

In terms of our report attached

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

ONKAR S KANWAR  
Chairman &  
Managing Director

NEERAJ KANWAR  
Vice Chairman &  
Managing Director

S NARAYAN  
Director

**M K ANANTHANARAYANAN**  
Partner

Gurgaon  
May 15, 2014

SUNAM SARKAR  
Chief Financial Officer &  
Whole Time Director

P N WAHAL  
Head (Legal & Sectt.) &  
Company Secretary

**STATEMENT OF PROFIT & LOSS  
FOR THE YEAR ENDED MARCH 31, 2014**

	Notes	Year Ended March 31, 2014 ₹ Million	Year Ended March 31, 2013 ₹ Million
<b>1. Revenue from Operations:</b>			
Gross Sales	C13(A)	95,892.83	94,529.05
Less : Excise Duty		9,792.03	9,454.14
Net Sales		<u>86,100.80</u>	<u>85,074.91</u>
Other Operating Income	B11	1,016.52	42.35
		<u>87,117.32</u>	<u>85,117.26</u>
<b>2. Other Income</b>			
	B12	792.26	531.42
<b>3. Total Revenue (1 +2)</b>			
		<u><u>87,909.58</u></u>	<u><u>85,648.68</u></u>
<b>4. Expenses :</b>			
(a) Cost of Materials Consumed	B13	57,243.06	58,673.64
(b) Purchase of Bought Out Materials / Stock-in-Trade	B13	2,502.76	2,538.95
(c) Changes in Inventories of Finished Goods, Work in Process & Bought Out Materials / Stock-in-Trade	B14	(1,158.67)	(73.71)
(d) Employee Benefits Expense	B13	4,866.69	4,268.52
(e) Finance Costs	B15	2,446.10	2,609.73
(f) Depreciation & Amortization expense	B5	2,480.46	2,200.71
(g) Other Expenses	B13	12,674.26	10,685.65
<b>Total Expenses</b>		<u><u>81,054.66</u></u>	<u><u>80,903.49</u></u>
<b>5. Profit before Exceptional Items and Tax (3 - 4)</b>			
		6,854.92	4,745.19
<b>6. Exceptional Items</b>			
	C6	710.47	-
<b>7. Profit before Tax (5 - 6)</b>			
		6,144.45	4,745.19
<b>8. Tax Expense</b>			
(a) Current Tax Expense		1,327.21	1,060.12
(b) Deferred Tax Expense		391.05	559.79
Total Tax Expense		<u>1,718.26</u>	<u>1,619.91</u>
<b>9. Profit for the Year (7 - 8)</b>			
		<u><u>4,426.19</u></u>	<u><u>3,125.28</u></u>
<b>Earnings per Share of ₹ 1 each:</b>			
(a) Basic	C27	8.78	6.20
(b) Diluted		8.77	6.20

See accompanying notes forming part of the financial statements

In terms of our report attached

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

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Vice Chairman &  
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S NARAYAN  
Director

**M K ANANTHANARAYANAN**  
Partner

Gurgaon  
May 15, 2014

SUNAM SARKAR  
Chief Financial Officer &  
Whole Time Director

P N WAHAL  
Head (Legal & Sectt.) &  
Company Secretary

**CASH - FLOW STATEMENT  
FOR THE YEAR ENDED MARCH 31, 2014**

	Year Ended March 31, 2014 ₹ Million	Year Ended March 31, 2013 ₹ Million	
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>			
(i) <b>Net Profit Before Tax</b>	<b>6,144.45</b>	4,745.19	
<b>Add: Adjustments for:</b>			
Depreciation and Amortization Expenses	2,480.46	2,200.71	
Loss on Sale of Tangible Fixed Assets (Net)	23.93	2.22	
Dividend from Trade & Non Trade Investments	(92.57)	(0.18)	
Provision for Doubtful Trade Receivables / Advances written back	(17.13)	-	
Provision for Compensated Absences	7.80	26.71	
Liabilities / provisions no longer required written back	(26.37)	(85.88)	
Finance Cost (Net of Interest Capitalized)	2,446.10	2,609.73	
Interest Income	(182.60)	(21.07)	
Provision for estimated loss / (Gain) on derivatives	67.14	(0.09)	
Unrealized (Gain) / Loss on Foreign Exchange Fluctuations	(73.17)	54.10	
Provision for contingencies	425.00	-	
Doubtful Receivables / Advances Written Off	17.13	1.02	4,787.27
<b>(ii) Operating Profit Before Working Capital Changes</b>	<b>5,075.72</b>	<b>1.02</b>	<b>4,787.27</b>
<b>Changes in Working Capital</b>	<b>11,220.17</b>	<b>9,532.46</b>	
<b>Adjustments for (increase) / decrease in operating assets:</b>			
Inventories	(1,628.66)	(130.46)	
Trade Receivables	584.16	889.42	
Short-term loans and advances	(426.01)	780.39	
Long-term loans and advances	(9.81)	(85.54)	
Other Current Assets	(589.14)	-	1,453.81
<b>Adjustments for increase / (decrease) in operating liabilities:</b>			
Trade Payables	3,061.23	(2,293.63)	
Other Current Liabilities	28.91	(216.66)	
Other Long-term Liabilities	5.63	63.65	
Short-term Provisions	274.50	180.36	(2,266.28)
<b>(iii) Cash Generated from Operations</b>	<b>12,520.98</b>	<b>8,719.99</b>	
Less: Direct Taxes Paid (Net of Refund)	<b>1,254.36</b>	<b>1,047.83</b>	
<b>Net Cash From Operating Activities</b>	<b>11,266.62</b>	<b>7,672.16</b>	
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets (Including Interest Capitalized)	(2,012.16)	(3,624.02)	
Proceeds from Sale of Fixed Assets	92.94	82.78	
Long Term Investment made in Subsidiary	(383.98)	(500.44)	
Long Term Investment made in Other Companies	-	-	
Long Term Fixed Term Deposits With Banks Matured	14.31	(5.01)	
Dividends Received from Trade & Non Trade Investments	92.57	0.18	
Interest Received	182.25	20.37	
<b>Net Cash Used in Investing Activities</b>	<b>(2,017.78)</b>	<b>(4,026.14)</b>	
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of Share Warrants	-	107.75	
Long Term Borrowings Received	-	3,000.00	
Repayment of Long Term Borrowings	(2,247.22)	(1,339.35)	
Bank Overdraft / Short Term Borrowings (net of repayments)	(3,535.52)	(2,118.37)	
Payment of Dividends (including Dividend Tax)	(294.84)	(292.89)	
Finance Charges Paid (Net of Interest Capitalized)	(2,490.01)	(2,567.27)	
<b>Net Cash Used in Financing Activities</b>	<b>(8,567.59)</b>	<b>(3,210.13)</b>	
<b>Net Increase in Cash &amp; Cash Equivalents</b>	<b>681.25</b>	<b>435.89</b>	
Cash & Cash Equivalents as at Beginning of the Year	<b>1,541.92</b>	1,155.93	
Less: Bank Deposits with Original Maturity over Three Months	<b>71.18</b>	66.17	
Less: Unpaid Dividends Bank Accounts	<b>30.24</b>	28.26	
	<b>1,440.50</b>	1,061.50	
Gain on Reinstatement of Foreign Currency Cash & Cash Equivalents	<b>(0.09)</b>	(56.98)	
<b>Adjusted Cash &amp; Cash Equivalents as at Beginning of the Year</b>	<b>1,440.41</b>	<b>1,004.52</b>	
Cash & Cash Equivalents as at the end of the Year	<b>2,211.10</b>	1,541.92	
Less: Bank Deposits with Original Maturity over Three Months	<b>56.87</b>	71.18	
Less: Unpaid Dividends Bank Accounts	<b>32.45</b>	30.24	
	<b>2,121.10</b>	1,440.50	
Gain on Reinstatement of Foreign Currency Cash & Cash Equivalents	<b>(0.12)</b>	(0.09)	
<b>Adjusted Cash &amp; Cash Equivalents as at the end of the Year</b>	<b>2,121.66</b>	<b>1,440.41</b>	

In terms of our report attached

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

ONKAR S KANWAR  
Chairman &  
Managing Director

NEERAJ KANWAR  
Vice Chairman &  
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S NARAYAN  
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**M K ANANTHANARAYANAN**  
Partner

Gurgaon  
May 15, 2014

SUNAM SARKAR  
Chief Financial Officer &  
Whole Time Director

P N WAHAL  
Head (Legal & Sectt.) &  
Company Secretary

**A. NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**1. CORPORATE INFORMATION**

The company's principal business activity is manufacturing and sale of automotive tyres. The company has started its operations in 1972 with its first manufacturing plant at Perambra in Kerala.

The company's largest operations are in India and comprise of four tyre manufacturing plants - located two in Cochin and one each at Vadodara & Chennai respectively and various sales & marketing offices spread across the country. The company's European subsidiary Apollo Vredestein BV (AVBV) has a manufacturing plant in the Netherlands and sales & marketing subsidiaries all over Europe. The company's South African subsidiary Apollo Durban (Pty) Ltd. (ADPL) has one manufacturing plant in Durban and sales operations all over Africa. The company also has sales and marketing subsidiaries in Middle East and ASEAN region.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**2.1 BASIS OF ACCOUNTING AND PREPARATION OF FINANCIAL STATEMENTS**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) and the relecant provisions of the 1956 Act/2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention with the exception of certain fixed assets, that are carried at revalued amounts. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

**2.2 USE OF ESTIMATES**

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities, including the disclosure of contingent liabilities as of the date of the financial statements and the reported income and expenses during the reporting period like provision for employee benefits, provision for doubtful debts/advances, allowance for slow and non-moving inventories, useful lives of fixed assets, provision for sales related obligations and provision for taxation etc. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could vary from these estimates. Any revision to accounting estimates is recognized in the period in which the results are known /materialized.

**2.3 INVENTORIES**

Inventories are valued at the lower of cost and estimated net realizable value (net of allowances) after providing for obsolescence and other losses, where considered necessary. The cost comprises of cost of purchase, cost of conversion and other costs including appropriate production overheads in the case of finished goods and work in process, incurred in bringing such inventories to their present location and condition.

In case of raw materials, stores & spares and traded goods, cost (net of CENVAT/VAT credits wherever applicable) is determined on a moving weighted average basis, and, in case of work in process and finished goods, cost is determined on a First In First Out basis.

**2.4 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.

**2.5 CASH FLOW STATEMENT**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

**2.6 DEPRECIATION AND AMORTISATION**

**Tangible Fixed Assets**

Depreciation on fixed assets is provided using straight line method at the rates specified in Schedule XIV of the Companies Act 1956, except for certain vehicles and other equipments for which the depreciation is provided at



30% and 16.67% respectively. Certain plant and machinery are classified as continuous process plants based on technical evaluation by the management and are depreciated at the applicable rates.

Additional depreciation consequent to the enhancement in the value of fixed assets on the revaluation is adjusted in the fixed assets revaluation reserve account.

Leasehold land / Improvements thereon are amortized over the primary period of lease.

In respect of fixed assets whose useful life has been revised, the unamortized depreciable amount is charged over the revised remaining useful life.

#### **Intangible Assets**

The intangible assets are amortized over a period of five years based on its estimated useful life and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

### **2.7 REVENUE RECOGNITION**

Revenue is recognized when the significant risks and rewards of ownership of goods have been passed to the buyer which generally coincides with the delivery of goods to customers. Gross sales are inclusive of excise duty and are net of trade discounts/sales returns/VAT.

### **2.8 OTHER INCOME**

Interest income is accounted on accrual basis. Dividend income on investments is accounted for when the right to receive the payment is established. Royalty income is accounted when the right to receive the same is established.

### **2.9 TANGIBLE FIXED ASSETS**

Fixed assets are stated at cost, as adjusted by revaluation of certain land, buildings, plant and machineries based on the then replacement cost as determined by approved independent valuer in 1986 and 1987, less depreciation.

All costs relating to the acquisition and installation of fixed assets (net of Cenvat /VAT credits wherever applicable) are capitalized 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.

Fixed assets taken on finance lease are capitalized and depreciation is provided on such assets, while the interest is charged to the statement of profit and loss.

Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately in the Balance Sheet.

**Capital work-in-progress:** Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

### **2.10 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. Exchange differences arising on actual payments/realizations and year-end restatements are dealt with in the statement of profit and loss.

The Company enters into forward exchange contracts and other instruments that are in substance a forward exchange contract to hedge its risks associated with foreign currency fluctuations. The premium or discount arising at the inception of a forward exchange contract (other than for a firm commitment or a highly probable forecast) or similar instrument, which are not intended for trading or speculation purposes, is amortized as expense or income over the life of the contract. Exchange difference on such contracts is recognized in the statement of profit and loss in the year in which the exchange rates change.

Exchange difference arising on a monetary item that, in substance, forms part of the Company's net investment in a non-integral foreign operation has been accumulated in a foreign currency translation reserve in the Company's financial statements until the disposal of net investment, at which time they would be recognized as income or as expense.

### **2.11 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 capital assets are presented by deducting them from the carrying value of the assets. The grant is recognised as income over the life of a depreciable asset by way of a reduced depreciation charge.

Export Incentives in the form of advance licences / credits earned under duty entitlement pass book scheme are treated as income in the year of export at the estimated realizable value / actual credit earned on exports made during the year.

Government grants in the nature of promoters' contribution like investment subsidy, where no repayment is ordinarily expected in respect thereof, are treated as capital reserve.

Other Government grants and subsidies are recognised as income over the periods necessary to match them with the cost for which they are intended to compensate, on a systematic basis.

### **2.12 INVESTMENTS**

Long term investments are stated at cost and provision for diminution is made if the decline in value is other than temporary in nature. Current investments are stated at lower of cost and fair value determined on the basis of each category of investments.

### **2.13 EMPLOYEE BENEFITS**

Employee benefits include provident fund, superannuation fund, gratuity fund and compensated absences.

Liability for gratuity to employees determined on the basis of actuarial valuation as on balance sheet date is funded with the Life Insurance Corporation of India and is recognized as an expense in the year incurred.

Liability for short term compensated absences is recognized as expense based on the estimated cost of eligible leave to the credit of the employees as at the balance sheet date on undiscounted basis. Liability for long term compensated absences is determined on the basis of actuarial valuation as on the balance sheet date.

Contributions to defined contribution schemes such as provident fund, employees' pension fund, superannuation fund and cost of other benefits are recognized as an expense in the year incurred.

Actuarial gains and losses arising from experience adjustments and effects of changes in actuarial assumptions are immediately recognized in the statement of profit and loss as income or expense.

### **2.14 EMPLOYEE SHARE BASED PAYMENTS**

Stock appreciation rights (Phantom stock units) granted to employees under the Cash-settled Employee Share-based Payment Plan (Phantom Stock Plan) is recognized based on intrinsic value method. Intrinsic value of the phantom stock unit is determined as excess of closing market price on the reporting date over the exercise price of the unit and is charged as employee benefit over the vesting period in accordance with "Guidance Note on Accounting for Employee Share-based payments" issued by Institute of Chartered Accountants of India.

### **2.15 BORROWING COSTS**

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs are capitalized as a part of the cost of qualifying asset when it is possible that they will result in future economic benefits and the cost can be measured reliably. Other borrowing costs are recognized as an expense in the period in which they are incurred.

### **2.16 SEGMENT REPORTING**

The Company identifies operating and geographic segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

## 2.17 LEASES

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating Lease payments are recognized as an expense in the revenue account as per the lease terms.

Assets leased by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

## 2.18 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.

## 2.19 TAXES ON INCOME

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets are recognized only to the extent there is a reasonable certainty that assets can be realized in future. However, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets.

## 2.20 INTANGIBLE ASSETS

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

## 2.21 RESEARCH AND DEVELOPMENT EXPENSES

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the 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. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Tangible Fixed Assets and Intangible Assets.

## 2.22 IMPAIRMENT OF ASSETS

The carrying amounts of assets / cash generating units are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the pre tax weighted average cost of capital.

## 2.23 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is recognized when the Company has a present obligation 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. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on best estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

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. Contingent assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

## 2.24 PROVISION FOR SALES RELATED OBLIGATIONS

The estimated liability for sales related obligations is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of obligations and management estimates regarding possible future incidence. The timing of outflows will vary as and when the obligation will arise - being typically upto three years.

## 2.25 DERIVATIVE CONTRACTS

The Company enters into derivative contracts in the nature of foreign currency swaps, currency options, forward contracts with an intention to hedge its existing assets and liabilities, firm commitments and highly probable transactions. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for Foreign Currency Transactions and Translations.

All other derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

## 2.26 INSURANCE CLAIMS

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

## 2.27 SERVICE TAX INPUT CREDITS

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.

## 2.28 OPERATING CYCLE

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.



## B. NOTES FORMING AN INTEGRAL PART OF THE ACCOUNTS

### B 1 SHARE CAPITAL

	As at March 31, 2014 ₹ Million	As at March 31, 2013 ₹ Million
<b>(A) AUTHORISED</b>		
730,000,000 Nos. (730,000,000 Nos.) Equity Shares of ₹ 1 each	730.00	730.00
200,000 Nos. (200,000 Nos.) Cumulative Redeemable Preference Shares of ₹ 100 each	20.00	20.00
	<u>750.00</u>	<u>750.00</u>
<b>(B) ISSUED, SUBSCRIBED, CALLED AND FULLY PAID UP Equity Shares of ₹ 1 each:</b>		
504,024,770 Equity Shares Outstanding at the beginning and at the end of the year.	504.02	504.02
Add: Forfeited Shares : <b>13,565 Nos.</b> (13,565 Nos.)	0.07	0.07
	<u>504.09</u>	<u>504.09</u>

### (C) Details of Shareholders holding more than 5% of the Paid Up Equity Share Capital of the Company with Voting Rights:

S.No.	Name of the Shareholder	As at March 31, 2014		As at March 31, 2013	
		No. of Shares	%age	No. of Shares	%age
1	Neeraj Consultants Ltd	42,508,142	8.43%	42,508,142	8.43%
2	Apollo Finance Ltd	36,759,650	7.29%	36,759,650	7.29%
3	Sunrays Properties & Investment Co. Pvt Ltd	35,725,648	7.09%	35,725,648	7.09%
4	Constructive Finance Pvt Ltd	29,630,857	5.88%	29,630,857	5.88%
5	Skagen Kon-Tiki Verdipapirfond	27,020,843	5.36%	13,434,522	2.67%
6	CLSA (Mauritius) Ltd			28,787,736	5.71%
7	ICICI Prudential Life Insurance Co. Ltd			26,665,390	5.29%

### (D) The rights, preferences and restrictions attached to equity shares of the Company:

The company has only one class of 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.

(E) 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.

(F) Shares reserved for issuance towards outstanding share warrants - Refer Note C7.

### B 2 RESERVES AND SURPLUS

	As at March 31, 2014 ₹ Million	As at March 31, 2013 ₹ Million
(a) Capital Subsidy	3.00	3.00
(b) Capital Redemption Reserve	44.40	44.40
(c) Securities Premium Reserve	5,659.71	5,659.71
(d) Debenture Redemption Reserve		
As per last Balance Sheet	1,170.83	516.67
Add: Transfer from Surplus in Statement of Profit & Loss	487.50	654.16
	<u>1,658.33</u>	<u>1,170.83</u>
(e) Revaluation Reserve	31.22	31.22
(f) Share Forfeiture ₹ 1,375/- (₹ 1,375/-)	-	-
(g) General Reserve		
Opening Balance	8,006.63	7,006.63
Add: Transfer from Surplus in Statement of Profit & Loss	1,000.00	1,000.00
	<u>9,006.63</u>	<u>8,006.63</u>
(h) Surplus in Statement of Profit & Loss		
Opening Balance	7,886.60	6,710.32
Add: Net Profit for the year	4,426.19	3,125.28
Balance available for Appropriation	12,312.79	9,835.60
Less: Appropriations made during the year		
General Reserve	1,000.00	1,000.00
Debenture Redemption Reserve	487.50	654.16
Proposed Dividend : ₹ 0.75 per share (₹ 0.50 per share)	378.02	252.01
Dividend Tax	64.24	42.83
	<u>1,929.76</u>	<u>1,949.00</u>
Closing Balance	10,383.03	7,886.60
<b>Total Reserves and Surplus</b>	<u>26,786.32</u>	<u>22,802.39</u>

**B3 NON - CURRENT LIABILITIES**

	As at March 31, 2014 ₹ Million	As at March 31, 2013 ₹ Million
<b>LONG - TERM BORROWINGS</b>		
<b>(a) SECURED : *</b>		
<b>(i) Debentures</b>		
1,000 - 9.40 % Non Convertible Debentures of ₹ 1 Million each	1,000.00	1,000.00
1,000 - 10.15 % Non Convertible Debentures of ₹ 1 Million each	1,000.00	1,000.00
1,000 - 10.15 % Non Convertible Debentures of ₹ 1 Million each	-	1,000.00
1,250 - 11.50 % Non Convertible Debentures of ₹ 1 Million each	416.67	833.33
	<u>2,416.67</u>	<u>3,833.33</u>
<b>(ii) Term Loans</b>		
<b>From Banks:</b>		
External Commercial borrowings (ECB)	2,306.00	3,408.11
Rupee Term Loans	333.33	500.00
	<u>2,639.33</u>	<u>3,908.11</u>
<b>From Others:</b>		
International Finance Corporation - Loan A	902.74	1,128.43
International Finance Corporation - Loan B	598.71	798.28
Bharat Earthmovers Ltd. (BEML)	412.45	494.94
	<u>1,913.90</u>	<u>2,421.65</u>
<b>(iii) Deferred Payment Liabilities:</b>		
Deferred Payment Credit I	155.32	199.88
Deferred Payment Credit II	12.11	20.71
	<u>167.43</u>	<u>220.59</u>
<b>(b) UNSECURED</b>		
<b>Debentures</b>		
2,000 - 10.10 % Non Convertible Debentures of ₹ 1 Million each	-	2,000.00
1,000 - 9.70 % Non Convertible Debentures of ₹ 1 Million each	-	1,000.00
	<u>-</u>	<u>3,000.00</u>
	<u>7,137.33</u>	<u>13,383.68</u>
<b>OTHER LONG - TERM LIABILITIES:</b>		
Security Deposits Received from Dealers	12.92	11.49
Security Deposits Received from Employees	49.20	43.92
Others	67.61	68.69
	<u>129.73</u>	<u>124.10</u>

\*For details regarding repayment terms, Interest Rate and Nature of Security on Long Term Borrowings, Refer Note B 3(a)

**NOTE B 3 (a)**
**DEBENTURES:**

Nature of Borrowing	Particulars	Amount outstanding as at March 31, 2014 ₹ Million		Amount outstanding as at March 31, 2013 ₹ Million		Rate of Interest	Terms of Repayment	Details of Security Offered
		Long Term Borrowings	Current Maturities of Long Term Borrowings	Long Term Borrowings	Current Maturities of Long Term Borrowings			
	1,000 - 9.40 % Non Convertible Debentures of ₹ 1 Million each	1,000.00	-	1,000.00	-	9.40%	Bullet repayment on 10-11-2017	Refer Note A2 & B1 below
	1,000 - 10.15 % Non Convertible Debentures of ₹ 1 Million each	1,000.00	-	1,000.00	-	10.15%	Bullet Repayment on 16-04-2015.	Refer Note A3 & B1 below
	1,000 - 10.15 % Non Convertible Debentures of ₹ 1 Million each	-	1,000.00	1,000.00	-	10.15%	Bullet Repayment on 29-03-2015.	Refer Note A3 & B1 below
	1,250 - 11.50 % Non Convertible Debentures of ₹ 1 Million each	416.67	416.67	833.33	416.67	11.50%	Redemption in 3 equal instalments of ₹ 416.67 Million on 02-02-14, 02-02-15 & 02-02-16, respectively.	Refer Note A2 & B1 below
	2,000 - 10.10 % Non Convertible Debentures of ₹ 1 Million each	-	2,000.00	2,000.00	-	10.10%	Bullet Repayment on 30-08-2014	Unsecured
	1,000 - 9.70 % Non Convertible Debentures of ₹ 1 Million each	-	1,000.00	1,000.00	-	9.70%	Bullet Repayment on 17-12-2014	Unsecured
<b>Total Debentures</b>		<b>2,416.67</b>	<b>4,416.67</b>	<b>6,833.33</b>	<b>416.67</b>			

**EXTERNAL COMMERCIAL BORROWINGS FROM BANKS:**

Bank 1	ECB I	-	-	-	183.19	9-10%	Repayment in 8 equal instalments of USD 1.875 Million half yearly started from 19-04-10.	Refer Note A1 & B1 below
	ECB II	168.38	112.25	280.62	112.25	9-10%	Repayment in 8 equal instalments of USD 1.25 Million half yearly started from 17-12-12.	Refer Note A1 & B1 below
Bank 2	ECB I	-	-	-	133.47	9-10%	Repayment in 15 equal quarterly instalments of USD 13.33 Million started from 31-03-10.	Refer Note A1 & B2 below
	ECB II	-	349.99	349.99	349.99	9-10%	Repayment in 1 half-yearly installment of USD 1.25 Million and then 5 half-yearly instalments of USD 3.75 Million started from 16-07-12.	Refer Note A1 & B2 below



	ECB III	404.55	269.70	674.25	224.75	9-10%	Repayment in 2 half-yearly installments of USD 2.50 Million and then 5 half-yearly installments of USD 3.00 Million started from 27-06-13.	Refer Note A1 & B2 below
Bank 3	ECB I	231.10	231.10	462.20	231.10	7-8%	Repayment in 4 equal annual installments of USD 5 Million started from 03-08-12.	Refer Note A1 & B2 below
	ECB II	278.38	139.18	417.46	139.19	9-10%	Repayment in 4 equal annual installments of USD 3.125 Million started from 16-07-13.	Refer Note A1 & B2 below
Bank 4	ECB I	300.00	-	300.00	-	7-8%	Repayment in 3 equal annual installments in USD equivalent to ₹ 100 Million starting from 29-09-15.	Refer Note A1 & B1 below
	ECB II	432.39	-	432.39	-	8-9%	Repayment in 3 equal annual installments of USD 2.90 Million starting from 26-10-15.	Refer Note A1 & B1 below
Bank 5	ECB I	491.20	-	491.20	-	10-11%	Repayment in 3 equal annual installments of USD 3.33 Million starting from 28-09-15.	Refer Note A1 & B1 below
<b>Total External Commercial Borrowings</b>		<b>2,306.00</b>	<b>1,102.22</b>	<b>3,408.11</b>	<b>1,373.94</b>			

#### RUPEE TERM LOANS FROM BANKS:

Bank 1	Rupee Term Loans	333.33	166.67	500.00	-	12%	Repayment in 3 equal annual installments starting from 21-06-14.	Refer Note A1 & B1 below
<b>Total Rupee Term Loans</b>		<b>333.33</b>	<b>166.67</b>	<b>500.00</b>	<b>-</b>			

#### TERM LOANS FROM OTHERS:

IFC	Loan A	902.74	225.69	1,128.43	225.69	9-10%	Repayment in 12 half-yearly installments of USD 2.50 Million each started from 17-06-2013	Refer Note A1 & B2 below
	Loan B	598.71	199.57	798.28	99.78	9-10%	Repayment in 9 half-yearly installments of USD 2.22 Million each started from 16-12-2013	Refer Note A1 & B2 below

BEML	Loan 1	412.45	82.49	494.94	82.49	2.25% lower than prevailing SBI PLR	40 equal quarterly installments of ₹ 20.62 Million each started from 30-06-2010	Note C
<b>Total Term Loans from Others</b>		<b>1,913.90</b>	<b>507.75</b>	<b>2,421.65</b>	<b>407.96</b>			

#### DEFERRED PAYMENT CREDIT:

Others	Deferred Payment Credit I	155.32	44.54	199.88	41.48	7-8%	Repayment along with Interest in 240 consecutive monthly installments started from 15-05-2007	Wind Mills purchased under the scheme.
	Deferred Payment Credit II	12.11	7.97	20.71	6.64	8-9%	Repayment along with Interest in 20 equal quarterly installments started from April, 2010.	Engineering materials purchased under the scheme
		<b>167.43</b>	<b>52.51</b>	<b>220.59</b>	<b>48.12</b>			

#### DETAILS OF SECURITY OFFERED TO EXISTING LENDERS:

- Note A1** A pari passu first charge along with other lenders created by way of mortgage on the Company's Land & Premises at Village Kodakara in Kerala, at Village Limda in Gujarat, at SIPCOT Industrial Growth Centre at Oragadam near Chennai, and at Head Office in Gurgaon, Haryana together with the factory buildings, Plant & machinery & Equipments, both present & future.
- Note A2** A pari passu first charge along with other lenders created by way of mortgage on the Company's Land & Premises at Village Kodakara in Kerala and at Village Limda in Gujarat together with the factory buildings, Plant & machinery & Equipments, both present & future.
- Note A3** A pari passu first charge along with other lenders created by way of mortgage on the Company's Land & Premises at Village Limda in Gujarat together with the factory buildings, Plant & machinery & Equipments, both present & future.
- Note B1** A pari passu first charge along with other lenders by way of hypothecation over the movable assets of the company, both present and future (except stocks & book debts).
- Note B2** A pari passu first charge on the movable assets and pari passu second charge on the current assets of the company.
- Note C** A charge created by way of hypothecation on the assets at Village Limda in Gujarat acquired out of the proceeds of loan taken from BEML.

**B 4 CURRENT LIABILITIES**

	As at March 31, 2014 ₹ Million	As at March 31, 2013 ₹ Million
<b>SHORT-TERM BORROWINGS</b>		
<b>Secured *</b>		
Buyer's Credit - RM	-	451.43
Packing Credit	<b>299.57</b>	-
Banks - Cash Credit (Repayable on Demand)	<b>2.02</b>	49.01
<b>Unsecured</b>		
Commercial Paper #	-	3,150.00
Buyers Credit - RM	<b>173.80</b>	458.76
Packing Credit	<b>1,331.34</b>	1,284.95
	<b><u>1,806.73</u></b>	<b><u>5,394.15</u></b>
<b>TRADE PAYABLES</b>		
Payable to Micro, Small & Medium Enterprises (Note C8)	<b>21.35</b>	31.53
Acceptances	<b>1,243.50</b>	322.47
Accounts Payable - Raw Materials & Services	<b>5,487.71</b>	4,458.54
Freight, Port Charges, CHA Charges Payable	<b>471.93</b>	340.30
Expenses Payable	<b>363.54</b>	135.35
Employee Related Payables **	<b>729.71</b>	487.04
Payable to Related Parties	<b>665.67</b>	225.01
	<b><u>8,983.41</u></b>	<b><u>6,000.24</u></b>
<b>OTHER CURRENT LIABILITIES:</b>		
<b>Current Maturities of Long-Term Debt ***</b>		
<b>Secured</b>		
<b>(a) Debentures:</b>		
1,250 - 11.50 % Non Convertible Debentures of ₹ 1 Million each	<b>416.67</b>	416.67
1,000 - 10.15 % Non Convertible Debentures of ₹ 1 Million each	<b>1,000.00</b>	-
	<b><u>1,416.67</u></b>	<u>416.67</u>
<b>(b) Term Loan from Banks:</b>		
External Commercial borrowings (ECB)	<b>1,102.22</b>	1,373.94
Rupee Term Loans	<b>166.67</b>	-
	<b><u>1,268.89</u></b>	<u>1,373.94</u>
<b>(c) Term Loan from Others:</b>		
International Finance Corporation - Loan A	<b>225.69</b>	225.69
International Finance Corporation - Loan B	<b>199.57</b>	99.78
Bharat Earthmovers Ltd. (BEML)	<b>82.49</b>	82.49
	<b><u>507.75</u></b>	<u>407.96</u>
<b>(d) Deferred Payment Liabilities:</b>		
Deferred Payment Credit I	<b>44.54</b>	41.48
Deferred Payment Credit II	<b>7.97</b>	6.64
	<b><u>52.51</u></b>	<u>48.12</u>
<b>Unsecured</b>		
<b>(e) Debentures:</b>		
2,000 - 10.10 % Non Convertible Debentures of ₹ 1 Million each	<b>2,000.00</b>	-
1,000 - 9.70 % Non Convertible Debentures of ₹ 1 Million each	<b>1,000.00</b>	-
	<b><u>3,000.00</u></b>	<u>-</u>
	<b><u>6,245.82</u></b>	<b><u>2,246.69</u></b>
<b>Trade Payables Includes due to Related Parties:</b>		
(Note - C22)		
Subsidiary Companies	<b>634.02</b>	138.12
Companies in which Directors are interested	<b>31.65</b>	86.89
	<b><u>665.67</u></b>	<u>225.01</u>

\* Cash Credits, Buyers Credit for Raw Materials and Packing Credit are secured by a first charge on Raw materials, Work-in-Process, Stocks, Stores and Book Debts and by a second charge on the Company's land at Village Kodakara in Kerala, at Oragadam and Mathur Village in Tamil Nadu and at Head Office in Gurgaon, Haryana together with the Factory Buildings, Plant & Machinery and Equipments, both present and future.

\*\* Employee Related Payables include commission on net profits payable to whole-time directors ₹ 228 Million (₹ 197 Million)

\*\*\* For Nature of Security on Current Maturities of Long Term Debts, Refer Note B 3(a)

# Maximum Amount Outstanding during the year ₹ 7,500 Million (₹ 5,850 Million)

**B 4 CURRENT LIABILITIES (Continued)**

	As at March 31, 2014 ₹ Million	As at March 31, 2013 ₹ Million
<b>OTHER CURRENT LIABILITIES (Continued):</b>		
Interest accrued but not due on borrowings	<b>229.48</b>	273.39
Unclaimed Dividends *	<b>32.45</b>	30.24
Payables to Micro, Small & Medium Enterprises-Capex Vendors (Note C8)	<b>7.44</b>	0.08
Interest payable to Micro, Small & Medium Enterprises (Note C8)	<b>10.58</b>	10.58
<b>Other payables: **</b>		
Accounts Payable - Capital	416.83	410.12
Excise Duty Payable	-	0.22
Excise Duty on closing stock	324.26	258.85
Amount Payable to Statutory Authorities	770.98	825.67
Export Obligations - Advance Licence Benefit	64.05	321.53
Payable to Related Parties	5.68	31.53
Security Deposits Received	382.65	132.56
Advances Received from Customers	353.35	308.35
Others	<u>15.38</u>	<u>19.34</u>
Gratuity Payable	<b>48.43</b>	45.18
	<b><u>2,661.56</u></b>	<u>2,667.64</u>
	<b><u>8,907.38</u></b>	<b><u>4,914.33</u></b>
<b>SHORT-TERM PROVISIONS:</b>		
Provision for Compensated Absences	<b>189.86</b>	182.06
Provision for Contingencies - Refer Note C19(b)	<b>425.00</b>	-
Provision for Estimated Loss on Forward Foreign Exchange Contracts	<b>67.85</b>	0.71
Proposed Dividend on Equity Shares	<b>378.02</b>	252.01
Dividend Tax	<b>64.24</b>	42.83
Provision for Taxation	8,582.12	7,363.48
Less: MAT Credit Adjusted	58.52	108.57
Less: Advance Tax	<u>8,315.45</u>	<u>7,061.09</u>
Provision for Wealth Tax	<b>7.00</b>	3.50
Provision for Sales related obligations - Refer Note C19(a)	<b>1,507.70</b>	1,236.70
	<b><u>2,847.82</u></b>	<b><u>1,911.63</u></b>
<b>** Other Payables Includes due to Related Parties:</b>		
(Note - C22)		
Subsidiary Companies	<b>1.20</b>	0.01
Companies in which Directors are interested	<b>4.48</b>	31.52
	<b><u>5.68</u></b>	<u>31.53</u>

\*Includes ₹ 2.92 Million which has not been transferred to the Investor Education and Protection Fund under section 205C of the Companies Act, 1956, as per the orders/instructions of the Special Court (Trial of offences relating to transactions in securities), Mumbai.



**B5 FIXED ASSETS AS AT MARCH 31, 2014**

₹ Million

Description of Assets	GROSS BLOCK			DEPRECIATION / AMORTIZATION				NET BLOCK	
	As at March 31, 2013	Additions	Deductions	As at March 31, 2014	As at March 31, 2013	Additions	Deductions	As at March 31, 2014	As at March 31, 2013
<b>A) TANGIBLE ASSETS:</b>									
Land:									
Freehold Land	175.14	-	-	175.14	-	-	-	175.14	175.14
Leasehold Land *	172.19	-	-	172.19	10.42	1.94	-	159.83	161.77
Buildings	7,411.22	465.90	25.27	7,851.85	1,071.03	247.43	0.04	6,533.43	6,340.19
Plant & Machinery **	32,821.23	3,548.36	37.19	36,332.40	10,798.86	2,027.24	25.73	23,532.03	22,022.37
Electrical Installation	1,378.86	40.19	-	1,419.05	373.95	70.02	-	975.08	1,004.91
Furniture & Fixtures	1,137.67	63.16	6.42	1,194.41	488.84	58.20	3.74	651.11	648.83
Office Equipments	35.75	3.35	0.25	38.85	13.31	1.88	0.15	23.81	22.44
Vehicles	372.99	238.37	142.23	469.13	114.74	48.04	64.83	371.18	258.25
<b>Total Tangible Assets</b>	<b>43,505.05</b>	<b>4,359.33</b>	<b>211.36</b>	<b>47,653.02</b>	<b>12,871.15</b>	<b>2,454.75</b>	<b>94.49</b>	<b>32,421.61</b>	<b>30,633.90</b>
<b>B) INTANGIBLE ASSETS:</b>									
Computer Software	269.72	60.28	-	330.00	190.08	25.71	-	114.21	79.64
<b>TOTAL FIXED ASSETS</b>	<b>43,774.77</b>	<b>4,419.61</b>	<b>211.36</b>	<b>47,983.02</b>	<b>13,061.23</b>	<b>2,480.46</b>	<b>94.49</b>	<b>32,535.82</b>	<b>30,713.54</b>

**FIXED ASSETS AS AT MARCH 31, 2013**

₹ Million

Description of Assets	GROSS BLOCK			DEPRECIATION / AMORTIZATION				NET BLOCK	
	As at March 31, 2012	Additions	Deductions	As at March 31, 2013	As at March 31, 2012	Additions	Deductions	As at March 31, 2013	As at March 31, 2012
<b>A) TANGIBLE ASSETS:</b>									
Land:									
Freehold Land	144.64	30.50	-	175.14	-	-	-	175.14	144.64
Leasehold Land *	160.04	12.15	-	172.19	8.22	2.20	-	161.77	151.82
Buildings	6,849.52	561.70	-	7,411.22	862.59	208.44	-	6,340.19	5,986.93
Plant & Machinery **	29,438.97	3,495.98	113.72	32,821.23	9,058.50	1,815.58	75.22	22,022.37	20,380.47
Electrical Installation	1,233.62	145.76	0.52	1,378.86	315.53	58.61	0.19	1,004.91	918.09
Furniture & Fixtures	1,018.16	121.91	2.40	1,137.67	433.59	56.40	1.15	648.84	584.57
Office Equipments	29.02	6.73	-	35.75	12.11	1.20	-	22.44	16.91
Vehicles	369.26	78.49	74.76	372.99	105.67	38.91	29.84	258.25	263.59
<b>Total Tangible Assets</b>	<b>39,243.23</b>	<b>4,453.22</b>	<b>191.40</b>	<b>43,505.05</b>	<b>10,796.21</b>	<b>2,181.34</b>	<b>106.40</b>	<b>30,633.90</b>	<b>28,447.02</b>
<b>B) INTANGIBLE ASSETS:</b>									
Computer Software	230.01	39.71	-	269.72	170.71	19.37	-	79.64	59.30
<b>TOTAL FIXED ASSETS</b>	<b>39,473.24</b>	<b>4,492.93</b>	<b>191.40</b>	<b>43,774.77</b>	<b>10,966.92</b>	<b>2,200.71</b>	<b>106.40</b>	<b>30,713.54</b>	<b>28,506.32</b>

\* Leasehold Land is Net of ₹ 9.59 Million (₹ 9.59 Million) subleased to Classic Auto Tubes Ltd., a company in which directors are interested during the year 2009-10.

\*\*Plant & Machinery includes Fixed Assets Held for Sale with a Gross Book Value of ₹ 38.52 Million (₹ 38.52 Million) and a Net Book Value of Nil ( Nil).

Plant & Machinery includes Jointly Owned Assets with a Gross Book Value of ₹ 187.68 Million ( Nil ) and a Net Book Value of ₹ 177.77 Million ( Nil ).

Plant & Machinery includes assets taken on Finance Lease with a Gross Book Value of ₹ 400.00 Million (₹ 400.00 Million), and a Net Book Value of Rs. 250.40 Million (₹ 271.52 Million)

(a) Represents proportionate lease premium ₹ 1.94 Million (₹ 2.20 Million) amortized.

(b) Buildings Include ₹ 151.72 Million (₹ Nil), Plant & Machinery includes ₹ 14.20 Million (₹ 22.16 Million), Electrical Installations include ₹ 11.52 Million (₹ Nil) and Furniture & fittings include ₹ 8.70 Million (₹ Nil) for capital expenditure on Research & Development (Note C 11).

(c) Includes directly attributable expenses capitalized to the extent of ₹ 115.81 Million (₹ 125.08 Million) including ₹ 13.36 Million (₹ 5.59 Million) capitalized from CWIP of previous year (Note C15) & Borrowing Cost capitalized to the extent of ₹ Nil (₹ 74.57 Million) capitalized from CWIP of previous year (Note C 10).

(d) Includes provision for Impairment amounting to ₹ 35.31 Million (₹ 10.78 Million ) on certain items of Building & Plant & Machinery recognized in the Statement of Profit & Loss during the year.

(e) Buildings include Buildings constructed on Leasehold Land with a Gross Book Value of ₹ 6,673.53 Million (₹ 6,255.62 Million) and Net Book Value of ₹ 5,632.48 Million (₹ 5,415.43 Million)

**B 6 NON-CURRENT INVESTMENTS  
(AT COST - FULLY PAID)**

	As at March 31, 2014 ₹ Million	As at March 31, 2013 ₹ Million
<b>TRADE INVESTMENTS</b>		
<b>(a) Investment in Equity Instruments (Quoted): *</b>		
16,394 (16,394) Equity Shares of ₹ 10/- each in Bharat Gears Ltd. - Fully Paid Up	0.36	0.36
<b>(b) Investment in Equity Instruments (Unquoted): Subsidiary Companies:</b>		
125,906,207 (119,656,207) Equity shares of USD 1 each in Apollo (Mauritius) Holdings Pvt Ltd. - wholly owned subsidiary - Fully Paid Up	6,507.97	6,123.99
<b>Other Companies:</b>		
312,000 (Nil) Equity Shares of ₹ 10/- each in Green Infra Wind Power Project	3.12	-
5,500 (Nil) Equity Shares of ₹ 10/- each in Suryadev Alloys And Power Pvt. Ltd.	0.59	-
<b>OTHER NON CURRENT INVESTMENTS (NON TRADE):</b>		
<b>(a) Investment in Mutual Funds:</b>		
Units of "UTI Balanced Fund - Dividend Plan - Reinvestment" ** (Face Value of ₹ 10/- each)		
161,826 (154,700) Units as at the beginning of the year	2.10	1.95
Add: Nil (7,126) Units on reinvestment of dividend during the year	-	0.15
<b>161,826</b> (161,826) Units as at the close of the year	<b>2.10</b>	<b>2.10</b>
<b>(b) Others:</b>		
Investment in 5,000 (5,000) Equity Shares of ₹ 100/- each in Apollo Tyres Employees' Multipurpose Co-operative Society Limited	0.50	0.50
	<u>6,514.64</u>	<u>6,126.95</u>
* Aggregate amount of quoted Investments	0.36	0.36
Aggregate market value of listed and quoted investments	0.64	0.63
Aggregate amount of unquoted Investments	6,514.28	6,126.59
**Repurchase price of units	4.09	3.52
<b>B 7 LONG - TERM LOANS &amp; ADVANCES</b>		
<b>Long-Term Loans &amp; Advances:</b>		
<b>Unsecured, Considered Good</b>		
Capital Advances - Others	294.63	557.36
Capital Advances to Related Parties	123.89	121.88
Doubtful Capital Advances	134.18	134.18
	552.70	813.42
Less:Provision for Doubtful Advances	134.18	134.18
	418.52	679.24
MAT Credit Entitlement	-	208.65
Security Deposits	381.19	329.63
Security Deposits to Related Parties	418.01	457.84
Employee Advances - Salary Loan	10.09	12.01
Other Loans and Advances	2.57	2.57
	<u>1,230.38</u>	<u>1,689.94</u>
<b>Includes Advances given to Related Parties:</b>		
(Note - C22)		
Companies in which Directors are interested:	541.90	579.72

**B 8 CURRENT ASSETS**

	As at March 31, 2014 ₹ Million	As at March 31, 2013 ₹ Million
<b>(a) INVENTORIES:</b> (valued at lower of cost and net realizable value)		
<b>(i) Raw Materials:</b>		
Raw Materials in Hand	3,805.86	3,535.57
Raw Materials in Transit	146.27	176.59
	3,952.13	3,712.16
<b>(ii) Work-in-Process #</b>		
	675.42	579.48
<b>(iii) Finished Goods:</b>		
Finished Goods in Hand	6,307.52	5,315.21
Finished Goods in Transit	954.73	721.99
	7,262.25	6,037.20
<b>(iv) Bought-out Material/Stock-in-Trade:</b>		
Stock in Trade in Hand	180.88	225.82
Stock in Trade in Transit	19.25	12.79
	200.13	238.61
<b>(v) Stores and Spares</b>		
	746.99	640.81
	<u>12,836.92</u>	<u>11,208.26</u>
<b>(b) TRADE RECEIVABLES - UNSECURED</b>		
Outstanding for a period exceeding six months from the date they were due for payment:		
Considered Good	1.25	10.17
Considered Doubtful	24.40	41.53
Others - Considered Good *	2,404.20	3,009.89
	2,429.85	3,061.59
Less:Provision for Doubtful Trade Receivables	24.40	41.53
	<u>2,405.45</u>	<u>3,020.06</u>
<b>(c) CASH AND CASH EQUIVALENTS **</b>		
(i) Cash on hand	2.97	3.74
(ii) Cheques on hand	874.32	774.51
(iii) Remittances in Transit	384.94	428.80
<b>(iv) Balances with Banks:</b>		
Current Accounts	459.55	233.45
Other Deposit Accounts		
- Original maturity of 3 months or less	400.00	-
<b>(v) Other Bank Balances:</b>		
Unpaid Dividend Accounts	32.45	30.24
Unclaimed Deposits Accounts	1.07	1.07
Deposits with Maturity exceeding 3 Months ***	55.80	70.11
	<u>2,211.10</u>	<u>1,541.92</u>
<b>* Trade Receivables Include due from Related Parties:</b> (Note - C22)		
Subsidiary Companies	759.78	1,101.01
Companies in which Directors are interested	158.04	102.90
	<u>917.82</u>	<u>1,203.91</u>

\*\* Out of the above balance of Cash & Cash Equivalents, the balance that meets the definition of Cash & Cash Equivalents as per AS-3, Cash Flow Statements is ₹ 2,121.78 Million (₹ 1,440.50 Million)

\*\*\* Includes Deposit of ₹ 53.83 Million (₹ 68.14 Million) pledged with a bank against which working capital loan has been availed by Apollo Finance Ltd, a Company in which directors are interested.

Incudes deposits of ₹ 1.97 Million (₹ 1.97 Million) which have an original maturity of more than 12 months.

# Work in Process consists of Automotive Tyres only.



**B 9 SHORT - TERM LOANS & ADVANCES**

	As at March 31, 2014 ₹ Million	As at March 31, 2013 ₹ Million
<b>Short-Term Loans &amp; Advances:</b>		
<b>Unsecured, Considered Good</b>		
Advances given to Related Parties	133.23	236.70
<b>Others:</b>		
Trade Advances	977.57	571.68
Employee Advances	105.47	67.07
CENVAT Recoverable	163.98	119.94
VAT Recoverable	315.15	198.82
Service Tax Recoverable	75.51	53.77
Export Incentives Recoverable	40.98	162.18
Prepaid Expenses	137.13	130.16
Others	46.65	29.34
	<u>1,995.67</u>	<u>1,569.66</u>
Considered Doubtful	20.56	20.56
	<u>2,016.23</u>	<u>1,590.22</u>
Less: Provision for Doubtful Advances	20.56	20.56
	<u>1,995.67</u>	<u>1,569.66</u>
MAT Credit Entitlement	450.13	300.00
	<u>2,445.80</u>	<u>1,869.66</u>
<b>Advances given to Related Parties:</b> (Note C 22)		
Subsidiary Companies	52.60	163.79
Companies in which Directors are interested	80.63	72.91
	<u>133.23</u>	<u>236.70</u>
<b>B 10 OTHER CURRENT ASSETS</b>		
Investment promotion subsidy receivable from Government of Tamilnadu	589.14	-
Interest Accrued on Loans / Deposits	1.05	0.70
	<u>590.19</u>	<u>0.70</u>

**B 11 OTHER OPERATING INCOME**

	Year Ended March 31, 2014 ₹ Million	Year Ended March 31, 2013 ₹ Million
<b>OTHER OPERATING INCOME</b>		
Investment promotion Subsidy from Government of Tamil Nadu - Refer Note C5	939.14	-
Tyres Development Fees received from Customers	42.16	-
Early Payment Discount Received from Raw Material Suppliers	35.22	42.35
	<u>1,016.52</u>	<u>42.35</u>

**B 12 OTHER INCOME**

	Year Ended March 31, 2014 ₹ Million	Year Ended March 31, 2013 ₹ Million
<b>(a) Interest Income*</b>	182.60	21.07
<b>(b) Dividend Income from Long Term Investments:</b>		
Bharat Gears Ltd.	0.03	0.03
Unit Trust of India	-	0.15
	<u>0.03</u>	<u>0.18</u>
<b>(c) Dividend Income from Short Term Investments</b>		
Mutual Funds	92.54	-
<b>(d) Other Non-Operating Income:</b>		
Unclaimed Credit Balances / Provisions no longer required written back	26.37	85.88
Royalty Income	57.28	43.66
Gain on Foreign Exchange Fluctuation (Net)	113.40	163.93
Miscellaneous Receipts	320.04	216.70
	<u>517.09</u>	<u>510.17</u>
	<u>792.26</u>	<u>531.42</u>

\*Interest Income of ₹ 182.60 Million (₹ 21.07 Million) comprises of the following:

- (a) Interest Earned on Deposits ₹ 182.60 Million (₹ 19.81 Million)
- (b) Interest Earned on Trade Balances ₹ Nil (₹ 1.26 Million)

**B 13 MANUFACTURING AND OTHER EXPENSES**

	Year Ended March 31, 2014 ₹ Million	Year Ended March 31, 2013 ₹ Million
<b>Cost of Materials Consumed:</b>		
Raw Materials Consumed - Refer Note C 13(B)	57,466.24	58,957.13
Less: Scrap Recoveries	223.18	283.49
	<u>57,243.06</u>	<u>58,673.64</u>
<b>Purchase of Bought Out Materials / Stock-in-Trade:</b>		
Purchase of Finished Goods	2,502.76	2,538.95
<b>Employee Benefits Expense:</b>		
Salaries, Wages and Bonus	3,794.32	3,344.84
Contribution to Provident and Other Funds-Refer Note 4	298.10	269.91
Welfare expenses	695.72	631.69
Employees Stock Appreciation Rights	78.55	22.08
	<u>4,866.69</u>	<u>4,268.52</u>
<b>Other Expenses:</b>		
Consumption of stores and spare parts - Refer Note 1	538.92	512.54
Power and Fuel - Refer Note 2	2,760.35	2,610.02
Conversion Charges	1,095.18	1,082.28
Repairs and Maintenance		
- Machinery	126.51	115.41
- Buildings	18.66	20.18
- Others	595.23	638.29
Rent - Refer Note 3	268.02	232.84
Lease Rent - Factory	400.00	400.00
Insurance	83.60	81.23
Rates and Taxes	175.24	178.11
Directors' Sitting Fees	1.38	1.26
Loss on Sale of Tangible Fixed Assets (Net)	23.93	2.22
Travelling, Conveyance and Vehicle Expenses	934.37	751.51
Postage, Telex, Telephone and Stationery	119.88	113.27
Royalty Paid	7.83	14.91
Freight and Forwarding	2,070.38	1,795.57
Commission to Selling Agents	38.79	39.15
Sales Promotion Expenses	494.89	263.07
Advertisement and Publicity	803.04	695.45
Research and Development - Refer Note C11	757.50	384.72
Bank Charges	57.90	57.74
Statutory Auditors Remuneration - Refer Note C12	11.40	11.70
Doubtful Receivables / Advances Written off	17.13	1.02
Less: Transferred from Provision	(17.13)	-
Legal and Professional Expenses	344.38	220.15
Provision for Contingencies - Refer Note C19(b)	425.00	-
Miscellaneous Expenses	521.88	463.01
	<u>12,674.26</u>	<u>10,685.65</u>

**Notes:**

1 Stores & Spares Consumed includes stores issued for repairs ₹ 1.55 Million (₹ 1.87 Million).

2 Power and Fuel includes Stores Consumed ₹ 668.08 Million (₹ 604.96 Million).

3 Net of Rent Received ₹ 1.47 Million (₹ 1.47 Million).

4 Net of Cross - Charge ₹ 0.15 Million (₹ 0.33 Million).

**B 14 CHANGES IN INVENTORIES OF FINISHED GOODS ,WORK IN PROCESS AND BOUGHT OUT MATERIALS/ STOCK-IN-TRADE**

	Year Ended March 31, 2014 ₹ Million	Year Ended March 31, 2013 ₹ Million
<b>OPENING STOCK</b>		
Work in Process	579.48	600.82
Finished Goods	6,037.20	6,000.82
Bought Out Materials/Stock in Trade	238.61	147.91
	<u>6,855.29</u>	<u>6,749.55</u>
<b>Less:</b>		
<b>CLOSING STOCK</b>		
Work in Process	675.42	579.48
Finished Goods	7,262.25	6,037.82
Bought Out Materials/ Stock in Trade	200.13	238.61
	<u>8,137.80</u>	<u>6,855.29</u>
<b>Decrease / (Increase)</b>	<b>(1,282.51)</b>	<b>(105.74)</b>
Excise Duty on Increase / (Decrease) of Finished Goods (Note C 9)	123.84	32.03
	<u>(1,158.67)</u>	<u>(73.71)</u>

**B 15 FINANCE COSTS**

	Year Ended March 31, 2014 ₹ Million	Year Ended March 31, 2013 ₹ Million
<b>(a) Interest Expense:</b>		
Interest on Fixed-Term Loans	717.10	796.14
Interest on Debentures	736.72	590.66
Interest on Other Loans	956.23	1,165.15
<b>(b) Other Borrowing Costs</b>	<b>36.05</b>	<b>57.78</b>
	<u>2,446.10</u>	<u>2,609.73</u>



## C. OTHER NOTES ON ACCOUNTS:

### 1. CONTINGENT LIABILITIES

PARTICULARS	2013-14 ₹ Million	2012-13 ₹ Million
Sales Tax	111.92	204.94
Income Tax	180.46	-
Claims against the Company not acknowledged as debts – Employee Related	51.02	53.95
– Others	28.54	27.54
Provision of Security (Bank Deposits pledged with a Bank against which working capital loan has been availed by Apollo Finance Ltd, an Associate Company)	53.83	68.14
Excise Duty*	363.55	1,381.35

\* Excludes demand of ₹ 532.12 Million (₹ 532.12 Million) raised on one of the Company's units relating to issues which have been decided by the Appellate Authority in Company's favour in appeals pertaining to another unit of the Company. Show-cause notices received from various Government Agencies pending formal demand notices have not been considered as contingent liabilities.

In the opinion of the management, no provision is considered necessary for the disputes mentioned above on the ground that there are fair chances of successful outcome of appeals.

Certain legal proceedings continue in the Court of Chancery in the US in respect of uncrystallized demand towards break fee & damages. Based on the discussions with the US legal counsel, the management is of the view that such demands arising out of the ongoing litigation are without merit and will be vigorously defended by the Company.

### 2. COMMITMENTS

PARTICULARS	As at March 31, 2014 ₹ Million	As at March 31, 2013 ₹ Million
Estimated amount of contracts remaining to be executed on capital account and not provided for	1,743.19	2,153.92
Other Commitments: Non-disposal of investments in indirect subsidiary, Apollo Tyres (Middle East) FZE, through Apollo (Mauritius) Holdings Pvt. Ltd. Value of investment as at March 31, 2014 is ₹ 32.61 Million (₹ 29.77 Million)		
The Company has further financial support commitments provided to certain Subsidiaries		
<b>TOTAL</b>	<b>1,743.19</b>	<b>2,153.92</b>

### 3. MAT CREDIT ENTITLEMENT

The company has made provision for tax as per normal provisions of the Income tax Act, 1961 in the current year as well as previous year. In view of the consistent profits over the years and also considering the future profit projections, the management believes that there is convincing evidence with regard to the earning of future taxable income and payment of tax under normal tax within the specified period. Accordingly, MAT Credit Entitlement of ₹ 450.13 Million (₹ 508.65 Million) has been carried forward for adjustment against normal tax liability in future years.

4. The Company has international transactions with related parties. For the current year, the management confirms that it maintains documents as prescribed by the Income tax Act, 1961 to prove that these international transactions are at arm's length and the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

### 5. INVESTMENT PROMOTION SUBSIDY FROM GOVERNMENT OF TAMILNADU

The Company has established radial tyre manufacturing facility in SIPCOT Industrial Park, Oragadam near Chennai and availed incentives from the State Government of Tamil Nadu for establishing such project. The construction of first phase of the new green field radial tyre plant was completed as per project schedule, which commenced operations from March 11, 2010. The Truck/ Bus radial segment has commenced operations from May 11, 2010.

Pursuant to the Memorandum of Understanding (MoU) dated August 7, 2006 read along with a Supplementary MoU dated January 11, 2011, executed between the Government of Tamil Nadu (GoTN) and the Company, GoTN sanctioned a Structured Package of Assistance to the Company in terms of the New Industrial Policy, 2007. As per this Structured Package of Assistance, the Company is entitled, inter alia, for refund of an amount equal to Net Output VAT + CST paid by the Company to GoTN in the form of Investment Promotion Subsidy for a period of 14 years (which can be extended by another 4 years), from the date of commencement of commercial production or till the cumulative availment of the said subsidy reaches 50% of the investment made in eligible fixed assets during the approved investment period as defined by the MoU, whichever is earlier. This eligibility is subject to fulfillment of certain obligations by the Company.

As the Company has fulfilled the relevant obligations during the year, the Company has recognized subsidy income of ₹ 939.14 Million as other operating income (refer note B11), being the eligible amount of refund of Net Output VAT + CST paid by the Company to GoTN from the date of commencement of commercial production till March 31, 2014. Based on the legal opinion obtained by the Company, the said subsidy is considered non-taxable.

### 6. EXCEPTIONAL ITEMS

Exceptional item during the year represents expenses incurred in connection with the proposed acquisition of Cooper Tier & Rubber Company (Cooper) which was terminated by Cooper on December 30, 2013.

### 7. ISSUE OF SHARE WARRANTS

The company had allotted 5,000,000 warrants, convertible into 5,000,000 equity shares of ₹ 1 each to a promoter Group Company on 21st December 2012, on a preferential allotment basis, pursuant to Section 81 (1A) of the Companies Act, 1956, at a conversion price of ₹ 86.20 per share determined in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. An amount equivalent to 25% of the price aggregating to ₹ 107.75 Million was received on allotment of the warrants. The warrants may be converted to equivalent number of shares on payment of the balance amount at any time within a period of 18 Months from their date of allotment. In the event the warrants are not converted to shares within the said period, the company is eligible to forfeit the amounts received towards the warrants.

### 8. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 -

PARTICULARS	2013-14 ₹ Million	2012-13 ₹ Million
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	28.79	31.61
(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	-	0.71
(iv) The amount of interest due and payable for the year	-	0.05
(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.

9. Excise duty relating to sales has been disclosed as a reduction from turnover. Excise duty related to difference between the closing stock and opening stock has been disclosed in Note B 14 "Changes in Inventories of Finished Goods, Work in Process & Bought Out Materials / Stock-in-Trade".

10. Borrowing costs capitalized / transferred to capital work in progress during the year is Nil (₹ 74.57 Million). This includes Nil (Nil) towards loan processing fees.

11. Research and development comprises of the following:

PARTICULARS	2013-14 ₹ Million	2012-13 ₹ Million
<b>(A) Revenue Expenditure</b>		
Materials	98.57	20.78
Employee Benefit Expenses	126.27	116.88
Travelling Expenses	13.10	24.80
Others	519.56	222.26
<b>SUB - TOTAL</b>	<b>757.50</b>	<b>384.72</b>
<b>(B) Capital Expenditure</b>	<b>186.14</b>	<b>22.16</b>
<b>TOTAL(A+B)</b>	<b>943.64</b>	<b>406.88</b>

12. Statutory Auditors' Remuneration:

PARTICULARS	2013-14 ₹ Million	2012-13 ₹ Million
For Audit	5.00	5.00
For Company Law matters	0.30	0.30
For Quarterly Review & Consolidation	2.20	2.20
For Other Services	3.90	4.20
<b>TOTAL</b>	<b>11.40</b>	<b>11.70</b>

13. (A) Turnover and stock of Finished goods

PARTICULARS	Unit	Opening Stock		Turnover		Closing Stock	
		2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Automobile Tyres, Tubes and Flaps	₹ Million	6,190.45	6,042.63	95,328.62	94,076.65	7,356.09	6,190.45
Others	₹ Million	85.36	106.10	564.21	452.40	106.29	85.36
<b>TOTAL</b>	<b>₹ Million</b>	<b>6,275.81</b>	<b>6,148.73</b>	<b>95,892.83</b>	<b>94,529.05</b>	<b>7,462.38</b>	<b>6,275.81</b>

(B) Raw Materials Consumed

PARTICULARS	2013-14 ₹ Million	2012-13 ₹ Million
Fabric	7,121.15	7,014.85
Rubber	32,602.49	35,353.73
Chemicals	4,348.99	4,031.94
Carbon Black	7,819.13	7,385.22
Others	5,574.48	5,171.39
<b>TOTAL</b>	<b>57,466.24</b>	<b>58,957.13</b>

(C) Break-up of Consumption

PARTICULARS	2013-14		2012-13	
	%	₹ Million	%	₹ Million
Raw Materials - Imported	44.08%	25,332.72	44.51%	26,243.84
- Indigenous	55.92%	32,133.52	55.49%	32,713.29
	100.00%	57,466.24	100.00%	58,957.13
Stores & Spares - Imported	7.34%	39.58	8.59%	44.03
- Indigenous	92.66%	499.34	91.41%	468.51
	100.00%	538.92	100.00%	512.54

(D) C.I.F. Value of Imports

PARTICULARS	2013-14 ₹ Million	2012-13 ₹ Million
Raw Materials	25,492.15	26,222.05
Stores & Spares	65.11	65.46
Capital Goods	503.69	1,623.42

(E) Expenditure in Foreign Currency (Remitted) :

(Excluding value of imports)

PARTICULARS	2013-14 ₹ Million	2012-13 ₹ Million
Interest	743.82	811.33
Dividend for the year 2012-13 (2011-12)*	0.99	0.99
Royalty	10.44	32.89
Others (including cross-charge of R & D expenses and management expenses paid to Foreign Subsidiary Companies).	1,197.97	320.23

\* Number of non-resident Shareholders – 2 (2), Number of Shares held by Non resident Shareholders - 1,978,000 (1,978,000).

14. Earnings in Foreign Exchange (Gross)

PARTICULARS	2013-14 ₹ Million	2012-13 ₹ Million
FOB Value of Exports	8,142.28	8,091.67
Royalty Received	57.28	43.66
Cross Charge of Management Expenses	28.10	62.44
Reimbursement of Expenses Received	30.10	36.92

15. Directly attributable expenses capitalized / included in capital work in progress during the year:

PARTICULARS	2013-14 ₹ Million	2012-13 ₹ Million
Raw Materials Consumed	15.39	30.85
Salaries, Wages and Bonus	63.86	70.67
Contribution to Provident and Other Funds	4.22	4.52
Welfare Expenses	4.51	3.44
Rent	0.78	0.56
Travelling, Conveyance and Vehicle expenses	4.56	3.06
Postage, Telex, Telephone and Stationery	0.26	0.15
Power and Fuel	3.40	7.29
Insurance	-	3.48
Legal & Professional Expenses	0.33	1.27
Miscellaneous Expenses	5.14	7.56
<b>Total*</b>	<b>102.45</b>	<b>132.85</b>

\*Out of the above, ₹ Nil (₹ 13.96 Million) is included in capital work in progress as on March 31,2014.

16. Employee Benefit Plans

Defined Contribution Plans:

a. **Superannuation Plan:** The Company contributes a sum equivalent to 15% of the eligible employees salary to a superannuation fund administered and maintained by Life Insurance Corporation of India (LIC). The Company has no liability for future superannuation fund benefits other than its annual contribution and recognizes such contributions as an expense in the year incurred. The amount of contribution paid by the company to Superannuation Fund is ₹ 57.15 Million (₹ 49.21 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 recognizes such obligation as an expense.

The amount of contribution made by the Company to Employees Provident Fund Trust / Regional Provident Fund is ₹ 192.37 Million (₹ 175.85 Million).



## Defined Benefit Plans:

### Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service receives gratuity on leaving the Company at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation of India.

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:

#### Net employee benefit expenses

PARTICULARS	2013-14 ₹ Million	2012-13 ₹ Million
Current service cost	44.92	42.63
Interest Cost on Benefit Obligation	48.46	45.27
Expected return on plan assets	(54.39)	(49.86)
Curtailment Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Net Actuarial (Gain) / Loss recognized in the year	9.44	7.14
Expense recognized in the Statement of Profit & Loss	48.43	45.18

#### Actual Contribution and Benefit payments for the year

PARTICULARS	2013-14 ₹ Million	2012-13 ₹ Million
Actual Contributions	45.18	78.02
Actual Benefit Payments	(65.81)	(54.85)

### Balance Sheet:

#### Net Asset / (Liability) recognised in the Balance Sheet including experience adjustment impact

PARTICULARS	2013-14 ₹ Million	2012-13 ₹ Million	2011-12 ₹ Million	2010-11 ₹ Million	2009-10 ₹ Million
Present value of defined benefit obligation at the end of the year	681.75	646.17	603.76	519.73	447.74
Fair value of plan assets at the end of the year	633.32	600.99	527.65	437.82	361.79
Asset/(Liability) recognized in the balance sheet	(48.43)	(45.18)	(76.11)	(81.91)	(85.95)
Experience Adjustment of obligation - (Gain) / Loss *	30.02	9.36	42.04	51.03	27.67
Experience Adjustment of plan assets - Gain / (Loss) *	(3.84)	0.31	1.75	2.36	1.21

\* Details disclosed to the extent information provided by the actuary.

#### Changes in the present value of the defined benefit obligation are as follows:

PARTICULARS	2013-14 ₹ Million	2012-13 ₹ Million
Present value of obligations as at the beginning of the year	646.17	603.76
Interest cost	48.46	45.27
Current service cost	44.92	42.63
Benefits paid	(65.81)	(54.85)
Actuarial loss on obligation	8.01	9.36
Present value of obligations as at the end of the year	681.75	646.17

#### Changes in the fair value of plan assets are as follows:

PARTICULARS	2013-14 ₹ Million	2012-13 ₹ Million
Fair value of plan assets at beginning of the year	600.99	527.65
Expected return on plan assets	54.39	49.86
Contributions	45.18	78.02
Benefits paid	(65.81)	(54.85)
Actuarial gain on plan assets	(1.43)	0.31
Fair value of plan assets as at the end of the year	633.32	600.99

The Company's gratuity funds are managed by the Life Insurance Corporation of India and therefore the composition of the fund assets is not presently ascertained.

#### Principal actuarial assumptions for Gratuity:

PARTICULARS	2013-14 Rate (%)	2012-13 Rate (%)
a) Discount rate	8.95	7.50
b) Future salary increase*	6.00	5.00
c) Expected rate of return on plan assets	9.05	9.45

\* 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 ₹ 68.07 Million (₹ 81.92 Million).

#### Demographic Assumptions for Gratuity:

PARTICULARS	2013-14	2012-13
a) Retirement Age (Years)	58	58
b) Mortality Table	IALM (2006-08)	IALM (2006-08)
c) Ages	Withdrawal Rate (%)	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

#### Other Long Term Employee Benefits:

#### Long Term Compensated Absences

#### Actuarial Assumption for Long term compensated absences:

PARTICULARS	2013-14	2012-13
a) Discount rate	8.95	7.50
b) Future salary increase*	6.00	5.00

\* The estimates of future salary increase take into account inflation, seniority, promotion and other relevant factors.

#### Demographic Assumptions for Long term compensated absences:

PARTICULARS	2013-14	2012-13
a) Retirement Age (Years)	58	58
b) Mortality Table	IALM (2006-08)	IALM (2006-08)
c) Ages	Withdrawal Rate (%)	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

## 17. Employees Phantom Stock Plan 2010

a) During the year 2010-11, the company had announced Cash-settled Employee Share-based Payment Plan (Phantom Stock Plan) for the eligible employees of the company. Under the scheme, 1,200,000 phantom stock units have been granted on 1st April 2010, 900,000 Phantom stock units have been granted on 1st April 2011 and another 75,000 Units have been granted on 1st April 2012 by the board appointed committee. All three options have been vested as per the following schedule:

Percentage of Grant	Vesting Schedule
25%	On 1st anniversary of respective grant date
25%	On 2nd anniversary of respective grant date
25%	On 3rd anniversary of respective grant date
25%	On 4th anniversary of respective grant date

Pursuant to the above scheme, the eligible employees are entitled to get cash compensation upon exercise of the phantom stock unit within seven years of the vesting date

b) Details of the expense recognized during the year and outstanding phantom stock units of the company under the Phantom Stock Plan 2010 are as under:

PARTICULARS	As at March 31, 2014			As at March 31, 2013		
	01.04.2010	01.04.2011	01.04.2012	01.04.2010	01.04.2011	01.04.2012
Date of Grant	01.04.2010	01.04.2011	01.04.2012	01.04.2010	01.04.2011	01.04.2012
Phantom Stock Units Outstanding	3,00,000	5,52,500	75,000	6,00,000	8,11,250	75,000
Phantom Stock Units exercised	9,00,000	3,47,500	-	6,00,000	88,750	-
Exercise Price of Share (₹)	50.00	50.00	50.00	50.00	50.00	50.00
Market Price of Share (₹)	159.30	159.30	159.30	83.45	83.45	83.45
Fair Value of Share (₹)	116.95	117.25	118.19	47.22	47.44	49.72
Amount charged to Statement of Profit & Loss (Included in Note - B 13 - Employee Benefits Expense)	₹ 27.24 Million	₹ 46.12 Million	₹ 5.19 Million	₹ 9.29 Million	₹ 11.49 Million	₹ 1.30 Million
Liability as on 31.03.2014 (Included in Note - B 4 (Trade Payables))	₹ 32.79 Million	₹ 54.24 Million	₹ 6.50 Million	₹ 17.56 Million	₹ 20.89 Million	₹ 1.30 Million

Phantom Stock outstanding units summary sheet is as follows -

PARTICULARS	2013-14	2012-13	2011-12
Opening Phantom Stock Units	1,486,250	2,030,000	1,200,000
Number of Units issued during the year	-	75,000	900,000
Number of Units Vested during the year	558,750	618,750	70,000
Closing Phantom Stock units	927,500	1,486,250	2,030,000

The details of Variables used for Fair Valuation under the Black-Scholes Model are given in the table below:

Grant date	April 1, 2010			
	Vest1	Vest 2	Vest 3	Vest 4
Remeasurement date	April 1, 2011	April 1, 2012	April 1, 2013	April 1, 2014
March 31, 2014	April 1, 2011	April 1, 2012	April 1, 2013	April 1, 2014
<b>Variables</b>				
Stock Price (₹)	The options from Vest 1, Vest 2 and Vest 3 have been completely exercised and therefore don't have to be valued			159.30
Volatility				42.86%
Riskfree Rate				8.81%
Exercise Price (₹)				50.00
Time To Maturity (In Years)				3.51
Dividend yield				1.19%
<b>Fair Value per vest (₹)</b>				<b>116.95</b>
<b>Vesting Percentage</b>				<b>100%</b>
<b>Option Fair Value (₹)</b>				<b>116.95</b>

Grant date	April 1, 2011						
	Vest1	Vest 2	Vest 3	Vest 4			
Remeasurement date	April 1, 2012	April 1, 2013	April 1, 2014	April 1, 2015			
March 31, 2014	April 1, 2012	April 1, 2013	April 1, 2014	April 1, 2015			
<b>Variables</b>							
Stock Price (₹)	The options from Vest 1 has been completely exercised and therefore don't have to be valued						
Volatility					159.30	159.30	159.30
Riskfree Rate					42.16%	42.86%	43.61%
Exercise Price (₹)					8.75%	8.81%	8.92%
Time To Maturity (In Years)					50.00	50.00	50.00
Dividend yield					3.00	3.51	4.51
<b>Fair Value per vest (₹)</b>	<b>115.87</b>	<b>116.95</b>	<b>118.87</b>	<b>118.87</b>			
<b>Vesting Percentage</b>	<b>33%</b>	<b>33%</b>	<b>33%</b>	<b>33%</b>			
<b>Option Fair Value (₹)</b>	<b>117.25</b>						

Grant date	April 1, 2012						
	Vest1	Vest 2	Vest 3	Vest 4			
Remeasurement date	April 1, 2013	April 1, 2014	April 1, 2015	April 1, 2016			
March 31, 2014	April 1, 2013	April 1, 2014	April 1, 2015	April 1, 2016			
<b>Variables</b>							
Stock Price (₹)	The options from Vest 1 has been completely exercised and therefore don't have to be valued						
Volatility					159.30	159.30	159.30
Riskfree Rate					42.16%	42.86%	43.61%
Exercise Price (₹)					8.75%	8.81%	8.92%
Time To Maturity (In Years)					50.00	50.00	50.00
Dividend yield					3.00	3.51	4.51
<b>Fair Value per vest (₹)</b>	<b>115.87</b>	<b>116.95</b>	<b>118.87</b>	<b>121.06</b>			
<b>Vesting Percentage</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>			
<b>Option Fair Value (₹)</b>	<b>49.72</b>						

### Phantom Stock Scheme - Proforma Statement of Profit & Loss and EPS

Had compensation cost for the Phantom Stock units granted under the Scheme been determined based on fair value approach, the Company's net profit and earnings per share would have been as per the proforma amounts indicated below:

PARTICULARS	2013-14	2012-13
<b>Impact on Net Profit (₹ Million)</b>		
Net Profit (As reported)	4,426.19	3,125.28
Add:- Cash based employee compensation expense included in net profit	78.55	22.08
Less:- Cash based compensation expense determined under fair value based method (Proforma)	70.81	19.07
Net Profit (Proforma)	4,433.93	3,128.29
<b>Impact on Earnings per Share (₹)</b>		
<b>Basic</b>		
Basic and Diluted Earnings per Share of ₹ 1 Each (As reported)	8.78	6.20
Basic and Diluted Earnings per Share of ₹ 1 Each (Proforma)	8.80	6.21
<b>Diluted</b>		
Basic and Diluted Earnings per Share of ₹ 1 Each (As reported)	8.77	6.20
Basic and Diluted Earnings per Share of ₹ 1 Each (Proforma)	8.79	6.21



18. The components of Deferred Tax Liability (Net) are as follows:

PARTICULARS	2013-14 ₹ Million	2012-13 ₹ Million
<b>Deferred Tax Liability on timing differences arising on:</b>		
Depreciation	4,029.70	3,633.15
<b>Sub Total (A)</b>	<b>4,029.70</b>	<b>3,633.15</b>
<b>Deferred Tax Assets on timing differences arising on:</b>		
Payment under Voluntary Retirement Scheme	3.75	2.77
Provision for Gratuity and Leave Encashment	92.74	90.28
Provision for Doubtful Debts / Advances	15.29	12.63
Others	8.47	9.07
<b>Sub Total (B)</b>	<b>120.25</b>	<b>114.75</b>
<b>Net Deferred Tax Liability (A-B)</b>	<b>3,909.45</b>	<b>3,518.40</b>

19a. Provision for sales related obligations represents estimates for payments to be made in future. Major portion of these costs is estimated to be paid in the next financial year and will be paid within a maximum of 3 years from the balance sheet date. ₹ Million

Opening Balance as at April 1, 2013	Additional provision made during the year	Incurred against provision during the year	Closing Balance as at March 31, 2014
1,236.70	1,410.53	1,139.53	1,507.70

19b. The Company carries a general provision for contingencies towards various claims against the company not acknowledged as debts. ₹ Million

Opening Balance as at April 1, 2013	Additional provision made during the year	Incurred against provision during the year	Closing Balance as at March 31, 2014
-	425.00	-	425.00

20. a) Following are the forward exchange contracts [being derivative instruments], which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables. The following forward exchange contracts entered into by the Company are outstanding as on March 31, 2014: Million

Currency	Amount	Buy/Sell	Cross Currency
US Dollar	31.74	Buy	Rupees
EURO	0.12	Buy	Rupees
<b>2012-13</b>			
US Dollar	28.58	Buy	Rupees
EURO	1.35	Buy	Rupees

The mark to market losses of Nil (Nil) relating to undesignated / ineffective forward contracts / derivatives has been recognized in the Statement of Profit and Loss Account.

b) No. of Currency swaps (other than forward exchange contracts stated above) to hedge against fluctuations in changes in exchange rate are 18 (20).

c) The year-end foreign currency exposures that have not been hedged by a derivative instrument or other wise are given below: Million

Currency	As at March 31, 2014		As at March 31, 2013	
	Receivable/ (Payable)	Receivable/ (Payable)	Receivable/ (Payable)	Receivable/ (Payable)
	INR	FC	INR	FC
UAE Dirham	0.32	0.02	(0.79)	(0.05)
Swiss Franc	(0.27)	(0.00)	(2.18)	(0.04)
EURO	41.30	0.53	(58.10)	(0.81)

British Pound	(52.60)	(0.48)	(44.00)	(0.53)
Indonesian Rupiah	0.01	1.75	(0.02)	(3.25)
Japanese Yen	(0.01)	(0.03)	0.01	0.01
Malaysian Ringgit	0.17	0.01	(1.04)	(0.06)
Philippine Peso	0.23	0.21	0.11	0.12
Singapore Dollar	0.23	0.01	0.75	0.02
Thai Baht	(0.17)	(0.09)	2.72	1.64
US Dollar	297.94	4.94	701.26	12.95
South African Rand	12.80	2.18	152.30	24.07

21. The Company's operations comprise of only one business segment –Automobile Tyres, Automobile Tubes & Automobile Flaps in the context of reporting business/geographical segment as required under mandatory accounting standards AS -17 "Segment Reporting "

The geographical segments considered for disclosure are - India and Rest of the world. All the manufacturing facilities are located in India:

PARTICULARS	2013-14 ₹ Million	2012-13 ₹ Million
<b>1. Revenue by Geographical Market</b>		
India	79,770.15	77,203.97
Rest of the world	8,139.43	8,444.71
<b>Total</b>	<b>87,909.58</b>	<b>85,648.68</b>
<b>2. Carrying Amount of Segment Assets</b>		
India	60,147.10	57,219.88
Rest of the world- export Debtors	972.91	1,440.88
<b>Total</b>	<b>61,120.01</b>	<b>58,660.76</b>
<b>3. Capital Expenditure incurred during the year</b>		
India	4,419.61	4,492.93
Rest of the world	-	-
<b>Total</b>	<b>4,419.61</b>	<b>4,492.93</b>

22. Disclosure of Related Party Transactions in accordance with the mandatory accounting standards AS- 18 "Related Party Disclosures"

Name of the Related Parties

PARTICULARS	2013-14	2012-13
Subsidiaries	Apollo (Mauritius) Holdings Pvt Ltd (AMHPL), Mauritius	Apollo (Mauritius) Holdings Pvt Ltd (AMHPL), Mauritius
	Apollo (South Africa) Holdings (Pty) Ltd (ASHPL) (Subsidiary through AMHPL), South Africa	Apollo (South Africa) Holdings (Pty) Ltd (ASHPL) (Subsidiary through AMHPL), South Africa
	Apollo Tyres South Africa (Pty) Ltd (ATSA) (Subsidiary through ASHPL), South Africa - Note (c)	Apollo Tyres South Africa (Pty) Ltd (ATSA) (Subsidiary through ASHPL), South Africa
	Apollo Durban (Pty) Ltd (ADPL) (Subsidiary Through ASHPL), South Africa - Note (a)	N.A.
	UK ATL Holdings Ltd (Subsidiary through ASHPL), United Kingdom - Note (b)	Dunlop Africa Marketing (UK) Ltd (DAMUK), United Kingdom (Subsidiary through ATSA)
	Apollo Tyres (Zimbabwe) (Pvt) Ltd (DZL) (Subsidiary through UK ATL Holdings Ltd.), Zimbabwe - Note(b)	Dunlop Zimbabwe (Pvt) Ltd (DZL), Zimbabwe (Subsidiary through DAMUK)
	Apollo Acquisition Corp.-Note(a)	N.A.

<b>Subsidiaries</b>	Radun Investments (Pvt) Ltd, Zimbabwe (Subsidiary through UK ATL Holdings Ltd.),	Radun Investments (Pvt) Ltd, Zimbabwe (Subsidiary through DAMUK)
	AFS Mining (Pvt) Ltd, Zimbabwe (Subsidiary through Apollo Tyres Zimbabwe Pvt Ltd),	AFS Mining (Pvt) Ltd, Zimbabwe (Subsidiary through DZL)
	Apollo Tyres (Cyprus) Pvt Ltd ( ATCPL), Cyprus (Subsidiary through AMHPL)	Apollo Tyres (Cyprus) Pvt Ltd ( ATCPL), Cyprus (Subsidiary through AMHPL)
	Apollo Tyres AG, Switzerland (AT AG) (Subsidiary through ATCPL), ATCPL	Apollo Tyres AG, Switzerland (AT AG) (Subsidiary through ATCPL)
	Apollo Tyres Holdings (Singapore) PTE Ltd, (ATHS), Singapore (Subsidiary through AMHPL)	Apollo Tyres Holdings (Singapore) PTE Ltd (ATHS), Singapore (Subsidiary through AMHPL)
	Apollo Tyres (LAO) Co. Ltd, Lao, PDR (Subsidiary through ATHS)	Apollo Tyres (LAO) Co. Ltd, Lao, PDR (Subsidiary through ATHS)
	Apollo Tyres (Middle East) FZE (ATFZE), Dubai (Subsidiary through AMHPL)	Apollo Tyres (Middle East) FZE (ATFZE), Dubai (Subsidiary through AMHPL)
	Apollo Tyres Co -operatief U.A., Netherlands (Apollo Coop) (Subsidiary through AMHPL)	Apollo Tyres Co -operatief U.A., Netherlands (Apollo Coop) (Subsidiary through AMHPL)
	Apollo Tyres B.V. (ATBV), Netherlands (Subsidiary through Apollo Coop)	Apollo Tyres B.V. (ATBV), Netherlands (Subsidiary through Apollo Coop)
	Apollo Tyres (UK) Pvt Ltd, United Kingdom (Subsidiary through ATBV)	Apollo Tyres (UK) Pvt Ltd, United Kingdom (Subsidiary through ATBV)
	Apollo Tyres (Brasil) LTDA, Brazil (Subsidiary through ATBV)	Apollo Tyres (Brasil) LTDA, Brazil (Subsidiary through ATBV)
	Apollo Tyres Global R&D B.V., Netherlands (Subsidiary through Apollo Coop)	Apollo Tyres Global R&D B.V., Netherlands (Subsidiary through Apollo Coop)
	Apollo Tyres (Thailand) Limited, Thailand (Subsidiary through Apollo Coop)	Apollo Tyres (Thailand) Limited, Thailand (Subsidiary through Apollo Coop)
	Apollo Vredestein B.V., Netherlands (AVBV) (Subsidiary through ATBV)	Apollo Vredestein B.V., Netherlands (AVBV) (Subsidiary through ATBV)
	Subsidiaries of Apollo Vredestein B.V (AVBV):	Subsidiaries of Apollo Vredestein B.V (AVBV):
	Apollo Vredestein GmbH, Germany (Earlier known as Vredestein GmbH, Germany)	Vredestein GmbH, Germany
	Vredestein Norge A.S., Norway	Vredestein Norge A.S., Norway
	Apollo Vredestein U.K. Limited (Earlier known as Vredestein U.K. Ltd.), United Kingdom	Vredestein U.K. Ltd., United Kingdom
	Apollo Vredestein Belux (Earlier known as N.V. Vredestein SA), Belgium	N.V. Vredestein S.A., Belgium
	Apollo Vredestein GesmbH (Earlier known as Vredestein GesmbH), Austria	Vredestein GesmbH, Austria
	Apollo Vredestein Schweiz A G, Switzerland	Vredestein Schweiz A G, Switzerland
	Vredestein Nordic A B (Earlier known as Vredestein Deck A B), Sweden	Vredestein Nordic A B, Sweden
	Vredesetin R.O. Srl, Romania	Vredesetin R.O. Srl, Romania
	Apollo Vredestein Iberica SA (Earlier known as Vredestein Iberica S.A), Spain	Vredestein Iberica S.A, Spain
	Apollo Vredestein Tires Inc. (Earlier known as Vredestein Tyres North America Inc.), USA	Vredestein Tyres North America Inc., USA
	Apollo Vredestein Kft (Earlier known as Vredestein Kft), Hungary	Vredestein Kft, Hungary
	Apollo Vredestein Srl (Earlier known as Vredestein Italia Srl), Italy	Vredestein R.O Srl, Italy

<b>Subsidiaries</b>	Apollo Vredestein Opony Polska Sp. Zo.o. (Earlier known as Vredestein Polska Sp. Z o.o), Poland	Vredestein Polska Sp. Z o.o, Poland
	Apollo Vredestein France SAS., France (Earlier known as Vredestein France S.A., France)	Vredestein France S.A., France
	Vredestein consulting B.V.,Netherlands	Vredestein consulting B.V., Netherlands
	Finlo B.V.. Netherlands	Finlo B.V., Netherlands
	Vredestein Marketing B.V., Netherlands	Vredestein Marketing B.V., Netherlands
	Vredestein Marketing Agentur (Earlier known as Vredestein Marketing Agentur B.V. & Co. KG), Germany	Vredestein Marketing Agentur B.V. & Co. KG, Germany
<b>Associates</b>	National Tyre Service, Zimbabwe Pressurite (Pty) Ltd, South Africa	National Tyre Service, Zimbabwe Pressurite (Pty) Ltd, South Africa
<b>Joint Ventures</b>	PanAridus LLC, USA	PanAridus LLC, USA
<b>Companies in which Directors are interested</b>	Apollo International Ltd (AIL)	Apollo International Ltd (AIL)
	Apollo International Trading LLC, Middle East	Apollo International Trading LLC, Middle East
	Encorp E Services Ltd	Encorp E Services Ltd
	UFO Moviez India Ltd	UFO Moviez India Ltd
	Landmark Farms & Housing (P) Ltd	Landmark Farms & Housing (P) Ltd
	Sunlife Tradelinks (P) Ltd	Sunlife Tradelinks (P) Ltd
	Travel Tracks Ltd	Travel Tracks Ltd
	Bespoke Tours & Travels Ltd	Bespoke Tours & Travels Ltd
	Dusk Valley Technologies Ltd	Dusk Valley Technologies Ltd
	Classic Auto Tubes Ltd	Classic Auto Tubes Ltd
	PTL Enterprises Ltd (PTL)	PTL Enterprises Ltd (PTL)
	Apollo Finance Ltd	Apollo Finance Ltd
	Artemis Medicare Services Ltd	Artemis Medicare Services Ltd
	Artemis Health Sciences Ltd	Artemis Health Sciences Ltd
	Amarchand & Mangaldas & Suresh A Shroff & Co.	Amarchand & Mangaldas & Suresh A Shroff & Co.
	J Sagar & Associates	J Sagar & Associates
	Raunaq Education Foundation	Raunaq Education Foundation
	Artemis Health Sciences Foundation	Artemis Health Sciences Foundation
	Regent Properties	Regent Properties
	Swaranganga Consultants Pvt Ltd	Swaranganga Consultants Pvt Ltd
	J & S Systems Corporation, U.K.	J & S Systems Corporation, U.K.
	Sacred Heart Investment Co. Pvt Ltd	Sacred Heart Investment Co. Pvt Ltd
	N. A.	CLS Logistics Ltd
Milers Global Pvt Ltd	Milers Global Pvt Ltd	
Apollo Fiege Integrated Logistics Pvt Ltd	N.A.	
<b>Key Management Personnel</b>	Mr Onkar S Kanwar	Mr Onkar S Kanwar
	Mr Neeraj Kanwar	Mr Neeraj Kanwar
	Mr U S Oberoi	Mr U S Oberoi
	Mr Sunam Sarkar	Mr Sunam Sarkar
<b>Relatives of Key Managerial Personnel</b>	Mr Raaja Kanwar	Mr Raaja Kanwar



**Notes:** Related Parties and their Relationships are as identified by the management and relied upon by the Auditors.

- (a) Incorporated during the year
- (b) Name changed during the year
- (c) Ceased to be a subsidiary during the year

**Transactions with Related Parties:  
FY 2013-14**

₹ Million

Particulars	Subsidiaries	Companies in which Director are interested	Key Management Personnel	Total
<b>Description of Transactions:</b>				
<b>Sales: Finished Goods</b>				
Apollo Intl. Trading LLC, Dubai		1,311.47		1,311.47
Apollo Tyres South Africa (Pty) Ltd	1,052.59			1,052.59
Apollo Vredestein B.V.	1,359.33			1,359.33
Apollo Tyres Middle East Fze.	980.87			980.87
Apollo Tyres Thailand Ltd	1,700.97			1,700.97
Apollo Durban (Pty) Ltd	254.19			254.19
	<b>5,347.95</b>	<b>1,311.47</b>		<b>6,659.42</b>
<b>Sales: Raw Materials</b>				
Classic Auto Tubes Ltd		31.48		<b>31.48</b>
<b>Sales: Semi Finished Goods</b>				
Apollo Tyres South Africa (Pty) Ltd	1.28			1.28
Apollo Vredestein B.V.	2.38			2.38
Apollo Durban (Pty) Ltd	0.92			0.92
	<b>4.58</b>			<b>4.58</b>
<b>Investments Made:</b>				
Apollo Mauritius Holdings Pvt Ltd	383.97			<b>383.97</b>
<b>Royalty Income:</b>				
Apollo Tyres South Africa (Pty) Ltd	14.04			14.04
Apollo Tyres Middle East Fze.	10.42			10.42
Apollo Tyres Thailand Ltd	23.43			23.43
Apollo Durban (Pty) Ltd	9.40			9.40
	<b>57.29</b>			<b>57.29</b>
<b>Cross Charge of Management &amp; Other Expenses Received #:</b>				
Apollo Tyres South Africa (Pty) Ltd	10.65			10.65
Apollo Vredestein B.V.	6.87			6.87
Apollo Tyres Middle East Fze.	0.37			0.37
Apollo Tyres Global R & D B.V.	1.87			1.87
Apollo Tyres (UK) Pvt Ltd	0.28			0.28
Apollo Tyres Thailand Ltd	3.15			3.15
PTL Enterprises Ltd		3.38		3.38
Classic Auto Tubes Ltd		1.78		1.78
Apollo Durban (Pty) Ltd	4.91			4.91
Artemis Medicare Services Ltd		0.60		0.60
	<b>28.10</b>	<b>5.76</b>		<b>33.86</b>
<b>Rent Received:</b>				
PTL Enterprises Ltd		0.12		0.12
Bespoke Tours & Travels Ltd		1.23		1.23
Classic Auto Tubes Ltd		0.11		0.11
		<b>1.46</b>		<b>1.46</b>

<b>Reimbursement of Expenses Received:</b>				
Apollo Tyres South Africa (Pty) Ltd	4.22			4.22
Apollo Vredestein B.V.	6.53			6.53
Apollo Tyres Middle East Fze.	3.52			3.52
Apollo Tyres B.V.	1.56			1.56
Apollo Tyres Global R & D B.V.	9.95			9.95
Apollo Tyres Thailand Ltd	0.80			0.80
Apollo Tyres (UK) Pvt Ltd	2.93			2.93
Classic Auto Tubes Ltd		26.73		26.73
Apollo Durban (Pty) Ltd	0.59			0.59
	<b>30.10</b>	<b>26.73</b>		<b>56.83</b>
<b>Royalty Paid:</b>				
Apollo Tyres AG, Switzerland	7.83			<b>7.83</b>
<b>Purchases:</b>				
Apollo Vredestein B.V.	56.58			56.58
PTL Enterprises Ltd		0.06		0.06
Classic Auto Tubes Ltd		307.53		307.53
	<b>56.58</b>	<b>307.59</b>		<b>364.17</b>
<b>Clearing Charges Paid:</b>				
Apollo Fiege Integrated Logistics Pvt Ltd		81.38		<b>81.38</b>
<b>Warehouse Management Charges Paid:</b>				
Apollo Fiege Integrated Logistics Pvt Ltd		27.10		<b>27.10</b>
<b>Legal and Professional Charges Paid:</b>				
Amarchand & Mangaldas & Suresh A Shroff & Co.		4.58		4.58
J Sagar & Associates		20.25		20.25
		<b>24.83</b>		<b>24.83</b>
<b>Reimbursement of Expenses paid:</b>				
Apollo Vredestein B.V.	40.45			40.45
Apollo Tyres South Africa (Pty) Ltd	0.16			0.16
Apollo Tyres Middle East Fze.	9.32			9.32
Apollo (Mauritius) Holdings Pvt Ltd	430.63			430.63
Apollo Tyres (UK) Pvt Ltd	19.63			19.63
Apollo Tyres Global R & D B.V.	0.50			0.50
PTL Enterprises Ltd		420.73		420.73
Classic Auto Tubes Ltd		146.72		146.72
	<b>500.69</b>	<b>567.45</b>		<b>1,068.14</b>
<b>Payment for Services Received:</b>				
Artemis Medicare Services Ltd		10.52		<b>10.52</b>
<b>Cross Charge of R &amp; D Expenses paid:</b>				
Apollo Tyres Global R & D B.V.	438.21			<b>438.21</b>
<b>Cross Charge of Other Expenses paid:</b>				
Apollo Tyres (U.K.) Pvt Ltd	281.16			<b>281.16</b>
<b>Lease Rent paid:</b>				
PTL Enterprises Ltd		400.00		<b>400.00</b>
<b>Rent Paid:</b>				
Sunlife Tradelinks		23.43		23.43
Land Mark Farms & Housing		24.00		24.00
Regent Properties		21.60		21.60
Classic Auto Tubes Ltd		0.12		0.12
Milers Global Pvt Ltd		3.00		3.00
		<b>72.15</b>		<b>72.15</b>
<b>Conversion charges Paid:</b>				
Classic Auto Tubes Ltd		1,017.61		<b>1,017.61</b>
<b>Mixing Charges Paid:</b>				
Classic Auto Tubes Ltd		318.41		<b>318.41</b>

<b>Travelling Expenses Paid:</b>				
Travel Tracks Ltd		1.34		1.34
Bespoke Tours & Travels Ltd		217.72		217.72
		<b>219.06</b>		<b>219.06</b>
<b>Conference Expenses</b>				
Bespoke Tours & Travels Ltd		202.60		<b>202.60</b>
<b>Security Deposits Given:</b>				
Milers Global Pvt Ltd		0.75		<b>0.75</b>
<b>Refund of Security Deposits:</b>				
Sunlife Tradelinks		64.43		64.43
Land Mark Farms & Housing		66.00		66.00
Regent Properties		59.40		59.40
		<b>189.83</b>		<b>189.83</b>
<b>Donations Given:</b>				
Raunaq Education Foundation		10.00		10.00
Artemis Health Sciences Foundation		10.00		10.00
		<b>20.00</b>		<b>20.00</b>
<b>Managerial Remuneration:</b>				
Mr Onkar S Kanwar			304.08	304.08
Mr Neeraj Kanwar			142.12	142.12
Mr U S Oberoi			10.33	10.33
Mr Sunam Sarkar			38.45	38.45
			<b>494.98</b>	<b>494.98</b>
<b>Amount Outstanding Dr./(Cr.)</b>				
<b>Trade Payable:</b>				
Apollo Tyres AG, Switzerland	0.27			0.27
Apollo Vredestein B.V.	2.18			2.18
Apollo Tyres (UK) Pvt Ltd	116.35			116.35
Apollo Tyres Global R&D	77.36			77.36
Apollo Tyres Middle East Fze.	6.92			6.92
Travel Tracks Ltd		(0.01)		(0.01)
Classic Auto Tubes Ltd		22.27		22.27
Apollo (Mauritius) Holdings Pvt Ltd	430.63			430.63
Apollo Tyres (Thailand) Ltd	0.33			0.33
Apollo Fiege Integrated Logistics Pvt Ltd		9.39		9.39
	<b>634.04</b>	<b>31.65</b>		<b>665.69</b>
<b>Other Current Liabilities:</b>				
Apollo Vredestein B.V.	1.20			1.20
Apollo International Ltd		0.10		0.10
Classic Auto Tubes Ltd		4.38		4.38
	<b>1.20</b>	<b>4.48</b>		<b>5.68</b>
<b>Long Term Loans &amp; Advances:</b>				
PTL Enterprises Ltd		400.00		400.00
Sunlife Tradelinks		5.86		5.86
Land Mark Farms & Housing		6.00		6.00
Regent Properties		5.40		5.40
Milers Global Pvt Ltd		0.75		0.75
Classic Auto Tubes Ltd		123.89		123.89
		<b>541.90</b>		<b>541.90</b>
<b>Trade Receivable:</b>				
Apollo Vredestein B.V.	186.30			186.30
Apollo Durban (Pty) Ltd	122.69			122.69
Apollo Tyres Middle East Fze.	109.76			109.76
Classic Auto Tubes Ltd		2.41		2.41
Apollo International Ltd		0.01		0.01

Apollo Intl. Trading LLC, Dubai		155.62		155.62
Apollo Tyres (Thailand) Ltd	341.03			341.03
	<b>759.78</b>	<b>158.04</b>		<b>917.82</b>
<b>Short Term Loans &amp; Advances:</b>				
Apollo Durban (Pty) Ltd	12.80			12.80
Apollo Vredestein B.V.	4.08			4.08
Apollo Tyres B.V. Ltd	10.70			10.70
Apollo Tyres Thailand Ltd	25.02			25.02
PTL Enterprises Ltd		43.24		43.24
Bespoke Tours & Travels Ltd		33.83		33.83
Classic Auto Tubes Ltd		2.97		2.97
Artemis Medicare Services Ltd		0.59		0.59
	<b>52.60</b>	<b>80.63</b>		<b>133.23</b>

**Transactions with Related Parties:  
FY 2012-13**

₹ Million

Particulars	Subsidiaries	Companies in which Directors are interested	Key Management Personnel	Total
<b>Description of Transactions:</b>				
<b>Sales: Finished Goods</b>				
Apollo Intl. Trading LLC, Middle East		1,137.71		1,137.71
Apollo International Ltd		26.68		26.68
Apollo Tyres South Africa (Pty) Ltd	1,352.81			1,352.81
Apollo Vredestein B.V.	1,033.80			1,033.80
Apollo Tyres Middle East Fze.	1,376.04			1,376.04
	<b>3,762.65</b>	<b>1,164.39</b>		<b>4,927.04</b>
<b>Investments Made:</b>				
Apollo (Mauritius) Holdings Pvt Ltd	500.30			<b>500.30</b>
<b>Royalty Income:</b>				
Apollo Tyres South Africa (Pty) Ltd	25.32			25.32
Apollo Tyres Middle East Fze.	18.34			18.34
	<b>43.66</b>			<b>43.66</b>
<b>Cross Charge of Management &amp; Other Expenses Received #:</b>				
Apollo Tyres South Africa (Pty) Ltd	18.74			18.74
Apollo Vredestein B.V.	5.43			5.43
Apollo Tyres Middle East Fze.	0.16			0.16
Apollo Tyres Global R & D B.V.	1.19			1.19
PTL Enterprises Ltd		3.38		3.38
Classic Auto Tubes Ltd		1.78		1.78
	<b>25.52</b>	<b>5.16</b>		<b>30.68</b>
<b>Rent Received:</b>				
PTL Enterprises Ltd		0.12		0.12
Travel Tracks Ltd		0.92		0.92
Bespoke Tours & Travels Ltd		0.31		0.31
Classic Auto Tubes Ltd		0.11		0.11
		<b>1.46</b>		<b>1.46</b>
<b>Interest Received:</b>				
PTL Enterprises Ltd		1.27		<b>1.27</b>



<b>Reimbursement of Expenses Received:</b>			
Apollo Tyres South Africa (Pty) Ltd	10.54		10.54
Apollo Vredestein B.V.	5.35		5.35
Vredestein GmbH	0.51		0.51
Apollo Tyres Middle East Fze.	1.91		1.91
Apollo Tyres B.V.	9.14		9.14
Apollo Tyres Global R & D B.V.	6.75		6.75
Apollo Tyres (Thailand) Ltd	2.72		2.72
Classic Auto Tubes Ltd		14.74	14.74
	<b>36.92</b>	<b>14.74</b>	<b>51.66</b>
<b>Royalty Paid:</b>			
Apollo Tyres AG, Switzerland	14.91		<b>14.91</b>
<b>Purchases :</b>			
Apollo Vredestein B.V.	7.98		7.98
PTL Enterprises Ltd		0.04	0.04
Classic Auto Tubes Ltd		375.48	375.48
	<b>7.98</b>	<b>375.52</b>	<b>383.50</b>
<b>Clearing Charges Paid:</b>			
CLS Logistics Ltd		304.86	<b>304.86</b>
<b>Reimbursement of Expenses paid:</b>			
PTL Enterprises Ltd		388.66	388.66
Classic Auto Tubes Ltd		203.60	203.60
Apollo Tyres South Africa (Pty) Ltd	0.74		0.74
Apollo Tyres Middle East Fze.	8.85		8.85
Apollo International Ltd		0.21	0.21
	<b>9.59</b>	<b>592.47</b>	<b>602.06</b>
<b>Payment for Services Received:</b>			
Artemis Medicare Services Ltd		4.75	<b>4.75</b>
<b>Cross Charge of R &amp; D Expenses paid:</b>			
Apollo Vredestein B.V.	39.11		39.11
Vredestein GmbH	17.16		17.16
Apollo Tyres Global R & D B.V.	73.18		73.18
	<b>129.45</b>		<b>129.45</b>
<b>Cross Charge of Other Expenses paid:</b>			
Apollo Tyres (UK) Pvt Ltd	39.14		<b>39.14</b>
<b>Lease Rent paid:</b>			
PTL Enterprises Ltd		400.00	<b>400.00</b>
<b>Rent Paid:</b>			
Sunlife Tradelinks		21.66	21.66
Land Mark Farms & Housing		24.00	24.00
Regent Properties		21.60	21.60
Classic Auto Tubes Ltd		0.12	0.12
Milers Global Pvt Ltd		0.25	0.25
		<b>67.63</b>	<b>67.63</b>
<b>Conversion charges Paid:</b>			
Classic Auto Tubes Ltd		1,003.84	<b>1,003.84</b>
<b>Mixing Charges Paid:</b>			
Classic Auto Tubes Ltd		313.39	<b>313.39</b>
<b>Travelling Expenses Paid:</b>			
Travel Tracks Ltd		125.26	125.26
Bespoke Tours & Travels Ltd		39.51	39.51
		<b>164.77</b>	<b>164.77</b>

<b>Legal and Professional Charges Paid:</b>			
Amarchand & Mangaldas & Suresh A Shroff & Co.		12.14	12.14
J Sagar & Associates		3.91	3.91
		<b>16.05</b>	<b>16.05</b>
<b>Donations Given:</b>			
Raunaq Education Foundation		10.00	<b>10.00</b>
<b>Conference Expenses</b>			
Travel Tracks Ltd		97.70	97.70
Bespoke Tours & Travels Ltd		72.70	72.70
		<b>170.40</b>	<b>170.40</b>
<b>Security Deposits Given:</b>			
Sunlife Tradelinks		6.39	6.39
Milers Global Pvt Ltd		0.75	0.75
		<b>7.14</b>	<b>7.14</b>
<b>Issue of Share Warrants:</b>			
Sacred Heart Investment Co. Pvt Ltd		107.75	<b>107.75</b>
<b>Managerial Remuneration:</b>			
Mr Onkar S Kanwar			241.65
Mr Neeraj Kanwar			111.02
Mr U S Oberoi			9.44
Mr Sunam Sarkar			25.96
			<b>388.07</b>
<b>Amount Outstanding</b>			
<b>Trade Payables:</b>			
Apollo Tyres AG, Switzerland	2.18		2.18
Vredestein GmbH	4.40		4.40
Apollo Vredestein B.V.	0.91		0.91
Apollo Tyres (UK) Pvt Ltd	39.14		39.14
Apollo Tyres Global R&D B.V.	65.24		65.24
Apollo Tyres Middle East Fze.	26.25		26.25
Travel Tracks Ltd		0.03	0.03
Classic Auto Tubes Ltd		86.86	86.86
	<b>138.12</b>	<b>86.89</b>	<b>225.01</b>
<b>Other Current Liabilities:</b>			
Apollo Vredestein B.V.	0.01		0.01
Apollo International Ltd		0.05	0.05
Classic Auto Tubes Ltd		23.67	23.67
CLS Logistics Pvt Ltd		7.57	7.57
Travel Tracks Ltd		0.23	0.23
	<b>0.01</b>	<b>31.52</b>	<b>31.53</b>
<b>Long Term Loans &amp; Advances:</b>			
PTL Enterprises Ltd		250.00	250.00
Sunlife Tradelinks		70.29	70.29
Land Mark Farms & Housing		72.00	72.00
Regent Properties		64.80	64.80
Milers Global Pvt Ltd		0.75	0.75
Classic Auto Tubes Ltd		121.88	121.88
		<b>579.72</b>	<b>579.72</b>

<b>Trade Receivables:</b>			
Apollo Vredestein B.V.	187.13		187.13
Apollo Tyres South Africa (Pty) Ltd	616.81		616.81
Apollo Tyres Middle East Fze.	297.07		297.07
Classic Auto Tubes Ltd		1.00	1.00
Apollo Intl. Trading LLC, Middle East		101.90	101.90
	<b>1,101.01</b>	<b>102.90</b>	<b>1,203.91</b>
<b>Short Term Loans &amp; Advances:</b>			
Apollo Tyres South Africa (Pty) Ltd	151.93		151.93
Apollo Tyres B.V.	9.14		9.14
Apollo Tyres (Thailand) Ltd	2.72		2.72
PTL Enterprises Ltd		1.76	1.76
Bespoke Tours & Travels Ltd		59.30	59.30
Classic Auto Tubes Ltd		4.02	4.02
CLS Logistics Ltd		7.83	7.83
	<b>163.79</b>	<b>72.91</b>	<b>236.70</b>

# Cross Charge of Management Expenses Received includes recovery of salary adjusted in Employee Benefit Expenses ₹ 24.86 Million (₹ 22.66 Million)

### 23. Disclosure required by Clause 32 of the listing agreement regarding the related parties:

Amount of Loans/Advances in the nature of loans outstanding from Subsidiaries and Associates:

₹ Million

PARTICULARS	Outstanding as at the end of the year	Maximum amount Outstanding during the year	Investments in shares of the Company
<b>SUBSIDIARIES</b>			
<b>Apollo (Mauritius) Holdings Pvt Ltd (AMHPL)</b>			
2013-14	-	-	383.98
2012-13	-	-	500.30
<b>Companies in which directors are interested</b>			
<b>PTL Enterprises Ltd (PTL)</b>			
2013-14 (Trade advance)	43.24	43.24	-
2012-13 (Trade advance)	1.76	9.70	-

### 24. Operating Lease

The Company has acquired assets under the operating lease agreements that are renewable on a periodic basis at the option of both the lessor and lessee. Rental expenses under those leases were ₹ 400 Million (₹ 400 Million)

The schedule of future minimum lease payments in respect of non-cancellable operating leases is set out below:

PARTICULARS	2013-14 ₹ Million	2012-13 ₹ Million
Within one year of the balance sheet date	400.00	400.00
Due in a period between one year and five years	2,000.00	2,000.00
Due after five years	800.00	1,200.00

### 25. Finance Lease - Deferred Payment Credit

The Company has entered into finance lease arrangements for certain Assets. The schedule of future minimum lease payments in respect of non-cancelable Finance leases is set out below:

₹ Million

PARTICULARS	Total Minimum Lease Payments		Present Value of Lease Payments	
	2013-14	2012-13	2013-14	2012-13
Within one year of the balance sheet date	68.88	68.74	52.51	48.12
Due in a period between one year and five years	156.52	211.13	127.01	172.21
Due after Five Years	52.65	67.51	40.42	48.38
Total	278.05	347.38	219.94	268.71
Less: Future Finance Charges	(58.11)	(78.67)		
Present Value of Minimum Lease Payments	219.94	268.71		

### 26. Interest in Joint Ventures – The Company has interests in the following Joint Controlled Entities (JEC):

Name of Joint Venture and Country of Incorporation	% of interest	Amount of interest based on accounts for the year ended March 31, 2014					
		Assets	Liabilities	Income	Expenditure	Contingent liabilities	Capital commitments
<b>Pan Aridus LLC. USA</b>							
As on 31st March 2014	50	18.22	18.22	0.90	55.70	Nil	Nil
As on 31st March 2013	50	20.60	20.60	Nil	19.08	Nil	Nil

### 27. Earnings Per Share (EPS) – The numerator and denominator used to calculate Basic and Diluted Earnings Per Share:

PARTICULARS	2013-14	2012-13
a) Basic & Diluted*		
Profit attributable to the equity shareholders used as numerator (₹ Million) - (A)	4,426.19	3,125.28
The weighted average number of equity shares outstanding during the year for Basic EPS - (B)	504,024,770	504,024,770
Add : Effect of Warrants which are dilutive	649,102	-
The weighted average number of equity shares outstanding during the year for Diluted EPS - (C)	504,673,872	504,024,770
Basic earnings per share (₹) – (A) / (B) (Face value of ₹ 1 each)	8.78	6.20
Diluted earnings per share (₹) – (A) / (C) (Face value of ₹ 1 each)	8.77	6.20

### 28. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

ONKAR S KANWAR  
Chairman &  
Managing Director

NEERAJ KANWAR  
Vice Chairman &  
Managing Director

S NARAYAN  
Director

SUNAM SARKAR  
Chief Financial Officer &  
Whole Time Director

P N WAHAL  
Head (Legal & Sectt.) &  
Company Secretary

Gurgaon  
May 15, 2014



**STATEMENT PURSUANT TO SECTION 212(3) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES.**

1 NAME OF THE SUBSIDIARY	2 NUMBER OF SHARES HELD IN THE SUBSIDIARY COMPANY	3 PERCENTAGE OF HOLDING IN THE SUBSIDIARY COMPANY	4 FINANCIAL YEAR ENDED	5 PROFITS/(LOSSES) OF THE SUBSIDIARY COMPANY FOR ITS FINANCIAL YEAR SO FAR AS IT CONCERNS THE MEMBERS OF APOLLO TYRES LTD. WHICH HAVE NOT BEEN DEALT WITH IN THE ACCOUNTS OF APOLLO TYRES LTD. FOR THE YEAR ENDED March 31, 2014**	6 FOR THE PREVIOUS FINANCIAL YEAR	TOTAL ACCUMULATED UPTO THE YEAR	THE NET AGGREGATE OF PROFITS / (LOSSES) OF THE SUBSIDIARY CO. WHICH HAVE BEEN DEALT WITHIN THE ACCOUNTS OF APOLLO TYRES LTD. FOR THE YEAR ENDED 31ST MARCH, 2014 FOR THE YEAR	FOR THE PREVIOUS FINANCIAL YEAR	TOTAL ACCUMULATED UPTO THE YEAR
APOLLO (MAURITIUS) HOLDINGS PVT LTD	119,656,207 ORDINARY SHARES OF USD 1 FULLY PAID	100.00%	March 31, 2014	₹ 41.43 Million	₹ 300.97 Million	₹ 342.40 Million	-	-	-
APOLLO (SOUTH AFRICA) HOLDINGS (PTY) LTD	130 ORDINARY SHARES OF ZAR 1 EACH FULLY PAID THROUGH AMHPL	100.00%	March 31, 2014	₹ 2,854.85 Million	₹ 1,572.21 Million	₹ 2,697.64 Million	-	-	-
APOLLO DURBAN (PTY) LTD	4,00,000 ORDINARY SHARES OF ZAR 1 EACH FULLY PAID THROUGH ASHPL	100.00%	March 31, 2014	₹ 116.84 Million	₹ 2,564.83 Million	₹ 2,681.67 Million	-	-	-
UK ATL HOLDINGS LIMITED	103 ORDINARY SHARES OF GBP 1 EACH FULLY PAID THROUGH DTITPL	100.00%	March 31, 2014	₹ (0.59) Million***	₹ 93.28 Million***	₹ 92.69 Million***	-	-	-
APOLLO TYRES COOP-ERATIVE, U.A. NETHERLANDS	MEMBERSHIP IN INTEREST FULLY PAID THROUGH AMHPL	100.00%	March 31, 2014	₹ 50.90 Million	₹ 28,452.95 Million	₹ 28,402.05 Million	-	-	-
APOLLO VREDESEIN B.V. NETHERLANDS	43,000 ORDINARY SHARES OF EURO 1 EACH FULLY PAID THROUGH ATBV	100.00%	March 31, 2014	₹ 4,462.73 Million	₹ 9,954.42 Million	₹ 13,417.15 Million	-	-	-
APOLLO TYRES (CYPRUS) PVT LTD	800 ORDINARY SHARES OF EURO 1 EACH FULLY PAID THROUGH AMHPL	100.00%	March 31, 2014	₹ 1.44 Million	₹ 2.09 Million	₹ 3.53 Million	-	-	-
APOLLO TYRES AG, SWITZERLAND	37,48,652 ORDINARY SHARES OF CHF 1 EACH FULLY PAID THROUGH AT CPL	100.00%	March 31, 2014	₹ 51.88 Million	₹ 66.14 Million	₹ 14.26 Million	-	-	-
APOLLO TYRES HOLDINGS PTE LTD, SINGAPORE	7,194,016 ORDINARY SHARES OF S\$ 1.00 EACH FULLY PAID THROUGH AMHPL	100.00%	March 31, 2014	₹ 1.32 Million	₹ 124.12 Million	₹ 125.44 Million	-	-	-
APOLLO TYRES MIDDLE EAST FZE, DUBAI	2 ORDINARY SHARES OF USD 100,000 EACH FULLY PAID THROUGH AMHPL	100.00%	March 31, 2014	₹ 11.78 Million	₹ 62.67 Million	₹ 74.45 Million	-	-	-
APOLLO TYRES (LAO) CO. LTD	1425 ORDINARY SHARES OF US\$ 1,000 EACH (SUBSIDIARY THROUGH AT HS)	95.00%	March 31, 2014	₹ 0.21 Million	₹ 256.23 Million	₹ 256.02 Million	-	-	-
APOLLO TYRES B.V.	18,000 ORDINARY SHARES OF EURO 1 EACH FULLY PAID (SUBSIDIARY THROUGH AT COOP)	100.00%	March 31, 2014	₹ 1,294.21 Million	₹ 1.05 Million	₹ 1,295.26 Million	-	-	-
APOLLO TYRES (BRASIL) LTDA, BRAZIL	NIL	100.00%	March 31, 2014	₹ 0.18 Million	₹ 4.37 Million	₹ 4.19 Million	-	-	-
APOLLO TYRES GLOBAL R&D BV, NETHERLANDS	100 ORDINARY SHARES OF EURO 100 EACH FULLY PAID (SUBSIDIARY THROUGH AT COOP)	100.00%	March 31, 2014	₹ 110.48 Million	₹ 44.19 Million	₹ 154.67 Million	-	-	-
APOLLO TYRES (THAILAND) LIMITED, THAILAND	3,999,998 ORDINARY SHARES OF BATH 100 EACH FULLY PAID (SUBSIDIARY THROUGH AT COOP)	100.00%	March 31, 2014	₹ 32.32 Million	₹ 13.10 Million	₹ 45.42 Million	-	-	-
APOLLO TYRES (UK) PVT LTD, UK	14,901 ORDINARY SHARES OF GBP 1 EACH FULLY PAID (SUBSIDIARY THROUGH ATBV)	100.00%	March 31, 2014	₹ 8.99 Million	NIL	₹ 8.99 Million	-	-	-

Note - Exchange rates conversion on average rates during the year. \* Including various subsidiaries under Apollo Vredesein B.V. \*\* The information in respect of subsidiaries in Zimbabwe through UK ATL Holdings Limited, which operate under severe political and economic uncertainty that significantly diminishes control or which operates under severe long term restrictions which significantly impair their ability to transfer funds to the parent Company has not been disclosed. \*\*\* Includes GBP 261,000 Special Reserve Account.

ONKAR S KANWAR  
Chairman & Managing Director

NEERAJ KANWAR  
Vice Chairman & Managing Director

SNARAYAN  
Director  
P N WAHAL  
Head (Legal & Sectt.) & Company Secretary

Gurgaon  
May 15, 2014

## CONSOLIDATED ACCOUNTS INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF APOLLO TYRES LTD.

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of APOLLO TYRES LTD. ("the Company"), its subsidiaries and jointly controlled entity (the Company, its subsidiaries and jointly controlled entity constitute "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements / financial information of the subsidiaries referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
- in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

### Other Matter

We did not audit the financial statements of 31 subsidiaries, whose financial statements reflect total assets (net) of ₹ 36,384.51 Million as at March 31, 2014, total revenues of ₹ 52,350.02 Million and net cash flows amounting to ₹ 2,531.53 Million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

The results of the subsidiaries/associate based in Zimbabwe have not been consolidated in accordance with paragraph 11 of the Accounting Standard 21 (Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006.

Our opinion is not qualified in respect of this matter.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm Registration No.008072S)  
sd/-  
M.K. Ananthanarayanan  
Partner  
(Membership No.19521)

Place : Chennai  
Date : May 15, 2014.

**CONSOLIDATED BALANCE SHEET  
AS AT MARCH 31, 2014**

	Notes	As at March 31, 2014 ₹ Million	As at March 31, 2013 ₹ Million
<b>A. EQUITY &amp; LIABILITIES:</b>			
<b>1 Shareholders' Funds:</b>			
(a) Share Capital	B 1	504.09	504.09
(b) Reserves and Surplus	B 2	45,134.39	33,396.80
(c) Money Received Against Share Warrants	C 6	107.75	107.75
		<u>45,746.23</u>	<u>34,008.64</u>
<b>2 Minority Interest</b>			
		-	-
<b>3 Non-Current Liabilities:</b>			
(a) Long-term Borrowings	B 3	7,137.33	16,531.47
(b) Deferred Tax Liabilities (Net)	C 12	5,358.42	4,937.89
(c) Other Long Term Liabilities	B 3	161.35	273.31
(d) Long-term Provisions	B 3	1,274.02	1,093.18
		<u>13,931.12</u>	<u>22,835.85</u>
<b>4 Current Liabilities:</b>			
(a) Short-term Borrowings	B 4	2,751.19	6,284.88
(b) Trade Payables		12,537.63	10,072.92
(c) Other Current Liabilities		9,800.56	7,560.72
(d) Short-term Provisions		5,689.11	4,791.27
		<u>30,778.49</u>	<u>28,709.79</u>
<b>TOTAL</b>		<u>90,455.84</u>	<u>85,554.28</u>
<b>B. ASSETS</b>			
<b>1 Non-Current Assets:</b>			
(a) Fixed Assets	B 5		
(i) Tangible Assets		43,570.70	40,650.85
(ii) Intangible Assets		986.80	1,042.02
(iii) Capital Work-in-Progress		464.78	3,198.65
		<u>45,022.28</u>	<u>44,891.52</u>
(b) Goodwill on Consolidation		1,375.62	1,436.08
(c) Non-Current Investments	B 6	637.21	545.81
(d) Deferred Tax Assets (Net)	C 12	117.00	10.09
(e) Long-term Loans & Advances	B 7	1,371.56	1,809.13
		<u>48,523.67</u>	<u>48,692.63</u>
<b>2 Current Assets:</b>			
(a) Inventories	B 8	20,664.24	20,310.75
(b) Trade Receivables	B 8	10,426.67	10,196.53
(c) Cash & Cash Equivalents	B 8	6,540.50	3,347.77
(d) Short Term Loans & Advances	B 9	3,706.56	2,985.28
(e) Other Current Assets	B 10	594.20	21.32
		<u>41,932.17</u>	<u>36,861.65</u>
<b>TOTAL</b>		<u>90,455.84</u>	<u>85,554.28</u>

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For <b>DELOITTE HASKINS &amp; SELLS</b> Chartered Accountants	ONKAR S KANWAR Chairman & Managing Director	NEERAJ KANWAR Vice Chairman & Managing Director	S NARAYAN Director
<b>M K ANANTHANARAYANAN</b> Partner			
Gurgaon May 15, 2014	SUNAM SARKAR Chief Financial Officer & Whole Time Director		P N WAHAL Head (Legal & Sectt.) & Company Secretary

**CONSOLIDATED STATEMENT OF PROFIT & LOSS  
FOR THE YEAR ENDED MARCH 31, 2014**

	Notes	Year Ended March 31, 2014 ₹ Million	Year Ended March 31, 2013 ₹ Million
<b>1 Revenue from Operations</b>			
Gross Sales		142,895.31	137,400.47
Less : Excise Duty		9,792.03	9,454.14
Net Sales		<u>133,103.28</u>	<u>127,946.33</u>
Other Operating Income	B 11	1,016.52	42.35
<b>2 Other Income</b>	B 12	<b>978.46</b>	902.14
<b>3 Total revenue (1 +2)</b>		<u>135,098.26</u>	<u>128,890.82</u>
<b>4 Expenses</b>			
(a) Cost of Materials Consumed	B 13	71,067.48	73,871.02
(b) Purchase of Bought Out Material / Stock-in-Trade	B 13	6,964.58	6,539.08
(c) Changes in Inventories of Finished Goods, Work-in-Progress & Bought Out Material/ Stock-in-Trade		(311.39)	(441.10)
(d) Employee Benefit Expenses	B 13	16,146.09	14,713.80
(e) Finance Cost	B 14	2,837.94	3,127.68
(f) Depreciation & Amortization expense	B 5	4,108.51	3,965.60
(g) Other Expenses	B 13	21,497.91	18,696.91
<b>Total Expenses</b>		<u>122,311.12</u>	<u>120,472.99</u>
<b>5 Profit before exceptional items &amp; tax (3 - 4)</b>		<b>12,787.14</b>	8,417.83
<b>6 Exceptional items</b>	C 5	<b>(467.86)</b>	168.55
<b>7 Profit before Tax (5 + 6)</b>		<u>12,319.28</u>	<u>8,586.38</u>
<b>8 Tax Expense</b>			
(a) Current Tax Expense		1,942.67	1,665.63
(b) Deferred Tax Expense		326.03	782.74
Total Tax Expense		<u>2,268.70</u>	<u>2,448.37</u>
<b>9 Profit after tax before share of loss of associates and minority interest (7-8)</b>		<b>10,050.58</b>	6,138.01
<b>9. i Share of Loss of Associates</b>		-	19.58
<b>9. ii Minority Interest - Share of Loss</b>		-	7.62
<b>10 Profit for the year ( 9 - 9. i + 9. ii)</b>		<u>10,050.58</u>	<u>6,126.05</u>
<b>11 Earnings per Share of ₹ 1 each:</b>			
(a) Basic		19.94	12.15
(b) Diluted		19.91	12.15

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For <b>DELOITTE HASKINS &amp; SELLS</b> Chartered Accountants	ONKAR S KANWAR Chairman & Managing Director	NEERAJ KANWAR Vice Chairman & Managing Director	S NARAYAN Director
<b>M K ANANTHANARAYANAN</b> Partner			
Gurgaon May 15, 2014	SUNAM SARKAR Chief Financial Officer & Whole Time Director		P N WAHAL Head (Legal & Sectt.) & Company Secretary



**CONSOLIDATED CASH - FLOW STATEMENT  
FOR THE YEAR ENDED MARCH 31, 2014**

	Year Ended March 31, 2014 ₹ Million	Year Ended March 31, 2013 ₹ Million	
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>			
(i) Profit before extraordinary items, tax, share of loss of associates and minority interest	12,319.28	8,586.38	
Add: Adjustments for:			
Depreciation and Amortization Expenses	4,108.51	3,965.60	
Loss / (Profit) on Sale of Tangible Fixed Assets (Net)	29.61	(64.77)	
(Profit) / Loss on Sale of Investments	(1,858.45)	-	
Provision for impairment of investment	-	2.23	
Dividend from Trade & Non Trade Investments	(92.57)	(0.18)	
Provision for Compensated Absences	7.80	26.71	
Provision for Inventory	5.79	-	
Provision for estimated loss/(gain) on derivatives	67.14	(0.09)	
Provision for Contingencies	425.00	-	
Other Provision	24.59	-	
Unclaimed Credit Balances / Provisions written back	(26.37)	(244.08)	
Finance Cost (Net of Interest Capitalized)	2,837.94	3,127.68	
Interest Income	(221.90)	(26.85)	
Unrealized Foreign Exchange Fluctuation (Gain) / Loss	(69.73)	11.10	
Post Retirement Medical Obligation	(17.89)	15.80	
Doubtful Receivables / Advances Written Off	-	29.34	
<b>(ii) Operating Profit Before Working Capital Changes</b>	<b>5,219.47</b>	<b>6,842.49</b>	
Changes in Working Capital	<b>17,538.75</b>	<b>15,428.87</b>	
Adjustments for (increase) / decrease in operating assets:			
Inventories	(905.58)	(459.52)	
Trade Receivables	516.01	2,310.24	
Short-Term Loans and Advances	(871.01)	413.67	
Other Current Assets	(589.14)	-	
Long -Term Loans and Advances	(9.81)	(85.54)	2,178.85
Adjustments for increase / (decrease) in operating liabilities:			
Trade Payables	2,152.38	(3,077.65)	
Other Current Liabilities	604.62	(890.55)	
Other Long-Term Liabilities	106.70	79.12	
Short - Term Provisions	297.58	168.93	(3,720.15)
<b>(iii) Cash Generated from Operations</b>	<b>18,840.50</b>	<b>13,887.57</b>	
Less: Direct Taxes Paid (Net of Refund)	<b>(2,385.86)</b>	<b>(1,134.12)</b>	
<b>Net Cash Flow From Operating Activities (A)</b>	<b>16,454.64</b>	<b>12,753.45</b>	
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets (Including Purchase of Investment Property and Interest Capitalized)	(4,989.18)	(6,249.56)	
Proceeds from Sale of Fixed Assets	79.75	319.33	
Deposits on Equipments	4.45	-	
Sale / (Purchase) of Investments	3,627.20	(7.53)	
Long Term Fixed Term Deposits With Banks Placed	-	(5.24)	
Long Term Fixed Term Deposits With Banks Matured	13.14	-	
Loan given to Jointly Controlled Entities	-	(24.86)	
Dividend Received from Trade and Non Trade Investments	92.57	0.18	
Payment for Trademarks	(242.03)	(3.22)	
Interest Received	221.52	26.14	
<b>Net Cash Used in Investing Activities (B)</b>	<b>(1,192.58)</b>	<b>(5,944.76)</b>	
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of Share Warrants	-	107.75	
Proceeds from Long-Term Borrowings	657.44	3,482.70	
Repayment of Long -Term Borrowings	(6,227.35)	(2,442.86)	
Bank Overdraft / Short-Term Borrowings (net of repayments)	(3,326.74)	(2,821.79)	
Payment of Dividend (Including Dividend Tax)	(297.05)	(293.12)	
Finance Cost Paid (Net of Interest Capitalized)	(2,881.42)	(3,085.22)	
<b>Net Cash Used In Financing Activities (C)</b>	<b>(12,075.12)</b>	<b>(5,052.54)</b>	
<b>Forex Fluctuation Difference arising out of Consolidation (D)</b>	<b>15.07</b>	<b>(47.61)</b>	
<b>Net Increase in Cash and Cash Equivalents (A+B+C+D)</b>	<b>3,202.01</b>	<b>1,708.54</b>	
Cash & Cash Equivalents at the beginning of the year	<b>3,347.77</b>	<b>1,730.35</b>	
Add: Cash & Cash Equivalents on acquisition of joint venture during the year	-	0.86	
Less: Bank Deposits with Original Maturity over Three Months	<b>72.86</b>	67.56	
Less: Unpaid Dividends Bank Accounts	<b>30.24</b>	28.26	
	<b>3,244.67</b>	1,635.39	
Loss on Reinstatement of Foreign Currency Cash & Cash Equivalents (Net)	<b>8.61</b>	107.87	
<b>Adjusted Cash &amp; Cash Equivalents as at Beginning of the year</b>	<b>3,236.06</b>	<b>1,527.52</b>	
Cash & Cash Equivalents as at the end of the year	<b>6,540.50</b>	<b>3,347.77</b>	
Less: Bank Deposits with Original Maturity over Three Months	<b>59.88</b>	72.86	
Less: Unpaid Dividends Bank Accounts	<b>32.45</b>	30.24	
	<b>6,448.17</b>	3,244.67	
Loss on Reinstatement of Foreign Currency Cash & Cash Equivalents (Net)	<b>10.10</b>	8.61	
<b>Adjusted Cash &amp; Cash Equivalents as at the end of the year</b>	<b>6,438.07</b>	<b>3,236.06</b>	

In terms of our report attached

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

ONKAR S KANWAR  
Chairman &  
Managing Director

NEERAJ KANWAR  
Vice Chairman &  
Managing Director

S NARAYAN  
Director

**M K ANANTHANARAYANAN**  
Partner

SUNAM SARKAR  
Chief Financial Officer &  
Whole Time Director

P N WAHAL  
Head (Legal & Sectt.) &  
Company Secretary

Gurgaon  
May 15, 2014

**A. NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

**1. GROUP CORPORATE INFORMATION**

The Apollo Tyres Group consists of ATL, the ultimate holding company with several foreign subsidiaries. Established in 1972, the Group is in the business of manufacture and sale of tyres. The Group has its headquarters in Gurgaon, India and operations in 3 continents. The Group employs approximately 16,000 employees based across India, South Africa and Europe. India constitutes the largest market accounting for 62% of the Group's revenues, followed by Europe with 29% and South Africa with 9%.

The product portfolio of the Group consists 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, and alloy wheels.

**2. BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES**

**2.1 BASIS OF ACCOUNTING AND PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements of the Company and its subsidiaries and jointly controlled entities (together the 'Group') have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act / 2013 Act, as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost convention with the exception of certain fixed assets, that are carried at revalued amounts. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous year.

**2.2 PRINCIPLES OF CONSOLIDATION**

The consolidated financial statements relate to Apollo Tyres Ltd (the 'Company'), its subsidiary companies, jointly controlled entities and the Group's share of profit / loss in its associates. The consolidated financial statements have been prepared on the following basis:

- (i) The financial statements of the subsidiary companies, jointly controlled entities and associates used in the consolidation are drawn upto the same reporting date as that of the Company i.e., March 31, 2014.
- (ii) The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses, unless cost cannot be recovered.
- (iii) The consolidated financial statements include the share of profit / loss of the associate companies which have been accounted for using equity method as per AS 23 Accounting for Investments in Associates in Consolidated Financial Statements. Accordingly, the share of profit/ loss of each of the associate companies (the loss being restricted to the cost of investment) has been added to / deducted from the cost of investments.
- (iv) Share of profit / loss, assets and liabilities in the jointly controlled entities, which are not subsidiaries, have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, incomes and expenses on a proportionate basis to the extent of the Group's equity interest in such entity as per AS 27 Financial Reporting of Interests in Joint Ventures. The intra-group balances, intra-group transactions and unrealised profits or losses have been eliminated to the extent of the Group's share in the entity. Jointly controlled entities that are considered subsidiaries under AS 21 Consolidated Financial Statements are consolidated similar to the manner of consolidating subsidiaries (Refer (ii) above) and the share of interest of the other venturers in such entities is included as part of minority interest.
- (v) The excess of cost to the Group of its investments in the subsidiary companies / jointly controlled entities over its share of equity of the subsidiary companies / jointly controlled entities, at the dates on which the investments in the subsidiary companies / jointly controlled entities were made, is recognised as 'Goodwill' being an asset in the consolidated financial statements and is tested for impairment on annual basis.
- (vi) Minority Interest in the net assets of the consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders at the date on which investments in the subsidiary companies were made and further movements in their share in the equity, subsequent to the dates of investments. Net profit / loss for the year of the subsidiaries attributable to minority interest is identified and adjusted against the profit after tax of the Group in order to arrive at the income attributable to shareholders of the Company.

- (vii) Goodwill arising on consolidation is not amortised but tested for impairment.
- (viii) In respect of the foreign operations, the audited financial statements for the year ended March 31, 2014 were converted into Indian currency as per accounting standard (AS 11) "The effect of changes in Foreign Exchange Rates".
- (ix) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances with certain exceptions as referred in Para 2.4.
- (x) Following subsidiary companies, associates and jointly controlled entities have been considered in the preparation of the consolidated financial statements:

Name of the Company	Relationship	Country of Incorporation	Ownership Held By	% of Holding and voting power either directly or indirectly through subsidiary as at		Remarks
				31.03.2014	31.03.2013	
Apollo (Mauritius) Holdings Pvt Ltd (AMHPL)	Subsidiary	Mauritius	Apollo Tyres Ltd	100%	100%	
Apollo (South Africa) Holdings (Pty) Ltd (ASHPL)	Subsidiary	South Africa	AMHPL	100%	100%	
Apollo Tyres South Africa (Pty) Ltd (ATSA)	Subsidiary	South Africa	ASHPL	NIL	100%	
Apollo Durban (Pty) Ltd (ADPL)	Subsidiary	South Africa	ASHPL	100%	NIL	Note(a)
Dunlop Africa Marketing (UK) Ltd (DAMUK)	Subsidiary	United Kingdom	ATSA	NIL	100%	Note(b)
UK ATL Holdings Limited	Subsidiary	United Kingdom	ASHPL	100%	NIL	Note(b)
Apollo Tyres (Cyprus) Pvt Ltd (ATCPL)	Subsidiary	Cyprus	AMHPL	100%	100%	
Apollo Tyres AG (AT AG)	Subsidiary	Switzerland	ATCPL	100%	100%	
Apollo Tyres Holdings (Singapore) Pte Ltd (ATHS)	Subsidiary	Singapore	AMHPL	100%	100%	
Apollo Tyres (LAO) Co. Ltd	Subsidiary	Lao, PDR	ATHS	95%	95%	
Apollo Tyres (Middle East) FZE (ATFZE)	Subsidiary	Dubai	AMHPL	100%	100%	
Apollo Tyres Co-operatief U.A. (Apollo Coop)	Subsidiary	Netherlands	AMHPL	100%	100%	
Apollo Tyres (Brasil) Ltda	Subsidiary	Brazil	APOLLO COOP	100%	100%	
Apollo Tyres Global R&D B.V.	Subsidiary	Netherlands	APOLLO COOP	100%	100%	
Apollo Tyres (Thailand) Limited	Subsidiary	Thailand	APOLLO COOP	100%	100%	
Apollo Tyres B.V. (ATBV)	Subsidiary	Netherlands	APOLLO COOP	100%	100%	
Apollo Acquisition Corp.	Subsidiary	USA	ATBV	100%	NIL	
Apollo Tyres (U.K.) Pvt Ltd	Subsidiary	United Kingdom	ATBV	100%	100%	
Apollo Vredestein B.V. (AVBV)	Subsidiary	Netherlands	ATBV	100%	100%	
Apollo Vredestein GmbH (Earlier known as Vredestein GmbH)	Subsidiary	Germany	AVBV	100%	100%	
Vredestein Marketing B.V. & Co. KG (Earlier known as Vredestein Marketing Agentur B.V. & Co. KG)	Subsidiary	Germany	Apollo Vredestein GmbH	100%	100%	
Vredestein Nordic A.B. (Earlier known as Vredestein Deck A.B.)	Subsidiary	Sweden	AVBV	100%	100%	
Vredestein Norge A.S.	Subsidiary	Norway	AVBV	100%	100%	
Apollo Vredestein U.K. Limited (Earlier known as Vredestein U.K. Ltd)	Subsidiary	United Kingdom	AVBV	100%	100%	

Apollo Vredestein SAS (Earlier known as Vredestein France S.A.)	Subsidiary	France	AVBV	100%	100%	
Apollo Vredestein Belux (Earlier known as N.V. Vredestein SA)	Subsidiary	Belgium	AVBV	100%	100%	
Apollo Vredestein Gesellschaft m.b.h (Earlier known as Vredestein GesmbH)	Subsidiary	Austria	AVBV	100%	100%	
Apollo Vredestein Schweiz AG (Earlier known as Vredestein Schweiz AG)	Subsidiary	Switzerland	AVBV	100%	100%	
Apollo Vredestein Srl (Earlier known as Vredestein Italia Srl)	Subsidiary	Italy	AVBV	100%	100%	
Apollo Vredestein Iberica SA (Earlier known as Vredestein Iberica S.A)	Subsidiary	Spain	AVBV	100%	100%	
Apollo Vredestein Tires Inc. (Earlier known as Vredestein Tyres North America Inc.)	Subsidiary	USA	AVBV	100%	100%	
Apollo Vredestein Kft (Earlier known as Vredestein Kft)	Subsidiary	Hungary	AVBV	100%	100%	
S.C. Vredestein R.O. Srl	Subsidiary	Romania	Apollo Vredestein Kft	100%	100%	
Apollo Vredestein Opony Polska Sp. Zo.o. (Earlier known as Vredestein Polska Sp. Z o.o)	Subsidiary	Poland	AVBV	100%	100%	
Vredestein consulting B.V.	Subsidiary	Netherlands	AVBV	100%	100%	
Finlo B.V.	Subsidiary	Netherlands	AVBV	100%	100%	
Vredestein Marketing B.V.	Subsidiary	Netherlands	AVBV	100%	100%	
PanAridus LLC	Joint Venture	USA	ATHS	50.00%	50.00%	

Notes :

- (a) Incorporated during the year.
- (b) Name changed from Dunlop Africa Marketing (UK) Ltd (DAMUK) to UK ATL Holdings Limited.
- (xi) Following subsidiary companies and associates based in Zimbabwe have not been consolidated / accounted under the equity method but have been accounted for as investments under AS 13 Accounting for Investments in the Consolidated Financial Statements in view of the current political situation in Zimbabwe that significantly diminishes control and imposes long term restriction on financial repatriation .

Name of the Company	Relationship	Country of Incorporation	Ownership Held By	% of Holding and voting power either directly or indirectly through subsidiary as at		Remarks
				31.03.2014	31.03.2013	
Radun Investment (Private) Ltd (RADUN)	Subsidiary	Zimbabwe	UK ATL Holdings Limited	100%	100%	
Dunlop Zimbabwe (Private) Ltd (DZPL)*	Subsidiary	Zimbabwe	DAMUK	NIL	100%	The cost of investment has been impaired.
Apollo Tyres (Zimbabwe) (Private) Limited*	Subsidiary	Zimbabwe	UK ATL Holdings Limited	100%	NIL	The cost of investment has been impaired.
ASF Mining (Pvt) Ltd Zimbabwe	Subsidiary	Zimbabwe	Apollo Tyres (Zimbabwe) (Private) Limited	100%	100%	The cost of investment has been impaired.



National Tyre Service	Associate	Zimbabwe	UK ATL Holdings Limited	46.72%	46.72%	
Pressurite (Pty) Ltd	Associate	South Africa	Apollo (South Africa) Holdings (Pty) Ltd	28.00%	28.00%	

\* Name of Dunlop Zimbabwe (Private) Ltd has been changed to Apollo Tyres (Zimbabwe) (Private) Limited.

### 2.3 USE OF ESTIMATES

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities, including the disclosure of contingent liabilities as of the date of the financial statements and the reported income and expenses during the reporting period like provision for employee benefits, provision for doubtful debts/advances, allowance for slow and non-moving inventories, useful lives of fixed assets, provision for sales related obligations and provision for taxation etc. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could vary from these estimates. Any revision to accounting estimates is recognized in the period in which the results are known / materialized.

### 2.4 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 of cost of purchase, cost of conversion and other costs including appropriate production overheads in the case of finished goods and work in process, incurred in bringing such inventories to their present location and condition.

Raw materials, stores & spares and traded goods cost (net of CENVAT/VAT credits wherever applicable) is determined on a moving weighted average basis and in case of work in process and finished goods, cost is determined on a First in First Out basis. In case of subsidiaries in Europe, the cost is determined on the basis of "First-in First-Out" and consumable stores are stated at actual cost by reference to latest purchases. The proportion of Raw materials and stores & spares of subsidiaries in Europe is 17% of the total value of Raw materials and stores & spares held by the group.

### 2.5 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.

### 2.6 CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

### 2.7 DEPRECIATION AND AMORTISATION

Depreciation on fixed assets is provided using straight line method over the estimated useful life of the assets at the rates specified in the table below:

Additional depreciation consequent to the enhancement in the value of fixed assets on the revaluation is adjusted in the fixed assets revaluation reserve account.

Leasehold land / Improvements thereon are amortized over the primary period of lease.

In respect of fixed assets whose useful life has been revised, the unamortized depreciable amount is charged over the revised remaining useful life.

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

The rates of depreciation considered for the major assets are as under.

Assets Class	Rates of Depreciation
Building	3.33% - 5%
Plant & Equipments	4% - 12.5%
Moulds	10% - 25%
Material Handling Equipments	15% - 33.33%
Computer Hardware	20% - 33.33%
Computer Software	20% - 33.33%
Motor Vehicles	20% - 33.33%
Furniture & Fixtures and Office Equipment	10% - 25%
Continuous Process Plant	5% - 10%

### 2.8 REVENUE RECOGNITION

Revenue is recognized when the significant risks and rewards of ownership of goods have been passed to the buyer which generally coincides with the delivery of goods to the customer. Gross sales are inclusive of excise duty and are net of trade discounts/sales returns/VAT.

Sales of the Group include sales to external customers and non-consolidated subsidiaries.

### 2.9 OTHER INCOME

Interest income is accounted on accrual basis. Dividend income on investments is accounted for when the right to receive the payment is established.

### 2.10 TANGIBLE FIXED ASSETS

(a) Fixed assets are stated at cost, as adjusted by revaluation of certain land, buildings, plant and machineries based on the then replacement cost as determined by approved independent valuer in 1986 and 1987, less depreciation.

(b) All costs relating to the acquisition and installation of fixed assets (net of Cenvat /VAT credits wherever applicable) are capitalized 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.

(c) Fixed assets taken on finance lease are capitalized and depreciation is provided on such assets, while the interest is charged to the Statement of profit and loss.

(d) Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately in the Balance Sheet.

(e) Capital work-in-progress: Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

### 2.11 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. Exchange differences arising on actual payments/realizations and year-end restatements are dealt with in the Consolidated Statement of profit and loss.

The Group enters into forward exchange contracts and other instruments that are in substance a forward exchange contract to hedge its risks associated with foreign currency fluctuations. The premium or discount arising at the inception of a forward exchange contract (other than for a firm commitment or a highly probable forecast) or similar instrument, which are not intended for trading or speculation purposes, is amortized as expense or income over the life of the contract. Exchange difference on such contracts is recognized in the Consolidated Statement of profit and loss in the year in which the exchange rates change.

Exchange difference arising on a monetary item that, in substance, forms part of the Group's net investment in a non-integral foreign operation has been accumulated in a foreign currency translation reserve in the Group's financial statements until the disposal of net investment, at which time they would be recognized as income or as expense.

The financial statements of consolidated foreign subsidiaries are translated into Indian Rupees, which is the functional currency of the Company, as follows:

- Assets and liabilities at rates of exchange ruling at year end.
- Income and expense items at the average rate for the year.

Exchange rate differences arising on the translation of consolidated foreign subsidiaries are classified as equity and transferred to the foreign currency translation reserve.

#### **Hedge Accounting**

If a fair value hedge meets the conditions for hedge accounting, any gain or loss on the hedged item attributable to the hedged risk is included in the carrying amount of the hedged item and recognized in the Consolidated Statement of profit and loss.

If a cash flow hedge meets the conditions for hedge accounting the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in Hedge Reserve account under Shareholders' Funds and the ineffective and over-effective portions are recognized in the Consolidated Statement of profit and loss. A hedge of the foreign currency risk of a firm commitment is designated and accounted for as a cash flow hedge.

If an effective hedge of a forecast transaction subsequently results in the recognition of a financial asset or financial liability, the associated gains or losses recognized in Hedge Reserve are transferred to income in the same period in which the asset or liability affects profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated gains or losses recognized in Hedge Reserve are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

If a hedge of a net investment in a foreign entity meets the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in Hedge Reserve and the ineffective portion is recognized in the Consolidated Statement of profit and loss. On disposal of a foreign entity, the gain or loss recognized in equity is transferred to the Consolidated Statement of profit and loss.

Hedge accounting is discontinued on a prospective basis when the hedge no longer meets the hedge accounting criteria (including when it becomes ineffective), when the hedge instrument is sold, terminated or exercised, when for cash flow hedges the forecast transaction is no longer expected to occur or when the hedge designation is revoked. Any cumulative gain or loss on the hedging instrument for a forecast transaction is retained in Hedge Reserve until the transaction occurs, unless the transaction is no longer expected to occur, in which case it is transferred to profit or loss for the period.

#### **2.12 GOVERNMENT GRANTS, SUBSIDIES AND EXPORT INCENTIVES**

Government grants and subsidies are recognised when there is reasonable assurance that the Group will comply with the conditions attached to them and the grants / subsidy will be received. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. The grant is recognised as income over the life of a depreciable asset by way of a reduced depreciation charge.

Export Incentives in the form of advance licences / credits earned under duty entitlement pass book scheme are treated as income in the year of export at the estimated realizable value / actual credit earned on exports made during the year.

Government grants in the nature of promoters' contribution like investment subsidy, where no repayment is ordinarily expected in respect thereof, are treated as capital reserve.

Other government grants and subsidies are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

#### **2.13 INVESTMENTS**

Long term investments are stated at cost and provision for diminution is made if the decline in value is other than temporary in nature. Current investments are stated at lower of cost and fair value determined on the basis of each category of investments.

#### **2.14 EMPLOYEE BENEFITS**

Employee benefits include provident fund, superannuation fund, pension fund, gratuity fund and compensated absences.

Liability for gratuity to employees determined on the basis of actuarial valuation as on balance sheet date is funded with the Life Insurance Corporation of India and is recognized as an expense in the year incurred.

Liability for short term compensated absences is recognized as expense based on the estimated cost of eligible leave to the credit of the employees as at the balance sheet date on undiscounted basis. Liability for long term compensated absences is determined on the basis of actuarial valuation as on the balance sheet date.

Contributions to defined contribution schemes such as provident fund, employees' pension fund and superannuation fund and cost of other benefits are recognized as an expense in the year incurred.

Actuarial gains and losses arising from experience adjustments and effects of changes in actuarial assumptions are immediately recognized in the Consolidated Statement of profit and loss as income or expense.

The employer's liability for post employment medical benefits, in respect of past service, is provided for and adjusted in response to actuarial assessments when necessary.

At reporting date, employees of one of the European subsidiaries participated in defined contribution pension plan. Under this pension plan, fixed contributions are paid to the pension fund. In March 2013, the company and the pension fund reached an agreement, which has resulted in clarification of the fact that the company 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. As a result of the above the defined benefit liability was derecognized and included in the consolidated statement of profit and loss as part of the employees expenses. Obligations for contributions to defined contribution plan are recognized in the consolidated statement of profit and loss for the period in which they arise.

At reporting date employees of another European subsidiary participated in defined benefit pension plan. This plan augments the pension provided by the state and provides additional support for the employees in the case of early disability or for surviving relatives in case of the death of an employee. Employees are entitled to this pension plan after 5 years of employment. The benefits of the defined benefit pension plan in Germany are based primarily on years of service and employees' compensation. The mortality level was assessed in accordance with the German Mortality table 2005 G Heubeck. Valuation of the obligation under the pension plan is carried out by independent actuary.

One of the South African subsidiaries provides retirement benefits for its employees through a number of defined contribution plans. Contributions by the company to defined contribution retirement plans are recognised as an expense in the period in which the related services are rendered by employees.

In respect of eligible employees, the employer's liability for post employment medical benefits (a contribution obligation), in respect of past service, is provided for and adjusted in response to independent actuarial assessments when necessary. The company makes a top-up payment which is recognised as an expense in the related period.

#### **2.15 EMPLOYEE SHARE BASED PAYMENTS**

Stock appreciation rights (Phantom stock units) granted to employees under the Cash-settled Employee Share-based Payment Plan (Phantom Stock Plan) is recognized based on intrinsic value method. Intrinsic value of the phantom stock unit is determined as excess of closing market price on the reporting date over the exercise price of the unit and is charged as employee benefit over the vesting period in accordance with "Guidance Note on Accounting for Employee Share-based payments" issued by Institute of Chartered Accountants of India.

#### **2.16 BORROWING COSTS**

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs are capitalized as a part of the cost of qualifying asset when it is possible that they will result in future economic benefits and the cost can be measured reliably. Other borrowing costs are recognized as an expense in the period in which they are incurred.

#### **2.17 SEGMENT REPORTING**

The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.



The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under unallocated revenue / expenses / assets / liabilities.

#### **2.18 LEASES**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating Lease payments are recognized as an expense in the revenue account as per the lease terms.

Assets leased by the Group in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Group are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

#### **2.19 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.

#### **2.20 TAXES ON INCOME**

Current tax is determined in accordance with the applicable income tax laws of the country in which the respective entities in the group are incorporated.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the entity will pay normal income tax. Accordingly, MAT is recognised as an asset in the Consolidated Balance Sheet when it is probable that future economic benefit associated with it will flow to the entity.

Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets are recognized only to the extent there is a reasonable certainty that assets can be realized in future. However, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets.

#### **2.21 INTANGIBLE ASSETS**

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

#### **2.22 RESEARCH AND DEVELOPMENT EXPENSES**

Revenue expenditure pertaining to research is charged to the Consolidated Statement of Profit and Loss. 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. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Tangible Fixed Assets and Intangible Assets.

#### **2.23 IMPAIRMENT OF ASSETS**

The carrying amounts of assets/cash generating units are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the pre tax weighted average cost of capital.

#### **2.24 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

A provision is recognized when the Group has a present obligation 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. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on best estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

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. Contingent assets are not recognized in the consolidated financial statements since this may result in the recognition of income that may never be realized.

#### **2.25 PROVISION FOR SALES RELATED OBLIGATIONS**

The estimated liability for sales related obligations is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of obligations and management estimates regarding possible future incidence. The timing of outflows will vary as and when the obligation will arise - being typically upto three years.

#### **2.26 DERIVATIVE CONTRACTS**

The Group enters into derivative contracts in the nature of foreign currency swaps, currency options, forward contracts with an intention to hedge its existing assets and liabilities, firm commitments and highly probable transactions. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for Foreign Currency Transactions and Translations.

Derivative contracts designated as a hedging instrument for highly probable forecast transactions are accounted as per the policy stated for Hedge Accounting.

All other derivative contracts are marked-to-market and losses are recognised in the Consolidated Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

#### **2.27 INSURANCE CLAIMS**

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

#### **2.28 SERVICE TAX INPUT CREDITS**

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.

#### **2.29 OPERATING CYCLE**

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

## B. NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### B 1 SHARE CAPITAL

	As at March 31, 2014 ₹ Million	As at March 31, 2013 ₹ Million
<b>(a) AUTHORISED</b>		
730,000,000 Nos. (730,000,000 Nos.) Equity Shares of ₹ 1 each	730.00	730.00
200,000 Nos. (200,000 Nos.) Cumulative Redeemable Preference Shares of ₹100 each	20.00	20.00
	<u>750.00</u>	<u>750.00</u>
<b>(b) ISSUED, SUBSCRIBED, CALLED AND FULLY PAID UP</b>		
<b>Equity Shares of ₹ 1 each:</b>		
504,024,770 Equity Shares Outstanding at the beginning and at the end of the year	504.02	504.02
Add: Forfeited Shares : 13,565 Nos. (13,565 Nos.)	0.07	0.07
	<u>504.09</u>	<u>504.09</u>

### (c) Details of Shareholders holding more than 5% of the Paid Up Equity Share Capital of the Company with Voting Rights:

S.No.	Name of the Shareholder	As at March 31, 2014		As at March 31, 2013	
		No. of Shares Held	%	No. of Shares Held	%
1	Neeraj Consultants Ltd.	42,508,142	8.43%	42,508,142	8.43%
2	Apollo Finance Ltd.	36,759,650	7.29%	36,759,650	7.29%
3	Sunrays Properties & Investment Co. Pvt. Ltd.	35,725,648	7.09%	35,725,648	7.09%
4	Constructive Finance Pvt. Ltd.	29,630,857	5.88%	29,630,857	5.88%
5	Skagen Kon-Tiki Verdipapirfond	27,020,843	5.36%	13,434,522	2.67%
6	CLSA (Mauritius) Ltd.	-	-	28,787,736	5.71%
7	ICICI Prudential Life Insurance Co. Ltd.	-	-	26,665,390	5.29%

### (d) The rights, preferences and restrictions attached to equity shares of the Company:

The company has only one class of equity shares having a par value of ₹ 1 per share. Each holder of equity shares is entitled to one vote per share.

(e) 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.

(f) Shares reserved for issuance towards outstanding share warrants - Refer Note C6

## B 2 RESERVES AND SURPLUS

	As at March 31, 2014 ₹ Million	As at March 31, 2013 ₹ Million
<b>(a) Capital Subsidy</b>	3.00	3.00
<b>(b) Capital Redemption Reserve</b>	44.40	44.40
<b>(c) Securities Premium Account</b>	5,659.71	5,659.71
<b>(d) Debenture Redemption Reserve</b>		
Opening Balance	1,170.83	516.67
Add: Transferred from surplus in consolidated Statement of Profit and Loss	487.50	654.16
	<u>1,658.33</u>	<u>1,170.83</u>
<b>(e) Revaluation Reserve</b>	31.22	31.22
<b>(f) Share Forfeiture ₹ 1,375/- (₹ 1,375/-)</b>	-	-
<b>(g) General Reserve</b>		
Opening Balance	8,001.43	7,001.43
Add: Transferred from surplus in consolidated Statement of Profit and Loss	1,000.00	1,000.00
	<u>9,001.43</u>	<u>8,001.43</u>
<b>(h) Foreign Currency Translation Reserve</b>		
Opening Balance	(310.18)	(22.89)
Add Share of joint ventures - jointly controlled entities	(1.55)	(0.25)
Effect of Foreign Exchange rate variations during the year	2,130.82	(287.04)
Closing Balance	<u>1,819.09</u>	<u>(310.18)</u>
<b>(i) Cash Flow Hedge Reserve</b>		
Opening Balance	-	(29.28)
Transferred to surplus in consolidated Statement of Profit and Loss	-	29.28
Closing Balance	-	-
<b>(j) Surplus in Consolidated Statement of Profit and Loss</b>		
Opening Balance	18,796.39	14,619.34
Net Profit for the year	10,050.58	6,126.05
Balance available for Appropriation	28,846.97	20,745.39
Less: Appropriations made during the year		
General Reserve	1,000.00	1,000.00
Debenture Redemption Reserve	487.50	654.16
Proposed Dividend ₹ 0.75 per share (₹ 0.50 per share)	378.02	252.01
Dividend Tax	64.24	42.83
	<u>1,929.76</u>	<u>1,949.00</u>
Closing Balance	26,917.21	18,796.39
<b>Total Reserves and Surplus</b>	<u>45,134.39</u>	<u>33,396.80</u>



**B 3 NON - CURRENT LIABILITIES**

	As at March 31, 2014 ₹ Million	As at March 31, 2013 ₹ Million
<b>LONG TERM BORROWINGS</b>		
<b>(a) SECURED *</b>		
<b>(i) Debentures</b>		
1,000 - 9.40 % Non Convertible Debentures of ₹ 1 Million each	1,000.00	1,000.00
1,000 - 10.15 % Non Convertible Debentures of ₹ 1 Million each	1,000.00	1,000.00
1,000 - 10.15 % Non Convertible Debentures of ₹ 1 Million each	-	1,000.00
1,250 - 11.50 % Non Convertible Debentures of ₹ 1 Million each	416.67	833.33
	<u>2,416.67</u>	<u>3,833.33</u>
<b>(ii) Term Loans</b>		
<b>From Banks:</b>		
External Commercial Borrowings (ECB)	2,306.00	3,408.11
Rupee Term Loans	333.33	500.00
Other Term Loans	-	2,766.90
	<u>2,639.33</u>	<u>6,675.01</u>
<b>From Others:</b>		
International Finance Corporation - Loan A	902.74	1,128.43
International Finance Corporation - Loan B	598.71	798.28
International Finance Corporation - South Africa	-	380.89
Bharat Earthmovers Ltd. (BEML)	412.45	494.94
	<u>1,913.90</u>	<u>2,802.54</u>
<b>(iii) Deferred Payment Liabilities:</b>		
Deferred Payment Credit I	155.32	199.88
Deferred Payment Credit II	12.11	20.71
	<u>167.43</u>	<u>220.59</u>
<b>(b) UNSECURED</b>		
<b>Debentures</b>		
2,000 - 10.10 % Non Convertible Debentures of ₹ 1 Million each	-	2,000.00
1,000 - 9.70 % Non Convertible Debentures of ₹ 1 Million each	-	1,000.00
	<u>7,137.33</u>	<u>16,531.47</u>
<b>OTHER LONG TERM LIABILITIES:</b>		
Security Deposits Received from Dealers	12.92	11.49
Security Deposits Received from Employees	49.20	43.92
Lease Escalation	-	57.53
Others	96.68	158.78
Share of joint ventures - jointly controlled entities	2.55	1.59
	<u>161.35</u>	<u>273.31</u>
<b>LONG TERM PROVISIONS:</b>		
Provision for Employee Benefits		
Pension Liability	999.46	831.61
Post Retirement Medical Benefits	141.01	165.22
Jubilee Benefits	133.55	96.35
	<u>1,274.02</u>	<u>1,093.18</u>

\*For details regarding repayment terms, interest rate, security etc., Refer Note B 3(a).

**NOTE B 3 (A)  
DEBENTURES:**

Nature of Borrowing	Particulars	Amount outstanding as at March 31, 2014 ₹ Million		Amount outstanding as at March 31, 2013 ₹ Million		Rate of Interest	Terms of Repayment	Details of Security Offered
		Long Term Borrowings	Current Maturities of Long Term Borrowings	Long Term Borrowings	Current Maturities of Long Term Borrowings			
	1,000 - 9.40 % Non Convertible Debentures of ₹ 1 Million each	1,000.00	-	1,000.00	-	9.40%	Bullet repayment on 10-11-2017	Note A2 & B1
	1,000 - 10.15 % Non Convertible Debentures of ₹ 1 Million each	1,000.00	-	1,000.00	-	10.15%	Bullet Repayment on 16-04-2015.	Note A3 & B1
	1,000 - 10.15 % Non Convertible Debentures of ₹ 1 Million each	-	1,000.00	1,000.00	-	10.15%	Bullet Repayment on 29-03-2015.	Note A3 & B1
	1,250 - 11.50 % Non Convertible Debentures of ₹ 1 Million each	416.67	416.67	833.33	416.67	11.50%	Redemption in 3 equal instalments of ₹ 416.67 Million on 02-02-14, 02-02-15 & 02-02-16.	Note A2 & B1
	2,000 - 10.10 % Non Convertible Debentures of ₹ 1 Million each	-	2,000.00	2,000.00	-	10.10%	Bullet Repayment on 30-08-2014	Unsecured
	1,000 - 9.70 % Non Convertible Debentures of ₹ 1 Million each	-	1,000.00	1,000.00	-	9.70%	Bullet Repayment on 17-12-2014	Unsecured
<b>Total Debentures</b>		<b>2,416.67</b>	<b>4,416.67</b>	<b>6,833.33</b>	<b>416.67</b>			

**EXTERNAL COMMERCIAL BORROWINGS FROM BANKS:**

Bank 1	ECB I	-	-	-	183.19	9-10%	Repayment in 8 equal instalments of USD 1.875 Million half yearly started from 19.04.10.	Note A1 & B1
	ECB II	168.38	112.25	280.62	112.25	9-10%	Repayment in 8 equal instalments of USD 1.25 Million half yearly started from 17.12.12.	Note A1 & B1
Bank 2	ECB I	-	-	-	133.47	9-10%	Repayment in 15 equal quarterly instalments of USD 13.33 Million started from 31.03.10.	Note A1 & B2
	ECB II	-	349.99	349.99	349.99	9-10%	Repayment in 1 half-yearly installment of USD 1.25 Million and then 5 half-yearly instalments of USD 3.75 Million from 16.07.12.	Note A1 & B2
	ECB III	404.55	269.70	674.25	224.75	9-10%	Repayment in 2 quarterly instalments of USD 2.50 Million and then 5 quarterly instalments of USD 3.00 Million from 27.06.13.	Note A1 & B2
Bank 3	ECB I	231.10	231.10	462.20	231.10	7-8%	Repayment in 5 equal annual instalments of USD 4 Million started from 03.08.12.	Note A1 & B2

	ECB II	278.38	139.18	417.46	139.19	9-10%	Repayment in 4 equal annual installments of USD 3.125 Million starting from 16.07.13.	Note A1 & B2
Bank 4	ECB I	300.00	-	300.00	-	7-8%	Repayment in 3 equal annual installments in USD equivalent to ₹ 100 Million starting from 29.09.15.	Note A1 & B1
	ECB II	432.39	-	432.39	-	8-9%	Repayment in 3 equal annual installments of USD 2.90 Million starting from 26.10.15.	Note A1 & B1
Bank 5	ECB I	491.20	-	491.20	-	10-11%	Repayment in 3 equal annual installments of USD 3.33 Million starting from 28.09.15.	Note A1 & B1
<b>Total External Commercial Borrowings</b>		<b>2,306.00</b>	<b>1,102.22</b>	<b>3,408.11</b>	<b>1,373.94</b>			

#### RUPEE TERM LOANS FROM BANKS:

Bank 1	Rupee Term Loans	333.33	166.67	500.00	-	12%	Repayment in 3 equal annual installments starting from 21.06.14.	Note A1 & B1
<b>Total Rupee Term Loans</b>		<b>333.33</b>	<b>166.67</b>	<b>500.00</b>	<b>-</b>			

#### OTHER TERM LOANS FROM BANKS:

Bank 1	Other Term Loan , South Africa	-	-	859.66	333.70	3m US LIBOR + 3.75 %	Repayment in 16 equal Quarterly Installments starting from July 2012	
Bank 2	Other Term Loan , South Africa	-	-	295.59	118.74	Prime Lending Rate	Repayment in equal monthly installments until September 2016	
Bank 3	Other Term Loan , The Netherlands	-	-	402.91	210.22	3-months EURIBOR + 2.5%	Repayment in half yearly installments	
Bank 4	Other Term Loan , The Netherlands	-	-	805.83	420.43	3-months EURIBOR + 3.0%	Repayment in half yearly installments	
Bank 5	Other Term Loan , The Netherlands	-	-	402.91	297.81	3-months EURIBOR + 2.5%	Repayment in half yearly installments	
<b>Total Other Term Loans</b>		<b>-</b>	<b>-</b>	<b>2,766.90</b>	<b>1,380.90</b>			

#### TERM LOANS FROM OTHERS:

IFC	Loan A	902.74	225.69	1,128.43	225.69	9-10%	Repayment in 12 installments of US\$ 2.50 Million each commencing from June 17, 2013.	Note A1 & B2
	Loan B	598.71	199.57	798.28	99.78	9-10%	Repayment in 9 installments of US\$ 2.22 Million each commencing from December 16, 2013.	Note A1 & B2
	South Africa	-	-	380.89	63.48	8.67%	Repayment in equal quarterly installment commencing on July, 2013 until July, 2018.	
BEML	Loan 1	412.45	82.49	494.94	82.49	2.25% lower than prevailing SBI PLR	40 equal quarterly installments of ₹ 20.62 Million each starting from June 30, 2010.	Note C
<b>Total Term Loans from Others</b>		<b>1,913.90</b>	<b>507.75</b>	<b>2,802.54</b>	<b>471.44</b>			

#### DEFERRED PAYMENT CREDIT:

Others	Deferred Payment Credit I	155.32	44.54	199.88	41.48	7-8%	Repayment along with Interest in 240 consecutive monthly installments starting from May 15, 2007.	Wind Mills purchased under the scheme.
	Deferred Payment Credit II	12.11	7.97	20.71	6.64	8-9%	Repayment along with Interest in 20 equal quarterly installments started from April, 2010.	Engineering materials purchased under the scheme
		<b>167.43</b>	<b>52.51</b>	<b>220.59</b>	<b>48.12</b>			

#### Details of Security Offered

- Note A1 A pari passu first charge along with other lenders created by way of mortgage on the Company's Land & Premises at Village Kodakara in Kerala, at Village Limda in Gujarat, at SIPCOT Industrial Growth Centre at Oragadam near Chennai, and at Head Office in Gurgaon, Haryana together with the factory buildings, Plant & machinery & Equipments, both present & future.
- Note A2 A pari passu first charge along with other lenders created by way of mortgage on the Company's Land & Premises at Village Kodakara in Kerala and at Village Limda in Gujarat together with the factory buildings, Plant & machinery & Equipments, both present & future.
- Note A3 A pari passu first charge along with other lenders created by way of mortgage on the Company's Land & Premises at Village Limda in Gujarat together with the factory buildings, Plant & machinery & Equipments, both present & future.
- Note B1 A pari passu first charge along with other lenders by way of hypothecation over the movable assets of the company, both present and future (except stocks & book debts).
- Note B2 A pari passu first charge on the movable assets and pari passu second charge on the current assets of the company.
- Note C A charge created by way of hypothecation on the assets at Village Limda in Gujarat acquired out of the proceeds of loan taken from BEML.



**B 4 CURRENT LIABILITIES**

	As at March 31, 2014 ₹ Million	As at March 31, 2013 ₹ Million
<b>SHORT TERM BORROWINGS</b>		
<b>Secured</b>		
Buyer's Credit - Raw Materials*	-	451.43
Packing Credit	299.57	-
Banks - Cash Credit (Repayable on Demand)*	2.02	49.01
Banks Overdraft	39.65	670.83
Short Term Loan from Banks	240.78	162.32
<b>Unsecured</b>		
Commercial Paper #	-	3,150.00
Buyer's Credit - Raw Materials	173.80	458.76
Banks Overdraft	664.03	-
Loan from Others	-	57.58
Packing Credit	1,331.34	1,284.95
	<u>2,751.19</u>	<u>6,284.88</u>
<b>TRADE PAYABLES</b>		
Payable to Micro, Small & Medium Enterprises	21.35	31.53
Acceptances	1,243.50	322.47
Accounts Payable - Raw Materials & Services	9,552.12	8,484.22
Freight, Port Charges, CHA Charges Payable	471.93	340.30
Expenses Payable	426.12	183.90
Employee Related Payables **	786.91	622.62
Payable to Related Parties	31.65	86.89
Share of joint ventures - jointly controlled entities	4.05	0.99
	<u>12,537.63</u>	<u>10,072.92</u>
<b>OTHER CURRENT LIABILITIES</b>		
<b>Current Maturities of Long-Term Debt***</b>		
<b>Secured</b>		
<b>Debentures</b>		
1,250 - 11.50 % Non Convertible Debentures of ₹ 1 Million each	416.67	416.67
1,000 - 10.15% Non Convertible Debentures of ₹ 1 Million each	1,000.00	-
	<u>1,416.67</u>	<u>416.67</u>
<b>Secured Term Loan from Banks</b>		
External Commercial Borrowings (ECB)	1,102.22	1,373.94
Rupee Term Loans	166.67	-
Other Term Loans	-	1,380.90
	<u>1,268.89</u>	<u>2,754.84</u>
<b>Term Loan from Others</b>		
International Finance Corporation - Loan A	225.69	225.69
International Finance Corporation - Loan B	199.57	99.78
International Finance Corporation - South Africa	-	63.48
Bharat Earthmovers Ltd. (BEML)	82.49	82.49
	<u>507.75</u>	<u>471.44</u>
<b>Deferred Payment Liabilities</b>		
Deferred Payment Credit I	44.54	41.48
Deferred Payment Credit II	7.97	6.64
	<u>52.51</u>	<u>48.12</u>
<b>Unsecured</b>		
<b>Debentures</b>		
2,000 - 10.10 % Non Convertible Debentures of ₹ 1 Million each	2,000.00	-
1,000- 9.70% Non Convertible Debentures of ₹ 1 Million each	1,000.00	-
	<u>3,000.00</u>	<u>-</u>
	<u>6,245.82</u>	<u>3,691.07</u>
<b>Trade Payables Include due to Related Parties ( Note - C 16)</b>		
Companies in which Directors are interested	31.65	86.89

\*Cash Credits and Secured Buyers Credit for Raw Materials are secured by a first charge on Raw materials, Work-in-Process, Stocks, Stores and Book Debts and by a second charge on the Company's land at Village Kodakara in Kerala, at Oragadam and Mathur Village in Tamil Nadu and at Head Office in Gurgaon, Haryana together with the Factory Buildings, Plant & Machinery and Equipments, both present and future.

\*\*Employee Related Payables includes commission on net profits payable to whole-time directors ₹ 228 Million (₹ 197 Million)

\*\*\*For nature of securities on Current Maturities of Long Term Debts, Refer Note B 3(a).

# Maximum Amount Outstanding during the year ₹ 7,500 Million (₹ 5,850 Million)

**B 4 CURRENT LIABILITIES (Continued)**

	As at March 31, 2014 ₹ Million	As at March 31, 2013 ₹ Million
<b>OTHER CURRENT LIABILITIES (Continued)</b>		
Interest accrued but not due on borrowings	231.79	345.11
Unpaid Dividends*	34.19	32.19
Payable to Micro, Small & Medium Enterprises - Capex Vendors	7.44	0.08
Interest payable to Micro, Small & Medium Enterprises	10.58	10.58
<b>Other payables**</b>		
Accounts Payable - Capital	416.83	410.12
Excise Duty Payable	-	0.22
Excise Duty on closing stock	324.26	258.85
Payable to Related Parties	4.48	31.52
Payable to Statutory Authorities	777.41	872.28
Export Obligations - Advance Licence Benefit	64.05	321.53
Security Deposits Received	382.65	187.75
Derivative Financial Liabilities	8.48	16.09
Advance Received From Customers	408.85	308.35
Others	835.30	1,029.80
	<u>3,222.31</u>	<u>3,436.51</u>
<b>Gratuity Payable</b>	48.43	45.18
	<u>3,554.74</u>	<u>3,869.65</u>
	<u>9,800.56</u>	<u>7,560.72</u>
<b>SHORT TERM PROVISIONS</b>		
Provision for Employee Benefits		
Provision for Compensated Absences	833.55	750.46
Social Premium Payable	1,224.73	737.65
	<u>2,058.28</u>	<u>1,488.11</u>
<b>Others</b>		
Provision for Contingencies (Note C 13(b))	425.00	-
Proposed Dividend on Equity Shares	378.02	252.01
Dividend Tax	64.24	42.83
Provision for Taxation	10,158.34	8,422.33
Less: MAT Credit Adjusted	58.52	108.57
Less: Advance Tax	9,464.25	7,150.70
	<u>635.57</u>	<u>1,163.06</u>
Provision for Wealth Tax	7.00	3.50
Provision for Sales related obligations (Note C 13(a))	2,017.35	1,841.05
Provision for estimated loss on Forward Foreign Exchange Contracts	67.85	0.71
Deferred Revenue	35.80	-
	<u>3,630.83</u>	<u>3,303.16</u>
	<u>5,689.11</u>	<u>4,791.27</u>
<b>**Other Payables Include due to Related Parties (Note C-16)</b>		
Companies in which Directors are interested	4.48	31.52

\*Includes ₹ 2.92 Million which has not been transferred to the Investor Education and Protection Fund under section 205C of the Companies Act, 1956 pending disputes.

**B 5 - FIXED ASSETS AS AT MARCH 31, 2014**

₹ Million

Description of Assets	GROSS BLOCK				DEPRECIATION / AMORTIZATION				NET BLOCK		
	As at March 31, 2013	Additions	Deductions	Exchange rate Adjustment (f)	As at March 31, 2014	As at March 31, 2013	Additions	Deductions	Exchange rate Adjustment (f)	As at March 31, 2014	As at March 31, 2013
<b>TANGIBLE ASSETS</b>											
Land	1,559.46	77.70	9.29	218.57	1,846.44	103.91	11.51	4.38	18.30	1,717.10	1,455.55
Freehold Land	377.15	-	-	19.53	396.68	215.37	1.94	-	19.53	159.84	161.78
Leasehold Land*							(a)				
Buildings	10,752.28	1,281.33	463.83	438.94	12,008.72	2,991.40	362.35	(29.15)	296.29	8,329.53	7,760.88
Plant & Machinery**	66,504.03	5,514.35	3,855.17	4,769.37	72,932.58	37,383.18	3,125.21	2,822.83	4,076.71	31,170.31	29,120.85
Electrical Installation	1,379.08	40.19	-	0.02	1,419.29	374.09	70.10	-	0.01	975.09	1,004.99
Furniture & Fixtures	1,674.63	910.82	110.22	73.12	2,548.35	754.55	131.02	(752.89)	32.65	877.24	920.08
Office Equipments	36.04	3.35	0.25	0.03	39.17	13.60	1.88	0.15	0.03	23.81	22.44
Vehicles	341.37	242.08	156.33	(8.84)	418.28	144.22	49.71	78.93	2.11	301.17	197.15
Plantation Development	54.49	-	-	5.19	59.68	54.49	-	-	5.19	-	-
	<b>82,678.53</b>	<b>8,069.82</b>	<b>4,595.09</b>	<b>5,515.93</b>	<b>91,669.19</b>	<b>42,034.81</b>	<b>3,753.72</b>	<b>2,124.25</b>	<b>4,450.82</b>	<b>43,554.09</b>	<b>40,643.72</b>
Share of joint ventures - jointly controlled entities	12.53	11.52	-	-	24.05	5.40	2.99	-	(0.95)	16.61	7.13
<b>Total Tangible Assets</b>	<b>82,691.06</b>	<b>8,081.34</b>	<b>4,595.09</b>	<b>5,515.93</b>	<b>91,693.24</b>	<b>42,040.21</b>	<b>3,756.71</b>	<b>2,124.25</b>	<b>4,449.87</b>	<b>43,570.70</b>	<b>40,650.85</b>
Previous Year	78,088.96	5,844.84	475.73	(767.02)	82,691.06	38,908.74	3,637.32	258.17	(247.68)	40,650.85	39,180.22

<b>INTANGIBLE ASSETS:</b>											
Computer Software	982.84	79.00	39.20	76.63	1,099.27	620.00	103.37	(29.31)	54.98	807.66	291.61
Trademarks	177.87	186.43	287.87	(21.30)	55.13	73.63	26.68	32.45	(22.31)	45.55	104.24
Research & Development	1,367.10	223.23	-	242.78	1,833.11	792.16	213.34	-	142.00	1,147.50	574.94
	<b>2,527.81</b>	<b>488.66</b>	<b>327.07</b>	<b>298.11</b>	<b>2,987.51</b>	<b>1,485.79</b>	<b>343.39</b>	<b>3.14</b>	<b>174.67</b>	<b>2,000.71</b>	<b>1,042.02</b>
Previous Year	2,255.12	341.67	-	(68.98)	2,527.81	1,197.08	325.82	-	(37.11)	1,042.02	1,058.04

₹ Million

Particulars	For the Year Ended	
	March 31, 2014	March 31, 2013
Depreciation and amortisation for the year on tangible assets	3,756.71	3,637.32
Depreciation and amortisation for the year on intangible assets	343.39	325.82
Depreciation on conversion of associate into joint venture	-	(4.32)
Depreciation on investment property	8.41	6.78
<b>Total</b>	<b>4,108.51</b>	<b>3,965.60</b>

**B 5 - FIXED ASSETS AS AT MARCH 31, 2013**

₹ Million

Description of Assets	GROSS BLOCK				DEPRECIATION / AMORTIZATION				NET BLOCK		
	As at March 31, 2012	Additions	Deductions	Exchange rate Adjustment (f)	As at March 31, 2013	As at March 31, 2012	Additions	Deductions	Exchange rate Adjustment (f)	As at March 31, 2013	As at March 31, 2012
<b>TANGIBLE ASSETS</b>											
Land	1,536.05	30.50	2.79	(4.30)	1,559.46	94.62	8.50	-	0.79	1,03.91	1,441.43
Freehold Land	355.34	12.15	-	9.66	377.15	14.94	199.71	-	0.72	215.37	340.40
Leasehold Land*							(a)				
Buildings	10,489.21	595.51	236.13	(96.31)	10,752.28	2,819.70	312.96	129.77	(11.49)	2,991.40	7,669.51
Plant & Machinery**	62,644.53	4,668.82	157.64	(651.68)	66,504.03	34,853.81	2,839.96	95.73	(214.86)	37,383.18	27,790.72
Electrical Installation	1,233.83	145.76	0.52	0.01	1,379.08	315.58	58.70	0.19	-	374.09	918.25
Furniture & Fixtures	1,427.22	273.46	2.63	(23.42)	1,674.63	662.98	113.67	1.38	(20.72)	754.55	764.24
Office Equipments	29.30	6.73	-	0.01	36.04	12.13	1.47	-	-	22.44	17.17
Vehicles	341.51	78.49	76.02	(2.61)	341.37	134.98	42.56	31.10	(2.22)	144.22	206.53
Plantation Development	31.97	20.90	-	1.62	54.49	-	54.39	-	0.10	54.49	31.97
	<b>78,088.96</b>	<b>5,832.31</b>	<b>475.73</b>	<b>(767.02)</b>	<b>82,678.53</b>	<b>38,908.74</b>	<b>3,631.92</b>	<b>258.17</b>	<b>(247.68)</b>	<b>42,034.81</b>	<b>39,180.22</b>
Share of joint ventures - jointly controlled entities	-	12.53	-	-	12.53	-	5.40	-	-	5.40	-
<b>Total Tangible Assets</b>	<b>78,088.96</b>	<b>5,844.84</b>	<b>475.73</b>	<b>(767.02)</b>	<b>82,691.06</b>	<b>38,908.74</b>	<b>3,637.32</b>	<b>258.17</b>	<b>(247.68)</b>	<b>40,650.85</b>	<b>39,180.22</b>

<b>INTANGIBLE ASSETS:</b>											
Computer Software	903.65	109.15	-	(29.96)	982.84	509.28	121.01	-	(10.29)	620.00	394.37
Trademarks	224.70	1.30	-	(48.13)	177.87	67.06	38.30	-	(31.73)	73.63	157.64
Research & Development	1,126.77	231.22	-	9.11	1,367.10	620.74	166.51	-	4.91	792.16	506.03
	<b>2,255.12</b>	<b>341.67</b>	<b>-</b>	<b>(68.98)</b>	<b>2,527.81</b>	<b>1,197.08</b>	<b>325.82</b>	<b>-</b>	<b>(37.11)</b>	<b>1,485.79</b>	<b>1,058.04</b>

\* Leasehold Land is Net of ₹ 9.59 Million (₹ 9.59 Million) subleased to a company in which directors are interested, Classic Auto Tubes Ltd. during the year 2009-10.  
 \*\* Plant & Machinery includes Fixed Assets Held for Sale with a Gross Book Value of ₹ 38.52 Million (₹ 38.52 Million) and a Net Book Value of Nil (Nil).  
 Plant & Machinery includes Jointly Controlled assets with a Gross Book Value of ₹ 187.68 Million ( Nil) and a Net Book Value of ₹ 177.77 Million (Nil).  
 Plant & Machinery includes assets taken on Finance Lease with a Gross Book Value of ₹ 400.00 Million (₹ 400.00 Million) and a Net Book Value of ₹ 250.40 Million (₹ 271.52 Million).

(a) Represents proportionate lease premium ₹ 1.94 Million (₹ 2.20 Million) amortized.  
 (b) Buildings include ₹ 151.72 Million (Nil), Plant & Machinery includes ₹ 14.20 Million (₹ 22.16 Million), Electrical Installations include ₹ 11.52 Million (Nil), Furniture & fittings include ₹ 8.70 Million (Nil) and Research and Development includes ₹ 223.23 Million (₹ 231.22 Million) for capital expenditure on Research & Development (Note C 8).  
 (c) Includes directly attributable expenses capitalized to the extent of ₹ 115.81 Million (₹ 125.08 Million) including ₹ 13.36 Million (₹ 5.59 Million) capitalized from CWIP of previous year (Note C 10) and Borrowing Cost capitalized to the extent of Nil (₹ 74.57 Million) capitalized from CWIP of previous year (Note C 7).  
 (d) Includes provision for impairment amounting to ₹ 35.31 Million (₹ 263.55 Million) on certain items of Plant & Machinery, leasehold land and certain other items recognised in the consolidated statement of profit and loss during the year.  
 (e) Buildings include Buildings constructed on Leasehold Land with a Gross Book Value of ₹ 6,673.53 Million (₹ 6,255.62 Million) and Net Book Value of ₹ 5,632.48 Million (₹ 5,415.43 Million).  
 (f) Represents exchange rate adjustment arising on consolidation of foreign subsidiaries due to difference in opening and closing conversion rates.

## B 6 NON CURRENT INVESTMENTS (AT COST)

	Notes	As at March 31, 2014 ₹ Million	As at March 31, 2013 ₹ Million
<b>TRADE INVESTMENTS</b>			
<b>(a) Investment in Equity Instruments (Quoted):*</b>			
<b>16,394</b> (16,934) Equity Shares of ₹ 10/- each in Bharat Gears Ltd. - Fully paid up		<b>0.36</b>	0.36
<b>86,867,731</b> (86,867,731) Ordinary Shares in National Tyre Service, Zimbabwe	A 2.2 (x)	<b>49.00</b>	40.85
		<b>49.36</b>	<u>41.21</u>
<b>(b) Investment in Equity Instruments (Unquoted):*</b>			
<b>312,000</b> (Nil) Equity Shares of ₹ 10 each in Green Infra Wind Power Projects		<b>3.12</b>	-
<b>5,500</b> (Nil) Equity Shares of ₹ 10 each in Suryadev Alloys and Power Pvt Ltd		<b>0.59</b>	-
<b>OTHER NON CURRENT INVESTMENTS (NON TRADE):</b>			
<b>(a) Investment in Mutual Funds</b>			
Units of "UTI Balanced Fund - Dividend Plan - Reinvestment** (Face Value of ₹ 10/- each)			
<b>161,826</b> (154,700) Units as at the beginning of the year		<b>2.10</b>	1.95
Add: Nil (7,126) Units on reinvestment of dividend during the year		-	0.15
<b>161,826</b> (161,826) Units as at the close of the year		<b>2.10</b>	<u>2.10</u>
<b>(b) Others</b>			
(i) <b>5,000</b> (5,000) Equity Shares of ₹ 100/- each in Apollo Tyres Employees' Multipurpose Co-operative Society Limited		<b>0.50</b>	0.50
(ii) <b>500,000</b> (500,000) Ordinary Shares in RADUN Investment (Private) Ltd, Zimbabwe	A 2.2 (x)	<b>12.35</b>	10.29
(iii) Investment Property (Net of accumulated depreciation of ₹ 16.54 Million (₹ 6.78 Million))		<b>569.19</b>	491.71
		<b>637.21</b>	<u>545.81</u>
* Aggregate amount of quoted investments		<b>49.36</b>	41.21
Aggregate market value of listed and quoted investments		<b>88.48</b>	119.33
** Repurchase price of units		<b>4.09</b>	3.52



**B 7 LONG TERM LOANS & ADVANCES**

	As at March 31, 2014 ₹ Million	As at March 31, 2013 ₹ Million
<b>Long-Term Loans &amp; Advances:</b>		
<b>Unsecured, Considered Good</b>		
Capital Advances - Others	294.63	557.36
Capital Advances to Related Parties	123.89	121.88
Doubtful Capital Advances	134.18	134.18
Less: Provision for Doubtful Advances	134.18	134.18
	<u>418.52</u>	<u>679.24</u>
MAT Credit Entitlement	-	208.65
Security Deposits	381.19	329.63
Security Deposits to Related Parties	418.01	457.84
Other Deposit	140.88	118.98
Employee Advances - Salary Loan	10.09	12.01
Other Loans and Advances	2.57	2.57
Share of joint ventures - jointly controlled entities	0.30	0.21
	<u>1,371.56</u>	<u>1,809.13</u>
<b>Includes Advances given to Related Parties (Note C-16)</b>		
Companies in which Directors are interested	<u>541.90</u>	<u>579.72</u>

**B 8 CURRENT ASSETS**

	As at March 31, 2014 ₹ Million	As at March 31, 2013 ₹ Million
<b>(a) INVENTORIES:</b>		
(valued at lower of cost and net realizable value)		
(i) Raw Materials:		
In Hand	4,616.72	4,401.18
In Transit	163.73	418.64
	<u>4,780.45</u>	<u>4,819.82</u>
(ii) Work-in-Process #	1,130.24	1,130.78
(iii) Finished Goods:		
In Hand	10,787.94	11,086.93
In Transit	954.73	238.61
	<u>11,742.67</u>	<u>11,325.54</u>
(iv) Bought Out Material / Stock in Trade		
In Hand	1,467.65	1,672.39
In Transit	203.84	178.32
	<u>1,671.49</u>	<u>1,850.71</u>
(v) Stores and Spares	1,339.39	1,183.90
	<u>20,664.24</u>	<u>20,310.75</u>
<b>(b) TRADE RECEIVABLES - UNSECURED</b>		
Outstanding for a period exceeding six months from the date they are due for payment:		
Considered Good	195.62	10.17
Considered Doubtful	410.88	342.91
Others - Considered Good *	10,231.05	10,186.36
	<u>10,837.55</u>	<u>10,539.44</u>
Less: Provision for Doubtful Receivables	410.88	342.91
	<u>10,426.67</u>	<u>10,196.53</u>
<b>(c) CASH AND CASH EQUIVALENTS**</b>		
(i) Cash on hand	3.01	67.57
(ii) Cheques on hand	874.32	816.89
(iii) Remittances in Transit	494.80	428.80
(iv) Balances with Banks:		
In Current Accounts	2,699.72	1,922.29
In Other Deposit Accounts		
- Original Maturity 3 months or less	2,375.63	-
(v) Other Bank Balances:		
In Unpaid Dividend Accounts	32.45	30.24
In Unclaimed Deposits Accounts	1.07	1.07
In Deposits with Maturity exceeding 3 Months ***	58.81	71.79
Share of joint ventures - jointly controlled entities	0.69	9.12
	<u>6,540.50</u>	<u>3,347.77</u>
<b>*Trade Receivables Include due from Related Parties (Note C 16)</b>		
Companies in which Directors are interested	<u>158.03</u>	<u>102.90</u>

\*\* Out of the above balance of Cash & Cash Equivalents, the balance that meets the definition of Cash & Cash Equivalents as per AS-3, Cash Flow Statements is ₹ 6,448.17 Million (₹ 3,244.67 Million).

\*\*\* Includes Deposit of ₹ 53.83 Million (₹ 68.14 Million) pledged with a bank against which working capital loan has been availed by Apollo Finance Ltd, a company in which directors are interested.

Includes deposits of ₹ 1.97 Million (₹ 1.97 Million) which have an original maturity of more than 12 months.

# Work in Process consists of Automotive Tyres only.

**B 9 SHORT TERM LOANS & ADVANCES**

	As at March 31, 2014 ₹ Million	As at March 31, 2013 ₹ Million
<b>Short-Term Loans &amp; Advances:</b>		
<b>Unsecured, Considered Good</b>		
Advances given to Related Parties	80.63	72.91
<b>Others:</b>		
Trade Advances	1,003.09	630.80
Employee Advances	105.47	67.07
CENVAT Recoverable	163.98	119.94
VAT Recoverable	652.18	375.21
Service Tax Recoverable	75.51	53.77
Export Incentives Recoverable	252.20	367.33
Prepaid Expenses	264.71	298.90
Pension Fund Surplus	-	305.06
Others	658.66	390.15
Share of joint ventures - jointly controlled entities	-	4.14
	<u>3,256.43</u>	<u>2,685.28</u>
Considered Doubtful	20.56	20.56
	<u>3,276.99</u>	<u>2,705.84</u>
Less: Provision for Doubtful Advances	20.56	20.56
	<u>3,256.43</u>	<u>2,685.28</u>
MAT Credit Entitlement	450.13	300.00
	<u>3,706.56</u>	<u>2,985.28</u>
<b>Advances given to Related Parties (Note C 16)</b>		
Companies in which Directors are interested	<u>80.63</u>	<u>72.91</u>

**B 10 OTHER CURRENT ASSETS**

Derivative Financial Assets	3.99	20.62
Investment promotion Subsidy Receivable from Government of Tamilnadu	589.14	-
Interest Accrued on Loans / Deposits	1.07	0.70
	<u>594.20</u>	<u>21.32</u>

**B 11 OTHER OPERATING INCOME**

	Year Ended March 31, 2014 ₹ Million	Year Ended March 31, 2013 ₹ Million
Investment promotion Subsidy from Government of Tamilnadu (Note C (4))	939.14	-
Tyres Development Fees received from customers	42.16	-
Early Payment Discount received from Raw Material Suppliers	35.22	42.35
	<u>1,016.52</u>	<u>42.35</u>
<b>B12 OTHER INCOME</b>		
(a) Interest Income	221.90	69.20
(b) Dividend Income from Long Term Investments:		
From Others	0.03	0.18
(c) Dividend Income from Short Term Investments:		
Mutual Funds	92.54	-
(d) Other Non-Operating Income:		
Unclaimed Credit Balances / Provisions no longer required written back	26.37	244.08
Profit on Sale of Tangible Fixed Assets (Net)	-	64.77
Technical Aid Fees	16.20	19.56
Gain on Foreign Exchange Fluctuation (Net)	110.09	141.37
Miscellaneous Receipts	511.33	362.98
	<u>663.99</u>	<u>832.76</u>
	<u>978.46</u>	<u>902.14</u>

\* Interest Income of ₹ 221.90 Million (₹ 69.20 Million) comprises of the following:

(a) Interest Earned on Deposits ₹ 221.90 Million (₹ 25.59 Million).

(b) Interest Earned on Trade Balances Nil (₹ 1.26 Million).

(c) Interest Earned - Others Nil (₹ 42.35 Million).

**B 13 MANUFACTURING AND OTHER EXPENSES**

	Year Ended March 31, 2014 ₹ Million	Year Ended March 31, 2013 ₹ Million
<b>Cost of Materials Consumed</b>		
Raw Materials Consumed	71,290.66	74,154.51
Less: Scrap Recoveries	223.18	283.49
	<u>71,067.48</u>	<u>73,871.02</u>
<b>Purchase of Bought Out Material / Stock-in-Trade</b>		
Purchase of Finished Goods	6,964.58	6,539.08
<b>Employee Benefit Expenses</b>		
Salaries, Wages and Bonus	13,117.55	11,790.62
Contribution to Provident and Other Funds	2,064.33	2,047.74
Welfare expenses	872.98	848.83
Employees Stock Appreciation Rights	78.55	22.08
Add : Share in Joint Venture	12.68	4.53
	<u>16,146.09</u>	<u>14,713.80</u>
<b>Other Expenses</b>		
Consumption of stores and spare parts <sup>1</sup>	1,233.48	1,118.52
Power and Fuel <sup>2</sup>	3,785.23	3,610.87
Conversion Charges	1,095.18	1,082.28
Repairs and Maintenance		
- Machinery	693.13	784.87
- Buildings	42.15	43.88
- Others	844.47	716.57
Rent <sup>3</sup>	285.80	279.01
Lease Rent / Service Charges (Note C17)	1,213.74	1,054.04
Insurance	215.61	190.61
Rates and Taxes	230.75	229.67
Directors' Sitting Fees	4.36	4.94
Loss on Sale of Assets (Net)	29.61	-
Travelling, Conveyance and Vehicle Expenses	1,357.28	1,111.55
Postage, Telex, Telephone and Stationery	246.82	228.48
Freight and Forwarding	3,990.64	3,462.53
Commission to Selling Agents	72.44	96.77
Sales Promotion Expenses	525.66	272.23
Advertisement and Publicity	2,264.40	1,941.43
Research and Development (Note C 8)	1,380.85	935.11
Provision for impairment of investment	-	2.23
Bank Charges	92.20	97.50
Statutory Auditors Remuneration (Note C 9)	60.01	47.60
Doubtful Receivables / Advances Written off	175.62	29.34
Less: Transferred from Provision	(17.13)	-
Legal and Professional Expenses	656.05	450.12
Provision for contingencies (Note C 13 (b))	425.00	-
Miscellaneous Expenses	557.23	893.60
Share of joint ventures - jointly controlled entities	37.33	13.16
	<u>21,497.91</u>	<u>18,696.91</u>
	<u>115,676.06</u>	<u>113,820.81</u>

**Notes:**

1 Stores & Spares Consumed includes stores issued for repairs ₹ 1.55 Million (₹ 1.87 Million).

2 Power and Fuel includes Stores Consumed ₹ 668.08 Million (₹ 604.96 Million).

3 Net of Rent Received ₹ 1.47 Million (₹ 1.47 Million).

**B 14 FINANCE COST**

	Year Ended March 31, 2014 ₹ Million	Year Ended March 31, 2013 ₹ Million
<b>(a) Interest Expense:</b>		
Interest on Fixed-Term Loans	998.33	1,172.78
Interest on Debentures	736.72	590.66
Interest on Other Loans	1,036.78	1,292.25
<b>(b) Other Borrowing Costs</b>	65.47	71.90
Share of joint ventures - jointly controlled entities	0.64	0.09
	<u>2,837.94</u>	<u>3,127.68</u>



## C OTHER NOTES ON ACCOUNTS:

### 1 Contingent Liabilities

PARTICULARS	2013-14 ₹ Million	2012-13 ₹ Million
Sales Tax	111.92	204.94
Income Tax	180.46	-
Claims against the Company not acknowledged as debts		
- Employee Related	51.02	53.95
- Others	32.52	27.54
Provision of Security (Bank Deposits pledged with a Bank against which working capital loan has been availed by Apollo Finance Ltd, an Associate Company)	53.83	68.14
Provision of Security (Bank Deposits under lien against labour guarantees issued to JAFZA authorities)	-	1.68
Excise Duty*	363.55	1,381.35

\* Excludes demand of ₹ 532.12 Million (₹ 532.12 Million) raised on one of the Company's units relating to issues which have been decided by the Appellate Authority in Company's favour in appeals pertaining to another unit of the Company. Show-cause notices received from various Government Agencies pending formal demand notices have not been considered as contingent liabilities.

In the opinion of the management, no provision is considered necessary for the disputes mentioned above on the ground that there are fair chances of successful outcome of appeals.

Certain legal proceedings continue in the Court of Chancery in the US in respect of uncrystallized demand towards break fee & damages. Based on the discussions with the US legal counsel, the management is of the view that such demands arising out of the ongoing litigation are without merit and will be vigorously defended by the Company.

### 2 Commitments

PARTICULARS	2013-14 ₹ Million	2012-13 ₹ Million
Estimated amount of contracts remaining to be executed on capital account & not provided for	2,684.31	3,674.71
<b>TOTAL</b>	<b>2,684.31</b>	<b>3,674.71</b>

### 3 MAT Credit Entitlement

The company has made provision for tax as per normal provisions of the Income tax Act, 1961 in the current year as well as previous year. In view of the consistent profits over the years and also considering the future profit projections, the management believes that there is convincing evidence with regard to the earning of future taxable income and payment of tax under normal tax within the specified period. Accordingly, MAT Credit Entitlement of ₹ 450.13 Million (₹ 508.65 Million) has been carried forward for adjustments against normal tax liability in future years.

### 4 Investment Promotion Subsidy from Government of Tamilnadu

The Company has established radial tyre manufacturing facility in SIPCOT Industrial Park, Oragadam near Chennai and availed incentives from the State Government of Tamil Nadu for establishing such project. The construction of first phase of the new green field radial tyre plant was completed as per project schedule, which commenced operations from March 11, 2010. The Truck/ Bus radial segment has commenced operations from May 11, 2010.

Pursuant to the Memorandum of Understanding (MoU) dated August 7, 2006 read along with a Supplementary MOU dated January 11, 2011, executed between the Government of Tamil Nadu (GoTN) and the Company, GoTN sanctioned a Structured Package of Assistance to the Company in terms of the New Industrial Policy, 2007. As per this Structured Package of Assistance, the Company is entitled, inter alia, for refund of an amount equal to Net Output VAT + CST paid by the Company to GoTN in the form of Investment Promotion Subsidy for a period of 14 years (which can be extended by another 4 years), from the date of commencement of commercial production or till the cumulative availment of the said subsidy reaches 50% of the investment made in eligible fixed assets during the approved investment period as defined by the MoU, whichever is earlier. This eligibility is subject to fulfillment of certain obligations by the Company.

As the Company has fulfilled the relevant obligations during the year, the Company has recognized subsidy income of ₹ 939.14 Million as other operating income (refer note B11), being the eligible amount of refund of Net Output VAT + CST paid by the Company to GoTN from the date of commencement of commercial production till March 31, 2014. Based on the legal opinion obtained by the Company, the said subsidy is considered non-taxable capital receipt.

### 5 Exceptional Items

Exceptional item of ₹ 467.86 Million is net of expenses aggregating to ₹ 2,326.30 Million in connection with the proposed acquisition of Cooper which was terminated by Cooper on December 30, 2013 and Profit on sale of Ladysmith plant in South Africa amounting to ₹ 1,858.44 Million.

### 6 Issue of Share Warrants:

The company had allotted 5,000,000 warrants, convertible into 5,000,000 equity shares of ₹ 1 each to a promoter Group Company on 21st December 2012, on a preferential allotment basis, pursuant to Section 81 (1A) of the Companies Act, 1956, at a conversion price of ₹ 86.20 per share determined in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. An amount equivalent to 25% of the price aggregating to ₹ 107.75 Million was received on allotment of the warrants. The warrants may be converted to equivalent number of shares on payment of the balance amount at any time within a period of 18 Months from their date of allotment. In the event the warrants are not converted to shares within the said period, the company is eligible to forfeit the amounts received towards the warrants.

7 Borrowing costs capitalized/transferred to capital work in progress during the year is Nil (₹ 74.57 Million). This includes Nil (Nil) towards loan processing fees.

### 8 Research and development comprises of the following:

PARTICULARS	2013-14 ₹ Million	2012-13 ₹ Million
<b>(A) Revenue Expenditure</b>		
Materials	98.57	20.78
Employee Benefit Expenses	745.80	544.97
Travelling Expenses	13.10	24.80
Others	523.38	344.56
<b>SUB - TOTAL</b>	<b>1,380.85</b>	<b>935.11</b>
<b>(B) Capital Expenditure</b>	<b>409.37</b>	<b>253.38</b>
<b>TOTAL (A+B)</b>	<b>1,790.22</b>	<b>1,188.49</b>

### 9 Statutory Auditors' Remuneration:

PARTICULARS	2013-14 ₹ Million	2012-13 ₹ Million
For Audit	52.72	38.10
For Company Law matters	0.30	0.30
For Other Services	4.79	9.20
For Quarterly Review and Certification	2.20	-
<b>TOTAL</b>	<b>60.01</b>	<b>47.60</b>

### 10 Directly attributable expenses capitalised / included in capital work in progress during the year:

PARTICULARS	2013-14 ₹ Million	2012-13 ₹ Million
Raw Materials Consumed	15.39	30.85
Salaries, Wages and Bonus	63.86	70.67
Contribution to Provident and Other Funds	4.22	4.52
Welfare Expenses	4.51	3.44
Rent	0.78	0.56
Travelling, Conveyance and Vehicle expenses	4.56	3.06
Postage, Telex Telephone and Stationery	0.26	0.15
Power Expenses	3.40	7.29
Insurance Expenses	-	3.48
Legal & Professional Expenses	0.33	1.27
Miscellaneous Expenses	5.14	7.56
<b>Total*</b>	<b>102.45</b>	<b>132.85</b>

\*Out of the above, Nil (₹ 13.36 Million) is included in capital work in progress as on March 31, 2014.

## 11 Employee Benefits

### A. Indian Operations

#### Defined Contribution Plans:

**a. Superannuation Plan:** The Company contributes a sum equivalent to 15% of the eligible employees salary to a superannuation fund administered and maintained by Life Insurance Corporation of India (LIC). The Company has no liability for future superannuation fund benefits other than its annual contribution and recognizes such contributions as an expense in the year incurred. The amount of contribution paid by the company to Superannuation Fund is ₹ 57.15 Million (₹ 49.21 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 recognizes such obligation as an expense.

The amount of contribution made by the Company to Employees Provident Fund Trust/Regional Provident Fund is ₹ 192.37 million (₹ 175.85 million)

#### Defined Benefit Plans:

##### Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service receives gratuity on leaving the Company at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation of India.

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:

##### Net employee benefit expenses

PARTICULARS	2013-14 ₹ Million	2012-13 ₹ Million
Current service cost	44.92	42.63
Interest cost on benefit obligation	48.46	45.27
Expected return on plan assets	(54.39)	(49.86)
Curtailment Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Net actuarial loss recognized in the year	9.44	7.14
Expense recognized in the Consolidated Statement of Profit and Loss	48.43	45.18

##### Actual Contribution and Benefit payments for the year

PARTICULARS	2013-14 ₹ Million	2012-13 ₹ Million
Actual Contributions	45.18	78.02
Actual Benefit Payments	(65.81)	(54.85)

#### Consolidated Balance Sheet:

##### Net Asset / (Liability) recognised in the Consolidated Balance Sheet including experience adjustment impact

PARTICULARS	2013-14 ₹ Million	2012-13 ₹ Million	2011-12 ₹ Million	2010-11 ₹ Million	2009-10 ₹ Million
Present value of defined benefit obligation at the end of the year	681.75	646.17	603.76	519.73	447.74
Fair value of plan assets at the end of the year	633.32	600.99	527.65	437.82	361.79
Asset/(Liability) recognized in the consolidated balance sheet	(48.43)	(45.18)	(76.11)	(81.91)	(85.95)
Experience Adjustment of obligation - (Gain) / Loss*	30.02	9.36	42.04	51.03	27.67
Experience Adjustment of plan assets - Gain / (Loss)*	(3.84)	0.31	1.75	2.36	1.21

\* Details disclosed to the extent information provided by the actuary.

#### Changes in the present value of the defined benefit obligation are as follows:

PARTICULARS	2013-14 ₹ Million	2012-13 ₹ Million
Present value of obligations as at the beginning of the year	646.17	603.76
Interest cost	48.46	45.27
Current service cost	44.92	42.63
Benefits paid	(65.81)	(54.85)
Actuarial loss on obligation	8.01	9.36
Present value of obligations as at the end of the year	681.75	646.17

#### Changes in the fair value of plan assets are as follows:

PARTICULARS	2013-14 ₹ Million	2012-13 ₹ Million
Fair value of plan assets at beginning of the year	600.99	527.65
Expected return on plan assets	54.39	49.86
Contributions	45.18	78.02
Benefits paid	(65.81)	(54.85)
Actuarial gain on plan assets	(1.43)	0.31
Fair value of plan assets as at the end of the year	633.32	600.99

The Group's gratuity funds are managed by the Life Insurance Corporation of India and therefore the composition of the fund assets is not presently ascertained.

#### Principal actuarial assumptions for Gratuity:

PARTICULARS	2013-14 Rate (%)	2012-13 Rate (%)
a) Discount rate	8.95	7.50
b) Future salary increase*	6.00	5.00
c) Expected rate of return on plan assets	9.05	9.45

\* 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 ₹ 68.07 Million.

#### Demographic Assumptions for Gratuity:

PARTICULARS	2013-14	2012-13
a) Retirement Age (Years)	58	58
b) Mortality Table	IALM (2006-08)	IALM (2006-08)
c) Ages	Withdrawal Rate (%)	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

#### Other Long Term Employee Benefits:

##### Long Term Compensated Absences

#### Actuarial Assumptions for Long term compensated absences:

PARTICULARS	2013-14 Rate (%)	2012-13 Rate (%)
a) Discount rate	8.95	7.50
b) Future salary increase*	6.00	5.00

\* The estimates of future salary increase take into account inflation, seniority, promotion and other relevant factors.

**Demographic Assumptions for Long term compensated absences:**

PARTICULARS	2013-14 Rate (%)	2012-13 Rate (%)
a) Retirement Age (Years)	58	58
b) Mortality Table	IALM (2006-08)	IALM (2006-08)
c) Ages	Withdrawal Rate (%)	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

**Employees Phantom Stock Plan 2010**

- a) During the year 2010-11, the company had announced Cash-settled Employee Share-based Payment Plan (Phantom Stock Plan) for the eligible employees of the company. Under the scheme, 1,200,000 phantom stock units have been granted on April 1, 2010, 900,000 Phantom stock units have been granted on April 1, 2011 and another 75,000 Units have been granted on April 1, 2012 by the board appointed committee. All three options will be vested as per the following schedule:

Percentage of Grant	Vesting Schedule
25%	On 1st anniversary of respective grant date
25%	On 2nd anniversary of respective grant date
25%	On 3rd anniversary of respective grant date
25%	On 4th anniversary of respective grant date

Pursuant to the above scheme, the eligible employees are entitled to get cash compensation upon exercise of the phantom stock unit within seven years of the vesting date.

- b) Details of the expense recognized during the year and outstanding phantom stock units of the Company under the Phantom Stock Plan 2010 are as under:

PARTICULARS	As at March 31, 2014			As at March 31, 2013		
	01.04.2010	01.04.2011	01.04.2012	01.04.2010	01.04.2011	01.04.2012
Date of Grant						
Phantom Stock Units Outstanding	300,000	552,500	75,000	600,000	811,250	75,000
Phantom Stock Units exercised	900,000	347,500	-	600,000	88,750	-
Exercise Price of Share (₹)	50.00	50.00	50.00	50.00	50.00	50.00
Market Price of Share (₹)	159.30	159.30	159.30	83.45	83.45	83.45
Fair Value of Share (₹)	116.95	117.25	118.19	47.22	47.44	49.72
Amount charged to Statement of Profit & Loss (Included in Note - B 13 - Employee Benefits Expense)	₹ 27.24 Million	₹ 46.12 Million	₹ 5.19 Million	₹ 9.29 Million	₹ 11.49 Million	₹ 1.30 Million
Liability as on 31.03.2014 (Included in Note - B 4 (Trade Payables))	₹ 32.79 Million	₹ 54.24 Million	₹ 6.50 Million	₹ 17.56 Million	₹ 20.89 Million	₹ 1.30 Million

Phantom Stock outstanding units summary sheet is as follows -

PARTICULARS	2013-14	2012-13	2011-12
Opening Phantom Stock Units	1,486,250	2,030,000	1,200,000
Number of Units issued during the year	-	75,000	900,000
Number of Units Vested during the year	558,750	618,750	70,000
Closing Phantom Stock units	927,500	1,486,250	2,030,000

The details of Variables used for Fair Valuation are given in the table below:

Grant date	April 1, 2010			
	Vest 1	Vest 2	Vest 3	Vest 4
Remeasurement date				
March 31, 2014	April 1, 2011	April 1, 2012	April 1, 2013	April 1, 2014
<b>Variables</b>				
Stock Price (₹)				159.30
Volatility				42.86%
Risk-Free Rate				8.81%
Exercise Price (₹)				50.00
Time To Maturity (In Years)				3.51
Dividend yield				1.19%
<b>Fair Value per vest (₹)</b>				<b>116.95</b>
Vesting %				100.00%
<b>Option Fair Value (₹)</b>				<b>116.95</b>

Grant date	April 1, 2011			
	Vest 1	Vest 2	Vest 3	Vest 4
Remeasurement date				
March 31, 2014	April 1, 2012	April 1, 2013	April 1, 2014	April 1, 2015
<b>Variables</b>				
Stock Price (₹)				159.30
Volatility				42.16%
Risk-Free Rate				8.75%
Exercise Price (₹)				50.00
Time To Maturity (In Years)				3.00
Dividend yield				1.19%
<b>Fair Value per vest (₹)</b>		<b>115.87</b>	<b>116.95</b>	<b>118.87</b>
Vesting %		33.00%	33.00%	34.00%
<b>Option Fair Value (₹)</b>		<b>117.25</b>		

Grant date	April 1, 2012			
	Vest 1	Vest 2	Vest 3	Vest 4
Remeasurement date				
March 31, 2014	April 1, 2013	April 1, 2014	April 1, 2015	April 1, 2016
<b>Variables</b>				
Stock Price (₹)				159.30
Volatility				42.16%
Risk-Free Rate				8.81%
Exercise Price (₹)				50.00
Time To Maturity (In Years)				3.51
Dividend yield				1.19%
<b>Fair Value per vest (₹)</b>	<b>115.87</b>	<b>116.95</b>	<b>118.87</b>	<b>121.06</b>
Vesting %	25.00%	25.00%	25.00%	25.00%
<b>Option Fair Value</b>	<b>118.19</b>			

**Phantom Stock Scheme - Proforma Statement of Consolidated Statement of Profit and Loss and EPS**

Had compensation cost for the Phantom Stock units granted under the Scheme been determined based on fair value approach, the Company's net profit and earnings per share would have been as per the proforma amounts indicated below:

PARTICULARS	2013-14	2012-13
<b>Impact on Net Profit (₹ Million)</b>		
Net Profit (As reported)	10,050.58	6,126.05
Add:- Cash based employee compensation expense included in net profit	78.55	22.08
Less:- Cash based compensation expense determined under fair value based method (Proforma)	70.81	19.07
Net Profit (Proforma)	10,058.32	6,129.06



Impact on Earnings per Share (₹)		
Basic Earnings per Share of ₹ 1 Each (As reported)	19.94	12.15
Basic Earnings per Share of ₹ 1 Each (Proforma)	19.96	12.16
<b>Diluted</b>		
Diluted Earnings per Share of ₹ 1 Each (As reported)	19.91	12.15
Diluted Earnings per Share of ₹ 1 Each (Proforma)	19.93	12.16

The Fair Value of Options used to compute proforma net profit and earnings per Equity Share have been estimated on the date of the grants using Black-Scholes model by an independent consultant.

#### B. South Africa Operations

##### Apollo Durban (Pty) Ltd

##### Post-employment medical obligation

The Group's liability in respect of the post-employment medical obligation has been actuarially valued at ₹ 141.01 Million (₹ 165.22 Million) at March 31, 2014. The actuarial valuation performed has been based on the following assumptions:

- a) a health care cost inflation rate of 7.60 % p.a. (6.25% p.a)  
b) a discount rate of 8.60% p.a. (7.40% p.a)

PARTICULARS	2013-14 ₹ Million	2012-13 ₹ Million
Opening Balance	165.22	172.50
Interest cost recognized in income statement in current period	11.72	12.46
Benefit Payments	(15.25)	-
Actuarial loss recognized in consolidated statement of profit and loss in current period	2.19	19.16
Miscellaneous (including basis and data changes)	(22.87)	(38.90)
Closing balance	141.01	165.22

##### Sensitivity of healthcare cost

For every 1/2% strengthening/weakness of investment returns, relative to medical aid inflation, the liability is calculated to decrease/increase by ₹ 5.10/5.66 Million (₹ 6.22/6.52 Million) from the reported level of ₹ 141.01 Million (₹ 165.22 Million). Similarly for every 1% increase/decrease in medical aid inflation, relative to investment returns, the liability is calculated to increase/decrease by ₹ 10.76/9.06 Million (₹ 12.44/10.67 Million).

#### C. European Operations

Apollo Tyres Cooperatief U.A. has as at March 31, 2014 one defined benefit plan. The pension liability as recorded in the consolidated balance sheet relates to the defined benefit plan of Apollo Vredestein GmbH and the contributions related to the defined contribution plan of Apollo Vredestein B.V. in the Netherlands. For the defined benefit plan of Apollo Vredestein GmbH an actuarial calculation was performed by an actuary of a certified actuarial firm.

Extracts of latest balance sheet of the funds are as follows :

PARTICULARS	2013-14 ₹ Million	2012-13 ₹ Million
<b>Pension liabilities</b>		
Defined benefit plan	538.39	383.15
Defined contribution plan	461.07	448.46
At end of the year	999.46	831.61

##### Principal Assumptions

PARTICULARS	2013-14	2012-13
<b>Assumptions Apollo Vredestein B.V.</b>		
Active employee members		
Number	1,311	1,311
Average age	44.70	44.70
Average future service	13.60	13.60
Inflation	2.0%	2.0%
Indexation non-active members	0.5%	0.5%
Mortality table	GEN 2012-2062	GEN 2012-2062
Employee turnover (dependent on age)	0%-7%	0%-7%
Discount rate	3.41%	3.41%
Expected return on assets	-	-

PARTICULARS	2013-14	2012-13
<b>Assumptions Apollo Vredestein GMBH</b>		
Active employee members		
Number	38	38
Average age	46.6	45.0
Average future service	15.1	14.8
Inflation	1.75%	1.75%
Indexation non-active members	1.75%	1.75%
Mortality table	Heubeck 2005G	Heubeck 2005G
Employee turnover (dependent on age)	0%-5%	0%-5%
Discount rate	3.10%	3.50%

##### Consolidated Statement of Profit and Loss:

PARTICULARS	2013-14 ₹ Million	2012-13 ₹ Million
<b>Net employee benefit expenses (recognized in employee cost)</b>		
Current service cost	15.00	331.34
Interest cost on benefit obligation	16.94	587.08
Expected return on plan assets	-	(612.94)
Net actuarial loss recognized in the year	1,531.05	462.09
Administration Cost	-	27.93
Net benefit expense	1,562.99	795.50

##### Consolidated Balance Sheet:

PARTICULARS	2013-14 ₹ Million	2012-13 ₹ Million
<b>Reconciliation of present value of the obligation and the fair value of plan assets</b>		
Present value of funded obligation at the end of the year	(538.39)	(383.13)
Fair value of plan assets at the end of the year	-	-
Asset/(Liability) recognized in the consolidated balance sheet	538.39	(383.13)
Experience Adjustment of obligation - (Gain) / Loss	-	(1,327.12)
Experience Adjustment of plan assets - Gain / ( Loss)	-	865.03

##### Changes in the present value of the defined benefit obligation are as follows:

PARTICULARS	2013-14 ₹ Million	2012-13 ₹ Million
Present value of obligations as at the beginning of the year	383.13	13,073.35
Interest cost	16.94	587.08
Current service cost	15.00	331.34
Contribution by employees	(18.61)	306.92
Benefits paid	49.48	(111.09)
Actuarial (gain)/loss on obligation	92.42	1,433.94
Settlement of the obligation	-	(15,238.42)
Present value of obligations as at the end of the year	538.36	383.13

##### Changes in the fair value of plan assets are as follows:

PARTICULARS	2013-14 ₹ Million	2012-13 ₹ Million
Fair value of plan assets at beginning of the year	-	12,402.39
Expected return on plan assets	-	612.94
Contributions	-	823.30
Benefits paid	-	(91.09)
Administration Cost	-	(27.92)
Actuarial gain on plan assets	-	968.17
Settlement of the plan assets	-	(14,687.79)
Fair value of plan assets as at the end of the year	-	-

12 The components of Deferred Tax Liabilities (Net) are as follows:

PARTICULARS	2013-14 ₹ Million	2012-13 ₹ Million
<b>Deferred Tax Liabilities on timing differences arising on:</b>		
Depreciation	5,091.22	5,248.42
Others	483.81	-
<b>Sub Total (A)</b>	<b>5,575.03</b>	5,248.42
<b>Deferred Tax Assets on timing differences arising on:</b>		
Payment under Voluntary Retirement Scheme	3.75	2.77
Provision for Gratuity and Leave Encashment	92.74	90.28
Provision for Doubtful Debts / Advances	15.29	12.63
Other Provisions	95.45	119.19
Trade receivables	-	10.50
Assessed loss	0.91	66.09
Others	8.47	9.07
<b>Sub Total (B)</b>	<b>216.61</b>	310.53
<b>Net Deferred Tax Liabilities (A-B)</b>	<b>5,358.42</b>	4,937.89

The components of Deferred Tax Assets (Net) are as follows:

PARTICULARS	2013-14 ₹ Million	2012-13 ₹ Million
<b>Deferred Tax Assets on timing differences arising on:</b>		
Others	117.00	10.09

- 13 a) Provision for Sales Related Obligation represents estimates for payments to be made in future. Major portion of these costs is estimated to be paid in the next financial year and will be paid within a maximum of 3 years from the balance sheet date.

₹ Million

Opening Balance as at 01.04.2013	Additional provision made during the year	Incurred against provision during the year	Closing Balance as at 31.03.2014
1,841.05	3,693.84	3,517.54	2,017.35

- b) The Company carries a general provision for contingencies towards various claims against the Company not recognised as debt.

₹ Million

Opening Balance as at 01.04.2013	Additional provision made during the year	Incurred against provision during the year	Closing Balance as at 31.03.2014
-	425.00	-	425.00

- 14 a) Following are the forward exchange contracts [being derivative instruments], which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables. The following forward exchange contracts entered into by the Group are outstanding as on March 31, 2014:

2013-14 ₹ Million

Currency	Amount	Buy/Sell	Cross Currency	
United States Dollar	USD	31.74	Buy	INR
EURO	EURO	0.12	Buy	INR
<b>SUBSIDIARIES</b>				
United States Dollar	USD	0.95	Sell	ZAR
United States Dollar	USD	11.94	Sell	Euro
Great British Sterling	GBP	5.91	Buy	Euro
Swedish Krona	SEK	44.34	Buy	Euro
Swiss Francs	CHF	4.46	Buy	Euro
Norwegian Kroner	NOK	14.39	Buy	Euro
Polish Zlotych	PLZ	13.96	Buy	Euro
Hungarian Forint	HUF	314.66	Buy	Euro

2012-13

₹ Million

Currency	Amount	Buy/Sell	Cross Currency	
United States Dollar	USD	28.58	Buy	INR
Euro	EURO	1.35	Buy	INR
<b>SUBSIDIARIES</b>				
United States Dollar	USD	3.82	Buy	ZAR
Euro	EURO	0.57	Buy	ZAR
Great British Sterling	GBP	1.24	Buy	USD
Swedish Krona	SEK	4.28	Buy	Euro
Swiss Francs	CHF	0.82	Buy	Euro
Norwegian Kroner	NOK	3.86	Buy	Euro
Polish Zlotych	PLZ	3.01	Buy	Euro
Hungarian Forint	HUF	161.08	Buy	Euro

- b) No. of Currency swaps (other than forward exchange contracts stated above) to hedge against fluctuations in changes in exchange rate are 18 (20).

- c) The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

₹ Million

Currency	As at March 31, 2014		As at March 31, 2013	
	Receivable/ (Payable) INR	Receivable/ (Payable) FC	Receivable/ (Payable) INR	Receivable/ (Payable) FC
UAE Dirham	0.32	0.02	(0.79)	(0.05)
Swiss Franc	300.78	4.46	(2.18)	(0.04)
EURO	75.58	0.95	(58.10)	(0.81)
British Pound	536.18	5.43	(44.00)	(0.53)
Indonesian Rupiah	0.01	1.75	(0.02)	(3.25)
Japanese Yen	(0.01)	(0.03)	0.01	0.01
Malaysian Ringgit	0.17	0.01	(1.04)	(0.06)
Philippine Peso	0.23	0.21	0.11	0.12
Singapore Dollar	0.23	0.01	0.75	0.02
Thai Baht	(0.17)	(0.09)	2.72	1.64
US Dollar	(416.88)	(7.00)	701.26	12.95
South African Rand	12.80	2.18	152.30	24.07
Norway Crown	143.50	14.39	-	-
Swedish Crown	408.47	44.34	-	-
Polish Sloty	279.72	13.96	-	-
Hungarian Forint	83.98	314.66	-	-

15 Segmental Reporting

a. Geographical Segments

The Company has considered geographic segments as the primary segments for disclosure. The Geographic Segments are India, South Africa, Europe on the basis of Organisation Structure and Operating Locations. Indian segment includes manufacturing and sales operations through India, South Africa and Europe segments include manufacturing and sales operations through South Africa and Europe along with its subsidiaries located in South Africa and Europe respectively.

b. Business Segments

The Company has considered business segment as the secondary segment for disclosure. The Company's opera-

tions comprise of only one segment - Tyres, Tubes & Flaps and therefore, there are no other business segments to be reported as required under accounting standard (AS-17) - "Segment Reporting".

c. Segmental assets includes all operating assets used by respective segment and consists principally of operating cash, debtors, inventories and fixed assets net of allowances and provisions. Segmental liabilities include all operating liabilities and consist primarily of creditors and accrued liabilities. Segment assets and liabilities do not include income tax assets and liabilities.

₹ Million

Particulars	India		South Africa		Europe		Others		Other Corp		Eliminations		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
<b>1. REVENUE</b>														
Total Revenue	87,909.58	85,648.68	12,714.80	15,086.69	39,425.56	30,047.53	1,419.06	1,922.78	66.59	149.28	-	-	141,535.59	132,854.96
Inter segment Revenue	(5,407.95)	(3,806.32)	(8.03)	-	(865.52)	(78.11)	(90.32)	(79.71)	(65.51)	-	-	-	(6,437.33)	(3,964.14)
<b>External Revenue</b>	<b>82,501.63</b>	<b>81,842.36</b>	<b>12,706.77</b>	<b>15,086.69</b>	<b>38,560.04</b>	<b>29,969.42</b>	<b>1,328.74</b>	<b>1,843.07</b>	<b>1.08</b>	<b>149.28</b>	<b>-</b>	<b>-</b>	<b>135,098.26</b>	<b>128,890.82</b>
<b>2. RESULT</b>														
Segment result	8,590.55	7,354.92	2,546.71	(14.00)	3,957.16	4,304.50	19.06	(94.26)	51.17	(251.60)	(7.43)	402.54	15,157.22	11,702.10
Interest expense	(2,446.10)	(2,609.73)	(232.32)	(346.57)	(151.09)	(171.22)	(12.85)	(0.81)	-	(0.09)	4.42	0.74	(2,837.94)	(3,127.68)
Income Taxes	(1,718.26)	(1,619.91)	(150.71)	82.55	(399.03)	(910.21)	-	-	(0.70)	(0.80)	-	-	(2,268.70)	(2,448.37)
<b>Net profit</b>	<b>4,426.19</b>	<b>3,125.28</b>	<b>2,163.68</b>	<b>(278.02)</b>	<b>3,407.04</b>	<b>3,223.07</b>	<b>6.21</b>	<b>(95.07)</b>	<b>50.47</b>	<b>(252.49)</b>	<b>(3.01)</b>	<b>403.28</b>	<b>10,050.58</b>	<b>6,126.05</b>
<b>3. OTHER INFORMATION</b>														
Segment assets	60,669.88	58,660.76	3,949.33	9,954.81	30,025.29	23,614.37	729.72	767.64	8,912.93	7,190.88	(13,831.31)	(14,634.18)	90,455.84	85,554.28
Segment liabilities	29,604.25	31,534.31	1,231.74	6,633.87	8,861.82	8,335.78	482.69	538.85	6,001.44	6,108.04	(1,472.33)	(1,605.21)	44,709.61	51,545.64
Capital Expenditure	2,279.59	3,876.10	108.45	390.87	3,432.92	2,271.03	3.76	20.90	11.41	1.72	-	-	5,836.13	6,560.62
Depreciation	2,480.46	2,200.71	389.85	515.84	1,228.26	977.00	7.00	264.20	2.94	7.85	-	-	4,108.51	3,965.60
Other Significant Non Cash Expenses	428.32	81.74	(21.99)	56.53	24.48	(54.38)	5.73	0.19	6.16	382.28	-	(381.27)	442.70	85.09

**16 Disclosure of Related Party Transactions in accordance with the mandatory accounting standards AS-18 "Related Party Disclosures" :**

**Name of the Related Parties**

Particulars	2013-14	2012-13
Companies in which Directors are interested	Apollo International Ltd (AIL) Apollo International Trading LLC, Middle East Encorp E Services Ltd UFO Moviez India Ltd Landmark Farms & Housing (P) Ltd Sunlife Tradelinks (P) Ltd Travel Tracks Ltd Bespoke Tours & Travels Ltd Dusk Valley Technologies Ltd Classic Auto Tubes Ltd PTL Enterprises Ltd (PTL) Apollo Finance Ltd Artemis Medicare Services Ltd Artemis Health Sciences Ltd Regent Properties Swaranganga Consultants Pvt Ltd J & S Systems Corporation, U.K. Sacred Heart Investment Co. Pvt Ltd Milers Global Pvt Ltd Amarchand & Mangaldas & Suresh A Shroff & Co. J Sagar & Associates Raunaq Education Foundation Artemis Health Sciences Foundation Apollo Fiege Integrated Logistics Pvt Ltd	Apollo International Ltd (AIL) Apollo International Trading LLC, Middle East Encorp E Services Ltd UFO Moviez India Ltd Landmark Farms & Housing (P) Ltd Sunlife Tradelinks (P) Ltd Travel Tracks Ltd Bespoke Tours & Travels Ltd Dusk Valley Technologies Ltd Classic Auto Tubes Ltd PTL Enterprises Ltd (PTL) Apollo Finance Ltd Artemis Medicare Services Ltd Artemis Health Sciences Ltd Regent Properties Swaranganga Consultants Pvt Ltd J&S Systems Corporation, U.K. Sacred Heart Investment Co. Pvt Ltd Milers Global Pvt Ltd Amarchand & Mangaldas & Suresh A Shroff & Co. J Sagar & Associates Raunaq Education Foundation Artemis Health Sciences Foundation CLS Logistics Ltd
Associates	Pressurite (Pty) Ltd National Tyre Services	Pressurite (Pty) Ltd National Tyre Services
Key Management Personnel	Mr Onkar S Kanwar Mr Neeraj Kanwar Mr U S Oberoi Mr Sunam Sarkar	Mr Onkar S Kanwar Mr Neeraj Kanwar Mr U S Oberoi Mr Sunam Sarkar
Relatives of Key Managerial Personnel	Mr Raaja Kanwar	Mr Raaja Kanwar

**Note: Related Parties and their relationships are as identified by the management and relied upon by the Auditors.**

**Transactions with Related Parties:**

**FY 2013-14**

₹ Million

Particulars	Companies in which Directors are interested	Key Management Personnel	Total
<b>Description of Transactions:</b>			
<b>Sales:</b>			
Apollo Intl. Trading LLC, Dubai	1,311.47		1,311.47
<b>Sales: Raw Materials</b>			
Classic Auto Tubes Ltd	31.48		31.48
<b>Cross Charge of Management &amp; Other Expenses Received:</b>			
PTL Enterprises Ltd	3.38		3.38
Classic Auto Tubes Ltd	1.78		1.78
Artemis Medicare Services Ltd	0.60		0.60
	<b>5.76</b>		<b>5.76</b>
<b>Rent Received:</b>			
PTL Enterprises Ltd	0.12		0.12
Bespoke Tours & Travels Ltd	1.23		1.23
Classic Auto Tubes Ltd	0.11		0.11
	<b>1.46</b>		<b>1.46</b>
<b>Reimbursement of Expenses Received:</b>			
Classic Auto Tubes Ltd	26.73		26.73
<b>Purchases:</b>			
PTL Enterprises Ltd	0.06		0.06
Classic Auto Tubes Ltd	307.53		307.53
	<b>307.59</b>		<b>307.59</b>
<b>Clearing Charges Paid:</b>			
Apollo Fiege Integrated Logistics Pvt Ltd	81.38		81.38
<b>Warehouse Management Charges Paid:</b>			
Apollo Fiege Integrated Logistics Pvt Ltd	27.10		27.10
<b>Legal and Professional Charges Paid:</b>			
Amarchand & Mangaldas & Suresh A Shroff & Co.	4.58		4.58
J Sagar & Associates	20.25		20.25
	<b>24.83</b>		<b>24.83</b>
<b>Reimbursement of Expenses paid:</b>			
PTL Enterprises Ltd	420.73		420.73
Classic Auto Tubes Ltd	146.72		146.72
	<b>567.45</b>		<b>567.45</b>
<b>Payment for Services Received:</b>			
Artemis Medicare Services Ltd	10.52		10.52
<b>Lease Rent Paid:</b>			
PTL Enterprises Ltd	400.00		400.00
<b>Rent Paid:</b>			
Sunlife Tradelinks	23.43		23.43
Land Mark Farms & Housing	24.00		24.00
Regent Properties	21.60		21.60
Classic Auto Tubes Ltd	0.12		0.12
Milers Global Pvt Ltd	3.00		3.00
	<b>72.15</b>		<b>72.15</b>
<b>Conversion Charges Paid:</b>			
Classic Auto Tubes Ltd	1,017.61		1,017.61



<b>Mixing Charges Paid:</b>			
Classic Auto Tubes Ltd	318.41		318.41
<b>Travelling Expenses Paid:</b>			
Travel Tracks Ltd	1.34		1.34
Bespoke Tours & Travels Ltd	217.72		217.72
	<b>219.06</b>		<b>219.06</b>
<b>Conference Expenses:</b>			
Bespoke Tours & Travels Ltd	202.60		202.60
<b>Security Deposits Given:</b>			
Milers Global Pvt Ltd	0.75		0.75
<b>Refund of Security Deposits:</b>			
Sunlife Tradelinks	64.43		64.43
Land Mark Farms & Housing	66.00		66.00
Regent Properties	59.40		59.40
	<b>189.83</b>		<b>189.83</b>
<b>Donations Given:</b>			
Raunaq Education Foundation	10.00		10.00
Artemis Health Sciences Foundation	10.00		10.00
	<b>20.00</b>		<b>20.00</b>
<b>Managerial Remuneration:</b>			
Mr Onkar S Kanwar		304.08	304.08
Mr Neeraj Kanwar		142.12	142.12
Mr U S Oberoi		10.33	10.33
Mr Sunam Sarkar		38.45	38.45
		<b>494.98</b>	<b>494.98</b>
<b>Amount Outstanding</b>			
<b>Trade Payable:</b>			
Travel Tracks Ltd	(0.01)		(0.01)
Classic Auto Tubes Ltd	22.27		22.27
Apollo Fiege Integrated Logistics Pvt Ltd	9.39		9.39
	<b>31.65</b>		<b>31.65</b>
<b>Other Current Liabilities:</b>			
Apollo International Ltd	0.11		0.11
Classic Auto Tubes Ltd	4.37		4.37
	<b>4.48</b>		<b>4.48</b>
<b>Long Term Loans &amp; Advances:</b>			
PTL Enterprises Ltd	400.00		400.00
Sunlife Tradelinks	5.86		5.86
Land Mark Farms & Housing	6.00		6.00
Regent Properties	5.40		5.40
Milers Global Pvt Ltd	0.75		0.75
Classic Auto Tubes Ltd	123.89		123.89
	<b>541.90</b>		<b>541.90</b>
<b>Trade Receivable:</b>			
Classic Auto Tubes Ltd	2.40		2.40
Apollo International Ltd	0.01		0.01
Apollo Intl. Trading LLC, Dubai	155.62		155.62
	<b>158.03</b>		<b>158.03</b>
<b>Short Term Loans &amp; Advances:</b>			
PTL Enterprises Ltd	43.24		43.24
Bespoke Tours & Travels Ltd	33.83		33.83
Classic Auto Tubes Ltd	2.97		2.97
Artemis Medicare Services Ltd	0.59		0.59
	<b>80.63</b>		<b>80.63</b>

**Transactions with Related Parties:**
**FY 2012-13**
**₹ Million**

Particulars	Companies in which Directors are interested	Key Management Personnel	Total
<b>Description of Transactions:</b>			
<b>Sales:</b>			
Apollo Intl. Trading LLC, Dubai	1,137.71		1,137.71
Apollo International Ltd	26.68		26.68
	<b>1,164.39</b>		<b>1,164.39</b>
<b>Other Expenses Received: Included in Miscellaneous Receipts</b>			
PTL Enterprises Ltd	3.38		3.38
Classic Auto Tubes Ltd	1.78		1.78
	<b>5.16</b>		<b>5.16</b>
<b>Rent Received:</b>			
PTL Enterprises Ltd	0.12		0.12
Travel Tracks Ltd	0.92		0.92
Bespoke Tours & Travels Ltd	0.31		0.31
Classic Auto Tubes Ltd	0.11		0.11
	<b>1.46</b>		<b>1.46</b>
<b>Interest Received:</b>			
PTL Enterprises Ltd	1.27		1.27
<b>Reimbursement of Expenses Received:</b>			
Classic Auto Tubes Ltd	14.74		14.74
<b>Purchases:</b>			
PTL Enterprises Ltd	0.04		0.04
Classic Auto Tubes Ltd	375.48		375.48
	<b>375.52</b>		<b>375.52</b>
<b>Clearing Charges Paid:</b>			
CLS Logistics Ltd	304.86		304.86
<b>Reimbursement of Expenses Paid:</b>			
PTL Enterprises Ltd	388.66		388.66
Classic Auto Tubes Ltd	203.60		203.60
Others	0.21		0.21
	<b>592.47</b>		<b>592.47</b>
<b>Legal and Professional Charges Paid:</b>			
Amarchand & Mangaldas & Suresh A Shroff & Co.	12.14		12.14
J Sagar & Associates	3.91		3.91
	<b>16.05</b>		<b>16.05</b>
<b>Payment for Services Received:</b>			
Artemis Medicare Services Ltd	4.75		4.75
<b>Lease Rent Paid:</b>			
PTL Enterprises Ltd	400.00		400.00
<b>Rent Paid:</b>			
Sunlife Tradelinks	21.66		21.66
Land Mark Farms & Housing	24.00		24.00
Regent Properties	21.60		21.60
Classic Auto Tubes Ltd	0.12		0.12
Milers Global Pvt Ltd	0.25		0.25
	<b>67.63</b>		<b>67.63</b>
<b>Conversion Charges Paid:</b>			
Classic Auto Tubes Ltd	1,003.84		1,003.84
<b>Mixing Charges Paid:</b>			
Classic Auto Tubes Ltd	313.39		313.39

<b>Travelling Expenses Paid:</b>			
Travel Tracks Ltd	125.26		125.26
Bespoke Tours & Travels Limited	39.51		39.51
	<b>164.77</b>		<b>164.77</b>
<b>Conference Expenses:</b>			
Travel Tracks Ltd	97.70		97.70
Bespoke Tours & Travels Limited	72.70		72.70
	<b>170.40</b>		<b>170.40</b>
<b>Issue of Share Warrants:</b>			
Sacred Heart Investment Co. Pvt Ltd	107.75		107.75
<b>Donations Given:</b>			
Raunaq Education Foundation	10.00		10.00
<b>Security Deposit Given:</b>			
Sunlife Tradelinks	6.39		6.39
Milers Global Pvt Ltd	0.75		0.75
	7.14		7.14
<b>Managerial Remuneration:</b>			
Mr Onkar S Kanwar		241.65	241.65
Mr Neeraj Kanwar		111.02	111.02
Mr U S Oberoi		9.44	9.44
Mr Sunam Sarkar		25.96	25.96
		<b>388.07</b>	<b>388.07</b>
<b>Amount Outstanding</b>			
<b>Trade Payable:</b>			
Travel Tracks Ltd	0.03		0.03
Classic Auto Tubes Ltd	86.86		86.86
	<b>86.89</b>		<b>86.89</b>
<b>Other Current Liabilities:</b>			
Apollo International Ltd	0.05		0.05
Classic Auto Tubes Ltd	23.67		23.67
CLS Logistics Pvt Ltd	7.57		7.57
Bespoke Tours & Travels Limited	0.23		0.23
	<b>31.52</b>		<b>31.52</b>
<b>Long Term Loans &amp; Advances:</b>			
PTL Enterprises Ltd	250.00		250.00
Sunlife Tradelinks	70.29		70.29
Land Mark Farms & Housing	72.00		72.00
Regent Properties	64.80		64.80
Milers Global Pvt Ltd	0.75		0.75
Classic Auto Tubes Ltd	121.88		121.88
	<b>579.72</b>		<b>579.72</b>
<b>Trade Receivable:</b>			
Classic Auto Tubes Ltd	1.00		1.00
Apollo Intl. Trading LLC, Dubai	101.90		101.90
	<b>102.90</b>		<b>102.90</b>
<b>Short Term Loans &amp; Advances:</b>			
PTL Enterprises Ltd	1.76		1.76
Bespoke Tours & Travels Limited	59.30		59.30
Classic Auto Tubes Ltd	4.02		4.02
CLS Logistics Ltd	7.83		7.83
	<b>72.91</b>		<b>72.91</b>

## 17 Operating Lease

### A. Indian Operations

The Company has acquired assets under the operating lease agreements that are renewable on a periodic basis at the option of both the lessor and lessee. Rental expenses under those leases were ₹ 400 Million (₹ 400 Million)

The schedule of future minimum lease payments in respect of non-cancellable operating leases is set out below:

PARTICULARS	2013-14 ₹ Million	2012-13 ₹ Million
Within One year of the Balance Sheet date	400.00	400.00
Due in a period between One year and Five years	2,000.00	2,000.00
Due after Five years	800.00	1,200.00

### B. South African Operations

#### Apollo Durban (Pty) Ltd

The schedule of future minimum lease payments in respect of non-cancellable operating leases is set out below:

PARTICULARS	2013-14 ₹ Million	2012-13 ₹ Million
Within one year of the Balance Sheet date	2.31	75.32
Due in a period between One year and Five years	-	274.40
Due after Five years	-	45.21

The lease escalation liability relates to rental and lease contracts with fixed escalation clause. Rental payables under the contracts are charged to Statement of Profit & Loss on a straight-line basis over the term of the relevant lease.

PARTICULARS	2013-14 ₹ Million	2012-13 ₹ Million
Long term	-	57.53
Short term (due within a year)	-	11.93
Total lease escalation	-	69.46

### C. European Operations

The schedule of future minimum lease payments in respect of non-cancellable operating leases is set out below:

PARTICULARS	2013-14 ₹ Million	2012-13 ₹ Million
Within one year of the Balance Sheet Date	456.71	266.63
Due in a period between one year and five years	1,234.85	781.68
Due after five years	28.58	358.18

The Company has operational lease contracts for cars and IT hardware. Rental obligations relate to various warehouses and office buildings with contracts up to 10 years. The rental arrangements include adjustments depending upon benchmark inflation indices.

## 18 Finance Lease - Deferred Payment Credit

The Company has entered into finance lease arrangements for certain Assets. The schedule of future minimum lease payments in respect of non-cancellable Finance leases is set out below:

₹ Million

PARTICULARS	Total Minimum Lease Payments		Present Value of Lease Payments	
	2013-14	2012-13	2013-14	2012-13
Within One year of the Balance Sheet date	68.88	68.74	52.51	48.12
Due in a period between One year and Five years	156.52	211.13	127.01	172.21
Due after Five Years	52.65	67.51	40.42	48.38
<b>Total</b>	<b>278.05</b>	<b>347.38</b>	<b>219.94</b>	<b>268.71</b>
Less: Future Finance Charges	(58.11)	(78.67)	-	-
<b>Present Value of Minimum Lease Payment</b>	<b>219.94</b>	<b>268.71</b>	<b>-</b>	<b>-</b>

19 Earnings Per Share (EPS) – The numerator and denominator used to calculate Basic and Diluted Earnings Per Share:

PARTICULARS	2013-14	2012-13
<b>a) Basic &amp; Diluted (Before Exceptional Items)*</b>		
Profit attributable to the equity shareholders used as numerator (₹ Million) - (A)	<b>10,050.58</b>	6,126.05
The weighted average number of equity shares outstanding during the year used as denominator For Basic EPS - (B)	<b>504,024,770</b>	504,024,770
Add : Effect of Warrants which are dilutive	<b>649,102.00</b>	-
The weighted average number of equity shares outstanding during the year used as denominator for Diluted EPS - (C)	<b>504,673,872</b>	504,024,770
<b>Basic Earnings Per Share (₹) – (A) / (B) (Face Value of ₹ 1 each)</b>	<b>19.94</b>	12.15
<b>Diluted Earnings Per Share (₹) – (A) / (C) (Face Value of ₹ 1 each)</b>	<b>19.91</b>	12.15

20 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

ONKAR S KANWAR  
Chairman &  
Managing Director

NEERAJ KANWAR  
Vice Chairman &  
Managing Director

S NARAYAN  
Director

SUNAM SARKAR  
Chief Financial Officer &  
Whole Time Director

P N WAHAL  
Head (Legal & Sectt.) &  
Company Secretary

Gurgaon  
May 15, 2014

INFORMATION PERTAINING TO SUBSIDIARY COMPANIES U/S 212 (B) OF THE COMPANIES ACT, 1956

Contents	₹ Million																	
	APOLLO (MAURITIUS) HOLDINGS PVT LTD (AMHPL)	APOLLO (SOUTH AFRICA) HOLDINGS (PTY) LTD (ASHPL)	APOLLO DURBAN (PTY) LTD (ADPL)	UK ATL HOLDINGS LIMITED	APOLLO TYRES CO-OPERATIEF, U.A. (AT COOP)	APOLLO VREDES-TEIN B.V. (AVBV)**	APOLLO TYRES (CYPRUS) PVT LTD (AT CPL)	APOLLO TYRES AG (AT AG)	APOLLO TYRES HOLDINGS (SINGAPORE) PTE LTD (AT HS)	APOLLO TYRES (MIDDLE EAST) FZE (AT FZE)	APOLLO TYRES (LAO) CO. LTD (AT LAO)	APOLLO TYRES B.V. (AT BV)	APOLLO Tyres (BRASIL) LTDA (ATBL)	APOLLO TYRES GLOBAL R&D BV (ATGRD BV)	APOLLO TYRES (THAILAND) LIMITED (ATL)	APOLLO TYRES (U.K.) PVT LTD (ATUK)		
Share Capital	7,608.13	-	2,394.41	-	3,387.86	3.49	0.06	2,472.00	3,451.13	32.89	1,468.00	1.46	21.15	-	191.40	-		
Reserves / (Accumulated Loss)	437.62	2,597.56	116.83	65.41	33,300.64	13,661.41	(3.94)	(29.02)	(137.36)	79.71	(1,465.57)	(890.15)	(4.10)	18.87	11.15	-		
Total Assets	8,051.21	2,604.35	4,135.92	65.76	31,216.23	29,587.18	163.05	250.20	3,451.13	511.15	0.03	36,723.75	44.51	617.52	759.81	-		
Total Liabilities	8,051.21	2,604.35	4,135.92	65.76	31,216.23	29,587.18	163.05	250.20	3,451.13	511.15	0.03	36,723.75	44.51	617.52	759.81	-		
Detail of Investments (other than investment in subsidiary companies)	-	-	-	41.61	-	-	-	-	206.47	-	-	-	-	-	-	-		
Turnover (including other income)	65.14	2,866.92	2,485.36	(0.59)	-	37,267.87	-	87.21	-	1,337.64	-	-	-	-	297.91	-		
Profit / (Loss) Before Taxation	41.43	2,866.86	159.84	(0.59)	(50.90)	5,136.94	(1.44)	52.88	(1.32)	11.78	0.21	(1,294.21)	44.51	38.54	15.60	-		
Income Tax Expense / (Income)	-	12.01	43.00	-	-	67.422	-	0.69	-	-	-	-	-	6.21	6.62	-		
Profit / (Loss) after taxation	41.43	2,854.85	116.84	(0.59)	(50.90)	4,462.73	(1.44)	51.88	(1.32)	11.78	0.21	(1,294.21)	44.51	32.32	8.99	-		
Proposed dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		

Note : Exchange rates conversion on average rates during the year.

\*The information in respect of subsidiaries in Zimbabwe through UK (ATL) HL, which operates under severe political and economic uncertainty that significantly diminishes control or which operates under severe long term restrictions which significantly impair its ability to transfer funds to the parent has not been disclosed.

\*\*Includes 18 subsidiaries under AVBV.







**apollo**

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Registered Office: Apollo Tyres Ltd, 6th Floor, Cherupushpam Building, Shanmugham Road, Kochi 682031, India

CIN: L25111KL1972PLC002449



## APOLLO TYRES LTD



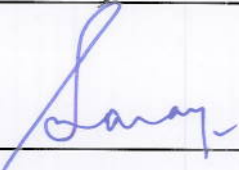
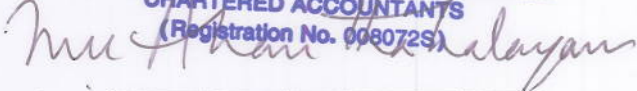
Information as per section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, forming part of the Directors' Report for the Year ended March 31, 2014

Name	Designation	Qualification	D.O.J.	Age	Exp.	Remuneration (₹ Million)	Previous Employment	Last Designation
<b>Employed throughout the year</b>								
1. Mr Anil Chopra	Group Head, Corporate Accounts	B Com, A C A	18-Aug-92	59	33	12.71	Altos India Ltd.	Manager - Finance
2. Mr C Krishna Kumar	Head, Projects	M Tech, M E	15-Mar-90	47	24	8.68	-	-
3. Mr Davendra Mittal	Head, Finance	B E, M B A	21-Mar-13	45	20	7.43	Lanco Infotech	Sr Vice President
4. Mr Dheeraj Prasad Sinha	Group Head, Corporate Management Services	B E	09-Feb-04	43	21	11.82	Infovergix Technologies Ltd.	GM - E-business Services
5. Mr Gaurav Kumar	Group Head, Corporate Strategy & Finance	B Tech, M B A	01-Mar-04	44	21	20.59	HCL Technologies Ltd.	AVP - Mergers & Acquisitions
6. Mr Harish Bahadur	Head, Corporate Investments	B Com (H)	02-Feb-75	62	39	15.27	-	-
7. Mr K Prabhakar	Chief, Projects	B Tech, PGD Ind Engg ICWA	06-Nov-89	58	36	31.40	SRF Ltd.	Deputy Mgr (IE) & EA to Sr GM
8. Mr K P Sharma	Head, Taxation	C A (Inter), B Com	02-Jan-89	58	38	6.35	Bharat Gears Ltd.	Taxation Officer
9. Mr Neeraj Kanwar	Vice Chairman & Managing Director	B Sc, ACMS	24-Feb-97	42	19	136.91	Apollo Finance Ltd.	Joint President
10. Mr Onkar S Kanwar	Chairman & Managing Director	B Sc, Bach of Admn	01-Feb-88	71	53	287.26	BST Manufacturing Ltd.	Managing Director
11. Mr P K Mohamed	Chief, R&D (CV)	B Sc, LPRI	19-Feb-01	73	50	21.82	Ceat Ltd.	Executive Director - Technical
12. Mr P N Wahal	Head, Legal & Secretarial and Company Secretary	B Com (H), FCA, FCS	01-Apr-90	64	42	11.31	Apollo Tubes Ltd.	Company Secretary
13. Mr Rajesh Dahiya	Group Head, Sales & Marketing, APMENA	B Com, MBA	20-Aug-90	48	25	16.55	Indian Express	Business Executive
14. Mr S Asoka Iyer	Chief, Group Advisory Services	B Tech	01-May-98	65	44	6.74	Harrison Aquaculture Ltd.	President
15. Mr S Chockalingam	Head, Special Projects	B E (Mech), M B A	28-Jun-07	52	28	6.93	Hinduja Group	President - Project
16. Mr S K Agrawal	Chief Advisor, Quality	B Sc(Engg)	17-Nov-00	63	44	17.03	Samtel Colour Ltd.	GM - Operations
17. Mr Satish Sharma	President, APMENA	BE, PGDBM	15-Oct-97	46	25	34.34	JK Industries Ltd.	Manager
18. Mr Sunam Sarkar	President & Chief, Financial Officer	B Com(H), IMPM	01-Jul-99	48	27	37.27	Modi Xerox Ltd.	GM
19. Mr Tapan Mitra	Chief, Human Resources	B Sc(H), MA Sociology	01-Feb-05	59	38	22.75	Ballarpur Industries Ltd.	VP - People Development & Communications
20. Mr Tim Sander	Country Manager, Australia & New Zealand	GCSE	01-Aug-12	60	38	7.55	Tyretractix PTE LTD, Australia	Managing Director
21. Mr T R Gopalakrishnan	Group Head, Coporate Technology (TBR)	B Sc, B E	16-Jun-80	60	33	11.40	JK Industries Ltd.	Asst Technical Officer
22. Mr U S Oberoi	Chief, Corporate Affairs	B Com(H)	15-Jul-80	70	51	10.20	JK Industries Ltd.	Sr District Manager - Sales
<b>Employed for part of the year</b>								
1. Mr Pious Bansal	Unit Head, Limda Plant	B E(Mech), PGDBM	20-Aug-13	48	28	6.11	Moser Baer India	Vice President
2. Mr Prem Prakash Sharma	Head HR, Limda Plant	B A, PDBA, PGDBM	30-Jul-13	46	28	4.12	India Yamaha Motors	Group Head HR
3. Mr Rajeev Vinayak Lokare	Unit Head, Limda Plant	B E(Mech), M S in Eng Buss Mgmt	20-Sep-10	53	34	3.48	TVS Motors	VP - Operations
4. Mr S Gopakumar	Unit Head, Perambra	B Sc(Engg)	04-Aug-03	63	37	5.29	VIP Industries Ltd.	General Manager - Corporate Quality & Customer Care
5. Ms Shahana Basu	Chief, Legal Officer	M A, LLM	01-Feb-12	46	14	13.84	Edward Wildman Palmer LLP	Partner, Business Law & Chair, South Asia Practice group

**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.

## FORM A

1	<b>Name of the Company</b>	APOLLO TYRES LTD.
2	<b>Annual Financial Statement for the year ended</b> - Standalone - Consolidated -	31 <sup>ST</sup> MARCH, 2014
3	<b>Type of Audit Observation</b>	Nil
4	<b>Frequency of Observation</b>	Nil
5	<b>To be signed by</b>  1. Mr. Onkar S Kanwar, Managing Director  2. Mr. Sunam Sarkar , Chief Financial Officer  3. Dr. S. Narayan, Chairman of the Audit Committee  4. Auditors of the Company	<div style="text-align: center;">   <hr/>   <hr/>   <hr/> <p style="text-align: center;">For DELOITTE HASKINS &amp; SELLS            CHARTERED ACCOUNTANTS            (Registration No. 008072S)</p>   <hr/> <p style="text-align: center;"><b>M.K. ANANTHANARAYANAN</b>            PARTNER            MEMBERSHIP No. 19521</p> </div>